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**Americas Competitiveness Exchange
Dinner Keynote
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[As Prepared for Delivery]

Thank you very much! Good Evening!

Thank you, Mayor Kabat, for the kind introduction and for warmly welcoming our delegation to beautiful La Crosse, Wisconsin!

The forward thinking, can-do spirit that is so prevalent here – and which has propelled this region forward from a historically-strong trading and logging center to the regional technology and medical hub it has become today - is indeed impressive.

We are thrilled to be here this week to see first-hand the cutting edge work that is being done to create the jobs of the future.

I thank you for your leadership and participation.

I'd like to thank the teams from the International Trade Administration, the EDA, the Minority Business Development Agency, State, and the OAS who have worked so hard to organize and execute this Exchange. Thank you all very much for your commitment and dedication!

And, a special thank you to our friends at Western Technical College for hosting us tonight!

We've had a great day of intense engagement that has shown us the innovative spirit of both urban and rural communities here in the great American-Midwest.

I am honored to be here tonight as we continue to share best practices and advance the critical dialogue that is helping to promote greater prosperity across our hemisphere.

To our special guests representing 28 countries – thank you for your participation and for sharing your ideas! Thank you for your leadership!

ACE is an important pillar of the Inter-American Competitiveness Network Work Plan for 2015 and President Obama's US-Mexico High Level Economic Dialogue.

The buzz here is palpable and it is exciting to see the collaboration that is taking place that could lead to possible U.S. expansion or export opportunities. We look forward to doing business with you!

As you know, many of the sites that you will visit this week are Economic Development Administration projects, and it is with great pride that we highlight for you the impressive work that our stakeholders are doing to build on our Nation's storied history of innovators.

As someone who has worked for global firms and served as a federal, state, and regional economic development professional, I know how important it is to come together to exchange best practices and successful experiences to help set the proper conditions for business growth and economic prosperity.

This evening, to hopefully deepen the exchange of ideas and best practices, I would like to discuss with you the ways in which the Obama Administration is attracting and expanding job-creating private investment through innovative support of America's regional economic ecosystems.

Specifically, I will focus my remarks on how we at the Department of Commerce and at EDA are working to bring together companies, higher education institutions, local and state officials, and the non-profit sector to create the best possible climate for innovation, business growth, and job creation.

We know from research and from experience that effective regional economic ecosystems leverage ideas, infrastructure, and human capital. We know that effective regional economic ecosystems magnify the connectivity, speed, and robustness of business.

The group assembled here has – and will - see many examples of this first-hand during this Exchange, and I know there are examples in our respective western hemisphere partners' countries as well. We look forward to seeing those in the near future.

The point is: strengthening regional ecosystems is more critical than ever because the economic landscape we all face today is like none we have faced before.

Today, the U.S. is presented with two, concurrent macro trends. One representing great opportunity and the other, significant challenges.

While I am going to focus on the U.S., I would venture to say that these opportunities and challenges are not entirely dissimilar to what our western hemisphere partners are presented with in their respective countries and regions. To that end, I hope my remarks represent a helpful exchange of analysis and ideas.

First, the U.S. is benefiting from a surge in business investment, particularly in the manufacturing sector, due to a number of national comparative advantages: continued increases in the productivity of American workers; strong rule of law and intellectual property protection; reliable supply chains; new opportunities created by the expansion and reliability of domestic energy resources; and rising costs abroad.

The point is we have a particularly exciting window of opportunity for investment in the United States.

However, to fully seize the moment, a number of issues need to be addressed at the federal, state, regional, and local level across the U.S.

At the local level, we need to ensure that our states, regions, and communities are positioned to most effectively support business ecosystems and the conditions for business growth because the American economy we talk about is, in reality, a collection of regional and local economies.

Which brings me to the second macro trend we are facing, and the challenge before us.

Many regions and communities are not fully prepared to seize this economic moment in full. While states and communities may be in a better fiscal position than they were three or four years ago, states and localities – and higher education institutions - still face tremendous budget limitations.

This means that state and local governments, universities, and regional partnerships, which are at the forefront of helping to set important conditions for business growth, often do not have the resources to make the critical investments at a time when the need is more urgent than ever.

Exacerbating the situation even more: private capital remains highly risk averse. Private capital is tied up due to risk factors that permit only the strongest investment opportunities to be funded without some risk mitigation.

Recent research has revealed additional challenges: a study released last year by Economic Studies at the Brookings Institution entitled *Declining Business Dynamism in the United States*, finds that the rate of formation of new firms has declined in every state during the past three decades.

And, Robert Litan points out in a recent issue of *Foreign Affairs* that in addition to the markedly slowing rate of start-up formation in the U.S. over the past thirty years, U.S. companies are getting older – measured as a proportion of those at least sixteen years old; and older firms tend to be more risk averse, rigid, and incrementally innovative.

