

## THE BROOKINGS INSTITUTION

## WEBINAR

WHAT TO EXPECT FROM BIDEN'S SECOND STATE OF THE UNION ADDRESS

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## DISCUSSION:

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**Elaine Kamarck:** Good afternoon and welcome to the Brookings webinar, “What to expect from Biden's second State of the Union.” Tomorrow night, a large number of Americans will turn in to hear Biden's State of the Union. In fact, last year, as many Americans tuned in to the State of the Union as tuned in to the NFL games. So that's a pretty big crowd. As presidents before him have done, Biden will almost certainly focus on his accomplishments and on good news. And yet Americans are in a really bad mood. In fact, the NBC poll found that Americans were more pessimistic about the future than they had been at any time in the last 30 years. And according to a new Washington Post poll, most Americans don't think Biden has accomplished much of anything in spite of the series of victories on major bills. So the president has a big job to do tomorrow night. He is taking his record to a cynical and pessimistic public.

Here to help us understand his record and put it in context, we have four great scholars from the Brookings Institution. Before I introduce them, I want to remind the audience that they can submit questions via Twitter at Brookings Gov hashtag Brookings SOTU all in caps, or you can email questions to events at Brookings dot edu. First, we're going to hear from David Wessel. David is director of the Hutchins Center on Fiscal and Monetary Policy here at Brookings. Before that, he was economics editor at the Wall Street Journal. His most recent book is "Only The Rich Can Play: How Washington Works in the New Gilded Age," the story of opportunity zones. He also runs a weekly podcast here at Brookings called Wessels Economic Update.

Our next speaker is going to be Constanze Stelzenmüller. She is director of the Center on the United States and Europe here at Brookings. Prior to joining Brookings, she was a senior transatlantic fellow with the German Marshall Fund. She writes a monthly column for the Financial, Financial Times and has written numerous articles. She also speaks four languages, which is very impressive to me.

Camille Busette is interim vice president for Governance Studies and director of the Race Prosperity and Inclusion Initiative here at Brookings. It's a cross-program initiatives that focuses work on issues of equity, racial justice and economic mobility for low-income communities and communities of color. Prior to joining Brookings, she was a director at the World Bank, where she led the bank's financial inclusion innovation arm.

And last but not least, Bill Galston. Bill is a senior fellow here at Brookings, and he holds the Ezra K. Zilkha chair in Governance Studies. He came to Brookings from the University of Maryland. Like me, he has been involved in many presidential campaigns, and he served with me in the Clinton

White House. He is a prolific author, and his most recent book is "Anti-Pluralism: The Populist Threat to Liberal Democracy." So I'd like to open our session today with a question for David. Something like is the economy better than we think it is? Or maybe another way of asking this came in from an audience member: are we in decline or are we in recovery or what? David.

**David Wessel** Thanks, Elaine. I guess the short answer to that question is depends what you mean by we. But basically the lightest jobs numbers are really a gift to President Biden. The economy has clearly bounced back from COVID. The president will remind us, I'm sure, that the country has created 12 million jobs since he took office. That's more than jobs have been created in the first two years of any presidential term. He'll remind us that the unemployment rate is now lower than it's been in 50 years. And for African-Americans, the unemployment rate remains higher than for whites, but it's near the low since we started keeping track of that back to 1972. So he can honestly say that if you look at the big picture, the economy is doing pretty well. But I think he has to be careful for a couple of reasons. One of them you referred to, people are kind of unhappy and people don't like to be told that they should be, feel better than they do.

Now, I think some of the angst in the country is economic. People are worried about the price of gasoline. They are worried about the price of eggs. And for many people, their wages have not kept up with inflation. But I think some of this is not related to the economy. It has to do with the lingering effects of COVID, which was so disruptive. Concern about mass shootings, anger at the polarization of Congress, all the things that are cultural issues that go well beyond the economic. And I think his second thing he has to be very careful of, chances are the economy is going to slow from here. Now, the odds that the Fed can bring down inflation without a recession are growing, but they are not for sure. And it would be very awkward for the president to boast about the economy, to declare mission accomplished, only to see the unemployment light rate rise in the months ahead and maybe even a recession. Well, I think he should mention inflation. And if I were him, I would say that's the Fed's job, and I back an independent Fed. Not only is that good economics, it's also good politically, because if we get a recession, he can say it's their fault, not mine. I'm sure he won't give them credit if we avoid that.

I think the second thing he has to do tonight— and you referred to it— is it's amazing how few people appreciate just what was accomplished in the last year in Congress. The Infrastructure Act, half a trillion dollars, the Chips and Science Act, \$50 Billion, the Inflation Reduction Act, which is really

should be called the Climate Change Attack Act. I looked at that same poll that you mentioned, and 62% of the people think that not much or little has been accomplished by Biden. But that's very partisan. 22% of Democrats think little's been accomplished, 93% of Republicans thinks nothing's been accomplished. So he's not going to convince them. I think the key to him is that 66% of people who describe themselves as independents believe that very little has been done. So it behooves him to illustrate to people that things are happening. The investments that the government is making are beginning to show up in our economy, and more of them will show up in the next couple of years. And I think he will talk about that. I hope he'll talk less about billions of dollars and more about specifics.

And finally, one other thing that I think you should highlight, and he may, is the efforts the administration is making to make the American economy more competitive. Two good examples. One is it's now possible to buy hearing aids over the counter. That was a long fight to make it more competitive. And secondly, the Federal Trade Commission is trying to ban non-compete contract clauses in labor contracts. So just because you work for one McDonald's doesn't mean you can't go work for another McDonald's or for Burger King up and down the chain. And I think those are kind of market friendly things that the administration is doing that probably people don't recognize.

**Elaine Kamarck** And, you know, let me ask you one follow up, David. You know, when, when this money gets put out, particularly in the Infrastructure Act, I mean, right now, the engineers are barely starting to draw up plans for these things. Will Biden ever get credit for that or is it, are the time lags just too long?

