Thank you. It is a great honor to be with you, and to serve as your governor. I want to welcome you to Austin for this second Governor’s Summit on Economic Development and Tourism in Texas.

With an election just around the corner, some of you may be nervous about what direction this country will take when it comes to vital economic issues like taxes and spending. I was with the president six days ago in Las Vegas. His spirits were high and his mood was confident. I told him he had the Aggie vote locked up because Senator Kerry showed up for the first debate with a burnt orange complexion.

In Texas, we have worked to keep taxes low so opportunity is at an all-time high. Recent trends are very positive. Texas is helping to lead the national recovery, with 122,000 jobs added in the last 11 months. Last year, we attracted nine of the 20 largest capital investments in the nation. This year, we announced the largest job expansion nationwide in the first quarter when Vought Aircraft announced it would consolidate operations and bring 3,000 additional jobs to North Texas.

We are also the nation’s largest exporting state, and exports to Mexico were up 22 percent in the first quarter of the year. Seventy-five percent of U.S. commerce with Mexico crosses through a Texas point of entry. Sometimes, when you’re driving on I-35, it seems like all that NAFTA commerce is on the road at the same time. That’s why we’re pouring more concrete to build more roads than any state in the nation. Our state is attractive for employers because our regulations are reasonable, our workforce is skilled and our taxes are low. And I might add, we have no personal income tax. You can’t pick a better state to run a business. Employers can grow, succeed and prosper here.

Some have criticized me for talking so much about job creation. Those critics tend to think investments in job creation come at the expense of investments in government programs. I disagree. To fund investments in priorities like healthcare and education, you need the revenue generated by keeping and attracting jobs. Job creation not only generates revenue for important services, it helps remove people from government assistance rolls and promotes independence. This is not an “either/or” proposition. Job creation and government services are dependent upon one another.

One of the great job creation tools we have in Texas is the $295 million Texas Enterprise Fund. To date, the State of Texas has allocated $181 million in Enterprise Fund dollars to attract more than 14,000 new jobs and close to $6 billion in capital investments. The gross state impact of Enterprise Fund investments to date is estimated to be $2.2
billion annually.

Now, some will argue that companies should be responsible for 100 percent of the financing of an expansion or move. Philosophically, that sounds nice. And for many years, Texas basically operated on that premise. But we suffered because of it. We started to fall in the rankings of states attracting capital investments. The reason was simple: other states were acting aggressively to attract industry. Why would Texas unilaterally disarm and disadvantage itself in the effort to attract jobs, growth and additional revenue? It would have been penny-wise and pound-foolish to shut the door on incentives for Vought Aircraft for example. Without a $35 million investment from the Enterprise Fund, Vought Aircraft would have created 3,000 jobs somewhere else and would have taken the 3,000 jobs they already had in Texas with them. That would have meant thousands of union households would have either had to uproot and move to a state like Tennessee or find another job in North Texas. A governor can never sacrifice a long-term view in funding short-term needs.

The Texas Enterprise Fund is critical to long-term prosperity in Texas and that is why today I am publicly stating my support for its renewal in the next legislative session. It has been such a stunning success that leaders in Houston recently indicated a desire to create a city fund modeled off of our state fund. But that’s not the only bit of news I have to share with you today.

Last session, the Legislature directed the development of a competitive cluster initiative that focuses on developing technology-driven areas of the economy where there is great potential for growth. Today, I am excited to announce that the State of Texas will focus on developing industry clusters that will be critical to our future prosperity. After careful study, and research provided by Harvard economist Michael Porter as well as Texas economist Ray Perryman, six industry clusters which have unlimited potential for our future were identified:

- advanced technologies and manufacturing
- aerospace and defense
- biotechnology and life sciences
- information and computer technology
- petroleum refining and chemical products
- energy

The question will be raised, why should the State of Texas focus on clusters? And the answer is simple: because employers do. Employers are attracted to ideas and talent. Clusters provide an abundance of ideas and talent in close geographic proximity. In a cluster, an employer has access to professional colleagues, suppliers, customers, skilled labor, research and development institutions, and industry leaders. This cluster initiative is important because for the first time in the history of this state, we will have a coordinated, market-driven economic development strategy that focuses on areas where we have the greatest growth potential and on fostering that potential. This cluster initiative will allow us to map out the presence of industry, academic resources and various local, state and federal funds that are key ingredients to the development of clusters.

