



What can we expect from Bidenomics?

Marcus Otono Sat, 05/12/2020 - 09:21

Marcus Otono

It's tempting to look at Joseph Robinette Biden's 50 year career in politics, 48 of them on the national level in the Senate and as Vice President, and do a 'hot take' on how he will govern and what his economic policies will be based on that lengthy record. And it would be correct to do so if all you were trying to do was assess where his political and economic instincts lie. However, if 2020 has shown us anything, it's that any purely historical assessment, whether of parties or politicians, doesn't hold water under the crushing conditions of the nation's continuing and multiple crises.

How someone will govern and react under conditions of capitalist stability, say previous to the Great Recession of 2008, might not hold true under a triple whammy of Covid 19, a severe economic downturn related to the pandemic, and a sharp social justice crisis occasioned by police terror against minorities, especially Black people.

It is also useful to remember that before the series of deep economic rises of the 1970s that ended the Long Boom, when neo-Keynesianism was the dominant economic ideology it was the forefathers of neoliberalism, Ludwig von Mises and Friedrich von Hayek, who were regarded as fringe thinkers if not cranks. After the Reagan-Thatcher 'neoliberal revolution' it was the Keynesians who were treated as the dinosaurs. This should remind us that deep capitalist crises, where old methods simply fail to work, lead to major rethinks by ideologists, rather than the reverse.

Joe Biden was an early convert amongst Democrats to neoliberalism. He became a strong advocate of balanced budgets and supported tax cuts that restricted social spending ending in the era that lasted from Roosevelt's New Deal to Johnson's great society. Biden, along with 36 Democrats, voted for Ronald Reagan's first budget. As a recent book on Biden shows, this had dire consequences for the people who voted for the Democrats.

'The cuts threw countless lives into chaos with 270,000 public sector service workers losing jobs, more than 400,000 families thrown off welfare rolls and more than 1 million workers ineligible for extended unemployment benefits.' Yesterday's Man - The Case Against Joe Biden, p.49. Verso 2020 New York

So, it's no exaggeration to state that Biden is a staunch supporter of the capitalist system and the billionaire elite that control that system. It's not wrong either to state that Biden doesn't have any problem backing US imperialist objectives in the world, with overt and clandestine military might, which would make him, in US political terms, a neo-conservative.

'I voted to go into Iraq, and I'd vote to do it again,' Biden said in August 2003. He also supported the war on Afghanistan and backed the UK's invasion of the Falkland Islands.' (Joe Biden the Hawk, Baranko Marcetik, Jacobin 08.02.2018)

All of these observations about Joe Biden are true, but to infer that they will determine economic policy under a Biden presidency, in the near to medium term, that is, in tackling COVID, the recession and during the recovery, would be too hasty a conclusion.

The reason that President Biden's historical instincts might be blunted in his first years, or longer, can be boiled down to one thing. When a country faces a major crisis, whatever the current doctrine, the state's first duty is to save the system. The USA is floundering through a pandemic-fuelled recession that's worse than the one that hit us in 2008. This means that Biden will have to spend like the proverbial 'drunken sailor' to even have a chance at 'saving' the

system teetering on the edge of the abyss of potential collapse.

Fortunately, if there's one thing that Biden's political career has shown, above all and any ideology he might espouse at any given time, is that he is a political pragmatist. Pragmatically speaking, for Biden to be a success, he cannot be tied to an agenda of austerity and low taxation, hoping it will "trickle down" when it never has and never will.

Of course, the success of any stimulus spending will not rely solely on Biden and the Democrats. The results of the election have shown that the Republicans are not out of the governing picture in any way. They actually appear to have gained seats in the House of Representatives, though the Democrats still hold a slim majority there. And Biden did win the presidency, although Trump hasn't formally conceded yet and is fighting a delaying action with frivolous lawsuits and outright attempted robbery trying to overturn the results. Trump probably won't be successful, but since he and the Republican Party have packed the federal courts, they can't be totally counted out until the Electoral College meets and makes the Biden victory official.

