Michael Klein:
I'm Michael Klein, Executive Editor of Econofact, a nonpartisan, web-based publication of the Fletcher School at Tufts University. At Econofact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.econofact.org.

Michael Klein:
On July 24th, 1933, President Roosevelt gave a radio address in which he coined the term "the first 100 days", as he looked back at the passage of 15 major bills and 76 laws to combat the Great Depression between the time of his inauguration on March 6th and June 11th. Since then, the first 100 days of a presidential term has taken on a symbolic significance. That period is considered a benchmark to measure the early success of a president. Inaugurations now are in January, not March, as was the case with FDR, and the 100th day of President Biden's administration was last week. Biden, like FDR, faced an economic crisis when he entered office. That fact, along with the passage of a landmark bill and proposals for others, have drawn comparisons with FDR's first 100 days. Is this merited? Has Biden changed the course of the country the way FDR did? And with a closely divided and highly partisan Congress, how much more can we expect the administration to accomplish?

Michael Klein:
To answer these questions, I'm very pleased to welcome back to Econofact Chats, a panel of four distinguished economic journalists who have joined me twice before in the past nine months -- Binyamin Appelbaum of the New York Times, Scott Horsley of NPR, Greg Ip of the Wall Street Journal, and Heather Long of the Washington Post. Welcome to each of you.

Greg Ip:
Thanks for having us.

Scott Horsley:
Good to be with you.

Heather Long:
Good to be back.

Michael Klein:
The first years of the Roosevelt administration were known for introducing an alphabet soup of programs -- NRA, FERA, CWA, PWA, NIRA. The Biden administration is also introducing new ambitious policy initiatives, including the American Rescue Plan, the American Jobs Act, the American Families Act, and corporate tax reform. None of you are nearly old enough to have covered the new administration in 1933, but in your experience, how did these first 100 days compare to the other new administrations you have covered? Scott, do you want to kick it off?
Sure. I was at the White House for both the first 100 days of the Obama administration and the first 100 days of the Trump administration, and I would say compared to those, President Biden has been relatively lucky in his timing. President Obama's early months were characterized by huge layoffs, uncertainty about the auto industry, not really much of a playbook. President Biden, obviously, took over an economy that had been very badly beaten up, but was getting better. It had hit bottom and was on the mend by the time Biden came into office. The roadmap for recovery was also pretty clear, which is not to minimize the challenges of executing on that roadmap, but it was pretty clear that if you could ramp up vaccinations and perhaps support the safety net, things would get better, and that's what happened. Of course, Trump came in at a time when the economy was already on a good course, and most of the drama of his first 100 days in office were generated from inside the White House, with things like the Muslim travel ban.

It's certainly been a more active 100 days than under President Trump or President Obama, but I don't think it starts to approach the kind of activism we had under FDR or Reagan. For one thing, President Biden has only passed one piece of legislation, which was the American Rescue Plan. Now, that was a big piece of legislation, it was about $2 trillion, but it was almost entirely by design temporary, things like stimulus checks, enhanced unemployment insurance, additional funds for state and local governments. There were elements in there that were a down payment on a more ambitious agenda, most importantly the significant expansion and reduction in work requirements for the child tax credit, which, you know, once made permanent would begin to look like a regular child allowance for most Americans. That's really the only thing that we've seen legislatively so far that would amount to really consequential and enduring policy. Everything else is just proposed right now, the infrastructure plan, the American Families Plan.

He's certainly been more active on the executive order front. He's passed more executive orders in his first 100 days than any of the last two or three presidents. But there, you know, you're dealing with a couple of constraints that previous presidents didn't have. First of all, his Congressional majorities are much smaller than Reagan's were or FDR's were. As a result, in the Senate he can't pass a lot of things because he doesn't have the 60 votes needed to overcome a filibuster. Another factor to keep in mind is even on the executive order front, he's facing a more conservative judiciary than previous presidents did. So I think it's very much an open question as to whether the first 100 days, in terms of the tone of his presidency, which is very activist, is actually matched by the substance.

I think, you know, the comparisons to the New Deal spring to mind for many people, and indeed the Biden administration seems to like making them, in part because there's a sense that Biden and FDR share a belief that when someone says, I'm from the government and I'm here to help, that's a good thing. So you're seeing a revival of ambition in government. I agree with Greg that it's not on the scale of the New Deal, probably nothing ever again will be, but the Biden administration has proposed a number of big and bold plans for the economy. Most of them haven't come, or almost none of them have come to fruition.
yet. The real test of this administration and its long term impact lies ahead. The 100 days is sort of an artificial standard. The legislative plans the administration has outlined, if they all pass into law, it will represent quite a big legacy. If they don't, then it won't. But the scale of ambition here, I think, is noteworthy and reminiscent in some ways of the New Deal.

