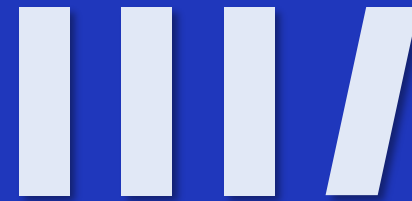


November 2023



**Manhattan  
Institute**

# Spending, Taxes, and Deficits: A Book of Charts

Brian Riedl / Senior Fellow, Manhattan Institute

# Highlights

- Budget Deficits are Projected to Exceed \$3 Trillion Within a Decade (p. 6)
- In Just 20 Months, President Biden Added \$4.8 Trillion to 10-year Deficits (11)
- How Did Washington Go from Budget Surpluses to Escalating Deficits? (22, 43)
- What Happened to the 2011 BCA Spending Caps? (30–31)
- Rising Social Security & Medicare Shortfalls Drive Nearly Entire 2019–33 Deficit Rise (39–42)
- Debt in 30 Years Reaches Between 181%–340% of GDP, Depending on the Baseline (53)
- What is Driving CBO's Projected \$119 Trillion Deficit over 30 Years? (55–61)
- Each 1% Interest-Rate Rise Adds \$30 Trillion (or 40% of GDP) to 30-Year Debt (73)
- A Menu of Tax Increase Options With 10-Year and Long-Term Estimates (75)
- Taxing the Rich Could Raise at Most 1% or 2% of GDP (78)
- Does the U.S. Have the OECD's Most Progressive Tax Code? (97, 98, 108)
- What Really Caused the 1990s Budget Surpluses? (114)
- The Comprehensive Bush Budget Record (118–119)
- The Comprehensive Obama Budget Record (120–127)
- The Comprehensive Trump Budget Record (128–133)

# Methodology

Nearly all charts were built with publicly available government data from the Office of Management and Budget (OMB), Congressional Budget Office (CBO), U.S. Treasury, Council of Economic Advisors (CEA), Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA), and Census Bureau.

Unless otherwise noted, short time periods are expressed in nominal dollars, medium time periods are expressed in inflation-adjusted dollars, and long time periods are expressed as percentage of the economy.

Charts with a current-policy baseline alter the CBO baseline by more realistically assuming:

- 1) Extensions of expiring tax cuts and ACA subsidies.
- 2) Discretionary spending never falls below 6.0% of GDP.
- 3) No reductions in post-2033 “other mandatory” spending as a %GDP.

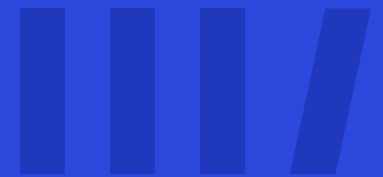
Questions on specific charts can be addressed by contacting Brian Riedl at [Briedl@manhattan-institute.org](mailto:Briedl@manhattan-institute.org).

# Charts are Organized into 13 Chapters

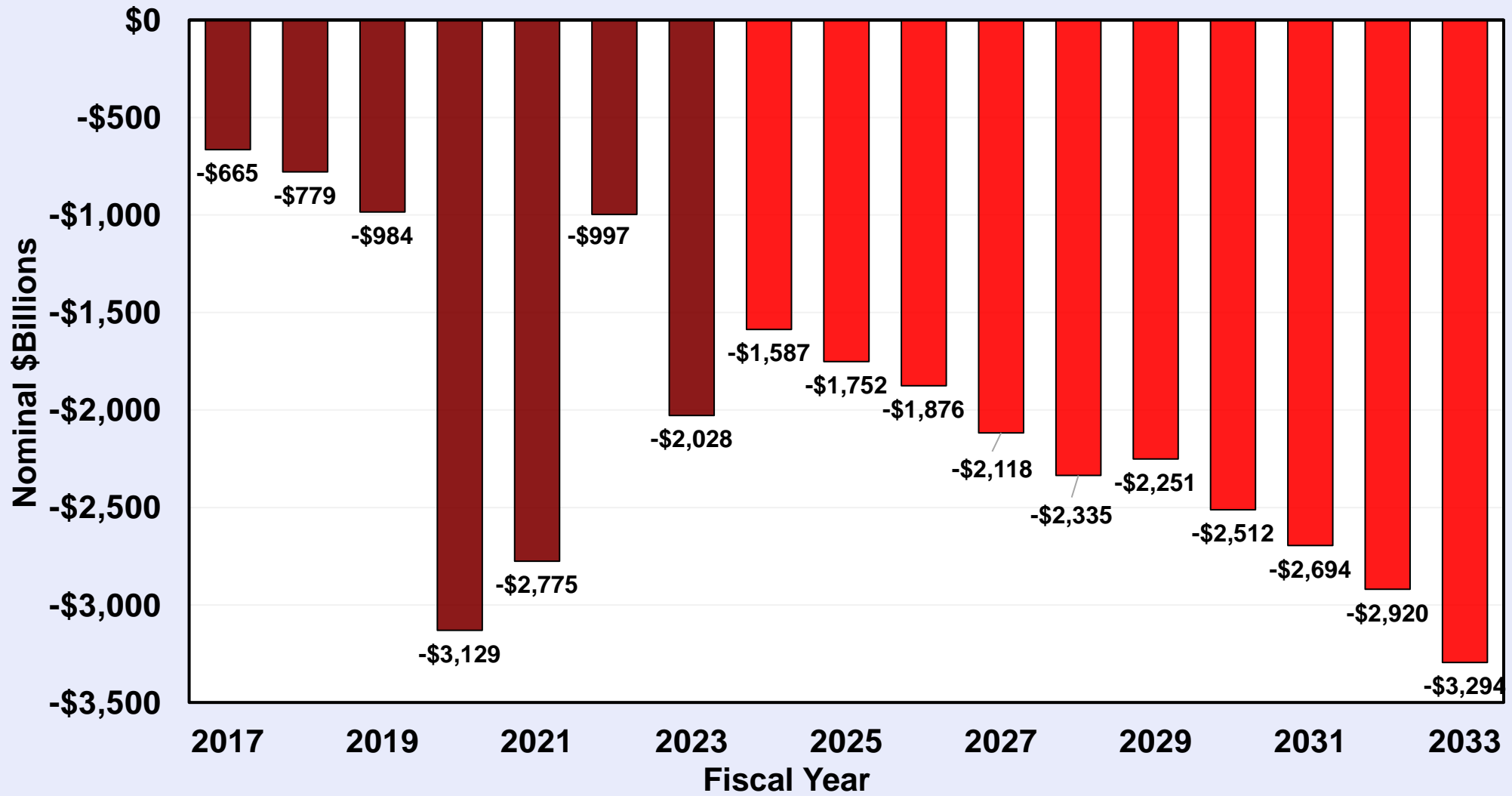
1. Rising Budget Deficits and National Debt
2. What is Driving the Debt? Soaring Federal Spending
3. Discretionary Spending Is Not Driving the Long-Term Debt
4. Mandatory Spending and Entitlement Costs Are Rising Rapidly
5. 30-Year Debt Estimates Are Driven by Social Security & Medicare Shortfalls
6. What Happens to the Debt if Interest Rates Rise?
7. Can't We Just Raise Taxes, Cut Defense, & Nationalize Health Care Instead?
8. Progressive Proposals Would Dig the Debt Even Deeper
9. Tax Revenues Are Projected to Rise Past Typical Levels
10. The Tax Code Has Become Increasingly Progressive
11. Countering Tax, Spending, & Deficit Myths of the 1980s Through 2008
12. A Comprehensive Accounting of the Obama Fiscal Record
13. A Comprehensive Accounting of the Trump Fiscal Record

# Rising Budget Deficits and National Debt

## *Chapter 1*

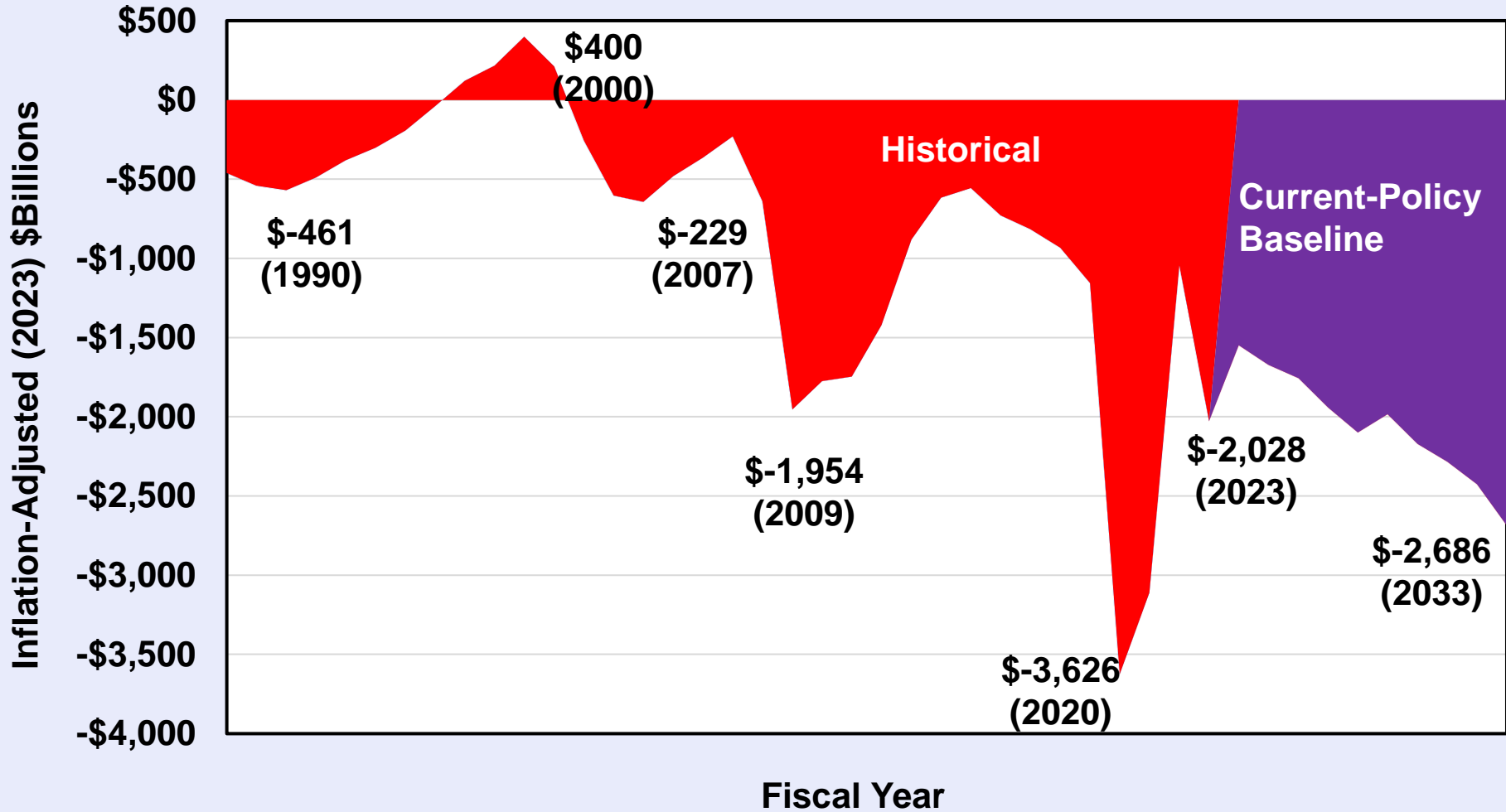


# Budget Deficits Are Projected to Exceed \$3 Trillion Within a Decade



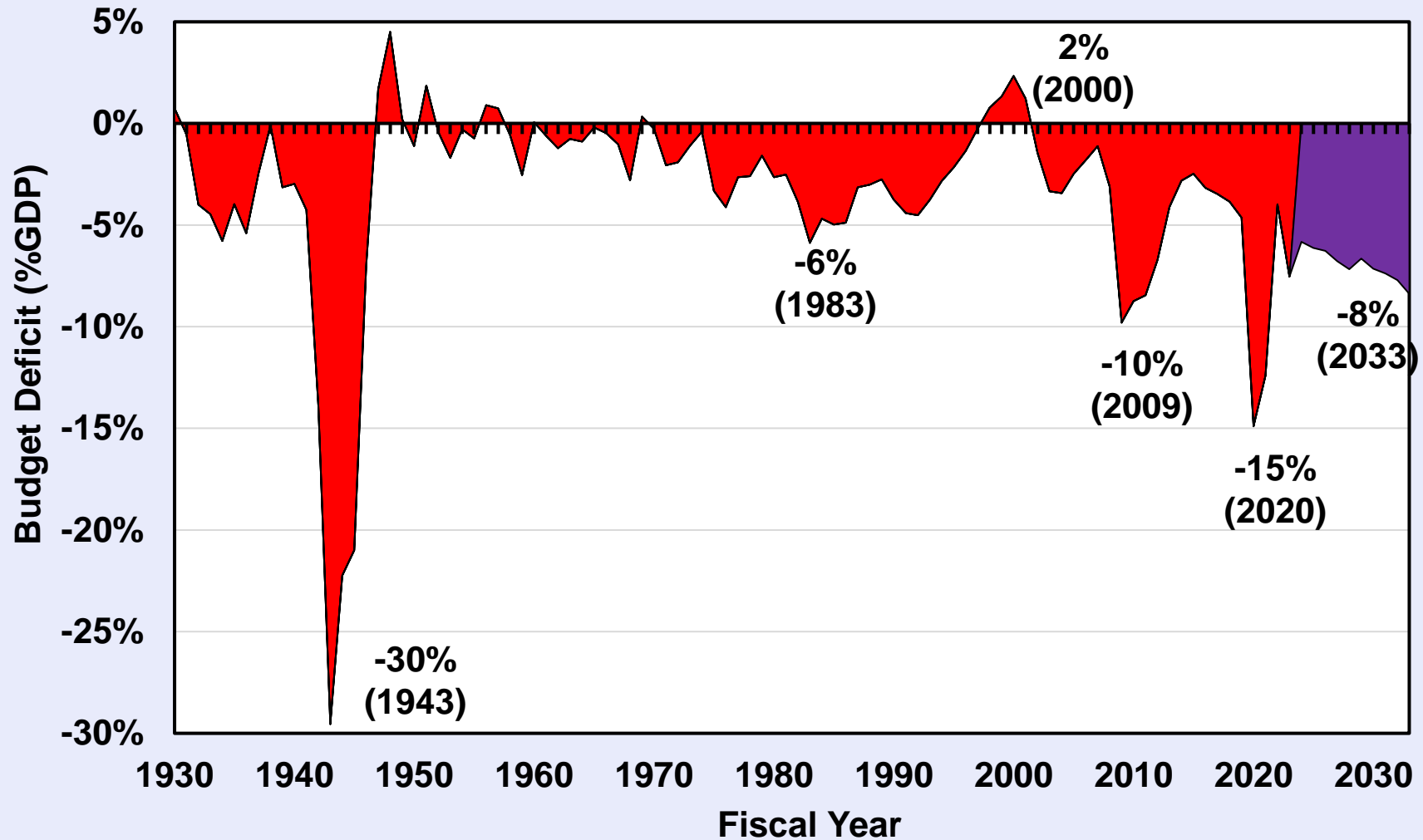
Source: June 2023 CBO baseline adjusted for current-policy extensions of tax cuts and spending. Final 2022 and 2023 figures also adjusted for the cancelled student loan bailout.

# Budget Deficits Are Set to Rise Steeply (adjusted for inflation)



Source: June 2023 CBO baseline adjusted for current-policy extensions of tax cuts and spending. Final 2022 and 2023 figures also adjusted for the cancelled student loan bailout.

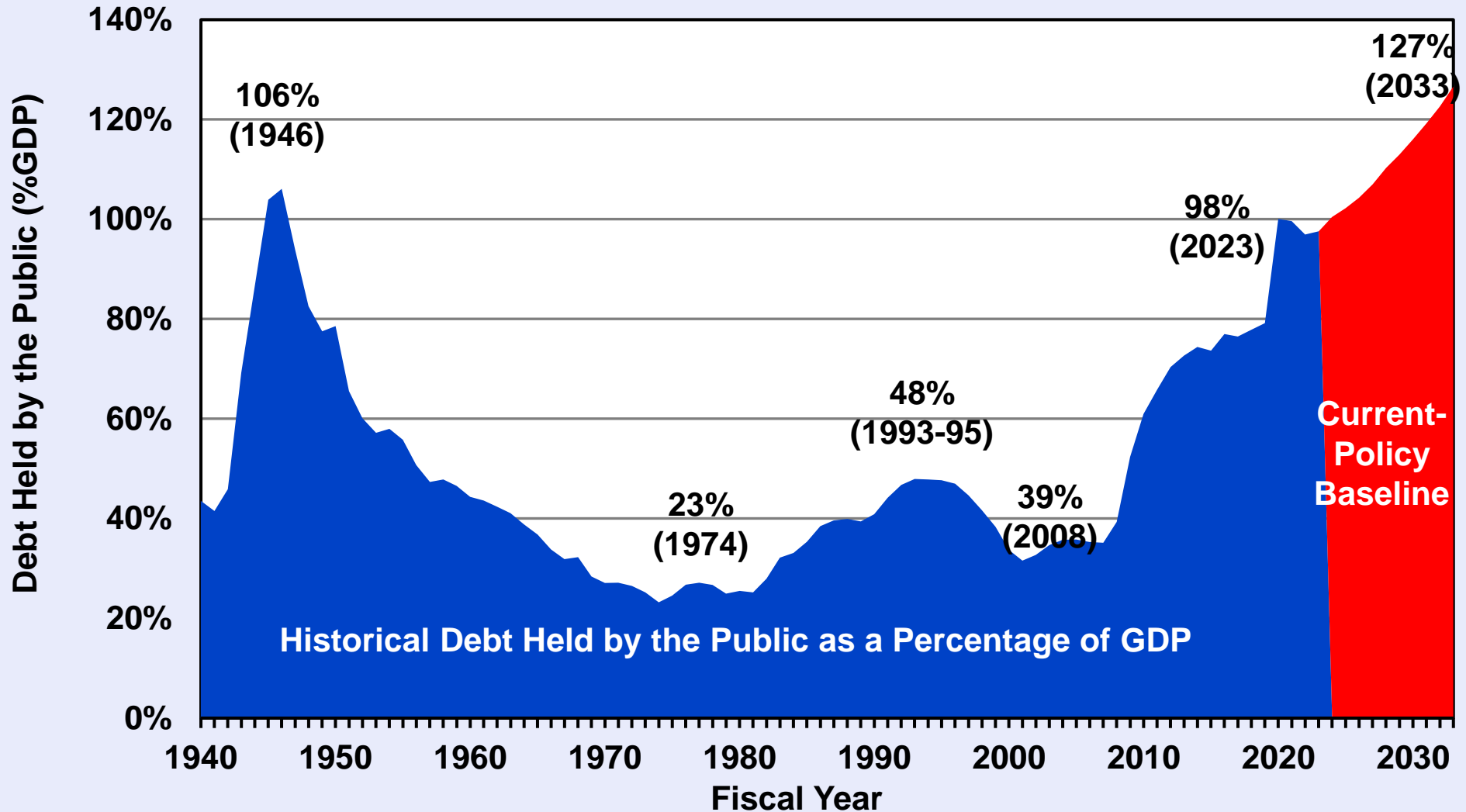
# Deficits Are Headed to Levels Seen Only During Wars, Deep Recessions, and Pandemics



Source: OMB Historical Tables and June 2023 CBO baseline adjusted for current-policy extensions of tax cuts and spending. Final 2022 and 2023 figures also adjusted for the cancelled student loan bailout.

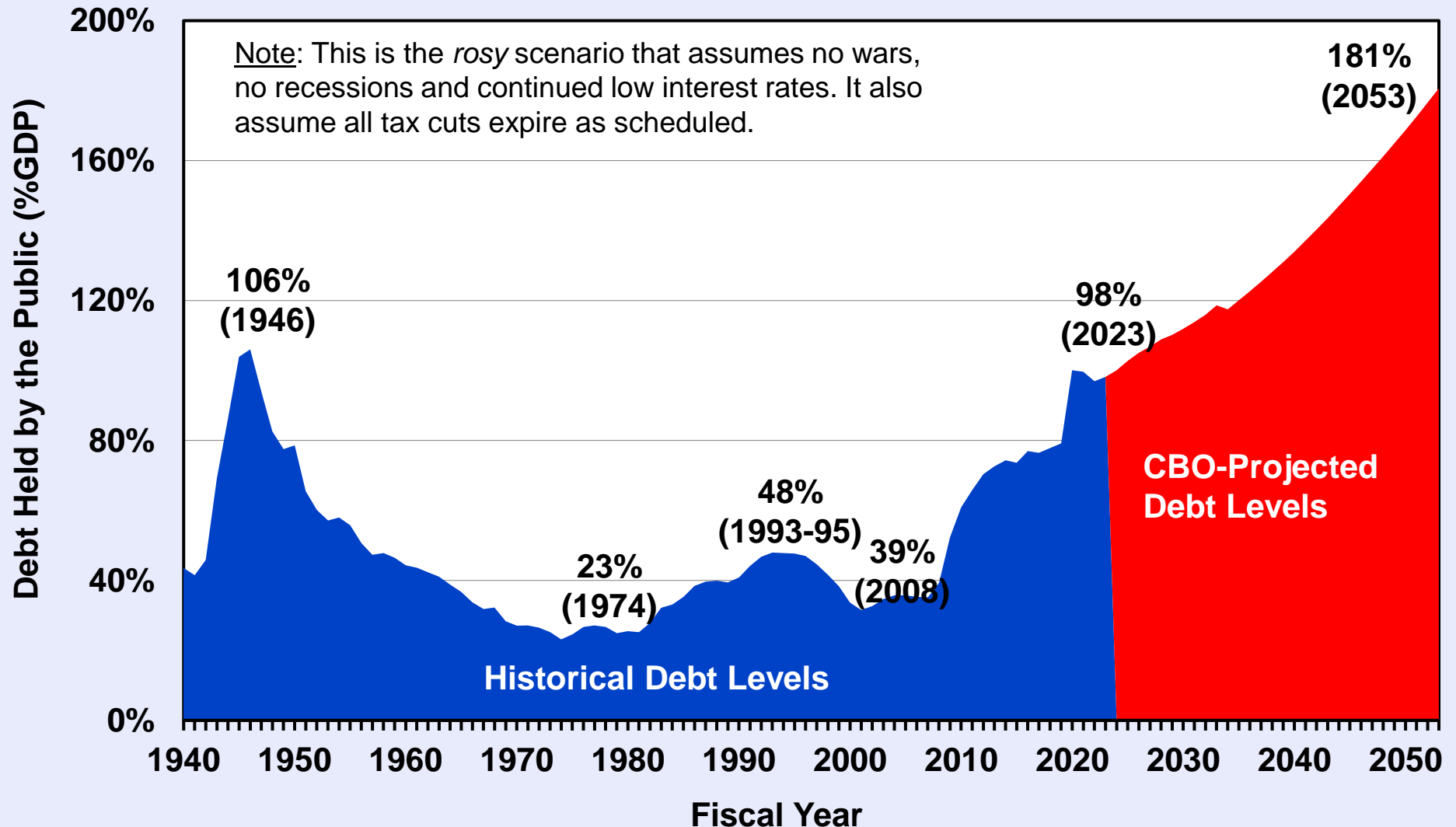


# The National Debt Is Set to Surpass the World War II Peak Within a Decade



Source: OMB Historical Tables and June 2023 CBO baseline adjusted for final 2023 figures, and for current-policy extensions of tax cuts and spending.

# CBO Long-Term Baseline Shows Unsustainable Debt



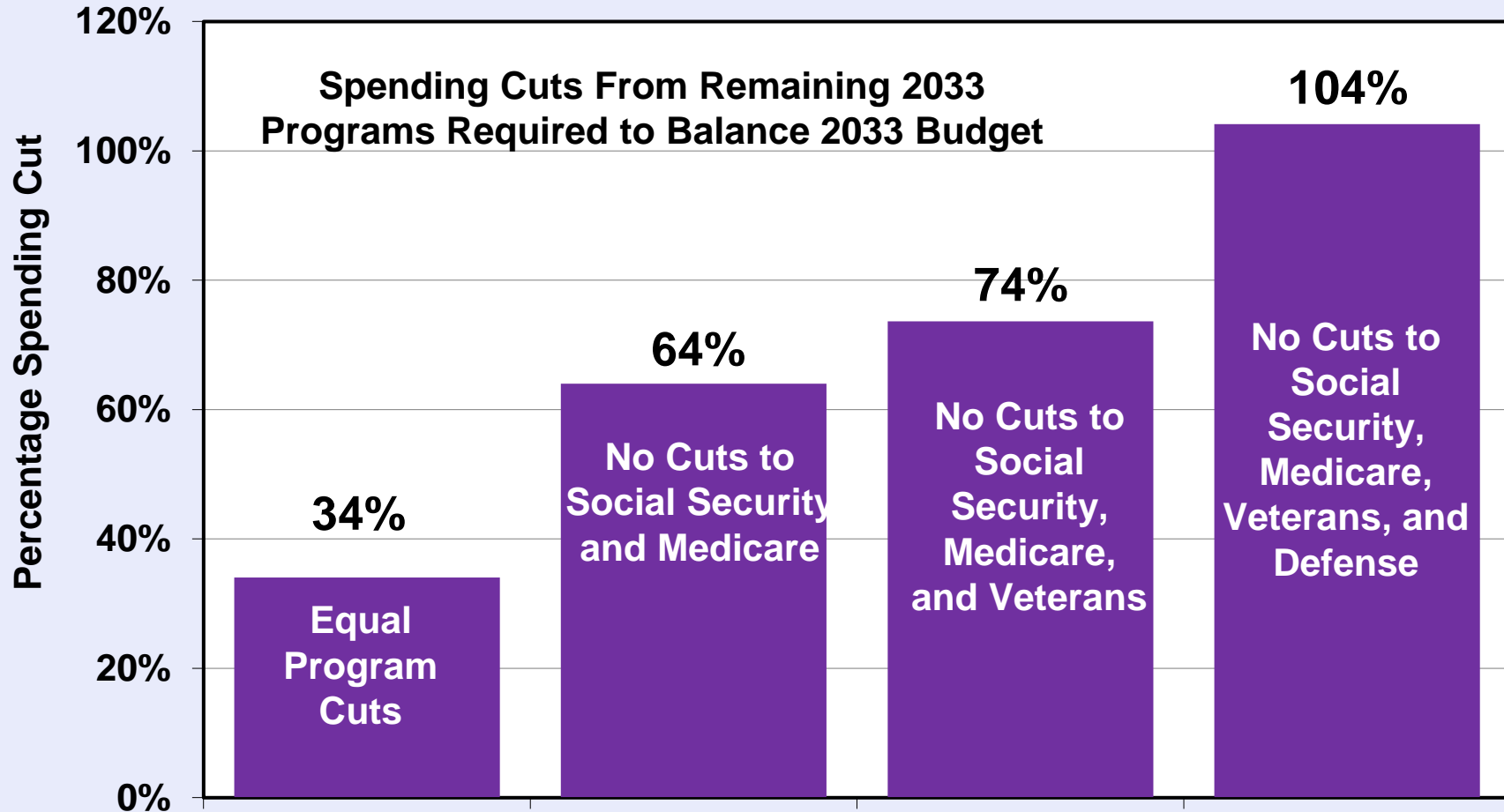
Source: CBO 2023 Long-term Budget Outlook.

# In Just 20 Months, President Biden's Initiatives Added \$4.8 Trillion to 10-year Deficits

Legislation or Executive Order	10-year Cost (\$Billions)
American Rescue Plan	\$1,850
FY 2022 Omnibus Bill	\$625
Bipartisan Infrastructure Law	\$370
Honoring our PACT Act	\$280
SNAP Expansion	\$185
Health-Related Executive Orders	\$175
CHIPS and Science Act	\$80
Ukraine Supplementals	\$55
Inflation Reduction Act	-\$240
Student Debt Relief ( <i>partially struck down later</i> )	\$750
Net Interest From Above Policies	\$700
<b>Total 10-year Cost</b>	<b>\$4,830</b>

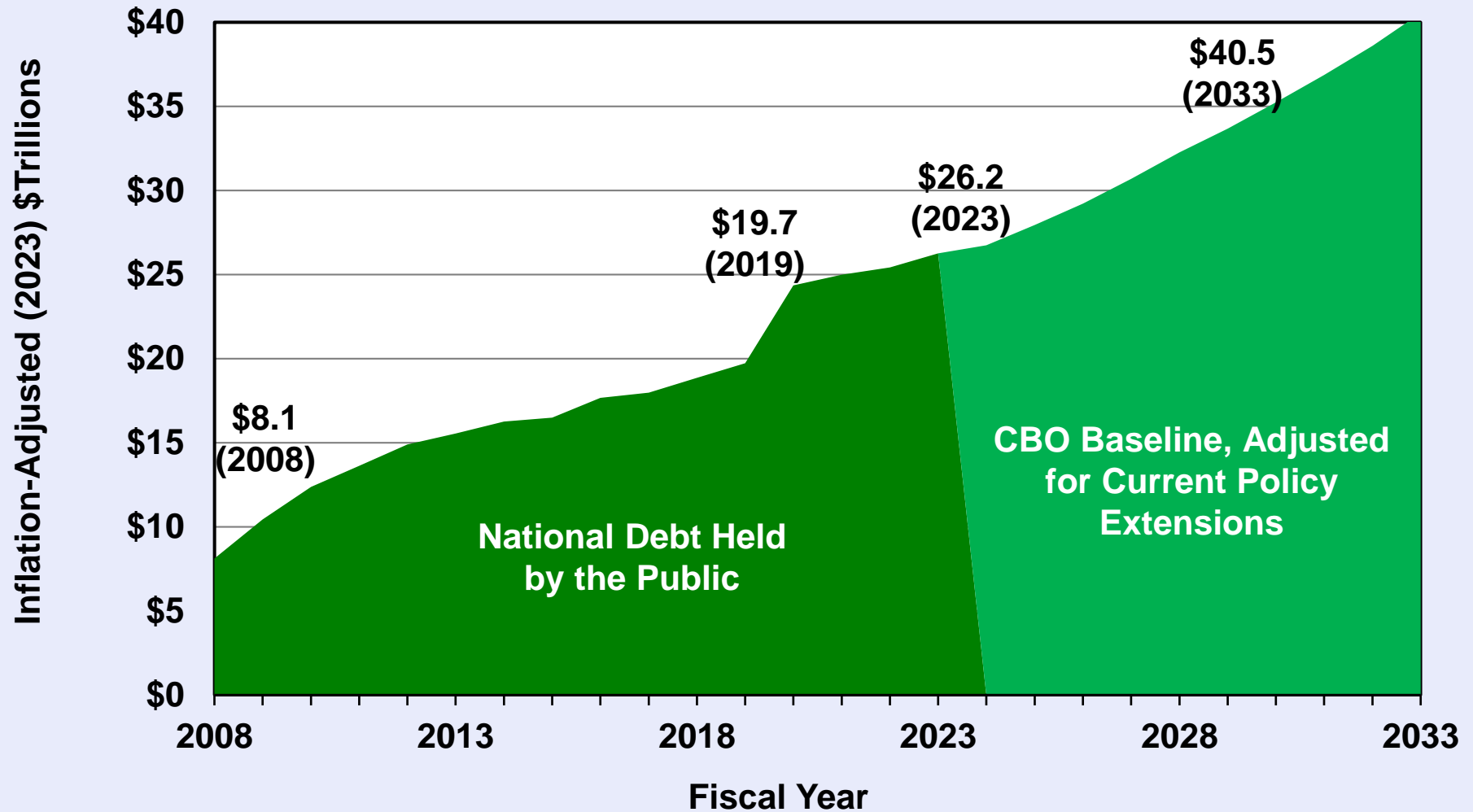
Source: Committee For a Responsible Federal Budget, based on CBO and OMB data.  
Does not account for budget deficit changes driven by economic and technical factors.

# Balancing the Budget in 10 Years While Extending the TCJA and Protecting Priority Spending is Nearly Impossible



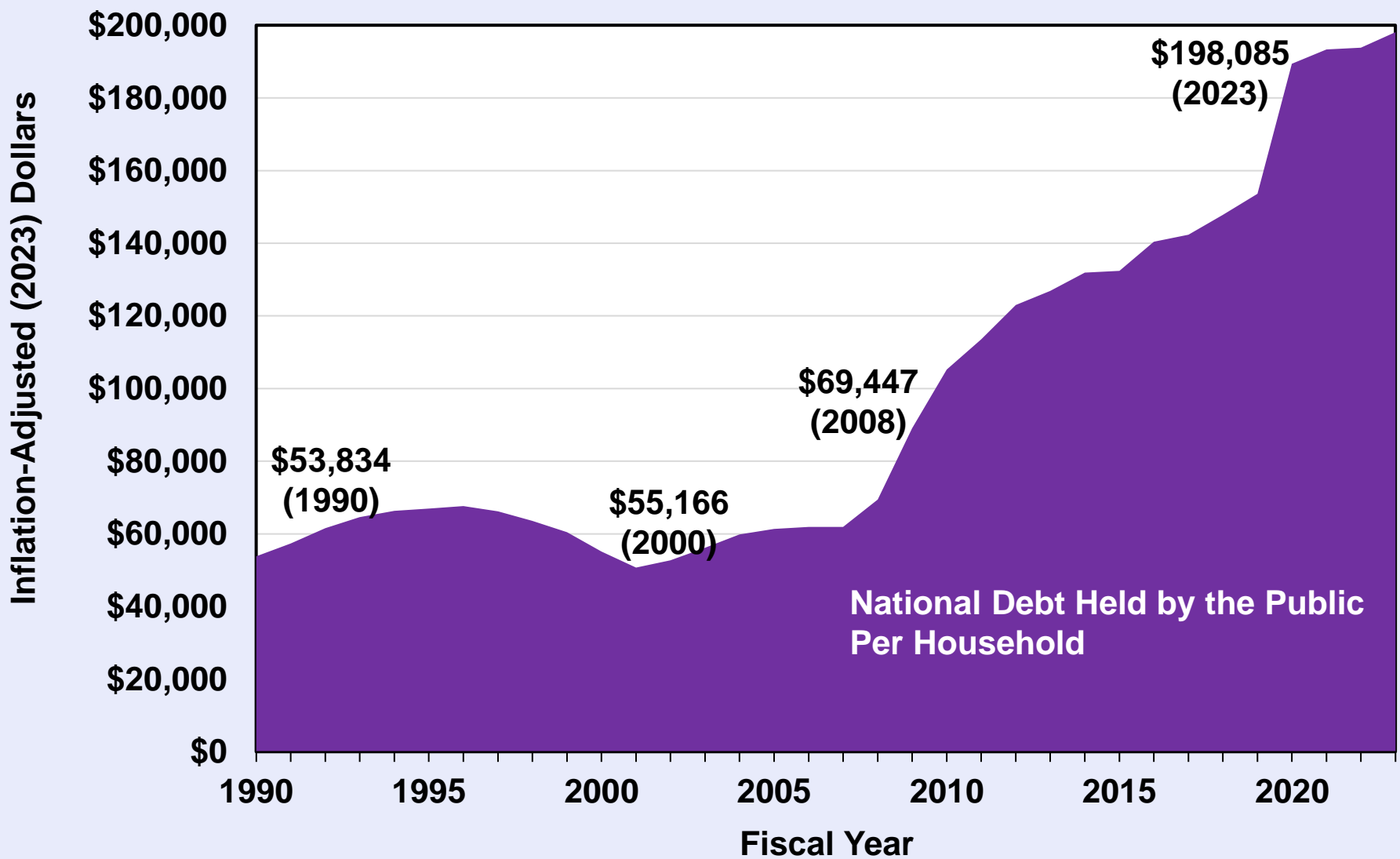
Source: Calculations using CBO 10- and 30-year baselines, adjusted for current-policy tax cut and spending extensions.

# The National Debt is in the Middle of a Historic Surge



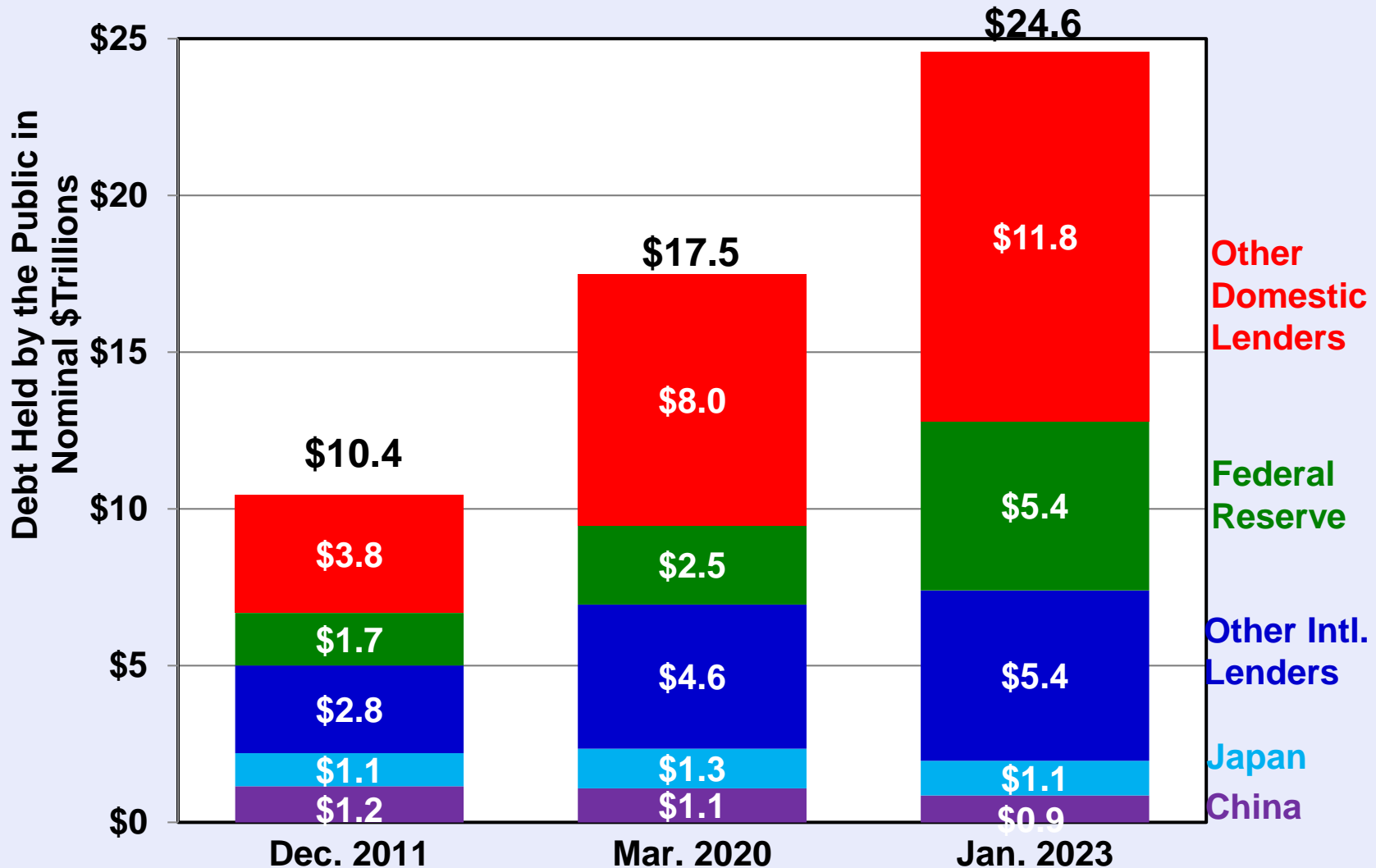
Source: OMB Historical Tables and June 2023 CBO baseline adjusted for final 2023 figures, and for current-policy extensions of tax cuts and spending.

# The National Debt Now Approaches \$200,000 Per Household



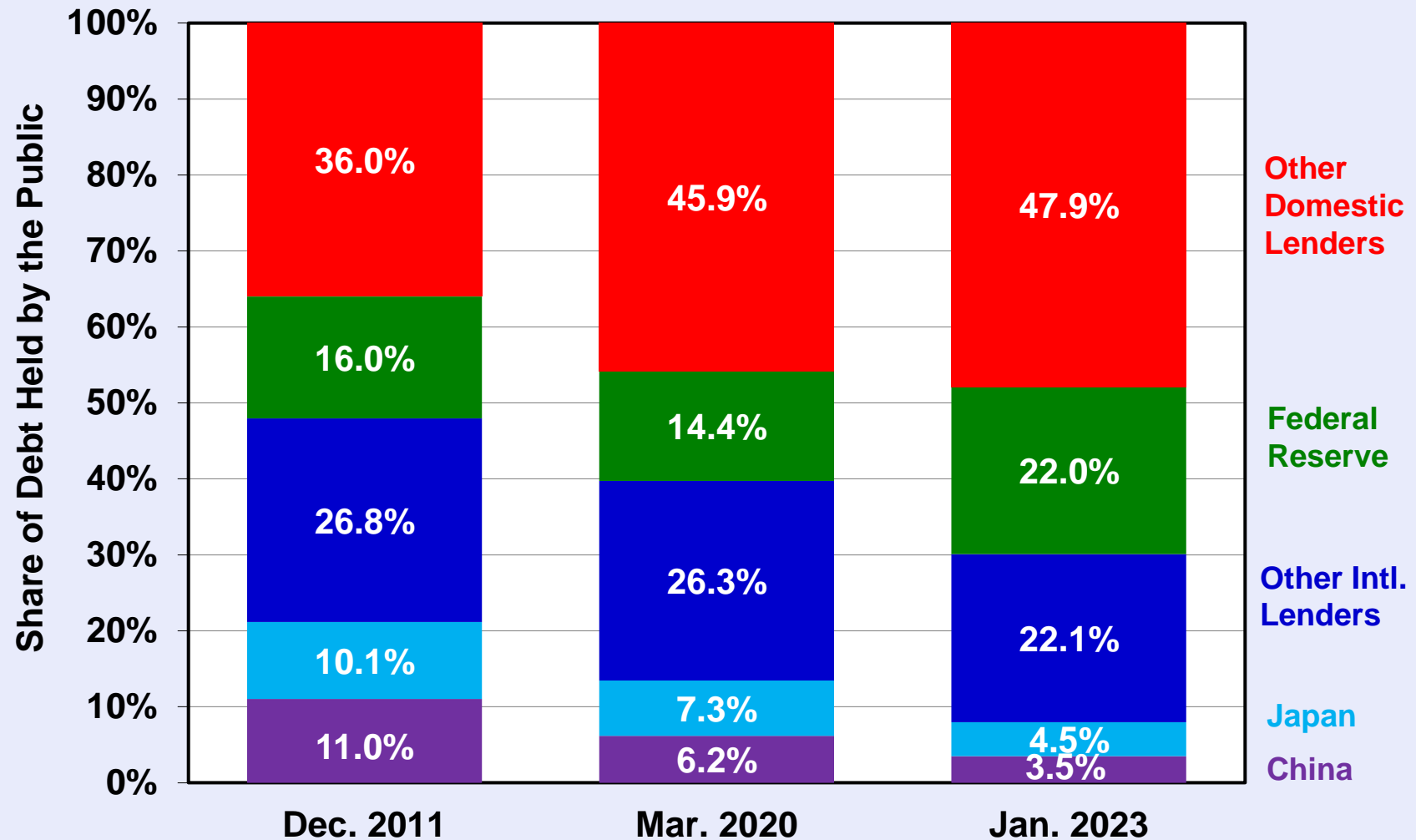
Source: OMB Historical Table 7.1, final 2023 Treasury budget data, and Census Bureau data.

# Washington Increasingly Depends on the Federal Reserve and Domestic Lenders to Buy its Debt



Source: U.S. Treasury, Federal Reserve. The Federal Reserve has expressed intentions to reduce its Treasury holdings.

# A Rising Share of U.S. Government Debt Is Financed by the Federal Reserve and Domestic Lenders

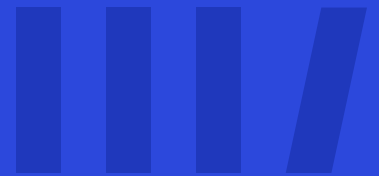


Source: U.S. Treasury, Federal Reserve The Federal Reserve has expressed intentions to reduce its Treasury holdings.

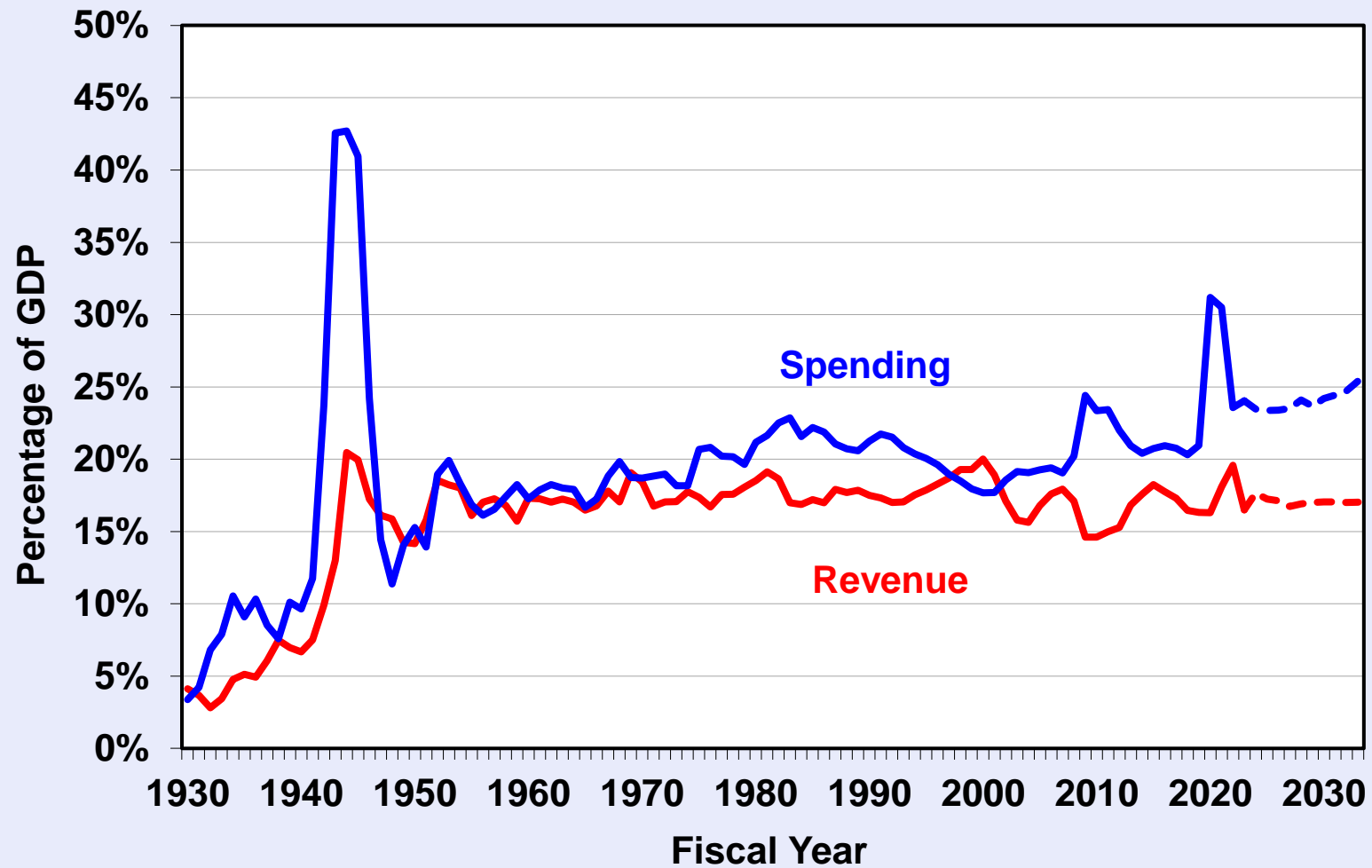


# What Is Driving the Debt? Soaring Federal Spending

## *Chapter 2*

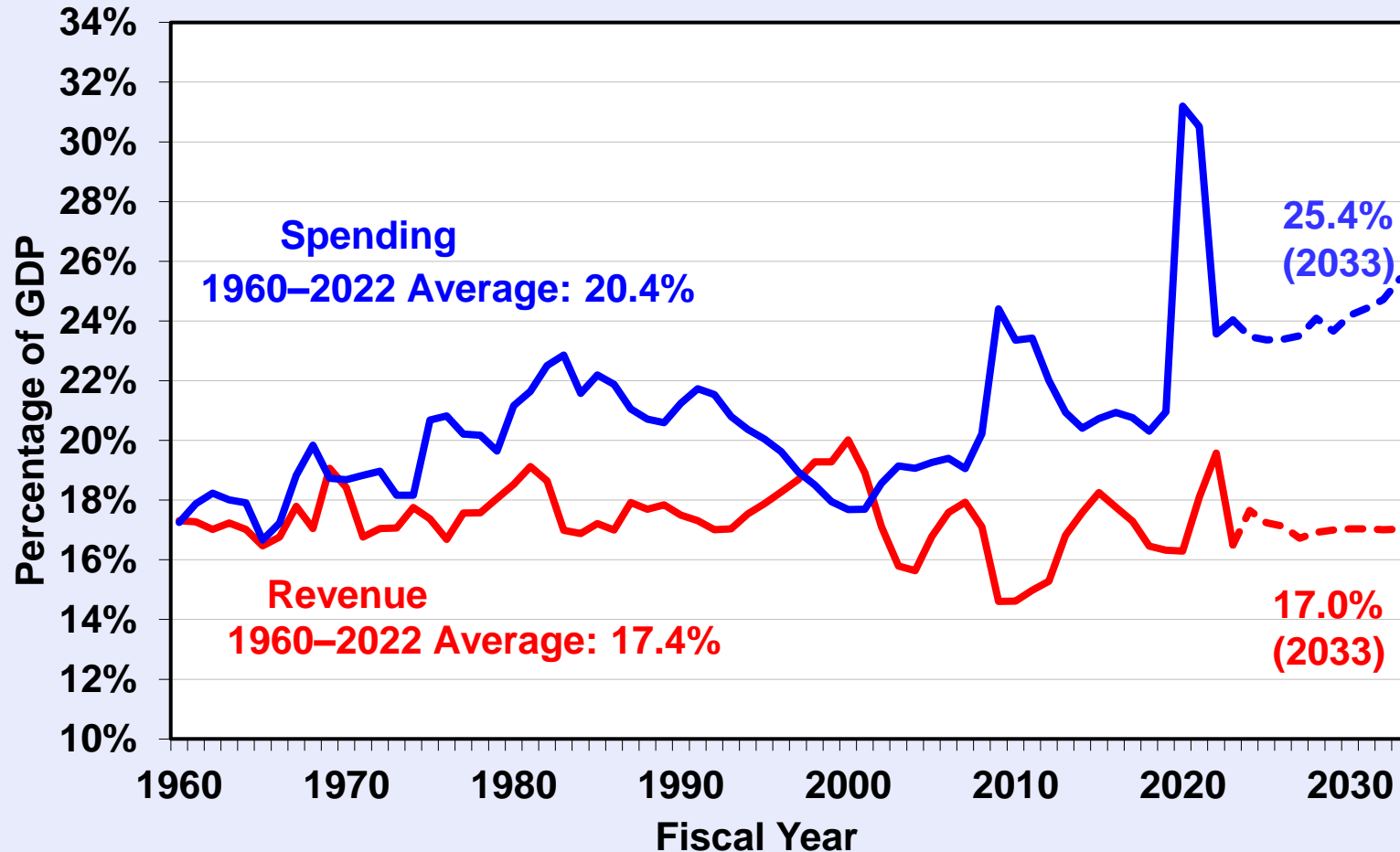


# Federal Spending & Taxes: 1930–2033



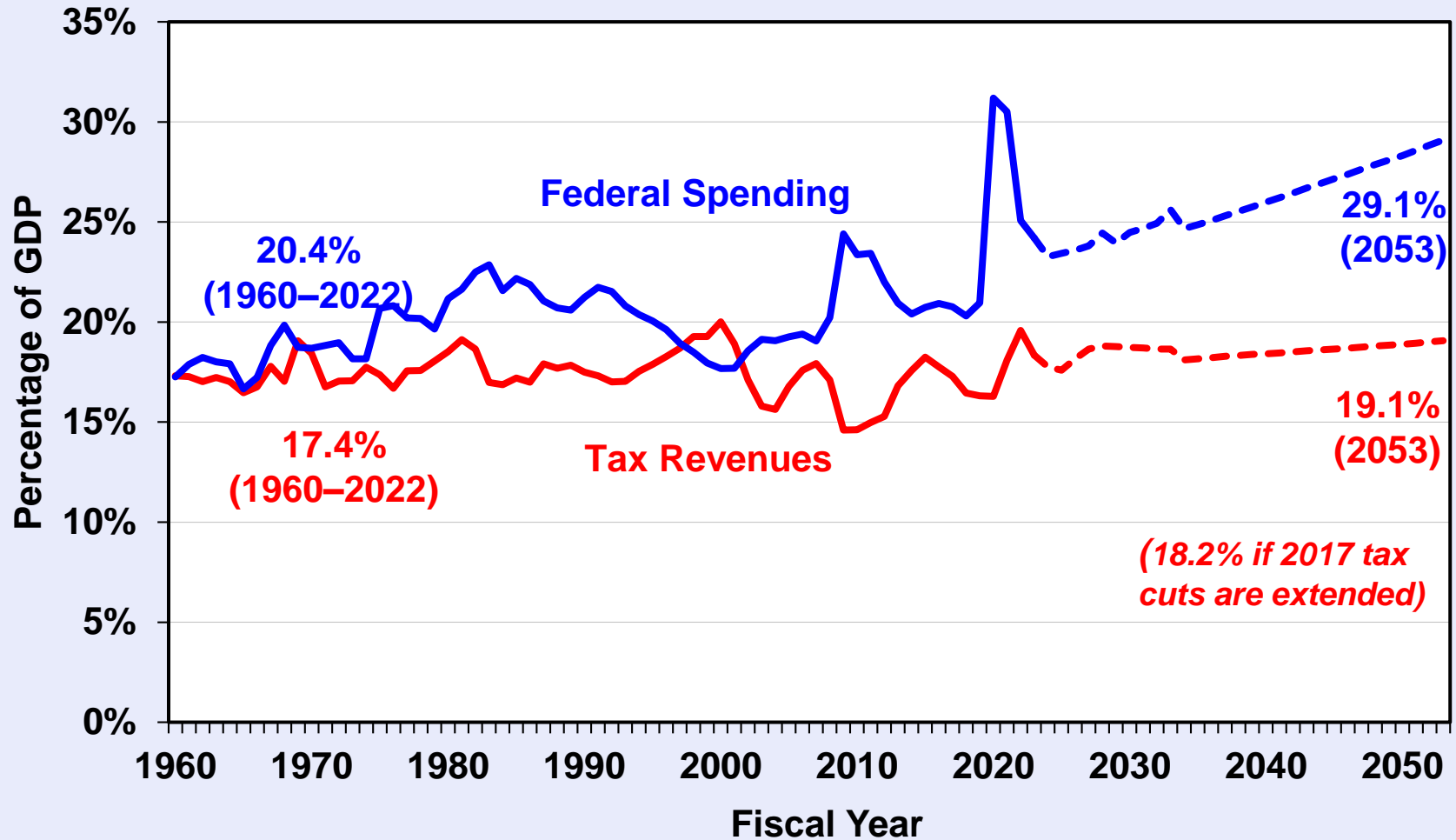
Source: OMB Historical Table 1.2 and June 2023 CBO baseline, adjusted to include current-policy tax and spending extensions.

