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Myth, Memory and the Reagan Legacy: Taxes and the GOP

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The Republican Party tries to claim the Reagan mantle but it has moved so far to the right that it now inhabits its own parallel universe. On the planet that today’s GOP leaders call home, Reagan would qualify as one of those big-government, tax-and-spend liberals who are trying so hard to destroy the American way of life.

Some Republicans, I suppose, might be so enraptured by the Reagan legend that they are unaware of his actual record. I hate to break it to Sarah Palin, but Reagan raised taxes. Often. Sometimes by a lot.

-Eugene Robinson, Washington Post, 8 February 2011

The current train of thought in America is that Ronald Reagan was a great president who changed the nation’s political course. Conservative Republicans regard Reagan as the man who was most responsible for making conservatism a viable alternative to liberalism, and American public opinion holds Reagan in high regard. The 40th president’s 1981 inaugural address asserted that ‘government is not the solution…government is the problem.’ This bold claim has helped to shape the collective American memory of his presidency. Reagan’s presidency has left behind a legacy that has challenged the liberal notion that the state could and should do more with the conservative view that the state should do less.

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However, this legacy is used to pursue a myth that is perpetuated by falsifying Reagan’s presidential record on taxation.

Central to conservative lionization of Reagan is the historic tax cut that he signed into law in 1981. Far less remembered by the right is his record of rising taxes on multiple occasions thereafter to help offset the increasing deficit, caused in part due to his tax cut and increased defence spending. This perception of Reagan and taxes has been fuelled by the fact that a large number of eminent Republicans, notably Sarah Palin, Paul Ryan and Mitt Romney, refuse to acknowledge that Reagan raised taxes. Their blinkered view of Reagan’s tax record is not always convenient forgetfulness, but is also extremely strategic. The Republican brand draws on this myth, using a carefully chosen history calculated to evoke the lasting legacy of a great president. Through this, they gain popular support and the justification for maintaining a rigid political stance against Democratic initiatives. Most importantly, the Reagan myth allows the Grand Old Party (GOP) to manipulate the memory of his legacy to fit within the parameters of the conservative led desire to declare war against government itself in much the same way Reagan did against the “Evil Empire” – a battle for the heart and soul of America and all it stands for, especially the credo of freedom.³

The importance of taxes also needs to be considered within the wider ramifications of conservative Republican viewpoints on free-market economic issues such as deregulation, spending cuts and deunionisation – all of which indicate how conservatives believe America should function within a capitalist society.⁴ However, my focus in this piece is to illustrate specifically how the Reagan myth on taxes is central to the current conservative led justification for the GOP to vilify government itself. This myth is vital to the conservative argument against big government, which they justify as the core rationale for cutting taxes.
Reagan’s rhetoric against taxes and government allows conservatives to maintain that they are merely following in his footsteps.

The GOP memory of the Reagan myth is different from the overall importance Reagan had on the presidency and America. He changed the perception of conservatism and the GOP with his anti-government rhetoric in an opposite manner as Lyndon Johnson had done to southern conservatism when he signed civil rights legislation into law in 1964. Reagan embraced conservatism while Johnson’s Great Society was considered an assault against it. Reagan welcomed southern conservatives into a party that was perceived, for about a century, to be hostile to the southern way of life, beginning with the election of Abraham Lincoln in 1860 – a result which led many southern states to secede, as well as start the American Civil War. Another point that is also important – but not covered in this paper – is how Reagan was vital in helping to remake the Republican Party. The actual Reagan myth, however, is built on a false premise – the GOP avowal that he never raised taxes.

Building up the Reagan legacy has been an aspiration of conservative Republicans since at least 1994. George W. Bush claimed the mantle of Reagan’s legatee in the 2000 election campaign and wrapped himself even more closely in it in his 2004 re-election campaign that took place just five months after the former president’s death. Many of the GOP candidates in 2008 picked up where Bush left off in 2004, even though Mitt Romney, Rudi Giuliani, and John McCain all ran against the very same Reagan legacy earlier in their political careers. Sarah Palin, the 2008 Republican Vice-Presidential Candidate, even claimed: “Ronald Reagan faced an even worse recession [than the 2008 recession]. He showed us how to get out of one…Get federal spending under control, and then step aside and watch this economy roar back to life…Reagan showed courage when he stayed the course through the long recession of the early 1980s. Critics even in his own party told him
to abandon his tax cuts. He was confident they would work and they did.”

Palin’s credo regarding Reagan’s achievement has found even more assertive expression in Republican critiques of Barack Obama in his first term as president by asserting that their battle against taxes and government is a fight against the evils of too much taxation and government spending.

**The 112th Congress: Taxes, Deficits and the GOP**

Aside from employing the Reagan myth in presidential politics, it is also a valuable tool in congressional politics. As a result of the midterm elections of 2010, Congress was split between the Democratic controlled Senate and the Republican controlled House of Representatives. The new House Republican majority contained many conservatives who used the Reagan myth to fight any increase in taxes to bring down the national deficit. They also argued that any increase in taxes would directly lead to a decrease in jobs. Their opposition to tax increases was based on the premise that fewer taxes would lead to a direct increase in jobs, which would then lead to a greater economic growth and also decrease the deficit. The rationale behind their argument was that Reagan never compromised nor did he raise taxes to confront the deficit. Statements by House Speaker, John Boehner (R-OH), Majority Leader, Eric Cantor (R-VA) and Rep. Paul Ryan (R-WI) give credence to the myth.

