

A transcript for
The Silicon Valley Leadership Group
Seventh Annual CEO Summit: Business Climate 2010
Panel Discussion Two of Three
James MacGregor, Publisher, *Silicon Valley / San Jose Business Journal*, Moderator
Held at the Rosewood Sand Hill Road, Menlo Park, California
April 19, 2010

Panel members in the order mentioned by Mr. Boyd:
Arnold Schwarzenegger, Governor of California
Kim Polese, CEO, SpikeSource
Tom Werner, CEO, SunPower
David Cush, CEO, Virgin America

1 **Mr. Guardino:**

2 ... Please join me in welcoming to the podium the CEO of Kaiser Santa Clara, Mr. Chris Boyd.
3 (applause)
4

5 **Mr. Boyd:**

6 I am honored, along with my colleagues at both Kaiser Permanente Santa Clara *and* San Jose, to
7 introduce this next panel, which includes our solutions-oriented governor, Arnold
8 Schwarzenegger, who has been an early and forceful advocate for comprehensive healthcare,
9 health reform, both here in California, and across the United States.

10
11 This panel is focused on California's competitiveness, to discuss concrete solutions to some of
12 our state's most pressing problems. Our panel will be moderated by the publisher of the *Silicon*
13 *Valley Business Journal*, Mr. James MacGregor.
14

15 The panel consists of three CEOs from diverse clusters of Silicon Valley's economy: Kim
16 Polese, CEO of software company SpikeSource; Tom Werner, CEO of SunPower; David Cush,
17 CEO of Virgin America; and our special guest on the panel, one of the most recognized names
18 on the planet, an emigrant to America, a world-champion body builder, an entrepreneur and
19 successful businessman, an actor and producer, a philanthropist, and the chief executive of the
20 eighth-largest economy in the world, the State of California. Please join me in a Silicon Valley
21 welcome to our Governor, the Honorable Arnold Schwarzenegger. (loud, lengthy applause)
22

23 **Gov. Schwarzenegger:**

24 ...More applause than I get at home!
25

26 **Mr. MacGregor:**

27 Well, good morning everybody. I appreciate you waiting so patiently. Thank you, Governor, for
28 being here.
29

30 **Q:** The first question is specifically dedicated to clean tech and green, and Governor, you
31 signed AB 32 in—actually in—2006. Now there are efforts today, led primarily by Texas-based

32 oil companies, to place a statewide ballot initiative on the ballot in November. And what they're
33 saying is, they want to overturn that act unless there is an unemployment rate that's under 5 ½
34 percent for four straight quarters – challenging these days. In addition, those who seek to replace
35 you in the fall are calling it a “job killer.” Is AB 32 still important? And is it a job killer?
36

37 **A: (Gov. Schwarzenegger)** Well, first of all, let me just say thank you very much for having
38 me here to be part of this very important panel, and I want to thank Carl Guardino, who is sitting
39 right here, who is, you know, the leader of the Silicon Valley Leadership Group, and is the one
40 that has invited me. So thank you very to the whole leadership [group] and especially to Carl for
41 his great work and always being a great, great partner. Let's give Carl a hand for the great job
42 that he is doing. (loud applause)
43

44 And first of all, let me just say that it's great to be back again. I always love coming here, and I
45 think all of you are going to be very instrumental in helping us [push] back on this effort to undo
46 AB 32; because, as you know, Silicon Valley, everyone here has been a great supporter of AB
47 32, and were one of the first ones out there to support... us to sign AB 32, and to get it done, and
48 I think that we got really worldwide attention because of it, because it was such an aggressive
49 move to make a commitment to roll back our greenhouse-gas emissions to the 1990 level, to
50 reduce it by 25 percent by [2020], and then an additional 80 percent by the year 2050.
51

52 I think that I made a promise in 2003, when I ran for governor, that I will make sure that we
53 protect the economy *and* the environment simultaneously, because there...are still people
54 around, sometimes in *my* party, that believe that if you do something environmentally, that if you
55 protect the environment, that that hurts the economy. We have proven since I've come into office
56 in 2003, that you can do both, that you can improve the environment *and* improve the economy.
57

