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MIKHAIL MORDASOV, ASSOCIATED PRESS

People rally March 16 in Simferopol, Crimea, to mark the one-year anniversary of the referendum in Crimea that supported its secession from Ukraine.

TAXATION

# A 21st century tax reform plan

BY MARCO RUBIO  
CONTRIBUTING WRITER

No function of government is more antiquated and counterproductive than our current tax system. It operates under the delusion that higher rates will bring us out of financial trouble. The reality is the opposite. When tax rates grow, the private economy contracts – which always leads to less tax revenue.

The correct solution is not to create more taxes, but to create more taxpayers. This will require a 21st century tax reform

plan built around the goal of dynamic economic growth. I have joined with Sen. Mike Lee to propose just such a plan. It will remove obstacles to investment, innovation, growth and opportunity.

On the individual side, our plan begins by consolidating the seven existing tax brackets into two simple brackets – 15 percent and 35 percent – and eliminating most deductions, many of which only help high earners. In place of these deductions, the plan institutes a personal credit of \$2,000 for single filers and \$4,000 for joint filers.

We also end the manipulative distortions that single out groups for special treatment – or, more commonly, mistreatment.

Let's take the example of James and Kate, a middle-class married couple with two children and a combined annual income of \$50,000. Under the current federal tax system, James and Kate are at a disadvantage because of the simple fact that they are parents.

Like all taxpaying parents, James and Kate are victims of what we call the

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BY GROVER NORQUIST  
CONTRIBUTING WRITER

Competition is good – in politics as well as in economics.

There is a race on now for Reagan Republican senators and presidential candidates (but perhaps I repeat myself) to design the next Kemp-Roth tax cut/tax reform plan that will catch fire and become the legislation to focus the movement and lead the Republican Party to victory in 2016.

Sens. Marco Rubio, R-Fla., and Mike Lee, R-Utah, have just penned

their entry in this virtuous competition. Sen. Rand Paul, R-Ky., will be unveiling his sweeping tax cut/reform in a few weeks. Rep. Paul Ryan is focused on his budget reforms and is now turning to designing the perfect job-creating tax reform. After Ted Cruz promised to eliminate the Internal Revenue Service, watch for other potential candidates for president to share their thoughts on how best to downsize the IRS.

But Rubio and Lee have first place as they got there “firstest with the mostest.” Just how good is

the Rubio-Lee plan? Will it spur growth, simplify the tax code and be politically attractive to the independent voters that a successful president must motivate?

Let's take a look at the key planks:

- **All business income is taxed at 25 percent.** The corporate income tax rate is reduced from 35 percent to 25 percent. The top income tax rate for “pass-through” or “flow-through” firms, like Subchapter S corporations, partnerships, LLCs and

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POLITICAL CULTURE

# DISILLUSIONED WITH DEMOCRACY

As some on the left grow disgruntled with the vagaries of government ‘by the people,’ they see the advantages of progressive Caesarism.

Left-leaning authors often maintain that conservatives “hate democracy,” and,

historically, this is somewhat true. “The political Right,” maintains the progressive economist and columnist Paul Krugman,

“has always been uncomfortable with democracy.”

But today it's progressives themselves who, increasingly, are losing faith in democracy. Indeed, as the Obama era rushes to a less-than-glorious end, important left-of-center voices, like Matt Yglesias, now suggest that “democracy is doomed.”

Yglesias correctly blames “the breakdown of American constitutional democracy” on both Republicans and Democrats; George W. Bush expanded federal power in the field of national defense while Barack Obama has done it mostly on domestic issues. Other prominent progressives such as American Prospect's Robert Kuttner have made similar points, even quoting Italian wartime fascist leader Benito Mussolini about the inadequacy of democracy.

Like some progressives, Kuttner sees the more authoritarian model of China as ascendant; in comparison, the U.S. and European models – the latter clearly not conservative – seem deca-



“Democracy is doomed.”

MATT YGLESIAS  
WRITER WITH  
SLATE AND VOX  
MEDIA

ILLUSTRATION BY CHRIS MORRIS,  
CONTRIBUTING ARTIST

dent and unworkable. Other progressives, such as Salon's Andrew O'Hehir, argue that big money has already drained the life out of American democracy. Like Yglesias, he, too, favors looking at “other political systems.”

