

Remarks on President Obama's 'American Jobs Act' Proposal, Cincinnati, Ohio

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Good morning everyone, and thank you for being here so early.

Yesterday, President Obama released The American Jobs Act—a specific plan for economic action. Outside experts say this plan will lead to the creation of 1.5 million new jobs. That’s 1.5 million of our friends, neighbors and family members put to work in American businesses large and small.

In the next few days, there are going to be a lot of different people making a lot of different claims about The American Jobs Act. Some folks complained about it before they’d even seen it.

But here are a few actual facts worth remembering about the president’s plan.

One, every single element of this plan has been supported by members of both parties in the past, and it won’t add a nickel to the deficit. The President will lay out a detailed plan a week from Monday that will more than pay for it.

Two, this plan would have a tangible impact right now.

And three, we’re asking Congress to pass it right now.

Americans feel a sense of urgency about getting something done to help create jobs. We’re asking the House and the Senate to feel the same sense of urgency.

In a moment, I’m going to detail a few of the proposals in the president’s plan, and explain why it’s so important for Congress to pass it as quickly as possible.

But I want to place it in a broader context, by talking about where we were as an economy, where we are and where we’re headed.

For many Americans, I imagine it seemed like we were doing OK in this century’s first decade. In some respects we were. There were folks making a lot of money.

The problem was how few shared in the prosperity and where that prosperity was coming from—bubbles in the financial and housing markets.

Job growth in the 2000s, in fact, was the lowest of any decade stretching back to the 1940s. That's true even if you stopped measuring at the end of 2007, before the recession started. Meanwhile, wages for middle class Americans stalled, while health care and tuition costs just kept going up.

In short, the seeds of today's economic problems were there. We just didn't see them very clearly.

You can point to a lot of reasons why this happened, but fundamentally, the problem is that America lost sight of its true economic strengths.

In fact, one recent study found that no advanced industrialized economy did less over the last decade to improve its economic competitiveness than the United States.

So, in 2007, when those bubbles started to burst, creating a financial crisis that spread around world, we weren't in a position to recover quickly.

Americans, confronted with falling home prices and mountains of debt, did exactly what you'd expect. They stopped spending. They started saving and worked to rebalance their household finances.

Common sense might seem to dictate that the government immediately do the same.

Not really. In an economic recession, when consumers and businesses stop buying, that's when government has to intervene. In essence, we bet on the resiliency of the American people and our economy and helped create demand to give the economy a little breathing room while it recovered.

Failure to do that can turn a terrible recession into a Great Depression. That's a fact.

So in the first days of this Administration, we took steps—some of them unpopular—to stabilize the financial system, to keep the American automobile industry from going bankrupt, to pass along a tax cut to middle class families, and to shore up the bottom line of America's cities and states so that teachers and policemen could keep their jobs. We did precisely what we knew would stop the free fall. We did what worked in the past.

Graeter's took advantage of the Recovery Act's Build America Bonds to help finance an expansion.

And Cincinnati used its funding to speed the development of the Riverfront project, creating the city's newest neighborhood on what was once little more than a mud pit.

Ultimately, the measures we took included passing 17 different tax cuts for small businesses, the largest temporary investment incentive for manufacturers in the history of the United States and a payroll tax cut that put more money in the pockets of millions of Ohio workers.

Today, we are recovering. There is good news. The economy has created more than 2.4 million jobs in the last year and a half. We're seeing a comeback in manufacturing and new strength in the clean energy sector. Household debt is back to where it was before the bubble of the 2000s, consumer spending is starting to rise and corporations are making record profits.

The disappointing news is that that growth hasn't been as fast as any of us would have liked, and as a result, unemployment hasn't fallen as fast as we'd hoped and the housing market hasn't recovered as quickly.

And even as our economy has worked to recover, we've been hit by some headwinds that have slowed things down -- rising oil prices and financial troubles in Europe, for example.

We also created some of those headwinds in Washington with needless debate over raising the debt ceiling. That prolonged and divisive fight produced a bigger dip in consumer confidence than the 9/11 attacks.

The setbacks have left families and businesses uncertain about the future. And not surprisingly, that's encouraged both of them to pull back and grow more cautious--not what our economy needs.

