

## **Weekly Commentary 38**

*Democrats meet in Chicago and cheer on Kamala Harris*

The Democratic Convention ended on Thursday and Kamala Harris got a rousing endorsement after Joe Biden and other party elders took the war to Donald Trump and the Republicans in the coming Presidential elections.

Given that the race is now very near, there will be non-stop running commentary from now until the Americans choose a president. During this time, interest rates will fall and the stock market will do well. Every government agency will assist the Biden White House (and Harris) to have a shot at another term in office. It is the Republicans, in this scenario, who are the underdogs, because their political base rests in non-urban America, beyond the so-called deep state. It will be a test of how well the various divisive cleavages in the American body politic will hold up, as hundreds of millions of dollars will be spent by both sides to enhance their narratives.

In the end, the contest does not rest on how the narrative actually plays out across the land. It will be based on just a handful of swing states which is expected to go either way depending on how much advertising money is spent in these areas. It will not matter that one of the two candidates can have 51 percent of the vote, but if they lose the majority in just about half a dozen swing states, the electoral college may put the loser of the popular vote in the White house.

Biden opened the offensive at the start of the DNC's convention and gave an angry diatribe against all those people, from Trump to Putin who have crossed him during his presidency. Here is how the NYT reported on his take:

### **Fact-Checking Biden's Speech and More: Day 1 of the Democratic National Convention**

*By The New York Times*

We followed the developments and fact-checked the speakers, providing context and explanation.

Aug. 20, 2024

President Biden praised his administration's accomplishments and declared his vice president a worthy successor on the first night of the Democratic National Convention on Monday.

Mr. Biden's speech capped a night in which Democratic lawmakers and party stalwarts praised Vice President Kamala Harris, warned repeatedly that former President Donald J. Trump was unfit for office and celebrated Mr. Biden's legacy. Here's a look at some of their claims.

Linda Qiu

Fact-check Reporter

“While schools closed and dead bodies filled morgues, Donald Trump downplayed the virus. He told us to inject bleach into our bodies. He peddled conspiracy theories across the country. We lost hundreds of thousands of Americans, and our economy collapsed.”

— Representative Robert Garcia of California

**This is exaggerated.**

Mr. Trump’s comments, in April 2020, about the efficacy of disinfectants and light as treatments for the coronavirus elicited uproar and confusion. He did not literally instruct people to inject bleach, but raised the suggestion as an “interesting” concept to test out.

At the April 2020 news conference, a member of Mr. Trump’s coronavirus task force said that the virus dies under direct sunlight and that applying bleach in indoor spaces kills the virus in five minutes and isopropyl alcohol does so in 30 seconds.

Mr. Trump responded: “Supposing we hit the body with a tremendous — whether it’s ultraviolet or just very powerful light — and I think you said that that hasn’t been checked, but you’re going to test it. And then I said, supposing you brought the light inside the body, which you can do either through the skin or in some other way, and I think you said you’re going to test that too.”

He added: “And then I see the disinfectant, where it knocks it out in a minute. One minute. And is there a way we can do something like that, by injection inside or almost a cleaning? Because you see it gets in the lungs and it does a tremendous number on the lungs. So it would be interesting to check that.”

Jeanna Smialek

Economics Reporter

“Trump talks big about bringing back manufacturing jobs, but you know who actually did it? President Biden and Vice President Kamala Harris.”

— Gov. Kathy Hochul of New York

**This needs context.**

It is true that manufacturing employment is up sharply under the Biden administration, but much of the gains are simply a recovery from job losses early in the coronavirus pandemic. Manufacturing employment is just slightly above its 2019 level. And factory employment also climbed somewhat from when Donald J. Trump took office in early 2017 and the onset of the pandemic in 2020.

Linda Qiu

Fact-check Reporter

“Thanks to Joe Biden and Kamala Harris, we reopened our schools.”

— Representative James E. Clyburn, Democrat of South Carolina

## **This needs context.**

President Donald J. Trump and President Biden took different approaches to school reopenings during the coronavirus pandemic, with Mr. Trump encouraging schools to stay open and Mr. Biden emphasizing the need to contain the virus before reopening classroom doors. While they could signal policy preferences, developments in how the virus spread and how states and school districts reacted were sometimes out of their control.

The Centers for Disease Control and Prevention warned schools to prepare for disruption in February 2020, and a high school in Washington State became the first to close its doors that month. More schools across the country followed in adopting online instruction, but by the fall of 2020, some schools — often in states with Republican governors — returned to in-person instruction.

