

RICHARD: We're all in this huge crisis together. It's an opportunity for at least some form of consensus, but our divided, dysfunctional politics get in the way of doing things better, finding solutions.

ASHLEY: And that's why we're launching Let's Find Common Ground. I'm Ashley Milne-Tyte.

RICHARD: And I'm Richard Davies.

ASHLEY: We're bringing together smart, passionate people from different points of view and different backgrounds to shed light, not heat on the problems we face.

RICHARD: That doesn't necessarily mean agreeing, but being in the same room, having a conversation.

ASHLEY: Episode One, Starting Over: Saving Lives and the Economy. We're joined by Jared Bernstein and Maya MacGuineas, all four of us in our remote studios working from home. Jared was Chief Economist to former Vice President Joe Biden. He was deeply involved in the White House response and stimulus bill after the last economic shock, the Great Recession that started in 2008. Today, he's a Senior Fellow at the Center on Budget and Policy Priorities.

RICHARD: Maya MacGuineas heads up the Committee for a Responsible Federal Budget. Maya has studied the federal budget and mounting debt for years, and in normal times, she's more of a budget hawk than Jared.

ASHLEY: But these are not normal times. Jared and Maya, welcome to Let's Find Common Ground.

MAYA: Thank you.

JARED: Thank you.

ASHLEY: Let's start with you, Maya. Saving the economy and protecting public health, what's most important right now?

MAYA: So, the most important, the number one priority at this time is fighting the pandemic, getting as much testing, doing as much research in terms of medication, ultimately vaccinations, and figuring out how we can minimize the effect of that. Because without tackling the healthcare challenges and the obvious levels of confidence that are related to that, I don't think we'll be able to make nearly enough progress on getting the economy back on track.

ASHLEY: So, Jared, what about the tension between people's health and the economy?

JARED: I think there's a false tension and a true tension. The false tension was well described by Maya, the idea that we either have to adequately test and trace, or we have an economy capable of recovery. In fact, if we don't do the former, if we don't get our health act together, the economy won't be able to reopen because we won't feel safe engaging in commerce. I think the tension that hasn't been quite identified enough—we're starting to see it in some of these protests that are happening now—is the idea that there's one group of people who are very well-insulated from what's going on.

If you're one of these people, and I'm one of them, who clicks into Zoom meetings all day, is busy, is drawing a paycheck, you're in a very different group than a lot of other people who aren't. And there's a tension growing between elites on the side—that maybe isn't the right word, but it's the word that comes to mind—kind of lecturing people on the other side, saying, "You don't understand the dynamics of the health emergency. Shelter in place until it's done, and we'll tell you when it's okay to come out." That tension is real, as well, in my opinion.

RICHARD: So you have some sympathy with the protestors?

JARED: I have some sympathy with the protestors, but there's two groups of protestors. There's people who are genuinely saying, "We have to get back to work, and we're willing to make a different tradeoff than those of us who are doing very well right now." And then there's this other group that's very politically motivated, and they're being stirred up by a lot of right-wing agitators. That's different. I don't have any sympathy for them. I think we have to be mindful of this potential gulf between those of us who are fine and those of us who can't afford to shelter in place too much longer.

MAYA: For many people, having to shelter in place, meaning not being able to work, not having access to the funds the government is providing, and really having their economic security put into jeopardy or their health security, this could end up being more dangerous for them than the actual virus. That's from where you see this agitation, which I think is understandable, people saying, "It might be good for the overall economy, but if I can't eat, if I can't get the medicine I need, if I can't take care of my kids or I can't juggle the job I'm supposed to have and my kids being at home, it's not working for me."

RICHARD: We've had a fair amount of common ground over the need for quarantine, social distancing, and other measures to protect people from the health impact of the pandemic. But could that common ground fall apart over this debate on exactly how to restart the economy?

JARED: Yeah, I think there are different tension within the restarting debate, and where you stand has a lot to do with where you sit. Polling data has shown that people are actually pretty worried about getting back to life too quickly. People are risk-averse, generally speaking. That's just a psychological truth about humans,

and when we can't see the enemy, and this gets back to the lack of testing, we're particularly risk-averse.

I think that there's three groups. There's those of us that are doing well and clicking into meetings all day and drawing a paycheck, and oftentimes a pretty fat one. There's those of us who are on the opposite side of that line and are doing very badly. There's 40 million people out there who don't have paid leave. If they miss work, they don't get a paycheck, and they typically have about zero in terms of savings. So they're extremely uninsulated from what's going on right now. Then there's this third group, which are the people who are still working. A lot of those folks are in the healthcare field. Some of them are at the very top of the income scale, surgeons and doctors. Orderlies are at the very low end. So I think that for every one of these groups, there's a different set of tensions. And your question about how those different groups respond to this gradual reopening that has to happen, I think is going to be different depending on their group membership. But all three of those groups depend on something that's not happening, which is adequate testing. The fact that we dropped the ball on that is just a massive own-goal kick.

