

# Governor Perry Under the National Microscope

By Troy Anderson

In the tradition of Presidents George Washington, Abraham Lincoln, and Franklin D. Roosevelt, Texas Governor Rick Perry joined tens of thousands of people last summer at Reliant Stadium for a solemn day of prayer and fasting on behalf of “our troubled nation.”

Perry, who days later announced his candidacy for the presidency, invited fellow governors to attend the event in Houston – expostulating that the struggles facing the United States go beyond “the power of government to solve.” He urged political leaders to seek “spiritual solutions” to the global economic downturn – a plea made in the spirit of the Book of Joel to “declare a holy fast and call a sacred assembly.”

“Father, our heart breaks for our country. We are gathered at ‘The Response: A National Day of Prayer and Fasting for America.’ We see discord at home and abroad. We see anger in the halls of Congress. We have forgotten who made us, who we are, and for that we cry out for your help, O Lord our God.”

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As voters prepare to go to the polls to choose the nation’s next president, Perry, and the other leading Republican candidates – former Massachusetts Governor Mitt Romney,

Barack Obama, and former U.S. House Speaker Nancy Pelosi – are all expected to participate in a similar event. As a national day of prayer and fasting, the event is a rare moment of national unity.

“America,” Perry told those gathered at “The Response: A National Day of Prayer and Fasting for America.” “We see discord at home and abroad. We see anger in the halls of Congress. We have forgotten who made us, who we are, and for that we cry out for your help, O Lord our God.”

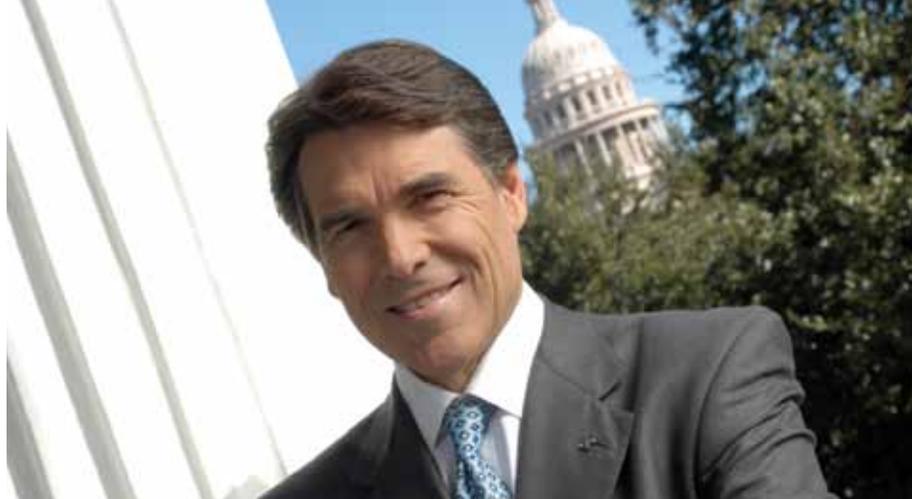
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of Representatives Speaker Newt Gingrich – are releasing plans on how they plan, if elected, to address the financial crisis gripping the nation.

In Texas, business executives and political experts say that the next president's fiscal policies will play a critical role in the future direction of the state and national economy.

"Certainly, in light of the current state of the world, I think everyone is hoping that whoever gets elected will make a positive impact on the economy," says Steven Craig, a professor of economics at the University of Houston. "We're not on a sustainable path. The question is, what presidential candidate is most likely to put us on a sustainable policy path."

Chris Elam, spokesman for the Republican Party of Texas, says 2012 will involve a lengthy discussion on the course of the nation's economic future, and will be a "reckoning for the failed leadership of Barack Obama."



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"Through the litany of failed promises, the blatant lies, the cover-ups, finger-pointing, and inability to demonstrate a plan for recovery – this president has made himself political anathema to Texas Democrats, and created a strong opportunity for Texas Republicans to elevate our message and candidates to a population hungry for leadership on the critical issues facing our state and country," Elam says. "Defeating Obama and reclaiming the White House for our GOP nominee is our top priority in 2012 as a state party."

However, Rebecca Acuna, spokesperson for the Texas Democratic Party, says the Republican Party has misguided priorities.

"Time and again, Republicans have demonstrated that they are more interested in their own political futures and in catering to Tea Party extremists than in doing what's best for Texas," Acuna says. "The state budget passed by Republicans will have a devastating effect on our state's economy. Texas is expected to lose hundreds of thousands of jobs over the next two years because of the foolish cuts-only approach by Republicans."

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"The reality is, the American economy has been challenged and Texas has become very much kind of a symbol of an economy performing under difficult circumstances," says Jeff Moseley, president and chief executive officer of the Greater Houston Partnership, which represents more than 2,100 businesses. "The candidacy of Governor Perry presents an opportunity for the nation to model the business-friendly practices of Texas."

