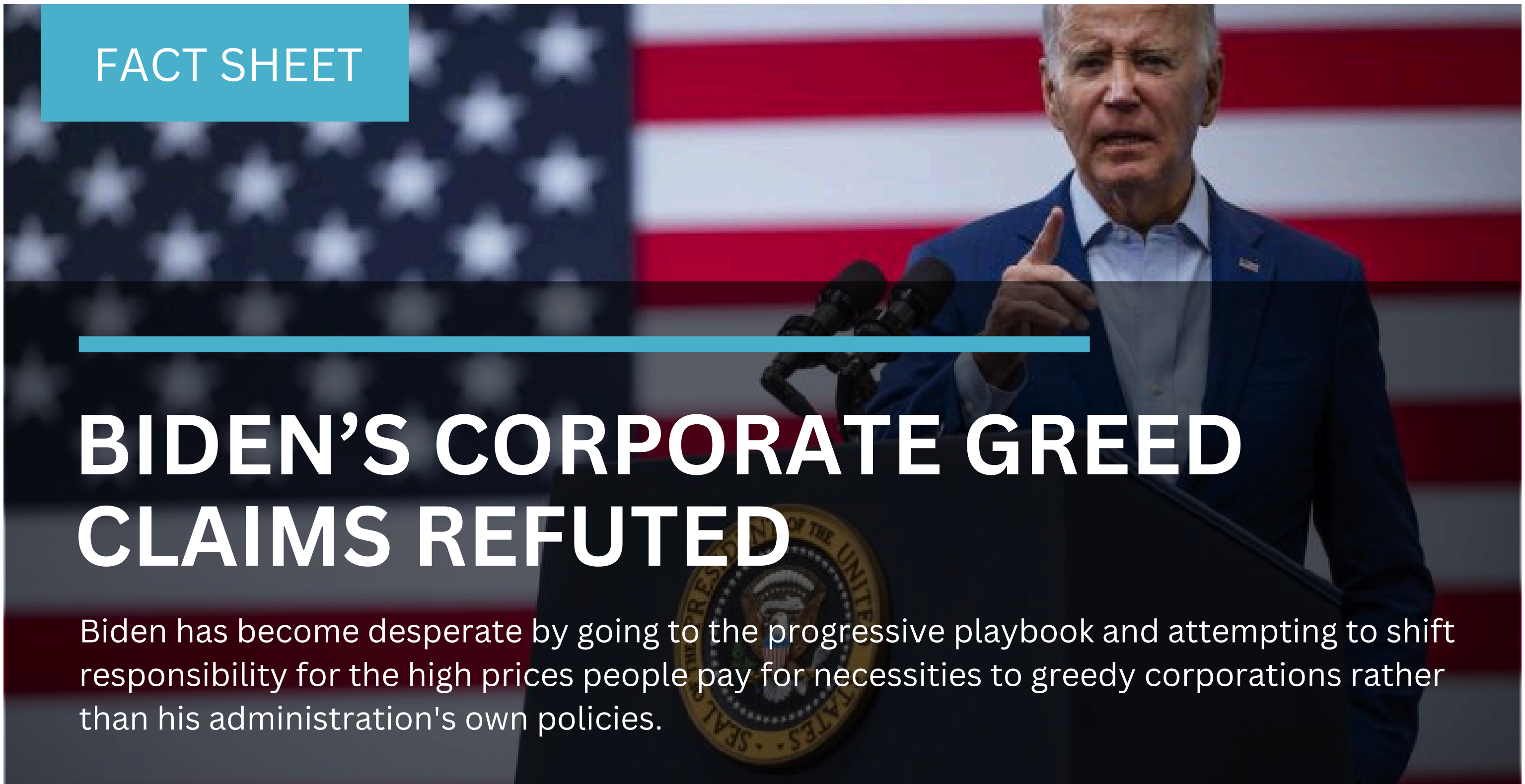

FACT SHEET

BIDEN'S CORPORATE GREED CLAIMS REFUTED

Biden has become desperate by going to the progressive playbook and attempting to shift responsibility for the high prices people pay for necessities to greedy corporations rather than his administration's own policies.