**David Wessel** Well, I think he'll try to take credit, as he has done in the last week, going to talk about the tunnel under the, in Baltimore for the railroad and the tunnel under the Hudson River. So I think there will be fake ribbon cuttings, announcements of semiconductor fabs being built in Arizona, Texas, Ohio. People may not actually see the construction starting. And so you're right that it's going to be difficult for him to, for people to tangibly feel the credits, people being employed. But I'm sure he'll do everything he can to call attention to them. And the press has been cooperative on that.

**Elaine Kamarck** It has been. Constanze, you know, a lot of people don't realize that as much attention as we pay to the president and domestic policy, etc, he spends he or, well someday she, spend an enormous amount of their day on foreign policy. I mean, that really is a huge part of the job. And I'm always, having worked in many presidential campaigns, as has Bill, we spend all of our time

practically on domestic policy, and then when the president gets when we're lucky enough to get a president elected, it's all on foreign policy. So this is really the big, big, big part of the job. Can you talk to us about how you'd evaluate Biden's leadership in the world?

**Constanze Stelzenmüller** Sure. Thank you very much for asking me to join you. I find it rather touching that as a German, I'm commenting on the administration foreign policy, but I suppose it's rather fitting since it does touch on Europe to a great degree. So look, the Biden administration, like pretty much every administration before it came in with some very firm, firm ideas about what it was going to do and what it was not going to do. Right. It was going to focus on China, and it was going to step back from the Middle East, and it was going to probably make sure that the Europeans could take care of themselves. As we know, life had, had other plans. And the way I would summarize this first year of Biden's foreign policy is with a triple A, but not in quite the way you think, not as a grade, but I would, I would say it was about anger, anguish and amazement.

Let me explain what I mean by that. Right after his inauguration, there were a series of summit meetings with the allies in Europe that made everything look as though this would be a very calm, peaceable relationship. There was going to be some sort of a professional reset with the Russians. And then came the AUKUS deal, the submarine deal where the Americans switched out French suppliers for themselves and a submarine deal with the Australians showing just how much the heating up the strategic competition with China was on their minds. And that made their French allies very, very angry and some of the other European allies very apprehensive. Hot on the heels of that came the pull-out from Afghanistan in August and September, which appeared to be botched in so many ways and communication and leadership and coordination. And it caused real anguish. And I mean that in a whole generation of civil servants, both in uniform and civilian, that had really spent much of their professional lives working on stabilizing South Asia. And those two things did, did not seem like good augers for the future of the transatlantic relationship and NATO.

And then came the increasing signs of Russia planning something quite nasty with regard to Ukraine. And you suddenly you got the sense of this enormous machinery of transatlantic cooperation whirring quietly into action. And as we know now, the Americans, the Biden administration began with some very just completely unprecedented sharing of intelligence to convince allies that this was serious. Did a huge amount of preparation for joint sanctions in the case of an invasion, which requires, as I'm sure everybody knows, immense amounts of legal and regulatory preparatory work.

And finally, when the day came of the invasion on February 24th, the administration leaped into action together with the allies in Europe, froze Russian central bank assets over a weekend, and at this point, 11 months later, as we're nearing the anniversary, we are seeing a just unprecedented amount of American support for Ukraine and for Europe. A total of \$51 billion and American support for Ukraine, for which is comprises humanitarian, financial and military support. The whopping majority of that is military at 25 billion. But the humanitarian and financial support at 10 million and 16 sorry, billion at 16 billion, one does lose track of these numbers, is not nothing.

And the other thing that has been truly remarkable to watch for, for experts in the transatlantic space is just how seriously the administration took Europe and the European Union as sources of leverage for American power in a conflict with Russia that is waged with nonmilitary means, in other words, through sanctions. And acknowledging the, the relevance of Europe in hosting refugees and participating in the sanctions and paying a price for them in the form of even higher inflation and gas prices than that in America. And finally, the Europe, the EU's role in reconstruction. All of that has been really quite tremendous.

But at the same time, I think it's important to say that there are also elements of tension. And David and I have been talking about these the, the already mentioned CHIPS Act, which as David and I or as David just said, ought to be what did you call it, the Climate Attack Act? That is definitely how it's been perceived in Europe. In fact, there are two government ministers from France and Germany in Washington today to say, you know, you are quite aggressively wooing European companies to the American economic space. And what you're doing here is, is subsidies and protectionism. And this introduces an element of tension and competition in an otherwise, in an alliance that has otherwise been functioning at unprecedented levels.

And let me end with perhaps one point, which is that the appearance of this balloon over America, the Chinese so-called weather balloon, which of course, it wasn't, a surveillance balloon and its shoot down over the weekend, will bring the, the question of, of China back front and center to American foreign policy debates. I suspect there may be some rewriting of the State of the Union address going on at this point. But it, I think it tends to reinforce the quite hawkish take that this administration has on China and its aggressiveness, not just in the southern Pacific, not, not just in the Pacific theater, but also in the, in the Western space in Europe and indeed over American airspace. And I'll stop there.

**Elaine Kamarck** Great. Well, thank you so much. David, do you want to say something about, about the protectionism in the, in the Biden economic policy? Because Constanze just mentioned this.

**David Wessel** Sure. No, it's a very good point. I think it's, both the CHIPS Act and the Inflation Reduction Act have provisions that are trying to favor U.S. producers or to encourage, provide incentives for foreign producers to come here. And that has caused some anxiety among our allies. Interestingly, South Korea is less upset about this because they have a free trade agreement with the United States. If the EU and the U.S. had managed during the Obama administration to negotiate a free trade agreement, then this wouldn't be happening. But I think there will be some competition here, and there is certainly a protectionist mood in the world. And the Biden administration seems to be more inclined to be protectionist and to preach the globalization that was so common during the Clinton years.

**Elaine Kamarck** Absolutely. Having just returned from the Democratic National Committee meeting, which is chock filled with members from labor unions, I can tell you that Biden is very popular right now for, for many of these reasons. Camille, Biden has taken on a host of domestic policy initiatives, especially some real hot button ones like immigration. What do you think he'll talk about tonight, what will he brag about, and where is she still vulnerable? What minefields is facing domestically?

