



Presidential White Paper #3

Arizona Senator John McCain's Tenuous Record as an Economic Conservative

Taxes

The Club for Growth is committed to lower taxes—especially lower tax rates—across the board. Lower taxes on work, savings, and investments lead to greater levels of these activities, thus encouraging greater economic growth.

Over the course of his twenty-four years in Congress, Senator McCain has cast several positive tax votes. These include a 2006 vote to extend the Bush tax cuts;¹ a 1997 vote to cut capital gains taxes;² and 1990 and 1993 votes against President Bush's and President Clinton's tax hikes.³ To his credit, he has also introduced measures that would require a sixty-vote majority to pass a tax increase.⁴ John McCain's overall record on taxes, however, is profoundly disturbing and anti-growth.

The reduction of tax rates on income and investment is a cornerstone of limited-government philosophy and economic growth. When the most important pro-growth tax cuts in a generation were proposed by President Bush in 2001 and 2003, Senator McCain vigorously opposed them. The depth of this opposition goes a long way towards tarnishing the Senator's fiscal credentials.

First, it is notable that Senator McCain stood so astride the Republican anti-tax position that he was one of only two Republican senators to oppose the 2001 tax cuts⁵ and one of only three GOP senators to oppose the 2003 reductions.⁶

Second, Senator McCain's stated reason for opposing the Bush tax cuts rhetorically allied him with the most radical anti-growth elements of national politics. Senator McCain argued, "I cannot in good conscience support a tax cut in which so many of the benefits go to the most fortunate among us at the expense of middle-class Americans who need tax relief."⁷ Senator Ted Kennedy (D-MA) sounded a similar theme, saying, "Now, they are proposing more of the same, more tax breaks benefiting only the wealthiest among

¹ Roll Call #118, 05/11/06

² Roll Call #160, 06/27/97

³ Roll Call #326, 10/27/90 and Roll Call #247, 08/06/93

⁴ Roll Call 236, 09/24/92 and Roll Call #204, 09/24/91

⁵ Roll Call, #170, 05/26/01

⁶ Roll Call #196, 05/23/03

⁷ *Washington Times*, 06/09/01

us,”⁸ as did Democratic Representative Maxine Waters (CA-35): “I voted against the Republican tax cut plan, which is an irresponsible tax cut that will further undermine the nation’s struggling economy at the expense of middle-class American families.”⁹ Senator McCain’s eager embrace of grossly inaccurate class-warfare demagoguery demonstrated, at best, a painful ignorance of pro-growth economic principles.

Third, Senator McCain not only voted against the Bush tax cuts, he joined leading liberal senators in offering and voting for amendments designed to undermine them. All in all, Senator McCain voted on the pro-tax side of 14 such amendments in 2001 and 2003. These included such odious measures as:

- An amendment sponsored by Senator John D. Rockefeller (D-WV) to prohibit a reduction in the top tax rate until Congress enacted legislation to provide a prescription drug benefit¹⁰
- An amendment sponsored by Senator Russ Feingold (D-WI) against full repeal of the Death Tax.¹¹ This vote is in keeping with Senator McCain’s 2002 vote against repealing the Death Tax¹²
- An amendment sponsored by Tom Daschle (D-SD) and co-sponsored by Senator McCain to limit tax reduction in the top tax bracket to one percentage point¹³

Finally, John McCain recently claimed that he has never voted for a tax increase,¹⁴ but the congressional record tells a different story. As Chairman of the Commerce Committee in 1998, he sponsored and voted for an enormous 282% tax increase on cigarettes.¹⁵ Senator McCain defended the proposal as a “fee”¹⁶ rather than a tax increase, but his semantic tap dance doesn’t change the numerical facts.

Despite his occasional constructive votes on tax policy, Senator McCain’s vigorous opposition to and misguided rhetoric against the most pro-growth tax cuts in twenty years should make economic conservatives very worried about the tax policies that would emanate from a McCain presidential administration.

Spending

The Club for Growth is committed to reducing government spending. Less spending enhances economic growth by enabling lower taxes and diminishing the economically inefficient political allocation of resources.

