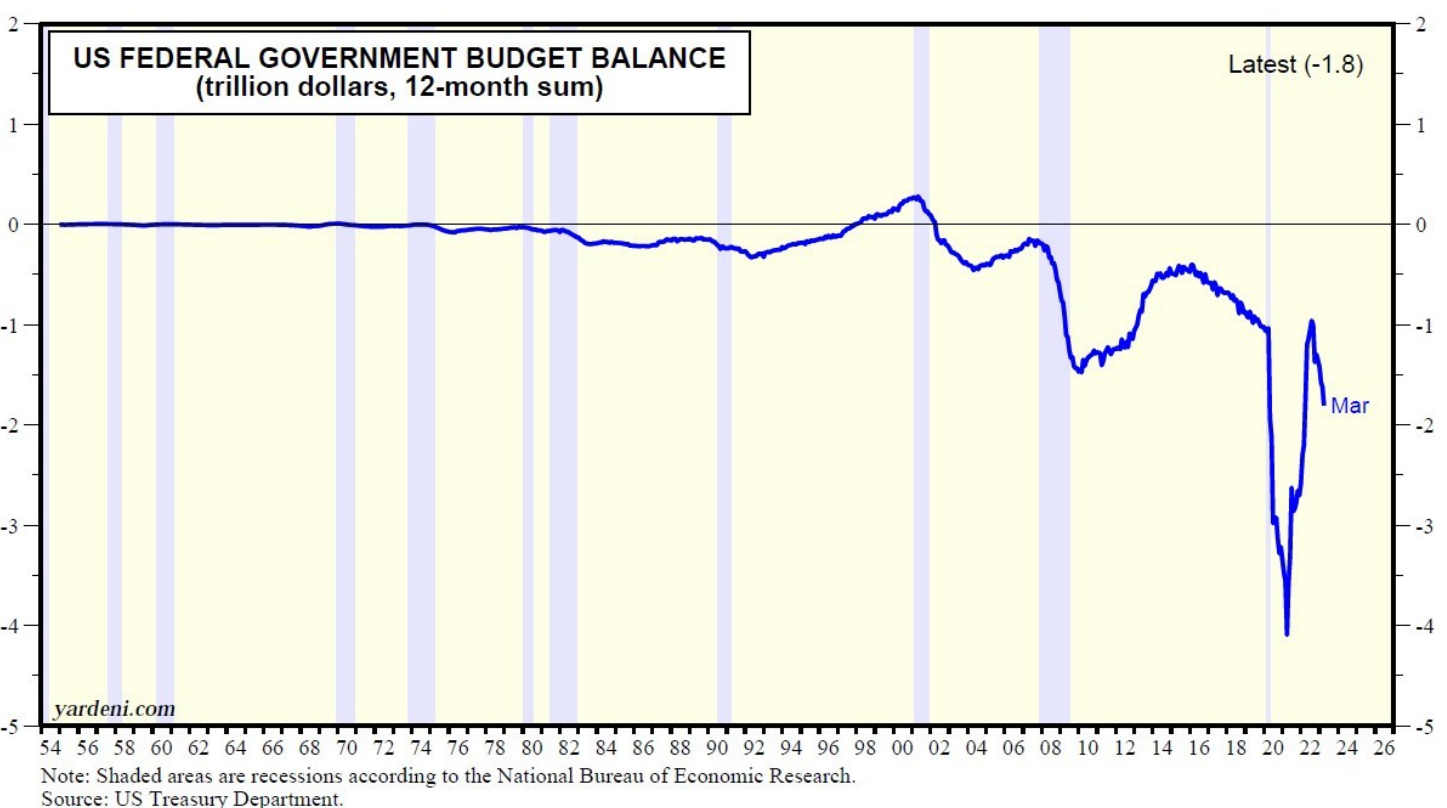
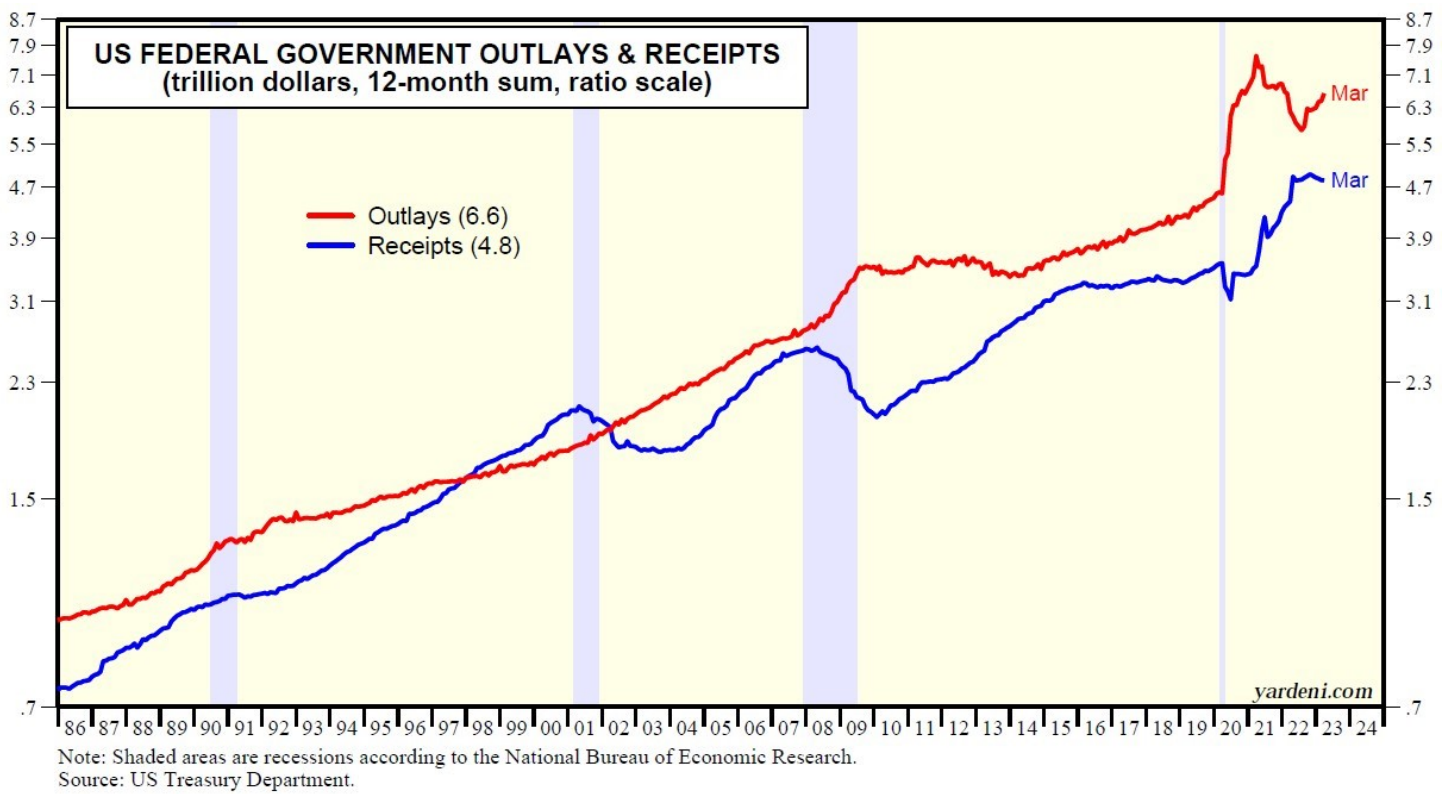