58 Let's not forget that after 2003, until 2007, we created almost a million jobs. We brought the
59 economy back. We brought the revenues back, increased the revenues by \$20 billion, and we
60 reformed workers' compensation to save the State of California \$50 billion, businesses in
61 California, and we made a commitment to rebuild California with infrastructure bonds of up to
62 \$60 billion now. So there was great, great work done in the business area, and in the
63 environmental area.
64

65 In the meantime, we built the hydrogen highway. In the meantime, we approved AB 32. We set
66 the standard of renewables to 33 percent, the highest in the nation, and we made our state 40
67 percent more energy-efficient compared to the rest of the country. I mean there [are] so many
68 great things that were accomplished, including the million-solar-roof action plan, and on and on
69 and on. Low-carbon fuel standard and so on. So we did both. We proved that you can do both,
70 protect the environment and the economy. We only were hit as the rest of the world with an
71 economic slowdown and recession, which happened to be in America here the biggest recession
72 since the Great Depression. So now, of course, they use *that* as excuse, and say, “Well, this
73 recession was created by environmental policy,” which, of course, is totally wrong, and is crazy.
74

75 And who is doing that? Who is now interested in wanting to change that? It's greedy oil
76 companies, but not even from California; from Texas! Texan oil companies...want to change the
77 law here, because they only care about one thing. Definitely not *your* health and *our*
78 environment. They only care about one thing, and that is profits. Money. And we all like money,
79 but money doesn't mean anything if you have an unhealthy environment, and if you're
80 destroying your environment; because it's the most important thing, and I can tell you,
81 [Theodore] Roosevelt said that already 100 years ago, that we have an obligation to hand over
82 our natural resources to the next generation in better shape than the way we have inherited
83 [them]. And I made that commitment, and for someone to say that we lose jobs is crazy, because
84 actually the only job creation we see right now is in the green-technology sector. And so we are
85 very happy about that, that if you go to the solar side, they want to expand. If you go to
86 companies that deal with solar, if it is installing solar or if it is creating solar panels, no matter
87 which direction you look, it's green technology that's creating the jobs, so it's absolutely insane
88 for them [to say otherwise]. So we will push back.

89
90 And I think the important thing is for Silicon Valley not to whine about this, but to just go and
91 put the money up, and let's push back. You know, that's the bottom line. It's all about action.
92 Let's put the money up, and let's push back, and...let's show them, the Texan oil companies,
93 that we are not going to take this just lying down, that we are going to push back. (applause)

94
95 **Mr. MacGregor:**

96 Thank you, Governor.

97
98 **Q:** Tom Werner, can I get your thoughts on AB 32? And how the implementation has gone,
99 and...how it impacts jobs and the economy?

100
101 **A:** (**Mr. Werner**) Yeah, I like the guy with the time signs here. He's actually flashing the
102 governor. Those time signs are for us guys, not him. (applause)

103
104 **Gov. Schwarzenegger:**

105 But I paid attention to it...I looked at it, and I said to myself, "He says, '30 seconds more, and
106 then cut it.'" So I took a minute more, and then I cut it. But I am so used to it, because that's
107 what my wife does with me all the time! She says, "Arnold, you're the most powerful when you
108 don't talk!" So I said, "Okay. Got it." (laughter, applause)

109
110 **A:** (**Mr. Werner**) You know how...you say that, "God! It's a very difficult act to follow."
111 This is literally the case. Well, I'm going to be brief. Trust me.

112
113 I think those same people said that the Internet is a job killer. I mean they're just not looking at
114 the data. This is a job creator, and we're a case in point. Five years ago, we had 30 people. Now
115 we have almost 700 people in the Bay Area. We have thousands of dealers installing solars
116 throughout the state. It's just factually not consistent with what's going on.

118 We owe it a lot to the governor. The governor has passed AB 510....They were going to stop
119 allowing you to turn your meter backwards if you produce solar power. Does that make any
120 sense? He's going to drive through...AB 32, because it's going to create jobs. It's working with
121 the utilities now. They're embracing it, and this is an absolute job creator. We're looking at
122 moving manufacturing to California because of the size of the market that's created by
123 progressive initiatives by this Governor, and very soon, we're going to make a decision. If things
124 go right with a certain city, which we hope [it] will, we'll be announcing something very soon.
125 It's absolutely a job creator! (applause)

126
127 **Mr. MacGregor:**

128 Tom, thank you.

129
130 **Q:** So Governor, in the survey this year, the CEOs said that the K-12 education system is of
131 primary concern. How do you reconcile the budget situation and the recent cuts with the needs of
132 improving education and trying to develop the next generation of teachers, doctors, and
133 innovators?