This disillusionment reflects growing concern about the durability of the Obama coalition. In 2002, liberal journalist John Judis co-authored the prescient “The Coming Democratic Majority,” which suggested

that emerging demographic forces – millennials, minorities and well-educated professionals, particularly women – would assure a long-term ascendancy of the Left. This view certainly fit in with the rise of Barack Obama, who galvanized this coalition.

Judis now, however, suggests that this majority coalition, if not dissolving, is certainly cracking. In his well-balanced article, “The Emerging Republican Ad-

vantage,” he notes that,

even as the white working class shifts ever further to the right, so, too, have a growing number of college-educated (but not graduate level) professionals. In 2014, millennials voted Democratic, but that edge over Republicans was 10 points less than in 2012. White millennials went decisively Republican. The Latino margin

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POLITICS

# 13 things not to say about Hillary

The email sent on behalf of Hillary Rodham Clinton showed up in the inbox of a female New York Times correspondent Thursday, along with a pre-emptive threat: “You are on notice that we will be watching, reading, listening and protesting coded sexism,” read the missive from “HRC Super Volunteers.”



CARL M. CANNON  
STAFF COLUMNIST

Then came the list of words and phrases constituting “coded sexism,” at least to HRC Super Volunteers: “polarizing,”

“calculating,” “disingenuous,” “insincere,” “ambitious,” “inevitable,” “entitled” and “overconfident.” Nearly doubling George Carlin's list of “7 Dirty Words,” Clinton's loyalists added “secretive” and “will do anything to win.” “represents the past,” “out of touch” and “tone deaf.”

Since these expressions are not remotely sexist, and the threat displayed such an uncertain grasp of the media's proper role, the broadside almost seemed designed to stir up the right wing. Conservatives did not disappoint.

“The list seems somewhat incomplete, doesn't it?” added former Washington state GOP chairman Kirby Wilbur. “Where are ‘hag,’ ‘witch’ and ... .” Well, you get the idea.

Typically, Rush Limbaugh was the most uninhibited.

“The Clinton campaign has issued a list of words and terms to the Drive-By Media in the form of a threatening email to a New York Times info-babe,” the talk show king told his listeners. “One word that's not on the list is ‘cankles.’ I guess everybody in the media is free to use the word ‘cankles.’”

Referring to Times reporter Amy Chozick as an “info-babe” is probably sexism by definition, but that raises another question about the email to her: How much chutzpah does it take to casually put a woman “on notice” that she is likely a sexist?

It's so counterproductive a tactic that I initially assumed the whole



Clinton

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## RUBIO

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parent tax penalty. This penalty leads them to be charged twice for federal senior entitlement programs. They pay payroll taxes like everyone else, but unlike adults without children, they also shoulder the financial burden of raising the next generation of taxpayers, who will grow up to fund future seniors' Social Security and Medicare benefits.

This hidden, double burden isn't offset anywhere else in the system. If tax reform doesn't account for it, these middle-class parents will continue to be punished. By ending this penalty, our plan would cut James and Kate's tax burden by \$4,500.

For married couples with a higher income, a second penalty also comes into play: the marriage tax penalty, which imposes higher taxes on married couples than if they had filed individually.

A couple with two children and a combined income of \$200,000 would be hit with both the parent and the marriage tax penalties. Our plan would abolish both, saving this couple over \$12,000 annually. This would be done, in part, by augmenting the child tax credit of \$1,000 with an additional \$2,500 credit, applicable against both income and payroll taxes.

On the business side, our plan will promote growth by treating large corporations and pass-through entities equally. We propose integrating all business taxes into a consolidated, single-layer tax with a maximum rate of 25 percent.

To further spur growth, we will allow firms to deduct 100 percent of their expenses and capital investments. This will encourage businesses to invest cash on hand back into their business and will ensure big businesses don't get special treatment over smaller competitors.

Our proposal will also recognize the realities of our globalized economy. Businesses will be taxed only in the country where income is earned rather than again when the money is brought back home. America is one of the few developed economies that doesn't have such a territorial tax system.

