

Dr. Glenn Loury and John McWhorter - Performed Intelligence

LOURY: Hey, John, how you doing?

MCWHORTER: Hi, Glenn. How are you doing?

LOURY: I am fine. Very good. This is --

MCWHORTER: Second debate.

LOURY: -- Debate Chronicles Volume Two. Loury and McWhorter.

MCWHORTER: That's right.

LOURY: That was in alphabetical order by the way.

MCWHORTER: And -- that's right. That's OK. No, I have no problem being second in any particular way. I thought, actually, that -- last night kind of sealed it for me really.

LOURY: Last night. Debate number two. McCain and Obama. Sealed it. Sealed it?

MCWHORTER: Yeah. I mean -- yeah. If there's been any question, and I suppose some question did remain to an extent after the first debate as to whether or not Barack Obama is presidential timber, I think last night he clearly seemed not only to be presidential timber but to be more the man for these particular times than McCain. I thought McCain seemed quite out of touch with what we need right now.

LOURY: And what might that be?

MCWHORTER: Well, you know, John McCain is a man who is primarily motivated by pork barrel spending, by geopolitical negotiations and not just with Muslim countries but in general with the international scene -- it was interesting how the tempo of his speaking went up most when he talked about Russia and Georgia.

LOURY: Yeah, it was clear that that's what really moves him.

MCWHORTER: That animates him. And finally, usually, deregulation. It's a principle and it's something that really excites him. And those things are well and good, but here in 2008, with the issues that we're dealing with right now, that's just not the right man. And, watching Obama, who is clearly more interested in domestic issues and more interested in learning new things, it just seemed to me that history would judge this country ill if after that debate it was decided that McCain was the one who was better poised to run the country just because he's older. I thought that there was just no question.

LOURY: OK. Well, you went in as a partisan, though, did you not? I mean --

MCWHORTER: Of course I did.

LOURY: -- I think the psychologists have a lot of experimental evidence to the effect that we tend often to see what it is that we expect or desire to see. We filter

the evidence that confirms and hold on to that, and the evidence that disconfirms we tend to overlook and so forth.

But --

MCWHORTER: Of course.

LOURY: -- setting all that aside, I want to say a couple of things. Yeah, Obama did very, very well last night. I think the pundits and poles are going to say that he won, although those measures, it seems to me, are contaminated by the fact that he's winning the election, and so I think people will tend to see the debate more favorably from his point of view. It was at best a draw in my opinion for McCain. I thought McCain was quite good enough, but Obama was absolutely superb.

MCWHORTER: He was.

LOURY: He was smooth and measured and in control. He looked really quite confident. When he was on the attack, he was aggressive and formidable.

MCWHORTER: Without being obnoxious.

LOURY: Indeed. And, he parried very well. I mean, the sorts of things that McCain had to say negative about Obama, I don't think stuck, you know. As you know, this pork barrel spending, earmarks, the Senator from Illinois got an overhead projector for the planetarium, and I know that

that's called the Adler Planetarium on the lakefront in Chicago. I used to go there when I was in high school.

MCWHORTER: Overhead projector means just equipment that makes a planetarium a planetarium.

LOURY: Yeah. It projects the stuff up onto the dome roof of the theater.

MCWHORTER: In a -- right.

LOURY: So that you look up --

MCWHORTER: In other words, educating children about what's going on in our skies.

LOURY: Well, you could argue that it was what a Senator ought to do for his district.

MCWHORTER: Right.

LOURY: He ought to get the kind of equipment for public service --

MCWHORTER: Overhead projector.

LOURY: -- museum or whatever.

MCWHORTER: Yeah.

LOURY: I mean, what's wrong with that? There's nothing wrong with it whatsoever.

MCWHORTER: That's how things work.

LOURY: So -- so, you know, Obama did very well. Everything is going his way. The financial crisis is a terrible stroke for the country, but a wonderful piece of good luck

for candidate Obama and terrible bad luck for candidate McCain, so it looks like this thing is coming home and we better get used to saying President Obama. I assume you have no problem with that.