**Camille Busette** Well, you know, thanks very much, Elaine, and thank you all for joining us for this conversation. I'm going to just, I'm going to add to what David and Constanze have already said and just say, you know, Biden is really enjoying, I think, by historical standards a really successful couple of years, and particularly in terms of passing groundbreaking legislation. The issue he faces is that, as you've mentioned in your introduction, people are certainly just not aware of what has been passed. You're not aware of those accomplishments. And what they are hearing is they're hearing a lot about layoffs in the tech sector. Those numbers sound really big, and they are combating kind of a lingering as, as David mentioned, kind of lingering hangover from, you know, the trauma of COVID and all the mental health issues that that came with that. So it's just a very unsettled period.

So I expect the, I expect the president to really go into overdrive to discuss the number of jobs he's created. To talk a lot about those January numbers, 517,000 jobs created this January alone.

And then, you know, talk about the 642 manufacturing jobs created so far since he took office to focus on the infrastructure bill and the projected 700,000 jobs per year that the administration thinks are going to be created there. And to really drill down a little bit into what those jobs look like. Because I think it'll be important for people to visualize how those all this job creation affects them. And so I think he's going to spend a lot of time and political currency on that.

I also think he will spend some time on the investment in human capital that came through in the most recent omnibus bill that was passed in December. So there I expect him to really focus on improved opportunities for retirement savings, increased support for military personnel, financial support for military personnel and for veterans, support for educational opportunities by increasing the maximum on Pell Grants, increased moneys for childcare through block grants, investments in affordable housing, they're also part of that bill. And then to spend some time talking about the support for the environment, but really focusing less on the climate change element and a little bit more on the environmentally friendly, you know, the tax credits and rebates for environmentally friendly consumer investments. So here we're talking about electric cars, solar panels, heat pumps, etc. I do think he's going to mention declining inflation. I think, you know, I don't think it's going to be a headline, but I do think he is going to mention it. And maybe he will follow David's wise advice to kind of punt that over to the Fed.

There will also be a lot of discussion about CHIPS and the Science Act. And I think it's you know, here we're talking about job creation again, but I think it may be repositioned in light of the weekend events with the balloon as more of a signature bill that decreases our dependence on China for manufacturing in the strategic technology spaces. So I think there'll be, he'll actually make a lot more of that maybe than he might have had this speech occurred last week, early last week. I also think he's going to talk a lot about immigration, but here he's going to be on the defensive in the following sense. So he's going to be saying, look, I've taken some, some important steps here to manage immigration before people come to the border. And so he's going to talk a lot about they have to have financial support and that there are, there are more constraints on how many people come in and, and the conditions under which they come in. So I think he's going to try to get ahead of that, because I'm sure that Sarah Huckabee Sanders is going to spend a lot of time on immigration and immigration issues during her rebuttal.



Finally, he will mention the George Floyd Policing Act. And I think we'll spend a fair amount of emotional time there. As you know, Tyree Nichols family has been invited to go to the State of the Union address. So I do expect that there'll be some, some time on that. Where I think he should be spending some of his time as he moves forward, remember, this is sort of showcasing not only what he's done over the last two years, but really getting ready to frame the run for 2024. So here I think he needs to spend more time on the care economy, more on how are we going to really focus on child care and elder care, the importance of decreasing child poverty and what we found during the, the moment of, of increasing the child tax credit. He will, I think, spend some time on gun control since that is a kind of becoming a everyday sort of national trauma. And I think he's going to spend some time on, he should spend some time on education, particularly talking about the kinds of investments that will allow the US to be really the premiere center of innovation in science and technology. So with that, I'm going to stop.

**Elaine Kamarck** One quick follow up, Camille. On immigration, does he face challenges and opposition from both the left and the right on where he's gone with immigration?

**Camille Busette** He does. You know, obviously, the, the newest set of policies is not something that the progressive left is in favor of. There is a really, the new policies really constrain and constrict immigration pretty severely. And I think, you know, on the on the right, they're going to be talking about the problems that have beset the border, southern border up until now. And, you know, alongside with photos and all that sort of thing. And so I think it's a, he's in a difficult no-win position. But he does need to articulate we have done something. And, you know, he's not going to get points for it, but he's at least has some answer to the Republicans saying it's totally chaotic down there and all these people are showing up and taking jobs away from Americans.

**Elaine Kamarck** Good. Bill, you and I had the same experience in the Clinton White House. That was the experience of circling around the speechwriter's office, trying desperately to make sure that we got our one line or one phrase on policy into the State of the Union. It was, it was quite, quite, quite an experience for sure. And a lot rode on that, on getting successful at that. Step back for a moment would you and talk to us about the role of the State of the Union at a presidency's midway point after the midterms and as he is looking forward to perhaps a reelection campaign.

**William Galston** So to be precise, the midway point of the president's first term, because that's the midway point of the president's second term, is a very, is a very different matter. If you are

where Joe Biden is right now in the trajectory of your presidency, you have to pay attention to the different tasks that you must accomplish in the speech. And when you're preparing a reelection campaign, you have an additional task, and it may or may not be fully compatible with the other things that you have to do in the speech. So what does Biden have to do right now? Well, number one, he needs to shore up his credibility as a candidate. Because if you look at the public opinion polls, majorities of Democrats, Republicans and independents think he is too old to do the job. And one of the really important things that he must convey in this speech is the kind of strength and coherence of delivery that does what can be done to dispel that impression. Because otherwise it, you know, it could be a major impediment to his reelection. So the, the mode of delivery, I think, is more than ordinarily important in, in this speech.

Secondly, he has to make some decisions about what the agenda for the second half of what he hopes his first term, what he hopes will be his first term will be. Will it be a very expansive agenda? Will he try to put back on the table all of the things that didn't get enacted into law during the first two years? Or will he focus more on the implementation of what has already been accomplished? Now, one reason that that is very important was highlighted in a survey from the Pew Research Center that was released at noon today documenting a dramatic increase of public concern about the budget deficit and the level of spending during the first two years of the Biden administration. Nationally, the share of the country saying that that should be a top priority for the president getting the deficit under control rose by 15 percentage points from 42 to 57%. And interestingly, it also rose 15 percentage points among Democrats. So this is not just a, you know, Republican concern manifesting itself during a Democratic presidency, it is a rising national concern, and the president has to figure out how to situate himself within that framework.

