

'Inflation Reduction Act' Is an Insult to Used-Car Salesmen

Democrats hide a power grab behind a purported solution to rising prices—a problem they themselves caused.



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Just as some claims made in business are so self-evidently fictitious that even the most shameless of hucksters will recoil from articulating them, so some propositions advanced in politics are so dishonest that even the most mendacious politician will avoid association with them.



Then there's the Inflation Reduction Act of 2022.

If you've ever been convinced by a used-car salesman that the 20-year-old rusting hulk out back with the dodgy chassis and the blue smoke pouring out of the exhaust is a "reliable pre-owned bargain," you're going to love the Inflation Reduction Act.

This, you will know, is the new name that has been conferred by Senate Democrats and the White House on the remnants of the old Build Back Better bill, the vastly ambitious tax-and-spending measure that was nearly foisted on an unsuspecting American public last year in the middle of a pandemic.

Like that lemon sitting at the back of the dealer's lot, it's been given a little touch-up, a fresh coat of paint, a reduced price tag and a bright new description. The master plan that was going to save the planet from extinction a year ago has been repurposed as a fully functional inflation-fighting weapon, laser-focused on reducing price pressures in the American economy.

I'm being a little unfair to used-car dealers. Surely not even the most opportunistic of charlatans would take his customer for that kind of a fool.

Start with the premise for the principal claim in the bill—namely that the package of \$739 billion in tax increases and reduced outlays and a little \$433 billion in new spending will produce a "historic" \$300-plus billion reduction in the federal deficit over 10 years "to fight inflation."

True, deficit reduction should, other things being equal, reduce aggregate demand and inflation. We'll come to the economic wisdom and plausibility of the specific measures shortly, but it is worth noting that, in the very first sentence of their [summary](#), the Democrats hand up a self-indictment of almost everything they've been doing in the 18 months since the party took the Senate and the White House.

If a bill that reduces the deficit by \$300 billion over 10 years represents “inflation reduction,” what are we to make of a [law](#) Congress passed last year that increased the deficit by an estimated \$1.7 trillion in less than two years?

If we are in the business of renaming legislative measures with a bill that is going to reduce inflation through deficit reduction, can we now all agree to call the American Rescue Plan of 2021—which added six times as much to the deficit in one-fifth of the time—the Inflation Acceleration Act?

Then take a look at what the Democrats’ new bill actually achieves in deficit reduction.

Because the spending provisions kick in more quickly than the revenue-raising provisions, the bill would actually increase the deficit in its first few years. [According](#) to the Penn Wharton Budget Model, it would begin to reduce the deficit only in 2027.

So the Inflation Reduction Act—sold to Americans on the basis that it will reduce the surging inflation the Democrats themselves helped unleash—won’t even have any downward effect on the deficit for five years. I’m skeptical about the average lawmaker’s ability to predict the inflation rate in five years, but if we have to wait until 2027 to get on top of the current cost-of-living crisis, we are in trouble.

As for those tax increases that kick in straightaway, especially the minimum corporate tax rate, not only are they outweighed by the spending increases, but they make no sense at all for an economy that is clearly [contracting](#) at an alarming pace

Democrats claim that some measures, such as enabling Medicare to negotiate drug prices, will tamp down inflation. But that’s largely speculative, and the independent Penn Wharton analysis sees no overall impact on inflation.

Of course it doesn’t. That’s not what the bill was ever intended to do.

Tear off the absurd Inflation Reduction Act label, and behind it, you will see—illuminated by the [excited glow](#) of [media coverage](#) of the Democrats’ premature victory laps—exactly what it is: another large plank in the Democratic plan to “re-engineer “ the U.S. economy, with another hefty expansion of government, disappointingly enabled in part, by the way, by congressional Republicans, who cleared a path for it by helping pass another bill, subsidizing semiconductor producers.

The left’s increasingly shrill claims of a climate “emergency” have always been a thin veneer to cover their ambitions to take over large swaths of the American economy.

It all amounts to a breathtaking piece of policy-making chutzpah worthy of the most unscrupulous salesman’s patter: Having created the inflationary mess in the first place, Democrats now aim to con the country into believing that they’re cleaning it up, even as they steal a further march in their plan to remake the country. If anyone thinks that’s what America voted for two years ago, I have a used car to sell them.