

October 2, 2009

To: U.S. Chamber Board of Directors
From: Tom Donohue
Subject: **President's Update – September 2009**

*****Important Notice: Chamber's Campaign for Free Enterprise to be launched on Wednesday, October 14*****

Before turning to the latest developments on trade, health care and climate change, I am pleased to announce that “American Free Enterprise—Dream Big,” the Chamber’s comprehensive, multi-year campaign to create a grassroots movement in support of free enterprise, will be formally launched in our Hall of Flags on Wednesday, October 14 at 10:00 a.m. eastern time.

Since announcing this historic initiative in June, we have been hosting listening sessions with small business owners, major CEOs, association executives, and state and local chamber leaders. We convened a special day-long meeting with the Chamber’s Executive committee and have talked to many members of our board. Next week, we expect to receive further valuable input when top state and local chamber executives from around the country gather in California for the semi-annual meeting of the Chamber of Commerce Committee of 100.

We have also conducted public opinion polls and focus groups in several cities, and we’ve enlisted some of the savviest communications and advertising experts in the country to develop persuasive arguments and powerful messages. Our fundraising efforts, focused on individuals who have done exceedingly well in a free enterprise system, are right on target.

At the October 14 launch event, we will unveil the positive ads that will begin running nationally on that day. We will hear from American entrepreneurs and small business owners who are achieving their dreams and creating jobs for their fellow citizens thanks to free enterprise. And, we will announce our plans to build a diverse ground-up movement of businesses, employees, families, chambers, thought leaders, and young people who will speak out and fight for our economic freedoms.

At this juncture in our nation's history it is critically important that we remind, educate, and persuade our fellow citizens and leaders that the free enterprise values of individual initiative, hard work, freedom of choice, and the free exchange of trade, capital, and ideas built this great country and can lead us back to prosperity.

We must fight to preserve the American Dream for all Americans and future generations by supporting a system based on economic freedom, individual opportunity, open capital markets, free trade, and reasonable levels of taxation and regulation. And, it is time to create a new imperative where any time an elected official or candidate of either party takes a position or casts a vote, he or she stops to weigh its impact on free enterprise and is held accountable for these decisions.

This is the aim and the mission of the Chamber's "American Free Enterprise: Dream Big" campaign. Join us for the kickoff via live web cast. Invite your colleagues, employees, and friends to watch too!

Date and time: Wednesday, October 14, 10:00 a.m.-11:00a.m. EST

Location: www.uschamber.com/freeenterprise

For questions and further details, please contact Brian Gunderson, managing director of the campaign at (202) 463-5989.

Promoting Free Trade and Global Engagement

As I have suggested, supporting an open trading system that creates American jobs and opportunities through the free exchange of goods, capital, talent, and ideas across the globe will be a key pillar of the Chamber's free enterprise campaign. In September, the Chamber launched a major new effort to highlight the importance of expanding trade, welcoming global capital, and fighting isolationism. We pressed our case through major speeches, advertisements, op-ed articles, press conferences, outreach to trade leaders, and the release of an independent study documenting potential jobs losses resulting from the nation's recent steps towards protectionism.

Chamber board members should have received a copy of my September 15 address to the Michigan Chamber, “Creating American Jobs Through Global Trade—Yes We Can!” Our Chairman, Bob Milligan, and International Vice President Myron Brilliant made speeches of their own in San Antonio and New Orleans, respectively. Additional speeches and a broad array of pro-trade activities are scheduled for the coming months.

The drumbeat message we seek to deliver is clear: A major surge of exports is our best path out of recession, double digit unemployment, and exploding deficits. In fact, we can create millions of new jobs by opening and aggressively competing in markets abroad and by rejecting a growing isolationism at home.

To succeed, we must convince President Obama and his administration to end the hesitation and uncertainty that has characterized their trade and international commercial policies to date. Our competitors have over a hundred preferential deals in the works with each other while we are sitting on our hands.

The President’s leadership is needed to help bring about a successful conclusion to Doha, and to further open the South Korean, Colombian, and Panamanian markets to U.S. exporters by convincing Congress to pass pending trade agreements with those countries. This would be one of the best ways to level the playing field for Americans and make trade fairer—something we fully agree must be done.

It’s also time to reform Buy American rules which, according to an independent study commissioned by the Chamber, have already put hundreds of thousands of American jobs at risk and delayed badly needed economic stimulus projects. And, we must not allow labor unions to impose their defeatist, isolationist notions on U.S. trade policy—or workers, businesses, and our nation’s international standing and geopolitical relationships will all suffer.

Promoting and protecting our intellectual property at home and abroad are also essential. The progress we have made and the challenges that remain were the main topics of discussion at the Chamber’s 6th annual intellectual property summit, convened by our Global Intellectual Property Center earlier this week.

Please be assured that the Chamber will continue to vigorously press the case for an aggressive and ambitious trade agenda, which is critical to creating good American jobs and preserving our nation’s position as the preeminent global leader.

For further details, please contact John Murphy, Vice President, International Affairs, at (202) 463-5645.

Health Care Update

The impassioned debate over health care continued throughout September, with the legislative action shifting to the Senate Finance Committee. Chairman Max Baucus introduced what was the most balanced bill yet to be offered, and then steered committee members through consideration of hundreds of amendments—some good and some bad.

