

# THE FUTURE OF THE GLOBAL ECONOMY

*Tariffs, Tax Reform, and Fiscal Sustainability*

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**Natasha Sarin**

Professor of Law, Yale Law School | President, The Budget Lab at Yale  
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BEFORE WE BEGIN

Let's see where you stand.



Take out your phones — we have 5 quick questions.  
We'll revisit your answers at the end.

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1

## POLL QUESTION

*Scan the QR code to participate*

What is the single biggest risk to the U.S. economy over the next 3 years?

- A Tariffs and trade policy uncertainty**
- B AI-driven labor market disruption**
- C A financial crisis (private credit, shadow banking)**
- D Rising national debt and fiscal unsustainability**



2

## POLL QUESTION

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Will AI create more jobs than it eliminates over the next decade?

- A** Yes — new industries will emerge
- B** No — displacement will outpace creation
- C** Too early to tell



3

## POLL QUESTION

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How concerned are you about a financial crisis in the next 5 years?

- A Very concerned**
- B Somewhat concerned**
- C Not very concerned**
- D Not concerned at all**



4

## POLL QUESTION

*Scan the QR code to participate*

The average American's financial situation over the next 2 years will:

**A Improve**

**B Stay about the same**

**C Get worse**



5

## POLL QUESTION

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To fund the government, which approach do you most support?

- A** Everyone should pay somewhat higher taxes
- B** Only the wealthiest should pay more
- C** We should just focus on collecting what's already owed
- D** We should cut spending, not raise taxes

## TODAY'S ROADMAP

# Five forces reshaping the global economy

1



**Tariffs &  
Trade  
Uncertainty**

2



**AI & the  
Two  
Economies**

3



**Private  
Credit &  
Financial  
Stability**

4



**Fiscal  
Sustainability  
& the Tax  
Gap**

5



**What Comes  
Next**

1



## Tariffs & Trade Uncertainty

*The cost of not knowing the rules*

## THE TARIFF SHOCK

# 16.8%

effective tariff rate on  
consumers

Source: Yale Budget Lab, 2026

The highest since

# 1935

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*Tariffs slow GDP  
growth and make the  
U.S. economy  
persistently smaller*

## THE UNCERTAINTY TAX

**60+**

times the  
effective  
tariff rate has  
changed

**~\$90B**

annual GDP  
loss  
from tariffs

**0.3pp**

drag on  
economic  
growth going  
forward

*"It's not the tariffs themselves, it's the uncertainty around where they actually are going to be." - Michael Potter, a Corsair executive*

## WHAT NOW?

The Supreme Court struck down IEEPA tariffs — but uncertainty persists

### **Back to Square 1**

The administration is pursuing tariffs through other legal authorities, each with their own constraints and legal challenges.

### **No certainty ahead**

How should families budget? How should companies set prices, acquire inventory, or plan expansion? The only certainty is no certainty.

### **Affordability is the #1 concern**

Consumers already feel the squeeze. The promise of upward mobility increasingly feels out of reach for ordinary Americans.

## THE AFFORDABILITY SQUEEZE

Real wages are up — so why does everything feel more expensive?

**90%**

of U.S. counties  
saw rents rise faster  
than income since  
2000

**35%**

increase  
in childcare costs  
since 2017

**\$27K**

per year  
average family  
health premiums

*The crisis isn't that prices rose faster than wages — they didn't. It's that spending on the basics (housing, childcare, healthcare) is eating a bigger share of every paycheck.*



## DISCUSSION

How do you plan for the future  
when the rules can change  
60 times in a year?

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2



## AI & the Two Economies

*A boom that's masking real problems*

## THE AI INVESTMENT BOOM

**\$1,800**

per American invested  
in AI in 2025 alone

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AI capex: ~2% of GDP  
Up from < 0.1% in 2022

## The two economies



### AI Economy

7 companies = ~60% of S&P gains  
\$300B+ invested by Big Tech in one year



### Everything Else

Youth unemployment: 10.5%  
Hiring has stalled across most sectors

# MARKETS CAN BE OUT OF SYNC WITH REALITY

## What the market sees

S&P up 10%+ since the Iran war began  
90% of companies beat Q1 earnings  
Analysts raising profit forecasts

## What the market isn't pricing

Trillions in deficit-financed tax cuts  
Assaults on Fed independence  
Immigration constraints slowing growth

## Markets have been wrong before

October 1987: The Dow fell 22% in a single day after months of soaring markets.  
Greek debt: Traded at narrow spreads for years – then collapsed overnight, triggering a continental crisis.  
Disruption and uncertainty wear away at an economy. By the time markets react, the damage is far harder to reverse.

