

# POLICY REPORT

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# ASSESSING BIDEN'S PRESIDENCY: A METHOD

Dominique Bocquet



**POLICY CENTER  
FOR THE NEW SOUTH**

# About Policy Center For The New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions.

As such, the PCNS brings together researchers, publishes their work and capitalizes on a network of renowned partners, representative of different regions of the world. The PCNS hosts a series of gatherings of different formats and scales throughout the year, the most important being the annual international conferences "The Atlantic Dialogues" and "African Peace and Security Annual Conference" (APSACO).

Finally, the think tank is developing a community of young leaders through the Atlantic Dialogues Emerging Leaders program(ADEL) a space for cooperation and networking between a new generation of decision-makers from the government, business and civil society sectors. Through this initiative, which already counts more than 300 members, the Policy Center for the New South contributes to intergenerational dialogue and the emergence of tomorrow's leaders.

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# ASSESSING BIDEN'S PRESIDENCY: A METHOD

**“The tragedy is that Biden, objectively, has been an  
extraordinarily effective president”**

*Joseph Stiglitz\**

\* « La tragédie, c'est que Biden, objectivement, a été un président extraordinairement efficace. Il a géré la situation en Ukraine mieux que quiconque. Il a placé les Etats-Unis sur une nouvelle voie économique grâce à un important projet de loi sur les infrastructures, le Chips and Science Act, et l'Inflation Reduction Act (qui finance la transition verte) ». Joseph Stiglitz, Le Monde, daté du 29 décembre 2023. [https://www.lemonde.fr/idees/article/2023/12/29/joseph-stiglitz-le-resultat-des-elections-aux-etats-unis-depend-des-perspectives-economiques-pour-2024-elles-memes-liees-a-l-evolution-du-conflit-au-moyen-orient\\_6208283\\_3232.html](https://www.lemonde.fr/idees/article/2023/12/29/joseph-stiglitz-le-resultat-des-elections-aux-etats-unis-depend-des-perspectives-economiques-pour-2024-elles-memes-liees-a-l-evolution-du-conflit-au-moyen-orient_6208283_3232.html).

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## About the Author

**Dominique Bocquet** is a graduate of Sciences-Po, a graduate of history and a former student of ENA. He is a member of the Editorial Board of the French Review *Commentaire* and Knight of the Legion of Honor. He lectures at Sciences Po and the ENA and is active in several European think tanks. He is the author of several books and reports, including "Génération Europe" (Editions François Bourin, 1989), in collaboration with Philippe Delleur; "France and Germany, a couple running out of ideas" (Notes from the Saint-Simon Foundation, 1996); "What economic efficiency for Lomé?" (Report for the Minister of Economy, Finance and Industry, June 1998) "Bringing the EDF into the EU's Budget, a step forward in modernizing aid" (Report for the Minister for the Economy, Finance and Industry, July 2003). He also published a book on OECD, *Reasoned Globalization, The Discreet Revolutions of OECD* (La Documentation française, Paris, 2012).

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## Introduction

Ahead of the 2024 presidential election, the political evolution in the United States is potentially more consequential than ever for the rest of the world. Given the weight and the influence of America, it has always counted. Today, its significance is greater for two reasons.

### 1. Democracy is Under Threat in America

America used to embody the strength and success of democracy. Now democracy in America itself is threatened. After Biden's election in 2020, the results were artificially contested and followed by a storming of the US Congress, on January 6, 2021. This unprecedented assault on US institutions aimed at stopping the new President from taking office. Today, Republicans who refuse to reject the 2020 presidential election result are being harassed by the Trumpist MAGA base (Make America Great Again). Some non-MAGA Republicans have been removed from their positions under this group's pressure.

#### **The democratic crisis is not brand new**

Already in 2000, George W. Bush lagged behind Al Gore in the popular vote by 2 million. He owed his victory to Florida, a State where the vote count suffered irregularities. In 2003, the George W. Bush Administration launched a war against Iraq on false premises (weapons of mass destruction that did not exist).

In the U.S., many elections have seen low turnout among poorer voters and minorities. Efforts to tackle the difficulties they face in voting have triggered controversy. Money plays a massive role in campaigns. Attempts to limit campaigning budgets have failed: the U.S. Supreme Court ruled that limiting the so-called PAC budgets would infringe the freedom of speech, protected by the first amendment to the Constitution. PACs are Political Action Committees that raise money to influence political debates. Only money raised directly by candidates is limited.

But this crisis of democracy has crossed a line with Trump. His inflammatory language, abuses and legal infringements, and the invention of 'alternative facts' have increased the threat to U.S. democracy. Rejection of the 2020 presidential election result based on false allegations of fraud has brought the democratic crisis to a climax.

## 2. The Ability of the U.S. to Exercise Leadership is at Stake

Here too, the roots go back in time. The 2003 war in Iraq was not only disingenuous in its justification but also disastrous in its consequences. It cast doubt on the U.S. ability to intervene abroad in an appropriate way. Symmetrically but consequently, the Obama Administration abstained from taking action in Syria (2013). In that case, the so-called 'red line' of chemical weapons set by Obama himself was violated by Damascus, this time with real arms. Large-scale massacres that might have been avoided were perpetrated, and the criminal, so-called Daesh state blossomed.

Lies and unjustified interventions had made public opinion reluctant to support military intervention, even if it was justified.

Donald Trump exploited these feelings and put forward the slogan 'America First'. This slogan is simplistic and misleading: since the beginning of the twenty-first century, until Biden took office, the U.S. had preferred unilateralism and clearly moved away from its previous multilateralist vision. This stance dispels the myth that the U.S. might have neglected its own interests to the benefit of others.

The 'America First' slogan is also irresponsible given globalization—an American-led process. The fact is that the U.S. interacts enormously with the rest of the world: politically, economically, technologically, and culturally. Irresponsibility was also exemplified by unpredictability, polemical language directed at allies, inflammatory language aimed at rivals, sudden and unprepared moves, and a thoughtless urge to renounce engagement abroad.

Because of that behavior, American leadership is now challenged by other powers that no longer fear U.S. power. This leaves it fragile.

Biden took office against that double background: a threat to democracy, and the fragility of American leadership.

During his campaign, he vowed to restore both. He pointed out that American democracy is weakened by social, economic, and local conditions: a feeling among many voters that their situation has deteriorated, and a feeling on the part of many rural and ex-industrial districts that they have been abandoned.

When Biden was nominated as the Democrat candidate, many said he was a candidate by default. He was a moderate Democrat. He was 78 years

old. He seemed fragile. Many believed he would not deliver on his promise to strengthen democracy.

Against that background of low expectations, Biden's presidency has brought surprises:

- He has been able to pass large-scale financial programs in Congress;
- Most incumbent parties lose one or two chambers in mid-term elections (minus 1 or minus 2). In 2022, Biden lost the House and won the Senate (balanced result);
- After Russia's aggression in Ukraine, the U.S. response was strong and seen by observers as appropriate;
- After October 7, 2023, Biden was the first U.S. president to go to Israel during a war, and also the first in the twenty-first century to try and exercise pressure on Israel to moderate its behavior.

