



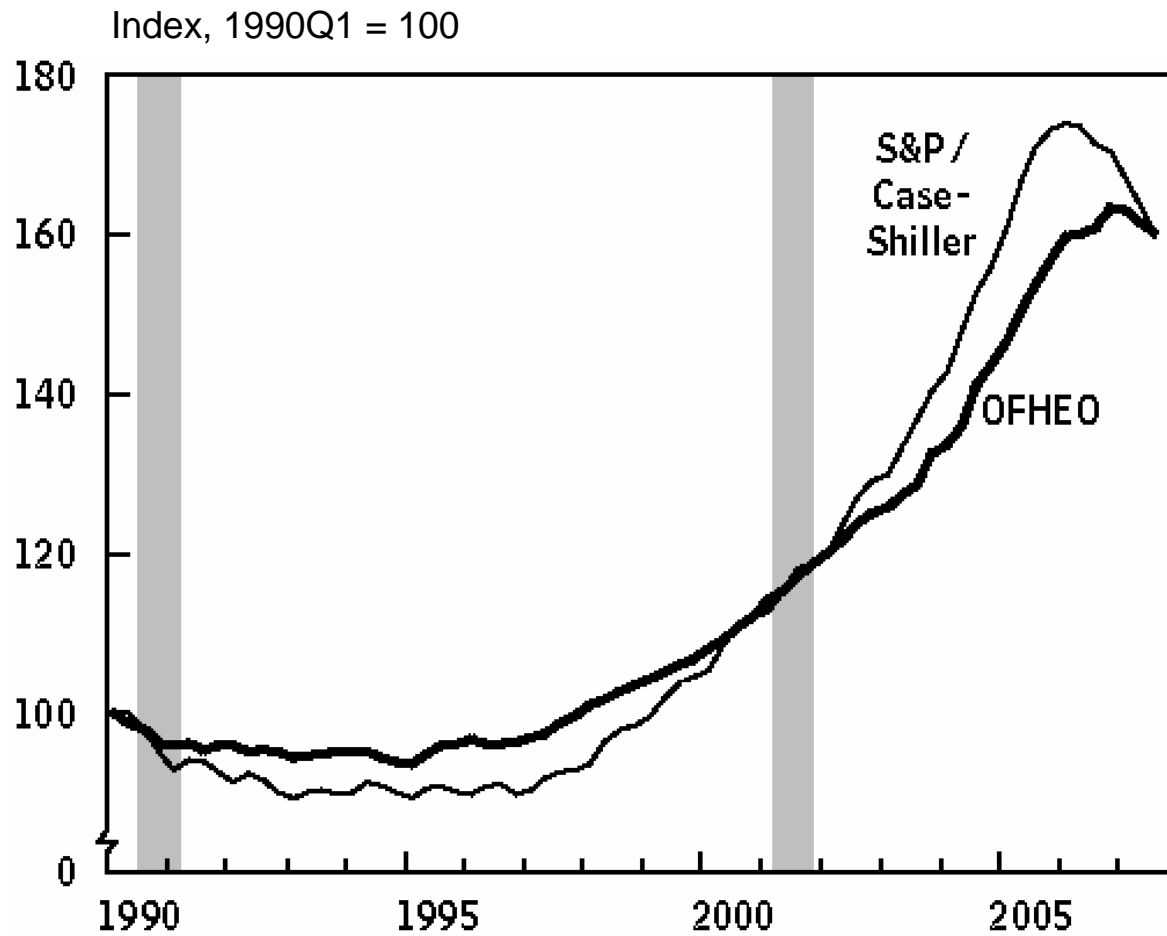
**Congressional Budget Office**

# **The Budget and Economic Outlook: Fiscal Years 2008 to 2018**

**January 23, 2008**

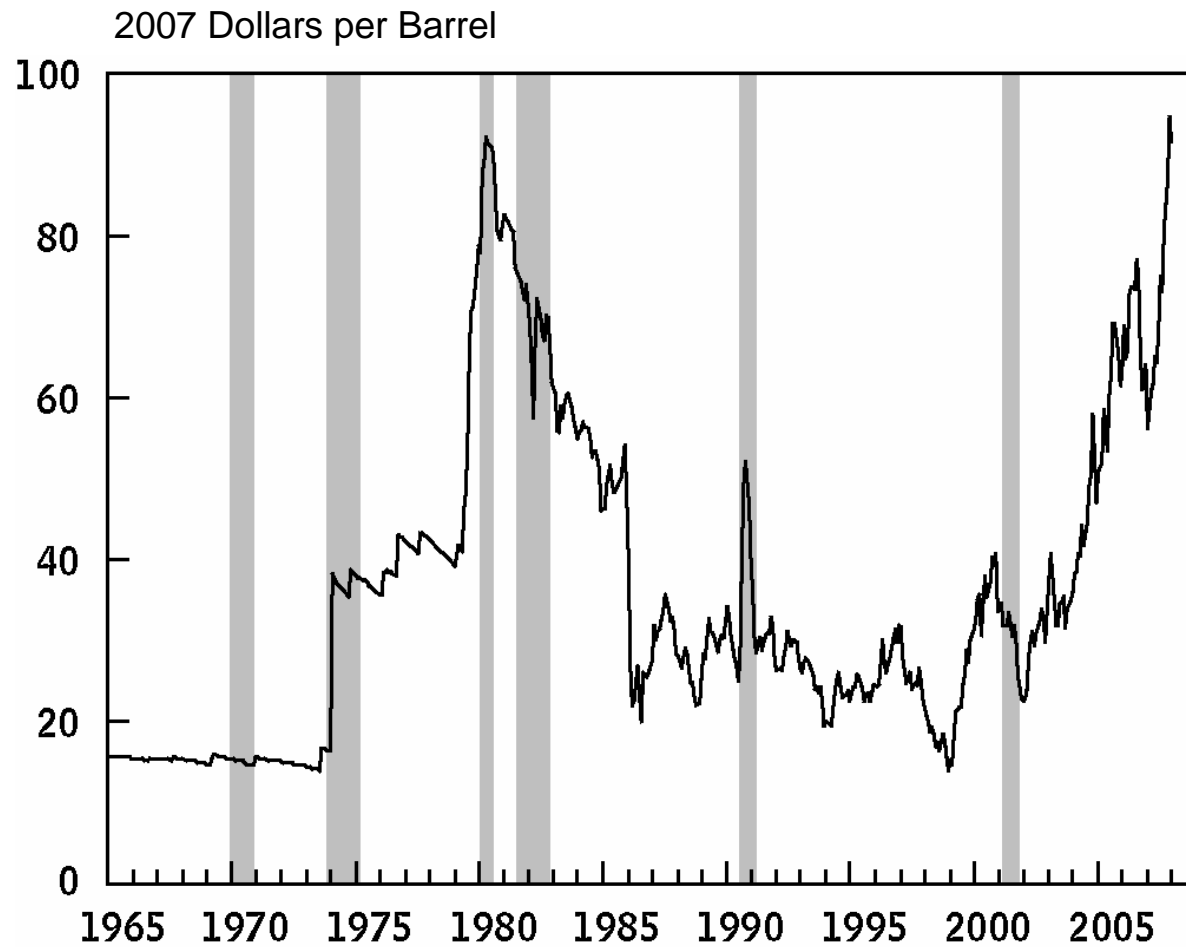


## Inflation-Adjusted Prices of Houses



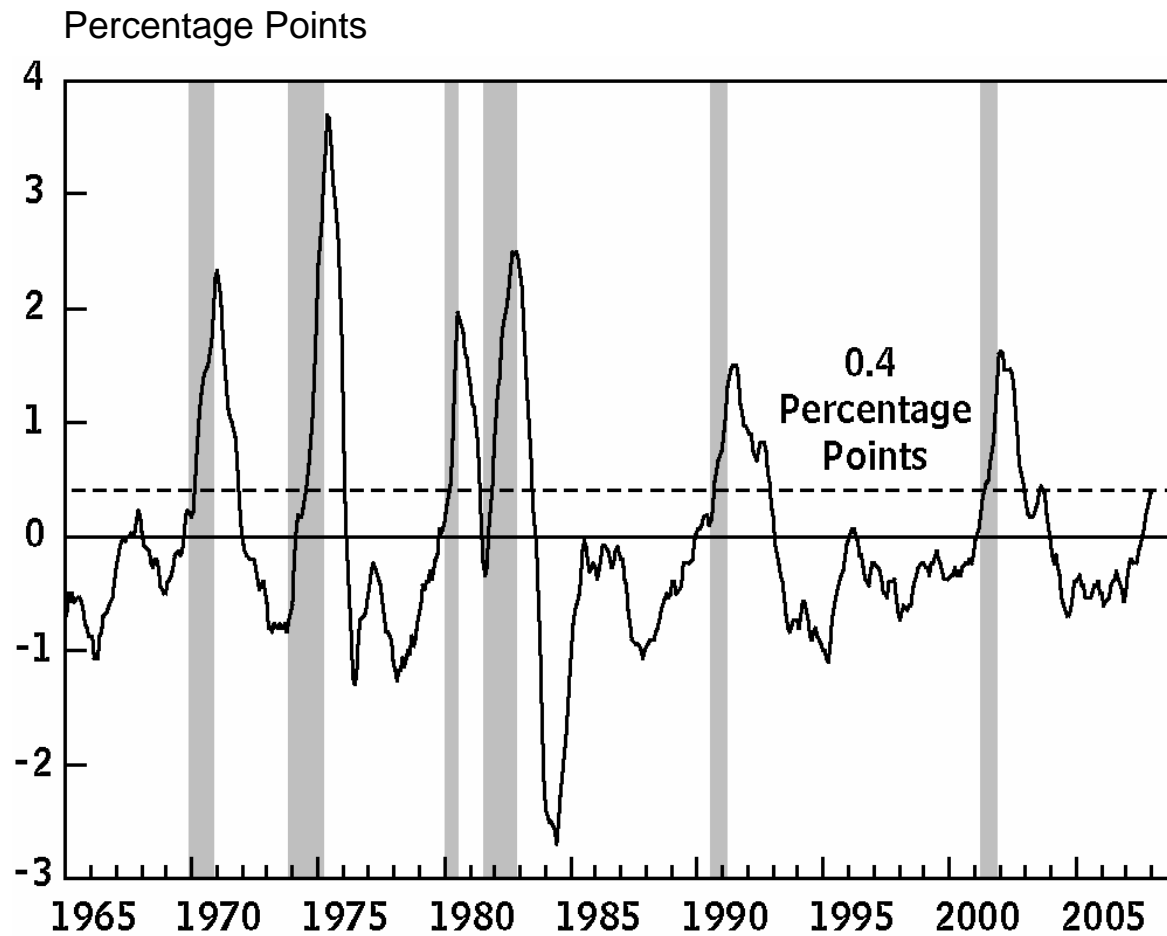


## Inflation-Adjusted Price of Crude Oil



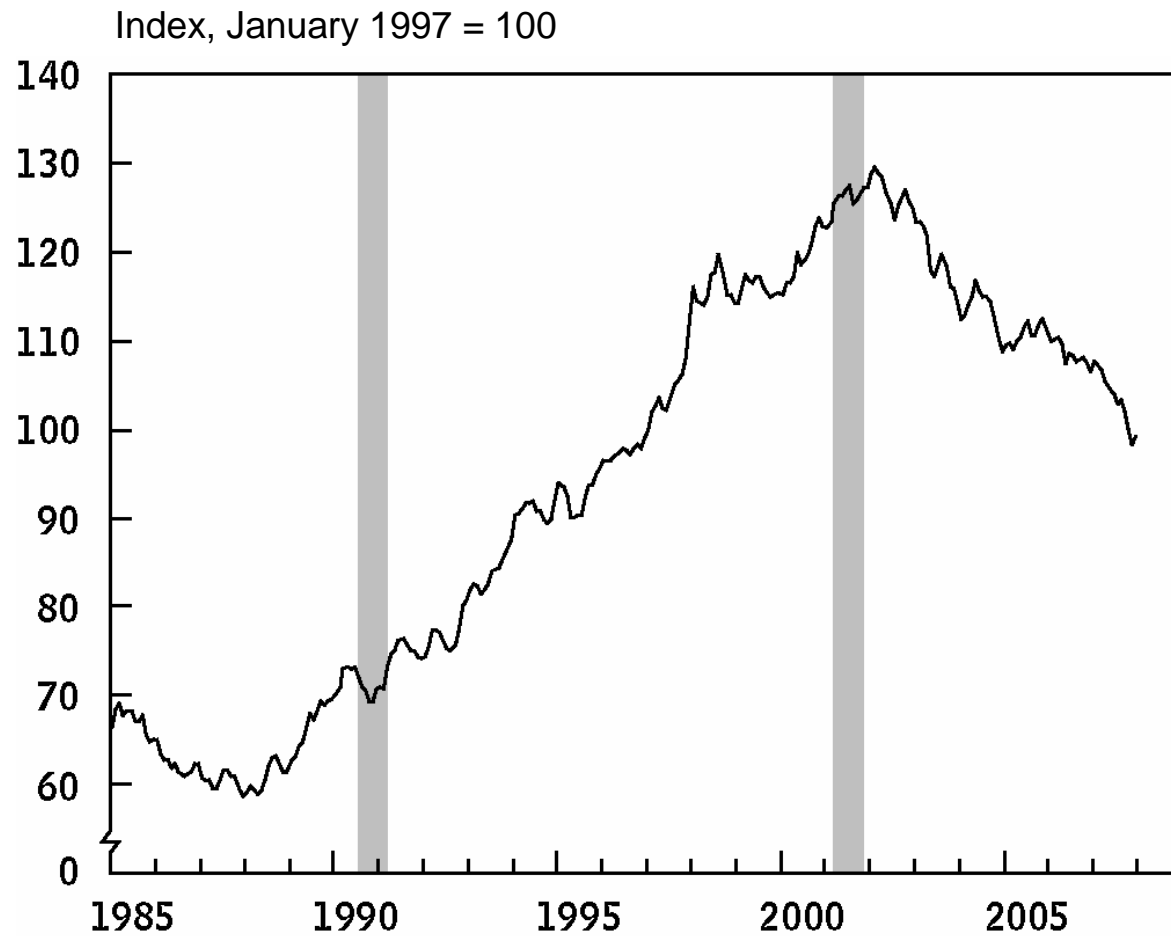


