WTH is going on with the coronavirus economy? When will the US economy return to normal?

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Danielle Pletka: Hi, I'm Danielle Pletka.

Marc Thiessen: I'm Marc Thiessen.

Danielle Pletka: Welcome to our podcast, "What the Hell Is Going On?" Marc, what the hell is going on this week?

Marc Thiessen: Well, first of all, just a reminder to our listeners that we are now in the summer months and the pandemic lockdown is winding down. And so we are going back to our once-a-week schedule.

Marc Thiessen: And also, we don't do this enough, but when listening to other podcasts, they always start out by reminding you to subscribe. So at the very top of the show, so we're going to do that. We ask you to go and subscribe to the podcast, rate it, recommend it to your friends if you like what you're hearing. So anyway, what's going on this week? What the hell is going on is the economy is starting to boom, Dany. We had a jobs report in May, 2.5 million jobs created, the best jobs report ever in the history of the United States. The GDP is going to be growing in double digits over the summer. The economy is coming out of this lockdown pretty damn quick.

Danielle Pletka: So, obviously it's worthwhile for us to talk about the data, the nature of the economy, how it's going to impact people's lives, whether the next unemployment rate's going to look as good as the last one. We'll know that in about a week. But I think one of the unfortunate outcomes of the pandemic is that we've settled into this partisan moment, in which the Democrats really want the suffering of the pandemic to continue until the election, because they think it'll help Biden's candidacy. And Donald Trump, obviously, is more than eager, hyper eager, to get back to the pre-pandemic moment when things were looking great and he could have rallies in which more than 6,500 people would show up. And this is not, that's not good for the country. It's not good for the economy. It's not good for people who hope to get back to work. That, I think, more than the details of the economy, that's one of the things that really worries me.

Marc Thiessen: I think you hit on something important there about the Democrats and Biden, because if you look at Biden's response to the day when the report came out, he was like, "Don't celebrate. We've still got millions of people unemployed, and the economy is still in terrible shape and blah, blah, blah." And it's just like — the American people —I mean, if you think, what have we gone through? I mean, just to put this in context, we've gone through the worst pandemic since 1918, the worst economic devastation since the Great Depression, and now the worst social unrest since the 1960s, all in less than six months in this country. The American people are desperate for some good news, and they finally get some good news and the Democrats' response is, "Don't celebrate." It's like, no.

Danielle Pletka: No, no, no.

Marc Thiessen: Celebrate. We should all be happy that people are doing better. And it's just —it makes me sad that there are people rooting against the economy.

Danielle Pletka: Look, I mean, there's no question. There are — look at what Paul Krugman, the much, much loathed columnist for the New York Times, Nobel prize-winning-

Marc Thiessen: And former Enron adviser.

Danielle Pletka: Right. The columnist for the New York Times actually questioned the Bureau of Labor Statistics' numbers. And I will say, he got the absolute crap kicked out of him not only by people like AEI scholars, who understand this and who actually have a lot of experience with the Bureau of Labor Statistics, but by Obama administration economists as well, who said, "This is complete garbage." So yes, but I also want to reassure the Democrats. Guys, you don't need to root against the economy. Donald Trump will help you no matter what you do, so root for the American people.

Danielle Pletka: I mean, are you as optimistic about our recovery as others are? You know, we're getting a lot of "second wave." Anthony Fauci was in the news again this week. "Second wave is coming. Everybody beware. Wear your masks. Wash your hands. Don't go to work." Are you really optimistic?

Marc Thiessen: I am. And for a number of reasons. One is that — look, the reality is is that before the pandemic hit, the fundamentals of the economy were outstanding. It was one of the best economies we've had in my lifetime. And so we didn't go into recession because of some economic structural problem. We went into recession because we chose to go into recession to deal with a public health crisis. And so, now that we're lifting the restrictions, people are —the economy is going to, in many ways, snap back and grow quickly. And also I think that, you know, and we've talked a little bit about how this could fuel populism, but people are really disgusted with the experts in Washington who told them, "You have to lock down, you can't have any mobility."

Marc Thiessen: I understand why. I think we should have locked down when we did, because we didn't know much about the virus. We didn't know who it was going to impact the most and we didn't have the health capacity to deal with the surge in cases. But now we do. We've built all that up. We're going to have — I think we're on track to have 200,000 ventilators by the end of this year. I mean, we're going to have so many ventilators, we're going to be giving them away on street corners. Right?