Boehner leads the way in the House Republican refusal to acknowledge that Reagan raised taxes, and he reiterates how Reagan’s tax cuts were the driving force of economic growth in the 1980s. His remarks in the conclusion illustrate how he ignores any mention of Reagan raising taxes to reduce the deficit. When it came to the issue of taxes, Boehner refused to consider the notion of increasing taxes to help address the deficit. In this regard, he said,
Tax hikes are off the table. First of all: raising taxes is going to destroy jobs. If you raise taxes on the people that we need to grow our economy and to hire new workers, guess what: they’re not going to do it if they have to pay higher taxes to the federal government. Second, a tax hike cannot pass the U.S. House of Representatives. It’s not just a bad idea, it doesn’t have the votes and it can’t happen. And third, the American people don’t want us to raise taxes. They know that we’ve got a spending problem. That’s why Republicans passed a budget that pays down debt over time without raising taxes.\textsuperscript{9}

Boehner, as the Speaker of the House of Representatives, is the de facto leader of the congressional GOP. He is the most powerful GOP figure within Congress, along with the Senate Minority Leader Mitch McConnell (KY) and the House Majority Leader Eric Cantor. Boehner’s stance against taxes set the tone, not just for the Republican controlled House, but also the overall party position leading up to the 2012 presidential election. Boehner’s adversarial approach to tax increases further emboldened other Republicans to reiterate this as a party position against both President Obama and Senate Democrats.

Similarly, Rep. Cantor also did not believe in raising taxes to address the deficit. In a House debate with Steny Hoyer (D-MD), the Minority Whip, Cantor said,

We don’t believe that you promote growth in the economy by cranking up the government spending machine by taking money from people who earn it, washing it through Washington’s bureaucracy, and sending it back out. We don’t believe that.

We believe that growth is created through investment, through hard work in the private sector by entrepreneurs, small businessmen and-women, people who want to succeed but want to earn their success and are not waiting for government to grant it to them. So I would say to the gentleman, if the aim is for us to create more revenues, one word in response: It’s growth.\textsuperscript{10}

Cantor’s remark demonstrates how conservative rhetoric attempts to justify their rationale in claiming the free-market works best when the albatross of government is not a hindrance on public productivity. This then leads to the conservative claim that taxation is the greatest ploy used by Democrats. Conservatives maintain that raising taxes is a feeble attempt to deal
with budget deficits. Cantor, in another debate with Hoyer over raising taxes to address the deficit, also proclaimed:

But, look. If we disagree on that, if the gentleman thinks it’s good to raise taxes, then we have a disagreement. So let’s, instead, focus on areas where we can actually find common ground, and the common ground should be, as the gentleman suggests, on small business.\textsuperscript{11}

Cantor’s reluctance to compromise is further portrayed in a \textit{60 Minutes} interview. He is one of the Republican leaders who insist Reagan did not compromise his conservative principles. This was very evident during the interview which aired on 1 January 2012. The interview highlights on compromise and taxes included the following:\textsuperscript{12}

Lesley Stahl: So are you ready to compromise?

Eric Cantor.: I have always been ready to cooperate.

L.S.: What’s the difference between compromise and cooperate?

E.C.: I would say cooperate is let’s look to move things forward where we agree. Compromising principles, you don’t want to ask anyone to do that. That’s who they are as their core being.

L.S.: But you know, your idol as I’ve read anyway is Ronald Reagan and he compromised.

E.C.: He never compromised his principles.

L.S.: Well, he raised taxes and it was one of his principles not to raise taxes.

E.C.: Well he – he also cut taxes.

L.S.: But he did compromise.

In the background, Cantor’s press secretary then interrupted the interview from the background to refute the notion that Reagan raised taxes, asserting “That’s not true and I don’t want to let that stand.” Cantor’s refusal to admit Reagan raised taxes is so ingrained in the conservative psyche – as demonstrated by Cantor’s press secretary – that many adhere to the myth as if it is holy scripture, and to suggest otherwise is blasphemy. Aside from not wanting to compromise, Cantor especially did not want to compromise on raising taxes – as
was evident with his refusal to support the fiscal cliff compromise, which will be addressed later in this article. This conservative dogma serves as the guiding light of GOP strategy in dealing with any economic issues.

Rep. Ryan, who was also the 2012 Republican Vice-Presidential nominee, claimed in *The Path to Prosperity* that President Obama’s policies put America’s economic freedom in peril due to too much government taxation, spending and regulation of the free-market.\(^\text{13}\) Ryan’s remedy on taxes matched those of Cantor and Boehner by opposing tax increases, and was in favour of tax cuts, closing loopholes and especially cutting spending because “the U.S. government is not running sustained deficits because Americans are taxed too little, but rather because government spends too much.”\(^\text{14}\) On the subject of Reagan’s legacy, however, Ryan asserted:

Reagan’s major tax reforms, enacted with bipartisan support *without raising taxes* [emphasis added], proved to be a cornerstone of the unprecedented economic boom that occurred in the decade during his presidency and continue in the decade that followed.\(^\text{15}\)

