



Hope and Tax Cuts in Waterloo Iowa

Publish Date:

September 2018

What can Australia learn from middle America? Gideon Rozner heads deep into Iowa to find out

(This article first appeared in the [August 2018 edition](#) of the IPA Review. [PDF](#) of article here.)

Even by the standards of smaller airports in Australia, Iowa's Waterloo Regional Airport is conspicuously spartan. One boarding gate, one baggage carousel and only two flights daily – both to Chicago. No taxi rank, no Uber for miles and the rent-a-car window is closed. I should have planned ahead.

A man at the information desk dials one of the few cab companies in the area. 'It'll be half an hour,' he says. 'At least.'

So I sit and wait, fiddling with my phone. Opposite me is the airport's sole advertisement: A diorama showcasing the history of the John Deere tractor, with a sign inviting visitors to the company's manufacturing plant. Hardly a thriving tourism industry, I think to myself.



CEDAR FALLS AND WATERLOO STILL HAVE JOHN DEERE, JOBS, AN ECONOMY. THEY STILL HAVE THE LIVELINESS AND RICHNESS THAT COMES FROM PROSPERITY AND THE DIGNITY OF WORK.

I've come to Waterloo, Iowa to meet the man behind the Job Creators Network (JCN), a small business advocacy organisation whose mission is to 'educate employees of Main Street America, so we can protect the 85 million people who depend on the success of small businesses'.

The JCN was established by Bernie Marcus, philanthropist and founder of Home Depot, America's answer to Bunnings Warehouse. 'When I started the Home Depot, I was guided by two very basic rules,' Marcus explains. 'Rule number one, talk to your customers; rule number two, talk to your employees. I still believe in these rules, and I learned early on that my employees wanted to know what I knew. Let me be very clear about one thing: I never told them how to vote. I simply told them how policies and law could impact our business and potentially, their jobs.'

Today, the JCN speaks to and for small businesses and their employees on a national scale, and has solid policy wins to show for its efforts. Its high-octane 'Tax Cuts Now' campaign was instrumental in the passage of Trump corporate tax cuts by Congress in late 2017. Now, in the lead-up to this year's midterm elections, the JCN is engaging in its subsequent 'Tax Cuts Work' campaign, underscoring the benefits of the tax cuts for middle America.

And that's where I come in. I'm en route to the Los Angeles for an unrelated work trip, and a colleague has suggested that I meet with the JCN while I'm in the US. The only place our schedules cross is a JCN campaign stop in Waterloo, which is fine by me, of course. If nothing else, it's a rare chance to see a bit of middle America. The 'real' America.

BUD LITE AND JOHN DEERE

The voyage from Melbourne to Iowa has taken just over 27 hours, so it's well into the afternoon before I wake up. Still, enough time to check out the town and get the lie of the land.

I'm staying on Main Street in the neighbouring township of Cedar Falls, a short distance from Waterloo. It's a gorgeous little town with clay brick footpaths and old-timey street lamps. There are restaurants – emptying out after the lunchtime rush – shops, bars adorned with neon signs for Miller and Bud Lite, community banks, law offices and a public library. Main Street, USA – literally. That vital slice of the American economy that sits between Wall Street and Silicon Valley.



And the place looks quite healthy. Functional. Far from the desolate, ruined landscapes that have been documented by the likes of JD Vance in *Hillbilly Elegy*. This does not look like a town that has succumbed to welfare dependency, drug addiction and existential despair. Somehow, Cedar Falls has survived.

The next morning, I check out and head to the JCN rally. The cab situation is even worse than it had been at the airport, but Ron, a fellow hotel guest, offers me a lift. I hoist my baggage into the boot of his SUV and we head off into the suburbs. The houses, the nature strips, the cars in the driveways – all modest, but clean and well-maintained. More evidence that Cedar Falls is faring quite well.

What's driving this town, I ask Ron. 'John Deere,' he says as we hit the freeway. 'Been here 100 years. It's the biggest employer.'

