




Bah Humbug: The Left Is Unhappy with Year-end Bonuses Paid Following Tax Reform

Within hours of passage of the Tax Cuts and  Jobs Act of 2017 (TCJA) on December 20, major American companies began announcing year-end bonuses, salary increases, and plans to expand capital investment. This was an unexpected but pleasant surprise to many, including House Speaker Paul Ryan, [who tweeted](#): “It’s only been a few hours ... and companies are already announcing new investments into the US economy & raises for their employees.”

Senator Tim Scott, Republican conservative from South Carolina, called its passage “a tremendous victory,” adding that it’s an “early Christmas present for the American people.”

Details of raises, bonuses, and capex expansion plans poured out of Comcast (which announced \$1,000 bonuses to each of its 100,000 workers and another \$50 billion to be invested over the next five years in “infrastructure investments”); AT&T (which said it would send \$1,000 bonuses to each of its 200,000 American workers); Boeing (which announced plans to put \$300 million into investments for employee training, improved workplace infrastructure, and incentives to increase corporate and employee charitable giving); and Fifth Third Bancorp and Wells Fargo (which said they would be raising their minimum wage to \$15 an hour, with Fifth Third adding a \$1,000 bonus to each of its 13,500 workers as well).

According to Goldman Sachs, most of these raises, bonuses, and capex plans are directly tied to the impact of the TCJA on the companies’ bottom lines. Goldman calculated that the top seven banks in the country would see their bottom lines improve by between 14 and 18 percent next year.

Not everyone was ecstatic, however, as anti-Trump Democrats claimed that these were just “public relations” stunts designed to cater to Trump’s ego and ingratiate themselves into his good graces. One tired voice from the Democrat Left, California Representative Nancy Pelosi, asserted that the AT&T bonuses were tied to a previously negotiated union deal, but she stood corrected when the company said its newly announced bonuses were on top of that deal.

However, Zach Moller, a policy analyst at the Committee for a Responsible Federal Budget, identified the real reason for the year-end bonuses: Companies could deduct them under 2017 tax rules, gaining a benefit that would evaporate in 2018 if they were granted then. Moller also reminded anyone within earshot that the employees will see their year-end bonuses taxed under the old rules as well.

One wag has suggested that if President Trump had announced a cure for cancer, Democrats would blame him for the loss of business that would be suffered by oncologists. Better to keep in mind that, under the old rules, little would likely have changed. Under the new rules, the benefits of tax cuts are flowing to precisely the people who pay the taxes. Some liberals, seeing that the bonuses are flowing from the top down, are calling it a revival of “trickle down” economics, long derided by liberal



Written by [Bob Adelman](#) on December 27, 2017

economists as crumbs falling from the table belonging to fat cats who reluctantly share their winnings with their underlings. In fact, those bonuses, salary increases, and increased capital expenditures will favorably impact every consumer in the country, either directly or indirectly. Coupled with regulatory relief, TCJA will instead act as rocket fuel for an economy already enjoying the oxygen of cleaner and fresher air.

The Left loves to associate the capitalist entrepreneur —who takes risks and works long hours, and in the process creates jobs and incomes for others — with Scrooge. But the Left should look at itself in the mirror. After all, it is the tax-and-spend policies of the Left that have done so much to hurt the little guy.

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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 badelman@thenewamerican.com.



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