

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Signature Event

The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce

David M. Rubenstein
Chairman
The Economic Club of Washington, D.C.

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DAVID M. RUBENSTEIN: So let me get now to the event of the day. And we're going to have a presentation of remarks from Gina Raimondo and then we'll have a conversation.

Gina Raimondo is somebody I've known for quite some time, has a very impressive background. Very briefly, she's from Providence. Her grandfather was an immigrant to this country and she grew up in a tight Italian neighborhood in Providence. And as we'll talk about probably later, one of her babysitters was Senator Jack Reed. He wasn't a senator then. But she was first in her class, valedictorian of her high school; went to Harvard, was the top economics student in Harvard at that time; won a Rhodes Scholarship; graduate of Yale Law School. She went back to Providence and didn't go to New York or other great places, or Washington. She went back to Providence, where she built a very successful venture-capital firm. She then ran in 2010 to become the state Treasurer of Rhode Island, and she won. And then, in 2014, she ran for governor of Rhode Island and won. And then she was reelected in 2018. And in serving her second term, she was asked by the President-Elect to serve as Secretary of Commerce, and she is now serving as the 40th Secretary of Commerce. And it's – a person I've known for a number of years, and I greatly admire what she's done in Rhode Island and what she's doing now.

So, without any further ado, it's my honor to introduce the Secretary of Commerce, Gina Raimondo. [Applause.]

SECRETARY GINA RAIMONDO: Oh, let's see, you think I'm muted? Is that better? Thank you, David. I remember the first time we met. It was in 2011. I was the Treasurer. And David came to call on me because I was managing the state's pension fund. And I remember at that time being struck by your humility. And we talked for an hour and a half. And I'm not sure whether we vested. If we didn't, we should have. But we've stayed friends since. And I greatly admire the business you've built and all of your civic obligations. So thank you.

For me, it is a great honor to be here with all of you today. I see some familiar faces in the crowd. And it's just exciting that we can be together in person. And I'm just so pleased to be here.

Over the past six months, since getting this job, I've been meeting with hundreds of business leaders, entrepreneurs, trade groups across industries, members of Congress, labor leaders, trying to develop the Commerce Department's strategy and really determine how I can best serve the President in his Build Back Better agenda. And through all of these conversations, we've come to the conclusion that the Commerce Department needs to be in pursuit of a single overarching goal, which is to improve America's competitiveness so that our workers and our companies can succeed on the global stage.

So everything I do will be to improve competitiveness. It means prioritizing investments in our people, our infrastructure, our technology, and our supply chains. It also means you'll see the Commerce Department playing a more critical role in the President's domestic economic agenda than the Commerce Department or Commerce Secretary has played in a very long time. Because the reality is, as you all know, in order to improve our businesses' ability to compete abroad, we need to improve our capabilities here at home; invest in America.

Now, this year, since the beginning of the year, we see great economic momentum in this economy. And our economy is showing the American economy is resilient despite COVID, despite the Delta variant, despite supply chain disruptions. People ask me, you know, secretary, what do you think of the economy? I say I'm bullish. I'm bullish on the American economy and I'm bullish on the American people. But if we want to take this short-term economic growth and prosperity and translate it into long-term economic prosperity, then we need to make investments so that all Americans can benefit.

Now, as David said, for me this is personal. My grandpa came here from Italy by himself on a boat at 14 years old, an immigrant to this country. My dad served in the Second World War in the Navy, proudly. And he went to college – the first guy in our family who went to college – because of the GI bill. My mom stayed home, raising my brother, my sister, and me. And my dad, because he had that college degree on the GI bill, got a good middle – got a good job in the Bulova Watch factory in Rhode Island, which gave my family a decent middle-class life.

But after 28 years, you know what happened to manufacturing in Rhode Island and all over the country. His job and all of his buddy's jobs went to China. And I watched my dad – it was really hard for him and my family. And I learned, watching him, his job wasn't just about a paycheck. It was about dignity. Having a decent job in manufacturing gave my family a middle-class life but gave my dad dignity. And what happened to him all those years ago was, of course, a part of a larger American story, a story of America's declining investment in our workers and our economy and our manufacturing base.

So when the President, or President-elect, asked me if I would serve in this role in his Cabinet, I said yes with excitement because I want to play a role in revitalizing America's manufacturing base, America's economy, and create more good middle-class jobs right here in America. And you all know the story. During the '80s, or starting in the '80s, manufacturers started shipping production overseas in search of cheap labor. And in the 40 years since then, our manufacturing sector, our workforce, and innovation have atrophied consistently because of lack of investment.

Now, you all know. You all run successful businesses. You know to run a profitable business you have to invest in your core strengths, systems, and people. Well, the same thing is true for our country. For America to compete on the global stage, we need to invest domestically in our strength – our workforce, our businesses, our small businesses, and innovation. I'm looking at my pal Steve Case when I say innovation.

So today I'd like to, if you'll permit me, go through the four key areas that the Department of Commerce is going to do to focus on just that. First, we're going to focus on diversifying our supply chains and revitalizing American manufacturing. As we've let our manufacturing base shrink and move overseas, we've also exposed ourselves to supply chain vulnerabilities. The photographer who took my photos ahead of time said: When am I going to be able to buy a car? [Laughs.] We all are seeing the manufacturing – you know, the lack of manufacturing, and the bottlenecks in supply chains.

Listen to this: 25 percent of small- and medium-sized manufacturers have disappeared in this country over the past 30 years. They're gone. All the little toolmakers and electroplaters in Rhode Island, gone. And the same is true all over the Midwest. So today we're seeing the impacts of that vulnerability all across our supply chain. Bottlenecks of homebuilding materials. Any of you renovating your house know that now. Shortages of electronics, and batteries, and pharmaceuticals. Demand is surging, and these problems are only going to become more acute.

Of course, this is most acute in a product which is the building blocks of our digital economy – semiconductors. Our lives are – can't run without semiconductors. Our phones, our cars, our medical equipment. We created the semiconductor industry in the United States of America not that long ago. Not that long ago we produced 40 percent of all the world's chips. Today we produce 12 percent of all the world's chips. We produce zero percent of the leading-edge most sophisticated chips in the United States of America. That is an alarming statistic. And we have to get to work now. That presents a national security problem and an economic security problem.

Since I've been in office, at the President's direction I've been working on this problem, convening stakeholders in the semiconductor industry, reaching out to them to try to find solutions. I'm working hard on the Hill to have them establish a robust supply chain resiliency office within the Department of Commerce, which would allow us to monitor all supply chains so we don't wind up in this situation again. I'm pressing Congress to fund the CHIPS Act, which would send \$52 billion to the Department of Commerce so we can stimulate the domestic production of chips.

And all of these are critical investments that the President has proposed to strengthen our manufacturing economy and protect Americans from supply chain disruptions in the future. Forecasts indicate that if we strengthen American supply chains and manufacturing we'll boost GDP by up to \$460 billion and add a million-and-a-half jobs in America. Which leads me to my second goal, which is workforce.

I hear from businesses all the time that they're struggling to find workers with the skills they need. We need to prepare our American workers to meet the demands of our modern, digital, data, tech-driven economy. And the fact is, we have, as a country, been underinvesting in worker training for a long time. We spend a fraction of what other countries spend on apprenticeships and workforce development. This is an area that I focused greatly on when I was the governor of Rhode Island. When I took office, Rhode Island, like a lot of states, had a what I call train and pray model. Train people in what you think they need and pray they get a job.

We changed it. We reached out to business, partnered with business, and we changed it to train and hire – resulting in the lowest unemployment rate in Rhode Island in a generation. So we want to work with you. The President's calling for investments in apprenticeships and job training in his Build Back Better Act. And I want to work hand in hand with business to make sure that these are effective, in partnership with the Departments of Labor and Education.

For the first time in the Commerce Department's history, earlier this year I launched our own grant program that – to invest in industry-led apprenticeships and workforce training efforts, with a focus on equity, to make sure women and people of color are not left behind. And the truth of it is, we need your leadership. This is an area where businesses have to be at the center of the table – not just at the table. We need your help to design effective job training curriculum and initiatives. And we need you to hire these folks.

Look, if somebody has the guts to get retrained mid-career, we need you to commit to hiring them – assuming they're competent and have the skills that you need. Seventy percent of Americans don't have a four-year college degree. So if you're going to keep hiring the traditional way, of checking a box, and looking for the four-year college degree, I need you to think about changing that model so everybody can have a job – if they have the skills and competencies that you require.

Our third objective at Commerce is to enhance our innovation economy and make sure it reaches every corner of America. America has the world's best universities, research centers, entrepreneurs. And we are attracting talent from all over the world. Entrepreneurs from all over the world want to set up their companies in America. But here's the reality: We're falling behind. To have innovation, innovation rests upon the foundation of research and development – period. And over the last few decades, this country's public investment in research and development is declining precipitously. We don't lead the world anymore. We no longer lead the world on important research and development and scientific progress.

China's growth rate in research and development spending is more than three times that of the United States of America. And we have fallen to 10th place as a percent – as R&D as a percent of our GDP. It's just a fact. If we want to remain at the forefront of innovation, we must expand R&D investments so that we can move innovations from the lab to the marketplace at 21st century speed. The President's Build Back Better Act calls for big investments in the National Science Foundation, upgrades in labs across the country, and expansions of climate change innovation.

It also will send a record amount of money to the Department of Commerce to invest to make sure every American has access to high-speed, affordable broadband. COVID showed us all broadband is not a luxury. It's required to do your job, go to school, and see the doctor. Thirty million Americans lack broadband. Thirty-five percent of Americans in rural areas don't have high-speed broadband. If we want to compete on the global stage, we need to close the digital divide.

It's also true that we have to make sure that our innovation isn't just in a few places. It's got to get everywhere in America. Once the House passes its version of the U.S. Innovation and Competition Act, they'll be sending \$10 billion to the Department of Commerce to invest in regional tech hubs across the country. We need to make sure that AI, robotics, quantum computing, biotechnology is happening in the heartland of America, not just – no offense – D.C., New York, Boston, Silicon Valley.

