



The Economic Club of New York

113<sup>th</sup> Year  
55<sup>th</sup> Meeting

---

Lawrence A. Kudlow  
Assistant to the President for Economic Policy  
Director, National Economic Council

---

September 17, 2020

Webinar

Moderator: Greg Ip  
Chief Economics Commentator  
The Wall Street Journal

## Introduction

Vice Chairman Michael O'Neill

Welcome to the 555<sup>th</sup> meeting of The Economic Club of New York in our 113<sup>th</sup> year. I'm Mike O'Neill, Vice Chairman of the Club. With a distinguished history since 1907, The Economic Club of New York is a premier forum for discussion on a wide range of issues facing New York City, the United States, and the world. Our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation. We proudly stand with all communities seeking inclusion and mutual understanding.

I'd like to take a moment to recognize the 312 members of our Centennial Society as their contributions continue to be the financial backbone and support for the Club and enable us to offer our wonderful diverse programming now and in the future. In our efforts to connect with and encourage the next generation of business leaders, we welcome the members of the ECNY 2020 Class of Fellows as well as graduate students from Stony Brook University, Gabelli School of Business at Fordham and the Zicklin School of Business at Baruch College.

It's now an honor for me to introduce our guest today, Lawrence A. Kudlow. Larry serves as the Assistant to the President for Economic Policy and Director of the

National Economic Council. He leads the coordination of President Trump's domestic and global economic policy agenda.

Prior to the White House, Larry was a CNBC Senior Contributor and host of CNBC's primetime show "The Kudlow Report." He also served as chief economist and senior managing director of Bear Stearns & Company.

During President Reagan's first term, Larry was associate director for economics and planning at the Office of Management and Budget, where he was engaged in the development of the Administration's economic and budget policy.

As a nationally syndicated columnist, Larry was a senior editor of National Review magazine, as well as a columnist and economics editor for National Review Online. He is also the author of "JFK and the Reagan Revolution: A Secret History of American Prosperity" and "American Abundance: The New Economic and Moral Prosperity."

The format today will begin with a few remarks from Larry followed by a conversation which we are fortunate to have Greg Ip doing the honors. Greg is the chief economics commentator for The Wall Street Journal. We'll end promptly at 2:45 and any questions that were sent to the Club from members in advance were shared with Greg. As a reminder, this conversation is on the record as we do have media on the line. Larry, the

virtual podium is yours.

Remarks from Lawrence A. Kudlow

Thank you, Michael. I appreciate it very much. Thanks to the New York Economic Club for having me back. I've spoken in the past. I'm very grateful for this opportunity. Let me just kind of jump in on the economic outlook. I have a positive view. The Administration has a positive view. Economic recovery, return to economic health, we see it right now essentially as a V-shaped recovery, a self-sustaining recovery. And congressional negotiations notwithstanding, I think the recovery has tremendous momentum and is going to go on for quite some time. Of course, this is always conditioned on the virus and what might happen to interfere.

But that's the basic view, and I just want to add the view – along with that – that coming into this pandemic contraction, with all of its difficulties and hardships and heartbreak, it's been absolutely so difficult for everybody really. Nonetheless, we had a fundamentally strong economy and President Trump's policies of lower taxes and substantial regulatory rollback and energy independence and free, fair and reciprocal trade deals have boosted exports. I think some of these trade deals, U.S., Mexico, Canada and China will be reflected in a very strong export sector. But I think those approaches, which are incentive-oriented approaches, we believe if it pays more to

work and invest after tax, then people will work and invest more. And that's the theory, it's a supply side theory. And market-oriented policies have been President Trump's view. And I would just say if he is given the opportunity to serve in a second term, and we'll know about that in a couple of months, those kinds of incentive-oriented policies will continue.

I also just want to mention one thing as a backdrop to all this. We had this Census Bureau Report, as you know, yesterday or the day before yesterday. And I mention it because it attests to the strength of the underlying economy, which I think is going to help us get through this pandemic contraction and crisis. Real median household income – and this is pre-pandemic – for 2019 jumped a remarkable \$4,400 to \$69,000 per household. And that's a bigger than 50% above the prior eight years – a tremendous increase in prosperity. You had tremendous gains, sizable gains in all the, Black, African-Americans, Asians, Hispanics, Native-born Americans. Women jumped 7.8%. And at the same time that we had this increase in income, essentially wages, poverty rates fell and income inequality fell. And I simply mention that because these are themes that I and others are going back to the campaign and now serving in the Administration have emphasized time and again.

