

JUST IN TIME

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The NAM — The Small and Mid-Size Manufacturers' Voice in Washington

February 2005



Photo: J. Stuart Harris

SMM Tony Raimondo (Behlen Mfg. Co., 1,300 employees, Columbus, Neb.) greets White House Chief of Staff Andrew Card during an inaugural week luncheon where Card encouraged NAM members to remain active.

NAM 2005 Agenda Targets External Costs, Fair Play

The NAM has presented every lawmaker with our 2005 agenda, built around four imperatives: 1) reducing the cost of making things in America; 2) leveling the international playing field; 3) developing the 21st century workforce; and 4) promoting innovation, investment and productivity.

We can take that same level of activism and translate those gains into legislative victories in the 109th Congress.

U.S. manufacturing output, productivity and product quality are at record levels, but government policies continue to drive up the cost of production in the United States.

Coupled with fierce global competition that makes it impossible to raise prices in most industries, U.S. manufacturers continue to be squeezed, jeopardizing our manufacturing base.

Reducing the cost of making things in America means adopting more sensible policies on taxes, regulations, energy supplies, health costs and lawsuit abuse.

With regard to lawsuit abuse, on 1/26, NAM President John Engler, joined by Gov. Haley Barbour (R-MS), *(continued on p.2)*

SMMs Helping Bring Relief To Tsunami Victims

The tsunami devastation that took so many hundreds of thousands of innocent lives in Asia gave all Americans great pause, and led to a national effort spearheaded by President Bush and former Presidents George H.W. Bush and Bill Clinton to raise money for victims and their families.

Just as happened after the 9-11 attacks on our own nation, the call to action was answered time and again by willing volunteers from the NAM's broad community of small and medium manufacturers (SMMs) who have given much money and finished products to spur relief efforts.

Just a few of the examples include Karsten Manufacturing (800 employees, Phoenix, Ariz.), which together with subsidiaries PING and Dolphin, Inc., have matched all contributions made by employees to the American Red Cross and to the Salvation Army for tsunami relief.

Jayco, Inc. (1,275 employees, Middlebury, Ind.), collected funds and also donated several of its recreational vehicles for transport on a C130 cargo plane to help house victims. Pacific Plastics & Engineering (48 employees, Soquel, Calif.) made a corporate donation and matched employees' contributions, as well.

M.I. Industries, Inc., (35 employees, Lincoln, Neb.), a maker of nutritional pet products, heard pets were separated from their families and helped out by sending pet food. "We have had direct reports from relief workers in the field that many times the family pet is the only thing remaining for the children," said M.I. Industries President Robert Milligan.

The NAM thanks you for doing your part. And, it's not too late to help. Start by going to www.usafreedomcorps.gov or contact your preferred charitable group.

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NAM National Association of Manufacturers

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New Business Model Helps This Small Manufacturer Profit



Drew Greenblatt, president of Marlin Steel Wire Products (34 employees, Baltimore, Md.) and a member of the NAM's Presidents Council, counts on being smarter and faster than his competition. He explains how dramatic changes made his manufacturing company a success, staving off foreign competition by lowering his own costs.

JIT: What does Marlin Steel Wire manufacturer?

DG: Marlin Steel is a job shop. We make steel wire baskets, oven racks and hooks for industrial, medical, and food customers. It took a while to realize that our “sweet spot” is medium-volume runs (less than 1 million parts), quick delivery (less than four weeks) and high engineering content (custom designs).

JIT: Who do you sell to?

DG: We are devoted to assisting factories increase throughput, reduce material handling, minimize scrap, and reduce direct labor through the design of baskets and racks that optimize handling and cleaning processes.

JIT: Tell us how you began.

DG: After a competitor closed his 30-year-old midwestern plant and replaced 60 long-term employees with 2,000 untrained Chinese laborers, he finally resumed making a profit. I wasn't expecting the Chinese whirlwind that drove my competitor to abandon the United States.

JIT: How did you survive and overcome the foreign competition?

