



U.S. Secretary of Commerce Delivers Remarks at Detroit Economic Club

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Commerce Secretary Penny Pritzker Remarks at Detroit Economic Club

Thank you. It is an honor to be with the Detroit Economic Club.

I understand that 2014 is your 80th anniversary – congratulations.

This prestigious organization has lived up to your promise of being a place for people who “share a passion for business, a thirst for knowledge, and a desire to be on the forefront of important business and political issues.”

You – the entrepreneurs, business leaders, and civic leaders in this room – put these powerful words into practice each day as you increase economic vitality in this city and this region.

Another word that comes to mind when I think of Detroit is resilience. Simply put, the automotive sector and its record over the past few years is resilience defined.

With all of the new models and technologies on display here at the Cobo Center, we can ALL see that – out of a crisis – a Phoenix has arisen. The auto industry’s ability to reinvent itself is one of the most remarkable stories I have ever seen in my 27 years in business.

Everyone in this room should take immense pride in the work you have done over the past few years.

You have proven something we all know: When American businesses are tested by crisis – We adapt. We experiment. We innovate. And we come back even stronger.

As you know, sales rose to nearly 16 million cars in 2013 – the best year since 2007. And, since Chrysler and GM emerged from bankruptcy, our auto industry has had the strongest job growth since the 1990s.

There is an old saying: “As GM goes, so goes the economy.” Therefore it is no surprise that the American economy as a whole is also growing.

Our GDP has increased for 10 straight quarters. Exports are at record highs. The housing market is back. The stock market is back.

And businesses created 2.2 million private sector jobs last year. More than 8 million jobs in the past 4 years. This includes nearly 600,000 new jobs in manufacturing, and 400,000 in the auto industry.

Yet there is much more work to do to create jobs, lift incomes, and expand opportunity for more Americans. This is especially true for our nation’s most immediate and pressing challenge: long-term unemployment.

Despite an abundance of evidence showing that this challenge is FAR from solved, Congress allowed unemployment insurance to lapse. This cut a critical lifeline to millions who lost a job through no fault of their own – including people still searching for work here in Detroit. Extending unemployment insurance must be a top priority for Congress.

More broadly, the Obama Administration is dedicated to ensuring that the federal government remains an active partner to bring jobs back to Detroit. After all, this city is iconic in the American psyche. Your grit has fortified our nation for generations.

Specifically, the Administration has committed \$300 million in new, unlocked, or repurposed investments. Many of these funds will be matched by the private sector and the State.

The bottom line is: This Administration was committed to helping our auto sector make it through the crisis, and today we are committed to Detroit’s future.

I should note that I was also pleased to see foundations across the country rallying to support Detroit’s Institute of the Arts. Obviously, arts and culture are crucial to the fabric of this city – and, in fact, the Commerce Department now calculates that arts and culture contribute more than \$500 billion per year to our GDP.

Personally, I wake up every single day thinking about how to provide businesses in places like Detroit with the tools they need to grow and hire.

We all know about the difficult and necessary steps that the Administration took to save the auto industry, its critical supply chain, and countless communities. History shows that the right choices were made.

But today, let’s look forward. I want to talk about the future, and what we can do to set even stronger conditions for growth and hiring.

In my first 6 months as Commerce Secretary, I heard from hundreds of businesses across America about how we should do more to support three areas: Innovation. Trade and investment. And training a skilled workforce.

As a result, these priorities are central to our new “Open for Business Agenda” at the Commerce Department.

Alfred Sloan, the legendary head of GM from the 1920s through 1950s, once said, “The greatest real thrill that life offers is to create, to construct, and to develop something useful. Too often we fail to recognize and pay tribute to the creative spirit. It is that spirit that creates our jobs.”

I saw that spirit both here at the Auto Show as well as last week at the Consumer Electronics Show in Las Vegas. These cars are so packed with new technology that people now call them iPods-on-wheels.

The fact is, nearly 10 cents of every corporate R&D dollar in America comes from an automaker or supplier.

Also, the Boston Consulting Group just announced that R&D spending by the top global automakers has grown at 8 percent per annum since 2009. They think we are entering a golden era of innovation in this industry.

It's true. We see new features like Ford's solar panels on the roof of one of its new concept cars, and apps are no longer just for smartphones, because cars now have their own app marketplace. In fact, GM and Ford have opened R&D labs in Silicon Valley.

When I see new technologies and features on these cars, I wonder: How many times did a worker on the factory floor go back to the designers to make this new technology fit and function correctly? Five times? 15 times? 50 times?

To me, those interactions are at the heart of American innovation.

We need production, design, and our supply chains to be located in close proximity – and we want to see those ecosystems grow here in the United States.

The government can play a role in helping catalyze this innovation. Let me give a timely example.

Today in North Carolina, the President is announcing a new institute as part of the National Network for Manufacturing Innovation – the NNMI.

