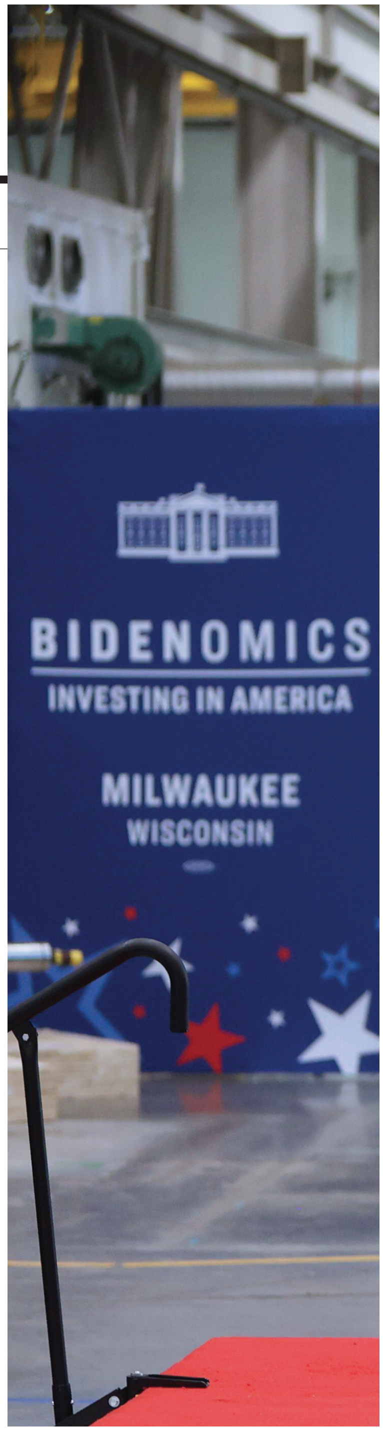
THE ECONOMY

Is 'Bidenomics' Just 'Bidenology' or 'Trumpology'?



Biden's ideology on economics often resembles his predecessor's, though reoriented to embrace Democratic Party sacred cows.

BY PIERRE LEMIEUX

A strange jargon practice fuses the name of a political leader with the word "economics," creating such terms as "Bidenomics." It suggests the leader is employing some new theory or policy that shows economic genius or, in the view of his detractors, failure. Whatever the origin of "Bidenomics," President Joe Biden and his White House have actively turned it into a one-word campaign slogan. But what is its actual content? And how does it compare to his predecessor's "Trumponomics"?

In February 2023, the White House released a fact sheet titled "The Biden Economic Plan Is Working." It included at least one intriguing statement: "President Biden is a capitalist and believes that anyone should be able to become a millionaire or a billionaire. He also believes that it is wrong for America to have a tax code that results in America's wealthiest households paying a lower tax rate than working families." Which raises another question: Is Bidenomics a capitalist program?

Four months later, the White House published a statement titled "Bidenomics Is Working: The President's Plan Grows the Economy from the Middle Out and Bottom Up—Not the Top." The text is high on rhetoric and light on rational explanations. Bidenomics is described as "an economic vision centered around three key pillars," which we will discuss below. We will find that Bidenomics incorporates many disparate orientations and proposals, shooting in all directions and not necessarily coherently. One common thread is that they respect Democratic sacred cows and promote Biden's 2024 political ambitions and those of his party allies.

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HAPPY SPENDING

Biden boasts that his current fiscal policy is "responsible." To be sure, Fiscal Year 2022's federal deficit was less than 2021's, which was less than then-president Donald Trump's last full fiscal year, FY 2020. (A reminder: the federal government's fiscal year begins on October 1 of the preceding calendar year.) On the other hand, FY 2023's deficit is expected to be more than 2022's, and to remain at a higher level every year until 2033, according to the Congressional Budget Office. All those trillion-dollar-plus deficits increase the federal debt held by the public. The increase in the public debt amounted $3.1 trillion during Biden's first nine quarters in the White House (up to and including the first quarter of 2023), which is a rate only slightly more responsible—or less irresponsible—than Trump's $7.2 trillion over his 16 quarters in office.

