

## Are You Better Off?

### Introduction

As we come down the homestretch of the 2024 Presidential campaign, the Democrats still have not come up with a good answer to the question, “are you better off than you were four years ago?” This challenge must be met head-on. It cannot be sideswiped or ducked. People are not stupid. We know when politicians and pundits are trying to snow us.

Many Americans like Trump and are willing to tolerate *his* bullshit because they see him as a “disruptor.” The reality is that the American middle-class was sold up the river by the establishments in *both* parties. For decades, Democratic and Republican officialdom were captivated by the neoliberal vision. ‘All must kneel before the global economy. There is nothing we can do about it. Your manufacturing jobs are gone. Your labor will be arbitrated. Get yourself a college degree—either that or work harder and get paid less.’ By pretending globalization was a law of nature, the political establishment in both parties shaped policies which enriched oligarchs and eroded the middle class.

Former President Donald Trump upended that paradigm. He resurrected economic nationalism, which is the precondition to a vibrant American middle-class. For that, all Americans—whether Left, Right, and Center—owe him a debt of gratitude. The problem with Trump is that he is perverse and addled. His words mean nothing. As Vice President Kamala Harris put it, he can be manipulated “with flattery and favor.”

Still, give the man some credit. Trump is genius in finding issues—trade, tariffs, immigration, social insurance, infrastructure, patriotic history—which are (rightfully) important to Americans. Trump has a knack for identifying the key problems, even if he has no clue how to *solve* them. He is good at pushing buttons. Those buttons win votes. True to his oligarchic colors, though, once he *obtains* power, Trump simply becomes available to the highest bidder. This is why, whatever his words to the contrary, Donald Trump will never lead a middle-class resurgence in our country.

It is also why it is important to beat this guy. A win by Donald Trump may not spell the end of democracy in America, just as a win by Vice President Harris will not spell the end of capitalism, but Trump *is* a destructive leader. Harris is not. Her words *do* mean something. We can spare our country a lot of grief, both civically and economically, if we elect Kamala Harris.

### Correcting the Myth

The failure to answer big questions like “are you better off than you were four years ago” is one reason why Americans do not trust Democrats. For a party supposedly concerned about the demise of American democracy, the Democrats seem perfectly happy running contrived, canned campaigns. In a democracy, one is supposed to lay her thoughts on the line and trust the will of the people. It is almost as though Democrats are afraid of Americans, which is silly, as Americans are smart and capable of following complex reasoning. FDR, for instance, had a knack for articulating complicated thoughts, and it did not hurt him politically. The only imperative is that the reasoning is true.

In the case of “are you better off,” it is not enough to point to Trump’s mismanagement of Covid and the shitshow which existed literally four years ago. Thanks to Republican messaging, the American people are willing to forgive the Covid failure as “one of those things.” When Republicans ask if we are better

off than we were four years ago, what they *really* mean is whether we are better off than we were *five* years ago.

This is perhaps the greatest myth of the Trump years: that his presidency had the economy roaring until the once-in-lifetime experience that was Covid came along. Since once-in-a-lifetime experiences only occur once in a lifetime, Trump has the wherewithal to re-create that magic.

The only way to dispense with this nonsense is to set aside Covid and think about the three years *prior* to Covid. There was nothing magical about those years. GDP growth in 2017, 2018, and 2019 was 2.5%, 3.0%, and 2.5% respectively, which were marginally—and only marginally—better than the economy's performance during the Obama years.

Why the relative outperformance? In a word, Trump ramped up government spending, and government spending is a direct part of the GDP equation. With the help of a compliant Congress, Trump was able to spend more money, basically on the military and disaster recovery. During the Obama years, Republicans in Congress put a hard cap on spending. When Trump was elected, they opened the spigot. *That* was the difference.

Federal spending was the growth delta during the first three years of the Trump Administration. It turns out that liberals were right (as they often are about governmental matters): fiscal policy plays an essential role in the life of our national economy. With the added increment of federal spending, which multiplied through the private sector, Trump was able to further reduce unemployment from 4.7% to 3.5% (Obama, inheriting a far messier economy than the one he left Trump, had reduced unemployment from 10% to 4.7%).

Trump also gave the economy a sugar high with his lame-ass tax cut. The Trump tax cut was basically a freebie for oligarchs. It created ballooning deficits for no substantive purpose. While it is true that the public debt can grow alongside the national economy, Trump's ill-advised corporate tax break was no policy success. If you are going to add trillions to our national debt, then do it for good reason, and not just to feather, yet again, the nests of the 0.1%.

Despite the economic jolt provided by the increased government spending under Trump, the pre-Covid Trump economy was no great shakes. It was nothing like the 4% growth that Trump had promised. Moreover, and this is important, the downward spiral began in earnest *prior* to the Covid implosion in 2020. Notwithstanding Trump's bullshit promises about an expansion of business investment resulting from his tax cut in late 2017, by 2019, economic growth was flagging. In the back half of 2019, the country began girding for a downturn. The GDP print for the fourth quarter of 2019 was a scant 1.8%.

