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P R O C E E D I N G S

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

On today's episode, Brookings president John Allen interviews Brookings Senior Fellow Fiona Hill about the role that public servants and expertise have during a time of crisis.

Also on today's show, Senior Fellow David Wessel offers six points on economic stimulus in response to the coronavirus pandemic.

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And now, the interview. Here's Brookings President John Allen with Fiona Hill, senior fellow in Foreign Policy.

ALLEN: Fiona, good morning. It's really great to be with you today to talk about the importance of public service. And I know the conditions under which we're making the podcast are difficult given the challenges that we're facing, not just in the United States and around the world.

But I think there hasn't been of late a greater moment where the skill and the competence of public service has been more obvious and more necessary for our people to get us through this difficult moment. And you have been through some difficult moments. And what I wanted to do this morning was to ask you some

questions on your thoughts about public service and the role that public servants have during a time of crisis.

So with that I'll have several questions and I'll stop at the end of each and ask you to respond. You're an immigrant yourself, and you've said that you can say with confidence that the U.S. has offered you opportunities that you could never have had in England. At the same time, this could be a tough time for people like you in the United States, not just immigrants, but people with expertise, people with non-political facts that bear on governmental duties and difficulties in carrying out the duties from moment to moment in the interests of our country. Given the experience that you've had of late and over your long career, including recently in government in the National Security Council, do you still believe in some of these quintessential characterizations that we maintain about America, about serving our country?

HILL: Absolutely, John, and I think what we're experiencing right now, the difficulties that you alluded to at the very beginning when all of us are sequestered at home, working from home, and our communities are under remarkable strain as a result of the response that's required for containing the coronavirus--this comes into a very stark relief. We are seeing now how much independent analysis, data driven information, and frankly, long experience and deep expertise in dealing with epidemics and with infectious disease is essential at this moment.

We've seen Doctor Fauci and many of his colleagues standing up beside the president and appearing on our TV screens on a regular basis and providing the information that they know also providing it in an unvarnished manner. I think what

they don't know is equally important at a time like this and how much they need everyone else to pull behind them to respond.

And that to me is what America's always been about as well, which is communal response, communities stepping up. America has been founded on the basis of communities, pioneering communities, people who had to pull together as they were setting up new settlements from scratch be it on the prairie during the homestead period or much earlier on in the first colonies, the pioneers who first set up Jamestown and moved beyond Virginia and Salem Massachusetts to establish settlements across the nation.

And for me, what's always been extraordinarily important about America is this idea that people could pull together to build something new. America for so many people outside has been a beacon of hope and inspiration, of technological innovation. And this idea of rugged individualism coming together in new communities that were really forging ahead in quite difficult circumstances.

In terms of people being immigrants, which you asked about at the very beginning, that's the backbone of the country. Obviously, for the native population there was some great periods of dislocation as people first came in from Europe and further afield. We had people forced to come to America in shackles of slavery, which has led to ongoing crises in our communities with that legacy in so many parts of the United States.

But nonetheless, each time the United States has done a really good job over a period of time in trying to build on newcomers and to tap into their innovation,

their new ideas, and bringing people together in a very diverse, diverse country. That to me has been really the strength of America, it's the thing that really attracted me about America when I first came was this idea that in spite of some of the difficult circumstances in which people came to America or conversely the people who came here for new opportunity to start life anew having faced all kinds of difficulties in their home countries, in Europe and elsewhere, that people had a shared perspective on what they were trying to build together and an idea of how they were going to improve things and leave America and leave the communities in which they were in a better place than which they found them. That's a bit of an all over the place kind of answer but I think for much of those who have come here and who have wanted to stay who share in this perspective of building something new, America has always been a place of promise and of great solidarity.

ALLEN: Well, as you said, the answer was wide ranging and it was an important answer because I think you touched on so many of the factors that have made this country great. As you said, the country has successfully built on the talent of newcomers. It's capitalized on the talent of the people of this country, even with the difficult social origins of many of the segments of our society. The legacy of slavery, those who are coming to America to escape persecution overseas. And as you have said I think very well, this has created for us a shared national experience. And we're not there yet. We're not perfect yet. But it has created an opportunity for people in America and people who call themselves Americans that we've not seen before anywhere.

