

Announcer: Ladies and gentlemen, please welcome our next panel the competitive landscape prospects for growth 2006 and beyond. Our moderator Steve Rattner Chairman Willett Advisors LLC. Jacqueline Hinman Chairman and CEO CH2M HILL, Joe Kaeser President and CEO Siemens AG, Jim McNerney chairman and CEO Boeing, Penny Pritzker Secretary US Department of Congress.

Steve Rattner: Good morning everyone, I'm Steve Rattner. I am the moderator for this really interesting panel. I think we're very fortunate to have an exceptional group of CEOs and government leaders here with us, to talk about the international issues, and the challenges and opportunities that business face. I'm going to dispense with introductions. I think you all have programs. If you want to know more about these panelists, take out your smart phones and [inaudible 00:01:00] you'll find out things that I would not say in a normal introductions. Everybody has a past and a present, but we're lucky to have them. Let me just plunge right in, and hopefully we'll be able to make this a discussion. I've encouraged the panelist to both keep their answers short, and feel free to add, and interject, and whatever.

I think given the news regarding EXIM Bank, our host for this amazing conference. We should really start there, and talk just for a few minutes about the role of the EXIM Bank and how important it is for the Congress to reauthorize it. Let me start with Jim McNerney, who is very central to this, both in his activities and also as a customer. I think by some figures you represent as much as 80% of the EXIM Banks financing.

Jim McNerney: Not quite.

Steve Rattner: Not quite, all right, but a fair amount. From Boeing's point of view, I think I'll throw another out, which is that 15% of your plane sales are financed using the EXIM Bank. Some might have also said, well they can replace that. This is really not a big deal for Boeing. Some of the equity people who are supporting you believe that. How important is the EXIM Bank to you and derivative-ly to the other customers of it?

Jim McNerney: It's vitally important, and it's particularly important to our customers. If EXIM goes away, what I refer to as unilateral disarmament by the United States, you'd be left with all of the competitors of American companies having some financial backstop for some subset of their customers from their EXIM Banks and none from the United States. There is an obvious competitive disadvantage that makes no sense at all. We've got 1.5 million jobs that support our company through our supply chain and our own operations, and a lot of those jobs would be in jeopardy.

I think there's another point that really is missed often in the debate, and it's a very practical one, which is EXIM is really a treaty amongst 60 developed countries. The treaty is designed to provide running rules to control otherwise bad behavior. Because every country has a different view of financial subsidization that others based on their cultures and based on their economies. The EXIM treaty, in essence, that has been reshaped, and shaped again over the years, levels that playing field to ensure that there is no misbehavior there. Has dragged up the fees so that the cost of EXIM backstops are actually higher than the conventional financing that most of our customers can get. That's the way backstop financing should be priced, quite frankly. If EXIM goes away, you have the wild west. You'd have certain countries whose governments do believe in subsidization, very much distorting the market place. Other cultures like our own, who don't believe in it so much, would be disadvantaged. Quite frankly EXIM goes away, I virtually, most of my engineering and manufacturing jobs are in the United States. I'd like to keep it that way, but without EXIM financing you have to start asking the question.
[crosstalk 00:04:32]

Steve Rattner: Just one quick followup, and then we'll move on. Why does Goldman Sachs think this is not a problem for you? That EXIM going away is not a problem for you?

Jim McNerney: I'm not sure, but all I can tell you is that on the ground, right now are competitor is saying, "Hey, go with us, because you can not depend on EXIM to backstop the financing." Usually in the developing world is where this issue comes up, and that's a very effective sales strategy for our competitor right now. It's meaningful to our customers, who need a bridge from purchasing an asset that cost billions of dollars when you buy a few of them. From the initial order to in place permanent financing is usually bridge backstop financing, and it is very meaningful to a number of them. It's a Boeing can survive for sure Goldman's right there, but the competitive dislocation would be significant. The other guy would win some sales campaigns that they otherwise would lose.

