Press Release

Does the Productivity of Infrastructure Investment Outweigh the Harm from Higher Taxes?

ALLISON EDWARDS | APRIL 22, 2021

The Biden Administration argues that the infrastructure investments in its proposed American Jobs Plan (AJP) would provide more than enough productivity boost to offset the damage from new taxes. Is this calculation correct? New research from the American Action Forum examines the tax and infrastructure proposals in the Biden presidential campaign’s Build Back Better (BBB) plan, using a third-party economic model similar to those used by federal agencies. Even though the campaign proposal would have spent far more proportionally on core infrastructure than the AJP proposes, the campaign proposal was only net positive under extreme assumptions. This conclusion suggests that the AJP would not be pro-growth even under the most favorable conditions.

Read the summary and full research here.
Watch AAF President Douglas Holtz-Eakin discuss the research findings on CNBC.