Gov. Perry Addresses the Texas Chemical Council

*Chemical industry a key part of the Texas’ strong economy*

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

**Thursday, October 16, 2008**

Thank you, Hector [Rivero, TCC President] for that kind introduction and thank you for having me today.

I make it to Houston on a regular basis, but I have been in this area several times in the past few weeks surveying the destruction that Hurricane Ike left behind.

Time and again, I have heard stories of individual valor involving people who risked their lives to help others, met local leaders who have guided their communities through this trial, and seen countless examples of concerned corporate citizens stepping up to help their neighbors rebound from this damaging storm.

Just within the realm of the chemical industry, so many companies have gone beyond the call of duty to help others. Companies like:

- Shell Chemical, whose Deer Park facility donated a large generator to a temporary shelter at the Jimmy Burke Activity Center;
- or Kaneka Texas Corporation who opened its contractor parking lot to give FEMA personnel and other recovery workers to bring in trailers and set up campsites;
- or industry supplier Puffer-Sweiven who hosted a blood drive in conjunction with the Gulf Coast Regional Blood Center.

This humanitarian assistance was not always extended from a place of comfort and security, in fact, there were a whole lot of members of the Texas chemical industry battered by Ike.

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What I hope will end up being a once-in-a-lifetime storm hammered southeast Texas, damaging many chemical facilities that are now undergoing costly repairs.

When Ike's destructive winds died down and the sun came up on September 13th, there were not only 2.8 million people without power, but also many chemical manufacturing plants that were delayed in restarting.

Ike didn't just destroy houses and flood businesses, it temporarily shut down a large part of the nation's petrochemical capacity which is located across southeast Texas.

As serious as the damage was, however, I have been pleased to find out that it would have been a lot worse if not for the remarkable job you all did preparing for the storm. I am proud to be part of a state where industry and government can work together on contingency planning then execute with smooth efficiency.

I am proud to be here today with an industry whose members have donated more than $16 million in disaster relief for victims of Ike.

I am proud to be part of a state that can take the worst a hurricane has to offer and keep going, and endure upheaval in the national financial markets at the same time.

You've seen the same headlines I have and dealt with the same financial pressures that the current credit crisis has created.

Fortunately, the things that have been attracting businesses to Texas haven't changed, but our state is not immune to the upheaval on Wall Street. As strong as it is, the Texas economy is interconnected with the economies of other states and nations, so a ripple effect is unavoidable.

So whether you lead a business, an agency or a state, we all need to stay ahead of those effects by tightening our belts and battening down the hatches as we ride out the storm.

This is nothing new to those of you in the private sector: you all have overhead, you all have business plans, you all use credit to one degree or another, so you know that the challenges being discussed on the news shows are very, very real.

Chances are your industry isn't in line for a multi-billion dollar bailout. So you have to work harder and smarter than the other guy, to get the business you need to pay your bills, create jobs, and feed your families. You understand competition and know from experience that there are no free rides in the real world.

You built your company by winning business by providing products and services whose quality and cost are better than the other bidders. We're trying to spread that same mindset across our state, to make Texas the most competitive state around...including in government.

In these tough financial times, Texas businesses and families are tightening their belts, cutting spending, exercising greater discipline, taking a closer look at the difference between a want and a need. In times like this, state government should be no different.

That is why I have asked the heads of executive branch state agencies to take a close look at their budgets and figure out what discretionary spending they can cut. In a letter this week, I directed them to start by curtailing taxpayer-funded travel, and asked them to report back on additional cost containment measures that will take the remainder of this fiscal year.

I will leave it up to agencies' executive directors and board chairs to determine whether those steps would include efforts like tighter spending on consumables, or even a slower pace on new hires.
Here’s the bottom line: given the current economic downturn and the expectation that it will ultimately impact Texas, all state agencies need to dial back spending, and they have ten days to let me know how they’re going to do it.

I am also starting conversations with employers and business groups across the state, business leaders like you. I want to learn firsthand what you’re seeing in your sales pipeline, in your accounting departments, with your employees, so we can stay ahead of this situation and be strategic in our approach.

Do I think this is time to panic? Absolutely not, but we need to be proactive in the way we deal with the outside forces affecting our economy. Fortunately, we have been proactive throughout the years, making tough choices that have helped our state attain the overall strength we enjoy today.

Our fight for lower taxes, reduced government spending, a more reasonable legal system and more sensible regulations have left us in good shape, with an economy that is better equipped than any other state to handle the two storms that have roiled the financial seas around us.

That is why Texas still leads the nation in job production, exports more products, including $35 billion from your industry, and is still home to more Fortune 500 headquarters than any other state.

On the financial side, Texas has the lowest loan default rate of any large-population state, and an unemployment rate that was well below the national average in the most recent unemployment reports.

Earlier this week, the Financial Times published a study titled “which states are suffering most” and concluded that Texas is suffering least. They ranked us number one overall, based on our national lead in categories like the growth rate of annual income, employment (where we’re tied with Wyoming), and gross state product.

I am still bullish on Texas because our foundation is strong and our future is bright, and we have an economic sector like the chemical industry that makes a strong contribution to our overall economic health.

By providing approximately 70,000 direct jobs and over 400,000 indirect jobs across the state, you are a direct, significant contributor to our economic success.

That is one key reason I believe that the various energy policies that are being batted around in Washington pose a serious threat to your industry and, by extension, our economy.

If, God forbid, a bill like Lieberman-Warner is passed, energy producers in our state would get hit with an annual tax bill that would approach our state’s annual budget in size.

You have my word that I will persist in speaking out against such foolishness and continue pressing for investments in technology that will improve efficiencies, reduce environmental impacts and create even more jobs for Texans.

That sort of approach, with its emphasis on innovation, smart investment in new technologies and job creation, and freeing the private sector to do what it does best, has gotten us this far. It is the same mindset that will carry us to future success.

I am convinced that the strength of our workforce, the health of our business climate, and the freeing effect of our low taxes will carry us through this tough time.

Working together, speaking our minds and keeping our eyes on the future, I’m confident we can keep Texas on the cutting edge, the envy of the nation in the years to come.