

AN ECONOMIC REPORT BY THE HOUSE REPUBLICAN POLICY COMMITTEE

THE TALE OF TWO ECONOMIES



TRUMP VS. BIDEN

HARRIS

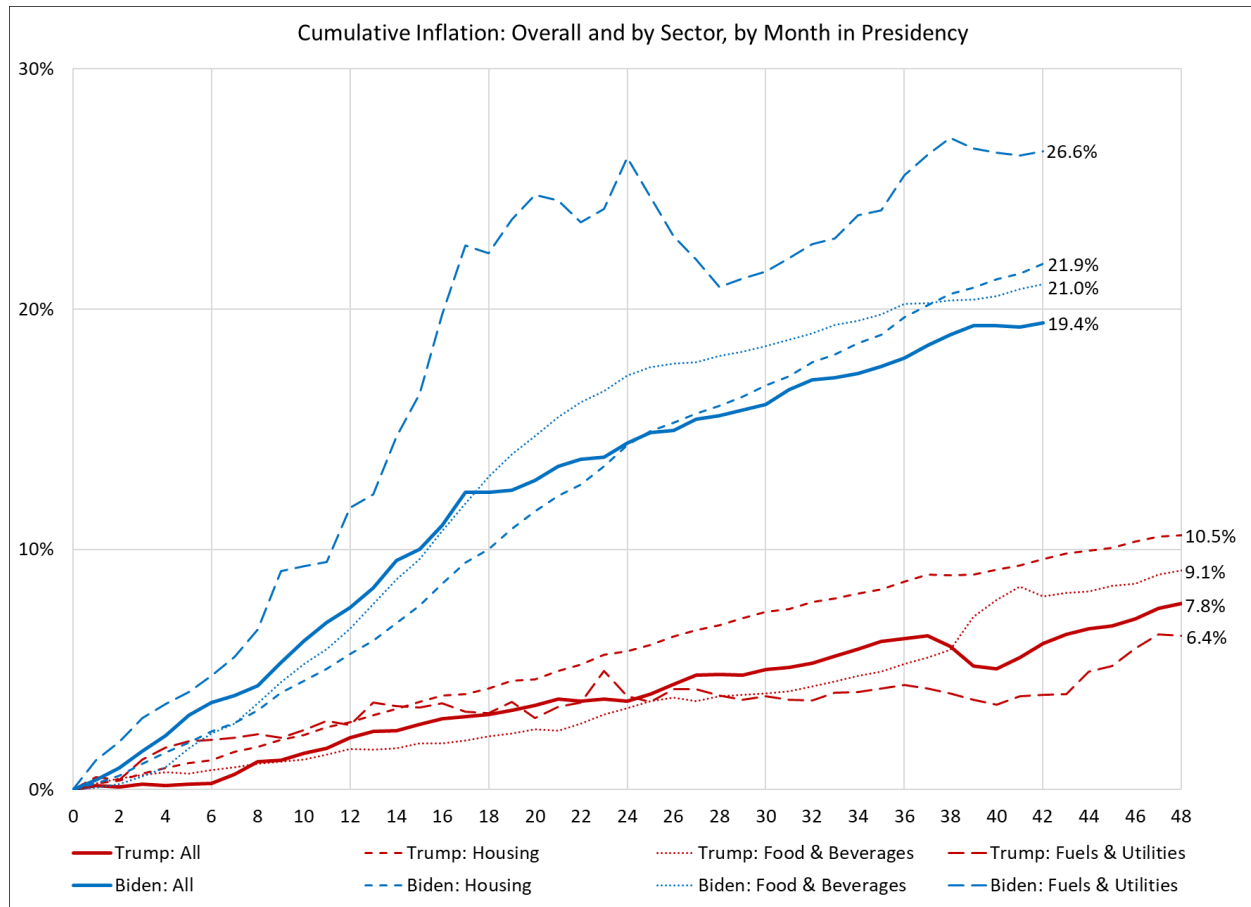
HOUSE REPUBLICAN
POLICY COMMITTEE
 ESTABLISHED 1949
CHAIRMAN GARY PALMER

The Tale of Two Economies: Trump vs. Biden

Executive Summary

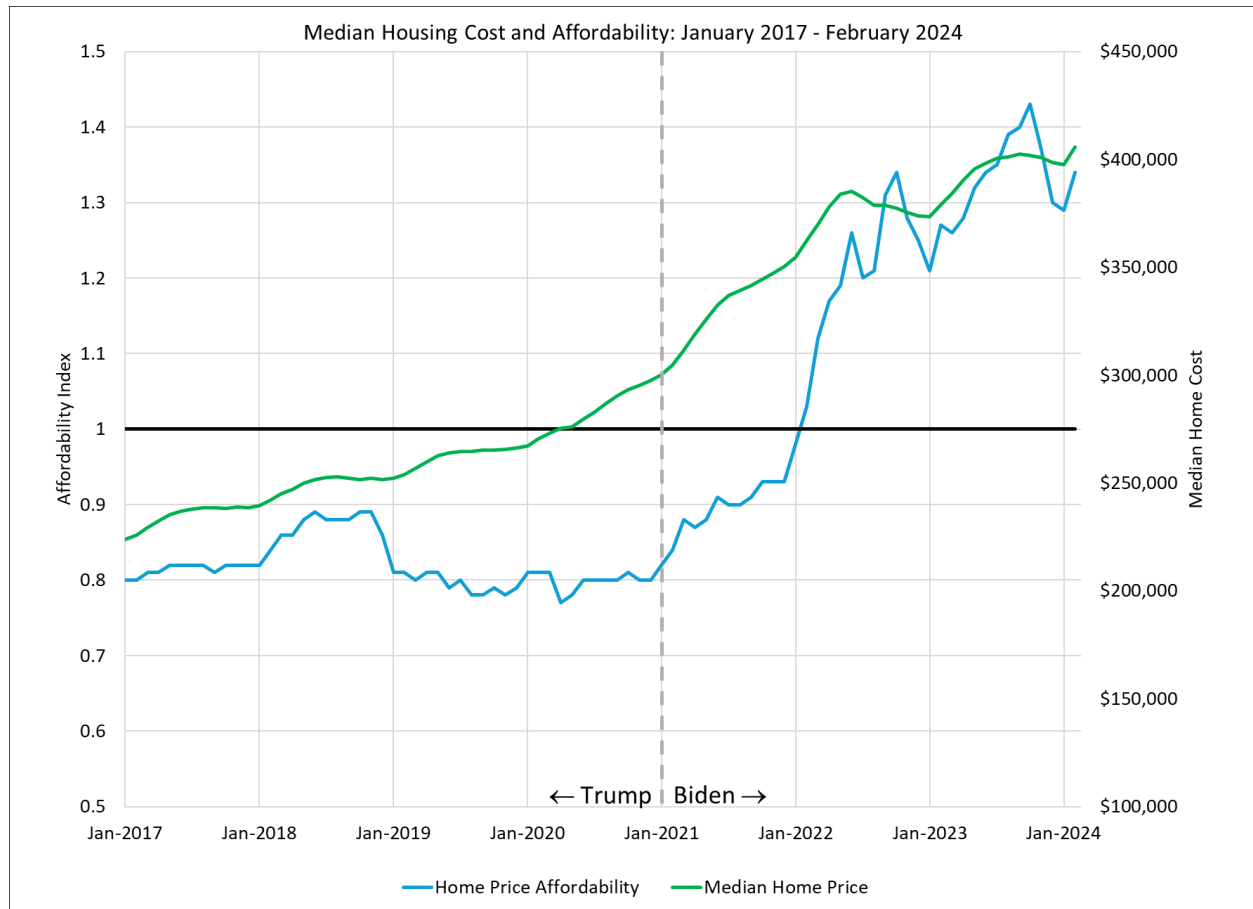
- In 42 months of the Biden-Harris administration, seasonally adjusted inflation for all goods and services (19.4%) has risen 2.5 times faster than during the 48 months of the Trump administration (7.8%).
- A median-priced home has not been this unaffordable for a family with an average income since 1982. In 237 cities across the country, the average starter home costs at least \$1 million.
- At the end of FY2023, the federal deficit was \$33.2 trillion, or 123% of the GDP. This amount translates to approximately \$101,000 of debt for every citizen. By 2028, the Congressional Budget Office projects that the federal deficit will increase to \$42.1 trillion, or 137% of the GDP.
- The economic effects of current federal regulations are estimated to be at least \$2.1 trillion annually. This regulatory tax burden is nearly the cost of 2023 individual income taxes (\$2.18 trillion) and more than four times the corporate income tax burden (\$420 billion).
- Whereas the Biden-Harris administration is on track to add \$47,000 in net present value regulatory costs per household from rules finalized during its first term, the Trump administration's 2017-2021 term reduced regulatory costs by almost \$11,000 per household.
- During the Trump administration, the inflation-adjusted median income for all households rose 5.9%, whereas the same households under the Biden-Harris administration have seen their incomes drop 2.3%.
