

## **LAURA FLANDERS & FRIENDS**

### **STEPHANIE FLANDERS ON A TRUMP ECONOMY & WHAT TO WATCH IN THE ULTIMATE ELECTION YEAR**

LAURA FLANDERS: 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. Laura Flanders and Friends is Laura Flanders and Family. Hello. How great to have you. Thanks for coming in.

STEPHANIE FLANDERS: Ooh, it's exciting, it's all very grand.

LAURA FLANDERS: Have a seat. This is all very new. Our beautiful new set, all the rest of it. So Stephanie, it is just great to have you here. How fun. I understand you just came from bootcamp with Bloomberg. You were team building. Did you build your team or did you just show 'em how many pushups you can do?

STEPHANIE FLANDERS: A bit of both, obviously. But you know, it's all about leadership training and they're quite good at investing in that kind of thing.

LAURA FLANDERS: But a certain amount of tug of war was involved.

STEPHANIE FLANDERS: There was a bit of tug of war.

LAURA FLANDERS: Was it politically oriented?

STEPHANIE FLANDERS: No, no, it was all very neutral. But I had had a former colleague, I mean a colleague who had been on the same thing, said the key is to take your shoes and socks off. So we all did that and we won.

LAURA FLANDERS: Oh okay, well there's a tip for everybody. We're already learning things, I'm so glad to hear. Now, I have formal questions for you.

STEPHANIE FLANDERS: Yes. Are they all going to be as difficult as that?

LAURA FLANDERS: Yeah, well definitely, and very revealing in their answers I'm sure, too. But goodness, last time you were on, big hit, by the way, 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? 64 elections. Something like 49% of the world's population is going to be involved in elections. What are you going to be looking at? How do you set priorities, and I guess the obvious question, what are the likely implications for,

STEPHANIE FLANDERS: 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 going to 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.

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

STEPHANIE FLANDERS: 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 going to 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 going to continue and probably go higher

under President Trump because he believes in tax cuts and he doesn't really believe in spending cuts.

LAURA FLANDERS: 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.

STEPHANIE FLANDERS: 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 is going to be affected, it's probably going to 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 want to 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.

LAURA FLANDERS: And Trump's going to 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.

STEPHANIE FLANDERS: 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 going to 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 cost jobs and to add to inflation.

LAURA FLANDERS: 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?

STEPHANIE FLANDERS: I mean, I think we've showed —

LAURA FLANDERS: You think Larry's exaggerating?

STEPHANIE FLANDERS: It's possibly 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--

LAURA FLANDERS: He's talking about devaluing the dollar.

STEPHANIE FLANDERS: 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.

LAURA FLANDERS: Well I'm going to 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

STEPHANIE FLANDERS: 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 going to 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.

LAURA FLANDERS: All right, so Trump, kind of scary, scary. You were at Davos though--

STEPHANIE FLANDERS: 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.

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

STEPHANIE FLANDERS: 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 going to 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 going to 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 going to 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 going to get the advantage of it, and things like inflation on the other hand, people feel is still very real to them.

LAURA FLANDERS: But this Bidenomics, this phrase, obviously taken from Stephanomics, your podcast.

STEPHANIE FLANDERS: Yes, I'm sure.

LAURA FLANDERS: 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?

STEPHANIE FLANDERS: 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.

LAURA FLANDERS: 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.

STEPHANIE FLANDERS: 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--

LAURA FLANDERS: Could give the private sector a run for their money.

STEPHANIE FLANDERS: 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,

LAURA FLANDERS: Insulin in California.

STEPHANIE FLANDERS: 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, 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.

LAURA FLANDERS: 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.

STEPHANIE FLANDERS: 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,

LAURA FLANDERS: Where you and I fought much more vigorously than we do now.

STEPHANIE FLANDERS: Yeah, where we assumed that, you know, that we had a sort of plan, we thought the global economy was going to 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--

LAURA FLANDERS: 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.

