

The strange economics behind Trump's resurgence



AN OPEN DIALOGUE

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The forthcoming presidential election in the US, set to take place in November, is expected to be hotly contested. Unless there is a major unforeseen event, a rematch between former president Donald Trump and the incumbent Joe Biden is most likely. Currently, Trump leads Biden in opinion polls across the board. The latest Harvard CAPS-Harris Poll shows Trump leading Biden by seven points in a one-on-one match up, 48 percent to 41 percent.

Biden is not very popular with the US electorate. One measure that is often used to gauge the public mood, the president's approval rating, shows that as of February 2, only 39 percent of the population approve of his performance. On the other hand, 55 percent disapprove. The gap, also known as the "net image," between these is -16 and is the highest since Biden's inauguration in January 2021, when it was +23 percent. A multitude of factors account for this swing in voter sentiment, but the most important ones are: 1) his handling of the US economy; 2) the ongoing wars and rise in global tension; 3) and the immigration crisis at the US-Mexico border.

Ironically, the US economy is doing very well and is expected to do even better in the coming months. Unemployment is low, the inflation rate has come down, and real wage for workers has been rising. From another angle, US-Americans are doing much better economically than they were nearly three years

ago, when Biden took office. Still, a majority—58 percent—say Biden's policies have made economic conditions worse, according to a September CNN poll conducted by an independent organisation, SSRS. That's up from 50 percent a year ago. Economic conditions affect elections and the popularity of a sitting president. We have an apparently paradoxical situation now in the US.

Here's the puzzle in the simplest terms. While the economy is in good shape, the president is not getting enough credit for it. Pollsters and economists say that in recent memory, there has never been such a wide gap between the underlying health of the economy and public perception. A University of Michigan Consumer Survey shows that consumers at the end of 2023 felt more positive about the economy than at the end of 2022. But most registered voters still don't approve of Biden's handling of the economy.

"Is the nation being gripped with Trumpmania all over again?" Syed Mushtaque Ahmed, professor of economics and director of Bill W Burgess Jr Business Research Center at Cameron University, US asks in frustration.

What factors contribute to this seemingly topsy-turvy political situation? And why does Trump get credit for economic policy even after being out of power for three years?

First of all, the Biden era was characterised by inflation, several



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wars and increasing tension, and rising concerns about immigration. Trump presided over a period of low inflation, low interest rates and low gas prices.

Secondly, Biden's approval rating dipped over the last three years. In contrast, in poll after poll, a majority of US-Americans indicated that they trust Trump to manage the economy better than Biden. Voters remain unhappy with the state of the US economy even though it's shown surprising resilience and strength in the face of inflationary pressures and rising interest rates during the Biden era. Nonetheless, Trump retains a substantial lead among voters on matters of the pocketbook.

To be fair to Biden, it's worth recalling that when he took over in January 2021, the US economy was beginning to recover from pandemic-induced lockdowns, supply chain

disruptions, and high unemployment. Biden and his team got down to work right away and got good results.

Unfortunately, Biden's economic policies also triggered high inflation. The Federal Reserve raised interest rates to very high levels, and that also hurt some industries. But the US economy, as mentioned before, was able to grow, create jobs, and reduce the inflation rate. Wall Street and many economists characterise this phase of an economy a "soft landing." Whether the US economy has, in fact, achieved a soft landing needs to be seen.

According to Prof Alan Blinder of Princeton University, there is a lag in perception among the public about the economy. Even if inflation slows down, the average person feels that they are worse off unless prices come down. And, in general, prices never come down, especially for food,

housing, and motor vehicles.

Thirdly, there are some dark spots in the US economy. Some economists, including some with the Fed, have not completely eliminated the possibility of a recession. Wells Fargo published a report pointing to signs of weakness in the labour market. Hiring has slowed, they noted, and just a handful of industries account for much of the recent job gains. Layoffs remain low, but workers who do lose their jobs are having a harder time finding a new one. There were about two job openings for every available worker back in 2022. That's down to 1.4 now, and wage growth has cooled as employers compete less fiercely to hire.

Another issue is the rising level of income inequality. The rich are getting richer, and corporate profits are soaring. Statistically, the average, "median" in statistical language,

American is doing well, but the majority are trying to meet both ends. The US labour department just announced that the number of people working a second job has reached a post-pandemic high of 8.4 million. That's about 6 percent of all women in the workplace and around 4.7 percent of men. More people are also using remote work skills for added income.

Adjusted for inflation, US residents' per capita disposable income (DI) rose nearly one percent from October 2021 to October 2023. By comparison, DI grew about seven percent under Donald Trump during the first 34 months of his presidency.

Biden's team has indicated that in the coming months they will highlight his successes in cutting prescription drug prices, taxing large corporations and billionaires, and aggressively targeting hidden fees (for example, junk fees in airline ticketing and overdraft fees for credit cards). They can also point to a cleaner environment, supporting the renewable energy sector, and subsidies to the semiconductor industry.

Having said that, what are the chances of a Democratic setback? Seven "swing" states will determine who wins: West Virginia, Pennsylvania, Michigan, Wisconsin, Arizona, Georgia, and Nevada. Theda Skocpol, a professor of sociology and politics at Harvard, warned the Democrats that on the fence voters appear to be edging closer to Trump.

