



[IBD recently penned](#) an article touting the success of the recent tax cuts from the Trump administration.

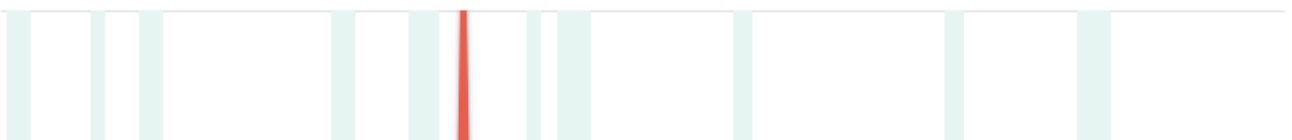
*"The Treasury Department reported this week that individual income tax collections for FY 2018 totaled \$1.7 trillion. **That's up \$14 billion** from fiscal 2017, and an all-time high. And that's despite the fact that individual income tax rates got a significant cut this year as part of President Donald Trump's tax reform plan."*

Hold on a second. **A \$14 billion increase on \$1.68 Trillion in receipts is a very paltry 0.8% increase.** This is the 8th LOWEST rate of increase in the history of data and is more representative of population growth rather than the success of tax cuts bringing in more revenue.

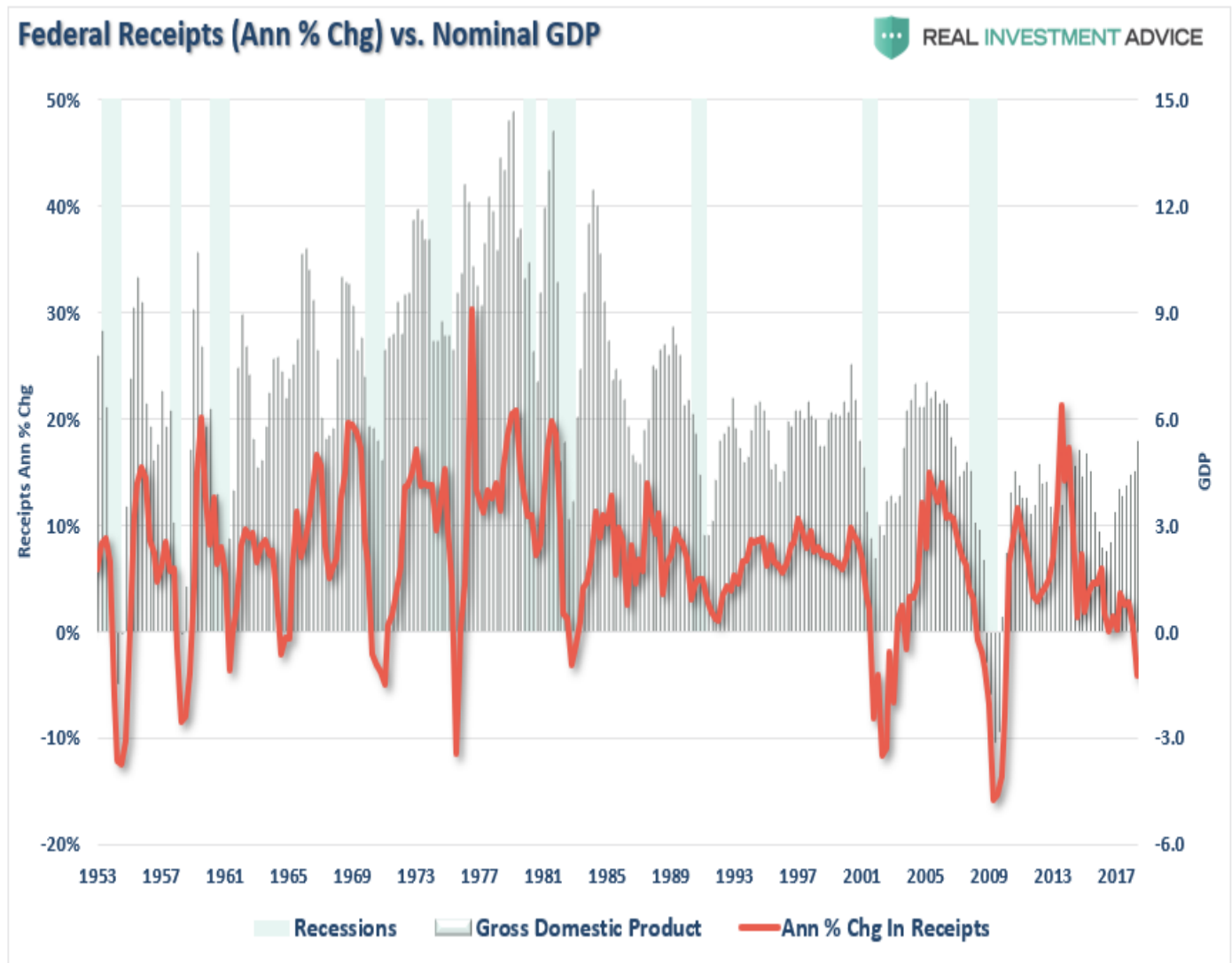
Federal Receipts vs Expenditures

 REAL INVESTMENT ADVICE

30%



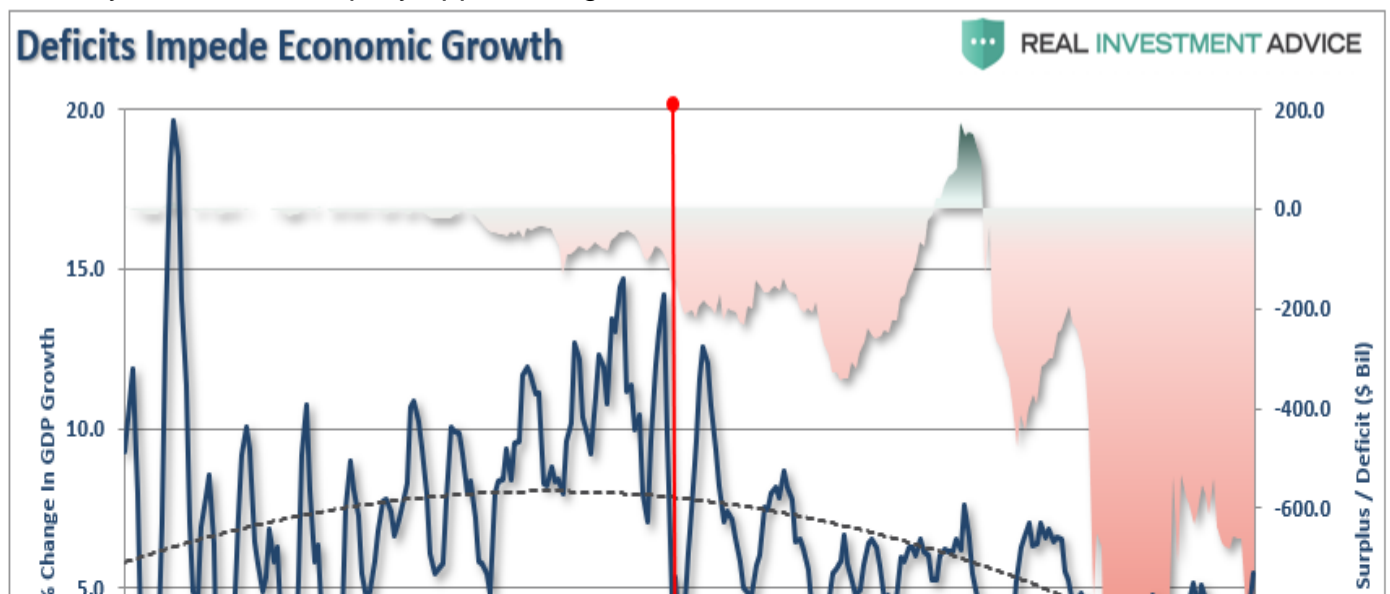
In fact, when looking at Federal Receipts on an annualized basis, growth in receipts as of the end of Q2 has fallen by more than 4% annually. Importantly, throughout history, negative growth rates in Federal receipts have been associated with recessionary periods in the economy rather than expansions.



But IBD in their effort to support the Trump tax cuts continues:

"Critics of the Trump tax cuts said they would blow a hole in the deficit. Yet individual income taxes climbed 6% in the just-ended fiscal year 2018, as the economy grew faster and created more jobs than expected."

