

The Role of the Business Leader in Public Affairs and Philanthropy

Competitive Enterprise Institute President Kent Lassman interviews Ariel Corporation CEO Karen Buchwald Wright about her company, her community, and her values

EDITED BY RICHARD MORRISON



Profiles in Capitalism

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Cover photo: Karen Buchwald Wright and Kent Lassman at the Competitive Enterprise Institute's 2020 Summit in New Orleans

INTRODUCTION

When Competitive Enterprise Institute (CEI) President Kent Lassman sat down to interview Ariel Corporation CEO Karen Wright at the CEI Summit in New Orleans in February 2020, there was noticeable excitement in the room. I had just finished a sprint through CEI's policy agenda, moderating seven panel discussions on everything from antitrust to workplace regulation over the previous day and a half. Happy to have wrapped those sessions with my think tank colleagues, I eagerly turned my attention to the kind of speaker that is, ironically, often absent from discussions about economic policy: an actual business leader.

When Karen Wright returned to her small hometown of Mount Vernon, Ohio, after college, it was already suffering the fate of many small Midwestern manufacturing towns in the late 20th century—department stores, shops, and movie theaters had closed, hollowing out a once vibrant main street. Forty years later, having become CEO of the manufacturing company her father founded, conditions in Mount Vernon are a lot better. Wright presided over a period of dramatic growth at Ariel Corporation, expanding production, sales, payroll, and profits. That success helped rebuild the household incomes and tax base of her town, and some of the company's increased profits found their way into the Ariel Foundation, which Wright founded in 2009.

Through the last decade or so, the Ariel Foundation has made hundreds of grants to local community groups and social service organizations in the town of Mount Vernon and surrounding Knox County, from the local Red Cross and YMCA chapters to arts education and technical training schools. As Wright mentions in the interview, she was a key

player in turning many of the abandoned storefronts of her hometown into productive facilities for local colleges and community groups.

Her giving to good causes is not limited to her local surroundings, though. The Ariel Corporation's natural gas compressors have powered the fight for economic freedom at the national level as well. As a business leader in the energy and manufacturing sectors—in addition to running her own company, she is also a member of the board of the American Petroleum Institute—she understandably has become involved with national organizations working on energy and environmental policy, including the Competitive Enterprise Institute.

Her leadership and support in the national public policy world was recognized by the Heritage Foundation in 2016, when she received the George Washington Generations Yet Unborn Award. Heritage's Michelle Oddis Cordero said at the time, "By providing the equipment necessary for tapping into America's vast natural gas reserves, Wright is ensuring that future generations will have access to abundant, affordable energy, and a vibrant economy." Ariel's equipment is important, of course, but Wright's support of law and policy, which allows the nation's producers and workers to meet the energy demands of the American people, is also vital.

Fred L. Smith, Jr., who founded both CEI in 1984 and our Center for Advancing Capitalism in 2013, has written passionately about the need for business leaders to get involved in the fight for a free society and a voluntary economy. That doesn't mean that already-busy CEOs need to take on another job, but it does mean they can use their existing efforts to reinforce the value of markets and property rights. In a talk at Hillsdale College in 2015, Smith told his audience:

Every successful business sits at the center of an extensive network of win/win cooperative arrangements with the firm's customers, employees, suppliers and investors. All of those groups are potential allies of the firm in its policy struggles.

Business leaders are already called on to write about, speak at, present to, and host a huge variety of events and programs. Messages inspired by the liberty movement can be a part of them.

Contemporary American politics contains a great deal of hostility directed at the business world and the capitalist economy. A vocal minority of the American public seem hell-bent on pathologizing every normal function of business, whether it be in online advertising, pharmaceutical drugs, banking, or energy exploration.

Meanwhile, the women and men of the productive sector of the economy keep on building, researching, making, and delivering. They will keep on doing that, as long as government policy does not strangle their initiative. As my colleague Wayne Crews likes to say, "You don't have to teach the grass to grow, you just have to move the rocks off the lawn." With the help of leaders and supporters like Karen Wright, we look forward to a future of lush, verdant growth with nary a stone in sight.

