

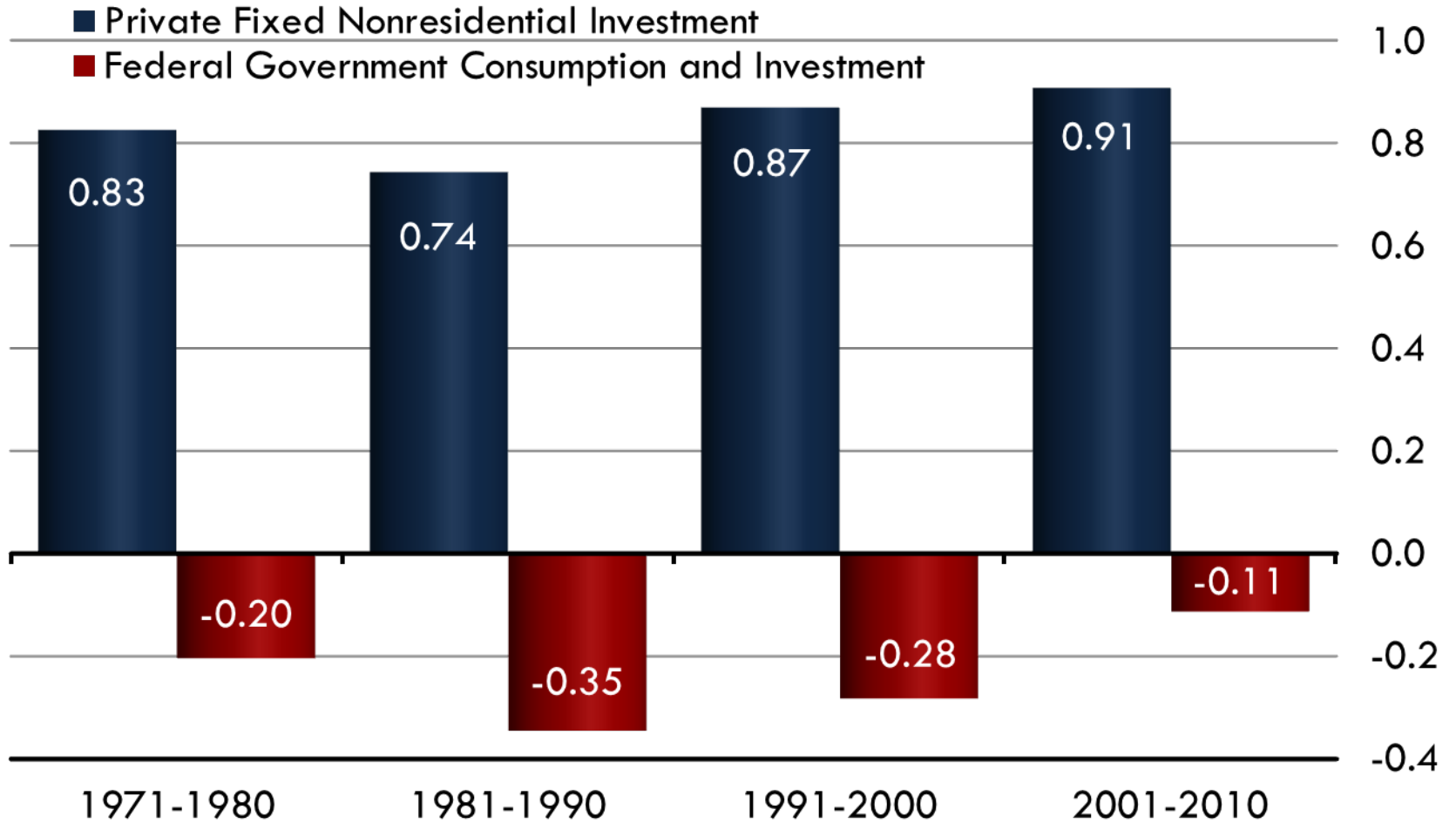


Joint Economic Committee
Republicans

Spend Less,
Owe Less,
