On Elections and a Trump Economy

Date: April 5, 2024
Author: Laura Flanders; Stephanie Flanders
Genre: interview

Summary Overview

This is a transcript of *Laura Flanders & Friends*, airing on PBS on April 5, 2024, and focusing on the economy and the upcoming elections. Laura Flanders, a left-of-center broadcast journalist, interviews her sister, Stephanie Flanders, the head of Economics and Government at *Bloomberg News*, discussing the implications of elections in sixty-four countries and the European Union. They delve into "Trumponomics" and "Bidenomics," evaluating potential economic outcomes under different leadership—one illiberal (Donald Trump), the other liberal (Joe Biden)—and how each candidate addresses core issues like debt, inequality, and global economic shifts.

The conversation explores the potential impacts of Trump's trade policies, tariffs, and tax cuts, as well as Biden's investment in core sectors. They also analyze the broader implications for the United States' role in the global economy and the challenges of balancing domestic economic growth with international cooperation.

Defining Moment

During the first Trump administration, observers noted a lot of uncertainty, as many of his policies shifted. However, the administration's main economic policies focused on stimulating growth, reducing regulations, and reshaping trade relationships. A significant component was the passage of the Tax Cuts and Jobs Act of 2017, which lowered corporate tax rates from 35 percent to 21 percent, provided temporary tax cuts for individuals, and increased the standard deduction in an effort to incentivize business investment and economic expansion. The administration also prioritized deregulation across various industries, particularly in energy, environmental, and financial sectors, aiming to reduce compliance burdens on businesses. In terms of trade, Trump adopted a protectionist stance, renegotiating major agreements like North American Free Trade Agreement (NAFTA)—rebranded as United States–Mexico–Canada Agreement (USMCA)—and imposing tariffs on China and other countries to address trade deficits. While efforts to boost infrastructure investment were emphasized, large-scale infrastructure bills were not enacted, though infrastructure remained a policy priority. Additionally, stricter immigration policies and a focus on prioritizing American workers influenced labor market dynamics, with the goal of protecting domestic jobs. The administration also sought to manage federal spending, aiming to reduce deficits through economic growth, though this approach was met with mixed opinions regarding its overall impact.

In contrast, the Biden administration's main economic policies were focused on promoting economic recovery, addressing income inequality, and investing in long-term growth through comprehensive legislative initiatives. Upon taking office, Biden prioritized COVID-19 relief efforts, notably through the American Rescue Plan Act of 2021, which provided direct stimulus payments to individuals, extended unemployment benefits, expanded child tax credits, and funded public health initiatives. The administration also emphasized significant investments in infrastructure and green energy through the infrastructure law passed in 2021, aiming to modernize transportation, improve broadband access, and combat climate change. Biden's economic approach included efforts to strengthen workers' rights, increase the minimum wage at federal contract sites, and promote unionization. His policies also focused on advancing social programs, expanding access to healthcare, and addressing economic disparities faced by marginalized

President Donald Trump attends a working luncheon on the Global Economy, Trade, and Investment at the G20 Japan Summit Friday, June 28, 2019, in Osaka, Japan. Photo via Wikimedia Commons. [Public domain.]

communities. Additionally, Biden aimed to promote fair trade practices, support domestic manufacturing, and implement tax reforms that focus on increasing corporate responsibility and ensuring that higher-income individuals pay their fair share. Overall, the administration's economic policies aimed to foster a more equitable, sustainable, and resilient economy, emphasizing investment, social safety nets, and inclusive growth.

The conversation reproduced here between Laura and Stephanie Flanders is set against the backdrop of the 2024 election year, when many countries planned to hold elections. The interview was prompted by the need to provide guidance and insight to viewers into the potential economic impacts of the upcoming elections, particularly in the United States, and how the two very different economic policies espoused by the Republican (Trump) and Democratic (Biden) nominees might affect the country and the world. (This was at a time before Biden had announced his withdrawal from the race and his replacement by Kamala Harris.)

