

US Presidency

WHY IS PRESIDENT BIDEN STRUGGLING TO SPEND THE MONEY HE ASKED FOR?



Summary: On 8th May 2024, Politico.com reported that while President Biden has persuaded Congress to pass four laws that collectively appropriate over \$1.6 trillion for his climate and infrastructure goals, less than 17% of this money has been spent. With less than six months until the 2024 elections, the report questions whether Biden will be able to implement enough of his planned reforms to impress voters and secure his re-election. This case study is a useful example of how, despite their considerable enumerated, delegated, and informal powers, presidents do not have unlimited control of the federal and state bureaucracies, businesses and voters their policies often depend on.

Which laws approved this \$1.6 trillion in spending?

1 The American Rescue Plan of 2021

A \$1.9 trillion stimulus package aimed at alleviating the impact of the COVID-19 pandemic. It passed in partisan votes in the House (219-212) and Senate (50-49) after Democrats used the budget reconciliation procedure, which cannot be filibustered. For more, see our April 2021 case study - [‘Are the main parties beginning to change their approach to welfare?’](#)

2 The Infrastructure Investment and Jobs Act of 2021

Allocated \$1.2 trillion for improvements to US transportation (roads, bridges, railways, ports, airports, public transit, and electric vehicle charging stations), and a range of other projects, including upgrades to America’s electricity grid and broadband provision. The Bill received moderate bipartisan support in the House (228-206) and Senate (69-30). For more, see our November 2021 case study - [‘Why has infrastructure spending become so divisive?’](#)

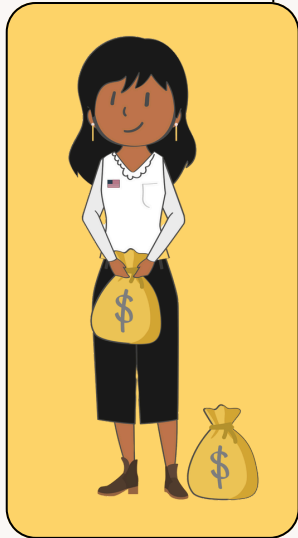
3 The CHIPS and Science Act of 2022

Approved around \$280 billion in new funding to boost US production of semiconductors (essential components in a range of electronic devices), to: bolster US national security by reducing America’s dependence on essential imports; stimulate economic growth; create jobs; and ensure the US remains competitive with technological rivals like China. The Bill passed with a degree of bipartisan support in the House (243-187) and Senate (64-33).

4 The Inflation Reduction Act of 2022

The largest environmental spending package in US history - approved over \$369 billion in loans & grants to fund clean energy sources, upgrade America’s energy infrastructure, and offer tax credits that promote clean energy by, for example, making electric vehicles and energy-efficient home improvements more affordable. The Bill passed, under the filibuster-proof budget reconciliation process, without a single Republican vote in either chamber.

What did Politico's investigation discover?