134
135 **A: (Governor Schwarzenegger)** Well, I think that it's clear that we have been caught with a
136 huge budget crisis, and the crisis is partially because of the economic slowdown that we see
137 worldwide, and also in California. But the crisis is also because we have a dysfunctional system,
138 so it's self-inflicted wounds, and that's why I have been working very hard since I came into
139 office to go and change the budget system. I haven't been successful yet. I've tried it through the
140 ballot initiative, to have our state live within its means. I've tried it through the legislature, and I
141 haven't been successful yet.

142
143 And this year, we try again during the budget negotiations, because what we have—this is a
144 problem that we have—a budget system where we have no rainy-day fund. So when we have
145 spikes in revenues, we have all the special interests putting a lot of pressure on the legislature to
146 spend all of that money, and not to put any money aside. So I've tried to put money aside, but,
147 like I said, I haven't been successful, because there's a tremendous pressure from the outside
148 special interests to spend all the money. So then, when you have a decline in revenues, then you
149 don't have any money to cover it, or to cover at least the most important areas, which *is*
150 education, Kindergarten through 12, higher education, and community colleges, and also some of
151 our most vulnerable citizens, which are the older folks that really can't help themselves. So we
152 should always have money set aside for those kinds of situations. We didn't. And we don't.

153
154 And so it is very important that we go and not continue watching that, those failures, but actually
155 do something about it;...otherwise, we will go on and do the same—make the same—mistakes
156 again. So this is why I have recommended very strongly to fix the budget system, to fix the tax
157 system, and to redo the tax system, because we have the most volatile tax system.

158
159 The reason why we have had last year a \$60 billion deficit was because we are relying so much
160 on income and...capital-gains tax. So what that means is that 53 percent of our revenues come

161 from that source of revenues. And so, when you have a 2.8 percent decline economically in the
162 state, while Wall Street had a crash of 53 or 54 percent. [The Dow Jones Industrial Average]
163 went from 14,000 to 6,500 or so. So therefore, people here invest on Wall Street, so we
164 immediately saw a more than 50-percent decline in that category. So that's why we were wiped
165 out, and we had a \$60 billion deficit last year; and that, of course, again, had an effect on
166 education. Now you have to make cuts in education, and so on. But I have to go back to
167 education.

168
169 The key thing is that we not *just* look at it as a financial thing, as how much money you put up,
170 and *that's* what creates quality education. The problem that we have with our education system is
171 ...that it is set up to satisfy the people that are the adults, and not the children. So everyone is
172 fighting for the adults. This is the problem that we have. So you have seniority amongst the
173 teachers, to protect the teachers, but not the kids. It's a horrible system for the kids.

174
175 Because just recently, one school got 187 pink slips for their teachers. Well, that school will
176 eventually lose these 187 teachers, and another school, like in Beverly Hills, will not lose one
177 single teacher. Well, one is an inner-city school, and we always wonder why kids in the inner
178 cities don't get quite the same education as other schools. Well, that's the reason. They yank out
179 now 187 teachers from that school, because these are young teachers, and then the teachers that
180 have seniority, like in that Beverly Hills school, will stay, and it disrupts this school system, this
181 education system over here, with those inner-city kids; but it doesn't in the other school. So it is
182 unfair and eventually, I know for sure, there will be lawsuits filed, and the ACLU will be filing
183 lawsuits, which have already filed the lawsuits, to get equal education in California, and so forth.

184
185 So we have to go and recognize that we must pay attention to the kids and not just to the adults.
186 The kids are very, very important, and the kind of education that we give our kids today, those
187 are the leaders of tomorrow, and if we give them great education, then they will lead this state in
188 a great way, and in an innovative way; and, if we don't, you know, we will fail, and so I think
189 that if you just think about [it], it's the only system in California that is totally fixed, and there is
190 no competition, because if you're a low-income person, you have no choice there. You don't
191 have the choices [of] someone like myself, [who] says, "I can send my kids to private school."
192 They don't have that choice, so there's no choice.

