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4 WHERE THE JOBS ARE: EMPLOYMENT TRENDS AND ANALYSIS

5 WEDNESDAY, FEBRUARY 15, 2012

6 House of Representatives,

7 Subcommittee on Commerce, Manufacturing, and Trade

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The Subcommittee met, pursuant to call, at 10:07 a.m.,
11 in Room 2123 of the Rayburn House Office Building, Hon. Mary
12 Bono Mack [Chairwoman of the Subcommittee] presiding.

13 Members present: Representative Bono Mack, Blackburn,
14 Bass, Harper, Lance, Cassidy, Guthrie, Olson, McKinley,
15 Kinzinger, Butterfield, Gonzalez, Towns, and Waxman (ex
16 officio).

17 Staff present: Paige Anderson, CMT Coordinator;
18 Charlotte Baker, Press Secretary; Kirby Howard, Legislative

19 Clerk; Brian McCullough, Senior Professional Staff Member,
20 CMT; Gib Mullan, Chief Counsel, CMT; Shannon Weinberg,
21 Counsel, CMT; Michelle Ash, Democratic Chief Counsel; and
22 Will Wallace, Democratic Policy Analyst.

|
23 Mrs. {Bono Mack.} Good morning. As the economy--as the
24 American economy struggles to regain its footing, we are
25 going to spend a great deal of time this year as a
26 Subcommittee exploring both the obstacles and opportunities
27 for job creation. Today we will hear from a respected panel
28 of experts who will join us in a wide range of discussion
29 about employment trends in America and what factors are
30 driving and shaping these trends.

31 I also want to thank everyone here for your ongoing
32 commitment and efforts aimed at creating new economic
33 opportunities and new jobs for Americans.

34 And now the Chair recognizes herself for an opening
35 statement.

36 Last year when I began Chairman of the Subcommittee, I
37 encouraged all of my colleagues to join me in an effort to
38 make ``Made in America'' matter again.

39 Well, today we are actually starting to see a
40 renaissance of sorts in manufacturing with companies like
41 Caterpillar, General Motors, Master Lock, Sauder Furniture,
42 General Electric, Ford, and many other companies all bringing
43 jobs back to the U.S. But is this trend sustainable or will
44 jobs return to America in dribs and drabs instead of droves.
45 This is the first in a series of hearings we will hold this

46 year looking closely at ways to stimulate job creation and
47 economic opportunities.

48 I believe we have a window of opportunity, but it could
49 close on us quickly if we don't take action. China's
50 overwhelming manufacturing cost advantage over the U.S. is
51 shrinking fast. Within 5 years a Boston Consulting Group
52 analysis concludes that rising Chinese wages, higher U.S.
53 productivity, and weaker dollar increase Trans-Pacific
54 shipping costs and a variety of other factors will virtually
55 close the cost gap between the U.S. and China for many goods
56 consumed in North America.

57 This is our chance, in fact, the best chance we have had
58 in decades to make ``Made in America'' matter again. But to
59 be successful we must remove the roadblocks and barriers
60 business are facing today when it comes to job creation.
61 Embracing tax reform, regulatory reform, and tort reform are
62 just some of the things that Washington can do to help jump
63 start real job growth in America.

64 But here is the good news. The data issued by the
65 Bureau of Labor Statistics shows a recent uptick in monthly
66 job creation with the jobless rate declining to 8.3 percent.
67 Now, here is the bad news. To date we have had 36 straight
68 months of unemployment above 8 percent, the longest such
69 streak since the great depression. Today too many people are

70 still suffering. That is why we need to work closely
71 together to create forward-looking policies which will create
72 economic growth in America, not stifle it.

73 Clearly the lack of job opportunities remains a dark,
74 ominous cloud over Main Street, USA, with the average
75 duration of unemployment for job seekers lasting more than 40
76 weeks.

77 The bottom line: unemployment today remains stubbornly
78 and unacceptably high with nearly six million more unemployed
79 workers right now than there were just prior to the beginning
80 the recession in 2007.

81 Additionally, many economists suggest this number does
82 not, in fact, represent the true unemployment rate. After
83 factoring in a number of people who are under-employed, such
84 as part-time workers in search of full-time employment, and
85 those who have completely given up hope and exited the job
86 market altogether, the Bureau of Labor Statistics reports the
87 effective unemployment rate stands at a staggering 15.1
88 percent.

89 What is more, in comparison to recent recessions the
90 rate of our job recovery this time is much weaker, too. For
91 instance, at a comparable point in the recovery from the
92 1981, to 1982, recession, the U.S. economy had added 6.2
93 million jobs above pre-recession levels, a growth of 6.8

94 percent. Yet while the U.S. economy added nearly two million
95 jobs over the past year, the employment level today reflects
96 a net loss with America's non-farm workforce approximately 4
97 percent below pre-recession levels.

98 Today industry experts are divided and see things
99 differently when gazing into their crystal balls. The Boston
100 Consulting Group, which is testifying before us today,
101 projects the U.S. has the potential to add up to three
102 million new jobs in the manufacturing sector alone over the
103 next decade. The chief factor in support of his upbeat
104 forecast is the decreasing cost advantage of manufacturing in
105 China due to the rapid rise in Chinese wages.

106 On the other hand, a study recently conducted by the
107 Harvard Business School involving nearly 10,000 graduates
108 reveals a more pessimistic view, a sense that America has a
109 deepening, competitiveness problem. At the heart of this
110 viewpoint is a sense that our Nation is falling behind in
111 fostering an environment conducive to job creation.

112 The U.S. tax code, uncertain political environment, and
113 burdensome and sometimes unpredictable regulatory regime, a
114 decline in education system, and the lack of a skilled
115 workforce were cited as contributed factors to this dreary
116 assessment.

117 So as we examine the data and analyze the trends, is the

118 glass half full or half empty when it comes to our future?
119 While I am a big Clint Eastwood fan, I don't buy the idea
120 that it is halftime in America. I think we are in the fourth
121 quarter, we are still trailing in the game, and we need to
122 drive the length of the field to win. That will take great
123 teamwork and a smart game plan, but working together and for
124 the good of all Americans I know that we can do just that.

125 [The prepared statement of Mrs. Bono Mack follows:]

126 ***** COMMITTEE INSERT *****

|
127 Mrs. {Bono Mack.} And with that I now am handing the
128 ball off to the ranking member of our Subcommittee, Mr.
129 Butterfield of North Carolina. Mr. Butterfield, you are
130 recognized for 5 minutes.

131 Mr. {Butterfield.} Thank you, Madam Chairman, for
132 holding today's hearing, which I understand is going to be
133 the first of several job-related hearings the Subcommittee
134 will hold this year.

135 There is no more important issue to working Americans
136 than the ability to get and keep a job, provide for their
137 families, and ensure that when their children grow up, they
138 can succeed, too.

139 The causes of the most recent economic recession are
140 many, and they are certainly complex. While the solutions
141 can also be complex, one thing is certain; the creation of
142 jobs benefits the entire American economy, and in recent
143 monthly employment reports, we have begun to see the fruits
144 of that labor, but there is still much work to be done, and I
145 agree with the chair on that.

146 On day 1 of his Administration, President Barack Obama
147 inherited an economy in the worst shape since the Great
148 Depression, a tremendous national debt was inherited, a
149 crippled manufacturing sector and auto industry, and he

150 became the Commander in Chief of not one but two wars in the
151 Middle East. Just 3 years ago 3.6 million jobs had been
152 lost, businesses were eliminating more than 700,000 jobs each
153 month. By March of 2010 we reversed that course, and by the
154 end of 2010 American businesses would go on to create more
155 than one million net jobs.

156 But with the national unemployment rate at 8.3, much
157 more still needs to be done to return us to full employment.
158 One of the keys to returning America to lasting prosperity is
159 education. However, the cost of college remains a major
160 barrier to those wanting to attend, and those barriers are
161 particularly acute for minority citizens. In a June, 2011
162 report by the College Board, the cost of college was cited as
163 one of the biggest roadblocks to gaining an education. The
164 report find that in order to regain the Nation's once
165 preeminent international position in educational attainment,
166 we must begin to matriculate and graduate populations of
167 American students who traditionally have been
168 underrepresented at the post-secondary level. Only 26
169 percent of African-American men hold at least an Associate's
170 Degree, compared with almost 50 percent for white males.
171 Those numbers are reflected in current employment statistics
172 with 13.6 percent of African-Americans unemployed compared to
173 7.4 percent of white citizens unemployed.

174 I am encouraged by the President's 2013 budget proposal
175 which includes \$8 billion, \$8 billion for community colleges
176 to help train workers in high-growth industries. The
177 President proposed the creation of a new community college to
178 career fund. That would be administered by the Department of
179 Labor and Education. This effort could lead to over two
180 million unemployed Americans finding good-paying jobs, paying
181 into the system, and help to reduce the debt.

182 The Bureau of Labor Statistics report on employment for
183 2010 through 2020 projects that 20.5 million jobs will be
184 created over the course of the decade, many in industries
185 requiring significant education or training. It is,
186 therefore, imperative, Madam Chairman, that we invest
187 significantly in these areas in order to build the strong
188 workforce necessary to succeed in an increasing competitive
189 global economy.

190 And so I say in--I look forward to hearing from today's
191 witnesses and thank each of you, each of the four of you, for
192 so graciously coming today and giving us your time. Thank
193 you very much. I look forward to the testimony.

194 [The prepared statement of Mr. Butterfield follows:]

195 ***** COMMITTEE INSERT *****

|
196 Mrs. {Bono Mack.} Thank the gentleman, and in
197 accordance with Committee rules, Chairman Upton has yielded
198 his 5 minutes to me, and I will yield the first 2 minutes to
199 Ms. Blackburn of Tennessee.

