EconoFact Chats: The Next President's Economic Policies

Binyamin Appelbaum (New York Times), Scott Horsley (NPR), Greg Ip (Wall Street Journal), and Heather Long (Washington Post)

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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
It's about a month until the election. The economy is always a major topic in presidential campaigns, both for the performance of the economy in the period before the election, and for the candidates' visions and plans for the future. This may be especially true this year, after we've had the highest inflation in four decades, heightened concerns about trade, ambitious government policies to build infrastructure, promote semiconductor production, and move towards a green economy. Both presidential candidates have discussed the performance of the economy during the Biden administration. They have been less clear about their plans for the future. To discuss these issues, I'm especially pleased to welcome back to EconoFact Chats at this important time four journalists who have been regular participants on our podcast. Binyamin Applebaum of the New York Times, Scott Horsley of NPR, Greg Ip of the Wall Street Journal, and Heather Long of the Washington Post. Heather, Greg, Scott, and Binyamin, welcome back to EconoFact Chats.

Panel
Great to be here. Good to be with you. Thank you.

Michael Klein
The big news in the last two weeks was the Federal Reserve cutting interest rates for the first time in over four years. There was wide consensus that the rates would be cut, but some uncertainty, whether that would be a standard size cut of 25 basis points or a quarter of a percent, or a big cut of 50 basis points. Heather and Greg, in advance of this decision, both of you called for a 50 basis point cut, and it seems like Jerome Powell listened to you. Why do you think a reduction of interest rates of this size was warranted?

Heather Long
I'll jump in first. I made the call on September 6th, shortly after I saw the job market data. To me, it was pretty clear that the labor market was deteriorating a lot. I think if you look at the details

of what’s happening, not only had hiring dried up in many industries, but African Americans and especially Americans without college degrees, some of those early warning signs in the economy were really starting to see some of the most pain. I think even if you think the unemployment rate has been going up due to more immigration and sort of a more positive story, it's still hard to ignore the degree to which it's been going up. It seemed clear to me that it was far better to take out an insurance cut, a larger 50 basis point cut, to ensure that the labor market didn't worsen. I was very pleased to see Fed Chair Powell read from the transcript saying the time to support the labor market is when it's strong, and not when we begin to see the layoffs. I certainly agreed with that. I think the other big point to make, and I'll pass to Greg because he did such a beautiful job in his column, is laying out the case that if we're trying to get back to a normal place in the economy, we're too tight right now.

Greg Ip
Yeah, I would just say that you start with the stance of monetary policy. The federal funds rate, which is a Fed's interest rate target, was over 5%. It pushed it to that level well over a year ago when the economy was in a really different place. The underlying inflation rate using the Fed's preferred index was around 4%, which is double its 2% target. Since the unemployment rate at 3.5% was extremely low, the Fed was really worried that inflation would stay high, and it was frankly willing to cause a recession in order to prevent inflation from staying so high. Now, you fast forward a year to where we are now. By that same measure, inflation is 2.6 to 2.7%, all the forward-looking indicators tell us it's headed lower. And as Heather laid out, the job market doesn't look super tight any longer. It looks rather weak with the unemployment rate at 4.2%. Now, rather weak is relative, by most periods of history, the levels of job growth and unemployment that we have today are very good. But it's the direction of travel that's worrisome. And as a central bank, if you're already well on your way to achieving your inflation target, you want to set monetary policy at a level that doesn't impart any more downward pressure on that economy. A 5% interest rate, when you subtract the 2% inflation rate, that's a real rate of 3 percentage points, which is extremely high. It's roughly triple what Fed officials think you would have in a normal economy. So in my view, their stance of policy was increasingly completely out of whack with what the economy called for. And the faster they got back to some semblance of normality, the better. And what I argued then, and I still believe, is that even if you knock that rate down by half a point, you've still got a real rate of well over 2%, which is still tight. And therefore, you really weren't taking any chance that you're taking your foot off the break too soon.

Michael Klein
Binyamin?

