

PRO-GROWTH AGENDA

PART ONE: PROBLEMS



SUMMARY

- The recovery from 2008's Great Recession has lagged far behind the historical average since 1960. While the American economy should be capable of growing at 4% a year, under Barack Obama it has barely averaged 2%.
- This means that there are fewer jobs, lower wages, and less opportunity than there could be under a president who favors a pro-growth economic agenda. For example, if the economy was growing at the same rate as Ronald Reagan's recovery, the country would be producing an extra \$3 trillion a year.
- The middle class is experiencing significant increases in the price of crucial items like education, health care, and housing while real wages have been in decline. And despite Democratic lip service to the plight of minorities, the groups hardest hit have been blacks, Hispanics, single women, and young people.

- Higher taxes and more regulations mean American workers have less money in their pockets, and the national debt has soared so high that every man, woman, and child will inherit a \$57,000 portion of the nation's obligations.
- Progressive economic policies have been tried and found wanting. It's time to get serious about a pro-growth agenda, to put Americans back to work, and to get our country growing again.



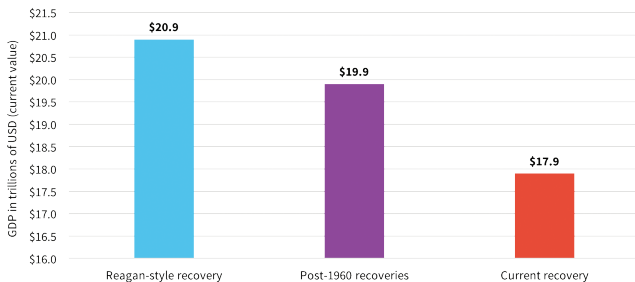
THE GROWTH GAP

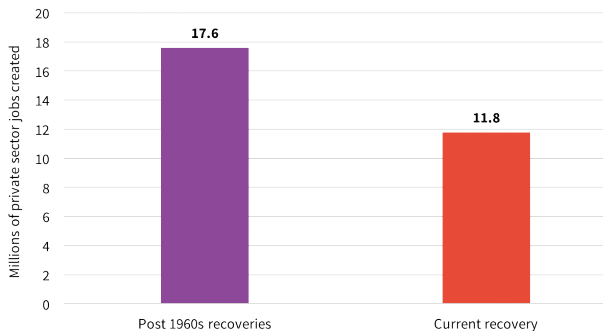
In the six years of President Obama’s “recovery” from the Great Recession, economic growth has hovered around 2% on an annualized basis. To put this in perspective, all other economic recoveries since 1960 averaged almost 4% annualized growth. Even more impressive, the economy was growing at a 4.8% annualized rate six years into the Reagan recovery.

By this point in the Reagan recovery, the economy had expanded 32.6% in real terms. Our total expansion is less than half that—only 13.7%. We are \$2 trillion behind the average recovery since 1960 and \$3 trillion behind the Reagan recovery.

In 2015 alone, pro-growth policies would have provided an additional \$24,000 per household in higher income and annual output. This is Obama’s growth gap, and it is squeezing all of us in the middle class.

Fig. 01 / Growth gap between a Reagan-style recovery and the current recovery





***Fig. 02** / Difference in private sector job creation between a Reagan-style recovery and the current recovery*

MISSING JOBS

Since the recession, private sector jobs have grown by 10.9%. Compare that to 16.2% for all other post-1960 recoveries and 22.5% for the Reagan recovery.

Sluggish growth leaves us with 5.7 million fewer jobs than the post-1960 average and a gap of a whopping 12.6 million jobs fewer than during the Reagan recovery. This job gap is equivalent to the entire workforce of Michigan losing their jobs.

