



# news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

## Understanding and Serving the “Mega Printer”

Merger and acquisition activity among printers in the graphic communications industry is resulting in a new breed of printer – the “mega printer.” Even the “mega printers” are being acquired as was demonstrated by RR Donnelley’s late 2006 acquisition of Banta, von Hoffman and Perry Judds, two of which had previously been listed in the top 50 of *Printing Impressions* Top 400 list. These “mega printers” appear to do business differently than their smaller brethren on many different levels. To learn more, in 2007,

PRIMIR<sup>SM</sup> commissioned Sherburne & Associates with J Zarwan Partners to explore their business practices. Additionally, PRIMIR wanted to learn: the long-term impact of this continued consolidation on the overall industry; what’s driving these large-scale acquisitions; impacts on vendor companies servicing these “mega printers”; and, the overall expectations from the vendor community.

The PRIMIR study also looked into the success, or lack thereof, of meeting stated objectives for mergers or consolidation. Clearly, achieving “mega printer” status does not always equate to profitability as is demonstrated by the recent difficulties of Quebecor World.

For purposes of this research, “mega printers” included printing companies with approximately \$750 million in annual revenues or more. In both 1999 and 2007, this included the top 15 printers on the *Printing Impressions* list, although there were significant changes in which companies made the Top 15. Companies that focus on specialties outside of the core commercial printing and

2007 North American Mega Printers			
Company	Revenues 2007 List (\$ millions)	Revenues 2006 List (\$ millions)	Percent Change
RR Donnelley	\$9,316	\$8,430	+11%
Quebecor World	\$6,086	\$6,283	-3%
Valassis	\$2,500	\$1,131	+121%
Cenveo (formerly Mail-Well)	\$2,400	\$1,749	+37%
Quad/Graphics	\$2,000	\$1,951	+3%
Transcontinental	\$1,960	\$1,866	+5%
Taylor Corporation	\$1,700	\$1,000	70%
Deluxe Corp.	\$1,640	\$1,716	-4%
Vertis	\$1,500	\$1,500	flat
Consolidated Graphics	\$1,006	\$879	+14%
Standard Register	\$895	\$895	Flat
Bowne & Co.	\$832	\$667	+25%
Visant Corp.	\$749	\$1,006	-26%

Source: PRIMIR/NPES 2008 study “Mega Printers Impact on the North American Print Market”

publishing environment, such as packaging companies, were excluded from this analysis.

According to the report, “This group of companies represented \$32.584 billion in revenue in 2007, and comprised more than 30% the commercial print market. While overall revenues for the “mega printers” declined during the study period of 1999 to 2007 by about 6%, they represent a growing share of a declining commercial print

market. Thus, not only are “mega printers” themselves increasing top-line revenue, but they stand to play an ever-larger role in the rapidly changing North American commercial printing industry.”

Many NPES/PRIMIR member firms already service these “mega printers” and have been impacted in numerous ways each time another merger or consolidation is announced.

When you ‘look under the

*continued on page 3*

**INSIDE:**

- President’s Perspective ..... 2
- New PDF/X Standards Approved ..... 4
- New RIT Study on Image Quality ..... 4
- Government Affairs Summer Status Check ..... 5
- Mail Moves America Fights Two Front War ..... 5
- PrintED Instructor Receives Educator of the Year Award .... 7
- NPES 75 Years Later: NPES Members in the Global Marketplace ..... 7
- News and Notes ..... 8

# president's perspective

## drupa 08, From Ink Jet to Green

Most have dubbed drupa 2008 the “ink jet drupa,” and while many would agree that most new product releases and announcements have focused on ink jet applications, there are others. The pace of product introductions has slowed at drupa, and at other shows — but not because there is less innovation in our industry — because modern marketing won't permit releases of new technology every four years, or even annually for that matter. Conversely, markets today require access to new products and innovations much quicker than in the past, so the days of “waiting” for drupa, PRINT, IPEX or IGAS are over. When a product is ready for market it goes to market.



NPES was an active participant in drupa's press event schedule with NPES President Ralph Nappi's May 31 presentation on the “Status of U.S Printing Industry” and June 4 preview of PRINT 09 among the featured presentations.

So despite the perception of many that the pace of innovation is slower, it's as strong as ever — only the pace of the *announcements* has changed.

