

Solutions for America

Recommendations for the President and Congress from:

Taking Action for America

A CEO Plan for Jobs and Economic Growth



A CEO CALL FOR ACTION

The CEOs of Business Roundtable (BRT) have a plan to revitalize U.S. economic growth and job creation. They know that job creation depends on economic growth, which cannot occur unless businesses are free to innovate, invest and grow. These are their recommendations to the President and Congress from *Taking Action for America: A CEO Plan for Jobs and Economic Growth* — a plan to jump-start new business investment and knock down barriers to economic growth. The full report is available at brt.org.

The following recommendations are organized into three broad categories.

AMERICAN GLOBAL LEADERSHIP — *Which must be secured through:*



Sound Fiscal Policy



Smarter Regulation



Competitive Taxation

AMERICAN ADVANTAGES — *Which depend on:*



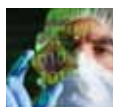
Open Markets for International Trade and Investment



Reliable, Affordable Energy



Protecting U.S. Technology Assets with Effective Cybersecurity



Contributions of Highly Educated World Talent

AMERICAN WORKERS AND FAMILIES — *Who deserve policies that promote:*



A Skilled, Prepared Workforce



Affordable, Quality Health Care



Stable Policies that Ensure Retirement Security



SOUND FISCAL POLICY

- ▶ Given the need to reduce future annual federal budget deficits by significant amounts, **keep economic growth as a core principle of fiscal reform.** Without healthy growth, it will be dramatically more difficult to reduce future deficits. Securing America's safety net — including Social Security, Medicare and Medicaid — for future generations in a sustainable and fiscally responsible manner must be another core principle of fiscal reform. A considerable amount of work has been devoted to fiscal policy reform. The Bowles-Simpson¹ and the Rivlin-Domenici² plans, for example, represent thoughtful, nonpartisan approaches that include significant policy solutions for America's leaders to consider and take action upon.

Now is the time for the debate to stop and for our elected leaders to act by sending a powerful signal to the world: America is serious about addressing its fiscal challenges. BRT CEOs urge Congress and the President to coalesce around a multiyear growth and deficit reduction plan to restore long-term stability to the U.S. economy, including:

- Passing prudent reforms to reduce the growth of both discretionary and mandatory government spending, focusing on reforms to America's safety net. No area of spending should be off limits. Programmatic reforms — building from recommendations by the Bowles-Simpson, Rivlin-Domenici and other plans — will be needed to modernize and preserve the social safety net so that these benefits are available to future generations.
 - Enacting a modern and fiscally responsible competitive tax code similar to the rest of the world that spurs economic growth and job creation and funds government programs and commitments.
 - Stabilizing and reducing federal debt relative to the size of the economy by achieving a balanced federal budget, excluding interest payments on the debt, within the next five years.
- ▶ **Reach a consensus as a nation as to the size of government** that the United States can afford and the budget priorities within this target — mindful that employment, investment and growth often slow when government is an unsustainably large portion of the economy. It is clear that the government cannot take a larger percentage of the nation's GDP without sacrificing the opportunities of future generations.

Most Americans understand that neither families, nor states, nor nations can prosper if they persistently and dramatically spend more than they take in. Large-scale deficit spending has been the norm in the United States in recent years. The current fiscal path is unsustainable, and the nation can no longer afford continued inaction. BRT's members stand ready to contribute their experience, expertise and commitment to act. America's economic future and credibility in global fiscal markets depend squarely on its willingness to demonstrate leadership and solve these problems — now, not later!

*“Businesses know how to **create jobs, create value, and win in a diverse global market. Most CEOs believe the fundamental engine of American business is sound. If Washington and business can once again find the ability to get aligned on fundamental priorities, American business will once again unleash America's economic potential.**”*

*— W. James McNerney, Jr.,
Chairman, President and CEO,
The Boeing Company, and Chairman,
Business Roundtable*