Steve Rattner: Let me just move to your immediate right and ask Joe as a CEO of a global company, well Boeing is too, but really one that operates all over the world but German headquarters. You have, I think about 20% of your business in the US [inaudible 00:05:50] which I want to talk about later. What is the relevancy of EXIM Bank to a company like yours? That has some operations here, but is fundamentally a European company?

Joe Kaeser: In all honesty, and first off good morning everyone. EXIM is just really important, in the trade stocks, in secure stocks, it attracts foreign

investments to come to the United States as the place to be. It also forces exports from the United States all across the world. In all due respect, when I heard about EXIM was in question, I thought man that's impossible. Why would they do that? I really have to say this is one of the most significant supporting matters to do ease the business in the United States.

I just mentioned that [inaudible 00:06:38] in Huston a couple of days ago, you know United States is the place to be. You really want to be in that place because it's the biggest economic power in the world. The ease of doing business is great. We've been investing 25 billion dollars in the last ten years, in the United States. United States is our single biggest sales cover of 60,000 people here, and there's a reason. It's not just that the country's so beautiful, and people are great, and Football is the greatest sport in Europe. It is about serious talks. It is about investing into resources, it is about export, it is about creating jobs, and that's why I really do believe it will be quite a mistake to let that go. Because the United States has to know it is competition with China, with some sort of Europe, whatever Europe is exactly all about.

I really do believe this is important. It should be done and it does create jobs. Not only at the big companies. I was very impressed with Fred Hochberg, who was talking about this loan [inaudible 00:07:49]. There are hundreds and thousands of [inaudible 00:07:53] supporting Boeing, supporting GE, supporting Siemens, and many others. That's what really counts, and it has been often overlooked. That for every million revenue we make here, you know about \$300,000 comes from small and medium enterprises.

Jim McNerney: Steve, just to jump in. I use a line and it's true, which is every time the triple seven lands in Beijing, it brings 8,000 small business to Beijing as an export that otherwise wouldn't be able to do it, because they wouldn't be assembled as part of our airplane. That's a big point.

Joe Kaeser: It is.

Jim McNerney: I didn't mean to interrupt.

Steve Rattner: Okay fair enough. Jackie you run a global service company, and so what is the relevance if any of the EXIM Bank to you? Do you actually use the EXIM Banks [crosstalk 00:08:48].

Jacqueline H.: We are an engineering construction operations company that works around the world. It's really critical to us particularly around

infrastructure. I will say that we are seeing, certainly in almost every part of the world, we work all thought he world, a lot of the other banks really pay a lot of attention to supporting infrastructure, energy, in some cases environment. We're certainly incredibly supportive of it. We think it does help the American brand around the world, and we do see a importance of that. I will also say that we also support manufacturing oil, and gas, and other things. As goes those jobs and that ability around the world, as goes the service sector of the United States.

Steve Rattner: With all that said Penny. The question I would like to ask you is, I know the administrations been pushing hard to get a re authorization for a long period of time. What else can you guys do, if anything to try to put the EXIM Bank on a more permanent footing?

Penny Prizker: I think what we can do is, do what we're doing here today. Which is get out and talk to the folks who are customers of EXIM, and make sure that if this is an important asset for them, as it is for our fellow panelist, that they are actually out telling that story to the appropriate people. Because this is ridiculous that we have a really important asset that we need, that 60 other countries in the world have. It's a ticket often, for many of the customers here to just get into a bidding process, led alone winning or financing it et cetera. It's extremely important that that story gets told, and that the story particularly is understood in every congressional district across the country, and understood not just for Boeing, and not just fore Siemens, or for large companies, but how important it is to the small and medium sized business.

