

# DID YOU KNOW?

**JOE BIDEN IS RESPONSIBLE  
FOR HIGH INFLATION**

## **FACT #1**

**The average American is paying an extra \$717 a month due to inflation**

[Link to evidence →](#)

## **FACT #2**

**Consumer prices jumped 6.6% in September from a year ago- The fastest such pace in four decades**

[Link to evidence →](#)

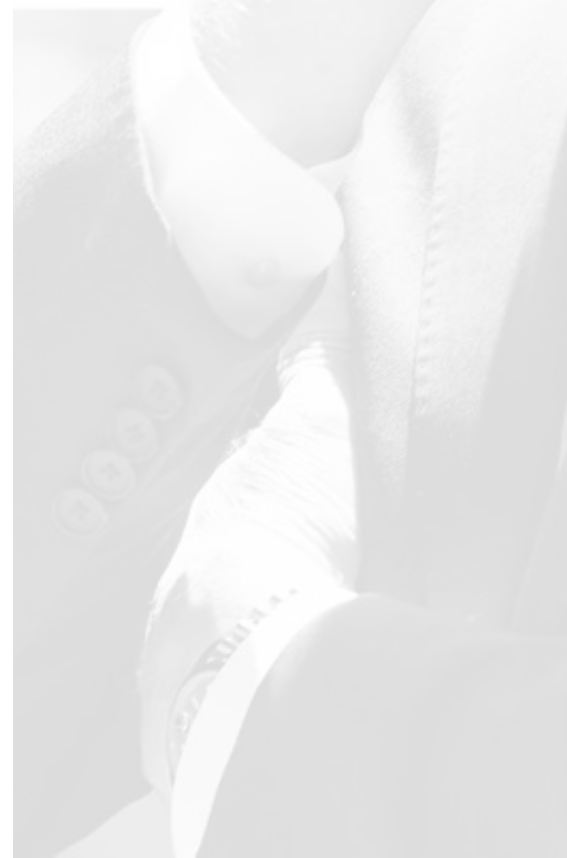
## **FACT #3**

**Inflation has wiped out pay gains and caused hardship for many Americans**

[Link to evidence →](#)



7/1/20  
1/1/21  
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1/1/22



# BIDEN IS RESPONSIBLE FOR HIGH INFLATION

## RISING INFLATION UNDER BIDEN IS CRUSHING AMERICANS

### ***Many Americans Are Suffering Hardships Due To Inflation As A Result Of The Biden Administration's Policies***

#### **Rising Inflation Has Wiped Out Pay Gains And Has Caused Hardships For Many Americans**

**Rising Inflation Has Placed “Intensifying Pressure On Households” And Has Wiped Out Pay Gains.** “Inflation in the United States accelerated in September, with the cost of housing and other necessities intensifying pressure on households, wiping out pay gains and ensuring that the Federal Reserve will keep raising interest rates aggressively.” (Christopher Rugaber, “Worsening Inflation Will Pressure Fed To Keep Raising Rates,” *The Associated Press*, 10/13/22)

**“Inflation Has Swollen Families’ Grocery Bills, Rents And Utility Costs, Among Other Expenses, Causing Hardships For Many And Deepening Pessimism About The Economy ...”** “Inflation has swollen families’ grocery bills, rents and utility costs, among other expenses, causing hardships for many and deepening pessimism about the economy despite strong job growth and historically low unemployment.” (Christopher Rugaber, “Worsening Inflation Will Pressure Fed To Keep Raising Rates,” *The Associated Press*, 10/13/22)

- **The Average American Is Paying An Extra \$717 A Month Due To Inflation.** “The average American is shelling out an extra \$717 a month because of the hottest inflation in decades, according to a new analysis from the Joint Economic Committee Republicans. The financial squeeze stems from the rising cost of a number of everyday goods, including cars, rent, food and health care. While the rapid pace of price increases eased slightly in July, the consumer price index still climbed 8.5% from the previous year – hovering near a painful, four-decade high, the Labor Department reported on Wednesday.” (Megan Henney, “Inflation Costing The Average American \$717 A Month, Analysis Shows,” [Fox Business](#), 8/12/22)

**In September, Annual Inflation Rose By 8.2 Percent, More Than What Economists Had Projected.** “Annual inflation rose by 8.2% in September, a slower increase than the 8.3% rise seen in August, according to the Consumer Price Index, which measures the changes in prices for a basket of consumer goods and services. Economists had projected the pace of price increases would slow to 8.1% last month.” (Alicia Wallace, “Surging Prices Show The Fed Must Continue Its Tough Battle Against Inflation,” [CNN Business](#), 10/13/22)

