

# Biden's American Rescue Plan: The most expensive missed opportunity in U.S. history



*President Joe Biden speaks about the April jobs report in the East Room of the White House, Friday, May 7, 2021, in Washington. (AP Photo/Patrick Semansky) more >*

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By Aaron Hedlund - - Friday, May 7, 2021

## ANALYSIS/OPINION:

Today was the big reveal for April's jobs numbers, and they landed with a thud.

Had current policy been more pro-work, we could be talking about morning in America again as the record-setting COVID-19 vaccine effort set in motion by Operation Warp Speed last year facilitates reopening. Instead, bad policies coming out of Washington, D.C., are undermining this vaccine momentum by discouraging work and making it more difficult for businesses to hire. What America needs is a full-throated pro-work agenda.

During 2020, all policy oars were rowing in the direction of recovery. Besides Operation Warp Speed, a centerpiece of the prior administration's approach was the Paycheck Protection Program that supported 51 million jobs and likely saved 19 million jobs. Families also received direct support to help them avoid financial distress when the virus disrupted schools, child care and their jobs. Unemployed workers also received enhanced benefits tailored to the needs of the moment when businesses remained closed and job search proved nearly untenable.

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But conditions have changed, and the time is ripe to pivot from a relief to a recovery policy mindset. America's GDP is nearly back to pre-crisis levels, and unemployment has fallen from 14.8% to 6.1%. Instead of building on the momentum from last year's policies, President Biden is offering a vision of "building back better" that has little to do with recovery and more to do with long-held progressive goals to unmoor income from work and increase reliance on government programs.

Each component of Mr. Biden's multitrillion trifecta — the American Rescue Plan, American Jobs Plan, and American Families Plan — contains provisions that undermine the incentive to work and make it difficult for employers to hire. The implications for family finances are troubling enough, but more concerning is that this anti-work agenda doesn't appreciate the centrality of fulfilling work in people's lives.



A job is not just a paycheck; it also provides purpose and a way for people to develop their talents and apply their skills toward providing for their families and their local communities. The experience gained at work often serves as the foundation for entrepreneurship and innovation as employees strike out on their own to form new businesses. All of these attributes that help shape the character of America get weakened if Mr. Biden succeeds in pushing through programs that discourage or neglect work.

To start with, Mr. Biden's American Rescue Plan was the biggest \$2 trillion missed opportunity in American history. Although the plan included some defensible components, such as the direct relief to American families, it perpetuated the idea that America is going to remain economically locked down until at least the fall.

Instead of seizing on the vaccine momentum and providing a shot in the arm to the labor market to accelerate the return to work, the plan continues to pay a significant fraction of jobless workers more to remain unemployed than to get back to work. Businesses operating on thin profit margins now have to compete with the artificial level of compensation set by government largesse but without the same capacity to borrow seemingly endless sums of money.



In addition, the redesigned child tax credit pays the same amount to parents without jobs as with jobs, making it more akin to a welfare program than its cousin, the earned income tax credit, which is one of America's most successful pro-work, anti-poverty policies. The single

largest item in Mr. Biden's recently unveiled American Families Plan is, unfortunately, making these changes to the child tax credit permanent.

The other leg of Mr. Biden's policy stool — the American Jobs Plan — similarly undermines the prospects for full, rapid labor market recovery by driving a stake through the corporate tax reforms from 2017 that

resuscitated America's economic competitiveness and by pushing aggressive union expansion that overrides worker freedom laws in 27 states.

There is a better way. It starts with recognizing that the most effective anti-poverty tool is a job, both for the paycheck it delivers, the purpose it provides and the example it sets for children at home watching their parents.

A properly tailored American Rescue Plan should have championed work at its very core. It should have issued a clarion call to schools to safely reopen at the latest upon the universal availability of vaccines and offered parents the choice to move their kids elsewhere to not be held hostage by the decisions of local school leaders. It should also have provided more robust funding to the Paycheck Protection Program, which is now out of money.

Rather than overspending hundreds of billions on unemployment benefits and government bailouts, we should be combating joblessness from all sides with reemployment bonuses to unemployed workers, wage and hiring subsidies to businesses through reforms to programs like the employee retention tax credit, and market-driven job training programs that prepare workers for the permanent economic changes that the pandemic has accelerated.

These pillars guided the economic agenda of 2017-19 that produced the lowest poverty rates and fastest income growth rates in recorded history, and they also were at the core of the recovery efforts in 2020. It is well past time to reembrace a pro-work agenda that helps people get back to work. The millions of voiceless workers who are still without a job deserve nothing less.

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