

CONGRESSMAN

TIM GRIFFIN

ARKANSAS'S SECOND DISTRICT



JUMP-STARTING JOBS TOUR

The Employment Crisis



source: TradingEconomics.com; Bureau of Labor Statistics

House Plan for America's Job Creators

- Reduce the regulatory burden
- Fix the tax code
- Increase competitiveness for manufacturers
- Encourage entrepreneurship
- Maximize domestic energy production
- Pay down the debt

Reduce the Regulatory Burden



- According to the Small Business Administration (SBA), government regulations cost our economy over \$1.75 trillion a year.
- The REINS Act (H.R. 10) will require congressional review of major regulations.

Fix the Tax Code

MCHUMOR.com by T. McCracken



“Just because I can explain the theory of relativity doesn't mean I understand the tax code.”

© T. McCracken mchumor.com

- The federal tax code is over 60,000 pages long.
- The House Budget reformed the tax code by consolidating brackets, lowering rates and closing loopholes.

Increase Competitiveness for Manufacturers

- “If America sits on the sidelines while other nations sign trade deals, we will lose the opportunity to create jobs on our shores.”
--President Obama (1.27.10)
- We have three pending agreements with Colombia, Panama and South Korea.
- More exports mean more American jobs.



Encourage Entrepreneurship

- The backlog of patent applications is over 700,000.
- The average patent pendency period is 35 months.
- The America Invents Act (H.R. 1249) reforms the patent system to spur innovation.



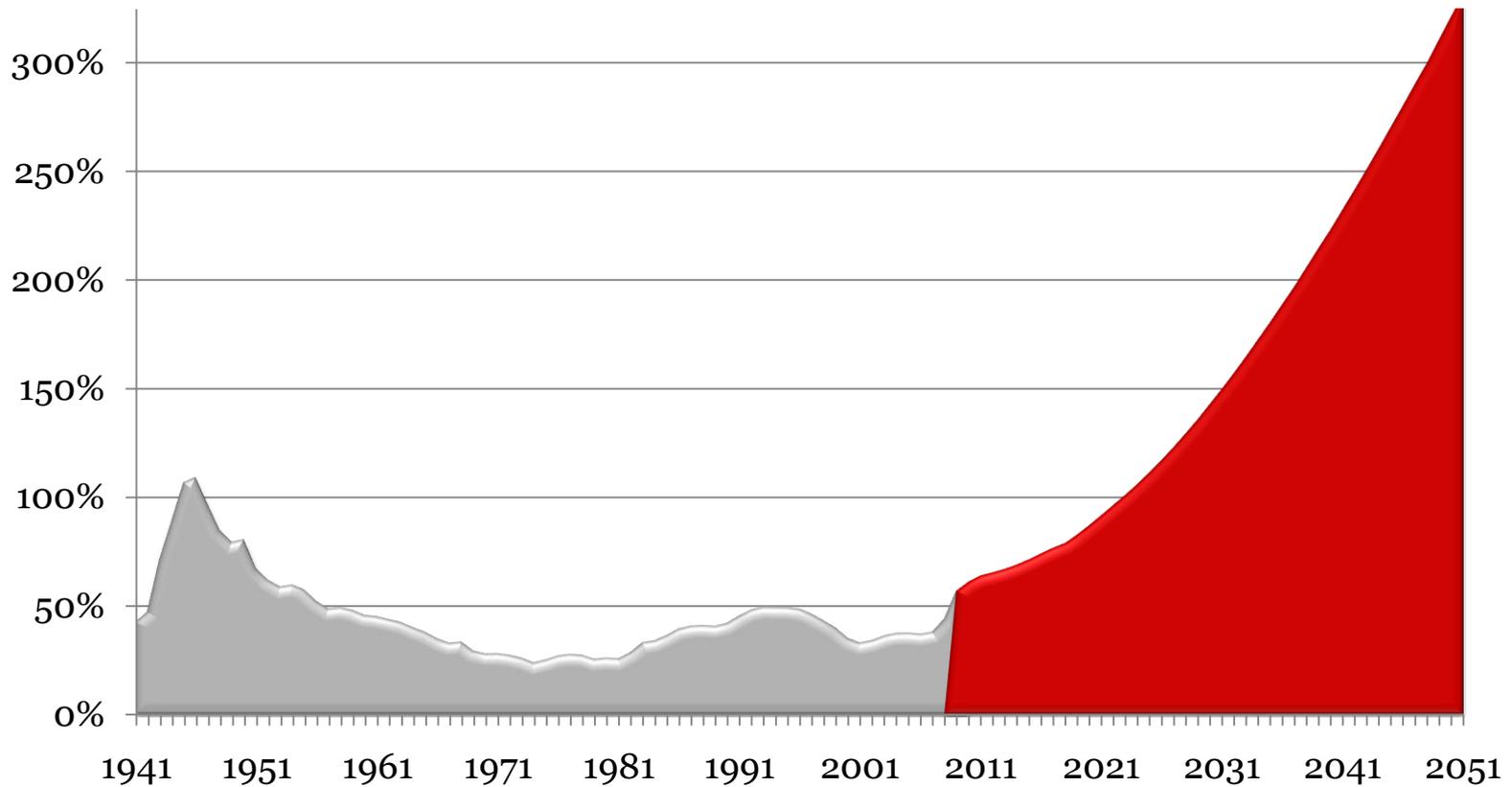
Maximize Domestic Energy Production

- We should implement an “all of the above” energy strategy.
- The House has passed:
 - H.R. 1229, the “Putting the Gulf Back to Work Act”
 - H.R. 1230, the “Restarting American Offshore Leasing Now Act” and;
 - H.R. 1231, the “Reversing President Obama’s Offshore Moratorium Act”
- The House has led. Now the Senate must act.

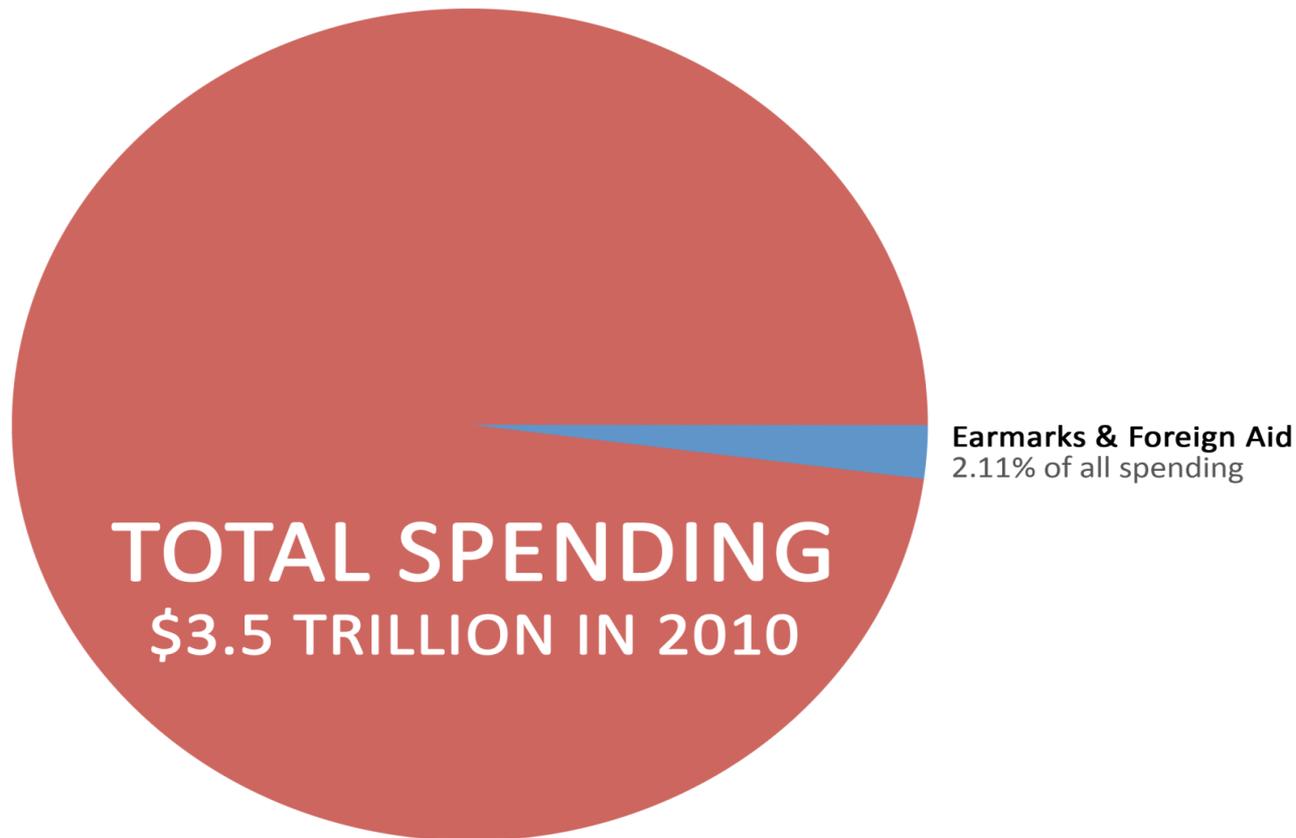


Pay Down the Debt

Public debt as a percentage of GDP



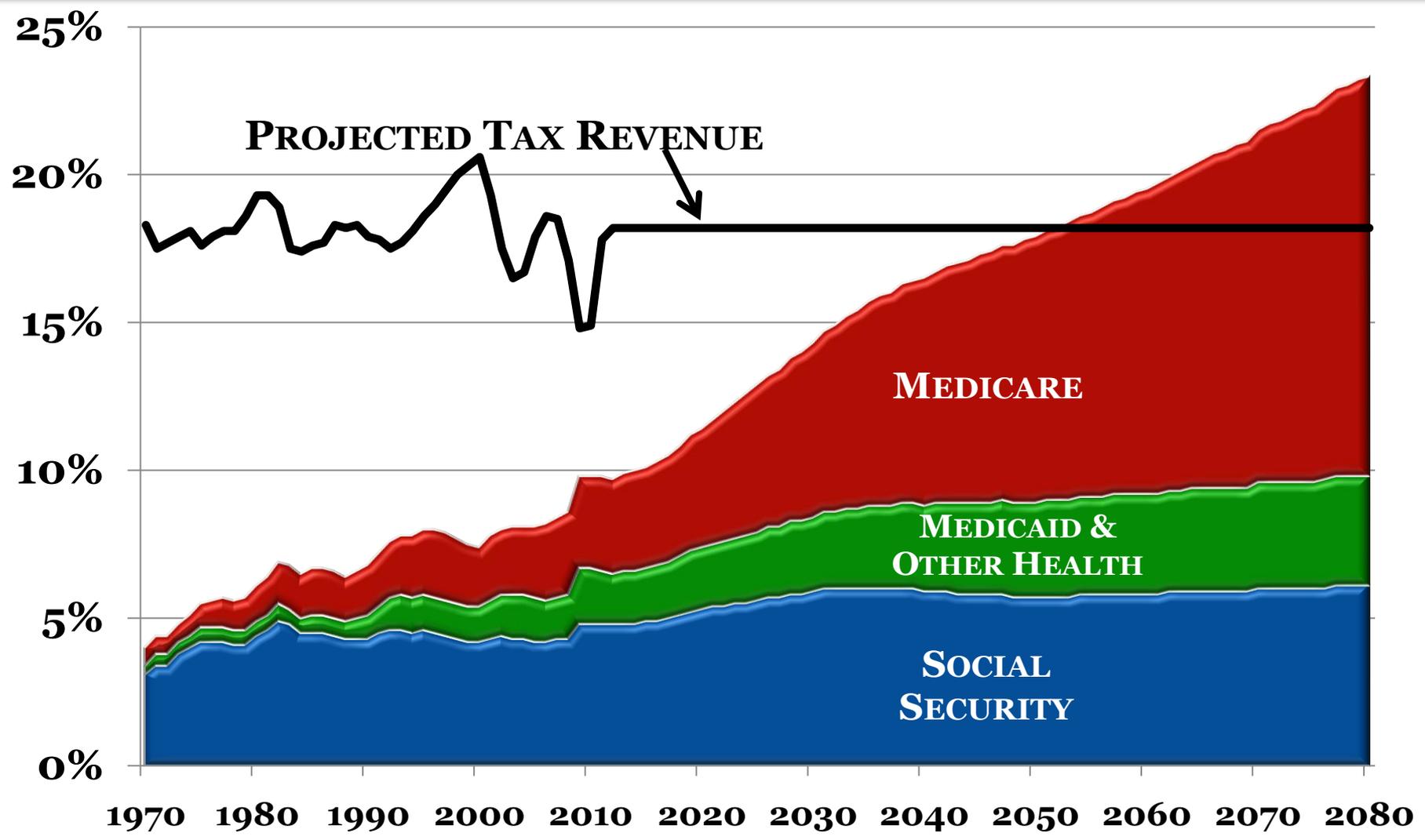
What if we simply cut earmarks and foreign aid?



Source: Congressional Budget Office, Taxpayers for Common Sense

WHAT DRIVES OUR DEBT?

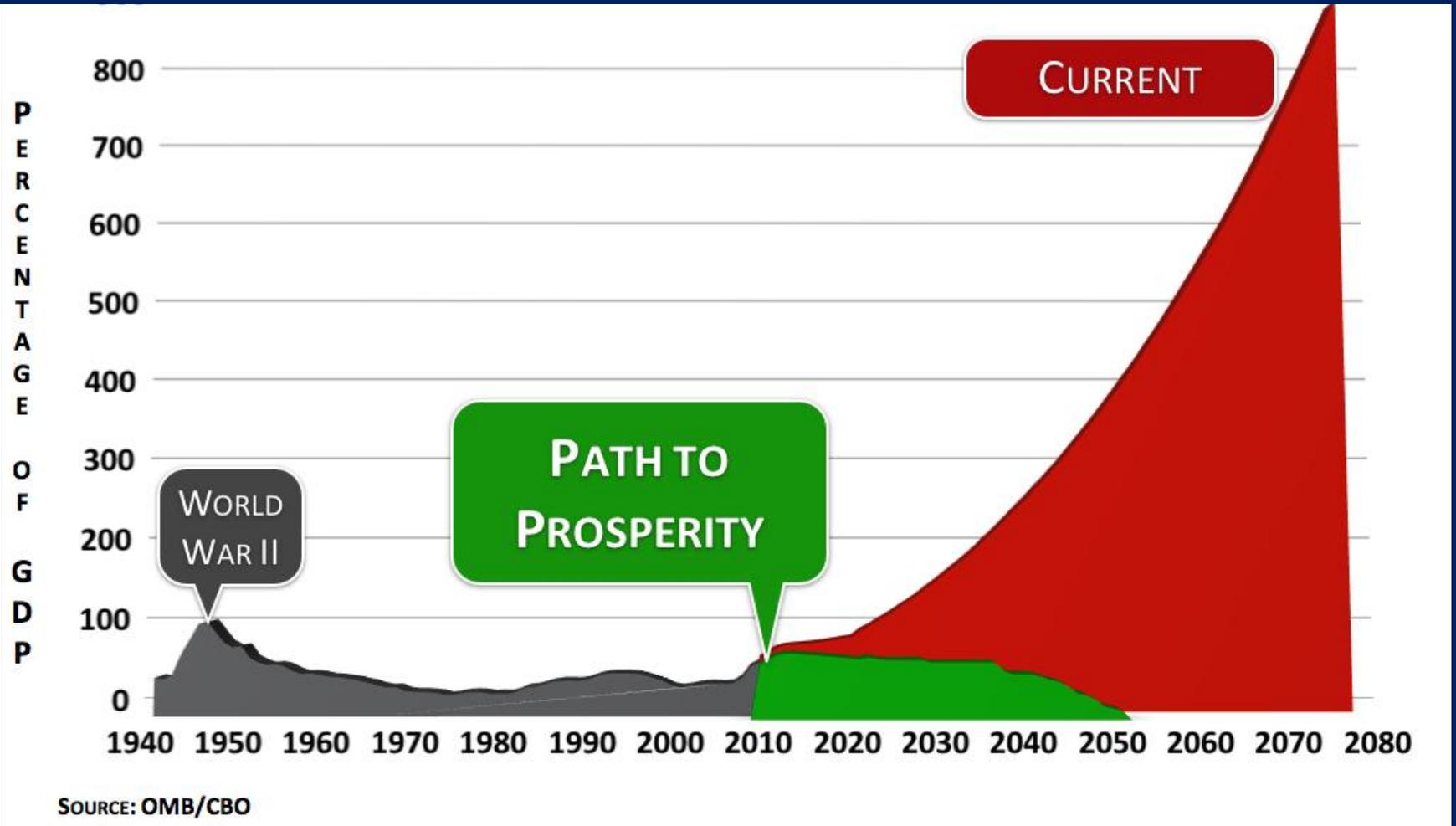
(GOVERNMENT SPENDING AS PERCENTAGE OF GDP)