DG: I moved the company from Brooklyn to Baltimore to get lower taxes and insurance, a better plant layout

and labor pool, and more reliable electrical service. I bought a CAD system to replace the back-of-the-envelope scraps of paper the seller left me. I bought two robots to reduce direct labor and increase throughput.

I was still losing money and customers to China. I had to change the business model. To get to the sweet spot, I had to upgrade the CAD system, buy a few more robots, hire a top-notch production operation manager and controller, and fire some customers not in the sweet spot. Now, with fewer employees than ever, a bonus system geared to higher gross profit, fewer rejects from the factory, and advertising targeted to sweet customers, we ship more iron than ever and I work only 55 hours per week.

JIT: Why did you join the NAM?

DG: Two issues in particular drove Marlin Steel to look to NAM: first, reducing government-imposed costs (particularly payroll taxes, unemployment insurance, and workmen's compensation insurance); second, tort reform. Lowering the costs of doing business in the United States will grow jobs in the United States and will make our economy more vibrant.

(continued from p.1)

launched the American Justice Partnership. This initiative (Dan Pero, president) will work with partners across the country to seek improvements at the state level – educating the public to back legal reform, electing state officials who support legal reform, and adopting tort reforms at the state level. Gov. Barbour has shown in Mississippi that significant progress can be made on this front.

REDUCE PRODUCTION COSTS IN THE UNITED STATES

- ▶ Reduce health care costs through better deployment of information technology, wider adoption of Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), Association Health Plans, medical liability reforms and expansion of tax-based assistance.
- ▶ End lawsuit abuses including class action, asbestos and medical litigation.

LEVEL THE INTERNATIONAL PLAYING FIELD

- ▶ Obtain foreign government compliance with international trade agreements and make progress on China trade concerns, including China's undervalued currency, counterfeiting of products, subsidized production and exports and extensive market access barriers.

DEVELOP THE 21ST CENTURY WORKFORCE

- ▶ Continue to implement No Child Left Behind with its emphasis on standards and accountability.

PROMOTE INNOVATION, INVESTMENT AND PRODUCTIVITY

- ▶ Make permanent the tax relief enacted in the past four years including marginal rate cuts and reduced rates for dividends and capital gains, death tax repeal and depreciation reforms.
- ▶ Provide increased funding for the Manufacturing Extension Partnership Program.
- ▶ Reform the current anti-growth tax code to make it simpler and encourage work, investment and entrepreneurial activity.
- ▶ Modernize and strengthen the Social Security system without increasing taxes or reducing benefits for current retirees or those nearing retirement age. *

Face-to-Face Contact Makes This 'Champion' a Player

For Wallace "Wes" Smith, president of family-owned small and medium manufacturer (SMM) E&E Manufacturing Company (275 employees, Plymouth, Mich.), the question of whether or not to be involved in politics is not a question at all.

Smith wants to win at what he does, and the bottom line for making his metal-stamping business profitable is impacted by the decisions of men and women who often don't know much about manufacturing, but shape policy with broad implications for SMMs.

So, Smith, who spends much of his time during the football season listening to the University of Michigan's fight song, "Hail to the Victors," educates policymakers as part of the NAM's efforts to revitalize U.S. manufacturing by effecting real change in Washington through lowering the costs of doing business in America and winning the global trade battle.

Smith's bent more than his fair share of ears in visiting upwards of 70 congressional and executive branch officials in the past decade to get the message out about manufacturing issues, from China and trade to taxes to energy policies.

Because he is active, persistent and good at it, we've named Smith a



Wallace Smith

Champion of Manufacturing. An NAM member since 1988, he spends large chunks of his own time seeking changes in policies for the benefit of all manufacturers, traveling to the

statehouse, the White House and anywhere in between to seek change.

