



*THE DRAKE PLAN TO GET SOUTH CAROLINA  
BACK IN THE JOBS BUSINESS*

**The Mission: Jobs for South Carolina**

From the 1950s until Mark Sanford was elected Governor, South Carolina was a leader in the national competition for industries and companies that brought good-paying jobs for our families and economic strength and growth for our state. From Governor Hollings through Jim Hodges, South Carolina was led by Democratic and Republican Governors who understood that the job of the Governor was to work tirelessly to secure jobs for our people.

I am proud to have served as an aide to two Governors -- John West and Dick Riley -- who personified this tradition of economic leadership that kept South Carolina moving forward.

I am also proud to have subsequently put my experience and understanding of economic development to work to play a leadership role in bringing BMW and its 5,000 well-paying jobs -- along with the additional 12,500 collateral jobs -- to our state. I have continued my work in job growth for South Carolina. This year, I assembled a successful bipartisan coalition in the legislature that passed legislation opening the door for Boeing to consider bringing 900 additional jobs to South Carolina.

My experiences have taught me what it takes to build successful economic efforts in South Carolina. So, like many others who are concerned about the current economic condition of our state, I am deeply embarrassed by a Governor who has been completely missing in action on the jobs front. At this point, our Governor isn't just absent in our economic development efforts; he's actually an *impediment* that we have to work around in order to get anything done.

South Carolina's families deserve better than the struggling economy and soaring unemployment that we're experiencing. That's why I am running for Governor: to get South Carolina back in the jobs business and to get South Carolina working again.

I feel so strongly about jobs because more and better jobs are the answer to South Carolina's problems. With a Governor who is truly engaged and focused on creating more jobs and growing businesses, we can help address our fiscal problems, improve our schools, and strengthen our families. And I wholeheartedly subscribe to the old saying that a good job is the best government program. South Carolinians should know that as Governor, I will wake up in the morning thinking about how to create jobs, and I will go to bed every night thinking about how to create jobs. There is no more important and

fundamental issue in this election – and indeed for the future of our state – than jobs. And as Governor, no one will work harder than me to bring jobs to South Carolina.

The next Governor needs to lay out a wide-ranging agenda for immediate improvement and long-term transformation of South Carolina's economy. The following is an initial installment of the major economic action items that I think are necessary for our people to have not only the hope but the reality of better jobs for a better future.

I am living proof that a good education and a good job are the path to the American Dream. I am the first in my family to graduate from college. My father worked in a Spartanburg County mill for 37 years, and when I graduated from high school, I went to work on the second shift in that same mill. During the mornings, I attended Spartanburg Methodist College. I worked my way through my last two years of college, and after returning from my Army service in Vietnam, I worked my way through law school at the University of South Carolina with an assist from the GI Bill.

For both my wife Beth and me, the hard work of our parents enabled us to obtain a better education than they had, and that in turn has allowed us to give our daughters even greater opportunities. All South Carolinians deserve to be able to forge their own path of opportunity through access to a good education and good jobs.

South Carolina's next Governor must return to the kind of focused leadership on jobs and education that has made our state a great place to live, work, and raise a family. As Governor, I will never forget that my top priority must be commanding and coordinating all the resources available to support a better education for our children and spearhead direct, targeted efforts to attract and create good-paying jobs for the people of South Carolina.

### **The Way Forward: Putting South Carolina Back to Work**

As Governor, I will get South Carolina back in the jobs business with the following initiatives:

- 1) **Professionalism, Not Politics:** I will end Mark Sanford's practice of appointing a political friend as Secretary of Commerce. Instead, I will find the best, most experienced economic development professional that can be identified and appoint that man or woman as Secretary of Commerce to work hand-in-hand with me to bring jobs to South Carolina.*

Under Mark Sanford, South Carolina's economic development efforts are no longer competitive. As a result, unemployment has doubled since Mark Sanford was elected and the South Carolina unemployment rate is the highest in the South.<sup>1</sup> Even states like Mississippi, Alabama, and Arkansas are now beating South Carolina in the economic development game. There are two reasons we are

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<sup>1</sup> S.C. # of Unemployed (Seasonally Adjusted) in August 2009: 249,849; S.C. # of Unemployed (Seasonally Adjusted) in November 2002: 124,780; Source: S.C. Employment Security Commission.

behind these states: First, Mark Sanford has been AWOL for the past seven years while these states have had active Governors marketing their states and working to attract new employers. Second, these states have professionals leading their economic development departments, while South Carolina has had political amateurs in the job of Secretary of Commerce.

