

**NOT TO BE RELEASED PRIOR TO NOON, JANUARY 1ST, 2010 – Saginaw Club
Annual Toast to the Office of President**

Mr. President, fellow Saginaw Club members, honored guests; ladies and gentlemen...I am humbled to stand before you with this opportunity on the first day of this New Year.

Since 1913, our club has held the tradition of honoring the highest office of our nation with its annual toast to the office of the President of these great United States of America.

To begin, I would like to start off in the spirit of thankfulness. Thankful that our great nation stands proud and free, thankful for all of those who have served our country - bravely protecting our freedoms so that we are free to express our individual rights of life, liberty, property and the pursuit of happiness.

Without our dedicated veterans, those currently serving, and those that have made the ultimate sacrifice to protect our country's rights; we would not be here today.

I am thankful for my family and friends, my health, and the vibrant community we live in; the Great Lakes Bay Region. For all its challenges, it is still the place we call home, and it is filled with opportunity and assets too numerous to count, including its exceptional, resilient people.

I was roughly 20 years old when I first heard the toast to the Office of the President on WSGW.

As long as I can remember, I have looked up to our community's business leaders with respect and reverence. I have always thought that there was no greater aspiration for any individual than to create a successful business under America's great free enterprise system, and the Saginaw Club is where our business leaders gather.

It is with excitement and passion that I chose the topic of business for this message and toast today:

Lately, American business has taken a bad rap.

From the government to the media, capitalism has become a bad word. Our society as a whole has forgotten how we have come to be the world's dominant economic driving force.

Everything that we have achieved in this great nation began with an individual's independent rational thought - using a process of reason, that rational thought lead to the creation of a new product or a service – something of value: a hammer, a shoe, an iPhone; it doesn't matter what it is, but rather that idea, that product, that process of an individual applying one's thought into productive work, resulted in the creation of value – value that is recognized by others – enough to cause them; free from the influence of others, or our government for that matter, to want to pay the producer in exchange for his product.

A business is born....free enterprise.

Since the beginning of civilization, private ownership controls the production of goods and services for profit in an open market. It's a basic freedom that we all enjoy here in America.

Many of us have experienced it – the thrill of having another individual, of his or her free choice, elect to trade their product for the product of others.

Maybe the first time you experienced it was as a child, in your front yard at your first lemonade stand. Maybe it was the first time you cut your neighbor's lawn – and got paid! The thrill of the first time you experienced it may be imbedded in your mind. It is in mine.

It has been said that capitalism demands the best of every men – their rationality - and rewards them accordingly. It leaves every free man to choose the work they like, to specialize in it, to trade their product freely for the products of others, and to go as far on the road of achievement as their ability and ambition will carry them.

I may be lucky. I was brought up in a family that embraced the American free enterprise system. My father, my uncles, my grandfathers (both sides), my great

grandfather – all owned or started their own business here locally. We grew up talking business around the dinner table.

Of my 5 brothers and sisters and my 3 cousins, 7 out of 9 of us applied ourselves to create or build separate businesses. None of us were given anything. We all started from scratch except for our desire to be self sufficient.

We believed in free enterprise. We all know what it is like to build something from nothing. We also understand how challenging it can be to simply make payroll for our employees, when we can't even pay ourselves.

According to the Department of Labor, there are 24.7 million businesses in the U.S. Small firms – those that employ less than 500 people; represent 99% of that number.

By far, most of these businesses are built on the basis of ethical, fair but competitive, rational thought with the purpose towards achieving one's values.

Over the course of the past couple of years, our governmental policy and media has reacted against the individual's value of capitalism because of the actions of a few bad actors.

Is it deserving? No, it is not. Capitalism, free enterprise, business-creates the wealth of our country. Without it, there would be no tax generation, no jobs, no contribution to the arts and sciences, no philanthropy.

According to Giving U.S.A. – American corporations, not including their shareholders, gave \$14.5 billion dollars to charities in 2008, not because they were forced to by the altruistic pressures of our government, but because they chose to of their own free will.

Successful businesses create wealthy communities; they fund our educational facilities, investments in research and development to create new products, invent breakthrough medicines, and produce all of the products we rely on in our daily lives. Every bit of it began with an idea that originated in the mind of a rational thinker who then applied himself, methodically through the entrepreneurial process, against all the barriers and uncertainties of financing,

regulation, bureaucracy, and taxation, putting their own family's financial livelihood on the line, pledging their home when necessary. All to capture that spirit of the American Dream – Capitalism.

