Statement of John Engler
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Before the
Committee on Finance
United States Senate
Hearing on
"Jobs and a Healthy Economy"
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Good morning, Chairman Hatch, Ranking Member Wyden and members of the committee.

My name is John Engler and I serve as President of Business Roundtable, an association of CEOs of major U.S. companies operating in every sector of the economy.

Business Roundtable CEO members lead companies with $7.2 trillion in annual revenues and nearly 16 million employees. Business Roundtable member companies comprise more than a quarter of the total market capitalization of U.S. stock markets and invest $190 billion annually in research and development (R&D) – equal to 70 percent of U.S. private R&D spending. Our companies pay more than $230 billion in dividends to shareholders and generate more than $470 billion in sales for small and medium-sized businesses annually. Business Roundtable companies also give more than $3 billion a year in charitable contributions.

Thank you for the opportunity to appear before you today to address the policies necessary for creating jobs and sustaining a healthy economy. Business Roundtable members are committed to promoting policies that will help America reach its full potential. Indeed, just this week we released, *Achieving America's Full Potential: More Work, Greater Investment, Unlimited Opportunity*, which outlines the priorities we believe are necessary to drive economic and job growth. This report drew on extensive input from our more than 200 CEO members, and its policy recommendations include many areas that fall within this committee's jurisdiction.

To sustain strong and consistent U.S. economic performance, we believe that Congress and the Administration must work together to adopt pro-growth policies. As communicated in *Achieving America's Full Potential*, these policies include maintaining fiscal stability, enacting pro-growth tax reform, expanding U.S. trade, investing in physical and digital infrastructure, fixing our broken immigration system and adopting a smarter approach to regulation.

Fiscal stability means completing budgets on time and avoiding showdowns and shutdowns that threaten the economy. We ask that you keep in mind that, despite near-term projections of a declining federal budget deficit, deficits are projected to begin expanding further within the next 10 years, placing the United States on an unsustainable fiscal path. To avoid this fate, America needs long-term fiscal stability that creates the right conditions for sustained business investment, economic and wage growth and job creation.

With more than one in five American jobs supported by trade and 95 percent of the world's consumers living outside of the United States, expanding U.S. trade opportunities is critical to supporting U.S. growth, well-paying American jobs and U.S. business investment.

Business tax reform that results in a modern tax system with competitive rates and competitive international tax rules may be the single most effective means of accelerating business investment, boosting job creation and wages, and providing greater opportunity for America's working families.

On this topic, Mr. Chairman and Ranking Member Wyden, we thank you for recently launching five working groups to examine areas of the tax code. This initiative represents the kind of serious, bipartisan work Congress will have to undertake to enact tax reform.

Immigration reform will help keep America secure and is essential for a healthier economy – accelerating growth, encouraging hiring and creating American jobs.

America relies on digital and physical infrastructure that facilitates the movement of people, information, physical goods and financial assets that drives economic activity. Congress and the Administration should come together to enact policies that strengthen these vital national assets.

Business Roundtable supports smart regulatory policies that will ensure American businesses retain the capacity to operate and innovate, while promoting the health and welfare of employees, customers and communities.

Clearly, there is a lot of work to be done to get the right pro-growth policies fully developed and enacted. The members of the Roundtable look forward to working closely with you to achieve these important goals.

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Expanded Trade

I'd like to first discuss the importance of international trade and investment policies to promoting U.S. economic growth and American jobs.

A. Trade and U.S. Trade Agreements Help Support U.S. Growth and Jobs

More than 95 percent of the world's population and 80 percent of its purchasing power currently lies outside the United States. U.S. trade policy has traditionally recognized the growing importance of international markets and, as a result, U.S. Administrations – both Democratic and Republican – have long pursued market-opening trade agreements to create opportunities for U.S. companies, farmers and workers in the global marketplace.

