

## Cruz Proposes 10 Percent Flat Tax

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"We now have a 73,000-page tax code". On taxes, however, they stopped debating one another and started debating reality. CNBC's question to Carson, for instance, concerned the feasibility of his tax plan, a classic important issue. But there's no requirement that if you're going to cut taxes you have to give everyone the same percentage reduction.

Before ending, I should note that one or two of the Republican candidates have put out more credible proposals.

"Liberty thrives when government is small", said Paul.

Daniel Mitchell, an economist at the libertarian Cato Institute, said combining a flat tax and value-added tax has the benefits of low rates and a simpler tax code. I have long pounded the drum about tax simplification. Ted Cruz is contributing to a division in the Republican presidential field. This illness presents differently, depending on the patient. Economic growth is mostly a matter of millions of individuals making decisions to save, invest and consume in new and better patterns - and as awesome as this may sound, most of these people are thinking about things other than the government when they make those decisions. Of course they do.

The tax reform plan he unveiled at that debate is as new, exciting, and politically and economically revolutionary as the historic Kemp-Roth tax rate cuts were in 1980. But models are not the real world, he added.

Because nothing grows the economy like blocking people from getting raises through organizing unions or boosting the minimum wage, and increasing inequality with tax cuts for the richest.

And Americans do demand that size government.

What they don't want to do is pay for them. The tax code could certainly be shorter than it is, and ought to be. "It's why you see Walgreens buying Rite Aid". He's right: in virtually all the cases of the last 100 years, lower tax penalties on working and investing have led to more jobs and higher incomes.

Former Florida governor Jeb Bush said he wants to cut all income tax rates, with the top rate dropping to 28 percent from 39.6 percent. We're going to bring jobs back from Japan, we're going to bring jobs back from China, we're going to bring, frankly, jobs back from Mexico where, as you probably saw, Nabisco is leaving Chicago with one of their biggest plants, and they're moving it to Mexico.

"Three pages is about the maximum that a single business owner or a farmer or just a couple can understand without hiring somebody", she told CNBC's Carl Quintanilla. If the Cruz plan is adopted, we'll still have the structure of an income tax (albeit a far-less-destructive income tax).

The senator pointed to Reagan's success at achieving tax reform despite Democratic opposition as evidence of how he would seek to reignite the American economy.

Candidates are presenting their dream worlds of fiscal policy, he says - the way the USA would operate if they could get everything they wanted through Congress (which won't happen). "I know we can do this because we're still the most extraordinary country on the face of the Earth". Given the incentive structure that Kasich and the other candidates are operating under, there is little reward attached to being honest and realistic with voters, or to taking nuanced positions on complicated subjects such as trade treaties and education policy.

Paul said he opposed the bipartisan budget deal, brokered on Wednesday, which increases spending by \$80 billion over the next two years, but reduces spending on Medicare and the disability program component of Social Security. Many more dollars are spent on things like courts, customs and border patrol, national parks, veteran's benefits, and unemployment insurance, things that Republicans have no intention of doing away with. Every dollar that you spend now must either be paid for by taxes or borrowing, and every borrowed dollar has to be repaid with a tax dollar at a few point. Indeed, when you delve into the details of the Republicans' economic proposals, it's easy to see why a lot of them would rather not get into the details.