SOURCE: CBO

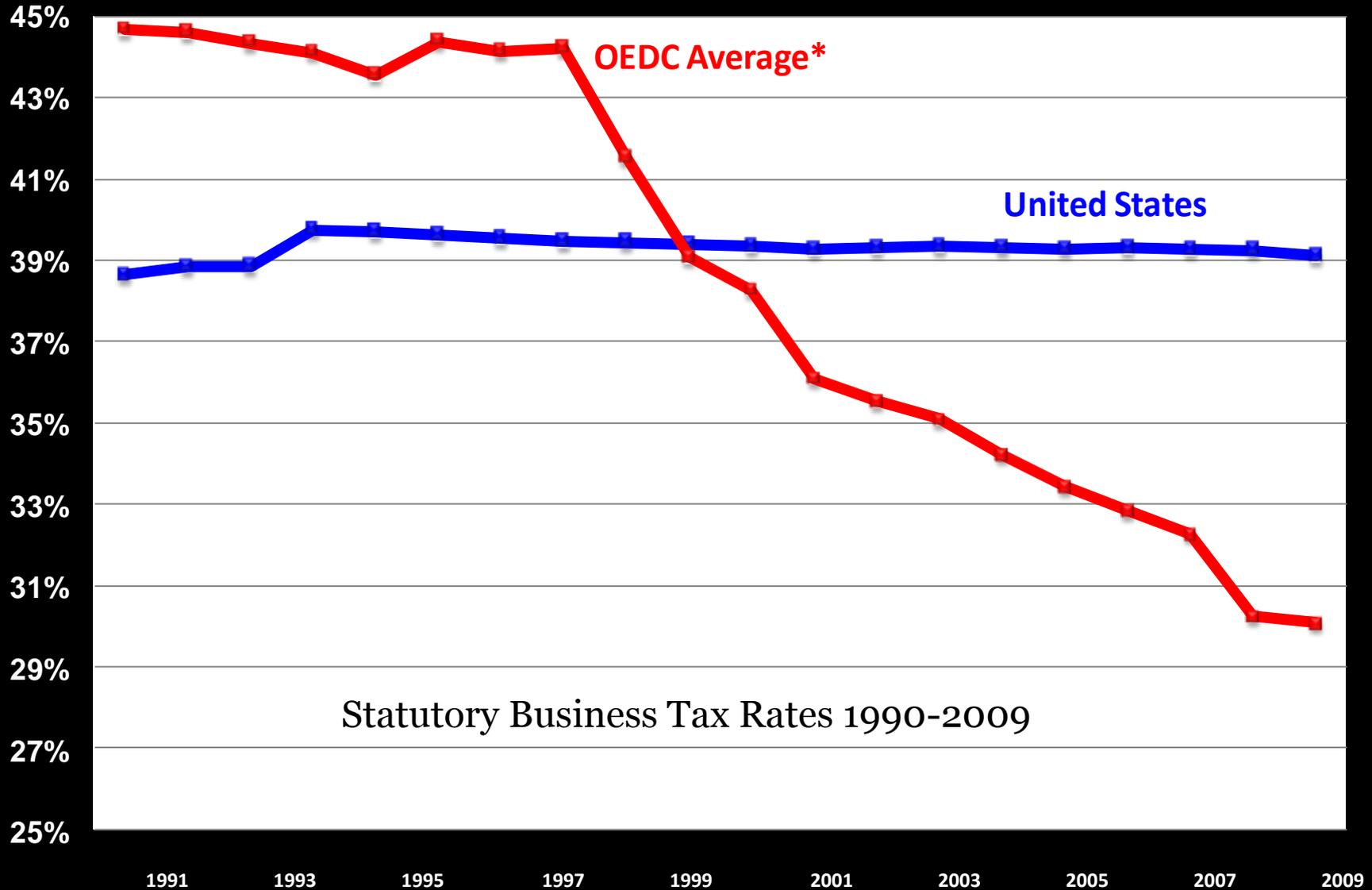
A Choice of Two Futures

(Debt as a share of the economy)



Questions and Comments

Other Nations Have Been Cutting Business Taxes While the U.S. Stood Still



Statutory Business Tax Rates 1990-2009

Source: OECD Tax Database 2009

*Non-US OECD Average excludes the U.S. and is GDP-weighted based on IMF World Economic Outlook, Apr. 2009

We Already Face Higher Tax Rates...

[Effective Tax Rates 2004-2009 for selected competitors]

Semiconductors	  <p>28%</p>	  <p>16%</p>	  <p>22%</p>
Telecom Equipment	  <p>29%</p>	  <p>24%</p>	  <p>19%</p>
IT Services	  <p>29%</p>	  <p>15%</p>	  <p>14%</p>
IT Hardware	  <p>24%</p>	  <p>16%</p>	  <p>19%</p>

Source: PwC Analysis of **Effective Tax Rates** Based on S&P Global Vantage Data, Sep. 2010
Listed ETRs are weighted averages for 2004-8 excluding loss years.

President Obama on Medicare

“If you look at the numbers, Medicare in particular will run out of money, and we will not be able to sustain that program no matter how much taxes go up. I mean, it's not an option for us to just sit by and do nothing.”

(7/11/2011)

Senator Lieberman on Medicare

“The truth is that we cannot save Medicare as we know it. We can save Medicare only if we change it.” (6/6/2011)

Chairman of the Federal Reserve Bank of Dallas on Deficits and Debt

"It will be devilishly difficult for businesses to commit to adding significantly to their head count or to meaningful capital expansion in the United States until clarity is achieved on the particulars of how Congress will bend the curve of the deficit and debt expansion." (8/17/2011)

--Richard Fisher, Chairman
Federal Reserve Bank of Dallas

Deficit Reduction Agreement Summary

- \$1 trillion in spending cuts now.
- At least \$1.2 trillion in spending cuts later.
- Spending cuts greater than increase in the debt ceiling.
- A vote in both the House and Senate on a Balanced Budget Amendment to the Constitution.
- No tax hikes.

THE WALL STREET JOURNAL.

POLITICO

“A Tea Party Triumph” “GOP Rallies Around Boehner on Deal”

The New York Times

“Paul Krugman - The President Surrenders”

The Washington Post

“How the Tea Party ‘hobbits’ won the debt fight”

George Stephanopolos, ABC News: “You talk to people in Speaker Boehner’s house and they say this is a big win and I don’t know how you can deny it at this point

Mike Emanuel, Fox News: “A lot of long faces from key Democrat leaders”

Deficit Reduction Agreement Locks in 2/3 of Ryan Spending Cuts

"This gets us two-thirds of the cuts in discretionary spending we are looking for in our budget...That's better than zero...I'll take two-thirds in my direction, then anything else. And we're going in my direction."

--Rep. Paul Ryan
Chairman, House Budget Committee

House Action to Downsize Government

- Passed into law the Budget Control Act, which will cut spending by at least \$2.1 trillion over ten years.
- Passed H.R. 2, a bill to repeal the President's health care law.
- Passed into law a Continuing Resolution (CR) that cut \$40 billion in FY11.
- Banned all earmarks.

Medicare As We Know It – Skyrocketing Costs and Benefits

The average two-earner couple turning 65 today paid over \$116,000 into Medicare over their lifetimes... but will receive over \$351,000 in benefits.

(Source: Urban Institute)

Social Security As We Know It— Population Changes are Straining the Program

- In the 1950's there were 16 workers for every retiree.
- Today, there are three workers for every retiree.
- Social Security is currently running a cash flow deficit.
- Under current law, Social Security benefits are scheduled to be cut by 22 percent in 2037 when the Social Security trust fund would run out of assets and payroll taxes would no longer be sufficient to cover benefits owed.

(Source: Economic Policy Institute)

Tackling the Debt is a Jobs Issue

- Washington is in debt because it has a spending problem, not a taxing problem.
- The CR, the Ryan Budget, and the Deficit Reduction Agreement are only the beginning.
- We will continue to enact real solutions to rein in spending and to strengthen our economy.

Revenue as a Percentage of GDP

Year	Revenue	Year	Revenue
1990	18.0	2001	19.5
1991	17.8	2002	17.6
1992	17.5	2003	16.2
1993	17.5	2004	16.1
1994	18.0	2005	17.3
1995	18.4	2006	18.2
1996	18.8	2007	18.5
1997	19.2	2008	17.5
1998	19.9	2009	14.9
1998	19.9	2010	14.9
2000	20.6	2011 (est.)	14.4

Federal Budget Deficits (in billions)

Year	Deficit	Year	Deficit
1990	-221	2000	236
1991	-269	2001	128
1992	-290	2002	-158
1993	-255	2003	-378
1994	-203	2004	-413
1995	-163	2005	-318
1996	-107	2006	-248
1997	-21	2007	-160
1998	69	2008	-458
1999	126	2009	-1,412
		2010	-1,293
		2011	-1,645

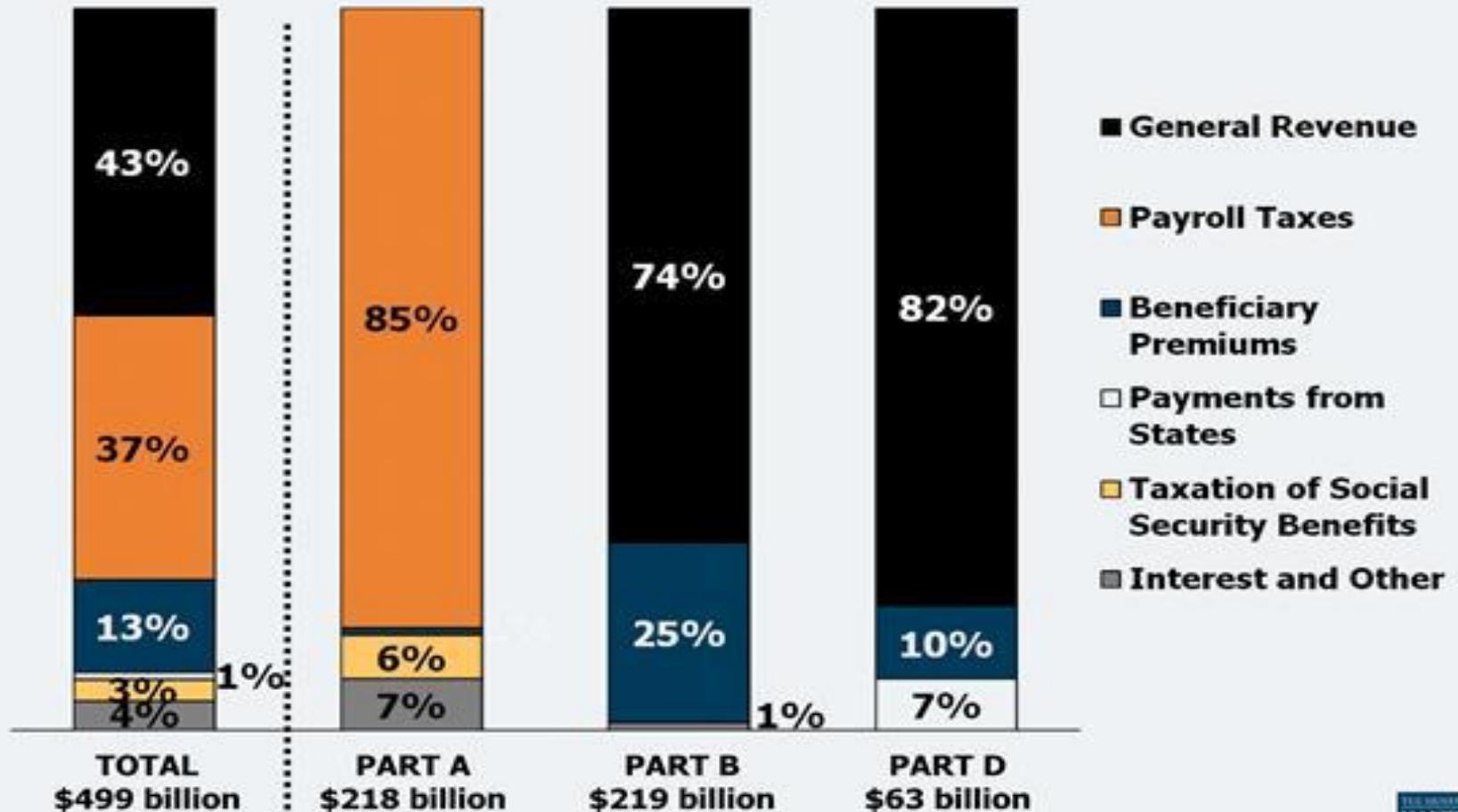
Total Federal Debt (in trillions)

FY	Total Debt	FY	Total Debt
1980	.91	2000	5.63
1981	.99	2001	5.77
1982	1.14	2002	6.20
1983	1.37	2003	6.76
1984	1.56	2004	7.35
1985	1.82	2005	7.91
1986	2.12	2006	8.45
1987	2.35	2007	8.95
1988	2.60	2008	9.99
1989	2.87	2009	11.88
1990	3.21	2010	13.53
1991	3.60	2011 (est.)	15.48
1992	4.00	2012 (est.)	16.65
1993	4.35	2013 (est.)	17.75
1994	4.64	2014 (est.)	18.76
1995	4.92	2015 (est.)	19.78
1996	5.18	2016 (est.)	20.82
1997	5.37		
1998	5.48		
1999	5.61		

Source: OMB

Brief Overview of Medicare

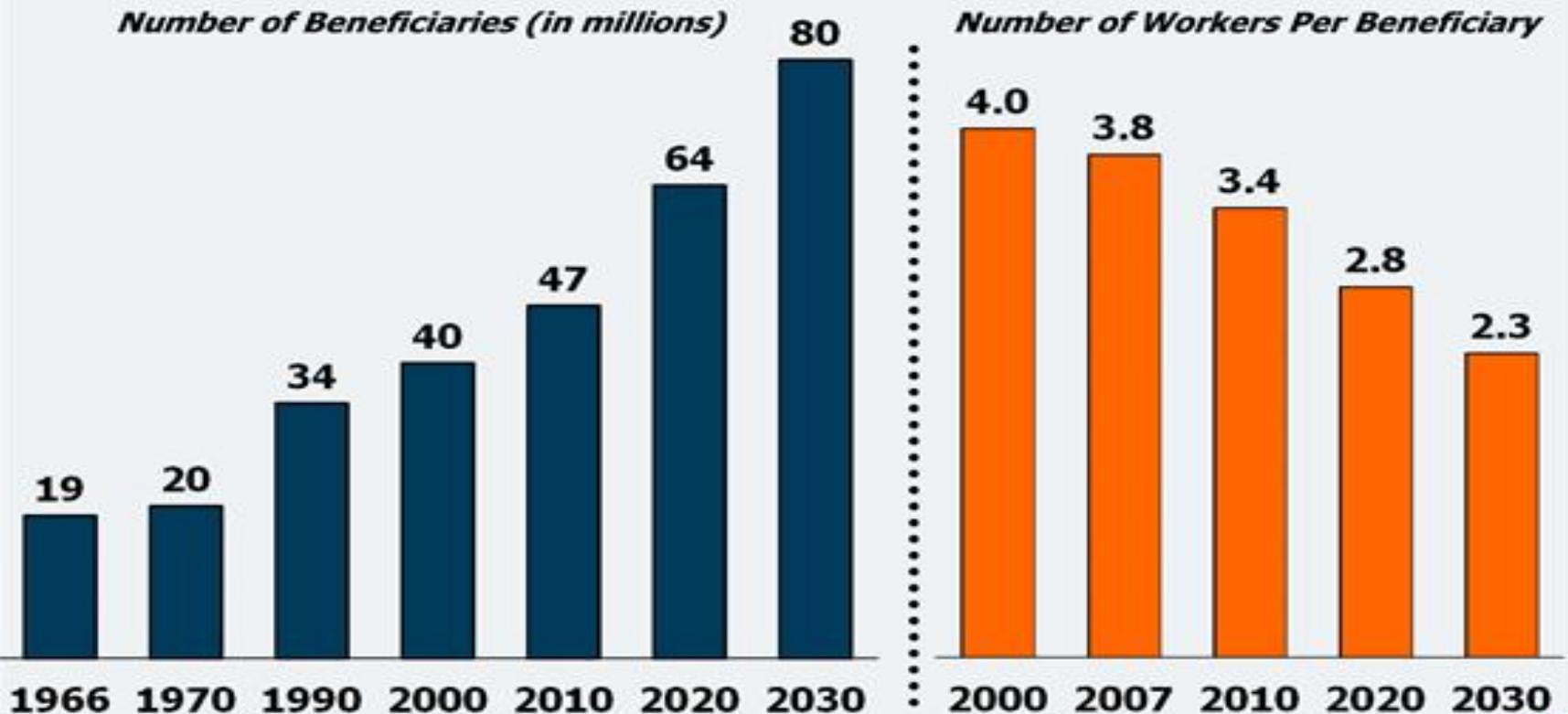
Estimated Sources of Medicare Revenue, 2010



