Sen. Susan M. Collins
Inflation Remarks
Dec. 14, 2021

On Friday, the Department of Labor reported that inflation had hit a near 40-year high confirming what many American families have been feeling in their wallets for many months. The soaring cost of virtually everything, from gasoline to groceries, is a growing crisis that affects families across our nation.

The numbers are alarming. During the past year, the consumer price index, which measures the price of goods and services, jumped by nearly seven percent. That's the highest rate since 1982. It represents the sixth consecutive month of inflation exceeding five percent.

The goods experiencing the greatest increases read like a list of everyday essentials. Energy costs are up by 33 percent. Used vehicles are up by 31 percent. Hamburger prices are up by 14 percent. Milk, eggs, baby food, furniture, and many other necessities all cost more, and those prices are simply unsustainable for many working families.

The pain is being felt across the nation, including in my State of Maine. I have heard from many Mainers worried about how they will be able to afford to heat their homes this winter. The average price of heating oil in Maine is currently $3.15/gallon, compared to $2.11/gallon this time last year. While the amount of heating oil a household uses varies considerably, a typical Maine family will spend nearly $1,000 more this year on home heating oil. The State of Maine is disproportionally affected by this rise in cost since more than 60 percent of our homes use fuel oil as their primary energy source for heating, compared to only four percent of households nationally.

The rise in the price of heating oil is not the only hardship that Mainers are facing this winter. Mainers have shared with me their genuine concerns about being able to afford to drive back and forth to work and to put nutritious food on the table. Gas prices in Maine are about $1.30 per gallon higher than last year.

Business owners face the often impossible challenge of paying higher prices for commodities, food, and supplies without passing those increases on to their already struggling consumers.

For example, Maine restaurant owners, who have already experienced an extraordinarily difficult 18 months due to the pandemic, are now grappling with double-digit percentage increases in the costs of ingredients and other goods needed to run their businesses. An owner of a restaurant I visited in Searsport told me that the cost of fryer grease has skyrocketed from $19 to $48 per case. Another restaurant owner in Rockland recently told the *Bangor Daily News* that the price for prime ribs has more than doubled from $7 to $17. These supply costs shrink their already slim margins and exacerbate other difficulties the industry is facing with staffing shortages and pandemic-related closures.

After a tough 2020 caused by COVID-related market disruptions and drought, Maine's resilient potato growers rebounded with yields up 20 percent over last year. Such a strong harvest usually would be cause for celebration, but farmers are facing rising transportation, fuel, and fertilizer costs that are hurting their bottom line and forcing them to pass on some of the inflationary costs to their customers. The increased costs of doing business means that families and processors will pay more for potatoes and growers will get a lower return on their crop.

This weekend, the *Wall Street Journal* reported on how inflation is harming the employees at the One Stop Tulsa gas station in Aroostook County in northern Maine. One clerk was working 60 hours each week—up from 40 before the pandemic—because they are so short-staffed. Even with the increased hours, she said she is struggling with rising costs, from food to electricity.

Melissa Holmes, the gas station manager, said that her twice-monthly grocery bill has increased – from $300 to $500—and it now costs her $60 to fill up her 2011 Ford Explorer—that is $20 more than last year. Ms. Holmes also described facing customers who are frustrated by the higher prices. The cost of chicken, for example, has gone up, so an order of chicken tenders has jumped from $5.49 to $8.99. That's a big increase, and customers are feeling that squeeze.

After passage of the President's $1.9 trillion stimulus this spring, the price of goods and services went up. We heard reassurances from the President's team that this inflation was "transitory," but no acknowledgment of the role that their policies have had on soaring prices. Americans are feeling the consequences as Washington has overheated the economy.

We in Congress must confront this inflation crisis, but instead, the Biden Administration is pushing trillions in additional macroeconomic stimulus in the President's Build Back Better plan. The consequences for an already overheated economy could be devastating. Given the clear link between recent extraordinary government spending and rampant inflation, we should not be adding more fuel to the fire. Our economy is ailing, so it would be wise to begin to follow the maxim that guides medical professionals: "First, do no harm."

Democrats have said that their spending spree, which follows the Build Back Better plan, would cost $1.7 trillion. Several of the proposals in that plan would be set to expire after one, three, or five years – a gimmick that hides the true cost because we know that is not what real hope is, nor what is going to happen. Last week, the non-partisan Congressional Budget Office projected that making the social spending programs in the Build Back Better plan permanent would in fact cost $4.9 trillion over the decade. Doing so would add $3 trillion to the deficit, unless paid for with even more taxes beyond those that Democrats have already proposed in their bill. That's much higher than the purported $1.7 trillion price tag because we know that the ultimate goal is to make these expensive programs permanent.

Inflation is a regressive tax – it does not discriminate among the rich and the poor. It does not take into account the ability to pay. It is a cruel tax, one that punishes thrift by diminishing the value of savings. This is damaging to families that are saving to buy a home or for their children's education. It can devastating to our seniors, who can do nothing but helplessly watch as the retirement funds that they worked for their whole lives don't go nearly as far as they had expected.

Like the pandemic itself, we do not know for certain whether this inflation crisis will abate, be prolonged, or even accelerate. Our immediate focus should be on measures that we know will have a lasting and beneficial impact on our economy, such as implementing the bipartisan infrastructure law, opening up and repairing our supply chains, getting more Americans back to work, and protecting the earnings of hardworking Americans. What we should not do is pass trillions of dollars in additional spending in the Administration's Build Back Better bill that would exacerbate the toll that inflation imposes on seniors, working families, and small businesses. We should not take that risk.