EconoFact Chats: The US Economy at a Time of Disruptions: War, Oil, Tariffs, and the Fed

Binyamin Appelbaum (The New York Times), Larry Edelman (Boston Globe), Scott Horsley (NPR), and Claire Jones (The Financial Times)

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I'm Michael Klein, executive editor of EconoFact, a non-partisan web-based publication of The Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.econofact.org.

Michael Klein
Regular listeners to EconoFact Chats know that we have an episode with our panel of journalists about 4 times per year. Our last journalist panel podcast was in late November. Things have changed a lot since then. In fact, recording today, on March 3rd, things have changed a lot over the past few weeks. Most notably, the bombing of Iran, and the killing of that country's leaders. But also the Supreme Court decision that the President's tariffs were unconstitutional. To discuss these and other issues, I welcome back to EconoFact Chats, our panel of leading economic journalists – Binyamin Appelbaum of The New York Times, Larry Edelman of the Boston Globe, Scott Horsley of NPR, and Claire Jones of The Financial Times. Thanks for joining me once again, to each of you, on EconoFact Chats.

Scott Horsely
Good to be here.

Michael Klein
There are lots of important things related to the attack on Iran. But let's focus on the economic aspects and, foremost among these, the effect on oil markets. The price of oil rose by over $10 per barrel in the few days since the beginning of the bombing campaign, from $67 before the bombing to about $77 today. Do you think that prices will continue to rise, or stabilize at this point? And what will be the economic effects of this? The increase in the price of oil in the wake of the 1979 Iranian revolution is one of the causes of the spike in inflation at that time. Are we facing a similar fate today?

Scott Horsley
Well, I won't much guess at whether prices are going to keep going up from here or settle back down, but I will say that there's some things that are different now than they were in 1979 – rising oil prices is now more of a sort of double edged sword for the U.S. economy. We're a big producer and net exporter of oil, so higher prices is actually good for us oil producers, and lower prices are not unalloyed good for the overall economy. Of course, it's not so good for people who have to buy gasoline and move products with diesel fuel. It's also the case, though, that the U.S. economy is just a lot less energy intensive than it was back in the 1970s where we generate a lot more dollars per gallon of oil than we used to. But it is the case that low gasoline prices have been sort of a counterweight to inflation for the last year. That's one of the few things that the President can point to where he really has brought prices down. And as of today, as we

record this, AAA says that gasoline prices are back above where they were a year ago. So that counterweight is going away as a result of this war.

Claire Jones
I think Scott is making a very important point here. I think if we look at it in terms of the global economy, it does seem to me that the US is a lot less prone to an energy price shock than Europe because of the reasons Scott mentions. However, as Scott also says, gasoline prices, which were a very visible part of consumers inflation expectations, have, on Tuesday, tipped above this quite significant point of $3 per barrel. They're now slightly higher than when Trump returned to the White House. So it's not the sort of scenario that we are going to get in the late 70s, but at a time when price pressures have been above the Fed's 2% target for five years now, I'd say it's quite unwelcome nonetheless.

Binyamin Appelbaum
Yeah, one interesting dynamic here is that the world, for various reasons, was in a position of having more oil on hand than it often does. I saw a figure that China has four months of the oil that it needs before it gets into trouble. People have already noted that the US is both less reliant on oil than it used to be, and produces more of it. And so the immediate impact of this has been smaller than some people expected. But a lot depends on where this goes from here. The longer that production is disrupted in the Middle East, the longer that the transportation of oil from the Middle East to other countries is disrupted, the worse this could get. Iraq has already shut down production in the world's largest oil field. You've got no shipping moving through the Straits of Hormuz. You've got a situation that could become a lot worse as time goes on. And while the US is less exposed to this than other countries, the US is exposed to other countries. I saw a remarkable quote from a Trump administration official basically saying, basically like, this is everyone else's problem. Well, everyone else's problems have a way of becoming our problems. And so this sort of complacency about the fact that the United States has less direct exposure to Middle Eastern oil than it used to seems to me a little overconfident. If the world really starts to feel the pinch of this, the US will, too,

Larry Edelman
Yeah, as far as gasoline prices go, and in the impact of oil overall, on the economy, right now that hasn't shifted expectations on Fed rate cuts, but it could down the road, depending on how much higher prices go, and for how long they stay high. So we'll have to watch that, and that would obviously have an impact on the economy and, also on investor sentiment, if it was seen like the Fed would be waiting longer to cut rates than previously expected. The other point that I'll make is that right now, oil seems to be the key pressure point on the administration to wrap this up faster, rather than this open ended ‘we'll do it when we do it’ kind of approach to finishing the attack on Iran. Gas, as Claire mentioned, is highly visible, and Trump keeps score with it to a certain degree. And if gas prices really climb high for a long time, you know, there's going to be pressure on the administration to get a settlement, especially if there's further damage to the infrastructure in the Gulf…to the gas and oil production, because then you really start to see disruptions. Right now they're starting to run out of storage capacity. They become a bigger problem, you know, as the days go on, and that means I will cut production. So I think that the pressure is going to come from that area…from the impact of oil on the administration to kind of execute its exit plan here.