- During the Trump administration, total U.S. retirement market assets—including annuities, defined benefit plans, defined contribution plans, and IRAs—increased 26.8% after adjusting for inflation (\$33.7 trillion to \$42.7 trillion). By comparison, the value of the same assets since the beginning of the Biden-Harris administration fell by an inflation-adjusted 6.6% (\$42.7 trillion to \$39.9 trillion).
- Household debt is at a record \$17.8 trillion, of which \$3.5 trillion originated during the current Biden-Harris administration.

Inflation



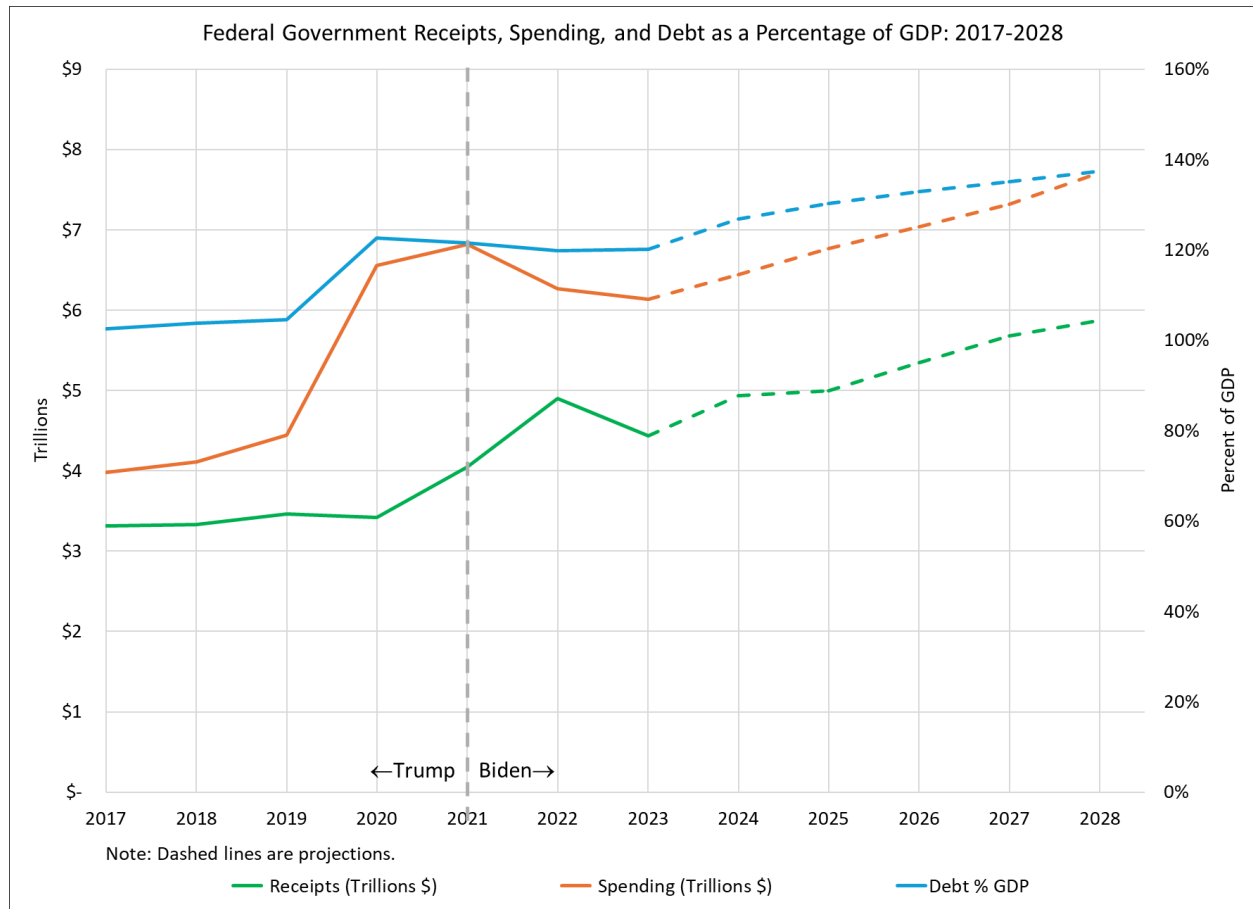
- In 42 months of the Biden-Harris administration, seasonally adjusted inflation for all goods and services (19.4%) has risen 2.5 times faster than during the 48 months of the Trump administration (7.8%).¹
- Since January 2021, the cost of food and beverages has risen 2.3 times faster than during the Trump administration (21% vs. 9.1%); the cost of housing has increased 2.1 times faster (21.9% vs. 10.5%); and the price of fuel and utilities has risen 4.1 times faster (26.6% vs. 6.4%).²
- Workers' wages are not increasing quickly enough to afford these higher prices. For example, a worker earning the median weekly salary of \$983 in early 2021 (\$51,116 annually) now must earn \$1,182 per week (\$61,464 annually) to account for inflation. They are not: the average weekly salary in the second quarter of 2024 was \$1,151 (\$59,852), which means they are making the equivalent of \$1,600 less per year than in 2021.^{3,4,5} By comparison, workers earning the median weekly salary in January 2017 (\$858; \$44,616) made \$3,057 more annually by the end of the Trump administration in early 2021 after accounting for inflation.⁶

