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Gingrich & Anderson: Pass GOP tax cuts by Thanksgiving or get ready for Speaker Pelosi

Republicans don't have time to overhaul the whole health system or tax code. Notching a big win that has immediate effects is a better approach.

By: Newt Gingrich and Brad Anderson

The specter of House Speaker Nancy Pelosi is looming. Following Republicans' failure to fix the country's health care system, polls show Americans are increasingly flirting with Democratic governance in Congress next year. This means Republicans must change their game plan. The next six months must not be the same as the last six months.

To regain their legislative momentum and keep their majority, Republicans must clearly demonstrate they are fighting for the country's hardworking taxpayers. This means passing a major tax cut by Thanksgiving — and making it retroactive to the start of this year.

By 2018, the tax cuts will have spurred economic growth and wage increases, giving Republicans substantial momentum and a popular record of success to tout during their campaigns.

But they must stay focused. A tax cut package directed at small businesses and the middle class is better policy than politics. According to the Federal Reserve's latest annual economic well-being report, nearly half of Americans could not cover an unexpected \$400 expense, like a car repair or medical bill. That's not a huge surprise. Real median wages — which have finally begun to improve — have been stagnant for most of this century.

A middle-class tax cut would directly boost bank accounts by providing Americans with more take-home pay, which will offer relief to taxpayers struggling with inflated health care, housing and child care costs.

Small business tax cuts would help further because some small business owners would reinvest their savings in the form of higher wages for their workers. According to a new Job Creators Network nationwide poll of small business owners, a majority of respondents said they would direct their tax savings into their businesses in the form of new jobs, higher wages or expansion.

This new economic activity produced by the tax cuts would — along with other regulatory and pro-growth efforts — restore the country to its historic 3% growth rate. This would produce trillions of dollars in extra revenue that would offset the fiscal costs of the tax cuts. The opposition will try to call this a

“trickle down” theory, but it's commonsense. The wage, job and investment stimulus from a large tax cut for the middle class and small businesses would be direct and immediate.

The first step for Republicans writing the tax cut legislation is to reject the notion that it needs to be revenue neutral. Instead, Republicans should argue that the tax cuts should be deficit neutral — meaning they wouldn't add to the deficit because of the economic growth they'd produce.

We know that deficit neutrality might ruffle the feathers of some fiscal hawks. For them, we have only one question: Which will be more expensive, having House Speaker Nancy Pelosi attempt to implement a Democratic agenda, or passing a deficit-neutral Republican tax cut ensuring that voters will view Republicans as the party of middle-class prosperity in November 2018?

We also know that there are some in Congress who want to pursue comprehensive tax reform that also addresses deductions, loopholes and other less publicized taxes. We think these are valid goals. However, the tax code is complex, and Republicans don't have time to pursue such massive and controversial reform.

Tax cuts by November beat comprehensive reform next spring because changes will take time to take effect and for voters to feel the impact. A Republican majority can always come back to tax reform in 2019.

Serious tax cuts will bring Americans more — and better — job opportunities, with higher take-home pay. That's why we think this is the key to keeping the Republican majority in 2018.

In short, Republican lawmakers must come together over tax cuts for hardworking taxpayers before hardworking taxpayers come together against Republican lawmakers.

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