⁸ Press release, 06/08/06

⁹ *The Lost Angeles Sentinel*, 05/29/03

¹⁰ Roll Call #117, 05/21/01

¹¹ Roll Call #135, 05/22/01

¹² Roll Call #151, 06/12/02

¹³ Roll Call #149, 05/22/01

¹⁴ *Kudlow & Company*, 01/18/07

¹⁵ Roll Call #161 and Roll Call #162, 06/17/98

¹⁶ *Austin American Statesman*, 02/06/00

Despite his poor record on tax cuts, Senator McCain's zealous effort against wasteful spending deserves praise. Over his twenty years in the Senate, he has been at the forefront of the battle to eliminate wasteful projects and inject greater discipline and transparency into the appropriations process, often by introducing a slew of cost-cutting amendments. While many of these measures did not pass, they served an important role in shining a glaring light on congressional profligacy. These amendments include:

- A 2006 amendment to cut \$74.5 million for various agriculture programs¹⁷
- A 2006 amendment to cut \$6 million for sugarcane growers in Hawaii¹⁸
- A 2003 amendment to reduce funding for the Yazoo Basin Backwater Pump Project in Mississippi¹⁹
- A 2002 amendment to eliminate \$2.5 million for coral reef mapping of the waters off the coast of Hawaii²⁰
- A 1998 amendment to cut \$78 million in projects from an emergency supplemental appropriations bill²¹
- A 1994 motion to kill an amendment to provide \$40 million for the conversion of a New York City post office into an Amtrak train station²²

Senator McCain has also voted against a number of pricey bills, even when most of his colleagues preferred to toe the party line. These include:

- A vote against the 2003 Medicare prescription drug plan²³
- A vote against the Farm Security Bill in 2002²⁴
- A vote against the 2005 Highway Bill, one of only four senators to object to the pork-stuffed bill²⁵
- A vote against providing Amtrak with an extra \$550 million for the fiscal year 2007²⁶
- A vote against \$2 billion in milk subsidies²⁷
- One of fifteen senators to vote for Senator Tom Coburn's (R-OK) amendment transferring \$223 million for the "Bridge to Nowhere" to the repair of a Louisiana bridge damaged by Hurricane Katrina.²⁸ Senator McCain was also one of only thirteen senators to vote for an amendment by Senator Coburn to eliminate \$950,000 for a parking lot for the Joslyn Art Museum in Nebraska²⁹
- A vote for welfare reform³⁰

¹⁷ Roll Call #108, 05/03/06

¹⁸ Roll Call #104, 05/02/06

¹⁹ Roll Call #23, 01/23/03

²⁰ Roll Call #137, 06/06/02

²¹ Roll Call #39, 03/23/98

²² Roll Call #218, 07/21/94

²³ Roll Call #459, 11/25/03

²⁴ Roll Call #30, 02/13/02

²⁵ Roll Call #220, 07/29/05

²⁶ Roll Call #52, 03/15/06

²⁷ Roll Call #377, 12/19/01

²⁸ Roll Call #262, 10/20/05

²⁹ Roll Call #260, 10/20/05

³⁰ Roll Call #262, 08/01/96

While Senator McCain's opposition to wasteful pork-barrel projects and government subsidies is impressive, it should be noted that he cast an uncharacteristic vote for No Child Left Behind which oversaw a massive increase in government spending.³¹

Free Trade

Free trade is a vital policy for maximizing economic growth. In recent decades, America's commitment to expanding trade has resulted in lower costs for consumers, job growth, and higher levels of productivity and innovation.

John McCain has been a strong proponent of free trade in the U.S. Senate. He has voted for many bills that broke down trade barriers and increased competition and choice for consumers. These include:

- The Oman Free Trade Act³²
- The Central America Free Trade Agreement (CAFTA)³³
- The North American Free Trade Agreement (NAFTA)³⁴
- Africa Free Trade Act³⁵
- U.S.-Australian Trade Act³⁶
- U.S.-Chile Trade Act³⁷
- U.S.-Singapore Trade Act³⁸
- Voted to grant normal trade relations with Vietnam³⁹
- Voted to grant normal trade relations with China⁴⁰

Senator McCain also voted to kill the Schumer-Graham bill,⁴¹ which would have imposed an onerous tariff on China if it refused to revalue its currency, and voted to give the President trade promotion authority.⁴² The Cato Institute aptly sums up his record on trade by designating him a "free trader" for the 105th Congress through the 108th Congress, a top accolade given out to those who "consistently vote against both trade barriers and international economic subsidies."

