 **MITT ROMNEY: HERE IS HIS SIDE OF THE STORY**
– Political attacks are one thing, but class envy, class warfare, and vilification are quite something else!



Stephen L. Bakke  August 31, 2012

I have accumulated notes and clippings about issues on which I felt Mitt Romney would be attacked, and how I would ask him to respond (I haven't been asked - yet). This isn't an exhaustive list, but it gets the conversation started – and I think it ended up too long as it is – but I couldn't help it – **I was on a roll!** I have highlighted the subject of each “Team Obama Claim” in **RED**. Use what you need to argue with “liberal uncle Barney” or “lefty cousin Fred,” and skip over the rest. Here is the “top 20” list with numbers to correspond to those in the body of the report:

- 1) **Mitt Romney is a member of the privileged elite and was “born on third base.”**
- 2) **Romney is not in touch with the people.**
- 3) **Romney is unreasonably withholding old tax returns.**
- 4) **Romney has been charged with the cancer death of the wife of a steelworker.**
- 5) **Romney has been called an “evil, greedy, vulture capitalist.”**
- 6) **Romney and a bunch of greedy, fat cat investors benefited unfairly.**
- 7) **Romney was a “pioneer” in the practice of outsourcing/shipping jobs overseas.**
- 8) **Team Obama suggests a possible felony/fraud from Romney lying to the SEC.**
- 9) **Romney's tax plan would cut rates for the wealthy but raise taxes on the middle class.**
- 10) **Romney's tax rate was unfairly low compared with average Americans.**
- 11) **Romney should not be trusted because he is using “tax havens.”**
- 12) **The Romney plan for Medicare reform will “kill” the program.**
- 13) **RomneyCare was the inspiration and model for ObamaCare.**
- 14) **Romney is accused of wanting to let the American auto industry die.**
- 15) **Romney is asking today's youth to “tap your parents” or “shop around” for college.**
- 16) **The claim is that Romney criticized the killing of Osama bin Laden.**
- 17) **It is a lie to criticize Obama for “gutting” welfare reform by eliminating “work rules.”**
- 18) **Maintaining “work-rules” in the welfare program has been labeled as racist.**
- 19) **Romney is accused of conducting a war on women.**
- 20) **Romney wants a “top down” economy, while Obama wants “middle out” growth.**

1) **Team Obama's Claim:** Mitt Romney is a member of the privileged elite and was actually “born on third base” (an implication that his position, wealth, and standing came through the luck of being born to wealth).

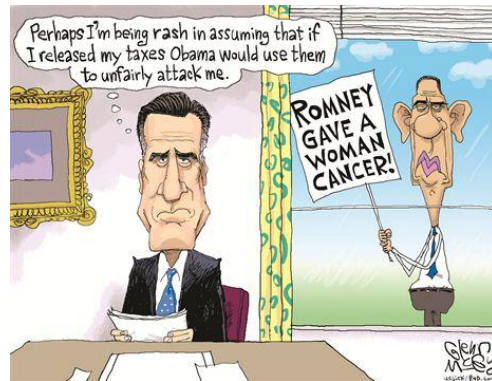
Mitt's Story: The full truth requires the public to know that Romney's wealth is his own – he is very much “self-made.” Upon his father's death he **donated all of his inheritance to charity**. It is also generally conceded that he has given prodigiously to charities his entire life.

2) Team Obama's Claim: Romney is not in touch with the people.

Mitt's Story: Even Romney would agree that a person coming from a wealthy family can't possibly claim having experienced all that a poor or middle class person has experienced. The fact that he doesn't falsely claim that is part of why he is seen as aloof. But **all his life he did what he could to be at least credible relative to the life he led.** He gave all his inheritance to charity and, of his personally earned wealth, has consistently given between 10% and 20% of each year's earnings to charity. It is not a "death knell" to a presidency to be wealthy! Witness Roosevelt, Kennedy, et. al. A "straw man" argument at best!

3) Team Obama's Claim: Romney is unreasonably withholding old tax returns. Senate Majority Leader Harry Reid charged, on the floor of the Senate, that he had information that Romney paid no taxes for ten years.

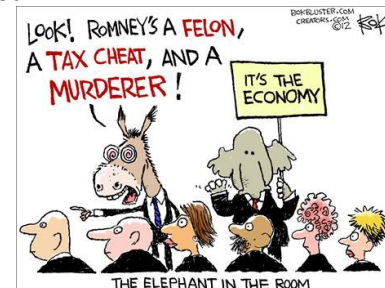
Mitt's Story: It is entirely true that Romney is limiting the release of his tax returns to two years. It's not required that he do more, and doing so would merely create a feeding frenzy that would be quite irrelevant. If Obama had any incriminating information or illegal activities it would have been found by now – and you can bet that Obama's team has "inside information" as to the legitimacy of Romney's tax returns.