193
194 And, up until just very recently, if you were in a failing school with your kid, you could not take
195 that child out of that school. Think about that. You needed the signature from the school
196 principal, who wouldn't give you that signature. Why? Because he would lose money, because
197 he is getting paid per pupil. So...it's a fixed system. No competition. We...just changed that law
198 that I just showed you; and now, for the first time, kids will be able to...leave that school that is
199 failing them, and go to another school, or to another school district. But that took years to fight
200 over; and only because...the Obama administration put the pressure on it, and offered money if
201 we make certain changes. We were able to make those changes. There are more changes coming,
202 of course.

204 **Mr. MacGregor:**

205 Thank you.

206

207 **Q:** Kim, a native of the actual Bay Area. You've got a company here in Silicon Valley. You
208 went to Berkeley. Can I get your thoughts on how the education system could be improved, and
209 what you think needs to be done?

210

211 **A:** (**Ms. Polese**) Well, clearly, no silver bullet, and as I'm listening to the governor speak,
212 I'm thinking how fortunate I was. I grew up here in the Bay Area. I went to public schools. Went
213 to Cal, U.C. Berkeley. Got a really phenomenal education.

214

215 And, you know, you look at the statistics, just higher education, to...take that as a topic, tripled,
216 and we've had a tripling of enrollment in higher education in the U.C. system, and yet, at the
217 same time, of course, the proportion that the state is now providing to higher education has gone
218 from something like 13.7 percent or 13.4 percent in 1967, to 5.7 percent today. So drastic cuts in
219 the budget. And then, on top of that, we're not preparing our students sufficiently when they *do*
220 get to the University. So it's just...a triple whammy. No silver bullet, clearly.

221

222 I think what the governor is referring to, the kind of reforms we need in the school system, K
223 through 12, are critical, clearly. I think...there's a lot of innovation that we're seeing in charter
224 public schools, in systems like the KIPP (Knowledge is Power Program) schools. I'd like to see
225 more, a nimbler K-12 education system. The ability to make changes, for example, in
226 curriculum, where we have an outdated or archaic system, and yet, because we have...such
227 entrenched policies in our school system today, we can't. So I think there's room for innovation,
228 both in K-12 and also in higher education.

229

230 We've got a great leader in Mark Udoff of the U.C. system. We have a...very important, also,
231 California State system and community-college system that feed the U.C. system; but the state
232 alone can't provide the funding that the U.C. system needs to remain competitive globally, and
233 we've now got tremendous competition coming from outside the U.S. I think Mark Udoff has
234 some good ideas around how to cut costs, be more innovative. We're talking about even some
235 outside-of-the-box thinking. Three-year degree programs. Online degree programs. Some
236 additional ideas that are now beginning to be discussed, where we could cut costs, but still
237 maintain that level of...quality education; but we must continue to attract the best faculty and the
238 best students from all over the world, and we can't...lose sight of that, and I know, Governor,
239 how important to you, not only K-12 education is here in California, but higher education, as
240 well.

241

242 **Gov. Schwarzenegger:**

243 Thank you, Kim. And I think you're absolutely correct, and I think the one thing that we need to
244 do is, and that's why I have proposed, in my state of the state, a constitutional amendment to
245 change from making – In California right now, you spend \$10 billion on prisons, and \$7 billion

246 on higher education. What I want to do is flip that around, and spend \$10 billion on higher
247 education and only \$7 billion on prisons.

248
249 **Q:** And so how can the people in this room help get that done? (applause)

250
251 **A:** (**Gov. Schwarzenegger**) Well, the sad story is the way Sacramento works, [which] is that
252 ...labor, [which] has the most money, and makes the most noise, gets the attention. And so you
253 have the, you know – When you talk about the ‘60s, where we had certain goals for higher
254 education in California, at that point, there was no Proposition 13, so people paid in much more
255 on property taxes, and there was much more money available then. Not that I’m saying that I was
256 against prop 13;...I’m just saying that was a big change. One should not forget that..., you
257 know, billions and billions of dollars [were] taken out by lowering the property tax.