Michael Klein:
I'd like to pick up on that point. Some people say that this is now the end of the era of Reagan. The government is no longer seen as a problem, but as you mentioned, Binyamin, a source of solution. Do you think we're seeing a sea change in public attitudes towards government. And even if this is the case, as some polling suggests, are these efforts going to be doomed because of the positions of the Republican law makers? Heather?

Heather Long:
We're definitely seeing a shift in opinion. We just put out a Washington Post ABC news poll in the last few days, and I was really struck that it's the lowest support that we have seen since the early 1980s in this poll for small government. So the question was asked smaller government with fewer services. Less than half of the people surveyed, adults surveyed, were agreeing with that statement, which is a really big shift even from 2012 when this was asked, and support was still well over 50% for smaller government. In particular, when you look through the results of our poll and others, it really stands out that massive support, two thirds or more from Americans 40 years or under, and from non-white Americans, from black and Hispanic Americans, overwhelming support for large government that's offering more services. So there clearly is a generational shift here, and it does not, perhaps not surprising, it's an easy story to tell that after living through two massive recessions, that young people would be looking for something very, very different from their government and from society as a whole.

Heather Long:
I think the Biden administration's really trying to seize on this moment. Obviously as Binya, Greg, and Scott have outlined, it's going to be a big challenge to get these things through, but I think it's really interesting. A lot of articles have been written that, even on the Republican side, you're seeing various types of proposals for a much more expansive, I hate to use the term welfare state, but even on the Republican side, there's sort of a shift in mentality of how government should be involved in industrial policy again, and in trade, not to mention maybe doing wage subsidies or things like this. You can see these gears shifting. How far it goes is a big question for the Biden team.

Scott Horsley:
I think there's clearly been a renewed willingness to see the federal government as an agent of relief and assistance, at least in the special circumstance of what we hope was a once in a lifetime pandemic. There has not been the kind of tea party backlash to government assistance that we saw in the Obama years. To the extent that there has been a backlash against mask mandates and restrictions on business activity, that's been more directed at state and local officials, since that's where those orders have originated. Biden's gambit is that willingness to tolerate a bigger government and a bigger role for the government in the special circumstance of the pandemic will translate into something more lasting, and I think we'll have to wait to see. As Greg noted, most of what's been done so far is by design temporary. The jobs act and the families plan are much more long term structural changes, and whether the public will go along with a bigger role for government in that circumstance once we're through the pandemic, I think is still an open question.
Michael Klein:
Greg?

Greg Ip:
It's interesting. In polling, you will often see these swings in terms of in favor or less in favor of bigger government and so on. But in fact what you see on the ground is that government never really does get smaller. It basically stays the same or it gets larger. There's never really been a president, for example, who repealed a social program. All we've done since Nixon, since Johnson really, is add new programs and expand the programs that we've had. Trump tried to repeal the Affordable Care Act, but he failed. The same story on the tax side. There are battle royale over whether we should raise taxes on the rich or lower taxes on the rich, but no president and no Congress ever raises taxes on the middle class or the lower class. Those taxes only ever go down. So in some sense, the debate is not really over whether the government should be bigger or smaller, it's whether it should stay the size it is or get larger. I agree with Heather and Scott that definitely you do see this swing in terms of more support for a more expansive safety net.

Greg Ip:
I think, though, what is extraordinary is less what's going on on the Democratic side, and really what happened on the Republican side in the last three or four years. If you think about one of the main heresies of Donald Trump from a Republican point of view, is that after a generation in which various candidates had said we've got to get entitlements under control, we've got to make Medicare and social security less generous, or we have to privatize them, he completely threw that in the dustbin and said, no, I'm not going to touch those programs. Donald Trump was a big-government Republican. He wanted safety net programs to stay the same. He wanted to intervene in markets to protect particular industries, whether it's steel and aluminum or farmers.

Greg Ip:
So I think that is really what is striking in the last few years, is essentially that across the spectrum, Republicans and Democrats do want government to do more. Where the friction points come in is specifically where you want the government to be doing things. Often those most contentious points are sort of on the cultural aspects, right? Do we want more or less immigration, more or less border enforcement? But on the broader point, should the broader have a smaller presence in our lives through the social safety net, I agree with the other panelists here, that there does seem to be a broad cross-party agreement that is very favorable to that.