It is clear that the states in our region with the most recent jobs recruitment success have been those featuring the one-two punch of an aggressive economic development Governor and a top professional as his chief economic development officer. It is also obvious that, during the Sanford Administration, South Carolina has had neither. And while South Carolina has had some success in the past with retired or part-time businesspeople as Secretaries of Commerce, the comprehensive and complex nature of the international economic competition that our state faces in the 21st century demands a full-time professional as the Governor's right hand in that position.

As South Carolina's Governor, I will have an economic development professional as Secretary of Commerce who knows how to direct the resources of a Commerce Department in a laser-like way on behalf of our job development agenda, and who not only knows how to adopt the best practices and policies of our competitor states and regions across the world, but can also work to develop our own cutting edge practices. Finally, we need someone who knows how to work with elected officials in both parties rather than getting bogged down in petty and partisan politics.

- 2) ***Bipartisan Jobs Cabinet:*** *Immediately upon my election, I will establish a nine person, bipartisan "Jobs Cabinet," including members of the Legislature, the business community, and the research community to assist in identifying the best economic development professional for appointment as Secretary of Commerce. I will also call on this "Jobs Cabinet" to provide advice and counsel on other job development activities of my administration.*

My "Jobs Cabinet" will signal the beginning of a new era of cooperation between the executive and legislative branch. Its members will include the Chair of the Senate Finance Committee, the Chair of the House Ways and Means Committee, and a senior member from the minority party of each of these two committees.

In addition, a majority of five seats will be reserved for individuals from the business, university, and research communities who have compiled outstanding records in economic development and public service on behalf of our state.

I know that only through teamwork will we be able to get South Carolina back in the jobs business. Especially at a time when nearly a quarter-million of our people are unemployed and even more in danger of joining their ranks, we need to come together across party lines and across industry lines to build the best economic development policies we can for our state. There is an African proverb that says

“If you want to go fast, go alone; if you want to go far, you have to go with someone.” We in South Carolina have far to go in putting our people back to work, and I will lead a government that works as a team to secure good jobs.

- 3) ***Laying the Groundwork for Growth:*** *In order to prepare for landing the major industry projects of the future, South Carolina’s next Governor must analyze and update our incentives programs, target the next automotive manufacturing facility under consideration, and identify and certify “mega-sites” for major industrial prospects.*

In order to ensure that South Carolina is in the best possible position to compete for major economic development prospects, upon my election as Governor, I would immediately direct the Department of Commerce to undertake three specific actions.

First, the Department would be directed to undertake a complete analysis of the incentives offered to prospects by the other Southeastern states in their efforts to attract industry. I would further direct that the analysis be used to update South Carolina’s incentive options. As I have led successful bi-partisan legislative efforts to secure specific incentives for BMW and Boeing, among others, I know that oftentimes particular legislation is needed for a particular project. However, we must be prepared to compete with our Southeastern neighbors and as Governor I would support necessary incentives which are needed to be competitive. We will not attract the jobs we need while sitting on the sidelines.

Second, I would direct the Commerce Department to prepare for and target the next automotive manufacturing facility to be built in the United States. I, along with a professional Commerce Department, will do everything possible to land the next automotive manufacturer in South Carolina. We know from the BMW experience that an auto manufacturing plant has a significant multiplier effect on the economy. A University of Michigan study suggests that it is an 8-to-1 multiplier effect.<sup>2</sup> The current recession will end, and when it does, we will see new manufacturing facilities being built. With the supplier companies that have located in South Carolina to support BMW, and now with the existence of ICAR (International Center of Automotive Research), we can be, and with my leadership we will be, prepared in ways we have not been previously. Since BMW located in South Carolina, Honda, Volkswagen, Toyota, and Mercedes have chosen locations in other states. When I am Governor, I intend for South Carolina to target the next auto manufacturing prospect and be prepared from Day One to bring it to South Carolina.

