

# Wisconsin Main Street Alliance: Passage of Build Back Better will fight inflation

Posted on Friday, Dec 10, 2021

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**Madison, WI-** MSA-WI is excited to again share a [new analysis](#) from Moody's Analytics' Mark Zandi, a former advisor to Sen. John McCain, about the impact of the Build Back Better legislation.

"The bills do not add to inflation pressures, as the policies help to lift long-term economic growth via stronger productivity and labor force growth, and thus take the **edge off of inflation**," said Mark Zandi, chief economist at Moody's Analytics, which operates independently from the parent company's ratings business."

"Zandi said the costs of both the infrastructure and social spending legislation were sustainable."

"The bills are largely paid for through higher taxes on multinational corporations and well-to-do households, and more than paid for if the benefit of the added growth and the resulting impact on the government's fiscal situation are considered', he said in an interview."

While big business organizations like the Wisconsin Manufacturers and Commerce Association continue to push a narrative that these critical investments in healthcare, childcare, paid leave and fighting climate change would hurt big business our small business members know that they would be good for Main Street.

From enhanced UI, to the Child Tax Credit and now to Build Back Better it is obvious that WMC doesn't let facts inform their views but rather start from a place of their politics and come to a conclusion that helps move that forward, rather than serving the best interests of even their own members. **MSA-WI looks forward to continuing to hold them accountable.**

The House of Representatives could vote as early as today on this package of much needed investments in Main Street. We look forward to working toward swift passage in the Senate and working with the Wisconsin congressional delegation, especially Senator Baldwin, to get it done.

*Other perspectives on this false narrative:*

**[Via our friends at Invest in America.](#)**

**WASHINGTON, DC** — Yesterday, Treasury Secretary Janet Yellen [noted that the Build Back Better Act “is anti-inflationary,”](#) since it “boosts the economy’s ability to provide goods and services” and “eases expenses for families.”

Secretary Yellen’s comments are in line with those of leading economists, who agree that the Build Back Better Act would help ease inflationary pressures by making critical investments in America’s future and lowering key expenses for middle-class families, which would counteract inflation.

***Here’s What Economists & Experts Are Saying About How the Build Back Better Act Will Ease Inflation:***

**Inflation is Being Driven By a Return to Normal Demand and Constrained Supply Chains, Not Government Spending**

**[Josh Bivens, Research Director at Economic Policy Institute:](#)** “All in all, the inflation spike we’ve seen in 2021 was not driven by macro overheating. This spike was largely driven by Covid-related factors: reallocation of spending away from face-to-face services and port shutdowns and other supply-chain snarls.”

**Jesse Rothstein, Professor at UC Berkeley:** *“After we shut down the economy in March 2020, we knew that we’d have some inflation as things restarted — that supply chains would create trouble as we tried to restart them again. It’s hard to imagine a scenario in which our economy was in better shape coming out of the pandemic.”*

**Lauren Melodia, Deputy Director of Macroeconomic Analysis at Roosevelt Institute:** *“Inflation during the pandemic, including today, is not due to an overheating economy. What we see today are price increases still related to pandemic disruptions and long-term under-investment in our economy as well as rises in volatile sectors like energy, which always ebb and flow.”*

**CNN Fact Check:** *“To blame rising gas and food prices exclusively on government spending is false. Supply chains are in disarray, not just in the US. The global production of oil and many other goods decreased last year when demand cratered as a result of the pandemic. But while demand has since increased, production remains below pre-pandemic levels, leading to higher prices.”*

## **The Build Back Better Act Could Reduce Inflationary Pressures, But Will Not Exacerbate Them**

**Joseph Stiglitz, Nobel Laureate Economist:** *“Because this agenda 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. This simply means what it says: it will have positive ‘supply side effects’ which reduce inflationary pressures.”*

**Jason Furman, Professor at Harvard’s Kennedy School of Government:** *“Your regular reminder: The reconciliation bill would have essentially no discernible effect on the medium- or long-term path of inflation. That legislation should be evaluated on other criteria like what it does for opportunity, climate change & long-term growth.”*

## **The Build Back Better Act Will Lower Key Costs for American Families, Counteracting Inflation**

**Janet Yellen, U.S. Treasury Secretary:** *“[The Build Back Better Act] is easing expenses for families, taking some of their most important and worrisome expenses, like child care, like health care, and providing resources — often in the form of tax credits — so that families can bear those burdens. And in that sense too, it’s relieving the stresses from inflation that we’re seeing as our economy is opening back up.”*

**Larry Levitt, EVP for Health Policy at KFF:** *“There is a provision in the Build Back Better Act directly targeted at inflation: Capping price increases for drugs at inflation in both Medicare and private insurance plans.”*

## **The Build Back Better Act is a Long-Term Investment Plan That Will Boost Economy**

**Michael Hillard, Professor of Economics, University of Southern Maine:** *“BBB is an investment program. By helping families and addressing market failure in health care and child care, it will raise our workers’ productivity, relieving future price pressures while making life better for families and for our children’s future. It’s a win-win for all Americans.”*

**Claudia Sahm, Jain Family Institute:** *“The Build Back Better legislation in Congress now is about getting to a better place than before Covid. It’s about fixing the problems we brought into this crisis, such as children living in deep poverty, unaffordable housing, caretakers not earning a living wage, and the worsening effects of climate change. Let the Fed fight inflation. Let people get vaccinated. Congress must invest in our future.”*

**Rakeen Mabud, Managing Director of Policy and Research & Chief Economist, Groundwork Collaborative:** *“It is imperative that we address the real culprits behind recent price hikes: the powerful corporations lining their pockets*

*at the expense of workers, families and consumers, and the chronic underinvestment in our supply chains and economy writ large. Smart, large-scale investments like Build Back Better, coupled with pro-competition safeguards, will shift power to workers, reduce costs and prices in the long run, and ultimately, create an economy that works for all of us.”*