

JEFF IMMELT CLAIMS GOVERNMENT CAN'T MAKE HIM INVEST-IGNORING IT ALREADY DID

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Jeff “China China China” Immelt spoke at Dartmouth yesterday, ostensibly about energy. But as it happens, he had the opportunity (in question period) to pressure SuperCongress to “reform” taxes rather than raise them on people like Immelt (while later saying he didn’t think SuperCongress should also look at job creation). He claimed GE would embrace the elimination of loopholes, so long as the corporate tax rate was also lowered.

The largest U.S. conglomerate would accept the elimination of loopholes “in a heartbeat” if it was coupled with a lowering of the statutory 35 percent rate, Jeff Immelt told a group of students on Thursday.

Right. We’re to take Immelt’s word that GE will stop taking advantage of any means to evade taxes based on its own history of evading taxes.

Which, in combination with Immelt’s comments about investing are all the more interesting. Here’s how Reuters described it.

Immelt, who leads a panel advising the Obama administration on job creation, said he puts little stock in talk that the government could do more to encourage companies to invest and lower the nation’s persistently high unemployment rate.

“A lot has been said that business isn’t investing because of uncertainty. I

think that's rubbish," the 55-year-old CEO said. "The government couldn't do anything to make me invest and believe me the rest of the world isn't that stable either. We've made our own choices that we're going to keep investing regardless of what happens in Washington."

But in an uncharacteristically animated moment, he blasted critics who contend that companies like GE that do much of their sales outside the United States are hurting the economy. He noted that GE sells 90 percent of its jet engines abroad but manufactures all of them in U.S. factories.

"That's not taking jobs out of the United States, that's what we have to do," Immelt said. "We've gotten this psychotic thing that anybody that does business outside the United States is a heathen, anti-American ... I don't understand why we're rooting against companies that are out there competing because we're creating good jobs here."
[my emphasis]

Now there's actually more than this going on. First, in response to a question (around 42:10) about allegations that GE doesn't pay taxes, Immelt shifted the answer to claim, incorrectly, that people were beating up on GE for exporting, rather than beating up on GE for not paying taxes. So rather than talking about tax evasion, he instead talked about how many jet engines GE exports from the US. And when, later (around 52:00), he was asked whether all the energy products GE sells in India and China were made in the US, he again focused on jet engines (energy products?) and gas turbines.

In other words, he avoided talking about taxes by pretending all GE does does export large manufactured goods. (More interesting, too, though probably worth another post, is his

exhortation—around 50:00—that you shouldn’t watch TV or read the news, said in the context of the crash, “everybody had to wake up and realize you gotta change,” without admitting that GE’s financial games were a huge part of the crash.)

And yes, Immelt says that the government can’t do anything to make GE invest—though in context it appeared to say the government can’t make GE invest here (as opposed to other countries—he noted that investments in energy are primarily happening in Europe and China).

I find that claim, in particular, interesting given how GE is claiming credit for creating a greater proportion of jobs in the US. But the big headline item—a tech center in the Detroit area—happened precisely because of government intervention.

Chief Executive Officer Jeffrey Immelt has said GE will add more than 15,000 jobs in the three years through December. About 1,100 will be just outside Detroit in a center for information technology, a field emblematic of outsourcing. So far, GE has hired about 660 people in Michigan, a state that led the nation in jobless rates, making it a symbol of U.S. industrial decline.

[snip]

GE took advantage of incentives such as Michigan’s tax benefits and skilled workforce. Immelt said in announcing the Michigan site in 2009 that GE would invest \$100 million, while state officials offered more than \$60 million over 12 years in incentives.

“The change in approach is critical, and it comes right from the top,” said Harley Shaiken, a labor professor at the University of California at Berkeley.

“He’s addressed it both from the context of GE and in the importance of the U.S. having a vibrant, high-tech

manufacturing base.”

So I guess the government can do something to make Jeff Immelt’s company invest in the US. But for some reason he didn’t want to talk about it.

In a recent op-ed, Alliance for American Manufacturing head Scott Paul offered a number of suggestions to rebuild manufacturing in the US. Among other worthy suggestions, he suggested what might be called the “Immelt Rule”—banishing CEOs from federal advisory boards (like Obama’s job’s council) if they’re outsourcing faster than they’re creating jobs here in the US.

Kick any CEO off of federal advisory boards or jobs councils who has: (1) not created net new American jobs over the past five years, or (2) is expanding the company’s foreign workforce at a faster rate than its domestic workforce. Replace them with CEOs who are committed to investing in America. Shame is a good motivator.

I guess Immelt would rather just talk about exporting jet engines and be done with it.