### **How Did These Achievements Become Possible? A Method and Two References**

To understand Biden's presidency so far, it is necessary to study the development of his policies and his sources of inspiration.

After Trump's 2016 victory, the fragility of American democracy's was studied thoroughly.

The shock caused by Trump's election prompted a huge effort to understand the ins and outs of that event. This effort underpinned the intellectual preparation of the Democrats for power. For the Democrats, it was a time of painful awareness, anxious reflection, and the methodical search for answers.

Analyses were produced by think tanks, intellectuals, and experts. Their diagnoses are a crucial reference to assess the measures taken by the Democrats subsequently.

Two publications shed light on the diagnoses and remedies designed in that seminal period.

- *The Renewal of Democracy in America*, by Renaud Lassus (2020), provided a deep insight into the crisis factors of American Democracy. It offered an updated take on the seminal work of Alexis de Tocqueville, *Democracy in America* (1835-1840). It also included a very rich review of think tanks' recommendations to overcome the

crisis of democracy.

- Between 2017 and 2020, the Carnegie Endowment for International Peace organized and supported a vast research program on foreign policy and national security. Named Making Foreign Policy Work Better for the Middle Class, the report was based on two years of collective work by 26 experts, several of them joining the Biden Administration after the 2020 election.

Those two publications are essential for an assessment of Biden's achievements. They point out, among other things, the same shortcomings: disproportionate inequality, free trade without consideration for people and territories left behind, an America deeply divided about a range of issues (health, education, climate, violence). All this paved the way for the populist selling of illusions.

The only way to fight populist responses is to dig deeper and try to reconcile prosperity, social cohesion, and national security. This was done and led to a series of medium- and long-term proposals. These proposals fed the Democratic candidate's vision for 2020.

Both publications help to understand Biden's policies. They differ in nature and focus. But, put together, they provide a good analytical grid to take stock of the first three years of the Presidency (2020-2023), the three 'years of action', before the election year (2024), when it is largely regarded as inappropriate to launch new programs.

Two key analytical points must be considered to properly assess the policies implemented:

- 1. Only long-term responses can address the causes of the democratic crisis.** Consequently, a Democrat victory in the 2024 presidential election cannot be the single criteria against which to assess Biden's achievements. Of course, decisions of voters matter a lot. But the relevance, impacts, and results of policies must be assessed in themselves and in accordance with the time horizon they are based on.
- 2. Given the role of America in the world, external relations are part of the picture.** They have an impact on domestic economy and society. Conversely, the political feelings of the American people affect the Administration's ability to conduct foreign policy in a consistent way.

One Final Objective	Three Intermediate Objectives
Save American Democracy	Improve Middle-Class Conditions
	Restore Trust
	Ensure Adequacy of U.S. Foreign Policy

**Means to Achieve Intermediate Objectives**

- Means to improve middle-class conditions: better infrastructure and public services, good jobs for non-college workers, fairer taxation.
- Means to restore trust: honesty, professional government, better understanding of people’s expectations.
- Means to ensure adequacy of U.S. foreign policy: encompass effects on domestic economy and society, engage in long-term American interests, strengthen alliances.

The assessment must address these key points, while encompassing the realities of political life.

**1. The Dilemma of Trust: the Tension between Professional Government and Popular Support**

Efficiency in government requires long-term objectives, and strong expertise. Those prerequisites are valued by elites but, unfortunately, do not ensure popularity among average voters. In the case of investment, costs come first, and returns later. Popular distrust makes long-term policies even more difficult: the public prefers short-term measures with quick and obvious payoffs.

Populists appeal to the public through emotional management of events and short-term measures. For instance, Trump blamed the problems of the middle class on the elites. This stance does not enable solutions to complex issues, which are not reducible to simple equations. In the long-run, populists too often lose public confidence, this time by lack of long-lasting results.

So, there is a tension between long-term objectives and public support.

Long-term/Short term Dilemma	Focus	Public support
<b>Professional policies</b>	Long term	Difficult to secure quickly
<b>Populist policies</b>	Short term	Easy to secure in the short-term

Facing this dilemma is a prerequisite to act efficiently. How has the Biden Administration done in this regard?

## A. Professional Government

Biden is by far the most experienced president the U.S. has had. He became a Senator at the age of 29 and President at the age of 78. In between, he was chairman of the Foreign Affairs Committee (1992-1994), and Vice-President (2008-2016). Many of his cabinet members have strong records in public affairs management.

Since taking office in January 2021, the Biden administration appears globally united and well organized. The Democratic party has shown discipline in Congress.

Foreign policy has focused on building credibility for the U.S., displaying clear goals, determination, and proportionality. Work with allies has been intense, and mutual understanding with them has been far better than before.

As a result, and according to the polls, the Administration is seen by the public as competent. It is an asset. But this is not enough in times of distrust.

## B. Attention Paid to Paying Attention to the Need for Popular Support

Changes to Democratic language

The Democrats' 2020 and 2022 electoral successes can be partly explained by some changes in their language and behavior.

- The Democrats no longer deploy minority politics. Since the time of Bill Clinton, key electoral strategies had been based on messages to minorities (Blacks, Latinos, lately LGBT, etc.). This fueled the feeling that no attention was paid to the average White American. The Democrats and Biden now make sure that most messages can

reach the majority and the middle class;

- Second the ‘Woke’ movement has been marginalized in the Democratic party. This movement was irritating for, precisely, the ‘average’ American;
- Third, the president often and almost constantly emphasizes the middle-class people, especially non-college people who make-up two thirds of the American workforce.

### **CAREFUL EXPLANATION OF POLICIES AND THEIR ‘WHY’**

The Biden Administration tries to explain its policy, including its foreign policy, better: in a way that the electorate can understand. Among behaviors that have weakened democracy, the historian Timothy Snyder denounced what he called “*inevitability politics*”. He points out that policy debates have been too focused on the ‘how’ and have forgotten the ‘why’<sup>1</sup>.

Addressing this shortcoming means making the case carefully, explaining in advance what is at stake.

Biden’s speaking talent was recognized early in his career. As President, he makes sure to build a narrative consistency and focus on key issues to make policies as clear as possible. He is the “*Narrator in chief*”<sup>2</sup>. He always tells the ‘why’.

These turns in language and political strategy were prompted by Trump’s victory in 2016. But, had the contents of policies not changed, better communication would not suffice.

### **CONCESSIONS TO THE NEED FOR SHORT-TERM ACHIEVEMENTS**

The first program passed in Congress and signed by President Biden after his victory was the American Recovery Act. It aimed at ending the COVID-19 crisis and the recession through accelerated vaccination and direct support for families. It was justified but short term. It was highly trailed during the November 2020 campaign: “*A shot in the arm and money in the pocket*”. As early as April 2021, it was turned into law and implemented.

