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## **JEC HEARING ON ENTREPRENEURSHIP OUTLINES CHALLENGES FACING NEW BUSINESS OWNERS**

WASHINGTON – At today’s hearing of the U.S. Congress Joint Economic Committee (JEC), members of Congress and expert witnesses presented wide-ranging and sometimes conflicting views of the pressures facing entrepreneurs and small businesses.

[Ranking Democrat Carolyn B. Maloney](#) (D-NY) stressed the need for a highly skilled and creative workforce and for public-private partnerships to lay the groundwork for innovation. She also pointed out that small businesses face intense competition from extremely large corporations that take advantage of their market power.

“Data show that new business formation in America has been slowly declining for decades,” Rep. Maloney said in her opening statement. “One reason for this is the enormous and growing power of extremely large corporations, many of which have swallowed their competitors... Another reason is that the middle class, which has long fueled entrepreneurship in our country, has seen its economic foundation chipped away for decades... A third reason that entrepreneurs face a difficult environment is the fallout from the catastrophic financial crisis under President George W. Bush.”

Despite these challenges, recent indicators suggest there is reason for optimism. “Last year, the Kauffman Foundation’s Index of Growth Entrepreneurship posted its largest year-over-year increase in a decade,” Rep. Maloney added.

Rep. Maloney also expressed particular interest in the opportunities female and minority-owned small businesses present for the U.S. economy. “Between 2002 and 2012, the number of women-owned businesses grew more than two-and-a-half times faster than the national average,” Rep. Maloney said. “The number of businesses owned by women of color grew even faster than that. We need to build on this success and break down barriers so even more women can start and grow their own businesses.”

Democratic and Republican Members expressed a range of opinions on the extent to which federal regulations are an impediment to entrepreneurship. Most agreed that it is important to streamline regulations, but as Rep. Maloney noted in her opening statement, “nine of the 20

counties with the strongest new business growth are in the ten states ranked by the Mercatus Center as having the most burdensome regulations. None of them are in the ten states ranked as having the least burdensome regulations.”

Carla Harris, Chair of the National Women’s Business Council, focused much of her opening statement on the specific challenges that women and minorities face when starting new businesses. “Babson College has concluded the lack of sufficient capital funding for women entrepreneurs will cost the economy nearly six million jobs over the next five years,” she testified. “As of 2012, women-owned businesses comprised 36 percent... of the country’s privately-held businesses... In 2007 there were about 900 thousand Black women-owned businesses, now they stand strong at over 1.5 million... In 2007, there were fewer than 800 thousand Latina-owned firms; now there are nearly 1.5 million.”

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