Michael Klein:
I recently interviewed Eric Rosengren, the President of the Federal Reserve Bank of Boston, for an Econofact Chats episode. He was optimistic about the path of the economy for the coming year, echoing some recent remarks by the Chairman of the Federal Reserve, Jay Powell. What's your sense of where we'll be about 365 days into President Biden's term, that is, at the beginning of 2022. What are the big unknowns, other than the pandemic, that need to be taken into account? Heather, do you want to start off with that one?

Heather Long:
All right. I'll jump in. I think the Federal Reserve is right that if you're sitting here a year from now in early 2022, if you're in the White House or the Federal Reserve, you're probably feeling pretty good about yourself and patting yourself on the back. There's a race on Wall Street and among economic forecasters to get to the highest prediction for growth this year. These numbers are just astronomical for the United
States, 6, 7, 8, even 10% some are forecasting. Regardless of what the ultimate number is, there's pretty widespread agreement it'll be the fastest that most people have seen in their lifetime, certainly since the early 1980s. So overall, things are going to look probably pretty good. I think there's a lot of concern about overheating inflation, rightfully so. Others can talk more about that. I think what's perhaps for me more interesting, maybe is some of these concerns that could play a bit more of a curve ball.

Heather Long:
One of them is psychology. That's the fact that while things are going to feel really, really good probably a year from now, hopefully we'll have a lot of people also in the millions getting back into the labor force by then. Janet Yellen, the Treasury Secretary, is certainly predicting that we could have pretty much everyone back in the next year, which would be pretty phenomenal. But there's this sense sometimes, particularly in the markets, that we have already peaked. The growth will probably be at its strongest point in the Biden administration this summer. And while things will still feel, you would think, pretty good in 2022, there is kind of a weird psychological factor of are things kind of starting to slow down? What's that new steady state? Is it going to be 2.3 or 1.9? Kind of where we're going to flesh out. Sometimes markets start to move really, really quickly in re-pricing as they think about what that new steady state is going to be.

Heather Long:
The other one that just really fascinates me and is on the front page of the Washington Post again this week and other publications, is the supply chain crunch that's going on. Hopefully it's short-lived, and again, economics would kind of tell us that as these prices go up, we'd expect the supply chain to start churning out more and more goods. But we live in a world where CEOs are already complaining of labor shortages. Whether or not that's right is debatable. And we're still in a lot of friction with China, and if so, if we're sitting here in a world where we can't get ... I was just on the phone with a new car dealer trying to buy a new car, and they literally were like, we won't be getting any new stock in because literally the Kia thing is shutdown in South Korea, so we won't be getting any new cars, and we don't know when they're going to come back. I think these dynamics hopefully will work through, but if we're sitting here in early 2022 and they're not, and the hard part for Biden is there's not a lot you can do sitting in the White House for some of those problems.

Michael Klein:
Yeah, I mean one of the points you're making about the rate of growth, part of the reason it's so high is because we had the most precipitous decline since ... actually more precipitous than the 1930s, and we're still something like eight million people below the employment that we saw before. Binyamin, do you want to address some of these issues?

Binyamin Appelbaum:
Yeah, I mean I think, look, forecasters, as Heather said, are in broad agreement that there's going to be a lot of economic growth over the next year, and I have no reason, particularly, to think that they're wrong. The money is there and people seem eager to use it. There are some obvious uncertainties. The path of the virus remains an issue. If it gets under control, that's good for growth. If something unexpected happens with variants, that is going to once again put a stumbling block in the path of the economy. Trade issues that Heather mentioned, supply chain issues. Any time you've got a rapidly growing economy, it is going to create distortions, it is going to put money into unexpected places. People are going to be adjusting their spending plans, their investment plans, and there's a messiness in all of that that you're often going to see interesting and unexpected disruptions as a consequence of that. So those are good problems to have on the whole. You'd rather have those than figuring out how the economy, all the messiness of an economic contraction, but growth is messy too in its own ways, and I don't think there's any doubt that the
trajectory of the economy over the next year and over the coming years will have some unexpected surprises for us.

Michael Klein:
Heather raised the issue of inflation, and we're starting to hear more talk about that and more concern about that. Greg, what's your view of that?