# Over the Next Decade, Deficits Will Be Primarily Driven by Above-Average Spending



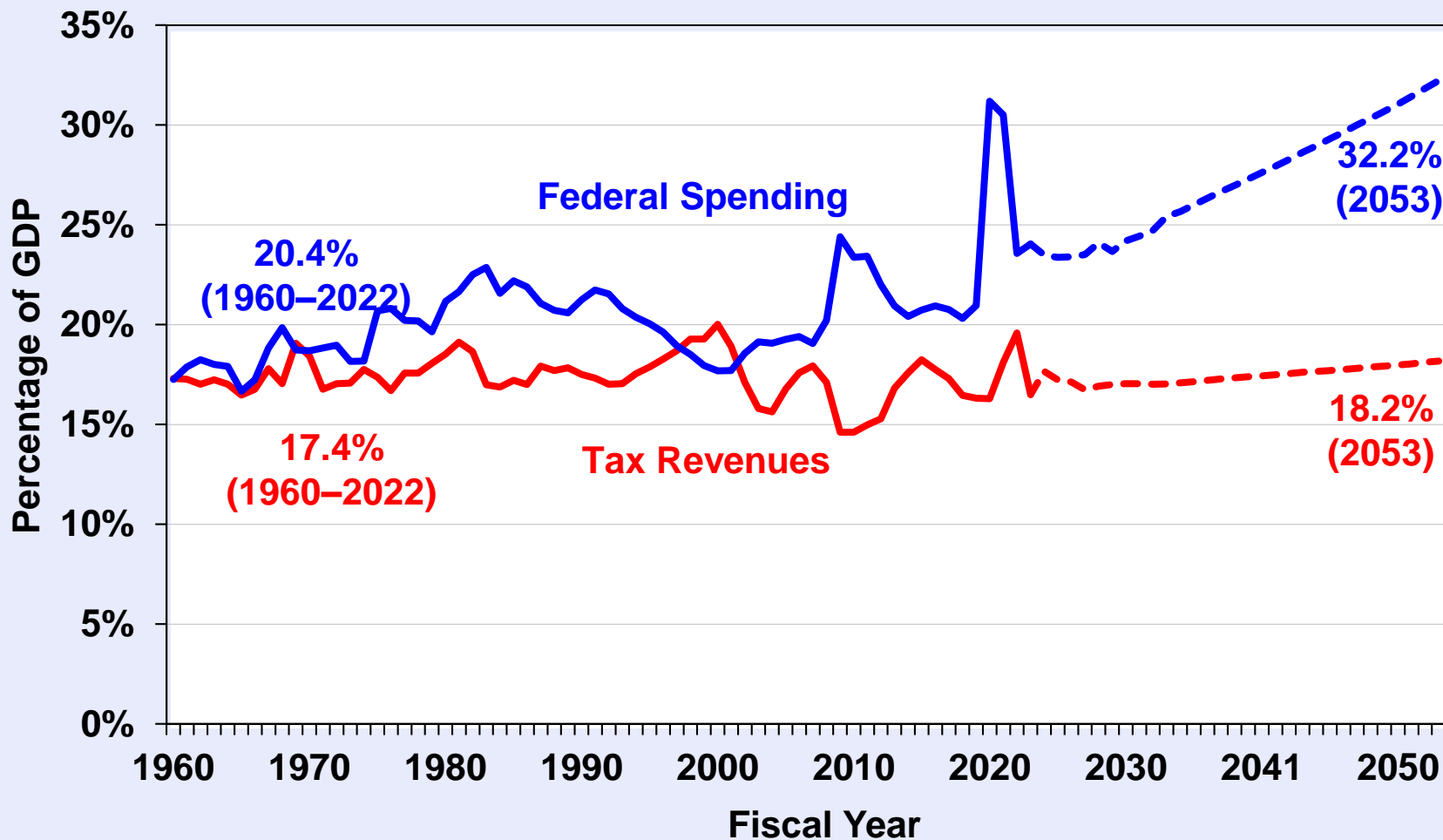
Source: OMB Historical Table 1.2 and June 2023 CBO baseline, adjusted to include current-policy extensions, including the 2017 tax cuts.

# Rising Spending – Not Falling Revenues – Drives the Long-Term Deficit



Source: CBO 2023 Long-term Budget Outlook

# The Realistic “Current-Policy” Baseline Shows Deficits Reaching 14% of GDP in 30 Years

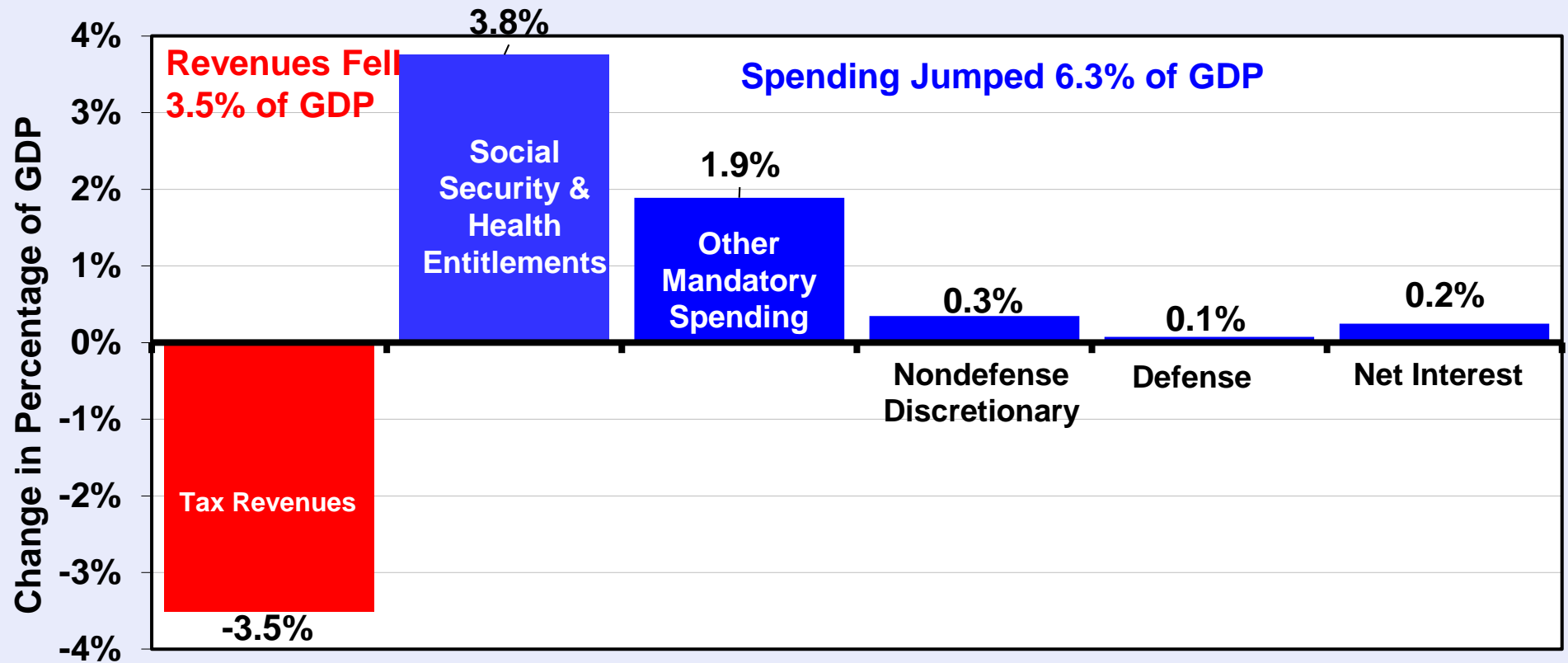


Source: CBO 2023 Long-Term Budget Outlook adjusted to include likely tax cut and ACA extensions, and to cancel (realistically unlikely) large long-term cuts in discretionary and “other mandatory” spending as a percentage of GDP.

# What Happened to Those Budget Surpluses?

## 2000: Budget Surplus of 2.3% of GDP

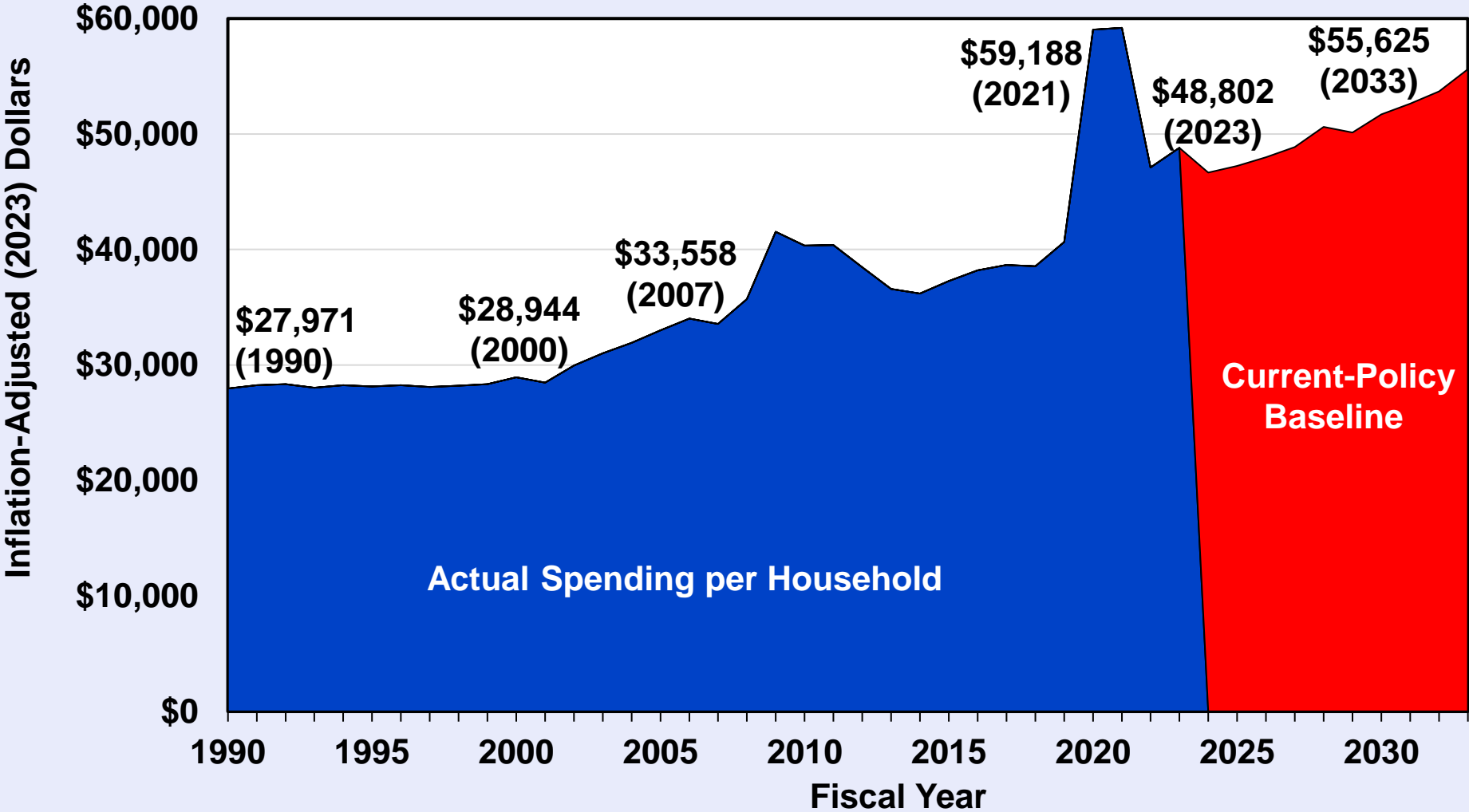
## 2023: Budget Deficit of 7.5% of GDP



**Change Between 2000 Peak Surplus of 2.3% GDP, and 2023 Deficit of 7.5% of GDP**

2000 revenues were an outlier, and on average, post-2000 revenues have been 1% of GDP below the previous two decades. Source: OMB Historical Tables and Treasury data. 2023 figures adjusted for cancellation of student loan bailout.

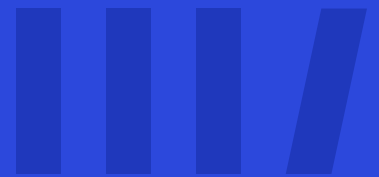
# Pandemic Legislation Pushed 2020 and 2021 Federal Spending to Nearly \$60,000 per Household



Source: OMB Historical Table 1.1, and June 2023 CBO baseline, adjusted to include current-policy extensions, as well as Census Bureau Data.

# Discretionary Spending Is Not Driving the Long-Term Debt

*Chapter 3*



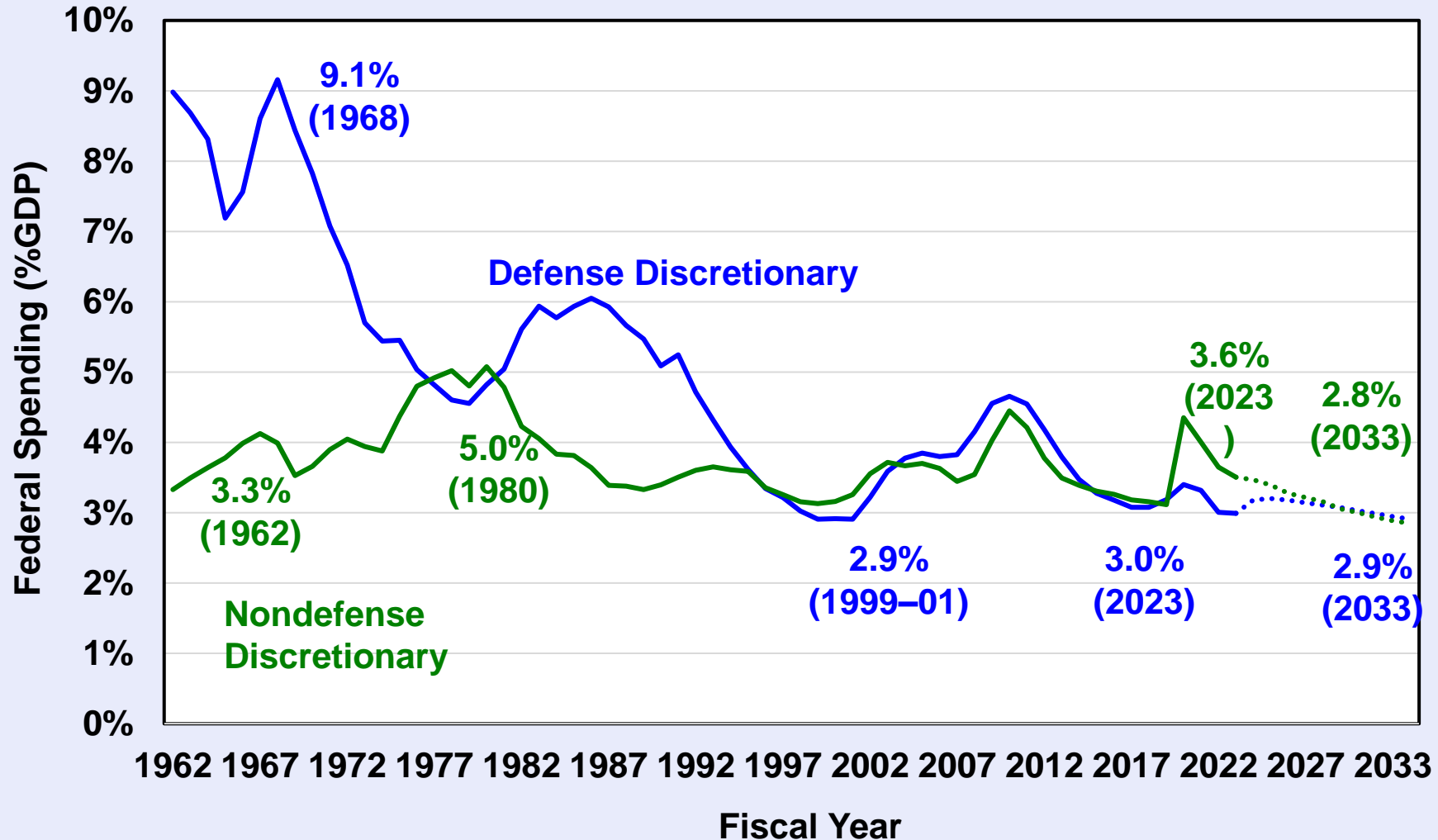


# Breakdown of Discretionary Appropriations, 2023

Spending Category	\$Billions	Share of Total	Annual Growth, 2018–2023
National Defense	\$891	48.9%	4.9%
Veterans Health and Related Benefits	\$135	7.4%	10.5%
Health Research and Regulation	\$91	5.0%	5.7%
International Affairs and U.S. Embassies	\$85	4.7%	8.8%
Education	\$84	4.6%	1.7%
Justice Administration	\$77	4.2%	4.7%
Natural Resources and Environment	\$71	3.9%	3.8%
Housing Assistance	\$66	3.6%	5.8%
Community & Regional Development	\$56	3.1%	-9.9%
Highways and Transit	\$43	2.4%	27.0%
Science, Space and Technology	\$43	2.3%	4.5%
Income Security (non-housing)	\$40	2.2%	10.4%
Training, Employment and Social Services	\$29	1.6%	2.9%
Air Transportation (FAA)	\$28	1.6%	7.0%
Energy	\$23	1.3%	28.8%
General Government Operations	\$21	1.2%	3.7%
Water and Other Transportation	\$14	0.7%	2.7%
Agriculture Research and Admin	\$11	0.6%	5.0%
Medicare (Administration)	\$8	0.5%	2.6%
Social Security (Administration)	\$6	0.3%	0.7%
<b>Total Budget Authority</b>	<b>\$1,823</b>	<b>100.0%</b>	<b>5.1%</b>

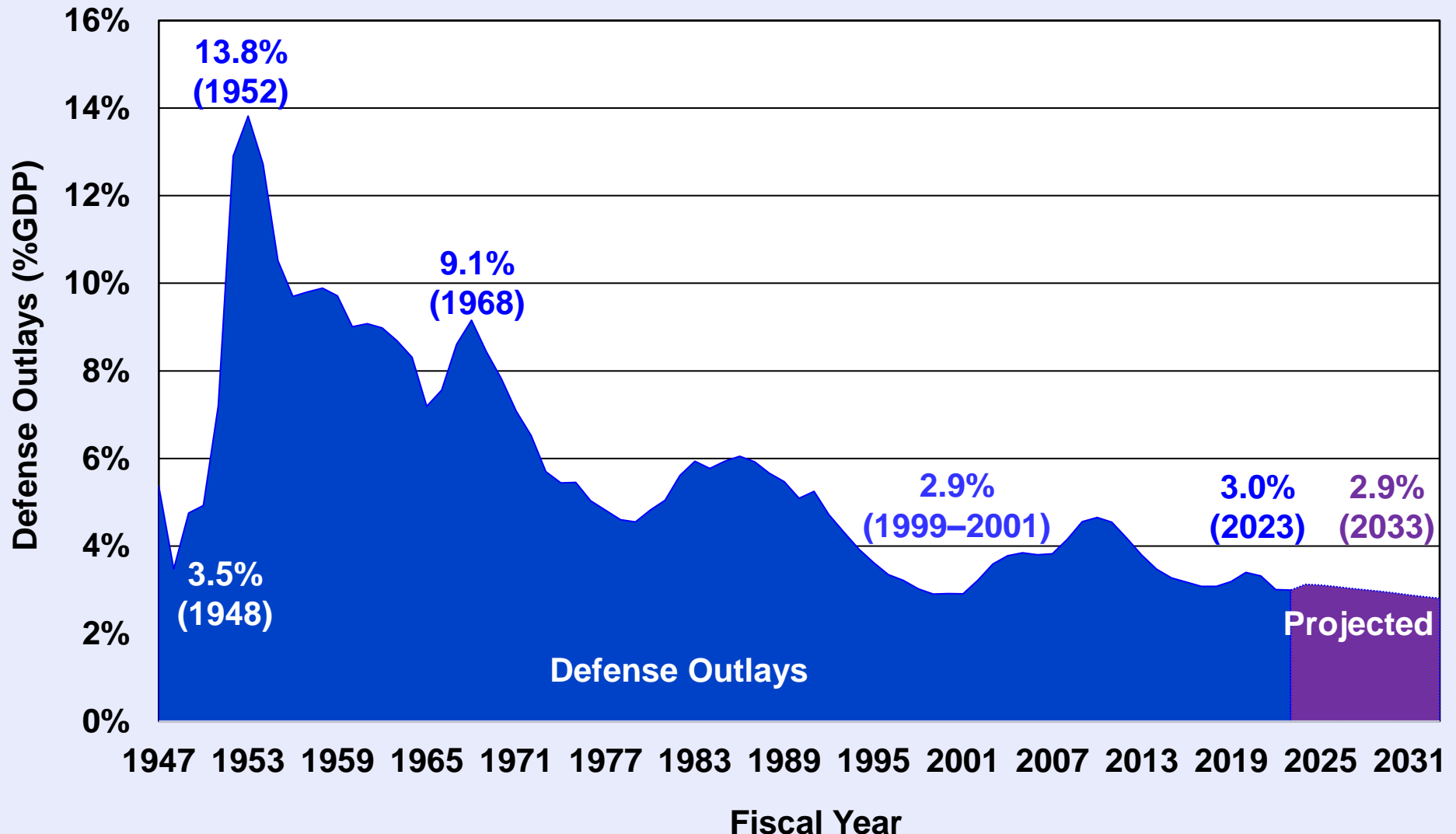
Source: OMB Historical Table 5.6. Figures include emergency appropriations.

# Despite Recent Increases, Discretionary Spending Should Resume Falling as a Share of the Economy



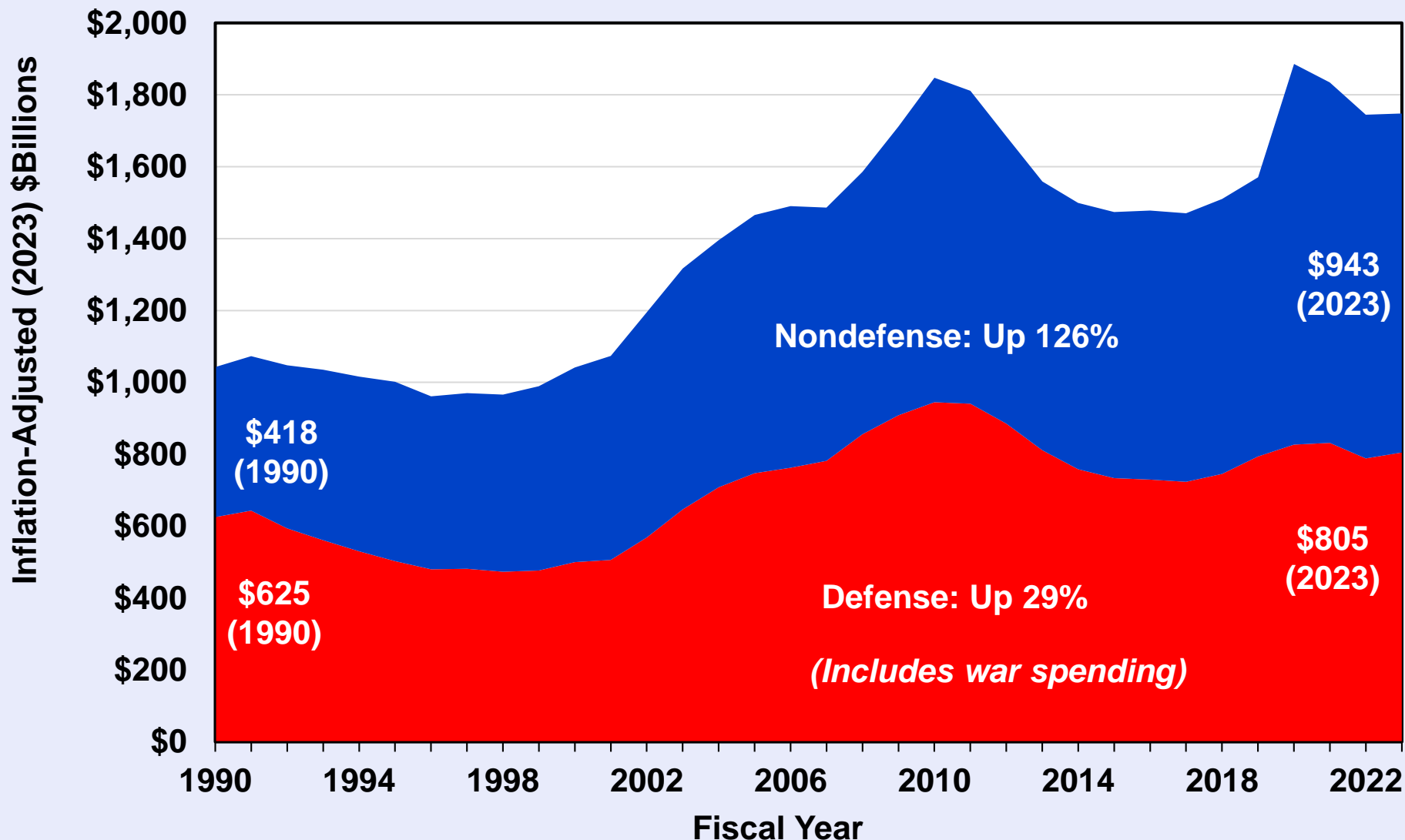
Source: OMB Historical Table 8.4, and June 2023 CBO baseline adjusted for the continuation of current policies.

# Defense Discretionary Spending Is Set to Match its Lowest Share of GDP Since World War II



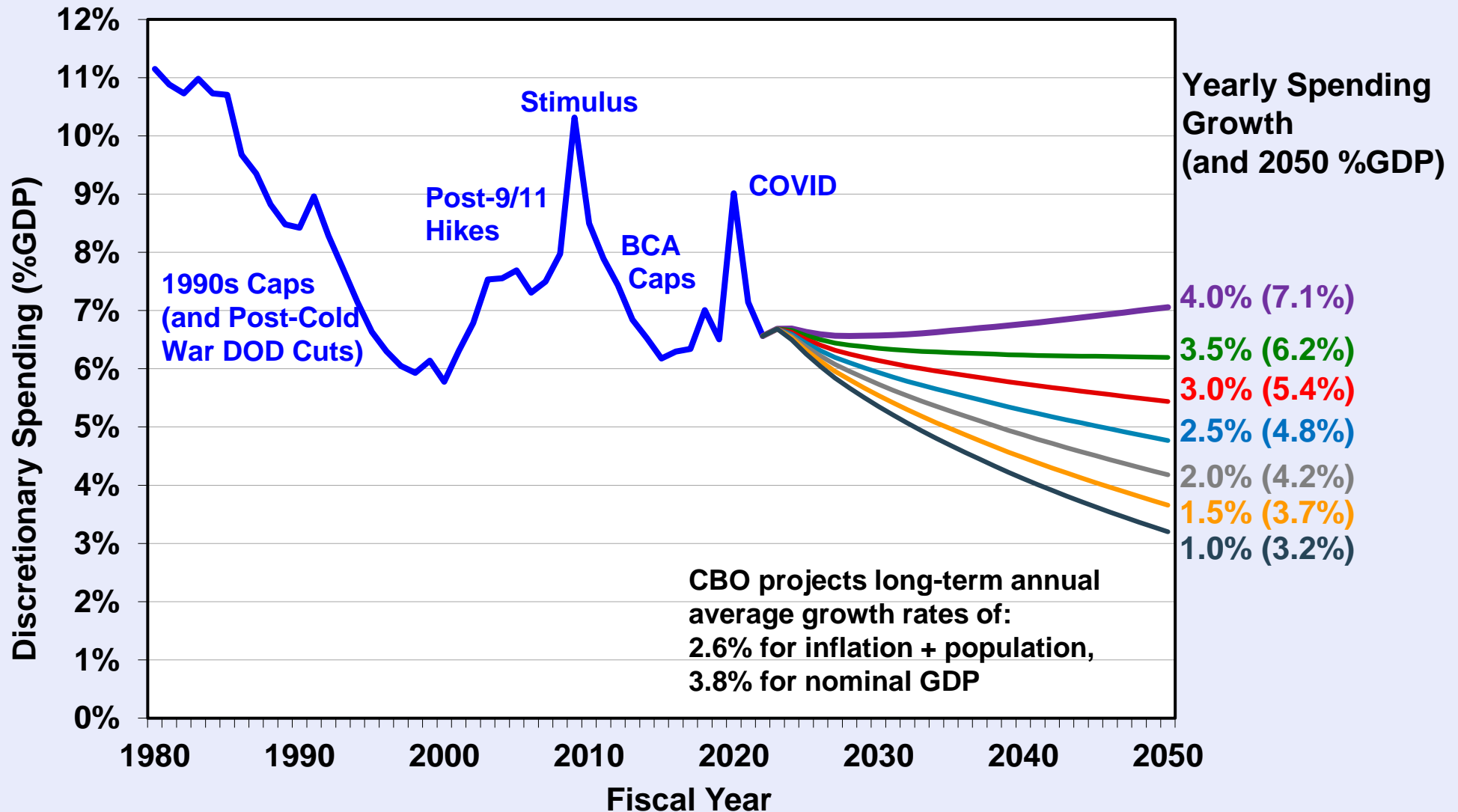
Source: OMB Historical Tables 3.1 and 8.4, and June 2023 CBO baseline adjusted for the continuation of current policies.

# Since 1990, Nondefense Discretionary Spending Has Grown 4 Times as Fast as Defense



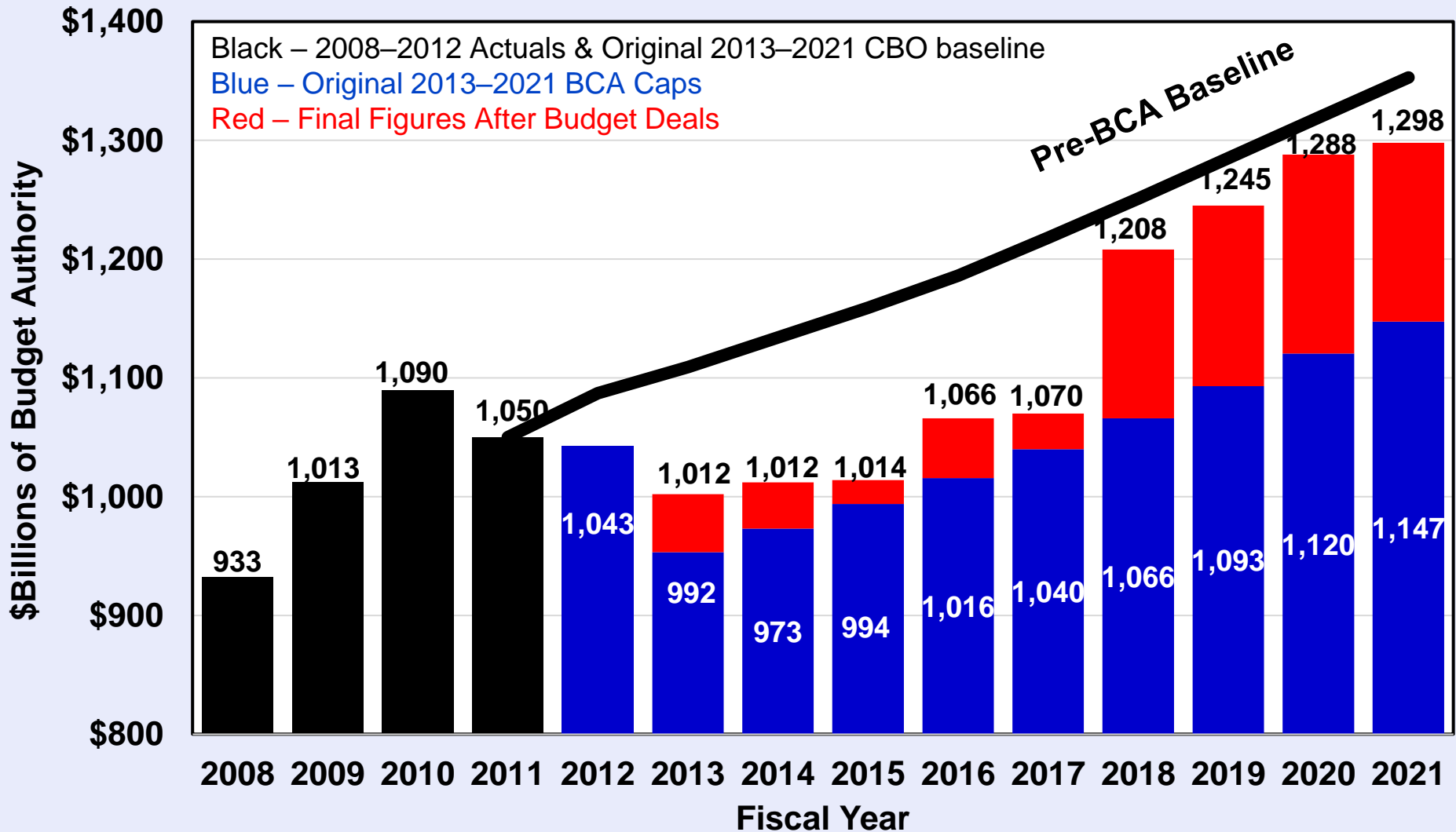
Source: OMB Historical Table 8.1 and final 2023 estimates, converted into 2023 dollars.

# Long-Term Discretionary Spending Levels Under Various Spending Growth Rates



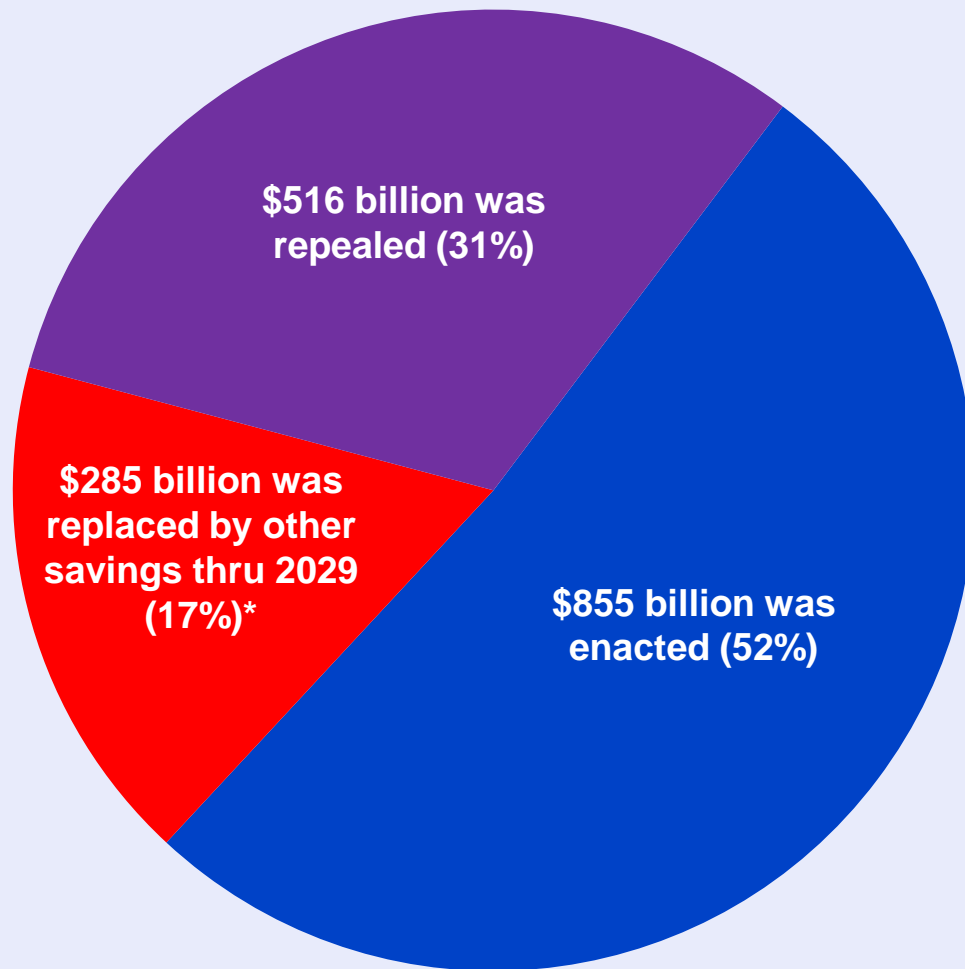
Source: Calculated using CBO spending data and economic forecasts.

# Budget Deals Weakened the Budget Control Act (BCA) Discretionary Spending Caps



Source: Congressional Budget Office. Excludes OCO and emergency appropriations.

# What Became of the \$1,656 Billion in Promised 2012–2021 Discretionary Savings Under the Budget Control Act?

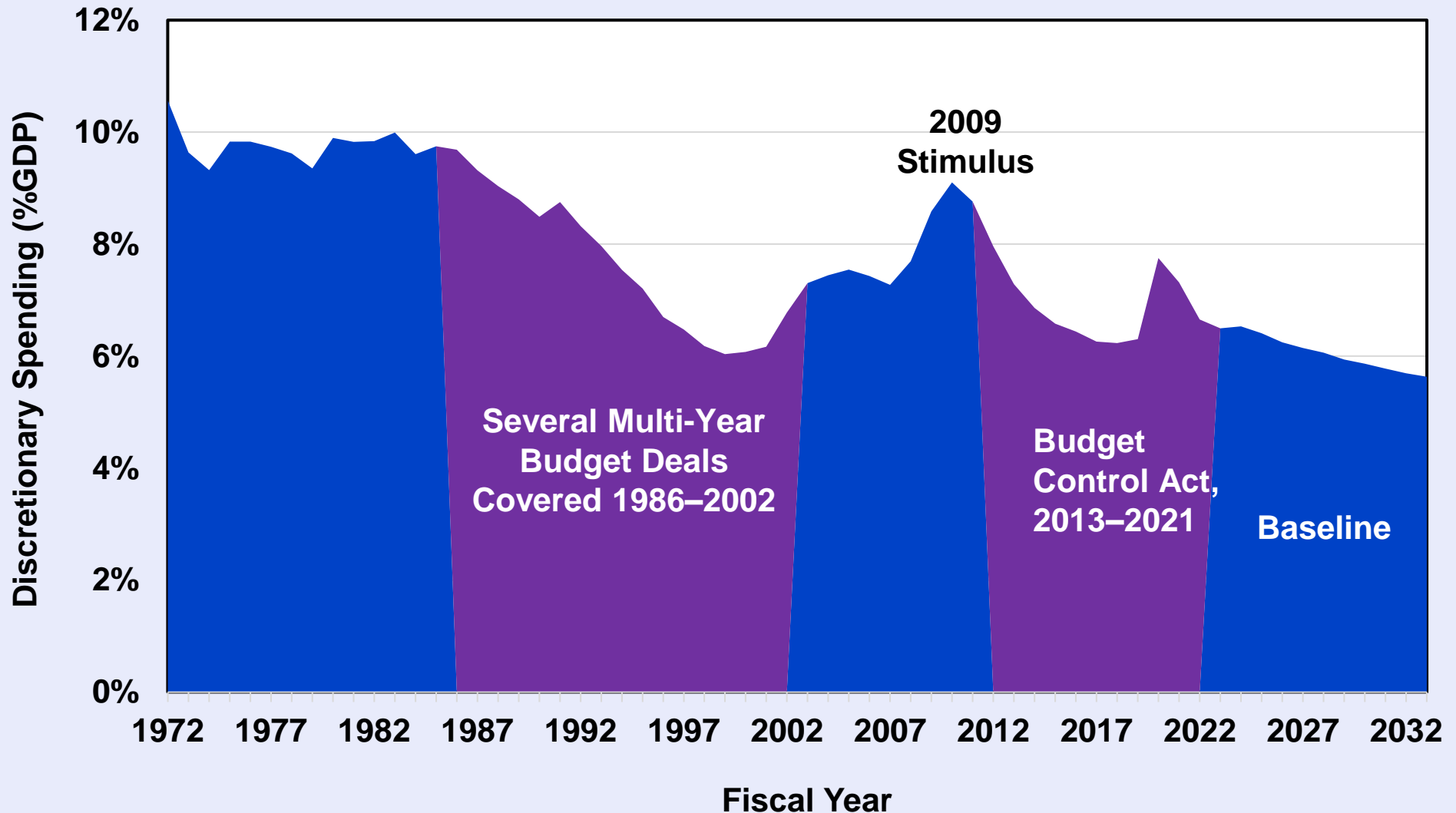


\*Other savings consist of mandatory savings and revenue increases.

Lawmakers also circumvented the caps through the ChIMPs gimmick, and by adding extra defense money to the Iraq & Afghanistan “emergency” bills that do not count against these spending caps.

Source: Calculations based on CBO data. Excludes emergency appropriations.

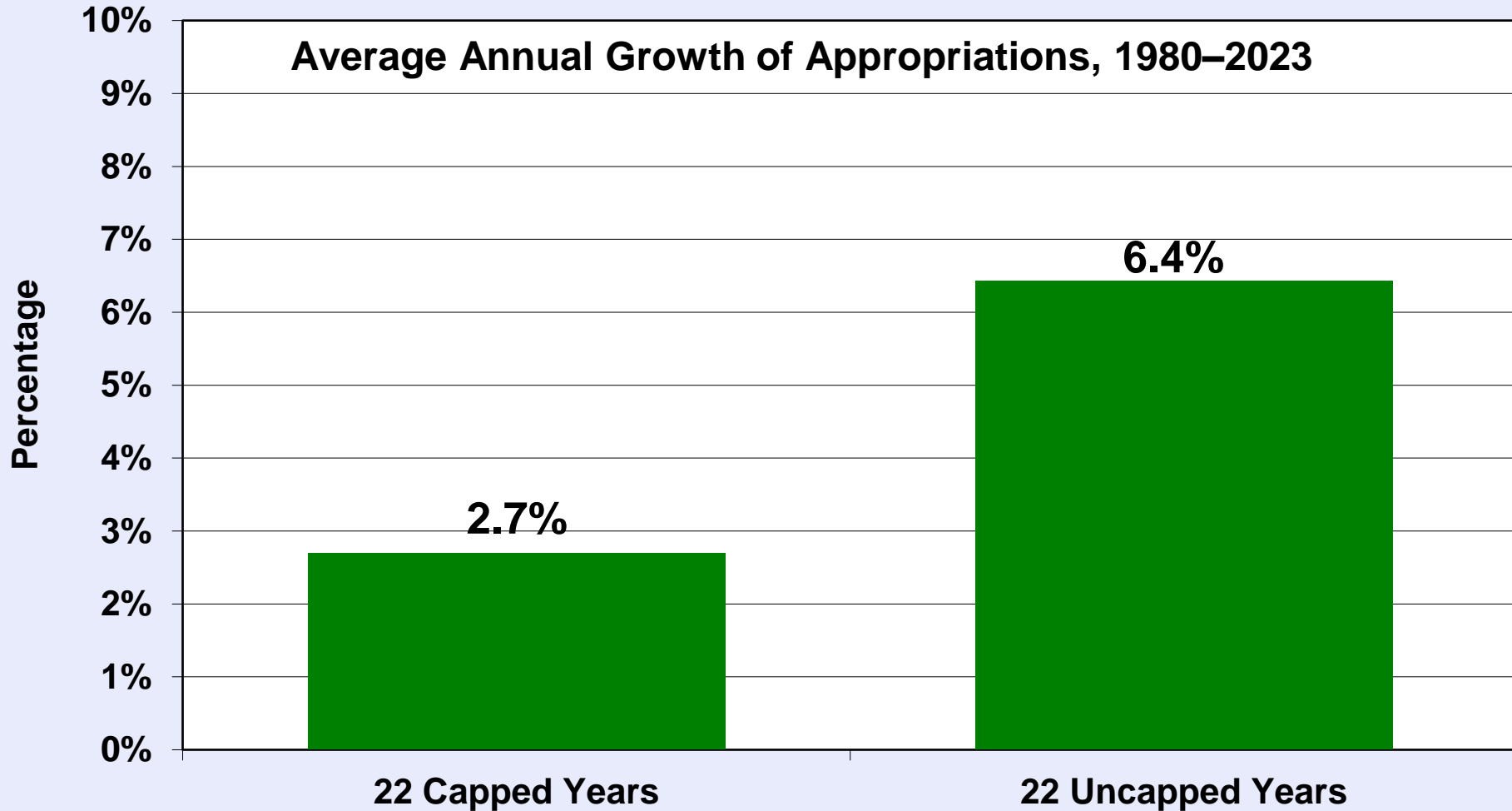
# Budget Caps Sharply Reduce Discretionary Spending—For a Few Years, Until They Get Ignored



Source: OMB Historical Table 8.4, and May 2023 CBO baseline.



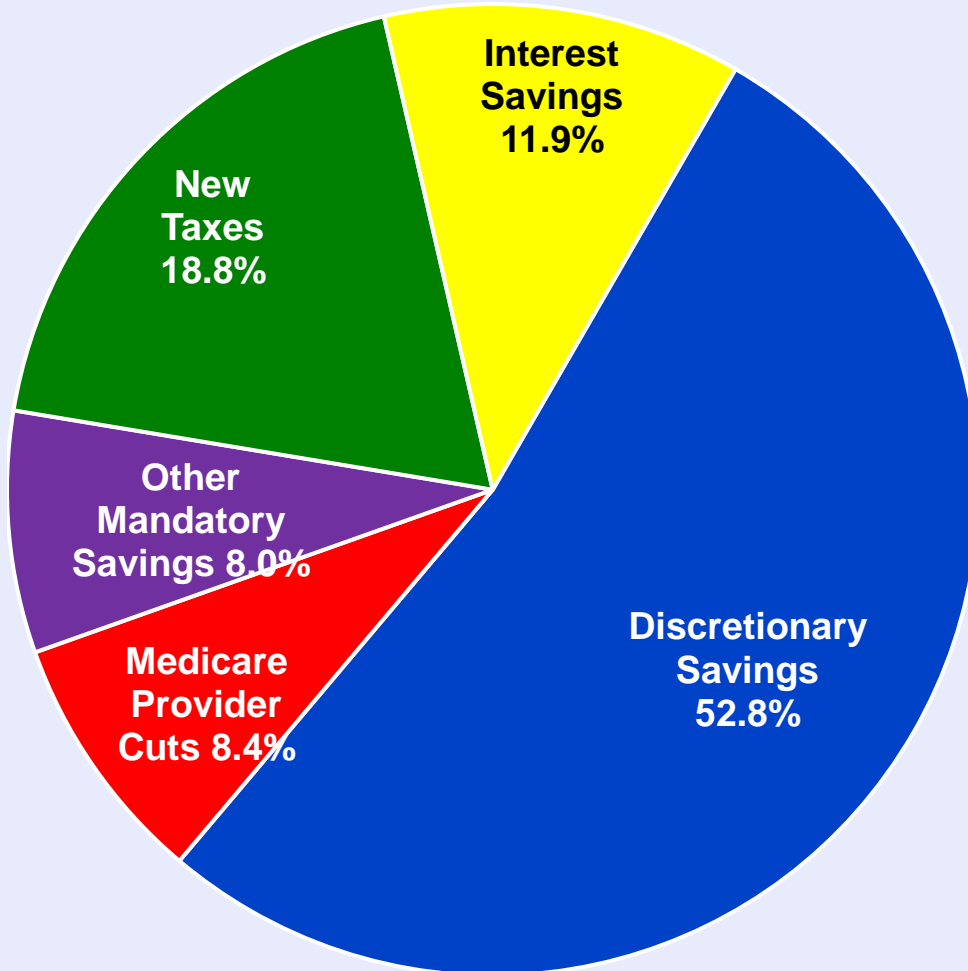
# Spending Caps Have Slowed the Growth of Discretionary Spending



Source: Calculated using OMB Historical Table 3.2.  
Excludes emergency appropriations for 2009 stimulus and 2020-2021 pandemic.

# The Six Major Deficit-Reduction Deals Since 1983 Relied Mostly on Discretionary Savings

Combined Components of the 6 Deals



## The 6 Largest Deficit Reduction Deals Since 1983 Were:

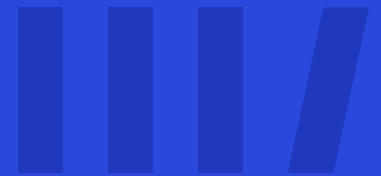
- 1983 Social Security Deal (Saved 0.52% of GDP)
- 1985 Gramm-Rudman Hollings Act (1.72%)
- 1990 Bush “Andrews Air Force Base” Deal (1.45%)
- 1993 Clinton Budget Deal (1.08%)
- 1997 Balanced Budget Deal (0.72%)
- 2011 Budget Control Act (1.01%)

Savings scored at time of enactment. Many cuts were later reversed, and the 1985 law was invalidated by the Supreme Court and replaced with a 1987 version.

Source: Brian Riedl, “Getting to Yes: A History of Why Budget Negotiations Succeed, and Why They Fail.” 2019

# Mandatory Spending and Entitlement Costs Are Rising Rapidly

*Chapter 4*



# Major Components of the 2023 Federal Budget

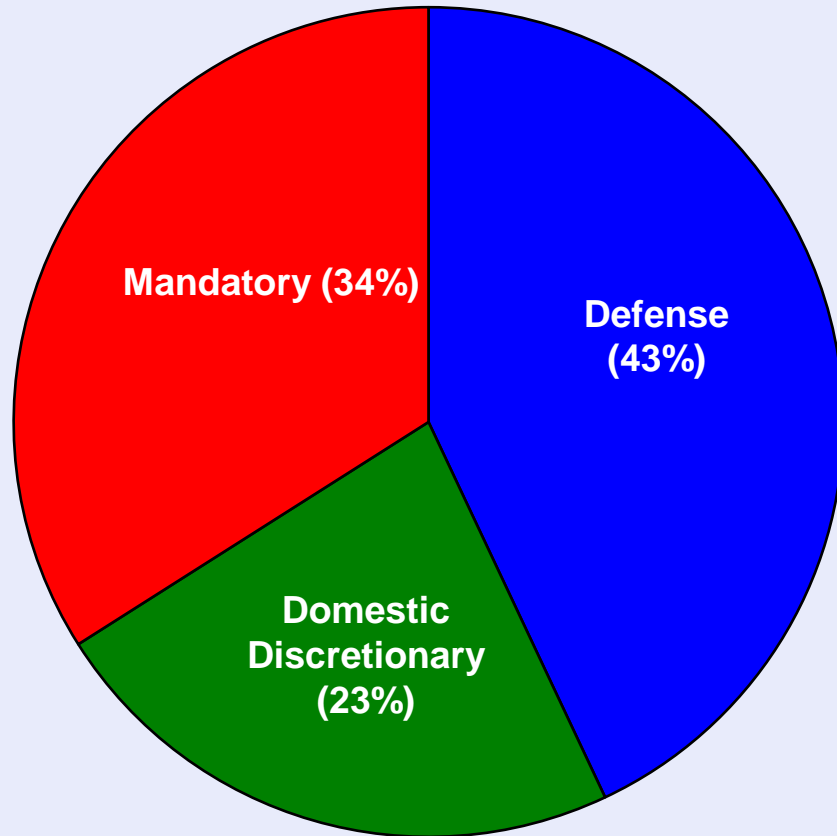
2023 Outlays	\$Millions	Per Household	%
<b>Social Security</b>	\$1,352,268	\$10,197	21%
<b>Medicare</b>	829,902	6,258	13%
<b>National Defense</b>	814,750	6,144	13%
<b>Net Interest</b>	660,647	4,982	10%
<b>Medicaid</b>	607,677	4,582	10%
<b>Income Security Programs</b>	515,404	3,886	8%
<b>Veterans Benefits</b>	304,963	2,300	5%
<b>Education</b>	229,226	1729	4%
<b>Fed. Retirement &amp; Disability</b>	179,199	1351	3%
<b>Health Research &amp; Regulation</b>	96,908	731	2%
<b>ACA and Related</b>	89,452	675	1%
<b>Highways &amp; Mass Transit</b>	86,386	651	1%
<b>All Else</b>	605,045	4,562	9%
<b>Total</b>	<b>6,371,827</b>	<b>48,048</b>	<b>100%</b>

2023 Revenues	\$Millions	Per Household	%
<b>Ind. Income Taxes</b>	\$2,327,860	\$17,553	48%
<b>Soc. Insurance Taxes</b>	1,675,236	\$12,632	35%
<b>Corporate Taxes</b>	545,999	\$4,117	11%
<b>Customs Duties/ Fees</b>	101,656	\$767	2%
<b>Excise Taxes</b>	91,453	\$690	2%
<b>Estate/Gift Taxes</b>	20,899	\$158	0%
<b>Other Revenues</b>	39,380	\$297	1%
<b>Total Receipts</b>	<b>4,436,626</b>	<b>33,808</b>	<b>100%</b>

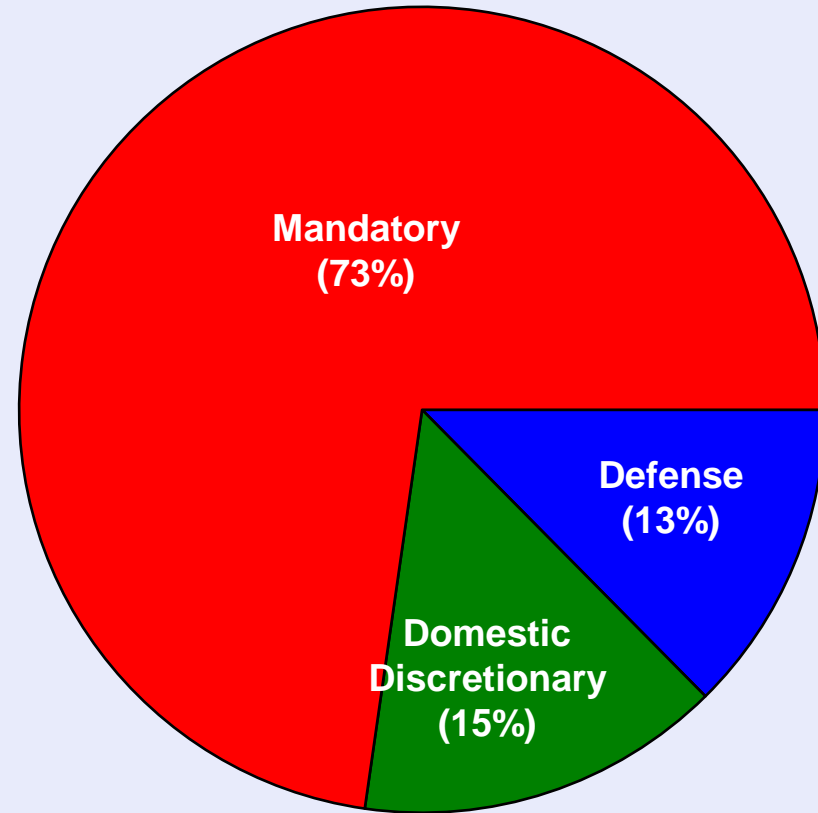
Source: OMB Historical Tables 2.1, 2.4, 2.5, 3.2, and 8.5. Represent OMB's projected levels as of March 2023.