Alarmed by the recessionary signals, the Federal Reserve began cutting rates in August 2019. Trump, for his part, began vilifying Fed Chair Jerome Powell, with the idea of setting Powell up to be the fall guy. We all know this is how Trump operates: taking credit when things go well and covering his flanks by pre-emptively blaming people in case things go poorly. But it is a misconception to think that the Trump economy was soaring until Covid came along in early 2020. The Trump economy was beginning to tank in 2019. He was casting about for scapegoats, and ultimately found one in Covid.

Leaving aside Trump's hand in creating the catastrophic failure of Covid—his early indifference, and his weak, oscillating leadership once Covid became a full-fledged plague—it is important to think about the economic performance during that final year of the Trump presidency. Trump takes credit for the economic snapback during the Biden years. The Biden/Harris snapback was a function of

skillfully managing the Covid endgame combined with smart infrastructure legislation. Trump had little to do with it.

The *Trump* snapback basically occurred in the third quarter of 2020. During Trump's fourth year as President, GDP shrinkage in the first quarter was -4.6%, followed by -30% (!) in the second quarter. In the third quarter, the Trump economy snapped back at an annualized rate of 35%. The "turn off the lights" scenario was averted due to overwhelming fiscal and monetary stimulus, provided by the Democratic Congress and the very same Chair Powell who Trump had been setting up to be his stooge. And the public health crisis? Despite Trump's assurances that it would go away the day after the election, as if it were a media conspiracy to help Democrats, Covid-related deaths reached a peak about the time Biden took office in January 2021.

The economic history of Trump's term in office was not resplendent. There are no important lessons to learn from it. The "growth" was a function of increased government spending, which the economy happily absorbed after several years of Republican induced austerity under Obama. Trump was given a sound economy and ran it into the ground. He has a thousand and one excuses, of course, but then, Trump is an excuse-making machine.

### **The Two "I"s**

Are we better off than we were ~~four~~ five years ago? Gauzy nostalgia says "yes;" the history of it says "no." Nostalgia meets important human needs, but it cannot be allowed to interfere with the truth of the matter. Let us think, for a moment, about the Republican economic critique, which blames the Biden/Harris administration for inflation and immigration.

Inflation does not just appear. It took the Fed a couple years to beat down inflation, and it took a couple years for inflation to build up. Inflation grew out of the massive Covid outlays. The government spend on Covid in 2020 was the highest as a percentage of GDP since World War II. After more than a decade of secular stagnation, those outlays created churn in the economy. Whatever else about inflation, it means that people are spending money, and since every dollar spent is a dollar of income for *some* family, that can be a very good thing, particularly when the private sector is retrenching.

Obviously, there is pain when prices elevate to a higher plateau. Since the Great Inflation of the 1970s, prices have been relatively stable, so it is jarring to see prices at a different level entirely. This time around, we were able to contain inflation much more quickly. In the 1970s, inflation was the result of unanchored expectations, where people spent feverishly in the expectation that their money would be worth less tomorrow. In the recent case, inflation was the consequence of outsized government spending, on the demand side, and impaired supply chains. Now that the inflationary moment has passed, we can see how it has also reflatd the economy, replenished demand, and created market opportunities.

Trump likes to claim that the recent inflation was "quite possibly the worst in American history." That person should not be allowed to use the term "American history." In fact, the recent inflation was analogous to the sharp and severe inflation after World War II, when pent-up demand from years of wartime austerity met a supply-side slowly reconfiguring to peacetime footing. For three years, from 1946 to 1948, inflation averaged 10% per year, higher and longer than what we endured in 2022. Immediately after the War, Americans were worried about slipping back into another Great Depression, but that inflation helped propel the American economy into the Great Prosperity of the mid-20<sup>th</sup> century.

With capable leadership, focused on advancing the interests of the American middle-class, *our* newly reflatd economy can do much the same. We can have another Great Prosperity, perhaps this time with less privilege and prejudice. There are reasons for optimism. As Boomers retire and pass the torch to the next generation, they become spenders rather than savers. The economy becomes more youthful and revitalizes, much as it did in the 1980s and 1990s, when the Boomers took charge. Additionally, economic nationalism means reshoring key industries. Climate change means ongoing infrastructure expenditures. AI means heightened productivity. Clean technology, including fusion, means ever-cheaper sources of energy. And all these things should work their way into the American economy over the back-half of the 2020s. Growth will not prove too difficult, providing we have the right leadership.

Will prices revert to pre-Covid levels? Of course not. Prices were stabilized after the Great Inflation, but they did not revert to pre-1970s levels. Americans should think for a moment about their situation *right now*. Prices have stabilized, at the grocery store, the gas pump, and everywhere else. Our real wages and salaries have gone up. Interest rates are coming down. As a result of inflation, household debt is more manageable. The country is reflatd and poised for longer-term growth. These things did not happen by magic. They required sacrifices from the American people—and leadership from the Biden/Harris administration. Biden started the job; Harris can help finish it. Trump would only botch it, just as he botched it on the first go-round.

