

# **NEWS FROM THE DEMOCRATIC VIEWPOINT 8-23-23**

## **The Economy & Pessimism**

America has lots of reasons for optimism.

The US economy is booming. We have full employment. Unemployment is at 3.5%, a 54-year low. Real wages are rising after years of declines. Inflation has cooled to a reasonable 3.2%.. There will be no recession this year – or next. That’s the mainstream news and it’s all true.

Strong growth, record unemployment, plummeting inflation. The Atlanta branch of the Federal Reserve projects that America’s gross domestic product may grow by an astounding 5.8% in the third quarter.

Thanks to vaccines, the public health crisis is largely contained.

Since the passage of the Inflation Reduction Act and CHIPS and Science Act last year, clean energy and semiconductor companies have announced investments in 110 large-scale manufacturing projects worth about \$224 billion, with the potential to create 100,000 jobs.

By any economic measure, the Biden economy is doing great.

That should be good news for President Biden. In January 2021, he inherited an economy in shambles with 10 million jobless and the worst disease outbreak in a century becoming still more deadly. Today that picture is entirely different.

Yet pessimism remains.

A lot of people don’t see the positive picture. They don’t care about the economic facts, which seem distant to them. They say, “from my perspective, the economy doesn’t look great.”

In last week’s *Calhoun Chronicle*, Linda Crawford pointed out that Yellow Trucking went bankrupt, a tin of sardines used to cost 9 cents, interest rates went up in 1978, and Memphis Light Gas & Water bills included the number 666.

Her point was that from her point of view, as an older person on a fixed income, the economy is “kind of broke.”

This is a valid point of view. We can’t help but see things from our own perspective.

If you’re on a fixed income, you can’t beat inflation. Your money is worth less and you’re not getting any more of it. (Some Democrats believe the U.S. should have a guaranteed national income to help people like her.)

Even if we’re not on a fixed income, we’re all very aware of inflation in our personal economies - the price of eggs (down by the way) and gas (holding steady). Inflation may be controlled now, but when it stopped, the prices were higher and few of them are going back down.

So people say, “How do these great numbers the Biden economy is putting up help me because . . . inflation?”

The good news is that in mid-2023, U.S. inflation has slowed close to a desirable rate, usually set at 2%.

Moderate inflation goes with economic growth. In fact, some economists believe that if prices fall steadily, people will stop buying while they wait for a better deal. That would reduce demand, decrease production, and the economy would falter. (China is in a deflationary spiral and its huge economy is teetering.)

Under the Biden administration, the U.S. economy is steadily approaching the moderate desirable rate of inflation. The US now has the lowest inflation rate among modern economies.

Inflation in the last 2 years, largely caused by the pandemic, made us insecure. Being insecure made us afraid and pessimistic. It takes time for people to trust that prices have stopped rising, that the situation is stabilized.

Optimism comes with trust that things will be better in the future. And trust takes time.

The positive changes are hopeful and if we can nurture and sustain these trends - not deny or minimize them – we will all have reason to be optimistic again.

*Deirdre Purdy – Chairperson, Calhoun County Democratic Executive Committee*