

PRESENTATION ON:

BIDEN vs. TRUMP

VOTER'S GUIDE

ON

ECONOMICS

BY

SAMUEL C. THOMPSON, JR.

ARTHUR WEISS DISTINGUISHED FACULTY SCHOLAR,

PROFESSOR OF LAW, AND

DIRECTOR, CENTER FOR THE STUDY OF MERGERS & ACQUISITIONS

PENN STATE LAW

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I. BACKGROUND

Welcome! My name is Sam Thompson, and I am a Professor of Law here at Penn State Law.

This session is a brief introduction to my most recent book: *Biden vs. Trump, Voter's Guide on Economics*.

The session will run for approximately an hour.

The book runs for over 500 pages, so obviously, this presentation can only address some of the highpoints.

II. INTRODUCTION TO THE BOOK

The book is written in a Question and Answer format and presents a voter's guide to the major issues affecting growth of the U.S. economy.

Presentation on the Book

The book also looks at many of the economic positions of Biden and Trump and sometimes gives “my take” on the issue.

Further, there are comments throughout the book on the impact of the COVID-19 crisis on economic growth.

III. *COPY OF THE BOOK*

The book is self-published and is available through Amazon both in paperback and Kindle. The Amazon website for the book can be reached at the web page for the book on the Penn State Law website and is here:

https://www.amazon.com/dp/B08KJD46DC/ref=sr_1_1?keywords=Biden+vs.+Trump%2C+voter%27s+guide+on+economics&qid=1601994417&s=books&sr=1-1

IV. *WHAT PROMPTED ME TO WRITE THE BOOK?*

This book was preceded by three similar self-published books I wrote addressing the economic debates between:

- (1) *Bush and Kerry* in 2004;
- (2) *Obama and Romney* in 2012; and
- (3) *Clinton and Trump* in 2016.

V. *DEMOCRAT*

Some of the viewers may be wondering about my party affiliation. As I stated in the preface to the book,

Although I am a Democrat, my analyses of the positions of Trump and Biden are based on my best judgment of the merits of the particular position, and not on a blind allegiance to the Democratic Party.

In many instances, the book refers to the writings of economists from both sides of the political divide.

VI. *THE SLIDES IN THE APPENDICES*

Periodically during this talk, I will refer to certain tables and graphs from the book.

These are in the appendices to this presentation and also can be accessed directly on the website for the book.

For a list of the various tables and graphs, see the Table of Exhibits, which is Appendix LXIII.A.

VII. *QUESTIONS*

If, after listening to this presentation, you have questions, please send me an email at thompsonlaw@psu.edu, and I will endeavor to answer all questions. Also, I may post some questions and answers on the Penn State website for the book.

VIII. *THANKS*

Before I turn to substantive issues, let me add to the thanks I have set out in the preface to the book.

First, for their work on the book and this presentation, I thank (1) my research assistant at Penn State Law, Ngu Huu Truong, a May 2020 LLM graduate and current SJD candidate, and (2) my former research assistant, Richardson Jean, a May 2020 JD graduate of Penn State Law, who will soon begin his position as an Assistant State Attorney in the Miami-Dade State Attorney's Office. Both Ngu and Rich read every chapter and gave me invaluable comments. Of course, any mistakes are my own.

Finally, thanks to the persons to whom the book is dedicated, my wife, Becky Sue Thompson, and our 14-year old son, Samuel C. Thompson III (Tommy). Indeed, this book has become a family project with Becky, who is a graduate of Penn State Law, commenting on several chapters, and Tommy designing the cover.

IX. *IT IS NOW SUBSTANCE TIME*

Now, let's turn to the substance as I take you on a *hop, skip and jump* through the main points in each chapter of the book.

X. *SUMMARY TOC*

The best way to get a feel for what is covered in the book is to take a look at the summary table of contents, which is Appendix LXIII.B.

XI. *THE BVT ISSUES, TABLE 1-A*

To assist the reader in navigating through the book, Table 1-A, which I am putting on the screen, sets out a list of the issues addressed in the book, including those for which the positions of Trump and Biden are discussed.

Let's take a quick look at Table 1-A, which is Appendix LXIII.B.

XII. *CHAPTER 1, WHAT ARE MICROECONOMICS AND MACROECONOMICS?*

Turning to the chapters, Chapter 1 introduces many basic concepts, including an explanation of the meaning of microeconomics and macroeconomics.

1. MICRO

When economics focuses on issues such as how much of product X consumers will demand at various prices and how much the manufacturers of product X will be willing to sell at various prices, the analysis is said to be at a “micro” level, that is, microeconomic analysis.

2. MACRO

On the other hand, when economics focuses on issues such as the rate of inflation, the analysis is at the “macro” level, that is, macroeconomic analysis.

3. MOSTLY MACRO BUT DEMAND & SUPPLY (D&S) OF MICRO

a) MOSTLY MACRO BUT MICRO D&S

Although most of this book deals with macroeconomic issues, microeconomic analysis, particularly an understanding of the microeconomic concepts of the demand and supply curves, can be important in conducting all types of economic analyses.

b) MICRO & PPE

For that reason, I briefly introduce the microeconomic model of demand and supply that is discussed in Chapter 2 with respect to the market for personal protective equipment (PPE) during the COVID-19 crisis.

XIII. *CHAPTER 2, DEMAND AND SUPPLY (D&S) CURVES AND COVID-19?*

1. D&S GRAPH

As demonstrated in Chapter 2, the standard microeconomic graph of demand and supply has

(1) quantity demanded on the horizontal axis, and

(2) both price and costs on the vertical axis.

2. D&S CURVES

Consequently, the demand curve is downward sloping to the right because the lower the price, the more will be demanded, and the supply curve is upward sloping to the right because the higher the price, the more will be supplied.

3. COMPETITIVE MARKET ASSUMPTION

In a competitive market (*i.e.*, a market with many sellers), the intersection of these two curves will give both the quantity that will be supplied, and the price that will be charged.

4. ILLUSTRATION

These principles are illustrated in Graph 2-B, which is up on the screen. See Appendix LXIII.D.

5. D&S CURVES OTHER VAR CONSTANT ASSUMPTION

Demand and supply curves are drafted on the assumption that all variables, except price and quantity, remain constant. If other variables, such as consumer taste, change, the demand or supply curve will shift either outwardly or inwardly.

6. PPE EXAMPLE SHIFTING D CURVE

For example, as a result of the COVID-19 crisis, the demand curve for PPE shifted dramatically to the right, indicating that more PPE was demanded by the marketplace, and as a result of the shifting demand curve, the price of PPE rose dramatically.

a) ILLUSTRATION

This result is illustrated in Graph 2-C, which is up on the screen. See Appendix LXIII.E.

XIV. *CHAPTER 3, ELEMENTS OF ECONOMIC GROWTH*

1. THE FOUR ELEMENTS

Turning to the first introduction to macroeconomic issues, Chapter 3 explains that economic growth, the most significant macroeconomic issue, is determined by the following four elements: (1) Entrepreneurship, (2) Capital, (3) Human Capital, and (4) Technical Progress.

2. THE MORE, THE BETTER

The more a country has of these elements, the greater its economic growth, and, on balance, the better off its people are economically.

XV. *CHAPTER 4 MEASURING ECON GROWTH, GDP*

1. GDP=OUTPUT

As indicated in Chapter 4, the principal measure of economic growth is Gross Domestic Product (GDP), which is sometimes referred to as the economy's output.

2. GDP DEFINITION

GDP is the total amount spent, measured in dollars, on final goods and services produced in the U.S. economy by labor and assets located in the U.S. during a specified period, such as a year.

GDP consists of the following four components:

(1) **Personal consumption expenditures, generally referred to as "C,"** which includes consumer purchases of durable goods, nondurable goods, and services;

(2) **Gross private domestic investment, generally referred to as "I,"** which includes business investment in structures, equipment, software, and changes in inventory, and investment by people in new residential housing;

(3) **Government purchases of goods and services, generally referred to as "G,"** which include Federal spending on defense and non-defense goods and services and all state and local spending on goods and services; and

(4) **Net exports of goods and services, generally referred to as "NX,"** which is the difference between exports and imports.

