

# U.S. Health Spending Is Not a Burden on the Economy

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by John R. Graham

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*Health spending consumes a higher share of output in the United States than in other countries. In 2013, its U.S. share was 17 percent. The next highest country was France, where health spending accounted for 12 percent of gross domestic product (GDP).*



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## Executive Summary

Critics of U.S. health care claim this shows the system is too expensive and a burden on our economy, demanding even more government intervention. This conclusion is misleading and leads to poor policy recommendations. In fact:

- Even after spending on health care, Americans have more income to spend on other goods and services than residents of almost any other developed country.
- That is because spending on health care is a result — not a cause — of other economic activity.
- Since 1960, the U.S. economy has outperformed all comparable developed countries except Norway and Switzerland with respect to economic growth, excluding the health care sector.
- In most countries, individuals, rather than government, employers or insurers, pay for a significantly higher portion of health spending than patients in the United States.

From 1960 through 2013, the share of U.S. GDP allocated to health care more than tripled. However, this had no impact on the ability of the U.S. economy to deliver high GDP per capita, outside health care. Adjusted for purchasing power parity, in nominal dollars:

- From 1960 through 2013, U.S. health spending increased \$8,937, while GDP per capita increased \$50,269.
- Thus, GDP per capita available for other goods and services, after spending on health care, increased \$41,332, or \$780 per year.

Over these 53 years, only Norway and Switzerland increased their nonhealth spending GDP per capita more than the United States. Norway, which had become a petro-state due to revenue gushing from the North Sea oilfields, increased this amount by

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\$57,981, which is \$16,649 more than the United States, or \$314 more in nonhealth care spending per year per person.

The Commonwealth Fund study also examined spending on social services as well as health services. This is reasonable, because social services can substitute for health services. When spending on social services is added to health spending as a share of GDP, the United States is no longer an outlier:

- Spending 25 percent of GDP on social and health services, the United States ranks equally with Norway and below Switzerland, the Netherlands, Germany, Sweden and France.
- Looking at income remaining after spending on social and health services, only the average Norwegian enjoys a higher GDP per capita than the average American.

- The average Frenchman has almost \$15,000 lower GDP, after social services and health spending, than the average American.

Finally, we need to understand all the ways in which American and foreign health care differs. Whether the system is defined as “universal” or “single payer” may be less important than other characteristics in determining how the system performs.

With only 11.8 percent of health spending controlled by patients directly, the U.S. ranks ninth by this measure. Swiss patients directly control over one-quarter of their health spending. Even Canadians, who live under a tightly closed, government monopoly, so-called “single-payer” system, control a somewhat higher share of their own health spending than Americans do.

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## U.S. Health Spending Is Not a Burden on the Economy

The Commonwealth Fund recently published another report in its series of international comparisons of U.S. health care.<sup>1</sup> These reports are always well received by the media, which run articles lamenting how expensive U.S. health care is, and how great a burden it is on the country. The Commonwealth Fund encourages the news media and consumers to conclude that the major difference between health care in the United States and other developed countries is that they have “universal” health systems. Many conclude that such a reform — in which health care is primarily financed or even delivered by government — could reduce the cost of U.S. health care.

This conclusion is way off-base. Measured by purchasing power parity, which adjusts the exchange rates of currencies for differences in cost of living:

- U.S. health spending accounted for 17.1 percent of Gross Domestic Product (GDP) in 2013.
- France comes next, at 11.6 percent.
- In dollar figures, Americans spent \$9,086 per capita, versus only \$6,325 in Switzerland, the runner-up.

This certainly invites us to question whether we are getting our money’s worth.

However, it is not clear that this spending is a burden on Americans, given our very high national income. As Table I shows, when we subtract U.S. health spending from U.S. GDP, we still had \$44,049 per capita to spend on all other goods and services we value. Only two countries, Norway and Switzerland, beat the United States on this measure. But compared to larger developed countries, Americans have higher income per capita after subtracting health care spending. For example:

- In the United Kingdom, GDP per capita after health spending was only \$34,863 in 2013.

