Los Angeles, CA - Well, good morning and welcome to E3. It is a real pleasure to be here in the company of people who “get it.” By that, I mean you are part of an industry that understands the notion of competitiveness, a concept that government has a real hard time figuring out. By and large, video games have evolved with the essential value of competition at their heart. In the earliest days of the industry, that competition was for the highest score on Pong. Today, it’s probably more about wiping out the Covenant in Halo or smoking the competition in Mario Kart. Regardless of where they cut their teeth, gamers understand the great benefit of competition and they run toward it, not away.

People who create those games, people in this room, have the same mindset. All across the country, in places where smart, creative people gather to devise the next must-have game, they are joined by people who are willing to invest their capital, and risk their future on whether or not their idea can be refined to best-in-category status. If that happens, you sell games, you make a profit, you dominate your market space, you hire more people, they earn a paycheck, they feed their families, and our society gets stronger. If you fail, you hopefully learn from your mistakes, load up on free t-shirts, and whatever office supplies you can carry, head onto the next company, and try again. Maybe gamers get so used to re-spawning onscreen, that they are willing to keep going when the health meter on their real-life project dwindles to zero. I suspect there are more than a few people in this room who rode an ill-fated game into the ground, but bounced back and kept going. Now, you’re still chasing your dreams, but this time you’re a little wiser and even more committed to succeeding.

That’s the American way and it’s lived out every day in game studios in Texas and all over the country.
That same premise plays out all over the world, because games are a truly global phenomenon. You understand that our economy is truly global, truly interconnected, truly rich with possibility. You either go head-to-head with foreign competitors or work for them. You drive yourself crazy keeping every detail of your game secret so your competition can’t steal your thunder. You and your people work long hours, fueled by energy drinks and naps under your desks, because you're competitors. I have spent my career in the public arena working to cultivate that competitive mindset across our economy, across our state. Fortunately, Texans have a pretty long, strong track record when it comes to competitiveness. It probably started with early settlers like Davy Crockett who were willing to risk their lives defending Texas in exchange for land. It continued with folks like Captain Lucas who struck oil at Spindletop in 1901 after drilling what seemed like an endless string of dry holes. And we've seen that competitive spirit in the Texas game industry, with people like the folks at Origin Systems, who basically turned a tabletop RPG into one of the first viable video games made in Texas. That same competitive spirit is going strong in those gentlemen you saw in our opening video, and in the heart of pretty much every Texan I know. Competition is in our blood.

We are working hard to make our state more competitive in the global marketplace, because we realize that the old notions of local, and even regional dominance, are completely outdated. You and I both know it’s not enough to be the best in town anymore. Instead, we need to be the best in the U.S. gunning for best in the world. I’m proud to say that Texas is best in the U.S. in a couple of key categories. For example, we have been the number one exporting state for the last six years. Just last year, Texas companies shipped $168 billion in goods & services beyond our borders. And the international commerce flows both ways: we have more foreign direct investment than any other state, with nearly $15 billion going toward everything from new factories to real estate. Just last week, CNBC declared Texas the best place in the country to do business, which might explain why we’re home to more Fortune 500 corporate headquarters than any other state. And those positive factors feed into what I consider the key bottom line, the goal of our competition: job creation.

When a person lands a job that pays well, most of the problems that social programs are created to handle start to fade away. That is why I’d much rather see a person enter the workforce than join the welfare rolls. That is why life has gotten better for the Texans who landed one of the 1.2 million jobs our state added over the past five years. We’re still adding jobs, at a rate well above the national average. From May of ’07 to May of ’08, Texas jobs increased at roughly 2.5% while the rest of the nation experienced only point-one percent growth. In Texas, 2,800 of our jobs are occupied by game developers, the third highest concentration in the country. They are employed by 92 game development and publishing companies that will spend about $177 million in Texas this year. These game industry professionals pull in an average wage of more than $63,000. That might seem like pocket change to you folks working in California or Washington. But, like Starr Long said in that video, our cost of living makes it possible for you to own a nice home that’s not ninety minutes away from your office.

As governor, I’m proud that Texas is the third biggest game producing state, but I would like us to be number one. And I think we can be. I think our game incentive program will play a role in that. We currently have one of the better incentive packages in the country. In a nutshell, a game company can qualify for up to $250,000 of state money if they agree to spend it in-state and employ mostly Texas residents working on Texas projects. I want to make those incentives even more attractive, so I will call on our legislators to tackle that challenge when they meet again in 2009.

I would also like to see more public and private sector investment in the game education programs at our state schools. Game companies already fight over graduates from development programs at places like the Guildhall at Southern Methodist University. I would like to build on that legacy so that Texas becomes a primary source of job-ready game creators. It’s a wonder that no one has really tapped into the other parts of our high-tech work force for their next set of developers.

