



The Biden Economy

June 23, 2024

Top Line

1. **Economic performance during the first three years of the Biden administration has been strong.** More jobs have been created than in any administration in US history, the US has avoided a widely predicted recession, and the high inflation resulting from the COVID pandemic has returned to normal levels. Average incomes are higher than before the Pandemic.
2. However, many Americans do not perceive the economy as doing well. There is a disconnect between objective reality and popular opinion.
3. In reality, the economy has done well under Biden:
 - A. Gross Domestic Product, or GDP, has grown at a solid rate.
 - B. Job growth has been more rapid than in any administration in this century.
 - C. Unemployment is at record low levels.
 - D. Inflation, which spiked at the end of the Pandemic, is now below long-run averages.
 - E. Wage and income growth have been strong, even after adjusting for inflation.

To correct the public's misunderstandings about economic performance over Biden's first three years, candidates need to speak confidently and clearly about the progress that has been made. Economic performance has been strong overall, and we need to continue the policies that have driven strong growth in the economy.

Notes –

1. Our research intern Clara did much of the initial research for this paper.
2. For consistency, most of the charts in this paper are from the Federal Reserve Bank of St. Louis (often referred to as FRED), which is an excellent source for economic data in an understandable and usable format - <https://fred.stlouisfed.org/>.

Backup

1. Over the past three years, economic performance has been strong

- a. Many economists expected a recession following the end of COVID. Instead, the economy has grown at a strong pace, up 3.1% in 2023. (1)
- b. While all major countries' economies were challenged by the COVID pandemic and its aftermath, the US has performed better than other advanced economies.
 - i. The International Monetary Fund reports that in 2023, real (inflation adjusted) GDP in the US grew at 2.5%, vs. 1.6% for the advanced economies as a group.
 - ii. For 2024, the IMF also projects the US economy to grow faster than other advanced economies.
 - iii. **For both 2023 and the 2024 projection, US growth exceeds that of Germany, France, Spain, Japan, UK and Canada.** (2)
- c. The President of the Peterson Institute for International Economics points out that the US pandemic response has led to wage growth and improved productivity, very different from Europe and Japan. (3)
- d. The Chief US Economist for Oxford Economics points out that "the engine of the US economy continues to hum along where it's sputtering in other nations". Reasons cited for this include aggressive stimulus payments (in both the Trump and Biden administrations) and a strong jobs market. (4)

Details on specific measures of the economy are provided in Section 3 below.

2. However, many Americans do not perceive the US economy is doing well.

- a. A recent Harris poll found that 55% of Americans believe the US economy is shrinking (as shown in section 3A below, it is growing), and 56% believe the US is in a recession (it is not). About half of respondents believe the stock market is down for this year (it is up) and that unemployment is at a 50-year high (it is near record 50-year lows.) (5)
- b. A recent CBS News survey found that 65% of voters rate the economy as good during Trump's presidency, compared to 38% under Biden (6), although by most metrics the economy has performed as well or better under Biden (see Section 3).
- c. As a result of these misperceptions, a Gallup poll found that only 38% of respondents have a great deal or a fair amount of confidence in Biden to "do or recommend the right thing for the economy." (7)

Accurate information about the economy may help to correct these widely held misimpressions.

