

CONVERSATIONS

WITH BILL KRISTOL

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Guest: Bill Galston, Brookings Institution

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I: Trump and American Populism (00:15 – 48:32)

KRISTOL: Hi I'm Bill Kristol, welcome to CONVERSATIONS. I'm very pleased to be joined today by my friend Bill Galston, Senior Fellow in Governance Studies at the Brookings Institution, author of many important works on subjects ranging from Kant to American public opinion and public policy, and a fellow – I feel we have some kinship apart from knowing each other for a long time. We're both academics, you a more serious one than I, who made it to Washington. For the good of the country – or not. Anyway, welcome. Great to have you.

GALSTON: Good to be here, Bill.

KRISTOL: Thanks, Bill. It's a week after the election of 2016, let's just begin by talking about the significance – to the degree we can detect it now. And I guess we do have the returns, so some of it we can really think about. So you're a political scientist, what's the sort of political science headline from the results?

GALSTON: I find it difficult to look at the U.S. election results without looking at the same time to the Western democracies as a whole. Because I see this election as very much of a piece with the Brexit vote in the U.K., with the rise of populist anti-globalization, anti-trade, anti-immigrant movements in Europe.

I confess, I'm astounded that that movement in the United States was strong enough to put Mr. Trump over the top in the Electoral College. But it was not obscure to me – as a matter of fact, I started writing about this two years ago – that a populist wave was building, and I think we are part of that. And it's pretty easy to see the basic building blocks of Mr. Trump's success in that light.

He mobilized people who felt that they were losing out at the hands of the economic and technological changes that have transformed the U.S. economy in the past 25 or 30 years. He mobilized people who felt that a flood of immigrants, which began with the Immigration Reform Bill of 1965 [Immigration and Nationality Act] and went into high-gear and has transformed the U.S. demography – people that felt like they were on the losing end of that change. And finally, people who genuinely believe that the international engagements of the United States have come at the cost not only of blood and treasure, but also U.S. sovereignty, which they were determined to recover. In all three respects, the vote last week was very much like the Brexit vote in the U.K.

KRISTOL: I suppose – and you've written on this too, our friend Ron Brownstein has written on this – it's both sort of horizontally similar to what was happening in other countries and has been happening here for quite a while, right? The trends that this maybe is the culmination of – maybe not, I guess we should

talk about that – the white working class moving from the Democratic to the Republican Party and so forth. That has been going on awhile.

GALSTON: That's been going on for fifty years, for various reasons. And in my judgment, the biggest political story in the United States in the past half-century has been the steady, and I think, almost inexorable movement of the white, working class from the base of the New Deal coalition to the base of the New Republican coalition. This was already well underway when Ronald Reagan was elected in 1980; it was temporarily arrested when a genuine working-class boy from Arkansas made it to the presidency and then stayed there for eight years, but ever since then, the movement has gathered strength and here we are.

KRISTOL: Since you mentioned Bill Clinton, and you were involved in both that campaign and the effort leading up to that campaign in '92, and then in the Clinton White House for a couple years, I'm just curious – as a sidebar, but I think interesting – you now say it was temporary, but need it have been temporary? Was there a moment there where this could have been reversed? Or were the demographic, and technological, and economic forces so deep that it had to happen, so to speak?

GALSTON: The honest answer to your question is "I don't know." But let me tell you what things were like in the Clinton White House during those years. On the one hand, Bill Clinton had brought all of those people, or at least a small plurality of them, back into the Democratic Party –

KRISTOL: Those people being?

GALSTON: White, working class.

KRISTOL: White, working class basically. Non-college?

GALSTON: Non-college educated, white voters – of whom Bill Clinton could have been one if his life had gone a little bit differently. But at the same time we believed, and we had reason to believe, that a globalizing economy could be made to work for all Americans. And during the eight Clinton years, it did.

Economic growth was at 3.5 percent. There were a number of years when real wage growth, 1995 to 2000, real wage growth for poor and working-class voters was at a *faster* pace than for people at the top. And it looked as though we had found the sweet spot. But we hadn't.

This was a temporary lull. It was the period of the famous "Washington Consensus" that dominated all talk of global economic development. And it did not occur to us, during those years, that this would ultimately work out to the grave disadvantage of the people whom Bill Clinton had brought back into the Democratic fold with such sustained and focused efforts.

KRISTOL: And that, I suppose, was due to, I guess, a bunch of things: globalization, China entering the global market with huge downward pressure on wages, 2007–2008, though, that crash too? How much of it was sort of going to happen anyway? How much of it could have been averted by more foresight in public policy, do you think?

GALSTON: That is a question I've looked at in some detail. And NAFTA gets a bum rap. NAFTA was basically a wash, I believe. And very good studies from the Congressional Research Service, which doesn't have a dog in that or any other hunt, push in that direction.

The *real* disaster for the white working class began with China's accession to the WTO. In the seven years between China's accession to the WTO and the beginning of the Great Recession, we lost fully 20 percent of our U.S. manufacturing jobs. That was the period after the shallow recession of 2000–2001. This period, basically the period of the Bush Administration up to, of course, the beginning of 2008, when

things weren't going great but they weren't going that badly either – there was growth, and manufacturing output wasn't bad.

But Chinese imports really undermined communities throughout the South and the Midwest. Textile factories had already begun to close decades earlier, but now we were talking about the mainstays, like furniture in North Carolina, they just collapsed under the onslaught of cheap Chinese imports. And we did not respond. Our response mechanisms for people displaced by trade and technological change have always been woefully inadequate by global standards and, certainly, by Western democratic standards.

But in the '90s we hadn't paid much of a price for that, because everything else was going so well. But as Warren Buffet famously said, "When the tide goes out you can see who's been swimming naked." And unfortunately U.S. trade adjustment policy was "swimming naked," and it left millions and millions of manufacturing workers stranded.

Then, of course, the Great Recession cost another two million manufacturing jobs for a total loss of 5.4 [million] from the peak to the trough. And we've gotten fewer than a million back, so 80 percent of the people who lost their manufacturing jobs have not regained anything like them, and are either out of the workforce or are making \$12 an hour when they used to make \$22.

KRISTOL: So on the whole, you're sort of – in the debate between: "There really is a problem there, which the working class is responding to electorally." Maybe foolishly from your point of view and my point of view, but responding to. Contrary to: "They're being whipped up with no good basis," so to speak. There is a real problem?

GALSTON: I think there is a real economic problem. There's also a real political problem at the elite level because the leaders of neither political party responded to this in any way adequately, and that's part of what the anger is about.

KRISTOL: Let's talk about that. I was going to talk more about the election returns, but this is actually important and interesting.

GALSTON: We can always come back to the election returns.

KRISTOL: Let's talk about both the response by the leaders of both parties over the last decade, I guess you'd say, and then, going forward, what kind of response is available? Could be available?

GALSTON: First of all, I do not recall a lot of conversation coming out of the Bush Administration, the George W. Bush Administration, during those eight years which were such a catastrophe for U.S. manufacturing. Maybe I wasn't paying attention.

