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House of Representatives

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Opening Statement

Hearing on Regulatory Impediments to Job Creation

Rep. Elijah Cummings
Ranking Minority Member

February 10, 2011

Thank you, Mr. Chairman.

As you know, I fully support a comprehensive review of regulations to make them more effective and efficient. Like every Member of Congress, I was elected to create jobs. But I also swore an oath to protect the health and safety of the American people.

In my opinion, an effective regulatory review should include several basic elements. It should examine both costs and benefits, develop conclusions based on solid data, and seek input from a wide variety of sources.

I think President Obama took a good first step last month when he issued an executive order requiring agencies to examine the costs and benefits of regulations to the overall economy, to small businesses, and to American workers and families.

Unfortunately, the approach adopted by the Committee to date falls short of this standard, and I believe we need to take three key steps to be effective.

First, we need to expand the scope of our inquiry to include the benefits of regulation, as well as the costs. We cannot do a legitimate cost-benefit analysis by collecting information about the costs alone.

We also need to expand the groups we are seeking input from beyond those who want to repeal regulations.

For example, no letters were sent to the Council of Institutional Investors, which supported financial protections in the Wall Street Reform bill, or to American Businesses for Clean Energy, which represents more than 60,000 small and large U.S. companies that believe reducing pollution is a "wise investment for long-term economic growth."

Second, we need to base our conclusions on facts instead of rhetoric. The country lost eight million jobs during this recession primarily because the financial industry was inadequately regulated for decades, not because of over-regulation.

Third, we need to separate genuine reform proposals from self-serving advocacy. Many corporations that submitted responses to the Committee had skyrocketing profits over the past two years. For example:

- ConocoPhillips' profits increased from \$4.4 billion to \$11.4 billion;
- Boeing's profits increased from \$1.3 billion to \$3.3 billion;
- American Express' profits increased from \$2.1 billion to \$4 billion; and
- Chevron's profits increased from \$10.5 billion to \$19 billion.

Yet a lot of the responses we received had nothing to do with creating jobs. Companies proposed repealing provisions that:

- require CEOs to disclose their compensation;
- give shareholders greater input on executive pay and golden parachutes;
- allow the return of bonuses when corporate earnings are inflated;
- encourage whistleblowers to report abuses to the SEC; and
- require oil companies to disclose payments to foreign governments.

The bottom line is this. We all support a balanced review of regulations. But this Committee won't be effective if its work is incomplete, highlights only costs, ignores the benefits, and puts corporate interests above the health and safety of American families.

To conclude, Mr. Chairman, I ask that we focus not just on regulations, but on broad, bipartisan initiatives to promote economic growth.

On January 26, the presidents of the U.S. Chamber of Commerce, Thomas Donohue, and the AFL-CIO, Richard Trumka, issued a rare joint statement applauding President Obama's proposal in the State of the Union to create jobs by investing in our nation's infrastructure.

I ask unanimous consent to place into the record a letter I sent this morning requesting that our next hearing focus on this bipartisan proposal and asking that we invite the Chamber, the AFL-CIO, and Transportation Secretary LaHood to testify before the Committee.

By working together, we can help create jobs while protecting the health, safety, and welfare of American families.