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Do Lower Taxes Create Jobs? Look at Clinton and Bush.

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For Republican supply-siders, denying that marginal tax rates are the sole way to induce or impede economic growth is equivalent to apostasy.

In the 1980s, under President Ronald Reagan, the supply-side tax cutters were in their element. As the debate over marginal tax rates rages anew — President Barack Obama wants to raise the top rate to 39.6 percent from 35 percent — the records of the incumbent president's two predecessors give supply-siders political heartburn.

As I write in my latest Letter From Washington, “As many Republicans reject higher tax rates for wealthier Americans, Newt Gingrich, the former speaker of the U.S. House of Representatives, urges them to continue to resist, claiming that the economic boom of the 1990s and the resulting budget surplus were due to his leadership in Congress and not to President Bill Clinton's early tax increases.”

Bill Clinton raised marginal tax rates in 1993. Over the next few years and beyond, economic growth flourished, unemployment plummeted and the budget picture brightened.

In 2001 and 2003, President George W. Bush cut marginal tax rates. Over the next few years and beyond, the economy stagnated, unemployment rose and the deficit ballooned.

Clearly, there were other important factors than taxes: the technology boom of the 1990s benefited Mr. Clinton; terrorism and wars hindered Mr. Bush.

Both sides know that isn't a sufficient explanation. Daniel Mitchell, of the Cato Institute, asserts that Mr. Clinton's record of surpluses was a result of spending restraint. There are numbers to support that; it's also true that federal revenue increased 37 percent in the four years after the 1993 tax increase.

The 2012 Republican vice-presidential nominee, Representative Paul Ryan of Wisconsin, insists that the Clinton and Bush comparison on taxes is unfair. Mr. Clinton, he argues, had the tech boom and the peace dividend resulting from the end of the Cold War; Mr. Bush had to cope with the end of the technology bubble, terrorism, a couple wars and the financial crisis.

The crisis didn't occur until the end of Bush's administration and he chose to wage those wars.