Why Everyone Needs a Tax Cut

Scientists like living in countries that don’t plunder their paychecks.

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149 COMMENTS

It’s déclassé on the left and right these days to talk about marginal tax rates, so forgive us for pointing out economic evidence that rates affect individual behavior. Two 2015 papers from the National Bureau of Economic Research looked at the impact of top marginal tax rates on the mobility of superstar scientists—the people critical to U.S. success in a high-tech global economy.

One study, by Ufuk Akcigit, Salomé Baslandze and Stefanie Stantcheva, looked at the international migration patterns of highly successful inventors since 1977. The authors found that “top 1% inventors”—those with the most valuable patents—“are significantly affected by top tax rates when choosing where to locate.” Specifically, countries enjoy a “26% increase in foreign superstar top 1% inventors” with each “10 percentage points decrease in top tax rates.”

The authors, in hilariously dry academic fashion, dare to note that these “migratory responses to tax policy might represent a cost to tax progressivity.” Imagine trying to attract the top 1% of earners instead of driving them away.

In another study, Enrico Moretti and Daniel Wilson examine star scientists “at or above the 95th percentile in number of patents over the past ten years” to find that state taxes have “a significant effect” on the geographical location of these innovators. In short, they found, “relative taxes matter.”

The study notes that “migration flows are more sensitive to changes in the 99th percentile tax rate than changes in taxes for the median income” and that the “probability of moving from state o (origin) to state d (destination) increases when the net-of-tax rate (hence after-tax income) in d increases relative to o.” Even scientists prefer to pay lower taxes.

All of this is worth keeping in mind the next time you hear [Hillary Clinton](http://topics.wsj.com/person/C/Hillary-Clinton/6344) attack [Donald Trump](http://topics.wsj.com/person/T/Donald-Trump/159) or House Republicans for their tax-reform plans. Lower marginal rates improve incentives and help the economy grow.