

## 2016 PRESIDENTIAL WHITE PAPERS SERIES

PAPER #2

# SENATOR RAND PAUL

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### INTRODUCTION

Rand Paul was first elected to the U.S. Senate from Kentucky in 2010. Prior to that, he graduated from Duke University School of Medicine and was a practicing ophthalmologist. He is the son of former Republican Congressman Ron Paul of Texas. Rand Paul received a score of 95% on the Club for Growth's 2014 scorecard and has a lifetime score of 98%. The average Senate Republican score from 2011 to 2014 was 76%.

### TAXES

*The Club for Growth is committed to lower taxes – especially lower tax rates – across the board. Lower taxes on work, savings, and investments lead to greater levels of these activities, thus encouraging greater economic growth.*

Rand Paul is a longtime supporter of tax cuts. Prior to his first campaign for public office, Paul led a pro-taxpayer group called Kentucky Taxpayers United. Under Paul's leadership, the group publicly advocated against tax increases, even when some Republicans, including the Kentucky Senate President, supported them.<sup>1</sup> Paul has backed up his anti-tax rhetoric with his votes. In the Senate, Paul voted:

- FOR extending the Bush tax cuts for one year<sup>2</sup>
- AGAINST the “fiscal cliff” tax increase that raised the top marginal rate<sup>3</sup>

- FOR repealing Obamacare's tax on medical devices<sup>4</sup>
- FOR repealing the Death Tax<sup>5</sup>
- AGAINST establishing a carbon tax<sup>6</sup>

In addition, Senator Paul has nearly always voted against market-distorting tax credits and deductions. These deductions clutter the tax code and cost the U.S. economy billions of dollars in compliance costs and lost economic activity. Paul voted:

- FOR eliminating energy tax credits<sup>7</sup>
- FOR repealing the tax credit for ethanol<sup>8</sup>
- AGAINST the NAT GAS Act, an assortment of tax incentives for the natural gas industry<sup>9</sup>

Rand Paul has repeatedly supported a flat tax with a single rate of 17%, and he supports eliminating taxes on capital gains, dividends, and estates, as well as moving to a territorial system.<sup>10</sup> When Paul ran for the Senate, he proposed eliminating the IRS and replacing the income tax with a national sales or “fair” tax.<sup>11</sup>

There is one bad vote in Paul's record on

- 4 Senate Roll Call Vote 47, 2013
- 5 Senate Roll Call Vote 67, 2013
- 6 Senate Roll Call Vote 58, 2013
- 7 Senate Roll Call Vote 40, 2012
- 8 Senate Roll Call Vote 90, 2011
- 9 Senate Roll Call Vote 41, 2012

10 See: Senator Rand Paul's FY13 and FY14 budget proposals, <http://1.usa.gov/1EuDIMi> & <http://1.usa.gov/1GZXO7>

11 Associated Press, 10/12/10



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taxes. In 2014, he voted in favor of continuing a series of special interest tax credits and breaks that were set to expire. Among other things, the “extenders” were for horse racing and NASCAR tracks.<sup>12</sup> It's not clear why he voted for the legislation, but Senator Paul should clarify under what circumstances he would let tax credits expire and when he would vote to keep them.

Senator Paul has occasionally proposed tax legislation that had good intentions, but was also bad policy. For example, he proposed legislation creating “economic freedom zones.” These areas of chronically high unemployment, and/or cities, counties, or towns that are in bankruptcy or “at risk” of bankruptcy, would have their income and corporate tax rates cut to a single flat rate of five percent, their payroll taxes cut by four percentage points, and a capital gains tax rate of zero.<sup>13</sup> Lower tax rates are good for increased economic growth and capital formation, and they provide an excellent response to high unemployment, but this bill picks winners and losers and could incentivize bad management by mu-

1 The Courier-Journal, 4/13/00

2 Senate Roll Call Vote 183, 2012

3 Senate Roll Call Vote 251, 2012

12 Senate Roll Call Vote 364, 2014

13 Senator Rand Paul, “Economic Freedom Zones,” <http://1.usa.gov/1xBoXzN>

municipalities and local governments. Cities like Detroit shouldn't be awarded benefits for mismanagement, and nearby towns that have been fiscally responsible shouldn't be placed at a competitive disadvantage.

