

Statement of Connie Mack
Chairman, President's Advisory Panel on Tax Reform
May 11, 2005

Good morning. I would like to welcome everyone to the eighth meeting of the President's Advisory Panel on Federal Tax Reform. We have a long and interesting day ahead of us, and so I will only make very brief opening remarks.

This meeting marks a shift in the focus of our work. In the first phase of our activities, the Panel undertook a comprehensive examination of the current tax code. We learned about its incredible complexity, the ways in which it discourages economic growth, and its unfairness. We learned that the Code is unstable and unpredictable, and that even tax practitioners have trouble staying abreast of the myriad changes to it. We heard that as a society, we have lost sight of the fundamental purpose of a tax system – which is to raise revenues to fund the government. Not one person who we encountered as we traveled the country told us that our current tax system was good for America – and that we should leave it alone.

Armed with this information, the panel will now begin considering options for reform – options that would make the tax system simpler, fairer and more growth oriented. During the next two days, here in the National Transportation Safety Board hearing room, we will take a journey through the highways and byways of federal income tax reform. We will hear about the major types of reform proposals that are available to us, from some of their most well known and thoughtful advocates.

Today, we are going to hear from 20 witnesses, and they will be appearing on 7 different panels. In the morning, we will have 3 panels. First, we will hear from Charles

McLure of the Hoover Institution at Stanford University and Michael Graetz of Yale Law School. They will discuss the features and merits of a value added tax – either as a replacement or as an add-on component of a tax system. Second, we will hear from Ernie Christian, Executive Director of the Center for Strategic Tax Reform, Barry Rogstad, a former President of the American Business Conference, and Ed McCaffery of the University of Southern California. They will look at options to reform the tax code by moving towards a consumed income tax. We will then close the morning session with Thomas Wright, Executive Director of Americans for Fair Taxation, and David Burton of the Argus Group. They will describe the merits of substituting a national retail sales tax for our present federal income tax system.

In the afternoon, we will start with John Podesta, former Chief of Staff to President Clinton and currently President and CEO of the Center for American Progress, Paul Weinstein, Chief Operating Officer of the Progressive Policy Institute, and Chris Edwards, Director of Tax Policy Studies at the CATO Institute. They will discuss options for reforming the existing code while maintaining its current structure. We will then hear from Jim Baker, Chairman of Baker & Co., Ed Feige, Professor Emeritus at the University of Wisconsin, Roland Boucher, Chairman of United Californians for Tax Reform, David Miller, who is a tax partner at Cadwalder Wickersham & Taft, David Hartman, Chairman of the Lone Star Foundation, and Norman Kurland, President of the Center for Economic and Social Justice. Some of these individuals were among the thousands of people who sent comments to the panel website advocating different options for reform.

Finally, we will hear from Robert Hall of the Hoover Institution, Stephen Moore of the Free Enterprise Fund, former House Majority Leader and now co-Chairman of Freedom Works Richard Armey, and CEO and former Presidential candidate Steve Forbes. They will share their thoughts about what is commonly referred to as the flat tax.

At that point, we'll adjourn for the day. Tomorrow, we will reconvene to consider business taxation and the taxation of international transactions.

The Panel has eagerly awaited this opportunity to engage with today's witnesses and to discuss the many available roads to reform our tax system. I am confident that these deliberations will help us to develop and refine proposals. The President has given us a unique opportunity, and we intend to deliver – by recommending options that will ensure a better tax system for current and future generations.