Binyamin Appelbaum
Yeah, I think what I would add to that is there's been a lot of cheering for the Fed's boldness. But as Greg just suggested, this may not have been bold enough, or at least it's not sufficient in and of itself. A 50 basis point cut here was sort of the easy decision to make. The hard part for the Fed is going to be deciding how quickly it moves back to a real rate that is commensurate with current economic conditions. And we now know that they are willing to move boldly. What remains to be seen is whether they're willing to make the rest of that journey.

Michael Klein
Scott?

Scott Horsley
Yeah, well, in their forecast of where they see rates going from here, you had members of the Rate Setting Committee projecting another half point of reductions by the end of this year, and then an additional full point next year, which is considerably more aggressive than they were suggesting just three months ago when they last made their projection. That's not a roadmap. That's just sort of an educated guess of where they think rates are going to go. But they're clearly on track to lower rates a good deal more in the next year and year and change.

Michael Klein
In the statement after the Open Market Committee meeting, Chairman Powell said, ‘we're not saying mission accomplished, but I have to say, though, we're encouraged by the progress that we have made.’ There's a reason that he didn't want to say mission accomplished given the fraught history of that phrase. But do you think we're close to the desired soft landing of a reduction in inflation without a recession, even though inflation remains above its 2% target?

Scott Horsley
Yeah, no one's ever going to say mission accomplished again, I think, at least not in a sincere and serious way. It looks like a pretty soft landing right now, but a lot's going to depend, as Greg and Heather had said, where does the job market go from here? If they manage to keep the unemployment rate around where it is now, or maybe even a little bit higher, then I think that definitely counts as a soft landing. But if a year from now we're looking at much more severe unemployment, then this may be the one that got away, which is what typically happens.

Binyamin Appelbaum
We have talked about this on past versions of this roundtable, but I hate the term soft landing. It implies that monetary policy has a destination, that there's some end to the story, some point that can be reached. Whereas the goal of monetary policy is to maintain the economy in an equilibrium of stable growth and low inflation. The Fed has managed to get us closer to that equilibrium. It needs to maintain it. There's no end point for this process. Every year, every

quarter, every month that goes by without a recession is another victory in its own right. I think what the Fed did in reducing rates was a necessary move to maintain those favorable economic conditions, but that journey never ends. And I think thinking about things in terms of a soft landing is always a mistake.

Michael Klein
Greg?

Greg Ip
Well, I guess I'm not quite as allergic to the term as Binayamin, so I'll take a crack at what a soft landing looks like. I think it looks like an inflation rate of around 2% and stable there, an unemployment rate of around 4% and stable there. If you look at those two variables, the inflation rate is still above 2% by most measures. And it's not out of the question that it could get stuck here. I don't think it will, because I think some of the forward-looking indicators tell us that we're probably going to continue making progress downwards, but it could happen. And if that does happen, then the Fed will probably have to stop easing. And we may once again have to see weakness in the economy to get them closer to that 2%, in which case, by soft landing. The other possibility is that there is already weakness in the labor market, producing a dynamic of declining employment, declining incomes, weaker spending. I think Heather was hinting at exactly that possibility. And the next two reports on jobs will tell us whether, in fact, that's the case. I don't think you see evidence of it yet in things like layoff announcements, corporate earnings announcements, or claims for unemployment insurance, but it is possible. If we do manage to get through the next few months with the labor market still looking reasonably good, and the Fed remains on track to keep cutting rates, yes, I think a year from now, we'll look back and say, yes, the Fed stuck the landing.

Michael Klein
Heather, is that what you were hinting at?

Heather Long
Yeah, he said it better than me. I'll just add a little history here. And that is, I'm now old enough, and I think other people on this podcast are too, to have been at those Fed meetings in 2018 and 2019 as a reporter asking then Fed Chair Powell, why is inflation stuck at 1.6 or 1.7%? And he kept using the term back then that our 2% inflation target is symmetric. And so I think people forget that while 2% is the goal, going back to what Greg said, if we're stuck a little bit higher, we probably don't want to be stuck at 2.5 or 2.6. But if we're stuck at 2.2 or 2.3 for a while, A), most normal people don't think that's so bad, and B), the Fed itself basically allowed a decade of the majority of the 2010s to run significantly below the 2% target. So I think it's funny to see people freak out now that we're a few 10ths above it, when you could possibly make the case that we've almost, this symmetrically, we're almost where we were in 2018, 2019.

