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The Obama Budget: Spending, Taxes, and Doubling the National Debt

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During his presidential campaign, President Barack Obama promised the American people a "net spending cut."[1] Instead, he signed a "stimulus" bill that spends $800 billion, and he has proposed a budget that would:

- Increase spending by $1 trillion over the next decade;
- Include an additional $250 billion placeholder for another financial bailout;
- Likely lead to a 12 percent increase in discretionary spending;
- Permanently expand the federal government by nearly 3 percent of gross domestic product (GDP) over pre-recession levels;
- Raise taxes on all Americans by $1.4 trillion over the next decade;
- Raise taxes for 3.2 million taxpayers by an average of $300,000 over the next decade;
- Call for a pay-as-you-go (PAYGO) law despite offering a budget that would violate it by $3.4 trillion;
- Assume a rosy economic scenario that few economists anticipate;
- Leave permanent deficits averaging $600 billion even after the economy recovers; and
- Double the publicly held national debt to over $15 trillion ($12.5 trillion after inflation).[2]

Before the recession, federal spending totaled $24,000 per U.S. household. President Obama

Talking Points

- President Obama has framed his budget as a break from the Bush Administration's policies. In reality, the Obama budget accelerates Bush's borrow, spend, and bailout policies.
- The President's budget would double the publicly held national debt to more than $15 trillion. Even after the recession, his $500 billion to $700 billion budget deficits would exceed the budget deficits under President Bush.
- Federal spending totaled $24,000 per household before the recession. President Obama's budget would hike spending to $32,000 per household.
- The President's budget would raise taxes by $1.4 trillion over 10 years. These policies would raise taxes for everyone, not just "the rich."
- The President proposes a new PAYGO budget law, but his proposed budget would violate it by $3.4 trillion.

This paper, in its entirety, can be found at:
www.heritage.org/Research/Budget/bg2249.cfm

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would hike it to $32,000 per household by 2019—an inflation-adjusted $8,000-per-household expansion of government. Even the steep tax increases planned for all taxpayers would not finance all of this spending: The President's budget would add trillions of dollars in new debt.

Yet, the President's budget may even understate future spending and deficits. It assumes that the temporary stimulus spending provisions will be allowed to expire and that the $634 billion down payment on universal health care will not be expanded. It proposes destructive income tax increases and a new cap-and-trade energy tax that could devastate the manufacturing sector. Yet, somehow, the budget assumes much faster economic growth than forecast by the Congressional Budget Office (CBO) and the Blue Chip Consensus.

Overall, the President's budget represents a sharp break from the policies that created the most prosperous 25-year period in American economic history. Instead, it puts politicians in charge of an increasing portion of the economy. Congress should discard this tax-and-spend budget and start from scratch.

Doubling Down on President Bush's Economic Policies

President Obama has framed his budget as a break from the "failed policies" of the Bush Administration. Actually, his budget doubles down on President George W. Bush's borrow, spend, and bailout policies. For example:

- President Bush expanded the federal budget by a historic $700 billion through 2008. President Obama would add another $1 trillion.[3]
- President Bush began a string of expensive financial bailouts. President Obama is accelerating that course.[4]
- President Bush created a Medicare drug entitlement that will cost an estimated $800 billion in its first decade. President Obama has proposed a $634 billion down payment on a new government health care fund.
- President Bush increased federal education spending 58 percent faster than inflation. President Obama would double it.[5]
- President Bush became the first President to spend 3 percent of GDP on federal antipoverty programs. President Obama has already increased this spending by 20 percent.[6]
- President Bush tilted the income tax burden more toward upper-income taxpayers. President Obama would continue that trend.[7]
- President Bush ran budget deficits averaging $300 billion annually. After harshly criticizing Bush's budget deficits, President Obama proposed a budget that would run deficits averaging $600 billion even after the economy recovers and the troops return home from Iraq.