Danielle Pletka: We also know that ventilators was probably not the best way to treat people who have COVID.

Marc Thiessen: True. But putting that aside, we have hospital capacity, we've built hospitals, we've done everything, so we can handle a surge in cases. And Americans are looking and saying, "There's millions of people marching, not social distancing over racial injustice and defund the police and whatever the causes are like. I'm sorry, I'm going back to work."

Danielle Pletka: Right.

Marc Thiessen: And I don't think they're going to listen the next time people light their hair on fire and say, "You're going to die if you don't stay in your home for three months."

Danielle Pletka: So one thing that was fascinating. Editorial in the Wall Street Journal. I'll just read the lead sentence, which is "Per capita COVID fatalities were 75% lower in states that didn't lock down." That's number one. Number two, even as the COVID numbers are going up, even as infections are increasing in places like Florida and Texas and elsewhere, the fatality rates are going down. We are on a downhill trend and that has not changed. Which only backs up what you said, which is that we know how to treat this. We know who needs to be careful, the elderly. We know who needs to be careful, people who have comorbidities, but everybody else can manage. And they're just not going to put up with this crap anymore.

Marc Thiessen: Look, the reality is people have to live their lives. This pandemic did enormous damage to — there are businesses that are never going to come back. There are people's livelihoods. There's things that they spent their whole entire life building that are never going to be able to recover. And so, yeah, I don't think people are going to go back to a full lockdown even if we are told that we had to do it. So I'm optimistic that the economy is going to be coming back. And the reality is, we need to give credit where credit is due.

Marc Thiessen: No, well, no. I mean, come on, don't be grudging about it. If we have now a sustained economic growth for the next few months, listen, when all the public health experts were out there saying, "We have to keep the lockdown. We have to keep the lockdown," who was saying, "No, we got to get the economy moving again."

Marc Thiessen: It was Trump. And, and it was the Trump administration who managed this economic recovery. When the economy's bad, the president gets blamed. When the economy is recovering, the president gets credit. And I think there's a reason why your Democratic friends are rooting against the economy. It's because before the pandemic, they were terrified that Trump was going to get reelected because the economy was so good. And they don't want to get there before November.

Danielle Pletka: I've already told you what I think about that. That is a sad state of affairs in American politics. So, we've actually got somebody on today who understands way more about labor markets and economics than Marc and I, notwithstanding our many pronouncements on the topic, Mike Strain. You guys have heard from him before. He's a colleague of ours at AEI. He's our Director of Economic Policy Studies at the American Enterprise Institute. He's also the Arthur F. Burns scholar in political economy. His latest book is one that has gotten really great reviews and continues to get a lot of interest, called "The American Dream Is Not Dead, But Populism Could Kill It." Really. We talked about it with Mike, and we're really lucky that he was game to join us again today to talk about where things are headed with the economy.

Marc Thiessen: Michael, welcome back to the podcast.

Michael Strain: Thanks for having me on.

Marc Thiessen: That's great. Well, look, last time we had you on we were talking about what everyone was hoping for, the chances for a V-shaped recovery. We had Glenn Hubbard on a few weeks later who said it'd probably be more like a Nike swoosh. We're all terrified of the possibility of a hockey stick recovery, which would be the worst possible outcome. But then we had this May jobs report came out, and we added 2.5 million jobs. And Donald Trump says, "This is better than a V. It's a rocket ship." Is he right?

Michael Strain: Well.

Danielle Pletka: Is he ever right?

Michael Strain: That's right. It certainly was a surprising and very positive bit of news. I mean, I think — my expectation was that the economy would hit bottom in April and that the labor market would take another couple of months to hit bottom. So consumer spending and overall economic activity hits its low point in April and the labor market begins to recover in May or in June. Instead, it looks like what happened was that the labor market hit bottom in the same month as the rest of the economy and so the widespread expectation was that in the month of May, the unemployment rate would increase. We would continue to lose jobs. But instead, Marc, as you say, the economy added 2.5 million jobs, which is 10 times the number of jobs that the economy would add in a typical good month during the last expansion.