Team Obama knows Romney has nothing to hide and is just trying to put him on the spot when he stands on principle. During the years of unreleased tax returns, it is generally conceded that the taxes he paid were at or near the "capital gains/dividend rates" in the "teens" as a percentage. One who has all the business partners he has had would be doing them a disservice if he created public disclosure of information he is required by agreement to keep confidential. And remember, John McCain also released only two years of returns.

4) Team Obama's Claim: Romney has been charged with the cancer death of the wife of a steelworker named Joe Septic who lost his job and health care coverage when GST Steel went bankrupt. It is implied that Septic's wife died shortly after the bankruptcy of GST which was owned by Bain Capital, the investment firm that Mitt Romney founded.

Mitt's Story: Romney left Bain two years before the shutdown. He was an owner but was not involved with operations or management. Septic was laid off in 2001. The decision to shut down GST was made by Romney's successor, Jonathan Lavine **who later was a major fundraiser for Obama.**



Mrs. Septic's cancer diagnosis occurred in 2006. About 6 months after the layoff, Septic was employed but decided not to add his wife to that insurance policy. **At the time of Septic's employment with GST, his wife had health coverage through her own employer.** His policy was her secondary coverage. **The charges are a lie.**

5) **Team Obama's Claim:** Romney has been called an “evil, greedy, vulture capitalist.” These charges relate to activities of his company Bain Capital.

Mitt's Story: In fact, Bain has a long history of investments and corporate “turnarounds,” despite investing in companies that were in the throes of failure and often facing imminent closure. Their goal was not to lose jobs or bankrupt companies. Nevertheless, sometimes “turnarounds” require downsizing and retrenching, with the ultimate goal of matching a realistic level of operation with operating costs. Sometimes jobs were lost in the new application of cost discipline, and sometimes the companies did fail. My long experience working with turnarounds and financing the struggling companies, leads me to personally predict a success rate of no more than 50%. Yet, **to date, Bain's rate of expanding revenue in their projects is about 80%**. All of us should be impressed. Writing in the WSJ, Daniel Henninger claims: “..... no matter what turn Mitt Romney's political career takes, Bain Capital may stand as the best of Mr. Romney's lifetime contributions to the nation's economic well-being. If only he'd tell the story.”

6) **Team Obama's Claim:** Romney and a bunch of greedy, fat cat investors benefited unfairly from the ventures invested in by Bain Capital.

Mitt's Story: In fact, **over half of the private equity capital invested by Bain came from pension funds and charitable foundations**. Another smaller percentage came from university endowment funds. When private venture equity succeeds meets its goals, it is not just companies and investment companies that thrive, it is retirees, charities, local communities and universities.

7) **Team Obama's Claim:** Romney was a “pioneer” in the practice of outsourcing/shipping jobs overseas while working at Bain Capital.

Mitt's Story: There is a claim but absolutely no substance to that claim. It has been soundly **rejected by independent fact-checkers as well as the Washington Post**. It's difficult to answer this charge with a “sorting of the details” because there are no details to sort through. But this I was able to “kick up”: Of the 100 companies invested in under Romney's leadership, only three have been mentioned by Obama as being examples of outsourcing jobs overseas. Two of these are from the period after Romney gave up the managerial control, and the third actually did create foreign jobs, but its proportion of domestic jobs actually went up during expansion.

8) **Team Obama's Claim:** When Romney began to push back on the “outsourcing” charge, **the Team Obama charge changed a bit to suggest a possible felony/fraud by lying to the SEC as to his management responsibilities at Bain**.

Mitt's Story: This claim was made because Romney signed certain SEC filing documents representing that he continued to hold an officer position at Bain. Those signatures have no bearing on an individual's management responsibilities at the company making the filing. In Romney's case these which were nonexistent. This occurrence is quite common. **Often there are inactive officers of a closely held company, but the SEC gives no exception for their signature. Those individuals are required by law to offer their signature on the document.** That's what government regulations require. **Romney's representations were required and the truth.**

9) **Team Obama's Claim:** Mitt Romney's tax plan would cut rates for the wealthy but raise taxes on the middle class by over \$2,000.

