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TO: Reporters/Editors

FROM: Frank Clemente, executive director, ATF

**ICYMI: NONPARTISAN ANALYSIS CONFIRMS  
TRUMP-GOP TAX CUTS DID LITTLE TO BOOST ECONOMY OR AID WORKERS**

*Non-partisan Congressional Research Service Report Shows Proponents Oversold Tax Cuts  
With Promises of More Investment & Wage Growth That Hasn't Happened*

WASHINGTON, D.C. – A recent [report by the nonpartisan Congressional Research Service](#) analyzing the fiscal and economic impact of the 2017 Tax Cuts and Jobs Act (TCJA) has confirmed predictions of [Americans for Tax Fairness](#) and [other critics of the law](#): the massive tax cuts have largely favored the wealthy and corporations, have failed to significantly raise wages, have had little effect on business investment and have come nowhere close to “paying for themselves.”

The devastating analysis shows that in nearly every category, the \$1.5 trillion tax cuts (which will add \$1.9 trillion to the deficit due to interest costs) – the signature achievement of the Trump White House and Congressional GOP – have failed to produce the economic growth and other benefits promised by its proponents:

**A TAX CUT FOR THE MIDDLE-CLASS**

**PROMISE:** “As President Donald J. Trump promised, the Tax Cuts and Jobs Act (TCJA) has delivered real savings for America’s middle class.” ([White House, April 15, 2019](#))

**CRS:** “Most of the tax cut went to businesses and higher income individuals...” (*Page 3*)

**TAX CUT PAYING FOR ITSELF**

**PROMISE:** “The (tax) plan will pay for itself with growth.” ([Treasury Sec. Steven Mnuchin](#), April 20, 2017)

**CRS:** “The data appear to indicate that not enough growth occurred in the first year to cause the tax cut to pay for itself...5% or less of the growth needed to fully offset the revenue loss from the Act” has occurred. (*Page 4*)

**WORKERS' WAGES WILL JUMP**

**PROMISE:** “I would expect to see an immediate jump in wage growth (from the tax cuts).” ([Kevin Hassett, head of the White House Council of Economic Advisors](#), Oct. 16, 2017)

**CRS:** “There is no indication of a surge in wages in 2018 either compared to history or relative to GDP growth.” (*Page 10*) “...[O]rdinary workers had very little growth in wage rates.” (*Page 11*)

### **WIDESPREAD EMPLOYEE BONUSES**

**PROMISE:** “Since we passed tax cuts, over 3 million workers have gotten tax cut bonuses — many of them thousands and thousands of dollars.” (President Trump, [State of the Union Address, Jan. 30, 2018](#)) “4.2 million hard working Americans have already received a large Bonus and/or Pay Increase because of our recently Passed Tax Cut & Jobs Bill....and it will only get better!” ([Trump Tweet, Feb. 11, 2018](#))

**CRS:** “...[R]elatively little [of the corporate tax cuts] was directed to paying worker bonuses.” (*Opening summary*) “One organization [[Americans for Tax Fairness](#)] that tracks these bonuses has reported a total of \$4.4 billion. With US employment of 157 million, this amount is \$28 per worker. This amount is 2% to 3% of the corporate tax cut, and a smaller share of repatriated funds.” (*Page 14*)

### **A \$4,000 RAISE FOR WORKING FAMILIES**

**PROMISE:** “My Council of Economic Advisors estimates that (the tax cut law) would likely give the typical American household a \$4,000 pay raise.” ([President Trump, Oct. 11, 2017](#))

**CRS:** The report determined that the CEA projections of average raises of \$4,000 (or even as much as \$9,000) were based on economic assumptions that are “problematic for a number of reasons.” It points out that for the CEA’s projections to come true, the tax cuts’ positive effect on the economy through higher wages would have to be an implausible 3.8 to 8.5 times greater than the tax law’s cost. (*Page 10*)

### **INCREASED CAPITAL INVESTMENT BY BUSINESS**

**PROMISE:** “There has been a capital spending boom.” ([Hasset, Jan. 19, 2019](#))

**CRS:** “While it is possible that the Act increased the investment due to supply-side effects, it would be premature to conclude that the higher rate of growth of nonresidential fixed investment was due to the tax changes. (*Page 7*) “Real growth in the [investment] subcategories of equipment, structures, and intellectual property is inconsistent with the incentive effects of the tax change” since investments in structures (such as factories and warehouses) should increase more than investment in intangibles like intellectual property, but the reverse has been true. (*Pages 6-7*)

### **INCREASED FOREIGN INVESTMENT & OFFSHORE CORPORATE CASH COMING HOME**

**PROMISE:** “We also have massive investments coming in (from overseas).” ([President Trump, Feb. 1, 2018](#)) “...[W]e expect to have in excess of \$4 trillion [in accumulated offshore profits of domestic corporations] brought back very shortly.” ([Trump, Aug. 8, 2018](#))

**CRS:** “The evidence does not suggest a surge in investment from abroad in 2018.” (*Page 13*)

See the full CRS report [HERE](#).

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