

## Despite the 'soft landing;' inflationary risks remain

History often repeats itself.

Thomas Landstreet with Trusco Investment Management hopes that's not the case for the United States economy in 2025 and beyond, but when he looks at the economic data from 1966 to 1982 and compares it to what we're seeing today, he says there's too many similarities to ignore.

Speaking Thursday at the Used Truck Association (UTA) Convention in Orlando, Landstreet says he understands



why industry and financial markets responded positively to President Trump's reelection last week. And he sees why the Federal government and Federal Reserve believe they have executed the "soft landing" they've been shooting for since inflation exploded in 2022.

But Landstreet says there was a soft landing in the mid 1970s too. It didn't last. After a short period of normalcy, inflation began rising again in the latter half of the decade. The administrations of Presidents Ford and Carter were unable to stop the deluge, and it wasn't until Ronald Reagan's administration took over and started lowering taxes that the U.S. economy finally curbed inflation for a period of economic growth.

"I see so many parallels," Landstreet says. "I could be wrong on this, but I want you to be aware of the risks."

And what are the risks? Landstreet starts by saying people should stop talking about whether a recession is imminent, or underway. He says two quarters without growth isn't particularly notable or unique and, besides, he believes the private sector "has been in a recession for a while" and the public sector "has made up for it." At least on the nation's balance sheet. He says 37% of U.S. GDP is federal government spending, and the nation's treasury department is borrowing from money center banks to make interest payments on existing debt. Landstreet says that can't go on forever.

Without a strong course correction, and fast, Landstreet believes inflation will pick back up next year. And it could go up for a while.

"I can see interest rates in the high single digits by the end of the decade," he says.

Landstreet admits his prediction is just that. He says if President Trump's administration focuses on reducing government borrowing and spending and provides effective opportunities for American industries to thrive, costs could normalize. The central bank wouldn't be required to drive interest rates upward again. But Landstreet says he doesn't

know if that will happen. Wall Street directly benefits from government borrowing and government spending can distort GDP and employment numbers in a way that benefits political leaders.

Landstreet says in his assessment, inflation bottomed out in June and has been slowly rising. He says that will be one of his top metrics to track in the months ahead. Biden's administration is unlikely to prioritize it, so it will be up to Trump to reverse the trend if it remains in 2025.

As for tariffs? Landstreet says that's one campaign promise Trump would be best to avoid. He believes free trade is great for all parties and says Trump's proposed tariffs would only exacerbate inflation risks.

"It would destroy his legacy," Landstreet says.

**Editor's note:** *This article can be viewed online at:*

<https://www.truckpartsandservice.com/trucks-trailers/used-trucks/article/15708245/thomas-landstreet-on-what-the-economy-could-look-like-in-2025>