

WASHINGTON (January 26) – Congressman Spencer Bachus (AL-6), Chairman of the House Financial Services Committee, today presided over a Full Committee hearing entitled, “Promoting Economic Recovery and Job Creation: The Road Forward.”

At Chairman Bachus’ invitation, Eric Hoffman, the Executive Vice President and Chief Operating Officer of Hoffman Media in Birmingham testified during the hearing. You can read Mr. Hoffman’s testimony [here](#) and view it [here](#). To view Congressman Bachus’ interview on CNBC Wednesday on job creation, the economy, and the State of the Union, [click here](#).

The statement of Congressman Bachus at the hearing follows.

Today, we begin to focus on the number one issue that Americans want Congress to address: jobs and the economy.

We begin this work faced with an oncoming rush of more than 300 new rules and regulations being written by government officials as required by the massive financial services restructuring bill adopted last year. This is causing an understandable fixation on the near-term goal of moderating the negative impact of those regulations and avoiding unnecessary disruptions of our economy.

The goal of today’s hearing is to take a step back and look at the economy from two points of view. First, the economy as it is perceived by economists and academics through the lens of their historical analysis and understanding of the complex interactions of various elements of the domestic and global economies. Secondly, the economic world as seen up close and personal by the people who operate businesses which create jobs and wealth and must live every day with the consequences of the legislation we enact.

Both views are important. For too long, Washington has ignored the impact that policies and rules have on small businesses, jobs, and the economy. Instead, what Washington produced were programs that have created too much uncertainty and costs that have caused businesses to hunker down rather than expand. Adding to this uncertainty has been the government's response to the financial crisis. No one knew what the government was going to do next or who would be the winners and who would be the losers as the government favored some and punished others.

The government's response had the effect of stifling job creation by our small businesses. As a consequence, the unemployment rate soared past 10 per cent, and most economists expect it to remain at highly elevated levels for the foreseeable future.

During my conversations with employers, I am constantly told that one of the biggest obstacles they face right now is obtaining financing from banks. The search for sufficient capital is a struggle, even for companies with good credit histories and long-established relationships with local banks. A lack of small business lending by community banks can be traced back to the mixed messages being sent by regulators. On the one hand, Washington is encouraging community banks to lend to small business, while on the other, examiners in the field are micromanaging the day to day operations of these same institutions. These conflicting signals are creating uncertainty that is preventing banks from lending to small businesses, which is in turn impeding recovery.

Adding to this regulatory uncertainty are the over 300 new federal rules mandated by Dodd-Frank, which will have a particularly devastating effect on smaller community-based institutions that simply do not have the resources to contend with this regulatory tsunami.

Last week, to great fanfare, the Administration issued an executive order directing Federal agencies to review the impact of their rules on jobs. Yet the President's executive order does not encompass federal agencies that are independent of the White House, and it will not affect regulations being written to implement health care reform or financial reform, arguably the two largest sources of regulatory uncertainty in the current economy. So it is hard not to conclude that this latest initiative is more about politics than real regulatory reform.

Perhaps the most daunting short and long-term challenges facing the U.S. economy are the unsustainable Federal deficits and unchecked spending that have created anxiety among families and small business owners fearful for their children’s future and alarmed by the expanding role of government in the economy. Only by beginning to make the tough choices needed to put our fiscal house in order will we ensure America’s future prosperity.

The intent of today’s hearing is to help us better understand the impact our decisions and our actions have on the real people who work every day to make ours the greatest economy in the world. Last night, President Obama said, “to help our companies compete, we also have to knock down barriers that stand in the way of their success.” I couldn’t agree more. It has always been a mistake to underestimate the American people. The entrepreneurs and workers of America will lead us to economic recovery, if we do not hold them back with unnecessary and overreaching regulatory constraints. Today’s hearing, hopefully, will help us begin to understand how to remove those barriers on the road ahead.

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