



**Testimony to the United States House of Representatives
Committee on Oversight and Accountability
Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs
Hearing: “Kitchen Table Economics: How Failed Biden-Harris Policies Continue to
Hurt Consumers”**

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Chairman Fallon, Ranking Member Bush, and Members of the Committee thank you for inviting me to appear today.

My name is Patrice Onwuka, and I am the director of the Center for Economic Opportunity at Independent Women's Forum. We are a nonprofit organization, committed to increasing the number of women who value free markets and personal liberty.

“We are seniors and live on a fixed income! It is hard to buy food, gas, and the many other expenses that come with inflation! I feel sorry for the low-income and middle-class during this time! Our leaders in Washington do not have to live in our world and they have no idea how we have to manage our money because they have forgotten!” This is the sentiment a woman shared with us at IWF in December 2021. Her perspective reflects the many hard-working Americans who have been struggling and fear that the American tradition of climbing the economic ladder has been lost.

Nearly three years later, grocery, energy, and housing prices remain frustratingly high. The weight of high prices, high interest rates, and high costs for energy cut down people's disposable income and force some to make disheartening choices. This hearing offers a timely opportunity to explore the impacts of the Biden-Harris economic and energy agenda on American households.

I will address the following points:

- Persistent elevated prices affect all families and businesses but disproportionately burden low-income, senior, minority, and rural households.
- Federal policy under the Biden-Harris administration has undermined domestic energy production and fueled Inflation

- Deregulation and spending restraint are needed to truly stop inflation and bring costs back down.

Persistent High Household and Energy Costs Strain American Families and Force Them To Make Difficult Choices

High energy costs harm small businesses that need to heat buildings, run equipment, and ship products. They also face cost increases from suppliers and are forced to pass higher costs on to customers. The National Federation of Independent Businesses finds that energy costs are one of the top three business expenses in 35% of small businesses.¹

American households face a double punch of high prices and high borrowing costs while their real wages have not kept pace for most of the past 3.5 years. Inflation is not currently rising as fast as it was in mid 2021, when it began to accelerate, however, prices remain far above their early 2021 levels.

According to the Consumer Price Index (CPI), inflation on all items rose by 2.5% for the 12 months ending in August—still above the Federal Reserve’s 2% target.² Prices for shelter rose 5.2% and for food by 2.1%. While these slightly lower inflation rates are a welcome change from the eye-popping levels of inflation we faced in June 2022,³ the impact of all this inflation is cumulative. As a result, overall prices are up about 20% over the 3.5 years of the Biden-Harris administration.⁴ Home heating oil is up 36%,⁵ electricity is up 32%,⁶ and natural gas is up 25%.⁷

¹ “Energy.” National Federation of Independent Businesses.

<https://www.nfib.com/advocacy/energy/>.

² Consumer Price Index - August 2024.” U.S. Bureau of Labor Statistics.

<https://www.bls.gov/news.release/cpi.nr0.htm>.

³ TED: The Economics Daily. “Consumer prices up 9.1 percent over the year ended June 2022, largest increase in 40 years.” U.S. Bureau of Labor Statistics. July 18, 2022.

<https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm#:~:text=FONT%20SIZE:%20PRINT:-,Consumer%20prices%20up%209.1%20percent%20over%20the%20year%20ended%20June,largest%20increase%20in%2040%20years&text=Over%20the%2012%20months%20ended,month%20period%20ending%20November%201981>.

⁴ “All items in U.S. city average, all urban consumers, not seasonally adjusted.” U.S. Bureau of Labor Statistics. 2014-2024. <https://data.bls.gov/timeseries/CUUR0000SA0>.

⁵ “Fuel oil and other fuels in U.S. city average, all urban consumers, not seasonally adjusted.” U.S. Bureau of Labor Statistics. 2022-2024.

<https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHE>.

⁶ “Electricity in U.S. city average, all urban consumers, not seasonally adjusted.” U.S. Bureau of Labor Statistics. 2022-2024. <https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHF01>.

⁷ “Utility (piped) gas service in U.S. city average, all urban consumers, not seasonally adjusted.” U.S. Bureau of Labor Statistics. 2022-2024.

