



# Biden's economic picks show that we are in good hands

By Mark Zandi  
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You are in good hands.

No, this isn't an insurance commercial. It is a full-throated endorsement of President-elect Biden's economic team — a diverse group with deep experience making economic policy during the financial crisis that rocked the global economy just over a decade ago. This team is well-suited to do the same now as the devastated economy struggles with the Covid-19 pandemic.

The diversity of the economic policy team is consistent with Biden's stated desire that his administration reflect the people it will serve. Janet Yellen, the senior member of the team, will be the nation's first female Treasury secretary. The Treasury Department typically drives the priorities for economic policymaking in the executive branch. With the venerated Yellen at the helm, that will surely be the case in the Biden administration.

First up on the Biden economic policy agenda is another fiscal rescue package to keep the economy afloat until the end of the pandemic. A critical lesson learned in the financial crisis is that when things are going off the rails, policymakers should respond quickly and with everything they have. The longer it takes to respond, the worse the long-term economic damage will be.

This lesson isn't lost on the Biden economic team. The president-elect has said the \$900 billion fiscal rescue package proposed by a bipartisan group of Republican and Democratic senators is a good start. It probably isn't what his economic team would have designed if given *carte blanche* — that package probably would have included another round of stimulus checks to individuals, for example — but they understand that the priority is speed, and not necessarily size, as millions of Americans face eviction and the loss of unemployment insurance benefits in just a few weeks.

Yellen's previous experience running the Federal Reserve will make it easier for her and current Fed Chair Jay Powell to be in synch on getting the economy back on track. Powell has said more than once that lawmakers need to provide additional help to the economy, and that the risks of

overdoing it are much lower than not doing enough. Yellen would surely say the same thing if she were still at the Fed.

Once the pandemic is over, it will take deft policymaking to get all the unemployed back to work anytime soon. Given the possibility of the Senate being under Republican control, the Biden administration could be engulfed in budget wars like those with which the Obama administration grappled. It was tough to watch the brinkmanship over keeping the government open and avoiding default on its obligations. Odds are uncomfortably high that this bad movie will replay in the next two years.

From the trenches, Neera Tanden, who Biden wants as his director of the Office of Management and Budget (OMB), is well-suited to lead the charge. The OMB controls the government purse strings and thus policy priorities across the executive branch. Unless the OMB is on board with a government agency's plan, it won't get done.

Tanden has run a liberal think tank for much of the past decade and will be a strong voice for progressives and their policies in the Biden administration. This is probably why she has provoked the most significant pushback from Senate Republicans whose support she will likely need to be confirmed.

A Republican-controlled Senate would make legislative wins tough to come by when Biden is president, and he will surely turn to executive orders to accomplish his goals. President Trump aggressively used executive orders to raise tariffs on many of our trading partners, severely restrict foreign immigration and pull back regulations on the fossil fuel industry and efforts to address climate change.

Biden will use executive orders as aggressively as Trump, in part to unwind much of what Trump did, and his economic team has the experience to do it efficiently. Wally Adeyemo, who Biden has nominated to be deputy secretary of the Treasury, and Brian Deese, who will head up the National Economic Council, have worked in Democratic political circles and the Obama administration and are adept at managing the government bureaucracy. Getting policy initiatives over the finish line requires marshalling resources across the executive branch, and no one knows better than Adeyemo and Deese how to do this.

President-elect Biden's most important long-term economic challenge will be to lift the financial fortunes of hard-pressed lower-income and minority households. Things were tough for these groups before the pandemic given the decades-long skewing of income and wealth distribution, and the virus has further undermined their finances.

Thinking about economic policy through the prism of downtrodden Americans is the common denominator for the entire Biden team, and the Council of Economic Advisors (CEA) will lead the way. Heading up the CEA will be Cecilia Rouse, a professor whose research has focused on gender and racial inequality. Heather Boushey and Jared Bernstein, who will make up the rest of the CEA, are fixtures in Washington D.C. policy circles, working at think tanks devoted to

understanding the causes of income and wealth inequality and how to fix it. Bernstein was also Biden's chief economist in the Obama administration, where his first job was to work on the Recovery Act, the key fiscal support provided during the financial crisis.

If there is a gap in Biden's economic team it is that it lacks someone who has started or managed a business. Getting the economy back to a place in which all Americans benefit requires businesses to do well. This means economic policies also need to be considered from a businessperson's perspective. The new administration is sure to solicit many outside business voices, but policymaking would benefit from an experienced voice on the team.

The Covid-19 pandemic is sure to have long-lasting economic fallout. Just how long will depend in large part on the new president's economic policies. Judging by the economic team he has assembled, we are in good hands.

<https://www.cnn.com/2020/12/09/perspectives/biden-economic-nominees/index.html>