SKYROCKETING COLLEGE TUITION

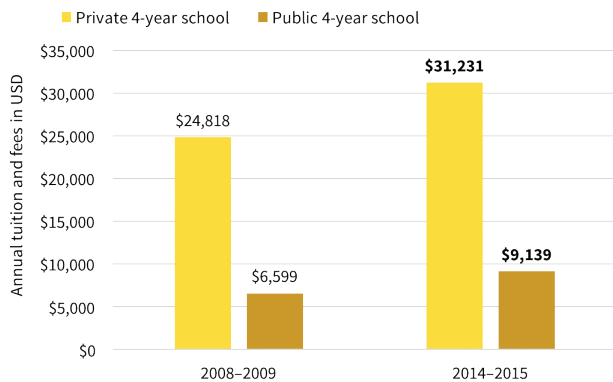
Compared to the 2008–09 school year, tuition and fees at public four-year schools in 2014–15 increased by about 38%. Tuition and fees at four-year private, nonprofit schools increased by about 26%. Overall inflation during this period was under 9%.

Since January 2009, college tuition and fees have grown more than 33%. Education inflation is nearly triple the cumulative inflation of 12.3% for this period.

Take a look at just the tuitions for these schools for the 2014–15 year. The weighted average for tuition and fees at private four-year schools in 2014–15 was \$24,818 compared to \$31,231 in 2008 (20.5% less). The average for public four-year schools skyrocketed from \$6,599 to \$9,139 (38.5% more) for the same period.

| INSTITUTION | COST |
|---|-----------------|
| Columbia University New York | \$51,008 |
| Sarah Lawrence College New York | \$50,780 |
| Vassar College New York | \$49,570 |
| Trinity College Connecticut | \$49,056 |
| Carnegie Mellon University Pennsylvania | \$48,789 |
| George Washington University District of Columbia | \$48,760 |
| Oberlin College Ohio | \$48,682 |
| Tufts University Massachusetts | \$48,643 |
| Harvey Mudd College California | \$48,594 |
| Bard College at Simon's Rock Massachusetts | \$48,551 |

Fig. 03 / Tuition and fees at colleges across America for the 2014–15 academic year



***Fig. 04** / Skyrocketing tuition and fees from 2008-09 to the 2014-15 academic year*

REAL UNEMPLOYMENT RATE

Obama's low 5.3% unemployment is a statistical mirage. The real unemployment rate is almost twice as high! When counting underemployed part-time workers and all those who have dropped out of the labor force—because they can't find a job—the rate is over 10%.

Many Americans are unable to find full-time jobs due to sluggish economic growth and instead settle for part-time work out of necessity.

ObamaCare's mandate on businesses with 50+ full time employees incentivizes owners and managers to hire more part-time workers instead. There are now more than 90 million Americans aged 16 and older that are not working—an all-time high. This is partly due to Baby Boomers retiring, but the more worrisome trend is those under 25 who aren't working and can't find a job.

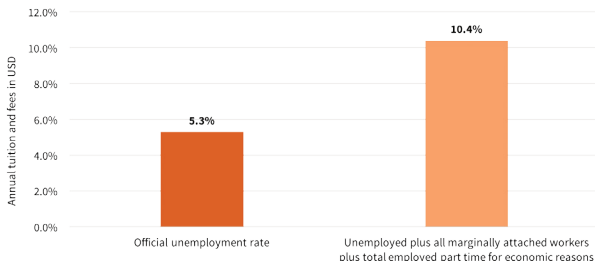


Fig. 05 / The real unemployment rate still exceeds 10%

Younger people are dropping from the workforce while those 60 and over are joining it! The number of people 16 and older out of the workforce increased 16.4% from January 2009 (80.5 million) to July 2015 (93.8 million).