It should be acknowledged that both Biden's and Trump's largest deficit came during the COVID years of 2020–2021. But Trump rang up trillion-dollar deficits before the pandemic struck and Biden continues to do so. Under both Trump and Biden, the deficits were mainly caused by high expenditures rather than low tax revenues. Biden now seems intent to spend as if the federal

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government and taxpayers face no constraint and dependence on government is a virtue.

In July, international financier Ruchir Sharma wrote in the *Financial Times* that "American exceptionalism" now includes the worst public deficits in the developed world and the third highest public debt (in proportion of GDP), after Japan and Italy, in part because of Biden's "latter-day New Deal." The persistent federal deficit and Washington's unwillingness to address it were the main factor in Fitch Ratings' recent downgrade of the public debt.

The budget splurge over the last seven years, partly accommodated by an increased money supply by the Federal Reserve, has contributed to the highest U.S. inflation in four decades. Taking the ratio of the increase in the Treasury securities held by the Fed to the increase in the federal debt held by the public, we can estimate that the Fed accommodated, through an increase in the money supply, 31 percent of the deficits under Trump and, as of the end of the first quarter of this year, 21 percent of the deficits under Biden. After the beginning of 2021, the monetary base generally increased but at a decreasing rate, which likely explains, with the usual lag, the inflation reduction that started in mid-2022.

ANTITRUST AND THE REGULATION OF COMPETITION

One of the three "key pillars" of Bidenomics as identified by the White House is the promotion of competition. The president previously issued, in July 2021, an executive order "Promoting Competition in the American Economy." The order was meant to promote a "fair, open, and competitive marketplace." It is notable that "free" was not mentioned. "Freedom" and its cognates appear just once in the 17-page document, in the expression "economic freedom." But it was used to describe workers' "freedom" to switch jobs, which the Biden White House complains is being restricted by noncompete agreements (which no one is forced to sign), and to the *collective* power of unionized workers to "negotiate a higher wage" (as opposed to the individual freedom to work at a wage one thinks best given one's circumstances, even if lower than a government-determined or union-cartelized minimum wage). In contrast, the order uses the word "fair" and its cognates more than three dozen times.

Biden's order did correctly identify a real economic freedom problem, one caused by government: "restrictive licensing requirements" (generally at the state level). But the problem is considered only from the viewpoint of workers, not consumers. Administration proposals that do invoke consumers would in fact work against the latter's choices and welfare by preventing producers from providing the diversity of offerings that consumers want.

Biden's nomination of Lina Kahn, a 32-year-old Harvard Law School professor, as head of the Federal Trade Commission marked an attempt at expanding government antitrust action. Confirmed with the help of 21 Republican votes in the Senate, Khan has embarked on a crusade to extend the reach of existing law by developing new legal theories and filing more lawsuits. Mere "bigness" and high technology seem to be her chief concerns, rather than the longstanding consumer-welfare standard. The antitrust division of the Department of Justice has moved in the same direction. Large corporations are seen as the problem simply because of their size, though there appears to be no parallel concerns about big trade unions and big government.

Fortunately, the courts have been skeptical of this policy change, as shown by the failure of suits to block Meta Platforms' acquisition of reality-gaming company Within Unlimited, and Microsoft's acquisition of videogame publisher Activision Blizzard. Academic research and the empirical record have also revealed problems with the Biden administration's new antitrust theories. (See "Antitrust," p. 61.) Kahn's agency is also suing Amazon and Google while the Justice Department is investigating the Apple Store.

The international news magazine *The Economist*, despite being generally favorable to antitrust laws, has argued that the new crusade against bigness and high tech is unproductive. It threatens American research and development, of which one-fourth is done by the five largest high-tech firms. With nearly Schumpeterian accents, the venerable magazine defended the idea that "dealmaking, even involving big firms, is a vital part of healthy capitalism," which the new antitrust warriors in D.C. do not seem to understand. (See "A Celebrated and Puzzling Book," Summer 2022.) Competition provides its own remedy to concentration: large corporations are always threatened by actual or potential competition either from other large corporations or from startups. Amazon and Google did not exist three decades ago. Meta (Facebook) is less than two decades old.

Interestingly but not surprisingly, the Biden administration supports an international state cartel, led by the Organisation for Economic Co-operation and Development, to impose a minimum corporate tax on multinational corporations, thereby limiting competition of national governments to attract them. The affected corporations and the individuals directly or indirectly owning them will be made less capable of escaping governments' tax greed.

