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COLUMNIST

Gateway, SALT Repeal Teeter on a Knife's Edge with Biden Infrastructure Plan

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In her 33 years in Congress — including two stints as Speaker of the House — Nancy Pelosi has amassed extensive institutional knowledge and power and hasn't flinched from wielding both to achieve her desired ends.

Whether a given situation called for ruthlessness, personal diplomacy and cajolery, dealmaking or gentle persuasion, Pelosi employed all at her disposal to bring recalcitrant Democrats into line.

With the president's \$4.5 trillion infrastructure and social welfare package teetering on knife's edge, it is crucial for Pelosi to dig deeply into her reservoir of deals, accommodations and calling in chits from past favors granted to pull approval of the largest public works legislation since the 1930's back from the abyss of an embarrassing defeat.

For New Jersey, the implications are enormous: \$12 billion over the next five years to repair or replace roads and bridges, support for New Jersey Transit and initial funding for Federal share of the Gateway tunnel rail project under the Hudson River to Penn Station in New York (<https://www.roi-nj.com/2021/08/30/industry/gateway-commission-submits-12-3b-project-plan-another-big-step-in-process/>).

There exists also the hope and expectation that the package will include a repeal of the \$10,000 cap on state and local tax deductions (SALT), a crucial priority in high income states like New Jersey, California and Connecticut.

Additional sweeteners in the package for the state include funding for charging stations for electric vehicles, expansion of high speed internet service and support for ferry service. The state would be in line further to share in a pot of money for airports, lead water pipe removal, Superfund site clean-up, and home weatherization and heating assistance programs.

If the legislation goes down, the Gateway tunnel project and the repeal of the SALT limitation go down with it and the odds of reviving either under stand alone legislation are slim, indeed, delivering a double shot of disappointment for New Jersey.

The initial part of the package, a \$1 trillion bipartisan bill, has already won Senate approval with considerable Republican support, while the second component, a \$3.5 trillion effort to fund a wide array of social welfare programs, awaits action.

It all stands in jeopardy, though, victimized by an internal struggle between House progressives and moderates who've engaged in hostage-like tactics. The left wing has threatened to defeat the \$1 trillion Senate-approved program unless the \$3.5 trillion proposal is considered simultaneously and the moderates have warned they will defeat the more expensive proposal unless the smaller one is approved first.

Adding to the drama and uncertainty are early indications in the Senate that passage is by no means assured in light of questions raised about its cost and the tax increases proposed to cover it.

West Virginia Sen. Joe Manchin and Arizona Sen. Krysten Sinema have expressed their opposition which could deny Democrats the 50-vote unanimity necessary to carry the day.

Manchin and Sinema have argued the cost is too great while progressives have insisted it is too little. Middle ground seems elusive at the moment.

The \$1 trillion program and its \$12 billion for New Jersey pending in the House will be consigned to a legislative purgatory if the Senate fails to approve the larger bill and progressives carry through on their threat to withhold support for the smaller one.

The House moderates, led by New Jersey Rep. Josh Gottheimer (<https://www.insidernj.com/after-turbulent-day-gottheimers-office-win-infrastructure/>) flexed a bit of muscle to extract a concession from Pelosi that the bipartisan bill will receive consideration by the end of this month to be followed immediately by debate over the \$3.5 billion spending program.

If progressives hold fast in their demands and, as their leader Rep. Alexandra Ocasio-Cortez put it “tank” the bipartisan bill, it will be a Pyrrhic victory for the competing factions, embarrassing their president, denying him one of the most consequential victories of his young presidency and raising serious questions about the party’s ability to rise above their public bickering and govern effectively.

For the Speaker, there is no margin for error — three defections from either the progressives or the centrists will doom the entire effort, leaving Democrats with nothing to show for months of bargaining, compromise and all too rare bipartisan cooperation.

The Speaker of the House holds Caesar-like power, from doling out committee assignments, assigning of ice space, bringing bills to the floor, raising campaign cash, dispensing rewards or denying them are everyday business decisions.

Pelosi has made effective use of them all.

The test she faces now, though, demands every ounce of her influence and reason and — if necessary — threats and a willingness to use them.

The lines in the sand have been drawn and redrawn for emphasis and the warring factions have staked out their non-negotiable positions.

Both understand that with the slim Democratic margin in the House, they hold considerable leverage and are willing to use it to advance their causes even at the risk of causing the collapse of the entire infrastructure package.

Pelosi may decide to roll the dice in the belief that when push comes to shove, one side or the other will come to their senses and back down after extracting some face-saving concessions.

Party loyalty no longer enjoys the influence it’s historically had, particularly among the progressives who’ve made it clear that meeting their demands takes precedence and that party loyalty, compromise, consensus and bipartisanship are outmoded and quaint concepts.

Bringing the two sides to the table and striking an agreement represents a serious challenge to Pelosi and her near legendary ability to pull a victory from what often appeared to be a hopeless impasse.

Her history has been instructive to her critics: Underestimate her at your own peril.

There are larger and more far-reaching implications as well for the Speaker and the president.

A defeat would certainly be a bitter outcome, but it will also deal a mortal blow to a president whose 47-year career in government has been one of seeking compromise, building consensus and negotiating with ideological or political opponents to achieve solutions.

The infrastructure controversy also comes at a time when the Biden Administration is reeling from the badly botched withdrawal of the American military from Afghanistan, the immigration crisis at the southern border, resurgence of the COVID pandemic, a rising violent crime rate, and growing concern that inflation is nearing a break point and will undermine economic growth and job creation.

The president's approval rating has plummeted to the low to mid forty percent range. Leading Democrats have become increasingly nervous that the Administration's seeming inability to mount a credible response will exact a price in the 2022 Congressional midterm elections and lead to a Republican takeover.

Pelosi and her Senate counterpart, Majority Leader Charles Schumer, will come under heightened pressure if the stalemate continues and they are unable to bring their stubborn and recalcitrant members into line.

Control of the Congress and any hope for advancing the Biden legislative agenda hang in the balance.

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