ASHLEY: And Maya, what about that soccer analogy from Jared?

MAYA: My son's a goalie. So I hate thinking about own goals. It always puts a pit in my stomach every time I think about own goals. So I do think the issue that's been surfaced is one that I was thinking about from the very beginning of this, is how much are we willing to sacrifice in our economy to save how many lives? It's a very brutal calculation that you sound very heartless for even bringing up, but I would say that is the kind of rigor to these policy discussions that we should always be willing to take. Sometimes I worry in the world of policy-making that politicians try to one-up each other on how much money they spend just to show how big their hearts are.

RICHARD: Is it possible we could end up spending too much money and then regret that we have this massive pile of debt as a result?

JARED: The American government spend too much money? That's impossible. No, I'm just kidding. I think that the likelihood at times like this, in my experience, and I've been through the recession formerly known as the Great Recession, which, at this point, isn't looking as horrible as it used to. I was in the thick of it back then, working for the Obama administration. I've been through a number of recessions. I worry that we'll do too little. The other thing I worry about that pushes the other way is not that we won't spend enough money, but that we'll get too little bang for buck in the money that we do spend so that we'll spend it in ways that are politically motivated but economically inefficient.

ASHLEY: Maya, you lead the group Committee for a Responsible Federal Budget. You're very concerned about spending and debt. How do you see this question?

MAYA: Well, I think there are two big risks here. The first risk is that we will not spend enough or that we will stop putting in measures to stabilize the economy prematurely because of concerns about debt. Right now, the debt is growing at an astronomical level. As somebody who worries about the debt professionally, it gives me heartburn nonstop, but I need to be really clear. This is exactly the moment that borrowing was made for. So I'm very worried that we'll stop spending, we'll spend too little. But I am also worried, and this is where Jared and I probably differ more, I am very worried that once we get through this, we will have a massive mountain of debt, and that's when the politicians will say, "We can't do anything about it." It is easier to borrow money than to pay for things.

Politicians may seem like they're arguing, but when they end up just saying, "We're going to give lots of unpaid-for tax cuts and spending increases, and we've compromised," that's a compromise that just means, "We're borrowing trillions of dollars." Where the compromises are really tough are where they have to bring the debt back down when the economy's healthy. The past expansion, which was a record-long expansion... Since the president's been in office, he's signed into law \$4.7 trillion in new borrowing during a very strong economic expansion. So I'm worried that's what we'll see on the other side of this, as well, so that we might borrow too little now because of concerns about the debt but that we won't do anything about the debt when the economy is strong again.

JARED: The problem, and I'm agreeing with Maya here, the problem is not that we're doing too much now. It's that we did "too much" earlier. When your economy is closing in on full employment, which was the case before this crisis, that's when you want your fiscal gap, meaning the difference between what you collect and what you spend, to start closing. And that wasn't the case. In fact, it was opening wider, the gap between what we collect and what we spend. So we cut taxes to the tune of \$2 trillion. That's the Trump tax cuts, very much tilted toward the high end, and frankly, those folks were doing really well already. They didn't need more goodies. But we also put a bunch of spending on the deficit.

So, before we got into this, when the economy was booming, historically, booming economies have brought in tons of revenue. This economy wasn't doing that, and what just drove me nuts and continues to do so is people who voted for those tax cuts getting all wound up about the budget deficit, especially at a time where even Maya agrees, and Maya's been, as she said, very hawkish on these issues, that we should be doing what we need to do in terms of borrowing and spending right now to temporarily offset the contraction. It's not the temporary stuff that gets you into fiscal trouble. It's the permanent stuff.

RICHARD: So, Maya, are both parties to blame?

MAYA: What we've seen in the past years was a huge, unpaid-for tax cut. It did a lot of damage, followed by two huge unpaid-for spending increases. That also did a

lot of damage. I'm an Independent. I don't like that we look at the world as two sides, but you will always have people who want smaller government. You will always have people who want bigger government. We will have to compromise because this is a country filled with both, and the compromise shouldn't be, "We just won't pay for anything. We're going far right."

JARED: I disagree. We found something to disagree on. I think it's just really unsubstantiated to say that there are people who want smaller government. There are lots of people walking around mouthing their support for smaller government, but they continue to sign every single bill that you just criticized. The problem is that there's a bunch of rhetoric, perhaps on both sides. I hear it more on the Right, but perhaps it's on both sides. There's a bunch of rhetoric about how, "I want small government." But it's the old Saint Augustine thing, "Give me fiscal rectitude but not yet, not today, not on this bill."

