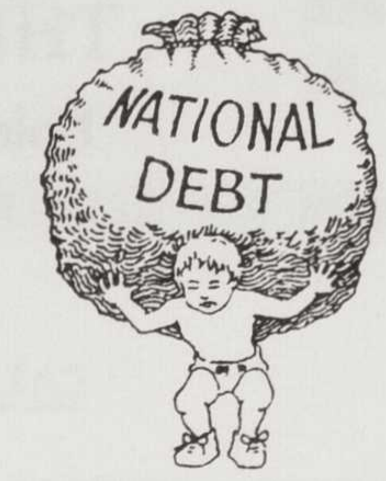
IN ACCORD

AMERICAN CITIZENS COMMITTEE ON REDUCING DEBT



INSIDIOUS CHILD ABUSE

Summer 1992

EASY TO USE BUDGET BALANCER

The U.S. budget is certainly not easy to balance, but the "Easy To Use U.S. Budget Balancer" challenge, inside, is aptly titled. Because it is grouped by budget issues, you can easily use it to find the effect of removing or reducing items which you deplore in the initial 1993 proposal shown here.

Trust funds are included, set apart in shaded segments. However, *cutting trust funds will not directly reduce the true deficit*, as is often implied.

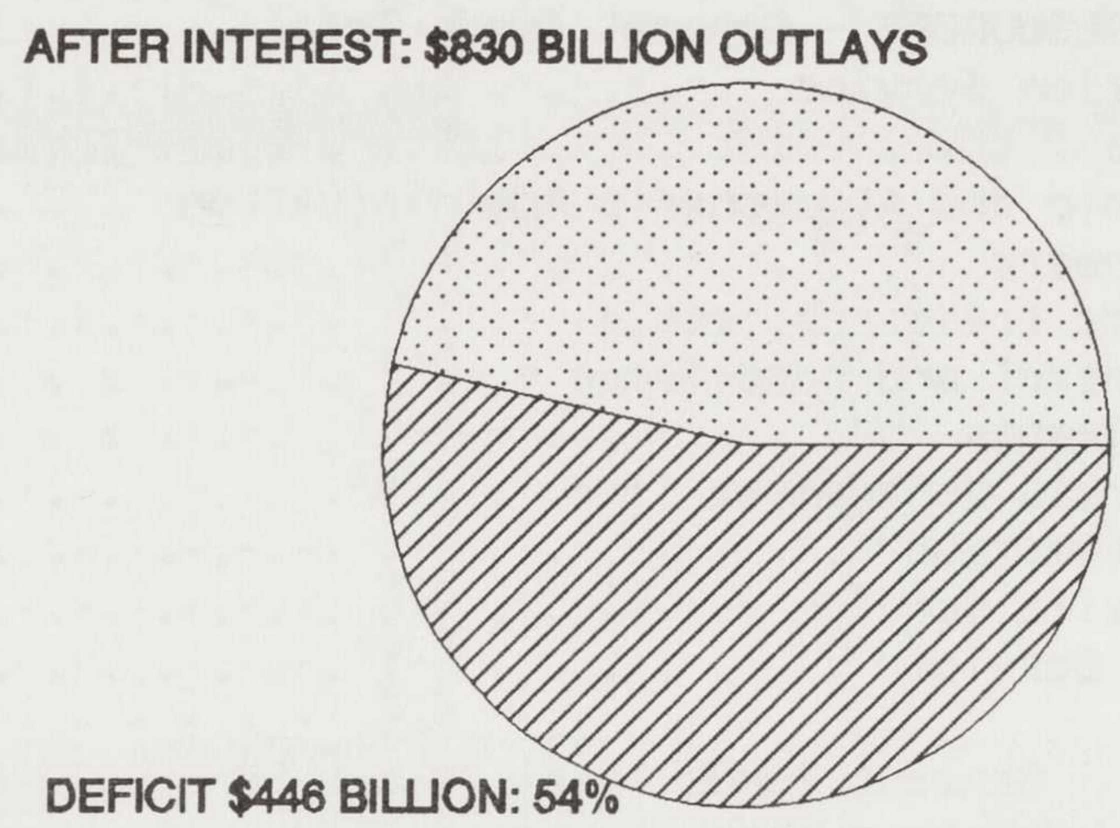
For example, Social Security, under "Seniors", is often discussed as a reduction target. While taking no position, we do point out that such a cut would affect the deficit only to the extent of providing more trust fund surplus which the general fund could borrow.