200 Mrs. {Blackburn.} Thank you, Madam Chairman. Welcome
201 to our guests, and I think we all welcome the series of
202 hearings that we are going to focus on jobs and job creation
203 in the country, and I want to start by talking about a time-
204 tested formula that always works.

205 Less regulation plus less taxation plus less ligation
206 equals more innovation and more job creation. It is a
207 formula that we need to grow this economy to give American
208 businesses and manufacturers the certainty that they need to
209 expand and to allow the U.S. to be successful when they
210 compete internationally.

211 If you go back and listen to some of the testimony that
212 we had in Mr. Guthrie's manufacturing briefing last week, you
213 see from these manufacturers how difficult it is to be
214 globally competitive and create jobs when the Obama
215 Administration basically has their boot on the neck of
216 innovation. We have seen nothing but regulatory explosion
217 from this Administration.

218 Let me give you an example of this. Just last year the

219 Obama Administration issued close to 4,000 burdensome and
220 restrictive new regulations. In 2011, the Federal Register
221 printed nearly 80,000 pages of new and additional
222 regulations. The Federal Government has over 291,000
223 regulatory agency employees. Total cost to federal
224 regulations is estimated to be at \$1.75 trillion annually.
225 Now, keep in mind that is about twice the amount that the IRS
226 collects in federal income taxes.

227 Just this morning Gallop released a poll where an
228 overwhelming majority of small business owners were surveyed.
229 Eighty-five percent indicated that they are not looking, not
230 looking for new workers. Asked why, 48 percent of those that
231 were surveyed said they are not hiring due to concerns about
232 possible rising healthcare costs, the uncertainty of Obama
233 Care. Forty-six percent said they were worried about new
234 government regulations. With what we saw last year, is there
235 any wonder that they are worried about that?

236 I think this is one of the reasons that we also are
237 seeing our labor force participation rate at the lowest level
238 that they have been in recent memory. It is more than just
239 healthcare and regulations, and I am looking forward to our
240 witnesses and hearing what you have to say today.

241 I yield back.

242 [The prepared statement of Mrs. Blackburn follows:]

243 ***** COMMITTEE INSERT *****

|
244 Mrs. {Bono Mack.} I thank the gentlelady. The Chair
245 now recognizes Mr. Bass for 1 minute.

246 Mr. {Bass.} Thank you, Madam Chairman, and thank you
247 for having this important hearing.

248 I think it is important over and above the very cogent
249 remarks of my friend from Tennessee to remember that it is
250 important for, in addition to low regulation, low taxes, it
251 is important to promote firstly the creation and growth of
252 small businesses in this country, and I know we will be
253 dealing with these issues on the Floor of the House in the
254 next couple of weeks.

255 It is also very important not to close our borders to
256 free trade. In my State one out of every four jobs in New
257 Hampshire is directly related to the--to our State's ability
258 to export its products beyond the borders of the United
259 States. It is important also not to fall prey to the idea
260 that we can tax companies into staying in the United States.
261 What we can do is hold business in the United States by
262 making them competitive and giving them the ability to trade
263 their products across our national borders.

264 And with that, Madam Chairman, I thank you for the
265 hearing and yield back.

266 [The prepared statement of Mr. Bass follows:]

267 ***** COMMITTEE INSERT *****

|
268 Mrs. {Bono Mack.} Thank you, Mr. Bass.

269 The Chair is pleased to recognize Mr. Waxman for 5
270 minutes.

271 Mr. {Waxman.} Thank you, Madam Chair. Thank you for
272 holding this hearing, and focusing attention on job creation
273 and economic growth, which should be our immediate
274 priorities, and I hope this hearing will contribute to this
275 effort.

276 At last we are starting to see promising news on the
277 jobs front. The number of unemployed Americans has declined
278 by more than a million in the past 6 months. Yet too many
279 Americans are still out of work, and we must do everything we
280 can to ensure that the job numbers continue to improve.

281 The financial crisis that ripped through our economy in
282 2008 was the worst our country has faced since 1929. These
283 two events have much in common. Both were brought about by
284 excesses at Wall Street, both resulted from asset bubbles,
285 both followed periods of reckless deregulation.

286 My colleagues, Mr. Butterfield, indicated when President
287 Obama took office, he inherited an economy that had already
288 shed 3.6 million jobs and was losing 800,000 more each month.
289 In addition he faced paying for two wars that added billions
290 to our national debt.

291 No one action turned the economy around or can turn the
292 economy around, but efforts including the Recovery Act, the
293 rescue of General Motors and Chrysler, and billions of tax
294 dollars in tax relief to working Americans have helped.
295 Although factors such as what might go on in the European
296 debt crisis could change our trajectory, the U.S. economy is
297 on the right path. But we won't have a full recovery until
298 unemployed people can find work, and we know the economy is
299 growing, and that in economist terms the recession is over,
300 but while this may be lagging indicator, our focus has to be
301 on getting people to work.

302 I know some Republican members think we need severe cuts
303 in the federal budget that put gapping holes in our safety
304 net while giving tax breaks to the wealthiest Americans.
305 That is the American equivalent of medieval bloodletting, a
306 cure that makes the disease worse. In the aftermath of a
307 recession like the one we have just experienced with 12.8
308 million Americans still unemployed, more than 42 percent of
309 them unemployed for 27 weeks or more, just leaving the
310 economy alone and cutting federal spending is not an option.

311 I am pleased that we are going to have a conference
312 agreement on extending the payroll tax cut, paying for some
313 more unemployment benefits, and keeping the promise to the
314 seniors under Medicare that their doctors will be paid so

315 they can still--people can still get access to those
316 physicians.

317 But the Congress needs to work with this Administration
318 on long-term adjustments that must be made to ensure that the
319 U.S. economy is one that rewards fair play and hard work.
320 The recent budget by this Administration for fiscal year 2013
321 shows its commitment to restoring middle class security by
322 attacking wasteful spending and instead investing in
323 education, innovation, and infrastructure, the building
324 blocks for an economy that works for all Americans.

325 I appreciate this opportunity to make this statement,
326 and I yield whatever--I yield back my time. Thank you.

327 [The prepared statement of Mr. Waxman follows:]

328 ***** COMMITTEE INSERT *****

|
329 Mrs. {Bono Mack.} Thank you, Mr. Waxman.

330 Today we turn our attention to four very knowledgeable
331 witnesses joining us. Each of our witnesses has prepared an
332 opening statement that will be placed in the record. Each of
333 you will have 5 minutes to summarize that statement in your
334 remarks. Our panel today includes Harold Sirkin, Managing
335 Director of Boston Consulting Group, John Berlau, Director,
336 Center for Investors and Entrepreneurs at the Competitive
337 Enterprise Institute, John Abowd, Edmund Erza Day Professor
338 of Economics at Cornell University; and John Schmitt, Senior
339 Economist, Center for Economic and Policy Research.

340 Good morning, gentlemen, and thank you all for coming.
341 You will, again, be recognized for 5 minutes. To help you
342 keep track of time there are the lights on the table in front
343 of you. When the light turns yellow, you will have 1 minute
344 to finish your remarks. Please remember to turn the
345 microphone on when you are ready to speak, and Mr. Sirkin, we
346 are pleased to recognize you for 5 minutes.

|
347 ^STATEMENTS OF HAROLD SIRKIN, MANAGING DIRECTOR, BOSTON
348 CONSULTING GROUP, INC.; JOHN BERLAU, DIRECTOR, CENTER FOR
349 INVESTORS AND ENTREPRENEURS, COMPETITIVE ENTERPRISE
350 INSTITUTE; JOHN ABOWD, EDMUND EZRA DAY PROFESSOR OF
351 ECONOMICS, DIRECTOR OF LABOR DYNAMICS INSTITUTE, SCHOOL OF
352 INDUSTRIAL AND LABOR RELATIONS, CORNELL UNIVERSITY; AND JOHN
353 SCHMITT, SENIOR ECONOMIST, CENTER FOR ECONOMIC AND POLICY
354 RESEARCH.

|
355 ^STATEMENT OF HAROLD SIRKIN

356 } Mr. {Sirkin.} Chairman Bono Mack, Ranking Member
357 Butterfield, and other distinguished members of the
358 Subcommittee, good morning, and thank you for the opportunity
359 to testify on ``where the jobs are''.

360 While many negative comments have been made about the
361 state of U.S. manufacturing, I would like to paraphrase, Mark
362 Twain and say ``The death of U.S. manufacturing has been
363 greatly exaggerated''.

364 We have heard the pronouncements of the death of U.S.
365 manufacturing before. In the 1970s conventional wisdom said,
366 Japan, Inc., with its low cost cars, televisions, and other
367 manufactured goods was going to wipe out U.S. manufacturing.

368 Americans were going to be farmers and bankers. Children
369 were sent to schools to learn Japanese, the language of their
370 new masters.

371 But that didn't happen.

372 In the 1990s, conventional wisdom also said that the
373 Asian Tigers from Hong Kong, Singapore, South Korea, and
374 Taiwan were going to wipe out U.S. manufacturing. But that
375 didn't happen either.

376 And in the past decade, conventional wisdom has said the
377 China was going to wipe out U.S. manufacturing.

378 And that is not going to happen either.

379 Why? Our economy is designed to respond quickly to
380 threats, unlike any other economy in the world. We are not a
381 country that protects, we compete. Our internal competition
382 is fierce. Companies are forced to be competitive or die.

383 And the results of all this competition are breath
384 taking. The U.S. produces 2.5 times as much manufacturing
385 value added then we did in 1972, and we do this with 30
386 percent less labor. We are among the most productive
387 economies in the world, far more productive than Germany and
388 Japan.

