

Press Release



Holtz-Eakin: 3 Policy Areas Ripe For Reform Can Spur Economic Growth

MARISOL GARIBAY | JANUARY 13, 2015

American Action Forum President Douglas Holtz-Eakin will testify this morning before the House Ways and Means Committee on policies that can foster economic growth and job creation.

“The 114th Congress should approach the big picture of economic growth by taking steps to lessen the burden of the tax code, finalizing trade negotiations, and making changes to the health care system as it exists under the ACA,” Holtz-Eakin says in prepared remarks.

Additional excerpts from the testimony follow:

Tax Reform:

“There are few policy areas in greater need of fundamental reform than the U.S. tax code. Fundamental modernization and simplification of the tax system has been an elusive dream for Congresses and administrations over the past 30 years.”

“While the corporate tax is in sore need of repair, a corporate tax overhaul that does not also address the individual code would leave out the most significant interaction between federal taxation and the economy.”

“The last time the United States undertook a fundamental tax reform was with the Tax Reform Act of 1986 (TRA). If history is any guide, a 1986 style reform offers positive economic growth. This is borne out by retrospective analysis of the TRA which found that the 1986 tax reform produced about one percentage point higher growth over a long period. Further studies have shown that the negative relationship with higher marginal rates and taxable income, hours worked, and overall economic growth.”

Trade

“Two (free trade) agreements the U.S. is negotiating have the potential to become final in 2015. Both the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) are major trade deals with huge economic potential. Combined, these agreements have the potential to create more than 1 million new jobs in the U.S. and increase GDP by over \$200 billion.”

Health Care

“As part of bringing sanity to federal health care programs, many of the changes made by the Affordable Care Act (ACA) must be reversed to mitigate the law’s negative economic impacts. The regulatory burden, requirements forced upon employers and individuals, and poorly constructed revenue streams should be changed to reverse their downward pressure on the economy.”

“[Getting] rid of two poorly designed taxes within the ACA could improve economic growth in the health insurance sector, and the innovative medical device industry. Both the health insurer tax (HIT) and the medical device tax should be repealed. The concept is a simple one, fewer burdens on industry allows for greater economic productivity.”

Read the full testimony [here](#). The hearing will also be webcast [here](#) beginning at 10 a.m. today.