Ryan contributed to the Reagan myth by omitting Reagan’s bipartisan tax increases that helped offset the growing deficits that occurred during Reagan’s presidency. Instead he focused on how Reagan’s tax cuts were the key factor which led to “the unprecedented economic boom.” Ryan also implied that Obama’s budget plan to deal with the deficit was the wrong way forward for America. He asserted that his “budget affirmatively rejects President Obama’s efforts to raise tax rates”, because raising taxes “reduces economic output”.\(^\text{16}\) Ryan went on to argue that Obama’s plan was the wrong way to proceed because his policies were the opposite of Reagan’s. Once again, Ryan declared that “President Reagan’s tax reforms inaugurated an era of great prosperity. It is time to build upon his leadership and advance a fundamental reform of the broken tax code as a critical step in rebuilding the foundations for economic growth: spending restraint, reasonable and
predicted regulations, sound money, and a simple tax code with low rates.”
Ryan was implying that Obama’s policies were “tax-and-spend” liberal policies which would lead to larger budget deficits and turn American into a bankrupt European state like Greece, whereas *The Path to Prosperity* budget would adhere to the legacy established by Reagan, one which would restore American prosperity.

The argument echoed repeatedly by Boehner, Cantor and Ryan brings to light how they use the Reagan myth as political cover to claim they are following the legacy he left behind – fighting, and winning, the war against big government tax and spend liberalism, which can only be achieved by cutting taxes, government spending and regulations, thus letting the free-market save America – as it supposedly did in the 1980s.

**The 2012 Presidential Election: Cutting Taxes and Economic Prosperity**

Building on a similar premise to the Republican House leadership, Reagan’s legacy and its myth was woven into the fabric of the 2012 presidential election. Rep. Michele Bachman (R-MN), at the time a GOP presidential candidate, proposed the following:

For my tax plan, I take a page out of one of my great economists that I admire, Ronald Reagan. […] And under my tax plan I want to adopt the Reagan tax plan. It brought the economic miracle of the 1980s. Why not go with what works? I want to reinstitute the Reagan tax model from the 1980s.

However, if that were to happen, Bachmann’s tax plan would have had to call for a tax increase to get back to the Reagan tax rates.
As Figure 1 demonstrates, the federal tax rates during Reagan’s presidency were higher than the beginning of Obama’s first term. The rates did not go up until the start of Obama’s second term. Therefore, staying true to Reagan-era taxes, Bachmann’s tax plan
would have been a tax hike instead of a tax cut. If Bachmann knew this to be true then why did she make such a bold claim? One likely scenario is that she actually believed Reagan only cut taxes, whereas the 2008 tax rates must have been higher due to the growth of government since Reagan left office. This assumption makes it more challenging for Democrats and Republicans to reach an agreement, providing the GOP (both in Congress and in public perception) with a rationale for unwavering conviction. In this case, the outcome of such a perception allows the GOP to hide behind the myth, while also claiming they are defending his legacy – which is to declare war on big government and its addiction to spending. Even though Bachmann failed to garner enough support for the GOP presidential nomination, the rhetoric she used became a centrepiece of the 2012 GOP presidential platform.

Once the primaries ended and Romney became the Republican presidential candidate, his tax plan audaciously claimed that if he were elected president, his plan would create 12 million new jobs in his first term. His claim asserted that only *his* plan would lead to American prosperity, a direct parallel to Reagan’s ‘morning in America’ theme for the 1984 presidential election. Romney was attempting to take hold of the Reagan legacy to convince enough voters that only he could deliver on this sort of premise, along with the notion that an Obama second term would lead the country into much darker days ahead.

Romney’s overall economic plan was titled “The Romney Program for Economic Recovery, Growth, and Jobs.” The plan claimed that “By changing course away from the policies of the current administration and ending economic uncertainty, as proposed by the Romney plan, we expect that the current recovery will align with the average gains of similar past recoveries. History shows that a recovery rooted in policies contained in the Romney plan will create about 12 million jobs in the first term of a Romney presidency.”

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Romney plan also asserted that “Policy responses in the early 1980s aimed not just at overcoming the 1981-1982 recession, but at overcoming the structural problems of the 1970s. By reducing domestic discretionary spending, setting out a three-year program to reduce tax rates, and alleviating the regulatory burden, policymakers sought to make it profitable to invest in America again. These principles match those in the Romney plan.”

The Romney job plan implied that it was modelled off of Reagan’s successful economic blueprint of the early 1980s where reducing government spending, cutting taxes and reducing government regulations were what made America great again. The plan also implied that a vote for Romney was also a vote for the Reagan legacy, whereas voting for Obama was a vote for the Jimmy Carter legacy, one of economic malaise and big government. The intent was to make the right choice an obvious one. However, Romney’s job plan built its economic premise on the myth of Reagan’s legacy with the bold assumption that only less government was responsible for the economic boom that occurred as a result of the Reagan presidency. Even though Romney is a moderate Republican, his campaign hid behind the Reagan legacy while pushing the strategy that massive tax cuts could be offset without raising additional revenues. The claims used in the Romney job plan proposed to “Reduce individual marginal income tax rates across-the-board by 20 percent,” with the assertion that his tax reforms would be “revenue-neutral,” instead of putting the American deficit much further into the red.