**Table I**  
**Gross Domestic Product and Health Care Spending, 2013**

Country	GDP per capita	Health care spending, percentage of GDP	GDP per capita less health care spending	GDP per capita less health care spending versus U.S.
Norway	\$65,638	9.4%	\$59,468	\$15,420
Switzerland	\$56,982	11.1%	\$50,657	\$6,608
United States	\$53,135	17.1%	\$44,049	\$0
Netherlands	\$46,225	11.1%	\$41,094	-\$2,954
Australia	\$43,777	9.4%	\$39,662	-\$4,387
Sweden	\$44,809	11.5%	\$39,656	-\$4,393
Germany	\$43,929	11.2%	\$39,009	-\$5,040
Denmark	\$43,667	11.1%	\$38,820	-\$5,229
Canada	\$42,701	10.7%	\$38,132	-\$5,917
United Kingdom	\$38,227	8.8%	\$34,863	-\$9,185
France	\$37,595	11.6%	\$33,234	-\$10,815
Japan	\$36,402	10.2%	\$32,689	-\$11,360
New Zealand	\$35,045	11.0%	\$31,190	-\$12,858

Source: Author's calculations from David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015. Prices at purchasing power parity.

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- So, even though Americans spent significantly more on health care than the British, the average American enjoyed \$9,185 more GDP after health spending than his British peer, and just under \$6,000 more than his Canadian neighbor.

### The U.S. Economy Has Outperformed Most Countries since 1960

Looking back over the decades, we can see that this largely has held true over long periods: Americans spend more on health care *and* enjoy

higher incomes than residents of other countries. Table II is similar to Table I, but uses data from 1960. The prices are also adjusted for purchasing power parity. However, they are in 1960 prices, so appear shockingly small to our 21st-century eyes.

- In 1960, Americans spent \$149 per person, on average, for health-related consumption.
- Even then, the United States had the highest share of GDP allotted to health spending, 5.2 percent.
- Switzerland came second, with 3.3 percent.

- Nevertheless, after subtracting health spending from GDP, the U.S. had \$167 more GDP per capita for nonhealth goods and services than Switzerland.

Japan, not yet full speed ahead on its post-war growth, had a very low GDP per capita, either including or excluding health spending.

The United Kingdom and Canada had about the same GDP per capita, but the United Kingdom spent 3.9 percent of GDP on health care, and Canada 5.5 percent — a slightly *greater* percentage than in the United States. At the time, Britain had had socialized health care for a little over a decade, but Canada had not yet

**Table II**  
**Gross Domestic Product and Health Care Spending, 1960**

Country	GDP per capita	Health care spending, percentage of GDP	GDP per capita less health care spending	GDP per capita less health care spending versus U.S.
United States	\$2,865	5.2%	\$2,716	\$0
Switzerland	\$2,636	3.3%	\$2,549	-\$167
New Zealand	\$2,140	4.3%	\$2,048	-\$669
Australia	\$1,918	4.9%	\$1,824	-\$892
United Kingdom	\$1,897	3.9%	\$1,823	-\$893
Sweden	\$1,894	4.7%	\$1,805	-\$912
Canada	\$1,873	5.5%	\$1,770	-\$947
Denmark	\$1,833	3.6%	\$1,767	-\$949
Netherlands	\$1,789	3.8%	\$1,721	-\$995
France	\$1,714	4.2%	\$1,642	-\$1,074
Norway	\$1,533	3.0%	\$1,487	-\$1,229
Germany	\$1,417	4.8%	\$1,349	-\$1,368
Japan	\$867	3.0%	\$841	-\$1,876

Source: Author's calculations from Gerard F. Anderson and Jean-Pierre Poullier, "Health spending, access and outcomes: trends in industrialized countries," *Health Affairs*, Vol. 18, No. 3, 1999, pages 178-192. Prices at purchasing power parity.



