

Episode 98

# FireSide: Election 2024—Market and investing impact

Jason Cole, Head of Public Policy, and Chief U.S. Economist Lara Rhame delve into the upcoming election and its potential impacts on markets.

[00:00:04] **Lara Rhame:** Welcome back to FireSide, a podcast from FS Investments. I'm Lara Rhame, Chief U. S. Economist, and I am so excited to welcome back Jason Cole here in the studio. Jason is our head of public policy and has over 25 years of experience on Capitol Hill.

He's an expert on the politics, but what I always appreciate, and I think we'll be able to draw out for you, is he understands that connection between politics and markets. And I think that's, you know, at the end of the day what's so important for investors. Jason, welcome.

[00:00:37] **Jason Cole:** Thanks, Lara. It's great to be here again.

[00:00:39] **Lara Rhame:** Love having you on. And I'm going to start with the basic question. Who's going to win in December?

[00:00:47] **Jason Cole:** I have no idea. And, you know, that's something the American people will decide on November. One day, you know, maybe on November 4, you can have me back and I can give you a spoiler alert, but not right now.

[00:01:00] No, look, it's hard to tell. It's what I, what I can say, it's going to be yet again, an incredibly close election at all three levels, the presidential level. There's an election for the U.S. Senate, an election for the U.S. House and they're all going to be very, very close, I mean, which is reflective of a nation that's really divided along partisan lines, almost 50-50 down the middle, and so we're going to have a very close election.

I mean, I think if we want to turn to the presidential election first, maybe it's important to date-stamp this. We're about two weeks after the New York City conviction of former President Trump.

[00:01:35] **Lara Rhame:** Oh good, the elephant in the room. We gotta address it. Yeah.

[00:01:36] **Jason Cole:** The elephant in the room. Yeah, and there's been eight polls since that conviction. Trump leads in three. Biden leads in three and in two of them, they're tied. And so that's all a long way of saying, I don't think the conviction probably had, or is going to have much impact on the election. And again, I think this is because the country's largely divided. And for the most part, people have figured out who they're going to vote for. The national polling averages now are about 1%, maybe a little less in favor of Donald Trump, but we don't elect presidents in this country based on a nationwide vote. We do so through 50 state-by-state elections, where voters are electing electors that are determined by the size of a state. So if you're in California, you have a lot more electors than you do if you were in Rhode Island.

And so, right now it takes 270 electoral votes to win. I think it's safe to say that we know how the contests are going to pan out in about 44 states. Biden's going to start with probably around 226 electoral votes. Trump with 235, leaving 77 electoral votes across six states: Arizona, Georgia, Nevada, Pennsylvania, Michigan and Wisconsin.

And if you want us to believe the polling, I think one could say that Georgia, Arizona, Nevada, those Sunbelt states are all trending toward Trump. I mean, in most polls, he's leading outside the margin of error in those states. And this election really could come down to the three Great Lakes states of Pennsylvania, Wisconsin and Michigan, where polling is back and forth for both candidates, within one or two percentage points.

And again, my prediction that this is going to be a very close election, and it's going to land probably and turn on those three states in the Great Lakes region.

[00:03:25] **Lara Rhame:** So if that's the presidential election, what are you watching for the other House, Senate, and I think, you know, are there any gubernatorial races that you're watching, or should we just keep this at the national, at the national level?

[00:03:39] **Jason Cole:** Yeah, we'll say at the federal level, but in the Senate, right now the Democrats control the Senate. Again, very narrowly. Very narrow. 51-49. That means Republicans.

[00:03:48] **Lara Rhame:** I'm sensing a theme, Jason.

[00:03:49] **Jason Cole:** Yeah, very, everything's very narrow, partially divided. Republicans need two seats. They have an incredibly favorable map, this go-around.

Democrats are defending 23 seats, Republicans just 11, and of those 23 seats that Democrats are defending, three are in states that President Trump won back in 2020. West Virginia, Ohio and Montana. And in West Virginia, Senator Joe Manchin announced back in December that he wasn't going to be running again.

And so, that seat is very likely, I mean, near a hundred percent, going to flip into Republican control, giving Republicans, if all things being equal, 50-50 majority. So if Trump were to win, um, which polling suggests that he very well is likely to at least at this moment in time, then Republicans would flip control of the Senate.

That's probably my biggest conviction call is that the Senate will flip. Ohio is a difficult race. I mean, Trump won Ohio by eight points. Um, there's a, there's a popular incumbent in Ohio and he's doing quite well right now. But the partisan tie to that state could, pull the Republican across the finish line.

