

McConnell Office Visit November 17, 2017

Synopsis

McConnell has claimed we need to make our tax system better: (1) to make US businesses more competitive; (2) bring US jobs back home; (3) grow the economy; (4) increase investment and wages; (5) improve wage growth, and how tax reform is the single most important thing we can do to give workers a leg up.¹⁻¹¹ Many of his speeches tout tax reform as being designed to “help American workers” by allowing them to keep more of their hard-earned money, making taxes fairer, simpler and more beneficial to them.^{2-4,6,12-13} He’s talked about modernizing the tax code, relieving companies of the “burdensome” and “job killing” and uncompetitive nature of the present tax system to make the US more “globally competitive”.^{2-4,9,13} From all the talk from McConnell one would get the impression US companies and jobs left for Mexico, China and parts unknown simply because “taxes were too damn high”. McConnell has also claimed tax reform should be revenue neutral, so it does not add to the deficit.¹⁴⁻¹⁷ This leads to the following questions about taxes.

Questions

1. McConnell has stated he believes tax reform should be revenue neutral to avoid increasing the deficit.¹⁴⁻¹⁷ The present tax package is not revenue neutral and will add trillions to the national debt.¹⁸⁻¹⁹ **Would McConnell explain how higher deficits benefit America, or American workers?**
2. McConnell claimed tax reform will make US businesses more competitive and allow businesses to bring jobs back to the US.²⁻⁴ However, taxes are levied on “profits” not “costs” and thus affect “rewards” not “business expenses” which determine competitiveness. The vast majority of US jobs left the US due to cheaper labor in other countries and advances in technology, not taxes.²⁰⁻²¹ **How is this tax reform going to fix problems that have no relationship to competitiveness or job loss?**
3. The GOP has complained high taxes are merely a mechanism to “redistribute the wealth” and that high taxes just punish success. The flip side is low taxes punish the poor and middle-class by denying them access to opportunity (by increasing their costs for things like higher education), essential needs (like healthcare) and benefits (like food and housing, social services) even while the economy (GDP) they contribute to grows. **Why should Kentuckians embrace a tax reform package that harms more than it helps them by shifting more of the benefits of a growing economy to the wealthiest, while doing little to nothing, or even making things worse for them by ultimately decreasing social opportunities and social help that benefits them directly?**
4. US businesses and corporations use social resources, social infrastructure and benefit from access to an educated work force in the US, all of which cost tax dollars to provide. **Why shouldn’t businesses be expected to help pay more, not less, for the cost of these social benefits through taxes on their profits, just like American workers wages are taxed? Why aren’t corporate tax loopholes rather than corporate tax rates the issue being addressed by tax reform?**
5. The median family income in Kentucky is \$45,270.²² The median household approaching retirement (55-64) has between \$10-20,000 for their retirement.²³ **Would McConnell explain to Kentuckians nearing the end of their working careers, and who would receive very little direct benefit from these tax cuts, how it really helps them to any significant degree?**
6. Consumer demand, not profit, drives business investment and job growth. Consumer demand accounts for over 2/3rds of total GDP. Taxes are used to make investments that create business opportunities, improve infrastructure, expand consumer spending that contribute directly to GDP. **Would McConnell explain why he continues to ignore the direct relevance of taxes on GDP over the indirect role of business “profits” as the preferred means to stimulate US economic growth?**

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