TAX CUT:
Virtually No Economic Good

You may remember all the glowing predictions made for the December 2017 tax cuts by congressional Republicans and the Trump administration: Wages would soar for the rank-and-file, corporate investments would surge, and the cuts would pay for themselves.

The nonpartisan Congressional Research Service (CRS), which is an arm of the Library of Congress, has just published a deep dive into the economic impact of the cuts in their first year. They emerged from that depth with a different picture. The CRS found that the cuts have had virtually no effect on wages, haven't contributed to a surge in investment, and haven't come close to paying for themselves. Nor have they delivered a cut to the average taxpayer.

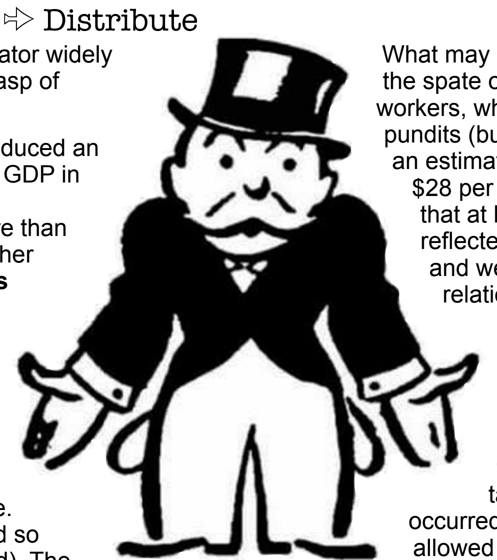
The at-best-negligible economic impact of the cuts shouldn't surprise anyone, says the CRS. "Much of the tax cut was directed at businesses and higher-income individuals who are less likely to spend," its analysts wrote. "Fiscal stimulus is limited in an economy that is at or near full employment."

The CRS did report that the tax cuts contributed to a record-breaking surge in corporate stock buybacks, which has been documented by many other analyses. The continued stagnation of rank-and-file wages is visible in monthly data computed by the Bureau of Labor Statistics.

Furthermore, the GOP's claims that the tax cuts would create an economic nirvana were discounted by most qualified economic observers from the start. "These statements," the CRS says innocently, "were not supported by most of the published analysis."

The report addresses predictions that the cuts would pay for themselves in economic growth. These forecasts were based on the notion that business investment would surge because the lowered corporate tax rate (to 21% from 35%) would increase investment from abroad, including the repatriation of U.S. corporate assets from foreign subsidiaries that had been stowed overseas.

Among the big promoters of the idea were Larry Kudlow, President Trump's chief economic advisor, and Stephen Moore - an economic commentator widely criticized as having a flawed grasp of economic reality.



The CRS says that the cuts produced an increase of 0.3% at most in the GDP in 2018. For the cuts to pay for themselves, an increase of more than 6.7% would be necessary. In other words, the report says, **the cuts produced less than one-twentieth of the economic gain needed to pay for themselves.**

The CRS also takes aim at claims from the Trump White House that tax revenues increased thanks to the cuts (i.e. that economic activity increased so much that more taxes were paid). The big promoter of this idea, again, is Kudlow, who has placed the increase at 10%.

Not so, says the CRS. **Overall revenue fell in 2018, largely because of a $40-billion decline in corporate tax revenue.** Individuals, particularly working- and middle-class individuals, haven't been so fortunate. Although the legislation increased the standard deduction and child credit, whatever tax reductions those would produce for families were "largely offset" by the elimination of personal exemptions and limitations on itemized deductions such as those for state and local taxes.

Did the tax bill contribute to higher pay for the rank-and-file? The White House endowed the tax cuts with an almost magical capability to drive wages higher, estimating the result at anywhere from $4,000 to $9,000 a year per household. Those were long-term estimates, but even in the short term **the administration predicted that workers would "immediately get a significant share (30%) of profits repatriated from abroad due to tax changes**," the CRS says. Its analysis, however, knocked the legs out from under these projections, stating flatly, "There is no indication of a surge in wages in 2018 either compared to history or relative to GDP growth." Real wages - that is, adjusted for inflation - increased by only 1.2% in 2018. **"Ordinary workers had very little growth in wage rates,"** as reported by the CRS.

What may have obscured this dismal result was the spate of bonuses that big employers offered to workers, which was foolishly ascribed by some pundits (but not all) to the tax cuts. The CRS cites an estimate that the bonuses worked out to about $28 per U.S. worker. The analysts also observe that at least to some extent the bonuses reflected a tightening of the overall labor market and were "attributed to the tax cut as a public relations move."