Greg Ip:
Well, I think there is a lot of talk about inflation from supply chain bottlenecks and so forth. If you look at the bond market, which is a pretty neutral arbiter, they think we're going to have more inflation. It's looking at an average two and a half percent inflation rate over the next five years, which we haven't had in quite a long time. Now, let's keep things in perspective. Two and a half percent, that's not a lot higher than 2%, right? Nobody's freaking out about it. It's definitely not the '60s and the '70s all over again. It's still consequential for a couple of reasons, though. First of all, the Federal Reserve's policy is distinctively different today than it was in the last decade or so. The previous generation, the Fed would always say, we want 2% inflation, but we don't want it to be higher than that, so if we see things happening in the economy with the labor market getting tight and so forth, we'll raise interest rates just in time to prevent inflation going above 2%.

Greg Ip:
Well, they actually have a different approach now. They've said since last summer that we've been a little bit bothered by the fact that inflation keeps going too low, below 2%, so we'd like it to go above 2% for a little while, just so that people don't get used to the idea that inflation will always be too low, which we don't want to happen. So this toleration, not just this tolerance, but this encouragement for higher inflation is something that we haven't had before.

Greg Ip:
Now, you combine that with all the bottlenecks that Heather was referring to, and you look at the labor market. Even though we're down eight million people from a year ago, you're not actually seeing a labor market, in some sense, behave like it's missing eight million jobs. Wage growth has actually held up extremely well. There are more job openings, vacancies today than there were before the pandemic. The reason for this is a lot of the people that lost their jobs or who have left the labor force, aren't looking for work because, for example, they're scared of getting sick, they have small children to look after, or perhaps generous unemployment insurance means that it's not quite so urgent to find a job now. All that means is that you have an environment right now that has perhaps got a bit more inflation risk than we might have expected after previous recessions, and you have a policy environment, the Federal Reserve, and by the way, the federal government also doing all this spending, that are probably more likely to tolerate higher inflation.

Greg Ip:
I think one point that some folks have raised, like Larry Summers of Harvard University, is that you've seen basically the zeitgeist kind of move in a direction of being more tolerant of inflation, where we have other social problems that are more important, like inequity, like climate, and therefore when either the federal government or the Fed have to decide what their priorities are going to be, getting the inflation rate back down won't be the priority it was before. So it is possible that we will have a higher inflation environment in the coming years than we've been used to in a very long time.

Michael Klein:
Yeah. We have an Econofact post and a podcast episode with Jeff Fuhrer, who spent about 40 years in the Federal Reserve system, and he talked about the Fed's new framework. There are a couple of things in relation to that. One is that the Fed has said when growth is stronger, people who had been marginally attached to the labor force are more likely to come in, so the Fed has seen this as a way to address inequality. And the other thing is, sort of as you mentioned, Greg, that inflation has been so low. The Fed had a 2% target, which is not a ceiling, but a target, but they only achieved that something like two out of the last 40 quarters. So it will be interesting to see, as you mentioned, will there be a shift in expectations, as Larry Summers very prominently has been warning about, and what will the consequences of that be? Scott, did you want to add something to this?

Scott Horsley:
Yeah. I think you touched on it just there, which is the Fed not only wants to see inflation higher for its own sake, to anchor expectations closer to that 2% target, but also the run up before the pandemic was an object lesson in the really strong benefits of being in a hotter economy with something close to full employment. It does pull people off the sidelines. It does help groups that are sort of on the margins and had not really shared in the economic expansion. So the Fed's very committed to that, and they've made it very clear that they're not going to preemptively do anything to ward off inflation. They're going to wait until they actually see the whites of inflation's eyes before they take any action there.

Scott Horsley:
The White House has also tried to make it clear that they're not discounting the risks of inflation, they're not ignoring the risks of inflation, but just that they've assessed those risks and they're just not too worried about it. Janet Yellen, who's the Treasury Secretary of course, had a term as Fed Chair, so she's no stranger to inflation concerns. She's just not particularly worried about it. Some of the labor force that Greg was alluding to should straighten out in the coming months. To the extent that people have been unable to work because of child care responsibilities because their kids' schools are closed, we certainly hope that most schools will be open for in person learning in the fall, and so that should help more people come off. And then Jay Powell, the Fed Chair, said last week it's not really clear to what extent those generous unemployment benefits are keeping people on the sidelines, but in any case, they're due to run out at the end of August or early September, so that will be off the table as well. Both of those factors should up the supply of workers, although I'm sure we will continue to hear employers complain that they can't get enough workers to meet demand, at least at the wages they're willing to pay right now.

