



## **Inflation rose 7.9% in February, the highest in 40 years**

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WASHINGTON (TND) — Consumer Price Index rose 7.9% in February compared to last year, according to the Bureau of Labor Statistics. The rise is the fastest annual jump since 1982 and beats January's previous 40-year high rate of 7.5%.

The Labor Department's report also showed inflation rose 0.8% from January to February, up from the previous month's 0.6% increase.

***I think the bigger deal is the monthly change," said Scott Lincicome, director of general economics and trade at the Cato Institute, to The National Desk's Jan Jeffcoat. "If we keep having big monthly bumps that's a big problem."***

The report didn't include recent oil and gas prices that followed Russia's invasion of Ukraine on Feb. 24. In the weeks since, average gas prices have risen 62 cents to \$4.32 a gallon, according to AAA. Lincicome said that before the invasion, economists were expecting inflation to peak in March.

"The Ukraine invasion and war have thrown another wrench in our CPI plans," said Lincicome. "It's likely that that's going to continue to goose things not just for a month, but for a few months after as energy prices tend to ripple through the economy not merely in gas prices, but in food prices and manufacturing costs and the rest."

President Joe Biden announced a ban on Russian oil imports earlier this week, a move Lincicome said could increase the price of oil globally.

"Right now it's isolated to just the U.S. and the United Kingdom, but if other countries follow suit, or if the United States starts applying secondary sanctions, essentially sanctioning anybody who buys Russian oil, well then we could start seeing oil much higher, maybe \$200 a barrel or \$6 a gallon gas," said Lincicome.

As inflation runs far ahead of the wage increases seen in the past year, Americans are feeling the effects when it comes to affording food, gas and rent. Biden proposed inflation could be turned around by bringing factory jobs back to the U.S.

***Making it in America is one of the ways we can address our cost and supply chain challenges,” said Biden. “When we build products we need, we don’t have to wait and we reduce shipping costs and we can get goods moving faster.”***

But Biden’s plan to combat inflation has faced criticism.

“Semiconductor manufacturing facilities take years to build. Inflation's here now and it is an issue now,” said Douglas Holtz-Eakin, President of the American Action Forum.

Lincicome says the issue is not about manufacturing jobs in America.

“We have about 850,000 manufacturing jobs openings out there right now. The fact is that supply chains tend to reduce costs, not raise them, the thing the government can do is get out of the way and let supply chains operate more freely,” said Lincicome. “A few of those things Biden could do by the way, just with the stroke of a pen, there's no Congress even needed.”