



**Remarks by  
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to  
Global Challenges and U.S. Higher Education  
Duke University**

**January 24, 2003**

Thank you, Tallman [Trask, Duke University Executive Vice President]. It's a pleasure to be with you.

I'm here today because I strongly believe international education and foreign-language competence are critical to the ongoing success of U.S. business and the U.S. economy. I'd like to give you a few thoughts on this topic in three specific areas – language and cultural training, scientific and engineering education, and ethics – based on GM's and my personal experience over the past 26 years.

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Let me start by describing two of the business “realities” that we at GM, and most large businesses, are facing these days, and then explain how these realities influence what we look for in graduates of U.S. higher education.

Reality number one: probably the biggest business headline of the 1990's – and one we deal with very proactively every day at GM – is the reality of globalization.

Why is globalization so big right now? I've heard lots of explanations, from the end of the cold war and the “triumph” of capitalism, to more open trade policies and the rapid growth of “global” communications, such as CNN and the Internet.

Well, regardless of why, I believe this trend toward globalization, toward a smaller world, is here to stay. In fact, I believe it's going to grow – perhaps with some fits and starts, but it'll grow. And this reality is having a profound impact on the way many of America's industries and companies operate these days, all around the world.

In many sectors – especially relatively mature ones, from pharmaceuticals to finance – competitive success in today's global economy demands size and scale. And the auto industry is a great example of this, as it consolidated faster in the second half of the 1990's than at any time since the 1920's – except this time, it was on a global, instead of a national, scale.

Today at GM, we sell our vehicles in about 200 countries. We have a long history of selling and operating overseas. In fact, the first GM acquisition outside the U.S. was Bedford Motors in the U.K., in 1909, just one year after GM was founded.

In 1925, we expanded our position in Britain with the purchase of Vauxhall. In that same year, we established GM do Brazil. In 1929, we bought Adam Opel in Germany. In 1931, we purchased Holden in Australia.

The list goes on. In fact, one of my favorite GM historical facts is that, from 1927-1939, GM's market share in Japan was higher than it was in the U.S. at that time.

That's history, of course. But in the future, we're going to see more of the same. In fact, we're going to see this trend accelerate.

Over the next five years, our experts project that eight developing countries – Brazil, China, India, Mexico, Poland, Russia, South Korea, and Thailand – will account for about 50 percent of global auto-industry growth.

To grow our presence in these countries, and in others around the world – including right here in the U.S., by the way – we are integrating our global activities much more tightly than ever before, in an effort to take full advantage of all our capabilities from around the world – manufacturing, product, technology, most importantly knowledge.

We are working much more closely with our wholly owned overseas businesses on a day-to-day basis, and we're joining up with others in our industry in a series of international alliances and joint ventures.

GM has significant equity stakes and strong working relationships with Isuzu, Suzuki, Fuji Heavy Industries (maker of Subaru), Daewoo, and Fiat Auto. We have a wide variety of joint ventures in countries like Russia and China. We even work with international competitors, like Renault, Toyota, and Honda.

And we're not the only company playing this global consolidation game – as evidenced by the merger, in recent years, of Daimler Benz and Chrysler, or Renault and Nissan, or the purchase of Land Rover by Ford, to name just a few.

Bottom line: GM, and scores of other U.S. companies, operate these days on a truly global basis, with all the cultural, linguistic, and technical challenges that such an undertaking brings. For U.S. businesses to remain competitive – and to keep the U.S. economy competitive – we have to continue to improve our capabilities to operate around the world.

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Business reality number two: the incredible pace of technology and innovation in today's world economy continues to accelerate. Take the auto industry as an example.

Earlier this month, Detroit played host to the annual North America International Auto Show, where automakers from around the world introduced more than 60 new products and concept vehicles – an extraordinary number, the most ever at this show. The diversity, innovation, and technological advancement that we're seeing in today's new cars and trucks are simply incredible.

For example – at the Detroit show, we at GM announced our plan to offer consumers three different hybrid propulsion systems on more than a dozen of our most popular cars and trucks – eventually reaching up to a million vehicles a year – starting this fall. And this is in addition to our extensive R&D effort to develop vehicles for tomorrow's world – vehicles that we believe will be powered by emission-free hydrogen fuel cells, such as the GM Hy-wire fuel-cell concept vehicle we introduced at the Paris Motor Show in September.