Grow the Economy

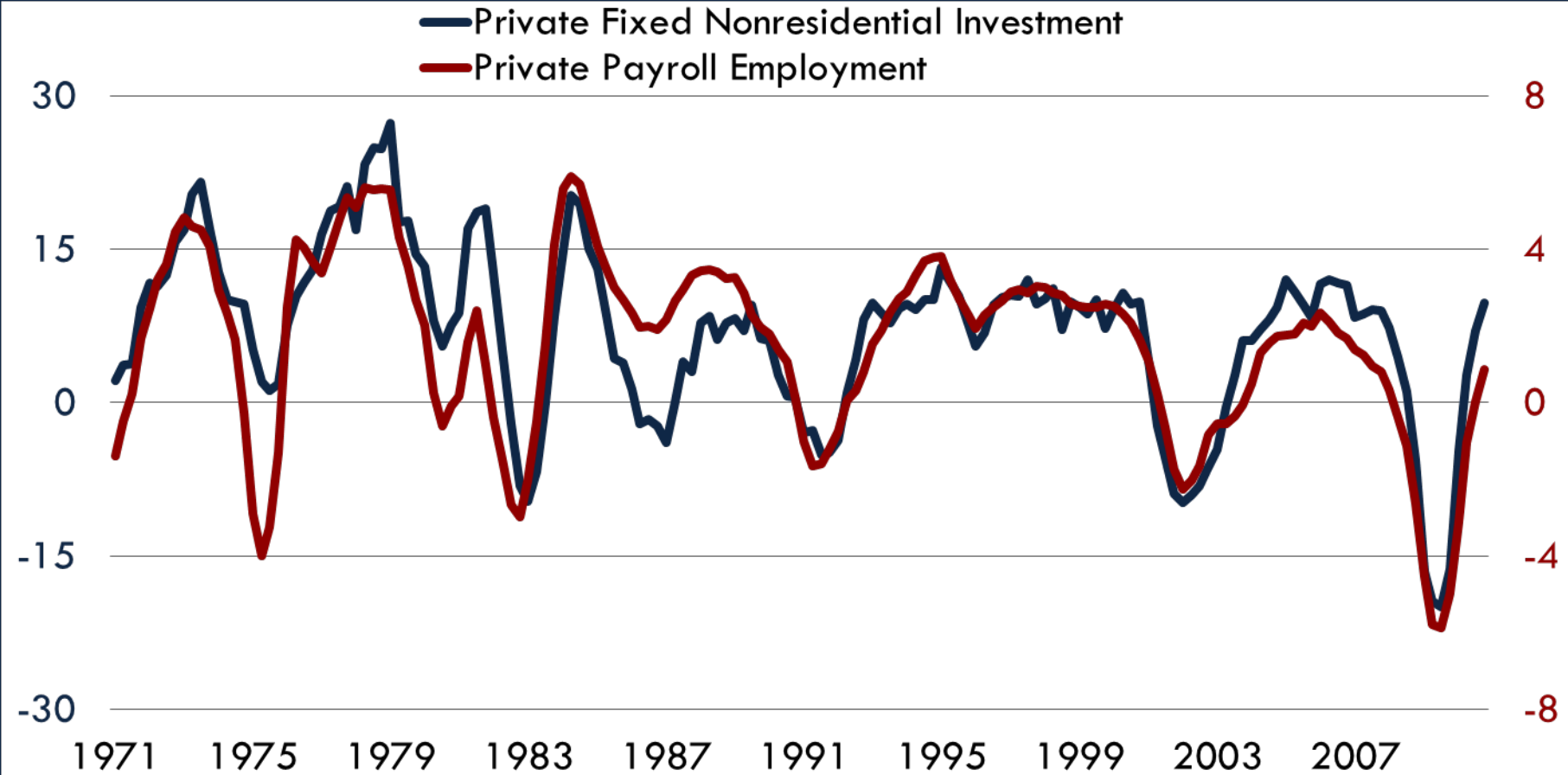
Private Investment is Engine of Private Sector Job Growth