Third, I will direct the Department of Commerce to identify and certify "mega-sites" in South Carolina so that we are able to establish an inventory of locations

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<sup>2</sup> “Economic Contribution of the Automotive Industry to the U.S. Economy: An Update.” Center for Automotive Research, University of Michigan, Fall 2003.

ready for the truly major industrial prospects that come all too infrequently but are transformative for the economy.

Such major prospects generally have similar basic needs. Significant acreage, ready access to transportation, readily available electric power at affordable rates, and sufficient water sewer facilities are among the basics that big developments need.

Upon identifying and building an inventory of such sites, I would identify target industries for each site and develop an individualized marketing plan to promote the sites. We must have a Governor who understands that we can't sit back and wait for the world to come to us, and I will be a Governor that will actively participate in the marketing of such "mega-sites."

- 4) ***Seizing Opportunity at South Carolina's Ports and Preparing for the Future – the Expansion of the Panama Canal and the End of the Cuban Trade Embargo:*** *One of my administration's top priorities will be to maximize the job development assets and potential of the South Carolina Ports Authority by first supporting the new leadership at the Ports Authority in efforts to bring in new business immediately to our ports, and then to specifically focus on the major opportunities for enhanced traffic resulting from the completed expansion of the Panama Canal in 2014 and the likely end of the Cuban trade embargo.*

As Governor, I will invest my personal time and energies in support of the new leadership team at the Ports Authority in their efforts to bring in new business and reverse the double-digit declines of the past years.

Charleston Harbor is the location of the primary deep-water port on the Southeast coast. We must make the most of this natural advantage and plan for how South Carolina can take advantage of the Panama Canal's expansion, to be completed in 2014. The increased traffic created by the Canal expansion provides an opportunity for job growth in South Carolina, but only if we plan and have leadership that works to seize the opportunity. Our efforts will lead not only to increased numbers of traditional port-related jobs on our coast but also provide the stimulus for "inland port" jobs in the economically-distressed Orangeburg I-26/I-95 exchange region. With proper leadership and preparation, we can increase the number of jobs in the Transportation, Logistics, and Distribution (TLD) sector of our economy statewide.

We have already fallen behind Georgia in preparing for the Panama Canal expansion. In September, Georgia's Governor Sonny Perdue led a delegation of Georgia port and economic development officials to Panama in preparation for the expansion.

It takes leadership and long range planning to prepare for the fast-changing world of today. For instance, I represented BMW in negotiating their final agreement to

locate in South Carolina in 1992. In 2002, I assembled a bi-partisan effort, led by Democratic Governor Jim Hodges and Republican Speaker of the House David Wilkins, to pass the legislation that provided for the current expansion and recent announcement of 700 additional jobs at the BMW plant. However, the first contact with BMW by Governor Campbell and other officials was initiated in 1987. I intend to be a Governor who will not only identify opportunities, but also plan for those opportunities far in advance, and get out front to lead efforts to realize these opportunities.

While less certain than the Panama Canal expansion, foreign affairs experts generally agree that the U.S. government is likely to further modify or end the fifty-year-old trade embargo with Cuba in the next few years. The U.S. has normalized trade with Vietnam and other countries with whom we have been at war and it seems increasingly possible that our policy towards Cuba will move in that direction as well. If the embargo is ended, South Carolina's agri-business industry will have new potential markets that could create growth and jobs in our state. This new market has significant job creation potential in our poultry, pork, and forestry products industries, as well as for other commodities and the associated increase of jobs in the Transportation, Distribution and Logistics (TLD) sector.

The Governor of Arkansas recently led a trade mission to Cuba in an effort to prepare anticipated future Cuban markets for the rice farmers of his state. The Governor of New Mexico also recently led a market and trade mission for his state to Cuba.

With the goal of being prepared to maximize the potential of increased trade and jobs for South Carolina, I will direct my Secretary of Commerce to prepare for a time when all economic and trade sanctions on agricultural and other commodities may be lifted in Cuba. Our agribusiness sector in particular is well positioned to benefit when this trade barrier is ended, given our proximity to Cuban ports. Again, we have no time to waste, as the Governors of other states have already begun their preparations. Given that much of the potential trade with Cuba will likely be through the use of smaller vessels, the fall of the trade barriers would also provide growth opportunities for the Georgetown terminal, as well as our Charleston terminals.