## Changes in the Unemployment Rate



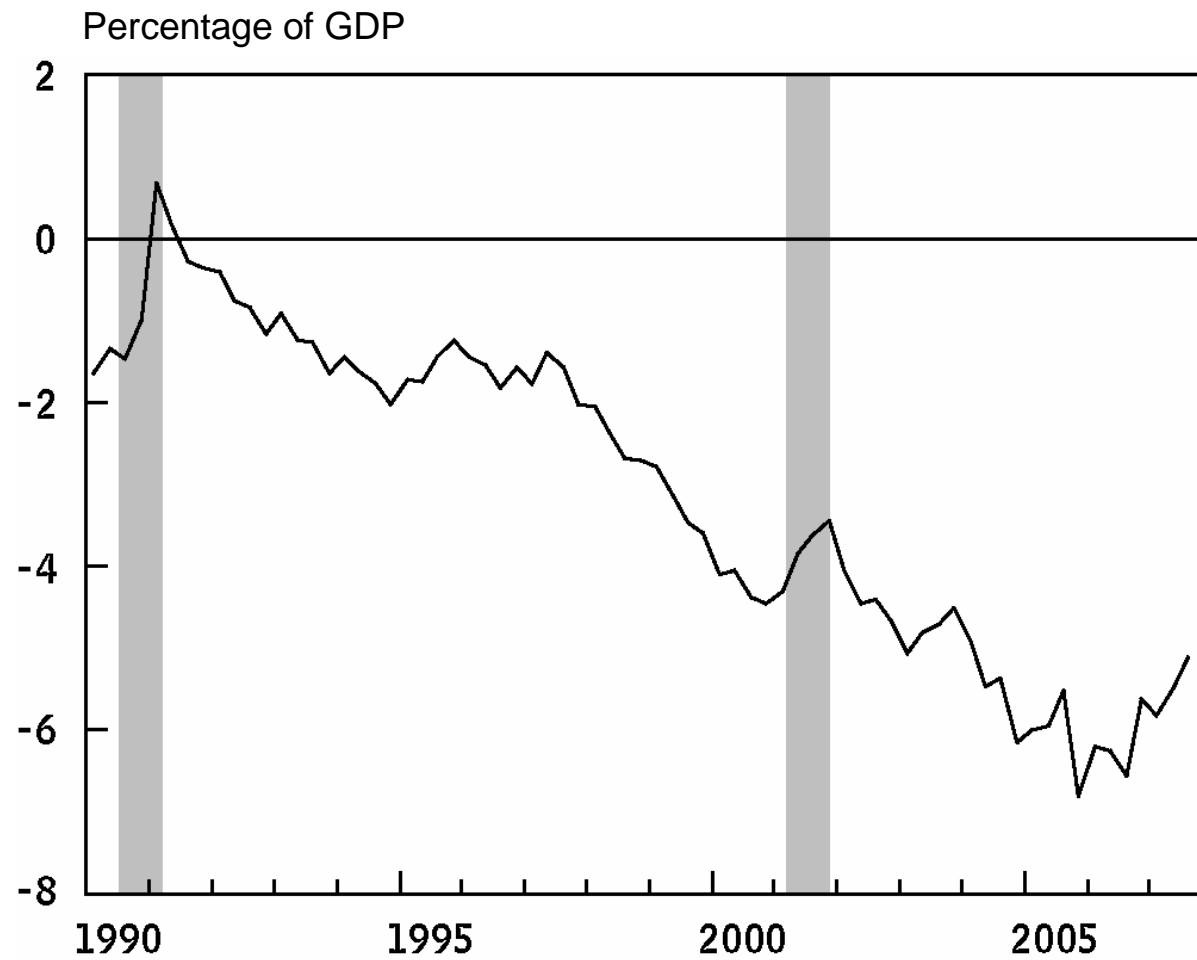


## Nominal Trade-Weighted Value of the Dollar





# The Current-Account Balance





## CBO's Economic Projections for Calendar Years 2008 to 2018

Percentage Change

	Estimated	Forecast		Projected Annual Average	
	2007	2008	2009	2010–2013	2014–2018
<b>Nominal GDP</b>					
Billions of dollars	13,828	14,330	14,997	18,243	22,593
Percentage change	4.8	3.6	4.7	5.0	4.4
Real GDP	2.2	1.7	2.8	3.1	2.5
PCE Price Index	2.5	2.6	1.8	1.9	1.9
Unemployment Rate (Percent)	4.6	5.1	5.4	4.9	4.8



## Average Annual Growth Rates of Revenues Since 1997 and in 2008 in CBO's Baseline

Percent

	Actual		Estimated
	1997–2006	2007	2008
<b>Individual Income Taxes</b>	4.7	11.5	4.1
<b>Corporate Income Taxes</b>	7.5	4.6	-1.7
<b>Social Insurance Taxes</b>	5.1	3.8	4.6
<b>Other</b>	4.0	-4.2	3.1
<b>Total Revenues</b>	5.2	6.7	3.4
<b>Memorandum:</b>			
<b>Consumer Price Index</b>	2.6	2.3	3.2
<b>Nominal GDP</b>	5.4	4.6	3.9