Yes, although ink jet was big at drupa 2008, others in our industry would do a far more credible job of explaining those and other technological developments. As a first time visitor to drupa my observations about the show focus on the business side of our industry. What I saw and learned at drupa revolved around five specific areas:

**1. The Demise of Print is Premature.** This drupa represents the largest exhibition our industry has ever seen, and the second largest gathering of graphic communications professionals — certainly not an indicator of an industry on a precipitous decline! While there are competitive threats to our industry, adaptation has always been the recipe for success. Consistent with show management's reports, my visits to member booths confirmed that serious and committed buyers were buying equipment at the show.

**2. Globalization Continues Unabated.** It was easy to see the large (and serious) contingencies from India, China, Russia and Brazil at this year's drupa. Delegations and exhibitors from some of those countries were nearly double the participation in 2004. But the real surprise was the newest groups of developing countries — the Middle East and Africa (MEA). Just

like the BRIC countries mentioned earlier, this next group of global players are stepping up. In fact, member company Screen expected to sell more than 50 plate setters to MEA customers during the show!

**3. Corporate Darwinism: The Merger and Consolidation Train Rolls On.** Despite thoughts to the contrary, our industry continues to evolve through mergers and acquisitions. While a somewhat unsettling sign of a mature industry, as stated earlier, this activity is a necessary step for adaptation. Call it “Corporate Darwinism” — a survival of the fittest taking place. It's not right or wrong, but a natural evolution of our business.

**4. Productivity Takes a High Priority.** Our industry, compared to other manufacturing industries, has much to learn about maximizing productivity. While we are not laggards, there is much that can be done to automate the press and post-press areas of our business. The message is starting to be heard and executed by forward thinking companies as lean manufacturing techniques are more widely adopted

and promoted. For U.S. companies this is an urgent transition based on our labor costs and the scarcity of qualified workers.

**5. Sustainability: Possibly the Lead-in to drupa 2012.**

If 2004 was the drupa that inspired companies to act on ink jet then the 2008 drupa will motivate companies to actively develop green and sustainable products and services. For two years the “talk” has been about sustainability; this year there have been substantial advances in the programs and utilization of practices that foster a commitment to our environment. Talking to Air Motion Systems President Stephen Metcalf during drupa, I learned that his company is acting on sustainability as they build their new plant in Wisconsin. Despite the increased costs to build in some of these requirements they were committed to doing this for themselves and their customer base.



**Ralph Nappi**  
NPES President

Each person attending drupa develops unique observations, which I would be most interested to hear to help me guide NPES in the direction of most value to members *like you*. Meanwhile, after the first week of drupa, I left encouraged by one overriding theme... despite a flagging economy... the psyche and commitment to investing in equipment is apparent worldwide. That commit-



NPES President Ralph Nappi (l) and NPES Chairman Hank Brandtjen, III, (r) President, Brandtjen & Kluge, sign the statutes for the formation of Global Print. Mr. Brandtjen will serve as the first president of this new worldwide organization of printing equipment associations.

ment may be stronger in some areas than others (both geographic and product), but the sheer size and involvement of this drupa indicates that it is real and *growing!* ●

hood,' the study revealed some striking findings. For the group, gross margins did not keep up with sales growth. Apparently, while more efficient buying practices are a *hallmark benefit* of these large companies, in reality it appears

the efficiencies they expect from their buying practices.

### Vendor/Supplier Strategies

While it will likely remain necessary to call on both the

for capital expenditures (CAPEX – presses and equipment) are on a schedule and planned well in advance but decisions come from corporate. Manufacturers should brace themselves for a possible decline in CAPEX as a percentage of sales on the part

limited number of suppliers on the preferred list).

Suppliers should also form tighter linkages with large customer organizations leveraging today's information technologies, particularly web-based services. To the extent the ordering, invoicing, inventory management and other points of connection can be automated, the relationship can be streamlined — and will likely reduce sales costs for the vendor.

The merger and consolidation activity will continue, and the few successful/profitable "mega printers" will serve as role models for the others. The number of firms in the industry will continue to decline... however, the research team believes that the remaining firms will demonstrate a healthier printing industry for all.

