KITCHEN TABLE ECONOMICS: HOW FAILED BIDEN–HARRIS POLICIES CONTINUE TO HURT CONSUMERS

HEARING

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C O N T E N T S

Witnesses

Opening statements and the prepared statements for the witnesses are available in the U.S. House of Representatives Repository at: docs.house.gov.

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KITCHEN TABLE ECONOMICS: HOW FAILED BIDEN–HARRIS POLICIES CONTINUE TO HURT CONSUMERS

Wednesday, September 25, 2024

U.S. House of Representatives
Committee on Oversight and Accountability
Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:10 a.m., in room 2154, Rayburn House Office Building, Hon. Pat Fallon [Chairman of the Subcommittee] presiding.

Present: Representatives Fallon, Fry, Langworthy, Brown, Stansbury, Norton, and Khanna.

Mr. Fallon. This hearing of the Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs will come to order. I want to welcome everybody for joining us today.

Without objection, the Chair may declare a recess at any time.

I recognize myself for the purpose of making an opening statement.

Over the last 3 1/2 years into the Biden-Harris Administration, many Americans are asking themselves a very important question. I remember when I was a kid in the 1980 campaign, challenger, Governor Ronald Reagan, looked at folks and asked, "Are you better off now than you were 4 years ago," and I think every American should ask themselves that question when they go to the polls in the coming month and a half. Vice President Harris struggles to answer this question because she knows in most parts of the country, the answer is an emphatic no. As we have discussed in this subcommittee a year ago, Bidenomics has had a devastating effect for families across this country and their ability to plan for the future. Households have watched their paychecks disappear, while seeing the costs of goods and services rise. While President Biden claims his economic policy is restoring the American Dream, too many find this dream just out of touch.

Since the beginning of the Biden-Harris Administration, total inflation, as measured by the Consumer Price Index, has risen 20.2 percent. Estimates show that Americans must now spend over $11,000 more each year to have the same quality of life that they had in January 2021. Grocery prices for goods, such as bread, poultry, and cereal, have all increased in price by 20 percent and eggs nearly 50 percent. Gasoline used to transport these goods, that has increased by almost 50 percent, further driving costs up. Housing costs for mortgages and rent have both increased. Average rent prices are now 24 percent higher. Mortgage rates have doubled, making it nearly impossible for young Americans to afford their first home.

Real wages, and this is very important, real wages for workers are also lower since the start of the Biden-Harris Administration, further straining the ability to keep pace with rising prices. Businesses are struggling to cope with the $1.7 trillion in new regulatory costs that the Biden-Harris Administration has imposed on the American economy. This Administration has engaged in massive regulatory overreach in an attempt to fundamentally alter or kill almost every energy and manufacturing industry job in that sector.

This morning, the committee released a new report entitled "Death by a Thousand Regulations: The Biden-Harris Administration's Campaign to Bury America in Red Tape." I ask unanimous consent to enter that into the record.

Without objection, so ordered.

This report details the Committee's findings on how the Biden-Harris Administration's avalanche of costly regulations impact both businesses and consumers. The report also highlights effective legislative solutions this Committee has been advancing to provide necessary reforms to the regulatory process.

Of course, the Biden-Harris regulatory onslaught is not the only way this Administration has tried to impose their left-wing agenda on Americans. Last Congress, the Administration, with the help from congressional Democrats, spent trillions of taxpayer dollars driving inflation and weakening our economy. The "Inflation Reduction Act" and the "American Rescue Plan" did not reduce inflation or rescue Americans—it did the opposite. Yet, Vice President Harris says Bidenomics is working, and both of these massive spending packages were simply slush funds for left-wing causes. The other side of the aisle wants to obscure the truth, claiming that greedflation, or corporate greed, is the invisible force driving these hardships. They want to ignore how the Biden-Harris Administration's massive regulatory overreach and government spending are hurting the American people. They are not interested in transparency or accountability.

So, today we have—all of Congress we continue to shine the light on the Biden-Harris Administration. We will hold this Administration accountable for the $1.7 trillion in new regulatory costs upon the economy at a time when it was needed the very least. We will hold the Biden-Harris Administration accountable for the hidden taxes on consumers as businesses navigate these bureaucratic hurdles, raising prices, lowering wages to stay afloat. We will hold the Biden-Harris Administration accountable for their destruction of the American Dream for so many, and really, too many Americans, and Americans deserve answers.

They are frustrated and believe their government is not listening to them when they sound the alarm on the economy. And you see this in the polls as to who can handle the economy better, and they are not polling well at all. Americans deserve better, and we need to do better if we have any hope in what we all want for ourselves and our children, which is to live the American Dream.

Our expert panel of witnesses is here to dispel many of the myths spun by the Biden-Harris Administration and offer their insights into how we can right the wrongs of the Biden-Harris Administration's economic policies. I want to thank the witnesses for appearing before the Subcommittee to share their insights, and I look forward to this discussion. And on an editor's note, I think it is very interesting that this Administration has been known since its inception as the "Biden-Harris Administration," but now the Vice President wants you to forget about the hyphen and the "Harris." I now recognize Ranking Member Stansbury for an opening statement.

Ms. STANSBURY. All right. Well good morning, everyone. Thank you to the Chairman. I want to welcome everyone to the Oversight Committee, and if it has not been apparent in the opening remarks, we are 41 days from the Presidential election because the Oversight Committee has been using this Committee, speaking of slush funds, as a slush fund for Donald Trump campaign.

So, here we are once again. We had a similar hearing last week in which the Committee Majority brought in witnesses who are tied to Project 2025 and tied to both the former, and what I think Donald Trump would hope would be his future, Administration to talk about and to platform their extreme agenda that would take away American rights and that will misrepresent what is happening in our economy, what has happened over the last several years, all in the name of impugning the Vice President, who, of course, is on the ballot with Donald Trump. So, you are going to hear a lot of things today. Most of them are probably not based in facts, economics, ways in which this country is actually structured. So, I want to just take the opportunity to kind of set the record straight from the top.

Our colleagues today are going to promote a false narrative that the Biden-Harris Administration policies are all about hurting American consumers, that they are driving inflation, that they have destroyed our economy. Of course, Americans are struggling right now. We have just faced a historic pandemic. Many Americans were struggling before the pandemic. We are still recovering from it. But the truth of the matter is that the United States has amongst the lowest inflationary rates of any industrialized country in the world right now, and it is because of the American Recovery Plan, because of the historic legislation that the Biden-Harris Administration has put into place, and that the previous Congress, under Democratic leadership, passed, that we were able to stop some of the more devastating impacts of the pandemic and the devastating impacts of the previous Administration. So, the exact opposite is true.

We have seen over the course of the Biden-Harris Administration that they inherited an economic mess. It was both the impacts of the COVID–19 pandemic, and it was also the impacts of what happened under the previous Administration. And if you roll back the tape, of course, you will see that during the Trump Administration, he advocated for the largest tax giveaway in American history to the wealthiest individuals and large corporations, which has helped to drive not only extreme impacts on the U.S. economy, but enrich the wealth of individuals and corporations at the expense of the working people of this country. Under the Trump Administration, unemployment skyrocketed to nearly 15 percent. It was the highest since the U.S. Bureau of Labor Statistics began collecting data in 1948—the highest—that is outrageous.

And then as soon as he took office, President Biden worked with Congress to pass meaningful legislation to get it under control. We passed the American Rescue Plan, which not only helped millions of Americans get through one of the largest economic disturbances in American history, but also through one of the largest pandemics in which the former President was telling people to swallow bleach to deal with COVID–19 and telling them to take horse pills. If we want to talk about the economy, talk about facts. Let us actually talk about facts.

I want to just emphasize some of the important pieces of legislation that have helped the United States get inflation and our economy back on track. It was not just that Biden-Harris came in under this set of extenuating circumstances. President Biden had a vision of the future of this country. He had a vision for bringing back American jobs to this country and helped to pass the CHIPS and Science Act, which is one of the most important modern manufacturing bills, as well as the national security bill, to make sure that we are manufacturing Made in America goods here on American soil. That is creating thousands of jobs and helping to bring manufacturing back to our rural communities, including in mine.

He passed the Bipartisan Infrastructure Bill, which is building water lines and broadband and roads and bridges all across America. And he passed the Inflation Reduction Act, which extended healthcare to millions of Americans which states had refused to provide expanded Medicaid to, and so our lowest-income individuals across the country are actually having access to healthcare for the first time.

The Inflation Reduction Act was also a historic investment in the future of this country. It is an investment in our economy as we make a transition to an energy economy that is clean and that solves our climate crisis. Right now, we are seeing millions of dollars being pumped into our communities that is revitalizing local jobs, that is bringing home manufacturing, and that is employing thousands of New Mexicans and millions of Americans across the country.