Those markets don't corner the market on entrepreneurship. They do corner the market in capital. And so as part of my mission in investing the regional tech hub money, it's to get, spread innovation throughout America. It also means we need to invest in a clean energy future. If we have any hope of getting to net zero emission by 2050, we need to improve our innovation because it depends upon technologies that don't even exist today.

Underpinning everything that I'm talking about and everything that we will do is the value of equity. And I mean that very sincerely. The truth of it is, our economy cannot fully recover unless everyone can fully participate. That means women. That means people of color. That means people who live in rural districts, in tribal lands, and every place in America. And it means businesses committing themselves to equity as a core business strategy – not just an HR function, not just a diversity taskforce.

The fact is racial and gender diversity improves a company's bottom line. You know that. Cashflows for diverse companies are more than double that of companies with less diverse workforces. Companies with women in leadership perform better, make wiser decisions, and have been found to increase profit margins by almost 50 percent. But yet, women are still excluded from the C-suite, earn 82 cents on the dollar for every dollar men earn – even less for women of color. When women start businesses it's harder for them to access capital. We still have 2 million women out of the workforce – who fell out of the workforce during COVID because they can't access childcare. If we want to tap into the full productivity of America, we have to provide childcare and care for our elderly and disabled loved ones. We have to make diversity a competitive advantage.

Which leads me to my final point: Ensuring that Americans' businesses can compete globally. I have no doubt – there is no doubt that when American businesses have a fair shot at accessing global markets and receive fair treatment from foreign governments, our economy is enhanced by foreign competition. But the reality is American businesses shouldn't have to compete against foreign governments. We know China undercuts American companies by engaging in anti-competitive, coercive activities, denying us access to their markets, flooding our markets with overly subsidized products into the U.S. market. We know China, Iran, Russia, and North Korea misuse American technologies and are directing cyberattacks against our companies.

All of this threatens our economic and national security. And I want you to know that at the Commerce Department we have powerful tools to help level the global playing field and advocate for American businesses. And we plan to use them to the greatest extent possible to level the playing field for American businesses and make sure that we can access foreign markets. We're going to enforce export controls, set cybersecurity standards, and protect your IP. And we'll do all this working closely with our allies who share our democratic values, protecting open data flows, and creating standards for critical and emerging technology.

I heard a statistic recently, which is jarring, if you think about it. For the first time since the Second World War the GDP of autocracies has outpaced the GDP of the world's democracies. So that means partnerships with countries that share our values are critical. In

fact, I'll be leaving here to go to Pittsburgh, to be one of the chairs of the U.S.-EU Trade and Technology Council.

So I'm going to end with this. And it's something that the President tells us all the time. In a very real and profound way we are at an inflection point as a nation. And we have choices – business and government. We have choices before us which will determine what happens to our country, our democracy, our capitalism at this point in our nation's history. If we tap into America's greatest strengths – our unrivalled innovation, our diversity of talent, our amazing universities, our top-notch entrepreneurs, our strong relationships with our allies who share our values – then we'll win. We will out-compete.

And that is what we will do at the Commerce Department, working in partnership with business leaders like you to rebuild America, to invest in our workforce, to invest in our communities, and to invest in American industries. The truth is, so many of the problems in our country right now have been created and exacerbated by income inequality. If we don't meet the demands of this moment, then that inequality will get worse, and I think the divisions we're facing in our economy, in our communities, in our politics will deepen.

So as we recover from this pandemic, now is the time for business and government to work hand-in-hand to rebuild our economy. Now is the time to prioritize investments in our supply chains, our workforce, our innovation – all while ensuring equity. And if we do this, if we make these investments, then our democracy will be stronger and our economy will be more competitive now and in the long run, for decades to come. And if we don't, I really do believe that both will decline at a time when democracy and capitalism are being challenged all around the world.

So today I'm here, filled with excitement, to ask you, the business community, to partner with our administration and to partner with me and my team in the Department of Commerce. Give us your ideas. Work with us. Help us to make these investments that will enable America and your businesses to compete in the 21st century on the global stage. So thank you for having me. [Applause.]

MR. RUBENSTEIN: OK. Thank you. So you've had to come to Washington during a COVID period of time. What's it like moving from Rhode Island with the family, to move here and get adjusted in schools and houses? How did that all work out?

SEC. RAIMONDO: Surprisingly well, I have to say. Everyone we've met here has been incredibly friendly. The President saw my daughter. I have a daughter who's entering her senior year in high school, which is a tough time to move. And he saw Ceci the other day and said, oh, I'm sorry I made you do that. But they're doing great. They're flourishing. And, you know, we're all excited to be down here. We're living in Georgetown and the community's been terrific.

MR. RUBENSTEIN: And what's the difference between being governor of the state of Rhode Island, which you were for six years, and being a Cabinet officer? In Rhode Island – it's like king of the hill – queen of the hill. You're in charge of everything. Here you've got a lot of

other people in the Cabinet. And some people on Capitol Hill think they're important too. So what's it like?

