

Biden has announced a \$2 trillion infrastructure plan, with a heavy focus on climate-related investments. The [plan](#) is very complicated, and the news coverage hasn't been all that helpful. Here are the key questions we should be asking about the plan, along with my best attempts to answer.

Q: What's in the plan?

A: It's a very complicated plan even though many details haven't been filled in. [Utility Dive](#) has nicely summarized some of the key features: "The American Jobs Plan proposes investing \$174 billion in EVs, \$100 billion in the power grid, \$46 billion in clean energy manufacturing and \$35 billion in research and development efforts to address the climate crisis. Biden's proposal would also create a national clean electricity standard, expand current tax credits to include a direct pay option for clean energy resources, including energy storage, and extend the tax credit phasedown another decade."

Q: Would the plan have a big impact on carbon emissions?

A: Absolutely. It would amplify deployment of renewable energy across the country, ramp up use of energy storage, and greatly accelerate the move to electric vehicles. The clean energy standard aims at cleaning up the grid by 2035. Moreover, the plan could have a snowball effect, incentivizing a lot of private investment, creating new technologies, and prodding other countries to ramp up their own climate commitments.

Q: Should Biden have gone for something even bigger, more like the Green New Deal?

A: Biden is getting some flak from progressives who say we need something much bolder. I have to think that's largely public posturing, perhaps intended to keep him from weakening the package in negotiations. To get his proposal through Congress, Biden needs the support of Joe Manchin from West Virginia and a couple of other moderates. It's hard to imagine that Manchin would support anything beyond what Biden is proposing.

Q: Won't spending this much money be inflationary?

A: I don't pretend to understand macroeconomic theory. There's considerable disagreement between smart people like Larry Summers and Paul Krugman over how much the government can borrow without triggering inflationary pressures. But given Biden's plan to pay for the spending with increased taxes on corporations and more affluent Americans, any inflationary pressure should be reduced.

Q: Can Biden actually get this plan through Congress?

A: Honestly, who knows? He's got a razor-thin majority. If he can get anything close to what he's proposing through Congress, I'd count that as a big win politically. Alternatively, he might be able to get some Republican votes for pieces of the plan, but not for the plan as a whole.

Q: The plan calls for spending over a ten year period. Can we really count on that happening?

A: At some point during those ten years, it seems pretty likely that the GOP will be in a position to control spending. However, the plan is designed to help a lot of businesses and create a lot of jobs, in Red states as well as Blue ones. Once the money starts flowing, the GOP may be able to trim it a bit, but they might be hard pressed to kill the funding altogether.

Q: Is all this a big deal?

A: Yup. If the plan *is* passed, it will be a huge step toward cutting emissions. Biden was right to call it "a once-in-a-generation investment in America, unlike anything we've seen or done since we built the Interstate Highway System and the space race decades ago."