SMARTER REGULATION

- ▶ **Objectively analyze the costs and benefits of proposed and final major rules** from all agencies, including “independent” regulatory commissions.
- ▶ To ensure objective analysis of costs and benefits, **follow established methodologies** for selecting studies and models, weighing evidence, performing risk assessments, and conducting peer reviews.
- ▶ **Publicly disclose the estimated costs** of planned regulatory actions early in the regulatory process and with greater specificity.
- ▶ **Streamline the permitting process** for siting and operating a new facility/project and:
 - Require agencies to process permits within defined time;
 - Designate a single agency with primary permitting responsibilities for each project; and
 - Establish a Transparency Portal for tracking government permits.
- ▶ **Consider changes to the Administrative Procedure Act**, particularly relating to the content of the rulemaking record and greater judicial scrutiny of that record.
- ▶ **Withdraw or modify each of the eight major proposed or pending regulations listed below** that were identified by BRT CEOs as posing the greatest threat to business investment, job creation and economic growth (see full report at brt.org for details):
 - Greenhouse gas regulations;
 - Hydraulic fracturing;
 - PM2.5;
 - Health care taxes;
 - Definition of full-time/part-time employees;
 - Implementation of the Volcker Rule;
 - Derivatives regulation; and
 - Conflict minerals disclosure.

*“Regulations are beneficial only when they’re clear, consistent and wise. And, in large part, the U.S. regulatory regime is so **complex and inconsistent** that regulations **hinder American manufacturers** without helping anyone in particular.”*

— Andrew Liveris, Chairman, President and CEO, The Dow Chemical Company; Vice Chair, Business Roundtable; and Chair, Business Roundtable Select Committee on Regulatory Reform



COMPETITIVE TAXATION

- ▶ **Modernize and simplify the tax code** to increase the competitiveness of the United States as a location for investment and employment by both U.S.-based and foreign-based companies. A stable, reliable, equitable and nondiscriminatory tax system that provides a level playing field is essential for long-term economic growth. U.S. policies should strive not only to make the nation competitive with the other world economies, but also to make the United States the best place in the world to launch a career, headquarter a business, hire employees and conduct business operations. In today's global economy, tax reform is absolutely essential to economic growth and job creation. BRT CEOs believe that these reforms can be undertaken in a fair and fiscally responsible manner, with the cost of these reforms to be offset as much as possible through appropriate base broadening. The key elements of a modern, streamlined and fiscally responsible corporate tax system include:
 - **A competitive corporate tax rate** comparable to the OECD average. A combined federal and state rate of 25 percent would create a U.S. statutory tax rate equal to the average of America's trading partners.
 - **A competitive territorial tax system** similar to the rest of the world. This fundamental reform recognizes the jobs created and the value contributed to the U.S. economy by successful American companies with worldwide operations. Fundamental components for a competitive territorial system include:
 - Providing a 95 percent or greater exemption of tax on foreign dividends of active business income; and
 - Following the practice of other countries. The U.S. system should not deny domestic deductions for expenses not directly allocable to foreign earnings. The U.S. system also should not include other features not adopted abroad — including antideferral rules for active income — that can impede the competitiveness of American companies relative to their foreign competitors.
- ▶ **Extend the business tax provisions** that expired at the end of 2011, including the research and development credit and important international provisions. While corporate tax reform is the priority, the extension of these expiring provisions should not be delayed while Congress considers overall reform.
- ▶ **Make every feature of the reformed U.S. corporate tax code permanent**, establishing the high-priority objective of eliminating corporate tax policy uncertainty.

*“American companies seeking to expand in markets at home and abroad are working with **one of the least competitive tax systems among developed countries in the world.**”*

— Robert A. McDonald, Chairman, President and CEO, The Procter & Gamble Company; Vice Chair, Business Roundtable; and Chair, Business Roundtable Tax and Fiscal Policy Committee

Ultimately, any attempt to reform and modernize America's corporate tax system must achieve the shared goal of creating a strong, competitive, job-creating U.S. economy. If the United States is guided by these principles and provides competitive and growth-promoting features for research and investments in plant and equipment, the nation will become more attractive for company headquarters and for the new investment that will increase production of goods and services. This approach to tax reform will foster economic growth, job creation and a higher standard of living.