MCWHORTER: Yeah. I think that I would find it hard to imagine that it would be any other way, especially because, and this is something that I'm not seeing remarked upon as much as I think it should be. We have known for a while that McCain has a problem with what he sees as Obama's hastiness in invading Pakistan. Listen to me, Pakistan. That was an accident. Pakistan. However --

LOURY: Well, I think that's how the Pakistanis say it. But that's OK.

MCWHORTER: That's how they say it, and there is a certain affectation that some people use. And I don't -- you know, Barack Obama has gotten in trouble for pronouncing it that was for obvious reasons.

LOURY: Oh, he's too educated.

MCWHORTER: I must be channeling him or something.

LOURY: Yeah.

MCWHORTER: Anyway, Pakistan. But last night was interesting because he seemed just short of hawkish on Pakistan. It was almost like listening to somebody from the other party at a different point in time speaking, whereas McCain was

the one who was doing basically a hearts and minds routine. And so it was almost a reversal of the expected roles, which means that -- which means that there will be no routine over our next few weeks of claiming that the Democrats don't want to defend our country. Obama has got that completely covered.

LOURY: Hold on, John. I've got to say a couple of things. I don't agree with you.

MCWHORTER: What's not to agree with?

LOURY: There are three things that I would like to first explore, at least, and then others. One is about regulation, deregulation. The other is about Pakistan, bellicosity, are Democrats and Republicans hard and so forth. And, the third is our country would be judged harshly if after last night's debate the electorate would decide, you know, other than Obama. So, on regulation/deregulation, I'll be very brief. I simply want to say, I thought McCain did a terrible job of defending deregulation, which is desperately in need of defense at this moment of regulatory demagoguery in my opinion. I mean, yes, we have a disaster on Wall Street requiring a bailout.

MCWHORTER: Yeah.

LOURY: Or whatever. And it's going to cost us money and there is a lot of havoc and uncertainty. That's a very bad thing. And it might only be there was laxity in the regulation of these things, I don't claim to be an expert on financial economics, the regulation of the financial services sector, but that is in no way in my view, and I say this as a professional economist as well as a citizen, that is in no way a refutation of the general idea that a movement toward deregulation in the American economy, which goes back to the 70s. I'm talking about airlines. Trucking and rail. Telecommunications. I mean, all of these things that we enjoy the benefits from, in no way is it demonstration that regulation is bad and deregulation is good. I mean, it's a -- it's a slur or smear, basically, to say of a candidate, he was for deregulation, which is what Senator Obama was saying about Senator McCain last night, when in fact, a lot of good thoughtful people have, over the years, been for deregulation, and we're all the beneficiaries of them having been so in my humble opinion. So, regulation/deregulation. On Pakistan, what I'd say is, yes, agreed. They are not going to be able to do to Barack Obama what was done to Democratic candidates --

MCWHORTER: To Kerry.

LOURY: -- Kerry. I remember the speech that Zell Miller, the former governor, then Senator from Georgia, a Democrat, who gave the keynote at the Republican convention in 2004, so now we've had twice-running Democrats giving the keynote address at Republican conventions. He was the Joe Lieberman of 2004, was Zell Miller --

MCWHORTER: Right.

LOURY: -- and I remember him going after John Kerry for not voting for this or that defense appropriation. Barack Obama is lucky that he hasn't been in the Senate for 20 years --

MCWHORTER: Yeah.

LOURY: -- because he would have had to vote if he was voting his conscious against whatever the defense department --

MCWHORTER: He'd have a whole record.

LOURY: -- whatever that might have been, and then that would have been thrown in his face.

MCWHORTER: Right.

LOURY: But in any case, I remember that, and yes, candidate Obama has positioned himself shrewdly, so as to ward off that attack. He has been able to do so, in my opinion, because of the fiasco of the failed invasion of Iraq and has adopted this posture that it was the wrong war. I'm not against wars. I'm just against dumb wars. That's a

good line. And given the situation on the ground, it's been working and I expect it to continue to work. But I just want to say this. What I heard when I heard John McCain say I wish that you hadn't said that, I don't think it was wise to say that, was, our relationships with the state of Pakistan and more generally with the people of that region, are extremely important and are delicate and it is unwise in the extreme during a presidential contest for someone who might end up being the commander in chief to speculate openly about violating the sovereignty of to hell with what they think. If he's in there we're going to go and get him. All that tough talk is very unwise. It's a little bit like the John McCain who said that the fundamentals of the economy are strong when a responsible person might have said exactly that in order to ward off, you know, the possibility of panic.

