

NATIONAL SMALL BUSINESS  
WEEK

Ms. SNOWE. Mr. President, this week we celebrate National Small Business Week, a time that affords us the opportunity to reflect not only on the countless contributions that small businesses have made, and continue to make, to the economic strength of our great country—but also on how the Federal Government is assisting these companies to be successful in their own right. As such, I rise today as ranking member of the Senate Committee on Small Business and Entrepreneurship to discuss the status of our Nation's 27 million small businesses, and to elaborate on the role the Federal Government is playing, can play—and must play—in providing these critical firms with the resources and tools they require to lead us out of our deep economic morass.

The facts and figures are enlightening. Small businesses represent 99.7 percent of all employer firms nationwide. They generate two-thirds of net new jobs annually. And they create over half of our Nation's nonfarm private gross domestic product—GDP. So there can be no question that small businesses are critical to our nation's economic vitality and success.

Yet we face an economic landscape that is unlike any other we have seen in decades. The unemployment rate stands at 8.9 percent—the highest level in over 25 years. More than 13.7 million Americans are without jobs, 5.7 million of which have been lost since the beginning of this recession in December 2007. We are in an economy that contracted 6.1 percent in the first quarter of 2009—after having contracted 6.3 percent in the fourth quarter of 2008. During what is the deepest and longest recession since the Great Depression, small businesses struggle in accessing capital to purchase equipment and expand their operations; providing affordable and quality health insurance to their employees; and complying with complex tax laws and regulations.

Without healthy small businesses, our economy cannot—and will not—recover. We must design comprehensive and thoughtful initiatives to aid small businesses during these difficult times. President Obama and this Congress have already taken several steps, but these cannot represent the totality of our efforts.

The central focus and priority of our efforts must be thawing frozen credit markets and increasing lending volume. The flow of credit is critical to the well-being of small businesses because when companies cannot access credit, jobs are lost and businesses suffer. What last year was a “credit crunch” for small businesses has all too rapidly ballooned into a full-blown crisis. This calamity threatens to continue shuttering storefronts all across Main Street America—the very last thing we need at this critical juncture. At a time when small businesses should be turning to the safety of government-

backed lending, Small Business Administration—SBA—loan volume is showing mixed results.

Recently, Congress and the White House have taken a number of steps to address this crisis. Specifically, in the American Recovery and Reinvestment Act, Small Business Committee Chair LANDRIEU and I worked together to eliminate fees and increase guarantee rates to a maximum of 90 percent for the SBA's flagship 7(a) and 504 loan programs. The Obama Administration quickly implemented these vital provisions. As a result, average weekly SBA loan volume has increased 25 percent since their implementation.

This is significant progress. Nonetheless, as I continue to hear from entrepreneurs, including during four small business roundtables I recently held in Maine, credit remains constrained. Accordingly, I am calling on the Obama administration to immediately implement the remaining small business provisions from the Recovery Act, something our committee members urged of SBA Administrator Mills just last week.

And it appears that the administration is listening. On Monday, Administrator Mills announced the official roll-out of the new Business Stabilization Loan Program, otherwise known as the America's Recovery Capital, or ARC, loan program, to provide interest-free loans, up to a maximum of \$35,000, to firms having difficulties making loan payments. These stabilization loans include deferred repayment schedules, to help small businesses weather this recession. A critical provision that Chair LANDRIEU and I worked together to include in the Recovery Act, the ARC loan program will act as a bridge for hundreds of small business owners that just need a small infusion of capital to stay afloat.

Chair LANDRIEU and I also worked together to increase funds for micro-lending within the SBA, and ease refinancing restrictions for 504 loans, allowing more small businesses to access credit and other resources through the SBA. These are crucial measures that, if implemented soon, could have a dramatic effect on the flow of credit.

I am pleased that President Obama recognizes the credit crisis and held a White House Summit that I participated in last March to address the concerns of the small business community. In a step for which I advocated in conversations with the administration, he used the occasion to announce that Treasury will directly purchase, through the Troubled Asset Relief Program, TARP, \$15 billion in securitized SBA 7(a) and 504 loans. A witness before our Committee recently testified that this essential step is a “great launch pad” for promoting liquidity in the secondary markets to spur new financing dollars, and I agree. I encourage the administration to roll out this program as quickly as possible.

The provisions in the stimulus and the President's announcement are posi-

tive steps addressing different facets of the problem we are addressing here today, but more must be done.

