

Nonpartisan Tax Report Withdrawn After G.O.P. Protest



Mitch McConnell, the Senate Republican leader, center, and other Republicans raised concerns with an economic report that questions a central tenet of conservative economic theory.

By JONATHAN WEISMAN

WASHINGTON — The Congressional Research Service has withdrawn an economic report that found no correlation between top tax rates and economic growth, a central tenet of conservative economy theory, after Senate Republicans raised concerns about the paper's findings and wording.

The decision, made in late September against the advice of the agency's economic team leadership, drew almost no notice at the time. Senator Charles E. Schumer, Democrat of New York, cited the study a week and a half after it was withdrawn in a speech on tax policy at the National Press Club.

But it could actually draw new attention to the report, which questions the premise that lowering the top marginal tax rate stimulates economic growth and job creation.

“This has hues of a banana republic,” Mr. Schumer said. “They didn’t like a report, and instead of rebutting it, they had them take it down.”

Republicans did not say whether they had asked [the research service](#), a nonpartisan arm of the Library of Congress, to take the report out of circulation, but they were clear that they protested its tone and findings.

Don Stewart, a spokesman for the Senate Republican leader, [Mitch McConnell](#) of Kentucky, said Mr. McConnell and other senators “raised concerns about the methodology and other flaws.” Mr. Stewart added that people outside of Congress had also criticized the study and that officials at the research service “decided, on their own, to pull the study pending further review.”

Senate Republican aides said they protested both the tone of the report and its findings. Aides to Mr. McConnell presented a bill of particulars to the research service that included objections to the use of the term “[Bush tax cuts](#)” and the report’s reference to “tax cuts for the rich,” which Republicans contended was politically freighted.

They also protested on economic grounds, saying that the author, Thomas L. Hungerford, was looking for a macroeconomic response to tax cuts within the first year of the policy change without sufficiently taking into account the time lag of economic policies. Further, they complained that his analysis did not take into account other policies affecting growth, such as the Federal Reserve’s decisions on interest rates.

“There were a lot of problems with the report from a real, legitimate economic analysis perspective,” said Antonia Ferrier, a spokeswoman for the Senate Finance Committee’s Republicans. “We relayed them to C.R.S. It was a good discussion. We have a good, constructive relationship with them. Then it was pulled.”

The pressure applied to the research service comes amid a broader Republican effort to raise questions about research and statistics that were once trusted as nonpartisan and apolitical.

The Bureau of Labor Statistics on Friday will release unemployment figures for October, a month after some conservatives denounced its last report as politically tinged to abet President Obama’s re-election. When the bureau [suggested its October report might be delayed by Hurricane Sandy](#), some conservatives immediately suggested politics were at play.

Republicans have also [tried to discredit the private Tax Policy Center](#) ever since the research organization declared that [Mitt Romney’s](#) proposal to cut tax rates by 20 percent while protecting the middle class and not increasing the deficit was mathematically impossible. For years, conservatives have pressed the

nonpartisan Congressional Budget Office to factor in robust economic growth when it is asked to calculate that cost of tax cuts to the [federal budget](#).

Congressional aides and outside economists said they were not aware of previous efforts to discredit a study from the research service.

“When their math doesn’t add up, Republicans claim that their vague version of economic growth will somehow magically make up the difference. And when that is refuted, they’re left with nothing more to lean on than charges of bias against nonpartisan experts,” said Representative Sander Levin of Michigan, the ranking Democrat on the House Ways and Means Committee.

Jared Bernstein, a former economist for Vice President Joseph R. Biden Jr., conceded that “tax cuts for the rich” was “not exactly academic prose,” but he said the analysis did examine policy time lags and controlled for several outside factors, including monetary policy.

“This sounds to me like a complete political hit job and another example of people who don’t like the results and try to use backdoor ways to suppress them,” he said. “I’ve never seen anything like this, and frankly, it makes me worried.”

Janine D’Addario, a spokeswoman for the Congressional Research Service, would not comment on internal deliberations over the decision. She confirmed that the report was no longer in official circulation.

A person with knowledge of the deliberations, who requested anonymity, said the Sept. 28 decision to withdraw the report was made against the advice of the research service’s economics division, and that Mr. Hungerford stood by its findings.

The report received wide notice from media outlets and liberals and conservative policy analysts when it was released on Sept. 14. It examined the historical fluctuations of the top income tax rates and the rates on capital gains since [World War II](#), and concluded that those fluctuations did not appear to affect the nation’s economic growth.

“The reduction in the top tax rates appears to be uncorrelated with saving, investment and productivity growth. The top tax rates appear to have little or no relation to the size of the economic pie,” the report said. “However, the top tax rate reductions appear to be associated with the increasing concentration of income at the top of the income distribution.”

The Congressional Research Service does such reports at the request of lawmakers, and the research is considered private. Although the reports are posted on the service's Web site, they are available only to members and staff. Their public release is subject to lawmakers' discretion.

But the Hungerford study was bound to be widely circulated. It emerged in the final months of a presidential campaign in which tax policy has been a central focus. Mitt Romney, the Republican nominee, strongly maintains that any increase in the top tax rates on income and capital gains would slow economic growth and crush the job market's tentative recovery.

President Obama has promised to allow cuts on the top two income tax rates to expire in January, lifting the rates from 33 and 35 percent, their level during most of George W. Bush's presidency, to 36 percent and 39.6 percent, where they were during most of the Clinton administration. Mr. Obama maintains the increases would not hurt the economy and are the fairest way to reduce the deficit.

Mr. Hungerford, a specialist in public finance who earned his economic doctorate from the University of Michigan, has contributed at least \$5,000 this election cycle to a combination of Mr. Obama's campaign, the Democratic National Committee, the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee.
