



**CENTER FOR AMERICAN
PROSPERITY**

Free Americans Prosper

The economic success of the Nation is driven by the individual will and genius of free men and women aspiring to achieve their dreams and further prosperity for themselves and their families. Our Nation declared its independence in part because of a system of commerce that did not put the prosperity of Americans first and hindered, rather than embraced, the individual aspirations of Americans. In establishing a new nation in such form to affect the “Safety and Happiness” ([U.S., 1776](#)) of American citizens, our Founding Fathers sought to unleash the power of entrepreneurship and free enterprise so that Americans “who are possessed of the spirit of Commerce—who see and who will pursue their advantages, may atchieve (sic) almost anything” ([Washington, 1784](#)). The America First Policy Institute’s Center for American Prosperity is dedicated to advancing public policy that puts the prosperity of American citizens first, to restoring and preserving the American free enterprise system, to defending American workers and their families, to promoting growth that lifts up forgotten communities, and to celebrating the innovative spirit of the American people.

The history of American prosperity was shaped by great entrepreneurs—from the Wright Brothers, Henry Ford, and Thomas Edison—just as much as it was shaped by the relentless efforts of the residents of Kitty Hawk who aided the First Flight, the workers assembling millions of Model T cars, and the brave linemen who first brought electricity to thousands of homes. The future of American prosperity depends on ensuring the entrepreneurs of today and tomorrow are free to “pursue their advantages” ([Washington, 1784](#)) and on supporting American workers and their families with robust economic growth while defending them from the foreign powers, special interests, and expansive government that seek to empower and enrich themselves at the expense of the prosperity of American citizens. The America First Policy Institute’s Center for American Prosperity will be on the front lines of promoting policy that seeks to reinvigorate the “spirit of Commerce” ([Washington, 1784](#)) referenced by then-General George Washington nearly two and a half centuries ago. It is through this spirit—when Americans are free to pursue and achieve their dreams—that American prosperity reached unprecedented heights and will continue to achieve more than ever thought possible. The Center for American Prosperity will endeavor to research and educate the American public on policy grounded in the fundamental ideal that free Americans prosper.



WHERE AMERICA IS NOW

The future trajectory of American prosperity sits at a crossroads. Divergent views exist across the spectrum of economic policy, including the relationship between the public and private sectors, taxation, regulation, government spending, and trade. The path we take as a Nation will define our future. On the heels of the most severe negative economic shock since the Great Depression, despite a swift and strong recovery from the pandemic, long-term challenges remain that call for a strategic response grounded in principled and evidence-based policy solutions.

If the current America returns to the failed policies of the past, rather than building on the transformative economic policies of 2017 to 2020, the next 3 decades will pose tremendous challenges to the future of American prosperity. The non-partisan Congressional Budget Office (CBO) projects that real economic growth will steadily decline over the next 30 years, averaging just 2.2 percent over the next decade and falling to an average pace of 1.6 and 1.5 percent, respectively, in the 2 subsequent decades ([CBO, 2021](#)). This frail pace of growth is projected to be accompanied by a decline in labor force participation within the next 3 decades to an average rate of just 60.1 percent—the lowest since 1969 and far below the 2000 peak of 67.3 percent ([CBO, 2021](#)). Meanwhile, the size of the federal government's debt relative to the size of the economy is projected to explode, doubling over the next 30 years and reaching 200 percent of total economic output by 2051. For perspective, current federal debt—inclusive of the extensive pandemic relief over the past year—as a share of Gross Domestic Product (GDP) is similar to World War II levels. However, whereas federal debt as a share of GDP fell swiftly following World War II, the CBO projects the debt share to skyrocket over the next 3 decades to the point where the cost of servicing the debt alone will triple to representing over a quarter of all federal spending by 2051 ([CBO, 2021](#)). Absent a dramatic course correction, these trends threaten to create headwinds for blue-collar wages, middle-class incomes, broad-based employment opportunities, business dynamism, and macroeconomic stability.