389 Each time we are attacked, we don't give up. We
390 respond, we adapt, and we thrive. It is what we are as a
391 Nation.

392 The threat from China is large, a nation of 1.3 billion
393 people with a non-democratically elected government that can
394 move fast and subsidize industries. And when China entered
395 the WTO in 2001, wages in China were only 58 cents per hour
396 on average. At that rate, outsourcing to China was a no-
397 brainer decision for companies in many industries.

398 But the economics of China are rapidly changing. Wages
399 are rising at about 15 to 20 percent a year. The Yuan, a
400 controlled currency has been rising at 4 percent per year and
401 most economists believe would be rising even faster if it
402 wasn't controlled. And while productivity in China is rising
403 at 7 percent a year, an incredible pace for any economy, it
404 is swamped by wage and Yuan increases. And today the average
405 U.S. worker is 3.4 times as productive as the average Chinese
406 worker.

407 The tide is turning in favor of the U.S. China is just
408 getting more expensive. Companies that went to China for
409 ultra-cheap wages are finding it not so cheap, and they are
410 beginning to rethink their decisions.

411 We project that at sometime around 2015, we will reach a
412 tipping point for seven key categories of goods where the
413 cost to produce in China will be just 10 percent lower than
414 in the U.S.

415 While 10 percent is a very important difference to

416 companies, when you include all the costs associated with
417 producing in China to serve the U.S. market like the
418 transportation to ship goods, the inventory costs for the 2
419 to 3 months of shipping, the risk of obsolescence, and the
420 intellectual property capital theft and country risk, and
421 just being five to 7,000 miles away from the customer and not
422 understanding their needs, the 10 percent differential
423 disappears.

424 These seven categories include computers and
425 electronics, appliances and electrical equipment,
426 transportation goods, plastics and rubber, machinery,
427 furniture and fabricated metals. These account for two-
428 thirds of the \$300 billion we import each year from China.

429 In June we estimated that the impact, including the
430 manufacturing multiplier, would be about two to three million
431 jobs over the decade.

432 Given what we have seen since June, we believe that our
433 estimate is conservative because we have seen far more re-
434 shoring from China already than our models predicted.
435 Companies like NCR, Ford, Coleman, Nat Labs, and many others
436 have re-shored. We are also seeing companies from Japan and
437 Europe recognizing that they can produce much more
438 economically in the U.S. for consumption in the U.S., coming
439 to the U.S., and many of them are using or are considering

440 using the U.S. as an export base; companies like Siemens for
441 power turbines now exporting to Saudi Arabia, Rolls-Royce for
442 Jet engines that will appear around the world, and Toyota are
443 seeing the U.S. as a low cost manufacturing location.

444 Once again our amazing economy is responding. Once
445 again manufacturing is growing in the U.S. because of our
446 underlying advantages. While this is just taking hold now,
447 government policy can help accelerate the trend. Whether it
448 is providing funds to train American workers, reforming our
449 tax system, or finding ways to level the playing field with
450 our competitors, our government can make a difference.

451 Creating more good paying jobs is something that all
452 Americans, whether they are Democrats, Republicans, or
453 Independents can agree on. We all need to work together to
454 create good jobs for our children and their children and
455 ensure that our economy remains strong for generations to
456 come.

457 Thank you.

458 [The prepared statement of Mr. Sirkin follows:]

459 ***** INSERT 1 *****

|

460 Mrs. {Bono Mack.} Thank you, Mr. Sirkin.

461 Mr. Berlau, you are recognized for 5 minutes.

|
462 ^STATEMENT OF JOHN BERLAU

463 } Mr. {Berlau.} Chairman Bono Mack, Ranking Member
464 Butterfield, and distinguished members of this Subcommittee,
465 thank you so much for inviting me to testify on behalf of my
466 organization, the Competitive Enterprise Institute in this
467 hearing asking the important question of where the jobs are.

468 In answering this question I will focus not on
469 particular locations or industries but rather on the
470 characteristics of the firms that for the past few decades
471 have been most responsible for job creation. The respected
472 Kauffman Foundation in Kansas City, Missouri, has done some
473 convincing research on this question, and its findings have
474 been embraced by many in public policy, including President
475 Obama's Council on Jobs and Competitiveness.

476 And on a net basis the bulk of where the jobs are or
477 have been created is at young firms of all sizes as noted by
478 the President's Jobs Council report. Over the last 3 decades
479 young firms less than 5 years old have created 40 million new
480 jobs. Especially important among these companies are
481 innovative, high-growth firms referred to as gazelles that
482 are found to both double their revenues and employment every
483 few years and are found in every sector and every region.

484 Unfortunately, a series of adverse financial regulations
485 have stunted these young firms' growth by making it much more
486 difficult for them to access capital through means such as
487 launching an initial public offering.

488 Now, some of these rules like Dodd-Frank have been
489 enacted in the past couple of years, but others like the
490 Sarbanes-Oxley Act of 2002, were promulgated ironically in
491 the supposedly deregulatory era of the last decade.

492 As the President's Jobs Council notes of Sarbanes-Oxley
493 and other rules enacted in the aftermath of the Enron
494 implosion, well-intentioned regulations aimed at protecting
495 the public from the misrepresentations of a small number of
496 large companies have unintentionally placed significant
497 burdens on the large number of smaller companies.

498 This regulatory overhang explains part of the slower-
499 than-expected recovery. According to the Treasury
500 Department's IPO Task Force, the long-term decline in the
501 number of IPOs, a decline that began more than 5 years before
502 the financial crisis hits, may have cost the economy as many
503 as 22 million jobs not created over the past decade.

504 Now, the good news is there is an emerging bipartisan
505 consensus on scaling back some regulations that specifically
506 burden these firms. In fact, in one week in November this
507 House passed four bills with more than 400 votes for each

508 measure to ease regulatory barriers to accessing capital
509 through online social networking and general advertising to
510 venture capitalists and angel investors. But despite the
511 near unanimous support for these measures in this body, they
512 still linger in the U.S. Senate some 3 months later.

513 Now, also tomorrow your colleagues in the House
514 Financial Services Committee are slated to mark up H.R. 3606,
515 the Reopening American Capital Markets to Emerging Growth
516 Companies Act. This is a bill with widespread bipartisan
517 support that is designed to smooth the IPO process for these
518 young firms by a 5-year exemption from some of the most
519 onerous provisions of Sarbanes-Oxley, Dodd-Frank, and other
520 burdensome rules.

521 Given the ingenuity of American entrepreneurs and the
522 broad-mindedness of investors who fund them, clearing away
523 irrational regulations might very well lead to a future
524 hearing entitled, Where the Jobs Aren't. This House has
525 passed an essential access to capital bills, and the Senate
526 needs to be told to, in the phrasing of the President, pass
527 these bills now.

528 Thank you again for inviting me to testify, and I look
529 forward to answering your questions.

530 [The prepared statement of Mr. Berlau follows:]

531 ***** INSERT 2 *****

|
532 Mrs. {Bono Mack.} Thank you very much.

533 Dr. Abowd, you are recognized for 5 minutes.

|
534 ^STATEMENT OF JOHN ABOWD

535 } Mr. {Abowd.} Chairman Bono Mack, Ranking Member
536 Butterfield, and members of the Committee, thank you very
537 much for this opportunity.

538 I am an economist but I am also a teacher, and we don't
539 do our talks without pictures, so I brought some pictures,
540 and we are going to play them, and I am going to hope that--
541 my goal is to show you the dynamics of the American labor
542 market work through both the way in which people are hired
543 and fired and the way in which jobs are created and
544 destroyed, and there are some surprising patterns in these
545 creations and destructions and hiring and separations.

546 And I think the first chart that I want you to look at
547 just shows how the recession spread its way across the
548 economy, starting in 2004, quarter four. As the graph gets
549 green, that is good outcomes. As it gets brown, those are
550 bad outcomes, and this is the growth rate of jobs spread
551 across the country.

552 So as you can see the growth rate of jobs basically went
553 south after the recession started. A more telling measure is
554 what we call stable jobs, which are jobs that last for a full
555 calendar quarter, and this one shows that those also went

556 south, not when the recession started, but after the
557 recession had been underway for awhile. So there is 2005,
558 mostly green, 2006 and 2007, there is the start of the
559 recession. There is 2008, the fourth quarter, when it really
560 kicked in, 2009, 2010, it hasn't come back very much.

561 What is happening? Well, what is happening is that
562 employers have basically stopped hiring into these stable
563 jobs, so I am going to skip figure three and go straight to
564 figure four here. This is the rate at which employers hire
565 into these long-term stable jobs, and as the economy
566 progresses from 2004 through to 2010, you can see that here
567 is the start of the recession in 2007, and right here in
568 2009, that is--the recession has already ended, and the
569 hiring rate is at the lowest level of any of these graphs
570 that I have shown you, and then in 2010, it has basically not
571 come back very much. The latest data that you can do for
572 jobs that last 6 months is basically 2010, quarter four, when
573 the Census Bureau releases the quarterly workforce indicators
574 in a few months, in a few more weeks rather, for the--the
575 current quarter will have 2011, quarter one.

576 So it is important that employers have stopped hiring
577 into these stable jobs. In addition, the creation rate of
578 these stable jobs, which is the next figure, figure five,
579 slowed early on in the recession. That is the separation. I

580 need creations. Number five. That was right. Yeah.

581 What the creations show is that creation rate didn't
582 slow nearly as much as the accession rate. So jobs were
583 being created. They are being created pretty much
584 continuously, but they slow down during the recession, and
585 they show down a lot right after the recession and then come
586 back up in 2010 a bit.