Should American business and capitalism take a bad rap? Absolutely not – it should be celebrated in our society and media every day.

One only needs to look at the content of our local paper to see the value business holds in society's eyes.

While business funds the production of the paper through advertising, business stories are missing – that is, unless someone has done wrong. IF we are lucky we may see one or two business articles. Every paper will, however, carry a detailed multipage sports section.

Just imagine, for one moment if our society got as excited about business – and individual careers, as it does about sports.

Can you imagine someone jumping up off the couch – fists pumping in the air – yelling YES! about their own career or work? I find it ironic as successful careers and business matter to our livelihood and our country's growth, where sports only play a role to entertain us.

So, why as Americans aren't we as passionate as our forefathers were about creating our own destiny in the free market?

Maybe it's because true capitalism no longer exists in our overregulated world. True capitalism includes a political economic system that enables and encourages men to pursue their own interests, their own profit, their own welfare, a system that leaves men free to exercise their own reason.

Instead, we have an ever growing embracement with Keynesian economics; – the idea that to keep the economy stable, the public sector must actively impose governmental policy to stabilize output over the business cycle. As a result, America today is a mixed economy – a market that retains some elements of freedom, but is subject to pervasive, entrenched, and expanding governmental control.

Our free market is not really free; consider the patchwork of recent federal regulation and proposals imposed on us.

Sarbanes Oxley accounting regulation, health care reform, salary and bonus controls, mortgage and finance controls, regulating carbon dioxide as a pollutant, the employee “Free Choice” act, the FCC’s shot at controlling free speech, seeking to regulate television and radio broadcast content. Anti-trust regulation, controls over property rights, overregulation of the drug development process, and climate controls. The list goes on and on and I haven’t even touched overregulation by the state.

It’s government, not the economy that is killing small business. We don’t need bail outs. What we need is bail to set us free from the overabundance of laws that bind and imprison us to inefficient, inequitable and costly constraints and mandates, and, as a result, frequently frivolous litigation. We need freedom to operate our business competitively. We need small business to enjoy the principles of capitalism.

Consider the case of Google which was incorporated as a privately held company in 1998. That’s right, just 12 years ago, two American partners; Sergey Brin and Larry Page, both computer science graduates, began experimenting to find a simpler and faster way to find relevant information utilizing an internet search engine.

They started simply – using their rational thought process applying reason, working out of the back of a friend’s garage as did Hewlett-Packard. Once they assembled their invention, they found apathy in the market for their product. At that time, they were not interested in building a company, but rather wanted to sell the technology. Even though the “dot com” fever was going full bore, no one was interested and banks would not finance them.

So they went out and used all their credit cards, their friend’s credit cards, and parent’s credit cards to buy servers and equipment. They dropped out of Stanford and put it all on the line, risking not only their own financial livelihood, but their friend’s and family’s as well.

Their business took off and they went public in 2004, raising \$1.6 billion dollars, imputing a total value of their business of \$23 billion dollars. This free enterprise Cinderella story is a perfect example of how business – yes – capitalism is a beautiful thing. Unencumbered by overregulation, Google has grown to employ over 20,000 creative rational thinkers. The company encourages their employees to spend 20 percent of their time on creative projects of their own choosing, setting the stage for further entrepreneurial success utilizing the true value of men – our ability to reason. Imagine that.

Fortune Magazine recognized them at the top of the list of the 100 best places to work. Their rapid growth created a multitude of new products, acquisitions, and partnerships beyond its core search engine.

Google also has a charitable arm. As of a year ago, they have committed over \$75 million dollars to a number of organizations focused on issues from renewable energy to providing essential public services to the developing world.

This business is an entrepreneurial model. It has benefited millions of Americans and its businesses.

But wait – this past summer the Department of Justice delivered a sharp blow to this model of capitalism. They announced that they were going to dramatically increase enforcement of anti-trust laws against successful dominant companies who allegedly harm competition by wielding too much “market power”. Google’s behavior is now being “closely monitored”. They have been described as having a “monopoly of power over competitors that participate in keyword auctions”.

But aren’t we as customers free to chose whose products we use? Does Google force its customers to use its products? Do they prevent competitors from offering products of their own? - of course not.

They have no power to force customers to use their products or prevent competitors from creating something better. Consequently, they pose no threat to anyone’s rights or the competitive process.

There is one player who does though – our government; utilizing its vast and arbitrary political power given to it by anti-trust laws. They attempt to control

Google by telling them what products they can and cannot sell and which markets they can and cannot enter. Anti-trust enforcers say they have become “too dominant”. Google, like the other great startup entrepreneurial success stories of Apple and Microsoft, “must be controlled” according to our government.