So let's talk a bit about this moment of crisis. Over the past few weeks and over the past few days, in fact, this is the first full day when the Brookings Institution is teleworking from home in order to create the social distance, to preserve our health as a community. And the global outbreak of the novel coronavirus known as COVID-19 has had an unprecedented consequence on our country, which we've seen unfold in just the last several days. The disease is posing extraordinary challenges to public health, to the international economy, to oil markets, as well as social engagements in the United States, but more broadly around the world.

At a time of such crisis, Fiona, how significant is public service for nonpartisan professionals? And what is the role of a non-political subject matter expert in addressing such major challenges? In your view, is fact based independent analysis under threat? And I know you touched on this. You've actually mentioned some names of key individuals, but this really is the leading edge I think of an emergency experience for our country. What is the role of that public servant and public service right now in this crisis?

HILL: Well, some of the issues that are most important in dealing with that crisis you've already touched upon. First of all, as you said, it's clear information, it's laying out what we know and what we don't know. Then we need unbiased, non-political expert analysis to provide context, critical context, to understand the depth of the information that we're presenting. I think it's most obvious to people now in a context of an infectious disease. And the explanations about how that is transmitted,

what we know to this point, it makes it, I think, much clearer to people about why it is important to have experts. Why we need people to understand the paths of other infectious diseases, why we need doctors and public health experts out at the fore.

But what it's also providing here, I think, is a parallel for so many of the issues that we've been grappling with. I think people have had a hard time in getting their heads around the issue that I've been dealing with over all this time, which is Russian influence and disinformation operations. In a way that does have parallels with a public health crisis, because the information that the Russian security services, for example, are trying to [ ] and distribute comes from many different sources. And it's transmitted through social media at the most basic level through peoples' Facebook content, on news feeds, on [] in the sense that people are transmitting and propagating that information further. Some of the sources of the information that is now being transmitted may actually be domestic and may not be something that was invented or thought up by Russian security services and the Internet Research Agency.

It may be just divisive information that's completely false about communities in the United States, different racial groups or political communities. And then that information is propagated out to smaller groups and transmitted further and further on, which is frankly the same issue that we're trying to deal with in terms of a real virus, person to person and broader social transmission.

From what we've been trying to get across in the public security space is just how damaging that transmission of false information is to the fabric of our

democracy. Now, the problem is of explaining that to people in a way that they can fully appreciate and fully understand, because the whole issue of Russia for example has become so politicized as a result of the bruising campaign that we had in 2016. And people are finding it hard to believe that there was a non-political way of looking at this. And obviously given the impeachment trial and the trial in the Senate and the impeachment hearings that I supported as a fact witness, people see only the partisan warfare and the extreme political rancor that has circulated around this issue rather than looking at this as a threat to the fabric of our democracy.

So times of a crisis like this, trying to get across to people the value of a nonpartisan, non-political expert approach is vital. And again, as I was saying in the case of coronavirus and a highly communicable disease where people's lives are literally on the line, you need people to see this. Where it's more nebulous in the sense of it's a political issue, in essence, because of what the Russians are trying to do is propagate political information, to undermine our trust in one another. It's far easier for the Russians to operate in that space and more difficult for experts like myself and you and many others to get the point across that this is something that we have to tackle. And this is the case with the coronavirus. The levels in which we have to [ ] is the same--there's community, the societal, and the national and state level in terms of our responses to electoral systems, and our responses to our fellow citizens, making it clear to people that we need to take action.

What we do need to do is keep emphasizing that experts and our policymakers need to act as honest brokers and keep on pushing to restore trust in

the intelligence services, for example, and in to our experts' community and explain why the information that they're trying to put forward needs to be addressed and needs to be fully processed. I mean, I think, you know, we should have consulting a bit more about this, but you know, there are lots of parallels here which we all need to pull together to deal with an issue that has become too politicized, too personalized, and over-focused on some of the political elements of it.

ALLEN: Well, that was an extraordinary response. Just to a couple of points which you made, which I think are very important to emphasize, is that in this moment of uncertainty, and in the past when Americans were confronted with crises, they were crises in many respects in a physical sense. It was measurable, it was visible. It could be touched. But in a moment like this, of real uncertainty where disease is spreading potentially at rates that we're having difficulty measuring, the point that you made, Fiona, about the important role of experts, the capacity for professional public servants to be honest brokers, and to instill in this moment of uncertainty for our people, for our populations, to instill in that population a sense of trust, it's really vital. And you've made that very clear in your last answer.

