



DEFLATING TRUMP'S LIKELY SOTU BOASTS ON ECONOMY & TAX CUTS

Families Struggle as Tax Cuts Mostly for Wealthy & Corporations Failed to Deliver for Workers—Yet Trump Wants More Cuts, Hiking Debt & Threatening Services

Judging by past speeches and his Twitter feed, President Trump will use his 2020 State of the Union address to boast about the state of the economy and give a lot of credit for its success to his 2017 tax law. As usual, Donald Trump's fanciful claims need a cold splash of reality.

- **Despite Trump's repeated chest thumping, including [earlier this month](#), this is not even close to the [greatest economy in American history](#).** Working families are still struggling with stagnant wages, rising costs and economic insecurity. It's only the wealthy and corporations that have reason for unbridled celebration.
- **Where the economic news is good, there's no reason to credit Trump's tax cuts, which have largely failed to fulfill the economic promises made for them.** Low unemployment is a [continuation of a 10-year trend](#) that started under Obama, and economic growth is about the [same as under the previous administration](#). Trump's tax cuts mostly for the wealthy and corporations have failed to deliver the "[rocket fuel](#)" to the economy or [dramatic wage growth](#) he promised. But they are [adding \\$2 trillion to the national debt](#), which [Trump](#) and Republicans are using to threaten funding for Social Security, Medicare, [Medicaid and other vital services](#).
- **Based on this false narrative of a tax-cut-fueled economic paradise, Trump wants to double down with more tax cuts, again mostly for the wealthy.** The president promises to have [another tax plan](#) out roughly by Tax Day (April 15). If it's anything like a previous House Republican version of "Tax Cuts 2.0," the tax cuts will again highly favor the wealthy, but [this time will cost \\$3 trillion](#).
- **What's needed for working families to feel as good as the topline economic figures Trump will be bragging about in his speech is to build an economy that works for everyone, not just those at the top. A good place to start is by reforming the tax system so the wealthy and corporations pay their fair share.**

FOR WORKERS, IT'S A DIFFERENT ECONOMY THAN THE ONE TRUMP BOASTS ABOUT

The Trump economy is roaring for the rich, but working families hear only a faint echo. Unemployment is low, but there's no reason to believe that Trump's tax cuts or any other of his policies played a role in declining joblessness. Rather, the performance of the last three years is merely a continuation of a trend that began seven years before at the end of the Great Recession under President Obama. **In fact, the rate of job creation has slowed under Trump. Monthly [job growth has averaged 200,000](#) over the last two years since the tax cuts compared to 210,000 a month in the last two years of the Obama Administration.**

More jobs don't necessarily mean more good jobs or improved economic status:

- Over a third of American workers [participate in the “gig” economy](#): the temporary jobs, contract work and freelancing that offer less security and few if any benefits compared to traditional employment.
- Despite some recent improvement, real wages [have been stagnant](#) for decades.
- The [labor participation rate](#) is still below where it was before the Great Recession.

Meanwhile, pressures on working families continue to mount:

- The costs of key services, especially [healthcare and education](#), are rising faster than inflation.
- Consumer debt [tops \\$4 trillion](#) and student debt, [\\$1.5 trillion](#).

TRUMP'S FIRST TAX CUTS HAVE FAILED TO DELIVER FOR THE ECONOMY & WORKERS IN OTHER WAYS

Trump and fellow Republicans made a lot of promises to get their hastily drafted tax giveaway rushed through Congress two years ago. They swore their tax cuts wouldn't help the rich or unfairly benefit corporations but would improve the economy and boost working families. Two years on, these are some of the results as detailed in this [ATF Chartbook](#):

- Trump promised economic growth of up to 6%, but the economy [hasn't even grown by 3%](#) since the tax law was enacted—it grew just 2.3% in 2019. The economy is expanding at the same rate as under Obama before we were on the hook for a \$2 trillion unpaid-for tax cut for the well off.
- Business investment was supposed to boom but has actually gone bust. After just one quarter of modest growth in 2018, [capital investment has declined](#) overall since then, falling into negative territory in the last three quarters of 2019.
- Instead of investing and giving workers big wage hikes, corporations have used their tax cuts to artificially inflate their stock prices by [buying back their own shares](#) at a record clip in the first year of the law.
- Though huge corporate tax cuts were guaranteed to lead quickly to [raises of \\$4,000 to \\$9,000](#), workers instead saw their pay grow by an average of only about \$500 in the first year of the law. That represented slower wage growth than during the last three years of the Obama administration.
- A supposed “small” business tax cut is instead overwhelmingly boosting larger firms. In the TCJA's first year, almost half of the benefits of the law's 20% income deduction for non-corporate (“pass-through”) businesses went to the elite group of firms with [over \\$1 million in annual income](#). Less than a quarter went to real small businesses—those with income of \$200,000 or less. And it gets worse: by 2024, the wealthiest business owners will snag 60% of this tax break.

NOW TRUMP WANTS MORE TAX CUTS LIKE THE ONES THAT ALREADY FAILED

[Trump wants to double down](#) on his 2017 trickle-down tax cuts that mostly went to the wealthy and corporations, which are mostly owned by the wealthy. No details are yet available, but if they are anything like a second round of tax cuts passed by the Republican House in 2018, [it will cost \\$3 trillion](#) and still mostly benefit the well-off. He's touting this new round as tax cuts for the "middle class," but that's what he said the first time, and here's what happened:

- The 1% highest-income families this year get tax cuts averaging \$50,000, [75 times more](#) than the average for the bottom 80%. [Institute on Taxation and Economic Policy]
- Over 90 big profitable corporations—including Amazon, Delta Airlines, FedEx, General Motors, IBM and Netflix—[paid zero federal income tax](#) the first year under the new tax law. [ITEP]
- The nation's six biggest banks have collectively reaped [\\$32 billion in tax savings](#) thanks to Trump's corporate tax cuts. [Bloomberg]

Republicans claimed the tax cuts would magically [pay for themselves](#). Instead, the tax law will add [\\$1.9 trillion to the national debt](#). Since the law's enactment, the deficit has exploded, [topping \\$1 trillion in 2019](#), up more than 70% since Obama's last year in office. Trump's proposed second round will pile on a lot more debt.

That explosion of the deficit is particularly damaging for working families, since Republicans consistently use deficits as an excuse to cut earned benefits like Social Security and Medicare and Medicaid and the Affordable Care Act. President Trump [recently threatened funding](#) for those very programs.

A FAVORED TRUMP METRIC—BOOMING WALL STREET—MEANS LITTLE TO MOST FAMILIES

One measure Trump is sure to use in painting his picture of universal prosperity is the stock market. But rising stock prices predominately help the wealthy few, not average families, and widen the nation's already destabilizing wealth gap.

- About half of Americans [own no stock](#), not even through retirement plans, so soaring share prices mean nothing to them. Even within the half of households that have any exposure to the stock market, median holdings are extremely modest compared to the amounts needed for a meaningful contribution to family finances.
- The top 1% own [half the value of the stock market](#), the top 10% owns 90%.
- A skyrocketing stock market also worsens racial economic inequality, since 60% of white families own shares, [twice the rate for black and Hispanic families](#).
- The reality is that for most American families the size of paychecks and the cost of healthcare, childcare, housing and education matter much more than the Wall Street records President Trump likes to crow about.