As Michael Porter and Jan Rivkin of the Harvard Business School point out, in their September report entitled “*An Economy Doing Half Its Job?*”: “businesses cannot succeed for long while their communities languish.”

The simple fact remains that if the U.S. is to maintain global leadership, our country must compete successfully for major global investment in the years ahead – for a national net-gain.

But with the resource gap we are facing at all levels in the public sector and with private capital so risk averse, this means that no one can go it alone anymore to achieve economic development success.

Counties can't do it alone, cities and towns can't do it alone, the Federal government can't do it alone, higher education can't do it alone, and the private sector can't do it alone.

Quite simply, the old models of economic development will prove insufficient for the critical outcomes we need.

The successful model of U.S. economic development comprises a combination of new public-private-higher education partnerships focusing on regional economic ecosystems and bottom-up strategies, and leveraging regional assets to the fullest extent -- businesses, existing and emerging industry clusters, supply chains, technology, infrastructure, institutions of higher learning, and human talent.

To do this, it is crucial that the U.S. invest in its industrial ecosystem — which includes as a major component building the public goods needed to make that ecosystem more productive.

Such public goods can strengthen the capacity for innovation and manufacturing in U.S. communities, deepen the skills of the American workforce, attract and support small businesses that serve as suppliers, and expand opportunities for U.S. exports.

The federal government can and should play a key role in this – helping invest patient capital in a strategic way in the ecosystem, leveraging state and local development funds, and facilitating the reorientation of local economies toward productive investments in the ecosystem.

Furthermore, we seek to play a fundamental supporting role in creating the connections and relationships that are necessary for a healthy, sustainable ecosystem.

Communities that prove to be successful are the ones that effectively bring together the right people and organizations in lasting partnerships.

However, we have found that while communities may have successfully built the connections and partnerships and established concerted strategic plans, they may find themselves applying for disparate federal programs among a myriad of agencies, under divergent requirements, and authorities.

For the past six-and-a-half years, the Obama Administration has been working to address this head on. We are focused on synchronizing federal programs to both maximize federal taxpayer returns and maximize the impact in the communities we serve. By breaking down Washington's bureaucratic silos, we can be a more effective partner.

Some examples of our coordinated investment programs include the following:

- The Investing in Manufacturing Communities Partnership, an Obama Administration initiative that will help accelerate the resurgence of manufacturing and create jobs in cities across the country. The IMCP will reward communities that best highlight their strengths and demonstrate they can combine their efforts around workforce training, infrastructure and research centers to implement an economic development plan that will attract, retain and expand manufacturing investment.
- Today, EDA is leading the POWER initiative, which is focused on effectively aligning, leveraging and targeting a range of federal economic and workforce development programs and resources to assist communities negatively impacted by changes in the coal industry and power sector.
- And, the Look South Initiative – which the Department of Commerce is leading - is a coordinated Federal Government effort to help more American companies “Look South” to do business with and expand sales to dynamic markets including Mexico and our 10 other Free Trade Agreement partners in Central and South America.

These programs, together with our traditional programs, seek to provide the critical co-investment and assistance – the patient seed capital – to fill the gaps that are going unaddressed – or cannot be addressed - by other public and private sector resources.

It is critical to note that our entire approach to economic development is based on the following: while we drive to look at new models and approaches to effective economic development, we always ensure that what we do is not top-down Washington solutions, but rather solutions that support bottom-up, locally-owned plans and strategies.

Furthermore, it is the direct relationships with our broad and deep network of local partners and stakeholders that make all the difference in driving job creation and enhancing regional prosperity. Together, we help change for the better the very conversation about state and regional growth. Together, we set the stage more effectively for driving the economy in ever-widening circles.

To conclude, the American economy we always talk about is in fact a collection of local and regional economies. We all know in our hearts and minds that when communities and regions are strong, America as a whole is stronger.

We also know that we are not in this alone, that in this global economy, we need to work with our global partners to strengthen our hemispheric ties and build on ideas and models that work, together.

President Obama, Secretary Pritzker, and all of us at the Department of Commerce and EDA understand this, and we strongly believe that when the right partners come together and increase their level of interaction — good things happen for job creation, increased investment, and improved prosperity.

The Exchange and your commitment are testaments to this philosophy.

So let's continue to work together to make the best possible choices and to advance the smartest policies and approaches to economic development. Let's continue to find the new channels for working together in new ways.

Thank you again for your work and engagement in this exciting Exchange. We are indeed grateful for the partnership and look forward to our continued discussions and great progress moving forward.

It is an honor to be working with you.

Thank you.

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