MAYA: One, it's not so much that I want small government. I can see arguments for both sides. I want paid-for government. I don't want my kids to have to pay for my government. The way you get small government, if that's what you want, is not by cutting taxes. It's by cutting spending because on the Right, this pretending you get there by cutting taxes isn't true, but on this Left side, oftentimes pretending you can pay for everything just by taxes on millionaires and billionaires also isn't sufficient for the kinds of big spending programs we're hearing. So we need to be more honest about all of the policies that are people are saying in the political talking points.

JARED: Well, I have written extensive articles on all the points you just made, including emphasizing that we can't achieve the Progressive agenda simply on the top 1%, that taxes have to increase more broadly on more groups of people.

ASHLEY: You're listening to Let's Find Common Ground. I'm Ashley.

RICHARD: I'm Richard. More with Jared Bernstein and Maya MacGuineas coming up.

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DONNA BRAZILE: We have to get back to a place, I think, in society where we can foster stability in our conversation. We need a new vocabulary to talk about race.

MICHAEL STEELE: I agree 100% with Donna in terms of moving back into that space where we have a civil conversation. But, folks, it's got to start in our neighborhood. It's got to start in our community. It's got to start, most especially, in our home.

RICHARD: Watch full events online at CommonGroundCommittee.org or on our Common Ground Committee YouTube channel.

ASHLEY: Now back to Jared Bernstein and Maya MacGuineas. When we talk about a lot of this stuff, even though the numbers are huge, there's been this deficit for quite a while, it's really difficult for everyday people to get their heads around this. It's difficult for me to get my head around this, and I was a business reporter for a long time, because it's so abstract. And your kids are going to be... Some of them are graduating really soon. They're going to be coming into this world where we're trying to pay all this off. Talk a little bit about who will be most affected by this and how we make this matter to them by making them understand exactly what is at stake.

MAYA: Well, when you mention my kids, boy, do my kids wish I would talk about something other than the deficit. Boy, would they like that. Quick story, but when my daughter was quite young, I think it was about five, my husband went to her class and explained what his job was. Then I said, "Annika, would you like me to come to school and talk about the deficit." Without missing a beat, my daughter goes, "Oh, sorry, no. It's illegal." So that's how much my kids care about this issue. Trillions mean nothing. This is what I do for a living, and trillions mean nothing to me. Billions mean nothing to me. Millions barely mean anything to me. These numbers are way too abstract, and the deficit, to quote a great economist, Charlie Schultze, is more like "the termites in the basement," in that the effect it has, it's eating away at the foundation of the economy, not something you can see like spiraling healthcare costs or job loss or saving for retirement or student debt.

The problem with the deficit is that it can have a negative effect either gradually, by having slow, gradual effects on our economy, on economic growth, on standard of living, on our dependency on foreign countries. Again, we borrow 40% of the money to finance our deficit annually from other countries, and those are countries that we are not necessarily aligned with. So there's a lot of vulnerabilities that come with it, or it could lead to a lot of spiky, quick problems. We're leaving them with very little flexibility to chart their own course because we've pre-committed so much in promises and in interest that we will owe on the debt.

JARED: I see that pretty differently. I think of this very much in terms of good debt and bad debt. And I worry just as much about leaving my children a disinvested economy where we've failed to invest in the kind of goods, meaning government-

funded goods and services that will make this country far less functional, productive, welcoming to them as they grow up. I've got a senior in high school who's going to miss her graduation in part because... The virus is not Donald Trump's fault, but the delayed reaction to it, the lack of attention to the warnings that were here, the disinvestment in our healthcare community, this is a dysfunctional government lack of investment that's going to make the world a lot worse for my and everybody else's kids.

Charlie Schultze was wrong. The deficit doesn't eat away at the economy like termites if it's being invested in things that are really important and useful for the future in providing people in neighborhoods that are fraught with poverty and inequality with the kinds of upward mobility and opportunity that they've always lacked, in part because of racial discrimination. Those are really good, smart investments that no private firm will ever make. So I don't really like this idea of saying, "There's this big chunk of money out there that's going to screw the future," when in fact, we're undermining the future by not adequately investing in it today.

RICHARD: Reopening the economy—and I don't know whether both of you will find common ground or disagree—are there certain sectors, Jared, that should open sooner rather than later? And are there others where perhaps they do need to be shut down for quite a long time?

JARED: I don't know that there are obvious sectors. Even the restaurant and the hotel sector, which are the most obvious, could potentially be gradually reopened. In fact, some of that discussion is ongoing. It won't look like the restaurants that you're used to. Tables will be separated, and you may have to have your temperature taken on the way in. There's all kinds of wrinkles that could go on as we go. I like the way that Andrew Cuomo says that we're not going to go from red to green; we're going to go through yellow. We will probably have sporting events before you know it, but they'll just be on a TV. There won't be fans in the stands.

