

Herman Cain: Everything You Need to Know

By Alex Frey and Ivy Bytes

©2011 Alex H Frey

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to the publisher at inquiries@ivybytes.com

Created by Ivy Bytes

www.ivybytes.com

Preface

Herman Cain: Everything You Need to Know is a "pilot" for a new kind of company.

"Ivy Bytes" was born in 2011 as a result of a growing frustration at the failure of traditional media and publishing companies to address serious issues in a concise and accessible way.

The genesis of the idea came during the Health Care reform debate of 2010, when I realized from my business school dorm room that I had no idea which side of one of the most important issues of our time that I stood on. Worse than that, I wasn't even sure what was in "Obamacare." I tried to stay on top of the news, but somehow the more magazines and newspaper articles I read, the more confused I became.

I thought maybe I was just out of the loop. But then, I realized that a majority my classmates at the Ivy League institution that I was attending at the time also had little idea what was going on. And the minority that claimed to be experts disagreed amongst themselves on basic details like what was actually in the bill before Congress. The conservative crowd seemed convinced the legislation was going to insert government bureaucrats into operating rooms everywhere. Liberals seemed to think it was mostly about giving health insurance to sick kids.

I thought at the time that there should be a better way of getting unbiased information on essential topics. The ideal source would be authoritative and impeccably researched, yet also concise and accessible. It would have a length in between that of a magazine article or blog post and a full-length book. The former seemed too short to do anything but add to the noise or make an out-of-context argument, while the latter was too long and drawn out to read. I thought that 20 to 50 tightly worded pages seemed about the right length to really dig into a subject like the health care debate.

The idea was placed on the back-burner as I finished up my MBA class work at Harvard. It was brought to the surface again by the events of the past summer and fall. At an enormously important inflection point for our politics, our economy, and our financial system, I am continually stunned by the level of divisiveness, misinformation, and sheer nonsense out there.

I am a news junkie, but I find it is taking more and more time than ever to really figure out what is going on in the world right now. Whether it's the European debt crisis, the debate over spending cuts in the US, or even the latest twist in the Presidential campaign, it's become harder and harder to separate the actual substance of an issue from the overwhelming amount of noise and rancor surrounding it. It seems all too painfully obvious that the result of this lack of clarity is yet more rancor, yet more partisan divide, an even bigger gap between the parallel universes that liberals and conservatives seem to live on.

Ivy Bytes is for busy, no-nonsense people that want to cut through all of this noise and get 20-50 page pages of condensed facts and analysis. It's kind of like one of the Special Reports in The Economist - except that you can actually read and understand the whole thing in one or two sittings. I guarantee that

each guide has been thoroughly researched and vetted and represents the latest in mainstream thinking on its subject. I hope you will agree.

This guide - and this entire concept - remain a test. If you like what you see, please consider leaving a review on Amazon. Also, keep your eye out for more Ivy Bytes guides on other topics, including [A Beginner's Guide to Investing: How to Grow Your Money and Smart and Easy Way](#), available from Amazon and Barnes and Noble today. You can sign up for our free email newsletter on our website (www.ivybytes.com) to find out as soon as additional guides are released. Finally, please let us know personally what you think via one of the contact methods below:

Email: feedback@ivybytes.com

Twitter: [@ivybytes](#)

Facebook: [IvyBytes](#)

Web: www.ivybytes.com

Thanks for reading!

Alex Frey

Oct, 2011

Contents

| | |
|---|--|
| Preface | |
| 1) The making of Herman Cain | |
| Self-Reliant Attitude..... | |
| Family | |
| Early career | |
| 2) Cain the Businessman: Building a better pizza | |
| Turnaround at Godfather's | |
| Management Buyout | |
| How big of a turnaround? | |
| Involvement in Politics | |
| An inspiring bout with cancer | |
| 3) Campaign 2012 - The "Cain Train" gains momentum | |
| Leaving the Station | |
| Media Coverage | |
| Is Cain in it to win it? | |
| 4) Cain on the Budget and Economy: Would President Cain create jobs? | |
| Spending | |
| Unions | |
| Social Security Reform | |
| Health Care | |
| Would President Cain create more jobs? | |
| 5) The 9-9-9 Tax Plan: Good for America? | |
| What it is | |
| How much revenue would it generate? | |
| How would it distribute the tax burden? | |
| Other benefits - expanding the tax base | |
| Benefits to long-term growth | |
| Conclusion | |
| 6) Social Issues and Foreign Policy | |
| Domestic Issues - By the book conservative | |
| Defense and Foreign Policy - Adamantly pro-Israel, light on specifics | |

| | |
|--|--|
| 7) Is his rhetoric too extreme? | |
| Comments on Obama and liberals..... | |
| Comments on Islam | |
| Comments on immigration | |
| Comments on Wall Street Protesters | |
| Assessment | |
| Afterward..... | |

Introduction

Herman Cain burst onto the political scene sometime in the early Fall of 2011 when, against all odds, polls started to show him placing near the front of the Republican pack of Presidential contenders - firmly ahead of established politicians with much better name recognition like Rick Perry, Newt Gingrich, and Michelle Bachmann.

The political establishment was not quite sure what to do with this stunning development. Here was a man who was running for President of the most powerful nation in the world who had no foreign policy experience whatsoever, a man whose closest brush with public office was finishing second in a Republican *primary* to be the Senator from Georgia, a man who seemed prone to frequently "misspeaking" on the campaign trail.

Yet Cain's appeal was clearly not an accident. Here was also a man who told it like it is and spoke from the heart at a time when many candidates seemed to be programmed to always say what they thought the special interests backing them wanted to hear, a man who had experience running a real business outside of Washington at a time when the politicians inside the beltway seemed incapable of moving forward on solutions to critical issues facing the nation, a man who spoke of bold ideas like the "9-9-9" tax plan at a time when other candidates seemed to spit out the same recycled policy prescriptions.

This book is an attempt to reconcile these two Herman Cains. It tries to be unbiased. But unbiased does not mean uncritical. In the course of a political campaign, every major candidate says things that, upon serious reflection, are impractical or grossly exaggerated. Recognizing these hyperboles and pointing them out when they occur should be considered less "biased" than ignoring them and pretending they do not exist.

This book strives to be an unbiased, yet critical review of Herman Cain. It will try to help separate hype from reality, bold ideas from hopeless pipe dreams, fact from myth - all with the hope of giving the reader better tools to develop an informed opinion. We are not singling out Herman Cain for this "treatment." We expect to roll out critical guides on the other candidates soon.

1) The making of Herman Cain

Much like Barack Obama, Herman Cain has an amazing personal story of triumph against all the odds that has played a large role in his campaign.

Cain was born in Memphis, Tennessee on Dec 13, 1945. Shortly after his birth, his family moved to Georgia, where he would grow up. Herman's parents came from extremely hardscrabble backgrounds. In his book [This is Herman Cain!](#), Cain writes that his father walked off his own parents' farm when he was 18 with nothing but the clothes on his back. He hitchhiked his way to Ohio to get a manufacturing job. In Ohio, he met Cain's mother when they shared a ride to work in a small vehicle that lacked enough seats for everyone, fortuitously forcing Cain's mother to sit on his father's lap.

When he was five, Cain lived with his brother and parents in government-subsidized housing that he called "The Projects." Despite their meager surroundings, his parents had two lofty but quintessentially American dreams - they wanted to one day own their own home, and they wanted to see their two sons graduate from college. With his eyes on these prizes, Herman's father took on as many as three service-sector jobs in order to pay the bills. His mother worked as a cleaning lady. Through their hard work, both of their goals were accomplished. His parents saved enough to buy their house outright, and both Herman and his only brother graduated from college.

