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Opening Statement
Full Committee Hearing: CARES Act Oversight of Treasury and the Federal Reserve: Building a Resilient Economy
November 30, 2021 at 10:00 AM

Thank you, Mr. Chairman.

Secretary Yellen and Chairman Powell, welcome.

Chairman Powell, congratulations on your renomination. Despite our disagreements, I look forward to supporting your confirmation.

When the pandemic hit in 2020, Chairman Powell acted swiftly to help stabilize financial markets and the economy. He also implemented a number of sensible regulatory reforms that helped to spur economic growth.

And for those who would criticize those efforts, I suggest they look at the past two years. Our economy experienced a severe real-world stress test during the worst days of the pandemic, but we've come out of it with the best capitalized banking system in American history.

While I support Chairman Powell's renomination, I'm very concerned about whom President Biden may nominate to fill other seats on the Fed's Board given some of the radical financial regulators he's nominated so far. Just consider his radical nominee to serve as the Comptroller of the Currency, the nation's top banking regulator.

Members of the Fed Board ought to have exceptional qualifications and appreciation for the Fed's narrow statutory role on monetary policy and banking supervision.

We need Fed nominees who are focused not on social policy, but rather the alarming bout of inflation that we are currently experiencing. Inflation is at a 31-year high. Just last month, the consumer price index increased by 6.2% year over year.

Price hikes are everywhere, from the cost of a Thanksgiving meal, which rose by 14% over last year, to the pump, where gas has reached as high as $6 a gallon in some places.

Inflation is a tax that is eroding Americans' paychecks every day. Even though wages are growing, inflation is growing faster and causing workers to fall further and further behind.

I've been warning about the risks of higher and more persistent inflation since January. Unfortunately, the Fed has decided to continue its emergency monetary policy, adding fuel to the inflationary fire, long after the economic emergency had passed.

Earlier this month, I was glad to see the Fed finally announce a long-overdue taper of its bond-buying program. Quantitative easing should be used in emergencies only, and we are well past the need for such support.

Our economy took a nose dive in the second quarter of last year. But by the third quarter of 2020 it had largely recovered. Yet, here we are in November 2021 and the Fed's still buying more than $100 billion in bonds.

The Fed should have started tapering nearly a year ago. But instead it's expected to continue buying bonds through next June. And on interest rates, which are currently near zero, the Fed is still maintaining a wait-and-see approach.

I am somewhat relieved that Chairman Powell has recently recognized the heightened risks of higher and more persistent inflation and has indicated his determination to control it.

Unfortunately, the Biden administration and many Democrats in Congress are not willing to do their part to limit inflation. Instead, they're exacerbating the problem and blaming inflation on their usual suspects: greedy corporations.

Apparently, some of my colleagues believe companies were for years generously leaving money on the table and only now have thought to raise prices to maximize profit. This is a cynical fib meant to distract from the fact that Congressional Democrats' extreme Leftist policies are contributing to the price hikes hitting Americans' wallets.

Take energy prices for example. President Biden kicked off his presidency by taking measures to curb our nation's energy supply. He terminated construction of the Keystone Pipeline, a tremendous source of oil. He placed an indefinite ban on new oil and gas leases on federal land.

Meanwhile, on the demand side, the administration and Democrats in Congress have propped up demand for energy with their March 2021 $1.9 trillion stimulus bill. It’s no wonder then that Americans are seeing skyrocketing energy prices. When you decrease supply, but subsidize demand, prices go up. It’s basic economics.

Unfortunately, the administration has not learned its lesson. It’s still pushing a multi-trillion dollar reckless tax-and-spend plan that will contribute to more inflation and damage our economy. Its plan is a massive expansion of the welfare state and will be partially paid for by large tax increases that hurt American families, and make the U.S. a less competitive place to do business.

The intent of this plan is to fundamentally transform the relationship between the federal government and the middle class. It’s about socializing many ordinary responsibilities that families have always assumed, including by providing free preschool, free paid leave, and free child care.

Democrats are attempting to hide the unprecedented enormity of this tax-and-spending spree through budget gimmicks. According to the nonpartisan Penn-Wharton budget model, the House version of the Build Back Better plan will cost $4.6 trillion over 10 years if the bill’s temporary provisions are made permanent, as the Democrats plan. As Senator Manchin has noted, Democrats are using “shell games” to hide the true cost of this legislation.

I hope that Democrats will reconsider their misguided efforts to double-down on the reckless spending that has contributed to the highest inflation that Americans have experienced in 31 years.