One audit found that by the fall of 2020 more schools had reverted to a traditional or hybrid model than remained virtual. A C.D.C. study found that school closures peaked in 2021, under the Biden administration, when the Omicron variant spread. By the fall of 2021, though, 98 percent of public schools were offering in-person instruction full time, according to the Education Department.

Linda Qiu

Fact-check Reporter

“Donald Trump wants to put our 1787 constitution through his Project 2025 paper shredder.”

— Representative Jasmine Crockett, Democrat of Texas

## **This needs context.**

Project 2025, a set of conservative policy proposals assembled by a Washington think tank for a Republican presidential administration, does not directly come from Mr. Trump or his campaign.

Still, CNN documented instances where 140 people who worked for the Trump administration had a role in Project 2025. Some were top advisers to Mr. Trump in his first term and are all but certain to step into prominent posts should he win a second term.

Mr. Trump has also supported some of the proposals, with even some overlap between Project 2025 and his own campaign plans. Among the similarities: undercutting the independence of the Justice Department and pressing to end diversity, equity and inclusion programs. And he enacted other initiatives mentioned in Project 2025 in his first term, such as levying tariffs on China and making it easier to fire federal workers.

But Mr. Trump has criticized some elements as “absolutely ridiculous and abysmal” though he has not specified which proposals he opposes. When the director of the project departed the think tank, Mr. Trump’s campaign released

a statement that stated: “Reports of Project 2025’s demise would be greatly welcomed and should serve as notice to anyone or any group trying to misrepresent their influence with President Trump and his campaign — it will not end well for you.”

Linda Qiu

Fact-check Reporter

“JD Vance says women should stay in violent marriages and pregnancies resulting from rape are simply inconvenient.”

— Gov. Andy Beshear of Kentucky

**This is exaggerated.**

Mr. Beshear was referring to comments Mr. Vance made during his 2022 campaign for Senate. Mr. Vance has rejected such interpretations.

In remarks to a Christian high school in California in September 2021, Mr. Vance spoke of his grandparents’ marriage, which he described in his memoir as violent.

“This is one of the great tricks that I think the sexual revolution pulled on the American populace, which is the idea that like, ‘Well, OK, these marriages were fundamentally, you know, they were maybe even violent, but certainly they were unhappy. And so getting rid of them and making it easier for people to shift spouses like they change their underwear, that’s going to make people happier in the long term,” he said.

Asked by Vice News about his remarks in 2022, Mr. Vance said, “Any fair person would recognize I was criticizing the progressive frame on this issue, not embracing it.”

He also told Fox News that Democrats had “twisted my words here” and that “it’s not what I believe, it’s not what I said.”

And regarding pregnancies resulting from rape, Mr. Vance told Fox News that he was criticizing the view that such pregnancies are “inconvenient.”

In a 2021 interview, Mr. Vance was asked whether abortion bans should have exceptions for rape or incest. He responded, “At the end of the day, we’re talking about an unborn baby. What kind of society do we want to have? A society that looks at unborn babies as inconveniences to be discarded?”

Linda Qiu

Fact-check Reporter

“Instead of paying \$400 a month for insulin, seniors with diabetes will pay \$35 a month.”

— President Biden

**This needs context.**

Mr. Biden signed a law that places a cap of \$35 a month on insulin for all Medicare Part D beneficiaries. But he is overstating the average cost before the law. Patients' out-of-pocket spending on insulin was \$434 on average for all of 2019 — not per month — and \$449 per year for Medicare enrollees, according to the Health and Human Services Department.

Linda Qiu  
Fact-check Reporter  
“The smallest racial wealth gap in 20 years.”  
— President Biden

**This needs context.**

As a percentage of wealth held by white families, Black and Latino families did grow to the largest amounts in 2022 in two decades. But the disparity in absolute dollar value actually increased.

Linda Qiu  
Fact-check Reporter

“He called them ‘suckers and losers.’”  
— President Biden

**This needs context.**

The claim that, as president, Donald J. Trump called veterans “suckers” and “losers” stems from a 2020 article in *The Atlantic* about his relationship to the military.

The article relied on anonymous sources, but many of the accounts have been corroborated by other outlets, including *The New York Times*, and by John F. Kelly, a retired four-star Marine general who served as Mr. Trump's White House chief of staff. Mr. Trump has emphatically denied making the remarks since the article was published. Here's a breakdown.