These bipartisan efforts have been successful. To highlight just a few examples:

- Today, more than one in five American jobs are supported by international trade;[1]
- U.S. job growth from 2004-2013 was three times higher for trade-related jobs compared to average job growth;[2]
- Export-related jobs pay 13 to 18 percent more than the average U.S. wage;[3]
- More than 300,000 U.S. companies are exporters. Of this total, 297,995, or 98 percent, are small and medium-sized enterprises (SMEs) with fewer than 500 workers;[4]
- In 2013, U.S. free trade agreement (FTA) partner countries purchased 12 times more goods per capita from the United States than non-FTA countries did;[5] and
- Nearly half of all U.S. manufactured goods exported go to the 20 countries that have FTAs with the United States.[6]

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[1] Baughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2014), available at: http://businessroundtable.org/resources/trade-and-american-jobs-2014-update.

[2] *Ibid*.

[3] Riker, "Do Jobs in Export Industries Still Pay More? And Why?" (2010), available at: http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003208.pdf.

[4] Census, "A Profile of U.S. Importing and Exporting Companies, 2011-2012" (2012), available at: http://www.census.gov/foreign-trade/Press-Release/edb/2012.

[5] Business Roundtable, "How the U.S. Economy Benefits from International Trade & Investment" (2015), available at: http://tradepartnership.com/wp-content/uploads/2015/01/US_State_Study.pdf.

Business Roundtable members believe strongly in the benefits that trade and high-standard trade agreements bring to the United States. That is why our 2015 policy agenda, *Achieving America's Full Potential: More Work, Greater Investment, Unlimited Opportunity*, includes two key recommendations relating to trade.

- First, we recommend that Congress and the Administration work together to enact updated Trade Promotion Authority (TPA) as soon as possible.

- Second, we recommend that the Administration, in consultation with Congress, aggressively pursue and secure high-quality and fair agreements, particularly the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP), and Trade in Services Agreement (TISA).

Business Roundtable's 2015 trade priorities also include support for:

- A multiyear reauthorization of the U.S. Export-Import Bank as soon as possible before its nine-month extension expires at the end of June;

- Negotiations on an expanded World Trade Organization (WTO) Information Technology Agreement;

- Implementation of the WTO Trade Facilitation Agreement;

- U.S. Bilateral Investment Treaty negotiations with China and India; and

- Accession of China to the WTO Government Procurement Agreement.

B. TPA is a Critical Tool for Negotiating and Implementing High-Standard Trade Agreements that Support U.S. Growth and Jobs

Trade Promotion Authority is a critical tool for negotiating and implementing high-standard trade agreements that create strong, enforceable trade rules and support U.S. growth and jobs. In fact, all U.S. FTAs since 1974 (except for the U.S.-Jordan FTA in 2000), or 14 agreements, were concluded pursuant to TPA. The GATT Tokyo Round and World Trade Organization Uruguay Round agreements were also concluded pursuant to TPA. When TPA was not in effect from 1994 to 2002, the United States fell behind our foreign competitors who continued negotiating trade and investment agreements that advantaged their companies, farmers and workers over ours in international markets. We cannot let that happen again.

TPA creates a constitutional partnership between Congress and the President. It helps ensure congressional input and oversight of U.S. trade negotiations and allows the

[6] Derived from U.S. Census Bureau data.

executive branch to negotiate and conclude strong trade agreements that are in the United States' best interests and reflect Congressional priorities for trade.

- Congress uses TPA to tell the President and his Administration what the key U.S. negotiating objectives are in trade negotiations. This strengthens Congress's role in helping to shape their outcomes and helps U.S. negotiators get the best possible deal.

- Congress keeps oversight of trade negotiations through comprehensive and strong consultation procedures in TPA, which require the President and U.S. negotiators to keep Congress and the public informed during all stages of negotiations. This helps ensure that Congress and the public are consulted in a transparent way and can provide input on issues in the negotiations.

- TPA also establishes procedures to help Congress consider each completed trade agreement, decide whether to approve it, and, if it is approved, implement the agreement in a timely way so that American companies, farmers and workers can take advantage of the benefits that U.S. negotiators obtained.

- TPA and its negotiating objectives and procedural requirements also reassure our trading partners that Congress and the Administration are committed to reaching and implementing strong trade agreements.