As part of his campaign, Perry released "Cut, Balance, and Grow," a plan that would replace the current tax code with an optional 20 percent flax tax for individuals and corporations, simplify the regulatory system by freezing new regulations and auditing pending ones, reforming Social Security, Medicare, and Medicaid entitlement programs, balancing the federal budget by 2020, and repealing job-killing federal laws like Obamacare, Dodd-Frank, and parts of Sarbanes-Oxley.

"My plan offers the kind of bold reform needed to jolt this economy out of its doldrums and renew American prosperity," Perry said. "My 'Cut, Balance, and Grow' plan will unleash job creation to address the current economic crisis, while generating a stable source of revenue to put America's fiscal house in order. It provides employers and investors certainty, which is critical to getting investment capital back



into the economy. In contrast, the President's plan provides temporary tax relief, which does nothing to encourage long-term investment, because it doesn't provide the private sector certainty."

In the plan, Perry argues that Obama's "failed economic agenda" has destroyed jobs and increased the nation's debt by \$4 trillion to a total of nearly \$15 trillion, an amount the White House Office of Management and Budget expects to soon exceed the size of America's total economy for the first time in more than 65 years.

The nation's current economic problems were created by years of wasteful mismanagement and incompetent central planning and cannot be fixed overnight, Perry asserts. The reforms necessary to fix the broken tax and regulatory system, balance the budget, and grow the economy will take time and patience, Perry says.

The first step is to simplify the tax system so that families and businesses are no longer wasting time and billions of dollars each year just trying to comply with the current tax code. The Tax Foundation estimates that families and businesses spend nearly \$500 billion annually to file taxes.

"That's money that could be used to either pay down the debt or be used by small businesses to hire," says William McBride, an economist at the Tax Foundation in Washington, D.C. "We still have 14 million people who are unemployed. This would improve the bottom line for businesses, as they would spend that money on capital investments and labor. They will hire people, buy machines and computers. All this will help the economy."

Perry's plan also offers incentives for corporations to invest in the U.S. This includes a transition to a territorial tax system on corporate income earned overseas. This means that companies would pay the appropriate corporate tax in the country where the income was earned, but wouldn't be taxed a second time when that income is moved back to the U.S. Second, for all corporate profits currently languishing overseas, Perry would offer a one-time reduced tax rate of 5.25 percent

on repatriated earnings. The U.S. Chamber of Commerce estimates that this one-time tax reduction would put more than \$1 trillion in capital back into the U.S., create up to 2.9 million jobs, and increase economic output by \$360 billion.

"In other words, it's the kind of economic stimulus President Obama could have achieved if he wasn't hell-bent on passing big government schemes that have failed American

workers," Perry says.

Like Perry, Romney is also highly critical of President Obama's policies, arguing that the President took an already bad fiscal situation and pushed it "to the brink of catastrophe." In the last several years, President Obama has racked up unprecedented deficits, adding nearly as much to the national debt in one term as had the previous 43 presidents combined, Romney says.

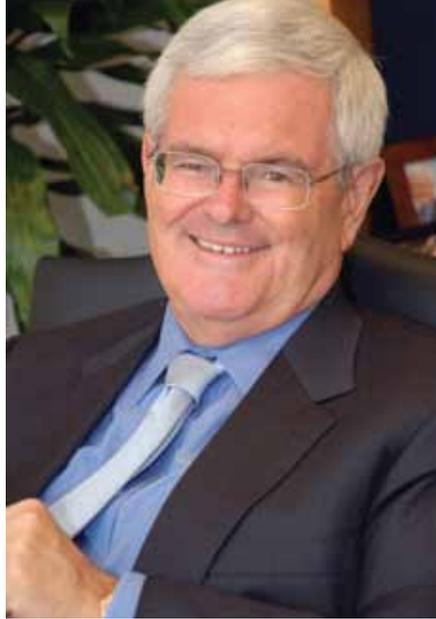


In his plan to get the U.S. government “out of the economy’s way,” Romney has laid out more than 50 policy proposals that include tax reform, an overhaul of the regulatory system, new approaches for opening foreign markets to American exports, confronting China over its unfair trade practices, an aggressive commitment to developing America’s energy resources, and a reduced role in the economy for the federal government.

These plans call for reducing the corporate income tax rate to 25 percent, implementing the Colombia, Panama, and South Korea free trade agreements, cutting non-security discretionary spending by five percent, ending Obamacare, and reversing Obama’s executive orders that tilt the playing field in favor of organized labor.