Linda Qiu  
Fact-check Reporter  
“Trump wants to cut Social Security and Medicare.”  
— President Biden

**This is misleading.**

Mr. Trump has said repeatedly during his 2024 presidential campaign that he would not cut Social Security or Medicare, though he had previously shown brief and vague support for such proposals.

Asked about his position on the programs in relation to the national debt, Mr. Trump told CNBC in March, “There is a lot you can do in terms of entitlements in terms of cutting and in terms of also the theft and the bad management of entitlements.”

But Mr. Trump and his campaign clarified that he would not seek to cut the programs. Mr. Trump told the website Breitbart, “I will never do anything that will jeopardize or hurt Social Security or Medicare.” And during a July rally in Minnesota, he again vowed, “I will not cut one penny from Social Security or Medicare, and I will not raise the retirement age by one day, not by one day.”

Still, Mr. Trump has not outlined a clear plan for keeping the programs solvent. During his time in office, Mr. Trump did propose some cuts to Medicare — though experts said the cost reductions would not have significantly affected benefits — and to Social Security’s programs for people with disabilities. They were not enacted by Congress.

Biden also made a point about Russia trying to capture Kyiv in three days and three years later, Ukraine is still independent.  
*Fact check YWC*

It has been well established that Russia never intended to take Kyiv at all in 2022, not with 30,000 troops against a city of 3 million.

As can be seen above, even the NYT did not slavishly parrot the line that Biden is indisputably right on all the issues covered in the article above. And in time, we will hear what the MAGA crowd has to say. In any case, Biden is no longer important. The fact of the matter is that during the Biden presidency, he did all the politicking and his VP Kamala Harris essentially did nothing. Do we have an opinion from Kamala on any of the issues above? Nobody knows what she will do as President if she wins.

Even on her big day last week, she did not provide any clues to her thinking. Her is an excerpt of her acceptance speech:

### ***Full Transcript of Kamala Harris’s Democratic Convention Speech***

*The vice president’s remarks lasted roughly 35 minutes on the final night of the convention in Chicago.*

***By The New York Times***

*Aug. 23, 2024 Updated 5:55 a.m. ET*

*This is a transcript of Vice President Kamala Harris’s speech on Thursday night in which she formally accepted the Democratic Party’s nomination for the presidency.*

OK, let’s get to business. Let’s get to business. All right.

So, let me start by thanking my most incredible husband, Doug. For being an incredible partner to me, an incredible father to Cole and Ella, and happy anniversary, Dougie. I love you so very much.

To our president, Joe Biden. When I think about the path that we have traveled together, Joe, I am filled with gratitude. Your record is extraordinary, as history will show, and your character is inspiring. And Doug and I love you and Jill, and are forever thankful to you both.

And to Coach Tim Walz. You are going to be an incredible vice president. And to the delegates and everyone who has put your faith in our campaign, your support is humbling.

So, America, the path that led me here in recent weeks was, no doubt, unexpected. But I'm no stranger to unlikely journeys. So, my mother, our mother, Shyamala Harris, had one of her own. And I miss her every day, and especially right now. And I know she's looking down smiling. I know that.

So, my mother was 19 when she crossed the world alone, traveling from India to California with an unshakable dream to be the scientist who would cure breast cancer.

When she finished school, she was supposed to return home to a traditional arranged marriage. But as fate would have it, she met my father, Donald Harris, a student from Jamaica. They fell in love and got married, and that act of self-determination made my sister, Maya, and me.

Growing up, we moved a lot. I will always remember that big Mayflower truck, packed with all our belongings, ready to go — to Illinois, to Wisconsin, and wherever our parents' jobs took us.

My early memories of our parents together are very joyful ones. A home filled with laughter and music: Aretha, Coltrane and Miles. At the park, my mother would say, "Stay close." But my father would say, as he smiled, "Run, Kamala, run. Don't be afraid. Don't let anything stop you." From my earliest years, he taught me to be fearless.

But the harmony between my parents did not last. When I was in elementary school, they split up, and it was mostly my mother who raised us. Before she could finally afford to buy a home, she rented a small apartment in the East Bay.

In the Bay — in the Bay — you either live in the hills or the flatlands. We lived in the flats. A beautiful, working-class neighborhood of firefighters, nurses and construction workers. All who tended their lawns with pride.

