
SPECIAL REPORTS	Tax Disclosure Boilerplate and the Confidentiality Conundrum	1203
	Federal Tax Issues on Transferable State Tax Credits	1213
<hr/>		
ANALYSIS	The Tax Bill in the Middle of the Medicare Bill	1158
	Inside the Internet Tax Nondiscrimination Act	1165
<hr/>		
CONGRESS	Many Tax Issues Left Waiting for the New Year	1151
	Differences in Charity Bills Have to Be Ironed Out, Staffer Says	1170
<hr/>		
IRS	Modernization Projects (Surprise!) Face More Delays	1154
	IRS Attorney: Service Caved to Pressure on Synfuel Credit	1155
	Changes Urged to Proposed Foreign Partner Regs	1173
	No Word Yet on When Derivatives Guidance Will Appear	1174
	IRS Goes After Abusive Offsetting Options Transactions	1183
<hr/>		
COURTS	IRS Must Disclose Exemption Denials and Revocations	1157
	Bad Tax Cases Make for Bad Privilege Law	1171
	Supreme Court Denies Cert. in Shell Windfall Profits Tax Case	1191
	Cameraman Kicked by Dennis Rodman Gets Tax Relief	1192
<hr/>		
PRACTICE	Tax Refund Claim Class Actions: Past, Present, and Future	1199
<hr/>		
COMMENTARY	Charitable Giving and the Estate Tax	1233
	<i>A Review of Refinancing America: The Republican Antitax Agenda</i>	1235

DEPARTMENTS

Book Reviews	1235	IRS Letter Rulings	1187
Calendar	1237	IRS News	1183
Chief Counsel Advice	1187	IRS Regulations	1179
Code Section Index	1240	IRS Tech Advice	1187
Court Opinions	1191	Practice News	1199
Focus on the IRS	1183	Special Reports	1203, 1213
Focus on Treasury	1175	Summary of Contents	1146
Internal Revenue Bulletin	1185	Tax Facts	1233
IRS Chief Counsel Notices	1189	This Week's Tax News	1149

edited by Robert J. Wells

Refinancing America: The Republican Antitax Agenda

Reviewed by Jay A. Soled

Refinancing America: The Republican Antitax Agenda, by Sheldon D. Pollack. Published by State University of New York Press, Albany (2003). Price: \$24.95 paperback, \$68.50 hardcover. <http://www.sunypress.edu>.

Who says that politicians can't learn from their mistakes? The Republicans have certainly done so, as evidenced by the fact that they now control the presidency as well as both houses of Congress. Although no single factor can account completely for their successes, their repeated demands for tax reductions have struck a nerve deep in the minds and hearts of the voting public.

Refinancing America: The Republican Antitax Agenda, a recently published book by Professor Sheldon Pollack, traces the origins of the Republican Party's disdain for taxes. This well-documented book reveals that the Republican revulsion toward taxes is nothing new. It began when the first income tax was instituted at the time of the Civil War and has become firmly embedded as part of the party's ideological framework ever since the passage of the Sixteenth Amendment, which officially sanctioned the use of the income tax.

It is no secret why the Republican Party harbors antipathy toward federal taxes. Higher federal taxes are closely correlated with a bigger Washington government. This was and continues to be anathema to most members of the Republican Party, who favor a smaller Washington government with power and resources vested in state legislatures.

In the past, when it came to the consequences associated with tax reductions, Republican politicians attempted to be intellectually honest with the voting public. Those politicians, such as Barry Goldwater, said they would reduce both taxes and the size of the federal government. For this intellectual honesty, however, they paid a stiff price: They lost elections. Although the voters probably liked the notion of keeping more of their income for themselves, they evidently relished entitlements even more and didn't want to be told that sacrifice was in order.

Did election setbacks cause the Republican Party to rethink its political position? No. What Pollack's book manifests is that the Republican Party astutely repack-

aged its message. With the assistance of various think tanks (for example, the Hoover Institute and the Cato Institute), Republican politicians learned that the winning message is that tax cuts result in *more*, not less, revenue. Armed with this positive spin (a.k.a. supply-side economics), Republicans told the electorate that tax cuts do not entail sacrifice; to the contrary, they said tax cuts pave the path to bountiful public coffers. This repackaged message has not always resulted in Republican successes at the polls, but it's hard to deny that the Republican Party, by refining and reformulating its message, has found tentative salvation in its declaration that less means more when it comes to taxes.

In detailing the refinements of the Republican antitax message, Pollack provides a Herculean service. We learn how Republican politicians have strategically used their tax-cut agendas to advance their standing among their constituencies and colleagues. When economic times are bad, the Republicans declare that tax cuts are required to stimulate the economy; when economic times are good, the Republicans declare that tax cuts are required to keep the economy humming. However, when passing tax cuts (which, needless to say, is politically easy), the Republicans have not simultaneously passed spending cuts; after all, the public is told, the cuts will pay for themselves. Like the Sirens' enchanting music described in Homer's *Odyssey*, that rhetoric is extraordinarily appealing. (And who can blame the voters for being so impressionable when they frequently hear, for example, that a tax cut and a prescription drug plan are both possible when we are fighting a war in Afghanistan, a war in Iraq, and a global war on terrorism?)

To prove the connection between tax reductions and enhanced revenue, Republican politicians have repeatedly pointed to the 1964, 1981, and 1986 tax acts. What is interesting about their reliance on those acts is that the Tax Reform Act of 1986 did not embody a tax cut, and neither the 1964 nor the 1981 tax act, both of which cut taxes, resulted in increased revenue. Instead, both the 1964 and 1981 tax cuts contributed to the nation's burgeoning deficit. (Some commentators describe Republican reliance on these acts as disingenuous; others go a step further and describe it as perverse.)

Pollack points out that the short-term implications of the Republican Party's fixation on tax cuts are generally favorable. In a political arena where deficits are deemed meaningless, interest rates are stable, and government programs remain generally unscathed, there is little doubt that the Republican Party will continue to dominate the political playing field. However, behind closed doors, some Republicans acknowledge

COMMENTARY / BOOK REVIEWS

that the party's intent is to starve the beast — the federal government — ultimately fostering a reduction of its size. It remains to be seen whether the Republican Party will still dominate after voters discover this ultimate goal.

Readers like myself who adhere to the yin-and-yang theory of politics (that is, every act by one party is a reaction to the action(s) of the other party and vice versa) will crave more information about the Democratic Party's stance on taxes and how the party has formulated and reformulated its message in response to the Republicans. Perhaps the Democratic Party's philosophy on taxes will be the topic of Pollack's next book.

In the meantime, whatever the case may be regarding which party is in control, the voting public should

accept that tax increases generally mean a larger government, and, conversely, tax reductions generally mean a smaller government. Voters should not be swayed by the seductive, yet often misleading, packaging of either political party. Professor Pollack's excellent behind-the-scenes look at the legislative process will give voters, as well as policymakers in Washington, grounds for resisting those who propose easy solutions to some complicated tax policy problems.

Jay A. Soled is a professor at Rutgers University.

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