In college, Cain worked several part-time and summer jobs to help pay for his education. Undeterred by the time constraints this placed on his studies, he chose to major in the difficult subject of Mathematics because he wanted an intellectual challenge. Cain graduated from Morehouse University in 1967 with a "B" in his major and a "C" average overall. Following his graduation, Cain writes that he was "a beneficiary of the civil rights movement. I received twenty-five job offers, and they came from some of America's most respected and successful corporations."ⁱ

Self-Reliant Attitude

Cain's early life had a profound impact in fostering a lifelong devotion to the ideas of self-reliance and personal empowerment. He refers to his concept of self-empowerment as "CEO of self," and it has been a core part of his career as a businessman, radio talk show host, and motivational speaker. Much of this may have been passed down to Herman by his father. In a [1996 interview](#), Herman Cain told Parade Magazine that his father: "Never looked for a government program, a government handout. I never heard my father complain about somebody owing him anything. All I ever saw was how hard my father worked to get what he wanted out of life."ⁱⁱⁱ

The relentless focus on self-improvement is evident in the way a young Herman Cain reacted to the inevitable discrimination that he faced in the segregated south. He writes that when he was told that he would not receive the same education as white children, he did not get mad, but decided that "I'm still going to work as hard as I can to succeed, despite the fact that the white kids have better materials and better books."ⁱⁱⁱⁱ

A few stories of Cain's rather limited interaction with the civil rights movement stand out in particular from his recent autobiography. They are perhaps more telling for the fact that Cain chose to include them in his book than they are for their content.

The first comes from his early childhood. One day he and his brother drank from a "whites only" water fountain while nobody was looking. Their conclusion was that the water tasted just the same as the 'coloreds' one.

Another time, he and his brother were riding back on a bus during a time when protests were beginning to pick up and were asked to move to the back. They did so without protest.

A third time, Cain suspected discrimination when a white colleague was given a promotion before him. But when Cain asked his boss about it, he was told that it was because his colleague had a Masters Degree and Cain did not. So Cain immediately decided to get an advanced degree, and was accepted at Purdue University.

Finally, Cain experienced outright discrimination at a barber shop in Fredericksburg when he was told that the barbers were not allowed to cut the hair of colored people. So Cain bought his own pair of clippers and cut his own hair. This ability to focus on what he *could* control rather than to get angry or bitter at an injustice that he could *not* control would be a hallmark of his career.

Family

Cain married his wife Gloria in 1968. The two had first met a few years prior to this when they were introduced by a mutual friend. Gloria has kept a much lower profile than the traditional campaign spouse, preferring to stay at home rather than come along on the campaign trail. The Cain's have two adult-age children and two grandchildren.

Early career

Following his graduation from Morehouse College, Cain accepted an offer to work for the US Navy as a Civilian Mathematician. During his time working for the Navy, Cain also managed to get a Masters in Computer Science from Purdue University. Shortly after this, he decided to seek an opportunity in the private sector. Cain started at Coca-Cola, his father's old workplace, but found that his opportunities were limited because he was widely known as "the chauffeur's son." Cain left Coca-Cola after a short time and went on to work at Pillsbury as a systems analyst. At Pillsbury, he achieved the rank of Vice President. Though Cain had a cushy desk job overseeing the company's computer systems, he writes that he grew bored, and decided to seek an opportunity to actually run a business.

This quest sent him to Burger King, which was a Pillsbury subsidiary at the time. At Burger King, Cain entered an 18 month "fast-track" program that was designed to produce Regional Managers. His Burger King training started at the very beginning. Cain learned all the basic functions of the kitchen, including the broiler, steamer, burger board, and fry station. At 36, he was much older than the others that were being taught the intricacies of the fast-food kitchen, but he stuck it out because he had his eye on the prize of one day becoming a Regional Manager.

In his first role as a manager at the individual restaurant level, Cain had great success thanks to a creative focus on customer service. He determined that customer interaction was one of the few things that he could control in a franchise establishment where the menu and pricing were determined at a higher level. Cain noticed that many of the young teenage employees at his restaurant were not smiling at customers, so he instituted a BEAMER program that trained and instructed employees the proper way to greet customers when taking orders. Sales purportedly increased markedly as a result.

Following his success at the individual restaurant level, Cain was appointed the Regional Manager of 400 Burger King stores in the Philadelphia region. Allegedly, his stores went from being the least profitable in the Burger King system to the most profitable in the system during his three year tenure. In his book, he attributes this to "treating people like people" and "telling people when they're doing something right." It would not be the last time that Cain's seemingly innate motivational abilities would come in useful in advancing his career.

2) Cain the Businessman: Building a better pizza

Turnaround at Godfather's

Following his success as a Regional Manager at Burger King, Cain was offered the opportunity to run [Godfather's Pizza](#), a business that Pillsbury had somewhat reluctantly acquired as a part of another deal. At the time, Godfather's was considered to be in serious financial trouble. Prior to its acquisition by Pillsbury, some had thought it to be on the verge of bankruptcy. On his first day as CEO, Cain addressed the company's employees at their headquarters and promised that things would turn around soon.

Indeed, in his first year, Cain was able both to steer the business in the right direction and achieve profitability. Key to his success were the same motivational abilities he had displayed during his Burger King tenure. Cain writes in his book that his leadership style was to seek input from all Godfather's employees and rally the company around a common refrain of making "quality" pizza. His rousing motivational speeches may also have been a key factor in getting the company's employees on the same page again.

Cain's other natural talent - marketing - was also evident in the company's early history under his guidance. Godfather's had success with a "Big Value" offering of two pizzas for \$12, a deal that he sees as instrumental in turning around the company's fortunes.

He also showed a penchant for understanding all facets of the business. This included learning the best way to tell a good pizza from a bad pizza: order the meat-lovers variety and see if the meat tastes salty.^{iv}

Management Buyout

Despite Cain's initial success with Godfather's, Pillsbury did not consider the pizza chain to be a core part of its business, and it decided to put the unit up for sale. Cain and his top deputy decided that if Pillsbury was going to sell the business, then management should be its purchasers. The management team arranged debt financing from Citi to do a management-led leveraged buyout, a step that put a considerable portion of Cain's own net worth at risk. He [told a NY Times reporter at the time](#) that "As the bankers told me, I will lose everything before they lose a penny."^v After completing the deal, Cain officially became the CEO of an independent Godfather's pizza.

Shortly after the buyout, Cain got his first taste of national television exposure when he appeared as the main character on a series of the company's television commercials. Never shy of publicity, Cain [told the NY Times](#) that while he was indeed a "ham," he did not appear on the commercials out of ego, but because employees had suggested it given his "jovial" personality.^{vi}

How big of a turnaround?

Though Cain is light on providing details of just *how* he turned Godfather's around, part of the answer seems to have been to cut expenses. After initial success in the late 1970s and early 1980s, Godfather's had over-expanded and was now bloated with too many restaurants. During his first years, Cain closed over 200 restaurants and laid off 300 to 400 people, according to some reports.^{vii} Other observers at the

time have suggested that Cain excelled at getting his managers on the same page through his collaborative management style and ability to motivate others.

While most accounts support the view that Cain was successful in his initial turnaround of a business that was headed in the wrong direction, it is not clear that he was as adroit at growing the company over the longer term. Business Week reports that Godfather's revenues [never showed any real growth during Cain's tenure](#), instead fluctuating sporadically between \$225 million and \$275 million a year.^{viii} Godfather's also never seriously challenged Pizza Hut or Domino's at the top of the pizza hierarchy. Neither, it seems, was the buyout a phenomenal financial success for Cain. He has disclosed that he is worth between \$2.9 million and \$6.6 million today, but much of this wealth comes from the last few years when he has earned considerable income as a radio talk show host and a member of several boards.^{ix} It may be telling that Cain's book is noticeably light on any details of Godfather's operations after the initial turnaround. These facts have led several outside sources to [question the heroic turnaround narrative altogether](#), pointing out that inflation-adjusted revenues declined significantly during Cain's tenure at Godfather's.^x Furthermore, the company never seems to have accomplished Cain's big initiatives at the time of the buyout^{xi}.