Same thing in Montana. Trump won Montana by 16 points. It's a big mountain to climb. No pun intended in Montana, but it's a big mountain to climb for the incumbent Democrat there to, to overcome that. And then there's competitive seats in battleground states in Pennsylvania, in Michigan, in Arizona, in Wisconsin, in Nevada, five of the six battlegrounds have Senate contests.

All five of those have Democrat incumbents. With exception of Michigan, which is open and those tend to be more likely to flip. So I think we're likely to see a Republican flip in the Senate. The House, a little more tricky. The Republicans currently control the House. They've got a three-vote margin right now.

That's going to expand a little bit through some special elections between now and November, ultimately to basically four seats. And I, Democrats are running around saying we need four in 24. Whether or not they can achieve that is going to, is anybody's guess. I mean, of the 435 seats up, there's only 25 that are really, truly competitive right now.

Um, there's, there's 17 seats where Republicans hold that Biden won. There's five seats that Democrats hold where Trump won. And so if you, if those all flip, then Democrats would narrowly control the House. I'm not sure it's that simple. The generic Congressional ballot shows Republicans running about a point ahead. Um, and in any event, the House is going to become very close.

And that's probably the big headline from a policy standpoint this year is that the narrowly divided House has created interesting policy outcomes, and have made governing really challenging. And we've seen that throughout the course of the last couple of years, where that narrowly divided House, which wasn't designed, by the way, to be narrowly divided, has created a lot of policy problems in terms of trying to move policy.

And so that narrowly divided House, which it most certainly will be post-election, could continue to create some policy gridlock for us.

[00:06:57] **Lara Rhame:** Okay. So even if it stays the way that it is, is what I'm hearing. If you get, you know, Trump in the White House, Senate flips Republican, and you still have this Republican majority, but it's incredibly narrow, there's still a problem of function.

[00:07:16] **Jason Cole:** Yes, I think it's less magnified. I think Republicans, if they have a trifecta...

**Lara Rhame:** And that, by the way, that's not in any way Jason's forecast...that's just talking through the different variabilities and variations, right.

**Jason Cole:** No, but I think there's definitely a non-zero chance that that happens. And there's probably a relatively decent chance that there's a Republican trifecta.

And if that's the case, I think being unified and having control of all three levers of government, I think you'll see a more unified House than you have in this Congress. The fact that they were in the majority, but they had a narrow majority, functionally in the minority with Biden in the White House and Democrats controlling the Senate. It made it easier for factions to emerge. And I think if there's unified government, you'll see folks fall in line and a clear policy agenda, particularly around things like taxes, emerge.

[00:08:10] **Lara Rhame:** Okay. Well, so that reads beautifully to my next question, because I think something that every listener today understands is that tax policy is going to impact them personally, their businesses and their investment portfolio. So I'm, you know, interested in your views of the Tax Cut and Jobs Act, which is going to expire in...

[00:08:34] **Jason Cole:** December 31, '25.

[00:08:37] **Lara Rhame:** '25. Yep.

[00:08:37] **Jason Cole:** You know, 18 or 16 months from now.

[00:08:39] **Lara Rhame:** I feel like that'll be here before we know it. And I think, you know, there are so many scenarios of election outcomes. Something I've heard you say, and I'm hoping you could expand upon, is that no matter what election outcome you have, there's going to be some level of negotiation involved.

And maybe on top of that, we've heard, you know, President Trump on the campaign trail talk about cutting corporate taxes even more. Talk about, you know, what that means for all of us.

[00:09:07] **Jason Cole:** Let's start with the outcomes. I, look, there's two possible outcomes. One you have a Republican trifecta. Or two, you have divided government.

I think a Democrat trifecta, that is, a Biden White House, a Senate Democrats, House Democrat. That's highly unlikely. I think it's pretty unlikely. So I think there's two possible outcomes, Republican trifecta or some form of divided government. And there's different permutations of that. There's a Biden presidency with a Republican-controlled Congress or a Trump presidency with Democrats running the House.

Yeah. In a Republican trifecta, that's probably the easiest one to talk about, it puts into play a process called budget reconciliation, which is how the 2017 tax cuts were passed in the first place. And reconciliation's an incredibly powerful parliamentary tool that averts the filibuster in the Senate.

