

Biden's Infrastructure Plan Gets It All Wrong, Libertarians Say

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By Jonathan Curry

President Biden's \$2 trillion infrastructure plan takes a backward approach to raising revenue and ignores tried-and-true policies for accomplishing its objectives, according to a pair of libertarian analysts.

"Biden's infrastructure plan is a bad solution looking for a problem," Chris Edwards of the Cato Institute said April 26 on a virtual panel hosted by his organization.

The "two main pots of money" in Biden's plan are for state infrastructure and private infrastructure; however, the former is unnecessary because states can raise their own revenue, and the latter isn't needed because the private sector is already filling that gap, Edwards said.

Biden's [plan calls for](#) \$174 billion to be disbursed in a variety of ways to promote the use of electric vehicles (EVs), including tax incentives for the purchase of EVs and "grant and incentive programs for state and local governments and the private sector" for building half a million EV charging stations nationwide by 2030.

But according to Edwards, auto manufacturers like General Motors Co. are already steering toward an EV-based future, and the private sector has managed to build more than 40,000 EV charging stations. "We don't need more subsidies for EVs," he said.

"The political irony here is that leading Democrats, including Biden, often lambaste corporate subsidies, but Biden's own infrastructure plan is really a huge mass of handouts of corporate subsidies, which are unneeded," Edwards said.

"The other contradiction," Edwards continued, "is that while he would be handing out these corporate subsidies, he would be funding those with a \$2 trillion corporate tax increase."

The proposed pay-fors in Biden's infrastructure plan, dubbed the [Made in America tax plan](#), would hike taxes on corporations through several avenues, including by raising the statutory corporate income tax rate to 28 percent, imposing a tax on the book income of large corporations, and revamping international taxation.

However, Edwards contended that the corporate tax increase would dramatically crowd out private investment, including in areas like infrastructure.

You Ride It, You Buy It

Edwards also criticized the Biden administration for departing from the user fee approach to funding infrastructure. He noted that Biden's plan bills itself as an opportunity to address climate change, but argued that by eschewing the user fee structure, the plan ignores one of the most effective means of promoting energy and environmental conservation, because user fees limit consumer demand.

"It seems the Democratic Party has these two ideas that are at loggerheads with each other," Edwards said.

Robert Poole of the Reason Foundation agreed, but he countered that the hesitancy to expand user fees for fear of increasing financial burdens on lower-income individuals has become a bipartisan view, and as a result the federal gas tax has remain unchanged since 1993.

According to Poole, support for raising the federal gas tax is lacking because the tax "has become in many voters' minds across the country just another tax because it no longer has the characteristics of a user fee," and because the revenue in the Highway Trust Fund is increasingly used for purposes other than roads. However, most states have raised their gas tax rates at least once, and referendums pass more often than not in part because voters can more readily identify what they'll get in return, he said.

"There's a huge difference in trust between Congress and state and local governments, and that's the underlying reason why, at the federal level, 'user pays' as a principle seems to be dying," Poole said.

One federal action that both Edwards and Poole favored would be a boost to the use of tax-favored private activity bonds, which they said have proven to be an effective way of financing highway projects.

However, Congress allocated only up to \$15 billion to the private activity bond program, "and that's all spoken for now," according to Poole. He noted that lawmakers have proposed raising the cap, but asked, "Why do we need a federal cap at all, instead of whatever the market is willing to support?"

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