MCWHORTER: Yeah.

LOURY: A reassuring word from the people in charge, that not to worry. You don't have to run to the bank and draw your money down. We're basically OK but this thing has to be dealt with is a prudent thing to say. So, too, it might be prudent to talk softly and carry a big stick, as McCain was saying in that debate last night --

MCWHORTER: Well --

LOURY: -- but politically, he got his clock cleaned.

MCWHORTER: Yeah.

LOURY: And then I -- finally what I do with that third thing is, you know, there's only one way that a sensible person or sensible nation could decide this election here. I don't agree with that, which is not the same thing as saying I'm voting for John McCain, but we can come back to that.

MCWHORTER: Well, you know, I think that what you're touching on is a function of the fact that as always there are two ways of looking at all of this. One of the ways of looking at it is in terms of sound bytes and high pragmatism and red meat and people who are only following so closely. And then the other way of looking at it is for those of us who are stroking our beards, so to speak, and thinking about both sides and analyzing it, et cetera. So when it comes to, for example, Pakistan --

LOURY: Yeah?

MCWHORTER: -- certainly, what McCain said made perfect sense. He can certainly write that that is an argument. Nevertheless, the fact remains that less reflective or especially pragmatic Republicans are not going to be able to say whether Barack Obama is right. They're not going to be able to say these people will not defend our country.

Barack Obama has given a clear indication that that one won't stick, and I think that that will matter. That is something that can't be thrown at him, that can't be used as a distraction. Even if John McCain proves to be or could be seen to be right and then second, on deregulation, also, I completely agree that to just say that deregulation is bad is empirically false. And there are all sorts of things that could be said about it, and as you said, there is some controversy as to how much deregulation played a role in what has gone on here.

LOURY: Right.

MCWHORTER: But the point of the matter is that in this particular moment, this is my cat coming on to my lap, it is (inaudible) that I'm blogging it.

LOURY: Your cat.

MCWHORTER: So she might turn to the camera. But to the extent that we happen to be contingently in a time when it is often said that deregulation is the problem and no matter how many people write smart op-eds in the New York Times and elsewhere, it is going to continue to be thought that deregulation was the problem. The fact of the matter is that McCain is associated with that in many of the things that he did and it is something that he's interested in and here we are in what's being called the worst

financial crisis since the Great Depression and he's stuck with his history. And so maybe we could say that intellectually this doesn't disqualify him from being a president for our moment, but he certainly didn't look like it in broad strokes last night --

LOURY: Well, what he --

MCWHORTER: -- and that's the way it's going to come off to the electorate.

LOURY: -- OK. What he had to do, this is on the deregulation point, I also want to come back to the Pakistan point, what he had to do was to defend the best of the Reagan revolution last night and he didn't do it.

MCWHORTER: Right.

LOURY: Now, I preface this all by saying I'm a progressive, people, but I'm also a professional economist and, you know, the market, you know, free enterprise, private initiative, entrepreneurship, competition, these are institutions that we owe a debt of gratitude for the prosperity that we enjoy. I think that that's the story of the 20th Century. And going back before that, the market is a good thing. Now, the market needs to be situated within a framework of institutions that deal with its failures and limit its excesses. Let's call that regulation. But the market in and of itself is a good and wondrous thing and

this idea that the wheel has turned in history, that there was this idea about the market being great but now we've got a different idea, which is that the market is flawed and requires the same politicians who helped to get us into this mess with their being susceptible to the influence of interested parties and the campaign contributions of various lobbyists and industry representatives, labor union representatives and all the rest. I mean, there's blame to go around on both sides of the aisle, that we're going to put some of these things into their hands, to say that somehow all that we've learned in the last 100 years about how to organize economic and social activity so as to promote prosperity has been overturned by this incident, I think, you know, that's demagoguery. I think it's really quite unwise, and I think the next president, likely to be Barack Obama, is going to have to walk back from that in the interest of not only the American people but in the interest of the people in the world. He's going to have to walk back from that on free trade, the anti-NAFTA stuff is going to have to be tempered, and he's going to have to walk back from this contempt for deregulation that is politically useful right now but which I think is unwise as a governing philosophy.