In addition, Senator Paul has proposed legislation, along with Senator Barbara Boxer (CA), that would allow companies to repatriate foreign earnings at an extremely low rate. While repatriation is a very pro-growth idea, what Senators Paul and Boxer want to do with the revenue generated by repatriation is not; they would use the added revenue to shore up the Highway Trust Fund.<sup>14</sup> The Highway Trust Fund is no longer a viable system for funding infrastructure projects, and Paul's proposal would simply perpetuate a fundamentally flawed government program. It should be noted that Paul voted against the bloated Highway Bill in 2012<sup>15</sup> and for Senator Mike Lee's amendment to reform highway funding by dramatically reducing the federal gas tax and devolving transportation authority from the federal government, back to the states.<sup>16</sup>

## SPENDING

*The Club for Growth is committed to reducing government spending. Less spending enhances economic growth by enabling lower taxes and diminishing the government's economically inefficient allocation of resources.*

Senator Paul has an excellent record on government spending. The National Taxpayers Union is a non-partisan organization that issues an annual scorecard that counts every vote related to government spending. Paul received an "A" every year he has served in the U.S. Senate.<sup>17</sup>

When Paul was first elected to Congress, he offered a bill to cut \$500 billion in federal spending in one year, which would have rolled back federal spending for FY2011 to FY2008 levels. Outlining his proposal in *The Wall Street Journal*, Paul wrote,

My proposal, not surprisingly, has been greeted skeptically in Washington, where serious spending cuts are a rarity. But it is a modest proposal when measured against the size of our mounting debt. It would keep 85% of our government funding in place and not touch Social Security or Medicare.<sup>18</sup>

Senator Paul's proposal was outstanding. Not only did it repeal or defund many wasteful and unnecessary programs, such as the Department of Education and the Corporation for Public Broadcasting, it also would have saved money by repealing other unnecessary regulations on government spending, such as the Davis-Bacon wage requirements on government programs.<sup>19</sup>

Paul also proposed budgets for the federal government for FY13 and FY14.<sup>20</sup> The budgets are largely similar, but for the purpose of this paper, consideration is given to the more recent FY14 budget. It called for eliminating four cabinet departments: Commerce, Housing and Urban Development, Education, and Energy. It would have balanced the budget in five years without tax increases, far faster than the eponymous budgets written by House Republican Budget Chairman Paul Ryan. Overall, outlays in Rand Paul's budget totaled \$10 trillion below the CBO's budget baseline.

Senator Paul has demonstrated his commitment to spending cuts by voting:

- AGAINST disaster aid for Hurricane Sandy relief without an offset<sup>21</sup> and
- FOR offset emergency spending for the Hurricane Sandy disaster with an across-the-board cut to discretionary spending.<sup>22</sup>
- AGAINST the 2011 "Budget Control Act" that raised the debt limit by trillions<sup>23</sup>
- AGAINST the "Ryan-Murray" budget that unwound the sequestration spending cuts from the Budget Control Act<sup>24</sup>
- AGAINST reauthorization of the Export-Import Bank, a taxpayer-backed fund that distributes export subsidies to some of America's biggest corporations<sup>25</sup>
- FOR the pro-growth FY13 budget offered by Senator Mike Lee (R-UT)<sup>26</sup>
- FOR an amendment by Senator Mike Lee (UT) supporting a Balanced Budget Amendment to the Constitution<sup>27</sup>

Unlike his father, who routinely requested earmarks and voted against amendments to cut egregious ones from spending bills, Senator Paul voted for a permanent ban on the practice.<sup>28</sup>

Paul has a small number of notable bad votes on spending. In 2012 he voted for cloture on the Farm Bill, which is an egregious spending bill consisting of farm subsidies and funding for the food stamp program.<sup>29</sup> He did vote against the final