<https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHF02>.

Meanwhile, lagging growth in real wages has eroded Americans' purchasing power leaving disposable income stagnant. Real wages [declined](#)⁸ from February 2021 to February 2023 and have virtually flatlined since then.⁹

The rising costs of borrowing added another layer of burdens on households' budgets. In October of 2023, the average interest rate on the typical 30-year, fixed-rate home loan rose to 8%¹⁰—that's a more than 300% increase from a record low of 2.65% in 2021. Interest rates for consumer debt such as credit cards and auto loans.

As a result, American households are straining from a more tenuous financial position now than before inflation took off in early 2021:

- The average household has lost roughly \$2,000 of purchasing power since January 2021.¹¹
- The average middle-class household lost at least \$33,000 in real wealth.¹²
- Year-over-year real average hourly earnings and real average weekly earnings were negative for 25 months.¹³
- Personal savings since January 2021 have fallen by nearly \$3 trillion.
- Collective credit card balances are at an all-time high of \$1.1 trillion.¹⁴
- The monthly costs of the median-priced home in the U.S. are the highest in more than 30 years.¹⁵

⁸ Joint Economic Committee Republicans. "Inflation has harmed working families under multiple measures." Joint Economic Committee. September 19, 2024. <https://www.jec.senate.gov/public/index.cfm/republicans/newsroom?ID=9A786398-1BB7-49FF-9888-B23A5B5DF372>.

⁹ Ana Durrani, "Monthly Utility Costs In The U.S. By State." Forbes. July 26, 2024. <https://www.forbes.com/home-improvement/living/monthly-utility-costs-by-state/>.

¹⁰ Ben Woolsey, "Interest Rate Trends for Credit Card, Auto, and Mortgage Loans." Investopedia. <https://www.investopedia.com/historical-interest-rates-for-credit-cards-auto-loans-and-student-loans-5176884>.

¹¹ Stephan Moore, "Biden-Harris Have a Sixth Sense the Economy Is in Trouble – They're Probably Right." Center for Individual Freedom. August 21, 2024. <https://cfif.org/v/index.php/commentary/43-taxes-and-economy/6937-biden-harris-have-a-sixth-sense-the-economy-is-in-trouble--theyre-probably-right>.

¹² Shawn Donnan, Claire Ballentine, Alexandre Tanzi and Christopher Cannon, "The US Middle Class's Economic Anxiety Will Decide the 2024 Election." Bloomberg. July 5, 2023. <https://www.bloomberg.com/graphics/2023-bidenomics-middle-class-economic-anxiety-2024-election/?leadSource=uverify%20wall>.

¹³ "Average hourly earnings of all employees, 1982-1984 dollars, total private, seasonally adjusted." U.S. Bureau for Labor Statistics. 2014-2024. https://data.bls.gov/timeseries/CES0500000013?output_view=pct_12mths.

¹⁴ "HOUSEHOLD DEBT AND CREDIT REPORT (Q2 2024)." Federal Reserve Bank of New York. <https://www.newyorkfed.org/microeconomics/hhdc>.

¹⁵ "The State of the Nation's Housing 2024." Joint Center for Housing Studies of Harvard University. 2024.

Rising energy and household goods prices affect all households, but some more harshly than others. Poor and working-class families spend disproportionately more of their incomes on essential items such as food and energy than higher-income households. Yet, these households are least likely to be able to meet basic household heating, cooling, and other energy needs.

According to Census survey data, over a third (37%) of households nationwide reported difficulty paying for usual household expenses in July 2024.¹⁶ Some 44% of households living near or below the federal poverty line experience challenges financially meeting their energy needs.¹⁷

Lower-income families, according to research, face housing with heating and electrical problems, experience heating equipment breakdowns, interruptions in utility service, inadequate insulation, and insufficient heating capacity.¹⁸ Families' rising energy costs can diminish their quality of life and place them in unhealthy or dangerous situations. These families often face a "heat or eat" dilemma that no American household should face. Lower-income Americans express a desire to responsibly pay their bills, but many simply cannot afford the monthly utility payments or often fall behind.

