Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing
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Mr. Chairman, thank you.

This hearing is about supply chain resiliency. Of course, the Banking Committee is talking about supply chains for one reason: Inflation has hit a 40-year high.

Under President Biden consumer prices have risen by 8.4%. That's more inflation than under the entirety of the Trump administration.

Even though wages are rising, prices are rising faster. That's causing workers, especially lower-income workers, to fall further and further behind.

Milton Friedman said, "Inflation is taxation without representation." Democrat policies are hiking that tax.

Rather than course correct, Democrats have been trying to shift the blame for their inflation tax to someone, anyone else. One of their favorite scapegoats has been supply chains. That is, in addition to blaming "greedy corporations," Republicans, and Putin.

Actually, inflation is pretty easy to understand. It results from more money chasing fewer goods.

The Biden administration's policies have limited the economy's production of consumer goods. And Democrats' reckless spending has resulted in more money chasing those fewer goods.

As an example, consider the president's war on American energy independence. In 2020, then-candidate Joe Biden promised that in his administration there would be "[n]o more ability for the oil industry to continue to drill. Period."

On day one of his administration, he made good on that threat. He stopped all new oil and gas leases on federal land, and ended the Keystone XL pipeline project.

Even before Russia's invasion of Ukraine, gas prices were up 40%. And now, the administration is going on bended knee to plead with Venezuela's illegitimate dictator to produce more oil that America is quite capable of producing and exporting.

On the spending side, former Obama administration officials Larry Summers and Jason Furman warned that Democrats' reckless spending spree would cause inflation. Yet, with inflation at 8%, most Democrats still support another deficit financed, blowout spending bill.

Today we're going to set the record straight.

First, inflation did not suddenly accelerate simply because global free trade somehow made our supply chains more "fragile." Global trade has provided tremendous benefits to Americans and, if anything, has made our economy less fragile.

Rather, supply chains are struggling because fiscal policy has over-stimulated demand. For example, because of high demand, port volumes have hit record levels.

Second, Democrats' far-left agenda would continue to make inflation worse, not better. Where to begin?

Democrats are pushing for price controls, and for using antitrust law to reduce economic efficiency. And Democrats continue to push for the reckless tax-and-spend Build Back Better plan that will further fuel inflation and harm our economy.

Amazingly, the White House now claims that even more deficit spending will lower inflation. That defies belief.

You don't have to take my word for it. Last month, former Obama administration Treasury official Steven Rattner penned a New York Times op-ed titled, "Biden Keeps Blaming the Supply Chain for Inflation. That's Dishonest."

He said the president's claims about supply chain disruptions are "both misleading and simplistic." Mr. Rattner asserted "the bulk of our supply problems are a product of an over-stimulated economy." He advised prioritizing deficit reduction, calling it "dishonest" for the President to claim that his Build Back Better plan would be deficit neutral.

While supply chains are not to blame for inflation, our recent experience highlights the need to enact sensible reforms that will improve supply chains. These reforms include making U.S. ports more efficient by increasing their use of automation, which obstructionist unions have long blocked, and eliminating harmful tariffs that increase transportation costs and bottlenecks by reducing the supply of needed equipment, like truck chassis.

In addition, to help fight inflation, it's time for the President to abandon his far-left agenda. He should end the war on American energy that has led to higher prices for American families by restarting the Keystone XL pipeline; expediting natural gas pipeline and LNG facility approvals; and repealing broad and punitive regulations and restrictions on American oil and gas production.

He should also drop his reckless tax-and-spending plan that would dramatically increase the size and scope of government by expanding the welfare state.

The best approach to achieve economic growth is to unleash market competition, the engine of economic growth. Congress can focus on three areas: Cutting through the jungle of red tape preventing new entrepreneurship, innovation, and competition; eliminating government-created barriers and distortions to Americans working and saving; and increasing opportunities for global trade and getting rid of protections for special interests.

To help us understand these issues, today we will hear from two experts on global trade and fiscal policy: Phil Levy the chief economist at Flexport, a leading supply chain logistics company, and Vero de Rugy an economist from the Mercatus Center at George Mason University.

I look forward to hearing from them about the importance of free trade and free markets for creating strong and resilient growth, and common-sense solutions for increasing growth and lowering inflation.