

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing: Nomination Hearing
July 13, 2021 at 10:00 AM

Mr. Chairman, thank you.

Mr. Venkataraman and Mr. Smith, welcome to you both. You've been nominated for important leadership positions at the Commerce Department and HUD.

At Commerce, the Director General of the U.S. and Foreign Commercial Service and Assistant Secretary for Global Markets must stand up for the interests of U.S. exporters overseas. This includes addressing barriers to entry in foreign markets and attracting foreign direct investment, known as FDI, into the U.S. Many U.S. businesses and jobs depend upon exports. This position is critically important right now as COVID-19 led to the imposition of new trade barriers and a sharp decline in global FDI.

The Assistant Secretary will face a host of challenges right off the bat. The previous administration's trade wars alienated our allies. For example, many of them imposed retaliatory tariffs on U.S. exports after Section 232 tariffs labeled their steel and aluminum exports a "national security threat."

"Buy American" policies that seek to limit foreign access to U.S. government procurement contracts have caused our trading partners to threaten to do the same, potentially taking away a major export market for U.S. businesses. Foreign countries also frequently impose non-tariff technical barriers to trade, to limit U.S. entry and protect their domestic industries. The Assistant Secretary must oversee efforts to convince foreign governments to overcome these concerns, remove these obstacles, and allow our businesses market access.

Another major responsibility of the Assistant Secretary is to oversee U.S. government efforts to attract FDI into the U.S. The U.S. has long been a magnet for FDI, due to our skilled workforce, broad capital markets, strong legal protections for investors, and attractive business environment. But FDI has faced challenges due to COVID-19. In 2020, global FDI fell 42% according to UN Conference on Trade and Development.

In addition, the Biden administration is making attracting FDI more difficult. The administration has proposed burdensome regulations and corporate taxes that would make it less desirable to invest in the U.S. And the administration's support for a waiver of IP protections for vaccines sends a worrying signal to investors in IP-intensive industries.

If confirmed, I expect you to use your position to promote policies that will achieve the mission entrusted to you. That means giving a voice to U.S. exporters in the administration's policy decisions and advocating for policies that make the U.S. an attractive destination for foreign direct investment.

Now turning to HUD: HUD's General Counsel plays an important role advising the agency on what it can and cannot do. HUD needs a General Counsel who will help ensure effective oversight of the federal tax dollars it spends. That means rooting out waste, fraud, and abuse. This is critically important given the \$60 billion given to HUD this past year and the \$68 billion requested for the next fiscal year.

Unfortunately, HUD is already making poor choices on this front. For example, the agency has made it easier for illegal immigrants to get emergency housing vouchers by waiving regulations that require verification of citizenship or legal immigration status. In addition, HUD removed sensible restrictions on Puerto Rico's use of disaster recovery funds. These restrictions required Puerto Rico to spend these funds in tranches and to have expenditures reviewed by an independent financial monitor. By eliminating these requirements, HUD is all but guaranteeing that a government with chronic financial mismanagement problems will misspend taxpayer dollars.

The General Counsel must ensure HUD is complying with the law despite political pressures. In other words, he can't be a "yes" man. What does that mean in practice?

First, the General Counsel needs to push back on policies that are inconsistent with the law. Unfortunately, we've seen HUD ignore the law recently. For example, Congress has explicitly prevented any part of a borrower's down payment for a FHA loan from being financed by an entity benefiting from the mortgage transaction. But, as I noted in a recent letter to HUD, the agency continues to turn a blind eye to circular funding

schemes where FHA borrowers finance their own down payment assistance in contravention of the law.

Second, the General Counsel needs to ensure all legal requirements with respect to rulemaking and guidance are followed. That means meaningfully considering all input from stakeholders, preparing all supporting materials to accompany significant policy guidance, and completing regulatory impact analyses which describe the economic burdens on stakeholders.

Third, the General Counsel needs to be readily available and work with Congress to ensure laws are faithfully implemented. That includes responding fully to oversight requests that come from Congress, specifically members of the Banking Committee.

Let me close by saying: Mr. Venkataraman, I look forward to hearing how you plan to effectively support U.S. exporters overseas and attract foreign investment to the U.S. Mr. Smith, I look forward to hearing how you will ensure that HUD faithfully complies with the law and conducts thorough oversight of how it spends taxpayer dollars. If confirmed, you both will have important missions to fulfill.