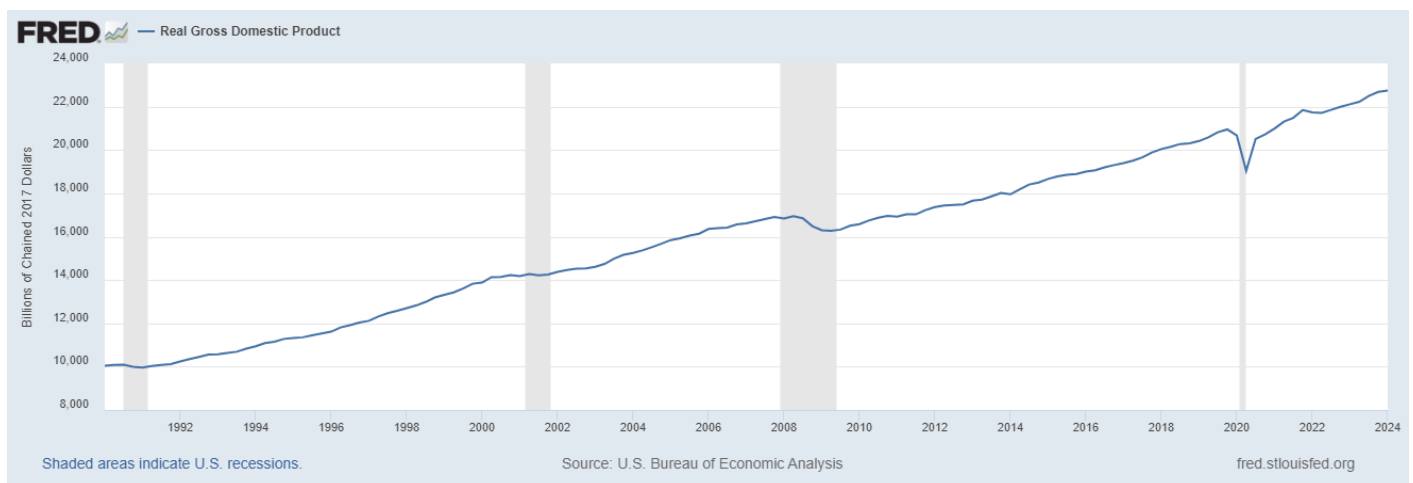
3. Key economic metrics:

This section contains a lot of numerical data about the US economy. The bottom line is that since the Pandemic (and since Biden took office) the US economy has grown at a relatively rapid pace, job growth has been extremely strong, unemployment (which spiked during the Pandemic) has returned to historically low levels, and personal income has grown even after adjusting for inflation. A widely expected recession following the end of the Pandemic has been avoided. Inflation, which increased at the end of the Pandemic in all advanced countries including the US has since fallen to levels below the long-term average.

This is an extremely strong economic record.

A. Gross Domestic Product (GDP)

- i. GDP is a key measure of an economy's performance. It is defined as "the total market value of the final goods and services produced within the United States" in a period of time such as a quarter or a year. (8)
- ii. To account for inflation, GDP is normally reported as "real" GDP – e.g. constant dollars so that each period reflects the same value for a dollar. The alternative is "nominal GDP", which is measured in the dollars of each period. Nominal GDP is adjusted to real by factoring in inflation. The Center for Policy Progress always looks at GDP in real terms.
- iii. As shown below, real GDP declined in 2020 because of the Pandemic, then quickly recovered to levels of growth comparable to past years. (9)



- iv. Looking at growth in real GDP by Presidential administration, the first three years of the Biden administration stack up well.
 - i. The “Adjusted” numbers are probably more relevant. They remove recessions and the effect of the pandemic, which lowered GDP in the last Trump year (2000) and resulted in strong GDP growth at the beginning of the Biden administration.
 - ii. This also allows for a comparison of the first three years of the Biden administration to the first three years of the Trump administration.
 - iii. On both a total and adjusted basis, real GDP growth (adjusted for inflation) has been stronger during the Biden administration than during any administration since Clinton - in other words, **the strongest economic growth so far this century.** (9)

Average Annual Real GDP Growth by Presidential Administration

Presidential Administration	Years	Average annual growth in real GDP	Adjusted annual real GDP growth	Notes on adjustment
Clinton	1993 - 2000	3.88%	3.88%	
GW Bush	2001 - 2008	2.21%	2.36%	Excludes the last quarter (2008/2009 recession)
Obama	2009 - 2016	1.67%	2.20%	Excludes the first three quarters (2008/2009 recession)
Trump	2017 - 2020	1.42%	2.63%	Excludes 2020 (pandemic)
Biden	2021 - Present	3.43%	2.82%	Excludes the first two quarters (strong growth due to recovery from pandemic)

Source: Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/GDPC1>

B. Job Growth

- i. Job growth has been extremely strong during the Biden administration. As shown in the graph below, the pandemic caused a sharp loss in jobs in early 2020 (9.4 mm jobs were lost in the last year of the Trump administration).
 - These 9.4 mm lost jobs were recovered during the first 18 months of the Biden administration (by July 2022).
 - Between July 2022 and April 2024, the economy has added an additional 5.2 million jobs, a rate of 3.0 mm jobs per year, **a faster rate than in any administration in the last 30 years.**

- ii. In total, the US economy has added 14.6 mm jobs in the first three years of the Biden administration, more than Obama added in eight years, and more than GW Bush and Trump combined.

