



Apple to Repatriate Its Foreign Profits and Put Them to Work in America

Apple announced Wednesday that not only would it [repatriate](#) nearly all its foreign cash holdings under the new tax reform law, but it was going to put a lot of it to work right away. This puts the lie to anti-capitalists who predicted that such a plan would only further enrich the already rich.

Instead Apple is going to spread the repatriated funds around, announcing that it would not only be creating new jobs but would be building new facilities and expanding its financial commitment to the company's "innovation" fund. It also is expanding its efforts to reach students in high school to teach them coding language (for free) so that many of them will be able to provide Apple with the coders and software developers it will need as it expands into the future.



In the process it will also pay the largest single tax bill in history: \$38 billion. That's the result of taking advantage of the new 15.5 percent repatriation tax rate on its \$252 billion in profits presently held overseas. That makes Apple now not only the largest company by stock capitalization in the world, but the federal government's single largest taxpayer. That will leave the company with more than \$200 billion to spend or invest in any way it wishes.

President Trump was delighted, saying that his new tax policies allowed Apple "to bring massive amounts of money back to the United States," and adding that it is a "huge win for American workers and the USA!"

The president is right: Not only is Apple repatriating its foreign profits under the new tax law, it will put to work those formerly languishing funds (largely invested until now in U.S. and foreign securities). The company's announcement said it would invest \$30 billion in capital spending in the United States over the next five years, which would create more than 20,000 jobs. That investment includes a new campus to house technical support for the company's customers and \$10 billion toward improving and expanding existing data centers across the country. At present Apple employs directly 123,000 people across the globe (84,000 of them in the United States) and operates 499 retail stores worldwide. Last year Apple generated total sales of \$229 billion and nearly \$50 billion in profits. The company estimated that its new plans would contribute \$350 billion to the U.S. economy over the next five years.

Apple is quadrupling its investment in its innovation fund, the Advanced Manufacturing Fund, from \$1 billion a year to \$5 billion. This fund was established to support innovation among its American manufacturers while helping others get established in the United States. Apple already works with



Written by [Bob Adelman](#) on January 18, 2018

more than 9,000 American suppliers in all 50 states, and boasts that its iOS (iPhone Operating System) app economy has already created more than 1.6 million jobs, while paying suppliers an estimated \$5 billion last year for their work.

Even so, Apple faces a daunting task: In order to make these new investments work out, the company needs still more people, but it can't find them. The Bureau of Labor Statistics (BLS) estimates that there are more than 500,000 unfilled programming-related positions across the country, and if nothing changes there will be a shortage of 1.4 million such positions in three years. Accordingly, Apple is directing more of its newly recovered cash to expand its support of educational programs specifically pointed to STEAM (Science, Technology, Engineering, Arts, and Math) positions in high schools and community colleges. It has even developed a free software-coding program to allow students to learn just the skills that Apple needs. Over 100,000 students and teachers have already attended coding classes using the new software training software, App Development with Swift, in its retail stores. In its announcement on Wednesday Apple explained where some of the newly repatriated funds will be invested:

Apple today announced a new set of investments to build on its commitment to support the American economy and its workforce, concentrated in three areas where Apple has had the greatest impact on job creation: direct employment by Apple, spending and investment with Apple's domestic suppliers and manufacturers, and fueling the fast-growing app economy which Apple created with iPhone(R) and the App Store(R).

Apple is already responsible for creating and supporting over 2 million jobs across the United States and expects to generate even more jobs as a result of the initiatives being announced today.

All of which raises questions beyond the scope of this present article: What impact will Apple's decision to lead the way in putting its newly recovered funds to work in the United States have on the other 330 companies holding an estimated \$2.6 trillion abroad? How many of them will respond to Apple's lead? How much impact will their repatriation have not only on additional revenues to the government but on new investment in products not even dreamed of yet? What impact will these funds (even if only some of them are redeemed from abroad) have on the overall economy? Could these high-octane dollars push the American economy not only to the four percent annual GDP growth promised by the president but to reducing the nation's frightful national debt? All good questions.

In the meantime Apple has made a good start in showing the way.

Image: Screenshot from [Apple homepage](#)

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