

The Millennial Source

What does Biden's economic team say about his priorities?

By Matthew Stafford and Edited by Brendan Monroe - December 16, 2020 in WORLD



Source: Mike Segar, Reuters

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The Biden-Harris team has begun unveiling its nominees for the top positions in its economic team, showcasing a preference for prior Washington political experience.

The team will be tasked with fulfilling the Biden-Harris pledge to “build back better” following the coronavirus pandemic, as well as “creating an economy that gives every single American a fair shot and an equal chance to get ahead,” per the Biden-Harris website.

The nominations focus on the top Senate-confirmable positions, which include the Secretary of the Treasury and its deputy, the Director of the Office of Management and Budget, as well as positions on the Council of Economic Advisers.

While some of the nominations have already received bipartisan approval – in particular, the nomination of former Federal Reserve chair Janet Yellen to the position of treasury secretary – others have not.

The nomination of Neera Tanden, the president and chief executive officer of the Center for American Progress, to direct the Office of Management and Budget has already been met with protest from Republicans.

Regardless of whether all President-elect Joe Biden's nominees will be confirmed, their selection tells us a great deal about what the economic priorities of the Biden administration will likely be.

Nominations

The Biden-Harris team has unveiled the names of those who will help direct the administration's economic policy as the United States attempts to recover from the coronavirus pandemic.

As treasury secretary, Biden has chosen former Federal Reserve chair Janet Yellen, who his website describes as being "among the most accomplished and decorated economists in modern history."

Her deputy will be Adewale Adeyemo, former senior international economic adviser to President Barack Obama and senior adviser at investment giant BlackRock Inc. Adeyemo is described as a "leader with deep experience across both the economic and national security space."

As Director of the Office of Management and Budget, Biden has selected Clinton-confidante Neera Tanden, describing her as a "veteran of multiple presidential administrations" and a "leading architect and advocate of policies designed to support working families, foster broad-based economic growth, and curb inequality throughout her career."

For the Council of Economic Advisers, the influential body that helps to provide economic policy analysis and forecasting, Biden has chosen the current Dean of the Princeton School of Public and International Affairs, Cecilia Rouse, as the council's chair, with Jared Bernstein and Heather Boushey as members. Rouse will be the first African American to chair the body.

For the National Economic Council, the economic advisory body based within the White House and, thus, more influential than the Council of Economic Advisers, Biden has selected Brian Deese, a former Obama administration official and a current investment executive at the investment firm BlackRock Inc.

Implications

These nominations provide valuable insight into the economic policy priorities of the incoming Biden-Harris administration.

The picks suggest Biden "will be implementing an "Obama 2.0" type of fiscal plan," business analyst Seth Denson told TMS, which provides a reasonable degree of certainty for markets as to what can be expected from Biden's administration.

Indeed, many of the suggested names have long-term experience in Washington, DC, with most having served in the Obama administration.

As treasury secretary, Janet Yellen will have arguably the highest-profile and most influential position of the group. Yellen's record as Federal Reserve chair and elsewhere has seen her develop a reputation as a "dove" on monetary policy.

That is to say, Yellen supports low-interest rates and would likely not be too aggressive with regards to reducing the deficit. Testifying before Congress in July, alongside another former Fed chair in Ben Bernanke, Yellen argued that "we do not believe that concerns about the deficit" should prevent Congress from spending big to resolve the coronavirus pandemic.

Responding to her nomination via Twitter, Yellen stated that the US must "restore the American dream" and that, if confirmed as treasury secretary, she would "work every day towards rebuilding that dream for all."

That said, Yellen has also on occasion raised concerns about the growth of US debt, arguing during a 2018 interview with CNBC's Steve Liesman at the Charles Schwab Impact conference that if she had a "magic wand" she would "raise taxes and cut retirement spending" to address the "unsustainable" US debt path.

More generally, Biden's economic picks suggest a focus on drawing from experienced figures and making an equitable recovery a priority.

Tanden, in particular, is one figure who aims to draw from personal hardship as a means to ensure the economic recovery from 2020 is an equal one.

