



# GOVERNMENT MATTERS

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## Washington Update

Maybe pour an extra bowl of Wheaties this morning, because today is packed--The Senate Finance Committee will hold a confirmation hearing for Biden's Treasury Secretary nominee, Janet Yellen. Bank of America, Goldman Sachs, and Netflix report earnings. President Trump is expected to issue at least 100 pardons and commutations on his last full day in office.

President-elect Biden's legislative ambition is big, but how partisans like House Speaker Nancy Pelosi (D-CA) and incoming Senate Majority Leader Chuck Schumer (D-NY), as well as their Republican counterparts, navigate this landscape will determine whether Biden's legislative agenda sinks or swims.

Despite having the smallest Democratic majority since President Woodrow Wilson, President-elect Biden is going to be relying heavily on the political acumen of Democratic leadership to make his own first 100 days a success. In what's expected to be her last two years as speaker, House Speaker Nancy Pelosi (D-CA) will look to her playbook in 2009 when she focused on getting the Democratic agenda passed as quickly as possible. **For Pelosi, she wants to strike while the iron is hot.** After Biden released his [\\$1.9 trillion](#) American Rescue Plan, Pelosi in a [statement](#) said Congress will draft the legislation and "deliver aid without delay." In 2009, the House passed the \$800 billion American Recovery and Reinvestment Act on a party line vote eight days after Obama was inaugurated. **She will be leading a Democratic House agenda, not a bipartisan one. Pelosi has long believed that getting Republican support for legislation is a fool's errand.** She was the driving force during the Affordable Care Act debate at the start of the Obama administration to not waste time in seeking Republican support. In talking about Obama's push to work with Republican senators, Pelosi at the time said, "Does the president not understand the way this game works? He wants to get it done and be beloved, and you can't have both - which does he want?"

**Without Republican support, Pelosi will negotiate a bill among Democrats.** Her success has been in the concentration of power among her top lieutenants and committee chairs. On the one hand, a top-down legislative push is required for the process to move quickly. On the other hand, smaller blocs (e.g., the progressive "Squad" and the moderate Blue Dog Coalition) hold greater leverage when Pelosi can only lose three votes in partisan legislative endeavors with a 219-211 majority at the start. When House Democrats passed the \$2.4 trillion HEROES Act last October, 18 moderate Democrats voted against the bill. Nine of those Democrats remain in Congress, enough to derail an overly progressive stimulus bill. **But unlike anti-establishment Republicans, most Democrats would rather support imperfect legislation than derail it if there's no margin for leadership to lose votes.**

In his first turn as majority leader, incoming Senate Majority Leader Chuck Schumer (D-NY) will have the narrowest of margins to get a Democratic agenda through the Senate. **Similar to Pelosi, Schumer is a partisan Democrat who would rather negotiate among his fellow Democrats than with Republicans.** The most powerful US politician who still uses a flip phone, Schumer was able as minority leader the past four years to keep an ideologically diverse coalition of Democrats united on nearly all major legislative, judicial, and political issues that came before the Senate. **In the smaller and more collegial chamber, there's goodwill for Schumer among the Democratic rank-and-file, even with no votes to spare.**

Still, Schumer will have to appeal to moderate Democrats like Senators Joe Manchin (D-WV), Kyrsten Sinema (D-AZ), and Mark Kelly (D-AZ), who faces a potentially challenging 2022 election. **These moderates are willing to showcase their anti-progressive bona fides by publicly opposing overly leftist ambitions while privately leveraging their positions to gain concessions that they can point to back home when they support the legislation pushed by Schumer in the end.** It's the playbook moderate Senate Democrats previously used to gain concessions the last time Democrats had unified control of government, although it ultimately did not help them in their reelections. Schumer will have to balance these Democratic members with progressive committee chairs like Senate Budget Committee Chair Bernie Sanders and Senate Finance Committee Chair Ron Wyden who will be pushing expansive spending and tax priorities. **Schumer will also be pushing for his own provisions that did not make the cut in the American Rescue Plan, like a limited repeal of the State and Local Tax (SALT) dedication cap and aid to restaurants.**

**Even if Schumer goes the partisan route, a 50-50 Senate requires Republican cooperation at the start.** Schumer won't officially be majority leader until Vice President-elect Harris, Senators-elect Jon Ossoff (D-GA) and Raphael Warnock (D-GA), and incoming Senator Alex Padilla (D-CA) are all sworn in this week. A split Senate needs rules in how to function and share power, lest the chamber become ungovernable, leading to a delay in the legislative and executive agenda. A deal is [reportedly close](#) to being reached between Democrats and Republicans. **Then there is an impeachment trial.** Pelosi still hasn't sent over the article of impeachment, but that could happen this week. A trial that could last weeks and takes up a bulk of the Senate floor time leaves Schumer and Senate Democrats with less availability to leave their imprints on what Biden and Pelosi hope to be the quick development of stimulus legislation.

As Republicans begin to do some soul searching about what the party will look like after President Trump leaves office, they see an opportunity to reclaim congressional majorities in two years by being the face of opposition to the Democratic agenda. Republicans were in the wilderness after Obama's election and Democratic control of Congress in 2009 that saw a stimulus bill passed in the first 100 days. **Yet Republicans positioned themselves as an opposition party to the Democratic agenda and won the House in the 2010 midterms. The path of least resistance for Republicans today in lieu of a set identity post-Trump is to be an opposition party to Democrats once again.** Republicans are in a better position to win back the House and Senate in 2022, but in **being an opposition party, they risk opposing politically popular legislation and an economic and health recovery that will be credited to Democrats.** Right now, there's [broad bipartisan support](#) for another stimulus package, as the limited government Tea Party movement does not have the same traction today.

Republican leaders and most of the wealthy donor base would be happy to see President Trump leave Republican politics for good, and the last couple of weeks have seen his sharpest downturn in his approval ratings ever, even among Republicans. **But getting Trump out of Republican politics will require a push from leadership.** Trump still retains an [average approval rating](#) in the 70s among Republican voters and he has promised to exact revenge on Republicans he viewed as disloyal during his final weeks in office. Senate Minority Leader-to-be Mitch McConnell (R-KY) and 16 other Senate Republicans will have to decide whether to vote to convict and disqualify Trump from running for office again in the impeachment trial or hope that an acquittal will not empower Trump to remain a potent force in Republican politics that could lead to self-defeating intra-party fights in the 2022 primaries.