My point: the role of technology in business is increasing. In fact, contrary to what you might expect, the pace of technological innovation in the “mature” 100-year-old auto industry is far from waning – it’s actually increasing, and is increasingly being played out on a global scale.

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So, what do these business realities mean for GM – and for the American business community and U.S. competitiveness – in the 21<sup>st</sup> century? Well, many things, obviously – and near the top of the list are whom we hire, and what we require, from U.S. higher education.

Globalization, tremendous growth in developing nations, the growing importance of what we used to call “international business” – all of these mean that we need graduates who are prepared to do business virtually anywhere in the world. And, among other things, that means graduates who are foreign-language proficient.

I think of my own experience. When I joined the GM financial staff in New York in 1977, I was asked which area I wanted to work in – competitive analysis, capital planning, overseas borrowings, etc.

I said anything but the overseas stuff was okay with me – I didn’t really have any interest in that area. So, naturally, I got assigned to the overseas section.

And, actually, I liked it.

Then, about four years later, I was asked if I wanted to become Treasurer of GM do Brazil – a great job, but with one obvious catch: we had to move to Brazil.

So, I thought for sure we’d pass – my wife had a great job, and we had just bought a house. But, to my surprise, she said yes!

Well, from that point we spent almost all of the next 11 years living and working outside the United States – including two stints in Brazil, one in Switzerland, and one in Canada.

For me, “the reluctant internationalist,” it turned out to be a great chance to grow as a person, as a family, and as a business executive... undoubtedly the best business “learning experience” that you could ask for – including, for me, the chance to learn Portuguese.

Even if I wasn’t, in my early days, interested in moving overseas, I was always intrigued by the idea of speaking another language. I took Spanish in elementary school, and Latin in High School. And here at Duke, I took four semesters of Spanish. I liked it, but I wouldn’t say I was a Spanish speaker then. The idea of really speaking a foreign language still seemed remote to me.

Well, when we moved to Brazil, I found out I *had* to speak Portuguese to do my job well. That was not typically what our U.S. assigned executives did then. But I quickly discovered that, in Brazil, not only did Portuguese help me conduct business better, it also made me a better businessman – and for two reasons.

One, I could communicate better with the people I was doing business with. Two, and more important, the Brazilians wanted to work with someone who took the time to learn their language. And, of course, the same thing is true today, in countries all around the world.

As you might imagine, then, I'm a strong proponent of mandatory language education – for the learning, obviously, and also for the cultural sensitivity that the learning promotes.

Whether it's marketing and advertising, labor relations, working with local dealers and suppliers, understanding consumer preferences, or navigating foreign financial markets – there is simply nothing like speaking the language and understanding the culture.

Even today, when the Brazilian press come up to the Detroit Auto Show, or when I visit there, I get to re-invigorate my Portuguese. It's not perfect, but I tell you, it makes a difference – it makes an impression – when the person who runs GM can speak to Brazilians in their own language.

I only wish I had been more successful in my subsequent efforts to learn German. Chinese may be a bridge too far for me!

By the way, one concern that I have in this area is somewhat ironic. The rest of the world is rapidly adopting English as the global language of business. While that may seem to be good for us, I fear it may lead a lot of U.S. students to assume that, now, they don't need to learn another language.

Based on my own experience, I don't think that's the right conclusion. And that's a trap I hope we don't fall into.

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At the same time, the increasing importance of innovation and technology – in everything from automobiles and computers, to education and military science – means we need more engineers and scientists and mathematicians – and here we have a very particular concern.

I know I'm preaching to the choir, but I'm advised that, in the U.S., the number of bachelor's degrees granted in engineering dropped from more than 95,000 degrees in 1985, to less than 65,000 degrees in 2000 – at a time when the number of *retiring* science and engineering workers, at least in the U.S. auto industry, is dramatically increasing.

The result, of course, is a significant and growing gap between the supply of, and our demand for, qualified engineering graduates.

Now, I should point out that the demands for engineering and foreign-language students are not necessarily exclusive of one another. In fact, we're seeing a new phenomenon in this arena. India is a particularly fascinating example.

