

# Weekly Economic Snapshot

October 30, 2017

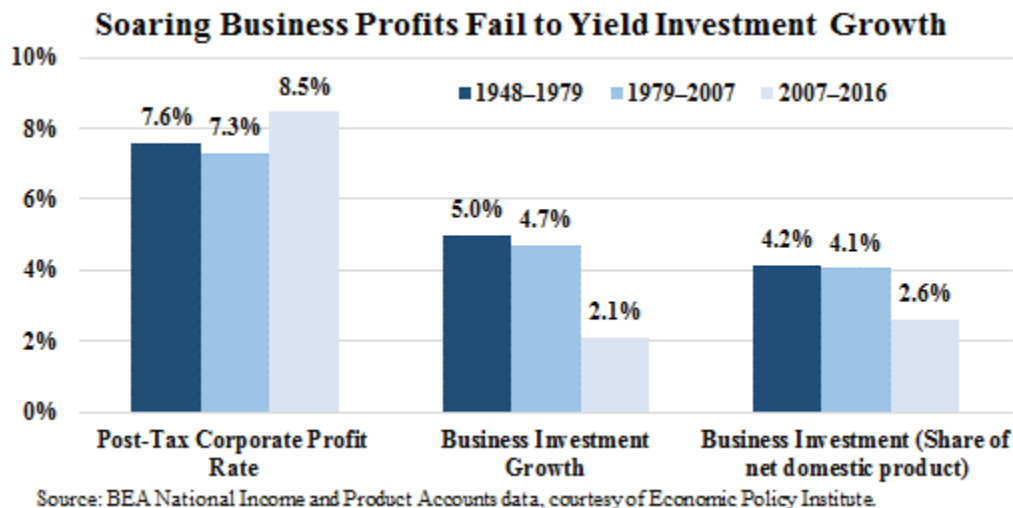
Joint Economic Committee Democratic Staff

## Economic Facts for This Week

The Council of Economic Advisers' (CEA) claim that cutting corporate income taxes to 20 percent will raise wages by an average of \$4,000 to \$9,000 a year is fake math. Here's why:

- The CEA misinterprets and misapplies the research used to make this claim. See what a range of [economists have said](#), criticizing the report.
- History shows cutting corporate taxes does not lead to wage increases for workers:
  - Since Kansas enacted similar tax cuts in 2012, the state has [lagged the U.S. average](#) on wage, job, and overall economic growth.
  - The [United Kingdom](#) (U.K.) cut its corporate tax rate from 30 percent to 19 over the past decade and wages fell; as economies around the globe recovered from the recession, U.K. wages grew at a slower rate than U.S. wages.
- Cutting corporate income taxes on foreign-earned income to **zero** by shifting to a territorial system actually creates more incentive for U.S. corporations to move their operations offshore rather than invest at home.
- Like with the corporate tax repatriation holiday [in 2004](#), we [can expect](#) the lion's share of corporate tax windfalls to pump up stock prices and CEO bonuses through dividend payments and share buybacks, rather than priming any real job- and growth-creating investments.

## Chart of the Week



Analysis by the [Economic Policy Institute](#) shows that, despite averaging profit rates of 8.5 percent since 2007, the business investment rate has been substantially lower than in previous

eras. At 2.1 percent, business investment growth since 2007 has been less than half the pace of the post-war era. Measured relative to the size of our economy (less depreciation, or net domestic product), the business investment rate is more than one-third less than in previous eras that exhibited lower profitability and higher business tax rates.

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- Because foreign investors own approximately 35 percent of U.S. corporate stock, the GOP tax framework would offer a [tax break to foreign investors](#) of about \$70 billion per year, or roughly three times the tax break that all middle-income households would see under the plan.
- Women earn 80 cents on average for every dollar that a man earns. That means that starting October 26<sup>th</sup> through the end of the year, women began working the last ten weeks of the year for free. A new [Washington Post article](#) looks at the pay gap across occupations and debunks some of the most common gender pay gap myths.

## Coming This Week

- *Wednesday 10:00am:* Metropolitan Area Employment and Unemployment for September 2017 - <https://www.bls.gov/news.release/pdf/metro.pdf>
- *Thursday 8:30am:*
  - GDP by Industry for Q2 of 2017 - <https://www.bea.gov/newsreleases/industry/gdpindustry/gdpindnewsrelease.htm>
  - Productivity and Costs for Q3 of 2017 - <https://www.bls.gov/news.release/pdf/prod2.pdf>
- *Friday 8:30am:*
  - Employment Situation Report for October 2017 - <https://www.bls.gov/news.release/pdf/empsit.pdf>
  - U.S. International Trade in Goods and Services for September 2017 - <https://www.bea.gov/newsreleases/international/trade/tradnewsrelease.htm>