



News from THE RIPON SOCIETY

August 3, 2011

Senators Dan Coats & Ron Wyden Tout Importance of Tax Reform at Ripon Society Policy Breakfast Bipartisan duo say it will not only help create jobs and spur economic growth, but could help bring the parties together as well

WASHINGTON, DC -- Republican Senator Dan Coats of Indiana and Democratic Senator Ron Wyden of Oregon spoke at a Ripon Society Policy Breakfast on July 28th to discuss a tax reform bill they have introduced -- a bill that, they say, would not only help create jobs and spur economic growth, but, in this polarized political environment, could help bring both political parties together, as well. Below is a transcript of their opening remarks.

SENATOR WYDEN: My sense is that tax reform can be the ice breaker in the Congress both in terms of economics and in terms of politics. In terms of economics, both Democrats and Republicans understand that this tax system is dysfunctional. They both understand that it is anti-growth. Both understand that it doesn't give the people of our country individuals, businesses the certainty and predictability that they need. The other day the *Wall Street Journal* said that the only thing that is permanent about the tax code is that it's impermanent. So the fundamentals with respect to economics the same thing would be true with simplicity, the bureaucratic water torture of filling out these tax forms. Both Democrats and Republicans understand that this system is broken. In terms of the politics, when you look at tough complicated issues, people always try to say, "Well, what do we do? Is there any history of this? Does anybody have a sense about how to go forward?" We've done this before folks!

A quarter century ago, another tall Democrat on the Finance Committee, with quite a bit better jump shot than me, got together with a conservative Republican President, and right away they agreed on the fundamentals which was you had to sweep out a ton of clutter, special interest tax breaks, to hold down the rates for everybody, and keep progressivity. The issue today is no different. Those are still the fundamentals. I serve on the finance committee, virtually all the witnesses that come before us, I ask, "do you still think that frame: clean out the clutter, hold down rates for everybody, keep progressivity, is valid today like it was in 1986?" And across the board, they do. This is backed up by the commission that President George W. Bush had, where Connie Mack, a Republican, and John Breaux, a Democrat, came to the same conclusion. This is backed up by the commission that President Obama had that came to the same conclusion. We've done this before. So what Dan and I have been trying to do now for these many

**"My sense is that tax reform
can be the ice breaker in the
Congress both in terms of
economics and in terms
of politics."**

Senator Wyden



Senator Wyden delivers opening remarks at The Ripon Society Policy Breakfast on Tax Reform on July 28th.

months is to try and lock in an agreement, Democrats and Republicans, so this will be priority business in the fall and for the rest of the Congress. We never said, "Oh, let's rush out and write a tax reform bill between now and August 2nd," trying to rush this. It ought to be priority business for the fall and it ought to be priority business for the rest of the Congress.

Last point that I would make, I know you're going to ask a lot of questions about the specifics, and the last thing is the thing which Dan and I feel most strongly about. Tax reform is about jobs. It's about the number one issue that people talk about around the kitchen table in Indiana, Ohio, Oregon, or anywhere else. People in my state are not immersed in these technical issues about what percentage of GDP or government spending and so forth; they want to know how we are going to grow permanent, private sector jobs. Again, the history here is very good. In the two years after President Ronald Reagan and the Democrats got together on tax reform we created, according to the Bureau of Labor Statistics, 6.3 million new jobs. That sounds pretty good right now. Nobody is going to claim that tax reform is responsible for every one of those jobs. There's monetary policy, there's a host of other issues, but boy it sure sounds good that on the tax reform watch 24 months after tax reform went into effect, it was a jobs producer.

We had a hearing in the Finance Committee yesterday with all the corporate CEOs coming in. I was very pleased that they got the heart of the message which was they would give up tax breaks that they now get in return for holding down rates and the basic principles of tax reform. So we are ready to go folks. The question is trying to

make sure that the importance and relevance of this issue penetrates, as Susan said, all of the back and forth and the nastiness of polarization.

As far as the cause of trying to get the message out and to give you an idea of Dan Coats' commitment to bipartisanship and jobs and growth, Dan called me before he was sworn in, he called me, and I had just had my prostate out, and he called me and said, "You've been a pal for years. I'm really looking forward to you being healthy AND working on tax reform!" So I have the best possible partner in the United States. Give a big round of applause for my friend, Dan Coats.

