

## Why did Bidenomics fail to deliver at the polls?

*di Eduardo Porter*

So many things about the strategy made so much sense.

The \$1.9 trillion [American Rescue Plan](#) at the dawn of Joe Biden's presidency, which prevented a surge in poverty and joblessness as the covid-19 pandemic ravaged the economy, looked like exactly the right bet — especially given memories of the Obama administration's timid response to the housing crisis of 2008 and the deep recession that ensued.

The burst of industrial policy that followed (the Chips and Science Act, the bipartisan infrastructure law, the Inflation Reduction Act) appeared equally adroit — a strategy to address the plight of the many White workers without a college degree who turned out for [Donald Trump](#) in 2016 and, as conventional wisdom would have it, were devastated by the culling of factory jobs.

The emphasis on “reshoring” sounded great, as did the tariffs that Biden kept piling on stuff from China, built on his predecessor's positioning as protector of American workers from unfair foreign competition. His administration's pugilistic approach to antitrust enforcement was a sensible way to build Biden's credibility as a champion of the working stiff, ready to take on the Man. Even the language about rebuilding the economy, “[from the bottom up and the middle out](#),” had a promising ring, befitting the sense of grievance directed at Washington's long embrace of the trickle down. Biden was [the first president to join a union picket line](#).

Not a week before the election, the White House released a report congratulating itself for the economy's [stellar growth](#): real gross domestic product had grown 12.6 percent under Biden, outpacing growth in peer nations. Moreover, unemployment had remained remarkably low, given the ultimately successful efforts by the Federal Reserve to bring inflation back down. Consumer spending and investment were up.

And yet it all came to naught. Only 18 percent of voters who identified the economy as their most important concern chose [Kamala Harris, according to exit polls](#). More than two-thirds of voters deemed the state of the economy to be not good or poor, and 70 percent of them picked Trump.

One reading of the pattern might suggest simply that prices are way more important than jobs for American voters. However robust the job market has been, with an unemployment rate of just over 4 percent in November, it has been no consolation to voters angry over annual inflation that peaked at 9 percent in mid-2022, before settling back down to 2.7 percent.

What's more, it turns out that voters don't see inflation quite in the same way as members of the Federal Reserve. I'm sure folks at the Fed think high fives are in order over how quickly they contained the rise in inflation, with no discernible damage to the labor market. Voters, by contrast, care about price levels. And consumer prices are about 20 percent higher than when Trump left office.

There are other possible theories to explain why Bidenomics performed so poorly at the ballot box. Perhaps voters were so angry about the "chaos at the border" that no amount of economic good news would have changed their minds. Perhaps it was Trump's "they/them" ad. Economists have proposed that [strong economies simply favor Republicans](#), because voters feel flush and are more likely to prefer low taxes. When the economy is struggling, however, they rediscover their appreciation for social insurance and flock to Democrats instead.

But Dani Rodrik, an economist at Harvard's Kennedy School, has, to my mind, the most compelling proposition: Bidenomics' idea of the "working class" is outdated by a few decades.

Manufacturing employs [only about 13 million](#) of the nearly 160 million workers toiling outside of farms. [Fewer than 1.4 million](#) of those are represented by unions. The industrial policies and the trade barriers, speeches at the picket line and talk of factories returning to left-behind rural areas, were all aimed at a small corner of American society.

“A policy that promises to restore the middle class by bringing manufacturing back is not only unrealistic,” [Rodrik wrote](#) for Project Syndicate. “It also rings hollow, because it does not align with workers’ aspirations and everyday experiences.”

There are nearly 16 million workers in retail trade, 17 million in leisure and hospitality, almost 18 million in health care. For sure, they benefited from some of Biden’s policies. But incentives in the Inflation Reduction Act for contractors to [work with union labor](#) did nothing for them.

So perhaps the lesson for some future Democratic administration hoping to assist the working class is not necessarily that populist policies don’t work. It is that these policies need to be aimed at what America has become, not what it was a bunch of decades ago.