

# Bill Kaplan: Running on the economy

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President Trump is running for reelection on the economy. Trump claimed that “the United States is in the midst of an economic boom the likes of which the world has never seen before”. However, there are flashing warning signs. Last week, the Commerce Department reported that the economy grew at 2.3 percent in 2019, the slowest rate since 2016, falling far short of Trump’s projection of 3 or 4 percent. Moreover, the U.S. manufacturing job rate is flat at best and in recession. To prove the point Minnesota’s 3M announced a layoff of 1,500.

Critical for Wisconsin, with 16% of state workers in manufacturing. “State-level data through October shows a steep drop in factory employment in Wisconsin ...” (NYT). And, some Wisconsin counties that flipped from Obama to Trump in 2016 lost factory jobs. There are also sharp economic disparities. “Wealth concentration returning to levels unseen since 1920s” and “Income inequality is rising so fast that federal data can’t keep up” (Washington Post). Moreover, Laura Dresser, Center on Wisconsin Strategy, UW-Madison said: “If you look at people in the Wisconsin economy at the top tenth of income distribution, their income is up quite substantially. If you look at the middle, income is up only slightly. And if you look at the bottom, income is relatively stagnant”.

Inequality is growing with dire consequences. “A record 7 million Americans are 90 days or more behind on their auto loan payments, the Federal Reserve Bank of New York reported ... even more than during the wake of the (2007-09) financial crisis” (WP). And, the impact of trade wars on Wisconsin has led to slowing auto sales in counties hit hardest by the tariffs (NYT). Finally, Americans have rising credit card debt (lower in Wisconsin), higher than the peak of the last financial crisis. This is unsustainable and consumer spending will plunge.

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Farmers are also taking it on the chin. However, Trump seems oblivious. Last week, Trump, at a reelection rally in Des Moines, said: “And if we don’t win, your farms are going to hell.” But Wisconsin dairy farmers are already in hell. Facts: Wisconsin has lost over 1,900 dairy farms under Trump; dairy farmers’ cost of production is greater than the price they receive; terrible weather and Trump’s trade wars have compounded the misery. Yet Trump said: “I want to take care of the small farmers ... .”

Wisconsin Democratic Governor Tony Evers wants to do something to help state farmers. In his State of the State address Evers asked the GOP-led legislature “to invest in our farmers, agricultural industries and our rural communities.” Evers got specific: “We have to start maximizing the efficiency in our small and middle-sized farms, and we need to build Wisconsin’s dairy brand in international markets and increase dairy exports.” He also proposed more mental health funding and help from the UW-System. Farm groups applauded. Time for Wisconsin GOP legislators to come to the table. Governing.

Meanwhile, Trump is running for reelection on an economy with flashing warning signs.

*-Kaplan wrote a guest column from Washington, D.C., for the Wisconsin State Journal from 1995 - 2009.*