Michael Klein
Yeah, I have an EconoFact memo back from that time, where I talked about low inflation and the fact that the 2% target was, as you said, Heather symmetric and not a ceiling, and yet the Fed wasn't able to get inflation above 2% for all but maybe a handful of periods over the last 10 years or so. Another thing about the Open Market Committee, the decisions are typically unanimous, and there's an effort to have consensus to present a unified message to markets. But in the latest decision, Fed Governor Michelle Bowman, a Trump appointee, voted against the decision, preferring a smaller rate cut. And this was the first dissent by a governor of the board in an Open Market Committee vote since 2005. So we don't know people's motives, but some see this as a politicization of the monetary policy process. And former President Trump has said that the president should, in his words, 'have a say over interest rate policy.' Is this a good idea?

Scott Horsley
I certainly don't think it's a good idea to politicize the process, and I certainly think former President Trump has tried to do that during the campaign, and he did that while he was in office. I wouldn't necessarily put Governor Bowman's dissent in that category. I think this was a judgment call by all the members of the committee, and it was probably kind of a close call, notwithstanding the very good arguments that Heather and Greg have made for the 50 basis point cut. But I don't think that was just a naked exercise of politics on the part of Governor Bowman. She's the first governor to dissent since '05. We did have a dissent from, we've had more recent dissents by regional Fed presidents who maybe don't carry quite so much weight. I remember Esther George in Kansas City dissenting a couple of years ago because when the Fed was beginning to raise rates, they moved very aggressively, and she thought, well, we're moving a little more aggressively than the markets are ready for, and she favored a half point cut instead of a three-quarter point cut. And I'd sort of put this in that same category. I think honest people can have disagreements. And Chairman Powell has said, look, even when we're unanimous, it doesn't mean it's a rubber stamp. We have vigorous discussions, and I think these are serious people who can have honest disagreements. I certainly think the former president's effort to put his thumb on the scale in a nakedly partisan way just to advance his own campaign interest is in a different category.

Michael Klein
I guess it could be that, for some reason, Governor Bowman missed the articles by Heather and Greg, although that seems unlikely. Binyamin?

Binyamin Appelbaum
Yeah, I mean, I think you're raising two issues, and they're quite distinct. I mean, Governor Bowman's vote, I have no reason to doubt that it was principled, and I don't think it's fair to raise the specter of political motivations. I think, in fact, that it would be healthy if the board, which does work hard to present a united front, was more willing to show the public some of the cracks

that regularly exist in its discussions before it reaches these decisions. I think there's a level of dishonesty, frankly, in the presentation of unanimity time and time again when we know and we hear from them that they are actively debating these issues. And I think that it would be a more honest portrait of their assessment of the economy if they allowed those debates to creep out into public view a little bit more often. So I think this type of dissent can actually be really helpful in illuminating, frankly, the difficulty of the decisions that they're facing. What is an entirely separate issue is the question of whether a president should be influencing, meddling in, trying to shape the course of monetary policy, as Donald Trump has said he would intend to do if reelected. That's a very different issue than what we saw at the most recent meeting.

Greg Ip
I would just add to that, look, this decision came two months before a very closely thought high-profile election. And it would have been, frankly, surprising if some people hadn't asked the question of politics and if some prominent candidates hadn't weighed in on this. And in fairness, up until a little while ago, most people thought the Fed would go a quarter. They typically move by a quarter at the start of the cycle, unless they're in a situation of clearly deteriorating economic activity or severe financial stress. And neither of those things were present. But I think when Chairman Powell looked at the conditions ahead of him and the size of the rate cut he needed to do, he may have realized that there are people who will see a larger cut as there might have been people who said, hey, it's a close call. You should err on the size of the side of the smaller cut. You don't want to look like you're helping Harris. But that would have been tantamount to erring on the side of helping, you know, former President Trump. And I don't see how you can justify that in any world. You don't want to make a decision based on any political preference. And so I think that he more or less had the ability to exclude the political considerations altogether, ask himself what was right for the economy, and act appropriately.