- 5) ***Supporting Innovation, Entrepreneurship, and Small Business Retention:*** *My administration will complement its professional recruitment of large industries with a new focus on spurring more "home-grown" jobs among our smaller employers and start-up entrepreneurial businesses and retaining our existing small business base with smart, targeted tax reform.*

During the last decades of the 20<sup>th</sup> century, more jobs were being created in our nation's small business sector than among Fortune 500-type companies. Every

indication is that this trend will continue and even accelerate in the 21<sup>st</sup> century. Small businesses make up the backbone of our South Carolina economy, providing jobs and vital services on Main Streets and in communities across the state. Additionally, jobs created by South Carolina entrepreneurs in the knowledge or innovation sectors of our economy are jobs that pay well above the average pay of manufacturing jobs, thus providing even greater economic opportunity for South Carolinians.

It is critical that the next Governor recognize and respond to their unique needs and circumstances as we rely on them to get South Carolina working again.

Economic development cannot focus solely on landing the “big fish” – it must also focus on fostering an effective and growth-friendly business environment for thousands of independent and small businesses to thrive. It is unwise to treat our business sectors as if they are warring against each other. Economic development experts recognize that larger businesses can serve as “anchors” or foundations for all kinds of new spin-off and expansions of existing businesses. Without doubt, the presence of Michelin, BMW, and Hoffman-LaRoche have been major boons to the existing business sector, large and small, in our state. Additionally, the leadership of these companies understands the importance of the knowledge and innovation sector of the economy and have supported efforts by both government and the private sector to increase the opportunities for more high-paying jobs in these areas.

I have been involved in representing these companies and working with their leaders as I assembled bi-partisan coalitions in the General Assembly to pass the Endowed Chairs legislation, the Life Sciences Act, the Industry Partners Act and the Innovation Centers Act. These successful legislative efforts have led to the development of the International Center for Automotive Research (ICAR) and the creation of additional high paying jobs in the knowledge/innovation sector of our economy. I will be a Governor who will be an active, daily supporter and participant to increase jobs in the knowledge/innovation sector.

In the 21<sup>st</sup> century, South Carolina must have a balanced and synthesized approach – one that does not rely on recruitment alone but uses recruitment as part of a larger strategy to leverage job growth across business sectors.

I know that, despite all the political rhetoric to the contrary, the real needs of our smaller and existing businesses tend to get lost in Columbia’s law-making shuffle. That is why as one of my first re-organization reforms I will be directing my Secretary of Commerce to create a major new division focused on our small and existing business sectors.

This Division of Business Retention and Expansion will make special action reports to me personally, my Secretary of Commerce, and my Jobs Cabinet. The first action report will specify best steps for targeted tax reform that will establish

smart, cost-effective incentives for job growth among our small, existing and start-up businesses.

For example, other states are moving to change the traditional approach of fully taxing the very first dollar of profit that every new small business makes and sending a new pro-business signal by reducing this initial-dollar tax burden. At the same time, our competitors are also developing incentives over the long term for entrepreneurs who take major risks and succeed in building new businesses with a significant number of good-paying jobs in their state. South Carolina needs to reconsider its tax treatment of small and existing businesses in a similar fashion if we are to have a competitive 21<sup>st</sup> century economy and provide needed jobs for our people.

Small businesses face different challenges when it comes to regulatory policy, taxes, export issues, and other business concerns, so it's vital that they have a strong voice in the next Governor's economic policy-making. As Governor, I will reserve one of the spots on my Jobs Cabinet specifically for a Small Business Special Representative, who will be charged with ensuring that the concerns and voices of small business owners are being heard and addressed.

**6) *Equality of Opportunity:* My administration will be dedicated to insuring equal opportunity for minority and women entrepreneurs.**

For many years, minority and women entrepreneurs have been creating a large share of new businesses throughout our nation. And the jobs development strategies for my administration will be sure to recognize the contributions that minority as well as women businesspeople are making and can further make to South Carolina job growth.

