



# OFF THE NEWS

## The Battle of the Titans

*The nasty civil war over Bidenomics.*

In his recent five-thousand-word essay in *Foreign Affairs* magazine, Jason Furman, the chair of President Obama's Council of Economic Advisers and now a Harvard professor, is proof of the old adage that in Washington policy circles, no good deed goes unpunished. Democrats are in the political wilderness, so one would think Furman would receive some credit for offering a useful salvo in the form of an important economic critique of the last four years.

Think again. Furman brings up the argument that Biden's sweeping infrastructure packages produced price surges beyond the administration's control. As a result, frustrated working families, already sensing that America's robust social mobility of decades past had collapsed, voted for Donald Trump.

Furman is lambasted in particularly harsh fashion by Robert Kuttner of *The American Prospect* for his "intellectual dishonesty" and for having, as a "master of manipulation," used "cherry-picked data."

Biden CEA chair Jared Bernstein in a Substack response offered a more respectful critique, suggesting the Larry Summers-Bob Rubin protégé was appropriate in offering a Bidenomics critique but it was a tad too "aggressive" and, all told, "more wrong than right."

To his credit, Bernstein follows up his harsh critique of Furman's alleged misuse of recent data to make his point with what

seemed like a heart-felt invitation for Furman to counter with a serious policy debate over the reliability of today's economic data.

What is surprising about this discussion is the lack of any polling data showing today's deep disillusionment toward the future by the American working class. The classic campaign question, "Are you better off today than you were four years ago?" was a loud alarm to the political elite of both parties. But it's never mentioned in this discussion. Rising inflation during the Biden years is only part of the story. Middle-class disillusionment has been growing for decades. Large parts of American society have felt left out.

It's time for strategists from both parties to look closely at the last forty years. Those years, kicked off by Fed Chairman Paul Volcker's courageous breaking of 1970s hyper-inflation in 1982, was an extraordinary period of wealth creation that happened under both political parties. Since 1980, the Dow Jones Industrial Average jumped an extraordinary 5,000 percent. Yet sadly, in 1980 barely one-third of the country owned stocks. Even now, while more than 60 percent of American adults own stocks, the value of the stocks the bottom half own is less than 1 percent the value of what the wealthiest 10 percent own. During the same period, real wages increased by only 15 percent. It is as if America had a fabulous party and half the country wasn't invited.



**Jason Furman**

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**Robert Kuttner**

NEW AMERICA



**Jared Bernstein**

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## Capitol Hill Fed Meddling

New House Financial Services Committee Chair French Hill (R-AR) has announced the creation of a task force to focus on the Federal Reserve and Treasury markets. Said Hill, “For far too long, we have witnessed too many distracting ‘mandates’ diluting the Federal Reserve’s core mission of price stability. The pernicious combination of record inflation and the Biden-Harris spending spree are threatening our families’ prosperity, the status of the U.S. dollar as the globe’s reserve currency, and the conduct of monetary policy.”

Hill said the new Monetary Policy, Treasury Market Resilience, and Economic Prosperity Task Force will “conduct hearings looking into issues relating to monetary policy, the Federal Reserve’s dual mandate, analyze the role and responsibility of the Federal Reserve, and examine the impact of fiscal and monetary policies on Treasury debt markets.”

Representative Frank Lucas (R-OK) will chair the task force.

## King Dollar

The future of the American dollar has been the focus of analysts and market watchers as Trump tariff threats rattle U.S. trading partners. Washington’s increased use of dollar dominance as a foreign policy tool has caused policymakers to worry that other countries might be pushed to seek alternatives to the dollar. At the same time, digital innovations in currency threaten to upend the entire system.

All this makes long-time *TIE* contributor Paul Blustein’s authoritative new book, *King Dollar: The Past and Future of the World’s Dominant Currency* (Yale University Press), timely and essential reading.



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