Steve Rattner: Great. Why don't we turn to, really it's almost the title of the panel, which are prospects for growth in 2016 and beyond. We have four people here who are deeply involved in the international business community. Maybe give us a perspective on where you're seeing growth, what you're worrying about? Obviously the US is growing, but slowly. Europe seems to be off the ropes, but how far off and for how long, a bit curious. China is, Penny and I were talking about this before, there's a story everyday about whether China is rising or falling, or what's happening in China, India, some other emerging markets. Give us if you would a quick tour of the world in terms of where you see the most exciting business opportunities and growth. Why don't you start?

Jim McNerney: I think you pretty much summed it up Steve. I mean, when you add that all up, what you just said it's sort of a moderate to slow growth world. I see a more for less world out there in terms of our customers expectations of us, in virtually every market that I see. I think your basis of competition has to be both innovation and low cost. Those to can't be

at war with one another. They have to be together. We spent a lot of time at Boeing just assuming a slow growth world, and therefore [inaudible 00:11:59], and we discuss it being the middle east, because it is, or China is growing faster because it is, but I think business strategy that isn't built on more for less foundation is not one that'll be globally competitive. My take.

Steve Rattner: Joe?

Joe Kaeser: Well, there's enough happening in the world obviously. I think by far the most attractive market overall is the United States. Absolutely, but if we go above and beyond that. China, they talk about the new normal with 7% GDP growth. Everybody is complaining about the slow timing growth. They are going to remember everyone 7% is more than twice, or two and half the [inaudible 00:12:44] GDP. After all said at present it's great, but China has become quite a competitive market. The only one where you make any business in China is that you are the best, and you bring some also some expert financing and the likes. If you're not the best their just not going to listen anymore. For those days of easy sale is gone. They made [inaudible 00:13:08] after all. Mexico the old reform, the reform agenda which receives absolutely fabulous through that. Egypt, same thing. Also India, we just so happen to see Premier at the Modi Hannover Fair, and he's really apt to modernizing his country. It is 1.4, 1.5 billion people.

Every economy basically starts with energy, then comes infrastructure, then comes flying, mobility, moving people. We really look forward to what happens in India. In a more general terms, where we are lot full of opportunities now. Those countries and those economies, which have a quite a high bill over it, because that bill just happened to be cut back to two thirds of what they usually have. They free up billions, and billions of dollars in their infrastructure, and in their government budgets to spend for infrastructure and so that's where we are looking.

Steve Rattner: What countries in particular come to mind when you start to talk about the positive impact of falling oil prices?

Joe Kaeser: India, India is by far the biggest oil bill, as compared to GDP. The president just told me, when he was in Berlin, he said he probably has about a 60 billion ticket now that he can spend on infrastructure. Rather than for it waiting importing oil. That's quite a number to get started with.

Jim McNerney: Japan.

Joe Kaeser: In Japan the same thing on oil.

Jim McNerney: Huge.

Joe Kaeser: They still pay a lot for gas, which is 12, 13 US dollars. [inaudible 00:14:50] That's quite a lot in calls for expert and such. Necessarily be these countries.

Steve Rattner: While we're mentioning Japan, do people feel that Japan is finally moving in the right direction, or do you think it's still in process? [crosstalk 00:15:09]

Joe Kaeser: There is a lot of effort that been taking, but if we go by results at this time, which at some point you need to go look at. It's not really at where they could be.

Jim McNerney: Too early to tell.

Joe Kaeser: Yes I think the jury's still out.

Steve Rattner: Too early to tell but it's been a couple years.

Joe Kaeser: It's been out ...

Jim McNerney: We are good customers of Japan, so it's too early to tell. [crosstalk 00:15:34]

Steve Rattner: That's a polite way of saying not so much.

Jim McNerney: In a game your not Japan [inaudible 00:15:41]

Joe Kaeser: The more close the shop is the harder it is to be successful. If you want to be successful and expert you've got to let the others in too. That again speaks for global trade, and working together and cooperating, and so maybe that's one of the others they want to look at.

Steve Rattner: Yeah, Jackie what do you say?