In any case, the profit/loss figures from the business are not publicly available since Godfather's was and is privately owned, so speculation will likely continue.

Involvement in Politics

Cain got his first taste of national politics in 1993, when, as CEO of Godfather's pizza, he was asked to participate in a televised town-hall meeting on President Clinton's proposed health care plan. When [Cain was called on to ask the President a question, he went through numbers detailing how much the proposed changes would cost his business](#), and then asked Clinton what he was supposed to tell the employees that he would have to fire as a result of the increased costs. When Clinton responded with his own set of numbers, Cain earned national fame for saying "Mr. President, with all due respect... your numbers are incorrect." The exchange ended with Clinton asking Cain to email him his analysis.^{xii}

In 1994, Cain stepped down as CEO of Godfather's in order to take the reins at the National Restaurant Association (the other NRA...), beginning a foray into politics as a paid lobbyist. He kept his title as Chairman at Godfather's initially.

Cain got his first taste of Presidential politics in the 1996 election. Impressed by how he had stood up to President Clinton, Bob Dole and Jack Kemp sought Cain out to help advise and campaign for their 1996 Presidential ticket. Cain would later also serve on Steve Forbes' campaign, and lead a popular radio talk show in Atlanta - a perfect vehicle for his motivational speaking prowess and his ability to inspire others.

In the mid 1990s, Cain also served on the Board of the Kansas City Federal Reserve. This included a stint as Chairman from 1995-1996. Ron Paul, who is running on a platform of abolishing the Fed, has [repeatedly tried to make Cain's service into a campaign issue](#). However, Cain was not a "Fed Chairman" in the way that most people think. The Kansas City Federal Reserve is one of twelve regional banks responsible for implementing the monetary policy of the United States. The actual direction of monetary

policy is determined at meetings of the Regional Bank Presidents and the Federal Reserve Board of Governors in Washington, DC. Cain's role did not involve any day-to-day input on the conduct of monetary policy - he was merely Chairman of a citizens advisory board responsible for overseeing the Kansas City Regional Bank and helping to pick the next President of the Regional Bank.

An inspiring bout with cancer

A final inspiring piece of the Herman Cain story is his successful bout with cancer. After odd pain in his colon in 2006, Cain discovered that he had stage 4 cancerous tumors in his liver and cancer and was given only a 30 percent chance of surviving. His treatment involved several chemotherapy sessions as well as a seven hour surgery where 70% of his liver and 1/3 of his colon was removed. Following the procedure, Cain was told that there was roughly a 50% chance that his tumor would come back, but luckily he has remained cancer-free until this day.

Cain credits his battle with cancer along with the birth of his first grandchild as providing an impetus to get into national politics in order to make a difference for the next generation.

3) Campaign 2012 - The "Cain Train" gains momentum

As someone that came into the race having neither a national public profile nor any history of serving in an elected position before, Herman Cain has emerged as one of the more unlikely front-runners for the Republican nomination for President in years. This chapter will take a look at Cain's campaign, including the all-important media reaction to his meteoric rise.

Leaving the Station

Herman Cain formally declared his intent to run for the Republican nomination for President of the United States at a rally in Atlanta, Georgia on May 21, 2011 in front of a proclaimed crowd of 15,000 supporters. Cain [told the throng of fans](#) "just to be clear, I'm running for President of the United States, and I'm not running for second." ^{xiii}

Despite languishing amongst the "also rans" for much of the campaign, Cain emerged as a surprise contender following an unexpected victory at the Florida straw poll, a non-binding poll of Republican delegates in Florida. Following a rousing speech to the delegation attendees, Cain won roughly 40% of votes cast, more than double his nearest opponent. As media coverage of his campaign picked up over the next couple weeks, some national polls began to show Cain leading the field among likely voters in Republican primaries^{xiv}.

Media Coverage

The mainstream media reacted to the early parts of the Herman Cain candidacy with a collective yawn, preferring to focus on celebrity and establishment candidates instead. A search of Google News reveals 1,770 articles between January and September talking about Herman Cain, 7,040 articles spoke to Sarah Palin's non-existent run and 4,270 discussed dropout Donald Trump^{xv}. Despite "winning" the first debate according to focus groups of voters, Cain was usually only mentioned in passing, when at all.

In what cynics see as demonstrating a preference for sensation over substance, media coverage since Cain emerged as a leading candidate has focused significant attention on his race. Cain brought on some of this attention through several provocative statements. First, he claimed that [many African-Americans have been brainwashed into mindlessly supporting liberals](#) without considering any alternatives.^{xvi} Then Cain suggested that he preferred to be known as a "Black American" rather than an "African American," since he traces his roots through slavery in America rather than just through Africa. This seemed to many to be saying that President Obama is not a real black man, since his father was from Africa and his mother was white. When asked to clarify his stance on Obama's race by the NY Times, Cain [seemed to double-down](#) by saying that the President was not really a black man "in terms of a strong black man that I'm indentifying with." ^{xviii}

Some in the media have also picked up on Cain's limited role in the civil rights movement. Lawrence O'Donnell, a liberal MSNBC commentator, [literally asked Cain](#) "Where do you think black people would be sitting on the bus today if Rosa Parks had followed your father's advice?" O'Donnell went on to claim

that Cain had "deliberately decided not to participate in the civil rights movement and the civil rights protests." ^{xviii}

Meanwhile, conservatives have expressed frustration at what they see as the quick dismissal of Cain as an intellectual lightweight. On "The Daily Show" liberal comedian [Jon Stewart had fun at a Cain remark](#) demanding that all Congressional bills come in at three pages or less. In a condescending voice that Cain would later say reminded him of "Amos and Andy," Stewart mocked Cain by saying "If I am President, treaties will have to fit on the back of a cereal box. From now on, the State of the Union address will be delivered on a fortune cookie. I am Herman Cain and I do not like to read!"^{xix} Other comedians and opponents have made consistent light of Cain's experience as a pizza executive, perhaps implicitly writing him off as a lightweight. In a [list of the top ten things you didn't know about Herman Cain](#), Letterman included gems such as "- 9. Wants to add the inventor of the calzone to Mount Rushmore; 6. Oil he uses for pizzas - same stuff Romney puts in his hair."^{xx}

Is Cain in it to win it?

When polling data began to show an insurgent Cain taking a lead in the fight for the Republican nomination in October, the media began to shift their focus to explaining why this unlikely rise was happening. Howard Davidowitz expressed a common view, saying Cain was popular because he was "a real person", "not a robot."^{xxi} Other observers felt that Cain was probably just the latest flavor of the month in an up-and-down Republican primary race in which voters seemed to be desperately searching for an alternative to Mitt Romney. At the time of Cain's rise, the race had already seen the rise and fall of Donald Trump, Michelle Bachmann, and Rick Perry. The betting website www.intrade.com showed bettors were giving Cain a less than ten percent chance of winning the nomination, versus 65% for front-runner Romney^{xxii}.

Some have gone a step further than questioning whether Cain can win, and have instead asked whether he is even trying to win. In several reports, MSNBC has suggested that he does not appear to be mounting a serious bid to win the nomination. Indeed, Cain left the campaign trail to go on a book tour at what seems like a critical junction. In addition, one of his communications directors just left to help with a lowly Lt. Governor's campaign^{xxiii}. The NY Times added that Cain is spending unusual time campaigning in Tennessee - a state whose primary is relatively late in the process and is not expected to be that important. Rivals report that he does not have any sizeable campaign organization in Iowa, a key early primary state (though Cain claims that this has since changed). Some speculate that Cain's real motive to joining the race was to sell copies of his book, develop a national brand, and potentially receive a Cabinet position in a Republican administration. Still, Cain's extreme self-confidence and history of winning against the odds suggest that he may really believe that he can pull off an upset.