258
259 Number two, what has changed is that then, there was no prison-guard union, and now there is.
260 So now there’s the CCPOA (California Correctional Peace Officers Association), who demands
261 certain things; and, as you know, previous administrations have totally sold out to the prison-
262 guard union. Now I am all for giving them the rights and giving them the perfect opportunities to
263 work, and to be proud of their work, because they do extraordinary work; but to go and to do the
264 kind of things that have been demanded, and to go and not allow private prisons, for instance, to
265 compete with the public prisons, is inexcusable, because we...are paying per prisoner, you know,
266 \$50,000, and some other states are paying \$33,000, so there’s a difference in spending. That’s
267 why we are sending so many of the inmates outside the state, and that’s why I recommended we
268 should actually, you know, be able to build private prisons here, because that will lower our
269 costs, so that we can bring down the costs to \$7 billion, and then have more money available –

270
271 **Mr. MacGregor:** Redirect the funds.

272
273 **A:** (**Gov. Schwarzenegger**) – for the higher education. And the other thing that one should
274 not forget is, even though most people don’t even think it has much to do with it, is think about
275 how much money...you’re spending on our public pensions. Ten years ago, we spent \$150
276 million. Now we are spending \$3 billion, 10 years later. That’s an increase of 2,000 percent; but
277 our revenues only increased by 26 percent. But the public pensions increased by 2,000 percent.

278
279 So what do you think...that does? It crowds out other programs. So you’re taking now billions of
280 dollars away from higher education. So those are the kinds of things that we have to work on. So
281 when we talk about education, it’s not necessarily just to go in and to say, “What can we do with
282 education?” That’s one of the areas, to improve the system itself, like you talked about; but
283 we’ve got to also think about the funding, to make sure. Because what happens is, in the higher-
284 education field, the people are not screaming as loud, and don’t have as powerful people
285 [representing them] in Sacramento as those labor leaders have, or as those various different
286 union groups have, and special interests out there.

288 So this is the way it works, and so I think what all of you can do is put an enormous amount of
289 pressure on the legislature to say, “For us, higher education is more important than the prison
290 system, and, for us, higher education *is* the most important thing, because that *is* the future of
291 California, and we’ve got to pay attention to that. That’s what you need to do. (applause)
292

293 **Q:** So the next question has to do with reform, Governor. There are many who think the state
294 is broken. They think it’s unfixable. There are others who say that the only way that you can
295 really save the state is through comprehensive reform. You are championing the open-primary
296 ballot [measure], prop 14, in June. Why is it important? And what will happen if it doesn’t pass?
297

298 **A:** (**Gov. Schwarzenegger**) Well, I see myself always as a reform governor, because I’ve
299 felt, when I think back to 2003, when I ran, I ran because I wanted to change things, and to make
300 California work. And so I looked at the things that didn’t work. Like I was mentioning earlier,
301 workers’ compensation, I felt, was like the poison of the economy, and we changed it, and we
302 wanted to go and change the various different things that didn’t work.
303

304 Redistricting: We know that the way the district lines were drawn 10 years ago was fixed. It was
305 gerrymandered....Not just in California, but all over the country, they were drawn in a way that
306 they moved the two parties further apart. And so now what you have is 80 percent of the people
307 in the latest polls have said that they are fed up, and they have no belief, no faith and trust in
308 Washington, that they cannot fix the ills of this country.
309

310 Well, it is because there is no action there. They can’t get together. Every single thing that the
311 Democrats propose, the Republicans will attack. Doesn’t matter if it is good, if it’s so-so. Or if
312 there’s 10 percent in there that’s good, they will not even say, “There’s 10 percent in there that’s
313 good.” They just say, “It is lousy. We will attack it. We will take it out.” And the same is vice-
314 versa. Anything the Republicans come up with, the Democrats attack. So you can’t get anything
315 done, and we see a lot of that in Sacramento, and this is why I insisted that we’ve got to go have
316 redistricting, so that ordinary citizens that are much smarter, and they’re not as selfish as
317 sometimes the legislature is, and politicians are...should draw the district lines, not the
318 politicians.
319

