

Wellington ON Wall St.

www.WellingtonWallSt.com

VOLUME 6
ISSUE 17
DECEMBER 8, 2017

INSIDE

questperspective

questperspective

By Philippa Dunne and Doug Henwood

Call It What It Is

GOP Folly: Tax “Reform” For Neither Workers Nor Investors

In Thought...

Ethical philosopher Julian Baggini stresses the importance of the difference between thinking cynically and acting cynically in his essay available [here](#). Noting that there is nothing good about those who “cynically deceive to further their own goals,” many, including whistleblowers, are cynical about what they see and idealistic about what they decide to do about it. Baggini calls intelligent cynicism a searchlight for the truly positive, and argues that cynicism is a greater force for improvement than optimism because the cynic correctly assesses the obstructions special interests will erect in the way of true progress. “Progress is more of a challenge for the cynic but also more important and urgent, since for the optimist things aren’t that bad and are bound to get better anyway.”

...And In Deed

It is not possible that the legislators who manufactured the new tax bill do not know the difference between the official corporate tax rate and the effective tax rate. If you lower the rate, you have to close the loopholes. If you claim that repatriating funds is a big deal, you need to look at things like, oh, the recent Bank of America/Merrill Lynch survey in which CEOs and CFOs ranked capital expenditures fourth of four possibilities for how they would use that cash, behind debt reduction, share buybacks (AKA asset inflation), and mergers & acquisitions, which are known to consolidate jobs.

Or history. It’s risky to have a debate on whether or not the 2004 tax amnesty “worked,” without defining the term. If you read below the headlines you’ll see that amnesty program didn’t work for some because they believed it would create jobs, but it worked for others because a big chunk of change did come into the country, even if it went mostly

into investors’ pockets, not into capital spending and job creation. So the debate is really about what “worked” means, not if that amnesty did or did not create jobs. Anyone with a rudimentary understanding of productivity might ask, Why bother?

The flinty hearted voters whose prevailing issue is their own tax rates are no doubt lifting a glass these days, which makes it all the more gratifying to see those who understand this stuff come out swinging, and especially those who hold cautious and conservative views on the deficit.

David Rosenberg, of Gluskin Sheff, joked, “Whoever would have thought that a 476-page bill would be associated with simplifying the tax code?”

Josh Rosner, managing partner at Graham Fischer, notes that the bill will become “cement shoes,” for the Republican party, but “more consequentially it may seal the fate of the great experiment begun by our Founding Fathers....It will permanently increase the wealth gap and reduce social mobility,” because money will travel to big capital at the expense of small business and labor.

David Kotok of Cumberland Advisors shone his flashlight on a carve-out written by Pat Toomey, a Republican senator from Pennsylvania, that would exempt “all” colleges that don’t accept federal student aid from the endowment tax. But, oops, apparently it would only have benefitted Hillsdale College in Michigan, a college with close family ties to current Education Secretary Betsy DeVos, and whose president was considered for the position last year. Four Republicans joined Democrats to kill it.

Kotok clarified his intent: “My point here is not just about this attempt to use a legal provision to

RESEARCH SEE
DISCLOSURES PAGE 2

WELLINGTON WALL ST. December 8, 2017 PAGE 1

Licensed to: The Liscio Report

Published exclusively
for professional investors
by

Welling on Wall St. LLC
ISSN 2332-161X

Kathryn M. Welling
Editor, Publisher & Principal
Kate@WellingonWallSt.com
Office. (631)315-5076
Cell. (973)650-2722

Donald R. Boyle
Chief Financial Officer
Chief Marketing Officer
Don@WellingonWallSt.com
Office. (631)315-5077
Cell. (201)394-1548

Distributed biweekly,
usually on Fridays,
18 times a year, by
Welling on Wall St. LLC
PO Box 620
Mattituck, NY 11952

Office:(631)315-5076
Fax. (631)315-5077

Copyright Warning and Notice.
It is a violation of
federal copyright law to repro-
duce all or part of this publica-
tion or its contents
by any means. The Copyright
Act imposes liability
of up to \$150,000 per issue for
such infringement.

Welling on Wall St. LLC
does not license or authorize
redistribution in any form by
clients or anyone else.
However, clients may print one
personal copy and limited
reprint/republication permis-
sion may be made available, in
writing, upon specific request.

Copyright 2017,
K.M. Welling and
Welling on Wall St. LLC
All rights reserved and
vigorously enforced.

favor Hillsdale. I've never been to that college and have no plans to visit. My point is that the political forces of our nation continue to use these special interest maneuvers.... Only the intense scrutiny of a free press saves our citizens from many politically motivated giveaways like this.... The best a citizen can do is to protect the freedom of our press and to encourage the press to report without inhibition, to remain observant and vociferous, and to not give up."

A renewable energy coalition notes that although the Senate bill keeps tax credits in place, the Base-Erosion Anti-Abuse Tax provision would undermine their ability to put the credits to use, which could put \$60 billion in clean-energy investments at risk.

Last spring, over at Fox News, Liz Claman reported that proposed changes to renewable energy credits were already cutting into deals and could lead to heavy layoffs in the field, which would be especially hard on rural America, a wide swath of which has benefitted greatly from construction of solar and wind farms.