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1. Timothy Snyder, *The Policy of Inevitability*, Conversation with Ezra Klein, Hannah Arendt Center for Politics and Humanities, March the 20th, 2022 (op.cit. in bibliography).

2. Renaud Lassus, *The Narrator-in-Chief, Joe Biden et la question climatique*, Grand continent, 2021 (op. cit.).

## **RECONCILING THE LONG AND SHORT TERMS: THE CLIMATE-AND-SOCIAL EXAMPLE**

An Administration determined to engage in long-term issues must try to gain popular support for such efforts. Sometimes this may appear easily doable. For instance, the public broadly supports security efforts when they are appropriate.

In other fields, it is more difficult. Fighting climate change is a typical long-term policy that is endorsed by the Biden Administration. It is a landmark of the administration. But public support cannot be taken for granted.

Support is widespread among young voters (seen by many as the future of the Democratic party). But the issue can be seen as highly unpopular with adults, especially among the middle class. Given the cost and consequences for certain jobs, it is depicted by some as anti-worker.

The Biden Administration has endeavored to overcome and invert that perception.

It has introduced regulations to make sure that secure, unionized, and well-paid jobs would be created in environmental projects funded by the federal government. This idea was conceived by think tanks and is set out in Renaud Lassus's book.

Another idea was to increase the minimum wage to \$15/hour to fight the 'working poor' phenomena and reduce inequality.

This idea was endorsed by Biden during the presidential campaign but needed Congress to become law. A bipartisan group of Congressmen asserted that indiscriminate implementation of such a minimum wage could lead to job destruction; it was ultimately not passed into law. But, by Presidential order, it became compulsory for projects financed by federal agencies, a measure that does not require Congressional approval.

These actions are meant to show that government can both fight climate change and improve working people's situations. Such measures try to reconcile long-term efficiency and popular support and, thus, pave the way for long-term ambitions.

## **2. Unprecedented Long-Term Spending Programs**

A deep crisis of democracy requires far-reaching remedies. The evils affecting the middle class and the abandoned districts must be patiently



fought if democracy is to be saved.

## **A. Protectionism: A Limited Answer, Becoming Pervasive if Made Massive**

The Trump Administration proposed to fight those evils through trade protection and higher tariffs. It did so in a limited but dramatic way. Protectionist measures against China were introduced using the ‘WTO-compatible’ motive of ‘national security’. The measures were strong but focused on a few basic industries, notably steel and aluminum. The average American tariffs remain moderate in industry (around 3% to 4%). In the few sectors involved, some activity was repatriated. But, as steel and aluminum are intermediate goods, the additional costs had to be borne by the rest of the industry. According to *The Economist*, the average cost of a single job created that way in the steel making industry is \$650,000, which is enormous. Moreover, these tariffs did not stop the trade deficit from increasing under Trump: by nearly 25%.

Would much more massive protectionist measures bring a better response? This is what Trump is now proposing, as part of his new 2024 presidential campaign. In that case, consumer goods would also be covered. Consequently, the cost of tariffs would be borne by the purchasers (to be nuanced by some room for margin compression by sellers). In case of a massive and wide-ranging increase in tariffs, the loss of purchasing power would be enormous. In addition to those losses, retaliatory measures by trade partners would also be massive. They would harm America’s industries and services.

The report *Making Foreign Policy Work Better for the Middle Class* neither proposes to abrogate Trump’s protectionist measures nor to extend them. It displays a nuanced and documented approach to the trade issue. It recognizes that, over the last few decades, free trade without accompanying policies contributed to the weakening of some industries, types of jobs, and regions. But it also points out the purchasing-power benefits. Polls show that the middle class is aware of that, should free trade be dismantled globally, the purchasing power of the U.S. middle class would be severely undermined.

The evolution of the textile and apparel sector, a so called ‘traditional industry’, provides an example of that. The *Making Foreign Policy Work Better* report documents it as follows. “*For consumers in the middle-income quintile, expenditures on apparel have fallen from 5.9 percent of total expenditures in 1985 to 2.9 percent in 2019*”. This halving of expenditure share illustrates the gains in purchasing-power brought about

by globalization. It is not in the interest of the middle class to return to the starting point. De-facto, no rich nation intends to repatriate textile and apparel, except on a very limited scale.

But, on the other hand, the gains that might be expected in the future from even lower prices are limited: these gains would alleviate expenditures that now represent a small share of budgets. Transport and telecoms also provide some examples of cost reduction for the consumer: air transport and phone calls, for instance. And the diagnosis is the same as in the case of textiles.

Currently purchasing-power problems of the middle-class lie in other fields, in particular public and private services. For example: “healthcare spending has grown from 5.4 percent of total household expenditures in 2000 to 8.1 percent in 2018” (Making Foreign Policy Work Better report). Quality tertiary education has become less and less affordable for part of the middle class.

Accordingly, the report recommends providing these services at a more reasonable cost. Productivity is also a key factor if wages are to be improved and some costs reduced at the same time. This cannot at all be achieved through trade policies based on a return to high tariffs.

Meanwhile, the report states that it is necessary to consider protection against unfair competition: subsidized products and goods produced by enterprises that benefit from unfair advantages (including subsidies, violation of basic labor rules, processes harming the environment, weak regulatory requirements). This protection could be achieved, not by tariffs, but by ‘behind the border’ requirements.

So, trade negotiations should evoke regulations implemented by partners. Such matters can be included in free-trade agreements, like some of those negotiated by the European Union. These discussions are the counterpart of mutual opening-up. Agreements on standards requirements contribute to a ‘level-playing field’ and make possible the achievement of both ‘free’ and ‘fair’ trade.

Up to now, the U.S. has been reluctant to take such a path. It saw it as contradictory to U.S. sovereignty. This was part of U.S. ‘unilateralism’. The report states that such a position is no longer in the interest of America and that the EU approach might be better considered.

In the same vein, it notes the work of Organization for Economic Co-operation and Development in the fight against tax havens and tax evasion.

Too much competition to attract investment through tax cuts has led to a race to the bottom in corporate tax: all countries loose and the tax model becomes incompatible with investment and public services. Here too, the U.S. should engage more in discussions.

Once in office, Biden tried to act in accordance with these analyses. On corporate tax, Washington became proactive in OECD negotiations. A minimum rate of 15% has been agreed by 140 countries, with implementation ongoing.

As to trade policy itself, no significant increase in tariffs was decided. Admittedly, protectionist measures previously decided by Trump were maintained. Dismantling protections that had enabled a few jobs to be created in the steel and aluminum industries was seen as contrary to Biden's broader message, even though the cost was disproportionate. Public opinion would have understood this as a return to sheer free trade. But, as mentioned, these protections were limited in scope. Unlike what Trump now proposes, no dramatic extension has been considered by Biden.