So you only need, whoever's in charge only needs 51 votes in the Senate to get policy through. Extraordinarily powerful and it's reserved for things like that, that deal with revenue. So tax cuts and/or entitlement programs. And so I think you'll see Republican trifecta... two, potential reconciliation bills, which there's two allowed in any given Congress, one on tax cuts and one potentially on entitlements emerge.

I was with, at dinner with a very senior member, Republican member of the House Ways and Means committee, which is the Tax Writing Committee. And a very senior member of the House Budget Committee a couple of weeks ago. And they were both talking about and preparing for budget reconciliation already. And I think when you...if that happens, passing the...extending the 2017 tax cuts is probably the path of least resistance and what we see emerge. If you get into a divided government situation, then I think there's going to need to be a negotiation.

[00:10:59] **Lara Rhame:** What are the odds of, I'm asking this because I know we're going to talk about debt and deficit dynamics down the line.

What is the appetite for further tax cuts for corporations? I think that's something we're all eager to know because of course it, you know, the original Tax Cut and Jobs Act provided such bountiful lift in free cash flow. Probably there's no better way to increase profits for companies that just slash their taxes.

So, that's something that really, I think, powered the stock rally initially under the Trump administration. I know a lot of corporations would love to see again from a debt and deficit dynamics. Is there appetite for that or...?

[00:11:45] **Jason Cole:** There's a near-zero appetite for further corporate cuts in the Democratic Party.

[00:11:49] **Lara Rhame:** Well, yes, there is. Yes.

[00:11:51] **Jason Cole:** There is. It depends on who you talk to in the House and or/in the Senate. And it depends on, frankly, if you're in the House or the Senate. There are a number of House members that I've spoken with recently in the Republican conference who are, don't feel like they need to go further on corporate rate cuts.

And in fact are beginning to feel some pressure on debt and deficit and the need to maybe find some pay-fors when we get into extension of the 2017 piece. The personal stuff is going to get extended, and it's going to get extended in a non-paid-for manner, in my opinion. And I, that may be the case. Um, in either Republican trifecta or divided government. There's very few...

[00:12:39] **Lara Rhame:** Yeah, 'cause you were going to talk about the divide in government that I think is still worth having.

[00:12:41] **Jason Cole:** Politicians that want to see, that have individuals, have their...

[00:12:45] **Lara Rhame:** Nobody likes to raise taxes.

[00:12:48] **Jason Cole:** And I think in a divided government situation where you start seeing lines getting drawn. President Biden's talked about \$400,000. If you make less than \$400,000, your taxes aren't going to get raised, he says. And so if that's the case, that means those lower the bracket expansion that happened in 2017. That continues forward. The 37 rate probably goes up to 39.6 or reverts back to that prior to 2017 in a divided governance scenario.

And then you've got the interesting piece with the pass-through deduction where a lot of small business owners are taking advantage of that 20% tax pass-through deduction. A lot of investors are taking advantage of that and with investments in certain asset classes, REITs, MLPs. And other sorts of partnerships.

And so I think for those making under \$400,000 in a divided government situation, that probably continues. Then you get an interesting debate around, SALT (State and Local Income Tax Deduction), which was capped at \$10,000.

[00:13:52] **Lara Rhame:** Those of us in the Northeast are very familiar with that.

[00:13:54] **Jason Cole:** Yeah, many in the Northeast are very familiar. It'll be interesting to see how that debate unfolds, typically Democrats are in the Northeast whether they'll want to see that cap removed and what's the trade-off for that? And there's a lot of talk around maybe reinstating AMT. And so we'll... that's what I mean by there's going to be a negotiation around push-and-pull debt and deficit dynamics will definitely come into play.

I think there'll be conversations of that even in a Republican trifecta scenario. Where do you maybe pay for some of this stuff? And you're beginning to see that emerge in conversations and public pronouncements from, you know, former President Trump, now candidate Trump, around maybe we'll cut rates further and pay for that through increased tariffs.

[00:14:36] **Lara Rhame:** Right, right.

[00:14:37] **Jason Cole:** And so that's an idea that's beginning to gain some currency in pockets, particularly among House Republicans.

[00:14:45] **Lara Rhame:** Okay, well, before we get to that, I want to talk about trade. This is an area that has been extraordinary because it's now bipartisan to be tough on trade. And I think, you know, we remember some of the election rhetoric going into 2016 that felt really different from what we've been hearing for 20 years and sort of the free trade globalization pendulum and, you know, swinging towards into globalization.

And, you know, I think, initially during the first Trump election, it really sort of started to swing back with tough trade rhetoric, and then of course, imposing tariffs when he took office. And something that I like to point out to people is that Biden has not removed a single tariff that Trump imposed when he got elected.

