

## Macro Roundup Article

**Headline:** [The Long-Run Fiscal Outlook in the United States](#)

**Article Link:** <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/02/long-run-fiscal-outlook-in-united-states/>

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**Tweet:** The primary source of long-run pressure on the primary deficit is funding Social Security and Medicare obligations. @sffed highlights stabilizing that spending at 2023 levels would not balance the primary deficit for decades.

**Summary:** Figure 3 shows the CBO's projections of the primary deficit (blue line) over the next 30 years. Over the long run, the primary deficit is projected to increase gradually until the early 2040s before plateauing around 2.7% of GDP. The main source of the long-run upward pressure on the primary deficit is spending on mandatory programs such as Social Security and Medicare. The red line shows a projection of the primary deficit in which government health-care spending is assumed to grow at the same rate as GDP from fiscal years 2024 to 2054. The green line is similar but assumes government health-care and Social Security spending grow at the same pace as GDP. The projection shows that limiting spending on these programs to grow no faster than the economy would eventually lead to a primary surplus. However, even imposing this restriction on both health-care programs and Social Security would not eliminate the primary deficit until 2036. Imposing the restriction just on health-care programs would not eliminate it until 2044. Related: The Budget and Economic Outlook: 2024 to 2034 and When Does Federal Debt Reach Unsustainable Levels? and Living with High Public Debt

**Primary Topic:** Fiscal Deficits

**Topics:** Fiscal Deficits, Fiscal Policy, Government Spending, Op-Ed/Blog Post, Politics, Weekly

**Permalink:** <https://www.edwardconard.com/macro-roundup/the-primary-source-of-long-run-pressure-on-the-primary-deficit-is-funding-social-security-and-medicare-obligations-sffed-highlights-stabilizing-that-spending-at-2023-levels-would-not-balance-the-primary-deficit-for-decades/?view=detail>

### Featured Image

**Link:** <https://www.edwardconard.com/wp-content/uploads/2024/02/Primary-Deficit-2023.png>