Corporate shareholders, however, have made out great. The repatriated earnings mostly have been used for "a record-breaking amount of stock buybacks, with $1 trillion announced by the end of 2018." As the CRS notes tactlessly, the same phenomenon occurred in 2004, when a one-time-tax holiday allowed companies to bring back earnings stashed abroad at a lower rate. That tax holiday was promoted as a spur to investment and wage growth, too. Never happened.

Indeed, government statistics show that shareholder dividends fairly exploded in the first quarter of 2018, immediately following the tax cut enactment, while reinvestments of those repatriated funds cratered. Both figures returned to levels close to their historical averages soon afterward.

The bottom line, then, is becoming clearer with every quarter. ***The tax cuts did almost nothing for ordinary Americans and even cost them money.*** The apparent gains in their income were negligible and short-lived. Wealthy Americans reaped the benefits of lower taxes and higher dividends. The cuts maybe gave a negligible push to U.S. economic growth while they definitely deprived the government of revenue.

Put it all together and this massive restructuring of the U.S. tax system should prompt average Americans to ask Republicans in Congress and the White House that age-old question: Who are you really working for?

Michael Hiltzik
latimes.com
everycrsreport.com

DEBT FREE HIGHER LEARNING

Our internet and back-alley university is up and humming. At **UniversalLifeUniversity.online**, to be exact. **The Universal Life University (ULU)** - what eloquent redundancy! - so named in recognition of the Universal Life Church in which so many of us became ministers and in which everyone is a minister, with absolutely no exchange of money. In that spirit, **Universal Life University offers enrollment and graduation simultaneously.** Upon successful enrollment you are immediately graduated with a free BA (no charge) or another undergraduate degree of your choice. **Enroll at, you got it: UniversalLifeUniversity.online**

Being an online university in this day and age has a virtual legitimacy that our Universal Life University now can smirkingly claim. Really, when you are asked if you have a degree, if it's not from Harvard, it better well be from Universal Life University. It goes well on any application. The **ULU** will maintain online a directory of graduates, including bios and updates, and offer you a paper certificate to hang on your wall as well. Begin rather than end with a bachelor's degree - as an indication of your serious and curious commitment to the topic(s) of your study.

Our opening manifesto, retitled *"Priming the Invisible Insurgency of a Billion Minds,"* was something gleaned from the Situationist 60s, thanks to Alexander Trocchi, an old hero from the hipster days of literature, junkies and porno. The deep inspiration for the ULU is the medieval university, along with its modern propagandist, Paul Goodman (*Growing Up Absurd: Problems of Youth in the Organized System)* and his *Community of Scholars*. From there it is Ivan Illich (*Deschooling Society*), priest and anarchist who migrated to Mexico to found his Preservation Institute, Wilhelm Reich (*The Mass Psychology of Fascism*), and Summerhill via its "pupil"-founder A.S. Neill, John Gatto (*Dumbing Us Down*), John Holt and his passion for unschooling, Paolo Freire certainly, and quite importantly, John Dewey, against whose democratic educational philosophy the super canon of Great Books was launched, Jane Addams of Hull House - a direct-action survival school among poor immigrants, Dorothy Day of the Catholic Worker Movement, creator of a later survival school for skid row dropouts. And, not least, Alfred North Whitehead, who inspires a scientific and mathematical approach anchored in poetry and imagination ("Aims of Education"). These are just the tip-of-the-tongue examples. **Free schooling, homeschooling, unschooling and deschooling are required if we are to see the founding, sometime in our lives, of a free society immersed in a spirit of curiosity and spontaneity.**

Oddly enough, as an online school, the **ULU** promises the kind of thing-in-itself liberal education that the non-virtual universities promote but no longer believe is worth accomplishing. The **ULU** is an attempt to bring educational actuality to this otherwise totally commercialized "higher" education. Off-brand, online colleges effectively do the commercialization bit, limiting the otherwise ridiculous education-generated debt by focusing on delivering the jobs now that a degree from the name-brand colleges promises but doesn't deliver. The **ULU** completes the job by offering an **Actual Liberal Education - schooling with ungraded free-access open-schedule curricula** - something that has been abandoned by the campus and dorm operators, because such a liberal education has no monetary value.

The **ULU's** free online degrees leave us free indeed - to pursue an education - with a "campus" library, by the way, of 10,000 books! Welcome to the Real World after all. Can dorms be far behind?

ThePeoplesWhistle

Remember Folks, Your Free Degree! @ *universallifeuniversity.online*