

## **IRA Will Hurt Taxpayers in Georgia**

Inflation is ravaging the American economy, in large part, because Washington has gone on an unprecedented spending spree since Joe Biden took office.

In 2021, Congress passed both a \$1.9 trillion Covid relief package and a \$1.2 trillion infrastructure bill, thereby pumping huge sums of money into the economy and causing demand for goods and services to exceed supply. Georgia's two Democratic senators, Raphael Warnock and Jon Ossoff, supported both bills. Prices have been soaring ever since.

Yet even as inflation reached a 40-year-high in June and was running at an annual rate of 8.5% in July, lawmakers were determined to keep pouring fuel on the fire. President Biden has just signed the "Inflation Reduction Act" into law -- legislation that could not have passed without the support of Warnock and Ossoff.

Lawmakers say the legislation will reduce inflation by cutting federal spending on Medicare drugs -- even as it extends hugely expensive pandemic-era Obamacare subsidies.

But they've got their math wrong.

The bill will appropriate tens of billions of dollars in new spending starting in January on Obamacare subsidies that Congress created in 2021 -- as part of that \$1.9 trillion "relief" package that caused inflation to soar. By contrast, most of the Medicare changes don't kick in until 2025 or later. So the bill will certainly prove inflationary in the short term.

In Washington, evidently you can put out a fire with a little more gasoline.

Speaking of which, as all Americans are painfully aware, pump prices skyrocketed by nearly 50% to record highs this summer.<sup>1</sup> Meanwhile, grocery prices jumped 13.1% between July 2021 and July 2022, the biggest year-on-year gain in 43 years.<sup>2</sup>

Georgians are feeling some of the worst pain. In July, the inflation rate in Atlanta was the third highest of the 23 largest metropolitan areas in the country.<sup>3</sup> Since January 2021, when Democrats took over in Washington, through May of this year, inflation has cost the average Georgia household more than \$7,000 a year.

The Federal Reserve has been hiking interest rates in a belated effort to get a grip on inflation. That's something the Fed has to do, but that doesn't mean it isn't painful. Higher rates are contributing to slower economic growth, higher mortgage rates, and a slowdown in new home construction. The U.S. economy contracted by 1.6% the first quarter of this year, and decreased another 0.6% the second quarter -- meeting the classic criterion for an economy in recession, two quarters of negative growth.

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<sup>1</sup> <https://www.bls.gov/news.release/pdf/cpi.pdf> (pg. 3)

<sup>2</sup> <https://www.bloomberg.com/news/articles/2022-07-12/online-us-inflation-slows-in-june-but-food-prices-hit-new-high#xj4y7vzkg>  
<https://www.foxbusiness.com/economy/inflation-hits-americans-grocery-bills-food-prices-accelerate>

<sup>3</sup> <https://www.cbs46.com/2022/08/10/atlanta-has-3rd-highest-inflation-growth-rate-among-23-major-cities-survey/>

It's no wonder that in a recent Ipsos poll, 32% of Americans listed "the economy, unemployment, or jobs" as the most important issue facing the country -- outpacing crime, a distant second at 10%, even though we're also in the midst of a murder wave.<sup>4</sup> Folks in Georgia are especially focused on inflation. In a June 2022 Quinnipiac University poll, 41% of Georgians said inflation is the top issue facing the state.<sup>5</sup>

Georgia's Senators Warnock and Ossoff failed to hear us on our No. 1 issue. If they had listened, they would have dropped their support for this inflationary law -- and all Georgians would be better off.<sup>6</sup>

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<sup>4</sup> <https://www.ipsos.com/en-us/news-polls/bidens-economic-woes>

<sup>5</sup> [https://poll.qu.edu/images/polling/ga/ga06292022\\_gqqc38.pdf](https://poll.qu.edu/images/polling/ga/ga06292022_gqqc38.pdf)

<sup>6</sup> <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=11CBFC43-AB92-4834-AE86-35B5DE9AECB7>