Entitlement Reform

³¹ Roll Call # 371, 12/18/01

³² Roll Call #190, 06/29/06

³³ Roll Call #209, 07/28/05

³⁴ Roll Call #395, 11/20/93

³⁵ Roll Call #98, 05/11/00

³⁶ Roll Call #156, 07/15/04

³⁷ Roll Call #319, 07/31/03

³⁸ Roll Call #318, 07/31/03

³⁹ Roll Call #291, 10/03/01

⁴⁰ Roll Call #251, 09/19/00

⁴¹ Roll Call #86, 04/06/05

⁴² Roll Call #130, 05/23/02

America's major middle-class entitlement programs are already insolvent. The Club for Growth supports entitlement reforms that enable personal ownership of retirement and healthcare programs, benefit from market returns, and diminish dependency on government.

Senator McCain's record on entitlement reform is mixed. On the one hand, Senator McCain cast a very admirable vote against the 2003 Medicare prescription drug bill,⁴³ which drastically expanded a broken entitlement program, costing over \$400 billion over ten years and totaling 1,162 pages in new regulations.⁴⁴

He has also been a consistent supporter of personal Social Security accounts, calling for "bold, genuine reform that allows workers to invest some of their Social Security savings, privately, in higher yielding accounts" in a 1999 press release.⁴⁵ During his 2000 presidential campaign, Senator McCain's plan for Social Security reform included a pledge to incorporate personal retirement accounts within his first year in office, and correctly criticized the inherent unfairness of the current program which forces "workers to give a portion of their hard-earned money to finance a system with low or negative returns for themselves."⁴⁶

This positive stance on personal accounts though, is marred by his willingness to raise Social Security taxes as part of a package that would include personal accounts. On a February, 23, 2005 edition of *Meet the Press*, Tim Russert asked Senator McCain if he would support "as part of the solution to Social Security's solvency problem, that you lift the cap so that you would pay payroll tax, Social Security tax, not just on the first \$90,000 of your income, but perhaps even higher?" Senator McCain answered, "As part of a compromise I could . . . I'm proud of the job that Senator Lindsey Graham has been doing in his leadership position on this issue and showing some courage."⁴⁷

Raising Social Security taxes in this manner is not a sign of courage. It could constitute a massive tax increase and prove devastating to economic growth in this country. Furthermore, Senator McCain's support for Lindsey Graham's proposal to raise Social Security taxes contradicts his own observation about the woefully poor return workers receive. Raising taxes would only make that return worse. As Senator McCain hinted in 2000, it is not Social Security taxes that are too low, but the below-market return on those taxes that should most concern policy makers and taxpayers alike.

John McCain's support for raising Social Security taxes demonstrates that even his pro-growth positions tend to be muddled by a heavy anti-growth undercurrent. Unfortunately, this undercurrent can sweep away the good with the bad.

⁴³ Roll Call #459, 11/25/03

⁴⁴ Heritage.org, 06/14/05

⁴⁵ Press release, 06/02/99

⁴⁶ Cato Institute Newsletter, 01/10/00

⁴⁷ *Meet the Press*, 02/23/05

Regulation

Excessive government regulation stymies individual and business innovation necessary for strong economic expansion. The Club for Growth supports less and more sensible government regulation as a critical step toward increasing freedom and growth in the marketplace.

At first glance, John McCain's record on regulation appears generally positive, including a vote against a minimum wage increase in 2005;⁴⁸ a vote against the 2003 Energy Bill;⁴⁹ and a vote against the 2003 Medicare Prescription Drug Bill.⁵⁰ A deeper look at Senator McCain's record, however, reveals a number of votes and bills that reflect much less favorably on his commitment to free market principles and his claim to being an economic conservative.