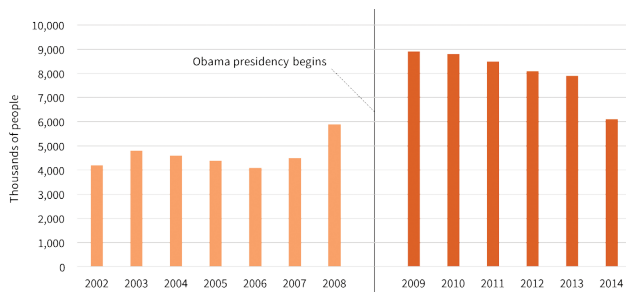


Fig. 06 / Americans settling for part-time work based on economic reasons

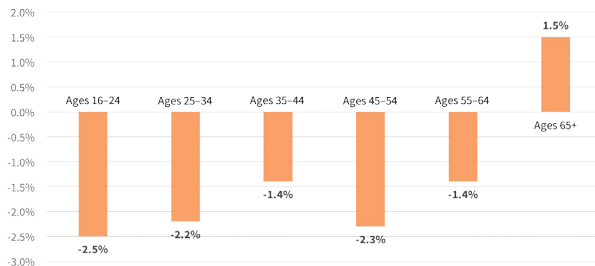


Fig. 07 / Change in civilian labor force participation rate since January 2009

Fig. 08 / Median household income sinks \$1,700 since 2009

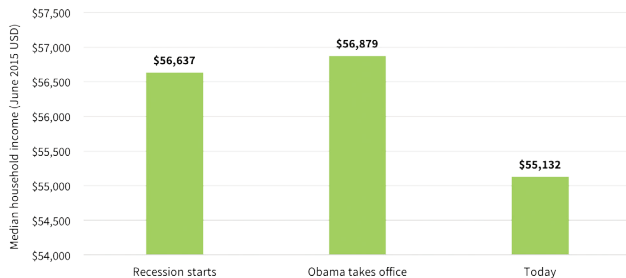
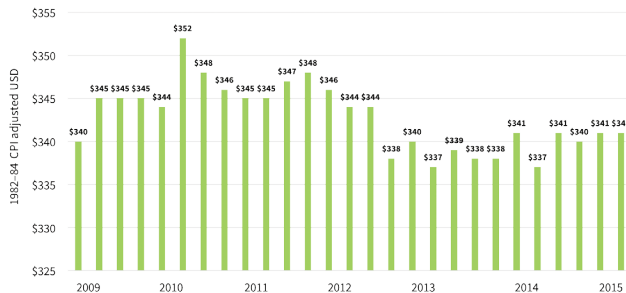


Fig. 09 / Stagnating real weekly median earnings



REDUCED TAKE-HOME PAY

Real income has fallen \$1,747 per household since President Obama took office—a 3.1% decline in take-home pay. Real median weekly earnings have stalled as well. From the fourth quarter of 2008 to the first half of 2015, median usual weekly earnings have been flat. We have not had a collective pay raise in almost 10 years.

DISADVANTAGED DEMOGRAPHICS

The biggest income declines under President Obama are for Hispanics, blacks, women, and young workers—the very groups he promised to help. Income declines since 2009:

- Hispanic heads-of-household | **↓5.6%**
- Black heads-of-household | **↓7.7%**
- Single women | **↓5.0%**
- 25–34-year-olds | **↓4.4%**

These income declines are on top of the huge hit that families took during the 2008–2009 recession.

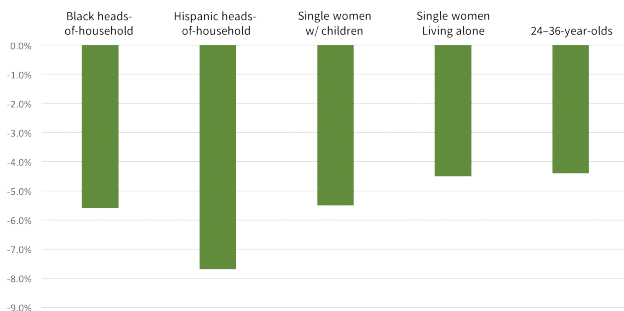


Fig. 10 / Change in median household income from June 2009–June 2014

BLOATED NATIONAL DEBT

The national debt has soared more than \$7.5 trillion in the last seven years—now surpassing \$18 trillion total. Just the increase in federal debt liability under the Obama administration is more than \$70,000 per family.

In total, federal debt now represents more than \$220,000 per household—the same as a second mortgage. Another way of understanding the enormity of this mess: each of our children will inherit a \$57,000 portion of the current national debt. That amount will only increase if we don't change our economic policies.

