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BIG DROP IN CORPORATE RATE HAS MADE AMERICA GLOBALLY COMPETITIVE AGAIN

COMMENTARY: Federal tax overhaul is making the U.S. economy great

By Patrick Galleher Aug 25, 2018



MICHELLE L. MITCHELL/ THE NEWS VIRGINIAN sweetFrog in Waynesboro is reopened; it is at 125 Lucy Lane. 3/19/2017: MICHELLE L. MITCHELL/ THE NEWS VIRGINIAN Kim Wise helps Tommy Wise and Danny Wise of Waynesboro pick a flavor of frozen yogurt at sweetFrog in Waynesboro on Friday. MICHELLE L. MITCHELL/ THE NEWS VIRGINIAN sweetFrog in Waynesboro is reopened; it is at 125 Lucy Lane. MICHELLE L. MITCHELL/ THE NEWS VIRGINIAN Left: Brianna Halpin talks with Sherry Toombs about the toppings at sweetFrog in Waynesboro on Friday.

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FOR ONLY the second time in a half century, unemployment in the United States hit a record low of 3.8 percent. It's the lowest on record for women and for minorities, including Asian, African-American and Hispanic-Americans.

Here in Virginia, the statistics are even more remarkable: 3.2 percent unemployment, the lowest since fall 2007, with last month setting new records for growth in household employment and the labor force.

Even when the economy is booming, however, bad rules in Washington can throw a monkey wrench in the gears. Excessive taxation and unwieldy compliance rules put a drag on productivity and growth wherever they're imposed.

Take them away, and companies reinvest the revenues to expand their businesses and expand the economy.

That's why the recent federal tax overhaul matters so much to our fortunes. It certainly has made the difference for us here at sweetFrog Frozen Yogurt.

Back in 2009, in the dark days of the Great Recession, sweetFrog opened its first shop in Richmond. Today, we're open for business in over 350 locations worldwide, and the sky's the limit.

None of that remarkable growth came easy. After years of shouldering heavy tax burdens, sweetFrog can now use more hard-earned revenue to pursue our 1,000-location goal, with the increased wages and new positions that'll get us there.

Thanks to the tax cuts, confidence in America's outlook now reaches from Main Street to the Federal Reserve. Federal Reserve Chairman Jerome Powell says the economy is in "great shape," with growth and labor markets equally strong.

And our top economists agree we've still got plenty of room to grow. Most Federal Reserve officials now agree that unemployment will drop even further by the end of next year.

Meanwhile, we're powering tremendous economic expansion. Growth this quarter is on pace to surpass 4 percent, the best result in nearly four years.

Overseas analysts marking America's return to global economic leadership say our annual growth could hit 5 percent.

These are the kind of results Virginians and Americans achieve when policymakers stick to economic policies that work—then get out of the way.

Late last year, President Trump worked with Congress to do just that.

Small businesses gained a 20 percent deduction that freed them to reinvest and expand, using more of their revenue to create jobs and boost wages. Some 60 percent of small firms told Bank of America in a recent survey that the tax cuts have been a "game changer," boosting their optimism on the way.

In tandem, larger firms received incentives to return foreign investment to our shores. A drop in the corporate rate from 35 to 21 percent made America globally competitive again.

In states like Virginia, that's a golden combination. Here, top employers like General Dynamics and Northrup Grumman play in robust international markets and rely on workers skilled in technology and manufacturing to succeed.

At the same time, we're one of many states where roughly half our private sector workforce is employed at a small business, and where our small firms make up over 95 percent of all in-state businesses.

According to Gallup, about two-thirds of those polled say they're satisfied with their level of opportunity when it comes to getting ahead in life. About 60 percent say it's a good time to find a quality job.

Majorities of Americans like our economic direction, and like the way the White House has led on economic and jobs issues. More say we're on the right track as a country, too.

It's easy to overlook this dynamism and optimism given the 24-hour news cycle defined by chronic crises. But it should not be taken for granted.

It's the result of good public policy like tax cuts that allow more money to stay on Main Street.

Patrick Galleher is CEO of sweetFrog Frozen Yogurt.

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