



SANTORUM ECONOMIC FREEDOM AGENDA

20/20 FLAT TAX: A CLEAR VISION FOR AMERICA

American families are struggling. The last years of the Bush presidency brought tremendous financial hardships. So have the Obama-Biden years. Taxes are soaring. Regulations are mounting. Spending and debt are out of control. Poverty is rising. And chronic economic weakness at home is inviting our enemies to test us abroad.

- Since 2007, some 15,000 American factories have shut down.
- More than two million manufacturing jobs have been destroyed or shipped overseas.
- Some 46 million Americans now use food stamps, up from fewer than 30 million in 2008.
- Wages have largely flat-lined.
- Growth is anemic.

A report by the Joint Economic Committee of Congress noted that in every recovery since 1960, real GDP grew by 4% a year. Yet since the recession that ended in 2009, the Obama-Biden policies have caused us to grow at a paltry 2.3% annually. This "growth gap" has cost us a "staggering \$5.4 trillion" in lost economic output. Indeed, some 5.5 million fewer jobs have been created than should have been expected during a normal recovery.

AMERICA DESERVES BETTER

As a result of years of dismal economic policies, the American people are feeling tremendous financial pressure. Parents are trying to provide for themselves and their children, yet they find it hard to get a job that pays well, or sometimes even to get a job at all.

Yet even as American families cut expenses, tighten their belts, and do their best to make ends meet and provide for their families, they don't see Washington trying to make their lives better. They see politicians wasting their hard-earned money and creating tax and regulatory policies that make it even harder for them to get ahead.

Hardworking Americans don't see the system working for them, and many are losing hope. They increasingly fear that the American Dream is dying, that their children won't have more freedom or opportunities than they did, that America's best days are behind us, not ahead of us.

America deserves better. Our nation is on the wrong track.

The question is: Can we turn this beloved ship of state around and get America heading in the right direction?

I believe we can, but it will take a leader with three qualities:

1. A clear, conservative, compelling vision of restoring American growth, opportunity, and security.
2. A serious, specific, substantive economic plan to get America back on course.
3. A demonstrated track record of proven experience in getting major conservative reforms passed in Washington, with bipartisan support, despite the dysfunctional nature of our current political system.

RETURNING TO THE CORE PRINCIPLES OF AMERICAN LIBERTY

This is why I am running for President: to fight every day to advance an Economic Freedom Agenda that will create more opportunity for everyone to rise in society and make life better and safer for all American workers – especially blue collar workers – and their families.

This is why our campaign won eleven states and four million votes in 2012, including the Iowa caucuses, despite the media's giving us little or no attention for much of the race. When voters looked at my vision, my plan, and my record, they realized I wasn't beholden to Big Government and Big Business. They saw that I had always fought for the little guy, for average Americans – regardless of race, ethnicity or gender – who feel forgotten and ignored by Washington and are looking for someone to put them, their families, and their interests first.

I am running again to finish what we started, to turn this Economic Freedom Agenda into a reality. It is based on the core principles of American liberty as explained by our Founding Fathers in the Declaration of Independence: *"We hold these truths to be self-evident, that all men are created equal, and endowed by their Creator with certain unalienable rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness."*

Exactly. Our Founders were absolutely correct. God gives us our rights. Government's job is to secure these rights and safeguard our liberties – not to crush them, remove them, or invent new rights. But when a government fails to do its job, the people have both the right and the responsibility to abolish destructive policies and start fresh.

There is no question today that Washington's Big Government agenda is a clear and present danger to our liberties and our dreams. In the pages ahead, I outline what we need to do to reclaim our freedom and unleash the genius of the American people. At the end, I offer some closing comments on how my record of writing and passing major conservative reforms in Washington with bipartisan support has prepared me to accomplish this agenda, despite all the political opposition that will come from the forces of the status quo.

CENTERPIECE: 20/20 TAX REFORM WITH A CLEAR VISION FOR AMERICA

The chief causes of low growth and the woeful lack of sufficient job creation are the hideously complex federal income tax code, sky-high corporate tax rates, and the scandal-ridden Internal Revenue Service. Massive job-killing regulations, a completely dysfunctional immigration system, runaway spending and debt, and a host of other foolish Big Government policies further compound the problem.

