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Economic Performance in the United States

A Comparison of Democratic vs. Republican administrations in the post-War era, 1948-2023

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Economic growth is required in order to raise the standard of living for individual members of any society.

The ultimate measure of the economic effectiveness of any government is the rate of long-term macroeconomic growth and the resulting improvement in the standard of living achieved during the governing administration's tenure in office.

Accordingly, the analysis in this paper compares the rate of economic growth achieved during the post-World War II era by respective administrations of the two major U.S. political parties.

Specifically, this paper compares the most significant measures of U.S. economic growth experienced during these respective administrations:

- Gross Domestic Product (GDP), the measure of total economic output.
- Civilian Employment.
- Private Fixed Investment (PFI), the measure of business investment in productive assets.

This paper also compares U.S. stock market performance during these respective periods, which is a reflection of those measures of fundamental economic growth.

This paper compares the resulting fiscal performance of the federal government during these respective periods:

- The change in U.S. Budget Receipts as a % of GDP.
- The change in the U.S. Budget Deficit as a % of GDP.

Following these six quantitative metrics, this paper provides a summary of the most significant observations, and then, an explanation of the causes of these outcomes and the relationships between the various factors.

Finally, this paper provides a discussion of the most significant implications of this analysis, and it addresses this ultimate question:

How does the economic performance of the two major U.S. political parties compare one with the other?

Annual % Growth in U.S. Gross Domestic Product (GDP)

1948-2023

U.S. GDP grows consistently faster with Democratic administrations

During the post-War era, GDP has grown 37% faster during Democratic administrations, compared with Republican administrations.

Each transition from a Democratic administration to a Republican administration, since the War, has resulted in slower GDP growth.

The current Democratic administration has produced much faster GDP growth than the previous Republican administration.

Gross Domestic Product (GDP) is the value of all goods and services produced in a specific country in a specific time period.