Did you know...?

The Federal Reserve has repeatedly undercut Biden's claim that corporate greed is responsible for high prices. **According to a May 2024 report from the San Francisco Federal Reserve Bank, corporate price gouging was not the "primary driver of U.S. inflation."**

Read more at Reuters →

Some Democratic economists, including veterans of previous administrations, like Harvard's Jason Furman, have **rejected claims that price gouging was to blame for inflation.**

Read more at New York Times →

According to the CATO Institute, "**the recent inflation was primarily caused by excessive macroeconomic stimulus**, not corporate greed or 'supply shocks' like the pandemic or the war in Ukraine."

Read more on The CATO Institute →

Fed policymakers, and many economists, say the inflation surge can be better explained by the combined effect of supply chain disruptions and a drop in labor supply during the post-pandemic recovery that occurred just as consumer demand rose. Other economists, using different methodologies, have drawn similar conclusions.

Read more on page 5 →

"CORPORATE GREED" INFLATION CLAIMS REFUTED

Overview

Democrats have attempted to shift responsibility for the high prices people are paying for necessities to "greedy corporations" rather than the federal government's excess stimulus spending.

Economists have repeatedly disproved "shrinkflation" and "greedflation" claims. The claim that companies bear responsibility for exorbitant prices has been consistently disproved by the Federal Reserve Bank. The San Francisco branch recently detailed that rising inflation was not caused by corporate price gouging. In fact, economists and other Federal Reserve Banks have concluded that basic supply and demand dynamics are to blame for price increases.

Biden's Desperate Attempt To Assign Blame For Rising Prices

Biden Is Blaming "Greedflation" And "Shrinkflation" For The High Prices Consumers Are Now Paying

In An Election Year, Biden Is Blaming Corporate Greed For High Prices. "President Joe Biden said corporate greed was contributing to high inflation as he met with union workers in Las Vegas ahead of Nevada's Democratic primary. Biden visited workers from the Culinary Workers Union on Monday after the labor group reached deals or secured extended negotiations with downtown Las Vegas casinos and hotels, averting a major threatened strike. … 'We're coming back. We really are. We have the best economy in the world. Inflation is coming down,' Biden said at a gathering with union members. But the president also said there was 'more work to do' and said high prices were partly the result of a 'little bit of corporate greed going on.'" (Jordan Fabian, "Biden Blames Corporate Greed For Driving Higher Prices In The US," Bloomberg, 2/5/24)

In A May 2024 Interview With CNN, Biden Pointed To The Shrinking Size For Food Products As Corporate Greed. "More recently, President Joe Biden has called out corporate greed as a reason prices remain high. 'If you take a look at what people have, they have the money to spend. It angers them and angers me that you have to spend more,' Biden told CNN's Erin Burnett, pointing to the shrinking size of Snickers bars and other food products. 'It's like 20% less for the same price. That's corporate greed. That's corporate greed. And we have got to deal with it. And that's what I'm working on.'" (Matt Egan, "Think Corporate Greed Is The Leading Cause Of Inflation? Think Again," CNN, 5/15/24)

But His Progressive Attack, Directed At Corporations, Is A Convenient And Desperate Explanation For The High Prices Consumers Face Today

Corporate Greed Is A "Convenient Explanation" To "Deflect Blame" From Biden's American Rescue Plan That Increased Prices. ""For Democrats, it is a convenient explanation as inflation turns voters against President Biden. It lets Democrats deflect blame from their pandemic relief bill, the American Rescue Plan, which experts say helped increase prices." (German Lopez, "Inflation And Price Gouging," *The New York Times*, 6/14/22)