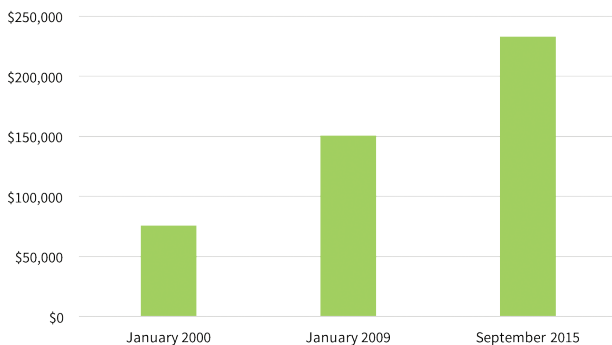


Fig. 11 / Increasing share of U.S. national debt per family

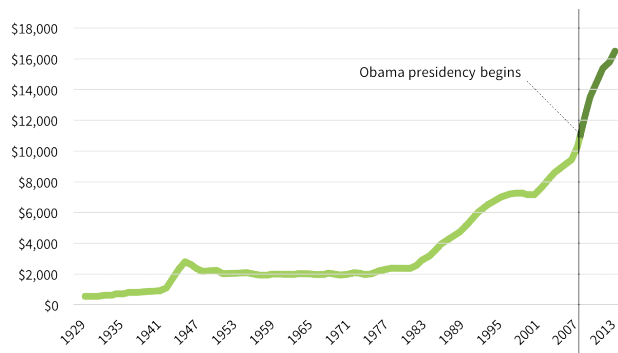


Fig. 12 / Total U.S. federal debt
in billions of constant 2009
U.S. dollars

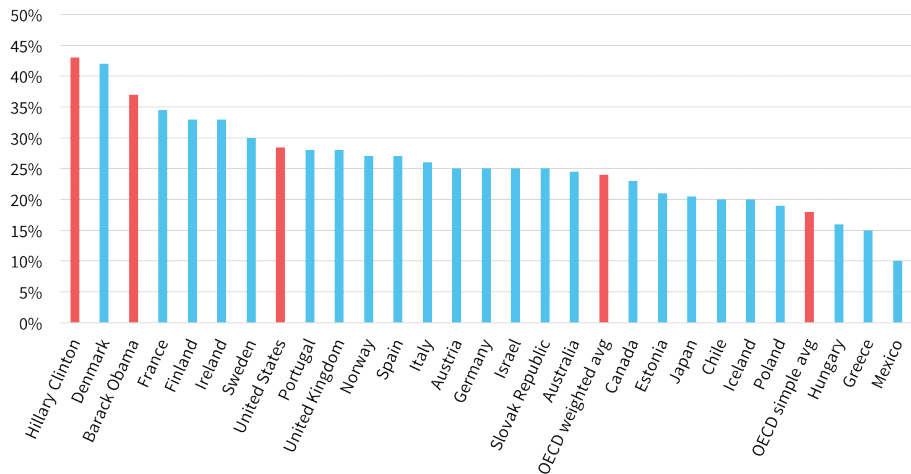


Fig. 13 / The U.S. long-term capital gains tax is among the highest in the Organization for Economic Co-operation & Development (OECD)

HEAVY TAX BURDENS

Congress has raised taxes on investment income, medical device manufacturers, health insurance policies, smokers, and hospitals under the Obama administration—to name only a few. ObamaCare’s individual mandate alone effectively amounts to a massive tax hike on the middle class.

Rather than enhance America’s economic competitiveness by cutting personal and corporate tax rates, lawmakers have slowed growth by taking more money from all of our wallets.

Obama’s taxes “on the rich” have made us uncompetitive and reduced business investment and hiring. In fact, we now have the highest business tax of any country in the developed world.

