

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring The Honorable Steven
T. Mnuchin, Secretary of the U.S. Department of the Treasury**

January 12, 2018

“... People understand the economic impact that this (*tax reform legislation*) is having, and will continue to have. ... Over a million people at Walmart [*are*] getting additional bonuses. We’re now up to over 130 companies and two million workers that have gotten raises and special bonuses.”

“[O]verall, I couldn’t be more pleased with [*the outcome of the tax bill*]... I think what worked very well is, first of all, the House committees had worked on taxes and [*been*] thinking about this for a long time. So, way before the President and I showed up they had been working ... through a blueprint. During the campaign, in developing the President’s economic program, we spent a lot of time with him thinking about taxes. And taxes were a major part of his platform and what he was going to do. ... we couldn’t be more pleased. That’s not to say [*with*] every single page and every single line item... but I think we couldn’t be more pleased with the overall bill.”

“Our number-one issue right now is implementing the tax plan. It’s a massive amount of work at Treasury and the IRS. Yesterday we just announced the new withholding tables. So, people will get tax breaks in February. ... There are, like, 80 sections of the bill that are left to the Secretary to put out regulations. So, we’ve a lot of work at Treasury and the IRS.”

“[O]ne of my projects for the IRS is to look at how we can use technology much more for audits. So, I ... want to make sure that we automate... [T]here’s something that’s called the tax gap, which is the theoretical difference between what we do collect and what we should collect. And we’re going to look at using technology to narrow that.”

“I think one of the things that worked really, really well is [*the tax reform bill*] was a team effort. I think there were a lot of people in the beginning who said... the White House and Treasury... should put out [*their*] own plan. [*They*] should write the bill. And it was very clear to us from the beginning that we needed to make sure the Treasury, the White House, the House and the Senate were on the same page. When we started the process, the House and the Senate were pretty far apart. We worked every week on narrowing those differences.”

[On whether or not the tax legislation will increase the U.S. national debt]: “...The Joint Tax [Committee] ... scored it at...\$1.5 trillion... That was what we had to reconcile to on what we call a static basis with no change [*in the amount of the debt*]. Joint Tax thought there was about \$500 billion of what we call dynamic scoring, in revenue that we’d get back. There was also

about another \$450 or \$500 billion in what we call the difference between policy and the baseline. So, they were measuring it to what they called the baseline. There were tax extenders that were rolled over every year. Again, our view is you should measure it to what the actual policy is. ... we think there will be over a trillion dollars of growth. I do think this will pay for itself.”

“The President was unbelievably involved [*in tax reform*]. ...If I go back to the campaign, on his two major economic speeches – one was [*in*] Detroit and one was [*in*] New York – literally up until he went on stage he was fine-tuning the tax rates ... “. . . for the last year, he called either Gary [*Cohn*] or me or both of us every single day, [*to discuss his*] views or [*have us report on*] what we were doing.”

“– We absolutely have to raise the debt ceiling every time we get close to [*it*]. One of the things the President and I are thinking about is how this process should be changed. [*Currently*] we have a debt ceiling, we have a budget, and we have appropriations. In any business, you plan what you’re going to spend, and then you plan how you finance it. It’s somewhat of a ridiculous process, the way [*government does*] this [*now*]. ... I won’t go so far as saying we shouldn’t have a debt limit, but I do believe that when money is authorized to be spent, there should be some mechanism that the debt limit is also raised to pay for it.”

“I was probably the least-likely person to get in the film business. When I first looked at these investments, and when I had my own investment business, and someone came to us and said: Well, you know, we should look at this film investment. I’m like, that’s the craziest idea. If we invest in films, everybody will take their money back from us. But we developed a theory, which turned out very well, that if you invest in any one film, it’s very risky. If you can put together a portfolio of 50 or 100 films that are high-quality films, it’s a long-term bet on content.”

“[*Being Treasury Secretary*] is by far the most interesting thing I’ve ever done. ... The thing that’s great about this job is it touches on so many different aspects of the government. Obviously, a big focus of what I do is domestic and international finance. But a big component of what we do is manage all the sanctions programs. So, whether it’s Iran, North Korea, Venezuela, [*or*] Russia. . . . [*Sanctions are*] a big part of the strategy that we employ for foreign policy. So, the job touches on a big part of this.”

“*[Treasury is]* very focused on cyber currencies, cryptocurrencies... At the last *[Financial Stability Oversight Council]* meeting that I chaired we set up a working group. We’re working with all the regulators ... *[on]* two issues. ... One is, we want to make sure that bad people cannot use these currencies to do bad things ... *[O]*ne of the things we will be working very closely with the G-20 on is making sure that *[these currencies]* don’t become *[like]* Swiss numbered bank accounts... The other concern I have is there’s a lot of speculation in *[these currencies]*... I want to make sure that consumers who are trading *[in them]* understand the risks *[to help avoid]* getting hurt.”

“... *[P]*eople in my job... are not very good at predicting necessarily what the next problem *[with the economy]* is *[going to be]*. A lot of reasons why the next problem turns out to be such a big problem is because it’s something that people haven’t anticipated... *[I]*f there’s something I’m *[currently]* concerned about from the financial system, I would say cyber is something I’m very focused on. I think it’s ... one of these areas *[in which]* we need to continue to invest a lot of money privately, make sure that the government is working with the private industry. ”

[Secretary Mnuchin’s economic projections for the coming year were] “Higher growth, moderate inflation, lower unemployment.”

. . . *[Something]* we were able to accomplish in the tax bill was getting rid of the individual mandate. Fundamentally, the idea that you should charge people penalties *[to force them]* to buy insurance – that’s something we didn’t agree with and we think made sense to come out. The other thing we’re now looking at is – and, again, we’re working with the Department of Labor and others on – regulations that will allow different businesses to get together, and different associations to get together, and pool across state lines *[to do]* their insurance buying. That’s going to create a great opportunity for companies to lower their costs. *[Purchasing insurance independently would be very expensive for]* lots of companies. . . *[Participating in]* exchanges, will enable *[these companies]* to buy down their risk.