



## **Raising The Long-Term Standard of Living: The CED Perspective** **Business Group Focuses on Need for Better Economic Growth Policies**

WASHINGTON, D.C. May 19, 2003 - In an effort to draw attention towards the need for better and more comprehensive long-term growth policies for America, the **Committee for Economic Development (CED)** has released *How Economies Grow: The CED Perspective on Raising the Long-Term Standard of Living*. This report furthers CED's efforts to direct the attention of economic policy leaders, elected officials, and academics towards raising the U.S. long-term standard of living. "CED's main priorities have always focused on the need to ensure the future economic stability and security of our country," said CED President Charles E. M. Kolb. "Since our pioneering role in establishing the Marshall Plan over sixty years ago, CED has pursued policies that would support long-term growth. By releasing this report at this time, we are calling on our country's leaders to reevaluate the importance of investing resources and time into our economic growth policies."

*How Economies Grow*, while providing a concrete look at the foundations of economic growth, also provides the reader a broader long-term perspective. "Economic growth – the fact that each generation of Americans has a higher standard of living – is central to our society," said Dr. Everett M. Ehrlich, CED's Senior Vice President and Director of Research, and the project manager of the new report. "But the process of raising the standard of living is too often misunderstood, or an after-thought."

CED's report notes that while matters such as budgets and taxes, trade, and other economic policies "set the stage" for rising standards of living, the real engines of growth in our society are *invention, investment, and reorganization*. "Good monetary and fiscal policy are important," Dr. Ehrlich noted, "but it's really technological progress - new ideas – that have lifted us from an economy of artisans and mule-drivers."

*How Economies Grow* notes that invention is only one leg of a three-legged stool. Inventions need *investment* to make them tangible, and society must *reorganize* itself to realize the benefits of new ideas. "The *idea* of a computer isn't what's driving the economy today," Dr. Ehrlich said. "It's the willingness of companies to *invest* in that idea and to use the power of technology to change the way they do things. That is the essence of growth."

The **CED report** describes how a variety of economic policies help to "set the stage" for long-term growth. "When you look at the process of invention, investment, and reorganization," Dr. Ehrlich noted, "you can begin to see why a chronic, structural budget deficit is a bad economic policy, or why exposure to open trade or investments in human capital are such good ones."

**How Economies Grow: The CED Perspective on Raising the Long-Term Standard of Living** is available from the Committee for Economic Development, 2000 L Street NW, Suite 700, Washington, DC 20036, telephone - (202) 296-5860. The full text of the report will also be available on the CED website, [www.ced.org](http://www.ced.org), in June, 2003.

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