



## **Biden Claims His Build Back Better Agenda ‘Costs Zero Dollars.’ Economists Are Less Convinced**

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As Democrats work to move their \$3.5 trillion budget through a bitterly divided Congress, many, including President Joe Biden, have assured that the package is fully paid for in a bid to shore up support from moderates.

The revenue to pay for the massive spending package would be raised by tax increases on corporations and Americans earning more than \$400,000 annually. As a result, Democrats have not only declared that despite the steep price tag, working and middle class Americans will not pay for the bill, but that it will not add to the nearly \$29 trillion national debt.

“My Build Back Better Agenda costs zero dollars,” Biden said on Saturday. “Instead of wasting money on tax breaks, loopholes, and tax evasion for big corporations and the wealthy, we can make a once-in-a-generation investment in working America. And it adds zero dollars to the national debt.” (RELATED: Now Even Pelosi Is Claiming Biden’s Big \$3.5 Trillion Bill Will Cost ‘Zero’ Dollars)

Experts, however, are less convinced.

“Biden’s statement is true IF the full spending hikes are paid with real tax hikes AND there’s reasonable accounting for the effects of the tax and spending hikes on the overall economy,” Henry Olsen, a senior fellow at the Ethics and Public Policy Center and columnist at The Washington Post, told the Daily Caller News Foundation. (RELATED: Here’s How Democrats Plan To Hike Taxes To Pay For Their \$3.5 Trillion Budget)

President Joe Biden delivers remarks in July on the Child Tax Credit which Democrats are trying to extend as part of their budget. (Chip Somodevilla/Getty Images)

The proposed hikes, however, only generate \$2.9 trillion, with the remaining \$600 billion accounted for by the economic growth and revenue increases the package would, in theory, generate. And Olsen added that the recent scores on the bill “suggest [Biden’s claim] is not true,” since they relied on “optimistic assessments” of the revenue it would generate and its effect on the economy.

Not only would the current proposed increases generate a \$600 billion shortfall, but the overall bill could change as Democrats debate it. Sens. Joe Manchin of West Virginia and Kyrsten Sinema of Arizona have already objected to some of the hikes, not to mention the size of the overall bill, and with Democrats’ moderate and left wings at odds, it is almost certain that the package’s scope and spending will need to be altered to guarantee its passage over the unanimous Republican opposition.

Regardless of the changes that await the budget legislation, which is currently the largest in American history, some say that incurring cost is not only unavoidable, but that it will fall on Americans regardless of their income.

“The proposed tax hikes to corporations, individuals, and capital gains will not raise as much as claimed because of the negative impacts to the economy,” Chris Edwards, the director of tax policy studies at the Cato Institute, told the DCFN. “GDP would shrink, and that will suppress tax revenues from all sources.”

Edwards also added that Democrats’ assertion that the economic gains would cancel the \$600 billion shortfall “has no hard backing,” pointing to a study from the Committee for a Responsible Federal Budget that showed the legislation giving the economy a smaller boost than projected.

“Politicians are assuming that extra government spending would be higher in value than the private spending it displaced,” Edwards added. (RELATED: Manchin To Democrats: ‘Wise’ To ‘Pause’ On \$3.5 Trillion Budget)

West Virginia Sen. Joe Manchin during an Armed Services Committee hearing Tuesday. (Patrick Semansky-Pool/Getty Images)

Olsen was also skeptical that those earning less than \$400,000 would be exempt from any higher costs imposed by the budget given tax hikes’ wide-ranging economic effects from stagnant wages to inflation, which has already hit its highest levels in decades.

“Some of the burden from the tax hike on businesses will fall on workers making less than [\$400,000],” Olsen said, explaining how it could take effect in the form of slower pay hikes or “stingier” benefits.

And while Americans earning less than \$400,000 may well see their taxes remain the same, Olsen added, “if one broadens that to economic impact, clearly those who earn under that will pay something for the programs [Biden] wants to pay for.”