- **“Consumer Prices ... Jumped 6.6% In September From A Year Ago – The Fastest Such Pace In Four Decades.”** “Consumer prices, excluding volatile food and energy costs, jumped 6.6% in September from a year ago — the fastest such pace in four decades.” (Christopher Rugaber, “Worsening Inflation Will Pressure Fed To Keep Raising Rates,” *The Associated Press*, 10/13/22)

**“Inflation Is Higher Than Many Americans Have Ever Experienced, ...”** “Inflation is higher than many Americans have ever experienced, escalating families’ grocery bills, rents and utility costs, among other expenses.” (Christopher Rugaber, “US Inflation Still Stubbornly High Despite August Slowdown,” [The Associated Press](#), 9/13/22)

#### **Americans Blame Biden's Policies As Being Responsible For Higher Inflation. Democrats And Independents Trust Republicans To Handle Inflation**

**According To An October POLITICO/Morning Consult Poll, More Than 90 Percent Of Voters Are Concerned About Inflation And The Economy.** “Americans are expressing deep pessimism about the economy and rising inflation, a bad sign for Democrats as they head into the final decisive weeks of the 2022 midterm election campaign. More than 90 percent of voters are concerned about the U.S. economy and inflation, according to the latest POLITICO/Morning Consult poll.” (Brittany Gibson, “Voters Pessimistic On Economy, Inflation As Election Day Approaches,” [Politico](#), 10/19/22)

- **“Of Those, 71 Percent Of Voters Said They Were ‘Very Concerned’ About Inflation, An Increase Of 5 Percentage Points Since August.”** (Brittany Gibson, “Voters Pessimistic On Economy, Inflation As Election Day Approaches,” [Politico](#), 10/19/22)

**64 Percent Of Voters Blamed The Biden’s Policies For Inflation.** “An additional 63 percent of voters felt that a lack of market competition for large companies was responsible for record inflation and 64 percent of voters blamed the Biden administration’s policies.” (Brittany Gibson, “Voters Pessimistic On Economy, Inflation As Election Day Approaches,” [Politico](#), 10/19/22)

**A Plurality Of Voters Trust Republicans More Than Democrats On Inflation, Including Forty-Three Percent Of Independents And 10 Percent Of Democrats.** “On inflation, 46 percent of voters trusted Republicans in Congress compared to 37 percent who preferred Democrats. Forty-three percent of Independents — and even 10 percent of Democrats — also put their trust in Republicans to handle inflation.” (Brittany Gibson, “Voters Pessimistic On Economy, Inflation As Election Day Approaches,” [Politico](#), 10/19/22)

## **BIDEN’S POLICIES HAVE TRIGGERED RISING INFLATION**

### ***American Rescue Plan Act***

#### **In March 2021, Biden Signed The \$1.9 Trillion American Rescue Plan**

**In March 2021, Biden Signed The American Rescue Plan Act.** “President Biden signed the \$1.9 trillion American Rescue Plan Act into law on Thursday, finalizing an early policy victory that will send much-needed aid to millions of Americans still struggling from the COVID-19 pandemic.” (Grace Segers, “Biden Signs \$1.9 Trillion American Rescue Plan Into Law,” [CBS News](#), 3/12/21)

**The American Rescue Plan “Made The US’s Inflation Problem More Severe.”** “The massive spending law, which included \$1,400 checks for each person in a family, generous expansions to unemployment insurance and child tax credit benefits, and hundreds of billions in aid to state and local governments, was intended to help people in need and stimulate economic demand, and it did. Some economists argue, though, that all this came at the cost of making inflation worse. New Consumer Price Index numbers released Wednesday showed prices up 8.3 percent compared to one year before. And ‘core inflation,’ which excludes volatile energy and food prices, rose 0.6 percent in just one month. Countries around the world are struggling with inflation due to pandemic disruptions, but the Biden stimulus made the US’s inflation problem more severe, to at least some extent. ‘I think we can say with certainty that we would have less inflation and fewer problems that we need to solve right now if the American Rescue Plan had been optimally sized,’ said Wendy Edelberg, a senior fellow in economic studies at the Brookings Institution.” (Andrew Prokop, “Biden’s American Rescue Plan Worsened Inflation. The Question Is How Much,” [Vox](#), 5/12/22)

