

## Macro Roundup Article

**Headline:** [Why We Have Federal Deficits: An Updated Analysis](#)

**Article Link:** <https://www.mercatus.org/research/research-papers/why-we-have-federal-deficits-updated-analysis>

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**Tweet:** Charles Blahous @mercatus notes that America's long-term Federal fiscal imbalance was largely set between 1965-72. The cost of programs enacted during that period is growing faster than economic output and neither party has made an effort to address this.

**Summary:** Over two-thirds of the structural fiscal imbalance derives from the unsustainable growth rates of federal health programs, most especially Medicare and Medicaid. Irrespective of future policy decisions in other areas such as tax policy, income security, and annually appropriated domestic and defense spending, federal finances will not be stabilized until Medicare and Medicaid's growth rates are moderated. A survey of fiscal stewardship records produces the unsurprising result that more recent officeholders have tended to run far higher federal deficits than those countenanced by previously elected officials. The largest average federal deficits were operated during the Trump administration, followed, in turn, by the Obama, Ronald W. Reagan, and George H. W. Bush administrations.

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