But that is a nonpartisan comment, because I don't think the Obama Administration paid attention either. There were, obviously in annual budgets there were proposals, but there's such a gap between one of 150 presidential proposals in the annual budget as opposed to a serious focus at the top, a sustained focus and effort to tell people who have genuine economic grievances that "Someone is listening to you and paying attention." So, I don't think it's any accident, comrade, that they felt unheard. I think Mr. Trump had great instincts in that regard.

KRISTOL: I guess it's true, if you think about both President Bush and President Obama and then the top tiers of their administrations. If one were a working-class guy in Ohio whose factory had closed, you wouldn't think – there doesn't seem to be many people – and in Congress, too, I suppose. For whatever their merits or demerits, the different leaders, you know – Boehner, Pelosi. McConnell, he comes from a state where you think there might be more of a reason – Boehner certainly does, Ohio – but again, not much visible or dramatic efforts of Congressional action, I suppose, of either party.

GALSTON: And for different reasons. First of all, I think, at the elite level, a lot of people in both the center-left and center-right were committed to the proposition that globalization is a good thing overall. Which it is.

KRISTOL: That's important to talk about, too.

GALSTON: Which it is. But economists going back to Adam Smith have recognized that what is good for countries in the aggregate is not good for all economic sectors, all regions, all types of people. The whole theory of turning globalization into win-win, is that the winners from this process will make the losers whole. And if you *don't* do that, the losers are going to rise up. And a lot of us have been saying so for a couple years now. But there was no response from the political system, and here we are.

KRISTOL: It is, I guess Sanders and Trump were the response –

GALSTON: The response was populist insurgencies on the left and the right. And that could have been a good thing for the country. I hesitate to say the way it worked out that it has been, but it *could* have been.

KRISTOL: It is striking. I was talking with a Democrat, just yesterday – Secretary Clinton, prohibitive favorite for the Democratic nomination, running against, her main challenger against a 74-year-old socialist, who no one would have thought two years ago would have much chance to be a finalist in the presidential race – he gets 44 percent of the vote, or something, in the primaries.

You'd think that the Clinton campaign, maybe start with Democrats here, would have figured, "Gee, something is going on there we need to listen to, and adjust to, and think about in terms of our own message." But I would say they did not run a general election campaign. They ran a general election campaign as if she had just won the nomination in a very ordinary way, against Martin O'Malley or something, and that there was nothing much to be learned from the Sanders insurgency, I guess.

GALSTON: Well, I'm afraid that the judgment of historians is likely to agree, in the main, with what you just said. The guy who was kicking, and screaming, and resisting all the way was former President Bill Clinton, we've now learned, who kept on urging the campaign, so we now read, to put more of a focus on these neglected voters. And he was told, in a way, that he was yesterday's political analyst.

That this very prevalent and I think reassuring, falsely reassuring theory, to Democrats, of the rising American electorate, made up of minorities and educated whites, would be enough to prevail over the declining forces and, for many Democrats, the retrograde forces of the white working class.

And, in the very long run, that theory is true: the number of college-educated voters as a share of the population has risen steadily. In fact, college-educated whites exceeded whites without a college education for the first time in modern political history, first time in political history, and those lines having crossed, between 2012 and 2016, are never going to cross back.

Similarly, the inexorable growth of minorities as a share of the population, share of the electorate has continued; the average pace over the past 26 years has been an erosion of about two percent a year in the white share. Two percent a cycle, of a four-year cycle. Sure enough, it was 72 [percent] in 2012, it was 70 percent –

KRISTOL: 70 percent of the vote was white?

GALSTON: Yes, in 2016. And from a demographic standpoint, that's bound to continue. So this may turn out to be the last hoorah. However, in 2012, turnout among white, college-educated voters was 79 percent. Turnout among whites without a college education was 57 percent. Anybody who went to business school, like my son, looking at those figures would detect a market opportunity. Right?

KRISTOL: Those numbers are more traditional, right? I assume the more educated you are, the more likely you are to vote, and that's standard –

GALSTON: There is nothing aberrant about those numbers, but the point is that everybody took this turnout among less-educated, white voters between 57 and 59 percent as sort of a law of nature. I suspect when the numbers are run on this election, it's going to turn out to be well into the 60s, *well* into the 60s. And I say that, in part, based on a deep dive into one of the most pivotal states in 2016, namely Pennsylvania.

KRISTOL: Let's talk about that. So Trump carried Pennsylvania by about a percentage point, which was a big surprise.

GALSTON: Which was a huge surprise.

KRISTOL: How did that happen?

GALSTON: Well, the surprise was how he did it. The instant conventional wisdom was that the Clinton campaign had failed to mobilize its voters. In Pennsylvania, that wasn't true; neither was it true in Florida. In those two really important states, the story was, rather – and it's sort of like the Romney campaign, a mirror image of the Romney campaign.

The Clinton campaign, in those two pivotal states, hit its turnout marks. But it was Trump who mobilized hundreds of thousands of new working-class voters into the electorate. And that was the difference. He got 300,000 more votes than Mitt Romney did in Pennsylvania in 2012. 300,293 to be precise; but I think when all the absentee ballots are counted, there will be 300,000 plus. And they all came from the sea of rural and small-town red counties between Allegheny County, which is Pittsburgh and Philadelphia and the collar counties around Philadelphia. 300,000, that's astonishing.

And as far as we know, his campaign invested nothing in voter mobilization as far as we can tell; it was outsourced to the RNC. And I don't know, at this point, what the ratio of efficacy was between the Trump message on the one hand and the RNC on the ground in the other, but I don't think it's an accident that Reince Priebus has now been installed as Chief of Staff in the new Trump administration.

KRISTOL: But I think, and we've always agreed on this, message tends to trump mobilization or organization or money, anyway. If you have a good enough message, hitting a group that is open to that message, they can get themselves to the polls. Obviously, having more people call them up and provide rides gets you an extra point or two probably, but–

GALSTON: By the way, that's exactly the political science of it. That between a point, never more than two points – if you have to shave, shave in one direction or the other, more like one or two – but in a very close contest, that can be the difference.

Which brings us to the other two pivotal states, namely Wisconsin and Michigan. And this is an interesting laboratory experiment – because in Florida and Pennsylvania, both campaigns went flat out. In Wisconsin and Michigan, neither did. The result in Wayne County, which is Detroit in Michigan, was a huge falloff in the African-American vote. Huge – if I'm still permitted to pronounce the word with an "H."

KRISTOL: Yes, you're in this safe space.

GALSTON: So it's not a microaggression against the President-Elect?

So you almost have a laboratory test as I said, but in those two rather neglected but, as it turns out, pivotal states – with not much voter mobilization and not much candidate presence other than the refracted message of the two candidates. There too, Mr. Trump scored a victory which was very, very

narrow, as measured in votes. The turnout fell in Detroit by far more than Trump's victory margin. Far more. If memory serves, his margin in Michigan was under 20,000 votes, and the reduction in African-American turnout in Detroit was some multiples of 20,000.