3. THE FORMULA

Thus, the formula for GDP can be written as $GDP = C + I + G + NX$.

4. GDP IN THE US

In the U.S., the C, I and G are positive, but the NX is negative because the U.S. imports more than it exports.

XVI. *CHAPTER 5, IMPACT OF COVID-19 ON GDP?*

1. DELETERIOUS IMPACTS

Chapter 5 discusses the obvious deleterious impact the COVID-19 crisis has had on GDP.

2. DEPARTMENT OF COMMERCE (DOC) SECOND QT GDP

The chapter discusses a Commerce Department 2020 GDP report that explains that during the second quarter (that is, from April to June), "GDP, decreased at an annual rate of 32.9 percent."

3. DOC THIRD QT

The GDP report for the third quarter of 2020 will be issued on October 29, just days before the November 3 election. It is likely that the decrease will be substantially less than the decrease in the second quarter.

XVII. *CHAPTER 5, SHAPE OF THE RECOVERY*

Chapter 5 also addresses the possible shapes of the recovery from the COVID-19 crisis, that is, V, U, W, L OR K?

1. “V” SHAPE

The best case is a V-shaped recovery, which predicts that although GDP is down significantly as a result of COVID-19, GDP will have a rapid recovery; that is, a *sharp decline will be followed by a quick recovery*.

2. OTHER SHAPES: “U”, “W”, “L”, AND “K”

The other shapes of a recovery are:

1. A U-shaped recovery, which would be a *long period between decline and recovery*;
2. A W-shaped recovery, which would be a *quick recovery followed by a second decline*;
3. An L-shaped recovery, which would be an *extended downturn*; and
4. A K-shaped recovery, which would see different parts of the economy recover at *different rates and times*.

3. BVT

CNN reports that “Biden says [it will be] a ‘K-shaped’ recovery[; and] Trump [says that the] bounce-back [will be] ‘V-shaped.’”¹

4. MY TAKE

I don't have an educated view on the shape of the recovery, but in large part, I think it will depend on how soon a vaccine is available.

XVIII. CHAPTER 6 AGGREGATE DEMAND (AD)-AGGREGATE SUPPLY (AS) MODEL

1. INTRO

Chapter 6 addresses the aggregate demand (AD) and aggregate supply (AS) model, which is a macroeconomic concept that is used in setting monetary and fiscal policy, the two governmental policies that can impact GDP. Both of these policies are addressed later.

2. DIFFERENT FROM D&S

The AD-AS model is different from the demand curve-supply curve microeconomic model discussed in Chapter 2.

¹ Alexis Benveniste, *Joe Biden said the economic recovery is 'K-shaped.' Here's what that means*, CNN Business (October 1, 2020).

3. ILLUSTRATION AD-AS AND D-S

Graph 6-A, which is up on the screen (see Appendix LXIII.F), sets out on one slide both a demand-supply model of microeconomics and the aggregate demand-aggregate supply model of macroeconomics.

The following is a guide to the AD-AS model:

1. **Axes:** GDP or output is on the horizontal axis, and the price level is on the vertical axis.
2. **AD:** The AD curve falls from left to right, indicating the lower the price level, the more consumers will demand.
3. **AS:** The AS curve rises from left to right, indicating the higher the price level, the more firms will supply.
4. **In the AD-AS model**, the intersection of the AD and the AS curves determines the current level of GDP or output.
5. **The equilibrium level of spending on GDP** is equal to the spending that occurs on the AD curve at its point of intersection with the AS curve.

XIX. CHAPTER 6, COVID RECESSIONARY GAP

1. THE GAP

As a result of the COVID-19 crisis, the economy is currently experiencing a recessionary gap because the current potential GDP far exceeds the equilibrium real GDP.

2. ILLUSTRATION OF THE RECESSIONARY GAP

This type of recessionary gap is illustrated in Graph 6-D, which is entitled: *Illustration of Potential GDP Exceeding Equilibrium GDP—A Recessionary Gap: The Case of the Covid-19 Crisis*. See Appendix LXIII.G.

XX. CHAPTER 6, SHIFTING THE AD CURVE

In an effort to generate economic growth, monetary and fiscal policy can attempt to shift the AD curve outward.

XXI. CHAPTER 6, SHIFTING THE AS CURVE

In the long run, the AS curve can be shifted outward by supply side initiatives, which are discussed next.

XXII. *CHAPTER 6, WHAT IS “SUPPLY SIDE” ECONOMICS?”*

1. INTRO

Chapter 6 discusses supply side economics, which asserts that economic growth will be increased by policies that promote:

- (1) greater economic efficiency,
- (2) reduce regulation, and
- (3) increase the incentives for working and investing.

2. SUPPLY SIDE POLICIES

These policies are referred to as supply side initiatives because they are designed to shift the aggregate supply curve outward to the right and thereby increase GDP without increasing inflation.

3. TCAJA, SUPPLY SIDE

Some of the tax cuts implemented by the tax cuts and jobs act of 2017 (the TCAJA) are based on supply side principles. For example, two of these supply side cuts are:

- (1) the reduction of the corporate tax rate from 35% to 21%, and
- (2) the adoption of a lower rate of tax on “qualified business income” earned by entrepreneurs.

4. BOTH DISCUSSED IN CHAPTER 24

Both provisions, as well as other changes made by the TCAJA, are discussed in Chapter 24, which deals with taxes.

5. JURY STILL OUT

It appears that “the jury is still out on the economic impact of the TCAJA.”

6. MY TAKE: READING WRITING AND ARITHMETIC (RWA) IS SS

In Chapter 18, which deals with education, I propose that the federal government take a larger role in ensuring that all children are taught to “read, write, and do arithmetic.” This, in essence, is a supply side proposal.

XXIII. *CHAPTER 7, OKUN'S LAW*

1. INTRO

Let's move to Chapter 7, which discusses Okun's law, which holds that, in general, periods of high rates of economic growth are accompanied by declines in the unemployment rate.

2. INTUITIVE

This law is intuitively easy to understand, and the pre-COVID-19 economy was an illustration of the principle that there were significant economic growth and a steady decline in the rate of unemployment during both the Obama and Trump administrations.

XXIV. *CHAPTER 7, MINIMUM WAGE*

1. BVT

Turning to the minimum wage, as seen in Chapter 7, Trump has generally opposed an increase in the minimum wage, while Biden strongly supports an increase.

2. MY TAKE ON MINIMUM WAGE

My take is that the federal minimum wage should be increased generally but with

(1) a possible lower rate for teenage part-time workers, and

(2) an exception for regions of the country where the federal rate would be out of line with local economic conditions.

XXV. *CHAPTER 7, JOBS PROGRAMS & BVT*

1. TRUMP

Also, with respect to employment, Chapter 7 shows that Trump essentially relies on more of the same of what produced a strong pre-COVID-19 jobs market.

2. BIDEN

On the other hand, Biden's jobs proposals are quite extensive.

XXVI. *CHAPTER 8, ECONOMIC GROWTH AND INFLATION?*

1. INTRO

Chapter 8 addresses the relationship between the rate of economic growth and the rate of inflation. The answer here also has many aspects. However, in general, periods of high rates of growth are accompanied by an increase in the rate of inflation.

2. FED 2%

The Federal Reserve Board has stated that its monetary policy is to steer the economy in the direction of 2% inflation annually.

3. HYPER INFL

As discussed in Chapter 8, for a variety of reasons, a significant increase in the rate of inflation could be harmful to the economy, including by discouraging investing and saving.

XXVII. *CHAPTER 9, TRADEOFFS: ECONOMIC GROWTH, UNEMPLOYMENT AND INFLATION; OKUN AND PHILLIPS*

1. THE TRADOFFS

Chapter 9 demonstrates that economic growth (which is a good thing) can generate low unemployment (which is also a good thing) and high inflation (which is a bad thing).

2. OKUN'S LAW AND PHILLIPS CURVE

The Phillips curve demonstrates that reduced employment can lead to increased inflation.

Okun's law and the Phillips curve together demonstrate that the conduct of macroeconomic policy is a real "balancing act."

XXVIII. *CHAPTER 10, MULTIPLIER EFFECT?*

1. UNEXPECTED SPENDING

Chapter 10 demonstrates that an unexpected increase in spending on any of the components of GDP will have a multiplier effect.

