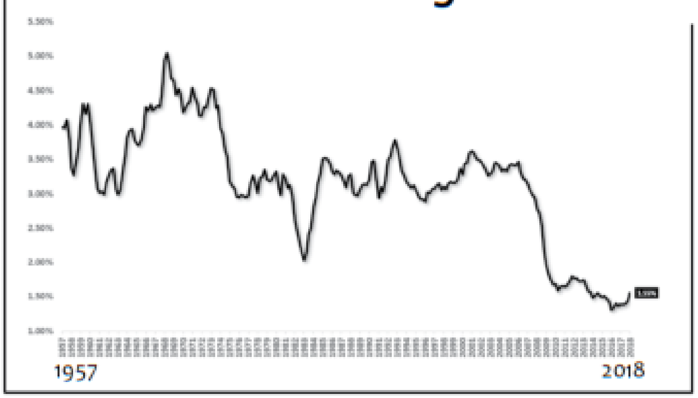
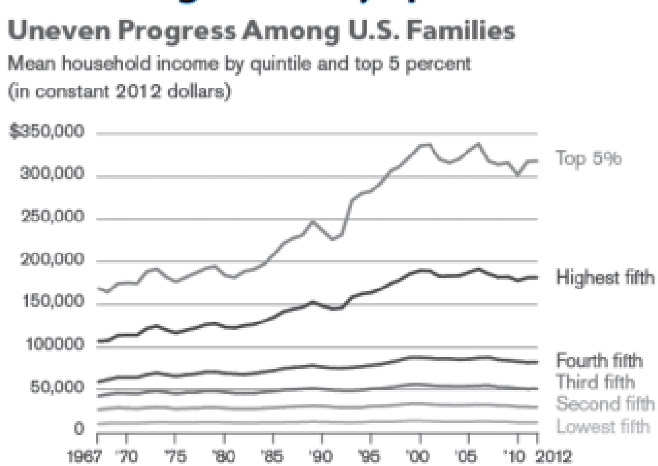
Corporate tax rate to GDP

Real annualized growth rate



Income growth by quintile



The myth of "trickle down" economics

Justification for tax cuts has often been that the economy as a whole will benefit — that lower corporate taxes would lead to company expansions, more jobs and higher incomes. It hasn't worked out that way. Instead, economic growth has been mediocre since the 1970s. Incomes have grown even more slowly than the economy for every group except the wealthy.

Furthermore, even given favorable tax rates, the wealthy disproportionately don't pay taxes due. A study released last month, which included two IRS officials as authors, found that the richest one percent of Americans don't report about 20 percent of their income to the government. Those individuals are able to use pass-through businesses and offshore structures to shield their income from the IRS's view, the study said. Collecting that money would boost tax collections by $175 billion a year.

Corporate tax cuts: Corporate tax as a share of GDP

Source: *NY Times*

Economic growth: Real GDP 10-year annualized growth rate 1957–201
Source: EPB Macro Research

Income growth by group—
Uneven Progress Among US Families
Source: US Census