

Bill's Rant

March 30, 2011

OK, it's time to speak out on an issue that many of my fellow Americans like to make political hay with at every opportunity. The issue regards "Jobs" and the lack thereof. These people claim the awful, terrible, greedy, mean spirited, uncaring business community moves jobs out of our country just for profit, to make more money, etc. Well, I agree, I would guess a very small percentage of businesses do it just because it improves profits. Note I said "very small percentage". The vast majority of Jobs leave this country for the reasons I will provide you shortly.

First, you need to know that I am not just spouting off without having a lot of knowledge on the subject. I have been in the business community for over 45 years. Most of which I have been in upper management, to include CEO. I am now a business owner and have owned my own business for nearly 25 years. I have been involved politically with both State and Federal business associations and have inter-acted with local, state and federal politicians and governmental bodies for more years than I care to think about. My point is, I am not just some smuck running off at the mouth.

So, before I give you the list of real reasons Jobs are not being created very rapidly and why so many jobs are leaving our country. I first want to say, I just want to throw up every time I hear a politician or a governmental spokes person talk about creating jobs. Are you kidding me? The only jobs our government can create are "Government Jobs". Which they are terrific at. Most Americans have no idea how large our government work force is, it is beyond description and growing in size every day.

Governments can have the most impact on jobs by creating an environment that is conducive to private enterprise growing and creating jobs. Unfortunately, our government (especially recently) has not only created an environment that is not business friendly, it is down right hostile.

Ok, so here it is. It is my opinion the job situation is what it is today because of the following:

1 - Job creation for the last few years is stymied by the lack of stability in our government's policies and the apparent inability for our politicians to work together and get issues resolved. Therefore the business community is on hold, a wait and see attitude. I for one and all of the business owners I know are not going to make additional investments and increase our risk when we do not have at least a minimal comfort level regarding what is the governmental environment that we have to operate in is going to be like.

Jobs are leaving our country for foreign lands because the foreign countries not only want the businesses in their countries, they recruit them, entice them, provide huge incentives to get them to relocate to their country.

2- Governmental Agencies another gigantic reason. Does anyone have any idea how many governmental bureaucracies there are? I don't know, I bet no one in this country does. Just to give you a taste, take a look at your phone bill sometime, the page where things are totaled up. Note, how many government agencies are noted and the fees for those agencies that are added to your bill. Look in the phone book you will be astounded. My business, as most others, is regulated to death. You have to commit an unbelievable amount of resources to the task of just ensuring you are complying with the thousands of rules and regulations these agencies dump on you. Now in most foreign countries, there is little if any regulation. So, which would you prefer?

3- Litigation is killing our society and our economic system. Ever wonder how much cost is added to products you buy because of the 20 labels that are stuck on the product because of past lawsuits? The legal departments that have to be added or legal services paid for so you can "try" and protect yourself from law suits and predatory lawyers. In my business it seems you can not turn around without getting a suit filed against you. Fire someone, get sued, have an accident (even if it is not your fault) get sued, etc. There is a whole legal industry that thrives just on threatening to sue you because it is cheaper to settle than to defend your self even if the claim has nothing to do with you. My latest experience with that cost us \$20,000. Our lawyer said no problem winning in court, you didn't do anything. Question is: do you want to spend \$50,000 to win, or \$20,000 to make it go away? Can you believe it? Not only has the legal

industry driven up costs because of the legal action brought and awards made in suits, but think how much is spent each year by business and individuals to protect themselves from getting sued? How many times do you think a company will be sued in the Philippines, or Thailand or China? Think about it.

- 4- Organized labor is certainly not what it used to be, but it remains a major issue especially for some service and industrial based companies. The problem isn't just the cost of wages and benefits, but the crazy work rules that many unions demand. So, here you can deal with the work rules, high wages and high benefit costs, or you can be in a country where you pay a few dollars a day for a worker, no work rules and no benefits. I'm not saying its right, just saying what it is.
- 5- Tax policy is a biggie; this drives a lot of business out of the country. Our corporate tax rates are among the highest in the world (3rd or 4th, I think). Plus the attitude of many politicians and many of my fellow Americans towards the taxing of the business community and business owners has not been good and is getting worse. It seems to be popular today to just say "don't tax me, tax the rich". According to our President, the "rich" is defined as anyone that makes more than \$250,000 per year. It seems every time there is a financial need in government (which is never ending) more and more the suggested solution is to "tax the rich".

Which raises the question, why have so many people and politicians in our country began to demonize successful people. I am dumb founded sometimes when I have people I know go off on "the rich" in very hateful ways. They believe someone that is so called "rich" somehow got there by some illegal manner, or I don't know what. They say these people are mean, bad, awful, greedy hateful people that don't deserve what they have. REALLY???? I know a number of people, including myself that based on our presidents definition of "rich" are in that category. I as well as all those I know in this category am not defined by any of the things noted above. Yes, there no doubt may be a few of the "rich" that might fit some of those descriptions. However, not anyone that I know of. Also, there is a very, very small percentage of so called "rich" that did not earn every penny they have. And even someone who didn't work and inherited their money or won it in a lottery – so what – it's theirs. Our government policies and actions are evolving more and more towards the punishment of achievers and rewarding non-achievers. It seems each year we sink a little further into this pile of quick sand and believe me, it will be our demise.