Most egregious is Senator McCain's leadership role in two bills that would have drastically restricted free enterprise. The first was the Patients' Bill of Rights, which he sponsored with Ted Kennedy (D-MA) and former trial lawyer John Edwards (D-NC).⁵¹ The bill allowed the government to impose a set of onerous mandates on insurance coverage instead of allowing individuals to make their own decisions about healthcare plans in the marketplace.

Two years later, the Arizona maverick took another swing at the free market with the Climate Stewardship Act, a bill he sponsored with Joe Lieberman (D-CT)⁵² to require greenhouse gas emissions to be reduced to 2000 levels by the year 2010. This intrusive bill was projected to cost \$76 billion annually by 2025, with huge increases in the cost of electricity and gasoline according to the Department of Energy.⁵³

Unfortunately, these two bills do not close the book on Senator McCain's regulatory indiscretions. Over the years he has voted for a number of other big-government bills. These include:

- Voted for an amendment that would authorize the Secretary of Health and Human Services to set prices on prescription drugs under Medicare⁵⁴
- Voted against a bill that would prohibit an increase in CAFE standards⁵⁵
- Voted for an amendment that would prohibit oil drilling in part of the Arctic National Wildlife Refuge (ANWR) in Alaska⁵⁶

⁴⁸ Roll Call #257, 10/19/05

⁴⁹ Roll Call #317, 07/31/03

⁵⁰ Roll Call #459, 11/25/03

⁵¹ Roll Call # 220, 06/29/01

⁵² Roll Call #420, 10/30/03

⁵³ Heritage Web Memo #768, 06/20/05

⁵⁴ Roll Call #302, 11/03/05

⁵⁵ Roll Call #48, 03/13/02

⁵⁶ Roll Call #52, 03/16/05

- Voted (along with all of his Senate colleagues) in favor of the Sarbanes-Oxley legislation, an overreaction to corporate malfeasance that imposed heavy financial burdens on companies⁵⁷

Much like his record on taxes, these terrible votes cast a dark shadow on Senator McCain's positive votes. His anti-growth votes are exacerbated by his characteristic vociferousness in cases like the Patients' Bill of Rights and the Climate Stewardship Act. His occasional eagerness to support and encourage increased government regulation suggests a troublesome mistrust of the free market.

School Choice

The Club for Growth supports broad school choice, including charter schools and voucher programs that create a competitive education market including public, private, religious, and non-religious schools. More competition in education can only lead to higher quality and lower costs.

John McCain's record on school choice is very good. He has consistently supported school choice programs, voting for a Washington D.C. school voucher program in 1997⁵⁸ and a trial voucher program in 2001 as an amendment to No Child Left Behind.⁵⁹ In 1999, he boldly proposed an amendment to authorize \$1.8 billion a year for three years to establish a pilot school voucher program, paid for by the elimination of subsidies for ethanol, oil, gas, and sugar.⁶⁰ In a speech two months later, he eloquently argued that "our children deserve the best education we can provide to them, whether that learning takes place in a public, private, or parochial school. It's time to give middle- and lower-income parents the same right wealthier families have—to send their child to the school that best meets their needs."⁶¹

Political Speech

Maximizing prosperity requires sound government policies. When the government strays from these policies, citizens must be free to exercise their constitutional rights to petition and criticize those policies and the politicians responsible for them.

Nowhere is Senator McCain's record on pro-growth issues more appalling than on the important issue of protecting political speech. Senator McCain was the driving force behind the ultimate passage of the McCain-Feingold Act, a bill that imposed grossly unconstitutional restrictions on citizen participation in the political process.⁶²