Then there's the Senate, the anti-democratic institution that has been a bane for progressive initiatives for the entirety of its existence. Since at least 2010, when Republican Senator Mitch McConnell became that chamber's majority leader, he has made it his business to obstruct any legislation or initiatives from the Democrats in the executive or the legislature, even ones that would be considered "center-right". McConnell's obstructionism has been only in the service of keeping legislative "wins" away from Democrats and, as such, he can be expected to restrict anything that Biden puts forth just because Biden has a "D" after his name.

So, the question then becomes will Republicans keep the Senate? They are close to this goal after the elections; if they win even one of the Senate run-off elections in Georgia, then McConnell will have veto power over Biden's economic initiatives and even his Cabinet picks. With a Democratic sweep of the Georgia races, however, Biden will have an effective majority; a split chamber with Vice President Kamala Harris voting as the tie-breaker.

Of course, this math doesn't allow for any Republicans to break discipline and vote with the Democrats. McConnell has been remarkable in keeping Republican discipline through his years as majority leader, but there have been occasional outliers, most notably Mitt Romney, Lisa Murkowski, and Susan Collins. With Republican wins in Georgia, McConnell will at least have the opportunity to restrain and possibly block anything that Biden tries to do.

Build Back Better

What will President Biden try to do and what are the chances of his success in enacting it into law? Well, it's called "Build Back Better" (BBB) and it's roughly based on the United Nations disaster relief strategy outlined in 2015 in Sendai, Japan, for planning on how to rebuild in the wake of natural disasters like the one that struck Japan in 2011, the magnitude 9 earthquake and the ensuing tsunami and nuclear meltdown at Fukushima. This strategy is sort of the inverse to Naomi Klein's "Disaster Capitalism". Whereas disaster capitalism used natural, political, and economic shocks to ram through a pure and unregulated, "survival of the fittest" form of capitalism, what came to be known as neo-liberalism, BBB uses the rebuilding efforts after disasters to push for more central planning, with governmental funding that rebuilds an economy in a greener, more equitable, and, generally, more of a "left populist" fashion. In short, more of a return to the Keynesian economic policy used by New Deal Democrats in the USA and by social democratic and Labour governments in Europe. And thrown into the mix are elements of Modern Monetary Theory (MMT). Biden's original proposals talk about spending over 7 trillion dollars over ten years for infrastructure upgrades, "green" transportation initiatives and other measures to combat climate change, but with added measures to also rebuild the internal manufacturing base of US capitalism. This, ideally, would provide good paying jobs within the US.

Ironically, this rebuilding of the US manufacturing base also eerily echoes Donald Trump's ideas on the need to rebuild US manufacturing, albeit the "how to" of this rebuilding, protectionism up to and including trade wars, is different from Trump. The payment for these ambitious programmes would be provided by increasing taxation on corporations and the wealthy, along with some MMT style monetary easing from the Federal Reserve and, of course, "growth". That's always the fall-back accounting trick under capitalism to explain away budget shortfalls. "Growth" will always cover

deficits, even when it never does.

The inspiration might be the Sendai plan, but it also borrows much from Roosevelt's original New Deal in its aspirations to reduce economic inequality and rebuild infrastructure, which really got going with FDR's war effort in the 1940s and Truman's Cold War. These facts should remind us that the national unity (between the parties and with organized Labor) was possible only in wartime and semi-wartime conditions. And it was sustained by the massive increase of the profit rate caused by the destruction, wearing out and obsolescence of US capital. Without this, state spending alone would not have generated the Long Boom. Once the profit rate declined by the end of the sixties, crises multiplied with stagnation and inflation and the New Deal and Great Society era ended and the young New Dealer Biden matured into a fiscal conservative. Will he now morph back into a New Dealer?

