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## Automotive Symposium - April 16, 2010

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# AUTOMOTIVE SYMPOSIUM

APRIL 16, 2010

*Gov. Haley R. Barbour*

For you law students here, I sort of feel like the student speaking after the professor now. Thank you, Manfred, very much, and welcome home. And thank you for your continued affection for Mississippi. Mississippi has become a state in the center of the Southern auto belt, and will continue, in my opinion, to play a bigger role in automobile manufacturing in the United States and in the world. My predecessor, Ronnie Musgrove,<sup>1</sup> negotiated the deal between Nissan here, and despite the difficult automotive market, they have done well.<sup>2</sup> They have made some changes, shifts in product line—but it was a bold, bold thing that Carlos Ghosn<sup>3</sup> did here to build a Greenfield plant with the capacity of 400,000 units a year, which Manfred will tell you is a pretty good size car plant. And they build on an assembly line five vehicles, none of which they have built before in the world. Now, that's bold. And I would suggest to you that the reason they did that is something he talked about: confidence in the quality of workforce.

And that is something that we in Mississippi, for a number of years, have been trying to work to improve—and have improved—and in the last several years have improved significantly. Critical to our being a state that can participate in advanced manufacturing, particularly with advanced materials, which is what's going on in the world today, we have to continue to improve the quality of the workforce. Everybody here who's still a student is a law student. And let me say that I love law students; I'm a recovering lawyer myself. And my hat's off to you; it's a noble profession and a great one. But I have to tell you that back in 1950, the United States Department of Labor did a study of the American workforce, and they found in 1950, 20% of jobs in the United States economy required a four-year degree. At that time, 20% of the jobs required what were then considered "high skills". And 60% of the jobs in the American economy in 1950 were available to low and unskilled workers. Some smart person decided they should update that study in the year 2000, fifty years later. And they published this study, and believe it or not, in the year 2000, 20% of jobs in the U.S. economy required a four-year degree. Same as fifty years before. But 65% of the jobs in the economy in 2000 required what we consider high

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1. Ronnie Musgrove was Governor of Mississippi from 2000–2004.

2. Nissan began operating a manufacturing plant in Canton, Mississippi, in 2003. The plant cost \$1.4 billion. NissanUSA.com, Nissan Corporate — Nissan in North America — Nissan USA, <http://www.nissanusa.com/about/corporate-info/nissan-in-north-america.html> (last viewed Sept. 23, 2010).

3. Carlos Ghosn is the current Chief Executive Officer of Nissan Motor Co., Ltd., and has been in that role since 2001. NissanUSA.com, Nissan Corporate — Biographies, <http://www.nissanusa.com/about/corporate-info/biographies.html> (last viewed Sept. 23, 2010).

skills. And only 15% of jobs were still available to low and unskilled workers.

Now in Mississippi, about 18% of our adults have a four-year college education. So, we're a little behind where we need to be. And obviously, we want to be *above* that 20% marker. But to meet the job market, we need to have at least 20%. And we all recognize that people with college degrees, people with advanced degrees, really are the leaders of our community; they're the people that do the research that's cutting-edge and improve the technologies. But our shortfall in Mississippi historically has not been there; it's been in the 65% who need high skills.

David Copenhaver, who's from Toyota—I can remember a meeting early. I can remember our first meeting with the Nissan people. Jim Morton, who's their head of government affairs, told me that in Los Angeles an automobile mechanic made \$100,000 per year. Kind of knocked me back. So, I called some of the car dealers I knew around Jackson and asked them, "What does a good auto mechanic make in Jackson, Mississippi?" Seventy thousand dollars a year with five years experience, and, as one of them told me, "We'll hire all of them that you can find us." We don't think about that. I can remember when Reeves, my baby—who's now 30—when Reeves graduated from high school thirteen years ago, if Marsha had gone to the beauty parlor and said, "Reeves decided he's not going to go to Ole Miss, he's going to go to Holmes [Community College] and get a degree in automotive technology." Now, what would they have said at the beauty parlor? "Now, Marsha, what's wrong with him?" Because we have stigmatized people who don't try to go get the four-year degrees. Yet, I will tell you, I'll never forget Mike Huckabee<sup>4</sup> and Phil Bredeson,<sup>5</sup> two of our neighboring governors, when I was speaking in Memphis, about the second year I was governor. And Huckabee said, "In the twenty-five preceding years, the number of high-school graduates in Arkansas that had gone to college had tripled." And then he said something I'll never forget. "The number of people who have graduated from college in Arkansas is the same as it was twenty-five years ago." So, what'd they do? They set those kids up for failure. Lots of those kids should have gone to community college, should have gone into some kind of skills training. But our system stigmatizes that.