And I would simply add to that the public's confidence in the leadership of our country and the leaders of their states and leaders of their cities and leaders of their communities, right now having that confidence can go a long way to undercutting a sense of uncertainty and, in some cases potentially, social panic. So, your points are very, very important. Expertise, being honest brokers, and instilling trust in.

You've had a difficult decision to make in the recent past. Let's go back a few years if we could. And in the context of this administration, it's been controversial, and it was controversial long before the president's impeachment process occurred. In fact, the president has been so outside the norm in general that a lot of pretty prominent policy individuals from his party as well pledged that they would never work for him. Now, when you were approached to join the National Security Council to lead its Europe and Russia portfolio, what went through your mind? What factors shaped your thinking and ultimately led you to accept that appointment, Fiona?

HILL: Well, part of the reason is rooted in an earlier period of government service. I had served between 2006 and the end of 2009 as senior director for Russia and Eurasia on the National Security Council. I was a national intelligence officer in that period, and that's the transition from President George W. Bush to President Barack Obama. I was the Intelligence Committee's senior expert on Russia, or the former Soviet republics, including Ukraine and [] and the Caucasus in Central Asia. And my job there was to the subject matter experts for our elected political leadership, no matter who that was, and to provide the best independent analysis, conclusions and recommendations from across all of our intelligence agencies, and analytical agencies. That was very much a nonpartisan, non-political position because it was very clear that that at that point this was advising the country's elected leadership at different levels and giving them the information that they needed to make policy. So, there was no scope within that position whatsoever to advance any

particular political agenda. And it did find also in that period a number of major crises, including the war in 2008 between Russia and Georgia when Russia invaded Georgia after Georgia sought a NATO membership action plan. And we also were in charge of warning our political leadership of other potential threats of violence, or other steps that the Russians might take. And in fact, in 2008, we were quite concerned that Russia might take action against Ukraine, which had also started membership action on NATO, just like Georgia had.

So, there were a lot of series that I was dealing with in that context and then when I returned to Brookings after that, I was loaned out by Brookings again on that occasion. I spent the next seven years directing Brookings's Center on the United States and Europe, covering the whole of the European states, including NATO and the European Union and also work on Turkey. So, when I was approached in late, actually, 2016 after the election, by early 2017, and then offered the position, it was also to manage all of the interagency policy for Russia and all of Europe. So it was very much related to the work that I'd been doing for all this long period of time, both in the government and then at Brookings. And frankly, the people who approached me were people that I worked with in the national intelligence community, including General Flynn and others who had known me from the onset.

So that, again, based on my nonpartisan subject matter expertise, not on any political connections that I had or did not have. So I'm really felt that given my previous stints in government--including some of the people who were now stepping up to join the administration on the issues that I knew so well from that period and

then from my time at Brookings, and the information that I already knew about what Russia tried to do in 2016, and the confrontational nature of the relationship that had emerged and the result of that--that I ought to do something.

We needed to stabilize the U.S.-Russia relationship in that period too we were heading for what could be a literally explosive confrontation. There had been a great deal of concern in the community, in the Russia watching community, in the period 2014, 2015, 2016, as Russia successively annexed Crimea, with the shooting down of the Malaysian Airlines, there was war in Donbass, and there was Russia's incursion, intervention in Syria, and a great deal of concern based on Russian exercises in Europe, that the Russians had the potential to take a localized conflict, be it in Ukraine or neighboring Belarus, or in the Baltic states, and even escalate that conflict to a low-grade tactical nuclear exchange. This was certainly something that was being talked about in Russian circles, that we were seeing from afar and getting increasingly concerned about, that the relationship was on a trajectory that was very reminiscent of the 1960s, 1980s, when we had the Cuban Missile Crisis, or the war scare of the 1980s that led to all of our big arms control agreements and Reagan's and Gorbachev's summits. So, there was a feeling that something needed to be done, that if we were headed in this direction, we were heading towards a confrontation, and we had to do something that head that off. So, I really felt a sense of responsibility and duty, and although it was a difficult decision given the toxic nature of our politics, I really felt that it was something where people needed to pull together.