This is because those who receive this spending (the first order of spending) will themselves spend a portion of the income received in a second order of spending and so forth.

2. ILLUSTRATION

Consequently, an additional \$1 of government spending will generate more than a dollar of GDP.

XXIX. *CHAPTER 10, INFRASTRUCTURE*

1. BVT

Also, as discussed in Chapter 10, both Trump and Biden support more spending on infrastructure. However, Biden's proposals are more specific.

2. MY TAKE

a) MORE NEEDED

In my judgment, there is a critical need for more spending on infrastructure and that spending will have a significant multiplier effect.

b) SLACK, THEREFOR NO INFLATION

Further, given the slack in the economy resulting from COVID-19, a significant increase in infrastructure spending is unlikely to result in harmful inflation.

c) POLITICALLY INEVITABLE

My view on the political side of the infrastructure issue is that:

(1) Both Democrats and Republicans realize that a significant infrastructure spending law is needed, and

(2) It is likely that after the election, without regard to who wins, Congress and the next president will enact such a law.

XXX. *CHAPTER 11, NET EXPORTS*

1. INTERCONNECTED

Chapter 11, which focuses on the impact of international trade and investment on the economy, demonstrates that the U.S. economy is highly interconnected with other economies around the world.

2. EXAMPLE ADVERSE EFFECT FROM EUROZONE SLOWDOWN

For example, an economic slowdown in the Eurozone could have a significant negative impact on the U.S. economy.

3. REASON, FALL IN NX

The principal cause of such an adverse effect would be a reduction (that is a greater negative amount) in the net export component of GDP resulting from a slowdown in exports to the Eurozone, which is one of our largest trading partners.

XXXI. *CHAPTER 11, TARIFFS*

1. TRUMP

As virtually everyone is aware, the Trump administration has imposed significant tariffs on certain Chinese goods.

2. OTHER VIEW TAX FOUNDATION

Chapter 11 points out that the tax foundation "estimate[s] that the Trump administration's imposition of tariffs, along with retaliatory actions taken by our trading partners, will reduce economic output, income, and employment."

XXXII. CHAPTER 11, BIDEN ON TRADE

1. BUY AMERICAN

As indicated in an article in *The Economist* magazine, among other trade-tightening measures, Biden "plans to strengthen 'Buy American' rules [that] would make it harder for the government to buy foreign cement, steel and equipment."²

2. BIDEN, TRUMP AND NAVARO

Immediately after making this observation, in demonstrating the lack of "daylight" between Trump and Biden on trade, the article says: "Peter Navarro, Mr Trump's [hawkish] trade adviser, would be proud."

3. MY TAKE

My own view is that the U.S. should be fighting around the world against the imposition of tariffs and other trade barriers, both explicit and implicit.

XXXIII. CHAPTER 11, TRANS-PACIFIC PARTNERSHIP (TPP)

As indicated in Chapter 11, the Trump administration pulled the U.S. out of the trans-pacific partnership (TPP), which was a trade agreement negotiated by the Obama administration with several pacific rim countries.

XXXIV. CHAPTER 11, NAFTA AND USMCA

1. INTRO

Also, as indicated in Chapter 11, the Trump administration has replaced the North American Free Trade Agreement (NAFTA), which was initially negotiated by the first Bush administration.

The replacement is known as the United States-Mexico-Canada Agreement (USMCA).

2. THE PREAMBLE

The preamble to the USMCA states, in part, that the purpose of the agreement is to:

² *Id.*

Presentation on the Book

- (1) reduce distortions to trade; [and]
- (2) establish clear and mutually advantageous rules governing trade[.]

XXXV. *CHAPTER 12-14, INTRO TO STABILIZATION POLICY*

1. INTRO

We now take a look at stabilization policies, which are government policies designed to impact the level of economic growth.

2. FISCAL OR MONETARY

Stabilization policies can be either:

- (1) Fiscal policies, which involve government spending and taxes, are under the control of Congress and the president through the legislative process, or
- (2) Monetary policies, which are under the control of the Federal Reserve Board, which is referred to as the Fed.

3. DESIGNED TO SHIFT THE “AD” CURVE TO THE RIGHT

Anti-recessionary stabilization policies are designed to shift the AD curve to the right, thereby increasing GDP hopefully without increasing the price level, which is inflation.

XXXVI. *CHAPTERS 12-14 & 24 CONSIDER THESE POLICIES TO SHIFT THE “AD” CURVE*

1. FISCAL SPENDING

Chapter 12 focuses on the use of the spending side of fiscal policy, principally in response to COVID-19.

2. FISCAL TAXATION

The tax side of fiscal policy is principally considered in Chapter 24.

3. MONETARY POLICY

Chapters 13 and 14 focus on monetary policy.

XXXVII. *CHAPTER 12, FISCAL POLICY, THE DODD-FRANK ACT*

1. INTRO

On the fiscal side, the Dodd-Frank Act, which is discussed in Chapter 12, was enacted to address problems that led to the financial crisis of 2007-2008.

2. BVT

Chapter 12 points out that Obama and Biden, on the one hand, and Trump, on the other, have nearly polar-opposite positions on the Dodd-Frank Act.

Obama and Biden strongly supported the law, and Trump strongly opposed it.

3. THE IMPACT OF “DF” IN COVID

However, the Dodd-Frank Act, which has withstood the attempts of Trump and others to dismantle it, may have helped put many banks in the strong position they were in at the beginning of the COVID-19 crisis.

4. ONE OBSERVER ON DF AND COVID

For example, one observer has stated: “[as demonstrated in the COVID-19 crisis,] Dodd-Frank is working.”

XXXVIII. *CHAPTER 12, FISCAL POLICY, THE CARES ACT*

1. INTRO

Also, on the fiscal side, in its fight against COVID-19, Congress included in the CARES Act, among other initiatives, the following provisions:

- (1) The paycheck protection program (PPP),
- (2) Loan forgiveness for certain PPP loans,
- (3) Support for financial assistance by the Federal Reserve Board for businesses, and
- (4) \$600 supplemental unemployment insurance, which has expired and not been renewed.

2. RENT MORATORIUM

The CARES Act also provided for a moratorium on residential evictions, which has expired. However, on September 4, 2020, the CDC issued a regulation that extends the moratorium until December 31, 2020.

XXXIX. *CHAPTER 12, FISCAL POLICY, HEROES ACT*

1. INTRO

The HEROES Act supplements the support the CARES Act has provided to the economy.

2. SKINNY DOWN

As of October 19, 2020, the House has passed both the HEROES Act and a “skinny down” version of it, but the Senate has not yet acted.

3. CURRENT (I.E., OCTOBER 20) STATUS OF ANOTHER ACT

Shortly before the recording of this talk on October 20, an article in CNET explained that:

[1] Trump says he's ready to sign a stimulus bill -- which would include a second stimulus check,

[2] . . . [T]here's a renewed sense of urgency to get a deal done. at least when it comes to the White House and Democratic negotiators, and

[3] The question is if the Senate Republicans would "go along with it."³

4. MY TAKE

In my view, sooner or later, the Democrats and Republicans will come to an agreement on legislation that incorporates many of the principles in the HEROES Act.

XL. CHAPTERS 13 AND 14, NOW TURN TO MONETARY POLICY

XLI. CHAPTER 14, CONVENTIONAL MONETARY POLICY

Standard or conventional monetary policy conducted by the Fed principally involves the following three tools:

(1) Setting the Fed funds rate, which is the rate at which banks make short term loans to each other;

(2) Adjusting the rate on loans made to banks by the Fed, and

(3) Modifying the reserve ratio, which sets the amount of cash banks must hold against their loans.

XLII. CHAPTER 14, IMPACT OF LOWERING INTEREST RATES

By lowering interest rates through its monetary policies, the Fed can, among other things, help to promote more spending on the investment component of GDP because the lower the interest rate, the more investment.

