

Macro Roundup Article

Headline: [The Child Tax Credit Is a Failed Experiment](#)

Article Link: <https://www.wsj.com/articles/the-child-tax-credit-is-a-failed-experiment-expansion-refundable-workforce-handout-pandemic-liability-revenue-social-service-irs-11669645688>

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Tweet: .@scottahodge, one of the architects of the Child Tax Credit, notes the American Rescue Plan's expanded credits left 48.3% of all filers with no income tax liability in 2021 and argues making expanded credits permanent, based on the \$1.3T ten-year cost. @wsj

Summary: According to a Tax Policy Center estimate, some 74 million tax filers—or nearly half (48.3%) of all filers in 2021—had no income tax liability. Can we have a sustainable tax system if the number of nonpayers continues to grow? Expanding the child tax credit would take our redistributionist tax code to a new level. Although 2021 was a pandemic year, it gives us a picture of what that world would look like. The child tax credit is a drain not only on the federal budget but on the nation's economy. Congress's Joint Committee on Taxation economic models predict that the policy would reduce the labor supply by 0.2% over a decade and the amount of capital by 0.4%. As a result of the reduced supply of labor and capital investment, gross domestic product would shrink by 0.2%.

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