- **Progressives Have Long Railed Against Corporations.** "And it lets them recast inflation as the fault of monopolistic corporations — which progressives have long railed against." (German Lopez, "Inflation And Price Gouging," *The New York Times*, 6/14/22)

Jason Furman, Obama's Top Economist, Claims Biden And The Democrat's Corporate Greed Claim Is A "Distraction From The Real Causes And Solutions." "Not all progressives are on board. Jason Furman, an economist who served under Barack Obama, told me that greed was not an important factor in the rise of inflation. He described the focus on price gouging as a distraction from the real causes and solutions." (German Lopez, "Inflation And Price Gouging," *The New York Times*, 6/14/22)

AGF Investments Chief U.S. Policy Strategist Greg Valliere Has Called Biden's Targeting Of Corporations As "Desperate To Blame Someone Or Something For Inflation,"

Adding "Blaming Greedy Corporations Is Just Looking For Scapegoats." "Greg Valliere, chief US policy strategist at AGF Investments, said the White House is 'desperate to blame someone or something for inflation.' 'Blaming greedy corporations is just looking for scapegoats,' Valliere told CNN. 'There's no prescriptions here that would have a major impact quickly, other than the Fed reluctantly raising interest rates – an option that, incredibly, isn't out of the question.'" (Matt Egan, "Think Corporate Greed Is The Leading Cause Of Inflation? Think Again," CNN, 5/15/24)

Economists All Across The Board Have Refuted Biden's Corporate Greed Claims

The Federal Reserve Has Repeatedly Undercut Biden's Claim That Corporate Greed Is Responsible For High Prices

According To A May 2024 Report From The San Francisco Federal Reserve Bank, Corporate Price Gouging Was Not The "Primary Driver Of U.S. Inflation." "Corporate price gouging has not been a primary driver of U.S. inflation, according to research published on Monday by economists at the Federal Reserve Bank of San Francisco. While markups for motor vehicles and petroleum products did rise sharply during the 2021-2022 inflation surge, markups across the entire spectrum of U.S. goods and services have been relatively flat during the post-pandemic recovery, the bank's latest Economic Letter showed." ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

According To The Report, "Rising Markups Have Not Been A Main Driver Of The Recent Surge And Subsequent Decline In Inflation During The Current Recovery." "'As such, rising markups have not been a main driver of the recent surge and subsequent decline in inflation during the current recovery,' wrote the bank's research chief Sylvain Leduc and colleagues Huiyu Li and Zheng Liu." ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

- **"Data For The Current Recovery Show That The Increase In Corporate Profits Not Particularly Pronounced Compared With Previous Recoveries … Markups Also Have Not Played Much Of A Role In The Slowing Of Inflation Since The Summer Of 2022."** "'Data for the current recovery show that the increase in corporate profits is not particularly pronounced compared with previous recoveries,' the San Francisco Fed researchers wrote. 'Markups also have not played much of a role in the slowing of inflation since the summer of 2022.'" ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

The San Francisco Federal Reserve Bank's Report Was A "Clear Rebuttal" Of Biden's "Greedflation" Argument. "Leduc and his colleagues did not refer to Biden or use the colloquial term 'greedflation,' but their work was a clear rebuttal of the theory that corporate profiteering has been a main cause of higher prices." ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

- **Their Research "Undercuts" Biden's Argument That Greed Drove Up Inflation.** "Although the paper did not directly mention corporate greed, shrinkflation or Biden, the research undercuts the argument that greedflation drove the early inflation." (Matt Egan, "Think Corporate Greed Is The Leading Cause Of Inflation? Think Again," CNN, 5/15/24)

