JENNIE S. BEV

The JOBS Act, the U.S. Economy and Indonesia

U.S. President Barack Obama signed the JOBS (Jumpstart Our Business Startups) Act into law on April 5, 2012. It is not a cure-all that would directly create jobs but an intervention that encourages job formation through easier access to capital to boost businesses. The payoff is to encourage investments, backed by statistics such as a study that shows a single angel investment can create on average six new jobs.

It also proposes three payroll tax cuts, reforms unemployment insurance to ensure 6 million people don't lose their benefits, reemployment assistance, startup assistance, and subsidizing employment for low-income youths. The most interesting provision in the JOBS Act is probably the crowdfunding section, a financing technique that allows a large group of investors to contribute money for a single investment, usually via the Internet. The crowdfunding in this act would create a ripple effect on businesses worldwide, not just U.S. companies. The JOBS Act means that Indonesian companies now have a rare opportunity to take advantage of a U.S. policy.

Considering President Obama has been using crowdfunding for his presidential campaign, it is expected to work well for business funding in a slow economy, where bank loans are harder to get. The provision liberates companies to both stay private longer and to go public as soon as possible. It also provides an unprecedented opportunity for non-U.S. "emerging growth companies" (EGCs) to enter

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the U.S. market, because the provision doesn't distinguish between U.S. and non-U.S. companies. In fact, it encourages U.S. and non-U.S. exchanges to seamlessly occur.

In the past, a company with more than 500 investors must register with the Securities and Exchange Commission (SEC). The JOBS Act now allows a company to have up to 2,000 investors before registering. This allows companies to take time to grow or to grow as rapidly as possible. It also makes it easier for EGCs to go public, as those with less than $1 billion in revenue require less audited financial paperwork, while high-growth companies have five years to comply with the Sarbanes-Oxley Act.

Thus, such provisions provide the legal environment to increase the number of IPOs from EGCs based in the U.S. and overseas to enter U.S. capital markets. Such a legal environment would also create a fresh atmosphere for transforming the way venture capitalists and angel investors work, including the procedures and options as well as the source of funding. The Act also allows EGCs to test the market with qualified institutional investors.

In the book "Better, Stronger, Faster," by Yahoo Finance economist Daniel Gross, he says that one of the U.S.'s strongest assets is its fast reaction toward any downturn. American culture doesn't see failure as a stigma, which allows the economy to recover much faster than in other countries such as Japan and Italy.

Macroeconomically speaking, a contraction can sometimes be good for growth, as it stimulates entrepreneurs to look at new markets and sectors outside the U.S. The USA brand has still not lost its charm in the world. American cars sell well in China and children everywhere flock to Disneyland and Universal Studio theme parks outside the U.S. Thanks to the low dollar, many international investors are grabbing the opportunity to acquire U.S.-based assets—showing their long-term faith in the U.S. economy.

There is no shame in failing because when we've hit the bottom, the only way is up. The U.S. was been built by immigrants, and it will remain the same in the future. Here is where opportunities are made. Indonesian companies have an opportunity to take part in revitalizing the U.S. economy, which means making Americans ready to consume and invest again. F

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JENNIE S. BEV IS AN AWARD-WINNING AUTHOR, COLUMNIST, AND TRANSNATIONAL ENTREPRENEUR BASED IN NORTHERN CALIFORNIA AND COMMUTES TO ASIA. SHE CAN BE REACHED AT JENNIESBEV.ORG.