



For Immediate Release: October 25, 2017
Contact: Breann González (202) 225-0371

Tiberi: Removing Artificial Constraints on Economic Growth Will Help Restore Opportunity for All Americans

Remarks as Prepared for Delivery

Joint Economic Committee Chairman Pat Tiberi (R-OH) today delivered the following opening statement during a hearing entitled “The Economic Outlook with CEA Chair Kevin Hassett”:

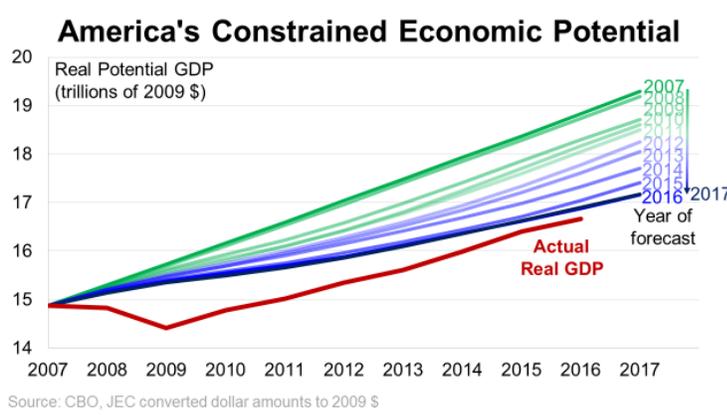
“Good morning and welcome to what I expect will be a most informative hearing on how we can accelerate economic growth in the United States.

“What is holding back economic growth in America has been of central interest to this Committee from the onset of my term as chairman. Our hearings have produced useful information and insights. I am particularly pleased to have Chairman Hassett lend his insights today on the forces and constraints that are holding back private investment, labor force participation, and wages. We hope to get a clearer picture of how the right policies can help the economy recover its full potential.

“The economy is dealing with the aging of the population, slowing population growth, and technological changes that are altering the methods of production. But self-imposed constraints also have altered the way the economy performs and not in a good way. I strongly believe we can do something about that.

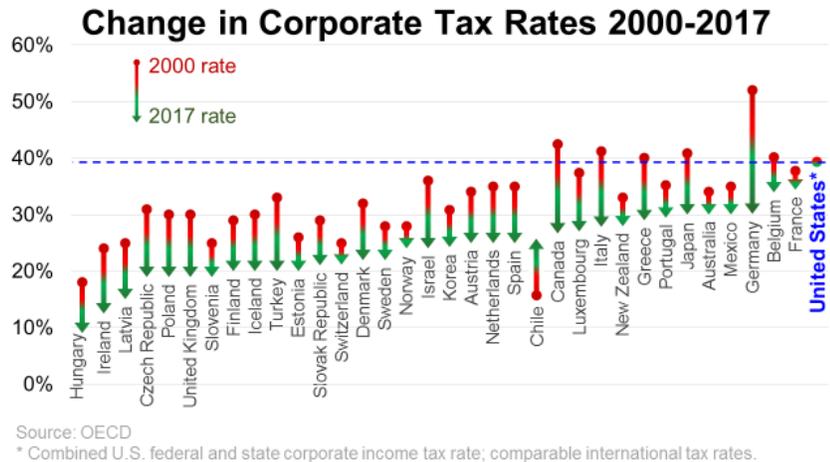
“I would like to direct your attention to the graph showing how the Congressional Budget Office (CBO) lowered its assessment of the

economy's output potential every year since 2007 until 2016. These are not projections of actual GDP, mind you, but of potential GDP—the economy's output capacity—normally, a fairly stable concept. Back in 2007, CBO estimated the U.S. output potential for 2016 to be over 12 percent higher than it is now.



“What happened? The aging of the population was predictable. Not anticipated was that U.S. business investment would be down from prerecession rates and that the rate at which Americans participate in the labor force would drop so markedly. Despite the low unemployment rate, the labor market’s health has not been fully restored. Indeed, the labor force participation rate of people of prime working age remains substantially below where it was prior to the recession.”

“I believe that economic policy, including the failure to act when other countries were improving their business climate, is largely to blame. I would like to show you two graphs that illustrate the changes U.S. firms face on the international playing field. The first chart shows how 34 countries changed their corporate tax rates since 2000. All these countries, save Chile, which had the lowest rate initially, reduced their corporate tax rates to make their economies more competitive while the U.S. rate remained the same.”



“The next chart shows how 27 countries eased product market regulations from 1998 to 2013, based on an OECD index. All these countries save Chile reduced taxation and regulation.



“This paints quite a startling picture. It explains why U.S. corporations have been moving offshore.

“Other countries have purposefully improved the international competitiveness of their business sector while the United States has taken the competitiveness of its businesses for granted. As a result, we now have an economy that does not fully engage its resources and entrepreneurial spirit.

“A JEC hearing earlier this year on declining economic opportunity revealed a dramatic decline of new business formation in this country since the last recession. From 2008 to 2014, more businesses actually closed than opened. A JEC hearing earlier this month showed how detrimental the tax code can be to starting a new business—in terms of both its provisions and its sheer complexity.

“All the challenges we face are more daunting as a result. The national debt is a bigger problem with a slow-growing economy. This is why we so urgently need both tax and regulatory reform. We must restore a more highly functioning market economy that offers hope and opportunity for entrepreneurs, investors, and workers and that removes the artificial constraints on faster economic growth.

“Dr. Hassett’s expertise is well grounded in economic research, and one of his areas of specialization is taxation, which is especially useful at the present time. I cannot think of a better witness to explain just how tax and regulatory reform can lift the economy and living standards. Chairman Hassett, we appreciate your appearance before the Committee and look forward to hearing your views today.”

###