"SMART" INDUSTRIAL POLICY

Another official pillar of Bidenomics mentioned in the White House's June 28 document is the making of "smart" targeted public investments, "from improving our infrastructure, to semiconductors, to investing in clean energy and climate security." (It is hard to remember a time when government acknowledged planning a dumb investment with taxpayer money.) This terminology may sound cutting edge, but it's really just warmed-over industrial policy.

Industrial policy, also called industrial strategy, is a set of interventionist measures aimed at prioritizing the economic sectors that government leaders deem to be, in some sense, especially useful. Like many historical instances of industrial policy, the Biden sort is oriented toward manufacturing and construction (which make up "industry" in its narrow sense). Jean-Baptiste Colbert, the finance minister of Louis XIV in the 17th century, pursued an industrial policy of self-sufficiency in manufacturing, which did not prevent the French economy from lagging behind quite-laissez-faire Netherlands and England, the two countries where the Industrial Revolution took off. Colbert also thought that the king, by spending the money (or other resources) he had taken from his subjects, made them richer. In a similar vein, Biden says that he is making "smart investments in the American people."

In our times, the heyday of industrial policy can probably be found around the 1960s. Like Trump, Biden pursues what *The Economist* calls a "manufacturing delusion." Despite what these politicians believe, or want their voters to believe, manufacturing jobs have not "moved" to less developed countries and they will not "come back." Rather, they have simply been replaced in advanced economies by more automated, more productive, and less numerous jobs, or by jobs in other economic sectors. They would "come back" only at a high cost by reducing productivity in the economy. Cutting-edge manufacturing now often looks more like a service industry, focusing on research, design, software, and after-sales service, rather than making physical things and assembling components. Moreover, production workers' wages in America are now 5 percent lower than for similar workers in the service sectors, which is not surprising because consumer demand has moved to services such as health care, education, travel, and leisure.

One of Biden's spokesmen said the president has "brought hundreds of thousands of manufacturing jobs back to the United States." In reality, the jobs were "brought back" not from foreign lands, but from the COVID recession of early 2020. After the short but steep recession, during which the number of manufacturing jobs plunged, they started recovering under Trump, a catch-up that continued with an 800,000 increase during Biden's term thus far. It is worth remembering that the peak in manufacturing employment occurred in 1979. An upward movement after the crash of the 2007–2009 Great Recession only recovered two-thirds of the jobs that disappeared during that recession, suggesting that one-third of the jobs were not efficient and were destined to disappear. Bidenomics is not a court of miracles.

As for manufacturing production, which is a more revealing statistic than employment in the sector, it decreased slightly over Trump's term (mainly because of the COVID recession), increased slightly under Biden (because of the COVID recovery), and is now back to roughly what it was during Barack Obama's presidency. The main lesson is that manufacturing production in America (as in most advanced countries) has been growing with fewer employees, confirming the increase in value-added and productivity of a more modern manufacturing sector, while low-level manufacturing or assembling has been broadly outsourced to poorer countries.

Americans often grumble that domestic manufacturing is being outsourced to China, making the Chinese rich. This is an emotional delusion of nationalism. China is a poor country: its gross domestic product or income per capita is about one-fourth of the U.S. level. This developing country is said to be the world's second largest economy (far behind the United States), but that is because 800 million poor laborers end up producing a lot. And we should not forget that trade is beneficial for the rich as well as for the poor.

One of the most abstruse bits in Bidenomic industrial policy concerns so-called "place-based industrial policy." In short, it means that in any place where there once was successful manufacturing, there should still be manufacturing, even if it must be heavily subsidized. "I believe," Biden said in a July speech, "that every American willing to work hard should be able to get a good job no matter where they live … and keep their roots where they grew up." This is, it should be noted, a dramatic departure from the country's history, when people moved from the Old World to the New, from the East Coast to the West, from the country to the city (and later the suburbs), and from the South to the North (and then back to the South) to seek their fortune. Nonetheless, *The Economist* reports that Congress has authorized at least $80 billion in place-based spending. It's like wanting to return the economy to where it was half a century ago, even as other parts of the world move toward the future.