US Job Growth by Presidential Administration

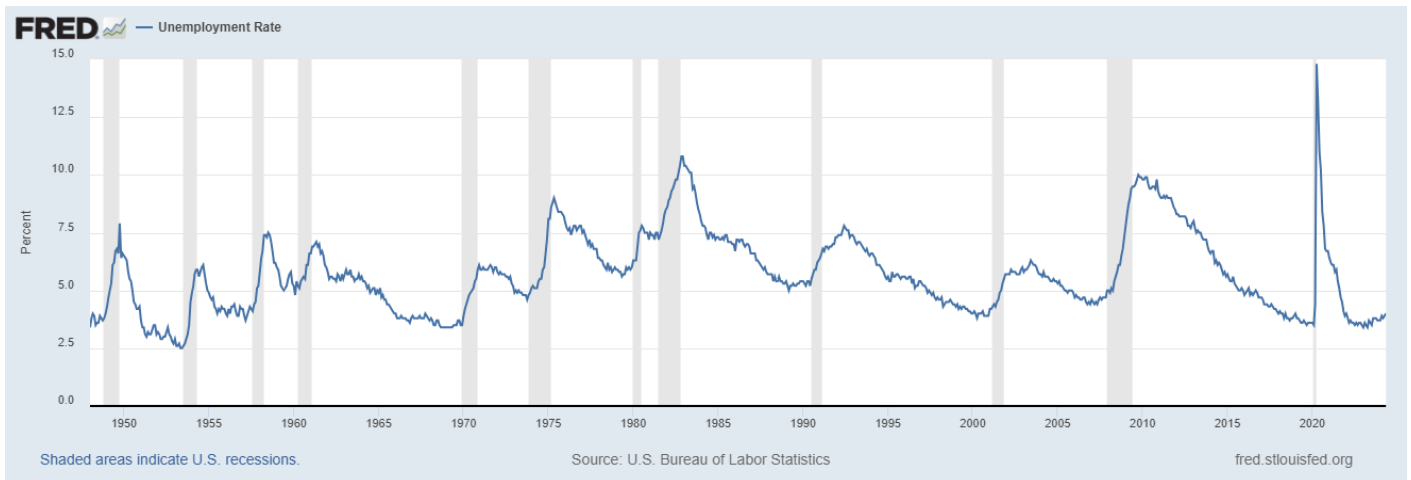
Presidential Administration	Years	Jobs Created (millions)	Jobs Created per Year	Notes
Clinton	1993 - 2000	21.2	2.7	
GW Bush	2001 - 2008	7.4	1.1	This excludes the negative impact of the 2008/2009 recession. If that were included, job growth during the Bush administration was only .38 mm per year.
Obama	2009 - 2016	11.6	1.4	
Trump	2017 - 2020	6.7	2.2	Excludes 2020 which was affected by the Pandemic. For the entire Trump administration job growth was negative.
Biden	2021 - Present	14.6	4.9	First three years

Source: Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/PAYEMS#>

- iii. The Economic Policy Institute has outlined a wide range of Biden policies that have driven this record jobs growth (10) including:
 - Reduced discrimination in employment and supervision
 - Strengthened unions and worker protections
 - Issued an order increasing federal purchases of American-made content
 - Enacted historic investments in our nation’s infrastructure through the Infrastructure Investment and Jobs Act, which invests \$1.2 trillion into our nation's infrastructure.

