Gov. Rick Perry’s Remarks to the Governor’s Competitiveness Council

*Note - Gov. Perry frequently departs from prepared remarks.

Thursday, December 06, 2007

Thank you, Phil (Wilson). Congratulations on overseeing your first election as Secretary of State. I didn’t see a single protester outside the capitol the day after, so looks like you’re going to do just fine. I want to thank everyone for being here today. We need your leadership skills, experience and commitment on our team as we take on this challenge. I also want to recognize my fellow statewide-elected officials, Chairman Michael Williams and Agriculture Commissioner Todd Staples, for making today a priority. Your involvement is essential to our success.

We stand poised at a critical juncture in our state’s history. We live in a world where technology is accelerating at a blinding pace, the marketplace has become truly global, and economic power has become truly mobile. Although our country and our state have sustained a remarkable economic pace, our current momentum alone will not carry us where we need to go. In the global economy, investment flows to the places where the right combination of talent, technology, business climate, infrastructure and markets converge. Texas won’t automatically be that place.

That’s not to say we shouldn’t be proud of the innovative policies we have implemented: our state’s economy is one of the most vigorous in our country. Our ground-breaking Industry Cluster Study provided us with a blueprint on where our state should focus its job creation efforts. Our Enterprise Fund and Emerging Technologies Fund give us a one-two punch that is hard to beat. Since its creation, the Enterprise Fund has provided gap-closing capital for business startups, relocations and expansions to the tune of $367 million, directly accounting for $15.5 billion in capital investment, and 51,000 new jobs for Texans. The Emerging Technology Fund has drawn new talent to the state, spurred the commercialization of university research, and given technology visionaries the financial boost they need to get their companies online. We’ve tackled the lawsuit abuse that can cripple an economy and seen specific improvements in our healthcare sector as a result. We have worked hard to strengthen our education standards so that young Texans will be prepared for college and high-paying jobs in the 21st Century economy. These efforts have yielded fruit. Freeing business to compete has made Texas the number one exporting state in the nation for several years, created one million net new jobs in the past four years, and put us in the top five of Forbes Magazine ranking of best states to do business. So we’re definitely doing something right. But there are things we must do better.

Resting on our laurels will only give us a comfortable place to sit while the world passes us by. If we are going to continue to succeed, if we want to truly compete in the global economy we must do more. An article in Newsweek last year reported that the hiring cost of one engineer or chemist in the U.S. equals the cost of five chemists in China or eleven engineers in India. It also said that, last year, U.S. colleges conferred more degrees in sports exercise than in electrical engineering. And it asserted that more money is spent in the U.S. on litigation than on research and
development. Those are not positive signs. I’m not saying “head for the lifeboats” but we have our work cut out for us if we want to remain a player in the global economy.

What happens if we don’t act? If we don’t make major strides in competitiveness, we could see incomes fall and quality of life suffer. The opportunities we have enjoyed will just be stories for our children to ponder as they head off to less rewarding toil, greater dependence on the welfare state, and zero upward mobility. That is not the future I want for Texas. Although we face challenges now, they pale in comparison to the cost of playing catch-up later. None of us got where we are in life by playing catch up. Now is no time to start. We all want our state to be a place in which our residents can prosper and flourish. And that prosperity takes jobs.

You know first-hand the qualifications needed to succeed in your companies. Whether you’re in energy, telecommunications, or biotech, you need people who are motivated, educated and uniquely skilled. You also know that the pool of prospects who meet your criteria is not growing at the pace you need to stay properly staffed. In a recent report from the Commission for a College Ready Texas, employers identified future staffing their number one concern. It also said too many students are graduating high school unprepared for what’s next, whether that’s their freshman year in college or a job. We have plenty of hard-working teachers doing their best with what they’re given. Unfortunately, the efforts they make and the skills they teach don’t always align with current and future employer needs.

That is where you come in. This new competitiveness council is bringing together the brightest minds in business, education and government to basically “rewire the motherboard” of our state. I am confident that our business cluster groups will come up with compelling recommendations for aligning educational standards with employer needs. I have high hopes that other education innovations will continue, whether that’s expanding our incentive-based pay programs for teachers or more unique initiatives like UTeach. If you hadn't heard of it, UTeach recruits college students who are already studying essential subjects like math & science. It offers them the opportunity to continue their efforts in those subjects as teachers. It challenges them to rigorous study, pairs them with experienced teachers, and gets them in the classroom early to make sure they’re cut out to stand in front of a classroom full of students. This public-private partnership will yield even greater results as it is replicated around the state and our country. It is proof that the leaders of our education establishment do not want to rest on their laurels.

Preparing our citizens to compete in the global marketplace isn’t the only challenge before us. Our industry cluster groups are identifying other future shortfalls as well, like power generation. Texas is a leader in installed wind generation and bio-fuel production, but challenges remain in moving that power to where it’s needed. Deregulation has helped our statewide energy supply, but the benefits are obscured by the fact that the price of the natural gas that fuels most of our electricity generation has doubled over the past few years. So we need to continue our search for alternate energy solutions. We don't want rising energy costs or supply restrictions to stifle growth. Energy is just one of our industry clusters, but it represents the challenges they all face. I’m confident our friends in the private sector won’t be resting on their laurels. So that leaves us, the governing bodies in our state, to address the question: What will we do to spur our economy, create more jobs for Texans, and cultivate the prosperity that goes along with them? We need to break the habit of “business as usual” and transfer best practices from the business world to government, placing a premium on agility, innovation and healthy competition. Government must break out of old habits and take on the competitive mindset.

Of course, modeling government after sound business principles means we must continue providing consumer safety, appropriate environmental protections, and strong ethics. My charge to state and local government is two-fold. First, you need to identify roadblocks that obstruct our state’s ability to complete in the global economy. They may be conflicting regulations, unduly harsh restrictions or outdated requirements. Second, we must figure out and implement the changes that will smooth our collective path toward a better future for all Texans. I challenge state agencies to pursue policies that generate value for taxpayers, not burden them. Government should not stumble around as a
dollar-draining killer of initiative, but a proponent of growth. And my office will not be immune to this process. Going forward, my staff will take the lead by applying competitiveness standards as well. When legislation reaches my desk, I will require it carry a “Competitive Impact Score,” not unlike the Fiscal Notes required by the Legislative Budget Board. It must answer the question, “Will signing this bill make us more or less competitive in the global economy?” That is what this competitiveness council is all about.

Together, we must leave our laurels far behind, put our minds to the challenge and our shoulders to the wheel. Together we can transform our state. Thank you. May God bless you and, through this Council, may he continue to bless the great state of Texas.