

June 3, 2022

House Testimony Pennsylvania June 9, 2022

Topic: how far-left policies are driving inflation

Comments:

Thank you for this opportunity to testify. My name is Peter St Onge and I am a research fellow in economic policy at the Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation

Milton Friedman famously summed up inflation as too much money chasing too few goods. As Veronique mentioned, today's inflation is driven by too much money in the form of federal deficits and an enabling Federal Reserve. In my comments I'll be talking about the other part: too few goods.

This administration has conducted a war on production as payback to the radical left-wing activists who brought them to power. A war on energy, a war on supply chains, a war on small business and the workers they employ. Of course, the activists are never the ones who pay for it, it's regular Pennsylvanians: \$70 to gas up the car, \$400 to buy groceries, widespread shortages and empty shelves leaving factories idle and babies on IV drips for lack of formula. Because some in Washington and Harrisburg are too busy serving activists.

This war on production means factories can't get parts, idling lines and canceled shifts, while families can't get essentials, never mind a fridge or washing machine, and face sticker shock when they do. Between supply chains wrecked by clogged ports, federal regulations ranging from Covid to global warming, and hundreds of billions spent paying people to sit on the couch, our country's grinding to a halt. In towns across Pennsylvania the lights are flickering out one by one.

Instead of proactively getting out of the way, Biden comes up with a new excuse every week – recently it was Putin, before that it was Covid, Chinese ports, greedy grocery stores, big meat,

online shopping, even global warming -- at this point they're running through the dictionary, and have been since day 1 of the Biden Administration.

In Pennsylvania, Biden's incompetence has a willing collaborator in Governor Wolf. Any mom-n-pop that miraculously survived his panicked lockdowns and rising regulatory burden now can't even find help because he's paying them to sit on the couch -- just last week Wolf demanded another \$2,000 handout to keep people on the couch and out of a job.

The latest statistics say there's 11.4 million unfilled jobs in this country right now, almost twice the number of workers who even want a job. While 10 million Americans have simply dropped out of the labor force compared to pre-Covid trend.

Now, all these trillions for unicorn farts or paying people to stay home or tranquilizing the populace into accepting lockdowns, that wasn't the government's money -- governments don't have any money because they don't produce anything. It all comes from you. Some was taxes, which they'll try to jack up. And some was basically printed in the basement by the Fed.

Put the spending, the regulations, and the handouts together and, two long years into this government-made crisis, things are getting worse, not better. Inflation is at a 40-year high, and now the economy's slowing -- the free lunch from ending lockdowns is petering out. Financial markets are increasingly worried about outright stagflation or even another financial crash with 2008 memories still fresh.

Meanwhile, back in the real economy, the war on families and small business is accelerating. Congress is pushing new regulations on emissions, equity and whatever else activists order this week. Biden just started canceling college loans so blue-collar families can foot the bill so rich people can learn to write essays about gender. Governor Wolf wants a 13% hike in spending -- another \$5 billion to drive inflation and leave yet more bills for your kids to pay.

Many Pennsylvanians might think it's time for a change. What's needed is, first, stop printing and borrowing trillions for activist utopias, whether those utopias spawn in Washington or



214 Massachusetts Avenue, NE  
Washington, DC 20002  
(202) 546-4400  
heritage.org

Harrisburg. Get the spending under control so the Fed gets a chance to normalize policy without whipsawing between inflation and crisis.

Second, end the war on production. In energy that means free up fracking, encourage pipelines and exploration instead of banning them, cutting red tape for fossil fuel generation that's actually reliable and affordable, and getting off the activist-driven ESG dead-end that sacrifices families to entertain activists. In supply chains, it means canceling activist-driven regulations that force businesses out of Pennsylvania, while lowering the extortionate corporate tax that puts up a "do not enter" sign to entrepreneurs. And on workers it means focus benefits on those who truly need them rather than paying able-bodied people to sit on the couch during a historic labor shortage.

America's economy is sitting on a knife's edge, and the people of Pennsylvania are getting hit hardest. Unemployment is the 4th highest in the country, almost 50% higher than the median, and it's coming down at a snail's pace with a possible recession now on the horizon. Pennsylvanians continue to struggle with the highest inflation in 40 years while wages fail to keep up, and small businesses continue to limp along, praying that politicians from Harrisburg to Washington don't crush them again.

What Pennsylvanians need most of all is for the government to get out of the way so they can finally get back to rebuilding what government already broke.

Thank you for your time.