Most here know that I am in manufacturing; specifically, I work in the audio field, designing, building, and selling loudspeakers - woofers, midranges, tweeters, that sort of thing. Those cars that drive by at night pounding out bass? That's my fault. Those ultra-loud concert and club setups? Guilty as charged. Yes, I design and build speakers for a living. And until 2007 I was doing it inside the US. But I stopped, for several reasons and moved overseas. And an action this week by a Federal judge - brought about because of the actions of the Federal Government against another manufacturer - brought it all back to light.

You see, I moved not because I wanted cheap labor; on the contrary, I was selling $150+ speakers, and had maybe 30 minutes labor into each. Even though I paid 7.62% for Social Security and FICA taxes, even though I had an unemployment tax rate of $2.32 per hour (though I never once had a lay off, in 10 years of operation), even though I paid a L&I (workman's compensation) rate of $.364 per hour (again - never a single claim and in fact I provided paid-for health insurance for my employees), even though I paid well above prevailing wage, my actual labor costs for that speaker were down around $12 - about 8% of the cost. Offshoring? I'd face at least a 5% duties cost, not to mention shipping charges - easily enough to raise prices beyond the labor savings I would pay, even if the overseas labor was free.

No, the reason I moved was based on two reasons: taxation and regulation. You see, I was a corporation. My corporation had a 35% corporate income tax on any gross profit we managed to earn. And then when I paid myself and my co-founders some of those profits, I faced another 15% for capital gains taxes. So right off the bat - gross profits we made were subject to 50% taxation by the time it was distributed to the owners. One for the Federal Government, and one for us.

And it wasn't just that - it was also the State of Washington's B&O (Business and Occupation)

tax. Now, that tax has variable rates depending upon what you do; the State, in its infinite wisdom, ultimately decided that we were a retailer - not a design firm, or manufacturer, or warehouser, but a retailer - and thus we faced another 1.5% tax - on our GROSS receipts. So that $150 speaker had another $2.25 in State taxes - even if it cost more than $150 to make (in reality, it cost around $90 to make - that was the COGS, not including overhead and labor). Given our gross profit margin of 18%, the State's B&O tax was the equivalent of another 7% tax of gross profit - so nearly 60% of every dollar of gross profit was gone in taxation.

But taxation was just part of it; regulation was the other half. I won't get into all the details, but suffice to say that as a small manufacturer with a few dozen employees the OSHA, EPA and State, County and City regulations were stifling. Nothing could be done without multiple permits and consultation with various and sundry bureaucracies and departments by the dozens. Even something as small as adding a second air compressor was fraught with regulatory nightmare. When I was told I had to rip out a perfectly functional solder-fume hood system (one that was objectively better in every regard, by a factor of 3 or more) to install "EPA approved" versions simply because I wanted to add another soldering station, and it would cost me close to $65,000 to do such a retrofit (not including the lost money for the original installation of the superior, self-designed solution), I knew it was all over. I was no longer working for my customers, myself, my employees, and my partners but for the Government at the behest and guidance of the Government - growth and customers and employees and owners be damned.

And that brings me to this week's decision by judge Clifford Anderson. You see, last year the Boeing Company - yes, the one who makes those marvelous airplanes that we all use daily whether we fly personally or not - decided to EXPAND an existing facility in South Carolina to increase future 787 production. Well, the National Labor Relations Board didn't take kindly to it; they said that Boeing was doing it for one reason, and one reason only: to punish the Boeing Machinist's union for their long and storied history of multiple strikes. No, it wasn't because of lower operating costs, or tax breaks from South Carolina, or the fact that expansion of the South Carolina plant would be a fraction of the costs that will be paid in Everett and Renton, WA - it was out of pure spite.

And so the NLRB sued Boeing. And judge Anderson decided that the NLRB's suit has merit, and needs to be carried through the courts.

Note what is happening here: a PRIVATE company, and a highly successful one that employs over 100,000 people and is in one of the few remaining industries where the US has an absolutely commanding lead over all other nations, is being sued because, in the NLRB's opinion (and effectively the opinion of the Obama Administration) Boeing simply isn't sharing enough of its profits. It needs to pay higher wages to union workers not because it will make a better product, or create more jobs. No, it needs to pay higher wages because the jobs created will be union jobs. That is the argument.

And the Courts, so far, say the case has merit.

Now, put yourself in Boeing's shoes. You have your own career. Say you're a salesman at a paper company. And to advance your career, you believe you need to move to another office in another State. No jobs will be lost in the nation because of your move; no money will be gone. But, because you had disputes with your local janitorial supply company in the past, the Government has decided it's best for you to stay put, to not move.

You know, the USSR - and China under Mao - used to dictate to people what they would do for a career and where they would live. And the US, at one time, used to deride the USSR and China over that kind of lunatic control. But now? Well, you get to relocate where the Government will allow you, and that depends upon how well you treat the constituency of the current Administration. You see, it's no longer about the health and viability of your business - it's about what's perceived to better society as large. Businesses now exist simply to supply and prop up the Government; silly me for thinking the Government was interested in seeing businesses succeed and thus the overall economy grow and more people advance the quality of their life! It's Government first, people second.

In fact, there is no need to look further than the recent statements by Secretary of Treasury Tim Geithner where he stated "taxes on small business must increase so the administration does

not have to shrink the overall size of government programs." You see, your business is no longer your business; it is simply a means to keep Government functioning.

Is it any wonder why, with an attitude like that, companies are relocating overseas? Granted, I was not told exactly where I could expand or relocate, but I did face intrusion in just about everything I did as a business. And ultimately, between the taxes (sorry, support of Government programs) and total oversight and regulation of everything I did as a business that I decided to shut down, find employment for every employee, and move overseas.

And more and more businesses are doing the same. And they will not come back until those two issues - taxation and regulation - are solved. And until companies see the US as a good domicile for operations, we'll see more and more move and stay overseas. And so will the jobs and profits. It's estimated there is somewhere around $12 trillion overseas, and it will stay overseas as long as the Government maintains its insane tax and regulatory structure.

So as the NLRB and the Administration takes on Boeing forcing it to have higher costs (read: lower profits and thus lower employment and GDP growth) in its expansion, I will continue to see the flood of companies and capital overseas, and just shake my head in bewilderment as we have yet another monthly "unexpected" increase in unemployment and the national debt. And listen in amazement as the President and his advisors belittle and attack companies choosing to at least survive overseas rather than face death domestically.

Comrade Stalin, Chairman Mao, welcome to the US - we're pretty sure that the reason your attempt to dictate employment and company locations was because you did it with guns rather than Courts and paper-thin excuses about "fairness" to workers. But don't worry - our President has a firm grasp on the fundamentals of communism and fascism, and is doing his best to see your lofty ideals brought to reality in what was once the greatest nation on Earth.