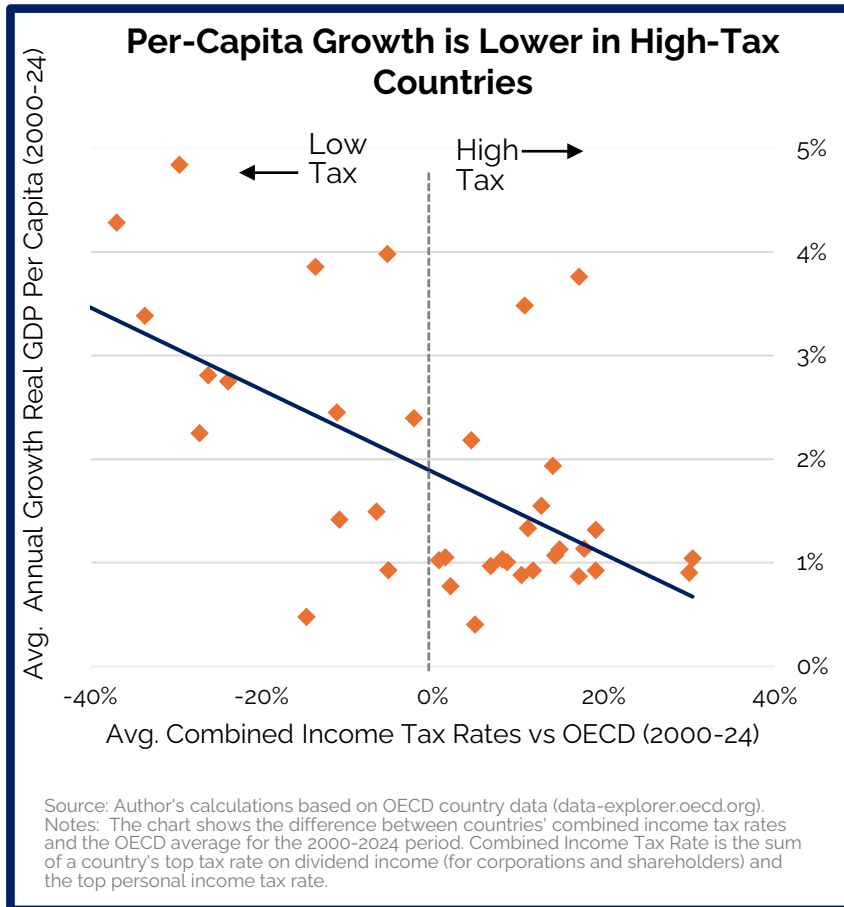


TAXES AND ECONOMIC GROWTH

TOPLINE: High taxes impede economic growth. The 2017 Tax Cuts and Jobs Act and the One Big Beautiful Bill promote faster economic growth in the U.S. by cutting taxes and reducing the growth of government spending.



High Tax, Slow Growth

- 20 of the 23 OECD countries with above average combined income tax rates from 2000 to 2024 averaged less than 2% growth in Real GDP per capita in that period.
- Only 4 of 15 OECD countries with below average tax rates averaged less than 2% growth.

Note: Combined income tax rate refers to tax rate on [dividends](#) (corporate and investor level), plus the top [personal](#) income tax rate.

CAVEATS: Differences in regulations, demographics, geopolitical events, spending, and deficits can all affect growth. Furthermore, countries that adopt low tax rates are more likely to adopt other pro-growth policies, meaning the chart above shouldn't be viewed as showing a causal relationship. But it's also worth noting that combined statutory income tax rates only explain part of the burden of taxes, and, statistically, a more comprehensive measure of tax burden would likely strengthen the negative correlation between taxes and growth.

Compared to the Rest of the OECD, the U.S. has Grown More Quickly Since TCJA

- Before TCJA, the U.S. real GDP [growth rate](#) was below the average growth rate of the 38 OECD countries in 13 of the previous 18 years.
- Since TCJA (through 2024), the U.S. real GDP annual growth rate has been an average of about 0.5% higher than the average of all other OECD countries.