587 All right. So we have both that there is less hiring
588 and that there are fewer creations. On the flipside there
589 are also more separations and more destructions, but not
590 nearly as many as you think. Most of the downturn in the
591 economy wasn't accomplished by massive amounts of job
592 destruction and massive amounts of separation. Basically the
593 separation picture--green is now good still, so it is the
594 negative of the separation rate.

595 The separation rate didn't tank as you can see from
596 these figures. Green is good, and the next figure seven, the
597 destruction rate didn't tank. Tank is the technical term for
598 head south. As you can see it stays mostly green in the
599 economy, indicating that the jobs weren't being destroyed at
600 massive rates, these stable jobs, compared to the rates at
601 which the hiring went down.

602 So what went wrong, if you will skip straight to figure
603 ten, what has gone wrong is the rate of movement in the

604 economy, the ability of workers to move around and to get to
605 new jobs where they are created, that has seriously gone
606 south. It is at very low rates, and generally that turning
607 rate isn't cyclical. So the fact that it has been so low in
608 this recessions is a serious issue for the labor market to
609 recover as you can see it went very brown in 2009, quarter
610 four, and it is still very brown in 2010, quarter four. If
611 the workers can't move around to find the new jobs, and if
612 the businesses can't adjust to find the new jobs, this excess
613 separation, this excess reallocation won't occur, and the
614 biggest benefit of the recession to move high-valued labor
615 into high-valued job doesn't happen.

616 So what I urge you to do is to promote policies that
617 will put the fluidity back into the labor market and to get
618 this turning rate going again.

619 Thank you very much for your time.

620 [The prepared statement of Mr. Abowd follows:]

621 ***** INSERT 3 *****

|
622 Mrs. {Bono Mack.} Thank you, and Dr. Schmitt, you are
623 recognized for 5 minutes.

|
624 ^STATEMENT OF JOHN SCHMITT

625 } Mr. {Schmitt.} Good morning, Chairman Bono Mack,
626 Ranking Member Butterfield, and distinguished members of the
627 Subcommittee, thank you for inviting me to testify this
628 morning. My name is John Schmitt, and I am a Senior
629 Economist at the Center for Economic and Policy Research,
630 where I specialize in labor market issues.

631 The labor market is in a stronger position today than at
632 any time in years. The unemployment rate is down to 8.3
633 percent from a peak of 10 percent, and the private sector has
634 created 3.5 million jobs since March, 2010. The American
635 Recovery and Reinvestment Act has played an important role in
636 this turnaround. According to the Congressional Budget
637 Office, the Recovery Act is responsible for saving or
638 creating one to three million jobs in 2010, 900,000 to 2.7
639 million jobs in 2011, and 400,000 to 1.1 million jobs this
640 year.

641 As many economists said at the time, the biggest problem
642 with the Recovery Act was simply that it was not big enough
643 to address the size of the jobs crisis was face.

644 But despite some encouraging recent data, the labor
645 market is not out of the woods. There are 5.5 million fewer

646 jobs today than there were in 2007. After factoring in
647 natural growth in the labor force which increases about
648 900,000 potential workers each month, the total jobs deficit
649 stands at almost 10 million today.

650 At the current pace of job growth about 200,000 jobs per
651 month, we won't close this gap and return to 2000, levels of
652 unemployment until 2019, 7 years from now. Even though
653 unemployment has been falling, it remains very high by
654 historical standards. Rates are particularly high for
655 African-American workers, almost 14 percent, and Latino
656 workers, over 10 percent.

657 Meanwhile, measures of long-term unemployment, under
658 employment, and what my colleague Janelle Jones and I refer
659 to as long-term hardship, have barely improved at all in the
660 recovery. Sustained high unemployment has led some to
661 suggest that structural problems are the biggest barrier to
662 reigniting job growth. I believe this view is mistaken. The
663 two most commonly cited versions focus on extended
664 unemployment benefits or an alleged mismatch between skills
665 workers have and the skills employers need.

666 On unemployment benefits, the best evidence, however,
667 suggest that the unemployment insurance system increases the
668 average duration of unemployment by only a few weeks and
669 increases the overall unemployment rate by only a few tenths

670 of a percentage point. At the same time unemployment
671 benefits also inject income into communities, sustained
672 consumer spending as well as private sector employment.

673 One recent estimate, for example, suggested a \$45
674 billion extension in unemployment benefits for 2012 could
675 create a half a million jobs this year.

676 Nor is skills mismatch a serious structural barrier to
677 growth. Media counts sometimes feature employers who want to
678 expand but just can't find the right workers. The data,
679 however, provide little evidence that these anecdotal
680 experiences are widespread. If skilled workers were in short
681 supply, we would expect to see two things.

682 The first is an increase in the hours worked by current
683 workers, as employers use their existing workforce to meet
684 rising demand. In fact, average hours remain below their
685 pre-recession levels.

686 If skills were in short supply, we would also expect
687 employers to raise wages in order to attract the kinds of
688 workers they need. This is basic economics. When something
689 is in short supply, its price goes up. In fact, again, we
690 see no signs of rising wages in the economy.

691 The real barrier to faster job creation at the moment is
692 a lack of demand. The economy is currently operating
693 substantially below the limits set by the existing capital

694 stock and the available supply of labor. The binding
695 constraint is not the productive capacity of the economy but
696 rather a lack of demand in the economy for the goods and
697 services that we are already capable of producing.

698 What the economy needs are continued efforts to sustain
699 and restore demand. In the short and medium term government
700 deficits are an important tool for getting the economy back
701 on course. A large-scale jobs program built around repairing
702 our physical and social infrastructure would be ideal.

703 Short of that, however, three immediate measures would
704 help. First, an extension of the unemployment benefits,
705 second, an extension of the payroll tax cut, and third,
706 increased federal support for state and local governments.

707 The labor market is looking brighter now than at any
708 point in years, but enormous challenges remain. The way
709 forward requires measures that will sustain and spur private
710 sector demand.

711 Thank you very much.

712 [The prepared statement of Mr. Schmitt follows:]

713 ***** INSERT 4 *****

|
714 Mrs. {Bono Mack.} Thank you, Dr. Schmitt. I thank you
715 all very much for your testimony and your expertise in these
716 areas that are interesting to us all, and I recognize myself
717 now for 5 minutes of questioning.

718 And my first question is to Mr. Sirkin. You mentioned
719 in your written testimony seven categories of goods that will
720 see only a 10 percent pure cost advantage to manufacture in
721 China. Why aren't other categories such as apparel and
722 footwear subject to the same narrowing of the cost gap and
723 therefore, candidates to be manufactured in America?

724 Mr. {Sirkin.} Well, the goods that we are talking about
725 generally have a moderate amount of labor, so about 25
726 percent labor involved. If you go to shoes and apparel and
727 categories like that, you are looking at more like 60, 70
728 percent labor. So it may in the long term come back to the
729 U.S. but over the next decade it is unlikely for many of
730 those to come back to the U.S.

731 Mrs. {Bono Mack.} And would it surprise you that a
732 constituent in my district, Ms. Liat Talla, moved her
733 manufacturing from China to California to produce her brand
734 of apparel and blue jeans, even as she faces downward pricing
735 pressure? And is this atypical for what we might expect for
736 the apparel industry, or does it validate your analysis of

737 the improving costs and quality differential to make products
738 in the U.S.?

739 Mr. {Sirkin.} Well, we are going to see examples of
740 many different things happening, and on the premium side we
741 are going to see apparel companies potentially coming back to
742 the U.S. for reasons other than the exact costs but because
743 of the need to have a very short supply chain.

744 I am very pleased that she is trying this. I think it
745 is a wonderful thing for our country, and we need to have
746 more entrepreneurs doing this, and if she is producing at a
747 premium price, it will probably work quite well.

748 Mrs. {Bono Mack.} Thank you. I will pass along your
749 words to her.

750 Mr. {Sirkin.} Thank you.

751 Mrs. {Bono Mack.} Your report concludes the cost gap of
752 manufacturing some goods in China will continue to narrow
753 significantly enough so that U.S. companies may be able to
754 manufacture their products in the U.S. again without loss of
755 comparative advantage.

756 I understand that this is based on rapidly increasing
757 costs in China including labor, land, and energy. What are
758 the costs affecting decision to manufacture in the U.S. that
759 are prone to increasing, and therefore, disrupting your
760 analysis? For example, additional regulatory costs or higher

761 energy costs, higher taxes.

762 Mr. {Sirkin.} Well, a lot of those costs are obviously
763 going to be decided on government policies, so it is hard to
764 know exactly what will the rising costs and what won't. We
765 are certainly in a time of uncertainty, but the ones that you
766 mentioned are clearly things that could affect it.

767 I think the biggest driver, though, is the Chinese wage
768 rate increases. The reality is they have over-stimulated
769 their economy, they have controlled their currency, and what
770 they are seeing is 15 to 20 percent wages growing a year, and
771 that is the real thing that is going to help us in many ways.

772 Mrs. {Bono Mack.} All right. Thank you, and moving now
773 to Mr. Berlau, it sounds like the President's Job Council
774 report has some good, bipartisan ideas. Has the President or
775 even Congress for that matter followed any of them?

776 Mr. {Berlau.} Well, yes and no. One of the council
777 reports recommends approval of the Keystone Pipeline, for
778 instance, the President recently delayed that, but I would
779 say on access to capital, the President has endorsed the
780 concept and the House bills that has passed such as crowd
781 funding which is making it easier to raise funds on--through
782 online social networks and exempting from some of the SEC red
783 tape and other things. I think the specifically, the
784 Administration specifically endorsed one of the bills and the

785 concepts in some of the others to make public offerings
786 easier and similar items.