Correlation of Annual Private Sector Payroll Employment Growth



Source: BLS, BEA, JEC Republican Staff Calculations

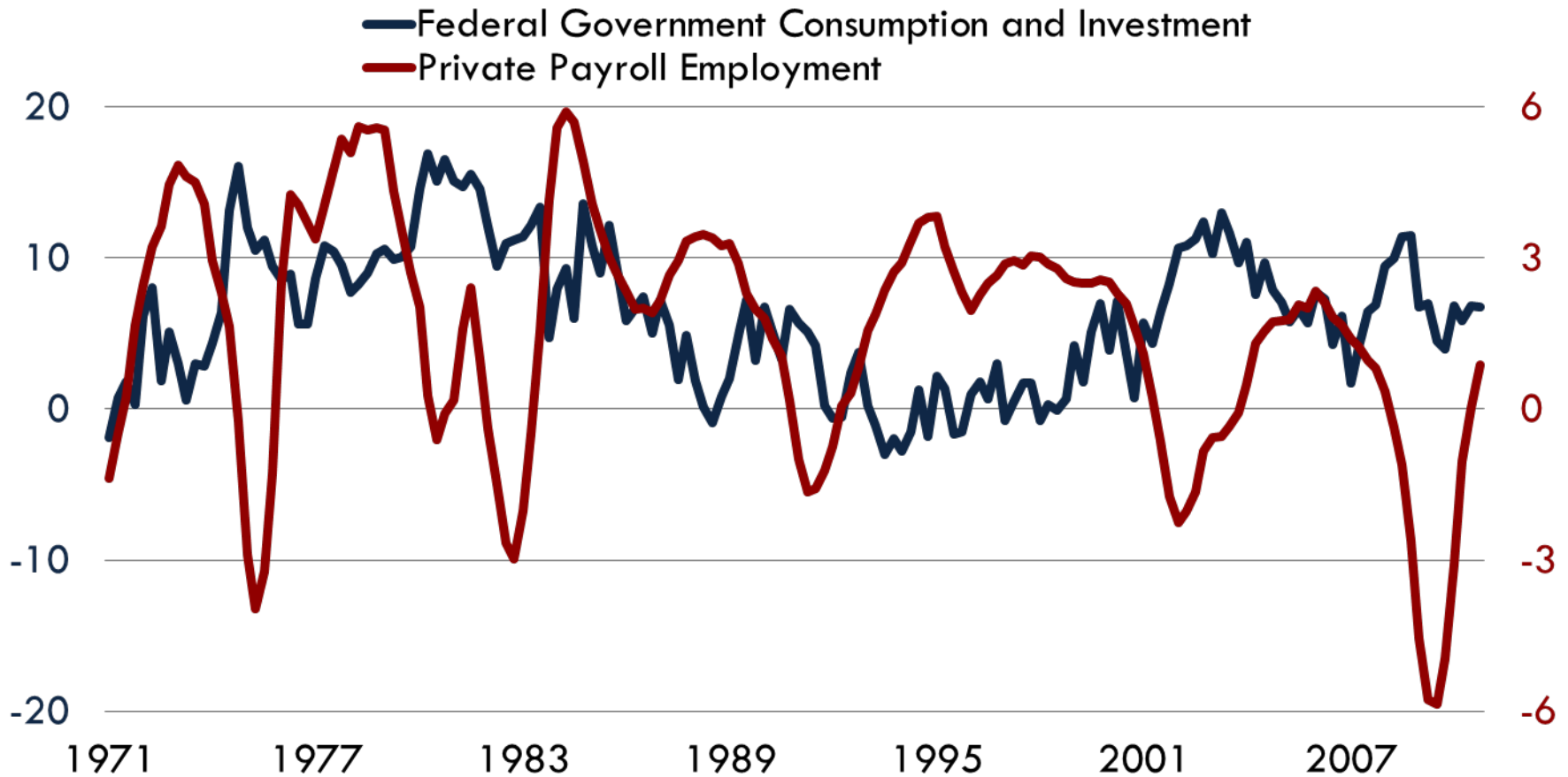
Private Sector Jobs Increase When Private Investment Increases



Pct. Change Year/Year in Private Payrolls and Private Fixed Nonresidential Investment

Source: BEA, BLS

Increased Federal Spending Has Not Led to Private Sector Job Creation



Pct. Change Yr./Yr. in Private Payrolls and Federal Govt. Consumption and Investment