As Governor, I will especially encourage our larger industries to assist in the emergence and development of such new entrepreneurial ventures. A promising regional model for minority business assistance is the recently announced "Michelin Development Upstate" initiative. Another initiative in South Carolina upon which I want to build is the National Business Matchmakers program with its emphasis on forging strong new links for minority enterprises with government and large industry officials.

In the larger sense, however, I know that minority and women entrepreneurs basically want what all other entrepreneurs want – a truly level playing field where they can fairly compete. I will make sure that my new Division of Business Retention and Expansion is dedicated to knocking down unfair barriers that hinder any and all of our entrepreneurs and that I as Governor will use the "bully pulpit" to encourage large companies to seek opportunities to assist minority and women entrepreneurs.

- 7) ***Economic Development for ALL South Carolinians:*** *My administration will get rid of the “Columbia always knows best” approach and be a reliable partner for local economic development activities and organizations, especially in rural areas of the state.*

My experience in economic development has taught me that ultimately the crucial work takes place on the ground at the local level. Our local areas don't need to be told what to do from Columbia. What they need is a reliable partner – a Governor and a professional state economic team who will engage them in true collaboration. One who will travel to their areas and economic sites to support their efforts, and who will back them up with industry executives and entrepreneurs.

That kind of real state-local-private partnership for job creation will be a hallmark of my administration.

I also know that our small towns and rural areas see state economic development as too exclusively focused on our more economically secure metropolitan areas. I am determined to change that disparity as South Carolina's next Governor.

In addition to my personal commitment of energy and time, I will direct my Commerce Secretary to develop an inventory of best practices from other states and other regions around the world for small-town and rural economic development. We can build on this foundation of best practices by communicating with and listening to individuals from all parts of our state, and creating jobs in every community in South Carolina.

- 8) ***Educating the Workforce of the Future:*** *My administration will maximize the potential of our higher education institutions as economic development engines.*

I share the outrage of other South Carolinians that, even during this time of economic crisis in our state, the Sanford administration has seemed indifferent at best to the role that our higher education institutions can and must play in economic development.

It is beyond dispute that higher education is now the gateway to economic opportunity and realizing the American Dream. And our technical colleges have a rich heritage in providing a hand up rather than a hand out to so many of our people from struggling economic backgrounds.

As a key element in our response to our state's double-digit unemployment rate, we should have a "Jobs Now" emphasis that streamlines even further the jobs and skills training that our technical colleges can provide to unemployed workers.

For example, one innovation in the training area is the growth of nationally recognized competency certificates for industry-specific skills that can be

awarded by post-secondary educational institutions. These certificates operate like Good Housekeeping Seals of Approval assuring employers that job applicants are excellent hires.

I will direct my administration to work with our technical colleges across the state to explore the creation of intensive three-to-six month training courses that prepare unemployed workers for work, especially in those fields with continuing job shortages or emerging new business sectors like “green” energy industries.

While maximizing the job development potential of our technical colleges to help get South Carolina out of our present economic crisis, my administration will also strive to maximize the research and development (R&D) assets of our university system to help build the new jobs for our state’s economic future.

I will make sure that the R&D arms of our university system and such related entities as the South Carolina Research Authority and private sector organizations such as "New Carolina: South Carolina’s Council on Competitiveness" have a critical seat at the table in my Jobs Cabinet and are treated as major economic stakeholders in all my administration’s job development activities.

Despite all the promise that can exist in R&D public-private partnerships, I know that people in the private business sector and especially start-up entrepreneurs can be wary of getting tied up with the bureaucracies of big public institutions like state government and universities. Therefore as Governor I will be personally committed to showing how these relationships can work to help get South Carolina back in the jobs business.

One example that has especially attracted my attention is the Small Business Innovation Research (SBIR) grant program and its counterpart for university-business partnerships (STTR) at the federal level. Through these initiatives, federal agencies from the Pentagon to the Agriculture Department provide crucial early-phase funding to innovative entities that prove they have a marketable business idea with relevance to the needs of these respective agencies. The availability of SBIR-STTR financing has become a vital engine of entrepreneurial innovation across the nation.