Our current corporate tax code puts American businesses at a disadvantage, even driving some to pack up and head to Canada or other foreign countries. The Obama administration believes the way to stop such corporate inversions is to ban them. We believe a better way is to make America the best place in the world to operate a business and create jobs.

President Obama and his party say a free-market approach to tax reform is all wrong. They say, to protect jobs, we need to raise your boss's taxes. They say, being better off means someone else has to become worse off. They say, the only way to climb up the ladder is to pull someone else down.

I disagree. Pro-growth, pro-family tax reform will empower the American people to succeed in a revived free market. Doing so is a vital step toward restoring the American Dream and bringing it into reach of more people than ever before.

Marco Rubio is a Republican U.S. senator from Florida.

## NORQUIST

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sole proprietorships, would fall from 39.6 percent to 25 percent. All businesses face the same income tax rate.

• **A zero percent tax rate on capital gains, dividends and interest.** The plan reduces the regular tax rate on capital gains and dividends from 20 percent today to zero. Interest income would also face a zero tax rate (though interest is no longer deductible for businesses), meaning that all savings – even in taxable brokerage accounts and deposit accounts – would benefit from tax-free growth. All savings would work much like Roth IRAs do today.

• **The top personal income tax rate is cut to pre-Obama levels.** The top rate would be reduced from 39.6 percent to 35 percent. Exceptions obviously apply for business income (25 percent) and savings income (0 percent). This is the part where some pro-growth tax experts wish Rubio-Lee had been more aggressive.

• **Simple two-bracket tax system.** The first \$150,000 of taxable income for married couples (\$75,000 for singles) would be taxed at 15 percent. All income earned above these levels is taxed at 35 percent. (Note the lower business/investment rates above.)

• **Full business expensing.** All business capital investments – including equipment, building, inventories and land – would be immediately and fully deductible from taxable income. This would replace

our slow, multiyear deduction regime, known as “depreciation.”

• **Tax code moves from worldwide to territorial taxation.** Any money repatriated from overseas (where it has already faced local taxation) would see no additional tax from the IRS. To help finance this, a special 6 percent one-time tax (paid over a decade) would be assessed on current overseas profits.

• **Death to the death tax.** It doesn't delay it or prune it back or reduce the number of victims. It ends the estate tax, which first showed up to fund the Civil War, then returned for World War I and stayed.

• **Pro-family tax reforms.** The bill creates a \$2,500 child tax credit (on top of the current \$1,000 credit), creditable to both income tax and payroll tax liability. It ends the marriage penalty.

• **Simpler, not more complicated.** There would be just two brackets for individuals. The Alternative Minimum Tax would be repealed. The standard deduction would be replaced by a \$4,000 tax credit for couples (\$2,000 for singles). Only mortgage interest and charitable contribution deductions remain (these can be taken in addition to the personal credit). Most returns would be postcard-size.

This is a great plan. Maybe not the best of season, but pretty darn good for a first entry. It will create jobs, expand prosperity, protect the middle class and will be politically attractive to the independents and unaffiliated voters the next president will need to flock to the polls.

Grover Norquist is president of Americans for Tax Reform.

## CANNON: Highlighting Clinton vulnerabilities – or Biden virtues

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thing was a Republican hoax. But a savvy Daily Mail info-babe named Francesca Chambers had a hunch that the email originated with John West, a former male model and professional landscaper from Hillary Clinton's hometown of Chicago. Chambers tracked down West, who cheerfully confirmed his authorship.

But that demolished my theory that this was a Republican dirty trick. John West is an activist Democrat who played a role in Mrs. Clinton's 2008 presidential campaign. His comments to reporters epitomized political correctness.

“As a gay man, I find sexism synonymous with homophobia,” he told the Washington Examiner. “We're liberals and progressives. So we're very sensitive to that sort of stuff.”

Contemplating the metaphysics of a gay man anointing himself feminism's gatekeeper was like suddenly being back in the 1990s and trying to divine what

the meaning of “is” is. Then the subversive truth hit home: John West isn't working for the Republicans or Hillary Clinton. He's working for a fellow progressive, probably Elizabeth Warren, to defeat Hillary. Or maybe Bernie Sanders. Not Jim Webb, but possibly Martin O'Malley or Jerry Brown.