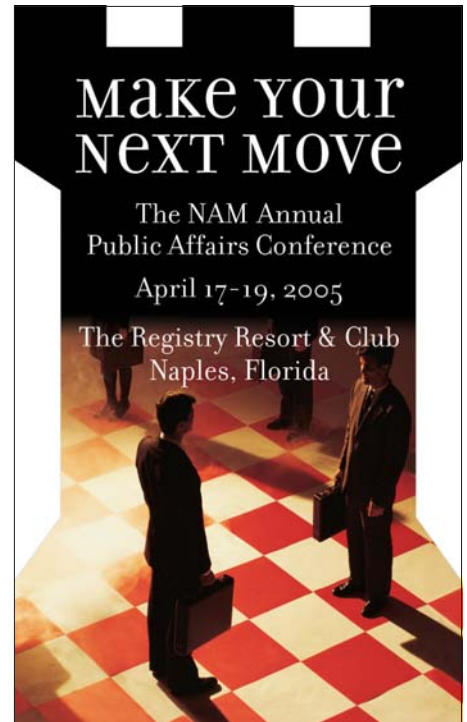
"You have to be politically active. Nothing impacts more of the bottom line than government ... health care, tort reform ... we better be a part of it," Smith said. "And on top of that, the NAM is the organization that Washington listens to."

His "face time" with official Washington, both in his capacity as an NAM Board member and on his own, included the winning effort with the NAM to have the Bush Administration create a high profile office for manufacturing. That effort paid off last year when SMM Al Frink was named the nation's first Commerce Department assistant secretary for manufacturing and services.

"I said before he was named that one of things we don't have in Washington is a voice for the small guys (within the Administration). We needed someone to champion our own causes. I mean, three blocks from the White House is the Department of Agriculture, which represents 1.4 percent of the Gross Domestic Product, and manufacturing had nothing and we're 12 percent," Smith said.

His advice to all SMMs is to open their doors to lawmakers and make themselves known in person to the people who in part decide their business's prospects.

Good advice from this Champion of Manufacturing. *



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The NAM Annual Public Affairs Conference

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MINIMIZE

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www.nam.org/taxrecovery



U.S. manufacturers benefit from the active participation of NAM members like Wallace Smith, who heads SMM E&E Manufacturing Company.

Wanted: Government That Does No Harm



Alexander the Great, upon conquering the entirety of the world then known to the ancient Greeks, is said to have visited the great teacher Diogenes. Brimming with arrogance and largesse, the young ruler purportedly asked, "What can I do for you?" The wise teacher's answer was simple, asking neither for money nor material goods. Diogenes' reply? "Only stand out of my light."

On the brink of a new Administration and a new Congress, this tale has special application for manufacturers.

It is by now well known among manufacturers that we labor under a 22 percent cost disadvantage versus our trading partners. These are non-wage costs, in all the areas well known to everyone who makes things in America. It includes a higher corporate tax burden than all our trading partners, the highest amount spent on environmental compliance, soaring energy and health care costs and the granddaddy of them all, the undisputed gold medal in legal costs. On the latter we spend a full 2 percent of our GDP, besting the entire GDP of some 200 countries.

Most importantly, this 22 percent does not include costs associated with any workplace regulations, like OSHA and FMLA compliance. Together, the cost differential between us and our trading partners is an enormous drag on our ability to compete.

As the 109th Congress convenes and as the Administration organizes its second term, they will most certainly be besieged by supplicants – as they always are – seeking handouts and special favors. For us, we seek neither. Our agenda is clear: reduce the costs of doing business in the U.S.; level the international playing field; promote a tax system that encourages innovation and investment and prepare a workforce for the 21st century. None requires direct government outlays. We ask only that all three branches of government

create a climate that allows manufacturing to survive and to thrive. In short, get out of way or, as Hippocrates might say, "First, do no harm."

Experience has shown time and time again that when the burdens are lifted on manufacturers, we do what we do best, we innovate and we compete. President Bush's tax cuts in his first term did what we said they'd do—they spurred investment and innovation and, ultimately, employment. An easing of the tax burden—not a handout—allowed manufacturers to expand and, in the process returned money to the economy a hundredfold. The same would be true if other burdens—legal and regulatory—were lifted from manufacturers as well. We are the best manufacturers in the world despite this 22 percent rock on our backs. We must continue to demand a tax code, a regulatory scheme and a legal system that encourages innovation and that unleashes the creativity that has made us great.