SEC. RAIMONDO: So I'm quite sure the Rhode Island legislature never thought that I was the queen of the hill. In fact, they – [laughs] – made it their business to make sure I knew that I was not queen of the hill. Which is to say that as a governor I spent an enormous amount of time, you know, moving my agenda by working with the legislature – huge amount of time – across the aisle with people I didn't agree with. And I think – and so that part, you know, talking to senators. As I said, I was very involved in the infrastructure negotiations. I know how to do that. That's very familiar to me. I take to it a real respect. You know, I think it's so important to respect folks on the other side of the aisle. So I enjoy that. It's good.

I mean, look, it's bigger. You know? It's bigger. I work in an office building with 2 million square feet. I'm not sure Rhode Island state government had 2 million square feet. So, but, you know, there are differences but fundamentally making the case to Congress, making the case to the people, reaching out to the business community is all very familiar to me and it's what I enjoy doing.

MR. RUBENSTEIN: So have you been running the department remotely a bit, for a while? Now is everybody coming back? And what's your policy going to be – everybody that comes back they have to be vaccinated? Or how does it work?

SEC. RAIMONDO: So we are still primarily remote. I have been here. My team in the secretary's office is all in the office. Mostly the career staff are welcome to come. They're invited to be here. They need to be vaccinated. And it's a slow trickle.

MR. RUBENSTEIN: OK. Let's talk about the –

SEC. RAIMONDO: Which is very hard, right? It makes it hard to team build. I have an office that holds thousands of people. Sometimes I just walk around trying to find people, say hello. [Laughs.] And it's difficult.

MR. RUBENSTEIN: Well, let's talk about the department for a moment. The department is a hodgepodge, some people might say, of many different things. Used to be called a Noah's Ark, or whatever you want to say. Were you shocked or surprised at how many different disparate parts of the Commerce Department there are?

SEC. RAIMONDO: I sure was. As I said, when I talked to the President-elect about doing this it was a lot about manufacturing, supply chains, export promotion. And then after I took the job I started studying. And I realized I have the Weather Service, NOAA, and Census. So I've learned a lot.

MR. RUBENSTEIN: OK. When you have the Weather Service can you call them in the morning and say, what's going to happen? Or do they give you special insights?

SEC. RAIMONDO: [Laughs.] About a month ago I had to go home for a wedding. And I texted a friend of mine and said: What's the weather in Rhode Island this weekend? And she wrote back, don't you run the Weather Service?

MR. RUBENSTEIN: So if you want to say a hurricane is occurring a certain place, you can do that? Or no, you can't do that?

SEC. RAIMONDO: No. No, no.

MR. RUBENSTEIN: All right.

SEC. RAIMONDO: No political interference with career staff work.

MR. RUBENSTEIN: So let's talk about the infrastructure bill. You've been heavily involved in that. And it appears that on Thursday of this week the speaker of the House is going to call for a vote. And presumably she's not going to call for a vote if she doesn't have the votes. At least, that's the presumption. So do you think that maybe after – you know, after a year of working on this it will probably happen now?

SEC. RAIMONDO: I do. I'm optimistic. You know, as I said, I've worked with legislators for a long time. It's not done till it's done. But we're feeling optimistic.

MR. RUBENSTEIN: So you – let's suppose it passes the House. Then it doesn't have to go back to the Senate because it's identical. So it becomes law, the President will sign it. So broadband has about – is it about \$55 billion?

SEC. RAIMONDO: It's \$65 [billion] in total, and about \$45 [billion] comes to the Commerce Department.

MR. RUBENSTEIN: So normally broadband, which you talked about in your remarks, is something that a cable company would build out or a telephone company build out, your access to the internet or broadband. Why does the government need to get in the middle of putting money into this? And who really controls it? Is Commerce Department going to tell the companies what to do, or you tell state governments? Who's going to decide where this money goes? And why are – will the private companies benefit from this influx of money?

SEC. RAIMONDO: Yes, all good questions. So as I said in my remarks, it's – America's behind, you know? Tens of millions of Americans don't have broadband, particularly in rural areas, tribal areas, or in places like Rhode Island. It's not rural. It's not so much an issue of access as affordability. And so we do – the market isn't accomplishing what needs to be accomplished, which is every American having broadband.

So the \$45 billion is coming to the Commerce Department. We're going to put that out through a grantmaking process to states, and work with states with a focus on the unserved. So the good news is, the FCC's maps are now pretty good. We know where there's lack of coverage for whatever reason – it's too expensive to have it built out, it's expensive to lay fiber,

et cetera. On the basis of, you know, where there's no service, we're going to make investments which could go to big companies, could go to municipal co-ops. It could go to consumers if it's just an issue of affordability not an issue of fiber. But the bottom line is, my goal, my mission, is every American has broadband at their house that they can afford. And we're going to work flexibly on a state-by-state basis.

MR. RUBENSTEIN: So have you ever noticed, if you're in a foreign country you can call somebody from there to the United States, the cellphone coverage works perfectly. If you're – if I'm driving from Dulles to downtown Washington sometimes it doesn't work. So you're going to fix that, right?

SEC. RAIMONDO: I'm on it. I have to – I'm not going to tell you exactly where I live but, as I said, I'm in Georgetown, in the capital city, and I can't use my cellphone in my house.

MR. RUBENSTEIN: OK. So we're going to fix that. That'll be good. So let's talk about some other things going on with Capitol Hill. They're very busy these days. So are you shocked that the debt limit is a barrier between the Democrats and Republicans? And what's going to happen here?

