IN CASE YOU MISSED IT

<u>Via the Wall Street Journal:</u>
<u>*The Economy Is Still Inflated*</u>

President Biden and Vice President Harris have created an inflationary firestorm, with families spending nearly **<u>$18,000 more annually</u>** just to maintain the same standard of living they enjoyed before this Administration.

In a recent **Op-Ed** for the **<u>Wall Street Journal</u>**, Dr. Mickey D. Levy, visiting fellow at the Hoover Institution, and Dr. Michael D. Bordo, economics professor at Rutgers University, lay out the economic reality that Americans are facing at home and the unsustainable nature of Democrats' failed fiscal policies.

WORD ON THE STREET

<u>Mickey D. Levy and Michael D. Bordo, Via Wall Street Journal:</u>

- *"The Federal Reserve has slowed inflation, but many* ***<u>Americans continue to pay a high price for the cumulative inflationary consequences of excessive monetary and fiscal stimulus</u>****."*

- *"We* ***wrote*** *in these pages in February 2021 that, based on history,* ***<u>high deficits combined with expansive monetary policy would trigger accelerating inflation</u>****. Joe Biden's $1.9 trillion American Rescue Plan was close to being enacted, but we never imagined that the Fed would maintain zero interest rates and continue its massive purchases of assets until March 2022, almost a year after inflation first began to surge.* ***<u>Today's economy is still suffering from these policy excesses</u>****."*

- *"****<u>There's a big difference between the rate of inflation, which measures the percentage change in the prices of all goods and services, and the actual</u>***

__price level consumers currently pay, which is the accumulation of past inflation__. The Fed focuses its attention on achieving its dual mandate of 2% inflation and maximum employment. Meanwhile, it has no strategy to address the fact that the compounding of past inflation has raised consumer prices dramatically: __The consumer-price index is about 22% higher than its pre-pandemic level.__"

- *"Research by Fed staffers and other economists attributes the high inflation primarily to transitory supply shocks during the pandemic. __But supply bottlenecks have now disappeared, and price levels remain well above the level that would be consistent with their pre-pandemic trajectory__."*

- *"Even as economic growth creates new jobs and workers' wage gains begin to exceed inflation modestly, many middle- and lower-income earners have fallen behind as higher prices eat up larger shares of their incomes. __According to the Bureau of Labor Statistics, the costs of shelter, food and energy are up about 25%, 27% and 25%, respectively, since the onset of the pandemic__. The 34% of Americans who rent their homes take little solace in new alternative measures of "core inflation" that omit the cost of housing."*

- *"__The Case-Shiller National Home Price Index reports that house prices have risen more than 50% since year-end 2019__, making homeowners wealthier. Besides driving up rental costs, this increase, along with the normalization of bond yields and mortgage rates, __has set back a generation of prospective home buyers__. __Even as economic growth creates new jobs, higher prices lower Americans' living standards__."*

- *"Chalk the surge in deficit spending up to the exuberance of the newly elected Mr. Biden, who interpreted his victory as a mandate to transform America. Even as the American Rescue Plan checks were being distributed, __Mr. Biden proposed further dramatic increases in spending, taxes, and federal debt as part of his Build Back Better agenda__."*

THE BOTTOM LINE

Americans are experiencing unprecedented financial strain as **the Biden-Harris Administration continues to punish businesses and working people with unchecked spending and excessive regulation**. The Biden-Harris Administration has added $8.4 trillion to the national debt and imposed **$1.7 trillion** in regulatory costs, choking growth.

By contrast, the House Budget Committee's **"Reverse the Curse"** budget will supercharge the economy through pro-growth tax policies, growing the economy by 3 percent annually and reducing the 10-year deficit by $14 trillion.