# Mandatory Spending is Squeezing Discretionary Spending

1965

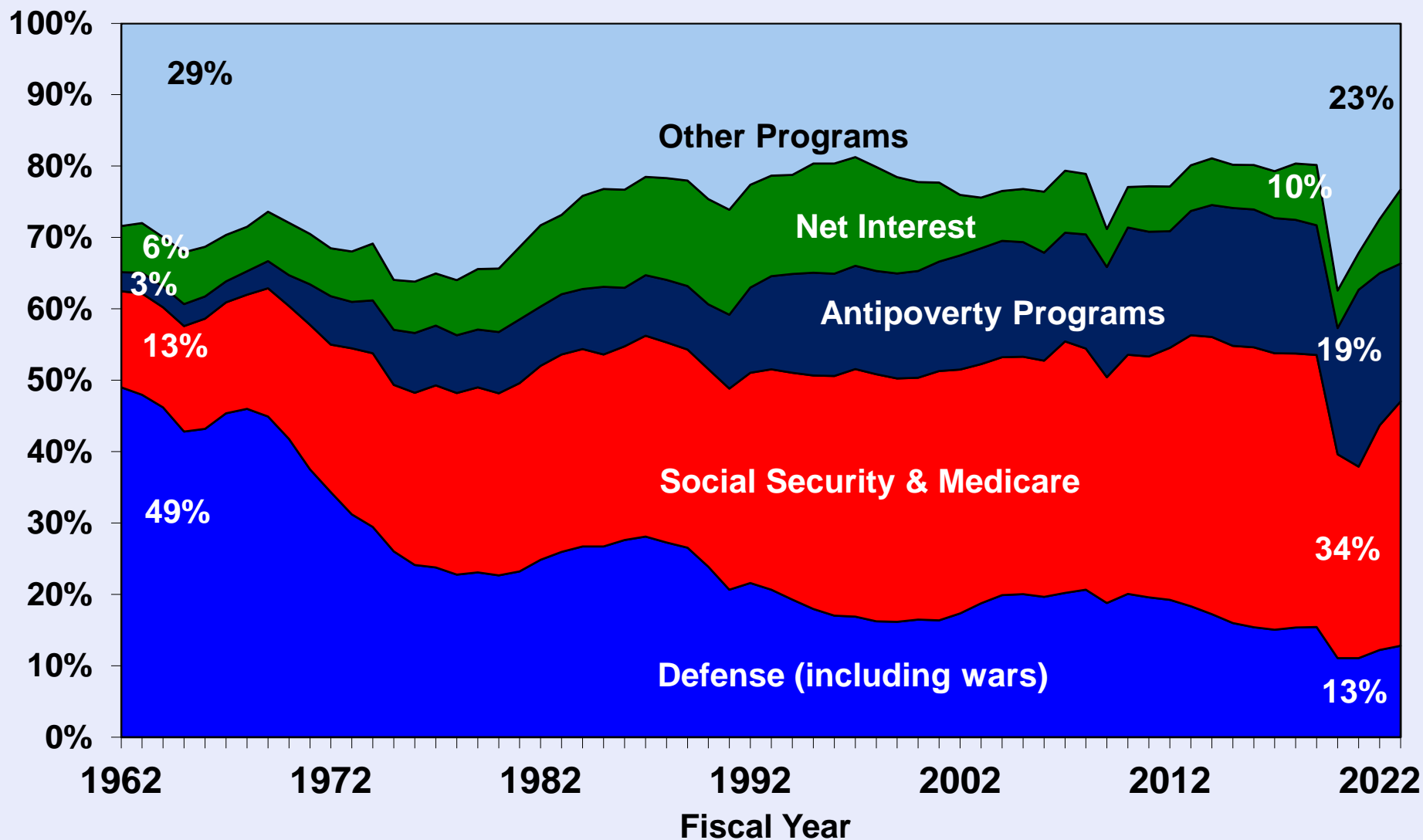


2023



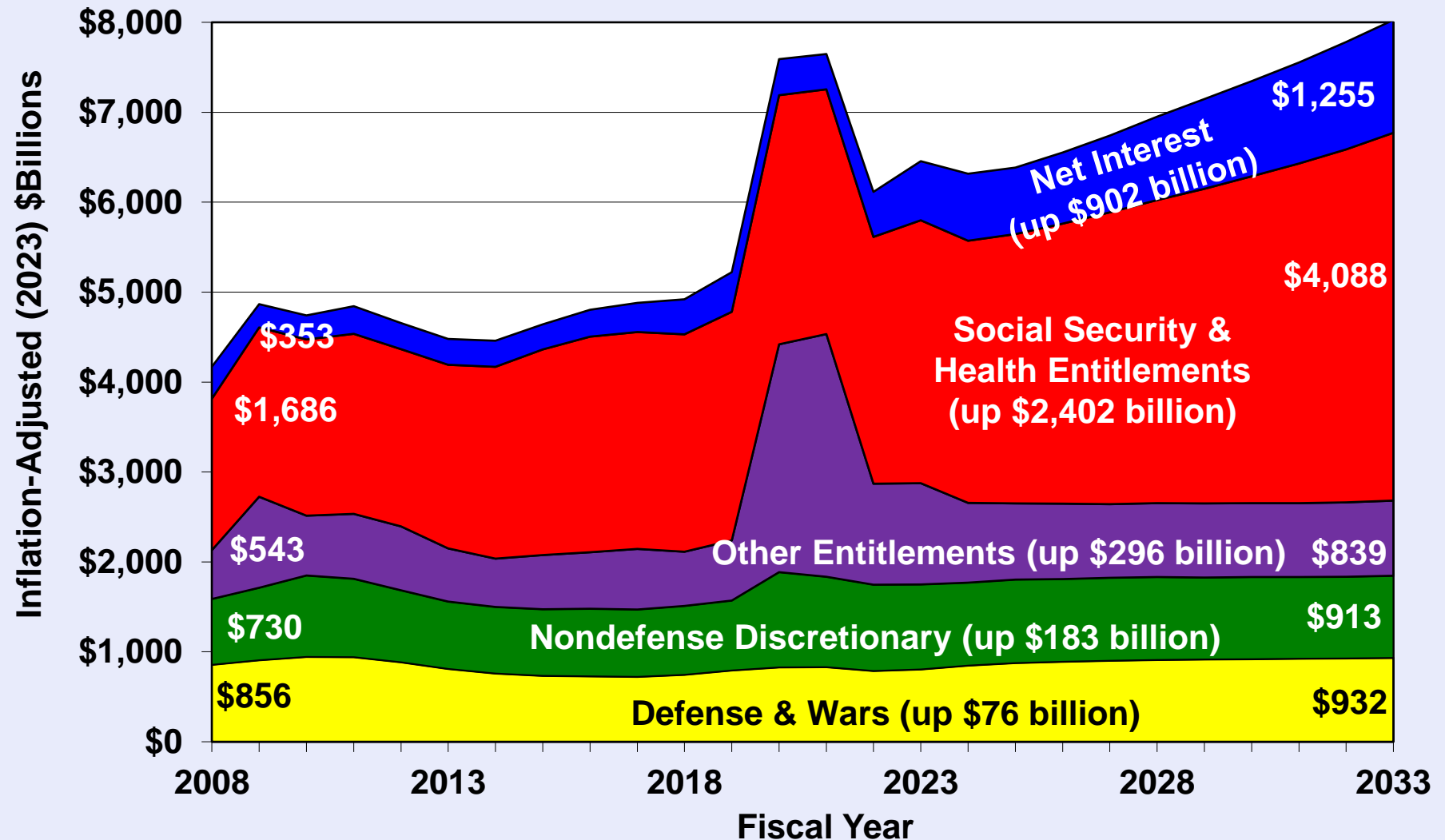
Source: OMB Historical Table 8.3

# Composition of Federal Spending, 1962–2023



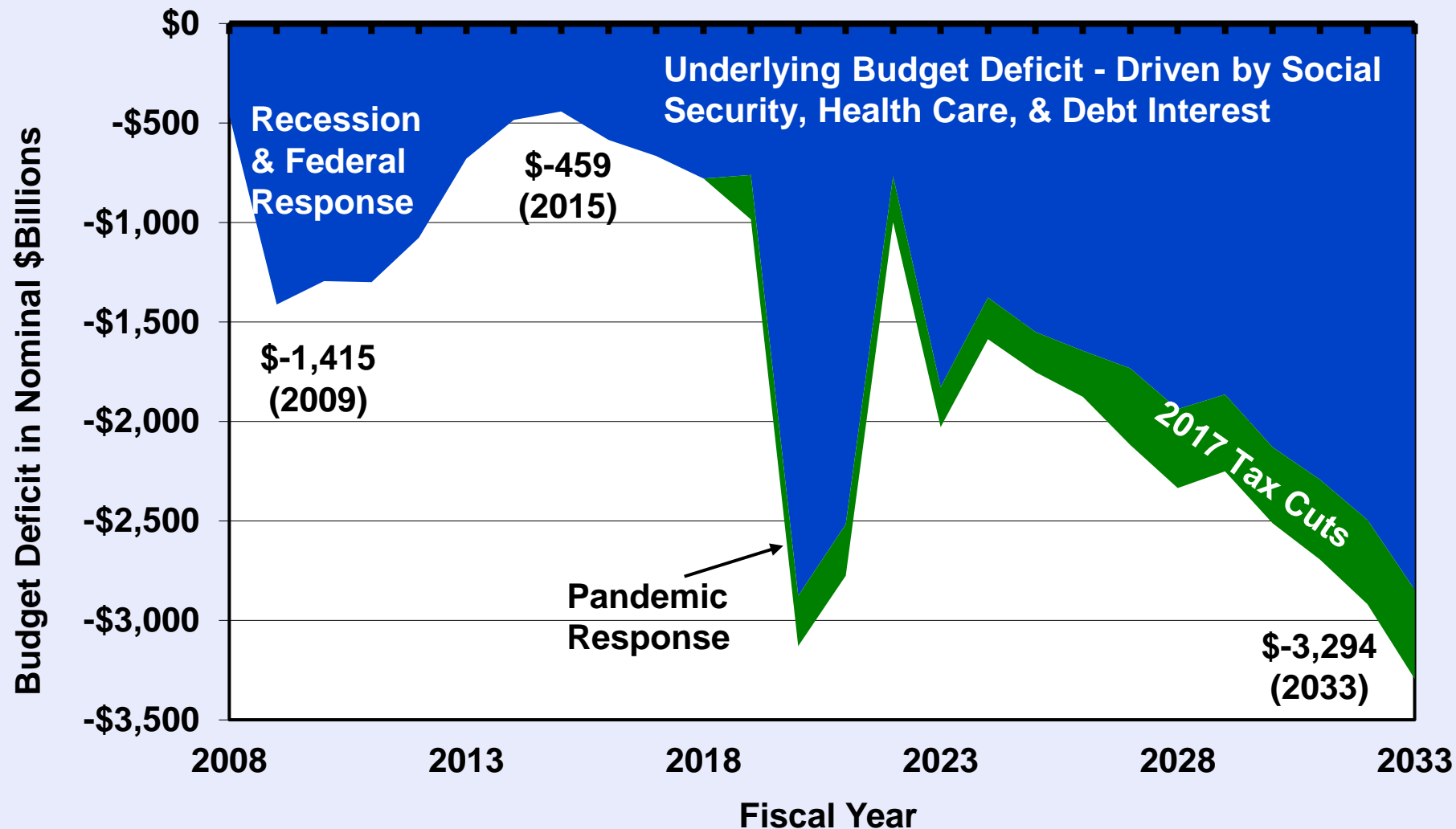
Source: OMB Historical Tables 3.2, 8.5, and 10.1

# Social Security, Health Entitlements, & Interest Costs Drive 86% of the 2033 Spending Hike Over 2008 Level



Source: OMB Historical Tables and June 2023 CBO baseline (adjusted for current-policy tax and spending extensions).

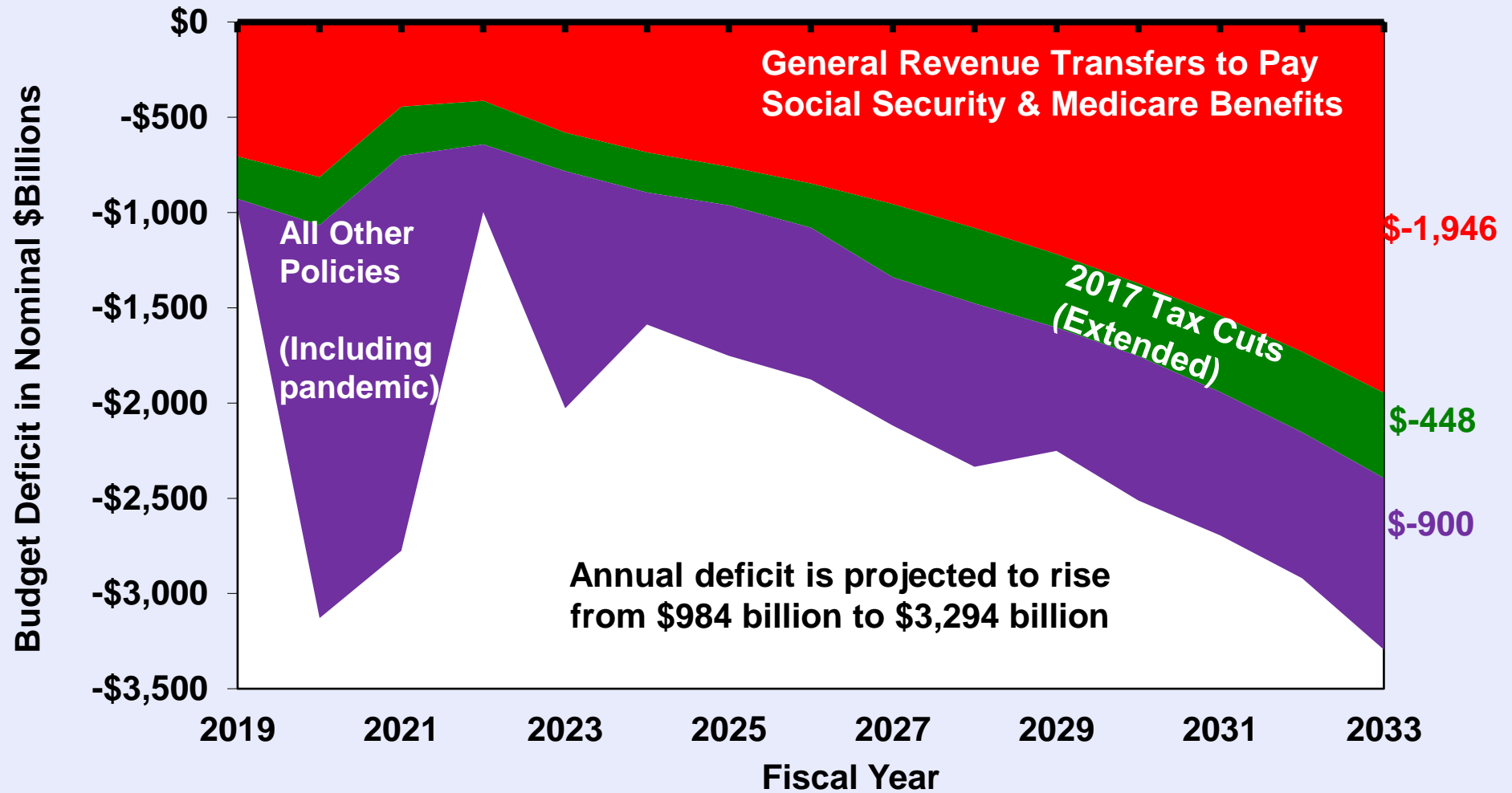
# The 2017 Tax Cuts are Not a Lead Contributor to Soaring Deficits



Source: Calculated using CBO (current-policy) baseline data.  
Assumes that tax cuts are renewed. Resulting interest costs are incorporated into each category.

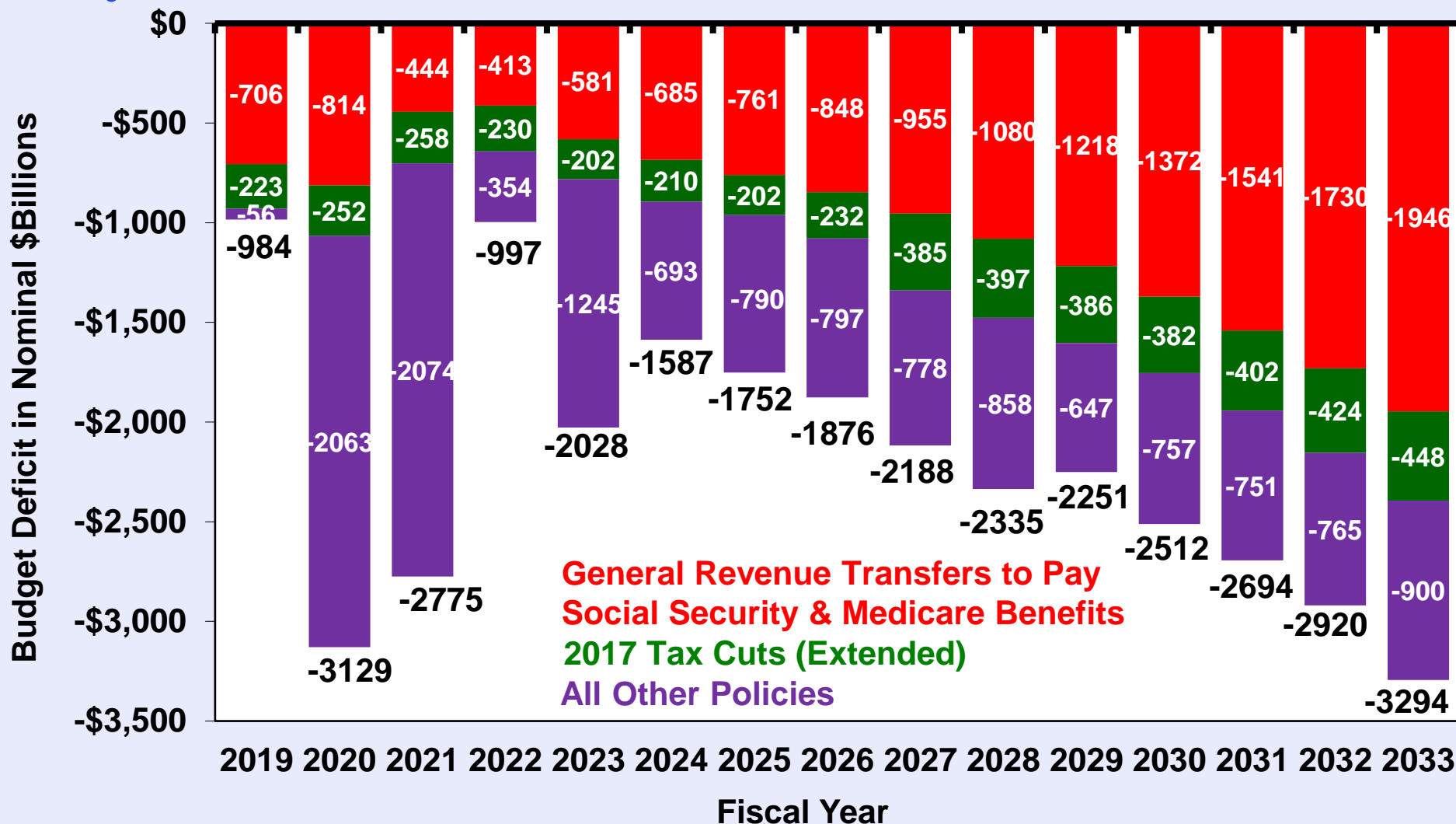


# Rising Social Security & Medicare Shortfalls Drive Nearly the Entire 2019–2033 Deficit Rise



Source: Calculated using CBO (current-policy) baseline and CBO 2023 long-term baseline. Resulting interest costs are incorporated into each category. General revenues include interest payments on trust funds, as they represent a net cost to the rest of the budget.

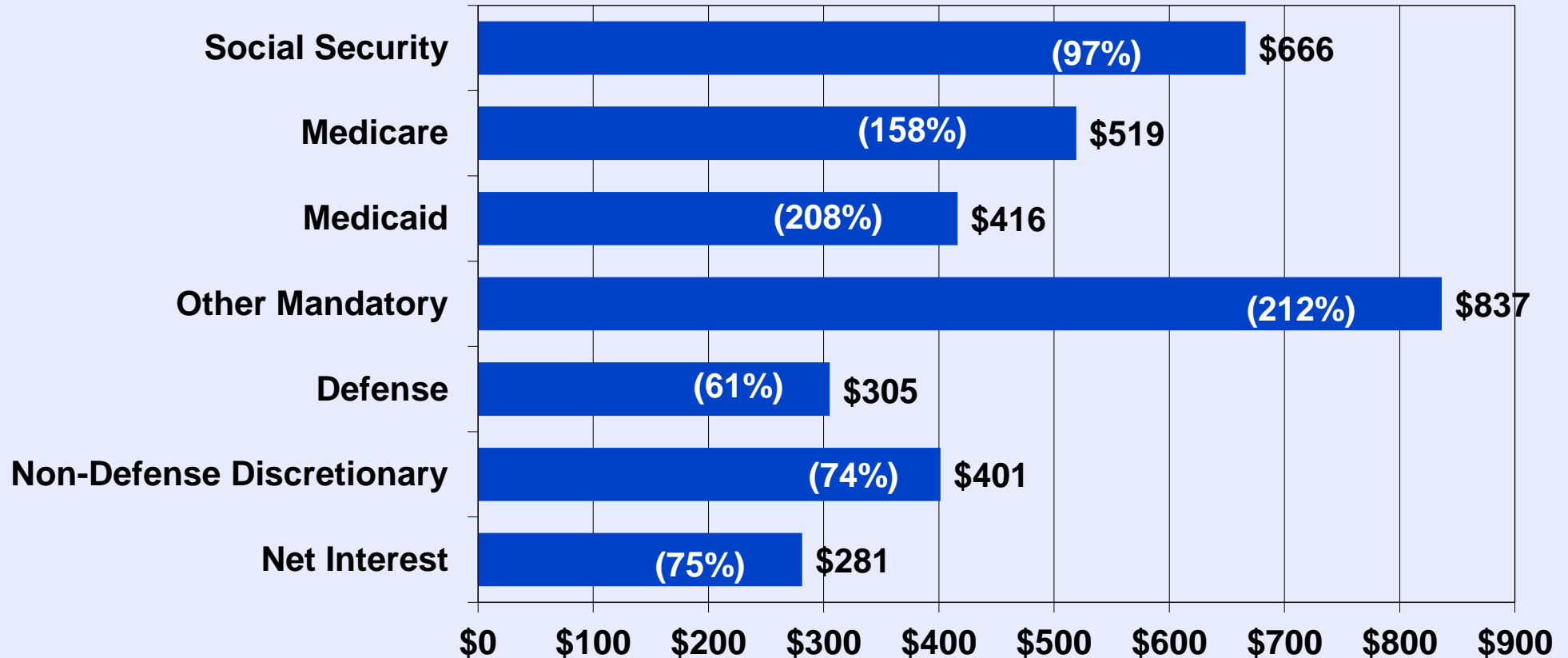
# Rising Social Security & Medicare Shortfalls Drive Nearly Entire 2019–20233 (non-Pandemic) Deficit Rise



Source: Calculated using CBO (current-policy) baseline and CBO 2023 long-term baseline. Resulting interest costs are incorporated into each category. General revenues include interest payments on trust funds, as they represent a net cost to the rest of the budget.

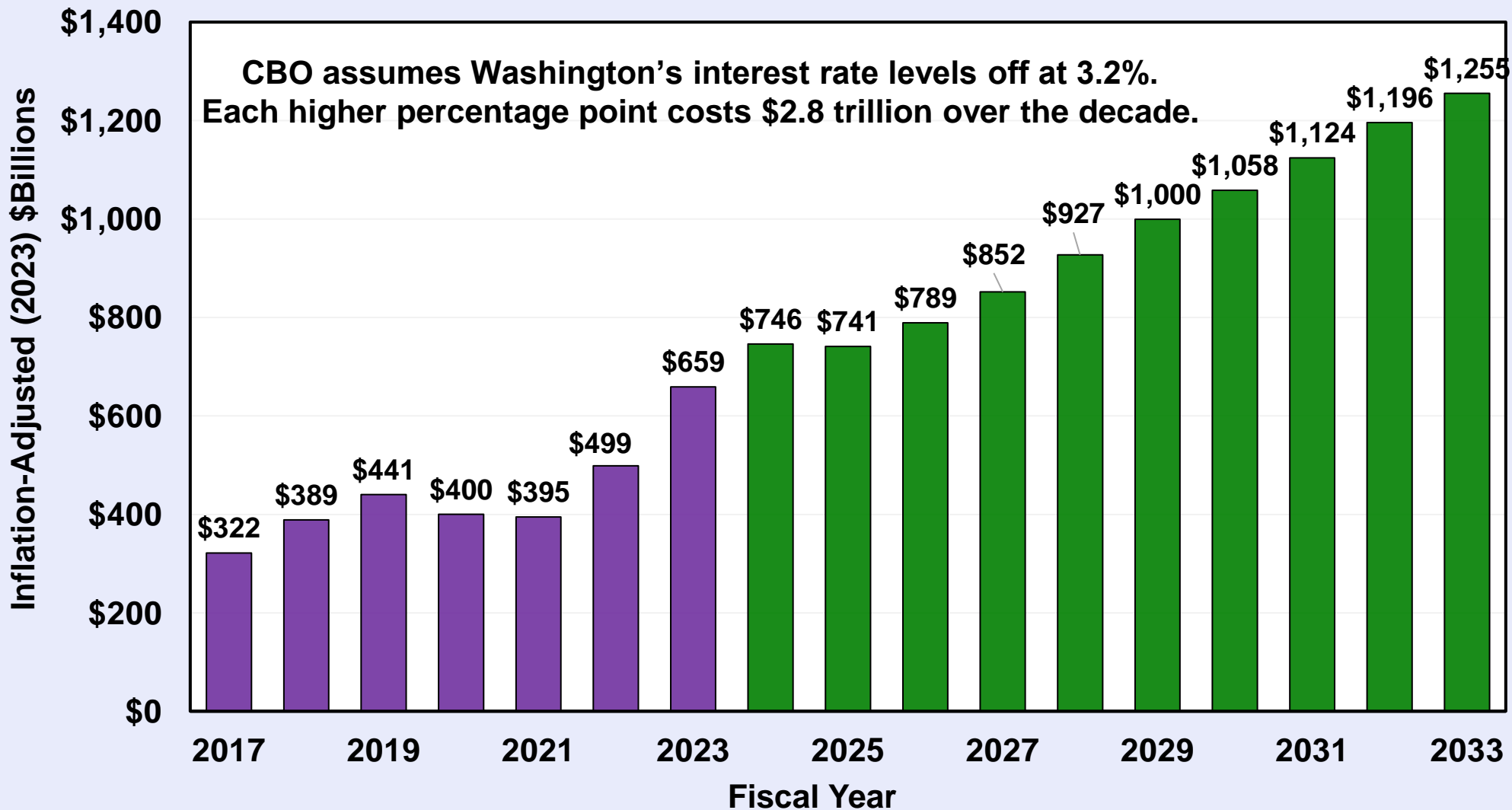
# Entitlement Programs—Not Defense—Are Primarily Driving Spending Upward

**2023 spending increase above 2000 levels in inflation-adjusted \$billions**  
(Percentage increase over 2000 levels in parentheses)



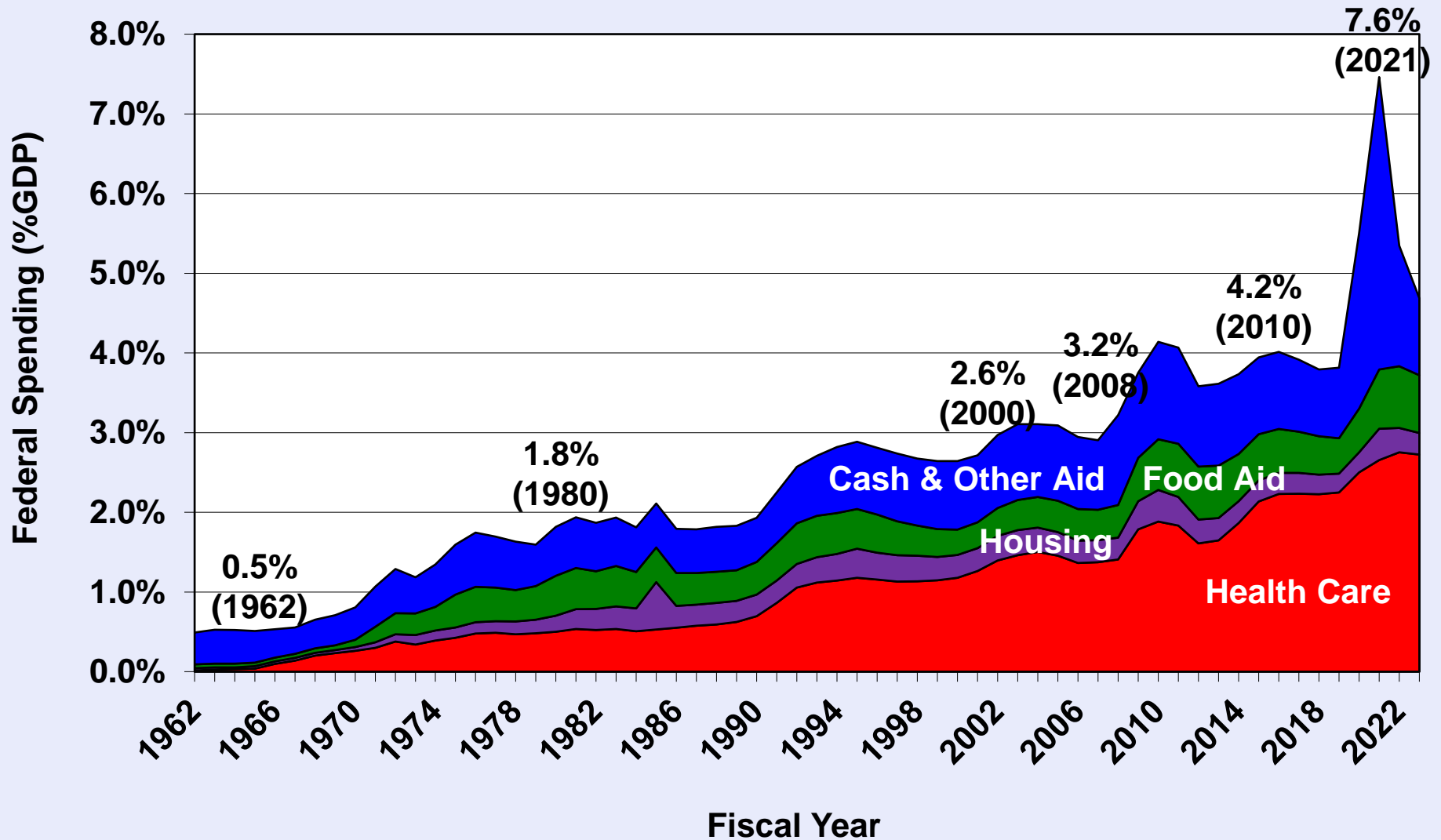
Source: OMB Historical Table 3.2 and Treasury final 2023 figures, adjusted for inflation.  
Total spending over this period rose by \$3,426 billion, or 113%. Real GDP rose by 57%.

# Interest Costs are Projected to Soar Past \$1 Trillion (adjusted for inflation)



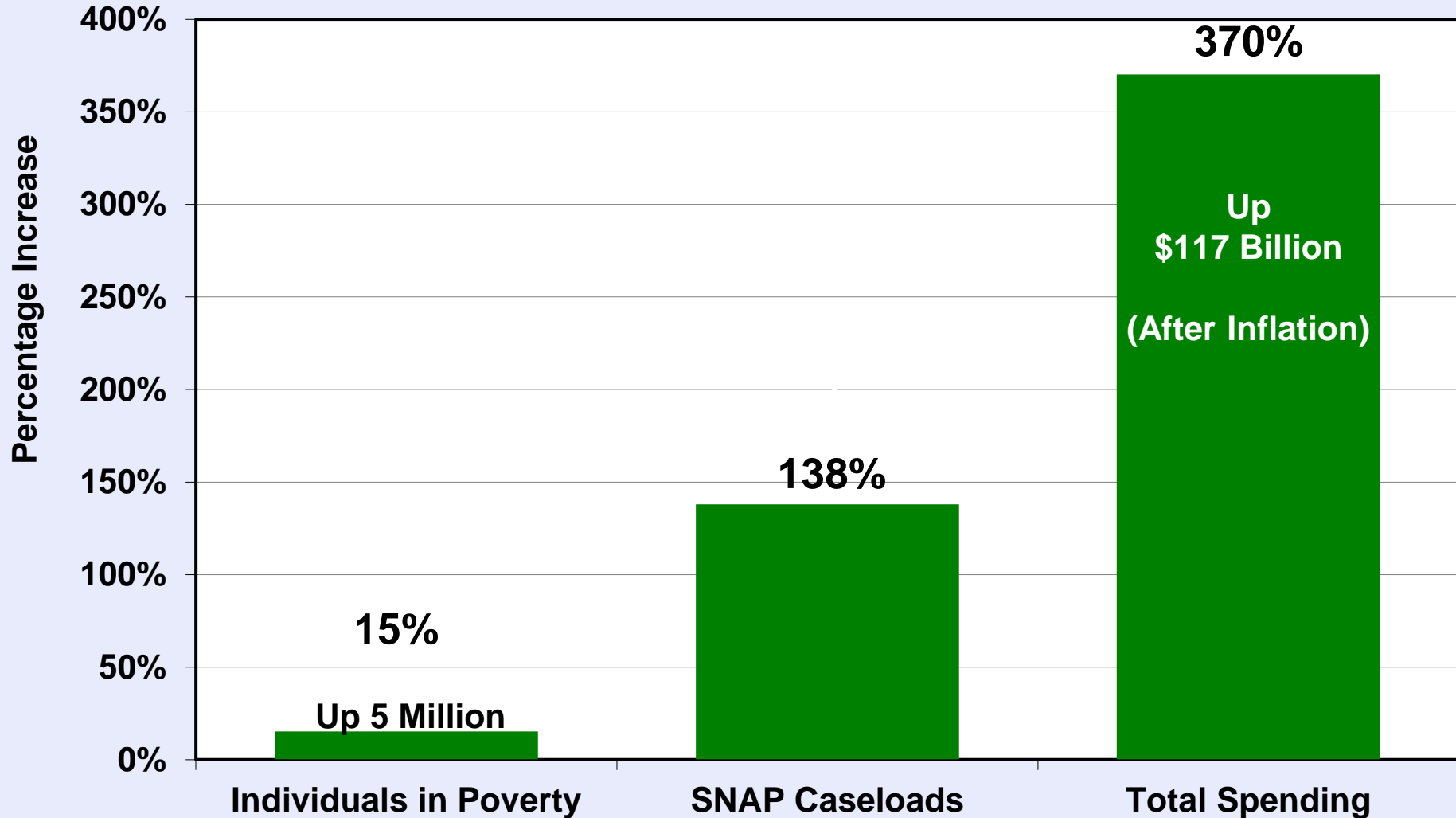
Source: June 2023 CBO baseline adjusted for current-policy extensions of tax cuts and spending.

# Anti-Poverty Spending Has Soared Regardless of Party Control of Government



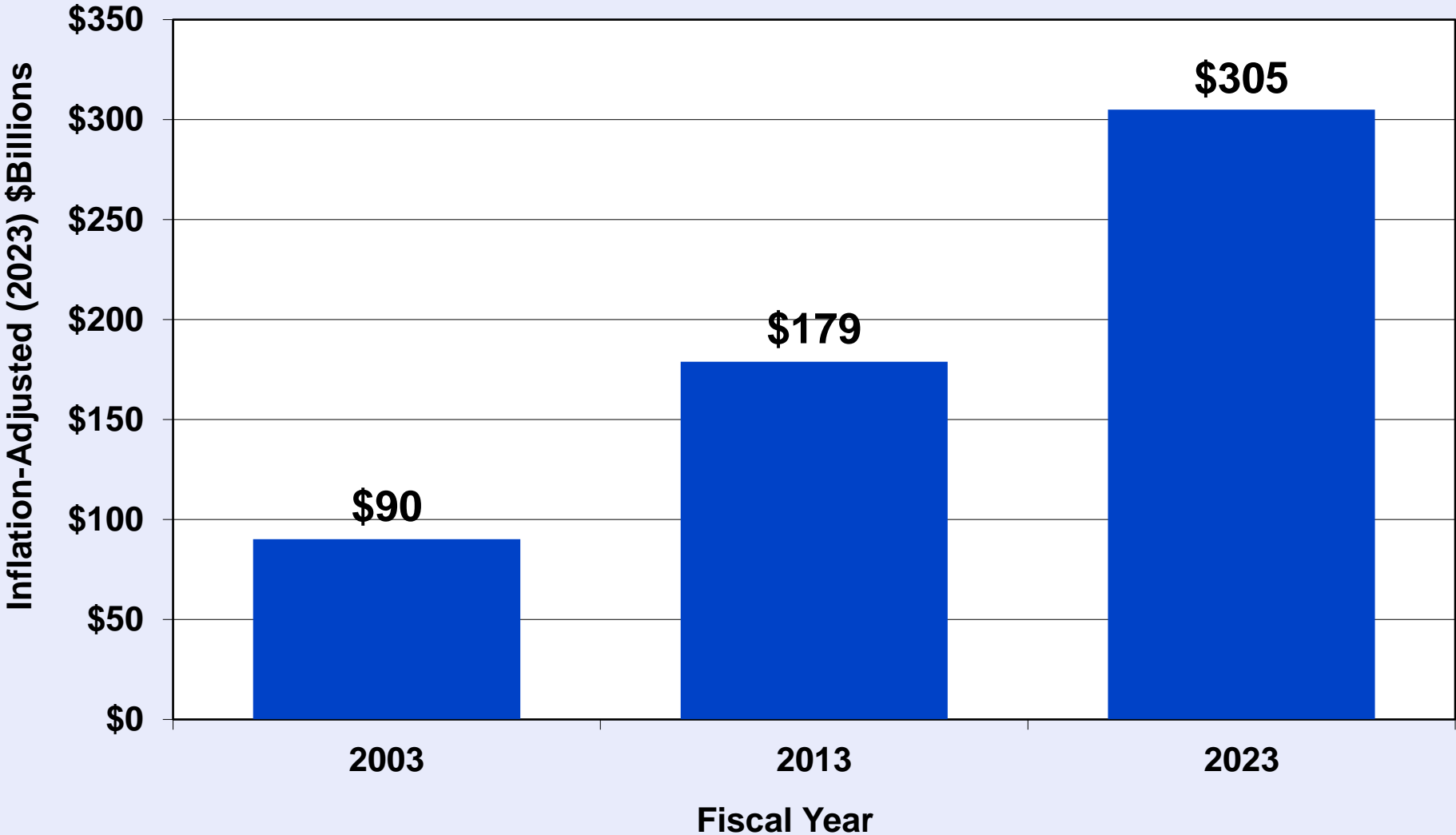
Source: OMB Historical Tables 3.2, 8.5, and 10.1

# From 2001–2022, SNAP (Food Stamp) Caseloads Grew 9 Times as Fast as the Poverty Population



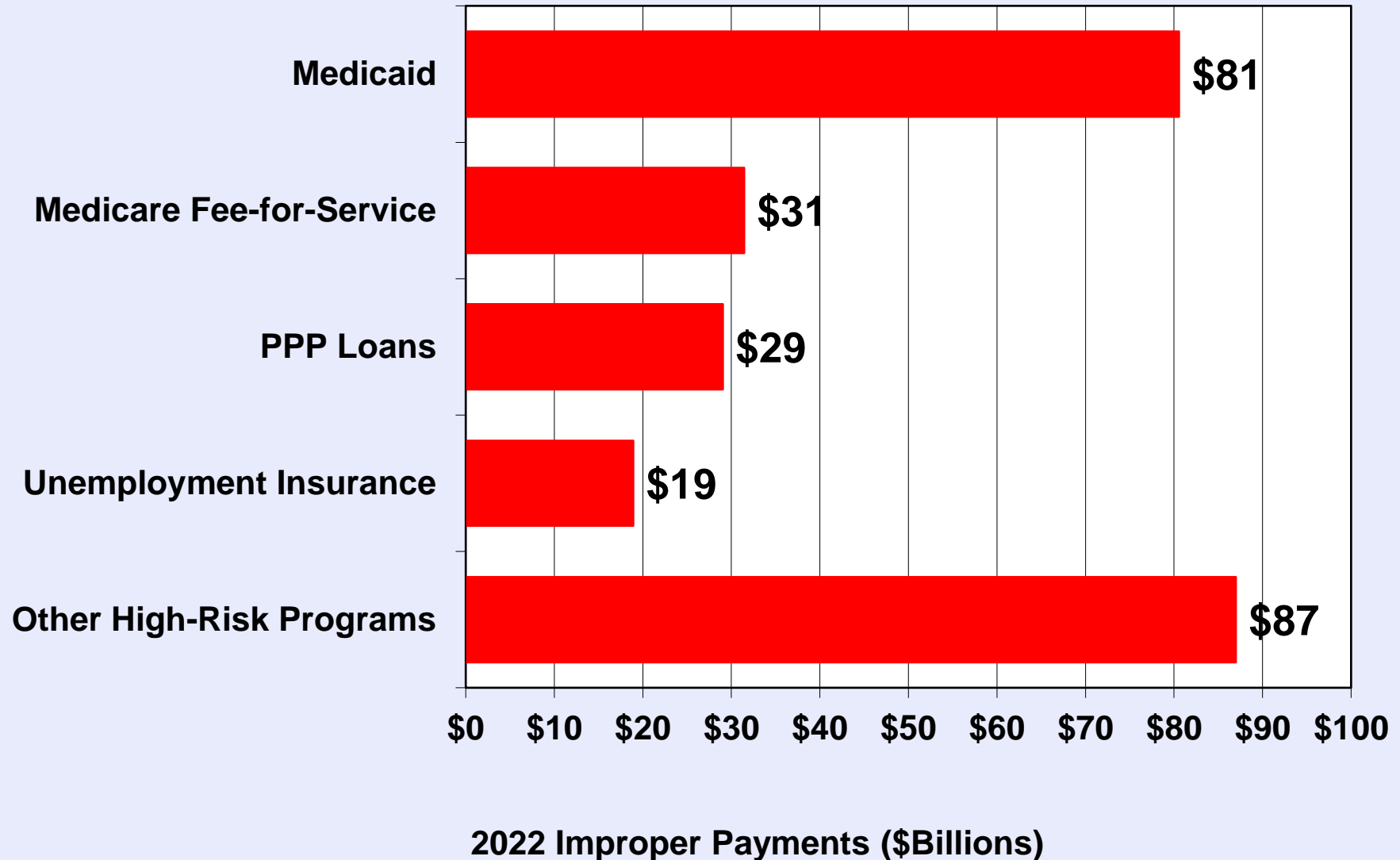
Sources: Department of Agriculture and Census Bureau. The poverty rate fell from 11.7% to 11.5% over this period.

# Veterans' Programs Have Earned Healthy Funding Increases



Source: OMB Historical Table 3.2, adjusted for inflation.

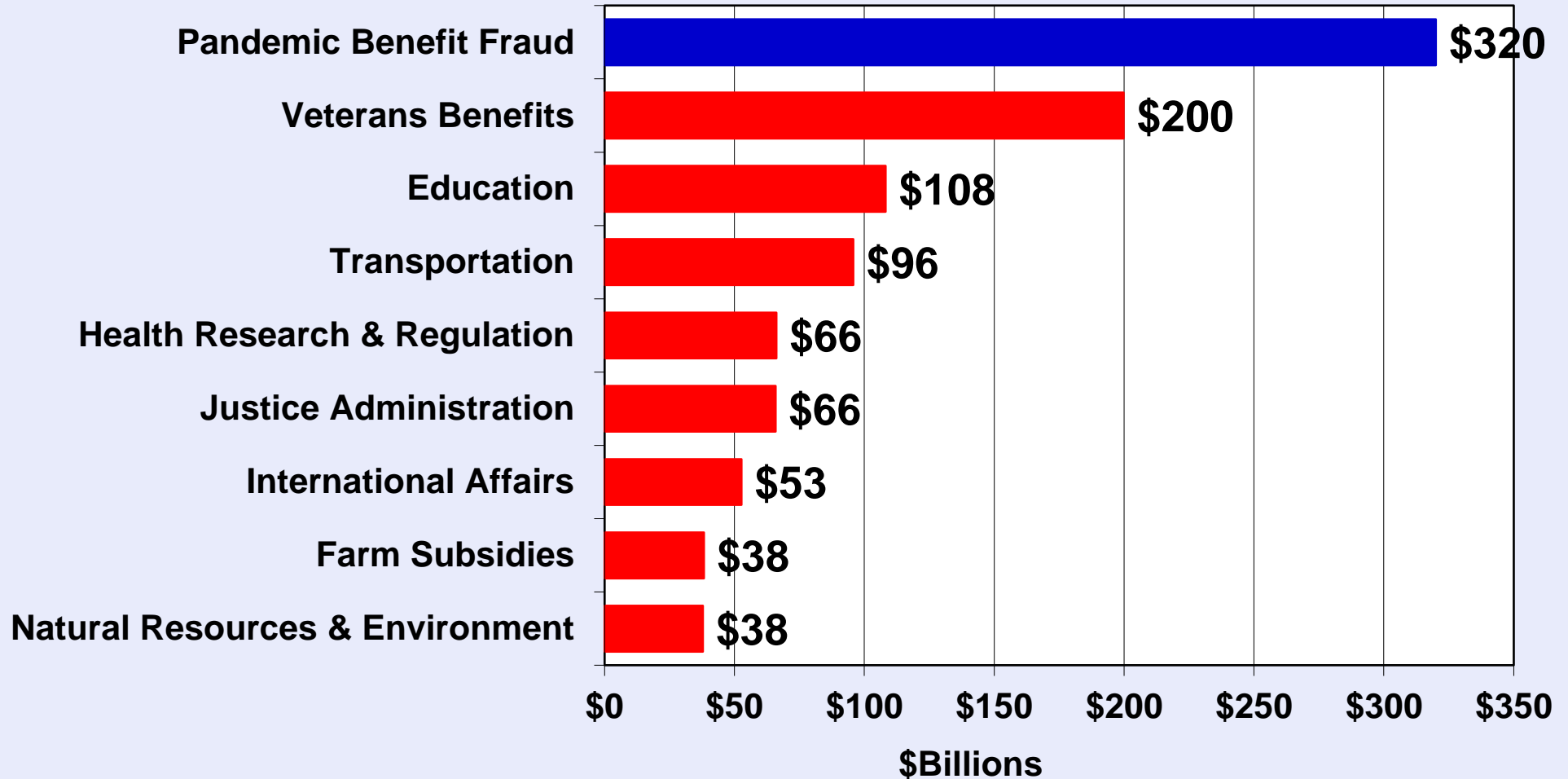
# In 2022, Washington Made \$247 Billion in Improper Payments



Source: OMB at <https://paymentaccuracy.gov/>



# Pandemic Benefit Fraud and Overpayments Exceeded Large Categories of Federal Spending



Source: Pandemic figure consists of reported fraud and overpayments in unemployment benefits, Paycheck Protection Program loans, and Economic Injury Disaster loans. Other programs show OMB 2019 spending totals to reflect typical (non-pandemic) budgets.

