

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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July 22, 2022

The Honorable Raja Krishnamoorthi
Chairman
Subcommittee on Economic and Consumer Policy
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Krishnamoorthi,

The Subcommittee on Economic and Consumer Policy must immediately hold a hearing on the 9.1 percent inflation rate that is impacting everyday Americans' ability to purchase essential products like electricity, food, gas, and clothing.¹ The Subcommittee has jurisdiction over “policies that affect the growth and prosperity of the middle class.”² No issue affects the growth and prosperity of the middle class more than the skyrocketing inflation we are experiencing today. Yet, you have spent more time examining pet flea and tick collars than addressing issues affecting all Americans.³ The Subcommittee has not only failed to hold the Biden Administration accountable for its failed economic policies, but also failed to make any effort to address inflation—one of the biggest economic crises our country has faced in decades.⁴

Since President Biden took office, the inflation rate has skyrocketed. In June 2022, gasoline was up nearly 60 percent from the prior year, which was 11.2 percent higher than month before.⁵ Housing costs were up 5.6 percent, home gas bills were up 38.4 percent, home electricity bills were up 13.7 percent, eggs were up 33 percent, and milk was up 16.4 percent compared to June 2021.⁶ Even Democrat Representative Katie Porter, a member of the Subcommittee on Economic and Consumer Policy, recently noted how inflation has come for bacon, causing her to remove it from her shopping cart because it is too expensive.⁷ Core prices, which exclude food and energy changes, rose 0.7 percent in June—more than their 0.6 percent increase in May—further signaling we are headed in the wrong direction.⁸

¹ U.S. Bureau of Labor Statistics, Consumer Price Index Summary – June 2022 (July 13, 2022).

² *Economic and Consumer Policy*, H. COMM. ON OVERSIGHT & REFORM (last visited Jul. 15, 2022).

³ *Seresto Flea and Tick Collars: Examining Why a Product Linked to More than 2,500 Pet Deaths Remains on the Market Before H. Comm. on Oversight & Reform, Subcomm. on Econ. & Consumer Policy*, 117th Cong. (Jun. 15, 2022).

⁴ Gabriel T. Rubin, *U.S. Inflation Hits New Four-Decade High of 9.1%*, THE WALL S. J. (Jul. 13, 2022).

⁵ *Id.*

⁶ *Inflation Tracker*, INDEP. WOMEN'S FORUM, CTR. FOR ECON. OPPORTUNITY (last visited Jul. 15, 2022).

⁷ Sarah Ferris, *Inflation's biting. Roe's fraying. Dems are still trying to connect with voters*, POLITICO (May 11, 2022).

⁸ Gabriel T. Rubin, *U.S. Inflation Hits New Four-Decade High of 9.1%*, THE WALL S. J. (Jul. 13, 2022).

For months the Biden Administration has ignored economists' warnings of growing inflation—hampering our nation's response. On February 4, 2021, Harvard Professor Larry Summers, top economic advisor to both President Clinton and President Obama, warned that President Biden's stimulus plan was three times as large as the output shortfall, and that, "as a massive program moves toward enactment and implementation, policymakers need to ensure that they have plans in place to address [the] possible, and quite serious, problem" of inflation.⁹ On May 18, he reiterated his concern that policy makers are, "taking very substantial risks on the inflation side."¹⁰

Despite these warnings from respected economists, both the Federal Reserve and the White House have continued to downplay the real threat of inflation. On June 5, 2021, Treasury Secretary Janet Yellen warned that inflation could hit as high as 3 percent but that it was "transitory."¹¹ On July 19, 2021, President Biden downplayed the risk of inflation, telling reporters that price hikes "are expected to be temporary."¹² In December 2021, inflation hit a 40-year high of 6.8 percent while President Biden continued to push his multi-trillion Build Back Better social spending bill which almost certainly would have made the problem worse.¹³

Economists are beginning to warn that the irresponsibility of both the White House and the Federal Reserve will lead to a recession. Larry Summers recently stated that he thought it "very unlikely that we will see inflation come down to target range without a significant economic downturn."¹⁴ Even now, rather than admit families are suffering under the weight of an inflationary economy headed toward recession, the Biden Administration said the latest 9.1 percent rate does not reflect the full picture.¹⁵ As American families struggle, the Biden Administration deflects.

The American people need answers, and the Biden Administration needs to be held accountable. We urge you to schedule a hearing before August recess to examine the Biden Administration's failure to adequately respond to inflation and what the federal government should do now to ensure inflation does not continue to rise. Thank you for your attention to this important request.

⁹ Larry Summers, *The Biden stimulus is admirably ambitious. But it brings some big risks, too*, THE WASH. POST (Feb. 4, 2021).

¹⁰ Matt Egan *Larry Summers sends stark inflation warning to Joe Biden*, CNN BUSINESS (May 27, 2021).

¹¹ Mike Madden & Rachel Siegel, *U.S. policymakers misjudged inflation threat until it was too late*, THE WASH. POST (Jun. 18, 2022).

¹² *Id.*

¹³ *Id.*

¹⁴ Megan Henney, *Larry Summers warns inflation unlikely to fall without 'significant economic downturn'*, FOX BUSINESS (July 13, 2022).

¹⁵ Statement, White House, President Biden Statement on CPI Inflation in June (Jul. 13, 2022).

Sincerely,



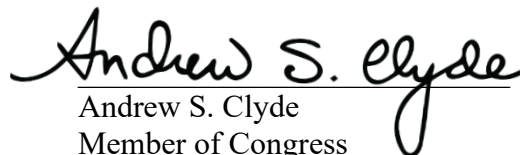
Michael Cloud
Ranking Member
Subcommittee on Economic and Consumer Policy



Fred Keller
Member of Congress



C. Scott Franklin
Member of Congress



Andrew S. Clyde
Member of Congress



Byron Donalds
Member of Congress