Nominated for Director of the Office of Management and Budget, Tanden would be tasked with pulling together annual budget proposals for Congress, but also reviewing and greenlighting government projects and regulations.

Responding to her nomination via Twitter, Tanden spoke of her experience relying on public food and housing programs to get by. "Now, I'm being nominated to help ensure those programs are secure, and ensure families like mine can live with dignity," Tanden tweeted.

Tanden has also previously urged lawmakers to overlook deficit concerns at the height of the pandemic. In March, Tanden and Council of Economic Advisers nominee Heather Boushey were two authors of an op-ed urging policymakers not "to worry about raising deficits and debt as they consider what steps to take" to address the coronavirus pandemic in the US.

As Michael E. Burke, partner at DC law firm Arnall Golden Gregory LLP explained to TMS, both Yellen and Tanden "have spoken ... on the adverse impacts of income inequality and their nominations show a commitment to fixing that inequality," putting it at the core of Biden's economic agenda.

Support

Some of Biden's nominees have already received bipartisan approval, signifying the potential for an unobstructed confirmation process.

Republican Representative Patrick McHenry, the highest-ranking Republican on the House financial services committee, said in a statement that Yellen had demonstrated "intellect, foresight, and independence" during the last financial crisis.

He was joined in this praise by Hank Paulson, who served as treasury secretary in President George W. Bush's administration, who wrote that "Janet's credibility with members of Congress on both sides of the aisle will be enormously important as our country continues to recover from the economic shocks caused by the pandemic."

The economist Paul Krugman has also praised Yellen's nomination, writing for The New York Times that "it's immensely reassuring to know that economic policy will be made by someone who knows what she is doing."

The Yellen pick also "gives a bit of comfort to the business community and to the stock market," according to John Boyd, principal of management consulting firm The Boyd Company.

"Yellen is viewed as basically as pragmatist and not as someone looking to implement a new radical regulatory agenda," Boyd told TMS.

Other Biden nominees, however, have not received such bipartisan praise.

The nomination of Neera Tanden to direct the Office of Management and Budget has been met with incredulity from top Republicans and their staffers.

Drew Brandewie, an aide to Texas Senator John Cornyn, tweeted that Tanden "stands zero chance of being confirmed," due to past comments about Republicans. Cornyn later followed with a statement of his own, describing her as "radioactive."

Arkansas Senator Tom Cotton has also alleged that Tanden's rhetoric is "filled with hate & guided by the woke left," referring to her combative personality on Twitter, which has seen her just as likely to clash with those on the left as with Republicans.

Some on the left and progressive wing of the Democratic Party have also greeted Tanden's nomination with disdain, with Tanden herself vocally critical at times of Senator Bernie Sanders and his supporters.

Other Biden nominations have also come under scrutiny. The nomination of Adeyemo and Reese, two figures with ties to investment giant BlackRock Inc., has also been criticized by progressives.

Jeff Hauser, the founder of the Revolving Door Project, which scrutinizes executive branch appointees, told Politico that these connections “to BlackRock makes it less likely that the federal government will rein in BlackRock as it should be.”

On the whole, however, as Michael Burke told TMS, it is possible these “factional divisions are overblown.”

Although “there are disagreements within the party about certain policy issues,” Burke argued that “it’s not close to the strife that has been suggested.”

Indeed, on some of the more controversial nominations, though Republicans may demur, progressive figures have voiced their support. Elizabeth Warren and Stacey Abrams are two of the biggest progressive names to have voiced their support for Tanden’s nomination publicly.

As the top economic team for the Biden-Harris administration begins to take shape, then, a vision of the administration’s economic policy priorities has also come into view.

From those he’s nominated, it appears that Biden is acknowledging that deficit spending will likely be necessary for an equitable recovery from the coronavirus pandemic.

But, as with any nomination process, it remains to be seen if some of the more controversial names put forward by Biden will stand up to further scrutiny, especially in the event that Democrats fail to win both Senate seats in Georgia’s upcoming runoff elections. If they do fail to win both seats, control of the Senate and, with it, approval of Biden’s nominees, will ultimately be in the hands of the Republicans.