

Myths and Realities About the U.S. Economy

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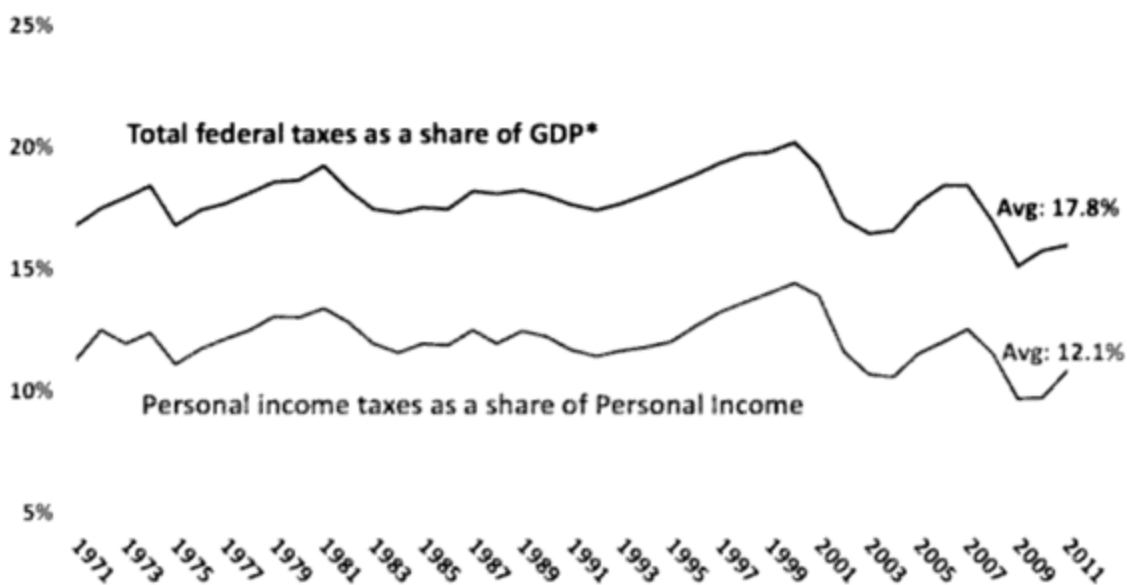
When it comes to the U.S. economy, myths and misleading statistics abound. Are taxes the highest they've ever been? Is the country's spending at record levels? Are the majority of products U.S. consumers buy produced by low-wage workers overseas?

The answer often depends on the spin.

But this Bureau of Economic Analysis presentation on myths and misperceptions about the U.S. economy gives investors a sense of what's real and what's the twisted truth.

7 Myths About the U.S. Economy

Are Federal Taxes at a Record High?



Source: BEA
*Major components include personal payroll and income taxes, and corporate taxes

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Even though Americans paid a record \$2.7 trillion in federal taxes in 2012, as a percentage of the economy, that amounted to 16%, below the long-term average.

Is Federal Debt at a Record High?



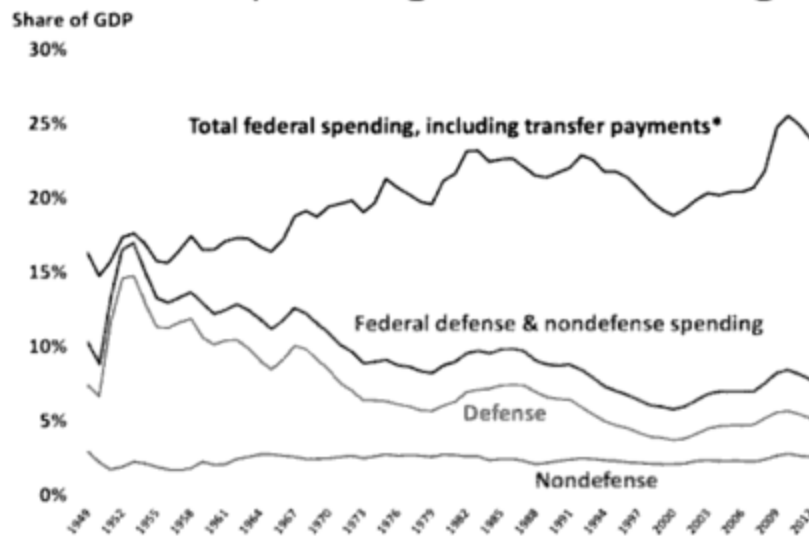
Source: Congressional Budget Office

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The amount of overall debt in our country continues to reach new highs every week - but it's not at its highest level in relation to GDP. As of April 2, debt held by the public was roughly \$11.96 trillion, or 75% of GDP. But federal debt held by the public as a percentage of GDP was higher in the 1940s.

Is Federal Spending at a Record High?