SOURCE: 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Medicare As We Know It – Oncoming Demographic Wave

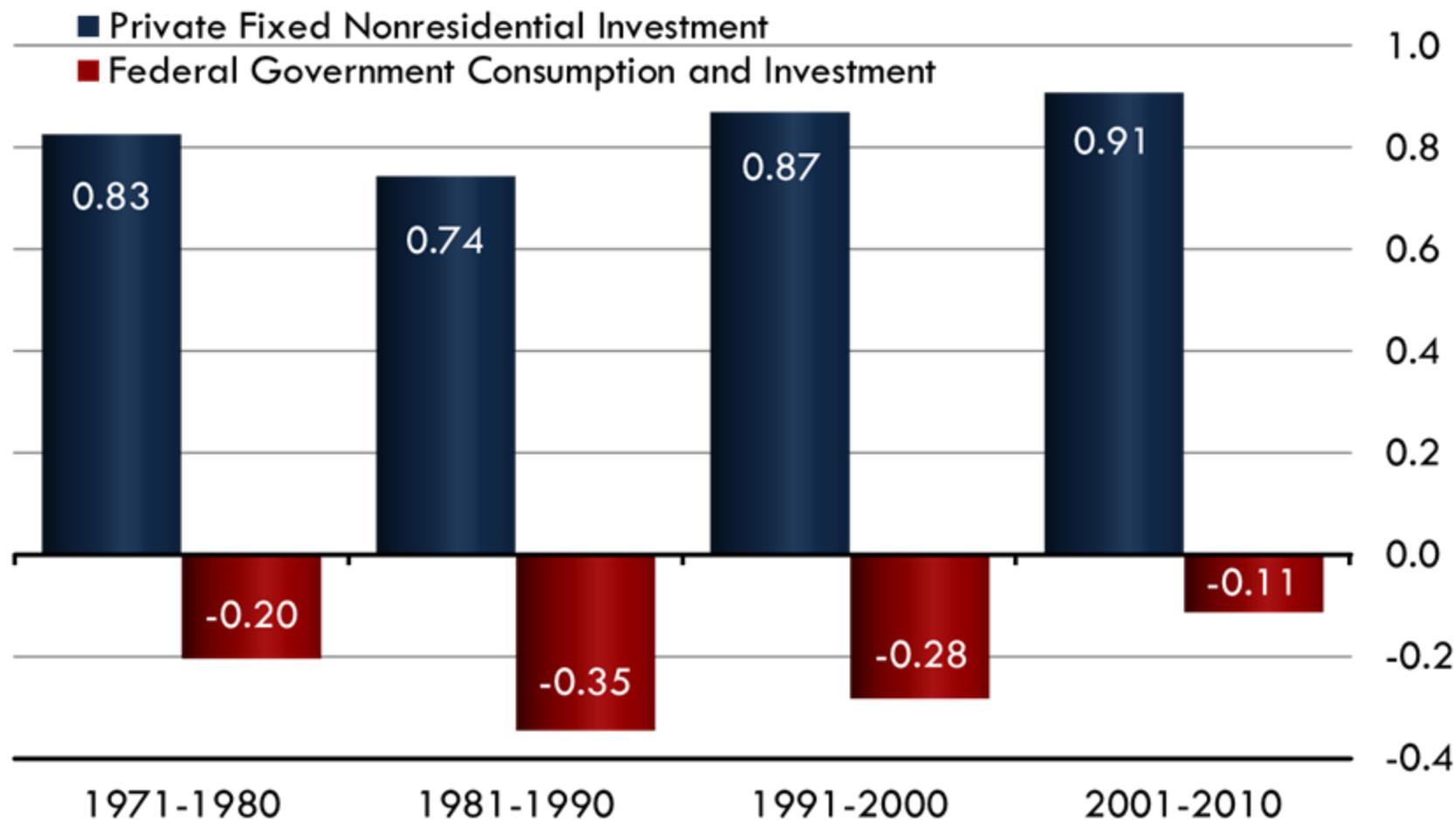
Historical and Projected Number of Medicare Beneficiaries and Number of Workers Per Beneficiary



SOURCE: 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

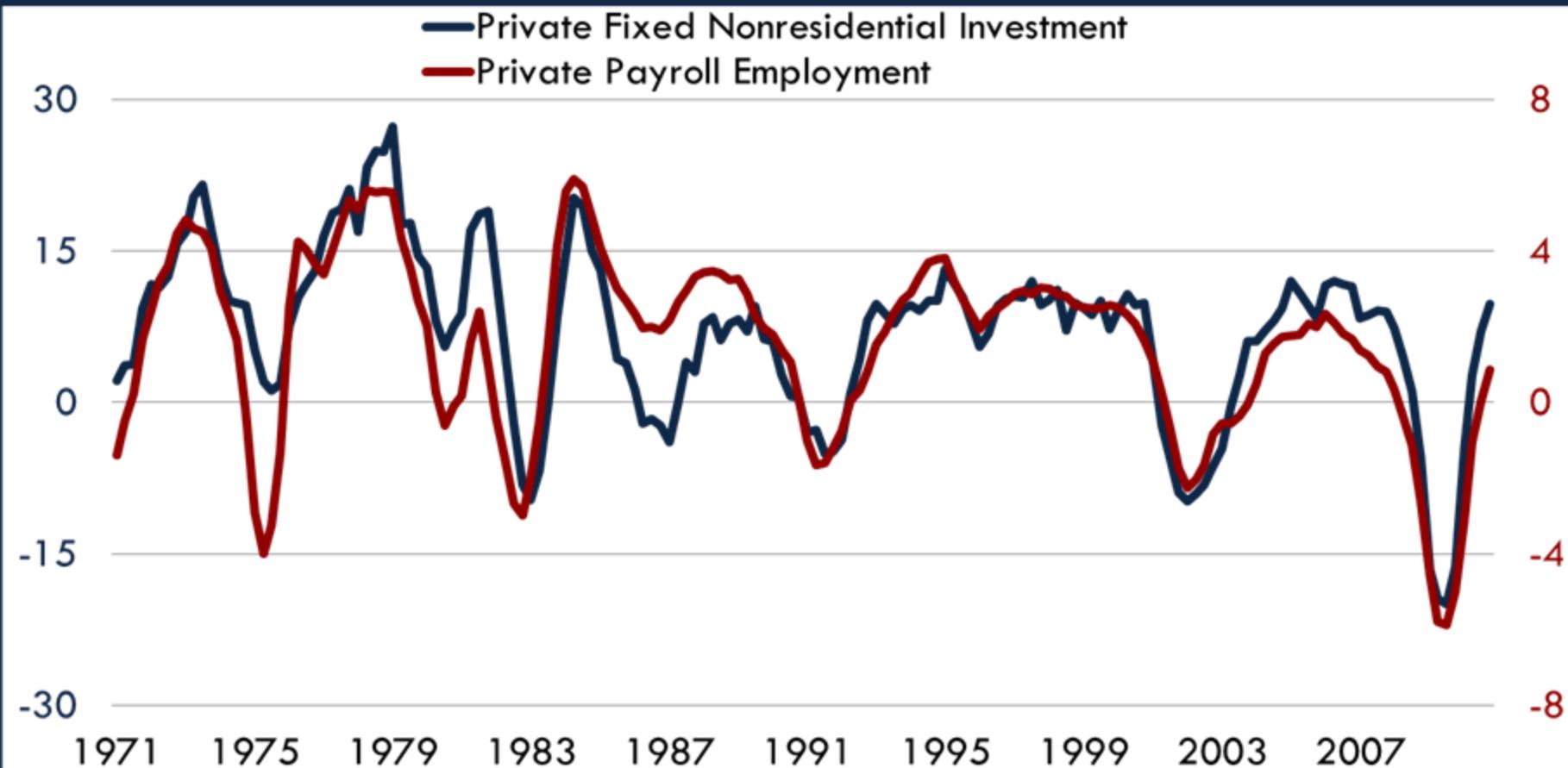
Private Investment is Engine of Private Sector Job Growth

Correlation of Annual Private Sector Payroll Employment Growth



Source: BLS, BEA, JEC Republican Staff Calculations

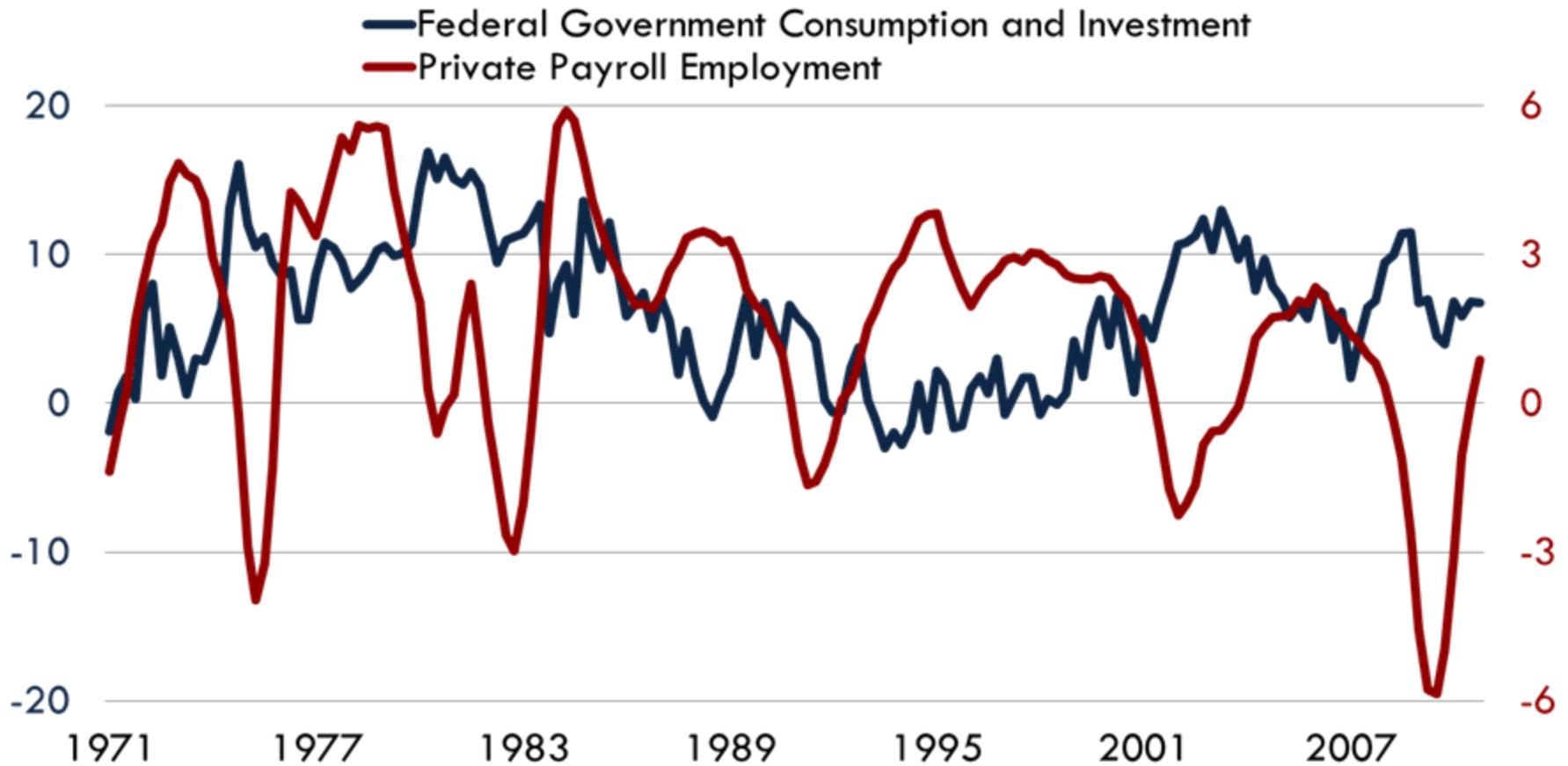
Private Sector Jobs Increase When Private Investment Increases



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



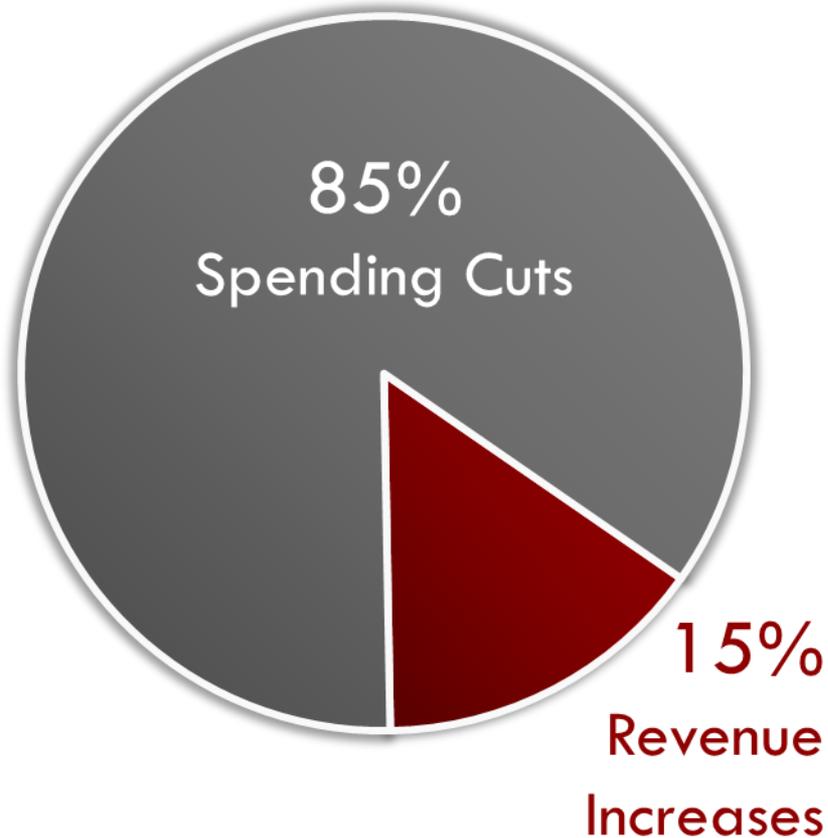
Pct. Change Yr./Yr. in Private Payrolls and Federal Govt. Consumption and Investment

