

Remarks by Secretary of the Treasury Janet L. Yellen on the Economy in Savannah, Georgia

September 29, 2023

As Prepared for Delivery

Thank you, Chairman Fountain, for the introduction, President and CEO Lynch and Mayor Johnson, for welcoming us here.

I'd like to begin by speaking about the sad news of Senator Feinstein's passing. Senator Feinstein was a giant in the Senate, a champion for Californians, and a trailblazer for women. Our nation is indebted to her for her life of service, and my thoughts are with her family at this time.

I'd also like to address the potential looming government shutdown. When I left Washington this morning, it was still unclear whether Congress would pass legislation in time to avoid a dangerous and unnecessary shutdown. The Senate is advancing a bipartisan short-term funding bill. It is crucial that House Republicans also do their jobs and move quickly to keep the government open and adequately fund key priorities, as they agreed to in May.

Over the past two and a half years, we have undergone a historic economic recovery. Unemployment is near historic lows and inflation is down substantially from its peak. We're also making crucial investments for the long term. The failure of House Republicans to act responsibly would hurt American families and cause economic headwinds that could undermine the progress we're making. A shutdown would impact many key government functions – from loans to farmers and small businesses, to food and workplace safety inspections, to Head Start programs for children. And it could delay major infrastructure improvements. As I'll show in my remarks today, these projects change the lives and livelihoods of Americans across the country and build our economic strength.

I'm glad to be in Savannah today to explain why these projects are so important. The Port of Savannah looks very different than it did two years ago. And it's just one example of what's been happening, at a very fast pace, across the country.

When President Biden came into office, the Administration faced the shock of COVID-19. One year later, Russia invaded Ukraine. That was another unexpected shock. We also faced structural challenges, including low productivity growth and entrenched income inequality, as well as regional divergences. We responded with the American Rescue Plan, and over the past two and a half years, we've succeeded in driving a historic economic recovery. We've also been building the economy we need for the long term, including through a trifecta of legislation: the Bipartisan Infrastructure Law, the CHIPS Act, and the Inflation Reduction Act. It's working. As one example, since January 2021, our policies and investments have led companies to commit over \$500 billion in manufacturing and clean energy investments.

There are many important aspects of the President's Investing in America agenda, all rooted in what I call modern supply-side economics: growing our economy's long-run productive capacity while addressing inequality and climate change. Today, I'll focus my remarks on one way we're doing this: through investments in infrastructure, like those being made here in Savannah.

Until the Bipartisan Infrastructure Law, public investments in infrastructure had fallen each decade since the 1960s. Much of our country's infrastructure was decades old. We felt it when we slowed down on crumbling highways on our way to work or driving our children to school. We saw it in the communities across the country that lacked access to the reliable, fast internet that participation in the digital economy requires. And we knew it wasn't prepared for one of the greatest challenges we face globally. Climate change poses tremendous risks to our already vulnerable infrastructure. And we need investments in green infrastructure to reduce emissions and achieve a clean energy future.

In my remarks today, I'll speak about how investments in infrastructure change how we live and work, and with that, our economy. These investments fuel long-term economic growth, build economic resilience, and increase economic opportunity. They are, very simply, good economics. And that's why they're at the heart of our Investing in America agenda.

I. ECONOMIC GROWTH

I'll start with the impact of infrastructure on economic growth. And I'll use an example that's relatable to many of us. In cities from Atlanta to Chicago, roads are congested from traffic for upwards of four hours a day on average. In other cities, this average is closer to six. This cuts into work time and makes our schedules less predictable. Investments in infrastructure

change this, making us more productive. And individual productivity gains, when aggregated, have a significant impact on economic growth.

According to one analysis, a 10 percent increase in public capital investments in core physical infrastructure increases productivity by more than 2 percent. And due in large part to this productivity increase, public investments in infrastructure grow national output, by as much as 1.2 percent in the long run for every 10 percent increase in public capital investment. Public investment in infrastructure spurs private investment, magnifying impacts. These investments create jobs. Investments in broadband, for example, demand new jobs in installation, maintenance, and repair. And these are good-paying jobs, many of them for Americans who don't have college degrees.

The impact on growth is one reason this Administration is investing \$110 billion to repair roads and bridges. Billions more are being spent on passenger rail and airports. And \$17 billion in new public investments has enabled port infrastructure and waterway projects across the country. Here in Georgia, funding will help repair the almost 300 bridges and over 2,000 miles of highway in poor condition, as just one example.

II. ECONOMIC RESILIENCE

But economic growth is only a part of the story. The COVID-19 pandemic not only affected our health and well-being. It also revealed tremendous challenges to our economic resilience. In the initial months of the pandemic, Americans across the country walked into grocery stores to find that they lacked basic essentials. We waited for shipments of everyday items that never arrived. We watched prices for key goods increase.

In response, the Administration acted quickly, launching a Supply Chain Disruptions Task Force to address short-term supply bottlenecks. The Task Force worked closely with state and local governments and private businesses to get the most we could out of existing infrastructure. The country's largest ports shifted to full-time operations, newly utilizing off-peak hours. The federal Department of Transportation enabled pop-up container yards here in Georgia, freeing up crucial space close to the port of Savannah. These early actions contributed to goods flowing more smoothly and helped mitigate a driver of higher prices. We're still seeing the positive impacts. In May, the global supply chain pressure index—which measures supply chain disruptions—fell to its lowest point since 2008, after having peaked in December 2021.