SENATOR COATS: It's a pleasure for me to be standing here; to be in this room and see so many friends that I've served with, Bill Frenzel, Nancy, and others; a lot of people who made it possible for me to be in the Congress, and then in the Senate, and then the most unlikely of all stories to come back to the Senate. It feels really good to be among friends in this room. Dan Howard is my tax guy who works with Ron's. My chief of staff Dean Hingson, he's already been mentioned here.

I got a call from Judd Gregg, who as you know was leaving the Senate. He said, "You know Ron and I have been working together in building a comprehensive tax reform for two years, grinding it out. Meeting all the time, massaging this, tweaking that, putting something together that can genuinely be called a comprehensive tax reform, built on the principle of growth and providing a boost to the economy and getting sensible tax policies in place that can accomplish that based on historical precedents," Ron has already mentioned. "We've come a long way, and someone needs to take the baton from me and carry it in the Senate in a bipartisan way. You really ought to take a look at this."

So I had several talks with Judd, looked at the proposal as it existed then, and we worked some things where I had some questions and from that point forward we've been going forward with this on a bipartisan basis, really a nonpartisan basis, because it's more than bipartisan. It's nonpartisan. There's no reason why people have to divide this along any kind of partisan line. It's based on the basic principles which underlay this whole tax reform.

Simplicity -- we could go through the details of simplicity. I don't have to spend time telling you how complex our tax code is, how many hours are spent by how many people. The fact that most people have to call up a number somewhere to get people to fill out their tax forms. I had three tax courses in law school, and I can't fill out my tax form and have any reassurance that it's anywhere close to what it ought to be. Fairness -- we have kept progressivity in there, but we've looked at how we can keep this fair. Growth oriented -- of course underlies all of that, all of the policies we have in there to try and accomplish that. Revenue neutral -- we didn't want to get into a fight about revenue; raise revenue, cut taxes or whatever. It is revenue neutral. I think the most important thing is it's not locked in cement. This isn't a take it or leave it proposition. We are open for business. We are open to listen to anybody who walks into our door and says this provision you have here, I'll tell you how it affects my business. Well let me tell you, then we talk it through, we are open to suggestions. So we talk to our colleagues in the Senate and hopefully in the House. We say to them, "This isn't take it or leave it or written in cement. If you have concerns about it, let's sit down and see if we can work out a provision." And that's the way it's going to get passed.

"Comprehensive tax reform has to be an integral part of fixing this fiscal mess that we're in."

Senator Coats



Senator Coats delivers opening remarks at The Ripon Society Policy Breakfast on Tax Reform on July 28th.

Now lastly, let me just say, there's almost unanimous consensus, I guess that's an oxy- or a double-moron, or whatever -- my wife knows the term for that, she's always reminding me on the grammar stuff. The fact is, it stands as consensus that comprehensive tax reform has to be an integral part of fixing this fiscal mess that we're in. I think that's what's going to drive this, and one of the things Ron and I have been trying to do is inform and advise and encourage all of the various groups that are trying to put plans together to incorporate at least instructional information, and perhaps mandate it, language into whatever agreements finally come down in terms of how we move forward here for a commitment to comprehensive tax reform. You can't find an economist who doesn't say, or an analyst, or a nonpartisan someone looking at our current situation, that you can accomplish what you're trying to accomplish without tax reform. So I think we made some really significant progress on that, and appreciate the opportunity that you've given both of us to come here.

When I decided to run again, I didn't think that one of the first things that I would do, having been told for nine months during the campaign, "Don't you dare cross that aisle and talk to a Democrat because we're going to come over and take you back out of office!" One of the first things I do is not only call a Democrat, but call Ron Wyden, a Democrat who has some pretty good credentials on the other side of the ideological spectrum. But what a joy it has been to join up together in a product that I think we can honestly stand up and say we can take this out of politics and do what's right for America by going forward with this. Now there are tons of details to all of this and while we're happy to share all of that with you, I don't think we need to get into the weeds today.

We do appreciate the opportunity to come and speak, we do appreciate and look forward to those of you who represent various industries, various businesses, individuals, groups, and so forth of calling us up, working with us. Those of you who come by and say, "My boss says, 'How does this work? Our company gets hit by this. How do you guys respond to that?'" Like I said, we're open to business.

So thanks very much for allowing us to go over it. I think it's time to take some questions.

RS