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Is the Biden Infrastructure Plan Necessary?

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Since the dawn of the COVID-19 pandemic, the U.S. government has revolutionized its role in the U.S. economy; to combat severe economic decline, Congress and the Presidency advocated for tremendous fiscal stimulus, hitting unprecedented levels of aggregate government spending. During the first quarter of 2020, total government expenditures increased by a mesmerizing and unprecedented 45%, according to Federal Reserve Economic Data. Throughout the following calendar year, levels of government spending fluctuated through the changes in political office but ballooned once again as a result of President Biden's American Economic Plan. Presently, Congress is in the midst of negotiations regarding another massive government spending plan: Biden's infrastructure bill. There exist two primary motivations for passing such an infrastructure package: the present quality of American infrastructure and the economic boost which would result from the labor required for the undertaking and subsequent increase in productivity. As the nation continually experiences decreases in unemployment and real economic growth, is the continued stimulus truly necessary? Seemingly, the answer is yes, but not for reasons of economic growth - rather to rejuvenate America's failing infrastructure system.

Throughout the 21st century, American infrastructure has been sorely lacking when compared to other developed nations. Last March, the American Society of Civil Engineers graded America's infrastructure at a C-, according to the group's 2021 Report Card, estimating an additional $2.6 trillion in funding is required over the next decade. The scorecard, which the society has released every four years since 1998, is the first time the nation's infrastructure has scored outside the D range in 20 years - a depressing reality. Further inspection of the scorecard deepens this sentiment; 11 of the 17 categories received D range grades, most notably including energy, roads, schools, and transit. According to the ASCE's grading criteria, a grade of C is classified as "mediocre" and "fair to good condition" with some elements exhibiting "significant deficiencies in conditions and functionality", and a grade of D indicates poor and "mostly below standard" with condition and capacity at "strong risk of failure". At current levels, the quality of American infrastructure is insultingly subpar and is in desperate need of substantial investment.

Seemingly, Congress agrees; in a rare form for today's political climate, an infrastructure package tackling these very issues has gained bipartisan support. The current iteration of the infrastructure plan, which has gained support from the Biden Administration and both aisles of the Senate, authorizes $1.2 trillion of spending over the next eight years. Of the overall sum, $579 billion is funding for a myriad of initiatives spearheaded by the Biden administration. According to CNN, the bill calls for a number of initiatives centered around improving traditional infrastructure, schools, broadband connectivity, and green energy. In terms of general infrastructure, the bill aims to fund improvements to roads, bridges, railways, and other infrastructure to increase American competitiveness and quality of life. In its improvement of the public-school system, it calls for $100 billion to build new schools and upgrade existing buildings with better ventilations systems, upgraded technology labs, and improved school kitchens which can prepare more nutritious meals. In order to provide improved internet access, the bill allocates $100 billion in order to give Americans complete access to affordable, reliable, and high-speed broadband, specifically targeting low-income rural and urban areas. The proposed plan also aims to further develop the Biden Administration's pursuit of green energy, maintaining a goal of reaching a carbon-free energy sector by 2035.

As indicated by the ASCE's scorecard of current American infrastructure, many of the areas which are in dire need of substantial investment are covered in the Biden's infrastructure package. Such investment would meaningfully build upon these desperate areas, improving American competitiveness and quality of life. When directly compared to other developed nations, American infrastructure sorely lacks in overall quality and development. In order to better compete on the world stage, further investment is required to update and modernize our current system.

Moreover, there is a second primary motivation driving the fervor for an infrastructure package: economic prosperity. The Biden Administration and supporting senators claim that the newfound construction efforts would provide numerous long-term high-paying jobs and increase productivity. Further, economists have long touted increases in infrastructure spending, in particular road/highway improvement, as an exceptional example of worthwhile fiscal stimulus: it both drives short-term hiring and potential economic growth as workers and businesses alike can be more productive on an improved road system. However, according to The Wall Street Journal, prevailing economic perspectives question the long-term economic impact of the road and highway spending present in the plan. Indeed, road and highway spending is only one aspect of the multifaceted stimulus package. But, it accounts for the largest single share of the new spending authorized by Congress at 19%. This implies that potential economic growth in this area would greatly contribute the total effect spurred by the package. Since the United States already has an extensive road system, building more or improving upon current ones will not necessarily increase productivity. Charles Hulten, an economist at the University of Maryland, found that infrastructure investment in developed nations with preexisting road networks resulted in no change in overall productivity and growth when compared to nations without such present development. That is not to say that the billions of dollars in new government ro ad spending would not boost growth in the short term; the gains would come about as the result of the construction and would dissipate once all of the projects are completed. In a 2012 paper, economists at the San Francisco Fed found that new spending on roads can boost an area's economy at two specific times: immediately after the new spending has been announced and six to eight years later when construction is under way. Beyond 10 years, there were no economic benefits to infrastructure spending. Therefore, the economic justifications for the further government spending seem overinflated; the plan may spur a short-term hiring surge but will not provide any boost to long-term economic growth.

The $1.2 trillion infrastructure spending package is still needed in today's America, despite the lacking economic justification. As indicated by the ASCE's assessment, infrastructure is in dire need of substantial investment to improve competitiveness and overall quality of life of American taxpayers. Investment into the road systems, schools, and green energy would rejuvenate all corners of the nation, allowing many underfunded regions to catch up to our already lacking nation. However, the economic benefits of such a bill are overstated; it may provide a short-term hiring surge, but nothing more. Notwithstanding this notion, the spending package is still very much necessary and should be implemented without fail.