

50 Ways to Help Fight Inflation



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Supply chains are choked due to strong demand from an awakening world economy hit by COVID. Oil, gas, fertilizer, wheat, and myriad products are in short supply because of the Russian invasion of Ukraine and the massive sanctions that allied nations have leveled against the tyrant Putin. Chinese factories have shut down due to a COVID surge, throwing further sand in the gears of the supply chain. Generous federal economic rescue policies and rising stock prices have given consumers more spending money than pre-pandemic, boosting demand. And enough people have retreated from the workforce that, combined with dwindling immigration, we're experiencing a labor shortage. These are the main pressure points that are leading to high inflation in America and throughout the world.

Inflation is not easy to solve, and most solutions take a long time to see results. The Federal Reserve has its own tools it will use. But what can Congress and the Administration do? This memo provides some options based on the particular pressures that are contributing to inflation now.

Increase the Labor Force

Now that we have all the tools, treat COVID as endemic

Three-quarters of working age Americans are now vaccinated, there are better medical treatments for COVID, less lethal variants, and a better prepared hospital system. We now have the tools (masking, vaccines, social distancing, therapeutics, etc.) to balance a safe workplace with the removal of measures meant to prevent the rapid spread of the disease, especially by those people who refuse to get vaccinated or follow safety guidelines.

- Provide free boosters to protect the entire workforce and their families from new variants.
- With more than 75% of adults fully vaccinated, and the implausibility of requiring proof of a booster shot to work, end all federal vaccine mandates for work outside of the health care system.
- Fulfill the President's request for more COVID-fighting funding, including ensuring we have enough national testing, PPE, vaccines, and therapeutics.

Boost legal immigration

COVID and nativist policies under Trump have shrunk legal immigration, contributing to labor shortages.

- Remove cap on immigrant visas for STEM doctoral graduates and create a new "start-up visa" for immigrant entrepreneurs. This proposal is in the COMPETES Act.
- Fill unused past green card slots and allow spouses and children of green card holders to obtain one without counting against the 140,000 cap.
- Allow and expedite the processing of more refugees from Ukraine.
- Increase H1B and other work visas that could help in labor shortage sectors.
- Use any existing executive authority to increase legal immigration limits.
- Extend all work visas for an additional 12 months.
- Allow spouses and children of those here on work visas to work.
- Give certainty to DACA recipients by automatically reapproving their status.
- Call for comprehensive immigration reform.

Help parents return to the workforce

Parents are dealing with ever higher child care costs and challenges from closures due to COVID.

- Reduce child care costs in reconciliation on a temporary basis through block grants (like was done in the American Rescue Plan) or on a sustained basis with universal Pre-K or other child care provisions. Child care could also be included in the Workforce Innovation and Opportunity Act (WIOA) reauthorization to help working parents retrain for high-demand jobs.
- Extend for one year the expanded CTC from the American Rescue Plan and limit income eligibility to focus on working- and middle-class people.
- Continue the safe vaccination campaign of child care workers and young children when the CDC/FDA approves.

Create a more skilled labor force

- Pass the IMPACT Act—\$100 million over six years to help Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities, and Minority Serving Institutions develop and expand job training programs that target women, people of color, and other historically underrepresented groups of workers.
- Reauthorize WIOA to modernize and boost funding for job training including expanding sector partnerships and apprenticeships.

Ease Supply Chains

Don't ignore supply chains

A recent Third Way report, "[The Supply Chain Crisis: What's Behind It & What to Do About It](#)," has two dozen suggestions on how to address supply chain issues. Some highlights:

- Fund short-term incentives for truck drivers and warehouse workers. This could include additional assistance for safe and more accessible trucker parking as well as better fitting weight/capacity regulations.
- Engage in the process early to support a timely contract agreement between the International Longshore & Warehouse Union and the Pacific Maritime Association to avoid a July 1, 2022 expiration and new additional disruptions at critical West Coast ports.
- Provide federal funding or tax credits to build more shipping containers, chassis, and other logistics capital equipment, and reduce tariffs on these items.
- Fund a National Supply Chain Database. The COMPETES Act contains \$50 million for the establishment of a National Supply Chain Database to monitor US manufacturing capabilities through the Manufacturing Extension Partnership.