Negotiations on standards are difficult to promote since trade negotiations are at a standstill. Instead, the Biden Administration has engaged in another way to complement and correct free trade.

## **B. Trade with Domestic Accompaniment**

Fair trade is not achievable in the short run. But still, the choice is not between sheer free trade and a U-turn against free trade. The Biden Administration proposes something else: trade with accompaniment at home. Accompaniment means helping the middle class, abandoned districts, and American industry so that they can better face competition and complement its benefits for the consumer with other gains.

Reflections by think tanks between 2016 and 2020 showed that this is only possible with long-term policies. For example, offering well-paid jobs to non-college people demands an economy with appropriate structural features: promoting manufactures but also managing manpower better. It requires well-designed training programs. In the same vein, restoring the attractiveness of certain territories supposes the upgrading of transport and energy sources. That means building infrastructure. This explains Biden's motto: "*Build back better*".

Since 2021, the Biden Administration has conceived and presented to Congress large financial programs aiming at changing the content of

economic policy to make, among other goals, such ambitions possible.

The first program presented to Congress, the American Rescue Plan (March 2021) aimed for immediate impact, given the COVID-19 crisis. After that, the main programs were focused on investment and long-term action. Three major programs were enacted between November 2021 and August 2022, mobilizing nearly \$3.4 trillion dollars of federal money for the years to come:

- Infrastructure, Investment and Jobs Act,
- Inflation Reduction Act (IRA),
- CHIPS and Science Act.

It must be mentioned that Trump too stood for domestic support to industry and for investment in infrastructure. But he didn't do it tenaciously and very little was done. Starting from the same objective, Biden delivered.

The Democratic President not only designed programs with his team, but he also dedicated time and patience to negotiations with Congress. As a result, he was able to secure bipartisan support, not for the IRA, which was adopted without Republican support, but for the two other long-term programs.

This building of bipartisan support is remarkable at times of sharp political confrontation. It is less dramatic than confrontation and, for that reason, is rarely mentioned. But Biden must be credited for that.

### **C. Unprecedented Federal Programs With Structural Ambitions**

A careful review of those three programs shows both their innovative nature and potential structural impacts. They touch five fields:

- Climate: unprecedented investment in renewable energy and smart-grids;
- Infrastructure: long-awaited public spending to repair and complete infrastructure, from roads and bridges to broadband internet in rural areas;
- Science: building on the traditional American capacity to promote fundamental innovation (example given: invention of the internet), spending will be increased in that area;

- Industry: for the first time, America engages in direct support to corporations in order to foster manufacturing industry, many say “American Industrial Policy is born”;
- Social justice: more job security in projects benefiting from federal funds, more affordable healthcare and education.

These programs correspond to the concerns of the middle class in many regards. The middle class suffers from the high cost of medicines, which the IRA seeks to curb by addressing monopolies and allowing health insurers to negotiate prices with pharmaceutical companies. The middle class also suffers from the huge cost of tertiary education, which several measures seek to address (capping students’ debt burdens, promoting free tertiary education).

The disappearance of manufacturing created despair in many regions, notably because it meant that blue-collar and non-college jobs with good wages were no longer available. So industrial policy, if it succeeds, can be of real significance for those concerned.

<b>Biden Administration: Main Programs</b>				
<b>Program</b>	<b>Content &amp; Flagship Actions</b>	<b>Amount &amp; Impact</b>	<b>Senate Vote</b>	<b>Entry into Force</b>
<b>American Rescue Plan (part of 'Build Back Better')</b>	COVID-19 Crisis Relief (stimulus checks, extended employment benefits, vaccination roll-out)	\$1900 billion. Stronger recovery (end 2022: record low unemployment)	50+VP-50	March 2021
<b>Other parts of 'Build Back Better'</b>	(American Jobs Plan, American Family Plan)	---	Not Adopted (partly replaced by IRA)	---2
<b>Infrastructure, Investment and Jobs Act (also Bipartisan Infrastructure Law)</b>	Transport and energy infrastructures. Private industrial investment (industrial policy)	\$1200 billion. Infrastructures long-awaited. Many important projects. Strong territorial impact.	69-30 bipartisan	November 2021
<b>IRA (Inflation Reduction Act)</b>	Taxation and drugs prices reform. Domestic energy promotion. Climate transition.	\$783 billion funding \$891 billion funding 'largest investment' into climate actions	50+VP-50	August 2022
<b>CHIPS &amp; Science Act</b>	Domestic research & manufacturing of semiconductors	\$280 billion. Additional state and local community contributions. Quick private-sector response to funding opportunities for factories	64-33 bipartisan	August 2022

Source: Policy Center for the New South, Rabat

### 3. Paradigm Shifts in Economics

An important feature of Biden’s policy lies in the economic paradigm shifts it embodies and the ‘management of change’ it implies.

Biden has promoted the role of the state and introduced new regulations. He has also tried to stop the race to the bottom in tax for the richest and

for big corporations. But this does not amount to returning to 1950s and 1960s policies.

## **A. Paradigms Shifts**

The 2010s and the 2020s saw an ‘end of cycle’ for Reaganomics.

Launched in 1981, Reaganomics focused on a reduced role for the state, market deregulation at home, and free trade abroad.

These policies reduced the price of many goods and of some services provided by the private sector (telecoms and air transportation, for instance). Meanwhile, the development of China and other new industrial countries lifted billions of people out of poverty.

But at the same time, free markets bring risks. Finance is a critical example that was illustrated by the financial crisis of 2008, the effects of which were long-lasting. The causes of this crisis were tackled by strengthened regulation, notably in banking. In ‘real’, non-financial activities, global markets also bring risks, such as dependence on a few supply countries. This may endanger broader national security, as the medical protective equipment crisis showed at the beginning of the COVID-19 pandemic.

Following deregulation and an explosion in trade, inequalities strongly increased in Europe and the U.S. At one end of the income spectrum, concentration of wealth increased dramatically. At the other end, there were stagnation of wages and aggravation of precarity, especially among non-college workers.

Unleashing markets forces also changed the spatial distribution of economic activities. New technology businesses tend to settle in cities, often big cities, increasing the cost of land and crowding out poor and sometimes middle-class inhabitants. At the same time, the loss of competitiveness of industries (especially manufacturing) left many remote districts deserted by economic activities, with a sense of no future. This led voters to blame globalization, foreign countries, and the elites, paving the way to populism.

## **B. Management of Paradigm Shifts: A New Equilibrium Rather than Back to Point of Departure**

The end of a cycle does not mean returning to the market impediments of the 1960s and 1970s and their rents in many businesses. The increase

in competition and trade openness has brought gains in purchasing power that have benefited workers and the middle class.

The affordability of some private services and the reduced cost of access to manufactured goods are two well-known examples. The fall in the cost of apparel is largely due to imports from Asia. 'Closing' the markets would allow national producers to impose their prices. A brutal decoupling with China would not be in the interest of the middle class.

