



## The JOBS Bill: An Encouraging Sign of Intelligent Life in Washington

Simply put, the JOBS Act will make it slightly less difficult for small successful private companies to “go public” and raise capital through a public offering of their stock. It expands slightly the number of companies who otherwise would decide that the costs of complying with the regulations under Sarbanes-Oxley and other laws passed after the Enron implosion were simply too great. It provides an “on-ramp” to these companies so that the full impact of those regulations isn’t felt until they reach a certain threshold of financial success, or five years, whichever occurs first.



One of those opposed to any sort of temporary lifting of the regulatory state from the backs of the job creators in the country is liberal Senator Carl Levin (D-Mich., above left) who said, prior to passage of the bill in the Senate, in a burst of excessive hyperbole, “We are about to embark upon the most sweeping deregulatory effort and assault on investor protection in decades.” Joining Levin was liberal Senator Dick Durban (D-Ill.) who said the ACTS bill would “allow companies to use billboards and cold calls to lure unsophisticated investors with the promise of making a quick buck investing in new companies.”

Other ultra-liberal anti-capitalists in the Senate were unhappy over the bill too, including Senators Michael Bennet (D-Colo.), Jeff Merkley (D-Ore.) and Scott Brown (R-Mass.). Said Merkley, the bill is “simply a pathway to predatory scams.”

The intersection of continued stagnation in job growth, President Obama’s need to do something to burnish his “free market capitalism” image this election year, and logic provided by the IPO (Initial Public Office) Task Force set up last year to learn why job growth was so slow, all worked together for the House, the Senate, and finally the White House to agree on something.

It’s likely to have some positive impact. The IPO Task Force reported that regulations have impeded the capital markets to such an extent — [near “asphyxiation” as the \*Economist\* magazine put it](#) — that they have cost the economy [22 million](#) jobs in just the last ten years.

And it’s perhaps the first sign that the regulatory state is pulling back, however slightly, reflecting a “pendulum swing” away from the onerous government-regulate-everything mindset prevalent in Washington.

The IPO Task Force’s arguments were persuasive:

During the past 15 years, the number of emerging, high-growth companies entering the capital markets through IPOs has plummeted...transcending economic cycles and hobbling U.S. job creation...



Written by [Bob Adelman](#) on April 5, 2012

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A sequence of regulatory actions - mostly aimed at protecting investors from behaviors and risks posed by the largest public companies - have driven up costs for emerging growth companies looking to go public.

John Berlau, [writing for the \*National Review\*](#), says the JOBS Act will reduce those burdens in two ways:

1. It raises the threshold at which a company must register with the Securities and Exchange Commission (SEC), which requires compliance with Sarbanes-Oxley and Dodd-Frank along with numerous other SEC mandates, and
2. It exempts that company from full compliance with these restrictions until it has grown to \$1 billion in annual revenues, or five years, whichever occurs first.

So the JOBS Act only provides a brief “breathing space” until the company can get up to speed and then allegedly can afford to pay for all the compliance foisted upon them by Washington. And of course the new law does nothing to deter vigorous prosecution for wrong doing under present federal and state laws. As Belau notes, “there will still be 9,999 commandments from the government even after the JOBS Act is signed.”



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