My mother, she worked long hours. And like many working parents, she leaned on a trusted circle to help raise us. Mrs. Shelton, who ran the day care below us and

became a second mother. Uncle Sherman, Aunt Mary, Uncle Freddie, Auntie Chris — none of them family by blood, and all of them family by love.

Family who taught us how to make gumbo, how to play chess — and sometimes even let us win. Family who loved us, believed in us, and told us we could be anything and do anything.

They instilled in us the values they personified — community, faith and the importance of treating others as you would want to be treated. With kindness, respect and compassion. My mother was a brilliant, five-foot-tall brown woman with an accent. And as the eldest child — as the eldest child — I saw how the world would sometimes treat her.

But my mother never lost her cool. She was tough, courageous, a trailblazer in the fight for women's health, and she taught Maya and me a lesson that Michelle mentioned the other night. She taught us to never complain about injustice, but do something about it. Do something about it.

That was my mother. And she taught us — and she always — she also taught us, and she also taught us — and never do anything half-assed. And that is a direct quote. A direct quote.

I grew up immersed in the ideals of the civil rights movement. My parents had met at a civil rights gathering and they made sure that we learned about civil rights leaders, including the lawyers like Thurgood Marshall and Constance Baker Motley, those who battled in the courtroom to make real the promise of America.

So, at a young age, I decided I wanted to do that work. I wanted to be a lawyer. And when it came time to choose the type of law I would pursue, I reflected on a pivotal moment in my life.

You see, when I was in high school, I started to notice something about my best friend, Wanda. She was sad at school, and there were times she didn't want to go home. So one day I asked if everything was all right, and she confided in me that she was being sexually abused by her stepfather. And I immediately told her she had to come stay with us, and she did.

This is one of the reasons I became a prosecutor: to protect people like Wanda, because I believe everyone has a right to safety, to dignity and to justice.

As a prosecutor, when I had a case, I charged it not in the name of the victim, but in the name of the people, for a simple reason. In our system of justice, a harm against any one of us is a harm against all of us. And I would often explain this to console

survivors of crime, to remind them: No one should be made to fight alone. We are all in this together.

And every day, in the courtroom, I stood proudly before a judge and I said five words: Kamala Harris, for the people. And to be clear — and to be clear, my entire career, I've only had one client: the people.

And, so, on behalf of the people, on behalf of every American, regardless of party, race, gender or the language your grandmother speaks. On behalf of my mother, and everyone who has ever set out on their own unlikely journey. On behalf of Americans like the people I grew up with — people who work hard, chase their dreams and look out for one another. On behalf of everyone whose story could only be written in the greatest nation on Earth, I accept your nomination to be president of the United States of America.

And with this election, and — and with this election, our nation — our nation, with this election, has a precious, fleeting opportunity to move past the bitterness, cynicism and divisive battles of the past, a chance to chart a new way forward. Not as members of any one party or faction, but as Americans.

And let me say, I know there are people of various political views watching tonight. And I want you to know, I promise to be a president for all Americans. You can always trust me to put country above party and self. To hold sacred America's fundamental principles, from the rule of law, to free and fair elections, to the peaceful transfer of power.

I will be a president who unites us around our highest aspirations. A president who leads and listens; who is realistic, practical and has common sense; and always fights for the American people. From the courthouse to the White House, that has been my life's work.

As a young courtroom prosecutor in Oakland, Calif., I stood up for women and children against predators who abused them. As attorney general of California, I took on the big banks, delivered \$20 billion for middle-class families who faced foreclosure and helped pass a homeowner bill of rights, one of the first of its kind in the nation.

I stood up for veterans and students being scammed by big, for-profit colleges. For workers who were being cheated out of their wages, the wages they were due. For seniors facing elder abuse.

I fought against the cartels who traffic in guns and drugs and human beings. Who threaten the security of our border and the safety of our communities. And I will tell

you, these fights were not easy, and neither were the elections that put me in those offices. We were underestimated at practically every turn.

But we never gave up. Because the future is always worth fighting for. And that's the fight we are in right now — a fight for America's future.

Fellow Americans, this election is not only the most important of our lives, it is one of the most important in the life of our nation. In many ways, Donald Trump is an unserious man. But the consequences — but the consequences of putting Donald Trump back in the White House are extremely serious.

