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Japan-America Society of Tennessee Public Awareness Initiative

Impact: Japanese Business Investment in Tennessee

In association with the Tennessee World Affairs Council

Verbatim Transcript

A Conversation with Don Sundquist Former Governor of Tennessee

Video Recording on the JAST YouTube Channel

Patrick Ryan [00:00:23] Hello, I'm Patrick Ryan from the Tennessee World Affairs Council, and I am here talking with the Governor Don Sundquist of Tennessee for the Japan-America Society of Tennessee special project on the impact of Japanese business in Tennessee. Don Sundquist was the 47th governor of Tennessee from 1995 to 2003. Prior to his governorship, he represented Tennessee's 7th Congressional District in the United States House of Representatives from 1983 to 1995. As governor of Tennessee, Don Sundquist led economic development efforts resulting in record breaking capital investment of \$40 billion and a gain of over 300,000 jobs in the state during his administration. His leadership in the governor's office included advancing the evolution of the Japan-Tennessee commercial ties and the phenomenal growth in Japanese foreign direct investment, or FDI, in the state. He joins me from his home in Florida. Governor Sundquist, thank you very much for your time and welcome.

Don Sundquist [00:01:29] Oh, thank you, it's a privilege to be with you, and I look forward to talking about a lot of people helping us attract in Tennessee and I have to give credit to Leigh Wieland, John Gregory, the whole team of people.

Patrick Ryan [00:01:46] Well, we are talking with many of them in this project. So we welcome your referencing them as well. Can we start with a summary of your experience, your professional experience in Japanese commercial investment in Tennessee? Just describe your background as a member of Congress and as governor, just a general overview of what your experiences have been.

Don Sundquist [00:02:15] Sure. My first experience started when I was in commerce. Two different occasions. One was - I took a trip to Taiwan with some other members of the US Congress and we stopped in Tokyo, and I wanted to make sure I visited with - I wanted to make sure that we thank them for coming to Tennessee with Nissan. That was Lamar Alexander's project. And so we stopped and we said today we're going over and visit with Nissan and thank them for coming to Tennessee. And later on ... we had a project and a

company out of New York, Smith Corona, tried to do in a company out of Bartlett, Tennessee. What we wanted to do, we had one company that wasn't to close down Brother Industries and Brother Industries were the company that manufactured in Tennessee, owned by a company in ... New York City. And so they took it to the ... The other company was ... And they tried to pass legislation in the Senate that would make a company that was manufactured outside of the state and ran a company that was manufacturing and owned by a foreign company, and I stopped it. And the New York Times, had an editorial where they talked about how could a little known Tennessean stop Sam Smith Corona from changing what they could produce. And we defeated that. In the Senate, I led the way for that, and it sort of set the tone for me and international trade, because people in Japan and there was an editorial in the New York Times, they were reading those kind of things. And one thing in Japan that they value ... And so that was a beginning either ... or helping Japan, Brother Industries, keep their the market. So that was my experience, and I've always been interested in trade, and I was on the Ways and Means Committee in Congress, and I was on the trade subcommittee. So it continued to - my interest continued when I left the Congress and got involved in seeing. We've had Howard Baker, was so involved in that scene. I went over there. We stayed with him on more than one occasion. He helped us. Lamar Alexander brought Nissan in and during my 8 year or so people like Leigh Wieland and others, we were very successful. The Japanese value friendship. They value loyalty. We evolve with them, we will evolve socially. I work with a company ... to the opera. We did a lot. We played golf together in Japan and in the United States. We were involved also in the Southeast and worked together. We also hosted and what we found out supposedly ... could happen then, Denso hosted Leigh at the auto show in Japan. that's the kind of relationship that we had.

Patrick Ryan [00:07:26] Yeah, we understand that a lot of the important connections that were made were based on trust and relationship building. Can you describe the environment when you took office, the Japanese businesses had already been established in Tennessee and they were building and bringing in related businesses? And the 90s were kind of boom years. The economy was doing well. Can you describe to us what the economic situation was in Tennessee at that time and what challenges you faced in office with foreign direct investment?

Don Sundquist [00:08:12] Sure. My interest in trade expanded as governor and we invested time, resources, and got to know the Japanese leadership, and they responded. We broke all the records during that eight years in terms of dealing with Japan. One thing that people, many people don't understand and that is that you locate a plant in any state, with that comes with ... And so you normally get the opportunity that comes with a major, major plants like Denso, or something like that, they affect other areas with other companies, and so it's more than just one company, it's the whole industry when you have a company like that. We ended up with our platform in Jackson, Tennessee. But you also get all of the surrounding plants that come there. So it's hard to measure success, but you know, it goes beyond one company functions for them.