There were [] colleagues from previous positions who were there in the government. And although obviously I was extraordinarily mindful of the politics, I felt this was nothing other than that decision to make to step up to join the administration. I thought it was the right thing to do at the time. And I still think no matter everything that has transpired since then, including most recently the congressional testimony, that this was the correct decision based on the information that I had at the time.

ALLEN: Well, I think several points that you've made just now really speak well, not just to your expertise, but also to your sense of duty. And this is what is at the heart of this entire conversation about public service. For the listeners who don't fully appreciate the term that Fiona has used, having been a national intelligence officer. It's one of the most important positions within our intelligence community. They are typically oriented on a geographic area or on a functional topic. And for Fiona, who as she described herself initially, who was an immigrant, to come to the United States and to be given that extraordinary responsibility and the trust of the republic to be a national intelligence officer and then later to be invited to join the National Security Council to help us find our way through this difficult moment in our relationship with Russia, I just use the term a moment ago, it would be almost impossible to overstate how important is the trust that this country has placed in Fiona as a leader, as a public servant, and as an individual who can assist this government with our relationship with one of the most problematic states with which

we're dealing today. And to help us find our way to a productive relationship ultimately with the Russians.

Now, let me shift just a bit to the nature of the relationship itself and to the leader of Russia, Vladimir Putin. And you have, in the context of populism, you've occasionally described him as the original populist. Populism has obviously had a big moment over the last several years in Europe and, of course, in the United States and elsewhere, and it seems to be on a collision course in many respects with our concepts of democracy. But given your own work on Russia and your own experience growing up in the British coal country, and perhaps knowing some of the politics first-hand, I imagine that you have a unique take on this. And what do you see as being at the roots of today's populism, it's so widespread and in some respects seems to be gaining momentum. Do you see it as a local reaction with local roots or something that characters like Putin have stoked and helped to engender internationally to the detriment of democracy as we know it?

HILL: Well, you know, John, this is an extremely interesting issue because, of course, everything is generated at the local level in terms of people's experiences and their perceptions. Every local issue has its own peculiarities and things that distinguish it from others. But there are so many parallels between what's been happening in Russia, the United States, the United Kingdom, and of course Europe. They are worth dwelling on for a moment. All politics, with some exceptions in the European context, but if you look at the major countries, Germany, France, UK, Italy, Spain, we can see degrees of polarization. All of them are rooted in rapidly

changing societies and economies, in particular rising income inequality and people having identity crises. People fear that they've been left behind in so many places outside of the major cities and many countries facing indeed the same socio-economic factors that are driving these forces. You see the yellow vest movement in France, people have protested attempts by the central government and President Macron to change the tax system, to change pensions, to tackle many of the fiscal issues that have been discussed in European countries and it's hard to kind of get a grip of rapidly aging society and all the stress that's putting on all of the public services.

And obviously we've seen the breakdown in so many countries, including our own, of the traditional parties--in the United States obviously the Democratic and Republican parties are big tent parties, you only have two parties and we've never really spawned off a third. In Europe those bigger parties and two-party systems have broken down and we're seeing much more coalition politics and equally strange bedfellows getting together in these political coalitions. You've seen that in Israel, which has multiple attempts now to try to form a government. Italy, notorious for cycling through prime ministers and different coalitions. Places like Belgium that haven't formed governments for years on end. And then there's only a few places in the Scandinavian and other countries where there's been much more political stability. And obviously in Britain, we have Brexit where a lot of problems that are frankly local to Britain itself at the community level outside of London, a great deal of alienation of the country from London itself and from the politics in Westminster

and Parliament. The blame game of Brussels and the European Union and then seeing the determination to break away there.

And so many of political figures that have emerged in this context of dislocation, growing inequality, and identity crisis have had the same style, this populist celebrity style, coming up with, frankly, either simple solutions often identity-based, or slogan-based to address the very complex problems and a lot of blame and grievance being expressed on to outsiders, immigrants, other political forces in all of these contexts.