*Competitive Enterprise Institute President **Kent Lassman** interviewed **Karen Buchwald Wright**, President and CEO of Ariel Corporation, at the CEI Summit in New Orleans on February 8, 2020. The following transcript has been edited for clarity.*

KENT LASSMAN: *We asked you here to talk about the role of capitalists and capitalism. We are certainly going to keep up with the discussion from earlier about energy because we want to draw on your expertise as an industry leader.*

KAREN WRIGHT: I didn't really set out to be a philanthropist or to support all of these different things. I mean, that wasn't something that I thought I was going to grow up to do. But having been doing what I'm doing for 40 years now, it has given me a lot of encouragement, I guess, because the things that you've been talking about all morning—you know, the forces arrayed against us in business, whatever that business may be, are immense. And if we don't address it, if we don't defend ourselves, then it will be done to us. Socialism and all of those sorts of things will be imposed upon us. So, I've gotten to be pretty aggressive, I guess, about defending the energy—or the oil and gas industry and manufacturing and conservative ideals, because somebody's got to do it.

LASSMAN: *What is the role for a capitalist, for someone engaged in business, engaged in providing goods and services, when it comes to defending that? We understand how you live your life. But it clearly is not a common view. How would you define that role for others?*

WRIGHT: I don't think of myself as a capitalist, for one thing. Just to put it in context, my dad started our company, Ariel Corporation—and we're a manufacturer of natural gas compressors—I'll explain that in a minute—in 1966. So, I was 12 at the time, and so I'm probably the one person that's actually been with the company since the beginning for 54 years now, and that remembers it from the beginning, until today. He came up with an idea. He was your quintessential entrepreneur. He thought of a thing that wasn't being done. And like virtually everything, it was built upon other things that had already been done. There were gas compressors long before my dad designed the first one for our company.

Because if you think about it, you know, back in the 1800s when they began to produce natural gas and send it through pipelines, they had to have compressors. That's so, when there were gas lights along the streets, and in houses and buildings and so on, there were compressors back in the 1800s to move that gas. It's old technology. So, he took that technology, improved it, built on it, and did something that was a technological leap. And that allowed him to make his way into a market that honestly didn't exist until he invented it, so to speak.

There was no government funding; there was no private equity angel investor. He and his two partners put together \$10,500. They taught themselves to be machinists and mechanics and everything to do it themselves because they didn't have any money. Actually, they paid into that fund, like \$100 a month, because that was all any of them could afford at the time. We didn't start out rich. In fact, there were many thin years, because every cent that they made, when they finally

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did make a profit—which was maybe eight years into it—went right back into the company. That's what entrepreneurs do. And there's no guarantee of success, either. Or government subsidy. Or backstop from the central bank. No, they work really hard and make something out of nothing. And that's the beauty of capitalism.

Watching that process, and seeing how you grow a business that, despite considerable doubt and headwinds, was pretty big by the time I took over as second generation in 2001. I thought it was really big. Since then, I have grown it to five times the size that it was at that point in time. And that was partly good luck, and the fact that the shale revolution happened on my watch. That was great luck! That helped to build the company to a tremendous point. I'm in the process now of transferring it to the third generation—I have four sons. Three of my four boys are in the business and we're transitioning to their leadership over the next two years.

What really bugs me is that the success of this business is considered, by many people on the left, as wrong and evil. We have 2,000 employees directly—but if you look at our customers and our supply base combined, that's probably 100,000 people that are employed as a result of this business that started with one person thinking of a good idea and making it real. I mean, that's a lot of people taught to fish. It's a huge impact. When I die, and I've had that “when I die” conversation way more than I would like, because you have to do estate planning. We're a private business, not public, family-owned. We're trying to keep it that way. And then you have this conversation about when you

die, your heirs will have to pay the estate tax of 40 percent of the company's value. It is a tax on success.

But if a company is worth billions of dollars, the estate tax is a significant amount. And to try and plan for that, you have to jump through a tremendous number of hoops. And, you know, everybody thinks—who's the brilliant guy from Omaha?