³ *Shelby Brown, Clifford Colby, Erin Carson, Alison DeNisco Rayome, Stimulus package negotiations today: 'We need to get money to the American public now,' CNET (October 15, 2020), available at <https://www.cnet.com/personal-finance/stimulus-package-negotiations-today-we-need-to-get-money-to-the-american-public-now/>.*

XLIII. CHAPTER 14, UNCONVENTIONAL MONETARY POLICY

1. INTRO

If the Fed is faced with an economic crisis, like the financial crisis of 2007-2008 or the COVID-19 crisis, standard monetary tools may not be sufficient to generate economic growth.

2. UNCONVENTIONAL

As a consequence, the Fed may be required to turn to non-standard or unconventional "expansionary" monetary policies, such as the quantitative easing (QE) that occurred in both of these crises.

3. FEDERAL RESERVE ACT ON UNCONVENTIONAL

Subject to certain conditions, the Federal Reserve Act gives the Fed the authority to conduct unconventional monetary policy, such as making loans to private firms.

4. UNCONV IN FIGHT ON COVID

In its fight against COVID-19, the Fed has adopted several unconventional "*funding, credit, liquidity, and loan facilities*," including the *Main Street Lending Program*, which is designed to "support lending to small and medium-sized businesses."

XLIV. CHAPTER 14, FED'S LATEST (I.E., SEPT 24) REPORT TO CONGRESS ON THE CRISIS

In its most recent report to Congress, which occurred on September 23 and 24, Chair Powell of the Fed, made the following points:

- (1) Economic activity has picked up from its depressed second-quarter level . . .
- (2) Many economic indicators show marked improvement. Household spending [**the "C" in GDP**] looks to have recovered about three-fourths of its earlier decline, likely owing in part to Federal stimulus payments and expanded unemployment benefits [provided for in the CARES Act]. . . .
- (3) Business fixed investment [**the "I" in GDP**] shows signs of improvement.
- (4) In the labor market, roughly half of the 22 million payroll jobs that were lost in March and April have been regained.
- (5) Both employment and overall economic activity, however, remain well below their pre-pandemic levels, and the path ahead continues to be highly uncertain.

- (6) Since mid-March, we have taken forceful action, implementing a policy of near-zero rates, increasing asset holdings, and standing up 13 emergency lending facilities, [including] the Main Street Lending Program.

XLV. CHAPTER 15, THE GREAT DEFICIT DEBATE & COVID-19

1. INTRO TO DEFICITS

Turning from the Fed to the Federal budget, as discussed in Chapter 15, prior to the COVID-19 crisis, there was a significant concern with the budget deficit. However, Trump was less concerned than many.

2. COVID DEFICITS

Most of these concerns with budget deficits have been swept away by the COVID-19 crisis, which has led to historic budget deficits.

3. CBO JUNE GDP REPORT DEFICIT 863B VS 8B

For example, a June 2020 Congressional Budget Office report gives the following picture of the historic deficits resulting from the crisis: “the Federal budget deficit in June 2020 was \$863 billion, compared with a deficit of \$8 billion in the same month last year.”

4. BUDGET CONTINUING CHALLENGE

Obviously, the budget deficits resulting from the COVID-19 crisis will be a challenge for a long time after the crisis passes.

XLVI. CHAPTER 16, SOCIAL SECURITY TAX

1. CARES ACT MINOR CHANGES

Turning to the social security tax, as pointed out in Chapter 16, the CARES Act made minor modifications to the social security tax.

2. TRUMP’S SHORT-TERM SS PROPOSAL

Also, in response to the crisis, Trump has suggested that Congress adopt a payroll tax holiday, which Congress, as of October 19, has rejected.

3. TRUMP’S LONG-TERM SS PROPOSAL

Further, Trump has proposed that Congress should eliminate the tax, and he says this could be done “without undercutting retirement benefits or greatly adding to the deficit.”

Following supply side theory, “[h]e said economic growth would offset the revenue losses.”

4. **BIDEN SS PROPOSAL**

a) MORE PROGRESSIVE

On the other side of the street, the *2020 Democratic Party Platform* supports “policies to make social security more progressive, including increasing benefits for all beneficiaries.”

b) TAX ABOVE 400K

Although the social security tax is currently capped at the first \$137,700 of labor income, Biden has proposed to make the tax applicable to labor income in excess of \$400,000.

XLVII. *CHAPTER 16, TRUMP ON MEDICARE*

Turning to Medicare, which is also addressed in Chapter 16, Trump has indicated his support for Medicare, and apparently, he has proposed no significant changes in either the entitlements to or funding of Medicare.

XLVIII. *CHAPTER 16, BIDEN ON MEDICARE*

1. **MEDICARE FOR ALL**

Also, with respect to Medicare, during the 2020 Democratic primary season, Senators Sanders and Warren argued strongly for “Medicare for All,” which would replace our current healthcare system with one national health system.

2. **BIDEN NO, EXPAND OBAMACARE**

Biden refused to adopt this proposal, and as will be seen in Chapter 17, which deals with Obamacare, he proposed, among other things, to lower the eligibility age for Medicare from 65 to 60.

XLIX. *CHAPTER 16, MY VIEW ON SOCIAL SECURITY AND MEDICARE*

1. **MY TAKE**

As a way of addressing the looming crises with the funding of these programs, I have proposed in Chapter 16, among other things, the following:

(1) Eliminating the social security tax cap on labor income,

(2) “Means testing” the payment of social security benefits (that is, denying social security benefits to Donald Trump, Joe Biden and Sam Thompson), and

(3) Adopting “Medicare for All,” particularly in view of the health crisis brought on by the COVID-19 crisis.

2. MY PREDICTION

In view of the COVID-19 crisis, I predict that Congress, particularly if the Democrats sweep the 2020 elections, will give close attention to, and possibly enact, some of these policies.

L. *CHAPTER 17, OBAMACARE AND OBAMA/BIDENCARE?*

1. SUPREME COURT DECISIONS

As discussed in Chapter 17, Obamacare has twice been found by the Supreme Court to be constitutional, and presently, it is again before the Supreme Court in response, among other things, to a constitutional challenge by the Trump administration.

2. NOV SENATE HEARING

The hearing before the Supreme Court will take place shortly after the November elections.

3. THE WRINKLE

A big wrinkle in the prospects of the case has arisen because of (1) the death of Justice Ginsburg, and (2) the nomination by Trump of Judge Barrett as the replacement for Justice Ginsburg.

4. JUDGE BARRET WHEN CONFIRMED?

Judge Barret is likely to be confirmed by the Senate before the Obamacare case is heard.

5. TRUMP’S VIEW ON WHERE JUDGE BARRET WILL GO ON OBAMACARE

Trump apparently believes that Judge Barrett would find Obamacare to be unconstitutional.

6. REPLACEMENT FOR OBAMACARE

While Trump has said that he would replace Obamacare if it is held unconstitutional, he has not specified how.

7. BIDEN’S VIEW

Biden supports Obamacare and would like to expand it and institute policies that would help to control costs. I refer to this as Obama/Bidencare. Thus far, Biden has rejected “Medicare for All.”

8. MY TAKE ON OBAMA/BIDENCARE

a) MY 2016 STATEMENT

My present views on the efficacy of Obama/Bidencare are similar to the following views I expressed in the *2016 Clinton vs. Trump* version of this book. There, I stated:

In my view, Obamacare will become a popular law among most consumers of health care. Also, while I am certain that parts of Obamacare can, and will, be improved upon, I am of the view that it is an effective piece of legislation that will contribute to the long-term economic growth of the U.S. by making the American population healthier.

Also, I believe that there is essentially no chance that the law will be completely repealed, even if Mr. Trump is elected president.

b) RESULT, MORE POPULAR AND WILL SURVIVE

Obamacare has, in fact, become more popular, and even though Obamacare is currently before the Supreme Court, I believe that the court will not take any action that would throw the U.S. health care market into disarray.

c) IF I AM WRONG, THEN MED FOR ALL

If I am wrong, and the court takes such action by overruling Obamacare, in my view, that action would have the effect of hastening the adoption of “Medicare for All,” which I think would be a good thing.

d) IF NOT UNCONSTITUTIONAL, OBAMA/BIDEN CARE

In any event, if Biden is elected and Obamacare is not held unconstitutional, I believe that the Congress, even without a Democratic sweep, would move in the direction of Obama/Bidencare.