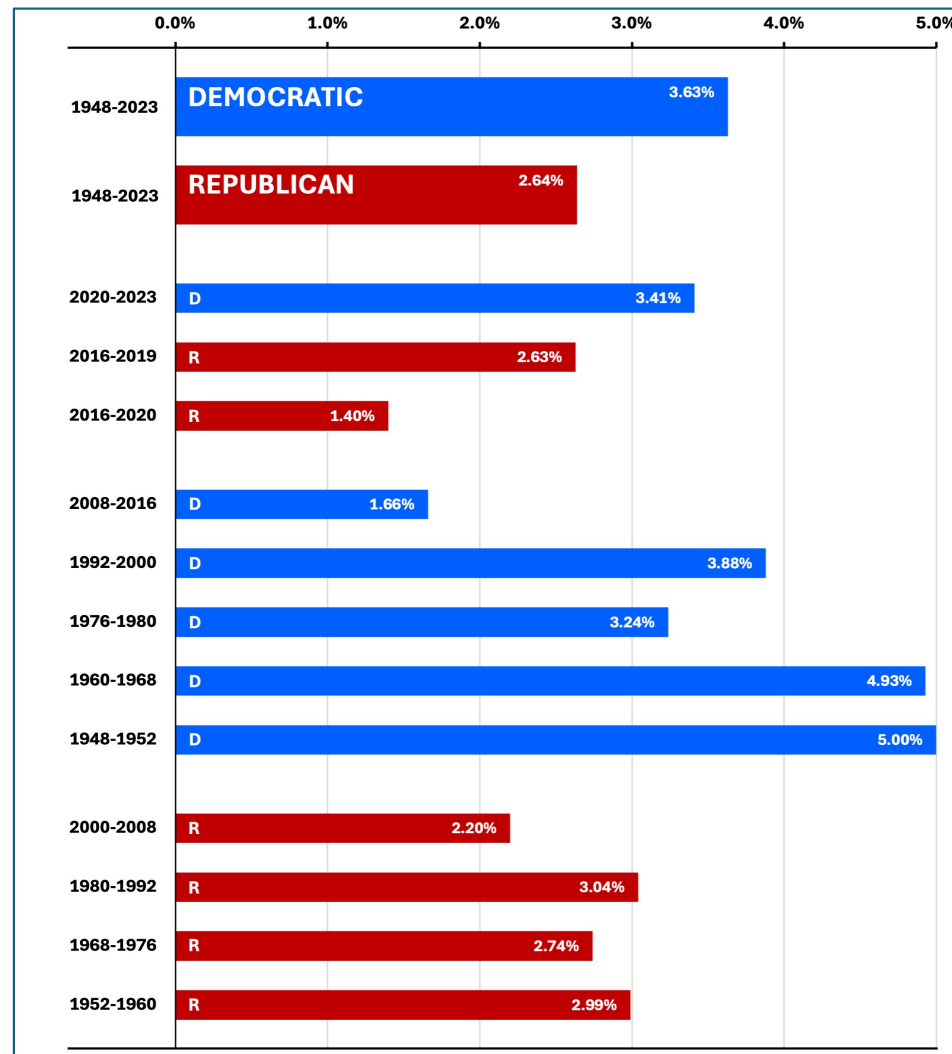


Exhibit 1

Source: U.S. Bureau of Economic Analysis

Annual % Growth in U.S. Civilian Employment

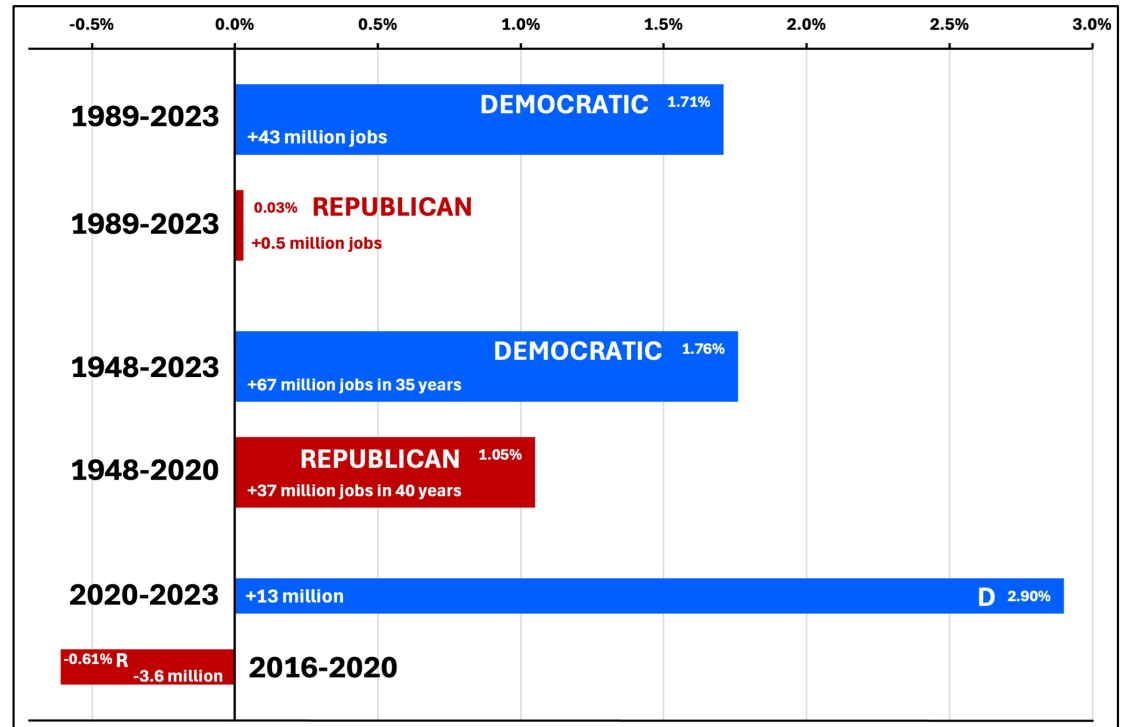
1948-2023

Democratic administrations create significantly more new jobs and at a much faster rate than Republican administrations.