1. CNN, "Transcript of Second McCain, Obama Debate," October 7, 2008, at *http://www.cnn.com/2008/POLITICS/10/07/presidential.debate.transcript* (March 11, 2009).
2. Unless otherwise noted, the President's budget numbers come from Heritage Foundation calculations based on U.S. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, D.C.: U.S. Government Printing Office, 2009), pp. 114–134, Tables S-1–S-9, at *http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf* (March 11, 2009).
3. For a list of President Bush's spending hikes, see Brian M. Riedl, "Federal Spending by the Numbers 2008," Heritage Foundation *WebMemo* No. 1829, February 25, 2008, at *http://www.heritage.org/Research/Taxes/wm1829.cfm*. These numbers are adjusted for inflation. President Obama would raise annual federal spending from $3 trillion to $4 trillion (adjusted for inflation) over eight years. These figures do not even include the large (and supposedly temporary) spike of stimulus spending.
4. President Obama's budget includes a placeholder for another round of bailouts.
5. The stimulus package itself may have already accomplished this even before the President's additional budget proposals.
6. For a summary of President Bush's antipoverty spending, see Riedl, "Federal Spending by the Numbers 2008." President Obama's antipoverty spending figure is from Robert E. Rector, "Welfare Spendathon: House Stimulus Bill Will Cost Taxpayers $787 Billion in New Welfare Spending," Heritage Foundation *WebMemo* No. 2276, February 6, 2009, at *http://www.heritage.org/Research/Economy/wm2276.cfm*.

The President's tax policy is the only sharp break in economic policy. President Bush reduced taxes by approximately $2 trillion; President Obama has proposed raising taxes by $1.4 trillion. In doing so, President Obama has rejected the most successful Bush fiscal policy. In the 18 months following the 2003 tax rate cuts, economic growth rates doubled, the stock market surged 32 percent, and the economy created 1.8 million jobs, followed by 5.2 million more jobs in the next 27 months.[8] Not until the housing bubble burst several years later did the economy finally lose steam. Pro-growth lawmakers should embrace tax relief policies that have proven successful, while rejecting the runaway spending that has been business as usual in Washington.

The Mythical "$2 Trillion in Savings"

During his recent address to a joint session of Congress, President Obama previewed his budget by asserting that the Administration has "already identified $2 trillion in savings over the next decade."[9] This is simply not true. His budget increases spending by $1 trillion over the next decade, which he attempts to offset by reclassifying as "savings" $1.4 trillion in tax increases and $1.5 trillion in reduced spending in Iraq. However, government savings have always referred to spending cuts that save taxpayer dollars, not tax increases that feed the government. Furthermore, the Iraq "savings" are measured against an implausible spending baseline that assumes a *permanent* $180 billion budget for the global war on terrorism, without any troop withdrawals through 2019. This is the equivalent of a family deciding to "save" $10,000 by first assuming an expensive vacation and then not taking it. Without these false savings, only the $1 trillion spending hike remains, and that does not account for the extra $250 billion proposed for another round of financial bailouts in the current fiscal year.

Despite the claimed savings, this budget undeniably expands government. Before the recession, revenues were 18 percent of GDP and spending was 20 percent. After the recession, President Obama would maintain revenues slightly above 19 percent of GDP and spending at over 22 percent.[10] Thus, new tax revenues would finance new spending, rather than deficit reduction. President Obama's structural budget deficit would exceed President Bush's.

The President also calls for bringing back the PAYGO statute, which existed from 1991 through 2002. Under this law, if the sum of a given year's entitlement or tax legislation expanded the budget deficit, an automatic across-the-board cut ("sequestration") in entitlement spending would be triggered at the end of the year. The President's PAYGO proposal lacks credibility because his own budget blueprint would violate PAYGO by $3.4 trillion over 10 years.[11]

