

MITCH MCCONNELL JUST HELPED TRUMP TAKE KENTUCKY'S COPS AND TEACHERS HOSTAGE

"I would like you to do us a favor, though."

There's been a lot written about Mitch McConnell's motives for refusing to give aid to states and localities whose budgets have been decimated by coronavirus response in the last round of COVID relief.

John Harwood described it as an anti-government effort, generally, though notes it could backfire among white working class voters.

Wealthy Republican donors disdain government as an unwelcome source of taxes and business regulations. They can purchase private alternatives to broad-based public services in realms such as education, health care and transportation.

Republicans in Congress see unionized government workers as hostile soldiers fighting against their reelection. Responsibility for financing the services those workers provide falls to governors and state legislators, not them.

The GOP infused those sentiments into the 2017 tax law that remains Trump's principal legislative achievement. It limited deductions for state and local levies from federal tax bills – which both punished taxpayers in blue states that provide more services and made it harder for those states to finance those services.

The wild card in this constellation of forces is the party's increasing dependence on working-class white

voters. Republicans have long capitalized on their suspicion that many government programs benefit others, not them. Trump placed appeals to their racial resentments at the center of his 2016 campaign.

Axis of Evil expert David Frum described how, by forcing states into bankruptcy, Republicans hope to exercise power even after Trump has been defeated.

Republican plans for state bankruptcy sedulously protect state taxpayers. The Bush-Gingrich op-ed of 2011 was explicit on this point. A federal law of state bankruptcy “must explicitly forbid any federal judge from mandating a tax hike,” they wrote. You might wonder: Why? If a Republican Senate majority leader from Kentucky is willing to squeeze Illinois state pensioners, why would he care about shielding Illinois state taxpayers? The answer is found in the third of the three facts of American fiscal federalism.

United States senators from smaller, poorer red states do not only represent their states. Often, they do not even primarily represent their states. They represent, more often, the richest people in bigger, richer blue States who find it more economical to invest in less expensive small-state races. The biggest contributor to Mitch McConnell’s 2020 campaign and leadership committee is a PAC headquartered in Englewood, New Jersey. The second is a conduit for funds from real-estate investors. The third is the tobacco company Altria. The fourth is the parcel delivery service UPS. The fifth is the Eli Lilly pharmaceutical corporation. The sixth is the home health-care company, LHC Group. The seventh is the Blackstone hedge fund. And so on and on.

A federal bankruptcy process for state finances could thus enable wealthy individuals and interest groups in rich states to leverage their clout in the anti-majoritarian federal system to reverse political defeats in the more majoritarian political systems of big, rich states like California, New York, and Illinois.

[snip]

But McConnell seems to be following the rule "Never let a good crisis go to waste." He's realistic enough to recognize that the pandemic probably means the end not only of the Trump presidency, but of his own majority leadership. He's got until January to refashion the federal government in ways that will constrain his successors. That's what the state-bankruptcy plan is all about.

Andrew Cuomo recognized the same dynamic. Amid a rant noting that, as governor, he serves people of all (or no) party, he described the hypocrisy of bailing out airlines and small businesses but not cops and other first responders.

I understand that, but state and local government funds police and fire and teachers and schools. How do you not fund police and fire and teachers and schools in the midst of this crisis? Yes, airlines are important. Yes, small businesses are important. So police and fire and healthcare workers who are the front line workers, and when you don't fund the state, then the state can't fund those services. It makes no sense to me. Also, it makes no sense that the entire nation is dependent on what the governors do to reopen. We've established that. It's up to this governor, it's up to this governor, it's up to this governor, but then you're not

going to fund the state government. You think I'm going to do it alone? How do you think this is going to work? And then to suggest we're concerned about the economy, states should declare bankruptcy. That's how you're going to bring this national economy back? By states declaring bankruptcy? You want to see that market fall through the cellar?

Let New York state declare bankruptcy. Let Michigan declare bankruptcy. Let Illinois declare bankruptcy. Let's California declare bankruptcy. You will see a collapse of this national economy. So just dumb. Vicious is saying, when Senator McConnell said, this is a blue state bailout, what he's saying is if you look at the states that have coronavirus problems, they tend to be democratic states. New York, California, Michigan, Illinois. They are democratic states. So if you fund states that are suffering from the coronavirus, the democratic states, don't help New York state because it is a democratic state. How ugly a thought. I mean, just think of what he's saying. People died. 15,000 people died in New York, but they were predominantly Democrats. So why should we help them? I mean, for crying out loud, if there was ever a time for you to put aside your pettiness and your partisanship and this political lens that you see the world through Democrat and Republican and we help Republicans, but we don't have Democrats. That's not who we are.

