

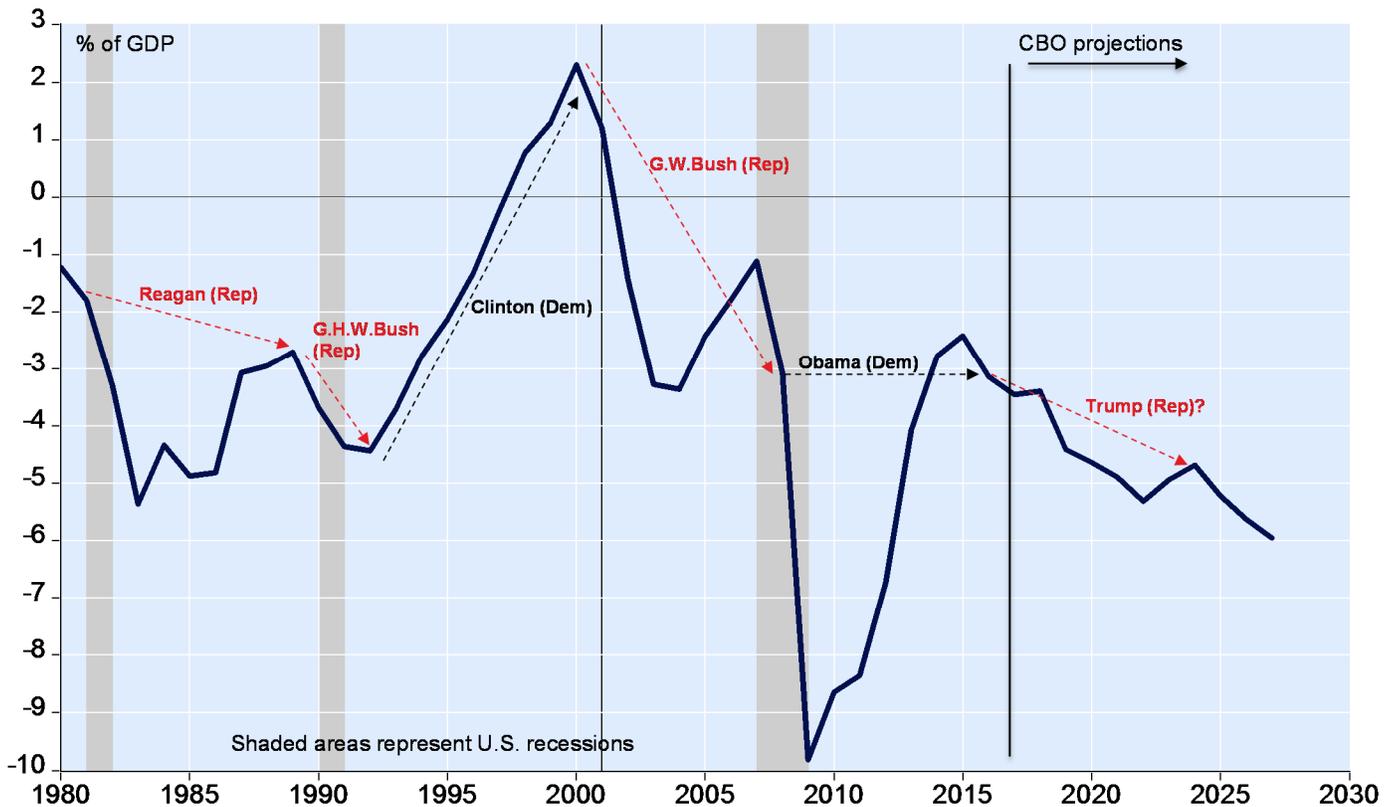
U.S. Watch

The U.S. economy is set for its fourth dose of so-called “trickle-down” policies since 1980. The last three episodes (the Republican presidencies of Reagan, G.H.W. Bush and G.W. Bush) arguably had limited impacts on economic growth and employment, but caused a significant deterioration of the U.S. budget deficit. Those tepid results should not be surprising given the relatively low fiscal multipliers associated with tax cuts for corporations and wealthy individuals. And according to latest projections from the non-partisan Congressional Budget Office, Republican President Trump’s policies won’t produce different results. As today’s *Hot Chart* shows, if the current tax proposal is voted into law and there is no recession over the forecast horizon, the U.S. budget deficit is projected to soar to a massive US\$1.7 trillion or 6% of GDP by 2027. Bond holders, brace for impact.

Krishen Rangasamy

U.S.: Staring down the barrel of massive budget deficits

Budget balance



NBF Economics and Strategy (data via Congressional Budget Office)

Hot Charts

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