KRISTOL: On the electoral side, I guess it does raise the question – you were careful to say, in the long run, having the college-educated on your side when there are more and more people going to college and having minorities and non-white voters when there are more and more minorities and non-white voters is probably a winning hand. I mean, it should be a winning hand all things equal; but of course, all things aren't equal. I think your counterpoint is very interesting, if there was a market opportunity to go from –

GALSTON: 57 to 79 [percent].

KRISTOL: Trump has taken some of that market opportunity up until the 60s, but there is probably a lot more. The notion that Republicans could never win another election in this way in 2020 or 2024, or not only Republicans, just that a candidate couldn't, that that coalition is just a one-off deal, I suppose, is over, it may be wishful thinking. I don't know, honestly.

GALSTON: I suppose. This was very unusual election, and I guess we'll find out in 2020 whether a soufflé can rise twice.

KRISTOL: But you think it is sort of squeaking a last, squeezing the juice out of a – I don't know what is a good metaphor, but anyway.

GALSTON: If I were 20 years old wanting to make a bet on the next 50 or 60 [years], I wouldn't bet on the Trump coalition. But on the other hand, we have to reexamine every single assumption that we've made about American politics in the wake of this. Including the assumption that all minorities will trend towards the African-American outlook and voting behavior. And there's reason to doubt that.

KRISTOL: Let's talk about that, because I think that is very important. So I was talking to a Republican a couple of days ago and I said, "Well, yes. At some point, the white vote, just, you run out of it, and not all whites are going to be Republican or conservatives" –

GALSTON: You could have fooled me this year.

KRISTOL: But I mean, some number is going to remain Democrat. But he said, and he made a good point, which is "don't assume with a certain kind of presidency," (we'll just bracket that for a minute), "that you couldn't do much better than 29 percent among Latinos, or eight or nine percent among African-Americans, or 25 percent or whatever it was among Asian-Americans, than Trump."

A lot of those voters have the class issues, same economic issues that white – those are working class voters, actually. Right? So the economic things you're talking about affect them too. If you could get over the ethnic and racial component, you might say, of the Trump message, that's actually probably where the growth would be on the conservative side, I would think. Whether Trump could do it is another question. So this is just a footnote to the point you're about the make.

GALSTON: I think all of that is right, and a Republican Party that kept its message about economic growth and limited government, etc. etc., but which was no longer seen as hostile to the voting rights of African-Americans and the immigration rights of Latinos would or could be a majority party. And I say that, in part, because those issues – voting and immigration – function as threshold issues that you have to clear; you have to be credible on those issues before you get a real hearing for the rest of your message.

And all I'm doing is channeling the famous autopsy that Reince Priebus, now Chief of Staff to Donald Trump, catalyzed after the 2012 election. I'm not making a glitteringly new analytical point here. I think many Republicans understand this and accept it, but haven't found a way of turning this longtime insight into political effectiveness within their own party.

Having said that, there's something else that Democrats *and* Republicans ought to keep in mind. And that is that the Latinos may turn out to be the Italians of the 21st century: that is, people who started off as part of the Democratic base for economic reasons, but for various other reasons, gradually shifted towards a more conservative message. I think it's entirely possible that, were we to be having this conversation 30 years from now, that a similar evolution *could* have occurred in the Latino community – but only if the Republican Party is no longer seen as the “mortal enemy” of that community.

KRISTOL: And you think the “mortal enemy” is, above all, the immigration issue? Or the way in which the immigration issue is discussed?

GALSTON: Sure, absolutely. And I'm not making this up, I mean, this is what Latino politicians on the ground will tell you. That issue is suppressing what could otherwise be a George Bush level of support among Latinos.

KRISTOL: And they do intermarry a lot, so to use your Italian analogy, it's not as if 20 years from now there won't be an awful lot of voters who think of themselves less strictly as Latinos, in a sense, than their parents or grandparents, just as there many, many voters who are half-Italian, quarter-Italian, you know.

GALSTON: Sure. On the other hand, many years ago at the invitation of the late Justice Scalia, I was on a panel about constitutional issues, which Justice Scalia organized for the annual Italian-American Day. And the idea that these people have simply melted into the “great America consensus” was visibly contrary to fact. They still think of themselves as Italian-Americans in all sorts of ways.

KRISTOL: It does raise – I'm going to get back to the sort of bigger economic issues and what could be done – it does raise the question that if Trump, or someone like Trump, did a sort of “Nixon to China” on immigration. I mean, if anyone could pull off an immigration deal, it probably is Trump, weirdly, as President.

I suppose he could order his Justice Department – I don't quite know what voting rights, what the combination we were talking about, of federal action and whatever – if the Republicans were perceived as not trying to limit African Americans' ability to vote, we'll just put it that way, probably some of which can be done by rhetoric from Trump, and some of which could be done by telling his Justice Department to bend over backwards to make sure the states aren't limiting it in ways that are inappropriate or unconstitutional obviously, or illegal. I suppose there really would be a chance for Trump, or a Republican let's say, to maybe overcome – you're saying those are kind of the key hurdles to having, at least, a hearing for the other policies.

GALSTON: Exactly. Look, if I were giving political advice to the President-Elect, which I suspect I won't be asked for, somehow.

KRISTOL: Neither of us, probably. But he may watch this.

GALSTON: From one renegade Jew to another.

KRISTOL: He could watch this, he likes TV. He'd watch it online, I guess. Educate himself.

GALSTON: In the course of the campaign, he began to work himself towards a sustainable position. Which I will now talk about much more explicitly than he did, or has, or perhaps will.

He has said that people who A) came here without legal status and B) having committed felonies in the United States, should be deported forthwith. I don't know what that number is, but I don't think a lot of people would stand up and oppose him if he said, "Look, these people have demonstrated twice-over that they're not prepared to conduct themselves as members of our community, and there is no argument for retaining them here."

If he did that, and then said, as he began to do later in the campaign, "And then we'll see what we should do with the rest of them." And if he went along with the majority of his party – not the majority of Americans, but the majority of his party – and says that "these people who have deported themselves honorably since they came here not under the color of law, should be given a path to legal status, and eventually citizenship." If he were able to draw that line, and then construct immigration reform on that basis, *leading off* with border security and felon deportation, that's the "Nixon to China" scenario. If he did that, that would take the issue off the table, and in a not terrible way. But that would require an act of extraordinary statesmanship, given the fact that the loudest voices in his own party would oppose that. Not the majority, but the loudest voices.

KRISTOL: You need to go all the way to citizenship for those who have lived here for a while, as opposed to legalization?

GALSTON: Let me tell you why I think so. And I say it based on two very different experiences.

First of all, I organized or helped organize six, seven, eight years ago a bipartisan, blue ribbon task force on immigration reform. It brought together a lot of really good, knowledgeable people with street-cred in their respective communities. We came out with, I think, a pretty impressive report. And there was one thing that surprised me above all. I expected that the center of gravity that would emerge in that conversation would be for legal status but not citizenship. There was almost no support for that. Almost no support. Because people, among other things, articulated fears about creating a permanent, sort of second class, sort of an in-between class – here, but not really fully of the community. They were afraid of the consequences of that.