This advantage by Democratic administrations has been consistent throughout the post-War era, and it is substantial.

Since the end of the Cold War, 98% of all new jobs have been created by Democratic administrations.

The current Democratic administration has created 13 million new jobs during 2020-2023, compared to the loss of 3.6 million jobs during the previous Republican administration.



Annual % Growth in U.S. Private Fixed Investment (PFI)

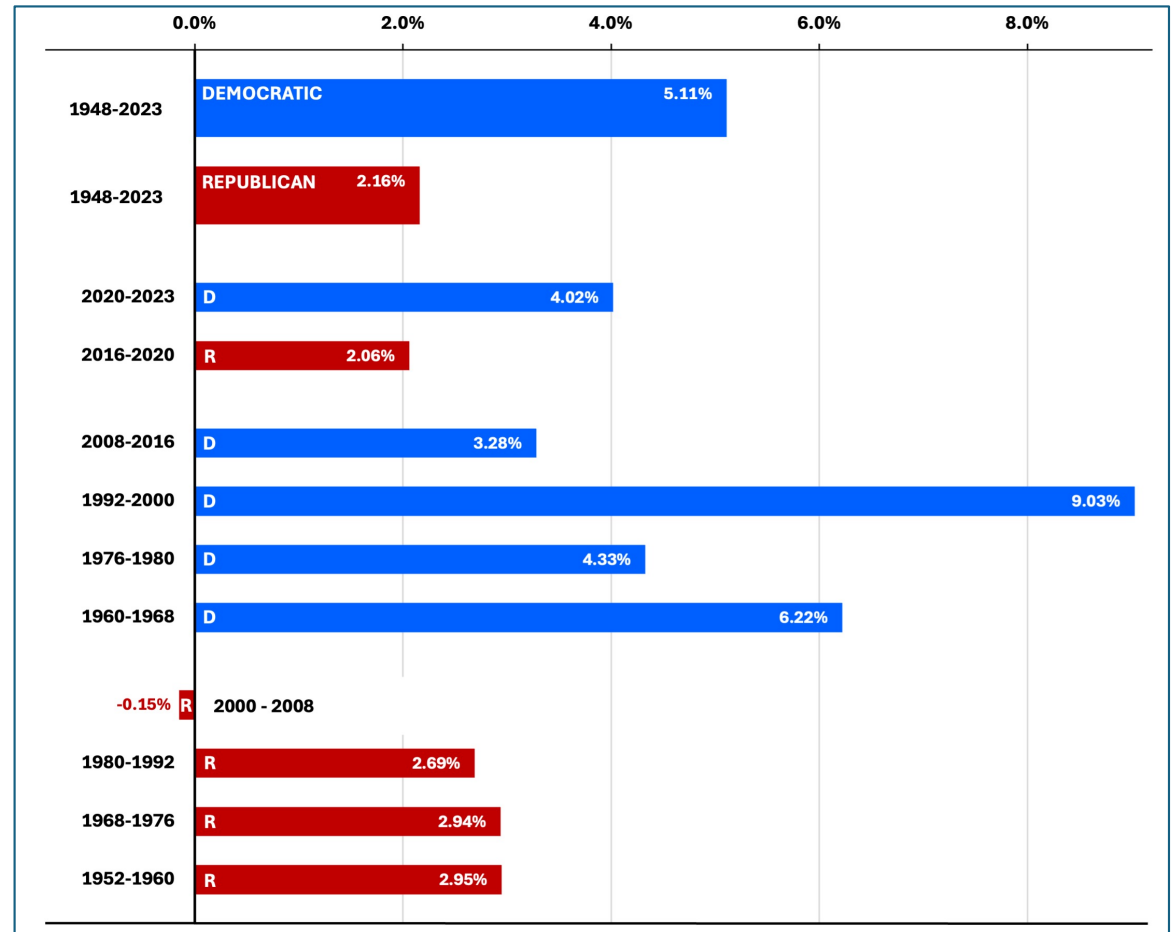
1948-2023

Private Fixed Investment
grows much faster with
Democratic administrations

Private Fixed Investment has grown
more than twice as fast during
Democratic administrations
than Republican administrations.