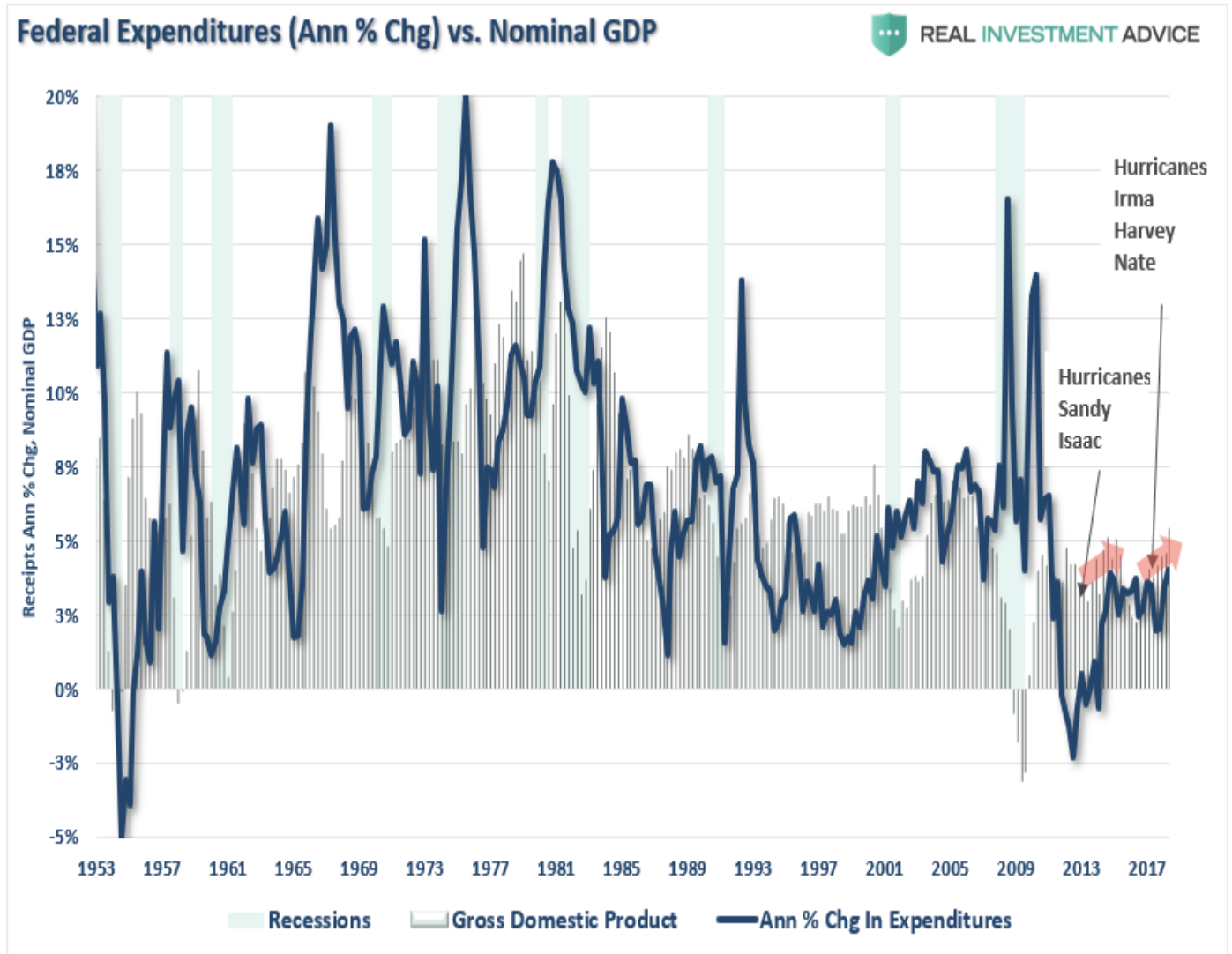
Well first, as we have shown previously, **the tax cuts DID INDEED blow a hole in the deficit.** Currently, the deficit is rapidly approaching \$1 Trillion and will exceed that level in 2019.



To IBD's point, the economy has grown faster than expected and jobs have increased (*but not more than expected.*)

"Yes, the economy was booming in fiscal 2018. But it probably wouldn't have been booming without the tax cuts."

Actually, no. It wasn't Trump's tax cuts that led to this growth but, as we discussed recently with Danielle Dimartino-Booth, it came from a "sugar-high" created by 3-massive Hurricanes in 2017 which have required billions in monetary stimulus, created jobs in manufacturing and construction, and led to an economic lift. We saw the same following the Hurricanes in 2012 as well.



However, these "sugar highs" are temporary in nature. Fortunately, for the economic bulls, a bit of reprieve has come from Hurricanes Florence and Michael which will provide some continued boost to economic growth into Q2 of 2019. The problem is the massive surge in unbridled deficit spending which provides a temporary illusion of economic growth but leads to long-term economic suppression. Eventually, the debt will come due. So, while IBD is taking a victory lap touting the success of the Trump agenda, the reality is that the pro-growth policies were launched too late within an economic cycle. This will ultimately ensure the next recessionary drag will likely be larger and last longer than most expect as both fiscal and monetary policy tools were spent during the boom, rather than saved for an eventual "rainy day." Just something to think about as you catch up on your weekend reading list.