Housing Cost and Affordability



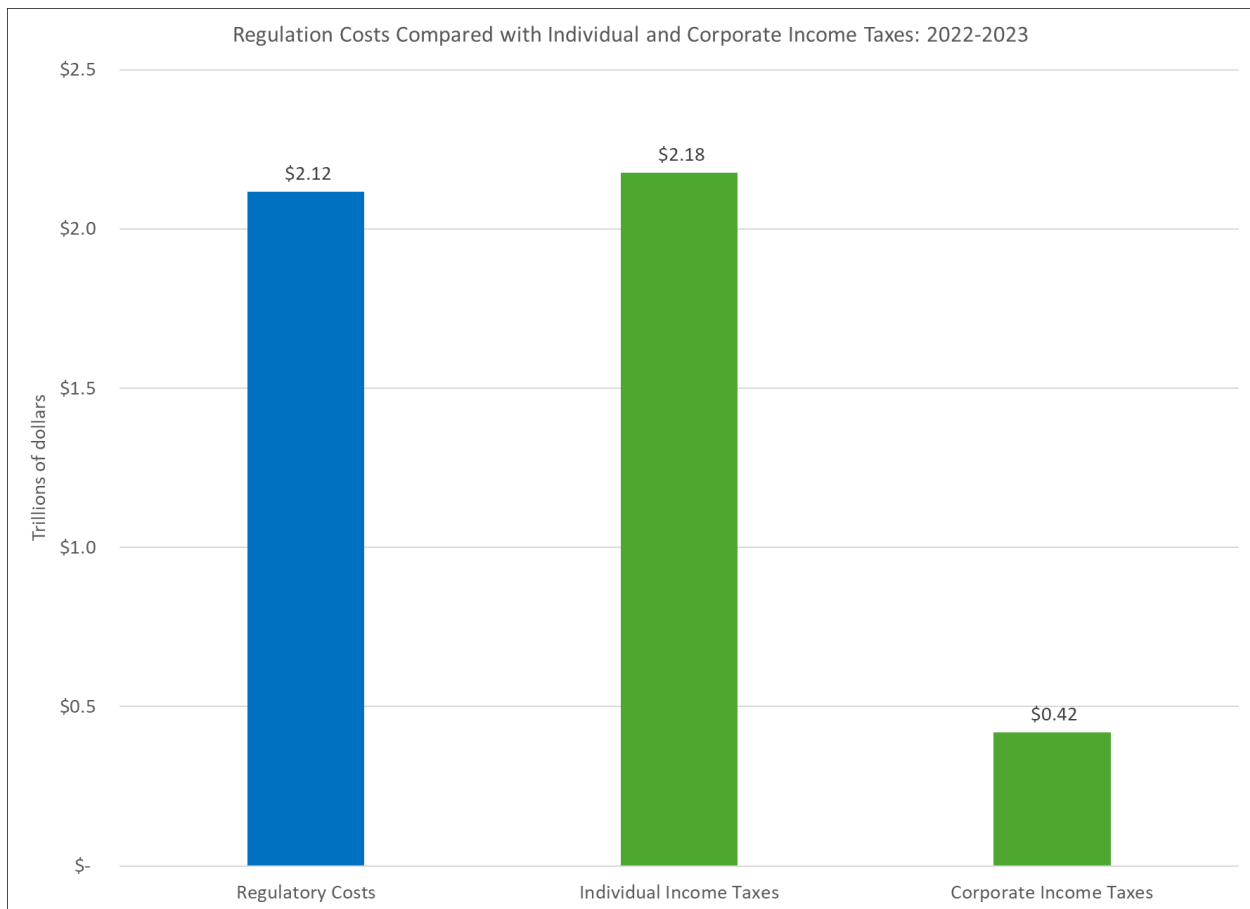
- To show trends in the affordability of homes relative to (1) their median cost, (2) prevailing mortgage interest rates, and (3) the typical household income, DQYDJ, the finance and investing website, has developed a home affordability index.⁷ An affordability value of 1.0 or lower means median-priced homes are affordable to households with the median income for the given year, while values greater than 1.0 mean the median home cost is less affordable.⁸
- During the Trump administration, the home affordability index averaged 0.82; conversely, the index under the Biden-Harris administration has averaged 1.16, with 25 of 37 months averaging 1.0 or higher. Between June 2023 and February 2024, the index averaged 1.35; it has not been this high since September 1982.⁹ One index component is interest rates of 30-year fixed-rate mortgages (FRMs). Since January 2021, the average rate of a 30-year FRM has risen from 2.65% to 6.35% on September 5, 2024.¹⁰
- In January 2021, the median home price was \$300,314. In February 2024, it was \$405,615, an increase of \$105,301, or 35%.¹¹ The average starter home—in the lowest third of home values in a given region—now costs 54.1% more than it did in 2019. In 237 cities nationwide, the average starter home now costs at least \$1 million.¹²

