

## ROTARY CLUB SPEECH

Ladies and Gentlemen:

I would like to take this opportunity to thank Bob Nelson for inviting me to speak to you today on my book- *Renewing the American Dream: A Citizen's Guide for Restoring our Competitive Advantage*. I have always held Rotary Club in high esteem because of its mission and its vision and its values.

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 manufacturing and how to keep America competitive.
- 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.

### **Reason for writing this book**

The reason for writing this book: disappointment, concern, and a sense of responsibility to our fellow citizens and the nation we all love.

**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 had a responsibility to our nation. 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.

**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.

In fact, since publishing our book, several key points from our pages has gone on to become focal points for various national discussions on restoring America's greatness.

One recommendation that stands out, is our call to create a Presidential Board for Global Competitiveness in the 21st Century and a second on job creation. If we want to stay on pace with the rest of the world, our government must play a role in facilitating this.

We also advocated to extend the Bush tax cuts for two years for all Americans- in these times; it wouldn't make sense not to. As a small business owner, I know that it is also important to extend payroll tax holidays for two years. For employees, the increased take-home pay would boost much needed consumer consumption.

**Let me say a few words about why Manufacturing Matters**

America was built on manufacturing and it is still a major contributor to the economy. In 1987 manufacturing was more than 20 percent of the GDP. By August 2009 it had fallen to 11.7 percent. If we want to be a force in the world economy, we need to build our products here in America. Otherwise, we are ceding the future to our competitors.

Manufacturing has been losing large segments of whole industries due to closing of factories and off-shoring American jobs. The collapse of those industries and subsequent loss of jobs impacted entire communities causing them to disintegrate into ghost towns.

We cannot have a strong and vibrant economy without a strong manufacturing sector. Our recommendation is to reform corporate tax policies and create strong incentives for America's manufacturers to establish plants and manufacture products domestically. This is so vital to reignite manufacturing jobs here, to bring those jobs back to America. Once again we should be proud of "Made in America".

We also need to develop and fund an industrial and innovation policy focused on driving R&D in restoration of manufacturing in targeted sectors.

### **What role Small Business and Entrepreneurs play in creating jobs and renewing America**

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 businesses, but the banks are still not making these loans. 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.

### **President's recommendations on job creation and on economic recovery**

President Obama has also 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.

- Extension of Bush tax cuts for two years.
- One year payroll tax holidays for employees.
- 3. \$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.
- 4. 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.
- 5. \$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.
- 6. \$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.

### **How can United States restore its competitive advantage in an increasingly global economy?**

I believe we are still home to the most creative and the most innovative business in the world. People all over the world still look to the United States for inspiration and culture of openness and the entrepreneurship and the willingness to try and fail.

In order for America to be competitive we need to focus on the following:

1. Innovation- Innovation will make us competitive and which will allow us to boost exports, thereby strengthening our economy.

2. Have less regulatory requirements. This means we have to remove impediments to productivity. We need to take down unnecessary burdens and barriers for business to create jobs in America.
3. A sound and competitive tax policy
4. Free and fair trade
5. Partnership between business and Government on education and innovation where America can lead.
6. Close the deficit
7. Investing in the infrastructure
8. Produce more college graduates in science and engineering and technology

**I agree with President Obama statements “we must out-innovate, out-educate, and out-build the rest of the world to win the future”.**

### **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 the economy is turning around. The financial system is stable, GDP is expanding, and the stock market has recovered more than half its losses. The US Economy will grow close to 4 percent during 1Q11 and we expect GDP to rise 3.5 percent over the course of the year. Here are five reasons for economic optimism because the US Economy is moving from recovery to expansion as we enter 2011:

1. **Saving rate is rising.**
2. **Credit healing is underway.**
3. **Manufacturing production is up.**
4. **Housing market continues to improve.**
5. **Export is rising which will help domestic growth.**

So the economy is beginning to bounce back. However, we still have double digit unemployment rate. I believe it could be years before the recovery is fully realized. The recovery would accelerate this year and the economy will continue to grow for several more years. But peak would not come before 2015. It could be 4-5 years before unemployment rate returns to the 5-6 percent range.

Just when we thought the economic recovery seemed to gain momentum, the new threats in the Middle East especially turmoil in Libya and other Arab Nations could undermine our economy.

### **In closing**

The Dream 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.

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.

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 fate and future.

If you need a copy of my speech please visit my website [www.frankislam.com](http://www.frankislam.com)

Thank you and God bless you.