Michael Strain: And the unemployment rate fell. So I think it's very good news. But I also think that this good news was going to happen. So the takeaway shouldn't be, "Oh, the labor market recovery is so much stronger than anybody thought." Instead, the takeaway should be that the labor market began recovering earlier than people had thought.

Michael Strain: And that's important, because it suggests that the lockdown orders really did have an effect. And when they lifted, employers needed to call workers back to work, and people went out and spent some money. So that's one data point, for sure, but it's a data point that should inspire some optimism.

Danielle Pletka: That's right. I mean, that is one data point. But a lot is resting, in our minds, on that jobs report and on the fact that the stock market really continues to recover. The NASDAQ has already gone above where it was before the crisis. And it's looking like a pretty solid upward train for the rest of the stock market. But is the next jobs report going to be as good? And aren't there other indicators that we need to look to to have a sense of whether we're a V or a swoosh or a hockey stick?

Michael Strain: Yeah, there certainly are. So to answer your first question, yes, I think the next jobs report is going to look that good. I would expect to see the next few jobs reports continue to look that good. So that is good news. There are other pieces of good news. We saw a massive increase in consumer spending in the most recent data.

Danielle Pletka: That was all me, though. And I'm ratcheting back. I just looked at my credit card bill, and I was like, "Oh my God, what were you doing in the month of May?"

Marc Thiessen: For those of you who have never seen Dany's wardrobe, like I do every day, that is not an exaggeration.

Michael Strain: Dany is well-dressed. There's no doubt about it. So, of course, consumer spending really tanked as a consequence of the lockdown. And if you looked at retail sales, basically in bars and restaurants, in the month of April they dropped by over 30%. But in the month of May, they increased by nearly 30% as well. So we had about a 30% drop in March, followed by a 33% drop or so in April, followed by a 30% increase in May. So that makes sense, because who wants to go to a bar, or who wants to go to a restaurant in the middle of a pandemic? But another interesting data point is consumer spending on clothing. And here again, Dany may be pulling up the rest of the economy, but in March-

Marc Thiessen: Sweatpants have really gone through the roof, I will tell you.

Danielle Pletka: Not in my house. But, yes.

Michael Strain: In March, consumer spending on clothing dropped by about 40%. In April, consumer spending on clothing dropped by about 80%.

Danielle Pletka: Wow.

Michael Strain: But in May, consumer spending on clothing increased by about 180%.

Marc Thiessen: But, Michael, that's going to be a small bump, because that's everybody who can't fit into their pre-pandemic clothes having to buy new post-pandemic clothes.

Michael Strain: It is. I think a lot of people are experiencing that.

Danielle Pletka: So what you're really saying is that the bottom really had no tenacity. What I guess I don't get is that lots and lots of businesses haven't come back. What accounts for these numbers?

Michael Strain: Yeah. What I'm saying is that it's interesting that people just didn't spend money. You wouldn't think that clothing sales would be that affected, right? People could still shop online. People could still shop in clothing stores. But people just cut their spending back dramatically in March and April. But even spending on things like clothing that aren't really the first order affected by a pandemic seem to have responded really quickly. This is a consequence of a couple of things. In a typical month, personal income, the income that people get, increases by 0.3, 0.4, 0.5%. In the month of April, personal income increased by 10.5%. And that increase in income was driven by the CARES Act, by Congress's economic recovery program, by very generous unemployment insurance benefits, by checks to households. These provisions just shot personal income up through the roof.

Michael Strain: The personal savings rate hit 33%, which is remarkable. Typically, it's 7%, or something like that. So a picture is emerging, right? Congress succeeded in plugging the income hole for households. Not for every household, certainly. But in a macro-economic sense, Congress replaced that lost income. In a macro-economic sense, households sat on a lot of it. And once the lockdown orders lifted, households started spending on things like bars and restaurants, like you would expect, but also on things like clothing that may be less expected. At the same time, businesses brought employees back to work earlier than had been widely believed that they would. So this all points to a very strong summer for the US economy. I see no real reason why you would think this trend would stop in July or August.

Danielle Pletka: Even with the second wave of the virus?