TPA was last enacted in 2002, and it expired in 2007. Since then, new trade issues and barriers have emerged for American businesses, workers and farmers in today's global marketplace. For example, state-owned enterprises that benefit from subsidies and differences in regulatory treatment are increasingly competing with U.S. companies in global markets. Foreign countries whose companies are unable to compete with innovative U.S. companies are using localization policies and restrictions on cross-border data flows to tilt the playing field in their favor. Cyber theft and piracy are serious problems in certain markets. U.S. trade negotiators are doing good work in pushing back against these types of challenges in an *ad hoc* way as they arise, but their hands would be strengthened if they could negotiate and enforce new rules. By working together to modernize and pass a 21st Century TPA, Congress and the Administration can give our negotiators the tools they need to do just that.

To make the already persuasive case for TPA through education and advocacy, Business Roundtable in 2013 led the creation of the **Trade Benefits America Coalition**, a broad-based group of more than 230 U.S. business and agricultural associations and companies. In the coming months, the coalition will continue to promote the benefits of trade, help pass TPA and advance ongoing U.S. trade negotiations.

C. The Administration Should Aggressively Pursue and Secure High-Quality Results in Trade and Investment Negotiations

As important as TPA is as an exercise of Congress's constitutional authority over trade, TPA is also a means to an end. It is a critical tool for Congress and the President to work together to ensure the negotiation of high-quality trade agreements and ultimately their consideration and approval by Congress. The United States currently has one of its most ambitious trade agendas in a long time, including the TPP, TTIP and TISA.

- The TPP is a negotiation with 11 other Asia-Pacific countries.
- The TTIP is a negotiation with the 28 members of the European Union (EU).
- The TISA is a negotiation with 50 countries (including the EU members) that are committed to creating new opportunities for trade in services.

The TPP and TTIP agreements would cover about 60 percent of world GDP and 40 percent of world trade.[7] TISA would cover about 65 percent of world GDP[8] and over 70 percent of world services trade.[9]

By passing TPA early this year, Congress will help get the strongest possible outcomes in and conclude the TPP negotiations, setting the stage for possibly implementing the final agreement in 2015. It will also provide clear guidance to U.S. negotiators in the TTIP and TISA negotiations to help ensure strong outcomes in them, too. These are just the types of high-quality trade agreements that are essential to opening new markets for U.S. companies, farmers and workers and helping them compete with our foreign competitors.

They are also an effective means to ensure that trade and investment is free and fair. The record of our past trade agreements demonstrates that FTAs are a force to level the playing field by developing new rules to deal with new issues and also by improving existing rules, often raising the standards in other countries. For example, our most recent FTAs with South Korea, Colombia and Panama swept away foreign barriers, and they created even stronger rules in such areas as labor and the environment. Each of these agreements eliminated the majority of tariffs on U.S. exports as soon as they entered into force, and many American exporters have benefited from this new market access. That said, FTAs like these take years to be completely implemented and fully realize their benefits.

[7] Derived from United Nations and World Trade Organization data.
[8] Derived from United Nations data.
[9] Coalition of Services Industries, "Why America Needs a New Trade in Services Agreement," (2013) available at: https://servicescoalition.org/images/TiSA_Background.pdf.

Finally, as the committee and Congress as a whole moves forward on bipartisan TPA legislation and continues to work with the Administration on the TPP, TTIP, TISA and other trade agreements, Business Roundtable hopes you will keep in mind: (1) that we are in a different global economy than we were 20 years ago; and (2) that the global economy will move forward with us or without us.

If the United States does not stay engaged in pursuing new trade agreements that address the new challenges that U.S. companies face in international markets, we risk falling behind other countries that are pursuing agreements of their own. We also surrender the opportunity to be the ones setting the global rules of the road. If we don't take the initiative ourselves, others will do it for us, but the rules they negotiate will serve their interests, not ours.

That is why, if the United States wants to achieve its full potential to have a healthy economy with greater opportunities for all Americans, Congress and the President need to work quickly to enact updated TPA and to bring high-quality trade agreements like the TPP, TTIP and TISA to fruition.

Pro-Growth Tax Reform

Next, I'd like to discuss the importance of enacting tax reform that provides a modernized, competitive and permanent tax system to boost job creation, wages and long-term economic growth. Business Roundtable urges Congress and the Administration to move forward in 2015 to enact tax reform.

A. Tax Policy Recommendations to Increase Investment, Jobs, Wages and Growth

Tax reform is fundamental to ensuring that American workers and businesses are competitive in global markets. Tax reform should improve the competitiveness of all businesses, whether taxed as corporations or taxed directly to business owners under the individual income tax system.