Now, the question is, how do we translate these economic gains into the real lived experiences of New Mexicans and Americans across the country? It is easy for politicians to come here and to explain to the American people how hard it is to put food on the table and a roof over their head. I grew up in a working family. I grew up in a family that struggled to get by, that struggled to make ends meet. And had it not been, during times of crisis when we could depend on resources to help us with housing and to pay for utility bills and to help put food on the table, I would not be sitting here as a Congresswoman today. We know that these programs help lift American people out of poverty, and we know that they stimulate the economy.

So, I will just say, as we embark on what I am sure will be an interesting journey into false and fun facts this morning, that the

American people are smart. Do not be fooled by what you are hearing here today. This is yet another campaign opportunity that the Majority is using to platform and advance Donald Trump's extreme agenda, and I do not think the American people are going to buy it. So, thanks. I yield back.

Mr. FALLON. Thank you. This is a platform on truth, and just for the record, I grew up in a middle-class family.

Ms. STANSBURY. Excellent.

Mr. FALLON. We have with us today experts on this panel and who will bring valuable experience and insight that will be beneficial, I think, to our discussion.

First, we have Dr. Paul Winfree, who is President and CEO of the Economic Policy Innovation Center. He previously served as Deputy Assistant to the President for Domestic Policy, Deputy Director of the Domestic Policy Council, and Director of the Budget Policy in the Trump Administration. He was also formerly the distinguished fellow in Economic Policy and Public Leadership at the Heritage Foundation. Patrice Onkuwa. I am sorry. Help me out.

Ms. ONWUKA. Onwuka.

Mr. FALLON. Onwuka. Thank you. Patrice Onwuka serves as the Director of the Center of Economic Opportunity at the Independent Women's Forum. She has worked in policy, advocacy, and communications roles in the White House for more than a decade on issues related to the economy, employment, technology, philanthropy, and the criminal justice system.

Chuck DeVore serves as the Chief National Initiatives Officer at the Texas Public Policy Foundation, and Texans refer to it as TPPF. He was also previously a member of the California State Assembly. He also was formerly a Reagan White House appointee in the Pentagon and a lieutenant colonel in the United States Army. Thank you for your service, sir. And finally, we have Brendan Duke, who serves as a Senior Director for Economic Policy at the Center of American Progress Action Fund. He is a former Hill staffer and previously served in the Biden-Harris Administration as a senior policy adviser at the White House National Economic Council. I want to thank you all four for being here.

Pursuant to Committee Rule 9(g), the witnesses will please stand and raise their right hand.

Do you solemnly swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[A chorus of ayes.]

Mr. FALLON. Thank you. You may sit down. Let the record show that the witnesses answered in the affirmative.

We appreciate you being here and thank you for your testimony. Let me remind the witnesses that we have read your written statements, and it will appear in full in the hearing record. Please limit your oral testimony, if you could, to 5 minutes. As a reminder, please press the little button in front of you. You are going to see a green light go on for 4 minutes, and then there is going to be yellow light for 1 minute, and then the red light when it comes up, if you have not finished your remarks, if you could kind of wrap them up right there, we would greatly appreciate that.

I now recognize Dr. Winfree for his opening statement.

STATEMENT OF PAUL WINFREE, PH.D. PRESIDENT & CEO ECONOMIC POLICY INNOVATION CENTER

Dr. WINFREE. Thank you, Chairman Fallon and Ranking Member Stansbury and the Members of the Committee, and thank you for your opening statements. There were lots of very important points that were made by both sides.

Each year, the White House Council of Economic Advisors submits an Economic Report of the President. The ERP outlines the Administration's key economic goals and strategies to achieve them, serving as a crucial part of the Federal budget process. The 2022 ERP, the first under this Administration, established the primary goal of "restoring the public sector as a partner in long-run growth." This objective focuses on new ways of integrating the government into the economy based on a concept that Federal investment is foundational to economic growth.

Based on virtually any metric, the Biden-Harris Administration has succeeded in growing the size and scope of the Federal Government. After the 2020 pandemic surge in Federal spending, debt as a percent of the economy briefly declined, but from April 2021 onward, it has consistently grown. Federal hiring has hit all-time highs, and state and local government employment has grown significantly, supported by Federal subsidies. Furthermore, new regulations from the Administration have added considerable cost to the private sector, as Chairman Fallon noted, $1.7 trillion in regulatory costs and $325 million in paperwork hours. The Biden-Harris Administration's economic strategy is founded on the belief that public spending is the engine of job creation, income growth, and wealth. However, this approach has contributed to both rising costs and ineffective government. It has also hindered the broader capacity of economic policy to create an environment that fosters economic opportunity.

A more effective approach to economic policy would involve focusing on full employment, low inflation, and sustainable growth. Policymakers should also harness American entrepreneurship to drive innovation, job creation, and wealth generation. Ensuring market competition while limiting government regulation to essential safety standards would encourage economic dynamism and reduce costs for consumers.

Inflation remains one of the most significant issues facing Americans today. As of July 2024, it takes about $1.20 to purchase what $1 bought in January 2021. Although some have blamed corporate price gouging, research indicates that tight labor markets and large budget deficits are the primary drivers of inflation. The tight labor market, which saw job vacancies outpacing unemployment, contributed to wage inflation and price increases. Additionally, fewer workers have returned to the work force following the pandemic, with around 2.9 million fewer people employed today than pre-pandemic trends would suggest. The shortage of workers, particularly among younger cohorts, and particularly among young, male cohorts, has lowered productivity, reduced government revenues, and increased the Federal deficit.

Deficit spending is another major cause of inflation. Since 2020, 76 percent of new government spending has been financed by debt.

Fourteen percent has been financed by printing money. Together, tight labor markets and deficit spending can explain about 80 percent of the increase in core inflation that has occurred since the beginning of 2021. Inflation has been further exacerbated by the Inflation Reduction Act. According to the Congressional Budget Office, the IRA increased spending by $110 billion and the deficit by $60 billion between 2022 and 2026, compounding inflationary pressures that were already in motion. Furthermore, the Administration has been hampered by its focus on multiple competing initiatives, which has undermined its effectiveness of its core economic priorities.

A prime example of this is the Broadband Equity Access and Deployment Program, a key component of Bidenomics aimed at expanding high-speed internet access. Although almost $43 billion has been allocated to this initiative at the end of 2021 and the money was sent to the states last summer, as of today, no households have been connected due to administrative restrictions and delays, including efforts to regulate internet pricing. At the same time, the Affordable Connectivity Program, which provided subsidies to low-income households for internet access, increased broadband prices for all consumers by subsidizing demand without expanding supply because BEAD has ultimately failed. On average, ACP increased broadband prices by about seven percent.

Moving forward, reducing the deficit and deregulation in a way that increases market competition would be more effective at reducing costs for essential goods like housing, food, and healthcare. Congress will have an opportunity to do this in the new year by dealing with a series of events, such as the expiration of the 2017 tax cuts and the reinstatement of the debt limit, as well as many other fiscal inflection points that, regardless of how the election turns out, you will be asked to confront. The budget process and budget reconciliation, in particular, are tailor made to provide an opportunity to address the rising cost of living by reducing government spending.

With that, I yield back the remainder of my time. I look forward to your questions.

Mr. FALLON. Thank you very much. I now recognize Ms. Onwuka for her opening statement.

STATEMENT OF PATRICE ONWUKA
DIRECTOR, CENTER FOR ECONOMIC OPPORTUNITY
INDEPENDENT WOMEN'S FORUM

Ms. ONWUKA. Thank you, Chairman Fallon, Ranking Member Stansbury, and the Committee for inviting me today. My name is Patrice Onwuka, and I am the Director of the Center for Economic Opportunity at Independent Women's Forum. We are committed to increasing the number of women who value free markets and personal liberty. My remarks today will focus on how ill-advised Federal policies under the Biden-Harris Administration have led to remarkable hardship for American households.

We know that prices are up 20 percent, heating oil is up 36 percent, electricity is up 32 percent, natural gas up 25 percent. Housing costs have accelerated and are the biggest driver of the Consumer Price Index, also the inflation rate. Credit cards and mortgages all cost more each month. And consequently, American households are in a more tenuous financial position than they were before the inflation took off in early 2021. Lagging growth in real wages has eroded Americans' purchasing power. Average households have lost roughly $2,000 of purchasing power since that time. The average middle-class household lost at least $33,000 in real wealth. Personal savings have fallen by nearly $3 trillion, while collective credit card balances are an all-time high of $1.1 trillion. The monthly cost of the median-priced home in the United States is at its highest in more than 30 years.

More alarmingly, poor and working-class families are spending disproportionately more of their income on essential items such as food and energy. Low-income families often face a heat-or-eat dilemma, an existential choice between paying for utilities or buying food, medicine, and shelter. And low-income Black communities, households experienced the highest rates of energy challenges compared to their other demographic comports' households. Regionally, low-income families in the Southeast states are also disproportionately likely to face energy hardships. Take a 44-year-old North Carolina mom who said, 'sometimes I have to choose between whether I am going to pay the light bill or pay rent and food.'