OPEN MARKETS FOR INTERNATIONAL TRADE AND INVESTMENT

- ▶ **Develop and implement active international trade and investment initiatives** to help U.S. companies and workers increase their competitiveness in international markets and ensure that U.S. and foreign markets remain open for investment:

- Provide the President with new and updated international trade and investment negotiating authority;
- Aggressively pursue strategic bilateral and regional initiatives like the ongoing Trans-Pacific Partnership and a proposed Trans-Atlantic Partnership;
- Revitalize multilateral and plurilateral negotiations at the WTO;
- Vigorously enforce U.S. rights to open markets and nondiscriminatory treatment under existing and future international agreements; and
- Grant permanent normal trade relations status to Russia.

- ▶ **Constructively engage China and other emerging growth countries:**

- Target the elimination of market access barriers and discriminatory treatment of exporters and investors through more dynamic bilateral, regional and multilateral initiatives, including investment treaty negotiations;
- Enforce U.S. rights under international trade and investment rules to ensure U.S. companies and workers are not disadvantaged by discriminatory foreign policies such as indigenous innovation and other local preference requirements and such countries comply with those rules; and
- Enhance multilateral efforts to address currency issues, and resist counterproductive unilateral currency-related sanctions.

- ▶ **Reauthorize the U.S. Export-Import Bank on a long-term basis** before its current short-term extension expires, with a sufficient increase in its lending cap, so it can continue to help U.S. exporters compete for sales abroad and support the U.S. jobs that depend on those sales.

- ▶ **Eliminate U.S. regulatory impediments to exports**, including through export control reforms.

- ▶ **Modernize and reform U.S. domestic policies** along the lines proposed by this *Taking Action for America* report to help U.S. companies and workers better compete globally to expand the U.S. economy and support jobs in America.

“Open markets are essential for U.S. economic growth and job creation, and international trade and investment agreements are critical tools to open markets and keep them open.”

*— Douglas R. Oberhelman,
Chairman and CEO, Caterpillar Inc.,
and Chair, Business Roundtable
International Engagement
Committee*



RELIABLE, AFFORDABLE ENERGY

- ▶ Implement an effective national energy strategy that addresses both energy supply and energy efficiency. America needs a coherent and comprehensive energy policy that ensures access to affordable and reliable sources of energy, which is key to GDP growth and job creation.
- ▶ Allow the market, not the government, to make decisions regarding the appropriate mix of different energy resources and energy efficiency technologies. Technology neutrality is key.
- ▶ Put in place policies and other finite supporting mechanisms that will lead to the deployment of renewable energy technologies that are economically and technically feasible. As is the case with many new sources of renewable energy, new technologies often require government support for widespread deployment.
- ▶ Properly incentivize energy efficiency to ensure widespread deployment.

*“In the debate of energy generation vs. energy efficiency, the answer is to do **both**.”*

— David M. Cote, Chairman and CEO, Honeywell International, Inc.; Vice Chair, Business Roundtable; and Chair, Business Roundtable Energy and Environment Committee



PROTECTING U.S. TECHNOLOGY ASSETS WITH EFFECTIVE CYBERSECURITY

BRT CEOs are committed to strong private-sector cybersecurity protections, including direct involvement and oversight by CEOs and their boards. They also call on government to do its part, including the following:

- ▶ **Coordinate and integrate the far-flung resources of the U.S. government to protect strategic information** in the United States, including the Departments of Defense, Homeland Security, Commerce, Justice and State; appropriate intelligence offices and agencies; and U.S. diplomatic, economic and security assets.
- ▶ **Avoid a top-down, prescriptive, check-the-box approach to cybersecurity** that cannot take effective account of the private ownership and operations of information assets and respond decisively to the rapidly changing threat environment.
- ▶ **Support the efforts of U.S. businesses to securely and effectively use the tools they need to combat global cybersecurity threats**, including:
 - Formal information-sharing mechanisms with appropriate legal protections;
 - Technical cooperation;
 - Strategic threat assessments; and
 - Strict criminal penalties and sentencing for cyber crimes.

“Safeguarding America’s strategic information systems, most of which are privately owned and operated, is ‘mission critical’ for U.S. business and government.”

