

Macro Roundup Article

Headline: [A Consumption Tax Is the Shock Our Broken System Needs](#)

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Tweet: [@JohnHCochrane](#) argues that our existing tax system of “high statutory rates with a Swiss cheese of exemptions, immense cost, unfairness and distortion” should be replaced; he thinks a consumption tax would be more transparent and efficient.

Summary: Our income and estate tax system is broken. It has high statutory rates with a Swiss cheese of exemptions, immense cost, unfairness, and distortion. A consumption tax, with none of the absurd complexity of our current taxes, is the answer. It funds the government with the least economic distortion. A consumption tax need not be regressive. It's easy enough to exempt the first few thousand dollars of consumption or add to the rebate. Taxes overall must finance what the government spends. Collecting it in one tax rather than lots of smaller taxes doesn't change the overall rate. It's better for voters to see how much the government takes.

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