The Chamber continued to lead a massive grassroots advocacy and advertising effort nationally and in key states across the country, supporting market based reforms while opposing a government-run program and higher taxes that would raise health care costs for all Americans.

We scored a major victory when the committee voted against including a government-run public plan in the bill. It's easy to forget that when this debate began in earnest months ago, it was all but assumed that with strong support from President Obama, a public plan would certainly be part of a major legislative package. It was only after intensive education and lobbying by the Chamber and others that a majority of Americans came to see this notion as a major step towards government-run health care, a step they and we do not want to take.

Even so, the bill that appears to be emerging from the Senate Finance Committee contains many unfortunate elements that we will continue to oppose—including a range of higher taxes, unfair penalties on employers, and unwise expansions of subsidies and entitlements that over time will certainly increase the deficit and the pressure for even larger tax increases.

There are many more acts to be played out in this health care drama before we know what the conclusion will be. The Chamber will continue to lead the fight to improve health care quality, affordability, and preventative approaches; protect freedom of choice for both families and employers; and, vigorously oppose measures that would put our nation on a downward spiral towards government-run health care.

For the latest updates on health care reform efforts, please call Executive Vice President Bruce Josten at (202) 463-5310.

Climate Change—the Heat is On!

You may have seen media reports about several companies that say they are leaving the Chamber because they disagree with our position on climate change. This is an outgrowth of an orchestrated campaign by some environmental groups to pressure companies and the Chamber into supporting specific approaches to climate change that we believe just wouldn't work—such as the House-passed Waxman-Markey bill or EPA's go-it-alone effort to impose costly new greenhouse gas regulations across our society without legislation.

The Chamber's critics want you to think that our opposition to these specific approaches—opposition which is shared by a growing number of Americans and legislators from both parties—means that we don't want to address climate change at all. Yet as I have previously stated in these monthly letters, the Chamber supports strong policies to address climate change, including comprehensive federal legislation.

We believe that in order to succeed, any climate change response promote new technologies, emphasize efficiency, ensure affordable energy for families and businesses, and help create American jobs and return our economy to prosperity. Congress should carefully deliberate on and enact legislation that meets these goals.

In addition, we support a binding international agreement to reduce carbon emissions. A global response is absolutely essential if there is to be any meaningful impact on the environment, and to ensure that climate change policies do not put U.S. businesses at a competitive disadvantage or result in the elimination of additional American jobs.

To underscore the seriousness of our commitment to help shape an international agreement, last week the Chamber's Institute for 21st Century Energy organized and hosted an unprecedented summit of the leading business organizations from five continents, representing more than 25 million businesses. We hammered out a strong statement supporting vigorous action to address climate change while promoting jobs, economic growth, and clean energy technologies with robust intellectual property protections.

In fact, for years, the Chamber has been a vocal and leading supporter of renewable fuels and alternative energy technologies. We have repeatedly supported tax incentives and credits, appropriations, and stimulus funding to promote the accelerated development of clean energy and especially emissions-free nuclear energy. Unlike those who proclaim their support for alternative energy but then work locally

to block green projects, the Chamber has been leading the fight to clear the regulatory, legal and Not-In-My-Backyard roadblocks that are currently delaying wind, solar, nuclear, and other renewable projects across the nation.

Earlier this week, Senators Barbara Boxer and John Kerry introduced a Senate climate change bill. We have initially noted some improvements over the Waxman-Markey legislation along with very serious shortcomings that could inflict major damage to our economy and the nation's industrial base. Moderate Senators from both parties immediately criticized the bill, some echoing the very principles of economic growth and job creation that we have said should be used to judge any climate change bill. This is further proof that the Chamber's views are very much in the mainstream of American viewpoints on this important matter.

Meanwhile, the EPA continues to proceed down its own unilateral regulatory path, further turning the screws on Congress to pressure it to act. This week EPA issued a proposed rule to regulate greenhouse gases from thousands of power plants and large industrial facilities under the authority of the Clean Air Act. Under the proposal, these installations would have to get special permits to continue operating, to expand, or even to modernize. They would be subject to a cascade of citizen and environmental lawsuits during this process.

In announcing the proposed rule, the EPA exempted over one million smaller businesses and farms from these new requirements. These welcomed exemptions were the direct result of two years of education, commentary, lobbying, and pressure from the Chamber. We were the ones who spoke up and spoke out. And it's one more illustration of why the Chamber must not and will not be silenced by strong arm pressure tactics from business adversaries.

For nearly a year, I have been warning our board members and the business community that there would be concerted efforts to divide and pressure companies and associations into supporting or at least not opposing the cherished agenda of unions, environmentalists, shareholder activists, and others. These groups have been waiting a lifetime to enact their agenda and some will even resort to personal attacks against those who they see standing in their way.

I understand the pressure that high profile companies are under, but this is a time for businesses and those who represent them to be strong. The Chamber is in a very solid financial position, and the current attacks on us will not weaken us. In fact, additional supporters are rallying to our cause. We are always prepared to listen to new arguments and respond to the changing priorities and concerns of our members.

We will continue to be actively and constructively engaged in the legislative and regulatory process, working for genuine solutions that improve the environment while preserving jobs and the American economy.