[00:15:33] **Jason Cole:** And in fact, and added more.

[00:15:34] **Lara Rhame:** Sure. You said it, it's really added significantly more. And again, you know, knowing that campaign rhetoric is not policy, we all also need to keep that in the back of our minds, but the reality is that trade is a place where a president has a lot of room to act unilaterally and imposing tariffs does not require coordination with the other houses of government.

So, when we see, I think, now being tough on tariffs and being tough on trade is just, that continues to ratchet up. What are you looking for with either a Trump or a Biden reelection?

[00:16:16] **Jason Cole:** I think the policy will diverge ever so slightly on the margins, right? I mean, Trump's rhetoric...

[00:16:22] **Lara Rhame:** Like tough on trade is here to stay.

[00:16:23] **Jason Cole:** Tough on trade is here to stay. And, and you're seeing that out of both parties. Look, I grew up in a Washington in the late nineties where globalization was in vogue. We had NAFTA, we had TPA or Trade Promotion Authority, or formerly most favored nation status for China in 2000 and then that was all of the rage.

And there were pockets of opposition to those sort of small L liberalism, free markets, you know, free, open border policies from progressives, from populists. Today you're now seeing sort of traditional establishment national security figures weighing in with those progressives and populists around this sort of new anti-global agenda. And that's the, and you're right, Lara. The place that's felt most is in a trade agenda. When Trump came in, he tore up the Trans-Pacific Partnership, renegotiated NAFTA, imposed \$300 billion worth of tariffs on China. And Biden did nothing to change any of that when he came into office. And again, accelerated the tariffs on China just a few weeks ago with \$18 billion in new tariffs in a targeted way.

I mean, I think the other thing you're seeing is protectionism of favored industries. And you're seeing this again out of both parties. For Biden, that was the semiconductor industry through the passage of the CHIPS Act. That was the EV green energy industry through the passage of the so-called and poorly named Inflation Reduction Act.

I mean, it was a really, an environmental pro-green industrial policy program that was passed by Biden. I think you'll see that precisely the same thing, maybe different sectors in a Trump administration, but you're seeing this comfort level among politicians of doing industrial policy, unlike you've seen since the 1970s.

[00:18:26] **Lara Rhame:** Yeah.

[00:18:26] **Jason Cole:** And that is a trend regardless of who's elected that I think is going to continue. And I think investors just need to be cognizant of who's in office in terms of which industry sector is going to be favored.

[00:18:37] **Lara Rhame:** Sure. Yeah. I think something that you and I have talked about a lot is that both candidates want a strong economy. Both of them want a strong stock market. So, the reality is that we've had a fairly strong economy. I'm taking out COVID, which is the big...though it was the big speed bump to the economy, the giant speed bump. But both presidents have actually had a fairly strong economy.

And when I look ahead, these policies that encourage investment spending to me are welcome because we really have underinvested in our economy for sort of the 15 years you know, after the financial crisis, really the 12 years after the financial crisis. And, you know, productivity gains to me are really a long-run benefit to the economy that can be a byproduct of this investment spending.

So, I think, from that perspective, to the extent that it's hard to be pro tariff, to the extent that it engenders some investment dollars to me, I think that's something that I am excited about and have been excited about.

[00:20:00] All right, let's get to the debt, to the debt and the deficit. The numbers are scary. It's probably one of the biggest questions that I get asked when I'm out talking to advisors. They know they're nervous about it. Their clients are nervous about it. It's keeping everybody up at night. And yet I can't help but remember back to a time you look at TIME magazine cover in the 1970s that says, deficit at catastrophic levels, the 1980s deficit at apocalyptic levels; 1990s deficit's a big problem.

Like, it's been a problem for so long. Are we at a tipping point now and why is that happening today?

[00:20:42] **Jason Cole:** We're getting close to a tipping point and I think the biggest reason it's happening today is interest rates. Higher-for-longer rates have driven up, particularly one big metric and that is interest on the debt. That is beginning to get, that is getting politicians attention.

I mean, for the last 15 years, there has been a fiscal policy free lunch for politicians where...

[00:21:07] **Lara Rhame:** And I think you, I just want to reiterate something you and I've talked about, too. That this is from both parties. Like no party today can claim orthodoxy on deficits. That they both have been profligate spenders.

