



CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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JOBS FOR AMERICA:
An Open Letter to the President of the United States,
the United States Congress, and the American People

Eighteen months ago, during the greatest economic crisis since the Great Depression, the business community stood united with Congress and the President behind our shared goal of rescuing the U.S. economy and putting Americans back to work. We supported programs to stabilize our financial institutions, bolster key industries, and aid the unemployed.

Working together, we succeeded in stabilizing the economy and preventing another depression. But once accomplished, the congressional leadership and the administration took their eyes off the ball. They neglected America's number one priority—creating the more than 20 million jobs we need over the next 10 years for those who lost their jobs, have left the job market, or were cut to part-time status—as well as new entrants into our workforce. Instead of continuing their partnership with the business community and embracing proven ideas for job creation, they vilified industries while embarking on an ill-advised course of government expansion, major tax increases, massive deficits, and job-destroying regulations.

This approach has failed to return our economy to a path of robust growth, which is a critical prerequisite to significant private sector job growth. In some cases, wrong policy choices are actually eliminating good job opportunities for American workers. By straying from the proven principles of American free enterprise, policymakers are needlessly prolonging the economic agony of the recession for millions of Americans and their families.

Today, more than 16% of American workers are unemployed, underemployed, or have simply given up looking for a job. Consumer confidence remains low, housing prices are still depressed, the stock market has trended downward, the global recovery is sputtering, and there are growing concerns about the prospects of a double-dip recession.

Uncertainty is the enemy of growth, investment, and job creation. Through their legislative and regulatory proposals—some passed, some pending, and others simply talked about—the congressional majority and the administration have injected tremendous uncertainty into economic decision making and business planning. This is why banks are reluctant to lend and why American corporations are sitting on well over a trillion dollars. It is why America's small businesses and entrepreneurs, the engines of innovation and job creation, are starving for capital and are either struggling to survive or unable to expand.

In the process, we are also eroding our competitive position globally, as other nations take steps to cut taxes, reduce regulations, and restrain the appetites of government. Some are making serious headway in efforts to upgrade the skills of their students and workers, while we have yet to make

significant progress. For all these reasons, the known and unknown costs that come with expanding operations and adding to payrolls in the United States are simply too high.

As the President has said repeatedly, and as every economist knows, prosperity and job growth come from the private sector, not from the government. Government's role is to establish the right conditions in which the private sector can do what it does best—foster economic growth, create innovative products and services, generate wealth, and, in the process, produce expanded revenues to educate our children, care for the sick and poor, and defend our nation.

Yet who in our government today recognizes that every bill—proposed, considered, or passed—is a “jobs bill”? Government can either help the private sector create jobs or it can drive jobs away. No matter how well intentioned or politically popular a proposed law or regulation appears, the question must always be asked, What will the impact be on jobs?

We fear that this consideration is routinely ignored in the halls of our government today. American workers and those who are struggling to keep them employed deserve better.

Fortunately, it is not too late to improve the economic environment, forestall another downturn, and revive the job-creating capacity of our nation. We call upon policymakers of all parties and philosophies to end the finger-pointing and work constructively with the job creators to reduce uncertainty, restore confidence, and restart the recovery. It's time for some different approaches to unlock frozen capital and jolt our economy back to life.

Create a Growth and Jobs Tax Policy—Some \$700 billion in tax increases have already been passed to pay for health care and other programs. Proposals in the capital markets, energy, and climate change arenas would raise hundreds of billions more. On top of all this, just six months from now, Americans will be hit with the largest tax increase in history in precisely those areas that would have the greatest negative impact on investment and jobs—individual tax rates, dividends and capital gains taxes, the death tax, and the alternative minimum tax.

We understand that the political battle lines have long been drawn over which of the 2001 and 2003 tax cuts should be extended. Yet the “facts on the ground” must take precedence. Our precariously weak economy—and especially our all-important small business sector—simply cannot sustain such massive tax hikes at this time. We therefore urge Congress and the administration to immediately support at least a temporary extension of all the tax relief passed in the prior decade. In one bold, swift move, this would substantially boost investor, business, and consumer confidence and would infuse our economy with fresh momentum.

Congress should also reduce the U.S. corporate tax rate, which is among the highest in the world, and address the fact that the United States is the only major economy that double taxes overseas earnings. Taking these steps would make our companies more competitive on the world stage and help spur investment and job growth here at home.

Restore Fiscal Health—Meanwhile, spending is going through the roof and deficits right along with it. On its current course, government debt will rise from nearly 41% of GDP in FY2008 to 63% in FY2010 to 90% in FY2020. By crowding out available capital for business expansion and eventually triggering increases in interest rates and inflation, rising deficits and debt add to uncertainty, inhibit growth, and smother job creation.

No one we know of has a full or easy answer to America's debt crisis. The Chamber looks forward to the report due later this year from the National Commission on Fiscal Responsibility and Reform. However, we already know that mandatory spending, especially in entitlements, is the primary culprit. And the situation will only get worse as the population ages. Instead of expanding entitlements, as the administration and Congress have been doing, we must modernize those programs without further delay.

We also know that without sustained economic growth, we can never restore our nation to fiscal health. A growing economy produces more government revenues, which can substantially reduce the deficit—if and only if these revenues are accompanied by serious spending restraint.