Now, against all that backdrop, of course we had a big assistance package last winter. I think it was successful. Roughly \$3 trillion of fiscal assistance and perhaps another \$5

trillion or more of monetary resources injected into the economy. I am not an advocate usually of large government, centrally not central planning, but in an emergency like this we tried to use all the available resources, power, and authority of the federal government to help people get through this. We worked very hard and at least the first package was a bipartisan package.

Of course, we had a terrible contraction, particularly in the second quarter, but really the first half. But as you all know there are now signs that we are turning to economic health and prosperity. The story is not over. The virus is not over. The recovery is not over. We're probably just at the front end of it. But as we see it, the most recent four months are beginning to show very important signs that the V-shaped snapshot is in fact taking place. And I would just underscore our reading, you've got a very significant upturn in housing, retailing, consumer spending, manufacturing, more recently Cap-X, and of course the stock market – I know it's sloppy today, but it's had a tremendous 50% rebound from the March 23rd lows.

And I would add to that, some people have said, well, why do you think it's a self-sustaining recovery, and my response is we've had all these improvements in housing and autos and so forth, but inventories, which virtually collapsed in the second quarter, inventories will have to be rebuilt and restocked to meet the demands of the growing economy in both the services and hard goods areas. And as inventories are rebuilt, as

they always are in a business cycle, that of course will add a lot of momentum and a lot of torque to the economic recovery.

On top of that, we've had important declines in unemployment, gratefully. We've created 10.6 million jobs on the payrolls for the last four months. On the household survey from which unemployment is derived, we've increased jobs by 14 million. Folks are going back to work. The unemployment rate, as you know dropped from 14.7% in April down to 8.4% in August. And my sense is, as we keep reopening businesses, and hopefully, by the way, we keep reopening schools, K through 12 and colleges, and of course we must remain vigilant in terms of dealing with the mitigation of the virus. We cannot let up here. Masking and distancing still very important. Testing where appropriate and good old-fashioned hygiene, all essential parts, not only of safety and security on the health side, but also on the economy itself. So again, it's a pretty positive outlook. It's going to be a tough climb. It has been a tough climb. I'm not diminishing anything. But nonetheless, we are a resilient country.

And again if President Trump is given the opportunity for a second term, he intends to continue tax reduction and reform. He intends to continue his deregulation program to rid us of costly and burdensome government interference. He will continue to emphasize energy independence and he will continue to emphasize new trade deals, mostly bilateral, of the sort we've had in the U.S., Canada, and Mexico and China and

Japan and even a smaller one with Europe and South Korea. He wants free, fair and reciprocal trade. And the net sum of that is going to be, I think, a substantial export boom to help the whole economy, but especially manufacturing or farming or ranching. We've had tremendous technological innovation. We want to keep that alive.

Basically President Trump is somebody who wants to reward success, not punish it, and he wants to keep the incentives in place. And again if it pays more to work and invest or take risks or innovate or be an entrepreneur, if it pays more after tax and after regulations, the President will continue on that path to produce more work, effort, savings, investment, and entrepreneurship. That's his view and it's a tough time but I think we're coming out of it. America is a very resilient country. So Michael, I will stop there and I guess we'll go to my friend, Greg Ip, and do some back and forth if that's okay.

Conversation with Lawrence A. Kudlow

GREG IP: So, Larry, thanks very much for those remarks. So you said that we're going to have a V-shaped recovery, fiscal negotiations notwithstanding. So let's talk a bit about where we are with respect to fiscal negotiations. This morning the President said Republicans should go bigger. How much bigger? What type of package, what size of package is the President now comfortable with?

LAWRENCE A. KUDLOW: Well, Greg, I don't want to, you know, get into a negotiating mode here, but the President, I think, sees this as an insurance policy. Okay, there's still a lot of uncertainty out there. He would like to see some additional assistance for unemployment. He would like to see some, certainly lengthening and re-purposing of the Small Business PPP loans. We have suggested all along considerable addition to spending for school reopenings wherever possible.