Allegations of Sexual Harassment

Skeptics in the media had a field day when it was revealed late in October that Herman Cain had been the subject of two different sexual harassment complaints while he was the head of the National Restaurant Association. According to Politico, the leading political website that broke the story, in both cases the women [complained of a pattern of sexually suggestive behavior that included innuendo-filled conversations, overly personal questions, and suggestive gestures](#). At least one of the women

apparently told a friend that Cain had made a sexual advance towards her while they both were in a hotel room at a conference. Both women are reported by Politico to have received five-figure settlements in exchange for agreeing to leave the company, to drop their charges, and to stay quiet in the future.^{xxiv}

Cain at first flatly denied any wrongdoing, telling Fox News "I have never sexually harassed anyone." He also claimed to be unaware of any settlement reached with the NRA, and accused his political opponents of a "high tech lynching." Yet in his later statements, Cain seemed to be leaving some room open for doubt. While still denying sexual harassment, he told PBS that inappropriate behavior "is in the eye of the beholder," and that it was possible someone could have thought that he had crossed that line in his conduct. Cain's memory of the incident also seemed to improve throughout the course of the scandal.^{xxv}

4) Cain on the Budget and Economy: Would President Cain create jobs?

"Jobs" and "Spending" have emerged as the two key issues of the 2012 campaign. This chapter will look at where Cain stands on the most important fiscal and economic issues facing the country - spending, unions, social security reform, and health care reform - and conclude with an assessment of the likely impact of his policies on job creation. The next chapter will take an in-depth look at the 9-9-9 Tax Plan, a key component of Cain's economic agenda.

Spending

As a Tea Party Republican, Cain has gained notoriety for his attacks on what he sees as out-of-control government spending. On his website he writes that "The massive debt caused by liberal policies will be passed onto our children and grandchildren if we do not stop it." Cain says that he would do whatever it takes to balance the budget in year one of his administration. He has suggested that this would entail an immediate, across-the-board cut in spending of at least ten percent, followed by a detailed line-by-line item review of every government program, including the entitlements. Cain would also support a Constitutional amendment that would require the government to run a balanced budget every year. Most economists think that balancing the budget without significantly raising taxes would require cutting current spending levels by at least 20%.

Unions

As a former CEO of a restaurant company that employed thousands of low-wage workers, Herman Cain is no fan of unions. In his characteristically unabashed style, he writes in [This is Herman Cain!](#) that "labor union leaders, and the left in general, are not interested in a free society where people can think and make decisions for themselves. These people want a country dominated by big government, with union domination of businesses and their workforce." As President, Cain could be expected to oppose bills such as the Employee Free Choice Act which make it easier for workers to form a union with a simple majority vote, but which opponents say violate the individual rights of workers who do not wish to unionize.

Social Security Reform

Cain is also a big opponent of the "entitlement culture" that he claims is created by large government programs like Social Security and Medicare. He writes on his website that "although it might not be politically popular to modernize and eliminate some of our entitlement programs, responsible leaders should be willing to do it all the same."^{xxvi} In speeches, he repeatedly talks about creating a culture of "empowerment not entitlement." Yet while he has been light on specifics of what this means at a policy level, Cain seems to stop short of calling for the complete abandonment of the entitlement programs. For instance, he has shied away from characterizations of his plans as "privatizing" either program.

For Social Security, Cain has said that he wants to move towards what he refers to as a "[Chilean model](#)." In Chile, workers are given individual retirement accounts similar to 401(k) accounts in the US. They are then mandated to save at least ten percent of their wages into these accounts every month. This kind of

forced saving scheme contrasts with the US pay-as-you-go system in which taxes from workers directly pay for the benefits of retirees.

While many conservative economists think personal accounts may be a good idea in theory, a huge difficulty in practice is figuring out a way to pay for an inevitable transition period from the current system. Currently, younger workers' payroll taxes are used to directly fund benefits for older retirees. If younger workers' savings were instead diverted into mandatory savings accounts, there would be no money to pay for the benefits of the retirees that grew up under the current system. It seems impossible to fund a switch without either a) making up for the initial shortfall by taking out more government debt, something that Cain would probably be against since he opposed increasing the debt limit, or b) taxing younger workers twice - once to pay for benefits of retirees and once to pay for their own benefits. Cain has not provided specifics on how he would handle the transition period, only saying that private accounts would probably kick in for those under 40, and that he did not see a need to cut benefits or raise the retirement age for those already in the system.

Health Care

Like every other Republican candidate in the field, Cain is vehemently opposed to President Obama's health care plan. He wants to repeal and replace "Obamacare", which he refers to on his website as "health care deform" that "compromises the sacred patient-doctor relationship, eliminates patient choice, sticks a bureaucrat in the examining room, rations care." Cain has gone so far as to assert that if Obamacare had been policy during the last decade, he would have personally died from cancer. He explained this position at a debate by saying "If we had been on 'Obamacare' and a bureaucrat was trying to tell me when I could get that CAT scan, that would have delayed my treatment."^{xxvii} [In a 2007 syndicated column](#), Cain seemed to question the role of government health-care programs altogether, writing that "entire generations of Americans have been socialized into believing they are entitled to health care coverage" when "entitlement is a disease."^{xxviii}

In place of Obamacare, Cain advocates free-market health care solutions. These would include tort reforms to limit frivolous medical lawsuits by making losers pay legal costs, tax deductions for the purchase of personal health care insurance, and a transition of current Federal programs like Medicaid into entirely state-run block grants - meaning the Federal government would provide a fixed amount of money and let the states run the programs however they saw fit.

Yet neutral groups claim that many of Cain's assertions about Obamacare are exaggerated and untrue. Contrary to what Cain seems to imply, the health care reform package enacted under Obama will not dramatically increase the role of the government in providing or paying for health care. The majority of workers that already have private health insurance will keep those private plans; those that do not have health insurance will be required to either purchase a qualified *private* plan from an exchange or else pay a fine. Retirees already on the government-run Medicare insurance plan will also keep their same coverage. Further, the idea that some kind of "board" or "bureaucrat" would have a say in the treatment of an individual like Cain is, in the words of the award-winning website politifact.com, "[factually incorrect](#)." Under the Act, there will be no government board that would have anything to do with individual treatment - either for Medicare (a government administered health insurance program), or

for a private insurance plan like the one that Cain would have been on during his cancer treatment.^{xxix} There is also nothing in the bill that would ration care in the way that Cain describes on his campaign website.

Would President Cain create more jobs?

More than any other issue, campaign 2012 has come to be defined by "jobs." Not surprisingly, Cain thinks he can do better at creating them than Obama has. Cain has said that "This is the worst jobs recovery since the Great Depression. If the Obama administration's aim was to merely tie for last place with the previous worst recovery, it would have created eight million more jobs."

Unlike Romney, who has a detailed fifty point economic plan, Cain prefers to rely on "common sense solutions" to turn around the "Obama economy." He speaks mostly of his "9-9-9" tax plan (see next chapter), which he claims would grow the economy by incentivizing the private sector to make investments and create jobs. Beyond this, Cain wants to cut government regulation, which he sees as preventing private-sector job creation by stifling entrepreneurship and innovation in a sea of red tape.

Yet if Cain is serious about balancing the budget in a single year, nearly all mainstream economists would predict that he could create an even bigger recession with more lost jobs. This is because the current problem in the economy is thought by most to be associated with insufficient demand (lack of spending), rather than insufficient productive capacity (lack of supply). Households took on too much debt during the housing boom and are now deleveraging by using their income to pay back debt rather than to purchase new things. Most mainstream economists argue that in such a time the government should make up for this lost private-sector demand by engaging in deficit spending.

