



Rubio ‘100% wrong’ to suggest GOP tax law doesn’t help American workers, experts say

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Republican Sen. Marco Rubio suggested his own party’s major legislative accomplishment under the Trump administration, the 2017 Tax Cuts and Jobs Act, has done little to help Main Street – an analysis some experts say is “100% wrong.”

In an interview with *The Economist*, the Florida senator said: “There is still a lot of thinking on the right that if big corporations are happy, they’re going to take the money they’re saving and reinvest it in American workers. In fact they bought back shares, a few gave out bonuses; there’s no evidence whatsoever that the money’s been massively poured back into the American worker.”

The tax bill lowered rates on both the individual and corporate side, slashing the business tax rate to 21% from 35%. As a result, more than 430 companies have announced pay raises, bonuses or 401(k) hikes, according to the White House, including Apple, Boeing and Home Depot. Collectively, businesses have announced more than \$4 billion in bonuses as of March.

But these aren’t the policies that matter, according to experts who suggest the Florida senator is missing the point.

“For Rubio to say that there is ‘no evidence’ of good effects for the corporate tax rate cut yet is ridiculous,” Chris Edwards, director of tax policy studies at Cato and editor of www.DownsizingGovernment.org, told FOX Business. “The main benefits of corporate tax reforms will be over the medium and longer terms.”

While bonuses might be good for workers, pay bumps or buybacks tell you “almost nothing” about the impact of the legislation, Veronique de Rugy, a senior research fellow at the Mercatus Center at George Mason University, told FOX Business.

“The thing that matters always with tax cuts is whether they change players’ behavior, whether it’s individuals or corporations,” she said, adding Rubio’s analysis is completely inaccurate.

“When you have a reduction in the top marginal rate, the effect is that it creates an incentive to work more, save more, invest more.”

One of the key components is increasing productivity, both Edwards and de Rugy noted. That happens when companies invest more in their U.S. operations, expand facilities, raise worker productivity, and therefore, wages and economic growth.

“It doesn’t happen overnight,” Edwards said.

The Federal Reserve has also been focused on increasing productivity as a way to spur economic growth. Fed Chair Jerome Powell said during testimony before Congress in February that the only sustainable way for wages to go up is for productivity to increase. Productivity being a “function of investment in people’s skills, investment in equipment by businesses and by people.”

There are early signs that the tax cuts are having the desired effect on the economy. Capital investment, for example, has increased in the aftermath of the implementation of the law, both Edwards and de Rugy said.

Wages, which have been stagnant for years, have also begun to rise. Wages and salaries saw their biggest gain since 2007 in the first quarter, rising 0.9%, according to recent data from the Labor Department. Wages were up 2.7% in the 12 months ending in March.

A spokesperson for Sen. Marco Rubio did not immediately return FOX Business’ request for comment. However, she did tell Reuters that the senator “pushed for a better balance in the tax law between tax cuts for big businesses and families, as he’s done for years.”

This isn’t the first time the senator has slammed the tax bill for not doing enough to help the average American worker. In December, Rubio said during an interview with The New York Times that if you look at all of the benefits flowing to multinational corporations, “it was important to go back and do more for working families.”

“Otherwise, the message is what it has been for 25 years from both parties — that is, when push comes to shove, we want your vote, but we’re not that concerned about the working class,” Rubio said.

Rubio campaigned for a larger child tax credit than was eventually included in the final version of the bill.