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Notes From Below the Floor

The National Debt

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We hear much about the national debt. For decades, Democrats and Republicans have sparred over it. Since 1929, the United States has had eight years of a budget surplus and 50 years of a budget deficit. To see the problem clearly, we must look at yearly data on standard multiply/divide charts across a long period of time.

To chart the budget receipts and outlays, the budget surplus and deficit, and the gross national product across years gives the clearest picture. Further, we know that interest grows by multiplying, not by adding. Perhaps because of what we learned as children: Put money in the bank and each month, they give a statement that shows the interest *added*--some think assets and debts grow by adding. The statement never says, however, that the interest accumulates by multiplying. And the same is true of a debt.

A Few Definitions

The United States **gross national product**, the GNP, is the value of *all* goods and services produced in the country, from socks and ceilings to surgery and social work services.

The **budget receipts** are the monies the government receives, usually through taxes. The **budget outlays** are the monies it spends on highways, disasters, education, welfare, art, health, etc.

A **budget surplus** occurs in a year when the receipts are greater than the outlays--when the money earned is greater than the money spent. A **budget deficit** occurs when the outlays are greater than the receipts--when the government spends more than it has.

Using the *World Almanac*, I charted these five items across 50 years.

A Few Observations

- The national debt in September 1992 was four trillion dollars ($4,000,000,000,000). In June 1993 it was 4.3 trillion ($4,300,000,000,000).

- For the last 45 years, the gross national product has grown at x1.6 per five years. On the Standard Celeration Chart, x1.0 would be maintaining; x2.0 would be doubling every five years.

- The budget receipts are now growing at x1.4 per five years, the budget outlays at x1.7 per five years. This means that we the people, through the federal government, are spending more than we earn. (As an individual or as a family, how long would we allow that to go on?)

- For the past twenty-five years, the budget surplus has maintained at zero while the budget deficit grows at x2.3 per five years--more than double.

- Our last budget surplus was in 1969. I read somewhere that President Johnson and Congress, anticipating the continuation of the Vietnam War, had budgeted for it. 1969 saw a slowing of the war and therefore an overbudgeting, or a surplus.

- The party of the president or of the congress is irrelevant to the increases and decreases of the surplus and deficit. Not surprisingly, the Great Depression and World War II are the two events with the greatest financial impact in the last 50 years.