LI. *CHAPTER 18, EDUCATION*

1. BVT

As discussed in Chapter 18, Biden has many education proposals, from pre-school to college. On the other hand, Trump does not have extensive education proposals.

2. TRUMP ON SCHOOL CHOICE

However, Trump supports “school choice,” which involves the use of public funds in support of private schools.

3. **BIDEN ON SCHOOL CHOICE**

Biden is apparently supportive of certain types of school choice.

4. **TRUMP ON HBCUs**

a) 2019 LAW

In 2019, with the support of the Trump administration, Congress passed legislation that supports Historically Black Colleges and Universities (HBCUs).

b) ORIGINS OF HBCUs

HBCUs are institutions like Howard University in Washington, D.C., from which vice-presidential candidate Kamala Harris graduated, whose students consist mainly of African Americans. Many HBCUs were established shortly after the Civil War and during the time of Jim Crow segregation in the South.

c) TRUMP'S STATEMENT AT THE TIME OF THE SIGNING

At the signing of the legislation, President Trump said: President Obama and the Obama administration were unable to get this done. I got it done.”

5. **MY TAKE**

a) READING, WRITING AND ARITHMETIC (RWA)

(1) NO LOCAL CONTROL OF RWA

I think education is so important to our country that the teaching of reading, writing and arithmetic should not be under local control.

(2) FEDERAL CONTROL OF RWA

The federal government should ensure that every kid in this country, without respect to the wealth of the community in which he or she lives, has an equal opportunity to learn to read, write and do arithmetic.

b) SUPPLY SIDE SHOULD SUPPORT

In my view, this type of policy should be strongly supported by those who subscribe to supply side principles.

LII. **CHAPTER 19, IMMIGRATION**

1. **TRUMP'S VIEWS**

Trump's views on immigration are very well known, as his political rise was significantly aided by his opposition to illegal immigration. As president, Trump has taken aggressive actions against both legal and illegal immigration.

2. **BIDEN'S POSITIONS**

a) IN GENERAL

As discussed in Chapter 19, while Biden is not in favor of illegal immigration, his views on immigration are much more supportive of the immigration process than Trump's views.

b) DREAMERS

For example, unlike Trump, Biden strongly, and in my view correctly, supports a pathway to citizenship for dreamers.

3. **MY TAKE ON IMMIGRATION**

a) IN GENERAL

While I do not have a deep understanding of the immigration issue, the economic evidence seems to show that, on balance, immigration is good for the U.S. economy. I think that few people would argue that we should not take action against illegal immigration.

b) ACTION AGAINST ILLEGAL IMMIGRATION

The Obama administration, like the Trump administration, took such action, and the Biden administration would also take such action.

c) MY TAKE, ENACT THE IMA

Further, I strongly recommend that the next Congress, without respect to which party is in control, promptly consider the unenacted *Immigration Modernization Act*, which during the Obama administration was supported by both Republican and Democratic members of Congress.

This act would provide citizenship for dreamers.

LIII. *CHAPTER 20, INEQUALITY?*

1. THE DISPARITIES

As vividly demonstrated by the sources discussed in Chapter 20, the income and wealth inequalities in America between (1) white Americans on the one hand, and (2) black and brown Americans on the other are stark.

2. BIDEN

Biden is very interested in supporting strategies to address these disparities.

3. TRUMP

Trump, on the other hand, seems to believe that, for the most part, a strong economy would be enough.

4. INCOME AND WEALTH DISPARITIES EVEN WITH STRONG JOBS MKT

While Trump has often pointed to the pre-COVID-19 strong jobs market for minorities, the income and wealth disparities among races were still stark.

For example, even with a good jobs market for minorities, the wealth gap could expand because the well-off could get better off at a faster rate than the less well-off.

5. SOURCE OF THE PROBLEM

In my view, this problem, at least with respect to black Americans, is directly attributable to the legacy of

(1) over two hundred years of slavery,

(2) almost a hundred years of Jim Crow legal segregation and discrimination in much of the country, and

(3) continued implicit bias and both intentional and unintentional discrimination.

6. NO SILVER BULLET; BUT RWA

While there is no “silver bullet” that is going to solve this inequality problem, in my view, the federalization of the teaching of reading, writing, and arithmetic would dramatically help to reduce the education gap, which would in time reduce the income and wealth gap.

7. REPARATIONS

Finally, on this inequality issue, I believe that serious consideration should be given to reparations for those black people who, unlike myself, have, for no reason other than the legacy of slavery, been locked out of the American Dream.

8. GENERAL SHEARMAN ON REPARATIONS

Reparations is not a new idea. Immediately after the Civil War, General Sherman, a famous Civil War general, had it right when he tried to give freed slaves “20 Acres and a Mule.”

If that had happened, the income and wealth gaps we now face, at a minimum, would be much smaller.

LIV. CHAPTER 21, REGULATION

1. TRUMP’S POSITION

Turning to regulatory policy, as demonstrated in Chapter 21, Trump has been opposed to regulations, and his administration has undertaken numerous deregulatory actions.

2. BIDEN’S POSITION

On the other hand, Biden is supportive of “**smart**” regulatory policies, such as regulation of the environment.

3. MY TAKE: NO SIMPLE REGULATION IN A COMPLEX WORLD

My view on this regulatory issue is that since we live in a complex world, which becomes more complex daily, it is simplistic to assume that simple regulations can adequately deal with complex economic activities.

LV. CHAPTER 22, ANTITRUST

1. INTRO

Chapter 22 addresses the antitrust laws, under which the government can challenge anticompetitive actions, such as price-fixing, monopolization, and mergers that substantially reduce competition.

2. HORIZONTAL MERGERS

With respect to mergers, the overwhelming antitrust enforcement actions are against horizontal mergers, such as the merger of competitor car companies.

3. VERTICAL AND CONGLOMERATE MERGERS

Seldom does the government challenge (1) a vertical merger, such as an acquisition by a car company of a steel company, or (2) a conglomerate merger such as the acquisition by a car company of a bakery.

4. BUT THE AT&T-TIME WARNER VERTICAL MERGER

a) THE TRUMP CHALLENGE

However, in the AT&T-Time Warner merger, a vertical merger, the Trump administration challenged the transaction, indicating an aggressive antitrust enforcement policy.

b) THE SPECULATION

It has been speculated that the challenge was motivated, at least in part, by Trump's animosity towards CNN, which is a subsidiary of Time Warner.

c) THE COURTS

Both the U.S. District Court and the D.C. Circuit Court of Appeals rejected the challenge, and the merger has been consummated.

5. BUT, TRUMP'S GENERAL APPROACH

It must be said that as a general matter, it does not appear that the Trump administration has taken a relaxed approach to antitrust enforcement, and it appears that its policies, for the most part, are within the mainstream of such policies.

6. BIDEN'S APPROACH

Biden is supportive of the vigorous enforcement of the antitrust laws.

7. BOTTOM LINE: NO DAYLIGHT

Thus, the bottom line is that there does not appear to be a large difference between the antitrust policies of Biden and Trump.

LVI. *CHAPTER 23, VOTING DEMAND AND SUPPLY*

1. BASIC LAW OF D&S AS APPLIED TO VOTING

Turning to the economics of voting, as demonstrated in Chapter 23, the basic law of demand and supply discussed in Chapter 2 applies to voting. The higher the cost of voting, the less voting there will be.

2. JUSTICE SOUTER AND INDIANA VOTING ID LAW

a) **THE DISSENT**

Thus, in my view, Justice Souter had it right in his dissent in the Supreme Court's decision upholding Indiana's Voter I.D. Law.

b) **JUSTICE SOUTER'S ECONOMIC ANALYSIS**

In his economic analysis of the law, Justice Souter concluded: "The Voter ID Law places hurdles in the way of either getting an ID or of voting provisionally, and they translate into nontrivial *economic* costs." If the costs are "nontrivial," they will reduce voting.

LVII. *CHAPTER 23, PERFORMANCE OF THE ECONOMY AND THE STOCK MARKET*

1. INTRO

Chapter 23 also looks at the performance of the economy and the stock market under Democratic and Republican administrations.

