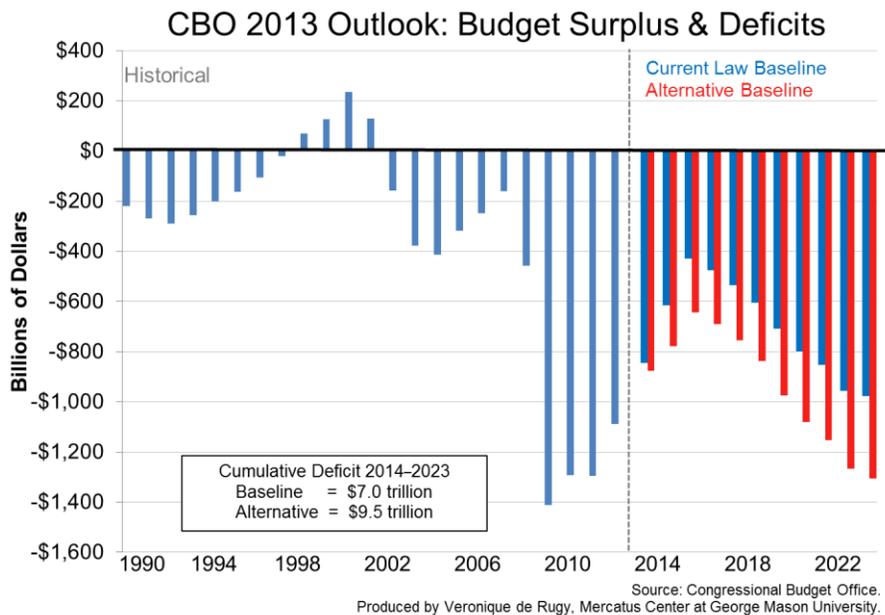


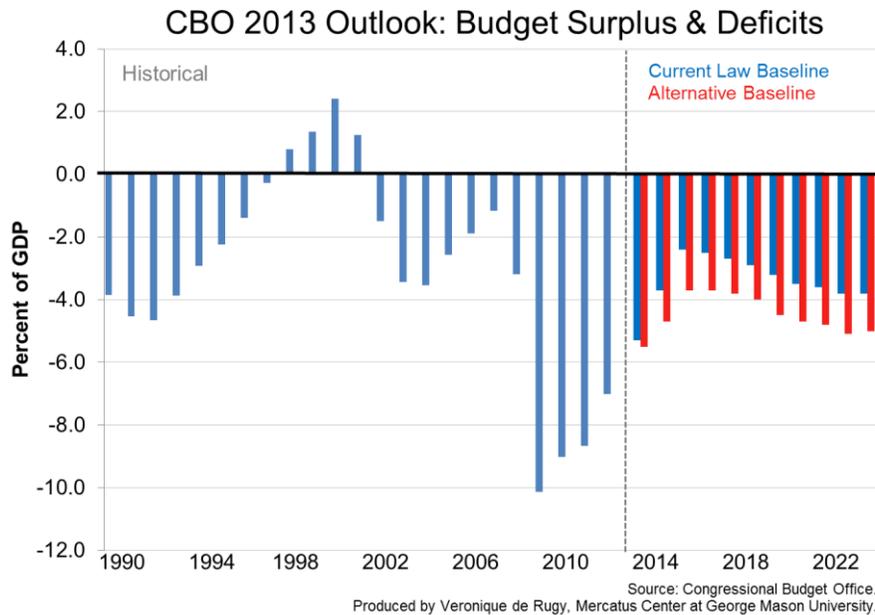
Projected Deficits in CBO’s 2013 Budget and Economic Outlook

On February 5 the Congressional Budget Office (CBO) [released](#) its Budget and Economic Outlook for fiscal years 2013 to 2023. While the [report](#) might suggest the US economy and federal budget are on the road to recovery, such an assessment would be shortsighted.

This chart shows the budget surplus and deficit figures as a percentage of gross domestic product (GDP). Its baseline or current-law scenario, which is used as a yardstick for lawmakers, shows that in 2013 the deficit will continue to decrease as a share of GDP. In fact, if the projections materialize, for the first time since President Obama took office the deficit will drop below \$1 trillion, to \$845 billion, and continue falling for the next two years.



If lawmakers were to make changes to current law, such as repealing the sequester cuts that are scheduled to go into effect on March 1, then deficits and debt would be significantly higher than the amounts reported under the current law baseline. There are other factors, such as the promised “savings” under the president’s healthcare law, that are accounted for in the CBO baseline.



For example, under the alternative scenario that assumes such changes to current law, the CBO projects that deficits would shrink less significantly. Also, deficits would rise to \$1.3 trillion by 2023 (as opposed to \$978 billion in the current baseline) and yield cumulative deficits of \$9.5 trillion (as opposed to \$7.0 trillion). The debt picture would also get darker. Debt held by the public would reach 87 percent of GDP by the end of 2023 (as opposed to 77 percent).

Veronique de Rugy [elaborates](#) on the Congressional Budget Office's new report at The Washington Examiner.

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