14 The Hill, 1/29/15

15 Senate Roll Call Vote 48, 2012

16 Senate Roll Call Vote 246, 2014

17 National Taxpayers Union, <http://www.ntu.org/state/legislator/rand-paul>

18 Wall Street Journal, 2/7/11

19 Proposal to cut \$500 billion from FY 2011 budget, <http://bit.ly/1CPIT42>

20 <http://www.paul.senate.gov/files/documents/FY2014Budget.pdf>

21 Senate Roll Call Vote 4, 2013

22 Senate Roll Call Vote 3, 2013

23 Senate Roll Call Vote 123, 2011

24 Senate Roll Call Vote 281, 2013

25 Senate Roll Call Votes 91 and 96, 2012

26 Senate Roll Call Vote 101, 2012

27 Senate Roll Call Vote 30, 2011

28 Senate Roll Call Vote 8, 2012

29 Senate Roll Call Vote 117, 2012

bill,<sup>30</sup> but his vote for cloture on the bill allowed it to be brought to the floor in the first place. Also, in 2014 he voted to extend the Terrorism Risk Insurance Act (TRIA).<sup>31</sup> This program, where the government backstops insurance policies that should be written by the private market, is an odd one for Paul to have supported. It stands in stark contrast to his 2014 vote against delaying subsidy cuts to a similarly-styled program, the National Flood Insurance Program.<sup>32</sup> Despite these two blemishes, Senator Paul's overall record on spending is excellent.

## ENTITLEMENT REFORM

*America's major entitlement programs are already insolvent. The Club for Growth supports entitlement reforms that enable personal ownership of retirement and health care programs, benefit from market returns, and diminish dependency on government.*

Senator Paul has an outstanding history of supporting pro-growth entitlement reform, reflected in his voting:

- FOR repeal of Obamacare<sup>33</sup>
- FOR the efforts of Senators Cruz and Lee to defund Obamacare through the appropriations process<sup>34</sup>
- FOR block-granting the food stamp program to the states<sup>35</sup>
- FOR making Medicare into a voucher program<sup>36</sup>
- AGAINST extending expanded unemployment benefits<sup>37</sup>

30 Senate Roll Call Vote 164, 2012

31 Senate Roll Call Vote 231, 2014

32 Senate Roll Call Vote 19, 2014

33 Senate Roll Call Vote 9, 2011

34 Senate Roll Call Vote 206, 2013

35 Senate Roll Call Vote 120, 2012; Senate Roll Call Vote 132, 2013

36 Senate Roll Call Vote 48, 2013

37 Senate Roll Call Vote 101, 2014

- AGAINST increasing loan limits for Fannie Mae and Freddie Mac<sup>38</sup>

Paul also laid out an inspiring vision for entitlement reform in his FY14 budget proposal. He proposed block-granting Medicaid, the State Children's Health Insurance Program (SCHIP), Food Stamps, and the Child Nutrition Program. His budget also would have eliminated the Low Income Home Energy Assistance Program (LI-HEAP), and applied means-testing to commodity payments to farmers.<sup>39</sup> For Social Security, his proposal would eliminate the program's unfunded liability by increasing the retirement age, implementing personal retirement accounts, and allowing younger generations to "exercise individual choice, partially or entirely, so they can allocate their money in their best interests."<sup>40</sup>

Describing his entitlement proposal, Senator Paul wrote,

We reduce future spending by reforming government's largest social programs such as Medicare and Social Security; we return many entitlements, such as Medicaid, Children's Health Insurance Program, food stamps, and child nutrition programs to the states via block grants, allowing states to customize and innovate based on their needs. These measures reduce dependency on the federal government by both the population and the states, reducing mandatory spending from over 13.2 percent of GDP in 2013 to 10 percent of GDP by 2022.<sup>41</sup>

Paul is certainly on the right track when it comes to pro-growth reforms of entitlement programs.

38 Senate Roll Call Vote 180, 2011

39 Senator Rand Paul's FY14 Budget Proposal, Page 35, <http://1.usa.gov/1GZXO7>

40 Senator Rand Paul's FY14 Budget Proposal, Page 72, <http://1.usa.gov/1GZXO7>

41 Senator Rand Paul's FY14 Budget Proposal, Page 16

## REGULATION

*Excessive government regulation stymies individual and business innovation necessary for strong economic expansion. The Club for Growth supports less and more sensible government regulation as a critical step toward increasing freedom and growth in the marketplace.*

Senator Paul has repeatedly voted to reduce or cut government regulation of the free market. On regulatory matters he voted:

- FOR blocking the EPA from regulating greenhouse gases<sup>42</sup>
- FOR prohibiting the EPA from issuing regulations on carbon emissions<sup>43</sup>
- FOR postponing price controls on debit card interchange fees<sup>44</sup>
- AGAINST maintaining Davis-Bacon rules for government contracts<sup>45</sup>
- FOR nullifying the FCC's "net neutrality" rules<sup>46</sup>
- FOR the Keystone XL pipeline<sup>47</sup>

