

Contrasting Visions: Republican vs. Democratic Solutions for America's Economy

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Abstract

The COVID-19 pandemic dramatically impacted the whole world. Even as the world's largest economy, the U.S. could not escape the pandemic's far-reaching effects. Now, as the pandemic is behind us, the American economy faces new challenges. While recovery continues, significant financial hardships remain, and Donald Trump's reelection could shape economic policy for years to come. Presidential leadership and policies directly influence economic outcomes and both political parties, the Republican and the Democratic party, advocate for very different leadership and policies. Currently, the American economy faces various challenges. After presenting the two main political parties that have shaped America's political history during the last decades, this essay will analyze three crucial points: inflation, diplomacy and trade, and how each party try to solve these issues.

Two Parties with Different Perspectives and Strengths

The Republican and Democratic parties represent fundamentally different approaches about how to help the economy grow. Republicans advocate for economic growth through substantial tax reductions and regulatory easing. They emphasize stricter immigration control and prioritize domestic job creation above all else. In matters of international relations, Republicans pursue a

distinctly unilateral approach, evaluating international partnerships solely through the lens of direct American benefit. The Democratic Party, in contrast, centers its economic strategy on middle-class empowerment and social infrastructure development. Their methodology focuses on increased infrastructure investment funded through progressive taxation. Furthermore, they advocate for a comprehensive immigration reform, while maintaining support for international alliances and multilateral

cooperation.

These contrasting philosophies reveal distinct strengths and limitations. Republican policies have historically proven effective in driving rapid economic growth and achieving significant employment gains through business-oriented initiatives. Their assertive stance on international trade, particularly regarding strategic competitors like China, has yielded tangible benefits for American economic interests. Nevertheless, this approach frequently exacerbates domestic political divisions and strains diplomatic relationships with traditional allies. The Democratic party's strategy, while being effective in promoting social cohesion and maintaining strong international partnerships that strengthen America's global leadership position, faces challenges. These include managing inflationary pressures and addressing valid concerns that their more accommodating immigration policies might lead to increasingly unauthorized border crossings.

Inflation, Trade, and Income

Inflation is an economic phenomenon in which the price of goods and services generally rises and the value of money falls. In other words, products that used to be bought for 1 dollar are now priced at 2 dollars. Concerning the United States, looking at the CPI, or the consumer price index, can provide various insights. The CPI is the most essential factor in inflation. The CPI in the United States has significantly increased in the last four years, from 1.4% to 3.4%, but has peaked at 7%. The annual increase in the CPI in the United States is year-

on-year.

The United States' position in global trade is related to another significant challenge. As the world's largest economy by GDP, America's trade relationships have far-reaching implications. As of the first half 2024, the U.S. trade deficit grew to about \$237.6 billion, making it about 3.4% of its GDP. The figure is quite prominent compared to the previous period, and we can see that the trade deficit has increased too. The main reason behind this problem is that U.S. exports have declined, and imports have increased. The decline in exports can be explained by the strength of the U.S. dollar. This renewed currency strength makes U.S. goods relatively more expensive, making them uncompetitive in the international market. In addition, trade disputes with major trading partners and high tariffs have made it difficult for U.S. companies to export. Lastly, the conflict with China and the increase in tariffs on U.S. goods adversely affect its exports.

Finally, the impact of these economic challenges directly affects American households through income pressures. Inflation's rise in the U.S. directly impacts citizens' actual income. Inflation increases people's cost of living, mechanically undermining their purchasing power. Inflation rose higher during the last four years compared to wages, that grew only by 0.4%. Numerical analysis shows that inflation rose sharply in 2021 and 2022, causing wage growth to fail to keep up with inflation. Because of this phenomenon, many Americans are dissatisfied with their income as actual purchasing power decreases. If this trend

continues, not only U.S. citizens, but the whole world will be concerned about the U.S. economy, further impacting the overall economy.

SNS, The New Means of Criminal Activities

Advances in social media have helped them be abused for crimes. In particular, problems such as school violence, deepfakes, personal information leakage, and invasion of privacy are becoming more serious with the increasing use of social media. These crimes can greatly affect the younger generation and cause them mental and emotional pain.