Watch for a PRIMIR Executive Synopsis with more details from this report. Interested NPES members are encouraged to request a copy of this report. ●

**“...many consolidation economies of scale are being offset by increased organizational complexity, loss of flexibility, murderous competition for shrinking sales volume and correspondingly relentless pricing pressures.**

they are neither more efficient manufacturers nor more efficient purchasers. Additionally, many consolidation economies of scale are being offset by increased organizational complexity, loss of flexibility, murderous competition for shrinking sales volume and correspondingly relentless pricing pressures. The public companies have the added complexity of the pressures of Wall Street to deliver increased operating and net margins results.

Well-managed "mega printers" will continue to grow organically and/or through acquisition. Of course, suppliers will continue to support these customers—they embody purchase volumes, more consistent purchasing patterns, and the potential to benefit from logistical and administrative efficiencies that can offset some of the pricing concessions these megaliths demand. In serving the "mega printers," however, suppliers must look for ways to operate more efficiently themselves and possibly help them to realize

plant and corporate levels, suppliers should take a critical look at their sales processes and cost of sales to look for ways to better align them with both the "mega printer" culture and the margins a supplier can expect to achieve in these relationships. Employing a National Account approach with coordinated distributed sales efforts is one approach. This facilitates good communication at all levels, both within the sales organization and within the "mega printer" organization, whether regional, national or global.

Successful print service providers are adding value-added services and a more consultative approach to their sales process — so must suppliers to the industry. Many "mega printers" have eliminated their R&D departments and are therefore, more dependent on their suppliers to keep them informed about new technologies, market changes and innovations.

The research found that each "mega printer" operates very differently, however, in most instances purchasing decisions

the improved productivity of today's equipment impacts replacement practices. Other equipment, software, and supplies and consumables like paper or ink may be decided at the plant level sometimes with geographic or shipping considerations in mind (but with a

of these players. Some plant acquisitions are made, in part, because of the up-to-date production platform which decreases the CAPEX need. Plus,

## SAVE THE DATES!

### NPES Annual Conference November 15-17, 2008

Don CeSar Beach Resort  
St. Pete Beach, Florida

**A dynamic and content-rich agenda is shaping up designed to engage members in direct exchange with industry thought-leaders and peers.**

## MARK YOUR CALENDAR NOW!

# Exchanging Data Files: New PDF/X Standards Approved

The U.S. Committee for Graphic Arts Technologies Standards (CGATS) recently adopted and published two new international standards for the exchange of digital data using PDF.

The first PDF/X standard (CGATS.12) was published in 1999. Following its publication, interest in developing the work as an international standard propelled the work into ISO TC 130 (Graphic Technology). Since that time, all subsequent work on the PDF/X work has been done by that international committee, resulting in a multi-part family of standards (ISO 15930). CGATS has since nationally adopted the ISO work and issued it as co-designated ANSI/ISO standards.

“ This family of standards helps to ensure that what the receiver of a file outputs looks like what the creator of the file intended.

All parts of CGATS/ISO 15930 define requirements and restrictions on the process of rendering PDF/X files for viewing and print, in addition to the requirements and restrictions of elements and structures within the files themselves. This includes requirements for PDF/X readers (software applications that are able to read and appropriately process conforming PDF/X files).

The various parts of CGATS/ISO 15930 define a number of conformance levels intended to address different requirements. They all define data formats and their usage to permit the predictable dissemination of a compound file to one or more locations. The key here is "predictable". This family of standards helps to ensure that what the receiver of a file outputs looks like what the creator of the file intended. This is done by clearly defining the elements of the Portable Document Format (PDF) that shall, may and may not be used.

CGATS/ISO 15930-7, *Graphic technology – Prepress digital data exchange using PDF – Part 7: Complete exchange of printing data (PDF/X-4) and partial exchange of printing data with external profile reference (PDF/X-4p) using PDF 1.6*, specifies the PDF/X-4 conformance level which incorporates all of the features available in PDF/X-1a and PDF/X-3. However, this part of the PDF/X series is based on PDF 1.6, allows the use of PDF transparency, and allows the use of optional content (layers) to enable regional versioning. This standard requires that all elements to be output are contained in the PDF/X files, including the fonts.

CGATS/ISO 15930-8, *Graphic technology – Prepress digital data exchange using PDF – Part 8: Partial exchange of printing data using PDF 1.6 (PDF/X-5)*, makes provision for the referencing of external graphical content through three conformance levels: PDF/X-5g allows external graphical content, PDF/X-5n enables ICC profiles for n-colorant print characterizations to be reference, and PDF/X-5pg combines external graphical content and externally-reference output-intent ICC profiles.