Author Biography

Laura Flanders (b. 1961) is a British-American journalist, author, and broadcaster known for her progressive perspective and commitment to social justice issues. She is the founder and host of *The Laura Flanders Show* (later, *Laura Flanders & Friends*), an independent media outlet focused on amplifying voices from marginalized communities and discussing political and economic inequality. With a career spanning several decades, Flanders has contributed to various outlets including PBS, Air America Radio, and GRITtv, while also authoring books on politics and activism. Her work consistently emphasizes themes of economic justice, environmental sustainability, and grassroots movements, making her a prominent voice in alternative and socially conscious journalism.

Stephanie Flanders (b. 1968) is a British economist and journalist known for her insightful analysis of economic policy and finance. She served as the chief market strategist for the UK and Europe at JPMorgan Chase and previously held the position of BBC economics editor, where she provided expert commentary on economic issues for a wide audience. Flanders has also contributed to academic and policy discussions through her work at the Institute for Fiscal Studies and as a senior fellow at the Harvard Kennedy School. She is currently the head of economics and politics at *Bloomberg News*. Her journalism is characterized by clear explanations of complex financial topics, and she is recognized for her ability to make economics accessible and engaging for the general public.

Historical Document

On Elections and a Trump Economy

Laura Flanders & Friends

PBS, April 5, 2024

NOTE: Just in time for election season, Laura invites her sister Stephanie back to the program. Stephanie is the head of Economics and Government at Bloomberg News and head of Bloomberg Economics. Sixty-four countries (plus the European Union)—nearly half of the world's population—are facing an election this year. Some are calling 2024 "The Ultimate Election Year," but what should we look out for?

LF: Welcome.

64 countries and the European Union—nearly half the world's population—are facing an election this year. Some are calling 2024 the ultimate election year, with a lot at stake.

Today's guest says elections are the time the journalists and voters get to think deeply about the long-term issues facing their country and the world and consider the implications of each candidate's promises.

With Donald Trump, a lot is guesswork, but look closely at the numbers on inflation and debt, and both are likely to go up if the second term resembles the first.

On the other hand, what exactly is Bidenomics? It sometimes seems to be better understood and perhaps more appreciated internationally than it is by journalists in the US.

So to offer a bit of guidance, we have invited back by popular demand Stephanie Flanders, who, aside from being my sister, is Head of Economics and Government at Bloomberg News and Head of Bloomberg Economics. Stephanie is one of the hosts of Voternomics, the newly rebooted Stephanomics podcast. In this discussion, taped at the lovely CUNY TV studios in New York, we talk Trumponomics, elections, and start with a few tips on tug of war. At the very end, I will be back with some closing thoughts, but sit back, enjoy this time.

[to Stephanie Flanders:] Hello. How great to have you. Thanks for coming in.

SF: Ooh, it's exciting, it's all very grand...

LF: So Stephanie, ... last time you were on ... we learned that you had combined these two beats of economics and politics or government. This year, how many elections are happening around this country?

SF: 64 elections. Something like 49% of the world's population is gonna be involved in elections.

LF: What are you gonna be looking at? How do you set priorities, and I guess the obvious question, what are the likely implications for ... everything?

SF: Some of the key people who are doing some of these big elections, we've obviously already had one very big one, Indonesia, you know, which people tend to forget is, you know, one of the biggest economies in the world in terms of population, Muslim population, so we've already had that, we've got the Indian election that's gonna be ongoing for weeks and weeks, obviously also more and more important economy in the world, and then there's the two obviously that I end up living with day to day a bit more is the US and the UK. The US, for obvious reasons, but also 'cause I'm based in London and we have apparently the very strong prospect of the Conservatives being out of power for the first time in what seems like a very long time.

Of course, here in the US people are concerned that it's gonna be a super tight race in the US election and that it's all too possible that there could be a Trump second term.

LF: I know you're looking at that and Bloomberg's been modeling possible outcomes with respect to the key things, climate, inequality, world development, trade cooperation, war, peace. How do you look at the likely implications of a Trump economy?

