

# Committee on Ways and Means

*Happy St. Patrick's Day*

Ireland, once a country plagued by slow growth and high unemployment, has experienced some of Europe's most remarkable growth rates during the last 20 years.

|                                 | 1985                | 2002                |
|---------------------------------|---------------------|---------------------|
| Real GDP<br>(1990 \$)           | \$38 billion        | \$108 billion       |
| Unemployment rate               | 17.3%               | 4.2%                |
| Output per worker               | \$34,235            | \$57,560            |
| 10-year real GDP growth<br>rate | (1975-1985)<br>3.6% | (1992-2002)<br>8.0% |

**Is this simply the luck o' the Irish? NO!** *Drastic reductions in marginal tax rates propelled Ireland's economy forward.*

|                                 | 1985 | Today | % change |
|---------------------------------|------|-------|----------|
| Top corporate tax rate          | 50%  | 12.5% | -75%     |
| Top marginal income<br>tax rate | 60%  | 42%   | -30%     |
| Top capital gains tax           | 60%  | 20%   | -67%     |

Lowering marginal tax rates in Ireland has resulted in one of Europe's great success stories of the last quarter-century: rapid job growth, rising living standards, and massive inflows of foreign investment. Ireland now boasts one of Europe's highest per capita GDP levels and lowest unemployment rates.

Ireland's success demonstrates that lowering marginal tax rates attracts investment, create incentives to work, and is the best possible stimulant to the long-run health of the economy.

Here in the U.S. lower marginal tax rates have worked as well...  
The tax cuts in 2001, 2002 and 2003 helped fuel 4.4 percent economic growth in 2004 and the creation of 2.4 million jobs in the last 12 months.