These institutes bring together researchers from the private sector and universities to engage in “pre-competitive research.” They also provide opportunities for small manufacturers to test their ideas, and for students and workers to learn about cutting edge technologies.

North Carolina's Next Generation Power Electronics Innovation institute will focus on new semiconductor technologies that will improve the performance of electric motors, consumer electronics, and our power grid.

It will pair chip designers with large power electronics manufacturers like John Deere to bring these technologies to market faster.

In short, over the next five years, the Institute will make devices faster, smaller, and more efficient in order to retain U.S. leadership in this field.

Obviously, what they will discover at this new institute could have extensive applications in the auto industry – particularly the technologies “under-the-hood” of new electric and hybrid vehicles.

We can't stop there. In the coming weeks, the Administration will announce another institute in the area of lightweight metals.

As many of you know, aluminum alloys, high-strength steel, and polymer composites can help reduce the weight of a vehicle and make it more fuel-efficient. A 10 percent reduction in vehicle weight translates to a roughly 6 percent increase in fuel economy for cars, and 8 percent for lightweight trucks.

You can see lighter-weight materials starting to enter the market with Ford's new F-150.

The industry wants to learn more about how these materials behave. Better data, computer models, and standards could save hundreds of millions of dollars in the development process – helping ensure that parts are designed and built correctly the first time.

At the Commerce Department, we are already working on this problem with auto engineers at our Center for Automotive Lightweighting.

The coming institute will help us collaborate even more – leading to breakthroughs that can then be applied broadly in the private sector.

All in all, the President is calling for 45 institutes around the country – and both Republicans and Democrats are supporting this proposed network. Other countries are not hesitating to make these game-changing investments. Neither must we.

Let me just note one other way we are supporting innovation – right here in Detroit.

It is wonderful to hear how Detroit is becoming a magnet for entrepreneurs due to the work of Dan Gilbert and others who are bringing their businesses here, funding startups, or launching incubators.

The fact is, America’s startup culture is the envy of the world.

As an entrepreneur who launched five companies, I find it exhilarating to hear from entrepreneurs here in Detroit and at places like the Consumer Electronics Show.

An important way to support entrepreneurs is to protect their cutting-edge ideas – something we do at the Patent and Trademark Office.

One of our goals is to bring our Department closer to our customers – all of you. I am pleased to say that we just celebrated the first full year of operations for the first-ever patent office outside of Washington – based just 2 miles down the road from here.

At that office, you can ask one of our 100 patent examiners questions face-to-face. You can search our patent database, and you can talk to our administrative judges who can help you with legal questions.

Our patent office staff is ready to work with you to put a patent in your hands.

Importantly, this office is already establishing partnerships in the community. For example, we signed an MOU with a local nonprofit –AutoHarvest – and I believe its CEO Jayson Pankin is here today.

Working with Jayson’s team, we will help inventors and auto executives team up to commercialize new ideas.

In short, with our new institutes, our patent offices, and all of our efforts to drive innovation – we want to be working arm-in-arm with you to foster that “creative spirit” that Alfred Sloan understood so clearly.

As I turn to a second area of our work -- trade and investment -- I am struck by what another auto sector founding father, Walter Chrysler, once said:

“Every new development, highway, railroad, steamship line, building operation – whether it be a drainage project in old Greece or a new water system in Peru – means an added use of the automobile.”

Clearly, Mr. Chrysler understood the importance of building a globally fluent business. He saw the value of selling products across the world.

Fast forward to today. American auto exports have nearly doubled since 2009. Last year, nearly 2 million U.S.-made cars and trucks were sold abroad.

The next generation of the Ford Mustang is on the show floor. It will be built at the Flat Rock plant in Michigan... and it is being sold in Europe and Asia for the first time. Notably, over half of the 5 million

Facebook fans for this iconic American car don't even live in the United States.

Clearly, consumers around the world want "Made-in-America" more than ever before. As America's Chief Commercial Advocate, we will do everything we can to make sure that doors are open to sell more U.S.-built cars and other products.

Today, we are at a crucial moment.

We are in the final stages of trade negotiations on the Trans Pacific Partnership with 11 countries. And we are moving forward with another agreement – the Transatlantic Trade and Investment Partnership with the European Union.

Together, the TPP and T-TIP will give our firms greater access to more than 60 percent of global GDP.

The Administration is working hard to make sure that these agreements provide strong benefits to America's businesses and our workers. For example, with Europe, we want to see ambitious results when it comes to reducing regulatory barriers. And – on a parallel track to our TPP negotiations – we continue to talk with Japan about concerns that have been voiced by our auto industry.

Once negotiations are complete, these trade agreements must be approved by Congress. The first step in that process is passing Trade Promotion Authority, which was introduced last week by Republicans and Democrats in both Houses of Congress.

Every President has had this authority going back several decades.