Some areas already have a cluster, such as Dallas/Fort Worth which has a large aerospace and defense presence, and Houston and Austin which have an emerging biotechnology and life sciences concentration. Other areas are not far away, like the Rio Grande Valley, which has the potential to develop a stronger portfolio of advanced technology and manufacturing opportunities.

Speaking of the border, I learned late yesterday about some good news for the El Paso region and our military families: President Bush's Administration, through the department of Labor, has approved a $2.6 million National Emergency Grant for the Upper Rio Grande Workforce Development Board. These funds will provide comprehensive re-employment and training services for spouses of active duty personnel, spouses of members of the National Guard and Reserves, widows of military personnel who have lost their lives in Afghanistan, Iraq and other areas, and
members of the Guard and Reserves returning from combat zones. I believe when our military families make great sacrifices for this country, then this country must do everything possible to ensure their economic stability.

Providing greater opportunity for Texans of all walks of life is a key mission of my administration, and technology is the key to creating more opportunity. This competitive cluster initiative fits into the vision of the Texas Technology Initiative, which I helped launch in 2002. The Texas Technology Initiative recognizes that over the next ten years advanced technology industries will generate $3 trillion in revenue and we want to do everything possible to make sure those revenues are generated on Texas soil and with Texas brainpower. The Texas Technology Initiative is tied to all six of the clusters I am announcing today, and it is based on the idea that if Texas invests in advanced technologies like the Advanced Materials Research Center at Sematech we will develop the technologies that will nourish and grow industry clusters.

Some might say, if industry gravitates on its own to clusters, why should the state get involved? And here is my response: It is critical that we marshal all of our resources, such as lab innovations and worker training programs at our two-year and four-year colleges, and local, state and federal incentive dollars toward supporting the technology-based economic activity that can create new wealth and new opportunities. That is also why the math and science initiatives that I worked with legislators to create are so vital. The key is making sure Texas’ growing workforce is skilled and trained in emerging technology fields and that our students leave high school through a door that is open to multiple career paths.

This cluster initiative will call upon members of industry in respective fields, their support industries, members of the academic community, economic development leaders and trade association members that will come up with recommendations that legislators can act on this session. Two of the leaders who will chair these cluster teams are with us today, Lonnie Martin, the CEO of White Rock Networks, who will chair the Information and Computer Technology cluster team and Phil Anastasio, the plant manager for OxyVinyls, who will chair the Petroleum Refining and Chemical Products team. I want to thank these two chairs, and several other team members, for joining us today.

Let me close by talking about an economic driver that we are in the presence of every day and that is the scenery, history and family-friendly activities that make Texas an attractive tourist destination. To travel Texas is to experience the diversity of America without ever crossing the state line. Our diverse culture, compelling history, and booming cities bring a lot of visitors and their disposable income. And if that isn't enough, our sports teams do that too. Just this weekend, our friends from Missouri headed south to see their college football team and the St. Louis Cardinals lose four games to Texas teams. And for the record, I'm putting my faith in the sturdy 42-year old arm of a Texas Longhorn by the name of Roger Clemens. But let me say no more, for fear of jinxing the Astros.

Travel and tourism directly employs 477,000 Texans and has a statewide economic impact of $40 billion. Last year, more people traveled to and in Texas cities, towns and communities than ever before. Leisure travel in Texas increased by eight percent last year, more than twice the increase experienced nationwide. And since 2001, we have experienced a 20 percent increase in the number of out-of-state leisure travelers to our state. Perhaps most encouraging is recent data that shows the allure of Texas is growing. Prior to the Year 2000, 25 percent of U.S. residents expressed interest in traveling to Texas. Last year, 63 percent surveyed showed a desire to visit our state. So to our tourism officials I have just one admonition: keep up the good work.

When we attract investment, either the investment of family vacation dollars, or the investment of employers looking to grow and prosper, we build better communities, and generate revenue that can sustain Texas priorities. Most importantly, we put Texans to work when we invest in Texas jobs. A family that begins to climb the economic ladder has the opportunity to experience the Texas of unlimited opportunity we all envision.

Your contributions to that vision are vital. Thank you for your hard work, and your love of our state. And God bless you.