

# Inclusive Growth?

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November 17, 2016

PIIE

# We Won't Have Any—Not for the Next Two Years

- Old presentation I had written two weeks ago now totally irrelevant...
- Certainly for the next two and probably for the next four years:
  - Any growth we have will be “exclusive”
  - And it may well be non-growth
  - What can be done to curb the damage?
    - Technocracy
    - Court politics
    - Other levels of government

# Any Growth We Have Will Be “Exclusive”

- At the federal government level:
  - Trump’s big initial initiative will be a mammoth tax cut for billionaires and multi-millionaires
  - Perhaps coupled with Paul Ryan’s elimination of Medicare as we know it
  - And additional waves of austerity directed against social insurance programs that can be characterized as flowing to “losers” and “cheaters”
- The federal government is the big enchilada here

# And We May Not Have Growth

- The big upper-income tax credit does very little in Keynesian terms to boost the economy
- The current state of the Trump infrastructure program smells bad:
  - Berlusconi-like
  - Moderate amount of infrastructure built on the government's dime
  - And then given away to private friends of Trump who charge monopoly prices for using it
- Trade wars are not our friends
- Possibility of upward leap in risk aversion with rise in “political risk”
  - Never before in America has a losing presidential candidate been threatened with imprisonment
  - Capital may well focus on diversification—of operations, of jurisdiction, of lineage—and not on risky enterprise

# What Can Be Done to Curb the Damage?

- Technocracy
- Imperial court politics
- Other levels of government

# Technocracy

- Sensible non-Berlusconi-like infrastructure-based fiscal stimulus
  - Case overwhelming
  - Trump wants to have an impact: “Pharaohnic”—and wants policies that work
  - Current Trump “plans”—Summers in opposition.
  - But, really, there are no current Trump “plans”
- High-pressure economy—no Taylor Rules, no gold standard, Trump the real estate developer
- State and local level: minimum wages, family leave, pro-unionization, etc...

# Imperial Court Politics

- Jared and Ivanka as the only people who are loyal to Donald Trump and far-sighted enough to appreciate the situation
- The situation: Donald Trump has not “won” anything
- Donald Trump has only “leveled up”—to a level where the penalties for failure are of overwhelming magnitude
- George W. Bush would be a much happier man today:
  - If he had never sent James Baker to Florida
  - If he had never given the go-ahead to lobby Rehnquist, Kennedy, O’Connor, Scalia, Thomas
  - He would actually be able to show up at the RNC
- Donald Trump needs to succeed and to be seen to have succeeded—hence Donald Trump needs policies that really work
  - Jared and Ivanka see this...

# Other Levels of Government

- Encourage state-level experimentation:
  - The sovereign equal dignity of the states
  - Mike Pence should not be averse to block-granting the Medicaid expansion money
  - Mitt Romney should not be averse to states running their own health exchanges
  - Technocratic arguments that were ignored at the state level over the past eight years may now be listened to
- The family-friendly policy agenda:
  - Minimum wages, family leave, etc.
  - Opportunities for curbing NIMBYism?
- Build the grassroots argument for inclusive growth by pointing to different state trajectories

# 2016, 2000, 1980, 1952

- Four times since World War II the Republicans have held House, Senate, Presidency
- After the 1952 election, Truman Secretary of State Dean Acheson gave pep talks to the young New Dealers...
  - The Democratic Party as the party of all those interests that needed to be included
  - The Republican Party as the party of those who thought they were going to ride the wave of growth and become rich (or richer): the Party of Enterprise
  - Both had a role in keeping America great and making it greater
- That Republican Party is gone: The Republican Party now is not the party of enterprise and creative destruction, it is the party of those who think that they have something and it is something to lose: the Party of Fear
  - Recreate the Eisenhower-era Republican Party of enterprise rather than of rent-seeking and defense against sociological change and creative destruction?
    - Trump is not “normal”—but that means he is not a normal, Party-of-Fear Republican
  - Do our job of giving voice to all those who are excluded...