



## AMERICANS FOR TAX REFORM

### **On Taxes – In Their Own Words**

Second Republican Debate

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University of South Carolina

Fox News Channel

WENDELL GOLER (Fox News): Gentlemen, we have a series of questions on the economy, the budget, taxes and entitlements. And I have one for each of you, starting with you, Governor Romney. Your critics have called you "flip-flop Mitt" for, among other things, your decision to take the "no new taxes" pledge this year after refusing to do so in 2002. Tell me why your decision to take the pledge shouldn't be seen as a blatant appeal to the party base, sir?

MR. ROMNEY: I want to make it very clear that I'm not going to raise taxes.

As governor of Massachusetts, I made it very clear there, and I did not raise taxes. We faced a huge budget gap, and I went in and said, you know, what? I know some people want to raise taxes, but that's going to hurt working families and scare away jobs. I recognize that raising taxes could also lead to a slowdown in our economy, and so we didn't do it. We balanced our budget, and that's exactly what I'll do with the federal government. The key thing you have to consider, as you look at what's happening in the federal government, is that Washington is broken. We need to have fundamental change in the way business in Washington is carried out. What that means is we're going to have to have leadership that can reorganize the government. We're going to have about 40 percent of the government employees turn over in the next couple of terms. And if we can -- we can reduce the employment there, but more importantly, is to go through all the agencies, all the departments, all the programs and cut out the unnecessary and the wasteful. We're also going to have to do something we talk about on in Iraq. We all talked about benchmarks. Well, how about benchmarks in Washington? Let's lay out what we're going to get done, and instead of just talking about the same old same old, let's streamline and make Washington more efficient.

SEN. MCCAIN: Well, first of all, I didn't say that I was wrong. I said that the reason why I opposed those tax cuts was because we didn't rein in spending. And the fact is the tax cuts have dramatically increased revenues. If we don't make them permanent, then every business, farm and family in America will have to adjust their budgets to what is in effect a tax increase. In 2001, I proposed massive tax cuts, but I also proposed to rein in spending. Spending is out of control. We didn't lose the 2006 election because of the war in Iraq; we lost it because we in the Republican Party came to Washington to change government and government changed us. We let spending go out of control. We spent money like a drunken sailor, although I never knew a sailor drunk or sober with the imagination of my colleagues. By the way, I received -- (laughter) -- I received an e-mail not long ago from a fellow who said -- I repeat this story -- "As a former drunken sailor, I resent the way that Congress continues being compared to members of Congress." (Laughter, applause.)

MR. GOLER: Governor Huckabee, the alternative minimum tax caught 4 million people this year; it'll get 23 million next year unless Congress acts. How would you eliminate the tax without raising the budget deficit, sir?

MR. HUCKABEE: Well, the simplest way is an active fair tax. That's the first thing I'd love to do as president, put a "Going Out of Business" sign on the Internal Revenue Service and stop the \$10 billion a year that it costs just for them to operate. If we had a fair tax, it would eliminate not just the alternative minimum tax, personal income tax, corporate tax, it would eliminate all the various taxes that are hidden in our system, and Americans don't realize what they're paying. It wouldn't be a revenue increase or a revenue decrease, revenue neutral. But it also enables people at the lowest end of the economic spectrum to have a chance to reach the next rung on the ladder. It's the best proposal that we ought to have, because it's flatter, it's fairer, it's finite, it's family-friendly. And instead what we've done is what Senator McCain has suggested. We've had Congress that's spent money like Edwards at a beauty shop. (Laughter.) And it's high time that we have a different kind of tax structure, and the fair tax would get us there.

MR. GOLER: Mayor Giuliani –

MR. GIULIANI: Yes.

MR. GOLER: -- you get the credit for killing the line-item veto. You fought and won when it pinched New York. And yet in your administration, spending for the city rose even before 9/11, after which it soared. Show me where you exercise fiscal discipline, sir.