Once Trade Promotion Authority is approved, we are one step closer to expanding market access for American firms, ensuring a level playing field for our exporters, and supporting more good-paying jobs at home.

I encourage you to make your voice heard on Trade Promotion Authority and these crucial trade agreements.

At the same time that our exports are growing, the United States has never been better positioned to attract more investment from both from foreign and domestic businesses.

You can see the impacts of growing U.S. investments in places like Toledo, Ohio, where a Jeep plant is booming, and here in Michigan where Ford is ramping up investments and hiring.

We also heard just this week that Volkswagen plans to invest an additional \$7 billion more in North America over the next 5 years.

More than ever before, global manufacturers are looking to expand in the United States. There are a number of reasons for this: our rule of law, our intellectual property protections, our stable financial markets, our research institutions, our enormous consumer market, low-cost and abundant energy and most importantly, the ingenuity of our people.

The Administration is seizing this important moment. For example, we are connecting foreign businesses with economic development officials across the country through a program called SelectUSA.

In short, our SelectUSA team is serving as an advocate for communities and as an ombudsmen for potential investors.

We need to make sure every business knows that the best time to invest in Detroit, in Michigan, and in the

United States is right now.

Finally, let me turn to the area of workforce training and skills development. Henry Ford said, “The only real security that a man can have in this world is a reserve of knowledge, experience, and ability.”

Other than changing the word “man” to “person” in that sentence, I could not agree more. And I am sure that the first female CEO in GM’s history, the talented Mary Barra, would agree!

For the first time, the Commerce Department has made improving skills and training a top priority. This reflects my conversations with business leaders across the country who described the huge challenge of finding workers with the right skills.

Simply put, if we are going to continue to foster an innovation-driven economy, we must improve our training efforts. I believe we can do better IF we make stronger connections between the skilled workforce that our businesses need... and the training that our communities provide.

This is yet another area in which the auto industry is leading the way with its longstanding commitments to apprenticeships and learning-on-the-job.

Recently the White House hosted a labor-management forum. I heard about how – in Kentucky – Ford and the UAW came together to hammer out a new contract which took an at-risk plant and transformed it into one of the most advanced in the world.

As part of that, Ford made major investments in training their workers to run the new, sophisticated automated systems... and they hired thousands of new workers. Today, at that plant, a new Ford Escape comes off the line every minute.

What has become clear – to borrow a great line from U.S. Labor Secretary Tom Perez who was here Monday – is that, to remain globally competitive, we cannot afford to just “train and pray.”

Instead, we need to align all of the resources in each region to ensure that we have training in place that leads directly to good, in-demand jobs.

Partnerships are the key to our success in this area. I am particularly encouraged by the ties that are blossoming across the country between businesses and local community colleges.

For example, Macomb Community College leads a consortium of community colleges that are building skills partnerships with manufacturers.

One of the alumni of that program said he had lost his manufacturing job and was working as a valet. The good news is that – when he graduated – he got seven interviews and three job offers to go back to the factory floor.

We need more stories like that. We need business leaders like you to take a stronger role in reaching out to colleges, unions, your industry peers, and others to give workers the skills they need to compete.

For example, businesses should play a more direct role in shaping curricula and training programs at local technical colleges. And, when you uncover models and best practices that work, let’s replicate them around the country.

In sum, promoting industry-led skills efforts is crucial to creating jobs and driving innovation – especially here in Detroit.

Put simply, a globally competitive economy requires a globally competitive workforce.

In closing, I want to be very clear that I will continue to speak up as the voice for business on ALL of the administration's priorities that affect America's private sector.

This includes Business tax reform to help our companies compete globally, investing in needed infrastructure to move our goods, information, and people, and give these amazing cars better roads to drive on, immigration reform, which will strengthen our workforce, lower our deficit, and boost our economy, and, of course, cutting red tape and reducing unnecessary regulatory costs wherever possible.

Some people say I might be too optimistic. But, as a business leader and patriot like each of you in this room, I simply believe that 2014 must be – as the President puts it – a “year of action to grow our economy.”

Our agenda at the Commerce Department and the Obama Administration reflects this sense of urgency. It reflects the needs of our nation and this region.

And where else should we turn for partnership, leadership, and wisdom to get the job done – than the business leaders of Detroit.

After all, it is you who have redefined resilience, determination, ingenuity, and grit in the face of adversity. And it is you who will help lead this city, this state, and our country to greater growth and competitiveness in the years ahead.

I love a comeback story. And I know Detroit – not just the auto sector – will come back, and come back strong.

My commitment to you is this. The Department of Commerce – and this Administration – will serve as your partner.

Working together, we can help create the conditions for firms like yours to grow and hire in the months and years ahead.

Let's send a clear message to the entire world that America is Open for Business. Michigan is Open for Business. And Detroit is Open for Business!

Thank you very much for the honor of being with you today.

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