Why is that the case in the United States, in a place where we should have so much prosperity? Well, I would argue that Federal policy under the Biden Administration has undermined domestic energy production and fueled inflation. Inflation and high prices are the consequences of unsustainable Federal spending and burdensome regulations, particularly on energy. Economists on the left and the right agree that the $1.9 trillion American Rescue Plan fueled inflation by injecting the economy with stimulus funding when the economy could not keep pace.

It is a myth that inflation is due to Russia invading Ukraine. Inflation had already risen to 7.9 percent when Putin invaded Ukraine. It is also a myth that supply chain disruptions continue to drive inflation today. We have seen those supply chain disruptions have eased, and thankfully, the overly generous pandemic benefits that were a disincentive for people to return to work have come to an end. Finally, it is a myth that big companies, from energy companies to grocers, are price gouging, causing prices to remain high. The Federal Reserve Bank of San Francisco examined industry-level data on price markups of goods and found no evidence of widespread markups on goods across all industries, so legislation and regulatory efforts to attack price gouging are futile at best and will not bring down prices.

The Biden-Harris climate agenda has focused on undermining domestic energy production, causing energy costs to rise. Everything grown, manufactured, produced, packaged, and transported depends on energy, and as energy prices rise, we as consumers are forced to pay more for the goods and services we depend on. Yet this Administration has canceled pipelines, taking millions of acres offline for drilling, and instituted restrictive new environmental standards that raise the cost of drilling. It has also pursued a carbon-reducing regulatory agenda that forces households to switch to costly appliances. We are paying 34 percent more for appliances compared to 15 years ago, and by targeting 15 consumer appliances with new energy restriction standards, everything from stoves to refrigerators and air conditioners, even clothing washers and dishwashers, we are going to see fewer available appliances on the market, fewer options for consumers.

The upfront cost of installing these new appliances are cost prohibitive to many households, so they are not even going to enjoy any purported energy savings, and they will have to compromise on features and performance and results. Let us be realistic here. How can we ask American households to pay an average of $9,000 to retrofit their home with these appliances when they can barely afford heat?

I look forward to more discussion about today's topic, and thank you for your time.

Mr. FALLON. Thank you very much. The Chair now recognizes Mr. DeVore for his opening statement.

STATEMENT OF CHUCK DEVORE
CHIEF NATIONAL INITIATIVES OFFICER
TEXAS PUBLIC POLICY FOUNDATION

Mr. DEVORE. Thank you, Mr. Chairman, Ranking Member Stansbury. I think it is important to note that as the COVID–19 triggered a recession, it was, in fact, a very short and sharp recession due to the fact that it was government-imposed lockdowns that caused the loss in labor. In the period of time from the recession to the inauguration of the Biden-Harris Administration, though, 57 percent of those pandemic jobs that were lost were recovered. It took another 17 months, though, to return to the same level of employment that had been the case just before the onset of COVID.

Now, with all that Federal money being spent, the question might be why did it take 17 months? For gosh sakes, that is a long time. One reason is likely the collapse of what has been known as the multiplier effect. That is an economic theory that says that when the Federal Government spends money or "invests in the economy," that those investments result in a multiple of dollars being returned back to the economy, as might happen with real investments. Unfortunately, as we have now accumulated some $35 trillion in Federal debt, the multiplier effect has been declining.

During the Great Recession era of the American Recovery and Reinvestment Act—that would be clear back in 2009, almost halcyon times by comparison to today—the multiplier effect at that time for that government spending was estimated to be about 60 cents on the dollar. In other words, you were 40 cents underwater. The most recent expenditures, for example, with the so-called Inflation Reduction Act, the multiplier effect is likely collapsed to 20 cents on the dollar, meaning a lot of that money is being wasted, and as a result, the investments really function to change the economy. We saw that when President Biden, just a couple of weeks ago, admitted that the Inflation Reduction Act had little to do with reducing inflation and everything to do with transitioning the economy from hydrocarbons to electricity for the purposes of climate change.

Now, I have got perhaps some advanced warning or experience with this because, like Mr. Khanna, I am originally from California. In fact, I served in the legislature there for 6 years before being termed out and then, I think wisely, moving to Texas in 2011. While I was a state legislator, I voted "no" a lot, and I voted "no" on the very items that, of course, passed the legislature back then and have been kind of mirrored in Federal policy since, so it is like a preview of coming attractions. And of course, this is somewhat due to, as we refer to the state sometimes as laboratories of democracy, and for better or for worse, California is often at the very leading edge of developing these new ideas, and we can kind of see from the record how that has affected Californians.

So, for example, the U.S. Census Bureau since 2009 has published the Supplemental Measure of Poverty. It takes into account the cost of living, noncash benefits, et cetera. California, ever since this new measure was rolled out, has always had the Nation's highest poverty rate. The other thing that I think is important to understand is the regulatory burden in California. We passed a measure back when I was in office—one of the things I did vote for—that looked at the regulatory compliance cost in California for California-based regulations. What we found is that in inflation-adjusted terms today, it would be worth more than $200,000 per small business simply to comply with regulations. It is important to note, then, though, that at the time, Federal regulations were estimated to be, oh, I do not know, at about $1.1 trillion in compliance costs, meaning that the Biden-Harris regulatory regime more than doubled the amount of regulations that were on the books just before the Great Recession.

I think it is also important to understand that energy plays a big role in this. California has seen their energy costs go from 8th highest in the Nation to now the second highest in the Nation, only behind Hawaii, and there are reasons for this. It is California's aggressive push for electrifying their economy. It comes at a great cost to California workers and to the very high cost of living in California, and unfortunately, I think that we are going down the same path today.

And then last, I think it is important to note that some people who look at the Biden-Harris record like to point to total payroll growth since the inauguration. The problem with that is that we are looking at total employment. We are not looking at how much average wages have grown. And if you know anything about how employment has shifted since inauguration, the vast majority of those jobs have gone to foreign-born individuals, many of whom probably all of whom—majority, pardon me—are here illegally. So, people who are benefiting from this are generally not Americans.

Thank you, Mr. Chairman.

Mr. FALLON. Thank you, sir. The Chair now recognizes Mr. Duke for his opening statement.

**STATEMENT OF BRENDAN DUKE
SENIOR DIRECTOR FOR ECONOMIC POLICY
CENTER FOR AMERICAN PROGRESS ACTION FUND**

Mr. DUKE. Thank you, Chairman Fallon, Ranking Member Stansbury, and Members of the Subcommittee. My name is Brendan Duke, and I am Senior Director for Economic Policy at the Center for American Progress Action Fund. I am honored to testify today on the performance of the economy since 2021, as well as some of the inflationary risks I see on the horizon.

Inflation has been a challenge for working families since 2020, but the good news is that the 6-month annualized inflation rate was 2.3 percent in July, just above the Federal Reserve's target. It is now lower than the 3.1 percent rate when President Biden took office in January 2021. In fact, the Federal Reserve cut rates just last week because inflationary risks have receded. The U.S. economy has weathered an array of once-in-a-generation challenges or even once-a-generation challenges such as a pandemic, Russia's war in Ukraine, a semiconductor shortage, and more.

The recovery is most apparent in the share of workers with a job which is essentially at a peacetime high and at its 2000 level, after accounting for the aging of the population. The wage of a typical worker grew 25 percent between the 4th quarter of 2019 to July 2024, while prices rose 22 percent. Wage growth for lower-wage workers has been even faster.

There is no dispute that cumulative inflation over the last 4 years has frustrated families, though. An analysis of when, where, and why inflation surged shows that the vast majority of it is the result of supply chain disruptions that came from the unfreezing of the parts of the economy that froze during the pandemic. We have published analyses by the White House Council of Economic Advisers and former Federal Reserve Chair and Bush Administration official, Ben Bernanke, showing this. But perhaps the easiest way to see this is to look at inflation in other advanced economies, which also surged. The U.S.'s fiscal response to COVID was larger than these other countries, but they experienced similar inflation to us. I still have not heard a single explanation for how the U.S. could have avoided these inflationary shocks that hit Germany, the U.K., and other rich countries.

Where the U.S. economy does stand apart, though, is growth. The German economy, for example, grew less than one percent, and the U.K. economy grew less than two percent. Over a period, the U.S. economy grew over nine percent. If the supply chain disruptions caused the inflationary surge, it is worth spending some time on when exactly they arose. The 6-month inflation rate was already 2.6 percent in October 2020, well above the Federal Reserve's target. It exceeded three percent the month Biden took the oath of office and was almost four percent in March, the month Biden signed the American Rescue Plan. A look at more granular supply chain indicators, like the New York Fed's Global Supply Chain Pressure Index, and the number of ships waiting to dock outside the ports of L.A. and Long Beach similarly indicate that these disruptions preceded the Biden Administration.

