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An evaluation of Trump's and Biden's economic policies

By Mark Zandi
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It is decision time. If you are wrestling over whom to vote for in the presidential race and how the next president will handle the economy, then former Vice President Joe Biden should be your choice. Here's why.

President Donald Trump has mismanaged the economy. He made his first error on the third day of his presidency with a memorandum scuttling the Trans-Pacific Partnership deal. That was the deal between the United States and other Pacific Rim nations that excluded China because that country didn't play fair in international trade. The deal would have solidified our economy's position in a fast-growing part of the world as it pushed China to the side until it changed its ways.

Instead, Trump pursued a trade war with China, raising tariffs on the goods it sells to us and making it more difficult for the two countries to do business with each other. Unfortunately, American businesses and consumers have paid a significant price. The higher tariffs act like a tax increase.

And to what end? Because of the trade war, U.S. manufacturers, farmers and transportation companies were pushed into recession. Our trade deficit with the rest of world also didn't improve, though that was the president's seeming litmus test for success. Factories leaving China didn't come to the U.S. Instead, they moved to other lower-cost countries.

Trump's second economic policy error was to severely restrict foreign immigration. In the more than quarter-century before his administration, about one million immigrants came to our country each year. Now it is about half that number as fewer immigrants are able to come to the U.S. and more of those already living here return to their native countries.

This does not matter much to the economy in any given year, but over time it is corrosive to economic growth. We need more of both skilled and unskilled immigrants as the large aging baby boom generation is fast leaving the workforce. Without more immigrants, the workforce will decline. Immigrants have long been this nation's secret economic sauce; they are risk takers who start new companies and stand at the vanguard of innovation.

Error number three was Trump's massive tax cuts, the bulk of which have gone to corporations and high-income households. The president said the cuts would pay for themselves by incenting businesses to invest more and grow our economy more quickly. It didn't happen. Instead, the cuts caused much bigger government budget deficits. This is especially problematic now. The government is borrowing heavily to pay for all the things needed to help us through the COVID-19 crisis.

This brings us to the fourth big error, the nation's botched response to the pandemic. Trump has largely left things up to the states when it comes to the response, which has ended up a muddled hodgepodge. It's not difficult to connect the dots between the severity of the health-care crisis caused by the virus – more than 200,000 American have died so far – and the economic crisis – one-fifth of workers are still unemployed, had their hours reduced, or suffered a pay cut. All other developed economies across the globe have managed the pandemic better than we have: Their infection and death rates are much lower than ours. So, too, is their unemployment. These are reasons to not reelect Trump, at least when it comes to the economy, but why elect Biden? Simply put, based on my read of Biden's proposed economic policies, he would do just the opposite of Trump.

Although Biden would continue to aggressively confront the Chinese to abide by international trade laws, he would do it by re-engaging with the World Trade Organization, the multinational group founded by the U.S. to adjudicate trade disputes. Biden has also talked about recommitting to a modified Trans-Pacific Partnership free-trade agreement with tougher labor and environmental provisions.

On immigration, Biden would normalize the number of immigrants coming here so businesses can get the workers they need. With the pandemic forcing hundreds of thousands of businesses to shut their doors, we will need the energy and spirit brought by immigrants to start new ones. Biden also says he would roll back much of Trump's tax cuts to corporations and the wealthy. He would use the money raised to help pay for investments in infrastructure, including clean energy, higher education and K-12, elder care, Social Security, and health care. Biden would need to borrow money to pay for all of this, but that makes sense now, given the record low interest rates and the ability to help get the economy to the other side of the pandemic and back to full employment.

When it comes to the pandemic, Biden has made it clear that he would take the polar opposite approach to that of Trump. He would have the federal government take the lead instead of following along.

Elections matter. When it comes to our economy, this one matters a lot.

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