That borrowed surplus *appears* to lower the deficit under the current "unified" - and fiscally improper - reporting method. But, "the current surplus is being spent now. It's not being put away in a reserve... if tomorrow's recipients are to receive pensions equal to today's, the 2020 work force will have to pay a 40 percent Social Security tax."[1] .

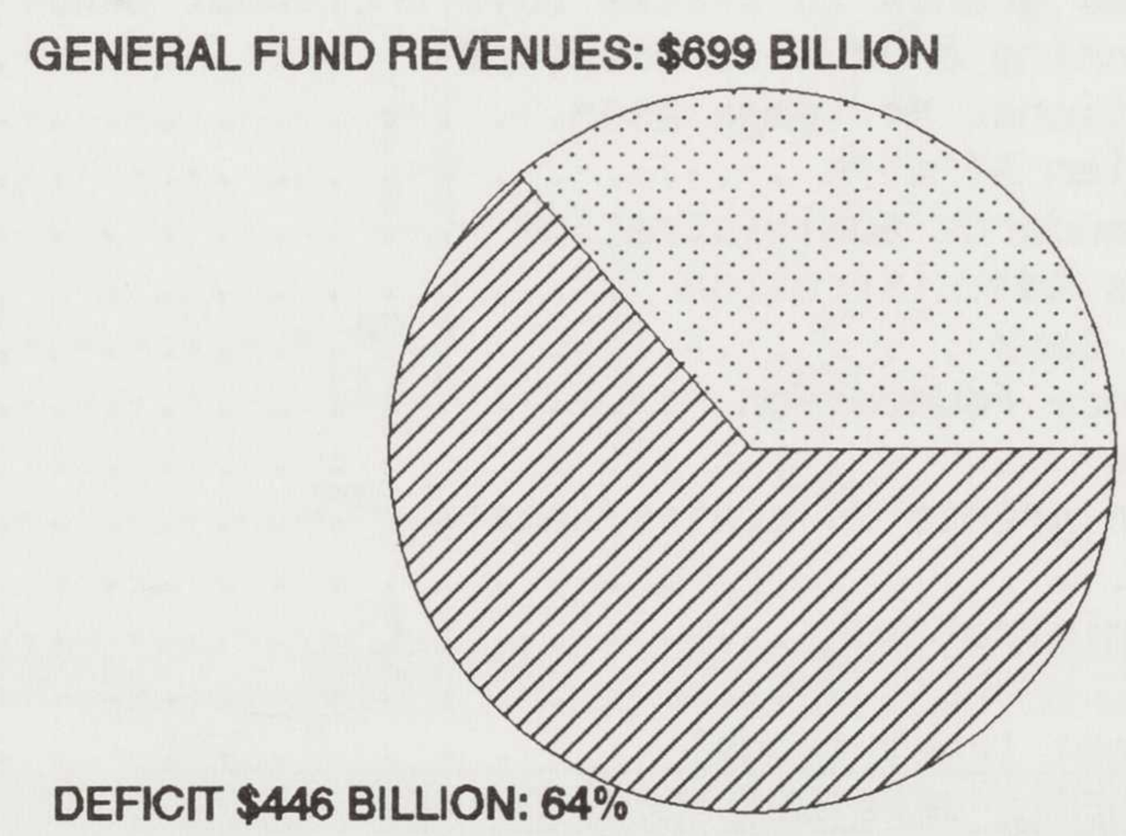
The $446 billion originally proposed true deficit for 1993 is undoubtedly understated. The corresponding initial projection for 1992 understated the deficit by $98 billion, excluding "S and L's", compared to the more current budget shown here. Nevertheless, a *54 percent* reduction in general fund expenditures would be needed, after irreducible interest requirements (1145 less 315), to be in balance. This assumes that there would be no revenue increase beyond the optimistic $699 billion shown.

1. Dorcas R. Hardy and C. Colburn Hardy in *Social Insecurity: The Crisis in America's Social Security System and How to Plan Now For Your Own Financial Survival*

1993 GENERAL FUND OUTLAYS



1993 GENERAL FUND REVENUES



General revenue would need to increase *64 percent* to eliminate the true deficit without cuts.

Use of the worksheet should reveal which, if any, of the budgetary remedies offered by the three presidential candidates - as well as lesser federal candidates - are adequate. The public has not been advised of the enormity and peril of the problem. *Catastrophe* is not too strong a description of the likely outcome unless drastic measures are adopted.