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Biden's plan to fix a broken America

Joe Biden's pathway to success – and America's by extension – is narrow and fraught. But it does exist.

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Put crudely, the Biden era mix of "loose fiscal-tight money" will be good for workers, less good for capitalists. **AP**

Jacob Greber *United States correspondent*

Jan 15, 2021 – 8.01pm



Chaos begets chaos. Escalation invites retaliation and retribution. Ugliness dominates headlines and imaginations.

The past 10 days in America have been some of the bleakest in its 248 years since independence from Britain.

Fuelled by an industrial scale unhingement as a tumultuous presidency crashes towards history's exit, what's left is a Washington besieged; [troops garrisoned in the Capitol for the first time since the Civil War](#); streets blockaded by law enforcement, and through it all, a sense of impending doom at what the coming week might bring as Joe Biden prepares for inauguration.

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was like down there before COVID-19 and the ravages of riots and political insurrection. They can't wait for it to be over.



President-elect Joe Biden inherits an economy still requiring life support. **David Rowe**

Many likened it to a warzone, which is what it is.

Yet this isn't the only reality in America. For most of the country – even as polls show Donald Trump's support starting to fade – the focus is on what comes next. On how to solve the challenge ahead, rather than torching the place.

The Republican Trump-backing fantasists who stormed the halls of US democracy with fevered dreams of unleashing a new civil war don't reflect the views of the majority of Americans.

By contrast, most are focused on their jobs, their schools and the pandemic.

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devastating rebuke of the party's focus on supporting Trump's conspiracy and lies about the November 3 election. The cost to the party – and the ideas it seeks to bring to life – has been immense.

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The broader reality – away from the dismaying scenes in Washington under siege – means Biden has an opportunity to reset the country, even as Donald Trump is silenced, choked of oxygen by the all-powerful social media companies deleting and suspending his Twitter, Facebook, Snapchat and YouTube feeds, and a looming Senate trial that might see him locked out of the White House forever.

To be sure, it's a brief and narrow moment of opportunity and there are countless ways it can be derailed, but it does exist.

Like Barack Obama in 2008 and Franklin D Roosevelt in 1933, Biden's inauguration next Thursday (AEDT) will take place under the shadow of deep crisis and uncertainty.

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America's public health system. The vaccination rollout – upon which markets have built their frothy optimism about the US economy in the second half of this year – is painfully slow, patchy and riddled with inconsistencies.

If we control the virus, [2021] could be a wild year for the economy ... Hopefully it will be wild in a good way, not in a 2020 way.

— Harvard University professor Jason Furman

He inherits an economy still requiring life support.

And a country politically divided, with an enraged Republican opposition that has in just two short years been stripped of its control of the House of Representatives, the Senate and, shortly, the White House.

Biden and his team are cognisant and rightly fearful that this week's unprecedented second impeachment of Trump and looming Senate trial to follow will overshadow the opening days of the new administration.

To head that off, Biden is already starting the process of mapping out his main agenda; getting the pandemic under control and bolstering the economy with more fiscal support.

On Friday (AEDT), Biden unveiled his so-called [American Rescue Plan](#), a \$US1.9 trillion (\$2.5 trillion) plan to help the unemployed, hungry and those facing eviction, as well as a \$US1400 top-up to the \$US600 stimulus payments approved by Congress in December.

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Those are just the opening measures. Biden's first 100 days in office will likely see a heavy debate about a major infrastructure proposal, much of it to deliver new energy jobs and electrification of the nation's transport fleets.

Within hours of his inauguration this coming week, Biden will announce that the US is rejoining the Paris climate accords. A flood of executive orders will rescind much of Trump's deregulation agenda, from drilling in Alaska to vehicle emissions and even the kinds of light bulbs Americans should use.

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The coming days remain as fraught as ever, particularly from a security point of view. **AP**

Trade and alliance building will dominate the new administration's focus, and tax reform will lurk in the background as he pushes ahead with plans to increase the top individual tax rate to 39.6 per cent from 37 per cent, as well as lifting the corporate rate to 28 per cent from 21 per cent.

Many of those plans were looking shaky at the start of this month, but the Georgia Senate wins means the Democrats now have the numbers to push ahead.

"Biden has the chance to have a very strong two years," says Alex Tureman, a Democrat and co-founder with Joe Hockey of Bondi Partners, a trans-Pacific business advisory group.

With 10 million fewer jobs than a year ago – most of whom earn less than \$US40,000 a year – Biden and his team have an opportunity for relatively

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If he plays the politics deftly, Biden may even pick up support from Trump voters in disaffected communities that have been crushed by the hard-edges of American capitalism and globalisation.

Poor working class urban and rural people are united across the political divide by the desire for more infrastructure, \$US2000 emergency cheques and \$US15 an hour minimum wages, says Tureman.

“I’m not saying it’s going to work out, but the ingredients are there,” he says.

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Jason Furman, a professor at Harvard University and former chairman of the Council of Economic Advisers for Barack Obama, calculates the Biden economic stimulus plan announced on Friday would inject about \$US300 billion a month into the US economy over the nine months it’s in effect.

