



BUILD BACK BETTER ACT WILL FIGHT INFLATION

The House-passed [Build Back Better Act](#) (BBBA) will fight inflation over the long run, not fuel it as Republicans claim. It will help working families struggling today with higher gas prices and grocery bills by making healthcare, prescription drugs, childcare, housing and education much more affordable. While current inflation is due to the short-term economic disruption of the pandemic, the BBBA tackles the high costs of essentials that have made life a struggle for working families for decades. And the BBBA is fully paid for by making the wealthy and corporations pay a fairer share of taxes.

The Build Back Better Act will help working families cope with rising prices by [helping them afford costly items](#) like healthcare, childcare, education, housing and more. The BBBA:

- Caps seniors' Medicare prescription drug costs at \$2,000 a year and expands Medicare to cover hearing benefits.
- Reduces the cost of health insurance through the Affordable Care Act by an average of \$600 per person per year helping 9 million people and expands coverage to 4 million more.
- Cuts childcare costs in half for most families by capping them at 7% of income and guarantees preschool for all 3- and 4-year-olds, helping parents return to the workforce.
- Provides more than 35 million households up to \$3,600 in Child Tax Credits to afford life's necessities and expands the EITC to benefit 17 million low-wage workers.
- Guarantees workers four weeks of paid family and medical leave so they can afford to take time off from work to attend to personal or family medical needs and care for new children.
- Constructs, rehabilitates, and improves more than 1 million affordable homes, boosting the housing supply and reducing price pressures for renters and homeowners.
- Makes college more affordable for 5 million students by increasing the maximum Pell Grant by \$550.
- An [analysis by Third Way](#) found that just four BBBA provisions described above would save an average family of four \$7,400 in taxes and lower costs and save \$15,000 for the average single mother with two kids.

The BBBA will not spur inflation because it will be spent slowly, and it is fully paid for by making the rich and corporations pay a fairer share of taxes.

- The [\\$2.2 trillion of investments](#) in the BBBA will be spent over time—up to 10 years—not all at once. Demand will increase slowly and steadily, and the services will be paid for, so inflation won't get boosted.
- BBBA investments, though life-changing for millions of Americans, will still represent only a tiny share of all the spending in our economy—what's known as "gross domestic product." BBBA spending will account for less than 1% of GDP over the next decade, estimated to [total \\$288 trillion](#). This small addition to overall spending will have little effect on inflation.
- Unlike other spending bills and tax cuts in recent years—which were [all funded with borrowed money](#)—the BBBA is fully paid for with fairer taxes on the rich and corporations, thus it will not increase federal budget deficits. The BBBA offers no cause for concern among those who think that higher deficits cause inflation.
- The BBBA is fully funded by requiring millionaires and corporations to pay something closer to their fair share of taxes. No one making less than \$400,000 a year will pay higher income taxes as a result of this legislation.

The pandemic is the cause of recent price increases: it scrambled the economy, created material shortages, and disrupted the return to work.

- **Federal Reserve Board Chair Jerome Powell:** “Pandemic-related supply and demand imbalances have contributed to notable price increases in some areas. Supply chain problems have made it difficult for producers to meet strong demand, particularly for goods.”
- **Treasury Secretary Janet Yellen:** “[I]f we want to get inflation down, I think continuing to make progress against the pandemic is the most important thing we can do. ... “I think it's important to realize that the cause of this inflation is the pandemic.”
- **Economists surveyed on the sources of inflation:** They cite almost exclusively pandemic causes such as supply chain bottlenecks; worker shortages; consumer spending shifts from services to goods, many imported, because of lockdowns and social distancing; distortions in inflation measurements because of comparisons with last year’s low recession prices.
- **Inflation is also a problem in other countries:** Gas and grocery prices are [climbing higher around the world](#), not just here at home, due to shortages caused by the pandemic. This is another indicator that the source is the global pandemic, not specific American legislation.

Experts agree that Build Back Better will not spur inflation and may even lower prices.

- **Wall Street credit-rating agencies:** They watch for the impact of inflation on interest rates and agree that the BBBA will [not have much effect on prices](#), either up or down.
- **Top Wall Street economic forecaster Mark Zandi of Moody’s Analytics:** Says the BBBA and the recently enacted bipartisan infrastructure law “help to lift long-term economic growth via stronger productivity and labor force growth, and thus [take the edge off of inflation.](#)”
- **15 winners of the Nobel Prize in Economics:** “Because this agenda [BBBA and the infrastructure plan] invests in long-term economic capacity and will enhance the ability of more Americans to participate productively in the economy, it will ease longer-term inflationary pressures.”
- **Former U.S. Treasury Secretary Lawrence Summers:** “First, let’s not compound errors that have already been made ... by rejecting Build Back Better. The legislation would spend less over 10 years than was spent on stimulus in 2021. Because that spending is offset by revenue increases and because it includes measures such as child care that will increase the economy’s capacity, Build Back Better will have only a negligible impact on inflation.”

Corporate greed, price gouging, and monopolies are also contributing to inflation.

- Corporations are racking up [record profits by raising prices](#) more than they need to cover the firms’ higher costs. They see whatever inflation has been caused by the pandemic as an [opportunity to gouge consumers](#) and pocket more earnings.
- As of mid-November, almost two-thirds of the biggest U.S. corporations had reported higher profits than over the same period in 2019, the last year before the COVID recession. For nearly 100 of those firms, earnings were up by more than half.
- President Biden has initiated a government investigation of possible Big Oil [price gouging at the pump](#). He pointed out that retail gas prices were up even though [wholesale prices were down](#) and that several oil companies were planning to use their fat profits to further enrich their already wealthy shareholders.
- The Biden administration has also accused beef, pork and poultry packers of [gouging customers at the meat counter](#). It specifically cited the consolidation in the industry—the top four corporations now supply over 80% of the nation’s beef—as a driver of higher prices.