These are important but difficult times. Our minds are focused on events both at home and abroad. As the hour draws near, our thoughts and our prayers are with the troops of the finest military on the face of the earth, and with the Commander-in-Chief, our President George W. Bush.

As Pearl Harbor did more than 60 years ago, September 11th reminded us that we are not safe from attack. And as the World War II generation taught us, complacency and inaction are never an answer for tyranny and terror.

President Bush and our allies are right to pursue the terrorists and their supporters from Afghanistan to Iraq to the islands of the Philippines because American lives, and America’s security, are on the line.

At home, Texans and Americans are thinking not only about the possibility of war, but the reality of tough economic times. Every day we read stories about the state budget and the effort to live within our means. Of course, this is nothing new to Texas families. Millions of our citizens must exercise financial discipline and prioritize their spending.

Many have seen their homeowners insurance costs skyrocket and their pensions decline with the stock market. Others have lost jobs because of corporate misdeeds. And all across this state, we find families trying to make ends meet while supporting an elderly parent in a nursing home or saving enough for their children's college education.

Their stories seldom get written amidst the budget and special interest battles, but as long as I am their governor, their voice will be heard. The reason is simple: They represent the quiet engine of our progress and the foundation of our future.

With our focus being the important issue of economic development, I am reminded of an old saying. There are two ways to get to the top of a tree: You can climb to the top, or you can sit on an acorn and wait. As representatives of our urban and suburban business communities, you know that the competition for jobs is stiff and that Texas cannot afford to play the waiting game when it comes to economic development. We must be aggressive. We must be forward-looking. We must climb to the top of the tree.

However, there are two primary obstacles to the formation of a strong economic development plan. First, there is the belief that our business climate is good enough and our economy doesn't need any additional help. That would be the acorn mentality.
Second, there is some sentiment in these tough budgetary times that we cannot afford to invest in jobs and economic growth as we try to find enough revenue to fund real needs in health care and education. On both points, I disagree 100 percent.

During slow economic times, it is precisely the right time to invest in job creation and precisely the wrong time to raise taxes. We can choose one of two courses: We can try to tax our way out of our economic problems or grow our way out. I will stand on the side of history, which tells us no government has ever taxed and spent its way to greater prosperity.

We must choose jobs and growth over the tax hikes that kill jobs and growth.

Economic development is not just about profits for business, it's about revenue for vital public investments. When we invest in jobs and the economy, we build a stable foundation that can meet the needs of our growing population.

New jobs mean more money for our schools. New jobs mean dollars for health insurance and Texans with special health care needs. And new jobs mean more money in the pockets of Texans and recycled throughout our economy.

This is not a “chicken or the egg” proposition. We know that jobs must be created first, and then additional revenue will follow. If we turn that principle upside down, and try to create additional revenue through higher taxes, jobs won't follow. They will go away.

Some will be tempted to raise revenue by raising taxes. I believe we must raise revenue by creating jobs.

Now, some will argue our business climate is strong enough already. Certainly, Texas has a lot going for it. We are a right-to-work state. Our energy costs, as of 2001, were the fifth lowest in the nation. We are making record progress in our public schools, and with our relatively young population, businesses can find in Texas a large, skilled workforce.

In 1995, Texas made major changes to its civil justice laws to lower the cost of business. Last year we surpassed California as the largest exporter to foreign markets. Texas is the gateway to trade with Latin America, with goods traveling across our border at record rates and opportunities being created on both sides of the border because of it.

And businesses know that, in Texas, our tax burden is among the lowest in the nation, and we are one of only a handful of states without a personal income tax. And as long as I have a say in the matter, a state income tax will remain where it belongs: in the right-hand drawer of discarded and discredited ideas.

And yet, despite all that is right with the Texas economy, we have not reached our economic potential. According to Site Selection Magazine, last year Illinois – a state with a little more than half our population – experienced construction of three times as many new and expanded corporate facilities as Texas.

Frost and Sullivan, a national consulting firm that did a study on site selection factors, found that from 1997 to 2001, Texas dropped from fourth to tenth in the development of new manufacturing locations. In the same time period, Texas slipped from third to seventh in the location of other business facilities.

These are warning signs, even with our most recent success story involving Toyota. In fact, I will argue the Toyota success highlighted some of our state’s weaknesses in economic development. First, our system is too convoluted with no clear “go to” entity when companies come calling. That’s why I support centralizing our economic development
efforts into the Governor's Office. That will send an immediate signal to companies looking to expand or relocate:
Texas places the highest priority on job creation.

