



The Coming Avalanche of Repatriated Dollars

On Thursday *The New American* [speculated](#) about the impact of Apple's repatriation of its overseas profit hoard of some \$250 billion and where Apple intends to invest some of it. It raised questions about the \$2.5 trillion in profits that is still held overseas by American companies unwilling to subject those profits to the United States' outrageously high income tax rates.

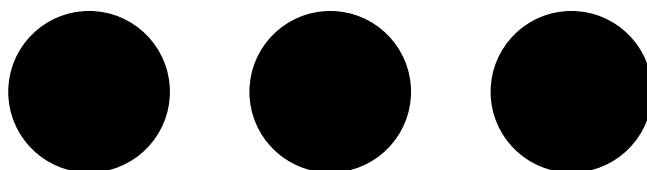
With Apple's decision, and the repatriation tax rate of just 15.5 percent in the new tax law, some of those questions can be addressed.

First, Apple has freed up an estimated \$214 billion after paying its tax but has only announced plans to invest around \$30 billion of it in the next couple of years. That leaves the company with more than \$175 billion or so looking for other opportunities to put it to work. Apple's suggestion that it would add \$350 billion to the American economy through its investment plans over the next five years, therefore, is greatly understated. As those other dollars are put to work, the economic impact is likely to exceed greatly Apple's estimate of its impact on GDP.

Second, there is between \$2.6 and 2.8 trillion in profits remaining overseas waiting for just such an opportunity as this to come back home. It's pure speculation, of course, as to how much of that vast hoard is likely to find its way back to the United States, but even if only half is repatriated, using Apple's estimate as a guide, then the impact on the American economy could exceed by at least a factor of six that company's estimate. Translation: Repatriation could add \$2 trillion to the American economy over the next five years.

Where might some of those new funds be invested? As *The New American* noted, Apple's problem isn't money, it's people: There just aren't enough qualified individuals looking for work to meet the company's needs. That's why it is investing heavily in education coding software programs to help high schoolers and attendees at community colleges learn the skills that Apple (and other technology companies) need.

Much of the profits held overseas belong to pharmaceutical companies (Johnson & Johnson, Amgen, Pfizer, Merck, etc.) which invest heavily in research and development leading to new breakthrough drugs. A recent example is the breakthrough by medical startup companies Decibel Therapeutics and Frequency Therapeutics that hold promise for the 15 percent of the American populace suffering from





Written by [Bob Adelman](#) on January 19, 2018

hearing loss. Take a pill and forget surgery, implants, or hearing aids is the promise.

Manufacturers will reap a large part of the returning inflow of after-tax profits, as well as craft beer makers and retailers. Companies such as Procter & Gamble, Honeywell, HP, and IBM, upon repatriation of their foreign profits, no doubt have a long wish list of projects waiting for timing and financing. Not only does the new tax code provide a way to repatriate those profits at just 15.5 percent instead of 35 percent, ongoing reductions in future taxes will make many of those “wish list” projects viable.

Some of those profits will be returned to investors who put up the money through stock purchases and who have been patiently waiting for a payday. Companies could increase their stock buy-back plans, which could help move their stock prices higher, or they could increase their dividend payouts. Anti-capitalists have decried these potential moves as benefitting the rich. In reality most of those companies’ stocks are held by small investors either directly or through their 401(k) plans at work.

There are some forgotten positives as well. The United States is now being perceived as the world’s tax haven, inviting global investors to move their capital to the United States in search for higher returns with lower taxes. And don’t forget the tax breaks under the new law for small business owners — that vast segment of the economy that does most of the hiring. Talk to any small business owner, and one will learn that he never has enough cash to invest in profitable projects. With a reduction in his taxes, new capital will be diverted from Washington to much more profitable activities, generating in turn more jobs, more wages, more spending, and still more investment opportunities.

Apple’s repatriation is the howitzer triggering the coming avalanche.

Photo: [Clipart.com](#)

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelmann@thenewamerican.com.

Related article:

[Apple to Repatriate Its Foreign Profits and Put Them to Work in America](#)



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.