He also has to, he also has to figure out just— and this goes back to the essay that Elaine wrote for Brookings in her in her opening statements— how do you set yourself, situate yourself in this complex forcefield between your sense of what you've accomplished and the American people's sense of how the country is doing? So to be very basic, will the president say that the State of the Union is strong? Which is what presidents traditionally say. This may be going against the flow, but if anybody were to ask me, I would say he should say the State of the Union is getting stronger. But I would not advise him to say that the State of the Union is strong because two thirds of the country won't believe him when he says that. And he will diminish his credibility if he tries to tell people what to

think about what they're seeing and hearing when they've made up their minds about that and where, where they will change their minds only in response to experiences that they have and not in response to the president, the president's, the president's words.

So, he really needs to figure out, you know, he really needs to figure out both in tone and in substance how he will orient himself vis-a-vis the mood of the American people and the political imperatives of a reelection campaign. And in that context, and in conclusion, he could do a lot worse than to look at how the two previous Democratic presidents who faced new Republican House majorities adjusted to that. I'm talking about Bill Clinton and Barack Obama. And they, they responded by underscoring their commitment to bipartisanship and by doing what they could to emphasize that bipartisanship was not simply something they planned to do, but something that they've already been engaged in.

And in Biden's case, that's very, a very easy case to make, because, in fact, almost all of the significant legislation that was passed in years one and two was done on a strongly bipartisan basis. Besides which, the American people see squabbling in Washington as not about them, but about politicians. And they want to see their politicians working for them, talking about them and not talking about each other. And I think President Biden has an opportunity to underscore that message tonight.

**Elaine Kamarck** Right. Thank you, Bill. I want to remind the audience that they can submit questions via Twitter at Brookings gov hashtag Brookings SOTU, all in caps or they can email events at Brookings dot edu. Let me go ahead and do a couple other questions for our panel and thank you for these opening remarks. Biden on Tuesday is going to come face to face with one of the toughest, most hostile Republican Congresses we've had in a long time. I think Bill and I going back to the Clinton administration, probably thought that Newt Gingrich's Congress was pretty awful in 1994. And I think he looks like a cakewalk compared to some of these guys. So I want to ask each of you what particular problems will he face dealing with the issues that are going to come before them? And David, let's start with you, because I suspect you're going to have something to say about the debt ceiling.

**David Wessel** Yes, absolutely. So. You know, I'm thinking that the president probably hopes that one of the Republican members breaks decorum and screams at him or something. It'll allow him to rise above the partisan tensions that are so evident. And given that some of the individuals who have been elected to Congress, I'd say the odds are pretty good that somebody will do so. You know,

obviously the country needs to raise the debt ceiling. This is a point of contention between the Republicans and the White House. The president will undoubtedly say that he believes that the full faith and credit of the United States should be unquestioned, and he'll call for a clean increase in the debt ceiling. And he probably will say that once we do that, I want to talk about what our spending priorities are. Of course, that won't go over well with the Republicans, but it is, it is, I think, the message he's trying to send.

And I suspect in response to what Bill observed in the new Pew survey that he will boast, he will say that the deficit rose under Donald Trump's presidency and fell under his. Which is factually true, although a lot of that has to do with the fact that the COVID spending timed out and the economy has been strong, it's not really because of any particular policies that this president has pursued. And he will say that if you want to do something about the debt, and I do, then we need to make corporations and rich people pay their fair share. And there he has a strong point to make that the Treasury secretary, Janet Yellen, negotiated a minimum corporate tax deal with our allies, and it's waiting for Congress to approve it. And he'll probably make a pitch for that again. And I suspect he'll talk about the billionaire's minimum tax for billionaires, which doesn't raise much money, but plays well with people who are worried about the distribution of income in the country.

**Elaine Kamarck** Right. Bill, you know, a couple days ago, Biden and McCarthy met for their first discussion about these issues, particularly the debt ceiling. The readouts were a lot more optimistic than [inaudible] they would be. And in fact, one member of our audience wants to know about these negotiations. Do you believe the readouts? Do you think there's some hope here for a negotiation or will we get up into a crisis situation?

**William Galston** Well, here, I'm going to stretch an analogy. When Ronald Reagan and Tip O'Neill, who had fundamental differences of worldview and also specific policy, got together, the fact that they were both Irish turned out to make a difference.

**Elaine Kamarck** I see where you're going.

**William Galston** You see where I am going. And, you know, I have a hunch that Biden thinks that McCarthy is a decent guy, as a matter of fact, he said as much, who is trapped in a very difficult political situation. I don't know what Kevin McCarthy thinks about Joe Biden, but historically he's been a hard man to dislike personally, whatever else you might think about him. And so it's not entirely

surprising that the first meeting went well, or at least not as badly as people expected it to, and that the readouts from both leaders were positive in tone.

The question is what next? It is the debt ceiling that we're talking about, after all, first and foremost. And I'm reminded of a famous line from JFK, let us never negotiate out of fear, but let us never fear to negotiate. If I were advising on the president, the president on this one, I would say paying our debts already incurred is an inviolable principle, and I will not break it. But if under the egis of the budget for next year and in the out years, there is a problem, and I think we all know that there is, I'm prepared to talk with Kevin McCarthy and the Republicans about that, but I'm not prepared to have this discussion in the abstract. I will put my budget on the table, I expect them to put their budget on the table. And then where, we will see where there is room for negotiation and compromise. I'm not going to you know, I'm not going to negotiate this in public until there is some more definition to the actual, you know, to, to the actual substance of the questions before us. We will not default on the national debt. I will not allow that to happen as president of the United States, but nor will I tell, oh, my Republican colleagues or the country that I will not talk with them. That would not be consistent with my responsibility as president of the United States. That that would be the tack I would advise.