Consider — consider not only the chaos and calamity when he was in office, but also the gravity of what has happened since he lost the last election. Donald Trump tried to throw away your votes. When he failed, he sent an armed mob to the U.S. Capitol, where they assaulted law enforcement officers. When politicians in his own party begged him to call off the mob and send help, he did the opposite — he fanned the flames. And now, for an entirely different set of crimes, he was found guilty of fraud by a jury of everyday Americans, and separately — and separately found liable for committing sexual abuse. And consider, consider what he intends to do if we give him power again. Consider his explicit intent to set free violent extremists who assaulted those law enforcement officers at the Capitol.

His explicit intent to jail journalists, political opponents and anyone he sees as the enemy. His explicit intent to deploy our active duty military against our own citizens. Consider, consider the power he will have, especially after the U.S. Supreme Court just ruled that he would be immune from criminal prosecution. Just imagine Donald Trump with no guardrails, and how he would use the immense powers of the presidency of the United States. Not to improve your life, not to strengthen our national security, but to serve the only client he has ever had: himself.

And we know, and we know what a second Trump term would look like. It's all laid out in Project 2025, written by his closest advisers. And its sum total is to pull our country back to the past. But America, we are not going back. We are not going back. We are not going back.

We are not going back to when Donald Trump tried to cut Social Security and Medicare. We are not going back to when he tried to get rid of the Affordable Care Act, when insurance companies could deny people with pre-existing conditions. We are not going to let him eliminate the Department of Education that funds our public schools.

We are not going to let him end programs like Head Start that provide preschool and child care for our children. America, we are not going back.

And we are charting — and we are charting a new way forward. Forward to a future with a strong and growing middle class because we know a strong middle class has always been critical to America's success, and building that middle class will be a defining goal of my presidency.

And I'll tell you, this is personal for me. The middle class is where I come from. My mother kept a strict budget. We lived within our means. Yet, we wanted for little and she expected us to make the most of the opportunities that were available to us, and to be grateful for them. Because, as she taught us, opportunity is not available to everyone. That's why we will create what I call an opportunity economy, an opportunity economy where everyone has the chance to compete and a chance to succeed. Whether you live in a rural area, small town, or big city. And as president, I will bring together labor and workers and small-business owners and entrepreneurs and American companies to create jobs, to grow our economy and to lower the cost of everyday needs like health care and housing and groceries.

We will provide access to capital for small-business owners and entrepreneurs and founders. And we will end America's housing shortage, and protect Social Security and Medicare.

Now compare that to Donald Trump. Because I think everyone here knows, he doesn't actually fight for the middle class. Not — he doesn't actually fight for the middle class. Instead, he fights for himself and his billionaire friends. And he will give them another round of tax breaks that will add up to \$5 trillion to the national debt.

And all the while, he intends to enact what, in effect, is a national sales tax, call it a Trump tax, that would raise prices on middle-class families by almost \$4,000 a year. Well, instead of a Trump tax hike, we will pass a middle-class tax cut that will benefit more than 100 million Americans.

Friends, I believe America cannot truly be prosperous unless Americans are fully able to make their own decisions about their own lives, especially on matters of heart and home.

But tonight, in America, too many women are not able to make those decisions. And let's be clear about how we got here: Donald Trump handpicked members of the U.S. Supreme Court to take away reproductive freedom. And now, he brags about it.

In his words, "I did it, and I'm proud to have done it."

Well, I will tell you, over the past two years, I've traveled across our country, and women have told me their stories. Husbands and fathers have shared theirs. Stories of women miscarrying in a parking lot, developing sepsis, losing the ability to ever again have children, all because doctors are afraid they may go to jail for caring for

their patients. Couples just trying to grow their family, cut off in the middle of I.V.F. treatments.

Children who have survived sexual assault, potentially being forced to carry a pregnancy to term. This is what's happening in our country because of Donald Trump. And understand, he is not done. As a part of his agenda, he and his allies would limit access to birth control, ban medication abortion and enact a nationwide abortion ban, with or without Congress.

And get this. Get this. He plans to create a national anti-abortion coordinator, and force states to report on women's miscarriages and abortions. Simply put, they are out of their minds. And one must ask — one must ask, why exactly is it that they don't trust women? Well, we trust women. We trust women.

And when Congress passes a bill to restore reproductive freedom, as president of the United States, I will proudly sign it into law.

In this election, many other fundamental freedoms are at stake. The freedom to live safe from gun violence in our schools, communities and places of worship. The freedom to love who you love openly and with pride.