787 The issue is that is somewhat puzzling because these
788 bills, these four bills in November passed by more than 400
789 votes, one of them literally had one vote against it, but
790 they have been lingering in the Senate for the past 3 months.

791 So, yes, we have seen progress in the House, we have
792 seen the President embrace some of the bills. You have got
793 Republicans and Democrats endorsing H.R. 3606 as far as the
794 onramp for public firms, exempting them from some of the
795 regulations from Sarbanes-Oxley and Dodd-Frank their first 5
796 years after being public, but just the Senate, these have
797 just been lingering and with no sign that they are going to
798 be brought to the floor.

799 Mrs. {Bono Mack.} All right. Let me jump ahead because
800 I have only--less than 1 minute left. Several critics,
801 including your co-panelist, Dr. Schmitt, argue that the
802 Stimulus was not big enough and that the government should
803 consider a second round.

804 Would you like to speak to that? What is the
805 opportunity and costs associated with such an action?

806 Mr. {Berlau.} Yes. I think you are right that
807 opportunity cost is always an important economic concept.
808 What could have been done instead of the Stimulus to bring

809 back the economy very rarely is the choice between the--
810 taking one action and doing nothing. The Stimulus, the cost
811 of the Stimulus means there is less money to do things that
812 would be truly--bring back a vibrant economy like cutting
813 the, some of the highest corporate tax rates in the world,
814 and also there has been interesting new data from the
815 Mercatus Center of George Mason University that 42 percent of
816 the jobs in the Recovery Act were actually for those already
817 employed. So there is some doubts on the Stimulus affect.

818 Mrs. {Bono Mack.} All right. Thank you. My time has
819 expired, and I am pleased to recognize Mr. Butterfield for
820 his 5 minutes of questioning.

821 Mr. {Butterfield.} Thank you very much. I want to
822 spend just a couple of minutes talking about regulatory
823 uncertainty. Ms. Blackburn in her opening remarks a few
824 minutes ago opined that employers aren't hiring because of
825 regulatory uncertainty, and certainly we on this side of the
826 aisle agree that regulations should be reviewed and
827 streamlined where possible.

828 However, it is misleading to suggest that regulatory
829 uncertainty has anywhere near the same importance in
830 explaining unemployment as the massive affect of this
831 recession an aggregate demands. The Bureau of Labor
832 Statistics data tracking mass layouts from '07, to the

833 present support this conclusion. These data showed that
834 among employers forced to undertake massive layoffs less than
835 one-half of 1 percent cited government regulation or
836 government intervention as the reason for the layoffs.

837 By comparison, a plurality of anywhere between 29 and 39
838 percent of employers cited lack of demand, and there was no
839 statistical difference between employer responses during the
840 Bush Administration and the present Obama Administration.

841 Let me go to you, Dr. Schmitt. Could you please discuss
842 the extent to which you believe regulatory uncertainty has
843 slowed the recovery?

844 Mr. {Schmitt.} I think that regulatory uncertainty has
845 probably played a very little if any role at all in the
846 current situation we are facing. We can look at the
847 historical experience of the United States at the end of the
848 1990s, which in some people's mind was a period of higher,
849 greater levels of regulation, regulatory uncertainty say than
850 the 2000s, even up until 2007. And that was a period of
851 extremely rapid economic growth and extremely rapid job
852 growth, in fact, the highest rate of job growth in the last
853 30 years.

854 By contrast, if we look at the recovery in 2001 from the
855 2001 recession, we saw private sector job growth was actually
856 slower than private sector job growth in the current

857 recovery. So I don't think that there is--there is certainly
858 an opportunity for anecdotal experiences of people running
859 into problems with particular pieces of legislation,
860 regulation, but there is not any evidence of some economic
861 affect that dominates.

862 Mr. {Butterfield.} All right. Let me try Mr. Sirkin on
863 my second question. In your testimony, sir, you mentioned
864 that companies from other countries are recognizing that they
865 can more efficiently produce for the U.S. market by locating
866 their manufacturing in the United States. Some are even
867 using or considering using the U.S. as an export base.

868 Number one, can you or any of the other witnesses
869 discuss what parts of the U.S. manufacturing sector are
870 growing? For example, is it in automobiles, electronics, or
871 power turbines or the like?

872 Mr. Sirkin?

873 Mr. {Sirkin.} Yes. We are seeing this. The U.S. is a
874 very productive Nation. We are about one-third more
875 productive than Japan, and about 25 percent more productive
876 per worker than Germany. So we are very productive.

877 At the same time, given the currency shifts, the U.S.
878 worker is earning lower wages than in those countries for
879 similar tenures. That makes the U.S. a very attractive place
880 for companies to produce. At the same time we are the

881 world's largest market, and so if I can manufacture in Japan
882 or in Germany, I may choose to manufacture for U.S.
883 consumption in the U.S. because it is fundamentally cheaper,
884 and I will be more competitive.

885 At the same time when I do that versus producing in, let
886 us say, Germany, I may have the opportunity to export, and if
887 my factory in the U.S. is more productive and lower costs, it
888 makes sense to be producing in the U.S. So we have an
889 opportunity here because of the economic conditions that we
890 see that will allow foreign companies to produce in the U.S.,
891 and we welcome them. We do not discriminate against foreign
892 companies in our country, and at the same time in the example
893 of Siemens for Saudi Arabia, we are exporting, Siemens is
894 exporting six power turbines to Saudi Arabia to generate
895 electricity from natural gas.

896 Mr. {Butterfield.} When you say we are strong, does
897 that include assembly plants as well?

898 Mr. {Sirkin.} There is assembly plants and then there
899 is, of course, the supply chains that go with it because the
900 U.S. is also lower costs. Consider Rolls-Royce manufacturing
901 jet engine parts now in the United States because the cost of
902 manufacturing in the U.K. or in Europe is far higher.

903 Mr. {Butterfield.} Can you discuss whether these plants
904 are mostly assembling parts that are made overseas, or are

905 the parts being made more and more here in our country?

906 Mr. {Sirkin.} Well, as we saw in the automotive
907 business when the Japanese came to the U.S. and the Koreans
908 are coming to the U.S., what happens is originally they
909 become assembly plants, and then the suppliers come over
910 because the economics are better. It does take some time for
911 that to develop, but we expect to see that in all these other
912 industries.

913 Mr. {Butterfield.} All right. Thank you. I yield
914 back.

915 Mrs. {Bono Mack.} Thank you, Mr. Butterfield.

916 The chair now recognizes Dr. Cassidy for 5 minutes.

917 Dr. {Cassidy.} Dr. Abowd, I am also an academic, so my
918 gosh, it is just fun to see Power Points, you know what I am
919 saying, and those are very nice ones. I couldn't help but
920 notice there seemed to be a strong correlation with green
921 wherever there--it was something I would consider an energy
922 state. Oklahoma, for example, my state, Louisiana, if you
923 take out Hurricane Katrina effect, Texas going up that sort
924 of belt in the Midwest.

925 So can you comment upon the impact of development of
926 natural, of our domestic oil and gas resources and its affect
927 upon the job market, particularly for those blue collar
928 workers who have had the hardest time with employment?

929 Mr. {Abowd.} Certainly. I would be happy to comment on
930 that. We won't play the slides again. The point that I was
931 trying to make and I think the point that you picked up with
932 the slides is that the geographic variability in the way the
933 recession moved through the economy and the way the recovery
934 is moving through the economy is very striking, and so you
935 could see that at the start there was already much more
936 activity in the south and over on the southwest and up in a
937 particular part of the Atlantic Coast. And in the north and
938 particularly in the north and Midwest there wasn't, and those
939 are long-term kinds of patterns in the economy.

940 So when there is a vibrant labor market, what happens is
941 that the job creations are where the economic profit
942 opportunities are highest, and those have to be allowed to
943 play out, and the workers have to be able to get to those
944 jobs, the businesses have to be able to--

945 Dr. {Cassidy.} So I understand your point regarding
946 churning. My point, though, the geographic distribution
947 seemed to be strongly related to where there is domestic oil
948 and gas production. So, for example, both Louisiana,
949 Oklahoma, Texas had the good green most of the time, and
950 going up through Colorado, North Dakota.

951 Is that my imagination, or is that true?

952 Mr. {Abowd.} It is not your imagination, but I am not

953 willing to attribute it to natural resource production,
954 although that is certainly a possible cause. I am very
955 reluctant to use the colors to do a specific analysis.

956 Dr. {Cassidy.} Maybe associated by not causal.

957 Mr. {Abowd.} Things like that are--

958 Dr. {Cassidy.} Mr. Schmitt, your thing is hidden by
959 the--you may be a doctor. I can't tell because of the water
960 pitcher. I apologize.

961 I am struck that we have a problem with blue collar
962 unemployment, and yet the President continues to speak about
963 hiring more teachers and solar engineers, and you frankly
964 kind of echoed that. It seems a strange way to hire blue
965 collar workers is to put more money into programs which
966 basically you have to have a Ph.D. sometimes in order to
967 qualify for.

968 So there seems to be a mismatch there. How would you
969 explain, how would you defend, if you will, more Solyndras
970 when our problem is blue collar workers?

971 Mr. {Schmitt.} I think that a key issue in terms of
972 addressing the problems of blue collar workers is to try and
973 get at the kind of infrastructure kinds of issues. I think
974 that is where we have an--

975 Dr. {Cassidy.} And you define infrastructure as?

976 Mr. {Schmitt.} Infrastructure, transportation,

977 improving--

978 Dr. {Cassidy.} But you specifically talk about, you
979 know, putting more money into public service type employees,
980 which, again, I don't think of those as the people who are
981 currently being whacked by the recession.

