

Rothman: Rebuilding America Begins Now

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ALMOST all economists and most Americans agree that we are in the midst of the worst financial crisis since the Great Depression and that immediate action by the federal government is needed to help turn the American economy around.

Last week, after three months of congressional hearings and debate, Congress passed the American Recovery and Reinvestment Act to do just that.

Nearly 600,000 Americans lost their jobs in January, and 3.6 million Americans have lost their jobs since December 2007.

The unemployment rate in America stands today at 7.6 percent – about 14 percent, if you count the underemployed and people who have given up looking for work. The pace of our economic decline is accelerating.

The Recovery and Reinvestment Act creates or saves three to four million jobs, but it does much more.

The act also rebuilds America, makes us more globally competitive, provides tax cuts for our people, moves towards energy independence, transforms our economy for long-term growth, addresses the needs of Americans suffering the most and helps states avoid raising local property taxes and possible financial collapse.

The recovery plan invests in roads, bridges, mass transit, the national electric grid, flood control, clean water and other infrastructure projects. It provides funds for business incentives and numerous energy efficiency and renewable energy projects.

It devotes federal dollars for 21st century school renovation and increases assistance for college tuition. There is money for modernization of medical record technology to reduce errors and save lives, and billions of health care dollars. All of these efforts will create jobs, 90 percent of them in the private sector.

Some 95 percent of American workers will receive a tax cut. In addition, the child tax credit is expanded and middle class families have been spared from paying the Alternative Minimum Tax. Nearly 80 percent of the money in the plan will be spent in the next 20 months.

A vital safety net

But this act will not only help to revive and stimulate the economy. It also provides a vital safety net for America's poor, unemployed, sick, hungry, homeless, seniors, disabled and those most seriously affected by this nearly unprecedented economic downturn.

The recovery plan also offers relief for local property tax payers by supporting aid to states and localities overburdened by historic unemployment and tax revenue losses. Rather than force New Jersey's state and local governments to cut essential services like police, fire, health and education, or raise local property taxes, this act sends federal dollars to our state for these specific needs.

The majority of the money will be distributed under existing federal formulas to lessen the possibility of misuse by state or local governments.

The federal government needs to act because the states and the private sector have been so weakened by this

recession. Adding to this, banks have almost completely frozen their lending.

The federal government is now the only entity with the resources to make the necessary investments in our economy to slow the recession and help us get out of this deep financial hole.

There are those who say that Congress and the president should have done a better job with this plan, but few offer specific advice other than calling for more tax cuts – tax cuts are now up to 36 percent of this plan. The opposition mostly just pick apart what the Democratic majorities have done and say this is unacceptable.

This recovery plan alone will not solve the confounding economic problems facing our country, but it is a vital first step. Next we must fix our banking system and get credit flowing again to qualified businesses and families. And we must also create and enforce sensible regulations that will ensure that we don't end up in this mess again.

A lot has been accomplished in this legislation and many of us are hopeful that it will begin a new, smarter era of American investments in our nation's own infrastructure and in our own people.

There is a lot more work still to be done, but this historic plan is a solid, substantial and positive contribution to America's recovery.

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