



The Daily Dish

# Policy Foundations of the American Jobs Plan

DOUGLAS HOLTZ-EAKIN | APRIL 13, 2021

## Eakinomics: Policy Foundations of the American Jobs Plan

Lots has been learned in the past few weeks about the \$2.25 trillion American Jobs Plan (AJP). For sure, it is not an “infrastructure plan.” Too much of the spending is so far from the infrastructure line that it makes this claim laughable. It is also not “paid for.” The proposal would widen the structural deficit. The taxes that are included seem more intended to [punish the corporate community](#) than to be thoughtful ways to cover the budget costs of the new spending. And it seems a stretch to call it a “jobs” bill; it is more likely to be a headwind to growth.

But the flaws extend even further. Courtesy of Jennifer Huddleston and Juan Londoño, let’s take a look at the [\\$100 billion broadband](#) proposal – something that truly is modern infrastructure. The goal is to ensure every American has access to high-speed internet, but the policy foundations are fundamentally flawed. The AJP “emphasizes municipal broadband, implies a movement toward price controls, and is marked by one-size-fits-all solutions, all of which could deter investment in infrastructure, drive out competition, and ultimately harm consumers.”

The problem with municipal broadband is that it has never lived up to the hype that it can provide low-cost, high-speed internet and encourage economic development in currently underserved communities. An [analysis by the Phoenix Center](#) has shown that when errors in other studies were corrected, cities with municipal broadband had an average broadband cost 13 percent higher than comparable cities without government-run networks. But most important, focusing attention and resources on municipal broadband could slow the attempts to bridge the digital divide by discouraging private investment and deployment at a time when this progress is especially critical.

The other major problem with the AJP broadband proposal is its openness to price controls. The proposal argues that broadband is too expensive, and that expense problem can only temporarily be addressed by subsidizing consumers. Since it simultaneously argues for a complete focus on municipal broadband, the implication is that we can’t rely on competition to reduce costs and thus broadband prices. Instead, this structure is a hint of forthcoming price controls, something that could be done via Title II “net neutrality” regulation at the Federal Communications Commission.

It gets worse from there, and Huddleston and Londoño cover the gamut of broadband blunders in the proposal. But the lesson is that the policy fight over the AJP exceeds its size, the payoffs, and its area of focus. At the most basic level, the policy substance of the AJP is lacking and merits improvements.