Still, our fiscal hole is so deep that we will also need to generate additional revenues. Our policy challenge is to do so in ways that do not undermine economic growth or competitiveness. For example, there are numerous oil, gas, and shale leases on our lands and off our shores that are currently inactive. Some estimates show that they could generate as much as \$1.7 trillion worth of royalties over the next 10 years. Tapping these reserves would create direct federal revenues and hundreds of thousands of jobs while indirectly swelling the tax base and spurring economic development.

Furthermore, more than 80% of national forest lands are currently closed to timber harvesting. Opening these lands would generate direct use fees as well as thousands of jobs and would add billions of dollars to the tax base. Such initiatives must be undertaken with full and, where necessary, improved environmental safeguards and sound resource management. Embarking on this path would create growth, jobs, and tax revenues while boosting our nation's energy security.

Expand Trade and Export-Driven Jobs—The President has said that millions of American jobs can be created by doubling U.S. exports in five years, and we agree. We must now have an aggressive trade expansion agenda to make it happen. If Congress really cares about creating jobs, it will pass pending free trade agreements with Colombia, Panama, and South Korea now. Failure to act quickly will cost Americans many new job opportunities. But that's not all. At least 380,000 existing jobs will be lost to our competitors in the EU and Canada, which will soon implement free trade arrangements in these markets.

We should not stop there. American leadership is needed to revive the Doha Development Round, which would expand the economy worldwide and open new markets to our exports. The President should be given fast-track trade promotion authority, and he should use it vigorously to strike additional bilateral and regional trade and investment deals that open foreign markets and boost U.S. exports and jobs.

America's intellectual property must be better protected at home and abroad, and export control rules should be immediately revised to allow our manufacturers to sell high-tech and other products to customers that can already acquire them from our competitors.

Rebuild and Expand America's Infrastructure—Millions of jobs, as well as our global competitiveness and quality of life, depend on modernizing all forms of the American infrastructure, including surface and air transportation, ports, inland waterways, water and power generation facilities, and broadband capacity.

Much of this important work can be done with private investment, but governments at all levels must first remove the regulatory, legal, and financial roadblocks. If America's transportation and water infrastructure, for instance, was fully open to private investment, the \$180 billion available today in private capital could generate more than 1.5 million jobs over 10 years. Greater private investment in broadband would also foster economic development and create jobs. To ensure that all Americans

fully benefit from this technology, federal policies should foster private sector investment in broadband infrastructure and minimize regulatory uncertainty.

Incentives and legal surety for investment in clean coal technologies, carbon capture systems, and massive expansion of nuclear power would also create hundreds of thousands of jobs at all skill levels while helping address environmental challenges.

Congress must also quickly pass a multiyear federal surface transportation bill. According to the U.S. Department of Transportation, each \$1 billion in federal highway investment accompanied by the required 20% state match supports nearly 35,000 jobs, with similar figures for public transportation capital investment.

Ease the Regulatory Burden—There must be a recognition by the administration and Congress that the regulatory burden they have imposed on the U.S. economy has reached a tipping point. Unless the cumulative impact of existing regulations, newly mandated regulations, and proposed regulations is seriously addressed, the economy will not create the jobs Americans need. We will lose even more jobs. They will simply disappear or be sent offshore.

In recent months, the House passed a climate change bill that would create nearly 1,500 new regulations and mandates and carry a price tag of well over a trillion dollars. The Senate is considering similar legislation. The Environmental Protection Agency is moving forward with 29 major economic rules and 173 major policy rules, an unprecedented level of regulatory action. The Labor Department is considering dozens of new, restrictive workplace policies, while the newly appointed National Labor Relations Board is expected to make sweeping changes governing every facet of union-management relations.

The soon-to-be-finalized financial regulatory reform legislation creates over 350 regulatory rulemakings, 47 studies, and 74 reports—dwarfing anything in Sarbanes-Oxley. The massive health care bill, with its unprecedented and confusing employer mandate and hundreds of billions of dollars in business taxes, will require thousands of pages of new regulations to be followed by individuals, businesses, health care industry providers, and the states.

Uncertainty—You can find in these numbers a principal reason why businesses are so reluctant to make investments and create jobs. Each time a new regulatory proposal is even floated in Washington, investors in the potentially impacted industries close their wallets. Uncertainty forces them to do so.

These new regulatory burdens fall heavily on new and small businesses, but they hurt larger companies too. And when larger companies are hurt, the small businesses that supply them, depend on them for sales, and service their employees suffer even more.

Creating sufficient economic growth to put Americans back to work in good-paying jobs and rewarding careers is the U.S. Chamber's top priority. The citizens of our country have repeatedly said that it is their top priority as well. It is imperative that during these difficult times, business and government leaders work with each other, not against each other. The American people expect us to find common ground and get things done to grow this economy and create jobs.

The business community shares the view of most Americans that the current approaches are not working. We are offering an achievable road map to greater economic growth and more jobs, and we don't care who gets the credit. We invite leaders in government and citizens across the nation to support it.

To learn more about the U.S. Chamber's jobs agenda, please go to www.uschamber.com/jobs.