
ECONOMIC REPORT

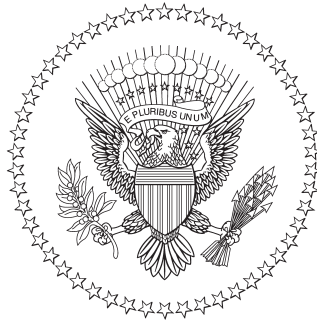
OF THE PRESIDENT

TRANSMITTED TO CONGRESS
JANUARY 2025

TOGETHER WITH THE
ANNUAL REPORT OF THE
COUNCIL OF ECONOMIC ADVISERS



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OF THE
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Economic Report of the President



Economic Report of the President

January 9, 2025

To the Congress of the United States:

In the last four years, America has overcome some of the most challenging economic conditions in our history. When I took office, our economy was in the grips of worst pandemic in a century, and decades of trickle-down policies had left us especially vulnerable to its shocks. Hundreds of thousands of businesses had closed, and millions of Americans risked losing their homes. Unemployment was high and the risk of long-term damage was real.

My Administration responded with a new economic playbook to rebuild our economy from the middle out and bottom up, not the top down. Since then, we've made historic investments in our nation and in the industries of the future. We've stood by unions and helped to create a record 16 million jobs. We've fought to lower costs for consumers, and to give small businesses a fair chance to compete. Today, our economy has not only recovered, it has emerged stronger, laying the foundation for a promising new chapter in the American comeback story.

My Council of Economic Advisers has prepared this report examining actions taken to both ease the pandemic's immediate impact and strengthen our economy over the long-term, to help ensure we learn the right lessons as a nation and to build on the historic progress we've made.

Our work began right away with the American Rescue Plan, one of the most consequential recovery packages in history. To reopen our economy, we knew we had to defeat COVID-19, so we launched unprecedented vaccination efforts. We got immediate economic relief out to tens of millions of families who needed it most. We expanded the Child Tax Credit, cutting child poverty in half to its lowest rate in history. And we sent funding directly to every state, city, and town in the nation, keeping police on the beat and teachers in the classroom, families in their homes and small businesses on their feet, preventing a wave of scarring bankruptcies, defaults, and evictions.

At the same time, the pandemic had snarled supply chains and set off widespread labor shortages, driving up costs worldwide. In response, my Administration immediately convened businesses and labor to unclog our ports and get goods flowing. Russia's unprovoked and unjustified invasion of Ukraine further increased food and gas prices. In response, I directed the

largest release of fuel from our strategic reserve in history to ensure that our energy markets were well supplied, and we challenged oil and gas companies to reinvest record profits in domestic production, which has reached an all-time high under my Administration. And we took steps to promote competition across industries, boosting transparency and lowering costs for consumers.

Our approach worked. Inflation is down significantly from its peak and is now close to pre-pandemic levels. Together, we've achieved the elusive "soft landing" of lower inflation, steady employment, strong economic growth, and rising real wages – which most observers said was impossible.

But ending the economic crisis alone was never enough. I ran for President to set the American economy on a stronger long-term course, by breaking from the trickle-down orthodoxy that has failed our nation for decades. That theory holds that by cutting taxes for the very wealthy, benefits will trickle down to everyone else. But in truth, not a lot has ever trickled down onto most folks' kitchen tables. Instead, inequality grew and America slid deeper into debt.

I have a different approach. I believe the best way to build America is to invest in America, in American products and American people. And the best way to grow our economy is to grow the backbone of our nation: the middle class. That's what my Investing in America agenda has done, through landmark laws that shore up our infrastructure, our manufacturing base, and our people. Together, these are some of the most significant investments in America since the New Deal.

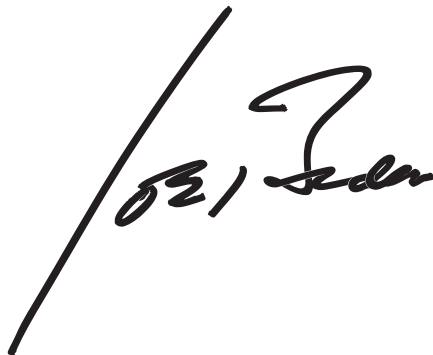
For decades, American infrastructure has been neglected. But our Bipartisan Infrastructure Law is finally modernizing the nation's roads, bridges, ports, airports, transit systems, and more; removing every lead pipe in America, so every child can drink clean water; and providing affordable high-speed internet for every American, no matter where they live. And it's making sure these projects are done with American products and American workers, creating hundreds of thousands of good-paying new jobs, many of them union jobs.

For too long, American factories have moved overseas, taking vital industries with them. Now, our CHIPS and Science Act is bringing manufacturing home, already attracting nearly \$450 billion in manufacturing investments to build massive new semiconductor factories, equipping America to lead the industries of future. At the same time, our Inflation Reduction Act is making the most significant investment in fighting climate change in history, not only putting America on track to halve carbon emissions by 2030 and promoting our energy abundance and security, but also creating hundreds of thousands of good-paying clean-energy jobs.

I know all too well, Americans still too often struggle to afford life-saving prescription drugs, and sometimes are even forced to choose between medicine and rent. It's wrong. The Inflation Reduction Act also takes historic steps to change that, capping total out-of-pocket costs for seniors on Medicare at \$2,000 a year; slashing insulin for seniors to \$35 a month, down from as much as \$400; and finally giving Medicare the power to negotiate lower drug prices across the board. And it has expanded health insurance through the Affordable Care Act, bringing the share of uninsured Americans to record lows.

The impact of these efforts is just starting – and the full effects will be felt over the next decade - but there is no question that our nation today is the best-positioned on earth to win the competition for the 21st century. We've laid a foundation of possibilities that will make life a little easier for millions of Americans and can propel America forward for decades.

Today, we hand the incoming Administration the world's strongest economy. The next four years will determine if America builds on that strength, or slides back into the old trickle-down approach that only benefits those at the very top. I believe that the transformative investments we've made are already deeply rooted in our nation, and therefore too costly, politically and economically, to reverse. At this inflection point, I hope that our playbook serves as a model for how to fight for the middle class and give working families a fair shot, forging a stronger, more secure and prosperous America for generations to come.

A handwritten signature in black ink, appearing to read "Joe Biden", with a long diagonal line extending from the bottom left of the signature.



**The Annual Report
of the
Council of Economic Advisers**



Letter of Transmittal

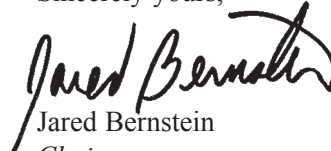
Council of Economic Advisers

Thursday, January 9, 2025


Mr. President:

The Council of Economic Advisers herewith submits its 2025 *Annual Report* in accordance with the Employment Act of 1946, as amended by the Full Employment and Balanced Growth Act of 1978.

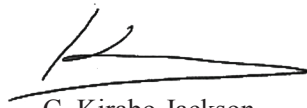
Sincerely yours,



Jared Bernstein
Chair



Heather Boushey
Member



C. Kirabo Jackson
Member

