

Aric Newhouse

Senior Vice President
Policy and Government Relations

December 20, 2012

Dear President Obama, Speaker Boehner and Leader Reid:

As you continue with your deliberations on the impending fiscal crisis, we want to again call your attention to a recently released National Association of Manufacturers' (NAM) study, *Fiscal Shock: America's Economic Crisis*.

This study concludes that the looming fiscal cliff already has cut nearly 1 percentage point from GDP growth this year. Looking ahead, the report finds that falling off the fiscal cliff will result in a loss of almost 6 million jobs by 2014 and an additional cumulative GDP loss of 12.8 percent through 2015. In addition, it finds that falling off the cliff would delay economic recovery by another 10 years after that. A second NAM study found that 1 million defense manufacturing jobs would be lost as a result of sequestration.

The pending fiscal crisis is weighing heavily on the minds of manufacturers, especially for the two-thirds of manufacturers that are organized as S-corporations and pay taxes at the individual rate. A NAM quarterly survey released earlier in December confirms that manufacturers are refraining from investing and hiring due to the uncertainty of the fiscal cliff. Almost 85 percent of the manufacturers responding to the survey cited this uncertainty as their top business challenge.

Moreover, the short-term fiscal crisis is not our only concern. The NAM has long recognized the critical need for policymakers to address our long-term debt and deficit. Almost 89 percent of survey respondents said that the most pressing priority for the Obama Administration and the 113th Congress is to find a long-term budget deal that tackles the deficit and debt.

Further, according to a recent poll conducted jointly by the National Federation of Independent Business and the NAM, fully 55 percent of small businesses and manufacturers surveyed stated that, given the opportunity, they would not start their business again today because of the current challenges emanating from Washington.

We urge Congress and the President to act expeditiously to avoid falling off the fiscal cliff, by enacting a pro-growth solution that encourages investment and creates jobs.

Sincerely,

Aric Newhouse

CC Members of the U.S. Senate and U.S. House of Representatives