Debt, Deficit Spending, and Projections



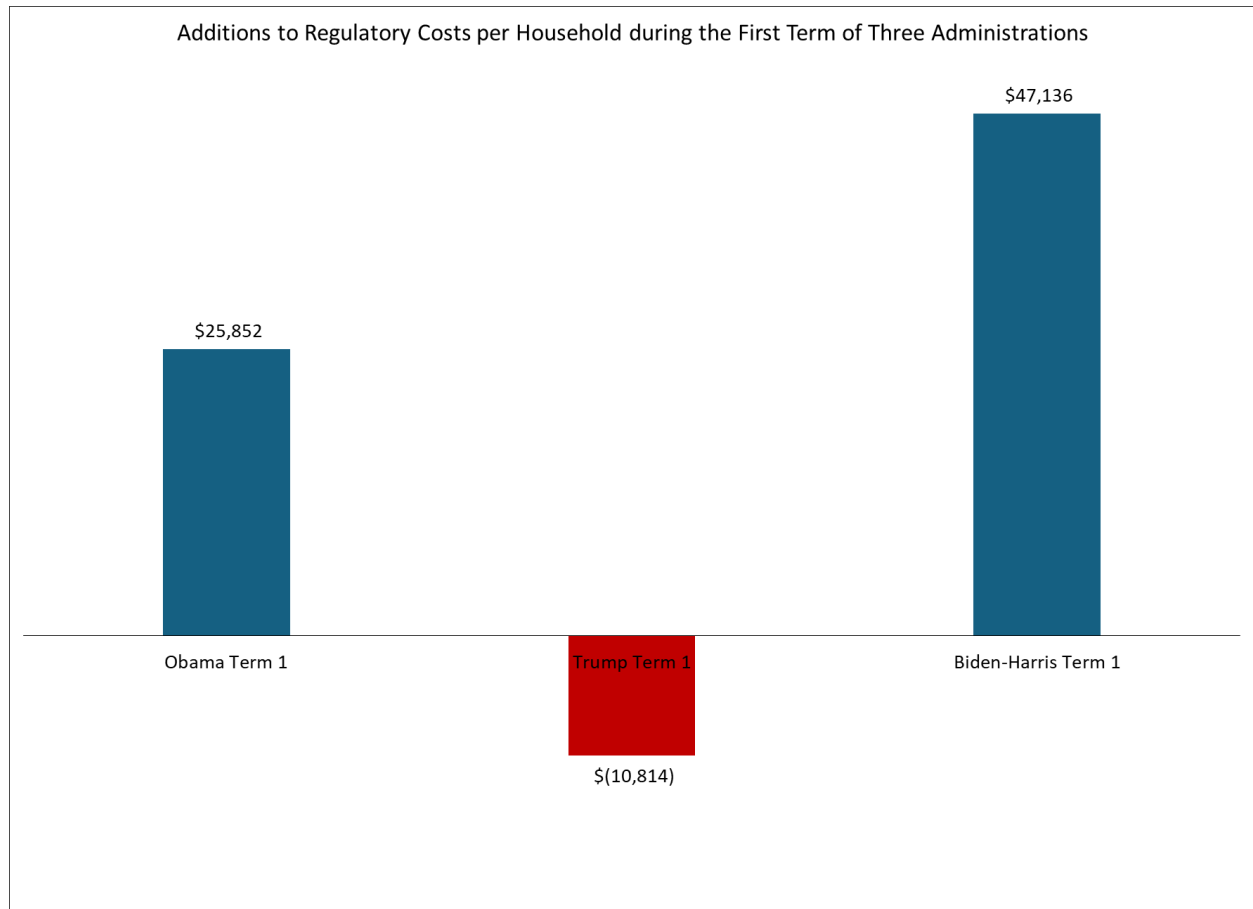
- At the end of FY2023, the federal debt was \$33.2 trillion, or 123% of the GDP. This amount translates to approximately \$101,000 of debt for every citizen of the U.S.¹³ By 2028, the Congressional Budget Office projects that the federal debt will increase to \$42.1 trillion, or 137% of the GDP (\$33 trillion).¹⁴
- Drastic deficit spending, which is spending that surpasses federal revenues, has caused the skyrocketing of our national debt. In FY2023, the federal government received \$4.4 trillion and spent \$6.1 trillion.¹⁵ Currently, the federal debt is increasing at about \$1 trillion every 100 days.¹⁶
- Between FY2017 and FY2021, federal revenue rose from \$3.32 trillion to \$4.05 trillion—a 22% increase—despite a series of tax cuts implemented by the Trump administration.¹⁷

Regulatory Burden (Total)