Yeah, Warren Buffet. You know, everyone thinks he's so brilliant. But Warren Buffet, if you remember, fought very hard against repealing the estate tax. And the reason is because he goes in and buys companies at a reduced price—fire sale prices—when the founder dies and the heirs can't afford to pay the estate tax. So, no wonder he didn't want to get rid of the estate tax. It is a pretty good deal for him. And it's just plain confiscation by the government. You've paid corporate tax, personal tax, every damn kind of tax there is under the Sun, you still have to pay even after you die.

That's one of the primary reasons very few private family businesses in the United States last beyond three or four generations. Because if you are successful, and you grow to a significant size and value, you cannot afford to pay the estate tax. It's crazy we penalize success in this way.

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LASSMAN: *Before we get into policies like the estate tax, I want to back you up to something you said—and stick with principles for just*

a moment, because you referenced the larger ecosystem: employees, vendors, customers—the whole community around the work that is happening. And I find when I visit with business leaders, in one way I can categorize them as A or B. There are people who say, “My job is to do X. I don’t worry about all these other things. I don’t need to communicate principles about the rule of law. That’s your job, Kent. I don’t need to defend good policy; that’s your job. That’s why I have a congressman.”

And then there is another category of people, more like what I hear coming from you, where you take a holistic view. How are you sharing that outlook as you shift the generations in management? So, I know you do a newsletter where you talk about free markets. What are the sorts of techniques that you use to transfer not just business knowledge, but an outlook on a business leader?

WRIGHT: You mean to my kids?

LASSMAN: *To your kids, to the leaders?*

WRIGHT: Because they always listen to everything I say. (Laughter.)

LASSMAN: *But also the leaders of the vendors, the customers. You deal with your peer group.*

WRIGHT: Well, I do I guess I get on my soapbox more than I should, but I do try to talk about this kind of stuff with customers, and with suppliers, and so on, because I think it’s really important. And the way that we act as a business is in keeping with that because we kind of

abide by the Golden Rule: Treat others like we would like to be treated. And that's a really effective business technique that I think adds to your success, because if you have good relationships with all those people and they know that you're being honest with them, that you are not undercutting them some way or you're pounding on them to cut their prices or what have you, it ends up being a huge positive, and that positivity spreads outward.

LASSMAN: *It's almost as if you're describing how voluntary interactions develop good outcomes irrespective of the law.*

WRIGHT: Right, something like that.

LASSMAN: *Do you feel in these conversations or in these leadership opportunities—and for all of you to note, Karen serves on leadership teams of trade associations nationally and in her state, there's civic activity—do you feel compelled to defend all of capitalism and all of the private sector, the warts and all, or do you focus on where the central challenges are coming, you know, the socialist haranguing from MSNBC, or do you just focus on the positives?*

WRIGHT: I think it's really hard to defend the category of capitalism per se. I guess what comes down to it, what I try to think in terms of is defending the results. To say, look—and I'll talk about my industry

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because that's what I know best—so, natural gas is something that has been produced for 150 years or so, and is extremely clean burning. It's safe. In the United States, we have 2.7 million miles of pipeline to move that gas around. So, it's not like, you know, another couple hundred miles are really going to make a difference to the environment. Actually, it's very safe and environmentally friendly. You don't even notice it's there. Nobody knows there are 2.7 million miles of pipeline because you can't see it.

If you look at this industry over the last 10 years during the development of the shale revolution, and the shale boom, taking natural gas and oil, out of very deep rock—5,000 to 10,000 feet below the surface—*that* has led to the United States being the absolute leader in the world in reducing emissions, in reducing carbon dioxide—and by the way I don't agree that carbon dioxide is a pollutant. ... But other things are pollution, and because of the switch from coal, which does have a lot of pollution associated with it, to natural gas, the United States is way ahead of everybody else in the world. It's sad we don't get any credit for that.