Promising entities usually do not need massive capital infusions in their early phase and can find private financing when they get further down the road, but many entrepreneurs need somewhere near double the amount that might come in a typical SBIR-STTR grant of \$50,000-100,000. The South Carolina Research Authority has recently assisted some twenty entrepreneurs in locating funds to match with the SBIR-STTR grants. I will lead the effort to secure additional matching funds so that South Carolina no longer lags behind our neighbors in North Carolina in using this method to support start-up entrepreneurs. We can and we must lead the way in supporting entrepreneurs in creating high-paying jobs for South Carolinians. With a relative small amount of funding, we can

establish a matching-grants system for a cost-effective, non-bureaucratic way to stimulate business innovation in existing, as well as new sectors like “green” energy industries.

- 9) ***Leadership for Sustainable Economic Growth:*** *South Carolina’s economic policy must protect our natural resources for the long term while providing our entrepreneurs and businesspeople the efficiency and room for growth that drives our economy.*

South Carolina is blessed with wondrous natural resources and beauty. Our beaches, our green foothills, our mountains, and our rivers are of immeasurable value to our quality of life as well as our tourism and hospitality businesses. The need to protect our natural resources and our environment for the sustainable long-term will inform all decisions across my administration.

At the same time, our businesspeople, like the rest of our citizens, deserve professional efficiency in governmental regulation. There will be no excuse in my administration for unnecessary delay and not meeting deadlines on permitting decisions or other unprofessional regulatory behavior.

As our next Governor, I plan to lead South Carolina beyond the old false thinking that we must choose between the economy versus the environment.

The emergence of the “green” clean-energy sector as a major prospect for future job growth demonstrates that in the 21<sup>st</sup> century a healthy environment and a healthy economy will go hand-in-hand and work together rather than against each other. My focus will be on sustainable economic growth that creates good jobs for the long-term benefit of our people.

- 10) ***Building Jobs Through Economic Clusters:*** *My administration will develop and maintain a comprehensively mapped inventory of existing and new economic “clusters” as well as related economic activity across South Carolina to help guide our jobs development work.*

Our state government continues to lack the key informational resource of a comprehensive and updatable inventory or “mapping” of business activity in various economic sectors and how they are distributed throughout the state. Economic development experts have pointed out that emerging and sustainable industry sectors in a state or region often tend to “cluster” together. Yet state government too often does not know if or where especially rural and small business clusters exist and how to leverage these clusters for more jobs.

I will make sure that our Commerce Department develops and maintains a comprehensive and up-to-date mapping of all our economic clusters and related economic activity throughout the state. This will provide vital information to help guide my administration’s jobs development policies in the small business sector

as well as in our small town and rural areas. And it will disclose our state's overall strengths and weaknesses that need to be recognized as we work to stimulate green businesses and other emerging industries in our state.

A great deal of important work regarding the advantages of the cluster concept has been done in the private sector by the "New Carolina" council as well as regional economic development alliances. Unfortunately the Sanford Administration has chosen not to fully participate with and support these efforts. As Governor, I will fully support these private and local efforts and will direct my Department of Commerce and other agencies to partner with and seamlessly support this work.

### **Conclusion**

Outlined above are a number of specific ideas and plans that I believe will go far in realizing the full potential of our hopes and opportunities and create good paying jobs for the workforce of South Carolina. There are a number of other areas in which leadership is also needed to create more jobs, including tourism.

Just as we must compete for the best companies and industries, we must also dedicate resources and expertise to compete for the best opportunities in tourism, hospitality, and convention siting. As Governor, I will call for a fresh evaluation of South Carolina's tourism promotional campaigns, with a goal of directing resources to the most effective and cutting-edge approaches, including the latest in targeted online promotion and outreach. I will also direct the Department of Parks, Recreation, and Tourism to study the feasibility and potential benefits of a summer hospitality tax holiday. Such a move could provide a critical edge to South Carolina in attracting lucrative large-scale travel business such as conventions and the economic boon that brings to all the business associated with our tourism industry.

South Carolina is filled with hope and opportunity, but for far too long, our Governor has turned his back on efforts to build our economic strength. We can't afford to wait any longer – we must have leadership from our next Governor to attract and create jobs for our people.

I ask you to join my effort to turn these ideas into reality and get South Carolina working once again.