

THE BROOKINGS INSTITUTION PODCAST
BROOKINGS CAFETERIA PODCAST
Will the GOP's tax cuts affect the 2018 midterm elections?
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DEWS: Welcome to another 2018 midterms elections edition of the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

This is the seventh midterms-focused episode of the Brookings Cafeteria, and the last one before the final day of voting on November 6th.

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In December 2017, Congress passed, and President Trump signed, the Tax Cuts and Jobs Act, with President Trump claiming that the legislation was "one step closer to delivering massive tax cuts for working families across America." Eleven months later we are on the brink of the midterm elections. Will the tax cut have any effect on voters as they make their electoral choices? Will they reward Republicans for passing this major legislation?

To answer these questions I'm joined in the Brookings Podcast Network Studio today by Vanessa Williamson, a fellow in Governance Studies at Brookings who has recently published a report that examines the potential electoral impact of the law. She's also author of the book, "Read My Lips: Why Americans Are Proud to Pay Taxes," about which we did a podcast episode in 2017.

Also on today's show, meet Ryan Hass, a David M. Rubenstein fellow in the Foreign Policy program.

And now on with the interview.

Vanessa, welcome back to the Brookings Cafeteria.

WILLIAMSON: Thanks for having me.

DEWS: Well, I'm excited to have you on with our final pre-2018 midterm election special podcast episode about a very big topic that you've studied a lot, tax cuts.

WILLIAMSON: Yeah, no. This is a lot of fun.

DEWS: So let's just review at a very high level the main provisions of the Tax Cuts and Jobs Act that we're talking about.

WILLIAMSON: Sure. So the Tax Cuts and Jobs Act mostly lowered rates for upper income people. It also had dramatic effects on corporate taxation. A particular provision that got a lot of attention was the removal of tax rates pass-through entities which are sometimes described as small businesses inaccurately but is a particular kind of business entity that got an enormous windfall from this bill. Originally, there was some talk about closing or limiting major deductions but most of those ended up not happening. We saw a few on the margins that did matter, I think politically, in particular. The Republicans decided to cap the SALT deduction as it's known, which is the state and local tax deduction, and so that was actually a bit of a problem for part of their base. So the state and local tax deduction basically saves you money if you live in a place where taxes are high. So that's normally blue states. Rich people in blue states who really benefit from that deduction. So Republicans were pretty happy to cap that deduction so those folks didn't get as much of a windfall, but it meant hard times for some of their Republican supporters in high tax states.

DEWS: So you've called in your writing, you've called this tax legislation, this tax plan, regressive. Can you explain why it's regressive?

WILLIAMSON: Yeah. So regressive is just the opposite of progressive. It just means that the tax cut benefitted rich people more than poor and middle-income people, and that's a pretty straightforward calculation conducted by the Tax Policy Center here at Brookings. What you find is if you put all these different provisions together, folks at the bottom of the income spectrum don't actually see a particularly large benefit. If you're in the bottom 20 percent of earners, you saw a 0.4 percent increase on average in your income the following year, this year. If you're in the middle you saw maybe 1.5 percent increase in your income. But if you were in the top 5 percent, you saw something close to a 4 to 5

percent increase in your income. So the larger percentage increases went to people who were already making more money. And because it's a percentage, it's not just that they got more money because they're wealthier but it's a larger percentage, too. So that's what makes a law regressive. This is a pretty clear-cut example of a tax bill that was tilted towards higher earners.

DEWS: So for the majority of American voters, including those in the middle class whom Trump called out, it'll have very little noticeable effect on their incomes?

WILLIAMS: That's right. So if you're in the bottom three quintiles, you probably may be as much as an extra 20 bucks a week. So it's not that it's literally no money but it's not so much that a lot of people are necessarily going to notice the change.

DEWS: It reminds me of the 2009 stimulus law that did actually have, I think a third of it or something was tax cuts, but the way that they were structured and spread out, nobody really even noticed.

