

# US CONGRESS

**Agenda- Negotiations for the second stimulus package to revive the US economy**

## Background Guide-

### Introduction to the Agenda:

The COVID-19 Pandemic has upended life in the United States and across the world causing untold economic pain. While Wall Street is seeing incredible gains, main street is suffering one of the worst depressions in recorded history with close to 18 million people out of work. Congress was swift to pass a set of legislation under the CARES act in March which was an invaluable lifeline that provided generous bonus federal unemployment benefit of \$600 in addition to the State benefits. Republicans had initially balked at the unprecedentedly high price tag but coalesced to prevent an economic depression. They had also hoped that the pandemic would subside by the time the package expired and hence opposed any supplementary aid. But by mid-July when it was apparent that the pandemic was nowhere near subsiding and the economy was still ailing, Republicans were in stark disagreement as to their position on a second package. Deficit Hawks like Rand Paul and Ted Cruz expressed their clear opposition to a second package, while moderate republicans, especially ones facing the prospect of a close election, expressed a desire to provide some form of stimulus. This lack of consensus within the Republican Caucus was only amplified by the conflicting directives from the Trump Administration. The President who is not driven mainly by ideology was concerned about the criticism he was receiving from Conservative media circles on the generousness of the CARES act and did not want to sign a similar proposal again. One of the chief architects of the original proposal, Steve Mnuchin was accused of being a RINO (Republican in Name Only) for agreeing to the CARES act and was facing pushback to have a stronger negotiating position. His working relationship with Nancy Pelosi, a rarity in the Trump Administration, which was absolutely essential for the passage of the CARES act was seeming to be a liability. To counteract this the Trump Administration dispatched the White House Chief of Staff, Mark Meadows to accompany Mnuchin in the negotiations. Such disagreement within Republican ranks was in sharp contrast to the Democrats who had passed an ambitious stimulus package in the House called the HEROES ACT, which was labelled a “liberal laundry list” by House and Senate Republicans.

The main point of contention was the extent of generosity of the bonus unemployment benefits. Democrats argued that these benefits were crucial to prevent a dramatic economic downturn. Republicans contended that the unemployment benefits for a large swath of the population was actually more than they made before being laid off and that this was a disincentive to work. They proposed a percentage based system that would address the economic crisis but also retain the incentive to return to work. However, the federal government doesn't implement the program and it is instead the State Unemployment Agencies. These agencies were ill-funded and were overwhelmed by the record number of unemployment claims they had to process. A flat payment was difficult enough and to execute a percentage-based system would be next to impossible. This created a situation where there was little agreement within the caucus on the size of the flat payout with some members opposing any bill whatsoever. This lack of unity put Majority Leader McConnell in a position of weakness compared to his counterpart from the house, Speaker Pelosi who commanded a united caucus.

Amid internal turmoil, the Republican Caucus proposed their plan of \$200 until the Unemployment Agencies could implement a percentage-based scheme, which addressed their central concern but was far off from the negotiating position of their democratic counterparts. When they met in late-July talks quickly stalemated. Mark Meadow and Steve Mnuchin apparently proposed \$400 a week but this was rejected by the Democrats since the proposal would only be in place for a limited duration. Furthermore, Democrats also oppose piecemeal legislation because they believe that it would diminish their negotiating position on issues like funding for state and local governments, which Republicans oppose.

When talks broke down, President Trump signed a series of executive orders, whose legitimacy and efficacy are unclear. This primer is not comprehensive and to adequately understand the political stalemate and its contours one must keep themselves aware of developments on Capitol Hill.

### History of Economic revival packages:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. This over \$2 trillion economic relief package delivers on the Trump Administration's commitment to protecting the American people from the public health and economic impacts of COVID-19. This economic package was draining the American economy that had already suffered a huge blow from the pandemic. How much longer and how much more generously should the government help its people?

Steven Mnuchin in a recent press release statement for the CARES act stated, "I am pleased that President Trump has taken action to ensure that economic relief continues to be provided for America's workers, families and businesses. These Executive Orders build upon our ongoing implementation of the CARES Act, which is delivering meaningful results for the American people. President Trump is fully committed to making sure that hardworking Americans and businesses continue to have the resources they need as our country safely reopens."