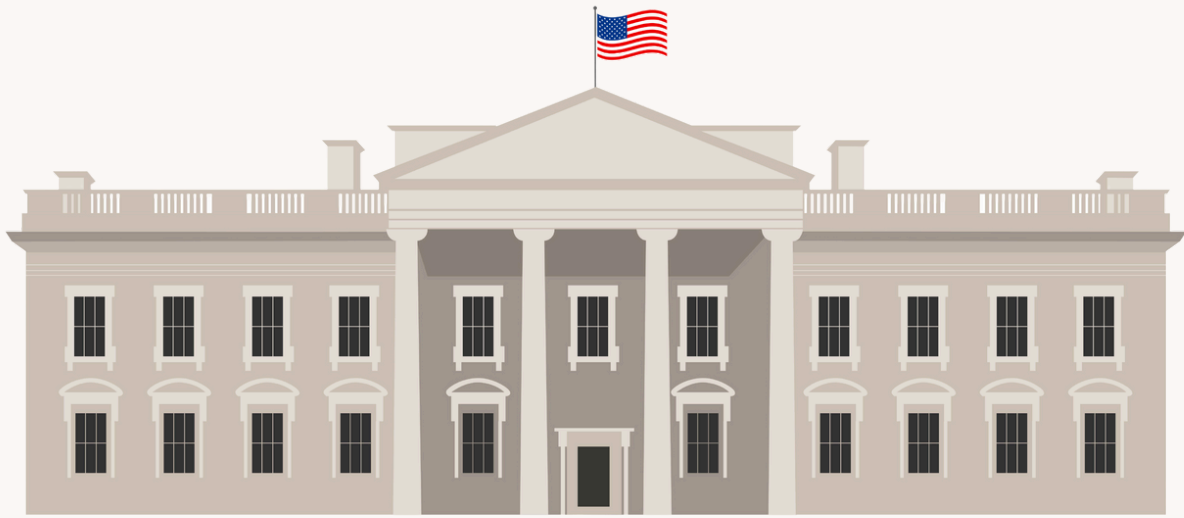


The report found that, almost two years after Biden signed the final of his four landmark spending bills, **only 17%** of the \$1.1 trillion those laws collectively appropriated for direct investments on climate, energy and infrastructure has actually been spent. While **\$583 billion** of spending has been **announced**, meaning that a recipient of these funds has been chosen, none of this money has yet changed hands, and it may take a long time before it is transferred to state governments and businesses. For example, in April 2023, Biden flew to Kentucky to announce \$1.6 billion for the replacement of a 60-year-old bridge across the Ohio River. One year later, only \$15.7 million of this money has been spent.

The White House argues that, nonetheless, these four laws are already having an impact, as the existence of these new tax credits, loans and grants is encouraging investment across the US, driving unemployment under 4% for the last two years. The report notes that since Biden took office in 2021, companies have announced over \$866 billion worth of investments in industries such as semiconductors and electric cars.

Why has it been difficult for the Biden administration to spend all of this money ahead of the 2024 elections?

	<p>Allocation for Future Fiscal Years: Some of the appropriated funds are reserved for use in future fiscal years - they are not intended to be spent immediately.</p>
	<p>Time Required to Award Contracts: Fairly & legally awarding contracts takes time - it requires detailed planning, proposal reviews, and adherence to various regulatory requirements.</p>
	<p>Claiming Tax Credits: Businesses and consumers need time to become aware of new tax credits, and claiming them often involves paperwork and procedural steps that impose delays.</p>
	<p>Coordination with State Governments: The federal government often has to wait for states to act. E.g. State departments will need to plan new projects before they can claim federal funds.</p>
	<p>Due Diligence and Oversight: Ensuring that funds are used effectively and efficiently requires thorough evaluations and oversight mechanisms to prevent misuse or inefficient spending.</p>



Q) What are the key limits on presidential power?

Edexcel: US Presidency - 3.3.2 Limitations on presidential power and why this varies between presidents
AQA 3.2.1.3 The executive branch of government: President

1) Presidents not only have to persuade Congress to pass bills, they have to persuade countless others to effectively implement them.



Persuading Congress to appropriate over \$1.6 trillion for his environmental and infrastructure goals, is one of Biden's main achievements. Adjusted for inflation, President Franklin D. Roosevelt's 'New Deal', which launched a historic series of relief programmes and public work projects to lift America out of the Great Depression in the 1930s, only cost around \$793 billion.

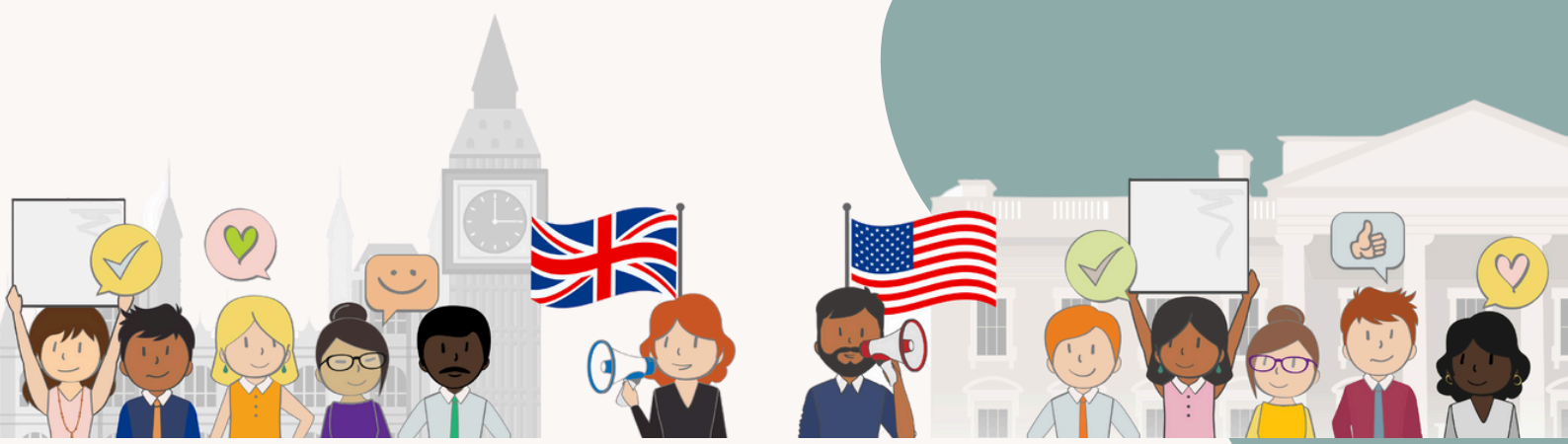
However, passing these bills was only half the battle, and, over two years later, very little money has actually changed hands. The president cannot simply pull a lever from the White House and see these plans spring to life. They are reliant on a vast government bureaucracy - at the federal and state level - to efficiently distribute these funds and tax credits. They must also persuade American businesses and consumers, to actually apply for them.