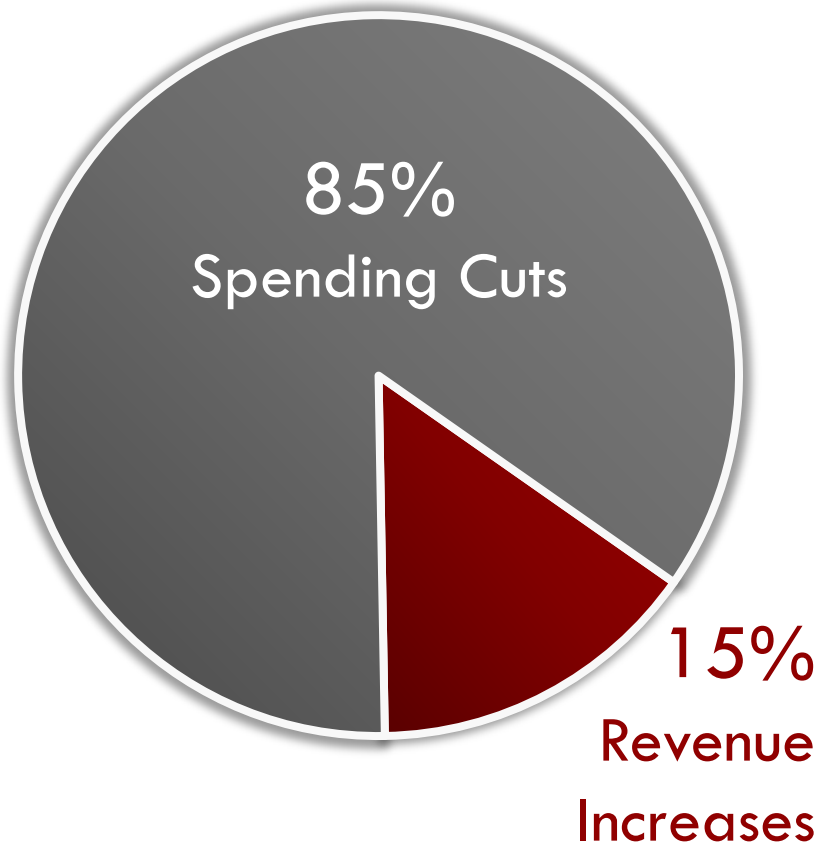
Source: BEA, BLS



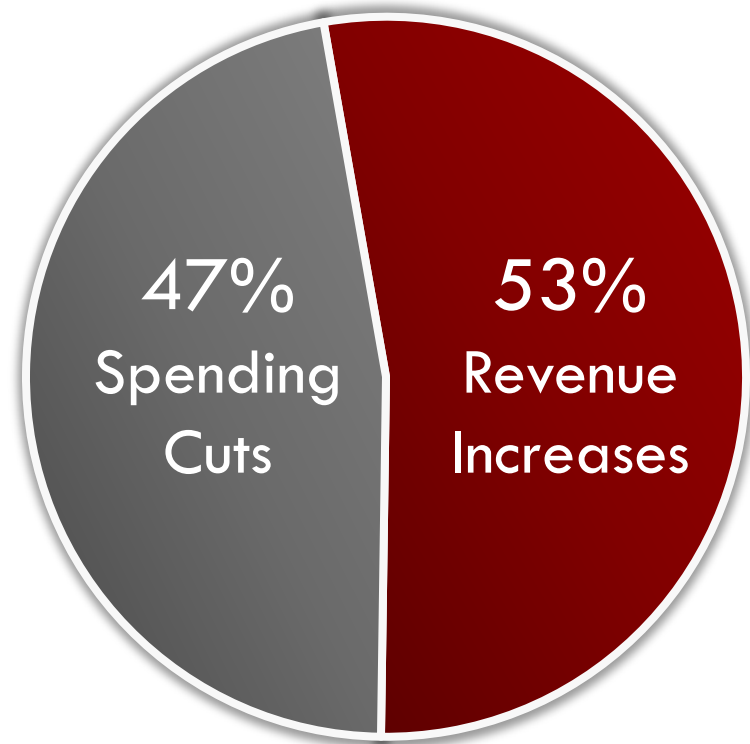
Fiscal Consolidations