2. **COMPARING RATES OF ECONOMIC GROWTH AND UNEMP IN PRESIDENCIES**

a) **THE BASIC CONCLUSION: DEMS OUTPERFORM**

When comparing the rates of (1) economic growth, and (2) unemployment during various presidencies, the evidence seems to demonstrate that, on balance, Democratic presidencies have outperformed Republican presidencies.

b) **ILLUSTRATION**

For example, let's take a quick look on the screen at both (1) Table 23-A, see Appendix LXIII.H, which compares the rates of economic growth under Republican and Democratic presidents from 1949 through 2019, and (2) Table 23-B, see Appendix LXIII.H, which compares the rates of unemployment under Republican and Democratic presidents over this same period.

c) **MY TAKE ON TABLES 23-A AND 23-B**

(1) ***BLIND ANALYSIS***

While time does not allow for a detailed analysis, on virtually all of these measures (which, without knowing the outcome, I had my research assistant develop), Democratic presidencies outperform Republican presidencies.

**(2) NEGATIVE ECONOMIC GROWTH 17.9%R, V
9.4%D**

For example, Table 23-A demonstrates that during this period, there was negative economic growth during 17.9% of the years that a Republican was president, but only during 9.4% of the years that a Democrat was president.

**(3) POSITIVE ECONOMIC GROWTH 82%R V
90.6%D**

Along the same lines, the table demonstrates that while there was positive growth during 82% of the years a Republican was president, and there was positive growth during 90.6% of the years a Democrat was president.

3. COMPARING THE PERFORMANCE OF THE STOCK MARKET

**a) S&P DURING CLINTON, BUSH, OBAMA, &
TRUMP**

With respect to the performance of the stock market, let's take a quick look on the screen at Table 23-D, see Appendix LXIII.G, which compares the performance of the S&P 500 stock index during the last four presidencies, two Democrats and two Republicans, that is: Clinton 1993-2000, Bush 2001-2008, Obama 2009-2016, and Trump 2017-2019.

The focus is on (1) the first three years of each presidency, and (2) the full eight years of the Clinton, Bush, and Obama presidencies.

**b) FIRST THREE YEARS: TRUMP WINS, 44.3%T,
41.28%C AND 39.31%O; AND MINUS 15.76B**

The table shows that in the first three years of the Clinton, Obama, and Trump administrations, the stock market was very strong, with Trump leading the pack at an increase of 44.31%, Clinton with 41.28%, and Obama just four points behind Trump at an increase of 39.31%.

On the other hand, the Bush administration was far behind at a negative 15.76%.

There were challenging economic conditions during the Clinton, Bush, and Obama administrations; however, the Trump administration was building on a recovery and strong stock market that started during the Obama administration.

4. OVER EIGHT YEARS, C 203%, O 148% AND B NEGATIVE 31.59%

Over the eight-year period, Clinton was far ahead with an increase of 203%, with Obama trailing but at a solid increase of 148%, and Bush way back at a negative 31.59%.

5. REPUBS BETTER THAN DEMS?

While many believe that Republicans are better for the economy and the stock market, as this analysis shows, that is not necessarily the case.

LVIII. *CHAPTER 24, TAX POLICY*

1. 2017 TCAJA

As indicated in Chapter 24, the Tax Cuts and Jobs Act (TCAJA) was enacted at the beginning of the Trump administration in 2017. The Republicans controlled all three branches of the government at that time.

Among other things, the TCAJA:

- (1) reduced the corporate tax rate from 35% to 21%;
- (2) reduced the top marginal individual rate from 39.6% to 37%, and
- (3) provided for a 20% deduction for qualified business income (QBI), such as income earned by Trump in his hotel businesses.

2. QBI AND TRUMP

The 20% deduction reduces Trump's maximum tax rate on his hotel business income, which is QBI, from 37% to around 29%.

3. BIDEN'S PROPOSALS

Biden has many tax proposals, including proposals to

- (1) raise the corporate tax rate to 28%,
- (2) increase taxes on those making more than \$400,000 of taxable income, including by raising the maximum individual rate from 37% to the pre-TCAJA rate of 39.6%, and
- (3) phase-out the QBI deduction so that it no longer goes to high-income individuals like Trump.

4. MY TAKE; AGREE BUT GO FURTHER

I agree with these and several of Biden's other proposed tax changes, but I would go further, particularly on top marginal rates and taxation of foreign business income.

a) TOP MARGINAL RATE 37, 39.6, 45, AND 50

I argue for a significant increase in the progressivity of the federal income tax by adding a 45% marginal rate and a 50% marginal rate for those with super high-levels of income. As I explain, I think that the arguments that higher marginal rates will harm the economy are wrong.

b) RATES IN GREATEST GENERATION

For example, during World War II, which was the greatest challenge to our nation and was fought by what many call our “greatest generation,” the top marginal rate was 90%.

If our greatest generation could fight and win World War II and also prosper with a top marginal rate of 90%, our current generation can fight and win the war on COVID-19 and also prosper with a top marginal rate of 50%.

LIX. CHAPTER 24 IMPUTATION FOR INCOME OF FOREIGN SUB OF U.S. PARENT

1. INTRO

Another tax change Biden has not proposed, but I have long supported, is the adoption of an imputation system for taxing foreign business income earned by a foreign subsidiary of a U.S. parent corporation.

2. REVERSE THE TCAJA

In my view, the TCAJA goes in the wrong direction by exempting certain business income of foreign subs from U.S. taxation both (1) at the time the income is earned and (2) at the time the income is repatriated to the U.S. parent corporation.

3. BIDEN DOESN'T GO FAR ENOUGH

Although Biden has proposed to tighten these rules, in my view, the TCAJA went in the absolute wrong direction, and Congress should adopt an imputation system, which would subject foreign business income of foreign subs to immediate U.S. tax, with a credit against the U.S. tax for any foreign taxes paid by the foreign sub, thus avoiding double taxation.

4. SURREY

On this issue, I proudly stand with probably the greatest mind the tax law has ever seen, the now-deceased Professor Stanley Surrey of the Harvard Law School and the Assistant Secretary of the Treasury for tax policy during the Kennedy Administration.

In the 1960s, as Assistant Secretary, he urged Congress to adopt an imputation system for foreign business income, but unfortunately, Congress has never adopted his rule.

As a consequence, foreign investment by a U.S. corporation generally has a significant tax advantage over U.S. investment by the corporation. It can hardly be said that the rules adopted by the TCAJA are designed to encourage business investment in the U.S.

LX. *CHAPTER 24 IN TAX NOTES*

Finally, with respect to taxes, I am happy to report that Chapter 24 is scheduled to be separately published on Monday, November 2, the day before the election, in Tax Notes Magazine, a journal for tax professionals.

LXI. *CHAPTER 25, THIS ELECTION AND THE STOCK MARKET*

1. **TIMMER**

Turning to the impact of the Biden-Trump election on the stock market, as explained in Chapter 25, I personally find the following observation by Timmer, a Fidelity investment advisor, to be persuasive:

[T]he 2020 election will have less impact on the markets than some suggest. Ultimately, [it is] the long wave of economic fundamentals that drives the markets beyond any one election or any one party.⁴

2. **DIVERSIFICATION**

The bottom line in Chapter 25 is that in considering personal investing, the evidence shows that the same principle applies for investing during a Democratic and Republican presidency, and that principle is, “do not put all of your eggs in one basket, diversify.”

LXII. *SUMMING UP?*

Finally, I realize that this economic stuff is very challenging, and consequently, I want to close with the following six-step process that I believe can be a helpful way of thinking about these issues.

First, the nation’s principal economic goal is to grow the economy, that is, to grow GDP. As a general matter, the more we grow GDP, the better off our people will be, including by having greater employment opportunities.

Second, as explained by Okun’s law, growth in GDP generally results in a decrease in unemployment, which is a good thing.

Third, however, as the Philips curve points out, there can be a significant cost with too much growth of GDP, and that costs are high inflation, which can, among other things, discourage investing and saving.

⁴ Timmer, *Presidential Elections and Stock Returns*, *infra* Bibliography.

Fourth, as a consequence, our policymakers must perform the following balancing act: grow GDP to decrease unemployment, but not so much as to create harmful high inflation.

