WASHINGTON — [President Biden](https://www.nytimes.com/spotlight/joe-biden) gathered with top Democrats at the White House on Tuesday to celebrate their inflation fight at an inopportune moment, as a sobering new report showed just how far the economy still has to go to bring soaring consumer prices under control.

The [Consumer Price Index report for August](https://www.nytimes.com/2022/09/13/business/economy/inflation-cpi-federal-reserve.html) contained a large dose of unwelcome news for the president, who has sought to defuse Republican attacks over rising prices in the run-up to November’s midterm elections. It showed that inflation had not cooled as White House economists and other forecasters had hoped, and that workers had lost buying power over the last year as prices increased faster than wages.

Another report, from the Census Bureau, showed that the typical American household saw its inflation-adjusted income fall slightly in 2021 from 2020. Perhaps more troubling for a president who has promised to close the gap between the very wealthy and the middle class, it showed that income inequality increased last year for the first time in a decade.

Those developments challenged Mr. Biden’s renewed efforts to reframe the economy as a winning issue for him and his party before the midterms — though the president seemed unfazed.

Mr. Biden welcomed thousands of supporters to the White House lawn to toast a new law that he says will help reduce the cost of electricity, prescription drugs and other staples of American life.

The event was essentially a rally for the so-called [Inflation Reduction Act](https://nytimes.com/interactive/2022/08/13/upshot/whats-in-the-democrats-climate-health-bill.html), which raised taxes on large corporations, targeted nearly $400 billion in spending and tax incentives to reduce the fossil fuel emissions driving climate change, and took steps to reduce prescription drug costs for seniors on Medicare and premium costs for Americans who buy health insurance through the Affordable Care Act.

Mr. Biden called the law “the single most important legislation passed in the Congress to combat inflation and one of the most significant laws in our nation’s history.”

## The Biden Presidency

### Here’s where the president stands as the third year of his term nears.

* **Economic Challenges:**President Biden capped a two-year rush of legislative activity that has the potential to reshape the U.S. economy, [but the road ahead will be rougher](https://www.nytimes.com/2023/01/02/business/biden-economy.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc).
* **Promoting Compromise:**Thepresident, who has [said he intends to run for re-election](https://www.nytimes.com/2022/11/13/us/politics/biden-2024-election.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc), is embracing his reputation for cooperation at a moment of [peak Republican chaos](https://www.nytimes.com/2023/01/05/us/politics/republican-party-leadership.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc) in the House.
* **Labor Doubts:**Mr. Biden vowed to be “the most pro-union president you’ve ever seen.” But his administration’s handling of a freight rail dispute [has given rise to detractors](https://www.nytimes.com/2022/12/27/business/economy/biden-labor-unions.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc).
* **A New Primary Calendar:**Mr. Biden’s push to [reorder the early presidential nominating states](https://www.nytimes.com/2022/12/02/us/politics/democrats-south-carolina-primary-2024.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc) is likely to reward candidates who [connect with the party’s most loyal voters](https://www.nytimes.com/2022/12/04/us/politics/democrats-presidential-primary-calendar.html?action=click&pgtype=Article&state=default&module=styln-biden&variant=show&region=MAIN_CONTENT_1&block=storyline_top_links_recirc).

“There’s an extraordinary story being written in America today by this administration,” Mr. Biden said, adding, “This bill cut costs for families, helped reduce inflation at the kitchen table.”

On Wednesday, Mr. Biden will head to the Detroit auto show, where he will champion his policies to bolster manufacturing and low-emission sources of energy.