WILLIAMSON: Yeah. I mean, this is a thing that people forget about tax cuts. I think politicians forget about tax cuts. They sometimes, you know, voters will say they're excited but they forget them very quickly. Right? So even major tax cuts that got huge political attention, both the Bush tax cuts in the early 2000s and Obama's tax cuts when he came into office were very rapidly forgotten by the voters. A year after Bush passed these huge tax cuts you got a check in the mail even, which is a way to actually make those tax cuts much more obvious. It had been his major campaign promise. There was all this falderal about these tax cuts. Only one in five voters remembered receiving them. And then for Obama, the memory was even worse. One year after Obama passed tax cuts for 95 percent of Americans, only one in 10 Americans said they had gotten a tax cut. So I think the political appeal of tax cuts is a little overstated.

DEWS: Sure. Well, the Republican Party went all-in for the Tax Cuts

and Jobs Act last fall culminating in passage in December with every Republican I think except Senator Bob Corker of Tennessee voted for the bill. It passed. President Trump signed it. Great fanfare. Why did the GOP go all in for the Tax Cuts and Jobs Act?

WILLIAMSON: Well, I think they were in a difficult political position to begin with because the signature legislation they had thought they were going to get done was repealing the ACA, the Affordable Care Act. And this is something that they had promised their base they were going to do. It was politically not possible for them to get their own members of Congress in line to vote for it. So that took up an enormous amount of legislative time, so they were really behind the eight ball I think as a party, a legislative party, in having not really achieved any major legislative accomplishments in the time that they had power of all three branches. So the tax cuts were kind of a very urgent matter from that perspective.

Also, of course, tax cuts were something that a lot of their wealthy donors cared a great deal about. Right? So there's both the sort of pressure to show your base that you'd done something and undoubtedly, any number of news articles reported specific cases of wealthy donors calling up and saying, well, if you don't get this done, don't expect a check from me.

DEWS: It seems like the Tax Cuts and Jobs Act may not propel voters to vote for Republicans, but is it going to cost them in the elections? Like, the Affordable Care Act, which passed I think in 2010, the Democrats lost at least 25 seats attributable to their votes on the Affordable Care Act in a wave election that cost the Democrats the House of Representatives that year. Do you think the same thing is going to happen to Republicans this year?

WILLIAMSON: So there are certain similarities between TCJA and the ACA. Right? Both were pieces of legislation that were highly partisan in how people thought about them. Right? To the Tax Cuts and Jobs Act, 10 percent of Democrats thought it was a good idea, 75 of Republicans did. But again, like the

ACA, there was a strong differential between the parties in terms of how strongly they felt. Democrats disliked the Tax Cuts and Jobs Act and felt very strongly about it. Republican support was actually kind of muted. You see a large increase in support for the TCJA when you remind Republican survey respondents that this was a Republican priority or when you say that Trump signed it into law then you get substantially higher support for this legislation. Republicans were actually not particularly supportive of its major policy implications. Most Republicans did not think that wealthy people or corporations should see their taxes go down. And certainly, of course, most Democrats don't think that either. The legislation was highly partisan. The TCJA was also remarkably unpopular. On average, about 32 percent of Americans supported the legislation, which is actually lower than tax increases in the past have polled. So it's quite remarkable. So in that way the Tax and Jobs Act is quite like the ACA. Right? It's a piece of legislation that's highly partisan. Opposition to it was well organized and the support was kind of weak. But one of the differences I think is that the opponents of the ACA on the Republican side really committed to that as their midterm issue. Right? That was what Republicans focused on. That's where they focused their resources. Right? And they won an electoral outcome based on those commitments.

While I think that Democrats are nearly locked up in their opposition both at an electoral official level but also at base level, I don't think you've seen the same kind of campaign investments around the TCJA that you saw around the ACA.

DEWS: So Republicans aren't investing in running on the TCJA, but are Democratic candidates using the TCJA to run against Republicans?