In 2023, Economists At The St. Louis Federal Reserve Bank Found Supply And Demand Imbalances Were The "Root" Of Price Increases. "A 2023 paper published in Review, the research journal of the Federal Reserve Bank of St. Louis, by two Federal Reserve economists also found that supply and demand imbalances were at the root of pandemic-era price rises. 'We show that generous fiscal support is associated with an increase in the demand for consumption goods during the pandemic, but industrial production did not adjust quickly enough to meet the sharp increase in demand,' the paper explains. 'This imbalance between supply and demand across countries contributed to high inflation.'" (Alex Demas, "'Corporate Greed' Is Not A Main Driver Of Inflation," The Dispatch, 5/14/24)

A Separate 2023 Report From Economists At The Federal Reserve Bank Of Kansas City Found The "Key Contributors" To Grocery-Price Increases Were Due To Strong Job Growth And Wage Gains. "Researchers from the Federal Reserve Bank of Kansas City found last year that strong job growth in the U.S. economy, and the wage gains associated with a tight labor market, were key contributors to grocery-price increases. Processed foods, like candy bars, account for three-quarters of recent grocery price increases, the researchers found." (Jim Tankersley, "Biden Takes Aim At Grocery Chains Over Food Prices," *The New York Times*, 2/2/24)

Biden's Bureau Of Labor Statistics Undermines His "Shrinkflation" Claims

The U.S. Bureau Of Labor Statistics Found That "Shrinkflation" Has A "Very Small Impact" On Inflation. "BLS strives to capture product upsizing and downsizing in the CPI in a timely manner. Product downsizing and upsizing affect the cost to consumers of goods and services. The effective price changes due to size changes are reflected in the CPI. This analysis indicates that while only a small number of prices in the CPI experience downsizing each year, it does affect the indexes for specific item categories where such size reductions are common. However, the impact of product downsizing at the all commodity and services level is minimal, with an average annual effect of 0.01 percent per year, so while consumers may notice shrinkflation at the grocery store, it has a very small impact the overall inflation picture they face." (Kari McNair, "Getting Less For The Same Price? Explore How The CPI Measures 'Shrinkflation' And Its Impact On Inflation," U.S. Bureau Of Labor Statistics, 2/2023)

Economists And Fed Policy Makers Point To Supply Chain Disruptions, Consumer Demand And Excessive Stimulus For High Prices

Economists And Federal Policymakers Point Towards Supply Chain Disruptions And A Labor Supply Drop As Consumer Demand Rose For Being The Driver Of Inflation. "Fed policymakers, and many economists, say the inflation surge can be better explained by the combined effect of supply chain disruptions and a drop in labor supply during the post-pandemic recovery that occurred just as consumer demand rose." ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

- **"Other Economists, Using Different Methodologies, Have Drawn Similar Conclusions."** ("Corporate Greed Not To Blame For Price Pressures, Fed Study Shows," Reuters, 5/13/24)

"Many Economists Blame The Recent Inflation Surge On More Traditional Factors, Namely Higher Production Costs Linked To Swings In Demand And Covid-Era Supply Trouble." (Matt Egan, "Think Corporate Greed Is The Leading Cause Of Inflation? Think Again," CNN, 5/15/24)

Economist Desmond Lachman Of The American Enterprise Institute, Formerly Of The International Monetary Fund, Said "It Is Simple Factors Contributing To The Surge In Inflation" And They "Fall Into Two Buckets: Supply And Demand." "The claim that corporate profits have caused recent inflation is also incorrect. 'It is simple factors contributing to the surge in inflation,' Desmond Lachman, an economist at the American Enterprise Institute and a former deputy director at the International Monetary Fund, told The Dispatch Fact Check. These factors fall into two buckets: supply and demand." (Alex Demas, "'Corporate Greed' Is Not A Main Driver Of Inflation," The Dispatch, 5/14/24)