Lower-income black households experienced the highest rates of energy challenges (35% of households in 2011) compared to Hispanic (21%), White (14%), and Asian (9%) households.¹⁹ A separate study on household energy consumption found that black households' energy consumption exceeded that of other demographics on average.²⁰ This is driven by space heater usage.

Regionally, low-income people in the southeast states are also disproportionately likely to face energy hardships.

Virtually everyone must prioritize how to spend their limited income or make tradeoffs. However, some households face existential choices such as paying for utilities or buying food, medicine, and shelter. For example, as a low-income earner when surveyed noted:

If I had to choose between paying my rent, paying my utilities, and feeding my children, I'd feed my children and I'd worry about that later. But I do. My

https://www.jchs.harvard.edu/sites/default/files/interactive-item/files/Harvard_JCHS_State_of_the_Nations_Housing_2024_Key_Facts.pdf.

¹⁶ "Household Pulse Survey: Measuring Emergent Social and Economic Matters Facing U.S. Households." United States Census Bureau. July 23, 2024.

<https://www.census.gov/data/experimental-data-products/household-pulse-survey.html>.

¹⁷ Diana Hernández et al. "Energy Insecurity among Families with Children." National Center for Children in Poverty. January 2014.

https://www.nccp.org/wp-content/uploads/2020/05/text_1086.pdf.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Sosung Baik et al. "Racial disparities in the energy burden beyond socio-economic inequality." ScienceDirect. November 2023.

<https://www.sciencedirect.com/science/article/abs/pii/S0140988323005960>.

*rent's always paid. He'll tell you. My rent's right there. Because I figure, at least I've got a roof over their head, you know.*²¹

Other working poor Americans employ other avenues to keep the heat and lights on, such as pawning possessions, borrowing, incurring overdraft fees on their bank accounts, using other appliances such as space heaters or ovens to keep warm, setting home temperatures at unsafe levels, and forgoing paying utility bills—often racking up thousands of unpaid debts.

Given record-breaking rent price increases over the past few years, renters are left with little disposable income for energy and utilities. In 2024, one in four low-income renters (earning below \$25,000) reported sometimes or often going without enough to eat.²² About a quarter also regularly kept their homes at unsafe or unhealthy temperatures.

Among racial demographics, Minneapolis Federal Reserve Bank analysis found that while one in ten white households found reducing food and medicine in order to pay their energy bills, the shares of black and Hispanic households who did the same were 3 and 2.5 times higher, respectively.²³ More of these households also reported keeping their homes at unsafe temperatures compared to their white counterparts.

Federal Policy Under the Biden-Harris Administration has Undermined Domestic Energy Production and Fueled Inflation

Today's inflation and elevated prices are the consequences of unsustainable federal spending and restrictive, costly, and burdensome regulations on energy and industries. A review of the timeline for recent inflation is important to explaining how federal policies impacted rising prices.

The inflation rate (as measured by the consumer price index) hovered below 1.5% for most of 2020.²⁴ In January 2021, the inflation was 1.4%—well below the Federal Reserve's 2% target rate. By March, it had nearly doubled to 2.6% and then nearly doubled again the next month to 4.2%. The inflation rate rose 18 months straight during President Biden's first two years in office, cresting at a 40-year high of 9.1% in

²¹ Diana Hernández, "Understanding 'energy insecurity' and why it matters to health." ScienceDirect. October 2016.

https://www.sciencedirect.com/science/article/pii/S0277953616304658?ref=pdf_download&fr=RR-2&rr=8c059bd5fa2505b0#bbib23.

²² Sophia Wedeen, "Renters Struggle with Competing Costs of Food, Energy, and Housing." Joint Center for Housing Studies of Harvard University. August 8, 2024.

<https://www.jchs.harvard.edu/blog/renters-struggle-competing-costs-food-energy-and-housing>.

²³ Erick Garcia Luna, "Rising household energy costs affect lower-income and non-White residents most." Federal Reserve Bank of Minneapolis. March 1, 2023.

<https://www.minneapolisfed.org/article/2023/rising-household-energy-costs-affect-lower-income-and-non-white-residents-most>.

