Secretary of the Treasury Janet L. Yellen’s Remarks at the University of Illinois Chicago’s Innovation Center

March 2, 2022

Following the President’s first State of the Union, Secretary Yellen traveled to Chicago, Illinois to highlight the Biden Administration’s economic agenda and the continued efforts to hold Russia accountable for its unprovoked invasion in Ukraine. The Secretary delivered remarks at the University of Illinois Chicago’s Innovation Center following a tour of the facility with Illinois Governor J. B. Pritzker and Chicago Mayor Lori Lightfoot.

Remarks as prepared

Thank you to the University of Illinois at Chicago’s Innovation Lab for hosting us and to Governor Pritzker and Mayor Lightfoot for welcoming me to the wonderful city of Chicago.

I want to begin by saying my thoughts are with the people of Ukraine, who continue to exemplify exceptional bravery as they face an unprovoked attack on their sovereign territory. Over the last week, Ukrainians of all backgrounds and circumstances have come together to protect homes and defend their democratic principles.

You have also seen in the last week, an unprecedented and unified response by countries on nearly every continent, to Russia’s invasion. Thanks to the months-long diplomatic effort by President Biden, the global community has never been more aligned and our relationships with our allies have never been stronger.

The Treasury Department and finance ministries around the world together have isolated the Russian economy and made it harder to finance Putin’s war of choice. Eighty percent of its banking assets are now under Treasury restrictions, and between Sunday and Monday morning, we, along with our allies, immobilized half the assets in Russia’s central bank. Russia is increasingly on an economic island.

We have also made it a priority to go after oligarchs or Russian elites who are key to President Putin’s corrupt power. We have sanctioned many of these individuals and we are working with
justice department colleagues and our international allies to uncover, freeze, and seize their wealth around the world.

If President Putin continues this unprovoked invasion, President Biden and our allies and partners around the world will remain steadfast in our commitment to continue to impose severe consequences against Russia and hold President Putin accountable for his illegal and amoral actions.

As President Biden conveyed in last night’s State of the Union Address, American economic policymaking is powerful tool in service of democracy. In recent days, we’ve used it to weaken Russia. I’m proud of the role the Treasury Department has played – and will continue to play – in these efforts.

But as we use economic policy to protect democracy abroad, it is an equally powerful to strengthen America at home. The past year has demonstrated the power of strong fiscal policy to keep our economy afloat during the depths of a crisis and strengthen the financial situations of millions of working families around the country.

It’s worth remembering where the country was the day President Biden took office. It was the height of the pandemic and a moment of real jeopardy for our economy. More Americans were applying for unemployment insurance than during the worst week of the Great Recession. Millions of people said they didn’t have enough food to eat, and some economists were making dire predictions – that the pandemic would plunge our economy further into recession, with many more jobs lost.

Of course, such predictions never materialized. In fact, if somehow you transported a group of economists – including me – from that moment to today... and just showed us the current topline data... we would be quite pleased. By most traditional metrics, the pace of the U.S.'s current recovery has exceeded even the most optimistic expectations. Last year our economy grew at its fastest rate in 40 years. Unemployment is now at 3.9 percent – the sharpest one-year drop in the rate ever. Household finances are healthy, and our economy appears to be poised for further growth.

We’ve achieved all this despite a new wave of the pandemic, which is important to mention because there’s a very real counterfactual where Omicron did derail our recovery; a scenario where the new variant hurdled our economy backwards towards its state on Inauguration Day 2021.
There are a variety of reasons that didn’t happen, but among the most important is the American Rescue Plan, which President Biden signed into law, almost exactly a year ago. The law helped distribute hundreds of millions of doses of the vaccine, but it also acted like a vaccine for the economy, protecting our recovery from the possibility of new variants.

The Rescue Plan gave people money to weather Omicron and Delta, and it injected funding into cities and states, so that they could keep essential workers on the payroll and help businesses stay afloat. Illinois used about $150 million in rescue funding to keep more than 4,100 small businesses open – everything from salons to laundromats to restaurants, including the owner of Sip & Savor, who credits the funding with allowing him to continue serving Chicago’s Bronzeville community. Indeed, when Omicron started spreading around our cities, it did not find them broke and broken; it found them much in a stronger place to weather new waves.

President Biden’s first year in office was laser-focused on protecting our recovery from the pandemic. But as we’re emerging, now is the time to pivot towards creating an economy for the future. Not simply to fight fires and resolve crises, but to build a better country. We now have a window to start building a stronger post-COVID America.

“How do we do that?” is the central question the President addressed last night, and the answer begins with increasing the productive capacity of our economy – while also building a more inclusive economy, where everyone has a real shot at success.

As the President said last night, we need new economic thinking, and our approach is what I’ve called “modern supply side economics.” It’s an economic policy that aims to expand our nation’s economic potential through productivity-enhancing investments along with policies to encourage more people to join the labor market.

To make our economy more productive and to add more workers, Modern Supply Side Economics makes targeted public investments in area like education and infrastructure, directs resources to underserved communities and workers, and introduces incentives for people to enter workforce. It is a sharp contrast to traditional supply side economics we’ve seen, which relies on deregulation and tax cuts for investors to power purported growth.

And this new economic thinking also ensures we address threats to our economic growth—like climate change. And it embraces targeted investments in communities that have long-suffered from underinvestment while addressing racial inequities that have plagued our economy for too long.
Last night, the President talked about some of the ways we can do this: like ensuring no family pays more than 7% of their income for the care of young children, improving our infrastructure through the 2021 bipartisan infrastructure bill that benefits American families, workers, and businesses alike, and finally enacting paid family and medical leave.

And importantly, the President made it clear that we can do all of this in a fiscally responsible way. We don’t have to choose between a growing economy and a fair tax code that asks the wealthy and corporations to pay their fair share. We can and must do both.

As the President said last night, this is the way to build a better America where as he says, we build the economy from the bottom up and the middle out, instead of the top down.

We know this has been a difficult last few years for the American people but I am optimistic about our economic future. The American Rescue Plan turned us around from the path of recession to the path of recovery. And the bipartisan infrastructure law will start making the investments that will increase productivity. I’m confident if we take additional steps to support workers and families, we will be able to boost long-term growth that is equitable, sustained, and move decisively toward a more prosperous future.

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