One of the reasons to fear a significant cut in government spending at the current juncture is that it is physically not possible for all participants in an economy to save money at the same time. This is because it is one man's spending that creates another man's income. To see this, think of the economy as composed of households, corporations, and governments. Spending from governments and households produces revenues for corporations. These revenues are, in turn, either *profits*, *wages*, or *payments* (revenues for another corporation). If all three actors - corporations, households, and governments - tried to cut their spending at the same time, then the revenues of corporations would drop dramatically. The result would be dramatically lower revenues (which is a reduction in corporate savings), dramatically lower wages because of layoffs (which reduces the amount that households are able to save), and lower government revenue from lower tax collections (which reduces the amount the government is able to save). So although all three actors might *try* to save more, in the end they physically cannot because it is spending that provides the income stream that they each are able to save from. A simultaneous drop in spending with the intent to save more when actually result in a simultaneous drop in income.

Some economists claim that a misplaced desire to balance the Federal Budget by Herbert Hoover in the 1930s was a contributing factor to the Great Depression. Most are united that a huge cut in spending would be a bad idea today. [Bloomberg News quotes Maya MacGuineas](#), head of the Committee for a Responsible Federal Budget, a non-partisan group, as saying that "The massive spending cuts or tax

hikes it would take to balance the budget in one year are politically unrealistic and would be economically disruptive." ^{xxx} Financial Times columnist and former World Bank economist Martin Wolf adds that "the US must run big fiscal deficits if it is to sustain full employment." ^{xxxxi} Mainstream magazines like "The Economist" have also called for the US to balance promises of long-term fiscal responsibility with continued short-term deficit spending to support the economy. ^{xxxii}

In fact, many economists like Nobel-Prize winning NY Times columnist and Princeton Professor Paul Krugman claim that the problem with the Obama stimulus plan was actually that it [did not go far enough](#), that more deficit spending is needed in order to generate the demand required to get the economy back to full employment ^{xxxiii}. If this view is correct, then Cain's pre-emptive budget balancing, in the rare chance that it could pass Congress and was actually technically feasible, could trigger an economic calamity.

5) The 9-9-9 Tax Plan: Good for America?

Herman Cain has made his "9-9-9" tax plan the focal point of his campaign, casting it in the historic language of the civil rights movement. His campaign website features a [youtube video](#) of Cain declaring that "Our tax code is the 21st century version of slavery. The IRS has become the overseer of the American people^{xxxiv}." He concludes that "9-9-9 is a huge step in tearing the chains off the backs of the American people. We will replace oppression with prosperity." This chapter will look first at what the Cain 9-9-9 plan actually is, and then analyze three issues around it: how much revenue it would generate, how it would spread the tax burden, and whether or not it would stimulate growth in the economy.

What it is

The main features of Cain's 9-9-9 plan are outlined on his campaign website. These include:

- **Ending the payroll tax.** Currently, salaries up to a limit of \$102,000 are subject to a payroll tax. This 12.4% tax is equally split between employer and employee, each of whom pays 6.2% every pay period. President Obama has temporarily reduced this rate to 4.2% as a stimulus measure. Employer and employee are both also required to pay a 1.45% Medicare tax. Cain's plan would abolish all payroll taxes, which are currently used to fund Social Security and Medicare.
- **Zero capital gains tax.** Income generated from selling investments held longer than a year for a higher price than they were purchased at is currently taxed at a 15% rate for most tax brackets (scheduled to increase to 20% if the Bush tax cuts are allowed to expire in 2013). Cain would end this tax altogether.
- **Ends the "death tax" (estate tax).** Currently, estates larger than a specified exemption amount are taxed at rates as high as 35%. For 2011, the exemption amount is \$5 million. Cain would end this tax altogether.
- **Replaces Income Tax system with a 9% flat tax on personal income minus charitable contributions.** Income is currently taxed on a graduated schedule ranging from 10% (under \$8,500 in income) to 35% (above \$380,000 in Income). The majority of Americans fall in the 15% or 25% brackets (between \$8,500 and \$83,600 in Adjusted Gross Income). In addition, all single taxpayers currently qualify at minimum for a \$3,700 personal exemption and a \$5,800 standard deduction, meaning income is reduced by \$9,500 or more before taxes are calculated. Some households qualify for even more deductions than this based on deductions they are entitled to as a result of paying interest on their mortgages, making qualified business purchases, etc. Others receive credits like the popular child credit, which reduces income taxes by \$1,000 for every dependent child under 17. Under Cain's plan, these deductions, exemptions, and credits would disappear, and all the tax brackets would collapse into one unified rate of 9% for everyone.
- **Replaces the Corporate Income Tax with a 9% payroll tax on corporations.** Cain calls this a business flat tax, but it actually taxes businesses on the wages they pay. Currently, businesses pay taxes on their Net Income (after wage expenses) at between a 15% and 35% rate.

Adds a 9% National Sales Tax - Cain calls this the "Fair Tax" component of his plan. It would tax goods and services at a 9% level at their point of purchase. There is currently no national sales tax, though states can and do set their own rates of sales tax. Cain's ultimate goal in stage two of his plan is to replace all Federal taxes with a single flat-tax on sales.

How much revenue would it generate?

During 2010, the US Federal Government spent \$4.5 trillion and took in \$2.2 trillion in revenue. With a high level of deficit (expenses - revenue) expected to continue into the future, many feel that it is imperative that any tax reform should be at least revenue neutral. Cain's campaign claims that his plan is. In its own estimate, [Bloomberg News estimated that a 9-9-9 plan would have raised \\$2 trillion in revenue](#) in 2010, 15% less than the government took in with the current tax system. However, Cain's senior economic advisor, Rich Lowrie, disagreed and provided Bloomberg with a written estimate from a third party showing that the plan would have raised \$2.3 trillion in revenue in 2010, a slight increase on the current system. ^{xxxv}

Initially, it may seem surprising that a tax plan with single-digit rates could raise as much revenue as the current system. Cain's plan accomplishes this by dramatically increasing the "base" on which households and corporations are taxed. Much more income and revenue would be subject to taxes under 9-9-9 than under the current system, for several reasons. First, Households would no longer get to take the generous deductions that they are entitled to today. Second, applying the corporate tax on all wages instead of only on net income would increase the base that companies have to pay taxes on, even while lowering the rate. Finally, adding a flat sales tax would provide an entirely new source of revenue for the Federal Government.

How would it distribute the tax burden?

Cain's plan has come under attack from opponents and liberal economists who say that it would raise taxes on the poor while cutting taxes on the rich. There are at least four ways in which 9-9-9 would shift more of the tax burden on to lower-income households.

First, replacing the current graduated tax system with a flat tax would reduce the rates of high earners more than low earners. For instance, those making more than \$400,000 currently pay the highest tax rate of 35%. Under 9-9-9, they would see their marginal rate decrease by almost 3/4 (75% fall) to 9%. In contrast, those with a more modest income that are in the 15% bracket currently would see their taxes fall by less than 1/2.

Second, abolishing the capital gains taxes and estate taxes would predominantly benefit the wealthy. The so-called "death tax" currently only applies to estates above \$5 million in value, so most people that would benefit from its elimination are well in the wealthiest 1% of the country. Similarly, 3/4 of all capital gains taxes come from those making more than \$1,000,000 a year in income, so the elimination of this tax would primarily directly benefit a wealthy investor-class.

Third, the sales tax component of the 9-9-9 is widely viewed as regressive, meaning that it taxes those with lower incomes at a higher effective rate than those with higher incomes. This is because lower-

income households generally use a larger portion of their income for consumption, since there are basic necessities that everyone must purchase regardless of their income.