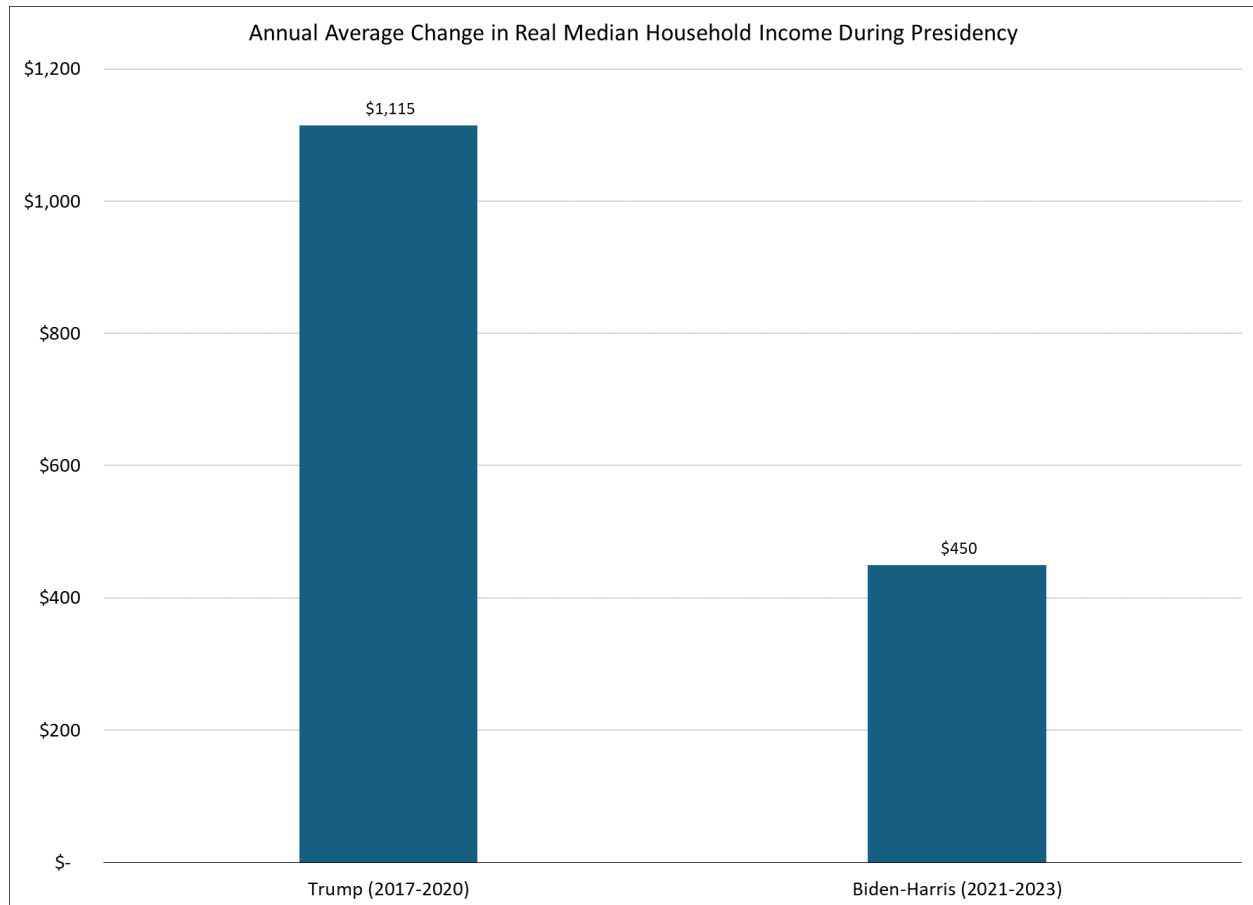
- Federal regulations come with a compliance cost that American households pay. The economic effects of current federal regulations are estimated at least \$2.12 trillion annually, with some models estimating a cost to Americans of over \$3 trillion.¹⁸
- To cover the conservative estimate of \$2.12 trillion, American households pay, on average, a \$15,788 annual regulatory tax in the form of higher prices for goods and services. This cost exceeds what households spend on healthcare, food, transportation, and savings. These regulatory costs nearly match the total individual income tax burden of \$2.18 trillion.¹⁹
- One of the biggest factors in business closures is regulatory costs. These costs are more than five times the corporate income tax burden of \$420 billion.²⁰ Businesses are ultimately forced to pass these costs on to consumers through higher prices for goods and services, making the massive increase in regulatory costs one of the principal drivers of high inflation under the Biden-Harris administration.
- In addition, the federal paperwork burden—the quantified effort and resources needed by the American public to report information to federal agencies to inform them of their compliance with regulations— was estimated to be over 10.3 billion hours in FY2022.²¹

Regulatory Burdens (Per Household)



