

US tax cuts – saving Speaker Ryan

I had the pleasure of hearing Speaker Ryan of the US House of Representatives when he was in London last week talking about the new Administration's strategy.

He came across as able, engaging, well informed and keen to get on with the job. He wore power well, and handled deftly the questions of those in the media and think tank world who wished to trip him up or drive wedges between the House and the President.

There was surprisingly little reporting of his remarks on the media. He was warm and positive about the US/UK relationship. He constantly stressed its special nature and its long history, joked about the time the UK burned the White House and made a clear offer of early progress on a US/UK trade deal just as soon as the UK was in a position to do so. Given all the comments we hear reported on possible complexities in confirming our current free trade arrangements with the EU in a new format, it was odd we did not hear a lot more about a likely free trade deal with our single largest overseas country market.

He explained in a response to my question that both House Republicans and the President are keen on tax reform and reduction. Both agree on the shape of the simplification and reduction of personal income taxes. The differences over reform and reduction of corporate income taxes he thought to be easy to overcome, as both want the same direction of travel. Healthcare reform has been given priority because the spending reductions it produces are helpful in working out the budget impact of the tax changes. However, if they cannot secure an early healthcare reform the tax reform can still proceed.

He repeated that Republicans understand the current mood of scepticism about political establishments. They understand they need to deliver on both healthcare reform and tax reductions to keep their promises and to speed the US recovery. Getting things through the Congress even when a party has a majority in both as the Republicans do is never easy. Speaker Ryan seems determined to achieve something before the year is out.