- **Biden’s Stimulus “Caused Real Problems” And The Federal Reserve’s Attempts To Lower Inflation As A Result Of It May Lead To A “Painful Recession.”** “Inflation has brought with it two big problems. The first is already evident: Because most Americans’ wages haven’t risen enough to keep up with it, real (inflation-adjusted) wages have been declining at the highest rate in four decades. The second problem is, if inflation remains so persistent, what reining it in could entail. The Federal Reserve has started raising interest rates in an effort to cool down the economy. They’re trying to do so gingerly, aiming for a ‘soft landing.’ But if demand and investment end up plummeting in response, the US could face a painful recession. What the future holds is uncertain, but to understand how we got here, it’s worth reassessing the past. The American Rescue Plan was drafted with good intentions, but it caused real problems.” (Andrew Prokop, “Biden’s American Rescue Plan Worsened Inflation. The Question Is How Much,” [Vox](#), 5/12/22)

#### **Democrats Including Biden, Have Conceded The American Rescue Plan Fueled The Spike In Inflation**

**In November 2021, Biden Conceded The American Rescue Plan Fueled The Spike In Inflation.** “President Biden on Wednesday conceded that inflation is at a three-decade high because “people have more money now” as a result of his \$1.9 trillion COVID-19 stimulus legislation, recognizing a central point made by people who are

arguing against a nearly \$2 trillion sequel. Biden unexpectedly endorsed the stance of his critics who have said the US dollar is losing its buying power as a result of the government printing money to cover COVID-19 aid. The president said stimulus funds that he signed into law are in part to blame for demand exceeding the supply of goods, causing a backlog at major US ports and the highest rate of annual inflation since 1990. 'The irony is people have more money now because of the first major piece of legislation I passed. You all got checks for \$1,400. You got checks for a whole range of things,' Biden said during a speech in Baltimore.' (Steven Nelson, "Biden Concedes His COVID Stimulus Checks Fueled Spike In Inflation," [The New York Post](#), 11/10/21)

- **Biden's Own Economists Have Objected To Democratic Talking Points That Inflation Was Due To Corporate Power.** "Members of the White House Council of Economic Advisers had raised objections to the idea that a spike in prices was due to corporate power, according to two people aware of the matter who spoke on the condition of anonymity due to fears of professional reprisals. ... To this point, Biden has mostly limited his remarks on corporate greed and inflation to specific sectors in which a few firms hold massive amounts of market power, stopping short of embracing either the rhetoric or the policy response called for by Sen. Elizabeth Warren (D-Mass.). ... Part of his hesitance reflects the trepidation among his economic team about whether inflation actually is tied to corporate consolidation. CEA officials believe that monopoly power is a major economic problem and support the broader White House antitrust agenda. But these economists do not believe consolidation explains the 7.5 percent surge in prices over the last year." (Jeff Stein, "White House Economists Push Back Against Pressure To Blame Corporations For Inflation," [The Washington Post](#), 2/17/22)
- **"Even Many Liberal Economists ... Have Dismissed The Argument That Consolidation Accounts For A Major Part Of Inflation."** "But many economists, including those influential with the White House, think these arguments are strained. In particular, they say high corporate profits and high prices are both the function of the same underlying cause of elevated consumer demand. Higher demand leads companies to raise prices, causing inflation, which in turn leads to higher profits. Even many liberal economists, such as Baker and Claudia Sahm of the Jain Family Institute, have dismissed the argument that consolidation accounts for a major part of inflation." (Jeff Stein, "White House Economists Push Back Against Pressure To Blame Corporations For Inflation," [The Washington Post](#), 2/17/22)

**Since February 2021, Former Treasury Secretary And Obama Economic Official Larry Summers Has Warned That Biden's Big-Spending Agenda Would Create A Risk Of Inflation.** "There is a new fear circulating inside the West Wing of the White House: Maybe Larry Summers was right. The former Treasury secretary has been warning since February that President Joe Biden's big-spending agenda was creating the risk of an inflation spike this year, potentially cutting into the economic recovery from the Covid-19 pandemic. For the moment at least, Summers is looking prescient. The government said Tuesday the consumer price index rose 5.4 percent in June from the same month last year, the biggest jump since 2008, as costs for everything from used cars and trucks to restaurant meals and hotel stays continued to soar. It marked the second straight month of sharply higher prices. June prices also unexpectedly rose 0.9 percent from May, undercutting the argument that the increases only look bad in comparison to last year, when the pandemic was raging." (Ben White, "New Concern For Biden: Could Larry Summers Be Right About Inflation?" [Politico](#), 7/13/21)