But the disastrous federal tax code and the IRS that runs it have come to symbolize everything that is wrong with Washington.

As the Tax Foundation notes:

- The U.S. federal tax code, its regulations, and the court decisions governing it now run some 70,000 pages long.
- The current federal tax law itself is over one million words long.
- When you add in all the IRS regulations governing the statutes, the total length of the federal tax code is about 4 million words.
- By comparison, the King James Version of the Holy Bible has only 788,280 words.

Nobody understands what's in the tax code anymore. It's completely out of control. The current system is not a servant of the American people. Rather, it has become the enemy of American freedom. It's a swamp that attracts a swarm of lobbyists, lawyers and special interest groups constantly seeking sweet deals for the rich and powerful, at the expense of American workers and their families – the unsung heroes of our economy.

It's time to drain the swamp. Four years ago, I proposed a bold tax reform plan following the model President Reagan set forth in the Tax Reform Act of 1986. I proposed two low rates (including a top rate of just 28%, the same as Reagan), the elimination of most loopholes and deductions, and other measures to simplify the code and make it family-friendly. This was the core of my Economic Freedom Agenda in the 2012 campaign.

However, since that time President Obama, Vice President Biden and their team have created more and more complications and presided over a culture of scandal and corruption at the IRS that just keeps getting worse and worse. I have come to the conclusion that “fixing” the current system is no longer possible. It is too far gone. As Steve Forbes – one of the earliest and most effective advocates of the flat tax – loves to say, the tax code has become a monster and “we need to abolish it, kill it, drive a stake through its heart, bury it, and hope it never rises again to terrorize the American people!” *Well put.*

At this point, anyone who calls for mere changes to the current system – whether that involves four tax rates, or three, or even two rates – in this current environment really hasn’t come to a true realization of just how much of a threat this monstrous tax code is to American liberty. American workers need more than tax code tinkers. It is time for a President who will take a blow torch to the tax code, end the IRS as we know it, and create a new tax system for a new century – a single-rate system that is honest, simple and fair.

My “20/20 Flat Tax Plan” is not the only element of my Economic Freedom Agenda. But it is the centerpiece. Why? Because the principles laid out by our Founders regarding the importance of creating a thriving environment of freedom and opportunity for every American – regardless of his or her background – are as true in 2016 as they were in 1776, and they urgently need to be reapplied.

Here then are the key elements of my plan:

SCRAP THE TAX CODE & UNLEASH ECONOMIC GROWTH

The Santorum administration will:

- Abolish the anti-worker, anti-family, anti-growth, anti-freedom federal income tax code once and for all.
- Start fresh with an entirely new system, “The 20/20 Flat Tax Plan: A Clear Vision For America’s Future,” that treats every American worker, family and business fairly and equally, unleashes sustained economic growth, reduces poverty, supports families, and helps everyone rise in society to meet his or her highest potential.
- Replace the seven rates in the current system with a simple, honest, fair, single-rate system. Key features of the plan include:
 - A 20% flat tax on all sources of individual income (wages, salaries, business and investment income such as capital gains and dividends) after generous exemptions to shield much of a worker’s income from federal taxation (\$2,750 per person credit, plus retention of the Child Tax Credit).
 - No more marriage penalty.
 - No death tax.
 - No Alternative Minimum Tax.
 - Elimination of all tax increases imposed by ObamaCare.