Biden and the Democrats still have nine more months to fix the economy and take credit for lowering inflation while keeping the economy humming with low unemployment. If the Fed lowers the interest rate at its next meeting in March and Biden tones down his warmongering, that might sway voters who believe that Trump would do a better job than Biden on the economy, foreign policy, and immigration.

Winner, winner, Jannik Sinner



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matches, both players made their way towards their destiny—a semi-final showdown. Sinner dropped zero sets en route. However, this was the toughest test in tennis, and he was prepared to take it. If you want the crown, you must beat the king.

And he took it so exceptionally well. In the last 21 years, Djokovic has never played a grand slam match where he did not have a break point. On that

back-to-back five sets while Sinner spent the least amount of time playing. Yet, that should not take anything away from Sinner either: his composure even at the lowest and his ability to keep gritting at points is what made Medvedev tremble.

As the clock hit the three hours-and-40-minutes mark, the moment arrived. All Sinner had to do was hold serve to be crowned champion. With



PHOTO: REUTERS

Jannik Sinner celebrates with the trophy after winning the final against Russia's Daniil Medvedev on January 28.

At first glance, Jannik Sinner does not look like the tennis star he is. He's shy, he's quiet, he doesn't show many emotions, but he's respectful and graceful. However, all these take a step back once he enters the tennis court and becomes an unexpected protagonist.

Born in San Candido in Italy, he has always indulged in sports. At 13, he faced a pivotal decision: football, skiing, or the uncharted territory of becoming a tennis player. He chose the last one, and even though he was at the cusp of teenage life at the time of his decision, it now appears to be a crowning resolution, as nine years later, he is now a grand slam champion.

The rise of Jannik Sinner is picture perfect. He broke through the rankings at unprecedented pace. However, his struggles to make it deep into the second round of slams is what kept him out of the limelight. Everyone knows that no matter how good you are, it's the slams that carry the most weight. While Sinner fought to piece his game together, the shadow loomed larger with the ascent of Carlos Alcaraz, two years his junior, who became the US Open champion at just 19. Suddenly, Sinner had to take the back seat. You cannot help but think if that affected him to some degree—to watch Alcaraz win

When the Australian Open draws came out, Sinner landed on the same end as Djokovic, a man who has lifted the title a record 10 times, and if they were to face, they would do so only in the semi-finals. The scary part? Djokovic has never lost after the quarters and boasts a perfect 20-0 record on Rod Laver Arena.

two grand slams in two years while he had to patiently wait for his.

Patience is a virtue that Sinner does possess, and eventually that paid off. He won in Beijing in 2023 and finished as runners up in the ATP World Tour Finals, faltering to Novak Djokovic. A week later, he grasped his revenge when he beat Djokovic and then single-handedly led Italy to a Davis Cup title to finish the year. The manner in which he played the Davis Cup and the Tour Finals showcased his composure and quality, enabling him to dispatch his opponents with ease and grace.

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With a week and a half of high-level

day, Sinner was just that brilliant. Even when he lost the third set and allowed a match point to slip away, his most noticeable reaction was to push his water bottle out of the way. He then kept his head down and did not falter to common habits. He played every shot with acute precision and weight and eventually earned a place in his first-ever grand slam final. While arguments will be made that Djokovic was dealing with illness, Sinner has earned his deserved laurels.

Waiting for him at the final was Daniil Medvedev, a player with one slam to his name but seasoned in his game. Medvedev rushed to a two-set lead, but his old demons came back haunting. Just two years ago, on the very same court, Medvedev lost a two-set lead and succumbed to defeat in the hands of Rafael Nadal. However, this time, there was some consolation for Medvedev—he had spent the most hours on the court and had played

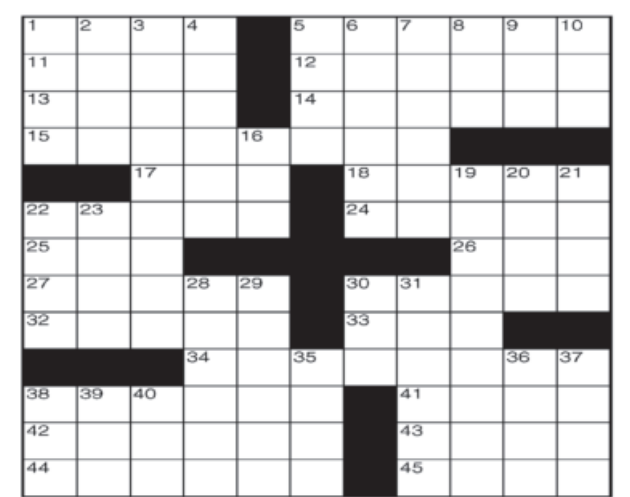
the exact composure and patience, he played the whole tournament; he played each point with full strength and confidence. Even at 30-30, he remained true to himself, and when the championship point came, he grasped it.

It took him a second to register that he needed to fall to ground to encapsulate the moment, such is Sinner's poise even in victories. Even in his victory there is profound humbleness. He thanks his team and then proceeds to wish that everyone can have parents like his, people who backed him to choose his sport freely and gave their blessings in every step of his journey. Even as he stood on the podium, lifting a trophy many players retired before even coming close to it, his smile reflected his innocence and wholesomeness. Nothing too loud, nothing too subdued—just a young boy gleefully realising his lifelong dream of becoming a Grand Slam champion.

CROSSWORD

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