I keep thinking about how 10 [million] to 11 million people are employed in the oil and gas industry. That's a lot of people, and a lot of really good jobs. It's a huge number of engineers and other high-tech people. And to think that all of these people, who are very well educated and know a huge amount about geology, chemistry, etc.—to think that those people are going about ruining the Earth on a daily basis and purposefully polluting things ... *really*? You know, we're not. Our industry is the best for quality, for safety, for production, for just getting it done, and doing it in a safe and an incredible way. And

yet, we are accused of this being a terrible Earth-ruining industry. I'm really tired of that. So, that's what I guess galvanizes me.

Society requires energy. We eat things.

LASSMAN: *There's something I don't understand and I've struggled with it. The whole discussion this morning takes for granted that society requires energy. We eat things. In order to grow them, we need energy. We move things around. We build things. We heat our homes. We have electricity. Contemporary society, anything after about 2,000 years ago, you need a lot of energy. It's very intensive once you start having cities. And we take that as a good because it's an input toward a healthy, safer, cleaner life. It makes it possible for people to live peacefully. Why is that not taken for granted? Because everything that you were just describing is, there are people who say, by definition, more energy is bad.*

We build things. We heat our homes. We have electricity.

WRIGHT: Well, if you think about, say, the last 100 years, maybe the last 120 years, that was the era of coal. And coal did lead to the Industrial Revolution, or it made it possible, because energy is the base of the economy, the global economy. You cannot do any of the things that we do without it. You can't have clothes, food, housing, you name it. It all requires some form of energy that you burn in order to generate electricity, to use as fuel, etc. You've got to have, as you mentioned, a lot of energy in modern society.

We started with wood, then we went to coal, and now we're switching to natural gas. We really should also be developing nuclear, because

that's the cleanest and the most efficient fuel there is. It's all about power density. That's the most dense power there is. And renewables ...

LASSMAN: *Unreliables.*

WRIGHT: Yeah, which I call unreliables, because that's really what they are. Wind turbines only function at full capacity about 20 percent of the time, so you've got to have something to back them up. Every solar array, every wind turbine farm, *all* of them have to have some other kind of fuel backing them up to generate electricity when the wind doesn't blow, or it blows too hard, or it's not sunny, or it's night-time, because electricity is used at the time it's generated. So, if everything is dependent upon energy, then we have to figure out if we are going to make it as clean and as efficient as possible, and quit looking at it as some sort of optional thing. It isn't optional.

Lately I've been thinking about global use of nature gas. ... When I was in college, I majored in wildlife research, which has really come in handy raising four sons. (Laughter.) And I wanted to be like Jane Goodall and, you know, go to Africa and raise chimpanzees.

LASSMAN: *Little did you know that you are. (Laughter.)*

WRIGHT: So, anyway, I didn't end up doing that. But I've stayed interested in wildlife conservation. Recently, I've been giving some money to Jane Goodall's foundation for her facilities in Kenya. So, you know what's funny? If we were to help Africa to develop their natural gas resources—because remember, everybody's got it. There's natural gas everywhere in the world in huge quantities—if we were to help

them to develop that so that they had clean electricity, clean cooking, feedstock for fertilizer, and so on, you could develop a whole clean economy that would save all of those places in Africa that the World Wildlife Fund and all the other environmentalists are so worried about. We could save it. But that is never even considered as a possibility because of the propaganda around natural gas.

LASSMAN: *I want to see if I can bridge between the industry expertise and philanthropy generally. One of the things we've learned over the years is that a lot of our friends place a lot of value on being with each other and talking to other donors and supporters of liberty organizations. And I've been watching—not yet with concern—but I've been watching BlackRock making big announcements about the type of investments that they will do.¹ We see large banks announcing that they are not going to underwrite mergers or acquisitions in the oil and gas space.² These sorts of announcements in changes in the financing of the energy industry, are they having real effect or are they freebies, are they just headlines for these companies?*

WRIGHT: I think it's kind of virtue signaling.