C. Unemployment

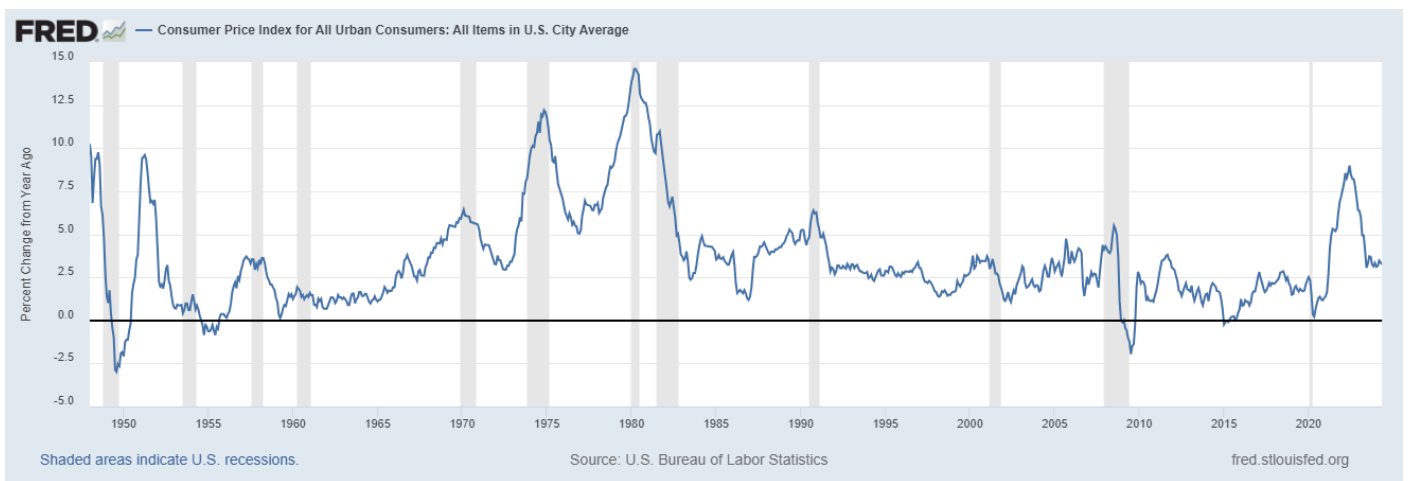
- i. Unemployment spiked early in the Pandemic, reaching 14.8% in April 2020, the highest monthly rate since at least 1950.
- ii. The unemployment rate rapidly returned to historically low levels, reaching 4% by the end of 2021.
- iii. Unemployment has remained at 4% or lower for the past 2 ½ years.
- iv. The annual unemployment rates in 2022 and 2023 (3.6% in both years) are the lowest annual unemployment rates in the past 50 years. (11)



- v. **Unemployment rates are now at historically low levels** in total, as well as for African Americans and Hispanics (See Appendix I).

D. Inflation

- i. Inflation spiked following the Pandemic, as shown in the graph below.
- ii. Economists identify several causes, the three most significant of which are (12):
 - Pent up demand from the Pandemic
 - Supply chain disruptions resulting from the Pandemic, which constricted supply
 - Stimulus payments, which increased the amount of money in circulation.



- iii. Stimulus payments occurred during both the Trump and Biden administrations. The first two rounds of payments occurred during the Trump administration in March 2020 and December 2020 and totaled \$413 billion. The third round occurred under Biden in March 2021, and totaled \$401 billion.
- iv. Because much of the spike in inflation resulted from global factors such as supply chain disruptions, inflation spiked in almost all advanced countries in 2022. (World Bank, <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>)
 - As shown below, the experience of the US (8%) was similar to the average of the 16 other large, advanced countries (7.3%).
 - Among these countries, the US ranks in the middle at 8th.
 - Since the 2022 spike, the inflation rate in the US has returned to historically normal levels. The average inflation rate for the 12 months ending May 2024 is 3.3%, lower than the 50-year average before the Biden administration of 3.9%. (13)

Inflation by Country - 2022

Country	2022 Inflation Rate
Austria	8.5%
Australia	6.6%
Belgium	9.6%
Canada	6.8%
Czechia	15.1%
France	5.2%
Germany	6.9%
Israel	4.4%
Italy	8.2%
Japan	2.5%
Netherlands	10.0%
South Korea	5.1%
Spain	8.4%
Sweden	8.4%
Switzerland	2.8%
United Kingdom	7.9%
United States	8.0%
Average (excl. US)	7.3%

Source: World Bank,
[https://data.worldbank.org/indicator/FP.CPI.TOTL.:](https://data.worldbank.org/indicator/FP.CPI.TOTL.)

E. Wage Growth

- i. Although inflation has returned to historically normal levels, there is still a very valid concern about people’s incomes. Have they kept up with inflation? Are we better off now than we were during the Trump administration?
 - As shown in the graph below, **real weekly wages** (adjusted for inflation) grew rapidly at the start of the Pandemic. This is likely because lower wage workers were the first to lose their jobs as unemployment spiked.



- Average wages, adjusted for inflation, quickly returned to their pre-pandemic levels. They are now slightly higher than they were prior to the start of the Pandemic. In other words, **wage growth has offset the high inflation resulting from the Pandemic.**
- As shown in the table below, average real wages have grown over time and are higher during the Biden administration than in any previous administration.