Source: BEA, BLS

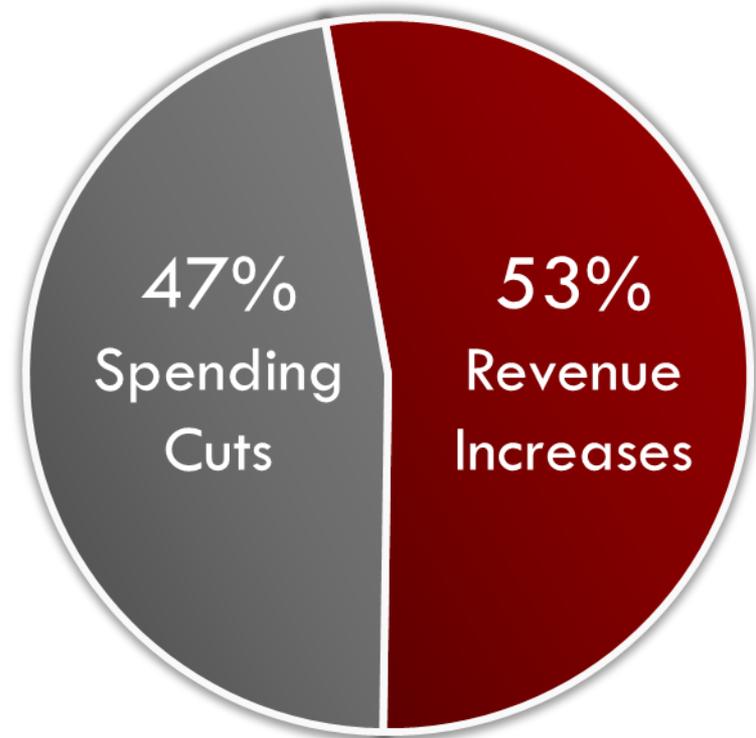
Fiscal Consolidations

Average Spending Cuts and Revenue Increases

Successful



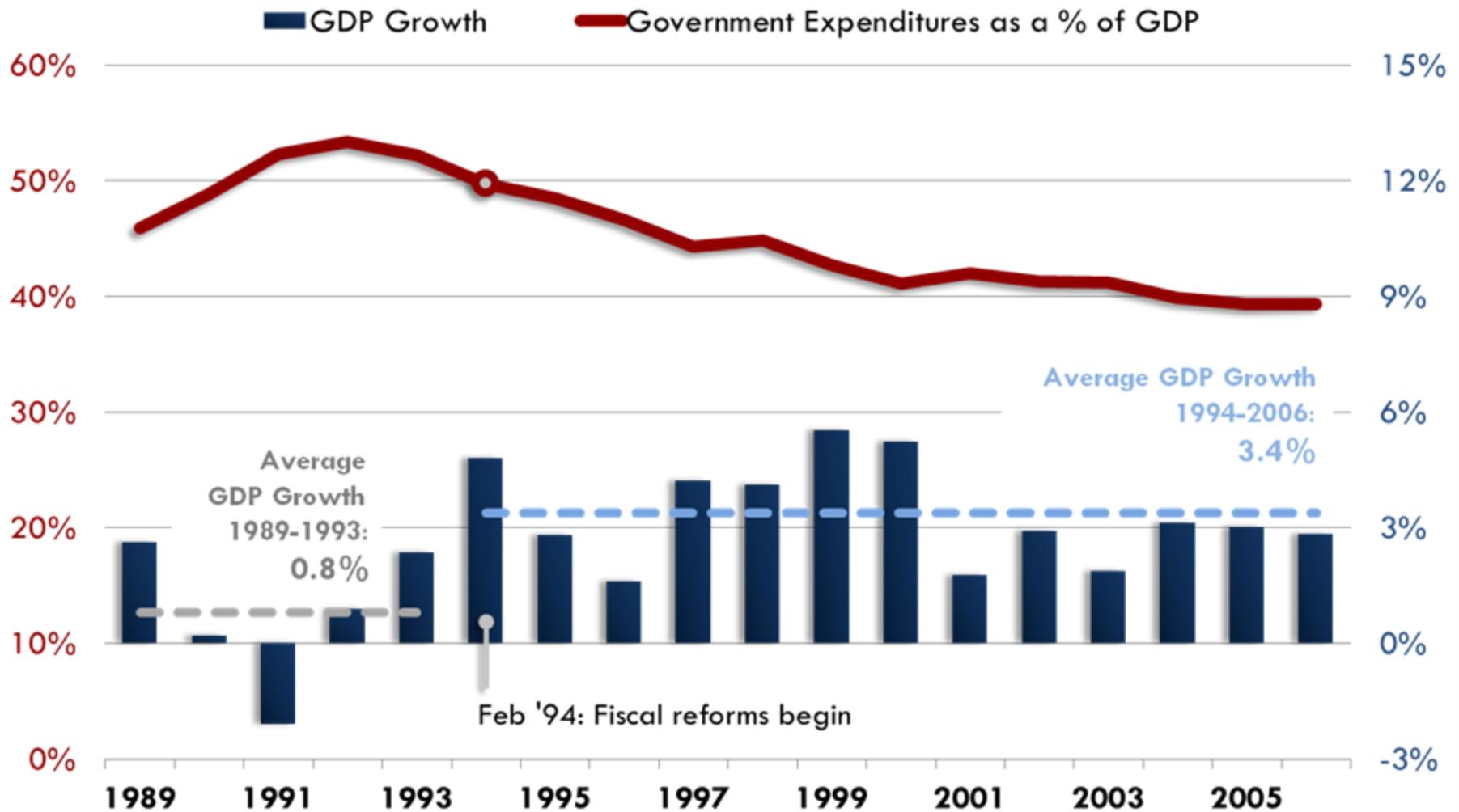
Unsuccessful



Source: Biggs, Hassett, and Jensen (2010)

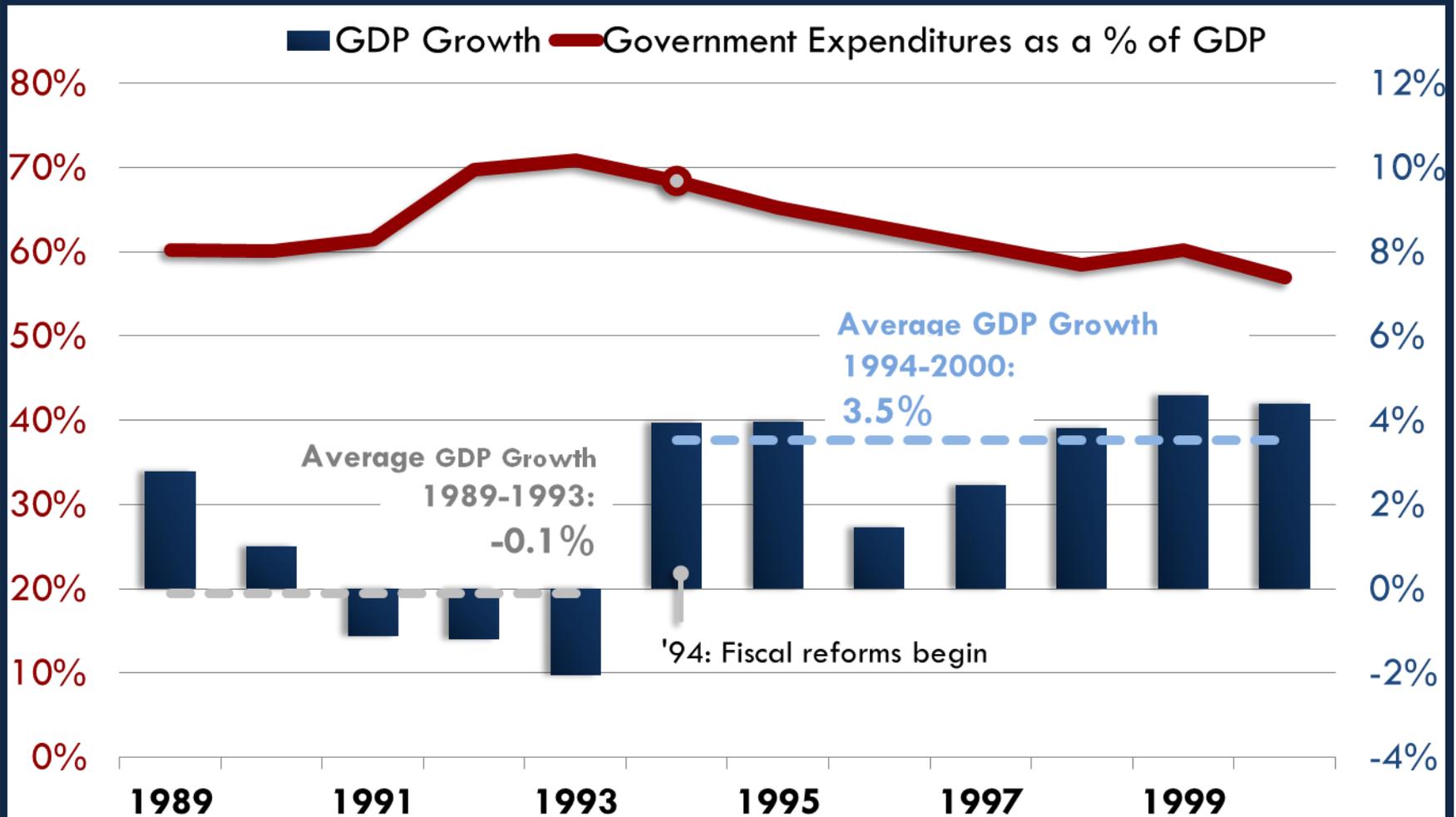
CANADA

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



SWEDEN

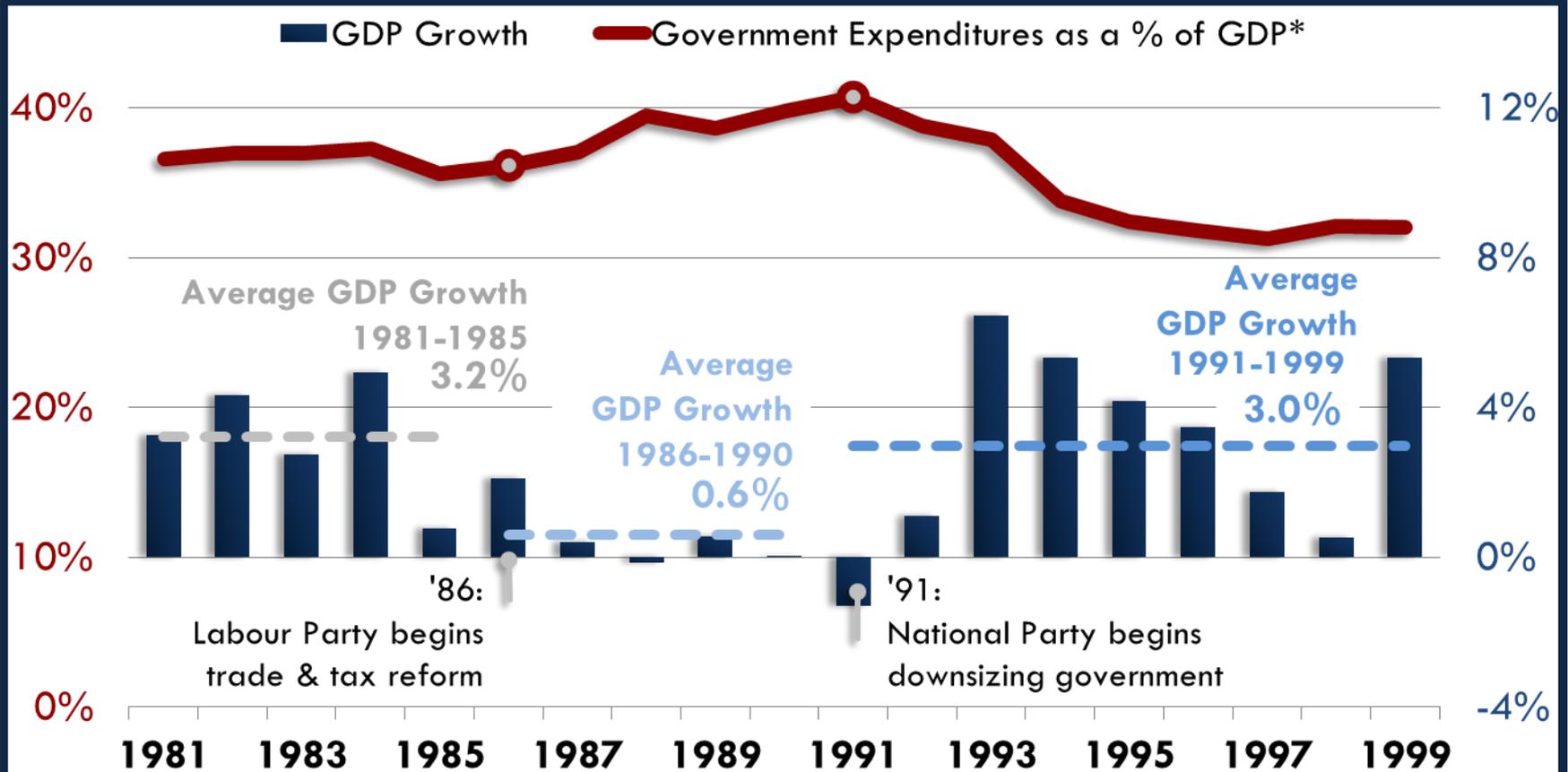
Total Government Spending as a % of GDP and GDP Growth Rate



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

The Facts About Our Debt

1. We have a debt crisis facing our nation.
2. The debt crisis threatens our job growth, our national security and sovereignty, and our nation's children.
3. We have a debt crisis because Washington spends too much, not because Washington taxes too little.
4. The spending is driven by retirement and health security programs.
5. The cost of doing nothing is unacceptable.
6. Principles to save and strengthen Medicare, Medicaid and Social Security.
7. What we can do today.



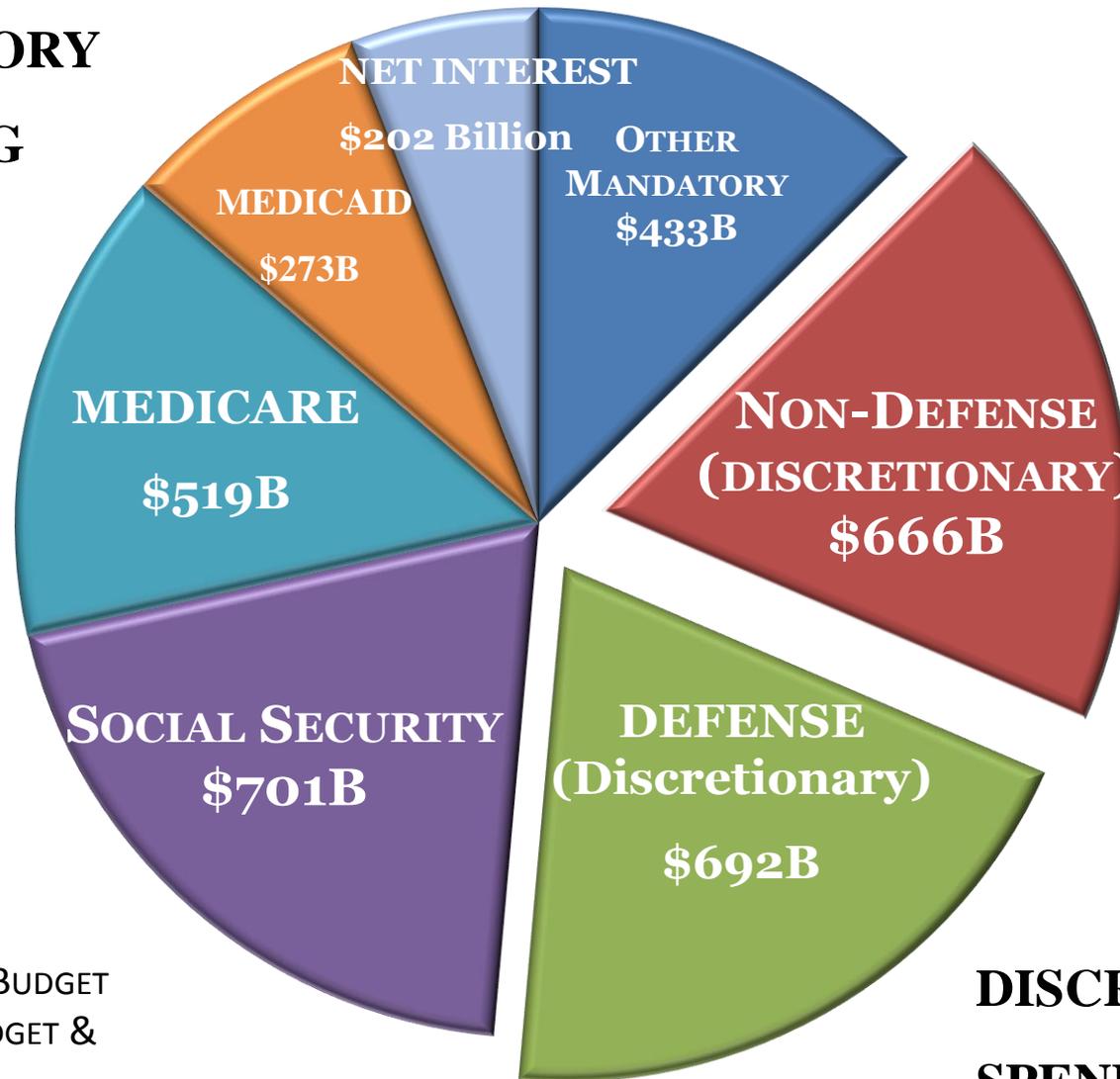
**We have a debt crisis
facing our nation.**



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TOTAL SPENDING IN FY 2010: \$3.5 TRILLION