So, it turns out that the John Deere factory – the advertisement for which I sniggered at a couple of days earlier – is actually a big deal, employing more than 5,000 locals.

Obviously, John Deere is the economic lifeblood of the whole metropolitan area. The kind of business that has collapsed elsewhere, under the weight of tax or red tape or unreasonable wage hikes or any other manner of bureaucratic interference. The kind of business routinely demonised when it gives in to the commercially understandable impulse – and too often, need – to relocate to a place in which doing business isn't so damned difficult. That's when the community collapses – when the jobs go. But Cedar Falls and Waterloo still have John Deere, jobs, an economy. They still have the liveliness and richness that comes from prosperity and the dignity of work.

ALL OF THIS IS HAUNTINGLY SIMILAR TO THE DEBATE OVER CORPORATE TAX

CUTS BACK AT HOME; THE ARGUMENTS FROM THE LEFT SOUND ALMOST IDENTICAL. BUT WHAT IS DIFFERENT IS THE RESPONSE FROM THE RIGHT.

Ron agrees with me, to a point. 'Yeah, but we're not growing either.' Why's that? 'Taxes,' he says. 'State taxes. A lot of the other states are basically buying businesses by lowering their state corporate tax.' (Competitive federalism does work after all.) 'Politicians here seem to think that companies are going to move to Iowa for the lifestyle. I got news for you, buddy, it ain't gonna happen.'

HONK IF YOU LIKE TAX CUTS

Ron's GPS indicates that we've arrived at the venue for the rally. I cautiously disembark, looking around at what appears to be the middle of nowhere. A small warehouse, surrounded by cornfields. Off in the distance, a great pile of coal. Not exactly Madison Square Garden.



I head into the front office. I'm here for the rally, I tell the bloke behind the desk. 'Yes, of course. The Aussie!' he says. 'You're early. I'm Erik, by the way.' Erik is the owner of Jerald Sulky, the manufacturer of what he calls 'the Maserati of horse-drawn vehicles'. He gives me a tour of the warehouse. 'We export to countries all over the world,' he explains. 'Including Australia.'

Before long, the campaign bus pulls up. It is an impressive vehicle, bearing all the hallmarks of the glitz and pageantry of American politics. Tax Cuts Work and JCN logos are emblazoned on the side. On the back, an invitation for passing motorists: *Honk if you like tax cuts!*



Attendees begin to arrive. There are only about 20 or so locals, but I'm advised that thousands will be tuning to the live stream on social media. There are also print journalists, camera crews and hangers-on. A troupe of protesters pull up, hauling a giant inflatable chicken apparently intended to resemble Donald Trump, but this rally is on private property, so the protestors are too far away to be noticed.

The rally opens with a couple of small businessmen speaking about the ways in which the Trump tax cuts have affected them personally. First up is Walter, the owner of a bar in downtown Cedar Falls.

'The thing that I got into business for was to be able to take care of my employees as well as to pass something down to future generations,' Walter says. 'I'm sure there are many of us out there who've been a server or a cook before, or in the service industry in general, and some may ask: "How does this tax cut for corporations or small business help me be able to pay the bills?" And to that I would say that it allows me to get more money in their pockets by offering more incentives for raises, more opportunities to allow them to grow in an industry that traditionally has high turnover.'

Erik goes next, telling the story of Jerald Sulky. Even though the Trump tax cuts haven't kicked in yet, Erik is already seeing the flow-on effects.

'Our largest dealer called me up about a month ago and says: "Do you think I should send Trump flowers or a fruit basket? This is the best first quarter of orders I've seen for your product in 20 years.'" He said all of his floor stock is sold and he's excited for us to get more orders out to him.'

**RALLIES LIKE THIS ARE THE REASON TRUMP'S SEISMIC TAX CUTS
STEAMROLLED THEMSELVES ONTO THE STATUTE BOOKS, WHILE
AUSTRALIA'S PALTRY EFFORTS END UP ON LIFE SUPPORT.**

Erik and his wife have gone years without drawing a salary, and even spent some time sleeping in the factory's conference room. Thanks to the boom in business, they are looking forward to the

company becoming profitable. ‘When we get to see profit, we’ll be very grateful that Washington DC is the junior partner in our income, not the other way around,’ Erik says.