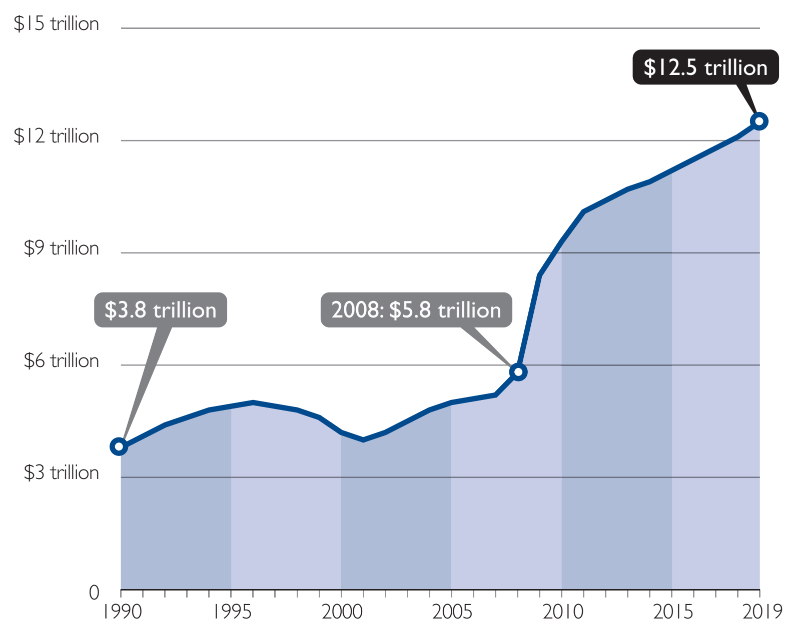
This disconnect between PAYGO rhetoric and reality is nothing new: Congress violated the 1991–2002 PAYGO law by more than $700 billion and

7. From 2000 through 2005, income taxes paid by the wealthiest 20 percent increased from 81 percent of all income tax revenue to 86 percent despite no change in income distribution. This resulted from low-income tax cuts removing 10 million filers from the income tax rolls. See U.S. Congressional Budget Office, "Historical Effective Federal Tax Rates: 1979 to 2005," December 2007, Appendix, Tables 1B and 1C, at *http://www.cbo.gov/doc.cfm?index=8885* (March 11, 2009).
8. U.S. Commerce Department, Bureau of Economic Analysis, NIPA Tables, Table 1.1.1, at *http://www.bea.gov/national/nipaweb/SelectTable.asp?Popular=Y* (March 11, 2009); Yahoo Finance, "S&P 500 Index," at *http://finance.yahoo.com/q?s=^GSPC* (March 11, 2009); and U.S. Department of Labor, Bureau of Labor Statistics, "Employment, Hours, and Earnings from the Current Employment Statistics Survey (National)," at *http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=CES0000000001&output_view=net_1mth* (March 11, 2009).
9. Barack Obama, "Address to Joint Session of Congress," prepared remarks, February 24, 2009, at *http://www.whitehouse.gov/the_press_office/remarks-of-president-barack-obama-address-to-joint-session-of-congress* (March 11, 2009).
10. The President's spending figures include the health care reserve fund.
11. This $3.4 trillion figure is the sum of the total mandatory expansions and tax cuts that the Office of Management and Budget would move into its own baseline ($3,574 billion), Pell Grants reclassified as mandatory ($195 billion), additional entitlement spending hikes above the new baseline ($690 billion), and another round of the Troubled Asset Relief Program ($250 billion), minus the net tax increases against the new baseline ($1,354 billion). PAYGO compliance could be accomplished only by using a baseline different than the traditional Budget Enforcement Act baseline.

then enacted legislation cancelling every single sequestration that would have enforced the law.[12] Although Congress created its own PAYGO rule in 2007, it has waived it several times at a cost of $600 billion. Consequently, the President's PAYGO proposal should be considered a hollow gimmick that will be bypassed any time it proves inconvenient.

President Obama's Budget and the National Debt

The President's budget would sharply increase the publicly held national debt to $12.5 trillion by 2019. Figures are adjusted for inflation.



Source: Council of Economic Advisers, *Economic Report of the President* (Washington, D.C.: U.S. Government Printing Office, 2009), p. 377, Table B-78, and U.S. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, D.C.: U.S. Government Printing Office, 2009), p. 114, Table S-1. All figures are adjusted for inflation.

Chart 1 • B 2249 heritage.org

Doubling the National Debt

President Obama's pledge to halve the budget deficit by 2013 is hardly ambitious. The budget deficit will quadruple in 2009 to $1.75 trillion, and cutting that level in half would still leave deficits twice as high as under President Bush. Furthermore, three expected developments—the end of the recession, withdrawal of troops from Iraq, and phaseout of temporary stimulus spending—would halve the budget deficit by 2013. The President's budget shows deficits averaging $600 billion even after the economy recovers and the troops return home from Iraq.[13] That is not good enough.

