



Remarks Prepared for Delivery by

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Introduction

Thank you, Sam, for that kind introduction and the invitation to be with you today. It is my pleasure to be back in Atlanta today, the home of some of America's best known, admired, and innovative companies – such as CNN, Coke, UPS, Home Depot, and Delta Airlines. Atlanta is also the home base for numerous innovative and successful small companies, such as Enabuls and others who are in attendance today.

I applaud the strategic leadership the Atlanta Metro Chamber of Commerce has brought to business and economic development matters, especially the Chamber's efforts to boost local exports and global trade with Brazil, Russia, India, and China.

International trade is a key element of both regional and national economic growth and job creation, and Atlanta's embrace of this 21st Century reality is critically important to the region's continued economic growth. It is why the Secretary of Commerce, Carlos Gutierrez, has hosted the Americas Competitiveness Forum in this city two years running – a hemispheric event that I was proud to participate in as the Assistant Secretary of Commerce. So my compliments to both Atlanta and to you, Sam, and the Atlanta Metro Chamber of Commerce.

As you know, our nation is in the middle of a transfer of power to a new Administration. A time when we look forward to the inauguration of a new President, and people like me start practicing phrases like, “would you like a scone with that” in preparation for our new jobs at Starbucks.

Under normal circumstances, now would be a time for those of us in the current Administration to look back and take stock of the many accomplishments we achieved over the past 8 years – and make no mistake – I am exceptionally proud of my service to President Bush and his record of accomplishment.

Of course, this is not a normal time. Our country – our economy – faces significant economic challenges. Despite a record run of 52 straight months of job creation – the longest in U.S. history – we have been reminded and humbled that even in the 21st Century we are not immune to economic cycles.

Today, in the time I am honored to have with you, I’d like to do two things. *First*, I would like to discuss the economic challenges we face today, the impact on small businesses, and some of the things your government is doing to address these challenges.

Second, with your kind indulgence, I would like to take a few moments to reflect back on the President's two terms in office.

The Economic Situation

First, our economy today. We now know officially what the American people have been feeling for a while: we are in a recession. Despite almost record low unemployment rates of just a year or two ago, today our unemployment rate is 6.7%. While this level is far off the pace of previous recessions, this is a troubling figure and impacts real people in a very real way and the media reports have a profound psychological impact on those who still have solid employment and financial situations.

The root cause of this economic slowdown is the challenge in our housing market. This led to the financial crisis, and the ripple effects are seen all over our economy, including the serious state we find the U.S. auto companies – which has potential impacts far outside Michigan – including Atlanta with its major Ford assembly plant nearby.

Our economic challenges call for “real time” strategies that can adapt quickly to a rapidly evolving and global situation.

There have been several announcements regarding the Emergency Economic Stabilization Act of 2008 since it smoothly and elegantly was passed by Congress a couple months ago.

Let me put these announcements in perspective, because some are trying to portray the various announcements as a lack of strategy on the Treasury Department's part, which is absolutely *not* the case.

Every element of the Emergency Economic Stabilization Act that has been announced was originally envisioned as part of the Act when it was passed by Congress. Secretary Paulson knew that the government might need a broad range of authorities to address this challenge. What you are seeing today is a true *real-time* response using a broad range of tools – fully envisioned when the Act was passed – to address a rapidly evolving global situation.

So whether we are talking about:

- The \$250 billion direct capital injection into banks to increase liquidity in our financial markets.
- The creation of a program to improve lending conditions for student, auto, credit card, and small business loans.
- A plan to help push down mortgage rates.

- Expanded FDIC insurance to cover more deposits.
- The new guarantees of bank-to-bank lending; or
- The purchase of commercial paper by the FED.

All these provisions of the President's financial rescue plan are intended to unfreeze our credit markets and get banks lending again.

What the President, the Treasury Secretary, I and others in the Administration realize is that with historically low interest rates today, the challenge we face today is an *access* to capital crisis, not a cost of capital crisis. It's a lot like finding a product you want to buy—on sale—in store front window, but the doors to the store are locked.

This is a critical principle of our approach to the crisis. Remember, a good idea without capital is simply that—just an idea. Without capital, our innovators can't innovate and our entrepreneurs are without enterprise.

In all, the President has adopted a bold “failure is not an option approach” to the credit crisis. His strategy is bold enough to work in the long run and to preserve confidence in our free market system. We are 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.

I am proud that President Bush, and those in his Administration, did not take an ideological approach to this economic challenge. We focused on prompt and practical solutions.

This global financial situation has a serious impact on America's small businesses. Businesses are finding it difficult to get loans to start, expand, or even maintain operations. This is troubling because small businesses create two-thirds of the new jobs in this country and we can't have a robust economy without a robust small business sector.

Small business owners are facing two serious challenges, access to capital, and declining business volume. The latter of these two challenges is tied to consumer confidence, which of course will take time to recover. The former of these challenges, access to capital, will also take time to resolve, but I'm pleased to report that the Small Business Administration has taken several important steps to get credit flowing again to small businesses.

- *First*, the Small Business Administration offers the one thing that financial institutions are looking for today – reduced risk. Through our loan programs, we guarantee up to 85% of a small business loan made by a financial institution. Because *now* is the ideal time for *more* banks to make SBA loans, we have engaged in an effort to bring more banks into the SBA family.

SBA has accelerated the roll-out of a new program, Rural and Small Lender Advantage, which targets small, regional, and community banks in both rural and urban areas. This program makes easier, and lowers the cost, of making SBA loans for banks and reduces the paperwork burdens for the borrower.

- *Second*, given that 40% of all SBA-backed loans are sold in the secondary financial market, which has essentially become frozen, SBA has taken action.