**MANDATORY
SPENDING**



**DISCRETIONARY
SPENDING**

SOURCE: CONGRESSIONAL BUDGET
OFFICE AUGUST 2010 BUDGET &
ECONOMIC OUTLOOK

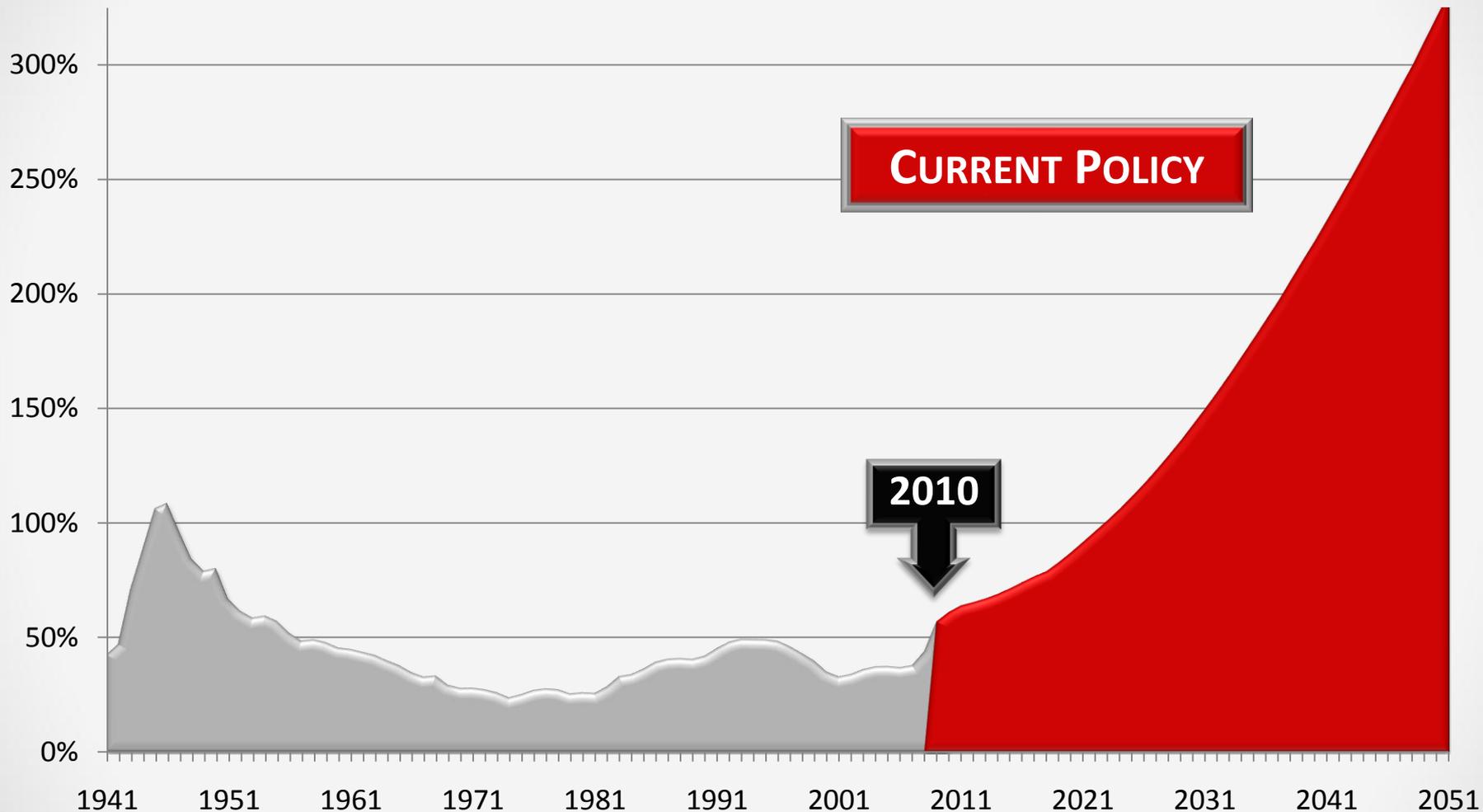
THREE BIG BUDGET VOTES EARLY IN 2011 = THREE OPPORTUNITIES

1. Debt limit (The Past)
2. Continuing resolution (CR) (The Present)
3. Budget resolution (The Future)

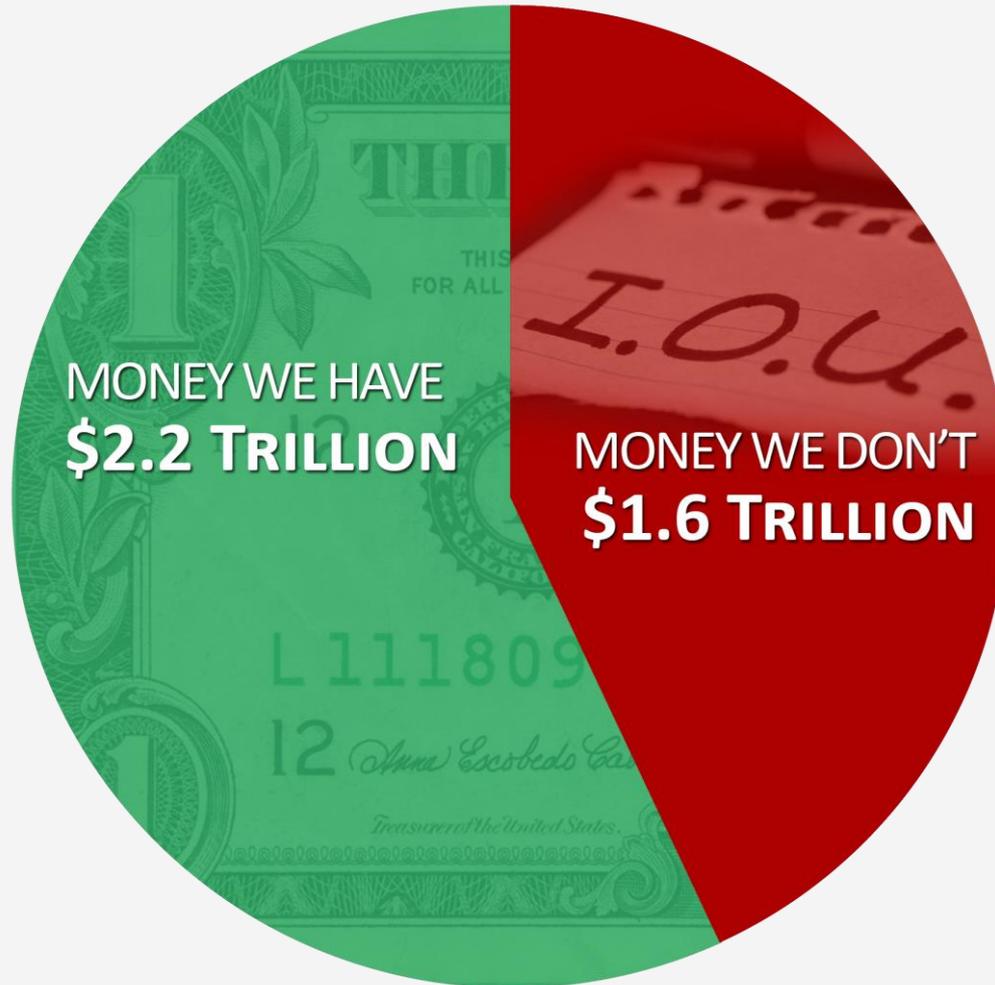


TIDAL WAVE OF DEBT

DEBT HELD BY PUBLIC AS SHARE OF ECONOMY



THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 42 CENTS OF EVERY DOLLAR IT SPENDS



“Debt Day”



2011

January							February							March							April							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
						1		1	2	3	4	5			1	2	3	4	5			1	2					
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9	
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19	10	11	12	13	14	15	16	
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26	17	18	19	20	21	22	23	
23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30	
30	31																											
May							June							July							August							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
						1		1	2	3	4				1	2	3	4	5	6			1	2	3	4	5	6
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13	
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20	
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27	
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30	31				
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September							October							November							December							
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11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17	
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24	
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31	
							30	31																				

All spending after July 27 of this year is borrowed spending.



“This debt is like a cancer... It is truly going to destroy the country from within.”



Erskine Bowles

Co-Chair, President Obama's National
Commission on Fiscal Responsibility
and Reform

July 11, 2010



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“This [spending] could trigger an economic and political death spiral.”

Robert Samuelson
Economist and Columnist
April 6, 2005



“U.S. fiscal policy is on an unsustainable path to an extent that it cannot be solved by minor tinkering.”



Doug Elmendorf

Director, Congressional Budget Office

January 27, 2010



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BY THE NUMBERS

- Our nation's debt is \$14.1 trillion.
- \$45,484 for every man, woman, and child.
- \$142,819 for the average American family.
- In FY 2011, our country has added about \$4.1 billion to the debt every day.
- \$4 billion a week in interest.

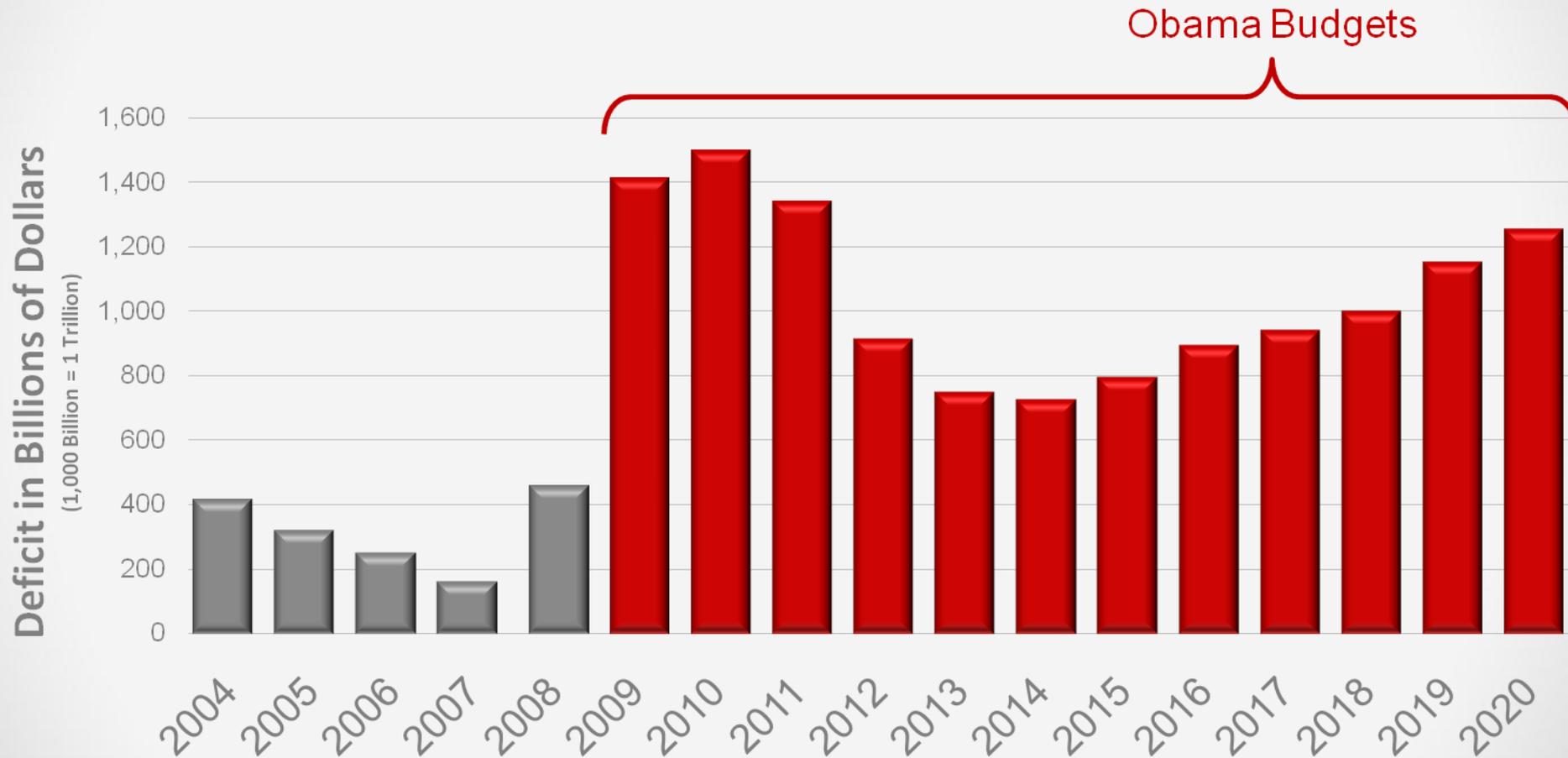


WASHINGTON'S PLAN TO SPEND, TAX AND BORROW: MORE DEBT, FEWER JOBS

- Current deficit is \$1.5 trillion
- The President's current budget increases taxes by \$1.8 trillion and spending by \$2.5 trillion over the next 10 years.
- The President's budget doubles the debt in 5 years & triples it in 10 years.
- The President's Budget Director and Treasury Secretary have testified that the deficit and debt levels in the Administration's budget are not "sustainable"
- With each passing year, the spending problem gets worse, and we have fewer options to fix the problem.



DEFICITS UNDER OBAMA BUDGETS



Source: OMB & CBO

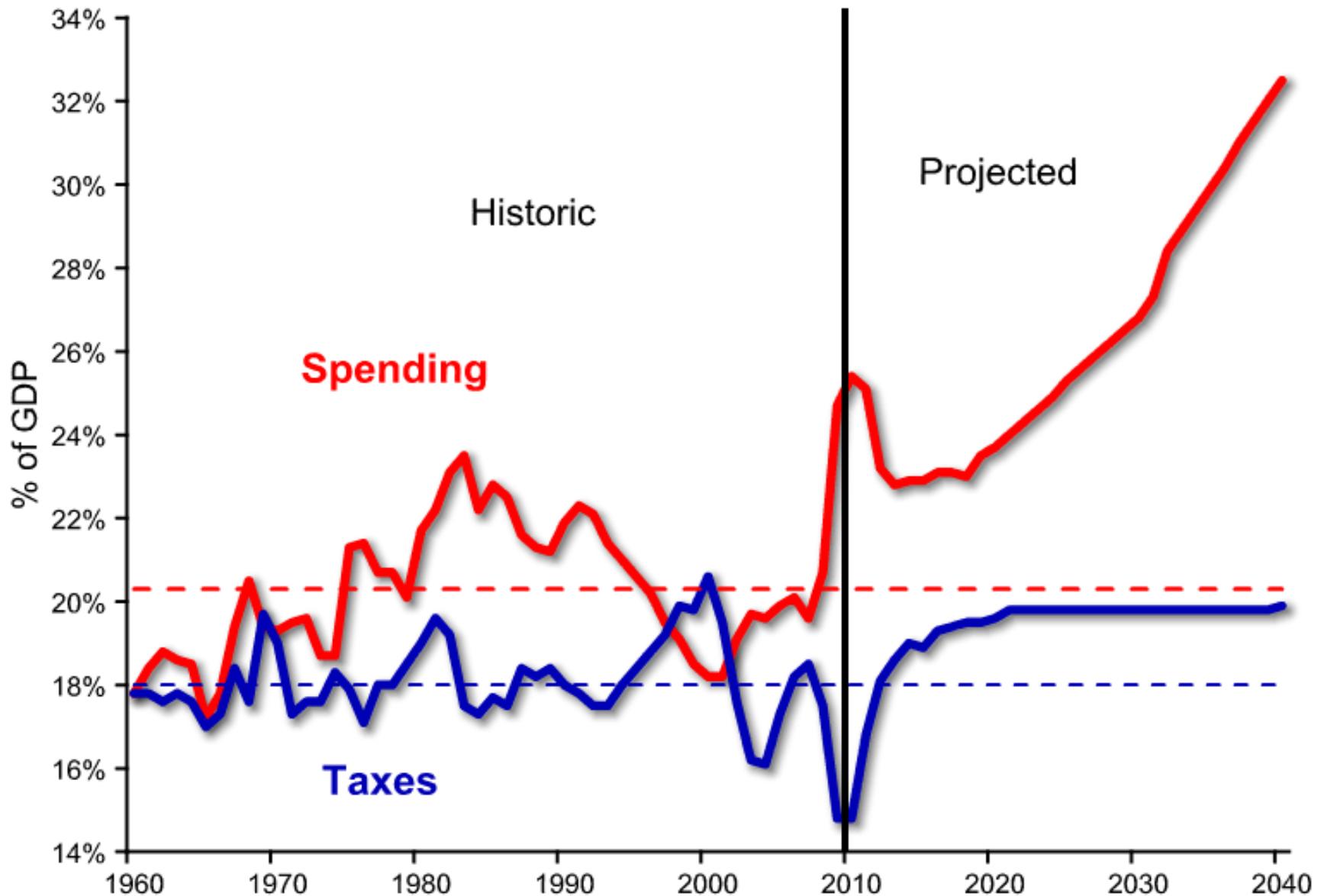
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Source: House Budget Committee

