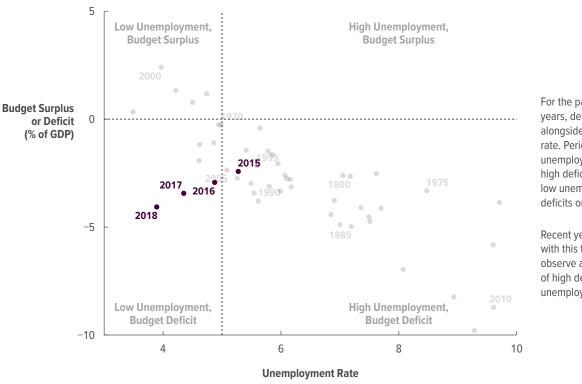
JANUARY 2019

Figure 1-3.

Deficits and Unemployment



For the past 50 fiscal years, deficits rose and fell alongside the unemployment rate. Periods of high unemployment also had high deficits, and periods of low unemployment had low deficits or surpluses.

Recent years have broken with this trend: we now observe an unusual pattern of high deficits during low unemployment.

Source: Congressional Budget Office.

The unemployment rate is the number of jobless people who are available for and seeking work, expressed as a percentage of the labor force.

When October 1 (the first day of the fiscal year) falls on a weekend, certain payments that would have ordinarily been made on that day are instead made at the end of September and thus are shifted into the previous fiscal year. All projections presented here have been adjusted to exclude the effects of those timing shifts. Historical amounts have been adjusted as far back as the available data will allow.

GDP = gross domestic product.