During a private meeting I had with President Obama in the Oval Office recently, I implored the President to create a competitive lending platform at the SBA. Too often, potential SBA borrowers are stymied by the limited number of SBA lending options in their community. In the traditional lending sphere, this problem has been addressed by the emergence of private for-profit Web sites that aggregate lending offers for potential borrowers, giving banks the opportunity to compete for lending business. A lending platform that allows SBA lenders nationwide to “bid” on potential borrowers would increase potential SBA borrowers' access to SBA lenders and would increase the pool of applicants for banks. This platform would create more competition and availability for borrowers, and in turn lead to a likely reduction in interest rates for SBA-backed loans.

At a Small Business Committee hearing in March, we heard testimony about the difficulty small business owners face in maintaining existing lines of credit during these uncertain economic times. Small businesses are reporting that banks are “calling” back loans, by requiring outstanding loans to be repaid within compressed and expedited timeframes. Unfortunately, with banks demanding payment and little access to other credit, the survival of numerous small businesses is being threatened.

As such, another solution to the credit crisis worth considering is using TARP funds to guarantee lines of credit for small businesses. The Treasury Department could use funds from TARP to support guarantees on credit lines and in return, the bank receiving this guarantee would agree to help craft a payment schedule that would help the affected small business. This program would be completely voluntary but would benefit both the borrower, who would continue to receive credit, and the lender who would receive a guarantee on an outstanding loan. Chair Landrieu and I sent a letter to Treasury Secretary Geithner in March, and he has been extremely helpful in working to assess the viability of this proposal.

Among the many issues we have been discussing here in the Senate is the onerous burden of taxes—a topic that arises every time I speak with small business owners. Frankly, small businesses suffer under the weight of our Nation's tax burden. The undeniable and regrettable fact is, tax compliance costs are 67 percent higher for small business than for larger firms. A horrendously complicated Tax Code fosters evasion that then builds skepticism among Americans about the validity of the whole system. Much of our Tax Code is also due to expire in less than 2 years. And as a senior member of the Senate Finance Committee, I am

ready to work on a bipartisan basis to forge a new tax code that is progrowth with the fewest number of economic distortions and that raises sufficient revenue to finance our Nation's spending priorities.

I must say that I am particularly concerned about raising taxes on small business owners when the tax cuts expire at the end of 2010. Raising personal tax rates from 33 to 36 percent and from 35 to 39.6 percent results in a 9 percent tax increase on small business because 93 percent of small businesses are organized as flow-through entities such as partnerships and Subchapter S corporations. Taking another 9 percent out of small business leaves fewer resources available to small business owners to reinvest in America's greatest job generators.

There are lots of conflicting studies, but Treasury data indicates that almost 70 percent of flow-through income is earned by 9 percent of small business owners, and these are the owners who are generating jobs. Furthermore, according to data Senator GRASSLEY received from the Joint Committee on Taxation, small business owners would pay more than half the taxes from higher marginal rates. That data indicates that \$187 billion of the \$339 billion raised from increasing the top two tax rates would come from small business. Notably, I offered an amendment during the budget debate that would have prevented tax increases on small business owners if more than 50 percent of their income came from a small business. The amendment, which would have allowed this proposal to go forward if offset, passed by voice vote but was inexplicably dropped in conference. Nonetheless, it is imperative that we work together to preserve the tax cuts for all small businesses, and I hope that we can.

I would also like to add that although the Recovery Act made some vital changes to the Tax Code to help small businesses—such as extending bonus depreciation and expensing—it fell short in its treatment of net operating losses. The Recovery Act allows small businesses to carryback 5 years losses they incurred in 2008, a provision for which I successfully fought. This indispensable cash flow tool allows businesses that have been profitable—but are currently facing losses—to file for a refund of taxes paid in the last 5 years. Yet, this relief remains incomplete as it was limited to businesses with gross revenues less than \$15 million. So I commend the President for proposing to allow all businesses to carryback their 2008 and 2009 losses for 5 years. That is also why I introduced a bill to address this situation, and I thank Senators BAUCUS, HATCH, STABENOW, ENSIGN, LINCOLN, CANTWELL, and BILL NELSON, for cosponsoring this significant legislation.

The bottom line is that at the end of the day, if small businesses cannot gain greater access to capital, our economic recovery will be slowed, stag-

nated, or worse. I have made several suggestions today that, when coupled with the small business provisions passed in the Recovery Act, can hasten a revitalization of our Nation's economy. I sincerely hope that we take to heart the critical role small businesses play in the creation of a healthy and stable economy, and work in a bipartisan fashion to seek new ways of ensuring that we in Congress are providing them with the right kind of assistance.

#### ROTARY KEYNOTE ADDRESS

Mr. BAYH. Mr. President, I wish to call the attention of my colleagues to a most thoughtful address delivered in my State of Indiana recently by a fellow Hoosier, one who served as a Member of Congress from Indiana for 22 years, 1959 until 1981. I refer to Dr. John Brademas, who represented the district centered in South Bend.