SF: Well, so there's a lot of different pieces to that. I think there's a little bit, you know, normally you would be listening to what the candidate says about what they're gonna do or, you know, heaven forbid if in a UK context or a European context, you might even have a manifesto that a party has put out, and then we would be thinking about costing those promises they've made and there would be lots of discussion on television about, can you pay for this, can you pay for that?

That is happening in the UK over the very modest promises that the opposition Labor Party's making about what it will do. Clearly all of that, like many things about politics, goes out the window when we're talking about President Donald Trump. We're looking a bit at what he did last time, especially when it comes to things like trade policy, his inclination towards tax cuts.

I think overall, where there's a sort of general expectation that borrowing, which is already very high in the US, that's gonna continue and probably go higher under President Trump because he believes in tax cuts and he doesn't really believe in spending cuts.

LF: So it's a lot of guesswork, but he has said some things, he's talked about tariffs, he talked about a 10% tariff, I think, on all imports and much more than that on anything from China. You modeled the actual numbers on some of that.

SF: Yeah, I mean we sort of, so there's a lot of different things. When you think about something like that, you think about how different parts of the economy would be affected and how other countries would be affected. Of course, at Bloomberg we're always talking, you know, we have lots of clients all over the world and people reading all over the world on the website, so you know, we're not just writing for and speaking for a US audience. So they're interested in, you know, Mexico could be quite a big beneficiary if there's tougher controls on imports from China.

But if you have across the board tariffs on everybody, that's anybody who's importing here in the UK, in US [sic] is gonna be affected, it's probably gonna mean higher prices 'cause the things that are imported will be more expensive. There's a lot of sectors we tend to kind of underestimate. It happened with the steel tariffs, for example. You know, you wanna protect American steel workers, but they're a tiny proportion of the US labor force.

Very big, much, much larger proportion of the labor force is dependent on steel in one way or another, and you're actually raising the costs for them, so, you know, I suspect we will be going through all of those numbers again, maybe even closer to the election as well.

LF: And Trump's gonna say he's the antidote to inflation and how bad inflation has been under Biden, but it sounds like more inflation to come if he were to actually implement that plan.

SF: Well if you're putting, I mean you are putting a tax on imports which adds directly to the price. Now of course, the goal of that is to make domestically produced goods look more attractive and cheaper. So he would say, "Well this is just a short term impact because you're gonna boost demand for all these domestic producers."

But what we've discovered over time is that tends to not happen because, you know, a long time ago we stopped making these things, or it's an input into another product and you're raising the cost of that input, making it harder for that business to work, and actually we saw with the tariffs under the previous Trump administration, many of which have been continued under President

Biden, we should remember, that actually, the overall effect was to lose jobs and to add to inflation.

LF (cynically): Sounds fabulous. All right, well, I mean your former boss, nobody I'm a huge fan of, but Larry Summers put it much more dramatically than you just did recently. He said, we're talking about Trump taking a route that would bring the United States into a crisis of the sort of proportions of Argentina. And then he said, the big difference being Argentina doesn't influence the entire world. Is that overstating it?

SF: I mean, I think we've showed, it's possibly - You think Larry's exaggerating?

LF: the tiniest exaggeration, but I think the question of, is the country on a sustainable path, particularly when it comes to borrowing and debt, I think you would raise that question. You know, we've raised that question over the years about Argentina. I think they've defaulted three or four times in the last 100 years. If you start raising that question around the US, which you kind of have to do when you look at the trajectory for borrowing and debt, and you look at policies of either administration, but particularly President Trump, it just looks like borrowing would soar under President Trump, 'cause he just doesn't believe in raising taxes on anybody and he wants to cut quite a lot. I think he'll find it hard to squeeze spending.

You know, that questioning the sort of long-term sustainability of the path for an economy as important to the world as the US does start to be quite frightening because you don't have to feel that it's become a basket case like Argentina.

You know, some people would say, at various times, has looked like, quote unquote, it's a basket case, if you're just a little bit worried and then you pull out of dollars, you maybe pull out of the US treasury market, you know, that's—- He's talking about devaluing the dollar.

