

# The Delray Democrat

## Deconstructing the Inflation Bogeyman<sup>1</sup>

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President Biden has added over 15 million jobs, nearly as many as Ronald Reagan added in two terms. When Biden took office, unemployment stood at 6.4% and economists predicted it would remain above 4% for the rest of the decade, but it fell below 4% within a year and then fell to levels not seen in 50 years. Black unemployment was lower than ever recorded.

Despite all that, the man rated the worst president in American history has managed to convince voters that Biden wrecked what he [falsely claims](#) as “his” beautiful economy.

In a way, it’s understandable. Americans have short attention spans and have been experiencing the “highest inflation in 40 years”—as the media reminded them ad nauseam. They either forgot or blamed COVID for the fact that Trump was the first president since Herbert Hoover to leave office with fewer people working than when inaugurated.

Had they looked beyond the headlines they would have learned that the “Biden” inflation resulted from a [perfect storm](#) for which Biden bore limited responsibility. Moreover, his steady hand on the tiller is why the United States has had far lower inflation rates than any other industrialized country. But they didn’t—and don’t—look behind headlines, and so denied Biden the pass they gave to Trump.

Inflation has dropped to 2.5% and the Fed has just cut the interest rate by 0.5%, with promises of two more cuts this year. Consumer sentiment is on the rise, up [“about 40% above its June 2022 low.”](#)

Even though we’ve achieved the soft landing that most economists doubted was possible (it’s spelled “Bidenomics” by the way), it’s unlikely that most Americans will change their view of the economy. After all, the disaster that was 2020 is still more distant than inflation, but that doesn’t mean we give up on deconstructing inflation for them.

For example, notwithstanding the breathlessness of the media coverage, the inflation that spanned the Carter-Reagan administrations was higher and lasted far longer than the more recent inflation:

- Between March 1979 and April 1981 inflation never fell below 10% and peaked at 14.8%.
- Only in December 1981 was inflation *lower* (8.9%) than the *highest* rate under Biden.

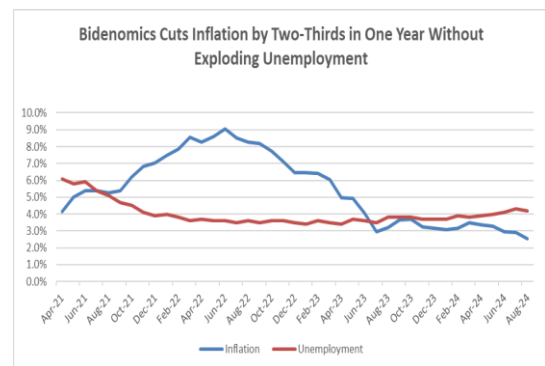
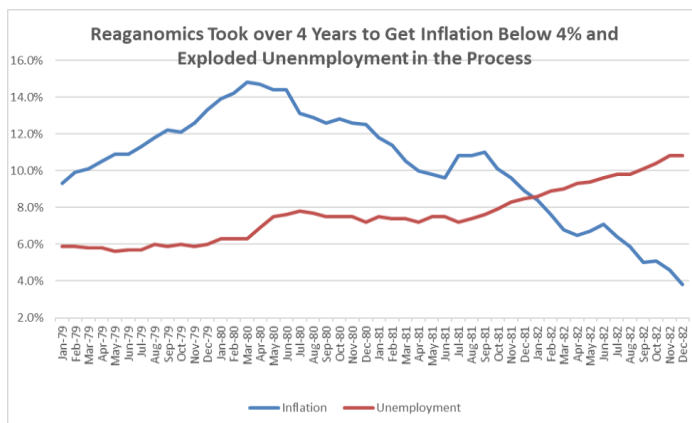
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<sup>1</sup> [The Delray Democrat](#), September 2024, page 5.

- It took Reagan another year to bring inflation below 4% and not until March 1986 did inflation fall below 3.0%.
- Inflation under Biden peaked at 9.1% in June 2022 and dropped to 3.0% within a year.

Unlike Reagan, Biden beat inflation without spiking unemployment or causing a recession.

- From July 1981 through November 1982, America was mired in the worst recession since The Great Depression. Between January 1979 and December 1982 unemployment increased from 5.9% to 10.8%.
- But despite the 11 increases between March 2022 and July 2023 that jacked up the Fed rate in just over a year, there was only a minor uptick in the unemployment rate (from 3.6% to 4.2%). To put this in perspective, Larry Summers [predicted](#) a recession in 2023 and JPMorgan Chase CEO Jamie Dimon and Amazon founder Jeff Bezos worried that a recession was imminent.



### What About “Cumulative Inflation”?

Cumulative gains for low wage workers now exceed the cumulative increase in inflation, and all workers are only slightly behind). See chart below.

For more than a year now, wage growth has significantly outpaced inflation for both low-wage and all workers. See graphs below. By the time Kamala Harris and Tim Walz are inaugurated, inflation-adjusted wage gains under Biden may surpass those under Trump.

Data are from [FRED](#) (Average Hourly Earnings of Production and Nonsupervisory Employees); [FRED](#) (Average Hourly Earnings of All Employees); and [Bureau of Labor Statistics](#) (Consumer Price Index).

Cumulative Increase in	February 2021 to August 2024		May 2022 to August 2024	
	Low-Wage Workers	All Workers	Low-Wage Workers	All Workers
<b>Wages</b>	<b>19.9%</b>	<b>17.1%</b>	<b>10.5%</b>	<b>9.8%</b>
<b>Inflation</b>	<b>19.7%</b>		<b>6.2%</b>	

