



FOR IMMEDIATE RELEASE

Contact: (202) 224-4515

March 13, 2014

**Hearing Statement of Chairman Ron Wyden (D-Ore.)  
On Innovative Ways to Sustain and Expand the Middle Class**

A century ago, shortly after the Ford Motor Company introduced its Model T, Henry Ford shocked the business world by increasing his workers' pay to five dollars a day. It was more than double the going rate, but Ford knew it would guarantee he would have the best workforce in Detroit. It also meant his employees could afford to buy the cars they built with their own hands. It ensured that they could own homes, send their kids to school and accumulate wealth. It was the birth of the middle class in the United States, and in the hundred years since then, that middle class has defined the strength of America.

Yet today, the middle class is under siege. In spite of the work ethic, ingenuity and productivity of millions of Americans, globalization, technological change and flawed tax policies have contributed to a steep decline in manufacturing jobs and wages. Since 2000, employment in manufacturing has dropped by nearly a third, and those same forces are putting pressure on service industries. The portion of our economy made up by wages and salaries – the lifeblood of the middle-class – is now at the lowest level on record, leaving many hard-working families struggling from paycheck to paycheck. And because consumer spending drives 70 percent of the American economy, that is a prescription for slower economic growth.

Today this committee is going to begin, on a bipartisan basis, a drive to develop policies that get more Americans inside the middle-class winners' circle. And we need to focus on this, because the alternative is unacceptable. If working families fall further behind now, still fewer will be able to climb America's ladder of economic mobility and secure better futures for their kids. As those who fight our wars, educate our children, and hold our communities together, the middle class deserves better. I believe this committee, working on a bipartisan basis, has the ability to produce policies that can help buck those trends, build new pathways into the middle class, and expand the winners' circle for all. And here are just several ideas for getting started.

First, America has to find fresh policies to improve education and lifelong learning and use them as springboards to economic opportunity. It's critically important that our students not only have access to higher education, but also the ability to prosper once they've gotten in the door. Senators Warner, Rubio and I have offered a bipartisan proposal that would get up-to-date and accurate information to students, allowing them to compare schools and programs based on completion rates, debt, employment and earnings.

With today's technology, it seems almost unbelievable that students are being denied access to that information. And in addition to that step, additional efforts need to be launched to improve the rigid structure of federal aid so that students can put that information to good use. It has been said that one of the best ways to raise wages for the middle class is to have businesses compete for skilled, educated workers. Our bipartisan bill helps promote that.

Any effort to improve education also has to include people outside the school system, such as workers who want to learn new skills and find unique pathways to new careers. In my home state, I often talk with small business owners who want to hire carpenters or electricians, but can't find people with the skillsets that are needed. So there's real potential here for apprenticeships to help bridge that gap as a pathway to the middle class. Our colleague Senator Cantwell of Washington here on the committee has done good work on this issue, and I look forward to bipartisan efforts to partner with her on that.

A second boost for the middle class would be finding policies that encourage people to save – and especially get started saving early in life. I've been struck by the interest conservatives and liberals have shown in creating child savings accounts, and I'm interested again in working with colleagues on both sides of the aisle to explore that. What's indisputable is giving everybody in America the opportunity to save and get ahead – and especially for those who are struggling today – that's something that will help sustain and expand the middle class.

Our third focus is going to be retirement security. Too often, our families save money for a lifetime only to have it wiped away by chronic conditions like diabetes, cancer and heart disease. Millions of Americans of all generations suffer from these conditions, and it's not just the government that bears the costs. I've been pleased to partner with Senator Isakson of Georgia, another outstanding member of this committee, to come up with a bill that would bring health care providers together to keep these chronic-care patients as healthy as possible in their homes and in our communities.

Fourth, steps ought to be taken to make the tax code more friendly to the middle class – and not put up barriers that prevent its growth. Right now, a nurse who's married to a police officer in Medford, Oregon, could be paying a higher tax rate than someone who makes a living entirely off investments. Any tax reform plan needs to narrow that gap. Over the years, I've had a bipartisan proposal with Senator Gregg, Senator Begich, and Senator Coats and we would do just that. And on a bipartisan basis, we have sought to triple the standard deduction to put more money into the pockets of our families.

A bedrock principle for tax reform ought to be to give the middle class – and everybody else in America– the chance to get ahead. Right now, despite good intentions, it doesn't always work that way. Take, for example, the child and dependent care tax credit. Because of the way that credit is structured, a young family just starting out might not get any meaningful benefit. Even with a meager level of assistance, child care could still be unaffordable, and a parent might have to sacrifice a career to stay at home. It's an obvious flaw in tax policy that again prevents our families from climbing up America's economic ladder.

Our people have proven time and time again that they are an almost endless fountain of ingenuity and innovation. American ideas, and the businesses built on them, have transformed the world. Mr. Packer, who will be here with us shortly, writes about Americans, like Dean Price and Peter Thiel, who want nothing more than to build a business from the ground up and nourish its growth. Our tax code should create a pathway for innovators and entrepreneurs –and not erect barriers to their success. Millions of Americans dream of being the next Elon Musk or Mark Zuckerberg, and our focus should be on policies that lay the groundwork for bringing those dreams closer to reality.

And too often, tax policies that should encourage innovation and entrepreneurship don't deliver. Far too often, conversations about tax reform focus on the big businesses, the big, successful businesses, and ignore the rest. But economic growth, and the jobs that follow, so often flow from our small businesses. So as this committee continues to consider the best ways, again on a bipartisan basis, to fix this broken tax code, let's ensure that young startups and green-shoot entrepreneurs have the opportunity to succeed.

Working taxpayers, I'd also point out, face an obvious double standard with respect to enforcement of the tax law. It's more likely that people working their way out of poverty will have their Earned Income Tax Credits reviewed and denied than it is wealthy tax dodgers will have their tax shelters audited.

Finally, the government has an obligation to maintain and strengthen the social safety net. The promise to hard-working Americans ought to be twofold: just as it helps them climb into the middle class when times are good, let's also take steps to prevent our people from falling into poverty needlessly when times are bad. That means boosting the minimum wage, extending unemployment insurance, and updating the workforce programs that connect our people with the jobs of the future. The safety net needs to be strong and modern in order to sustain a thriving middle class.

The best way to reinvigorate the American economy is with a thriving, educated middle class that can find good-paying jobs, afford homes and cars, and be able to accumulate wealth over a lifetime. That's the ideal Americans have aspired to since, in effect, the middle class was born in Detroit a century ago. Our challenge is to take the policies I've mentioned – education, savings, retirement savings, taxes, and a strong safety net – and come together as a committee and help retool these policies into a stronger economic engine for lasting economic prosperity.

###