Business Roundtable's key tax reform recommendations for corporations include:

- Setting the corporate tax rate at a competitive 25 percent; and
- Adopting a modern international tax system (a "territorial-type" tax system) that ends the double taxation of U.S. corporations' foreign earnings and aligns the United States with the tax systems of our major trading partners.

Business Roundtable supports these reforms being undertaken in a fiscally responsible manner, understanding that domestic reform will require broad repeal of the so-called "tax expenditures" to offset the revenue loss of the corporate rate reduction. As for the U.S. international tax system, reform should be accompanied by appropriate safeguards to protect America's tax base, consistent with the rules of our major trading partners.

Other important principles for pro-growth tax reform include:

- Making the important decisions on the structure of tax reform so as to maximize its growth effects;

- Measuring the impact of tax reform on revenues relative to a baseline that acknowledges that longstanding tax provisions extended repeatedly on a short-term basis are in reality a permanent feature of current law;

- Not unfairly targeting or favoring any industry. Rather, tax reform should recognize that a streamlined tax system stripped of preferences would better allow the engine of the economy to operate without the distortions created by the current tax code; and

- Reforming the corporate tax code should not be paid for by tax increases on individuals or non-corporate businesses. Likewise, individual and non-corporate reforms should not be paid for with tax increases on the workers, customers, and shareholders of corporations.

B. America's Antiquated Corporate Tax System

Reform of the U.S. corporate tax system and its treatment of international income are of significant importance to the growth of the U.S. economy. U.S.-headquartered companies with operations both in the United States and abroad supported 71.2 million jobs in 2011.[10] These American companies directly employ 23 million American workers in well-paying jobs, with an average compensation of $76,500 in 2012.[11] In addition, these U.S.-headquartered companies support more than 48 million additional American jobs through their supply chains and spending by their suppliers and employees. The ability of American companies to compete in both domestic and foreign markets is essential to improving economic growth in the United States, adding jobs and increasing wages and providing for rising American living standards.

Corporate tax reform can directly boost wages by increasing investment in the United States. Increased investment enhances worker productivity and leads to higher wages. The Joint Committee on Taxation (JCT), the Congressional Budget Office (CBO) and the

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[10] PwC, "Economic Impacts of Globally Engaged U.S. Companies," (July 2013) available at: http://businessroundtable.org/sites/default/files/BRT_Final_Report_Economic_Impacts_of_Globally_Engaged_US_Companies_July_2013.pdf.

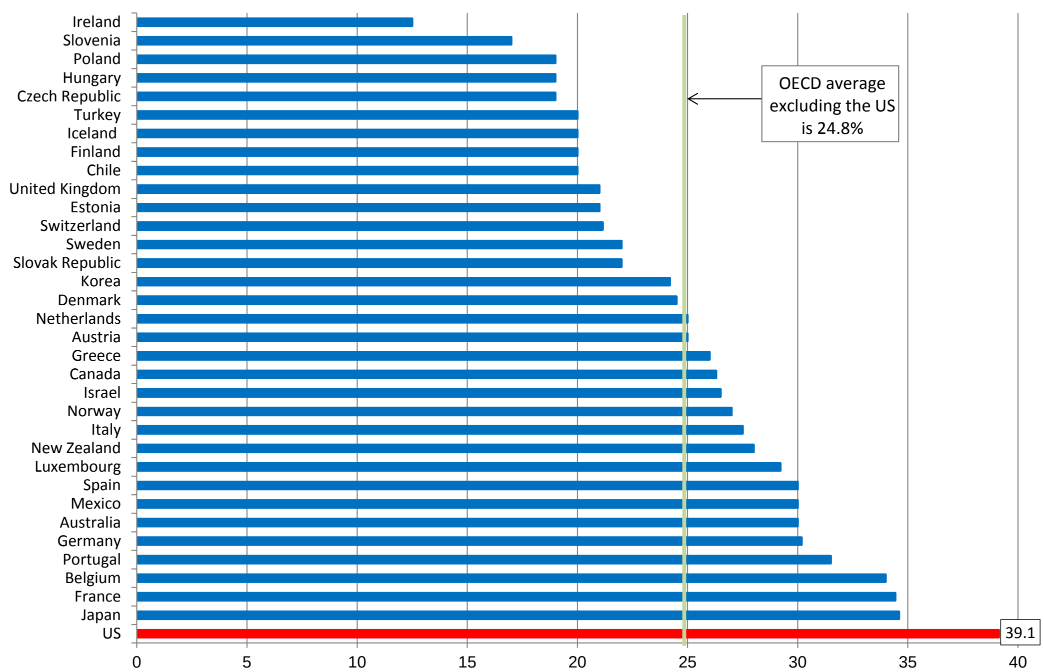
[11] Bureau of Economic Analysis, "Activities of U.S. Multinational Enterprises in 2012," Survey of Current Business, August 2014.