Economy & Fed

- **The Reason Interest Rates Remain So Low** [by Caroline Baum via MarketWatch](#)
 - **FOMC Minutes Signal Move Above Neutral** [by Tyler Durden via ZeroHedge](#)
 - **Austerity Hawks Are Coming For Social Security** [by John Nichols via The Nation](#)
 - **McConnell: GOP Won't Fix The Deficit** [by Jordan Weissmann via Slate](#)
 - **Time To Bet On Putin** [by Simon Constable via Forbes](#)
 - **Fed Minutes: More Rate Hikes Coming** [by Mike "Mish" Shedlock via MishTalk.com](#)
 - **The End Of Easy Money** [by Charlie Bilello via Pension Partners](#)
 - **Fed Reserve Obsessions Blinds Market From Dangerous Truth** [by John Tamny via RCM](#)
 - **Stop Subsidizing Debt** [by Bloomberg Staff Writers](#)
 - **Two Years Under Socialism Made Me Love Capitalism** [by Dov Fischer via American Spectator](#)
 - **The Economic Cycle That Just Won't End** [by John Rekenthaler via MorningStar](#)
 - **Trump Vs. Fed: When Markets Crash, Who's To Blame** [by Brandon Smith via Alt-Market](#)
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Markets

- **Guggenheim: Expect Risk Off In 2019 & A 40% Decline** [by Tyler Durden via Zerohedge](#)
 - **There Are Big Changes Afoot In The Markets** [by Joe Calhoun via Alhambra Partners](#)
 - **Analyst Who Predicted 2008 Crash Warns Of Next Bubble** [by Barbara Kollmeyer via MarketWatch](#)
 - **Gundlach's Best Investing Advice** [by Karl Kaufman via Forbes](#)
 - **Are Credit Spreads Still A Leading Indicator** [by Pater Tenebrarum via Acting Man blog](#)
 - **Highly Unusual Breadth** [by Dana Lyons via The Lyons Share](#)
 - **Why You Should Be Skeptical About Forecasts** [by Erik Conley via Zen Investor](#)
 - **Market Carnage Has Investors Fleeing Bonds** [by Ryan Vlastelica via MarketWatch](#)
 - **Tuesday's Big Upside Move Was A Sucker's Rally** [by Michael Markowski via BullsNBears](#)
 - **There Are A Lot Of Stocks Down 50% From Highs** [by Philip Van Doorn via MarketWatch](#)
 - **When Will Chasing Hot Stocks Stop Working** [by Kevin Muir via The Macro Tourist](#)
 - **Market Corrections Aren't Fun, But Normal** [by Jonathon Trugman via NY Post](#)
 - **Markets Are Broken & Nothing Is Working** [by Robert Burgess via Bloomberg](#)
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Most Read On RIA

- **Is A Year-End Rally Still Possible** [by Lance Roberts](#)
 - **Why The Fed's Monetary Policy Is Still Accommodative** [by Michael Lebowitz](#)
 - **VLOG: Why U.S. Household Wealth Is In A Bubble** [by Jesse Colombo](#)
 - **FIRE'd Up - A Million Ain't What It Used To Be** [by Lance Roberts](#)
 - **Closed-End Fund Discounts** [by John Coumarios](#)
 - **The Market Isn't The Economy - Snapshot From The Depression** [by Richard Rosso](#)
 - **Why The U.S. Is Following The Same Path As Japan** [by Lance Roberts](#)
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Research•/ Interesting•Reads

- **The US Housing Recovery Is Built On Quicksand** [by Keith Jurow via MarketWatch](#)
- **The Big Blockchain Lie** [by Nouriel Roubini via Project Syndicate](#)
- **Hello! May I Assist You With A Lifetime Of Debt?** [by Elena Valenzuela-Stookey via NYT](#)
- **GE's Looming Dividend Cut** [by Political Calculations](#)

- **Art, Tech Stocks & The Financial Canary's Last Gasps** [by Merryn Somerset Webb via MoneyWeek](#)
 - **China's Great Leap Backwards** [by Jonathan Tepperman via Foreign Policy](#)
 - **Is Your Bank Ready For The Next Crisis** [by William Bladwin via Forbes](#)
 - **The "No Growth" Prescription For Misery** [by Bjorn Lomborg via Project Syndicate](#)
 - **5-G - The Most Disruptive Event Is Here** [by Stephen McBride via Risk Hedge](#)
 - **Bad Financial Moon Rising** [by William White via Project Syndicate](#)
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***?Every once in a while, the market does something so stupid it takes your breath away."** -Jim Cramer*

Questions, comments, suggestions ? please [email me](#).