SEC. RAIMONDO: I'm not shocked because I've been in elected politics for 10 years. But it's inexcusable. I mean, by the way, I've called a dozen CEOs. And they've all come out publicly – you know, CEO of Amazon, Walmart. Every CEO I've asked has said: This is ridiculous. We've raised the debt limit I think 65 times in the past few decades. It doesn't allow us to spend more money. It just allows us to run the government. It's pure politics. You know, it's been done on a bipartisan basis. Republicans voted for it in 2019.

So I don't know what will happen. I hope – this should be a no-brainer. This should be done swiftly, across party lines, so the world can see our government functioning. But will it? I don't know. I don't know what will happen.

MR. RUBENSTEIN: Should we even have a debt limit? I mean, isn't it kind of antiquated? Most countries don't have a debt limit. Is there any need for a debt limit at this point?

SEC. RAIMONDO: I think it should be seriously looked at, because this brinksmanship that we go through, and this political theater we go through every time is obviously – you would not run your businesses that way. And I do feel very strongly about what I said. I mean, it's not an exaggeration to say the world is watching. The world is watching to see whether our democracy and our democratic institutions and our government can function.

I was in Europe in June with the President. And they're wondering, is America back? Can you get things done in a bipartisan basis? And if we can't even raise the debt limit on a bipartisan basis –

MR. RUBENSTEIN: What do you tell these people in Europe when you're there and they ask you these questions?

SEC. RAIMONDO: I say, yes, we are. Stay tuned. We're about to pass the bipartisan infrastructure framework, and we're going to get the debt limit raised, and we're going to get big things done.

MR. RUBENSTEIN: OK. So infrastructure bill is probably going to pass, let's say. Debt limit will eventually get taken care of. But, by the way, on that, what I don't understand – and maybe you can explain to me through your background in politics – why we just – that the Democrats have the votes to pass the debt limit. All they have to do is get 51 votes. They have 51 in the Senate. They have enough in the House. Why just don't – they just don't – Republicans let them vote for it?

SEC. RAIMONDO: The Republicans could, you know, force it to a filibuster, which would – we need this to be done swiftly. I think Janet Yellen said like mid-October this becomes a problem. But also, this should be done quickly on a unanimous vote. So I think that – I give President Biden a huge amount of credit. He believes in bipartisanship. He knows in his – in his soul, in his bones he believes in it. He respects Republicans and he's constantly coaching us and his team to work with Republicans. But he also knows the world needs to see our democracy working.

MR. RUBENSTEIN: All right. So we also have on Capitol Hill the ability to keep the government functioning, which is to extend the government's spending bills. Do you think that's going to pass as well? Or are you preparing for a shutdown?

SEC. RAIMONDO: I think both. I think yes, it will happen. But we're preparing for a shutdown. So I do think it will happen. I think it'll go up to the wire, unfortunately. But of course, we're getting prepared. Again, not any – all could be avoided. Bad for the markets. Bad for the economy. Bad for – businesses need and deserve some stability. And I just – I just wish Congress would kind of do the right thing, without regard for their own kind of selfish short-term politics.

MR. RUBENSTEIN: So when you talk to Republican members in private do they ever say things that they don't say in public to you? Or that never happens?

SEC. RAIMONDO: Of course. [Laughs.] Of course. By the way, when I was the treasurer of Rhode Island, I ushered – I was a Democrat. I am a Democrat. I ushered through a huge public pension system reform. And I was trying to whip votes in the legislature. And I'd go talk to Democrats and say: Will you vote for this, the pension reform? And they would say, listen, I know you're right. I know we have to do it. I know it's going to bankrupt our cities and towns. They'd say that. But I'm not going to vote for it because I'm afraid. I'm afraid of the politics. And I – we eventually got it done by a huge vote. But I would say to them what I say to these senators, which is, like: You came here to do a job. Do the right thing. And if you are booted out, wear it as a badge of honor. But I don't think you will be if you produce results.

MR. RUBENSTEIN: So we have another bill on Capitol Hill, which is the budget reconciliation bill, the whole complicated – the \$3.5 trillion bill, and so forth. Is the President prepared to take less than \$3.5 trillion?

SEC. RAIMONDO: The President's prepared to compromise. I think Speaker Pelosi said the other night, you know, it seems self-evident that it's not going to be the full \$3.5 trillion. But from the beginning the President has said: I'm open to compromise. He just won't compromise on two things. He won't raise taxes on people making less than \$400,000 a year and he won't access inaction. So, you know, doing nothing is what the President won't accept. But compromising? Yes.

MR. RUBENSTEIN: OK. So if the bill is less than \$3.5 trillion, whatever the number is, would the taxes that are necessary to pay for that be presumably less than in his original proposal?

SEC. RAIMONDO: Correct.

MR. RUBENSTEIN: So all the taxes may be less in some way. We don't know yet what they will be. OK. And let's say the bill doesn't pass. Is there any chance you think there won't be some kind of budget reconciliation at some point? Or you think there will be some reconciliation, some compromise –

SEC. RAIMONDO: I think there will be. You know, as I'm sitting here on Tuesday afternoon, I think this – I think something big will happen.

