

Biden's First Year: Economy Struggles Amid 'Bidenflation'



U.S. President Joe Biden speaks during the 90th Winter Meeting of USCM in Washington, D.C., on Jan. 21, 2022. (Alex Wong/Getty Images)

By Marisa Herman | Monday, 24 January 2022

The early strides made by President Joe Biden to reinvigorate the pandemic-stricken economy have been marred by rising prices on a wide array of goods as part of what many conservatives dub “Bidenflation”— an issue hitting Americans in the pocket and one that didn’t exist when he entered the Oval Office.

Despite successfully pushing a \$1.9 trillion coronavirus relief package through Congress and a \$1.2 trillion infrastructure package, Biden’s economic recovery plan has been beset ever since by underwhelming jobs reports, skyrocketing inflation, and a shaky stock market.

The economy that Biden inherited was beginning to rebound from the financial blow delivered by the global pandemic. While he’s overseen an overall improvement in the unemployment rate and consumer demand, the economy is still more than 3.6 million jobs shy of its pre-pandemic level and the cost of goods is rising to heights not seen in 40 years.

Facing an increase in prices on everything from cars to hamburger meat, Americans have quickly soured on the economic policies pushed by the White House.

A recent NBC News Poll shows that 60% of Americans disapprove of how the president is handling the economy.

Alfredo Ortiz, president and CEO of the Job Creators Network, called Biden’s first year in office a “year of enormous problems.”

He pointed out that Biden’s “failed policies,” such as his “record spending spree,” have resulted in millions of previously employed Americans unable to find jobs and the rapid rise of inflation.

Here is a look at some of Biden’s economic achievements and missteps:

Jobs

Considering the economy added 6.4 million jobs last year and the unemployment rate dropped from 6.2% at the beginning of Biden's presidency to 3.9% by the end of 2021, the economic revival should have represented a major win for the Biden administration.

But December 2021 brought the worst jobs report of the year, with just 199,000 jobs added. The number fell far short of economists' predictions.

The economy is still more than 3 million jobs shy of pre-pandemic levels and employers are having a tough time filling open positions amid the more contagious, but less dangerous, omicron variant wave. In November, employers posted 10.6 million job openings after a record 4.5 million workers quit their jobs.

On Thursday, the number of Americans applying for unemployment benefits jumped to the highest level in three months. The Labor Department reported that jobless claims rose for the third straight week by 55,000 to land at 286,000, which marks the highest total since mid-October.

Economist Stephen Moore recently told Newsmax's "National Report" that the U.S. has one of the "lowest labor force participation rates today ... and that is the big problem right now."

Putting the pandemic aside, financial analyst John Boyd noted Biden chose to further distance himself from former President Donald Trump and went against his campaign promise of bringing jobs back to America after he canceled the permit for the Keystone pipeline project – effectively killing the thousands of jobs that came along with it.

"As a candidate, Joe Biden pitched himself as the anti-Donald Trump," Boyd said. "And as president, he has so far kept his focus on trying to be the opposite of his predecessor and to his great peril and our nation's, as we are now facing unprecedented challenges."

Stock market

The stock market appeared to be booming under Biden. In 2021, the S&P 500 hit new highs 70 times and finished up 29%.

But when comparing the stock market under Biden's first year to his predecessor, Trump comes out ahead.

Axios reported that while the S&P 500 had done better under most of Biden's first year than under Trump's, a recent market selloff led to Trump taking the advantage.

The outlet reports that both the Dow Jones Industrial Average and Nasdaq Composite grew much slower under Biden than under Trump.

Inflation

Economists warned that higher inflation could loom due to the government approving an unprecedented amount of financial aid to speed up the initial stages of the economic revival.

At first, Biden largely brushed off concerns about inflation and called rising prices “transitory.”

But now that inflation has hit a record 7% and is outpacing wage growth, Ortiz said “Americans are suffering” from what he calls the “Biden pay cut.”

Everything from groceries to items at the Dollar Tree, which are no longer all just \$1, have increased in price. According to the GOP Ways and Means Committee, families paid \$3,500 more in 2021 on the same items they purchased in 2020.

So, while workers may be earning more after companies implemented pandemic pay and began increasing hourly wages, inflation is eating away at those gains. According to the Labor Department, real earnings actually declined 2.4% annually.

Biden and the Federal Reserve have since changed their tune on inflation – recognizing it is not a temporary issue.

The Fed has agreed to look at policies to reduce the inflation spike and during Biden’s second White House press conference he said his administration needs “to get inflation under control.”

Supply chain

As the economy reopened, consumers began to experience shipping delays and notice shortages of items on shelves.

While the bottleneck is rooted in the pandemic, it is a confluence of factors ranging from workers calling out sick with the virus coupled with a heightened consumer demand that is creating the ongoing supply chain snags.

In order to combat the logjams, Biden has taken steps to try to bolster the supply chain. In February, he signed an executive order related to supply chains and has expanded hours of operation at ports and truckers’ hours. But his efforts have had limited success as store shelves remain bereft of goods and retailers struggle to keep inventory in stock.

GDP

The country’s economic growth was booming at the beginning of 2021. The first quarter logged an annual revised rate of 6.4% in the first quarter and 6.7% in the second quarter.

But when the delta variant caused a resurgence of coronavirus cases, hospitalizations, and deaths during the summer, consumers began to slow their spending.

The economy grew by just 2.3% in the third quarter marking the slowest pace since the second quarter of 2020.

According to GDP Now, a tracker monitored by the Federal Reserve Bank of Atlanta, the fourth-quarter growth is estimated to grow to 5.1% even as the country faces the omicron variant.

In assessing Biden's first year on the job, the GOP Ways and Means Committee called Biden's economic policies "damaging" and noted that a "Biden-free" economy would have been much stronger, with less inflation and more workers "back on the job."

This is part of a series examining critical areas of American domestic and foreign policy during President Joe Biden's first year in office.

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