The pandemic interrupted the longest period of economic expansion on record and came on the heels of 3 years of unprecedented economic gains, most especially for America's communities forgotten by the policies of previous administrations ([CEA, 2021](#)). In 2020, before the pandemic and amidst the strong economic gains of the 2017-19 period, two-thirds of Americans were satisfied with the state of the economy and nearly three-quarters expected to be better off financially in the following year ([Brenan 2021, Reinhart 2020](#)). While the pandemic was the worst negative shock to the U.S. economy since the Great Depression, interrupting these historic economic gains and high level of American optimism, the response of the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and related packages, Operation Warp Speed (OWS), and executive



action helped build a bridge to the other side of the pandemic's destruction while enabling a robust and historic recovery ([CEA, 2021](#)).

As the country continues on the path to full recovery put in motion by this suite of policies implemented in 2020, the views of Americans about different economic systems shed light on the promise of pro-growth policies that garner public support. As of 2019, 57 percent of Americans maintained a negative view of socialism while 87 percent had a positive view of the free enterprise system ([Jones & Saad, 2019](#)). The same survey found that small businesses—a key focus of the CARES Act through the Paycheck Protection Program (PPP)—had a 97 percent favorability rating and entrepreneurs had a 90 percent favorability rating. Even more recently, a 2021 survey found that 64 percent of U.S. voters were opposed to tax increases, with only 22 percent supporting an increase in taxes ([Rasmussen, 2021](#)). Policies that reduce the burden of taxation on the middle class and small businesses, remove burdensome regulations so that entrepreneurs are free to innovate and create, and focus on boosting the wages and well-being of American workers and American families first, will not only improve the U.S. economic outlook, but are proven to be widely supported by the American people ([CEA, 2020a](#); [Rasmussen, 2021](#); [Jones & Saad, 2019](#)). Furthermore, their record of implementation over the course of the prior administration proves their efficacy and capacity ([CEA, 2020a](#)).

WHY AFPI IS ESSENTIAL

Division remains on how best to define, achieve, and further American prosperity for our Nation's citizens. While some view American prosperity as the product of government grand design bestowed upon the people within our borders and beyond, others hold a different vision, one grounded in the evidence of the past and in the founding principles of the Nation. This vision holds that American prosperity is earned by the individual through their own inherent skill, creativity, and determination—and that government serves to secure the right of the individual to pursue this prosperity, defending Americans from corrosive forces—including concentrated corporate power, corrupt special interests and foreign governments, as well as self-serving politicians and bureaucrats—that seek to limit competition in order to expand and retain their own power and profit. The America First Policy Institute (AFPI) plays a crucial role in researching and identifying evidence that demonstrates the success of this vision, as well as educating the American people on policies that further this vision for the benefit of all.

The United States is in the midst of a polarizing policy divide. The people of the country are split on partisan issues and increasingly unwilling to agree on basic facts or engage with each other in good faith. AFPI has the opportunity to impact the public discourse by providing insight and analysis to educate all Americans especially the middle class and the younger generations who will shape the atmosphere for decades to come on all issues. As Milton Friedman famously said, "The record of history is absolutely crystal clear, that there is no alternative way so far discovered of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by the free-enterprise system"



([Friedman, 1979](#)). AFPI's Center for American Prosperity will review and educate the public on policies that promote free enterprise, the American worker, and the American dream.

BUILDING ON A TRANSFORMATIVE AGENDA

President Donald J. Trump's transformative and historic policies put the prosperity and security of American citizens first. He recognized that just as inspiring and impactful were the great heroes of our past—the Wright Brothers, Henry Ford, and Thomas Edison—each American citizen has the potential to achieve greatness if free to create, to build, to invent, to choose, and to prosper. He believed that we are “a people whose heroes live not only in the past, but all around us” ([Trump, 2018](#)) and the focus of public policy should be to support, defend, and lift up these heroes:

“They work in every trade. They sacrifice to raise a family. They care for our children at home. They defend our flag abroad. And they are strong moms and brave kids... And this Capitol, this city, and this Nation, belongs entirely to them... Americans fill the world with art and music. They push the bounds of science and discovery. And they forever remind us of what we should never forget: the people dreamed this country, the people built this country, and it is the people who are making America great again.” ([Trump, 2018](#))

President Trump's policy agenda proved that by freeing these American heroes from burdensome taxation, stifling regulation, government dependence, unfair trade deals, and blind internationalism, Americans prosper. His administration also showed that when disaster of unprecedented scale strikes, the government can and should step in to provide direct relief to the people who require it, rather than to special interests that seek to profit from government stimulus and policy at the expense of the people.

