Myths and Misperceptions About The U.S. Economy: What Are The Facts?

• Americans paid a record $2.7T last year in federal taxes -- but taxes as % of U.S. economy at 16 % -- near record low.

• U.S. still the world’s richest developed country -- with GDP per person near $50K.

• Offshoring? U.S. companies produced 70 % of their total worldwide production here in the U.S.
Are Federal Taxes at a Record High?

Total federal taxes as a share of GDP*

- Avg: 17.8%

Personal income taxes as a share of Personal Income

- Avg: 12.1%

*Major components include personal payroll and income taxes, and corporate taxes

Source: BEA
Is Federal Spending at a Record High?

Share of GDP

Total federal spending, including transfer payments*

Federal defense & nondefense spending

Defense

Nondefense

* Includes current consumption expenditures, transfer payments to persons and rest of world, grants to state & local governments, interest payments and subsidies.

Source: BEA
Is Federal Debt at a Record High?

Federal Debt Held by Public/Total U.S. Assets (2011): 5.2%

Source: Congressional Budget Office
What is Workers’ Share of National Income?

**Labor Income / Gross Domestic Income**

**Capital Income / Gross Domestic Income**

Source: BEA
Rising or Stagnant Wages?

Average annual growth rate

<table>
<thead>
<tr>
<th>Period</th>
<th>Real compensation per worker</th>
<th>Real wages per worker</th>
<th>Real supplements per worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2007</td>
<td>1.5</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>2007-2009</td>
<td>0.9</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>2009-2011</td>
<td>0.7</td>
<td>0.6</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: BEA
What Has Happened to Middle Income Households?

- Real Personal Income per capita: 6.1%
- Real Median Household Income (Census Bureau): -7.0%
- Adjusted Real Median Household Income: 4.5%

Source: BEA, Census
Is the U.S. Still the World’s Leading Economy?

PPP-Adjusted GDP Per Capita, 2011

Source: International Monetary Fund forecasts from World Economic Outlook
Have U.S. Companies Offshored Their Production to Low-Wage Countries?

Location of production of goods and services by U.S. Multinational Companies Worldwide

- 70% in the United States
- 21% in high-wage foreign countries
- 8% in medium-wage foreign countries
- 1% in low-wage foreign countries

* Wage levels are based on World Bank categories of per capita income.

Source: BEA
What Are the Facts About U.S. Companies Moving Offshore?

Affiliates in All Countries
- 33.2%
- 10.0%
- 56.8%

Affiliates in China
- 70.6%
- 20.8%
- 8.6%

Source: BEA
Do Foreigners Own America?

Trillions of dollars

- Foreign-owned assets in the U.S.
- U.S.-owned assets abroad
- Net assets owned by all foreigners (5.8% of U.S. Net Worth)
- Chinese-owned assets in the U.S.
- U.S.-owned assets in China
- Net assets owned by China (2.3% of U.S. Net Worth)

Source: BEA
Where Is the Economic Growth?

Average annual growth in real GDP from 2009-2011

<table>
<thead>
<tr>
<th></th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2.3</td>
</tr>
<tr>
<td>All U.S. Metropolitan Areas</td>
<td>2.3</td>
</tr>
<tr>
<td>Detroit Metropolitan Area</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: BEA
Where Is U.S. Manufacturing?

Share of Manufacturing GDP by region

1981
- New England: 6.6%
- Mideast: 19.1%
- Southeast: 19.8%
- Far West: 13.3%
- Rocky Mountain: 1.8%
- Southwest: 8.1%
- Plains: 6.8%
- Great Lakes: 24.7%

2011
- New England: 4.9%
- Mideast: 10.9%
- Rocky Mountain: 18.4%
- Great Lakes: 19.2%
- Southeast: 23.5%
- Plains: 7.4%
- Far West: 13.0%
- Southwest: 2.8%