The freedom to breathe clean air, and drink clean water and live free from the pollution that fuels the climate crisis. And the freedom that unlocks all the others: the freedom to vote. With this election, we finally have the opportunity to pass the John Lewis Voting Rights Act and the Freedom to Vote Act.

So there we have it – the starting words of someone who wants to be president. If you ask me, it is mostly platitudes. And all negative. Where are her own concrete policy proposals? There are none. And we are not even looking for her views on Russia, China or foreign policy. Just let us know what she plans to do with the economy because that affects all of us. She probably does not understand any of the conversation on that anyway. So we will have to leave it to the usual crowd at the Fed to run the economy or to the foreign policy establishment to run external relations. Why would anyone need Kamala Harris at the top?

On the economy, Powell is ready to cut interest rates. This is what the WSJ says he will do:

### **Jerome Powell (almost) declares victory over inflation**

The Federal Reserve chairman strikes a notably doveish tone

Aug 23rd 2024|Jackson Hole, Wyoming and Washington, DC

For economists and investors accustomed to staring at charts, the jagged peaks of the Teton mountains possess more than a passing resemblance to financial trend lines. They also form the backdrop to one of the year's most keenly awaited central-bank speeches: annual reflections by the chair of the Federal Reserve at a conference hall in Jackson Hole, located in the valley below the Teton range. On August 23rd Jerome Powell did not disappoint. He made clear that having raised interest rates as sharply as any of the slopes in the distance, the central bank was now ready to begin the descent.

Mr Powell's speech came closer than any of his previous remarks to a declaration of victory over the inflationary surge in the wake of the covid-19 pandemic, even if he could not bring himself to put it quite so bluntly. Inflation is "on what increasingly appears to be a sustainable path to our 2% objective," he said. But keeping prices stable—defined by the Fed as that magical level of a 2% annual increase—is just one part of its dual mandate. The other part is maximum employment, and this is where Mr Powell said his worries now lay. "The upside risks to inflation have diminished. And the downside risks to employment have increased," he said.

For a central bank more concerned about the outlook for the job market than inflation, the prescription is easy enough: start loosening monetary policy. "The direction of travel is clear," said Mr Powell. What is less clear is the pace of travel. Owing to its aggressive course of tightening of the past two years, the Fed will begin cutting from a Teton-like altitude, at least relative to recent history, with short-term borrowing rates currently set between 5.25% and 5.5%.

According to bond-market pricing, investors expect the Fed to make a small quarter-point reduction at its next meeting in September, followed by about two more percentage points of cuts over the coming year. None of that is etched in stone. Some saw Mr Powell's doveish tone as opening the door to a bigger half-point cut next month. Mr Powell was, as ever, keen to leave the Fed flexibility, saying that its actions would depend on incoming data and the balance of risks.

The critical question is just how worried Mr Powell truly is about the labour market. Trying to get a good read on employment has become difficult because of a mixture of high immigration, which has increased the pool of potential workers, and the gradual post-covid normalisation of the economy. Mr Powell's comments reflected some of this confusion. He noted that the labour market had cooled substantially, with the unemployment rate rising to 4.3%, up nearly a percentage point from its low in early 2023. "We do not seek or welcome further cooling in labour-market conditions," he remarked. At the same time, he said that this increase was a result not of lay-offs but of an increasing supply of workers. In other words, he does not appear to see a recession as an imminent threat.

Mr Powell also used his speech as a partial rebuttal of those who criticise the Fed for being too slow to raise interest rates in 2022. He reminded the audience of central

bankers and eminent economists from around the world just how unusual economic conditions had been during the pandemic, and how most had assumed that surging prices would be transitory, fading away as supply chains healed and stimulus-driven demand slowed. “The good ship *Transitory* was a crowded one,” he said. “I think I see some shipmates out there today,” he added to much laughter, before explaining how the Fed had moved with alacrity when it became evident that inflation was proving to be persistent.

In the morning before Mr Powell’s remarks, the Tetons were shrouded in smoke from a raging wildfire. By the end of his speech much of the smoke had lifted—a hopeful metaphor for the Fed as it finishes dousing the embers of inflation. But the dissipation of the smoke in fact just reflected a shift in the direction of the wind, a reminder that, so long as the labour market is weakening, it is too soon for Mr Powell to declare a full victory.

