

The Inflation Reduction Act Will Fight Inflation, Lower Costs and Act on Climate to Grow the Economy Faster for Decades to Come

Acting on climate change will reduce inflationary pressures, lower costs for families and grow the economy. Inadequate action on climate change has already created large economic cost for families and communities and the [cost of inaction](#) will grow over time.

The Inflation Reduction Act of 2022 will make the largest investments in fighting climate change and in clean energy production in American history. These investments will lower costs for families and businesses, improve productivity, grow the economy and reduce inflationary pressure for decades to come.

Climate change results in enormous economic costs for families and communities; fossil fuel dependence adds to the burden

Failure to act on climate change for years has created [enormous costs](#) for workers, families and communities, which are the foundation of the economy. U.S. dependence on fossil fuels left families and businesses paying higher prices at the pump after Putin's invasion of Ukraine, costing America over \$300 million a day just a few months ago.

Prices at the pump are down [more than \\$1](#) per gallon from the peak in June, in part due to actions by the Biden administration, but the events of early 2022 underscore how reliance on fossil fuels is a threat to economic stability. As long as the United States is dependent on fossil fuels, foreign oil and gas producers will always have the power to threaten global energy supplies and the U.S. will remain [vulnerable](#) to wild price fluctuations that cause price spikes at the pump for workers and families.

Communities across the U.S. have also been devastated by extreme weather, which is exacerbated by climate change. Economic research shows that continued warming will also reduce economic growth as extreme heat and its [effects on workers](#) effectively shrinks America's [labor force](#), reduces [workers' hours](#) and lowers [productivity](#). Americans are already paying a steep price for inaction, in health, lost income and higher inflation. Acting on climate is crucial to a strong and sustainable economic future.

Investing in clean energy will cut energy costs for families and businesses every year

Electrifying the economy with clean energy saves families money, and the benefits extend far beyond lower energy bills. Preliminary independent analyses of the Inflation Reduction Act estimate energy cost savings for the average household ranging [from \\$300](#) to [over \\$1000](#) by 2030. Zero-emissions homes save on the [high cost of heating](#) with propane, natural gas or oil. These homes save Americans even more by eliminating [toxic gasses](#) from homes, which improves health outcomes and cuts healthcare costs. Transitioning to renewable energy will also

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promote a more stable climate and reduce the frequency of extreme weather events, which will cut the costs of property insurance and [reduce inflation](#).

Electrification will dramatically cut commuting costs and reduce oil dependence. Electric vehicles and cleaner conventional cars could help cut [U.S. oil use](#) more than 13% every year by 2030. The oil shock of early 2022 drove higher gas and diesel prices, which hurt families and business directly and contributed to higher prices and inflation overall. As clean energy becomes more available and affordable than fossil fuels, the economy will become less vulnerable to future oil shocks and more insulated from long-term inflationary pressure. Acting on climate grows the economy, inaction raises healthcare costs

Climate pollution drives enormous health care costs for families and healthcare providers, including the Federal Government. [Early estimates](#) suggest the Inflation Reduction Act will prevent nearly four thousand premature deaths, 100,000 asthma attacks and more than 400,000 lost workdays every year.

These health benefits create large economic gains—the cost of asthma alone is over [\\$80 billion](#) per year—and spread throughout the entire economy. Workers who get sick less frequently are able to earn more, and reduced health costs strengthen Medicare, Medicaid and other health programs, which are the largest long-term drivers of federal budgets.

Climate investments are essential to create long-term energy stability and affordability that not even doubling American fossil fuel production could achieve

Dependence on fossil fuel creates a vulnerable energy system and a [vulnerable economy](#). More clean energy drives lower, more stable energy prices. As long as the United States is dependent on fossil fuels, foreign oil and gas producers will always have the power to threaten global energy supplies, and the U.S. will [remain vulnerable](#) to wild price fluctuations. Shifting to clean energy will decouple the U.S. from this volatility and provide widespread energy security.

Clean energy is [the cheapest](#) form of new energy investment available and is protected from global price spikes, unlike fossil fuel, which is sold on a global market that is inherently more volatile. Over the last decade, the U.S. has doubled its oil production, yet prices at the pump spiked just as in past global energy crises. [Electrification is the solution](#) to this volatility problem, and offers myriad other benefits.

Investments to address climate change and transition to clean energy will create major economic benefits by improving productivity, reducing costs, and improving health outcomes

The Inflation Reduction Act is the largest investment in clean energy and fighting climate change in American history and will generate significant economy-wide benefits. The economic benefits from converting the U.S. economy to run on clean energy are from a larger, more productive workforce, from cheaper gas to safer homes and healthier families that spend less on healthcare. For decades to come, investments to address climate change will be one of the most effective ways to grow the economy, save families money and improve the federal budget.