Paul has introduced legislation known as the Regulations from the Executive in Need of Scrutiny (REINS) Act, in the past two sessions of Congress. In an op-ed for *Roll Call* in 2011, he wrote,

The REINS Act would require Congress to hold an up-or-down vote on any major regulation, with an annual economic impact of more than \$100 million. The president would also have to sign the regulation before it could be enforced on the American people, job creators or state and local governments. Every major regulation would

42 Senate Roll Call Vote 54, 2011

43 Senate Roll Call Vote 76, 2013

44 Senate Roll Call Vote 86, 2011

45 Senate Roll Call Vote 11, 2011

46 Senate Roll Call Vote 200, 2011

47 Senate Roll Call Vote 61, 2013



be voted on within a specified amount of time, forcing Members of Congress to take a stand and be held accountable for major regulations with a significant economic impact.<sup>48</sup>

The Club for Growth has long supported the REINS Act as a pro-growth reform necessary to combat an already massive federal regulatory regime that stifles innovation and harms capital formation.

Rand Paul opposes subsidies for ethanol or any kind of specific energy production, saying that “we should shift the debate and cut the red tape.”<sup>49</sup> His FY14 Budget describes federal regulations as “nothing short of a massive, hidden tax on the economy.”<sup>50</sup> Given his consistent support for tax cuts, there is no doubt that his reliable support of deregulation will continue in the future.

## FREE TRADE

*Free trade is a vital policy necessary for maximizing economic growth. In recent decades, America’s commitment to expanding trade has resulted in lower costs for consumers, job growth, and higher levels of productivity and innovation.*

When he ran for office, Senator Paul told Kentuckians that he “won’t be afraid to stand up to the unions” who were opposing pending free trade agreements at the time.<sup>51</sup> His voting record reflects that promise. He voted:

- FOR Free Trade agreements with South Korea,<sup>52</sup> Panama,<sup>53</sup> and Colombia<sup>54</sup>

- FOR Permanent Normal Trade Relations with Russia<sup>55</sup>
- AGAINST reauthorizing Trade Adjustment Assistance <sup>56</sup>
- AGAINST “Buy American” legislation<sup>57</sup>

Paul’s record indicates pro-free trade tendencies. For example, he has repeatedly voted to cut Trade Adjustment Assistance, a giveaway to big labor to buy their support for trade agreements.<sup>58</sup> He has also opposed efforts to impose tariffs on Chinese imports in response to so-called “currency manipulation” offered by Congress’s worst protectionists.<sup>59</sup> Senator Paul has also voted to phase out or rescind parts of the sugar program, one of the more egregious special-interest handouts protected by Congress.<sup>60</sup> In general, Rand Paul has proven a far more principled trade vote than his father, who supported free trade in theory, but rejected the premise that government should play a role in enacting such agreements.

There is one concern related to Senator Paul and trade. Despite his positive votes on trade deals, Paul voted against Trade Promotion Authority,<sup>61</sup> and his recent rhetoric seems to indicate that he will join anti-trade liberals in continuing to refuse to grant Trade Promotion Authority (TPA) to President Obama. TPA allows the president a “fast track” for negotiating new trade agreements.

This hesitation may affect Senator Paul’s leadership on one of the biggest free trade agreements since the North American Free Trade Agreement. In late 2014, Senator

Paul called on President Obama to “prioritize” finalizing the Trans-Pacific Partnership (TPP), a trade agreement that would yield huge economic gains for America.<sup>62</sup> Less than a year earlier, however, Paul’s Senior Advisor, Bruce Fein, participated in a press conference in which he hyperbolically called TPA “ObamaTrade.”<sup>63</sup> After a speech in which Paul called on the President to “prioritize” TPP, he told the *Huffington Post* that “I’m definitely for the trade pact...I haven’t fully decided on [Trade Promotion Authority].”<sup>64</sup>

There are, of course, valid poison pills such as Trade Adjustment Assistance or anti-Chinese currency manipulation provisions that could scuttle even the most ardent free-trader’s support for TPA. However, if Senator Paul is elected president and wants to see the TPP enacted, it is hard to envision him not requesting TPA from Congress. Unfortunately, his public statements and voting record will give critics of free trade plenty of ammunition, and invite comparisons to his father’s less practical record, that often made the perfect the enemy of the good.