Policymakers should celebrate the achievement of bringing down inflation back toward the Fed's two-percent target without a recession, essentially a soft landing, but unfortunately, some are trying to immediately reverse that progress of reducing inflation. Former President Trump has proposed a 10-to 20-percent tax on every imported good entering the country, and a 60-percent tax of every imported good from China. I have estimated that this could lead to a $3,900 tax increase for a typical family.

My analysis is in line with several other think tanks, including conservative ones like the Tax Foundation, $6,000; the American Action Forum, $3,900; and the National Taxpayers Union, $2,500. Wall Street analysts, including Goldman Sachs, Bloomberg Economics, the Capital Group, and Moody's, estimate that these import taxes would bring inflation back into the 3-to 4-percent range. In fact, the 20-percent import tax would raise gas prices by about 30 cents per gallon by taxing Canadian oil and gas imports.

Trump has framed his proposal as a way to counter China's nonmarket practices, but 60 percent of the imports they would tax come from six U.S. allies and neighbors: Canada, Mexico, the EU, the U.K., Japan, and South Korea. The Biden Administration's strategy is different. It focuses trade remedy actions on precisely those goods where it is in the national interest to maintain industrial competitiveness, and then to align those actions with significant investment in American manufacturing. Moreover, it views tariffs as just one part of a larger reindustrialization strategy designed to rebuild the country's productive capacity and sustain American competitiveness well into the future.

The results of the Biden Administration's manufacturing strategy speak for themselves. It helped spur the creation of 700,000 new manufacturing jobs, pushing the total number of manufacturing jobs above pre-pandemic levels, which is especially impressive coming out of a recession. New factory construction has almost doubled after adjusting for inflation.

The American economy has weathered a pandemic, global supply shocks from geopolitical events, and more. Americans have come out ahead, and it looks like the economy is headed for a soft landing. Policymakers should seek to build on these successes instead of undermining them. With that, I yield back the balance of my time and thank you.

Mr. FALLON. Thank you very much for your testimony. I now recognize my good friend from New York, Mr. Langworthy, for 5 minutes of questions.

Mr. LANGWORTHY. Thank you very much, Mr. Chairman. Since day one of the Biden-Harris Administration, Americans have seen an all-out attack on consumer choice. Whether it be the appliances that we buy or the cars that we drive, the Biden and Harris Administration has forgotten about the everyday Americans and instead has catered to a radical left-wing environmental cult by choosing winners and losers in consumer markets. Mr. DeVore, would you agree with this characterization?

Mr. DEVORE. Well, certainly Mrs. DeVore would agree with that characterization, given the low quality and the unusual characteristics of some of the low-energy appliances we have been forced to purchase, many of which seem to soon fail and take frequently considerably longer to accomplish their tasks in the name of nominal energy savings, yes. Yes, sir.

Mr. LANGWORTHY. Well, very good. Look no further than the efforts to mandate, as you said, the types of household appliances that everyday Americans can purchase. I think my family is on our fourth washing machine in about 10 years. We saw a tax on dishwashers, on showerheads, gas stoves, furnaces, and several other appliances necessary for our everyday lives. Mrs. Onwuka, do you believe that these mandates have contributed to the findings of data reported on by the New York Post in July where 73 percent of Americans reported that their utility bills strained their finances, and 1 in 10 said that they would borrow money from friends or families to cover costs?

Ms. ONWUKA. Thank you for your question. I think, absolutely, there is an increase in utility costs, and obviously, if you are able to afford these new energy efficient appliances, maybe that is contributing. But overall, their utility bills are up, and so I think we are increasingly seeing a lot of families who are making, as I mentioned, that heat-or-eat existential choice.

Mr. LANGWORTHY. It is a very unfair choice for our hard-working taxpayers. On to electric vehicles. Now, not only has the Biden and Harris Administration catered to the radical environmentalists on appliances, it has also chosen winners and losers in what was once America's most prosperous industry, the auto industry. Despite prices at the pump reaching record new highs and surpassing an average of $3 a gallon anywhere in the country for over 1,000 consecutive days, gas-powered cars remain a more affordable option for most consumers compared to their electric counterparts. Yet the Biden and Harris Administration does not seem to care about affordability, or practicality, for that matter. Unelected bureaucrats in the Administration have levied several mandates, like the EPA's tailpipe emission final rule that favors the electric vehicle industry and requires Americans to drive electric vehicles. Mr. DeVore, according to Kelley Blue Book, an average electric vehicle costs nearly $57,000 on average. Do you believe that the average American family can afford this in our current economy?

Mr. DEVORE. Well, no, sir, they cannot. And imagine how much more it would be once the subsidies were removed, including some of the imputed subsidies, for example, with the CAFE standards that benefit EVs considerably beyond their actual fuel efficiency. If these are accounted for, the Federal supports for EVs are currently averaging about almost $50,000 per vehicle.

And then there is a further challenge with that. If you look at the Inflation Reduction Act spending, one of the huge areas that was not considered in all of that government spending, is the infrastructure requirements to electrify our economy. So, for example, you know those little cans that are in your neighborhood, the small transformers that feed your neighborhood electricity? Well, those are insufficiently sized if several of your neighbors buy EVs and they come home and plug them in all at once. Those small transformers in your neighborhood are going to be overmatched. They are going to either fail or the circuit breakers will trip.

If you then look throughout the economy and look at the large high voltage transformers—by the way, the majority of those are imported, the plurality of which come from the People's Republic of China—you cannot even get new major transformers, the high-voltage kind, for 36 to 48 months. That is the current backlog to get them. So, the challenge, if you look at all of these costs that were not included, we are looking at $2.4 to $4 trillion of additional costs for things like rapid chargers, a charger network on our freeways, and neighborhood infrastructure increases. And sir, that is not even including efforts to shift home heating from natural gas to electricity.

Mr. LANGWORTHY. Well, you are really on the same page as what I am hearing from my constituents in upstate New York, and we have had significant strain economically and with the government picking winners and losers in choosing a mass electrification mandate like in my home state of New York. It has put our future in peril, and that is why so many people are choosing to vote with their feet and move to states where they have more personal and economic freedom. But in terms of a Federal Administration, we are seeing what is happening in our dark blue states happening to our whole country. So, it is in the American people's hands this November, but I thank you for your testimony. I am out of time, and I yield back, Mr. Chairman.

Mr. FALLON. Thank you very much, Mr. Langworthy. The Chair now recognizes my friend from New Mexico, Ms. Stansbury.

Ms. STANSBURY. All right. Well, I am just going to use a few moments here to do a little bit of fact checking and overviewing of kind of what is going on here today. So, Mr. Winfree—Dr. Winfree—thank you for being here today. I appreciate it. I was really interested to see that you are the author of Chapter 24, Project 2025, on the Federal Reserve. Is that correct?

Dr. WINFREE. That is right. There will be a quiz afterwards.

Ms. STANSBURY. Well, you know what? So, actually, I was reading it while I was sitting here, and there are some really interesting economic theories. So, I am a bit of an economics geek, so I was interested, and one of the subchapters in Project 2025, Chapter 24 that you wrote, talks about free banking, and it is one of the features, and you alluded to it in your testimony in terms of sort of returning the purse strings back to Congress in terms of the budget process for the Federal Government. But as I understand this economic theory that you are putting forward around the concept of free banking is to essentially deregulate the money market and interest and to return banking regulation to the banks. Is that correct?

Dr. WINFREE. So, I do not actually recommend free banking. What I do, is I make a series of recommendations for how to rethink monetary policy under the current system, where the Federal Reserve controls monetary policy through an independent Fed, which I think is really important.

Ms. STANSBURY. But is the effect——

Dr. WINFREE. I then go through——

Ms. STANSBURY [continuing]. Mr. Winfree——

Dr. WINFREE [continuing]. A series of other theoretical ideas.

Ms. STANSBURY. But Mr. Winfree, hold on just a second. Let me just——

Dr. WINFREE. Well, hold on. Hold on.

Ms. STANSBURY [continuing]. Clarify my question.

Dr. WINFREE. I go through it. I go——

Ms. STANSBURY. Let me clarify my question.

Dr. WINFREE. Sure.

Ms. STANSBURY. Do you have a subchapter in your chapter that is titled "Free Banking?"

Dr. WINFREE. And what does it say at the end of the subchapter?

Ms. STANSBURY. Just answer the question, sir.

Dr. WINFREE. It says that——

Ms. STANSBURY. Yes. The answer is yes, correct? Right?