[The Financial Times added to this analysis.](#)

### **Jay Powell says ‘time has come’ for US interest rate cuts**

*Federal Reserve chair gives strongest signal yet that borrowing costs will soon fall*

Jay Powell has signalled he is ready to cut US interest rates in September, as he warned that “downside risks” to the labour market had increased. “The time has come for policy to adjust,” the Federal Reserve chair said in a hotly anticipated speech in Jackson Hole, Wyoming, on Friday.

“The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks.” US Treasuries rallied and the dollar fell as investors bet on larger Fed rate cuts this year. Powell said the Fed would do “everything we can to support a strong labour market as we make further progress towards price stability”.

In comments that buoyed stock markets, he warned that “the upside risks to inflation have diminished, and the downside risks to employment have increased”. The remarks at the Kansas City Fed’s annual symposium were the US central bank chair’s strongest signal yet that it will soon cut interest rates from their current 23-year high of 5.25-5.5 per cent. The Fed next votes in mid-September, six weeks before the US presidential election.

The economy, inflation and high borrowing costs have been major concerns for American voters, damaging President Joe Biden’s approval ratings. The two-year Treasury yield, which reflects interest rate expectations, fell 0.1 percentage points to 3.91 per cent. The dollar was down 0.8 per cent against a basket of rival currencies. In

stock markets, the S&P 500 ended the day up 1.2 per cent, closing in on July's all-time high.

Markets are now pricing in a roughly 35 per cent probability of a larger than usual half percentage point rate cut next month, compared with around 28 per cent before Powell spoke. Republican presidential nominee Donald Trump recently warned Powell not to cut rates before the vote.

But some economists and Democratic lawmakers have already accused the Fed of moving too slowly, raising the risks of recession. Interest rate cuts would align the US central bank with many of its peers, which have also eased monetary conditions as inflation has fallen across developed economies. The European Central Bank lowered its key deposit rate by a quarter point in June to 3.75 per cent — the first cut in almost five years — before holding firm in July. Two additional quarter-point cuts are expected this year.

In a knife-edge vote in August, the Bank of England also reduced its policy rate, although governor Andrew Bailey pushed back on the idea of a successive string of cuts. Powell said inflation had declined “significantly” since an unexpected flare-up at the start of the year, to an extent that his “confidence has grown that inflation is on a sustainable path” back to the Fed’s 2 per cent goal.

Price pressures have eased without a sharp rise in job losses, defying many economists’ predictions of a downturn in the world’s largest economy. Powell said the Fed did “not seek or welcome further cooling in labour market conditions”, which he said had “cooled considerably from its formerly overheated state”. He expressed confidence that the Fed could achieve a soft landing, hitting its inflation goal without causing undue economic harm.

While US businesses are adding fewer jobs and the unemployment rate has increased, much of its rise to 4.3 per cent can be attributed to an influx of new workers entering the labour pool, economists say. Still, annual revisions released by the Bureau of Labor Statistics this week showed jobs growth had been far weaker over the year to March than originally stated.

Other Fed officials have signalled they would prefer to cut rates gradually, by a quarter point, rather than more aggressive half-point moves. However, they have suggested that larger cuts could follow if the labour market weakens dramatically.

Powell said that the Fed had “ample room to respond to any risks we may face, including the risk of unwelcome further weakening in labour market conditions”. He also gave his most detailed assessment to date of why inflation had surged and how it has come down seemingly painlessly. He also explained why the Fed originally thought the rise in inflation would prove shortlived.

Powell attributed the bulk of the increase in prices to “an extraordinary collision between overheated and temporarily distorted demand and constrained supply”. Aggressive action from the central bank, in the form of a string of big interest rate increases, were instrumental in bringing it down. “The FOMC did not flinch from carrying out our responsibilities,” he said.

Later this year, the Fed will begin a review of its monetary policy strategy — a process that occurs every five years. The last review in 2020 saw the rollout of a framework that sought to make up for the prolonged period before the pandemic in which inflation ran below 2 per cent. Powell said on Friday that the Fed would be “open to criticism and new ideas, while preserving the strengths of our framework”.

So we see that in the lead up to the election, all that Americans get is a Democrat that only has no record of running anything at the national level. It is not a good sign. At least we know that the Republicans have their MAGA policies and an attitude that America needs to reindustrialize. This did not work well in the first Trump administration and it was disrupted by covid. But it could work out better for Trump this time round.