Fourth, what Cain is calling a Corporate Tax may actually be borne in economic terms by workers. As described above, in Cain's plan, the "business tax" really would operate like a payroll tax that is paid by the employer. Nearly all economists agree it does not matter whether the employer or employee officially pays a payroll tax. The employee's after-tax wage will be the same in both cases. This is because the labor markets are competitive and employers will adjust the salaries they offer based on the amount of taxes they have to pay. So to an employee, the difference is between making \$2,000 and paying \$200 in taxes or making \$1800 and paying no taxes. If the 9% business tax is actually borne by the employee, then Cain's plan is essentially an 18% flat tax on income and a 9% flat-tax on consumption. Lower-income families that spend most of their wages could see their effective tax rate increase from the single-digits to 27%.

For his part, Cain likes to portray 9-9-9 as a dramatic tax-cut for the middle class. He [has repeatedly claimed that a family making \\$50,000 a year would pay \\$4,500 under his plan vs. \\$10,000 today](#). But Cain has not provided any details on where these figures come from. The Washington Post has calculated different numbers, estimating that this hypothetical family would pay \$3,515 today (which includes the payroll tax as well as child credits), vs. \$4,500 in direct income taxes under Cain's plan. Of course under the "9-9-9" plan, the family would have to pay a 9% sales tax on top of this^{xxxvi}.

More plausible is Cain's contention that limiting deductions would make the tax system fairer. Several commentators have argued that the wealthy currently use these deductions to lower their effective tax rate under the current system. However, by eliminating any taxes on capital gains, the 9-9-9 plan would likely open a new set of loopholes to exploit.

Other benefits - expanding the tax base

Some Cain supporters accept that 9-9-9 would make the current system less progressive, yet still strongly support the plan. To them, the current Federal tax system places too much of a burden on a small number of wealthy households. Indeed, nearly half of US Households pay no income taxes at all. Some Cain supporters claim that asking a minority of the population to pay for ever-increasing government spending opens the door for class warfare politics. They argue that in a democracy those that do not pay taxes will always have an incentive to vote for candidates that want to increase government spending, since they will receive the benefits of the spending without having to bear any of the costs. To this point, the website "[nerds4cain.com](#)" references a quote^{xxxvii} erroneously attributed to Alexis de Tocqueville (it is most credibly attribute to an Irishman named Tyrtler) :

A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years.

Benefits to long-term growth

A major impetus of the 9-9-9 plan is to grow the economy, with the guiding principles that "1. Production drives the economy, not spending. 2. Risk taking drives growth. 3. Measurements must be dependable." Three tenets of 9-9-9 that could drive economic growth are eliminating the double-taxation of investments, lowering marginal income tax rates, and shifting to taxing consumption instead of income.

Eliminating the double-taxation of investments could lead to higher economic growth as a result of increasing the incentives to invest. When companies invest in new factories, plant, or equipment, they create the potential to produce more things in the future, and therefore grow the overall economy. In deciding whether to make investments, a company compares its estimated after-tax returns with the cost of its financing. Today, after-tax returns are reduced by marginal tax rates that can be upwards of 60%, since there are multiple layers of taxation. For instance, if a company raises \$1 million from the stock market to invest in a new plant, the proceeds of this investment are taxed at the corporate level when the profits are made, and then at the individual level when they are distributed to shareholders. 9-9-9 would cut marginal tax rates by removing this double-taxation, and by eliminating the capital gains tax rate. In theory, this should increase the after-tax returns that companies are able to make on investments, and therefore increase the amount of investments they make. It is not clear, however, that cutting taxes on investments would do much to solve the immediate employment problem.

Lowering marginal income tax rates could increase growth by incentivizing high earners (and small businesses) to work more. Anything that is taxed at a high rate is, in effect, discouraged. High marginal tax rates on income discourage high earners from seeking to work as much as they otherwise would have, since a good portion of their incremental dollar earned will go to the government. By reducing tax rates, Cain hopes to encourage high-wage "producers" to work more by allowing them to keep more of their income.

Similarly, shifting taxes away from income and towards consumption is a way of encouraging working and saving and discouraging consumption. If the savings rate goes up nationally, in the long-run the country should be able to experience higher economic growth since these savings could be allocated to investments. Of course, this also would do little to solve the current problem that people are not spending as much as they did before because of debt issues.

Conclusion

9-9-9 may or may not be good tax policy. One thing is clear though - Cain supporters cannot have it both ways. Either the tax would bring in the same amount of revenue as the current system, or it is a broad tax cut, but not both. And if it's revenue-neutral, then it can either "broaden the base" by making more people pay taxes, or it can cut taxes for the lower middle-class, but not both. Cain at times seems to want to have a panacea where 9-9-9 would be a tax cut for everyone but still raise the same amount of revenue on a static economy basis. This is simply impossible.

The fairest conclusion seems to be that 9-9-9 would indeed broaden the tax base and promote long-term economic growth, but it would do so at the cost of increasing taxes on millions of lower-income Americans.

6) Social Issues and Foreign Policy

Domestic Issues - By the book conservative

Cain's stance on most social issues is pretty by-the-book conservative. He is strongly opposed to abortion on a personal level, would support an amendment to the Constitution to make it illegal, and would appoint judges that would be likely to overturn the landmark Roe vs. Wade ruling that declared it to be a Constitutional right. Despite this seemingly hard-line stance, Cain has gotten into trouble from some pro-life activists by making ambiguous statements that [suggest at times that he thinks abortion should be left up to individual choice](#). While Cain has reiterated that he believes life begins at conception and believes that abortion is wrong and should be illegal under all circumstances, including rape and incest, he continues to occasionally say things about personal choice that [sound](#) very similar to the traditional pro-choice position.

On education, Cain believes foremost in reducing the Federal role and giving more power to local jurisdictions to run their own school systems without interference. He also favors voucher and school choice programs that would subsidize the cost of private education. Finally, Cain wants to hold teachers more accountable for their performance in the classroom. However it is not particularly clear how he would accomplish either of these last two points from a Federal level without interfering with the first.

On immigration, Cain strongly supports securing the border, going so far as to joke about installing a "Great Wall of China" complete with a moat filled with alligators (see next chapter for more). He argues that illegal immigrants are both a security concern and a drain on the entitlement system, as they create costs for the government without paying anything in taxes.

Cain's stance on energy is one of his more extensively developed. Candidate Cain wants to cut subsidies for all types of alternative energy, including wind, solar, and biofuels like ethanol. Cain believes that "We must allow all forms of energy to develop in a free market system." Instead of pursuing alternatives, Cain would aggressively seek to develop US reserves of coal and natural gas, the kinds of energy that most environmentalists do not like since they create the CO₂ emissions that most scientists believe lead to global warming.

Interestingly, Cain also writes that "Liberals continue to perpetuate the misunderstanding that the high energy consumption of a thriving nation and conservation of our precious planet are at odds with one another." It is not clear whether Cain thinks there is no tradeoff between energy consumption and conservation because liberals overestimate the environmental damage caused by energy use, or whether it is because the country can come up with alternative energy technologies that will result in less energy damage. From his other views, it would seem to be the former.

Among Cain's mostly generalized meanderings of what the first days of his Presidency would look like are some interestingly specific tidbits. Upon winning the White House, Cain and his wife would dramatically slash the number of inauguration balls. They would also reduce the number of guests to A-list state events. Perhaps the cost savings from these measures could be used to fund another of Cain's proposals: bringing a group of citizens to the white house for an informal dinner every month.

Defense and Foreign Policy - Adamantly pro-Israel, light on specifics

While Cain is clearly in favor of a strong military and an assertive US foreign policy, most of his views could fairly be termed as either "obvious" or "good common sense." Example: he writes on his website that "We must stand by our friends and we must not be fooled by our enemies. We should never be deceived by terrorists. They only have one objective, namely, to kill all of us."

