



How Rand Paul Deviates from His Libertarian Dad on Economic Policy

He is more often aligned with the Republican Party's conservative base than its libertarian wing when it comes to economic policy.

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When it comes to economic policy, U.S. Senator Rand Paul isn't his father's libertarian.

As Paul unveils plans to run for president on Tuesday, he's framing his candidacy as that of an outsider, the antidote to the Washington establishment. His slogan: "Defeat the Washington machine. Unleash the American Dream."

At its most basic level, that motto would have applied to the 2008 and 2012 presidential campaigns of his father, former U.S. Representative Ron Paul, whose iconoclastic political beliefs inspired a dedicated army of libertarians activists to give their time and treasure to his cause.

But two-thirds of the way through his first Senate term, Paul the Younger has pursued a somewhat more moderate, politically pragmatic economic course and shown far more willingness to work within the system he now wants to dismantle.

His attempt to satisfy the libertarian wing of the Republican Party, while scoring well with its traditional deal-making center, underscores the balancing act facing Paul as he takes aim at the White House. Paul's ability to leverage the energy of libertarian loyalists while still appealing to the typical Republican primary voters will help determine the success of his campaign.

"He's a libertarian," Stephen Moore, the chief economist for the Heritage Foundation and an informal adviser to Paul, said in an interview. "But he understands he has to broaden his reach beyond the traditional, hard-core, anti-government base of his father."

Paul himself has noted the overlap that exists between conservative and liberal activists on some economic policy. "The origins of the Tea Party and the Occupy Wall Street movement really had

some commonality, and that commonality was that government shouldn't bail out Big Business," Paul said in an interview with Bloomberg Businessweek in 2013. "It has been a part of the early message of the Tea Party, but the Republican Party hasn't captured that message.

"The average guy who's working class is not real excited about paying taxes and sending it out to bail out a guy who makes \$100 million a year," he said. "And so I think the Republican message should be that we treat people the same whether you're a small business person, a working-class guy, or a big bank on Wall Street."

Paul, 52, has split from his party on some issues, such as foreign policy and civil liberties. But on economic ones, he's portrayed himself more as a conservative deal-maker and less of an inheritor of his father's policy.

Ron Paul, for instance, wanted to shutdown the IRS and eliminate income taxes. Rand Paul wants to cut the tax code, but replace it with a 17 percent flat tax. A revamp of Paul's flat tax plan, which a spokesman said was still a few weeks from completion, may be among the first major policy proposals of his presidential campaign. At the Conservative Political Action Conference earlier this year, Paul promised "largest tax cut in American history."

After the party's victories in the 2014 midterm elections, Paul called for Republicans and Democrats to come together to let U.S. companies bring home as much as \$2 trillion in offshore cash stockpiles at a reduced tax rate.

That plan, on which he teamed up with Senator Barbara Boxer, a California Democrat, would use new revenue to fund highways. President Barack Obama also has called for using taxes on overseas profits to fund infrastructure, but Obama wants more permanent changes to make it harder for companies to push future profits out of the country.

Further pressing his message of revitalization, Paul traveled to Detroit in 2013 to promote legislation to create "economic freedom zones" in the nation's most distressed cities. Modeled loosely on the "enterprise zones" pushed by former President George H.W. Bush's housing secretary, Jack Kemp, Paul's plan includes a similar set of breaks.

Among current U.S. senators, only Mike Lee of Utah has a higher lifetime rating than Paul from the Club for Growth, which promotes free-market policies and often criticizes Republican leadership for not doing the same.

Yet Paul also has relatively good grades from the U.S. Chamber of Commerce, which is more closely aligned to traditional Republican business interests. After the 2013 legislative session, the most recent chamber scorecard available, Paul's score was equal to or higher than three-fourths of his fellow Senate Republicans.

“Something people ought to understand about Rand Paul is that he's made a tactical decision to work more inside the existing system,” said Daniel J. Mitchell, a senior fellow with the libertarian Cato Institute.

On economic policy, Paul may be most well-known for his legislation that would require audits of the Federal Reserve.

At a February rally in Iowa, which holds the country's first presidential nominating contest, Paul likened the nation's central bank to Lehman Brothers, and linked its policies to economic inequality and the decline of the dollar.

Paul's father didn't just want to audit the central bank. His 2009 best-seller, *End the Fed*, was a blistering libertarian broadside in which he called for abolishing the Federal Reserve, freezing the money stock, and reintroducing a gold standard. “All around the country, people are gathering outside Federal Reserve buildings to protest against the power, secrecy and operations of the Fed, and chanting this great slogan,” Ron Paul wrote. “Their goal is not reform but revolution.”

As a senator, Paul has repeatedly refused to vote for budget proposals that don't quickly eliminate deficit spending, including ones authored by Representative Paul Ryan, the 2012 Republican vice presidential nominee who's widely considered the GOP's leading light on taxes and budgets.

Paul has instead offered his own budget plans since taking office that propose to balance the budget with annual cuts that would eviscerate the departments of Energy, Education, Housing and Urban Development and Commerce, among others.

Paul's budget would also convert federal spending on Medicaid, food stamps and the Children's Health Insurance Program into block grants to the states, raise the Social Security retirement age by adopting “longevity indexing,” and, at least until recently, substantially cut the Pentagon budget. Last month, he reversed himself and called for increasing defense spending by \$190 billion over the next two years, which he paired with cuts to foreign aid, the National Science Foundation, and the Environmental Protection Agency.

Moore described Paul's economic position as “libertarianism plus.”

Asked for an example of the “plus,” Moore said that Paul is “pro-life” when the traditional libertarian position is pro-choice. He also cited the co-sponsored corporate tax proposal, which he said a traditional libertarian would opposed for failing to eliminate the tax altogether.

“This is a man,” Moore said of Rand Paul, “who starts with 20 percent of the Republican party, the energized libertarian base. He realizes that his challenge is to expand that to 30 then 40 then 50 percent of the party. That's what's driving him.”