



MEDIA: Television
STATION: CNBC
MARKET: National Cable
DATE: 11/05/08
TIME: 08:23 PM ET
PROGRAM: CNBC Reports
SUBJECT: CNBC Reports with Frank MacInnis

Erin Burnett, Anchor:

What is American big business hoping for from President-elect Obama? Frank MacInnis is the CEO and Chairman of EMCOR Group, a company specializing in infrastructure. Obviously Frank, that would set us up for the first question and that is, have you had any conversations with anyone with the Obama campaign about specifics on an infrastructure plan?

Frank MacInnis, CEO and Chairman, EMCOR Group:

No I haven't, Erin. So far all we have is fairly wide industry expectations for the kind of stimulus package that has been used in previous recessions in order to solve some problems, especially for Democratic administrations. Firstly, there is clearly a need for the application of a lot of money to fix the public infrastructure that is crumbling all around us. Secondly, these projects are very labor intensive. They mean, as Rick Santoli was saying earlier, jobs, jobs, jobs. Thirdly, and perhaps very importantly from the Obama administrations point of view, most of these projects are performed largely by union contractors and union employees. I understand that there may be some payback anticipated by the unions for their work in connection with the very effective campaign that Obama has just run.

Mark Haines, Anchor:

First question, are there enough infrastructure projects that can start tomorrow, that this would actually make a difference? Because one of the frequent arguments you hear is, it gets into the economy too slowly.

MacInnis:

Yes, I think there are. A lot of these projects don't have to be Greenfield projects. They don't take years of engineering, permitting, and the like. They can be upgrading projects of the kind that involve, for example, replacing aged computer systems with new ones, ways of making existing facilities more efficient.

John Harwood, Anchor:

Let's bring in Phil Musser now. He is a former political advisor to Mitt Romney's presidential campaign. Now the President of New Frontier Strategy on what it means for Wall St. under an Obama administration. Phil, talk a little about how you see Republicans and business working with Barack Obama.

Phil Musser, President, New Frontier Strategy:

I'm real hopeful that we are going to have a good start here. On that infrastructure point, I've spoken to a couple of Republican governors in the last two days, and I think there would really be some willingness to get behind a stimulus package that has, as Mark said, ready-to-go infrastructure projects that can be funded. That could be a pre-Obama administration piece of action that could have some significant implications for the economy. I think Republicans right now, from our standpoint, we did better than expected in the United States Senate. I think we will probably net out between 43 and 44 seats.

Haines:

You mean in the House?

Musser:

I'm talking about in the Senate, Mark.

Harwood:

The Democrats not getting to sixty?

Musser:

Not getting to sixty. And so my point is that is a good thing because it provides a good check that I think will bring out the more moderate impulses that a lot of us hope Obama will govern with.

Haines:

The water is up to the gunnels! You are still afloat, but the water is lapping over the gunnels.

Musser:

To be honest with you, it could have been worse, Mark.

Haines:

Spoken like a money manager, "We're down 20% but it could have been worse."

Harwood:

Frank, I want to ask you one question about an evaluated proposal Barack Obama's made that we haven't talked about much. He is proposing a \$3,000 tax credit to every business that hires a full time payroll job. How effective might a proposal like that be in trying to get this economy going, trying to get people hiring? We've got jobless numbers coming out on Friday that are expected to be bad.

Burnett:

Hiring in the United States?

Harwood:

In the United States.

MacInnis:

I heard that number and we're major employers. We have 30,000 employees and quite honestly, \$3,000 is not going to change our minds with respect to bringing on people who wouldn't otherwise be needed. This has to be driven by demand and demand is going to have to be created in the first instance by government spending, secondly, by the normalization of the credit markets to get our private sector customers spending again. One thing about the pace of recovery that I wanted to say with respect to the private sector, there was no bubble in nonresidential building

such as there was on the residential side. So, it's not as if there is a lot of unused capacity there to be soaked up before private sector nonresidential construction can start again. There will be a real need in 6-12 months.

Burnett:

Frank and Phil, thanks to both of you. Before we go here to our thing, essentially what he says is as a big employer. But I bet you what that is targeted at is small employers.

Haines:

That is exactly what I was about to say.

Burnett:

The majority of jobs in this country are small businesses with fewer than twenty employees. \$3,000 would make a difference.

Harwood:

I noticed the McCain campaign did not hit Barack Obama for that proposal, which made me think they thought it had some pop with small business.