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8 Ways to Jump-Start Economic Growth: Not Increasing the Deficit Edition

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Earlier Thursday, *National Journal* looked at ways to boost job creation and economic growth that would require an increase in the budget deficit.

In this installment, *NJ* turns to ways to jump-start the economy without spending any money. Experts across the ideological spectrum weighed in on how to boost growth through policy changes, use of existing resources, and unconventional ideas.

Here is the second wave of suggestions, laying out ideas that wouldn't cost a penny, which we'll update throughout the coming days as new ideas roll in. Want to add to the list? Drop us a line at chollander@nationaljournal.com or jtankersley@nationaljournal.com.

Ideas That Would Not Increase the Deficit

1. Use countercyclical regulatory policy.

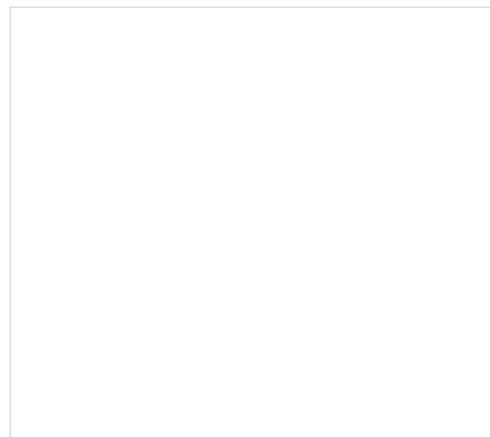
The United States should be using countercyclical regulatory policy to stimulate investment, said Michael Mandel, chief economic strategist at the Progressive Policy Institute. The countercyclical policy would accelerate and relax the regulatory approval process to encourage investment. "Many companies would want to invest if they were given a temporary accelerated regulatory window," Mandel said.

2. Put Bernanke in charge of job growth.

Federal Reserve Chairman Ben Bernanke should be put in charge of lowering the unemployment rate, according to Dennis Kelleher, president and CEO of Better Markets. "There was no more creative person in the world when he had to save the financial system in 2008.... That's what we need now to combat the catastrophic unemployment crisis. It is every bit as serious as the crisis we faced in 2008, and it deserves the same massive response," Kelleher said.

3. Recognize PACE loans.

Fannie Mae and Freddie Mac should recognize the loans provided



to eligible property owners to retrofit their homes under the Property Assessed Clean Energy program, said Mark Muro, senior fellow and director of policy for the Metropolitan Policy Program at the Brookings Institution. PACE came to a halt last spring after the two mortgage giants announced they would no longer accept loans from the program. The program is a “promising driver of retrofit and... direct job creation,” Muro said.

4. Ratify pending free trade agreements.

The United States should set a strong national platform for exports through the immediate ratification of pending free trade agreements with Korea, Panama, and Colombia, Muro said, crediting the idea to Bruce Katz, vice president and founding director of the Brookings Institution’s Metropolitan Policy Program. Practical steps, such as implementing business-to-business mentoring and customized skills training, should be taken to encourage metropolitan areas to focus their economic development strategies on exports. “The U.S. needs access to developing markets, which are now a leading source of growth in the world as Europe slumps,” Muro said.

5. Cut red tape.

Tad DeHaven, a budget analyst for the free-market Cato Institute, said the administration should be focused on “cutting programs and removing red tape.” By trying to micromanage the economy, the administration is generating uncertainty, which in turn is slowing growth, DeHaven said.

6. Put the power in the hands of the marketplace.

DeHaven also recommended a bigger change: putting power over the economy in the hands of the marketplace. “If it’s true that decisions made by these people in Washington are of such importance that they can rattle markets and bring down an economy..., might we want to reconsider putting so much power and control over the economy in the hands of fallible men and women?” he asked.

“I guess it seems sterile and cold,” he added. “But I view markets as sources of information.” There are 6 billion people carrying out trillions and trillions of interactions every day, “so the idea that some politicians and selected bureaucrats can aggregate all that knowledge and direct economic activity is to me kind of preposterous.”

7. Let the recession run its course.

DeHaven also would let the recession run its course. “As awful as recessions are, a recession should basically be seen as a cleansing process. And when Washington tries to put a Band-Aid over it, it inhibits the ability of the economy to correct itself,” he said.

8. Come out with a credible economic policy.

Aparna Mathur, an economist and resident scholar at the right-leaning American Enterprise Institute, said the most important thing the government could do now would be to come out with a credible economic policy. “The biggest reason why we see firms not hiring and not much investment happening is basically the amount of uncertainty about the whole fiscal situation,” she said. “There’s no reason for economic recovery to start unless we provide more clarity on policy.”

