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Challenges for the next president and lessons from the first debate  
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WILLIAM A. GALSTON

Ezra K. Zilkha Chair and Senior Fellow - Governance Studies

The Brookings Institution

DAVID DOLLAR

Senior Fellow, Foreign Policy and Global Economy and Development Programs and the John L.

Thornton China Center

The Brookings Institution

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**DAVID DOLLAR:** Hi, I'm David Dollar, host of the Brookings trade podcast [Dollar & Sense](#). Today my guest is Bill Galston, senior fellow in Governance Studies at Brookings and a leading expert on U.S. politics. Our topic is the presidential election, and in particular, the September 29th debate. The two candidates didn't say much about international trade or China, our normal topics, but whoever is elected is going to have a huge effect on the global economy. So I think it's an important issue for us. Thank you very much for joining us, Bill.

**WILLIAM GALSTON:** My pleasure. You provide the dollar. Whether I can provide the sense is a different question altogether.

**DOLLAR:** If you can make sense of that debate last night, you really are a political genius. Anyway, let's start with the big picture. So what was your overall impression of the debate?

**GALSTON:** Well, I think I join with most Americans in concluding that it was an international embarrassment and a political train wreck. I don't think very many people would want to see a debate of that nature repeated. And beginning last night, many people were [coalescing around the idea](#) that substantial rules changes would be required in order for the second and third debates to be meaningful contributions to political understanding.

**DOLLAR:** So, let's go candidate by candidate. In your view, what did President Trump need to do, and did he accomplish it?

**GALSTON:** The most credible public opinion surveys have shown President Trump, the incumbent, trailing the challenger, former Vice President Joe Biden, by between six and eight percentage points. That pattern has been very stable over a number of months despite tumultuous events which might have been expected to disrupt it. So President Trump's challenge coming into the debate was to do something to change the flow of the election. If he simply plays out his hand with the cards that he's dealt himself, he will probably lose. So, his objective was to disrupt. And this is— as we've seen over the past five years and for New Yorkers more— disruption is something he's very good at.

He disrupted the debate by simply refusing to follow the rules that his own team had negotiated with the Biden team. Whether he disrupted the flow of the election as completely as he did the flow of the debate is another question altogether. My judgment is that he probably thrilled his base but didn't make a lot of new friends. He probably thrilled the core of his base— namely white men without college educations— a lot more than he thrilled other parts of his base, including [white women without a college education](#). An unprecedented gender gap has opened up in this election cycle and it involves all categories of voters, white and non-white alike.

Joe Biden had the objective of maintaining the status quo; of doing nothing to raise doubts in wavering voters' minds about his mental capacity and physical stamina to perform the job as president. And I imagine that viewers came away with a range of reactions along that dimension. Many people noted that Biden stood tall from the beginning of the debate to the end and had a particularly strong ending. He obviously was nettled by what President Trump had to say, in particular by President Trump's attacks on his family but also the president's constant interruptions and numerous misstatements of fact.

My hunch is that the first serious round of post-debate interviews will not show a huge shift in the president's direction, which is what he needs. In a different political culture, the president's performance would have been regarded by many voters as disqualifying him for reelection. Whether that's true in the current political environment is a different question altogether.

**DOLLAR:** So let's turn to some specific issues. They didn't really spend a lot of time discussing policy in any detail.

**GALSTON:** You noticed.

**DOLLAR:** But they got into some policy issues. So let me ask first about the coronavirus situation. James Carville is known for the statement "it's the economy, stupid" in an earlier election. He's going around or he's e-mailing people saying "it's the coronavirus, stupid" this time around. So, how did you see the back-and-forth on the coronavirus handling? And in particular, President Trump did try to deflect and blame China, but that actually seemed kind of halfhearted to me. I thought there would be a lot more about China than there was. But what was your impression?

**GALSTON:** Well, I have to say, first of all, I agree with you. I wrote down a series of informal predictions about half an hour before the debate, and I expected China to be much more central to the discussion than it turned out to be. That was true both on the coronavirus front and on the economics and trade front. Having said that, there was obviously a disagreement between the two combatants as to the effectiveness of the Trump administration's response to COVID-19 and the pandemic. And, you know, to quote the president, "it is what it is." People who are in the president's corner will celebrate his performance. People who aren't will denigrate his performance as manager of the fight against the pandemic. Public opinion surveys indicate that a solid majority of the American people are critical of the president's handling of this; they don't think that it was or is effective. They remain fearful about reengaging and customary activities. K-12 school reopenings are not going particularly well across the country. Some are doing better than others, but many schools remain on a virtual status, unwilling to admit students back into the classrooms for normal instruction.