In India, today, we see world-class engineering and IT skills... in a developing country... with developing-country wage rates... *and* an English-speaking population.

That is a nation with tremendous growth potential; and I think clearly defines the challenge for the U.S. in growing the future technologists we'll need to maintain our traditional leadership position.

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One more area I'd like to hit on – perhaps one we don't initially think about in terms of American competitiveness – is the current hot topic of business ethics.

Clearly, the vital importance of business ethics to our free-enterprise system, *and* the trust that comes from ethical practices, has been amply demonstrated in the U.S. over the past 18 months or so. We've seen what happens when ethics sag, and there can be little doubt, if there ever was, that honesty, transparency, and trustworthiness – in a word, ethics – are critical underpinnings of the capitalist economic system.

Now, I'm the first to admit that the U.S. business community has to take the lead, and do a much better job of training and policing its own, when it comes to ethics. But I am equally convinced that the recent high-profile cases of corporate misconduct are the proverbial rotten apples that spoiled the barrel.

In truth, the vast majority of American businesses, and business people, want to be – and are – ethical practitioners. In fact, I believe that's one of the unrecognized strengths, and in some cases differentiators, of our American free-enterprise system.

That said, I think there's an increasingly important role for our higher-education system to play in teaching, reinforcing, and supporting ethics among our future business professionals. And it's more than just a nice thing to do – it's a matter of American competitiveness.

There are exceptions, of course, but by and large, one of the hallmarks of American business overseas is our commitment to sound business ethics. Frankly, this focus offers us a competitive advantage when foreign governments, consumers, suppliers, and others know that we have explicit, verifiable codes of conduct that govern how we do business.

I've worked in places that have sometimes been characterized as having different ethics – bribes, and so on – and I can tell you, we've been able to operate with the same set of values wherever we go.

I'm not saying we've never messed up – but, by and large, by having a GM code of conduct that we use around the globe, we've been able to operate effectively in just about every economy in the world.

In short, there are many areas where we need to be culturally sensitive and willing to adapt to local customs and cultures, but compromising our code of conduct should never be one of them. I believe that as globalization opens new markets and new opportunities to American businesses, and as capitalism increasingly becomes the global standard, this focus on ethics will become increasingly important. And it's an area where our higher-education system can make a big contribution.

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Let me close with one final observation.

At GM, we built our position atop the global auto industry because one of our early leaders, Alfred Sloan, rejected the then-prevailing notion that customers could buy any color car they wanted, so long as it was black.

Sloan's revolutionary idea was to offer, as he put it, "a car for every purse and purpose" – and to offer it as part of a "price ladder" of distinct brands, with Chevrolet at the bottom, and Cadillac at the top. Well, the strategy was very successful, and GM went on to become the largest automaker in the world.

Now, Sloan may have blazed the trail, but there were a lot of people right behind him. And it was their job to improve on Sloan's ideas. And that's why, even in the face of the tough global competition we now face, we today retain that global leadership position.

Now this pattern – in which the pioneer in a given field enjoys tremendous initial success, followed by fierce competition when others catch up – is a pattern we see repeated throughout history, in many different disciplines.

From events as important as the women's suffrage movement, or as pivotal as Jackie Robinson breaking the Major League color barrier, or as utilitarian as deregulation of the long-distance telephone industry – when you broaden the field or open the game, you drive innovation, you promote growth, and you typically improve the "game," whatever that game might be.

Well, today, around the world, the game is economics – and free-market capitalism looks like the big winner. We in the U.S. may have pioneered it, but now the other players are catching up. And that creates new challenges for us.

Now, as more and more of the world adopt the system and strategies that the U.S. helped pioneer, we're going to see competition increase. We're going to see much more innovation, and much more growth, and the people of the world will be better off. On the whole, a better game. But we in the U.S. are going to have to play the best we ever have, if we're to remain leaders.

I believe we can do that by building on what has been an incredible U.S. advantage – the best higher-education system in the world – and producing the students best educated, best trained, and best prepared to prosper in the new global economy.

Today, we need more than ever, education, government, and business working together, to make that happen.

Thank you.

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