

# Biden drops corporate tax increase and cuts infrastructure plan by over \$1 trillion in negotiations with Republicans

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In private talks with Republicans at the White House on Wednesday, President Joe Biden offered to dramatically reduce his \$2.25 trillion infrastructure package by eliminating a proposed corporate tax increase and cutting the total spending in the plan by more than half.

According to a report published by the *Washington Post* Thursday afternoon—based on information from an anonymous person familiar with Biden’s closed-door meeting with lead Republican negotiator Senator Shelley Moore Capito of West Virginia—the President outlined “a plan for about \$1 trillion in new spending” and said “he could take the proposed rate increase off the table in an attempt to broker a compromise” with Republicans.

From the moment Biden announced the infrastructure bill, called “The American Jobs Plan,” on March 31, the Republicans declared it a nonstarter due to the proposed tax provisions. Biden had originally called for raising the corporate rate from 21 percent to 28 percent, partially reversing the cuts engineered by the Trump White House and Republicans in Congress in 2017.

While Biden’s original proposal is entirely inadequate to address the decaying, neglected and crumbling US roads, bridges, rails, pipelines, ports and information infrastructure, the Republicans have attacked it as being too costly and have called for an amount far below \$1 trillion.

The White House has repeatedly appealed to the GOP to negotiate while simultaneously offering to scale back the plan in response to every objection from congressional Republicans. On May 27, White House Press Secretary Jen Psaki issued a statement praising the work of Senator Capito “and her colleagues,” many

of whom do not consider Biden to have won the 2020 presidential election or to have taken office legitimately.

Psaki’s statement said: “It is encouraging to see her group come forward with a substantially increased the [sic] funding level—nearing \$1 trillion. We appreciate the hard work that went in to making this proposal and continuing these negotiations.” By that point, Biden had already agreed to cut the infrastructure proposal down to \$1.7 trillion.

The *Washington Post*’s unnamed source reported that Biden still “intends to seek the tax increase” and that the White House “could pursue the policy outside of the infrastructure debate—or in the case that bipartisan negotiations ultimately collapse.”

Biden’s alternative tax plan “would amount to a new minimum corporate tax of 15 percent” and “take aim at dozens of profitable US corporations that pay little to nothing to the federal government annually.” The *Post* report continued, “The White House also proposed stepping up enforcement on corporations and wealthy earners who rely on loopholes to lessen their tax burdens, according to the person familiar with the talks.”

After news of Biden’s infrastructure climbdown became public, the White House reported that additional talks took place on Friday. The press statement said the president met with Senator Capito and House Transportation Committee Chairman Peter DeFazio (Democrat from Oregon), and that they discussed a new offer from Republicans for a “\$50 billion increase in spending across a number of infrastructure programs.” The statement continued, “The president expressed his gratitude for her effort

and good will, but also indicated that the current offer did not meet his objectives to grow the economy, tackle the climate crisis, and create new jobs.”

The meeting with DeFazio was significant in that the congressman has advanced a surface transportation reauthorization bill in the House that would provide \$547 billion in funding for infrastructure over five years without Republican support. The White House press statement said, “The President and Chairman DeFazio agreed on the benefits of continued engagement with Democratic and Republican Senators as the House work on infrastructure advances this coming week.”

Talks between the White House and Republicans are scheduled to continue on Monday, although the events on Friday have increased the likelihood that a bipartisan agreement will fall apart. While the Democrats have the ability to overcome Republican opposition by using the budget reconciliation process, they are refusing to use this option.

The pivotal role of West Virginia Democratic Senator Joe Manchin emerged again on Thursday when he said that he would not support passing the infrastructure package through budget reconciliation, a procedure in the Senate that requires a simple majority instead of the 60 votes needed to overcome a filibuster.

Manchin called the notion of proceeding on a major piece of legislation without GOP support “a disaster waiting to happen.” Without Manchin’s support, Democrats do not have the 51 votes—including the tie-breaking vote of Vice President Kamala Harris—in the Senate needed to pass the bill under the budget reconciliation procedure.

The ongoing insistence by the White House on the necessity for collaboration with Republican supporters of the coup attempt of January 6, and the speed with which Biden has dispensed with major provisions of his infrastructure bill, expose the Democrats’ claims that the “American Jobs Plan” will “rebuild a new economy” and “create millions of good jobs” to be a fraud.



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