- Elimination of all individual tax deductions, except two – an uncapped charitable deduction to encourage generous giving to churches and non-profit organizations and the home mortgage interest deduction, which is capped at \$25,000 a year.
 - A 20% flat tax on business income.
 - Allows all capital investments in plant and equipment, including inventories, to be fully deductible in the year they are purchased.
 - Elimination of the deductibility of interest expenses.
 - Elimination of all other corporate deductions, loopholes & shelters.
 - Absolutely no Value Added Tax – not now, not ever.
- End the IRS as we know it. Dramatically downsize, restructure, and reform the Internal Revenue Service to eliminate a culture of corruption and taxpayer abuse. Prosecute violations of taxpayers' rights and privacy by IRS administrators and employees. Create a zero-tolerance policy for taxpayer abuse.
- Unleash economic growth and create millions of new jobs. According to an analysis by the non-partisan Tax Foundation, my "20/20 Flat Tax Plan" will:
 - Increase the GDP by 10.2% over 10 years, above current baseline projections. This means that rather than grow our economy at a paltry 2.3% a year, my flat tax plan will boost economic growth to at least 3.3% a year over the next ten years.
 - Increase capital investment by 29%.
 - Increase wages by 7.3%.
 - Create 3.135 million new jobs above and beyond current job-growth projections. This means that, in combination with the impact of the rest of my Economic Freedom Agenda, the U.S. would create a total of 19 million jobs for the American people over the next decade.

FIGHTING FOR AMERICAN WORKERS

The Santorum administration will:

- Aim to make the U.S., once again, the world's leading manufacturer and create millions of well-paying jobs by passing sweeping reforms of the federal tax code and trade, regulation, and energy policy.
- Provide manufacturing corporations with a jumpstart to compensate for the uncompetitive system now in place by granting a 100% income exemption on federal corporate taxation at the commencement of the "20/20 Plan" that phases out over two years. After that, U.S. manufacturers will pay the 20% flat corporate rate tax as all other businesses do. This would be a dramatic reduction from the current corporate tax rate, one of the highest rates in the industrialized world.

- Allow manufacturers to deduct fully their capital investments in plant and equipment – as well as inventories – in the year they are purchased.
- Motivate manufacturers to bring home to America an estimated \$2.1 trillion in profits that are currently parked overseas by allowing businesses to pay a one-time 10% tax on those repatriated profits.
- Negotiate new Free Trade Agreements that expand access to foreign markets for American products and services in order to increase U.S. exports and create more American jobs, while vigorously protecting the interests of American workers and taxpayers.
- Audit the Federal Reserve, and appoint a Fed Chairman who understands the vital importance to a free and healthy economy of maintaining sound money and a strong dollar.
- Increase the minimum wage by \$0.50 per hour for three successive years, for a cumulative increase of \$1.50 per hour, to bring the federal minimum wage back in line with historical standards.

CUT SPENDING & BALANCE/REFORM THE FEDERAL BUDGET

The Santorum administration will:

- Pay for “The 20/20 Flat Tax Plan” by fully repealing ObamaCare and all of ObamaCare’s taxes.
 - An analysis by the Tax Foundation found that after factoring in the feedback of dramatically increased economic growth and job creation, the Santorum “20/20 Flat Tax Plan” will reduce federal revenues by \$1.1 trillion over ten years.
 - An analysis by the Congressional Budget Office found that repealing ObamaCare will reduce federal spending by \$1.7 trillion over ten years. The CBO study found that such a repeal would also boost GDP by 0.7% per year over ten years. Thus, the 20/20 flat tax – in combination with repealing ObamaCare – can create 4% economic growth annually over the next decade and \$600 billion in savings.

These savings can be used to help reform health care, strengthen the U.S. military, and balance the budget. Such additional economic growth -- and more Americans working -- will also boost revenue from payroll taxes, significantly strengthening Social Security, Medicare and Medicaid to care for seniors, the disabled and those in poverty.

- Call on Congress and the States to pass a Balanced-Budget Amendment to the Constitution, which limits federal spending to 18% of GDP and rejects federal tax increases without a supermajority vote of both the House and Senate.