In addition to game & film incentives, we have resources like our Texas Enterprise Fund. This deal-closing fund enables us to cut checks for millions of dollars to companies that will bring jobs to Texas. If our state can invest more
than $1.5 million in a textile mill that will bring 800 jobs to the Rio Grande Valley like we did two weeks ago, I would expect a game company could qualify as well.

While I think it important to improve our state-funded financial incentives, there are other factors that will keep Texas moving up in the world of games and entertainment. We offer fundamental things like a legal climate that keeps our employers and doctors working instead of standing in court defending themselves against frivolous lawsuits. Things like a tax structure that doesn't penalize employers for expansion and investment, and allows workers to keep wages other states would take with an income tax. Things like a sensible regulatory climate that keeps our citizens safe without strangling the companies that provide jobs and create wealth. These elements may seem simplistic, but they are the result of a conscious effort we've made to transform Texas, efforts that have moved us to the forefront of our nation's economy, principles that could transform our country.

Right now, we are seeing some seriously negative trends in our national economy: job losses, loan defaults and fuel prices that seem to go up every time we blink. I believe some of the answers to our nation's current economic challenges can be found in the game industry, because your industry gets it. Here in the U.S., your industry harnesses the creative power of roughly 80,000 people, and directs it into content that connects with customers at a heart level. Your industry builds community based on shared interests, and creates jobs faster than just about any other industry. People who think gamers are no more than a bunch of pale teenage boys huddled in their moms' basements, casting spells and indulging adolescent power fantasies, really don't know your industry.

A lot of people would be surprised to know that the average gamer is 35 years old, and that the strongest-selling games are rated "E for Everyone." Sure, your audience includes the first-person-shooter types, but they also include families taking up Wii Tennis, or children mocking their parents’ score in Brain Age. Don't ask me how I know that. Your audience also includes soldiers rehabilitating from combat-related injuries, recovering their manual dexterity with Guitar Hero, restoring their hand-eye coordination with the Wii, or taking a moment to escape the rigors of their therapy through a quick game of Metal Gear Solid 4. Just the other day, our friends at NCSoft in Austin told us about the stories they hear from clients with limited mobility, homebound players whose only real contact with the outside world comes from their friends in the MMO community. Your industry is using platforms like "Pulse! The Virtual Clinical Learning Lab," a project being created by Texas A&M Corpus Christi and Breakaway Games, that allows emergency room technicians to hone their skills in a virtual setting before applying them in the real world. Your industry is in a constant state of evolution, and, yes, for all the bloggers who worried about me and my personal views, I actually use the "e" word. Your industry is evolving.

As your technology advances, as the resolution on your screens increases and the algorithms get ever-more complex, your virtual reality resembles genuine reality more every day. And your ability to influence the world increases at the same pace. I came to E3 to encourage you, to acknowledge your growing economic power, and to celebrate our shared commitment to competitiveness. But I also came here to challenge you. In the months and years to come, what can you do to unlock the power of your medium, to continue making the world a better place? Think back to the things about games that intrigued you as a young man or woman, the way your imagination was stimulated to envision other worlds, better worlds, to make a difference. As you grow more aware of the opportunities out there, perhaps your next game will take a different angle. Will that game save lives by preparing soldiers for the unexpected challenges of a peacekeeping role? Will you devise a game that could help an abusive parent learn more constructive approaches to discipline? Will you build online community that better connects the elderly with multiple generations? Will you reach back to your own past and harness that youthful idealism and use it to help the next generation?

Consider a good friend of mine, a man named Michael Williams, who happens to be Railroad Commissioner back in Texas. For reasons that would take too long to explain in this setting, the Texas Railroad Commission oversees our oil and gas industry. Hey, we're Texas, we do things our own way. So, Commissioner Williams has nothing to do with railroads, but Michael is still a guy who puts children on journeys. This summer, Michael has sponsored two camps in
the Dallas-Fort Worth area, presenting a program that leverages a child's interest in video games as a way to teach them math and science. Williams has challenged his campers, drawn largely from urban communities, to design video games that solve simple challenges, and, in the process, show them the value of technical learning. Working with the program's founder, a group called “Be The Game,” along with the Institute of Urban Game Design and the Today Foundation, Williams is advancing a model that I hope will spread nationwide.

This is just another example of the power of video games, a medium whose potential is only beginning to be tapped. I can't think of too many industries that can match your creativity or the rapid pace at which you advance. In the same way that games convey a view of a distant future, I believe that your industry portrays a work ethic, a business model and an embrace of new ideas that our nation would be wise to consider.

I congratulate you for your success, I applaud you for your creativity and I invite you to come to Texas where the barbecue is hot and the video game industry is hotter. You just might find yourself unwilling to leave. Thank you.