Michael Strain: It depends. It depends on whether that materializes. So there's a lot of concern right now, obviously, about the number of states that have transmission rates for the virus that are exponential. And if that continues, if the summer heat doesn't knock the virus back or whatever, then we will see. And that is a risk. One possibility, of course, is that people's risk tolerance for this has increased. That this really kind of came on the scene in February and March suddenly, people didn't know what to expect. People kind of retreated inside their homes. But that over the past few months, people have grown more comfortable taking risks.

Michael Strain: Another important factor is that risk management practices, I think, are much better understood. In February or March, the idea of wearing masks or of washing your hands five times a day, not touching your face, carrying hand sanitizer and Clorox wipes around with you — these were very foreign practices. It may be that people are so much more comfortable with these sorts of simple things that they feel more comfortable shopping and dining out and doing things of that nature. So even if the virus surges again, our response to it may be different. Of course, that may not be the case, right? And it may be that the virus isn't affected by the summer heat. That it really comes back very, very aggressively, and that we do this all over again. I mean, I think a double-dip recession is still a very live possibility. Probably not for the summer, but maybe for the fall. I think we don't really know what path that's going to take.

Marc Thiessen: Michael, as you pointed out, the risk tolerance of the American people has changed. And also, the lockdown tolerance of the American people has changed. I don't know that the American people, having gone through this once are going to willingly go through it again. Or whether there would be a resistance to a significant lockdown if the virus came back in the fall. What do you think?

Michael Strain: Yeah, I don't know either. I mean, I think it depends on how strong it comes back. And it depends on people's reaction to it. But I do think that having gone through this, the appetite for doing it again is going to be a lot less. I mean, I think when we entered into this, this period of lockdown back in March, I don't think the economic costs of shutting the country down were really apparent to most people or even to most of our elected leaders, to most of our governors and members of Congress. But now they are. And we see just how much damage shutting the economy down for two or three months can do.

Michael Strain: We also see how extraordinary the policy response needs to be. If you're going to do that then you're committing the federal government to spending a few trillion dollars. And I think the appetite to do that has decreased as well. So, my guess is that we're not going to do this again. But that does depend, to a large degree, on the virus. And if it comes back in the fall really, really aggressively, then the appetite to do it again may change.

Marc Thiessen: So, Michael, you were extolling what a good job Congress did, and really that a lot of this recovery that we're experiencing right now is because of the actions Congress took. As you well know, having studied the Constitution, we have a tripartite system of government, which also includes the executive branch. How do you rate the Trump administration's response economically? And doesn't really Trump deserve credit for the fact that we've rebounded —

Danielle Pletka: Talk about leading the witness. How do you rate them? And don't they deserve credit?

Marc Thiessen: What do you mean? That's fair. That's a fair question.

Danielle Pletka: Fair and balanced.

Michael Strain: I think it's both a fair question, and a leading question.

Marc Thiessen: Yes. Many are.

Michael Strain: I mean, the —

Marc Thiessen: Judge Dany, you're leading the witness.

Danielle Pletka: I am judge and jury, Marc Thiessen.

Marc Thiessen: The witness will answer the question.

Michael Strain: The administration obviously worked with Congress on the legislation and so, of course, they deserve credit for helping to shape it. In our tripartite system of government, Congress has the primary authority to write the laws and then the Executive Branch has the authority to execute them. And I would give the administration relatively low marks on its execution of some of these programs. The CARES Act cost about $2.2 trillion, or thereabouts. And, 454 billion of that, so 20% to 25% of it, was a fund that the Treasury Department intended to use as capital to support Federal Reserve lending programs to businesses and municipalities.

Michael Strain: The Trump administration is being extremely conservative with how that capital will be allowed to be used. To the point that basically no lending is happening. And so that's 20 to 25% of the CARES Act that is just kind of sitting there, not being used to support the economy. Because the Treasury Department, I think, is again not willing to do the things that are needed to get that money out to work for American businesses and the American people.

Michael Strain: The biggest and most important part of the CARES Act was the Paycheck Protection Program, which is a program that offers what are essentially grants to small business to support payroll and other expenses during the shutdown. That program, I think, has been successful. But its execution has been very rocky and its execution has scared away participants and confused a whole lot of people. And, as a consequence of that rocky execution, PPP funds didn't reach many of the most vulnerable and most needy businesses. And indeed, at the moment, businesses are really skittish about participating in the program at all because they're just confused about how the Treasury Department is going to operate it, going forward.

