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The American Jobs Plan

U.S. President Joe Biden, on March 31st, 2021 in Pittsburgh, unveiled a new roughly \$2 trillion plan to stimulate the country's economic growth in the medium-to-long term, however, to date it has yet to be approved by the Congress. This plan, unlike the \$1.9 trillion "American Rescue Plan" issued at the beginning of March, the cost of which was almost entirely added to the national debt, would be financed through an increase in the corporate tax rate (from 21% to 28%) on the revenues of companies earning more than \$400,000 annually, along with specific measures limiting the relocation of profits. The set of measures envisioned by the Biden administration will be divided into two legislative proposals, the first focused on modernizing physical infrastructure, and the second on managing government spending, and has as its main objectives:

- Renew existing infrastructure, particularly transportation-related infrastructure, such as 10,000 bridges, 20,000 miles of roads, the public transit network, ports, airports, and electric vehicle development (totaling approximately \$650 billion);
- Improve drinking water infrastructure, expand broadband access, and upgrade power grids (\$300 billion);
- Revitalize U.S. manufacturing companies' production lines, their research & development departments, and workforce training programs (\$580 billion);
- Fund other investments to aid the elderly, disabled, homeless, low-income workers, and students.

Obviously, according to experts, including Steve Rattner and economist Paul Krugman, traditionally understood physical infrastructure could expand the country's productive capacity and supports growth, specifically an investment of 1% in this field would increase productivity by +0.23%. However, the efficiency of U.S. highway investments, in the sense of

Marazzi & Associati

Via E. Baschenis, 9/E
I - 24122 Bergamo
Tel. +39 035 210156

Via Fatebenefratelli, 19
I-20121 Milano

C.F. e P.Iva:
02548780168

www.madv.eu
info@madv.eu



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economic return and productivity gains, has declined over the past 40 years, and many are suggesting that the government should invest in other areas, such as digital infrastructure and digital components to be added to existing infrastructure, to support the country's digital transformation. This need has emerged even more in the last year, given the Covid-19 pandemic, which has increased remote economic and non-economic activities such as education, healthcare, trade and manufacturing.

ITIF's report, "Digital Policy for Physical Distancing: 28 Stimulus Proposals That Will Pay Long-Term Dividends," proposes several ideas on the digital front: funding broadband infrastructure through a one-time capital injection, providing a tax credit for all spending on 5G investments made between now and the end of 2023, funding an upgrade of the nation's electric grid, and digitizing the nation's existing infrastructure and services. In fact, the creation of "smart cities," to which the U.S. (and others, like Northern Europe's countries, for instance) aspires, has as its starting point precisely government subsidies for projects such as putting sensors inside garbage cans to improve collection time, smart lighting, which can reduce energy consumption, and the installation of smart meters for electricity and water.

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