Fifth, the tools our government has in managing this balancing act are:

(1) fiscal policy, which is the power of the Congress and the president to tax and spend, and

(2) monetary policy, which is the power of the Federal Reserve Board, among other things, to manage interest rates and, in the face of a crisis like COVID-19, to engage in unconventional monetary policies, such as the main street lending program.

Sixth and finally, in the course of implementing the above five steps, policymakers must be cognizant of other economic goals, including structuring economically efficient programs to address, among other things:

(1) Retirement policy, including social security;

(2) Healthcare policy, including Medicare, Medicaid, and Obamacare;

(3) Educational policy;

(4) Immigration policy; and

(5) Policies designed to reduce income and wealth inequality so that all Americans can live the American Dream.

THANKS FOR LISTENING [OR READING]

LXIII. *APPENDICES*

A. TABLE OF EXHIBITS

EXHIBITS TO PRESENTATION BY PROFESSOR SAM THOMPSON,

PENN STATE LAW

ON HIS BOOK:

BIDEN VS. TRUMP, VOTER’S GUIDE ON ECONOMICS

OCTOBER 20, 2020

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GRAPH 2-C, ILLUSTRATION OF RIGHTWARD SHIFT IN THE DEMAND CURVE FOR PPE
GRAPH 6-A, ILLUSTRATION OF BASIC MICROECONOMIC AND MACROECONOMIC MODELS
GRAPH 6-D, ILLUSTRATION OF POTENTIAL GDP EXCEEDING EQUILIBRIUM GDP—A RECESSIONARY GAP: THE CASE OF THE COVID-19 CRISIS
TABLE 23-A, SUMMARY OF DATA IN TABLE 23-E COMPARING RATES OF ECONOMIC GROWTH UNDER REPUBLICAN AND DEMOCRATIC PRESIDENTS FROM 1949 THROUGH 2019
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TABLE 23-D, COMPARING THE PERFORMANCE OF THE S&P 500 INDEX DURING THE LAST FOUR PRESIDENCIES, TWO DEMOCRATS AND TWO REPUBLICANS: CLINTON 1993-2000, BUSH 2001-2008, OBAMA 2009-2016, AND

TRUMP 2017-2019: FOCUSING ON (1) THE FIRST THREE YEARS OF EACH PRESIDENCY, AND (2) THE FULL EIGHT YEARS OF THE CLINTON, BUSH, AND OBAMA PRESIDENCIES

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CHAPTER 2, DEMAND AND SUPPLY CURVES, ILLUSTRATED BY COVID

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CHAPTER 4, INTRODUCTION TO GROSS DOMESTIC PRODUCT (GDP) & IMPACT OF COVID

CHAPTER 5, IMPACT OF COVID ON ECONOMIC GROWTH

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(INCLUDING SOCIAL SECURITY, MEDICARE, AND HEALTHCARE POLICY)

CHAPTER 12, ECONOMIC GROWTH: THE 2007-8 CRISIS & DODD-FRANK ACT; THE
COVID CRISIS & CARES ACT; & BvT

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Presentation on the Book

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CHAPTER 26, SUMMARY OF MAJOR CONCEPTS

C. TABLE 1-A, OUTLINE OF THE ECONOMIC ISSUES DISCUSSED IN THIS BOOK, CHRONOLOGICALLY BY CHAPTER WITH THE DISCUSSIONS OF THE POSITIONS OF THE CANDIDATES HIGHLIGHTED

Chapter 1, Introduction
Chapter 2, The demand and supply model, a building block, illustrated by the reaction of firms to the COVID-19 crisis
Chapters 3, 4, 5, and 6, Introduction to economic growth, GDP, and aggregate demand and supply, with a first look at the impact of the COVID-19 crisis
Chapter 7, Economic growth and employment, and the likely impact of the minimum wage and other employment policies of Trump and Biden
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Chapter 10, The Expenditure Multiplier, and the likely impact of the infrastructure spending policies of Trump and Biden
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Chapter 12, Impact on economic growth of the 2007-2008 Financial Crisis, and the COVID-19 Crisis, and the likely impact of the policies of Trump and Biden
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Chapter 20, Impact of inequality on economic growth, especially as impacted by the COVID-19 crisis, **and the likely impact of the policies of Trump and Biden**

Chapters 21 and 22, Regulatory policy and antitrust policy, **and the likely impact of the policies of Trump and Biden**

Chapter 23, Economics of voting, examining whether the party of the president matters in determining economic growth, **and the policies of Trump and Biden**

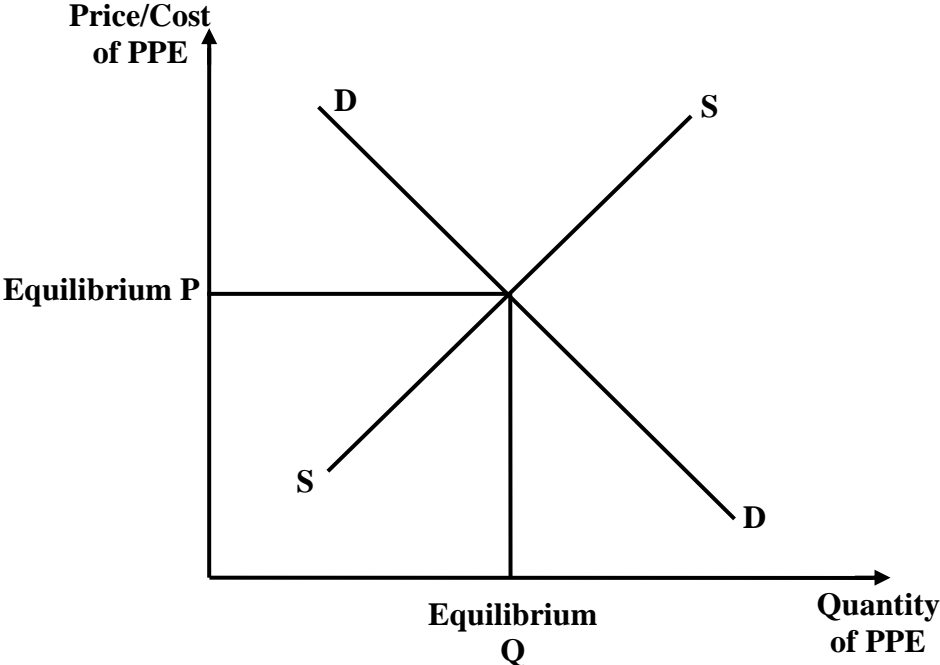
Chapter 24, Tax Policy, **and the likely impact of the policies of Trump and Biden**

1. Introduction to the Federal Income Tax
 - a. Individual
 - b. Corporate
 - c. Partnerships, LLC and Small Businesses
 - d. International Tax, that is, U.S. taxation of U.S. owned foreign business operations, including Inversions
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3. **Policies of Trump and Biden on corporate and business taxes**
4. **Policies of Trump and Biden on international tax**
5. Introduction to the Estate Tax
6. **Policies of Trump and Biden on the estate tax**

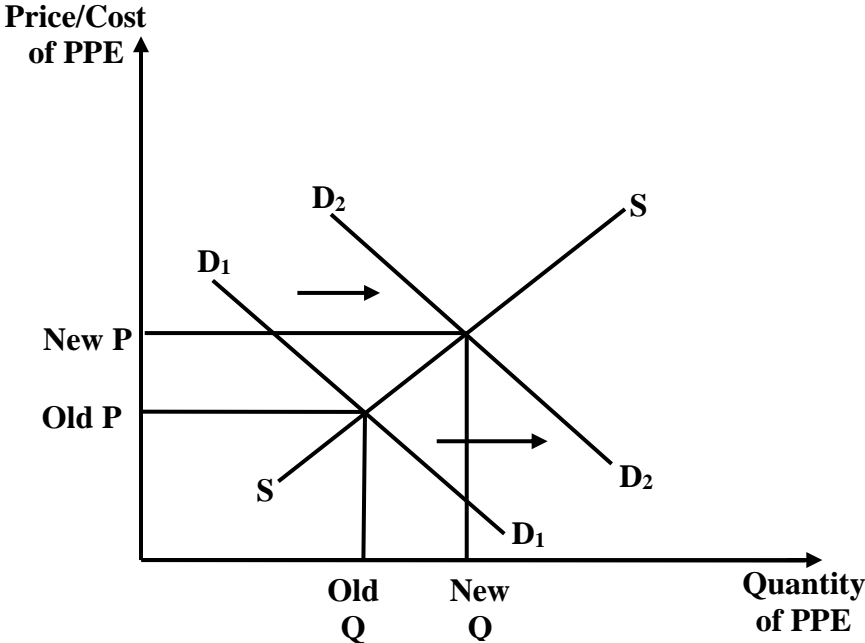
Chapter 25, From economics to personal investment decisions, including examining whether the party of the president matters in determining the performance of the stock market

