



Biden's decision to go big on coronavirus spending undermines reconciliation negotiations

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September 30th, 2021

As inflation lingers and new data suggest mass pandemic-induced evictions never materialized, Biden may have exhausted his political capital with centrist Democrats by muscling an excessive COVID-19 relief measure through Congress — crippling his broader legislative agenda and the health of the U.S. economy in the process. On Wednesday evening, Sen. Joe Manchin, a West Virginia Democrat and key vote on the package, trashed the spending bill as "fiscal insanity."

There is evidence that Biden's so-called "American Rescue Plan," which dwarfed Obama's \$800 billion stimulus framework in 2009, was "too big," according to Scott Lincicome, a senior fellow at the libertarian-leaning Cato Institute.

"The emergency wasn't nearly the size it was when this bill was first proposed," he told the *Washington Examiner*. "Nothing changed in terms of the top line spending between December and March, and that's an issue because a lot changed on the ground."

"Instead of taking a small bite in March, the Democratic majorities saw an opportunity to get the ball rolling on a lot of nonpandemic related priorities," he continued. "For example, the child tax credit."

That has economic consequences, according to Lincicome. While August's annual inflation rate of 5.3% can be partly attributed to supply chain constraints, economists who initially insisted higher prices would be "transitory" and last between "two, three months" now look "pretty silly," Lincicome said.

"2020 hindsight is, obviously, perfect," he added. "But I do think that, even in February and March, there were signs that \$1.9 trillion was just way, way too big and that it was Democratic majorities in both chambers getting a little greedy. You know, reap what you sow. So, I think they're facing some of the repercussions."

Steven Kamin, a senior fellow with the conservative-leaning American Enterprise Institute, conceded the \$1.9 trillion package was "a trifle generous, particularly in the stimulus checks." But he downplayed links between that measure and the negotiations over the \$3.5 trillion reconciliation, government funding, and debt ceiling bills.

Liberal House Democrats threaten to sink the Senate-cleared \$1.2 trillion bipartisan infrastructure deal if their centrist colleagues do not support the \$3.5 trillion Democrats-only social welfare and climate proposal. Additionally, the fiscal year ends after Sept. 30, and Treasury Secretary Janet Yellen projects her department will run out of money to pay the country's debts by Oct. 18 unless the borrowing limit is increased.

"The way I see it is, it's sort of a perfect storm, where everything, unfortunately, is coming together at once," Kamin said. "And it would be my guess that if basically the grandstanding of both the centrists and the progressives on this led to neither bill being passed, I think it would be like, 'Adios Democrats.'"

The stock market reverberated this week after Federal Reserve Chairman Jerome Powell told the Senate Banking Committee that "elevated" inflation would remain "in coming months." Additionally, unemployment is at 5.2% and 5.6 million fewer people are working than before the pandemic, despite estimates of 10.5 million job openings.

"As the economy continues to reopen and spending rebounds, we are seeing upward pressure on prices, particularly due to supply bottlenecks in some sectors," Powell said. "These effects have been larger and longer-lasting than anticipated, but they will abate, and as they do, inflation is expected to drop back toward our longer-run 2% goal."

Powell's comments coincide with data indicating Democratic warnings of mass homelessness after the Supreme Court struck down Biden's federal eviction ban never eventuated. Eviction filings are flat or down in metropolitan areas, [according to Princeton University's Eviction Lab](#).

Biden's economic job approval numbers have always been softer than his overall rating. But his average economic and broader job approval figures currently mirror one another — with 45% approving and 50% disapproving, [according to RealClearPolitics](#). That is problematic before next year's midterm elections, with 18% of voters naming the economy as their No.1 concern, followed by public health and immigration, according to [this week's Ipsos Core Political Survey](#).

Biden canceled a Wednesday Chicago trip to concentrate on bridging the divide between liberal Democrats and their centrist counterparts, Manchin and Sen. Kyrsten Sinema of Arizona. Both senators were reticent to support the president's \$1.9 trillion framework, with Biden telling Manchin if he did not "come along, you're really f***ing me," according to Bob Woodward and Robert Costa's new book *Peril*.