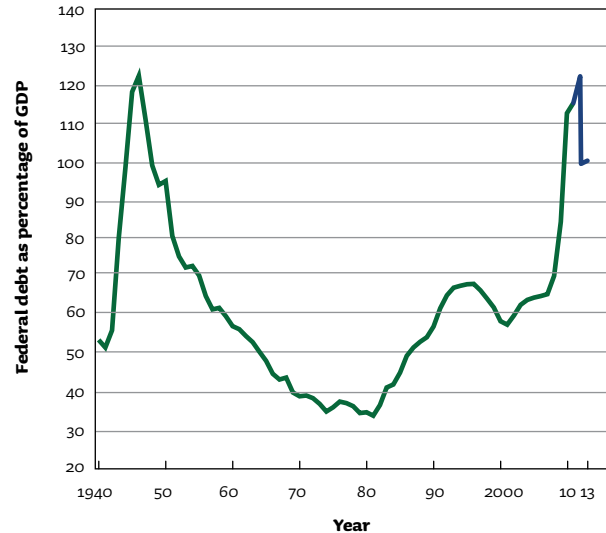
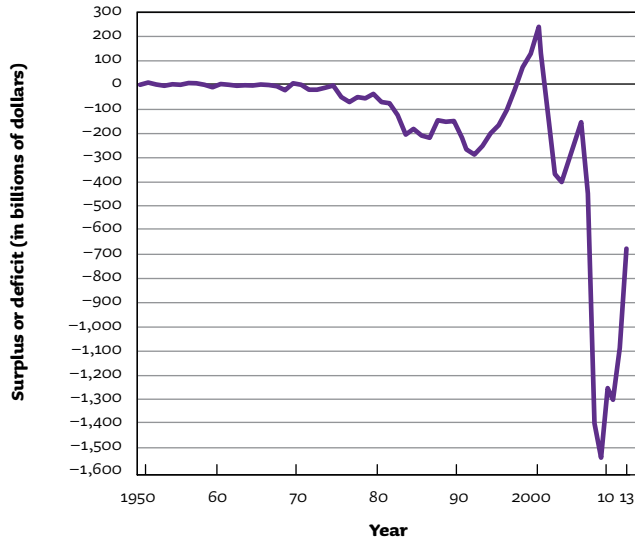


FIGURE 18.2

U.S. FEDERAL BUDGET DEFICIT/SURPLUS AND DEBT



The annual budget deficit (left) is the amount by which government spending exceeds tax revenues. If tax revenue is greater than the government spending, a budget surplus results. In the 1970s and 1980s the United States ran larger budget deficits (in the billions), but the trend was reversed briefly in the 1990s. What stands out, however, is the result of the government's efforts to stimulate the economy to fight the 2008 Great Recession with recent very large deficits. The federal debt (right) represents the total amount of outstanding loans owed by the U.S. government, here presented as a percentage of our GDP. The current debt is approaching 100 percent of the GDP, which has not occurred since the massive national spending that financed our participation in World War II.

Source: Office of Management and Budget, Historical Tables, "Table 1.1: Summary of Receipts, Outlays, and Surpluses or Deficits" and "Table 7.1: Federal Debt at the End of Year: 1940–2015," www.whitehouse.gov/omb/budget/Historicals/.