Similarly, and this gets me to my second piece of evidence, Brookings' Governance Studies has been in a partnership with a very good survey research firm, The Public Religion Research Institute, which does the very best surveys on, I think, American principles and values and the way they function in our politics and our public policy. We've been doing surveys on this question for six years. Same question, so we have a real time series here. And there has never been a time when legalization without a path to citizenship has scored as a major alternative to the two polar positions. So, whatever the loudest voices may say, that does not appear to be the path down which a majority of the American people want to go. By the way, it's not a path down which a majority of Republicans want to go. They're afraid, in my interpretation based on my commission experience, of creating a permanent "second class." Permanent residents but not citizens.

KRISTOL: I guess we've almost never had that in America, right? The American tradition has always been, whatever limits on immigration have been and whatever rules there are to them, you became a citizen once you're here, it was always citizenship at the end.

GALSTON: At the end. Now, the end can be a long way off. If you look even at the bipartisan Senate bill that was passed with very strong Republican support in 2013, it contemplated a lengthy path to citizenship after winning legal status. Not in, measured not in months but in many years. Other proposals since then have, in fact, lengthened out the waiting period. But there is a big difference in principle between 'your turn' on the one hand and never getting your turn on the other. That's where the American people draw the line, I think rightly so.

KRISTOL: What about trade? I think the polls show, hard to tell, that trade was even more potent for Trump than immigration.

GALSTON: Trade was much more significant politically than immigration.

KRISTOL: Was trade the most significant thing?

GALSTON: It was the most significant issue *he* had. I'm convinced that in the upper Midwest that was the winning margin for him. So what about trade? Well, we shall see.

We know one thing already – that the Trans-Pacific Partnership is dead beyond possibility of resuscitation. I also suspect that the parallel negotiation with the Europeans, so called TTIP [Transatlantic Trade and Investment Partnership], is also dead. You know, the members of the EU were pronouncing last rites over the negotiations a couple of months ago, and I find it difficult to believe that a Trump administration would restart those negotiations anytime soon. To the extent that they do trade stuff, I think it will be bilateral rather than multilateral. But let me stop working away and get back to your point.

Mr. Trump has made a number of loud promises in the area of trade. His supporters heard him loud and clear. And he can't turn around and not do that stuff. That would be, I think, the equivalent of George H. W. Bush breaking his "no new taxes" pledge. He has made a promise to his supporters; he now has to redeem that promise.

What does he have to do? Well, he has to get really tough with China, given the fact – and then it remains to be seen what that means. I suspect China will be declared a currency manipulator on the first day of a Trump Administration, a charge that was very true ten years ago, but which is no longer true. It's a classic case of slamming the door after all the horses have left, but we'll see how that works out. More importantly, he has made threats to impose very steep tariffs on Chinese imports. I think it remains to be seen how selective he will be in doing that, because China is a member of the World Trade Organization. And as a member they have certain rights, and the United States has certain obligations. If the Trump Administration exceeds those boundaries, which it could very easily do and probably will in the early going, then there could be a successful WTO lawsuit against us, the Chinese might win that; and in any event, they have retaliatory capacity of their own.

On the other hand, Trump who's – probably the god he worships the most is the 'god of leverage in negotiations' – he believes, I think with some justice, that in a trade war with China, the Chinese have more to lose than we do. Therefore, there is some room for renegotiation of the relationship. If he were able to renegotiate it to our advantage, without blowing up that relationship and some of the WTO along with it, then I think his strategy will be vindicated.

Similarly, with Mexico. Having denounced NAFTA as "the worst and stupidest trade treaty in the history of the human race," he's not free to conduct business as usual with the Mexican government. He just isn't. Then the question is, how will that play out? What will Mexico have to give for him to be able to tell his supporters that he has attained through tough bargaining what he promised he would? And he has on that front many problems.

Let me just put one on the table: The U.S. automobile industry. This is going to be a huge, immediate flash point. As a number of analysts have pointed out since the election, we have an auto industry, including assembly plants in the United States, because we now have a North American supply chain. Take Mexico's contributions to that supply chain out of the equation, and we no longer have a competitive U.S. automobile industry. So the choice that we faced 10 years ago was between a competitive industry, say 35 percent of which was based in Mexico, or a much smaller and much less competitive U.S.-focused automobile industry. If you disrupt that relationship, that could have very negative consequences for auto-workers who are now spread all over the country, very densely in some of the red states. So stay tuned. This is a lot more complicated than, I think, the Trump on the stump recognized. Whether he has a more sophisticated understanding, I have no idea.

KRISTOL: Or he could bring in people, perhaps? I guess the final point; I've heard you make this point elsewhere. Just on this question, even if he threads the needle on trade where he doesn't blow everything up and gets better deals; same on immigration perhaps, let's suppose he goes for the Nixon to China deal on immigration, and does various other things and has a cooperative infrastructure and what not.

At the end of the day, if you live in Scranton, Pennsylvania or parts of Michigan, or Wisconsin and you're an unhappy working-class voter, will things have changed much by 2019 and 2020, even with the best policies? I guess you get something – of course, you get a lot for following through on your promises, but at the end of the day, if you're an incumbent president, it sorts of helps to have actual stuff on the ground going well. Right?

GALSTON: Yes, it does. Absolutely right. As you know because we've discussed this point before, my greatest fear for the country is that the President-Elect, having made promises, large promises, indeed, *yuge* promises to this group of his supporters, will leave them disappointed despite his best efforts. And if you think there is disillusionment in the country now, wait four years if that happens.

Now, that's one scenario. Here's another scenario. A reporter by the names of Salena Zito, whom I had not previously followed, had what may have been the line of the campaign. He [sic] said, "elites took Trump literally, but not seriously; and his supporters took him seriously, but not literally." If we were having another conversation, we could parse that sentence.

KRISTOL: That's a deep thought, yes.

GALSTON: That's a deep thought. And her argument, articulated very recently in the *Washington Post*, is that this is as much about the politics of recognition as it is the politics of interest. If they continue to feel that he is on their side, and doing his best for them, and listening to them on a continuing basis, perhaps that will mute the disappointment that may or could occur because their immediate material interests have not been met to the extent that he promised.

So I'm calling this the "Johnstown Index," by the way, because Donald Trump, candidate Trump, campaigned in Johnstown, Pennsylvania. I have heard reports of discussions that he had with the owner of a local steel plant, a beleaguered steel plant, you know, smaller than it used to be, but hanging on, who also happens to be the head, I believe, of the Republican Committee in the county. She genuinely expects that her business will look up because of this, that she will be able to make more, sell more, hire more people, etc. I don't think she's alone in Johnstown in believing that there will be some very concrete consequences of Mr. Trump's policies if they're implemented. And so I plan to monitor Johnstown, Pennsylvania, every six months or so. Take its temperature. How are things going? If I were a journalist in charge of a magazine, I think I might be sorely tempted to do that with a lot more resources than one lonely scholar can deploy.

