

How to Talk About Inflation



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Americans need to know we will beat inflation. They need to know why we have it and what we're doing about it. They need to know that reducing inflation won't happen overnight, but there is a plan, and the plan will work. They need to hear answers that don't reek of partisanship, that don't pump old wine into new bottles, and that don't sound like ideological drum beating.

Simply put: **Democrats need to tell a consistent and credible story—and repeat that story often.**

We start from a place where public polling shows that voters have little confidence in Democrats' handling of the economy and in what we are doing to fight inflation. The solutions voters most often hear from Democrats—criticizing corporate profits and CEO pay—are the same answers they hear from Democrats for every economic problem and are insufficient on policy and political

grounds. The same polling shows voters are deeply pessimistic about the economy and their standing in it despite record job growth, GDP growth in 2021, and steady gains in their 401(k)s.

We need to project confidence, strength, and determination to beat inflation so that it doesn't beat Democrats in November.

How to Talk About Why We Have Inflation

Keep it simple: Covid, Recovery, Russia.

Where did inflation come from? To simplify the problem, we point to three key reasons:

1. COVID

When the pandemic hit, the United States and much of the world's economy shut down. Factories were shuttered, downtowns locked their doors, travel ceased, the economy fell into a coma. To make sure people didn't lose their paychecks, their homes, their businesses, and their health care, Democrats and Republicans came together and massively stepped in, propping up demand for goods, keeping many businesses open, and keeping many payrolls rolling.

2. Recovery

The Biden Administration got control of COVID and got more people vaccinated quicker than even our best hopes. Because of that, America's economy roared ahead stronger than any other in the world. America is back to work with 7.9 million new jobs and hundreds of thousands of new businesses. But waking up from this slumber meant people and businesses wanted to buy a lot more new things after being kept mostly whole from various recovery efforts. So as the economy roared forward, supply chains clogged up. Port backups, truck backups, silicon chip shortages, and international plant closures slowed making and receiving goods. All of these factors cause inflation.

3. Russia

Finally, just as inflation was turning a corner, Vladimir Putin's genocidal war for Ukraine triggered worldwide gas, food, and fertilizer shortages. And to add to price pressures in America and the world, Democrats, Republicans, and our international allies came together to impose punishing sanctions on the Russian economy, especially on the Russian oil sector. Putin's war plus world sanctions to defeat Russia will push prices for essential items way up until world economies and producers make up for this shortfall. And that will take time, especially as China faces a new wave of COVID cases that are shutting down its factories.

How We're Tackling Inflation

Beware of laundry lists. At end of the day, Democrats are taking three major steps to tackle inflation.

1. Getting people back to work to ease labor supply inflation.

- Biden got 220 million Americans vaccinated to get people safely back to work and school to ease labor shortage-induced inflation. Our labor force is back and nearly at 2019 levels.
- Democrats passed child-care funding to help working parents get back to work and are working to boost support for job training since the best-paying jobs require certain skills.
- With nearly all health and safety mandates either reached or no longer necessary, businesses and factories are open and can operate at 100%, which helps ease shortages that can cause inflation.
- We are on our way to conquering labor shortage-induced inflation.

2. Fixing the supply chain crisis to ease bottleneck inflation.

- The Biden Administration brought together retailers, shippers, port executives, and manufacturers to clear up bottlenecks and solve substantial amounts of supply chain-induced inflation.
- They have coordinated with international allies and taken on price gouging.
- The Bipartisan Infrastructure bill will reduce the cost of shipping and trucking.
- Congress is on the cusp of passing bipartisan competitiveness legislation that would ensure more silicon chips and other goods are made here. A new massive onshoring initiative will bring jobs back from abroad and expand domestic manufacturing capacity in key industries to avoid inflation from overseas disruptions.
- It will take some time, but we are beating supply chain-induced inflation because of massive efforts from the public and private sectors.

3. Reducing costs for families to ease sticker shock inflation.

- To lower the price at the pump, Biden released a massive amount of oil from the strategic petroleum reserve and increased domestic production of oil and gas. While gas and oil prices are still high, they are much lower than the rest of the world.
- We capped health care costs for more people and are fighting to expand those savings even more.
- And we are fighting to raise taxes on the wealthy to pay down deficits and offset long-term ways to lower costs for working families.

The Truth About GOP Attacks

CLAIM: *Democrats are doing nothing to lower inflation.*

FACT: Wrong. See above.

CLAIM: *Biden is searching for oil anywhere on the planet except at home.*

FACT: We have high gas prices because Democrats AND Republicans came together and banned all Russian exports of oil and natural gas to much of the world. As we noted, the Biden Administration approved more oil and gas leases in its first year than the Trump Administration did. And as it stands there are more than 9,000 unused oil and gas leases. The Biden administration is on track to release 180 million barrels of oil from the Strategic Petroleum Reserves to offset recent price hikes. And even before Putin's genocidal war on Ukraine, US domestic oil production in 2021 was the third highest in history.

CLAIM: *The American Rescue Plan caused inflation and hurt the economy.*

FACT: From the moment the pandemic hit until now, nearly every major economic action was bipartisan. The PPP loans, the stimulus checks, the COVID relief funds, the unemployment relief, the vaccination research—it was all bipartisan. The massive sanctions on Russia and the oil embargo were bipartisan. The bipartisan infrastructure bill was bipartisan. The Federal Reserve measures were undertaken by Jay Powell, a Trump nominee. Only one legislative package was Democrats-only.

CLAIM: *Democrats' Build Back Better will hurt inflation.*

FACT: President Biden and numerous Democrats have said that if this legislation is to advance, it will have to reduce deficits and decrease inflation—not raise it. Legislation focused on deficit reduction, expanding the supply of clean energy, and controlling costs that families worry about will slow inflation in the short and long term.