Considering effects on the stock market, the guru himself Art Cashin wrote in his laconic style, "Conventional wisdom says that given the very narrow vote in the Senate... the final version should be little changed from what originally passed the Senate. If so, that could be a problem." (Since the bills were very hastily written, especially the Senate's, the conference committee's work of reconciling the two versions will be unusually complex.)

Cashin notes that the alternative minimum tax, which would raise taxes for some companies, along with restrictions on deductions, would be major problems for the market, and he recalls that the first time there was a mention of holding the corporate cuts until 2019, as in the Senate bill, the stock market "sold off sharply."

This is included not as a critique of the bill, not our wheelhouse, but to ask just who its authors are aiming to please. We know it's not the working class, but it's not the investment class either. Rosner may be right about the choice of footwear.

Researched and written by Philippa Dunne and Doug Henwood, The Liscio Report is an independent research publication based in New York City. This was reprinted from the December 7, 2017 Liscio Report.

Subscribe to WellingonWallSt.
Please contact:

Don Boyle
Don@WellingonWallSt.com or 631-315-5077

WOWS Research Contributor Disclosure: Reprinted with permission of Philippa Dunne and Doug Henwood from the December 7, 2017 Liscio Report. No part of this Guest Perspective may be reproduced in any other publication, without express written permission of Welling on Wall St., LLC. It is for informational purposes only, and it is not intended to be used, and may not be used, as investment or tax advice. No express or implied representation or warranty is being made with respect to its accuracy or completeness. No obligation exists to inform the recipient when the information herein is no longer current. Past performance is not a guarantee of future results. This article does not constitute an offer to sell or a solicitation of an offer to buy any securities or interests of any entities, or to provide investment advisory services. For further information: <http://www.theliscioreport.com>

Research Disclosure

Welling on Wall St. LLC believes that its reputation for journalistic enterprise, intellectual independence and absolute integrity are essential to its mission. Our readers must be able to assume that we have no hidden agendas; that our facts are thoroughly researched and fairly presented and that when published our analyses and opinions reflect our best judgments - and not the vested pocketbook interests of our sources, our colleagues, our clients or ourselves.

WOWS's mission is to provide our readers with thoroughly independent research, trenchant analysis and opinions that are as considered as they are provocative. We work tirelessly to fulfill that mission. That said, you must also consider that no one, and no organization is perfect, and be assured that our lawyers advise that we tell you so. So here it is, in plain language, not the usual lawyer-ese.

All the material in this publication is based on data from sources that we have every reason to believe are accurate and reliable. But we can't (nor can anyone else) *guarantee* it to be utterly accurate. And there's always a chance, though we strive to avoid it, that we've missed something. So we make no claim that it is complete; the end-all and be-all. Opinions and projections found in this report reflect either our opinion or that of our interviewees or guest authors (all of whom are clearly identified) as of the original interview/publication date and are subject to change without notice. When an unaffiliated interviewee's opinions and projections are reported, **WOWS** is relying on the accuracy and completeness of that individual/firm's own research and research disclosures and assumes no liability for that research or those disclosures, beyond summarizing their disclosures in an adjacent box.

This report is the product of journalistic enterprise and research. It is NOT a sales tool. It is not intended to be - and should NOT be mistaken for - an offer to sell anything. It is NOT a solicitation for any sort of investment or speculation. It should NOT form the basis for any decision to enter into any contract or to purchase any security or financial product. It is entirely beyond the scope and, bluntly, competence of this publication to determine if any particular security is suitable for any specific subscriber. In other words, we don't give investment advice. Don't mistake anything you read in **WOWS** for investment advice. This publication does not provide sufficient information upon which to base an investment decision. **WOWS** does advise all readers to consult their brokers or other financial advisors or professionals as appropriate to verify pricing and all other information. **WOWS**, its affiliates, officers, owners and associates do not assume any liability for losses that may result if anyone, despite our warnings, relies on any information, analysis, or opinions in the publication. And, of course, past performance of securities or any financial instruments is not indicative of future performance. **Confidentiality and Trading Disclosure:** All information gathered by **WOWS** staff or affiliates in connection with her/his job is strictly the property of **WOWS**. It is never to be disclosed prior to publication to anyone outside of **WOWS** and is never to be used, prior to publication and for two weeks thereafter as the basis for any personal investment decision by staff, affiliates and/or members of their immediate households. All staff and affiliates of **WOWS** will avoid not only speculation but the appearance of speculation and may not engage in short-term trading, the short selling of securities, or the purchase or sale of options, futures, or other derivatives, including ETFs reliant on derivatives. Any equity or fixed-income investments entered into by **WOWS** staff or affiliates will be held for a minimum of six months unless dispensation is received, under extraordinary circumstances, from **WOWS's** legal counsel. Any pre-existing direct investment interest in any stock, mutual fund, ETF or partnership portfolio covered in an issue of **WOWS** will be specifically disclosed in that edition and that position will be frozen for at least a month. **Internet disclosure: Electronic Communications Disclosure:** The websites and **WOWS's** electronic communications can, alas, fall prey of all manner of malicious activity. While **WOWS** takes reasonable and prudent steps to try to prevent its website, journals and communications from interception, corruption, infection, contamination and other electronic malefactors, there are even fewer guarantees in the realms of software and the web than in finance - where there are none. **WOWS** disclaims and cannot accept liability for any damages to computer systems as a result of downloading or opening contaminated versions its website, journals or communications.