**Table III**  
**Gross Domestic Product and Health Care Spending, 1990**

Country	GDP per capita	Health care spending, percentage of GDP	GDP per capita less health care spending	GDP per capita less health care spending versus U.S.
<b>Denmark</b>	\$22,537	8.2%	\$20,689	\$1,273
<b>Switzerland</b>	\$21,205	8.3%	\$19,445	\$30
<b>United States</b>	\$22,214	12.6%	\$19,415	\$0
<b>Japan</b>	\$18,033	6.0%	\$16,951	-\$2,464
<b>Canada</b>	\$18,435	9.2%	\$16,739	-\$2,677
<b>Norway</b>	\$17,500	7.8%	\$16,135	-\$3,280
<b>France</b>	\$17,292	8.9%	\$15,753	-\$3,662
<b>Sweden</b>	\$16,955	8.8%	\$15,463	-\$3,953
<b>United Kingdom</b>	\$15,917	6.0%	\$14,962	-\$4,454
<b>Netherlands</b>	\$15,976	8.3%	\$14,650	-\$4,765
<b>Australia</b>	\$15,904	8.3%	\$14,584	-\$4,832
<b>Germany</b>	\$14,701	8.7%	\$13,422	-\$5,993
<b>New Zealand</b>	\$13,386	7.0%	\$12,449	-\$6,967

Source: Author's calculations from Gerard F. Anderson and Jean-Pierre Poullier, "Health spending, access and outcomes: trends in industrialized countries," *Health Affairs*, Vol. 18, No. 3, 1999, pages 178-192. Prices at purchasing power parity.

■ Although the United States spent almost 13 percent of GDP on health care, far more than any other country, the amount remaining to spend on other goods and services (\$19,415) was higher than in any country other than Denmark and Switzerland (although the latter outpaced the United States by a trivial \$30 per capita). [See Table III.]

■ New Zealand, although spending only 6.7 percent of GDP on health care, had a GDP per capita, after spending on health care, almost seven thousand dollars lower than the United States.

socialized. Nevertheless, both lagged U.S. GDP per capita, excluding health care, by around \$900.

Moving forward to 1990, after the economic repercussions of the Second World War had ended (and long after Americans started worrying about health spending as a share of the economy), we see that the United States still did well in international comparisons. Thus:

We can also look at these changes over time: With respect to GDP per capita after spending on health care, has the U.S. performed better or worse than other countries? Table IV shows that:

■ From 1960 through 2013, U.S. health spending increased \$8,937, while GDP per capita increased \$50,269.

**Table IV**  
**Changes in Gross Domestic Product and Health Care Spending, 1960-2013**

Country	Change in GDP per capita	Change in health care spending, percentage of GDP	Change in total health spending per capita	Change in GDP per capita less health care spending	Change in GDP per capita less health care spending versus U.S.
Norway	\$64,105	6.4%	\$6,124	\$57,981	\$16,649
Switzerland	\$54,346	7.8%	\$6,238	\$48,108	\$6,776
United States	\$50,269	11.9%	\$8,937	\$41,332	\$0
Netherlands	\$44,436	7.3%	\$5,063	\$39,373	-\$1,959
Sweden	\$42,915	6.8%	\$5,064	\$37,851	-\$3,481
Australia	\$41,858	4.5%	\$4,021	\$37,837	-\$3,495
Germany	\$42,512	6.4%	\$4,852	\$37,660	-\$3,672
Denmark	\$41,833	7.5%	\$4,781	\$37,052	-\$4,280
Canada	\$40,828	5.2%	\$4,466	\$36,362	-\$4,970
United Kingdom	\$36,330	4.9%	\$3,290	\$33,040	-\$8,292
Japan	\$35,535	7.2%	\$3,687	\$31,848	-\$9,484
France	\$35,881	7.4%	\$4,289	\$31,592	-\$9,741
New Zealand	\$32,906	6.7%	\$3,763	\$29,143	-\$12,189

Source: Author's calculations from Gerard F. Anderson and Jean-Pierre Poullier, "Health spending, access and outcomes: trends in industrialized countries," *Health Affairs*, Vol. 18, No. 3, 1999, pages 178-192; David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015. Prices at purchasing power parity.