WILLIAMSON: You actually are seeing a little bit of that. Republicans, in some of the early special elections this year, did try to make the tax cuts a big issue and they found it didn't work. And you know, some of their internal polling leaked and reconfirmed some of the things that the external polling I had looked at said, which is that this was not going to win with a Republican base. This

wasn't going to mobilize folks. It wasn't going to get them to the polls. So what you've seen this year is actually Democrats talking about taxes more than usual, and Republicans talking about tax cuts less, but Republicans always talk about tax cuts more than Democrats. So the parties actually converged a little bit in terms of how much they're talking about these issues, but I think the Democrats have focused in primarily on talking about not the tax side but the spending side. Right? The risk that a Republican controlled Congress will turn both to additional cuts to the ACA's main effect. So preexisting conditions has been a big concern and then also the possibility of cuts to Social Security and Medicare, which is another big Republican priority that doesn't poll well with the voters.

DEWS: Well, you just mentioned preexisting condition and these healthcare issues. Those issues are top of mind for both Republican and Democratic voters, especially on the Democratic sides. One of our podcasts recently was with Matt Fiedler on healthcare in the midterm, so I encourage listeners to go hear that.

But just kind of general given a range of policy issues that voters care about in elections, are taxes ever really top of mind for voters?

WILLIAMS: Pretty rarely are taxes a primary issue for voters. People might be surprised to know that very few Americans describe the amount they pay in taxes is their primary concern about taxes. The most common things Americans care about, about three-fifths of most Americans in most polls will say that the thing that bothers them most about taxes is not how much they pay, it's the feeling that corporations and the wealthy are not paying their share. By contrast, about 10 percent of Americans say that it's the amount they pay. And even if you look just at Republicans, it's only about a third of Republicans who say that's their top issue on taxes. So taxes are not always top of mind, and certainly, tax cuts are not always popular as Bill demonstrated very profoundly. But I think that you will find other periods of time in American history where taxes have been a much more prominent

issue. So tax cuts are especially not a priority right now. Even the economy is not especially a priority right now. And if you look at the Gallup Poll, the most important issue for the first time in a long time in the last couple years we've seen noneconomic issues as the top concern. So governance concerns, immigration, police brutality, things like that are all top of mind for Americans in a way that they usually aren't, while economic concerns really have fallen down the list. So this tax cut even more than usual taxes are not the thing that Americans necessarily want to spend all their time thinking about, but even more than usual this bill was not a priority for voters.

DEWS: Well, to follow up on this economic question, you write in this paper the Tax Cuts and Jobs Act and the 2018 midterms examining the potential electoral impact -- I'll put a link to it in our show notes -- you write that voters are socio tropic in their economic assessments. What does that term mean?

WILLIAMSON: So it's kind of a play on phototropic, which is the idea that plants turn towards the sun. Right? And what it means is that voters are sort of oriented towards the social economic conditions. It's not that people typically vote on their own personal economic conditions. Right? It might make sense that, you know, you lose your job. You're going to be angry. You vote against the president's party. But normally the stories people tell themselves about their own personal economic conditions are really specific. You know, they're like my boss is a jerk, or the factory closed, or those sorts of concerns. Or the minimum wage was increased in my town. And they all sound local. Right? So when people are thinking about the economy, they tend to not just think about their own personal situation but the situation of their community and the country as a whole. But what's interesting is that while people hold the president accountable for the economy, and so you see a strong correlation between the state of the economy and the success of the president's party in presidential years, in midterm elections you don't see that correlation. And this is something that I think really gets

overlooked. In midterm elections, what tends to happen is that partisans view the economy through their partisanship. Right? So currently, we have a Republican president. So Republicans are even more happy about the economy than they would be otherwise. Right? And Democrats rate the economy more poorly because they have this close tie in their minds between the economy and the performance of the president. So when you don't like the president, you're like, the economy is not that great if you're a Democrat. Or if you do like the president you're like, oh, the economy is just booming. Right? So because there's this partisan lens that seems to come down over voters' eyes in midterm years, the economy itself is actually not a very good predictor of outcomes in midterm elections. So while the economy in the condition it's in now would seem like a boon for the Republicans in a presidential year, it's actually unlikely to matter much this year.

DEWS: Well, also, on the partisanship question you address the issue of independence, which I found really fascinating. I think we kind of get that Democrats are going to vote against the president's policies, and obviously Republicans are going to support him. But there's this idea that there's this massive independence just kind of making up their minds and deciding which way to go. What do you say about that?