SF: Yeah, that's problematic. So I think it's exaggerating in the sense that you can't get into the same kind of debt spiral that you get to in Argentina because we borrow, US borrows in its own money. So you can always reduce the value of the dollar, as you say, you can devalue. But the principle that you have the most important economy in the world is, for a long time in the biggest debtor, the biggest borrower, you know, at some point, you know, if people have alternatives to go to elsewhere in the world and they worry about the long-term path of the US, that becomes pretty problematic.

LF: Well I'm gonna come back to the long-term path of the US, time permitting, but obviously there's hypocrisy and there's a sort of illusion in what Trump campaigns on, on how he campaigns.

But the idea that he might, you know, strip all power from the EPA, end sort of the relationship with the scientific research, deregulate anything he can possibly deregulate is totally credible—I think, I know, and I certainly think you can see that his approach to government, even when he was, you know, it's almost worse, the areas where he wasn't paying attention or at least, you know, wasn't really caring who was gonna run the EPA or whatever, you see, you know, of course, any vacuum like that will be filled by corporate interests, people who have an enormous financial stake in guiding the regulatory policy of, say, you know, the oil and gas industry. And we saw that in oil and gas, I'm sure we'll probably see it again.

SF: All right, so Trump, kinda scary, scary. You were at Davos though—- We should also, just a sec, we should also be scared about what's driving support for Donald Trump. Because it's not just, you know, I think one of the things that we sort of failed at, the global media, in some ways, has now failed twice, 'cause we failed to, you know, failed to explain to people, perhaps 'cause we didn't understand it ourselves, why President Trump could get elected the first time, and now we're even more bewildered, if anything, you know, having grappled with why it was and seen some of the reasons why he was elected.

We now find it hard to understand how he could get elected again. And I think that, you know, we should be constantly reminding ourselves of that, it's not just that, you know, he's not just this sort of bogeyman, that he comes from a place where the system has failed.

LF: And that brings me to the Biden campaign. Because I mean, I'm curious to know what you think of it.

SF: President Biden, I think, has done a lot to kind of operationalize the instincts behind Donald Trump's sort of talk about trade. And I think they have, whether it's gonna be successful or not, I think everyone around the world who's concerned about the long-term impact of globalization on like, you know, the poorest workers, people having their jobs displaced on the industrial base of economies, you know, it's kind of impressed by the experiment that the presidents, that the administration has attempted in the US, you know, that massive spending on infrastructure, support for manufacturing, effort to have the friendshoring and bringing things back to the US, it's gonna take a long time.

I think it's, you know, I think you're fighting a very strong kind of opposing force in terms of the way the global economy works, and any positive impact is gonna take a long time to appear.

So it's sort of, there are some clear differences because they're actually trying to change things on the ground, not just sort of slapping tariffs on, but I don't know whether they're gonna get the advantage of it, and things like inflation on the other hand, people feel is still very real to them.

LF: But this Bidenomics ... has a lot going for it, but it still seems to have a hard time having a clear profile in the public mind. If you were to define Bidenomics, how would you define it?

SF: I think it is, a lot of it is about investing in core investment. You know, putting enormous amounts of money in investing in the key technologies of the future and in building manufacturing, either in the US or in countries closer to the US geographically, or at least sort of strategically, and increasing resilience.

You know, there's a great focus on the resilience of the economy, so you don't find, as we did with COVID, that, you know, there are big areas of the economy that're massively vulnerable to and are hugely dependent on China. We've allowed ourselves, we're still very dependent on China.

I guess the other thing about it is all that money, and most of it is going through the private sector, so it's a huge amount of sort of subsidy and tax breaks for companies to invest in green technologies and invest in making a carbon transition, as well as manufacturing. And they're definitely struggling on the ground, struggling to get enough workers to build some of these plants, let alone work in them after they get there.

You know, we will see in the end, I'm sure, that a lot of that money will have been wasted because just inevitably, when you're talking about those kind of numbers, you know, so it's hard to tell now, but we may yet sort of be concerned about quite how much was wasted when you've basically, you're trusting companies to invest in the right thing, with quite, you know, with quite a lot of hoops that companies have to jump through, but still, quite a lot of benefit of the doubt.

