

Congress of the United States
House of Representatives
Washington, DC 20515-2213

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September 2, 2011

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I write today to thank you for your advocacy on behalf of unemployed Americans and to urge you to consider innovative new ways to create jobs and spur economic growth throughout the country. As Metro Detroit reels from decades of outsourcing, double-digit unemployment, and widespread foreclosures, it is clear to me that we need proactive new solutions. I would like you to consider supporting a series of federal initiatives that can help encourage America's overall economic recovery and restore Metro Detroit as an engine of national economic growth.

Fostering Growth and Financial Stability in Metro Detroit

First, I would like you to consider supporting a series of federal proposals to create jobs and increase economic growth in and around the City of Detroit:

- *A Detroit Jobs Trust Fund bill to capture the federal tax revenues collected from persons and entities in the City of Detroit to be invested in local redevelopment efforts for a period of five years.* This fund would be used to reduce the unsustainable debt burden of the City and the Detroit Public School system, to invest in public safety, education, job development initiatives, and infrastructure. This would not only help rectify decades of regional job losses—many of which are attributable to business and policy decisions made outside our region—but also to enable Detroit to grow economically and become a more significant contributor to the federal tax base over the long term.
- *A capital gains tax reduction for investments in the City of Detroit.* I believe an initiative to eliminate capital gains taxes in the city for a period of one year could attract significant business investment and hiring. It could also serve as a valuable pilot program for spurring growth in economically distressed areas.
- *Encourage immigrant investors to create jobs in distressed areas by modifying EB-5 visa requirements.* The aim of this modification would be to increase the number of applications and to expedite the application process. The changes would be limited to areas that have unemployment of a given level, have suffered a given amount of population loss relative to the previous decade, or have median incomes of less than a given percentage of the national average.

Creating High-Quality Jobs across the Nation

Nationally, I believe we can develop innovative and bipartisan solutions not only to reduce unemployment but also to restore workers' dignity and hope. I was unemployed for a period of time during the 1980s and, after several setbacks, nearly lost my will to continue searching for a job. Through a public employment and training program, however, I found motivation to continue my education and find my purpose in life. I believe investment in such programs—particularly for chronically unemployed persons who have had minimal educational opportunities—can have a profound impact today. I urge your Administration to take a variety of innovative approaches to direct job creation including the following:

- *Cash incentives for startups that hire.* Tax cuts are hardly useful to entrepreneurs who have yet to launch their initiatives, hire workers, and earn revenue. We need to allow for the conversion of tax credits into an upfront cash equivalent for every employee hired. These incentives should specifically target green industries such as battery and solar energy technology.
- *Creating jobs through energy efficiency.* Former President Clinton has advocated a unique proposal for governments to provide tax credits for companies that retrofit buildings for increased energy efficiency. This assistance would come under the condition that the companies invest any resulting savings from their utility bills in an interest-free loan fund for their employees to finance the very same kinds of energy-saving improvements to their own homes. This would create jobs while protecting the planet.
- *Providing job training opportunities to the unemployed.* Under the bipartisan EMPLOY Act, which I recently co-sponsored, if an employer hires an eligible unemployed individual, a wage disbursement will be paid directly to the business at a rate of no more than 90 percent of what the unemployed individual would have otherwise received through unemployment insurance. In return for these funds, the employing business must agree to pay the individual at least 110 percent of what they would normally receive by collecting unemployment. While I recognize that this would require vigorous oversight from the Department of Labor, I believe it represents a powerful—and cost-cutting—path to create quality jobs.
- *Targeting infrastructure spending to high unemployment areas.* Many areas of the country with urgent need for infrastructure improvements are also areas with extraordinarily high unemployment levels. As the bipartisan Simpson-Bowles commission has recommended, this essential investment can be financed by additional federal gas taxes included in any future tax reform package.

Building Purchasing Power by Reducing Household Debt

Cutting household debt is the key to unburdening consumers and revitalizing our economy. I believe the federal government can take straightforward measures to reduce consumer debt while creating hundreds of thousands of jobs for residents of distressed communities. These initiatives can also fight neighborhood blight, bolster property values, and increase household purchasing power.

- *Making education affordable.* I encourage your Administration to work with Congress to reduce our nation's unsustainable burden of student loans by exploring ways to forgive certain loans, particularly for students entering public service professions, as well as making certain private student loans dischargeable in bankruptcy proceedings.

- *Stemming the tide of foreclosures.* I encourage you to direct Fannie Mae, Freddie Mac, and the Federal Housing Administration to put together a plan to rehabilitate and rent out homes in which evictions have taken place as a result of foreclosure. These agencies should also, where possible, offer distressed homeowners at risk of falling into foreclosure the option to pay a fair value rent for the property they occupy. I also encourage your Administration to work to create incentives for private banks to restructure mortgage debts through reforms to accounting rules and the tax code.

Coordinated Federal Action to Create Jobs

Over the longer term, our nation needs a competitiveness strategy and a coordinated approach to creating jobs. I applaud your Administration's Strong Cities, Strong Communities initiative to support local development, yet I believe we need a more aggressive coordinated approach to tackling persistent unemployment and regional economic stagnation. For instance, a task force comprising high-level officials from Housing and Urban Development, Treasury, Commerce, Education, Justice, and other departments could better address a region's inherently interconnected challenges of poverty, crime, joblessness, and educational underperformance than currently-existing structures. Such a task force could work with local officials to identify long-term strategies to revolutionize competitiveness and quality of life. I am prepared to work with leaders in Congress to create a bipartisan joint planning group—perhaps through the existing Joint Economic Committee—to better coordinate action on overall competitiveness and anti-poverty priorities. In today's fiercely competitive global economy, we must work together to ensure no region of the country is left behind.

With its highly-trained technical workforce, its proximity to great research universities, and its manufacturing infrastructure, Metro Detroit has tremendous potential. But, like other highly-challenged regions, we need a strong and reliable partner in Washington.

I look forward to working with you and your Administration on these and other initiatives. In the coming months, I will be introducing legislation based upon several of the above-mentioned proposals, starting with those regarding Metro Detroit. I am available to assist you with further information on any of these recommendations.

Together, I believe we can build an economy that is not only strong but fair for all Americans.

Sincerely,



Hansen Clarke
Member of Congress
Michigan's 13th District