



View from the Beltway

Joe Biden: What Kind of President?

BY OWEN ULLMANN

Democratic centrist or left-wing captive?

As the 2020 presidential election enters its final stretch, the prospect of a Joe Biden victory is growing, and that raises the question of how he would govern. Biden has promised to unify the country by trying to pursue a bipartisan consensus on many issues, yet the stark polarization that has gripped the nation makes such an approach awfully difficult to achieve.

So the question is: Will a President Biden stick to the largely Democratic center that has marked his long political career and fulfill his pledge to reach out to Republicans, or will he be pulled to the left by a powerful and vocal alliance of party activists who will clamor for such policies as Medicare for All, a Green New Deal, and police defunding from his first days in office?

If Biden ousts President Trump in a close contest, the Democrats will be less likely to pick up a significant

number of seats in the House or capture control of the Senate from the Republicans, who will be able to block a left-wing legislative agenda. However, if Biden wins in a landslide that results in big gains in the House and a Democratic-controlled Senate, the party will have the levers of power to enact sweeping changes in health care, the environment, taxes, trade, and federal spending.

At the same time, such an electoral mandate would allow Biden to claim that voters elected him because he is a mainstream Democrat who won't be beholden to the Bernie Sanders and Alexandria Ocasio-Cortez wing of the party. And while he supports many programs opposed by conservatives and the business community, such as an increase in corporate and capital gains taxes, he has stood firm throughout the campaign against the more radical proposals pushed by the left. He's even adopted Trump's hardline stance toward China and

likely would retain tariffs imposed on Chinese goods. His selection of California Senator Kamala Harris, a former presidential rival, as his running-mate underscores his desire to run as a mainstream Democrat.

"The likelihood of the left pulling him to their position on any issue is small," agrees Robert Shapiro, chairman of the consulting firm Sonecon LLC and a senior economic adviser to past Democratic presidential candidates. "He beat the left but mainly, the left is a real minority in the party. Having said that, Biden and the left agree on a number of goals, including universal healthcare coverage, relieving student debt, and taking urgent steps to reduce greenhouse gas emissions."

"Their only leverage would be to refuse to support his proposals," adds Shapiro. "So I don't see the

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ideological makeup of the party pulling him left, although the party's center is more to the left than it was in 1996 or 2012, and is where Clinton and Obama would be now, as well."

If that's the case, here is a run-down on where a President Biden is likely to stand on key economic policies.

Taxes. Based on his campaign website, Biden would reverse much of the Republican tax cuts passed in 2017. He would raise the corporate tax rate from 21 to 28 percent, require minimum corporate taxes, return the top individual rate from 37 to 39.6 percent, tax capital gains as ordinary income for those earning more than \$1 million, and impose Social Security payroll taxes on wages above \$400,000.

The non-partisan Committee for a Responsible Federal Budget analyzed his tax plan on July 30 and concluded that it would raise \$3.35 trillion to \$3.67 trillion over a decade if fully enacted in 2021. The committee

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called the plan "highly progressive," saying it would increase taxes for the top 1 percent of earners by 13 to 18 percent of after-tax income, while indirectly increasing taxes for most other groups by a mere 0.2 to 0.6 percent. As a result, it "would moderately slow the pace of economic growth and possibly labor supply by discouraging work and capital accumulation," the group concluded.

What is not included in his tax package is a controversial "wealth tax" on the financial assets of the super-rich, which Sanders and Massachusetts

Senator Elizabeth Warren proposed during the primary campaign.

Climate change spending. Biden has pledged to "invest" \$2 trillion during his term to combat climate change. His proposal includes funds for rebuilding roads, bridges, water systems, and electricity grids, as well as money for universal broadband. The program includes support for the auto industry to convert to electric vehicle fleets, public transportation options for every city of 100,000 or more, and financing for the construction or upgrading of millions of commercial and residential buildings to be energy-efficient.

While ambitious, the proposal is far more modest than party progressives' "Green New Deal," which aims to achieve 100 percent clean energy for the country in future decades. The cost of this ambitious program is unclear, but it likely amounts to tens of trillions of dollars and severe disruption for carbon producers and those dependent on them.

Joe's "Corporate Globalists"

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—O. Ullmann



Steven Ricchetti,
*former Chief of Staff to
Vice President Biden*



*Former U.S.
Trade Representative*
Michael Froman



Jennifer Hillman,
*former General Counsel,
Office of the U.S. Trade
Representative*

Industrial policy. This is wrapped in a plan that Biden calls his “Made in All of America” policy. It calls for investment in manufacturing and technology—in addition to the funds pledged for the auto companies—and boosts workers’ rights to organize unions and avoid the lost benefits that come from being labeled as “independent contractors.”

Clearly aimed at winning back blue-collar workers who voted for Trump in 2016, the plan includes

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\$400 billion for government procurement of American products, materials, and services, investments in small manufacturers owned by women and minorities, and \$300 billion in research and development funding for technological advances in industries ranging from electric vehicles to artificial intelligence. In addition, the plan calls for a strategy to ensure that critical supplies needed during a crisis, such as the Covid-19 pandemic, are produced domestically, so the country is not dependent on China and other foreign producers.

In an appeal to working-class voters in the Midwest, Biden unveiled a proposal on September 9 to impose a 10 percent tax to punish companies that move jobs overseas to produce goods sold in the United States.

Business regulation. This area may prove to be a mixed bag for Biden. As a long-time senator from business-friendly Delaware, Biden was seen as a friend of the financial industry on issues such as bankruptcy and credit-card reform.

As vice president, however, he was a big supporter of the Dodd-Frank regulations that banks consider over-burdensome, and he has indicated as a presidential candidate that he wants to see more regulation of tech giants, such as Facebook, Google, and Amazon.