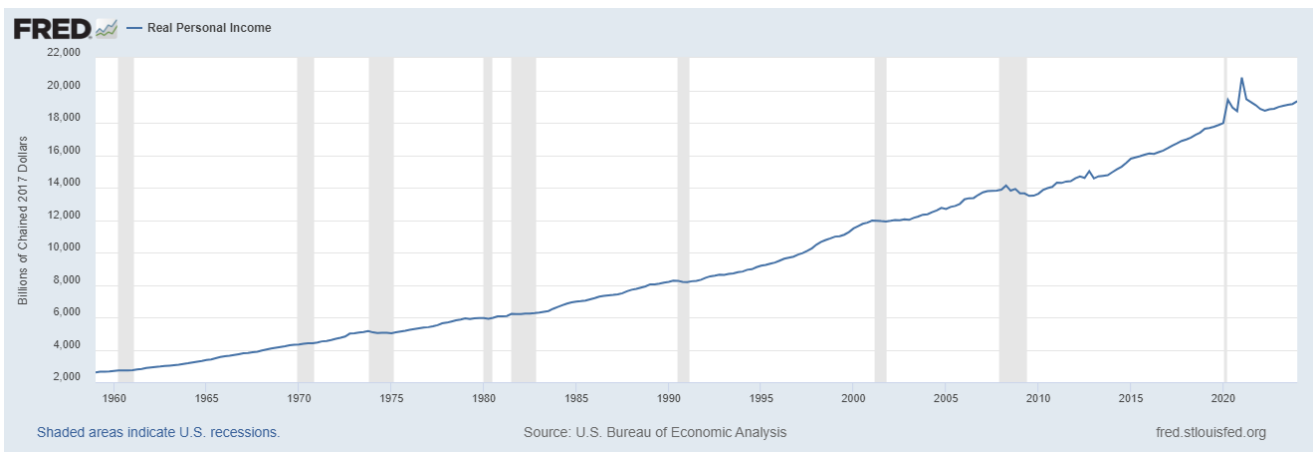
Average Real Weekly Wages by Presidential Administration

Presidential Administration	Years	Average Real Weekly Earnings
Clinton	1993 - 2000	\$319.88
GW Bush	2001 - 2008	\$335.69
Obama	2009 - 2016	\$339.19
Trump	2017 - 2020	\$360.56
Biden	2021 - Present	\$365.31

Source: Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/LES1252881600Q>
Note: Data is shown in constant 1984 dollars.

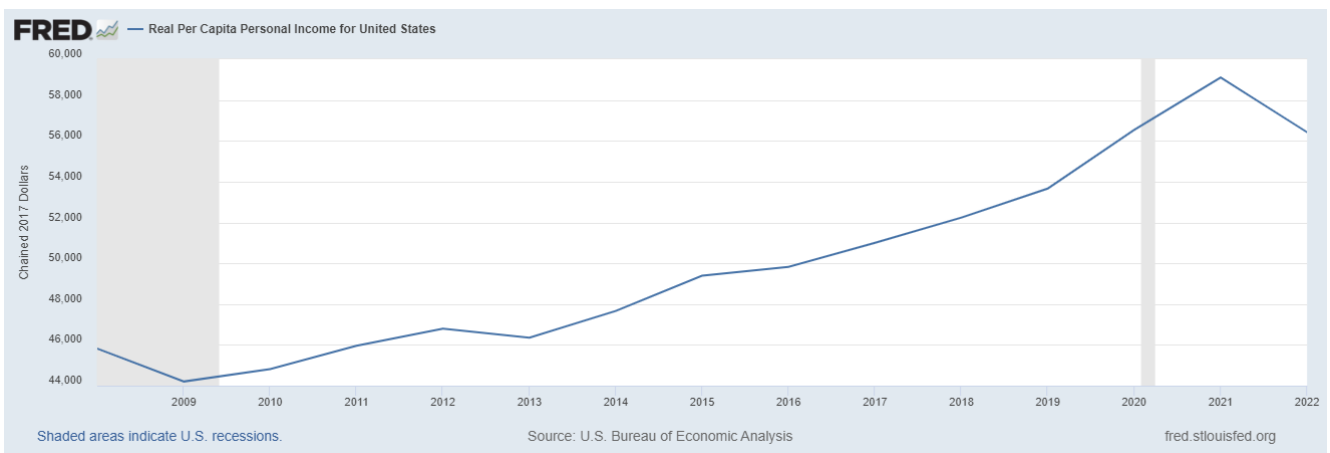
ii. Total **Real Personal Income** also shows an increase over time (14)