SBA enacted emergency regulations that allow financial institutions to use the LIBOR rate, in addition to our long-standing Prime rate, which will allow financial institutions to maintain a profitable “spread” between

the cost of their capital, and the interest they receive from small business loans.

We also developed new rules that make it easier to assemble and sell SBA loan packages in the secondary market, helping to ease the logjam that exists today.

Finally, SBA worked with the Treasury Department to ensure that SBA-backed small business loans were included in the new Asset-Backed Securities Lending Facility, which will extend low-interest loans to financial institutions using SBA-backed loans as collateral. This will be an important tool, once implemented, in getting loans to small businesses flowing once again.

Of course, fixing the credit markets is important, but there are basic steps that small businesses need to take today, and the SBA can help.

- Seek professional counseling to address your business and financial challenges. SBA offers over 1,500 resource partners across the country that provide free professional counseling. Now is the time to re-craft your business plan, to revamp your marketing plan, and to build new strategic

alliances, and yes, to take advantage of new opportunities in the marketplace.

- Examine your finances. This includes reviewing your financial obligations with your financial institution. Do not wait until you are a half-day behind with your hair on fire before you address challenges with your bank. Your financial institution is far more willing to work with you on alternative arrangements if you come to them before you are in crisis mode.
- Shop around for credit. Virtually all financial institutions have strengthened their credit standards. Many, still absorbing losses, are reluctant to make new loans. Others are simply out of liquidity. In today's financial market, small businesses should not take "no" as their first and final answer. Small businesses must realize that credit will be more difficult to obtain for quite some time, and you would be wise to shop a wide array of financial institutions as you seek credit options.
- Take advantage of this slow period to work on projects you have been too busy to focus on. Update your website. Take advantage of free or low cost training opportunities for you and your employees. Put some elbow grease

into improvements into your physical plant. Convene customer clinics and ask your customers what they like – and don't like – about how your company does business. Examine strategic partnerships with competing or complimentary companies.

So there are things that both government and small business owners can and should do to weather this period and challenging times are ahead for both.

The President's Record of Accomplishment

As promised, I want to say a few words about President George W. Bush. As the President has said himself, there have not been a lot of easy moments during his 8 years in office. Our world changed on September 11, 2001, just a few months after George W. Bush took office.

While I have no doubt that history will judge this President well, I also know that the tough decisions he has had to make, and the manner in which he made those decision – by *not* holding his finger to the air to judge the political prevailing winds – has not provided him the popularity ratings I think he deserves.

As the President leaves office, let's remember that this is a man who kept us safe – something no one thought was possible in the days after September 11th. It's no accident. It's the result of hard work and tough policy choices. While our enemies wanted to take the fight to us – to fight us on our soil – President Bush successfully took the fight to them, overseas.

While the Global War on Terror has its critics, and I understand that, today we see the strategy in Iraq working and 50 million people are newly free in both Iraq and Afghanistan and have a fighting chance to have what we take for granted; freedom and the chance to select their own leaders

Today, across the world there are more countries and more people free today than at any other time in the history of the planet. President Bush supported these young democracies in places like Georgia, Ukraine, and Lebanon—and transformed our relationship with India, the world's largest democracy.

To universal and world-wide acclaim, the President launched an unprecedented effort to fight malaria and HIV/AIDS in Africa, making a very real difference in a part of the world that most of us do not pay much attention to.

The President's world view and understanding of the competitive global economy we live in today resulted in an unprecedented expansion of free trade agreements – going from 3 FTAs when we came to office, to 14 today. A little known fact about these free trade agreements ... we have a combined *trade surplus* with the countries where there are FTAs in place.

When the President took office, he inherited a recession, which was followed by the terror attacks of September 11th. Despite this rather difficult hand that he was dealt, his polices created the longest job expansion in U.S. history – 52 straight months – and one of the longest periods of GDP growth on record. The President's tax cuts removed more than 6 million low income Americans from the tax rolls completely, lowered taxes on all income classes, and still, revenues to the Treasury grew over 30% in the past 3 years.

President Bush was willing to focus things that were important to governing, but that didn't necessarily garner headlines. For example, he was the first President to focus on basic management discipline. Upon entering office he developed the President's Management Agenda. This management agenda focused government on measuring success by quantifiable outcomes, not measuring success by the amount of taxpayer dollars spent on something.

For example, at SBA, we managed to save about \$120 million *annually* by making our loan programs self-funding. This was not only good news for the taxpayer by saving over \$100 million per year, the new system resulted in a record number of loans made to U.S. small businesses. In fact, even this last year, when we faced economic headwinds, the SBA made more loans than even the *best* year under the previous Administration.

SBA also consolidated loan processing centers, going from over 50 decentralized sites to 6 centralized processing centers that not only saved money, it improved our turn-around times and established national standards for loan processing not attainable under the previous, disjointed system.

Above all, George W. Bush promised to uphold the honor and the dignity of the Oval Office. Through all the challenges and trials of the last 8 years, that is a charge that our President has kept, and I can personally attest to the dignity in which he has executed his responsibilities and the high standards for conduct he expected from himself and those who served him.

Closing

We are in a unique moment — not just because of the economic challenge we face — but because this is also a time of transition of power to a new Administration.

President Bush has expressed his firm commitment to a professional, collaborative, and successful transition. The President-elect has 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.

Regardless who you voted for in November, now is the time for our country to come together and send our best wishes for success to the new President. He has tough challenges ahead. Many of his greatest challenges may not even be known to us today. President-elect Obama has my full and dedicated support during this important transition period and he will continue to have my best wishes and prayers after I turn over the reigns of the Agency to his team on January 20th.

It has been my honor to serve President Bush and the American people as both the Assistant Secretary of Commerce and the Administrator of the U.S. Small

Business Administration – just as it has been my pleasure to be with you today.

Thank you for your kind attention.