# Why the Debt Limit Matters

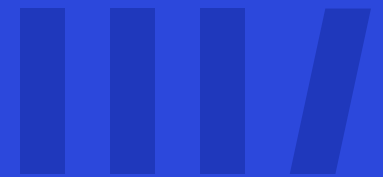
## All 9 Major Deficit-Reduction Laws Since 1985 Were Attached to Debt Limit Legislation

Year	Major Deficit-Reduction Law	Attached to Debt Limit?
1985	Gramm-Rudman-Hollings Deficit Caps	✓
1987	Gramm-Rudman-Hollings Deficit Caps II	✓
1990	Bush Tax Increases & Spending Caps	✓
1993	Clinton Deficit Reduction Package	✓
1996	Line-Item Veto Act ( <i>later struck down by Supreme Court</i> )	✓
1997	Balanced Budget Act	✓
2009	Statutory Pay-As-You-Go Act	✓
2011	Budget Control Act (Cutting \$2.1 Trillion)	✓
2023	Fiscal Responsibility Act	✓

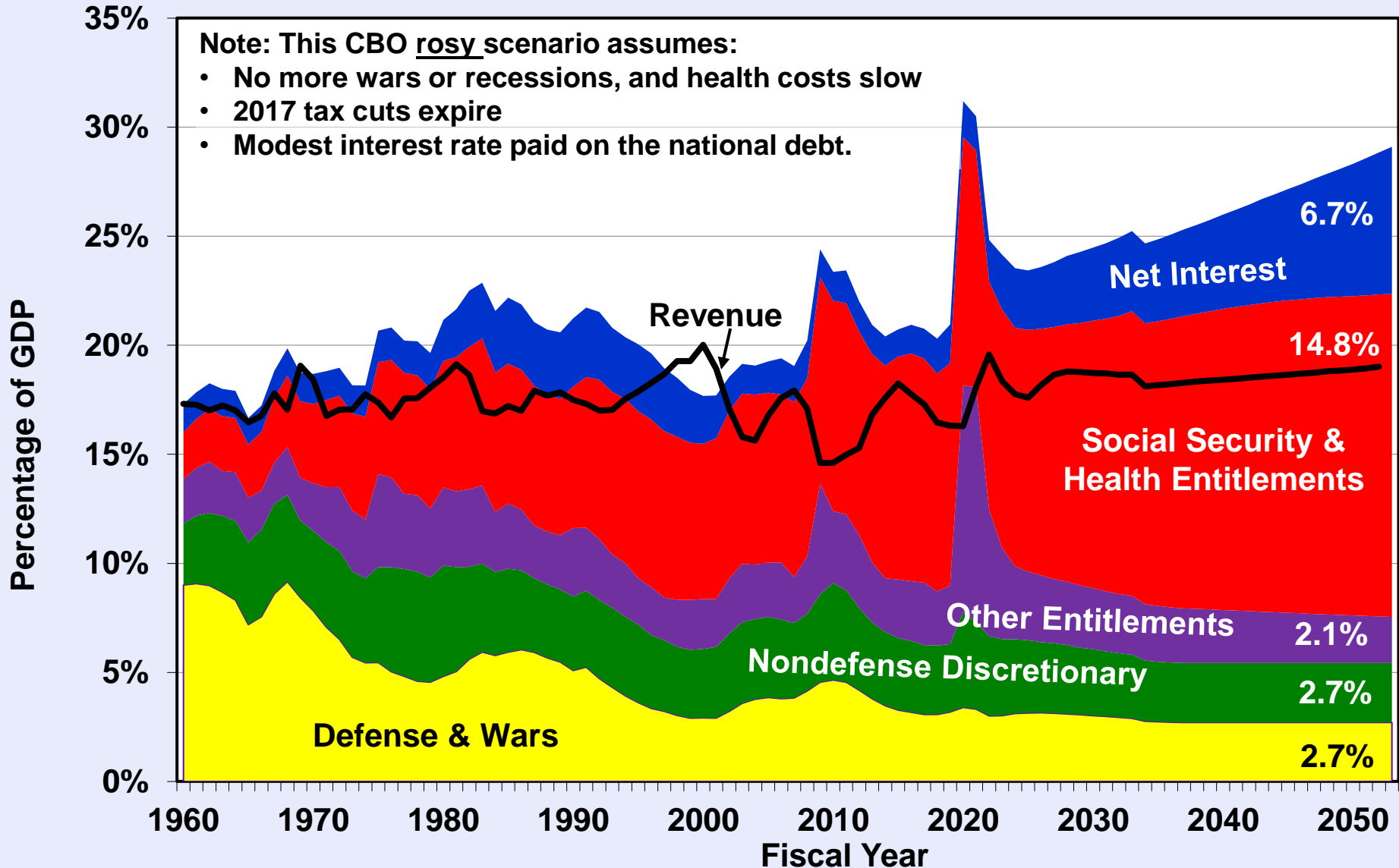
Source: Compiled by the Committee For a Responsible Federal Budget

# The 30-Year Debt Estimates Are Driven by Social Security and Medicare Shortfalls

## *Chapter 5*

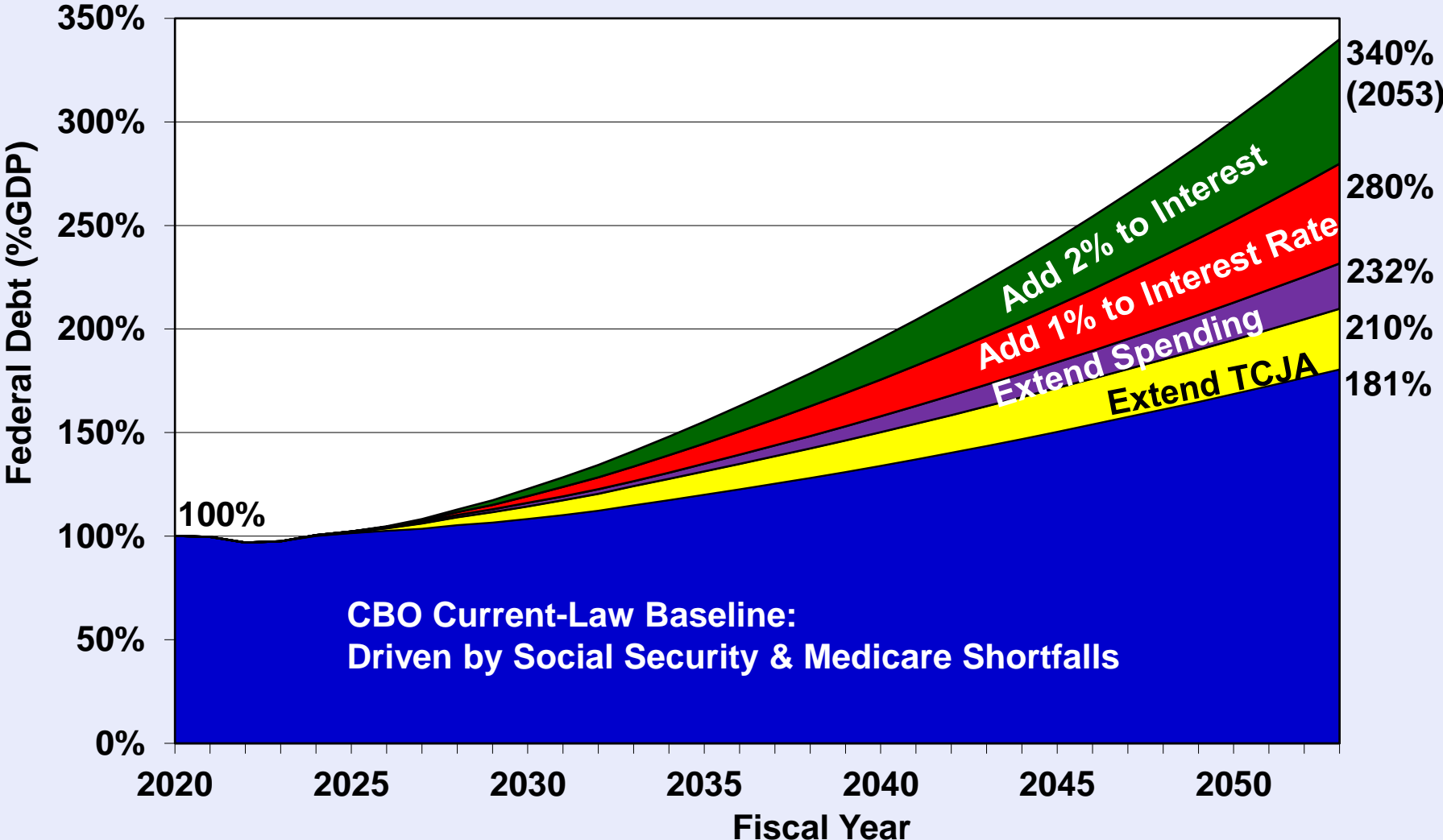


# Federal Budget, 1960–2053 (Projected)



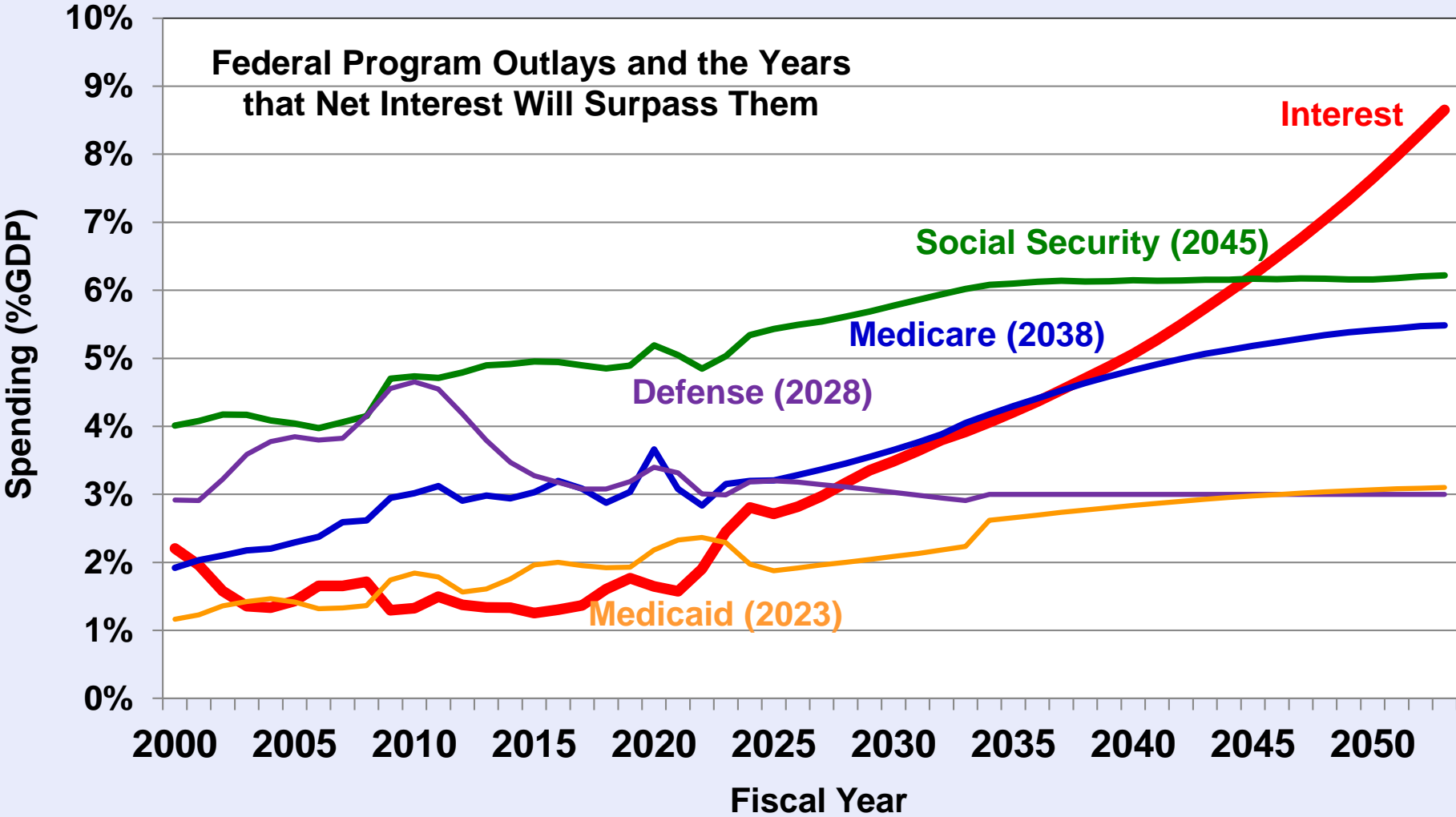
Source: CBO 2023 Long-Term Budget Outlook and OMB Historical Tables.

# Debt in 30 Years Reaches Between 181% and 340% of GDP, Depending on the Baseline Assumptions



Source: Calculations based on CBO data. Spending extensions would cancel long-term reductions to discretionary spending and smaller mandatory programs.

# Net Interest Is Projected to Become the Largest Federal Expenditure by 2045

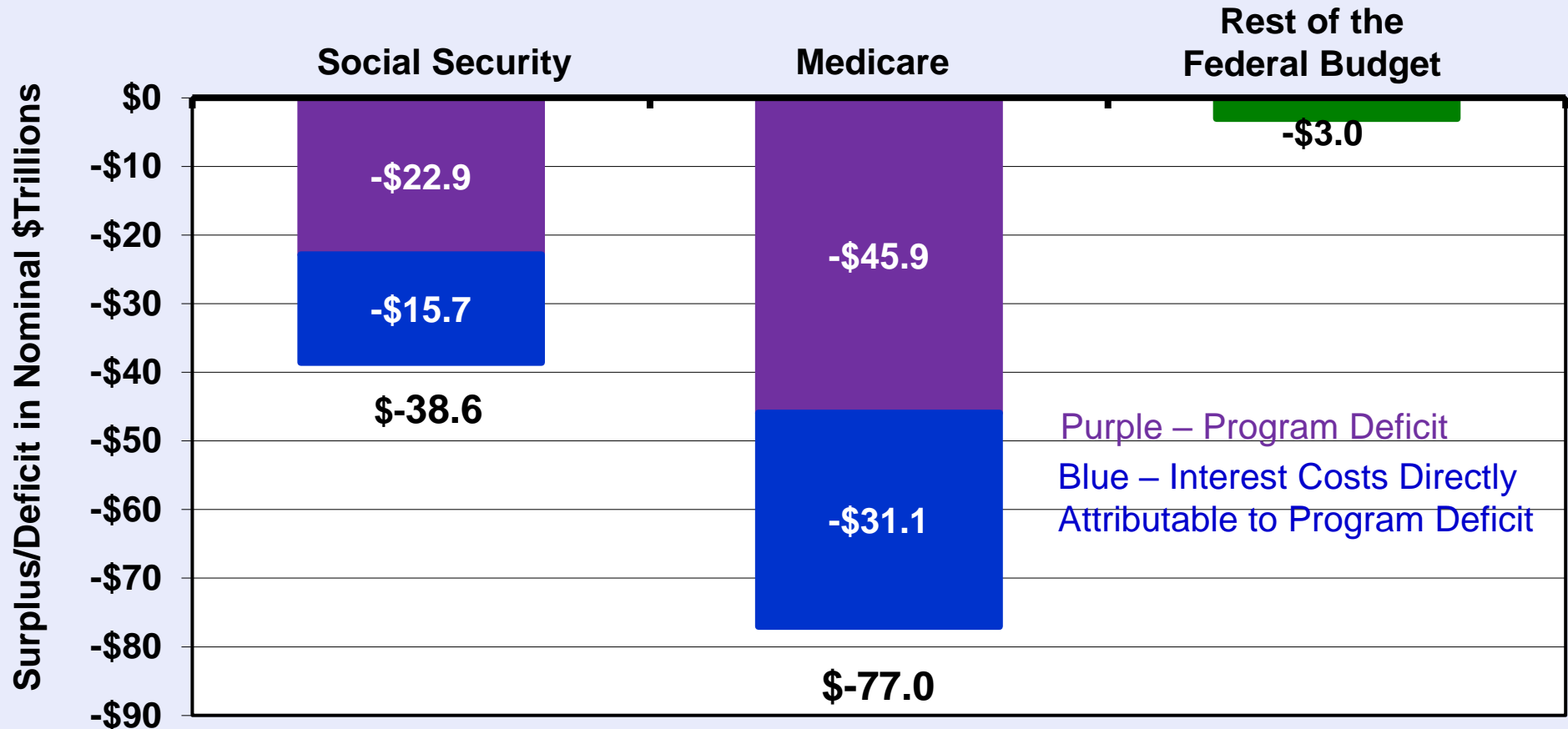


Source: CBO 10- and 30-year baselines adjusted for current-policy tax cut and spending extensions. These projections accept CBO's rosy assumption that Washington's paid interest rate remains below 4% until 2053.

# What Is Causing \$119 Trillion 2023–2053 Budget Deficit?

## Social Security & Medicare: \$116 Trillion Deficit

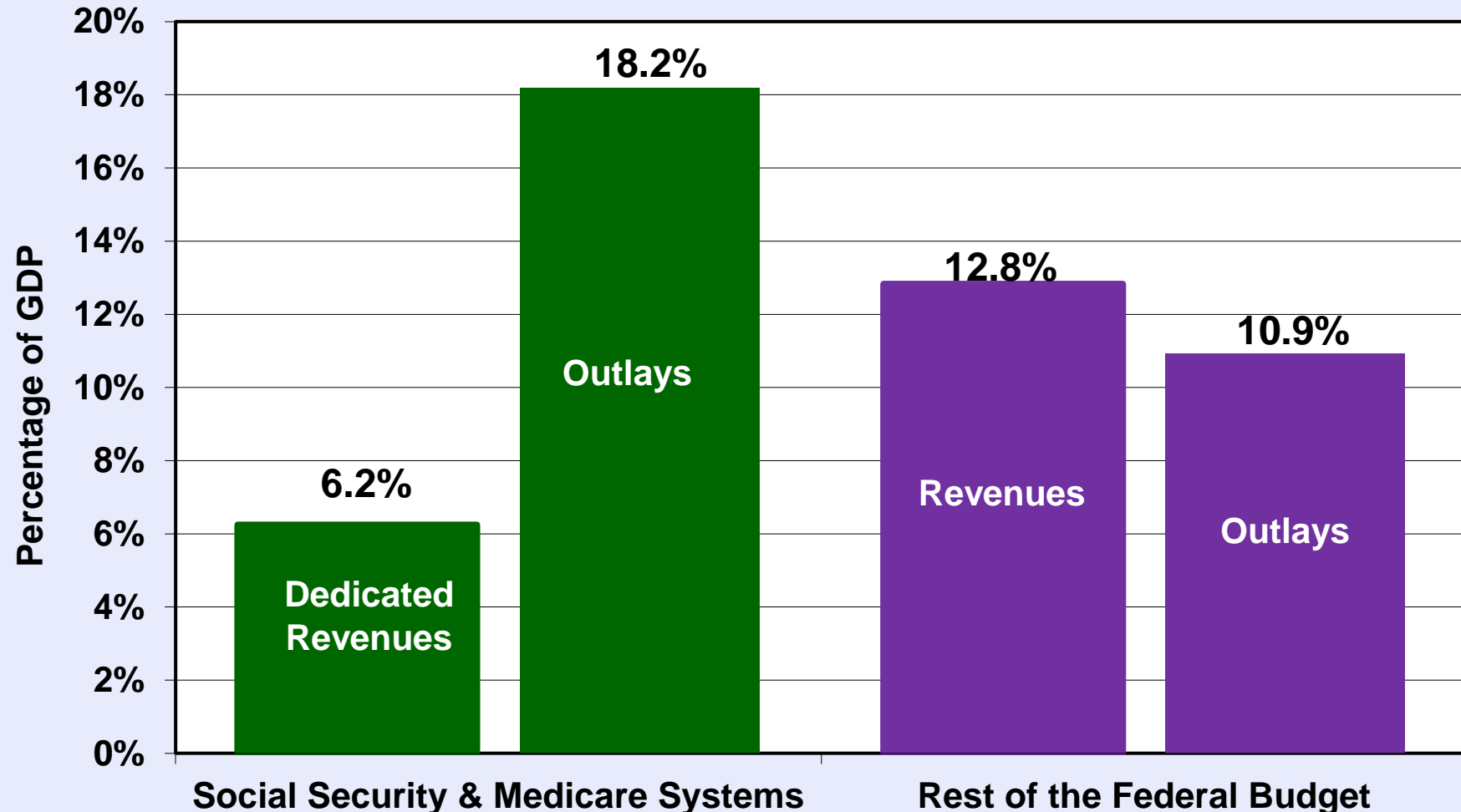
## The Rest of the Budget: \$3 Trillion Deficit



**Source of \$118.6 Trillion Budget Deficit Projected over 2023–2053 Period (\$Nominal)**

Note: Social Security & Medicare deficits are the benefits that must be paid from general revenues because payroll taxes, premiums, and other non-interest trust fund revenues are insufficient. CBO assumes full benefits will continue even after trust fund insolvency. Source: Calculations from CBO 2023 Long-Term Budget Outlook. To inflation adjust, trim amounts by one-third.

# Projected 2053 Budget Deficits Are Entirely Driven by Social Security & Medicare Shortfalls

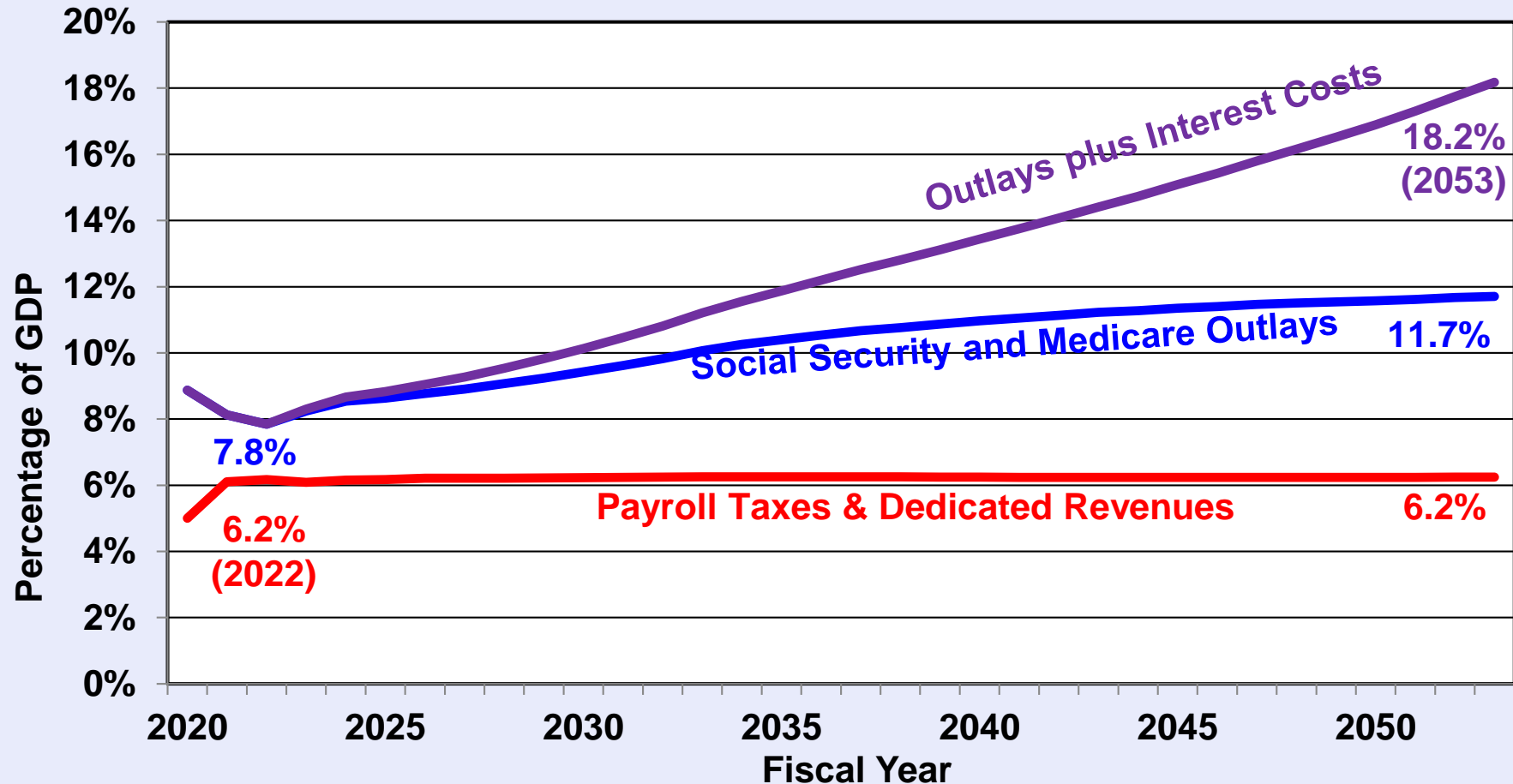


Note: 2053 is the final year of the latest CBO 30-year budget projection.  
Each outlay category includes portion of national debt interest attributed to its 2023-2053 deficits

Source: CBO 2023 Long-Term Budget Outlook.

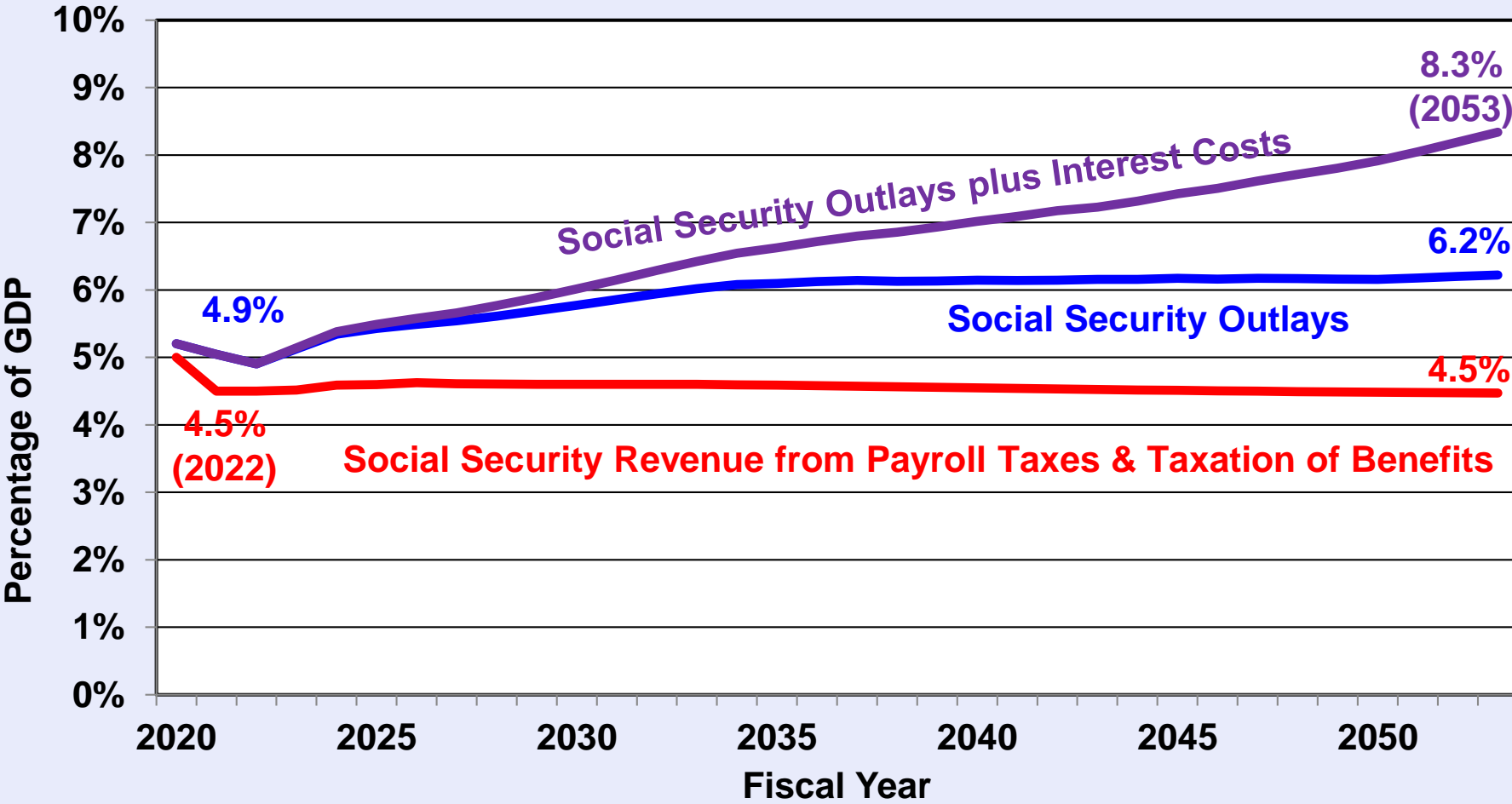


# Social Security and Medicare's Cash Shortfalls Will Soar to 5.5% of GDP plus 6.5% in Interest Costs



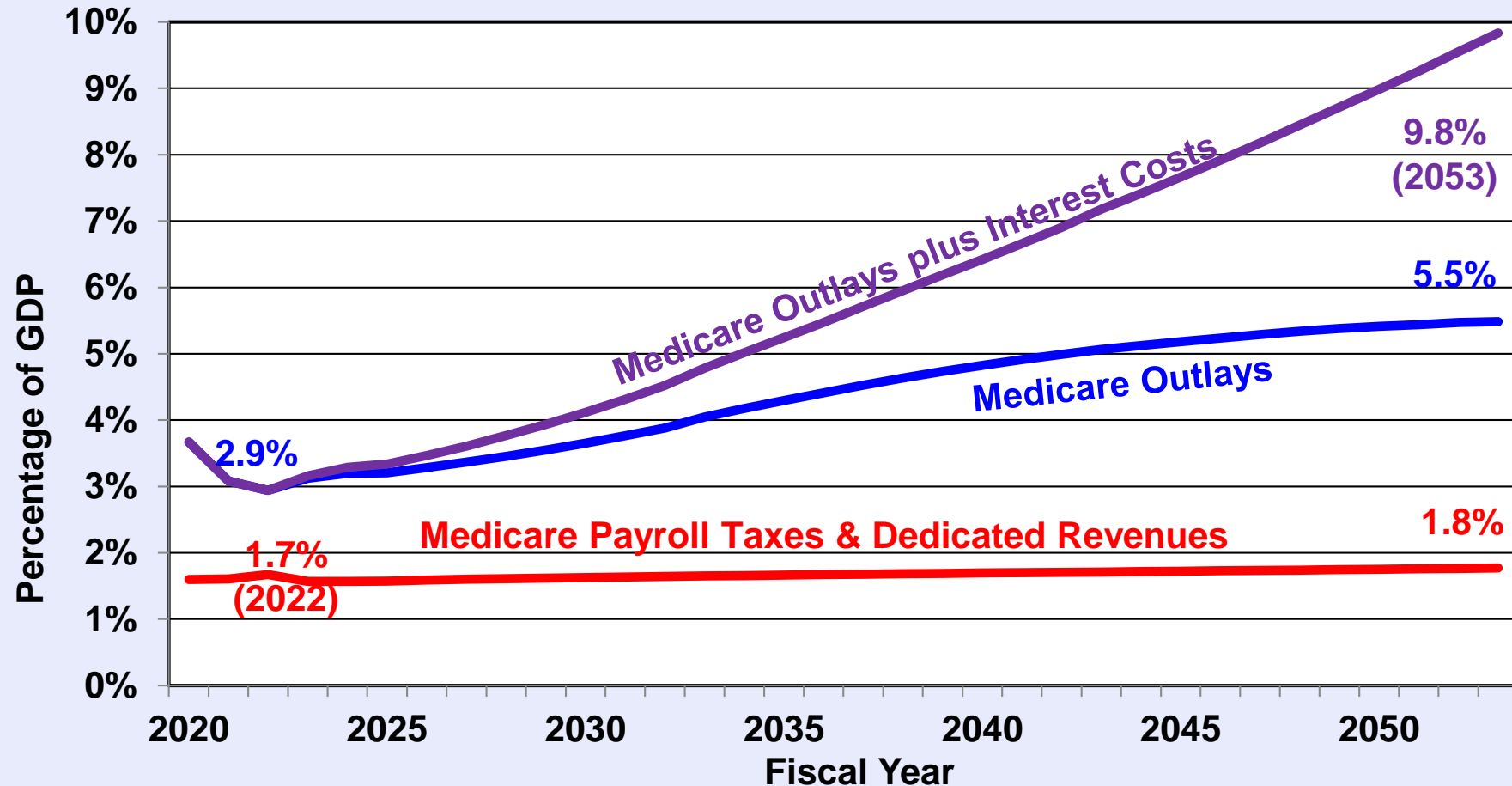
Source: Calculated using CBO 2023 Long-Term Baseline. Outlays are net of Medicare premiums paid. Interest costs are those directly attributable to Social Security and Medicare's annual deficits over this period.

# Social Security's Cash Shortfalls Are Driven by Rising Spending and Resulting Interest Costs



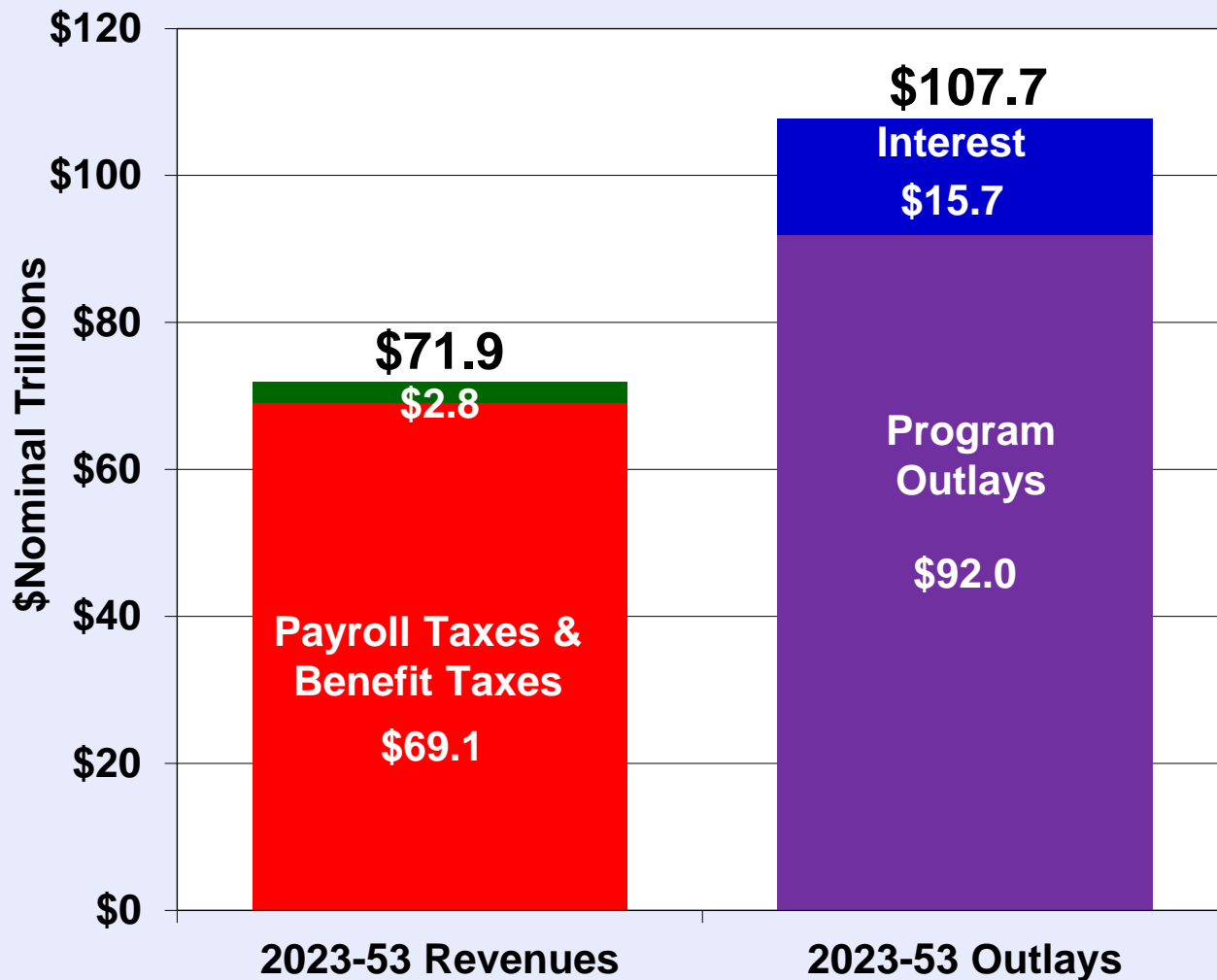
Source: Calculated using CBO 2023 Long-Term Baseline. Revenues do not include trust fund interest transfers. Interest costs are those directly attributable to Social Security's annual deficits over this period.

# Medicare's Cash Shortfalls Are Driven by Soaring Benefit Costs and Resulting Interest Costs



Source: Calculated using CBO 2023 Long-Term Baseline. Outlays are net of premiums paid. Interest costs are those directly attributable to Medicare's annual deficits over this period.

# Social Security Faces a \$39 Trillion Shortfall over 30 Years - \$36 Trillion if Subtracting the Trust Fund



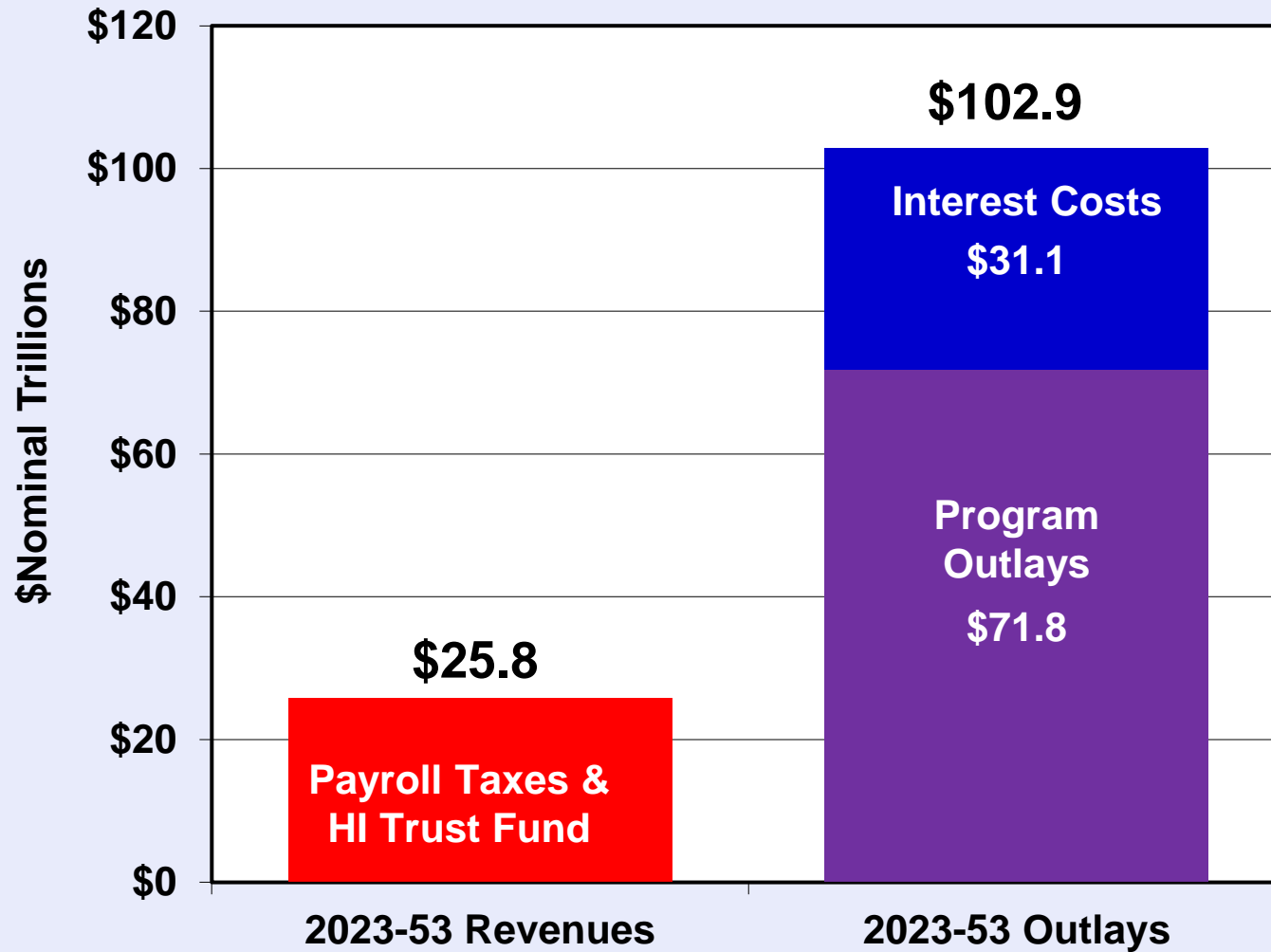
Green = Transfers from redeeming the Social Security Trust Fund.

The Trust Fund contains no economic resources and must be redeemed by new taxes and borrowing.

In other words, it does not save future taxpayers a dime or reduce the true shortfall.

Source: Calculated using the CBO 2023 Long-Term Budget Outlook.  
Interest costs reflect those directly attributable to 2023-2053 Social Security shortfalls.

# Medicare Faces a \$77 Trillion Cash Shortfall Over the Next 30 Years

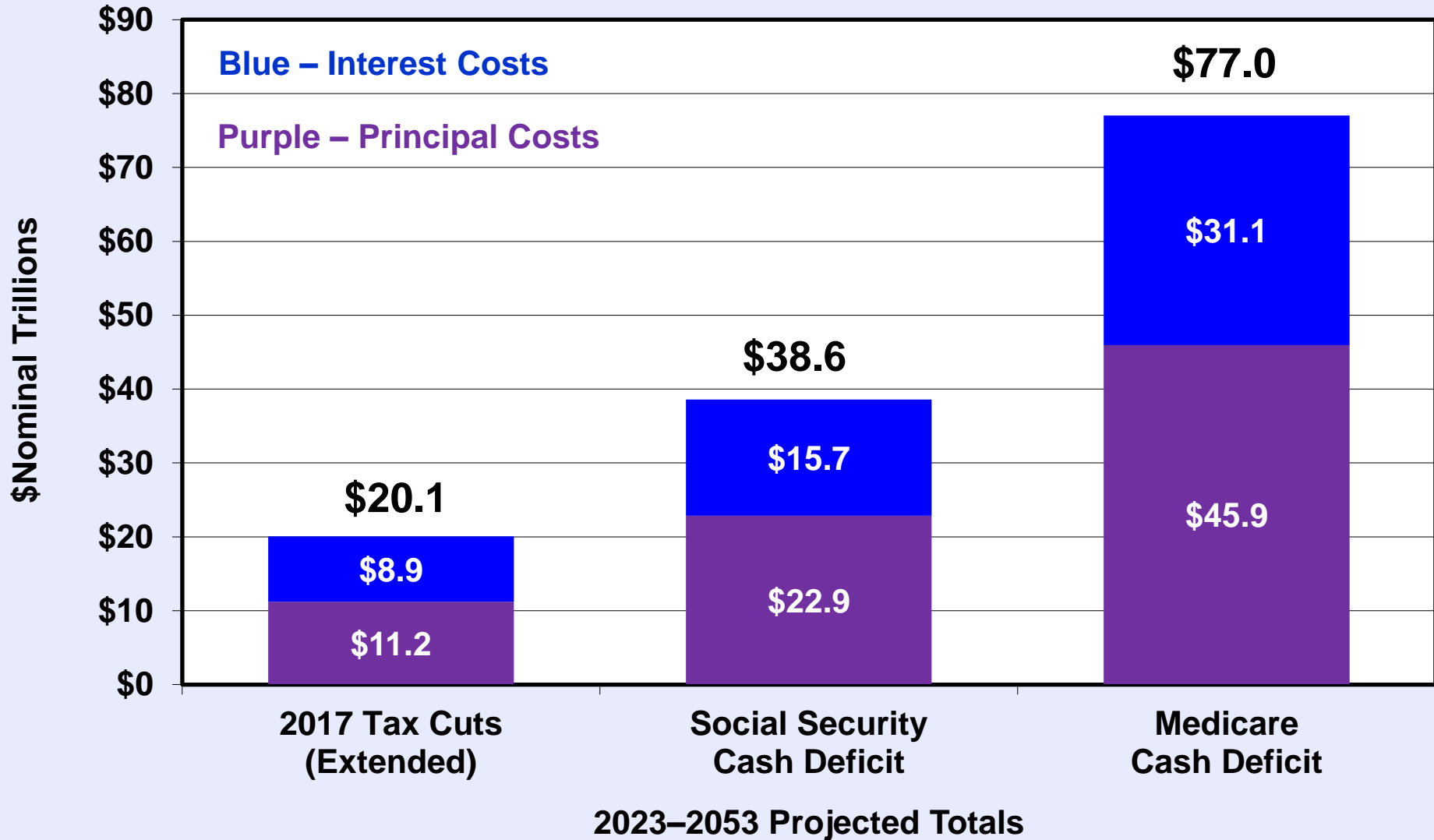


Medicare's \$77 trillion shortfall comprises 65% of the total CBO-projected budget deficit over the 2023–2053 period.

Annual projected shortfall:  
2023: 1.6% of GDP  
2053: 3.7% of GDP (8.1% including interest cost).

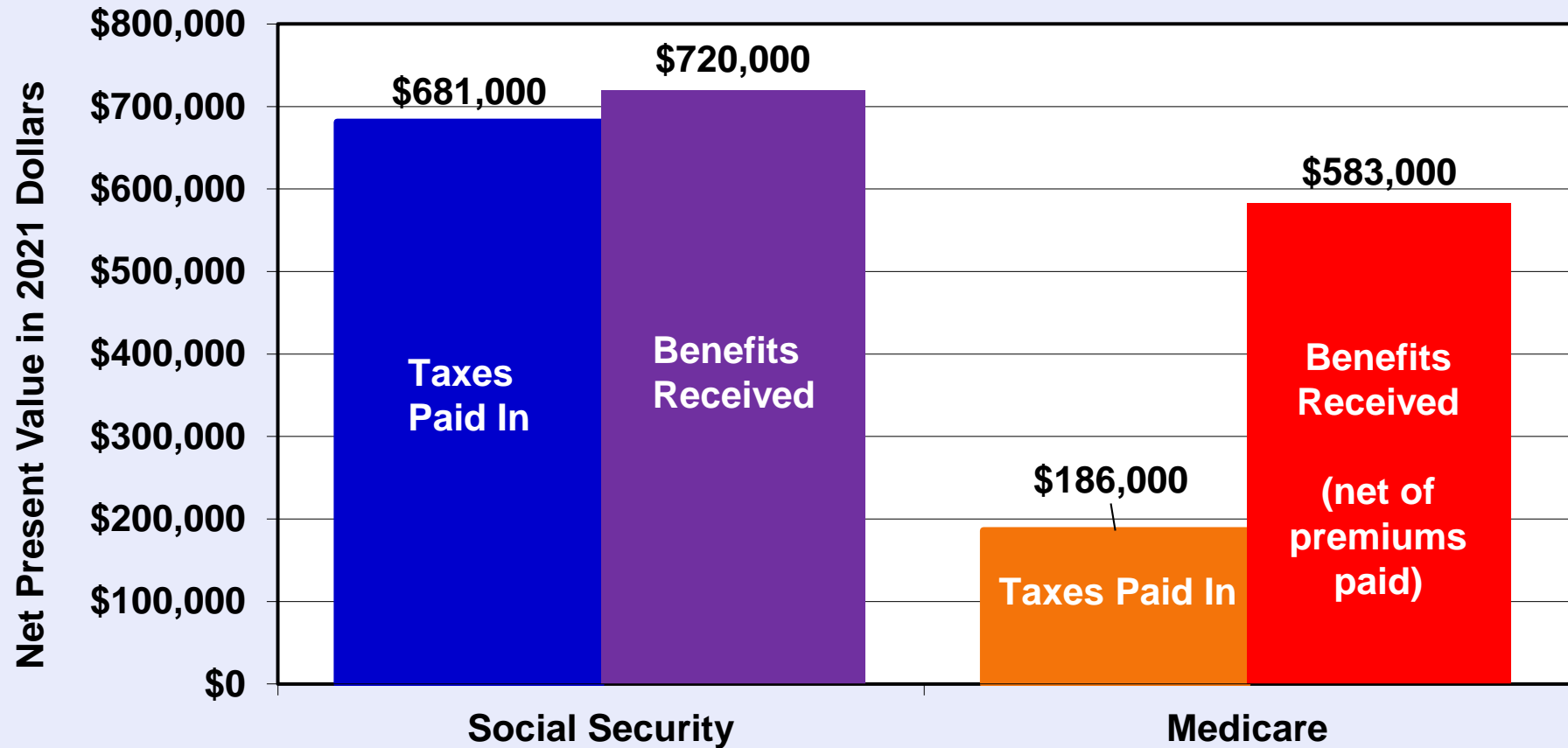
Source: Calculated using the CBO 2023 Long-Term Budget Outlook. Benefits are net of senior premiums. Interest costs reflect those directly attributable to 2023-2053 Medicare shortfalls.

# Cost of 2017 Tax Cuts vs. Major Entitlements Over 30 Years



Source: Calculated using the CBO 2023 Long-Term Budget Outlook and earlier CBO tax estimates.

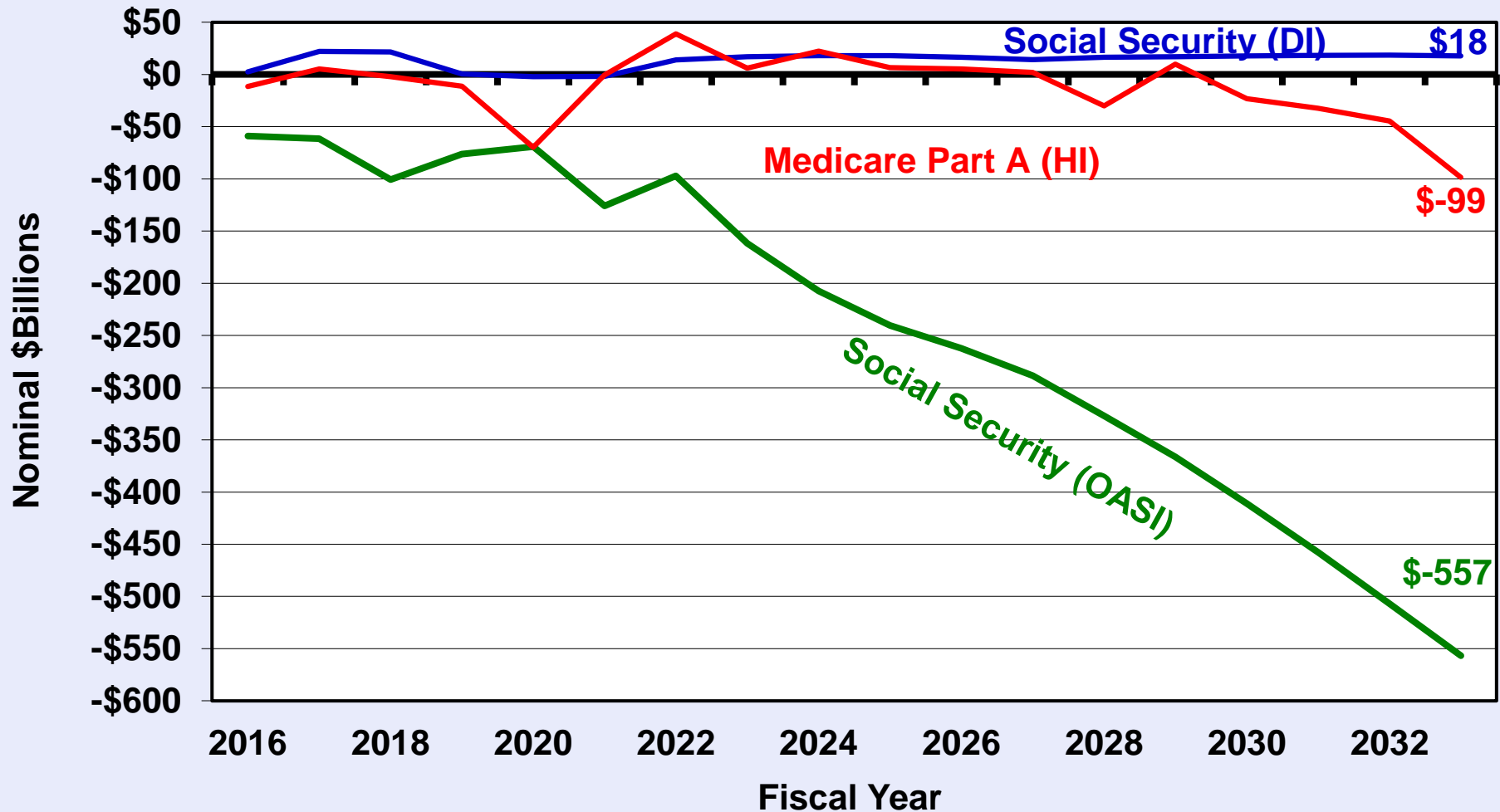
# The Typical Retiring Couple Will Receive \$3 in Medicare Benefits for Every \$1 Paid into the System—and Also Come Out Ahead in Social Security



Represents typical, average-income married couple turning 65 in 2025  
Calculations represent expected present values.

Source: C. Eugene Steuerle, Karen E. Smith, "Social Security & Medicare Lifetime Benefits & Taxes: 2021," Urban Institute, Table 15.

# Social Security's Deficits Will Steeply Increase, While Medicare Also Faces Rising Deficits

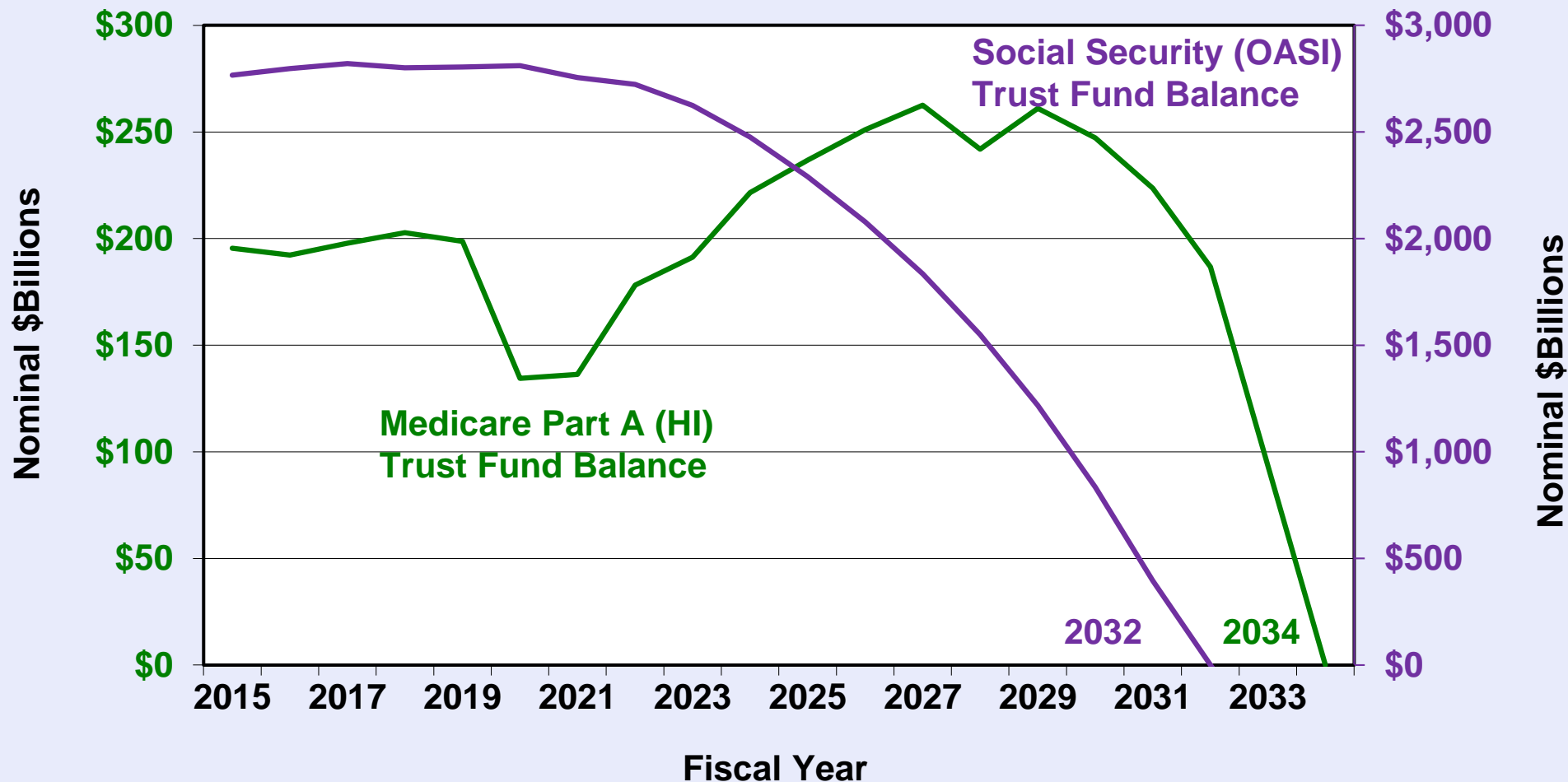


Excludes general revenue transfers into the programs, such as interest payments.

Source: May 2023 CBO baseline supplemental trust fund tables.



# Medicare Part A and Social Security Trust Funds Face Bankruptcy in Approximately a Decade

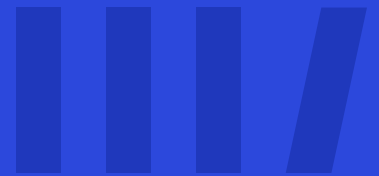


Post-2033 figures are extrapolated.