STEPHANIE FLANDERS: 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. I mean, if China really threatened Taiwan, well, there's a sort of, one instinct of President Trump's presumably would be, you know, we have to defend Taiwan because we're hugely dependent on Taiwan, that if, by putting the US first, we would actually still have to put Taiwan first as well. But the other side of him, I'm sure, would also be saying, well we don't want to underpin Taiwan's freedom any more than anybody else's. You can have a lofty, big vision, but if it doesn't add up internally, if it's not internally consistent, it's not helping.

LAURA FLANDERS: Stephanie, it's great having you. Are you going to have any fun this year? I mean, it sounds like kind of a little bit the year from hell, if you're you.

STEPHANIE FLANDERS: Well, you say that, but we've got, you know, elections are also a time where you get to sort of focus on, you know, I've been certainly encouraging the team to say, look, this is an opportunity to be thinking about, not just what are politicians saying, but what are the long-term issues facing this country, any country, and you know, are those policy recommendations, you know, fit for purpose? And that, you know, you don't often get, if you're doing a lot of day-to-day journalism, you don't often get to look at the sort of big picture, what are the big problems this country faces? So I think it's also, elections are opportunities for voters and for journalists to, you know, raise their eyes to the horizon a little bit.



LAURA FLANDERS: And in your case, relaunch your podcast, which will come as great good news to lots of people who are your fans. Voternomics.

STEPHANIE FLANDERS: You see what we've done there. We've made a dramatic change. I've got a couple of co-presenters, and what it's supposed to be about, I hope it's going to be about, we're going to have some very interesting guests, but it's about the way that politics and the return of, you know, geopolitics and the question marks about the global system is sort of upending a lot of the longstanding assumptions of economists, economic policy makers, you know, the politics is getting in the way of economics in a way that we haven't seen for a long time.

LAURA FLANDERS: I have got to ask you the last question that I ask everybody, I think I asked you last time, but I'll ask it again, and that is, I mean, particularly, I think, poignant, given the way that you've presented the year that we're in, especially in the US election, it seems like we have real choices, what do you think is the story the future will tell of this moment?

STEPHANIE FLANDERS: God, if I knew that, what is the story that we'll tell? I think we'll find that even with these, you know, I like to think that whatever the result of the US election, the broader forces that affect buffeting the global economy, confronting leaders around the world, will be bigger than anything, for better or worse, will be shaping the choices, even of a Donald Trump who tends to think he can make his own, you know, make his own weather. I think everybody is, in many ways, dealing with the same global challenges, and it isn't all down to one man or one election, for better or worse.

LAURA FLANDERS: So the, we're all on this ship together story.

STEPHANIE FLANDERS: [Stephanie] Kind of. All right, different seats on the ship, maybe. The ship, on the long road, on the, you know.

LAURA FLANDERS: Oh, well at this moment, where our metaphor collapses, we will end. Stephanie, it is great to have you. Thanks for coming in.

STEPHANIE FLANDERS: Thanks for having me.

LAURA FLANDERS: This is Laura Flanders and Friends, or as in this case, sister. Stay tuned. Thank you. That was great, I enjoyed that.

Elections are important times, as Stephanie just said. They're the time when voters get to think about the likely implications of a politician's proposals for their community, their country, and the planet. Who helps voters do that thinking? Well for the most part, it's journalists. So I'm

going to invite you to do a little media audit. In the last week, how much media news, TV news especially, have you seen dedicated, hours, minutes, seconds to Donald Trump's various trials, and how much to other stuff, like policy proposals and economics? If you find yourself seeing more of the trial coverage, it's no surprise why that is. That whole story reads a whole lot like a cop show, and we are very used to tuning in for that. So if your commercial media is all about serving eyeballs to advertisers, that is what it will do. It will serve up the content that viewers watch most easily and most. If your purpose as a journalist is to provide credible information to your subscribers or your audience, well, then the choices you make may be a little different. If you appreciate our conversations that don't take place squeezed between advertisements or commercials or ads, then we hope you'll check out the uncut version of each week's show that's available for free to the subscribers to our podcast. In the meantime, stay kind, stay curious. For Laura Flanders and Friends, or family, I'm Laura. Thanks for joining us.

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