- **In February 2021, Summers Warned That The Passage Of The American Rescue Plan Risked Setting Off "Inflationary Pressures Of A Kind We Have Not Seen In A Generation."** "First, while there are enormous uncertainties, there is a chance 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, with consequences for the value of the dollar and financial stability." (Lawrence H. Summers, Op-Ed, "The Biden Stimulus Is Admirably Ambitious. But It Brings Some Big Risks, Too." [The Washington Post](#), 2/3/21)

**Former Obama Economic Advisor Steven Rattner Said Biden's American Rescue Plan Was The "Original Sin ... That Has Contributed Materially To Today's Inflation Levels."** "The original sin was the \$1.9 trillion American Rescue Plan, passed in March. The bill — almost completely unfunded — sought to counter the effects

of the Covid pandemic by focusing on demand-side stimulus rather than on investment. That has contributed materially to today's inflation levels." (Steven Rattner, Op-Ed, "I Warned The Democrats About Inflation," [The New York Times](#), 11/16/21)

**Left-Leaning Economist Dean Baker Places The American Rescue Plan As Adding About Two Percentage Points To Inflation.** "Economist Dean Baker, with the left-leaning Center for Economic and Policy Research, puts the number at about two percentage points. 'My main basis for saying this is that other wealthy countries, without remotely comparable stimulus packages, have seen comparable jumps in their inflation rates,' Baker said." ("Fact Check: Did Biden's Government Spending Cause Inflation?" [PolitFactNC](#), 4/22/22)

### **Other Economists Have Said The American Rescue Plan Spurred Inflation**

**The American Rescue Plan "Added About \$1.9 Trillion To The Economy, And Economists Across The Political Spectrum Say That It Spurred Inflation."** "The 2021 American Rescue Plan Act added about \$1.9 trillion to the economy, and economists across the political spectrum say that it spurred inflation. They differ on the precise scale of its impact, with estimates ranging from two to four additional points out of the current inflation rate of about 8.5%." ("Fact Check: Did Biden's Government Spending Cause Inflation?" [PolitFactNC](#), 4/22/22)

- **Economists Argue That It Added Up To Three Percentage Points To Inflation.** "There's a range of opinion among economists on how much of the US's higher inflation over 2021 (a 7 percentage point increase including energy and food prices, and a 5.5 percentage point increase excluding them) can be attributed to the American Rescue Plan. Michael Strain of the right-leaning American Enterprise Institute has estimated the law added 3 percentage points. Dean Baker of the left-leaning Center for Economic and Policy Research, though, put that number at 1-2 percentage points." (Andrew Prokop, "Biden's American Rescue Plan Worsened Inflation. The Question Is How Much." [Vox](#), 5/12/22)

**Bloomberg: Biden's American Rescue Plan "Made Inflation Even Worse."** "Biden didn't cause inflation — that was the result of supply constraints from the pandemic, loose monetary policy and the Trump-era stimulus bills. But then, just as the economy was starting to recover, the 2021 American Rescue Plan came along and made inflation even worse." (Allison Schrager, "Biden Hasn't Helped The Economy. He's Made It Worse.," [Bloomberg](#), 10/24/22)

- **"Economists Estimate It Was Way Too Large And May Have Added From 2 To 4 Percentage Points To Inflation."** (Allison Schrager, "Biden Hasn't Helped The Economy. He's Made It Worse.," [Bloomberg](#), 10/24/22)
- **As A Result Of The American Rescue Plan, Low Earners Will "Experience More Harm" As Steps Are Taken To Fight Inflation.** "This may have been politically popular at the time, but the inflation it caused is harder on low earners who are more price sensitive and will experience more harm during any recession caused by the efforts to fight inflation." (Allison Schrager, "Biden Hasn't Helped The Economy. He's Made It Worse.," [Bloomberg](#), 10/24/22)

**The Wall Street Journal: "Americans Should Brace Themselves For Several Years Of Higher Inflation Than They've Seen In Decades, According To Economists Who Expect The Robust Post-Pandemic Economic Recovery To Fuel Brisk Price Increases For A While."** (Gwynn Guilford And Anthony DeBarros, "Higher Inflation Is Here To Stay For Years, Economists Forecast," [The Wall Street Journal](#), 7/11/21)