Michael Klein:
Right. The key point there is at the wages they're willing to pay. We have a post by Ioana Marinescu of the University of Pennsylvania. She's been doing work about whether or not higher unemployment benefits seem to be depressing labor supply. Generally, she seems to find that the answer is no. Binyamin, did you want to add something?

Binyamin Appelbaum:
Yeah, just that we talked a little bit about the generation gap and the perception of the role of government in the economy. There's a similar generation gap around the issue of inflation. Older policy makers who got their spurs in the 1970s tend to be extremely wary of inflation, and have been in charge of economic policy since then. There's a younger generation of policy makers who were not directly scarred by the experience of the 1970s and who are not convinced that inflation is as big of an issue as it seemed back then, or that it warrants as much concern as it did back then. So we're seeing a reorientation, I think, around the question of how worried should we be about inflation, what measures are appropriate in response to concerns about inflation? It's not just a difference in the appraisal of inflation risk as such.
There's also a difference in the appraisal of what the appropriate response is to inflation and what role that should play in economic policy making.

Michael Klein:
Yeah. I think I'm the oldest among the five of us. I remember in the '70s, the deep concern of inflation, and President Ford coming out with the WIN button, whip inflation now. Then people sort of turned it upside down. Then it was NIM, no immediate miracles. I've certainly seen, in my professional career, first starting off as a student, and then as a graduate student and then as an economist, the tremendous change in views of inflation, with what Bernanke called the Great Moderation, starting in the '90s. And now, for the first time in decades, we're starting to worry about inflation again.

Another thing that we're worrying about is public debt, rising public debt. The increase in the public debt began before the pandemic with the loss of about $2 trillion of revenue from the 2017 Tax Cut and Jobs Act. Of course, in economic downturns, the deficit gets bigger and that adds to the larger national debt. Do you see a pivot in the policy to address the debt, and if so, do you think this comes from real economic concerns, or is it just a politically motivated argument to reduce government involvement in the economy? Heather, what do you think about this?

Heather Long:
I think here's the deal. There's clearly some limit to the United States' capacity to borrow, but we probably aren't anywhere close to it yet, and that impacts us economically and politically. On the political side, Republicans lost most of their credibility, if not all of it, on this issue of wanting to constrain the debt after they ran it up under Bush, and then especially under Trump, and even worse, after they really kept warning the nation about too much deficit spending in the Obama years, and then most people look back now and think if we had just spent a little bit more, we would have had a much faster recovery, with many more people getting back to work again. So there's a clear shift in both political side and economic side to not wanting to repeat those mistakes of the past and to believing that we have more capability to deficit finance, and run up the debt a little bit than we thought we had certainly 10 years ago, if not even five years ago.

Heather Long:
I think what's interesting with the Biden White House is they're trying to walk this middle of the road approach by saying, look, we can borrow for emergencies. So the $1.9 trillion from the rescue package, that could be mostly deficit financed. Then saying we're going to try to mainly pay, mostly pay for these bigger infrastructure investments and these CARE economy investments they want to do on the paid leave and the child care. It's a little bit hand-waving math. For instance, in the infrastructure package, they want to spend money over eight years, and the corporate tax hikes they propose would take about 15 years to raise the revenue. But they're actually trying to address a little bit and pay for some things.

Heather Long:
I think it's going to get really interesting, though, later this summer when they really get in the nitty gritty of negotiating with Congress. Obviously Republicans have said they don't want to do these tax hikes. But even on the Democratic side, you have the Joe Manchins of the world from West Virginia, who are already digging their heels in, saying they don't like some of these tax changes. That's where you're really going to see, have we had a big shift in the Democratic party or not, on is it okay to pay for most of this stuff through deficit or not? And right now, I think there's still a good bit of tension inside the White House between the Janet Yellens of the world, who want to see a lot of this paid for, and some of the other policy makers, the Brian Deese's and some of the younger generation who really believe that you
can deficit finance most of this stuff. So I think at the end of the day, if I had to sum it up, I'd say it like this -- The United States could probably easily borrow two to three trillion more, but what do you really want to spend that on? Just the first part of Biden's infrastructure package would already eat that up.

Michael Klein:
Greg?