According to *The Economist*, Biden has committed around $1 trillion of taxpayers' money. "Folks, where is it written that [we] can't once again be the manufacturing capital of the world?" he asked. The short answer is that for labor-intensive manufacturing, the comparative advantage does not reside in rich countries. Whether he realizes it or not, what Biden is really proposing is to de-modernize America, to shift resources from sectors where American workers are comparatively efficient to sectors where they are not.

THE "CLIMATE CRISIS" … AND OTHER STUFF

Before Biden's three "pillars" of industrial policy, the first director of his National Economic Council, lawyer Brian Deese, defined three "areas" of what he preferred to call an "industrial strategy": (1) transportation infrastructure, (2) technological innovation, and (3) clean energy. Much of the latter two areas are related to climate policy, a big concern of the Biden White House.

Three major laws form the core of Biden's industrial strategy. The Infrastructure Investment and Jobs Act of 2021 focuses on transportation and broadband infrastructure. The Semiconductors and Science Act (or CHIPS Act) of 2022 subsidizes microprocessor manufacturers and increases federal subsidies to research and development. The Inflation Reduction Act of 2022 (which has nothing to do with fighting inflation) earmarks money for things like "energy security," climate-change programs, an extension of the Affordable Care Act, a tax increase on corporations and the rich, and more money for Internal Revenue Service enforcement.

On January 27, 2021, one week into his presidency, Biden issued an executive order on "Tackling the Climate Crisis at Home and Abroad." It aims at prioritizing climate action, but it constantly reminds us that there are other priorities—for example, "creating well-paying union jobs … including more opportunities for women and people of color," following "the requirements of Made in America Laws" and of the Davis–Bacon Act, and so forth. The order also aims at a "comprehensive environmental justice enforcement strategy." It's a long grocery list of environmentalist wishes and industrial policy snippets, drowning in a litany of official titles and government bureau names.

It is premature to try to measure the opportunity cost of the climate-crisis policies that are or will be implemented. It will depend on which regulations are adopted and on the actual appropriations by Congress. But this part of Bidenomics will certainly be very costly. As economic historian Robert Higgs explained in *Crisis and Leviathan*, the state takes advantage of crises—real, exaggerated, or imagined—to grow.

In many cases, Congress will not even be necessary. Reporting on a flurry of new regulations proposed in the heat of the summer while Congress was in recess, the editorial board of the *Wall Street Journal* noted that "the Administration is imposing by regulation what it can't pass through Congress and hoping nobody notices."

FROM LIGHTHIZER TO TAI

Along Trumpian protectionist lines, Biden's "smart" investments require protectionism—that is, products "Made-in-America"—for infrastructure and green projects, as if paying more for inputs makes smart investment even smarter. Although it reduces competition in the domestic market, protectionism is a natural component of industrial policy because domestic manufacturers and their workers benefit, at least in the short run, from protection against foreign competitors.

Protectionist actions are typically demanded by domestic corporations that cannot compete against imports and by their complicit trade unions. For example, the Commerce Department and the quasi-judicial (really a fake court) International Trade Commission are once again investigating imports of steel—in this case, tinplate—that compete with the products of domestic steelmakers and push prices down. Tinplate is used in food cans and, according to the Consumer Brands Association, a trade association, new tariffs on tinplate could increase the price of canned food by 19–30 percent. The request for the investigation was filed by Ohio steelmaker Cleveland–Cliffs and the United Steelmakers union. The imports targeted for antidumping duties come not only from China, but also from Taiwan, Turkey, South Korea, Canada, Germany, Netherlands, and the United Kingdom, most of them friendly and high-wage countries.

As usual, this case is pushed by special interests that benefit from forcing American consumers to pay more. The substitution of "fair trade" for "free trade" in the Bidenomics vulgate is simply a smokescreen to hide the administration's desire to privilege favored political clientèles. Biden has maintained most of the tariffs imposed by Trump. At the time of this writing, it is not clear if the Biden administration will stop the Trump tariffs on European steel and aluminum from resuming after a temporary and partial suspension.

Biden's U.S. Trade Representative (USTR) is Katherine Tai, another lawyer. (Much of Biden's economic programme is overseen by lawyers.) Tai claims that "in trade as in antitrust," we must "[move] away from a narrow focus on benefits for consumers," as if the individual consumes in order to produce instead of the other way around, and as if the producer should impose his will on his customers. She tweeted that Bidenomics is about "an economy that is inclusive and works for ALL Americans." She must mean that it works for all Americans according to politicians' opinion of what is in every individual's interest, determined from the top down. She was unanimously confirmed by the Senate.

