

ECONOMIC UPDATE

January 21, 2022

The Biden Economy in Focus

A new JEC [issue brief](#) highlights how the U.S. economy strengthened more during President Joe Biden's first year in office than in the first 12 months of any other president in the past 50 years. Job growth, economic growth, retail sales and business creation were all up, while unemployment and unemployment insurance claims were down substantially.

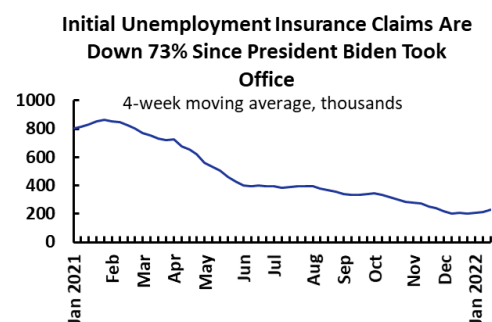
The U.S. economy grew significantly during President Biden's first year, with gross domestic product (GDP) growth in 2021 projected to reach 5-6%—the highest annual growth since 1984—after rebounding from a decrease of 3.4% in 2020. Among its peer economies, the United States is one of the only nations whose economy has now surpassed its pre-pandemic peak.

Under President Biden, the economy added over 6 million jobs—the most in a calendar year by any U.S. president in recorded history—and over 84% of the jobs lost during the worst of the pandemic have been regained. The unemployment rate dropped to 3.9%, down from 6.4% when President Biden entered office, representing the largest ever decline in a calendar year in recorded U.S. history.

Despite ongoing supply chain backlogs and elevated prices, there are indications of continued progress to address these challenges. In December the pace of inflation slowed for the second consecutive month. There were also significant improvements in shipping, as the ports of Long Beach and LA handled a record volume of cargo in 2021 and long-dwelling containers, an indicator of port backlogs, are down 40% since November 2021. This is important for overall efficiency as this creates more space for containers to be unloaded more quickly and gives trucks more room to maneuver.

Key Economic Indicators to Track

- **Unemployment Insurance Claims:** The latest [data](#) released by the Department of Labor show that after dropping to a 50-year low, new unemployment claims remain near pre-pandemic levels with 286,000 initial claims filed the week ending January 15. The four-week moving average (which smooths week-to-week volatility in the data) is now 231,000, and down 73% since President Biden took office.



Source: Department of Labor
Note: Data are seasonally adjusted.

- **Gross Domestic Product:** The Bureau of Economic Analysis (BEA) is scheduled to release its preliminary growth estimate for the fourth quarter and full year of 2021 on January 27, 2022. Pantheon Macroeconomics estimates that growth will be 6.5% for Q4 and 5.6% for 2021 overall, continuing a level of real GDP growth that exceeds pre-pandemic levels.
- **Union Membership:** The Bureau of Labor Statistics released its [latest figures](#) on the rate of union membership among American workers. The latest figures show the number of wage and salary workers belonging to unions in 2021 fell to 14 million, and the union membership rate fell to 10.3% from 10.8% in 2020. Data show that collective bargaining contributed to higher wages: the median weekly earnings for unionized full-time wage and salary workers was \$1,169, compared to \$975 for non-unionized workers.

JEC Spotlight: Investments in Preschool Can Generate Nearly 9 Times the Return on Investment

A new JEC [issue brief](#) explains how investing in preschool will enable more children to get the benefits of early childhood education and support parents to return to work, allowing the U.S. to realize large economic returns. In the near-term, universal preschool would boost the labor force participation of parents, particularly mothers, of young children. Washington, D.C., for example, enacted universal preschool for 3- and 4-year-olds in 2009 and saw a 12 percentage point increase in the maternal labor force participation rate by 2016, 10 percentage points of which are attributable to the universal preschool expansion.

In the long-term, preschool programs have also been shown to generate nearly \$9 in society-wide benefits for every \$1 invested via participants' better health outcomes, higher educational attainment, increased earnings, decreased involvement in the criminal justice system and lower likelihood to access income support.

Selected JEC Resources

- [*Abortion Access Is Key to Economic Freedom*](#)
- [*Direct Investments Are Needed to Improve Upward Social Mobility*](#)
- [*Inaction on Climate Change Will Have Devastating Consequences for the Economy, Families, and Communities*](#)
- [*Closing the Medicaid Coverage Gap Will Improve Health and Well-Being for 2.2 Million Americans While Increasing Their Economic Security*](#)
- [*Work Requirements for the CTC Would Increase Financial Hardship and Childhood Poverty, While Doing Nothing to Boost Employment*](#)

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