In any case, Trump has a boost from an unexpected source – as reported by the WSJ,

### **Robert F. Kennedy Jr. Drops Out of Presidential Race, Endorses Donald**

*Polls have indicated his departure from the race could help the former president*

### **RFK Jr. Suspends Presidential Campaign, Endorses Trump**

*Robert F. Kennedy Jr. threw his support behind former President Donald Trump after suspending his independent campaign for the presidency. Photo: Thomas Machowicz/Reuters  
By Elizabeth Findell and Natalie Andrews*

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PHOENIX—Independent presidential candidate Robert F. Kennedy Jr. said he would suspend his election bid and endorse Donald Trump, potentially boosting the Republican former president just after Democrats left their convention with renewed hope for a win.

“I promised the American people that I would withdraw from the race if I became a spoiler,” Kennedy said at a rally here Friday. “In my heart, I no longer believe that I have a realistic path to electoral victory in the face of this relentless, systematic censorship and media control.”

Kennedy, a 70-year-old environmental lawyer and son of liberal icon Sen. Robert Kennedy, was unable to build on an initial surge of interest in his campaign—despite polls showing significant voter dissatisfaction with an expected 2020 rematch of Trump against President Biden. Vice President Kamala Harris’s entrance into the race last month in place of Biden has

turned the election on its head, putting her ahead in many national polls and posting better numbers in vital battleground states.

Kennedy's campaign also faced hurdles in qualifying for state ballots and was hit by a series of minor scandals that undercut his run.

In explaining his decision to back Trump, Kennedy said the principles that persuaded him to leave the Democratic Party and run as an independent now led him to back the former president. He cited protecting free speech, among other examples.

Hours after his announcement, Kennedy joined Trump at a nearby rally, where a crowd of thousands chanted "Bobby." After introducing Kennedy to his supporters as "a low-key person," Trump said he was proud of him. "We are both in this to do what's right for the country," he said.

Trump said Kennedy had called him soon after the attempt on his life in July. Trump vowed Friday to form a presidential commission on assassination attempts to investigate his own attack and release all confidential documents related to the 1963 assassination of President John F. Kennedy—Robert F. Kennedy Jr.'s uncle—reviving an idea Trump pursued in the White House. He also said he would investigate pesticides, a key issue of Kennedy's, who spoke to the crowd about what he considers threats to health.

Stacey Scott, a Trump supporter at the rally, said she was excited about Kennedy's endorsement, which she hopes will encourage more voters to consider backing Trump.

"I was in tears, just thinking about what RFK went through with his uncle being assassinated, and his father, and then coming out and endorsing a Republican," she said. Kennedy's father was killed by an assassin in 1968 shortly after winning the California Democratic presidential primary.

Polls indicate that Kennedy's departure from the race will likely help Trump, providing some welcome news for a candidate who has struggled to counter Harris's momentum. In remarks earlier, Kennedy suggested that Trump had asked "to enlist me in his administration." He said he tried to meet with Harris and she declined.

The Harris campaign said in a statement that for Americans who are tired of Trump, "ours is a campaign for you... Vice President Harris wants to earn your support."

The Democratic National Committee was more negative, saying that Kennedy's announcement was bizarre and that "his candidacy has never been anything other than a spoiler campaign for Trump."

Trump campaign pollster Tony Fabrizio said in a memo that survey data clearly showed Kennedy's move would boost the Republican, even if Democrats claimed otherwise. "This is good news for President Trump and his campaign—plain and simple," Fabrizio wrote.

Robert F. Kennedy Jr.'s campaign faced hurdles in qualifying for state ballots and was hit by a series of minor scandals that undercut his run. Photo: Sophie Park for WSJ

On Friday, Kennedy said he would seek to remove his name from the ballot in competitive battleground states—but leave it on others, letting voters back him in solid blue or solid red states where he wouldn't affect the outcome.

"In an honest system, I believe I would have won the election," Kennedy said.

Kennedy originally ran last year as a Democrat to challenge Biden, saying he wanted to "end the corrupt merger of state and corporate power that is threatening now to impose a new kind of corporate feudalism" in America. When that proved unsuccessful, he switched to running as an independent. Polls at times showed him with more than 10% support nationally.

In a Wall Street Journal national poll released in late July after Harris entered the race, Kennedy received 4% support. That was down from 7% in early July—when Biden was still in the contest.

*Overall, whether Trump wins in November is not going to depend on the RFK endorsement. It will be based on how the few swing states in the Midwest will be persuaded, or not, by the lack of experience of Kamala Harris in matters that affect their livelihoods.*

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