[00:21:22] **Jason Cole:** That's absolutely right. Both parties have been in charge over the past 15 years. In fact, since 2000, you know, there's been change elections, you know, for 10 of the last 12 elections since 2000. So everybody's been in charge. Everybody's complicit in this, but it was easy since 2000 because you have near zero or effectively zero or even effectively negative interest rates.

So it was painless from a politician's perspective because your debt service was nil.

[00:21:51] **Lara Rhame:** Yeah.

[00:21:51] **Jason Cole:** Now, your debt service is approaching a trillion dollars. It's, it's estimated to be close to 900 billion this fiscal year. That will [00:22:00] be the third-largest program, quote unquote, in air quotes, in the federal government budget. Behind Social Security, Medicare, and then service on the National Debt. You don't get a thing for that.

[00:22:12] **Lara Rhame:** So even more, we're going to spend more on servicing the national debt than we are on defense.

[00:22:17] **Jason Cole:** ...than the national defense. And non-defense discretionary spending, all non-defense discretionary spending combined.

[00:22:23] **Lara Rhame:** What's included in that?

[00:22:24] **Jason Cole:** That's things like education and transportation and veterans health.

[00:22:29] **Lara Rhame:** Stuff that's nice to have and makes our economy good.

[00:22:33] **Jason Cole:** Exactly. Non-defense discretionary. It's roughly equal to defense spending, and National Debt Service will exceed that in the fiscal year that we're currently in. And so that's beginning to get politicians attention, rightly.

And you're beginning to see some conversation on Capitol Hill among more sober-minded members about the need to address the national debt and deficit. What I expect we will see, or my expectation is that we have one triggering event, another fun one, that I'm sure we'll talk about in the next five or six months.

[00:23:08] **Lara Rhame:** Oh, don't say debt limit

[00:23:08] **Jason Cole:** Debt limit.

[00:23:11] **Lara Rhame:** Again.

[00:23:11] **Jason Cole:** So remember the debt deal last June said that it suspended the debt limit until January 2025. So the new president and the new Congress immediately on taking office have the need to extend the debt limit on their plate.

Treasury will be able to deal with certain measures and do all of those things and give us some headspace and sometime into probably April or May, but it's going to be an issue yet again that the new president and the new Congress are going to have to grapple with. That is the time and place, in my opinion, where a deal can be done to begin addressing the national debt. And whether that takes the form of actual hard policy, budget caps, those sorts of things, or if it's less rigid and gets into things like a Simpson-Bowles-esque commission that we saw back in 2011. To begin dealing with the...frankly, the true drivers of our debt and that's Social Security and Medicare and entitlement programs that are consuming two-thirds of every budget dollar that comes in.

That's probably more likely, or it could be a combination of the two, but that is something that investors need to be aware of that's coming and coming to a theater near you soon. That we're going to be dealing with the debt limit movie all over again.



When I look at the interest rate outlook. I have talked throughout the year about the fact that I expect long-term interest rates to continue to move higher for a combination of three reasons. You know, we have solid growth, I think inflation is going to be stickier than the consensus expects, and we have an enormous amount of Treasuries to refinance this year.

[00:25:00] **Lara Rhame:** We have so far chosen to push much of that to the short-term part of the yield curve, but I think over time that will have to be moved out to sort of those longer maturity bonds. And when you look at the dynamics going forward, we're kind of now at...when we talked about a pivot point. At a place where now the refinancing costs start to skyrocket very fast and the outlook for the next two years, the next five years is for the numbers to just become stratospheric in terms of debt costs and service costs.

So, when I look at rates today, I know that there's a lot of concern that interest rates are high. And when I look at long-term interest rates, I'm often surprised that they're not a little higher than they are. And I think, as we look ahead, I keep that in the back of my mind because I think the economy operates fine with higher long-term interest rates where they are. I think we'll find a new equilibrium level of activity and financial market activity against this backdrop. But I am not in the camp that says that the Fed's going to cut rates a couple times and long-term rates are just going to shoot down. I think when I say higher to longer, I really mean a renormalization back to before the Fed was undergoing balance sheet dynamics that caused long-term interest rates to be artificially suppressed.

[00:26:31] **Jason Cole:** Yeah. And if that's true, and I tend to agree with you, Lara, that it probably is, that's going to bring debt and deficit conversations into clearer focus on Capitol Hill among politicians, because when we hit the trillion dollar debt service mark, which probably happens in probably maybe '26.

Boy, that's a political explosion. I mean, you know, you start throwing the "T" word around. And I think that will sober people up and they'll get serious.

