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All the Good Economic News Vindicates Bidenomics

di Paul Krugman

It's hard to overstate just how good recent economic numbers have been.

On Friday, we learned that [job growth is still solid](#) while unemployment remains historically low. I think it's safe to say that Donald Trump's 2020 prediction that a Joe Biden presidency would mean a "[depression](#)" — a claim he's now repeating by predicting a "great depression" if Kamala Harris wins — didn't come true.

A week earlier we learned that inflation has continued to [decline](#) and is now more or less at the Federal Reserve's target of 2 percent. This success has defied the view, held by many economists just a couple of years ago, that disinflation would require years of high unemployment.

So does this good news vindicate Bidenomics? I would say yes — but not quite the way you might imagine.

Before I get there, a word on the inevitable attempts by Trump and those around him to deny the reality of the good news. Some, like Senator Marco Rubio of Florida, are simply claiming that the numbers are "[fake](#)." Aside from slandering some of the hard-working staff members at federal statistics agencies, such assertions ignore the fact that independent, [private estimates](#) also show strong job growth and low inflation.

The main response from MAGA world, however, seems to involve insisting, as Trump did in a recent [interview](#) on the Fox Business channel, that "the illegal migrants coming into the country are getting the jobs."

Claims like this get some surface plausibility from the fact that [employment among native-born Americans](#) has in fact been flat or declining in recent years. But this isn't happening because the Americans born here can't find jobs; the native-born [unemployment rate](#) is only 3.8 percent. It's happening because baby boomers

are getting older, and more and more of them are reaching retirement age and leaving the labor force. This is, by the way, something many economists, [myself included](#), have been writing about for a long time.

If you correct for an aging population by looking only at adults in their prime working years, the employment rate among U.S.-born adults is [higher now](#) than at any point during the Trump administration.

In short, the good economic news is real, whatever Trump and his hangers-on may say. But does the Biden-Harris administration deserve credit?

The fiscal stimulus provided by the [American Rescue Plan](#), enacted early in 2021, surely helped the U.S. economy recover quickly from the pandemic recession. But it's difficult to argue that it's still driving job growth in the fall of 2024.

As for falling inflation, while the Biden administration did sign something called the Inflation Reduction Act into law in 2022, it basically had nothing to do with inflation; it was mainly a climate bill. Administration economists themselves attribute the decline in inflation since 2022 primarily to the [unsnarling of supply chains](#) that had been disrupted by the pandemic. Government policy may have helped this unsnarling a bit, but mainly it was a matter of our economy showing, once again, its remarkable ability to adapt to shocks.

But if President Biden's policies weren't the main cause of low unemployment and inflation, why do I say they were vindicated? Because our success at getting to the good place where we are right now shows that progressive economic policies are, in fact, feasible.

If you read those misguided warnings from a few years ago that our economy was doomed to experience persistent inflation and recession, some represented [sincere concerns](#) that the inflation surge of 2021-22 — which was, by the way, global, occurring in [many countries](#) — would become entrenched.

But many of them had an unmistakable tone of satisfaction, implicitly or explicitly saying, "See, this is what happens when you spend money on things liberals want." Indeed, the Biden administration pushed through major assistance to [families with children](#), big subsidies for [clean energy](#), large investments in [technology](#) and more.

Many stagflation doomers saw what they imagined to be a dismal economic outlook as, in effect, punishment for this ambitious agenda.

In other words, many of those [dire predictions](#) about the economy should be seen as ideological, or just cynical assertions that if you try to protect the environment and help families and important industries — as opposed to, say, cutting taxes on the rich — you'll wreck the economy.

Some, like Elon Musk, [are basically still saying that](#).

Except the punishment never came. America has instead experienced robust growth combined with falling inflation.

Will those who insisted that progressive policies are economically disastrous reconsider their views given how well we've done recently? Don't hold your breath.

For the rest of us, however, the good economic news confirms that you can do well while doing good, that America can prosper in the present while preparing for the future by aiding children, building infrastructure, promoting the energy transition and more.

And that, at a fundamental level, is what Bidenomics was about — the assertion, now vindicated, that progressive policies can go hand in hand with prosperity.