

Washington Examiner

Bidenomics: Higher Tax Rates, More Loopholes

Timothy P. Carney
April 3, 2024

President Joe Biden has fought his entire presidency to increase the corporate tax rate while also increasing tax loopholes and giveaways. This may sound contradictory: *Why are you increasing corporations' taxes and cutting their taxes at the same time?*

But higher rates and more loopholes is a perfectly consistent tax policy if you see the tax code as a way to increase government power — and also to influence the behavior of companies. A high tax rate combined with a complex code has added benefits for politicians, such as milking companies for campaign contributions and lining up post-government lobbying and consulting jobs for political insiders.

The Cato Institute's Chris Edwards laid out Biden's tax-and-loophole record:

“Biden has signed into law three bills with vast subsidies and narrow tax breaks for big corporations. These were not across-the-board tax cuts that simplified the tax code, but rather a mess of complex loopholes with special rules for favored industries,” Edwards wrote.

“Biden has signed into law many new and expanded breaks, particularly in the Inflation Reduction Act with its massive subsidies for energy companies,” he added.

“President Biden has increased annual average corporate tax expenditures 92 percent from \$109 billion to \$209 billion. Thus Biden has almost doubled narrow corporate breaks, despite all his rhetoric about fairness, fair shares, and people playing by the same rules,” he wrote.

When you consider the misnamed Inflation Reduction Act and see how much Biden loves handing out targeted tax loopholes to special interests, you can better understand his motivation for increasing the corporate tax rate: Tax deductions and exemptions are more valuable the higher the tax rate, and so politicians have more ability to control the behavior of companies.

Biden has, in fact, spent his whole career lining up special-interest tax loopholes for the companies he likes.

That has helped Biden's inner circle make their millions lobbying and consulting on the complexity of the tax code — see the Ricchettis, a family of Democratic insiders and lobbyists, for one example.

Biden sees another upside in a tax code with high rates and tons of corporate loopholes: It helps him justify massive giveaways to other groups he likes. When asked in 2022 if it was fair to give massive handouts to student borrowers, Biden replied, in effect: *Yes, because we give massive tax credits to corporations.*

He said: “Is it fair to people who, in fact, do not own multibillion-dollar businesses to see one of these guys give ’em all the tax credits? Is that fair? What do you think?”

High tax rates and tons of loopholes fit together in a way that distorts the economy, increases politicians’ power and wealth, fuels crony capitalism and the revolving door, and helps Biden politically.