As for immigration, judging from the talk about Haitians in Springfield Ohio, the Republicans intend to pound this issue until Election Day. The visuals are obvious. Haitians capturing and killing ducks at the local park are a far cry from Norman Rockwell's America. We have the right to expect legal immigrants to absorb and respect our civic values. Our country is a melting pot, not a salad bowl. We have the right to expect that the federal government will stringently define who is legal and keep illegal immigrants out. Foreigners cannot expect to run, higgledy-piggledy, to the United States. Just as we are responsible for fixing the problems in our country, *they* are responsible for fixing the problems in their country—even when it involves the ultimate sacrifice.

While we do not need to be naïve about immigration policies, it must be acknowledged that Democrats, and all right-thinking Americans, were sickened at the sight of the Trump administration snatching children from the arms of their mothers. Perhaps this led to the Biden/Harris administration going too far in the other direction. Still, by 2023, Biden recognized that the more liberal policies were not working and took steps to fix it. Not with fraudulent “build the wall” boondoggles—and certainly not by ostracizing immigrants—but with real bipartisan legislation. That legislation was designed to reinforce American nationhood and strengthen the borders.

The bipartisan deal was scotched by Trump to help him politically. We all know the story: Trump cares more about politics than reducing human trafficking and the flow of illegal substances like fentanyl. Having been blocked from tightening border enforcement as a matter of law, Biden started using executive orders more aggressively. Was it overdue? Sure. But since then, the flow of illegal aliens has been radically reduced. However much Trump and the Republicans continue to agitate on the issue, all sides now agree that immigration policy needs to be tougher. Perhaps once Trump is off the stage, bipartisan legislation can be reintroduced which secures our borders without abandoning our baseline decency.

The Bible requires us to be kind to foreigners. no less than to widows and orphans. There are several passages in Scripture which enjoin our compassion for migrants. It is worth noting that Americans like

Elon Musk, Rupert Murdoch, and Peter Thiel are immigrants. Donald Trump himself is from an immigrant family. They, too, need to swing with the melting pot and lose the old country mentality.

The American melting pot has deep roots in the British Enlightenment, in science and reason, in government which governs with the consent of the governed, and in the “natural rights of man.” We are also, it must be acknowledged, a country with deep roots in racism. We were racist, not because we were American, but because we were human beings. Slowly, incrementally, over the longer arc of historic time, the United States has played an indispensable role in showing the world how people of different ethnicities can live peaceably and productively together. *That* is our civic heritage, not Trump’s old world values. He can castigate nonwhite people until the cows come home, but that does not make him an American.

### **Conclusion**

Trump has taken to sneering that Harris has not fixed the great problems of the world in the past three and a half years. Obviously, one could ask Trump why the wall was not even close to being built, why there was not a penny spent on infrastructure improvement, and why he did not replace Obamacare which a much better system. No, no, don’t tell us—it was because of Covid.

Kamala Harris is Vice President. She has played an important and influential role in a highly accomplished Administration. Did they achieve world peace? Did wages and profits go up while prices and taxes went down? Were there “buzzing of the bees in the cigarette trees, where the lemonade springs and the bluebird sings, in the Big Rock Candy Mountain”? No. But Kamala has grown, and *that* is a good thing. She does not think as sweepingly as she once did. She no longer wants to ban fracking or enact socialized medicine. She is someone who can withstand the heat of the kitchen—and has learned a thing or two while there.

Oligarchic liars may be smug in their own opinions, but most middle-class Americans keep growing. After an exceptional career in government and politics, Kamala Harris has reached the point where she is ready to assume the greatest responsibility on earth. She would be the first to acknowledge that she is not perfect, but Kamala has a proven capacity to think, to speak, to listen, and to evolve, and on the most consequential matters imaginable. We need to compare Kamala Harris, not to the Big Rock Candy Mountain, but to that blameless, snarling, pitiful mess of a human being standing opposed to her.

### **Summarizing Notes**

- Since Americans are not stupid, it is important to be direct about the economy.
- The idea that the pre-Covid Trump economy was booming is false.
- During the pre-Covid era, Trump was the beneficiary of renewed government spending.
- By 2019, a year before Covid struck, there were recessionary clouds.
- Covid gave Trump an excuse for all his unkept promises.
- During Covid, the economy reflatd due to the extraordinary surge of fiscal and monetary support.
- This reflation ultimately led to the 2022 inflation, which, although painful, is being contained.
- Illegal immigration is also being contained, despite Trump’s sabotaging of a bipartisan agreement.
- We are on the threshold of a Second Great Prosperity. We just need the right President.

- Trump's politics are toxic, and his policy judgments are third rate.
- Vice President Harris, in contrast, has learned and grown and is ready for the job.

*Civis Jones*