Several tech company officials who have been brought in to advise his campaign may try to temper his desire for tech regulation, but if he were to give Warren a top job in a Biden administration, say attorney general, look for a tough stance in support of investigations into anti-trust and racial or gender bias, as well as close oversight of business practices. Harris’ experience as a tough prosecutor when she was California’s attorney general also points to an administration that would keep a wary eye on Corporate America.

Biden also favors more than doubling the federal minimum wage to \$15 an hour, a move that would have a big impact on businesses, particularly small ones that operate on slim margins.

Trade and China. As a senator and vice president, Biden was a long-time free trader. He voted for NAFTA, supported permanent normal trade with China, and backed Obama’s twelve-nation Trans-Pacific Partnership. As a presidential candidate, however, he has sounded more like Trump: He has been critical of China’s trade tactics, hinted he would keep U.S. tariffs in place for at least the short term, has called for renegotiating TPP, and has echoed union leaders’ concerns about how global trade undermines American jobs.

Candidate Biden has promised to “stand up to the Chinese government’s abuses (and) insist on fair trade.” He notes that “many of the products that are being made abroad could be made here today,” and has

called for a “pro-American Worker Tax and Trade Strategy to ... give our manufacturers and workers the fair shot they need to compete for jobs and market share.”

Given Biden’s current views, the high U.S. unemployment rate, and bipartisan antipathy toward China, “I am not optimistic about another significant multilateral trade agreement,” says Shapiro. “It is very difficult today given the economic environment. The political costs of trade agreements have gone up.”

Mary Lovely, a senior fellow at the Peterson Institute and economics professor at Syracuse University, contends that Biden’s “Buy America” program reveals a transformation of a free trader into a trade skeptic.

“The ‘Buy America’ piece of his trade policy seems wrong-headed,” she says. “We want to support American jobs of what type? Sewing uniforms? Do you create monopolies? Do you buy from a sole supplier? Are these jobs we want to encourage and pay monopoly rents for? And what is an American company:

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multi-nationals like Ford? Apple? Toyota? There is a great deal of ambiguity about how a ‘Buy America’ policy would actually work.”

Lovely adds that Biden’s tough line toward Beijing is not surprising since “any politician has to take a tough line against China today,” which means he would most likely keep the tariffs in place: “China is not helping. Politically, it will be very difficult to roll them back.”

She also thinks Biden would eventually pursue a revised TPP “as a way to pivot to Asia without China.” In addition, Lovely said, “you’ll see



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an end to harassment of trading partners. You can expect Biden to engage in negotiations with allies in a more deeply engaged approach.”

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Those Kuttner cited include pharmaceutical industry lobbyist Steven Ricchetti, the Clinton White House point man on NAFTA who served as Vice President Biden’s last chief of staff. Another is Jennifer Hillman, a senior fellow at the Council on Foreign Relations who served as the general counsel to Clinton’s U.S. Trade Representative and is “the consummate Democratic trade official in waiting.”

“In the wings is [U.S. Trade Representative] Mike Froman, former grand architect of trade policy in the Obama administration ... He endorsed Biden early, and is said to be part of his kitchen cabinet of policy advisers,” Kuttner wrote.

“My sense of the Biden campaign when it comes to trade, as on other key issues, is that there are many hands on the steering wheel,” he continued. Although Biden supports industrial policy and stronger

labor rights, “the Wall Street globalists tend to burrow down, deep in the Democratic establishment, and they are already in senior jobs in Biden’s campaign. They are not going quietly.”

“There is a far better approach to trade than Trump’s,” Kuttner concluded. “But if Biden doesn’t define a positive view of economic nationalism, Roosevelt style, Trump could win on trade again by default. It’s hard to clean house when the people on the wrong side of these issues own the house.”

Critics like Kuttner may not have much faith in Biden’s commitment to the Democratic Party’s more tra-

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ditional, labor-centric view of trade, but Biden seems to have a closer personal connection to the victims of global trade than Clinton or Obama, given his roots as a child living in blue-collar Scranton, Pennsylvania. And there also is the political imperative: He can’t repeat Hillary Clinton’s free-trade mantra from 2016 and hope

to return Michigan, Pennsylvania, and Wisconsin to the Democratic column, victories needed to send him to the White House this November.

So it’s fair to say a President Biden will move closer to Trump’s trade policies, but he won’t stray far left from the Democratic mainstream on other major issues.

Endorsing that view is the most unique of Biden supporters: former Ohio governor and 2016 Republican presidential candidate John Kasich. The former GOP congressman, a long-time budget hawk, has become so disenchanted with Trump that he endorsed Biden during a remarkable speech at the virtual Democratic National Convention in August.

“I’m sure there are Republicans and independents who couldn’t imagine crossing over to support a Democrat; they fear Joe may turn sharp left and leave them behind,” Kasich said. “I don’t believe that because I know the measure of the man—reasonable, faithful, respectful. And you know, no one pushes Joe around.”

That’s a pretty sensible view of Biden, who turns seventy-eight in November and may not seek a second term (if he wins a first) because of his age. He has pledged to be the leader who will heal and unify a nation torn apart by political division, a vow he repeated in his speech at the end of the Democratic Convention:

“While I will be a Democratic candidate, I will be an American president. I will work as hard for those who didn’t support me as I will for those who did. That’s the job of a president. To represent all of us, not just our base or our party.”

Biden can prove he means what he says by pursuing consensus policies from his first days in office. He might even start by following through on his pledge to name some Republicans to his Cabinet.

Hmmm. Secretary Kasich? ◆