One topic that Cain does have a lot to say about is Israel. The former Godfather's CEO is vehemently pro-Israeli, going farther in support of the Israeli cause than even many Israelis would. Cain writes that "Unreasonable and impractical demands by the Palestinians have stalled the peace process for years." He argues that the Obama administration has abandoned Israel. As President, Cain says he would make it clear that "If you mess with Israel, you're messing with the United States of America." Cain told radio talk show host Glenn Beck that he supports Israel for three reasons: it has been a staunch ally to the United States in the past, it has survived despite being surrounded by enemies, and it has biblical significance.^{xxxviii}

Crucially, Cain wants to abandon what CNN has referred to as a "[long-held but rarely stated](#)" view of US Foreign Policy: namely that the solution to the middle east crisis should involve an independent Palestine with borders based on those prior to the 1967 war in which Israel captured the Gaza Strip, Golan Heights, West Bank, and Sinai Peninsula^{xxxix}. Practically, if the US were to take this view it would very likely undermine its ability to serve as any kind of referee in the peace negotiations, as it would be a view that would be vehemently opposed by the Palestinians as well as the people and governments of bordering nations like Egypt and Jordan.

On the other big foreign-policy issue - Afghanistan - Cain has less to say. He has criticized Obama for reducing the number of troops serving in Afghanistan at a time when the Generals on the ground were reporting that the existing strategy was working. But Cain is not convinced that Afghanistan is a winnable war. He says that he would first talk to the Generals on the ground to see if the war can be won. If it is a lost cause then all the troops should come home immediately, but if it can be won then the US should stick with the strategy and not pull out troops prematurely.

The US relationship with China is the final issue that has gotten significant press during the campaign season. Cain views China as an economic competitor that will someday turn into a real military competitor if it continues to grow faster than the US: "It would be naive to think that China would not be tempted to flex its worldly might if it were bigger than us economically and militarily." The solution for Cain - "Our China strategy should be simple: Outgrow them!^{xl}" The proposed path to do this is through lowering corporate tax rates, eliminating capital gains taxes, and suspending the payroll tax.

Most economists, however, would suggest that it is practically impossible for the US to outgrow China anytime soon. This is because the US is a mature economy. To grow from here requires pushing forward the boundaries of human knowledge and figuring out more productive ways to do things. This tends to be hard and slow. Therefore, the "potential growth rate" for the US economy may be as small as two percent a year. In contrast, China is still a very poor country, with an income per person that is 10% of the level in the United States.^{xli} China can grow its economy at comparatively fast rates simply by

adopting existing technologies and best practices from outside the country. There is much more low-hanging fruit to pick. Most economists estimate the potential growth rate of China's economy to be close to ten percent a year.

7) Is his rhetoric too extreme?

Many claim that one of the reasons Cain has struck a chord with grass-roots conservative movements like the Tea Party is his ability to provide oratorical "red meat" to the conservative faithful. Cain has always been a skilled speaker. His impromptu style and disregard for teleprompters has provided some choice quotes for the mainstream news media to dissect under its unrelenting microscope. It is unquestionable that Presidential candidates today are under a tighter media glare than those at any other time in history. Still, some of Cain's more extreme comments have caused some to question whether he would be able to govern a country that is made up of more than just Tea Party members and Republican primary voters.

Comments on Obama and liberals

Even in his writing, Cain holds back no punches. In [This is Herman Cain](#) he writes that "The objective of liberals is to destroy America. The objective of liberals is to make America mediocre like everybody else who aspire to be like America." Cain calls Obama a "community organizer advocating radical social policy with which to manipulate whole segments of the population."

Later in the book, he goes in for more, writing that "I and others of my political persuasion believe that Barack Obama is fundamentally a socialist because we believe he simply does not understand the free-market system." Cain claims that the country is in the midst of a "totally socialist takeover" that may succeed if Barack Obama is re-elected in 2012. He cites Frederick Hayek's [The Road to Serfdom](#), which was written about Russia and the totalitarian climate that emerged in Europe following WWII, as a book that accurately describes and predicts the current situation.

Most neutral observers would agree that although Obama's policies are undoubtedly to the left of Cain's, they probably do not broadly fall under the category of "socialism", which [Wikipedia defines](#) as "an economic system in which the means of production are either state owned or commonly owned and controlled cooperatively^{xliii}." The only company that has been actively placed under state ownership (nationalized) under Obama is General Motors. GM has since been reorganized, and is once again trading as a public company on the stock market. The government's share in the company has fallen from above 60% to less than 30%. The Treasury plans to divest its remaining shares over the next couple years.^{xliii} The Treasury also made temporary investments in major banks under Obama, but these have occurred first under Republican President George W. Bush and have largely been divested in the last couple years.

Comments on Islam

Beyond his ferocious criticisms of the President and his liberal supporters, Cain has also made several remarks about Islam that have gotten him unwanted media attention. In [an interview](#), he told the "Christianity Today" magazine that while Muslims should be allowed to practice their religion freely, they should not try to convert Christians, saying that "...based upon the little knowledge that I have of the Muslim religion, you know, they have an objective to convert all infidels or kill them." While Cain acknowledged that not all Muslims felt this way today, he felt that "we can't sit back and tolerate the radical ones."^{xliv} The Council on American Islamic Relations (CAIR) formally accused Cain of "bigoted speech" for his remarks.^{xlv}

In another appearance on Fox News with Chris Wallace, Cain sided with a community protesting the proposed construction of a mosque. Cain said that every community has a right to oppose the construction of a mosque since, unlike other religions, Islam has a political dimension and therefore should not have the same protections as other faiths.^{xlvi}

Later, Cain [directly answered a question posed from Scott Keyes of thinkprogress.org](#), a liberal group, by saying that he would not be comfortable appointing a Muslim either in his cabinet or as a Federal judge^{xlvii}. Cain backpedaled from this position later on Fox News, telling Neil Cavuto that he would never say never. But he went on to tell Cavuto that "They [Muslims] are trying to push Shariah law off on this country, and I'm simply not going to try and be politically correct in order to help facilitate that."^{xlviii}

Comments on immigration

Cain has also come under fire for comments at a rally that [suggested the United States should emulate ancient China](#) by building a Great Wall to protect its borders. Cain described a "twenty foot wall, barbed wire, electrified on the top." He went on to say, in apparent reference to a remark from Obama, that he would add a moat filled with alligators on one side. While Cain later said that they moat remark was a joke, a national Hispanic GOP group called on him to drop out of the race, saying that "We fail to see how anyone can seriously consider alligator filled moats and a new 'wall of China' as a practical solution to our broken immigration system^{xlix}."

Comments on Wall Street Protesters

More recently, Cain has come under fire from some groups for making disparaging remarks about the Occupy Wall Street protesters. He told the Wall Street Journal that he suspects the protests were "planned and orchestrated to distract from the failed policies of the Obama administration"ⁱ. In a NY Times Post, he wrote that "Rather than protest against Wall Street, those camped out in the streets should examine their own failures and take a hard look in the mirrorⁱⁱ." While the Occupy Wall Street protesters undoubtedly have strikingly different aims, many would consider it unfair to paint the entire movement as merely asking for government handouts. Some in the movement might argue that they are because they are *opposed* to the government handouts that they see going to financial institutions and rich Wall Street financiers.

Assessment

Cain's harsh language may just be a symptom of the divisiveness of modern political culture, or of the age-old need for candidates to fire up their base in order to generate excitement and attention. Still, some might find it ironic that Cain frequently accuses liberals of "name calling" tactics, saying, "When they [liberals] can't shift the subject on you, when they can't ignore the facts, they name call. You right-wing nutcases. You Tea Party..."ⁱⁱⁱ Cain seems guilty of the same name-calling that he blasts his political opponents for. He frequently dismisses those who disagree with him as socialists that are determined to destroy the country. Some would claim that this kind of inflammatory language is unhelpful in directing the country towards a rational middle-path during an important point in its history.

