

## The Hedge Tax Amendment

The proposed Hedge Tax constitutional amendment includes the following.

- ¶ A single-rate income tax that applies to the top 85% of income earners and replaces nearly all existing taxes
- ¶ An asset tax applied to the top 10% of asset holders
- ¶ A requirement that spending be balanced with taxation

These ideas for reform are simple, straightforward and not particularly new, but in combination represent a subtle triangulation of political and economic forces, yielding a number of important benefits. If implemented, these ideas will:

- ¶ **Automatically translate spending increases into increases in the single tax rate.** Politicians will have to vote either to cut spending across the board or raise the tax rate, which will provide single-point accountability that voters can understand and measure. **Multiple votes to increase the rate should create a broad and powerful constituency for spending reform.**
- ¶ **Restore true progressivity in the tax system.** Low-income earners will pay no tax at all, while wealthy asset holders will lose their ability to manipulate the system to avoid paying taxes in line with the average taxpayer.
- ¶ **Replace all existing taxes and eliminate current exemptions, credits and preferences.** This will broaden the base of taxpayers, which will help lower the tax rate overall and ensure that the constituency affected by increases in the tax rate is as large as possible.

The postings on [www.hedgehogparty.com](http://www.hedgehogparty.com) are a series of links designed to create bi-partisan support for this amendment. The amendment will end class warfare over taxes, and it will create the largest possible constituency for control of taxation and spending.