

Funding the Future

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English language [reports](#) from Slovenia report today that the government has:

given up the idea of the flat tax rate because the calculations revealed that its effect on the economic growth would not be such as anticipated, while its effect on inequality would be extremely noticeable.

This is great news! Slovenia was seen by many as the cusp state for flat tax: the Eastern European state with an economy most like that of a Western nation. Stopping flat tax here was seen as essential if its spread westward was to be curtailed.

I played a small part in this process. Earlier this year I was invited to Slovenia by the government of Slovenia, the IMF and others to expose the fallacy of flat taxes in a head to head debate with their inventor, [Alvin Rabushka](#), on which [reports](#) are available.

I'm pleased to note that the government has accepted the argument. This is a good day for Slovenia. And it's an especially good day for some excellent academics and civil servants in Slovenia who had the courage to stand up on this issue when it appeared the wrong thing to do as a bunch of young Turks with neither experience or evidence tried to rail road the flat tax through their Treasury. Congratulations to all of those who stood firm.