



ISSUE #: Cast 01-01

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BY: THE CRANKY OLD DAD

Affordability?

What affects affordability and is it a real issue?



TODAY'S CATCH

The other day my wife and I were putting together a shopping list. Now, we like to drink diet soda occasionally as a treat and she especially likes Dr. Pepper. So, I thought I would get her a case of diet Dr. Pepper. I looked it up to add to our list and was floored to see a case of soda was \$22! Now sure, things don't cost what they used to, never do. I remember my mom telling me about nickel movies and a quarter for a loaf of bread. But seriously! That same case cost \$8 not just a few years ago. That is nearly a 3x increase in price in just a few years. Certainly it seems like affordability is an issue. How and why did this happen? How can it change?

Well, the obvious culprit is inflation. After all, inflation is a built-in price increase mechanism. But what is inflation? Is inflation the only pressure on affordability?

Inflation is not necessarily evil. Besides just a measure of increasing prices, it's also an indirect measure of the economy. If the inflation is negative, the economy is shrinking. If it is too high, the costs are exceeding people's ability to pay them. A small amount, generally considered by economists to be between 1% and 2%, is considered desirable as it shows economic growth that is slow enough to allow people's incomes to adjust.

Affordability is a measure of whether incomes can pay the price level that already exists. Inflation puts a pressure on that but it is not alone. According to the Texas Tribune, over roughly the past decade Texas energy prices rose 65%, housing 44%, food 41%, and overall prices about 35%, while inflation-adjusted median household income increased about 14% between 2014 and 2024 (Texas Tribune, Sept 03, 2026). It seems that inflation is not the only cause of affordability issues.

I do not know about you, but to fix a problem, I first have to understand the causes so let's see if any statistics can help us to get a handle on that.

The single cause for inflation is the Federal Government spending and creating money. This has been known since the 1970s. It is also a significant driver of the other costs listed by the Tribune. For example, if the Federal Government increases regulatory, tax, or labor costs to

DAD'S DICTIONARY

Federal Reserve

defines inflation as a general increase in the overall price level of goods and services, noting it cannot be measured by the cost of just one or a few products

QUOTE No. 1

"The Federal government is the engine of inflation—the only one there is." - Milton Friedman, economist

producers, those costs must necessarily be passed along to consumers. It is not a 1:1 relationship but companies exist to make money. They are not altruistic in their approach to life. If they do not make money, they turn off the lights and go find something else to do. Increase their costs and they will increase the costs to their customers. Some costs can be borne or passed to others with little cost to consumers, but not many.

For example, recent evidence supports the argument that the large tariff increases did not translate one-for-one into increased consumer prices, and that early predictions substantially overstated the price effect. The NY Fed estimated that only 26% of the recent tariff increases translated to increased retail prices (Federal Reserve Bank of New York, No. 1201, August, 2026). Yale estimated tariffs would increase producer prices 2.3% in early 2025, but it resulted in only 0.7% increase (Yale Budget Lab, Apr 02, 2026). But, there was some increase, so what did we get for it?

Well, according to the Congressional Budget Office, there are several benefits directly attributable to 2025 tariffs. Those benefits include: (1) +49.5% new foreign investment; \$121.8B new foreign investment going into manufacturing; (2) \$66.1B planned greenfield investment; (3) +\$266B foreign FDI position; (4) +\$123.5B goods exports; (5) +\$82.1B services exports; and (6) +\$118B actual federal customs revenue (CBO, Jul 31, 2026). Certainly it seems properly applied federal government pressures can improve or benefit the economy in a way to overshadow the increased cost of the action and inflation. It also shows why 1% to 2% inflation depicts a slowly growing economy as those benefits will grow jobs and incomes.

But what about the affordability of other aspects of government activity? Namely, the government spending, impacting money supply, income tax rate changes, and increasing cost to produce through regulation, taxation and labor costs.

QUOTE No. 2

"There is one and only one cure for inflation: for the Federal government to spend less and create less money." - Milton Friedman, economist



THE SMELL TEST

Replace this text with your article content. Keep paragraphs short and conversational, using stories, context, and plainspoken analysis.



HOOK, LINE & SINKER

Replace this text with your article content. Keep paragraphs short and conversational, using stories, context, and plainspoken analysis.

THE C.O.D. REPORT ★ CONTINUED

STUPID QUESTION ALERT

THE QUESTION	Type the question raised by the news whose answer seems painfully obvious.
THE OBVIOUS ANSWER	State the straightforward answer in one or two sentences.
WHY ASK IT?	Explain what the obvious answer reveals about the larger story.

OPTIONAL FEATURE — delete this entire card in editions where it does not add anything.

ONE-SENTENCE QUOTE

"A sentence worth remembering."

POLITICAL TRANSLATION

THEY SAY: _____

C.O.D. SAYS: _____

C.O.D. RULE

A short rule in one sentence.

C.O.D. RULE

One sentence of common sense.



BACK IN MY DAY

Replace this text with your article content. Keep paragraphs short and conversational, using stories, context, and plainspoken analysis.

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PORCH TALK

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MORE FROM TODAY'S REPORT

Replace this text with your article content. Keep paragraphs short and conversational, using stories, context, and plainspoken analysis.

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THE FINAL CAST



CLOSING ARGUMENT

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THE LAST CAST

Replace this text with your article content. Keep paragraphs short and conversational, using stories, context, and plainspoken analysis.

FINAL THOUGHT

*A brief closing thought
for sharing.*

NEXT ISSUE

*A one-line teaser for
the next report.*

