

Nothing is certain but Republican opposition to tax hikes

W. James Antle III

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Benjamin Franklin famously observed that "in this world, nothing can be said to be certain, except death and taxes." Republican politicians' opposition to raising the latter, and seeking to cut them whenever possible, may now come in a close third. "God put the Republican Party on Earth to cut taxes," veteran conservative columnist Robert Novak once said. "If they don't do that, they have no useful function."

The GOP's antipathy to tax hikes has survived a wave of populism in the party that has put free trade, balanced budgets, and Paul Ryan-style entitlement reform on the chopping block. "Woke capitalism" and anti-conservative trends in technology companies have caused some Republicans to question bigness in business as well as government. The conservative smart set speaks in disparaging tones about the party remaining in the grips of "free market orthodoxy." Yet the line on taxes has held.

Former President Donald Trump is a case in point. He broke with former President George W. Bush on trade, immigration, and, to a lesser extent, foreign policy. But on fiscal policy, Trump offered much the same mix of deficit spending and tax cuts. His central legislative achievement was the Tax Cuts and Jobs Act of 2017, which, among other things, lowered the corporate tax rate to 21%.

One supply-side evangelist who has helped Republicans keep the faith on taxes is Grover Norquist, the longtime leader of Americans for Tax Reform. His organization's Taxpayer Protection Pledge, signed by 44 senators, 178 House members, and 13 governors across the country, has committed most Republicans to swear off tax increases. He argued that the party's electoral track record since taking this stance speaks for itself.

"Nineteen ninety-four was the year that the Republican Party became the party that would not raise your taxes," Norquist said, referring to the election in which Republicans won their first House majority in 40 years. Between 1933 and 1995, Republicans controlled a chamber of Congress just four out of 62 years. From 1995 to 2021, the GOP held at least one chamber 16 out of 26 years. Democratic tax increases have frequently been followed by Republican victories, at least in the midterm elections.

"Two or three years of Bill Clinton, then he gets wiped out. Two or three years of Barack Obama, then he gets wiped out," Norquist said. "Two or three years of Joe Biden, then we'll see what happens." Every Republican president since Ronald Reagan, however, has signed tax cuts into law.

"Why do congressional Republicans consistently fight against higher taxes, even though they favor spending almost as much as the Democrats do?" asked Chris Edwards, a tax policy expert at the libertarian Cato Institute and the editor of *Downsizing Government*. He then supplied a few answers.

"Partly because GOP members know it is a unifying force across a party that has disparate views on other issues, such as immigration and foreign policy," Edwards said. "Partly because the nation's 30 million small businesses are a key GOP constituency. Partly because Republican voters view taxes as a key reason to get out and vote. Partly because Kevin Brady has done a fantastic job as GOP tax policy leader on the House Ways and Means Committee. Partly because Republican members hear anti-tax messages from many conservative and libertarian research and lobby jobs, but there are fewer anti-spending voices in D.C. and their districts."

Norquist concurred there were more "places to hide" on spending and that the issue was similar on trade. "There is no NRA for free trade," he said. "There is no ATR for tariffs. There is no National Right to Life for free trade."

"We were never the anti-tariff party," Norquist added. "We were the tariff party. The party of the North was the party of tariffs, and that became the Republican Party." The GOP did become more resistant to tariff hikes in the years between Reagan and Trump, but even then, exceptions were often made to protect companies, ranging from the motorcycle manufacturer Harley-Davidson in the 1980s to the steel industry under Bush.

It wasn't always this way on taxes, either. As the party of the business community, Republicans often prioritized deficit reduction even if it meant raising taxes. This proved true as late as when President George H.W. Bush broke his "no new taxes" pledge in 1990, and it has sometimes remained true at the state level.

"[Barry] Goldwater voted against the Kennedy tax cut," Norquist said. "[Dwight] Eisenhower stopped the Taft tax cut and tried to raise taxes." He said the Taxpayer Protection Pledge had a simplicity that can be seen on few other issues, including guns and abortion, to say nothing of complicated policies such as trade deals.

Some conservative thinkers would like to see Republicans rethink tax cuts today, even though they have few allies among elected officials. "Republicans are going to focus on economic growth and focus on how we're the party of tax cuts and not tax hikes," tweeted House Republican Conference Chairwoman Elise Stefanik of New York. "We need to focus on job creation, not policies that create higher taxes, leading to job losses."

Oren Cass, a former domestic policy adviser to Sen. Mitt Romney's 2012 presidential campaign who now serves as executive director of the conservative reform group American Compass,

responded that this thinking was outdated. "The GOP has been cutting taxes for 40 years," Cass tweeted. "The federal tax burden is way down. Also down in recent decades? Economic growth. Wage growth. Investment."

"But the economy needs so much more than just tax cuts, especially in policy areas that Republicans have thought little about compared to cutting taxes," wrote James Pethokoukis, a senior fellow at the American Enterprise Institute, in 2017.

Many Republicans look at inflation, labor shortages, and economic uncertainty and believe a revived Democratic Left may revive the conditions that led to Reagan's election in 1980.

With Biden and congressional Democrats pushing a mix of large tax and spending increases ahead of the midterm elections, expect Norquist and Novak to get the last word over Cass and Pethokoukis for the foreseeable future.