

Remarks at Minority Enterprise Development (MED) Week Conference

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Acting Commerce Secretary Rebecca Blank

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Thank you for the kind words, David [Hinson], and for your excellent leadership of the Minority Business Development Agency.

Good morning, everyone. It's an honor to be among so many talented entrepreneurs and business owners here for our 29th MED Week Conference.

In my day job, before I was named Acting Secretary, I was the Under Secretary for Economic Affairs. . . an economist who manages the Commerce Department's two statistical agencies.

Now, I know you all came this morning because you wanted to listen to an economist. . . .

But if you'll indulge me for a moment, I want to talk to you about how our economy got to where it is today and what we need to be doing about it.

It's a story worth understanding. And it's a story in which we need more chapters written by businesses like yours. According to our latest survey (Census Survey of Business Owners, 2002), in terms of both numbers and gross receipts, minority-owned firms have grown faster than other firms.

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—a bubble in the financial markets and a bubble in the 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.

Well, 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 work. . . and it did.

Ultimately, that included passing 16 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 Americans.

There were a few, of course, who said we should just let the market sort it all out. And their numbers have grown with the talk of our long-term budget debt.

But because President Obama made the tough decisions, today we are recovering.

The good news is that we've had two years of positive economic growth and added 2.4 million jobs in the last 18 months.

But we also know 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. In part, this is because we've hit some economic headwinds, including higher oil prices and enormous economic uncertainty in Europe.

In minority communities across the country, this isn't news. Difficult times have given way to desperate ones. People have grown impatient. I don't blame them. I've been watching the unemployment numbers monthly, and I know what they mean in human misery. I'm impatient too, and I can promise you, so is the President.

Our number one priority is getting more people back to work. We will not rest until every American who wants a job can find one.

That's why earlier this month President Obama released his American Jobs Act.

This plan, which we hope Congress passes without delay, would provide a significant new tax cut for small businesses—and that describes the vast majority of minority enterprises.

It will cut the payroll tax in half on the first \$5 million of wages paid by a company. And it provides a 100 percent payroll tax holiday on any new hiring or increased wages paid to existing employees.

Additionally, the Jobs Act extends the 100 percent expensing for capital expenditures into 2012, continuing an historic incentive for new capital investments.

The legislation would also empower states with new flexibility to allow out-of-work Americans to continue receiving unemployment benefits while they apprentice or take internships that will help them get the on-the-job training they need to learn the skills employers are looking for.

Additionally, the president's plan would allow localities to avoid laying off teachers and first responders by providing aid, while also helping put construction workers back on the job by funding vital infrastructure projects that can directly help local regions and communities.

And the payroll tax cut for workers proposed by the President would put more money in the pockets of American consumers.

The average family will have \$1,500 to spend under the president's plan that would otherwise be paid in taxes. This will spur consumer spending and give businesses like yours more certainty about stronger demand.

All of these measures have received bipartisan support in the past; the plan is entirely paid for, and it's designed to put money into the hands of businesses and workers right away.

We believe the American Jobs Act can help a private sector in need of a little boost.

It will create jobs. It will prevent the layoffs of teachers and first responders. And it will rebuild the roads, railways and airports that form the very backbone of Commerce.

As the president said, it's been two weeks since he sent it to Congress, and he wants it back—passed—so he can sign it and people can get back to work. He has the pens ready.

Let me put a clear point on this. There are some in Washington who insist we should do nothing, some who would stand in the way of bipartisan ideas that can help this economy.

I'm not going to speculate on their motivation. But make no mistake, the course they're plotting means rolling the dice with your business. Maybe things will get better; maybe they won't.

But because we have a long-term deficit problem, they argue that we shouldn't do anything in the short term to give businesses a boost.

The economic fact of life is that we have to get more money in the pockets of American families and really attack the unemployment problem if we want to strengthen this recovery. And, if you worry about the government deficit—as you should—it will only come down over the next decade if we have strong economic growth.

Our ability to convince Congress to act on the bipartisan ideas in the Jobs Act will determine whether we can get more people back on the job and whether your businesses will have a better shot at thriving. None of us in this room want to consider the alternative.

The truth is we need your help. We need you to talk to the people who can make a difference in whether this legislation gets passed. Make your voices heard.

It will help families who are hurting; it will help the people who create most of the new jobs in this country—America's small business owners—it will help veterans share in the opportunity they defended; and it will help us to build an economy that lasts.

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 minority entrepreneurs and all American businesses to build something special on top of that foundation.

As part of this commitment to business and job growth, among the programs this administration has created are:

- The Startup America Initiative, which connects established private sector mentors to innovative entrepreneurs;
- The Small Business Jobs Act, which is providing billions of dollars in lending support and tax cuts for small businesses;
- The \$33 million Jobs and Innovation Accelerator Challenge to drive job growth through public-private partnerships in regions around the country, and we're pleased to note that three MBDA centers were among the winners.
- The National Export Initiative, which Commerce leads, is aimed at connecting small and medium sized enterprises with the 95 percent of the world's consumer who live outside our border and doubling U.S. exports by 2015; and,

- New aggressive steps by federal agencies, which are the nation's largest purchaser of goods and services, to improve contracting with small businesses, including minority-owned firms.

Our goal is to improve the overall competitiveness of American business at home and abroad.

I'm confident the initiatives I mentioned are going to pay off for American businesses and their workers.

At MBDA, the Commerce Department and throughout the administration, we are doing everything we can to help minority businesses and all American businesses reach their full potential.

That's how we put more people to work.

That's how we help business grow.

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

Good luck and keep up the great work you are doing to build a stronger, more prosperous America.