

TESTIMONY OF
SECRETARY CARLOS GUTIERREZ
FOR A HEARING ON
“GROWTH, OPPORTUNITY, COMPETITION”
BEFORE THE
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES
JUNE 29, 2006



Chairman Barton, Ranking Member Dingell, Members of the Committee, I'm pleased to have this opportunity to discuss the President's pro-prosperity agenda.

As you know, the tax relief the President proposed, and Congress passed, has helped spur growth by keeping \$880 billion in the hands of American businesses and workers.

The U.S. economy today is strong. Look at the numbers:

- Our GDP per capita is among the highest in the world, higher than that of Japan, the UK, Germany, France, Italy and Canada.
- Last year's 3.5 percent economic growth rate was the fastest of any major industrialized nation.
- Over 5.3 million new jobs have been created since August 2003.
- Our unemployment rate is 4.6 percent. That's lower than Canada (6.1%), Italy (7.7%), Germany (8.2%) and France (8.9%). And lower than the average of the past four decades.
- Since 2001, productivity has been growing at the fastest rate in nearly four decades.

- The United States is the world's leading exporter of goods and services.

We are competing with the rest of the world, and we're doing it successfully.

The challenge is this: How to sustain and advance the business environment, innovation, and talent that's driving today's dynamic economy?

President Bush has an aggressive strategy to further unleash the power of free enterprise and keep America the most competitive economy in the world.

It focuses on three areas of policy:

First, we need a business-friendly environment that encourages entrepreneurship and innovation.

The President's pro-growth agenda includes:

- Low taxes;
- Open markets;
- Responsible regulation;
- Affordable health care;
- Tort reform;
- Alternative sources of energy; and

- Universal access to broadband.

It also includes comprehensive immigration reform that provides for secure borders, interior enforcement, and a temporary worker program that allows jobs to be filled when there are no available American workers.

Importantly, a well-executed temporary worker program will be the most effective action we can take to protect the border.

We need to recognize the reality of having 12 million people in our country who don't have the documents they need to be able to work here, and who have three million children who are American citizens by birth.

Comprehensive reform must also enhance our ability to attract and retain the best and brightest high-skilled workers from around the world.

We're competing in a global economy. Unlike some Western European countries, our culture is a melting pot. America is a nation of immigrants. This provides us with a real competitive advantage.

We don't need to choose between being a welcoming nation and a nation of laws. With comprehensive immigration reform, we can be both.

Second, we need to maintain America's innovative leadership.

In January, the President announced the American Competitiveness Initiative.

It calls for doubling funding for vital, basic research in the physical sciences at three key Federal agencies over the next ten years.

That includes \$535 million dollars for core laboratory programs at Commerce's National Institute of Standards and Technology in 2007.

NIST, with three Nobel Prize winners, has long been a center for high-impact basic research.

Additionally, the ACI calls for making the R&D tax credit permanent, strengthening math and science skills at the K- through-12 level, and ensuring that we have a flexible worker re-training system.

Third, we need an open and level global playing field for American companies and workers.

Ninety-five percent of the world's potential customers live outside of our borders. The opportunities for commercial engagement are immense.

The Bush Administration has implemented free trade agreements with 8 countries.

It has concluded negotiations with 7 countries. And it's negotiating FTAs with 11 more.

Consider this: Our FTA partners make up just 7 percent of world GDP. However, they account for 42 percent of U.S. goods exports.

Besides our ambitious FTA agenda, the Administration is working aggressively to open markets globally for our exporters through the Doha Round.

Free and fair trade supports millions of American jobs, increases consumer choice, and is the foundation of peace and prosperity.

We know that American companies and workers are among the most competitive in the world if everybody is playing by the same rules.

At the Commerce Department, we are enforcing antidumping and countervailing duty laws that protect U.S. companies from unfair trade practices.

We're also working closely with our colleagues across the Administration to enforce intellectual property rights through the Strategy Targeting Organized Piracy Initiative.

According to one study, 75 percent of the value of publicly traded U.S. companies – some \$5 trillion dollars – comes from intangible assets such as brands, copyrights and patents.

We can't condone a world environment where the intellectual property rights of Americans don't mean anything.

Mr. Chairman, the President has a bold agenda to keep America the best place in the world to live and to do business, and the Commerce Department has an active role to play.

I want to thank you and the Members of the Committee for your support of Commerce programs and for this opportunity to appear before you today.

I would be pleased to answer any questions you may have....