



## Economic Report of the President

To the Congress of the United States:

When I took office on January 20, 2021, I looked out at a Nation that was in the midst of the COVID-19 pandemic and experiencing a weak and uneven economic recovery. There were roughly 4 million workers who had been unemployed for more than 6 months. The Congressional Budget Office and private sector forecasters predicted a slow decrease in the unemployment rate throughout 2021.

Our Nation needed an economic policy that was nimble enough to meet the significant and evolving challenges required to defeat a pandemic and recover from the severe economic disruptions it had caused. Recovery had to be swift and robust; it was not sufficient to return to where we had been, we also had to build toward a better future.

Today, we look out at a markedly different America. Over 200 million Americans have been fully vaccinated and are now protected from the worst of COVID-19. Businesses have been able to resume activity. Schools and childcare centers are open again. Our Nation's economic recovery has been strong, marked by dramatic increases in employment and GDP. Moreover, our progress has been achieved with a \$360 billion decline in the Nation's deficit in fiscal year (FY) 2021 and a historic \$1.3 trillion projected decrease in FY22.

This success was not preordained. It is the result of well-designed and well-administered policies.

At the start of my Administration, the most important task was to free ourselves from the grip of a deadly virus. Last year, I signed into law the American Rescue Plan Act of 2021 (ARP), one of the most consequential economic rescue packages in American history. The ARP provided an insurance policy for businesses, workers, and families harmed by the virus. It prioritized resources to get and keep economic recovery on track: aid to State and local governments, checks in Americans' pockets, support to allow schools to reopen safely, and a robust vaccination program.

In addition to immediate assistance, the ARP provided scaffolding for long-term recovery—enabling workers and businesses to avoid many of the long-term, harmful effects that often follow an economic shock. We saw success across nearly every metric. At the end of 2021, our economy had created more than 6 million jobs, the largest number ever in 1 year, and we experienced the fastest drop on record for the unemployment rate. The United States saw the strongest economic growth since 1984, with GDP expanding by almost 6 percent. Poverty is projected to have reached historic

lows, particularly for children. Real disposable income was up for the bottom half of the income distribution.

With money in their pockets, Americans were poised to spend—and because the virus had depressed demand for travel, leisure, and other services, consumers largely turned to goods. This pent-up demand has added to backlogs, but my Administration has been working with industry to ease supply chain disruptions at every step in the process: the ports, the trains, and the trucks. As a result, store shelves are well stocked, and the much-predicted holiday supply chain crisis did not occur.

A pandemic-constrained economy, coupled with strong demand, has resulted in increasing prices. This trend is not unique to the United States; countries around the world are grappling with rising costs as the pandemic recedes and demand builds. Adding to this, the war in Ukraine has incited a supply shock that has increased energy and food prices around the globe.

While we tackle these immediate challenges, we must also expand our productive capacity for the future. The pandemic exposed cracks in the United States economy that had been widening for years: decades of low and unequal economic growth that left Black and brown Americans and Tribal Nations disproportionately vulnerable; inadequate investment in research and infrastructure; increasing corporate consolidation and decreasing competition; a hollowed-out manufacturing sector; and a lack of support for America’s workers and middle-class families. We seek to build an economy that delivers stronger and more equitable growth for America’s families and workers.

The Bipartisan Infrastructure Law (BIL) that I signed on November 15, 2021, provides a historic opportunity to build that economy. The BIL, which will create millions of new jobs, provides long-overdue investment in our Nation’s physical infrastructure—resources to modernize roads and bridges, ensure clean drinking water, deliver efficient and affordable broadband, and produce clean, reliable energy. These critical investments will be especially transformative in rural America, creating jobs and building wealth for these communities.

This past year, I also signed several Executive Orders that improve the economy and increase the efficiency in Federal Government procurement. Examples include an Executive Order to promote competition so that firms cannot use concentrated market power to hurt workers or consumers, an Executive Order that establishes a \$15 per hour minimum wage for workers on Federal contracts, and an Executive Order to address supply chain flaws. In my first year in office, I have also put forward whole-of-government approaches to combat climate change, strengthen worker organizing and empowerment, and pursue gender and racial equity.

We must continue this important work. For decades, the United States has underinvested in our families, in our communities, in American

businesses, and in our Nation. When we put resources toward children and families, and workers and United States businesses, we raise both the floor and the ceiling of the economy for all of us.

We know, for example, that investments in education and training, particularly for young people, make economic sense. Universal access to high-quality preschool is the norm in most other advanced economies. Providing all children with access to high-quality preschool will pay for itself down the road by producing benefits well into adulthood.

Further, nearly half of new jobs created over the next decade are projected to require at least some postsecondary education or training at the entry level. Just as early-20th-Century universal elementary and secondary schooling helped create a highly skilled labor force, investments in higher education today can help workers fill the higher-paying jobs of tomorrow. The result will be broader and more robust economic growth.

We have seen the economic consequences of our failure to put in place policies to help families balance work and family life. In 1999, labor force participation for people between the ages of 25 and 54 peaked at more than 84 percent. Since that time, it has never again reached that level. We know that workplace supports such as affordable, high-quality childcare and long-term care, as well as access to paid family and medical leave, can all lead to higher labor force participation.

I have repeatedly said, and long maintained, that the middle class built this country, and unions built the middle class. Without unions, workers often lack bargaining power to secure higher wages, better working conditions, security for their families' futures, and a voice in their workplaces. However, we have seen worker power diminish for nearly 70 years. That is why we must find ways to strengthen the United States labor force, always the backbone of the American economy, by finding ways that workers can gain strength by organizing.

While we empower workers, we must also pay attention to costs families face, the ones that get discussed at the kitchen table and keep parents up at night: putting food on the table, caring for an aging parent, and ensuring their children are well cared for while they work. This past year, many American households were able to strengthen their own balance sheets, but we do not want to see cost increases erode the economic gains of 2021. From gas prices to groceries to housing costs, I will continue to use all the tools available to my Administration to address rising prices.

The backdrop to all of this is a planet heating up at rates that we simply cannot sustain. The costs of climate change can be seen everywhere: damage from an increasing number of devastating storms and fires, droughts and flooding that hamper food production and make it more expensive, supply chain disruptions that slow down our economy, and illness produced by pollution.

Last year alone, extreme weather and climate disasters cost our communities \$145 billion and claimed hundreds of lives. Getting to net zero greenhouse gas emissions by 2050, while supporting American communities and workers and expanding new American industries, is a priority of my Administration. When I think of climate change, I think of jobs.

Moreover, the war in Ukraine reinforces the fact that the United States must attain energy independence, which can happen by eliminating dependence on fossil fuels over the long term.

As I said in my 2022 State of the Union Address, America has lived through 2 of the hardest years our Nation has ever faced. As I deliver this economic report, I am confident that we are building a historic recovery, and a better America.

I came into office promising to not only find a way to repair the harms of the pandemic, but to turn the page on an economy that benefits only those at the top and rewards wealth over work. My Administration is committed to making critical investments in people, in innovative ideas, in 21st-Century physical infrastructure, and in combating climate change. We have laid the groundwork to build an economy from the bottom up and the middle out, ensuring growth that benefits all Americans.



The White House  
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