I would say that a key issue is the relationship between the pandemic and the economy. And the president appears to have the view that those two can be decoupled. Vice President Biden, I would say in accordance with the majority of economists and other disciplinary analysts, does not believe that the two can be decoupled. That economic normality will not be regained until the pandemic is brought under much greater control than it has been up to now. And so, to close the circle, for Vice President Biden, the statements "it's the economy, stupid" and "it's the pandemic, stupid" are one and the same. You can't fix the economy until you wrestle the pandemic to the ground. Speaking personally, I think that's the clear truth of the matter. You just look at the psychology of consumers and the behavior of average citizens and you'll see. You can make a long list of activities that they will simply be unwilling to engage in until the level of security against COVID-19 is much higher than it is now. That means that the economy is going to plateau at a level significantly below the GDP and output that were achieved before the pandemic hit.

**DOLLAR:** Yeah. You'll be happy to know that the data supports you on that. We have bounced back modestly from the worst fall off of the economy, but we're not getting back to where we were pre-coronavirus and the recovery is definitely slowing down. That was kind of interesting, the two [choosing the different letters](#). President Trump was talking about a V-shape then Vice President

Biden talking about a K-shape. Was that obvious to you at first hearing what a K-shaped recovery was.

**GALSTON:** Well, I mean, you and I are colleagues here at Brookings, so we tend to read the same kinds of literature. Vice President Biden made one pass at explaining it. It was okay. Whether it sank in, I don't know. But if you look at the data, it's very clear that people like us are doing okay. We can do our work virtually. Not completely, but to a considerable extent. People like us haven't been laid off in large numbers, and those that were are pretty quickly regaining their foothold in the job market. By contrast, less educated workers, especially those workers engaged in personal services of one sort or another or frontline workers who can't do their work virtually, have experienced huge job losses and a slower recovery. And that, of course, maps on to the distinction between higher income and lower income workers.

So the effect up to now has been to widen the already widening gap between the people in the economy who are doing pretty well— and I'm not just talking about wealthy individuals, but educated professionals who were doing well and by and large are doing well— and people lower down in education, salary, and wages who have experienced a body blow. If you look at the most affected sectors of the economy— restaurants, hospitality, hotels, entertainment, travel— I suspect it's going to be a very long time before these sectors regain their previous vigor if they ever do, which tells me that a lot of less educated workers are in for an extended bout of unemployment. And many of them may drop out of the labor force altogether which, in an era of a slowly increasing labor force, an era that we've entered and will remain in for as far as the eye can see, a further reduction in the labor force is bad news for the U.S. economy.

**DOLLAR:** In an earlier episode, Bill, we did a [deep dive with Stephanie Aaronson](#), our colleague from Economic Studies, into the labor market. The statistic they really jumped out at me is that adult Americans who have no more than high school education, at this point only 50 percent have jobs, which is pretty shocking. That's a combination of an unusually high unemployment rate for that demographic plus a lot of that demographic has basically dropped out of the labor force. It's really hard to see the economy doing better when only 50 percent of a big cohort...that's 60 million people. It's not a small cohort.

**GALSTON:** If I can follow up on this point for just a minute: during the period of really vigorous economic growth, a period that extended through the 1990s, we had a labor force growing at a rate of about 1.5 percent a year. And when the baby boom hit the market it was more like 2.5 percent. According to CBO and various other authorities, we can now expect, looking out for decades to come, labor force growth of under half of one percent a year. The period of restricted immigration that the Trump administration inaugurated has put additional downward pressure on labor force growth. And unless you make heroic assumptions about productivity increases, the CBO predicts that we're in for an extended period of growth of between 1.6-1.8 percent a year, which is not disastrous, but it is certainly nothing like what people were accustomed to for most of the half-century after the Second World War. And a period of slow growth is going to exacerbate many other problems in our economy and society and will probably lead to increased conflict over slowly increasing resources.

**DOLLAR:** If we could just stay with the economy for a moment: one of the things that really puzzles me about the polling around the election— this is obviously pre-debate, I haven't seen any post-debate polls yet. Pre-debate, you found relatively poor ratings for President Trump overall and

for dealing with the coronavirus, but then the one bright spot for him was that he was given high marks in managing the economy, particularly in forward-looking questions: "Who do you have confidence in to manage the economy?" Not necessarily doing better than Biden, but tied more or less statistically with Biden whereas, on those other issues I mentioned, generally he was down. Now, I find this a little bit mystifying because the economy was actually not doing particularly well before the coronavirus hit. Now that we've got this recession, the net result for this whole first term of Trump is basically zero growth, loss of jobs. So, I don't know. Help me understand, why do people think he's likely to do a better job with the economy? And I guess to bring it back to the debate, did he help himself with that kind of argumentation?

