Small Is Beautiful

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We keep hearing that the partisan gulf in modern Washington is too wide to "get things done," but Republicans and Democrats agree on a lot. For example, both parties claim to revere the Constitution. Oh, and they're coming together on a small bill to help small business that the House will pass as early as today. There's a lesson here about modern Washington.

Every bill that comes to the floor these days seems to include the word "Jobs" in the title, and in this case it's an acronym for Jumpstart Our Business Startups. The Jobs Act is cobbled together from other measures that passed the House or Senate over the last year and are meant to encourage entrepreneurship and capital formation. Remarkably enough, all of them are useful, and taken together they'll probably do some modest economic good.

Even the White House is on board, and not because it thought "Our Business" referred to General Motors and Solyndra. The Administration issued a statement this week endorsing the Jobs Act, writing that "Helping startups and small businesses succeed and create jobs is fundamental to having an economy built to last."

That is Washington's lowest common political denominator short of Flag Day, but at least it's something. One provision, which passed the House 413 to 11 in November, would allow small companies to use advertising or solicitations to contact investors and raise capital. A Securities and Exchange Commission relic from 1982 bars such contact, which makes it hard for ventures without deep connections to tap capital. Another reform would raise the threshold for SEC registration to $50 million from $5 million today and make it easier for businesses to go public. Every Member voted for that one, except Michigan Democrat John Dingell.

Maybe the best regulatory overhaul is a new "on ramp" for IPOs that defers the infamous Sarbanes-Oxley Section 404(b) accounting rules for up to five years. A new class of issuer called "emerging growth companies" with under $1 billion in revenues or less than $700 million in shares would be exempt. Such companies could then deploy capital to create new jobs or

find its highest return rather than turning it over to an outside auditor.

There are a few other stray cats and dogs, but it's notable in particular that the Congressional Budget Office estimates the total net costs "would not be significant." In of itself this underlines what an asset GOP control of House has been to taxpayers. Another Pelosi Congress might not have matched its epic 2009-10 spending binge, but many more micro-nonstimulus programs in the mold of "cash for clunkers" would be proliferating. Clearing out some of the regulatory underbrush—one Jobs Act provision changes an SEC rule in effect since 1964—is the better option.

The pity is that such housekeeping is all the political market will bear this year. There are plenty of things Washington could do to jump start growth and investment even short of a major tax reform, and House Republicans have passed literally dozens of bills that would help the economy. But they lie dormant in the Senate because Democrats won't endorse anything unless it comes with a major tax increase.

The Jobs Act is far less ambitious than even what the President's own Jobs Council recommended. Still, it does some good, and it's a hint of what could happen with a larger change in political management.

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