



By: Desmond Lachman

# Trump's unfulfilled economic promises – a burden for Republicans ahead of the election



The Democratic political strategist James Carville famously dictated a mantra for Bill Clinton's successful 1992 presidential campaign: "It's the economy, stupid."

That's true in this November's midterm election as well, and President Donald Trump's Republican Party would seem to be in for a shellacking.

Not only has Trump failed to deliver on the economic promises he made during his 2024 election campaign. He also keeps making the same mistake that President Joe Biden did.

By insisting that that the US economy has never been better despite sky-high fuel prices and a burgeoning affordability crisis, he is demonstrating an utter lack of awareness—both about the economy and about his own poor job performance.

Worse yet, when challenged, he becomes dismissive, expressing indifference to the **electorate's distress**.

Consider what the latest figures say about **inflation**, which is the public's number-one **economic concern**.

On the campaign trail, Trump promised not simply to bring down inflation (the rate of price growth) but to bring down the price level (what things actually cost).

But with wage gains falling short of inflation, he has clearly failed to deliver on this bread-and-butter issue.

Come Election Day, the average American worker will be worse off than at the start of Trump's second term.

The average price level will be at least 7% higher than when Trump returned to the White House, while the rate of inflation will have accelerated to almost 4%.

## Trump's fingerprints are all over the affordability problem

Meanwhile, the electorate will remember that the Iran war increased gasoline prices by 50% (to around **\$4.50 per gallon** on average).

Voters may also remember that Trump's "One Big Beautiful Bill" made health insurance less affordable for around 20 million households, and contributed to continued high mortgage rates that are keeping home ownership beyond the reach of far too many Americans.

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It goes without saying that Trump will seek to shift blame for inflation away from himself. But this will be a tough sell.

Aside from MAGA diehards, everyone knows that Trump's fingerprints are all over the affordability problem.

By aggressively raising import tariffs and pursuing mass deportations, he has single-handedly driven up the price of imported goods as well as many domestically produced goods and services.

## The energy-price shock

Similarly, by launching a war of choice against Iran, he caused sharp increases in gasoline, diesel, and fertilizer prices.

These costs are sure to put him on the back foot even with his rural base, which has also suffered from reduced agricultural orders from China.

It also goes without saying that Trump has failed to usher in the economic golden age that he promised in his second inaugural address.

Last year, despite a strong tailwind from the AI investment boom, the economy's overall economic **growth rate** (2.1%) was lower than the average (2.7%) recorded during the last three years (the post-pandemic phase) of the

Biden administration.

## Since the day Trump returned to office, the economy has been mired in uncertainty

And the economy appears to have **slowed** appreciably in the first half of this year, owing to the energy-price shock from the Iran war.

Given this worsening performance, it will be even more difficult for Trump to deflect attention from his chaotic, counterproductive economic policy.

Since the day he returned to office, the economy has been mired in uncertainty, which has inhibited investment almost everywhere except the AI sector.

One of Trump's key goals was to eliminate the US trade deficit and generate manufacturing employment through an aggressive tariff policy, which hiked import levies to their highest level in a century.

Yet here, too, he will have little to show the electorate for his efforts. Last year's trade deficit was practically unchanged from 2024, and manufacturing employment has continued to decline.

Moreover, most voters recognize that Trump's tariffs are a principal driver of inflation.

## Hopes that AI will spark a productivity revolution

The one talking point that Trump now has for the investor class is a booming stock market that keeps setting new records, presumably reflecting hopes that AI will spark a productivity revolution.



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But this "win" is unlikely to resonate with the vast majority of voters who consider affordability the most important issue, especially when made aware of Trump's own **stock-trading activities**.

Nor can one rule out the possibility that the war with Iran and rising US Treasury bond yields could bring on a (much-overdue) stock-market correction before the midterms.

Those who live by the sword die by the sword. Trump triumphed in 2024 by continually hammering on the Biden administration's dismal inflation record.

If Republicans do get a shellacking in November, it will be because he has made Americans even worse off. Shamelessly enriching himself and his extended clan merely adds insult to injury.

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