



TFA

Monthly Newsletter

November 2020

IN THE NEWS

Red or Blue – does the economy care?

By David Howard

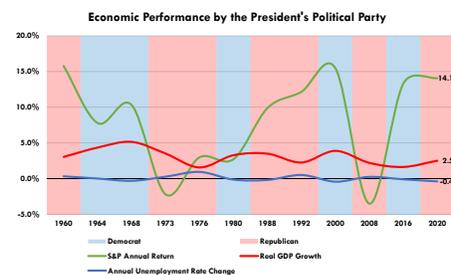
While we vote today for candidates including President of the United States – we may not know the outcome until several days or weeks afterward. Whoever wins the presidency will face the daunting challenge of guiding our country through the after effects of the global pandemic, an exogenous shock to the global economy that forced the unemployment rate to rise dramatically and GDP to fall sharply.

Although the next President’s economic plans and political party are important pieces of the puzzle, there are a multitude of factors that impact the economy. Looking at economic trends under different political parties, in conjunction with monetary policy trends, our choice of the next President of the United States will not have as dramatic effect on the long-term state of the economy as many assume or as the candidates would lead you to believe.

Historical Presidential Economic Trends

Contrary to popular belief, data from the last 70 years shows a Democratic President is marginally more favorable for the economy. The average S&P annual return under a Democratic administration is **9.92%** ver-

sus **7.02%** under a Republican. Average Real GDP growth under a Democrat is **3.65%** versus **2.64%** under a Republican. The average annual unemployment rate change is **-0.20%** for a Democrat compared to **0.23%** for a Republican.



Source: [Federal Reserve Bank of St. Louis](https://www.frbstlouis.org)

Fiscal Policy

Fiscal policy is a mix of government spending and tax policies that affect the economy, which both the Executive and Legislative branches control – Congress through the “power of the purse” vested by Article 1 of the Constitution, the President through the power of signature needed to enact legislation.

So, how does fiscal policy impact the economy? Economic growth can be achieved

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COVID-19 Casino Tracker

10/1/20 – [AmericanGaming.org](https://www.americangaming.com)

Spotlight on Operations During the Pandemic

10/1/20 – [IndianGaming.com](https://www.indiangaming.com)

MGE Nevada License Approved by Regulators, Set to Become First Tribal Operator in Las Vegas

10/9/20 – [Casino.org](https://www.casino.org)

Green investments will have long-term benefits for Cherokee Nation

10/12/20 – [Indianz.com](https://www.indianz.com)

3 Native CDFIs to Deliver Influx of Capital & Coaching to Native Small Business Owners

10/13/20 – [NativeBusinessMag.com](https://www.nativebusinessmag.com)

Comparing the Economic Plans of Trump and Biden

10/23/20 – [Investopedia.com](https://www.investopedia.com)

Big Bets

10/25/20 – [GGBMagazine.org](https://www.ggbmagazine.org)

American Attitudes on Casino Gaming 2020

10/26/20 – [AmericanGaming.org](https://www.americangaming.com)

154 Tribes Granted FCC Licenses to Help Close Digital Divide

10/29/20 – [NativeBusinessMag.com](https://www.nativebusinessmag.com)

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by lowering taxes and/or by increasing government spending. It is a reductive, but common belief that Democrats will push for more government spending, while Republicans will try to cut taxes. Interestingly, and despite what the campaign speeches may lead you to think, both strategies have the potential to stimulate the economy. In addition to these first order effects (changes to Consumer and Government Spending directly impact GDP), the government also produces indirect impacts on the real economy through changes in business regulation, social programs, education policy, and support of sciences and the arts. And with lags between policy passage, implementation, and measurement in economic statistics, it is even harder to attribute economic growth to policies under a given administration.

Monetary Policy

The President has no control over what is arguably the most important facet of the economy: credit markets and interest rates. Instead, the Federal Reserve Open Market Committee comes together 8 times year to set interest rate ranges that determine the direction of monetary policy.

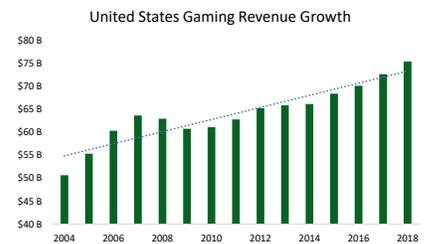
The Central Bank, which is also known as the Federal Reserve in the United States, has a dual mandate to maximize employment and stabilize prices. While voting members are appointed by the President and confirmed by the Senate for 14-year terms, the Fed is widely regarded as an apolitical organization that does not take politics into consideration when making decisions.



Monetarist Theory claims monetary policy impacts the economy much more than fiscal policy. Interest rates and the availability of credit are huge factors in both consumer spending and business investment. When the Fed changes the money supply, the supply of credit is impacted. This impacts interest rates, which ultimately impacts spending, investment and GDP. With this reasoning, the Fed plays a greater role in influencing economic growth than the President and Congress do combined.

Tribal Gaming Revenue Outlook

Historical data released by the National Indian Gaming Commission (NIGC) and The American Gaming Association (AGA) shows a positive tribal and commercial revenue growth trend over the past several decades. Additionally, the average gaming revenue growth rates under a Democrat and Republican are almost identical. For more than 20 years, revenue has continued to grow.



In our opinion, the near-term health of Native American economies is mostly dependent on the on-going impact of COVID-19. Some regions of the country are still locked-down while others are opening carefully for business. Tribal businesses are directly impacted by these regional policies – sometimes positively by virtue of the lack of alternative entertainment opportunities. Regardless, we feel everyone is ready to return to some semblance of normalcy again.

Whichever party claims victory tomorrow night, we are hopeful that the executive and legislative branches of our federal government stop the politics and work together to curb the devastating economic impact COVID-19 is having on our Nations' economies.

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