LF: Well, I mean, I think that's where my disappointment sits in the sense that, I mean, you can have a wide variety of experience with publicly owned companies and public ownership and publicly owned businesses, nationalized businesses, whatever you want to call them. But to my mind, it would've been smart to invest more of that money in publicly owned corporations, whether it was pharmaceutical production, some of this chip production.

Why couldn't it have been owned by the public, putting the resources, putting the profits back into the public coffers, and shifting that dynamic between government and private sector, which seems to be unchanged and leading us to where we are today, of inequality and corruption, et cetera, et cetera.

SF: I think one thing is, you know, there isn't really a very, you know, well established models, in pharmaceuticals, for example, of publicly owned companies that are very innovative, that are doing things. I think you have got a point, so I wouldn't—- Could give the private sector a run for their money.

But, well, but it's interesting, right, just starting that from scratch? I mean, we haven't seen that. I don't think there's necessarily examples, - Insulin in California (Laura chuckles)—but that's, but I would say, I think there's, one of the things that, and we might disagree on this, but I think there's, shock move, (Laura laughs) but when you look at the times where countries have tried to become another country, so, you know, in Britain, we often talk about becoming more like Germany, you know, we should have more engineers, we should have, fighting kind of who you are as a country, you can waste a lot of money because there's just, there's always a kind of lot of mutually reinforcing incentives and other things that have developed over time.

You know, for better or worse, the US is a place where innovation has often been funded by government, has often been, has kind of initiated in government, but within the trappings of a private sector system, not necessarily between sort of publicly owned companies. That just hasn't been a model. So I think where I think I agree with you is that with a lot of these investments, you know, the government should be taking like a golden share, or should be getting some equity in these companies so you appreciate the upside if it's been a success. And I think that is something that would be relatively easy to do and I think that's an opportunity that we've failed to take in the US and the UK.

You do these deals with companies and then if it's really successful, there's no upside for the government, whereas you may well end up bailing them out if they're unsuccessful.

LF: Yeah, I mean, that gets to that long road of the country question, because you could say, well this is the road, this country's road, it's like this. It's just like this. This is how the lines are, this is the side of the road, this is how we've always done it, this is just our culture.

But you just mentioned, you know, we've got unsustainable debt, continuing inequality, corruption based on that inequality, we have like a massive grappling, it seems to me, to engage in with huge systemic changes, whether it's technology or the global economy or our place as the United States, our place in the world, obviously Afghanistan, Iraq, Israel, Palestine, we are not having a peaceful impact on the world and maybe our influence is shifting.

So I mean, neither candidate is really addressing any of those core things, but they are reminding people how sort of, you know, unfair things feel, how sort of hard life is, blaming the other guy, but not really coming up with a solution or a way to shift any of that fundamental stuff.

SF: Yeah, I think that's a little bit, I mean, partly what Bidenomics was about, I mean I think we'd had many years, including in the administration that I served in, the Clinton administration, where we sort of assumed,—Where you and I fought much more vigorously than we do now... Where we assumed that, you know, that we had a sort of plan, we thought the global economy was gonna be good for reducing poverty overseas, but also increasing prosperity in the US. And you know, there were lots of benefits from imports from China and other things.

But that sense, there's also a sense in which it has reduced national security, reduced resilience of the economy. And I would say that President Biden has, they have been a bit more, they've sort of accepted that that vision needs to be changed and that the idea, the sort of place of the US in the world, the way we envisage it, needs to be changed. And that, you can sort of see that in some of their rhetoric.

But I think what's interesting about President Trump—- I mean, even just to have Biden saying, you know, we need an economy that grows from the bottom up is a major shift from the years of Reagan trickle down. I mean, that's simple but big.

And of course, under Clinton it was kind of investing in people so that people could also benefit, but there was certainly not enough effort for helping people in places through the transition to new things and the impact of competition. I think what is challenging, I mean, President Trump is suggesting a very different model for the US in the world, but he's kind of got two, right?