NPES serves as the Secretariat to CGATS, which is accredited by the American National Standards Institute (ANSI). It also serves as the Secretariat of the U.S. Technical Advisory Group (U.S. TAG) to ISO TC 130.

All parts of the PDF/X series are available from NPES. A catalog of these and other standards that NPES offers can be downloaded from: <http://www.npes.org/standards/orderform.html>. ●

## New RIT Study on Image Quality of Digital Compared to Traditional Offset



Since 2001, NPES has been a founding member of the Printing Industry Center at the Rochester Institute of Technology (RIT). The Printing Industry Center is dedicated to studying major business environment influences in the printing industry brought on by new technologies and societal changes. The Center accomplishes this mission through research and educational outreach.

One current study the Center has recently published is ***Minding the Gap: Evaluating the Image Quality of Digital Print Technologies Relative to Traditional Offset Lithography***. It focuses on how the gap in the image quality of digital compared to offset is shrinking, how big this difference is, and how it impacts the end-user.

According to the research, there are considerable differences in the value of prints done on digital versus offset equipment. In order to evaluate the differences in image quality, six test images were created, representing four categories: *direct mail, marketing and promotional materials, business communications* and *photo books*. With the images, prints were made on one high-end digital equipment and one sheetfed press. The end result was significant, with visible differences in the image quality. The offset prints' problem, based on this research was in relation to its use of uncoated media, which was lower in contrast and gloss. On the other hand, digital had issues with uniformity and text and line quality due to technical constraints and limitations.

As a Printing Industry Center Industry Partner, NPES has exclusive access to this and all other research monograph publications in advance of availability to the general public. To request this monograph, contact Rekha Ratnam at e-mail: [rratnam@npes.org](mailto:rratnam@npes.org). ●

# Government Affairs Summer Status Check

## Taxes

The U.S. House of Representatives has passed legislation (H.R. 6049) reviving or extending tax breaks totaling over \$55 billion. Included in the measure is a 1-year extension of the Research & Development Tax Credit which expired at the end of 2007. NPES supports the extension of the credit. Because of House Democrats' insistence to adhere to "pay-as-you-go" budget rules, the bill pays for the extension of these tax breaks by requiring executives with certain offshore deferred compensation arrangements to immediately count money in those plans as income, and by delaying new rules giving multinational corporations more flexibility in allocating their interest expenses. These revenue raising provisions will be a major point of debate as this legislation evolves. Senate action on an extenders bill may come during the week of June 9, with Republicans opposing revenue increases.

Alternative Minimum Tax (AMT) relief, attempts to make permanent expiring Bush tax cuts and repeal/reduction of the estate tax and may have to wait until after the presidential election, and may not be feasible unless packaged with general structural reform of the tax code.

However, on the latter point the FY 09 budget resolution passed by Congress does include a "place holder" for estate tax relief, but does not specify the exact nature of the relief, nor is it certain to actually happen. It

has been reported that the budget numbers were calculated on the assumption of a 45 percent rate and a \$3.5 million exemption.

The 45 percent rate and the \$3.5 million exemption are what will be in place in 2009 before the estate tax temporarily expires in 2010. In 2011, the law reverts to a 55 percent top rate and a \$1 million exemption. NPES has supported the complete repeal of the estate tax, but sees a reduction in the top rate and a significant increase in the

exemption amount as substantial relief for most taxpayers, particularly owners of small businesses trying to pass them on to the next generation. If relief is to be enacted under the budget resolution, it would need the supermajority of 60 votes in the Senate.

## Trade

President Bush sent the U.S.–Columbia Free Trade Agreement (Columbia FTA), H.R. 5724, to Congress April 7, under "fast track" authority, but House Democrats led by Speaker Nancy Pelosi passed a resolution removing the 60-day deadline, intending to use the FTA as leverage in negotiations with the Bush administration on further domestic stimulus legislation. In the Senate, progress on the Columbia FTA is predicated on first advancing Trade Adjustment Assistance legislation. NPES supports the Columbia FTA, and NPES Government Affairs Committee members advocated for congressional ratification of the agreement during their winter 2008 meeting in Washington, D.C. Action on the FTA may be delayed until a lame duck session after the November elections. ●