- Submit to Congress a plan that balances the federal budget within five years, while strengthening the U.S. military and protecting seniors by making Social Security and Medicare financially stable.
- Veto appropriation bills that are not serious about spending restraint.
- Reduce the non-defense-related work force by at least 10%, without replacing them with private contractors.
- Block grant funds for Medicaid, housing, job training, and other social services to the States where they can be invested more effectively and efficiently than from Washington.
- Phase out unnecessary and counterproductive roles of Fannie Mae and Freddie Mac in mortgages and homeownership.
- Eliminate all funding for Planned Parenthood and redirect these resources to clinics that provide holistic health care services for women, including mammograms, and that support adoption.
- Cut non-humanitarian foreign aid for countries that do not support America's interests.
- End funding for wasteful U.N. programs like the U.N. Population Fund and the U.N. Intergovernmental Panel on Climate Change.
- Cut corporate welfare throughout the federal budget.
- Cut funding for ineffective programs at the Departments of Commerce Education, Energy, and Housing, Health and Human Services (HHS) where many other programs should be turned over to the States, private, and nonprofit sectors.
- Block grant all highway funds to the states except money to maintain and improve our vital economic national highways and interstates.
- End federal interference in local education decisions, eliminate all federal funding of the Education Department's programs related to Common Core, Race To The Top, and No Child Left Behind, and direct the Secretary of Education to focus on strengthening parental freedom, choice, and control in the education of children.
- Privatize the Corporation for Public Broadcasting.
- Reduce funding for the National Labor Relations Board (NLRB) for extreme positions undermining economic freedom.

UNLEASH AMERICA'S ENERGY

The Santorum administration will:

- Approve the Keystone Pipeline for jobs and energy security.
- Open up market access to all forms of domestic fuel production – oil, natural gas, coal, biofuels, wind, etc... -- and remove government impediments to the expansion of production.
- Sign an order on Day One unleashing America's domestic energy production, allowing States to choose where they want to explore for oil and natural gas and to set their own regulations for hydrofracking.
- Pursue a policy of American energy independence, encouraging the growth of all forms of energy development, as well as energy efficiency and conservation, so that we are no longer beholden to unfriendly regimes in the Middle East.

STOP JOB-KILLING REGULATION

The Santorum administration will:

- Vigorously protect the safety and security of American workers and their families, enforce vital laws and regulations to operate a healthy and fair free-market economy, and protect and promote clean air, clean water, and commonsense conservationist policies to safeguard America's vital natural resources.
- Veto or repeal nonsensical laws, regulations and executive orders that claim to protect the American people but actually destroy jobs, harm the U.S. economy, and punish farmers, small businesses, and manufacturers. According to the Competitive Enterprise Institute, federal regulations impose a \$1.888 trillion cost on the American economy that acts as a hidden tax on American workers and businesses and results in "uncertainty, wealth destruction, job loss, stifling of entrepreneurship and loss of liberty." CEI also notes, "The Obama administration finalized more than 3,600 new regulations last year and proposed over 2,300 more." This level of regulation is completely unacceptable in a free society, and it is time to make critically-needed reforms to stop suffocating the U.S. economy with such an out-of-control regulatory burden.
- Repeal ObamaCare, including all taxes, rules & regulations that are driving up health care premiums, slowing the economy and destroying jobs.
- Replace ObamaCare with market-based healthcare innovation and competition that will:

- Take power out of the hands of federal bureaucrats and put choice and control back in the hands of patients and their doctors
 - Strengthen the private U.S. health care system
 - Reduce the number of uninsured Americans
 - Reduce the spiraling inflation in health care costs
 - Allow more Americans to use Health Savings Accounts
 - Gives States more freedom and control of their health care budgets
- Repeal Dodd-Frank.
 - Repeal Sarbanes-Oxley.
 - Repeal all Obama-Biden administration regulations that have an economic burden over \$100 million, including extremist regulatory and tax policies – from Environmental Protection Agency rules on air standards and CO2 emissions, to Cap-And-Trade restrictions, to carbon taxes, and beyond – that claim to protect our environment but will actually destroy millions of jobs and harm U.S. economic growth.
 - Pass a bill to require congressional approval of all regulations that increase costs on businesses more than \$100 million.
 - Review all regulations, making sure they use sound science and cost/benefit analysis.
 - Eliminate funding for job-killing, radical regulatory approaches at the EPA and refocus the EPA's mission on safe and clean water and air and commonsense conservation.
 - Promote tort reform and alternatives to litigation for federal policies and programs and incentivize the States to expand these reforms across our economy.
 - Unleash innovation in telecommunications and Internet consumer options through a technology-neutral and sensible approach to repealing Obama's regulation of the Internet.

