

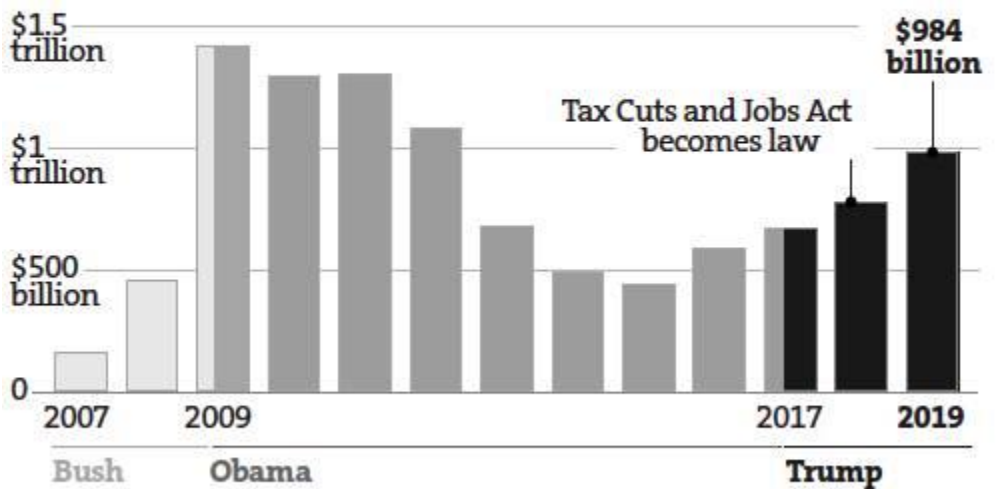
U.S. deficit soars under Trump to \$984 billion

2019 figure comes despite sustained economic growth.

By HEATHER LONG and JEFF STEIN • Washington Post

THE U.S. DEFICIT HAS MORE THAN DOUBLED SINCE 2015

Fiscal-year deficit (The fiscal year runs from Oct. 1. to Sept. 30.)



Source: Treasury Department, Office of Management and Budget

Washington Post

The U.S. government's budget deficit ballooned to nearly \$1 trillion in 2019, a \$205 billion increase from a year earlier, as the U.S. fiscal imbalance widened for a fourth year in a row despite a sustained run of economic growth.

The country's worsening fiscal picture runs in sharp contrast to President Donald Trump's 2016 promise to eliminate the federal debt within eight years. Since taking office, he has endorsed big spending increases and steered most Republicans to abandon the deficit obsession they held during the Obama years.

In 2011, the GOP-controlled House pushed to pass a constitutional amendment to require balanced budgets. And the Obama administration created a deficit commission looking for ways to slow government debt growth. But those efforts have fallen away,

and now budget experts believe the country will see \$1 trillion annual deficits far into the future.

The gap between spending and revenue, referred to as the deficit, grew to \$984 billion in the fiscal year ending Sept. 30, the highest amount since 2012, according to the Treasury Department. The government spent \$4.4 trillion on numerous programs and services and brought in \$3.5 trillion through taxes and other revenue.

It is unusual for the government to run such a large deficit during a period of economic growth because spending on unemployment and other benefits tend to contract and tax revenue often grows. But the White House and Congress have contributed to the deficit's surge by enacting large spending increases and passing the 2017 tax cut law. The budget deficit was \$665 billion in 2017.

U.S. debt is considered one of the safest investments in the world and interest rates remain low, which is why the government has been able to borrow money at cheap rates to finance the large annual deficits. But costs are adding up. The government spent around \$380 billion in interest payments on its debt last year, almost as much as the entire federal government contribution to Medicaid.

Budget experts have also warned that a lack of focus on the deficit could make it much harder for the government to respond to the next budget crisis, because policymakers will have less flexibility to enact new spending programs if they are devoting hundreds of billions of dollars to interest payments.

"This is the first time in our history that we are seeing a boom in the economy at the same time deficits are rapidly rising. It's alarming," said Marc Goldwein, senior policy director of the Committee for a Responsible Federal Budget.

Congress enacted a series of measures to reduce the deficit starting in 2011, and those measures — and a growing economy — led the deficit to fall by nearly 50%. But those gains have been lost by a recent apathy among policymakers.

"There is very little discussion among Republicans about the deficit, and virtually no serious outreach to Democrats for any sort of bipartisan deal," said Brian Riedl, a budget expert at the Manhattan Institute, a libertarian-leaning think tank. "The parties are not talking on this issue."

The government recorded four straight years of budget deficits that exceeded \$1 trillion around the time of the Great Recession, with the worst overrun occurring in 2009 when the deficit reached 9.8% of the U.S. economy, the highest level since World War II. A growing economy and steps taken by the Obama administration and Congress shrank the deficit to just 2.4% of the economy in 2015, but it slowly began expanding again because of spending increases and then the 2017 tax cuts.

Source: Minneapolis StarTribune, October 26, 2019, Page A4