- **Lachman Added That He Didn't Believe That Inflation Was The Result Of Corporate Greed.** "According to Lachman, the two most significant supply factors that contributed to high inflation were the COVID-19 pandemic, which disrupted supply chains worldwide, and the Russian invasion of Ukraine, which caused an increase in food and energy prices. On the demand side, Lachman believes that loose monetary policy—such as cutting interest rates and implementing quantitative easing—and massive stimulus packages lead to a broad increase in the money supply, ultimately resulting in too many dollars chasing too few goods. 'I don't think that corporate greed has had much to do with the inflation that we have seen the last few years,' Lachman concluded." (Alex Demas, "'Corporate Greed' Is Not A Main Driver Of Inflation," The Dispatch, 5/14/24)

CATO Institute: "The Recent Inflation Was Primarily Caused By Excessive Macroeconomic Stimulus." "The recent inflation was primarily caused by excessive macroeconomic stimulus, not corporate greed or 'supply shocks' like the pandemic or the war in Ukraine." (Press Release, "Greedflation, Shrinkflation, And Junk Fees: Scapegoats For Inflationary Government Policies," CATO Institute, 5/14/24)

Even Democratic Economists Are Rejecting Biden's Claim That Corporate Greed Is To Blame For High Prices

Democratic Economists Are Rejecting Biden's Claim That Price Gouging Is Responsible For Inflation. "Some Democratic economists, including veterans of previous administrations, like Harvard's Jason Furman, have rejected claims that price gouging was to blame for inflation." (Jim Tankersley, "New Target For Biden: Shrinkflation," *The New York Times*, 2/27/24)

Obama's Top Economic Adviser Jason Furman Blames Demand And Government Spending As The Main Driver, With Prices Rising As Supply Was Unable To Keep Up. "Jason Furman, a top economic adviser in the Obama White House, said that some evidence even suggests that monopolies are slower than companies that face stiff competition to raise prices when their own costs rise, 'in part because their prices were high to begin with.' … So what has most driven the inflationary spike? 'Demand,' said Furman, now at Harvard University. 'Lots of government spending, lots of monetary support — all combined together to support extraordinarily high levels of demand. Supply couldn't keep up, so prices rose.'" (Paul Wiseman, "Did Corporate Greed Fuel Inflation? It's Not Biggest Culprit," *The Associated Press*, 6/6/22)

- **Furman Pointed To Three Reasons Why Prices Have Increased, Covid Disrupted Supply Chains, Russia's Invasion Of Ukraine And Stimulus Bills Giving Americans More Money To Spend.** "You do not need price gouging to explain inflation, and there are other, more widely accepted explanations, Furman said. Covid disrupted supply chains globally. Russia's invasion of Ukraine caused another wave of disruptions, particularly in food and energy. The stimulus bills left people with a lot of extra cash, and many Americans spent it. That prompted too much demand for too little supply, so prices increased." (German Lopez, "Inflation And Price Gouging," *The New York Times*, 6/14/22)

Economists Ben Bernanke, Former Chairman Of The Federal Reserve Under President Obama And George W. Bush, And Oliver Blanchard, Former International Monetary Fund Chief Economist Outlined In A 2023 Paper That Supply Chain Disruptions Were The Main Contributors. "In a 2023 paper, economists Ben Bernanke—former chairman of the Federal Reserve under Presidents George W. Bush and Barack Obama—and Oliver Blanchard, former chief economist at the International Monetary Fund, reached a similar conclusion. They found that supply shocks to food and energy were the main contributors to inflation early in the COVID-19 pandemic and that an increase in demand for durable goods drove price rises later on.

- **According To Their Findings, "Inflation Reflected Strong Aggregate Demand, The Product Of Easy Fiscal And Monetary Policies, Excess Savings Accumulated During The Pandemic, And The Reopening Of Locked-Down Economies."** "'Ultimately, as many have recognized, the inflation reflected strong aggregate demand, the product of easy fiscal and monetary policies, excess savings accumulated during the pandemic, and the reopening of locked-down economies,' the paper explains." (Alex Demas, "'Corporate Greed' Is Not A Main Driver Of Inflation," The Dispatch, 5/14/24)