- Thus, GDP per capita available for other goods and services, after spending on health care, increased \$41,332, or \$780 per year.<sup>2</sup>

Over these 53 years, only Norway and Switzerland increased their nonhealth spending GDP per capita more than the United States. Norway, which had become a petro-state due to revenue gushing from the North Sea oilfields, increased this amount by \$57,981, which is \$16,649 more than the United States, or \$314 more in nonhealth care spending per year per person.<sup>3</sup>

Further, the share of U.S. GDP allocated to health care more than tripled from 5.2 percent to 17.1 percent over the period, a 329 percent increase (11.9 percentage points of GDP), and much

more than any other country. However, this had no impact on the ability of the U.S. economy to deliver high GDP per capita, outside health care. The country with the smallest increase in health spending as a share of GDP over the period, Australia, underperformed the United States by \$3,495 per capita with respect to the increase in GDP allocated to nonhealth goods and services.

Looking at the shorter period, 1990 through 2013, the U.S. performed somewhat worse on this measure [see Table V]. Health spending per capita increased \$6,287, while GDP per capita increased \$30,920. This resulted in an increase of \$24,633 of GDP per capita

for nonhealth care spending. Five other countries, including Australia, performed better than the United States.

Nevertheless, Canada, our closest neighbor and most similar to us (except for its socialized health system) has not been able to boost GDP per capita on nonhealth goods and services faster than the United States. While government control has slowed the nominal growth of health spending in Canada, this has not overcome slower overall GDP growth. The notion that the Canadian single-payer health system has somehow relieved the Canadian economy of a burden the United States continues to suffer does not stand up to this evidence.

**Table V**  
**Changes in Gross Domestic Product and Health Care Spending, 1990-2013**

Country	Change in GDP per capita	Change in health care spending, percentage of GDP	Change in total health spending per capita	Change in GDP per capita less health care spending	Change in GDP per capita less health care spending versus U.S.
Norway	\$48,138	1.6%	\$4,805	\$43,333	\$18,700
Switzerland	\$35,777	2.8%	\$4,565	\$31,212	\$6,579
Netherlands	\$30,249	2.8%	\$3,805	\$26,444	\$1,811
Germany	\$29,227	2.5%	\$3,641	\$25,586	\$953
Australia	\$27,873	1.1%	\$2,795	\$25,078	\$445
United States	\$30,920	4.5%	\$6,287	\$24,633	\$0
Sweden	\$27,854	2.7%	\$3,661	\$24,193	-\$440
Canada	\$24,266	1.5%	\$2,873	\$21,393	-\$3,240
United Kingdom	\$22,311	2.8%	\$2,409	\$19,902	-\$4,732
New Zealand	\$21,660	4.0%	\$2,918	\$18,742	-\$5,891
Denmark	\$21,130	2.9%	\$2,999	\$18,131	-\$6,502
France	\$20,303	2.7%	\$2,822	\$17,481	-\$7,153
Japan	\$18,369	4.2%	\$2,631	\$15,738	-\$8,896

Source: Author's calculations from David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015. Prices at purchasing power parity.

other developed countries make significantly less than high-income earners in the United States. Cutler and Ly define "high earners" as those in the 95th to 99th percentile of the earnings distribution. They show that U.S. specialists earn 37 percent more than the average of these U.S. high earners as a whole. However, their international peers earn 45 percent more than their high-earning, nonphysician peers.

It is highly unlikely that we could reduce U.S. physicians' incomes and maintain an

adequate supply of them without destroying the opportunity for Americans (and immigrants) to earn high incomes in lots of different fields.

**Social Spending.** The Commonwealth Fund study also examined spending on social services as well as health services. This is reasonable, because social services can substitute for health services. When spending on social services is added to health spending as a share of GDP, the United States is no longer an outlier [see Table VI]:

- Spending 25 percent of GDP on social and health services, the United States ranks equally with Norway and below Switzerland, the Netherlands, Germany, Sweden and France.

## Other Factors Explaining Health Spending and GDP

There is good evidence that high GDP per capita is a *cause* of high health spending.