Jacqueline H.: I liked to challenge your thinking a little bit around falling oil prices. Maybe not challenge it, but maybe add to the discussion. I would say it depends on your time frame. The next six months or a year, are almost a blank to most business at this point. What we are seeing, is that falling oil prices are as good for America as they are for everyone else, and that may be a little counter intuitive, but we are seeing incredible efficiencies

that are not being driven, both to the majors as well as the minors. Certainly gas is cheap right now, that we have not seen in years. I think we will see a much more competitive, efficient, better run, higher value, oil and gas industry coming out of this within a year. Certainly also followup, certainly cheap gas et cetera is really helping American manufacturing right now as well. I do think that that is actually going to help the majors around the world. We will see a difference in terms of value creation in the oil and gas industry as well.

Certainly, there are certain parts of the world, again the Middle East, but we also see for example, great opportunities in Latin America, beyond Mexico. Southeast Asia is another place, but I did want to say particularly around the oil and gas industry, we're seeing an incredible improvement in efficiency.

Steve Rattner: Let's come back to that, because we have some investments in North Dakota and other places like that, and I'm not sure they're quite as [inaudible 00:17:32] maybe perhaps is the right word as you are. Penny, you traveled the world and oversee a lot of this sector of commerce. How do you see global growth at the moment where are the strong points? What do you worry about?

Penny Prizker: I think this notion of slow global growth is absolutely, those are facts right? We can't dispute the facts, but where are the interesting places that things are going on? I think the interesting places are where the leadership and government is taking risk. If you look at Mexico the reforms that have been promulgated, changes in the constitution required to address, telecommunications industry, the oil and gas industry. Those are huge political risk that were taken that are going to leave ... This will be decades of change. That's a very positive trajectory. India what Prime Minister Modi is trying to do is really bold, and he seems to have the backing of his people. They have a very small central government, so the biggest challenge is going to be to drive the kind of reform he would like to see throughout his bureaucracy. It'll be fascinating.

We just created something called the strategic and commercial dialog. There's only one other country in the world that we have a relationship with where the whole of government is coming together under a major dialog, and that's China. We just created this, and the department of commerce will lead the commercial sites, state leads the strategic side, and we'll see. These are, don't expect change overnight. These are hard fought wins. It'll be interesting to see what happens in the election in

Turkey. That's coming up, and then whether that will be any change or not.

The world is a lot of change going on right now. You've got corruption in Brazil, the big scandal that's a challenge for that economy, as well as their dependence on exports to China. China, we were just in China last week for an entire week on a clean energy trade mission. China's not in a market can ignore. I know 7% is the new normal, but 7% is still 7%, and it's a place that we'll continue to work with. It's a place that the United States has to continue to engage. You listen to our leaders here, and it sound like their business is pretty good.

Steve Rattner: That a fair summary?

Jim McNerney: Yeah.

Jacqueline H.: Yeah.

Joe Kaeser: Absolutely, it's very fair summary. There is always opportunity. The bigger the prices leads to quality opportunity arises.

Penny Prizker: I just want to make one other comment about oil. While oil, as you said, oil prices are a question for investments, let's say in South Dakota and other parts of the country. It has been, lowered gas prices are putting ... It's been good for the consumer. That puts about \$750 a household in the households pocket. There is a positive impact on GDP. It is good for manufacturing. What does it mean long term? I don't know, but there is a positive impact right now on our economy.

Steve Rattner: I agree with that. I agree with that, I was just really, I think if your Japan and you're importing 100% of your oil, you have more of a positive impact than if you're importing 40% of your oil. That's all.

Penny Prizker: Fair enough.