And Putin was way ahead of the game there. Really what most of Europe and the United States are experiencing now is a massive dislocation that Russia itself faced in the 1990s. Russia had a major collapse, the collapse of its state the Soviet Union. When the system that underpinned the USSR was proven to be extremely lacking as a result of overextension, economic mismanagement, and then the arms race that we saw in the 1980s, and Russia's decision to invade Afghanistan, and so many of the problems that the Soviet system had not addressed. And so, in the 1990s, Russia went into this kind of freefall, a massive identity crisis, not knowing where the country was heading, people out of work, huge closing of the large manufacturing and defense sector plants. People being forced to improvise. And we remember so many stories, and some of those people who might remember this in the 1990s, all the starvation in cities, food systems closed down, but also engineers, nuclear engineers being called to become taxi drivers, or working at kiosks selling cigarettes and all kinds of things because their jobs disappeared on them.

And Putin emerges after 10 years of this dislocation, in 2000, a successor to Boris Yeltsin and immediately starts to try to tackle these issues and adapt a lot of the skills he learned in the KGB as being something to everybody. He was a case officer, and a crucial source of various intelligence []. And he was used to both presenting himself to people as something that they wanted to be, a person who people could protect all kinds of things onto, until he literally had taken it to some rather comical extremes of being everything from race car driver, deep sea diver, night club crooner playing the piano for charity events, to a sort of a James Bond-esque figure, horseback riding. Also appealed to different communities in this man of action, this populist celebrity figures that has consumed the entire political space in Russia.

And now he's in the process of transforming himself into the father of the nation and talking about basically in power through 2036, long after his current term is supposed to expire in 2024.

We've seen that because he's been so successful over 20 years as being president and prime minister, some the others are starting to emulate that same style and obviously with their own local peculiarities. So Putin's way ahead of the game. He's proven to be very successful. But we also have to step back and see whether he's really addressed all those societal and economic factors that also produced such a crisis in Russia. Some of them he has tackled, others have not been so successfully managed and he's still going to have challenges in the time ahead. But he's kind of

blazed a trail for others who have seen this is an approach that, certainly for him for the last two decades, has had some success.

The question, I guess, will be, in this age of a massive pandemic that has unsettled all of our economies even further as to whether Putin's approach, that populist approach, will be sufficient for the crisis at hand.

ALLEN: Well, I certainly learned a lot by listening to that a moment ago. And thank you for not just being able to lay that out so clearly, and so succinctly, but also possessing the body of information that we still are going to need as we go forward, hopefully to be able to find a relationship with some form of equilibrium with Russia in the future.

Let me ask you if I may a final question. You've touched on it several times. This is an opportunity, I think, to give us a succinct and coherent discourse on this particular issue. And it's election security and Russian interference. It's something I know, and I've heard you talk about in other fora, it's something I know you're deeply concerned about. You are incredibly knowledgeable on. And I think as we watch, for example, the Democratic debate last night, as we wonder about the potential disruption by the coronavirus of our process of moving forward on the Democratic side, obviously with the primaries, but also with the general election later. This is, I think, a real opportunity for those who would want to sow chaos at this particular moment, apart, quite frankly, from that which they've been attempting to do, whether it's the Russians and the Chinese, but in particular the Russians, apart from that which they've been attempting to do now since 2016, and even before that.

Given this moment, and given your experience in election security and Russian interference, as we do move deeper into the 2020 election cycle, what are your thoughts? Do you think we have learned the right lessons in how to defend our system and our process? What's your assessment of the nature of the threat as you've been watching it unfold, not just from your perch in the National Security Council, but now that you're back at Brookings and you're watching it from a bit of a distance?

HILL: I think, John, in terms of our system, the actual system, we have learned all the lessons of []. We're well aware of the ways which Russians and others might have tried to gain access to the systems. We've been trying to put mechanisms in place to counteract that, as a matter of fact that has had to do some of the state and local governments level through DHS working with local officials. That's the level in which decisions are made on how to manage the elections and to secure the system. And I think we've been quite effective in getting information out about that.

I think what we do have to bear in mind and where we've been less effective is the way that the Russians, for want of a better expression, tried to hack our minds, you know, sort of tap into public opinion. And now I think there a new ways in which they could do that. I think many people may have seen the news reports that the Chinese have started for their own purposes-- obviously to deflect blame and attention away from them and from their early handling of the coronavirus outbreak in Wuhan and elsewhere--have started to say that this could be a U.S. bioweapon weapon.