I am also told at times, the “rich” should pay more taxes. Currently my income tax bill consumes about 50% of my income (and can you believe it, many people say “you don’t pay enough – REALLY????”). Then once I get my 50% home, I (and you) have to continue paying taxes to our government in the form of; sales tax, real property tax, license tax, excise tax, personal property tax, and many more. Oh yeah, Estate tax when I die as well. PLUS those cute little fees that governmental agencies charge us all now for services that used to have been paid for with tax money you already gave them. Like garbage service, sewer service, etc. I could go on and on, like I said before take a look at the end of your phone bill, your electric bill, etc. You will be amazed.

Did you know that according to “The Tax Foundation” in 1987 the top 5% of taxpayers paid 43.3% of total income taxes? In 2008 (latest data available) the top 5% pay 58.4%. That means that 95% of taxpayers pay only 41.6% of the total. Oh Yeah, forgot to mention, 44% of Americans pay “ZERO” income tax. Yet, if they are a family of four, with income of \$25,000 per year, they pay zero income tax; they will get a refund check for \$7,085, because of the earned income tax credit. Also, which group do you think consumes the most government services??? Get the picture, pay more, and get less. Sound fair – Right?? – NOT!! This group continues to grow. If we do not properly deal with this problem, it won’t be long before this group will exceed 50%. Then, they can just always elect the politicians that will offer them the most freebies for their votes. Our government has already gone beyond any sense of reasonable behavior; they have actually gone beyond what words can describe. I mean \$1.7 Trillion Dollar deficit for this year alone??? I don’t even know how to write that number yet our politicians throw around the “T” word like it’s nothing. We are beyond bankrupt, we borrow 40 cents on every \$1.00 we spend ---- How is that even possible?? Yet, spending bills keep coming and coming with no end in sight.

So, once I pay the additional taxes and fees to our government as noted above, let’s say I have forty cents on the dollar left from the income I generated. Out of that forty cents I have to provide for my family, make the charitable donations to organizations and families we support like; Boy Scouts, Girl Scouts, St. Mary’s Food Bank, Arizona Transportation Education Foundation, ASU Scholarship program, Arizona School of Arts, Montessori Kingdom of Learning, Salvation Army, Sojourner Center for Women, Sunshine Group Homes, St. Joseph The Worker, YMCA, Season for Sharing, West Side Crisis Center, Junior Achievement, Phoenix Zoo, Make-A-Wish Foundation, and I

can keep going. Can you believe it, mean, bad, greedy, selfish, self indulged guy like me making donations, unbelievable. ?? Then of course I have to use some of it for our business (can't operate or grow a business without capital – ya know). Finally, I hope to save some of it for our grandkids educations, emergency fund, investments, etc. Perhaps even have a tiny bit left over for my heirs to inherit.

So, there ya have it. I could go on longer but this is already much longer than I anticipated – Sorry. In a nut shell (maybe I should have started with the “nut shell”), put yourself in the shoes of the business owner. Do you as a business owner want to:

- a. Continue to operate your business in our country where you; have to operate in an environment where you don't know today what our government is going to do tomorrow? Have power crazed bureaucrats climbing all over you constantly and new agencies with more bureau “craps” being instituted all the time? Have to worry about law suit hungry lawyers hanging around every corner just hoping to figure out some way to get a class action suit started on you, getting sued when you have done nothing wrong, paying off lawyers just to avoid the incredible expense of defending yourself? Having to deal with crazy union work rules, high labor and benefit cost that make it nearly impossible to compete with foreign products? And finally tax policy and a tax structure that confiscates more than half of what you earn by a government that just throws it down a dark black hole. Have you heard the term “re-distribution of wealth”? You know who comes up with terms and programs like this – don't ya? Of course, someone that did not have to earn what they have. I mean taking from the producers to give to non-producers? That ruins both groups, forever.

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- b. Give up the fight and the hassle of trying to maintain a thriving business here in America and move to some foreign country where; they actually want you there very much and do all they can to demonstrate they want you there. Incentives are provided for you; they celebrate your successes and make it as easy as possible for you to grow your business so you can provide more jobs. There is little regulation and few if any bureaucrats to have to deal with. Nearly no lawyers – anywhere. No frivolous law suits to deal with, no multi-million dollar jury awards to pay out, etc. No unions to deal with, no restrictive work rules to mess with. Tax policy

and structure that encourage investment and expansion, growth and profits, rewards achievement rather than punishes. There the more you make the more you keep. Unlike the U.S where the more you make the more you pay.

So, there ya have it, you can decide. I am not advocating one way or the other. I just am telling you my opinion as to why our jobs are disappearing.

If you have read this far, I thank you very much for allowing me to share my feelings with you. Have a great day.