Tai seems to think that "countries" compete, produce, and consume, as if individuals did not exist, as if they should not trade with whom they want. "We are mindful of the effects that trade actions can have on American workers and businesses," she said before a congressional committee, typically not mentioning consumers. She believes in "open markets," not free markets, and in a trade policy that is "equitable, inclusive, and durable," with no mention of "free trade." She says that "trade policy must respect the space for our domestic policymakers, regulators, enforcement officials, and legislators." Respect the space of government? But what about the space of ordinary individuals?

Like Trump, Biden believes that, by some magic, Americans are richer if, through the tariffs imposed by their own government, they are taxed to create jobs at home that serve to produce goods for foreigners. (See "Logic, Economics, and Protectionist Nationalists," Fall 2020.) Economic analysis suggests that both exporters *and* importers should be free. The underlying ideology of Bidenomics claims the contrary. It is perhaps best encapsuled in the title of a recent book by former Trump USTR Robert Lighthizer, *No Trade Is Free*. In this collectivist perspective, there is no individual liberty, only power relations: trade is of necessity a matter of collective choices, of politics, and of threats if not wars.

A new beacon for Europe? / Biden's embrace of Trump's protectionism has led the European Union to request new protectionist powers for itself, illustrating both the vicious circle of retaliation and the fall of America from its post-World War II stature as the champion of free trade. "Brussels was finally prompted to toughen its stance," writes the *Financial Times*, "when US president Joe Biden invoked the Defense Production Act [DPA] to restrict exports of vaccine ingredients in the midst of the Covid-19 pandemic." Now, EU rulers want their own version of the DPA, a Korean War relic. Perhaps next time Americans need to import baby formula from Europe (because the U.S. government has created disincentives for American producers), the EU government will block it with its own DPA?

As opposed to the U.S. government or the French government, governments of Baltic and Scandinavian countries are consolidating their reputations as free traders. But it does seem that the EU is turning more protectionist and dirigiste, thanks in part to the U.S. government that now looks like a beacon of interventionism.

It is difficult not to relate this to what is happening in the administration's battle *against* competition *in the name of* competition. *Financial Times* columnist Rana Foroohar recently praised "the energetic crop of young American [antitrust] regulators," not to say controllers, for becoming a model for European "watchdogs." In America, it seems, the watchdogs do not need new laws to expand their jurisdiction, just more forceful threats and bureaucratic "guidelines." Foroohar also praised American politicians and bureaucrats for teaching protectionism to European rulers. Doesn't it sometimes feel as if Trump did win the 2020 election? As Shakespeare might say, something is rotten in the state of America.

POLITICAL CLIENTELES AND IDEOLOGY

The White House statement on Bidenomics describes its third pillar as "empowering and educating workers to grow the middle class." It is "worker-centric." Biden and his collaborators often say that "a job is about far more than a paycheck, it's about dignity of work." Typically, however, trades union go on strike to negotiate more money, not more dignity. And one would think that the dignity of work is not upheld by jobs that are artificially and coercively maintained by the government against consumers who would prefer to buy their stuff elsewhere—from firms with non-unionized American workers or from foreign firms with poorer workers. Protectionist measures against imported solar equipment plus special tax credits for domestic producers is an example. In the American tradition, a job boosts dignity because it provides individual independence and self-reliance, not because it is subsidized by Big Brother.

It is remarkable how the professed "worker-centric" character of Bidenomics is similar to the Trumpian party's "America first" creed. Lighthizer writes about "our worker-oriented trade policy."

A more convincing reason for Biden's "worker-centric" policy relates to an observation by economist and political philosopher

Anthony de Jasay: "When the state cannot please everybody, it will choose whom it had better please." De Jasay's idea is that the state is (the most conservative among us might say "has become") essentially a redistributive machine: the politicians in power redistribute money or privileges to their political clientele at the cost of other citizens. In the case of the Democratic Party, it means redistribution in favor of organized labor, a clientele that helps with voter mobilization and campaign contributions. Trump was also counting on organized labor to support his trade wars, and on poorer blue-collar workers for votes.