Now you know he has proposed, because the Congress was, we felt slow in acting and they rejected what we thought were reasonable positions, he's moved ahead with executive orders on unemployment assistance and he's moved ahead with a payroll tax deferral that he would forgive in a second term if given the opportunity. He has moved ahead on the eviction moratorium and he's moved ahead on the student loan moratorium.

There's a lot of agreement on many facets. I can't go into heavy detail, Greg, because they're still negotiating. As we're talking here, there's a lot of activity going on back and forth. But they're in agreement on five or six solid places. I don't think the recovery depends on it but I think well-targeted assistance could be of enormous help. And I'm thinking here especially of kids and jobs. Small businesses and school reopenings with safety and security and all the necessary health conditions present would do that. And he's extended his hand in saying let's go on ahead and if it costs a few more bucks, he'll

do it.

GREG IP: Secretary Mnuchin in the past has expressed comfort with a number as high as \$1.5 trillion. Would that size of a package be acceptable to the President? Something even larger?

LAWRENCE A. KUDLOW: I won't say for certain because I don't want to front-run him. And much as I admire and respect you – you're an old friend – I don't think you and I can negotiate this out today with The Economic Club of New York. But I will just say if you're talking a trillion and a half, I would say that's in the range of plausibility and that's about as far as I can go.

GREG IP: In the past, you and the President have been fairly adamant that you would like a payroll tax cut. Is that still an important component of any package as far as you're concerned?

LAWRENCE A. KUDLOW: Well, I think the payroll tax deferral is very important. We've gone the route of an executive order. We've looked everywhere for ways to forgive that deferral. So there's no tax hike bumping up next year or the year after. We would prefer, I think it's fair to say, a legislative solution. Look, the payroll tax, the 6.2% deferral, would provide a significant wage increase for those folks who have, you know, been

good enough, grateful enough, have opportunities to be working during this pandemic. And as you know, right now the situation is we've got about 147 million people working. A large, large fraction of that would be eligible for a payroll tax and a wage hike and we think it would provide incentives to work and we think it would provide incentives for people to go from unemployment to employment.

GREG IP: I know one of the sticking points has also been about aid to state and local governments. The bipartisan proposal in Congress had about a half a trillion dollars of aid to state and local governments. Where are you on that, Larry? I mean do you think, do you agree that state and local government aid, a significant amount, could and should be part of the package? If so, does the half a trillion-dollar number stop you dead?

LAWRENCE A. KUDLOW: Well, look, the half a trillion was actually closer to a trillion, and this is a difficult subject. I think all along the President has said we will be happy to provide or negotiate an agreement on direct and targeted spending that have to deal with the Covid virus. And, you know, that includes school openings for example. What we didn't want is spending a trillion dollars or more on matters that had nothing to do with Covid. And that was an objection that our team – Secretary Mnuchin, Chief of Staff Meadows, and the President, and I and others – rejected from day one. So almost a third of that package was not really related to Covid.

So I don't want to get into a corner here. I'm just saying my generic point is that for several weeks, including the Senate vote that failed, there's been agreement on five or six kind of core targeted principles or areas. And we just don't understand why we just can't get that. Again, the recovery doesn't depend on it but that kind of assistance in key spots would be most welcome. And it's out there. Folks would like to be reassured. It's kind of like an insurance policy. I just don't see why we can't get that through. Leave the bells and whistles for different votes at different times. We can decide that. And, of course, there's an election coming up.

GREG IP: Just to be clear, you're not saying no to state and local aid at all?

LAWRENCE A. KUDLOW: That's correct, particularly if it relates to Covid. Now, look, I'll add, Greg, as you've heard, the President has said many times, he's not going to bail out what he calls mismanaged states. All right. And that includes the pension story. That stuff is important but that's for another time and different pieces of legislation. But on the core, directed, targeted matters that would clearly help business, education, and recovery, we're open to it.

GREG IP: Larry, what's your message to Senate Republicans? They, of course, passed a skinny deal, the numbers were way, way below what we're talking about now, \$300 billion. We're also very, very late in the process. What's your message to Senate

Republicans? Do you think that as a legislative and political matter they need to move, that they've been perhaps more of a source of resistance than they have facilitating this?