It was hardly a shock that “the liberal mainstream media,” such as the New York Times and the Washington Post, questioned the credibility of Romney’s tax plan. What was surprising was the sceptical reaction from pundits who are far from liberal, such as Chris Wallace of Fox News and Bruce Bartlett, a former economic adviser to Reagan.
Bartlett warned of the danger of the one-sided memory that is attributed to Reagan and taxes. He writes that soon after the 1981 tax cut, Reagan was pressured into endorsing the Tax Equity and Fiscal Responsibility Act of 1982 (likely the biggest historical tax increase in America, with 10 more to follow during his administration). “In the end, Reagan’s tax legacy fits neither the right-wing nor left-wing pigeonholes. Although he cut taxes when he could, he raised them when he had to. That’s something self-styled Reaganites today should remember.”

In October of 2012, Bartlett also criticized the Romney-Ryan tax plan after the Vice-Presidential debate. Bartlett observed how “Mitt Romney and his running mate, Paul Ryan, are quite consistent that their tax plan is just the elixir that the economy needs to jumpstart growth.” While he acknowledged that “there [was] similarity between the Reagan and Romney tax plans,” he insisted that “the idea that tax reform will jump-start an economy suffering from the after-effects of a cyclical downturn is nonsense.”

In common with other conservative Republican proposals, the Romney tax plan does not accurately portray Reagan’s record on taxation, spending and economic progress. They are asserting that Reaganomics was a domestic war against big government – spending, taxes and regulation – as a way to justify their position, making it seem less radical when taking the shape of Reagan’s mould. Why is this the case? What is the relevance of the Reagan myth?

Reagan’s Tax Legacy and Its Myth

According to Will Bunch, the Reagan myth on tax cuts is the political legacy that Reagan left behind. Bunch acknowledged that “The mythmakers are right in this sense: undoubtedly, the Reagan 1981 tax cuts – and the notion that cutting top tax rates and all taxes on corporations is the only acceptable policy direction – is the enduring legacy that he has bequeathed, at least in terms of public debate, to our modern politics,” he went on to state that “The legend of Reagan’s tax cut endures almost solely because it was a political turning
point, not an economic one. It was, quite accurately, an act of revolution. The tax cut may not have been an economic turning point, but conservatives believe it was economically – as well as politically – successful.—The 1981 tax cut is now part of the Republican mantra, which adheres to the belief that this tax cut was a vital first step to reviving the American economy in the 1980s.

Another view on the importance of the myth is John Sloan’s. Sloan argues that conservatives actually believe “Reagan’s policies worked miracles during the 1980s and should continue to be successful in the twenty-first century.” These “miracles” are based on tax cuts and a firm adherence to conservative ideology. However, Sloan concedes that this “is not a formula for a successful political system.” This is because “Operating under Reagan’s shadow, rigid and delusional behavior is defined as moral, and attempts to forge compromises are considered immoral. Reagan’s legacy inspires conservatives to champion ideologically based initiatives and condemn both reality-based thinking and pragmatic adjustments.” Nonetheless, when one judges Reagan on his actual record and not based on the championed myth, his true legacy would today leave him vulnerable to attacks from the very same conservatives who place him on a pedestal.

Whereas Bartlett supposed that “Reagan’s tax legacy fits neither the right-wing nor left-wing pigeonholes,” Sloan offers a different perspective by claiming that Reagan’s tax legacy was one which was a contradiction in itself, part tax cut mixed with tax reform and tax increases. Each one having been the largest of its kind – the 1981 tax cut, the 1982 tax increase and the 1986 tax reform. Meanwhile, W. Elliot Brownlee and C. Eugene Steuerle suggest that Reagan’s tax legacy was actually more progressive than it was regressive. Or put another way, it was more liberal than it was conservative. Nonetheless, Brownlee and Steuerle’s assessment also highlights the most regressive aspect of Reagan’s legacy, Reagan
wanted the 1981 tax cuts regardless of whether higher deficits were the end result. In this manner, the Reagan legacy was one which was content “coexisting with the deficit.”

These remarks offer an insight as to why conservative Republicans are reluctant to consent to tax increases. This would remove the simplicity they so adore about Reagan and taxes: he cut taxes and reduced America’s burden, which was caused by levels of taxation that were too high. They much prefer the more simplistic tale told by someone like Lawrence Kudlow, who ignores Reagan’s tax increases, and even Reagan’s closing of loopholes, to focus on defending his tax cuts and his record on the deficit. To this extent, Kudlow adds to the myth by claiming that Regan’s tax policies worked miracles. He defends them, and Reaganomics in general, by maintaining that “Reagan critics to this day continue to harp on deficits and debt, rather than the growth miracle produced by Reaganomics. But they are factually wrong. Reagan inherited a budget gap of roughly 2.5 per cent of the economy. By the end of his two terms, he left it exactly where he found it.” Kudlow’s defence conveniently ignores the reality that America was in recession in 1980 and in the 7th year of recovery in 1988, so the budget situation should have been much better in the latter than in the former. However, even if one agrees with Kudlow’s assertion that Reagan left office with relatively the same deficit as when he became president, he still omits the role that tax increases, as well as reducing tax loopholes, played in reducing Reagan’s deficit.