I happen to have a college student at home. She's a sophomore at college. I have a senior who's supposed to go to college. So I'm very focused on getting these kids back out of the house. I'm going to presume they're not going to listen to this. I think colleges are an interesting case because I think, again, they may be able to open, conditional on the kinds of testing and tracing we've talked about earlier. They may be able to open but not for everybody to come back, not for everybody to come back at once. People who live far away may have a tougher time coming back because they'd have to relocate very quickly. So I think there's this weird average of social distancing and commerce that we're going to be experiencing. We're never done anything like it before. So it's a little hard to describe.

RICHARD: Do you think there's greater urgency, Maya, in getting manufacturers back, people who make stuff?

MAYA: I think if we're talking about supply chains, one of the things that many people are concerned about, and I put myself in this camp, is realizing that the interconnectedness of a global economy has left us vulnerable in a lot of places. When you are dependent on other countries who are also going through a pandemic for your masks or your ventilators or inputs into your medications, that's a vulnerability I think we're going to rethink in a lot of ways. If you're talking about domestically where we have been hardest hit, I think construction and manufacturing probably won't be the hardest hit of all the sectors. I think the real question will be some of the sectors that go through massive disruption and don't return to the way they were before.

RICHARD: Such as?

MAYA: Well, it's something I've been thinking about today because I have a friend who runs a gym, but I don't know that small gyms are ever going back to where they were. All the things that people are doing online that they might like better—I don't think I'm flying across the country for three-hour meetings the way I used to. And it turns out these video conferences are pretty effective. I am going to a restaurant when I can because I really enjoy that, and I feel like I'll be much more comfortable doing that. But I think there will be more thinking about technology and education.

Like Jared, I have kids at home. I have an eighth grader and a tenth grader. I'm watching them learn online. Some things are working really well, and some things are terrible. And the social isolation is not healthy for them, and it's not healthy for us as their parents. But I do think watching the scale that you can have of brilliant professors who can reach tens of thousands or hundreds of thousands of students, and we've always known this to be true, but we've resisted those changes, those things will be sped up. So I guess I look at this moment as there's some industries that have benefited—a lot of technology, for instance, because it's created a connectivity that we could have not gotten through this without, and we've seen how useful it's been—some that have been not very affected at all, some that have been harmed but will bounce back really quickly, and some that will be changed forever.

ASHLEY: Jared, what about the impact on trade and whether the pandemic could lead to a setback for globalization and supply chains that rely on products made in different countries?

JARED: I think any card-carrying economist will argue in favor of increased trade flows because it increases the supply of goods and has favorable price effects. But there's been a real exposing of the downside risks of supply chains, and we saw that in Trump's trade war, as well. I remain a great opponent of the trade war, but we have to recognize that when those chains are threatened, it's very tough for commerce. So, if we were to produce more here that we're currently importing

from abroad, that would actually be favorable in lots of ways for American growth. But it would also be good for jobs because those blue-collar jobs pay higher than average, and I think that would be a plus.

RICHARD: What about the government and the huge role it plays in the economy?

JARED: I hope the government is seriously changed and reformed after this, but I think that this crisis has exposed a set of really intense vulnerabilities in our federal sector in particular. And, boy, if we don't learn what I believe are the right lessons and come out of this trying to improve that functionality, trying to build the insulation that we lack in key areas, then we're going to back here sooner than we want, and it will be our own fault.

RICHARD: Maya, Jared just mentioned that the government will need reforming, that some government institutions have performed much better than others. What's your view on that?

MAYA: Well, I'm not sure if Jared and I would agree on what the solution should be, but we certainly agree that a lot of problems have been surfaced. Our group, the Committee for a Responsible Federal Budget, has also launched a different project called Fix Us in the past year because we've been really aware of how division and dysfunction in government has stood in the way of making any progress on hard policy issues—from our perspective, dealing with national debt, but I think that applies to many policy issues. Can we make this an opportunity for an American reset? So, instead of coming out of this more broken, could we come out more unified and more functioning? I think looking at leadership has been something that we've all been thinking a lot about as we've looked at the president and the governors and then finding leadership and real security from the frontline people in our economy, from the doctors to the supermarket workers. I also think issues of federalism are going to be rethought and re-discussed massively as we've seen how different states are handling this.

A final thing is I think about the resilience that government needs to promote and that there are certain things we now know you have to have set up for emergency. It's food supply, and it's medical supply, and it's housing, and it's communication, and it's security and how we're going to strengthen all of those institutions. We have lost trust in our leaders. We've lost trust in our institutions. We've lost trust in each other due to a massive amount of polarization and failure in a lot of ways. How we become strong enough to come together and work on those issues, I think will be the real sign of whether this country remains in the remarkable position it's been in as a nation going forward for the coming decades. I think it's a huge issue.

ASHLEY: That's Maya MacGuineas and Jared Bernstein on let's Find Common Ground.

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