

# NATIONAL REVIEW

## **Jobs, Wages, and the EITC**

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Chris Edwards and Veronique de Rugy have a new report for the Cato Institute pulling together the various arguments against the earned income tax credit. In passing, they criticize me for writing that expanding the tax credit would be a better way to boost the incomes of the working poor than raising the minimum wage because that expansion “poses no threat of destroying jobs.” They retort that “this ignores that extracting taxes from the economy to pay for the EITC certainly does destroy jobs.” That depends on the counterfactual: I’d be for cutting spending rather than raising taxes to pay for any expansion, and I think it would be possible to reform the tax code in a way that raised more revenue without destroying jobs (and, indeed, while enabling more job creation). Even if you buy the entire analysis in this paper, though, a slightly amended version of my point stands: Expanding the earned income tax credit poses much less danger to job creation than raising the minimum wage.