Another conservative who downplays Reagan’s deficit is the conservative historian Lee Edwards. Edwards claims that Reagan was misled into agreeing to the 1982 tax increase, while also asserting that the 1981 tax cut spurred an unprecedented period of economic growth “starting in the fall of 1982 and lasting until [2004],” which “is unprecedented in U.S. history.” Edwards places the blame for Reagan’s deficits on the extremely successful policy of supply side economics which reduced inflation and the tax base, as well as fighting
and winning the Cold War.\textsuperscript{41} In essence, what Edwards claims is that Reagan’s economic policies did have one major flaw, they were too successful at reducing government revenues. Edwards defends Reagan on deficits by placing the blame on Congress, where the president “was confronted by Democrats still enthralled by the New Deal, as well as Republicans (particularly in the Senate) still mesmerized by its political appeal.”\textsuperscript{42} It seems Reagan was facing an uphill battle to defeat the liberal Democratic adherence “to the socialist ideal” that was unleashed on America by Franklin Roosevelt and the New Deal, as well as the ‘me-tooism’ of many moderate Republicans who were not willing to challenge the New Deal’s ongoing political legacy.\textsuperscript{43} Kudlow and Edwards provide two examples which highlight the central theme of the Reagan myth – Reaganomics restored America’s economic prosperity by cutting taxes, which allowed the free-market to thrive.

However, Hugh Heclo is one conservative academic who is not enamoured with the Reagan myth. Heclo is open to the notion that “the actual Reagan tax legacy has been a good deal more complicated.”\textsuperscript{44} Even though Heclo agrees with the previous statement made by Brownlee and Steurle on the relative progressiveness of Reagan’s tax record, he also affirmed “that the stimulus for continued economic growth after 1983 came less from tax reductions and more from the huge federal budget deficits produced by Reagan’s defense buildup and the maintenance of the large domestic entitlement programs. Added together over the years, these deficits tripled the national debt and helped keep the economy growing.” He went on to add that “Reagan’s unrelenting rhetoric on the harmful effects of federal taxes had important consequences for political perceptions. It helped make new or increased taxes to pay for programs a no-go area for all other politicians down to the present day. In the long run, Reagan’s presidency probably enhanced American’s deficit tolerance as well as their tax aversion.”\textsuperscript{45}
Heclo also concedes that “Although Ronald Reagan always publicly advocated the virtues of a balanced budget, when it came time to choose, holding the line on deficits always lost out to his other priorities.”\textsuperscript{46} Yet even though Helco agrees with Cantor’s claim that Reagan “never compromised his principles,” he went one step further than Cantor by highlighting how Reagan “was also willing to compromise to make partial advances toward his goals. This principled pragmatism irritates those wanting ideological purity. But it is a priceless value for a healthy democracy. Reagan probably did weaken the conservative movement by investing it with governing responsibility and the adulterated purity that governing entails. But the gain for our democratic way of life in having such political leadership far outweighs that cost.”\textsuperscript{47}

What needs to be added is that the Reagan myth omits any reference to his compromising for partial gains because “those wanting ideological purity,” especially in Congress, have more power over the party than they did during Reagan’s era. The issue of taxes during the deficit talks of the 112\textsuperscript{th} Congress and the fiscal cliff debate (mentioned later on in this article) only highlight how the conservative takeover of GOP congressional politics present an issue which Reagan himself never had to confront. I am not suggesting that conservative Republicans never disagreed with Reagan, but the problems they presented for him were less of a hindrance than if he were president today. Aside from Cantor’s remarks on Reagan and compromising, a similar claim was made by Ed Feulner, president of the Heritage Foundation, a conservative think tank. Feulner stated that Reagan “captured the hearts and minds and spirits of the American people. And through his presidency, he governed by conservative principle. Not compromising. Not giving in to pressure.”\textsuperscript{48}

The dilemma within the conservative ranks is due to an important factor that Bunch, Sloan and Heclo mention, but a further explanation is needed. It is vital to note that even
though Reagan raised taxes eleven times after the 1981 tax cut, his overall tax record was still one of a tax cutter. Although the GOP attempts to construct a myth on Reagan and taxes, the conservative Republican opposition to tax increases can be traced back to their opposition against a more active and powerful government, which began under President Franklin Roosevelt. The rationale behind their opposition was that an increase in taxes caused a decrease in one’s freedom from government and vice versa. Moreover, in some ways, 1984 signalled the beginning of a more united GOP position against supporting tax increases. This was due to the Conservative Opportunity Society (COS), led by Newt Gingrich and those who supported COS like Rep. Jack Kemp (R-NY), working to get COS positions included as part of the Republican platform. 49

Republicans themselves have been critical of fellow Republican, President George H. W. Bush for raising taxes, as well as the latest two Democratic presidents, Bill Clinton and Barrack Obama. Bush made a decision to raise taxes in order to help address the budget deficit he inherited from Reagan, which caused many GOP conservatives to fracture their working relationship with him. 50 Clinton’s intent to raise taxes to help address the deficit drew the ire of Sen. Bob Dole (R-KS) who called the Clinton’s plan “not just the largest tax increase in American history. It’s the largest tax increase in the world.” 51 Obama also faced a similar accusation that his Affordable Care Act, also known as Obamacare, was “the largest tax on the American people in history” by Rep. Connie Mack (R-FL), as well as others, such as the conservative radio show host Rush Limbaugh who declared that “Obamacare is nothing more than the largest tax increase in the history of the world.” 52 Both comments came after the Supreme Court ruling upheld the law as being constitutional based on its ability to tax individuals via the individual mandate. 53 The two statements, however, are erroneous because the largest tax increase was Reagan’s 1982 tax increase, which was
definitely larger than the previously mentioned tax increases of H.W. Bush, Clinton and Obama.

Figure 2 – Source: Michael Linden and Michael Ettlinger, “Revenue from the Fiscal Cliff Deal in Context,” Center for American Progress, 3 January 2013 (see note 77 for the hyperlink).

