Beyond Trickle Down

"Did you see they're doing trickle-down again?" asked a buddy of mine, a Vietnam vet, the other day at lunch. "It doesn't work. It's just a con to give big tax cuts to the rich and the corporations while there's nothing for the average guy."

He sounded like a recent editorial in the *New York Times*, "The Republican Tax on the Future."

"Of all the lies Republican lawmakers and President Trump tell about their tax bills, the biggest whopper is that these windfall tax cuts for corporations and the wealthy would generate so much growth that they would pay for themselves," editorialized The Times. "The House and Senate tax bills probably would provide a tiny lift to the economy for a couple years — enough, supporters no doubt hope, for them to cynically claim success. It's what comes next that the GOP glosses over: the addition of more than a trillion dollars to the federal debt in just 10 years. Far from paying for themselves, these cuts would leave a bill for future generations to pay off."

The *Times* glossed over some significant facts in its grim analysis.

The top marginal tax rate on personal income was 91 percent when John F. Kennedy was elected president in 1960. His across-the-board tax-cut proposal called for lower taxes on businesses, corporations and investors, a reduction in the top marginal income tax rate to 70 percent, and cuts of approximately 20 percent in income taxes in all brackets.

Congress approved the Kennedy tax cuts in early 1964, three months after his assassination. The strong economic expansion of the 1960s and beyond ensued, with 8.5 years of uninterrupted growth of over 5 percent per year, an economic turnaround that more than doubled the pre-Kennedy annual GDP growth rates of 2.1 percent, 2.1 percent, and -0.7 percent, respectively, in 1956, 1957 and 1958.

This economic revitalization and doubling of GDP growth generated by Kennedy's low-tax, pro-growth policies did, in fact, trickle down — more accurately, flood down — to improve the economic conditions in every income category by way of fueling higher employment, less joblessness, higher wages and less poverty.

Overall, the 5.5 percent unemployment rate of 1960 dropped to a full employment rate of 3.5 percent by 1969.

"From 1944 to 1960, the U.S. economy expanded at the sorry rate of 2.1 percent per year," reported Forbes writer Brian Domitrovic in a 2013 analysis of Kennedy's economic performance. "At 2.4 percent per year, Dwight Eisenhower supervised (from 1953 to 1960) the worst growth of any postwar president until George W. Bush and Barack Obama came along."

The eight-year expansion from 1961 to 1969 "saw growth of 48 percent, a third more in an eight-year period than in the 16 years ending in 1960," reported Domitrovic, while federal tax receipts expanded by more than the high rate of economic growth in the 1960s, "rising by 55 percent in inflation-adjusted terms in the seven years after 1961."

Treasury Department data on the change in national debt as a percentage of GDP for each president after Eisenhower show the largest decreases in debt in relation to GDP were during the presidencies of Kennedy, Johnson and Clinton.

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