Dr. WINFREE. It says that this is a suboptimal way of conducting monetary policy. I also——

Ms. STANSBURY. Mr. Winfree. Dr. Winfree——

Dr. WINFREE [continuing]. List a series of other——

Ms. STANSBURY. [continuing]. Let us clarify. So, Project 2025 is a Presidential transition document, correct? The intent of this document, as it was drafted, was to provide a transition document regarding policies that you would hope the next conservative administration would adopt. Is that correct?

Dr. WINFREE. It is a——

Ms. STANSBURY. That is what it is designed to be.

Dr. WINFREE. It is a book that was published by the Heritage Foundation, and when I wrote that chapter, I was employed by the Heritage Foundation. I am no longer employed by Heritage.

Ms. STANSBURY. Thank you. I appreciate that. Well, I want to just point out—thank you—that the stated purpose by the Heritage Foundation and the over a hundred conservative organizations involved in this document is for it to provide a transition document for the Trump Administration. And while I understand that our colleagues have been trying to distance themselves from it, it is the playbook that was put forward by the conservative community for the next administration, and I appreciate your clarifications this morning.

Mr. Chairman, I would like to ask for unanimous consent to have Project 2025 admitted into the record for this hearing. It is relevant to Dr. Winfree's testimony.

Mr. FALLON. All 900-plus pages?

Ms. STANSBURY. Yes, sir.

Mr. FALLON. All right. Without objection——

Ms. STANSBURY. All right.

Mr. FALLON [continuing]. So, ordered.

Ms. STANSBURY. And I really encourage the American people to crack this book open, and you can Google it and find it and read for yourselves. You can read about free banking, about deregulating the banks, about allowing our banking system and economy to be deregulated so that they can do what they want, and we all know what the outcome of that is. We saw the huge crash that happened in 2008 that devastated our economy, wiped out people's wealth, wiped out their savings, wiped out teachers who had their retirement accounts completely destroyed, people who lost their homes, who ended up homeless as a result of it. And so, I appreciate that you are bringing these ideas. I am all for debate on big ideas, but we already have tried, and Donald Trump has tried some of these policies, and they were devastating for the American economy. So, I just want that to be clear.

Now, I want to clear up a couple of other things. Ms. Onwuka, I understand that you are here as Director for Economic Opportunity, Independent Women's Forum. We had another witness last week from the Independent Women's Forum. It is an organization that is also involved in Project 2025. You guys have a number of contributors, correct?

Ms. ONWUKA. I cannot speak to that, but I do know at least one person who did author a chapter. Not me.

Ms. STANSBURY. OK. Thank you. I appreciate that, but I do want to clarify that some of the statements that were made this morning about price gouging, and especially around the energy sector, are just unfactual. The American people know they are being price gouged. Go grocery shopping. We see it. We see it every day.

In terms of American energy, the facts do not support what was stated here. We have the highest oil and gas production in American history has happened over the last several years. The reason why gas is expensive at the pump is because these oil and gas companies are jacking up the price at the pump in order to make more money. They have record profits. That is what is going on. It has nothing to do with production, so we need to actually be clear.

And then, Mr. DeVore, I appreciate that you are a former House Rep. I appreciate anyone who puts their name on the line, but the statement that was made about immigrants who are undocumented taking American jobs under the legislation that we passed is a statement that Donald Trump made at a rally and is just untrue. So, I just want to be clear about that. Second, the Inflation Reduction Act is the name that was assigned to a bill, that President Biden passed, by the U.S. Senate. That is a name that came from the U.S. Senate. So just wanted to do a little fact checking here this morning. I appreciate it, Mr. Chairman.

Mr. FALLON. The gentlelady's time has expired. You went over a little bit. Ms. Onwuka, do you want to respond briefly?

Ms. ONWUKA. Yes. Thank you, Chairman. Just to respond to something that you said, Ms. Stansbury, do not take up your qualms with me. Take it up with the Federal Reserve who put out the information around price gouging, looking not just at one particular industry, but industries across the board, and found that there was no marked mark-up increase that signals price gouging. It is in my submitted testimony. I am happy to provide you the actual source of that, but you can pursue it for yourself and figure out where we disagree.

Mr. FALLON. Thank you.

Ms. STANSBURY. Mr. Chairman, I would just say I do not have any qualms with our witnesses. I have qualms with the price gouging that is happening at the grocery store——

Mr. FALLON. OK.

Ms. STANSBURY [continuing]. And the American people know what is happening.

Mr. FALLON. I now recognize myself for 5 minutes of questions.

Mr. Duke, you said—I just want to make sure I got this right—that when the Biden-Harris Administration took office, the inflation rate was at 3.1 percent. Is that correct?

Mr. DUKE. The 6-month annualized PCE inflation rate.

Mr. FALLON. Yes. OK. And then it recently was 2.3 percent.

Mr. DUKE. That is——

Mr. FALLON. I think that is what you said.

Mr. DUKE. Yes. That is right.

Mr. FALLON. I was taking notes when you were speaking. What was it in 2022?

Mr. DUKE. Higher.

Mr. FALLON. A lot higher. Eight percent.

Mr. DUKE. Yes.

Mr. FALLON. Forty-year high. You did not mention that part. I just found that was interesting. And then as far as Project 2025 goes, I thought this was also fascinating. We had a hearing in Oversight, and the Ranking Member mentioned Project 2025 12 times in his 7 1/2 minutes opening testimony. Then I asked the Democratic witness a series of questions about the Department of Defense and missile defense in China, and he agreed with every single thing that I said, every proposal, and everything came out from the DoD chapter of Project 2025. I had not read it until this weekend.

Mr. Winfree, were you directed by former President Donald Trump to contribute to or author anything in Project 2025?

Dr. WINFREE. I was not. I have not spoken to former President Trump since I left the Administration.

Mr. FALLON. Uh-huh. What that is, is a document from a think tank, and that is what think tanks do, and the Democrats cannot stop talking about it. Their orders from on high of Project 2025, if you read it, you will die, whereas, in, like, any one of those documents—that is 900-plus pages, which I have not read it all, believe it or not—that there are going to be things you agree with and things you disagree with. That is just the nature of the being, but I find that to be absolutely fascinating. Also, the fact that everything that in the Biden-Harris Administration, when they have economic struggles, it is COVID's fault. Even in 2024, it is still COVID's fault. But when you have any struggles that Donald Trump had, it is they have amnesia about COVID. I think it is very interesting.

But anyway, Mr. Winfree, overregulation has been the silent killer of economic growth under the Biden-Harris Administration, imposing roughly $1.7 trillion in regulatory costs on businesses and households in the last 4 years. To rein in these egregious levels of red tape, we introduced the REG, the Budgeting Act, to establish a regulatory spending cap for each Federal agency, to incentivize agencies to reduce these burdens, and rescind outdated regulations before they institute new ones. This action alone could save hundreds of billions of dollars or more in unnecessary costs, as we saw during the Trump Administration, which achieved a net reduction in unnecessary regulatory costs. How might a proposal such as this benefit businesses and consumers?

Dr. WINFREE. I think that it would benefit businesses and consumers and American households tremendously. I mean, just getting the Administration to think about the tradeoffs of their regulation is a helpful exercise. And it is not something that we have experimented with unilaterally in the United States, as we did in the Trump Administration in 2017. It is something that is a typical procedure that is used in the United Kingdom and also in Canada and other of our peer nations.

Mr. FALLON. Ms. Onwuka, regulatory burdens have been implemented by the Biden-Harris Administration's green climate agenda on household appliances like stoves and dishwashers and water heaters. How will these changes affect Americans, and, more specifically, low-income Americans?

Ms. ONWUKA. Well, these new regulations, these requirements, I mean, No. 1, they are cost prohibitive for the upfront cost for spending on these new appliances, the upfront cost of installing these new things. As I said, it is cost prohibitive to many households, particularly those who are low income. As I stated earlier in my testimony, low-income families spend disproportionately more of their budgets on basic necessities. Where is the extra $9,000 to retrofit their households with these new appliances? It seems, honestly, very elitist to put these mandates on so many households, and, frankly, it dismisses the real hardship that they are experiencing.

Mr. FALLON. Thank you. Mr. Duke, I presume you would agree or you would assert that the economy has done better under the Biden-Harris Administration than the Trump Administration. Would that be your argument?

Mr. DUKE. I do not know, but I mean——

Mr. FALLON. You got to press your button. Sorry.

Mr. DUKE. When Donald Trump left office, the unemployment rate was about seven percent, so.

Mr. FALLON. What happened when he left office? Did we have a struggle going on at the time?

Mr. DUKE. Yes, we had COVID.

Mr. FALLON. Was it a global pandemic?

Mr. DUKE. Yes.

Mr. FALLON. Let us talk about——

Mr. DUKE. As was inflation. Yes.

Mr. FALLON. OK. Let us talk about the 3 years prior when he was President of the United States. He had Administration 3 years, no COVID. What was the unemployment rate then?

Mr. DUKE. In the 3s.