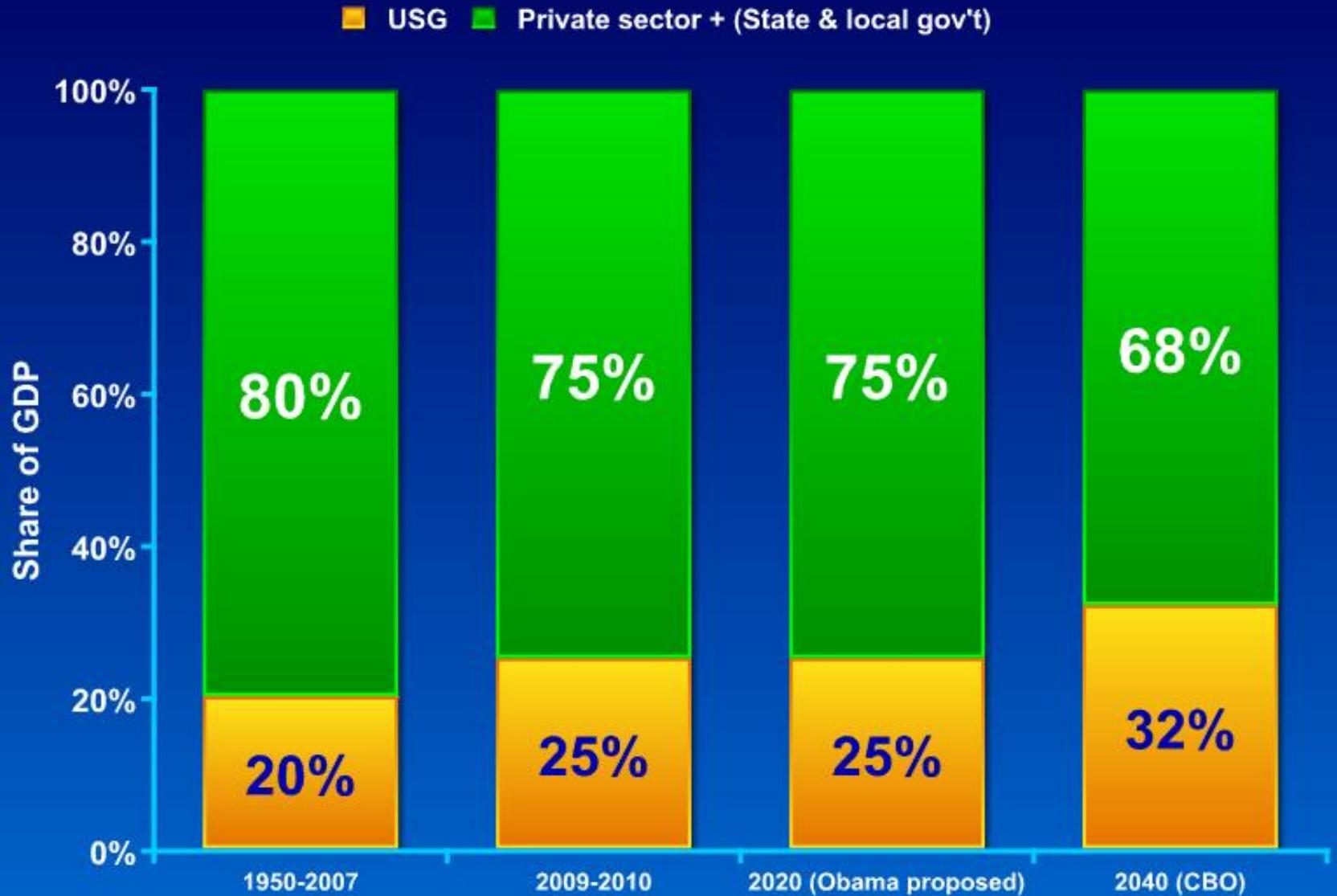
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Spending and Taxes (from Obama 2011 Budget)



The real battle in Washington is about the size of the federal government, not the deficit



INTEREST ON OUR NATIONAL DEBT

- \$202 Billion in 2010
- Paid to Countries and Banks that hold U.S. debt, like China and Japan, for example.
- Enough to write a check for over \$70,000 to each and every Arkansan, each year
- Bad money crowds out good money: wasted money means critical needs--like infrastructure--aren't funded



WHO'S TO BLAME?

- We all are
- Republicans
- Democrats
- Congress after Congress
- President after President
- Above all, the American people
- Everyone is to blame



**The debt crisis threatens
our job growth.**



“The seeds of the next recession have already been planted. The debt burden accumulated over the next ten years will sink us.”

Honeywell

David Cote

CEO

Honeywell (122,000 employees)

October 20, 2010



“I suspect you will continue to hear that discussion that the level of uncertainty and indecision is high—because it is. I don’t know what this means for borrowing costs. I don’t know what this means for liquidity. I don’t know what this means for cost of doing business. I don’t know what this means for price increases. I have no idea. We’ve never been here before. And that level of uncertainty is real...”

TRAVELERS 

Jay Fishman
Chairman and CEO
Travelers (32,000 employees)
November 8, 2010



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“[I]f we continue this kind of a policy, we’re dead in the water. Because they don’t know what’s coming ... he said, [quoting small business owner] this debt, this budget, this debt that we have, in the trillions he said, Bernie, I’m going to have to pay for this somehow.”



Bernie Marcus

Former Chairman & CEO

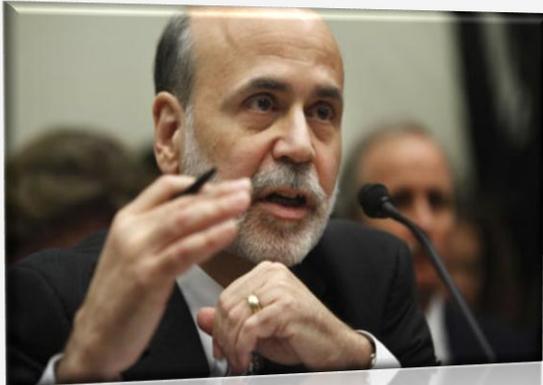
Home Depot (255,185 employees)

September 18, 2010



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“[U]nless we as a nation make a strong commitment to fiscal responsibility, in the longer run, we will have neither financial stability nor healthy economic growth.”



Ben Bernanke

Chairman of the Federal Reserve

June 9, 2010



If we do nothing...

HISTORIC DEBT

will lead to

HISTORIC TAX INCREASES

which will lead to

HISTORIC UNEMPLOYMENT



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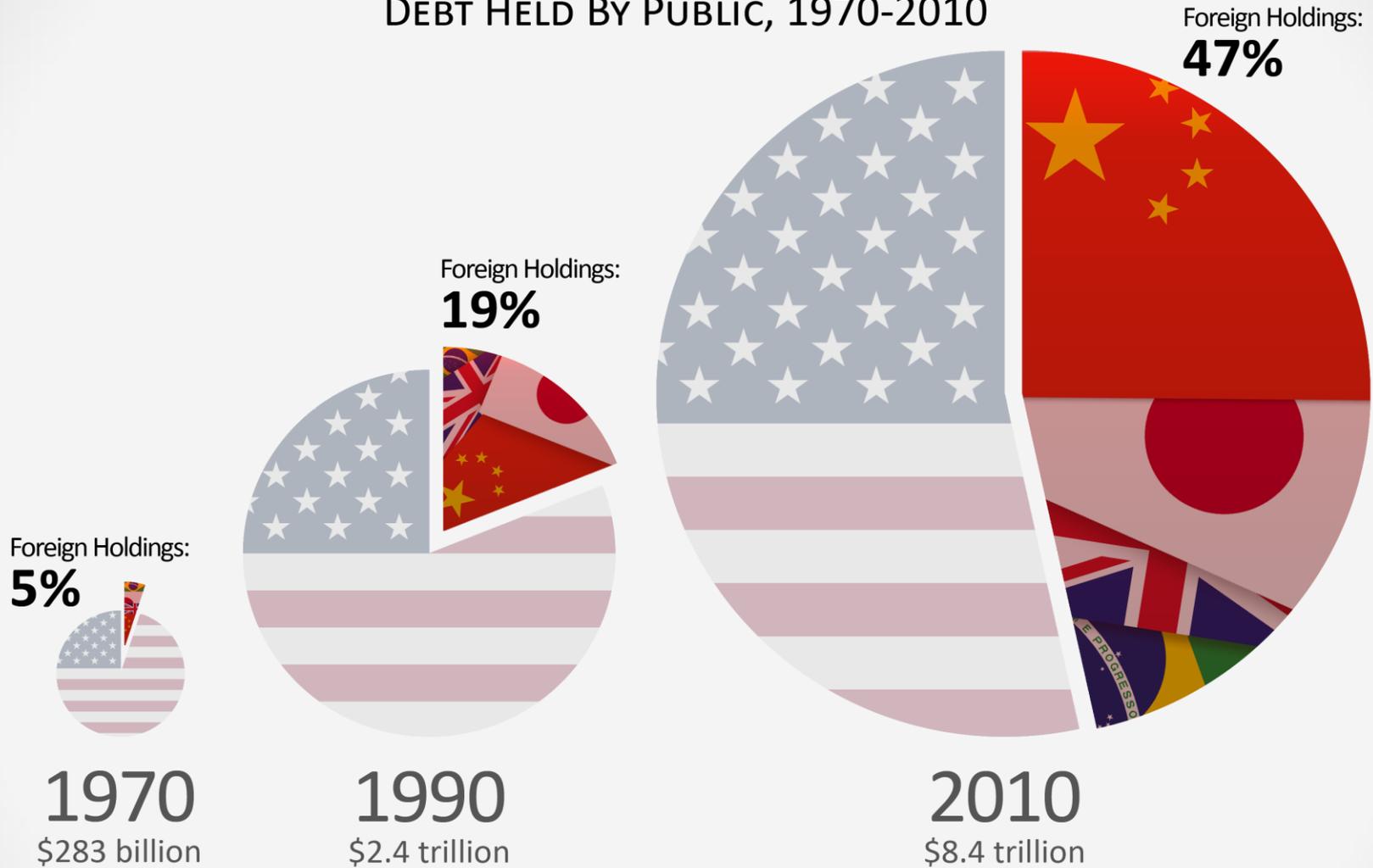
**The debt crisis threatens our
national security and sovereignty.**



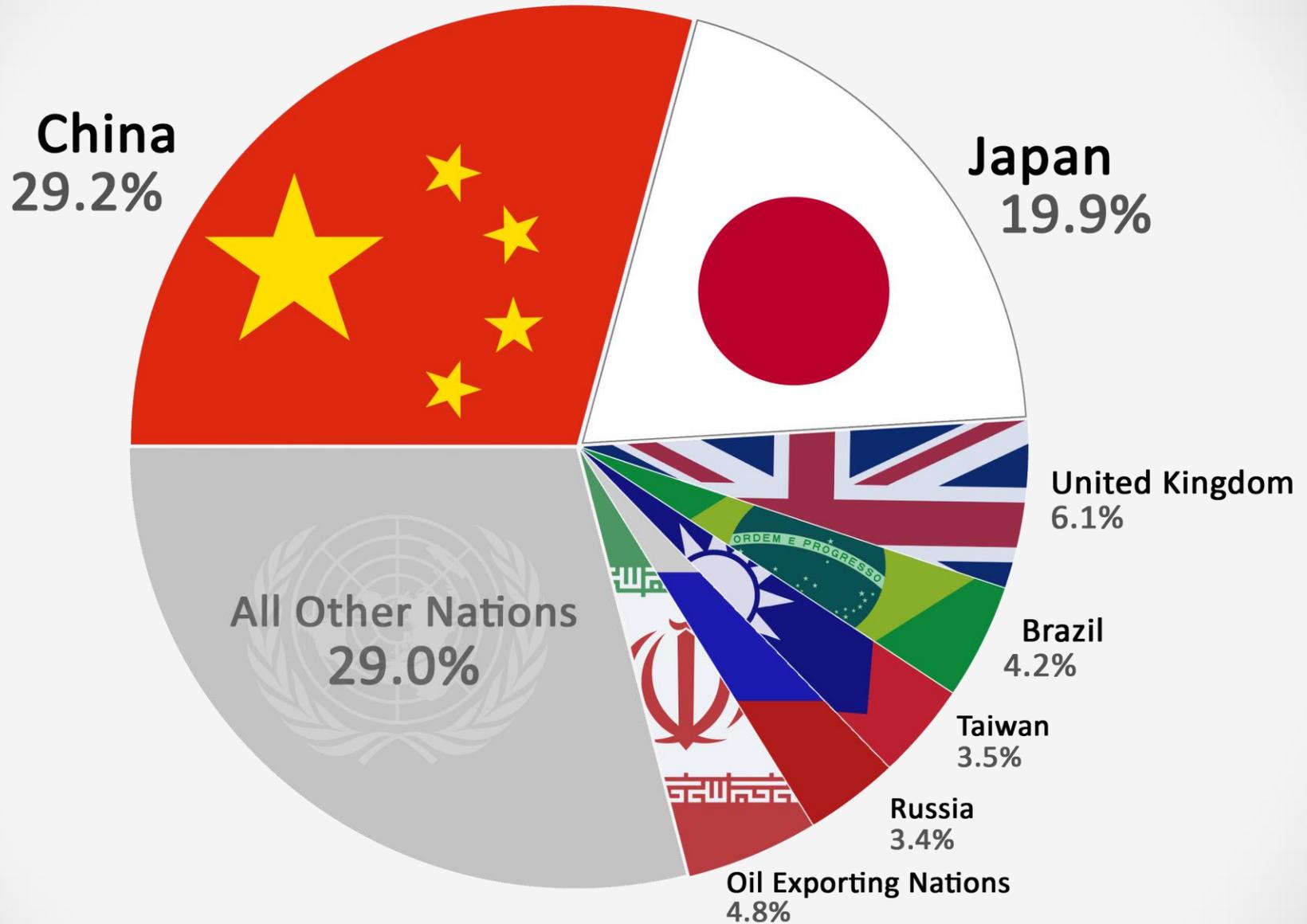
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WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010



FOREIGN OWNERS OF OUR DEBT



With the interest we pay to China on our debt,
China can afford to buy **3 new Joint Strike Fighters**
every week – with \$50 million/week left over.



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Source: U.S. Department of Treasury,
Government Accountability Office

“I think the biggest threat we have to our national security is our debt.”



Admiral Mike Mullen
President Obama's Chairman of
the Joint Chiefs of Staff
July 6, 2010



**The debt crisis threatens to
bankrupt our nation's children.**



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“So much of their money will be devoted to keeping the government afloat that they'll have relatively little for everything else in life. Their homes will be smaller and drabber. There will be less to spend for cars, vacations, dinners out and big TV sets, all of which their parents took for granted. They'll still read about the consumer society and conspicuous consumption, but mainly in history texts.”