The Trump Administration implemented one of the most pro-growth economic policy agendas in modern history centered on tax relief and reform, historic deregulation, unleashing an energy renaissance and achieving energy independence, and fighting for free, fair, and reciprocal trade. This agenda helped the U.S. economy recover from years of stagnation and resulted in the strongest economy in the world. In the first 3 years of the Trump Administration, 5 million more jobs were created than projected, U.S. real GDP growth was more than double that of the non-U.S. Group of Seven (G7) average, and inequality by multiple measures fell while 7 million Americans were lifted from food stamps. These gains were especially strong for historically disadvantaged groups as record low unemployment rates and record-high median incomes were achieved for African Americans, Hispanic Americans, and Asian Americans ([CEA, 2020a](#); [CEA, 2021](#)). These policies worked in concert with each other to maintain a laser-sharp focus on lifting up the middle class and creating the strongest labor market possible whereby every American could have the opportunity to find a quality job that matched their skills. To this end, real income for the typical middle-class household increased \$6,000 between 2016 and 2019, having remained



completely flat in the previous 15 years. At the end of 2019, three quarters of those finding employment were from the sidelines—those who had given up looking for work entirely—while the prime-age labor force expanded by 2.3 million after having shrunk by 1.5 million in prior administration’s expansion period ([CEA, 2020b](#)).

The pro-growth policy agenda implemented by the Trump Administration directly enabled the historic economic gains experienced before the pandemic:

- Tax Relief and Reform: Wage, wealth, and income inequality all fell under President Trump following passage of historic tax reform with the bottom half of American households experiencing a 40 percent increase in net worth. Meanwhile, over \$1.5 trillion in earnings previously held abroad poured back into the country ([CEA 2021](#), [White House 2021](#)).
- Historic Deregulation: The Trump Administration eliminated eight old regulations for every one new regulation throughout the entire 4 years. The deregulatory agenda is projected to save the average American family \$3,100 every year, with savings benefiting lower-income families more than higher-income families ([CEA, 2019a](#)).
- Energy Dominance: Building on the shale revolution with its roots in 2005 and the lifting of the crude oil export ban in 2015, the Trump Administration pro-energy policies drove the U.S. to energy dominance. More abundant, affordable American energy drove economic growth. This especially helped lift America's most vulnerable who spend more of their income on energy and fixed costs. For example, in totality, the shale revolution is estimated to save the average American family of four \$2,500 per year in reduced energy costs. Further, as a share of household income, the poorest fifth of households experience five times the savings as the richest fifth of households ([CEA, 2019b](#)).
- Fair and Reciprocal Trade: The Trump Administration made numerous advances in renegotiating trade deals, perhaps most notably the United States-Mexico-Canada Agreement (USMCA) which is projected in the long run to create 176,000 American jobs, increase U.S. GDP by roughly \$70 billion, and boost U.S. agricultural exports by \$2.2 billion ([USITC, 2019](#)).