Michael Klein

Affordability has been a major concern in this country. One bright point has been that the price of gasoline remained low. But as mentioned, the price is going to increase. A $10 increase in a barrel of oil translates to about a 25 cent increase in the price of a gallon of gas. What would be the consequences of this, and other prices, like the price of natural gas going up as a consequence of the military action and the responses by Iran?

Scott Horsley

Well, as Claire mentioned, you know, Europe is particularly dependent on liquid natural gas from the Middle East, especially since they've not been buying as much Russian gas since the war in Ukraine. And so we have seen a huge spike in natural gas prices in Europe, and a smaller increase in natural gas prices here in the US. We're also, of course, a big exporter of LNG. Natural gas prices in the U.S. were already up nearly 10% over the last year. I just got my gas bill for February, and it was over $300 which is the first time I've ever had a gas bill that large. That's both because the price is up, and because we happened to have a really cold February here in Washington, DC. You know, as we get into the spring, the heating effects will be smaller. Natural gas is the number one source of heat in the US…about half the homes heat with natural gas. But it's also a huge fuel for generating electricity. So when people switch from heat to air conditioning, those high natural gas prices are still going to sting, and that's already been a pain point. Electricity prices are up more than 6% over the last year. Electricity prices have been going up more than twice as fast as overall inflation. So none of this [inaudible] is going to help with that.

Binyamin Appelbaum

Yeah. I mean, domestically, it's really fascinating. I mean, it is often observed that the price of gas is the single most visible economic indicator in American life. It's posted on, you know, street corners all over the country. People see when it rises. They don't just feel it in their wallets. They see it as they move around their cities. And it's exactly the type of thing that Trump is usually really concerned about. He is very focused on what is visible, and what is immediate, and generally much less focused on, you know, long term consequences, or secondary effects. So for him to be in a position where his big foreign policy push is acting immediately and directly on an economic indicator that is so visible to Americans, is a fascinating dynamic that probably you know, as Larry observes, isn't really sustainable. It's not the type of thing that Trump is going to be willing to keep driving up because, if he feels that pain acutely, and will feel it politically…you know, there's this broader context here, which is that Republicans have been desperate for the President to focus on affordability. They're convinced that he needs a strong message around what he is doing to make life more affordable for Americans. They were hoping he would use the State of the Union address as a vehicle to talk about those issues. He largely didn't. He has largely resisted doing this. He has insisted that affordability is a hoax, or that it's already solved, or that, you know, it's a problem caused by Democrats that he's in the process of fixing. He has 400 different explanations, all of which amount to, I'm not dealing with this right now. This is going to increase the pressure on him and on Republicans as they head into the midterm elections, because it is pushing on the most sore and sensitive spot in the body politic. It is reminding people of something that they hate, and it creates, I think, really acute political pressures for the President.

Claire Jones

I think this is a really good example of why you often see affordability talked about so vocally at a time when the macro figures can look very good. As Scott noted earlier, the US is a big energy producer. So if you're looking at the growth numbers, if we have a big energy price shock, what you lose in lower consumption and higher inflation, you could get back in profits for the oil producers. However, when you look at what happened to those profits in 2022 after the energy price shock that we saw when Russia invaded Ukraine, a disproportionate amount of those gains went to the top 1% of wealthiest Americans. So even if we end up with quite good GDP figures on this…and the US is rather insulated compared with other parts of the economy, I think it does speak to that sense in which, while the macro data might look good, people can complain of cost of living issues in the US too.

Michael Klein

Another source of price increases have been tariffs. Evidence shows that there has been pretty-much full pass through of tariffs to consumers' prices and, in February, the Supreme Court ruled that IEEPA, the International Emergency Economic Powers Act, was illegally applied by the President, and those tariffs had to be cancelled. The President responded by imposing across-the-board 15% tariffs under a different authority, but one that was more limited and can only be in force for 150 days until they're reviewed. So there's a lot to unpack here. First of all, what were the effects of tariffs from their imposition on so-called "Liberation Day" in April until they were ruled illegal in February?