982 Mr. {Schmitt.} I think that the impact of the recession
983 has been pretty broad, and I think, therefore, we need to use
984 a kind of--

985 Dr. {Cassidy.} But I am correct when I say the blue
986 collar workers, particularly non-college educated men, have
987 been disproportionately affected, whereas those with
988 Bachelors and upwards are frankly doing okay.

989 Mr. {Schmitt.} I wouldn't say they are doing okay, but
990 they have fared better in the recession than--

991 Dr. {Cassidy.} So, again, the prescription that I am
992 asking, and I don't mean to speak with compressed speech, but
993 I have limited time, if the prescription the President
994 continues to offer is more kind of, you know, okay. Let us
995 go to somebody who makes solar panels and hires a bunch of
996 Ph.D.s and engineers or let us hire more teachers or keep
997 them employed, that seems a mismatch, if you will, between
998 those who are disproportionately affected by this recession.

999 Mr. {Schmitt.} I think that on the other hand it is
1000 also the case that there is an emphasis on trying to deal

1001 with the physical infrastructure, whether it is roads and
1002 public transportation or improving the physical
1003 infrastructure of our schools, where I think there is a big
1004 opportunity for blue collar workers.

1005 Dr. {Cassidy.} Now, you mentioned also in your
1006 testimony that the mean hours worked by employees and the
1007 mean wages remain stable. Is that an average across the
1008 economy, or is that industry specific? Because if you look
1009 at Petra Chemical where there has been a huge expansion and
1010 they tell me that they don't have enough trained workers for
1011 it, that if you looked at that, do you see within that
1012 particular industry that there has been an increase in the
1013 number of hours per worker or wage growth?

1014 Mr. {Schmitt.} I don't have access to the specific
1015 statistics at Petra Chemicals, but what I would say is the
1016 numbers that I did talk about are averages across the
1017 country, and I don't doubt that there could be circumstances
1018 where there are some industries that are facing difficulties.

1019 My question would be do we see those same firms offering
1020 more money or installing training systems to try and get the
1021 workers that are.

1022 Dr. {Cassidy.} And that is my question, too, because if
1023 we are trying to find solutions for blue collar unemployment,
1024 we should look where they are being employed, and, again,

1025 frankly I think more public service dollars is kind of a
1026 mismatch.

1027 I yield back. Thank you.

1028 Mrs. {Bono Mack.} Thank you very much, Dr. Cassidy.

1029 The chair is now pleased to recognize my friend from
1030 Texas, Mr. Gonzalez, for 5 minutes.

1031 Mr. {Gonzalez.} Madam Chair, thank you very much, and I
1032 want to thank the witnesses for their testimony this morning.

1033 Dr.--is it Abowd?

1034 Mr. {Abowd.} Abowd.

1035 Mr. {Gonzalez.} Abowd. I am going to kind of--what I
1036 heard you say, and if I am wrong, you can correct me, but in
1037 essence jobs go where profits can be made. That is kind of a
1038 general theory, isn't it, and it makes sense, it is
1039 practical, and so on. Jobs are created where a profit can be
1040 made.

1041 I mean, you are not going to create a job where you
1042 can't open the door to your business in the morning unless a
1043 profit is made. I think that is just--what I am getting at
1044 is I think in my own opinion, and I want you all to comment
1045 on this because I am going to go and read a couple of
1046 comments made by a couple individuals that you have heard of,
1047 I think there is something--the very nature of our economy is
1048 in trouble and has been transformed over a number of years,

1049 and we are not going to be undoing it in the very short term,
1050 and it is time for us to get very, very serious about undoing
1051 it.

1052 And this is what I am getting at. This is David
1053 Stockman back in 2010. ``The third ominous change in the
1054 American economy has been the vast expansion of our financial
1055 sector. The combined assets of conventional banks and the
1056 so-called shadow banking system, including investment banks
1057 and finance companies, grew from a mere \$500 billion in 1970,
1058 to \$30 trillion in September, 2008.'' That is David
1059 Stockman.

1060 Now, some figures--our GDP a year and a half ago or so,
1061 let us say was at about \$14.601 trillion. The total assets
1062 of the Bank of America, JP Morgan Case, Citigroup, Wells
1063 Fargo, Goldman Sachs, and Morgan Stanley stood at \$8.977
1064 trillion or 61.49 percent of GDP.

1065 In the 1970s and 1980s financial firms comprised 15
1066 percent of all corporate profits. By 2006, that had risen to
1067 33 percent. I believe we have just been investing in money.
1068 We had been investing in financial instruments and not really
1069 investing in that which truly creates jobs in this country.

1070 Now, some commentators would agree with this, and now
1071 former Fed Chief Paul Volcker, ``I have found little evidence
1072 the vast amounts of innovation in financial markets have had

1073 a visible affect on the productivity of the economy.''

1074 The question is where are we directing our dollars, our
1075 investments, whether it is my 401, whether it is a pension
1076 and retirement fund. I don't think we are investing it in
1077 that which really produces jobs in this country. What we got
1078 addicted to was making money off of money, and it has not
1079 served us well, but I am not sure that we have moved forward
1080 in trying to remedy some of this in the past 2 years.
1081 Attempts have been made.

1082 So I am going to start with just Dr. Abowd, where are we
1083 today with financial markets and the tremendous assets that
1084 they represent, and do they truly create the jobs that all
1085 four of you have been discussing and which members of
1086 Congress obviously have a great attention to be paid to
1087 through policy and legislation. And if you will just give me
1088 about 1 minute in the remainder of the time to Dr. Schmitt
1089 to--for his comments.

1090 Mr. {Abowd.} Thank you for the question. I will not
1091 take very long with my answer. I did prepare a slide on the
1092 financial sector that shows that it was also one of the
1093 sectors that suffered stable job losses in the recession but
1094 not nearly as badly as the construction sector, which
1095 basically is the bubble that was inflated by the financial
1096 services industry.

1097 I fundamentally agree with you that the growth of the
1098 financial services industry wasn't entirely related to
1099 productive profit opportunities in that sector. It happened,
1100 and it happened for reasons, but it is going to take
1101 economists awhile to sort out, but other sectors of the
1102 economy like manufacturing and construction and trade also
1103 have to come back and jobs have to be created in those places
1104 in all conditions, recessions and booms, there are jobs being
1105 created in all the sectors and jobs being destroyed in all
1106 the sectors, and that removal of workers is what allows
1107 businesses that have profitable opportunities to grow and
1108 flourish.

1109 The fact that over the course of 2 decades the financial
1110 services industry was pumped up by other factors is related
1111 but not part of the--not part of what I was talking about.

1112 Mr. {Gonzalez.} Dr. Schmitt, just a few seconds.

1113 Mr. {Schmitt.} The financial sector, I think, is a huge
1114 part of the problem. I think if it was a lot smaller, there
1115 would be more possibility for productive economic investment
1116 because we are currently diverting resources that could be
1117 going elsewhere into that sector.

1118 Mr. {Gonzalez.} Thank you very much.

1119 Mrs. {Bono Mack.} I thank the gentleman, and the chair
1120 recognizes Mr. Guthrie for 5 minutes.

1121 Mr. {Guthrie.} Thank you. Over here on the end.

1122 Dr. Schmitt, you said--I just caught something you said
1123 that unemployment, you said would increase--unemployment
1124 insurance's evidence is only increased by a few tenths. Is
1125 that--and that is not significant, the few tenths?

1126 Mr. {Schmitt.} Well, if you are in those few tenths, it
1127 is not very--it is obviously significant to you, but a few
1128 tenths of a percent on 10 percent, which is where we stood at
1129 the peak, is relatively small, and that is the negative
1130 affect on employment, but as I also emphasized, the fact that
1131 we are giving everybody or about 75 percent, 70, 75 percent
1132 of unemployed people benefits means that we are actually
1133 sustaining jobs in the communities where those unemployed
1134 people are because we are giving them income to bridge the
1135 gap.

1136 Mr. {Guthrie.} My question it seems there has been an
1137 agreement to extend those, but so I guess my question was if
1138 unemployment increases just a few tenths, and that is not
1139 significant, then for the last 3 or 4 months we have seen
1140 unemployment drop just a few tenths, which, you know, we are
1141 glad to see we are going in the right direction. Is that
1142 insignificant? I mean, if you are saying increasing it a few
1143 tenths isn't important, then decreasing it a few tenths, is
1144 that insubstantial?

1145 Mr. {Schmitt.} No. As I said, I think we have made
1146 some progress since August. The unemployment rate has gone
1147 from 9.1 to 8.3, which is more than a few tenths than what I
1148 am saying right now, but I also emphasize we are not out of
1149 the woods. I think we have a long way to go before we get
1150 back to anything approaching full employment.

1151 Mr. {Guthrie.} Yes. That is what we are all here to
1152 talk about. We want people to get back to work, and so one
1153 of the things that I saw, I saw this a few weeks ago, I
1154 guess, is that if you took the growth rate coming--my father
1155 lost his job in the 1981, '82, recession, so that is one that
1156 I remember, and Japan and Toyota, my dad worked for Ford, so
1157 those were our experiences. And so I have heard that if we
1158 had the same growth rate in year three or year four, I think
1159 we are in year four now, but year three of the--same growth
1160 rate of year three of the '84, recession or '82, recession
1161 now, that we would have over 10 million or somebody even said
1162 15 million new jobs. But even cut that by two-thirds because
1163 that seems a big stretch, we would be at full employment if
1164 we came out of the--if we were 3 years into the recession
1165 with the same growth rate our of the '82, recession, we would
1166 have full employment today? Has that anybody seen that or
1167 agree with that or dispute that?