Figure 2 demonstrates the fallacy in the accusations against Clinton and Obama. One could even combine the tax increases of 1993 and 2010 together and they would still be less than Reagan’s 1982 tax increase. This validates just how great the level of denial is amongst many Republicans regarding Reagan’s willingness to raise taxes.

While some conservatives, such as a Palin and Bachmann may actually not be aware that Reagan raised taxes, conservatives like Paul Ryan are very aware of this undisputable
fact. He was mentored by Kemp who was one of the people to convince Reagan to advocate for and support the Kemp-Roth tax cuts, which became the Economic Recovery Tax Act of 1981.\textsuperscript{54} However, even Kemp realised he needed to forgo some of his tax cutting preferences to raise revenues in the 1980s.\textsuperscript{55} Ryan believes in a smaller government, and especially shrinking government spending. One only needs to look at his 2005 social security reform plan and his “Path to Prosperity” budget to realize that Ryan’s goal is to shrink the state, especially government spending on social security and Medicare. However, no matter what conservatives like Palin, Bachmann and Ryan believe, they all agree with Reagan’s anti-government rhetoric which is the lasting effect of the Reagan legacy – without it they cannot claim to be continuing his war against the evils of big government.

It is without a doubt that cutting taxes is the key theme that has turned memory into myth within the Republican Party, especially its conservative wing. Within this theme is the belief that Reagan’s tax cuts were the driving force that led to prosperity and ‘it’s morning again in America’. This theme became a driving force in the Romney-Ryan campaign as a way to sway potential voters into thinking that prosperity was just around the corner if Romney were elected president in 2012. However, the GOP, led by its conservative wing, is glorifying a premise that offers a misleading interpretation on Reagan, tax cuts and economic prosperity. Will this change after Obama’s re-election victory or will the status quo remain?

\textbf{2012, the Aftermath: GOP, Deficits and Taxes}

After the election results, Boehner and the House Republicans were still unwilling to raise taxes to help address the deficit. According to Boehner, since the GOP maintained control of the House “the American people have also made [it] clear that there is no mandate to raise taxes.”\textsuperscript{56} The Republican counter to tax increases had been to offer closing loopholes to raise extra revenues and to cut spending, especially focusing on entitlement spending for
social security and Medicare. However, this claim was highly dubious due to the Congressional Budget Office’s forecast that the Affordable Care Act would save money and reduce government spending on health care, as well as calculating that repealing it would add over $100 billion to the deficit. Moreover, the no taxation mantra of conservative Republicans added more controversy to the fiscal deficit talks.

Although Boehner and the GOP House leadership were not in favour of raising taxes but were in favour of closing loopholes, Tea Party conservatives like Senator Jim DeMint (R-SC) also considered the act of closing loopholes as merely another way of raising taxes. On the other hand, another conservative GOP Senator Tom Coburn (OK) wanted Boehner to accept raising the tax rates on the top two percent as part of a compromise.

The difference between DeMint and Coburn was that DeMint followed the same conservative rationale previously mentioned, where any increase in taxes would directly lead to a decrease in jobs, whereas fewer taxes would lead to a direct increase in jobs. However, Coburn believed that the US needed to increase its revenues, and increasing taxes on the wealthy offered the best way to help with fiscal stability, as well as offering the opportunity to close loopholes at a later date. However, it is evident that DeMint, as a Tea Party conservative, was more ideologically right-wing than either Coburn or Boehner.

The position taken by Coburn was not one that was supported by the GOP House. Overall, GOP Senate members were less of a hindrance in addressing the deficit when compared to the GOP House. For instance, Sen. Pat Toomey (R-PA), during the Super Committee meetings to address the deficit, came up with a plan which aimed to raise taxes by $300 billion, as well as collecting $250 billion in new revenues. However, the main emphasis of Toomey’s plan was to: reduce tax loopholes and deductions, make all of the
Bush tax cuts permanent, decrease the top individual tax income rate down from 35 to 28 percent, and reform Medicare and social security. The main point to consider is that while the GOP considered raising taxes there were no specific details as to where any hikes would occur, outside of taxing health insurance which alone would not raise 300 billion dollars. The idea that this plan could reduce the deficit was also criticised – in a similar way as was Romney’s economic proposal.  

Although neither DeMint nor Coburn were members of the House, their remarks began an inner GOP battle amongst conservatives on the legacy of the Reagan myth. I am not suggesting that they were fighting over Reagan himself, but they were clashing over his mythical legacy on taxes. On the other hand, Boehner’s main worry was whether or not he would get enough House Republican support to pass a proposal. Boehner had already removed any Tea Party influence from House Committee posts, especially on the Budget, in the hope of establishing a more united GOP House that would vote for any compromise deal on the fiscal cliff between Obama, the Senate and the House. The two members removed from the House Budget Committee were Justin Amash (R-MI) and Tim Huelskamp (R-KS). They were also the only two Republicans on the committee to vote against Ryan’s *Path to Prosperity* Budget proposal because it was not conservative enough in their views on cutting overall government spending.  