WILLIAMSON: Yeah. This is a real misperception of the American public. It's true that if you ask people, are you a Democrat, or Republican, an Independent, or what? The first thing about a third of Americans will say is, oh, I'm an Independent. But if you follow up and you say, well, do you lean towards one party or another, people will be like, oh, well, I lean towards the Democratic Party or I lean towards the Republican Party. And what are called "leaners" in the sort of jargon of political science, they actually behave in terms of their voting just like the people who told you they were partisan the first time you asked. So what looks like a third of people being Independents is actually much more like 10 percent of

people being Independents. And Independents are not necessarily moderate. Right? Just because you say you don't support the Democrats and the Republicans doesn't mean that your views are between the two parties. You can actually hold views that are more extreme than the two parties. Right? You might be so far on the left that you say, I don't describe myself as a Democrat. But that doesn't mean the Republican Party has a serious chance of getting your vote. Similarly, you might be so conservative that you're not happy saying you're a Republican. But that doesn't mean that the Democrats are really going to appeal to you in the next election cycle; right?

The other thing that's true about people who are true Independents as they're called, people who answer both times, no, I'm an Independent, in addition to the fact that it's not obvious that they're in the middle between the two parties, they are often less engaged in politics. Right? These tend to be people who have less of a sense of where the parties stand. They hold a collection of policy views that are not particularly sort of coherent around a particular ideology, and they tend not to vote as often as partisans do. So there isn't really a large population of politically engaged people who are following policy issues but are coming to it from a nonpartisan perspective. That's just not how it works. What typically happens is that people come into politics with a partisan sort of predilection. Right? Maybe from your parents or maybe from the sort of who people like you vote for. And then you might get more involved and you might move. Right? But it's very rarely the case that you come to something, especially something as arcane as tax policy, neutrally, with no information, and then from learning about the Tax Cuts and Jobs Act choose a party to support. That's just not -- I mean, it doesn't make sense when you say it. You know, our parlance about politics, we imagine this hyper engaged independent existence are extremely rare.

(Music plays)

DEWS: Let's take a coffee break to meet Ryan Hass. Find out how

he went from growing up on golf courses to becoming a Foreign Service officer, a White House official, and now a Brookings scholar. He also has book recommendations for you.

HASS: My name is Ryan Hass. I'm a Rubenstein fellow affiliated with the John L. Thornton China Center in the Center for East Asia Policy Studies in the Foreign Policy Program at the Brookings Institution.

I grew up in a small town in Northwest Washington called Bellingham. It's a town that's most famous for Western Washington University. I was the son of a golf professional that managed a golf course, and so I spent my summers hanging around the golf course, my winters in the cold of Northwest Washington dreaming of becoming the next Jack Nicklaus.

Well, when I was growing up, becoming a scholar wasn't really on my radar. The spark initially was lit in college when I was trying to make sense of what was going on in the world around me and found that many of the writings by think tank scholars were most accessible and illuminating for my understanding of what was happening. And after school I had a chance to enter the State Department, the Foreign Service, where I served for 15 years. And during that process I had an opportunity to meet some of the people whose writing I had most admired -- Jeff Bader, Richard Bush, and others. And when the opportunity arose for me to join Brookings, I jumped at it. And it really is a privilege to get paid to think and speak and write about things that I'm passionate about.

Well, the time that I had working at the White House gave me an appreciation for how all the pieces of the U.S.-China relationship fit together. And when I was at the White House I was the China director for President Obama for four years. And it gave me an opportunity to see how the relationship works at the highest level. I had an opportunity to accompany President Obama to multiple meetings in China and the United States and elsewhere with Chinese leaders. And I think that it really has grounded my appreciation both of the complexity but also

the significance of the U.S.-China relationship.

We live in the age of Trump. And so it's easy to get sideswiped by the issue of the day or the latest twist and turn in our political setting. But if you're able to step back and sort of look past the noise, I think there are a couple of profound things that are happening right now. I'll put three on the table, and I'm sure others have more that they can add to this list.