LASSMAN: *It's just signaling?*

WRIGHT: For the most part, yeah. You know, at this point in time, it hasn't had a huge impact. The energy business is extremely cyclical, mostly because of oil. Oil is a global commodity. Natural gas is typically domestic. And, you know, [panelists at the CEI Summit] were talking this morning about OPEC and how it used to have strong control over the price of oil. OPEC has completely lost control of that. Today,

they're reducing production to reduce the world supply of oil because the world demand is not growing fast enough to consume all the oil we're producing here in the U.S. And so, the price just keeps dropping—which for everybody else is great. Not so great for our industry. That's why we have these extremely volatile cycles. About every five years, we hit a peak, and then we go off the cliff for about three years, and then we come back up, and then we go off the cliff again. It's really hard to manage through.

LASSMAN: *These virtue signals, are they having a real effect yet on exploration?*

WRIGHT: The banking industry that finances the oil and gas industry has been saying, you know, we would like to see you actually turn a profit as opposed to just have cash flow. You're just drilling more wells and you never actually make a profit, you know? That concern has come and gone in the last 40 years that I've been in this business, several times. It is part of the cycle because, you know, every new crop of bankers doesn't know about what happened 20 years ago, so they do it again. And then they all forget and start financing again, and the cycle repeats.

LASSMAN: *It's clear visiting with you—I won't say first—but you are clearly a businesswoman. You think in terms of investment and returns and long-term capital deployment. Are those the same skills and analytical tools that you bring to philanthropy and how you assess giving?*

WRIGHT: Yeah, I think over the last, let's say 15 years, as I've had some money to invest in the liberty movement and so on ... well,

before that I was pretty busy. I had four kids plus a job. And let me tell you—that is not easy.

LASSMAN: *You don't have to tell me. (Laughter.)*

WRIGHT: Well, but you weren't the mom. (Laughter, applause.)

We can have a debate about that, but anyway, as I've had some money available, but because I was really busy, I was happy that there were organizations that were doing these things that I did not have time to do. And I still really don't have time to make sure that you're doing what I want you to do, you know? I still have to depend on the promise that what you say you're going to do, is what you're going to do. Sadly, I don't have the same certainty with politicians because they come in, tell you what they think you want to hear, and tell you what they're going to do, and then they don't do it.

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But one of the things that I love about CEI and other organizations, actually, you guys really try hard to do what you say you're going to do. And so, I feel like I'm getting a pretty good return on my investment for that reason because I can't possibly do this too. And this is the other thing that you learn when you're in business, the one thing that will hold a business back is somebody who thinks he can do it all or she can do it all, because you can't. Probably, you can affect maybe eight, 10 people max. That's how many people you can keep a hand on. After that, you can't do it and you can't possibly know all of the things that

are required to know just to make a product, whatever that product may be, because it's too complex.

And so, you have to depend on other people to do stuff that needs to be done. And I love that there's this whole movement, you know, with the State Policy Network coordinating things and all of these great organizations that are each doing their part in trying to preserve what's so fantastic and unique about the United States.

Did I answer your question?

LASSMAN: *Yeah, you hit it out of the park. I don't think there's a question on my list that could follow that. So, I'm going to turn to the audience to see if we have anyone interested in a conversation.*

QUESTION: Karen, thanks for sharing with us today. In my experience, working with students and as a former student, universities right now, they're not actively encouraging students to build a business.

WRIGHT: Well, so, what I talked about with the volatility and the up-and-down cycle that we go through. We have a very high-skilled workforce [at Ariel Corporation]. Our hourly workforce, our machinists, mechanics, etc., they're not easy to replace and we live in a small town in Ohio. We have probably 1,500 people like that. When we go from 100 percent down to, let's say, 60 percent or 40 percent or whatever the cycle might be, if we were to lay off all of those people, we would be in trouble when the market comes back.

Consequently, we recognized that blue collar workers can increase their skill set, go to school and work at the same time. Actually, part of what

motivated me is I noticed that a lot of the guys that are in the hourly workforce feel kind of like they're not as good because they don't have a college degree. So, we partnered with several Ohio technical colleges, and developed two-year degree programs so that when we do have a downturn, we continue to pay our guys for 40 hours a week and they may be in school for 20 of that and working for 20, because of low production requirements. They are getting paid and getting a college degree! And trust me, no one ever buys a gas compressor if they don't have gas to move gas. You could paint it any color, you could put chrome on it, they still won't buy the damn thing. (Laughter.) It's capital goods. It's different from consumer goods. You cannot advertise your way into a sale.