Mr. FALLON. Yes. It was the 3.5 percent, which is the lowest unemployment rate since 1969, and for African Americans, it was 5.6 percent; Hispanics, 4.1, which is literally the lowest in history. Do you know what the debt to GDP ratio was in 2019?

Mr. DUKE. Lower than it is now.

Mr. FALLON. A lot lower. It was 100 percent debt GDP. Now it is to 124 percent, and do you know what the inflation rate was at the time?

Mr. DUKE. It was——

Mr. FALLON. What is the inflation rate now? You just said it was 2.3 percent?

Mr. DUKE. Yes.

Mr. FALLON. It was 1.8 percent then. So, when you take out COVID, clearly the Biden or the Biden-Harris Administration did not perform too——

Mr. DUKE. Yes. The Biden-Harris Administration is cleaning up the mess the Trump Administration left them.

Mr. FALLON. Excuse me, sir. Excuse me, sir. I did not ask you a question. I was making a final statement. Clearly, the economy was way better off when you take out COVID under the Trump Administration than Biden-Harris. Every single economic indicator proves that. The Chair now recognizes our friend, Ms. Brown, from Ohio.

Ms. BROWN. Thank you, Mr. Chairman, and you asked if we were all better off 4 years ago, and here are the facts. Four years ago this week, there were over 750,000 new COVID cases. People were being hospitalized in tents and on ships because hospital buildings did not have the capacity to house the hundreds and thousands of patients. Four years ago today, this week, 20,000 people died from COVID–19, adding to the already half-a-million deaths in the U.S. alone. Now, this is because of the pandemic that people were dying, and they were dying alone, their bodies being stored in refrigerator trucks because morgues, mortuaries, and funeral homes could not house them.

People were dying by the thousands, and Trump did what he always does. He lied. He tried to deceive the public by denying that the COVID–19 virus even existed. And after hundreds and thousands of people continued to die, he told them that it would be like the flu. It is going to be like the flu, and it will just go away. But when that did not happen, he started to then suggest that we ingest bleach to deal with the COVID–19 virus that was killing thousands of people, that shut down the world, closed people sheltering in place in their homes and closed businesses. That is what that Administration did when the pandemic struck in the United States and all over the globe.

So, when my colleagues on the other side of the aisle spend their time chasing baseless accusations and providing no solutions to the American people, I just get a little frustrated because Democrats, when we had the majority in the 117th Congress, we took decisive action, passing landmark bills like the American Rescue Plan that put shots in arms that helped people keep their businesses open, that really helped kept people from losing their homes and paying their bills; the Pact Act, which helped veterans who put their lives on the line so that people like me can enjoy the freedoms that far too many of us take for granted would get the benefits that they deserve. And it does not end there.

Thanks to the leadership of Speaker Pelosi, President Biden, and Vice President Harris, we passed the Inflation Reduction Act, the largest investment in our climate in human history. We passed the CHIPS and Science Act, investing tens of billions of dollars in technology, which has yielded more investment from private companies. That is helping to develop everything from chips to cars to computers, to all the things that we use every day that were on backlog because of the pandemic under the Trump Administration. We passed the Bipartisan Infrastructure Bill, the largest investment in our roads, railway, and bridges, where communities like mine have been struggling with disinvestment for decades.

And because of big, bold policies like these, our economy is now the envy of the world. Inflation is coming down. Our unemployment rate is historically low. Even the stock market is at record highs. President Biden and Vice President Harris have brought

800,000 manufacturing jobs back to the American people. Thanks to the IRA, Medicare was able to negotiate prescription drug costs for the first time, lowering costs for our seniors and people with disabilities. And thanks to the CHIPS and Science Act, America is now on track to manufacture 30 percent of the world's semiconductor chips. Just a few years ago, under Trump, how many were we supplying? Zero.

So, Mr. Duke, can you tell us how would you characterize the state of the American economy right now?

Mr. DUKE. We went through the toughest thing an economy can go through, a body blow, and we have built back better in a lot of ways. The employment rate is higher than it has ever been when you adjust for aging. Wealth has gone up 50 percent compared to inflation, which has gone up 22 percent. Wages are higher. They have gone up faster than inflation, and they have gone up faster than inflation for the lowest wage workers. And so, we have got this remarkable recovery going, and it is just really important that we keep it going with the investments that the Biden-Harris Administration has made, which are lowering costs while creating jobs.

Ms. BROWN. And can you just tell me, former President has proposed massive tariffs on all sorts of goods, everything. Tariff everything. What would be the economic consequences of this Project 2025 Trump plan to raise costs on American families?

Mr. DUKE. Sure. Wall Street analysts think it will put inflation back in the 3s or 4s. It is low 2s right now. Back in the 3s or 4s costs the typical family $4,000, $6,000, way more than anything they got in tax cuts from Donald Trump. It is a Trump sales tax.

Ms. BROWN. Thank you. There are two very different visions of America here. One where we boost, bolster, and invest in the middle class, lower health costs, and build an economy made to succeed in the 21st century. The other side has no plans for a brighter future. Their only economic concept of a plan are tax cut for billionaires and largest business, while raising taxes on the middle-class Americans by an average of $3,900 a year. I know I speak for so many of my constituents that we cannot afford another Trump tax increase. I yield back, Mr. Chairman. Thank you.

Mr. FALLON. The Chair now recognizes our good friend from South Carolina, Mr. Fry.

Mr. FRY. Thank you, Mr. Chairman. I am perplexed a little bit because I think the title of this hearing is about kitchen table issues and economics, and all I have heard really is kind of like the typical Project 2025 boogeyman that keeps coming out. I got to hand it to him, I think North Korea would be proud of the level of propaganda on the other side, but we are here to talk about kitchen table issues, so let us talk about that.

So, the Census Bureau in Kamala Harris' home state of California, it is the No. 1 state of people moving out in 2024. They have a net migration of negative 10,453. Meanwhile, in my home state of South Carolina, we are No. 2 in actual growth, and we welcome them. It is a good environment. It is good weather, good beaches. Mr. DeVore, do you believe it is a result of the high cost of living and regulatory burdens inflicted on Californians by the progressive state government there that people are leaving? Is that the main culprit?

Mr. DEVORE. Yes. If you look at history with California, you go back to, let us say, 1960, the cost of living relative to the rest of the country was about 105 to 110 percent, so, you know, roughly 5 to 10 percent higher as an index if the rest of the country averages out to a hundred. Today it is between 145 to 150, meaning it is about 45 percent more costly to live in California than in the average of the U.S. A huge part of that is a regulatory burden. I mentioned, for example, the cost of electricity. When I was in the legislature, we went from 8th most expensive in the country, and now California is No. 2, only behind Hawaii, which derives its electricity from diesel generators and a little bit of solar, and that is pretty fantastic when you think about it. This huge state with all these abundant natural resources now has the second most costly electricity prices in the Nation, and that is pretty important when you look at the push to electrify our economy, not just the transportation sector, but everything.

Mr. FRY. How will it affect the cost of living for Americans on a national level if we take the California model and apply it to Washington?

Mr. DEVORE. It is pretty staggering. So, if you look at the study that was commissioned when I was in the legislature, looking at, for example, the compliance costs for small business in California, just for the California regulatory burden, in inflation-adjusted terms today, it came out to about $200,000 per small business. That was several times, by the way, what the Federal regulatory burden was at the time.

Now, the Biden-Harris Administration put in regulatory policies just in the last 3 1/2 years that more than equaled the entire Federal regulatory burden as it existed about 20 years ago. And so, what is happening with these Federal regulations is that by pushing California-and New York-like regulations down on the rest of the country, what you are doing is you are erasing the interstate advantages of low tax, low regulatory states like your South Carolina. You are making South Carolina more like California and New York when that happens, sir.

Mr. FRY. Exactly. Thank you. I want to switch to energy independence for a second. What are some of the ways in which the next administration should differ, hopefully, than the current one as it pertains to energy independence? Are there policies that on day one should be reexamined or repealed so that we are actually an energy leader in the world?

Mr. DEVORE. That is a great question. Of course, you need to open up Federal lands again for exploration and for energy extraction. I do not know if it can be undone, but certainly the Keystone XL pipeline was something that would have been fantastic for North America. Fascinating to me, though, that the Administration OK'd the Nord Stream 2 pipeline at the same time it shut down a pipeline to bring reliable, affordable Canadian energy into America. So, those two things right off the bat.

The other thing I think, would be to rescind a lot of these unhelpful subsidies that were passed in the Inflation Reduction Act. What happens is that they are giving an incentive to unreliable, un-dispatchable power, and when you have power grids, as we have seen in California and as we have begun to see in Texas that over rely on wind and solar, what ends up happening is those power grids become unstable. You start to have planned blackouts or brownouts to manage your power supply. And last, you have to invest hugely in batteries to try to store the energy when it is being produced for when it is not available.