But the first is I think we're on the cusp of a wave of societal change. With the adoption of artificial intelligence technology, anywhere from 10 to 50 percent of the current jobs in the United States could be wiped out in the course of our lifetime. So that's the first significant event.

The second is that the benefits of artificial intelligence technology are going to disproportionately benefit the United States and China. It's going to cause our two countries to search further ahead from the rest of the pack in the international community and create this dynamic I call asymmetric bipolarity where these two big, powerful countries stand as poles in the international system with different governance systems, different economic systems. Neither can dominate the other but neither is satisfied with the way the other organizes itself. And so one of the great questions of our time is how our two countries are going to manage this tension.

And then the third big issue is climate change. It's becoming more and more acute and the effects are being felt more rapidly by more people around the world. And unless the United States and China can find a way to come together on this issue it's going to be nearly impossible to bend the curve.

Right now I'm working on two projects. In the short term I'm trying to take a look at how artificial intelligence technology is going to affect the U.S.-China relationship? What is it going to do to have the United States and China interact with each other, view each other, and treat each other in the international system? Over the longer term I'm trying to work on a book project that looks at

how the United States could and should adapt its strategy to deal with the effects of a rising China.

Yet, it's become very popular to think of competition between the United States and China and artificial intelligence technology issues in Cold War terms, whether it be an arms race or a sputnik moment or some of these other evocative terms that bring us back to the competition that existed between the United States and the Soviet Union during the Cold War. I'm actually not terribly comfortable with that framing because I think that it colors the way that our two countries will interact with each other on this issue. It cuts both ways. It certainly will create intensifying competition in the technology space, but at the same time the United States and China both are navigating the frontier of technology and we can do it alone or we can do it together. We can learn from each other or we can learn our own lessons apart from each other. My view is that by using Cold War terminology to describe the dynamic that's at play between the United States and China on artificial intelligence technology, it complicates the ability of our two countries to sort this out together.

If I could recommend any book to our listeners, first of all, it depends whether we're looking forwards or backwards. If we're looking backwards, there's an author named Jonathan Spence who has written some of the most profound things about the history of China and there's no one better on the subject. If we're looking forward, I would recommend a book by Kai-Fu Lee, who is a world-renowned technologist who recently published a book called AI Superpowers that looks at how the United States and China, together, will deal with artificial intelligence.

(Music plays)

DEWS: Let me ask you another question about voter behavior. It's kind of an aside to taxes specifically but you mention it in the report. I think it's important and very interesting. I'm going to quote you and ask you to comment on

this.

A variety of studies suggest that Obama to Trump voters were motivated by deep fears of losing status in an increasingly multicultural country.

WILLIAMSON: Right. So it's not that there are no swing voters. The swing voting has become much less common. Swing voting is when you vote in one election for one party and in the next election you vote for the other party. It's become much less common. But it's not impossible. About nine percent of Obama voters voted for Trump. Right? So you might think, okay, but what if we try to appeal to those voters. Right? In some states, you know, it was nine percent overall but in some states and districts it's actually going to be a larger percentage. Right? So maybe it does matter to think about independence where in a particular election in terms of what the overall outcome is going to be.

The fact is that the primary issues that are motivating the political divide in this country are not tax issues at the end of the day. Right? There is pretty widespread consensus among Americans about the overall tax policy they'd like to see to the extent that they have opinions about that. What is an extremely divisive issue is race, ethnicity, and immigration. Right? And by someone who has done a fair amount of work on taxation and how immigrants are perceived as taxpayers, it's one of the areas where I think it's the hardest to bring evidence to bear in a way that changes people's minds. Right? So I've done all kinds of work on tax policy. I've explained how Americans see taxpaying as something to be proud of, and that's maybe a little counterintuitive, but normally I can show people some data and convince them of that.

What I've had a hard time convincing people of is a straightforward economic fact, which is that immigrants pay a lot in taxes, but that's something that hits up against prejudices that are really hard to change. So I think that when we're thinking about the sort of primary motivators of party shift in the country right now, it's around those big, very deeply held symbolic views about who counts as an

American and the Tax Cuts and Jobs Act is not going to enter into those decisions.

