

# Supply-Side Economics

Supply-side economics refers to government policies intended to improve the economy by affecting the aggregate supply curve instead of the aggregate demand curve. Supply-side economics usually involves taking action to induce individuals and businesses to supply more goods and services to the economy.

One main supply-side policy tool is lowering and simplifying taxes. It is believed by lowering tax rates, individuals and businesses will work harder and invest more. In fact, some believe that tax rates are so burdensome, lowering rates will eventually lead to an even greater percentage increase in supply and tax revenues will actually increase.