Average Spending Cuts and Revenue Increases

Successful



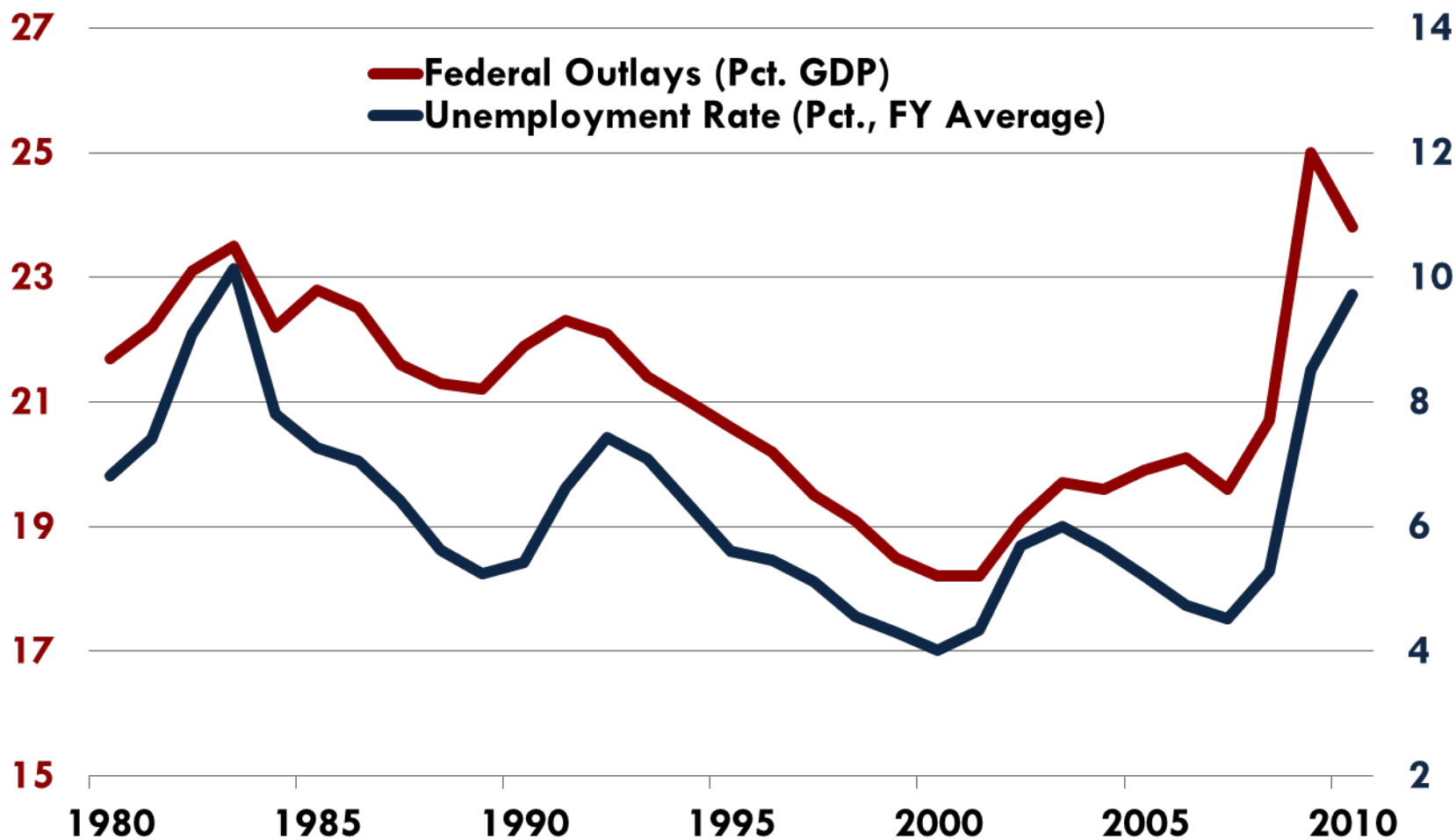
Unsuccessful



Source: Biggs, Hassett, and Jensen (2010)