Yet, I'll tell you, when Toyota announced that they were going to build a plant in Blue Springs, Mississippi, the first words out of the mouth—in the announcement—were, "We picked Mississippi because of the quality of the workforce. We picked Mississippi because of the quality of the workforce." And that's why they [pointing to Bischoff] picked Alabama, when Daimler picked Alabama back in the nineties. Now, we've got to understand that if we're going to continue to be successful—and I and, I assume, every successor of mine will want to continue to be successful—we've got to continue to upgrade the skills of our workforce. We've got to

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4. Mike Huckabee was Governor of Arkansas from 1996–2007.

5. Phil Bredeson has been Governor of Tennessee since 2003.

continue to up the numbers, the numbers of skilled workers in Mississippi, and that's, to me, the first, and most important, thing about our role in the automotive industry in Mississippi.

As Manfred said, there are iconic industries that become national symbols, and, you know, there was a time when steel was one, and aerospace. Well, automotive clearly is one. If you look at their last hundred years in America, you see why. We had an automotive economy. The automobile economy drove the American economy, and as it started coming down South, with BMW in the 1980s, we started getting a little of the action. And now we're getting more and more and more. Quality of our workforce, business climate, taxation, subsidies, right-to-work. Let's don't kid ourselves;<sup>6</sup> it isn't a coincidence that all of the international plants in the South were non-union.

But we've got a great attraction here. But to keep it, I would suggest to you, we've got to all learn to embrace the idea that there are great jobs in Mississippi for kids who don't have four-year college degrees. They don't need one. They can have two cars and a boat. That's a standard for me, right? And they can have a great quality of life for their families.

I do have to—I can't sit down without applauding something that Manfred said. Our government made a terrible mistake to bail out General Motors and Chrysler. If you've got a gas station on the corner, and you run your business so badly that you're going to go broke, we've got a system for you: You go into bankruptcy. And the government doesn't come in and bail you out. Same way if you've got a hardware store, and that's the way it needs to be for all our businesses, because here we have today these guys who are trying to compete against a company that's owned 40% by the government, or 60% by the government, and another 20% by the labor unions. And that's just—that's a bad thing for our economy.

The other thing that I have to comment that he said: Government's increasing role in the energy sector has gotten to the point of trying to pick winners and losers, and government is not competent to pick winners and losers. You know, I can sell you some stock in, you remember, the gasification deal they did in the 1970s. "Synfuels" they called it. S-Y-N as in synthetic. As much money as the taxpayers lost, it ought to have been S-I-N fuels. But we've got to understand, and I don't envy Mercedes or Toyota or anybody in the business that, to try to see down the road and project where things are going to be, in the business that is driven by motive power, fuels and engines, when the government is trying to pick the winners and losers, it's got to be a scary thing. I think about solar in Spain, which has been a total flop. And no offense, my friend [to Bischoff], but the Germans are just about as bad off in this huge subsidy for solar. And now they find out that just the capital costs don't work. You just—you

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6. Right-to-work law is defined as "[a] state law that prevents labor-management agreements requiring a person to join a union as a condition of employment." BLACK'S LAW DICTIONARY (8th ed. 2004).

can't get there to have something to work just because the politicians want it to. And I hope we, as we talk today about the automotive industry and its importance to Mississippi and America's future, I hope one of the things that we'll take away from this is: If we let the politicians decide how we're going to run these businesses, then we are likely to be not only disappointed, but even embarrassed by the outcome. Thank y'all for coming and for being here.