320 And of course the politicians went nuts, both of the parties, Democrats and Republicans. That’s
321 why we were taken out five times. But the sixth time, we won, and it was because of your help.
322 Silicon Valley put a lot of money behind redistricting reform, may I remind you. Millions and
323 millions of dollars. And I will never forget that, because it was those millions of dollars that put
324 us over the top, because we barely won. By a percent and a half, we only won. Only a percent
325 and a half. So we finally won redistricting.
326

327 So the second part of that, the *Twins*, or the sequel. See how I mentioned both? (laughter) I want
328 to make sure you go out and get the DVD of *Twins*. The sequel of that is open primaries. The
329 redistricting we move now, Democrats and Republicans, closer together. We don’t want to make
330 anyone change their ideology. We don’t want to change Democrats, and I know that would be

331 hopeless, because I sleep with one every night, so I know how a Democrat thinks, and it will be,
332 you know, hopeless to try to change Republicans.

333
334 But what we want to do is for them to have [an] atmosphere where you can compromise, because
335 right now, the way the redistricting works is, it's so extreme, and they're so far apart, that
336 actually, compromise gets punished, and ideology, getting stuck in the ideological corner, gets
337 protected, and it gets celebrated. So that is the wrong thing to do. So now, with open primaries,
338 you will have to appeal as a candidate, not to the extremes, but to the majority, to everybody,
339 Democrats and Republicans and Independents, because right now, Independents cannot vote in a
340 primary.

341
342 So now, with open primaries, everyone can vote, and now you have to appeal to both. Just like it
343 was in the recall election in 2003, when I won, I had to appeal to both, to minorities, to
344 Democrats, to Republicans, and that's the way to go, and then the top two candidates – it could
345 be two Republicans; it could be two Democrats – you make the decision. They then face off in
346 the November election, the final election. So that is the best way to go about it, and it will again
347 bring those candidates closer together. Not to change their ideology, like I said, but to bring them
348 closer together, and to create an atmosphere of action, of getting things done, rather than always
349 just doing everything political, and just attacking the other side, and not really getting things
350 done, and not being a public servant, which I always say, we've got to be public servants, not
351 party servants. That's the important thing.

352
353 So that will make them public servants rather than party servants. Both of the parties, again, *hate*
354 it, may I remind you. The Democrats hate it; the Republicans hate it, because, again, it will take
355 power away from the parties, but it will give power to the people, to all of you. (applause)

356
357 **Q:** ...So, David, Tom, and Kim, all three of you have come out in support of this, and David,
358 I'd like to hear from you as to why this ballot measure is important for your company.

359
360 **A:** (**Mr. Cush**) Well, it's interesting, because airlines historically have stayed away from
361 political topics that haven't directly impacted the industry. So we debated this a lot internally
362 before we came out publicly for it as a company; and a lot of it was just talking to our team
363 mates, the people who were voters in California, and they had the exact same comments, that
364 things aren't working. They live in the center, and the debate is dominated by the extremes. So
365 they were very interested in seeing this push forward.

366
367 And I also think just the...tone of some of this debate seeps its way into everyday life – you
368 know, through the news shows, and everything else, and we see a clear declining in just normal
369 civility on our airplanes, and in our airports, and we think a lot of that is driven by what they see
370 in the political process, and in the leaders. So that's a lot of what we heard about our folks, is
371 hopefully California will show a way, in terms of reform in government; and hopefully, people
372 will just be a little bit nicer out there afterward.

373

374 **Mr. MacGregor:**
375 Thank you, David.

376
377 **Q:** Tom, do you have any additional thoughts on that?

378
379 **A:** (**Mr. Werner**) Well, it's clear that Sacramento is polarized, and at just the opposite time
380 of when we need real action, when the budget doesn't line up. So, as the governor mentioned, we
381 are big supporters of redistricting, and this is just the next step, and it's the next logical step. So
382 we hope all of you will be out in June, as well, because, clearly, things need to change in
383 Sacramento – more of a focus on the solution, and not the extreme ideologies. So we're big
384 supporters.

385
386 **Q:** We have time for one last question. Governor, and it has to do with tax policy and
387 economic competitiveness. You were very active in advancing the single sales factor last year.
388 The single sales factor is now under siege from the California Teachers Association. They are
389 trying to place a ballot measure on the November ballot to try and repeal that. I'd like to get your
390 thoughts on the initiative. And why is it important to California's competitiveness?