Michael Klein
So I'd like to switch from this more narrow question to a broader question. We're not at the end of the inflation cycle, but we have had a really interesting ride over the past four years. Economists typically try to learn from big events like these. What do you think they should take away from COVID, and the post COVID period about the way the economy operates and the appropriate policy responses to downturns and to inflation?

Heather Long
I'll start on this one. I think there's two main lessons that stand out to me. One we've touched on a little bit before and others on this podcast have as well. And that is, I mean, really the big success of a big federal stimulus from the United States. We can certainly debate for years and years to come if it should have been a little bit smaller, a little bit more targeted here and there. But to be sitting here in 2024 in an economy that has not only rebounded and recovered and basically in normal shape again, we've been arguing, but has performed relatively better than pretty much

anywhere else in the world, and in many metrics is exceeding the forecast that were made by the Congressional Budget Office and others before the pandemic. I mean, that's really remarkable. And a lot of that comes down to the federal stimulus. I think Janet Yellen was right when she would argue in 2021 that it was riskier not to do too much than not enough. The second one I think is a little bit more interesting and I've been pondering this myself and that is what to do about supply side problems and whether the government or others should take a more active role in the supply side of the economy. You know, there's obviously been a huge shift in supply chains that has come partly from the tariffs and the restrictions, but also partly from this notion that we need to build more in the United States from the incentives that we've been doing under the Biden administration, and also from the national security concerns. I mean, we're having this discussion in a few days after obviously the Israelis struck Hezbollah and Lebanon through pagers, and everyone is once again looking at the supply chain for their personal devices in their home and in their office and trying to make sure that your own supply chains haven't been damaged. So, I think there's that aspect that will continue to reverberate going forward, and it’s really fundamentally shifted in the last few years partly from COVID and partly due to Trump and Biden policies. And then I think there's some really interesting debates going on and Jared Bernstein and others have opened this up in the past few weeks about whether we should be using things like the strategic petroleum reserve to control prices going forward. You know, should we have more of these reserves that we're using to help make the supply side issues, to smooth them out more. And so these are really interesting debates that I think we're in a new era of thinking about.

Michael Klein
Greg?

Greg Ip
I want to touch on the point that Heather made near the end about supply factors. You know, pretty much every business cycle since the early 1950s has been what I would call a demand side cycle, where essentially we went into a recession because of a decline in demand that was caused by higher interest rates or financial crunch, for some combination of the two. The pandemic cycle was really the first since the Korean war that was caused by a decline in the supply side, that is the supply of inputs, the supply of energy, and most importantly the supply of labor. And this one really snuck up on people. And I think one of the reasons why the Fed and to some extent the White House struggled to figure out the appropriate policy response was because they hadn't seen something like this before. If you go back to early 2021, folks like Larry Summers were early to warn that inflation would be a problem. But you scan the words he said there were anybody who's worried about inflation and one word that never appeared was semiconductors. And yet we now know that one of the major causes of inflation was that there was a shortage of semiconductors, which made it impossible to build as many cars as people wanted. That caused extremely high prices for used and new cars. And that was a very large chunk of inflation. And

that exact invariance of that pattern reproduced themselves across a number of products. The extremely tight labor markets that we had for a long time, two vacant jobs for every unemployed person. Again, a consequence of people leaving the labor force because they retired early because they didn't want to get COVID, or because they'd had COVID or a loved one at COVID or something like that, or people just making different decisions. I want to live in the countryside and work remotely. I don't want to work in person. Those are really important factors. I wouldn't bet that the next recession will also be a supply side recession. But when you look at things like the possibility of intensifying geopolitical conflict with China, Russia, and others, the increasing urgency of addressing the global warming, a whole variety of other factors from extreme weather to demographic change, I can certainly see why we need to be smarter and more sophisticated and open-minded about how these supply side factors affect growth, inflation, and all the other indicators that we look at.

Scott Horsley
There is always a challenge to fight the last war. In some ways, the huge fiscal response to this was a reaction to the sluggish recovery from the great financial crisis. And this turned out to be a very different crisis. So the response was maybe not what would have been ideal in this circumstance. And if we over-learn the lessons from this crisis, we may mis-respond to the next one, too.