- The spikes in 2020 and early 2021 correspond to the distribution of stimulus checks.
- Looking at the current level (\$19.3 trillion, annualized) relative to the level prior to the Pandemic (\$17.9 trillion annualized at the end of 2019), Real Personal Income has increased 7.8%, at a time when the US population increased by 2.2%.
- In other words, real income has increased during the Biden administration, consistent with the overall pattern since at least 1980.



iii. The pattern for real personal income per capita shows a similar pattern.

- This data is only available annually, since 2008, and only through 2022.
- It also shows an increase in 2020 and 2021, during the distribution of the stimulus checks.
- Real per capita personal income in 2022 was \$56,419, which is 5.1% higher than the year before the Pandemic (2019), and higher than any year prior to that. (15)



Even after adjusting for inflation, per capita earnings are higher now than at any time prior to the Pandemic. Inflation and unemployment are now at levels below their long-term average. And our economy is growing faster than other advanced countries, and faster than in any previous administration this century.

This is a record to be celebrated and continued, by electing leaders who will continue to invest in our infrastructure, keep taxes low for middle income families, and support working families.

More Information

1. Additional background on GDP, including how it is calculated - [US Bureau of Economic Analysis, https://www.bea.gov/system/files/2020-04/GDP-Education-by-BEA.pdf](https://www.bea.gov/system/files/2020-04/GDP-Education-by-BEA.pdf)
2. Summary of Moody's Analytics assessment of Trump and Biden economic policies for the future – USA Today, 6/20/24, <https://www.usatoday.com/story/money/2024/06/20/biden-vs-trump-economy/74077301007/#:~:text=According%20to%20a%20Moody's%20study,the%20decade%20before%20the%20pandemic.>

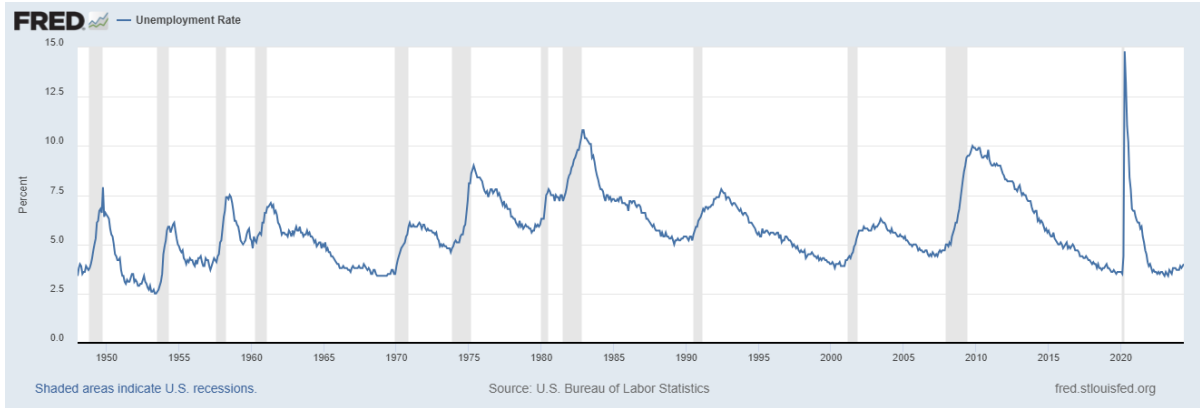
Sources

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2. IMF, 1/30/24, <https://www.imf.org/en/Blogs/Articles/2024/01/30/global-economy-approaches-soft-landing-but-risks-remain>).
3. Axios, 1/31/24, <https://www.axios.com/2024/01/31/us-economy-2024-gdp-g7-nations>
4. BBC, 2/12/24, <https://www.bbc.com/news/world-us-canada-68203820>
5. Guardian, 5/22/24, <https://www.theguardian.com/us-news/article/2024/may/22/poll-economy-recession-biden>
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7. Gallup, 5/6/24, <https://news.gallup.com/poll/644750/confidence-biden-economic-stewardship-historically-low.aspx>
8. US Bureau of Economic Analysis, <https://www.bea.gov/system/files/2020-04/GDP-Education-by-BEA.pdf>)
9. Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/GDPC1>
10. Economic Policy Institute, 8/25/22, <https://www.epi.org/publication/biden-first-18-months/>
11. Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/UNRATE#>
12. National Bureau of Economic Research, 9/1/23, <https://www.nber.org/digest/20239/unpacking-causes-pandemic-era-inflation-us>
13. Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/CPIAUCSL#>
14. Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/RPI#>
15. Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/RPIPCUS#>