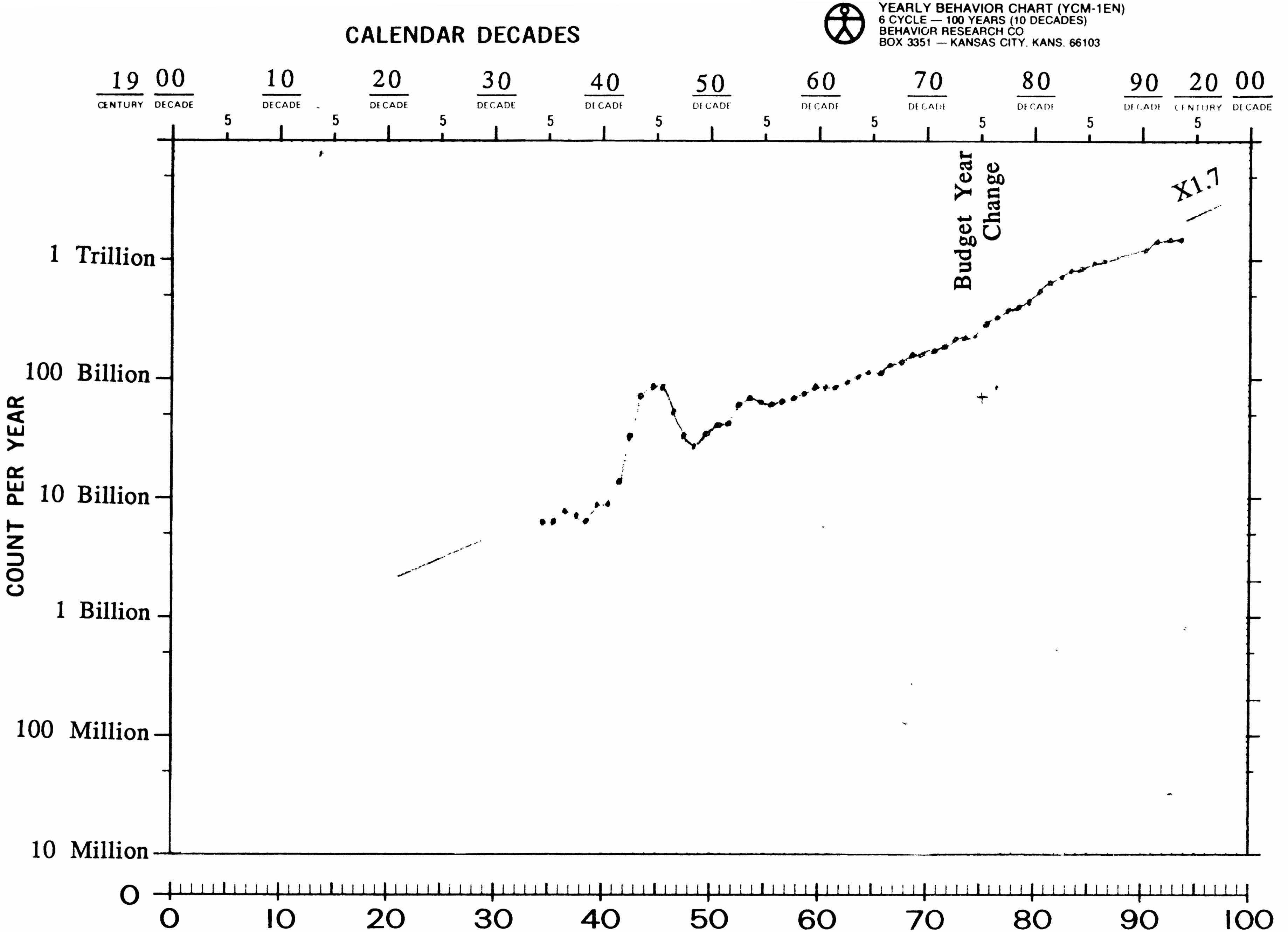
- Most surprising and alarming, there has been little variability in the deficit since 1969, and our receipts and outlays have even less bounce. It is easier to change the behavior of a person when the behavior bounces a lot--more opportunity to reward the desired behavior and punish the undesired. The same may be true of the budget surplus and deficit--the behavior of millions of people: Little variability may make this very difficult to change.

Using the yearly Standard Celeration Chart for these data, makes it clear we are in a crisis--we spend more than we earn and the difference between the two continues to increase. Meager steps, such as cutting the very small NEA budget, are laughable. Cutting a million here, a million there, will do, as the British say, damn all. It is directly analogous to a family saying, "We owe $100,000. We better start a penny jar to pay it off." To save the financial life of this country, we must bite the bullet and take billions of dollars of cuts. Now.

In future articles, I shall look at different parts of the federal budget and at the data back to 1776.

References

The World Almanac 1992. Mahwah, NJ: World Almanac.
The World Almanac 1995. Mahwah, NJ: World Almanac.



1992 Almanac, p. 139

1995 Almanac, p. 108

Budget Outlays

U.S.A.