But the shock of COVID-19 comes alongside persistent, ongoing shocks from our changing climate. In the early months of this Administration, a freeze left more than 10 million Texans

without electricity. Last month's Hurricane Idalia destroyed homes that weren't prepared for the impact. This means short-term actions need to be complemented by building long-term resilience. This too depends on infrastructure.

In anticipation of a world with increasingly severe and frequent weather events, we are making investments that ensure we are better prepared for a next pandemic or climate-related event. This includes investments to bolster grid resilience, such as over \$17 million to prevent outages in Georgia. We're investing to prevent floods from destroying homes and to rehabilitate or remove aging dams. And we're supporting pre-disaster resilience.

Resilience is not just about adaptation, however. It's about reducing environmental damage and building the clean energy future we need. At airports, funding is supporting projects that increase energy efficiency. At ports, it's going to reduce or eliminate toxic air pollutants and greenhouse gas emissions. The fact that over a quarter of U.S. greenhouse gas emissions come from transportation means investing in clean vehicles is also a priority. The Bipartisan Infrastructure Law includes \$7.5 billion to build a national network of 500,000 electric vehicle charging stations, tackling a longtime barrier to the EV market's growth. And the incentives in the Inflation Reduction Act complement these investments. For example, the IRA provides a tax credit of up to \$7,500 for new clean vehicles, and another tax credit for EV charging stations. Like other investments in infrastructure, investments in EV manufacturing are creating good-paying, middle-class jobs. And targeted programs such as the Department of Energy's Industrial Assessment Centers ensure workers have pathways into them.

III. ECONOMIC OPPORTUNITY

Finally, infrastructure investment is crucial to increasing economic opportunity for all Americans. Today, the internet is as essential for many Americans as plumbing or electricity. Yet more than 8.5 million households and small businesses across the country have no high-speed internet infrastructure. Investing in broadband infrastructure therefore not only fuels growth and builds resilience. It broadens economic opportunity, enabling children to reach higher levels of educational attainment and their parents to apply for jobs and run modern businesses. In Georgia, over 300,000 homes and small businesses have not had access to high-speed infrastructure. Thanks to the Bipartisan Infrastructure Law, the state will receive \$1.3 billion to expand access to all.

Lead removal is another example of how infrastructure investments can expand economic opportunity. Millions of American households get their water through lead pipes and service

lines. So do 400,000 schools and childcare facilities. Lead exposure can cause cognitive impairment, threatening outcomes like educational attainment. And, like with access to broadband, lead pipe distribution maps onto racial and income disparities. In Georgia, the Bipartisan Infrastructure Law is allocating \$95 million for lead pipe and service line replacement and almost \$100 million for safe drinking water. These investments enable healthier and more productive lives, benefiting our whole economy.

Across a broad range of areas, we've also been designing these investments to reach those who need them most. Take the \$3 billion for the Tribal Broadband Connectivity Program, which provides grants for high-speed internet on tribal lands. Or the Department of Agriculture's Reconnect Program, focused on rural areas. Or the fact that Inflation Reduction Act tax credits are enhanced for investments in coal communities and other communities that historically have relied on the fossil fuel industry for employment. Over 80 percent of IRA-related investments are in counties with lower college graduation rates than the national average. These policy choices not only help those they directly benefit. They also increase the broader economic impact of these investments. For example, adding employment opportunities in distressed places generates substantially greater economic benefits than similarly increasing opportunities elsewhere.

IV. CONCLUSION

It's exciting to be here in Savannah at the nation's third busiest port. This port's ability to receive and ship goods effectively and efficiently matters tremendously for our country's economic strength. Deepening the Savannah Harbor will be transformative in enabling more heavily-loaded vessels to enter and exit the harbor more easily. And \$48 million from the Bipartisan Infrastructure Law will support environmental monitoring for the next decade. Estimates project that every dollar invested in this project will bring about \$7 in benefits to our economy.

The changes happening here, and those across the country, also depend on strong local and state support. The Georgia Ports Authority was a key player in troubleshooting critical supply chain issues early in the COVID-19 pandemic and continues to spearhead ambitious developments. Elected officials like Senator Reverend Warnock and Senator Ossoff have played an important role. And across the country, from upgrading highways to supporting the battery belt emerging in the Midwest and South, American workers are the main enablers of progress. Building the future we need depends on each of us continuing this work.

Our collective efforts are ensuring Americans can live healthy and productive lives. And they're shaping a new future for our children and generations to come. We'll see this future in small day-to-day changes: the roads we drive on, the cars we drive, the water we drink. And we'll see it in much larger changes. We're boosting our country's economic strength and competitiveness. We're improving its ability to withstand the next freeze or hurricane. And we're creating good-paying jobs, including for those who have been too often left behind. This is the impact of modern supply-side economics – and President Biden's focus on infrastructure is no exception.

Thank you again for being here today.

###