David Walker

Former GAO Comptroller General

February 1, 2010

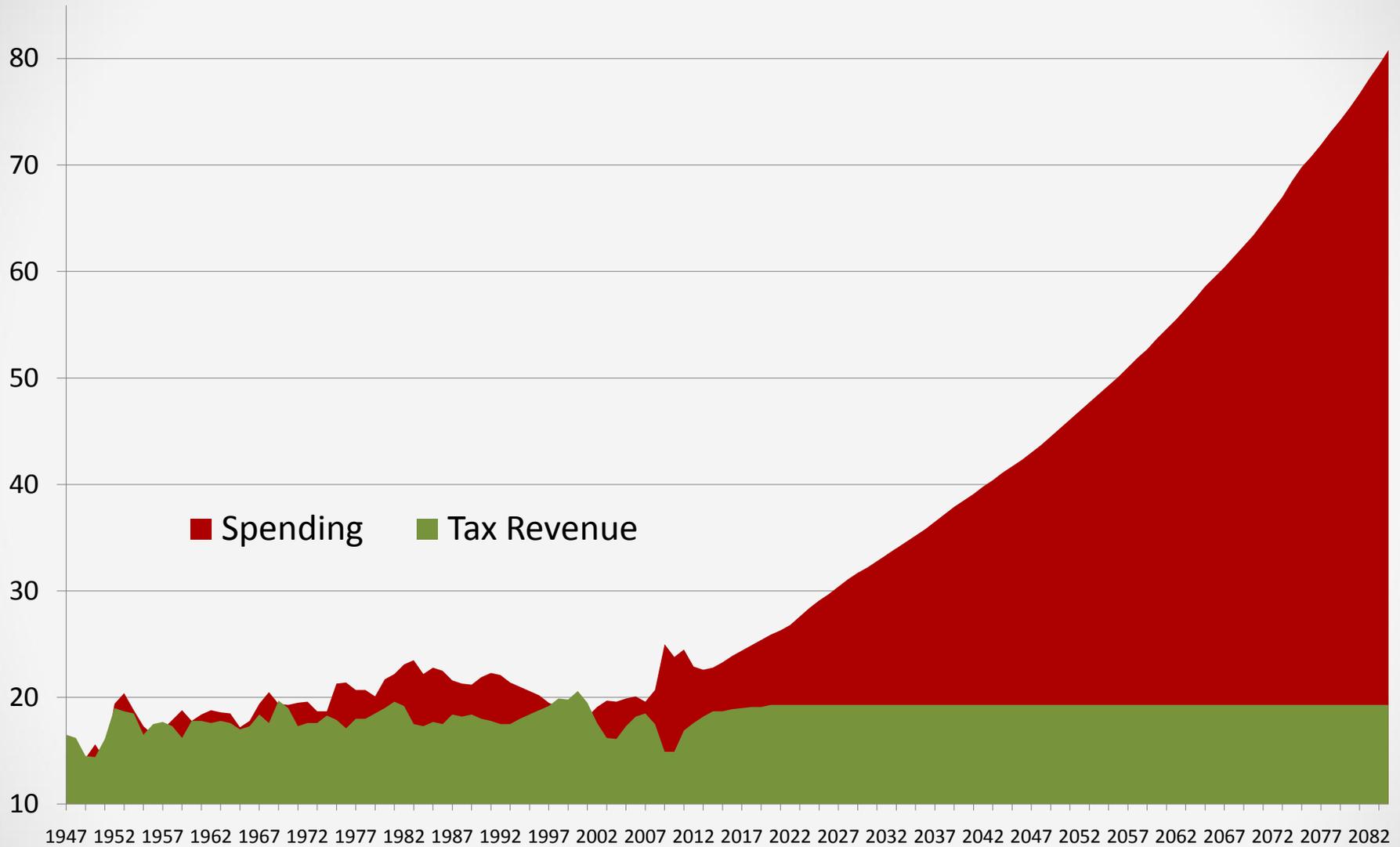


**We have a debt crisis because
Washington spends too much, not
because Washington taxes too little.**



WE ARE IN A SPENDING-DRIVEN DEBT CRISIS

HISTORIC/PROJECTED SPENDING & REVENUE AS A PERCENTAGE OF THE ECONOMY



■ Spending ■ Tax Revenue



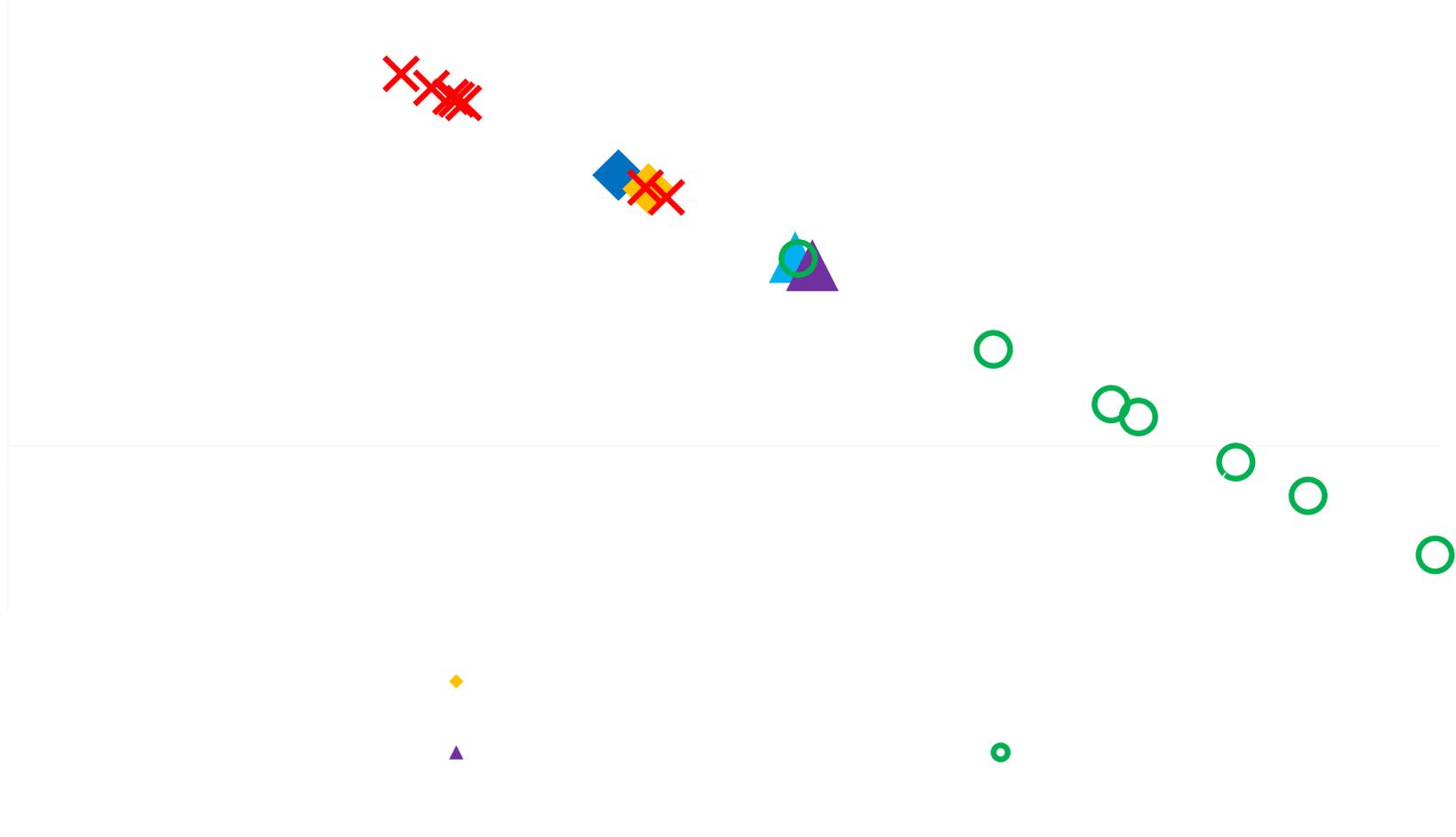
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Source: Office of Management and Budget Historic Tables, Congressional Budget Office; projections based on the CBO's Alternative Fiscal Scenario.

SOLUTIONS MUST COME FROM SPENDING REDUCTIONS, NOT TAX INCREASES

- Politicians spend additional revenue from taxes
- Tax increases hurt much needed economic growth
- History shows spending is the problem





Notes: The green circles and red X's indicate the average expenditure and revenue shares for successful and unsuccessful historical consolidations across a variety of studies taken from the academic literature. Each point reflects a specific estimate from the literature based on differing methodologies.

Source: Andrew G. Biggs, Kevin A. Hassett, and Matthew Jensen. "A Guide for Deficit Reduction in the United States Based on Historical Consolidations That Worked." AEI Economic Policy Working Paper 2010-04. <http://www.aei.org/paper/100179>

**Where is all this spending
coming from?**

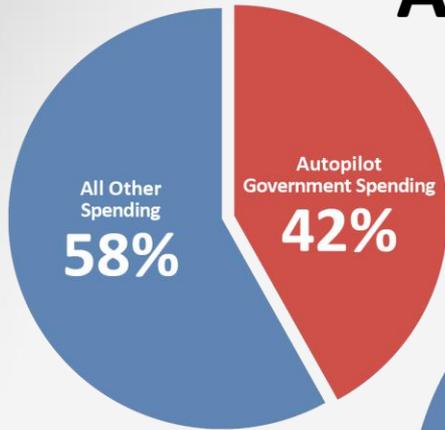


“Less than half (44%) believe Medicare and Social Security costs are a major source of problems for the federal budget (49% disagree).”

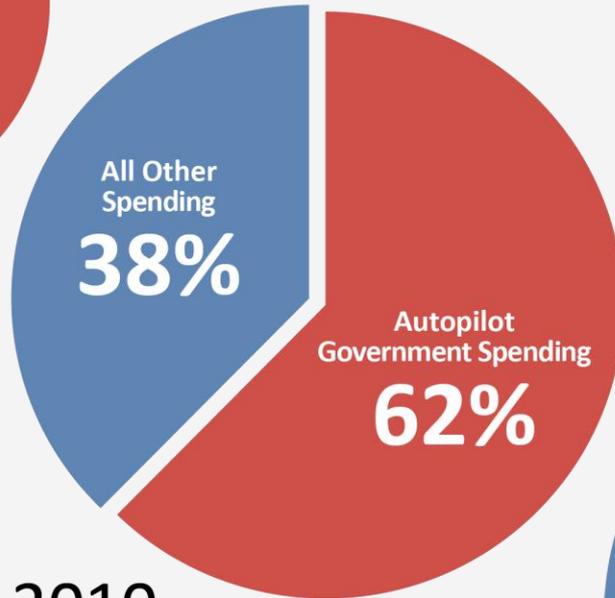
Tarrance Group Poll
Conducted February 22-24, 2011



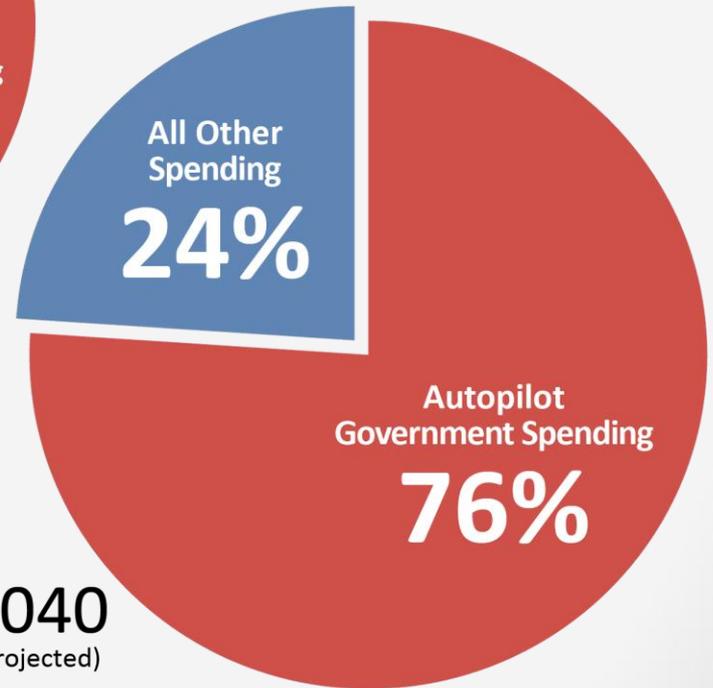
AUTOPILOT SPENDING DRIVES DEBT



1970



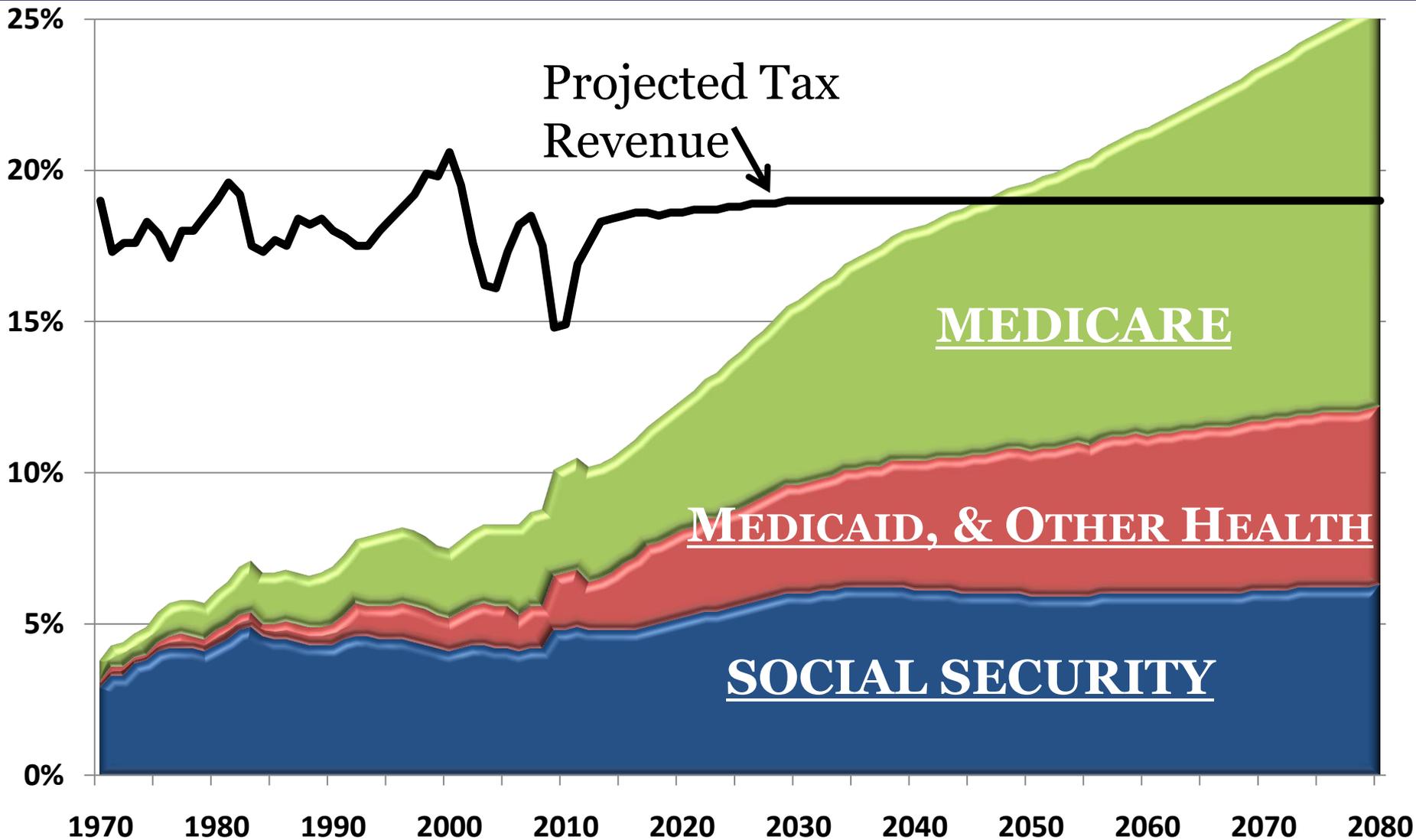
2010



2040
(projected)



ENTITLEMENTS TO OVERWHELM ENTIRE FEDERAL BUDGET (SPENDING AND REVENUE AS A PERCENTAGE OF GDP)



“Also, a similar majority (60%)
incorrectly believes problems with the
federal budget can be fixed by just
eliminating waste, fraud and abuse.”

Tarrance Group Poll
Conducted February 22-24, 2011

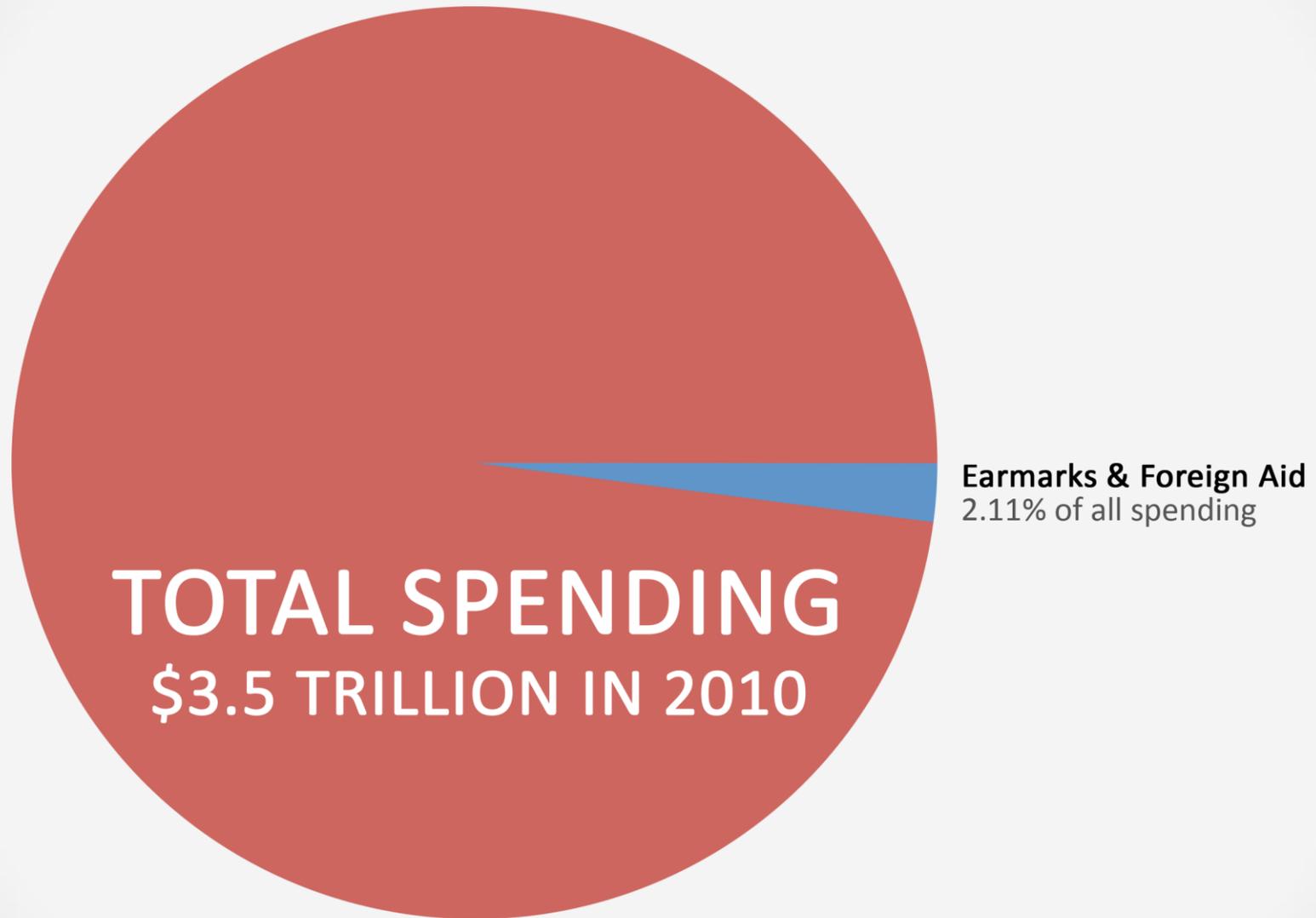


“A majority of voters incorrectly believe the federal government spends more on defense/foreign aid than it does on Medicare and Social Security (63%).”