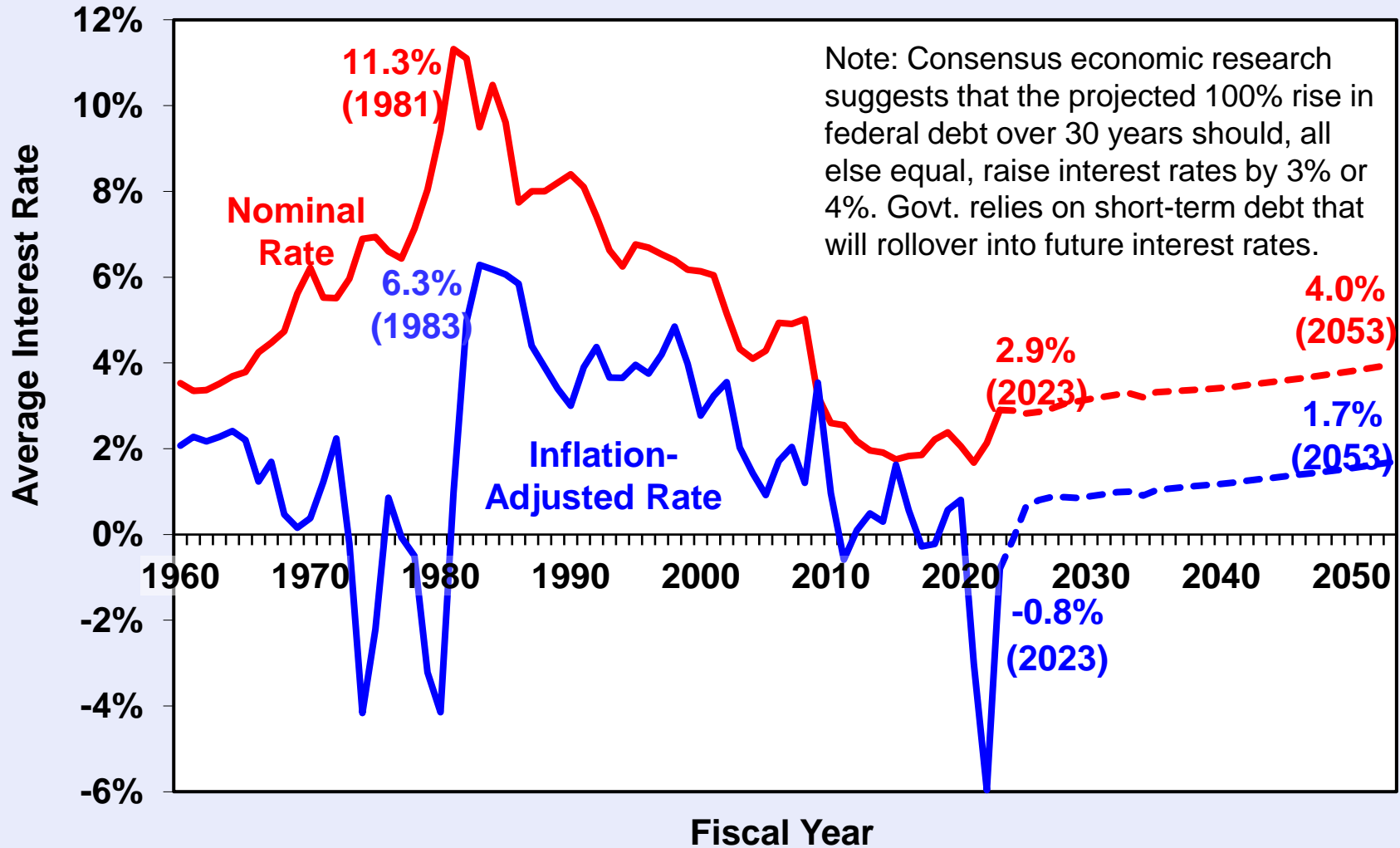
Source: May 2023 CBO baseline supplemental trust fund tables.

# What Happens to the Debt if Interest Rates Rise?

## *Chapter 6*

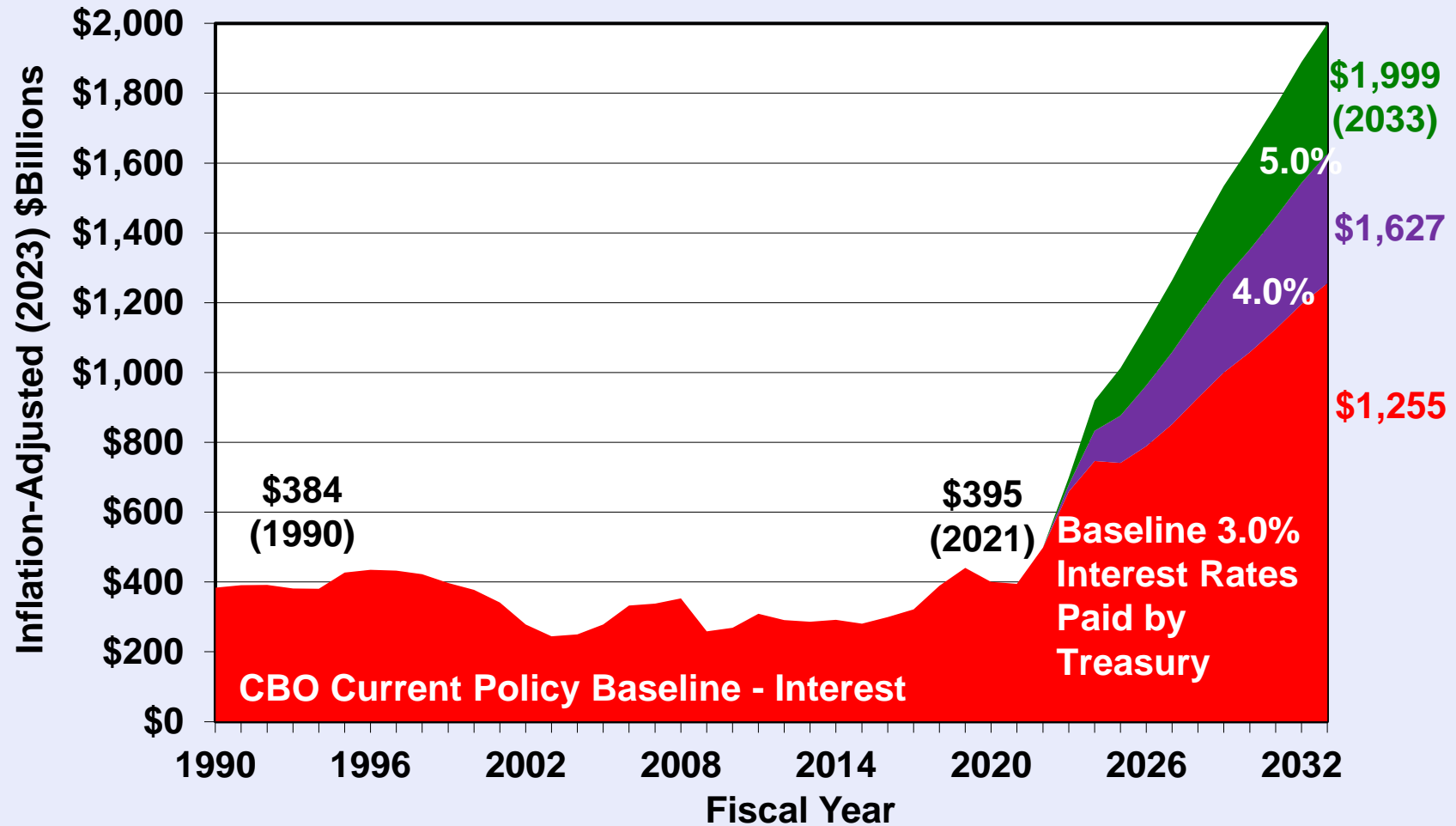


# Average Interest Rate Paid on U.S. Federal Debt—Historical and CBO Projections



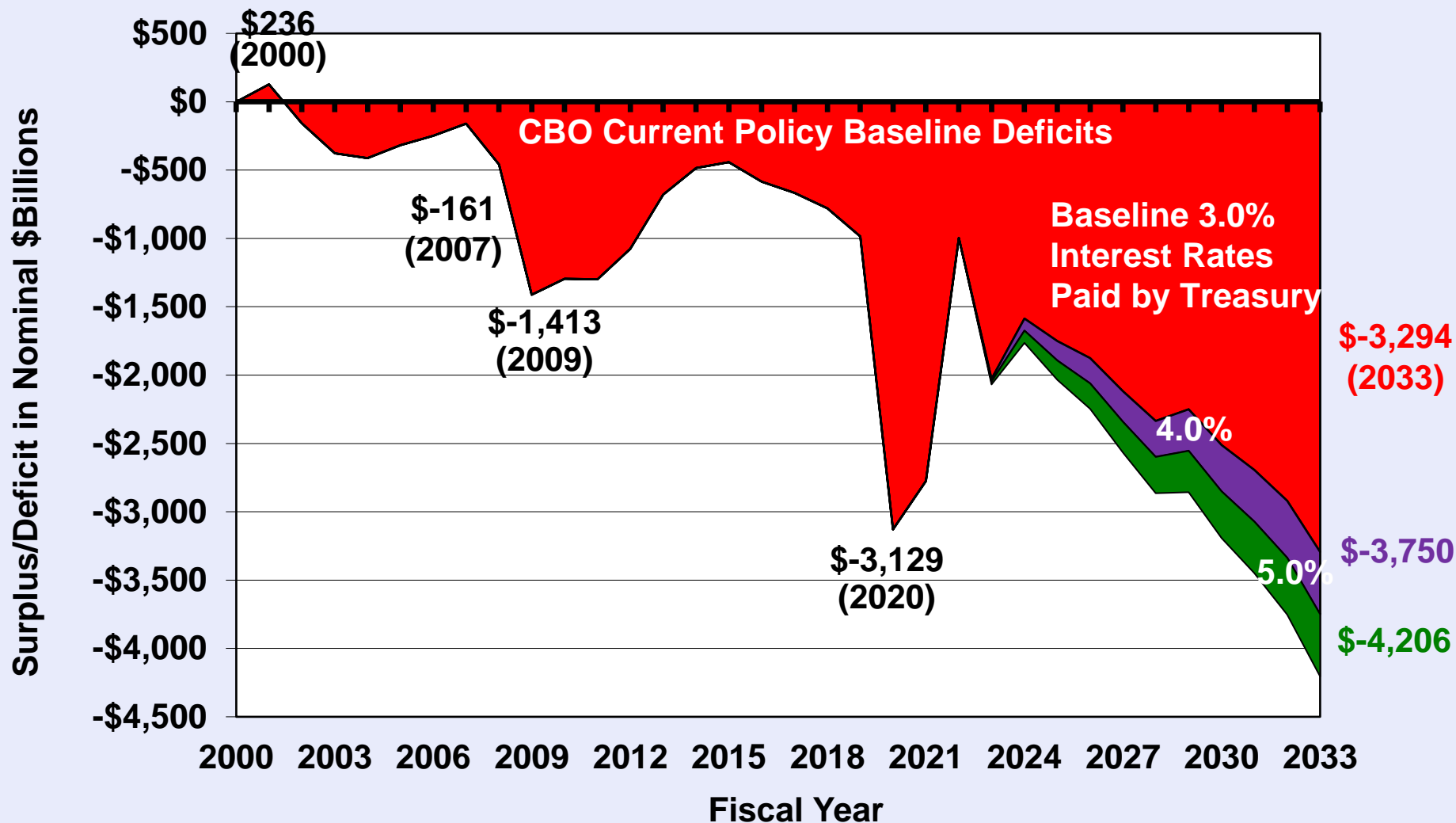
Source: 1987 through 2053 (projected) data provided by CBO. Earlier figures estimated using Treasury, OMB, and Federal Reserve data.

# Federal Interest Costs Are Set to Spike—Especially if Interest Rates Exceed 3% Projection



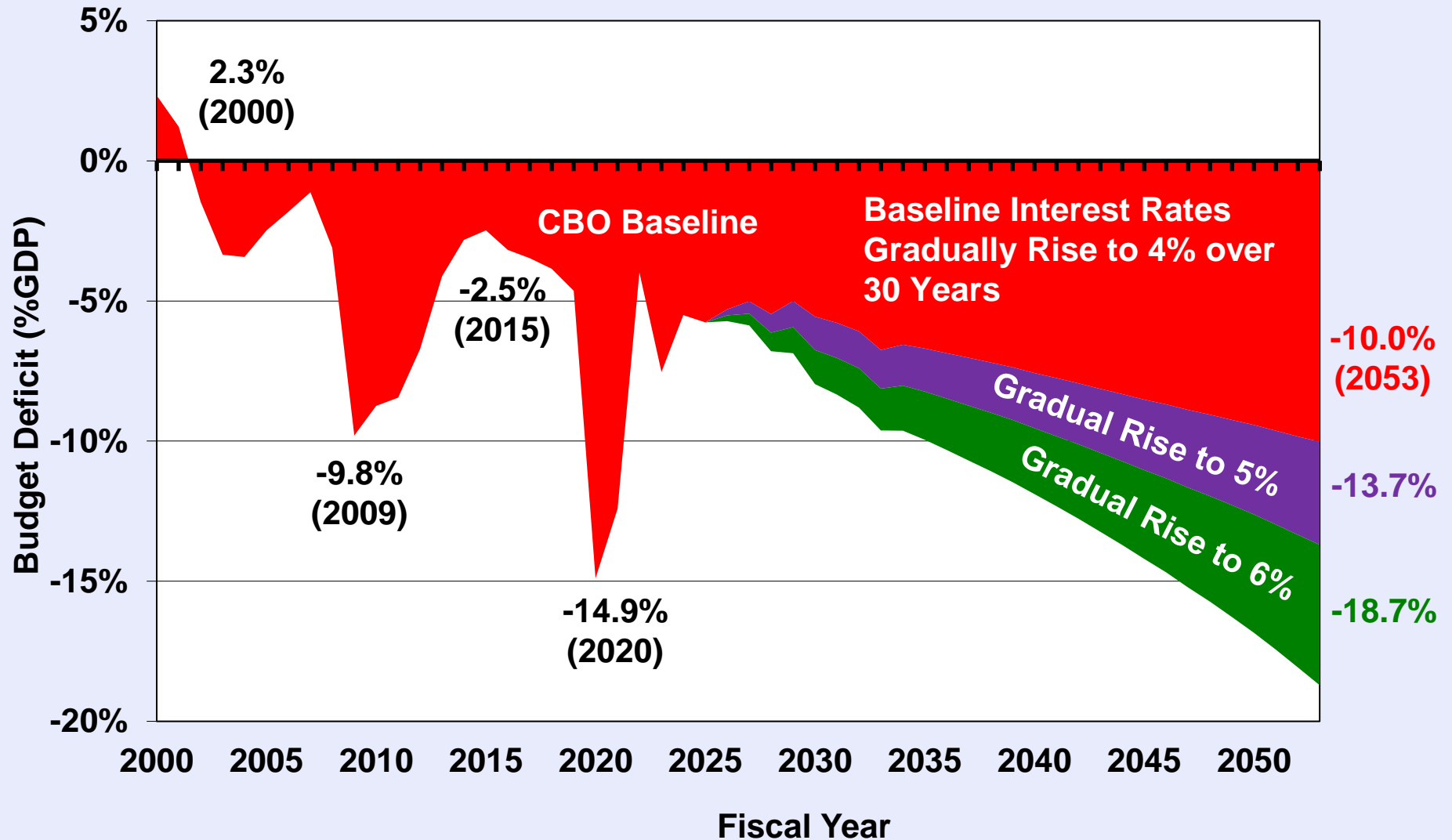
Source: OMB Historical Table 3.2 and May 2023 CBO baseline, adjusted for current-policy extensions. Inflation-adjusted into 2023 dollars. Cost of higher interest rates provided by OMB Analytical Perspectives book's sensitivity tables.

# Budget Deficits Are Extraordinarily Sensitive to Interest Rates and Interest Costs



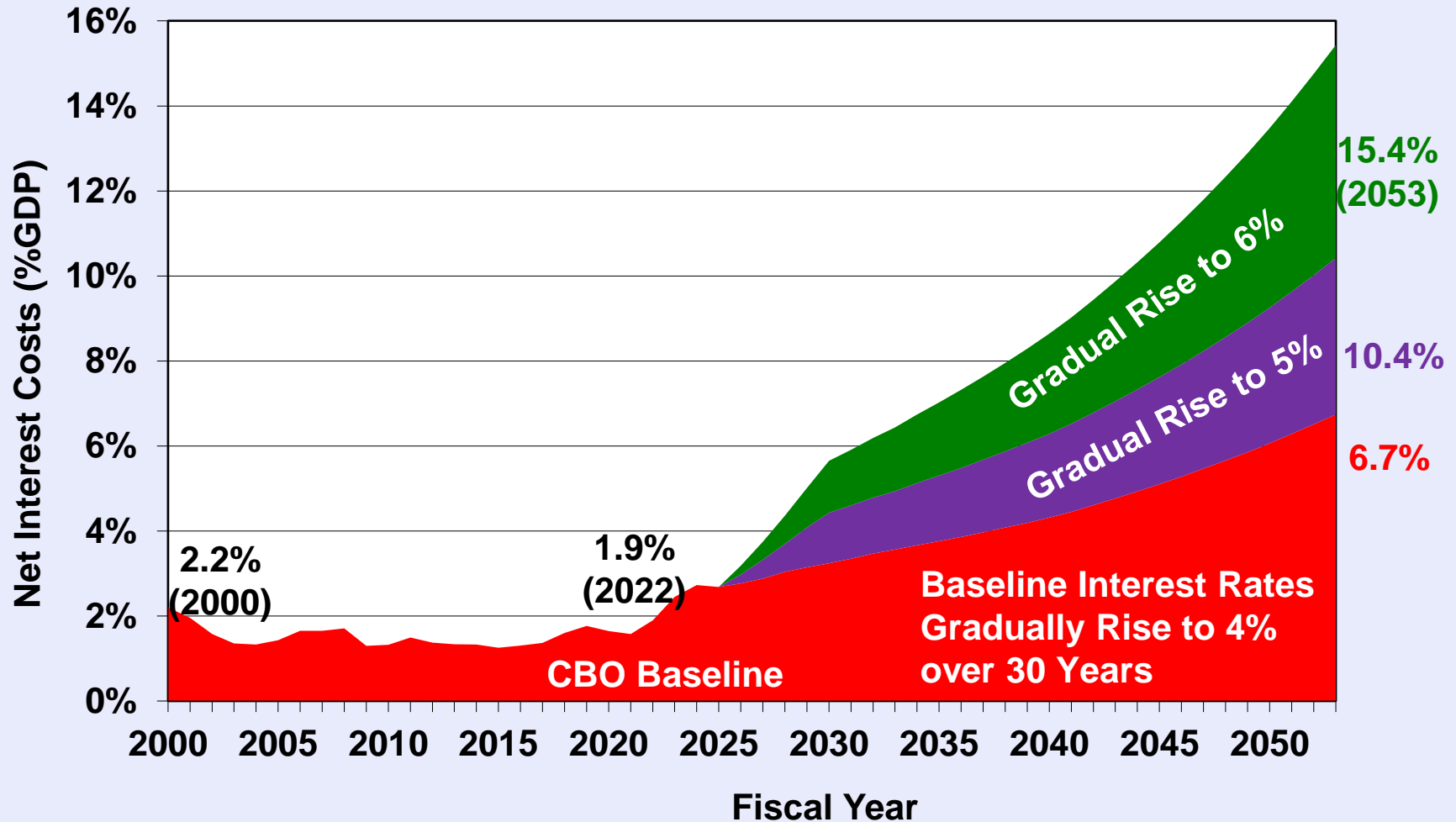
Source: OMB Historical Table 3.2 and May 2023 CBO baseline, adjusted for current-policy extensions. Cost of higher interest rates provided by OMB Analytical Perspectives book's sensitivity tables.

# Budget Deficits Under Various Interest Rate Scenarios



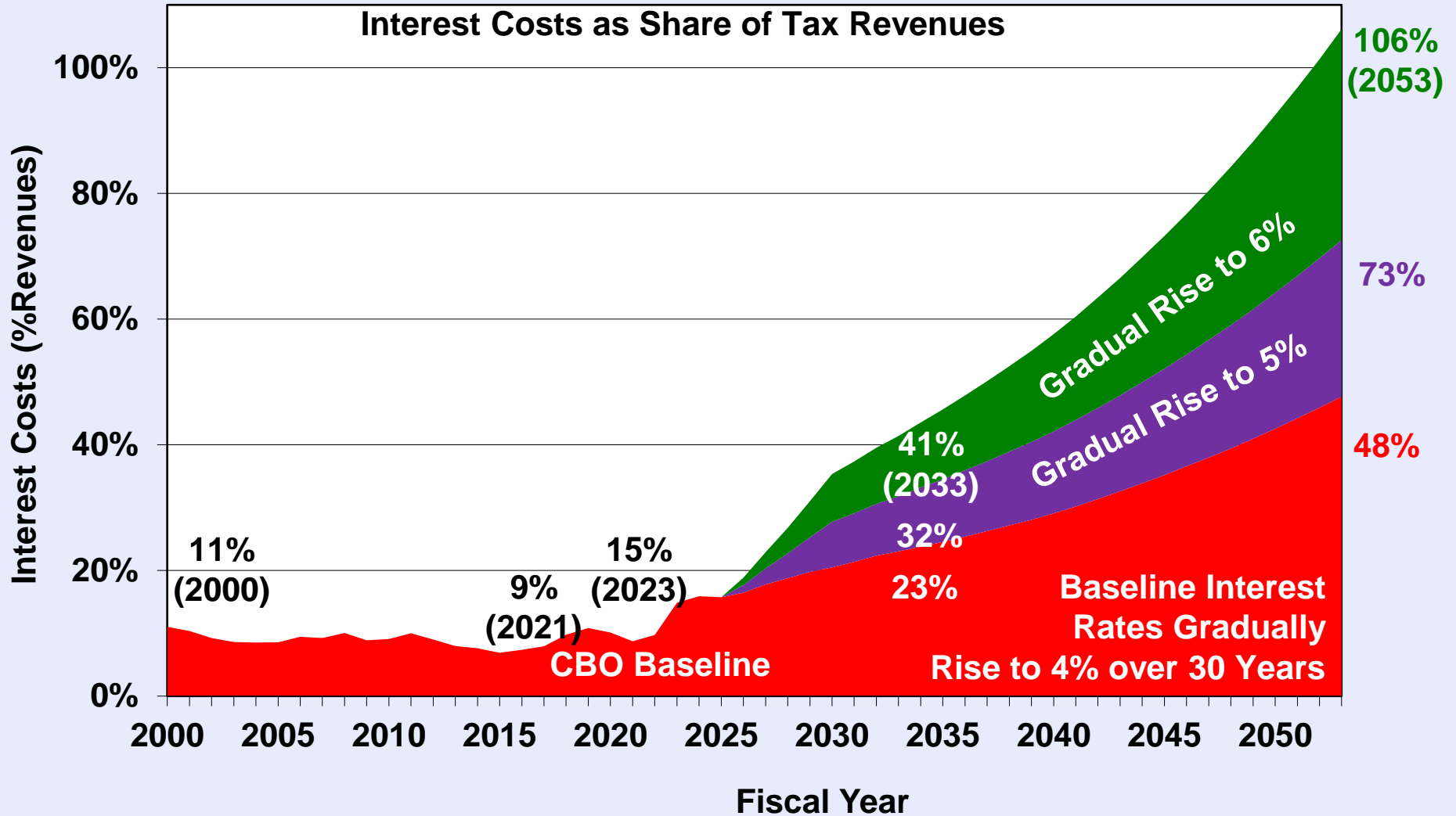
Source: Calculations using the 2023 CBO long-term baseline.  
 Most economists agree that a steeply rising debt will raise interest rates.

# Federal Interest Costs Under Various Interest Rate Scenarios



Source: Calculations using the 2023 CBO long-term baseline.  
 Most economists agree that a steeply rising debt will raise interest rates.

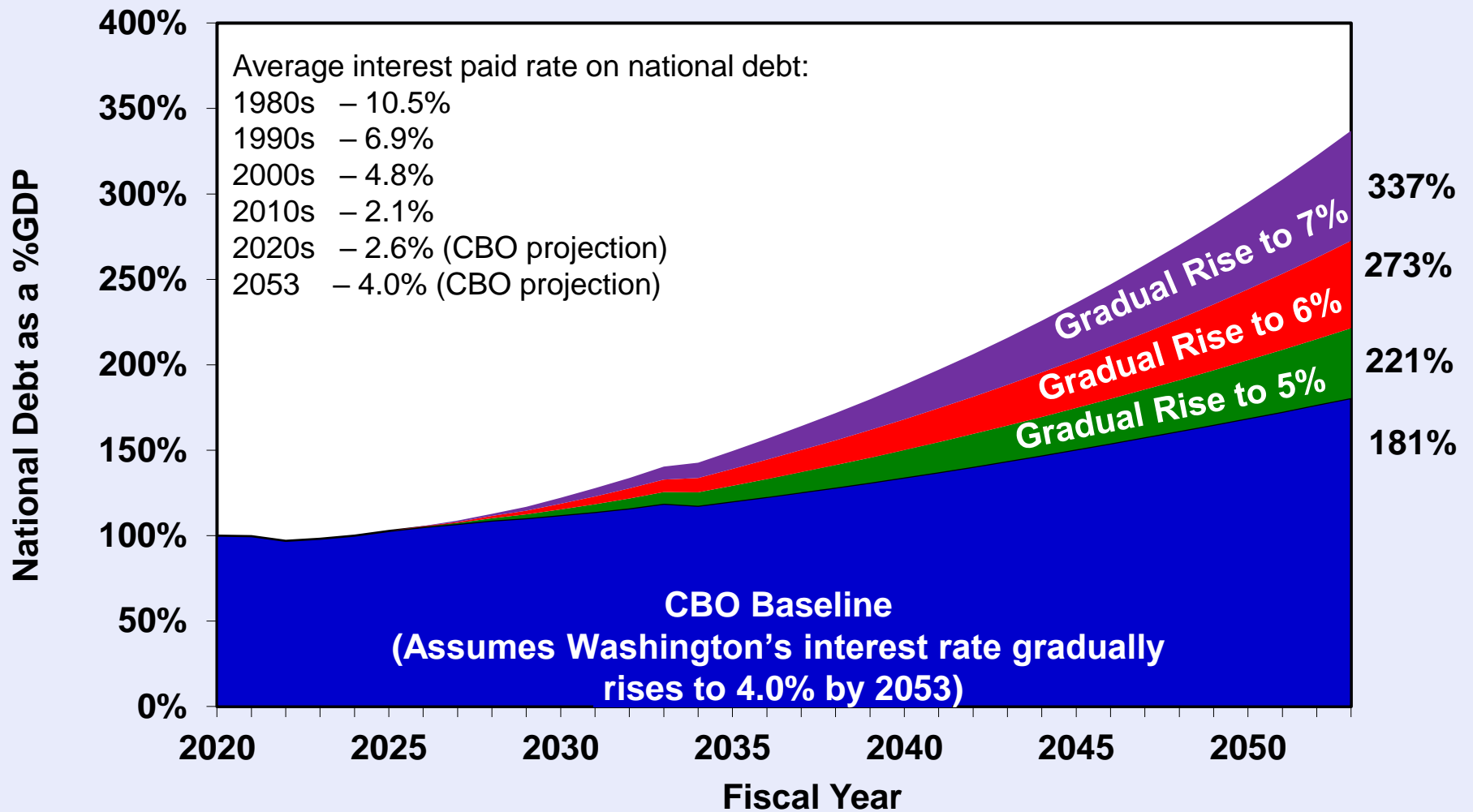
# Interests Costs Could Eventually Consume Between Half and All Tax Revenues



Source: Calculations using CBO 10- and 30-year baselines, adjusted for current-policy tax cut and spending extensions.



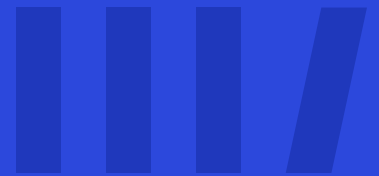
# Rising Interest Rates Could Push the National Debt towards 300% of GDP Within 30 Years



Source: Calculations using the 2023 CBO long-term baseline.  
Most economists agree that a steeply rising debt will raise interest rates.

# Can't We Just Raise Taxes, Cut Defense, and Nationalize Health Care Instead?

*Chapter 7*

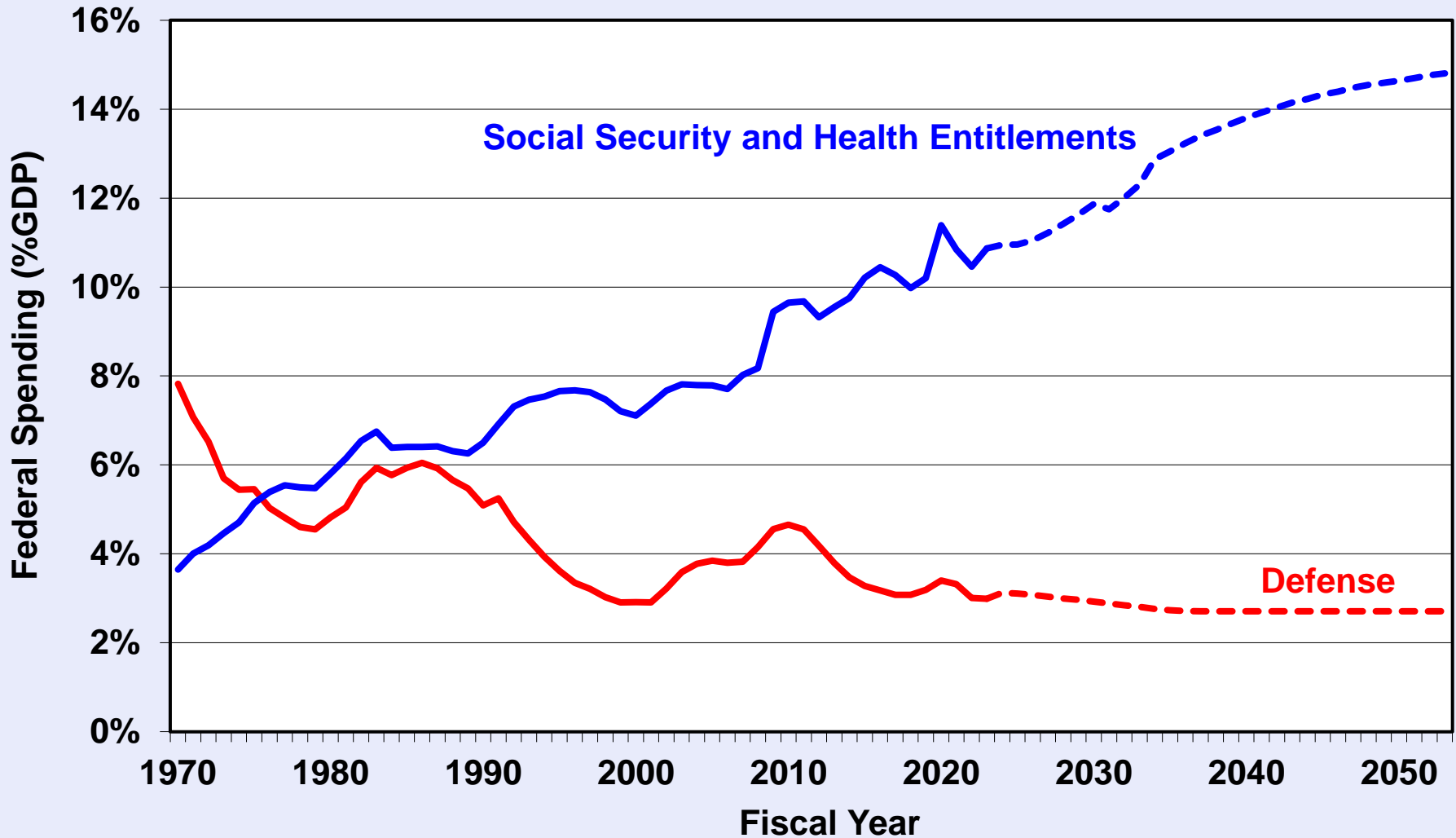


# No “Easy” Pay-Fors for Social Security & Medicare: Programs Face Shortfalls of 5.5% of GDP by 2040s

Tax Proposals (static scoring)	10-Yr Savings (\$Billions)	Long-Term Savings (%GDP)
Raise Payroll Tax by 10 Percentage Points, no wage limit	\$11,357	3.60%
Raise Income Tax Rates Across-the-Board by 10 Percentage Points	\$10,813	3.38%
Impose a 20% Value-Added Tax (VAT) – like a national sales tax	\$7,800	2.75%
Repeal Tax Exclusion for Employer-Paid Health Premiums	\$3,671	1.69%
Double 35% and 37% Tax Brackets to 70% and 74% (plus 15% state/payroll)	\$4,583	1.52%
Repeal All Itemized Tax Deductions	\$2,507	0.98%
Eliminate FICA Cap – 15.3% Payroll Tax on All Wages ( <i>data from SSA</i> )	\$2,992	0.90%
50% Income Tax Rate Over \$200k (single) \$400k (married)	\$1,910	0.63%
Impose Bernie Sanders’ 8% Wealth Tax ( <i>data from TPC</i> )	\$2,326	0.59%
Raise Corporate Tax Rate from 21% to 35%	\$1,810	0.57%
Biden Tax Hikes for Multinational Companies ( <i>data from OMB</i> )	\$1,048	0.34%
Carbon Tax of \$25/Metric Ton – no rebate for households hit	\$865	0.29%
Impose Bernie Sanders’ 77% Estate Tax ( <i>data from TPC</i> )	\$483	0.17%
Tax Dividends & Capital Gains as Income over \$1M & End Step-Up ( <i>OMB</i> )	\$179	0.17%
Impose a 0.1% Tax on Financial Transactions	\$264	0.10%
Impose a 0.15% "Bank Tax" on Large Financial Institutions ( <i>TPC</i> )	\$93	0.02%
<b>Spending Proposals</b>		
Cut Defense Budget to European Target of 2% of GDP ( <i>data from CBO</i> )	\$3,653	0.80%

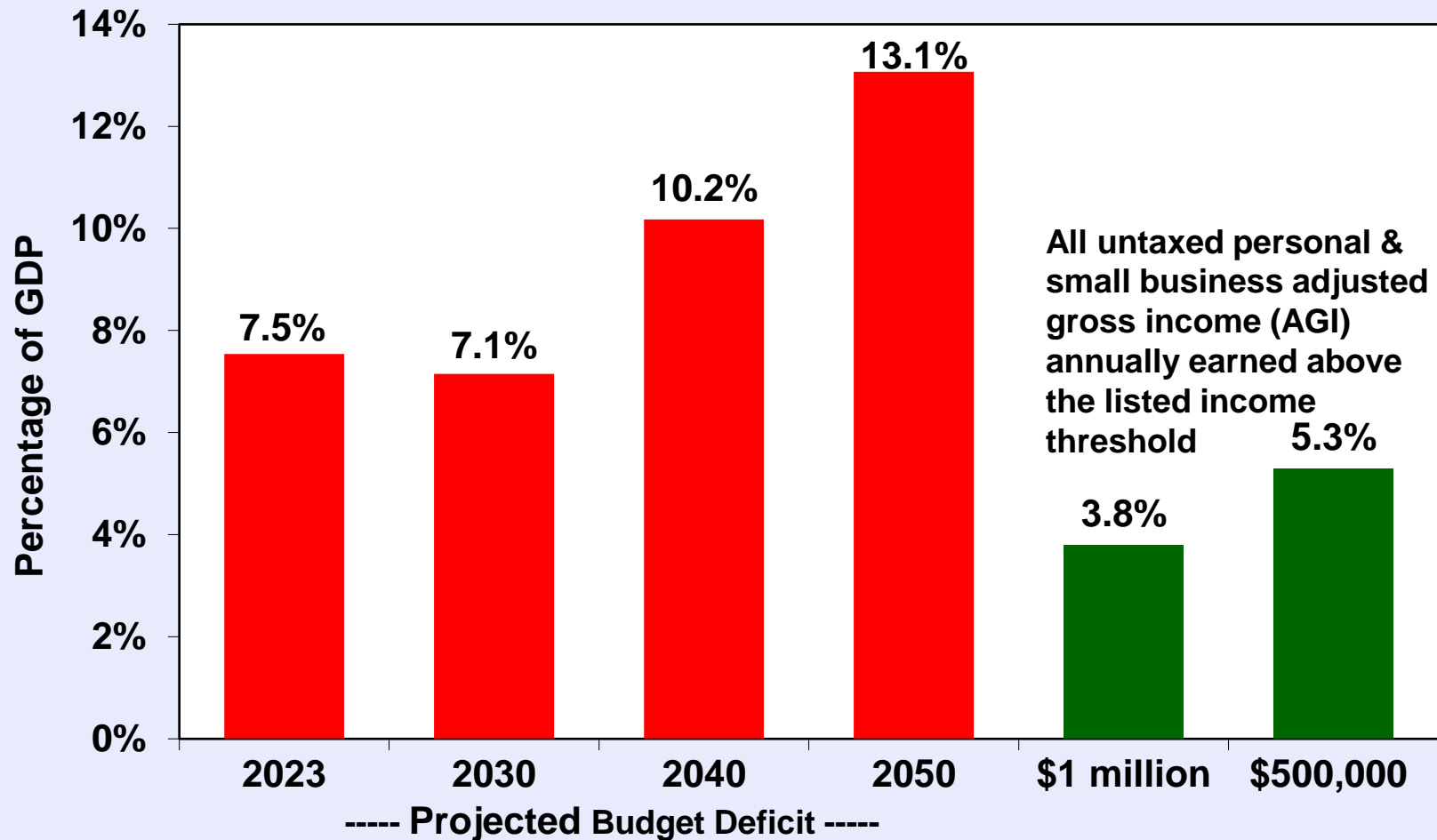
Source: Dec. 2022 CBO “Budget Options” book unless otherwise noted. These static estimates do not account for revenues lost to the economic impact. Combining policies may also create duplications and interaction effects, so these cannot be summed.

# Even Eliminating Defense Spending Cannot Finance Soaring Entitlement Costs



Source: OMB Historical Tables 3.2, and 10.1; and CBO 2023 Long-Term Outlook.

# Even 100% Tax Rates on Small Businesses and Upper-Income Families Could Not Come Close to Balancing the Long-Term Budget



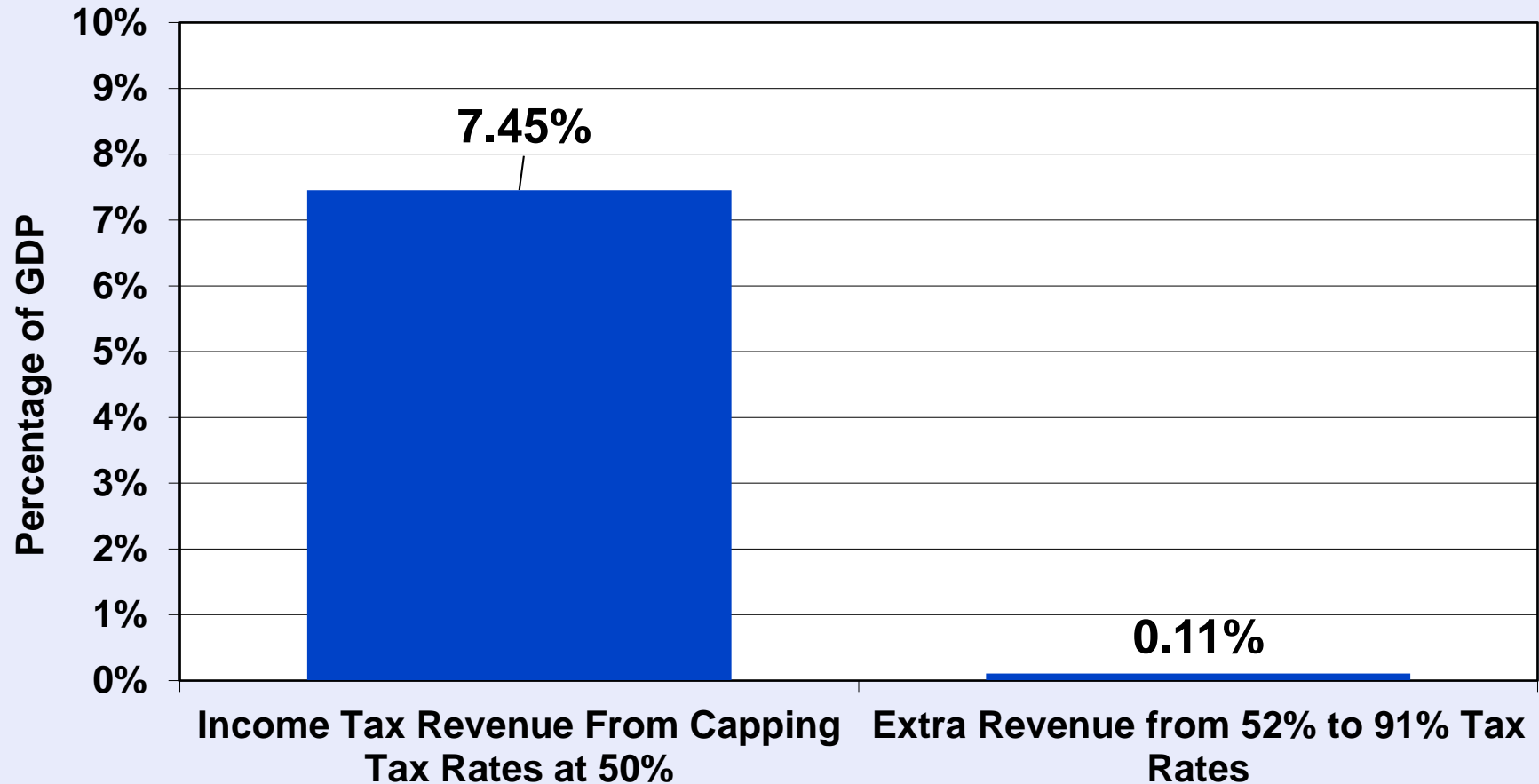
Source: CBO July 2023 Long-Term Budget Outlook adjusted into current-policy baseline, and analysis of IRS 2019 (latest non-pandemic year) income tables.

# Taxing the Rich Could Raise at Most 1% or 2% of GDP, But Maxing Out Also Brings Large Economic Losses

Tax Proposal Set to Revenue-Maximizing Level	2023-2032 (\$Billions)	%GDP
<b>Individual Income Taxes (1.0% of GDP)</b>		
Raise top two income tax brackets by 10%	\$1,661	0.50%
Aggressive tax enforcement	\$1,196	0.36%
Pare back retirement incentive abuses	\$133	0.04%
Cap itemized deductions at 28% rate	\$332	0.10%
<b>Investment Taxes (0.2% of GDP)</b>		
Tax capital gains and dividends at a top rate of 39.6% at incomes over \$1 million, and tax unrealized capital gains at death	\$332	0.10%
Other capital gains loophole closures and tax enforcement	\$332	0.10%
<b>Corporate Taxes (0.8% of GDP)</b>		
Raise corporate tax rate to 28%	\$930	0.28%
Biden international corporate tax hikes	\$1,163	0.35%
Other Biden corporate tax hikes	\$332	0.10%
Various additional corporate savings	\$233	0.07%
<b>Estate Taxes (0.1% of GDP)</b>		
Raise estate taxes to 2009 levels.	\$332	0.10%
<b>Revenue Subtotal</b>	<b>\$6,976</b>	<b>2.10%</b>
<b>Resulting Macroeconomic Losses</b>		<b>0.1% to 1.0%</b>
<b>Net Revenue Increase</b>		<b>1.1% to 2.0%</b>

Source: CBO, OMB, Tax Policy Center, U.S. Treasury. Tax proposals generally limited to corporations and the richest 1% to 2% of households. See Brian Riedl, "The Limits of Taxing the Rich," Manhattan Institute, September 2023.

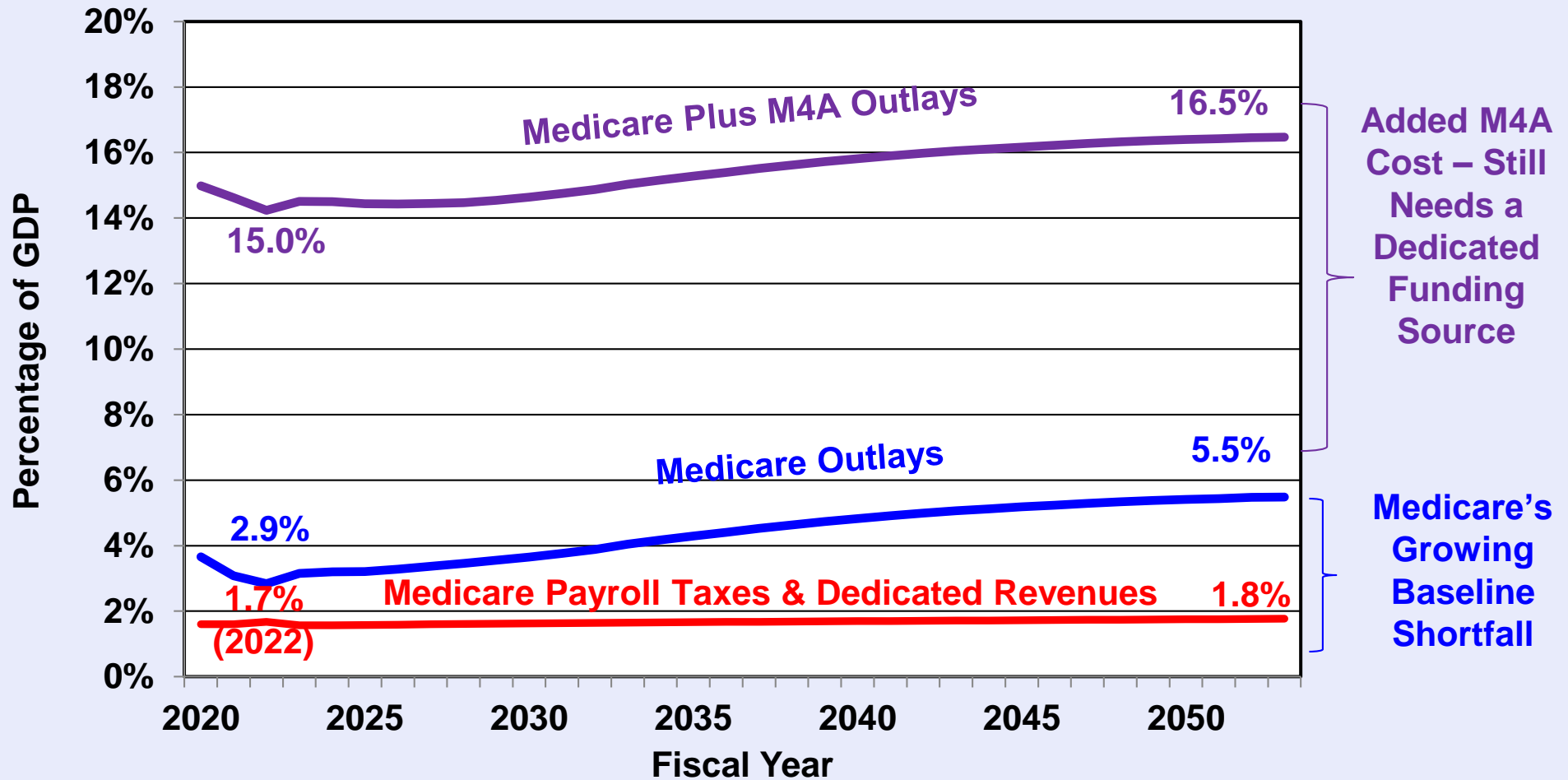
# Those High 1950s–1960s Tax Rates Raised Little: In 1961, Income Tax Rates Between 52% and 91% Collected Just 0.11% of GDP in Revenues



Source: IRS data. Baseline scenario reflects a 50% marginal rate for top-earners, while the “extra revenue” shows the revenue from taxing that income at rates between 52% and 91%.

See Brian Riedl, “The Limits of Taxing the Rich,” Manhattan Institute, September 2023.

# Medicare-For-All's 11% of GDP Cost is on Top of Current Medicare's Large & Growing Shortfall

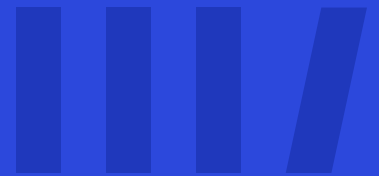


Source: Calculated using CBO 2023 Long-Term baseline and Medicare-For-All Estimates from the Committee For a Responsible Federal Budget (CRFB). Other health spending such as Medicaid will by rise 0.5% of GDP, but that portion is already fully designed for general revenues.

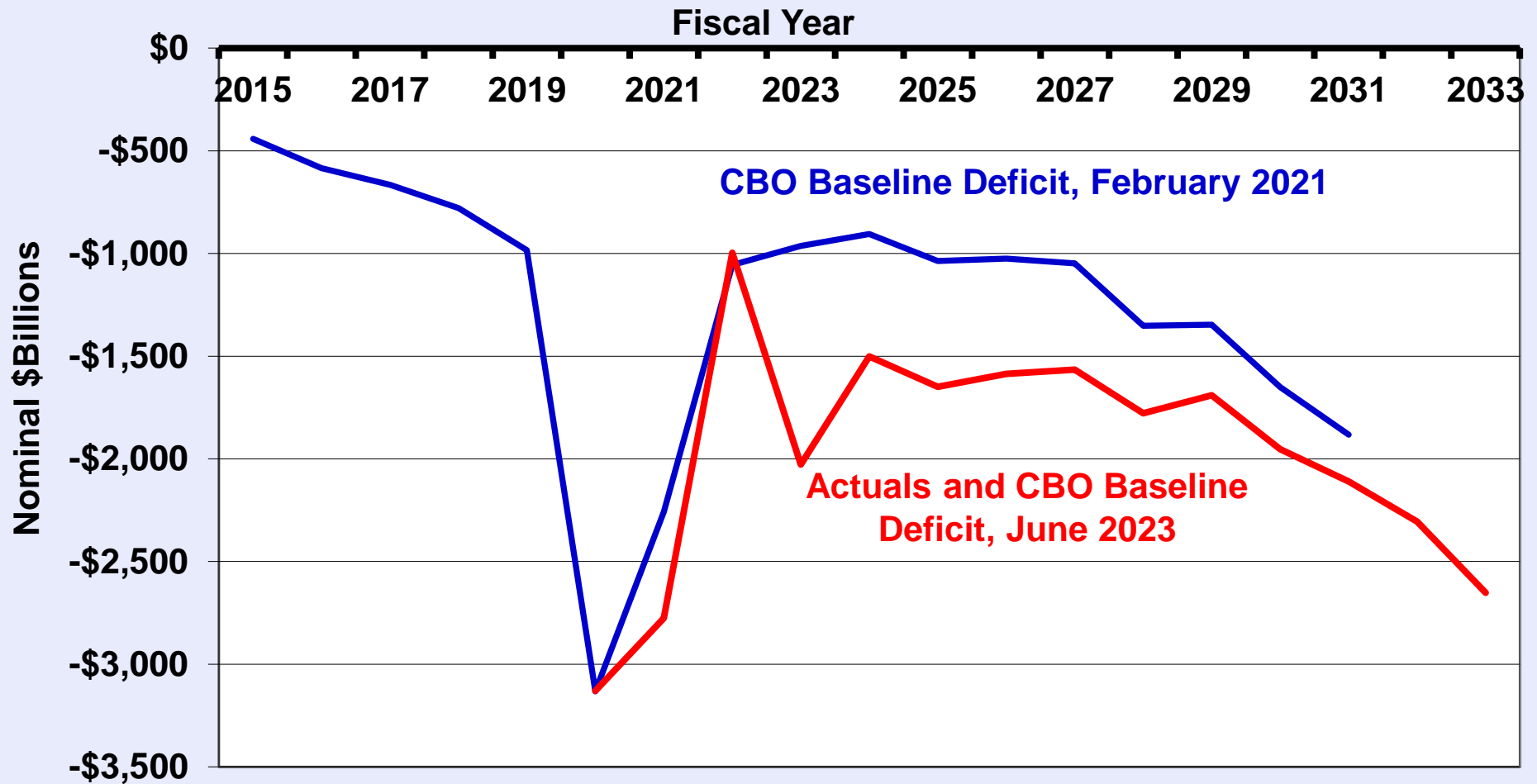


# Progressive Proposals Would Dig the Debt Even Deeper

*Chapter 8*



# The 2021–2031 Projected Budget Deficit Has Grown by \$5 Trillion Since Biden Took Office



Source: CBO Baselines.

# In Just 20 Months, President Biden's Initiatives Added \$4.8 Trillion to 10-year Deficits

Legislation or Executive Order	10-year Cost (\$Billions)
American Rescue Plan	\$1,850
FY 2022 Omnibus Bill	\$625
Bipartisan Infrastructure Law	\$370
Honoring our PACT Act	\$280
SNAP Expansion	\$185
Health-Related Executive Orders	\$175
CHIPS and Science Act	\$80
Ukraine Supplementals	\$55
Inflation Reduction Act	-\$240
Student Debt Relief ( <i>partially struck down later</i> )	\$750
Net Interest From Above Policies	\$700
<b>Total 10-year Cost</b>	<b>\$4,830</b>

Source: Committee For a Responsible Federal Budget, based on CBO and OMB data.  
Does not account for budget deficit changes driven by economic and technical factors.