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

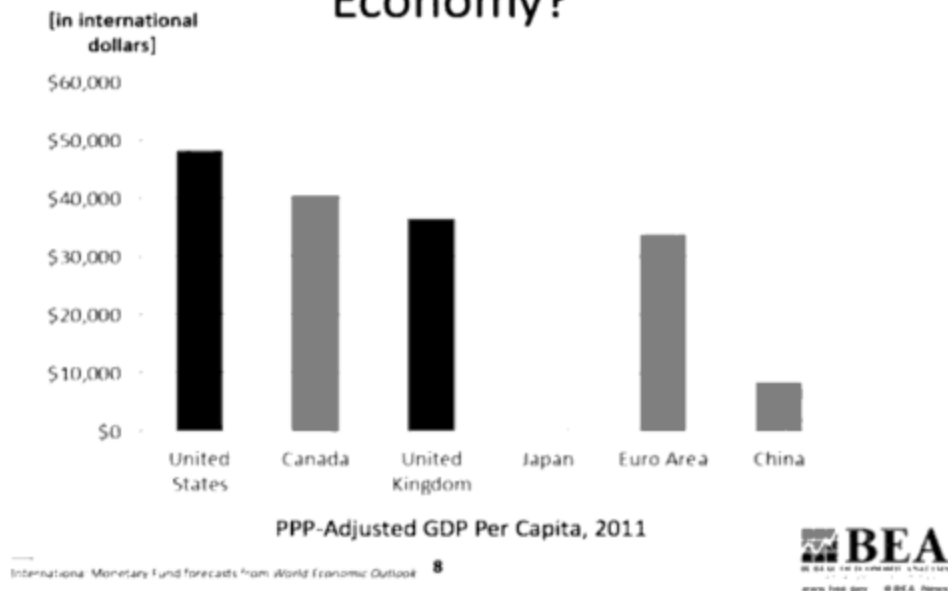
Source: BEA

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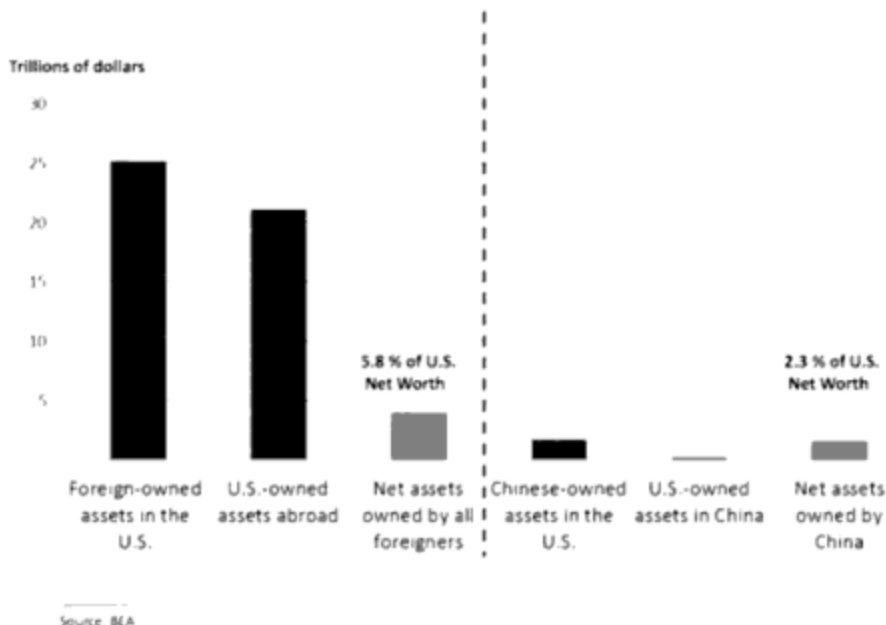
While non-defense and defense spending are in a downward trend over the past 40 years, total federal spending as a percentage of GDP is just off its 2010 peak.

Is the U.S. Still the World's Leading Economy?



Yes. Americans contribute an average of almost \$50,000 to the country's GDP. That's higher than the average contribution to GDP of any other nation.

Do Foreigners Own America?

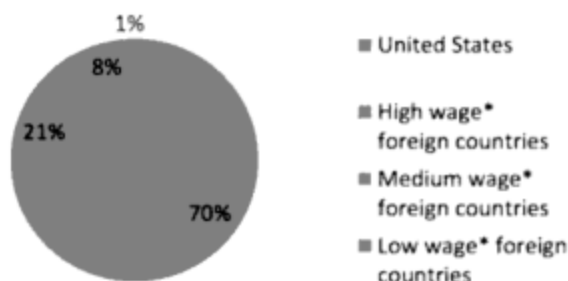


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Not as much as some would think. In fact no country, not even China, owns more than 2.5% of U.S. assets.

Have U.S. Companies Offshored Their Production to Low-Wage Countries?

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



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

Source: BEA

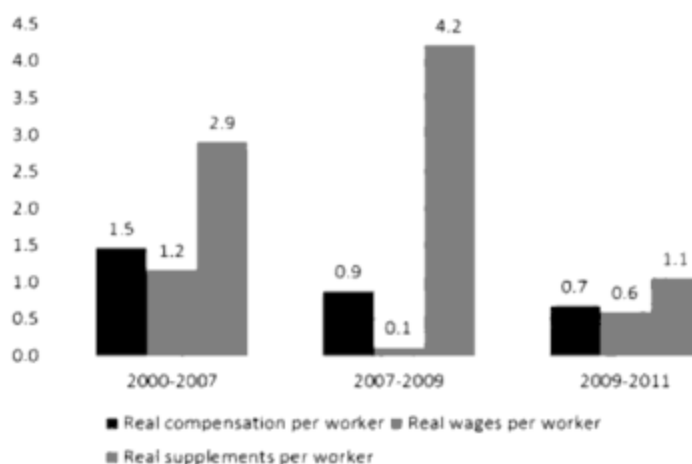
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The idea that the majority of products U.S. consumers buy are made by poorly paid workers is simply false. In fact, only 1% of the goods produced and services offered by U.S. multinational companies come from low-wage countries.

Rising or Stagnant Wages?

Average annual growth rate



Source: BEA

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Wages are growing, but barely. Since the recession, wages have grown at half the rate they did from 2000-2007.