MR. RUBENSTEIN: OK. So when you talk to corporate CEOs, and they say, well, we have a corporate tax right now of, let's say, 21 percent. The President's proposal is to increase it. Do they say, look, we don't mind having a corporate tax rate – we can't say that publicly – but we expect some increase?

SEC. RAIMONDO: Yes, some of them do. Most of them do. You know, what I have heard is, gosh, do you have to go all the way up to 28 [percent]? You know, we know 21 [percent] is too low. We know we need to raise revenue. How would you feel about 25, 26 [percent]? You know, people have a different number. Some people have issues with the – [inaudible] – going up as high. But everyone I have heard from has said: We want universal broadband. We want investments in apprenticeship and job training. We want better infrastructure. We want childcare and paid leave. Climate change, you know, we have to make investments in climate change. So then the question becomes, well, how much investment and how do you pay for it? But I have not heard from a business executive who says it can't; it cannot go a penny above 21 percent.

MR. RUBENSTEIN: OK. Let's talk about Europe. You're going to meet with some European leaders in Pittsburgh later today. Are we going to have a trade agreement of some type with Europe that's beyond what we already have as a way to kind of counter what's going on with China? Or it's too early to say what you're going to get out of the agreement?

SEC. RAIMONDO: That's a really good question. At the moment, I have two big areas of focus with the Europeans. One is to see if we can resolve the 232 steel and aluminum tariffs. That has created tremendous tension in our relationship.

MR. RUBENSTEIN: Yes, tariffs on our allies on steel and aluminum, makes them not happy.

SEC. RAIMONDO: Exactly, not happy. Yeah. National security tariffs on our allies, sending them steel. They feel offended that we call them a national security threat. So I'm trying to deal with that.

MR. RUBENSTEIN: And you're doing it in Pittsburgh because that's where the steel people are?

SEC. RAIMONDO: [Laughs.] I'm doing it Pittsburgh because it's – I chose Pittsburgh, actually, because I wanted to show, as I said in my comments, tech needs to be everywhere in America – not just New York, Boston, Austin, Silicon Valley. And Pittsburgh is a great story of a community that has built up based upon their tech, and AI, machine learning, and biotech. In any event, we have – we've got some work to do with the Europeans to get past this irritant. Also, they are contemplating some really challenging regulations of our tech platform companies, their Digital Markets Act, which I need to express strongly to them our reservations about that.

MR. RUBENSTEIN: Well, they seem to be imposing taxes on some of our big tech companies and other constraints and so forth. So I guess you're arguing against that.

SEC. RAIMONDO: Strongly, yeah. But in order to – let's just say it. You know, like, President Trump and the last administration didn't treat our allies well. I've got some – I have to make up for that. You have to smooth that over to regain some trust before we can get to Digital Services and Digital Markets Act.

MR. RUBENSTEIN: Are the French showing up at this meeting?

SEC. RAIMONDO: They are, but it was in doubt, but it's all happening.

MR. RUBENSTEIN: OK. So let's talk about some tariffs that were imposed on China. By the way, do you know who actually pays tariffs? Is it the American people that pay them or is it the Chinese that pay these tariffs? President Trump always said that the tariffs were paid by the Chinese, but isn't really the consumer that pays the tariffs?

SEC. RAIMONDO: Oh, yes, sorry. I wasn't sure where you were going with that. Yeah.

MR. RUBENSTEIN: So, yeah. So the tariffs that we have imposed, and actually American consumers are really paying these tariffs, right?

SEC. RAIMONDO: Yeah. Yeah.

MR. RUBENSTEIN: So why are we keeping the tariffs on? They were imposed by President Trump, and then he had some trade agreements. So why don't we get rid of the tariffs? Isn't that an irritant with the Chinese?

SEC. RAIMONDO: OK. So, look, tariffs are a tactic, not a strategy. Tariffs are one tool in our toolbox. We need to kind of step back and have a strategy with respect to China, which is to say they are not abiding by the phase one purchase agreements – not even close. I don't know if Boeing is here, but, you know, there's tens of billions of dollars of planes that Chinese airlines want to buy, and the Chinese government is standing in the way of it. So in any event, we – the Chinese need to play by the rules. They need to – we need to hold their feet to the fire and hold them accountable.

If that can't happen, then we'll have to look at, you know, other measures, more aggressive measures. But right now, fundamentally we need a robust commercial relationship with them that does not hurt our national security. We need a level playing field. And they need to follow the rules. And so, you know, we need to pursue that strategy.

MR. RUBENSTEIN: The U.S.-China relationship doesn't seem to have gotten much better since President Trump left. It wasn't probably that great when he left, but it seems as if this administration has a – some would say a hardline policy with China. I don't know if you would agree with that characterization. But do you see anything in the offing that would make you think we're likely to get a closer relationship with China on commercial or other matters in the near future?

SEC. RAIMONDO: I don't think we're hardline so much as – look, we're hardline as it relates to our national security. You know, for example, with export controls, an area within my purview, we cannot let China have access to our most sophisticated semiconductor equipment and designs, period. Like, that's a national security red line. So if that's a hardliner, then that's where we are. Having said that, like I said, we want to do business in China. And they need to, like, allow that happen – respect our IP, allow us market access. And we're going to – we're going to fight for that.

