

# How California's air affects us all

*The state's new emission regulations threaten thousands of jobs nationwide.  
One state should not dictate national policies.*

By JOHN SHIELY

**B**riggs & Stratton, the worldwide leader in engines for powered products, has been able to defy economic and manufacturing trends by continuing to produce the majority of its goods in the United States. New emissions regulations recently adopted by California for small engines could change this. That's why Briggs is supporting legislation sponsored by Sen. Christopher S. "Kit" Bond, R-Mo., and supported by Sen. Herb Kohl, D-Wis., that would allow the federal government to preempt California's standards.

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is a call for a Securities and Exchange Commission investigation of our company because we stated in an SEC filing that the California regulations would not have a material effect on our financial condition. The mentality represented in this attack is typical of the most radical environmental posture: If a company isn't losing money, the regulations must not be stringent enough.

Those who know anything about economics understand that to maintain our strong record of profitability, we will raise prices and move operations to lower-cost locations if necessary. So once again, the radical environmentalists display their ignorance of economics and disregard for American workers.

California's regulations have the potential to put an estimated 22,000 jobs at risk in 24 states for us, other engine manufacturers, our customers and our suppliers. That's because it would compromise our operations and require serious retooling of several of our factories, and the most economical way to retool would be to shift some of

our operations overseas. So instead of just dictating national environmental policy, California would also affect employment and economic conditions in nearly half of the United States.

We have been able to continue producing most of our product in the United States, even in the face of intense low-cost foreign competition, because

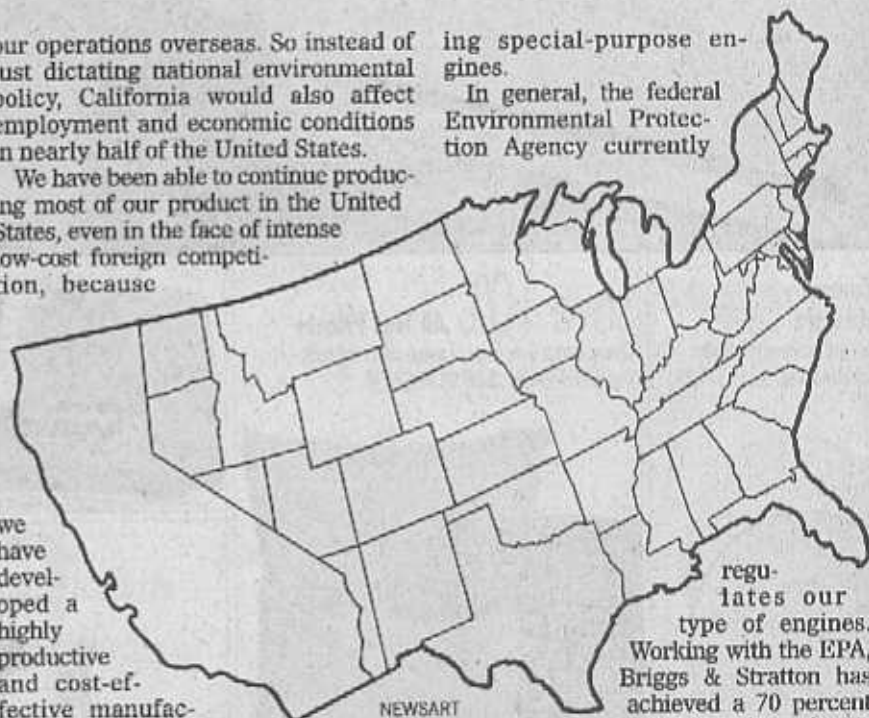
we have developed a highly productive and cost-effective manufacturing process called the "focus factory." Many companies talk about "mass customization." We have achieved it. We produce about 10 million engines a year in focused factories in Missouri, Wisconsin, Alabama, Georgia and Kentucky.

This manufacturing process has been seriously threatened by new regulations in California that would require catalytic converters for our small engines (as they are in automobiles and trucks) and other features requiring a major redesign of those engines, all for a state that represents less than 8 percent of the market.

A different manufacturing process that is particularly suited to producing such a specialized engine in relatively small numbers is the flexible CNC-based process practiced by the Chinese. When you have a lot of low-paid people involved in the process, you can produce small numbers of specialized products and still make significant profits. For the record, we have operated a very successful joint venture in China since 1986 produc-

ing special-purpose engines.

In general, the federal Environmental Protection Agency currently



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regulates our type of engines. Working with the EPA, Briggs & Stratton has achieved a 70 percent reduction in exhaust emissions in the past decade. The state of California has the authority to adopt more stringent standards for itself, but, in practice, California's standards become national standards. That forces changes in engines and equipment that were never intended when Congress first gave self-regulatory power to California. This represents the ultimate threat to our U.S.-based operations; California's standards would cause the loss of thousands of jobs and put Chinese producers in the driver's seat. No one denies the air-quality problems in California, but small engines with less than 25 horsepower account for only a fraction of its smog-forming emissions.

When local jurisdictions impose standards on others without regard for personal or economic welfare, there is no American dream. Why should California regulators be allowed to cause the loss of thousands of jobs in other states? They should not be, and we doubt that any elected representative, when made aware of those facts, would disagree.