The Tea Party itself has influenced the GOP. It is without a doubt that the Tea Party has made the Republican Party *more* conservative than it was before and has whittled moderate Republicans down to an even smaller portion of the party, almost forcing them into near extinction on the national level. Nonetheless, in the 2010 midterm elections the Tea Party was not as successful in the Senate as it was in the House. Yet, influential individuals who claim allegiance to the Tea Party could be found in the Senate and the House. A few
examples include Sen. DeMint, Sen. Rand Paul (KY), Rep. Bachmann and Rep. Alan West (FL). Although West was defeated in 2012 and DeMint resigned his seat to run the Heritage Foundation, the Tea Party influence has not been extinguished – and will still be a force to be reckoned with in the 113th Congress. The Tea Party is the next incarnation of conservative Republicanism. In comparison to Reagan’s pragmatism, Tea Party conservatives are polar opposites. They are more ideologically rigid when it comes to the idea of compromise. DeMint was a leading figure of this a more ideologically driven, and less likely to compromise, brand of conservatism.

Although he has left Congress, DeMint’s lasting legacy cannot be ignored. He fostered a more ideological opposition to compromise in a manner that Reagan did not. In the shaping of conservative ideas, DeMint may present more of a long term problem for Boehner. As head of Heritage, he will have the opportunity to influence the GOP even more from outside Congress than he did when he was a member. DeMint’s type of influence will most likely advocate for the more extreme Tea Party position, as he did when he disagreed with Boehner on closing loopholes to raise revenues.

A question that needs to be asked is what is the difference between closing loopholes versus raising taxes? Both of them have a similar intent which is to increase revenues. The difference between the two is essentially one of rhetoric. The side led by Boehner argued that closing loopholes worked within the existing tax structure, whereas their counterparts led by DeMint asserted that the present tax rates were too high and thus the loopholes are not the problem. Even though both sides agreed on spending reductions and entitlement reform, DeMint and his supporters wanted to cut spending even more than Boehner. On the other hand, the public position on the fiscal cliff sided with Obama, yet many congressional conservative Republicans, especially in the House, were determined to oppose any tax
The modern day Republican Party, the party of Reagan, projects an image that has been built around the rhetoric that they are the party of less taxes, and the Democratic Party is comprised of ‘tax-and-spend liberals.’ By agreeing to a tax increase they would be turning their backs on the Reagan legacy.

This legacy has played an important role in the deficit talks due to how Republicans, especially conservatives, perceive the Reagan myth. What was evident during the 112th Congress with Eric Cantor, John Boehner and Paul Ryan was that Reagan battled big government, which also implies that he successfully fought against high taxation. He did this with regards to the amount in taxes that the wealthy pay, especially when he lowered the top level personal income, in multiple stages, from seventy percent down to twenty-eight percent. However, he also raised tax rates and closed loopholes to get more revenues when it was necessary to do so, but in the end, he did cut taxes more than he raised them. The previous statement is where the evolution of conservative Republicanism adds more to the Reagan myth in the pursuit of his legacy – concluding that while Reagan battled the ‘Evil Empire’ of communism and the USSR, they must continue the war against the other evil of big government liberalism.

Even after the 2012 election, the end of the 112th Congress and leading up to the 113th Congress, the conservative sway of the GOP may further add to the Reagan myth by fighting to keep loopholes instead of closing them to raise revenues. If they take this position, they would then argue for major entitlement reforms to social security and Medicare. This is feasible due to the conservative Republican belief on both taxes and spending. From the conservative perspective, the US does not have a problem with taxation, it has a problem with spending. This potential conservative strategy, especially in the House, had already been planned on the assumption that the fiscal cliff talks will fail.
Although an agreement was reached, it was relatively minor in scale and avoided many of the vital issues, which resulted in ‘kicking the can down the road’ for the next Congress. One of the major issues that still need to be addressed is the spending cuts in the Budget Control Act (BCA) of 2011. The GOP was able to avoid implementing their “doomsday plan” in its entirety but at least one important element of the plan came to fruition – a battle over the debt limit. However, the fiscal cliff agreement also made it possible for the BCA to be delayed for two months and may also add to the hostilities surrounding the debt limit proceedings. Since there was only a minor fiscal cliff solution, along with the BCA and the deficit ceiling another vital issue that will be make for a major clash of both party and political ideologies is the Republican desire to achieve entitlement reform. The lack of a grand solution to the fiscal cliff means that entitlement reform will be one key area Republicans use to address cutting spending as a way to help achieve long term fiscal stability.

Even though the United States technically went over the fiscal cliff, an agreement has been reached, one that does not address all of the issues surrounding the fiscal cliff, but permanently renewed the Bush tax cuts for couples who make under $450,000 and individuals who make under $400,000. The agreement was titled the ‘Taxpayer Relief Act of 2012.’ Consequentially, what has transpired could impact the myth. The House passage of the Senate bill may signify a rift that has started to develop among the House GOP leadership. Boehner and Ryan voted for the bill, whereas Cantor and Rep. Kevin McCarthy (R-CA) did not. The GOP House leadership, gave a mixed signal, with Boehner as the House Speaker and Ryan as one of the key committee chairs having supported the deal, but Cantor as the House Majority leader and McCarthy as the Majority Whip opposed the deal. A number of Republicans sided with Cantor but not enough to overcome the votes of
Republicans who sided with Boehner, as well as the majority of Democrats who voted for the bill’s passage. As a result, the Reagan myth, which reached new heights during the 112th Congress and the 2012 presidential election, is now at a crossroads. It now faces the challenge of modifying, maintaining, or amplifying its message – forcing conservative Republicans to compromise, or to set even more rigid standards by the myth.