And so, when we meet with our newly elected and newly inaugurated leaders, we must be clear that what manufacturers want from them is so simple, and comes at no cost to the federal budget. If government can get out of our way, we will do the rest. In short, our message to our new leaders must be similar to Diogenes' reply to Alexander the Great more than two millennia ago: Only stand out of our light. *

Pat Cleary is the NAM's senior vice president. To read more of his thoughts on manufacturing, join the NAM blog at <http://blog.nam.org>.

NAM = Results to This Membership Manager

Logic prevails sometimes in life. If you want to dig a hole, you get a shovel. If you want to be a great golfer, you practice golf ... a lot. If you want to get something done in Washington for U.S. manufacturing, you join the NAM.

That is the way veteran NAM Membership Manager Jay Harbaugh views things. The NAM is the one industrial lobby working to lower costs and increase opportunities for small and medium manufacturers (SMMs).

"My members want results. And that's what I talk about, results," Jay said from the NAM's National Division in Greenbelt, Md., where he has worked for 13 years.

When Jay picks up the phone and talks to his members, mostly located along the East Coast, he relates the latest bottom-line victories to SMMs who want to see solutions to crucial issues like taxes, health care, fair trade and raw material costs.



My members want results. And that's what I talk about, results.

"On FSC/ETI (the American Jobs Creation Act signed into law last year), we were the one group pushing for inclusion of S-corporations in the final bill. A great many NAM members are closely held family companies," Jay noted.

Many members seek detailed information on arcane but important issues. Jay can connect them to NAM policy specialists. "Last year, one member needed information on blood-borne pathogens. They didn't know where to turn and they really needed to know if they were in compliance, and faced a potential fine," Jay said, noting he got the answer for the problem from NAM OSHA lobbyist Chris Tampio.

Over the years, Jay has explained the NAM's agenda countless times, from the need to permanently repeal the death tax, to lowering trade barriers and tort reform. In the end, members see the value of the NAM and want to be involved in doing the hard work to lower the cost of making things in America.



National Manufacturing Week

AFFORDABLE, MANAGEMENT LIABILITY INSURANCE AT A 10% DISCOUNT

The new NAM-Sponsored Insurance Portfolio helps NAM members get the protection they need at discounted rates. Backed by the expertise of insurance carrier St. Paul Travelers and administrator Aon Association Services, this program offers directors' and officers' (D&O) and employment practices liability (EPL) insurance—and more. To learn more, visit www.nam-aon.com or call (202) 637-3186.

NEW NAM PROGRAM COULD RECOVER MILLIONS IN TAXES FOR MANUFACTURERS

Are you overpaying on your state and local taxes? The NAM Tax Recovery Program can recover those often substantial sums for your company. In partnership with Burr Wolff, a full-service provider of state and local tax reduction services, tax recovery services are provided on a contingent fee basis in most cases, so it costs you nothing unless you realize tax savings. For more information, call (202) 637-3196 or visit www.nam.org/taxrecovery.

NATIONAL MANUFACTURING WEEK CONFERENCE

At National Manufacturing Week this March 7-10 in Chicago, you'll hear top industry and government leaders speak and see more than 1,000 exhibitors. Plus, your team can gain expert know-how while earning CEU credits (search topics at www.nam.org/nmwconfsearch). Send them for only \$28 per session for four: Get one free conference pass with the purchase of three full conference passes. Learn more at www.nam.org/nmw.

Expert Advice on Exports!

Visit the Export Pavilion at National Manufacturing Week, March 7-10. Register in advance for one-on-one meetings with U.S. foreign commercial service officers for Latin America, Canada and China at www.nam.org/exportatNMW.

Photos: Einzig Digital; J. Stuart Harris

Member Services

Getting Better All the Time: NAM's Service Programs

"Continuous improvement" is not a practice reserved only for U.S. manufacturers. It applies to everything we do at your association as well, and we're very proud of our track record in that regard.

For example, you hold in your hands the second issue of the newly redesigned *Just in Time*.

Though this newsletter is already an award-winning member favorite, we've made some changes, based on input from members like you, that we believe make it a more informative and effective piece. We hope you agree.