The Biden Administration attracted criticism because, after COVID-19, U.S. imports from China increased in 2022 (+6% compared to 2021). However, their level was comparable to that of 2018 in nominal terms (a little below). This allows a nuanced interpretation: no sharp decrease, but in the medium run, a stagnation contrasting with an increase in the past.

- US Imports from China: \$537 billion in 2022 (\$539 billion in 2018)

A large part of families' budgets is dedicated to services: new IT and, also, many 'public' services, including healthcare and education. Consequently, tackling the IT monopolies and acting for affordable health and education are seen as keys to improve the condition of the middle class and undercut populism.

This approach echoes the analyses of Estel Duflo and Abhijit Banerjee. In a highly competitive, sophisticated economy, social evils require tailor-made policies. More market economy can justify more public action<sup>3</sup>.

### **C. Technological Race: A New Legitimacy for the Role of State**

For the first time in the White House's history, Biden's National Security Advisor, Jake Sullivan, is also in charge of technology. This distribution of responsibilities is new and significant.

The reason is that the Chinese challenge to American leadership is largely technological.

During the Cold War, the power competition between the U.S. and USSR was partly technological, but Soviet technological efforts were limited to the military field, notably nuclear weapons and Space. The USSR succumbed to a large extent because of its inability to create wealth on a

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3. Esther Duflo and Abhijit Banerjee, *Good Economics for Hard Times*, Penguin, New-York, 2020 (opus citatum in bibliography).



wider basis, and to master dual, double-use technologies. With China, the picture is completely different.

Starting in the late 1970s, China introduced a market economy and has been able to swiftly assert competitiveness. The technological race between the U.S. and China is much broader and includes both military and civil technologies. Moreover, China has the capability to combine markets forces and centralized economic power. Thus, Beijing can focus research on issues of strategic interest for the country. In doing so, it can rely on huge financial resources.

During the COVID-19 crisis, most countries experienced dependency on China for critical components.

*This has led to so-called de-risking strategies.*

The U.S. fears losing its supremacy over China in advanced technologies. Its economic decisions are more decentralized. On the one hand, this is a factor of efficiency. On the other hand, markets forces can lead to important know-how being transferred to China. TheyMarket forces may also neglect fields that are key for future technological supremacy.

As Otaviano Canuto has shown, America's position differs according to sectors. In semiconductors, it is still ahead of China and can endeavor to keep that advantage. In green and renewable technologies, China has taken the lead. America must try and make up the lost ground, but Chinese firms have settled in third countries to avoid U.S. trade restrictions<sup>4</sup>.

The security concern is shared by both sides of the political spectrum in the U.S.—hence the bipartisan support for the CHIPS and Science Act. Beyond the Act, this concern has also become a durable source of legitimacy for the role of the state. This reinforces the 'paradigm shift'.

Although it requires public spending, the new role of the state is focused on supply, not demand. Accordingly, the shift in paradigm is not a return to 1960s Keynesian policies. It is a supply-side policy, but a comprehensive supply-side policy, a supply-side policy with inclusiveness.

However, it does require some more public spending. This may not be desirable in certain economic conditions, a point discussed below.

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4. 'A Tale of Two Technology Wars: Semiconductors and Clean Energy', Otaviano Canuto, Policy brief, Policy Center for the new south, Rabat, November 2023 (op. cit. in bibliography).

## 4. Efficiency and Impact

Are those large programs efficient?

Efficiency starts by defining objectives carefully and adequately. This was made possible by the reflections that took place after Trump's election in 2016.

### A. Preparation Anchored in True Reflection

Those reflections outlined the context of the crisis of democracy. This crisis has many origins, some of which have little to do with economic and social conditions: the absence of limits on money spent in electoral campaigns, the changes brought about by social networks in information, for example. As to the latter, the lack of fact-checking has to be mentioned, but also the segmentation of information. More people chose their sources of information according to their previous opinions. Less and less media is followed in common by citizens with different views. The diminution of real human contacts (replaced by online ones) was also pointed out.

An excellent global picture of those reflections is provided in Renaud Lassus's book, *The Revival of Democracy in America*. In the vein of Tocqueville, the author insists on the role of civil society in strengthening democracy. In his opinion, this is exemplified by the contribution of think tanks to the rebuilding of democracy. Very well documented, the book offers a dive into these contributions.

Some factors are difficult to tackle through political action.

Other factors are more within reach of it. This is the case for the excessive inequalities that undermine the support of the middle class for democratic institutions, and the feeling of many areas that they have been abandoned. According to many think tanks, government can fight those factors.

In the economic and social fields, the key for overcoming dilemmas is not only to have a long-term perspective, but also to prepare programs carefully. The report, *Making Foreign Policy Work Better for the Middle Class* made it possible.

Linking foreign policy with the middle class may seem provocative. Foreign policy is supposed to be partly protected from solely domestic considerations. But this protection nearly disappeared during the Trump years. The desire to secure short-term gains in popularity destroyed the sense of long-term and superior national interest that is supposed to

underpin foreign policy. Behind the provocative formulation of the Report is the goal of filling the gap between this national superior interest and the feelings of the majority. This requires close attention to be paid to the needs of the middle class.

The study relies on two years of work by no fewer than 27 experts invited by the Carnegie Foundation. Some of those experts became advisers to the Biden Administration, including the National Security Adviser Jake Sullivan. The group worked from 2017 to 2019, and this work was preceded by case studies on three US states chosen for their sensitivity to middle-class issues and to voting changes (see Annex 1).

Preparing programs in advance is key to setting appropriate objectives. For instance, it enables contradictions that may exist between objectives to be pointed out and countered. For instance, calibrating trade restrictions is easier if done without the pressure of events or public opinion.

## **B. Long-Awaited and Desired Infrastructure**

The *Infrastructure, Investment and Jobs Act* notably deals with infrastructure. Assessing those expenses will require time, measuring their use, their quality and the returns on them, direct or indirect.

As to transport, America was lagging behind in many areas. Since spending on repairing bridges and roads has been delayed for a long time, the case for such investment is usually strong. It means saving time, moving more safely and more easily.

Another part of the same bill is dedicated to energy and the fight against climate change. But, on top of it, the IRA subsequently dedicated unprecedented amounts to that cause. In that field, market forces can often measure the value for money of investment since it reduces energy costs.

Those investments matter for fighting global climate change. They also matter for the influence America has, and the ability of the American economy to take a fair share of the future green economy.

## **C. Science and Chips**

As said above, the U.S. has a strong record in public funding for science and fundamental research. This funding proved historically efficient. The invention of the internet is an example of such funding.

Federal funding for semiconductors is indeed a public-private cooperation. At the end of the day, private investors do decide on factories and workshops to be built.