Michael Klein
Speaking to the labor market, one of the EconoFact memos has gotten a lot of attention and was reprinted in for example, The Economist Magazine was by Giovanni Perri and Reem Zaiour at UC Davis, about how the shortfall in immigration led to big shortages in labor markets. And they show, sector by sector, the link between having non-natives working in that sector, and then when COVID hit, the fact that those sectors were especially starved for workers.

Scott Horsley
There's certainly no question that the rapid rebound in immigration has been a huge part of the answer to the labor shortage that we were dealing with. And it was a big fact, a big driver of our troubles a few years ago. And, in fact, if you hadn't had that rebound in immigration, we might have seen the job market stall out a long time ago, which is, I think, something to keep in mind as we have this very noisy debate over immigration levels right now.

Michael Klein
People refer to the economic policies of the last four years as Bidenomics. What do you think is meant by this term? And what have we learned about these policies?

Binyamin Appelbaum
I mean, I think people mean a lot of different things by that term. But, to me, the most interesting aspect of Bidenomics, and we've touched on it a couple times here, is this focus on the supply side of the economy, this effort to re-engage in what's called industrial policy, where the government is seeking to expand industrial output in this country through incentives, subsidies, through the continued application of tariffs against foreign imports, through investments in research and development. This focus on the idea that the government can play a role in expanding industrial and economic output, I think, is maybe the most enduring legacy, economic legacy of this administration.

Scott Horsley
I think that the jury is still out, though, on what the results of that will be, just because these are long-term investments and whether they turn out to be wise or productive is not going to be resolved in four years or even eight years.

Heather Long
Yeah, Scott's exactly right. Although it's been fascinating to watch countries like South Korea are sort of mimicking what the United States is doing. You could argue we were mimicking them, and now they're mimicking us again. But that's now the answer to how you solve a lot of economic problems is to invest more at home. I would also go out on a limb a little bit and say, I suspect history will look more favorably on President Biden's policies than perhaps the consumer sentiment, and polling did during his four years. It is pretty remarkable in the divided political sphere we're in right now to be able to have gotten four major pieces of legislation through certainly the CHIPS Act and the IRA, a terribly named Inflation Reduction Act, that was really including an energy bill through that Binya was talking about, but also an infrastructure bill and of course the major American Rescue Plan. Not all, some of those like read the American Rescue Plan were Democrat only, but to have three huge bipartisan bills is really a remarkable turn of events. It's a shame that, I think, when you poll people on individual policies, the Biden policies have been very popular, but when this term Bidenomics or sort of this feeling of living through these high prices has unfortunately swamped those individual policy achievements.

Binyamin Appelbaum
The long history of this is that the first time South Korea did it, they were copying us too, but I think that Scott is exactly right here, that it is far too early to judge the outcome of these policies and in a sense our political process, which is so intently focused on surveying consumer sentiment and political sentiment at monthly intervals and taking lessons from it, is completely misaligned with the bet that this administration has made, which is a long-term bet that this massive investment of resources, much of it with borrowed money, is going to end up expanding the economy. And we'll see, but we won't know anytime soon. We won't know anytime soon whether that was a good use of borrowed money or whether it ends up being more expensive

than the value it produces, and any effort to ask Americans how they feel about it right now is kind of misplaced because nobody has a basis on which to judge it.

Michael Klein
Greg?

Greg Ip
I would say if you ask the people what Bidenomics means, they just think it's the Biden economy, so unfortunately they have extremely bad feelings about it, so not surprisingly the Biden administration, after trying to popularize the label Bidenomics, they quietly retired it. You won't see that word or any facsimile thereof anywhere in the Harris campaign.

Michael Klein
Well, moving from considering the past to prospects for the future, let's talk about the candidate's policy positions. One thing that there is some agreement on is tariffs, although former President Trump proposes much more widespread and higher tariffs than Vice President Harris, who seems to want to continue the Biden administration's policy of more targeted tariffs. Economists almost universally think that tariffs are a bad idea, not least because they invite retaliation. Tariffs also threaten the liberal post-war trading system. Are the candidates calls for ongoing or even increasing tariffs a good idea?

