Macro Roundup Artcile

Headline: CBO Releases June 2024 Baseline Update

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Tweet: According to the new @USCBO projections, interest costs are forecast to double from $345B in FY '20 to $892B in '24, reaching a near-record 3.1% of GDP, more than either defense or Medicare spending. @MarcGoldwein @BudgetHawks

Summary: Rising debt under CBO's baseline is driven by a large disconnect between spending and revenue, with spending totaling $84.9T (24.1% of GDP) over the next decade and revenue totaling $62.8T(17.8% of GDP). By comparison, the 50-year historic average is 21% of GDP for spending and 17.3% for revenue. Interest spending is a particularly large driver of growing spending and deficits. Interest costs are projected to more than double from $345B in FY 2020 to $892B in 2024, reaching a near-record of 3.1% of GDP this year and costing more than either defense or Medicare. Interest costs are projected to exceed their record as a share of the economy next year, top $1T in 2025, and continue to grow to $1.7T – or 4.1% of GDP – by 2034.

Related Articles: An Update to the Budget and Economic Outlook: 2024 to 2034 and Recent Movements in R*: The Most Important Interest Rate That You Have Never Heard Of and The Long-Term Budget Outlook Under Alternative Scenarios for the Economy and the Budget

Primary Topic: Government Spending

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

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