Afterward

Regardless of personal feelings about Herman Cain, just about everyone can agree that there is something a bit disturbing about the way that he has emerged out of nowhere to become one of the leading candidates for the Republican nomination to be the next President of the United States.

To Cain supporters, it is disturbing that he was completely ignored for so long. The Cain that is polling in or near the lead today is the same Cain that was written off as a fringe candidate a few months ago and then ignored in order to free up more air time for inane stories on Sarah Palin and Donald Trump. Moreover, it is disturbing that even today some liberal members of the media seem more intent on playing "gotcha" word games than in seriously analyzing the likely effects of Cain's policies.

To Cain opponents, it is disturbing that as a result of this lack of attention, Cain has gotten to where he is with little to no scrutiny placed on his proposed policies (though this is rapidly changing). Does the math on the "9-9-9" plan really add up? Would balancing the budget in one year really be good for the economy? Most voters have no idea - and how would they when no attention has been placed on these important questions?

For my part, I think there is a lot to like about Cain. His personal story is inspiring. His can-do spirit is infectious. He seems like a true leader. This does not necessarily mean that he is qualified to be President of the United States, or that his policies make sense. I will let the reader decide, but I hope that this short book is a small step in making it possible to make these kinds of personal decisions based on a reasonable review of the facts, rather than just vaguely "liking" the way that a candidate speaks.

As always, if you have any comments or feedback on the approach here, please let us know via one of the means below. And if you did like this book, please consider leaving feedback on Amazon. It only takes a minute and will help more people find this work. Also considering checking out our other work - [A Beginner's Guide to Investing](#) - now available on the kindle store.

Thanks for reading!

email: feedback@ivybytes.com

twitter: [@ivybytes](https://twitter.com/ivybytes)

facebook: [ivybytes](https://www.facebook.com/ivybytes)

web: www.ivybytes.com

-
- ⁱ This is Herman Cain!
- ⁱⁱ This is Herman Cain!
- ⁱⁱⁱ This is Herman Cain! Locations 212-221 in Kindle Edition.
- ^{iv} This is Herman Cain! Chapter 3.
- ^v "Godfather's Pizza Sold by Pillsbury." NY Times, Sep 20, 1988. Available:
<http://www.nytimes.com/1988/09/20/business/godfather-s-pizza-sold-by-pillsbury.html>
- ^{vi} . Randall Rothenberg. "The Godfather of Godfather's." NY Times, May 5, 1989.
- ^{vii} see http://www.businessweek.com/magazine/content/11_26/b4234036592835.htm
- ^{viii} http://www.businessweek.com/magazine/content/11_26/b4234036592835.htm
- ^{ix} <http://dailycaller.com/2011/08/25/financial-disclosures-herman-cain-worth-between-2-9-and-6-6-million/>
- ^x See <http://www.opednews.com/Diary/Herman-Cain-s-Failure-as-C-by-Jay-Raskin-110611-401.html> for this argument. I attempted to verify the inflation-adjusted sales figure and it appeared correct.
- ^{xi} <http://www.fundinguniverse.com/company-histories/Godfathers-Pizza-Incorporated-Company-History.html>
- ^{xii} see http://www.youtube.com/watch?v=ptrTa8C_Pl4 for the video
- ^{xiii} <http://www.youtube.com/watch?v=6E0ZCzF0qd4>
- ^{xiv} see http://www.msnbc.msn.com/id/44881446/ns/politics-decision_2012/t/nbcwsj-poll-cain-now-leads-gop-pack/ for one
- ^{xv} Calculated from author's search on google news for articles with the names of each candidate and the word "President"
- ^{xvi} http://www.huffingtonpost.com/2011/09/29/herman-cain-black-voters_n_986441.html
- ^{xvii} <http://www.nytimes.com/2011/07/03/magazine/herman-cain-talks-about-herman-cain.html>
- ^{xviii} <http://www.mediaite.com/tv/herman-cain-and-lawrence-odonnell-duke-it-out-on-the-last-word/>
- ^{xix} http://www.thedailyshow.com/watch/thu-june-9-2011/c-k-blocked-roundup---tim-pawlenty---herman-cain?xrs=share_copy
- ^{xx} http://www.youtube.com/watch?feature=player_embedded&v=8aanJLzW8eg
- ^{xxi} see finance.yahoo.com/blogs/daily-ticker
- ^{xxii} see www.intrade.com for the latest odds
- ^{xxiii} <http://firstread.msnbc.msn.com/news/2011/10/03/8118626-first-thoughts-perrys-bleeding-continues>
- ^{xxiv} See <http://www.politico.com/news/stories/1011/67194.html>
- ^{xxv} <http://www.politico.com/news/stories/1011/67194.html>
- ^{xxvi} <http://www.hermancain.com/the-issues>
- ^{xxvii} See http://www.huffingtonpost.com/2011/09/28/herman-cain-obamacare_n_985148.html
- ^{xxviii} http://townhall.com/columnists/hermancain/2007/02/06/entitlement_is_a_disease
- ^{xxix} <http://www.politifact.com/truth-o-meter/statements/2011/sep/27/herman-cain/herman-cain-said-government-bureaucrats-will-deter/>
- ^{xxx} <http://www.bloomberg.com/news/2011-10-14/cain-vow-to-balance-budget-dismissed-over-massive-cuts-needed.html>
- ^{xxxi} "Why Obama's plan is inadequate and incomplete." Financial Times. Jan 13, 2009.
- ^{xxxii} See, for instance, <http://www.economist.com/node/21530986>
- ^{xxxiii} See <http://krugman.blogs.nytimes.com/2010/07/28/how-did-we-know-the-stimulus-was-too-small/>
- ^{xxxiv} http://www.youtube.com/watch?feature=player_embedded&v=-luiEmXoBhI
- ^{xxxv} <http://www.bloomberg.com/news/2011-10-12/cain-s-9-9-9-plan-raises-2-5-trillion-in-revenue-campaign-says.html>
- ^{xxxvi} See http://www.washingtonpost.com/blogs/fact-checker/post/herman-cains-misleading-pitch-for-the-999-plan/2011/10/12/gIQAHzPgL_blog.html
- ^{xxxvii} <http://www.nerds4cain.com/Blog/archives/759>
- ^{xxxviii} <http://www.mrctv.org/videos/glenn-beck-interviews-herman-cain>
- ^{xxxix} http://articles.cnn.com/2011-05-19/politics/obama.israel.palestinians_1_israel-palestinian-conflict-borders-settlements?s=PM:POLITICS

-
- ^{xl} <http://dailycaller.com/2011/05/02/we-can-outgrow-china/>
- ^{xli} [http://en.wikipedia.org/wiki/List of countries by GDP \(nominal\) per capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)_per_capita)
- ^{xlii} <http://en.wikipedia.org/wiki/Socialism>
- ^{xliii} <http://www.reuters.com/article/2011/10/03/us-usa-treasury-gm-idUSTRE79236V20111003>
- ^{xliv} <http://www.christianitytoday.com/ct/2011/marchweb-only/qahermancain.html?start=3>
- ^{xlv} <http://www.politico.com/news/stories/0311/52119.html>
- ^{xlvi} <http://www.youtube.com/watch?v=Bwvsbl2Vyjl>
- ^{xlvii} <http://thinkprogress.org/politics/2011/03/26/153625/herman-cain-muslims/>
- ^{xlviii} <http://www.foxnews.com/on-air/your-world-cavuto/transcript/herman-cain-defends-controversial-muslim-comments>
- ^{xlix} <http://somosrepublicans.com/2011/07/national-hispanic-gop-groups-wants-herman-cain-to-quit-presidential-race/>
- ⁱ <http://blogs.wsj.com/washwire/2011/10/05/herman-cain-im-more-than-the-anti-romney/>
- ⁱⁱ See NY Post, Herman Cain, "Look in the Mirror."
- ⁱⁱⁱ This is Herman Cain!, Appendix C.