**David Wessel** Can I just say, I think the problem that Kevin McCarthy has is it's not clear that his caucus can agree on what that budget proposal is.

**Elaine Kamarck** Yes.

**David Wessel** Are we going to, one set of people says we have to rein in entitlements. Another set of people say we shouldn't touch Social Security and Medicare. If you don't touch Social Security and Medicare and you don't want to cut the defense budget and you're not willing to raise taxes, it's going to be pretty hard to get the Democrats to agree to anything, it would mean concentrating any cuts on that non-defense discretionary thing. So I think it will be a challenge for Kevin McCarthy.

But I think one good thing— if there is anything good about the debt ceiling fight— is that we're having all this, all these rhetorical battles today. The real crisis doesn't come till the summer. And usually this kind of rhetoric waits until the last minute. So I'm hoping they can get the shouting over with soon so that then they can have a conversation, cut a deal on the budget of what may be spending caps or whatever it is, so that by the time we get to the debt ceiling crisis, they will have already agreed on something and raising the debt ceiling won't be quite so contentious.

**Elaine Kamarck** Good, Bill. Quickly, I want to get—.

**William Galston** Quickly, I think there's a, you know, I think there's a decent prospect of that. The Republicans have been very critical of the Democrats, but not just the Democrats for failing to get budgets done on time, appropriations bills done on time. Well, if they really want to return to regular order, they have an obligation to produce a budget framework by April 15th. Are they going to hit that? It would be pretty embarrassing if they don't, and if they, but once they do, then the serious conversations can begin.

**Elaine Kamarck** So in this same vein of this, what's, how is he going to deal with the Republican Congress, Camille, is there any hope for domestic legislation? If so, what, what would be your your best guess for, for a bipartisan domestic settlement?

**Camille Busette** So I think the answer to your question is generally that it's going to be very challenging to pass domestic legislation. But I want to go back to the conversation you just had here with David and Bill, only to note that the substance of the debt ceiling negotiations, I think, will be pretty scarring for Republicans, because when you have to start talking about the kinds of programs that you're going to be cutting, that you know, that that will just be a target and will not reflect well on them and their constituents. So I think that will be quite scarring. And as a result, and then I think in the end, they're not, the Republicans really are on the back foot here. So, you know, we're not, we're not going to default on our debts. So they'll have to accept some kind of minor compromise and move on. But just the act of negotiating, I think, will be very, very scarring for them.

So I mentioned that to say that any subsequent kind of legislative movement will be affected by what happens here. And I think it'll be very, very hard, happens in the debt ceiling I think very hard to move things forward, you know, in a truly bipartisan way. I think what's next up is likely to be— you know, and I will turn this over to Constanze to talk about it— but I think what's likely to be up next is actually what is our posture with respect to additional funding for the, for Ukraine. The war is not going to go away, it's not going to end, you know, in June or July, unfortunately, doesn't look, it doesn't look like it. So there's going to need to be another set of infusions. And that already is a schism within the Republican Party. And that's going to, that's going to end up being a pretty scarring fight, too. And so and then you then, you know, you're also going to have a lot of hearings and that sort of thing. So what I actually think is going to happen is the well is going to be poisoned by the debt ceiling

negotiations and then again by debate over Ukraine. And it'll just be incredibly difficult to move things forward.

**Elaine Kamarck** Well, you did anticipate my question to Constanze, which is what, what happens to Ukraine? I mean, how much more how much more money do they need? How can they survive a softening of support in the Congress, particularly as we see in some pieces of the Republican caucus in the Congress? What do you see for the next year in this?

**Constanze Stelzenmüller** How much time do we have? This is one of the hardest questions in foreign policy generally, and there are no easy answers. I think the choice that the allies are staring at, and where I believe neither the administration nor the Europeans really have made up their minds, is whether they ought to pursue a path of prudence, a slow incrementalist turning up the heat colloquially known as boiling the frog for the sake of avoiding escalation by Putin, or whether they should enable Ukraine to do a big push to prevent a spring offensive by the Russians that might reverse their territorial gains and conversely allow Ukraine to retain full control over its territory, not just do it to back to the line that, that Ukraine stood at on February 24.

Remember that at that point, Russia was holding nearly a fifth of Ukrainian territory for the better part of a decade because of its proxy war in Donbass and Luhansk. And then there was a special debate around, around Crimea, which is very heavily guarded but is meaningful both to Russia and to Ukraine, and which, of course, is, you know, Ukrainian territory, to be very clear. And I think, you know, it's, the numbers that I was citing earlier, the total, staggering total of \$51 billion American support overall for Ukraine represents, of course, a frontloading of the budget for Ukraine in the knowledge that a Republican dominated Congress might make that kind of commitment much more difficult.

I think actually, the interestingly, the midterm elections haven't really made it that much easier for that group in the, in the GOP that thinks America should have nothing to do with Ukraine, or for, for that matter, isolationists on the Democrat left, because the, so far the Americans path in Ukraine, the administration's path in Ukraine enjoys bipartisan support in the Senate, where the Senate minority leader and other senior GOP senators have made it very clear that they support this. And a poll from Gallup that was just out today suggests that there is widespread, in fact, that American support for seeing Ukraine, even through a prolonged engagement of conflict, has not really budged. That said, it is softest on the Republican side.

So the question really resides with the dynamics in the House Republican, in the House GOP, the question of whether the majority leader, Kevin McCarthy in the House, has purchased over his MAGA wing, which is fiercely anti support for Ukraine. And then whether the Senate Minority leader Kevin McConnell, has any purchase over, over the House majority leader. So this is a complex intra-GOP dynamic that I think is only beginning to play out. And, and obviously, you know, there is a lot of Europeans and Ukrainians very curious to see how that will go. But it seems to me that the GOP's majority in the House is so tight that they don't really have much leverage and nor in fact, does the MAGA wing.