— Ajay Banga, President and CEO, MasterCard Worldwide, and Chair, Business Roundtable Information and Technology Committee



CONTRIBUTIONS OF HIGHLY EDUCATED WORLD TALENT

- ▶ **Create a new STEM green card** for foreign students who graduate from U.S. universities with advanced degrees in STEM fields.
- ▶ **Recapture unused green cards** to ensure that the best and brightest have the ability to pursue their careers in the United States after graduating from top-flight U.S. universities.
- ▶ **Exempt from the employment-based green card quotas** individuals who meet the standard for a National Interest Waiver petition, and clarify the standard for a National Interest Waiver in light of current agency interpretations.
- ▶ **Do not count dependent family members** of the principal sponsored as an employment-based immigrant toward the numerical limit.
- ▶ **Eliminate the per-country limit** on employment-based green cards.
- ▶ **Increase the standard H-1B visa cap from 65,000 to 90,000 and remove the 20,000 cap** for advanced degree holders so that all foreign nationals who receive a master's degree or higher from a U.S. university can be eligible for an H-1B visa.
- ▶ **Create a new immigrant entrepreneur's visa** to fuel startups in the United States. Individuals must have a bachelor's degree or higher and create three U.S. jobs (for nonrelatives) within two years to receive green card; self-funding or venture capital financing would be permitted.

“There are unfilled job openings in America today because employers can’t find the skilled workforce to fill them. If we want to continue to create economic growth we have to both comprehensively upgrade the U.S. education and worker training system and allow the world’s best talent to compete for jobs here.”

*— Ellen J. Kullman,
Chair and CEO, DuPont*



A SKILLED, PREPARED WORKFORCE

- ▶ Use research from high-performing school systems in the United States and around the world to **change teacher training and support policies and practices**, with an emphasis on STEM and early reading.
- ▶ **Support adoption and implementation of Common Core State Standards** in math and English/language arts and Next Generation Science Standards when they are developed.
- ▶ **Continue to promote more consistent and useful data systems**, and tie data and accountability for students graduating from high school prepared for postsecondary education and careers to achievement of core standards.
- ▶ **Streamline federal workforce training programs.** Make it a priority for institutions to offer and for participants to receive workforce certifications or degrees that are recognized and valued by employers.
- ▶ **Establish partnerships with community colleges** that align technical skills training with business needs and employment opportunities.

“A high-quality workforce, especially in the areas of math, science, technology, and engineering, is critical for the ability of countries and economies to successfully compete and prosper in the 21st century.”

— Rex W. Tillerson, Chairman and CEO, ExxonMobil Corporation, and Chair, Business Roundtable Education and Workforce Committee



AFFORDABLE, QUALITY HEALTH CARE

- ▶ At every opportunity, **adopt policies that provide greater transparency** to unleash consumers to reduce costs and seek quality health care services. Today, almost anything can be found on the Internet, yet in health care, consumers still cannot access understandable information on cost, quality and outcomes. Policies should empower consumers in the health care marketplace by ensuring that they have cost and quality information, access to wellness and chronic care programs, and competitive coverage options.
- ▶ **Enact medical liability reform** to ensure that patients do not lose access to physicians and a full range of health care services.
- ▶ **Adopt policies that seek to expand the private health care market** and promote market-based competition.
- ▶ **Fix what is wrong with the current health care law**, including eliminating unnecessary or duplicative requirements and eliminating unnecessary taxes on medical devices, insurance plans and pharmaceuticals that raise the cost of care without improving quality. Regulation should enhance competition and transparency — and avoid regulating the cost of health care coverage.

*“Business Roundtable CEOs consistently cite rising medical care costs as their number-one cost pressure. These costs are inhibiting job creation and **damaging our ability to compete in global markets**. Medical care costs are also putting a strain on the household budgets of many Americans.”*

— John Engler, President, Business Roundtable



STABLE POLICIES THAT ENSURE RETIREMENT SECURITY

- ▶ **Retain current tax policy**, with its strong, consistent incentives for employers and employees to contribute to defined benefit and defined contribution retirement plans. These contributions are a key component of America's national retirement savings strategy.
- ▶ While it is important that all defined benefit plans be systematically funded to ensure that benefits are paid, **modify the current private-sector funding rules** to eliminate volatile and unpredictable contribution increases, especially during periods of economic downturn.
- ▶ **Ensure that laws and regulations safeguard retirement fund assets.** They should not subject employers to costly administrative burdens or penalties, unwarranted litigation, or excessive Pension Benefit Guaranty Corporation premiums.
- ▶ **Ensure that policies do not discourage retirees from continued work or phasing into retirement.** Regulations should not discourage employers from informing workers about saving for retirement and aiding employees with investment decisions or other financial choices.
- ▶ **Enact reforms that bring Social Security into long-term financial balance** as soon as possible to minimize disruption and give Americans the lead time to plan appropriately.