LAWRENCE A. KUDLOW: Well, I don't really have a message to Republicans. I meet with them and talk to them all the time. The hardcore negotiations are being done by Secretary Mnuchin and Chief Mark Meadows. We are working together with the GOP. I mean they had, if I recall, Greg, 52 votes. We needed 60, we didn't get it. But 52 votes was really basically a unanimous Republican conference position. And so I think that was a good sign. So I think there's a lot of agreement. I think there's actually significant agreement between the White House view and the GOP Senate conference view.

GREG IP: Let's, you talked about the importance of free, fair, reciprocal trade as a key part of the President's agenda, let's talk about one specific part which is very much in the news right now which is relations with China. The President has made it a priority to limit the ability of China and Chinese technology companies and the state, via those companies, to become a source of, a threat to American national security and privacy. And so, of course, this comes into play with respect to the proposed acquisition of TikTok. As you know, there's a deal in the works right now. Oracle and a number of other U.S. partners have proposed taking a stake in the U.S. operations of TikTok. We have heard that the President is not comfortable with the way the deal is structured.

Tell us what you think of that and what more needs to be done to make the President satisfied that this deal protects Americans.

LAWRENCE A. KUDLOW: You know, Greg, there's a lot of very intense discussions going on. The deal and its many aspects is being reviewed very, very carefully by economic and national security processes. The President himself is looking at all the options. He's not made a decision yet. And I don't want to comment on specifics because I don't want to break this open. These are confidential negotiations and discussions.

I do want to go back, though, to your generic question. We've had a lot of difficulty with China in recent months and maybe extending more than that. Now, we are engaged – let me be as clear as I can – we are engaged in the U.S.-China Phase 1 trade deal. We remain engaged. Ambassador Lighthizer, Bob Lighthizer is presently satisfied with the progress of that deal in terms of commodity purchases but also what I'll call more structural issues, for example, intellectual property theft, transfers of technology and so forth. He's pleased with the progress. So you have that.

On the other hand, there are many problems that have arisen with China – their behavior and lack of transparency regarding the Chinese virus. We have big problems with the military strategies, some venturism in the South Sea, China South Sea. We

have problems with their eavesdropping and wiretapping and theft of information from individuals, corporations and government. We have problems on the investor front.

There's an investor protection area that is most troubling where the U.S. Accounting Board working with the SEC has for many years suspected China's public offerings or its public companies of not meeting our accounting standards, without transparency, without backup documentation and papers. And we've given them a year to improve that story. And if not, then we will take very strong measures to counter. Investor protection is a very important issue.

And then finally the Hong Kong story, we were extremely disappointed. I'm sure you heard or read Secretary of State Pompeo's speeches on the matter, and others, and the President refers to it all the time. They broke a longstanding treaty with Hong Kong. They've decimated the Hong Kong freedoms. They've decimated the Hong Kong democracy. And again, at the same time that's going on there's no progress on human rights and the problem of enslaved Uyghurs in that section, the Xinjiang section of China. So there are a lot of difficult problems with China, but we are engaging on the trade front.

GREG IP: We'll stay on that for a moment. I mean obviously one of the complications is that for all the tensions and adversarial relationships between China and the United States, our economies are very much still intertwined. We do a lot of business with

China. China does a lot of business with us and a lot of third countries, you know, connected to the both of us. And so one of the complications here is that American companies still do a lot of business in China and count on having that as an important market.

Now you take an issue, for example, like the President signed an executive order in early August saying that U.S. entities could not do business with WeChat, which is, you know, an instant messaging service owned by Tencent. That was to take effect in 45 days which comes up this weekend. But you yourself, Larry, have said that this should not have to affect how businesses – American businesses – do business with customers in China because, as you know, WeChat is an important marketing channel for businesses doing business in China. How do you plan to do both of those things at once – on the one hand, cut off U.S. contact with WeChat but also protect the ability of American companies to use that channel in China?

LAWRENCE A. KUDLOW: Well, I think, Greg, it's a complicated matter. We haven't made a decision yet. But it is a question of WeChat's activities here in the states and their activities in China. And we're looking at that and we're trying to sort through that. We have placed, as you know, a bunch of export controls with respect to very high and advanced technology. We believe that advanced technology is one of America's greatest achievements and it's where we forge ahead frankly from the rest of the world.

