

**AWB Luncheon**  
**Feb. 6, 2008**  
**15 minutes**

Thank you Brad (Carlson, AWB board chairman) for the kind introduction.

Thanks for the opportunity to speak to you today.

I know the bottom line for you is economic development in towns, cities, and regions all across Washington.

So I'm glad to be here today because we share the same goals.

I was struck anew a couple weeks ago by just how *innovative* the hard-working men and women of this state really are. If a new way to make a living pops up – they'll pounce on it.

I'll bet you think I'm about to talk about Boeing or Microsoft! But no -- today I'm thinking about goats – that's right, Billy and Nanny goats.

The Port of Tacoma had to get rid of some invasive snails from Asia. So they located and hired a Vashon Island firm...

...Called "Rent a Ruminant" -- which brought in a herd of goats to eat the snails.

The "goat method," it seems, is highly effective. But you know what struck me about it? It's that somebody figured out a way to make a living at it!

Now *that's* the innovative spirit of Washington.

In fact, for the past three years, our economy has been a job-creation engine – 80 percent of those jobs in sectors that pay a good, living wage, and compete in a world market.

...Aerospace...agriculture...forestry...clean technology...information technology...and last, but certainly not least...international trade...

...And in the past three years, we've added two more big and growing sectors – global health and clean technology...

In my trade missions and on other trips, I do a lot of recruiting, and I can tell you I've had quite a bit of success.

Let me tell you about one of my favorites. At the Super Bowl a few years ago – you know, the one where we got robbed – I just happened to meet a member of the Cameron Glass Company of Pennsylvania.

One thing led to another, and I came home knowing that if we did everything right, we could attract this company to Washington to build a wine-bottle factory.

We did everything right – using every tool in our economic development arsenal – and last June, I helped the company break ground for a wine-bottle factory at the Port of Kalama.

So,

While the national and global economies are slowing, I believe we are well positioned to continue to do well in the months ahead, and I'll tell you some of the reasons why.

But first I want to stop and truly reflect on the progress we've made, and continue to make.

The fact is, our state is strong and our economy is resilient.

And by unleashing the strength of our people and staying true to our values, we will make Washington even stronger this year and in the years to come.

One economic indicator of how far we've come of late can be found right here in Olympia!

Just three years ago, when I came to office, Washington was struggling with a \$2.2 billion shortfall that threatened to halt any progress on needs from education to health care.

Today, we have turned that \$2.2 billion shortfall into a \$1.2 billion budget surplus.

At the same time, we have invested wisely and carefully to give our kids a better education, make families healthier and safer, and help bring family-wage jobs to this state.

The collapse of the housing market in other states is affecting the market here, too. But let me tell you – if either of my daughters was ready to buy a house in Washington – I'd say go for it, because our economy is strong. I believe we have “nothing to fear but fear itself,” to quote Franklin Roosevelt.

My council of economic advisors agrees that while Washington will certainly feel any economic slowdown, we will remain the envy of many other states, including California.

Our economy is unusually resilient. Take a look at what we have in this state. Boeing is thriving, Microsoft is thriving, agricultural commodities are strong, and our ports are bustling. Let's remember this. Let's not allow all the dire talk nationally become a self-fulfilling prophecy for Washington.

At the same time, we have recorded a very important first – the first constitutionally protected Rainy Day Fund in Washington history.

And partly because of that fund, our bond rating was just raised to Double-A Plus. Our higher rating can mean lower borrowing costs for such things as schools and prisons.

National-rating agencies, and others too, are seeing what we already know. We are making progress by spending wisely and prudently.

Washington's good business climate is one of the main reasons that Fortune magazine just recently declared Washington the fourth best state in the nation to start a small business.

Forbes magazine, the flagship of American business media, recently highlighted how we are breaking down barriers by cutting red tape and paperwork, starting one-stop licensing, and providing small business help.

That's just one of the reasons Forbes profiled Washington State, and now ranks us among the five best states to do business in the country!

Folks may disagree about the measures used in some of these rankings, but there's no denying that it's great press for Washington and a great tool for recruiting companies.

The unemployment rate this past year was the *lowest* in Washington state history. That's right – we've gone from one of the highest unemployment rates in 2005 to the lowest in just three years.

The bottom line: we've created 222,000 new jobs in the last three years. That, my friends, is the population of Tacoma, Ferndale, and Moses Lake combined.

My supplemental budget takes care to maintain our solid financial condition.

I propose to spend \$235 million to make people safer, protect our most vulnerable, help people pull their lives back together after the December storms, and preserve the dream of home ownership for more families. At the same time, I'm asking the Legislature to leave \$1.2 billion in savings.

