

Marymount University Speech

Dean Ryerson, Members of the Faculty, Students, and Ladies and Gentleman:

Thank you, President Bundschuh, for your fine introduction and thank for your leadership. I also would like to take this opportunity to sincerely thank my host, Dean Ryerson for inviting me to speak to you today on my book-Renewing the American Dream: A Citizen's Guide for Restoring our Competitive Advantage. Thanks to all of you for coming and for your hospitality. I am delighted and honored to be here. I have always held Marymount University in high esteem because of its mission and values. This is an exceptional educational institution. I congratulate Marymount University for its continued success in building bridges of understanding and cooperation with various faiths. This university stands as a symbol of equality, dignity, inclusiveness, compassion, tolerance and respect for other faiths.

Although I am here today to speak primarily about my book, I am also here to talk about the future of America and the American Dream. Let me begin by focusing on some key words in the book's title. The word "Renewing" the dream was chosen deliberately - because the dream is at risk and needs to be renewed. Also the phrase, "restoring our competitive advantage" – because America is losing its advantage both at home and in the international arena. For America to prevail in the 21st century we must restore that advantage.

Please remember that we must renew and we must restore. My presentation is directed at addressing those twin goals.

Let me briefly outline what I want to talk to you about today:

- I will start with describing the co-authors and my personal story, the definition of the American Dream, and reasons for writing this book.
- Then I will share some ideas on how to jump start the economy and how to create jobs in America.
- Next I will briefly review and comment on the President's plan for recovery and his new tax initiatives.
- I will then outline five reasons for economic optimism
- Then I will conclude my remarks.

Let me tell you about myself and my co-authors

I built a business from one employee to 2000 employees in 12 years. George was CFO and Assistant Secretary of Treasury under President Clinton's administration and Ed has consulted with various Government and private sectors. All of us have experience in public and private sector. We have unique experience to bring balanced and objective perspectives to the America's current problems and to provide practical recommendations for addressing them.

Let me tell you about my personal experience of finding and living the American Dream

I left India when I was fifteen years old to pursue the American Dream. I believed in America and the American Dream. I believe if you aim high and if you work hard you should be able to pursue your dream. I am a living example of an American Dream. Through hard work and initiative, I was able to build an Information Technology business from less than \$100k to over \$300M in 12 years and sell the business to Ross Perot in 2007 for \$250M. I created 2000 jobs. Let me tell you starting business are all about taking risks, being focused and committed. It is about confronting uncertainty with optimism, ingenuity and creativity. It is about getting out of comfort zone, and venturing into new horizons and experiencing new environments. I inspired my employees by setting examples. I learned from my failures. I want to tell my story to others because I have a deep desire to give back to our country and to our community. I want to inspire others so that they can pursue American Dream.

What is an American Dream?

I am sure that each of us has our own definition of the American Dream. For me, the definition is simple: It is the opportunity to be the best that you can be and to be recognized and rewarded for accomplishing that. It is the chance to be successful and to achieve economic security. The fundamental elements of the dream are getting educated and

working hard in order to have a good job that pays decent wages, provide adequate benefits, puts food on the table, a roof over one's head, and allows for retirement with dignity.

This will ensure that America will continue to grow and prosper and that each generation will have better life than the previous one. I believe that two other aspects of the dream are: a concern for the common good, and pride in the nation and its standing in the world.

Reason for writing this book

The reason for writing this book: disappointment, concern, and a sense of responsibility.

Disappointment: In turbulent times such as these, we would have expected our political and business leaders to come together as they did after 9/11. We were disappointed and dismayed by this lack of leadership. We learned that we were not alone. This convinced us of the necessity for this book. It persuaded us that we are all in this together.

Concern:

We were especially concerned because of the country's condition. Here are the cold facts. 2009 was an awful year for the United States. The first decade of this new century was a decade of serious decline for America and the American dream.

At the end of the decade:

- the annual budget was \$1.4 trillion and rising
- 1 out of 5 Americans was un- or under employed
- 1 out of 8 mortgages was in default or foreclosure.
- 1 out of 8 Americans was on food stamps
- 1 out of 9 families couldn't make the minimum payment on credit cards
- Income inequality was at the highest level in recorded history.

Sense of responsibility: As citizens, we wrote "Renewing the American Dream" out of our sense of responsibility to call citizens' attention to this crisis because we believe that many do not grasp the gravity of the current situation. They think these tough times will pass and America will recover to where it was before. In this book, we make the case that America's decline is real, and could be permanent. The purpose of this book is to ask every citizen to participate in reversing the decline. We are not politicians or economists. Rather we are three Americans who have lived the American dream, who want to contribute to sustaining it and growing it.

The American Dream is at risk. The American Dream and "the shining city on the hill" have begun to slip into the shadow. We have become a deficit and divided nation – our economic and social fabric is in tatter. The decisions we make, and the actions we take, will determine the future of America.