Tighten Fiscal Policy

Include at least \$500 billion in deficit reduction in a budget reconciliation bill

If Republicans say the American Rescue Plan was too costly, then why won't they support deficit reduction in reconciliation? There are plenty of available offsets in the House-passed Build Back Better Act between prescription drug savings and tax reforms.

Pay for any new policy that is not emergency spending

If spending is for an emergency, still try to pay for it. In an inflationary environment, if it's worth doing, it's worth paying for.

Reduce Tariffs

End the Trump trade war

The Peterson Institute for International Economics estimates that broad trade liberalization could reduce CPI inflation by 1.3 percentage points. Eliminate or reduce tariffs on the following:

- Chassis
- Capital equipment
- Inputs into US-based production processes
- Goods that take up a larger part of low-income household expenditures like school supplies, clothing, and furniture

Make More Stuff in the US

Solve the silicon chip crisis

Silicon chip shortages have wreaked havoc on US manufacturers. In order to support rapid implementation of semiconductor provisions, USICA and COMPETES have \$52 billion in emergency supplemental appropriations to implement these programs. This policy is known as the CHIPS Act.

Create new Silicon Valleys elsewhere in the country

Pass the Regional Innovation Act—\$6.9 billion in appropriations through FY 2026 to establish a regional technology and innovation hub program—which will use a competitive process to designate at least ten hubs. This policy is in the COMPETES Act.

Invest in the US housing stock and build more homes

Fund President Biden's \$50 billion FY 2023 housing request that would:

- Provide grants, loans, and other financing options for building.
- Incentivize cities to allow denser housing.
- Remove barriers to affordable housing development and expand low-income housing tax credits.

Lower Energy Prices

Provide incentives for domestic clean energy and efficiency

Pass a budget reconciliation bill with robust clean energy incentives to reduce the cost of clean electricity and vehicles. This would enable American families and businesses to become more efficient, waste less energy, and spend less money. By 2030, annual savings for the average household would reach \$300 or more. These investments would also increase America's energy security and even allow the United States to supply more energy to European allies to reduce their reliance on Russia.

Use it or lose it oil leases

As President Biden has called for, require those not drilling on leased property to produce, start capital investment, pay a fee, or forfeit leases.

Make investments in clean energy innovation

From hydraulic fracturing for natural gas to utility-scale solar, federal investments in innovation continue to unlock new sources of low-cost domestic energy. In addition to providing a robust increase in funding for DOE innovation programs in FY 2023 appropriations Congress should authorize the following provisions in the COMPETES Act:

- Create a Regional Clean Energy Innovation Program at the Department of Energy to research, develop, demonstrate, and commercialize applications designed to enhance US economic, environmental, and energy security, as well as accelerate the pace of innovation in diverse and clean energy technologies. Such awards will be capped at \$10 million over the course of five years and include a cost-sharing requirement of 50 percent in years three through five.
- Establish and authorize \$15 million for each FY 2022 through FY 2026 for the Clean Energy Incubator Program to competitively award grants to clean energy incubators, which are workspaces, labs, and facilities to support clean energy startups or established clean energy companies. Grants are limited to \$4 million per year for no longer than five years and may be renewed for up to three years upon merit review.

Have coordinated releases from strategic petroleum reserves

Action from the Biden-Harris Administration and other major nations is actively lowering prices in the short term. And with commitments for aggressive repurchases over the medium term, it would entice capital commitment from oil and gas producers.

Protect the most vulnerable with the Low-Income Household Energy Assistance Program (LIHEAP)

As utility costs rise low-income families still need heating and cooling and must pay these bills. The Biden-Harris Administration has more than doubled LIHEAP funding to nearly \$8 billion. The administration can continue to accelerate the disbursement of the \$500 million in additional funding for LIHEAP that was provided by the Bipartisan Infrastructure Law.

Accelerate the Weatherization Assistance Program investments

This program at the Department of Energy received an additional \$3.5 billion through the Bipartisan Infrastructure Law. It can alleviate some of the heating and cooling costs of low-income households on a sustained basis. Energy efficiency is a top way to combat higher energy costs, and states should move quickly to submit their applications for these federal funds.

Increase Farm Production

- Allow Conservation Reserve Program acres to be planted as replacement for Russian and Ukrainian crops, contingent on those acres being no till.
- Invest in infrastructure to reduce US and world reliance on Belarus for fertilizer.
- Increase competition and reduce concentration in livestock processing and fertilizer production.
- Increase the number of H2A visas.