**Physicians' Income.** Economists David Cutler and Dan Ly have explained that physicians' incomes are a major factor driving up U.S. health spending. The average U.S. specialist earned an income of \$230,000 in 2010 versus an average of \$129,000 in 12 other developed countries.<sup>4</sup>

That is a dramatic difference, but it has little to do with health care *per se*. Rather, it is a specific case of the general distribution of labor income within a country. Overall, high-income earners in

**Table VI**  
**Gross Domestic Product, Health Care and Social Spending, 2013**

Country	GDP per capita	Health care plus social spending, percentage of GDP	GDP per capita less health care and social spending	GDP per capita less health care and social spending versus U.S.
Norway	\$65,638	25%	\$49,229	\$9,378
United States	\$53,135	25%	\$39,851	\$0
Switzerland	\$56,982	31%	\$39,318	-\$533
Australia	\$43,777	20%	\$35,021	-\$4,830
Canada	\$42,701	20%	\$34,161	-\$5,690
Netherlands	\$46,225	27%	\$33,744	-\$6,106
Germany	\$43,929	29%	\$31,189	-\$8,662
Sweden	\$44,809	33%	\$30,022	-\$9,829
United Kingdom	\$38,227	23%	\$29,435	-\$10,416
New Zealand	\$35,045	20%	\$28,036	-\$11,815
France	\$37,595	33%	\$25,189	-\$14,662

Source: Author's calculations from David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015. Prices at purchasing power parity.

- Looking at income remaining after spending on social and health services, only the average Norwegian enjoys a higher GDP per capita than the average American.
- The average Frenchman has almost \$15,000 *lower* GDP, after social services and health spending, than the average American.

### A Better Measurement: Share of Health Spending Controlled by Patients

Finally, we need to understand all the ways in which American and foreign health care differs. Whether the system is defined as “universal” or “single payer” may be less important than other

characteristics in determining how the system performs. Table VII ranks 13 developed countries by the share of health spending that is controlled directly by patients out-of-pocket versus the share controlled by third-party bureaucracies, either private or public. With only 11.8 percent of health spending controlled by patients directly, the U.S. ranks ninth by this measure. Swiss patients directly control over one-quarter of their health spending. Even Canadians, who live under a tightly closed, government monopoly, so-called “single-payer” system, control a somewhat higher share of their own health spending than Americans do.

Increasing the share of health spending controlled directly by

patients is important to motivate prudent, cost-conscious choices and reduce the bureaucratic interference in medical decisions. Yet, the Commonwealth Fund also asserts “underinsurance” is a growing problem in U.S. health care.<sup>5</sup> Given these international data, that conclusion is unwarranted.

### Conclusion

Improving U.S. health care by learning from other countries is important, but simply focusing on the share of GDP accounted for by health spending is a red herring, leading to poor policy recommendations that rely on increasing the role of government in health care, as other developed



**Table VII**  
**Health Care Spending by Source, 2013**

Current health care spending per capita  
by source of financing

Country	Private		
	Public	Out-of-pocket	Other
Switzerland	66.1%	25.8%	7.2%
Australia	63.5%	18.7%	11.7%
Sweden	80.1%	14.1%	1.0%
Norway	80.7%	13.9%	0.4%
Canada	67.3%	13.6%	14.3%
Japan	79.9%	13.5%	3.3%
Germany	74.7%	13.2%	10.0%
Denmark	79.2%	12.9%	1.8%
United States	46.2%	11.8%	37.9%
New Zealand	68.9%	10.9%	6.5%
United Kingdom	83.3%	9.5%	7.1%
France	74.5%	6.4%	13.8%
Netherlands	87.6%	5.3%	7.1%

Source: Author's calculations from David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015. Prices at purchasing power parity.

Finally, although government control of health care is higher in other developed countries, most of them also let patients control a higher share of health spending than the United States does. This patient control is likely a factor in keeping health spending lower than in the United States.

**Notes**

1. David Squires and Chloe Anderson, "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," Commonwealth Fund, October 2015.