## SCHOOL CHOICE

*The Club for Growth supports broad school choice, including charter schools and voucher programs that create a competitive education market including public, private, religious, and non-religious schools. More competition in education will lead to higher quality and lower costs.*

Rand Paul is a consistent supporter of school choice and vouchers. He has voted to redirect education funding for

48 Roll Call, 12/7/11

49 The Hill, 8/6/14

50 Senator Rand Paul’s FY14 Budget Proposal, Page 65, <http://1.usa.gov/1GZXO17>

51 Associated Press, 7/22/10

52 Senate Roll Call Vote 161, 2011

53 Senate Roll Call Vote 162, 2011

54 Senate Roll Call Vote 163, 2011

55 Senate Roll Call Vote 223, 2012

56 Senate Roll Call Vote 149, 2011

57 Senate Roll Call Vote 174, 2011; Senate Roll Call Vote 123, 2013

58 Senate Roll Call Vote 143, 2011

59 Senate Roll Call Vote 159, 2011

60 Senate Roll Call Vote 119, 2012; Senate Roll Call Vote 151, 2012

61 Senate Roll Call Vote 141, 2011

62 Senator Rand Paul, Remarks before the Center for National Interest in New York City, 10/23/14, [http://www.paul.senate.gov/?p=press\\_release&id=1231](http://www.paul.senate.gov/?p=press_release&id=1231)

63 Inside U.S. Trade, 1/31/14

64 Huffington Post, 12/3/14

vouchers,<sup>65</sup> and he's called school choice "consistent with our beliefs of decentralization of government in general...The idea of having more local control of schools is a big part of expanding the appeal of the Republican Party and also being consistent with what we're about."<sup>66</sup>

Senator Paul has also advocated for charter schools to many constituencies that have not typically supported Republican candidates. He has spoken of the need for education reform before the National Urban League,<sup>67</sup> Howard University and Simmons College of Kentucky,<sup>68</sup> and before another diverse audience in Chicago: an "all-female Catholic high school that has a population of mostly non-white students and represents 37 zip codes."<sup>69</sup> In an interview with the *Milwaukee Journal-Sentinel*, Paul said that he wanted school choice to be a "big focus of the Republican Party."<sup>70</sup>

Many in the Republican Party have simply talked about using issues like school choice to attract support from citizens who have typically not been reliable supporters. Rand Paul has been a doer – his leadership on school choice issues is exceptional, and, among Republicans, he is one of the most articulate spokesmen on this issue before non-Republicans.

Senator Paul has consistently opposed a federal role for education. In 2011, he attempted to hold up reauthorization of No Child Left Behind and offered an amendment that would have repealed the entire law.<sup>71</sup>

## TORT REFORM

*The American economy suffers from*

*excessive litigation which increases the cost of doing business and slows economic growth. The Club for Growth supports major reforms to our tort system to restore a more just and less costly balance in tort litigation.*

When he ran for the Senate in 2010, Rand Paul indicated support for "enacting real tort reform so that trial lawyers don't continue to drive up healthcare costs."<sup>72</sup> Since then, Senator Paul has made few public statements on the subject, but did vote for pro-growth medical malpractice reform.<sup>73</sup> On his website, Paul says he has "long supported... tort reform" on the state level.<sup>74</sup>

## POLITICAL FREE SPEECH

*Maximizing prosperity requires sound government policies. When government strays from these policies, citizens must be free to exercise their constitutional rights to petition and criticize those policies and the politicians responsible for them.*

Rand Paul has a generally good record on political free speech. In an op-ed for *The American Conservative*, Senate candidate Paul called McCain-Feingold a "dangerous piece of legislation" and a "blatant violation of the First Amendment." He rightly noted that "For the political class, a convenient consequence of McCain-Feingold has been to insulate incumbents from being voted out of office. The law has earned a nickname as the Incumbent Protection Act."<sup>75</sup>

Senator Paul has vocally defended the Supreme Court's *Citizens United* decision,<sup>76</sup> and voted against an anti-speech amend-

ment to the Constitution that would allow the government to regulate how citizens can speak out about politicians.<sup>77</sup>