Danielle Pletka: Sorry to interrupt you, but can you explain why the administration has been so conservative? Because we've heard, we really have heard a lot of complaints, about their administration. Not just with the Paycheck Protection Program but also of the loans that were available for business. The lack of clarity, the President getting mad that some of the loans upfront went to corporations that have billions of dollars and aren't as in need as small businesses. But what to your mind, other than the usual government explanation of incompetence, explains why they've administered this program so incompetently, so badly?

Michael Strain: I don't know. It's a great question. I think that they may be excessively concerned about the perception that government money is going to businesses that don't need it.

Marc Thiessen: Which is a fair concern, isn't it?

Michael Strain: Well, I think it is a fair concern, but the alternative is not that money only goes to businesses that need it. The realistic alternative is that money doesn't get to many businesses that need it. And so, that's the tradeoff. If you're so conservative that you're setting up these programs in such a way that it's very difficult to get any money out the door, then you probably are protecting yourself against the concern that you're giving money to undeserving companies.

Michael Strain: But at the same time, you're opening yourself up to the concern that Congress appropriated all this money and you're not using it to help all of these struggling businesses. And there are many more struggling businesses out there, that could use this money than there are, the potential for undeserving borrowers. So I think they're just reading the balance of risks wrong and that's going to be a problem.

Michael Strain: Again, we're going to see, I think, pretty rapid economic growth, over the summer. But after that initial snapback period happens, when workers that are temporarily laid off return to their former employer. When the burst of enthusiasm for spending money dies down, then we're going to enter a second phase of the recovery where it's just harder for the economy to improve. Because improvement will no longer mean returning to the way things were in February.

Michael Strain: Instead, improvement will require changes in the economy. Some industries to shrink, some industries to expand, businesses to change the way they do business. And that's when the rubber is going to hit the road for a lot of these programs. And if the Trump administration isn't doing all it can to support business and workers then that, I think, is a much larger political risk, than the risk of a few companies getting money that shouldn't have.

Danielle Pletka: How concerned are you about this very anecdotal, but very widespread problem that a lot of businesses are reporting, which is, that people are making more on unemployment than they are —

Marc Thiessen: It's actually not anecdotal, Dany.

Danielle Pletka: No, it's not, you're right, it's not anecdotal, but let me put it this way. I think everybody knows an employer, and I meant that from my perspective, everybody knows an employer who's actually having trouble getting people to come back to work. Because, and including a lot of small businesses, because people are making more by staying home than they would by going back to work. How big a problem is that, do you think, Mike?

Marc Thiessen: And just to put the numbers out there, to show it's not just anecdotal. A University of Chicago study saw that 60 to 70% of people on unemployment insurance are making more money than they did in their previous jobs. And for people at the bottom 20% they're making double what they made in their previous jobs.

Michael Strain: Yeah, that's right. So typically, unemployment insurance, on average, is in the ballpark of $300 a week. And so that's, roughly speaking, $15,000 a year. What Congress did in the CARES Act was it added $600 to all those payments. To put that in annual terms, that's adding $30,000 a year. On top of the $300 a week that people already got. So, if you are unemployed, the average unemployed worker is able to earn — well, not able to earn, but is able to receive, something like $45,000 a year on unemployment benefits.

Michael Strain: That's more than a lot of workers make. And I think two-thirds of workers being able to increase their income by staying unemployed is pretty close to the right number. So this is a big problem. This was not a big problem during the shutdown. During the shutdown, people weren't going to go to work, anyway. People weren't going to go out and try and find jobs, anyway. And it's a poor use of taxpayer money. It was a policy mistake, it shouldn't have happened. But the economic implications of it, were not significant.

Michael Strain: Now that we're into the reopening phase, the economic implications of two-thirds of workers being able to have a higher income while unemployed than in jobs is a significant problem. And it will keep the unemployment rate elevated. It will lead to workers choosing to be unemployed rather than choosing to be employed. And it will make the recovery from this recession longer and more painful.

Michael Strain: And so, top of mind for Congress needs to be to wind that down. Those benefits expire next month, at the end of next month. And so, Congress has to proactively renew them or come to some sort of compromise where they're scaled back. But that's going to be, or that should be, at the top of Congress' agenda for next month.