Larry Edelman

Initially, back in April, there was real concern that the tariffs would have a big impact on consumer prices, and it turned out to be not as bad as many economists forecast. The reason for that is, I think, the decision by many businesses to hold off on price increases, to see what would happen by the end of the year. You know, in January is typically the time where you see many companies adjusting their prices. So they ate a fair amount of the price increase that was coming through to them. The second piece of that is that companies got very inventive, and they redesigned their supply lines. They shifted sourcing of products to countries with lower tariffs, and that helped mitigate the impact of the reciprocal tariffs. Now we'll have to go through the whole process again of seeing what happens with these 10%...I don't know, has he made it 15% officially yet? I'm not sure. I don't think he has, but he's threatened to, because you always need something to hold over people's heads, right? But he's going to go through it. And I think the strategy here for the Trump administration is just to use these 150 days to come up with something else. Because people are going to go to court and say that the legislations that he's using don't permit these to be used for tariffs…that the laws that he's turning to do not apply to tariffs at all. And in talking to people, I understand that's a pretty easy case to make. You know, much like what happened with the reciprocal tariffs. So then he's going to come up to the 150 day deadline, and then we'll have to see what happens. The bottom line, guys, is this more uncertainty for businesses. You know, here we go again, another stretch of time where companies aren't really sure what's going to happen, and what they should do.

Scott Horsley

Yeah, talk about uncertainty. I was interviewing a toy importer a few days after the Supreme Court decision. He said, you know, look, that was a microcosm…what he's gone through for the last year. He wakes up on Friday morning, the Supreme Court strikes down the tariffs. He thinks he's free. By that afternoon, the President has ordered a 10% replacement tariff to take the place of the one the Supreme

Court struck down. The next day, the President goes on social media and says it's going to go to 15%. In fact, it hasn't gone to 15% yet. But, businesses just don't know how to respond to all this. You know, it's another at least five months of uncertainty and then beyond. Meanwhile, lots of businesses are now lining up to say, okay, you collected these tariffs illegally, $130 plus billion worth, we want our money back. And it's going to be a question of how they go about getting their money back. Last Friday, the Justice Department filed papers saying, whoa, whoa, whoa, we don't think we should have to give the money back because we've got replacement tariffs. There's going to be a fight before the Court of International Trade between all these businesses that shelled out this money, and the administration, which is trying to hold on to it. It's really kind of galling, because while this case was going through the courts the first time, the administration always said, well, if we lose, we'll repay the tariffs so you should let us keep collecting the tariffs all these months. And the courts allowed the administration to keep collecting tariffs because they promised that refunds would be coming. Now they're trying to slow walk those refunds, which is characteristic of the way Donald Trump always behaved in his business career, which is stall, stall, stall, delay, delay, delay, and often he’d just wear his, his legal opponents out.

Binyamin Appelbaum
Yeah, it's interesting, because while obviously there's a lot of uncertainty about the exact details of the tariffs, and exactly how the Trump administration will seek to reimpose tariffs, I also hear from business executives a sense of increased certainty, in the sense that they are increasingly confident that tariffs are here to stay, that the Trump administration is committed to disrupting trade, to making trade more expensive and more difficult in a variety of ways, including the imposition of new kinds of tariffs, and that they need to learn to live in that world, and to do business in that world, and that the exact details of what the tariff rate will be, while obviously important and necessary to figuring out how exactly to do business, are also less important than the overriding certainty that there will be these tariffs in some form for the foreseeable future, and that businesses need to adjust where they make things, and where they import parts from, and how much stuff they import. That all of that now needs to sort of be reconfigured for this new world. So uncertainty about the details, but also overarching certainty that we're in a new chapter for trade.

Claire Jones
I'm far less expert on this area than others on the panel, so I'll just make a brief remark about the cloud that this leaves over the fiscal situation. As you and most of the listeners know, the US has very wide fiscal deficits. The refunds collected so far under the tariffs that have now been ruled illegal, I think, amounts to around half a percentage point of GDP. These tariffs were expected to raise about a percentage point of GDP per year going forward. So it really does cast doubt on the administration's aims to start squeezing the federal deficit, which most economists agree, in the US, is far too large, around 6% of GDP.