Mitt's Story: The claims by Team Obama ignored certain positions of Romney and inserted assumptions of their own which are totally wrong. Romney's plan wants to reduce rates for all

individuals by 20%, and also to reduce corporate rates. But the Democrats' claim is presented as if these rate reductions relate to the wealthiest only, and it is never presented in the context of overall tax reform whereby deductions and loopholes are dramatically reduced. Romney is supporting tax reform whereby revenues probably wouldn't be reduced at all, and **the rich would likely "shoulder" a disproportionate amount of the overall tax burden after reform is implemented. So what's the beef?** According to the AEI and the WSJ, realistic scenarios exist for doing this without hurting the middle class and without adding to the deficit. **This general model was recommended by the President's fiscal commission, which Obama has chosen to ignore.**

10) Team Obama's Claim: Even if Romney did pay taxes all those years, **his tax rate was unfairly low compared with average Americans.**

Mitt's Story: This "rich fat cat" (RFC) guy pays a 15% tax rate, and he owns a company. That company's income, which also belongs to him, is taxed at up to a 35% marginal rate. **That's tax payment #1.** And the company gets no deduction for the dividends it pays. Then the RFC pays 15% on the dividends he receives. **That's tax payment #2** on the SAME INCOME and is "double taxation"! **Tax payment # 3** comes from capital gains which comes in part from the previously taxes "retained earnings" of the company. **Combined, the overall tax rate burden on this investor can be 45% or even higher.** And this doesn't include any discussion of inheritance taxes!

11) Team Obama's Claim: **Romney should not be trusted because he is using "tax havens."**

Mitt's Story: Serious questions, but without substance. EVERYBODY with complex wealth, (including Harry Reid) use "tax havens." No financial planner or manager would suggest excluding the "Caymans" or "Swiss accounts" from consideration. These tax havens sometimes don't make much difference overall, but they do provide some advantages. **That's what comprehensive reform is all about! Remove some of the meaningless mystery in our tax system.**

12) Team Obama's Claim: **The Romney plan for Medicare reform will "kill" the program.** One of the ads of several months ago shows Paul Ryan pushing a wheel-chaired grandma off a cliff.

Mitt's Story: **Even left leaning Politifact described this as the political "lie of the year."** Medicare's own actuaries acknowledge the program's looming insolvency in about 12 years. This would result in major cuts for current seniors. The Romney plan appears to follow the bipartisan proposal authored by Paul Ryan and liberal Democrat Senator Ron Wyden of Oregon. And here's what all the claims ignore: The current version of the plan is neutral for all people currently 55 years or older. Younger Americans would have the option of a premium support program, or the current Medicare program. Remember that ObamaCare strips out over \$700 billion from Medicare to pay for other ObamaCare programs – this would be returned to Medicare under Romney's plan. Yes there will be some change but it will save Medicare.

13) Team Obama's Claim: **RomneyCare was the inspiration and model for ObamaCare.**

Mitt's Story: Governor Romney proposed legislation that was more conservative, business friendly, and bipartisan than ObamaCare. **The important point is to realize he did try to tone down and revise the legislation which was being manipulated by the very liberal Massachusetts legislature – he attempted a veto several times.** You have to give him credit for at least trying! In the final analysis he signed the legislation largely because the final legislation was broadly supported by the legislature and the public. He did his job by supporting reform, attempting to

make it as good as possible, and in the final analysis, he signed the law – with expressed reservations.

14) Team Obama's Claim: Romney is accused of wanting to let the American auto industry die.

Mitt's Story: The best way to answer these claims is to simply quote Romney, who opposed the proposed bailout: "If [the auto companies] get the bailout their chief executives asked for yesterday, you can kiss the American automotive industry goodbye. It won't go overnight, but its demise will be virtually guaranteed. **Without that bailout**, Detroit will need to drastically restructure itself. **With it**, the automakers will stay the course – the suicidal course of declining market shares, insurmountable labor and retiree burdens Detroit needs a turnaround, not a check But don't ask Washington to give shareholders and bondholders a free pass – they bet on management and they lost"

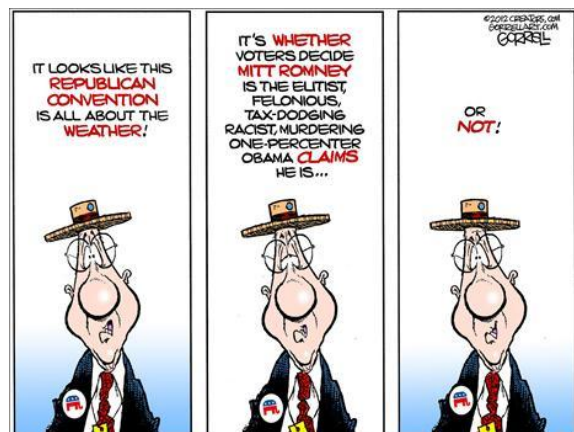
"..... a managed bankruptcy may be the only path to the fundamental restructuring the industry needs. It would permit the companies to shed excess [costs]. The federal government should provide guarantees for post bankruptcy financing and assure car buyers that their warranties are not at risk." That, my friends, is a GOOD bankruptcy strategy, compared to the Obama-inspired "cram down" that was done – thereby delaying the inevitable!