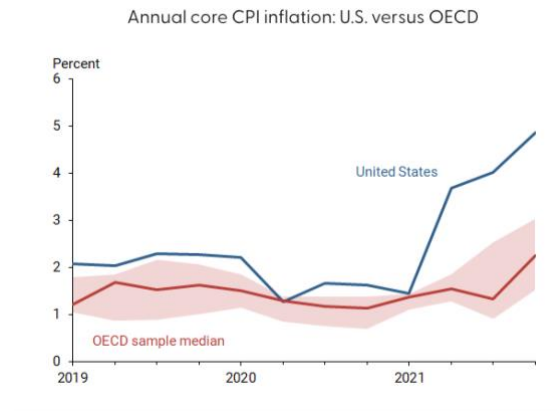
**Vox Headline: "Biden's American Rescue Plan Worsened Inflation. The Question Is How Much."** (Andrew Prokop, "Biden's American Rescue Plan Worsened Inflation. The Question Is How Much." [Vox](#), 5/12/22)

- **The American Rescue Plan "Put Gasoline On The Fire" Of Inflation.** "We put gasoline on the fire. That's basically what the ARP did. It was almost written as if we didn't just pass a trillion-dollar stimulus in December,' said Goldwein." (Andrew Prokop, "Biden's American Rescue Plan Worsened Inflation. The Question Is How Much." [Vox](#), 5/12/22)
- **The United States Is Seeing Higher "Core Inflation" That Other Countries Due To Excessive Stimulus Spending.** "The US did a lot more stimulus than these other countries, and now it's seeing a lot more core inflation. And the stimulus that most stands out is Biden's \$1.9 trillion American Rescue Plan — because it was enacted after more than \$3 trillion had already been spent to stimulate the economy under Trump, with one

big chunk of that being approved just three months prior.” (Andrew Prokop, “Biden’s American Rescue Plan Worsened Inflation. The Question Is How Much.” [Vox](#), 5/12/22)

- **“Democrats Simply Didn’t Take This Seriously Enough Back In Early 2021.”** “In retrospect, it seems that Democrats simply didn’t take this seriously enough back in early 2021. They wrongly concluded that a stimulus far in excess of what models said was necessary was the less risky option. They thought they were still in the ‘money printer go brrr’ era, where there was less pressure to be judicious about where that money was going — so instead of targeting help to those who needed it, they sent hundreds of billions of dollars to well-off Americans and states doing just fine, for political reasons.” (Andrew Prokop, “Biden’s American Rescue Plan Worsened Inflation. The Question Is How Much.” [Vox](#), 5/12/22)

**Research Published By The Federal Reserve Bank Of San Francisco Claim “Fiscal Support Measures” Caused “About 3 Percentage Points Of The Recent Rise In Inflation.”** “The United States is experiencing higher rates of inflation than other advanced economies. In this Economic Letter we argue that, among other reasons explored by the literature, the sizable fiscal support measures aimed at counteracting the economic collapse due to the COVID-19 pandemic could explain about 3 percentage points of the recent rise in inflation. However, without these spending measures, the economy might have tipped into outright deflation and slower economic growth, the consequences of which would have been harder to manage.” (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 Economic Letter](#), 3/28/22)



(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 Economic Letter](#), 3/28/22)

## ***Inflation Reduction Act***

### **In August 2022, Biden Signed The \$750 Billion Inflation Reduction Act**

**In August 2022, Biden Signed The \$750 Billion Inflation Reduction Act.** “President Joe Biden signed a sweeping \$750 billion health care, tax and climate bill into law at the White House on Tuesday – marking a major victory for his administration and the Democratic Party ahead of the midterm elections. Biden said during a signing ceremony in the State Dining Room that the legislation, called the Inflation Reduction Act, is ‘one of the most significant laws in our history.’” (Maegan Vazquez and Donald Judd, “Biden Signs Inflation Reduction Act Into Law,” [CNN](#), 8/16/22)

**Much Of The Inflation Reduction Act Is “Dedicated To Spending, Which Is Bad For Inflation.”** “The 2022 Inflation Reduction Act at least claimed to address inflation., though much of the bill is dedicated to spending, which is bad for inflation. The hope is it will reduce inflation in the future by lowering the deficit over the next decade. But within weeks of its passage, any potential deficit reduction was undone by the regressive student loan forgiveness executive order.” (Allison Schrager, “Biden Hasn’t Helped The Economy. He’s Made It Worse,” [Bloomberg](#), 10/24/22)