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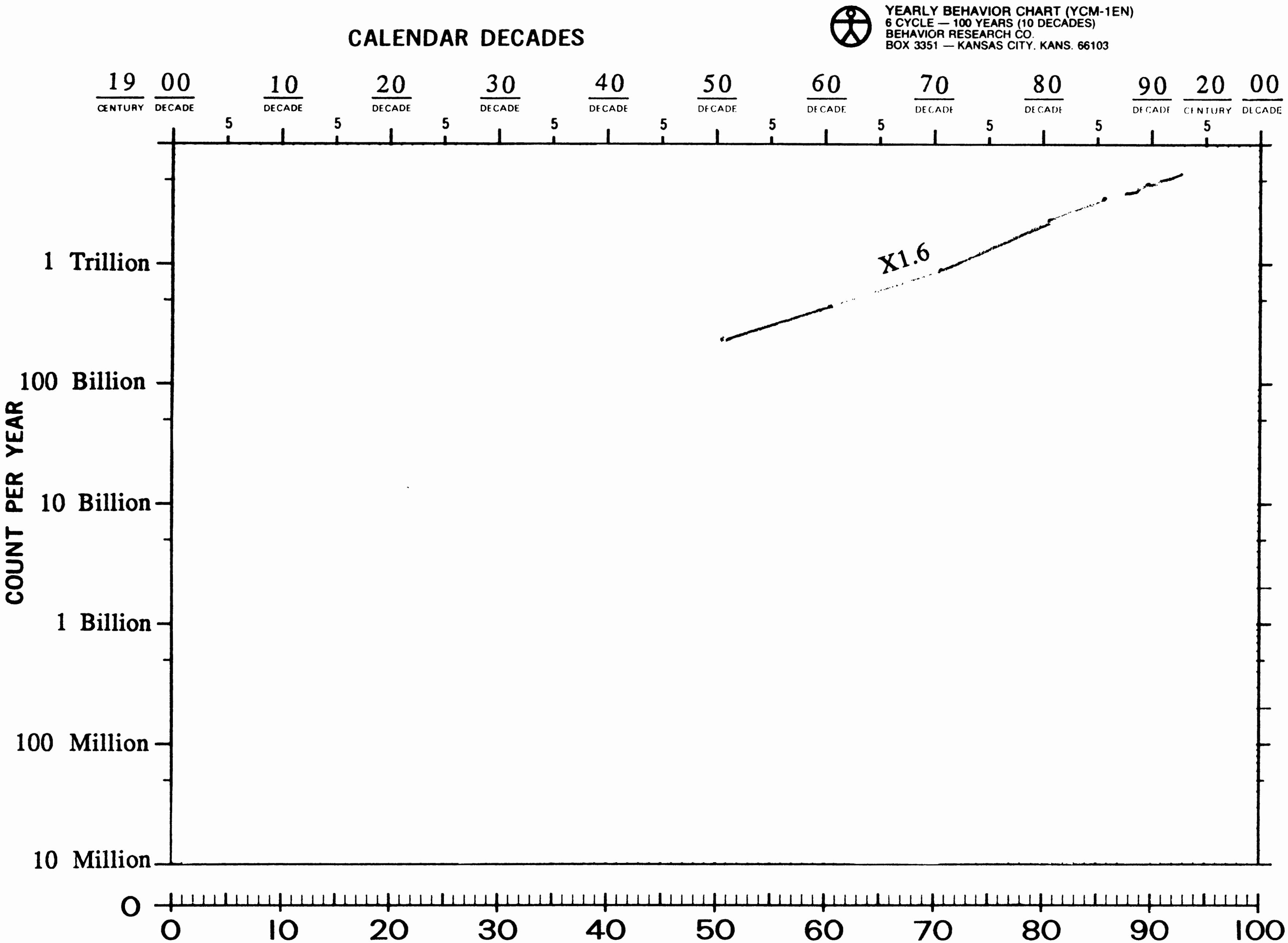
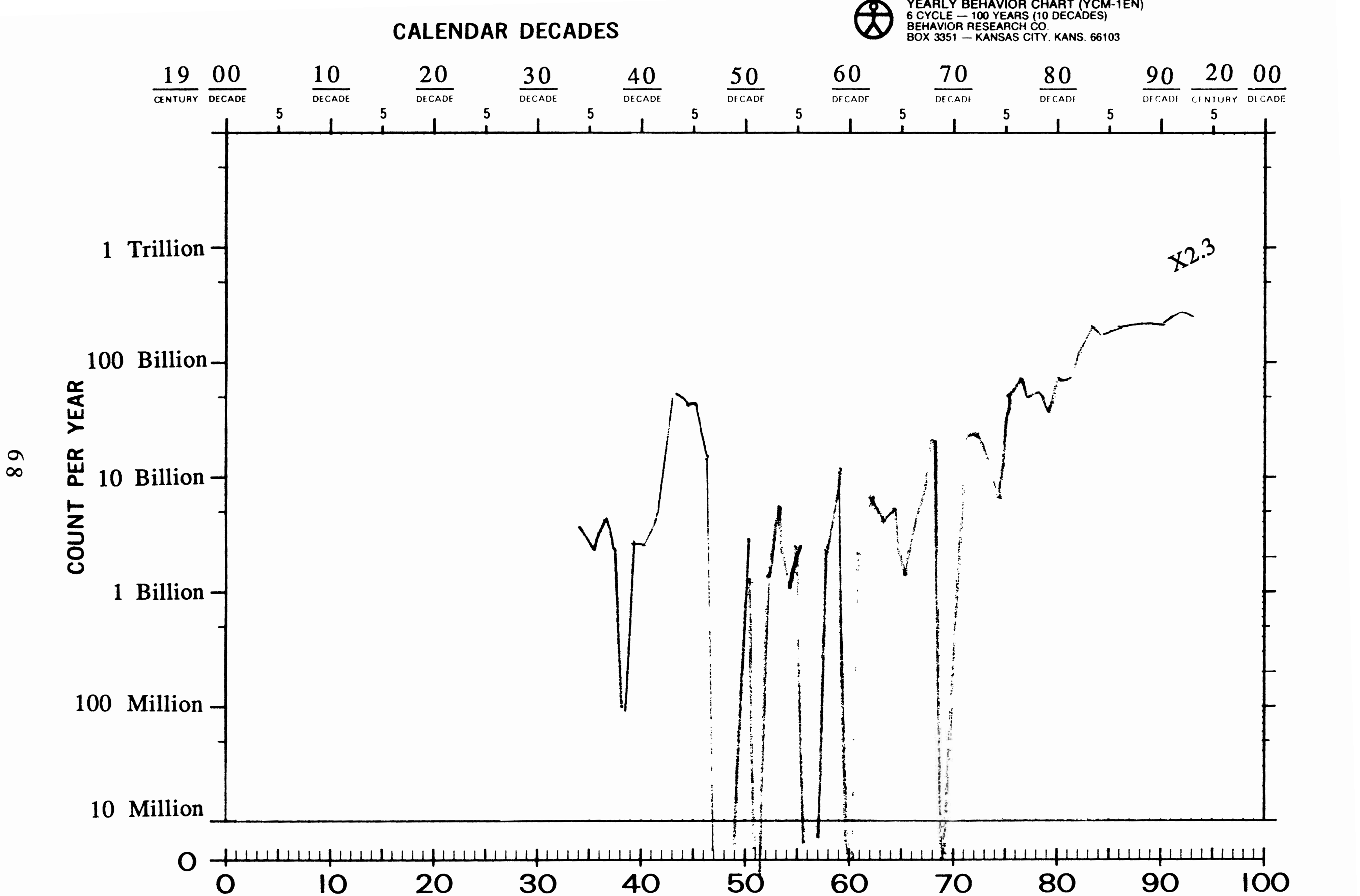


