

After Fed Cuts Rates, Biden Claims Credit for Economy's Strength

President Biden on Thursday hailed the Federal Reserve's move this week to begin cutting interest rates, casting it as a sign of America's economic health and evidence that a national price surge has largely calmed down.

It was an attempt to call a turning point in what has been a politically damaging chapter of economic policymaking for Mr. Biden — and to seek to retell the story of his economic stewardship in terms far more favorable to the president, after years of voters blaming him for high inflation.

Mr. Biden has struggled throughout his presidency to balance his desire to brag about his economic record and policies with a need to acknowledge voters' frustration over the inflation surge that the nation experienced in his first two years in office.

It is a balance Vice President Kamala Harris also has attempted to strike in her presidential campaign, after Mr. Biden bowed out of the race this summer and she claimed the Democratic nomination. Her response to the rate cut on Wednesday was more muted than Mr. Biden's, calling it good news for consumers but cautioning there was more to do to bring down prices.

In a half-hour speech on Thursday at the Economic Club of Washington, Mr. Biden tilted the balance slightly — but not entirely — toward claiming vindication for his aggressive attempts to stoke economic activity in the wake of the pandemic recession and his ongoing push to invest in domestic manufacturing. He was clearly spurred by the Fed's decision on Wednesday to cut interest rates by half a percentage point, while signaling further cuts this year.

"The Fed lowering interest rates isn't a declaration of victory," he said. "It's a declaration of progress. It's a signal we've entered a new phase of our economy and our recovery."

He similarly said, "I'm not here to take a victory lap. I'm not here to say, job well done. I'm not here to say, we don't have a hell of a lot more work to do" — particularly on the high costs of housing, child care and other necessities.

That echoed comments by Jerome H. Powell, the Fed chair, who said in a news conference on Wednesday that the central bank was making no victory declaration. "We're not saying 'mission accomplished' or anything like that," Mr. Powell said. "I have to say, though, we are encouraged by the progress we have made."

The rest of Mr. Biden's speech cast away caveats and leaned into a run of good news on prices in recent weeks. That has included progress on the costs of gasoline and groceries and on the overall inflation rate, as well as the first report of rising real incomes for the typical American since the pandemic began. Mortgage rates have fallen from their recent highs.

The president said it was important for Americans to recognize the economy's gains, including continued job creation, strong economic growth, low unemployment and a surge in small business formation.

Otherwise, he warned, the nation "will remain locked in the fear of negative mind-set that dominated our economic outlook since the pandemic, instead of seeing the immense opportunities in front of us right now."

It was a bolder effort to claim credit for the economy's performance than Mr. Biden has shown in recent months. He used the bulk of the speech to trumpet his administration's efforts to strengthen the recession recovery he had inherited from former President Donald J. Trump, who is Ms. Harris's opponent this fall. That included a \$1.9 trillion stimulus bill that economists credit for fueling faster post-pandemic growth in the United States than any comparable wealthy nation — but also blame for adding, in part, to soaring inflation in 2021 and 2022.

He highlighted his administration's efforts to unclog global supply chains and release oil from America's strategic reserve in attempts to cool price growth early in his term. He also, as he is fond of doing, championed legislation he had pursued and signed that invests in infrastructure, semiconductor production, low-emission energy and other advanced domestic manufacturing.

Mr. Biden seemed to relish retelling the story of those efforts, while also needling economists who had predicted early in his presidency that the Fed would not be able to bring soaring inflation back down to historically normal levels without plunging the economy into recession and pushing millions of Americans out of work.

"A lot of people — as you all know, maybe you know a few — thought we'd never get here," Mr. Biden said. But, he added a moment later, "I refused to accept that."

Adapted from *The New York Times*, Sept. 19, 2024