

Andy Barr Talking Points

Andy Barr Office Visit

November 2017

Synopsis

Andy Barr has recognized wealth is being concentrated among the top one percent of the population instead of being passed down to workers. He then states, income inequality is being aggravated and the economy put at risk by a signature piece of legislation enacted by liberal Democrats, the Dodd-Frank banking reform act.¹ This statement belies the fact that income inequality has been growing for 40 years along with the decoupling of median family incomes from growth in the US GDP.²⁻³ Barr has also indicated he wants to broaden the tax base and lower the corporate tax rate while reducing taxes. He wants to move toward a territorial tax system that excludes corporate taxes on profits made outside the US.⁴ Broadening the tax base is GOP doublespeak for raising taxes on poorer Americans so richer Americans don't pay as much.⁵ Lowering corporate taxes will do nothing to address income inequality in America, raise worker pay or enhance business investment.^{2,6-7} Lowering business taxes has not increased worker wages or increase business investment in the past. What business tax cuts do is increase business profits, corporate dividends, stock buybacks and CEO salaries.² The problem is with tax havens businesses use to avoid paying taxes, tax inversions that are used to avoid taxes and has nothing to do with business profits being "trapped overseas".⁸⁻⁹ Barr complains the US has the "highest industrial tax rate of any industrialized nation in the world – 35 percent. It means businesses are taking jobs overseas.¹⁰ Businesses have not taken jobs overseas because of taxes, but because of the cost of labor and confabulation of the two is a common tactic of the GOP to confuse instead of address the real issue – investment in workers, not excusing business obligations to pay taxes. This raises the following questions for Barr.

Questions

1. Barr has blamed Dodd-Frank banking reform for income inequality. Since income inequality has increased over the last 40 years and Dodd-Frank has only existed for 7, **would Barr please explain his effort to draw this spurious relationship?**
2. Corporate taxes have nothing to do with growing US GDP, as business investments make up less of the GDP than government spending and far, far less than consumer spending which accounts for over 2/3rds of US GDP. **Why isn't the solution to growing the GDP focused more on consumers and their benefits than corporations and what benefits them? Would Barr also explain why tax cuts that raise the deficit by \$1.5 trillion now okay?**
3. Corporations have been moving their profits off shore to "avoid" paying taxes, just as they have used tax inversions as a "tax avoidance" scheme. **How does lowering the corporate tax rate "fix a problem" that has nothing to do with competitiveness and everything to do with "tax avoidance"?**
4. 366 of the Fortune 500 companies have tax havens in other countries and pay an average tax of 6.1% on their corporate profits.¹¹ **How will lowering corporate tax rates to 20% in any way alter their use of tax havens so they continue paying less US taxes?**
5. There are far better ways to help workers directly than by lower tax rates on businesses and "hoping" that leads to higher production and increased worker's wages. You could do more to help pay for access to a College education, improve healthcare availability for workers, raising the minimum wage, help with child care costs, etc. **Why are all of Barr's solutions to helping American workers designed to provide indirect instead of direct help to them?**

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