Similarly, we are always looking for ways to add more bang to your membership buck. One key way we do this is by offering arguably the most extraordinary menu of value-added services in the association industry.

We have recently introduced two services that we believe will be our most popular ever:

NAM Tax Recovery Program: An innovative service offered through Burr Wolff, L.P., the program is designed to help manufacturers of all sizes reduce their property tax and sales and use tax burdens. State and local taxes—assessed by more than 10,000 taxing jurisdictions around the country—are often overlooked and regularly overpaid by many manufacturers. Contact Dan Akman at (202) 637-3196.

NAM-Sponsored Insurance Portfolio: Through an alliance with two respected insurance firms—St. Paul Travelers and AON Association Services—the NAM is pleased to offer its members exclusive discounts on D&O, employment practices liability and other vital insurance coverage.



For the first time, our members will enjoy substantial savings on these essential products, all while working with blue-chip companies that specialize in covering manu-

facturing firms. Call me at (202) 637-3186 for more details.

In addition, we recently began a series of "Webinars"—seminars delivered through the convenience of the Internet—on topics identified as most important to our members. Go to www.nam.org for details.

Of course, our established services continue to deliver substantial returns to our members that use them. The award-winning **Freight Alliance Program** was dramatically enhanced by the addition of FedEx overnight services in 2004 and will be upgraded again when we roll out FedEx freight services later this quarter. To learn more, contact Norma Leake at (202) 637-3110.

The NAM Site Selection Network is poised to better serve manufacturers in their search for new or expanded facilities across the nation in 2005. Visit the network's redesigned Web site at www.namssn.org.

The 15th National Manufacturing Week takes place March 7-10 at Chicago's McCormick Place. See www.nam.org/nmw for details.

For more programs and information, see www.nam.org/services, or call us at (202) 637-3192.

David W. Walker is the NAM's vice president, Marketing and Business Development. Contact him at dwalker@nam.org.

NAM and Trade: Setting the Record Straight, Playing to Win

The issue of trade will be in the news a great deal this year, with action due on renewing Trade Promotion Authority, the Central American Free Trade Agreement (CAFTA) and U.S. membership in the WTO, along with renewed efforts to end counterfeiting of U.S. products and revalue the undervalued Chinese currency.

The NAM stands with small and medium manufacturers (SMMs) on all levels of the trade debate. The NAM promotes exports that will generate more income for SMMs by supporting favorable trade pacts like last year's Australian Free Trade Agreement and this year's CAFTA by providing access to Commerce Department export experts via the NAM's Web site, Webinars and at events like the annual National Manufacturing Week in Chicago; and by lobbying fiercely for a level playing field with China through trade missions, official-to-official contacts and associated industry relationships.

Here are some trade questions the NAM is often asked, along with answers:

Q: Do trade agreements help or hurt small and mid-sized manufacturers?

A: Many people mistakenly believe bilateral trade agreements, such as NAFTA, are the cause of our huge trade deficit. In fact, the six countries with which we had bilateral trade agreements as of December 2004 (Canada, Chile, Israel, Jordan, Mexico and Singapore) account for more than one-third of our trade, but only 18 percent of our trade deficit. The other 82 percent of our trade deficit comes from countries with whom there is no trade accord.

To the contrary, trade agreements open foreign markets to U.S. exports, help keep our factories busy and lead to more export-related jobs. The six

countries with which we have had trade agreements account for more than 40 percent of our exports, but just 30 percent of our imports. Wages at U.S. factories that export are consistently higher than at facilities that don't export.

Q: What if my company does not envision exporting?

A: For those SMMs that don't envision exporting and see the trade issue as separate from the total NAM agenda, it should be known that the NAM trade agenda complements priorities in reducing domestically imposed costs caused by high taxes, out-of-control lawsuits, chaotic energy policies, regulation and skyrocketing health care benefits.