Then it occurred to me: No, he's a Joe Biden guy! The man who single-handedly dragged Hillary and Bill Clinton – and Barack Obama – into the 21st century on gay marriage. John West wants the vice president promoted.

You doubt me? Think how those B “sexist” words and phrases were chosen, each one diabolically highlighting an obvious Clinton vulnerability – or a Biden virtue.

Take “polarizing.” Polls show that among independent voters, Clinton's favorable/unfavorable ratio is worse than almost every 2016 Republican contender. This is typical, as we live in politically polarized times, so all prominent pols – including George W. Bush

and Barack Obama – have high negatives. Joe Biden, too, but he's also the closer tapped by the White House when Obama actually wants to make a deal with congressional Republicans.

**“Look, she hates you. Period. That's never going to change.”**

**UNNAMED HILLARY CLINTON CONFIDANT EXPLAINING WHY CLINTON STONEWALLED THE PRESS ON BENGHAZI.**

Let's keep going. **Calculating:** Those 30,000 emails when Clinton was secretary of state that have gone missing in the Benghazi probes? Clinton didn't set up a parallel email system to thwart congressional investigators. She set it up in 2009 before even being confirmed.

**Disingenuous:** “I opted for convenience to use my personal

email account, which was allowed by the State Department, because I thought it would be easier to carry just one device for my work and for my personal emails instead of two.” – HRC, at a March 10 news conference.

“I have, you know, an iPad, a mini-iPad, an iPhone and a BlackBerry.” – HRC at a February 24 Silicon Valley conference for women.

**Insincere:** At a recent dinner honoring political journalism, Mrs. Clinton said, “We rely even more on reporters to try to get us out of the echo chambers we all inhabit.” Days earlier, a Clinton confidant explained why she had stonewalled the press on Benghazi: “Look, she hates you. Period. That's never going to change.”

Let's skip over “secretive” and “ambitious” because they are self-evident Clinton traits, which apply equally to Bill and Hillary; also, we'll ignore “inevitable,” “entitled,” “overconfident,” “will do anything to win” and “represents the past” because they're gender-neutral. But there's two

more:

**Out of touch:** “We came out of the White House not only dead broke, but in debt,” said the woman who bought, with her husband, a \$1.7 million New York home and a \$2.85 million D.C. home while still in office – not to mention the \$3 million she earned in book royalties the year they left and the \$10 million book advance Bill Clinton signed months later.

**Tone deaf:** “The fact is, we had four dead Americans,” Clinton said after being hounded by Republican senators at a hearing on the Benghazi attacks. “Was it because of a protest or was it because of guys out for a walk one night who decided that they'd they go kill some Americans? What difference at this point does it make?”

Now that's a question Joe Biden could answer. As he whispered in Obama's ear one day in 2010, “This is a big f----- deal!”

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## KOTKIN: One-size-fits-all agenda would exacerbate divisiveness

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favoring Democrats dropped, while Asians, who strongly favored Obama in his runs, seem to have divided their votes close to evenly.

### ALTERNATIVES TO DEMOCRACY

Ideologues like elections, when the results go their way, but not so much when they lose. This was true for some right-of-center intellectuals who recoiled against the Clinton presidency and among GOP House members who impeached him for his sordid, but basically irrelevant, personal affairs. Even today, some conservatives believe we may be entering “Republican end times” but even then, few would suggest scrapping the Constitution itself.

The meltdown of the Obama legislative agenda has fostered, instead, a Caesarism of the Left. This is evidenced, in part, by broad backing for the White House's ruling through executive decrees. Some progressives even suggest the president, to preserve Obamacare, should even ignore the Supreme Court, if it rules the wrong way in June.

Progressive authoritarianism has a long history, co-existing uncomfortably with traditional liberal values about free speech, due process and political pluralism. At the turn of the 20th century, the novelist H.G. Wells envisioned “the New Republic,” in which the most talented and enlightened citizens would work to shape a better society. They would function, he suggested, as a kind of “secret society,” reforming the key institutions of society from both within and without.

