# Federal Reserve Research Challenges Notion of Corporate Greed Driving Inflation



**Federal Reserve Research Disputes Claims of Corporate Greed Driving Inflation**

*March 12, 2024, San Rafael, California – A customer shops for groceries.*

According to a recent study by the Federal Reserve Bank of San Francisco, corporate price gouging was not the primary driver of the inflation surge experienced between 2021 and 2022. Researchers found that while some companies did raise prices above their production costs—known as markups—this was not the main reason behind the inflation crisis.

The study, which examined the influence of markups across various sectors including gasoline, cars, repair services, and general merchandise, concluded that overall markups remained essentially flat since the economic recovery began. This challenges the argument, primarily pushed by some progressive officials like Sen. Elizabeth Warren and President Joe Biden, that corporate greed—termed "greedflation"—was a significant factor.

Despite this, President Biden and other progressives continue to point out record profits in sectors such as energy and groceries, suggesting these profits are contributing to high prices. The White House has acknowledged the study but maintains that corporate profits have, in some sectors, exacerbated inflation.

Inflation has notably improved from its peak of 9% in June 2022 to a range of 3-4%. Nevertheless, the Federal Reserve notes that reducing inflation to its target rate of 2% remains challenging, and it has kept interest rates high as a result. Critics argue that persisting high prices in sectors like car insurance and housing still hinder cooling inflation rates, complicating the Federal Reserve's efforts to consider interest rate cuts anytime soon.

Economists, including those affiliated with progressive groups, continue to debate the roles of corporate profits and other traditional inflationary factors such as production costs and pandemic-related supply chain disruptions. Federal Reserve Chairman Jerome Powell emphasized the need for more time to ensure inflation trends are heading toward the targeted rate.