'Cause he's sort of saying, the US will put itself first, will not be part of kind of underpinning the global system, but he also sort of puts across this kind of tough, you know, I would do a deal with China, I would win against Russia, I would win against China. And it's not clear how those two play out...

LF: Stephanie, it is great to have you. Thanks for coming in.

SF: Thanks for having me.

[Source: www.pbs.org/video/stephanie-flanders-on-elections-a-trump-economy-WfVJhb. Reprinted with permission.]

Document Analysis

The discussion begins with an overview of the global election landscape, noting that sixty-four countries plus the European Union, representing nearly half the world's population, are holding elections in 2024. The host and guest—sisters—emphasize the importance of understanding the long-term implications of these elections, especially in the context of economic challenges and the promises made by candidates.

They delve into the potential economic impact of a second term for Donald Trump, acknowledging the difficulty of predicting his actions but suggesting a likely increase in inflation and debt. Stephanie points out that Trump's inclination towards tax cuts and a disbelief in spending cuts could exacerbate borrowing. The discussion also touches on the potential impact of tariffs, noting that while they might aim to boost domestic production, they could also lead to higher prices and job losses.

Regarding "Bidenomics," Stephanie describes it as a strategy focused on core investment, particularly in key technologies and manufacturing, with the goal of increasing resilience and reducing dependence on countries like China. However, they both acknowledge the challenges in effectively implementing this strategy, including potential waste and the difficulties in directing private sector investments towards the right areas.

They address the United States' role in the global economy, with Laura raising concerns about the country's long-term sustainability given its borrowing and debt levels. The discussion references Larry Summers' comparison of the United States potentially facing a crisis similar to Argentina, albeit with global implications due to the U.S. economic influence. Stephanie counters that the United States borrows in its own currency, allowing it to devalue the dollar, but acknowledges that if global actors lose confidence in the U.S. economy, it could become problematic.

The discussion shifts to the broader systemic issues facing the United States, including unsustainable debt, inequality, and corruption. Laura argues that neither candidate is adequately addressing these core issues, instead focusing on blaming the other side. Stephanie suggests that "Bidenomics" represents an attempt to address some of these issues, particularly in relation to the impact of globalization on workers and the need for a new vision of the United States' role in the world. She notes Biden's shift towards an economy that grows from the bottom up, contrasting it with Reagan-era trickle-down economics.

They debate the role of government in fostering innovation and economic development, with Laura advocating for more public ownership and control of key industries. Stephanie expresses skepticism about the potential for publicly owned companies to be innovative, citing a lack of established models. She suggests that government should take a more active role in the investments it makes, potentially through equity stakes or golden shares in companies.

Stephanie and Laura talk about the challenges of understanding Trump's appeal and the need to recognize that his support stems from a sense of failure within the system. Laura points out that President Biden tried to adopt instincts that underpin Donald Trump's position on trade. They conclude by noting that Trump is suggesting a different model for the United States in the world, one that prioritizes U.S. interests but also involves a tough negotiating stance with other countries. The challenge, they say, is to understand how those two elements play out.

In essence, the discussants portray Biden as acknowledging and adapting to some of the concerns that fueled Trump's rise, particularly regarding the impact of globalization and the need to prioritize domestic economic concerns. However, they also hint at a desire among voters for structural change and a more equitable economic model, which would be more characteristic of liberal approaches. Trump is portrayed as having identified problems, but with solutions that could prove harmful to both the nation and the world.

—*Michael Shally-Jensen, PhD*

Bibliography and Additional Reading

Allen, Jonathan, and Amie Parnes. *Fight: Inside the Wildest Battle for the White House.* New York: William Morrow, 2025.

"Bidenomics: The Good, the Bad, and the Unknown." *Economist Magazine* (special issue), October 3, 2020.

Flanders, Stephanie. *Masters of Money: Keynes, Marx, Hayek* (DVD). London: BBC, 2012.

Laura Flanders & Friends, lauraflanders.org.

"Trumponomics: What It Is, and Why It Is Dangerous." *Economist Magazine* (special issue), May 13, 2017.