



## The Dangers of the Greedflation Narrative

Last month, the [first U.S. presidential debate](#) saw candidates Joe Biden and Donald Trump blame each other for inflation-related issues during the pandemic era. “He caused inflation,” Trump asserted, pointing fingers at Biden. In response, Biden countered that inflation remained low during Trump’s tenure because the economy was “flat on its back.”

Arguments about who or what caused high inflation in the U.S. have become one of the most hotly debated topics among policymakers and in the media. Since the inflation spike in 2021, it has remained a primary economic concern for policymakers and the public alike. According to a [Gallup poll](#), Americans continue to name inflation as a top financial problem.

The latest official numbers show the [consumer price index](#) rose just 3% this June, down from 3.3% in May on a yearly basis. While inflation isn’t quite back to the Federal Reserve’s target of 2%, it has cooled significantly since 2021.

Understanding what drives inflation goes beyond political blame games. Economists define inflation as a continuous increase in the overall price level, which translates to a decrease in the purchasing power of the currency. It is distinct from simply having high prices at a specific moment. Inflation—rising prices—can occur with both low and high price levels. Due to its complexity, public confusion often leads to misconceptions about inflation. In fact, a [YouGov poll](#) found that Americans’ views on what causes inflation have changed little since 2022, with one

exception: the share of the public who believe that large corporations seeking maximum profits deserve a lot of the blame for inflation has risen 9 points, from 52% to 61%.

Many influential political figures continuously mislead the public on this issue. In Congress, Senator Elizabeth Warren (D-Mass) has long been a proponent of the “greedflation” narrative. Recently, she co-sponsored the Shrinkflation Prevention Act, which claims to reduce the effects of corporate greed on product size and rising inflation.

The narrative of “greedflation” gained traction during the post-COVID-19 inflationary period, when inflation reached as high as 9.1% in June 2022. Behind the “greedflation” narrative are conflict theories of inflation (CTIs). According to CTIs, inflation is an income-distribution struggle and a social injustice, necessitating government intervention and penalties on identified culprits. However, this narrative is not only incorrect but also dangerous. Countries that embrace CTI policies often experience more conflict and inflation, as seen in Argentina and Venezuela.

U.S. inflation is not the result of conflict, at least not in the context of the “greedflation” narrative. Instead, the spending plans of both President Biden and former President Trump are better candidates. Both administrations implemented substantial fiscal measures to curb the pandemic's impact on the economy. For example, the American Rescue Plan—a \$1.9 trillion stimulus package Biden signed in March 2021—included \$1,400 stimulus checks, enhanced unemployment benefits, and a large child tax credit. While the policy led to strong economic indicators, its magnitude exceeded what the U.S. economy needed, raising prices and creating large demand. Michael Strain of the American Enterprise Institute **estimated** that the American Rescue Plan added about 2 percentage points to underlying inflation. Additionally, Trump passed two stimulus packages in March and December 2020 worth about \$3 trillion. Furthermore, both Biden and Trump enacted policies that may have contributed to higher prices, such as Trump's tariffs on Chinese goods, which Biden largely kept intact.

Inflation produces economic and social costs. As such, it must be back under control as soon as possible. However, the CTI and greedflation approach is the wrong way to go about it.

## About the authors

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