I can and will speak about how we are managing our way through similar economic challenges in Massachusetts, and what results we’re getting. Neera nearly experts on the previous panel. People who know the policy specifics and their cultural context better than I do.

I am delighted to be here and really fascinated by the topic, but candidly I’m not sure I have much to offer. The debate about the nature and cause of the economic and fiscal challenges facing the European Union and its member nations, and what solutions are right for them, is probably better left, or best left to the experts on the previous panel. People who know the policy specifics and their cultural context better than I do.

I can and will speak about how we are managing our way through similar economic challenges in Massachusetts, and what results we’re getting. Neera nearly gave my whole speech, but we’re doing pretty well, pretty well.

We were 47th in the nation in job creation and our unemployment rate was higher than the rest of the country’s in 2006. Today, we’re creating jobs faster than most other states and our unemployment rate, at 6 percent, is well below the national average. And the state’s economy is growing twice as fast as the national growth rate.

We are first in the nation in economic competitiveness; first in the nation in student achievement; first in the nation in health care coverage; first in the nation in energy efficiency and veterans’ services.

We have eliminated the structural deficit that was left me by my predecessor, whom I will not name, and earned the highest bond rating in Massachusetts history.

Meanwhile, with labor at the table, we have reformed our pension and municipal health care systems, strengthened the schools, simplified the transportation bureaucracy, and reduced head count by six thousand positions -- the kinds of reforms that had eluded us for decades.

And while we have a lot still to do, I am confident that we are on the right track -- because we placed our faith not in unfettered markets or in angry rhetoric, but in fundamentally American values.

I mentioned the cultural context for Europe’s choices. I do think cultural context is relevant, including here in the United States.

I can’t think of a single thing in our history that Americans believed was important that we chose to leave entirely to chance. When we believed that settling the West was important, we created land grant programs and built the transcontinental railroad. When we decided that educating our children was important, we developed public schools and universities. When we decided liberty for all was important, really important, we freed the slaves, gave women the right to vote, and sometimes even went to war abroad. We tend to shape our own future rather than just let it happen to us. That’s what Americans do and why we lead the world in so many different ways.

I start with the values motivating our strategy back home because they are very different from those motivating the hard Right, the folks arguing today for American-style “austerity.”

Once you strip away the slogans and the sound bites, all that Congressional Republicans are saying is that if we just shrink government, cut taxes, crush unions and wait, all will be well. Of course, history has proven that thesis wrong time after time, after time, which I hope you covered in the panel. I think of Herbert Hoover. Frankly, I think about George W. Bush and many of the policies that got us into this mess in the first place.

But the bigger point is that waiting for the market both to heal itself and to meet our common civic needs is as silly as expecting the government to solve every problem in everybody’s life. We need good and active government and we need a strong entrepreneurial economic environment. As the President so often says, we need balance.

Crisis is a platform for change, yes, and in Massachusetts we have built on that platform through the many reforms I mentioned and more. But in the Land of Opportunity we need growth, too. And you can’t have growth without a growth strategy and the investments to make it real. That’s the lesson of my life in business and I defy any of you to identify a serious business leader anywhere in the world who would say otherwise.

So, alongside our reforms, we invested in ourselves, specifically in education, in innovation and in infrastructure – the areas where government investment can help drive economic growth.

Education first and foremost because intellectual power is our edge in Massachusetts. In my prior lives, I’ve done business all over the world and I know education is our calling card in Massachusetts. The number of top universities, and colleges, research institutions and teaching hospitals at home in the Commonwealth (and throughout the region, for that matter) is extraordinary. Our workforce is well known to be well-educated. And, in an economy in the midst of a global knowledge explosion, asking a second grader to sit out the second grade until the recession is over is irresponsible. So we have funded the public schools at the highest level in the history of the Commonwealth, even when the bottom was falling out of the rest of the state budget. We introduced new levels of experimentation and accountability in the classrooms. We celebrate success in teaching and learning. And we are slowly but surely closing achievement gaps. It’s working. As I said, our students lead the nation in student achievement and the world in math and science. Drop-out rates have plummeted, as well.
So education first, and then innovation. There are a handful of industries that depend on precisely the kind of concentration of brainpower that we have in Massachusetts. Add to that a large and sophisticated venture capital community and a tradition of invention and entrepreneurship over many centuries, and we have what it takes to be especially attractive for the kinds of innovative industries so central to today's and tomorrow's economies – industries like the life sciences and biotech, clean energy, IT, financial services is more and more an IT business.

With the help of our life sciences initiative, we have become the global hub of the biotech sector. We have invested about $300 million of public money so far to leverage about a billion dollars in private investment and created thousands of jobs.