U.S. Treasury Department all recognize that a significant portion of the corporate income tax is borne by workers in their official distributional estimates.[12] A number of academic studies conclude that workers bear 50 percent or more of the burden of the corporate income tax, with one study by the CBO finding that workers bear slightly more than 70 percent of the corporate tax burden.[13]

The U.S. corporate income tax system today is an outlier relative to the tax systems of our trading partners at a time when we can least afford to be out of step with the rest of the world – when capital is more mobile and the world's economies are more interconnected than at any time in history.

The combined U.S. federal and state statutory corporate tax rate is now the highest in the Organization for Economic Cooperation and Development (OECD), 14 percentage points above the average of other industrialized countries (Figure 1).[14] A competitive 25 percent corporate tax rate is an essential element of meaningful corporate tax reform.

Figure 1.—Corporate Tax Rates (Federal and State) in OECD Countries, 2014



Source: OECD.

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[12] See Joint Committee on Taxation, "Modeling the Distribution of Taxes on Business Income" (JCX-14-13), (October 2013); Congressional Budget Office, "The Distribution of Household Income and Federal Taxes, 2008 and 2009" (July 2012); Julie Anne Cronin et al. "Distributing the Corporate Income Tax: Revised U.S. Treasury Methodology," Office of Tax Analysis Technical Working Paper (May 2012).

[13] William C. Randolph, "International Burdens of the Corporate Income Tax," CBO Working Paper (2006)..

[14] OECD Tax Database, Table II-1, available at: http://www.oecd.org/tax/tax-policy/tax-database.htm. As noted in the footnote to Table II-1, Japan lowered its combined rate to 34.6 percent in 2014.

The United States is also the only G-7 country that taxes the worldwide income of its corporations. Within the 34 countries of the OECD, 28 countries use territorial systems for the taxation of foreign earnings, whereby little or no additional home country tax is imposed on active trade or business profits earned abroad when those earnings are reinvested at home.[15] Since 2000, 15 OECD countries have adopted territorial systems. In 2009, Japan and the United Kingdom reformed their tax codes to increase the competitiveness of their locally headquartered multinationals and boosted their economies by adopting territorial tax systems.[16] The U.S. worldwide system of taxation significantly magnifies the damage done by the high U.S. corporate tax, and significantly impairs American businesses competing in world markets.

Wherever American companies compete abroad, they are now virtually certain to be competing against foreign companies that have more favorable tax rules. Within the OECD, 93 percent of the non-U.S. companies in the Global Fortune 500 are headquartered in countries that use more favorable territorial tax systems — up from 27 percent in 1995 — and all of these countries have a lower home country corporate tax rate.[17]

Since the last major reform of the U.S. corporate tax system in 1986, the world's economies have become increasingly integrated. The importance of cross-border trade and investment has grown significantly, with worldwide cross-border investment rising seven-times faster than world output since 1980. At the same time, U.S. companies account for a smaller share of worldwide cross-border investment today than in 1980, down nearly 40 percent.[18]

Today, the U.S. corporate tax system hinders the ability of U.S. companies to grow and compete in the world economy with the consequence of less investment in the United States, a reduced ability to compete overseas, and a weaker economy with fewer job opportunities and lower wages for American workers. The ability of American companies to compete and invest abroad is vital for opening foreign markets to U.S.-produced goods and expanding the scope of investments in R&D and other activities in the United States.

A thorough modernization of the tax system through tax reform also has the potential to help provide solutions to address America's infrastructure needs. Business Roundtable is examining funding proposals for infrastructure in the context of the deliberations of permanent tax reform.

