



Remarks Prepared for Delivery by

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Introduction

Thank you, Lew, for that nice introduction. It's an honor to be here today. This 12th annual conference illustrates the strong commitment of our military community to small businesses initiative that during Fiscal Year 2008 delivered nearly \$25 billion to small businesses in contracting opportunities.

What better day to have this conference than on the heels of Veterans Day, the Federal holiday that traces its roots back almost 90 years when President Woodrow Wilson designated November 11th as Armistice Day after World War I. Given the fact that a large number of veterans become small business owners, it seems fitting to recognize the connection between the two. Indeed, we owe so much to the brave Americans who have risked their lives defending freedom and making it possible for themselves and other Americans to pursue their business dreams.

We especially express gratitude for the sacrifices made by more than 1.5 million Americans – representing men and women in active duty as well as those who serve in the Reserves and in the National Guard – who have been deployed to serve in Afghanistan and Iraq and points of our globe where American interests are at stake.

On Tuesday, Veteran's Day, President Bush addressed the re-dedication of the USS Intrepid in New York. Sending what he called a "clear message" to all who have worn the uniform, the President said:

"Thank you for your courage, thank you for your sacrifice, and thank you for standing up when your nation needed you most. The war on terror has required courage; it has required resolve equal to what previous generations of Americans brought to the fields of Europe and the deep waters of the Pacific. I'm proud to report to my fellow citizens, our Armed Forces, the Armed Forces of this generation, have showed up for the fight, and America is more secure for it."

I am proud that President Bush has backed up those words by concrete action to support our veterans. President Bush has moved in to implement the recommendations in the Dole-Shalala report that called for important and needed improvement in services received by our veterans when they return home after their brave and noble service to their country.

- We have increased funding for veterans' medical care by more than 115% since 2001.

- Funding for the Department of Veterans Affairs now totals more than \$97 billion, nearly double the funding when President Bush took office and the highest level of support for veterans in U.S. history.
- We provided more than \$6 billion to modernize and expand VA medical facilities.
- An additional \$1 billion has been dedicated to traumatic brain injury and post-traumatic stress disorder treatment and research.
- The President also called for and signed a GI Bill for the 21st century, which expanded education benefits for service members and veterans. Among its many provisions, the legislation makes it easier for veterans to transfer unused education benefits to their spouses or children.
- And of course, we have honored our veterans with a hallowed, final resting place by implementing and fully funding the largest expansion in the national cemetery system since the Civil War.

I know that President Bush is proud of these actions, and I am proud to be a part of his Administration that has made them happen.

The Social Dividends of the Military

As much as we seek to fully honor our veterans, our gratitude for the military would not be complete without also recognizing the *secondary* benefits that we enjoy as civilians – benefits that accrue beyond the military’s primary mission of defending our freedom.

Given the historic election last week of our first African-American president, Barack Obama, we ought to remember that the military was a pioneer in bringing Americans together from different walks of life, different social strata, and different races.

Our military took the early lead in desegregation with President Truman’s Executive Order almost 20 years before the passage of the Civil Rights Act of 1965.

The military has also stayed on the vanguard of expressing the compassion of the American people around the world, serving in key humanitarian roles after natural disasters, such as the earthquake in Pakistan and India and tsunami of 2005 that shook Asian and African nations.

This is why President Bush said that the military “represents the best of America, the generous spirit of our country.”

Small Business and the Military

Today, however, we’re here to explore the role of the military in advancing and promoting small business. This is important because in our Tom Friedman - the world is flat - dynamic - competitive - global economy, small business helps to ensure that America stays competitive and remains on the cutting edge.

Even in an economic downturn, small businesses remains the backbone of our economy, creating more than two-thirds of new jobs and providing 50% of private sector employment. Small businesses also drive innovation, providing 13-times more patents – on a per capita basis – than larger businesses. This is why smart large companies cultivate close strategic partnership with emerging small businesses – that’s where the technologies that accelerate innovation come from.

So I am pleased with the commitment of the Department of Defense – from the top brass of the Pentagon to the rank and file – to helping small businesses start, grow, and prosper. You do this in many ways, including helping small business owners compete and receive Federal contracts. While more work is needed to

achieving the goal of 23% of all Federal contracts going to small businesses, last year small businesses – with the help of DOD – nonetheless received \$148 billion in Federal contracting work. That’s impressive.

Under those contracting goals, the Department of Defense is also helping us move closer – under an executive order signed by President Bush – towards awarding 3% of Federal contracts to service-disabled veteran-owned small businesses. While we have not achieved that goal yet, Federal contracting with service-disabled vets is nonetheless increasing, up 31% from \$2.9 billion in 2006 to \$3.8 billion in 2007.

Helping Veteran Entrepreneurs Thrive

Of course, the SBA is working closely with the Defense Department – and other federal departments -- in maximizing contracting opportunities for the more than 4 million veteran- and reservist-owned small businesses in America. But that work represents only the tip of the iceberg in what we do to help veteran-owned business.

