

US Congress passes phony “JOBS Act”

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With overwhelming bipartisan support, the US House of Representatives on Tuesday passed legislation that will significantly reduce regulations on many businesses. The bill, already passed by the Senate, will soon be signed by president Obama.

The name of the Jump-Start Our Business Startup Act was chosen to yield the acronym “JOBS Act,” but this awkward terminological concession was the only nod the framers gave toward actual job creation. In reality, it is simply another corporate handout.

The JOBS Act is ostensibly targeted at small businesses, but it will in fact eliminate Securities and Exchange Commission (SEC) reporting requirements for new companies with up to \$1 billion in annual revenues. Consumer advocacy groups and some investor organizations warned that the main impact of the bill will be to facilitate financial fraud.

Democrats and Republicans overwhelmingly supported the bill, which was passed 380-41 in the House and 73-26 in the Senate earlier this week.

The Obama administration issued a statement saying it was “heartened” by the agreement. “We applaud Republicans and Democrats for working together, but there is still much more work to be done to create jobs and strengthen the recovery,” said White House spokeswoman Amy Brundage. The act is modeled on proposals from Obama’s equally misnamed “Jobs Council,” and follows lines laid out in the president’s State of the Union address earlier this year.

In addition to removing SEC filing requirements, the bill will make it much easier for start-up companies to raise money from large numbers of investors online, with limited or no oversight (known as “crowdfunding”). It increases the limit on the number of investors a company can have (from 500 to 1,000) before it must report financial data to the SEC.

Another measure will make it easier for new companies to release ads to solicit investors, which

consumer groups warned was an invitation to fraud and deceit.

The bill has, on the other hand, won plaudits from venture capital corporations and groups. “The JOBS Act will help revitalize an IPO market that has suffered in recent years under the weight of market volatility and one-size-fits-all regulation,” said Paul Maeder, chair of the National Venture Capital Association. “The passage of this legislation sends a strong and welcome signal to our most promising companies that the US capital market system is open for business.”

The Deal Pipeline, a pro-industry web site, commented that “there is finally some good news from Washington for the private equity industry and in particular its portfolio companies.” Private equity portfolio companies—Carlyle, Blackstone, and Mitt Romney’s former firm Bain Capital, among others—are those that specialize in making billions through the insider dealing and skullduggery that goes by the name of the “capital market.”

That such a bill can be packaged as a “jobs” measure is a testament to the putrefaction of the American media and political system.

Even according to data gathered by supporters, the bill “might” lead to an increase of about 100,000 jobs over 8 years or so. This compares to a jobs deficit of about 5 million relative to the number of jobs in the US in December 2007, before the official start of the recession.

The North American Securities Administrators Association, which represents securities regulators at the state level, warned of the potential consequences. “In 2004, the Bush Administration preempted numerous state consumer financial protection laws in order to facilitate greater ‘financial innovation,’ especially in mortgage lending,” said NASAA president Jack Herstein. “Most of us remember how that experiment ended, but it seems that Congress has

already forgotten.”

Herstein added that the bill creates “new jobs for promoters of Internet investment scams.”

The American Association of Retired Persons (AARP) released a statement warning about the impact on retirees and pensions. “We do not believe that weakening investor protections and opening the door to fraud is the best way to create jobs,” commented senior vice president Joyce Rogers.

The passage of the “JOBS Act” comes amidst concerns expressed by top officials that the limited growth in jobs in the US is only a temporary phenomenon. Federal Reserve Chairman Ben Bernanke remarked on Monday that even the current rate of growth in the labor market might not be sustainable.

“A significant portion of the improvement in the labor market has reflected a decline in layoffs rather than an increase in hiring,” he said. “Conditions remain far from normal, as shown, for example, by the high level of long-term unemployment and the fact that the jobs and hours remain well below pre-crisis peaks, even without adjusting for growth in the labor force.”

Millions of people have been out of work for months and even years. Whatever jobs are available pay poverty-level wages. Thanks to the Obama administration, the profits of US corporations are at record highs. And behind the thin smokescreen of its “jobs” measures, the American political establishment is preparing the more serious task of launching a renewed assault on health care, pensions and social programs.



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