The inequality ideology / People in the ambit of the Democratic Party show a concern for inequality and poverty in American society. This concern, however, is not well grounded in economic reality, and sometimes not in logic either.

Tai, the USTR, says that everybody aspires "to provide those at the bottom with a path to the middle." If she is speaking in terms of absolute incomes, her wish is as banal as it is commendable: we would all like the poor to be richer, and it shouldn't matter if that comes with the rich getting richer. Economic theory and history show that economic freedom, not government planning, creates prosperity. (See "Why the Great Enrichment Started in the West," Summer 2023.) But if Tai is speaking in terms of relative incomes, her rhetoric does not seem to meet minimum criteria of logic: if the bottom moves into the middle, either part of the old middle will have dropped to the bottom or the middle will have moved still higher.

In reality, the actual degree of inequality and poverty in the United States is greatly exaggerated, as shown by the calculations of economists Phil Gramm, Robert Ekelund, and John Early in their recent book *The Myth of American Inequality*. Correcting the official poverty rate with other government data (such as transfer payments like food stamps and refundable tax credits, which are not counted by the Census Bureau as income received), they calculate that the poverty rate was down to 1.1 percent in 2017, less than a tenth of the Census Bureau published rate of 12.3 percent. (The latest Census Bureau figure is 11.6 percent.)

The poorest Americans are not as poor as they are assumed to be, nor the richest as filthy rich as rumored. The 1 percent of households on top of the income ladder starts at about $600,000 in pretax annual income. On average, those households pay 39.8 percent of their income in taxes, according to unpublished numbers provided by Early. By comparison, the average tax rates for the first four quintiles of income are 7.5, 14.1, 22.7 and 28.4 percent, respectively.

Reliable measures of inequality are, even among most of the 1-percenters, a reflection of entrepreneurship, work effort, educational achievements, and individual freedoms such as marriage choices. The data presented by Gramm et al. suggest a quite reasonable degree of inequality in American society, even before the large government redistribution through transfer payments (essentially to the bottom and second quintile) and taxes (more than 80 percent of which are paid by the top two quintiles).

GOVERNMENT GREED

Biden has called for a minimum annual tax of 25 percent on individuals worth more than $100 million. This proposed "billionaire tax" would hit annual incomes as usually measured *plus* unrealized capital gains, which means that capital would be taxed too. It is only true that, as Biden claims, the billionaires pay lower taxes than working families if the annual incomes of the former are *defined* as including *future* incomes (which is what unrealized capital gains are, assuming they are someday realized), while other taxpayers pay taxes only on their current incomes (and not, for example, on unrealized capital gains in their retirement plans).

The danger of a tax on capital is that it allows the government to tax future incomes—that is, gains that will only be realized in the future. Given government greed, it would be surprising if the new tax proposed by Biden is not eventually tweaked to hit households lower on the income ladder.

Attacking economic freedom / On July 6 in South Carolina, Biden gave a speech to tout his economic policies. The speech was delivered on the grounds of Flex, a private manufacturing company that will benefit from tax credits for solar projects contained in the Inflation Reduction Act. In the speech, Biden revealed an unofficial fourth pillar of Bidenomics. He spoke of "the failed trickle-down economics," using a typically derogative term to attack the idea that the poor and middle classes benefit from economic freedom. Government direction as well as redistribution, Biden and his cohorts believe, better help the common people.

The reality is very different. It has been shown again and again that liberating enterprise and trade and letting successful entrepreneurs get rich raise the general standard of living. Arguably the strongest piece of evidence for this is the Industrial Revolution, which started around the early 19th century and multiplied the average real income in western countries by large factors. Since 1820, average real income has increased 12-fold in the United Kingdom, 16 in the Netherlands, 21 in the United States, 25 in Switzerland, and 31 in Canada. In contrast, populist economics (whether of the political left or right) has chilled general prosperity. Consider, for example, Argentina and Venezuela, where economic growth has stopped or reversed and income per capita has fallen to, respectively, 34 percent and 19 percent of the U.S. level.