MCWHORTER: You know, I think that my sense of these things and I am definitely no expert on finance, but it would seem that the issue, when all of the dust is settled on this, is not that there is a problem with the market. I doubt if -- I doubt if we're going to end up in a serious discussion as to whether or not the market is evil. That view will remain confined to a certain fringe. The issue would seem to be the kinds of structures and allowances that have crept in, particularly over the past 20 years. It's this sort of shadow economy that -- it was, I think, Tom Friedman who referred to -- David Brooks, I think, referred to it, Brooks, in the Times, I think, the day before today, as shadows in Plato's cave. That it's not actual money that people are dealing with.

LOURY: Yeah. I saw that. I saw that.

MCWHORTER: Yeah. And that has to be -- that has to be dealt with. But you know what this really comes down to, you're talking about what McCain didn't explain, and I found that in the first debate, Obama was the one who was not always making his case as much as he could. I thought that he seemed tired. Last night he definitely made his case. He covered all of the points. He was aggressive about even taking up more time than he theoretically had to get his licks in. And I thought that was good. McCain, last

night, struck me as somebody who -- and I hate to say this -- but he struck me as someone who could only hold so much in his head at a time. You're saying that you wish that he had defended the market.

LOURY: I said I think that's what he needed to do.

MCWHORTER: Deregulation or the Reagan legacy.

LOURY: Yeah, the good part of it.

MCWHORTER: And you know, Glenn, I can't imagine him doing it. I saw somebody standing there, it wasn't as bad as Sarah Palin, but I saw somebody standing there who had certain index cards in his head, certain things that he wanted to say over and over again, there were about seven or eight of them, and I couldn't imagine him taking three things and making a really systematic explanation on his feet. I don't think that he could do that now. Maybe he could do it about eight years ago but --

LOURY: Well, John, please.

MCWHORTER: Really. He doesn't seem up to it.

LOURY: I don't buy it at all. I don't buy it.

MCWHORTER: And I'm --

LOURY: In fact, I've got a real problem with this -- with this --

MCWHORTER: But it's true.

LOURY: -- adulation of a certain kind of what I called performed intelligence in one of our previous conversations, a certain kind of glib smugness.

MCWHORTER: Yes, with the intelligence. It's not intelligence. It's memory.

LOURY: Well, you know, come on. This is a stereotype, man.

MCWHORTER: Just, count off three things.

LOURY: This is just flat out prejudice it seems to me. He is 72 and therefore can't remember what the Reagan revolution was about. He can't remember the principles of market economics and then articulate them. I don't think it's about his cognitive capacities. I expect he's never really been much of a --

MCWHORTER: It might not be because he's 72, sure.

LOURY: -- you know, he's not, I don't know who the person is, Jack Kemp or Phil Gramm or somebody --

MCWHORTER: Right.

LOURY: -- and maybe it's a good thing, too, but these are people who could talk to you ad nauseum about what the principles of sort of early 1980s, late 1970s, early 1980s revolution of social policy were about. I think that if McCain had gone into the debate determined to do that, he would have been able to do it just fine. I mean, there's not so much difference between that and anything else.

MCWHORTER: Based on what evidence? Based on what evidence?

LOURY: Well, just based --

MCWHORTER: What concrete evidence do you have?

LOURY: -- just based on the fact that he seems to be able to talk about other issues in a perfectly cogent way.

