The 2024 *Joint Economic Report*

United States Congress
Joint Economic Committee
Est. 1946 Republicans

Each year, the Joint Economic Committee produces the Joint Economic Report in response to the Economic Report of the President. In this year's report, JEC Republicans focus on the impacts of the Biden administration's impractical, demand-side economic policies. They also examine current issues contributing to the nation's fiscal trajectory and offer solutions to address the worsening economic outlook.

Read the report at **sen.gov/LVQNL**

1 *Failures in Economic Policy*

The current fiscal situation is unsustainable and presents tremendous concerns for the nation's future. Demand-side policies, paid for with borrowed money, place pressure on constrained supply. Attempts to address supply ignore barriers that make it difficult for suppliers to meet demand.

- At the current rate, debt-to-GDP is expected to grow from 99 percent to 116 percent by 2034, with interest costs persistently rising.
- The labor force participation rate has still not recovered to pre-pandemic levels, depressed by the administration's policies that discourage work.
- New homebuyers face the highest monthly mortgage payments in over 30 years. Tax credits and wasteful subsidies are not the right solutions.
- New restrictions on trade compromise American economic welfare and risk inducing lasting inefficiencies in budding industries.
- The 10-year cost of clean energy subsidies is estimated to be up to $1.2 trillion, though emissions from electricity production were already declining.

2 *Demographics and the Deficit*

The U.S. faces an aging population, declining fertility rates, and decreased prime-age labor force participation among men.

- The aging population is expected to drive spending on Social Security to 6 percent of GDP by 2035, up from 5.2 percent today and 3.1 percent in 1970, despite no major expansions to the program in over 20 years.
- Spending an additional $250 billion is only expected to increase the U.S. fertility rate by 0.2, which would still be 0.3 below replacement.
- One in nine prime-age men are out of the labor force. If 25 percent of these men were in the labor force, the economy could be $215 billion larger.
- Following the COVID-19 pandemic, deaths of despair, especially those due to drugs and alcohol, have continued to rise above the pre-pandemic pace.

3 *Tax Increases Harm Growth*

"Taxing the rich" is inflammatory political rhetoric, not rational economic policy.

- The U.S. has the most progressive tax system of any developed nation.
- The administration's tax proposals cannot raise the revenue that left-leaning economists predict, ignore resulting economic distortions, and fail to generate the growth necessary to address the deficit.
- "Taxing the rich" raises a much smaller amount than the size of future deficits, likely only 1.1 to 2 percent of GDP.
- Reducing spending is a more effective approach to fiscal consolidation.

4 *Reaching Fiscal Solutions Through Healthcare Innovation*

Rapidly increasing obesity prevalence in the U.S. is a major drag on the economy, and fiscal policy must address this reality.

- Obesity will result in up to $9.1 trillion in excess medical expenditures and cause the Federal government to spend $4.1 trillion over the next 10 years.
- Obesity-related labor productivity and supply reductions will cost up to $2.8 trillion and $11.9 trillion, respectively.
- Within five years, up to 70 million Americans could be taking GLP-1s, medication which has the potential to significantly improve outcomes for those with diabetes and obesity.

5 *The Role of Artificial Intelligence in Governance*

Widespread adoption of artificial intelligence holds great potential to grow the economy and make government more efficient, improving the fiscal situation.

- AI increases labor productivity, resulting in greater output, incomes, purchasing power, and economic growth.
- AI could help government become more efficient and responsive by reducing administrative burdens and improving public services.
- AI can further improve governance by reforming complex, duplicative, and conflicting regulations.