KRISTOL: You have the very distinguished Brookings Institute at your disposal, so we can – That's a good point. I really think that's a very important point about politics, too. You can get credit for paying attention, and trying, and recognizing the problem and sort of the dignity, taking it seriously. You don't have to solve everything overnight. There has to be a little bit of trend in your direction, it can't just be nothing.

GALSTON: At some point, man cannot live on dignity alone. On the other hand, it's sure nice.

KRISTOL: By 2020 it doesn't have to be transformed, but there has to be some signs of life and progress.

GALSTON: Here's my fear, my fear is that, with all due attention to differences, that manufacturing in the United States is on the same track as agriculture in the United States. Agriculture at the turn of the 20th century employed about half of the U.S. workforce. Now, it's under two percent. At the same time, agricultural production has boomed. As a result, we now have a globally competitive agricultural sector, but many small towns that existed during that period don't exist anymore, or they exist as depopulated shells of their former selves.

And if manufacturing will remain in the United States only under the conditions of rapidly increasing productivity and with a declining workforce, steadily declining workforce over time, then I wonder whether the economic rationale for the existence of hundreds, if not thousands, of small towns across the United States which used to have local factories, I wonder whether that economic rationale will still exist. If not, do they become wards of the state? Are they sustained by a healthcare industry? Which many of them now are. That's the single biggest industry in West Virginia, for example – which has, along with that, the lowest workforce participation rate in the country.

KRISTOL: Hard to believe that healthcare spending could keep going up and up, though. Maybe it could, I guess?

GALSTON: Every time people say it can't go on this way, it continues its merry way.

KRISTOL: I suppose this would be the political side of what you just said, which is very interesting. It's sort of as if William Jennings Bryan had won because there was a weak candidate running against him – what was he, a national candidate three times, I think? He would have won one term, it wouldn't have changed industrialization in the United States.

GALSTON: You just took my next column away.

KRISTOL: I hadn't really thought of that analogy until you just said it.

GALSTON: That is exactly what I was planning. That was the thought experiment I was planning to commit. What would have happened? If you go back and read the "Cross of Gold" speech, which I have quite recently. Everybody remembers the line in the peroration, but what preceded that line was an economic analysis which his audience very much wanted to hear. Namely, "If your cities went away, the agricultural sector in American would be just fine. But if we go away, then it's as though the foundation for your prosperity and existence would have been removed." That was a very seductive thesis, but in the event, it turned out to be false. Mainly false. We did retain an agricultural sector, but the socioeconomic basis of that sector was not what Bryan thought it could be.

II: The Democrats in 2017 (48:32 – 1:29:44)

KRISTOL: There is so much to talk about, about this past election, the election that just concluded. Let's look forward. About the two parties, the Democrats and the Republicans, but I do want to talk about what actually should be done. Maybe neither party will do it, but you can come to that judgment first, too.

The Democrats, you've spent so long fighting for certain views within the Democratic Party, sometimes successfully with the Clintons, sometimes with less success. How does it look to you? What's going to happen in the Democratic Party, which now, having thought it was going to win the presidency and feeling quite confident about it, suddenly looks up and sees itself without the presidency and without either house of Congress, with a minority of governorships and legislative chambers. What do you expect over the next years, two years, four years, for the Democrats?

GALSTON: Turmoil. The Obama presidency, and Barack Obama's successful reelection campaign in 2012, I think, obscured deeper trends that were underway which have worked very much to the advantage, the structural advantage of the Republican Party.

As you said, the Republicans have regained control over the House, then over the Senate, now the White House. Republicans have picked up more than 900 legislative seats, state legislative seats during the Obama presidency. They now control the vast majority of houses of state legislatures. In 24 states, they now have both houses and the governorship. Twenty-four states. The number for Democrats is something like seven. Wherever you look – I didn't mention governorships, but two-thirds of state houses are now in Republican hands. I think the number when Barack Obama took office was something like 18 or 19. It's been an extraordinary period of subterranean growth, now very visible for the Republican Party, and a decline below the presidential level that is now, I think, coming sharply into focus.

There is a long-term challenge for the Democratic Party. And that challenge begins with the creation of a national agenda that is more responsive to the needs of the times. For reasons that I do not understand, the Clinton campaign, as the campaign went on, abandoned its original frame which Hilary Clinton announced back in June 2015 with a very good speech, the theme of which was inclusive growth. It was an explicit recognition that without faster growth, the well-being of the less advantaged groups of society could probably not be promoted adequately; but if it's unbalanced growth that leaves them out, as so much of the growth of the past generation has, that's no good either. You have to put those two things together. But as the campaign proceeded, the emphasis on growth virtually disappeared. So that was problem number one. Democrats need a formula for inclusive growth that makes sense logically and in policy terms, but also can be explained to people in ways that they will understand.

KRISTOL: That is such a key point and people haven't made it enough, in my view. We're sitting here a week after the election and the post-election analysis so far – You do win American presidential campaigns by being the candidate of growth, especially after a rather slow-growth period. Reagan showed that on the Republican side; Bill Clinton, "it's the economy stupid" in 1992.

Hilary Clinton, you're right, after initially talking about it some – did she even say the word *growth* in the debates? Maybe. But barely; if you asked her, "What's your growth agenda?" But Trump didn't have a growth agenda, but he had a sort of economic agenda. People think he's a businessman, so he knows, I guess, how to create jobs.

GALSTON: He and his economic spokespeople did promise much faster growth. He had a theory of the case. My fear is that his theory will produce a short-term sugar-high for the U.S. economy, followed by very severe distortions. I regret very much that the Democrats didn't put a serious growth agenda on the table, but – and this is not just me speaking as a Democrat, but also channeling the views of most of the economics profession – that the Democrat's agenda, for all of its inadequacies, was less threatening to the long-term foundations of the economy.

KRISTOL: Going forward what do they do?

GALSTON: This reminds me of one of Woody Allen's better lines, or two lines, to the effect that "We've reached a fork in the road. One path leads to despair and the other to total disaster. May God give us the power to choose wisely." And I think a lot of Americans sort of felt that way about this election, too.

So what we need, we need to begin from the objective that we want to achieve: Faster growth, the fruits of which are shared by all Americans who are contributing to that growth. And we need to work back from that objective through an analysis of the new obstacles to obtaining that objective, in order to come up with a set of policies that, on a bipartisan basis, could be acknowledged as the most promising path forward. Analytically, it's easy to lay out the problem. It's a little bit harder to lay out solutions, but let me give you just a couple of little less-than-traditional signposts.

First of all, I think that a lot of Democrats and a lot of Republicans could come together around the proposition that growth and real competition are related. Republicans have been making one set of arguments about obstacles to real competition: all of these regulations and licensing laws that impede

entry into professions that have real growth prospects. And Democrats lately have been formulating, I think, a very plausible case about how the increasing concentration in key sectors of the economy is also contributing – is also producing a situation in which competitive forces are weakened. So if you put together a deregulatory agenda with an antitrust agenda, you might very well have a bipartisan pathway to faster growth.