391
392 **A:** (**Gov. Schwarzenegger**) Well, first of all, you know, we are going to try to push back
393 again, because one of the things you need to do is, as you pass laws, you've got to then also
394 protect them afterwards; because when you have passed them, that doesn't mean that they are
395 now safe, because, you know, we have legislators that change their minds sometimes. We have
396 people out there. We have the...initiative process,...you know, where the special interests go and
397 finance, and try to take laws out, and change the laws. So you have all of that.

398
399 But we've got to just protect it, and, you know, with the help of the California people, and I
400 always come here to Silicon Valley for fundraisers and all this, but we have to raise – it's not—
401 the money is not—for *me*. I have plenty of money saved up from all my movies and my real-
402 estate deals, so I don't need any, but I mean...it's the money that we have to raise for the
403 initiatives, to push back on initiatives like that.

404
405 **Q:** (**Mr. MacGregor**) We can buy the DVD of twins, though.

406
407 **A:** (**Gov. Schwarzenegger**) Right.

408
409 **Q:** (**Mr. MacGregor**) That's okay?

410
411 **A:** (**Gov. Schwarzenegger**) What?

412
413 **Q:** (**Mr. MacGregor**) If we actually go out and buy the DVD of "Twins," which you
414 mentioned a few minutes ago?

415

416 **A:** (Gov. Schwarzenegger) That's a different business altogether....That's entertainment!
417 (laughter) We've got to still make money on that. But, you know, not from politics, you know.
418 That's...just for me to give back to this country, because I always recognized that I wouldn't be
419 anything if I wouldn't have come to America, I tell you! This is really the land of opportunity.
420 Every single thing that ever happened to me, if it is meeting my wife, or my kids, or my movie
421 career, my body-building career, the money that I made, all because of America. So that's why I
422 have such great joy in being governor and giving back, because I recognize that this country and
423 this state has given me everything. So I enjoy putting some time into it, and to go out and do
424 fundraising up here in Silicon Valley, to raise money for all of those initiatives, to make sure that
425 we can push back, and you all have been really great partners.
426

427 But, you know, the single sales factor has just been very important, because we just want to have
428 a level playing field. We don't want to have companies that do business in California be
429 punished for doing business in California, and companies that are outside of California, selling
430 their products here, but they have tax advantages, because of lower taxes and so on. So what we
431 wanted to do with that is just to level the playing field, and that's just...the *least* thing that we
432 should do.
433

434 What we really should do on top of that is to give tax *incentives* so that you *stay* in California.
435 We should welcome everyone to California. We should [make] everyone want to move back to
436 California from other states, that ever have left, or that maybe were thinking about coming back,
437 and this is why I proposed, you know, my job-creation package in my state of the state address,
438 where we talked about giving a new-hire tax incentive for people to hire people, and to keep
439 them for nine months on the job, which is a \$3,000 incentive, then to go and to streamline the
440 permitting process for construction jobs, and to go and have, you know, a home-buyer tax credit,
441 to stimulate the area of...building homes again, or the green-technology manufacturing
442 equipment, to not tax [that] manufacturing equipment in green technology. Just like, you know,
443 47 other states don't tax them. Why are we taxing them? Why are we trying to drive that
444 business away from California? So we have proposed that.
445

446 So we proposed certain things, and, of course, tort reform is a very important factor in order to
447 improve the business climate. So we proposed all of those things. Some of the things, the
448 legislature has passed, and I've signed into law now. There are some other things that we are still
449 working on,...because I think that the job creation is the most important thing, and helping get
450 the economy going here. But that, you know, single sales factor, was a very important part, and
451 so we have to do everything we can to protect it.
452

453 **Mr. MacGregor:**

454 Thank you.
455

456 **Mr. Guardino:**

457 Will you join me in thanking *our* governor, the Honorable Arnold Schwarzenegger? (applause)
458

459 **Gov. Schwarzenegger:**
460 Thank you very much. Thank you. Thank you. And I'll be back! Thank you! (loud applause)
461
462 # # #
463 /WPP
464 April 19, 24-25, 2010