



# Important Activist Memo for the Conservative Movement

By Richard A. Viguerie | 10/12/11

I wanted to pass along this important "Memo for the Movement" from The Conservative Action Project (CAP). CAP, chaired by former Attorney General Edwin Meese, is designed to facilitate conservative leaders working together on behalf of common goals. Participants include the CEO's of over 100 organizations representing all major elements of the conservative movement—economic, social and national security.

**“Super Committee” objective should be a bold plan for Economic Growth, Tax Reform and Deficit Reduction while pursuing a path to a balanced budget without undermining our nation’s security or raising taxes!**

**RE:** The Joint Select Committee on Deficit Reduction must vote on a plan with the goal of \$1.5 trillion in deficit reduction by November 23. We believe the “Super Committee” can do that while stimulating economic growth and promoting a tax reform agenda that **doesn’t raise taxes.**

*“We who live in free market societies believe that growth, prosperity and ultimately human fulfillment, are created from the bottom up, not the government down. Trust the people. This is the one irrefutable lesson of the entire postwar period contradicting the notion that rigid government controls are essential to economic development.”*

Ronald Reagan

## **ISSUE-IN-BRIEF:**

**Public Perception of Amount Government Wastes Reaches Record High:**

A September 2011 Gallup survey revealed that Americans believe for the first time that more than half of government spending is wasted, marking a new high since Gallup first started asking about the issue in 1979.

Citizen Organizations offer plenty of Spending Cut Options to Super Committee:

Many different citizen organizations have made budget cutting suggestions to the Super Committee that reduce the size of government and lead to a balanced budget. Citizens Against Government Waste proposed a specific list of 691 recommendations that would save taxpayers \$1.8 trillion over five years without raising taxes.

Smart Tax Reform will Produce Economic Growth:

Reducing individual & corporate tax rates and closing loopholes will provide some certainty to the capital markets and spur entrepreneurs to invest in new products, ideas and equipment.

**SUPER COMMITTEE SHOULD BE BOLD:**

Cut spending **without raising taxes** by utilizing the suggestions of independent organizations such as Citizens Against Government Waste, The Heritage Foundation, Cato Institute, National Taxpayers Union, Americans for Limited Government, Taxpayers Protection Alliance and many others. As a start, the “Super Committee” should imitate the House Appropriations Committee draft fiscal year 2012 Labor, Health and Human Services (LHHS) funding bill that ends funding for the Corporation for Public Broadcasting, Family Planning Programs, “Race to the Top,” and blocks further funding for the implementation of ObamaCare until the courts have ruled.

Meaningful entitlement reform along the lines proposed by House Budget Chairman Paul Ryan should also be considered.

Grow the economy by reviewing and rolling back job killing regulations promulgated in the past several years such as light bulb regulation, proxy access rules, community reinvestment mandates, network neutrality, and implement tort reform including putting monetary caps on non-economic damage awards---and putting in place a one year regulatory moratorium. And the “Super Committee”, once again as a start, should imitate the recent House Appropriations draft FY2012 LHHS funding bill that eliminates funding for Project Labor Agreements (PLA’s), ergonomics, paying federal employees while conducting official union activities and NLRB authorized “quickie” union elections.

Reform the tax code by broadening the tax base **without raising taxes**. Cut personal and corporate tax rates while phasing out most deductions and all loopholes while avoiding any stealth tax increases. The U.S. corporate tax rate is the highest in the world and corporations lose incentives to invest while regulations promulgated by EPA, DOL and the NLRB inhibit entrepreneurial risk takers and undermine confidence and stability.

**OBAMA POLICIES HAVE MADE THINGS WORSE:**

Since taking office in January 2009 the following items have **increased**:

- Federal Spending--from \$2.5 trillion to \$3.3 trillion
- Federal Deficit—from \$642 billion to \$1.7 trillion
- Federal Debt—from \$10 trillion to \$14.8 trillion
- Foreclosures—topped 1 million in 2010 for the first time in history
- Gas prices—over 110%
- Health Care Insurance Premiums—9% in 2011 over last year
- Number of payments to dead federal retirees—ranges from \$100m to \$150m per year
- Poverty—15.1% of Americans (highest rate in 28 years)
- Unemployment—above 9% for 26 of the last 28 months
- Regulations—published over 80,000 pages in Federal Register—highest number since 2000 (last year of Clinton Administration)

