



JOINT ECONOMIC COMMITTEE

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For Immediate Release:
November 5, 2003

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Chairman's Opening Statement

Hearing of the Joint Economic Committee: "Rethinking the Tax Code" November 5, 2003

Good morning and welcome to today's hearing on "Rethinking the Tax Code."

In May of this year, the Senate overwhelmingly approved legislation acknowledging the serious problems in our current tax code and called for a congressional review of ways to overhaul the antiquated system. This was especially gratifying to me since tax reform has been a central piece of my agenda in the Senate. Seventy members of the Senate agreed the Joint Economic Committee should be the key point for this debate, and today's hearing is a direct response to that vote. It is part of a series of hearings, studies, and related events the JEC is undertaking to find a path to real tax reform.

The present tax system is unduly cumbersome, inefficient, and incomprehensible. Over the years, through revision after revision, the tax code has become a confusing, burdensome web that hampers economic growth, places undue burdens on American businesses, and needlessly complicates the lives of the American people.

As I reflect on all of the debates held over the years on tax policy, I realize that there is one word that comes up over and over again – and that word is fairness. Every time we make a change in the tax law, we are told that it is necessary to make things more fair.

What we have done is tip the tax code this way and that way to encourage one activity, and discourage another. Every time we do this the code gets bigger and more complex. I find it ironic that in the name of fairness for some we have created a system that is unfair for everybody.

Today, during this hearing, let us get out a clean sheet of paper. Let's not talk about tax cuts or mere adjustments to specific parts of the existing system. Let's talk about creating from scratch a system that is simple, that is fair, and once we have accomplished that, a system that will endure for years to come.

We are not prejudging the issue. We are not coming to the hearing with recommendations already in mind. This is our opportunity to listen, and learn, and look at the issue from a different perspective.

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Whether you are in favor of getting more tax dollars out of the rich, whether you believe the tax code should spur faster economic growth, or whether you think we should implement a flat tax for all individuals, we can all agree that the existing code is so badly broken, that the principles of simplicity, fairness, and efficiency are not being met.

If we can achieve the goals I have just laid out, then another challenge begins. We must ensure that the new tax system endures. Businesses cannot make intelligent plans if the tax system constantly changes. That slows economic growth and that slows job creation. For individuals, the shifting sands of the existing tax code create painful uncertainty. People who want to buy a house, take out a loan, put money aside in a savings account or make an investment need – and deserve – to know that there won't be any surprises coming after the next election.

Today we have a balanced group of witnesses that will present diverse views about how our government should tax its citizens.

For our first panel, we are pleased to have as a distinguished guest Senator Arlen Specter of Pennsylvania who cosponsored the Sense of the Senate Resolution that brings us here today and who has for years been a champion of tax reform. We also welcome Representatives Jim McDermott of Washington and John Linder of Georgia and thank them for joining us today.

Our second panel brings a wealth of knowledge on the subject of tax reform. Dr. Michael Boskin is a Stanford University professor of economics, and previously served as chairman of the President's Council of Economic Advisors. Cliff Massa is currently a tax attorney for Patton Boggs, and has served as chairman of the Committee on Value Added Taxes at the American Bar Association. Professor Ed McCaffery joins us from the University of Southern California, and is the author of "Fair not Flat: How to Make the Tax System Better and Simpler." And finally we welcome today Robert McIntyre, the executive director of Citizens for Tax Justice.

I look forward to hearing each witness's thoughts on the challenges before us today. And I ask all of you to join me in a bipartisan spirit as we engage in this important task.

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