

## Remarks by Deputy Secretary of the Treasury Wally Adeyemo at the Economic Club of New York on the Biden-Harris Administration's Historic Investments in Unlocking Unrealized Economic Potential

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### *As Prepared for Delivery*

Thank you, Charles, for your kind introduction and thank you to the Economic Club of New York for inviting me to have this conversation today.

We have faced a set of novel economic challenges over the past three years—a global pandemic, Russia's illegal invasion of Ukraine, both contributing to global inflationary pressures. Today, the United States is navigating these headwinds better than any advanced economy. Our economy is growing faster and has lower levels of inflation than any other G7 country.<sup>[1],[2]</sup> We remain focused on making continued progress bringing down inflation while continuing to maintain a healthy labor market.

To advance those goals and invest in our economic future, the President has made a set of targeted investments to unlock the unrealized potential of our economy.

At the core of this strategy is a commitment to expand economic opportunity across the United States—arresting the significant rise in economic inequality over the last four decades—and to revitalize communities that have been left behind or left out for too long. Income data tells a clear story about the growing economic divide in this country. From 1979 to 2021, average annual wages for the top 0.1 percent of earners grew more than 16 times faster than the bottom 90 percent.<sup>[3]</sup>

While many in this city have reaped the benefits of post-war economic growth, we are all acutely aware that pockets of this great city and countless communities across the country have lacked the same access to opportunity. While we often focus on why closing the opportunity gap is consistent with our highest ideals, I want to speak today about why doing so through investments in these communities is essential to our economic growth.

Our economy's rapid recovery from COVID demonstrated how targeted economic action can unlock supply constraints, prevent economic scarring, and combat longstanding disparities. These investments are a feature of what Secretary Yellen calls modern supply-side economics, which calls for harnessing government resources to boost labor supply and raise productivity while reducing inequality.

History shows how investing in people can propel our economy. In the second half of the 20<sup>th</sup> century, as more Americans graduated high school and attended college, rising educational attainment drove productivity growth.<sup>[4]</sup> In the labor market, greater opportunities for women and Black men to take skilled jobs accounted for up to 40 percent of U.S. GDP growth from 1960 to 2010.<sup>[5]</sup>

Despite the clear economic benefits, opportunity is too often concentrated in too few zip codes. All of us know the challenges that neighborhoods in urban areas like New York City face. But, we often fail to focus on the lack of opportunity for the one in five Americans who live in rural communities.

Historically, rural areas have higher unemployment, lower labor force participation, and lower wages than urban areas. These communities are often hit harder by downturns. After the Great Recession, rural employment never fully recovered.<sup>[6]</sup> Working-age labor force participation decreased over three times more in rural areas than urban areas. By one recent estimate, over 22 percent of rural Americans lack access to adequate broadband, whereas about 6 percent of all Americans lack access.<sup>[7]</sup>

Before the pandemic, the unemployment rate in rural areas was nearly 20 percent higher than in metro areas. Today, that gap has been eliminated, and real wages in rural areas are rising—thanks in part to targeted policies of the Biden Administration focused on these communities.

For example, the American Rescue Plan provided \$20 billion in funding to rural health care providers. The Inflation Reduction Act (IRA) is the single largest investment in rural electrification in eight decades and allocates \$13 billion in incentives to support rural clean energy projects, creating jobs and spurring growth. Further, the Biden Administration is investing \$75 billion to provide universal access to high-speed internet that will dramatically improve rural broadband coverage.<sup>[8]</sup>

These kinds of investments also address challenges outside of rural communities. Take high-speed internet, where communities of color face the same barriers to access as rural areas.

I saw this firsthand, living on the South Side of Chicago during the pandemic where countless Black and Brown children without broadband access struggled to keep up with their education. As of 2020, one in five children in Chicago lacked access to broadband. It surprises no one that most of those children live in communities of color.<sup>[9]</sup> This gap is being closed rapidly by the Biden Administration's investments in universal broadband, which will mean not only that children can learn from home but that more small businesses will be able to take advantage of digital opportunities. These investments recognize a simple truth we must overcome: Potential exists in every American community, but opportunity does not.

This is why much of my time these days is focused on working with Secretary Yellen to implement the IRA in a way that is consistent with the President's goal of reducing inequality. The early data shows we are succeeding. In the year since we passed IRA, nearly two-thirds of investments in IRA-related sectors are in counties with above-average poverty rates, 80% are in counties with lower college graduation rates than the national average, and almost 90% are in counties with below-average weekly wages.<sup>[10]</sup>

The President's economic strategy—including these historic targeted investments—leverages the importance of people and places to help us reach our economic potential. I look forward to discussing with you today how the Biden Administration's economic approach is helping to secure shared prosperity in America for decades to come. With that, I'll turn it back to you Charles.

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[1] <https://home.treasury.gov/news/featured-stories/the-us-economic-recovery-in-international-context-2023>

[2] <https://www.whitehouse.gov/cea/written-materials/2023/06/27/apples-to-apfel-recent-inflation-trends-in-the-g7/>

[3] <https://www.epi.org/publication/inequality-2021-ssa-data/#:~:text=1979%20to%202021%3A-,Wages%20for%20the%20top%201%25%20and%20top%200.1%25%20s%20kyrocketed%20by%20206.3%25%20and%20465.1%25%20resOn%20an%20annualized>

[4] <https://www.whitehouse.gov/wp-content/uploads/2022/04/Chapter-4-new.pdf> 

[5] <https://onlinelibrary.wiley.com/doi/abs/10.3982/ECTA11427>

[6] <https://www.ers.usda.gov/topics/rural-economy-population/employment-education/rural-employment-and-une-employment/>

[7] <https://docs.fcc.gov/public/attachments/FCC-20-50A1.pdf> 

[8] <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/02/updated-fact-sheet-bipartisan-infrastructure-investment-and-jobs-act/>

[https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund#:~:text=The%20Capital%20Projects%20Fund%20\(CPF,to%20the%20public%20health%20emergency](https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund#:~:text=The%20Capital%20Projects%20Fund%20(CPF,to%20the%20public%20health%20emergency)

[9] <https://www.npr.org/local/309/2020/04/24/844015491/in-some-chicago-neighborhoods-up-to-half-of-the-kids-can-t-get-online>

[10] <https://home.treasury.gov/news/featured-stories/the-inflation-reduction-act-and-us-business-investment>