## POLITICAL ACTIVITY & ENDORSEMENTS

*Robust political activity is essential to producing a federal government that is more respectful of free markets and produces more pro-economic growth policies. The Club for Growth's PAC has been active in some of the more central battles within the Republican Party nominating process in recent years, supporting pro-growth candidates over pro-government ones.*

Senator Paul has challenged the Republican Party establishment. As head of the Kentucky Taxpayers Union, Paul criticized the President of the Kentucky Senate, a Republican, for his "capitulation on the budget." In an op-ed, Paul asked "When Republicans act like Democrats, who is the taxpayer to trust?"<sup>78</sup> Since his election to the U.S. Senate, Paul has generally worked to elect pro-growth candidates that taxpayers can rely on.

Paul has even supported longshot candidates for Congress instead of more liberal Republicans. For example, Senator Paul endorsed Texas Solicitor General Ted Cruz over Lt. Governor David Dewhurst in July of 2011, ahead of the 2012 Texas Senate GOP primary, making Paul one of Cruz's first major endorsements.<sup>79</sup> He endorsed conservative former Congressman Mark Neumann over former RINO Governor Tommy Thompson in the 2012 Wisconsin Senate race. Paul has even been willing to endorse candidates for Congress against fellow incumbent Republicans: he endorsed his former legislative aide, Evan Feinberg, against liberal Republican incumbent Congressman Tim Murphy of Pennsylvania in the GOP primary, saying that "The people of Pennsylvania still feel

65 Senate Roll Call Vote 63, 2013

66 Huffington Post, 8/22/13

67 Daily Caller, 7/25/14

68 National Journal, 4/12/13

69 CNN, 4/22/14

70 Milwaukee Journal-Sentinel, 4/23/14

71 Daily Caller, 10/18/11

72 Rand Paul for US Senate, 5/24/2010

73 Senate Roll Call Vote 78, 2013

74 Senator Paul's website, <http://www.paul.senate.gov/?p=issue&id=11>

75 The American Conservative, 8/1/09

76 Remarks at University of Chicago, 4/22/14, <http://bit.ly/1CLUiVB>

77 Senate Roll Call Vote 261, 2014

78 The Courier-Journal, 3/13/2009

79 Houston Chronicle, 7/26/11

the sting of Arlen Specter's politics, the type of Big-Government, Republican-In-Name-Only politicians that have led our country to the precipice of fiscal ruin."<sup>80</sup>

Paul's early endorsements primarily consisted of limited government conservatives. Even in general elections, he typically stayed away from endorsing big-government Republicans or endorsed them very late in their campaigns. For example, in 2012 Senator Paul endorsed RINO Congressman Denny Rehberg for the U.S. Senate from Montana just a few days before the general election and did not endorse Congressman Rick Berg for the U.S. Senate from North Dakota.<sup>81</sup>

A slight shift in Paul's endorsement strategy seemed to occur during the 2014 cycle, beginning with Paul's support for the re-election of his fellow Kentuckian, then-Senate Minority Leader Mitch McConnell.<sup>82</sup> Paul also waited until after the 2014 primary to endorse Nebraska's limited government conservative Ben Sasse, when a primary endorsement might have mattered more,<sup>83</sup> and he endorsed more candidates running in general elections who do not share his ideological proclivities, including Scott Brown and David Perdue. Paul has never endorsed a more liberal candidate when a clearly more conservative alternative was available, but his shift in his endorsement strategy is notable. Presidential politics may be at play more than a change in the type of Republican Senator Paul considers a limited government conservative.

## SUMMATION

Senator Rand Paul is not just a reliable vote in Congress for pro-growth policies; he is a true champion of economic freedom. With few exceptions, Paul has consistently and loudly fought for the principles

of limited government and individual liberty that he championed as a Senate candidate in 2010. His budget proposals are outstanding and his advocacy for expanded educational choice goes above and beyond that of a typical politician. After reviewing his record, we are confident that Senator Rand Paul would be a very pro-growth President.

<sup>80</sup> PoliticsPA.com, 2/28/12

<sup>81</sup> The Daily Caller, 11/3/12

<sup>82</sup> National Review, 8/22/13

<sup>83</sup> Omaha World-Herald, 8/4/14