I think of it as our crown jewels. This is intellectual property and so forth. And we don't want it stolen. And so we have taken measures to frankly either restrain or prevent the export of very sensitive technologies and I would say at this point those policies will continue.

On another matter related to this, we would like American companies based in China or with heavy supply chain dependence on China to come home. We would like them to come home. And we see, just in the business markets – it's not just a government policy – but after the difficult experience with the coronavirus, a lot of firms are saying, hang on, we are too dependent on China. We are too dependent on supply chains that either originate or run through China.

And there is a movement, I mean I see the inquiries, Greg, from businesses, both large and small, coming through my office. So people are rethinking that. And the President will – over the course of his campaign – provide new suggestions on tax cuts and, you know, he's talked about income tax cuts, he's talked about capital gains, he's talked about expensing, 100% expensing, he's talked about providing help on the tax and regulatory front for companies coming back home to the U.S. or non-U.S. companies who want to move from China to the U.S. We regard that as an important priority and you'll hear more about that over the course of the campaign.

GREG IP: Thanks very much, Larry. Those are good points. Let me just go back to something you said earlier on with respect to WeChat. You noted that they have a U.S. business and a Chinese business. Is it possible that whatever, you know, text of the executive order that eventually comes out in the next few days will make a distinction between doing business with WeChat in the United States versus doing business with WeChat in China or WeChat in other places?

LAWRENCE A. KUDLOW: If you accept a pre-decisional thought – no decisions have been made – that’s a matter that’s under consideration.

GREG IP: I see. So in other words, so as you said the business of bringing business back to the United States is important, I understand all that. But, of course, China is a very big market, it always has been. And I’m sure the President, one, has – as I understand it, the priority of the President has been to open up Chinese markets to American products and exporters. Of course, one of the ways they get those products into Chinese hands is by marketing in China. So do you agree that it would be a fairly significant, that any order with respect to WeChat has to kind of like take account of the fact that those marketing channels are important for American businesses that want to sell to the Chinese?

LAWRENCE A. KUDLOW: Greg, I don’t want to get into too much detail about WeChat,

but I would say more generally speaking, look, the Phase 1 trade deal encapsulates a lot of thoughts that you're talking about. You know a lot of that is in the trade deal and that will be sorted out over a period of time as we walk through the Phase 1 negotiations. You know we are aware of that and we are aware of the sensitivities. We're kind of waiting to see. But the relationship between the two countries is very difficult. It's a complex thing. It runs in many lanes, as you know Kissinger once talked about. And President Trump is absolutely determined to generate an equal footing between America and China to end past practices which has done great damage to our economy and our manufacturing and our farming. That's a high priority for him.

He has said to me many times in the past three years, he'd love to see a trading system with zero tariffs and zero non-tariff barriers and zero subsidies, but unfortunately that is not the place we find ourselves in the real world. And so he believes that reciprocity is crucial and that where there are inequities, barriers, subsidies, breaking the law, the USA has to do something and it will be done bilaterally. So we'll see how the story plays out. But America first regarding trade is an important presidential theme.

GREG IP: Let's move on to the next agenda. I want to ask you about a topic, I know that is near and dear to your heart and that's taxes, Larry. I mean the Republicans and the Administration really got a lot of what they wanted for a very long time in the 2017 Tax Cuts and Jobs Act. What is there left to do on the tax front? In the second term, what

will be the President's priority on taxes?

LAWRENCE A. KUDLOW: I can just tell you again pre-decisionally some of the things he's looking at and we're all looking at. The President has said frequently he would love to see a middle-class income tax cut. This was left over from 2017. The income tax rates, you know, you've still got complex, seven brackets and so forth, and we think that we can make that a better system, more streamlined, more simplification, and a lower tax rate burden. So that's a possibility. We also are looking at capital gains as a pro-investment. Not just the stock market but, you know, you've had these business values that have plunged during the pandemic, 30, 40%. We'd like to see investors come in and provide additional capital. We'd like to do it with as small a penalty as possible. And I might add on this point, shall I say the other side is proposing capital gains tax changes that would effectively raise the rate to 50% or just under 50%. We heartily disapprove of that.