Marc Thiessen: One of the proposals for how to fix that problem was — Senator Portman has introduced legislation and, full disclosure, my wife is his legislative director. But, he's introduced legislation to do a return to work bonus of $450. Where, if you get off of your unemployment and go back to work that, for a period of time, you get a $450 bonus to return to work. What do you think of that idea?

Michael Strain: I think it's a good idea. It's actually pretty similar to an idea that I advocated, I think back in 2013, 2014, 2015, to help the economy recover from the Great Recession. It changes the incentive, the incentive for workers are now to get jobs, not to remain unemployed. And that's pushing it in the right direction. It's definitely an improvement over the status quo, of $600 a week in additional UI payments if you're not working.

Michael Strain: It makes me a little concerned for two reasons. One reason is that, is this really equitable, right? So, people who didn't lose their jobs or who went back to work really quickly would not be eligible for this payment. And does it make sense to offer a bonus to workers who stayed unemployed for longer? And then the second concern I have is, does this really further, does this change the nature of the unemployment insurance system in a way that's going to become problematic?

Michael Strain: The point of unemployment insurance is that, it's insurance against involuntary employment, people pay into the system using payroll taxes. When they're not unemployed, they don't get the money anymore. So is this — would this end up being a temporary expansion under extraordinary circumstances, or would this kind of creep into more of a permanent earning subsidy type program? If the latter, then it may make more sense to just expand earning subsidies. Because that way you could target them. Right? So what you could do instead is you could phase out the unemployment benefits, not offer a reemployment bonus as part of the UI system, but instead just offer workers a tax credit to subsidize their earnings. It would only go to working households and it should incentivize employment in the same way that a reemployment bonus would. The advantage is that you could target that on low income households who really, I think, need it the most, but certainly it would be an improvement over the status quo.

Marc Thiessen: So, Pam is wrong.

Danielle Pletka: That's what he was really asking you. Is Pam right? Or is Pam wrong? No, what you said makes a lot of sense. Let me ask you really quickly and we need to wrap — I know your time is precious — but you made a statement before the Senate Committee on Small Business at the beginning of June that was interesting. You noted that research shows that 50% of small businesses have less than 15 days of cash liquidity. And that while manufacturing firms may have the sort of the buffer that they need to get through this, service sector losses are never going to be made up. But, isn't America mostly a service economy? In other words, aren't there things that are never going to come back? We focused on individuals, on employment, but aren't there just things that we're never going to see anymore after this pandemic.

Michael Strain: Yeah, I think so. I mean, my sense is that life will look a lot more normal than a lot of people think. Right? I think there will be less permanent change as a consequence of this than many people think. The world will look the way it did in February to a large degree. I don't think we're going to see half of workers working from home in perpetuity. I don't think we're going to see the end of business travel. I don't think we're going to see things of this nature, but I do think that some things will look different.

Michael Strain: It's hard to imagine that movie theaters will be able to recover from this. They were already struggling long before the pandemic and it seems like for people who are kids today, the idea that you would go to a building at a specific time to watch a movie will seem as foreign to kids today as the idea that you would rush home at 7:00 PM to sit in front of the TV to watch a show at a certain time. My guess is that there will be less business travel than there was before. I think a lot of people kind of scratch their heads at the idea of carving two days out of their life and flying across the country for one, one-hour meeting. So that sort of thing may diminish in frequency.

Michael Strain: So there will be some changes and that is going to be a painful adjustment process, right? So think about the recovery from this in two phases. Phase one is the snapback, right? Workers who were temporarily unemployed go back to their previous employer. People go back to barbershops, they go back to restaurants, they go back to doing the things that they used to do. That will happen rapidly. Typically, the unemployment rate will drop around one percent per year following a recession. We're going to see the unemployment rate drop by around one percent per month for the next few months. Typically, a great jobs number during the recovery from a recession, say 200,000 jobs in a month. We're going to see two million jobs a month.

Michael Strain: There was a big debate over whether or not the economy could grow at three percent or four percent on an annualized basis. We're going to see GDP growing this summer at 20% or 30%. We're going to see GDP growing this fall at 10% or 12%.