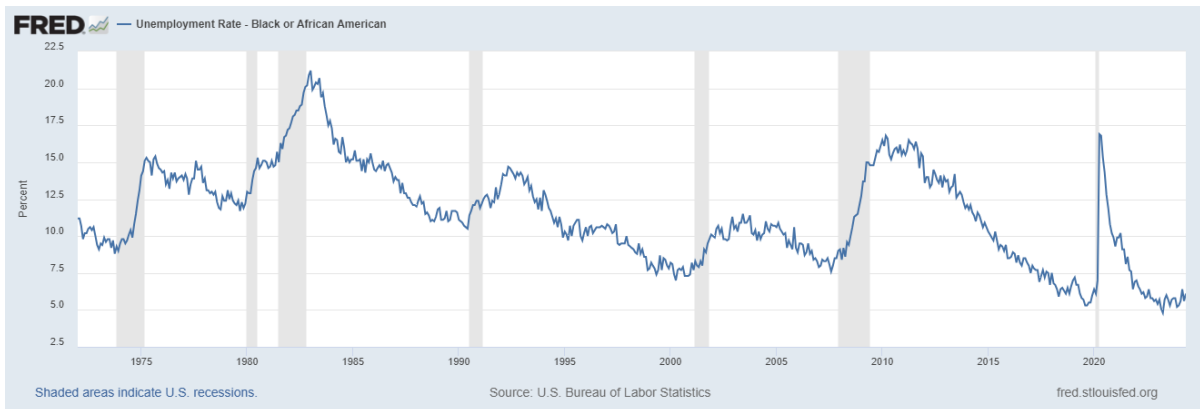
Appendix I – Unemployment Rate – Total, African American, and Hispanic

Unemployment spiked during the Pandemic but returned quickly to historically low levels.

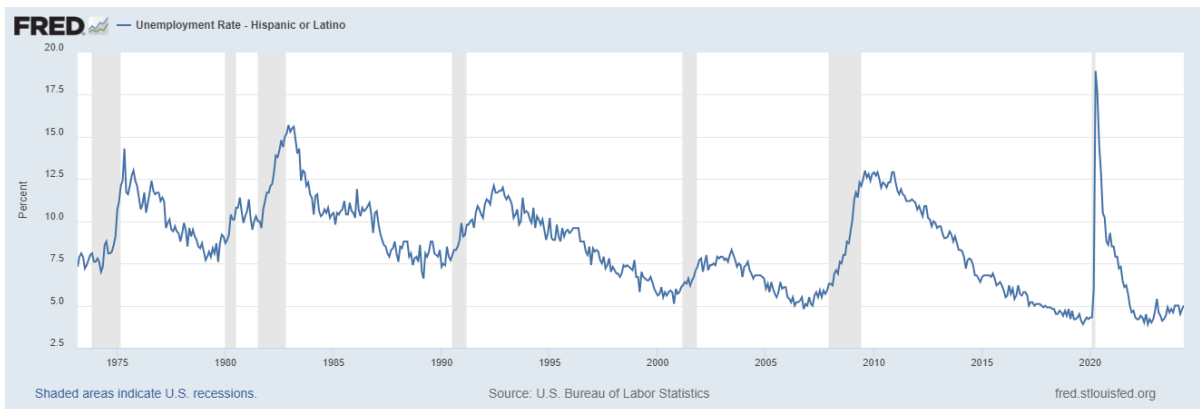
1. Total Unemployment



2. Black or African American Unemployment Rate



3. Hispanic or Latino Unemployment



Source: Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/UNRATE#>, <https://fred.stlouisfed.org/series/LNS14000006>, and <https://fred.stlouisfed.org/series/LNS14000009>