Greg Ip:
The number one reason we're able to run such large debts and deficits is because interest rates are so low. In fact, it's really quite striking. Debt, as a share of GDP, is more than double what it was in 2006/2007, but what the federal government pays as interest on its debt is actually lower as a share of GDP. That's just another way of saying that so much of this depends on what happens to interest rates, and so much of that depends on what happens to inflation. If you had some of the more worrisome scenarios of inflation come true, it's not hard to imagine you would also get a fairly noticeable rise in interest rates. And a lot of the wonderful math that has made it possible for Biden to imagine doing all these ambitious plans, mostly by borrowing, that math starts to turn against him. So I think, like on a lot of things, is that so much depends on a continuation of the low inflation, low interest rate environment that we've seen for the last 10 years. If that assumption turns out to be wrong, then you need to kind of watch out.

Michael Klein:
When I was an economist in the U.S. Treasury, I was talking to a Spanish economist back in 2010, and I asked him what is the size of the debt that Spain could maintain? He said, well, give me an interest rate and I'll give you an answer. That's exactly that point. Binyamin?

Binyamin Appelbaum:
I think it's worth sort of stepping back for a second and looking at the broader context here. You know, it's only been a couple of decades since it was widely accepted that balancing the federal budget was the absolute goal of fiscal policy. There is no one who is attempting to balance the federal budget anymore. We've had this sea change from an era in which economists took very seriously the idea that elevated levels of federal borrowing had serious near term fiscal consequences for the domestic economy, and predicted that much lower levels of federal debt than we're currently carrying would be economically harmful. Through the experience of actually borrowing that money and not encountering the predicted side effects, up into a present moment where I think not just the politics of debt, but the economics of it, have shifted significantly. There is just a sense among economists that they were wrong to warn about the low levels of debt. The borrowing capacity of the federal government is much greater than they had understood. Certainly among politicians, a willingness to use that license to spend money without commensurate tax increases.

Binyamin Appelbaum:
Now, obviously Greg is right that there is a question here about how much we can afford, and that that will be determined in part by inflation, but there's another aspect of this that is a big part of the shift, which is that back then, one thing most economists didn't understand, but a few did, one of whom was Robert Mundell, a Nobel laureate, who started saying in the 1960s, 1970s that our ability to borrow was much greater than commonly understood because we could get the money from other countries. It turns out that Mundell was right about that. The great change in federal finances over the last half century has been the massive expansion of borrowing from other countries and from investors in other countries. That continues to hold down interest rates, that flow of money across borders, and it seems likely to continue sitting on interest rates for the foreseeable future. That's a big part of why the government's fiscal capacity
appears much greater than it once did. Unlimited? No, but first order concern? It seems hard to make the case at this point.

Michael Klein:
Yeah. At the time of the great recession, the book This Time is Different by Ken Rogoff and Carmen Reinhart had come out, and they gave a pretty dire warning about the deficits and the debt getting too big. When I was in Treasury in 2010/2011, we really had to pay close attention to that because there were a lot of concerns. They had this threshold of 80 or 90 or 100% of GDP, and now we've reached that 100% threshold, and as Greg has mentioned, interest rates have remained low so far.

Michael Klein:
I'd like to shift gears a little bit now and move from macro economic issues to more micro economic issues, in particular the role of unions. I interviewed Paul Krugman earlier this year, and he cited the decline in union membership empowers one source of rising inequality. President Biden appointed former Boston mayor, Marty Walsh, to head the Department of Labor. He's the first person with a union background to head the department in over 40 years. But there is this highly publicized election at the Amazon warehouse in Alabama that went very strongly against forming a union. Are we entering a new era of union power as the administration seems to desire, or does the Amazon vote show that things are really not changing that much? Scott, your views on this?

Scott Horsley:
I don't think we're entering a new era of union power, much as the administration would like to see one, and even though Krugman is right that the decline of union bargaining power is certainly one factor in why working people are getting a smaller piece of the pie now than they historically did. The Amazon vote, which was not even close, shows just how hard it is to organize a workplace, especially in the South where there's historical antipathy towards unions. But throughout the country, even in union strongholds, it's very difficult to organize. The deck is stacked against workers and in favor of companies there.

Scott Horsley:
It is interesting. Public opinion surveys show that public attitudes towards unions are more positive now than they have been in the past. A lot of folks say they would like to belong to a union, even if they're not in a union now. But the rules of the game of organizing and trying to get workers represented by a union is really challenging for the worker's side. I don't see that changing, even though Democrats have talked about a legislative fix for that with the PRO Act. They talked about that early in the Obama administration, when they had a much larger majority in Congress, and they were not able to get card check passed. So I don't see those rules changing, so I don't see the circumstances changing, even though the administration would like it and even though I think economics would say it would certainly be one way to increase workers' bargaining power.

