



THE BIDENFLATION **BLAME GAME**

How Big-Spending Politicians Scapegoat Business

Some Democrats are trying to blame businesses for the inflation that Congress caused.

- Excessive spending and debt caused prices to jump by 20 in three years.
- Congress and the president approved the debt-financed spending.
- The spending spree temporarily boosted much of the economy.
- The fallout includes inflation, high interest rates, debt drag, and uncertainty.

Big spenders in Congress caused inflation and high interest rates.

- Congress spent an extra \$6 trillion allegedly for the pandemic.
- Despite some waste, much spending was reasonable during divided government.
- Almost all was waste after Democrats took full control.
- The Federal Reserve, absorbing trillions in new debt, ballooned the money supply.
- Meanwhile, real economic growth was weak.
- Inflation results from a large gap between growth in money supply and real GDP.
- To counter inflation, the Fed raised interest rates quickly, compounding inflation's affordability crisis and forcing the Fed into unprecedented losses.

Inflation isn't from corporate profits; excessive spending caused both.

- Corporate profits slightly exceeded their normal share of GDP – around 10% – at times during the pandemic when many economic and social factors were unusual.
- Supply constraints against a government-subsidy-fueled demand boom produces shortages or temporarily higher profits. Both happened.
- A small, short-lived increase in a fraction of the economy cannot cause an economy-wide, 20-percent increase in the price level.

Sen. Casey's "greedflation" report manipulates numbers to conjure a false narrative.

- Casey cherry-picks start and end dates to claim a two-year 74% increase in corporate profits.
- It drops to 57% over five years from Q4 2019 – the last fully pre-COVID quarter – to Q1 2024.
- But Casey's misleading measure doesn't adjust for inventory valuation changes, capital consumption (depreciation), or taxes paid.
- Corporate profits grew 25% after making those appropriate adjustments.
- Corporate profits have risen less than inflation and real economic growth.