2. Recall these figures are reported in nominal currency, not taking inflation into account.

3. Although the dollar figures are not adjusted for inflation, they are adjusted for purchasing power parity with the local currency. So, the time trend is a meaningful figure for analysis.

4. David M. Cutler and Dan P. Ly, "The (Paper)Work of Medicine: Understanding International Medical Costs," *Journal of*

*Economic Perspectives*, Vol. 25, No. 2, spring 2011, pages 3-25.

5. Sara R. Collins et al., "The Problem of Underinsurance and How Rising Deductibles Will Make It Worse," Commonwealth Fund, May 2015.

countries have done since the World War II.

The American health system, despite its many faults, has not measurably hindered the growth of the economy or per capita income. Over the last half century, America has increased its GDP per capita available to spend on goods and services outside health care much more than other developed countries have.

The naïve theory that health spending influences economic growth for better or worse is too simple. In fact, wages, prices and resources allocated to health care are a consequence of economic activity in other parts of the economy, as well as health policy.

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### ***Solutions for Americans from America's Think Tank***

*Established in 1983, the National Center for Policy Analysis (NCPA) is a nonprofit, nonpartisan public policy research organization. We seek to unleash the power of ideas for positive change by identifying, encouraging and aggressively marketing the best scholarly research and innovative solutions to public policy problems.*

*As America's Think Tank we develop and promote private alternatives to government regulation and control, solving public policy problems by relying on the strength of the competitive, entrepreneurial private sector.*

#### **Health Care Policy**

NCPA's Health Policy Research Center seeks to reform the health care system in ways that reduce cost, increase access to care and improve the quality of care with solutions that rely on the power of individual choice. With over 30 years of leadership in solving some of the nation's most intractable health policy challenges, the NCPA, through its Health Policy Center Research Center, continues to research, develop and educate Americans about our reform solutions.

The NCPA is probably best known for developing the concept of Health Savings Accounts. NCPA's research, efforts to educate the public and briefings for members of Congress and the White House staff helped motivate Congress to approve a pilot Medical Savings Accounts program for small businesses and the self-employed in 1996 and to vote in 1997 to allow Medicare beneficiaries to have MSAs. In 2003, as part of Medicare reform, Congress and the President made HSAs available to all nonseniors, revolutionizing the health care industry.

**As a result, more than 30 million Americans are managing some of their own health care dollars today in HSAs.**

#### **Taxes & Economic Growth.**

NCPA research demonstrates the

benefits of shifting the tax burden on work and productive investment to consumption. The NCPA helped shape the pro-growth approach to tax policy during the 1990s. A package of six tax cuts designed by the NCPA and the U.S. Chamber of Commerce in 1991 became the core of the Contract with America in 1994. Three of the five proposals (capital gains tax cut, Roth IRA and eliminating the Social Security earnings penalty) became law. A fourth proposal - rolling back the tax on Social Security benefits - passed the House of Representatives in the summer of 2002.

**Because of the NCPA idea of Roth IRAs, \$310 billion in savings has been taxed once and will never be taxed again.**

**Because of another NCPA idea, 78 million baby boomers will be able to work beyond age 65 without losing Social Security benefits.**

The NCPA continues to research free market tax reform ideas. Using dynamic software, NCPA's Tax Analysis Center (TAC) is able to analyze proposed federal tax reform.

The TAC can identify the effects of proposed tax changes on representative individuals and families at various income levels and at various ages.

Past NCPA research confirms that long-term economic growth depends on economic freedom, the degree to

which government policies protect property rights, and allows workers and employers to keep what they earn. The NCPA continues to work to identify job-creating economic growth policies while addressing fiscal and regulatory issues.

#### **Retirement Reform.**

With a grant from the NCPA, economists at Texas A&M University developed a model to evaluate the future of Social Security and Medicare, working under the direction of Thomas R. Saving, who for years was one of two private-sector trustees of Social Security and Medicare.