²⁴ "Consumer Price Index Historical Tables for U.S. City Average." U.S. Bureau of Labor Statistics. https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm.

June 2022. Positively, inflation has gone down to 2.5%, but prices remain 20% higher today than the start of 2021.

This timeline helps to dispel a few myths about inflation's origin:

Myth: Inflation is due to Russia invading Ukraine.

Fact: Months of rising prices predate Russian President Vladimir Putin's invasion. The inflation had already risen from 1.4% in January 2021 to 7.9% by February 2022 when Putin invaded Ukraine.²⁵

Myth: Supply chain disruptions still drive inflation.

Fact: Pandemic supply chain disruptions have eased. Part of the challenge for producers during the pandemic was that overly generous pandemic benefits from unemployment insurance to stimulus checks to rent moratoriums created sizeable disincentives for individuals to work according to analysis by economists at the Federal Reserve Bank of Richmond and others.²⁶ Those benefits have ended and workers have returned to the workplace.

Myth: Finally, we hear that big companies from energy to grocers are price gouging.

Fact: The Federal Reserve Bank of San Francisco recently destroyed this argument in a paper this year examining industry-level data on price markups on goods.²⁷ After analyzing the data, the San Francisco Fed did not find evidence of widespread markups on goods across all industries stating that "Overall, our analysis suggests that fluctuations in markups were not a main driver of the post-pandemic surge in inflation nor of the recent disinflation that started in mid-2022."

Legislation or regulatory efforts to attack price gouging are futile at best, but will not bring down prices.

Economists on the left and right agree that the \$1.9 trillion American Rescue Plan Act fueled inflation by injecting the economy with stimulus funding to spur spending when the supply of goods and services could not keep up. According to a damning analysis by the Federal Reserve Bank of San Francisco, this bill added at least 3 percentage points to inflation by the end of 2021.²⁸ The ARPA also explains why inflation remained relatively low in other developed countries while it accelerated in the U.S. from 2021 to 2022.

²⁵ Ibid.

²⁶ Andreas Hornstein et al. "Disincentive Effects of Pandemic Unemployment Benefits." June 17, 2022. <https://www.frbsf.org/wp-content/uploads/sites/4/10-21-2022-Karabarounis-paper.pdf>.

²⁷ Sylvain Leduc et al. "Are Markups Driving the Ups and Downs of Inflation?" The Federal Reserve Bank of San Francisco. May 13, 2024. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/05/are-markups-driving-ups-and-downs-of-inflation/>.

²⁸ Òscar Jordà, Celeste Liu, Fernanda Nechio, and Fabián Rivera-Reyes, "Why Is U.S. Inflation Higher than in Other Countries?" Federal Reserve Bank of San Francisco. March 28, 2022. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2022/03/why-is-us-inflation-higher-than-in-other-countries/>.

Former Obama administration economist Larry Summers warned before the bill was passed that “macroeconomic stimulus on a scale closer to World War II levels than normal recession levels will set off inflationary pressures of a kind we have not seen in a generation.”²⁹ This should be a cautionary tale about excessive spending.

After CPI skyrocketed to 9.1% in 2022, the Biden-Harris administration pushed for Congress to pass the Inflation Reduction Act, under the guise of reducing inflation. President Biden has finally admitted the IRA was never intended to reduce inflation, but instead advance his net-zero climate agenda.³⁰ This supposedly \$369 billion bill will likely cost upwards of \$800 billion to even above \$1 trillion once the policies are fully implemented.³¹

Energy is the lifeblood of commerce and society in our nation. Everything grown, manufactured, produced, packaged, and transported depends on energy. As energy prices rise, consumers are forced to pay more for the goods and services they depend on.

The Biden-Harris climate agenda has focused on undermining domestic energy production, causing energy costs to rise. It has also pursued a carbon-reducing regulatory agenda that forces households to switch to costly appliances.

From day one, President Biden promised “no more drilling on federal lands. Period, period,” a promise he had to backtrack on after the realities of climbing energy costs took a toll on American households.³² Yet, the Biden-Harris administration has canceled pipelines,³³ taken millions of acres off-line for drilling, and instituted restrictive new environmental standards that raise the cost of drilling.³⁴

²⁹ Lawrence Summers, “The Biden stimulus is admirably ambitious. But it brings some big risks, too.” The Washington Post. February 4, 2021.