1995 Almanac, p. 111

Gross National Product

U.S.A.



1992 Almanac, p.139

U.S.A.

Budget Deficit

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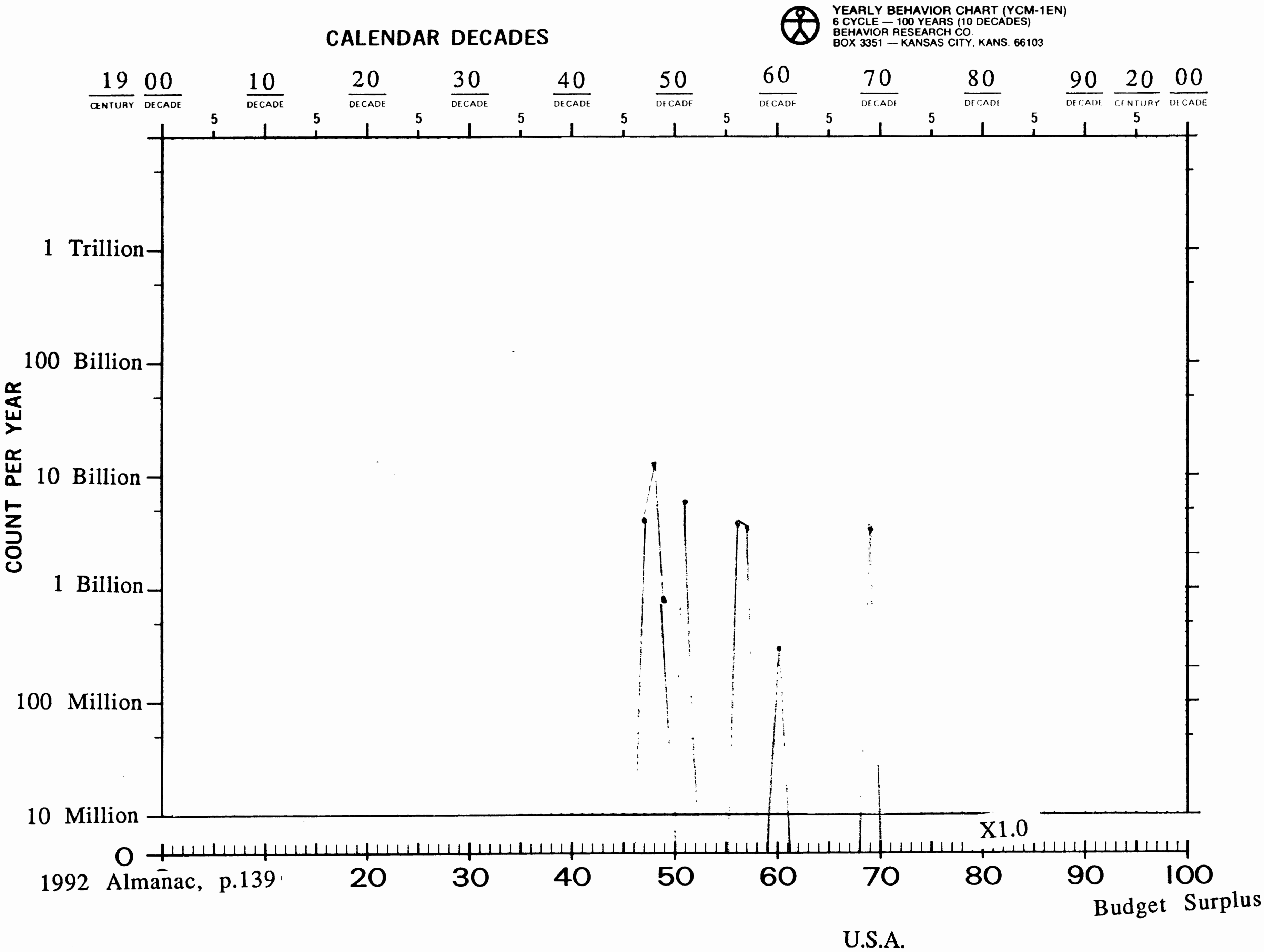
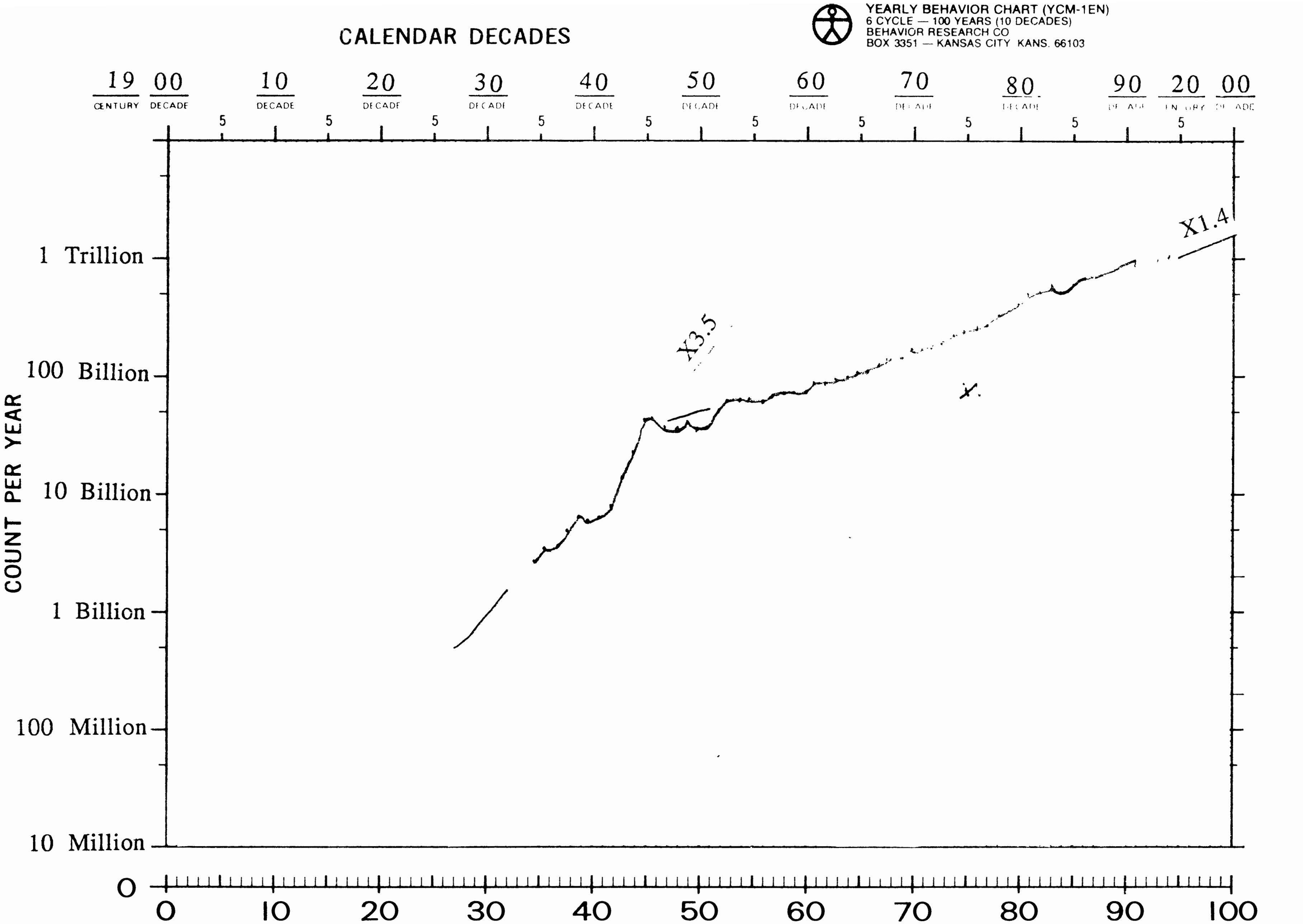

YEARLY BEHAVIOR CHART (YCM-1EN)
6 CYCLE — 100 YEARS (10 DECADES)
BEHAVIOR RESEARCH CO.
BOX 3351 — KANSAS CITY, KANS. 66103
CALENDAR DECADES
19 CENTURY
00 DECADE
10 DECADE
20 DECADE
30 DECADE
40 DECADE
50 DECADE
60 DECADE
70 DECADE
80 DECADE
90 DECADE
20 CENTURY
00 DECADE
COUNT PER YEAR
1 Trillion
100 Billion
10 Billion
1 Billion
100 Million
10 Million
0
X1.0
1992 Almanac, p.139
20
30
40
50
60
70
80
90
100
Budget Surplus
U.S.A.



1992 Almanac, p.139

1995 Almanac, p.107

U.S.A.

Budget Receipts

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