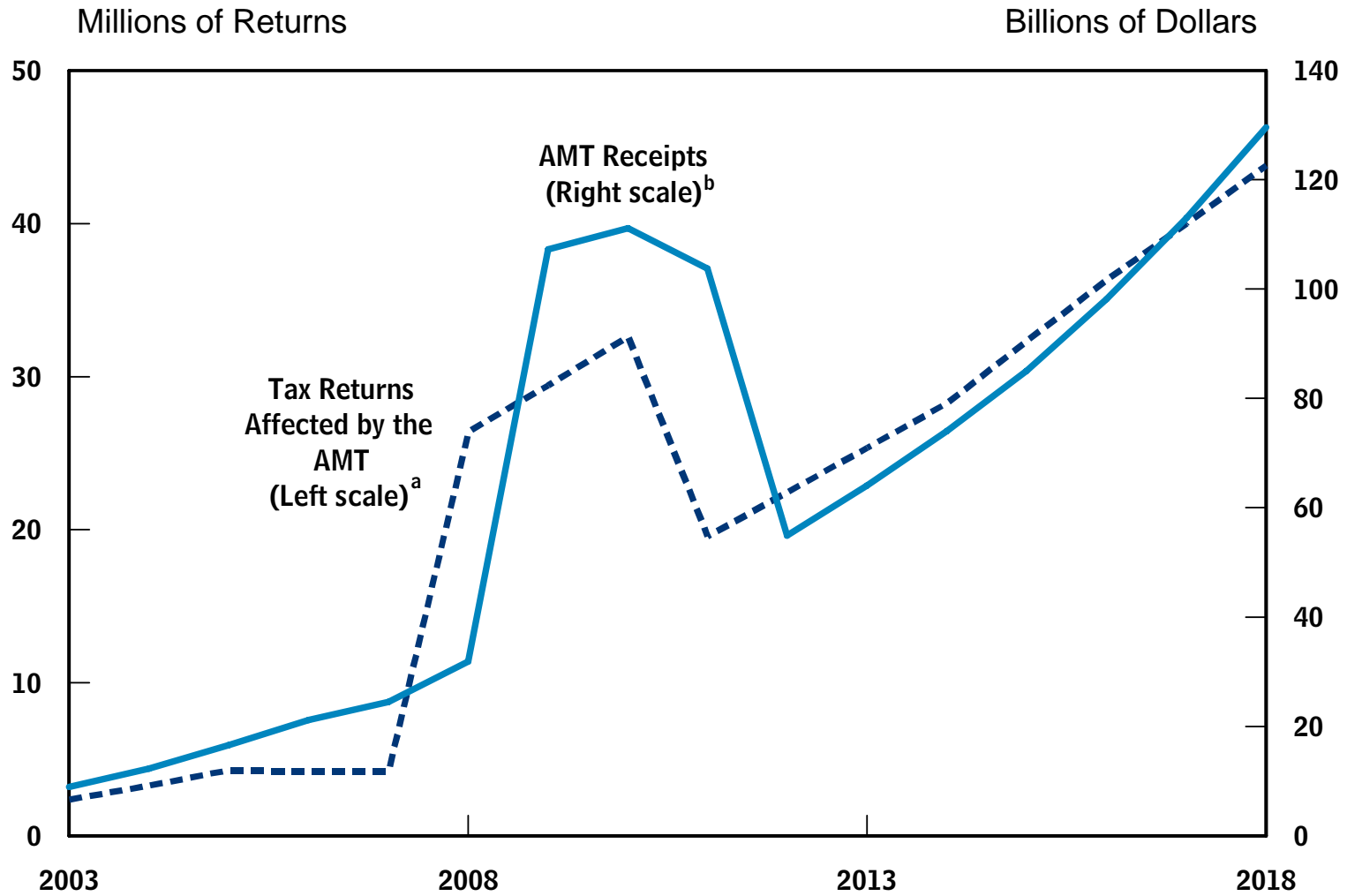


## Total Deficit or Surplus Under CBO's Baseline

	<b>Actual 2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total, 2009- 2018</b>
<b>Percentage of GDP</b>	<b>-1.2</b>	<b>-1.5</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-0.7</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>
<b>Billions of Dollars</b>	<b>-163</b>	<b>-219</b>	<b>-198</b>	<b>-241</b>	<b>-117</b>	<b>87</b>	<b>61</b>	<b>274</b>