Here's my second proposition. As I think about the American experience, both the immigrant experience and the economic experience, it is always about moving to opportunity. Moving to opportunity, that is what Americans – that's what immigrants have done. That's what African-Americans did in the Great Migration after the First World War. That's what happened with the Gold Rush, and the Land Grant – the Land Grants. Moving, you know, mobility, moving to opportunity has always been at the heart of it. We have become a much less, not only socially mobile society, but geographically mobile society than we used to be.

We have a much better grasp on how to bring people to opportunity than we have on place-based strategies of bringing opportunity to people. So if you ask me "What is the best prescription in the mountain hollers of West Virginia? Is it to try to bring small business to those places, or is it to bring the next generation of young people from places like that to places to where there is more opportunity?" Some very good Republican economists, like Michael Strain at the American Enterprise Institute, have been focusing on this idea of geographical mobility and the slowdown as one of the major obstacles to growth and participation in that growth. I don't think there's anything in the idea of moving to opportunity that thoughtful Democrats couldn't get behind. There are various other ideas that Democrats are more likely to have than Republicans. But once again, there's a basis for a center-right/center-left agreement on new pathways to inclusive growth.

KRISTOL: On the center-left side, there'll be a fight within the Democratic Party, I suppose, between those tendencies and really a Bernie Sanders-type tendencies. No?

GALSTON: There are deep economic rifts in both political parties now. On the Republican side, you really have three different sets of economic analysis and prescription. You have the big business corporate sector, which as the world knows is very much interested in more open trade, immigration reform, etc., etc. They're not averse to national regulation because it makes life easier for them; and by the way, harder for their smaller competitors. That's also true in the E.U. Then you have the National Federation of Independent Business. Finally, you have that wing of the party which is heavily represented in small town and rural areas. Then, you have the Trump working-class coalition which does not agree with the standard limited government prescriptions like, for example, cutting Social Security and Medicare as part of an overall fiscal strategy. A position that Paul Ryan honorably, but I think, mistakenly – for both substantive and political reasons – continues to adhere to.

On the Democratic side, you really have a deep tension between the populist wing which believes that corporate America is the enemy of everything that's good and true, and people who genuinely believe the corporations and the financial sector can be harnessed in the service of the broader good. A longtime Democratic economic participant in various administrations, Gene Sperling, wrote a book in the late 1990s or early part of the 21st century called *The Pro-Growth Progressive*, which very much made the case for the non-populist wing of the Democratic Party. The progressives in the party were not wrong to suspect that Hilary Clinton was more sympathetic to the pro-growth progressives, the pro-growth progressive side of the argument than the populist progressive side of the argument.

That's what the fight inside the party on economic issues is going to be about. I have no idea how it's going to work out. It's clear to me that the forces in the populist wing of the Democratic Party are much more aroused, much better organized. They have visible champions, including the man who got, as you said, 44 percent of the vote in the Democratic primary and Elizabeth Warren, who's turned into the Ted Kennedy of the 21st century for the Democrats. That is, the go-to person who can either bless or kill certain sorts of proposals just by virtue of her personal stature. The other wing of the party is back on its

heels, doesn't think it has wind in its sails to continue this string of metaphors, and doesn't really have a visible champion at this point.

One of the consequences of this election, interestingly, is at least on one side of the Democratic Party, an entire generation is passing from the scene. It remains to be seen who will take its place. I noted with interest today that Senator Sanders has not ruled out another run for the presidency in a year in which he would be 79 years old. Elizabeth Warren will be close to 70 by the time the next presidential cycle rolls around. In addition to all of the substantive issues, there's a generational issue. You can make a list of promising, young Democratic Senators who have yet to make a national mark, or really even try to. You can make a much shorter list, for the reasons previously stated, of Democratic governors, but it is a thin bench. Or, at least, a bench which is populated mostly by people recently promoted from the AAA league, and we will see if they can hit major-league pitching.

KRISTOL: I suppose one might have said in 1988, though, after [Michael] Dukakis lost – he tried to, did run in a way, as a competent technocrat – that the left would be ascendant and all that, and if you looked at Congress that might have been the case even. And of course, Clinton came along and defeated various people in the primary and won the election with a New Democrat message. So these things are less predictable than people think.

GALSTON: They are less predictable, but there is a history to that 1992 victory – which is the part of American political history that I know best because I was right in the middle of it. Two things needed to happen. First of all, you needed a coherent message. Starting with basic principles – opportunity, responsibility, community – working its way through a macro-argument about the way the world works, both the economy and the society. And then, finally being translated into specific policy proposals consistent with both the overall overarching principles and your grand theory of the way the world works. That's on the one hand.

On the other hand, you need a political genius. And Bill Clinton, with whom I worked very closely during that period, is one of the great virtuosos of American politics in the past century. His ability, at his peak, to connect with a vast range of audiences, from Hope, Arkansas to Rhodes Scholars. He was like a Mighty Wurlitzer organ where different stops, with different timbres could be pulled out depending on the occasion. He's the single most persuasive man I've ever met in my life. And you saw the last embers of that flame at the 2012 Democratic Convention, where he did a much better of explaining the Obama Administration to Americans than the President had ever done. So, you need a message and a messenger.

That's what happened in 1980. There had been a period of message development and issue development in the Republican Party going on through the 70s, culminating in the 1978 takeover of Congress, and the rise of Kemp-Roth thinking on taxes, the rise of organized Republican thinking on the next stage of national defense and global strategy – which you were in the middle of. Plus, a fabulous messenger.

Right now, the non-populist wing of the Democratic Party has neither the message nor the messenger. That is a problem. There's not a lot of time to solve it. On the other hand, as that four-year period from 1988 to 1992 demonstrated, it can be solved in four years if you're really focused. If somebody is really focused. So one of the questions facing the Democratic Party is whether a new institution or set of institutions will emerge parallel to the Democratic Leadership Council and the Progressive Policy Institute that can do for the next generation what Democratic reformers did for that generation.

KRISTOL: In a certain way being out of power does clarify the – what's the word I'm looking for, not clarify – focus the mind.

GALSTON: Like the prospect of a hanging.

KRISTOL: Whereas in a way, having a president of your own party makes it harder to rethink, and to the degree rethinking is necessary, you don't do it and then you end up in a cul-de-sac or whatever.

Talk about Clinton, since you just mentioned Bill Clinton and I really hadn't thought about that. But you did work so closely with him. Was it obvious when he was a governor of Arkansas how talented he was? Now we all say he was because he was two-time President of the United States.

GALSTON: It was clear. Go back and take a look at some of the books that David Broder, of blessed memory, was writing during that period.

KRISTOL: You had dealt with a lot of politicians at this point, you had been on presidential campaigns by the time you met Clinton, or by the time you got to know him well, which would have been the mid-to-late 80s. Was it obvious that he had a kind of political talent that was very unusual to you personally? I'm just curious.