**Analyses Of The Inflation Reduction Act Show The Bill’s Impact On Inflation Would Be “Statistically Indistinguishable From Zero” In The Short-Term And Would Actually Raise Inflation**

**The Penn Wharton Budget Model: Despite Its Name, The Inflation Reduction Act’s “Impact On Inflation Is Statistically Indistinguishable From Zero.”** “PWBM estimates that the Inflation Reduction Act, as written, would reduce cumulative deficits by \$248 billion over the budget window. The Act would very slightly increase inflation until 2024 and decrease inflation thereafter. These point estimates are statistically indistinguishable from zero, thereby indicating low confidence that the legislation will have any impact on inflation. We project no impact on GDP by 2031 and an increase in GDP of 0.2 percent by 2050. These estimates include the impact of debt and carbon reduction as well as capital and labor supply distortions from rising tax rates. As written, the Inflation Reduction Act contains a sunset for the Affordable Care Act (ACA) subsidies provision at the end of 2025. Under an illustrative scenario where that provision was extended indefinitely, the 10-year deficit reduction estimate falls to \$89 billion. The impact on GDP remains zero through 2040.” (“Inflation Reduction Act: Preliminary Estimates Of Budgetary And Macroeconomic Effects,” [University Of Pennsylvania Penn Wharton Budget Model](#), 7/29/22)

- **The Penn Wharton Budget Model: There Is “Low Confidence That The Legislation Will Have Any Impact On Inflation.”** “PWBM estimates that the Inflation Reduction Act, as written, would reduce cumulative deficits by \$248 billion over the budget window. The Act would very slightly increase inflation until 2024 and decrease inflation thereafter. These point estimates are statistically indistinguishable from zero, thereby indicating low confidence that the legislation will have any impact on inflation.” (“Inflation Reduction Act: Preliminary Estimates Of Budgetary And Macroeconomic Effects,” [University Of Pennsylvania Penn Wharton Budget Model](#), 7/29/22)
- **The Penn Wharton Budget Model Estimated The Bill Would Lead To A 0.25 Percent Point Decrease In Inflation By The Late 2020’s After Increasing Inflation By 0.05 Percent Points In 2024.** “PWBM previously provided estimates of the Build Back Better Act (H.R. 5376) on inflation. Estimating the impact of the current Inflation Reduction Act on inflation is challenged by the smaller size of the program’s spending and taxes relative to the overall U.S. economy. For these estimates, PWBM uses an ‘impulse response’ model that is standard in economics and subject to its own model limitations. We measure inflation as the Personal Consumption Expenditures (PCE) price index. We estimate that the Inflation Reduction Act will produce a very small increase in inflation for the first few years, up to 0.05 percent points in 2024. We estimate a 0.25 percentage point fall in the PCE price index by the late 2020s. These point estimates, however, are not statistically different than zero, thereby indicating a very low level of confidence that the legislation will have any impact on inflation.” (“Inflation Reduction Act: Preliminary Estimates Of Budgetary And Macroeconomic Effects,” [University Of Pennsylvania Penn Wharton Budget Model](#), 7/29/22)

**The Congressional Budget Office Found The Bill’s Impact On Inflation In 2022 Would Be “Negligible.”** “In calendar year 2022, enacting the bill would have a negligible effect on inflation, in CBO’s assessment. In calendar year 2023, inflation would probably be between 0.1 percentage point lower and 0.1 percentage point higher under the bill than it would be under current law, CBO estimates. That range of likely outcomes reflects uncertainty about how various provisions of the bill would affect overall demand and output, the supply of labor, the persistence of disruptions in the supply of goods and services, and how the Federal Reserve would respond to offset any increase in inflationary pressure.” (CBO Director Phillip L. Swagel, [Letter To Sen. Lindsey Graham](#), 8/4/22)

**A Tax Foundation Analysis Found That The Bill Could Worsen Inflation In The Long-Run Because It Would Constrain The Economy’s Production Capacity.** “Inflation is driven by expectations regarding the likelihood [sic] that the federal government will be able to repay its debt over the long term, which is a function of the expected performance of the economy, tax collections, and spending. By reducing long-run economic growth, the bill worsens inflation by constraining the productive capacity of the economy. To the extent the revenue raisers are seen as long-lasting sources of revenue, the bill reduces inflation, but projected revenues are not certain and may be less than we are forecasting. For example, the history of the corporate alternative minimum tax indicates the book minimum tax may be a diminishing source of revenue. By increasing spending, the bill worsens inflation, especially in the first four years, as revenue raisers take time to ramp up and the deficit increases. We find that budget deficits would increase from 2023 to 2026, potentially worsening inflation.” (Alex Durante, Cody Kallen, Huaqun Li, William McBride and Garrett Watson, “Details & Analysis Of The Senate Inflation Reduction Act Tax Provisions,” [Tax Foundation](#), 8/10/22)