I don’t see it that way. Success earned in a free competitive process is an achievement, it should be celebrated. Our Department of Justice regards it as a crime.

This example portrays just how our market is not truly “free”.

We do enjoy significant elements of freedom in today’s economy. Americans can own private property, choose jobs, and select from a smorgasbord of goods and services. Entrepreneurs can start businesses, hire and fire workers with relative ease, and reap virtually unlimited rewards if successful, but the fact is, our government has become progressively restrictive, inhibiting the very basis of the free market.

The heavy blanket of regulation and control is affecting our future entrepreneurs and preventing new startups, therefore holding back job creation and development.

According to USA Today, more than 4 million jobs have been lost in 2009, the worst year since World War II. The national jobless rate that advisors projected would peak at 8 percent, has now toppled 10 percent, near 15 percent here in Michigan.

Our economy normally loses millions of jobs each month as technology and consumer preferences change. But in normal times, new and expanding businesses create millions of new jobs – more than replacing those that disappear. In this recession however, these new jobs are not being created. Business startups have dropped 18 percent. Expanding or startup companies are creating 25 percent fewer jobs than before the recession. That represents 1.9 million jobs not created in the first quarter of the year alone.

According to James Sherk of the New York Post, “rather than investing in new projects that would create new jobs, businesses have retrenched. In other words,

he says; unemployment has risen mainly because of the new jobs that entrepreneurs have not created.”

Two weeks ago, the government announced that it will take a small step toward accelerating the pace of the private sector hiring by eliminating capital gains taxes on small businesses and extending write offs for small business investment. That will help engage us; however, the government then took 4 steps back.

First, another round of stimulus was announced to use unspent TARP funds on more government spending for highways, and cash for caulking home weatherization funds, most of this pro-employment proposal consists of creating more *taxpayer* funded jobs.

Bigger government does not encourage entrepreneurs to create jobs. Worse yet, it discourages us. The more resources Washington consumes, the fewer we have to invest in our own projects.

It is of no surprise to anyone that private sector hiring has remained low and unemployment has kept rising since the last stimulus became law.

The second big step back is the continued push for a trillion dollar government takeover of health care. These bills will raise taxes on employers as well as employees, and make providing health care coverage more expensive and penalize employers who do not offer it. Such laws could make businesses more likely to fail. How will entrepreneurs react?

The third step back resulted when the U.S. EPA announced that it will begin to regulate carbon dioxide as a pollutant. Carbon Dioxide!!! A naturally occurring compound produced and utilized by most every living thing on our planet, including me. This will affect the cost of every product sold in America, but not in China.

The fourth step back came last week, when government endorsed a proposal that rich nations come up with \$100 billion dollars *a year* over the next decade to help poor nations fight climate change. Our nations altruistic motives must be questioned when other nation’s that do not contribute to our own success

become recipients of our hard earned money when U.S. taxpayers are pleading for relief.

Although many details of each of these new programs are not yet available, one fact is: our government has become too big, too cumbersome, and too confusing trying to be too many things to too many people. Big government does not solve our employment problem but a vibrant free enterprise system can.

The barriers to entry to achieving the American dream have grown beyond what many entrepreneurs can bear. The 18 percent drop in business start ups just the first quarter of this year confirms that.

The altruistic nature of the direction of our government comes at a cost. We have limits as to what we can afford as a nation. In my opinion, we are beyond those limits. We cannot continue to mindlessly print money and put the burden of debt on future generations of Americans.

We cannot continue to erode the rewards of the capitalistic free market and believe that businesses, entrepreneurs, and the producers, will be motivated or able to carry the financial burden of our government's extensive entitlement attitude.

Our founding fathers envisioned a free society requiring a limited government that acted and enforced objective laws for the *sole purpose* of protecting individual rights.

They devised a system that placed power into the hands of the individual at the expense of the state. The individual, they decided, possesses the inalienable rights to life, liberty, property, and the pursuit of happiness. The government does not stand above the individual as his master, but below him as his servant. To secure these rights, Thomas Jefferson wrote in the Declaration of Independence; "governments are instituted among men, deriving there just powers from the consent of the governed. If the government trespasses on the rights of the individual it is the right of the people to alter or abolish it and institute a new government."

So I ask, are our government's policies focused on a free society whose purpose is to protect the individual rights of its people? Is it a limited government? Does it fulfill our forefather's mission?