Private Fixed Investment has grown
twice as fast during the current
Democratic administration, compared with
the previous Republican administration.

Private Fixed Investment is business spending on productive assets including land, buildings, equipment and inventory, and consumer spending on residential property (i.e. homes). PFI represents around 17% of total U.S. GDP.

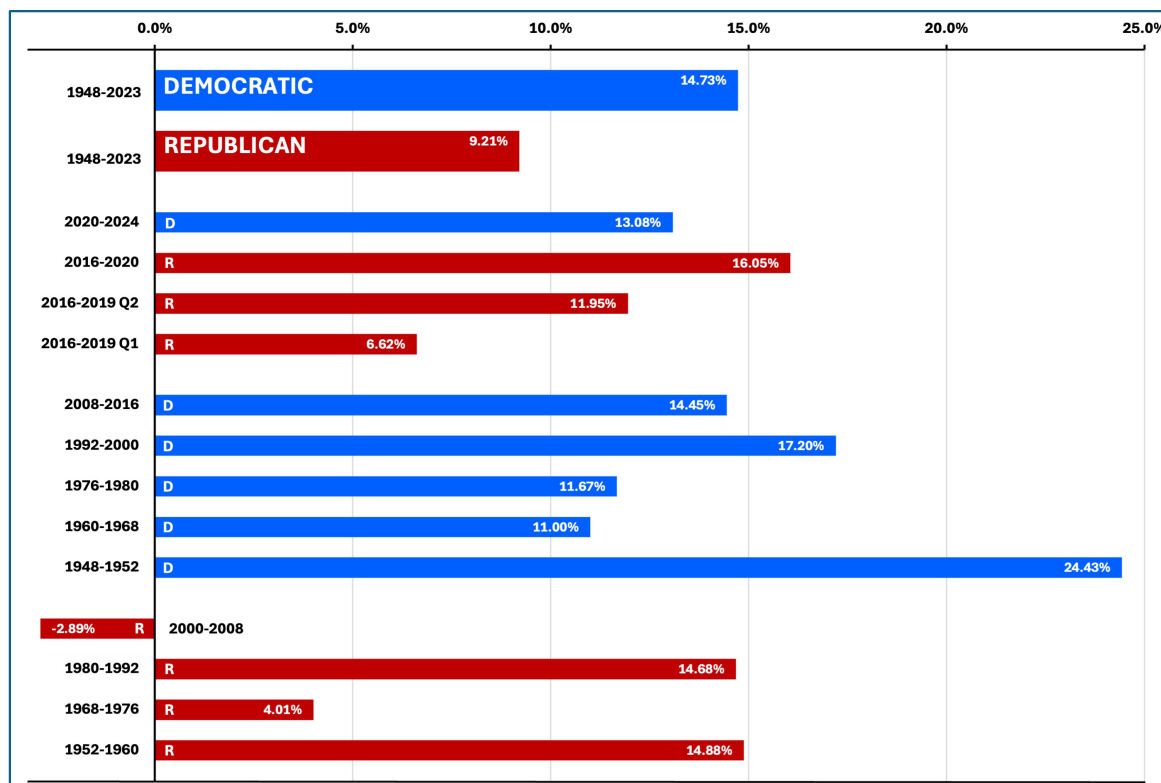


S&P 500 Stock Market Index Annual Total Return to Shareholders

1948-2023

Total return to shareholders has been 60% higher during Democratic administrations, compared with Republican administrations.

Total return to shareholders is the sum of share price appreciation plus dividends received.