15) Team Obama's Claim: Romney is charged with wanting to change the education system and is asking today's youth to "tap your parents" or just "shop around" for a higher education institution.

Mitt's Story: While I came across those charges, I really don't know where they came from! Let me take a quote from his 2010 book "No Apology: The Case for American Greatness": "..... American's post-WWII commitment to public higher education directly contributed to the burst of productivity that rocketed our economy beyond every other."

But other nations have made as great or greater a commitment to higher education than we have, particularly in engineering, computer science and information. 15 years ago, China and India awarded about half as many master's degrees in these fields as did the U.S. Today, they graduate more than two times the number of students in these fields as we do." Romney is concerned and wants a renewed commitment to higher education, rather than being "flippant" about it as is implied by the Democrat's claims.



16) **Team Obama's Claim:** The claim is that Romney criticized the killing of Osama bin Laden as unnecessary and that he would not have done it.

Mitt's Story: Here again, it's best to simply quote Mitt Romney: "I wouldn't want to over concentrate on bin Laden. He's one of many, many people who are involved in this global jihadist effort. He's by no means the only leader. It's a very diverse group – Hamas, Hezbollah, al Qaeda, Muslim Brotherhood and of course, different names throughout the world. It's not worth moving heaven and earth and spending billions of dollars just trying to catch one person. It is worth fashioning and executing an effective strategy to defeat global, violent jihad, and I have a plan for doing that." **He wisely pointed out the enormity of the problem, and that bin Laden was a small step along the way.**

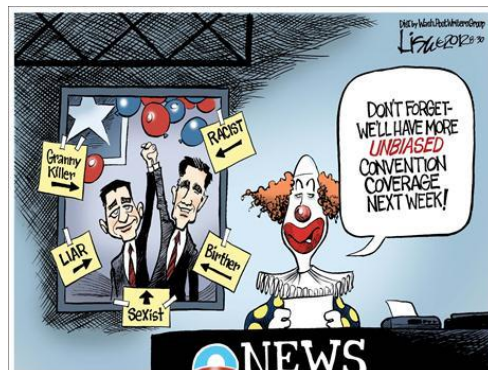
17) **Team Obama's Claim:** Romney is lying when he criticizes the recent executive order for "gutting" the 1980s welfare reform by eliminating "work rules."

Mitt's Story: The executive order is inherently dangerous because it doesn't directly and clearly do what Romney is claiming. As written, the policy merely gives states more leeway in their enforcement of work rules, subject to federal approval. But Romney has made a good point. If the revision wouldn't on it's surface cripple the work requirement, it has "opened the door to changes in welfare reform that could destroy it from within." States have the leeway to NOT require work – and some will do that! So concludes NYU political scientist Lawrence Mead, one of the experts whose research paved the way for the 1996 welfare reform. **Giving the states this latitude gives them the power to undermine the work requirement.**

18) **Team Obama's Claim:** Romney's mention of the importance of maintaining "work-rules" in the welfare program has been labeled (by you know who – initials C.M.) as a subtle, but powerful, racist philosophy – a "codeword" for racist sentiment.

Mitt's Story: That claim is absurd! The number of white Americans on welfare is several times the number of minorities. Minorities are disproportionately represented on the welfare rolls – that's important to point out. But one must keep in mind that the percentage of unemployed minorities, in this Obama economy, is at least double that of white citizens!

Given the tenuous condition of our welfare system, a clear statement of purpose must be made, (I'm quoting someone and can't remember whom!): **Welfare reform is not about limiting the transfer of money from white taxpayers to non-white recipients, but about ensuring that programs intended to help the poor do not in the end damage the poor, corrupt public institutions, and constrain the economy.**



19) **Team Obama's Claim:** Romney is accused of conducting a war on women. "He and his" have, in related arguments, been described as "Taliban-like."

Mitt's Story: This is an evolutionary tale. It relates to the opposition by the Catholic church to requiring Catholic hospitals and schools to provide birth control and "morning after" coverage in

their employee and student insurance policies. It also relates to the Romney and Republican opposition to the Roe v. Wade version of abortion on demand. **This accusation has taken a long respected bi-partisan tenant of “freedom of religion” and made it into an empty accusation of a “war on women.”** Demagoguery at its best!

20) *Team Obama's Claim:* Romney wants a “top down” economy, while Obama wants to grow the economy “from the middle out.”

Mitt's Story: Commentator Austin Hill answered this quite well. He said that we should ask “who is seeking a ‘top-down’ approach to the economy? The answer, of course, is the President himself **President Obama successfully put into place a system of tremendous governmental control over the otherwise private economy.**” ‘Nuff said!

Now on to other topics, and just maybe a lot more about one of my favorites – Paul Ryan!