

Tax and Spending Policy in the Long Run

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for the

Tax Policy and Simplification Committee

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DEAD MEN RULING

How to Restore Fiscal Freedom
and Rescue Our Future



C. Eugene Steuerle

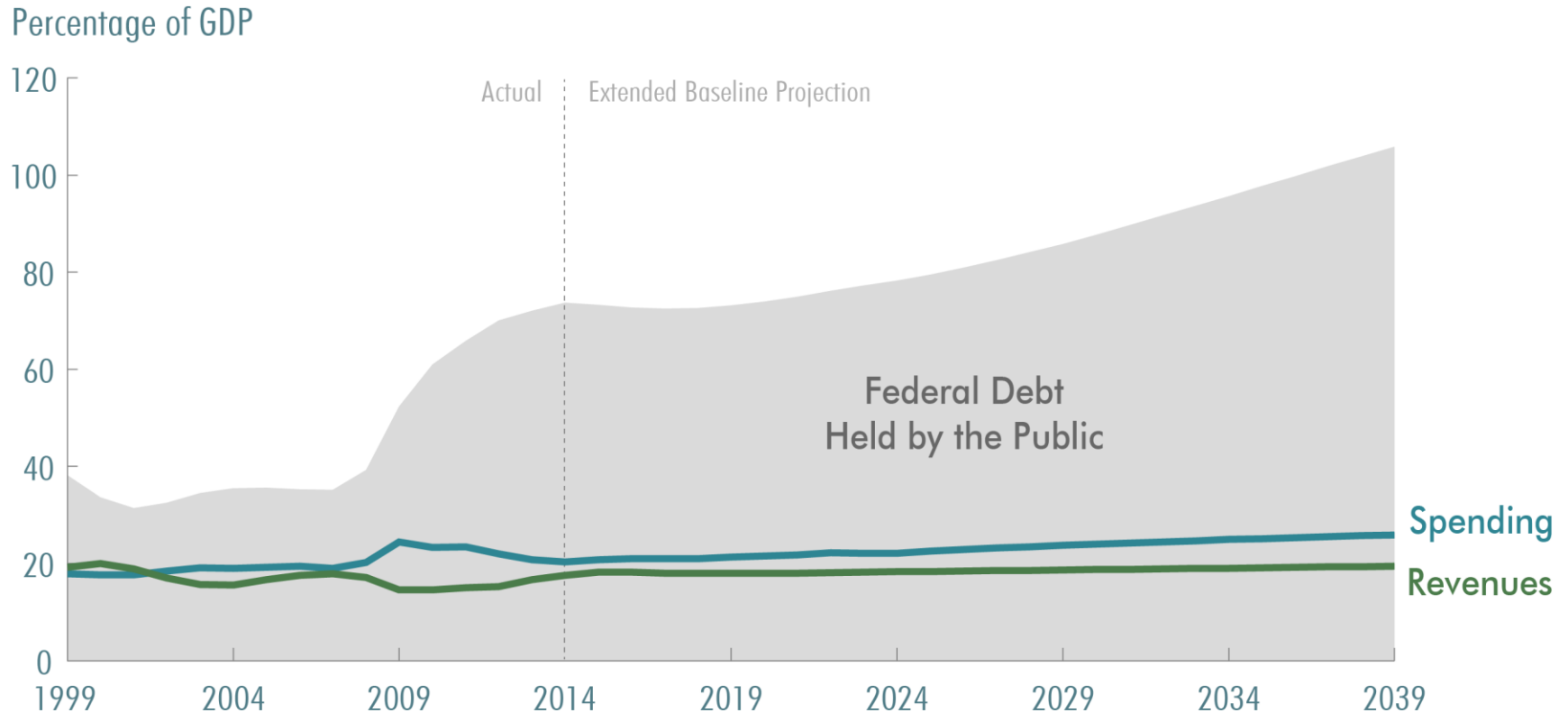
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Discussant: Barry Anderson

- Mr. Anderson is the deputy director at the National Governors Association.
- He has served as the Acting Director (and Deputy Director) of the Congressional Budget Office; and as a Budget Advisor for the International Monetary Fund.
- He has an M.B.A. in Finance from the University of Washington and a B.S. from the University of Illinois.

