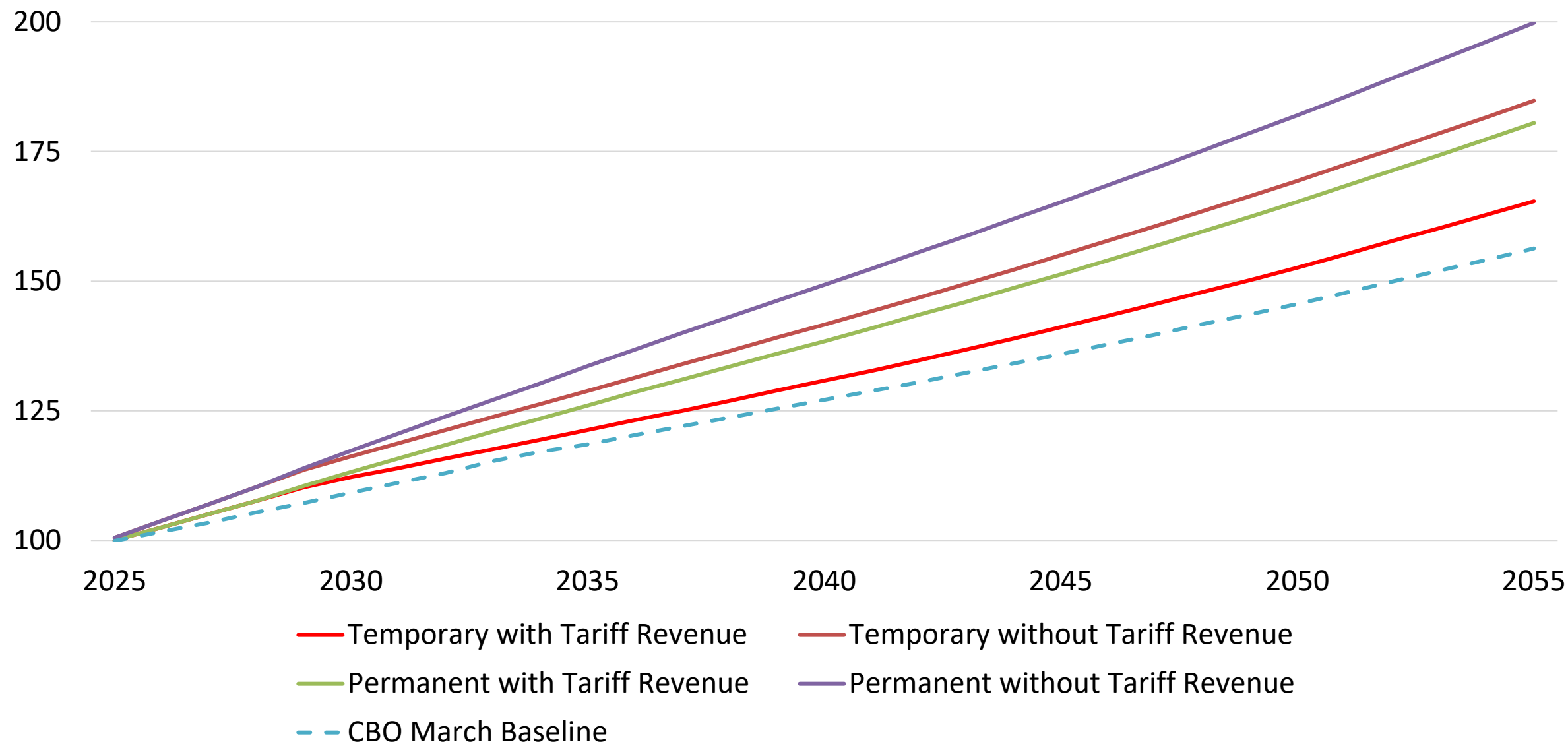


# Fiscal Policy

Alan J. Auerbach

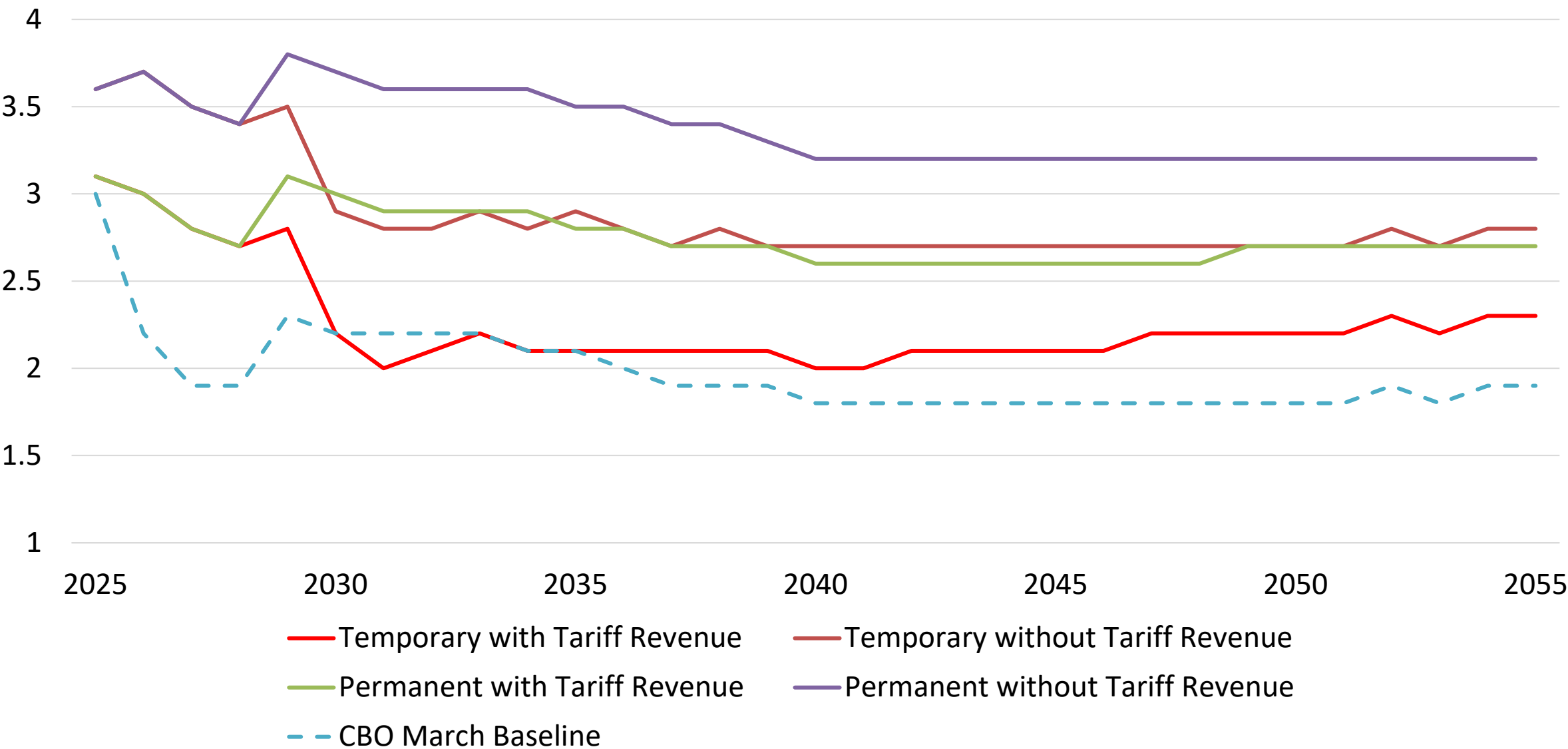
May 30, 2025

# Debt-GDP Ratio



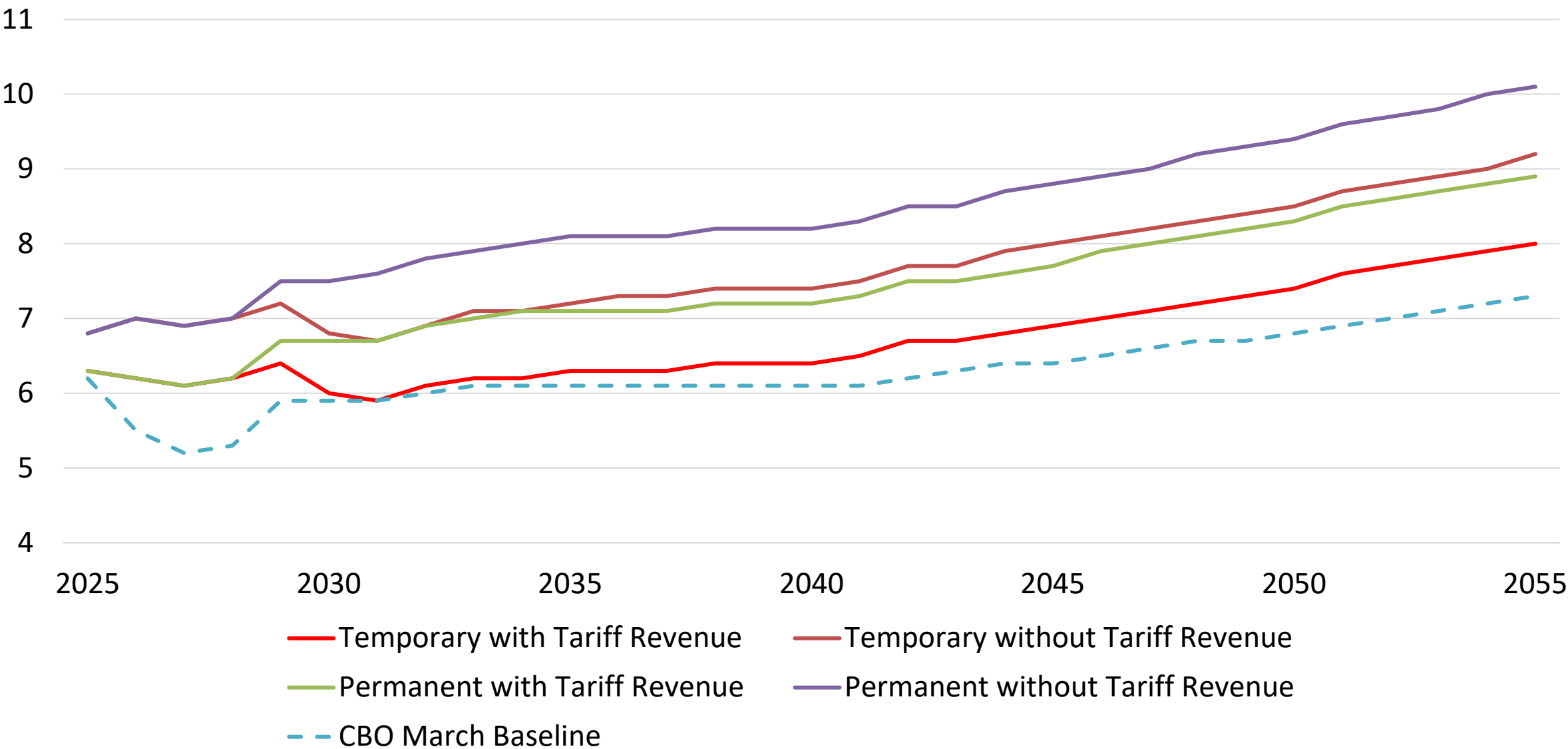
Sources: CBO, Budget Lab at Yale