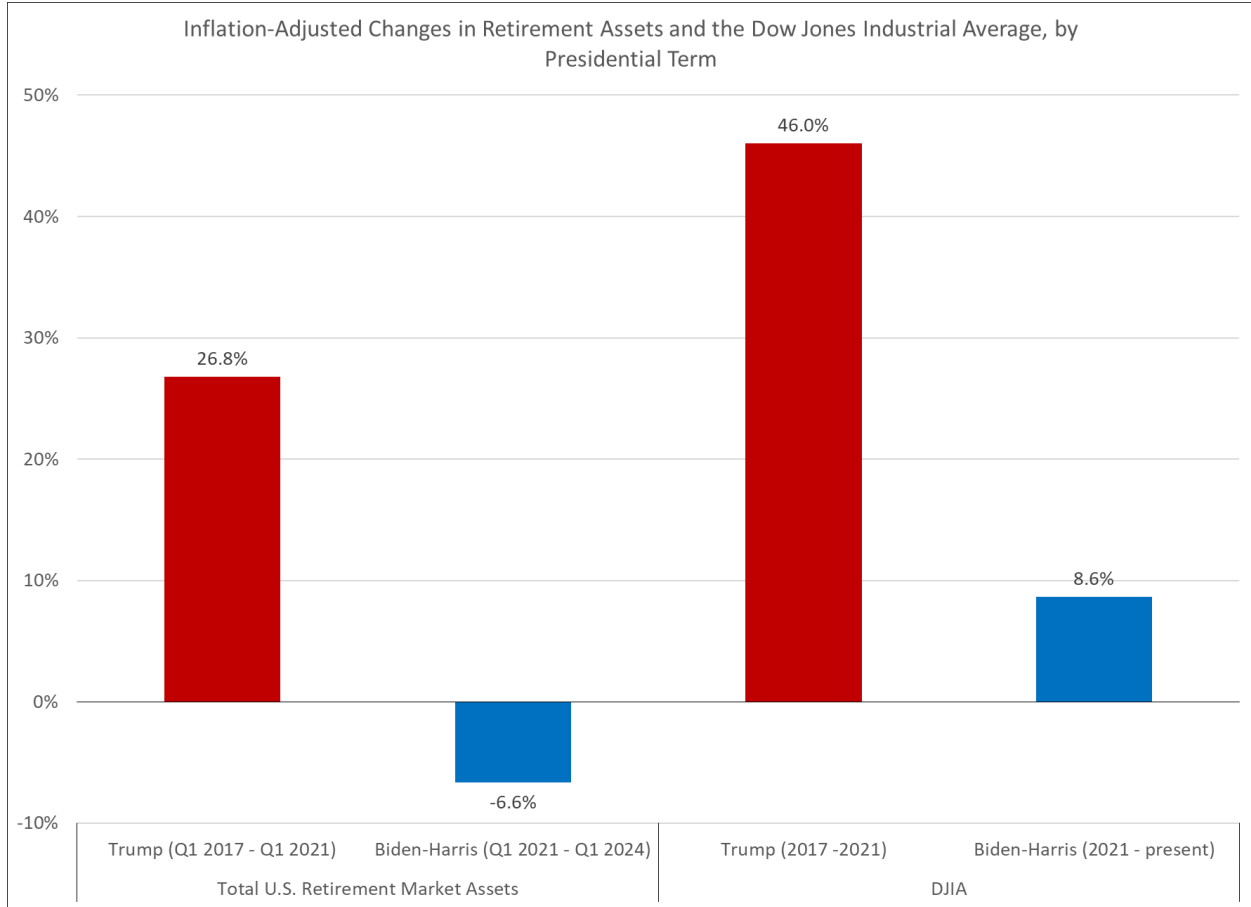
- The executive branch issues thousands of pages of new regulations each year that add to the 200,000 pages of federal rules already in place. These regulations come with compliance costs borne by American households.²²
- The Biden-Harris administration is on track to add \$47,000 in net present value regulatory costs per household from rules finalized during its first term. This is almost twice the costs imposed during President Obama's first term (\$25,852). By comparison, the Trump administration's 2017-2021 term reduced regulatory costs by almost \$11,000 per household.²³
- New federal rules are more regressive than any other federal, state, and local taxes. As a share of household income, the costs for the lowest income quintile are seven times what they are for the top quintile. By reducing wages and increasing consumer prices, the rules finalized during the first term of the Biden-Harris administration are expected to reduce the purchasing power of the lowest-quintile households by five percent.²⁴

Real Household Income



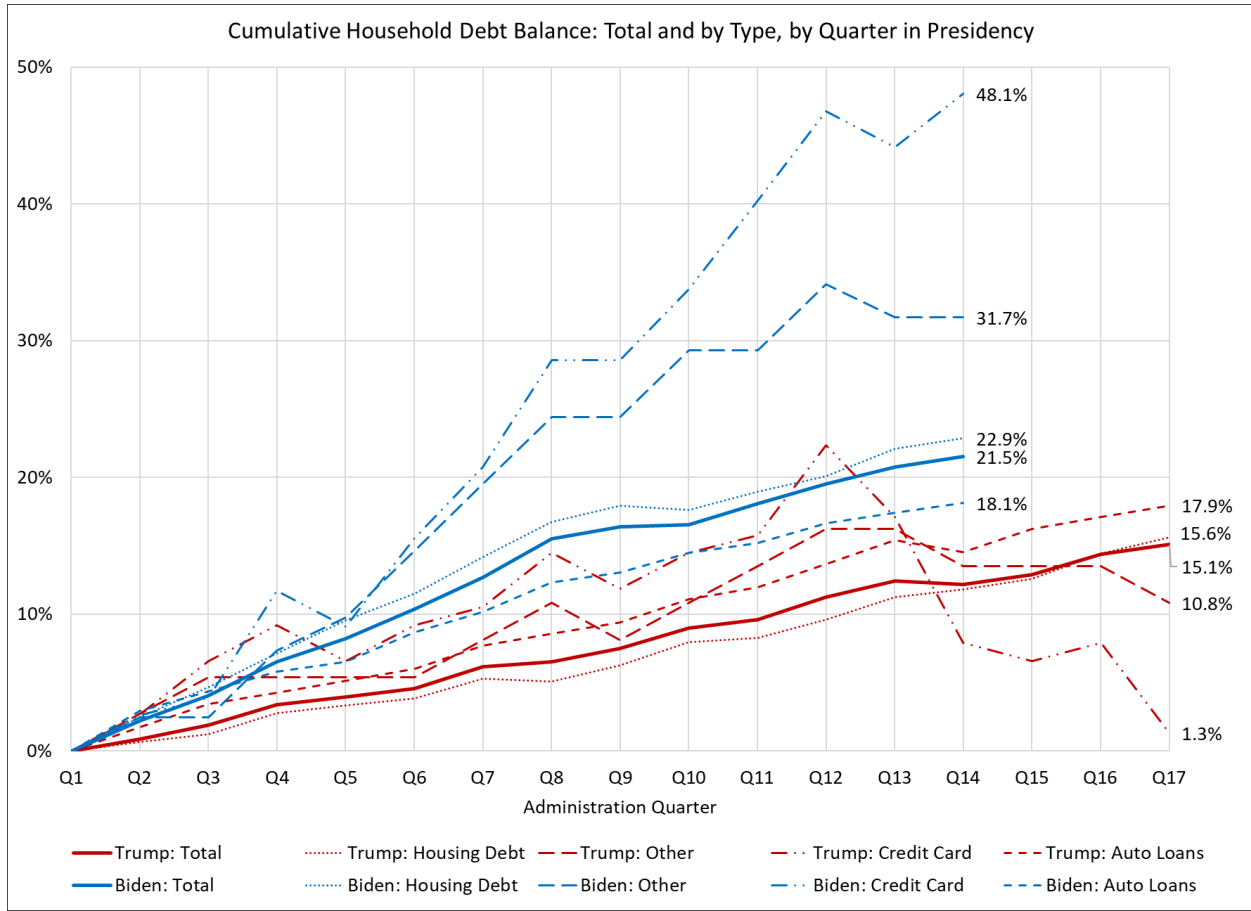
- According to data from the U.S. Census Bureau, year-over-year inflation-adjusted changes in median household income improved annually by an average of \$1,115 for all Americans during the Trump administration. In contrast, Americans have done much worse under the current Biden-Harris administration.²⁵
- During the Trump administration, the inflation-adjusted median income for all households rose 5.9%, from \$75,100 in 2017 to \$79,560 in 2020. By comparison, the same households under the Biden-Harris administration have seen their incomes grow by only 1.7%, from \$79,260 to \$80,610.²⁶