⁵⁷ Roll Call #192, 07/25/02

⁵⁸ Roll Call #260, 09/30/97

⁵⁹ Roll Call #179, 06/12/01

⁶⁰ Roll Call #238, 07/30/99

⁶¹ Heartland Institute, 11/01/99

⁶² Roll Call #54, 03/20/02

Over the ten-plus years since Senator McCain first introduced campaign finance reform legislation, he has pursued his trampling of the First Amendment with a vengeance. On a April 28, 2006 taping of *The Don Imus Show*, McCain cavalierly admitted as much: “He [Michael Graham] also mentioned my abridgement of First Amendment rights, i.e. talking about campaign finance reform . . . I know that money corrupts . . . I would rather have a clean government than one where quote First Amendment rights are being respected, that has become corrupt. If I had my choice, I’d rather have the clean government.”⁶³

In defense of the provision banning issue advocacy ads that mention a candidate 60 days before an election, McCain said, “These ads are almost always negative attack ads, and do little to further beneficial debate and healthy political dialogue.” In his brief to the Supreme Court, Senator McCain continued along the same lines: “These ads are direct, blatant attacks on the candidates. We don’t think that’s right.”⁶⁴

Thus, Senator McCain and his partner in crime, Senator Russ Feingold, have anointed themselves the arbiters of appropriate political speech, worthy of deciphering which speech is “right” and which should be permitted in American political debate. To this day, Senator McCain remains responsible for the greatest modern infringement of political free speech. While bestowing significant advantages upon incumbent office holders, this feat has created neither a less corrupt political domain nor a more democratic one.

Tort Reform

The American economy suffers from excessive litigation which increases the cost of doing business and slows economic growth. The Club for Growth supports major reforms to our tort system to restore a more just and less costly balance in tort litigation.

Senator McCain’s record on tort reform is generally positive. These votes include:

- Sponsored the Class Action Fairness Act of 2005 which sought to curb lawsuits by shifting suits from state to federal courts, by requiring judges to review all coupon settlements, and by limiting attorneys’ fees in non-cash settlements⁶⁵
- Voted for a bill that would bar lawsuits against manufacturers, distributors, dealers and importers of firearms⁶⁶
- Voted for a bill that would place caps on damage awards in medical malpractice suits against obstetricians and gynecologists⁶⁷

⁶³ *The Don Imus Show*, 04/28/06

⁶⁴ *Reason*, December 2005

⁶⁵ Roll Call #9, 02/10/05

⁶⁶ Roll Call #16, 02/25/04

⁶⁷ Roll Call #15, 02/24/04

- Voted for a motion to proceed to a bill that would cap non-economic and punitive damages in medical malpractice suits⁶⁸

This generally positive record, however, is tarnished by Senator McCain's sponsoring of and outspoken support for the Patients' Bill of Rights,⁶⁹ which encouraged an increase in the number of frivolous lawsuits filed against healthcare providers. He also voted against the Litigation Uniform Standards Act, which limited the conduct of securities class actions under state law.⁷⁰

Summation

While John McCain can easily point to a handful of pro-growth votes over his twenty-four years in Congress, a deeper look at Senator McCain's record and rhetoric, especially in recent years, ought to give American taxpayers a long and hard pause.

To give credit where it's due, John McCain's record on spending, school choice, and free trade is extremely positive. His go-it-alone moralism sometimes results in pro-growth policies, as is the case in his anti-pork crusades. However, this moralism often manifests itself in the form of more government, less freedom, and a distrust of the individual and the free market system. This is dramatically the case in his opposition to the Bush tax cuts, his class-warfare rhetoric, his occasional support for large-scale increased government regulation, his willingness to raise Social Security taxes, and of course, his abysmal record on political free speech.

Senator McCain's outspoken pursuit of anti-growth and anti-free-market policies in the realms of taxes, regulation, and campaign finance reveals a philosophical ambivalence, if not hostility, about limited government and personal freedom. This ambivalence, combined with a rebellious nature, often leaves taxpayers the victims of his latest cause célèbre. Despite his positive votes—and there are several—his negative positions have tainted, perhaps beyond repair, the positive ones over his twenty-four years in Congress. The evidence of his record and the virulence of his rhetoric suggest that American taxpayers cannot expect consistently strong economic policies from a McCain administration.

⁶⁸ Roll Call #264, 07/09/03

⁶⁹ Roll Call #220, 06/29/01

⁷⁰ Roll Call #135, 05/13/98