Michael Klein:
We have a nice memo on unions by Aaron Sojourner of the University of Minnesota, What Do Unions Do? There are a range of things, not just higher wages, but workers' voice and actually workers' participation in the political process seems to be higher as well.

Scott Horsley:
We saw a very small example of this just in the last year. The rate of union membership has been on a steady decline for decades now, but it actually inched up just a little bit in 2020 because workers who were represented by unions were less likely to get laid off than non-union workers. So you saw more lay
Among non-union workers and the share of unionized workers, it's still quite low, it's less than half what it was in the '80s. That's just one example of how being in a union gave people some workplace protection that non-union workers didn't enjoy last year.

Michael Klein:
Heather?

Heather Long:
I'll just jump in and note that while Scott is 100% right of course that union membership has been fairly steadily declining, the one place where it's had a bit of a resurgence is in our industry, in the media. I was just looking up. It's something like 80 digital media and legacy media companies have unionized since 2015, and even in just the last few months, we've seen places like The New York Daily News, the website Medium that a lot of people publish on, and even MarketPlace Radio, which will probably be familiar to a lot of this audience, have all voted to start that process of unionizing. So I think this could be really interesting, between the media itself recognizing perhaps the importance of unions or what unions can provide, as well as the Biden administration's focus on it. You're starting to see more outlets basically cover unions a lot more fervently than they have for many, many years, and whether or not that helps sway public opinion will be interesting to see.

Michael Klein:
Yeah, the song I Dreamed I Saw Joe Hill might start appearing on the radio again. Binyamin?

Binyamin Appelbaum:
I just want to emphasize that the weakness of unions in the United States is in large measure a policy choice. Public opinion polls show that many Americans are strongly supportive of unions. A surprisingly high share of workers say that they would like to be part of a union if that option were available to them, but the federal government has constructed a set of rules and enforcement mechanisms that make it extremely difficult to unionize a private workplace. What we saw in Alabama was as much a function of the difficulty of winning a union election as a referendum on the actual level of support for a union among those workers. I don't mean to minimize the extent to which many American workers, particularly in the South, do not see a union as desirable. That is clearly true, but on top of that, even to the extent that they do see it as desirable, it's often an unattainable virtue because of the way that federal policies and laws have been constructed to allow corporations to suppress union activity. So if there is going to be a revival of unions, and I tend to think that's unlikely, but the first step in any revival of unions is going to have to be significant changes in federal policy to allow for union activity.

Michael Klein:
I'd like to wrap up with a final question drawing on a quote from Napoleon Bonaparte. Napoleon Bonaparte said that a leader is a dealer in hope. A president's approval rating reflects, to some extent, the hope that the electorate puts in its president. After 100 days in office, President Biden had a 53% approval rating, although there's a huge difference in that rating between Democrats and Republicans. At similar times in their first terms, the approval rating for President Trump was 41%, for President Obama was 60%, and for President George W. Bush was 54%. FDR famously brought hope to a distraught nation when he took office in 1933. Can President Biden do the same, especially in an era of hyper partisanship? Greg, do you want to lead off with that one?

Greg Ip:
Yeah. I think it will be difficult for Biden to essentially communicate the same level of hope to the country, given how polarized we are. There's an interesting phenomenon that you can see in some of the polling numbers. It historically was the case that economic confidence and presidential approval were highly correlated. When people felt good about the economy, presidents were popular, and vice versa. That began to break down late in Obama's second term, and it was true throughout Donald Trump's term, where you would see confidence go up and down, and presidential approval stayed the same. I think what that's telling us now is that as a country and as a society, we're so polarized now that no matter how good or bad we feel about the economy, there are other things that are just much more important in determining how we feel about politics and the president.

Greg Ip:

We could have a really good economy over the next year or two, as Heather was talking about earlier, but is that what people are going to be thinking about in terms of whether they're hopeful, or will they be obsessing over some of these other issues that we're so divided over, police use of force versus crime, immigration, border control, voter suppression, election integrity. All these issues seem to have been more salient to people relative to history than the economy. Now, if you look at just the economy, Biden's chances of maintaining or perhaps improving on his Congressional majorities ought to look very good, but he's only got a seven seat majority in the House. That could disappear just through redistricting alone, so I think the probability that he maintains the Congressional support necessary to make these ambitious programs truly durable is very much up in the air.