# As a Candidate, Joe Biden Proposed \$11 Trillion in New Spending Over the Decade

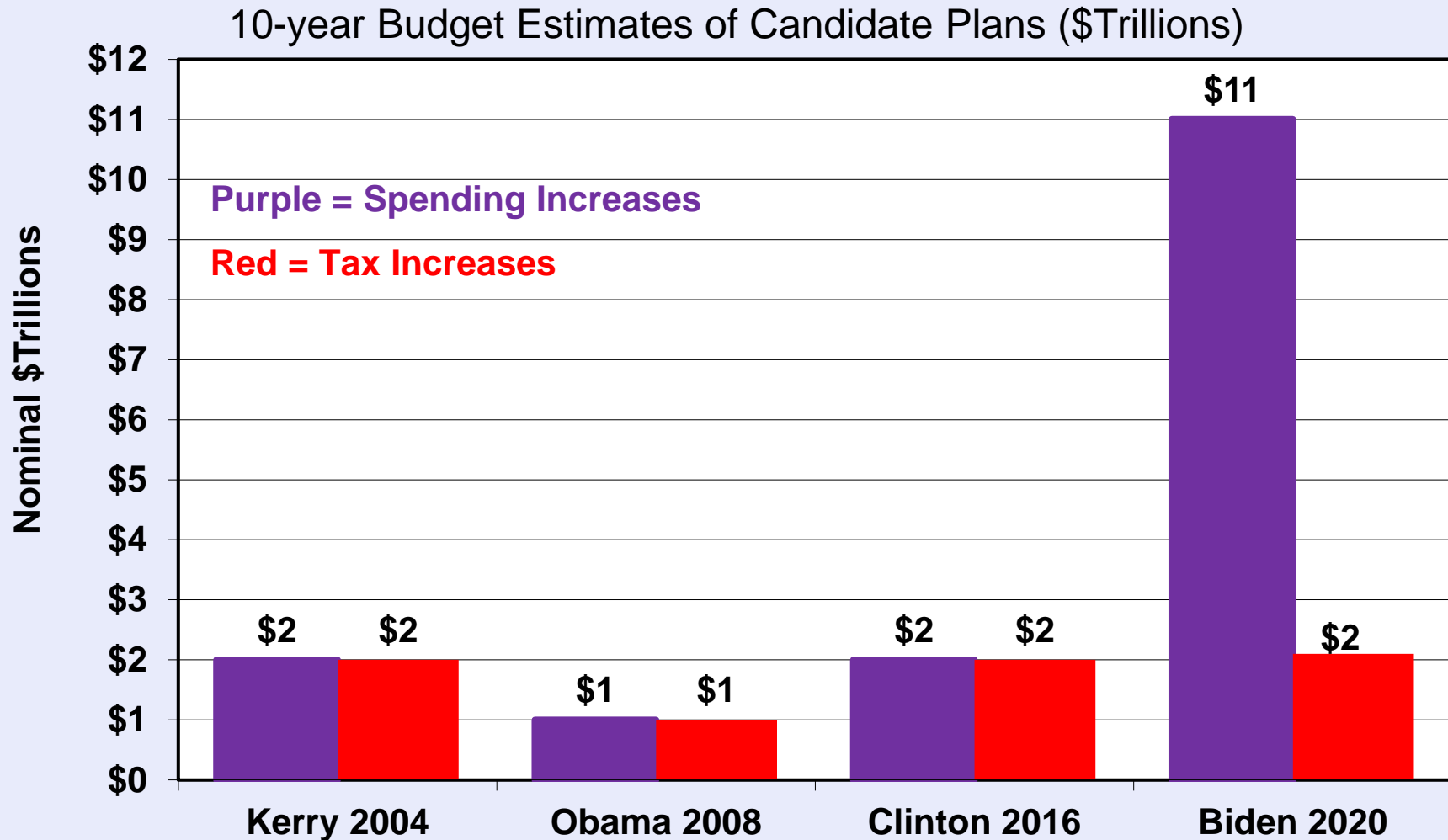
Spending Proposal (\$Billions)	2021-2030	Source
Health & ACA Expansions (net of spending offsets)	\$1,450	CRFB
Reduce Medicare Eligibility Age to 60	\$300	Author Estimate
Climate and Infrastructure Initiative	\$2,000	Biden Campaign Website
Expand Social Security and SSI	\$1,000	CRFB
K-12 and Preschool Expansions	\$750	CRFB
College and Post-Secondary Education	\$750	Biden Campaign
Buy American Initiative (net*)	\$400	Biden Campaign Website
Housing Assistance	\$640	Biden Campaign Website
Family Leave Assistance	\$550	CBO Score of Family Act
Combat Opioid Addiction	\$125	Biden Campaign
Economic Stimulus (Endorsed Heroes Act)	\$3,000	CBO Score of Heroes Act
<b>Total Spending Over Decade</b>	<b>\$10,965</b>	

\*Some of this \$700 billion initiative would take place within climate/infrastructure spending.

CRFB = Committee for a Responsible Federal Budget

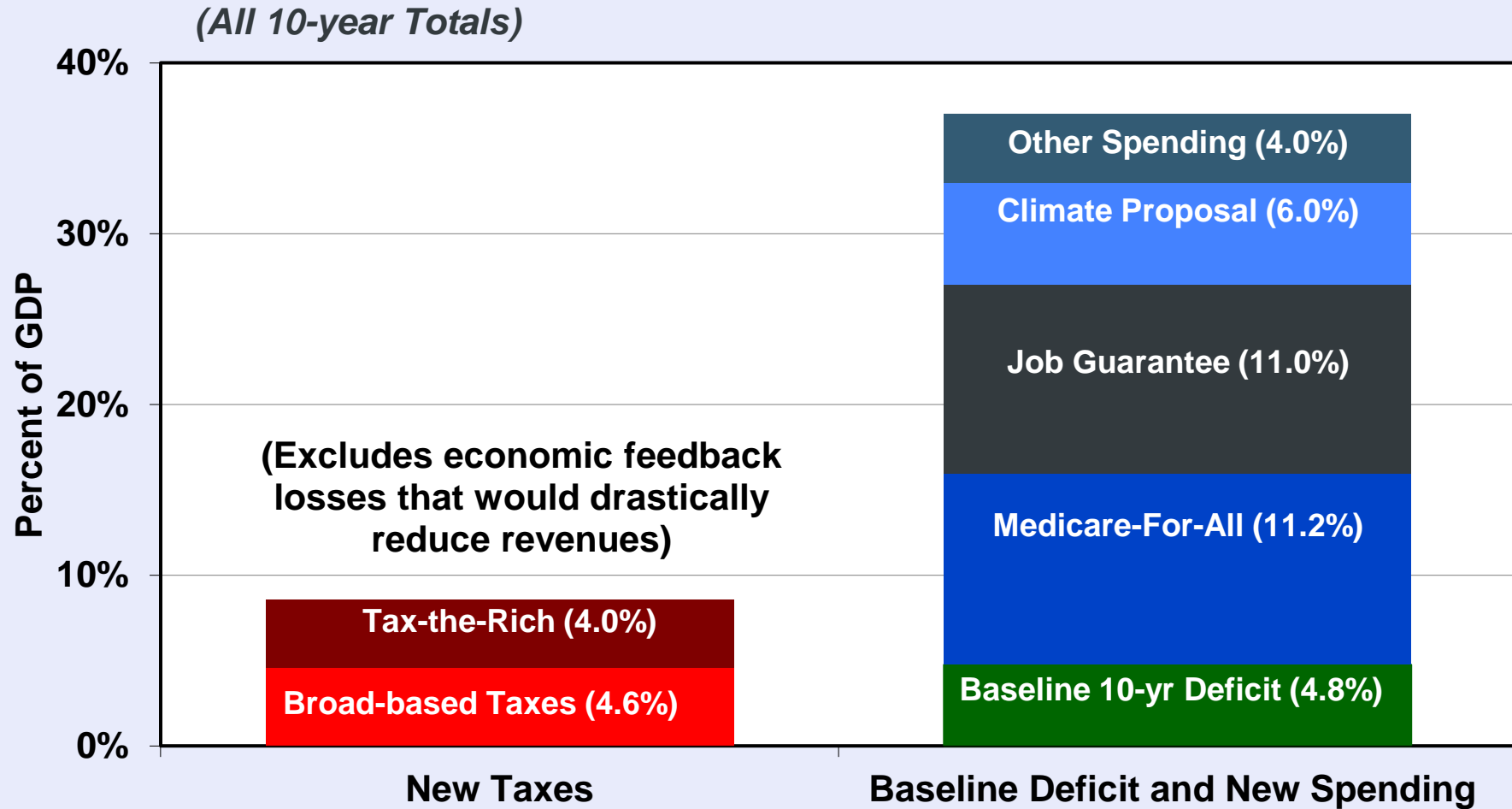
Figures do not include additional interest costs of new borrowing.

# Biden's Campaign Spending Proposals Dwarfed Recent Democratic Pres. Candidates



Source: Tax Policy Center, Committee For a Responsible Federal Budget, American Enterprise Institute, and public scores of Biden plans

# The Bernie Sanders 2020 Campaign's Tax-The-Rich Proposals Came Up Far Short



Sources: Author calculations using data Sanders' campaign, and various think tanks. Tax scores from the Tax Policy Center that do not fully account for macroeconomic feedback losses. Figures reflect estimates as of 2020 when proposals were released.

# Common Progressive Proposals Would Cost Between \$37- and \$91 Trillion Over the Decade

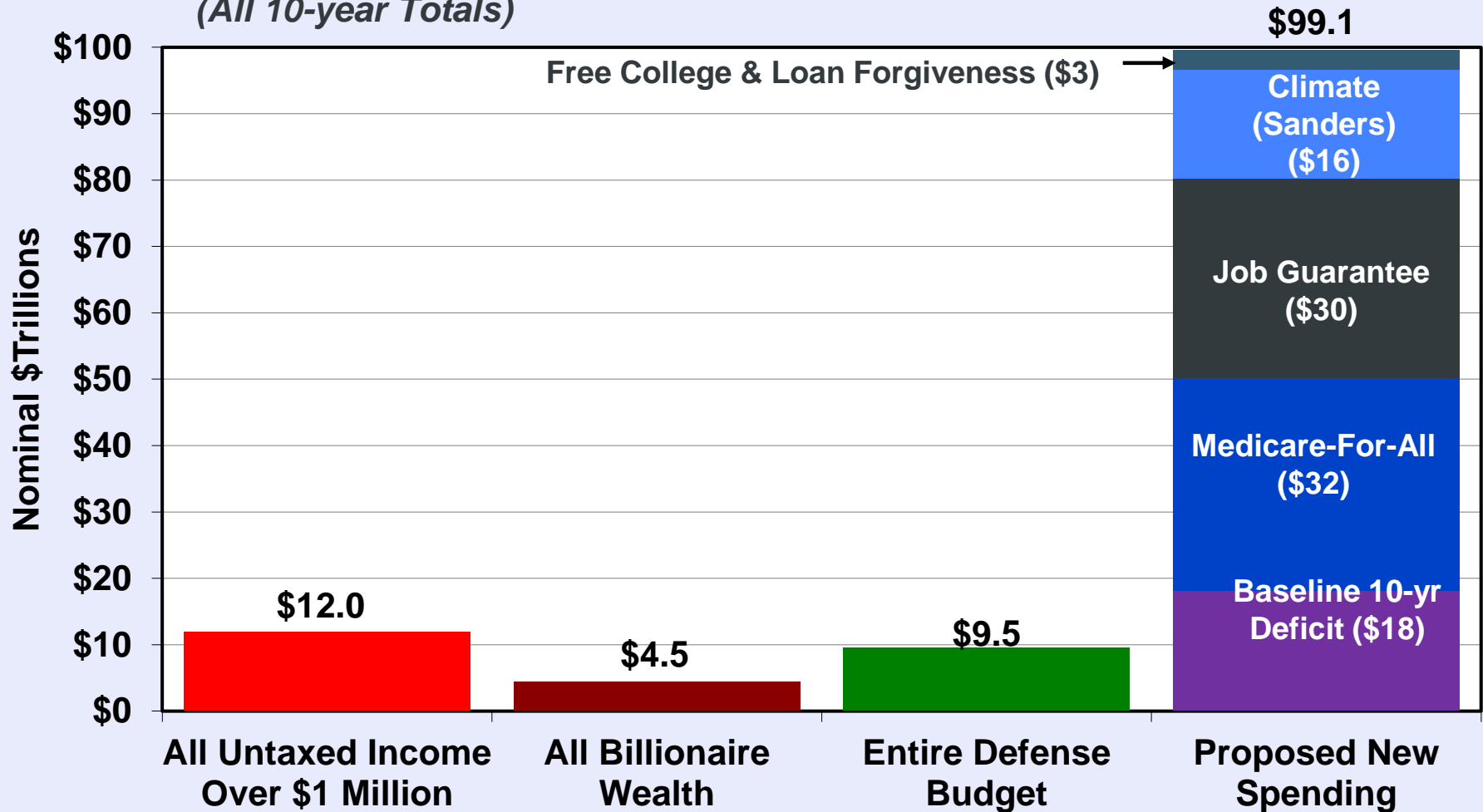
Common Spending Proposal	Low*	High*	Notes
Medicare-For-All	30.0	34.0	Sanders conceded “between \$30 to \$40 trillion”
Government Job Guarantee	—	30.1	Sanders proposal
Climate and Clean Energy	2.0	16.3	Sanders is the high figure
Free Public College Tuition & Loan Forgiveness	1.5	3.0	Low figure reflects partial loan forgiveness
Affordable Housing	0.7	2.5	Range is Biden to Sanders proposals
Social Security and SSI Expansion	1.1	1.8	Range is Biden to Sanders & Warren proposals
K-12 funding	0.5	1.2	
High Speed Rail and Other Infrastructure	1.0	1.0	
Child Care & Paid Family/Medical Leave	0.5	1.0	
<b>Subtotal: New Spending Proposals</b>	<b>37.3</b>	<b>90.9</b>	Baseline is \$80 trillion spending over decade
Baseline Budget Deficit 2024-2033 (current policy)	23.3	23.3	
<b>Total Federal Budget Deficit</b>	<b>60.6</b>	<b>114.2</b>	Out of a \$332 trillion projected GDP (CBO)
<b>Popular Spending Offsets</b>			
Cut Defense to European Levels	-3.7	-3.7	Baseline is 3% of GDP. NATO target is 2%
Medicare-For-All - Capture State Govt Savings	-3.0	-3.0	It is not clear Washington could capture this
<b>Remaining Budget Shortfall To Fill</b>	<b>53.9</b>	<b>107.5</b>	<i>Requires &gt; Doubling \$57 T in Fed. Revenues</i>

\*All figures are over ten years, and in \$trillions.

Sources: Campaigns, White House, CBO, Committee For a Responsible Federal Budget, and Manhattan Institute estimates

# No, Defense Cuts & Taxing Millionaires Cannot Finance Current Deficit or Progressive Wishlist

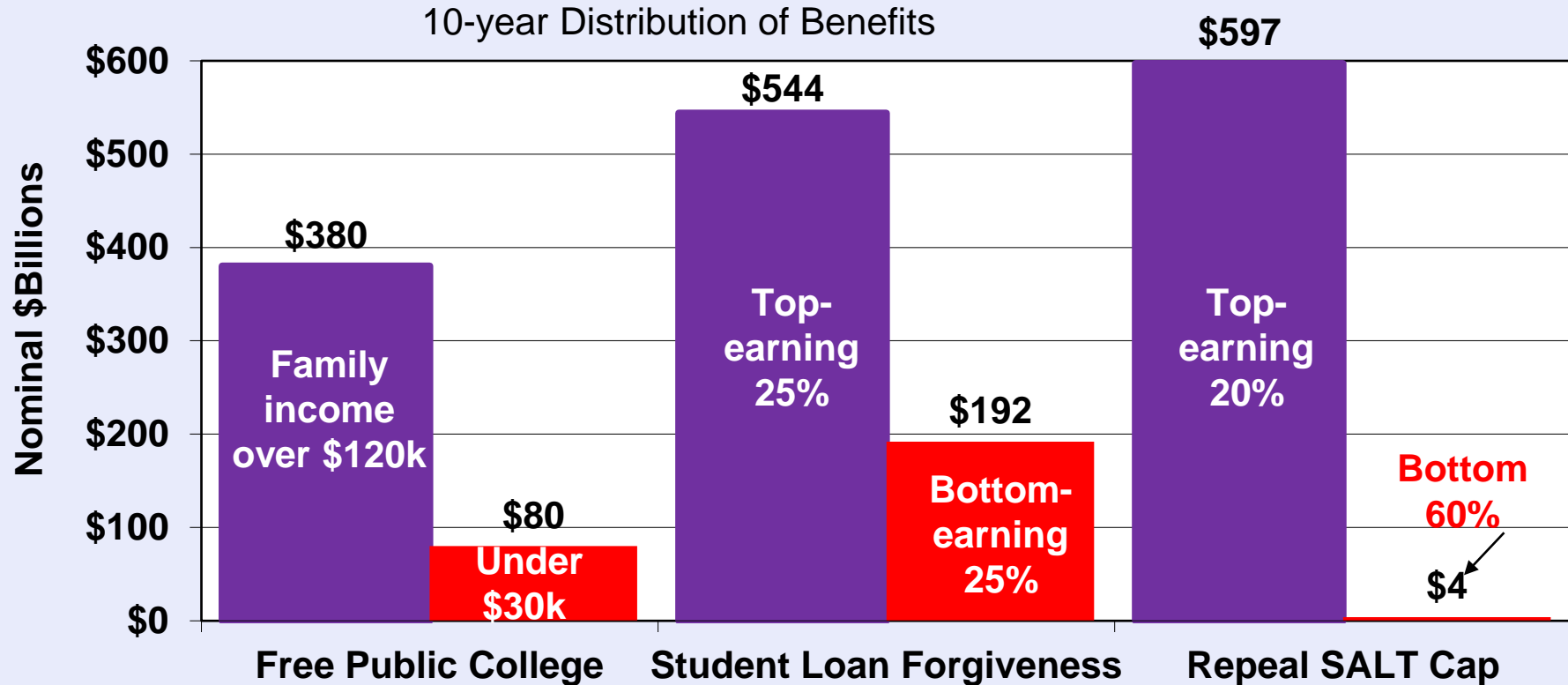
(All 10-year Totals)



Sources: Author calculations using data from CBO, IRS, Forbes, progressive candidates and think tanks.



# Several Major Progressive Proposals Overwhelmingly Benefit Upper-Income Families



Sources: Calculated using data from the Urban Institute and Tax Policy Center.

SALT=State and Local Tax deduction.

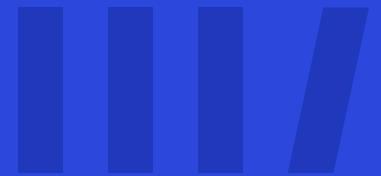
Also: Medicare-For-All could hurt most of the 75 million Medicaid recipients who already pay little-to-no premiums/copays, but would likely pay the broad-based taxes required to fund full cost of law.

A carbon tax would raise costs 2% for the bottom quintile, vs. 1% for top quintile.

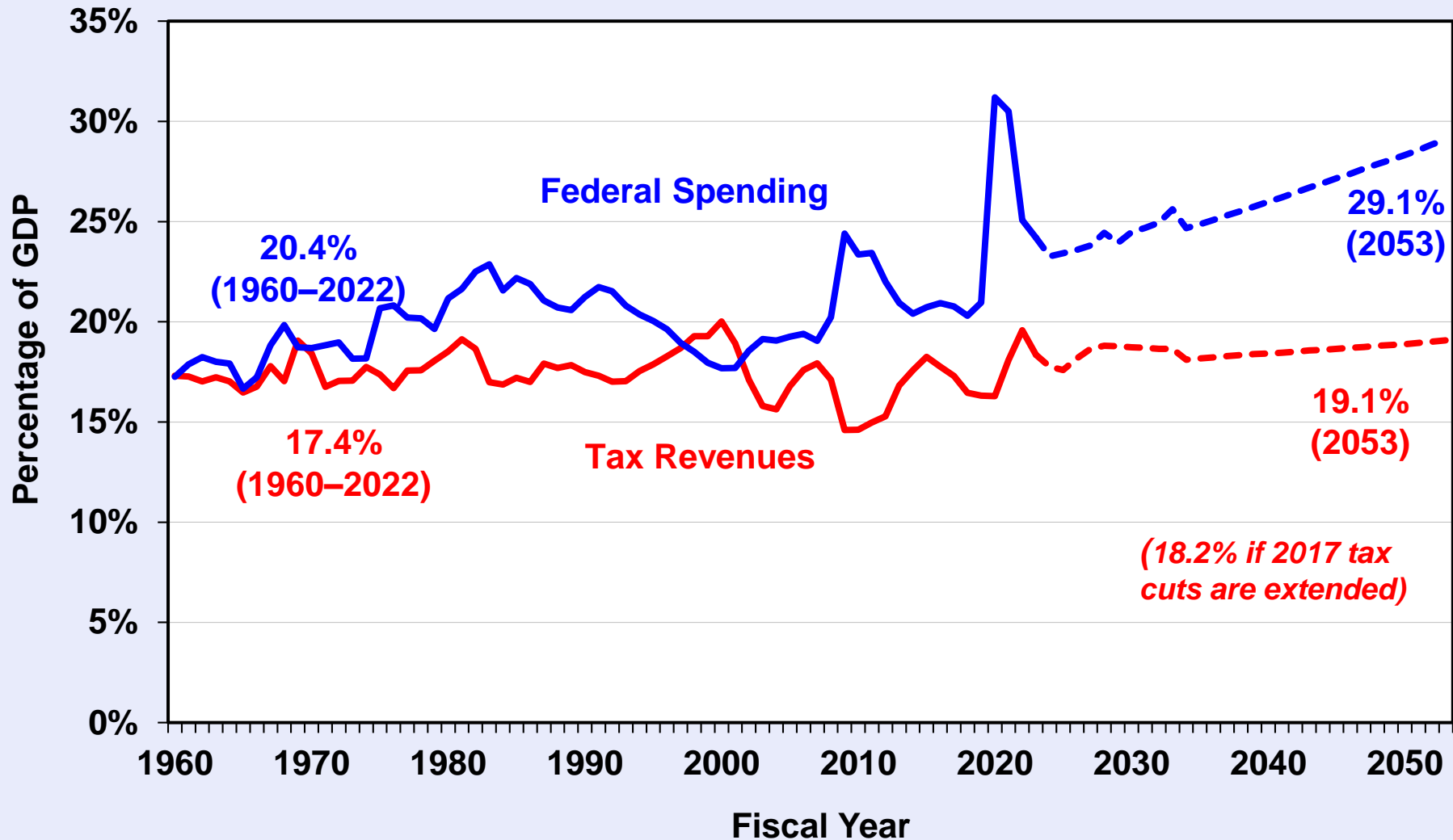
Zero-emission mandates will raise car/home prices & kill working-class fossil fuel jobs.

# Tax Revenues Are Projected to Rise Past Typical Levels

*Chapter 9*

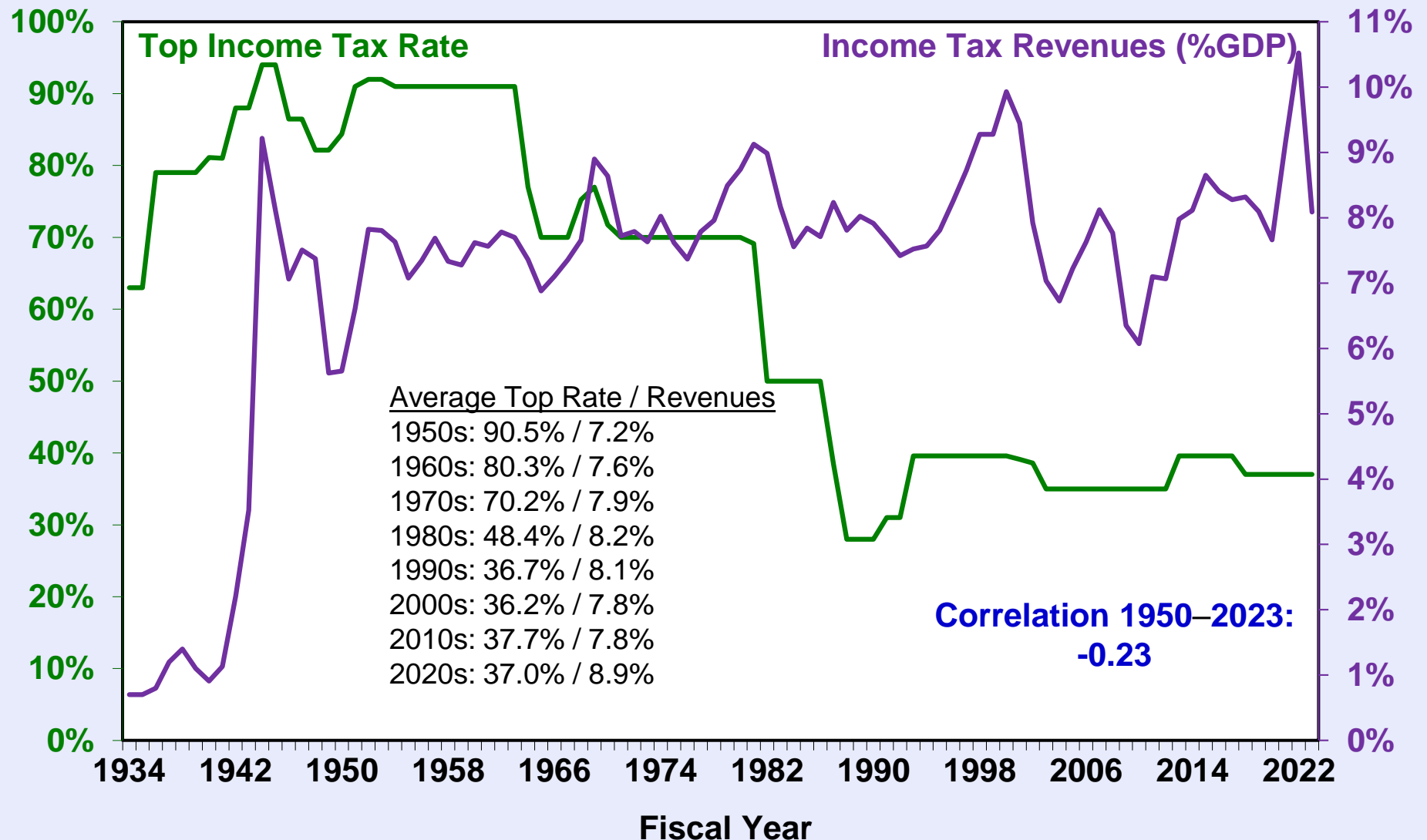


# Rising Spending—Not Falling Revenues— Drives the Long-Term Deficit



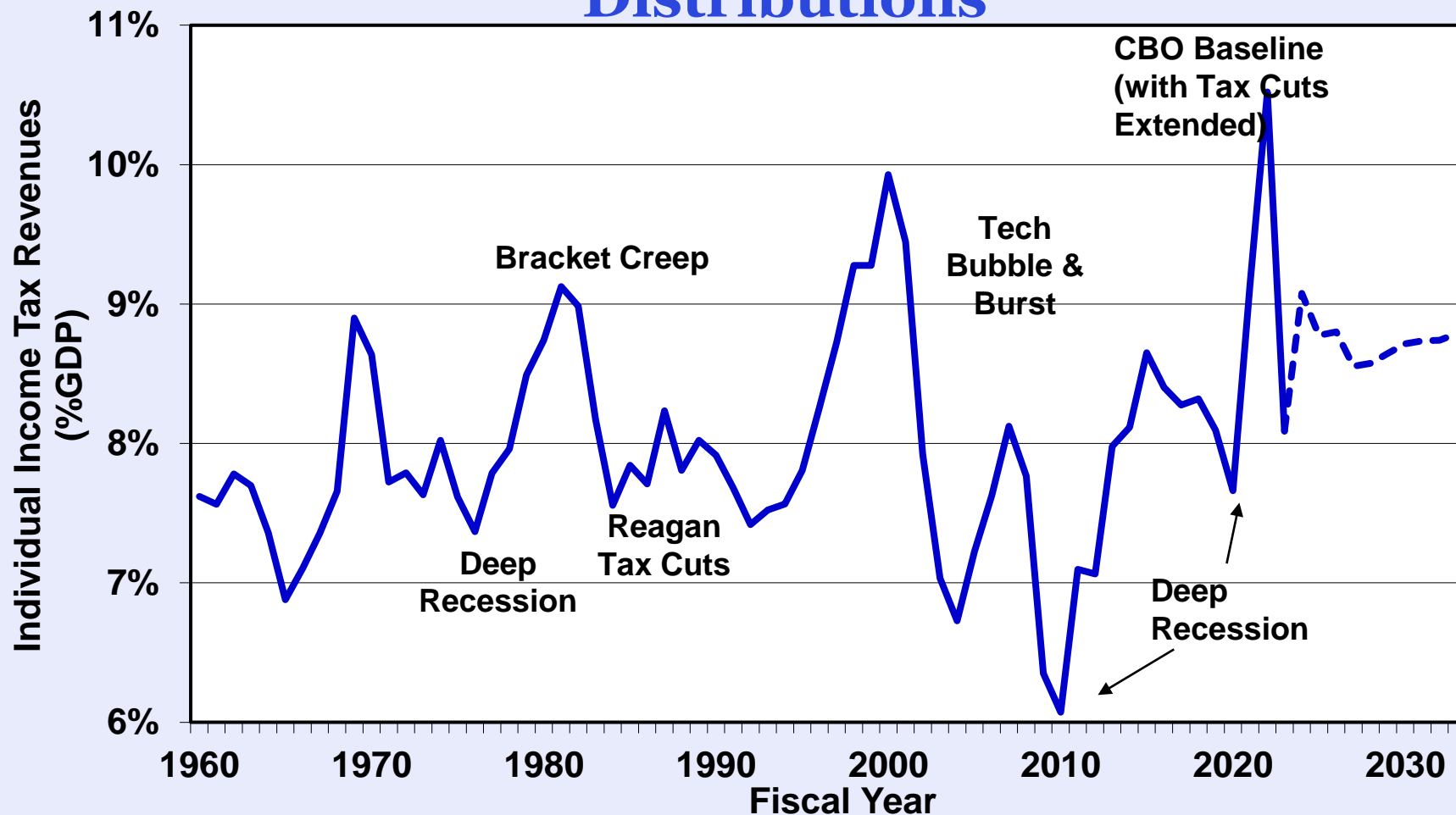
Source: CBO 2023 Long-term Budget Outlook

# Income Tax Revenues Have Remained Relatively Constant Regardless of the Top Tax Rate



Source: OMB Historical Table 2.3, and U.S. Treasury SOI Tax Stats – Historical Table 23

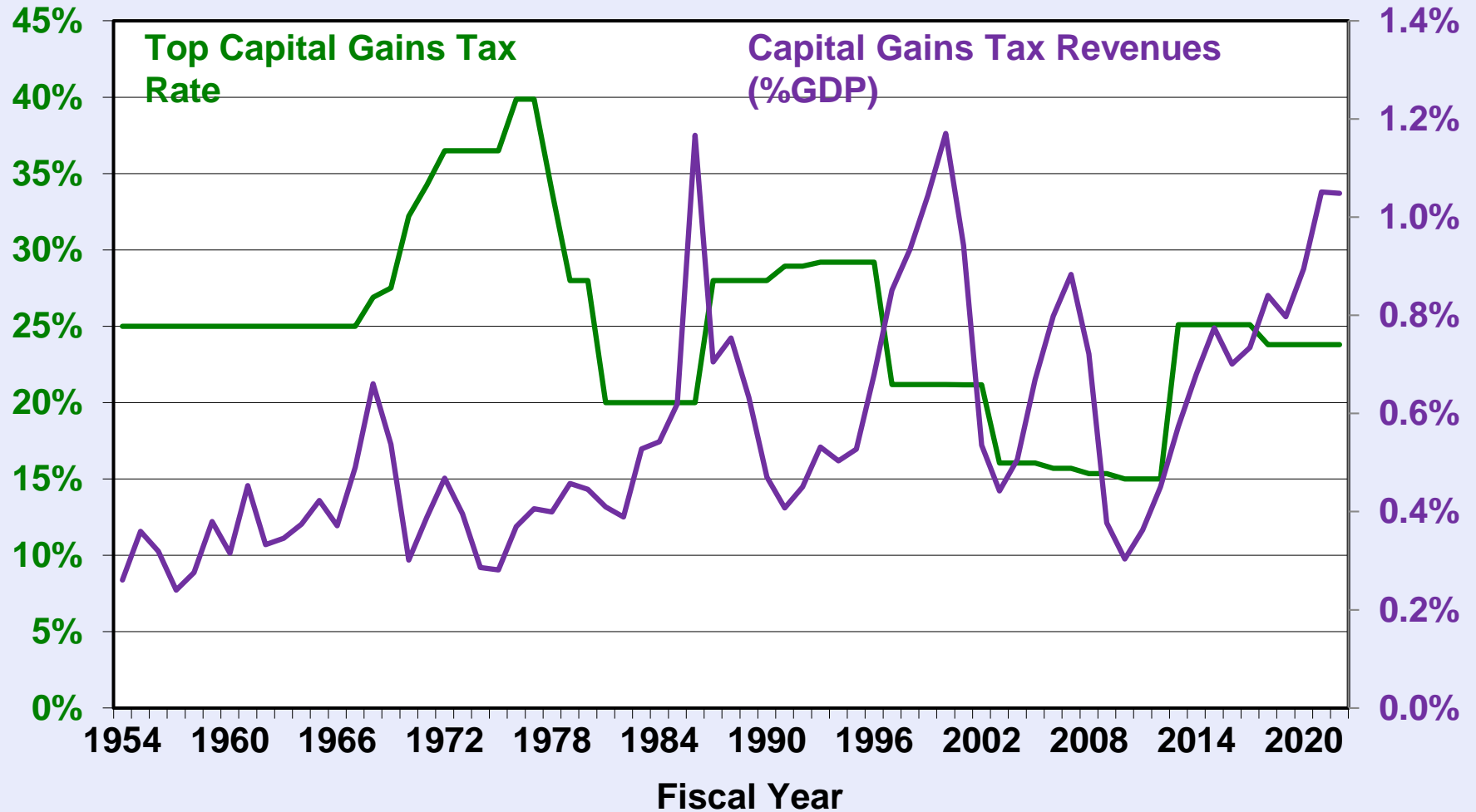
# Income Tax Revenues Will Remain Above-Average—Even With Tax Cuts Extended—Due to Real Bracket Creep & Taxable Retirement Distributions



Source: OMB Historical Table 2.3, and May 2023 CBO (current-policy) baseline. Real bracket creep is when rising incomes (above inflation) push taxpayers into higher tax brackets, raising their average tax rate.

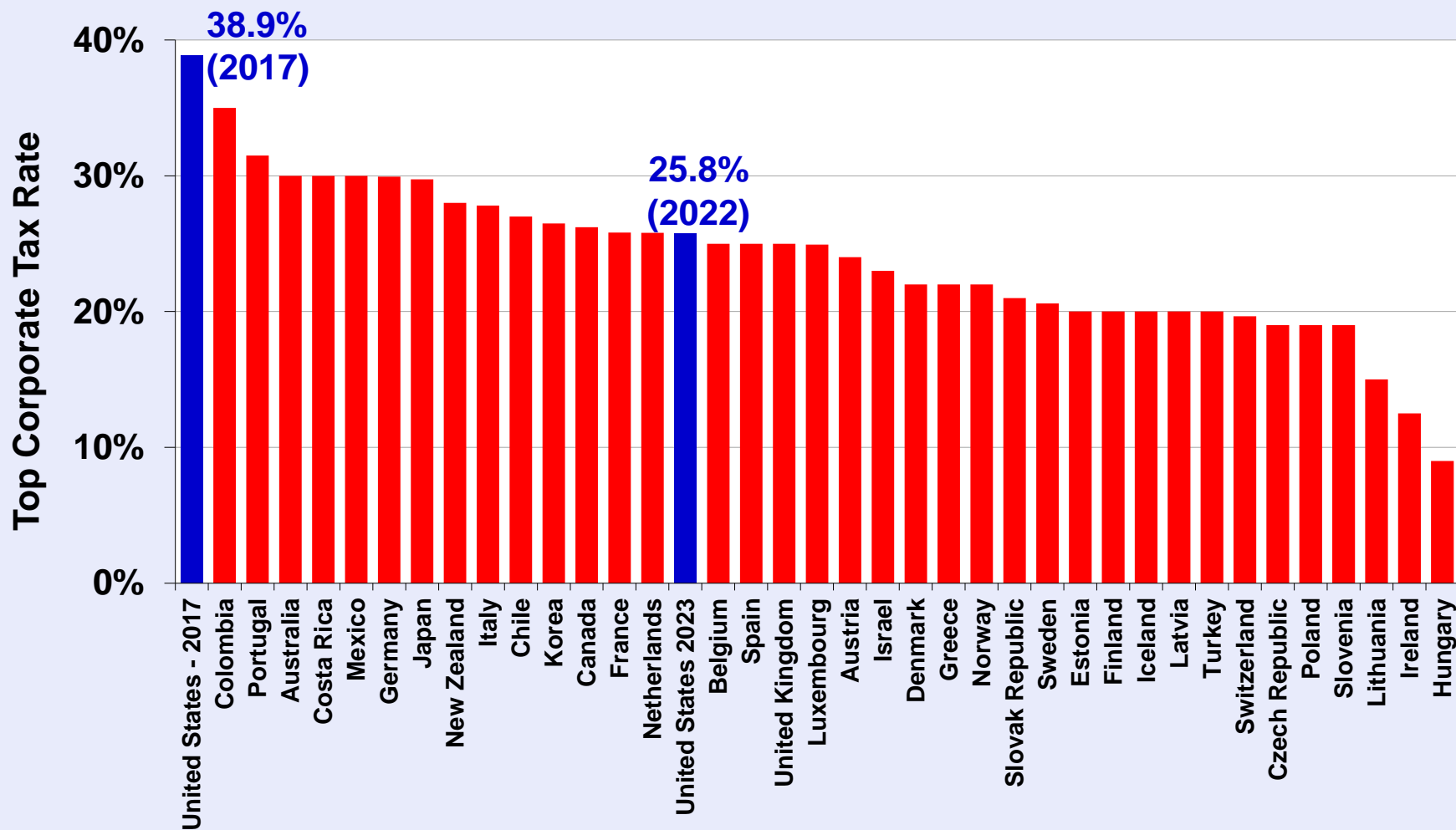
# High Capital Gains Tax Rates Have Not Produced More Revenues

Correlation 1954–2022: -0.31



Source: CBO, Treasury Office of Tax Analysis.

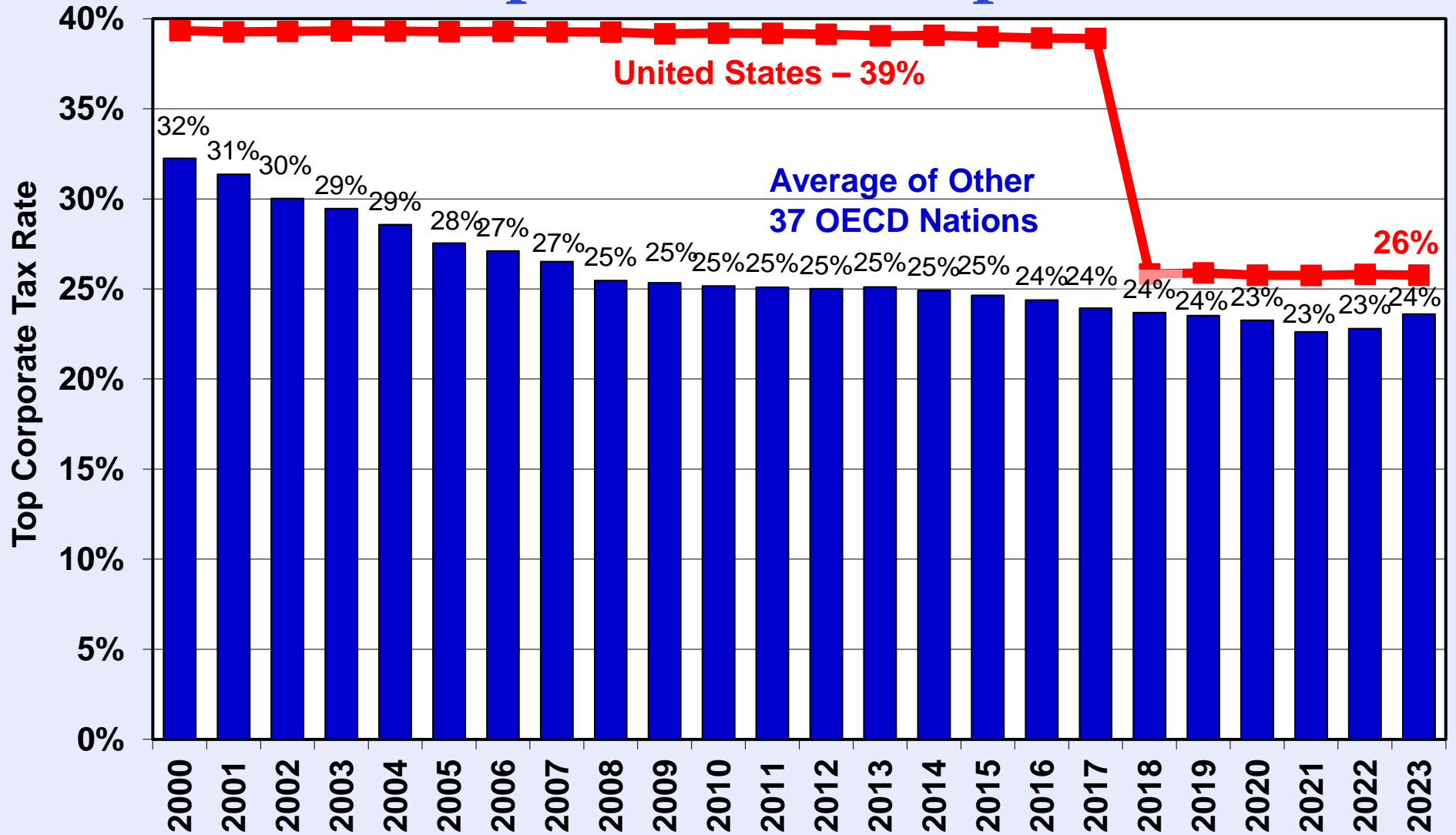
# Before the TCJA Cut it to 26% (incl. 5% State), U.S. Corporate Tax Rate Was Highest in OECD



Notes: While all countries allow businesses to reduce their taxes through exemptions, deductions, and credits, the U.S. has been among the highest effective corporate tax rates too.

Source: OECD Stats (2023), Tax Table II.1. Tax rates include federal, state, province and local corporate taxes.

# The U.S. Has Finally Caught Up With the Rest of the OECD on Corporate Tax Competitiveness



Source: OECD Stats (2023), Tax Table II.1. Tax rates include federal, state, province and local corporate taxes.



# America's Tax Revenues Lag Behind the OECD Because it Taxes the *Middle Class* Less—With no VAT and Lower Social Security Taxes

**2021 Tax Revenues as a Percent of GDP**  
(All levels of government)

	USA	OECD Avg.	Scandinavia			
			Denmark	Finland	Norway	Sweden
<b>Total Tax Revenue</b>	<b>26.6</b>	<b>34.1</b>	<b>46.9</b>	<b>43.0</b>	<b>42.2</b>	<b>42.6</b>
Value Added Taxes (VATs)	--	7.2	9.6	9.4	8.2	9.2
Social Security Contributions	6.3	9.0	0.1	12.0	9.7	9.0
Other Payroll & Workforce Taxes	0.0	0.5	0.3	0.0	0.1	5.2
Individual Income Taxes	11.2	8.3	24.5	12.8	10.7	12.3
Corporate Income Taxes	1.6	3.1	3.7	2.7	9.7	3.0
Sales & Other Consumption Taxes	4.4	3.6	4.3	4.6	2.7	2.8
Property Taxes (immovable property)	2.8	1.0	1.3	0.8	0.4	0.7
Other Taxes	0.3	1.3	3.1	0.8	0.8	0.3

Source: OECD data for 2021 (latest year available).  
See Brian Riedl, "The Limits of Taxing the Rich," Manhattan Institute, September 2023.

# America's Tax Rates for Corporations and High-Earning Families Are Within International Norms

	Highest Tax Brackets				Broad Tax Rate
	Personal Income	Capital Gains	Corporate Income	Estates and Inheritances	Value-Added Tax (VAT)
<b>United States</b>	<b>43.7%</b>	<b>29.2%</b>	<b>25.8%</b>	<b>40.0%</b>	--
<b>OECD Average</b>	<b>42.6%</b>	<b>19.1%</b>	<b>23.6%</b>	<b>30.0%</b>	<b>19.2%</b>
<b>Scandinavian Average</b>	<b>49.4%</b>	<b>34.4%</b>	<b>21.2%</b>	<b>17.0%</b>	<b>24.8%</b>
Denmark	55.9%	42.0%	22.0%	15.0%	25.0%
Finland	51.2%	34.0%	20.0%	19.0%	24.0%
Norway	38.2%	31.7%	22.0%	--	25.0%
Sweden	52.3%	30.0%	20.6%	--	25.0%

Source: OECD, Tax Foundation. Other nations apply unique estate and inheritance tax rates based on the relationship of the inheritor. These tax rates apply to the children of the deceased. Data includes all levels of government.

See Brian Riedl, "The Limits of Taxing the Rich," Manhattan Institute, September 2023.

# Taxes Cannot Easily Close Security & Medicare Shortfall: Would Need to Hike Taxes by 5.5% of GDP by 2040s

Tax Proposals (static scoring)	10-Yr Savings (\$Billions)	Long-Term Savings (%GDP)
Raise Payroll Tax by 10 Percentage Points, no wage limit	\$11,357	3.60%
Raise Income Tax Rates Across-the-Board by 10 Percentage Points	\$10,813	3.38%
Impose a 20% Value-Added Tax (VAT) – like a national sales tax	\$7,800	2.75%
Repeal Tax Exclusion for Employer-Paid Health Premiums	\$3,671	1.69%
Double 35% and 37% Tax Brackets to 70% and 74% (plus 15% state/payroll)	\$4,583	1.52%
Repeal All Itemized Tax Deductions	\$2,507	0.98%
Eliminate FICA Cap – 15.3% Payroll Tax on All Wages ( <i>data from SSA</i> )	\$2,992	0.90%
50% Income Tax Rate Over \$200k (single) \$400k (married)	\$1,910	0.63%
Impose Bernie Sanders' 8% Wealth Tax ( <i>data from TPC</i> )	\$2,326	0.59%
Raise Corporate Tax Rate from 21% to 35%	\$1,810	0.57%
Biden Tax Hikes for Multinational Companies ( <i>data from OMB</i> )	\$1,048	0.34%
Carbon Tax of \$25/Metric Ton – no rebate for households hit	\$865	0.29%
Impose Bernie Sanders' 77% Estate Tax ( <i>data from TPC</i> )	\$483	0.17%
Tax Dividends & Capital Gains as Income over \$1M & End Step-Up ( <i>OMB</i> )	\$179	0.17%
Impose a 0.1% Tax on Financial Transactions	\$264	0.10%
Impose a 0.15% "Bank Tax" on Large Financial Institutions ( <i>TPC</i> )	\$93	0.02%

Source: Dec. 2022 CBO "Budget Options" book unless otherwise noted.

These static estimates do not account for revenues lost to the economic impact.

Combining policies may also create duplications and interaction effects, so these cannot be summed.

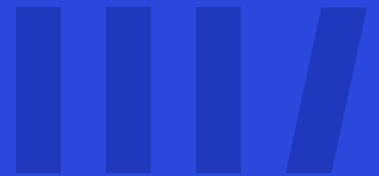
# Renewing the TCJA Will Cost \$3 Trillion – With Most of the Cost for Non-Wealthy Families

Expiring TCJA Provision	2024–2033 \$Billions	2033 \$Billions	2033 %GDP
Reduce Income Tax Brackets to 10%, 12%, 22%, 24%, 32%, 35%, 37%	-1,810	-266	-0.68%
Scale Back Alternative Minimum Tax	-1,088	-171	-0.43%
Hike Child Tax Credit to \$2,000 and Expand Refundability	-604	-83	-0.21%
20% Tax Deduction for Pass-through Business Income	-548	-80	-0.20%
Immediate Expensing of Business Investments	-325	-15	-0.04%
Double Estate Tax Exemption to \$11.2 million (single), \$22.4 million (married)	-126	-21	-0.05%
All Other Provisions	-53	10	0.02%
Limit Mortgage Interest, and Other Itemized Deductions	187	28	0.07%
Replace Personal Exemption with Higher Standard Deduction	558	76	0.19%
Cap SALT deduction at \$10,000	721	111	0.28%
<b>TOTAL</b>	<b>-3,090</b>	<b>-411</b>	<b>-1.04%</b>
<b>Memorandum</b>			
TCJA Extensions for Taxpayers Earning More Than \$400,000	-1,255		-0.42%
TCJA Extensions for Taxpayers Earning Less Than \$400,000	-1,835		-0.62%

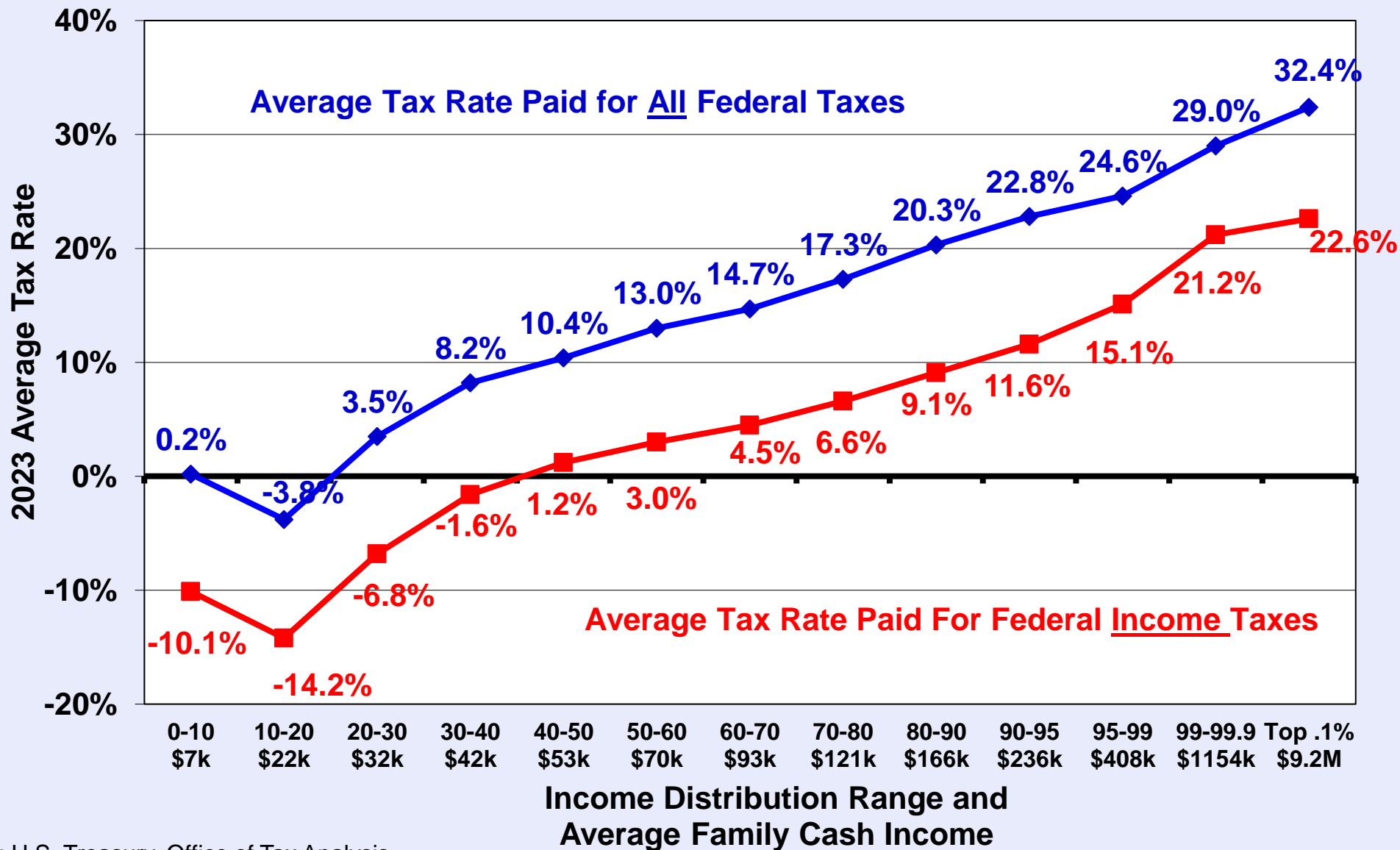
Source: CBO, Committee For a Responsible Federal Budget, Tax Policy Center.