The American Jobs Act can help change that. It attacks every part of our jobs problem.

First, it would help firms that are reluctant to hire by cutting taxes on businesses, especially small businesses. The president's plan would:

- Slash the payroll tax in half for 98 percent of businesses;
- Eliminate the payroll tax for firms that increase their payrolls by adding new employees or increase the wages of their current workers;
- Extend the 100 percent expensing provision into 2012 for capital purchases; and,
- Make reforms to improve access to capital for entrepreneurs and small businesses.

Second, the president's plan would allow localities to avoid laying off teachers, firefighters and cops by providing them aid, while also helping put construction workers back on the job by funding much-needed roads, rail and airport projects that will make America more competitive.

The American Jobs Act would:

- Prevent up to 280,000 teacher layoffs;
- Modernize at least 35,000 public schools, supporting renovations across the country; and among other things,
- Put thousands of workers back on the job by creating a National Infrastructure Bank, which will leverage private-sector dollars to fund vital improvements to the very transportation arteries that make commerce possible.

Third, the president's plan would help put the long-term unemployed back to work by making the most innovative reforms to unemployment insurance in 40 years. It would:

- Extend unemployment insurance, preventing 5 million Americans from losing their benefits;
- Create a \$4,000 tax credit for employers who hire the long-term unemployed; and
- Build on and improve an innovative state plan that allows the unemployed to take temporary or voluntary work or pursue on-the-job training without losing their unemployment insurance.

Finally, the American Jobs Act would give more businesses confidence that there will be customers for their products and services by putting more money in the pockets of American workers. The president's plan would:

- Cut payroll taxes in half for 160 million workers next year, expanding the payroll tax cut passed last year; and
- Allow more Americans to save more than \$2,000 per year by working with regulators to eliminate barriers to folks refinancing their mortgages.

Still, even if this plan exceeds our wildest dreams, it won't solve everything.

Ultimately, the American recovery will be powered by the American private sector. What the Jobs Act does is give that private sector a lift.

In the meantime, we're going to continue to look to streamline regulations, without sacrificing the public's health or safety. Federal agencies recently submitted plans that included hundreds of initiatives that will reduce costs, simplify the regulatory system and eliminate redundancy and inconsistency.

Significant burden-reducing rules have been finalized or publicly proposed by the Department of Labor, the Environmental Protection Agency and the Department of Transportation—and they are expected to save more than \$4 billion over the next five years.

Still, economists will tell you that it typically takes years to recover from the economic problems that follow a major financial crisis.

But that's no excuse to sit idly by. We can't just pray the market eventually sorts everything out. Other countries have tried that. Inaction leads to years of stagnation and high joblessness.

We know many Cincinnati families have already made major sacrifices. It's important that Congress pass the bipartisan measures in the President's plan so that they don't have to make more.

In the long run, we have to get our debt under control. That's an important policy objective, one the President will address a week from Monday. But our federal spending problems will be best solved by strong economic growth, which means we need to take decisive action.

In addition to the American Jobs Act, Congress can pass the pending trade deals with Korea, Colombia and Panama, and we applaud the House and Senate for passing yesterday the America Invents Act, which will help speed new ideas and products to the market, creating new jobs.

The mom scraping to make a mortgage payment, and the dad knocking on door after door looking for work, have the right to expect a little bit of help from the government they pay for. They should be able to expect Congress to put them first. They ought to be able to count on someone betting on them.

And that's ultimately what everything I've described is—a bet on the drive and innovation of the American people.

We know government can't solve all the problems facing our country. What we can do is help lay a foundation for growth and create smart incentives for businesses in Cincinnati and around America to build something special on top of that foundation.

It's time for Democrats and Republicans in Congress to come together to support ideas that have been supported in the past by Democrats and Republicans. It's time for members of both parties to work together and put their country first.

The American Jobs Act would put 1.5 million people to work now. It would put more money in the pockets of workers now. It would repair infrastructure vital to American competitiveness now.

So Congress should pass it now.

It's how we help create more jobs.

It's how we help business grow.

It's how we ensure that American workers and American communities compete and win in the global economy.

Good luck and keep up the great work here at Graeter's.

Thank you.