<https://www.washingtonpost.com/opinions/2021/02/04/larry-summers-biden-covid-stimulus/>.

³⁰ “Remarks by President Biden Highlighting How His Investing in America Agenda is Benefitting Communities Across Wisconsin and Ensuring Americans Have a Brighter, More Prosperous Future.” The White House. September 5, 2024.

<https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/09/05/remarks-by-president-biden-highlighting-how-his-investing-in-america-agenda-is-benefitting-communities-across-wisconsin-and-ensuring-americans-have-a-brighter-more-prosperous-future-westby-wi/>.

³¹ “The Inflation Reduction Act’s Benefits and Costs.” United States Department of the Treasury. March 1, 2024.

[https://home.treasury.gov/news/featured-stories/the-inflation-reduction-acts-benefits-and-costs#:~:text=In%20November%202022%2C%20Credit%20Suisse.be%20\\$780%20billion%20through%202031.](https://home.treasury.gov/news/featured-stories/the-inflation-reduction-acts-benefits-and-costs#:~:text=In%20November%202022%2C%20Credit%20Suisse.be%20$780%20billion%20through%202031.)

³² “Joe Biden Campaign Event in Hudson New Hampshire.” C-SPAN. February 9, 2020.

<https://www.c-span.org/video/?469091-1/joe-biden-campaign-event-hudson-hampshire&live=>.

³³ “Keystone pipeline officially canceled after Biden revokes key permit.” CNBC. June 9, 2021.

<https://www.cnbc.com/2021/06/09/tc-energy-terminates-keystone-xl-pipeline-project.html>.

³⁴ Rachel Frazin and Zack Budryk, “Biden administration bars drilling on millions of acres in Alaska.” The Hill. April 19, 2024.

<https://thehill.com/policy/energy-environment/4604023-biden-administration-bars-drilling-on-millions-of-acres-in-alaska/>.

The Inflation Reduction Act is not only another massive spending bill that President Biden admitted was never intended to reduce inflation, but threatens to undermine the functioning of our electric power grid. As Cato scholar Travis Fisher noted during a recent congressional testimony, the IRA does so by “flooding it with subsidized, intermittent energy... By providing unlimited amounts of subsidies to intermittent resources like wind and solar energy, the IRA erodes the economics of dispatchable resources.”³⁵ Other power plant and vehicle emissions mandates will demand greater electricity that our system is not equipped to meet. Consumers will pay more for less stable and reliable energy to power their lives.

The administration also launched a war on household appliances. According to some estimates, Americans are paying 34% more for appliances compared to 15 years ago.³⁶ The Department of Energy has targeted more than 15 consumer appliances with regulations that could drive costs even higher.³⁷ There are proposed new efficiency standards for stoves, refrigerators, air conditioners,³⁸ clothes washers, ceiling fans, dishwashers, and water heaters.³⁹

Consumers will lose options as the regulations would narrow the range of available appliances. The up-front cost of installing the new appliances would be cost-prohibitive to many households. Any purported energy savings would be forgone. To retrofit their homes with so-called climate-friendly alternatives, the average household is expected to pay an additional \$9,000 notwithstanding the other negative economic and environmental trade-offs.⁴⁰

If about half of Americans can't afford a \$1,000 emergency, and one in three can't afford even a \$400 unexpected expense, how will people shell out thousands of dollars to comply with green climate mandates? Americans should be able to

³⁵ Travis Fisher, “Statement of Travis Fisher Director of Energy and Environmental Policy Studies Cato Institute before the Subcommittee on Energy, Climate, and Grid Security.” Cato Institute. September 11, 2024.

https://d1dth6e84htgma.cloudfront.net/09_11_24_ENG_Testimony_Fisher_76c0fa9395.pdf.

³⁶ Jessica Dickler, and Ana Teresa Sol, “Household appliances don't last like they used to, experts say. Consider this before calling a repair service.” CNBC. March 1, 2024.