NCPA's research shows that as baby boomers begin to retire, the nation's institutions are totally unprepared. Promises made under Social Security, Medicare and Medicaid are inadequately funded. State and local institutions are not doing any better - millions of government workers are discovering that their pensions are under-funded and local governments are renegeing on post-retirement health care promises.

The NCPA continues to work to find practical and workable solutions for retirement security. Pension reform signed into law includes ideas to improve 401(k)s.

**Because of an NCPA/Brookings Institution plan, half of all future 401(k) enrollees will be automatically enrolled in a diversified portfolio enjoying higher and safer returns.**

#### **Energy and Natural Resources.**

The NCPA has been a leader in researching and developing innovative ways to reform outdated environmental regulations and energy policies that raise costs and do not benefit American workers or consumers.

The NCPA analyzes markets for, and the production and use of, Rare Earth elements (REs) that are essential to modern technology, the economy

## About the NCPA

and national security.

The NCPA examines the potential of natural gas, oil, coal and other fossil fuels for clean, secure and sustainable energy supplies, in addition to the potential of alternative energy sources, including wind, solar and nuclear power.

The NCPA educates the public by distributing our popular Global Warming Primer, second edition, and by producing videos and posts to our blog by experts and in-house analysts.

### Education Reform.

The cost and quality of education from pre-kindergarten through college are growing concerns. American college students now have \$1.3 trillion in debt due to rising education costs. To compete internationally, the United States requires an educated workforce, particularly in the growing fields of Science, Technology, Engineering and Mathematics (STEM). To compete in the labor market, individual students must have access to appropriate education according to their abilities and interests. Of paramount importance in education is the freedom to choose schools and curricula that engage the student in learning.

We study models of school curricula, teaching and educational finance reform, including examining the potential impact of Education Savings Accounts (ESAs) on the supply of education and student achievement, based on data from existing state ESA programs, and proposed tax-advantaged ESAs. The NCPA also analyzes ways to lower the cost of higher education so that students are not burdened with increasing amounts of debt and compares the features and outcomes of innovative teaching methods entrepreneurs have developed to utilize technology in classroom and home-based learning.

We then educate the public and inform consumers about educational reform efforts through posts by experts and in-house staff on our education blog.

### Reaching the Next Generation.

NCPA equips the next generation of leaders through the following youth outreach programs.

**Debate Central.** Since 1996, our Debate Central has provided low-income and geographically isolated high school debate students and coaches with free-to-access web-based information on the yearly topics of each the popular forms of high school debate. Through this effort, the NCPA has reached more than 800,000 aspiring debate students and coaches across the nation.

**Young Patriots Essay Contest.** The NCPA launched the Young Patriots Essay Contest in 2011 to acquaint hundreds of high school students with free-market solutions to public policy problems and spur thought about the responsibility that comes with citizenship. Since its inception, the contest has grown in both prestige and the number of applicants. Top essay winners receive scholarship funds for college.

**Internships, Junior Fellows & Graduate Student Fellows.** Through its Internship, Junior Fellow and Graduate Student Fellow programs, the NCPA exposes undergraduate and graduate students to the world of ideas and provides them with hands-on, professional experience in public policy. Every student that completes an internship at the NCPA leaves as a published author of an NCPA publication.

### Promoting NCPA Ideas.

NCPA's Washington D.C. staff monitors developments in public

policy, legislation, Congressional hearings, regulatory rule-making, and other governmental affairs. We work to educate members of Congress, Administration officials, and other policy makers about NCPA free-market ideas.

NCPA aggressively markets our ideas and scholars by employing an integrated strategy which includes outreach to traditional and social media, placement of NCPA-authored commentary, distribution of fact sheets, and appearances on TV and radio.

### What Others Say About the NCPA



*"The battle for ideas is far from over. That's why the work of the NCPA is so important and why your support of the NCPA is necessary."*

**Ronald Reagan**

Former President of the United States



*"I commend the NCPA for your strong commitment to the ideals of liberty and limited government."*

**George W. Bush**

Former President of the United States

### From Our President and CEO



*"It will be policy, not politics that secures a sound economic future for Americans."*

**Allen B. West**

NCPA President and CEO

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