



The Daily Dish

About Last Night

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Eakinomics: About Last Night

(Full Disclosure: To avoid ex post rationalization or excess reaction to the results, this Eakinomics was written yesterday afternoon before the polls closed.)

There has been a lot of media huffing and puffing about the 2018 midterms. But from a policy perspective, there was not much at stake. The Trump Administration has little in the way of a legislative agenda that would be at risk of a Democratic takeover in the House. The only item that comes to mind is Tax Reform 2.0 — making permanent the individual provisions of the Tax Cuts and Jobs Act, and other provisions. That has some political significance — the president and the Ways and Means chairman committed to it in the weeks leading up to the election — but will matter little for the economic outlook. In the other direction, the takeover of the House by Democrats ostensibly would raise the odds of an infrastructure initiative, but the reality is that there is no budgetary room for a big spending bill, and the Democrats have blanched at the administration's efforts at privatized financing.

Instead, for better or worse, the bulk of the policymaking will continue to be executive actions on trade, immigration, regulation, drug pricing, net neutrality, labor market rules, and the like.

Looking forward, the most significant economic elections are the governorships. Governors can be key allies in carrying states during the 2020 presidential election — and a switch from Trump's pro-growth populism to the Democrats' no-growth progressivism does matter.