

Chronological: Service Corps of Retired Executives Luncheon

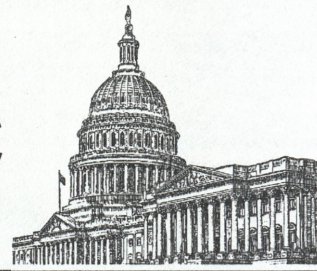
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Dan Inouye

U.S. SENATOR FROM HAWAII



Service Corps of Retired Executives (SCORE) Luncheon Friday, August 14, 2009

At the end of 2008, our nation faced the greatest economic crisis in a generation. Our economy was on the brink of a second depression, or a great recession. Fear was widespread, and confidence scarce. By the first quarter of 2009, our economy had lost, on average, 700,000 jobs a month, and our growth rate hit negative 6.3 percent – the fastest rate of decline since 1958. Foreclosures were at record levels. Banks were in crisis, and nearly \$1 trillion in wealth had been lost in the stock market in a steady downward spiral.

The top priority of the new White House and the Congress was to stop the economic bleeding, create a measure of stability, and help those most harmed by the economic crisis. Only after our economy has stabilized, could we begin to restore consumer and business confidence and commence with a longer-term path toward a sustained economic recovery.

The first crucial step was the passage of the American Recovery and Reinvestment Act in a record 42 days. It combined tax relief and government spending for a total investment of \$787 billion. As Chairman of the Senate Appropriations Committee, it was imperative that we moved quickly and cohesively to demonstrate to the American people our commitment to stabilize the economy.

As I am sure you know, throughout the whirlwind of discussion and debate, compromise and concession, I always had one eye focused on Hawaii to be sure that we got at least our fair share, and we looked forward for productive investments for sustained long-term growth.

There are three major components in the Economic Stimulus package. First are the formula funds for highways and buses, education and social services, housing and law enforcement that went to state and county governments. In addition, funds went for a host of federal agency projects for a total, to date, of \$1.26 billion for Hawaii. Keep your eye on this tally because more is expected in the coming months.

Second is tax relief for individuals, businesses and state government. Approximately \$300 million in tax reductions are going to about 500,000 Hawaii workers. About \$360 million in increased Medicaid payments have gone to the State to help shoulder some of the health care costs. And, \$30 million in extended unemployment benefits are being afforded to Hawaii's residents who are still out of work. As a strong driver of job growth and innovation, small businesses are able to immediately deduct 100% of any capital investment.

Third are investments for a firmer foundation upon which to base our future prosperity -- renewable energy, broadband infrastructure, health information technology. Hawaii has already made great strides in these areas, and I am confident that we can be competitive for national stimulus funds.

It has been just over 160 days since the Stimulus package became law. It continues to gain momentum and we're expecting to see it peak, in terms of release of funds and jobs created, in mid-2010. To be sure that Hawaii remains on track, I will be holding an Appropriations Committee field hearing on August 24th at the State Capitol to get a status report from some of the agencies you heard from earlier in the day, as well as other government agencies. My questions will be very simple: Have the funds gotten out into the community to hire new workers or to provide additional support services? If not, why not? And, is there anything I can do to help?

I will also continue to bring funds to Hawaii through the annual federal budget process to continue federal and military construction, to expand dual use technology endeavors, and to enhance education and job training to invest in a skilled workforce. Many of these initiatives are "earmarks" because they are not in the President's budget. I hope you don't mind.

In light of the large federal government presence in Hawaii, there are many, many opportunities for small businesses. Yet, doing business with the federal government is not easy. In fact, it can be quite daunting. This is where the SBA and SCORE can be very helpful with federal contracts, and with state and city contracts which are being funded with stimulus dollars. I encourage you to take advantage of their expertise and heartfelt interest in your success.

I would be remiss if I did not touch briefly upon the health care reform debate. The overarching goal is to reduce the soaring cost of health care, and to ensure that every American can get affordable health insurance for themselves and their

families. There is general agreement that the current system is broken, and if not fixed, it will implode. There is also agreement that there should be greater controls on health insurance companies. And, most who have health insurance generally like their coverage and do not want it changed.

I would venture to say that the current health care system does not work well for small businesses. You pay more for the same coverage than the larger companies. One reform under consideration would allow small businesses to purchase insurance through an "insurance exchange" to provide more choices or better coverage at lower costs than you can get in the small group market. Another proposal would provide a small business tax credit to help you balance the disproportionately higher costs.

The debate and discussion will continue in earnest when the Congress reconvenes after Labor Day. Solutions run the spectrum. There is no consensus yet on either the reforms or how to pay for the reforms. I do agree with President Obama that comprehensive health care reform is a necessary component to the long-term economic recovery of our nation.

I remain optimistic that working together, we will be able to ride out this economic storm, and return stability and confidence in the marketplace, and hope at home.