So we're going to have a rapid and really aggressive recovery. And then that period is going to end. And when that period ends, say at the end of calendar year 2020, the economy is still going to be in terrible shape. And we're going to enter the second phase of the recovery which is the phase where some industries need to shrink and other industries need to expand. Businesses need to change the way that they're doing business. Workers who have permanently lost their job, as opposed to workers who have temporarily lost their job, will have to find new jobs at new companies maybe in new industries or in new occupations.

Michael Strain: And that phase of the recovery is going to take years, not months. So are we going to have a V? Yeah, we'll have a V over the summer and probably into the fall, but then we're going to not have a V anymore. And we're going to have a much slower, more painful process.

Marc Thiessen: Well Michael, this is great to have you back on the podcast. Thank you so much for joining us and sharing your insights.

Michael Strain: Yeah. Thank you, always fun.

Marc Thiessen: Alright. So Mike says, we're going to have a two stage recovery, which is one stage we're going to rocket back up out of the V and then we're going to plateau because there's all sorts of structural issues with the economy that the pandemic has unleashed. But I mean, what that means is we're going to get back to where we were which was struggling to get more than two percent growth, which is great. Because where we were wasn't bad. There are going to be after effects. It's sort of like, we've learned that — we were talking about this off air — but we've learned that ventilators are actually not the greatest thing for COVID patients, but a lot of businesses are like COVID patients who are on ventilators. They got this economic support that saved them. It's probably prevented their loss but the recovery for some of these businesses going to be long and arduous and not instantaneous.

Danielle Pletka: Yeah, no, and you're right. It is accurate. One of the things that worries me going forward, and I wanted to ask Mike about it but we just didn't have the bandwidth or the time, is this immigration order that Donald Trump made. Not on the margins — the au pairs that can't come here, alright, whatever. But the fact that he's not allowing any more H1-Bs. What that means is that —

Marc Thiessen: Temporary.

Danielle Pletka: Well, but through the end of the year, and that's going to impact recovery for people who need to hire, it's going to impact people's ability to execute on their business plans. We are a country of immigrants and to be a country of immigrants, to continue to grow, to continue to innovate, we need to actually have immigrants. And I worry about this lockdown. And one of the things I worry about if Donald Trump is reelected is that the Steven Millers of his administration who hate immigrants and who hate immigration are going to prevail and we are going to have our doors closed. That's not going to be good for the economy. And that is going to stall phase two even worse.

Marc Thiessen: So, let me say at the outset, before I answer your question, that I am pro-immigration. I am pro-legal immigration. I think we should not only continue to allow legal immigration but expand it dramatically because before the pandemic hit, the biggest problem that American businesses had is they couldn't find workers.

Danielle Pletka: Right?

Marc Thiessen: They were struggling to find workers. Every business survey showed that we can't find workers. So if you really wanted to go from that two percent growth to, like, four percent GDP growth, you need a lot of immigrants. Also, because the American people are replacement ... We're not even at replacement rate in terms of fertility. And so we're not growing them at home. So we got to import them from outside. So all of that, true. And will be true in the second term of the Trump administration, once the economy recovers. However-

Danielle Pletka: Should there be one.

Marc Thiessen: However — when it happens. However, when you've got 40 million Americans who are out of work, who have filed for unemployment and we're trying to get Americans back to work, I don't necessarily see a problem with prioritizing getting Americans back to work before you allow people to come in from the outside.

Danielle Pletka: Maybe for a month or two, but not for the next six months.

Marc Thiessen: Okay. Well, you know what? It's something that we can quibble over the period of time. But I think it's completely fair to have a period of time where we prioritize jobs for Americans, because I'll tell you, putting aside whether that's right or wrong, it is politically unsustainable to be arguing, if you're an elected official, to argue that it's a bad thing to prioritize Americans, getting them unemployment… I hope the Democrats make that an issue because they will lose.

Danielle Pletka: We shall see. A lot more to talk about, a lot more to discuss. Don't hesitate to send us your thoughts. Don't hesitate to share suggestions. And don't forget to tell everybody you know and people you don't know as well.

Marc Thiessen: I am wrong.

Danielle Pletka: Why Marc is wrong. Why Marc is wrong. But also what I was going to say, Marc, which is subscribe, review the podcast. Tell us what we can do better and take good care of yourselves. We'll see you next week.

Marc Thiessen: Take care.