President Bush presided over a $2.5 trillion increase in the public debt through 2008. Setting aside 2009 (for which Presidents Bush and Obama share responsibility for an additional $2.6 trillion in public debt), President Obama's budget would add $4.9 trillion in public debt from the beginning of 2010 through 2016—nearly double the amount accumulated under President Bush over the same number of years. Overall, the public debt level would double over the next decade to $15.4 trillion ($12.5 trillion in inflation-adjusted dollars). (See Chart 1.) At 67 percent of GDP, this would constitute America's largest debt burden since immediately following World War II.[14]

In the short run, this surge of debt would increase interest rates. The United States government would find itself competing with other deficit-ridden nations to borrow massive amounts of money from a shrinking pool of global savings. Although U.S. Treasury bills are a popular investment for domestic and international investors in these uncertain economic times, investors will shift out of them when the economy recovers, thereby raising interest rates. The steeply higher government debt levels will likely accelerate that increase in interest rates. These will slow down the economic

12. Brian M. Riedl, "Obama's PAYGO Law Would Not Slow Spending or Budget Deficits," Heritage Foundation *WebMemo* No. 2312, February 26, 2009, at *http://www.heritage.org/Research/Budget/wm2312.cfm*.

13. Under the President's budget proposal, deficits between 2012 and 2019 would average $611 billion, including the health care reserve fund.

recovery by making it more costly for businesses to invest and more difficult for families to afford home and auto loans.

In the long run, Washington is dumping a colossal amount of debt into the laps of our children and grandchildren. Between 2008 and 2013, the budget will add $5.7 trillion ($48,000 per U.S. household) in new government debt. The annual interest on this debt would nearly equal the entire U.S. defense budget by 2019. Moreover, given the unsustainable costs of paying Social Security, Medicare, and Medicaid benefits to 77 million retiring baby boomers, the federal debt will continue expanding after 2019.[15] Without real reforms, the result may be devastating tax increases for decades to come.

A Historic Expansion of Government

The 2009 federal spending surge is nothing short of historic. The 25 percent spending increase represents the largest non-war government expansion since the New Deal. Domestic discretionary spending (including stimulus funds) has been hiked over 80 percent over 2008 levels.[16] As a result, Washington will run a budget deficit of 12.3 percent of GDP, by far the largest since World War II.

Some justify this spending as a necessary, temporary response to a recession. Setting aside the flaws in that argument, excluding the recessionary period does not improve the fiscal picture. In 2007, before the recession, Washington spent $24,172 per household. By 2019, the President's budget would spend $32,463 per household—an inflation-adjusted $8,000 per household expansion of government.[17] (See Chart 2.) In 2007, Washington spent 20 percent of GDP. President Obama would permanently elevate federal spending to nearly 23 percent of GDP by 2019—a level reached only three times since the end of World War II.[18]

Yet even that may be an underestimate. The President's budget unrealistically assumes that:

- All temporary stimulus spending, such as higher spending on Pell Grants and health care, will be allowed to expire;
- Discretionary spending growth will be held to 2 percent annually after 2012, compared to the 8 percent annual growth of the past two years; and
- The $634 billion down payment on universal health care will not be expanded.

Fixing these assumptions brings spending to 25 percent of GDP by 2019—with annual $1.2 trillion deficits.

Taxpayers already cannot afford today's federal programs. Over the next decade, Social Security, Medicare, and Medicaid costs are projected to increase automatically by nearly 7 percent annually. Much of the $800 billion of "stimulus" spending will likely be made permanent. The seemingly endless string of financial bailouts will also likely continue. Despite all of these existing commitments that tax-