Patrick Ryan [00:09:51] Right, it's been variously described by some as business magnetism, that when one when one company comes in, it brings in its suppliers. But it also inspires other companies to take a look at Tennessee and clearly the expansion of Japanese foreign direct investment from 1977, where it was about two percent of the total FDI to what it is now, almost 60 percent has caused other companies to take a look at Tennessee. And I suspect I suspect a lot of that was during your time as governor.

Don Sundquist [00:10:31] We celebrated it and the maxim out of it - success breeds success when it comes to recruiting plants. And so you can't - it's hard to measure how major it can be. But we were successful thanks to a lot of people, a lot of effort, a lot of leadership by a lot of people.

Patrick Ryan [00:11:04] Can you can you talk a little bit about what you noticed while you were governor as to the impact on Tennessee communities large and small as a result of Japanese businesses coming in? For example, Denso in Maryville and obviously Nissan in Smyrna and other companies, Mitsui and others that expanded around the state. Do you have a sense of what that meant to the communities in which they located?

Don Sundquist [00:11:34] Oh yeah. When relocating to Florida and early on, it was my feeling that we were still despite the fact that Nissan moved in and so many other plants have been worked on that they weren't sure the Japanese were looking to locate plants in our state. They had to build confidence in us. And when a plant came in ... we had school in East Tennessee, early Japanese families. They weren't sure. And frankly, we have no trust between the Tennesseans and the Japanese as well. And so that all worked out. It worked out because a lot of people were involved. We did a lot of work together. ... They went to school and over time there was a trust that built up or after a lot of leadership ... and whatever, and success by the company. And it all happened together - In day 1 ... Remarked on me that Lamar Alexander is going to cost you the presidency. And he said, if you if you make a good friendship, you get to know him and he gets to know you. You'll get a dental plan. And Denso just starting to build a very, very complex one. And I think that that was that Joe. And that's exactly it, Joe every single time I went to Japan. He's a wonderful human being and he's been very helpful to us about some of the problems with this place ... was the competition between the Nissan and Toyota. And we finally ... eight years when we were going after a truck, Toyota's new truck. President Bush, they were working with him and he was a former governor. So we know we'd have a tough time, but we did more of that and more able to land a truck engine plant in Jackson, Tennessee, and very successful. So, you know, you have to do a lot of research, you have to make a presentation, and the answer is well worth it. When I talked about calling on Nissan early on before while I was still in Congress, I also - it was two weeks before I was leaving office. I was in Tokyo trying to pitch the truck plant. And people are fair. We had a privilege to work with the client in Georgia. So if you are not once, twice, someone more because you need to be there, you need to see people in person, you need to build the relationship. We had a relationship with the southeast United States and the Japanese, and we had our own organization wide. We would like presentations. When I went to Tokyo or Japan, a large group of Tennesseans would very often go with us. So it's a full time job and the rewards are wonderful because you're dealing with gentile people.

Patrick Ryan [00:16:41] The relationships clearly were enhanced by your hands on personal involvement in this. I understand that you attended all eight sessions of the Southeast U.S. Japan Association meetings, and I'm told that when you were in Tokyo for one of those, and Senator Howard Baker, who was then ambassador, held an embassy reception, it was the largest turnout of Japanese businesses at an embassy reception that they had ever seen.

Don Sundquist [00:17:16] That's all true. We were successful because a lot of people were involved in that and Howard Baker was a great ambassador as well. Now ... the Ambassador also now, and now in the U.S. Senate. We've had an interest in and success with recruiting industries and you're dealing with gentile young people, successful people, and it was well worth the effort and it's still going on, but I think we probably did as well in

Tennessee as any state because they trusted us, we work together and, success breeds success.

Patrick Ryan [00:18:20] Can you tell us a little bit about the impact that this very close relationship and the ability to bring in, to attract Japanese investment in the state? What that meant to not just the Nashville Middle Tennessee region, but around the state, Maryville with Enzo and other companies in West Tennessee. Did you get feedback or case studies or anecdotes from community leaders of what those investments meant to those communities?

Don Sundquist [00:18:54] Well, some communities have virtually no industry. One in particular outside of Cookeville in that area, and they had never had a plant come in from overseas and they ended up with one. But that's true anyway, and we did training, and it was important to our community to help the new plant operators get started and trained. And it's not just signing on a piece of paper when a plant's going to try to locate there. It's every bit. It's helping with hiring and helping with training and education, and in every instance I could think of we were dealing with genteel people from Japan and they had faith in us that we would deliver and we didn't buy plants either. We would help with training. We would help with transportation. I was at Volkswagen, we recruited them down in Chattanooga. It was after I left office, but during that time I was in office we ... We had river contact and ... And so it's preparation. You have good preparation, you have to be able to hook up with the ... are centrally located in any direction. And that helps as well. But we had good people and good presentation. We supported the Japanese and we were fortunate that they have supported us as well.

Patrick Ryan [00:21:09] And obviously bringing in the early arriving businesses that set the standard for the relationships between the state government, the business community and the local community was a good precedent for follow on businesses, I suspect.