We've stepped up to better assure our housing market doesn't go the way of some other states. I've sent the

Legislature a package of measures to maintain confidence in our market and to help owners stay in their homes that were forged by a diverse task force ranging from builders to realtors and advocates for the poor.

And today we promote economic development in our state from the bottom up.

Economic development is more competitive than ever -- country-to-country, state-to-state, and region-to-region.

Each state and nation wants value-added jobs and a growing tax base.

If you are not aggressively competing, you put your economy at risk.

In this competition, there are the quick and there are the dead. We need to be quick, and we are.

That's why we have a business plan – we call it *Next Washington* -- which is unique among our 50 states.

State government can and does help, but we are doing it carefully to get the best results for the economy and jobs. We are making real progress – all over the state – from

the largest biodiesel refinery in Hoquiam to a thriving wine industry in Walla Walla County.

*Next Washington* makes clear that education and skills are the most important investments we can make in our economic future. So we have made major investments in education – \$4.1 billion in the past three years – from early childhood education to higher education.

The fact is, we *must* invest in education if we are serious about economic development and good jobs now and in the future. The single best investment we can make for our economic future is education – and we have made it Priority One.

And that also means sticking to the high standards we have set for our students – they must be well-educated if they are going to compete for the good jobs we are creating. We want our students to be ready to fill the jobs of our local companies so they aren't forced to recruit elsewhere.

We're already acting on *Next Washington*, and a starting point is that job creation is a *regional endeavor*, rather than as a grand plan from Olympia.

*Next Washington* is all about promoting the growth of new businesses and new economies from the ground up and where the soil is fertile. Then we get out of the way.

Walla Walla is a great example of our success. Walla Walla business and civic leaders had a vision...

...Let's make Walla Walla a destination for a weekend getaway of wine tasting, fine dining, and bed-and-breakfasts, instead of a one-way destination to the Big House.

With our help, and that of WSU, Walla Walla has the tools, and is rapidly rebranding itself as the place to go for a fun weekend.

We now have seven regional managers living and working in the regions, not at stuffy desks in Olympia. They are partners with local economic development councils to work on the same kinds of successes we're seeing in Walla Walla.

We are moving forward in another sector that promises to be a job-creation engine in the future—that of green technology.

This morning I received the report of my Climate Advisory Team. Their report found that if we invest right, we can realize a net benefit of a billion dollars across Washington's economy by 2020. The report provides a roadmap to creating green-collar jobs by the thousands in the years to come.

I will examine these recommendations closely and work with business and the environmental community to find a path forward that is best for the future of our state. The challenge of climate change is also an opportunity for us to be leaders and bring more business to Washington.

A few months ago, as part of *Next Washington*, we designated 11 areas of the state as Innovation Partnership Zones to pull together research institutions, companies, and educational institutions to build the future.

Some of you may have heard of Torrey Pines in California – renowned for its high-tech research, and the cross pollination of ideas and breakthroughs that happen there.

The same is true for the Research Triangle in North Carolina.

We are creating those kinds of nationally known zones in our state – such as clean energy in Grays Harbor, or

Global Health research and solutions in Seattle and Spokane.

Now, all of us know the vital role transportation plays in our economy. And we know our highways have big challenges.

But we *are* making progress.

At the end of 2004, just 12 highway construction projects were completed. Three years later, we have completed 128 highway construction projects – from the Tacoma Narrows Bridge to the widening project on I-405, and from a new State Route 17 Interchange in Moses Lake to new lanes to speed up traffic on State Route 543 at the Canadian Border in Bellingham. Ninety one percent of them were on time and nearly as many on budget.

It might not get the ink, but that's real progress!

The tragic bridge collapse in Minneapolis was a wake-up call to this nation. Prime exhibits in Washington are the viaduct in Seattle, the 520 bridge, and the bridge from Vancouver to Portland.

*We* need to take them down, not leave it to Mother Nature!

We have begun construction on the most vulnerable portion of the viaduct and we expect removal of that South Structure within three years.

I announced our plan to build a new 520 Bridge. It's time. There is nothing to it but to do it. And do it we will.

In Spokane, people have been waiting for a new North-South Corridor. With the people of Spokane, I'm committed to a new way to fund that project and make it happen.

And I'm working closely with Oregon Governor Ted Kulongoski to jointly build a new Columbia River Crossing between Vancouver and Portland.

And we are on our way to building new ferries to ensure the safety of our ferry passengers.

With our robust growth and employment, we won't solve our transportation problems overnight. Sometimes we forget that in the old days the federal government paid for 90 percent of our roads and bridges. Those days are gone.

I'm very proud of Washington and how far we've come. I'm happy for our kids, who are looking at a bright future in this state.

We're making real progress – for *all* of us. I'll do everything I can to keep it that way, and I'll do it by reaching across the aisle, across the state, and around the world – That's the Washington Way.

Thank you.