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Tax Cuts = Job Creation



By George Mullen

This formula converts Supply-Side Economics into a new and improved theory we call Earned Supply-Side Economics (ESSE). The old supply-side theory gives tax cuts to the top income earners (with no action required) in the hope that the monies trickle down to the rest of us. Reasonable in theory, difficult to prove.

ESSE, on the other hand, directly connects tax cuts to a deeply desirable action – new job hires. Expand your work force, and earn and receive a healthy tax cut – thus giving you even more money to hire and expand. No gimmicks, no loopholes, no playing favorites to politically correct industries, no confusing Carter-era tax credit formulas and no Washington insider hyperbole – just straight forward meaningful tax cuts for all who qualify. If the tax cut monies trickle down further from there, more the better for our economic recovery.

The specific ESSE tax cut percentages are not important for our purposes here. What is important is that they are meaningful numbers that incentivize employers. The plan must be plain and clear – a direct and definable tax cut that every employer understands and can quantify for planning purposes. Because job growth is always desirable, ESSE would best serve as a permanent incentive program that employers can factor into their long range business planning.

The financial cost of ESSE is negligible compared to the recent money burn by our government leadership, yet the potential economic upside is limitless. With serious financial benefits on the table, employers will burst forth with vision and creativity seeking employees to expand current operations, pursue viable new opportunities and ultimately discover new industries not yet conceived of. These are the seeds of genuine recovery.

Now to the most important question we face as a nation: To whom should we trust our nation's economic future?

Should we trust our economic future to our current leadership composed of individuals with near-zero experience in operating free enterprise businesses or making weekly payrolls? (Check the resumes of our political and economic leaders if you question this statement.)

Or should we trust (and incentivize) our economic future to the millions of American business owners and entrepreneurs (Democrats, Republicans and Independents alike) who built the American economic miracle in the first place? These are the people who will be hiring Americans tomorrow, making payroll on Friday and ultimately turning around our economy.

Too much debt without genuine growth always leads to the same place: Greece. As such, the only way America can escape the monumental debt crisis caused by our leadership will be by tightening our belts and growing our way out of it. As such, our faith and trust must be with those who have actually proven themselves, the American business owners and entrepreneurs who built this great nation. Let's incentivize them today with meaningful tax cuts that will resurrect the mighty economic miracle that is America.

Mullen has been in the investment management business in downtown San Diego since 1987 and authored the alarm bell opinion piece "The coming financial tsunami" on these pages in 2005. He is also an artist.