GALSTON: It was like a rom-com. "He had me at hello." No, it was unbelievable. Let me tell you the moment when I knew he had it. Elaine Kamarck and I had written a notorious—

KRISTOL: What year are we in here?

GALSTON: We're now in 1989.

KRISTOL: And you'd been through a couple of presidential campaigns? You had dealt with politicians up to the highest levels. You're not an easily impressionable kid or anything.

GALSTON: I had been Walter Mondale's policy director for two-and-a-half years during his presidential campaign. I got to meet a lot of people. I was young, but I wasn't a twenty-something. I was already in my late thirties at that point and so I was not easily bowled over. I will tell you a story. The moment at which Bill Clinton was recognized by the political community and the press corps as clearly someone to be reckoned with came at the 1991 Cleveland Convention of the Democratic Leadership Council. In 1989, Elaine Kamarck and I — she's now my colleague at Brookings — had written a notorious political manifesto called *The Politics of Evasion*, which made, in every way that we could think of, the argument that the leadership of the Democratic Party had its head in the sand. It was evading the larger truth about the structural weakness of the Democratic Party, the weakness of our message with among, other people, white, working-class voters; the futility of relying on a mobilization of minorities alone as the basis of a national majority, etc., etc. Bill Clinton, I think by 1990, had read that memo and it became sort of a touchstone for the integration of political strategy and policy strategy in the New Democratic movement.

My one serious moment of political efficacy, but I guess, given the fact that I was given one and most people are given zero, I shouldn't complain. His coming-out speech in the Spring of 1991, long before he announced his presidential campaign, was going to be focused broadly on those themes. A speech text had been prepared, and we were all in the briefing room with him, and "what about this line, Governor? What about that line?" Finally, after about 45 minutes, he looked up at us and said, "Don't worry, I got it." He pulled an envelope out of his pocket, and in his left-handed scrawl, he wrote six words on that envelope. And he came out and gave the speech of his life.

His capacity to internalize the message, such that a formal script was the jumping off point, but once he jumped away from it he didn't degenerate into a stream of consciousness, he got better, he got more coherent than the text he was presented with. Let me tell you another story. This one is a little bit better now. It was the first year of his presidency, he's coming before a joint meeting of the Congress.

KRISTOL: You're in the White House at this point?

GALSTON: I'm in the White House at this point. Deputy Domestic Policy Advisor. He has gone to the Congress, a joint session, to deliver his health care speech announcing "HillaryCare," laying out the case for it. He gets up there, the applause subsides, he looks at the teleprompter: the wrong speech has been loaded into the teleprompter, a speech on a completely different topic from six months earlier, from April. An ordinary human being would have panicked, would have stopped, would have had a "WTF" moment. All of the above.

Clinton starts delivering the speech, seamlessly, sentence by sentence, paragraph by paragraph. It's in his head. Meanwhile, George Stephanopoulos is frantically scrambling around to try to get the right hard-disk – that's what the technology was. About 10 minutes into the speech, he finally finds it, loads it into the teleprompter, frantically races, scrolls down to catch up to where the President is into his speech. Clinton gives a little nod, continues with the speech. Nobody in the entire country knew, and this, the President believed, was the most important policy speech he was going to give in the first year of his presidency. Nobody knew. Un-bleeping-believable.

At that point I decided that Bill Clinton was an off-the-charts political talent. If I hadn't known that before, I sure knew then, because of his ability to internalize the deep structure of an argument, translated out of speechwriter language into a much more personal language. A much more explanatory language; a language that tries to draw you in. It's not as though he's projecting a speech onto an audience, he's trying to draw the audience into a way of thinking that will persuade them. That's, as I said before, it was the dying ember of that gift that you saw on full display in the 2012 Democratic Convention where his ability to explain what the Obama Administration was all about, was, as President Obama acknowledged after the speech, was superior to his own. It was at that moment that President Obama said, "Bill, I ought to appoint you my Secretary in Charge of Explaining Stuff."

Look, I'm sorry. He, you know, he had me at hello. And despite his, the many vicissitudes within the administration – misjudgments, every conceivable level, you know, I think I continue to believe what the American people judged after the fact. Namely, that peace and prosperity were not a bad legacy for the President of the United States. And that's what he gave them.

KRISTOL: I suppose Democrats won't get another Bill Clinton. But I do think that being out of power has that weird advantage of saying, "We have to rethink." Whereas someone on the Republican side, I see a real – it's going to be very hard to get people to think freshly. Everyone will either be supporting Trump or reacting against Trump. Which is fine, but it's a little hard to think forward about, you know, what should be.

GALSTON: A lot depends on what happens. Right? Because the President-Elect has made a series of bold promises. He was elected, in no small part, because of the boldness and the clarity of those promises. The onus is now on him, and I think he understands this, to deliver. Stand and deliver. It's now that time. And I think he'll get a pass for two years. Besides which, the structural advantages that Republicans have now, in the House because of the way votes are distributed, and in the Senate because of the structure of the Senate seats up in 2018. I think a betting-man's bet that there would be unified government through the full four years of Mr. Trump's term; a luxury that Barack Obama did not enjoy for well-known reasons.

He will have no excuse for not doing what he said he would. If you do the narrative, in 2010 – big Tea Party year – the argument was, "Well, give us back the House of Representatives and we'll drive the agenda." Failed, couldn't do it. Barack Obama is reelected in 2014. "Well, give us the Senate and then we'll be able to confront this President and turn these policies around." They got the Senate, and basically did nothing for two years. Nothing of any importance. The frustration at the Republican grassroots level grew, and grew, and grew, as we can now see.

Donald Trump, elected, heading a unified Republican government. The Republican Party is out of excuses. These next four years are going to be absolutely pivotal, because on everything from

healthcare to foreign policy with trade in between, the President-Elect has sketched – I think that’s the fairest, most neutral verb I can come up with – has sketched a particular line of advance. He’s going to get a chance to move down those lines, and then the American people will see for themselves whether it has succeeded or not.

KRISTOL: I haven’t thought about the four years of control; which is likely, unless there really is a rough two years. I guess, the last president who had united control of Congress for an entire term was Carter with the Democrats. Because Reagan never had a Republican House, and Clinton lost it after two years. Bush lost the Senate after a half-year in his first term, and of course, after two years in his second term. And Obama, as you say. So not a great precedent. It shows the difficulty, of course, of having a united control – which is people do hold you accountable, and your party accountable, and it’s easier to run against it in some ways.

GALSTON: This is the closest we get to parliamentary accountability in the American political system. Unified government, and obviously the Senate is not as majoritarian an institution as the House, but my Republican informants tell me that a skillful use of the reconciliation power will be enough to accomplish a substantial portion of the first-year agenda.

KRISTOL: Let me ask you about that. On the Republican side, looking at that a little more on the outside for you. I’ve had this debate with friends: How much is it Trump’s party now? As a winning President-Elect who won an upset election and will be coming in with a fair amount of momentum – we can talk about the popular vote and all that – but still at the end of the day, if you’re inaugurated on January 20th, will he have a lot of clout with his party in Congress?

