



## High consumer prices expected 'for the next few months,' says economist

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An analysis from the Joint Economic Committee reveals the rise in prices of everyday items is disproportionately hurting low-income Americans the most. President Joe Biden and his administration say that his Build Back Better plan will help control inflation

“We want to improve the productive capacity of our economy, which will actually reduce price pressures. We want to get more people to work, which will actually reduce price pressures,” said National Economic Director Brian Deese.

But Scott Lincicome, senior fellow at the Cato Institute, says that it’s “silly to pretend that spending another \$2 trillion is going to reduce the near term price pressures we’re viewing.”

“The taxes in this plan might theoretically offset the spending pressures, but this bill isn't fully paid for and all the spending is front-loaded,” said Lincicome to The National Desk’s Jan Jeffcoat.

While companies like Walmart have raised their forecast ahead of the holiday shopping season after consumer spending accelerated in October, Lincicome says that price pressure “is going to be with us for the next few months at least.”

“The latest Consumer Price Index report showed that price pressures were much broader than they were over the summer,” said Lincicome. “That has the chance of being a self-fulfilling prophecy where workers expect higher prices, they demand higher wages, companies then raise their prices, and so on.”

Lincicome says a lot will be dependent on the Federal Reserve.

“It's going to start raising interest rates, but the problem there, of course, is that if it raises interest rates too fast it could actually induce recession as the economy clenches up,” said Lincicome.

When it comes to supply chain issues, Lincicome says what's needed is a mix of federal, state, and local regulatory policies,

“There are some things that the President can do quickly and that's where I think we should focus. He should focus on things like eliminating tariffs that he can do unilaterally,” said Lincicome. “We have a backlog of about over a million legal immigrants, visa holders, that can help on the worker side. He should be waiving trucking regulations that are making it harder for truck drivers to get to and from ports.”