MCWHORTER: Cogent? Sure. But what I generally hear is one point made. You know, he'll remember that he wrote a memo at some point. Or he'll talk about some meeting that there was. But in terms of a careful, sequential, and I guess I am doing the intelligence thing, in terms of a careful, sequential argument for why something should be done, I don't see him doing it, and I take your point and we talked about this last time that the president doesn't need to be and sometimes shouldn't be an intellect --

LOURY: Well, that's not what we're talking about.

MCWHORTER: -- we get that. But -- but, if McCain is not demonstrating, I don't know whether he has it, had it, whatever, but if he isn't demonstrating that kind of quick command of the facts, ability to make a case rather than just to stand on a point, if he isn't doing that, then I would think that if he's got some sort of reason to be president, if there is some sort of justification for him to be president anyway, it would be because he had that

certain element X that, for example, Reagan, who was not exactly one for extended --

LOURY: John --

MCWHORTER: -- did have. And McCain doesn't have that, and therefore he leaves me cold. He's not inspiring in some other way.

LOURY: Let me just make an observation. I don't agree with you. I don't agree whatsoever. And I think it's quite possible to favor Barack Obama and to vote for him without having to demonize this good, decent and honorable man --

MCWHORTER: I don't demonize him.

LOURY: Pardon?

MCWHORTER: I don't demonize him. I don't hate him.

LOURY: No -- well, I'm saying I think that this line of argument is derogatory vis-à-vis McCain, and I don't think it's justified by his very long record in public life. You know, I think I want to get off of this --

MCWHORTER: OK.

LOURY: -- because I'm defending McCain, which is dangerous territory to be on. But, you know, it doesn't have to be ad hominem is what I'm saying here. There's a flavor in your line of argument here that is related in some way to ad hominem attacks on Obama. Now, attacks on Obama, on his

character, on his associates and so forth, are of course different --

MCWHORTER: No.

LOURY: -- than attacks on a 72-year-old man's memory or ability to organize data and make an argument.

MCWHORTER: No.

LOURY: But they are ad hominem nonetheless.

MCWHORTER: No. No.

LOURY: They are -- this person is a certain kind of person, the kind of person I think is unfit to be president.

MCWHORTER: No.

LOURY: And I -- I don't personally --

MCWHORTER: No.

LOURY: -- find those arguments, vis-à-vis McCain, or for that matter Obama, persuasive.

MCWHORTER: Glenn, let me try it again. I have, and I say this a lot and it's really true, I have a vocal handicap. I am not being ad hominem against McCain. McCain used to be the Republican I used to always say I would vote for if I was going to vote for my first Republican. I don't hate him. I don't think he's ridiculous. I'm just trying to say that if we're comparing these two people right now, these are the reasons that I see Obama as ahead of McCain. And, in putting it that way, I am talking about some

minuses that I see in McCain. I think the ad hominem tone you might be hearing, and maybe I'm wrong, is just because I have kind of a snippy voice. That's all. You know, there is not --

LOURY: All right. Well, then -- fine, I take --

MCWHORTER: But more to the point, Glenn, I would say this. John McCain strikes me as a Senator. He has been, in many ways, an excellent Senator, but there seems to me to be a limit. He doesn't seem to be somebody who is designed, especially at this time, to be President of the United States.

LOURY: I don't follow that, but that's OK. I mean, I -- maybe I do follow that and don't agree with it. Maybe I don't know what it is about this time.

MCWHORTER: OK.

LOURY: That requires so much. I've actually read carefully -
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MCWHORTER: Right.

LOURY: -- just about every speech of Obama's that I could get my hands on. I studied carefully that speech before 200,000 in Berlin, for example. You know? And we could go over other speeches. Speeches on domestic policy. Speeches on economics. Speeches on global affairs and so forth. And, you know, I'm not all that wowed and knocked

back on my heels by the profundity and the depth of insight. What I get is a package that certainly is well suited to this particular cycle in our electoral history, a package that communicates an idea about change, youth, energy, freshness. I don't get substance, not very much. I'm not saying that he doesn't have policy positions, I'm not saying that at all, and obviously President Obama has the potential to be a great president. I think that I would acknowledge. I'm just saying on the evidence of what I've seen, what I get is a man for his time, you say, perhaps. But profundity, depth, insight -- not really. Leadership, I don't know. I mean, leadership of this movement that he has fostered, yes. Leadership of the nation and the world, I don't know.