HESS: I'll call attention to the research that our colleagues at the Hamilton Project have recently put out, 12 economic facts about immigration, and they address a lot of those issues about immigrants and crime, or the lack of crime. Immigrants and paying taxes, immigrants and economic contributions. So that will also be in the show notes where you can find it on our website.

Let's go back to the Tax Cuts and Jobs Act for just another moment because it goes to something that you indicated earlier about the Republican leadership's response to its wealthy donors, which suggests perhaps there are other motivations by the Republicans, especially the leadership, to promote and pursue and pass tax legislation more so than appealing to their constituents or even just giving Americans a tax break. Can you talk about the other kinds of motivations?

WILLIAMSON: Right. So I think it would be naïve to imagine that politicians are just out there trying to please the most voters possible. There's very little evidence to suggest that's how it works. Right? So we know that people care a lot about the sort of constituencies that are particularly powerful, particularly economically powerful in their districts, and we know that people care about what their donors think. Right? There's a lot of political science to suggest that wealthy people have an outsized influence on our political system in all kinds of ways.

And so if you're going to think about the way the Tax Cuts and Jobs Act matters, right, you can look at the economic effects. We talked about that. You can talk about what it matters to people's paychecks. You can talk about partisanship. But you really also have to talk about the fact that this is a large chunk of money that just got shifted to a particular class of people. Right? Mostly wealthy business owners, who tend to be Republican and because as I mentioned in the beginning about the SALT deduction, not only do they tend to be Republican but also the bill was written in such a way as it really benefitted people who were

more likely to be Republican because of the blue states having different tax laws.

So for that reason I think it's really important to think about what it would mean for donors to suddenly have this windfall. Right? Anecdotally speaking, certainly, Republican donors were certainly claiming that if this law did not get done they were not going to open their checkbooks this year. Right? Was that true? There's no way to know. Right? And there's no way to know in this particular instance because the law got passed, but more generally, it's actually very hard to assess empirically what would happen if politicians did things that their primary economic supporters didn't like because they don't do those things very often. Right? So it's actually really hard to judge, I think, the impact of money because it so often sets the stage, even before any actors play their parts. But a finding in political science that I think is counterintuitive is that campaign spending doesn't matter as much as you might think it does. Right? And it particularly doesn't seem to matter as much for incumbents. And there's a lot of research on this. A lot of people have tried to find a campaign spending effect. And there are a lot of reasons for that.

One, because a lot of things correlate with how much money you can raise. If you're a very charismatic candidate, if you've got strong ties in your local community, you might be just a better candidate. And also, you're good at raising money. Right? The things that make you good at convincing people to vote for you are probably not that different from the things that make you good at convincing people to, you know, chip in 20 bucks to your campaign. So a lot of things are correlated with fund-raising.

Additionally, and this is true outside the candidate space, but if you're looking at ballot measures, right, so it's not about your own personal charisma but a ballot measure gets put on the ballot, you find a negative relationship between spending and outcomes. And that's because if you're trying to pass something that immediately appeals to voters, you don't need to spend that

much. Right? You're going to pass the Puppies and Kittens Act of 2017, you know, people are like, oh, I love puppies and kittens. But, you know, if you're trying to pass a bill that's not intrinsically a very popular idea, of course you're going to spend a lot of money on it. Right? So the relationship between campaign spending and outcomes is actually not that clear. Incumbents don't seem to benefit that much from additional money they have in the bank. Where it does tend to matter, so it shouldn't matter as much for the Republicans, right, because we're talking about Republican incumbents this year benefitting from the TCJA. But it may matter more it seems for when you challenge an incumbent. Right? Because if what you have to do is create name recognition, that's advertising. No matter how you do it, it doesn't matter if you're knocking on doors or if you're putting ads on TV or sending mailers, all of that costs money. So where campaign spending is pretty clearly important is not when you're in office but before you're in office.