Steve Rattner: Yes definitely positive. Let's, so everyone here agrees that their businesses are doing well, well enough, growth is reasonable. There are some things I think to worry about, and one of the things that I worry about is US competitiveness, and particularly the impact on the American worker of global competition. I think everyone, certainly in this panel and maybe out there, knows that he average American worker hasn't done so well in the last ten or fifteen years. Average incomes are flat to down in real terms, even during this economic recovery, manufacturing's share of employment in this country has been going down. As Jim will well know,

they're assembling citations in China now. They were assembling Learjets for a time in Mexico. Things we thought they could never do that would be our business's. I would like to talk about the competitive landscape, and how you see the future for America, really from the workers point of view. What is the future of work in America in a global and competitive world? How do you see us maximizing our chances of winning.

Jim McNerney:

Well, this will sound a little tripe, but the country has driven by education, has to move up the value ladder scale. Germany is not a bad model to look at. With 65% of it's economy exported because of, in large part value added engineering and manufacturing. Boeing represent that kind of company, and we're fortunate that we can pay our workers way above average, and we by the measure of the relationships between imports and exports, we have the largest trading balance outbound of any industry in the US.

The question becomes, attacking the education issue, the visa issue from my standpoint, getting more capability into the economy in those kinds of companies that create value added in not just manufacturing but service. It's a lot of IT, it's a lot of engineering, it's a lot of STEM related things. We've lost some momentum in my view, and there's all kinds of reasons for it. It is a priority for the current administration. I think it's got to become a bigger priority. It starts with education, and supporting the EXIM back. Because most of the exports of this country are from valued added creatives. They wouldn't be exports if they weren't globally competitive by definition. If you start chipping away at things like the export import bank that just takes a certain death by a thousands cuts. Every globally competitive industry you've got has 10% less ability to compete than us. That's a challenge.

Steve Rattner:

I think we got the EXIM Bank point.

Jim McNerney:

Thank you Steve. Fred is our host.

Penny Prizker:

Steve, I think there's three things that we need to focused on. To build upon what Jim was saying. First think about our skilled workforce. Our economy's changing, a third of our growth is from innovation, we need to have the workforce that is trained for the innovation jobs, and that is two thirds. It's estimated by 2020 two thirds of job openings will require post secondary training. We need to one, focus there.

Two, is trade. We need to execute on these trade agreements that are right now in congress. Right up now trade promotion legislation are up in front of congress. We need to, not only do that, we need to finish the

transpacific partnership, and the trade agreement with Europe because those are job creators, and opportunities for American workers. Because through that, creates opportunities for our companies. The status quo is not sufficient for American business.

The third thing we need to do is invest in our infrastructure. We have, just like EXIM we're now running our transportation bill down to the wire, and that's crazy. Those are really important jobs and we have about two trillion dollars in differed investment that needs to occur. It's everything from bridges to broadband, that helps continue to keep America competitive, and keep American workers competitive.

Steve Rattner:

I want to get to Joe and Jackie, but since you raised trade, which I was going to raise later let's come back to that. We're going to come to that right now. As you know, most of the democrats on capital hill are not going to support fast track. We don't know exactly what they'll do on TPP itself, but they're against fast track, they're very concerned. The president on the other hand, spoke a couple nights ago on MSNBC, and he said that the trade agreement was not only good for America as a whole but it was good for middle class workers. Tell us if you would, how this is good for middle class workers?

Penny Prizker:

Because these trade agreements have something that has never existed before in our trade agreements, which is there are labor standards. If you are another country, there are 12 countries that will be part of the transpacific partnership. All of the countries will agree that they will have a minimum wage, that they will all different kinds of work safety in workplace, no forced labor or child labor. Standards that we live by. The American worker today is in a noncompetitive situation, because we have a different standard than the rest of the world. The fact that we can create standards with 40% of the worlds GDP, just with the transpacific partnership alone, that have a new set of standards for the world is really important for the competitiveness of the American worker. Plus it's good for humanity. It's good that we're not going to basically move manufacturing to a place where you can take advantage of a lesser standard in terms of labor. The same is true for intellectual property protection, the same is true for how we deal with the digital economy. There are 150 objectives that congress has laid out in the trade promotion legislation, that are minimum standards that trade agreement would have to have. There's never been any like, this is really new in terms of what we're demanding in our trade agreements. We have eleven countries just in the transpacific partnership that want to do this.