**GALSTON:** I don't know about the future, but I think I can help explain the past. It is the case that during the first three years of the Trump administration we broke through what a number of analysts had previously believed to be the non-inflationary floor in unemployment and went all the way down to about 3.5 percent. And when you have 3.5 percent unemployment, you begin to draw a lot of previously marginalized potential workers back into the labor force. We saw that happen. Labor force participation rose, and not only that, employers found that they had to compete harder for workers, which is always good for workers.

So every September, the Census Bureau puts out a very interesting document called Income and Poverty in the United States. It's always for the preceding year, so earlier this month the Census Bureau came out with its annual study. This one was for 2019 and it showed a very substantial increase in median household income. So let's forget about the economy as a whole and arguments about, you know, the pace of job creation in Obama's last three years as opposed to Trump's first three years. All of that's true, but it's not the point. People felt that they were doing better because household incomes were rising and by an amount large enough so that people noticed it in their budgets and in their daily lives. That was a genuine achievement. What it tells me is that if you run a really hot economy with lots of Keynesian stimulus, turn on the spending spigots, cut taxes, and what happens? The economy heats up and while it lasts people do better.

There is an interesting question which the Federal Reserve Board is now wrestling with. Namely, do the traditional generalizations about the relationship between unemployment, wage increases, and inflation hold true in a globalized economy? A lot is riding on the answer to that question. You see Fed governors and the chair, Jerome Powell, publicly indicating uncertainty as to whether the basic model they've been working with ought to be revised or not. So, that's my short answer—perhaps not so short answer—to the question of why people in general give the president reasonably high marks. And also let's face it: his reputation, however ill-earned, as a wizard businessman gives some people reason to believe that, well, if he is this successful businessman, of course he's more likely to be able to manage the economy than people who have been in public life all their lives.

**DOLLAR:** I think those are really excellent points, Bill. Personally, I agree with what Jay Powell is doing, exploring this idea of letting the economy run hot. We have to be flexible because it may turn out that inflation is not gone forever, but it certainly seems like there's no inflation on the horizon in the foreseeable future. So that that's all very sensible.

The other topic I want to bring up, Bill: We've already discussed the coronavirus and we've discussed the economy, and it seems to me the third major crisis the U.S. is facing immediately is systemic racism, Black Lives Matter, protests, and President Trump trying to paint that as "law and order" issues. So, I'm curious how you saw that playing out in the debate.

**GALSTON:** Well, it was what the musical critics called the leitmotif threaded through the debate and culminating in President Trump's response to the moderator's question about, you know, white extremist violence and the president's refusal to criticize it or disavow it, insisting instead that the problem was on the left with so-called antifa, which is not a principally Black organization by the way. It's mainly a white organization. And "someone ought to take care of them," which is a statement he's made before. We now have this right-wing sort of white nationalist group, the Proud Boys, being singled out by the president and feeling endorsed by him.

Let's face it. The president, throughout his term, has done almost nothing to diminish racial polarization in the United States. And, you know, Vice President Biden charged last night that he was simply pouring gasoline on the fire. I'm speaking now as a political analyst and not as a partisan, but I think Mr. Biden's phrase is analytically defensible. I think the president, for reasons of his own, has decided that he can rally and energize his base by appealing to white grievances against changes that have occurred in our society, economy, and government over the past 20 years. So, I do not expect racial polarization to diminish during the remainder of this presidential campaign. On the contrary. And like many other Americans, I am worried about what will happen along that dimension if the president is reelected and does not change course and doesn't try to serve as more of a healer in a potential second term than he has been in the first.

**DOLLAR:** That was kind of scary when President Trump essentially refused to acknowledge that he would support peaceful transition. How worried should we be about some of these scenarios? People talk about the counting dragging on for weeks. I think President Trump even said months. That strikes me that that's not realistic...that the worst you could get is maybe about a one-week delay. Am I right about that?