Or will Republicans say, “That’s very nice, but a lot of Republican Senators ran ahead of you, actually, in states ranging from Wisconsin, to Pennsylvania, to Florida, and we have our own views on trade, and this and on that, and we’ll work with you.” Obviously, it will be somewhere between the two extremes. Paul Ryan has his own views. Where are you analytically, do you think, how strong a hand does Trump have now?

GALSTON: I want to answer that question particularly rather than generally. There is a big difference between Trump and Ryan on fiscal policy. I confidently predict that President Trump will not touch a hair on the chinny-chin-chin of Social Security, nor in my judgment should he, given the massive insecurity that this economy has produced for so many tens of millions of people. On Medicare, I think that a flat-out effort to replace Medicare with a premium support system which might be called “Obamacare for all” – at least, that’s the slogan I would come up with if I wanted to oppose it – I don’t think that is a political winner any more than President George W. Bush’s effort at first-out-of-the-box in 2005 to change the basic structure of Social Security. He lost ground on the issue every time he opened his mouth. With a Republican Congress.

KRISTOL: It’s so underestimated as one of the mistakes Bush made, I think.

GALSTON: That was the opening gun of a disastrous year. And it was, as the tennis commentators say, it was an unforced error. He could have started any place. If he would have started with immigration reform in 2005, the history of the country and the Republican Party would be very different. He could have done it in 2005. By the time it came up in ’06 or ’07, his hand was gravely weakened.

So, I think that that’s an impasse, and I don’t think Donald Trump, who knows his constituency a lot better than Paul Ryan knows his constituency, I don’t think Trump is going to give way on that. Or to put it slightly differently, I don’t think Trump is any more scared of deficits than Ronald Reagan was. Reagan said, “Big tax cut, and build up defense, and balance the budget.” Then his argument was, “Well, two out of three ain’t bad.” Turned out to be – trust me, I was there, two years as Mondale’s policy director – it turned out to be a very strong argument.

On trade, frankly, it is at the grassroots level, the Republican Party that is now the anti-trade party. At the grassroots level, the Democratic Party is still majority pro-trade. I think all Republicans recognize that TPP [Trans-Pacific Partnership] is dead. And all Republicans recognize that if the new President can renegotiate trade treaties without getting us into a trade war, that they will happily go along with that. And besides which, the ball is in his court now because what he has promised is not a legislative agenda, it's an executive-driven agenda on trade. I didn't know until I checked, that the president, on his own authority, can withdrawal from NAFTA with a six-month notice. He doesn't need to get the consent of Congress or anyone else. In modern trade agreements, an enormous amount of power is invested in the Executive Branch. Trump can do all sorts of stuff with the Chinese, including invoking the currency manipulation statute, filing challenges with the WTO, etc., enforcing existing laws much more strictly. Those aren't congressional issues either, so he can do that on his own.

With regard to tax cuts, which is always the long pole in the Republican tent since at least 1978, there are some differences, but I think all parties recognize that there will have to be a meeting of the minds. They cannot fail to come to an agreement on the basic outlines of a tax bill that will then be jammed into a reconciliation bill. If they flunk that test – if they allow the internal debate within the Republican Party which blocked tax reform. You know, there's been a series of promises by Republican Committee Chairs: "Well, we'll come up with an all-Republican tax reform bill." Dave Camp came up with one, and basically, John Boehner and the Republican leadership treated it like a roll of toilet paper. Then, Orrin Hatch said he was going to come up with one if the Republicans got the Senate majority, and he didn't do it either. This is too important for the Republican Party to fail this time, and I think fear of failure will drive success.

That brings us to the Affordable Care Act, where the "repeal" part of the promise is a whole lot harder than the "replace" part of the promise. I predict, for what it's worth, that it's going to be a two-step process not a one-step process, and that the repeal will precede the replace. They'll be some grandfathering; they'll be a transition period. At the end of the day, the Republican Party is going to have to figure out how to redeem promises here. I think, everybody has known for a long time, anybody who has followed the survey research knows that –

There's an old Jewish joke or story: A little boy who hates *kreplach* and so his mother decides to cure him of this phobia, and so brings him into the kitchen and they're going through the various steps, the dough, forming the meat and everything is going fine until she makes the final folds in the dough. And the little boy breaks out crying, "Oy, *kreplach!*"

Well, Obamacare is a lot like that. People hate the *kreplach*, but they like all of the components of it or nearly all. Donald Trump is not highly educated in policy matters, but he's no fool either. He picked out the two most popular elements of Obamacare and said, "Of course, I'll retain those." There is a problem. If you say you're going to retain, for example, the ban on using preexisting conditions as a bar of receiving insurance, that is a commitment that drags a host of consequences in its train. Most people who know insurance will know that, unless you have a very large, diverse risk-pool with lots of healthy people in it, that only the sick people will sign up and premiums go through the roof and you're in an insurance death spiral. How will the Republicans, whose leader, the President-Elect, has committed them to retaining the ban against preexisting conditions exclusion, how are they going to redeem that promise? If they don't, there is going to be hell to pay.

KRISTOL: What I take from this, and I think this is very shrewd, is it is Trump's party for now.

GALSTON: Absolutely.

KRISTOL: He's dominant. And this notion, which I do think D.C. elite Republicans have, is "Trump will fly around the country giving speeches and Paul Ryan is going to run everything." Ridiculous, right?

GALSTON: If you look at Mr. Trump's career as a chief executive, the phrase "hands on" doesn't begin to describe his *modus operandi*. The idea that someone examined the grouting in the tile, and you know,

the way the pieces of marble in the flooring came together – the idea that someone like that is going to delegate his principal campaign promises, subcontract them, it doesn't pass the smell test.

On matters about which he knows little and cares less, that's a long list he'll be happy to subcontract. But on the high-profile items, he's going to be there. His Chief of Staff, and his Vice President I think will be good bridges between his overall objectives and the complex process of getting to "yes" in Congress. He begins with some assets. I do think, at least in the beginning, it's his party. If cooperating with him on his terms doesn't yield results, then over time, it will become less his party, but he starts out, I think, with a pretty strong hand. And as I said before, a fear of failure to deliver in a party that is now fresh out of excuses for not delivering.

KRISTOL: It's his party and it's the majority party, so it's his – I won't say it's his country, exactly, but the ball is in his court, let's put it that way.

GALSTON: Oh boy, is it ever.

KRISTOL: People haven't quite come to grips with that, I would say. At least now after the election, I'm sure they will.

GALSTON: I think this will be a remarkable nine months between his inauguration and Labor Day of 2017. We're going to be talking less about gridlock and more about haste in the next nine months.

KRISTOL: We should get back together on Labor Day of 2017 and see what's happened, and where both parties both stand, and where our politics stand.

GALSTON: It's an easy walk from my place to yours.

KRISTOL: Good, then we'll do it. Bill, thanks so much for joining me today. Thank you for joining us on CONVERSATIONS.

[END]