



Evidence Mounts Against GOP Tax Scam

Republicans have promised again and again that the corporate tax cuts they just passed would lead to wage increases for workers. So far, that's not happening. And history suggests it won't.

In one poll, just [2 percent of adults](#) said they had received a raise, bonus, or other benefits as a result of the Republican tax plan.

Instead, companies have used their savings from the tax law to buy back their own stock. Those purchases increase the value of remaining shares, benefiting executives and wealthy shareholders. Unfortunately, they do little for workers.

Since January 1st, companies have announced [more than \\$218 billion](#) in stock buybacks and JP Morgan estimates that number will reach a [record \\$800 billion](#) by the end of the year. This compares to an estimated [\\$6 billion](#) in worker bonuses and wage increases in response to the tax law.

The truth is that stock purchases do nothing for half of all Americans who [own no stock](#).

The Americans who benefit most are the [wealthiest 10 percent](#), who own 84 percent of stock.

And, since [foreign investors own an estimated 35 percent of U.S. stocks](#), much of the benefits of the buybacks are flowing overseas.

President Trump promised that the average family would see at least a [\\$4,000 increase in income](#) as a result of dramatically cutting the corporate rate. But this estimate is at odds with analysis from the [Joint Committee on Taxation](#) and [Congressional Budget Office](#) that found a much smaller share of corporate tax cuts would be passed along to workers.

It's also inconsistent with the U.S. experience after the [1986 tax reform](#), and after the 2004 one-time tax holiday for the repatriation of foreign earnings, when an [estimated 92 percent](#) of repatriated earnings went to buybacks and dividend increases.

The buybacks are just one problem with a Republican tax bill that was rushed through Congress, without any input from Democrats or tax experts. The new law blows a [\\$1.5 trillion hole](#) in the deficit, leaving fewer dollars for vital investments in schools, roads, and research.

And the Republican tax law further tilts the scales in favor of large corporations and wealthy individuals. When the legislation is fully implemented, the wealthiest 5 percent walk away with an astonishing [99 percent](#) of the tax benefits.

Will workers see wage increases in the months and years ahead? We sure hope so. Working families have faced stagnant wages for too long – as the costs of [education](#), health care, and child care have climbed higher.

But Morgan Stanley analysts point out that the tax law is unlikely to play much of a role in any wage increases that we do see. They estimate that tax reform savings going to buybacks will be more than [triple the share](#) of benefits going to labor compensation.

The early evidence shows what we suspected all along – the gains from the Republican tax plan will go to large corporations and wealthy individuals and working Americans will be left out.

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