The problem with battery energy, though, is it does not provide spinning reserve. Spinning reserve only can happen with large masses that allow for your electrical grid to be maintained at 60 hertz. Batteries cannot do that. And so, what happens is when your grid gets under strain because of a natural event, like a snowstorm or a heat wave, or where it is not a windy day, your grid is going to be increasingly under threat to have rolling blackouts because batteries and wind and solar cannot cut it. They do not have the reliability of thermal power like nuclear, coal, and natural gas.

Mr. FRY. Thank you for that. Mr. Chairman, I yield back.

Mr. FALLON. Thank you. The Chair now recognizes Mr. Khanna, our friend from California.

Mr. KHANNA. Thank you, Mr. Chair. Dr. Winfree, as you have said to Representative Stansbury and many others, you authored the Federal Reserve chapter of Project 2025. Now in 2016, you were on President Trump's transition team, correct?

Dr. WINFREE. That is right.

Mr. KHANNA. And do you have any role in his transition team now?

Dr. WINFREE. I do not.

Mr. KHANNA. In the Project 2025 Federal Reserve chapter, you recommend that we eliminate the dual mandate for the Fed. Is that correct?

Dr. WINFREE. That is correct.

Mr. KHANNA. And do you still recommend that if President Trump wins, he do that?

Dr. WINFREE. I would recommend that.

Mr. KHANNA. And to explain——

Dr. WINFREE. It would actually require action from Congress.

Mr. KHANNA. But you would recommend that he pursue that policy? And to explain that, that basically means right now the Fed has a mandate to lower inflation and also to have full employment. You think that what the Fed should do is just focus on lowering inflation. In other words, would you recommend then Chairman Powell should be raising interest rates until inflation comes to two percent?

Dr. WINFREE. I do not have any insight into the data——

Mr. KHANNA. But would it——

Dr. WINFREE [continuing]. That the Federal Reserve has——

Mr. KHANNA [continuing]. If you were to eliminate the——

Dr. WINFREE [continuing]. That they are using to make their decision.

Mr. KHANNA. If you were to eliminate the dual mandate——

Dr. WINFREE. Correct.

Mr. KHANNA [continuing]. Do you have a view of what the inflation target should be?

Dr. WINFREE. So, I think it should be about two percent.

Mr. KHANNA. And so wouldn't the——

Dr. WINFREE. As it has been historically.

Mr. KHANNA. Wouldn't the natural course be that the Fed would have to raise interest rates until they hit the two-percent mandate if that is the policy and if they are not considering employment?

Dr. WINFREE. That is correct, but let us take——

Mr. KHANNA. Let me——

Dr. WINFREE. But let us take a step back. The Federal Reserve has a dual mandate. Other large central banks, like the European Central Bank and the Bank of England, do not. They have a single mandate, price stability.

Mr. KHANNA. Sure.

Dr. WINFREE. Because it is——

Mr. KHANNA. But under your proposal, which I just want to——

Dr. WINFREE [continuing]. Because it is something they can actually control.

Mr. KHANNA. OK. I just want to be clear what you are saying is a future Trump presidency, if he took your recommendations, would mean higher interest rates. I mean, you would be——

Dr. WINFREE. No.

Mr. KHANNA. You would have the Fed under an elimination of the dual mandate, basically raising rates, meaning——

Dr. WINFREE. The Federal——

Mr. KHANNA. If I could finish, meaning that the stock market is going to go down with the rates being raised, meaning that we are going to have a problem with unemployment if the rates keep going up because you are basically saying that the Fed has to be singularly focused on two percent. Am I misinterpreting what you are saying?

Dr. WINFREE. The Federal Reserve is an independent, but central bank, right, that has a dual mandate from you, from Congress. Congress would have to change that.

Mr. KHANNA. But you want——

Dr. WINFREE. The President has——

Mr. KHANNA. The whole point is you want it changed. You want it changed and you want Trump to change it. You were on the transition team. You have written a whole paper on it.

Dr. WINFREE. Yes.

Mr. KHANNA. I do not understand.

Dr. WINFREE. Yes, I——

Mr. KHANNA. It is defensible position.

Dr. WINFREE. Yes.

Mr. KHANNA. I mean, I think Milton Friedman and others would want it, but the American people should know the consequences. I mean, what you are advocating is Volcker-like policies, but at a time where we have 2.8 percent or 2.3 percent inflation. Under your proposal and if Trump comes and listens to you, what that would mean is higher interest rates for the American people until we got to two percent interest, right? Isn't that correct?

Dr. WINFREE. And what happened after Volcker was the Fed chair?

Mr. KHANNA. I——

Dr. WINFREE. We had massive economic growth.

Mr. KHANNA. I think Volcker did a great job at the time——

Dr. WINFREE. Exactly.

Mr. KHANNA [continuing]. But that was at 13 percent, but what you are saying is we got to swallow that medicine today, and you want higher interest rates in a Trump Administration. Now, Mr. DeVore, thank you for your service. You know, they say it is lies, damned lies, and statistics, but I am going to throw out two of them because you have so many statistics. Do you happen to know the GDP of California compared to Texas?

Mr. DEVORE. Well, of course California is 60-percent larger, so the GDP is going to be larger than Texas.

Mr. KHANNA. Do you happen to know the per capita GDP difference?

Mr. DEVORE. It is also higher because of the area that you represent, sir, Silicon Valley. Absolutely. Chips are more expensive than oil.

Mr. KHANNA. Do you happen to know the real wage differential between California and Texas?

Mr. DEVORE. And it is marginally—marginally—higher in California, although your Gini coefficient is higher than in Texas, so you have greater wage inequality in California than in Texas because we manufacture more than California does.

Mr. KHANNA. We could, and it is $75,000 to $62,000, but why not just say they are two great states that help contribute to America's economic growth?

Mr. DEVORE. That is right. One in four Americans come from those two great states, sir.

Mr. KHANNA. Thank you.

Mr. FALLON. The Chair now recognizes our friend from here in the District of Columbia, Ms. Norton.

Ms. NORTON. Thank you. Thank you, Mr. Chairman. As President, Mr. Trump failed to deliver on promises he made during his first term, leaving us with an economy in shambles. Even before the pandemic, he failed to grow the economy by four percent each year like he promised. He came into office saying he would pay off the national debt, but it surged under his watch long before the pandemic. Mr. Duke, were Mr. Trump's economic promises those of a business genius?

Mr. DUKE. I think as you laid out, he failed to live up to them. You know, I think a key thing is that over half of the increase in the national debt since 2000 has come from continuing the Bush tax cuts and continuing the Trump tax cuts, so he directly contributed to that, and apparently, just this week he mentioned paying off the debt with crypto somehow. So, I mean, again, he is making even more outlandish promises than last time even.

Ms. NORTON. Well, the policies being proposed by the former President are inflationary and would cost everyday Americans thousands of dollars each year. He has promised to pay for his proposals by imposing steep tariffs on all imported goods. So, Mr. Duke, how much would Mr. Trump's tariffs cost the typical American family?

Mr. DUKE. According to my estimates, $3,900 each year and then $3,900 the next year, and then $3,900 the next year. The Tax Foundation, a conservative think tank, found $6,000. The American Action Forum, another conservative think tank, also found $3,900.

So, I think people across the political spectrum agree that it is a huge, real cost that families are going to have to pay if Donald Trump becomes President, and he can do it unilaterally without you guys agreeing to it, as he stated this week.

Ms. NORTON. I would like to talk now about one of the Majority's witnesses, Paul Winfree. Mr. Winfree was the Director of Budget Policy in the Trump White House. He also authored the Project 2025 chapter of the Federal Reserve. Earlier this year, Mr. Winfree said of Trump's tariff plan, "Ultimately, that would not help the population that he is trying to help. It would raise prices, and, ultimately, people would be worse off." Mr. Duke, do you agree with Mr. Winfree that Trump's tariff proposal would raise prices and leave people worse off?

Mr. DUKE. Wholeheartedly.

Ms. NORTON. The former President wants to make his 2017 massive tax giveaway for the wealthiest Americans and largest corporations permanent. We already know that Trump's tax law caused the national debt to surge even before the pandemic. Making it permanent would add another $4 trillion, with a "T, to the deficit, leading us on the path to more debt, and while Mr. Trump's tax law helps his wealthy friends, it is paid for on the backs of the middle class. Mr. Duke, is Mr. Trump's tax plan looking out for everyday Americans?

Mr. DUKE. No. The combination of extending his tax law and then enacting these giant 10-to 20-percent taxes on every imported good would leave the vast majority of Americans worse off.

Ms. NORTON. This summer, 16 Nobel-Prize-winning economists signed on to a letter warning that the former President's policies would increase inflation and have "a destabilizing effect" on the US economy.

