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In 1996 as today, the numbers were good and the public mood was sour.

Trump's Economic Struggle, and Clinton's

By Mark Penn And Andrew Stein

Note

The U.S. economy is growing fast—4.3% in the third quarter, the Commerce Department reported last week. But a majority of Americans in almost every recent poll disapprove of President Trump's economic leadership. He isn't the first president to face such a disjunction. President Clinton did before his re-election in 1996, when views on the economy were negative even though key economic indicators were generally positive.

Note

The liberal economist Joseph Stiglitz had agreed with the populist GOP presidential candidate Pat Buchanan that most of the jobs being created were downscale—burger flippers and the like. Challenged, Mr. Stiglitz agreed to do a study, and found that higher-paying jobs like software engineers were being minted. But Mr. Clinton's team had to get the Treasury and other departments to acknowledge the good news. They believed then that only one million jobs would be created in the next four years; in fact, the second term saw about seven million new jobs.

Early in 1996, Mr. Clinton assembled his economic advisers in the Roosevelt Room. They were told there was one necessary condition for winning the election: a good economy. His aides (including one of us, Mr. Penn) inserted a paragraph in his State of the Union address that called out, "Our economy is the healthiest it has been in three decades," and prepared everyone to convince the press he wasn't blowing smoke. The technological revolution was creating strong growth and new jobs. Within six months, the country's mood swung positive.

Mr. Trump faces a remarkably similar situation. Technological change, lower taxes, reduced regulation and lower interest rates are improving economic conditions. Unemployment is 4.6%, higher than in the first Trump term but lower than in the Obama years. Growth is faster than during the first Trump term, the stock market is booming, and retirement funds are growing. Inflation is still too high, but it has come down by about two-thirds from its peak under President Biden and lower than under Ronald Reagan.

Mr. Trump needs to explain his strategy for the economy in clear, unambiguous terms: Cut taxes and red tape to stimulate business investment, lower energy prices by cutting regulations, use tariffs to get the U.S. better trade terms, stoke innovation and investment in artificial intelligence, and reduce waste in government, especially needless energy subsidies and welfare fraud.

In the past few months, studies have bolstered his case. One, from the Organization of Economic Cooperation and Development, showed that none of the dire predictions on tariffs came true; the other, from MIT Sloan School of Management, that AI tends to create jobs on balance. The president has to frame his economic policy as a new opportunity agenda— getting government out of the way to let innovation flourish and bring down interest rates and prices.

As Mr. Clinton did in 1996, Mr. Trump can use the State of the Union address to lay out the facts about the economy with experts ready to back him up. After that, it will likely take months and some continued good numbers, and the mood of the country just might turn around.

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One page only