



Joint Economic Committee

Republicans

Representative Kevin Brady
Vice Chairman

NEWS RELEASE

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STATEMENT OF VICE CHAIRMAN KEVIN BRADY

October Employment Situation

Washington, DC – Commissioner Hall, I want to thank you for spending your morning with us as we review the employment situation. For some time now, you've had the difficult job of being the bearer of bad news as many hardworking Americans have desperately sought a sustained economic recovery. You'll be happy to know that we don't shoot the messenger here in Washington.

I'd like to begin with some potential hope for our economy. Following two dismal quarters of anemic growth, real gross domestic product grew at an annual rate of 2.5 percent in the third quarter of this year. Finally, America's economy is marginally larger than it was when the recession began in December 2007.

Unfortunately, the outlook going forward looks less rosy. Projections of future economic growth for the balance of this year and next have been significantly lowered by the Fed as well as international economic organizations. The turbulence from a potential financial crisis in Europe could still precipitate a double-dip recession here – a very real threat which could have been avoided had poor economic policies from the White House not resulted in a very weak and slow recovery.

Equally troubling is this jobless recovery. More than two years after the recession officially ended, there are 6.4 million fewer payroll jobs in America than when the recession began in December 2007, and more than 5.9 million Americans are long-term unemployed.

The President's policies are just not working. By comparison, the Reagan expansion, which followed the similarly deep 1981-1982 recession, outperforms the Obama economy by all metrics, including economic growth and job creation. The difference is that the Reagan expansion occurred in a political environment that fostered private business investment and encouraged Americans to work and save. President Reagan's policies were a favorable tailwind.

In contrast, the American economy now confronts policy headwinds. Virtually every step of the way President Obama and Congressional Democrats have increased, not decreased, the uncertainty that Americans and American businesses face. This uncertainty has discouraged businesses from making the investments in new buildings, equipment, and software that would create millions of new jobs and cause a rapid fall in the unemployment rate. Instead, Washington should create a political environment that incentivizes Americans to work and save and incentivizes American businesses to invest. Then, Washington should get out of the way.

This is the first employment hearing since President Obama's proposal for a second round of stimulus spending that would require massive new borrowing from foreign entities, creating debt, which future generations of hardworking Americans would have to service. Stimulus II is not paid for. It will add billions more to the national debt and is wrongly focused on creating taxpayer-funded government jobs. Not only can we not afford it, but it is a glaring admission that the first stimulus failed. Remember, we still have 1.3 million fewer American jobs than when the original stimulus began; a million and a half *fewer* jobs. Enough is enough. Hardworking Americans deserve a fresh start.

America needs to grow jobs, not grow the federal government. Ultimately, private business investment drives private sector payroll job growth. Businesses make their investment based on the outlook for the next decade, not just the next year. The President's proposal - which even Senate Democrats quickly rejected - seeks to spur investment through temporary tax reductions, but does little to encourage businesses to increase their investment over time.

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Rather than Washington taking more of what Americans earn, our nation craves a simple, fairer tax code that increases the incentives for Americans to work and save and for American businesses to invest in new buildings, equipment, and software. This requires a permanent reduction in the effective marginal tax rates on both capital and labor.

Moreover, tax reform should help instead of hinder American businesses who want to invest in America. As I have proposed, Washington should immediately lower the tax gate to allow American firms competing successfully overseas to bring home their profits that are stranded abroad so that these firms can invest in America: in new jobs; research and development; expansions; and financial stability. Repatriation is a free-market stimulus of nearly \$1 trillion that will create up to three million American jobs, increase federal tax revenues and boost the economy by between one and four percent.

Now that's a stimulus America can get behind.

I urge President Obama to join Congressional Republicans in supporting a comprehensive, bipartisan tax reform that results in a permanent reduction in marginal tax rates. Twice in my lifetime, I have seen the benefits of such plans: first under Kennedy, and then under Reagan. Both men trusted in the American people. Put another way, they placed their faith in the "marketplace" which is nothing more than the collective judgment of the American people as to where to invest their money. Their sound economic policies fueled the economic booms of the 1960's and the 1980's and 1990's. Kennedy and Reagan helped spawn entirely new industries and kept our great nation first in R&D, patents, inventions, and entrepreneurship. President Obama has a real chance to be a "game changer," here, or, as he likes to say a "transformational" president. All he needs do is follow his predecessors' lead.

Republicans in Congress are ready and willing to work with the President to create real jobs along the Main Streets across America.

With that, Dr. Hall, I look forward to hearing your testimony.

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