Steve Rattner: Why do they want to do this? They're agreeing to all these things, there's two sides to coin. If this improves our competitiveness. It make our workers on a more level playing field. Why do this other countries want to give up these advantages they have?

Penny Prizker: Because at the end of the day they recognize it's not sustainable, and they can use these standards for their own internal political dialog about we need to change. We need to become part of a globalized economy. I think it's prescient. They recognize where the world is going, and that otherwise it's going to be a race to the bottom, and they do not want to be part of a race to the bottom.

Steve Rattner: Jackie, how would the TPP or the transatlantic trade agreement help your business?

Jacqueline H.: That's a great questions. Let me build on what Penny was saying. In addition to things like worker welfare standards, TPP also has components surrounded by metal regulation. It has components around transparency. I can tell you that certainly as an American CEO we pay an awful lot of attention around the globe, and it's one of the reason that American businesses are so competitive. Not just on the quality of our services, but also around good corporate citizenship, so ethics. Safety of workers anywhere, of our workers elsewhere, and our workers here. Environmental regulation transparency, making sure we adhere to [inaudible 00:29:43] practices act. Those kinds of things. From that perspective it actually makes it easier for us to do business, to better follow standards that we have to comply with within the US, but also things we care about as an organization. I think it will also really attract more people to want to do that kind of business. Frankly all of the countries that are involved in TPP are countries and organizations that we like to do business if we think there is a lot of opportunity, again particularly in our space, infrastructure, energy, manufacturing, environment. There have been some challenges about doing business in those countries, and we thing this will really help with it.

Steve Rattner: Joe, I'd like to ask you about the trade agreement, and then I'd like to go back to something that Jim referred to early about Germany, but do you want to start with the trade agreements in terms of how it effects your company.

Joe Kaeser: First of all let me come back to the, you asked the question about the United States going forward, and what it takes to keep it successful. From our [inaudible 00:30:41] and Siemens is a Germany company. We were born in Germany, we are raised in Euro, but we are home in the whole

world. We do business in 212 countries in the world, 212 and people say only the [inaudible 00:30:56] I try to say that we really have a global view of what's going on in the world, and the only bad thing I can tell you, you hear in this room. Anywhere in this country is you get only 60% right, of what the potential is of this country. There ought to be in trade the most powerful economic force in the world, so why is that? It is because the United States has a very, very powerful energy policy. The United States costs for electricity and energy just about one third of what we pay in Europe. One third, okay. [inaudible 00:31:46] one third of what we pay in Europe. It all starts with energy, it all starts with [inaudible 00:31:53] You've got that here right in your country, and you've got the natural resources. Then what else is it? All through that resource, the American people and especially the middle class. They can become more wealthy as they are already. When you think what happens then. People who can't afford something.

They don't really like the, for example German cars. The BMWs and the [inaudible 00:32:24], and the Audi's, and of course the Ford's and GM's and everything else. They will not like it but they can afford it again. Where do you think those manufacturing places are being built? In Munich, or Stuttgart, or Munster. They are going to build here in the country, because people want to move here and make it. This is how jobs are being created. This is how industrialization, reindustrialization happens. It is not about companies bringing back it's manufacturing from Mexico or China, forget about it. Because you need to be where the markets are, and your customers are. We need attract people here through the energy policy infrastructure. That's how it happens, and then what else. You've got industry [inaudible 00:33:10] You've got industry, and yet you have already the world's most powerful software companies. The world's most powerful media companies. Now what is the internet of things industry 4.0. [inaudible 00:33:25] It's not industry and software together under one roof. That's how competitiveness evolves, and that's you. That's your country. There is no such country in the world which can do that, and that's why this is so powerful, and then export happens. This is the net of creating jobs. Export is the net [inaudible 00:33:49] of creating jobs. Input versus output, and that's why you need a competitive and powerful financing system to mitigate the risk of those countries.