More evidence of the broad benefits of economic freedom comes from econometric studies comparing, over a large number of countries and many decades, the relationship between the growth of average income in the whole population and the growth of average income among the poorest 10 percent. Those studies, starting in 2002 with one by economists at the International Monetary Fund, have consistently shown that the average income of the poorest grows with general economic growth, sometimes in the same proportion—but grows anyway. George Mason University economist Vincent Geloso has recently summarized this research in a short and enlightening article for the Montreal Economic Institute.

More regulation / Data by the Mercatus Center's QuantGov.org on the number of restrictions in the *Code of Federal Regulations* (the stock of all federal regulations at the end of each calendar year) show a very slight increase in 2021 and 2022 compared to the Trump plateau. It would be surprising if the dirigiste activism of Bidenomics did not soon translate into a sizeable increase in regulatory restrictions. The administration seems to be preparing for this by limiting the transparency of its regulatory activities, such as doubling from \$100 million to \$200 million the threshold for the regulations that must undergo some cost–benefit analysis.

Another danger lurks: that Biden regulates by threats and bullying, like in 2022 when he ordered, or tried to order, "companies running gas stations" to cut prices. His ignorance that more than 60 percent of gas stations are operated by an individual or a family does not make this extra-legal command less dangerous for the rule of law. Here again, Biden is copying his predecessor: Trump also liked to give orders to American private businesses, like in August 2019 when he announced (via Twitter, of course), "Our great American companies are hereby ordered to immediately start looking for an alternative to China."

To underscore the similarity, as this article was moving to layout in mid-August, Biden declared a "national emergency" (another crisis!) to regulate some American foreign investment in "countries of concern" representing "national security risks." China, Hong Kong, and Macau are the "countries of concern" listed in the annex of the executive order. No doubt that Bidenomics will produce more regulatory surprises consistent with its Trumponomic precursor.

THE POVERTY OF POLITICS

To summarize, Bidenomics is a hodgepodge of policies to replace free market competition with regulation, industrial policy, protectionism, and redistribution from one part of the American population to another. We have seen that many components of this mixture are not very different from what the previous administration advocated, although Bidenomics claims to do it under the banner of progressivism while Trumponomics worked under the banner of conservatism. Their favored electoral clientèles did not exactly coincide, but there were significant overlaps.

The central principle of today's Republican Party is that it stands against whatever the Democratic Party stands for. One might then expect that Republicans would respond to the Biden administration's dirigisme by embracing free markets and individual liberty. Alas, that is not what has been happening. Many observers, including *The Economist*, have noted that the Trumpian Republican Party is bidding up the price of dirigisme in an effort to claim it for their camp: "Economic philosophy is not just changing—it is converging," the magazine writes.

It is also pretty clear that Bidenomics is further from classical liberalism than the economic policies of, say, Bill Clinton, just as Trumponomics is far from the ideals of Ronald Reagan. Whether Biden himself has any thought-out economic philosophy is (very) uncertain, but he cannot go against his tribe. The environment of the Democratic Party has certainly influenced his interventionist and dirigiste intuitions. His administration has had no problem hiring pro-intervention economists to draft his economic programme. They believe in a strong state because of "market failures," but they ignore the government failures that are all over history and our current world and have been analyzed by more than half a century of public choice economics. (See "The Public Choice Revolution," Fall 2004.)

To answer one of our opening questions, Biden is a capitalist in the same sense that Trump is—that is, if and only if the regime he calls "capitalist" produces the results and social configuration he wants and gives him the adulation of at least half the voters and the resulting political power. If, on the contrary, capitalism means free markets—which are entirely guided by the diversified demands of consumers, allow entrepreneurship and free enterprise, and produce remunerations based on the satisfaction of consumer demand—then Biden is certainly not a capitalist. Friedrich Hayek, the Nobel economist, was among the classical liberals who best emphasized that the "value of freedom rests on the opportunities it provides for unforeseen and unpredictable actions," not for satisfying politicians' and bureaucrats' social visions.

We should, of course, be wary (and weary) of the idea that, except perhaps in extraordinary circumstances, a president has the power to bring about major beneficial changes in the economy and society. But the effect of a president is not symmetric: he and his administration can do much long-term damage in a short time of meddling. One thing is certain: the history of economic thought will not retain Bidenomics as a revolution in economic thinking. In order not to confuse economics and astrology, Bidenomics should really be called "Bidenology," just as Trumponomics is "Trumpology." *R*

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