

# The Delray Democrat

## Got Inflation?<sup>1</sup>

*Michael K. Cantwell*

Florida does. In fact, we're No. 1! The metropolitan areas with the greatest increases in year-over-year inflation are both in Florida. See the top chart below

Ron DeSantis wouldn't shut up about U.S. inflation when it was spiking in 2021 and 2022. Republicans claimed that Biden caused decades-high levels of inflation by "flooding the economy with money."

Of course, when 10 million of people are suddenly thrown out of work and the economy is collapsing, providing relief is what a government that is "for the people" does. The money from the American Rescue Plan Act was well spent. It saved lives and pulled children out of poverty.

It's true the money also contributed to inflation, but it was neither the only or even the most significant factor. Choked supply chains and the response to Russia's invasion of Ukraine reduced supply and an economy recovering from COVID increased demand. Together they caused the worldwide spike in prices. Once companies had a cover, they not only covered their extra costs but added a nice top-off to increase corporate profits. As the CEO of Hostess (quoted in a guest [essay](#) in *The Times* by Lindsey Owens) admitted to shareholders, "When all prices go up, it helps." According to an [analysis](#) from the Economic Policy Institute, also quoted in that essay:

[F]atter profit margins, not the rising costs of labor and materials, drove more than half of price increases in the nonfinancial corporate sector since the start of the Covid pandemic.

With inflation steadily dropping nationwide, the shoe is on the other foot. As shown in the bottom chart below, U.S. inflation fell by two-thirds (from 9.1% to 3%) between June 2022 and 2023. That was despite the Fed increasing the interest rate 11 times over 16 months, from 0.25% to 5.25%. That the economy did not fall into the recession that Republicans have been predicting and praying for is a testament to the economic engine that is Bidenomics.

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<sup>1</sup> [The Delray Democrat](#), August 2023, page 4.