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Anyway, we decided that this would be a really good way for us to keep all of those people gainfully employed and busy. The happy extra is that we have hundreds and hundreds of highly skilled hourly workers who are working toward their college degrees, with quite a few of them that are well into their second year. It's actually pretty cool. There are the electives and core classes, like English class and so on, but mostly for machinists, mechanics, and multi-craft maintenance, and so on, it's engineering and math, and pretty hard stuff. I don't think that I could take it and actually graduate. (Laughter.)

LASSMAN: *The question was, could you talk a little bit about the [workplace] culture and how people are proud to work for you? I am very familiar with small Midwestern towns. And I will tell you when I*

If people have “ownership” in what they’re doing, they can take a lot of pride in their work.

first visited Mount Vernon, [Ohio] it was palpable. People believe in your belief in them and they reciprocate it. And we saw it—you see it at the coffee shop because it’s the handbill for the local, you know, whatever event is going on Thursday night, but it’s also throughout the lobby and throughout the buildings where people have—you know, there’s photos of fathers and sons who both worked on the floor. There’s a real sense of community. And I think it would be interesting for people to hear how you receive that and develop that.

WRIGHT: Well, I think one of the things that we recognized—and I guess this was my dad recognizing this—is that if people have “ownership” in what they’re doing, not in the sense that they physically own it, but in the sense that this is *their* responsibility, and this is something that they can do, and nobody else can do it the way that they can—they take a lot of pride in their work. So, instead of inspecting quality into the product at the very end, every single machinist and mechanic, everybody who works there, is responsible for whatever it is he does or she does. Most of the machinists are men, so I keep saying he. Sorry about that, ladies, but there are not many lady machinists. (Laughter.)

So, anyway, we have an entire culture that’s based around personal responsibility and pride in what you do. So, let’s say you make smaller parts. You put your initials on every part you make. Everyone knows who made that part. You know that you did the very best work you possibly could. Because, as a matter of fact, we’re making equipment that moves natural gas around. Natural gas is a toxic, flammable

substance. And it's a gas, not a liquid. And so, it's really important that every single compressor that we ship out is perfect. It can't be *just okay*. It has to be perfect. And everybody understands that, and takes a huge amount of ownership and pride in that.

At Ariel we have American flags all over the place. We're still openly patriotic. We're 100 percent American-made and we have to work really hard sometimes to source things in the USA because everything has gone to China. It actually is good that many manufacturing businesses are coming back to the USA so we don't have to try so hard to find fittings and material that's made in America. Part of that strategy is to support other American businesses and through sourcing American.

If you are a successful businessperson, then it really is your responsibility to do things in your community that make the quality of life better. The people who work for you will take pride in knowing that their company is doing these good things, making the whole community happier, making your hometown a good place to live.

One of the projects that we've been doing—in our small town of 15,000, like small towns everywhere, the downtown died. You know, when I was in high school, there were three department stores, a Sears, and a Penney's and lots of specialty stores. That was all going away by the time I moved back to Mount Vernon in 1980. In the last 10 years we've taken those old buildings that were department stores and worked with a couple of local colleges and repurposed those buildings as academic departments. Today in various downtown buildings, we have an art department, we have a nursing program, we have an engineering department, we have the film department. Two colleges, and a technical college that's in another building. We've built a hotel.

We've revitalized the downtown so that there are people, and there's activity.

We've renovated the two old theaters that we have and revitalized the downtown by putting all of this in place so that there are people, and there's activity. That's a huge improvement instead of a bunch of empty storefronts.

It was something that just kind of dawned on me because one of my sons went to Savannah College of Art and Design (SCAD) and they had done that. SCAD used a bunch of old houses, and buildings as classrooms.

