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As inflation roars, Biden keeps defending spending

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As inflation threatens to take down the Democrats' congressional majorities and possibly his presidency, Joe Biden has steadfastly defended the federal spending he has already signed into law and what he would still like lawmakers to send him.

After Biden devoted much of last month denying his spending contributed meaningfully to inflation running at a 41-year high, Senate Democrats are still in talks to salvage parts of the stalled Build Back Better agenda in mid-July.

“We have the strongest economy in the world,” Biden defiantly told reporters at a press conference in Madrid to close out his European trip. “Our inflation rates are lower than other nations in the world.”

This capped a month in which Biden often seemed offended by the notion that piling another \$1.9 trillion on top of over \$3 trillion in COVID-19 spending signed into law by the previous administration during the pandemic might have helped fuel inflation — as he was warned in advance. He told the *Associated Press* in June that there was “zero evidence” for this claim.

“You could argue whether it had a marginal — a minor impact on inflation,” he said. “I don’t think it did. And most economists do not think it did. But the idea that it caused inflation is bizarre.”

“I don’t want to hear any more of these lies about reckless spending. We are changing people's lives,” Biden told an audience of labor union members in Philadelphia around the same time. He cited a lower annual budget deficit than he inherited from former President Donald Trump.

Treasury Secretary Janet Yellen, already on the defensive for telling CNN she had gotten inflation projections “wrong,” had to deny reports she had called for more spending restraint from the Biden administration.

“I never urged adoption of a smaller American Rescue Plan package,” said Yellen, who previously chaired the Federal Reserve.

“Excess federal spending is partly responsible for today’s high inflation, and Trump is just as culpable as Biden,” Chris Edwards, director of tax and budget policy studies at the libertarian

Cato Institute, told the *Washington Examiner*. “Trump signed a massive and excessive \$900 billion in new stimulus in December 2020.”

Many economists across the spectrum view Biden’s spending as the straw that broke the camel’s back. “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,” Wendy Edelberg, a senior economics fellow at the liberal Brookings Institution, said in a statement.

The Committee for a Responsible Federal Budget’s Marc Goldwein has previously compared it to pouring “gasoline on the fire,” saying, “It was almost written as if we didn’t just pass a trillion-dollar stimulus in December.”

Former Treasury Secretary Larry Summers, once a top economic adviser to Democratic Presidents Bill Clinton and Barack Obama, has warned Biden against “overheating” the economy. Summers is now forecasting a recession.

Biden sought an additional \$3 trillion in new spending on a social welfare and climate spending bill that stalled in the Senate late last year. He also signed into law a \$1.2 trillion bipartisan infrastructure bill.

“And remember that it was Trump who had long called for a trillion-dollar infrastructure package, which Congress ultimately passed in 2021, and is also fueling inflation today,” Edwards said.

Biden has gone around the country touting projects these spending bills have funded, called for more spending to help make various things more affordable to offset inflation, and increasingly cast high gas prices as a wartime necessity to fight Russia in Ukraine.

All this has given Republicans new openings in an election cycle in which they were already favored. Biden’s job approval rating has dropped into the 30s in multiple polls, with inflation and the economy major drivers of the decline.

While inflation is a political and economic problem in its own right, the tightening the Fed is having to do to combat it could lead to a recession. The economy already shrank slightly in the first quarter of this year. This would threaten the low unemployment rate and gaudy gross domestic product growth figures Biden has been citing as major economic positives.

“The amount of current debt, inflation, and unfunded liabilities like Social Security, Medicare, Medicaid, and public pensions should scare every American,” said Republican strategist Bradley Blakeman. “Now is not the time to spend. It is the time to be fiscally responsible.”