Increase in U.S. Budget Receipts as a % of GDP

1948-2023

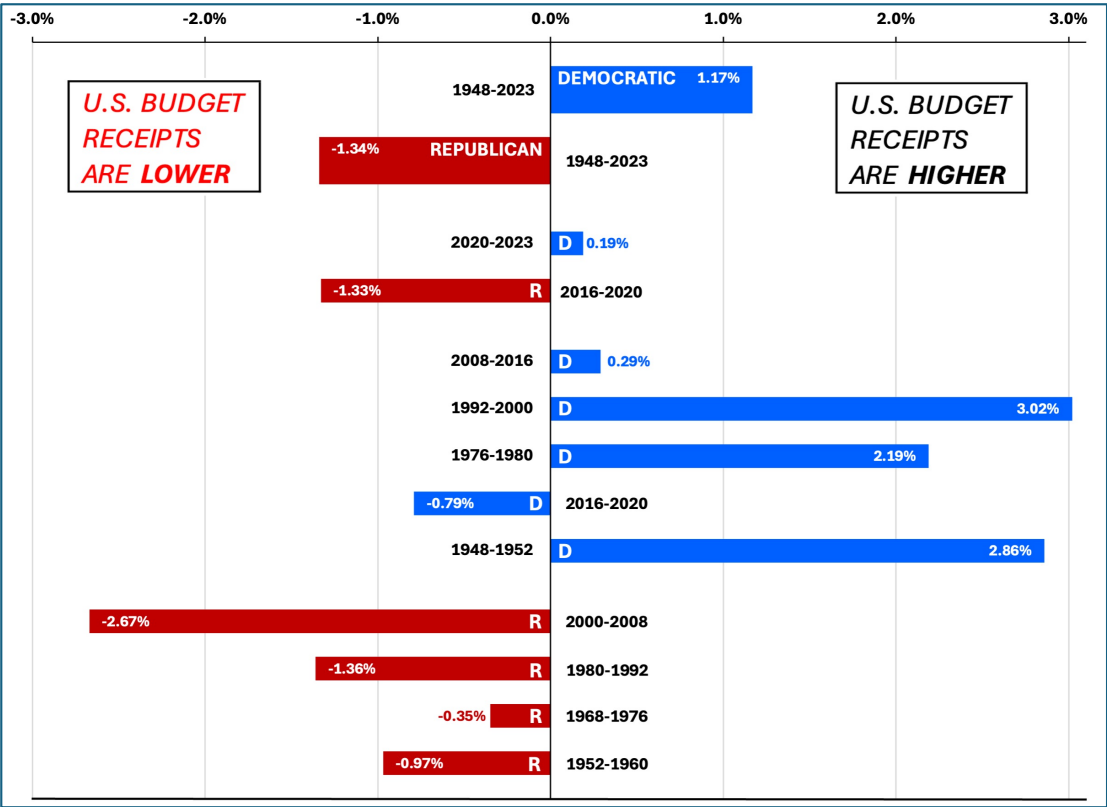
Democratic administrations
have consistently increased
U.S. Budget Receipts.

Republican adminstrations
have consistently reduced
U.S. Budget Receipts.

This superior performance by Democratic
administrations is consistent throughout
the post-War era, and it is substantial.

The current Democratic administration
increased U.S. Budget Receipts
during 2020-2023.

U.S. Budget Receipts were reduced sharply
by the previous Republican adminstration.



Reduction in U.S. Budget Deficit as a % of GDP

1948-2023

Democratic administrations have consistently reduced the U.S. Budget Deficit.

Republican administrations have consistently increased the U.S. Budget Deficit.

This superior performance by Democratic administrations is consistent throughout the post-War era, and it is substantial.

The current Democratic administration has reduced the U.S. Budget Deficit sharply during 2020-2023.

The previous Republican administration increased the U.S. Budget Deficit, sharply during 2016-2019, and dramatically in 2020.