I thought, I bet we could do that in Mount Vernon, and so we have! It's pretty cool. If you have the money to do that, on whatever level, you should be doing that.

QUESTION: Karen, first of all, thank you. This was wonderful and thank you for all you do. I was born and raised in Germany and your initial complaint about the inheritance tax struck a real nerve.

WRIGHT: I think that if you think about it, virtually every older generation thinks that the upcoming younger generation is a bunch of fools and idiots, right? And ne'er-do-wells, slackers, etc. And my dad did not ever anticipate that I would be running the business. I have a younger brother, you know; certainly it was going to be him because that was just obvious. Unfortunately, he wanted to be rich and live in Seattle, so he sold his half of the business to me. And as it turns out, I did know how to do it.

LASSMAN: *That might be the understatement of the day. (Laughter.)*

WRIGHT: Well, I mean, I didn't get an MBA or anything. I just really, honestly—raising four kids, working part-time, and running a household

was the exact training I needed to be a CEO. It is the same thing as a business (only harder). (Laughter.)

But anyway, I think there are lots of really good young people. And, you know, honestly, I raised my boys knowing that I wanted them to do this. And I've heard other people with family businesses say, "Well, I don't want to push them into it. They should be allowed to do what they want to do."

And that's all fine and dandy, but I wanted them to do this. (Laughter.) And I feel pretty good about the fact that three out of the four actually are doing it. And I made them work outside the company first before they came in. They all spent years working somewhere else because I wanted them to know what it is like to be an employee, what it is like to earn \$60,000 a year, what it's like to have a bad boss. ... Because when you're a family member in a family business, you get treated differently.

So, I think if you have a family business and you are going to pass it along, you do have to think long-term, like you were saying, and you have to encourage that mindset from the next generation.

MYRON EBELL: The environmentalists have figured out that the way to stop gas, which is the dominant fuel for home heating, for electricity, and it could become a dominant fuel for vehicles. Those obstacles just seem to multiply. And, you know, pipelines are the linchpin now of stopping natural gas. I'm wondering what your advice on this—we

If you have a family business and you are going to pass it along, you have to think long-term, like you were saying, and you have to encourage that mindset from the next generation.

know how we're going about it, but we don't have all the answers, and I would appreciate—you know, Sen. Sanders introduced a bill to ban hydraulic fracturing. The Green New Deal says that there won't be another barrel of oil or cubic foot of gas taken out or a pound of coal. So, this—we're up against it here and you're right in the middle of it, so I'd like to hear what you think about it.

WRIGHT : Okay, well, I think that first of all we need to separate coal, oil, and gas, because they're very different. And natural gas may or may not be a biologically derived substance. Oil is for sure. Coal is. But gas may not be a fossil fuel. It may be generated in the Earth's core and be coming up from there. And the other day at our sales meeting, we had a really interesting speaker. His name is Mark Mills; he's at the Manhattan Institute.³ He is an absolute genius, knows everything about this, and said that Titan, the second moon of Saturn, is actually a natural gas planet. It has liquid natural gas (LNG) lakes, it rains LNG there, the rings are natural gas. So, I don't think the dinosaurs and a bunch of sea critters died on the second moon of Saturn and turned into natural gas. So, it may be that it's kind of like one of those things that just is everywhere in the Universe.

If we separate natural gas from other fuels and just say, okay, natural gas has huge potential. It's very clean. We don't wear a gas mask when we cook dinner on a gas stove. That's how clean natural gas is. Think about that. So, when you're burning it in a power plant, that's how clean it is. If natural gas is the fuel they really, really want to stop, and claim is ruining the planet, you have to suspect this actually has very little to do with natural gas. It's what you were talking about earlier.

The Green New Deal and other things like that are more about socialism, government control, and ownership of natural resources and the means of production. That's really the end game. And, again, the shale revolution would not have happened anywhere else because virtually everywhere else it's national oil companies that own the oil and gas. We're the only place that has mineral rights to the land that you own. Everywhere else, they don't get royalties from the gas and oil produced on their land.

