



# Outlook For President-Elect Joe Biden's Policy Agenda – Lessons From The Past Four Years

## Executive Summary

Joe Biden is set to become the next president of the United States, Democrats retained the House, albeit with a smaller majority, and runoff elections in Georgia will determine who controls the Senate. The question remains of how much of Democrats' policy wish list will make it into law?

Using the economic policy proposals in the 2016 Republican Platform as a case study, SW4 Insights' review shows the GOP's streak of legislative wins (tax reform, slimming down Dodd-Frank regulations) ended once Democrats took back the House in 2018.

With the exception of more stimulus to support the economic recovery, history suggest the Biden Administration will rely primarily on executive orders or federal agency rulemakings to advance its policy agenda.

# UNIFIED CONTROL MIGHT NOT BE ENOUGH TO ADVANCE DEMOCRATS' PROPOSALS

## SW4 INSIGHTS TAKEAWAY:

- Democrats need unified control to implement their progressive agenda, otherwise the Administration will work through executive orders and liberal appointees at federal agencies, while also cutting deals with Senate Republicans when possible.
- There was a lot of chatter before the election around the Senate filibuster's 60-vote threshold for advancing legislation, and how it might be eliminated if Democrats won. That is now off the table.
- The massive spike in the U.S.' debt burden, from battling the coronavirus-induced recession, will become a much bigger constraint on spending initiatives and tax incentives of any sort.
- Without a spectacular economic rebound, the next administration and lawmakers will be forced to prioritize productivity-enhancing policy, spurring capital investment and structural tax reform.

# WHAT WILL IT TAKE TO GO FROM DEMOCRAT WISHLIST TO REALITY

POLICY PRIORITIES	UNIFIED CONTROL	SPLIT CONGRESS	EXECUTIVE ACTION
AFFORDABLE HOUSING	✓	✗	✓
ANTI-TRUST	✓	✓	✓
CHINA	✓	✓	✓
DATA PRIVACY	✓	✓	✓
DOMESTIC MANUFACTURING	✓	✓	✓
ENERGY	✓	✗	✓
FINANCIAL REGULATION	✓	✗	✓
INFRASTRUCTURE	✓	✓	✗
MINIMUM WAGE	✓	✗	✗
TAX REFORM	✓	✗	✗
TRADE POLICY	✓	✓	✓

# **WHEN THE RUBBER MEETS THE ROAD – THE 2016 GOP PLATFORM VS REALITY**

# TAX REFORM – BOON FOR CORPORATIONS, LESS SO FOR INDIVIDUAL TAXPAYERS

“The current tax code is rightly the object of both anger and mockery. Its length is exceeded only by its complexity. We must start anew.”

“We will eliminate as many special interest provisions and loopholes as possible and curb corporate welfare.”

## What They Did

- 2017 Tax Cuts and Jobs Act – lowered the corporate income tax rate, expanded small business expensing.
- Temporarily lowered the pass-through tax rate, increased the child tax credit, and included a one-time repatriation tax break.

## What They Didn't Do

- Border Adjustment Tax
- Permanent changes to the individual income tax brackets.
- Eliminate the ‘Carried Interest’ tax deduction

# TRADE POLICY – HEAVY ON TARIFFS, LIGHT ON DEALS

“We envision a worldwide multilateral agreement among nations committed to the principles of open markets.”

“A Republican president will insist on parity in trade and stand ready to implement countervailing duties if other countries refuse to cooperate.”

## What They Did

- Withdrew from Trans-Pacific Partnership talks.
- Trade war with China and the European Union.
- Updated NAFTA: U.S.-Mexico-Canada Trade Agreement.\*
- Tariffs on aluminum and steel imports.
- Mini-trade agreement with Japan.

## What They Didn't Do

- Multilateral trade agreements with increased market access for U.S. companies.

# FINANCIAL REGULATION – NOT MUCH LEGISLATION, LOTS OF RULEMAKING

“We support removing roadblocks and regulations that prevent access to capital.”

“The worst of Dodd-Frank is the Consumer Financial Protection Bureau, deliberately designed to be a rogue agency.”

## What They Did

- Partial easing of the Dodd Frank Act’s requirements for small and mid-sized banks.
- Confirm a new Fed Chair, and pro-laissez faire leadership at other regulatory agencies.
- Roll back Obama-era consumer financial protection regulations and reduced enforcement actions.
- Revise regulations implementing the Community Reinvestment Act.

## What They Didn’t Do

- Abolish the Consumer Finance Protection Bureau or change its single-Director structure.
- Eliminate stringent capital and liquidity requirements for the largest banks.
- Impose caps on high interest rate loans.

# TECHNOLOGY – LOTS OF HEARINGS, VERY LITTLE ACTION

“Public policies should encourage the innovation and competition that are essential for an Internet of Things to thrive.”

“We intend to advance policies that protect data privacy while fostering innovation and growth and ensuring the free flow of data across borders.”

## What They Did

- End ‘Net Neutrality’.
- 2017 MOBILE NOW Act – allocated more spectrum to the private sector for 5G usage, streamlined approval process for building broadband networks.
- Tech War with China – Huawei, TikTok, WeChat, and ZTE bans.
- ‘Big Tech’ anti-trust review by Justice Department.

## What They Didn’t Do

- A U.S. equivalent of the EU’s General Data Protection Regulation (GDPR).
- Comprehensive infrastructure legislation.
- Address the rural digital divide.



**Having the right plan is an essential first step.**

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