

NEWS ANALYSIS

Biden's Plan B on Inflation: Turn It Against Trump

Price pressures aren't easing fast enough to guarantee the interest-rate cuts the president hoped to see by November, so his message is evolving.



By Jim Tankersley

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President Biden and his economic team had high hopes about how two years of rapid inflation would play out in the months leading to the November presidential election. Price growth would continue to cool. The Federal Reserve would cut interest rates. Mortgage rates and other borrowing costs would fall. Consumer moods would improve, and so would Mr. Biden's re-election prospects.

What's happening instead is more problematic. The inflation fight has stalled. Consumer prices are rising more slowly than they did a year ago, but still hovering at an annual growth rate that is higher than the Fed's 2 percent target. Investors are recalibrating their expectations for when — or even if — interest rates might start to come down this year.

Mr. Biden is recalibrating as well, as both a Fed forecaster and a politician.

On Wednesday, after the latest inflation data showed an unexpected acceleration in price gains, Mr. Biden again tried to assure voters that he is focused on bringing down the cost of groceries, housing and other staples of everyday life, saying in a statement that “fighting inflation remains my top economic priority.”

Then he waded into the thorny territory of commenting on how the Fed, which is independent of the White House, might set interest-rate policy in an election year.

“I do stand by my prediction that before the year is out there will be a rate cut,” the president said when asked about the Consumer Price Index report. “This may delay it a month or so. I’m not sure of that. I don’t, we don’t know what the Fed is going to do for certain.”

A beat later, he added a veiled shot at his Republican opponent, former President Donald J. Trump.

“We’re better situated than we were when we took office where we — inflation was skyrocketing,” Mr. Biden said. “And we have a plan to deal with it, whereas the opposition — my opposition talks about two things. They just want to cut taxes for the wealthy and raise taxes on other people.”

It is a small pivot for Mr. Biden but an important one, as he seeks to dig out of a deep hole with voters on the inflation issue.

The Consumer Price Index hit a four-decade high of about 9 percent early in Mr. Biden’s term but has fallen over the past two years to about 3.5 percent in March. Voters continue to rank inflation at the top of their list of problems facing the country, and they continue to rate Mr. Trump more highly on economic issues than Mr. Biden.

Mr. Trump oversaw relatively low price growth as president and left office with an inflation rate below 2 percent, a hangover from the pandemic recession, when consumer spending was slow to rebound after the national economy experienced an unprecedented shutdown.

Price growth was accelerating by the time Mr. Biden took office, and it surged in his first few months on the job. That inflation was spurred in part by economic stimulus legislation signed by Mr. Trump in 2020 and another round signed by Mr. Biden in the spring of 2021, including direct checks to households.

The nuances of how inflationary pressures grew have not mattered to Mr. Trump and his allies, who have hit Mr. Biden relentlessly on prices.

“No one can afford the cost of Biden’s failed economic policies,” the Republican National Committee said in a release on Wednesday, “but relief is on the way when voters elect President Trump on November 5.”

Mr. Biden has recently amplified a message that is meant to respond to dissatisfaction over inflation. He has proposed sweeping efforts to build affordable housing and new tax credits to help certain Americans afford to buy homes. His administration has taken steps billed as promoting competition, and lowering prices, across several sectors, including a Federal Trade Commission attempt to block a merger of two large grocery chains, which officials said would push up prices for shoppers.

The president has also called out snack-food makers and other companies for so-called shrinkflation — reducing the size of a product like chips or ice cream, while raising prices or holding them constant. And he has appeared in a series of events meant to highlight other proposals to lower costs of some services, like child care and home health care for older or disabled Americans.

Now, he is adding a political contrast as he tries to cast Mr. Trump and Republicans as uninterested in the actual policy work of fighting inflation and as barriers to his own proposals.

The entire exercise has been validated by surveys of voters and how they respond to economic messaging. Democratic strategists have urged Mr. Biden to blame corporate greed for persistent inflation and to hit Mr. Trump for cutting taxes for high earners while in office. Both messages consistently test well with voters, including independents and other groups that loom as critical swing blocs in November.

Democrats have also begun to attack Mr. Trump for proposing to impose new tariffs on imports from China and other countries. Research has shown that the China tariffs, while intended to punish Beijing, ultimately drove up costs for American consumers.

But there is also a sort of policy helplessness underlying the shift. Unlike Mr. Trump, who as president badgered the “boneheads” at the Fed to lower rates, Mr. Biden has stopped short of telling the independent central bank what to do. He has little hope of passing any inflation-fighting legislation in Congress this year. His aides concede that the executive actions he can take to reduce costs are probably marginal, at best, in the context of economywide price increases.

They also remain frustrated at the degree to which voters continue to focus more on inflation than on job growth, which has surged under Mr. Biden.

“Heading into the election season with mortgage and other interest rates at or near their present high levels is certainly a disconcerting prospect for the Biden administration,” said Eswar Prasad, an economist at Cornell University. “The administration is really bothered by the lack of credit for all that’s going right in the economy and the blame they’re getting for all that’s being perceived as going wrong.”

That’s one reason Mr. Biden is trying to redirect the inflation conversation in the campaign, from current conditions to what could make the economy better or worse in the future.

“They have no plan,” he said on Wednesday, referring to Mr. Trump and Republicans. “Our plan is one I think is still sustainable.”

Jim Tankersley writes about economic policy at the White House and how it affects the country and the world. He has covered the topic for more than a dozen years in Washington, with a focus on the middle class. [More about Jim Tankersley](#)

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