

Trump's Economic Triumph

Prosperity is increasing, and the less well-off are benefiting the most.

by Conrad Black



Four large secrets that most of the American media are afraid to utter are that the American economy is growing in a way that is directly helpful to the most vulnerable segments of society; that the administration's trade policy is clearly working; that the flow of illegal immigrants is sharply diminishing; and that for the first time in 65 years, the United States has practically ceased to be a net oil importer. These were all promises of the Trump candidacy, and the first three were areas where previous administrations had promised action but failed to deliver. Even now, the Democratic presidential candidates still prattle compulsively about "tax cuts for the rich" before embarking on the ride of the Valkyries to stratospheric taxes, open borders, socialized medicine, the Green Terror, and the dreaded "national

conversation" on trillion-dollar block-vote buying through racial reparations.

The census report ten days ago revealed workers' earnings increasing at 3.4 percent annually, a rate not seen since the best of the Reagan years, and the poverty rate has declined to 11.8 percent, the best figure that has been recorded since the end of the Clinton administration and still resolutely proceeding in the right direction. Unemployment is at its lowest percentage since the Lyndon Johnson administration more than 50 years ago (and the numbers then were helped by having 545,000 conscripts in Vietnam). Minority groups are the principal beneficiaries of the Trump economy; this isn't trickle-down, it's surge-up. Average income for female-led single-parent households jumped 7.6 percent last year, well ahead of gains in higher income groups. The poverty rate among female-led households fell 2.7 percent for African Americans, and 4 percent for Hispanics. Industries largely populated by women (and, historically, exploited women), especially hospitality and, to a lesser extent, health care, showed strong earnings gains, even as unemployment rates for African-American and Hispanic women fell to under 4.5 percent. Another partisan Democratic falsehood that is exposed by the census is the myth that the middle class is shrinking. The percentage of total families at the lowest economic levels has fallen by over 1 whole percent and the brackets from \$50,000 to \$150,000 and above \$200,000 have both increased by almost 1 whole percent (several million people in each case). There were sharp increases in the incomes of younger families (up to age 34).

Most growth has been in the lower and middle levels, and the downward effects of reduced benefit and welfare payments, which dampen the income-growth number slightly, are themselves a positive indicator of reduced need for assistance. The plain message from the census figures and accompanying current statistics from the Labor Department show that the

administration that puts economic growth (Trump) ahead of direct tax-and-spend transfers to combat inequality (Obama) achieves more for both economic growth and reduction of inequality. There is no sign that the Democrats are assimilating the lessons of this. They endlessly repeat their false mantra that the rich (i.e. the knee-jerk limousine liberals of Hollywood, Silicon Valley, and Wall Street, almost all of them effulgent Democrats) are the only winners from the Trump economy. The biggest relative winners are the most needy, which they will presumably remember on Election Day.

The usual media take about the trade dispute with China is also changing. The Chinese premier, Li Keqiang, acknowledged recently that "growth in industrial production is at its lowest point in 17 and a half years" and blamed the trade dispute with the U.S. This is unusually candid for a senior Chinese official. The premier reaffirmed the goal of 6.5 percent economic growth, but qualified western observers, including the liberal Brookings Institution, believe that China has been inflating its declared rate of economic growth by about 2 percent since 2008. The effect of this is that China has not really had 6 percent growth for about a decade, and the real present size of the Chinese economy is \$10.9 trillion, not the claimed \$13.4 trillion. This reveals that China's economy is really half the size of that of the United States, and at current rates of growth, is not gaining on the United States in absolute terms of size at all.

The U.S. tariffs have struck China at a sensitive time. Pork is one of the largest ingredients in the Chinese diet, and part of China's reprisal against the U.S., to try to strike at the base of President Trump's agrarian voting constituency, was to raise the tariff on pork by 400 percent, from 12 to 62 per cent. This backed straight onto the grocery bill of the Chinese families at a time when China has suffered the worst attack of African swine fever in its hog industry in many years, possibly leading to the reduction of the country's pork

production by 50 percent this year. The effect has been an almost 50 percent rise in pork prices and a jump in the inflation index. Foreign sources have not been able to make good domestic shortfalls in availability of pork. These developments, more than a general spirit of benignity, probably led to the Chinese exemption on further tariff increases on U.S. agricultural products announced last week. China is also the chief victim in any increase in the world oil price, a fact that may cause it to be more cautious in its Iranian policy. President Trump claims that the United States has collected \$68 billion on the new tariffs it has imposed and that it has only cost \$16 billion to protect the American farmer. That may be slightly optimistic, but it is clear that the farm states support the president and that the pressure on China to make a comprehensive settlement is practically irresistible, as long as the president doesn't gratuitously humiliate China. An improved trade deal with China now seems to be imminent.

Readers will recall the howls of derision that went up when candidate Trump said he would "build a wall" on the southern border and that Mexico would pay for it. Some will remember the vulgar expletives of the loud-mouthed former president of Mexico, Vicente Fox. The wall is being built; Mexico will substantially pay for it through the revised terms of the trade deal with Mexico, and the new Mexican president, Andres Manuel Lopez Obrador, the most leftward leader Mexico has had in many decades, is deploying 27,000 soldiers near the border and has revised the former Mexican practice of passing migrants through Mexico in huge numbers, from Central America to the United States. The nonsense of Democratic politicians such as Speaker Nancy Pelosi about the border detention centers being like Nazi death camps has ended. Historians of the future will wonder why the United States allowed 20 million into the country illegally in the first place, and the fact that the Democrats wanted the votes and the Republicans wanted the cheap labor is no excuse. President Trump's

tackling of the problem where his predecessors failed is a formidable achievement. The era of the Mexicans' attracting American factories to Mexico and shipping back illegal migrants and unemployment, but not the profits of relocated American companies, is ending, but Mexico is gaining trade with the U.S. lost by China.

Finally, a bipartisan success. The United States became a net oil importer in the Eisenhower years, and peaked at 15 million barrels a day (over \$400 billion annually) with President Clinton. This declined to ten million barrels a day with President George W. Bush, to five million a day under President Obama, and is now almost zero under President Trump. Increased offshore drilling and substitution of natural gas, fracking (horizontal shale drilling), and conservation have all contributed to this benign trend, but it cannot be said that windmills and solar panels had much to do with it.

These are all developments that were promised in the last election, a fact thoroughly disguised by the superficial controversies that regularly enshroud Washington (including the current Ukrainian nonsense).

First published in