I believe, more important than any of that, is investing in America. Everything – tariffs, export controls, entities list – that's all defensive. It's important. It protects our security. We need to get on offense. We need to – like I was saying, our R&D needs to increase. Our innovation needs to increase. Our workforce needs to be trained. We can't even use our cellphones. We need to invest in our broadband. So we need to run faster in America, be more competitive in America, by expanding our domestic capacity.

MR. RUBENSTEIN: You talked earlier about the supply chain. So during COVID we all realized how dependent we are on China for health-care supplies, let alone other parts of our supply chain. Do you think if we had another terrible thing like COVID-19 break out again as severely as it did a while ago, that we are in better shape now on the supply chain in terms of health-care supplies? Or do you think we're basically where we were a year ago?

SEC. RAIMONDO: Yeah. We're a little better, but not near where we need to be. I'll tell you, as a governor, I was up all night long literally dialing around the world to try to get my hands on ventilators for my state. And every call was made to China or Vietnam. And it is a scary place to be. So as I think I said, in one of the packages that's before the House right now they're contemplating setting up within the Commerce Department a supply chain resiliency office, so

that we can monitor supply chains. We don't have a sophisticated way to monitor supply chains in America so we can invest in manufacturing and making sure that for things like health care, APIs, semiconductors, we make it in America. So I would say, no, we're not meaningfully better than a year ago. But if I do my job right, a few years from now we will be meaningfully better.

MR. RUBENSTEIN: Now, some of your predecessors used to take U.S. businesspeople, and they would take them abroad on the trade missions. Now because of COVID and other things it's harder to do that. But is that something you would ever consider doing? Or you want them to actually manufacture more here and not spend so much time overseas?

SEC. RAIMONDO: I will do some of that. I look forward to doing some of that. As I said, part of my job is promoting American exports around the world. But I feel, and the President feels, what the moment calls for now is, like, a domestic focus. So, yes, I want them – I want them investing here. If the CHIPS Act passes, when it passes, it's \$52 billion that the Commerce Department has to invest to stimulate domestic production of semiconductors. I need to get that right. And in fact, just sitting here, if you think about it, the Commerce Department is about to get \$45 billion for broadband, \$50 billion for chips, \$10 billion for tech hubs. I know as a governor, that doesn't implement itself. So I have to – we really have to nail that.

MR. RUBENSTEIN: So on the infrastructure bill, a couple questions about that. You were involved in negotiations of it. It's not really paid for in a traditional sense. We're not increasing taxes to pay for the infrastructure bill. Is that right, or it's not paid for in a traditional CBO sense, where there's revenue definitely coming in to pay for it?

SEC. RAIMONDO: Well, there's no increased revenue. We believe it is fully paid for through use of some unused emergency funds, some limited user fees, et cetera.

MR. RUBENSTEIN: Right. But not by tax increases.

SEC. RAIMONDO: Not by tax increases.

MR. RUBENSTEIN: OK.

SEC. RAIMONDO: Yes.

MR. RUBENSTEIN: And right now – there used to be a phrase in Washington years ago called “shovel-ready,” which meant we're ready to really use that infrastructure money to get something done. It turns out there weren't that many shovel-ready things. But do you think there are a lot of shovel ready things? If this infrastructure bill passes, are we going to see more money coming out quickly or it's going to take a long time?

SEC. RAIMONDO: I do. I think we've been waiting so long for this to happen that there are shovel-ready projects. By the way, I know that from my experience as governor. We have shovel-ready projects. Every governor is getting ready for shovel-ready projects. But also, I would say a lot of the money isn't for the shovel-ready project. For example, broadband. You

know, we have the maps. We know where there is no broadband. We could get to work right away. This supply chain resiliency office, we need to set that up right away. So there's – the electric vehicle charging stations. We can move out on that right away. And, you know, the President is saying to us: I don't want talk. I want action. So I think we feel the sense of urgency to deliver on that.

MR. RUBENSTEIN: So the business community was thought by some to be against the view that there was climate change. At least some people in the energy industry were maybe against it for a while. Maybe they're not now. Is it your experience when you talk to businesspeople that they say: Yes, I do agree there is climate change, and we should do something about it? And how worried are you about climate change overtaking our ability to do something about it?

SEC. RAIMONDO: I'm extremely worried about climate change, and that we've moved too slowly for too long. I don't know any business – I have not interacted with any businesspeople who deny climate change. More so I'm interacting with semiconductor companies who've had to close their factories because of wildfires, or floods, or once-in-a-generation storms. Federal government spent \$100 billion last year on disaster relief for climate-related events. And as I said in my comments, you know, the only way we're going to achieve the net zero emission target that the President has set out, and that many business leaders have signed onto, depends on us relying on technologies that don't even exist today.

So the good – but the good news is this all jobs. When you hear “climate change” you should hear “jobs.” That's what I hear, you know? Green economy, green technologies, innovation – jobs, jobs, jobs. Question for us is, will they be jobs in America, or will they be jobs in China? So climate equals jobs, equals our kids' future. And we have to act urgently.

