



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

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CONTACT: Jonathan Collegio
John Santoliquido
202-785-0266

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European Economies Continue To Suffocate Under High Taxes, Regulations

As U.S. economy rapidly expands after tax cuts, Europe may be getting the hint

WASHINGTON – On Friday, the European Union (EU) published a report showing EU economies crawled ahead at 0.4% annualized rate in the third quarter, little better than the 0.3% showing in the second quarter. By comparison, the U.S. economy expanded at a blistering 7.2% pace in the third quarter, the best showing in almost 20 years.

Struggling under high taxes and heavy regulatory burdens, the 15 nations that comprise the European Union have perennially high levels of unemployment, little business investment, and low consumer demand as compared with the United States. In recent weeks and months, EU member nations, most notably France and Germany, have proposed easing tax and regulatory burdens to jumpstart their economies and close budget deficits.

“If government spending and control was responsible for economic growth, European nations would be economic titans and market economies would be put to shame,” said taxpayer advocate Grover Norquist, President of Americans for Tax Reform (ATR) in Washington. **“That the reverse is true---that individuals engaging in free enterprise drive the economy---is precisely why the United States economy easily outperforms European economies. As the U.S. economy continues to expand courtesy of tax cuts, Europe would do well to take the hint.”**

Germany and France, Europe’s largest economies, recorded growth rates of 0.2% and 0.4% respectively while Italy and Netherlands saw their economies inch forward by 0.5% and 0.1% in the third quarter.

The EU report anticipates little improvement in the coming months, expecting gross domestic product to rise between 0.2% and 0.6% in the current quarter and between 0.3% and 0.7% in the first quarter of 2004. By comparison, the U.S. economy is expected to grow by 4% or more over the same period, with more tax cuts scheduled to kick in.

“The amazing thing is, the major U.S. news media are reporting an economic recovery in Europe,” continued Norquist. **“If that’s the case, the English language many not contain a powerful enough adjective to describe the U.S. economy. Oh, the poverty of language!”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.