



The case for slashing corporate tax rates

Joseph Lawler

May 1, 2017

Chris Edwards for the Cato Institute: I do not think that cutting our 35 percent federal corporate tax rate to 20 percent or so would lose the government any money over the long term.

U.S. and foreign corporations would invest more in the United States, which would boost our economy, and corporations would avoid and evade taxes less.

Canada provides us with a real-world trial run of corporate tax cuts, and new budget data includes the latest revenue estimates. The nation slashed its federal corporate tax rate from 38 percent in the mid-1980s, to 29 percent by 2000, to 15 percent by 2012. Has the government lost revenue?

You be the judge. Corporate tax revenues in Canada have fluctuated with the ups and downs in the economy — revenues fell, for example, during recessions in the early 1990s and 2009. But even with the modest Canadian economic growth of recent years, revenues have held up under a much lower rate. Corporate tax revenues are 2.1 percent of gross domestic product today, which is a bit higher than in the mid-1980s, when the rate was more than twice as high.

The good news about the retail reckoning

Michael Mandel for the Progressive Policy Institute: The "robots are here" believers see the impending end of brick-and-mortar retail and shopping malls, to be replaced by soulless and totally automated warehouses. From their perspective, the latest employment report, which showed a sharp decline in general merchandise stores since October, was only the first sign of the retail workforce circling the drain.

Meanwhile, the stagnationists argue that e-commerce is no big deal, just another way of distributing the same products.

But here is an interesting fact. First, by the Progressive Policy Institute's calculations, the e-commerce industry, including fulfillment centers, has added 270,000 jobs since March 2014. Over the same three-year period, general retail stores have added 53,000 jobs, including the latest declines reported by the Bureau of Labor Statistics ...

So, in fact, the number of e-commerce jobs has increased sharply in recent years. And as we have shown in a recent paper, these jobs pay considerably more than the low-weekly-earning jobs that comprise most of the retail sector.

How could this be? The reality is that e-commerce has evolved. The old e-commerce provided the same physical product, but required a long wait compared to going to a store. The new e-

commerce, with next-day delivery, provides the same physical product as going to a store, with a much shorter wait and much less hassle.

The new e-commerce places much more emphasis on the speed of moving physical objects and quickly getting them to the right place, rather than simply the ease of ordering. It is the cutting edge of the digitization of the physical industries that has the potential to greatly accelerate overall productivity.

Black truck drivers, beware

Algernon Austin for Demos: There is a great deal of excitement about self-driving or autonomous vehicles and how they will make travel safer and more efficient. What isn't being discussed nearly as much is the impact of this technology on people who drive for a living. Many people should be worried about whether their jobs are about to be rendered obsolete. No group should be more worried than African American men. ...

About 4 million Americans drive for a living. A lot of the autonomous-vehicle discussions have focused only on cars, but most people who drive for a living drive heavy trucks (e.g., 18-wheelers), delivery trucks and buses. Autonomous-vehicle technology could lead to the end of car driving and truck driving as occupations.

By race, no group relies more on driving occupations for work than African Americans. Blacks are overrepresented in the bus driver, truck driver (i.e., delivery truck and heavy truck), and taxi driver (and chauffeur) occupational categories. They are the most overrepresented group among bus drivers and truck drivers. Asian Americans are only slightly more overrepresented than African Americans as taxi drivers and chauffeurs. ...