Michael Klein
Yeah, I'd like to follow up on that last point. One of the benefits of tariffs that were touted by the President and members of his administration were, in fact, the revenues. But the revenues were raised on the backs of Americans, and on the backs of lower middle class, and middle class, and poorer Americans, because a tariff is a very regressive form of taxation. And it seems to me, it's still somewhat unresolved through the SCOTUS decision of whether or not the government's going to pay back the tariffs. Cases

have been brought to court, but they haven't been resolved yet. It seems like we're a very long way from the President's idea of sending everyone a $2,000 tariff rebate check. Your views on this?

Scott Horsley
Yeah, he will continue to be sending a tariff bill to the American people, but it won't have Donald Trump's name on it. It'll be concealed in all the products that they buy.
Larry Edelman
Well, that tariff refund check is in the mail, Michael, and don't spend it all at once, but you know, it's going to come…at one point, you know, on one hand, the administration says we're going to use these tariff revenues to pay down the deficit, and then the next minute, they're talking about sending everybody a $2,000 check. Again, it's just bouncing around from one idea to another without any coherence.

Scott Horsley
Or rescuing farmers who had their export markets destroyed.

Larry Edelman
Right.

Claire Jones
Just one comment that I thought was interesting was, I think the day after the decision, or even perhaps the day of the decision, Scott Bessent, US Treasury Secretary, kind of said the quiet part out loud, when he was asked about the refunds and said he didn't think it was something that the American people were likely to receive, which is a view that I think our panelists recommend here.

Michael Klein
So another issue before the Supreme Court, one in which as of this date, the ruling has not yet been issued, is whether the President can fire Lisa Cook from the Board of Governors of the Federal Reserve. There were oral arguments in January, and many observers thought that the court seemed to favor Cook. What do you think about this?

Binyamin Appelbaum
I think it was clear from the oral arguments that the court is looking for a way to protect Lisa Cook, and this is actually consistent with a broader theme with this Supreme Court, which is that it has been willing to oppose Donald Trump in cases where Trump is trying to mess with the court's retirement savings – basically, anything that has the potential to disrupt the stock market or the economy too profoundly is in the view of the court, beyond the President's powers. And so we've seen the court step in to say that the Trump tariffs are illegal. We've seen them now, we expect them to step in to protect Lisa Cook and the autonomy of the Federal Reserve. And so they've stepped in on these economic cases, even as they've been much more reluctant to oppose the President in cases involving civil liberties. And so in this case, the court seems quite determined to make whatever pretzel shapes of logic are necessary in order to justify protecting Lisa Cook, even as they have given the President, or affirmed the president's power to fire other public officials who, on paper, at least appear to be in essentially identical situations to hers. So we don't know exactly how they're going to do that, we'll need to wait for the opinion to see the details.

But they are going to, in some form, argue that the Fed is different and unique, and that the President needs to give special deference to the Fed, and that seems pretty clearly where we're headed in this case.

Michael Klein
Yeah, the Supreme Court might try to protect the stock market, but as of today, on Tuesday, March 3rd, around noon, the stock market's down like two and a half percent.

Scott Horsley
Yeah, I was just going to say, I mean, they could issue something that's fairly sweeping, to say the President has to keep his hands off the Federal Reserve, or they could issue something much more narrow, and just say the very clumsy and thin excuse that the White House was trying to use to, in this particular instance, doesn't pass the smell test. Either way, Lisa Cook can keep her job. Whether that protection extends more broadly, we'll have to wait to see how they shape the decision.

Claire Jones
My sense was that after the hearing, people at the Fed did breathe a sigh of relief. I think the sense from the comments of the judges and the questions that they had that there was a concern over the lack of due process, will have been something that central bankers will have found reassuring, particularly in an environment where, since we last met, we've seen the news emerge that the Department of Justice is launched criminal investigation against Fed chair Jay Powell. The sense that the Supreme Court has given, that it is unhappy about the lack of process these moves on the Fed have taken, is one that's going to reassure the institution I think.

Larry Edelman
I'll agree with our panelists that it looks like the court will side with the Fed on this one. It will be interesting to see the rationale that it comes up with, because how it distinguishes between the Federal Trade Commission and the Fed…that will be quite a fine line that the justices are going to have to walk to get to the decision

Michael Klein
Well sticking with the Fed for a moment, the broader issue of the independence of the Fed is still unresolved. The President has nominated Kevin Warsh for the Chairmanship of the Fed. There is a view that another leading contender, Kevin Hassett, was seen as someone who would do the President's bidding. Warsh has been a governor of the Fed previously. Will he be seen as independent by the senators who have to confirm him, and also by the markets, if he is confirmed?