## **D. An Impact Illustrated by Concrete Examples**

During summer 2023, the White House released significant data. A series of maps was posted to display locations of ongoing projects (White House official website). Subsequently, press reporting showed that the operational management of the programs often allowed quick implementation<sup>5</sup>.

The spending of federal money entails ripple effects. Many subnational entities (states, towns, and other communities) joined their efforts and funding to that of the federal state. The private-sector response to public-private programs was swift (the importance of such programs in fighting COVID-19 and finding vaccines had shown that federal programs could create business opportunities, increasing private-sector awareness and reactivity).

*The Economist and the Financial Times* noted the huge territorial impact of the building of new infrastructure and manufacturing plants. On top of the main investment, many co-contractors or suppliers also invested. So the trickle-down effect is real.

Suddenly, local communities see a future. Though launched by a Democrat Administration and criticized by many Republicans, those programs will be difficult to dismantle in future, whatever the majority, as the *Financial Times* pointed out. If confirmed, this longevity could be considered as a factor of effectiveness.

## **5. Controversies about excessive subsidies, macroeconomic conditions, and importance for America**

### **Economics Relations with Allies**

In trying to reconcile de-risking with reasonable openness, the White House and the State Department coined the word 'friendshoring'. This means accepting that some sensitive goods will be imported, but choosing safe, friendly trade partners. It was made clear that Europe and allies rank among such partners. However, the so-called friendshoring strategy has not

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5. Some articles published in summer 2023 are mentioned in the bibliography.

yet been specified.

At the same time, the IRA is seen by many as aiming to attract investment, possibly to the detriment, not only of China, but also of Europe and other allies. Theoretically, these could take the same path and offer subsidies themselves to attract manufacturers. World Trade Organization regulations and standards on subsidies have remained very light, and there is little prospect of them being strengthened. In practice, the capacity to subsidize depends on each country’s fiscal situation.

This is where the macroeconomic situation comes in. Because of better long-term growth prospects, the U.S. has more fiscal freedom than European Union countries. But, still, the Biden Administration has been criticized for spending too much and increasing public debt unnecessarily. This is why macroeconomic conditions have to be briefly examined.

### MACROECONOMIC CONDITIONS

Macroeconomic conditions in election years are often decisive. They can cause the incumbent president to become unpopular. A major concern for the American public is post-COVID-19 inflation. Another concern is the debt, since the funding necessary to pay for Biden’s programs can be seen as increasing deficits.

The macroeconomic figures since 2019 offer a mixed picture. Some figures look like the surface of a rough sea. Other figures are reassuring by their moderate magnitude.

Years	Deficit % GDP	Real GDP growth %	Inflation %	Unemployment %
2019	4.6%	2.5%	1.8%	3.7%
2020	14.7%	-2.2%	1.2%	8.1%
2021	11.8%	5.9%	4.7%	5.4%
2022	5.3%	2.0%	8%	3.6%
2023	-	2.3%	4.1%	3.6%

Source : <https://fred.stlouisfed.org/series/FYFSGDA188S>

In 2019 and 2020, the pandemic prompted a strong recession. It was followed by a quick recovery. The recovery resulted from a rebound effect,

but was also amplified by the American Recovery Act, passed in 2021.

Employment figures show this clearly. A sharp increase in unemployment in 2020 and 2021 was followed by quick relief and, ultimately, record low unemployment at the end of 2022 and in early 2023. In Biden's first three years, 14 million jobs were created, a record high for a single President's mandate.

The deficit was increased both by recession and by a supportive fiscal stance. These two factors first added one to another (deficit amplified by recession and by the fiscal stance). Later, they partly balanced each other: deficit reduced by rebound, but fed by the fiscal stance. This prompted controversy, partly due to the absence of tax increases. The hikes proposed by Biden in income tax for the richest, and in corporate income tax, were blocked by Congress, notably by the Senate between 2020 and 2022 (when a Democratic majority in the House would have made them easier).

Inflation peaked in 2022 (8%) but seems to be on a downward slope. There is however a degree of uncertainty, which is a factor of the increase for of interest rates. These reached 5% in October 2023 and have stayed above 4% after that. The growing cost of debt prompted a debate on whether deficits are sustainable.

Larry Summers and Olivier Blanchard, although rather Keynesian economists, have criticized the fiscal stance. Summers emphasized the risk of encouraging inflation, which has not been confirmed by the facts so far. Blanchard focused on the interest rates issue, which is looking more serious.

However, the Brookings offered a reminder that inflation diminishes the value of the existing debt.

Blanchard insisted that the fear of inflation, not actual inflation, motivates central banks to raise interest rates. Should that fear prevail, the debt load would become a major concern. This would lead either to cuts in popular programs or to increases in unpopular taxes. The risk cannot be neglected. There is clearly a risk looming, but not yet confirmed.

The public may also have its own idea of inflation. After nearly forty years of very low inflation (1983-2020), people are no longer accustomed to hikes in prices. Some understand what inflation and its reduction really are. Others believe that tackling inflation means returning to the previous prices (those that prevailed before the hikes), which is impossible (except

in case of a deflation, which is ‘the’ macroeconomic worst-case scenario)<sup>6</sup>.

An aspect rarely mentioned in macroeconomic discussions, however, is the overall rate of investment. This rate seems to have been increased by Biden’s policy. If so, it could justify a reasonable increase in debt, since it could mean more growth and, hopefully, more revenues in the future.

For this reason, it is worth considering the real interest rates: interests minus inflation. Although they became positive again, their level remains moderate, as the figures published by the Cleveland Fed show. This means that normally profitable investments can be financed by debt and still offer benefits. This brings back to U.S. potential growth and the effects of Biden’s programs on it.

More broadly, the Democrats point out that curing America’s social and cohesion evil is key for democracy. If additional debt is the price to pay to save American democracy, it is not too expensive a price. Although there are some macroeconomic risks, the gamble is worth it.

**Federal Budget This Year vs. Last**

	First 11 months of:		Change (% of GDP)
	FY 2022	FY 2023	
<b>Revenues</b>	<b>17.7%</b>	<b>14.9%</b>	<b>-2.7%</b>
<b>Non-Interest outlays (adjusted for student loans)</b>	<b>19.5%</b>	<b>19.5%</b>	<b>0.0%</b>
Social Security, Medicare, and Medicaid	9.2%	9.5%	0.3%
Pandemic-related programs (refundable portion of child tax credit, Coronavirus relief fund, Public Health and Social Services Fund)	2.6%	1.3%	-1.3%
Spectrum Auction, FDIC	-0.4%	0.2%	0.5%
Other (excluding student loan forgiveness)	8.0%	8.5%	0.5%
<b>Net Interest</b>	<b>2.0%</b>	<b>2.4%</b>	<b>0.4%</b>
<b>Adjusted Deficit</b>	<b>3.8%</b>	<b>7.0%</b>	<b>3.2%</b>



<sup>6</sup>. An enquiry by the Financial Times documented this point: ‘Will US voters believe they are better off with Biden?’ Lauren Fedor and Colby Smith in Washington, November 7, 2023. <https://www.ft.com/content/23687b6b-ac6f-46ab-a701-917a5ed64f4f> 1/11.



