



## **Biden plans could have mixed effect on West Virginia economy**

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(The Center Square) – Some of the policy positions from presumptive President-elect Joe Biden could have a negative effect on West Virginia’s economy, while other aspects could be a positive, according to free-market advocates.

According to the Biden tax plan, he intends to raise taxes on individuals who earn more than \$400,000 annually, which would include the federal income tax, the capital gains tax and payroll taxes. His plan also would increase the corporate income tax rate from 21% to 28%.

These tax hikes could have a negative effect on the economy and slightly increase the cost of goods, Scott Lincicome, a senior fellow in economic studies at the libertarian Cato Institute, told The Center Square. Biden’s openness to free trade, however, likely would have a positive effect on the state’s economy, he said.

Biden has said he intends to work more closely with international organizations, such as the World Trade Organization, which could mean fewer tariffs and friendlier trade relations with allies. However, he has continued to use aggressive rhetoric when discussing trade policies with China.

Freer trade would introduce more competition between companies based in the U.S. and those based in other countries, which Lincicome said could hurt some American businesses in the short term but would provide better prices to Americans in the long run and force American businesses to provide better options for consumers. He said free trade also will allow businesses to purchase less expensive goods so they can provide less expensive services, helping some industries, such as manufacturing, grow, he said.

Jessi Troyan, the development director at the Cardinal Institute for West Virginia policy, also said Biden’s economic plan has a mix of good and bad.

“With respect to economic plans, it appears as though Biden will be giving with one hand, while taking away with the other,” Troyan told The Center Square. “Easing trade restrictions will make it easier and less expensive for households to get the goods they rely on in their everyday lives. However, proposals like raising the corporate income tax rate will make those same goods, especially if produced in the United States, more expensive – as those higher tax rates will ultimately be reflected in the prices consumers face.”

Many experts believe Biden also will scale back some of President Donald Trump’s deregulatory measures. Increased regulations, particularly environmental regulations, could be harmful to the West Virginia economy, Lincicome said.

Although the coal industry is declining already, Lincicome said heavier environmental regulations could damage the industry further. However, he said the industry likely will continue to decline regardless of regulation because of the growth of natural gas.

The president has greater authority to reduce or increase tariffs and direct agencies to impose regulations than he does to establish tax policy because all tax proposals must go through Congress. On tax policy, Lincicome said Biden likely will have to work with a Republican-majority Senate, which will try to block any potential tax increases.