

US Deficit to Become Unsustainable

May 16, 2014 | [Tom Olago](#)

A warning has been issued that under current policies the federal government's deficits "will rise to unsustainable levels." CNSNews.com recently reported that Federal Reserve Chairman Janet Yellen, referencing the Congressional Budget Office's (CBO) long-term budget projections, advised the Joint Economic Committee of Congress accordingly.

In the 10-year budget projections it released in April, the CBO estimated that:

- The federal government will run \$7.618 trillion in deficits from 2015 through 2024.
- The federal government's debt held by the public (primarily consisting of marketable Treasury securities, including bills, notes and bonds) would rise from \$11.983 trillion at the end of fiscal 2013 to \$20.947 trillion by the end of 2024.
- The CBO estimates that by 2024, the total debt of the federal government will be \$27.159 trillion—of which \$20.947 trillion will be debt held by the public. Based on that projection, the federal debt held by the public in 2024 would be more than four times the \$5.035 trillion federal debt held by the public at the end of 2007.
- "Mandatory" federal spending will increase approximately 58 percent over the next ten years, rising from \$2.32 trillion in 2015 to \$3.664 trillion in 2024.

Mind boggling figures. Most people can hardly wrap their heads around billions, yet talking of the U.S debt mostly in terms of trillions of dollars is now commonplace. Perhaps to get some context of just how astronomical these deficit levels are, consider this: According to demonocracy.info ,if you spent \$1 million a day since Jesus was born, you would have not spent \$1 trillion by now.

CNSNews.com continues to explain that the total debt of the federal government at the end of fiscal 2013--including both the debt held by the public and the intragovernmental debt (money the Treasury has borrowed out of the Social Security Trust Fund and other government trust funds to pay current expenses)—was a whopping \$16.719 trillion.

American Thinker.com offered some perspectives on different ways to look at just how much 16 trillion dollars represents:

- 16 trillion dollars is enough to carpet the entire states of Delaware, Rhode Island, and Florida in dollar bills.
- A stack of 16 trillion dollar bills, laid flat on top of each other, packed down with no space between them would go past Mt. Everest, out of the stratosphere, past the international space station, past the moon, around the far side, and back. Twice.
- 16 trillion dollars laid long ways, end to end with no space between them, would go on past the moon, past Venus, past Mercury, up to the surface of the sun, back to Earth, past Earth, past Mars, around the back side of Jupiter, back past Earth again, and back to the sun. If you traveled this loop, the second time you reached the sun you would still have about four trillion left to toss in the sun. You have to get rid of it somehow.

Yellens' comments warning of the federal government's deficit being unsustainable were made against the backdrop of concerns raised by Sen. Dan Coats (R.-Ind.) around the adverse effects of regulation, taxation and fiscal policy on businesses in Indiana. But what will it take for the U.S to

recover?

Says Yellen: “There is more work to do to put fiscal policy on a sustainable course. That progress has been made over the last several years, in bringing down deficits in the short term, but that a combination of demographics, the structure of entitlement programs, and historic trends in health-care costs, we can see that over the long-term deficits will rise to unsustainable levels relative to the economy....putting in place a package of reforms—ones, I know these are very controversial matters--but that would probably help confidence.”

Rather general and vague, and perhaps evasive in terms of some detail of how all this makes for a practical and effective solution. Perhaps some additional context would be more useful.

Romina Boccia in the May 14 edition of *The Foundry* explained: “...The Congressional Budget Office (CBO) projects the deficit to reach its lowest point since before the U.S. recession at \$492 billion—or slightly less than half-a-trillion dollars—in 2014. But the annual deficit figure only tells us about the cash-flow shortfall in the U.S. budget in one year. Each year’s deficit adds to the mountain of current debt, which, according to the Treasury Department, is nearing \$17.5 trillion...Suddenly, a half-trillion dollar deficit in 2014 looks a lot worse. This is also the last year in which the CBO projects deficits will decline. It’s all downhill from here”.

And if that isn’t alarming enough...

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