We are also being outbid by other states. In the instance of Toyota, we won despite providing the smallest incentive offer. But we can't count on that happening on a regular basis.

Right now, we are in preliminary discussions with a minimum of five business entities looking to expand operations. In each case, they will have a dramatic impact on the job base and our economy. We are making an aggressive push for these jobs, but when you get down to it, I believe these kinds of negotiations could be greatly assisted by the creation of a state enterprise fund that a governor could draw from to sweeten the pot in a competitive bidding situation.

That's why I went before the legislature last month seeking $390 million to create the Texas Enterprise Fund. Now, some are concerned about dedicating limited dollars to job creation when we are facing tough budgetary times. But I will argue that we must never lose sight of a long-term vision.

In the case of Toyota, we will recoup our full investment of state dollars before the first Tundra truck rolls off the assembly line in just a couple of years. Among the solutions we offered to Toyota was access to competitive rail service to keep their shipping costs down. Last year, I offered to the people of this state an entirely new vision for transportation called the Trans Texas Corridor.

The Trans Texas Corridor is about safer roads, less pollution, more reliable systems of transportation and creating jobs. It uses new financing tools to build roads and rail lines sooner instead of on a pay-as-you-go basis. It means fewer disruptions of businesses because of seemingly endless highways expansions, and it means a safer, more predictable network of roads and rail lines to move products on time.

By improving our transportation planning, and by dedicating limited dollars to an enterprise fund, we can attract technology and biotechnology companies, or the next Toyota, or companies that reach across a diverse spectrum of economic sectors. And we will reap long-term benefits that far outweigh the costs.

The governor of Iowa, a state with one-seventh of our population, has proposed investing a half billion dollars into an enterprise fund. Governor Bush in Florida is looking to dedicate state dollars for economic security purposes. Governor Pataki of New York is aggressively making a push for Sematech, the high-tech consortium which helped put Texas technology – and high-tech jobs – on the international map.

Aggressive recruiting matters. If it didn't, Mack Brown would be spending a lot more time on the golf course. But he knows he has to keep selling the University of Texas. We must do the same to bring jobs to Texas. It will pay dividends for our future.

And so will addressing one of the top job killers in America: frivolous lawsuits. There is nothing more creative than a personal injury trial lawyer looking for a cause of action. We must be constantly vigilant in ensuring the litigation climate does not become an impediment to job creation.

This session, we're going to protect educators from frivolous lawsuits. We're going to make the practice of medicine affordable again for our doctors with a $250,000 cap on non-economic damages. And we're going to continue to look for ways to compensate the truly injured while ensuring that businesses can succeed in Texas without a trial lawyer looking over their shoulder every step of the way.
According to one economic analysis, the lawsuit reforms being considered in the legislature could lead to a quarter million permanent jobs, and more than 900 million additional dollars in annual revenue to the state.

Lawsuit abuse leads to a higher cost of goods. As such, it is just like a tax on our books that gets passed along to consumers. As President Reagan once put it, “businesses do not pay taxes, people do”—the same individuals who have seen their insurance costs rise, their pensions decline, and their property taxes skyrocket. Families and employers want to live in “Texas,” not “Tax-Us.”

As this session goes forward, we would all be wise to remember a few things. First, jobs are not created by government, but by the ingenuity of the private sector. Second, progress is not defined by how much we spend, but the priorities we set. Third, wealth does not consist of how much money is in government’s coffers, but Texans’ pockets. And finally, the best way to ensure the health, education and welfare of Texas families is to create Texas jobs.

If you want our children to be better educated, healthier and on track to a college degree, then there is no better solution than making sure their parents can get a good job.

The goal of many government assistance programs should be to eliminate, not perpetuate their own existence. By limiting government, we ensure opportunity is unlimited. By aggressively pursuing business expansions, relocations and start-ups, we will create new wealth, new jobs and new opportunities.

Over the next 25 years, there is one certainty. Our population will continue to grow in leaps and bounds. The Texans of the next generation will either be well-educated, healthy and highly paid, or they will be ill-prepared, under-educated and limited to a month-to-month existence.

The pathway to progress is a road built on the foundation of jobs and economic opportunity. Every time we attract a large employer like Toyota, that foundation becomes sturdier, and that pathway leads us closer to progress and greater prosperity.

Let us stand together by choosing jobs and growth, opportunity and freedom. I need you with me today, tomorrow and every remaining day of this legislative session. Legislators need to hear an important message – funding job creation does not come at the expense of education and health care, but in support of those vital missions.

Together we can build a better Texas for all—a state that welcomes greater ingenuity and abundant opportunity in every corner of this great state. I hope you will stand with me.