1168 Mr. {Berlau.} If I may, there is some evidence that

1169 IPOs are actually counter-cyclical, that when the debt market
1170 is tight as it was in the early '90s recession with the S & L
1171 collapse, IPOs actually increased. There were actually more
1172 than 300 IPOs in 1991, and that is where you had companies
1173 that were relatively small like Starbuck's and Cisco Systems,
1174 unlike the big IPOs today that launch, they were able to
1175 utilize that process when they couldn't get gas, when they
1176 couldn't get bank loans, and that is what has been credited
1177 with helping the--actually helping laying--going from a
1178 recession in the '90s to the boom, but now a lot of these
1179 options are foreclosed because of the Sarbanes-Oxley auditing
1180 mandates and Dodd-Frank, whereas 80 percent of the IPOs in
1181 the '90s were with companies with market evaluations below 50
1182 million. Today only 20 percent are.

1183 Mr. {Guthrie.} And I want to get to a point we are
1184 always getting at with, though, is as you moved out of the
1185 recession in the early '80s, and then Japan went into theirs
1186 on the '90s, and one of my concerns, I was a freshman here
1187 when we started discussing the Stimulus Bill, it appeared to
1188 be a lot of the same prescription that Japan followed in the
1189 '90s, which a lot of people say Japan in the '90s had the
1190 lost decade.

1191 So that was the concern. Are we at a point where we--
1192 the American economy has been so adaptive. That has been our

1193 brilliance. I mean, in the 1980s my father lost his job, we
1194 were thinking Ford is out and never going to exist like it
1195 did before, and here we are, you know, GM is now the number
1196 one selling car again in the world, which is great.

1197 But the question is we haven't recovered that quickly,
1198 and are we putting in prescriptions and policy regulations
1199 and borrowing 40 cents of every dollar to have a school
1200 teacher in a classroom? Is that hurting our recovery?

1201 I know that we are moving in the right direction, but
1202 would we move far greater if we hadn't have--if we had gone
1203 down the path that they did in the early '80s? I mean, that
1204 is really my question.

1205 And anybody is welcome to--but I do want to--let me stop
1206 at that, because I do want Dr. Abowd, you said if we change
1207 fluidity policies for labor, we are--what policies would you
1208 prescribe, and I only have 40 seconds. I am sorry, but that
1209 is interesting to me.

1210 Mr. {Abowd.} I won't go through a litany list of them
1211 but one of the big differences now from the recessions you
1212 were citing is that it happened in--with a housing price
1213 bubble that collapsed, and that definitely impaired the
1214 geographic mobility of workers and also impaired the
1215 geographic mobility of new businesses because they were
1216 caught up in some of the same financing arrangements.

1217 So that is a big difference, and that is something that
1218 takes more than a few quarters to cure because of how much
1219 lost value there was. So that is--

1220 Mr. {Guthrie.} So a manager in Atlanta can't move to
1221 Fruit of the Loom in Boiling Green for a job available
1222 because they are underwater in their house in Atlanta. Is
1223 that where you are--that kind of limits their mobility?

1224 Mr. {Abowd.} That is the kind of thing I am talking
1225 about. Yes.

1226 Mr. {Guthrie.} Okay. Thanks. I am sorry. I wish I
1227 had more time. I will yield back.

1228 Mrs. {Bono Mack.} Thank the gentleman.

1229 The chair recognizes Mr. Towns for 5 minutes.

1230 Mr. {Towns.} Thank you very much, Madam Chair.

1231 Appreciate you having this discussion.

1232 In the State of the Union, Mr. Schmitt, the President
1233 described a blueprint to put Americans back to work, and of
1234 course, when I go back to my district in Brooklyn, New York,
1235 people are saying that Congress isn't moving fast enough to
1236 create jobs, and I couldn't agree more.

1237 If we follow your full policy recommendations, what
1238 immediate impact do you think we would see in the job market?

1239 Mr. {Schmitt.} I think the immediate impact will be to
1240 continue to see some positive job growth in the private

1241 sector that could see a continuation in the decline in the
1242 unemployment rate nationally. But as I emphasized, if we do
1243 just the things that I was proposing this morning, I think we
1244 are still facing a very long road to recovery. We need to do
1245 more than just those short-term measures.

1246 On the other hand, I did mention in my written
1247 testimony, not this morning when I spoke, that one thing we
1248 could do that could have a long-term big impact would be to
1249 get the value of the dollar at a more competitive level,
1250 which would help to expand the manufacturing sector by making
1251 it more competitive.

1252 Mr. {Town.} Right. Thank you. If you panelists talked
1253 about the importance of having a stable job and its impact on
1254 consumption and demand, when I go back home, people talk to
1255 me about finding a stable job. Traditionally jobs in
1256 manufacturing have been very, very stable.

1257 Mr. Sirkin, can you go into a little more detail about
1258 reassuring and things Congress can do to make it more
1259 attractive for manufacturers thinking about moving their
1260 operation, you know, to other places?

1261 Mr. {Sirkin.} Well, I think there is many things that
1262 we can do to make it easier for companies to do that. The
1263 first is awareness. One of the problems we have is that
1264 companies assume that it is cheaper to manufacture in China

1265 than in the U.S. I remember sitting in a boardroom one day
1266 with a company that had about 80 percent of its manufacturing
1267 in China, a U.S. company, and they were similarly just
1268 putting another plant in China because that is what is
1269 logical to them. We forced the question on the table, and
1270 their decision changed.

1271 So the most important thing that we can do is get
1272 awareness that, in fact, the economics of China are changing
1273 and that you should be looking at it very carefully, and they
1274 shouldn't just do the math on what it looks like today but
1275 look 3 or 4 years in the future and take a look at it because
1276 you will find that if you have a plant, it is going to last
1277 for 25 to 30 years. And so making a decision today to put a
1278 plant in the ground in China may not be the most economic
1279 decision 5 years out.

1280 So companies need to be just more aware that the U.S. is
1281 a reasonable option for the manufacture of many goods. In
1282 2001, the Chinese worker was making 58 cents an hour. It was
1283 a very simple decision. It is getting more complicated now,
1284 and the tide is turning back towards the U.S.

1285 So if I have one thing that I could ask people to do is
1286 to just build that awareness. We are a good place to
1287 manufacture. It is why foreign companies are coming to the
1288 U.S. as well to manufacture for U.S. consumption because it

1289 is more expensive where they are.

1290 Mr. {Towns.} All right.

1291 Mr. {Berlau.} If I may.

1292 Mr. {Towns.} Yes. Sure. Go ahead.

1293 Mr. {Berlau.} The President's Job Council report and
1294 the Kauffman Foundation have stated the findings that in some
1295 cases 100 percent of net job growth are created by firms 1 to
1296 5 years old. Firms older than 5 years old have eliminated
1297 more jobs than they have created, and 90 percent of this job
1298 growth occurs after an IPO. The problem is there aren't as
1299 many IPOs for companies that are emerging growth companies,
1300 and you had sponsored some of the early bills to ease some of
1301 the burdens on smaller companies from Sarbanes-Oxley 404.
1302 Some of the IPOs we are getting now are already more than
1303 market capital of \$1 billion after the growth has occurred,
1304 so they need more--every dollar a company can raise for an
1305 IPO is that less that they have to borrow or beg from a bank
1306 and more that they can devote to creating jobs and the
1307 companies most likely to create jobs.

1308 Mr. {Towns.} Madam Chair, I see my time is running out,
1309 but I would like maybe to ask in writing if you would just
1310 sort of make a suggestion, a recommendation as what members
1311 of Congress might be able to do and put it in writing and
1312 give it back to us. I would like to just see that in writing

1313 as to what you suggest that members of Congress should do.
1314 Other words, let us switch roles. Make me the economist and
1315 you a member of Congress.

1316 Mr. {Berlau.} Glad to.

1317 Mrs. {Bono Mack.} Be careful what you wish for, Mr.
1318 Towns.

1319 The chair is happy to recognize Mr. McKinley for 5
1320 minutes.

1321 Mr. {McKinley.} Thank you, Madam Chair.

1322 Mr. Schmitt, I am just a little astounded with one of
1323 the comments you made. I would like you to maybe expound a
1324 little bit on it before I cut you off, but you said that the
1325 uncertainty is really not a factor. I really wish if you
1326 could provide us the information that supports that, some
1327 statistics, because I am just looking--I just in scribbling
1328 here list some of the companies that were in possibly within
1329 20 miles of my home. They are no longer. Banner Fibreboard,
1330 Fostoria, Viking, Allied North, Solvay, Wheeling Pitt,
1331 Weirton Steel, Follansbee Steel, Purina. There is just
1332 numbers of companies that when we talk to them, they say it
1333 is absolutely the uncertainty that they are facing.

1334 We talked about a bill we passed out of here earlier
1335 this year that the Veritis Group said that without that bill
1336 because of the intrusion of the governmental--the EPA it was

1337 going to cost 316,000 jobs. It was the Coal Combustion
1338 Residual Bill, the Fly Ash Bill, because the Federal
1339 Government stepped in and now they are threatening, they have
1340 got a stigma attached to all the fly ash that is being
1341 produced around America, and they want to call it a hazardous
1342 material.

1343 So there is a stigma and uncertainly that is swirling
1344 around all 316,000 jobs to be lost because of this. The
1345 aluminum industry just last week, we had a meeting with them,
1346 and they told us that it is uncertainty in their utility
1347 bills that is causing them not to reopen and operate some of
1348 their facilities. They want to know what is going to be our
1349 utility costs.

1350 We had the EPA back in February of last year pull a
1351 water permit from an existing coal mine in West Virginia 4
1352 years after it had been in operation. I have never heard of
1353 that. It is unprecedented. It is now in federal court, and
1354 the courts are challenging that significantly whether or not
1355 that intrusion into the process after a permit has been
1356 granted, all the hearings were held, 4 years operation, they
1357 had the right to step in and pull a permit and shut a company
1358 down?