First, school violence is getting worse through social media. The anonymity of social media makes bullying more possible, which is called "cyberbullying." According to the study, 20 to 35 percent of teenagers have experienced cyberbullying damage. The perpetrators feel more confident because they can act anonymously, and the victims are in a difficult situation to escape from this violence. Cyberbullying can lead to severe depression, anxiety, and, in extreme cases, suicide.

Second, advances in deepfake technology are also used in crime. Deepfake is a technology that uses artificial intelligence (AI) to create fake images by manipulating the face or voice of a real person. It can be exploited to defame an individual or to spread false information. For example, more and more cases are being made of fake pornographic images by illegally using the faces of celebrities or ordinary people, and such videos can cause serious psychological pain to victims. CBS News article about South

Korea's deepfake issues mentioned "A total of 387 people have been arrested this year alone for crimes related to deepfake sexual content, with 80% of them teenagers, South Korea's national Yonhap news agency reported this week, citing police data."

Lastly, personal information leakage and invasion of privacy are also big issues. This is because many users excessively share personal information on social media. It helps hackers and criminals to use it for many crimes. Personal information leakage can also be abused for crimes such as identity theft and financial fraud. Also, if SNS's platform does not take sufficient measures to protect personal information, users' privacy can be seriously violated.

Social networking services have completely changed how we live today, making it easier to connect with friends, find jobs, and stay informed with news. However, as we have seen, these platforms also have serious downsides. The consequences on mental health—from decreased self-esteem to social media addiction—alongside physical health implications like disrupted sleep patterns and reduced physical activity, reveal the broader toll of SNS usage. Even worse, social media has become a place where criminals can harm people through cyberbullying, deepfakes, and stealing personal information. While social media is going to remain part of our lives, we need to understand these problems better to make sure everyone can use it safely.

Two Different Approaches

The Republican party advocates for conservative, America-first policies. Their strategy focuses on stimulating economic growth and encouraging corporate investment through tax reductions to address inflation. These policies have demonstrated success in boosting the economy in the short term. However, such approaches have historically widened the fiscal deficit and showed limitations during economic crises. While these policies may help stimulate the economy in the short term, they may be limited in reducing inflationary pressures over the long term. The Republican party's strict trade policy and domestic priority approach aims to reduce short-term trade deficits and protect American industries. This strategy has shown success in quickly decreasing trade imbalances through high tariffs and trade barriers. Their approach to strengthening domestic industry protection has proven effective in reducing trade deficits in the short term. Regarding wages, Republicans generally oppose active government intervention in wage issues, preferring to stimulate wage growth through tax cuts and deregulation. They emphasize reducing corporate burdens to promote job creation and organic wage growth. While these policies can contribute significantly to economic growth, they risk exacerbating income inequality and increasing international trade tensions.

On the other hand, the Democratic party pursues progressive policies emphasizing international cooperation. Their inflation strategy focuses on controlling price increases through interest rate management and reducing excessive consumption and investment. By

carefully calibrating government spending and addressing supply chain issues, they attempt to stabilize prices and mitigate economic liquidity concerns. Their approach emphasizes the need for policies that both curb demand and stabilize supply to achieve sustainable price stability. Democrats suggest stabilizing the global trade environment through international cooperation and creating new export opportunities through sustainable technology and climate change initiatives. Their approach prioritizes long-term solutions through global cooperation and fair-trade practices to address trade deficits structurally. Additionally, their focus on creating new economic opportunities through climate change response and technological innovation aims to provide more stable and sustainable solutions. On wage issues, Democrats advocate for active government intervention. Their policies typically include measures to reduce living costs and support the middle class through comprehensive legislative packages. They consistently support federal minimum wage increases and pursue policies to reduce economic burdens in education, healthcare, and energy sectors. While these policies can promote financial stability for citizens in the mid to long term, they often require increased government spending and potentially higher taxes in the short term.

The Republican and Democratic parties show contrasting approaches to solving America's three economic challenges. The Democratic approach appears more effective at stabilizing inflation and supporting middle-class interests over the long term. However, the Republican

strategy offers more immediate solutions to current economic challenges. Their economic policies tend to create stronger monetary stimulus in the short term, promoting business investment and accelerating job creation through tax cuts and deregulation. The Republican party's short-term, decisive economic strategy seems particularly effective in addressing immediate inflation concerns and financial struggles caused by rising trade deficits.

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