Larry Edelman
I think this nomination goes through Michael…I think the Democrats will put up a fight just because they want to put up a fight against anything that Trump does. You know, in talking to former central bankers, none of them were very dismissive of Warsh. They were pretty supportive of him, and his time at the Fed before. The progressives don't like him, obviously, but I think that there's not enough there to Bork him, so to speak. You know, he's not too far to the extreme. And I think we would have seen the reaction in the markets if there was serious concern that independence would be eroded by his appointment. I think if

anything, he's going to turn out to be like the Supreme Court justices that Trump has appointed that don't always go his way.

Binyamin Appelbaum
Warsh is a card carrying member of the club of central bankers. He has a resume that looks like a central banker's resume, including the fact that he has served before on the Fed's Board of Governors. And I agree with Larry that he is likely to be confirmed, at least once the legal difficulties around Jay Powell are resolved, because we currently have a Republican senator saying that he won't allow this process to proceed until the administration stops persecuting Powell. But once that's resolved, I think everyone expects that this is a nominee who will be able to make his way through Congress. The challenge for Warsh, and that would be the same challenge for anyone who had been nominated by Trump, is that he enters office, or he will enter office with a cloud of suspicion hanging over him. The President said very clearly that he was only going to nominate someone who agreed to reduce interest rates in the way that he wanted. And while Warsh hasn't confirmed that he said that, he's certainly going to be asked about it, because the President has made clear that that was the condition on which he was going to be nominated. If he intends to push back against that, against this sort of damning circumstance of a President having said he only got the job because he was willing to do what the President wanted, he's going to have to do it through his actions, because nothing he says is going to be persuasive. It's going to be a question of how he actually performs the job of Fed chair. He has a burden on his shoulders that has been put there by a man who has no respect for the Fed's independence.

Claire Jones
I think, as the others have said, you know, this is someone who is part of the global club of central bankers. He's part of the group of 30, which is a very well esteemed kind of club, if you'd like. He's also very well known in financial markets. And during the 2008 financial crisis, he was one of the most important people in terms of spelling out some of the radical measures that the Fed was taking then on the hill. So I think there's a lot of goodwill. I think where the niggles with Warsh lie…and I do think he's going to be confirmed by the Senate…I can't see a scenario where once the DOJ probe into power goes away, the hearing happens, and there's an issue for Warsh. But there are niggles, because he's been very critical about the Fed, but hasn't really spelt out in too much detail exactly what he will do differently once he's left in charge.

Scott Horsley
Yeah and Kevin Warsh has certainly aligned himself with the President's call for lower interest rates, and he may have arrived at that view sincerely and in his best independent judgment, not because he's under the thumb of Donald Trump, but they are certainly aligned in wanting lower interest rates right now. I'm not sure that the rest of the Open Markets Committee is going to go along with that. You know, the regional Fed presidents in particular have been pretty hawkish on that score, and whether Warsh can persuade a majority of the committee to go through at least with the scale of rate cuts that President Trump has been demanding, I think, is an open question. So even if he gets the job, I think he'll have his work cut out for him in getting the kind of rate cuts that Donald Trump's been calling for.

Michael Klein
Yeah and the threat of inflation seems higher now than it was last week at this time, given the increase in the price of oil. Although there's stagflation, it's not just inflation that goes up, it's also unemployment, so it's a real challenge.

Binyamin Appelbaum
Yeah, so look, I think there's a scenario in which what's happening in the world right now makes Kevin Warsh's life easier, in the sense that if what he wants to do is to tell a convincing story about why he's not going to lower interest rates, why he's not going to do what the President wants, then there's a story that might be available to him, which is, you know, look, we didn't know there was going to be a war with Iran. Oil prices have gone up, inflationary pressures have increased. And I came into this thinking that Trump was right about interest rates, but I've had to reconsider. And you can imagine Warsh taking advantage of the changes in the economy to argue that there's a good reason that he can't do what the President wants him to do.

Claire Jones
Just coming back to how the FOMC is going to respond to his appointment. I mean, Warsh's main argument for cutting rates seems to be that the AI boom is going to be a massive disinflationary shock. Everything we've heard from officials within the Fed at the moment is that they don't quite buy the arguments. So I think it is going to be difficult to get that support. However, I just don't think Warsh is personally wedded to making cuts on the scale that Trump wants, and I think it's very likely that we just end up in the same place as we have with Powell and Trump. And, you know, there's a lot of jawbone in between the White House and the Fed. And in a way, maybe that suits Trump. He can seem to be taking on the Fed, and maybe it suits the central bank too, to look as though they're a credible force that's willing to stand up to the White House.