It's just not who we are as a people. I mean, if there's ever a time for humanity and decency, now is the time. And if there was ever a time to stop your political, obsessive political bias and anger, which is what it's morphing to, just a political anger, now is the time and you want to politically divide

this nation now, with all that's going on? How irresponsible and how reckless/ I'm the governor of all New Yorkers. Democrat, Republican, independent. I don't even care what your political party is. I represent you, and we are all there to support each other. This is not the time or the place or the situation to start your divisive politics. It is just not.

Cuomo also noted that McConnell's own state, Kentucky, is a net aid recipient, not New York.

Let's talk about fairness, Mitch. NYS puts \$116 billion more into the federal pot than we take out. Kentucky TAKES \$148 billion more from the federal pot than they put in. But we don't deserve help now because the 15,000 people who died here were predominately democrats?

David Sirota is the only one I saw who observed that McConnell's own state of Kentucky would be one of the hardest hit states.

In a half-assed play to avoid looking like he's deliberately enriching his elite financiers and starving the peasants, McConnell cast himself as a principled opponent of "blue state bailouts" – a seemingly shrewd anti-coastal framing for his own potentially difficult reelection campaign.

In reality, though, McConnell's opposition to pension aid is even worse than a pathetic Gerald Ford impression. It is him giving the big middle finger to hundreds of thousands of his own constituents whose Republican-leaning state is now facing one of America's worst pension crises after McConnell's Wall Street courtiers strip-mined Kentucky's public retirement system.

That's right: for all the talk of

pension shortfalls in blue states like Illinois and California, the bright red state of Kentucky has one of the most underfunded pension systems in the country. The gap between promised benefits and current resources has been estimated to be between \$40 billion and \$60 billion. One of the state's pension funds is less than 15 percent funded.

Those shortfalls are not the product of Kentucky's public-sector workers being greedy or lavishly remunerated – Kentucky teachers, for example, are paid 23 percent less than other workers with similar educational credentials, and they do not receive Social Security benefits.

No – the shortfalls are the result of 1) state lawmakers repeatedly refusing to make annual contributions to the system, 2) investment losses from the 2007 financial crisis and now the COVID downturn, and 3) especially risky hedge fund investments that generated big fees for politically connected Wall Street firms, but especially big losses for the state's portfolio. (Executives from some of those specific firms are among McConnell's biggest collective donors, and those firms could be enriched by other parts of McConnell's federal stimulus bill.

The pension emergency in Kentucky has become so dire that teachers staged mass protests last year, resulting in national headlines and a PBS Frontline special, and a court case that ultimately overturned the Republican legislature's proposed pension cuts, which the GOP literally attached to a sewer bill.

There's another aspect of all this, however: leverage. Mitch McConnell says he won't dole out

aid for states and localities until the Senate comes back into session. That'll give him the opportunity to resume packing the courts.

In addition (as I predicted), part of this is an effort to retain leverage with which to force states to reopen.

BUT FIRST ... SENATE AND HOUSE DEMOCRATS have been pushing hard in negotiations for \$150 billion in funds for state and local governments to pair with the hundreds of billions the administration wants in small business lending. But THE WHITE HOUSE and TRUMP ADMINISTRATION have been holding out because, in part, they believe if Congress keeps cutting checks for state and local governments, they will be disincentivized to open up their economies.

Trump tried and tried and tried to say he got to decide how to reopen the economy. And then the first state that tried – his ally Brian Kemp – made him look bad by ignoring the White House's own guidelines.

To regain any control over this, short of Billy Barr making good on his suggestions that DOJ might start litigation, Trump needs something to withhold to force governors, of both parties, to take actions they otherwise wouldn't.

Aid to keep states and localities running is one of the few things Trump has. Want to pay your cops? Okay, then, "but I would like you to do us a favor, though."

And here's where Mitch's actions become *really* perverse. Kentucky's own governor, Andy Beshear, is one of the red states with a Democratic governor. Under his leadership, Kentucky has a lower level of infections than any neighboring state but West Virginia (which is even more rural). Kentucky is a member of the Midwestern pact that, along with a bunch of Democratic governors that Republicans would like to damage ahead of the elections, also includes Mike

DeWine, one of the three most proactive Republican governors. Of those states, Beshear might be most susceptible to pressure from nutjobs.

That is, among the governors that Mitch is helping Trump to blackmail – to withhold aid from until they give Trump a favor – is Mitch's own state. Like all other governors, Beshear will need to make some devastating budgetary decisions, decisions that will hurt public workers in Kentucky, and those decisions will start immediately, affecting Beshear's ability to serve the people of Kentucky.

This is an ugly, vicious ploy. But it's also one that Mitch's opponent, Amy McGrath, really ought to be able to use against him in November.