Do you know what your tax rates are going to be next year? Will the Bush tax cuts expire as planned? [How will that affect you?](http://www.smartmoney.com/taxes/income/how-the-expiring-bush-tax-cuts-affect-you/)  Will the payroll tax “holiday” be extended? [Will the debt ceiling be raised](http://thehill.com/homenews/house/227793-obama-boehner-clash-at-white-house-over-debt-ceiling-hike)? Will it be another temporary last minute deal that involves no real spending cuts but makes markets nervous? Will the Keystone pipeline ever be approved? Will The Affordable Health Care Act be found to be constitutional? Will the Supreme Court find that Arizona can enforce immigration laws?

Will Greece remain in the Euro zone? Is it any wonder there are runs on Greek banks as everyone is trying to pull their money out of Greece while they still can? Can they even form a new government? What happens when they physically run out of money? What then happens to Italy, Spain, and Portugal?

If only policy uncertainty helped the economy. It doesn’t, but policy makers seem to be acting like it does. Policy uncertainty is how politicians pretend to be clever, often too clever by half. They want to convince voters that voting for their party or candidate matters. One way to do so is to create policy uncertainty. Make tax cuts expire in an election year. Postpone decisions on regulations and their enforcement until after the next election. Suggest new government programs and aid to special interest groups to begin if and only if your party or candidate gets elected.

Are today’s politicians more concerned about growing the economy or getting and keeping their party in power? Their actions suggest the latter. This is one reason that economies do better under the rule of law than under the rule of arbitrary politicians.

The tax code needs to be simplified (with lower marginal rates and few to no deductions) and then left alone. Temporary tax changes should be banned. So should special interest carve outs in the tax code. Whether it is a flat rate income tax or a national sales tax, the same marginal tax rate should apply to all. That should be the rule that politicians are not allowed to deviate from. They can raise the rate for all or lower it for all, but no selling special tax favors to special interest groups.

Combine a simple, stable tax code with a balanced budget rule and you dramatically lower the degrees of freedom policy makers have to provide policy uncertainty. They can only spend what they collect in taxes. They can only change taxes collected by varying the single tax rate on everyone.

With these two simple rules, Greece could have been a model community rather that the chaotic state waiting to collapse into an authoritarian regime. (Granted they are also badly in need of labor market reforms). These same two rules would have prevented a debt crisis in the US and would keep policy uncertainty from squashing our current and future economic growth.

Good economic ideas are not hard to come by. Politicians who act for the benefit of the country over the benefit of their party are. What are the chances that the US enacts meaningful tax, entitlement, or debt reforms before the November election? They are just as low as the likelihood that our economy is going to magically take off and grow under a cloud of policy uncertainty. Of that, at least, I’m certain.