

March 16, 2009
Remarks of Secretary Geithner - As Prepared for Delivery
Unlocking Credit for Small Businesses
East Room, The White House

Mr. President.

I want to welcome to the White House the leaders of leaders of America's small businesses, the community bankers who serve them, and the Members of Congress here today who are playing a leadership role on small business issues.

Small businesses are the engine of America's dynamism. You create and sustain most of the jobs in this country. You are the anchor of our communities, and you are ever more linked to the global economy. You take the germ of an idea and transform it into products and services that make America more productive. When you prosper the nation prospers. And when the national economy is hurting, you bear that burden heavily.

We are now more than a year into a very tough recession which has cost more than four million Americans their jobs. The national numbers are stark, but they cannot capture the damage to a community, when a factory has to cut jobs, or defer investment or close its doors, leaving the families in that town with dreams deferred and less to spend. The national numbers cannot capture the dashed hopes of the innovator who has thrown everything into an enterprise only to watch it fail for lack of orders or credit.

The President understands the crucial role that small business plays in America, and that's why we are moving with exceptional speed to put in place the largest program of investments and tax cuts since the Second World War to get Americans back to work and get our economy growing again.

That's why we have launched a very substantial program to get credit flowing again.

That's why, the recovery plan and the President's budget include additional targeted programs for small business, including:

- A provision that nearly doubles to \$250,000 the amount of new capital equipment investment you can write off on your taxes, and lets you receive this tax advantage.
- Provisions that reduce, then altogether eliminate, capital gains taxes on the sale of stock in businesses with less than \$50 million in annual revenues.
- A commitment in the budget to make health insurance more affordable for small businesses by such mechanisms as providing refundable tax credits.

And today, the IRS will announce that small businesses will now be able to carry back their operating losses five, instead of the usual two, years in order to increase your cash flow as we come out of this period, and thus allow you to invest more in your operations.

The President will outline a program of additional actions in a few minutes.

But before I introduce the speakers who will introduce the President, I want to deliver a clear message to our nation's banks.

Across this country, tens of thousands of small business owners are finding it harder to get the credit necessary to stay in business. Credit is essential to economic recovery, and we need our nation's banks to go the extra mile in keeping credit lines in place on reasonable terms for viable businesses.

The government of the United States has put in place extraordinary protections for the banking system, so that banks can continue to benefit from low costs funds, and so that they have access to the liquidity they need. We need you to put that assistance to work for the American economy.

When banks individually pull back out of a sense of prudence and caution, the collective impact of those actions will make the economy weaker and make each individual bank worse off, because by pulling back on credit, you push businesses to pull back. And this dynamic can feed on itself.

Many banks in this country took too much risk, but the risk now to the economy as a whole is that you will take too little risk.

As part of this President's commitment to increase transparency and accountability I am asking for new reporting requirements on small business loans. For the first time, we will require the top 21 banks receiving Financial Stability assistance to include small business loans in their monthly reports. And, today, I will be asking our bank regulators to call for quarterly, as opposed to annual reporting of small business loans, so that we can carefully monitor the degree that credit is flowing to our nation's entrepreneurs and small business owners.

We need every bank in the country to do everything in their power to provide the credit that small businesses need to operate, expand and add jobs. You need to make the extra effort to make sure that good loans are getting to creditworthy small businesses in order to serve the larger public good of moving this nation towards recovery. And given the role many banks played in causing this crisis, you bear a special responsibility for helping America get out of it.

Now I want to introduce Cynthia Blankenship, president of Bank of the West and I want you to hear from her what it is going to take to address the challenges to community banks and small businesses in Grapevine, Texas and in communities across this country.

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