# Primary Deficit-GDP Ratio



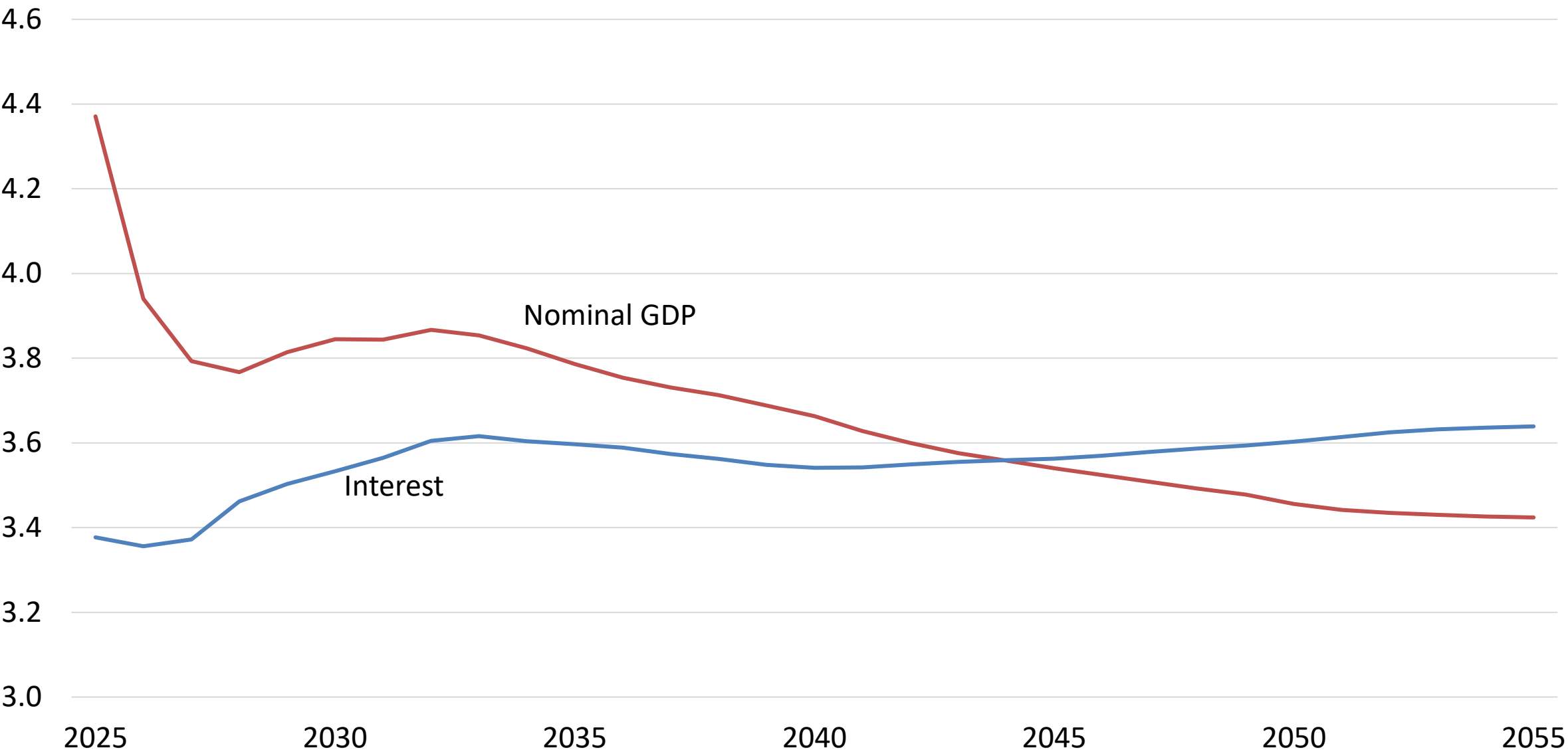
Sources: CBO, Budget Lab at Yale

# Deficit-GDP Ratio



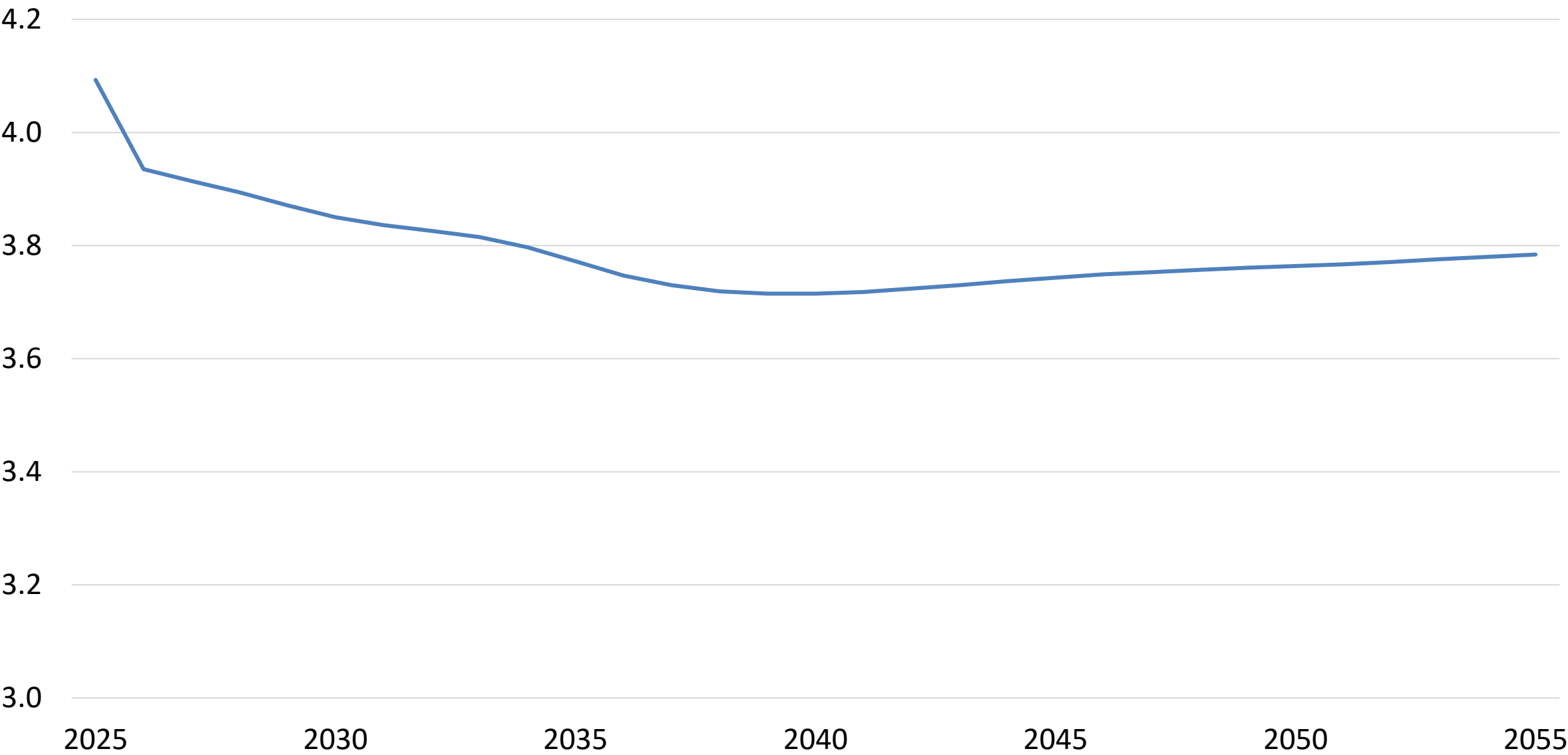
Sources: CBO, Budget Lab at Yale

# Interest and Growth Rates



Source: CBO, March 2025

# Ten-Year Treasury Rate



Source: CBO, March 2025



Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

# Dynamic Effects



**Table 1.—Percent Change in Economic Outcomes Relative to Present Law**

	Fiscal Years		
	2025-29	2030-34	2025-34
Output	0.4%	0.2%	0.4%
Business Capital	0.1%	-0.4%	-0.1%
Labor	0.6%	0.7%	0.6%
Consumption	0.7%	0.8%	0.8%

**Table 2.—Projected Budgetary Effects of the Proposal  
(Billions of Dollars)**

	Fiscal Years		
	2025-29	2030-34	2025-34
Conventional Revenue Estimate	-2,213.9	-1,605.1	-3,819.0
Macroeconomic Revenue Feedback	36.8	66.0	102.8
Total Revenue Effect <sup>1</sup>	-2,177.1	-1,539.1	-3,716.1

Source: Joint Committee on Taxation, JCX-25-25 (May 22, 2025)

# Possible Changes in Legislation