Source: Federal Reserve Bank of Cleveland



## 6. Causes of gaps between Achievements, and Political perspectives for 2024

It would be a mistake to judge Biden's achievements only against the criterium of electoral success in 2024. Many measures aim at long-term results (5-10 years) and will not necessarily payoff at the next election.

However, as Biden's ambition is to restore the strength of American democracy and prevent a populist seizure of power, the choice of voters obviously matters.

So it is useful to give a few indications in order to decipher electoral issues. In that respect, some political factors must be borne in mind.

### **ADVERSE FACTORS FOR DEMOCRATS COMPARED TO 2020**

Circumstances make a repeat of Biden's 2020 election performance more difficult in 2024.

An obvious concern is the candidate's age. If Biden is candidate in 2024, he will be 82. Even if nothing has proved any decline in intellectual



capacities, the risk of them decreasing is growing over time. The feeling they have a very old president is strong among Americans. It could reduce the enthusiasm needed for the grassroots Democrats to campaign.

Moreover, an incumbent candidate can feed a false sense of security. This could limit the anti-Trump reflex. If there is a deterioration in the economic situation in 2024, Biden would be held responsible.

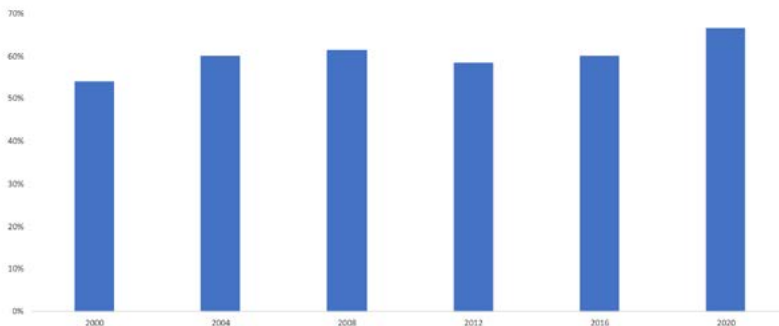
On top of that, there is a ‘technical’ factor that makes replicating the 2020 result difficult: the need for a high turnout.

Trump is a radical and, thus, can more easily mobilize his electorate. This enables him to secure what election specialists call a ‘turnout advantage’: motivate his voters to go to the polls in a higher proportion than the opposing camp. This led him to win the 2016 election in the polls. Opinion surveys had depicted it as impossible. Low Democratic turnout made it reality.

Biden is, like Hillary Clinton, a moderate. He can be the preference of independent or middle-of-the-road voters and lead in the surveys. But these voters are not always motivated enough to go to the polls. This handicap was overcome in 2020 because Biden’s supporters were motivated by hostility to Trump, and because the election was seen as decisive.

So the turnout was exceptionally high in 2020, as the chart shows. Indeed, it was the highest in any U.S. national election since 1900. This suppressed Trump’s turnout advantage because turnout was high for both camps. A high overall turnout means less room for the turnout advantage of one camp (which implies a low turnout in the opposing camp). It happened in 2020 but is more difficult in 2024.

### Voters’ turnout in presidential elections



Source : <https://www.electproject.org/nationall789-present>,

Donald Trump is leading the race for the Republican nomination for 2024. He dominates the race in his party, through his radicalism and the pressure of the MAGA grassroots ('Make America Great Again'). Even though unproven, the feeling that 2020 election was stolen through fraud fuels the determination of voters. But there are also weaknesses in the Republican camp.

### **ADVERSE FACTORS FOR THE REPUBLICANS**

Judicial procedures against Donald Trump are both numerous and serious. But is not clear that they will undermine his chances in the election. The party electoral base believes Trump when he says court cases are politically motivated. As *The Economist* put it, "*it is politics, not judicial, that can beat Trump*".

As far as politics is concerned, some tensions within the Republican party may have electoral effects because they have far-reaching implications. The Republican leader of the House, Kevin McCarthy, was ousted in September 2023 because of the actions of a few of his Republican fellows. To be elected to that position in January the same year, he had been compelled to commit himself to accept a recall vote at any time a *single* Republican Representative asked for it. When this occurred, a vote was organized. He lost 216 to 208. Eight Republican Representatives voted against him alongside the Democrats. They dictated the agenda. The main accusation against McCarthy was that he had permitted a compromise on the finance bill. This compromise was approved by a large majority in both chambers. McCarthy was ousted against the will of most Republican Representatives, and was replaced by a very conservative Speaker: Mike Johnson, one of those who had denied Biden's victory in 2020.

This episode exemplifies a larger feature: the use of so called 'minority strategies' by the MAGA part of the Republican party. Minority strategies care little about securing a majority of the electorate. They try to achieve political and ideological goals through other means, possibly against the majority.

Voting by states in the presidential electoral college (delegates), and for the Senate (constituencies), makes such strategies possible. A majority of popular votes does not ensure victory, as Hillary Clinton experienced in 2016—she was defeated in terms of the number of delegates, despite her leading by 2 million popular votes.

The nomination of Supreme Court judges also encourages such strategies. Trump had the opportunity to appoint three of them, and made

clear he privileged pro-life, anti-abortion profiles.

This was a desire of the MAGA base, but not of most of the electorate. Voters, in turn, had the opportunity to express their feelings in some November 2023 by-elections. Writing a right to freedom to seek an abortion into the State Constitution was submitted to a referendum in Ohio. In that circumstance, a ‘minority strategy’ was ineffective. Female voters went massively to the polls, giving a turnout boost to the Democrats and ensuring a clear victory for the freedom of abortion proposal.

For the moment, surveys tend to show that Trump could win the 2024 presidential election. In fall 2023, a poll **conducted** in six swing states hinted at a preference for him in these states (should the Presidential election have taken place recently). But swing states are precisely those where most efforts are made to improve infrastructure and revamp industry.

This is where the impact of Biden’s program might be felt.

## Conclusion: Which lessons?

Whatever the outcome of the presidential election, Biden will remain in history as a president who achieved a lot. What lessons can be drawn from his achievements?

### Preparation Makes a Difference

Careful design of objectives, strong presidential engagement with Congress, and attention paid to implementation have been features of the Biden Administration. This would have been impossible without the preparation for power that took place between 2016 and 2020: the broad think tank reflections described by Renaud Lasso, and the more focused report *Making U.S. Foreign Policy Work Better for the Middle Class*. This is why these documents are so helpful to understand Biden’s presidency.

### Achievements Are Uneven

Implementation of Biden’s financial programs is promising. The need for infrastructure was unquestioned. The private sector responded to industrial programs promptly. The impacts will be long-lasting, much beyond 2024.