MCWHORTER: We do --

LOURY: And so if I were to line these two people up along -- McCain and Obama -- along a vector, a list, an array of various different qualities and characteristics, I think there would be many of them on which I would look at John McCain's long and distinguished life and career and I would say, yeah, this is a man who has many positive attributes to his credit. For Obama, I would also have many positive attributes. They would be different attributes, however. But the idea that it's a slam dunk, that you could just

take a glance at what we saw last night and see clearly that the one man is the dominant figure and the other is a footnote to history, I don't see that at all. Let that economy go differently. Let George W. Bush not have run his party into the ground over eight years time, and I think we'd have quite a different story here. But, you know.

MCWHORTER: I don't think that John McCain is --

LOURY: So there, I'm defending John McCain full throatically and wholeheartedly because I just find these -- these dismissals of him intellectually deeply unsatisfying.

MCWHORTER: Glenn, what is your comparison? I mean, we do hit our themes. I mean, OK, if you read an Obama speech, you realize that delivery means so much.

LOURY: He's eloquent.

MCWHORTER: Language is a funny thing. Race is a funny thing. But what are the presidential candidate's speeches you would read as substantial in a different way? I genuinely can't think of any.

LOURY: Well, Abraham Lincoln comes to mind. If I were being interviewed like Sarah Palin, and Gibson were to ask me, you know, what presidential speeches did I admire, I could name George Washington's farewell address --

MCWHORTER: Yeah.

LOURY: -- I could name some of the speeches that, Abraham Lincoln's second inaugural is going to be right up there and so on, and I could probably name a few more.

MCWHORTER: So you mean intellectual and spiritual profundity.

LOURY: No, what I mean is what's his vision of the world order in the 21st Century. That's what I mean. What I mean is, what about Europe and the United States. How do we go forward. What I mean is what are the lessons of 1989.

MCWHORTER: Yeah.

LOURY: What are the lessons of the collapse of communism in Eastern Europe. What I mean is, what is the doctrine about the use of force, the preemptive use of force, the reliance on multilateral organizations like the United Nations and so forth. And so on. What I mean is, I mean, I read the speeches that he gave at AIPAC before the American Israel Public Affairs Committee, and I know a good deal -- I have made some inquiries into what Barack Obama had to say about conflicts in the Middle East prior to his launching a national campaign. What exactly is his vision, other than AIPAC talking points, about the Middle East.

MCWHORTER: You know --

LOURY: How is he going to rebuild the military. You know, is the defense budget too big, too small or about right? You

know, things of this kind. What I'm saying is, and, of course, maybe a speech before 200,000 is not the place to exposit that and of course I want to acknowledge that Barack Obama is perfectly capable and certainly will have positions on all of these issues, I'm just saying that, you know, what I saw didn't much, you know, didn't much impress me about the depth of a comprehensive vision on these things.

MCWHORTER: Yeah, you know, I understand what you mean and just like domestic issues are not really what deeply interest McCain, I suspect that Obama cares more about the sorts of things that grow out of his being a community organizer, et cetera. The domestic interests him more than the international. And so, yes, one can certainly make a case that there has not been that kind of profundity yet in his views about international issues, but I think that there is positive evidence that he'd be capable of mustering it if when the time comes --

LOURY: Yeah, I don't doubt that.

MCWHORTER: -- and that's his speeches on race and his Cooper Union speech on the economy, those were the products of a visionary kind of thinking. I think anybody who wrote the kind of prose or tried to engage in the very philosophical musings that, say, a George Washington or Abraham Lincoln

would, would not be able to get their message across because the way we use language has changed so much. Those are basically written documents that were read. That's not how things work now. Oratory has changed.

LOURY: Yeah, but --

MCWHORTER: I think Obama could certainly -- gives evidence of being able to do that.

LOURY: Yeah, I don't doubt -- I want to be very clear about this. My long litany of what I didn't see was only to defend my position against yours --

MCWHORTER: Sure.

