



NEWS RELEASE

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SBA's Baruah Urges Passage of President's Financial Recovery Package

WASHINGTON – Today, U.S. Small Business Administration Acting Administrator Sandy K. Baruah spoke on the state of small business and the immediate need for President Bush's Economic Rescue Plan at the Innovate Now! Conference in Chicago, IL. His remarks included the following excerpts:

- “There is no doubt that the capacity to innovate is America’s only possible sustainable competitive advantage in the 21st century. But a good idea without capital is simply that – just an idea – and until Congress works out the details of the President’s financial recovery plan and passes final legislation -- our innovators and entrepreneurs, including many here today, may not have the capital they need to do business. Fully functioning credit markets are critical to all of us – as business owners, as employees, as home owners, and as consumers.”
- “Small businesses – even those with good credit and good ideas – are finding it more difficult to get the credit they need to start, maintain, or expand their businesses. The credit situation has literally changed in the blink of an eye, which is why the President and many Congressional leaders are focused on quick action.”
- “The President’s plan would allow the U.S. Treasury to buy up to \$700 billion of distressed real estate securities that are currently holding the financial system hostage. We can’t expect the private sector to buy these assets because their declining values are ambiguous. Only the federal government has the resources and the patience to pull these troubled securities off the market and return the financial system to a sense of normalcy...This effort has been termed a bailout of Wall Street. That’s unfortunate because that’s not why we are doing it. It’s not about the Gordon Geckos of Wall Street – it’s about the Gordon Johnsons of Main Street.”
- “To the extent that the plan reduces turmoil in the housing market, it will help the many small business owners who use a personal residence as collateral for business investments and don’t want to be in a position where the price of their home is less than their mortgage.”
- “If innovators and entrepreneurs are the engine of our economy, financing is the grease that allows the engine to run. The creative genius that is represented in this room today will go no where because good ideas mean nothing without good financing...The financial rescue plan is directed at the heart of our economy and the heart of Main Street. It will have a direct impact on the ability of entrepreneurs and small businesses of Chicago and across America to meet the challenges of innovation in the 21st century.”
- To read the full text of the speech, please visit
http://www.sba.gov/idc/groups/public/documents/sba_homepage/news_innovate_now_conference.pdf.

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