**Elaine Kamarck** Good. That's interesting. I hadn't thought of the fact that a lot of this aid was front loaded. That, that is interesting. Okay. Thank you, everyone. I want to end with a series of questions about this and a couple other things that have come up. First of all, Biden is not the first president who's delivering the State of the Union while facing investigations into his own behavior. In this case, of course, the classified papers. Is he going to talk about this? Should he talk about this? I'll go to Bill first, but anybody else can chime in.

**William Galston** In the interest of time, I will answer your question with two words. Actually, three words. No, and no. He'd be crazy to talk about it. Why would he? Besides which, you know, besides which— just to return to a previous point— the American people saw, see all of these investigations as just one more manifestation of a, of a politics that is about the politicians and not about them. That's not what they want to hear about in the president's State of the Union or frankly, any place else. And of course, there are always, there are, there are always partisan feelings. And no doubt the people who wouldn't vote for Joe Biden if he were the last man on earth standing, would love to hear about the investigations and would love to have him create a predicate where they can elevate those issues even higher than they are. Why should the president open the door to that kind of conversation?

**Elaine Kamarck** Can I have any other opinions on this? Yes, go ahead.

**David Wessel** I agree with Bill, but Elaine, can I ask Bill a question? Why do people in the administration feel that so strong, feel so strongly about getting some line in the State of the Union address? I mean, is it just sort of internally it's helps to say, well, the president mentioned this, or does it really make a difference? It always struck me that's what lends to these horribly long laundry lists



where everybody gets their sentence in and the American people may be turning on at the beginning but be falling asleep by the end.

**Elaine Kamarck** Well, I'll tell.

**William Galston** Why don't you take a crack at that, Elaine.

**Elaine Kamarck** I'll answer that because I did this so many times.

**William Galston** [inaudible].

**Elaine Kamarck** It is important because most of these policies at the presidential level involve moving the massive bureaucracies of the U.S. federal government. And so they are like moving ocean liners. You know, it's just very tough, just very slow. If the president says it, you can go to the assistant secretaries, the deputy assistant secretaries, the SES career people in charge of agencies and say, look, the president said it. And I promise you, being able to say the president said it is a lot more useful than having, going there and saying, Elaine said it, you know. And so that's why it is so important to get that marker in the State of the Union, get these words out of the president's mouth. And you are right, it makes for just some pretty boring, pretty boring stuff. But it's got an important governmental function. Bill, I—

**William Galston** And the long and the short of it is, David, it has nothing to do with moving Congress. It has nothing to do with moving the American people. It has everything to do with moving members of the president's administration and the bureaucracy in your direction.

**Elaine Kamarck** And remember, there's a lot of those. There's a lot of those. Camille, let's turn to a slightly different topic that's, that's front and center, which is how does the Tyree Nichols death change the dialogue on policing in America, if at all?

**Camille Busette** So good question. I mean, I think when we're, we're thinking about the federal legislative agenda, I would say that, you know, in the end, we're likely not to get any kind of police reform bill just because of the dynamics in particularly in the House. But I think what it does do is it again, elevates the issue of police brutality and does give some, may provide some options for governors and, you know, people at more local levels to address that problem. But I still think that although I know that, you know, President Biden will talk about, about Tyree Nichols and talk about the George Floyd Policing Act, the fact that when there was actually an opportunity to pass it earlier, there was bipartisan agreement on three points having to do with policing, and we weren't able to get

it done then I think does not augur well, at least from a legislative perspective, for getting anything done in this area.

**Elaine Kamarck** Bill.

**William Galston** Camille, you may very well end up to be right. As a matter of fact, my money's on your being right. But let me just, you know, bolster a little bit the argument of the possibility that something is going to get done, and that is that both Cory Booker and Tim Scott, the main negotiators on the Senate side, really don't want to take no for an answer. And Booker, I think just, just yesterday on one of the Sunday shows indicated that he had been sobered up considerably by the failure of the first round of negotiations in 2021. Sobered up, but not giving up. And he wants to get done what's possible, even if it's less than what he wanted two or three years ago. And I wonder, there have been a number of instances in this Congress where an agreement struck in the Senate turned out to have an impact on the House. If Scott and Booker can actually come to an agreement that is endorsed by the Senate, that could change the dynamics in the House.

**Elaine Kamarck** I like that. And you know, I actually hope you're right.

**William Galston** I hope I'm right, too. But I'm not betting on it.

**William Galston** I have a question for Constanze, which came, which I was going to ask anyway, but actually came in a much clearer way from an international member of our audience who, who wrote in, in fact, over the weekend. And here's what they ask: why is the United States more keen on vanquishing Russia instead of finding a cease fire and putting the two sides at the negotiating table? Now, there's an implied, you know, some, some position implied in that. But I'm curious to hear your reaction—.

**Constanze Stelzenmüller** There is a lot implied in that question, and I'm actually grateful for the chance to respond to it because there has been a really some disinformation going around that in fact involves colleagues of ours, Fiona Hill and Angela Stent who are being misquoted by the German right and the German left as, as sort of star witnesses, as it were. This is literally in misquoting selectively a foreign affairs piece that they wrote in the summer together, an essay, A Star Witnesses for America and NATO's stopping negotiations to which both sides have been prepared. That's factually untrue and it's not what they wrote. And the truth is that on both sides, the Americans and the Europeans have been engaged in permanent attempts for, towards diplomacy, have been saying that they will, of course, support Ukraine and Ukraine will be, will have the last word on whether and

when there will be any negotiations. But there have been continuous conversations, including with the Russians.

And the truth is that the Russians, after some, I think, entirely bad faith signaling that they were ready for negotiations then committed one war crime after another, beginning with the massacres of Bucha and Irpin. And they are bombing Ukrainian infrastructure and civilian dwellings to this day. And they have tortured and deported soldiers, civilians, children, I mean, the list goes on. There is now a serious movement underfoot in the in the West to organize a special tribunal for war crimes and the crime of aggression. And we will, in a couple of weeks, have a Breyer lecture at Brookings on this on this topic. So, you know, the, the space for negotiation is somewhat constrained, to put it very mildly, by Russian behavior itself. And there is no good faith of the Russians to negotiate right now. All offers, in fact, have been accompanied with overt statements by the Kremlin that negotiation means Ukrainian capitulation and the end of Ukrainian nationhood. I hope that puts, I thought that, I hope that answers that question comprehensively.

