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Joe Biden: My Plan for Fighting Inflation

I won't meddle with the Fed, but I will tackle high prices while guiding the economy's transition to stable and steady growth.

By Joseph R. Biden Jr.

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ILLUSTRATION: DAVID GOTHARD

The global economy faces serious challenges. Inflation is elevated, exacerbated by Vladimir Putin's war in Ukraine. Energy markets are in turmoil. Supply chains that haven't fully healed are causing shortages and price hikes.

Americans are anxious. I know that feeling. I grew up in a family where it mattered when the price of gas or groceries rose. We felt it around the kitchen table. But the American people should have confidence that our economy faces these challenges from a position of strength.

In January 2021, when I took office, the recovery had stalled and Covid was out of control. In less than a year and a half, my administration's economic and vaccination plans helped achieve the most robust recovery in modern history. The

job market is the strongest since the post-World War II era, with 8.3 million new jobs, the fastest decline in unemployment on record, and millions of Americans getting jobs with better pay.

Since I took office, families have increased their savings and have less debt: A recent Federal Reserve report found that a higher percentage of Americans reported feeling financially comfortable at the end of 2021 than at any time since the survey began in 2013. Business investment is up 20% and manufacturing jobs are growing at their fastest rate in 30 years. There were more new small business applications in 2021 than in any previous year.

The U.S. is in a better economic position than almost any other country. According to the International Monetary Fund, the U.S. economy will be larger at the end of this year—relative to its prepandemic size—than any other Group of 7 economy. The U.S. economy may grow faster this year than China's economy for the first time since 1976.

With the right policies, the U.S. can transition from recovery to stable, steady growth and bring down inflation without giving up all these historic gains. During this transition, growth will look different. We will likely see fewer record job-creation numbers, but this won't be cause for concern. Rather, if average monthly job creation shifts in the next year from current levels of 500,000 to something closer to 150,000, it will be a sign that we are successfully moving into the next phase of recovery—as this kind of job growth is consistent with a low unemployment rate and a healthy economy. Things should also look different from the decades before the pandemic, when too often we had low growth, low wage gains, and an economy that worked best for the wealthiest Americans.

I ran for president because I was tired of the so-called trickle-down economy. We now have a chance to build on a historic recovery with an economy that works for working families. The most important thing we can do now to transition from rapid recovery to stable, steady growth is to bring inflation down. That is why I have made tackling inflation my top economic priority. My plan has three parts:

First, the Federal Reserve has a primary responsibility to control inflation. My predecessor demeaned the Fed, and past presidents have sought to influence its decisions inappropriately during periods of elevated inflation. I won't do this. I

have appointed highly qualified people from both parties to lead that institution. I agree with their assessment that fighting inflation is our top economic challenge right now.

Second, we need to take every practical step to make things more affordable for families during this moment of economic uncertainty—and to boost the productive capacity of our economy over time. The price at the pump is elevated in large part because Russian oil, gas and refining capacity are off the market. We can't let up on our global effort to punish Mr. Putin for what he's done, and we must mitigate these effects for American consumers. That is why I led the largest release from global oil reserves in history. Congress could help right away by passing clean energy tax credits and investments that I have proposed. A dozen CEOs of America's largest utility companies told me earlier this year that my plan would reduce the average family's annual utility bills by \$500 and accelerate our transition from energy produced by autocrats.

We can also reduce the cost of everyday goods by fixing broken supply chains, improving infrastructure, and cracking down on the exorbitant fees that foreign ocean freight companies charge to move products. My Housing Supply Action Plan will make housing more affordable by building more than a million more units, closing the housing shortfall in the next five years. We can reduce the price of prescription drugs by giving Medicare the power to negotiate with pharmaceutical companies and capping the cost of insulin. And we can lower the cost of child and elder care to help parents get back to work. I've done what I can on my own to help working families during this challenging time—and will keep acting to lower costs where I can—but now Congress needs to act too.

Third, we need to keep reducing the federal deficit, which will help ease price pressures. Last week the nonpartisan Congressional Budget Office projected that the deficit will fall by \$1.7 trillion this year—the largest reduction in history. That will leave the deficit as a share of the economy lower than prepandemic levels and lower than CBO projected for this year before the American Rescue Plan passed. This deficit progress wasn't preordained. In addition to winding down emergency programs responsibly, about half the reduction is driven by an increase in revenue—as my economic policies powered a rapid recovery.

My plan would reduce the deficit even more by making common-sense reforms to

the tax code. The Internal Revenue Service should have the resources to collect taxes that Americans already owe. We should level the international taxation playing field so companies no longer have an incentive to shift jobs and profits overseas. And we should end the outrageous unfairness in the tax code that allows a billionaire to pay lower rates than a teacher or firefighter.

I welcome debate on my plan to tackle inflation and move the economy to stable and steady growth. I have a very different approach from Congressional Republicans, led by Sen. Rick Scott, whose plan would raise taxes on people making less than \$100,000 and require that Congress reauthorize bedrock programs like Medicare, Social Security and Medicaid every five years. That would make American families poorer and more economically insecure.

The economic policy choices we make today will determine whether a sustained recovery that benefits all Americans is possible. I will work with anyone—Democrat, Republican, or independent—willing to have an open and honest discussion that delivers real solutions for the American people.

Mr. Biden is the 46th president of the United States.

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