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[15] Business Roundtable, "Comprehensive Tax Reform: The Time is Now," (July 2013).
[16] PwC, "Evolution of Territorial Tax Systems in the OECD," (April 2013), available at: http://www.techceocouncil.org/clientuploads/reports/Report%20on%20Territorial%20Tax%20Systems_20130402b.pdf.
[17] Business Roundtable, "Comprehensive Tax Reform: The Time is Now," (July 2013).
[18] United Nations Conference on Trade and Development database.

C. *The Significant Economic Growth Effects from Tax Reform*

As Congress undertakes tax reform, critical decisions will be made that affect the ability of American workers and the companies that employ them to compete in the global economy. Tax reform should be designed to increase investment, jobs, wages and growth and take into account the significant gains that can be achieved through a more efficient and competitive tax system.

America's business leaders have consistently maintained that tax reform will boost wages, growth and investment. Accordingly, Business Roundtable commissioned Rice University Professors Diamond and Zodrow to independently analyze Chairman Camp's 2014 tax reform proposals.[19] The Diamond-Zodrow findings were consistent with this long-term view showing that the Camp plan would:

- **Boost after-tax wages** for American workers by 2.3 percent two years after enactment and by 3.8 percent after 10 years;
- **Increase U.S. annual GDP** by 0.9 percent two years after enactment and by 2.2 percent after 10 years; and
- **Expand U.S. annual domestic investment** by 1.8 percent two years after enactment and by 6.5 percent after 10 years.

Business Roundtable fully supports and encourages your vigorous pursuit of tax reform.

Fiscal Stability

A key aspect of fiscal stability in the near term is managing the federal budget in a timely, responsible and predictable manner. Recent showdowns over the federal budget and national debt have contributed to spikes in policy uncertainty and dips in consumer confidence.

Major fiscal deadlines are quickly approaching for which immediate action will be needed to maintain fiscal stability. In the months ahead, Congress will need to take action to increase the debt ceiling and promptly address other key fiscal deadlines, including expirations impacting Medicare health care providers and the Highway Trust Fund. The U.S. economy and American workers and their families cannot afford the negative consequences of another debt ceiling showdown or stalled budget negotiations that threaten jobs, slow investment and halt the economic recovery.

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[19] John W. Diamond and George R. Zodrow, Tax Policy Advisers LLC, "Dynamic Macroeconomic Estimates of the Effects of Chairman Camp's 2014 Tax Reform Discussion Draft," (March 2014).

A. Deficit Reduction Remains a National Imperative

Despite declining deficits in the near term, deficit reduction remains a national imperative. Except for World War II, the federal debt of this country has never been larger as a share of income than it is today. Simply put, the United States is on an unsustainable path of continuing increases in debt burdens relative to our country's ability to service that debt.

The Congressional Budget Office's August projections estimated federal budget deficits of $7.2 trillion through 2024 under its official baseline. Under an alternative fiscal scenario, comprising a set of policy assumptions with less fiscal restraint, the cumulative deficit over this period rises to $9.5 trillion under CBO's projections.[20]

CBO's long-term budget projections show that under current law the federal debt will increase from 74 percent of GDP in 2014 to 80 percent of GDP by 2025 – and will reach 100 percent in 2036. Under the alternative fiscal scenario, deficits grow even more rapidly. These projections also ignore any harmful impacts of the growing debt on the economy, including higher interest rates and a contracting economy, consequences that cannot be ignored and which would result in an even more rapidly increasing debt burden. CBO concludes that with debt rising faster than GDP, the United States is on an unsustainable fiscal path.

Rapid increases in America's debt burdens will drive up the cost of borrowing, as lenders demand a greater risk premium and the government competes to borrow funds. Higher interest rates mean greater debt service costs for the federal government and even larger deficits. More importantly, higher interest rates crowd out productive private investment in the economy, meaning slower economic growth and lower wages for American workers.

Policies focused on growth can help reduce these debt burdens and put the country back on a sustainable path. CBO estimates that adding a sustained one-tenth of one percent to GDP growth would reduce budget deficits by over $300 billion over a decade. A sustained increase in the growth rate of GDP of a full percentage point annually would reduce the budget deficit by $3.1 trillion over a decade.[21]

While government policy should do everything possible to encourage private sector growth, spending restraint is also a necessary component of ensuring that government finances are on a sustainable path.