So, this fight to stop gas pipelines and so on and so forth has nothing to do with the environment because natural gas has cleaned the environment. It's having tremendous benefits. It has everything to do with them wanting to control that natural resource. And there's no way in hell that they could shut it all off. Can you imagine if we just shut down all of the electrical generation and we relied on the 4 percent or so of wind turbines that are generating electricity? That would be pretty bad. I mean, how can that even happen?

QUESTION: Bernie Sanders and these guys are really just trying to preserve fossil fuels for future generations? (Laughter.)

WRIGHT: Yeah, so we don't run out. That's very thoughtful of them. (Laughter.)

The Green New Deal and other things like that are more about government control, and ownership of natural resources and the means of production.

Profiles in Capitalism

NOTES

- 1 In a January 2020 letter to CEOs, BlackRock Chairman and CEO Larry Fink discussed his firm's increasing emphasis on climate-related investment risks, writing that "we will be increasingly disposed to vote against management and board directors when companies are not making sufficient progress on sustainability-related disclosures." For the full text of the letter, see Larry Fink CEO Letter, BlackRock website, <https://www.blackrock.com/us/individual/larry-fink-ceo-letter>.
- 2 In February 2020, Royal Bank of Scotland Group announced that it would cut its financing activity of oil and gas in half by 2030 while doubling funding for "climate and sustainable finance" by 2022. Alastair Marsh, "RBS Plans to Cut Fossil Fuel Loans, Be Climate Positive by 2025," *Bloomberg*, February 14, 2020, <https://www.bloomberg.com/news/articles/2020-02-14/rbs-plans-to-cut-fossil-fuel-loans-be-climate-positive-by-2025>.Eskridge.pdf.
- 3 Mills is also the author of two CEI studies, "Kyoto Economics: The Costs and Follies of Eco-Energy Planning," July 1998; and "Kyoto and Our Collective Economic Future: Economic and Energy Underpinnings," September 1, 1998), <https://cei.org/studies-issue-analysis/kyoto-our-collective-economic-future-economic-energy-underpinnings>.

Karen Buchwald Wright is President and CEO of Ariel Corporation, the world's largest manufacturer of reciprocating gas compressors. Wright graduated from St. Olaf College in Northfield, Minnesota, with a degree in ethology (wildlife research), afterward returning to her hometown of Mount Vernon, Ohio, to begin her career at the company her father, James P. Buchwald, founded in 1966. From 1983 to 1997, she worked part-time while raising her four sons. Wright believes her experience juggling motherhood, part-time work in the family business, and the general onslaughts of life served as the best training possible for her current job, since 2001, as the chairman, president, and CEO of Ariel. Wright is involved with numerous philanthropic projects locally through her private family foundation, the Ariel Foundation. She also supports many historic, education, cultural, and public policy organizations at the national level. She is a board member of the American Petroleum Institute and has been an outspoken national leader on issues facing the manufacturing and energy industries.

Kent Lassman is president and CEO of the Competitive Enterprise Institute. Lassman oversees strategy for the free-market organization, including management of a team of policy, communications, and fundraising staff. Prior to joining CEI, Lassman spent eight years as vice president at a public affairs firm in Washington, D.C., counseling clients on issues ranging from telecommunications and privacy to biotechnology and state licensing. Having held positions in nonprofit organizations, on advisory councils, at private firms, and at policy organizations, Lassman is a recognized expert in free-market economics and strategic marketing. Lassman holds a Bachelor of Arts degree in philosophy and politics from The Catholic University of America, with honors for work on market theory, and a Master of Public Administration degree from North Carolina State University.

Richard Morrison is a research fellow with the Competitive Enterprise Institute's Center for Advancing Capitalism, where his work focuses on market economics and voluntary social institutions. Morrison was previously program manager for the Center, and senior editor, director of new media, and director of media relations for CEI. He was also previously manager of communications for the Tax Foundation. He holds a Bachelor of Arts in government from Claremont McKenna College.



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1310 L Street NW, 7th Floor

Washington, DC 20005

202-331-1010

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