Improving middle-class conditions is still a work in progress. Welcomed, focused measures took place in healthcare and education. But income redistribution is also necessary to have the richest contribute more

significantly. And Biden's tax initiatives were blocked by the Senate.

Biden banks on the local impact of federal projects, most of which he personally inaugurates. The concrete impact is unquestionable, but the effect on votes not yet clear.

## **Fighting Populism Remains a Headache**

How to handle complex issues in times of distrust remains a conundrum. The temptation towards simplistic answers is fueled by frustration. As Tocqueville wrote, passions and uncontrolled emotions are the main threat to democracy. This remains true.

Biden's responses to that challenge has proved relentless. Should they not suffice, they would provide a base to build on in the future.

## **Annex 1: contribution of the report Making U.S. Foreign Policy Work Better for the Middle Class (Carnegie Endowment for International Peace, 2020).**

### **SOME FEATURES OF THE REPORT**

Among the experts participating, the co-editors: Salman Ahmed, Rozlyn Engel, David Gordon, Jennifer Harris, Christopher Smart, Wendy Cutler, Douglas Lute, Daniel M. Price, Jake Sullivan, Ashley J. Tellis, Tom Wyler.

#### **Genesis and Design of the Research Project**

The project was launched after Trump's election (November 2016) and inauguration (January 2017). Before this victory most observers thought it was impossible, given the language of the candidate and his unsustainable proposals, etc. His provocations against women were an additional reason to rule out a Trump victory: women make-up the majority of the electorate.

This language was a repellant for the elite whose knowledge and values were hurt. But, for the same reason, it was in fact an appeal to many middle-class voters: they saw it as proving Trump's break with the elites. Although he was a billionaire, he was seen as sharing the resentment of many working-class people against the elites. This resentment was one of the engines that fueled Trump's popular success. Therefore, an in-depth study of the middle-class situation and concerns was necessary.

Trump's main slogans were *America First and Make America Great Again*, hinting clearly at the relationship between the U.S. and the rest of the world. Why is this relationship seen as detrimental to the middle class and what can be done to fix this issue?

#### **How was the Task Force Set up and Organized?**

The Carnegie Endowment for Peace sought task-force members with experience as policymakers, both political appointees and career professionals, in or under Democratic and Republican administrations. The people selected hailed from the Departments of Commerce, Defense, State, and Treasury, the Office of the U.S. Trade Representative (USTR), the National Intelligence Council, the National Economic Council (NEC), and the National Security Council at the White House.

Meanwhile a partnership was concluded with universities and research centers. The aim was to collect data on the feelings of the middle class. Interviews and focus groups were conducted with hundreds of state and local officials, community leaders, local economic development teams, small business owners, local labor representatives, and middle-income workers, in three 'case study states'.

### **The Three Case Studies: Colorado, Nebraska, and Ohio**

The case study states were chosen in the middle of the country. This is where people feel most abandoned. Carnegie admitted that *“foreign policy professionals in Washington tend to be more influenced by the views of those in large coastal cities”*.

Colorado, Nebraska, and Ohio were selected because they were seen as a *“good proxy for many of the national-level debates now playing out at the intersection of U.S. foreign policy and middle-class well-being.”*

- *“Colorado provides a new economy perspective on trade and sits at the epicenter of national debates on defense spending, energy, and climate change. Very liberal and very conservative communities coexist in Colorado, once a perennial swing state that has trended blue (Republican) in recent years”*.

- *“Nebraska is a quintessential agricultural state with industries caught in the crosshairs of the trade war with China and rural areas that rely on immigration to address workforce shortages. It votes solidly Republican in presidential and congressional elections, though it has become politically and economically more diverse as people move to the urban centers of Lincoln and Omaha”*.

- *“Ohio exemplifies how international trade and investment policies have intersected with manufacturing over the last half century. It is also the ultimate political bellwether state. Every presidential candidate since 1964 who won Ohio went on to win the White House, including former president Barack Obama and President Donald Trump”*.

*“While these states do not encapsulate all the conditions of middle-class households, the interviewees represent a significant political spectrum and a range of industries and regional divides sufficient to capture some of the variation that exists within the middle class.”*

### **What Definition of ‘Middle Class’?**

The project refers to the middle-income bracket, as defined by the independent, nonpartisan Pew Research Center (two-thirds to double the median income).

*“For example, two-thirds of Americans say that the United States should take allies’ interests into account when it makes foreign policy, even if it requires compromise. But only a narrow majority of Republicans support this statement, while 83 percent of Democrats do.”*

### **Some quotations and points made by the paper**

America First is not the answer. *“A zero-sum, unilateralist foreign policy has not yielded net job gains, fostered inbound investment, or raised household incomes in the United States. And it has certainly not made the United States less vulnerable to global shocks or more competitive in the global marketplace. The United States cannot solve its economic problems through trade wars and saber-rattling, while largely neglecting the domestic and fiscal policies that will have the most impact.”*

The opposite is not the answer either. *“The self-evident failures of the America First approach do not necessarily amount to a full-throated defense of all that came previously. To understand the shortcomings, it is necessary to reflect on the priorities of the foreign policy establishment during that time.”*

#### Breaking the Silos between Foreign and Domestic Policy

*“The task force’s case studies and other research have shown that, to varying extents, many in the foreign policy establishment did not fully appreciate the distributional impacts of an increasingly interconnected global economy. Both the security-minded and economic-focused wings of government trailed behind a changing world, and they continued to operate in silos.”*

Example of vision produced or facilitated by silos, that should be replaced by a broader and more comprehensive approach: *“Those at the security helm needed to more directly question whether strategic U.S. military interventions were, in fact, aligning with the interests of the American middle class. Had missions been more narrowly constructed around counterterrorism, counterproliferation, and conflict containment, for example, rather than around regime change and an ambition to remake the Middle East backed by the force of arms, they might have reduced the risks of protracted conflict, regional spillover, and fiscal backlash at home.”*

This makes the case in favor of a better definition of America’s vital interests.

#### **American vital interests and the middle class**

*“The reality was that the economic gains generated from trade agreements were not being shared broadly with working middle-class families. And this is partly because not enough attention was paid to the tradeoffs at a more micro level.”*

Consequently, foreign policy decision should be made differently and, above all, complemented with adequate domestic policies. The distributional effects might then be different at the end of the day.

*“There is a cross-partisan consensus to say that the strength of America abroad relies depends on its strength at home. And there is also a consensus to say that a critical pillar of American power lies in the middle class, its dynamism, its political participation and the promise it represents for the rest of the world. And yet, after three decades of U.S. primacy on the world stage, America’s middle class finds itself in a precarious state”. “This situation weakens both the consensus foreign policy requires and democracy itself. It conveyed the Carnegie Endowment for International Peace to set up a working group whose task was to fashion a foreign policy that takes into account the needs and aspiration of the middle class”.*



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