# WILL AI END WORK OR JUST CHANGE IT?

## The Historical View

Every past tech revolution changed how we work, not whether we work

New jobs emerge to offset displaced ones

Productivity gains ultimately benefit workers

## The Disruption Risk

If AI substitutes for human labor broadly, wages fall toward machine costs

Industrial Revolution: weaver wages halved in 20 years

It took 50 years for working-class living standards to recover

*The AI boom is giving the administration runway to double down on bad ideas. Markets often discipline policymakers — AI is masking real problems instead.*



## POLL QUESTION

*Scan the QR code to participate*



Is your organization currently using AI in a way that has changed how many people it employs?

- A** Yes — we've reduced headcount
- B** Yes — we've added new roles
- C** Experimenting, but no workforce changes yet
- D** Not using AI in any significant way



## DISCUSSION

Every major technology —  
electricity, the internet — caused chaos  
before it created prosperity.

Do you think we're just in the chaos phase,  
or is AI different?

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3

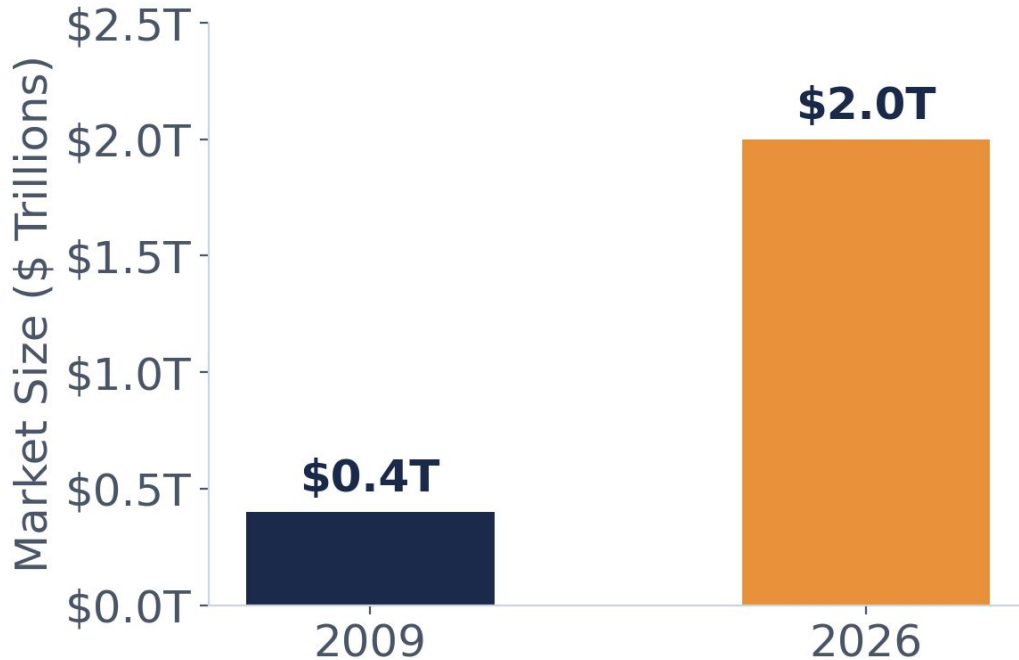


## Private Credit & Financial Stability

*A slow-motion bank run?*

# THE SHADOW BANKING BOOM

## The Rise of Private Credit



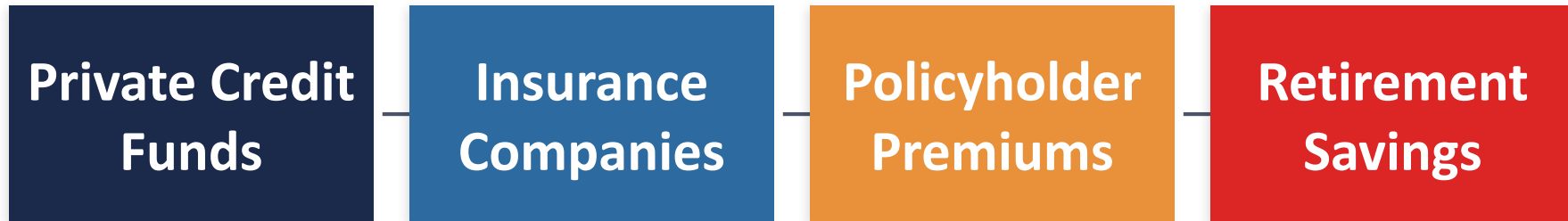
Source: Sarin, N. (2025). "How Bad Is Finance's Cockroach Problem? We Are About to Find Out." *The New York Times*, Oct. 27, 2025.

## Why it matters

- Private credit firms buy insurance companies and invest policyholders' premiums in long-term loans
- Apollo: 40%+ of invested dollars come from insurance policyholders
- 401(k) plans may soon be invested in private credit under new rules
- Redemption requests surging: up to 22% at some funds in Q1 2026

## THE INTERCONNECTION RISK

# How private credit connects to ordinary Americans



Financial cycles tend to last 15-20 years. It's been nearly two decades since the last downturn. Banks are increasingly lending to private credit firms — risks cascade through the system.