The democrats are in agreement to extend the economic package till the end of the pandemic but the republican are worried that the country is losing its focus on the crisis at hand: there is a resurgence in coronavirus cases and the economy is softening once more. Approximately 68% of the population are earning more through the CARES act than they were in their regular jobs before the pandemic. This will prevent people from coming back to work and assist in supporting the economy.

Congress is at a "Tragic impasse" for the next stimulus package, says Pelosi, a California Democrat. With the Republican on the brink of not only losing the White House but also scared that the party might get wiped completely, Nancy Pelosi has proposed a new stimulus package proposal to the congress. Pelosi told Republicans that there won't be further discussions until Republicans agree to a \$2.2 trillion stimulus package, which is nearly double the size of the original Republican stimulus proposal known as the Heals Act.

Will Senate Republicans meet Pelosi's ultimatum? Both Meadows and Treasury Secretary Steven Mnuchin have said that Republicans won't agree to a \$2 trillion price tag for the next stimulus. Given this impasse, where do we go from here?

### Committee Dynamic

The committee will not adhere to any strict Rules of Procedure and while parliamentary decorum is required, we expect debate to develop organically. Moderated and Unmoderated Caucuses will remain the main mediums of debate, but delegates should be creative in their chosen mode of communication as Press Conferences and Public Statements are accepted. The committee will also function in the backdrop of the 2020 General Election and several of the members are vulnerable electorally. Therefore, the delegates must also shape public opinion to fulfill their political responsibility. The committee will function as a semi-crisis committee due to the rapidly-evolving situation with the pandemic and the run-up to the election. The Chair is open to questions about Rules of Procedure until the start of committee and would like to make absolutely clear that no committee time will be wasted in the clarification of the same.

## Voting

The unconventional composition of the committee means that there is not a clear way to approve any legislation. But there are guidelines from the Executive Board as follows:

- The committee includes members from the leadership of both parties in the House and the Senate and they generally should be able to command the support of their caucuses. Members from the more radical wings of both parties are included and they can leverage the support of their wings of the party in the case of an internal disagreement. The EB hopes that there is no situation where committee is deadlocked and the actual vote counts are close, but in that case a Voting Blocs will be established allocating supporting votes to individual delegates.
- The House, Senate and the Trump Administration must agree about any proposal. In the unlikely position that Congress desires to override any Administration veto then standard procedure requires a 2/3<sup>rd</sup> majority in both houses.
- The EB will look unfavorably upon any attempt to eliminate the filibuster and cloture motion unless debate stagnates to a point where it is deemed necessary.

Similar to the RoP, the Chair is open to questions about Voting Positions but will not establish strict voting blocs until absolutely necessary.

## Role of Ideology

Most of the portfolios in the committee have long documented public statements with a demonstrated ideological commitment. While compromise is not frowned upon, clear abdications of ideological commitments will be looked upon unfavorably. Delegates will be expected to represent their constituents and intransigence might have political costs. Therefore, delegates must be able to thread to balance their ideological commitments and political expediency while being receptive to the needs of their constituents.

## Position Paper Requirements

The Executive Board greatly values Position Papers and will require them for all delegates. Firstly, all delegates must submit their proposal for what must be included in the economic package and policy ingenuity and research is appreciated in this proposal. Secondly, they must also include their political stance and in brief describe their public messaging strategy with relation to the general election and the court of public opinion regarding their effort to pass relevant legislation. Both must be limited to 2-3 pages and the deadline for submission is the 18<sup>th</sup> of September. Delegates who do not submit will be penalized and any request for exception must be directed to the EB.

## Issues a Deal must Tackle :

- Unemployment Crisis
- Housing and Eviction Crisis
- Funding for State and Local Government
- Funding for Schools and other Essential Services
- This List is not comprehensive and individual delegates can include any issue they consider of importance.

### **Closing Remarks**

This Background Guide is intentionally short to encourage research on the current political landscape and to develop original political positions. The EB recognizes that many first-timers will attend the committee and that they will have several questions. The EB is always open to questions and will gladly resolve any confusion. We hope that the session is enriching in the irregular circumstances that we are meeting under but we most importantly are looking for substantive debate.

Check out this podcast for some relevant context :

<https://open.spotify.com/episode/4ipnxnEuDUOG6UjUURuvfF?si=sRGclmgLQ0qsUJCn20WmQw>

Politico is a great free resource for the latest developments in Washington and is a must-read.

### **Executive Board**

Chair – Pranav Guntupalli :

Vice-Chair – Varun Mittal :

Moderator – Anoushka Mishra