REFORM ENTITLEMENTS

The Santorum administration will:

- Introduce work requirements for means-tested entitlement programs, including the federal food stamps program, just as Sen. Santorum did as the author of welfare reform in 1996.
- Cut means-tested entitlement programs by 10% across the board, freeze them for four years, and block grant them to States, just as Sen. Santorum did as the author of welfare reform in 1996.

- Reform and strengthen Social Security so it is fiscally sustainable for seniors, the disabled and future generations, including gradually raising the retirement age to match increases in life expectancy. The first step is unleashing the U.S. economy to grow at a much faster rate than under the Obama-Biden policies.
- Reform and strengthen Medicare so it is fiscally sustainable for seniors and future generations, including phasing-in a premium support model to give Medicare beneficiaries more of say in what benefits they want and need, and creating an environment of health care freedom, choice and innovation. Again, the first objective must be to grow the U.S. economy far faster than it is growing today.

STOP THE SURGE OF BOTH ILLEGAL & LEGAL IMMIGRATION

The Santorum administration will:

- Protect American workers and U.S. national security by sealing the Mexican border with a wall (built by Americans), adding manpower, and using state-of-the-art technology.
- Rescind all Obama-Biden measures to expand and encourage illegal immigration.
- Require all immigrants who overstay their visas to depart the U.S. immediately
- Institute an E-Verify system to ensure U.S. employers are not hiring individuals who are not legally in the country and/or not legally permitted to work in the U.S.
- Reduce *legal* immigration by 25% in order to give Americans the first shot at new jobs and higher wages by eliminating the visa lottery and chain migration, while still allowing highly skilled and very highly skilled workers and temporary migrant workers to obtain work visas.
- Veto any legislation aimed at creating amnesty.

A RECORD OF PASSING MAJOR CONSERVATIVE REFORMS

Talk is cheap. It is not enough for a presidential candidate to propose sweeping conservative reforms. Voters need to know whether a candidate can be trusted to keep his word. One important key is looking at his or her record.

During my service as a Congressman and as a Senator, I successfully fought for pro-worker, pro-family and pro-growth tax reform, and helped pass some of the most important tax cuts of the last quarter century. In addition, I fought hard against government corruption and wasteful federal spending, and cosponsored legislation to pass a Balanced Budget Amendment to the Constitution and a Line Item Veto.

The Wall Street Journal has noted, “Mr. Santorum was among the architects of the historic Contract with America budget in 1995 (when Newt Gingrich was House Speaker) that helped slow government spending and achieve a balanced budget. He has been especially brave in speaking about the need to reform Social Security, even while representing a state that has the second oldest population after Florida.”

As a freshman Senator, I wrote and successfully led the fight to pass sweeping entitlement reform that ended federal welfare as we know it, dramatically reduced poverty, put millions of Americans back to work, and reduced runaway federal spending – all despite multiple vetoes by President Clinton.

By the end of my service in Washington, I had earned an “A-minus” rating from the National Taxpayers Union that mobilizes elected officials and the general public on behalf of tax relief and reform, lower and less wasteful spending, individual liberty, and free enterprise.”

At the same time, I led the fight to pass other major conservative reforms with bipartisan support – from the creation of Health Savings Accounts, to the law banning Partial Birth Abortion, to imposing tough economic sanctions on Iran and Syria.

It was an honor to serve the workers and families of Pennsylvania and the American people during my tenure in Washington, to fight every day to safeguard their freedoms and keep them safer. But in the almost ten years since I left Washington, I have watched with deep concern Big Government and Big Business getting bigger and more powerful, and American workers and their families steadily losing ground. I have watched the freedoms and liberties of the American people being systematically taken away from them. Chronic economic weakness at home is inviting our enemies to test us abroad. And I refuse to let it continue without a fight.

We don't need socialists, budget busters or tax code tinkerers leading us in 2017. The stakes are too high. We need a leader with a compelling conservative vision to restore American growth and security, a serious plan to get us turned around and heading in the right direction, and a proven track record of passing major reforms in a city of chronic gridlock.

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