



The first 100 days: What could the Biden administration accomplish?

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When it comes to what the likely agenda of the new administration of U.S. President Joe Biden will be in the first 100 days, there are many questions. The most relevant of them is probably, *of all the things the administration wants to accomplish, which ones will it actually be able to deliver on?*

For many, this is the ultimate question to explore. As is typically the case in politics, what the administration will be able to accomplish is bound to disappoint some and be a relief to others.

Let's get started by first examining what the Biden administration *wants* to do.

The Biden administration's agenda

Like most incoming administrations, the Biden team's agenda is an ambitious one, covering a waterfront of issues. These include:

- Coronavirus
- Environmental issues
- Election reform
- Healthcare
- The economy
- Social justice

Clearly, not all of these issues can be addressed in the first 100 days, and some may prove difficult to make their way through Congress. That's because, in addition to the limitation of

time, there are also some clear political realities that will directly affect the scope and pace of the Biden administration's policy implementation.

One big challenge is that although the Democratic Party will maintain control of both houses of Congress, such control **rests on the thinnest of margins**. The Senate is split 50-50, with Vice President Kamala Harris needed to break any ties, while the party's majority in the House of Representatives is just 11 votes. This means that in order for the Democrats to pass any legislation, they will effectively need all party members to vote in the affirmative.

Importantly, many of these members have constituents that represent either swing districts or swing states—meaning that they will need to weigh the will of their constituency, the will of their party and their own political futures when casting their votes. The net result of all this is that *left-of-center* policies will probably be enacted by Congress, but more aggressive legislation will likely be limited. The other specter overhanging everything is the impeachment trial of President Donald Trump, which—if brought to a floor vote in the Senate—will take some time. This could result in less time to take on other policy priorities.

What are the new administration's priorities?

Speaking of priorities, which issues likely sit atop the Biden administration's agenda? While the murky landscape in Washington, D.C., makes it very difficult to assess at the moment, we do have some informed expectations—a few of which are just business-as-usual for a new administration.

The first order of business will be to get Cabinet appointments approved. Given the makeup of the Senate, we expect this to be a straight-forward process, but it will take some time. Concurrently, Biden has already announced that he will be pursuing a new stimulus package—**to the tune of \$1.9 billion**—focused on small businesses, individuals, state and local governments and vaccine and testing support. It's important to note that this dollar amount represents the opening bid on the package. It may be subject to further revisions, as the administration in particular needs the support of senators with constituents that are either in the political center—or even center-right—in order for it to clear Congress. Case-in-point: Democrat Joe Manchin from West Virginia, the poster child for this type of senator, has already made comments about the size of the proposed stimulus, remarking that he would like to see a package notably lower in cost.

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If the Biden team can get these items across the finish line, which seems very likely, the administration will then next turn its attention to a range of other pressing issues, such as an infrastructure spending bill. While Biden has signaled that he will take up the issue in February,

it seems quite optimistic to believe that a new infrastructure package could make it through Congress in the first 100 days.

We also wouldn't be surprised if consideration of statehood for Puerto Rico and several of the electoral reforms outlined in the For The People Act (H.R. 1) surge to the forefront, in order to address the Democratic Party's progressive wing. For reference, H.R. 1 deals with the expansion of voting rights, limitations on party gerrymandering and election finance reform. It also seems likely that, in addition to congressional legislation, President Biden's pen will be busy with a whole host of executive orders, including ones pertaining to the environment and social justice.

Next in line: Social justice and environmental issues? And what about taxes?

What will likely not be on Biden's immediate agenda will be the raising of corporate taxes. From our vantage point, increasing taxes during this time of economic hardship—especially given the ongoing vulnerability of small businesses—seems politically unwise. Notably, unpopular, poorly timed policies generally do not get implemented—particularly if that is the conventional wisdom going into things.

This is not to say that the issue of corporate taxes will not be broached—but we think it's more likely to be legislated in late 2021, and only effective for 2022. Again, it's important to remember that Biden's initial bid is to [claw back half of the 2017 Trump tax cuts](#). We believe that imposing a minimum book tax to ensure that all corporations pay their fair share of taxes could be considered later this year as well, in addition to tax hikes on individuals making over \$400,000 per year.

Legislation on social justice and environmental issues is also likely to be introduced within the first year of the administration, but both of these items will face the political realities of the new congressional makeup. Lastly, we believe it's very clear that legislation aimed at the expansion of the Affordable Care Act (Obamacare) will hit the floor before year's end. The timing and nature of this will likely be clearer after the Supreme Court rules on a related case currently under review.

The bottom line

All told, it's fair to expect that the U.S. government will take a step to the left in the next two years. However, we think it's unlikely that the country will be able to move two steps to the left, given the political realities of the 117th Congress.

With all this in mind, it's important to remember that as difficult as it is to forecast the economy and markets, it's even more difficult to predict how politics will play out. In fact, it's virtually impossible. And if we have learned any lessons from the last several years, this should be top among them.

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