Retirement Assets and Investments



- During the Trump administration, total U.S. retirement market assets—including annuities, defined benefit plans, defined contribution plans, and IRAs—increased 26.8% after adjusting for inflation (\$33.7 trillion to \$42.7 trillion). By comparison, the value of the same assets since the beginning of the Biden-Harris administration fell by an inflation-adjusted 6.6% (\$42.7 trillion to \$39.9 trillion).²⁷
- Many retirees and those planning to retire depend on robust increases in the stock market to help them. The inflation-adjusted Dow Jones Industrial Average (DJIA) during the Trump administration increased 46%. In contrast, it has increased only 8.6% under the Biden-Harris administration from their inauguration day in 2021 to the present (September 10, 2024).²⁸

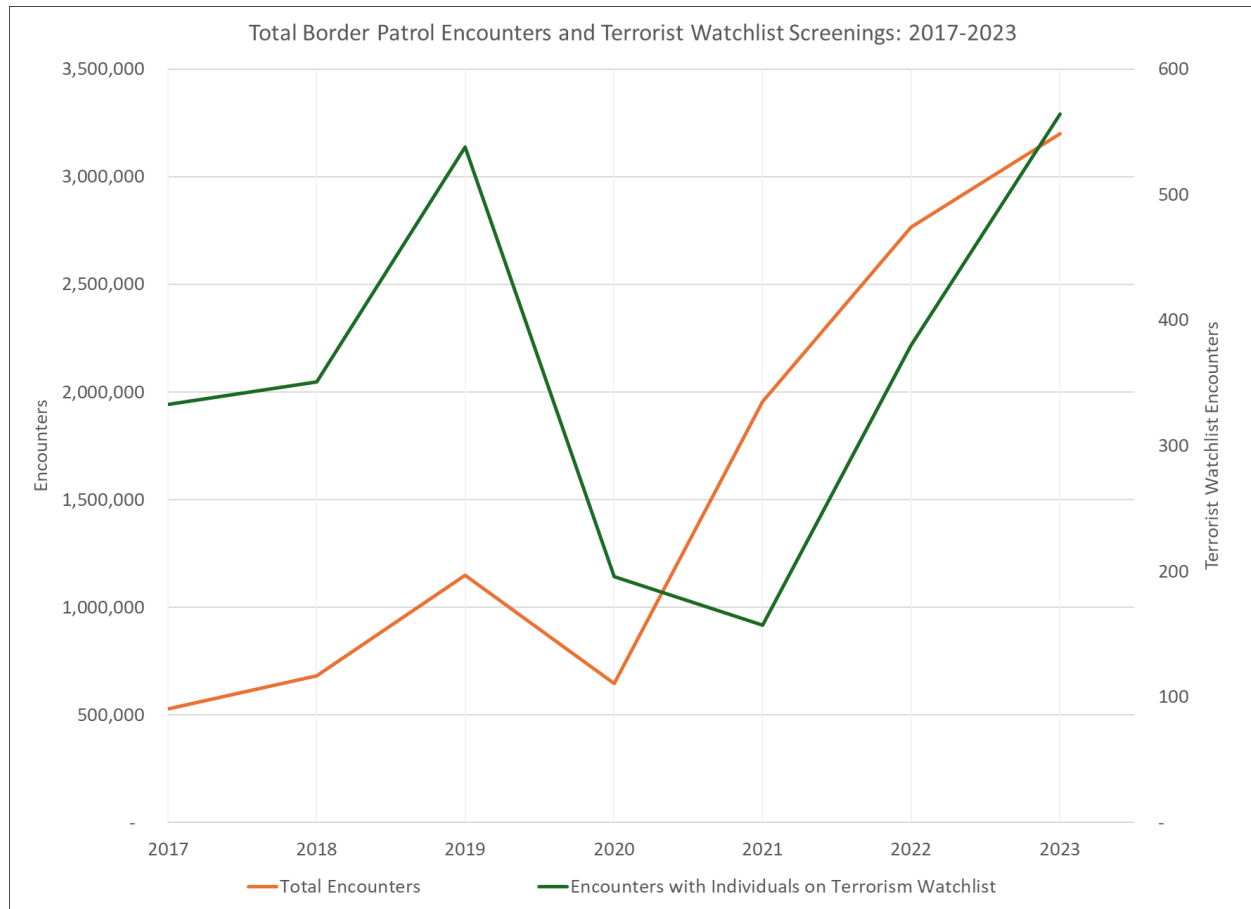
Household Debt



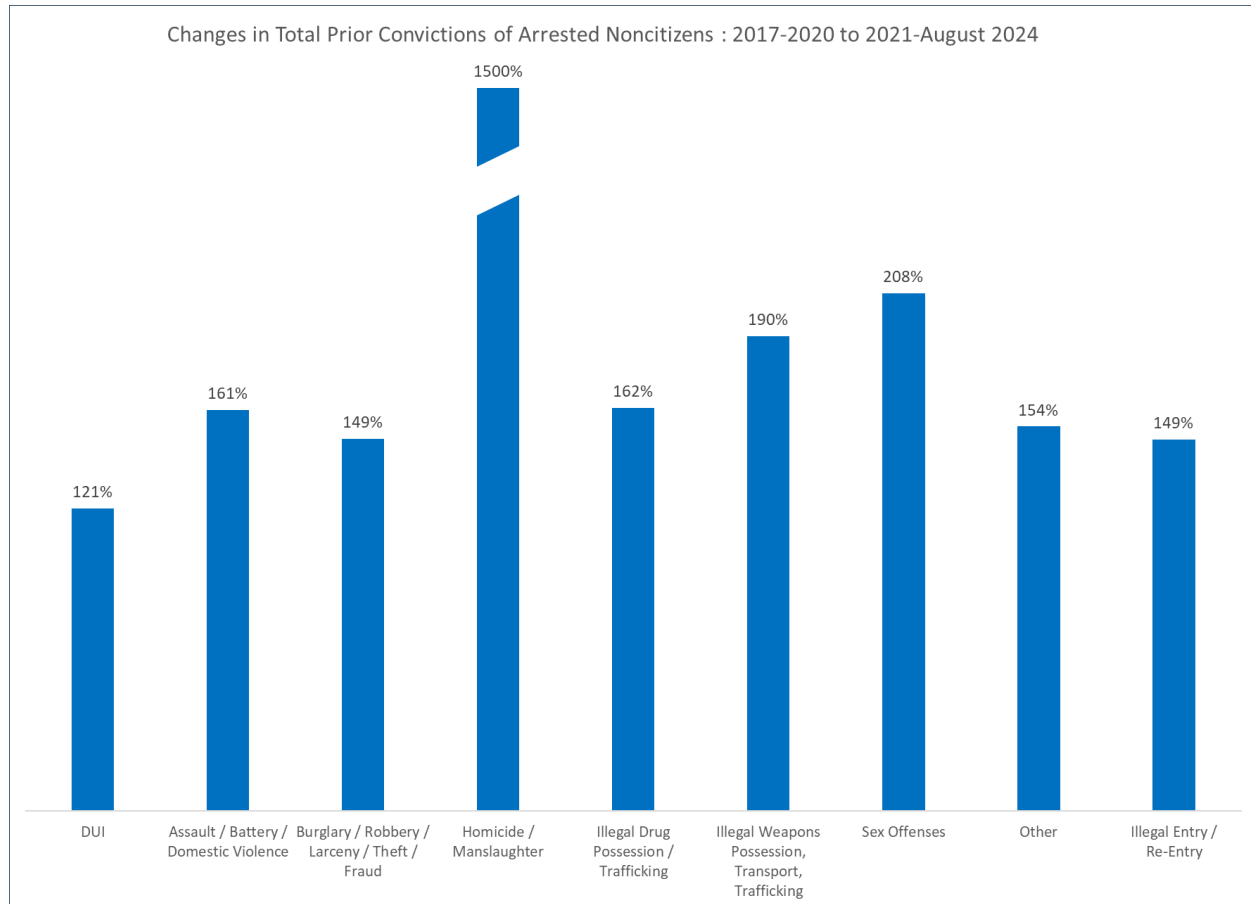
- Since the beginning of the Biden-Harris administration, Americans have used more debt to cover higher spending and the higher cost of living. As of Q2 2024, total household debt is at \$17.8 trillion, the highest on record. Of this amount:
 - \$12.9 trillion is in mortgages, of which \$380 billion are home equity lines of credit;
 - \$1.63 trillion is in auto loans;
 - \$1.6 trillion is in student loans;
 - \$1.14 trillion is in credit cards; and
 - \$540 billion is in other loans (retail and other consumer loans).²⁹
- Whereas total household debt increased by \$1.9 trillion (15.1%) during the entire Trump administration, it increased by \$3.15 trillion (21.5%) in 3.5 years of the Biden-Harris administration.³⁰
- In every category except student loans and auto loans, Americans' household debt rose faster under the Biden-Harris administration than the Trump administration. ³¹ Since January 2021, housing debt has risen 46% faster than during the Trump administration (22.9% vs. 15.6%); other debt has increased 193% faster (31.7% vs. 10.8%); and credit card debt a staggering 3550% faster (1.3% vs. 48%).³²

Addendum: The Cost of the Biden-Harris Border Crisis

- It is undeniable that the American border has been under assault under the Biden-Harris administration. This has had a calculable cost to the American people. It was estimated in 2022 that illegal immigration’s annual net burden on the economy surpasses more than \$150 billion in the form of additional welfare, healthcare, and law enforcement costs, which is greater than the GDP of fifteen states.³³ Since this study, the state of our border security has indeed worsened, and our illegal immigrant population has grown.