**Elaine Kamarck** I think, I think it does very strongly. And I thought it was an interesting question. David, before we go to the audience, one last question to you, which also, also does come from the audience as well. And this person is interested in any new tax proposals could we hear, what, what new tax proposals, if any, could we hear from the president?

**David Wessel** I don't think we're going to hear anything new from the president. He will repeat all the proposals for increasing taxes, particularly on corporations and wealthy people that he made in his last budget, and they'll be reiterated. Perhaps he'll talk about the need to, his belief that we ought to extend some tax increases, some tax cuts that expired like the child tax credit, which was expanded during COVID and which the Democrats had hoped to make permanent. But I don't think this will be a new tax agenda speech or budget.

**Elaine Kamarck** Okay. We've got some, some good questions from the audience. Let's, let's take a couple of them. One of them from Joe at the San Francisco Chronicle asks, early reports are that the POTUS will call for tougher regulations on Silicon Valley. What do you think Biden will do? Should he do this? And the, what's his general position going to be when it comes to tech, I don't know Camille or David, if you would like to take, take that.

**David Wessel** Camille.

**Camille Busette** Go ahead, David.

**Camille Busette** She's kept her mute on, so.

**David Wessel** Yeah, that's, I guess that's the signaling on your— look, I think the president will not beat up on tech. What the president will say is, it's important for us to regain our technological edge against China. And he will talk about the CHIPS Act and why we can't be so dependent on China and indeed on Taiwan for our chips. Secondly, he won't beat up on tech specifically, but he will promote the idea of competition. And he may— although I suspect he won't— talk about why it's important to make sure that companies don't dominate their markets the way Facebook and Amazon and Google do, which is the case that his antitrust people are making.

But I don't think, I don't think it's, I mean, I defer to Bill a little bit, I don't think it's popular to beat up on the people who provide us with the services we use every day in a State of the Union speech. So he'll be pro-American primacy on semiconductors, pro-competition, but he's not going to bash Google, Microsoft, Apple, Facebook, or even Elon Musk.

**Elaine Kamarck** Bill.

**William Galston** I don't know how he's going to frame it, but as of last night, there was a paragraph in the speech calling for fundamental reform of section 230, of the act that is regarded as the charter of the Internet. And if he opens up that debate, it will not be a short one or a quiet one. Now, the fact that it was made public and appeared in a number of news accounts this morning suggests that there may be some people somewhere who would like to stir up a ruckus in time to get it out of the speech. This is familiar tactic, but as of last night, it was in.

**Elaine Kamarck** A def, definitely a familiar tactic in Washington. Camille, there's a question that I think you should answer, and it's basically about Dreamers. Okay. And, and speculation that there might be a new Gang of eight around that might be able to come to some bipartisan agreement on Dreamers. Do you, do you think that this is, have you heard this? Do you think this is possible?

**Camille Busette** You know, I think this is an area where there could be some, some kind of traction. And the reason I say that is that it's actually to both parties' advantages, advantage to, to do something on Dreamers. As we know, it's important for the Democrats, particularly as we round the corner into 2024 to look as though they've done something on immigration beyond, you know, this, the situation at the southern border. And I think this would be one way of showing that. It's also important to Republicans because they need to make a few more incursions in growing a Latino constituency. And I think they see this as an avenue. So I do you know, could, the negotiations could

end in something rather superficial. I don't expect anything extensive, but this could be an area of compromise.

**Elaine Kamarck** Okay. Any other thoughts on this? Bill, I know you've worked on immigration. Do you think, do you see this as possible?

**William Galston** Well, you know. The image of Lucy and Charlie Brown and the famous football field does sort of flash through my mind at this point. You know, there were multiple opportunities to get this done in '21 and '22. And you had leading Republicans like John Cornyn over in the Senate who have long favored doing that and thought at one point that they could. This is one area where I, I really think that this new and even more radical House majority is going to dig in its heels. I wish I had some confidence that, that they were willing to do the decent thing by these people who've never, young people who've never known any other home. But, you know, decency has been no bar in recent years, and I'm not sure that it will make a miraculous comeback.

**Elaine Kamarck** Okay. I have two more great questions from the audience before we close. One, we'll start with certainly Constanze, and this is, is there a, what do you think, what is Biden considering in formulating his message on how to deal with China, that's, that's the guts of it.

**Constanze Stelzenmüller** Well, it's, this is a really hard question, like all the ones we've had so far. There is, I think, a bipartisan apprehension about Chinese assertions, assertiveness, right. And I think in that he's supported not just by much of his own party and really large swaths of the GOP who in fact think he's not being aggressive enough, but also by the labor unions. And so, hence the importance of the IRA and the CHIPS Act as elements of keeping China at bay, which at the same time introduce then the tension that we already mentioned in, with regard to the relationship with the Europeans. So I think that is literally a, you know, a multi, not just a rectangle, but more than that, a dodecahedron, that he's going to have to square somehow. And I think that he will, but that is something where not just the Beijing, but the Europeans will be listening extremely carefully, and every word will be dissected.

Again, as I said, the, the key strategic advisors in the NSC, I think are of a more hawkish disposition and I think the, what, what to look for will be, as it were, shades of hawkishness, right? I don't really see much of a, of a, of an outlook for sort of diffusing tensions which in some ways I think should be a concern because there are elements of a self-fulfilling prophecy about all this, of a sort of

a Washington-Beijing sort of mutual escalation of words that can also, I think, you know, lead to, lead to accidents and misunderstandings. I can see Bill and Camille wanting to comment, so I'll shut up.

**William Galston** Camille, you first.

**Camille Busette** I was just going to ask Constanze whether you think that relations with China are a particularly delicate moment right now, that any, anything beyond sort of established U.S. policy, so, for instance, respect for national sovereignty and, you know, intellectual property, etc, would be advised in this speech.