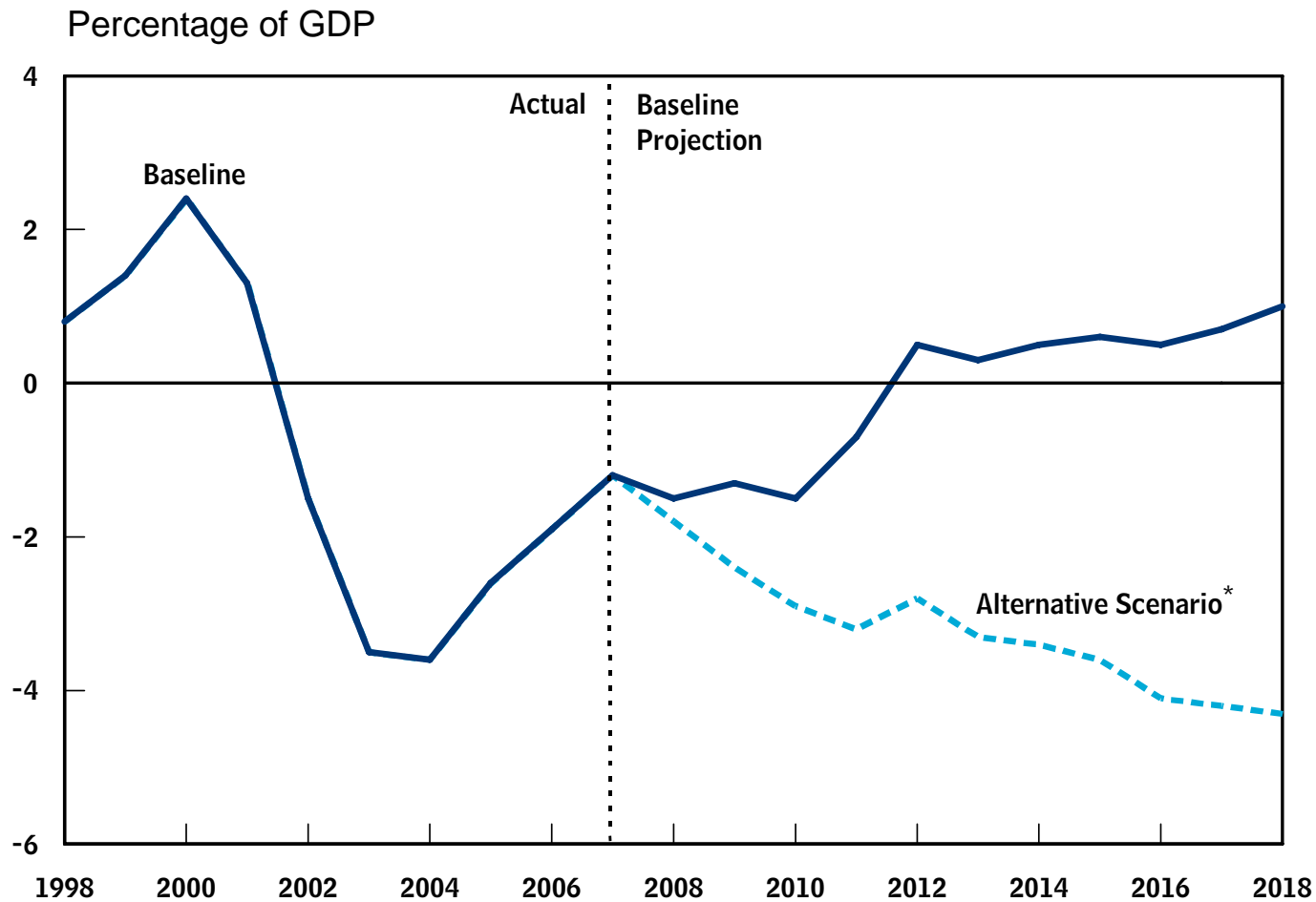


# Effects of the Individual Alternative Minimum Tax in CBO's Baseline





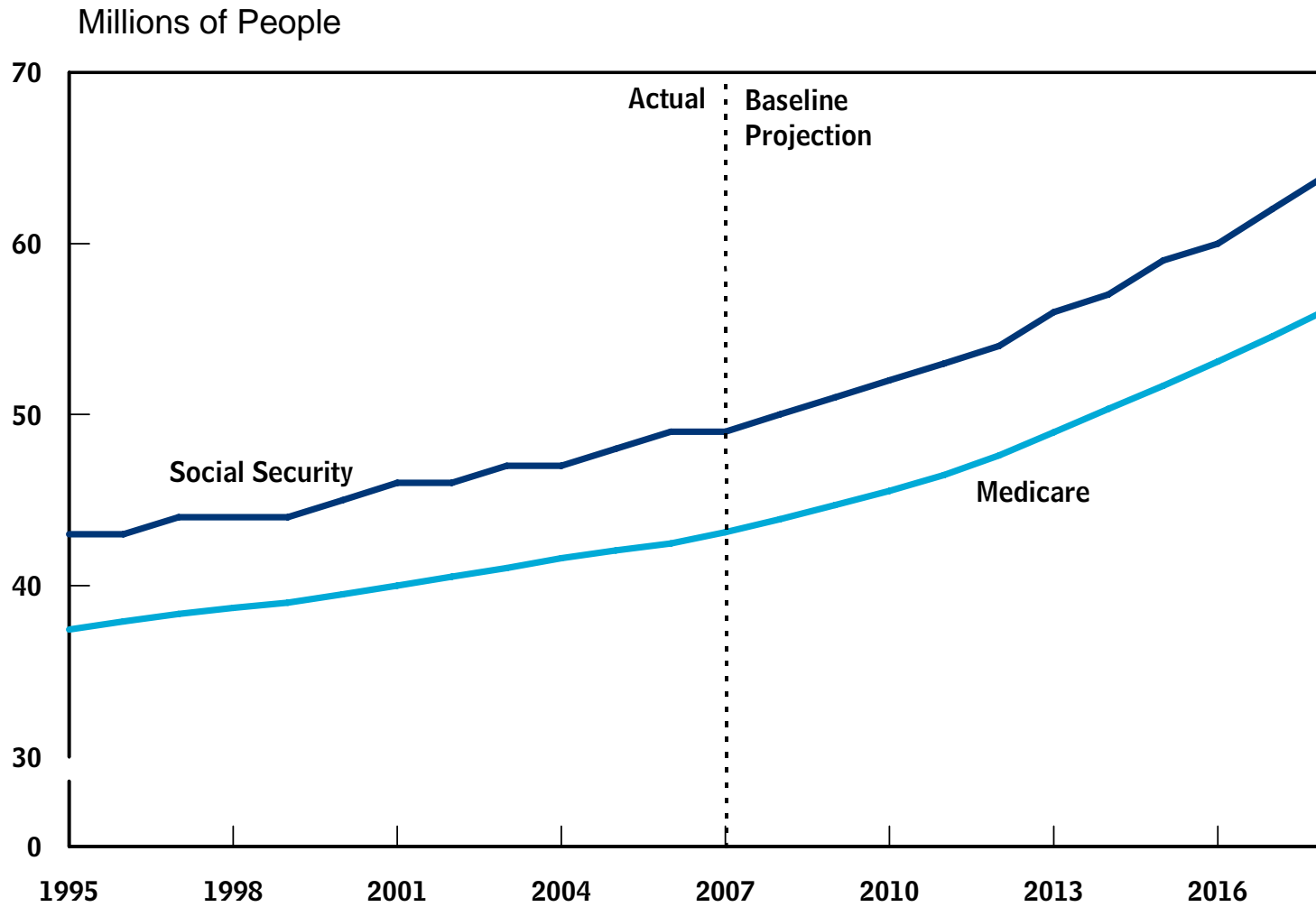
# Total Deficit or Surplus Under CBO's Baseline and an Alternative Scenario



