Economists Tout Tax Cut Benefits
Experts Cite High Corporate Taxes As Costly For Workers, Forecast Wage Growth With Rate Cut

FORMER NEC DIRECTOR LAWRENCE B. LINDSEY: “The tax-reform package now working its way through Congress is well-designed and far-reaching...If it becomes law, we can expect economic growth to accelerate to roughly 3.2% for the next three to five years, then settle in at a sustainable pace of around 2.5%. This is well above current official expectations for long-term growth of about 1.9%. Both history and economics suggest that most of this additional growth will accrue to workers in higher real wages.” (The Wall Street Journal, 10/10/17)

FORMER CEA CHAIRMAN EDWARD LAZEAR: “…Corporate rate cuts attract more foreign capital and domestic investment, which increases demand for labor, and hence wages...I estimate this would amount to between $1,800 and $2,400 annually per household once the full growth effects are realized. A substantial share of this increase would be enjoyed by middle-class households.” (The Wall Street Journal, 10/16/17)

BOSTON UNIVERSITY’S LAURENCE J. KOTLIKOFF: “…The new Republican tax plan raises GDP by between 3 and 5 percent and real wages by between 4 and 7 percent. This translates into roughly $3,500 annually, on average, per working American household. The source of the increase in U.S. output and real wages is the [Unified Framework’s] plan’s reduction in the U.S. marginal effective corporate tax rate from 34.6 percent to 18.6 percent.” (Boston University’s Seth G. Benzell, Laurence J. Kotlikoff, and Guillermo Lagarda, 10/16/17)

COLUMBIA BUSINESS SCHOOL DEAN GLENN HUBBARD: “The U.S. leaves itself disadvantaged with one of the highest corporate tax rates in the world...The heavier burden discourages companies from investing, hiring and even maintaining their headquarters in the U.S...much of the burden of the corporate tax is borne not by owners of capital...but by workers, as wages are held back by tax-induced underinvestment and insufficient productivity growth.” (The Wall Street Journal, 10/5/17)

- HUBBARD: “Cuts in the corporate rate will increase investment, productivity, and wages.” (Bloomberg’s “Bloomberg Daybreak,” 10/9/17)

DR. DONALD MARRON, Urban-Brookings Tax Policy Center: “…clearly workers pay some of the corporate income tax. That one unfortunate side effect of the corporate income tax is to discourage investment in the United States—workers have less capital to work with, they’re less productive, wages are lower.” (U.S. Senate Finance Committee Hearing, 9/19/2017)

TAX POLICY CENTER’S HOWARD GLECKMAN: “TPC concludes that labor also pays through lower wages. As a result, workers, as well as shareholders and other owners of capital, would benefit from any cut in the corporate tax. Similarly, both would take a hit if corporate taxes are hiked.” (Tax Policy Center, 9/13/12)