Our purpose is to enlist citizen participation to reverse that decline. As citizens who have lived the American Dream. We have responsibility to speak out and make our voices heard on the critical need to renew America and the American Dream

This book- *Renewing the American Dream* -provides a comprehensive and integrated analysis of the American condition. This book includes how do we renew the American Dream by defining 21st century competitive advantage for the nation, and implementing policies and programs that create jobs, Rejuvenate the middle class, reignite the manufacturing sector and unleash the potential of small business and entrepreneurs, ensure a vital news media and advance America's role in the world.

It is not just Government's or business responsibility to renew America. It is the responsibility of all of our organizations and all of us citizens working together to build and develop America for the future.

What changes would I make to make the American Dream more achievable for more people

I am a business person who values hard work and education so I do not believe in magic wands or magic wishes. There are two things that I would change -one from a process standpoint, the other substantive.

On the process side I would like to see our elected officials and talk show pundits tone down their rhetoric and engage in civil and intelligent discussions. We do nothing to advance the Dream when we attack others whose beliefs are different than ours. We need those in positions of power to set good examples and to be role models that will bring us together rather than flame throwers and investigators that will tear us apart. Too many people today are consumed with creating the "Divided States of America" rather than the United States of America.

On the substantive side, I would like to see resurgence in American manufacturing and a significant increase in exporting with an emphasis on small businesses.

Manufacturing used to be about 20 percent of American GDP. Today it is around 10 percent. We lost over 2 million manufacturing jobs in the past two years. We need to create policies and strong incentives for America's manufacturers to establish products and services domestically and to emphasize exporting.

What roles do entrepreneurs and small business owners play in renewing the American Dream?

I am an entrepreneur and I have been owner of small business that created 2000 jobs. They play a pivotal role. If we are going to renew the American dream, we are going to need to think small to win big. Small Business constitutes 99 percent of the total business in the US and account for more than 50 percent of the nation's GDP. They are the engine that drives our economy.

Small Business needs support from Washington. Banks should be encouraged to make loans to small business but the banks are still not making these loans.

What do I want readers to take away from reading this book?

I would like readers to take away three things from reading this book:

1. As a citizen of this great country it is our responsibility to solve our problems
2. The way we can solve problems is not by attacking each other or ideas but by working together for shared goals as 21st century citizens. We should be involved and engaged and informed.
3. We should each determine where, when, and how to be engaged. Sitting on the sideline, however, is not an option. Our democracy and the future of America and the American Dream depend upon our participation.

Finally our primary goal in writing this book was to make a "call to arms" and provide the foundation for serious discourse and dialogue among citizens about issues that matter.

Achieving the dream today seems to be a bigger challenge than in the past. Do I believe this to be true and why?

I definitely think that achieving the American Dream is still possible. However, it is a bigger challenge than in the past. Our weak economy is undermining the American Dream. I still think that it is possible to reach the higher rungs on the American Dream ladder by becoming an entrepreneur. On the other hand, I think that the middle rungs on the ladder have begun to disappear and may be more difficult. Research shows that in 1970, 40 percent of Americans lived in middle income households. By 2006 that number has declined to 35 percent. In 2004, the typical man working full time, after adjusting for inflation, earned \$800 less than his father did in 1970. These are not good numbers.

At the same time our international competition in the economic arena is getting tougher. China, India and Brazil are all growing quickly in terms of GDP and the earning power of citizens. The United States is in danger of losing the competitive advantage that we have established in the world marketplace.

As we point out in our book, these are all issues that need to be addressed in order to renew the American Dream for all. The Dream should not be the province of the few. It must belong to all Americans who are willing to get educated, work hard and pursue their life goals. If we restore our competitive advantage and ensure that translates into the right opportunities for individual economic well being then achieving the American Dream will still be difficult but no more difficult than in the past. I must stress that key word here is "opportunity" not guarantee. As long as we protect opportunities, the American Dream will prevail.

Those are some key points from the book.

Let me share some thoughts on:

What do we need to do to jump start the economy and create jobs?

Here is the dilemma. The American job machine is broken. Business is not hiring. American companies are cautious in hiring and investing. We have double digit unemployment rate and slow growth in economy and largest debt and deficit and high trade imbalance and exports are stagnated and imports are surging. We need business leaders and private sectors to step up and create jobs. The American Companies have close to two Trillion Dollars on their

balance sheet but they are reluctant to invest in America and they are holding out of fear and uncertainty. We need to “reset” relations with the business community. We should stop bashing Wall Street and we should stop demonizing the business community. We should not suppress their concerns and their gripes and grievances. Business likes fewer taxes and fewer constraints and less reform and less regulation.

Federal spending does not create jobs. Somehow our policies are based on the belief that Government can drive growth by handing out checks to consumers. What is missing is any attempt to spur incentives for business or individuals to invest and take more risks.

Based on this dilemma I have following recommendations for creating jobs and jump start the economy.