The elephant in the kitchen is China. When SMMs talk about trade, it's China. The NAM expects that U.S. and international trade law will be administered to effectively level the playing field with China in order to achieve real gains for U.S. manufacturers. If those laws are not followed, the NAM is going to have something to say and do about it. A key NAM objective is to expand U.S. exports to China by 300 percent by 2008 to more than \$100 billion, particularly high value-added manufactured products.

At the top of a priority list for China is the revaluation of the *yuan*. There are many other issues on the China agenda, like enforcing intellectual property laws, retaining China's non-market economy status and eliminating barriers to U.S. exports. But, the *yuan* problem is first and foremost.

Since 1994, the Chinese currency has been fixed at an exchange rate of 8.27 *yuan* per dollar. The NAM believes that this fix undervalues the *yuan* by as much as 40 percent, effectively acting as a tax on U.S. exports and subsidizing imports

What the NAM Is Doing For You

THE DOLLAR

The NAM was the leader in getting the U.S. government to understand that the overvalued dollar was killing U.S. manufacturers, especially small companies, who were hit the hardest when U.S. exports fell 70 percent. Now that the dollar is back to a more normal level against most currencies, we are seeing exports pick up. It takes time, but we expect significant growth through 2005 and into 2006.

But we are not stopping there. The Chinese currency must be revalued, but no one was even having the conversation until we weighed in. The NAM leads a coalition of more than 100 associations that is working with the Bush Administration and Congress to make this happen. Although the job is not done, the Chinese now admit that they have to make changes and other countries like Canada and the EU are on board. The NAM is continuing to make this a top priority.

THE NAM 2005 TRADE AND CHINA AGENDAS

The NAM is giving high priority this year to making sure that U.S. manufacturers have open markets to sell their goods and a level playing field on which to compete. We are going to be pressing hard for an end to Chinese currency manipulation, legislation and Administration action to deal with Chinese subsidization and ways for small companies to have access to U.S. trade law when competition is unfair.

Two working groups of NAM members, about half of them small manufacturers concerned about the future of manufacturing in the United States, worked for six months to develop policy papers that will be used to lobby the Bush Administration and Congress on NAM priorities.

from China, growing the hundreds of billion dollars trade deficit.

The NAM sees a number of other issues that will effect real change, like applying countervailing duty laws to offset Chinese subsidies. By standing with the NAM for the values of open markets, profitable bilateral trade pacts, international standards and fair trade, the trade debate will turn more positive in the months and years ahead. *

Presidents Council Carries the Ball For the NAM

The NAM's Presidents Council is the SMM membership's true lobbying force. With 400 members in 47 states and 212 congressional districts, the council consists of small and medium manufacturers (SMMs) that know their member of Congress well enough to call them on the phone.

Combined with the NAM's lobbying access inside Washington, the Presidents Council acts as a partner in getting things done for SMMs, like when the NAM pushed through language in last year's FSC/ETI bill to get fair tax treatment for S-corporations.

The council is what the NAM strives to be: a creative, politically active group of members willing to lobby, testify before Congress, participate in press events,

submit opinion articles to newspapers and host plant tours all in the name of promoting the manufacturing agenda.

Chaired by SMM Ken Kneen (Al-jon, Inc., 105 employees, Ottumwa, Iowa) and coordinated by SMM Director Jeff Noah (jnoah@nam.org), the council's mission is to build a network of active SMMs that will enhance the NAM's ability to influence public policy on behalf of manufacturers. The aim is to increase local member involvement and to provide an effective vehicle for SMMs to participate in this process.

Council members are part of a network that can generate hundreds of contacts with members of Congress, sometimes within hours. The power of the NAM is best seen in this unique council's work. *



Want To Share Your Story?

If you have a story you would like to share with us, please e-mail Patrick Connole, managing editor of *JIT*, at pconnole@nam.org.

SMM Takes Support of 'Clear Skies' to Senate

NAM member OCI Chemical Corp. (1,000 employees, Shelton, Conn.) sent a representative to testify on behalf of the Clear Skies Act of 2005, a Bush Administration proposal that offers the most rational and realistic multi-emissions plan for manufacturers hoping to gain from a comprehensive energy and environmental strategy in Washington.