# Mail Moves America Fights Two Front War

**F**ive states' legislatures that have had Do-Not-Mail (DNM) bills pending during 2008 have adjourned for the year without taking any action; they are Hawaii, Maryland, Tennessee, Vermont and Washington. And New Hampshire (June), North Carolina (July) and Rhode



Island (June) are also about to go out of session in the next two months, likewise without taking action on DNM bills as of this time. A new DNM bill (HB 2551) has been introduced in the Pennsylvania General Assembly, which is still in session. The legislatures of Illinois, Michigan and New York remain in session all year and have pending but not active DNM bills at this time. While there have been a few committee hearings, so far none of the bills has gained any significant support among state legislators. NPES has actively participated in Mail Moves America efforts to monitor and in some cases weigh in against these bills.

On another front, and potentially much more troubling, are the recent efforts of environmental activists at Forest Ethics to bring the Do-Not-Mail agenda into the "court of national public opinion," via articles in major newspapers and national TV. This newest development demands a unified and proactive response from not only the direct mail industry and its suppliers, but also from a much larger universe of "Main Street" businesses and industries that depend on direct mail advertising for their livelihood. Legislative battles won in the various states, important as they are, will be Pyrrhic victories if the war of national public opinion is lost. In that regard, NPES and MMA continue to spread the message of the importance of direct mail to millions of consumers and the overall United States economy.

For more information contact Mark Nuzzaco, NPES Government Affairs Director, at phone: 703-264-7235 or email: [mnuzzaco@npes.org](mailto:mnuzzaco@npes.org). ●



# PrintED Instructor Receives EDSF Educator of the Year Award

John Augustine, instructor of the Graphic Communications and Printing Technology program at the Frederick County Career and Technology Center (FCCTC) in Frederick, MD was the recipient of the 2008 Electronic Document Systems Foundation's (EDSF) Secondary Educator of the Year Award. EDSF is an international, non-profit organization dedicated to preparing the next generation of professionals for the document management and communications marketplace.

"Mr. Augustine's dedication, passion, creativity and ability to inspire others ... exemplify why he's this year's recipient of the Educator of the Year Award," says EDSF Executive Director Brenda Kai. "His mission is to empower his students to be marketable in this new digital environment by exposing them to everything in

the best career and technical students in the nation. SkillsUSA contests begin locally and continue through the state and national levels. This year's multi-million dollar event will occupy a space equivalent to 16 football fields and host over 5,000 contestants in 93 separate events.

In his 14 years at FCCTC, Augustine has made a tremendous impact on the graphic communications and printing technology program. He has incorporated leading-edge technology into the curriculum including: videoconferencing opportunities with live customers, and WebQuests and learning projects that emphasize student-led Web research; instituted an active advisory board whose members often help mentor students; created articulation agreements with local two- and four-year post-secondary institutions; and, overseen the program's PrintED accreditation. PrintED, administered by the Graphic Arts Education and Research Foundation (GAERF®), is a national accreditation and certification program, based on industry standards, for graphic communications courses of study at the secondary and post-secondary levels.

Augustine additionally devotes many of his off hours to honing his twin crafts of graphic communications and education. He participates in a weekly Web conference with top industry colleagues from several states to determine the best ways to teach PrintED competencies. He also is working to move PrintED documentation and curriculum notes to an electronic format to make best practice idea-sharing easier among graphic communications instructors.



**John Augustine, PrintED® instructor at Frederick County Career and Technology Center in Frederick, MD is the recipient of the 2008 Electronic Document Systems Foundation's (EDSF) Secondary Educator of the Year Award.**

“Mr. Augustine's dedication, passion, creativity and ability to inspire others...exemplify why he's this year's recipient of the Educator of the Year Award

the production process — from digital file preparation to binding and finishing.”

Indeed, Augustine's passion for graphic communications and his commitment to the education of his students are readily evident. Recently, for example, he spent the majority of his after-school hours prepping one of his students for the state SkillsUSA competition. This same student is now headed to the 2008 national championships in Kansas City. The SkillsUSA competition is the showcase for

To this instructor, though, there is nothing unusual in his commitment and passion to graphic communications. “I guess most of it is driven by the fact that I have such a love for the industry,” Augustine says. He notes he has been told he “oozes” enthusiasm when he is explaining something to his students, then adds: “I have not yet had a boring day in 14 years. You're on stage for almost seven hours out of the day. When you're not on stage, you have to prepare to get back on stage. And you'd better be good, because these students, they keep you on top of your game, always challenging you, wanting to know more.”