Biden kicked off this lobbying effort around rebuilding US infrastructure with a meeting on Monday, November 16 with corporate leaders, including the CEOs of GM, Microsoft, Target, and the Gap and the leaders of labor unions, prominently Richard Trumka of the AFL-CIO, but also with the heads of the UAW, SEIU, UFCW and AFSCME. He came away from this Zoom meeting positively giddy with the prospects of collaboration between these two fundamentally competing interest groups.

The top trade union bureaucrats will be delighted to be welcomed to the White House and recognised by Biden as stakeholders, but the results for their members are likely to be meagre indeed. The quid pro quo will be that these leaders will use their power to make things easier for Biden and hold back any real fight back when he starts to unload the costs of covid and the recession onto the very masses that voted for him.

Beating Covid

The disaster that has precipitated the opportunity to attempt to enact the BBB is the coronavirus pandemic and the resulting health and economic shocks that it has left in its wake. Dealing with a winter of increasing Covid 19 infections, hospitalizations, and deaths will be job one for Joe Biden when he takes office in January of 2021.

The voting public expects this and especially those who voted Democratic. A recent poll from Morning Consult/Politico showed that 69% of those polled demanded that controlling the spread of COVID needs to be the Biden administration's top priority, with 66% adding in COVID economic relief and 64% calling for a more general economic stimulus. Here, Senate control will prove to be critical to any new economic stimulus.

But they will face opposition and sabotage from the bulk of Republicans in congress and in the red states. Mitch McConnell has already hinted that the GOP doesn't believe another coronavirus stimulus bill is necessary, as they think that the economy is on its way back to health. This is shown by the fact that the \$2.2 trillion HEROES act, that provides a follow up stimulus to the CARES act, passed the House of Representatives six months ago but hasn't even had a hearing in the Senate, much less a vote. This tells us that any new stimulus spending package which can be endorsed by a Republican dominated Senate will probably be less than the already existing House package languishing in Congressional Purgatory.

The supporters of capital, both Democrat and Republican, have always looked towards how the wealthy in society are doing as an indicator of how the general economy is and, in times of capitalist stability, this can be a marker of economic recovery for a significant part of the populace. However, during times of extreme economic crisis when populism rises on the right and the left, the bourgeoisie is also split. The section of the owning class that Biden represents sees the need for a stimulus that curtails rising anti-capitalist sentiment, a sentiment that's sure to grow if nothing is done about the 11 million permanent jobs already lost during the pandemic and the potentiality of a massive wave of evictions after CARES act protections for renters expire at the end of the year. Nothing exposes capitalism like massive numbers of workers out of work and their families on the streets without a home.

There's also the matter of the approval and distribution of a vaccine against coronavirus and Covid. The classic 'good news/bad news' scenario. Of course, the good news is that there is, not one, but two different vaccines that have shown

the promise of protection against coronavirus at a 95% efficiency rate in preliminary testing. The idea that the end is in sight for this long nightmare of deaths, illnesses and economic dislocation is tremendously encouraging to society at large, but the process and infrastructure for distributing this vaccine to the general public is daunting and requires months of lead time. It's a lead-time, too, that's being whittled down with every day that Trump and his supporters, which includes the entirety of the elected Republican Party and a majority of their voters, stubbornly put off the transition to a Biden administration.

Decisions about which vaccine to use, the mass production of the chosen vaccine, the prioritizing of who gets the earliest inoculations, tracking of vaccinations if more than one shot is needed, the costs and who pays those costs, plus a myriad of other decisions, all have to be decided by whoever takes the oath of office as president in 2021. With thousands of people dying in the USA every day from COVID and a new infection every minute, with hospitals overwhelmed or on the verge of being overwhelmed, every day of delay over political gamesmanship kills people.

Bidenomics ? The Most Progressive Since the New Deal?