# The Tax Code Has Become Increasingly Progressive

*Chapter 10*

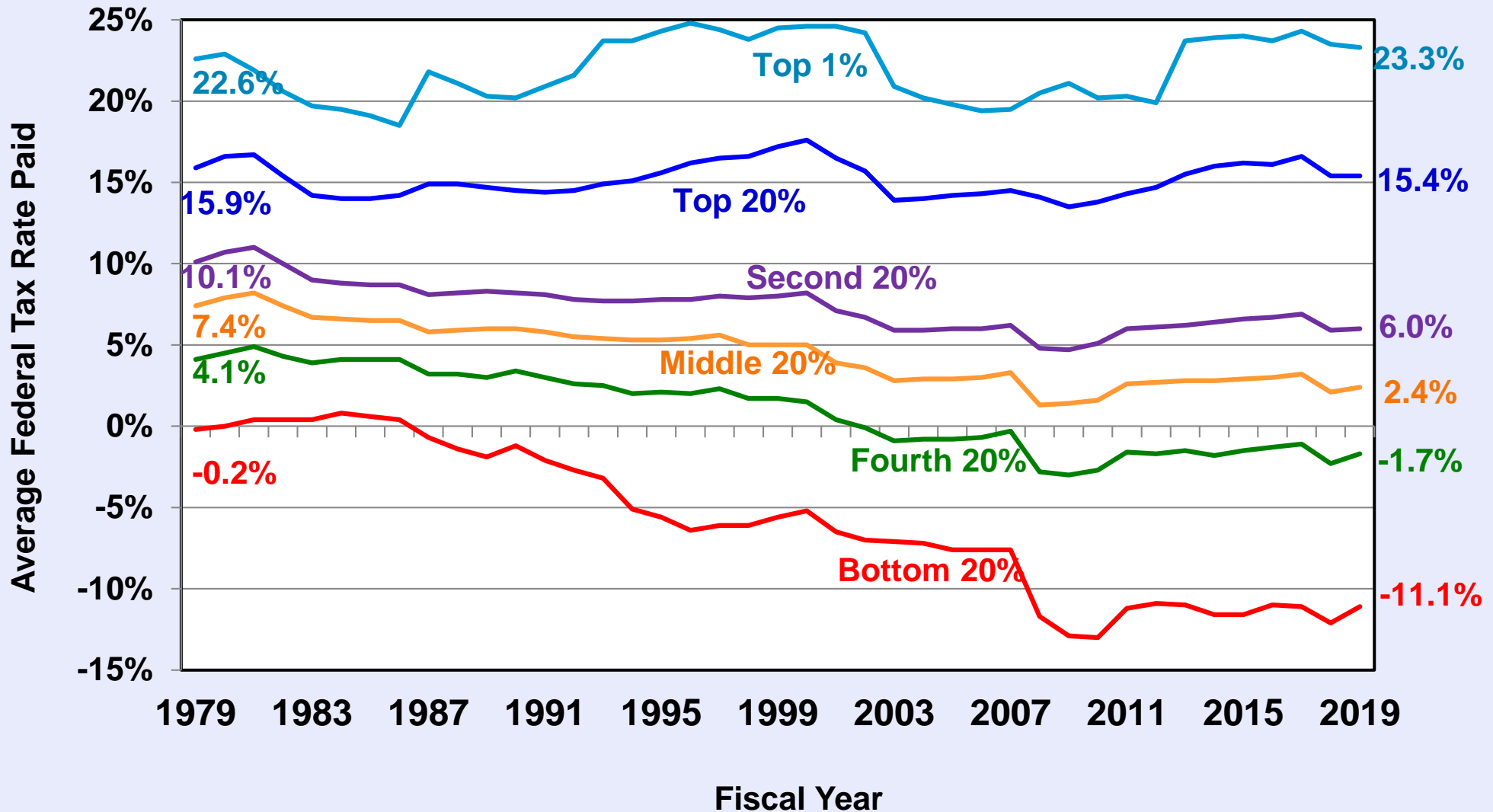


# The Federal Tax Code Remains Progressive



Source: U.S. Treasury, Office of Tax Analysis.  
Data represents 2023 Distribution of Tax Burden, Current Law

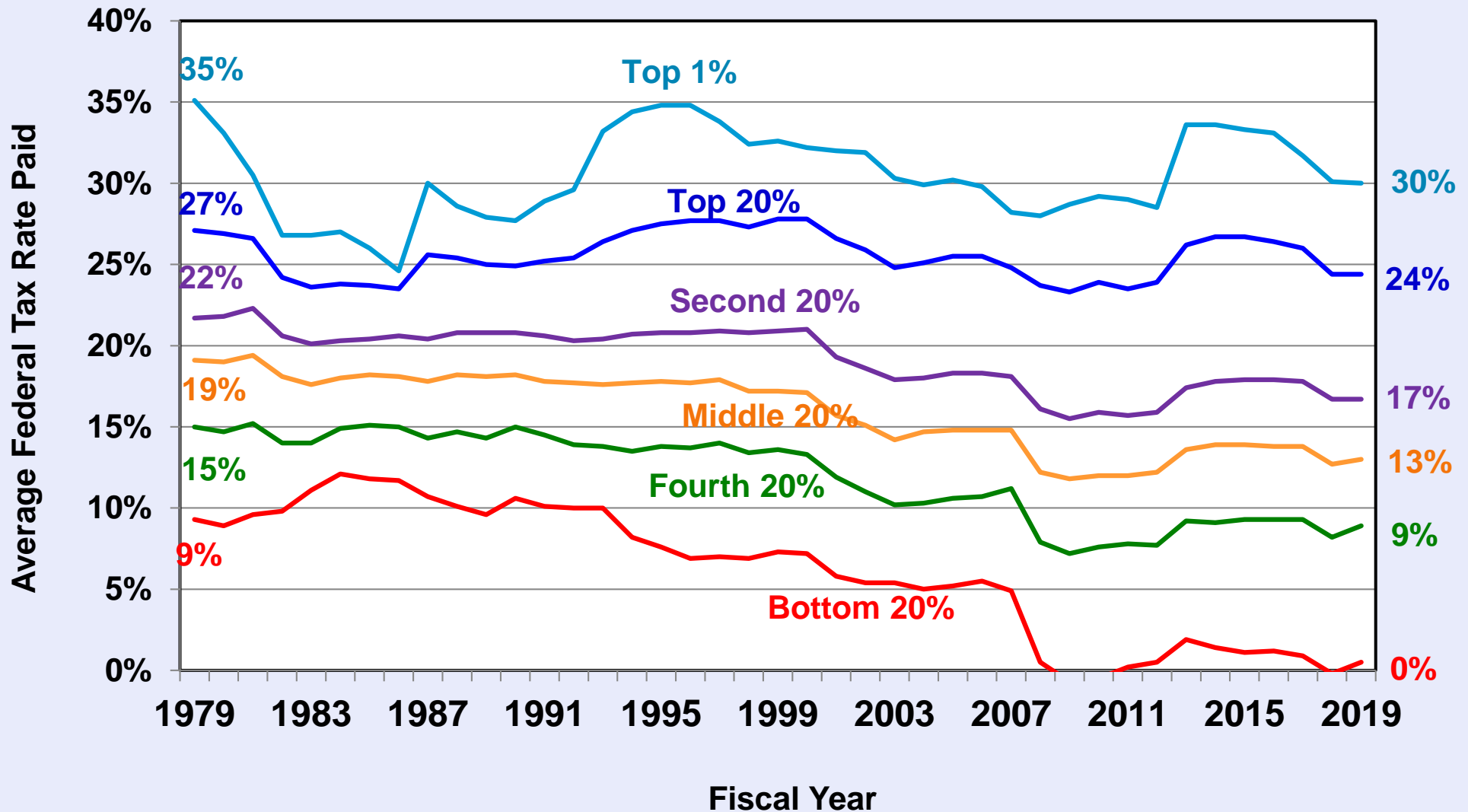
# The Average Federal Income Tax Rate Has Risen for the Top 1%, Fallen for Others



Note: Reflects actual income taxes paid after all deductions and adjustments made..

Source: CBO "Distribution of Household Income, 2019" (2022).

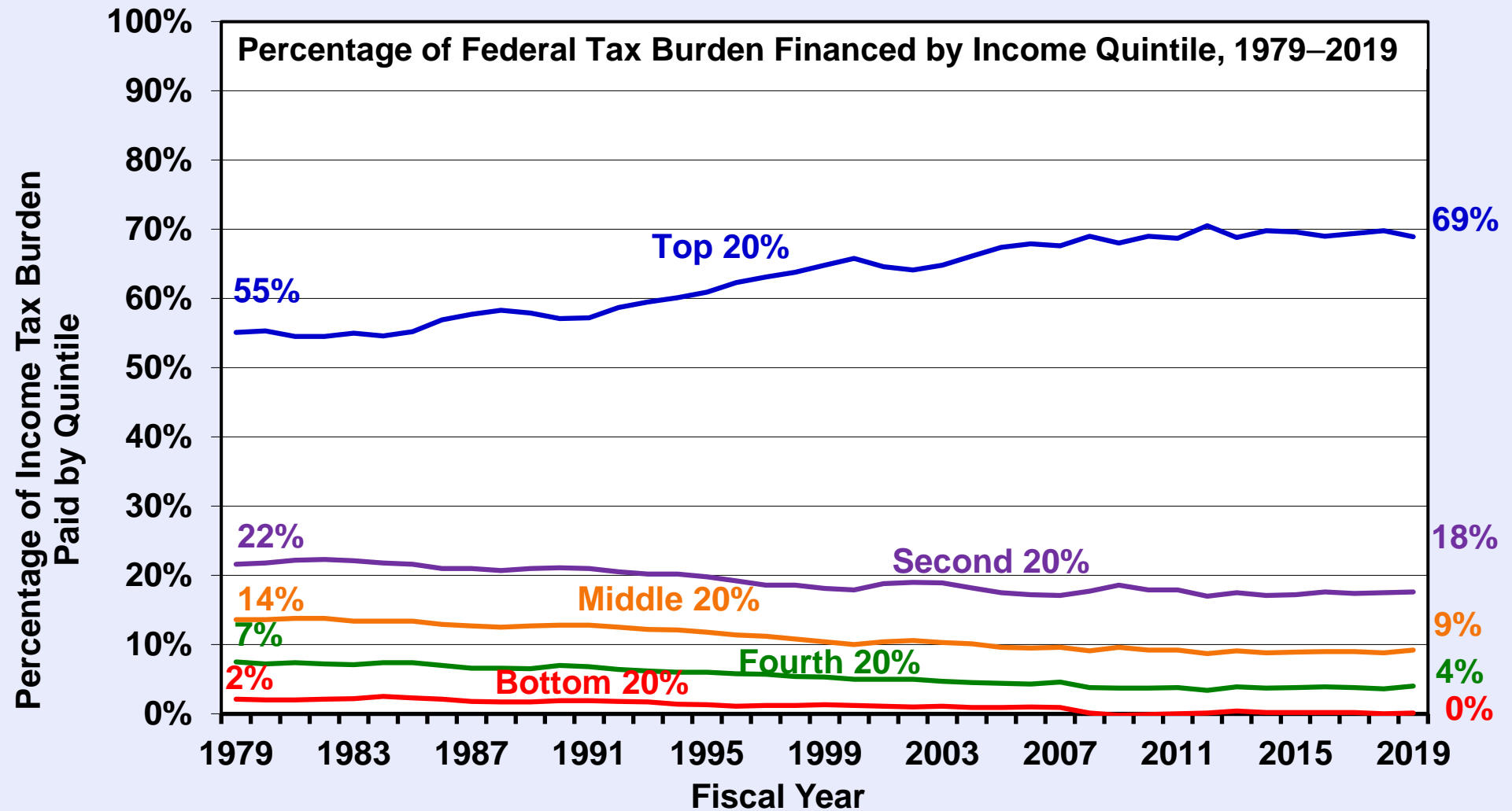
# Average Combined Federal Tax Rate Paid by Income Category, 1979–2019



Note: Includes federal income, payroll, corporate, and excise taxes paid.  
 Source: "Distribution of Household Income, 2019" (2022).

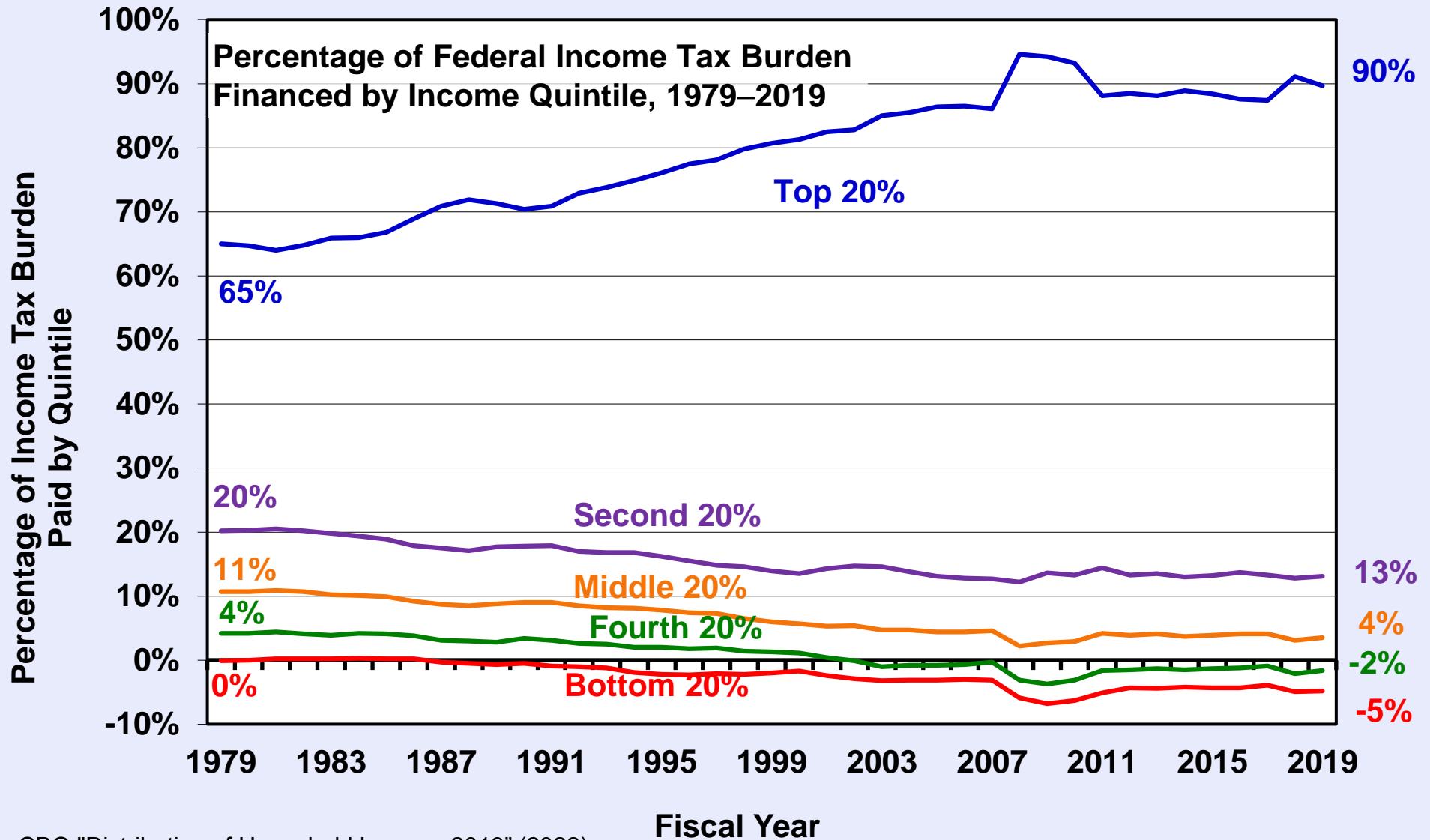


# The Federal Tax Burden (For All Combined Taxes) Has Grown More Progressive Over Time



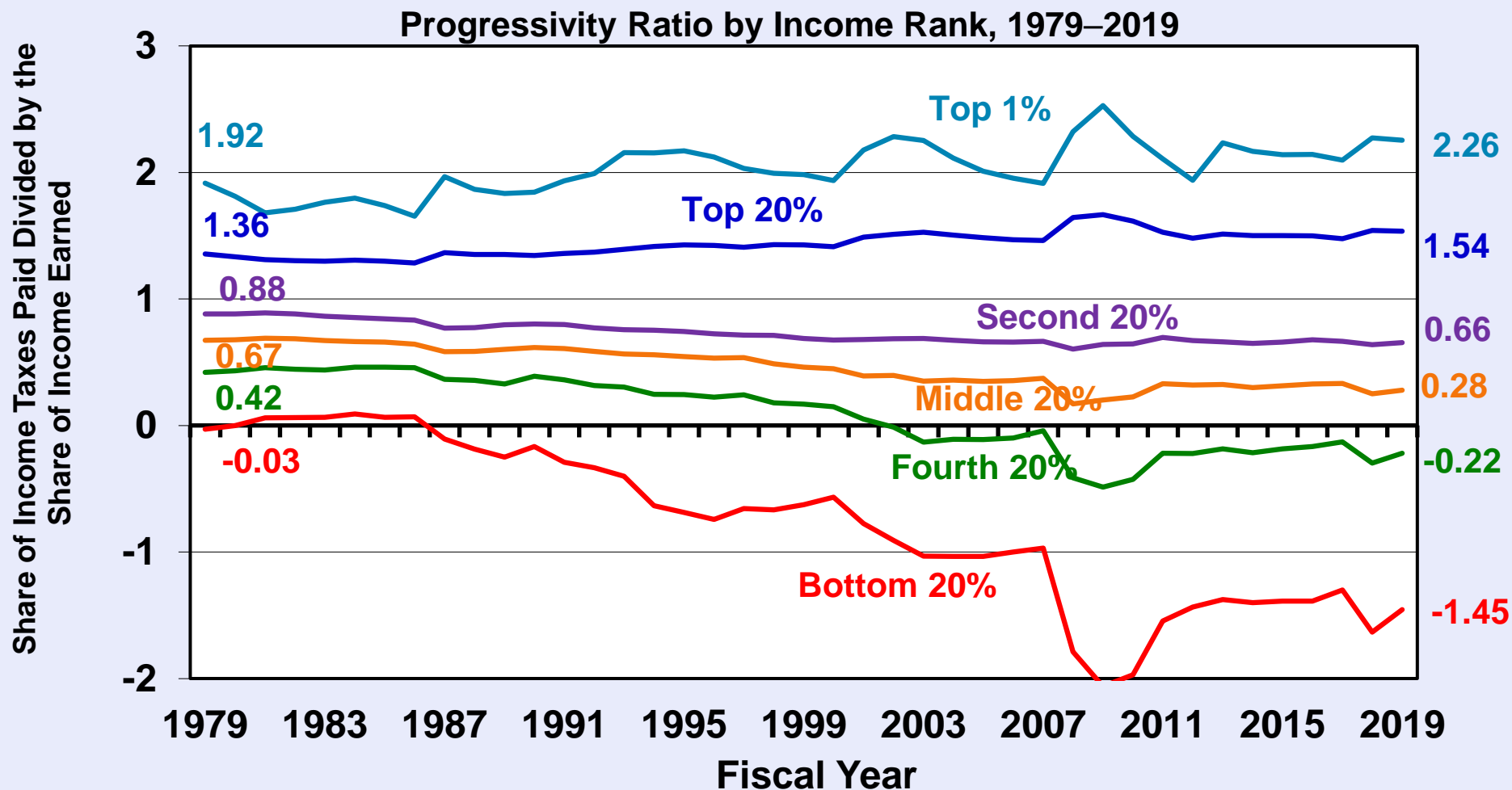
Source: CBO "Distribution of Household Income, 2019" (2022).

# The Highest-Earning 20% of Taxpayers Pay 90% of All Federal Individual Income Taxes



Source: CBO "Distribution of Household Income, 2019" (2022).

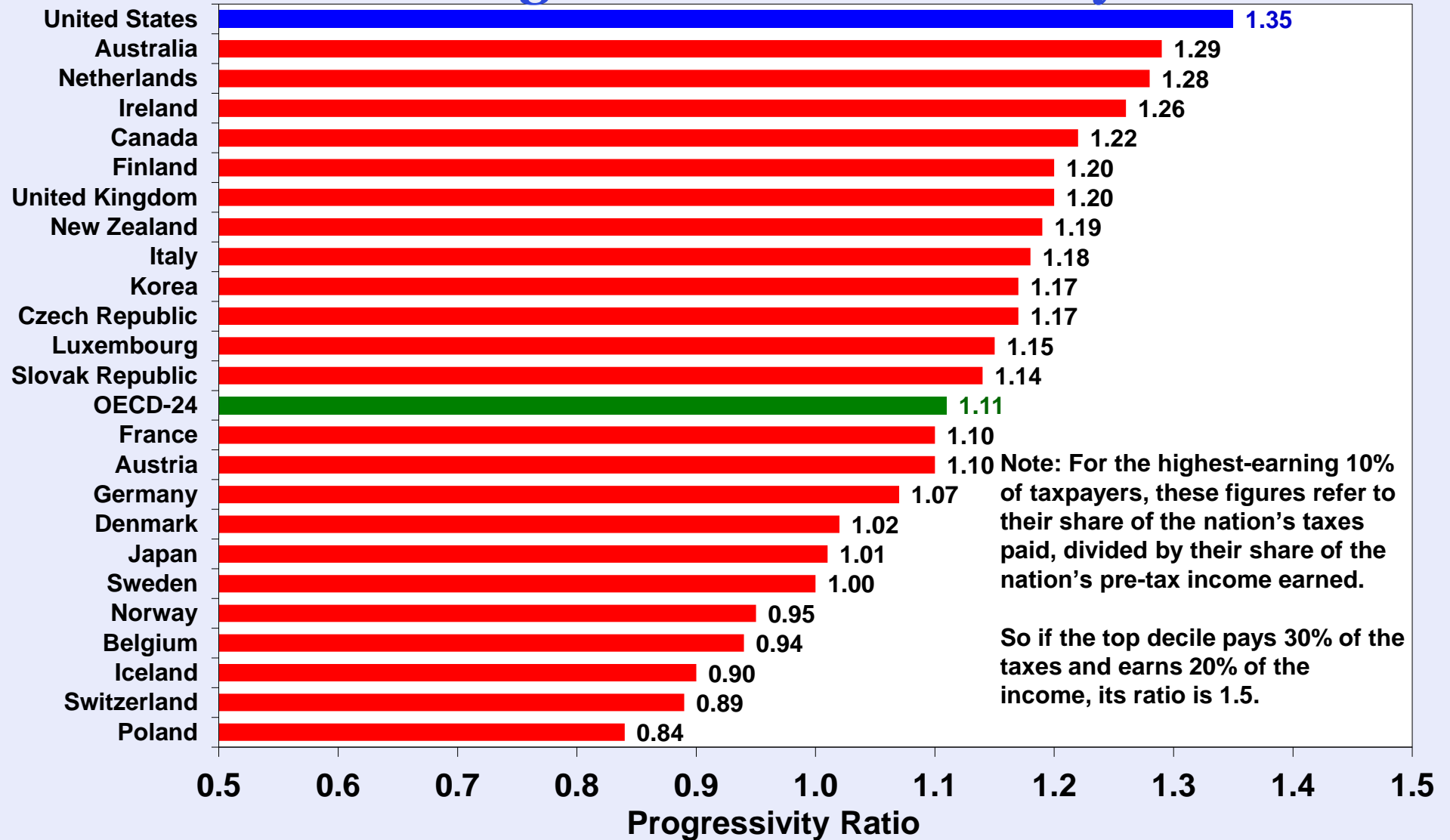
# Even Controlling for Income Inequality, Income Taxes Have Become More Progressive



Source: Calculations using CBO "Distribution of Household Income, 2019" (2022).

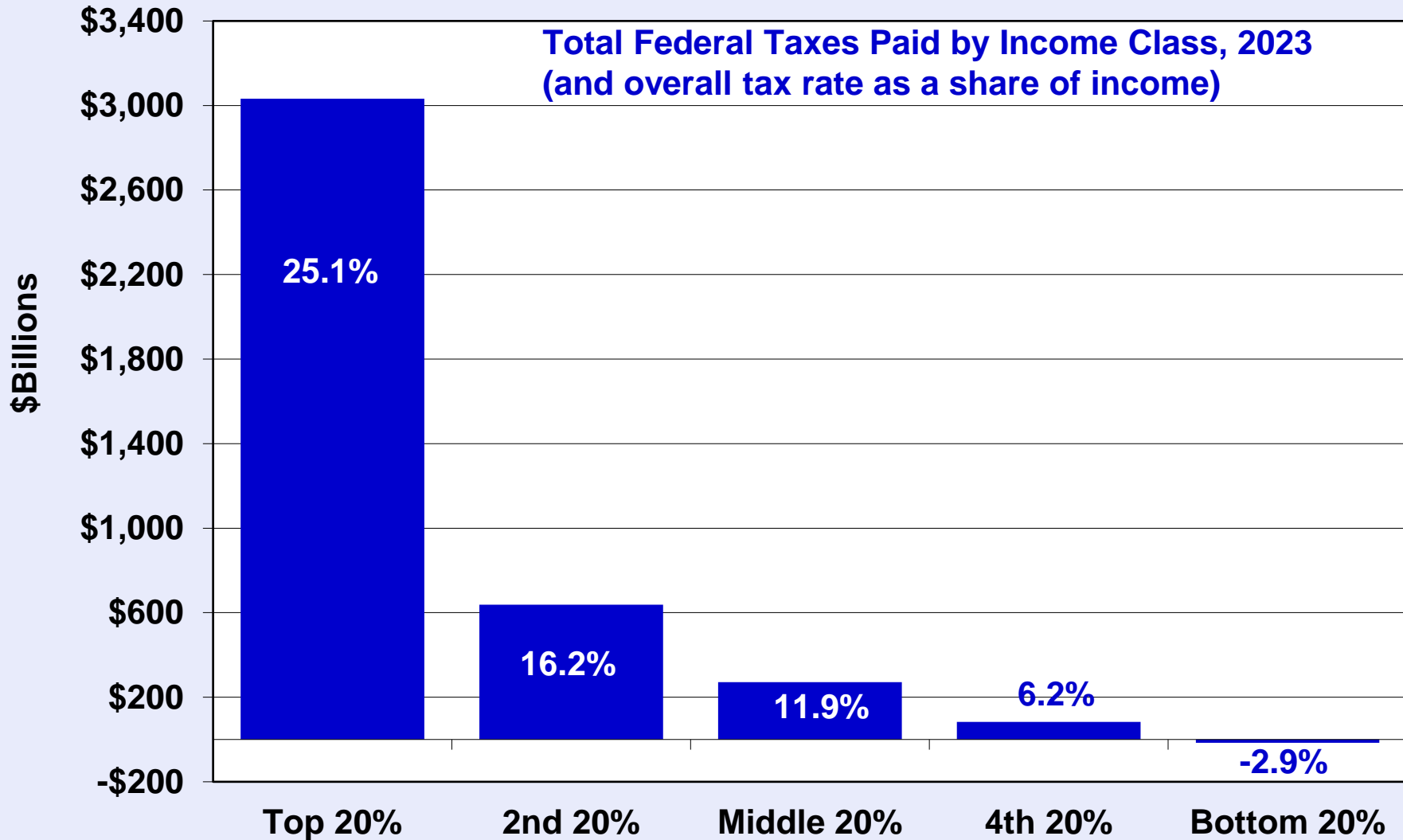
"Progressivity ratio" refers to the share of all individual income taxes paid divided by the share of pre-tax income earned. So a group that pays 40% of the taxes while earning 20% of the income has a progressivity ratio of 2. Ratios above 1 represent tax burdens exceeding their share of the income, while ratios below 1 represent tax burdens below their income share. Negative figures reflect a negative tax burden.

# Even Controlling for Income Inequality, the U.S. Has the OECD's Most Progressive Income & Payroll Tax



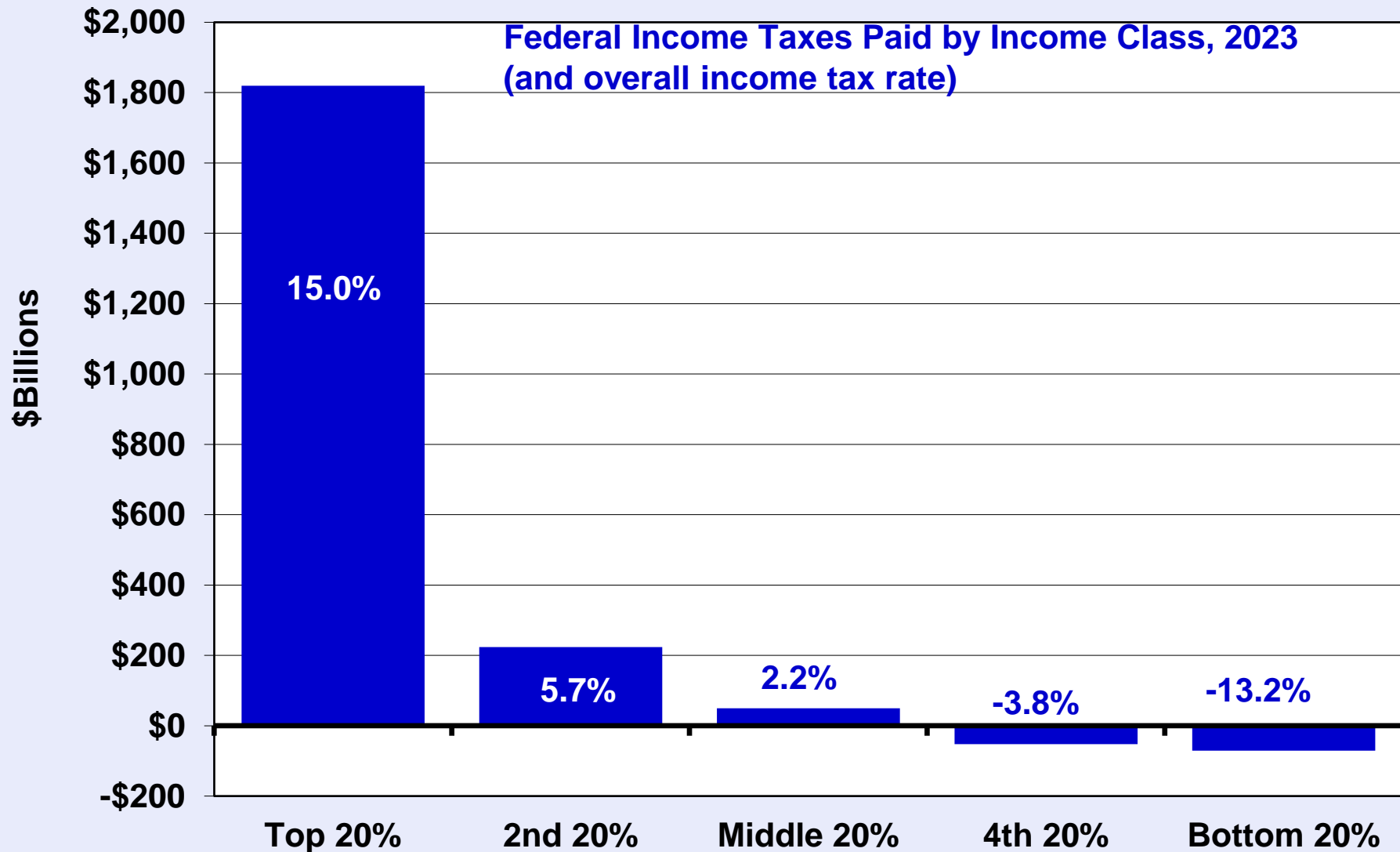
Source: OECD (2008) and Tax Foundation. The U.S tax code has since become even more progressive. Figures also exclude value-added taxes that make many other OECD nations' tax codes even less progressive.

# Upper-Income Taxpayers Overwhelmingly Finance the Federal Government



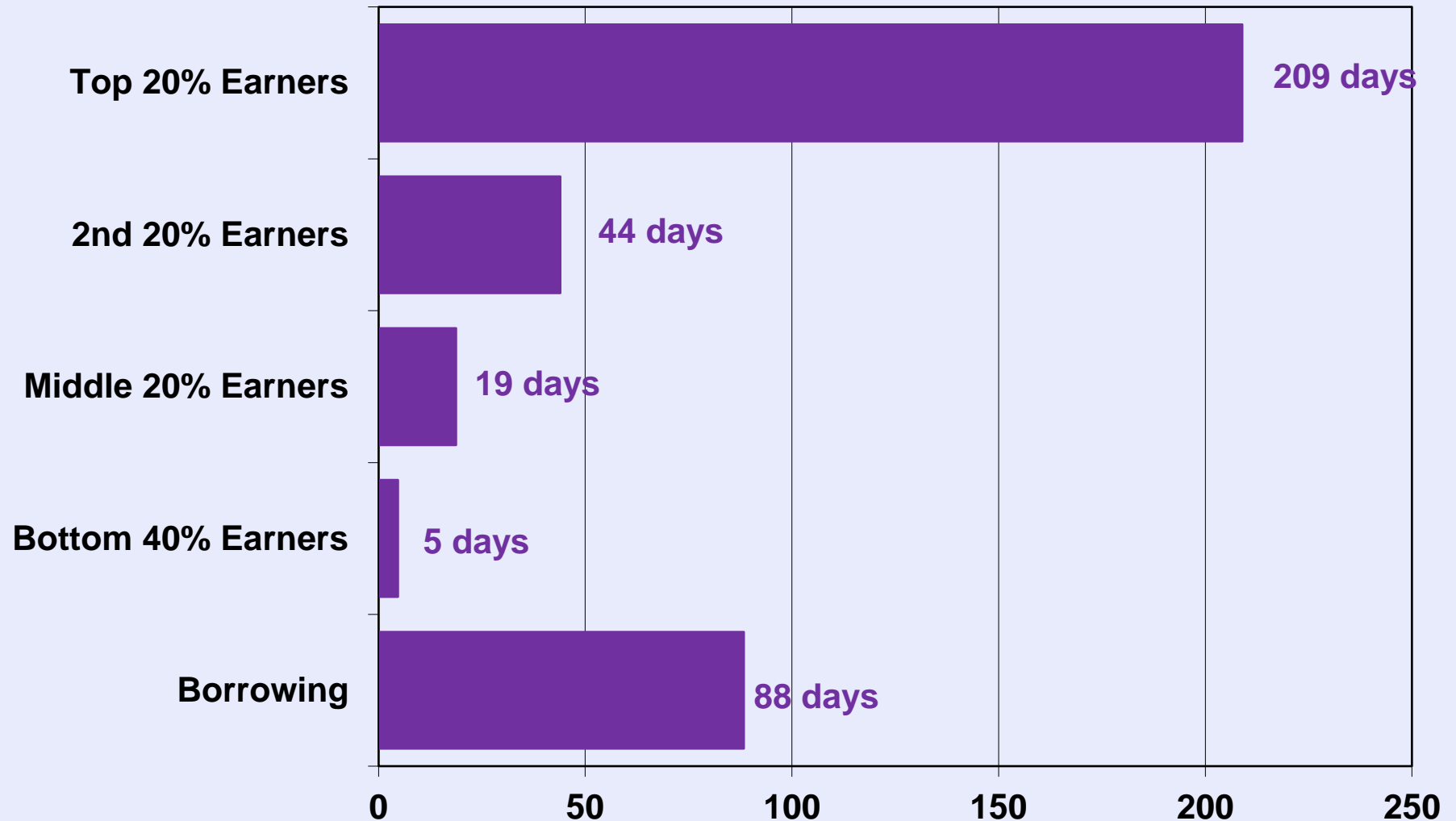
Source U.S. Treasury Office of Tax Analysis. Data for 2023, and includes individual and corporate income, payroll, excises, customs duties, estate and gift taxes.

# Upper-Income Taxpayers Finance Nearly the Entire Federal Income Tax



Source U.S. Treasury Office of Tax Analysis. Data for 2023.

# How Washington Financed 365 Days of Spending in 2023

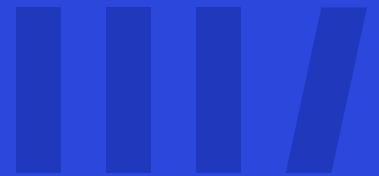


Note: Top 20% splits to 166 days for top 10%, and 43 days for 2nd 10%.  
Source: Calculated using data from U.S. Treasury Office of Tax Analysis.

Days

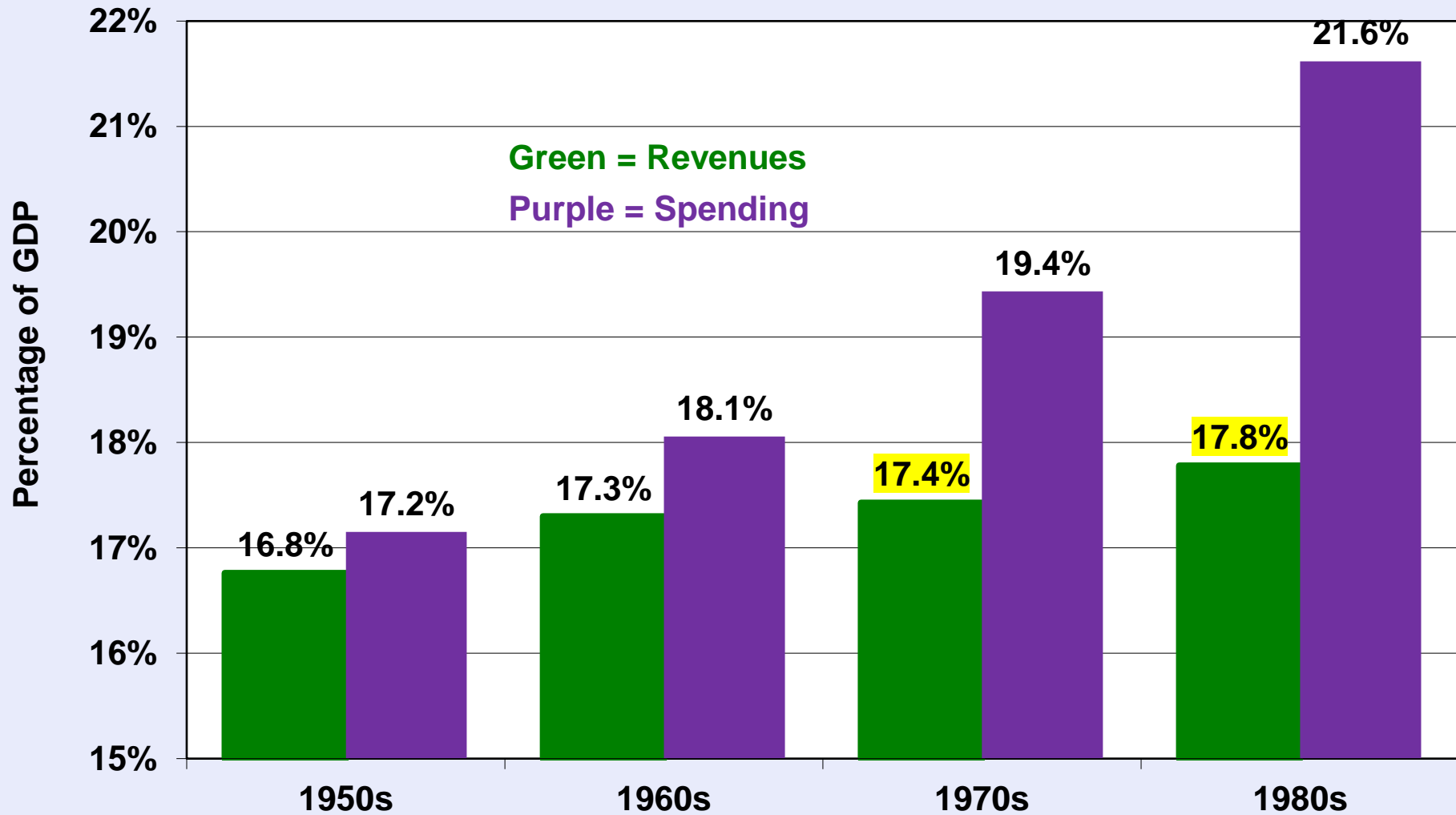
# Countering Tax, Spending, & Deficit Myths of the 1980s through 2008

*Chapter 11*





# Reagan's Tax Cuts Did Not Starve the Government— Spending Worsened the 1980s Deficits

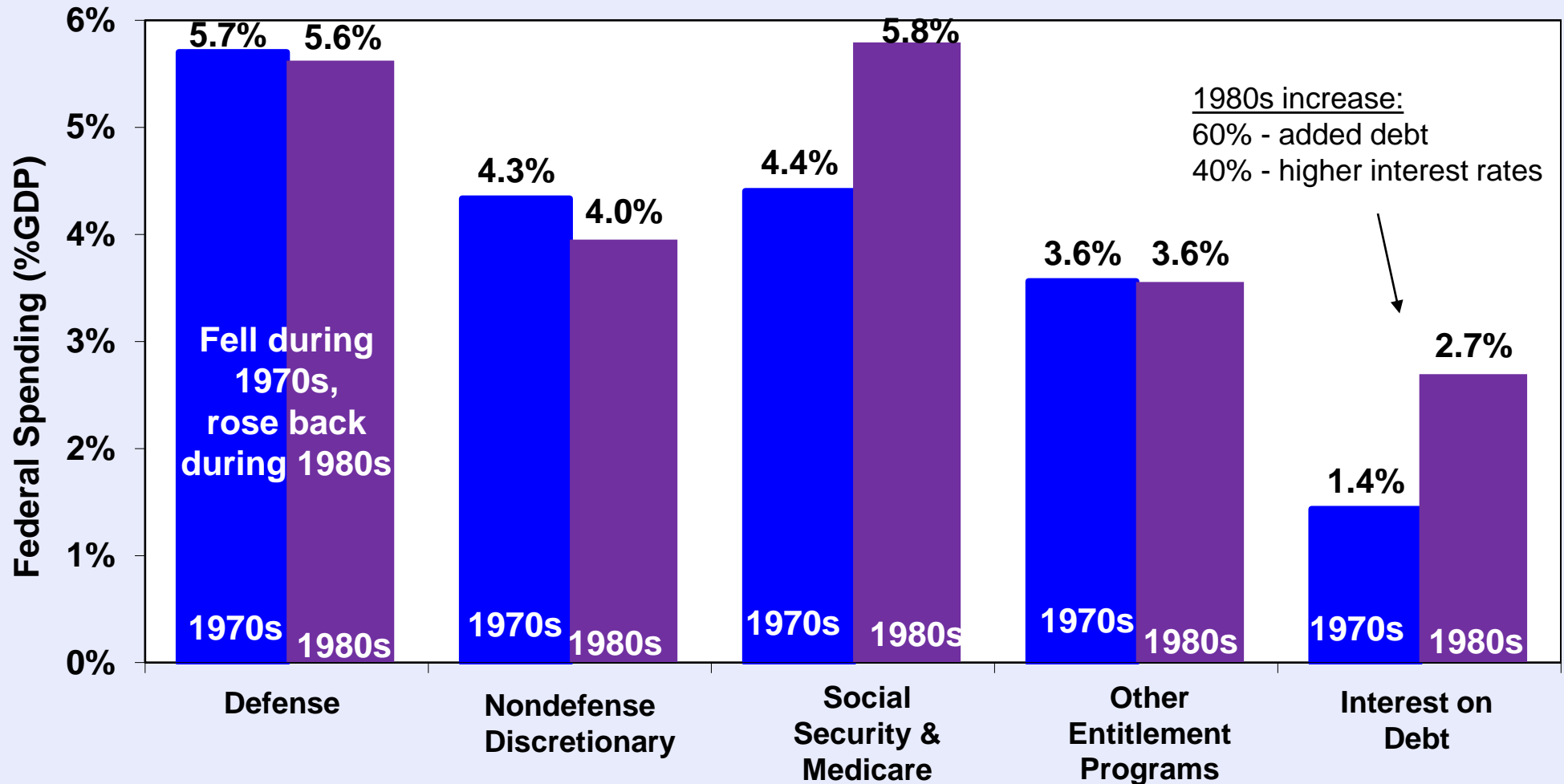


Source: OMB Historical Table 1.3

# Why Did 1980s Budget Deficits Exceed the 1970s?

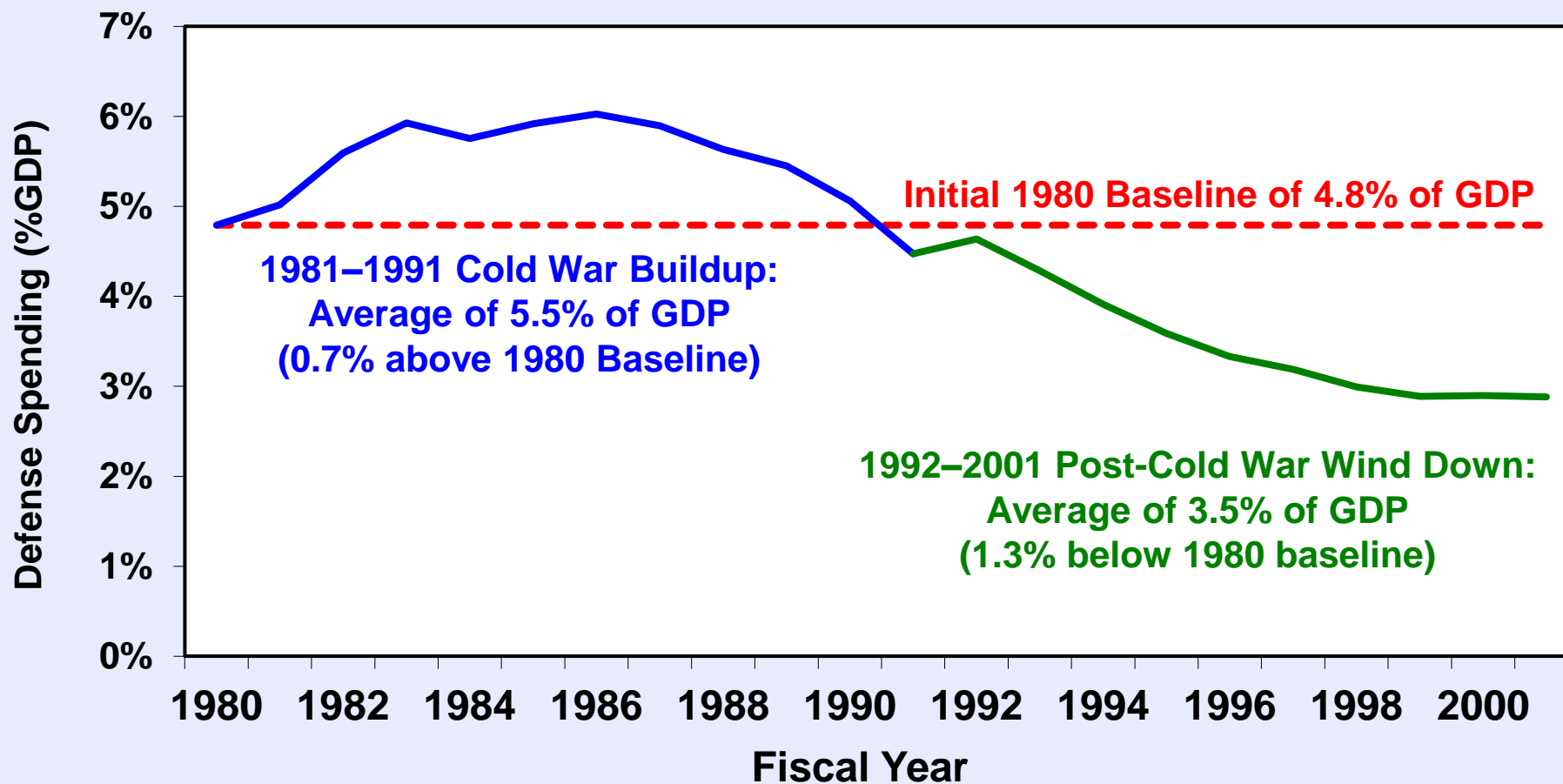
1970s Average Percentage of GDP: Revenue 17.4%, Spending **19.4%**, Deficit: 2.0%

1980s Average Percentage of GDP: Revenue 17.8%, Spending **21.6%**, Deficit: 3.8%



Source: OMB Historical Table 8.4, and interest rate calculations using the Economic Report of the President Table B-25.

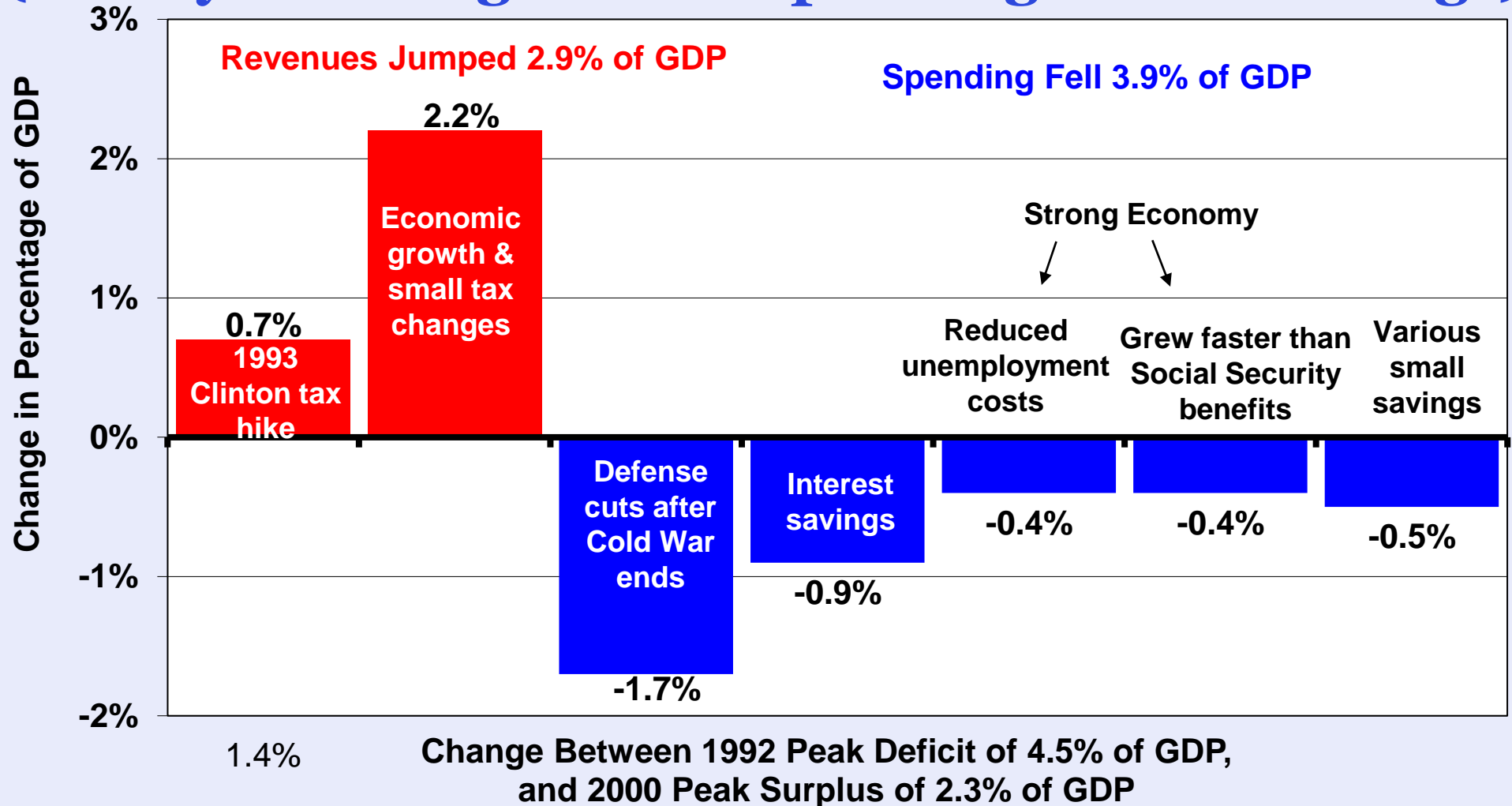
# To the Extent it Contributed to Soviet Collapse, the 1980s Defense Buildup Eventually Paid for Itself



Note: Some believe that America's 1980s defense buildup pushed the Soviets into an unaffordable arms race that contributed to its economic problems and ultimately a more accommodating posture towards the West, each of which contributed to Soviet destabilization and collapse.

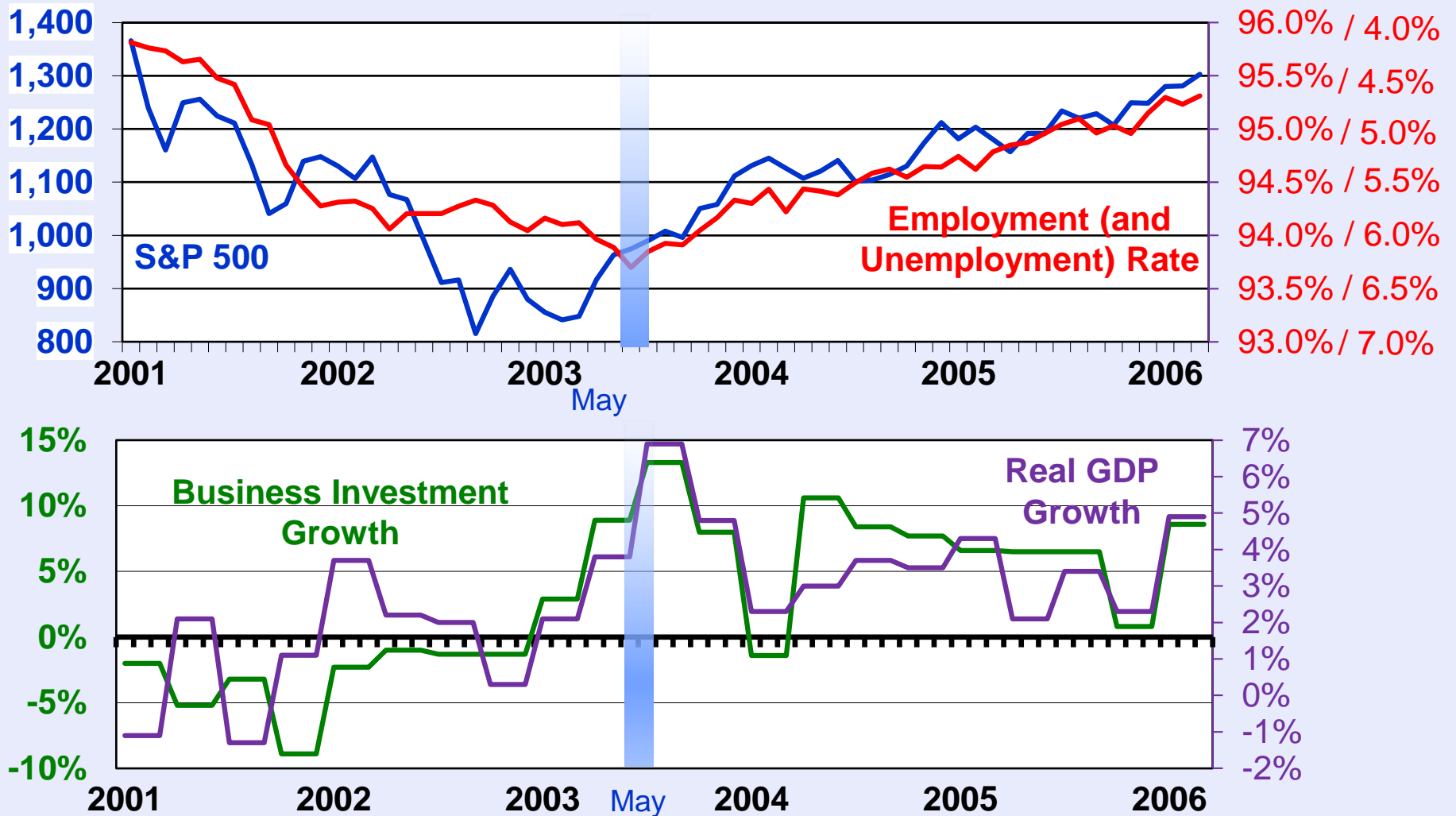
Source: OMB Historical Tables 3.2, and 10.1

# The 1990s Budget Was Balanced by an Economic Boom and the Cold War Peace Dividend (and by Washington Not Spending All the Savings)



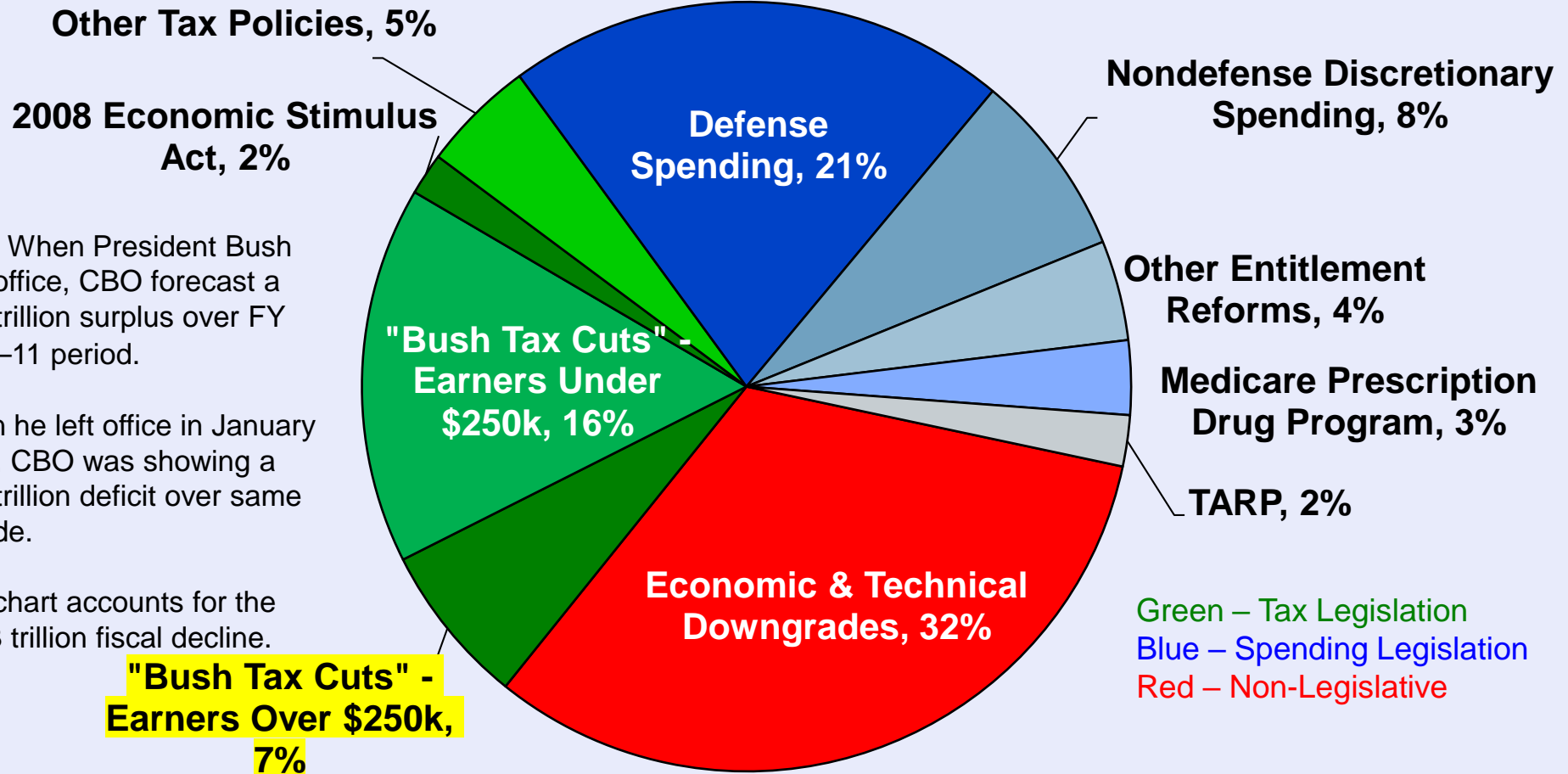
Source: OMB Historical Tables 2.3, 3.2, and 10.1; and the CBO (1993) score of tax increases

# The May 2003 Supply-Side Tax Rate Cuts Were More Successful Than They are Credited For



Source: BEA, BLS, S&P. The 2003 tax cuts reduced marginal tax rates for families, small businesses, & investors. The less-successful 2001 tax cuts were more rebate-based. The 2007 housing crash that ended this mini-boom was unrelated to these tax policies.