Penny Prizker:

I think I should resign and he should become the Congressman.

Joe Kaeser:

No, serious I really mean it, and I didn't ... This is just a fact.

Steve Rattner:

Now I'm going to become a little bit of a Scrooge and push back on a couple of things you said, because I agree with a lot of it, but I think there

was one gap in the middle that isn't quite filled yet. The energy boom is real here, and has brought all the advantages of low cost that you said. What hasn't happened yet is an improvement in the sake of the middle class. If you look at wages that workers are making here after inflation, they just have not gone up. We can talk about different specifics, but that's just a fact. They're not yet in a position to buy those BMW's.

The second things I would say just to push back a little bit, is that for every BMW plant that is being made in South Carolina, there is one or two that are being made in Mexico, because it's cheaper in Mexico, and as part of NAFTA you can bring those cars into the US. If you look at employment in the auto industry, it is growing much faster in Mexico than it is in the us.

Joe Kaeser: I'm not sure that is all about cost. It is much more about markets. [inaudible 00:35:10] of people who are trained will to deal with automation and digitization, and that's where the training method comes into place. It's almost like this movie, Field of Dreams, you know that right? Build it and they will come. You folks have built the infrastructure on energy already. There's got to be more infrastructure around flying, and riding trains, and this and that. Move people and goods. Then also we need to get prepared for the next level of industrialization build the nation. That's then about training. It's reeducation. This is not something which you go out and report about the next quarter. That's not how it works. It's over a generation, and this is what really, really this country and the administration needs to get started. Look into the vocational training. Train people at site. Train your own people so that they stay in the company, and this is then where this makes the difference. It doesn't get like quarter by quarter. [inaudible 00:36:17] all the prerequisites are here already.

Steve Rattner: If you go to the German example, I think there are two points to make. One, energy costs in Germany are huge. In part because of some regulatory decisions you made to close down the nuclear plants, and insist on a certain percentage of energy coming from renewable sources. I'd be curious of you thought that was a good idea.

Secondly, as great a job as Germany does as an exporter and in training the workers, and all the things you've been talking about. German workers have done even worse than American workers in terms of wage increases over the last ten years.

Joe Kaeser: First of all on the topic of the German workers. They have more jobs being created in the last ten years, than in the twenty-five years before.

The question is, Have they been doing better, or not, or is it that foreign economy do create more jobs? It's better to create more jobs because this is all about stabilizing a society. Stabilizing a societies of our jobs.

The second topic, is if you look at the productivity, there is this what inflation was, they made a pretty good living. They have increased their roles of the world. There's secondly German, the German energy agenda. It's call the Energiewende Changing careers I personally do believe that it is right to look for a civilized society like we are, the United States, Germany, others. I think it's worth while looking into the question, should we have an energy source. Should we have a source of energy, which takes 23,000 years to have access to the waste again without any danger? Do we have the right? There are 230 generations after us, to leave them with the waste that we don't know how to deal with. There is a question.

It's a moral question. This is not about this procedural risk of a meltdown, this is not what it is. This is about the question, should we have 250 generations after us be left with nuclear waste with nowhere to go, and that's the question. From the thought point I think the government was right to look into this. The way they did it, was just the way that I would describe t like, if you were to look into an energy agenda and change your energy agenda as a country. You need to go to Germany, stare at the German energy agenda very deeply, very thoughtfully, and then you do exactly the opposite, and you'll be perfectly fine. That's a fact.

We traded 50,000 jobs in China for the affordable tax industry with the subsidies of German tax payers and that's just not right. There's nothing against multinational companies, but if you subsidize something make that to pay make greater jobs in the country, which subsidizes for jobs. That's a fact.