A Democrat, John Brademas served throughout those years on the Committee on Education and Labor of the House of Representatives where he took part in writing most of the measures then enacted to support schools, colleges, and universities; the arts and the humanities; libraries and museums; Head Start; and education of children with disabilities as well as others.

In his last 4 years, John Brademas was majority whip of the House of Representatives, third-ranking member of the Leadership.

Seeking election in 1980 to a 12th term, John Brademas lost that race. He was shortly thereafter invited to become president of New York University, the Nation's largest private, or independent, university.

He served as president until 1992 when he became president emeritus, his present position. I believe it is recognized by those in the higher education world in the United States that John Brademas led the transformation of NYU, as it is known, to one of the most successful institutions of higher learning in our country.

A graduate of Harvard University where, as a Veterans National Scholar, he earned his B.A., magna cum laude, in 1949, he went on to Oxford University, England, where as a Rhodes Scholar, he earned a Ph.D. with a dissertation on the anarchist movement in Spain.

John Brademas is married to Dr. Mary Ellen Brademas, a physician in private practice, a dermatologist, affiliated with the NYU Medical Center.

On May 2, 2009, John Brademas delivered the keynote address, "Rotary: Pathfinder to Peace," for a statewide conference in Indianapolis of members of Rotary Clubs from throughout Indiana.

I believe my colleagues will read with interest John Brademas' address on this occasion, and I ask unanimous consent to have the text of his remarks printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### ROTARY: PATHBUILDER TO PEACE

KEYNOTE ADDRESS OF DR. JOHN BRADEMAS, PRESIDENT EMERITUS, NEW YORK UNIVERSITY AND FORMER MEMBER (1959-1981), U.S. HOUSE OF REPRESENTATIVES (DEM.-IND.)

ROTARY INTERNATIONAL DISTRICT 6506 CONFERENCE

(Indianapolis, Indiana, May 2, 2009)

Rotary District Governor, Judge Tom Fisher; Rotarians all, I am greatly honored to have been invited to open your conference in Indianapolis today.

In the first place, I am a fellow Hoosier. My mother was born in Grant County, Indiana, and my two brothers, sister and I, while students in school in South Bend, would spend summers in the small Grant County town of Swayzee at the home of my mother's parents, Mr. and Mrs. William Chester Goble.

As my grandfather had been a school principal and college history professor, he had a library in their home of some 6,000 books. My brothers, sister and I practically lived in that library during those summers—an invaluable experience.

My mother was a schoolteacher and my father ran a restaurant. My dad, Stephen J. Brademas, was born in Greece, and although we four children grew up with a strong sense of pride in our Hellenic ancestry, we were all members of the Methodist Church.

I must add that I am the first person of Greek origin elected to the Congress of the United States, and only last month I was at the White House for a reception hosted by President Obama to mark Greek Independence Day, while some days after that, I attended a similar reception at Gracie Mansion, the home of Mayor Bloomberg of New York City.

You may also be interested to know that when I was a senior at South Bend Central High School, P. D. Pointer, our school principal, invited me to join him at the regular luncheons of the Rotary Club of South Bend.

#### ROTARY CLUB OF SOUTH BEND

Indeed, on inquiry of the Rotary Club of South Bend about those luncheons, I learned that 65 years ago, the students who attended them were not called "Junior Rotarians" but "High School Boys" even as I was reminded that in January 1945, 65 years ago, I gave the farewell for the "High School Boys" who graduated from Rotary luncheons that week.

So it's obvious that my link with Rotary goes back a long way!

After high school, with World War II still on, I enlisted in the Navy and was sent to an officers' training program at the University of Mississippi, in Oxford, Mississippi.

Following my freshman year at "Ole Miss", with the war over, and discharged, I went to Cambridge, Massachusetts and Harvard where I completed college, graduating in 1949. And I'll be back at Harvard next month for the 60th reunion of my graduating class.

While at Harvard, I spent a summer working with Aztec Indians in rural Mexico, wrote my college honors thesis on the Sinarquista movement there and four years later, at the other Oxford, in England, as a Rhodes Scholar, wrote my Ph.D. dissertation on the anarchist movement in Spain, which was centered in Catalonia.

My study of the anarchists was published thirty-five years ago, in Spanish, in Barcelona, and, in fact, only last December, I was awarded an honorary degree by the University of Barcelona.

I like to say that although I studied anarchism, I did not practice it! For only months after returning to South Bend, I was running for Congress.

Just old enough under the Constitution to be a candidate, I lost my first race, in 1954,