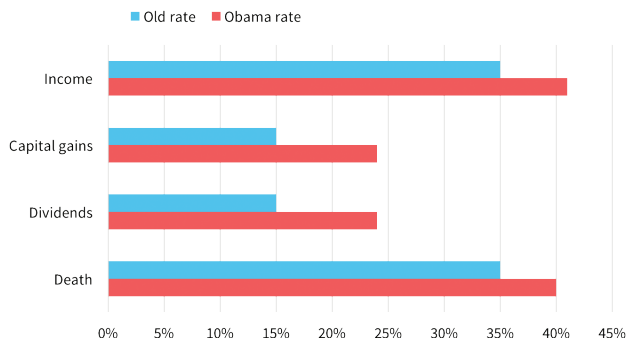


Fig. 14 / Tax increases under the Obama administration

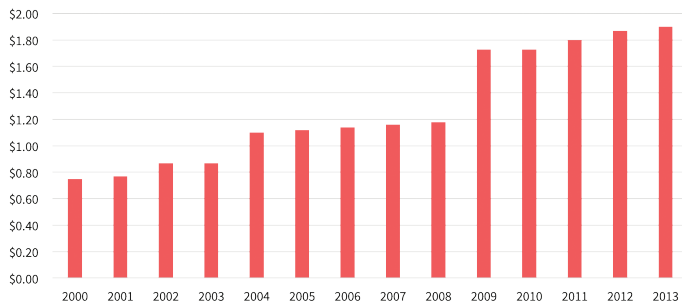
PERVASIVE REGULATION

President Obama has far surpassed his predecessors in expanding government regulation. Costly new directives on power plants, fuel standards, finance, and health care raise costs for consumers and industry and innovation.

The administration has stifled common-sense private investment opportunities like the Keystone XL Pipeline. 53% of our electricity comes from coal and natural gas—new regulations on their production will cost the economy nearly 600,000 jobs, and the average middle class family of four will lose \$1,200 in annual income

Regulations now cost American consumers \$2 trillion a year. This is 17.6% more than all the corporate and individual income taxes collected in 2014 (\$1.7 trillion).

Fig. 15 / Increasing cost of regulation in trillions of U.S. dollars



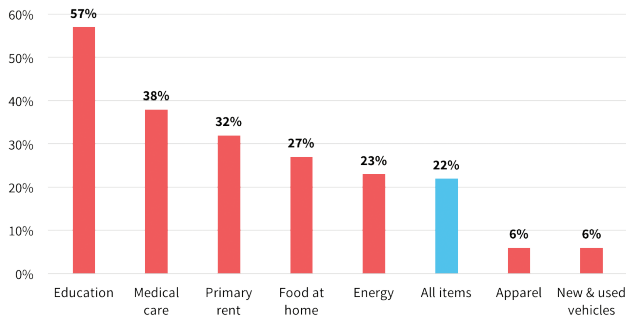


Fig. 16 / 10-year inflation, ending in July 2015

INCREASING INFLATION

The official inflation rate hovers below 2%, but real middle class inflation is much higher. Essentials like health care, education, rent, energy, and food have exceeded the official rate over the past decade:

- Medical costs | **↑38%**
- Medical services | **↑40%**
- Rent | **↑32%**

The U.S. Department of Labor says inflation has risen just over 22%, but many of us paying bills at the kitchen table see inflation closer to 40%. This is another reason middle class pay is failing to keep up with the cost of living.

SOURCES

Fig. 01 / U.S. Bureau of Economic Analysis (using Federal Reserve Calculator)

Fig. 02 / U.S. Bureau of Labor Statistics (based on percentage change in private sector jobs)

Fig. 03 / College Board (Annual Survey of Colleges)

Fig. 04 / U.S. Bureau of Labor Statistics

Fig. 05 / U.S. Bureau of Labor Statistics

Fig. 06 / U.S. Bureau of Labor Statistics (seasonally adjusted except for 55–64 and 65+ due to lack of data)

Fig. 07 / U.S. Bureau of Labor Statistics

Fig. 08 / Sentier Research

Fig. 09 / U.S. Bureau of Labor Statistics

Fig. 10 / Sentier Research

Fig. 11 / U.S. Census Bureau

Fig. 12 / U.S. Department of the Treasury, U.S. Bureau of Economic Analysis

Fig. 13 / *Ernst & Young, Deloitte Touche, Tax Foundation*

Fig. 14 / *Americans for Tax Reform*

Fig. 15 / *Competitive Enterprise Institute*

Fig. 16 / *U.S. Bureau of Labor Statistics*

LEARN MORE ABOUT THE PRO-GROWTH AGENDA
AND HOW WE CAN ENSURE THE FUTURE OF
AMERICAN PROSPERITY AT **FREEDOMWORKS.ORG**