I mentioned the payroll tax. I mentioned it as a deferral, 100% expensing, which is a very important driver of the improvement in wages and household income that I talked about earlier. Those provisions, Greg, start to peter out in 2022 and '23. We'd like to make them permanent. Expensing would be a huge benefit to companies here as well as it would pay the moving expenses for companies overseas. And along with that, we will be looking at additional regulatory changes which will help things like infrastructure

building and number of industries across the board. We've already had several executive orders which have been very effective. We're looking at additional executive orders. We're looking at more deregulation in the healthcare system area. So those are some of his thoughts which will emerge in the campaign and will emerge in the debates.

GREG IP: Staying on that for a moment, Vice President Biden, as you say, has promised to raise a variety of taxes, but he has also promised not to raise taxes on families making less than \$400,000 a year. A capital gains tax cut, of course, would, the benefits would flow disproportionately to the very wealthiest Americans. So what's your response to the criticism that this is a tax cut that tends to widen that gap, it doesn't really do much for the average American family.

LAWRENCE A. KUDLOW: Well, you know, I hear it all the time, so let me quickly walk through. We designed a very substantial corporate tax cut which went into law, 35% down to 21%. Everybody said tax cuts for the rich, only the executives would benefit. And one of the reasons I mentioned the household income numbers coming out from the Bureau, from the Census Bureau, is because actually the facts were completely different.

The biggest gainers after that tax cut were, in fact, middle and lower-middle taxpayers. They had the greatest benefits, much greater. The growth of wages, for example, in

those cohort areas was much greater than the so-called top 1%. I think that's an important fact. I think with respect to other investment-oriented tax cuts, the same thing will happen. We need to be competitive. We need to invest as you well know. We need to generate higher capital-labor ratios, better productivity leading to higher real wages. Well, we've got a lot of that and we can do much more. I think people who always tag these things as tax cuts for the rich are wrong. They are factually wrong. We could spend a lot more time on that, you and I, and perhaps we will at some point. But I think they're just factually wrong, both in the past and in the future.

So we just see this as opening up the U.S. economy. Again, we want to, President Trump wants to reward success, not punish it. He wants to liberalize the economy. He wants to entrepreneurship to flourish. That has been his credo, whether it's taxes or regulations.

GREG IP: Very quickly, is a permanent payroll tax cut or reduction in the tax cut, a permanent reduction in the payroll tax, is that something the President would like to do?

LAWRENCE A. KUDLOW: No, he's not looking at that. What he'd like to see is a forgiveness of the tax deferral and make that forgiveness permanent. Protect Social Security and protect Medicare and we have a number of reforms that have been discussed and more will be coming on those subjects.

GREG IP: As you know, the Federal Reserve had a meeting yesterday. They had a new forecast. They took some aggressive new stances with respect to forward guidance. The Federal Reserve Board is still operating with a couple of vacancies. There are two candidates – Judy Shelton and Chris Waller – who are before the Senate right now. Earlier this week, John Thune, the Senate Majority Whip, said that they don't have the votes to confirm Ms. Shelton. How do you feel about sending those two candidates up separately, Mr. Waller and Ms. Shelton separately, given that Mr. Waller seems to have a greater chance of passing without controversy?

LAWRENCE A. KUDLOW: Well, I won't comment on the legislative strategy. That's really a Senate matter for Senator McConnell and others, Senator Crapo runs the Banking...

GREG IP: But if I could just for a second, would that be okay with you if the Senate chose to, like do those two nominations separately?

LAWRENCE A. KUDLOW: Yes, I don't want, that's really legislative business. I will say this. The President stands firmly in favor of appointing Ms. Shelton to the Federal Reserve Board. He thinks she's a brilliant woman with decades and decades of monetary experience and she is an independent thinker, always has been and so he continues to stand by her nomination. And we're only short – I might add – on the

headcount, I've been in touch with a number of senators – we're not very far short on that nomination. So let's just see how it turns out.

GREG IP: Should you perhaps consider at this point, given how many months it's been and the difficulty of getting the 50 votes, is it time to consider a less controversial nominee?

LAWRENCE A. KUDLOW: As I say, the President is standing wholeheartedly behind Judy Shelton's nomination because of her great experience, her independence, her vast monetary knowledge. She's a brilliant woman. I've known her many, many decades. The President was impressed with her. So we have no other thoughts but to back Ms. Shelton and we believe we can get the nomination over the finish line.