In our times, Wells' notions foreshadowed the rise of a new class – what I label the clerisy – that derives its power from domination of key institutions, notably the upper bureaucracy, academia and the mainstream media. These sectors constitute what Daniel Bell more than two decades ago dubbed a “priesthood of power,” whose goal was the rational “ordering

of mass society.”

Increasingly, well-placed members of the clerisy have advocated greater power for the central state. Indeed, many of its leading figures, such as former Obama budget adviser Peter Orszag and New York Times columnist Thomas Friedman, argue that power should shift from naturally contentious elected bodies – subject to pressure from the lower orders – to credentialed “experts” operating in Washington, Brussels or the United Nations. Often, the clerisy and its allies regard popular will as lacking in scientific judgment and societal wisdom.

Unlike their clerical forebears, this “priesthood” worships at the altar not of religion but of what they consider official “science,” which often is characterized by intolerance rather than the skepticism traditionally associated with the best scientific tradition. Indeed, in their unanimity of views and hostility toward even mild dissent, today's authoritarian progressives unwittingly more resemble their clerical ancestors, enforcing certain ideological notions and requiring suspension of debate. Sadly, this is increasingly true in the university, which should be the bastion of free speech.

The killer “app” for progressive centralism, comes from concern about climate change. A powerful lobby of greens, urban developers, planners and even some on Wall Street now see the opportunity to impose the very centralized planning and regulatory agenda that has been dear to the hearts of progressives since global “cooling” was the big worry a few decades ago. This new clout is epitomized by the growing power of federal agencies, notably the EPA, as well state and local bodies of unelected regulators who have become exemplars of a new post-democratic politics.

### SOLUTION: RETURN TO FEDERALISM

The fly in the ointment here, of course, remains the electorate. Even in

one-party California, local constituents are not always eager to follow the edicts of the nascent “new Republic” if it too strongly affects their lives, for example, by forcibly densifying their neighborhoods. Resistance to an imposed progressive agenda is stronger elsewhere, particularly in the deep red states of the Heartland and the South. In these circumstances, a “one size fits all” policy agenda seems a perfect way to exacerbate the already bitter and divisive mood.

Perhaps the best solution lies with the Constitution itself. Rather than run away from it, as Yglesias and others suggest, we should draw inspiration from the founders acceptance of political diversity. Instead of enforcing unanimity from above, the structures of federalism should allow greater leeway at the state level, as well as among the more local branches of government.

Even more than at the time of its founding, America is a vast country with multiple cultures and economies. What appeals to denizens of tech-rich trustifarian San Francisco does not translate so well to materially oriented, working-class Houston, or, for that matter, the heavily Hispanic and agriculture-oriented interior of California. Technology allows smaller units of government greater access to information; within reason, and in line with basic civil liberties, communities should be able to shape policies that make sense in their circumstances.

In a decentralized system, central governments still can play an important role, particularly with infrastructure that crosses local and state lines, monitoring health and environmental issues and investing in research. Right now they do none of these tasks well; perhaps, if the upper bureaucracy worried less about the minutia on how we lived our lives, and concentrated on government's critical tasks, perhaps they would do a better job.

### MILLENNIALS DRIVING CHANGE?

One possible group that could change this are voters, including millennials. It turns out that this generation is neither the reserve army imagined by progressives or the libertarian base hoped for by some conservatives. Instead, notes Pew, millennials are increasingly nonpartisan. They maintain some liberal leanings, for example, on the importance of social justice and support for gay marriage. But their views on other issues, such as abortion and gun control, track closely with those of earlier generations. The vast majority of millennials, for example, thinks the trend toward having children out of wedlock is bad for society. Even more surprisingly, they are less likely than earlier generations to consider themselves environmentalists.

They also tend to be skeptical toward overcentralized government. As shown in a recent National Journal poll, they agree with most Americans in preferring local to federal government. People in their 20s who favor federal solutions stood at a mere 31 percent, a bit higher than the national average but a notch less than their baby boomer parents.

If this sentiment, among millennials and others, can be tapped, perhaps there is hope still for our democracy. The Constitution does not need to be scrapped; what has to go is the present leadership of both parties and the whole notion that Washington always knows best. A future shaped by rapid technological change still needs old-school wisdom to maintain our basic democracy and the efficacy of republican government.

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