



Insight

Policy Solutions To Spur Economic Growth

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What policies can lawmakers undertake to spur growth and job creation? The White House seems to be out of ideas after their announcement on Saturday evening that the president would outline so-called tax reform proposals in order to “help middle class families get ahead and grow the economy.”

Last year, AAF President Douglas Holtz-Eakin delved into the issue of economic growth, and the impact growth has on job creation as well as wages. The research, prepared in conjunction with the Chamber of Commerce Foundation, found that if the economy grows at 3 percent it would mean 1.2 million more jobs.

If stronger growth is achieved it would have a significant impact on wages. A 3 percent increase in growth means an additional \$4,200 in wages for workers. If growth increases to 3.5 percent, wages would increase by \$9,000 for workers.

In the research, Holtz-Eakin describes how this growth in wages would be widely shared among the poor, the middle class, and the affluent.

So, what policies matter? Holtz-Eakin finds that entitlement reform, tax reform, regulatory reform, immigration reform, and energy reform are key to getting the economy moving again, providing greater opportunities for families, and securing our fiscal future.

The policy solutions outlined by Holtz-Eakin would go a long way in fostering the growth needed to help everyone move ahead.

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