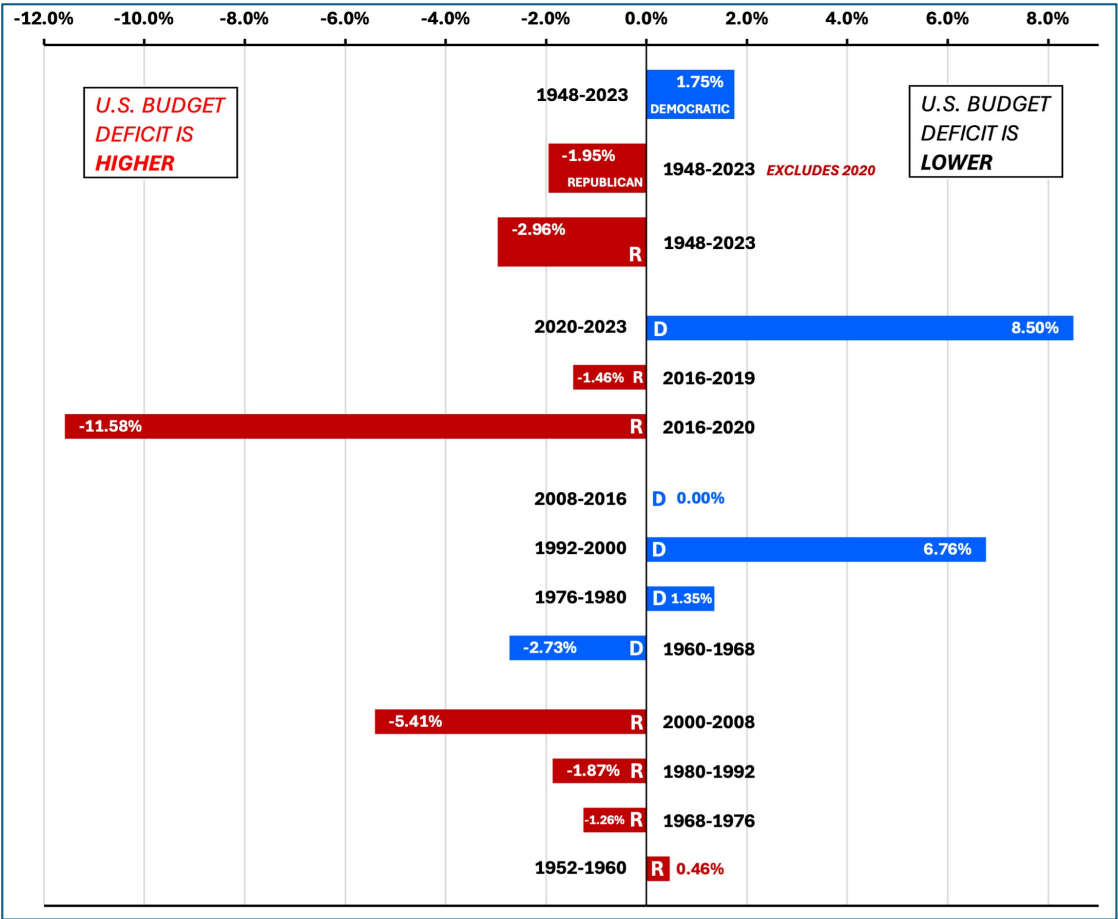


Exhibit 6

Source: U.S. Bureau of Economic Analysis

Total output of the U.S. Economy (GDP) has grown 37% faster during Democratic administrations, compared with Republican administrations, in the post-War era.

Democratic administrations have created significantly more new jobs, and at a much faster rate, compared with Republican administrations, in the post-War era.

Business investment in productive assets (PFI), including buildings, factories and equipment, has grown more than twice as fast during Democratic administrations, compared with Republican administrations, in the post-War era.

Total return on investment in the U.S. stock market has been 60% higher on average during Democratic administrations, compared with Republican administrations.

U.S. federal Budget Receipts in the post-War era:

- have increased consistently and substantially during Democratic administrations,
- have decreased consistently and substantially during Republican administrations.

The U.S. Budget Deficit in the post-War era:

- has decreased consistently and substantially during Democratic administrations,
- has increased consistently and substantially during Republican administrations.

