



For Immediate Release
February 23, 2010

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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Small Business Job Creation**

The Greek physician Galen once said:

“Employment is nature’s physician, and is essential to human happiness.”

Over the course of this Great Recession, more than eight million Americans have lost their employment. And along with their jobs, millions of Americans lost their wellbeing, their health, and their happiness.

Fortunately, the Recovery Act kept us from losing even more jobs. The nonpartisan Congressional Budget Office says that the Recovery Act lowered the unemployment rate by between 0.3 and 0.9 percentage points, from the where it would have been.

But in the past two years, the unemployment rate more than doubled. It rose from 4.9 percent in December of 2007 to 10 percent in December of 2009.

Most economists don’t expect significant improvement in unemployment anytime soon. CBO projects that the unemployment rate will not reach its “natural state” of five percent until 2016.

Much work remains to be done. We cannot wait until 2016. We need to act now to help businesses and put people back to work.

So what can we do?

First, we must remember that the private sector is the backbone of American innovation and job creation.

And within the private sector, small businesses are the principle engine of job creation.

Over the past 15 years, small firms have generated two-thirds of new jobs.

Small businesses are the leading source of employment in Montana. In 2008, small businesses employed 325,000 Montanans. That's nearly three-quarters of the Montana workforce.

Small businesses have been hard hit by the Great Recession. The Small Business Administration reports that in 2008 alone, small business lost more than three million jobs.

And we know that small businesses and entrepreneurs will play an important role in the recovery.

Take, for instance, BioScience Laboratories, a small testing laboratory based in Bozeman, Montana. BioScience Labs was hit hard by the recession. But they adapted. And now they are growing rapidly.

In 1991, one person started the company. Today, BioScience Labs employs 51 Montanans.

They hired 10 of them in recent months. And they plan to hire seven more by the end of the year.

We need to find ways to further support the creation and growth of small businesses like BioScience Labs. Their flexibility and innovative solutions will be the key to economic recovery and job creation.

The policies that we consider must provide immediate relief. We must provide help when folks need it most.

We must be fiscally responsible. Creating jobs today should not come at the expense of fiscal stability tomorrow.

And we must create the most jobs at the least cost to the taxpayer. Policies must offer a big bang for the buck.

U.S. export promotion programs fit the bill. Exports have a big effect on the American economy. In 2009, we exported more than \$1.5 trillion of goods and services. America is the world's third-largest exporter.

These exports supported nearly 10 million American jobs. Exports accounted for 11 percent of our gross domestic product.

These numbers are impressive. But they are not nearly good enough.

Ninety-five percent of the world's consumers live outside our borders. To ensure sustainable long-term economic growth here at home, we must do much more to reach abroad.

In his State of the Union address, President Obama called for doubling our exports over the next five years. These additional exports would create nearly two million more American jobs. But these new exports will not happen without our help.

Our export promotion programs provide American small businesses with the tools that they need to reach foreign markets.

A number of agencies help small businesses to navigate the confusing and costly road to exporting. There's the U.S. Trade Representative's enforcement of existing trade agreements and negotiation of new ones. There's the Commerce Department's assistance in identifying foreign customers. And there's the Small Business Administration's financing of small business exports.

We must ensure that these agencies have the resources that they need to boost American exports and to create American jobs.

Our export promotion programs have a proven track record of creating American jobs.

The Commerce Department estimates that for every \$1 million spent on export promotion programs, \$57 million in new U.S. exports are generated and 314 new U.S. jobs are created.

In my home state of Montana, \$206,000 in export promotion programs resulted in \$26 million in exports last year. That means every \$1 invested in export promotion programs resulted in more than \$120 of Montana exports.

These programs work. And we must make sure they work for the maximum number of people.

The tax code also includes policies that offer a good bang for the buck.

Among these are provisions that put money in the hands of small businesses and increase their buying power. Examples are the expensing of certain investments or increased deductions for start-up expenditures.

Helping a small business's cash flow in turn helps other businesses, who will then be able to sell more of their products. And as businesses rebound, they will need to retain and hire more employees.

Another tax provision to consider is the capital gain exclusion on the sale of small business stock held for five or more years. This tax cut gives people an incentive to invest in small corporations who are struggling to find the capital that they need to grow their businesses. Senators Kerry and Snowe have championed this idea.

New jobs are the cure for what ails the economy. Let us do what we can to help “nature’s physician.” Let us help to create more new jobs in America’s small businesses. And let us do more to restore the health and wellbeing of the American economy.

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