Steve Rattner: Let me try to find these, because I think we're almost out of time, and maybe this will help wrap a lot of this conversation together to US exports. Jim you're head of the export council I believe. The president set a goal of doubling our exports over five years. I think we only achieved about half of that. Curious to know your reasons why we fell short, and without hopefully repeating everything we've all said, were there any other ways that you think we should be promoting our exports and getting to that goal of doubling?

Jim McNerney: I think it was a bold goal. Closer to half than a third but well short of where we wanted. None the less growth and exports have explained about 40% of the economies growth in the last five years. It's played a big

role in the recovery of the United States. If we had doubled it, the country would be at 4% versus 2.3%, and we all want that, but none of us I think we laid a very good foundation. The trade agreements that Penny has talked about in depth. The only thing I'd add to Penny's comment is, usually these agreements are about US markets are already opened to these tradign partners, and this is a matter of opening up their markets. That's generally the theme. It's a matter of creating an equilibrium, that's the theme of both TPP and the transatlantic.

I thing the focus on education, the export council has spent a lot of time focused on education. EXIM, I won't talk anymore about EXIM. I hope these are reformed just a host of infrastructure investments, services opening. Just a whole host of things, and think they're going to serve us well. Exports are the fastest growing part of our economy, so we got to keep pushing even though we fell a little bit short of the it was a bad ass audacious goal, and a bad goal [crosstalk 00:41:38]

Steve Rattner: The head wind that we've been feeling. Do you think it is mostly the dollar, mostly weak economies in other parts of the world, more protections kinds of activities [crosstalk 00:41:50] officially or unofficially that go one? What do you think has kept us from ...

Jim McNerney: I think the dollar has played a role in the last six to nine months, has played a significant role. Certain kinds of companies that as we see everyday on earnings reports, struggling top line. That would kick about another 10% into the equation that you talked about Steve. I think slower recovery has played a role. I think we all hoped that Europe would come back a little bit faster. I think our model when we set up that goal, assumed a little faster recovery in Europe. Quite frankly, it assumed sustainment of slightly higher growth rates in China. You're back to this moderate growth environment. Playing a bit of a role on the export.

Steve Rattner: Penny what's your outlook for exports?

Penny Prizker: I think that some of the factors that have been discussed are absolutely accurate, but let's not overlook something really important. By setting the goal, you begin to change the attitude of American business. For American business to continue to grow, and for the American worker to not to survive but thrive, we need to export more. We have cities in this country whether it's Detroit, or Youngstown, or Kansas City. Where a 100% of their growth since 2009 has been through exports. We have to change our DNA. We have to change our thinking. Part of that responsibility belongs to American business, part of it the Department of Congress. We facilitate that through the US export assistance centers. We

have 109 or 8 of them around the country and then our foreign commercial service in country. That help companies sell their goods and services around the world. We have to think about it differently.

Remember if you think about markets, what's going on in the world today? Asia is going to go from 500 million consumers to over 3 billion in the next 15 years. To put that in perspective, that nine times the growth. Nine times the US population. Our companies need to be in those markets, small, medium sized business as well as our large multinationals, in order for our workers to thrive, so it's I thin really important to that we think about this in a very, that we're committed to thinking about exports. I commend the president's export council. Before my time when they worked with the president to set down the goal, because while it audacious and while we didn't achieve it, we are changing the way we think, and we're changing the way business think in this country.

Jacqueline H.: If I could add one other thing. I would not underestimate the value of American services. In particularly all that comes with it, innovation. Again certainly ethical standards. Hard work, all these things that they have in a lot of places, inherits to good corporate citizenship. We have never seen as strong of a demand as we are seeing now. I do think that will add to that.

Penny Prizker: Just to put that in perspective, we had record surplus in services trade at totaling 232 billion dollars. It's services are a huge growth opportunity.

Steve Rattner: On that very optimistic and hopeful note, we will conclude the panel, and thank our guests for really very interesting and [crosstalk 00:45:30] Thank you all very much.