

Speech of the Honorary Consul of Ireland for Bavaria and Baden-Württemberg, Erich J. Lejeune, on the conferring of the award of the Taxpayers Association of Europe to the Deputy Prime Minister of Ireland Mary Harney, T.D., on 20th May 2003 in Brussels

"Only the Spoken word prevails"

Madam Deputy Prime Minister,
Your Imperial Highness,
Mr. Vice-President,
Mr. Party Chairman,
Mr. President of the European Taxpayers' Association,
Ladies and gentlemen,

It is a very great honour and a very great pleasure for me to address you in this gracious setting on the character and achievement of a political leader who has made a decisive contribution to ensuring that her country is seen throughout Europe as a model of economic success.

I will touch on only a few points of Mary Harney's stellar career. In 1977, at the age of 24, she entered Parliament as its youngest deputy. In 1985 she was the co-founder of the Progressive Democrats Party which set as its goal a policy of radical tax reduction and resolute economic stimulation. From 1989 to 1992 she served as Minister for the Environment in the Government.

In 1993 she was elected as Chairperson of her party, the first woman in Ireland to occupy such a role. After an interval of four years Mary Harney led her party back into Government in 1997 and became Deputy Prime Minister, again the first woman in Irish history to hold this position. She took over the portfolio of Minister for Enterprise, Trade and Employment.

Many factors have been invoked to explain Ireland's remarkable economic progress. One factor was undoubtedly Ireland's young and well-educated workforce. Ireland's membership of the European Union has also played a significant role in this respect. However, the fact that Ireland in recent years has been able to build in exemplary fashion on these assets and to reach the summit of economic achievement in Europe is above all else the result of a consistent policy. This policy focuses on growth, economic liberalisation and innovation. It has reduced the burden of taxes and contributions for citizens and businesses alike and has thus allowed the power of the market to unfold.

I won't go into all the details of the policy decisions that were made to turn around Ireland's economy. I will concentrate on tax, as symbolic of the radical change in economic policy that the Progressive Democrats and Mary Harney proposed and implemented.

She and her party have participated in nine of the last fourteen budgets in Ireland. Mary Harney was deputy Prime Minister for six of them.

In those budgets:

- 11 points were taken off the standard rate of income tax
- 13 points were taken off the top rate of tax
- 27½ points were taken off corporation tax
- 20 points were taken off capital gains tax
- the radical fairness of a tax credit system was introduced
- tax shelters and loopholes were closed down
- tax compliance was strengthened.

These are tremendous and far-reaching achievements, so much so that

they have become accepted among all the main political parties now in Ireland.

When she co-founded her party, there was a mountain to climb. The top rate of personal tax in Ireland was 60 per cent. The standard rate of personal tax in 1985 was 35%. There was an epidemic of tax evasion. The tax collection system was poor.

A low-tax, fair and compliant culture was what Mary Harney and the Progressive Democrats sought. It seemed impossible. But it has been achieved in three governments, over nine budgets.

The results of this tax reform strategy, in which Mary Harney played such a significant role are truly impressive. It has been a key factor in generating jobs and enterprise in Ireland.

Unemployment was cut from 10 per cent in 1997 to under 5 per cent now. Nearly 400,000 new jobs were created in that time. New investment flowed into the country. The tide of emigration was reversed and replaced by net inward immigration. And tax receipts were also increased by more buoyant economic activity, so that public services could be funded.

There has never been a more comprehensive set of tax reform policies implemented in Ireland, and probably not in any other European country.

It has been a brilliant example of supply-side economics at work.

As a German businessman I am very much aware that we have much to

learn from the Irish experience. Germany today stands clearly at a crossroads. We have yet to decide which road we will take, whether that leading to recovery or to further stagnation. Ireland has shown that it is open to a Government with a determined policy of reform to break the mould of outmoded structures, to overcome vested interests and to ensure that even a small country can meet the conditions needed to be competitive in a globalized world.

Ireland can count itself fortunate that the country is represented by leaders who are governed by clear convictions and whose credibility has earned the confidence of their fellow citizens.

Today, Mary Harney, as one of these eminent leaders, receives her due honour and recognition.

Madam Deputy Prime Minister, I congratulate you today from the bottom of my heart, both in your personal capacity and as the representative of your country, on receiving the highest distinction of the Taxpayers Association of Europe. May I say also how proud I am to be the representative of Ireland in two of the most important German States.

Ladies and Gentlemen, it is my high honour and distinct pleasure to introduce Mary Harney, the Deputy Prime Minister of Ireland and the eminently worthy recipient of the prize of the Taxpayers Association of Europe.