DEWS: Another explanation of maybe the long-term strategic interests of the Republican Party in passage of the TCJA is not so much that it benefits any voters as you just said; it's that it puts pressure on the federal budget. We've seen in the last few months' reports that the federal deficit is a lot higher than it would have been, largely due to the TCJA causing tax receipts to plummet. So now we have a ballooning federal deficit again and we have Senator Mitch McConnell speaking about, once again, cutting entitlements, Social Security, Medicare, Medicaid. Can you draw the connection between this?

WILLIAMSON: Yeah. So this is a tactic that Republicans have used repeatedly in the last couple of decades, which is to cut revenue and then suddenly claim there's a spending crisis on the other side of it. You know, it's what Grover Norquist trying to get government down to the size where you can drown in a bathtub. So it is a little bit ironic I think that people who just passed an enormous tax cut that had no particular pay-fors built into it are suddenly concerned about the federal budget. But we've seen the same thing before. We saw in the Bush

Administration very large tax cuts along with some economic downturn eventually ballooned these deficits, and there was an effort to privatize Social Security that didn't succeed. I think you're likely to see a similar maneuver should Republicans remain in control next year. I think it would certainly be a top priority to cut entitlement spending, so Social Security, Medicare, Medicaid. But I think having seen this strategy play out several times over several decades, I think people are becoming increasingly aware that it's a political strategy as opposed to an actual financial requirement that the federal government have something approaching a balanced budget. I mean, that hasn't been the case in quite some time, and it's not obvious that having a balanced budget is actually economically essential. And it certainly doesn't seem that it would necessarily be economically essential to cut benefits for retirees and the sick. You might manage to make the federal budget look better but you'll make the economy look much worse. So its implications on a broader scale looking at the sort of real budget in the sense of the real American economy, it doesn't look like a particularly good idea from a fiscal perspective, and it doesn't, I think, have the appeal that it once did.

DEWS: Let's finish this conversation, Vanessa, with kind of a very big picture question. We talked about the Affordable Care Act and the negative electoral impact it had on Democrats. So in that vein, under what general conditions does a piece of legislation harm the party that enacted it?

WILLIAMSON: So I think that this is a relatively new subject of research in political science, a really fascinating question. Right? Most of the time it seems like this is an unfortunate thing from a perspective of Democratic accountability. There are not that many cases where you see politicians really being held to account for a single piece of legislation, or at least not demonstrably clear-cut cases where we can put aside other hypotheses and say, yeah, they passed this bill and suffered these consequences. Right? It's rare. But one of the things that clearly would matter, right, is the decision of the other party to try and

make it the issue. Right? And so I think that this is a subject of real interest looking forward when you're thinking about, you know, Democrats who are obviously going to think about who they're going to be running in 2020. Is things like taxes, is things like economic issues going to be a primary driver of their platforms? Right? And I think this is the tension you saw in the 2016 primary in the Democratic Party, right, between the sort of Sanders and Clinton wings. How do you talk about the economy? How do you talk about the role of wealthy people in the economy? How do you talk about the enormous rise in economic inequality that we've seen in recent decades? I think those questions are going to be really at the heart of what the Democratic Party tries to do next and I think they'll have a very big impact on whether things like the Tax Cuts and Jobs Act end up being electorally significant to the future.

DEWS: Well, Vanessa, I want to thank you for sharing your time and expertise today.

WILLIAMSON: Well, thank you so much for having me.

DEWS: You can learn more about Vanessa Williamson and her research on our website, [Brookings.edu](https://www.brookings.edu), and also find more research and analysis about the 2018 midterms also on our website, [Brookings.edu/2018midterms](https://www.brookings.edu/2018midterms).

(Music plays)

MR. DEWS: The Brookings Cafeteria Podcast is the product of an amazing team of colleagues, including audio engineer and producer, Gaston Reboredo with assistance from Mark Hoelscher. The producers are Brennan Hoban and Chris McKenna. Bill Finan, director of the Brookings Institution Press does the book interviews, and Jessica Pavone and Eric Abalahin provide design and web support. Our interns this semester are Sharon Bernea and Tim Madden. Finally, my thanks to Camilo Ramirez and Emily Horn for their guidance and support.

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Email your questions and comments to me at bcp@brookings.edu. If you have a question for a scholar, include an audio file and I'll play it and the answer on the air.

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