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A truck fills up with diesel in October in Bayonne, N.J. Fuel prices are pushing up inflation. SPENCER PLATT/ GETTY IMAGES



Election Won't Fix What Ails Consumers

CAPITAL ACCOUNT

By Greg Ip

Alot of voters in this year's midterm elections are hoping for a fix for affordability. They are going to be disappointed.

Why? Check out this list:

Last year, President Trump raised tariffs on almost the entire world, raising billions of dollars in revenue while feeding inflation. He didn't ask Congress for permission.

In February, he launched a war against Iran that sent energy prices surging. Congress didn't authorize this war.

Recently, as part of his solution to affordability, he announced payments to Medicare and Obamacare beneficiaries and farmers. Congress didn't specifically appropriate money for those checks.

Notice a pattern? On the issues that really drive affordability lately, Congress has been a bystander.

All this is a product of the generations-long shift of political power from the legislative to the executive branch. This ought to be a reality check on what to expect on affordability from a possible change in control of Congress.

After the U.S., along with Israel, attacked Iran at the end of February, escalating oil, gasoline and diesel prices sent inflation up sharply. Ending the war is key to bringing prices down and central to the Democrats' platform.

But Congress's grip on the executive's freedom to wage war has been slipping for generations. Its inability to halt the Vietnam War led Congress in 1973 to pass the War Powers Resolution requiring that—within 60 to 90 days of committing forces to

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military action—the president withdraw troops or obtain congressional authorization.

Presidents have since responded with novel claims of complying without an actual halt to hostilities or congressional authorization: such as when President Ronald Reagan sent Marines to Lebanon in 1982-84, and the Navy to escort tankers in the Persian Gulf from 1987-88; and when Presidents Bill Clinton intervened in Kosovo, Barack Obama in Libya, Iraq and Syria and Joe Biden in Iraq and Syria.

On Iran, the Trump administration told Congress it had complied with the law because a ceasefire on April 8 marked the end of hostilities with Iran. Congress later passed a joint resolution demanding an end to the war, which Trump ignored.

A Democratic Congress could try to halt the war either through a stand-alone resolution or bill denying funding for the war, but Trump could veto either.

More effective might be denying war funding in the annual must-pass defense authorization bill, said Scott Anderson, a scholar at the Brookings Institution. But Republicans will likely pass such a bill in the lame-duck session after the election, so Democrats won't get an opportunity until late next year, Anderson said. And Trump, he said, could repurpose other funds to continue the war, as he did with his border wall in his first term, though that is constitutionally dubious.

Anderson said Democrats could instead sue Trump for exceeding his authority, but there's no telling when courts would rule or who would win.

Of course, Trump could end the war himself. Still, in war the enemy gets a say. Absent total capitulation or a negotiated ceasefire, Iran and its proxies could still threaten the region's shipping and energy infrastructure, keeping energy prices high.

Under the Constitution, Congress has authority over tariffs, some of which it delegates to the president. Trump took unprecedented liberties with that delegated power to raise tariffs to their highest since the 1930s.

Peter Harrell, an international economic law expert who advised Biden, said before the 2024 election that he thought resistance from industry, courts and Congress would keep Trump from carrying out his tariff threats. Yet, Harrell said, "He has, by and large, done it…(with) shockingly little pushback from Congress."

Democrats have promised to curb Trump's authority to impose tariffs, but a standalone bill would need enough Republican votes to override Trump's veto. One option, said Harrell, would be to attach a limited repeal, perhaps Section 338 of the 1930 Smoot-Hawley tariff law recently used against Canada, to some must-pass legislation, such as a defense reauthorization bill.

But Don Schneider, a former Republican House aide now with Piper Sandler, said Trump values his discretionary power over tariffs too much to accept any such curb. "The only way I see that happening is if Republicans get off the wagon, are done with him, and override his veto."

The courts are more likely to halt tariffs than Congress. The Supreme Court ruled Trump acted illegally with his use of one law to impose tariffs, and lawsuits are pending on remaining levies. But a resolution may not come until 2028.

Affordability is a function of both prices and income. Washington can influence the latter via taxes, transfers and subsidies. Here, as with war and tariffs, Congress is supposed to be in charge. And indeed, legislation did drive the most consequential tax and spending changes such as Covid-19 relief in 2020, stimulus in 2021, and tax cuts in 2025.

Presidents, though, have seized ever more power over the purse, few more than Biden, who sought to forgive $430 billion in student debt. After the Supreme Court struck that down, Biden used other channels to forgive more than $100 billion. He also made food stamps more generous, adding $200 billion to long-term deficits and extended Obamacare subsidies to some people that the law had excluded to contain costs. His IRS effectively gifted $8 billion to taxpayers by delaying some compliance deadlines by two years.

Trump's executive actions have often reduced rather that increased spending and brought accusations of trampling on Congress's prerogatives. Elon Musk's Department of Government Efficiency slashed entire government divisions.

In recent months, Trump started doling out cash often using obscure sources: $90 each to millions of Medicare beneficiaries from the Medicare Improvement Fund, $500 user-fee rebates to Obamacare enrollees and $8 billion in fuel assistance to farmers via the Commodity Credit Corporation.

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In the scheme of things, that's not a lot of money. Democrats could unlock much bigger sums by striking a deal with Trump, for example to restore expired Obamacare subsidies in exchange for more Pentagon funding.

The caveat: Such a deal could expand an already eyewatering deficit, pressuring inflation and interest rates. Not great for affordability.

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