

Macro Roundup Article

Headline: [A Huge, Uncharted Experiment on the U.S. Economy Is About to Begin](#)

Article

Link: <https://www.nytimes.com/2023/02/12/opinion/economy-ira-infrastructure-clean-energy.html>

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Tweet: [@robinsonmeyer](#) argues that Biden's decarbonization based industrial policy faces three significant challenges: spending money efficiently, coordinating across multiple government agencies, and making policy adjustments over time.

Summary: The U.S. financial system persistently struggles to fund projects that take a long time to turn a profit and that can expect to have only modest returns. Unfortunately, the biggest and most important physical infrastructure—factories, transmission lines—often fall under that category. Second, the government may lack the ability to coordinate its own actions. Late last year, the Biden administration declined to help reopen a “green” aluminum factory in Ferndale, Wash., that was exactly the kind of low-carbon industry it wants to champion. Never mind the right hand not knowing what the left hand is doing: The right hand couldn’t get the left hand to plug the cord in. Finally, the government may not understand enough about the companies it’s trying to help. In Taiwan and South Korea, industrial-policy agencies... constantly gather information from the private sector and use it to adjust goals and policies over time. The I.R.A.’s main incentives are tax credits, which are hard to repeal once they’re in place and hard to fix if they’re not working. They are an unusually mindless way to incentivize companies to change their behavior.

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