Scott Horsley
Well, I'll weigh in. This is Scott. I certainly think the sweeping tariffs that former President Trump has talked about, 10 or 20 percent on all imports and then much more severe tariffs on China, would have terrible consequences if they actually came to pass. I'm not sure they are likely to come to pass, but that would almost surely raise costs for American consumers and businesses. It would invite more of the kind of retaliation that we saw during the Trump administration, where U.S. farmers lost big export markets, manufacturers suffered because of retaliatory tariffs. It is kind of surprising, I think, to the extent to which the Biden-Harris administration has left all those Trump-era tariffs in place, and then added some more of its own on China. China, I guess, is kind of a special case, and one can make arguments about tariffs directed at China, but the global tariffs that Trump has talked about, I certainly think, would be a bad idea.

Michael Klein
Binyamin?

Binyamin Appelbaum
Yeah, I mean, if the question is, are we better off in a world in which every nation is assessing 30 percent of the value of every import good on the docks, the answer is clearly no. That would be a

really unfortunate reversion to an earlier era, and it would make us all poorer. But in the case that there are some instances in which strategically applied tariff barriers can be useful in protecting the development of new industries, or protecting the health of strategically important industries, this is a much more complicated question. I think one should distinguish between Trump's effort to apply tariffs universally, and his suggestion that they might even constitute the primary source of revenue for the federal government, which is, in the first place, mathematically improbable, but in the second place, a terrible idea, as a way of raising money. So that's sort of a set of ideas that economists can explain, I think, pretty clearly why it's a bad idea. And Harris's proposal, which I think warrants more careful consideration, to use tariffs selectively. And there's no guarantee that that's the right approach, but you can imagine constructing an argument for using tariffs in some cases. And I think you need to evaluate those arguments individually to determine whether a tariff is a good idea or not when it has a specific strategic purpose.

Greg Ip
Although I'm tempted to line up alongside my colleagues and say that these steep across-the-board tariffs that Trump has proposed are a bad idea, I want to be a little bit humble too, and reflect on my own intellectual journey where six or seven years ago, if you told me that we were going to impose steep tariffs on China and make all sorts of demands, I would have thought that was a bad idea too. And I think that I personally realize that the real world operates somewhat differently, perhaps from the ideal world of free trade. And that, in fact, Trump's tariffs on China may have been a necessary first step to reducing a very dangerous dependence on China, which is not just any trading partner, but a geo-strategic adversary. And that's evidenced by the fact that President Biden has chosen to keep them. Now, like my colleagues, I find it harder to make the same case for tariffs on our allies. But I would add parenthetically that we don't really know if Trump will actually do what Trump says. Everybody knows that there's a certain amount of bluster and 'negotiation by Twitter' going on here. And I would also point out that some of our allies have not been as ready to recognize the risks of being bound to China under a set of, frankly, antiquated rules that disadvantaged the entire Western world to China's advantage. The Biden administration tried to get the Europeans, for example, to adopt a unified stance vis-à-vis China on steel. And the Europeans refused because they either couldn't get their act together, or they were too wedded to the old way of doing things. And so for that reason, I just want to be open-minded on the possibility that if the world needs to find its way to a trading system that incorporates the difficulty of having China there, then it's not, I think, obvious a priori that you never want to threaten allies in any way, shape, or form.

Michael Klein
Greg, you have a recent piece in which you say that China's low-consuming, high-investing economy, which is a problem for China itself, also guarantees conflict over economic issues. I guess that's somewhat related to the point you just made, right?