MR. RUBENSTEIN: So as a result of dealing with all these businesspeople from all over the country, do you have a higher view of the business community than you did before or a lower view?

SEC. RAIMONDO: [Laughs.] I always had a high view. You know, I ran a business for a dozen years. I would like to say to you, my six years as governor I worked extremely well with all the businesses in Rhode Island. Some of the best work we did was in partnership with business. And so I hope to – I hope to do that with you. We have a lot of work to do together, and I look forward to that engagement.

MR. RUBENSTEIN: Any regrets about moving from Rhode Island, from being queen of the hill or whatever you were, to coming down here, or not?

SEC. RAIMONDO: [Laughs.] No buyer's remorse yet.

MR. RUBENSTEIN: OK. Now, there was a previous Secretary of Commerce who later became President of the United States. That wouldn't be something you would ever think about, right?

SEC. RAIMONDO: That would be, what, Herbert Hoover?

MR. RUBENSTEIN: Right.

SEC. RAIMONDO: No. I'm happy right where I am. [Laughs.]

MR. RUBENSTEIN: OK. And your children are happy that they've been relocated?

SEC. RAIMONDO: Surprisingly, they are. Of course, that's what I worried about. When I entered politics I said to my husband – we agreed, if this is bad for the kids, we're out. It's been good for the kids. My children – I'll give you a sense, though, of what I deal with at home. Today my son, who's 14, was reading The Wall Street Journal. And, you know, big cover story on the congestion in the ports. And he came to me and he's like, Mom, another thing you're not getting done. [Laughs.]

MR. RUBENSTEIN: OK. Well, I don't know if I can top that. [Laughter.] But the final question would be, so when you're Secretary of Commerce and you have a good idea or you want to talk to the President of the United States – we haven't really had a lot of Cabinet officers in person because we've been doing COVID. But what's it like to deal with President Biden? Do you just call him up on the phone and get him on – anytime? Is he easy to get a hold of? Or just call him up and just go see him whenever you want, or?

SEC. RAIMONDO: I would say call him up and see him whenever you want. He's very accessible. I see him a few times a week. We were together on Friday hosting the leaders of India and Australia and Japan. I love working with him. He's totally sincere and incredibly kind to my children. I think he likes my kids better than me. And he feels the weight of the moment, I'll say that. You know, when I'm saying to you all democracy is on the line, he believes it. And so his thing to me – he calls me "Gov." He's, like, Gov, you got to get past the rhetoric, and we need some action. So I find him to be very approachable and very humble.

MR. RUBENSTEIN: Gov, I want to thank you very much for a very interesting conversation.

SEC. RAIMONDO: [Laughs.] Thank you, David.

MR. RUBENSTEIN: Thank you very much.



The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce

Gina M. Raimondo serves as the 40th U.S. Secretary of Commerce and was sworn in by Vice President Kamala Harris on March 3, 2021. As Secretary of Commerce, she is focused on a simple but vital mission — to spur good-paying jobs, empower entrepreneurs to innovate and grow, and help American workers and businesses compete.

Secretary Raimondo was formerly the 75th Governor of Rhode Island and its first woman governor. She grew up in Smithfield in a tight-knit Italian-American family, the youngest of Joseph and Josephine Raimondo's three children. Her family history and her childhood experiences shaped her core beliefs in hard work,

opportunity for all, and the importance of financial security.

After arriving from Italy at age 14, Secretary Raimondo's grandfather learned English studying in the Providence Public Library and later lived with her family. Her mother was a homemaker, who dedicated her life to teaching her children about the importance of hard work and determination. Her father was a World War II Navy veteran from a family of butchers and became the first in his family to attend college thanks to the GI Bill. After working for 26 years in manufacturing, Joseph lost his job along with hundreds of others when the factory moved overseas, and the Raimondo family lost their sense of financial security.

As a teenager, Secretary Raimondo rode a public bus to LaSalle Academy in Providence, where she was valedictorian of her graduating class. She went on to graduate with honors from Harvard, where she was recognized as the top economics student in her class. She won a Rhodes Scholarship to Oxford University where she earned a doctorate and met her future husband Andy Moffit. She later graduated from Yale Law School. Secretary Raimondo clerked for US District Judge Kimba Wood and served as founding employee and senior vice president at Village Ventures.

Wanting to start her own business and be close to family, she returned home to Rhode Island and founded Point Judith Capital, a venture capital firm. In November 2010, Secretary Raimondo was elected to serve as General Treasurer of Rhode Island, receiving the largest number of votes of any statewide candidate. When she took office as General Treasurer, she tackled the state's \$7 billion unfunded pension liability. Secretary Raimondo was sworn into office as Governor in January 2015 and won a second term in 2018. She also served as chair of the Democratic Governors' Association in 2019.

During her time as Governor, Secretary Raimondo kick-started the state's economy and made record investments in infrastructure, education, and job training. She focused tirelessly on

creating economic opportunities and good-paying jobs for all Rhode Islanders. Early in her administration, she launched an innovative workforce development program that develops business-led partnerships to address unique workforce challenges.

Secretary Raimondo is married to Andy Moffit and they have two children, Ceci and Tommy, and a rescue dog, Sparky.