Smaller Government and Lower Unemployment

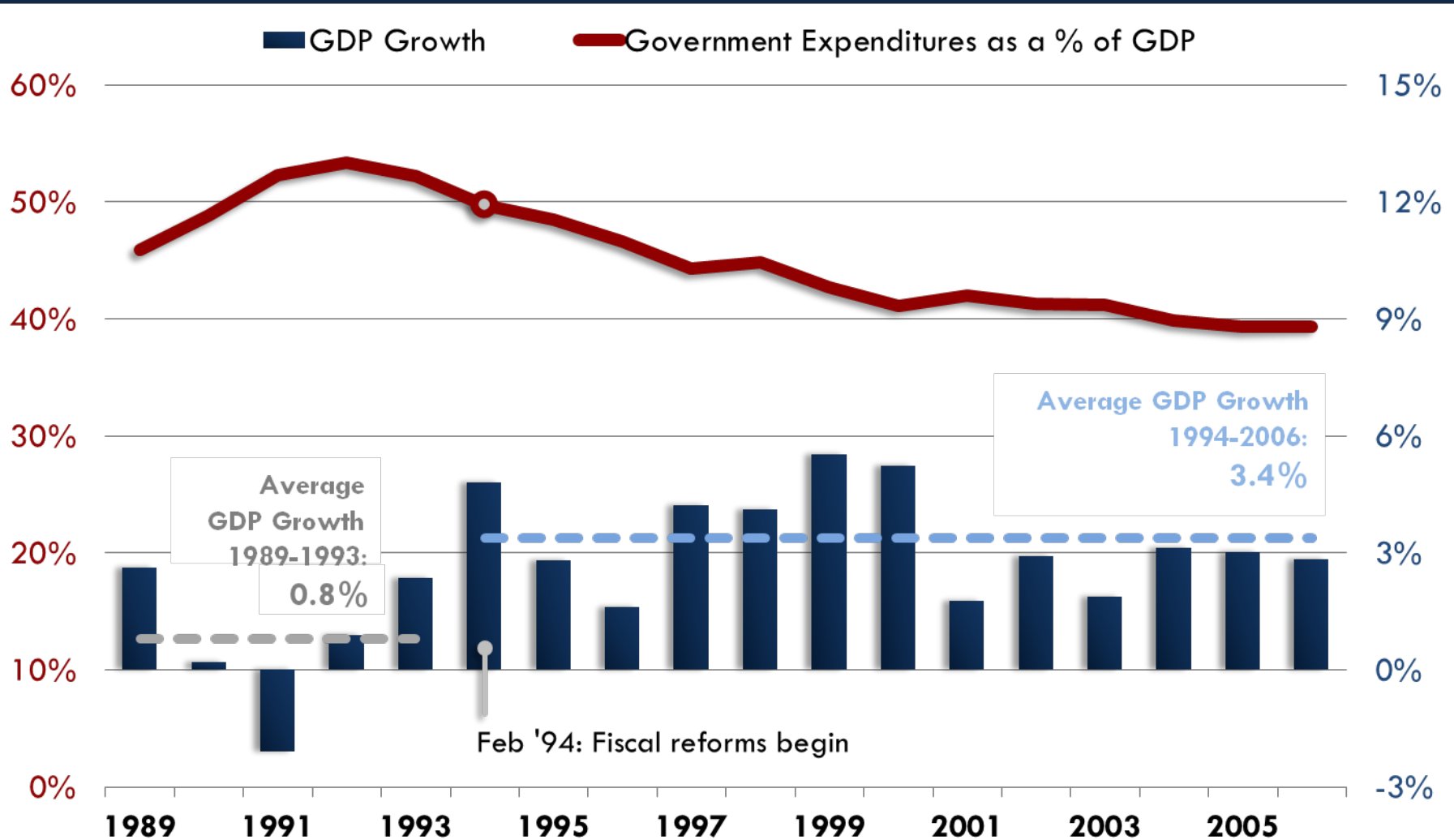
(Tracking Unemployment Rate vs. Federal Spending as a Percent of GDP)