# The “Bush Tax Cuts” for Upper-Income Taxpayers Caused Only 7% of the 2001–2011 Fiscal Decline Under President Bush



Note: When President Bush took office, CBO forecast a \$5.9 trillion surplus over FY 2001–11 period.

When he left office in January 2009, CBO was showing a \$4.4 trillion deficit over same decade.

This chart accounts for the \$10.3 trillion fiscal decline.

Source: Calculations based on a CBO June 2012 report, and CBO baseline updates over 2001–11 period. Tax distribution data was estimated using Treasury data accumulated by the Tax Policy Center. Each category’s cost includes its resulting net interest expenses.

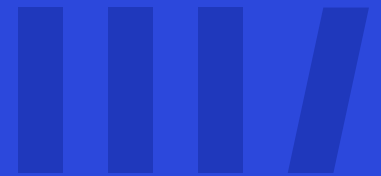
# President Bush Oversaw a \$10.3 Trillion Decline from Inherited 2001-2011 Budget Projections

(All numbers in nominal \$billions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011
<b>CBO January 2001 Projected Surplus</b>	<b>281</b>	<b>313</b>	<b>359</b>	<b>397</b>	<b>433</b>	<b>505</b>	<b>573</b>	<b>635</b>	<b>710</b>	<b>796</b>	<b>889</b>	<b>5,891</b>
<b>Legislative Changes</b>												
"Bush Tax Cuts" - Earners Over \$250k	-22	-12	-48	-82	-74	-71	-72	-78	-81	-88	-71	-699
"Bush Tax Cuts" - Earners Under \$250k	-52	-27	-112	-191	-172	-165	-169	-181	-189	-206	-167	-1,631
Defense Spending	-5	-36	-85	-130	-165	-195	-229	-294	-332	-343	-357	-2,171
Non-Defense Discretionary Spending	2	-17	-34	-46	-74	-91	-83	-107	-120	-118	-114	-802
AMT Patch, Tax Extenders, Other Tax Laws	-1	-44	-44	-33	-12	-12	-55	-89	-129	-42	-30	-489
Medicare Prescription Drug Program	0	0	0	-4	-6	-29	-44	-50	-56	-62	-70	-321
TARP Financial Bailouts	0	0	0	0	0	0	0	0	-194	-16	-12	-221
Economic Stimulus Act of 2008	0	0	0	0	0	0	0	-160	-25	3	0	-181
Other Entitlement Reforms	-8	-14	-36	-29	-36	-51	-44	-41	-74	-52	-46	-432
<b>Economic &amp; Technical Re-estimates</b>												
Economic/Technical Downgrades	-67	-319	-377	-295	-212	-140	-39	-95	-696	-577	-520	-3,337
<b>CBO January 2009 Budget Surplus/Deficit</b>	<b>128</b>	<b>-158</b>	<b>-378</b>	<b>-413</b>	<b>-318</b>	<b>-248</b>	<b>-161</b>	<b>-459</b>	<b>-1,186</b>	<b>-703</b>	<b>-498</b>	<b>-4,394</b>
<b>Memorandum</b>												
Legislative Changes	-87	-150	-358	-514	-540	-614	-696	-1,000	-1,199	-923	-867	-6,947
Economic & Technical Re-estimates	-67	-319	-377	-295	-212	-140	-39	-95	-696	-577	-520	-3,337
<b>Total Deficit Changes</b>	<b>-154</b>	<b>-469</b>	<b>-735</b>	<b>-809</b>	<b>-752</b>	<b>-754</b>	<b>-735</b>	<b>-1,095</b>	<b>-1,895</b>	<b>-1,500</b>	<b>-1,386</b>	<b>-10,285</b>
Revenue Changes	-144	-383	-561	-573	-416	-282	-248	-431	-750	-738	-622	-5,148
Spending Changes	-10	-88	-176	-237	-335	-471	-486	-663	-1,147	-761	-765	-5,138

Source: Author calculations based on a CBO June 2012 report, and CBO baseline updates over 2001-11 period. Positive numbers add to deficit, negative numbers reduce deficit. Legislative changes include associated interest costs and savings. Ending 2009-2011 figures represent estimates on January 2009 when President Bush left office. See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

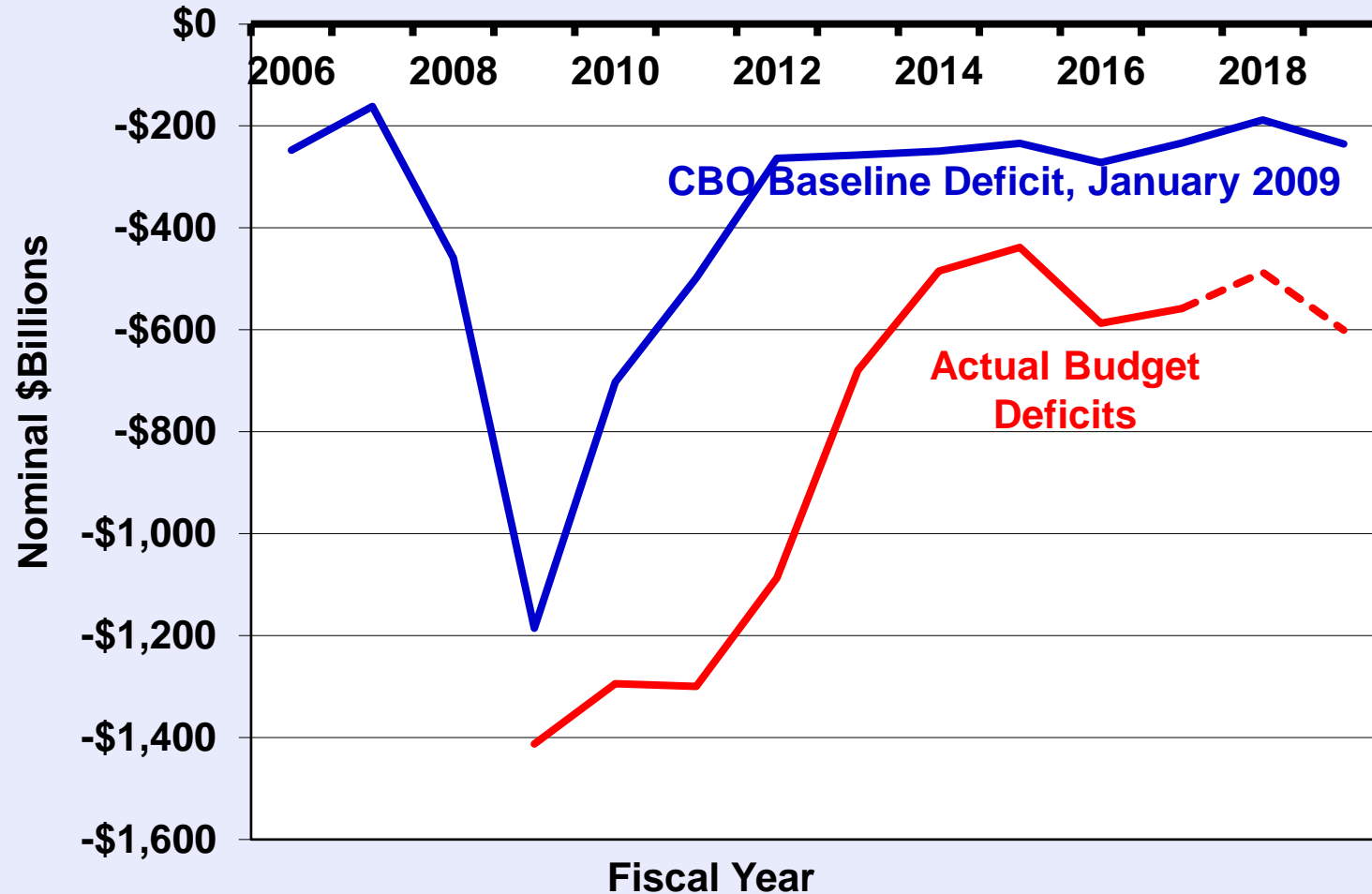
# A Comprehensive Accounting of the Obama Fiscal Record

*Chapter 12*





# President Obama Oversaw 2009–19 Budget Deficits \$4.6 Trillion Beyond the Inherited Baseline

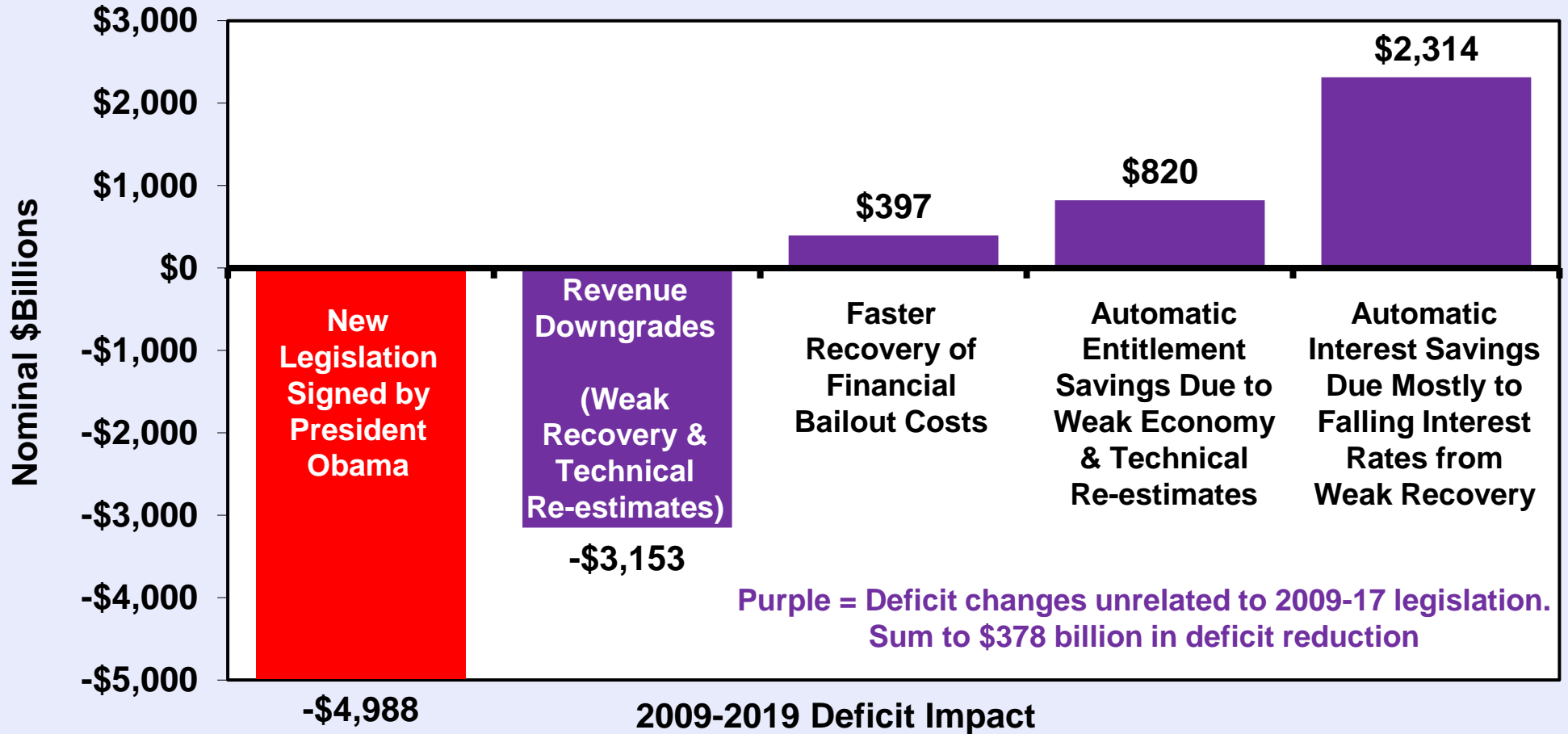


Note: The January 2009 CBO baseline already incorporated the 10-year effects of the 2007–2009 recession, and the policies inherited from President Bush.

The added Obama deficits consist of \$5 trillion in new legislation, partially offset by \$400 billion saved by the sluggish recovery, as lower interest rates and thus interest costs offset the lower revenues

Source: CBO data. FY 2017-2019 "actuals" reflect CBO baseline as of January 2017, and thus reflect the deterioration of the full 10-year budget picture. See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

# Under President Obama, the 2009–2019 Deficit Worsened by \$4.6 Trillion Relative to the Baseline He Inherited in January 2009



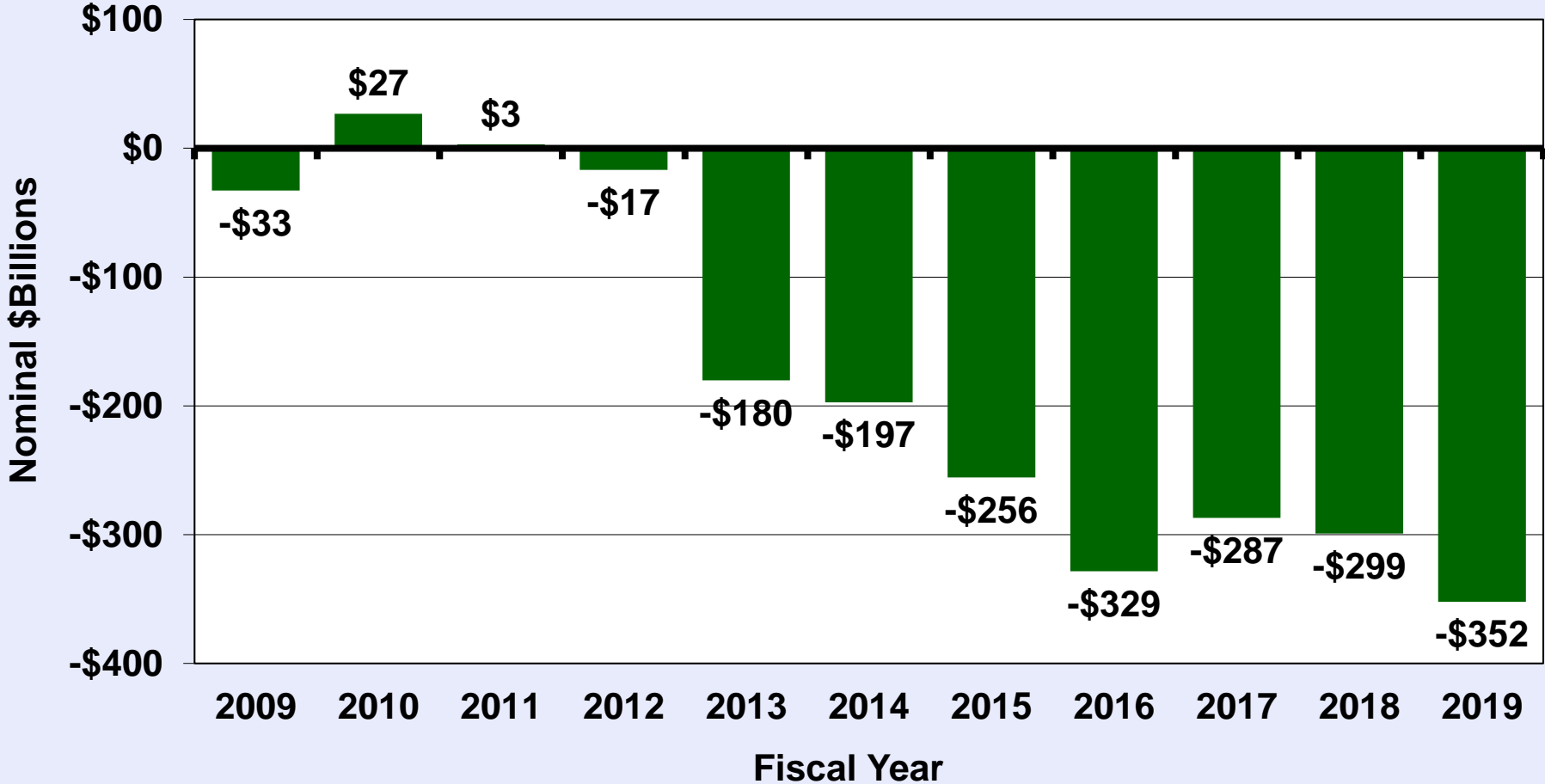
Source: Author calculations based on CBO baseline updates and bill scores. Positive figures reduce the deficit, negative figures worsen the deficit. The January 2009 baseline already incorporated the long-term effects of the recession. Subsequent economic downgrades reflect the unexpectedly-weak recovery after the recession ended. See “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl.

# President Obama Oversaw a \$4.6 Trillion Decline from the Inherited 2009–2019 Budget Projections

(All numbers in nominal \$billions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009–19
<b>CBO January 2009 Baseline Budget Deficit</b>	<b>-1,186</b>	<b>-703</b>	<b>-498</b>	<b>-264</b>	<b>-257</b>	<b>-250</b>	<b>-234</b>	<b>-272</b>	<b>-234</b>	<b>-188</b>	<b>-235</b>	<b>-4,321</b>
<b>Legislative Changes</b>												
Renewing Pre-2009 Tax Policies	-27	-114	-239	-273	-382	-363	-421	-528	-539	-596	-654	-4,135
2009 ARRA Stimulus	-163	-311	-175	-63	-58	-55	-39	-29	-33	-39	-46	-1,010
Subsequent Stimulus and Recession Relief	-7	-106	-233	-269	-93	-15	-17	-41	-44	-56	-67	-948
Renewing Pre-2009 Health Laws	0	-3	-16	-20	-19	-15	-16	-19	-19	-15	-12	-154
Other Mandatory Spending Legislation	-7	-7	-16	-25	-29	-13	1	-1	4	12	13	-69
Hurricane Sandy Relief	0	0	0	0	-5	-13	-12	-11	-10	-7	-6	-64
BCA Mandatory Sequesters	0	0	0	0	10	14	16	16	18	20	22	117
Affordable Care Act	0	-7	-2	19	44	51	51	30	17	30	41	275
Other Revenue Legislation	4	18	-4	21	7	35	27	56	37	39	41	282
Other Discretionary Spending and OCO Reforms	-18	-49	-84	-59	36	89	124	144	150	183	202	718
<b>Economic and Technical Re-estimates</b>												
Revenue Effect - Economic Changes	-33	27	3	-17	-180	-197	-256	-329	-287	-299	-352	-1,920
Revenue Effect - Technical Re-estimates	-159	-178	-118	-254	-54	-125	-7	-33	-121	-92	-93	-1,233
Financial Bailout Cost Re-Estimates	-1	126	5	-28	113	89	33	25	26	7	0	397
Mandatory Spending - Economic/Technical Re-estimates	176	10	65	30	-23	24	1	71	125	151	190	820
Interest Spending - Economic/Technical Re-estimates	8	1	12	113	210	261	309	332	350	363	356	2,314
<b>Actual Deficits and January 2017 Baseline Deficit</b>	<b>-1,413</b>	<b>-1,294</b>	<b>-1,300</b>	<b>-1,087</b>	<b>-680</b>	<b>-485</b>	<b>-438</b>	<b>-587</b>	<b>-559</b>	<b>-487</b>	<b>-601</b>	<b>-8,931</b>
<b>Memorandum</b>												
Total Legislative Changes	-219	-577	-768	-668	-488	-286	-286	-382	-418	-429	-467	-4,988
Total Economic and Technical Re-estimates	-8	-14	-33	-155	66	51	81	67	93	130	101	378
<b>Total Deficit Changes</b>	<b>-227</b>	<b>-592</b>	<b>-801</b>	<b>-823</b>	<b>-423</b>	<b>-235</b>	<b>-205</b>	<b>-315</b>	<b>-325</b>	<b>-299</b>	<b>-366</b>	<b>-4,610</b>

Source: “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl (based on CBO data). Positive numbers reduce deficit, negative numbers add to deficit. Legislative changes include associated interest costs and savings. Ending 2017–2019 figures represent estimates as of January 2017 when President Obama left office.

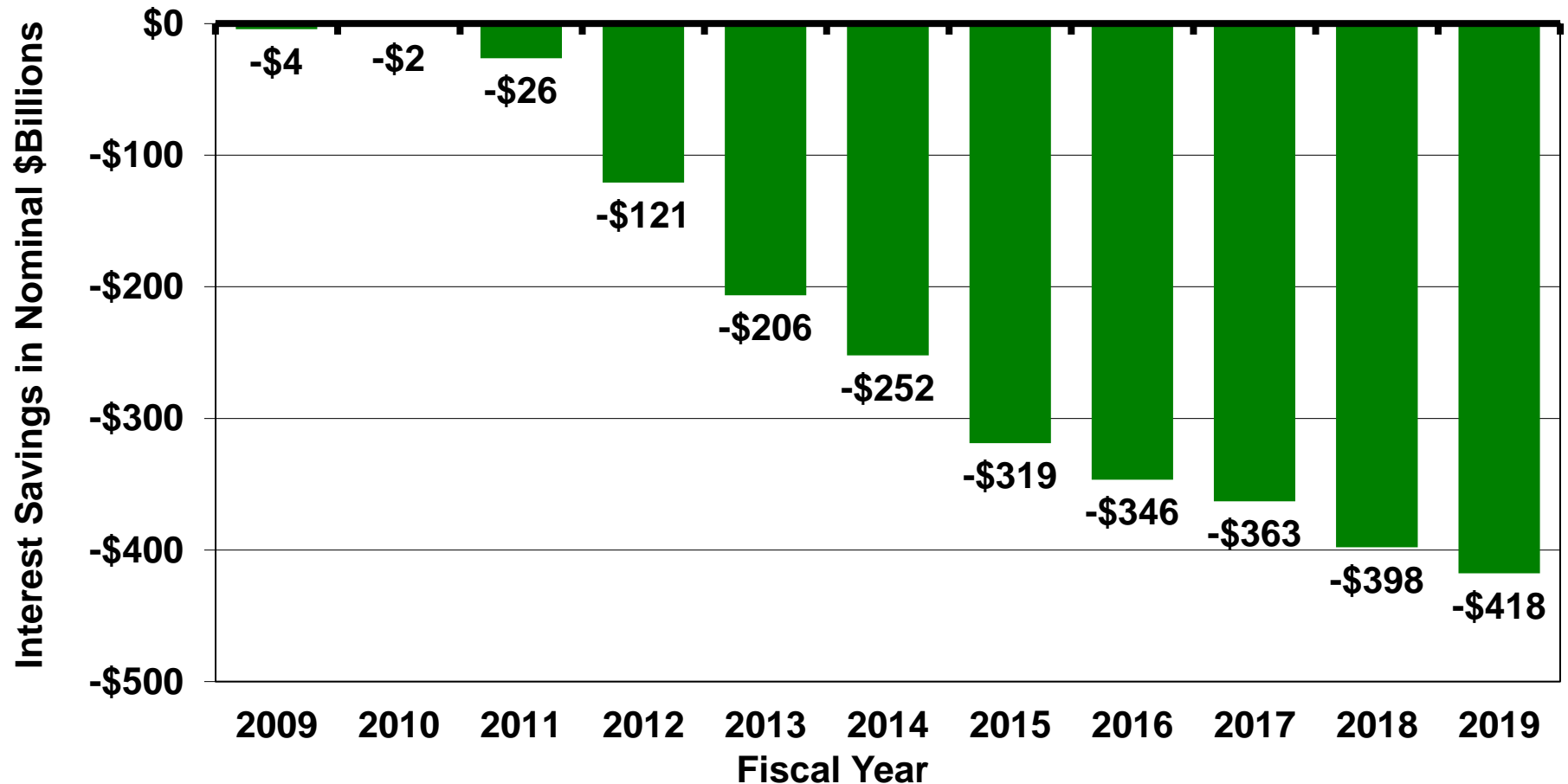
# Tax Revenue Impact of CBO Economic Growth Downgrades (and Upgrades) Under President Obama



Note: Consists of gained/lost revenues specifically resulting from economic growth upgrades and downgrades between March 2009 and January 2017. Post-2016 figures reflect latest estimates.

Source: CBO budget baselines between March 2009 and January 2017. See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

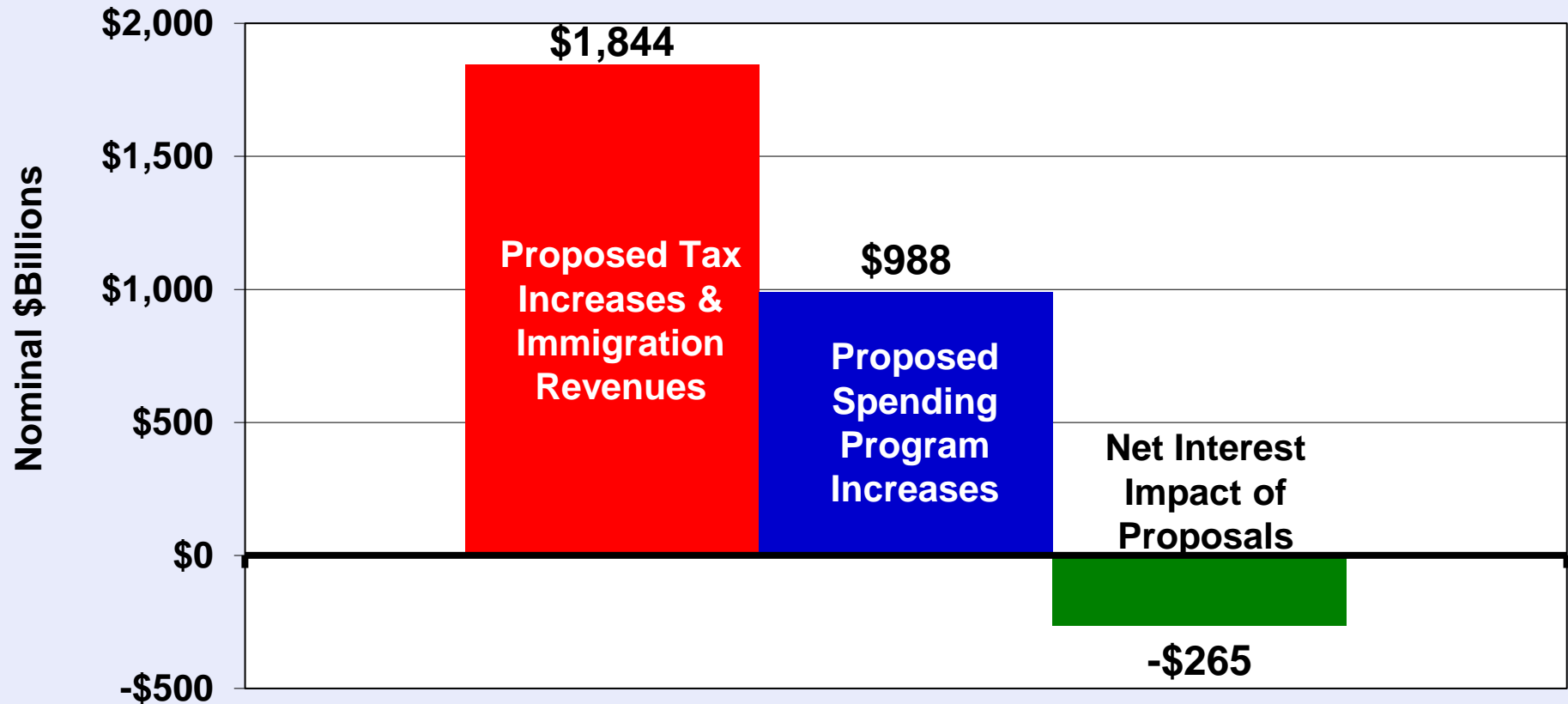
# CBO Economic Downgrades Under President Obama Sharply Lowered Interest Rates and Therefore Net Interest Costs



Note: Consists of net interest savings directly attributed to lower interest rates from economic downgrades occurring between March 2009 and January 2017. Post-2016 figures reflect latest estimates. Source: CBO budget baselines between March 2009 and January 2017. See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

# President Obama's Eight Annual Budget Requests

## Proposed Large Tax and Spending Increases



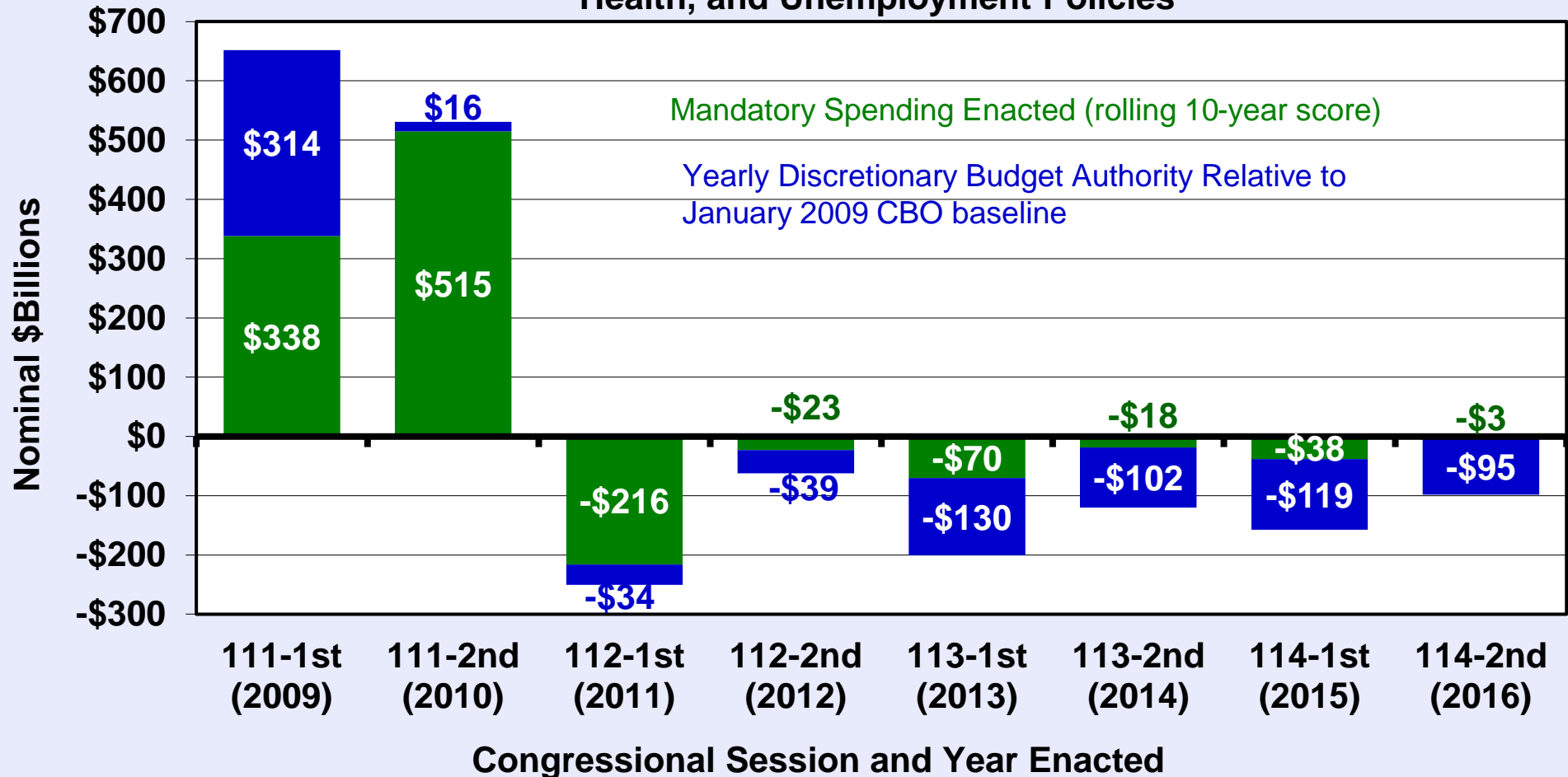
Source: OMB, President's Budget Proposals, FY 2010 - FY 2017.

Includes new proposals hidden in the budget baseline and excludes OCO proposals due to the lack of a plausible baseline to score them against. Also excludes current-policy extensions of long-time tax cuts and Medicare payment rates.

See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

# The Obama Spending Spree Ended When the GOP Took the House in 2011

New Spending Enacted by Year—Excluding Basic Renewals of Existing Tax, Health, and Unemployment Policies

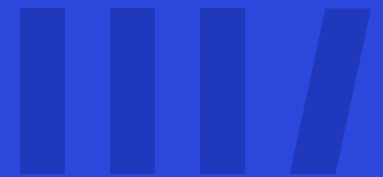


Source: Author calculations based on CBO and JCT bill scores. Discretionary spending figures exclude emergency appropriations for OCO (which would otherwise show even larger 2011-2016 savings) and Hurricane Sandy.

See "Obama's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

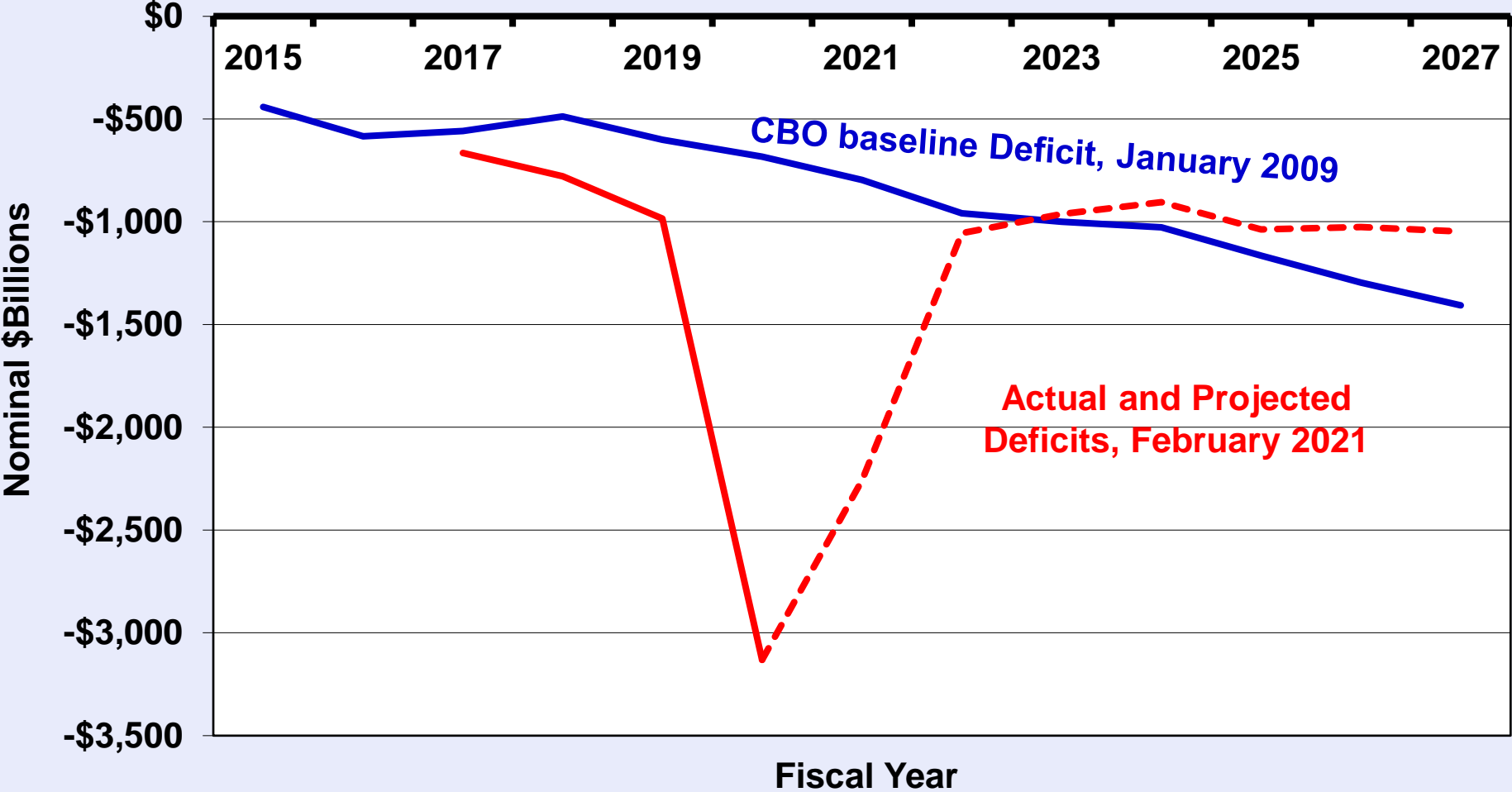
# A Comprehensive Accounting of the Trump Fiscal Record

*Chapter 13*



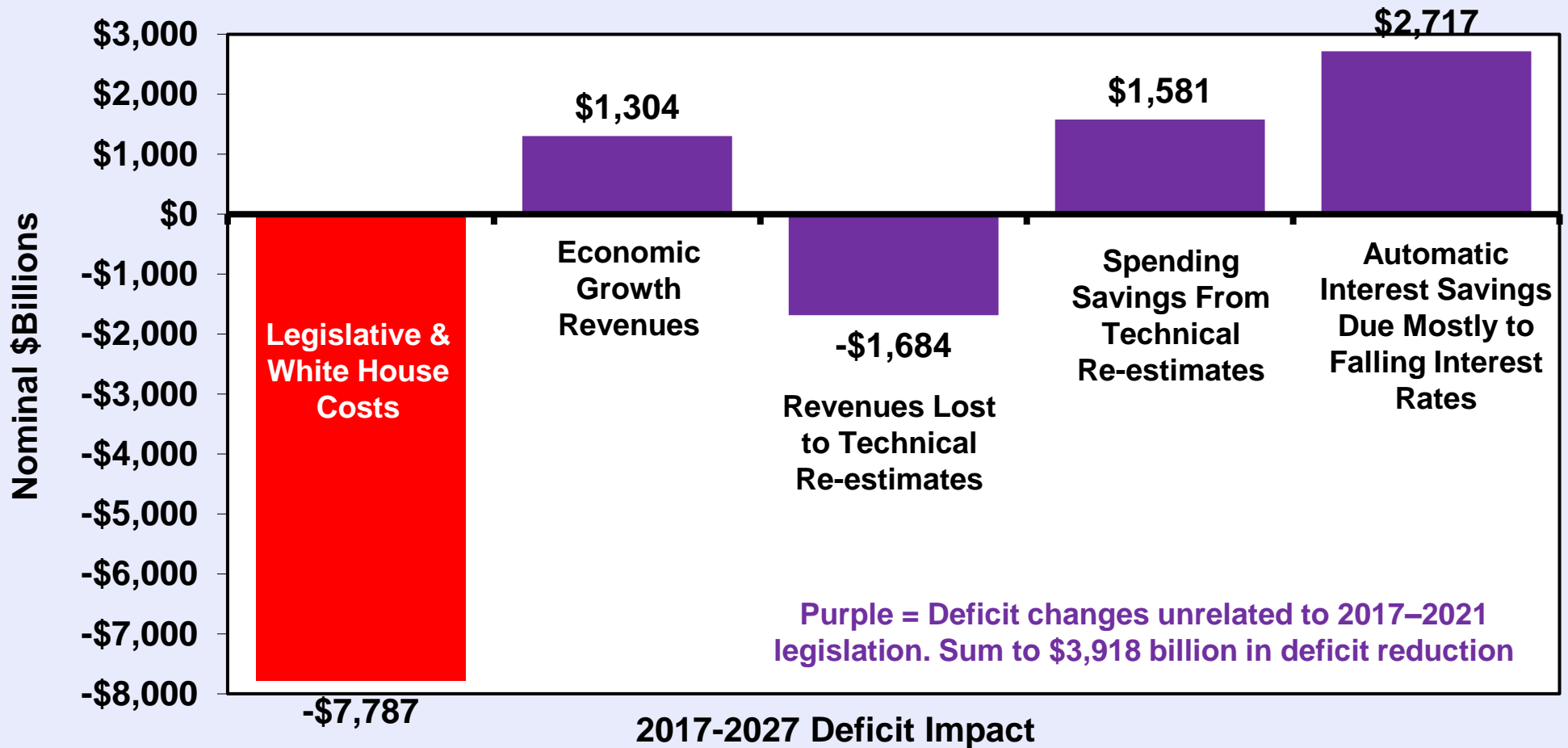


# President Trump Oversaw 10-Year Budget Deficits \$3.9 Trillion Above the Inherited Baseline



Source: CBO data.  
See "Trump's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl.

# Under Trump, the Cost of New Initiatives Dwarfed the Savings from Economic Growth and Falling Interest Rates



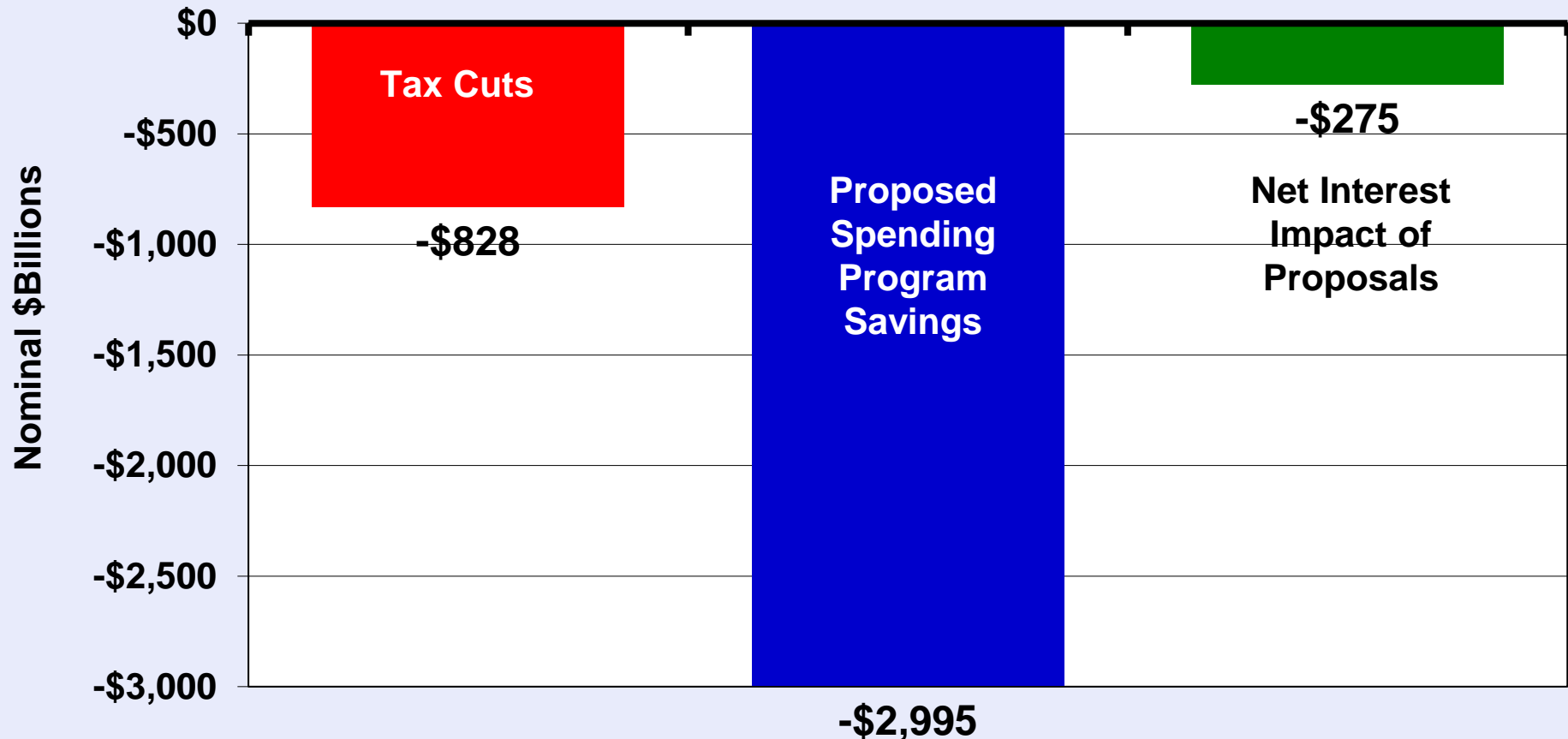
Source: Author calculations based on CBO baseline updates and bill scores. Positive figures reduce the deficit, negative figures worsen the deficit. The cumulative 2017-2027 actual and projected budget deficits increased by \$3.9 trillion during the Trump presidency. See “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl.

# President Trump Oversaw a \$3.9 Trillion Decline from the Inherited 2017–2027 Budget Projections

All numbers in nominal \$billions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017–27
<b>CBO January 2017 Baseline Budget Deficit</b>	<b>-559</b>	<b>-487</b>	<b>-601</b>	<b>-684</b>	<b>-797</b>	<b>-959</b>	<b>-1,000</b>	<b>-1,027</b>	<b>-1,165</b>	<b>-1,297</b>	<b>-1,408</b>	<b>-9,984</b>
<b>Legislative and White House Policies</b>												
Pandemic Response	--	--	--	-2,302	-1,430	38	62	-85	-69	-72	-83	-3,940
2017 Tax Cuts	--	-137	-293	-277	-262	-232	-200	-189	-190	-126	-62	-1,969
Higher Discretionary Caps - Defense	-4	-21	-72	-81	-80	-84	-88	-91	-96	-101	-106	-824
Higher Discretionary Caps - Nondefense	-3	-21	-72	-75	-72	-75	-78	-80	-85	-89	-94	-744
Disaster Aid & Uncapped Disc. Spending Hikes	0	-70	-21	-62	-59	-54	-47	-43	-45	-46	-47	-493
Repeal ACA Taxes	--	-1	-15	-6	-24	-28	-34	-39	-45	-50	-58	-299
Other Mandatory and Tax Legislation	0	-28	-16	-39	-60	-41	-23	-16	-21	17	27	-201
Repeal ACA Individual Mandate Penalty & IPAB	--	--	6	10	29	37	42	41	48	48	56	317
Presidential Tariffs and Subsidies	--	--	30	13	40	46	47	50	47	47	46	367
<b>Economic and Technical Re-estimates</b>												
Revenues From Economic Changes	1	23	81	-37	145	212	191	183	174	174	156	1,304
Revenues from Technical Re-estimates	-89	-133	-104	379	-129	-371	-355	-219	-252	-234	-176	-1,684
Spending from Technical Re-estimates	-19	123	124	-41	248	169	157	191	195	218	216	1,581
Net Interest Costs from Econ/Technical Changes	7	-26	-30	70	191	287	361	420	466	485	485	2,717
<b>Actual Values and CBO February 2021 Baseline Deficit</b>	<b>-665</b>	<b>-779</b>	<b>-984</b>	<b>-3,132</b>	<b>-2,258</b>	<b>-1,056</b>	<b>-963</b>	<b>-905</b>	<b>-1,037</b>	<b>-1,026</b>	<b>-1,048</b>	<b>-13,853</b>
<b>Memorandum</b>												
Total Legislative and White House Policies	-7	-278	-454	-2,819	-1,917	-393	-317	-453	-455	-371	-321	-7,787
Total Economic and Technical Re-estimates	-99	-14	71	371	456	297	355	575	584	643	681	3,918
<b>Total Deficit Changes</b>	<b>-107</b>	<b>-292</b>	<b>-383</b>	<b>-2,448</b>	<b>-1,462</b>	<b>-96</b>	<b>38</b>	<b>122</b>	<b>128</b>	<b>271</b>	<b>359</b>	<b>-3,869</b>

Source: “Trump’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl (based on CBO data). Positive numbers reduce deficit, negative numbers add to deficit. Legislative changes include associated interest costs and savings. Ending 2021-2027 figures represent estimates as of January 2021 when President Trump left office.

# Trump's Four Budget Proposals Called for Large Tax Cuts and Vaguely-Defined Spending Cuts



Source: Average of the CBO scores of President Trump's four yearly budget proposals.

Figures reflect the average 10-year score in each budget request.

See "Trump's Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits," by Brian Riedl

# The 10-Year Fiscal Records of Presidents Bush, Obama, and Trump

President Bush Fiscal Record		President Obama Fiscal Record		President Trump Fiscal Record	
	2001–11		2009–19		2017–27
<b>Incoming CBO 10-Year Surplus</b>	<b>5,891</b>	<b>Incoming CBO 10-Year Deficit</b>	<b>-4,321</b>	<b>Incoming CBO 10-Year Deficit</b>	<b>-9,984</b>
<b>Legislative Changes</b>	<b>-6,947</b>	<b>Legislative Changes</b>	<b>-4,988</b>	<b>Legislative &amp; White House Policies</b>	<b>-7,787</b>
2001/2003 Tax Cuts	-2,330	Renew AMT patch and tax extenders	-2,102	Pandemic Response	-3,940
Defense Spending	-2,171	Renew 2001/2003 tax cuts	-2,034	2017 Tax Cuts	-1,969
Non-Defense Discretionary Spending	-802	2009 ARRA Stimulus	-1,010	Higher Discretionary Caps - Defense	-824
Other Tax Policies	-489	Later Stimulus and Recession Relief	-948	Higher Discretionary Caps - Nondefense	-744
Medicare Drug Program	-321	Renewing Pre-2009 Health Laws	-154	Disaster Aid & Other Disc. Hikes	-493
TARP	-221	Other Mandatory Spending Bills	-69	Repeal ACA Taxes	-299
Economic Stimulus Act of 2008	-181	Hurricane Sandy Relief	-64	Other Mandatory and Tax Bills	-201
Other Entitlement Reforms	-432	BCA Mandatory Sequesters	117	Repeal ACA Ind. Mandate Penalty	317
		Affordable Care Act	275	Presidential Tariffs and Subsidies	367
		Other Revenue Legislation	282		
		Discretionary Spending & OCO Reforms	718		
<b>Econ &amp; Technical Re-estimates</b>	<b>-3,337</b>	<b>Econ &amp; Technical Re-estimates</b>	<b>378</b>	<b>Econ &amp; Technical Re-estimates</b>	<b>3,918</b>
<b>Total Changes to Deficit Projection</b>	<b>-10,283</b>	<b>Total Changes to Deficit Projection</b>	<b>-4,610</b>	<b>Total Changes to Deficit Projection</b>	<b>-3,869</b>
<b>Final Deficit and Outgoing Projection for Same 10-Year Period</b>	<b>-4,394</b>	<b>Final Deficit and Outgoing Projection for Same 10-Year Period</b>	<b>-8,931</b>	<b>Final Deficit and Outgoing Projection for Same 10-Year Period</b>	<b>-13,853</b>

Source: “Trump’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl (based on CBO data). Positive numbers reduce deficit, negative numbers add to deficit. Legislative changes include associated interest costs and savings. All figures in nominal \$billions.