Scott Horsley:

I think it's hard to imagine, in objective terms, the economy won't be better off when the midterm elections come along, or the election four years hence come along, than they were when Biden came into office. I mean, that's a pretty low bar. If you aren't losing half a million lives to a pandemic and you don't have 18 million people getting unemployment benefits, you'll say we're better off. But as Greg points out, we don't measure those things in objective terms. We measure them in subjective terms, and in a very polarized climate, people's views on the economy and the president are very much guided by their partisan viewpoints.

Michael Klein:

Heather?

Heather Long:

Yeah. I'll jump in. A lot of good comments already on this. I think in my mind, the way I think about it is Biden didn't need to be the hope president in the first 100 days, he needed to be the relief president. To be fair, he delivered on that. He delivered literally checks or payments, direct deposits into people's accounts, 161 million and counting accounts, and he, right or wrong, you can debate how much influence he had on this process, but a lot of vaccinations are happening. So on both the health and the economic fronts, there were a lot of tangible benefits. Certainly, as Greg was pointing out, the polling on his handling of the pandemic, and on his handling, particularly, of the pandemic, are very, very strong, much stronger than his base rating overall as president.

Heather Long:

I think the hard challenge for him is what we've been talking about this whole podcast. Now we're at the phase where, okay, we've gotten through the relief period, and also relief in the sense that people don't need to be glued to Twitter, they don't need to be glued to the crisis of the day. We joke in the media that people can now take the weekend off because there's not going to be a 6:00 a.m. Saturday followed by a
4:00 p.m. Sunday bomb that's going to drop, generally speaking. So I think there's just been a little bit of relaxation across the country on how people are feeling about politics in DC.

Heather Long:
But now the real challenge begins, and a lot of the programs, I think it's just super fascinating, because so many of the programs, like paid parental leave, like he's proposed, are on their own very popular, or infrastructure, hugely popular on their own. The question is can Biden put his stamp on it, and is he going to get credit for that in these approval ratings and when people go to the polls for the midterms, or four years down the road? That really remains to be seen, and I think that's where a lot of pressure is on him to sell this.

Heather Long:
He has the benefit of knowing what worked and what didn't work under the Obama administration, and I will say one of the things that I think is particularly interesting when you listen to the White House, is the reason they want to go so big is they want to make sure that people feel it enough, as they've said, to talk about it around the dinner table. They understand that psychology does matter as much as the economics, and I think that if they can achieve some of this scale that many have been talking about, like Binya, they have the potential to be that hope president. Whether they deliver, well, that's hard for anybody.

Michael Klein:
We have a very nice podcast, and also a memo by Jacob Hacker, who's a political scientist at Yale, and he talks about the way in which policies can become entrenched and ensure their sustainability and even expansion. I think that's something that economists haven't looked at enough. Binyamin, last words?

Binyamin Appelbaum:
Yeah. You know, Napoleon talked a good game, but he also conquered most of Europe, and that, I think, is probably what inspired the confidence of the French people more than anything he had to say. I think presidency is judged on style and on substance. Biden, the plus case for him, is that he has the opportunity to articulate a vision for economic policy and to enact it, and if his strategists are right, he has the potential to rally a broader consensus of Americans behind those changes, and then we'll look back on his presidency as having been a successful one. He certainly faces a partisan environment, unlike that faced by presidents of earlier generations, and that probably limits the conceivable ceiling on his popular support, no matter what he does. But he's won one presidential election. It seems clear that he could win another if he plays it well. There's no reason to think that he can't build enough support to do that. The challenge is just going to be, I think, primarily in the execution.

Michael Klein:
I guess a question is was it harder for Napoleon to conquer Europe or for Biden to conquer, or at least appease the Republicans? Both seem like daunting challenges. I want to thank each of you very much for joining me once again on this Econofact Chats podcast. The first 100 days may only be a symbolic benchmark, but it does offer us a good opportunity to talk about what's happened so far and look a bit to the future. So thank you very much.

Heather Long:
Thanks for having us.

Binyamin Appelbaum:
Thank you.
Scott Horsley:
Thanks for having us.

Michael Klein:
This has been Econofact Chats. To learn more about Econofact, and to see the work on our site, you can log into www.econofact.org. You can subscribe on our site to our newsletter that will let you know when we publish new memos and new podcast episodes. Please feel free to share this podcast and our memos with friends, colleagues, and on social media. Econofact is a publication of the Fletcher School at Tufts University. Thanks for listening.