Growth in U.S. economic output (GDP)

Every U.S. administration provides increased economic support to certain constituents; however, the two major U.S. political parties do so in very different ways, accounting for the consistent and substantial difference in economic performance.

Democratic administrations provide increased economic support mainly to working citizens, and to citizens not in the higher economic stratum, through many forms of assistance.

The beneficiaries use this increased support from Democratic administrations to purchase goods and services, creating increased consumer demand, and driving faster overall economic growth.

Republican administrations provide increased economic support mainly to corporations and citizens in higher economic stratum, through tax reductions.

The beneficiaries of increased support from Republican administrations mainly save and invest this money in financial assets: they do not use this incremental money to purchase additional goods and services, and do not drive faster economic growth

Growth in U.S. productive capacity (PFI) and civilian employment

The faster economic growth and increased consumer demand during Democratic administrations causes suppliers to expand productive capacity and hire more employees, to meet the increased demand for their goods and services.

Comparatively slower growth in consumer demand during Republican administrations results in comparatively less expansion of productive capacity and the workforce by suppliers of goods and services.

Explanations**Economic Performance in the United States**

Performance of the U.S. stock market

Faster economic growth and increased consumer demand during Democratic administrations drives faster growth in corporate profits and dividends, and faster increases in stock prices, compared to Republican administrations.

Increase in U.S. federal Budget Receipts

Faster growth in economic output, civilian employment, corporate profits, dividends and stock prices delivered by Democratic administrations results in faster growth in taxable income and increased U.S. federal Budget Receipts.

Slower growth in economic output, civilian employment, corporate profits, dividends and stock prices delivered by Republican administrations, causing slower growth in taxable income, combined with tax reductions enacted by most Republican administrations, results in substantially reduced U.S. federal Budget Receipts.

Reduction in the U.S. federal Budget Deficit

Increased U.S. federal Budget Receipts consistently generated by Democratic administrations result in a consistent reduction in the U.S. federal Budget Deficit by Democratic administrations.

Reduced U.S. federal Budget Receipts caused by Republican administrations result in a consistent and substantial increase in the U.S. federal Budget Deficit by Republican administrations.

In every one of these 6 essential metrics, the U.S. Economy has performed better under Democratic administrations, compared with Republican administrations.

Democratic administrations have delivered faster growth in GDP, jobs, investment in productive assets, and U.S. Budget Receipts, superior stock market performance, and superior fiscal performance (reduced Deficits), compared with Republican administrations.

This superior economic performance by Democratic administrations, compared with Republican administrations, has been consistent and substantial, and often overwhelming, throughout the post-War era.

This substantially superior economic performance has resulted from significant differences in the economic policies enacted consistently by Democratic administrations.

The increased economic support provided by Democratic administrations, through many forms of assistance, to working citizens and to citizens not in the higher economic stratum, has driven consistently and substantially faster economic growth, unlike the increased support provided by Republican administrations through tax reductions for the wealthiest citizens and corporations.

The premise of *supply-side economics* espoused by Republican administrations during the past 50 years is that tax reductions for corporations and the wealthiest citizens will result in greater investment in productive capacity, expansion of the workforce, and thus faster growth in consumer demand, faster economic growth, and faster growth in U.S. Budget Receipts.

In fact, these *supply-side* outcomes as predicted by Republican administrations have never happened. Instead, the opposite has occurred. Republican administrations have delivered much slower growth in investment, jobs and consumer demand, and a decline in U.S. Budget Receipts.

Businesses do not invest in the expansion of productive capacity and workforce because of federal tax incentives. Rather, they do so when there is greater demand for their products and services.

Throughout the post-War era, Democratic administrations and Democratic economic policies have expanded the consumer demand side of this equation by providing increased economic support to working citizens.

The actual economic data completely debunks the Republican theory of *supply-side* economics.

In fact, the actual economic data completely debunks the myth that the Republican Party is better for the Economy. Rather, the opposite is true.

The Democratic Party and Democratic economic policies are consistently and substantially better for the U.S. Economy. The actual economic data on every measure make this point emphatically clear.