Tarrance Group Poll
Conducted February 22-24, 2011



WHAT IF WE JUST CUT EARMARKS & FOREIGN AID?

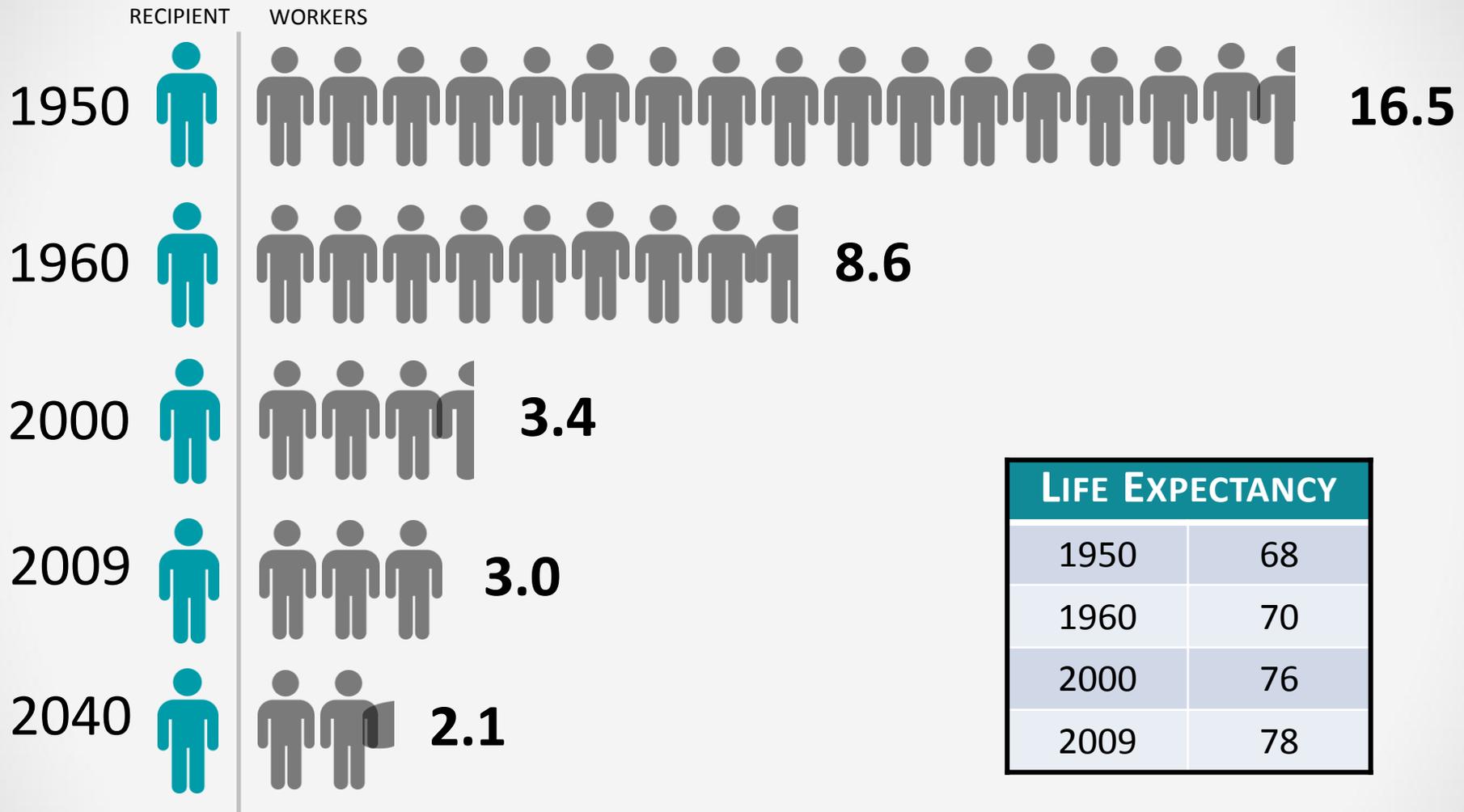


Why Social Security Is Growing So Fast

- Americans Are Living Longer
- More Seniors Are Receiving Benefits Than Ever Before
- Birth Rates Aren't Keeping Pace with Retirement



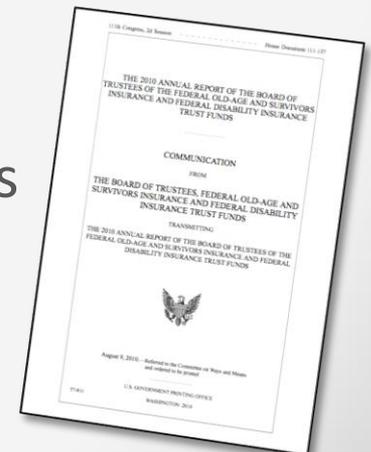
TAXPAYERS SUPPORTING EACH SOCIAL SECURITY RECIPIENT



“[Social Security] income, including interest on trust fund assets, will exceed annual cost and trust fund assets will increase every year until 2025.

“At that time it will be necessary to begin drawing down trust fund assets to cover part of expenditures until assets are exhausted in 2037. After trust fund exhaustion, continuing tax income would be sufficient to pay 78 percent of scheduled benefits in 2037.”

Social Security and Medicare Boards of Trustees
A Summary of the 2010 Annual Reports



Why Medicare and Medicaid Are Growing So Fast

- The Cost of Health Care is Skyrocketing
- An Aging Population is Leading to Record Medicare Enrollment
- The Economic Downturn is Leading to Record Medicaid Enrollment



Choice of Two Futures: The Cost of Doing Nothing or Not Enough



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CONVENTIONAL WISDOM

“As a rule, if someone promises a painful conversation . . . it's time to run But there is nowhere to run. The current level of deficit spending is unsustainable. The American people know this, and they want the President to do something. Yet they show no interest in supporting the hard choices that are required.”

John Dickerson, *Slate*, December 15, 2010

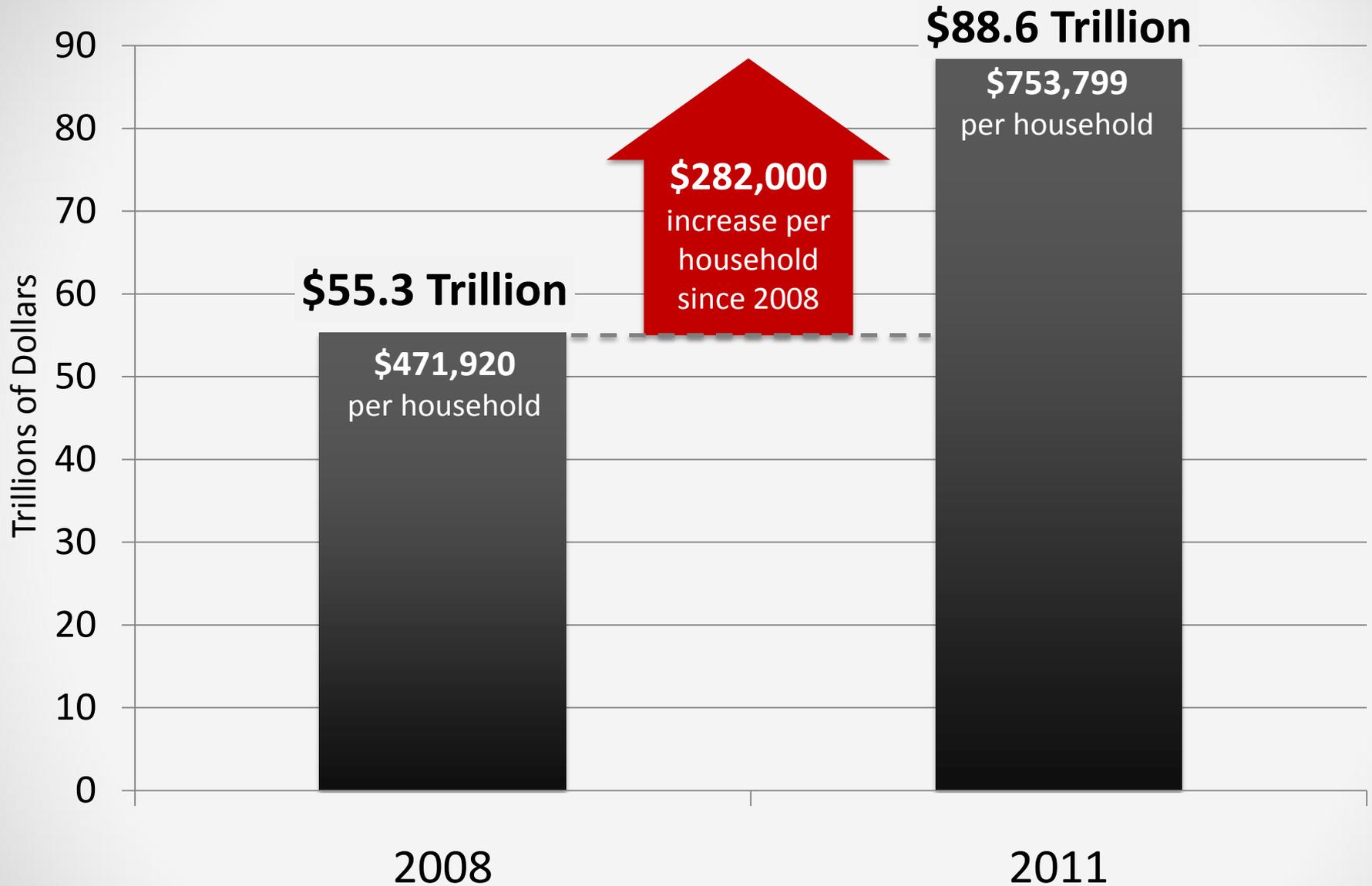


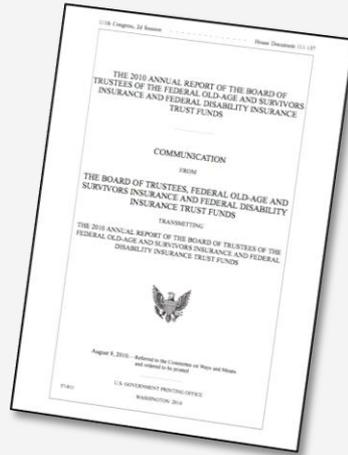
FISCAL AND MORAL CONSEQUENCES

- Explosive growth of entitlement spending
- Debt spirals out of control; economic crisis
- Massive job losses
- Threatens exceptional American character
- America not the country we grew up in
- Next generation worse off than their parents
- Second rate country



UNFUNDED PROMISES IN TRILLIONS OF DOLLARS





The Social Security and Medicare Trustees have said that if nothing is done, Social Security benefits will be cut by 22%.



“We cannot mortgage our children's future on a mountain of debt. It's time to put an end to the runaway spending and the record deficits - it's not how you would run your family budget, and it must not be how Washington handles your tax dollars.”

Sen. Barack Obama

October 1, 2008

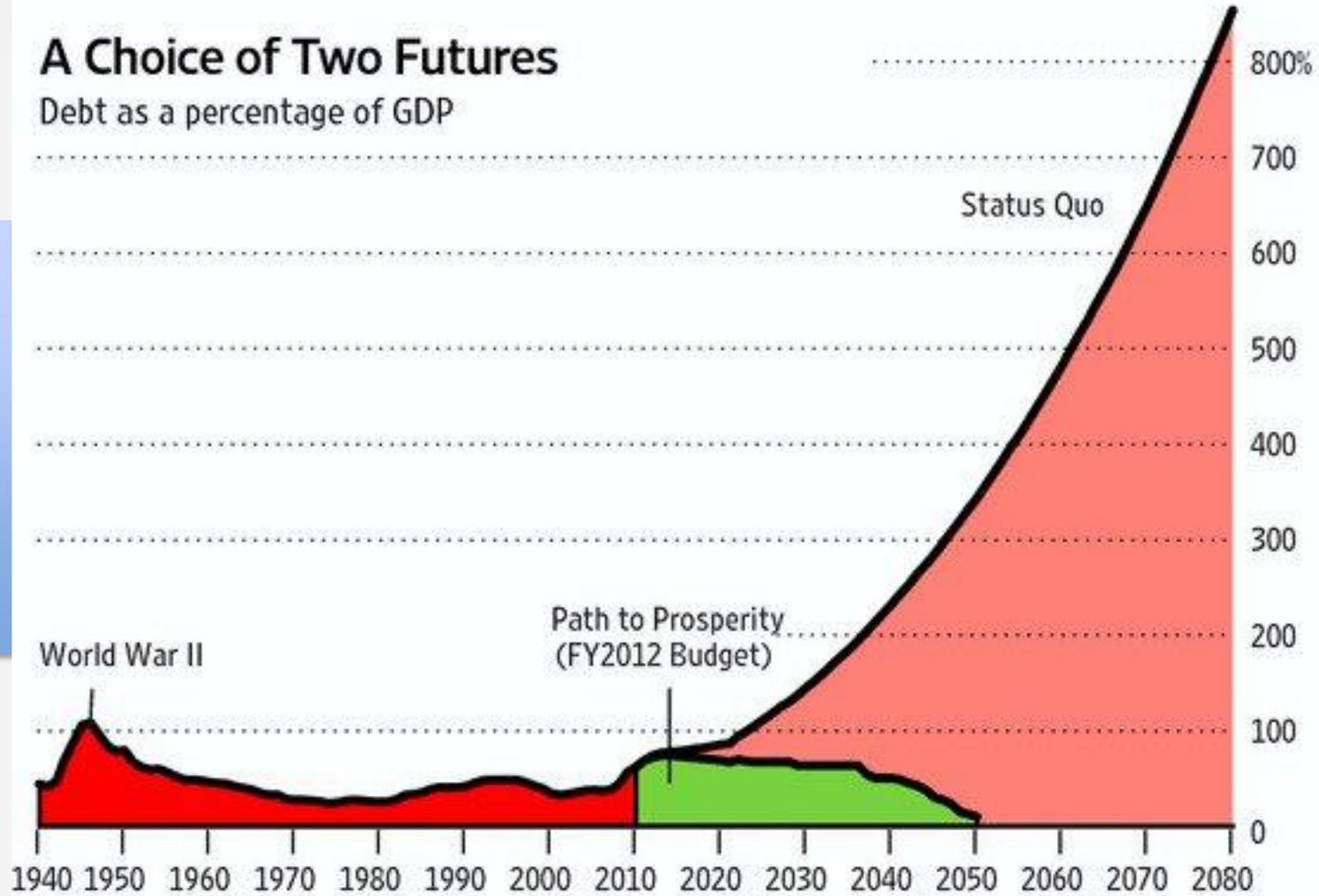


Choice of Two Futures: Balance the Budget, Reduce the Debt, and Grow the Economy



A Choice of Two Futures

Debt as a percentage of GDP



World War II

Path to Prosperity
(FY2012 Budget)

Status Quo



Principles to Save and Strengthen Medicare, Medicaid and Social Security

- Protect the benefits of current seniors on Security and Medicare and those nearing retirement age. No Changes for Seniors
- Reform Social Security, Medicare, and Medicaid so they are preserved for our children and grandchildren. Fulfill the Mission of Health and Retirement Security for All Americans
- Cut the deficit and pay down our debt.
- Spur Job Growth and Prosperity



What We Can Do Today



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What We Can Do Today

- Share The Facts With Your Family, Friends, Neighbors And Co-Workers
- Let Them Know Ignoring The Problem Will Only Make The Problem Worse
- Be Part Of A National Solution And Give Your Ideas