- From 2017 to 2023, the number of “encounters”—apprehensions and expulsions by the U.S. Customs and Border Patrol (CBP) along the northern and southern borders of the U.S. in the interior—increased sixfold, from 527,000 to 3.2 million. Excluding the drop in 2020 due to the COVID-19 pandemic, the number of encounters has risen by almost 635,000 annually. From January 2021 through July 2024, encounters exceeded 10.2 million.³⁴
- During the same time frame, the number of encounters by CBP agents with individuals on the FBI’s Terrorist Screening Database (TSDB) has increased by 69%. On average, one TSDB individual per day has been apprehended since 2017. From January to August 2024, an additional 324 TSDB individuals were apprehended.³⁵



- Before the COVID-19 pandemic, arrests of noncitizens previously convicted of one or more crimes, whether in the U.S. or abroad, declined 50%, from 8,531 in FY2017 to 4,269 in 2019. After 2020, however, arrests increased by 42%, from 10,763 in 2021 to 15,267 in 2023. From the beginning of FY2024 (October 1, 2023) to August 16, 2024, another 14,697 arrests of noncitizens with criminal convictions have been made.³⁶
- CBP tracks the specific prior convictions of these apprehended noncitizens.
 - From FY2017 through FY2020, the number of noncitizens apprehended had 1,723 prior convictions for assault, battery, and domestic violence. From FY2021 through August 2024, this number increased by 161% to 4,496.
 - Comparing the same periods, the number of sexual offenses increased from 431 to 1,326, a 208% increase. Drug charges rose from 2,955 to 7,732, a 162% increase. Theft went up from 1,269 to 3,162, a 149% increase. Weapons charges went up from 394 to 1,144, a 190% increase.³⁷
- Astonishingly, from 2017-2020, the Border Patrol apprehended individuals with only 11 homicide convictions. Since then, the number has increased to 176, a 1,500% increase.³⁸
- It is estimated that the U.S. federal government spends over \$25 billion annually in added law enforcement costs alone. While these costs will never be zero, they could be drastically reduced if the border was secured and convicted noncitizen criminals were not inhabiting our country.³⁹

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Endnotes

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