“Obamanomics is a failure,” says Romney, who has 25 years of business experience. “With little private sector experience, President Obama turned to the only thing he really knew: government. His distrust and antipathy for the private sector led to policies that burdened and constrained business at the very time we needed it to advance, to invest, and to hire.”

Patrick Duffy, president of the Houston office of Colliers International, a commercial real estate company, says Romney’s election would be very positive for Texas businesses.



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“The last three years has been about the federal government trying to directly create jobs by allocating resources through the federal government by taking more from the private sector and putting it into government programs,” Duffy says. “This has to be fixed. The clarity that would result from a stabilized tax picture, from faith the federal government is going to back off and



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get out of trying to manipulate the private sector, would energize the private sector and get them back into the business of growing their businesses and taking risks.”

In his “21st Century Contract with America,” Gingrich outlines how he would reduce the corporate tax rate – now totaling nearly 40 percent, counting state corporate rates – to about 17.5 percent, making the U.S. more competitive with other nations. Gingrich also favors repealing Obamacare, regulatory and entitlement reforms, balancing the federal budget, and creating a training requirement for extended federal unemployment benefits.

“President Obama and his administration have tried to blame the persistent unemployment and economic stagnation on the severity of the recession they inherited,” Gingrich says. “However, the historical record shows us that the deeper the recession, the stronger the recovery. America should at worst be finishing the second year of a booming recovery by now.”

“All the Republican candidates make the argument that if we reduce taxes and regulations, that will free up business to be more entrepreneurial, to add jobs and get



the economy moving again,” Jillson says. “So the proposals are essentially to go back to the Bush administration policies of tax cuts and regulatory reforms where possible. I think what Texas businesses would like to see is Governor Perry elected president. Failing that, a Republican elected and Obama defeated for a second term.”

In his campaign for re-election, Obama says his policies helped prevent America from sinking into another Great Depression and have contributed to 20 straight months of consecutive job growth. Obama also touts health insurance and Wall Street reforms, a doubling in fuel efficiency standards, ending the wars in Iraq and Afghanistan, and killing Osama bin Laden.

“The Republicans in Congress and the folks running for president have made their agenda crystal clear,” Obama said at a recent campaign event in San Francisco. “They have two basic economic proposals: tax cuts for the wealthiest individuals and biggest corporations, paid for by gutting investments in education and research and our infrastructure – all the things that helped make America an economic superpower; weaken programs like Medicare and our basic social safety net. That’s one proposal. And the second proposal is to gut just about every regulation that you can think of.”

As part of his campaign, Obama has proposed the “Buffett Rule,” which would require the wealthiest Americans to pay a tax rate at least as high as the middle class. The tax, according to the Congressional Budget Office, would raise \$453 billion annually.