GREG IP: What was your take on the Federal Reserve's decision this week? As you see, they continue to do a lot of aggressive things, keeping interest rates at zero, have promised to keep them at zero for some time to come, continued expansion of the balance sheet, purchases of debt. Number one, what do you think of the job they're doing? Number two, any thoughts on the fact that the Main Street Lending Program, which in theory could do up to \$600 billion of lending has only done a tiny fraction, just a few billion dollars of that?

LAWRENCE A. KUDLOW: Good points. First of all, I will go back to what President Trump has said in the last, I don't know, six or eight months, whatever, he gives the Fed and its chairman the Most Improved Player Award for world-class economic baseball. So they're most improved. The President is happy with what they've done. I wholeheartedly support that. I think the Fed has done a very good job and they acted swiftly and decisively.

Now, with respect to all the lending programs, Greg, I just want to make sure they are available. We're always examining, you know, technical issues, loan rates, term sheets and things of that sort. We're not past either the pandemic or the economic consequences of that pandemic so the Fed is absolutely crucial. I mean in a sense the way I look at this, and let me be clear, I think Jay Powell and the Fed has done an excellent job. So there's that. But in a sense, both sides, levers, fiscal policy and monetary policy acted at the bequest of the President and with a bipartisan compromise on the Hill last winter. They have acted decisively using all the levers of federal power to deal with this emergency. And, you know, we're not going to be happy until we have many more people employed. I mean we've returned about 50%. That's great, but we've got a lot more to do. We've got unemployment down to 8.4%. People thought that would take over a year. But we left it at 3.5%. So we know we have more jobs to do and we want to keep these economic levers open. That includes the Fed lending program.

GREG IP: So I can see I'm almost out of time but before I go, I want to ask about you, Larry. You've put in over two years of a lot of hard work in this administration. I know we have a lot of fans listening to this call. What are your plans? Do you plan to stick around for a second Trump term? And if so, for how long?

LAWRENCE A. KUDLOW: Well, I'm well into my third year, it's about 2 ½ years. You know this job is a great honor for me – I didn't seek it out – perhaps the pinnacle of my professional career. I've given it everything I have, Greg, as you know. I'm still standing. I'm in pretty good shape for an old guy and we have wonderful medical facilities here at the White House. I'm playing a lot of tennis all summer long. My hip replacement works beautifully. I'm not going to say I'm in the greatest shape but pretty good. And I don't know what will happen in the future, I wouldn't want to say. Right now we're just focused, there are a lot of things going on right now, as you probably know. Policy continues, certain campaign demands for senior folks like myself. I'll talk to you after the election.

GREG IP: Larry, thanks for very much. Well, among the many great efforts you've made on the part of the administration is coming and talking to us as you did today and I thank you for that. We thank you for that.

LAWRENCE A. KUDLOW: Thank you very much Greg.

VICE CHAIRMAN MICHAEL O'NEILL: Let me add my thanks too, Larry. Terrific interview. I think we could have gone on for some time. Let me inform our listeners and viewers about some of the really excellent speakers that we've got coming up. It's really kind of an embarrassment of riches here.

On September 21<sup>st</sup>, we've got Lisa Cook, Professor of Economics and International Relations at Michigan State University. We've got two events on the 29<sup>th</sup>, John Elkann, Chairman of EXOR and Jacqueline Novogratz, Founder and Chief Executive Officer of Acumen. October 1<sup>st</sup>, Ken Frazier, Chairman and CEO of Merck, Henry Kissinger on October 7<sup>th</sup>. On October 14<sup>th</sup>, General H.R. McMaster, Tom Barkin, the President and Chief Executive Officer of the Federal Reserve Bank of Richmond on the 15<sup>th</sup>. Charlie Cook, Editor and Publisher of The Cook Political Report on the 22<sup>nd</sup>. Deanna Mulligan, Chief Executive Officer of the Guardian Life Insurance Company of America on the 26<sup>th</sup>. On the 12<sup>th</sup> of November, we've got James Gorman, the 17<sup>th</sup> we've got Mark Chief Economist at Moody's Analytics. And on the 19<sup>th</sup>, Jay Clayton, Chairman of the U.S. Securities and Exchange Commission. So a robust calendar which we are still adding to, which I think will be terrific for members and guests. Thank you all for attending and hopefully we'll see you soon.