# CHART OF THE MONTH

MAY 2023



As a follow-up to our [April Chart of the Month](#) on the debt ceiling, we examine the deficits that have resulted in a record level of debt.

In mathematical terms, the debt is the sum total of the deficits. A deficit occurs when the federal government's spending exceeds its revenues. The current debt of \$31.4 trillion represents the accumulated deficits over the years (with all but \$6 trillion occurring in the 21st century). The deficits began to skyrocket during the Great Financial Crisis of 2008-2009 and accelerated due to the fiscal stimulus in response to the pandemic in 2020-2021, resulting in a \$4.1 trillion deficit in March 2021.

Based on outlays of \$6.6 trillion and receipts of \$4.8 trillion, the current deficit is \$1.8T as of March 2023 (see top two charts). The debt and deficit work out to about \$95,000 and \$5,500 per person, respectively. A family of four would be responsible for \$380,000 of the debt and \$22,000 of the deficit.

Of the \$31.4 trillion in U.S. government debt, there is approximately \$25.7 trillion in publicly issued Treasury securities. At an average rate of 2.2%, the net interest paid has climbed to \$565 billion over the 12 months through March (see the charts below). The *entire* deficit never reached how much the government is currently paying just to service its debt until 2009. Unfortunately, the combination of rising debt and interest rates will only make matters worse over time. For example, at 3.0%, the annual net interest expense would be \$740 billion. Due to the ever-expanding debt, the interest expense alone could approach or exceed \$1 trillion in two years!

Mounting government deficits and debt are nothing more than intergenerational theft. Ed Yardeni, President of Yardeni Research, recently wrote, "The Baby Boomers are stealing from our children. We are leaving them a huge bequest of debt." The only solutions are decreasing spending, increasing taxes, and/or inflating our way out, policies that would be difficult, if not impossible, for politicians and fed officials, much less the public, to embrace.

