



"Without fear and without favour"

Tuesday July 13 2010

Lower tax rates are the answer

From Mr James A. Dorn.

Sir, Michael Spence is correct to say that "America needs a growth strategy" (July 9), but he is incorrect to say that "this means higher taxes".

In his view, higher taxes are necessary to reduce domestic private consumption and "to finance growth-supporting long-term investments". What he overlooks is that lower marginal tax rates on saving and investment would spur domestic private saving and spontaneously reduce current consumption, while increasing private investment and future consumption possibilities. Increasing taxes would do the opposite.

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