

Critics pan Biden's plan to fight inflation

By Casey Harper

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(The Center Square) – Inflation has risen steadily since President Joe Biden took office, and his new plan to fight rising prices has been met with skepticism by critics.

Biden vowed to fight inflation during his State of the Union address by pushing a “buy American” agenda.

“One way to fight inflation is drive down wages and make Americans poorer,” Biden said. “I have a better way to fight inflation: lower your costs, not your wages.”

Biden emphasized the role of the supply chain, not soaring federal spending, as the cause of inflation.

“We’re going to make more cars and semiconductors in America,” Biden said. “More infrastructure innovation in America. More goods moving faster and cheaper in America. More jobs that you can earn a living, a good living by, here in America. Instead of relying on foreign supply chains, let’s make it in America again.”

The consumer price index has risen the fastest in 40 years with food and energy costs among the most affected. Gas prices have risen about \$1 from the same time last year.

“The president found a lot of boogiemens to blame for the steepest inflation in 40 years, including businesses to whom he instructed, 'lower your costs, not your wages,' ” said Joel Griffith, an economic expert at the Heritage Foundation. “The inflation scourge and supply shortages – evidenced by sparse shelves and lengthy delivery times – stems from the senseless COVID-19 restrictions that suppressed production, wreaked havoc on transportation networks, and kept millions of workers off the job.”

Griffith acknowledged the supply shortages' role in inflation, but pointed to something Biden did not focus on in his speech: skyrocketing federal debt spending.

“Meanwhile, our federal government stoked demand at a time of plunging supply by spending trillions of dollars,” he said. “The Federal Reserve aided much of this spending by purchasing government bonds with newly ‘printed’ money and directed yet more new money into the

housing and financial markets. It's no surprise that artificially reduced supply combined with a system awash in newly 'minted' cash is stoking sky-high inflation."

Biden has taken fire for his COVID-19 relief bill, in particular. It cost nearly \$2 trillion and created federal unemployment benefits that reports show increased unemployment.

"Predictably, Mr. Biden assigned no blame to his excessively large American Rescue Plan for stoking inflation by providing the country with its largest peacetime budget stimulus on record at a time that monetary policy was very loose and the economy was recovering strongly," said Desmond Lachman, an economic expert at the American Enterprise Institute. "He also offered very little in the way of policies to get (the) inflation genie back into the bottle other than offering to release a minimum amount of oil from the U.S. strategic stockpile, encourage companies to buy American, pass parts of his Build Back Better program and adopt cost-cutting measures in selected sectors of the economy."

Critics of Biden's "Buy American" push said it will not fix the problem of inflation and may make it worse.

"Any attempt to tame inflation through 'Buy America' policies is unlikely to succeed," said Colin Grabow, an economic expert at the Cato Institute. "As President Biden himself stated in his State of the Union address, the best way to lower costs is through increased competition. But policies that discourage or prohibit Americans from purchasing foreign products or incorporating other countries into supply chains are the precise opposite of that. Restricting the ability of Americans to source foreign products is a restriction on competition. It is not a coincidence that the low inflation enjoyed by Americans in recent decades has correlated with increased global economic integration and the vigorous competition it has produced."

Biden said solving this issues is a "top priority.

"But we know that despite this historic recovery, too many families are still struggling with higher costs," he said. "I get it. Our top priority must be getting prices under control."