I mean, this is the kind of thing that the Russians and the Soviets, you know, did many times in the past. HIV, for example, was blamed on the United States. Often when there's some novel virus, infection outbreak, the U.S. can get blamed. When the Russian security services used a novel weapon, the nerve agent, against former spy Mr. Skripal and his daughter in Salisbury, the Russians were quick to blame others. When the plane was shot down, MH17, the Malaysian Airlines over Ukraine, there were Russian information operations suggesting that this was a CIA plot,, that the CIA has actually filled a plane with corpses and brought that down over Ukraine to discredit Russia.

So we're in that territory right now, just to illustrate that, where there's a lot of opportunity for the Russians and the Chinese and others to use the crisis around coronavirus and people's fears, people's inability to get quick, clear accurate information, where people rush off to the internet to look for information. And it's the larger public service announcements that our CDC and others are making where the Russians and other can still upstage. Because what the Russians do is, they act like a kind of political action committee. They do opposition research but it's always across the board on everybody and they push that out there. They find information that's already circulating and they amplify it and try to take advantage of people not having [] sources and looking across the board and across different platforms, for information. They just try to put that out there. Because the whole intention is to sow more discord, to frighten people, to push people into corners and to undermine people's trust in their governments in all kinds of different levels.

I mean, look, the Russian goal is to really distract people's minds and opinion. That's where the interference can be less effective. It's called a low-cost but a high impact. They're trying to undermine the credibility of the United States government and thus to undermine the credibility of the United States abroad and its effectiveness of implementing policies at home and abroad. They were very successful in doing this in 2016. They put a cloud over the presidency. No matter who won the 2016 election, they were going to be under some suspicion that the way that they had won and their legitimacy being challenged.

And in terms of dealing with the crisis ahead, with coronavirus, it's also going to be extraordinarily important to have multinational cooperation here, not just cooperation between communities and states in the United States with the federal government, but also the way in which we are going to be able to work with other Europeans and multinational organizations like the World Health Organization. And the Russians have always seen its [], the Chinese also, and to their advantage by diminishing the United States' leadership in those contexts. And to foment as much of a backlash against the United States and possible.

So amplifying stories where the United States is looking out just for itself, not cooperating with others. And I think we have to be very mindful of this, mindful that, you know, they can exploit this moment to harm [ ] even at a time that might be detrimental to their own interests as the coronavirus continues to spread.

What we should be trying to do is try to turn this around and figure out ways in which we can encourage more international political cooperation through the

World Health Organization and the CPC and other entities here in the United States working across different partners. This is where, again, nonpartisan expertise becomes the lifeblood not just of our own politics, but also of international politics where experts, public servants who have been working together for years and for decades, and our CDC, the State Department, our National Institutes of Health, our military, our entire government institutions should be able to reach out to their counterparts who again, I'm also including in Russia the nonpartisan public servants who can engage this. This is really what's necessary at this moment. And it's what will also blunt any effects or any impacts of the Russians trying to do what they did in 2016 again. And the Russian security services clearly have seen how much success they had then in furthering these goals to sow discord and unfortunately they will be keeping on trying unless their own government reins them in because the incentives for cooperation with the United States [are higher]. We can only hope that maybe as a result of the coronavirus in tackling this globally, that there may be a different incentive structure for the time.

ALLEN: Well, Fiona, thank you very much for that. I think that's something you have to pay very close attention to. Your point about the Russians both seeking to and perhaps successfully hacking into our minds and shaping our opinions is something that we have to take into account.

We also know, as you said, that they have worked very diligently to try to undermine both the credibility and the appearance of leadership of the United States, both at home--U.S. leadership at home--but also leadership overseas. And where for

many, many years, multinational approaches were an instinct and a reflex for the United States, it has not in the last several years. And because of that, it's made it even easier for the Russians to get their message out.

This is the role that you have played for both our government, Fiona, but once again now returned to Brookings you play for the American public as well. And that is to oversee, produce, to be an advocate, for the kinds of evidence-based, fact-based research that's necessary for the American people to get information in which they can have confidence. And when I get the question on a regular basis from people, what newspapers do you read, where do you get your news? I'll give them a list of some of the great, credible news media that I look at from time to time. But I also tell them, go to the trusted think tanks, go to the nonpartisan think tanks. This is not a paid political announcement for Brookings, but go to the Brookings website, I tell them. Every single day our scholars, you included of course as one of our preeminent scholars, every single day we produce that kind of evidence-based, fact-based, big data driven research that can answer the American question, and that can provide both confidence and trust in a source of information. And I think that's very, very important.

