Tax Reform
The Economic Secret Weapon

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Facilitating Economic Growth in the United States
July 30, 2013
What Is ‘Tax Reform’?

- Some definitions: rates, base, goals
- ‘Income’ versus ‘Consumption’ tax reform
- Some practical variants
Why Do Economists Talk So Much About Tax Reform?

- Willie Sutton comes to mind

- New thoughts: investment, entrepreneurship, who bears the corporate tax

- Dealing with business taxation (politically most likely) requires fundamental tax reform
Is Tax Reform A $50 Bill On The Floor?

- Not really: Transition issues
- Not really: Interest groups
- Not really: Not everyone hates complexity
More On That $50 Bill On The Floor?

- Disagreement over ‘distribution’ and ‘distributional analysis’

- Disagreement about ‘behavioral responses’

- Disagreement about ‘politics’: Bowles-Simpson versus Romney
Why Is This Conversation Here To Stay?

- 16th Amendment centennial as a moment of reflection
- Size matters: efficiency and growth
- Necessary dependence of big governments on consumption taxation
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*Where Does This Leave Us?*

- Tax reform is inevitable
- Hybrid model is likely
- Economists have more work to do to help political process