

## It's Romney Vs. Ryan on Taxes, But They Both Could Be Right

By IRA STOLL, Special to the Sun | October 15, 2012

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Maybe the next debate should be between Mitt Romney and his running mate, Paul Ryan, about what exactly is in their tax plan.

Consider the following contradiction:

“My plan is not like anything that's been tried before. My plan is to bring down rates but also bring down deductions and exemptions and credits at the same time so the revenue stays in.” — Mitt Romney, Presidential Debate, October 3, 2012.

**“REP. RYAN:** It is mathematically possible. It's been done before. It's precisely what we're proposing.

**VICE PRESIDENT BIDEN:** (Chuckles.) It has never been done before.

**REP. RYAN:** It's been done a couple of times, actually.

**VICE PRESIDENT BIDEN:** It has never been done before.

**REP. RYAN:** Jack Kennedy lowered tax rates, increased growth. Ronald Reagan —“

—Vice Presidential Debate, October 11, 2012.

Got that? Mr. Romney says, “My plan is not like anything that's been tried before.” Mr. Ryan says, “it's been done before.” Vice President Biden agrees with Mr. Romney and disagrees with Mr. Ryan.

Well, guys, which one is it? It would be nice to get a clear explanation from the Romney-Ryan campaign before the election, so voters who care about the tax and budget issue can decide.

I've closely followed the Washington debate over taxes, growth, and revenues for nearly two decades now, and even I was so baffled by this situation that I had to call bigger brains than mine for reinforcement.

I got the Cato Institute's Daniel Mitchell on the line after the Romney debate, and Mr. Mitchell told me that on taxes, "I'm not quite clear what Romney is saying." Mr. Mitchell said that as a practical matter, given the retiring baby boom and the size of the deficits left by George W. Bush and President Obama, "I'm not overly optimistic that tax cuts, at least in any significant sense, are likely."

I played phone tag with Americans for Tax Reform's Grover Norquist, who left me a voicemail message to the effect that he thought Mr. Romney was explaining revenue-neutral tax reform in words that were addressed to independent, nonaligned, undecided voters.

Mr. Mitchell's comments and Mr. Norquist's were helpful enough that I've now come up with at least a few possible explanations for the Ryan-Romney divide on whether their tax approach has been tried before.

One explanation is that the difference is intentional. The Eastwood Doctrine on Afghanistan policy allows candidate Romney to appeal both to Afghanistan hawks and Afghanistan doves at the same time, while deferring until after the election the question about what actually to do about the war, a decision that is bound to displease either the hawks or the doves. The approach on tax policy is similar. Mr. Ryan's invocation of the Reagan and Kennedy tax cuts is intended appeal to growth-oriented, supply-side tax cutters in the Republican base, while Mr. Romney's "not like anything that's been tried before" line is intended to appeal to Ross Perot-style deficit-and-debt hawks among independent voters.

Another possible explanation is that the difference is accidental — an unintended glimpse into a genuine, not-meant-for-show split between the two Republicans on the national ticket. For Mr. Ryan, a former aide to Jack Kemp, the history of the Reagan and Kennedy tax cuts increasing revenue is core personal ideology.

Mr. Romney has a more distant personal relationship to that history, and he doesn't see himself following as directly as Mr. Ryan does in the line of Irish-American tax-cutting politicians.

A third possibility is that there's genuine confusion about the history and the terminology. Is a tax "cut" a cut in tax rates, or in tax revenues? If revenues, are they revenues in nominal dollars, real dollars, or as a percentage of GDP, and over what period of time?

If Mr. Romney succeeds in passing a growth-generating tax cut while claiming it's "not like anything that's been tried before," he'll be right about one thing, at least — *that's* never been done before, at least not in recent history. Kennedy's aides cited the tax cuts of Treasury Secretary Andrew Mellon, who served under Harding, Coolidge, and Hoover. Reagan cited Kennedy's tax cuts. And George W. Bush cited Presidents Kennedy and Reagan.

Kennedy started out seeking both tax reform and tax cuts but eventually settled mainly for the rate cuts, partly on the grounds that the rate cuts themselves, by reducing the value of the tax deductions, amount to a kind of reform. If Messrs. Ryan and Romney find themselves in the White House in a few months, they may find themselves realizing that they are both right, in different ways. Mr. Ryan is correct that there are useful historical precedents. Mr. Romney's correct, too, that each president is, in his own way, breaking new historical ground.

*Mr. Stoll is editor of FutureOfCapitalism.com.*