\* Extends all expiring tax provisions, reforms the AMT, assumes the number of military personnel in the war on terrorism falls to 75,000 by 2013, and assumes regular appropriations grow at the rate of nominal GDP

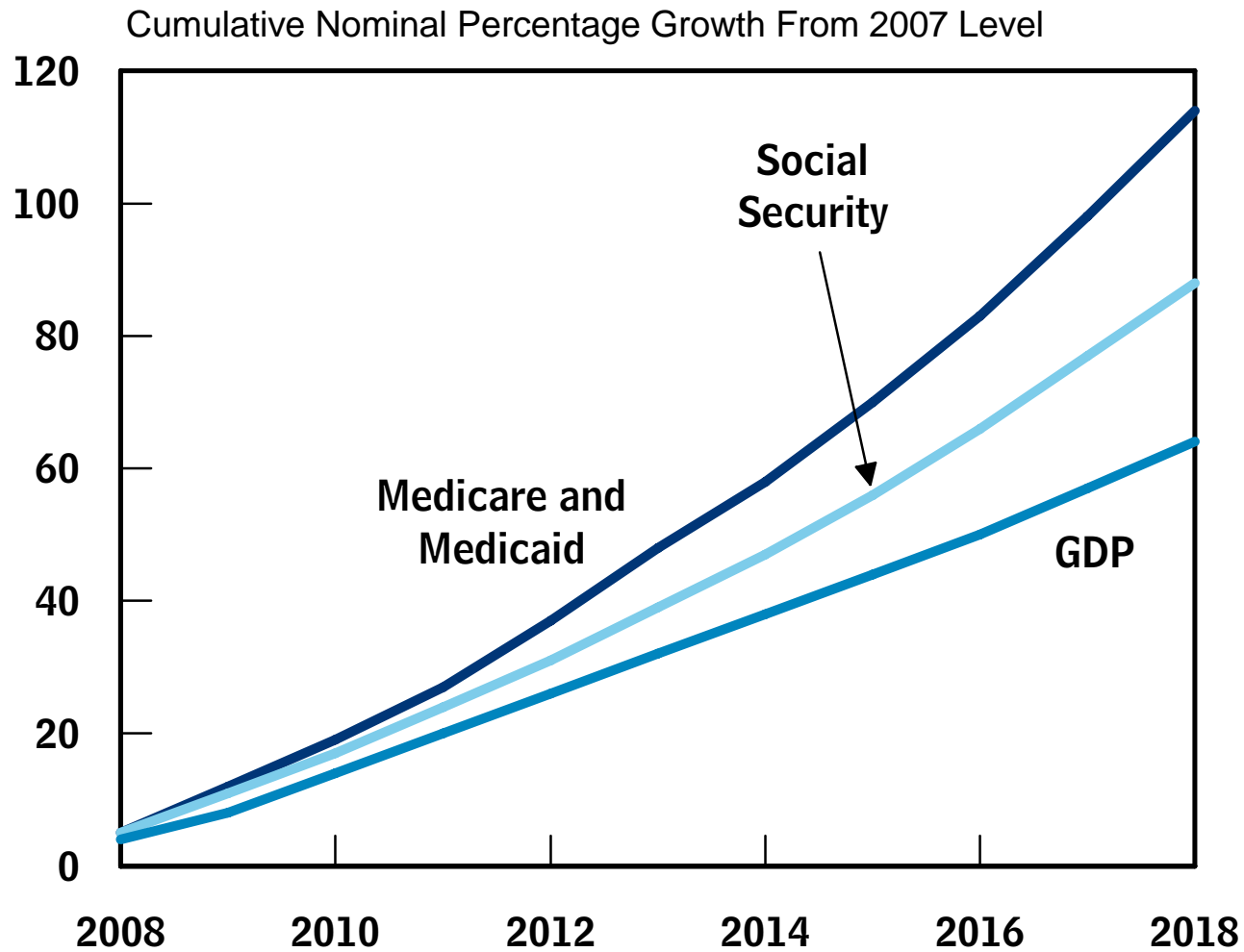


# Caseload Growth in Social Security and Medicare



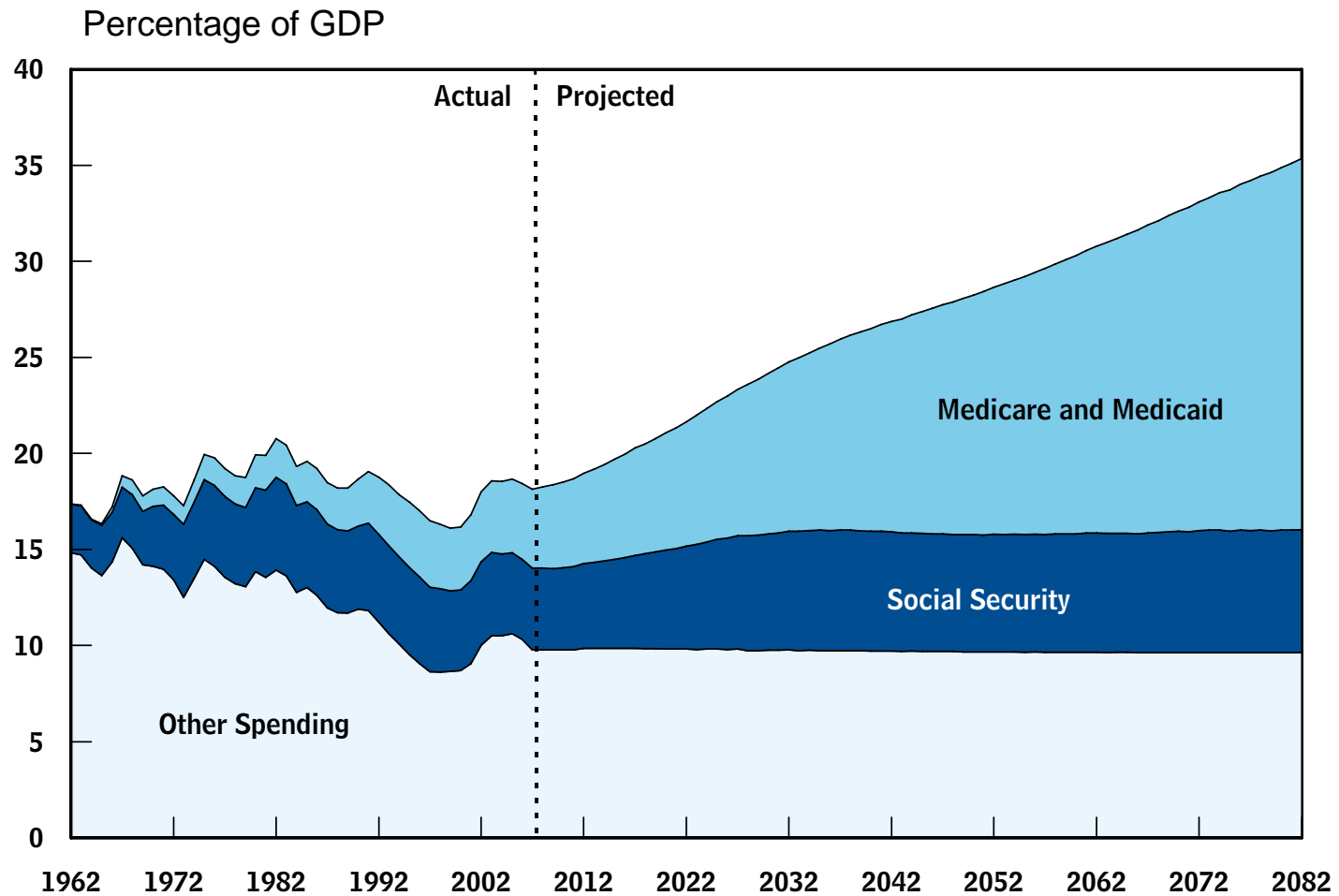


# Projected Growth of the U.S. Economy and Federal Spending for Major Mandatory Programs





# Projected Federal Spending Over the Long Term





# Federal Fiscal Imbalance Under CBO's Long-Term Budget Scenarios

Percentage of GDP

Projection Period	Revenues	Outlays	Fiscal Gap
<b>Extended-Baseline Scenario</b>			
25 Years (2008–2032)	20.2	19.5	-0.7
50 Years (2008–2057)	21.3	21.9	0.6
75 Years (2008–2082)	22.1	23.8	1.7
<b>Alternative Fiscal Scenario</b>			
25 Years (2008–2032)	18.6	21.4	2.8
50 Years (2008–2057)	18.8	24.1	5.2
75 Years (2008–2082)	19.2	26.1	6.9



# Contribution of Aging to the Fiscal Gap Under CBO's Alternative Fiscal Scenario

