



Copyright 2003 Scripps Howard, Inc.
Scripps Howard News Service

May 16, 2003, Friday

SECTION: COMMENTARY

LENGTH: 710 words

HEADLINE: Tax cuts boost the economy

SOURCE: Scripps Howard News Service

BYLINE: STEPHEN MOORE

BODY:

As the fight in Congress over the Bush tax cut comes down to the home stretch, one peculiarity of the debate has been the nearly unanimous Democratic opposition to the notion that tax reductions will stimulate growth. In the House only a small handful of Democrats support the president's plan and in the Senate only two out of 49 do.

It wasn't always like this. Once upon a time the Democrats were the tax cutters and the Republicans were the deficit hawks.

Rewind to 1963 and what is striking is that the party's roles and arguments were reversed. Back then, it was President John F. Kennedy who wanted to cut taxes to grow the economy and create jobs. Democrats today are completely uninformed of the tax-cutting legacy of John F. Kennedy.

President Kennedy sponsored legislation to cut income tax rates by 20 percent. (Then freshman Senator Ted Kennedy voted for that tax cut 40 years ago.) The tax cuts were an unparalleled economic success. Total national employment grew by more than 1 million jobs in the four years after the enactment of the Kennedy tax cuts. The economic growth rate climbed from 4.3 percent to 6.6 percent.

Those tax cuts also generated an increase in tax revenues, which helped balance the budget. Total income tax receipts grew from \$48.7 billion in 1964 to \$68.7 billion by 1968. This was a faster rate of growth of tax revenues than had been achieved in the preceding five years before the tax cuts were enacted. This was just as President Kennedy had predicted. In his 1963 speech to the Economics Club of New York, President Kennedy famously declared: "It is a paradoxical truth that tax rates are too high today and tax revenues are too low..." Sounding very much like Republicans today, JFK also said: "An economy constrained by high tax rates will never produce enough revenue to balance the budget, just as it will never create enough jobs or enough profits."

When Republicans said that we could not afford tax cuts, JFK Democrats scoffed. President Kennedy skewered his opponents on this point when he said: "Our true choice is not between tax reduction, on the one hand, and the avoidance of large federal deficits on the other...It is between two kinds of deficits - a chronic deficit of inertia, as the unwanted result of inadequate revenues and a restricted economy - or a temporary deficit of transition, resulting from a tax cut designed to boost the economy, produce revenues and achieve a future budget surplus."

Today, Democrats make the same fatuous claims against President Bush's tax cut "investment in the future" as the Republicans made then.

Senator Ted Kennedy recently complained that President Bush's tax plan is not similar to Bush's plan because the Kennedy tax cut was "responsible" and this tax cut is not. But this cannot be true because the Kennedy tax cut was much larger than the tax cut that President Bush is now proposing.

The current Bush tax proposal is about one-third as large as the Kennedy tax cut as a share of national income and as a share of the budget. In 1963 the national debt was higher than today, and that did not deter JFK from cutting taxes.

I have read through President Kennedy's speeches and writings on the tax cut, which are richly informative in making the case for lower tax rates as an engine for higher growth, and he never once resorted to the "rich bashing" rhetoric that has become so distressingly commonplace in the current political dialog. President Kennedy cut taxes for the rich more than Bush wants to. The Kennedy tax cut reduced the top income tax rate from 91 percent to 70 percent. That was a 21 percentage point decline in the tax rates on the rich. The Bush plan, by contrast, cuts the top income tax rate by just four percentage points

President Kennedy believed that the best means to grow the economy was "to reduce the burden on private income and the deterrents to private initiative which are imposed by our present tax system." That is precisely what President Bush believes and why his policies are in keeping with sound economic policy and the tax cut legacy of President Kennedy that we all want to honor and preserve.

JFK Democrats: We hardly knew ye.

(Stephen Moore is president of the Club for Growth.)

LOAD-DATE: May 16, 2003

[◀ prev](#) Document 2 of 2