Larry Edelman
One thing we should mention is the job market, because that will be really pivotal in whether the Fed does indeed cut rates or not on the merits, not because Donald Trump wants rates lowered. And we have the job numbers coming out on Friday, and that will be the next piece of information. I know here in Massachusetts, the job market is, I think, a leading indicator for the rest of the country. It's really weak, you know, there's virtually no growth in employment, the impact of immigration cuts is having…the restrictive immigration policies is having an impact on the size of the labor force, and we're seeing jobs like white collar jobs, professional jobs, not growing at all. There's very little payroll growth. So it's been my theory, and we'll see if it plays out in fact, that what you see in Massachusetts now may be a precursor of what we see for the rest of the country throughout this year. And if that's the case, then the debate won't be whether or not to cut interest rates. It'll be how much do we need to cut interest rates in order to protect the job market from completely tanking.

Michael Klein
So I'd like to conclude by following up on Larry's point. In his State of the Union speech last week, President Trump painted a rosy picture of the economy. He said that America was in…he used the term 'golden period.' And you know, inflation is low, but it's higher than the Fed's target rate. Unemployment is currently below 5%. Are we, in fact, in the 'golden period' as the President said in his speech?

Scott Horsley
Well, if you're talking about Oval Office decor, we are absolutely in a golden age. I don't think we're seeing anything like the kind of turnaround that Donald Trump painted in his State of the Union speech. The economy was not in some sort of disastrous shape when he returned to the White House. And it's not in enormously better shape now. In fact, by lots of metrics, it's in slightly worse shape. GDP growth was perfectly respectable in Trump's first year back in the White House, but it was a little bit lower than it was the previous year. Job growth was way lower than it was the previous year. Inflation has kind of gone sideways. So I'd say we had an okay economy in the last year that Joe Biden was in the White House. We have an okay economy now. The problems we had with affordability have not gone away, by and large. The job market's weakened substantially. Growth has held up pretty well. It's just not a story about a turnaround. It's a story of an economy that's kind of muddled along, and that has not changed.

Binyamin Appelbaum
I think it has to be said that by many measures, the United States economy is the envy of the world. Since the end of the pandemic, America has outpaced other developed nations. Our economy continues to expand. The problems, however, also remain. The distribution of those gains is hugely uneven. And so this has been a wonderful time to be in the small group of Americans who have significant stock market holdings, or who own companies. If you're rich, it's been a great time. But what we've seen is that despite the growth of the economy, a lot of Americans…most Americans, continue to struggle to pay for the basic necessities of life and the building blocks of a better life. And those two things remain side by side, both true, irreconcilable, and it's the source of a lot of the tension and the fury in our politics.

Claire Jones
Yeah, I think the song remains the same. I mean, if you look at the macro data, especially from Europe, the US is an impressive economy, but you know, when you go out on reporting trips, you hear from people the exact same thing as you heard in the run up to the presidential election, which is that people are just not feeling the gains. They don't feel as though they can afford the markers of a middle class lifestyle, even if they're on middle incomes. And the only difference this time around is that, whereas it was the Democrats who suffered in the Presidential election, I think it's going to be Trump who takes the hit in the midterms.

Larry Edelman
Yeah, I mean, Trump thinks that the economy is on a stairway to heaven, but as Claire said, the persistent problems are still there. Housing, healthcare…have not been addressed at all, really. And in the case of healthcare, probably made worse. And one of the things that is coming down the tracks at us at full speed is AI, and it could be the best thing in the world for the US economy. And it could be terribly disruptive, or somewhere in between. We just don't know yet. And I think that there is an unease out there…that for the average person, that it's not gonna go their way. Some people might make a ton of money off of it, but it's not going to be them.

Michael Klein
Well, in the last three months, a lot of things have happened, and we've had a chance to address them today in this conversation. We'll talk again in another three months. God knows what will happen between now and then, but I'm sure there'll be a lot to talk about when we next speak. And as always, I really

appreciate the four of you joining me today. I always learn a lot from you, and really enjoy our conversations. So thanks for joining me once more on this episode of EconoFact Chats.

Claire Jones
Thanks alot Michael.

Larry Edelman
Thank you Michael.

Scott Horsley
Good to be with you.

Binyamin Appelbaum
Thanks Michael.

Michael Klein
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