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[20] Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2014 to 2024," (August 2014).

[21] Congressional Budget Office, "The Budget and Economic Outlook: 2014 to 2024," p. 131 (February 2014).

CBO's budget projections show annual government outlays increase by $2.3 trillion between 2014 and 2024. Spending on interest, Social Security and government health care programs account for 85 percent of this increase. By 2024, two-thirds of total federal spending will be devoted to interest, Social Security and government health care programs. Since interest costs are tied directly to the growing debt, reducing spending will require controlling the explosive growth of spending on Social Security and government health care programs and putting them on a sustainable path.

B. Strengthen Medicare and Social Security

Modernizing Medicare and Social Security modernization is a critical element for ensuring fiscal stability and our country's prosperity.

To ensure that future generations of American retirees can rely on the assurance of basic retirement security, changes are needed to strengthen the Medicare and Social Security programs.[22] Our proposals would gradually bring changes into alignment with America's fiscal and demographic realities while fully protecting current retirees and those near retirement. Our goal is to preserve the safety net for future generations.

Specifically, Business Roundtable supports gradually increasing the eligibility age for full benefits, updating the method of computing cost-of-living adjustments, implementing means testing for higher-income recipients and expanding competitive models of care within Medicare.

Acting sooner rather than later means the changes can be gradual, current retirees and those near retirement would be fully protected and the programs can be strengthened, which preserves the programs for future generations.

Investment in Infrastructure

America relies on infrastructure that facilitates the movement of people, information, physical goods and financial assets that drives economic activity. Business Roundtable supports prudent public investments in infrastructure and policies that facilitate increased private investment.

Despite its importance to virtually every aspect of economic activity, our public infrastructure is not up to the challenge. A recent survey of U.S. manufacturing leaders

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[22] Business Roundtable, "Social Security Reform and Medicare Modernization Proposals" (January 2013), available at: http://businessroundtable.org/resources/social-security-reform-and-medicare-modernization-proposals.

found that 65 percent believe our nation's infrastructure cannot meet the demands of a growing economy over the next 10 to 15 years.[23]

U.S. roads and bridges, for example, are in disrepair and suffering from chronic underinvestment. Of particular concern is the Federal Highway Trust Fund, the balance of which is expected to turn negative this year. In the absence of additional funding, rising expenditures and falling income will drive increasingly large Federal Highway Trust Fund deficits over the next 10 years. Public investment in the nation's infrastructure is steadily declining, falling from 3 percent of GDP in the mid-1960's to just under 1 percent of GDP today. Indeed, between 2003 and 2012, the level of real public investment in infrastructure decreased by 11 percent.[24]

That is why Business Roundtable believes Congress and the Administration should adopt policies that develop and maintain a world-class infrastructure for the United States. That means:

- Providing consistent and reliable funding streams to support infrastructure projects that are key to economic growth and job creation;

- Enacting policies that better enable the private sector to invest in infrastructure projects that lead to long-term economic growth; and

- Streamlining the federal permitting process for all major infrastructure projects.

Conclusion

Mr. Chairman, thank you again for the opportunity to discuss the challenges we face – and the solutions we support – to get our economy firing on all cylinders. Business Roundtable CEOs stand with you as you begin to take steps to put these policies in place. Like you, we believe that America's best days are ahead of it and that by acting today, we can help our nation achieve its full potential.

I am happy to answer any questions you may have.

[23] Hart Research Associates/McLaughlin & Associates. Online survey conducted 05/29/13-06/28/13, and one-on-one interviews conducted in 05/13; as cited in National Association of Manufacturers & Building America's Future (March 2013). "Infrastructure: Essential to Manufacturing Competitiveness" (2013), available at: www.nam.org/Data-and-Reports/NAM-BAF-Infrastructure-Survey/NAM-BAF-Infrastructure-Survey.pdf.

[24] Jeffrey Werling & Ronald Horst, "Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure" (September 2014), Inforum Report to the National Association of Manufacturers, available at: http://www.nam.org/Issues/Infrastructure/Surface-Infrastructure/Infrastructure-Full-Report-2014.pdf.