*“When you see one cockroach, there are probably more.”* — Jamie Dimon



## DISCUSSION

How comfortable are you with not knowing where your insurance premiums are invested?

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## Fiscal Sustainability & the Tax Gap

*The strain on America's safety net*

## A FISCAL RECKONING

**133%**

projected debt-to-GDP  
by 2035  
*if tax cuts are extended  
unfunded*

**< 10 yrs**

until Social Security &  
Medicare trust funds  
are exhausted

An aging population + rising national debt + policy choices that exacerbate both = a social safety net under unprecedented strain.

## THE TAX GAP

\$688 billion per year in taxes goes uncollected

*What could one year of uncollected taxes do?*

**3%**

of GDP

One year's  
tax gap

**50%**

reduction

Would reduce  
deficits by half

**15%**

uncollected

Overall non-  
compliance rate

*The top 1% is responsible for nearly 30% of unpaid taxes — over \$2 trillion in the next decade.*

## A TWO-TIERED TAX SYSTEM

### Ordinary W2 wage earners

Taxes automatically withheld from paychecks — compliance is essentially automatic.

**~98%**

compliance rate

### Top earners & partnerships

Income earned in opaque ways — partnerships, proprietorships, foreign accounts. IRS can barely audit them.

**~50%**

non-compliance rate

*The Forbes 400 effective tax rate — including unrealized capital gains — is 8%. Lower than most middle-income Americans.*

## REVENUE OPTIONS ON THE TABLE

# What could closing the gap look like?

### Wealth Tax

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An annual tax on net worth above a threshold (e.g., \$50M+). Constitutional questions remain.

~\$4.4T

potential revenue  
over a decade

Saez & Zucman (2026), analysis of Sanders' proposed 5% billionaire wealth tax.

### Mark-to-Market

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Tax capital gains annually as they accrue, not just when assets are sold. Ends the deferral advantage for the ultra-wealthy.

~\$1.7T

potential revenue  
over a decade

Batchelder & Kamin (2019), "Taxing the Rich: Issues and Options."

### Capital Gains Rate Increases

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Raise the top rate on long-term capital gains and close the carried interest loophole. The most conventional option.

~\$103B

potential revenue  
over a decade

Congressional Budget Office (2024), "Raise the Tax Rates on Long-Term Capital Gains by 2 Percentage Points."

## THE BUY-BORROW-DIE PROBLEM

# How the wealthiest Americans legally avoid taxes on their wealth

### 1. BUY

Accumulate assets that appreciate in value. No tax until you sell.

### 2. BORROW

Borrow against those assets to fund your lifestyle. Loans aren't taxable income.

### 3. DIE

Pass assets to heirs. Basis resets — no one ever pays the capital gains tax.

*Result: The Forbes 400 pay an effective tax rate of 8% — lower than most middle-income Americans. Mark-to-market or wealth taxation would close this loophole.*



## DISCUSSION

We spend a lot of time debating what to cut from the budget.

Why do you think there isn't as much interest in collecting what's already owed?

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## What Comes Next

*Weaving it all together*

## THESE FORCES ARE CONNECTED

# Each one amplifies the others



### **Tariffs**

Push up prices and slow growth, making the fiscal picture worse and everything less affordable



### **AI**

Masks economic weakness with a boom, while threatening the labor market



### **Private Credit**

Channels retirement and insurance money into opaque risks – with echoes of 2008



### **Fiscal Gap**

A \$7 trillion hole over the next decade, with Social Security and Medicare running out of time

## THE PATH FORWARD

# Navigating this moment requires getting the policy right



### Right the Fiscal Ship

We need revenue, not just rate cuts. Close the tax gap.  
Fund the IRS.



### Prepare for AI Disruption

Strengthen unemployment insurance. Collect better data on which workers are being displaced. Don't fight yesterday's war.



### Watch the Shadows

Private credit is interconnected with the banking system, insurance, and retirement savings. Regulation hasn't kept up. Transparency is essential.



## DISCUSSION

What gives you the most hope — and the most worry — about the next 5 years?

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## EXIT POLL

Have your views changed?



Let's revisit the same 5 questions from the start.  
We'll compare the before and after.

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## KEY TAKEAWAYS

- 1 Tariff uncertainty is the real economic cost — and it's not going away. The Supreme Court resolved the legal question, not the policy one.
- 2 AI is masking economic weakness. Strip out the tech boom and growth is anemic. The displacement risk is real but lagging.
- 3 Private credit is the financial system's blind spot. Insurance, retirement, and banking are more interconnected than we appreciate.
- 4 The fiscal reckoning is here. There's \$7 trillion in uncollected taxes and the Social Security and Medicare trust funds are running dry.
- 5 Getting the next few years of policy right — on taxes, AI, and financial regulation — will define a generation.

# Thank you!

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## Questions & Discussion

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