Wearing his love of graphic communications on his sleeve, Augustine frames his EDSF Educator of the Year Award in the context of Benjamin Franklin. His semi-annual visits to Franklin's print shop in Philadelphia often result in his contemplating the old patriot's influence on history. This prompts Augustine to wonder what his own footprint on history will be.

“This award is my answer,” Augustine says. “All the things that it took to get this award are my footprint. I won't ever have a million dollars to make these large changes, but at least I'll impact many of the students that are here.” ●

# NPES 75 Years Later

## NPES MEMBERS IN THE GLOBAL MARKETPLACE

*This year, NPES The Association for Suppliers of Printing, Publishing and Converting Technologies celebrates 75 years of service to member manufacturers, importers and distributors who provide the equipment, supplies, systems and software used in every printing, publishing and converting process from design to distribution. Throughout 2008, in every issue of NPES News look for some of the featured highlights from our association's distinguished 75-year history.*

Back on September 11, 1986, with an eye focused on emerging business opportunities in the global marketplace, NPES' International Trade Committee submitted its Long Range Plan (1987-1991), which outlined two key objectives:

1. Establish NPES as the U.S. trade association that represents the latest and most advanced technology in the Printing and Graphic Arts Equipment and Supply Industry, worldwide; and,
2. Enhance NPES members' export performance by helping to improve their capabilities to successfully enter or expand their posture in foreign markets.

As benchmarks toward achieving these objectives, the committee provided three specific goals:

1. Implement a far-reaching five-year (1987-1991) NPES Export Expansion Program in order to accomplish these objectives;
2. Actively promote and encourage member companies to take advantage of NPES-sponsored export expansion activities; and,
3. Coordinate joint NPES/U.S. Department of Commerce events that would be of interest and benefit to NPES member companies.

Fast-forward now to 2008 and today's NPES World Business Development Program. This extensive information and promotion program assists member companies in their



exploration and development of markets worldwide with: pavilions at major international exhibitions; sponsorship of trade missions, including buying delegations to U.S. exhibitions produced by the Graphic Arts Show Company; professionally staffed trade development offices in Moscow and Tokyo; training centers in China and Russia; trade representatives in Europe, India and Latin America; annual seminars on successful exporting; publications and statistics; and, cooperative agreements with regional industry organizations.

• **NPES International Trade Information Services** assist members in making informed decisions about the best international markets for their company's new or expanded business development activities where their investment will yield the highest return.

• **NPES International Trade Support Services** are customized, delivered on-demand and specifically designed to assist member companies develop and execute their international business development plan at considerable savings and with a higher return on investment.

Thanks to the vision and dedication of our Association's leaders back in 1986 and since that time, NPES members today have direct access to the tools they need to actively and successfully participate in the global marketplace. ●

## NPES International Trade Information Services

### *Personalized Data Delivered Immediately*

- Rating and ranking of national and regional economies worldwide
- Rating and ranking of best countries for doing business
- Worldwide markets for print
- Import/export trade statistics

## NPES International Trade Support Services

### *Designed On-Demand*

- Personalized consulting with the NPES international trade team
- Webinars: how to export/import and finance trade; how to do business in/with China, India, Russia & Brazil
- Online trade tools for exporting & importing
- Online searchable database of international dealers & distributors
- Sales leads from prospective buyers worldwide — e-mailed on-demand
- NPES member business development booths in international trade shows
- Business development trips to global markets
- Localized marketing services from NPES China, India and Russia Offices
- Delivery of international buyers to member booths at PRINT® 09
- Alliance and consensus building to open markets and promote fair trade