Source: BLS, OMB, JEC Staff Calculations

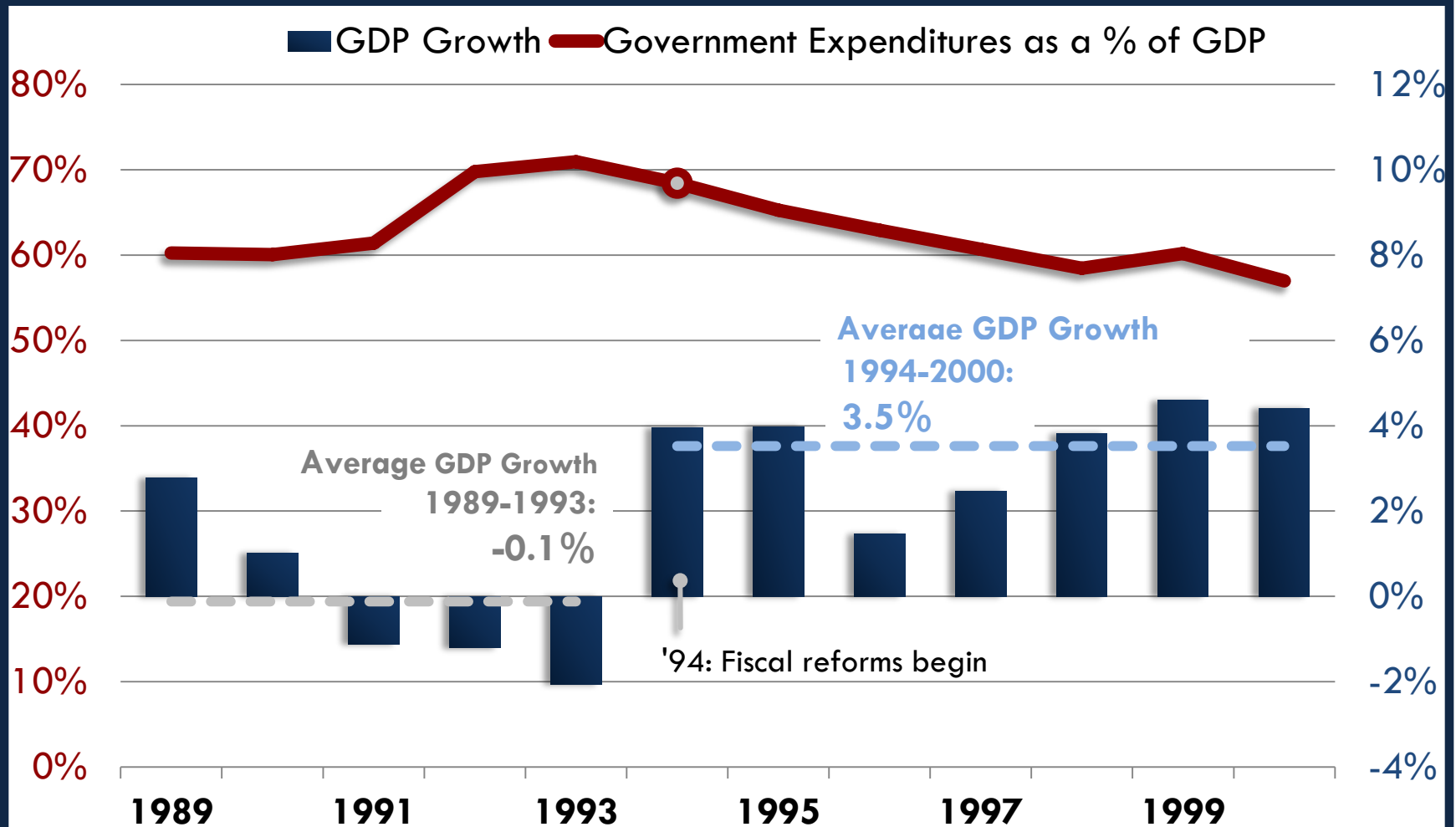
CANADA

Total Government Spending as a % of GDP and GDP Growth Rate



SWEDEN

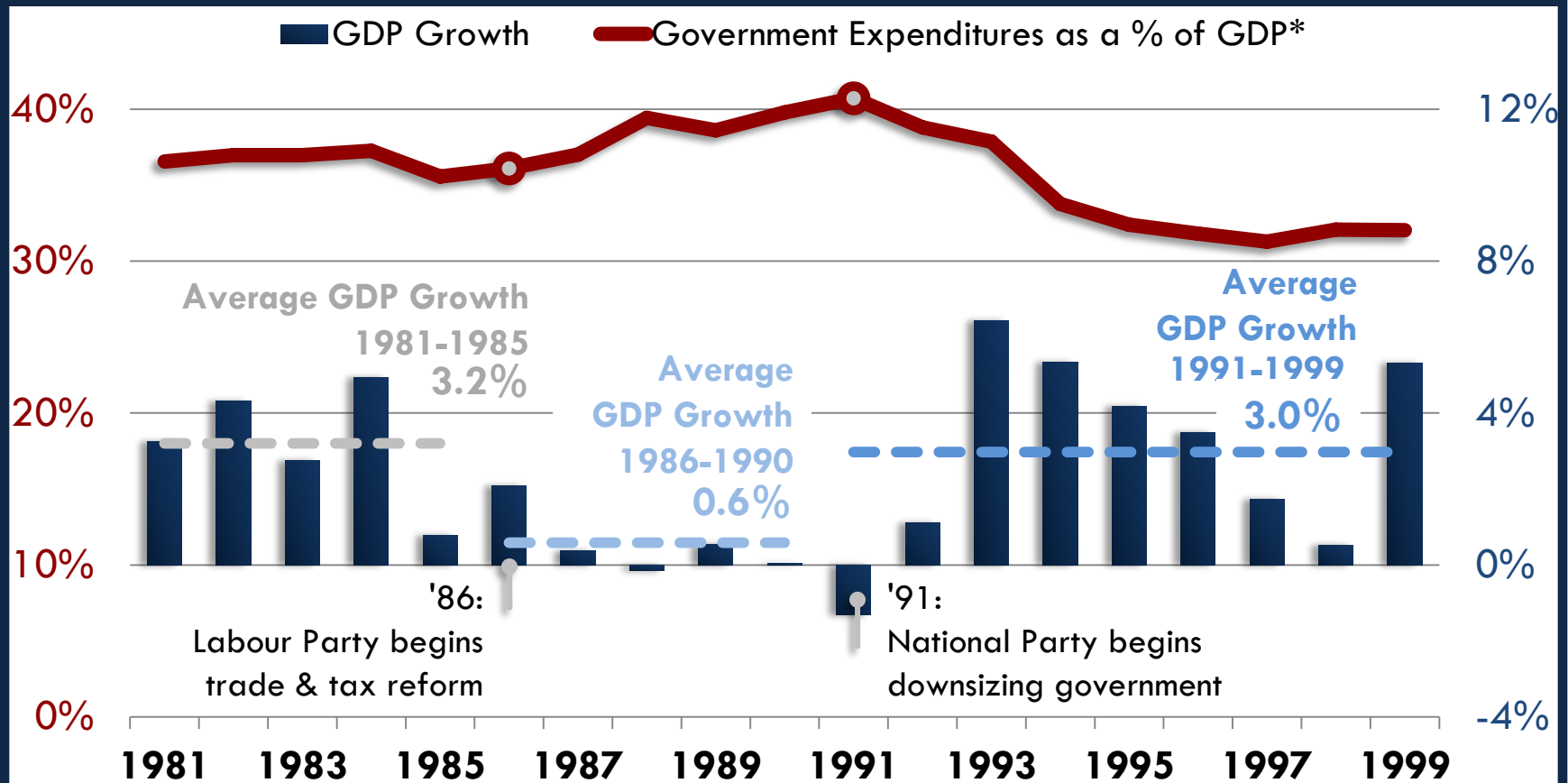
Total Government Spending as a % of GDP and GDP Growth Rate



Source: OECD

NEW ZEALAND

Total Government Spending as a % of GDP and GDP Growth Rate



*'81-'93, expenses recorded for Financial Net Expenditures on a cash basis. '94-'01, expenses recorded for Core Crown on an accrual basis; accounting regimes '94-'97 follow old GAAP, '97 onwards use IFRS.

Sources: OECD, New Zealand Treasury