Can you imagine Thomas Jefferson patiently watching the tax collector take his money and give it to a "cash for caulkers" deal to help his neighbor maintain their home? How about watching it go to a health care program that has a trillion dollar price tag to it, or provide the \$100 billion dollars a year to help poor nations fight climate change? How would he view our Department of Justice's anti-trust pursuit of Google? Would he allow his government to dictate what he ought and ought not do? I don't think so.

Jefferson helped create the type of government that valued individual's rights, the type that enticed the great individualists, the rational and independent thinkers who created the wealth of our nation through the great industrial revolution. Today that very wealth has been tapped into to leverage our government's fitful expansion toward an ever greater governmental intervention into our daily lives. That same intervention has created generations of dependent Americans, removing the virtue of self sufficiency by leading people to believe that the government will take care of them.

To create the type of wealth we need in this country to fund the ever growing governmental financial liabilities, we must motivate and educate our country's people toward independence once again. Empowering them to go as far down the road to achievement as their own ability and ambition will carry them. Capture the spirit of entrepreneurialism, capitalism.

The solution to our troubles relies on the U.S. government getting back to the basics. To a smaller more efficient limited government that is focused on the basic principles defined in our Declaration of Independence. Our government must operate within the budget of its annual income, like America's businesses and people do. We can no longer continue to print money and expand our national deficit beyond our capacities. Since all of the government's income is generated by successful businesses and its employees, we must lay the ground work to inspire new business, not increase taxation. To inspire new business, we must remove the shackles that impede production- our overbearing regulatory framework. Inspire the spirit of capitalism.

My thoughts are not new or original here today. As the U.S. economy deteriorates and the free market takes the blame for the disastrous consequences of government policies, I can't help but to compare today's scenarios to one of my favorite books: Atlas Shrugged. Written by Ayn Rand in 1957, this masterful story parallels today's current crisis.

The U.S. Library of Congress lists Atlas Shrugged as "The most influential book of all time, second only to the Holy Bible."

The book has been in the news a lot lately as the story describes a world crumbling under the weight of government interventions and regulations. The economy has ground to a halt. Roads and bridges are breaking down, buildings are falling apart, new inventions are few and far between, and each day more and more businesses are shutting their doors. The government blames greed and the free market, then they frantically impose further controls, but the crisis only deepens.

Does that sound familiar? The similarities are striking. Since the start of our crisis, we have been told that the free market and greedy business owners are to blame, and the only solution is to progressively hand more power over to the government. In Atlas, we even read about a "banker with a heart of gold" who went out of business after lending to borrowers on the basis of "need" rather than their ability to repay. Anyone who understands how the government's "affordable housing" crusade led to an orgy of subprime lending can appreciate Rand's foresight.

But Atlas Shrugged is not primarily a political novel. It is a novel about what happens to a world that denounces its best minds as greedy and immoral. It's about what happened when, instead of thanking and rewarding the brightest and most successful, a nation denounces, despises, and shackles them.

It is about what happens when the best minds *stop* allowing that to happen.

The conclusion of the book contains profound and valuable lessons, including many ideas that I have communicated today, from limited government to removing controls and expanding freedom. Our economy can flourish.

The choice is in front of us – Will Atlas Shrug or will we move forward with the confidence of our forefathers principled virtues?

Here in Michigan's Great Lakes Bay Region, we stand ready to rebuild our economy. Our community is filled with passionate rational thinkers who have shown themselves to be resilient against all odds.

Our community's entrepreneurs are moving forward today with unprecedented investment toward our future. I am convinced that our region will lead Michigan's recovery.

Midland, Bay City, and Saginaw, have come together and joined each other hand in hand to proactively form the "Great Lakes Bay Region". This partnership was formed to pave the way for regional economic success. Our economic development agencies and chambers of commerce (funded by our region's businesses) have worked to remove the barriers to redevelopment in our region. They have assembled properties and successfully lobbied for state and local tax free "renaissance zones" removing tax liabilities here in Michigan's turbulent economic climate. They have lobbied for and secured significant federal tax breaks for the booming solar and battery industries. With the brightest minds working together, we have lured over \$3 billion dollars of new investment here in the past five years, all on the premise of building on our historically great free enterprise system.

Mr. President, we stand ready to lead the way in Michigan's recovery. We ask for your support and leadership to assist in removing the barriers.

Ladies and gentlemen, I ask that you please stand and join me in raising your glass to the nation's highest office, the President of the United States.

God bless the Great Lakes Bay Region and its resilient people. God Bless America.