14. All debt figures through 2007 were calculated using data from Council of Economic Advisers, *Economic Report of the President* (Washington, D.C.: U.S. Government Printing Office, 2009), p. 377, Table B-78, at *http://www.gpoaccess.gov/eop/2009/2009_erp.pdf* (March 11, 2009). Post-2007 debt figures and projections come from U.S. Office of Management and Budget, *A New Era of Responsibility*, pp. 114, Table S-1. From the end of 2001 through 2008 under President Bush, the public debt rose from $3.3 trillion to $5.8 trillion. From the end of 2009 through 2016 under President Obama, the public debt is projected to rise from $8.4 trillion to $13.3 trillion. These figures refer only to the debt held by the public (the amount borrowed from financial markets). They do not include intergovernmental debt, such as money borrowed from the Social Security trust fund.
15. Brian M. Riedl, "A Guide to Fixing Social Security, Medicare, and Medicaid," Heritage Foundation *Backgrounder* No. 2114, March 11, 2008, at *http://www.heritage.org/Research/Budget/bg2114.cfm*.
16. Brian M. Riedl, "Omnibus Spending Bill: Huge Spending and 9,000 Earmarks Represents Business as Usual," Heritage Foundation *WebMemo* No. 2318, March 2, 2009, at *http://www.heritage.org/Research/Budget/wm2318.cfm*.
17. These numbers were calculated by dividing total inflation-adjusted spending by 115.5 million households in 2007 and a projected 130.3 million households by 2019.
18. U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2009* (Washington, D.C.: U.S. Government Printing Office, 2008), pp. 26–27, Table 1.3, at *http://www.whitehouse.gov/omb/budget/fy2009/pdf/hist.pdf* (March 11, 2009). Spending figures incorporate the heath care reserve fund.

payers cannot afford, President Obama would pile on another $1 trillion over the decade for:

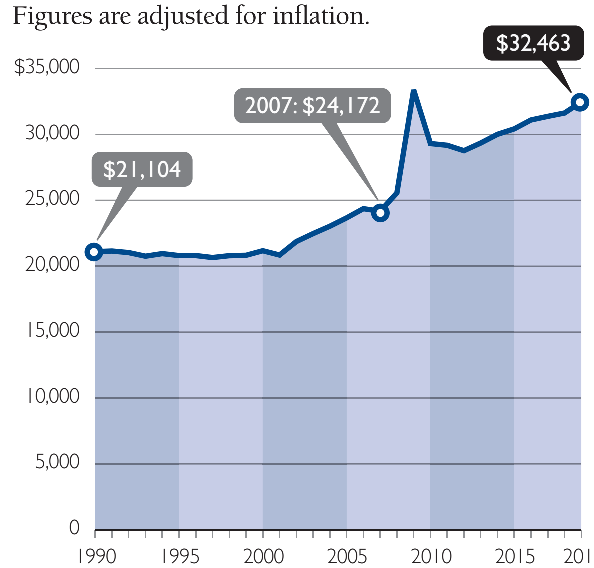
- $429 billion in new domestic discretionary spending;
- $326 billion as the spending portion of new or expanded tax credits, such as the Make Work Pay credit;
- $318 billion[19] as a down payment on universal health care; and
- $117 billion to convert Pell Grants into an entitlement and put its budget on autopilot, preventing Congress from easily controlling its growth.

Some of this spending would be offset by eliminating the guaranteed student loan program and forcing all students into the government-run direct loan program, and by reducing one type of subsidy to large agribusinesses. However, even with these offsets, the President would expand government by $1 trillion above the automatic mandatory spending increases. Despite the President's calls for tackling Social Security's long-term unfunded obligation, his budget proposes no fix.

The President's budget proposes $1,133 billion in regular discretionary spending in 2010—a 12 percent increase over $1,012 billion in appropriations in 2009. The President claims this is a 7 percent increase because his proposal reclassifies most transportation budget authority (currently classified as mandatory) as discretionary spending, inflating the 2010 figure by $50 billion. However, Congress may be tempted to reject the transportation shift and instead spend the entire $1,133 billion on regular discretionary programs, thus creating a 12 percent discretionary spending hike, one of the largest non-war increases ever.

Federal Spending Per Household Under President Obama's Budget

Figures are adjusted for inflation.



Source: U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2009* (Washington, D.C.: U.S. Government Printing Office, 2008), p. 22, Table 1.2, and U.S. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, D.C.: U.S. Government Printing Office, 2009), p. 114, Table S-1, and p. 127, Table S-6. All figures are adjusted for inflation and the number of households.