**Number of Americans who think the country is headed in the right direction: less than 20%**

### **The Conservative Action Project:**

Edwin Meese III, former Attorney General  
 Al Cardenas, Chairman, American Conservative Union  
 David N. Bossie, President, Citizens United  
 William Wilson, President, Americans for Limited Government  
 Duane Parde, President, National Taxpayers Union  
 Penny Young Nance, CEO, Concerned Women for America  
 Chris Littleton, Co-Founder, Ohio Liberty Council  
 James Martin, Chairman, 60 Plus Association  
 David Williams, President, Taxpayers Protection Alliance  
 Alan Gottlieb, President, Center for the Defense of Free Enterprise  
 Becky Norton Dunlop, former Reagan Administration official  
 Brent Bozell, President, ForAmerica  
 Elaine Donnelly, President, Center for Military Readiness  
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 Cliff May, former RNC Communication Director  
 Susan Carleson, Chairman & CEO, American Civil Rights Union

Tom Winter, Editor-in-Chief, Human Events  
Bill Pascoe, Executive Vice President, Citizens for the Republic  
(All organizations listed for identification purposes only)

“We are very, very opposed to that, so we would be very uncomfortable with transitioning business taxes over to a VAT,” said ATR tax policy director Ryan Ellis. “It’s pretty easy to raise that rate of the VAT when you’re in a budget crunch.”

Likewise, FreedomWorks legislative counsel Dean Clancy [wrote a blog post](#) last week hitting the plan for its practicality — or lack thereof. Clancy noted that Cain wants to eliminate the income tax too, which Clancy argues would require a 25 percent sales tax to maintain current revenue levels.

Clancy also contends that the sales tax represents the dreaded value-added tax, which many conservatives argue is the worst tax of all.

“It’s the most insidious of all taxes, because it is built into the price of everything and consumers can’t see how much of the price is due to the tax,” Clancy writes.

Asked if Clancy’s position was the official position of the tea party-aligned group, FreedomWorks spokeswoman Jackie Bodnar said, “I think it would be fair to say that’s the consensus around here.”

[Added](#) Cato tax policy director studies director Chris Edwards, in an interview with Bloomberg: “The business base would be much broader because businesses don’t get a wage deduction, but then it would be narrower because they get to deduct dividends paid to shareholders,” Edwards said. “That’s a significantly different base.”

Likewise, some conservative bloggers, including RedState.com’s [Ben Howe](#), the Daily Caller’s [Matt Lewis](#) and Townhall.com’s [Guy Benson](#), have said the plan is a non-starter.

“Cain is correct in arguing that fixing our tax system will require fundamental reform,” Lewis writes. “His mistake is in proposing — as Bachmann said — to ‘give Congress another pipeline for revenue.’”

Added Benson: “If you don’t exempt basic staples, the sales tax could amount to a major tax hike on the working poor and middle class -- an obviously problematic outcome.”

Not everyone has been so critical, of course. The fiscally-conservative Club for Growth earlier this year gave Cain [generally positive marks](#) for his economic rhetoric, while stressing that it was based only on his words and not on a public record.

The review came out before Cain launched his 9-9-9 plan, though. Club spokesman Barney Keller said the group was reserving judgment on the plan, while praising its ingenuity.

“His 9-9-9 plan is bold, intriguing and appears strongly pro-growth,” Keller said. “We look forward to reviewing it in more detail in the future.”

Now, it’s important to note that these groups and people won’t necessarily turn your average voter off from Cain. That’s because most voters don’t dig far enough into the details of Cain’s plan to read these reviews. (See [our piece this morning on the political savvy behind 9-9-9.](#))

But if a consensus grows among top conservative thinkers that Cain’s plan is not a serious one or that it could lead to trouble down the road -- most likely through that sales tax — it could cause problems for the Republican contender.

Right now, Cain is on the cusp of being considered a legitimate top tier candidate, and if his economic plan isn’t seen as the work of a serious candidate, he may not get the time of day with important donors, activists and opinion-makers.

Cain has already hamstrung himself in that regard by refusing to release his list of economic advisers (he names one: [Rich Lowrie](#)). That leads to the perception that the former *chairman* of the board of directors of the Kansas City *Federal Reserve* doesn’t have smart people in his inner circle.

In the end, his plan will be evaluated on its merits; and right now, it’s not getting sterling reviews.

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