**Constanze Stelzenmüller** So, I mean, I think the answer to that is yes. And it's, it's the kind of thing that requires sort of really delicate statecraft across a very broad set of issue areas, which is what makes this so complicated, because, of course, on many of these, there are very entrenched single interests. And as we know, not just from these speeches and people trying to get lines in, you know, the single interests sometimes just punch their way to the top and then the, what's, what's rational, or reasonable sort of lies by the wayside. But what you have here, at least from the vantage point of, of the European that I am, is sort of, one of the most complicated aspects of the strategic competition paradigm that the Biden administration has, has embraced, which is that strategic competition with a neo-imperial authoritarian Russia is one thing, because we've actually managed to decouple from, from its ability to weaponize interdependence against us in very significant ways.

The Europeans and the Germans, in fact, have de facto decoupled from, from Russian energy imports. And, and that is, was actually the key vector of Russian influence. Whereas interdependence with China, economic interdependence is, is very real, and not just for Europe, for whom decoupling is not an option. De-risking, I think, is the more intelligent way to put it. But the same thing is true for America as well. So, so the question for this administration and for the GOP is how to do that de-risking and how to do the mitigating interdependence, while recognizing that it is not something that, you know, not a relationship that we can just unpick, I mean, people do like their iPhones and guess where they're made.

**Elaine Kamarck** That's right. Bill.

**William Galston** You know, at the same time, you know, in, you know, in East Asia, in the Pacific, we are the status quo power. The Chinese must decide to what extent they want to disrupt the status quo. The president of the United States has said four times publicly that the United States is committed to the defense of Taiwan. I think we are. And I think all of our diplomacy, including the

most recent, very important conversations between the United States and Japan, have been consistent with that commitment. All of the Biden administration's diplomacy, you know, AUKUS, the quad, the conversations, the conversations with India, you know, the Indians are not unequivocally anti-Russian by any chance, but they are unequivocally anti-China. I mean, all of this is part of a large and pretty coherent strategy.

And I agree that derisking is more, you know, is more plausible, more feasible than decoupling. But as Europe has shown, if you really think that decoupling is essential, then you can accelerate the process. Nobody believed that Europe would be as nearly independent of Russian energy at this point, 11 months out from the invasion as it is. And so I think— and history may falsify this— but I think we're at a big turning point. And I think the Biden administration is willing to press forward on this turning point, among other things, because the domestic politics of bringing as much production back to the United States or with NAFTA as possible is extremely positive.

**Elaine Kamarck** Okay, we have one, oh, did you have a quick question, Constanze?

**Constanze Stelzenmüller** Make a final point. I mean, I do want to stress that the Europeans understand just how important this climate legislation package is for the Biden administration to do. That is just historic in its size and its, and its relevance. And it's, I think, I get a sense that in Brussels and here, people are determined to try to iron out the, the sort of disruptive competitive elements. But there is another aspect to Camille's question about China that I meant to mention, although I think is important here, which is that the, that the other side of the coin of China's aggressiveness and assertiveness is, is a not small degree of internal incohesion fragility. Right. Which like in Russia may lead to, in fact it's being more aggressive and assertive externally, but that again requires really exquisitely carefully calibrated signaling, arguably deficiencies in Western signals, signaling gave Putin the impression that we would just sit back when he invaded Ukraine, right. And so I think we need to consider our signaling and what we are willing to, to threaten and what we are willing to promise extremely carefully in this moment.

**Elaine Kamarck** Good. Okay. One final question came in from, from a journalist from Medpage Today. He notes that David mentioned both hearing aids and non-compete clauses. And so this is a question perhaps for David, perhaps for Camille. What other healthcare accomplishments or challenges do you expect Biden to talk to in the health care area tomorrow night?

**David Wessel** Well, I think he'll tell us what they did to reduce the price of insulin to people on Medicare. That's a good talking point. He will promise to protect Medicare from Republican attacks and he will, he has to be careful on COVID. I think he'll need to say that he's already announced that we're going to end the emergency on May 11th. So he'll say it's not over yet, but we're, we're, we're getting we're accommodating it or whatever, I don't know what the wording, he'll talk about that.

If I were him— and he probably won't— I would nod to the efforts that the Trump administration made to get vaccines rapidly deployed. I think that would be a smart thing to do, give them credit for something while you beat them up for everything else they did. But I think talking about COVID is tricky because you can't say it's over. You know, my mother-in-law just got diagnosed with COVID yesterday, and we're all dealing with masks on the subway and all that. But you also want to convey correctly that it's a lot less serious now than it was a year or two ago.

**Elaine Kamarck** Right. Camille, any anything you'd like to add?

**Camille Busette** I think, you know, one other thing he might mention in the bill, sort of as a kind of a veiled reference to the Dobbs decision is the extended coverage for pregnant women in [inaudible] coverage for pregnant women. So I think that that may also just be a kind of a signaling for, for folks who are concerned about the Dobbs decision.

**Elaine Kamarck** And I would imagine there would be some, there'd be more discussion about abortion tomorrow night than we've, we've had here given its potency in the midterms. Well.

**William Galston** One other thing, Elaine.

**Elaine Kamarck** Yeah.

**William Galston** You know. Underscoring President Trump's role in the development of the vaccines would also be a very sly intervention into the emerging Republican primary, because Mr. Trump is now running away from the whole issue of vaccines and vaccination as fast as he can. And so reminding people of his central role in the accelerated development would be a twofer.

**Elaine Kamarck** You bet. Well, listen, thank you, everyone. I think our audience can appreciate, as they did before, just what a mammoth job it is of putting together a State of the Union, because we are, I'm sure there are many topics that we left out and we've been at this for an hour and 15 minutes. So you can imagine what they're struggling with over in the White House. I'd like to thank Camille, Constanze, Bill and David, and also our tech support here and Catalina, thank you so much



for putting this together. And thank you, audience, for staying with us and for your intelligent questions.

**Camille Busette** Thank you, Elaine, for your moderation.

**Constanze Stelzenmüller** Thank you. It was a pleasure and an honor.