**GALSTON:** You're mostly right about that. There are a few states that I worry about in particular. The epicenter of my worry is the state of Pennsylvania. There are, I believe, eight states that do not permit the counting of mail-in ballots to begin until after the in-person polls have closed. If you take those state prohibitions and add to it an anticipated avalanche of mail-in ballots, and you add to that anticipated legal challenges to many of those mail-in ballots, you do have a formula for delay. Not throughout the country, but in a handful of states, some of which will be very important to the determination of the outcome. As a matter of fact, that legal prohibition that I've just described, and I will go back and check this, but I believe it is more the norm than the exception in the upper Midwest, which, of course, was the cockpit of the election in 2016 and could turn out to be the cockpit again in 2020. Although this time, unlike 2016, you also have a southern tier of contested states. Remarkably, Florida, Georgia, Arizona, and even Texas. So, we shall see.

I've spent a lot of time working my way through the nightmare scenarios and I can say two things about them. Number one, many of them are genuinely nightmarish, including the worst case of all which is the repetition of the 1876 election with dueling slates of electors from the most contested states and culminating in a really rotten political bargain to resolve the election. That's the last thing in the world we want. So that's on the one hand, the nightmares are nightmarish. On the other hand, as I look over the legal scene, what I see is a system that probably has adequate resources to resolve most of the disputes. Not all of them, but most of them. And if the election hinges on a handful of states with the worst legal structures such as the prohibition on getting a running start on counting mail-in ballots, that would be the disaster scenario. Because if we're talking about counts and disputes that stretch out for weeks, then I'm afraid doubts about the legitimacy of the election could rise rapidly. What is the probability of the worst-case eventuating? I don't know. It's not zero. Is it

20 percent? Probably not. Is it 10 percent? Probably so. So, if you have a 10 percent probability of a disaster, you'd better pay attention.

**DOLLAR:** Last question, Bill. Just briefly, I think you've more or less covered it, but bottom-line do you think the debate changed the trajectory of the election?

**GALSTON:** I have never been less certain about assessing a political event than I am about this debate. And I say that...here's an analogy for you. There are some earthquakes that are so severe as to break the seismographs so scientists can't even tell for sure how bad it was. I am conjuring with the idea that last night's debate was so off the charts by any baseline of previous experiences or expectations that I have no idea how it's going to play. I think the most likely scenario is that it will exhilarate the portion of the electorate that's most committed to the president, repulse the portion of the electorate that's most hostile to him, and leave the undecided voters— who are not very numerous this year, but if the gap narrows could turn out to be crucial— as perplexed and cross-pressured as they were before.

Like many people, I watched one of the cable network's little group of I think about 14 undecided voters in Ohio. You know, the moderator of that group talked to them one-by-one. At the end she posed the question: how many of you undecided voters have decided you'll vote for President Trump as a result of this debate? One hand went up. How many of you decided to vote for Vice President Biden as a result of this debate? One hand went up. The other twelve were where they were except, I suspect, more cross-pressured than ever. Two of them said they agreed with some of what the president was saying but not at all with the way he said it. That's probably a standard reaction. So, how are people going to balance, particularly the more Trump-open voters— open to the substance of what he's doing— how are they going to balance the things that they agree with him on against conduct that is unbecoming not only a president, but anyone? How do you put those two things together and come up with the bottom line? It ain't easy, and I'm not going to predict how they're going to do it. I think, as I said, the most likely outcome is little impact on the election. But I do not say that with any particular confidence.

**DOLLAR:** I think that's a really good point to end on, Bill. You know, we social scientists, we tend to deal with small changes. And you can estimate the effect of small changes assuming that it's just continuing on from the relationship that already exists. But if you get a huge, discrete change, then in fact history, traditional econometrics, these things are not much of a guide. So thank you, Bill Galston. I'm David Dollar, and you've been listening to Dollar and Sense. I've been talking to my Governance Studies colleague Bill Galston about the presidential election and about the remarkable debate that we just observed on September 29. Thank you very much.

**GALSTON:** My pleasure.

**DOLLAR:** And thank you all for listening. We'll be releasing new episodes of Dollar & Sense every other week, so if you haven't already, make sure to subscribe on Apple Podcasts or wherever else you get your podcasts and stay tuned. Dollar & Sense is a part of the Brookings Podcast Network. It wouldn't be possible without the support of Shawn Dhar, Anna Newby, Fred Dews, Chris McKenna, Gaston Reboledo, Camilo Ramirez, Emily Horne, and many more. If you like the show, please make sure to rate it and leave us a review. Send any questions or episode suggestions to [bcp@brookings.edu](mailto:bcp@brookings.edu). And, until next time, I'm David Dollar and this has been Dollar & Sense.