## ***Student Loan Forgiveness***

### **In August 2022, Biden Announced Forgiving \$10,000 In Student Loans**

**In August 2022, President Biden Announced He Would Erase \$10,000 In Federal Student Loan Debt For Those With Incomes Below \$125,000 A Year.** “More than 40 million Americans could see their student loan debt reduced — and in many cases eliminated — under the long-awaited forgiveness plan President Joe Biden announced Wednesday, a historic but politically divisive move in the run-up to the midterm elections. Fulfilling a campaign promise, Biden is erasing \$10,000 in federal student loan debt for those with incomes below \$125,000 a year, or households that earn less than \$250,000. He’s canceling an additional \$10,000 for those who received federal Pell Grants to attend college.” (Collin Binkley, Seung Min Kim, and Chris Megerian, “Student Loan Forgiveness Could Help More Than 40 Million,” [The Associated Press](#), 8/25/22)

### **Biden’s Forgiveness Of Student Loans Will Increase Near-Term Inflation**

**The Wall Street Journal Editorial Board Called Biden’s Debt Relief “An Inflation Expansion Act.”** “Wasn’t it only last week that Democrats were touting something called the Inflation Reduction Act? So much for that. The press is reporting everywhere that as early as Wednesday President Biden will announce he is canceling student debt and extending the moratorium on student-loan payments for several more months. This is an inflation expansion act. The reports say Mr. Biden will cancel \$10,000 in debt for borrowers making \$125,000 or less a year. That would cost about \$300 billion this year, and \$330 billion over 10 years, says the Penn Wharton Budget Model. That’s far more than the \$102 billion the Inflation Reduction Act purportedly reduces the deficit over 10 years starting in 2027. About 70% of the loan relief would go to borrowers in the top 60% of income distribution.” (Editorial Board, “Student Loan Forgiveness Is An Inflation Expansion Act,” [The Wall Street Journal](#), 8/23/22)

**According To The Committee For A Responsible Budget, Biden’s Debt Forgiveness Plan Will Raise Near-Term Inflation Up To 15 Basis Points.** “Debt cancellation would also wipe out the disinflationary benefits of the IRA. The Congressional Budget Office, Penn Wharton Budget Model, and Moody’s Analytics all found the IRA would have virtually no effect on inflation in the near term at the macroeconomic level. Our analysis is somewhat more optimistic since the bill’s micro-economic effects and side deals related to permitting and energy explorations can put downward pressure on prices. However, debt cancellation would boost near-term inflation far more than the IRA will lower it. We previously estimated that a one-year pause could add up to 20 basis points to the Personal Consumption Expenditure (PCE) inflation rate. Using a similar analytical method, \$10,000 of debt cancellation could add up to 15 basis points up front and create additional inflationary pressure over time. Although there was no inflation in the month of July, inflation has surged at record levels over the past year and core inflation remains well above target. The IRA gave Washington an opportunity to show it was finally serious about helping the Federal Reserve tackle inflation and begin to address our \$24 trillion national debt. Broad student debt cancellation — whether by extending the pause, forgiving balances, or both — would undermine the benefits of the IRA and demonstrate a lack of seriousness in addressing our nation’s economic challenges.” (“Cancelling Student Debt Would Undermine Inflation Reduction Act,” [Committee For A Responsible Federal Budget](#), 8/16/22)

### **Democrat Economists Have Claimed Biden’s Student Loan Forgiveness Would Increase Inflation**

**Former Treasury Secretary And Obama Economic Official Larry Summers Said Student Loan Forgiveness Would Raise Demand And Tuition Costs And Increase Inflation.** “Student loan debt relief is spending that raises demand and increases inflation. It consumes resources that could be better used helping those who did not, for whatever reason, have the chance to attend college. It will also tend to be inflationary by raising tuitions.” (Lawrence H. Summers, [Twitter](#), 8/22/22)





(Lawrence H. Summers, [Twitter](#), 8/22/22)