I ask unanimous consent to insert into the record that letter that I am passing now, and I yield back.

Mr. FALLON. Without objection. So, ordered.

Mr. FALLON. The Chair now recognizes our friend from New Mexico, Ms. Stansbury, for a closing statement.

Ms. STANSBURY. All right. Well, thank you, Mr. Chairman. We have heard a lot of what I will call fun facts this morning, which are things that are actually not fact at all, but statements that are intended to advance a political reality that just is not true. And I do want to clear up a couple of these fun facts again.

There was some talk this morning about the electric grid, its resilience, and the Inflation Reduction Act and how the IRA is going to destroy our grid. Well, I invite any of my colleagues who made similar comments today to meet with your hometown utilities because I have utilities come visit me every day who are eager to access these resources because our grid in many places is decades old. It needs modernization. It needs resilience backups. And part of why, unfortunately, in Texas, our neighbor state, there was such a catastrophic failure a few years ago is because the grid was not resilient, and that is what the IRA is all about.

I also want to talk about the causes of inflation. There has been a lot of assertions here that are not founded in modern economics. The causes of inflation are very clearly tied to the economic disruptions that happened during the pandemic. We had supply chain issues. We had labor disruptions. There was war in Europe and the Middle East now. We have foreign actors that were engaged in price fixing, like OPEC. And we know that American oil and gas companies, which are currently under investigation, have also been engaging in these activities. And we have price gouging by American companies that have been taking advantage of these disruptions to our economy to try to extract more money out of our working families.

So, you know, my colleagues made some comments this morning about the boogeyman of Project 2025. I want to just say Project 2025 is a boogeyman. Read it. You will see the policies that are being espoused in that document are extreme. If you have not read it yet, I highly encourage you to do so. And the other boogeyman is the gentleman that hopes to take the ideas that have been put there by the former Trump Administration officials and others who helped contribute it, who says that he wants to be a dictator on day one. He has already told us this. These policies are extreme. They would undermine women's rights. They would undermine LGBTQ rights. They would regulate morality. They would undermine banking regulations. They would undermine basic protections for working families all across the country.

So, the reason why we are focused on this issue and its relevance to this Committee is that we have a gentleman here who is actually a chapter author of the bill. So, we are discussing the actual content of the ideas that were brought before the Committee, but also because we are here to talk about what is going on with the economy and what policies are going to advance the American people.

I think it is very clear when you look at the data, and you talk to Americans, and we look at our own individual ways in which the last several years have improved just our general quality of life. The Biden-Harris Administration helped to save our economy from freefall with the American Recovery Plan. They put into place a vision that is rebuilding the American economy over the next several decades, that is building infrastructure all across this country, that is creating millions of jobs, that is making Made in America manufacturing back in America, that is securing our national security. And that is helping veterans, low-income families, tribal communities, people of color, families. It is an agenda that is lifting up Americans.

So, I appreciate the focus on these issues today. Kitchen table economics are important to all of us, and with that, I yield back. Thank you.

Mr. FALLON. Thank you. You know, going into this hearing, I do not think any American would be surprised that Republicans would say that the economy is not as good as it should be or could be and it is, in fact bad, where Democrats were going to come up to the dais and say how awesome things were and how great everything is, and there are rainbows and unicorns and leprechauns throwing out gold coins. But the fact of the matter is, you know, when you look at the Democrats, and they had a Majority in the first 2 years that I had served in Congress from 2021 to 2023, they had unified government. They are going to claim they did magnificent things through massive government spending because, as they will claim, it cures all ills. And then we have some things, you know, statistics and have to be wary of people that want to cook the books.

For instance, the Minority witness said that wages have increased by 27 percent and inflation has only gone up 20 percent, so what is problem, but the devil is in the details because he was talking about overall payroll. Because there are more people on the payroll, there are more people employed. The employment pool itself has expanded. He was not talking about per capita, very, very important distinction.

And then we have some of our friends on the other side of the aisle blame President Trump, because, you know, when COVID hit America in 2020, all the deaths were his fault because he wanted people to swallow bleach, which is another one of those lies. And then they said, "because we put shots in people's arms," was the quote. Well, who is responsible for Operation Warp Speed? It was President Donald Trump. He was the one that said we are going to get this vaccine and we are going to essentially warp speed it. And he was mocked. He was ridiculed—"you cannot possibly get a vaccine that works that quickly"—and yet they did. And in 2020, undeniable fact, unfortunately, we lost 350,831 Americans to COVID. In 2022, we lost over 460,000 Americans to COVID. More people died of COVID in 2021 under Joe Biden and Kamala Harris, but the right does not blame them for the deaths because it was the virus that killed those people, so it was propaganda and more drivel.

And any economic struggle under the Biden-Harris Administration is due to COVID. Even in 2024, they are still saying we are recovering from it. But any dark clouds that President Trump had in 2020, they just have amnesia about COVID at all and certainly want to forget, as I mentioned earlier, how well the economy was doing in the first 3 years of the Trump Administration. The debt-to-GDP ratio was significantly lower. Unemployment was at all-time lows across every demographic you can mention, and inflation was only at 1.8 percent.

Now here is another important distinction because these are pesky facts. According to the Census Bureau, not fun fact, yes, real median income household income in 2019 was $68,703. Inflation went up 21.8 percent from that point to today, 2023 rather. In 2023, that would have meant that if real household median income kept pace with inflation, that would be $83,543. But in point of fact, it is now $80,610, which is $2,933 less than it should be, almost 4 percent less in real wages. That is just an inconvenient truth that our friends on the other side of the aisle don't want to discuss. That is $3,000 less, and to a family household, that is a big deal.

So, this is a question that I really would encourage every American to ask themselves, are you better off now than you were 4 years ago? When you look at the economy, if you just look at economics and you ask the American people, who can handle the economy better: Kamala Harris, a person that has never signed the front of one paycheck; or a successful businessman, Donald Trump. According to *The New York Times*, a recent poll, Trump wins that argument 54 to 41, CNBC 40 to 21 and NBC 50 to 41. Now, these are not, by any measure, conservative outlets. So, if you have just that issue, President Trump would win in a landslide.

That is why you hear our friends across the aisle talking about everything else but the economy when they are out on the campaign trail—abortion, Project 2025, the Russia hoax—and then they will misquote, as Kamala Harris did in the debate, saying he said that if he does not win, there is going to be a bloodbath. He was referring to the auto industry and how they would have an economic bloodbath. That is just intellectually dishonest, and if the right did that, I would be upset as well because that is taking things completely out of context.

And then we heard it twice up here about bleach. "You wanted people to swallow bleach." I think every 6-year-old knows, you swallow bleach, it is not going to be a good outcome. Again, twisting words. 'Dictator on day one'—all that kind of stuff. And that is why they do not want you to talk and think about the kitchen table economics, because it does not bode well for them. It will be a landslide if this election is decided on that front. You talk about California and Texas, our two biggest states——

Ms. STANSBURY. Mr. Chairman, I just want to remind you that we are on official property. This is not a campaign.

Mr. FALLON. I am not campaigning at all. I am talking about——

Ms. STANSBURY. We should not be talking about——

Mr. FALLON. I am talking about——

Ms. STANSBURY [continuing]. Campaigns here in this setting. Thank you.

Mr. FALLON. I did not tell any American to vote one way or the other. I want them all to participate. I want them to participate in the election. I want their voices to be heard. This is a representative republic, and when you want to compare California to Texas, people do vote with their feet. California has got this whether——

Ms. STANSBURY. Mr. Chairman, I want to remind you that we are on government property and using government property for electoral politics is not appropriate.

Mr. FALLON. This is ridiculous. I am not talking about anything. I am talking about California and Texas. Do you realize there is a state called California? It is in the Pacific. It is just south of Oregon. It is just west of Nevada. Lots of people live there. In fact, I have been there. They have beautiful weather and topography, and yet they are bleeding jobs, prosperity, and opportunity. Fact: they lost an electoral vote for the first time in their history. That is a fact. Texas gained two electoral votes, and I do not think people move to Texas for our majestic mountain vistas. I do not think people move to Texas for our world class beaches or our refreshingly cool August afternoons. I think they move there because of the promise of opportunity and prosperity and liberty and promise and hope.

So, I think the American people, come the next 6 weeks, and I hope you would agree you would want everybody that is American citizen over the age of 18 years old to participate in our election cycle in our representative republic. And if they focus on kitchen table economics, I think it will be a decisive landslide for one of the candidates.

And in closing, I want to thank our witnesses again for your testimony today. Thank you.

With that, and without objection, all Members will have 5 legislative days within which to submit materials and to submit additional written questions for the witnesses, which will be forwarded to the witnesses for their response.

Mr. FALLON. If there is no further business, without objection, the Subcommittee stands adjourned.

[Whereupon, at 11:36 a.m., the Subcommittee was adjourned.]