In testimony before the Senate Subcommittee on Clean Air, Climate Change and Nuclear Safety, small and medium manufacturer (SMM) Fred Parady, OCI environmental services manager in Wyoming, said American manufacturers are hamstrung by high energy costs, making the Clear Skies provisions on power generation vital.

"The bill would provide electricity generators with the regulatory certainty and flexibility they need to make rational investment decisions that can lead to both cleaner air and affordable power from coal," Parady told the subcommittee.

The NAM is urging Congress to keep the Clear Skies Act a three-emission bill, and prevent carbon dioxide from being added to the trio of sulfur dioxide, nitrogen oxides and mercury. Under the Clean Air Act, CO₂ is not required to be regulated.

Member Involvement Calendar

February 11: NAM Award for Manufacturing Legislative Excellence Presentation. Rep. Chris Chocola (R-IN). Kokomo, Ind. Call Jeannine Tini Pierce, (248) 355-0630.

February 15-16: Illinois-Wisconsin Fly-In. Fly-In is part of the *NAM's Manufacturers' Week in Washington: 72 Hours To Educate and Celebrate*. Washington, D.C. Call Brian McGuire, (847) 640-8585.

February 15-17: 72 Hours To Educate and Celebrate. Washington, D.C. Call (202) 637-3180 for more information.

February 16-17: Coalition for the Future of Manufacturing Fly-In. Fly-In is part of the *NAM's Manufacturers' Week in Washington: 72 Hours To Educate and Celebrate*. Washington, D.C. Call Stephen Gold, (202) 637-3102.

February 16-17: New York-New Jersey Fly-In. Fly-In is part of the *NAM's Manufacturers' Week in Washington: 72 Hours To Educate and Celebrate*. Washington, D.C. Call Don Sciolaro, (973) 299-6400

March 7-10: National Manufacturing Week. Chicago, Ill. Call Dan Akman, (202) 637-3196 or visit www.nam.org/nmw.

March 10-11: Product Liability Workshop: Avoiding the Mistakes That Cost You in Court. Chicago, Ill. Call Norma Leake, (202) 637-3110.

March 30-April 2: NAM Board of Directors Meeting. Aventura, Fla. Call (202) 637-3065 for more information.

April 17-19: NAM Annual Public Affairs Conference. The Registry Resort & Club, Naples, Fla. Call Elizabeth Larter, (202) 637-3116 or elarter@nam.org.



'Judicial Hellholes' Report: The Worst of the Bad

Each year, the American Tort Reform Association (ATRA) identifies the worst locales for litigation abuse, *i.e.* the “best” court systems for trial lawyers to seek business.

The latest compilation, “Judicial Hellholes 2004,” (www.atra.org) unfortunately found nine such “hellholes.”

Leading the pack for the second straight year was Madison County, Ill., a haven for trial lawyers shopping for a friendly forum to have their cases heard. Madison County judges allow claims to proceed where the plaintiff and defendant are located out of state, the plaintiff's exposure occurred outside Illinois, medical treatment was provided outside the state, no witnesses live in the state and no evidence relates to the state. You now don't have to guess why

Madison County has become a magnet for national class actions, asbestos claims and other litigation.

Such court systems are why both houses of Congress must pass legal reform, including class-action reform, this year. A class-action bill that passed last year in the House, but not in the Senate, would have most major class actions heard before federal judges—as the Founders intended. A former judge in Madison County that states the obvious: “When people come from hither and thither to file these cases, there's gotta be an inducement ... They're not coming to see beautiful Madison County.”

The other eight “hellholes” were: St. Clair County, Ill.; Hampton County, S.C.; West Virginia; Jefferson County, Texas; Orleans Parish, La.; South Florida; Philadelphia; and Los Angeles. *



Legally Insane is a regular feature produced by the NAM's Fair Litigation Action Group (FLAG). FLAG was created to initiate a broad, multiyear awareness campaign on the importance of fair liability laws and to advance legal reform measures necessary to achieve that goal. For more information on FLAG, visit our Web site at www.nam.org/flag.

To speak with your Membership Representative, call (1-800) 736-6627.



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