Some in the media, notably Newsweek and Fox News, have claimed that with Build Back Better, a Biden administration would have the most progressive agenda since Franklin Roosevelt's New Deal was enacted during the Great Depression. No less of a reformist headliner than Bernie Sanders himself endorsed this view of Biden's policies after the unity task force's recommendations were released in July. Depending on the metric used, it could mark the first improvement after the 40 years of economic policies enacted under Reagan and solidified under Bill Clinton as the "Washington Consensus". However, it still goes nowhere near what the "democratic socialists" like Sanders and AOC have been pushing for. There's no Medicare for All single payer plan, but there is a Medicare buy-in called the "public option", a choice that was deliberately left out of the Affordable Care Act of 2010. There's no unified Green New Deal, but many of the elements that make up the GND are in Biden's BBB. And a substantial hike in the minimum wage to \$15 per hour is planned, although it's to be done in stages rather than in one jump.

If Biden could achieve this left populist wish list, he would certainly stake a claim to be a transformative figure in capitalist politics, like Roosevelt on the left or Reagan on the right. As we said above, the BBB is the inverse of Disaster Capitalism and will doubtlessly be dubbed by the right as "Disaster Socialism" at any time now. However, even though they're not socialism, the enactment of these programmes would still be a near-miracle, a long shot under current conditions of capitalist decay and a falling rate of profit. The tax hikes in particular are dead on arrival if the Republicans hold on to the Senate and might be so even if the Democrats gain their tie. Being a capitalist political party, many Democratic senators are very averse to raising taxes even on the ones who can most afford higher taxes, the wealthy and the multi-national corporations. Couple that with the economy still attempting to recover from the COVID crisis, and the prospects of even a modest tax hike on businesses are iffy at best.

At this point, after the initial attempts to put some of these proposals in play, is when we can begin to factor in Biden's history in calculating where this "most progressive since the New Deal" agenda winds up. Inertia is a real thing, not only in physics, but also in politics and the inertia is on the side of 40 years of Reaganomics. We should expect some action on the coronavirus crisis, even from McConnell and the Republicans, but it probably won't be anywhere near what's needed to help the working class recover from the COVID economic shocks they've already suffered and from those that are on the near horizon. Work will go forward on the distribution process for the vaccine(s) because there's a lot of money to be made and because the sooner the vaccine is widely available, the sooner all excuses to close down the economy will be removed and business can return to usual. But after that, what then?

If there are to be serious reforms that mean real improvements in healthcare, wage levels, socially valuable work for the unemployed and those in insecure and ill paid employment, then this will not come by waiting for Biden's "reach across the aisle" instincts. As Rosa Luxemburg says, even serious reforms are the by-product of revolutions, or the fear of them. In the 1930s and in the 1960s it was revolutions abroad and mass trade union and civil rights struggles that "persuaded" our rulers to fend off the threat by social spending and rights at work. Then, when the pressure is off, you get claw back.

The only hope that we can overcome a Congress and a President with conservative instincts is to put the fear of God into them by massive and militant street and workplace action. Another major weapon is to take forward the building of a socialist and working class party independent of the Democrats. Its first task would be to lead and organise the struggle in the communities and the workplaces. And not just against economic hardship but against racism, police violence, for women's LGBTQ and indigenous peoples' rights, and to end the persecution of 'illegal' immigrants. Last, but not least, the undemocratic nature of the constitution and voting system ? exposed to the world by Donald Trump in the 2020 election. All these issues must find a place in an action programme for a new party of the working class. Elections are important to spread the ideas of real socialism and register our progress. But electoralism must not be the be all and end all of such a party.

Of course, the Democratic politicians and labor misleaders will beg us to stop and lecture us on hurting the cause if we're able to mount such an offensive, but it must be done if we want anything worthwhile enacted. That's the way politics for the left works. Legislatures and legislation only follow and confirm gains won with street action, they don't precede it.

If we can force through even social democratic concessions against all odds and by our own efforts, then real socialism can become the objective for millions once again, as it was in the era of the IWW, Eugene Debbs, and the original Socialist and early Communist Parties.

Source URL: <https://fifthinternational.org/content/what-can-we-expect-bidenomics>