

09/15/2005

Expert says economy good, but could be better | [myopenforum.com](#)

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The Texas economy is in good shape, but it could be better, Stephen Moore, senior economics writer for the Wall Street Journal, told the audience Wednesday at a dinner held at the Midland Country Club.

Moore performed an in-depth economic analysis of the state's economy commissioned by the Texas Public Policy Foundation in conjunction with Arthur Laffer, who served as chief economic advisor to Ronald Reagan.

Tim Dunn, vice chairman of the Texas Public Policy Foundation, said the organization's mission is to look out for Texans of today, and tomorrow. Dunn said the foundation operates several policy centers which provide suggestions on topics including fiscal policy, health care, education and the justice system.

"We look around the country at other states and look at what is working and what isn't working," Dunn said.

Moore presented his findings from the report, along with his recommendations for how to further improve the state's e

"The good news is Texas is a relatively pro-growth state," Moore said. "But not as pro-growth as we'd thought."

Moore said the study used 10 economic variables to compare Texas' economy to the other states. They found that Tex. the list of state's that are pro-growth. He said Texas, along with seven other states, benefits from not having a state inc is important to guarantee that this does not change.

"In the debate earlier in Austin, (Texas) came perilously close to getting an income tax," Moore said.

He added that income taxes are like a "poison that sucks the vitality" out of a healthy economy. The lack of a state inc encouraged businesses to come to Texas, Moore said, but there are other obstacles that could be removed that would f economic development.

Moore said the corporate franchise tax in Texas is very inequitable, and very complicated. He said some businesses pa others pay a huge amount. He added that many businesses pay a large sum of money just trying to determine how muc advocated increasing the tax base of the state's sales tax, which he said would allow for an opportunity to phase out the tax in Texas. Moore said he is not suggesting raising the sales tax rate, but widening the base. He said a low sales tax base are best for the economy, but in Texas the rate is high and the base is too narrow.

"It doesn't make sense that a barber doesn't have to pay it, and a grocer does," Moore said.

He added that an increased sales tax base would not harm the state's poor, and that it would actually benefit them by s Moore demonstrated how lower taxes are actually beneficial to the poor by reciting the "real" story of Robin Hood.

He said in the traditional version of the story Robin Hood, he and his Merry Men would take all of the money from the

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carriages and coaches that passed through Sherwood Forest. Robin Hood would take less from those who were less wealthy than from those who were poor. This policy, Moore said, is equivalent to a graduated income tax, and the policy of redistributing the poor is equivalent to the welfare system.

But the wealthy people being robbed are not stupid, Moore said, and in the "real" story of Robin Hood they would stop at Sherwood Forest. A trip that would have taken two to three hours would be extended to two to three days, he said, resulting in delivery of goods and higher costs, which would adversely affect the poor and ultimately harm them.

Moore used the example of California's economy as a modern-day warning against high taxes. He said during Gray Davis's term the budget deficit in California was more than the budget deficit of every other state combined. During this time period the state lost 20,000 millionaires who fled because of over-taxation. He said this resulted in a loss of \$6 billion in lost revenue.

"People will vote with their feet against high taxes and stupid regulations," he said.

Moore has been working with California Governor Arnold Schwarzenegger to improve the state of California's economy and has made some significant results. Moore said he convinced Schwarzenegger to pledge not to raise taxes, and that plan. He said cuts to Medicaid and domestic discretionary spending have helped the Golden State.

On a national level, Moore said Bush's tax cuts have been very beneficial to the economy, and the worst thing that could now be done is to eliminate the corporate gains tax cuts and dividends tax cuts. Since the cuts were made in 2003, Moore said revenue has increased by \$262 billion, four million jobs have been created and unemployment has fallen to 4.9 percent.

Moore suggested establishing a flat tax, which he said has been done already in Russia, and eliminating the estate tax, done in Sweden, and which he said amounts to unfair, double-taxation. Moore also recommended pursuing school voucher reforming the nation's education system, and said that the aftermath of Hurricane Katrina could be a good opportunity to test the effectiveness of both a flat-tax policy and school vouchers.

Moore suggested using New Orleans and other areas in the Gulf Coast region as a "laboratory" to test out these policies. President Bush will declare the afflicted regions an "enterprise zone" with a 15 percent flat tax and none of the "idiotic regulations" that previously existed. Moore said this policy would encourage private enterprise to rebuild the region, a need for federal aid. He added that in the history of the United States there have been four other large cities that were destroyed: Chicago, San Francisco and Galveston-- and each time they were rebuilt within five to 15 years by the private sector.

Moore also said that there are between 50,000 and 100,000 students who have been displaced from their schools, and the president should encourage the distribution of school vouchers, which would allow them to attend any school they want.

Moore founded the Club for Growth, an organization dedicated to helping elect free market policies and reduce taxes. He is also a senior fellow in economics at the Cato Institute, and as the senior economist at the Joint Economic Committee under Chairman Dick Armey.

"I've been an admirer of his for quite a while," said Ernest Angelo, a member of the board of directors for the Texas Policy Foundation. "I think he's right on track."