Last is Rod Blum, the local congressman, Tea Partier and passionate supporter of the Trump tax agenda. ‘I cannot believe the amount of misinformation that has been put out to the public about the tax bill,’ he says. ‘My political opponents suddenly got fiscally conservative, suddenly started caring about the debt and deficit. You never hear about that, unless it’s about letting people keep more of their money. It is *not* the government’s money, we forcefully *take* it from you. So the misinformation is that this is going to cost a trillion and a half dollars, that it is going to bankrupt us. Hogwash.’

Blum cites the growth in government revenue that occurred after tax cuts by the Kennedy and Reagan administrations. ‘All we need is half a per cent GDP growth for these tax cuts to pay for themselves. Our problem in Washington is spending. It is not that we’re bringing in too little tax revenue.’

All of this is hauntingly similar to the debate over corporate tax cuts back at home; the arguments from the left sound almost identical. But what *is* different is the response from the right. And the difference is not necessarily in what the congressman is saying – as articulate and impressive as he is. It is the speakers who preceded him and the fact that the rally highlights the real, human stories behind the policy. It is a stark contrast to supporters of tax cuts back at home, who too often revert to dry economics or, at best, glib sloganeering in a high-vis vest. Rallies like this are the reason Trump’s seismic tax cuts steamrolled themselves onto the statute books, while Australia’s paltry efforts end up on life support.

I join Blum afterwards in the campaign bus. He is gregarious, open, and brimming with rare authenticity. Blum is up for re-election in November, and holds the American equivalent of a marginal seat, beating the Democrats last time around by just 3.7 per cent. Conventional wisdom is that he is in a precarious position, given the tendency of mid-term elections to go against whichever party occupies the White House. But you wouldn’t know it from talking to him. Sitting in the campaign bus across from me, Blum has the calmness and self-assurance of somebody who knows that, come what may, he is doing the right thing.

And there is ample evidence that Trump’s tax agenda *is* the right thing. Economic data abounds

proving that the prosperity enjoyed by the likes of Walter and Erik is a national phenomenon. Unemployment is at an 18-year low. As at June, average earnings are up 2.7 per cent over the past 12 months, with over 300 companies increasing wages or benefits for workers as a direct result of the tax cuts.

Under Trump, the jobless rate for African-Americans has fallen to its lowest level on record – no mean feat for a supposedly ‘racist’ president. Even the *New York Times* – a credible but left-leaning outlet – begrudgingly ran the headline: *We Ran Out of Words to Describe How Good the Jobs Numbers Are.*

Is the ‘big end of town’ benefitting from the tax cuts? Probably, but that’s beside the point. In a country that has been hollowed out by the scourge of joblessness, the biggest winners are the thousands of Americans who are going back to work.



SMALL BUSINESS HEROES

Finally, I get around to the purpose of the whole trip: My meeting with Alfredo Ortiz, president and CEO of the JCN. We’re on the same flight out, and arrive at the airport a couple of hours early. The café is closed, so we sit down with a couple of Diet Cokes as the vending machine hums a few feet away.

Alfredo points out that, as with most of the JCN’s rallies, Congressman Blum was the last speaker, not the first. ‘We make it about the people,’ he says. ‘We didn’t host today’s rally for the congressman. Our heroes are the small business owners. It’s their stories that we highlight: The 20- hour days, mortgaging the house for finance, going 12 months without a salary. That’s what we like to talk about, the blood and the sweat and the tears and the toil.’

We head towards the tiny propeller plane that will take us back to O’Hare airport in Chicago. From there, I head to Los Angeles and Alfredo goes on to a meeting at the White House. We shake hands as Alfredo takes his seat and I head towards the rear, take out the iPad and start tapping out my notes.



I don't have long. Soon enough, a flight attendant asks me to raise my tray table as the plane taxis, takes off, and middle America disappears from view.