"Pension policy must provide employers with the certainty that will allow them to make new capital investments, to hire new employees, and to make R&D investments."

— Larry Zimbleman, Chairman, President and CEO, Principal Financial Group, Inc.

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- 1 National Commission on Fiscal Responsibility and Reform. (2010). *The moment of truth*. Washington, DC. Retrieved from www.fiscalcommission.gov/news/moment-truth-report-national-commission-fiscal-responsibility-and-reform
 - 2 Bipartisan Policy Center. (2010). *Restoring America's future*. Washington, DC. Retrieved from <http://bipartisanpolicy.org/projects/debt-initiative/about>

AMERICAN GLOBAL LEADERSHIP



Sound Fiscal Policy

Stabilize and reduce the federal debt relative to the size of the economy by achieving a balanced federal budget, excluding interest payments on the debt, within the next five years.



Smarter Regulation

Streamline the regulatory process, require cost-benefit analyses of all federal regulatory agencies, encourage early engagement with regulated industries and establish a Transparency Portal that enables the public to track the progress of federal permits.



Competitive Taxation

Adopt a competitive U.S. corporate tax rate comparable to the Organisation for Economic Co-operation and Development average and a competitive territorial tax system similar to the rest of the world.

AMERICAN ADVANTAGES



Open Markets for International Trade and Investment

Develop and actively pursue international trade, investment and regulatory initiatives to help U.S. companies and workers increase their competitiveness in international markets and ensure that U.S. and foreign markets remain open for trade and investment.



Reliable, Affordable Energy

Adopt a coherent national energy strategy that makes U.S. energy systems more diverse, more domestic and more efficient.



Protecting U.S. Technology Assets with Effective Cybersecurity

Integrate the full resources of the U.S. government to protect America's strategic information systems; develop flexible, responsive and collaborative public-private partnerships to share information and coordinate responses; and provide U.S. businesses with the tools they need to combat global cybersecurity threats.



Contributions of Highly Educated World Talent

Reform America's employment-based immigration system so that it welcomes top world talent and all the great benefits they bring for U.S. economic growth and job creation — especially foreign nationals who have graduated from a U.S. university with an advanced STEM degree.

AMERICAN WORKERS AND FAMILIES



A Skilled, Prepared Workforce

Prioritize education and workforce reforms in the next year to achieve the greatest impact, including Common Core State Standards; data and accountability systems that are tied to the Common Core; teacher training and support, with a focus on science, technology, engineering and math (STEM), K-12 and postsecondary education, and ensuring every 8-year-old can read; and aligning community college technical skills training to business needs.



Affordable, Quality Health Care

Empower consumers with health care cost and quality information; fix what is wrong with the current health care law — including eliminating duplicative requirements and unnecessary taxes on medical devices, insurance plans and pharmaceuticals; enact medical liability reform; and promote competition.



Stable Policies that Ensure Retirement Security

Preserve tax incentives that encourage employers and employees to contribute to retirement plans; reform federal entitlement programs to achieve long-term fiscal balance; and avoid pension funding rules that impose volatile and untimely contribution requirements on employers, especially in the current economic climate.



Business Roundtable (BRT) is an association of chief executive officers of leading U.S. companies with over \$6 trillion in annual revenues and more than 14 million employees. Our companies generate an estimated \$420 billion in sales for small and medium-sized businesses annually. BRT members comprise nearly a third of the total value of the U.S. stock market and invest more than \$150 billion annually in research and development — nearly half of all private U.S. R&D spending.

BRT companies pay \$163 billion in dividends to shareholders and give nearly \$9 billion a year in combined charitable contributions.

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