LOURY: -- that this was a slam dunk, there wasn't any contest. You look at the two men, one of them is obviously the man for our time, the other one is obviously not. I don't agree with that and the reasons were what I was enumerating.

MCWHORTER: Glenn did -- can you honestly say that based not on thinking about McCain as a 72-year life, but McCain for 92 minutes last night, and then Obama for 92 minutes last night, not as the person who has aroused various questions in you before and maybe that's a vacant intellectual exercise. I don't know. But can you really say that during those 90 minutes, you saw McCain's performance as in anyway equal to Barack Obama's?

LOURY: Yeah, I thought that McCain did just fine in that debate. Unfortunately, he had to do much better than just fine. I --

MCWHORTER: Yeah.

LOURY: -- don't think it was some obvious dominant --

MCWHORTER: Just fine.

LOURY: -- McCain wasn't stammering. He wasn't incoherent.

MCWHORTER: No.

LOURY: He wasn't without substantive argument.

MCWHORTER: He was -- he was just fine, but Obama was indisputably finer.

LOURY: And he didn't look 72-years-old I might add. I mean, he looked energetic. He was, you know, and, again, if I go on too long in this vein, I'll ruin my reputation. I'll come to be known as a McCain defender, and no one wants to be a McCain defender.

MCWHORTER: You are convinced that I want to just diss poor McCain. OK, he was fine --

LOURY: Yeah, he just wasn't good enough.

MCWHORTER: -- but Obama was finer.

LOURY: Well --

MCWHORTER: Isn't that clear?

LOURY: -- well, yeah. I thought I said, I thought I said that.

MCWHORTER: During those 90 minutes.

LOURY: But --

MCWHORTER: I didn't hear that. So you are saying, right --

LOURY: I want to say he won -- Obama won 21-19. I don't want to say he won 21-12, OK, something like that. It was a game of ping pong and they almost got to deuce. Something like that. Unfortunately, McCain was way behind in the total point count and therefore he had to win 21-12 and he didn't come anywhere close to doing that. That's kind of the way I see it.

MCWHORTER: It was more like 21-12, and that's partly because McCain had some real howlers in there, like the \$5,000 health subsidy which would be less than half of what many people would need if they were off employer-based care, or social security, the way he was talking about how he has a plan and kind of carefully stepping away from the fact that, let's face it, that plan would involve relying on the very -- this return us to the -- market, which today is something that he would have to work hard to convince a lot of people to depend on, based on perceptions of what's happening. Those are things where I really thought that he -- he lapsed. These are things that you can just call. I didn't hear as many of those sorts of things in Obama, and so that, as I was doing my notes during the debate, I kept

on writing, hmm, but he didn't mention this, hmm, but he didn't mention this. Another thing was his characterization of Obama and Fannie Mae and Freddie Mac. Those things were really distortionary. So, for me, that did make McCain not a footnote but 12.

LOURY: Well, let me say this about the financial crisis, John. I'm tired of arguing with you about the relative merits of McCain and Obama. Let's just agree to disagree to the extent that we do. I want to say that I have tried really hard over the last few weeks to understand as best I can, given that I start with some knowledge of economics, to understand what's going on, and what I get out of this is that in addition to this, as David Brooks put it, these really complex, mathematically arcane, you know, multilayered, highly leveraged financial contracts that end up getting traded, these collateralized debt swaps and all that kind of mess, in addition to this and the trouble on Wall Street, there is also the fact that a lot of loans were made to people who were not in a position to pay them back and this was partly a result --

MCWHORTER: Sure.

LOURY: -- a huge, long story about this in the New York Times this past Sunday interviewing this fellow, Mr. Mudd, the son of the CBS broadcaster, Roger Mudd --

MCWHORTER: Roger Mudd, yeah.

LOURY: -- who had the misfortune of being at the helm of Fannie Mae as everything has imploded. And it goes into a lot of the details, but I've looked into this and talked with my colleagues and so forth. A big part of this is that a lot of people got loans that they probably ought not to have gotten, that an unregulated market never would have made, that were made because these huge financial institutions, Fannie Mae and Freddie Mac stood ready to purchase those loans from the banks that made them and get them off of their hands, and they were ready to do that because they were being pressured by Congress to make more money available to low-income and minority home buyers in order to extend the dream that every person can have a home of their own.

