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NEW MERCK, WELLS FARGO STOCK BUYBACKS PUSH TOTAL TO RECORD $786 BILLION AFTER TAX LAW PASSED

Trump-GOP Tax Cuts Enrich Wealthy Shareholders, CEOs While Wages and Investments Are Flat

WASHINGTON, D.C. – New announcements of stock buybacks by big corporations that received hefty tax breaks under the Trump-GOP tax cut law have pushed the total amount of stock buybacks authorized by companies since the tax law passed to a record $786 billion, according to an analysis by Americans for Tax Fairness. That's 111 times more than the $7.1 billion corporations have announced in pay raises and bonuses to their workers as a result of the tax cuts. (The previous record for stock buybacks was $589 billion in 2007.)

The latest announcements came from pharmaceutical giant Merck, which recently said it plans to repurchase $10 billion in company stock – its second $10 billion stock repurchase in the last year – and megabank Wells Fargo, which announced an $18 billion repurchase of stock (350 million shares at Monday's closing price of $52.20 a share). This brings its total to $40.6 billion since the tax law passed, which ranks Wells Fargo second after Apple's $100 billion in stock repurchases.

Stock buybacks artificially inflate the share price of a stock and mostly enrich the already wealthy, including CEOs: the wealthiest 10% of American households own 84% of all corporate shares, the top 1% own 40%. About one-half of households own no stock.

The scandal-plagued Wells Fargo is estimated to be getting a $3.7 billion tax cut this year alone. Its $40.6 billion in share repurchases is 150 times more than the $268 million in bonuses and increased workers' wages the company announced in the wake of the new law. Wells Fargo's CEO Timothy J. Sloan made $17.6 million last year, 291 times the bank's median worker pay.

Merck, the producer of Januvia, Gardasil, Singulair and other prescription medications, could get a tax cut of $2.7 billion in 2018 from the Trump-GOP tax law that Congress passed last December. In addition, its tax savings on its $63 billion in accumulated offshore earnings will amount to $13 billion. It's receiving 39 times more in tax cuts—$2.7 billion—in 2018 alone than the estimated $69 million in one-time bonuses it promised its employees as a result of the tax law. Merck's combined $20 billion in stock buybacks is 290 times what it's giving its workers.

"These buybacks are just more evidence that the Trump-GOP tax cuts that cost $2 trillion are a boon for the wealthy, CEOs and big corporations, but a scam for working families," said Frank Clemente, executive director of Americans for Tax Fairness. "Along with reports this week that the tax cuts have not led to greater investment and job growth like their supporters promised, the continuing push by corporations to repurchase their stock shows the real aim of the tax cuts was to reward the wealthy at the expense of average Americans."

The tax cuts have also driven the 2018 deficit to $779 billion, the highest in six years, according to the U.S. Treasury Department.

Despite billions in tax cuts, Merck has been price gouging the American public for years. It raised the retail price of its widely prescribed diabetes treatment Januvia by roughly 72% between 2011-15. It jacked up the retail price of its cholesterol medication Zetia by even more, 88%. (General inflation was only 5% over that period, and even prescription-drug inflation was only 11%.)

Wall Street rewarded Merck for its drug-price gouging, raising the price of the company's stock by almost half between 2011-15. Last year, Merck's CEO—who will benefit handsomely from the boosted stock price resulting from the buyback program—received $17.6 million in total compensation. This is 215 times Merck's median worker pay of $82,000.

Wells Fargo's customers have suffered so many abuses in recent years that the federal government has imposed unprecedented sanctions on the bank, including capping its size until it cleans up its act. It has been ordered to pay $65 million in penalties for lying to investors about fake accounts. So low has the bank's reputation sunk that this year it was forced to launch a rebranding effort.

"But its staggering handouts to wealthy investors in the wake of the Trump-GOP tax law show that neither customer nor worker satisfaction is its real priority," Clemente said.

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