

Joe Biden's economic policies: A quick look

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Disclaimer: I am *not* a Biden campaign insider.
I do *not* speak for the campaign.

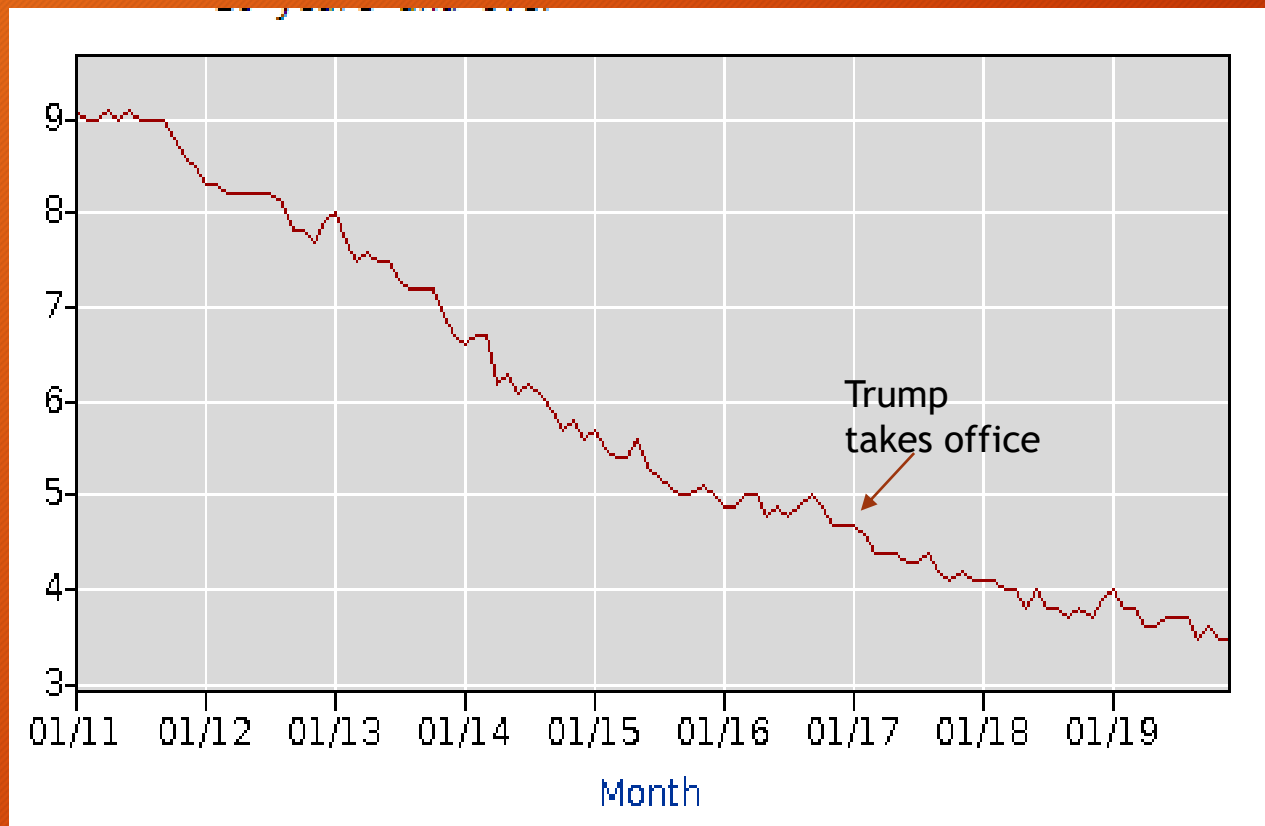
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First, a look back at the Trump record (pre-Covid)

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The decline in the unemployment rate

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A GDP tale of two presidents

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- The 12 “Trump quarters” prior to the pandemic: 2.5%
- The 12 “Obama quarters” prior to Trump: 2.4%

The December 2017 tax cuts

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- *Not* the largest in history (as a share of GDP)—in the range of 1% of GDP.
- But perhaps the most regressive in history
- Politically, it's quite amazing that a large tax cut can be so unpopular.

Deregulatory actions

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- Yes, there have been quite a few.
- Some by EOs; some by just ignoring the law and not enforcing it.
- Don't we have a Congress?

Biden v. Trump: Two important preliminaries

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1. There is no Trump platform to which to compare the Biden platform.

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- There is quite a lot in the Biden platform. (I'll just hit a few big issues.)
- Hopefully, you *can* beat nothing with something.

2. Biden believes in working through Congress. (He hopes for a Democratic majority in the senate.)

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- No president ever gets everything he campaigns on (or wants) through Congress. So apply a steep discount.
- With a Democratic Senate: Ask Will Rogers.
- With a Republican Senate: Ask Mitch McConnell.

Selected Biden economic proposals

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1. The pandemic and the economy

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- Better performance against COVID-19 will lead to better economic performance.
- Biden
- Not going for herd immunity!
- No disparaging (and ignoring) scientists. Follow them.
- More emphasis on testing, masks, distancing,...
- The POTUS does not have the authority to shut down the economy.
- But he does have the bully pulpit and moral leadership.

2. Taxes: Yes, Biden wants to raise them. But...

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- The total 10-year magnitude is about \$2.4 trillion--roughly 1% of GDP; roughly the same as the Trump tax *cuts*.
- Gives about half the \$2.4 trillion back in tax cuts and credits.
- It's not full "repeal" because (a) the tax cuts for people earning less than \$400k/year remain and (b) the corporate rate goes only halfway back to 35%.
- BTW, once expensing is in the code, what investment incentives do you create with a lower corporate rate anyway?
- What *is* true is that the top marginal rate on individuals would rise substantially.

3. Biden's policy toward climate change

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- It's not a hoax! Get us back into the Paris Accord, etc.
- Big emphasis (and expenditures) on investments in clean energy and infrastructure
- Friendly words about the Green New Deal, but he has *not* embraced it.
- He will *not* ban fracking!
- He has *not* advocated a carbon tax.

4. Biden's policy toward inequality

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- He wants to make the tax-transfer system more progressive.
 - That includes social security.
- He wants to restore labor rights and strengthen unions.
 - A very different NLRB.

5. Federal Reserve appointments

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- Continuation of Jerome Powell as chair is more likely under Biden
- Appointment of Judy Shelton to the Board won't happen under Biden

My (personal) conclusion

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On economics alone, the case for Biden over Trump is clear.

But there are many other, far more important, reasons!