“For context, in November GDP was about \$US80 billion below pre-crisis trend,” Professor Furman said.

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“If we control the virus, [2021] could be a wild year for the economy: there is \$US2 trillion in excess savings, lots of pent-up demand ... and the Fed is committed to keeping rates low over the next year.



A construction worker at the National Mall in Washington as a stage is prepared for the 2021 inauguration. **AP**

“Hopefully it will be wild in a good way, not in a 2020 way.”

The timing of Biden's plans will be the key issue for investors in the coming days and weeks.

Does he push ahead for an early stand-alone infrastructure package – which would require a 60 vote majority in the Senate – or opt to slip it into a budget bill later in the year, which will require only a simple majority?

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"While Biden could theoretically get the ball rolling to undo many of the Trump tax cuts for corporations and wealthy individuals on Day One, I cannot imagine that tax hikes are the priority for Dems right now," said Stephen Innes, a strategist at Axi.

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"Given the high unemployment rate, and massive economic pain felt by all but the wealthiest Americans and the much more pressing matter of a raging pandemic and glaring absence of a national vaccine strategy, maybe tax policy waits until 2022?"

"Or 'til never? On the other hand, I know some expect tax hikes sooner rather than later, so this is an important story to watch."

If the Biden transition succeeds, and the vaccine bites into the pandemic, the US economy could be expanding at a 4.2 per cent pace this year, more than reversing an expected 3.5 per cent contraction in 2020, says Gregory Daco, chief US economist at Oxford Economics.

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transfixed by the storming of Congress.

Investors are clearly sending a signal that they still – despite all of America's problems – are fundamentally at ease with Biden's arrival.

The new administration promises to deliver greater stability, even if there's some short-term pain from higher taxes, say analysts.

Inauguration day plans

<p>SECURITY RAMPED UP</p> <p>20,000 national guard troops will be in Washington DC. Hundreds of Secret Service agents and police will also be patrolling the area.</p>		<p>VIRTUAL PARADE</p> <p>The inauguration day parade will be largely virtual, replaced by a television event hosted by Tom Hanks with celebrity guests.</p>	
<p>PREVENTING CROWDS</p> <p>At previous inaugurations, up to 200,000 tickets were issued to witness the presidential oath. That's down to 1000 this year.</p>		<p>TRUMP SUPPORTERS</p> <p>Tens of thousands have pledged to attend a virtual "second inauguration" for Trump at the same time as Biden takes the oath of office.</p>	
<p>CAPITOL ON HIGH ALERT</p> <p>Washington DC will still be in a state of emergency under orders imposed after protesters stormed the Capitol on January 6.</p>		<p>BREAK WITH TRADITION</p> <p>Trump will not be present to witness his successor take the oath of office. Only three other presidents have chosen to sit out their successor's inauguration, and none in the past century.</p>	



Many corporations were swift this month to withdraw financial support for Republicans who supported Trump's calls for the election to be overturned.

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"That's not the person buying a new car, or a Starbucks coffee or tuning into the right TV show."

At a more macro-level, corporate America's desire to distance itself from Trump's economic nativism and endless trade wars shows companies not betting on a reversion to the old US manufacturing model. They see Biden expanding the country's ever growing services sector.

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All that said, risks remain.

Chief among them is the fact that tens of millions of Americans voted for Trump. Winning their trust and support is a herculean task for Biden.

Furthermore, even though the silencing of Trump on social media might feel good to many on the Left, it will also deepen resentment, mistrust and conspiracy mongering.

The forces that propelled Trump to the White House four years ago haven't vanished just because you can't see or hear them online.

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Combining another divisive impeachment trial with the inauguration of a new president that 35 per cent of the American public think is fraudulent is like mixing gasoline with polystyrene, says Tureman.

"The biggest political challenge for the United States is not an extended crisis but rather the normalisation of growing political dysfunction and discord," warned Ian Bremmer, founder of Eurasia Group, this week.



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He cites the 2011 occupation of the Wisconsin state house during a recall vote, the 2018 protests inside Senate buildings amid the Brett Kavanaugh hearings, last summer's race protests, and this month's raid on the Capitol, as part of a worsening pattern.

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"Whatever your political perspectives on these events (and there's not a soul who sees them all similarly), the range of actions considered part of the political reality in the United States has expanded to include both political norm breaking and violence that's well beyond anything in the modern age."

And now there's an impeachment trial set to begin next week – one that will not only bring out more protests, but runs the very real possibility of turning Trump into a martyr.

Democrats hope the the pomp and celebration of the coming inauguration – even though it's being heavily muted by the realities of COVID-19 – will help galvanise the shift away from the last four years and set a new direction.

When Trump stood before Capitol in January 2017, he drew a resolutely bleak picture of America's reality.

"Of mothers and children trapped in poverty in our inner cities; rusted-out factories scattered like tombstones across the landscape of our nation ... "

"This American carnage stops right here and stops right now," Trump declared.

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Jacob Greber

United States correspondent

Jacob Greber writes about American politics, economics and business from our Washington bureau. He was previously our economics correspondent based in Canberra. *Connect with Jacob on [Twitter](#). Email Jacob at jgreber@ afr.com*

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