<https://www.cnbc.com/2024/03/01/household-appliances-cost-more-but-dont-last-like-they-used-to.html>.

³⁷ Gabriella Hoffman, “Net-zero policies drive up household appliance costs.” Washington Examiner. July 9, 2024.

<https://www.washingtonexaminer.com/restoring-america/courage-strength-optimism/3073545/net-zero-policies-drive-up-household-appliance-costs/>.

³⁸ Gabriella Hoffman, “Don't Ditch Your AC to Be Environmentally Friendly.” Independent Women's Network. September 5, 2024.

<https://www.iwf.org/2024/09/05/dont-ditch-your-ac-to-be-environmentally-friendly/>.

³⁹ “Get Uncle Sam Out of My Home Action Center Sources.” Independent Women's Voice.

<https://iwfnetwork.com/get-uncle-sam-out-of-my-home-action-center-sources/>.

⁴⁰ Paul Bedard, “Consumer watchdog: Biden regulations add \$9,100 to homes.” Washington Examiner. October 27, 2023.

<https://www.washingtonexaminer.com/news/washington-secrets/2449334/consumer-watchdog-biden-regulations-add-9100-to-homes/>.

choose—not be forced to buy—the appliances that best suit their needs and budgets.

Consumers would also have to compromise on features, performance, and results—all the benefits of living in a prosperous free enterprise system that encourages innovation.

Elevated Prices Call for Deregulation and Reigning in Spending

American oil and gas production is hitting record levels *despite*, not because of the Biden-Harris energy agenda. It reflects policies of past Republican and Democrat administrations while the Biden-Harris administration has aimed to shift away from fossil fuels.

The inflation rate is falling because the Federal Reserve launched an aggressive interest-rate hiking campaign, which has now come to an end with last week's federal funds rate cut.

Actual prices remain measurably higher today than at the start of 2021, and the way to bring them down calls for deregulation. Repeal regulations that needlessly restrict energy production, supply, and innovation. There is bipartisan support for permitting reform of energy. By accelerating the permitting process for critical energy and mineral projects of all types in the United States, Congress can strengthen the grid and secure access to abundant natural resources.

Deregulation in housing will also increase housing supply, which is the driving factor behind high housing costs and the current inflation rate. Reforming land use, building and permitting processes, and encouraging the building of new rental units including accessory dwelling units among single-family property owners are places to start.⁴¹

Halt the implementation of costly mandates on vehicles and households. Save families and businesses the unaffordable upfront costs of purchasing new appliances and vehicles. Allow them to choose what works best for their homes and businesses rather than being robbed of a better quality of life and better outcomes.

Spending restraint is also needed to prevent a fresh round of inflationary pressures. Congress needs to clawback unspent funding from ARPA and the IRA to defund the spending agendas that fuel inflation.

⁴¹ Patrice Onwuka, "Promote Housing Affordability by Expanding ADUs." Independent Women's Forum. June 2024.
<https://www.iwf.org/wp-content/uploads/2024/06/Promoting-Housing-Affordability-by-Expanding-ADUs.pdf>.

Conclusion

The media and Biden-Harris administration seek to gaslight Americans about the state of the economy. They insist that their hardships are exaggerated and that they should feel “joy.” But there is no joy in tittering on the brink of financial ruin. There is no joy in worrying that if you lose this job you may never find one again. There is no joy in struggling to keep up with rising rent and heating bills.

Americans’ persistent pessimism over the economy and prospects for upward mobility grow worse each year. The share of Americans in 2024 who still think the American dream is attainable shrank to just one in three (34%) because of the affordability crisis, down steeply from 2012, when over half (53%) believed so.⁴²

High grocery and energy prices have eroded their quality of life, while high housing costs place the dream of homeownership out of reach for many. Even those with homes face the federal government’s heavy-handed regulations mandating costly updates. Congress can fix this.

Thank you for your time.

⁴² Rachel Wolfe, “The American Dream Feels Out of Reach for Most.” Wall Street Journal. August 28, 2024. <https://www.wsj.com/economy/consumers/american-dream-poll-us-economy-e5ddf640>.