US House passes Biden economic recovery bill

Patrick Martin
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The US House of Representatives passed the Biden administration's $1.9 trillion "economic recovery" bill Wednesday afternoon on a near party-line vote, 220-212, sending it on to the White House. The Senate passed the bill on a 50-49 vote on Saturday. The White House announced that Biden would sign the bill into law on Friday.

The legislation was passed only a few days before the expiration on Sunday of federal supplemental unemployment benefits, passed in December while Donald Trump was still president.

The extension of federal supplemental benefits is only one component of the legislation, although, at $350 billion, it is one of the costliest. Other major pieces of the American Recovery Act—the grandiose and misleading title given to the bill by Democratic Party publicists—include $1,400 checks for 85 percent of the American population, total cost about $400 billion, and $350 billion in emergency aid to state and local governments facing bankruptcy because of coronavirus-related reductions in tax revenues and increases in expenditure.

Despite the claims by leading Democrats, ranging from Vermont Senator Bernie Sanders to White House press secretary Jen Psaki, that the bill is "the most progressive" piece of legislation since Lyndon Johnson's Great Society and even the New Deal, the legislation does not establish a single significant new social program.

Last month, the Democrats dropped an increase in minimum wage, ostensibly to comply with an advisory ruling by the Senate parliamentarian, though this ruling could have been easily overruled. They also reduced the weekly jobless benefit from $400 to the its current level, passed during the Trump administration, of $300.

Even the short-term funding increases for programs lik the Earned Income Tax Credit and the Child Tax credit are limited to a single year and will revert back to previous spending levels in 2022. The direct $1,400 payments are one-time only, and the $300-a-week in supplemental unemployment benefits expires August 29.

The bill amounts to a desperate effort by the Biden administration and congressional Democrats to stave off a complete collapse in consumer spending between now and September, in the hope that the US economy will be able to revive by then. The size and scope of the bill have received general approval on Wall Street for the same reason—fear that a sharp falloff in consumer spending will send the entire economy into a downward spiral.

Moreover, a large portion of the subsidies to working people will end up paying off the massive levels of debt to banks and utility companies.

The reason for the sharp conflict between the Democrats and Republicans over the bill—only one House Democrat voted against the American Recovery Act, and not a single Republican supported it in either the House or the Senate—stems from the Democratic Party strategy of propping up the trade unions and relying on them to suppress any revolt in the working class over the next six months.

Both parties were in agreement with direct payments to individuals and extension of federal unemployment benefits. A delegation of 10 Republican senators communicated this during its visit to Biden in White House last month, disputing only the exact size and terms, over which they were willing to negotiate.

But the Republicans adamantly opposed those provisions in the Biden bill that they claimed were an indirect subsidy to the public employee unions: $350 billion to state and local governments and $170 billion for K-12 schools and colleges, money that ultimately would end up in the pay and benefits of members of AFSCME (American Federation of State, County and Municipal Employees), the SEIU (Service Employees

International Union), the AFT (American Federation of Teachers) and the NEA (National Education Association).

Added to this was $86 billion in grants to the Pension Benefit Guaranty Corporation to bail out bankrupt pension funds, nearly all tied to major industrial unions like the Teamsters, Steelworkers and United Mine Workers.

Damon Silvers, policy director of the AFL-CIO, issued a statement declaring, “Unions are often in the position of having to explain to our members that after we fight, and after we mobilize, the negotiators come back and it’s not everything we wanted… President Biden’s American Rescue Plan is one of those extraordinary moments when that’s actually not true.”

In the debate Wednesday in the House, nearly every Republican speaker, besides hysterical denunciations of the entire bill as an example of “socialism,” took aim at the provisions to bail out state and local governments, even though many of these are run by Republican officeholders who were publicly supportive of the legislation.

They denounced the fact that the bill did not mandate the reopening of schools by denying funds to school districts that did not immediately resume in-person classes. This only provided political cover to the Biden administration, which seeks to compel the reopening of in-person classes by means of the AFT and NEA unions, which are devoting all their efforts to browbeating opposition in the rank-and-file, where it is widely understood that the reopenings mean thousands of infections and deaths for teachers, staff and the children in their care.

Besides the three biggest chunks of money—$400 billion in direct checks, $350 billion for supplemental unemployment benefits through August 29, and $350 billion for state and local governments—some of the most important remaining provisions include:

* $160 billion for vaccinations, testing and other direct COVID-19 measures, which, while financing vaccines, will do nothing to safeguard the population from the further spread of the virus. That would require mass lockdowns whose cost would have to be placed on the super-rich, whose wealth has risen enormously over the past year.

* $150 billion to expand child and dependent care tax credits and the earned income tax credit. This increase is for one year only, with the programs reverting to their original form next year.

* $170 billion for school and college reopenings. The bulk of this, some $130 billion, goes to reopening K-12 schools. The remainder is for colleges and universities. The K-12 amount is well below what would be required to actually institute safe conditions in the schools and is mainly intended to provide cover for the Biden administration’s campaign to reopen schools as the pandemic continues to rage.

* $86 billion for underfunded pension plans through the PBGC (Pension Benefit Guaranty Corporation). This obviously has nothing to do with COVID-19. It is aimed at propping up the industrial unions, which have become completely discredited among workers, at least in part because of the destruction of pension funds, plundered by Wall Street as well by the union officials themselves.

The bill is a stop-gap aimed at staving off a “long hot summer.” There is no long-term aid to the working class at all, since all the positive provisions in the legislation expire this year.

It is being adopted, moreover, as the entire ruling class is intensifying the campaign to remove all restraints on the spread of the pandemic. States throughout the country are eliminating remaining restrictions on economic activity, while the Biden administration is leading the campaign to reopen schools, as the daily death toll stands at more than 1,500.