The clean tech industry is exploding, thanks to a policy framework that has aligned our environmental interests with our economic opportunities in a really burgeoning field. Solar and wind generation. Weatherization. Biomass and tidal research and development. We are now the number one state in America for energy efficiency, and we are on track to host America's first off-shore wind farm when construction starts next year. Our clean energy sector saw job growth of 6.7 percent last year and that is expected to double in 2012.

The IT industry has rebounded in really interesting ways as well. Robotics and smartphone “apps,” video gaming, Big Data and cyber security are all examples. I mentioned that the financial sector is more and more an IT business, so there are innovations there as well.

And because we are making more of the things we invent, precision manufacturing is coming back strong and in a really promising way. So education first and then innovation.

And finally infrastructure. I always describe infrastructure as the unglamorous work of government, but it supports everything else. It's the foundation for it all: roads, rails, bridges, broadband access for un-served and underserved communities; public and affordable housing, lab and other facilities at our public university campuses. We have doubled the level of annual infrastructure investment. Among other milestones we've reduced the number of structurally deficient bridges by 20 percent and we're using innovative ways to deliver these projects as well. Last summer for example, we replaced fourteen bridges on a heavily trafficked interstate north of Boston in just ten weekends, a project that ordinarily would have taken several years. All of this is creating jobs right now, but also a platform for economic development out into the future. And let there be no mistake the president's stimulus helped. Over 95,000 people in my state traced their paycheck directly to the American Recovery and Reinvestment Act. And a lot of those folks are in construction doing vital and long-neglected work.

By the way, I view health care as a foundational matter and therefore as a matter of infrastructure as well. In Massachusetts, as you know, we took a hybrid approach, relying mainly on private insurance provided through the workforce, with varying degrees of public subsidy, depending on a person's ability to afford it. 98.2 percent of our residents are insured today, 99.8 percent of children. By various measures, we are healthier today. Expanded access has added about one percent to state spending, it has not been the budget buster it is often represented by those who oppose expanded access. And because we are cracking the code on cost now -- which has always been the bigger challenge -- premium rate increases have slowed from about 17 percent per year two years ago to less than 1 percent today.

So, we're investing in education, in innovation and in infrastructure. That's our strategy. And it's working. It's not magic; it's common sense. Like I said, you can't grow without a growth strategy and there is no growth without investment. Everyone wants fiscal discipline. But cutting investment indiscriminately is not disciplined -- and will not by itself get us to growing again.

President Obama knows this and has pursued a similar strategy for the country. He has also emphasized the importance of investing in education, innovation and infrastructure. That strategy is what the stimulus and the health care reform were about. It's what the increase in NIH and NSF and alternative energy development are about. It's what the Race to the Top competitions and the funding to retain teachers and the expansion of Pell Grants are all about.

At home in Massachusetts, we have been fortunate to have legislative partners willing to give me the tools I asked for to deliver on that strategy – not on the first asking, perhaps, but more often than not they work with me and my Administration. The President has not always been so fortunate with the Congress. To their credit, they did enact the stimulus bill and helped to retain teachers. But mostly they have left the President to fight the recession with one hand tied behind his back.

There are a whole host of examples of this. But the most striking is Congressional Republicans' refusal to take a balanced approach to deficit reduction, insisting instead on so-called “austerity” alone. This, from the same folks who in the Bush Administration were responsible for the largest run-up in the size of the federal government and in the federal deficit in our history.

The Congress' failure to reach a long-term deal on the transportation reauthorization bill is another example. We all used to agree that investing in roads, rails and bridges is a smart thing for government to do. That's not partisan, that's a fact. Building and maintaining state-of- the-art transportation systems sustains a competitive economy and a high standard of living. Failing to do so constrains growth. No private company or individual, no matter how virtuous, takes responsibility for meeting these needs.

And yet the same small but emboldened group here in Washington is holding that up, too. They seem more committed to defeating the President, even if it means driving the economy over a cliff, than winning the future. It's wrong -- and it's not consistent with the best American values.

And let me close on that point. I remember reading a column that compared the Greatest Generation to my generation, the Baby Boomers. The writer described the Greatest Generation the way many of us have heard it described: the generation that fought and won the Second World War and then rebuilt Europe and Japan; the generation that then came home and created great public institutions, great public universities; conceived and built the federal highway system and the social safety net; really launched the modern civil rights movement.

Then the writer described the Baby Boom generation as the Grasshopper Generation -- because, he said, we have been feeding off of that all our lives.

It's time to turn that around -- and to turn out the many forces that deny that we have a generational responsibility.
No one believes, no one, that government can or should solve every problem in everybody’s life. And given the global economic realities, governments – like every business and every family – have to change the ways we do many things. But government is still just the name we give to the things we choose to do together and investing in education, innovation and infrastructure is still worth our doing together.

Thank you very much. I look forward to your questions.