Greg Ip
Right. I mean, China's a very unusual economy. In the United States, about 65% of GDP is consumption. In other countries, it's anywhere from 55% to 60%. In China, 40% of that difference is made up by exports and investment. Until recently, some of the difference was made up by property, but the property market in China is collapsing. So what does China do? Well, rather than recognize that it needs to be an economy where households earn more income and spend that income on things that improve their own standard living, has decided to double down on its high-investment export-driven model, pouring this very large surplus of manufactured products on the rest of the world. And trade balances around the world have to balance out. So if China runs a trade surplus, arithmetically, everybody else has to run a trade deficit and everybody else doesn't want to run a trade deficit. Everybody else wants to have their own viable manufacturing sector. They want to have a piece of the green energy industry, just like the United States does. So China's model is fundamentally incompatible with the economic aspirations of almost every other country that it trades with. And I think their pursuit of that model and the absence of any sign from Beijing that they're interested in altering it more or less guarantees more conflict. We've seen that already in the context of the U.S.-China trade war. We're now seeing it in terms of anger from the Brazilians, the Mexicans, the Koreans, the Europeans now complaining about their inability to cope with this flood of cheap steel. And I think it just reinforces the point I made a minute ago. The entire world needs to find its way towards a new trading system that recognizes the fact that the single biggest player in that system does not play by the same rules as everybody else.

Michael Klein
Another big topic in the election is immigration and there's a focus on undocumented immigrants. Former President Trump said he wants to oversee a mass deportation, and both candidates are calling for greater border enforcement. But immigrants, both those here legally and those whose status has not been resolved, are important contributors to the economy, especially when there's virtually no population growth among the native-born. Scott, you recently reported from Dayton, Ohio, about the contributions of immigrants to the workforce there. What did you learn?

Scott Horsley
Yeah, and I touched on this earlier. And if you look at the monthly jobs data, every month I look and see what's happening with the native-born workforce and the foreign-born workforce. And we've seen substantial growth in the foreign-born workforce over the last year, over the last five years. Many months the native-born workforce doesn't grow at all. And that's just a demographic reality is we have lots of baby boomers reaching retirement age. And so if it weren't for immigration, we would really be hitting a ceiling when it comes to our ability to fill jobs. I would say that former President Trump and his running mate, JD Vance, have been really drawing no distinction between immigrants who are in the country legally, and immigrants who are in the

country illegally and just sort of bashing immigrants writ large. Lots of people in America would like to see changes in national immigration policy in a more orderly process. There's disagreement about what the appropriate levels ought to be, perhaps. But if it were not for immigrants, we would be stalling out. And that's particularly true in places like Dayton, Ohio and Springfield, Ohio, which of course has become kind of a lightning rod in the immigration debate.

Michael Klein
Looking to policies, Donald Trump inveighs against the elites who have what he says rigged the game against his base. But many of the policies like tariffs and taxes would not benefit the middle class. And in many other cases, he only has, as he said in the debate, the concept of a policy. Kamala Harris says she wants to build an opportunity economy, a phrase that Greg has written is 'inoffensive, open to interpretation, and incorporates a Republican buzzword.' Ben, you mean you have a recent podcast in which you say that Harris's ill-defined plans are still better than Trump's. What do you make of the candidate's proposed policies?

Binyamin Appelbaum
Yeah, I mean, I think one instructive example is housing policy. If you look at the contrast between the way that they talk about housing policy, it's sort of a microcosm for their broader approaches to policy. Harris says, look, we have a housing deficit in this country, we need to build 3 million more new homes. That's the target she's established. And she's outlined in general terms some policies that might help to move us in that direction, including using the tax code to encourage or subsidize construction firms, providing financial aid to first-time buyers, expanding government programs that subsidize in various ways the construction of affordable housing, and leaning on state and local governments to reduce the regulations that impede new construction. Do these policies together add up to 3 million new homes? Probably not. Do we have enough details about how they would work? We certainly do not. But what we do have is a candidate who seems to be assessing the problem seriously, who understands that government can meaningfully contribute in various ways, who understands that it's generally better to approach a problem like this with a bunch of smaller ideas rather than a single silver bullet, and who seems to be meaningfully engaged with the research and the experts who spend time thinking about these issues.