1359 Yet you sit here and say uncertainty is not a problem in
1360 America. I am not hearing that in my district.

1361 Mr. {Schmitt.} I think it is important to say, to
1362 ascertain what kinds of uncertainty, whether you are talking
1363 about regulatory uncertainty or whether you are talking about
1364 all the forms of uncertainty like exchange rate shifts,
1365 changes in the interest rate, how your competitors are going
1366 to act relative to you.

1367 Mr. {McKinley.} Let me just--what your competitor are
1368 acting, how they are going to--China. Okay. Here we had for
1369 the San Francisco Bridge, they didn't use American steel, and
1370 it was so flawed that we had to send inspectors over to
1371 retool, remake a lot of that steel, but yet because it was
1372 the lowest price, they are able to buy that from China. Our
1373 turbines for our wind turbines are coming from overseas. We
1374 have got even the Keystone Pipeline from what I am hearing
1375 from testimony, that wasn't even manufactured--the steel
1376 didn't come from America.

1377 What are we doing then about this uncertainty? If you
1378 see that this competition is coming in unfairly, and I mean
1379 that word, unfair competition coming in, how does that create
1380 certainty in the American manufacturer?

1381 Mr. {Schmitt.} I certainly share your concern that the
1382 trade agreements that we have agreed to and signed and
1383 ratified over the last few decades have created a lot of
1384 problems for U.S. manufacturers and for the particular cases

1385 that you are talking about.

1386 But I think the other issue to think about is that to a
1387 certain degree that is a working the ref involved in these
1388 kinds of conversations. Any individual firm is going to be
1389 talking to the government officials that they deal with and
1390 saying, look. We are having trouble here. You got to help
1391 us out. When we look at the, not anecdotal data, but when we
1392 look at the evidence, when we look at the broader data, we
1393 see, for example, very rapid job creation in the '90s, and
1394 the other issue is right now corporate profits are at record
1395 highs. So the activity that firms are currently undertaking
1396 is actually giving a very high return to those companies.

1397 Perhaps uncertainty is hanging over business's future
1398 decisions, but my point is just that the uncertainty around
1399 whether there are going to be customers or not far outweighs
1400 all of the other concerns at the moment.

1401 Mr. {McKinley.} I am running out of time, but I have
1402 got a lot so all I am asking is, please, if you could submit
1403 where in God's name you came up with the idea that
1404 uncertainty is not a problem to manufacturers, I would sure
1405 like to read it.

1406 Thank you very much.

1407 Mr. {Berlau.} I have an answer on regulatory
1408 uncertainty if another panelist wants to ask the question.

1409 Mrs. {Bono Mack.} Thank you. I, too, echo Mr.
1410 McKinley's sentiments, too. I am confused myself about your
1411 answer, but I am happy to recognize Mr. Olson now for 5
1412 minutes.

1413 Mr. {Olson.} I thank the chair for her continuing
1414 leadership and calling this hearing. I would also like to
1415 thank our witnesses for coming today and giving us your time
1416 and your expertise.

1417 We are talking about the current obstacles that stand in
1418 the way of job creation and discussing the kinds of policies
1419 that will help create new jobs right here in America. That
1420 is what we all want to do.

1421 Doubling down on the failed policies of wasteful
1422 spending has made our economy worse. It is not the answer,
1423 and yet this is exactly what our President is proposing in
1424 his 2013, budget.

1425 I have said this in the past, and I will say it again, I
1426 will say it until I probably meet Saint Peter, I have a
1427 three-word solution to help fix this Nation's job
1428 performance. American energy development. American energy
1429 development. That is where the jobs are.

1430 So I would like to start my questions today by asking
1431 all the witnesses for their view on what they believe to be
1432 the main obstacles for the creation of American energy jobs.

1433 And specifically, is there one, one federal agency or
1434 specific regulations that in your views are hindering job
1435 creation in the energy sector? Or to put it another way that
1436 my folks back home can understand, which stallion do we need
1437 to break so we can pull the wagon instead of pulling the
1438 wagon apart?

1439 I will start with you on the end, Mr. Sirkin.

1440 Mr. {Sirkin.} Sure. Well, I agree with you that
1441 American energy development is very important for our
1442 economy. Being more energy independent has lots of
1443 advantages both from the economy standpoint and from a
1444 national security standpoint.

1445 I have not looked at, you know, what is the barriers to
1446 making this happen in our country. The economics of it are
1447 quite powerful given oil prices that are now looking at least
1448 over \$110 a barrel, and obviously the natural gas reserves
1449 that we now have 100 years worth is a very important aspect
1450 of attracting businesses to this country because we have some
1451 very low-cost natural gas, and that is bringing the chemical
1452 companies who thought they would never come back to the U.S.
1453 coming back to the U.S.

1454 So there is many good things, but what the barrier is
1455 that is not something I have studied.

1456 Mr. {Olson.} Thank you for that question. Just to

1457 follow on those comments, though, I actually went out to the
1458 Eagle Ford Shale Plate in my home State of Texas this past
1459 weekend, and just to show you how not only jobs are being
1460 created there, but what a tremendous impact it has on the
1461 local community. One of our escorts was--they have a couple
1462 wells in Zapata County, which is a relatively economically-
1463 depressed county in my home state.

1464 The gentleman told us that since they have been--the
1465 past 2 years they have been operating there the sales tax
1466 revenue has gone up 3,000, 3,000 percent. The property tax
1467 revenue, which is what we use to pay for our schools, has
1468 gone up 4,000 percent.

1469 So, again, energy is not just about jobs. It is about
1470 quality of life. And continuing on with, let us see, number
1471 two, Mr. Berlau, again, the question, what agency of the
1472 Federal Government is the biggest hindrance?

1473 Mr. {Berlau.} Yes. Congressman Olson, thank you.
1474 Regulatory uncertainty is a factor in the energy industry and
1475 many other industries. My fellow witness had talked about
1476 surveys, firms laying off workers, I think as important are
1477 the surveys that much research has been on firms factors in
1478 whether or not firms expand, whether they launch IPOs, and
1479 there you can see that regulatory uncertainty is a big
1480 factor. Eighty percent of CEOs of smaller companies said

1481 they were--some of their biggest concerns about the
1482 implications of going public were the costs and risks of
1483 Sarbanes-Oxley and other compliance requirements.

1484 And in the energy sector, yes, you have the looming
1485 regulations on fracking, on the delays in the Keystone
1486 Pipeline, but I think in all energy businesses and in energy
1487 sectors from Royal Exploration to green energy, its access to
1488 capital that they can't launch, and it takes so long that you
1489 have to be as big as Facebook to launch an IPO, and actually
1490 if you simplify some of these regulations, it would be easier
1491 both for companies in the green energy sector and into the
1492 traditional energy sectors to get the capitals they need.

1493 Mr. {Olson.} So it sounds like we need to form the tax
1494 codes and get our sky-high corporate tax rates down.

1495 Mr. {Berlau.} Yes and our sky-high regulations.

1496 Mr. {Olson.} Okay. I am sorry. Mr. Abowd. Abowd. I
1497 apologize. I got it written down there Abowd. My apologies,
1498 sir.

1499 Mr. {Abowd.} Well, I think the long-term prospects are
1500 best if we fix the energy distribution network so that more
1501 electricity can be delivered, especially for transportation
1502 purposes, stimulating growth in the production of
1503 alternative-powered vehicles, which are a huge growth
1504 potential. They are basically being held down by no

1505 standardized way to distribute the electricity to them. That
1506 I think would be the--where I would look for--

1507 Mr. {Olson.} Okay, and finally, Mr. Schmitt, and I am
1508 out of time here, sir, so as fast, as quickly as possible.

1509 Mr. {Schmitt.} I am a labor--

1510 Mrs. {Bono Mack.} Please turn your microphone on.

1511 Mr. {Schmitt.} I am a labor economist, and I don't
1512 follow the energy sector, so maybe I will just take a pass.

1513 Mr. {Olson.} Okay. I appreciate that, and kind of
1514 following up on some of the questions by our Chairwoman
1515 earlier about mentioning the bipartisan jobs that have been
1516 passed by the House of Representatives and are sitting over
1517 there wallowing in the United States Senate, I have got an
1518 updated list here, just hot off the press, and it is from the
1519 Republican Conference this morning, and I am happy to give
1520 you guys a copy of this. I am sure our Conference would be
1521 happy to give it to you so you can pull it out of your pocket
1522 like I did.

1523 But this is a list of 29 jobs all across our economy
1524 empowering small business by reducing government barriers,
1525 fixing the tax code, boosting competitiveness for American
1526 manufacturers, encouraging entrepreneurship and growth,
1527 maximizing American energy production.

1528 Again, I will get you guys this if you want it, put it

1529 in your pocket, you can pull it out and use it just like I
1530 did.

1531 I yield back the balance of my time.

1532 Mrs. {Bono Mack.} I thank the gentleman very much and
1533 thank all of our witnesses.

1534 As we conclude our first hearing of the year, permit to
1535 also thank each and every one of our members for all of their
1536 hard work and dedication to these issues and a special thanks
1537 to my friend, Mr. Butterfield, who has been a joy to work
1538 with. I am looking forward to a great year.

1539 I remind members that they have 10 business days to
1540 submit questions for the record, and I ask our witnesses to
1541 please respond promptly to any questions they might receive,
1542 and the hearing is now adjourned. Thank you.

1543 [Whereupon, at 11:30 a.m., the Subcommittee was
1544 adjourned.]