MR. GIULIANI: Well, as the Club for Growth pointed out yesterday in the report they did on me, I ran probably one of the most fiscally conservative governments in the last 30 or 40 years. Spending actually decreased in comparison to the increase in population and inflation. Spending in New York City decreased more than just about any other state, considerably less than the federal government, while I was the mayor. I lowered taxes 23 times. And I'd have to point out to you, Wendell, I did it in a place where it's real hard to do it. If you can lower spending in New York City, Washington is easier than New York City to deal with! And finally, I put controls on every one of the city agencies, which is what I would do in Washington. I'd do Reagan-like across-the-board budget cuts 5 to 20 percent. And there's a great opportunity that we have coming up. About 50 percent, just about 50 percent of the federal employees are going to retire in the next 10 years, during the term of, maybe, one of us. And we have the opportunity of not refilling all those positions. And I would pledge not to refill 50 percent of them.

MR. GOLER: Governor Thompson, Brian from Fort Wayne asks this question via the internet, a question about controlling government spending. Some of your critics say you lack fiscal discipline. Tell me three federal programs you consider wasteful and would eliminate.

MR. THOMPSON: Well, first off, you've got to realize where I come from. I'm the only candidate up here that has over 1,900 vetoes. I've had more vetoes than all of the candidates on the both the Republican and Democratic side. I've reduced taxes by 16-and-a-half billion dollars when I was governor of the state of Wisconsin, and I've reduced spending. And I also cut taxes wherever I possibly could. There are several programs that need to be cut in Washington, several of those in my former department. I would first make every agency come in with a budget at 95 percent of last year's budget and one at 100 percent. And you will be able to use that category and that exercise in order to reduce budgets all across the line. There are many ways to do it, and there are so many programs that need to be reduced and eliminated; because what happens in Washington, Wendell, is that programs get started, nobody ever supervises those or looks at them and tries to find ways to eliminate them. But there are many departments that could absolutely have programs that could be eliminated.

MR. WALLACE: Governor Huckabee, you got slammed for raising taxes. How do you respond, sir?

MR. HUCKABEE: Well, it's a form of flattery to be attacked, but I wish my name would get in the moniker that Governor Gilmore is putting out there. I could use the bump. (Laughter.) But the truth is I cut taxes 94 times when I was governor. Yes, we raised gasoline taxes in my state to build a road program that we desperately needed, but 80 percent of the people of my state voted for it. Do I apologize for going along with what 80 percent of the people of my state supported? No. Nor do I anyway apologize for building roads.

Do I apologize for complying with a Supreme Court order to improve education in a state that desperately needed it? Of course I don't, because our education system did improve. But I don't also apologize for being a Republican governor in a very Democrat state and getting 94 different tax decreases, the first ever in my state's history, done. And I think that's a pretty doggone good record.

MR. HUME: Congressman Paul, one last question for you on this. The president believed after 9/11 that the tax cuts that he had put in place were helpful in softening the economic downturn that occurred, and allowing the United States economy to rise out of it. Would you propose -- what economic policies would you propose under this scenario to avert or soften a recession?

REP. PAUL: Well, the lower the taxes the better, and I think cutting taxes would be beneficial. But we should find places where we could cut spending as well, because eventually a deficit can be very, very harmful to us. But you know, I think it's interesting talking about torture here in that it's become enhanced interrogation technique. It sounds like Newspeak. Nobody's for the torture, and I think that's important. But as far as taking care of a problem like this, the president has the authority to do that. If we're under imminent attack, the president can take that upon himself to do it. But just think. We gave the president authority to go into Afghanistan, and here we have Osama bin Laden in Pakistan. They have nuclear weapons, and we're giving them money. And we forgot about him, and now we're over in -- in Iraq in a war that's bogging us down, and we have forgotten against -- about dealing with the people that attacked us. (Bell rings.) And here you have a hypothetical attack that you're dealing with; we ought to be dealing with the one we have right now on our hands.