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# news and notes

## NPES CALENDAR

### June 2008

**PRIMIR<sup>SM</sup> Summer Meeting**  
June 18-20 • Cincinnati, Ohio

**ICC Meetings**  
June 24-27 • Tokyo, Japan

### July 2008

**Joint CGATS SC3, CGATS SC4,  
USTAG TC 130 WG3/WF4**  
July 15-16 • Minneapolis, Minnesota

### September 2008

**PRIMIR<sup>SM</sup> Fall Meeting**  
September 3-5 • Portsmouth, New Hampshire

**Indo-American Print Summit**  
September 11-12 • New Delhi, India

**TC130 Working Groups and Plenary**  
September 22-27 • The Netherlands

### October 2008

**EXECUTIVE OUTLOOK<sup>®</sup>**  
October 25 • Chicago, Illinois

**GRAPH EXPO<sup>®</sup>**  
October 26-29 • Chicago, Illinois

### November 2008

**ICC Meetings**  
November 6-8 • Portland, Oregon

**ICC DevCon '08**  
November 10 • Portland, Oregon

**NPES Annual Conference**  
November 15-17

Don CeSar Beach Resort  
St. Pete Beach, Florida

### December 2008

**PRIMIR<sup>SM</sup> Winter Meeting**  
December 3-5 • Baltimore, Maryland

### March 2009

**ICC Meetings**  
March 3-6 • Paris, France

### May 2009

**TC130 Working Groups 1-4**  
May 18-23 • Dallas/Ft. Worth, Texas

### June 2009

**ICC Meetings**  
June 15-18 • Tokyo, Japan

### September 2009

**PRINT<sup>®</sup>**  
September 11-16 • Chicago, Illinois

## HURLEY'S TRADEWISE DO TELL INTEL

### Mobilization for Globalization

For the past 30 years, American capitalism has been on a roller-coaster ride, so says Steven Pearlstein, *Washington Post* economist, in a recent article. Remember, he asks, how in the early 1980s the U.S. economy was written off as unproductive, unimaginative and self-indulgent, doomed to fall behind Japan and Germany with their superior business cultures and economic models.

But as it turned out, America's obituary as an economic superpower was premature. By the turn of the millennium, the Anglo-American economic model was back on top. Communism was dead and buried, an American-led tech boom was in full swing and the rest of the world was looking to the United States as the indispensable source of global growth.

Then just as we were about to settle into a new period of prosperity, things started to unravel again. Productivity slowed, along with the pace of innovation. And the bursting of two very large investment bubbles raised serious questions about the ability of unregulated financial markets to allocate capital.

Most significantly, he points out, the stagnation in wages and income for the vast majority of households — as top executives and industry superstars walked off with the lion's share of gains from economic growth — created a backlash against trade and immigration and badly eroded political support for further globalization. Rather than Germany and Japan this time around, it is now China and India that are viewed as the imminent threats to U.S.

prosperity and economic hegemony.

**Perhaps Americans overstate the degree to which globalization is responsible for this economic malaise, just as economists and business executives may be understating it.** Other factors could also share some of the blame such as free trade, changing technology, the decline of unions or corporate executive decisions to move production to Mexico or outsource to Lithuania.

It doesn't much matter how the responsibility is apportioned. What Americans most desire is a grand bargain that would restore confidence in the competitiveness of the U.S. economy and make it possible politically for the country again to embrace globalization. If we could get beyond stale ideology, Pearlstein asserts, it's not hard to imagine what such a grand bargain would look like — a bit of Sweden combined with a strong dose of Silicon Valley, spiced with a pinch of Putin's Russia.

Sweden has been successful in retooling its once-socialist economic model by embracing the notion that the government should protect workers rather than jobs. In the U.S. context, that would mean reforming the health-care system so that losing your job didn't mean losing your health insurance.

What Silicon Valley can contribute to a new American economic model is not just its fantastic technology, but its entrepreneurial spirit, and culture of risk-taking, not just by companies and investors, but workers as well. It's about companies where everyone understands that the way to get rich is to make great products that change the world. And it's about management that values talent above all else, and expects ideas and inspiration to flow from the

bottom up rather than the top down.

Adding the final element to mobilize globalization, Pearlstein offers that **America might learn a thing or two from Putin's Russia about playing hardball on the global stage.** Rather than spending a decade begging China to stop manipulating its currency for mercantilist advantage, the U.S. could slap a 30 percent tariff on all Chinese imports and let them spend a few months negotiating with us on when and how we're going to reduce it. In the same spirit, why not announce that the United States welcomes investment from the sovereign wealth funds of any nation except those that are members of OPEC and other price-fixing cartels?

And in close, this call to action — the **Americans have nothing to fear from globalization except their own unwillingness to do something about it.** ●

*Excerpted from February 27, 2008  
Washington Post article by Steven  
Pearlstein.*

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