Priced Out Of The American Dream: Understanding the Policies Behind Rising Cost of Housing and Borrowing
Opening Statement - Kevin O'Leary

Chairman French Hill, Ranking Member Maxine Waters and members of the House Committee on Financial Services, thank you for inviting me to participate in today's important hearing. I want to use my opening statement to shine a light on an issue that impacts millions of Americans. Small businesses are the heart of the American economy. Companies between 5 to 500 employees create 64% of all jobs in America. If you take into account their use of supply chains to distribute their goods and services, they may be responsible for over 70% of American jobs. Yet, when we create policy, small businesses are often forgotten and instead we dole out billions of dollars to S&P 500 companies who rarely have problems accessing capital. As an advocate for small business, I see this as a gross misallocation of resources that undermines a growing and competitive economy. Affordability is one of the biggest challenges facing small businesses today and the millions of people they employ.

A large portion of increased input costs are the result of radical changes in tariff policy. For decades, tariff policy has been designed to be reciprocal. For example, if a European country imposes a 10% VAT tax (value added tax) on American goods and services, traditionally they would have a 10% tariff imposed on their goods sold in the

U.S. Over the last 9 months, the administration has elected to use tariff policy as a political tool. I am not opposed to this, and I am on the record suggesting a 400% tariff on China until they comply with the rules of the WTO that they entered into in 2000, and to provide protection for IP ownership along with resolving a long list of other grievances held against the CCP. The U.S. is still the world's largest and most successful consumer economy, so the Chinese have no option but to deal with U.S. demands.

However, implementing punitive tariffs on other friendly nations and leaving them in place indefinitely has had an impact on American families, their businesses and their customers. When tariffs are used for political leverage, the tariff percentages could change dramatically from day to day during the negotiations. For example, the U.S. initially had imposed a 39% tariff on Swiss imports, but the tariff rate eventually landed at 15%. During the brief period of instability, which has only been months, most businesses simply absorbed the cost increases and refrained from passing them on to their customers. However, some businesses cannot do this indefinitely and may need to adjust their selling prices in order to stay in business.

I suggest that the current tariff policy needs some “fine tuning”. The main issue is this:Why levy tariffs on scarce goods and services? For example, farmers need potash to fertilize their crops. Why put a 25% tariff on potash when there is not enough in the U.S. to begin with? The same could be said for other low supply commodities such as bauxite, aluminum, and softwood lumber. The Trump Administration has already taken a step in this direction. Last November, the President signed an executive order reducing tariffs on crops that are difficult to produce in the U.S. such as coffee, tea, and tropical fruits such as bananas and mangos.

Housing affordability is a pain point in almost every state. A major issue is permitting. One glaringly obvious problem is in Los Angeles. Tens of thousands of homes were burnt down in Los Angeles recently and virtually no reconstruction has commenced. Why? This is due to antiquated regulations and bad policy. This is a self-inflicted wound and needs to be resolved immediately. Providing more federal and state land to build housing on will also increase supply and enhance affordability.

Another policy I want to address involves the digital asset ecosystem. In 2025, the GENIUS Act was enacted, modernizing U.S. payments and settlement systems by establishing a clear regulatory framework for the operation and issuing of stablecoins. . Many small businesses are interested in using stablecoins to reduce transactional costs. However, for stablecoins to reach their full potential, comprehensive digital asset market structure legislation, like the CLARITY Act, must also be enacted. Without clear rules of the road, digital assets, including stablecoins, cannot fully realize their potential. The Senate is currently debating the CLARITY Act, with one of the key issues centered on paying interest on stablecoins. The hallmark of the American economy has never been about more regulation and less innovation. Enacting the CLARITY Act will enhance efficiency in the financial services sector and help reduce transactional costs and fee friction.

Access to capital is another problem for small businesses. There is simply too much “red tape”. To address the issue, the INVEST Act was created. It was built on bipartisan support, yet has still not become law. The Act simply streamlines regulations and allows lenders to provide capital with less friction to small businesses and the families who own them.

In summary these are the actions required to lower costs and address affordability issues.

1) Enact a tariff moratorium on all scarce commodities being imported into the U.S.
2) Streamline permitting and free up more federal land for housing.
3) Pass the CLARITY Act so that the benefits of digital commerce can accrue to small businesses and individuals.
4) Make the INVEST Act law so that more capital is available to small businesses that need it at a time when their input costs have been rising dramatically.

I look forward to a robust conversation today and answering any questions you may have regarding my testimony.

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