2) However, even if Donald Trump wins the 2024 presidential election, he may find it equally difficult to overturn Biden's plans.

Former President Donald Trump has vowed to overturn Biden's plans if re-elected in 2024. So, while Roosevelt had four terms to implement his agenda (the 22nd Amendment, which limited presidents to two terms wasn't ratified until 1951), it is possible that Biden will have just one.

However, Trump will face a number of informal and legal obstacles. Firstly, voters and representatives may react unfavourably to the cancellation of job-creating projects in their district. Secondly, the Congressional Budget and Impoundment Control Act of 1974 restricted the president's ability to impound (withhold or delay) appropriated funds. It requires the president to formally request Congress's approval to rescind (cancel) or defer (temporarily withhold) funds. Trump has argued that the law is an unconstitutional limit on the president's Article II powers, but the Supreme Court could disagree.





Comparative Politics - The role, powers and impact of the US President and the UK Prime Minister



Rational theory – The rational approach emphasises the role of individuals taking rational steps to advance themselves or their cause

US presidents face a strong incentive to perform and deliver tangible results ahead of the midterm elections and especially prior to their re-election campaign. However, in a parliamentary system, prime ministers face the ongoing challenge of maintaining the confidence of their party, which holds the power to remove them from leadership. This necessitates a continuous focus on delivering results.

Structural theory – The structural approach considers how different institutions and processes can shape political behaviour and outcomes

President Biden must rush to implement his spending plans because the US Constitution requires presidential elections every four years, and limits presidents to just two terms in office. Under the UK Constitution, prime ministers can, in theory, have much longer to carry out their plans. They can be repeatedly re-elected and remain in office as long as they retain the confidence of the House of Commons.



Cultural theory – The cultural approach considers the different histories, values and beliefs of the US and UK



America's vast size and diversity, coupled with its belief in federalism, presents a number of challenges to the executive. Presidents face great pressure to involve state departments and agencies, and to allow funds to be distributed more locally. Historically, the UK's smaller size and belief in unitary government has allowed for more centralised control, but this has been challenged by growing support for devolution.



Class debate: Should the president have the power to ‘impound’ federal funds?

Executive authority - Article II vests the president with the authority to “take care that the Laws are faithfully executed”. This implies that the president can manage federal funds to ensure they are used effectively and appropriately.



Fiscal Responsibility - Allowing the president to impound funds can help control federal government spending and reduce waste. Congress has run deficits in all but four years since it legislated to restrict impoundment powers in 1974.

Congressional gridlock - Instead of passing 12 separate appropriations bills, Congress regularly passes vast, 1,000+ page Omnibus bills with minimal scrutiny - the president should be able to reconsider their most wasteful provisions.

Congressional authority - Impoundment undermines the constitutional separation of powers - it allows the executive branch to unilaterally alter spending decisions that have been made by Congress, which has the ‘power of the purse’.

Uncertainty & Inefficiency - Restoring impoundment powers would lead to instability and unpredictability in government funding, jeopardising key services like healthcare, education, and infrastructure projects that communities rely on.

Abuse of power - Impoundment powers would inevitably be used for divisive, political purposes - presidents would not just use the power to curb wasteful spending, they could use it to defund effective, efficient programmes they disagree with.