Don Sundquist [00:21:29] Absolutely. And lower the unemployment in that region because it doesn't take much to help people. Yet I still found ... this summer in Tennessee, and I can't think of a better gift to an employee than a job. And Japan helped us hire a lot of people, but it also gave our local communities opportunities from the business standpoint. We had when the Japanese came to Jackson, Tennessee and Nashville, Tennessee on occasions as well, we had a great time. We walked from the hotel down Beale Street and we played golf. We were part of the friendship and successfully because we performed and we enjoyed it. It's obvious that when you perform and you can take pride in the people you have hired and what it means to the company, that is the best.

Patrick Ryan [00:22:59] And we've been told that the communities where Japanese investments were attracted to, those communities in the early days might have thought that foreign direct investment would not be a positive thing. But they discovered it wasn't exploitative, that it meant jobs and an increase to the local tax base and benefits that were all on the positive side.

Don Sundquist [00:23:25] Well, you know, that's a part of building trust and they discovered they like each other. And sometimes people were afraid well, when some people move in here, will they be although they treat us? And I'm sure from the Japanese standpoint, they felt the same way, but we had great success in communicating both ways. And there was a lot of reason to succeed, and people appreciated having the job and not only job, but they had the right attitude. We didn't have to worry about that. Our employees appreciated the opportunities that they have.

Patrick Ryan [00:24:18] And since you left office, the expansion has continued apace. Bridgestone has relocated and now is in downtown Nashville and a sparkling new tower and operations of the major manufacturers have increased and new businesses continue to come, not just automotive, but all sorts of parts of the different sectors. So I think the legacy of your administration and the earlier administrations, Governor Alexander and others, really is a testimony to what can be accomplished when that relationship building takes place and you become not just partners, but friends.

Don Sundquist [00:25:08] Well, that's an interesting story. I have a lot of time with the Nissan old guard, president, vice president and others, and we had a trust there. But in my life, during the last month of - I guess December of 2000 I took my second term. The president of Nissan committed to me. That they would move their corporate office to Nashville. I flew with Bredesen and the Washington delegation were all together and with the president of Nissan, we told them and he committed to me that they were going to move their corporate office to Tennessee. You may have not read that in the paper from what somebody else said, but the success ... The fact is the most ... Important, though that we got a corporate office with Nissan, which is a major, major, event. And that in line of what other corporate offices in Tennessee, because people would say, well, if Nissan's moved to Tennessee as a corporate office and Nashville's hot as a pistol right now in terms of job creation and growth. So you have to expect that. But the main thing is did you get the job done and did you create jobs for people and friends from Japan, and success stories for America too. And Tennessee led the nation selection so much, and we had a lot of good people like Leigh Wieland, John Gregory, so many people in every single county in Tennessee - we had a relationship and we would work together to make presentations. I believe the most important thing I did during my eight years was create jobs and opportunities and success stories for people in Japan and people in America. Particularly in Tennessee.

Patrick Ryan [00:27:59] Well, you certainly led the way during your administration and the facts speak for themselves. A gain of over 300,000 jobs in the state and an increase in capital investment of \$40 billion. So congratulations on that success story.

Don Sundquist [00:28:18] Well, I was surprised but appreciated being given an award by the emperor. And there aren't many of them, three or four I think a year, thanking me for what we had done together with Japan. I was supposed to go to Tokyo and receive the award directly from the emperor. But I got sick at that time ... and we moved it to Nashville, where we were seeing that I think ... Or personal involvement. And I think we did appreciate although that wasn't necessary.

Patrick Ryan [00:29:12] Well, it's a fitting tribute. Governor, thanks for your time. Any final thoughts on the impact of Japanese investment in Tennessee. You talked about jobs, jobs, jobs and prosperity in the state. Anything more you'd like to say on that or any other aspect of the relationship?

Don Sundquist [00:29:35] It involves a lot of people before getting involved, and a lot of people should give a lot of credit. But I hope, we hope we'll heal wounds, create opportunities, to make a lot of friends, and I loved my time doing this. I like and appreciate Japan. They were always gentle people. And it shows what can be done if you work together. And what we did as the people of Japan remained their friends ... And many others that are still I looked at her growing up pictures and I see these pictures of their friends. But it, I think our record shows at the time Nissan ... worked out the opportunities

we created and well worth the effort. I want to thank everyone in Tennessee, but also our friends in Japan for the success that we've made together.

Patrick Ryan [00:31:02] Terrific. That's an excellent close. Governor, thank you again for your time. We've been talking with Governor Don Sundquist, the 47th Governor of the State of Tennessee. He was Governor from 1995 to 2003, a key period in the evolution of the US-Japan and the Japan-Tennessee relationship, bringing trade and investment to the country and to the state and bringing jobs and prosperity to our communities. Thanks again, Governor. And that's it for today. Everyone be well.