

Prepared Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing: “Left Holding the Bag: The Cost of Oil Dependence in a Low-Carbon World”
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Mr. Chairman, I’ve had the honor of serving Iowa in the Senate for over 40 years. I’ve been in your shoes when I chaired the Finance and Judiciary Committees. I’ve seen plenty of problems facing our nation, and most were resolved through bipartisanship. And bipartisanship will be necessary if we’re ever going to crawl out of our deep fiscal hole.

Every week since becoming ranking member, I’ve tried to focus our conversation on America’s fiscal problems. We’re facing public debt that in a few years will surpass record levels set in the wake of World War II. But, five of our first six hearings this congress have been about climate change. We’ve discussed sea level rise, hurricanes, wildfires, and the state of the insurance industry. Climate change is worth discussing. But a more immediate threat within this committee’s jurisdiction needs to be addressed.

The United States is barreling towards a fiscal crisis. We’ve been on an unsustainable fiscal path for decades, and bipartisan pandemic spending accelerated our journey. In times of national crisis, the federal government must be able to respond with emergency spending. But, once the crisis subsides, Congress must tighten its belt to put debt and deficits on a sustainable path.

Unfortunately, the exact opposite approach was taken the past two years. Despite an economy well on its way to recovery, the Democrats, who controlled the entire government, chose to go on a multi-trillion dollar partisan spending binge. Prominent economists from previous Democrat administrations, such as Larry Summers and Jason Furman, correctly warned that the Biden Administration’s partisan spending spree would have consequences.

Those consequences are now coming to a head. Decades-high inflation is proving difficult to stamp out. Rapidly rising interest rates are taking a toll on our economy - most visibly in our financial system. Several banks have found themselves flat footed holding onto older, low-interest government bonds no one else wants.

The Fed finds itself behind the eight ball. Further rate hikes are probably necessary to tame inflation. But, doing so will put more stress on our financial system and the broader economy. Yet, President Biden and too many in Congress refuse to acknowledge what everyone knows to be true. Our debt and deficits are at unsustainable levels. We can no longer kick the can down the road.

President Biden, for the good of the country, must show Presidential leadership. No more playing politics.

A good first step would be to engage Speaker McCarthy in bipartisan talks to raise the debt limit and lay the groundwork for fiscal discipline moving forward. This committee should also be engaged. Let’s have a serious and frank discussion about our dire fiscal situation. Let’s hold bipartisan hearings with respected economists and policy experts from both sides of the aisle. Let’s examine our finances and find solutions.

Let me be clear. I support an all-of-the-above approach to energy production. The majority of Iowa’s energy comes from wind. I’ve been credited with creating the wind energy tax credit. I support renewable technologies becoming more and more competitive.

However, oil and gas is clearly dominant in the U.S. energy marketplace. The reality is that fossil fuels account for 79 percent of U.S. energy consumption. It's naïve to think an energy transition will happen even in ten years or that markets won't be able to keep up. Environmentalists blocking the permitting of new energy and mining projects will cause further delays. We need diversity to maintain energy security. And energy security is national security. Even President Biden understands that we're going to need fossil fuels well into the foreseeable future.

Mr. Chairman, you've made your message on climate change loud and clear. But, let's also focus on the immediate threat that's squarely within this committee's jurisdiction. Thank you. I look forward to hearing from today's witnesses.