[00:27:04] **Lara Rhame:** I think your point that's worth reiterating is like, people can complain about infrastructure spending or these industrial policies like it or lump it.

Those are actual dollars going into the economy. Debt service payments is just money out the door. It's not employing anybody. It's not building a bridge. It's not paving a road. And a lot of it doesn't even go to the U.S. A lot of it goes overseas.

[00:27:25] **Jason Cole:** Yeah...to holders abroad.

[00:27:27] **Lara Rhame:** And so, I think that that's really worth repeating and I think hopefully again, well, maybe this is just the ugly headline that we need to spark real movement.

I'm going to be my glass half full optimistic take on all of this. Then maybe that's the ugly headline that we need to, to ignite some action.

[00:27:46] **Jason Cole:** Yeah, and that's right. And look, I think I've got to underscore this again. The two drivers of this are Social Security and Medicare. Yeah. And those are two immensely difficult problems, for a politician, whether you're a Democrat or Republican to solve.

Nobody wants to talk about it. In fact, if you listen to every single major party candidate running for anything at the federal level. We're not going to cut Social Security. We're not going to cut

Medicare. We're not, and that's the promise that they're making. And the reality is those two programs are going to need to be addressed.

(A) for their sustainability and (B,) to get the rest of this growth in the deficit and debt situation.

[00:28:29] **Lara Rhame:** Yeah. All right. Last topic I really wanted to tackle was regulation. And I think, you know, to some extent, this is an easier question because if we get a Biden reelection, it's more the same.

We kind of know what we're getting. If we get a Trump reelection, we know that there's going to be a smaller regulatory, a lower regulatory burden. What are your key takeaways from that discussion?

[00:28:58] **Jason Cole:** I mean, look, I think that's generally right. I mean, if you get, if Trump's in the White House, there's going to be a desire to deregulate like he did in the four years he was in office.

Biden will be more of the same. I mean, in the financial services sector, we've seen an unbelievable number of proposed regulations coming out of particularly the SEC. I would expect that to continue. Couple things to watch. One is if there is a Republican sweep, there will be an opportunity to again unlock another procedural effort to roll back some regulations that President Biden has and his administration have enacted. It's called the Congressional Review Act. It will begin being triggered any day now. There's some really nuanced rules, but long story short is that near the end of a term, 60 days out, 60 legislative days, which is, again, any day now, between now and the end of the year. Any regulation enacted in that period could be subject to congressional review in the new Congress.

And so if there's a Republican sweep, expect that to happen. It happened the first time around when Trump became president. There were a number of regulations that Obama administered that were repealed through that process. So, watch that, number one. Number two, and this may have already happened by the time we air, so I want to date-stamp this, but there are two Supreme Court cases that could be decided this week, next week or the following week. *Loper versus Raimondo* and *Relentless versus the Department of Commerce*. And both deal with what's known as the Chevron Doctrine. Chevron was a case decided in 1984 that basically said, we're going to provide deference, the courts should provide deference to administrative agencies in terms of how they interpret congressional law.

Congress, having worked in Congress for a number of years, I've been in a lot of rooms where we're drafting legislation where it's like, oh we don't really know how to do that. The agencies figure it out, and so the laws are drafted intentionally vague. Chevron said, and gave a lot of leeway for agencies to interpret that.

These two cases question that authority, and there is a lot of belief that Chevron may be overturned or at least rolled back significantly and if that's the case it will restrain many of the actions of administrative agencies to issue regulations. How? That will remain to be seen in terms of the ultimate decision, but it could have a very significant deregulatory effect.

So watch those two cases. Again, they may have already happened by the time we air and so if we air, people should start digging up what that means. But I think there's a possibility that there could be some constraint coming from the courts of the regulatory state.

[00:32:01] **Lara Rhame:** Great.



Well, Jason, I look forward to having you back to keep us updated on all of this. I think we're going to be talking regularly from now until the election and then even after the election because how all of this gets implemented is going to be just as important as the rhetoric and the decisions that are coming between now and November.

So, I learn something every time we get together and talk. I know that you and I have been out on the conference circuit, too, together. It's been so much fun to get out there and speak and hear everybody's questions. I hope that you'll engage with this podcast by hitting us up, asking questions on our website [fsinvestments.com](https://fsinvestments.com). Jason and I are writing together about a lot of this and we just have...I think these interesting conversations that we know are top of mind to a lot of investors. So Jason, thank you so much for your time.

[00:32:54] **Jason Cole:** Thanks for having me again. This has been fun. And as always, I enjoy these. So thanks so much and take care.