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Tiberi Discusses Declining Opportunity and Regional Disparity During JEC Hearing

Remarks as Prepared for Delivery

Joint Economic Committee Chairman Pat Tiberi (R-OH) today delivered the following opening statement during a hearing on the uneven economic recovery entitled “The Decline of Economic Opportunity in the United States: Causes and Consequences”:

“Good morning everyone. Welcome to the first Joint Economic Committee hearing of the year. I want to especially welcome our Ranking Member Senator Heinrich and our Vice Chairman Senator Lee, as well as the other Members of this Committee, and I look forward to working with them this Congress and diving into some important issues facing our economy.

“The U.S. economy did not surge back from the last recession as it had after every other recession since World War II, and we are paying a price for that. The drawn-out recovery and the meager growth rate we have settled into are exacerbating the country’s many challenges.

“The purpose of today’s hearing is to gain insight into why the recovery, besides being so slow, is also uneven. Many parts of the country face problems more severe than national average economic growth and unemployment rates convey. Some areas effectively are still in a recession.

“In my home state of Ohio, we’ve made strides in encouraging businesses to come to our state and our unemployment rate has dropped at a steady pace over the past few years. However, that hasn’t been true for every part of the state. We can do better, especially for the communities where folks feel they are being left behind. In Ohio that is in counties in Appalachia and in areas surrounding urban centers of Ohio where the dynamics of the rural and urban poor couldn’t be more different.

“Allow me to submit to you four perspectives. First, accelerated national growth would lift many struggling regions. The familiar image of the tide lifting all boats is appropriate.

“Second, innovation is integral to economic development, especially in an advanced economy. Innovation arises from entrepreneurship, which has been the hallmark of U.S. economic success. When entrepreneurial activity wanes, as it has recently, economic growth slows.

“Third, a large, complex economy such as the U.S. economy will always have parts that expand and parts that contract, largely related to different rates of technological change. However, government intervention such as with respect to taxes, wage and employment benefit mandates, zoning, and licensing can exacerbate this by restricting market entry, impairing new business formation, and limiting job creation.

“Fourth, education and skill development are the key to a productive, adaptable labor force. I was struck by observations Federal Reserve Chair Janet Yellen made in a speech last week in which she stressed the importance of entrepreneurship, the importance of vocational education and apprenticeships, and engaging employers in the training process, among other things.

“Everyone is aware of the demographic change the country is undergoing. The baby boom generation is reaching retirement age and that is affecting many aspects of the economy. One such effect is slowing entrepreneurial activity, as a part of today’s testimony will explain.

“The challenge of an aging population makes it all the more important that the economy work efficiently and that government actions, at both the state and local levels and the federal level, not be prohibitive.

“Unfortunately, this is not always the case. For example, laws and regulations for many years have been accumulating at a faster rate than the economy has grown. As a result, business expansion is discouraged and new projects deferred or abandoned. U.S. worldwide ranking in the ease of starting a business has slipped from 45th out of 190 countries in 2016 to 51st today, according to the World Bank.

“Members from both sides of the political aisle have frequently criticized the inefficiencies of the regulatory build-up, yet it has continued. The effects are real and they are holding the economy back.

“One of the key areas of weakness in this recovery has been private business investment, which is sensitive to tax and regulatory regimes. The economy requires faster rates of private investment than the existing regimes have permitted. Regulatory and tax reform will create more jobs and opportunity.

“A central aspect of the economy’s functioning can be characterized as “dynamism”—the rate at which the population starts new businesses, moves to another region, and changes jobs or occupations. It refers to the people’s

innovativeness, entrepreneurship, and motivation. Less dynamism means less of this is happening.

“Many of our communities are hurting, and I believe that increased private investment, restoring economic dynamism and the resulting accelerated economic growth can help them recover.

“We have an excellent panel of witnesses today, and I look forward to insightful testimony on economic dynamism and the challenges facing local and regional economies in this country.

“In closing let me observe that there are few periods in the country’s history when America did not face serious challenges. We may face new challenges today, but I have full faith in the resourcefulness of the American people and the functioning of our market economy to overcome them, as in the past.”

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