So, Fiona, thank you very much for answering these questions. Thank you very much for your service to our country, your service to our public, and very importantly and most recently, having returned to Brookings, your service to our great Institution. And with that I think we have concluded this podcast and I wish you the very best.

HILL: Thank you, John. A sincere thank you.

DEWS: And now, here's senior fellow David Wessel, director of the Hutchins Center on Fiscal and Monetary Policy, with another Economic Update

WESSEL: I'm David Wessel and this is my economic update.

Those of us who covered the global financial crisis of 2007-09 are enduring a painful sense of *déjà vu* as Federal Reserve press releases revive abandoned acronyms and Congress and the White House argue about the size and shape of fiscal stimulus. Some economic policy lessons from the Great Recession are relevant today: Act forcefully and early; be creative--new problems, demand new solutions; discourage state and local governments from cutting spending as their revenues fall; and communicate clearly, honestly, and often.

Yet in significant ways, this time is different. A decade ago, the housing bust produced a disturbance in the financial system that infected the real economy, and we had to resuscitate the financial system to get the economy going again.

Now it's the other way around.

The urgent objective is to prevent the financial system from amplifying the economic harm done by the virus and by the remedy, the social distancing and all that. But the bigger difference is this: the prudent steps we're taking to reduce the number of cases of coronavirus at the peak--all the stay at home edicts, the closing of schools, the shuttered restaurants, the canceled concerts and sporting events--are all going to make the near-term economic damage worse. To save lives we are shutting

down huge sectors of the economy. Gross domestic product is going to fall sharply, at least for the next quarter or two.

And it would be wrong to call that a failure of macroeconomic policy. It is, unfortunately, inevitable. But the more we flatten the corona curve with the accompanying hit to GDP, the lower the risk of the really bad outcome of overwhelmed hospitals and rationed care. That should boost spirits and financial markets.

Beyond the need to fund, enlarge, and organize the health system's response, what does this mean for economic policy?

One: The Great Recession was devastating for millions. This one could affect more people. We need to protect the most vulnerable--the folks who are laid off and lose wages as well as those who get sick and their families.

Two: We need to keep as many businesses as we can on life support with loans, loan guarantees, and yes, taxpayer-funded grants. We want them to be around when the pandemic ebbs. We need to limit as best we can the damage to the capacity of the economy to produce goods and services so that isn't a constraint on economic growth when demand returns.

Three: We're going to have to make some tough choices about which entities to bail out, which to let go. It'll be difficult to balance competing demands when every firm in industry can honestly say "this wasn't our fault, we're victims, not perpetrators."

Four: Taxpayer funded aid is going to come with strings. The public--and that means voters--isn't going to tolerate firms that get grants or loans from the government and then pay big bonuses or lay off a lot of people. So, we're having to have to think hard and creatively about limiting some employers' ability to fire workers and what to do when a business simply doesn't have any money to meet payroll. Already, there's talk of attaching stock warrants to government loans, limits on executive pay, and restrictions on stock buybacks.

Five: This is going to be costly. The federal government can borrow cheaply now, and it will. But if this lasts awhile there will be a lot of insolvent households, firms, and maybe even banks. The government will have to decide which losses the taxpayer should absorb and which the private sector will have to swallow.

Six: Whatever we do now, we need to be prepared to do more if this drags on. In retrospect, the 2009 Obama stimulus should have been bigger. So whatever passes Congress now should have a trigger to extend it or enlarge it automatically if economic conditions warrant.

And we need to be careful not to repeat the fiscal mistakes of 2011, '12, and '13 when Congress prematurely pulled back on spending and made the recovery more painful than it should have been.

DEWS: The Brookings Cafeteria podcast is the product of an amazing team of colleagues, starting with audio engineer Gaston Reboredo and producer Chris McKenna. Bill Finan, the director of the Brookings Institution Press, does the book interviews and Lisette Baylor and Eric Abalahin provide design and web support.

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Until next time, I'm Fred Dews.