Chapter 26, Summary of major principles discussed in the book, **including the Policies of Trump and Biden**

D. GRAPH 2-B, MICROECONOMIC MODEL OF SUPPLY AND DEMAND CURVES IN COMPETITIVE MARKET FOR PPE

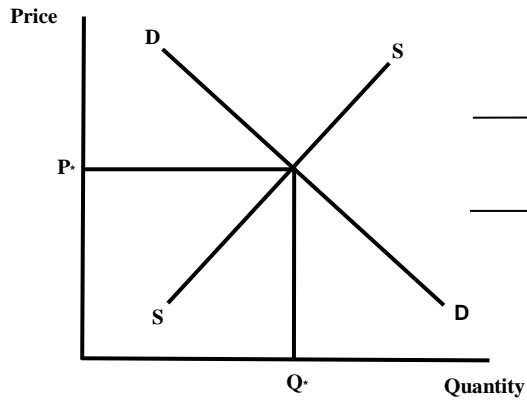


E. GRAPH 2-C, ILLUSTRATION OF RIGHTWARD SHIFT IN THE DEMAND CURVE FOR PPE

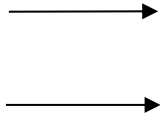


F. GRAPH 6-A, ILLUSTRATION OF BASIC MICROECONOMIC AND MACROECONOMIC MODELS

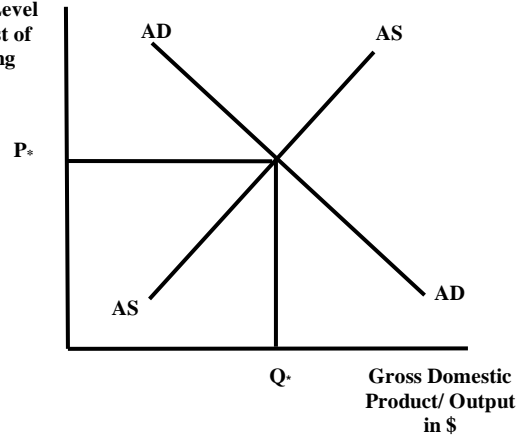
Microeconomic Model of Competitive Market for Various Products



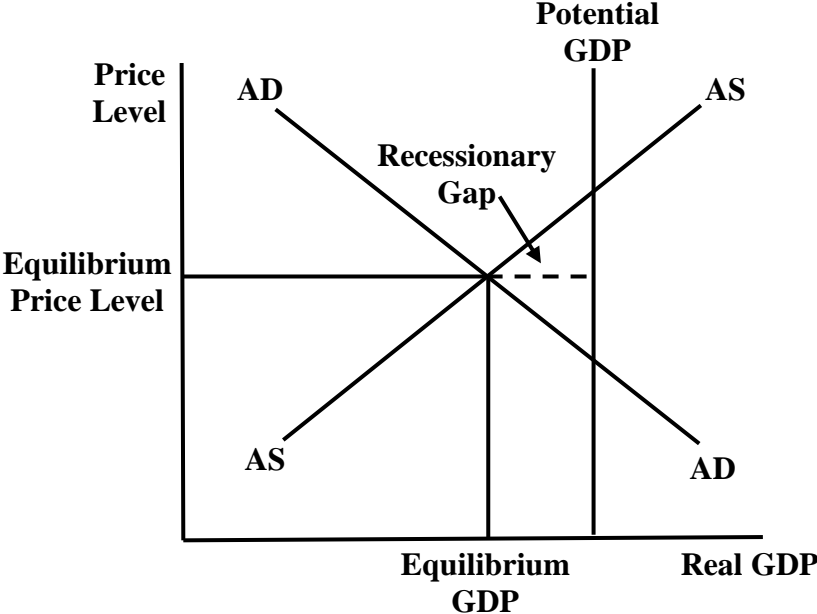
Price Level
or Cost of
Living



Macroeconomic Model of Aggregate Demand (AD) and Aggregate Supply (AS)



G. GRAPH 6-D, ILLUSTRATION OF POTENTIAL GDP EXCEEDING EQUILIBRIUM GDP—A RECESSIONARY GAP: THE CASE OF THE COVID-19 CRISIS



H. TABLE 23-A, SUMMARY OF DATA IN TABLE 23-E COMPARING RATES OF ECONOMIC GROWTH UNDER REPUBLICAN AND DEMOCRATIC PRESIDENTS FROM 1949 THROUGH 2019

Party	Num. of & % of Yrs in Office with Negative Growth	Num. of & % of Yrs in Office with Positive Growth	Num. of & % of Yrs in Office with 0%-2% Growth	Num. of & % of Yrs in Office with 2%-4% Growth	Num. of & % of Yrs in Office with Over 4% Growth
Dem	3; 9.4%	29; 90.6%	1; 3.1%	13; 40.6%	15; 46.9%
Rep	7; 17.9%	32; 82%	5; 12.8%	17; 43.6%	10; 25.6%

I. TABLE 23-B, SUMMARY OF DATA IN TABLE 23-E COMPARING RATES OF UNEMPLOYMENT UNDER REPUBLICAN AND DEMOCRATIC PRESIDENTS FROM 1949 THROUGH 2019

Party	Num. of & % of Yrs in Office with Unempl. under 4%	Num. of and % of Yrs in Office with Unempl 4%-5%	Num. of & % of Yrs in Office with Unempl 5%-6%	Num. of & % of Yrs in Office with Unempl over 6%
Dem	5; 15.6%	6; 18.8%	9; 28.1%	12; 37.5%
Rep	4; 10.3%	9; 23.1%	13; 33.3%	12; 30.8%

J. TABLE 23-D, COMPARING THE PERFORMANCE OF THE S&P 500 INDEX DURING THE LAST FOUR PRESIDENCIES, TWO DEMOCRATS AND TWO REPUBLICANS: CLINTON 1993-2000, BUSH 2001-2008, OBAMA 2009-2016, AND TRUMP 2017-2019: FOCUSING ON (1) THE FIRST THREE YEARS OF EACH PRESIDENCY, AND (2) THE FULL EIGHT YEARS OF THE CLINTON, BUSH, AND OBAMA PRESIDENCIES

[1] S&P/[A] PRESIDENT	[B] CLINTON	[C] BUSH	[D] OBAMA	[E] TRUMP
[2] S&P AT THE START OF ADMINISTRATION	435	1,320	903	2,239
[3] S&P AT THE END OF THE FIRST THREE YEARS	616	1,112	1,258	3,231
[4] INCREASE OR DECREASE IN THE S&P DURING THE FIRST THREE YEARS OF THE PRESIDENCY	180	(208)	355	992
[5] PERCENTAGE INCREASE OR DECREASE IN S&P DURING THE FIRST THREE YEARS OF THE PRESIDENCY	41.28%	(15.76)%	39.31%	44.31%
[6] S&P AT THE END OF THE FULL EIGHT YEARS OF THE PRESIDENCY	1,320	903	2,239	NA
[7] INCREASE OR DECREASE IN THE S&P DURING FULL EIGHT YEARS OF THE PRESIDENCY	884	(417.00)	1,336	NA
[8] PERCENTAGE INCREASE OR DECREASE IN S&P DURING FULL	203%	(31.59)%	148%	NA

EIGHT YEARS OF THE PRESIDENCY				
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Source: *2020 Economic Report of the President, infra* at Bibliography, Aa Table B-55, Historical Stock Prices and Yields, 1949-2003, and Table B-56, Common Stock Prices and Yields, 2000-2019