

Biden unveils infrastructure plan tied to corporate tax hike

Patrick Martin
31 March 2021

President Joe Biden unveiled a proposal for rebuilding the crumbling infrastructure of the United States, but the plan is longer on rhetoric than on actions on the scale required to rebuild and modernize roads, bridges, water systems, airports, schools, housing and other physical facilities, as well as the social infrastructure—education, health care, scientific research.

In a speech at a carpenters' union training center in Pittsburgh—a city that symbolizes the collapse of American industry, not its rejuvenation—Biden called his “American Jobs Plan” the largest public investment since World War II, and compared it to the building of the interstate highways in the 1950s and the space race of the 1960s.

He offered no explanation of how American capitalism, after 40 years of stagnation and decay, most noticeable in its physical and social infrastructure, could suddenly summon the resources to revive systems that had been allowed to disintegrate, to the point where tens of thousands of bridges are in imminent danger of collapse.

Biden said nothing about the responsibility of the American financial aristocracy, the Wall Street vampires who have sucked up the resources of the country, amassing fortunes on a scale that puts into shade all previous ruling elites in world history, while the country decayed around them. Instead he made a pledge of loyalty, declaring, “I have nothing against millionaires and billionaires. I believe in American capitalism.”

While the top-line number of \$2.25 trillion is constantly emphasized by the White House and its media supporters, since that might sound like a lot of money, spread out over eight or even ten years, it comes to less than \$300 billion a year—about one-third

of the Pentagon budget each year, and less than a quarter of the \$1.3 trillion increase in the wealth of America's billionaires in the course of the pandemic year.

The four main categories of spending include \$650 billion for transportation infrastructure, such as roads, bridges, highways and ports, including subsidies for public transit, Amtrak and freight rail; \$300 billion for housing infrastructure, mainly for retrofitting and upgrading two million homes, and eliminating lead pipes and lead service lines in water systems; \$300 billion to “revive US manufacturing” (i.e., various subsidies to favored industries); and \$400 billion toward home care for the elderly and the disabled.

The \$650 billion over eight to ten years should be compared to the \$2.6 trillion funding gap found by a report earlier this year from the American Society for Civil Engineers, which accounts for the disastrous condition of American roads, bridges, water systems, airports and other public facilities.

Lesser sums include \$100 billion for high-speed broadband across the entire country, \$100 billion to upgrade and build new schools, and \$100 billion to expand and improve power lines and the electric grid.

Another \$180 billion is for expansion of research and development, particularly directed at competition with China in areas like semiconductors, batteries and computer technology. Much of the transportation money has a similar purpose. There is a combined total of \$174 billion in spending to boost the electric vehicle market, including building 500,000 electric charging stations across the country, to “win the EV market,” a campaign directed at Europe and Japan as well, but above all against China.

Biden's Press Secretary Jen Psaki emphasized the anti-China basis of the plan, telling reporters Tuesday,

“Fundamentally, we don’t believe that making a historic investment in American workers and rebuilding our infrastructure across the country to help us compete with China is controversial.”

The final outlines of the plan were drafted by two of the most right-wing figures in the White House: National Economic Council Director Brian Deese, a longtime Wall Street hand, and Domestic Policy Council Director Susan Rice, who was national security advisor in the Obama administration and a fervent advocate of imperialist aggression in the Middle East and confrontation with Russia and China.

White House officials were at pains to emphasize that unlike the \$1.9 trillion economic stimulus bill passed last month, there was room for major changes and amendments to the American Jobs Plan as it goes through Congress. This suggests that while there is likely to be bipartisan support for much of the brick-and-mortar spending—which amounts to subsidies to construction companies and giant corporations—the money to be spent on programs like home health care for the elderly could well be sacrificed.

Even more significant is how Biden proposes to pay for the spending outlined in the plan. He has rejected calls by Senator Elizabeth Warren and other liberal Democrats for a wealth tax that would target those with more than \$50 million. The White House also rejected a proposal by Senator Bernie Sanders to raise the corporate tax from 21 percent back to the 35 percent level that prevailed until the 2017 Trump tax cut.

Instead, Biden will propose raising the corporate tax rate from 21 percent to 28 percent, in effect leaving the corporations with half of the Trump tax cut (and, of course, far more than that once their tax advisers and lawyers figure out how to evade the new rules). If they were honest, the White House spin doctors should perhaps revise Biden’s campaign slogan of “Build Back Better” to something closer to the reality: “Build Back Halfway.”

White House officials claimed that there would be a second round of tax hikes on the wealthy to finance a second round of spending on “social” infrastructure, including education, health care and other services, which will be unveiled next month. This legislation, initially pegged at \$1 trillion, would be paid for by an increase in the income tax rate on wealthy households, those making more than \$400,000 a year.

Press reports of Democratic Party strategy suggest that Biden and Senate Majority Leader Charles Schumer regard it as unlikely they can win the ten Republican votes in the Senate required to overcome a filibuster. This means that the infrastructure plan would have to pass under the reconciliation process, requiring only 50 votes plus the tie-breaking vote of Vice President Kamala Harris.

There is only one reconciliation vote for each fiscal year, since the arcane procedure is ostensibly tied to the passage of the annual budget. Schumer has been reportedly considering either a second reconciliation bill to “amend” the bill passed last month for the 2021 fiscal year, or using the budget for fiscal year 2022, which begins October 1, as the basis for the infrastructure bill.

There will be considerable horse-trading and wrangling between the two capitalist parties. In the meantime, the Republicans have rubber-stamped Biden’s cabinet, allowing all his nominees to head federal departments to win approval. In return, the Democrats have effectively shelved any investigation into the January 6 coup attempt by Trump and his congressional Republican allies to seize the Capitol and block the certification of Biden’s victory.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact