



December 16, 2024

The Hon. Cathy McMorris Rodgers, Chair
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

The Hon. Frank Pallone, Jr., Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chair McMorris Rodgers, Ranking Member Pallone, and Members of the Committee:

I would like to thank the Committee on Energy and Commerce for inviting me to testify at the hearing that was held on September 11, 2024, titled "From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda." Below are my responses to the questions for the record.

Question from the Honorable Jeff Duncan

Silfab, a South Carolina-based solar panel company, is facing intense competition from Chinese manufacturers. Despite the IRA's intention to support domestic solar production, Chinese companies continue to receive subsidies. This loophole allows Chinese companies, often subsidized by their government and potentially using forced labor and dirty energy, to compete unfairly with American businesses. Should the IRA be amended to ensure that taxpayer-funded incentives are exclusively available to American companies? What specific changes would you recommend to achieve this goal?

The Inflation Reduction Act (IRA) is a poorly designed policy with an astronomical price tag, and it should be repealed in full as soon as possible.¹ Although I have concerns about the Chinese government, I agree with my Cato colleagues, who cautioned Congress not to respond to China's subsidy regime with subsidies of our own in the context of semiconductors. The same arguments apply to solar panel manufacturing:

"[T]here are compelling reasons to be circumspect about the transformative power of these subsidies. If history is any guide, this bout of industrial policy will be no more successful than previous iterations. Indeed, it is likely that inefficient semiconductor subsidies will dampen innovation, enrich rent seekers, and trigger trade tensions with the very allies the United States needs to rally to exert pressure on Beijing to curtail its predatory commercial practices."

China's use of forced labor and oppression of the Uyghur population is reprehensible. If any part of the IRA remains in effect, Congress should do everything within its authority to prevent IRA subsidies or grants from supporting companies or countries that continue to abuse human rights. The most straightforward way to prevent American taxpayers from supporting foreign entities engaged in human rights violations is to repeal the subsidies altogether and return our focus to America's strong suit—free enterprise.

¹ Cato modeling suggests the IRA will cost taxpayers up to \$4.7 trillion by 2050.

Additional resources

Clark Packard and Scott Lincicome, "[Course Correction: Charting a More Effective Approach to U.S.-China Trade](#)," Cato Institute Policy Analysis no. 946, May 9, 2023.

Doug Bandow, "[Chinese Oppression of the Uyghurs Goes Global](#)," Acton Institute Powerblog, June 9, 2022.

Travis Fisher, Adam N. Michel, and Joshua Loucks, "[On Inflation Reduction Act Reform, Anything Short of Full Repeal Is Failure](#)," *Cato at Liberty (blog)*, Cato Institute, November 12, 2024.

Question from the Honorable Rick W. Allen

Can you discuss how electricity rates increasing can impact our ability to expand economic opportunities for workers?

Workers need two things a thriving electricity sector can support: a healthy economy with plenty of high-paying jobs and a utility bill that's affordable. Electricity is the lifeblood of our economy, touching every aspect of our lives and paving the way for innovation, growth, and opportunity across the board. American businesses need low-cost and reliable energy to compete globally, and American families need access to electricity at low and stable prices to thrive without breaking the budget.

One of the most pressing issues for low-income workers is energy insecurity at home. Approximately 30 percent of American households experience some form of energy insecurity—a tragically high figure in the world's largest economy. In living rooms across the country, the availability of low-cost electricity can make the difference between light and darkness, comfort and worry, or prosperity and hardship.

Although the rising cost of electricity presents a challenge, it's one we can overcome with sound energy policies. Specifically, we should reject the idea of a forced energy transition and embrace American free enterprise. To meet the rising demand for electricity, we should foster a domestic energy industry that is free to quickly ramp up new supplies to serve American businesses and families. We should remove barriers to energy production, unleash innovation, and empower Americans to forge a brighter, more prosperous future.

Thank you for the opportunity to share my thoughts on these important issues. Please let me know if you would like more information or clarification regarding the above responses.

Additional resources

Ashley J. Lawson and Claire Mills, "[Electric Utility Disconnections](#)," Congressional Research Service, January 31, 2023.

Travis Fisher and Joshua Loucks, "[Barriers to Energy Supply Are Everywhere—Let's Get Serious about Permitting Reform](#)," *Cato at Liberty (blog)*, Cato Institute, August 30, 2024.

Sincerely,

Travis Fisher

Director, Energy and Environmental Policy Studies, Cato Institute