1. Increase lending to small businesses. We need to expand the current direct and guaranteed loan programs to small businesses. We need to become once again “hot bed” for small business. I am glad that Congress has passed, and the President has signed, the Small Business Bill.
2. Given the fact that our economy is too fragile and feeble, and we have a slow pace of recovery, we want the economy to grow and we need business to make investment. Therefore I recommend extending the Bush tax cuts for all Americans at least for one year.
3. Give one year payroll tax holidays for both employees and employers. Remember the payroll tax is a tax on hiring labor. So if we give employers one year off they are going to be more inclined to add workers, or less inclined to lay off workers, because any cut in payroll taxes will reduce the costs of operation and labor for all businesses. For employees, the increased take-home pay would boost much needed consumer consumption.
4. Boost exports and slow down imports. We must get more of our companies into foreign markets, thereby strengthening our economy through increased sales and more jobs. Our goals should be to double exports as President has outlined in his State of the Union address. In order for us to be globally competitive we need to lower labor costs and boost productivity. We need to be creative and innovative. We need to win the race for global competitive advantage.
5. Reform corporate tax policies and create strong incentives for American manufacturers to establish plants and manufacture products domestically. We should build and buy US products. We should stop sending jobs to overseas.
6. Establish tax and financial incentives for firms to create and bring jobs back to U.S.
7. Spur investments into targeted sectors such as medical technologies and renewable energy; including solar, wind, thermal, biomass, and hydropower.
8. Provide greater support for education and research projects.
9. Have less regulatory requirements. This means we have to remove impediments to productivity. We need to take down unnecessary burdens and barriers to invest in America.

10. We should encourage US based multi-national corporations to bring foreign profits home. We should strike a balance between discouraging US firms from going abroad while encouraging investment at home. The real problem is a US corporate tax rate that over the past 15 years has become a huge competitive disadvantage. The effective combined federal and state tax rate on new capital investment is 35%, which is the highest in the industrialized world.

Let me say a few words about education;

Education is the key ingredient of success. It plays a pivotal role in creating jobs and building prosperity. We need to prepare today’s students for tomorrow’s jobs. We need to make education more affordable and accessible. We need to, once again, lead the world in college graduates as President Obama stated in his first State of the Union address to Congress. The President also said ‘all of us must recognize that education will be the currency of the 21st century.

President Obama has put forward some solid ideas to move the economy forward. I would like to comment on them as they relate as vehicles for renewing the dream and restoring our competitive advantage.

President’s Tax Cuts and Recovery Plan

Let us look at his vision:

1. \$200B tax breaks for business that invests in plants and equipments. Write off 100 percent of new investments in plants and equipment through 2011. This is a good plan. This is very promising. This would give short term boost to the economy. The biggest flaw with this is that it is temporary. It should be made permanent.
2. 10 year- \$100B extension of business tax credit for Research and Development. This is not going to have any effect on economy. Less than 1 percent is employed by R&D Companies. To me making this permanent is good tax policy. We rank number 17th among major economies in the generosity of its tax policy toward R&D.
3. \$50B to improve 150,000 miles of refurbished roads and 4000 miles of high speed rails and other infrastructure including building of airport runways. This makes a lot of sense. I recommend we pay this from unused funds of last year stimulus money.

4. \$30B increase in lending to small business. This bill is already passed and is gone to the White House for signature. This bill will boost billions of lending to America's entrepreneurs and provide \$12billion in tax cuts to small businesses. I believe it is the right thing to do and the smart thing to do

Five Reasons for Cautious Economic Optimism

Even though the economy is fragile, there are a few green shoots, and it appears that there are signs that economy is turning around. The financial system is stable, GDP is expanding, and the stock market has recovered more than half its losses. Here are five reasons for economic optimism:

1. **Savings-** The saving rate rose from 2.7 percent at the start of recession to 5.9 percent in July
2. **Credit-** Gradual healing is underway in the financial sector, making loans more available for house holds and business.
3. **Manufacturing-** July industrial production was up 1 percent. Manufacturing sector rose in August to 56.3 from 55.5 index
4. **Housing-** In July builders began building new housing units at annual rate of 546,000, less than half of what is needed to keep up with the population growth.
5. **Trade-** A steep rise in imports dragged down the economy in the second quarter to an unprecedented degree. In the coming quarters exports may set to rise more that imports which would be help domestic growth.

Closing:

Finally, let me go back to the beginning, for America to prevail in the 21st century, we need to renew and restore. The points covered here today will contribute to that renewal and restoration process. Thank you for giving me opportunity to speak with you today. Thank you for your time. I wish all of you continued success in the future. I am confident you will achieve your goals. All of you have a role and responsibility in shaping our country's future. Remember all things are possible when we work together, when we learn from one another, when we listen to each other and when we set aside our differences to work for shared goals. I know the American Dream is still possible for those who had the drive, desire, and discipline. I believe Americans are strong, vibrant, and resilient, and we are a country of dreamers and doers. Therefore I am confident that if all of us work together to build America and to revitalize all aspects of America and the American dream, I can say America's best days will be ahead of us and not behind us.

If you need a copy of my speech please visit my web site www.FrankIslam.com

Thank you and God bless you