



Indicators Show the GOP Economic Agenda is Failing

The stock market turned in its worst month in years, business investment dipped below a 1 percent annual growth rate last quarter, and the 1,000 largest public companies have reduced employment. Nearly one year after the Republican tax law, the sugar high appears to be wearing off.

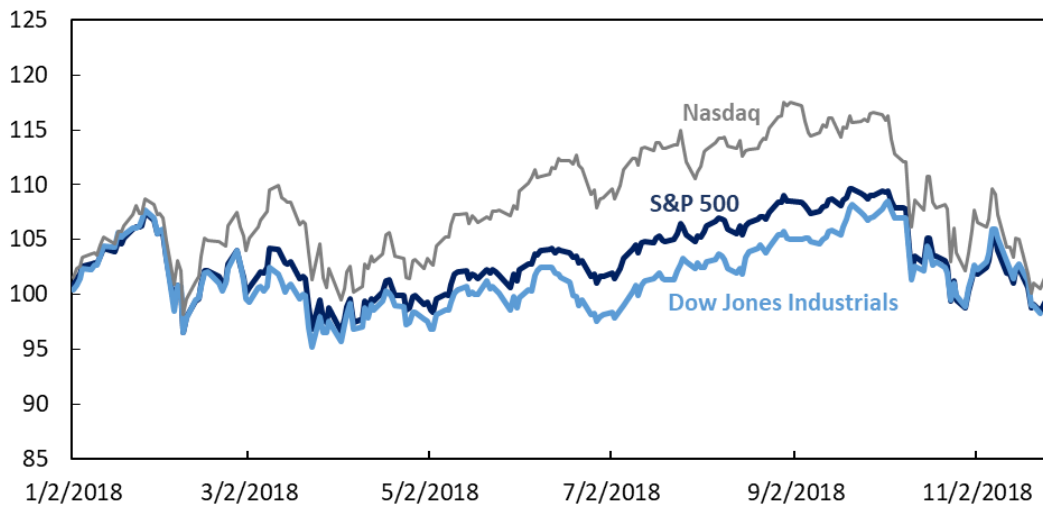
Flush with savings after the corporate tax rate was cut from 35 to 21 percent, corporations have poured money into stock buybacks—purchases which are designed to lift share prices by reducing the amount of shares outstanding. In the third quarter alone, companies in the S&P 500 bought back a [record \\$194.07 billion](#) in shares. By the end of the year, Goldman Sachs expects companies to authorize more than [\\$1 trillion](#) in share buybacks.

Yet, even with companies buying back their stock at record levels the stock market is about where it started in the beginning of the year after steep declines over the past two months. The Nasdaq dropped [9 percent](#) in October, the largest monthly fall since November 2008. The S&P 500 and Dow Jones Industrial Average both [turned negative](#) for the year, wiping out all of the gains for 2018.

The news isn't much better when it comes to [business investment](#). Republicans promised that companies would take their savings from the tax cuts and invest in plants and factories, which would boost workers' productivity and increase wages. But business investment grew at just a [0.8 percent annual rate](#) in the third quarter.

Workers are also still waiting to see sustained raises. While inflation-adjusted wages for production and nonsupervisory employees were up [0.5 percent](#) in October from the previous year, real wage growth through most of this year has been largely flat. Whatever the metric one chooses, one thing seems clear: nearly a year later, the Republican tax law isn't measuring up.

Stock Market Erased Gains for 2018, Despite GOP Corporate Tax Cuts



Source: Federal Reserve Bank of St. Louis.

Note: Chart shows average closing price of S&P 500, Dow Jones, and Nasdaq. Index 100=Jan. 1, 2018