

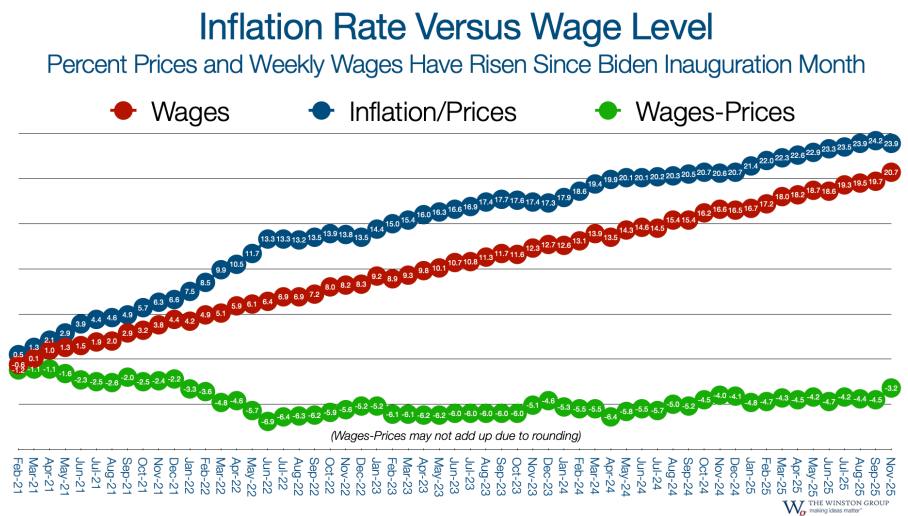
## The Chart That Explains Why Cost Of Living Is Such A Problem

Given the current policy discussion about affordability, some Republicans think that the sudden focus on the issue is a political play by Democrats. While there is more issue focus on affordability and cost of living over the last couple of months, the problem has been hiding in plain sight all year. In last fall's elections, the electorate's intent was to change the direction of the economy. President Trump and Republicans were handed a well-defined objective: deal with inflation and help the country tackle the cost of living. While the electorate is evaluating how the situation has improved since January 2025, they are more focused on how things have improved since January 2021 — the beginning of President Biden's policies that led to the worst inflation in forty years. Voters' intent was not just to marginally improve the situation since last January but changing the longer term trajectory that started under Biden.

To graphically show this, we used our methodology of the Presidential Inflation Rate that compared the current month Consumer Price Index (CPI) versus the inaugural month CPI, to define how much prices have changed. We set the Biden inaugural month as the base month to compare. There are three lines in the chart below. The [blue line](#) is the CPI contrast of that month versus Biden inaugural month. Note that it starts in February 2021, as that is the first month with which to contrast. The [red line](#) is the weekly wage level that comes from the jobs report. This line reflects how much weekly wages have increased. Finally, the [green line](#) shows the differences between wage increases and price increases.

Key points:

1. The Biden cumulative price (inflation) increase was 21.4%. As shown in the blue line, the trajectory continues to go up with a 23.9% price increase since the beginning of the Biden term.
2. Under Biden, prices went up 21.4% while weekly wages went up 16.7% — a significant loss of purchasing power. Overall, prices outpaced wage increases by 4.8% (rounding).
3. Since Trump's inaugural month, the difference between wages and prices has closed from -4.8% to -3.2%.



There are two additional points to note. First, at what margin does the electorate say that Republicans have effectively addressed the challenge. A 3.2% gap between wages and prices is progress, but is it enough? When people go into the grocery store and buy food, do they feel that they are in a significantly better position to handle the cost of living? Second, there are questions being raised about the November number, as some of the data was gathered differently. This was pointed out by the New York Fed chair. What was unusual in the November report was that overall prices decreased. This is a positive result, but does it become a trend or was it an anomaly?

For more on how voters are evaluating inflation, see David's Roll Call column [The electorate's inflation report card: three factors to watch.](#)

Have a good weekend.

David & Myra