MCWHORTER: Right.

LOURY: Further and further into the working class. Now, that may or may not be a good idea. I mean, we already have huge subsidies to home ownership for the middle and upper class, with the interest deductibility, you know, the mortgage interest deductibility which makes owning a home relative to renting much more attractive because you can deduct the interest on the mortgage from your taxable income. But, there were many Democrats, as well as

Republicans, involved in all of this and the point that, oh, the guy that Obama wanted to head up his committee to pick a vice presidential running mate for him and who had to step down amidst controversy was a principal at Fannie Mae, or the fact that Franklin Raines, the African American executive who was running Fannie Mae for some time but who ended up having to leave under a cloud, is close to the Obama campaign, a big-time Democrat and so forth. The fact that Barney Frank, in an earlier incarnation, was actually criticizing the people, like John McCain, who wanted to bring a little bit more discipline and order to the effort to promote home ownership amongst modest income people by, you know, strengthening the scriptures and so forth and was opposed on the grounds that this was, you know, something that was unprogressive and against the interest of modest income people, all of these things are just true. So, as we rush to elect Barack Obama president, let's not rewrite history. We actually have something to learn from that history unless we repeat it again. It wasn't just a lot of corporate CEOs, also, I know I'm going on too long, and I apologize, but let me just get this out.

MCWHORTER: It's OK.

LOURY: All of this demagoguery about how much somebody is making, right, these CEOs, I mean, that doesn't sound like

demagoguery to you? That doesn't sound like the easy thing to say in the middle of a political campaign, somebody made \$100 million dollars, therefore let's put their poster up on the wall and throw a dart at it. I mean, we were enjoying the benefits of these CEOs doing their jobs all along the way until we got to this crisis.

MCWHORTER: Yes. Of course. Obviously.

LOURY: Are they paid too much? Perhaps. Is there sufficient corporate governance so that the boards of directors actually make these pay decisions on the basis on the basis of the interest of the shareholders? Perhaps not. Is there some reasonableness to the view that we won't allow public monies in a bailout to go into the private golden parachutes of executives? Sure. All these things are true. But the idea that people who run huge, multinational companies make a lot of money is just like the idea that someone who hits a baseball very well makes a lot of money. There is nothing wrong with it as such.

MCWHORTER: I have always thought that the attention paid to that issue was a kind of circus business. It's the sort of thing that is a red meat point that you can use to rouse people. And, you know something Glenn, I completely agree with you about the shady mortgages and it does force a paradigm shift. I mean, it wasn't so long ago that I,

myself, was singing of how important it was to make these sorts of loans to low-income people because of how important it is for a family to have a house and really, the fact is, I was talking about very often just the sort of thing we now know as the evil, sub prime mortgage. And, I am going to change my tune on that. I think that we do have to learn about that kind of thing, so we are in complete agreement there. There was a time when Fannie Mae and Freddie Mac were muffin words. They were supposed to be so good for the common man --

LOURY: Right.

MCWHORTER: -- you were supposed to get all happy inside like when you hear the words Affirmative Action, and the fact of the matter is that it's not true. But you know, Glenn, there is a mundane issue which is that I have to get on the train at (inaudible) --

LOURY: Well.

MCWHORTER: -- so I think we have --

LOURY: We're going to do this again next week, I take it, or something.

MCWHORTER: -- to close for the day. Yeah. I think in two weeks.

LOURY: After the next debate.

MCWHORTER: After the next one, we will do it again.

LOURY: All right.

MCWHORTER: And that one will be really fun.

LOURY: Counting down to Election Day.

MCWHORTER: Yeah, it's almost here.

LOURY: Yeah.

MCWHORTER: And we'll be here to talk about it. So, Glenn, I
will talk to you very soon.

LOURY: Take care, John.

MCWHORTER: You too.

LOURY: Bye.

End of file