DeMint’s position on taxes, if successful, would have been a prime example of setting an even more rigid standard to the Reagan myth. A vital part of Reagan’s 1986 tax reform was the closing of tax loopholes which helped to raise government revenues, as well as other important elements, such as simplifying the tax code and undoing the 1981 capital gains tax cut, increasing it from 20 percent back to 28 percent. The 1986 reform also cut the top individual tax rate from 50 percent to 28 percent, thus making the individual and capital gains tax rates the same. DeMint’s view on loopholes would have prevented any similar sort of reform like the 1986 tax reform from taking place. DeMint’s amplifying of the myth calls for less government revenue and a great deal more cutting from government spending.

Rep. Dave Camp (R-MI), chairman of the House Ways and Means Committee, and Paul Ryan, chairman of the House Budget Committee worked to maintain the Reagan myth. Camp voted for the bill and defended the House vote for the limited fiscal cliff agreement because it was “the largest tax cut in American history.” Camp’s rationale for making such a claim was based on the technicality that the Unites States went over the fiscal cliff and thus the vote was for cutting taxes. Ryan made a similar argument in his defence of voting for the bill, asserting that he was trying to “prevent this massive tax increase” from taking place. What these two comments suggest is that both Camp and Ryan were voting for tax cuts, as well as voting against tax increases for the vast majority of Americans. Both of their
comments maintain the myth by stating that they did not raise taxes, as well as using the special circumstances surrounding the fiscal cliff to stress that they were cutting taxes.

However, Camp’s statement was an erroneous attempt to modify the Reagan myth. The largest cut in American History occurred in 1981, not with the fiscal cliff agreement. Camp’s official statement gave the Republican Party the necessary political cover to support the vote. As well as voting for a tax increase, albeit small in comparison to Reagan’s 1982 tax increase, Camp also voted to permanently extend most of the George W. Bush tax cuts.  

By making tax cuts the focus of his statement, Camp controlled the perception of the agreement, rendering it much more palatable to a party adverse to compromise. In doing so, he has perpetuated the myth of the tax cutting president whose own compromise has faded from GOP memory.

Even in the early stages in the 113th Congress, after the start of the sequester, Boehner was still unwilling to acknowledge that Reagan raised taxes – ignoring any reference of the sort during his Meet the Press interview with David Gregory – and instead focused on Reagan’s 1981 and 1986 tax cuts and how they attributed to “a boom of economic growth” which lead to the miracle of Reaganomics.  

The Reagan myth is a powerful political tool for Republicans, a large part of this is due to a negative public perception of raising taxes. Therefore it would not suit Democrats to use the myth to their advantage – claiming he was counter-progressive would be counterproductive. Thus one cannot really analyse this myth from a bipartisan perspective. In sum, conservative Republicans have reworked a memory of Reagan to suit their own agenda, depending upon it to further emphasise the overall party position, especially in the GOP controlled House. They have constructed a myth under the guise of an imagined Reagan legacy in order to pursue their ideological war against big government.
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Endnotes


6 Will Bunch, *Tear Down This Myth: How the Reagan Legacy Has Distorted Our Politics and Haunts Our Future* (New York: Free Press, 2009). This was also a clear goal that was pursued by some of the elite supporters of the GOP, such as Grover Norquist and Phyllis Schlafly via the Ronald Reagan Legacy Project. For more, see: Bunch, *Tear Down This Myth*, 151-160; Niels Bjerre-Poulsen, “The Road to Mount Rushmore: The Conservative Crusade for Ronald Reagan,” in *Ronald Reagan and the 1980s: Perceptions, Policies, Legacies* (New York: Palgrave Macmillan, 2008), eds. Cheryl Hudson and Gareth Davies, 209-227; especially pages 213-220.

7 Bunch, 16, 161-162, 179, 190-191, 202-206. According to Bunch, when McCain became the 2008 Republican presidential candidate, he “had truly swallowed the Reagan myth whole;” the remark is on page 206.


14 Ibid., 57-67; the quote can be found on page 63.

15 Ibid., 66.

16 Ibid., 67.

17 Ibid.

18 Ibid., 66-67, 75-85.


21 Ibid., 8.


28 Bunch, Tear Down This Myth, 50.


30 Ibid., 67-68.

31 Ibid.

32 Ibid., 69.


36 Ibid., 159-160. However, some, as was suggested to me by Professor James Campbell, viewed the 1982 tax act more in the line of it being a 1981 B tax revision to undo the excesses from both Democrats and Republicans, which occurred in the 1981 tax act. This conversation took place on 5 January 2013 at the annual American Politics Group Conference at the University of Leicester (UK).

37 For more on Reagan’s legacy on the deficit, see: Iwan Morgan, *The Age of Deficits*, 76-121.

38 Lawrence Kudlow, “The Victory of “Reaganomics,”” in *Tear Down This Wall: The Reagan Revolution – A National Review History* (New York: Continuum, 2004), eds. of *National Review*, 189-191. The quote can be found on page 191.

39 For an opposing viewpoint to Kudlow’s claim, refer to: Iwan Morgan, *The Age of Deficits*, 120.


41 Ibid., 133.


43 Ibid., 228, 326-327.


46 Ibid., 20.


50 Morgan, *Age of Deficits*, 147-150.
The quote was taken from: Morgan, Age of Deficits, 174.


The quote was taken from: Montgomery and Helderman, “Congress Approves ‘Fiscal Cliff’ Measure.”