**Jason Furman, Chair Of Obama’s Council Of Economy Advisors, Said Americans Would Pay For The Debt Forgiveness “Either In The Form Of Higher Inflation Or In Higher Taxes Or Lower Benefits In The Future.”**

“Most importantly, everyone else will pay for this either in the form of higher inflation or in higher taxes or lower benefits in the future. I did a thread on this last night but given the new announcement you need to double everything in it.” (Jason Furman, [Twitter](#), 8/24/22)

- **Furman: “Pouring Roughly Half Trillion Dollars Of Gasoline On The Inflationary Fire That Is Already Burning Is Reckless.”** (Jason Furman, [Twitter](#), 8/24/22)



(Jason Furman, [Twitter](#), 8/24/22)



(Jason Furman, [Twitter](#), 8/24/22)

***Build Back Better Act***

**Had Biden’s Build Back Better Act Not Stalled In Congress, Inflation Would Be Even Higher**

**In December 2021, Biden's \$2 Trillion Social Spending Bill Stalled In The Senate After Democratic Senator Joe Manchin Said He Would Not Support It.** "West Virginia Sen. Joe Manchin doomed President Biden's roughly \$2 trillion social spending and climate legislation known as Build Back Better on Sunday, telling Fox News in an interview that he cannot support it. 'If I can't go home and explain it to the people of West Virginia, I can't vote for, and I cannot vote to continue with this piece of legislation. I just can't. I've tried everything humanly possible. I just can't get there,' Manchin said." (Arnie Seipel, "Joe Manchin Says He Won't Support President Biden's Build Back Better Plan," [NPR](#), 12/19/21)

**Economists Including Former Obama Economic Advisor Steven Rattner Argued That The Build Back Better Act Will Only Exacerbate Inflation**

**Former Obama Economic Advisor Steven Rattner Argued That The Build Back Better Act Will Only Exacerbate Inflation.** "For the Democrats, recent disappointing election results and the current legislative logjam offer a dose of cold reality. The administration wanted to claim a big policy win ahead of the 2022 midterm elections. But inflation worries are top of voters' minds. So the administration should come clean with voters about the impact of its spending plans on inflation. Build Back Better can be deemed 'paid for' only if one embraces budget gimmicks, like assuming that some of the most important initiatives will be allowed to expire in just a few years. The result: a package that front-loads spending while tax revenues arrive only over a decade. The Committee for a Responsible Federal Budget estimates that the plan would likely add \$800 billion or more to the deficit over the next five years, exacerbating inflationary pressures." (Steven Rattner, Op-Ed, "I Warned The Democrats About Inflation," [The New York Times](#), 11/16/21)

**According To The Tax Foundation, Build Back Better Would "Likely Contribute To Inflation."** "In the short term, the Build Back Better Act (BBBA) would likely contribute to inflation, but the magnitude of that contribution is unclear." (Alex Muresianu, "How Will Build Back Better Impact Inflation?" [The Tax Foundation](#), 11/17/21)

**The Penn Wharton Budget Model Found That The Build Back Better Would Add Up To 0.2 Percentage Points To Inflation Over The Next Two Years.** "PWBM projects that the spending and taxes in the Build Back Better Act (H.R. 5376), as written, would add up to 0.2 percentage points to inflation over the next two years and reduce inflation by similar amounts later in the decade. As an illustrative alternative, if temporary major spending provisions were made permanent, the bill would add up to a third of a percentage point to near-term inflation and have a negligible impact on inflation later in the decade." ("The Impact Of The Build Back Better Act (H.R. 5376) On Inflation," [Penn Wharton Budget Model](#), 12/17/21)

**November 17, 2021 Bloomberg Headline: "Top Economists See Biden's Spending Plan Adding To Inflation"** (Rich Miller, "Top Economists See Biden's Spending Plan Adding To Inflation," [Bloomberg](#), 11/17/21)

**Economists At Moody's Analytics, The American Action Forum, And Harvard University Agreed The Bill Will Push Inflation Up In The Short Run.** "The roughly \$2 trillion tax and spending bill being championed by President Joe Biden will act to push up inflation next year if passed by Congress. That's according to three senior economists -- Mark Zandi at Moody's Analytics, Douglas Holtz-Eakin of the American Action Forum and Harvard University professor Doug Elmendorf -- who appeared on a virtual panel sponsored by the National Association for Business Economics on Wednesday." (Rich Miller, "Top Economists See Biden's Spending Plan Adding To Inflation," [Bloomberg](#), 11/17/21)