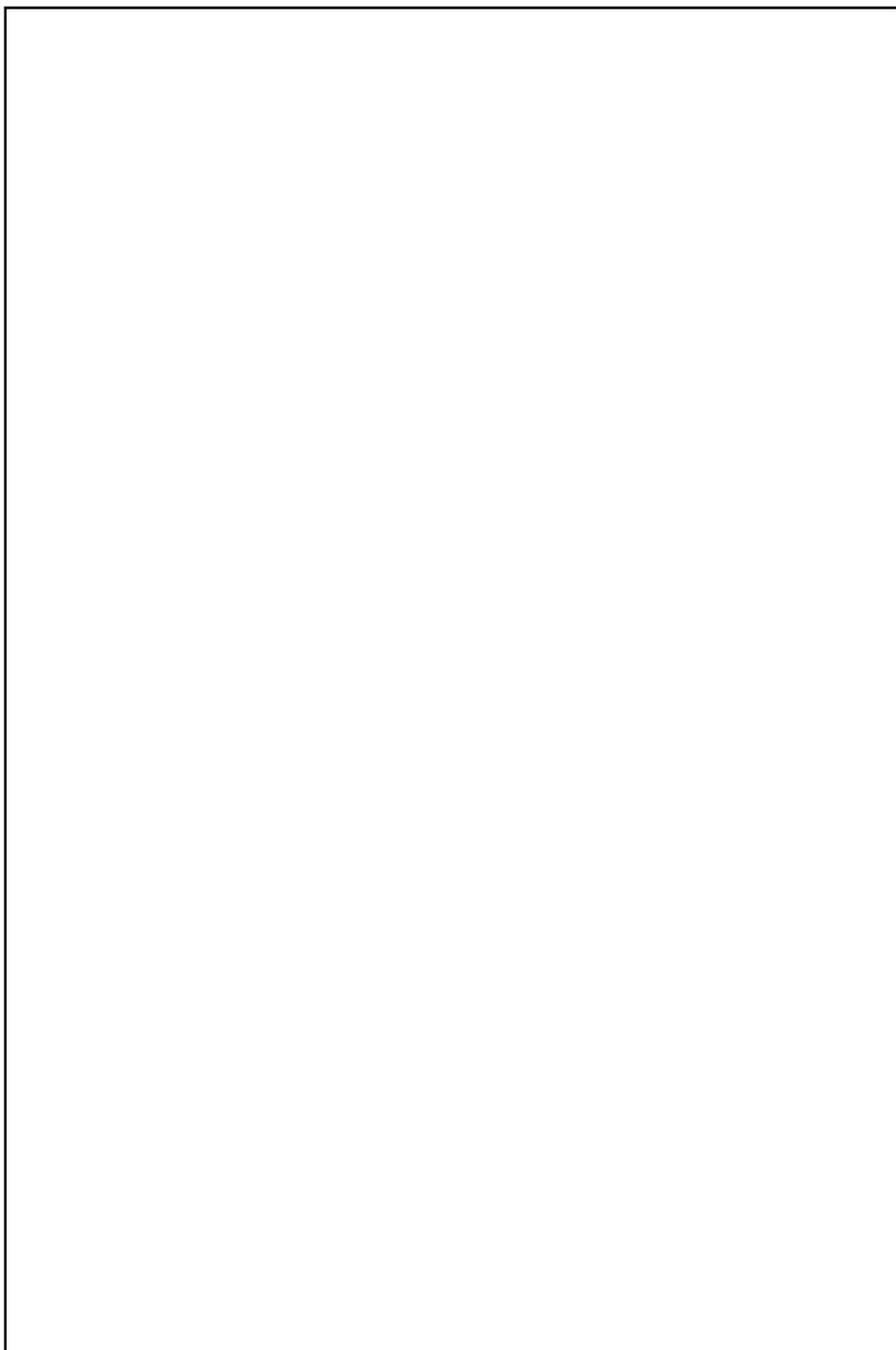
“Now, I believe that since I already signed a trillion dollars’ worth of spending cuts and have proposed to make even more, it’s time to reduce the deficit not just by cutting, but also by asking the wealthiest, the most fortunate among us, to do a little more to pay their fair share,” Obama said.

Rick Kaplan, the principal and chief investment officer at Legacy Asset Management in Houston, says another Obama term would be detrimental to Texas businesses.

“We have significant amounts of debt, but the Democrats don’t seem all that interested in making entitlement reforms,” Kaplan says. “The U.S. is Europe four or five years, or maybe 10 years from now. The problem is our debt-to-GDP [ratio] will soon be more than 100 percent. In Europe – excluding Greece, which is over 200 percent – France is at 115 percent and Italy is at 125 percent. We’ve gone from 65

percent of GDP all the way to 100 percent. That’s pretty scary with all the spending. If we aren’t willing to cut it, we’ll be right where these other countries are.”

Kaplan says the “Occupy Wall Street” protests will pale in comparison to the situation that may arise if the government can’t afford unemployment benefits and the nation’s debts continue to balloon. “The U.S.





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will have to enforce austerity," Kaplan says. "The U.S. will have to at some point cut back on the entitlements. When they do, people will riot because they are not getting their handouts."

If Obama wins a second term, Duffy says the President won't have

to worry about getting re-elected again and will probably drift even more to the left politically.

"If he's not worried about re-election, we'll see him further grow the federal government, continue enacting regulations, hang onto Obamacare, and increase taxes on the

wealthy," Kaplan says. "All of those things, in my opinion, are some of the issues that are holding back businesses from taking entrepreneurial risks. I'm very much a free market capitalist. I believe the more the federal government tries to manipulate things, the more screwed up it gets."

In calling for a day of prayer for the "healing of our country," Perry noted that the tradition dates to 1775, when the Continental Congress asked the colonies to join in prayer, seeking wisdom as they faced the responsibility of building a new nation. Later, as the Founding Fathers assembled in 1787 to craft a Constitution, Benjamin Franklin implored the framers to pray for guidance, saying, "God governs in the affairs of men."

Decades later, during a time of national turmoil, President John Adams declared "a day of solemn humiliation, fasting, and prayer," asking citizens to pray for America's protection from danger. During the Civil War, Lincoln proclaimed a day of national fasting and prayer, saying, "It behooves us ... to humble ourselves before the offended Power, to confess our national sins, and to pray to the God that made us."

In his letter to the nation's governors asking them to join him in the day of prayer, Perry wrote that America is blessed to have founders who were both righteous and prayerful.

"I am not one who believes that our culture and society cannot be redeemed and renewed," Perry wrote. "But I believe it will take a great amount of prayer, and a renewed commitment to spiritual principles, to get our nation back on track. Let us not delay in doing what is right for our people and their future." **N**

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