Federal Debt, Spending, and Revenues



CBO's long-term projections show a substantial imbalance in the federal budget over the long term, with revenues falling well short of spending if current laws governing taxes and spending stayed generally the same. After the next few years, growing budget deficits would push federal debt back to and above its current high level. By 2039, federal debt held by the public would exceed 100 percent of gross domestic product (GDP), CBO projects, a level seen only once before in U.S. history (just after World War II).

Chart 5: Historical and Current Policy Projections for Receipts, Non-interest Spending, Net Interest, and Total Spending 1980-2089

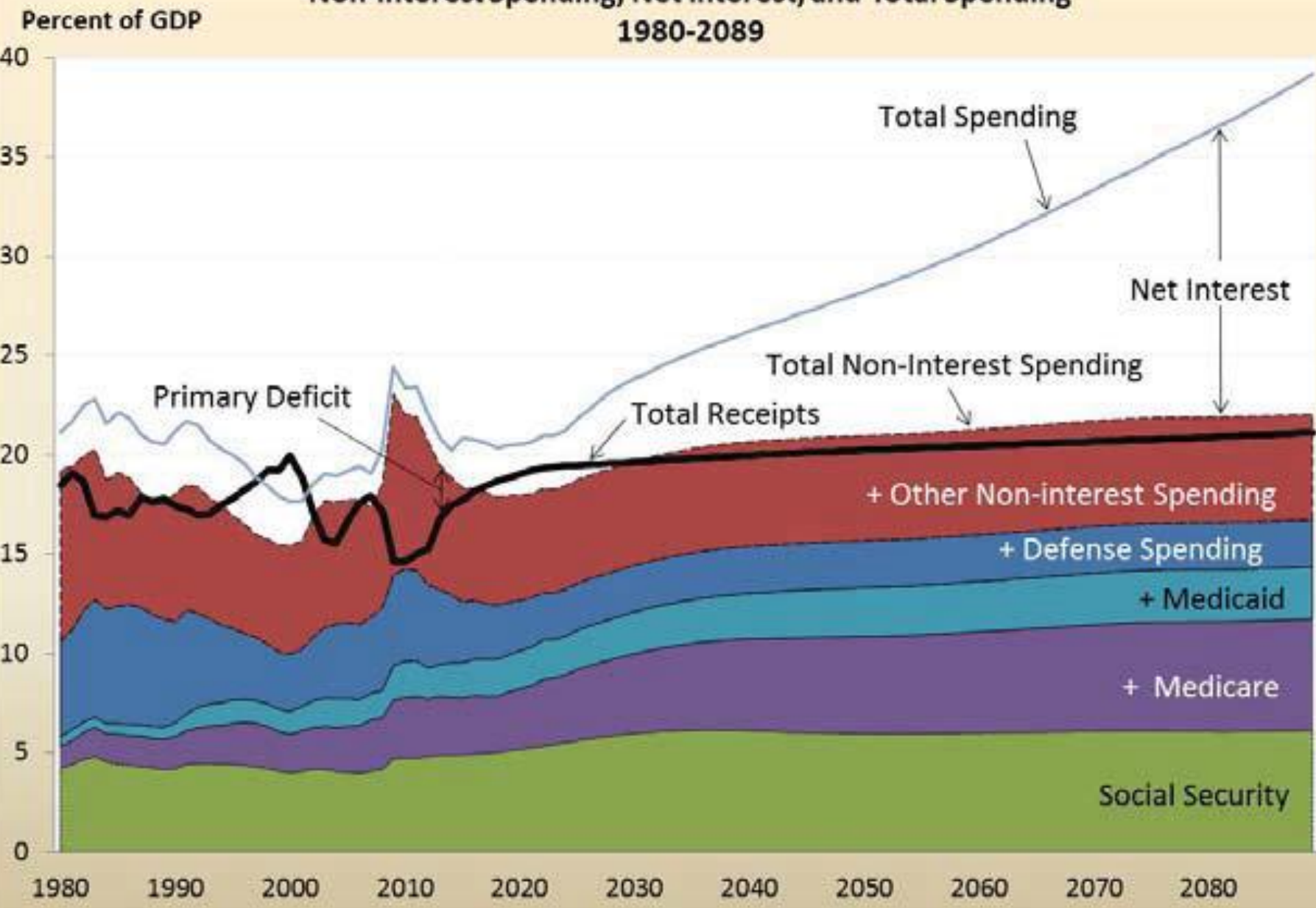
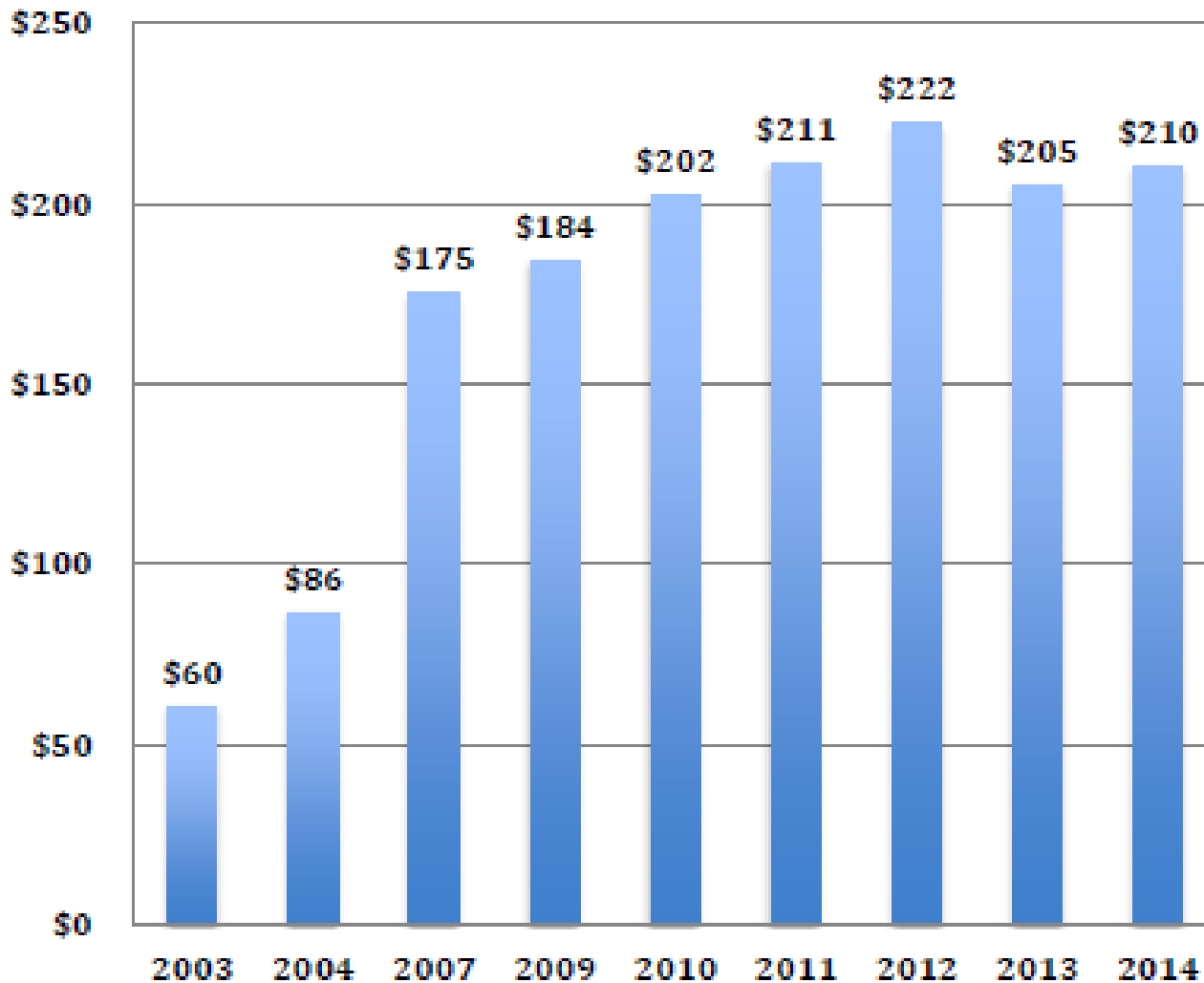


Chart 1

Historical U.S. Fiscal Gaps, Selected Years

Trillions



Source: Calculations by Laurence Kotlikoff based on CBO Alternative Fiscal Scenario Projections.