

## AN AMERICAN SUCCESS STORY

# HAPPY 4TH ANNIVERSARY, TCJA!

*Four years ago today, on December 22, 2017, President Trump signed into law the **Tax Cuts and Jobs Act (TCJA)**, which helped ignite a period of sustained economic prosperity that delivered relief to working families, brought discouraged workers off the sidelines, and lifted the fortunes of those often left behind.*

*With the toxic mix of misguided federal stimulus and anti-work policies implemented in 2021, Americans are suffering under the crushing burden of the highest inflation in decades as well as unprecedented labor shortages and supply chain disruptions.*

*Individually and collectively, the policies in the Big Government Socialism Bill—also known as the Build Back Better Act—would double down on this government-first vision of tax hikes, debt, and anti-work incentives, thus erasing TCJA’s positive legacy.*

### **TCJA UNLEASHED HISTORIC, WIDESPREAD PROSPERITY**

TCJA was pivotal to the America First economic agenda that reversed the economic malaise during the slow recovery from the 2007-2009 Great Recession.

- Forecasts before the 2016 election from the Congressional Budget Office and Federal Open Market Committee predicted unemployment would flatline and stay over 4 percent. Instead, by February 2020, unemployment fell to a 50-year low of 3.5 percent and hit historic lows for African Americans and Hispanics.
- From 2001 to 2016, real median income fell \$164. By contrast, robust economic growth and better labor market conditions facilitated by TCJA caused incomes to soar by \$5,000 from 2017 to 2019, with income growth setting a record in 2019.
- Workers across the income spectrum benefited from these gains, with wages rising faster for workers than for managers and faster for the bottom 10 percent of wage earners than those in the top 10 percent, causing inequality to fall.
- This historic blue-collar boom lifted 6.6 million people out of poverty from 2017 to 2019—the largest 3-year reduction to start any presidency since the War on Poverty—and sent the poverty rate to an all-time low of 10.5 percent in 2019 with especially significant declines for minority populations.

### **BAD POLICY DERAILS THE POST-PANDEMIC RECOVERY**

The U.S. economy entered 2021 with robust growth and low inflation. Now, the reverse.

- In 2020, the CARES Act buoyed the economy by providing a lifeline to families and small businesses while supporting hiring and returning to work. The U.S. economy entered 2021 with 4.5 percent growth and sub-2 percent inflation.
- In 2021, the American Rescue Plan Act “stimulus” flooded the economy with cash and disincentivized work. Growth is down, and inflation is at a 39-year high.

### **THE PILLARS OF THE BIG GOVERNMENT SOCIALISM BILL WOULD ERASE TCJA’S LEGACY**

The last thing the economy needs is more tax hikes, spending, and anti-work policies.

- Flooding the economy with government spending to stoke demand while choking off the supply-side of the economy, raising small business costs, and discouraging work is a recipe for slow growth and more inflationary pressure.