We also annually guarantee more than \$1 billion in loans for businesses owned by veterans.

Our Patriot Express Loan Initiative – a program that enjoys our fastest turnaround for loan approval – features SBA’s lowest interest rates, generally 2.25% to 4.75% over prime.

The Patriot Express program is open to:

- Veterans;
- Service-disabled veterans;
- Active-duty service members eligible to participate in the military’s Transition Assistance Program;
- Reservists and National Guard members;
- Current spouses of any of the above;
- Spouses of any Active-duty service members; and
- The widowed spouse of a service member or veteran who died during service or of a service-connected disability.

Since the roll out last year, we have approved more than 2,000 Patriot Express loans totaling almost \$200 million.

We also provide loans of up to \$2 million under the Military Reservist Economic Injury Disaster Loan program for losses that occur when a business owner or key employee is called up for active duty as a reservist. We want to

ensure that businesses like these survive and thrive while their military members are deployed.

Succeed they do, as in the case of former Staff Sergeant Robbie Doughty and Chief Warrant Officer Lloyd Allard.

Last week, The Department of Labor honored these two Iraqi veterans for spearheading the Little Caesars franchising program that has provided business opportunities for 24 veterans. I had the distinct honor of meeting Sergeant Doughty. I was inspired by his determination and courage on the battlefield *and* his entrepreneurship and commitment to both his family and his community now that he has returned home – even though the Global War on Terror cost Sergeant Doughty both his legs. That’s what I call perseverance.

The Credit Crisis

We meet at a challenging time for America’s economy.

Many Americans and small business owners – for understandable reasons – are concerned about *their* economic security and *our* economic future. The wild ride on Wall Street and the credit crunch has all of us – even those who always thought that Wall Street was far away and irrelevant to the lives of everyday

small businesses and families – paying close attention to the intricate workings of the financial markets. Clearly, the credit situation is a serious one.

There have been several announcements regarding the Emergency Economic Stabilization Act of 2008 and I know that at times it can be confusing. Let me assure you that every action taken by the President and the Treasury Secretary is using an authority that was included in the bill that was passed by Congress.

What you are seeing is the Treasury Department responding in *real time* to the changing conditions of the credit markets and our overall economic situation. Our economy moves quickly in the 21st century and this credit crisis came upon us quickly and continues to evolve quickly. Secretary Paulson is utilizing the tools at his disposal – envisioned and included in the Emergency Economic Stabilization Act to respond most promptly and appropriately to the challenges we face.

In all, the President has adopted a “*failure is not an option approach*” to the credit crisis. While the credit problems will not be solved overnight, we are seeing signs that the President’s plan is working:

- The LIBOR rate continues to fall; and
- Long-term Treasury rates are moving in the right direction.

The plan is bold enough to work in the long run and to preserve confidence in our free market system. Those of us who work for President Bush didn't simply wake up one day and say, "*hey, let's give socialism a try.*" We are living in extraordinary times and extraordinary action was called for. When government, and only government, has the scope, patience, and resources to act, I believe it has the *obligation* to act – and your government has acted to bolster our free market system.

Putting Things in Perspective

While “sobering” can be used to describe the state of our financial markets, let's put today's challenges in perspective.

The financial crisis has given voice to some of shrill voices who are advancing the *Chicken Little Theory* – the sky is falling. Let's not forget that the economic obit of this country has been written before – several times fairly recently.

- In the oil shock of the early 1970s – many believed that our best days were behind us.
- In the late 1970s – when we experienced stagflation and malaise many believed that we had to lower our standard of living.

- In the early 1980s – the recession of '81 – '82 caused some to lose confidence in both the big government ways of the 1970s and the new direction that President Ronald Reagan wanted to take the nation.
- In 1987 – we saw a true stock market crash on “Black Monday,” when the value of the stock market dropped 23% in just one day.
- In the early 1990s – the rise of Japan’s economy caused some to believe that America was incapable of competing against the world and that we were becoming a second-rate economic power.

The predictions of doom and gloom for each of these events were no more valid than the similar predictions I hear today. Do we face tough challenges today? You bet – just as each of these challenges differed from the previous. Yet, with each challenge, we not only survived, but we would go on to experience significant economic growth afterwards.

These are challenging times, no doubt. But I am optimistic about the promise of America, the promise of our free-market economy, and the promise of small business. Just as we addressed and succeeded through previous challenges – we will this time too.

This moment is unique – not just because of the credit crisis we face – it is also a time of transition of power to a new Administration.

Closing

President Bush has expressed his firm commitment to a professional, collaborative, and successful transition. The President-elect has also pledged the same and I am confident that you will see the most collaborative and professional transition in American history. I am committed to this goal at SBA and am confident that the new team will be able to hit the ground running in January. The new President will have my support and my prayers.

In the meantime, be encouraged that President Bush understands and appreciates what this conference is all about. He believes in you, in the promise of small business – seeing business ownership as the gateway to greater opportunity for *all* Americans.

Thank you for your service to your country, your support of small business, and for your kind attention today.