Comments on The Tax Cuts & Jobs Act

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Tax Cuts & Jobs Act

• Knowns
  • Provisions; no postcards!
  • “Static” cost, distribution
  • Estimated dynamic impacts

• Unknowns
  • Sunset?
  • Effectiveness of pass-thru guardrails: Kansas!
  • International capital movement, foreign response

• So far
  • No evidence of effect on growth of GDP (or wages!)
  • Measurable weakening in tax revenues

• CBO / JCT analysis now the benchmark
Impact of TCJA on Real GDP
percent difference from baseline level

Source: Macroeconomic Advisers by IHS Markit
Real FE GDP, Nonres Fixed Inv & Capital Services
percent difference from baseline

Source: Macroeconomic Advisers by IHS Markit
Impact on Full Employment Real GDP
percent difference from baseline level

Source: Macroeconomic Advisers by IHS Markit