The pandemic interrupted the longest economic expansion on record as the unemployment rate surged to 14.8 percent—a level not seen since the Great Depression—and economic output suffered the worst single quarter of growth on record. Aided by its strong pre-pandemic foundation and the swift and strategic action taken by the Trump Administration to help American families, workers, and small businesses weather the storm, the U.S. economy once again experienced a robust recovery with 6 in 10 pandemic job losses recovered by the end of 2020, the single largest quarter of economic growth on record witnessed, and the pace of recovery far exceeding expectations ([CEA, 2021](#)). The success of the CARES Act and subsequent recovery packages throughout 2020, OWS, and executive



actions showed that when disaster strikes, the government should swiftly respond with aid that appropriately matches the scale of the crisis, is directly targeted to those most affected by the crisis, and is designed to prioritize a rapid rebound of prosperity and jobs rather than simply making life more tolerable in an extended downturn. By doing so, economic recovery can be robust, but the government must be prepared to scale down aid as the economy recovers as to not risk instability and to avoid the risk of permanently skewing incentives that are crucial to the free enterprise system. Milton Friedman described this risk, evident throughout history, as “nothing is so permanent as a temporary government program” (Friedman & Friedman, 1984).

POLICY PRIORITIES

As the U.S. economy emerges from a period of crisis amidst the pandemic, it is time to look to the future and return to the pre-pandemic path of prosperity. Policies that continue to put the American worker and their families first, encourage innovation and entrepreneurship, and take back power from special interests will be crucial in this endeavor. The AFPI Center for American Prosperity will work to research these, among other, policy priorities at the federal, state, and local level of government:

- Tax Relief for America’s Middle Class: The middle class currently shoulders the lion’s share burden of taxes, yet its interests are rarely at the forefront in Washington, DC. AFPI will develop tax policies that promote economic growth and reward the aspirations of the millions of hard-working middle-class families looking to build a better life for themselves and their families and create a strong and prosperous middle class in order to maintain economic strength.
- Incentivize Job Creation for American Workers: While millions of Americans remain out of work due to the pandemic, AFPI will identify and support policies that encourage robust demand for labor, similar to what was experienced in 2017-19. We must research and identify policies that can get these citizens back to work as quickly as possible. This includes, but is certainly not limited to, federal, state, and local deregulatory efforts, measures that would make permanent the temporary provisions of the growth-enhancing 2017 tax reform, and exploring further bilateral, fair, and reciprocal trade agreements.
- Promote Wage Growth: After decades of stagnating middle-class incomes and working-class wages, policies implemented in the past 4 years helped engineer a remarkable trend reversal that produced robust wage growth for American workers. Growth-inducing economic policies of tax cuts and deregulation led to historic rises in income for all Americans. Identifying policies with a track record of success is vital as Congress and the new administration look to reverse some of these policies.



- Incentivize Onshoring: The Department of Labor’s (DOL) Trade Adjustment Assistance has found that roughly 109,000 American jobs were offshored in 2020 ([DOL, 2021](#)). AFPI will explore policies that support robust domestic supply chains and the presence of a diversity of industries and capacities domestically to help lay the foundation for future American prosperity, to better compete strategically with adversaries, and to be better prepared to weather unforeseen future disasters. Furthermore, we must identify policies that artificially induce offshoring.
- Ensure Access to Capital: Access to capital is a foundational pillar of a free market economy. One troubling trend is the use of financial institutions to deny access to capital for reasons other than the financial well-being of investors—whether they be small retail investors, small businesses, or independent firms. Events in recent years—including Operation Choke Point, recent divestitures and corporate adoption of Environmental Social Governance policies, and January’s r/WallStreetBets movement—underscore how access to capital will be a major political battlefield that AFPI should closely monitor going forward. AFPI will research and develop policies that make it easier for main street businesses, entrepreneurs, and all individual investors to more easily obtain credit and locate investment opportunities.

STRATEGIC APPROACH

The American people are broadly supportive of AFPI’s Center for American Prosperity’s ideals. The Center’s education efforts will seek to communicate directly to the American people how these pro-growth, America first economic policies have a large positive effect on small businesses, entrepreneurs, the free enterprise system, and the strong middle class—all of which are broadly held in high regard by the American people. By focusing not just on the effects of anti-growth, America last policies implemented at the federal level, but also the impact of pro-growth, America first policies at the state and local level, AFPI will be on the forefront of reinvigorating the “spirit of Commerce” ([Washington, 1784](#)) and a renewal in unprecedented prosperity for all Americans through its educational efforts.



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