On the other hand, we have Donald Trump, who also knows that we have a housing crisis in this country, and whose grand proposal to do something about it is to deport illegal immigrants, which he says will reduce demand for housing and thereby reduce prices. Not only is this completely unfeasible, setting aside its costs, setting aside its feasibility, there's interesting research showing that if you remove undocumented workers from a particular area, housing prices do not go down. And the reason is that those are the workers who build new houses. And so the effect on supply outweighs any effect on demand and prices actually go up. So not only is the man a blowhard, not only is the idea vague to the point of being difficult to discuss seriously, but he's just wrong on the policy details. And this sort of marches across a broad spectrum of policy issues. Where Trump has been specific, he is generally proposing things that would be harmful. Where Harris has been specific, she generally is not specific enough, but is at least talking about ideas that might be helpful. And so we have one candidate who is, by all means, far too vague in talking about what she actually intends. I don't think there's really anyone, including Harris, who can tell you what an ‘opportunity economy’ might be. But on the other hand, we have a candidate who is, you know, at least talking about ideas that clearly would be very harmful. And that to me is a sufficient contrast between the two of them. One might help, the other is definitely going to hurt.

Michael Klein

So I'd like to conclude the podcast with something about a personal experience. Heather, you spoke about your personal experience of being a single mother in a recent podcast. As we who have children know, raising children takes a lot of time and money, and it's especially challenging for a single parent like yourself. Do you think either candidate is speaking to these issues and to the challenges you face? And if not, what would you like to hear?

Heather Long

Yeah, thanks for the question. I could probably write a book on this, but I'll try to be brief. I think, first of all, it's just really frustrating for women in America. We went from the 1990s and having these manufactured debates of working moms versus stay-at-home moms. And here we are 30 years later, and now we've got a really stupid debate about ‘childless cat ladies’ versus moms. And I think women in America are just frustrated, parents in America are frustrated that we're still not talking about the real issues at stake, which even the Biden administration admits is their unfinished business, that we still don't have paid parental leave in this country, we still don't have any sort of childcare help in this country, you know, when nations all around us have been able to figure this stuff out. In terms of the substance of this particular debate, I suppose if we're looking for some encouragement, it's nice that both sides have embraced a little bit bigger child tax credit. But I just think it's so telling that Trump has been asked twice directly about childcare. He was asked about it in the CNN debate that's long been forgotten and only remembered for Biden's poor performance. But when he was asked about it by CNN, he actually started talking about immigration and Afghanistan. And then when he was asked about it directly this month at the Economic Club of New York, he rambled for a bit and then said his usual tariffs are going to fix it all. We're going to have so much money from tariffs that we'll have enough leftover to do something for childcare. So basically, there's no plan, and he had given no further thought between the June CNN debate and September about this issue that's so critical. Kamala Harris is a little better. I mean, the Biden administration did put out a framework for how to try to get to limiting childcare costs to 7% of income. And that's a huge difference. We put out a piece in the Washington Post recently showing that in most of the nation, people are paying 15 to

20% of income for childcare. I can tell you personally, I could not find anything less than $20,000 for a toddler in the Northern Virginia area. And that would have been a bargain. I'm above that, unfortunately. So this stuff, it's frustrating. We've got the chief medical officer of the United States, the Surgeon General, talking about how frustrated parents are. This isn't just a single mom issue. Every time I try to raise this at the White House, I sometimes get it from certain administration officials, I won't name, ‘well you just care about it because you're a single mom.’ And I think if you go across the country, you can see that this frustration is building. So yeah, I would say we're not even close to the debate that we need to be having. And the really frustrating thing on this EconoFact podcast, which I know many of your podcasters have made this point before, is that this isn't just a ‘let's help parents’ issue. This is an economic issue. If we could actually invest and get to a better system of childcare like what Japan has done or what Canada has done, we could see a huge surge of…even further surge of women in the labor force, not to mention a better start for a lot of young Americans in this country.

Michael Klein
Well, you said you should write a book. I actually think you, in fact, should write a book. And maybe you could get The Post to give you a little time to do that. So once again, these are among my favorite podcasts to do, and this is an especially interesting time to have one. I look forward to the next one, which I guess will be towards the end of the year. And by then, hopefully, we'll know what the result of the election was, it won't be like 2000. And we'll have a lot to talk about at that time too. So thanks to each of you for joining me once more on EconoFact Chats.

Panel
Thank you.

Michael Klein
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