Chart 2 • B 2249 heritage.org

The $1.4 Trillion Tax Increase

In his recent address to Congress, President Obama promised that "if your family earns less than $250,000 a year, you will not see your taxes increased a single dime. I repeat: not one single dime."[20] Yet even before the budget was released, he signed into law a 62-cent tobacco tax increase that does not exempt lower-income smokers. His budget proposes a $646 billion cap-and-trade tax that energy companies would immediately pass on to all consumers, including those earning less than $250,000. Consequently, President Obama's budget would raise *everyone's* taxes. (See Table 1.)

The budget would offset some of these tax increases by making permanent the Make Work Pay and the American Opportunity Tax Credits, which were originally part of the "temporary" economic stimulus bill. Because tax credits do not reduce marginal tax rates for most taxpayers, they do not encourage the working, saving, and investing that are vital for productivity and growth.

19. This refers to the net cost because nearly half of the $634 billion cost would be offset with spending cuts in other health programs.

20. Obama, "Address to Joint Session of Congress."

A nearly $1 trillion tax increase is reserved for couples earning over $250,000 and individuals earning over $200,000. Beginning in 2011, the President's budget will increase their taxes by:

- Raising the top two income tax brackets to 36 percent and 39.6 percent ($339 billion);
- Raising capital gains and dividends tax rates to 20 percent ($118 billion);
- Phasing out personal exemptions and limiting itemized deductions ($180 billion); and
- Reducing the value of their tax deductions by approximately one-fourth ($318 billion).[21]

This $1 trillion tax hike on "the rich" would fall on the backs of *only* 3.2 million tax filers—an average tax hike of more than $300,000 per filer over 10 years on a group that is already shouldering an increasing portion of the income tax burden.[22]

The President's $1.4 Trillion Tax Increase

Figures are in billions.

Proposal	Ten-Year Revenue Impact
Raise income tax rates for upper-income taxpayers	$339
Raise capital gains and dividends rates for upper-income taxpayers	$118
Reinstate the personal exemption phaseout and limitation on itemized deductions for upper-income taxpayers	$180
Limit itemized tax deductions to 28 percent value for upper-income taxpayers	$318
Cap-and-trade energy tax	$646
International enforcement, reform deferral, and tax reform	$210
Other business, financial, and energy tax increases	$143
Make R&E (Research and Experimentation) tax credit permanent	–$74
Modify FAA financing	–$77
New low-income tax cuts (revenue impact)*	–$444
Other proposals	–$4
Total Tax Increase	**$1,354**

Note: Figures have been rounded.
* Would also increase outlays by $316 billion.

Source: U.S. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, D.C.: U.S. Government Printing Office, 2009), summary Table 6, at *http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf* (March 11, 2009).

Table 1 • B 2249 heritage.org

Such tax increases would significantly reduce economic growth rates by reducing incentives to work, save, and invest. Specifically, higher investment taxes may prevent the economy from receiving the investment capital that it needs to recover. Because most small businesses pay the individual income tax, they would face new barriers to expanding, investing, hiring, and even staying in business. Wealthier individuals would be more likely to allocate their wealth wherever it avoids these new taxes, rather than where it would be most productive for the economy.

While there is never a good time to raise taxes, President Obama's proposal to raise taxes during a recession is especially problematic. Even if the tax increases are not implemented until 2011, many businesses planning long-term investment and hiring will likely begin scaling back their plans in anticipation of the coming tax hikes. Nor is an economic expansion by 2011 guaranteed.

In return for causing this economic damage, these tax increases would raise revenues by just 1 percent of GDP, which would finance only a fraction of the spending increase (nearly 3 percent of GDP over pre-recession levels). The tax increases would not reduce the budget deficit, but merely slow its growth.

21. Other smaller proposals, such as taxing carried interest as ordinary income, would also chiefly affect those earning over $250,000.

22. The 3.2 million figure comes from The Heritage Foundation Center for Data Analysis Individual Income Tax Model. For data on the increasing progressivity of the tax code, see Congressional Budget Office, "Historical Effective Tax Rates, 1979 to 2005: Supplement with Additional Data on Sources of Income and High-Income Households," December 2008, at *http://www.cbo.gov/ftpdocs/98xx/doc9884/12-23-EffectiveTaxRates_Letter.pdf* (March 11, 2009).

Rosy Economic Assumptions

To President Obama's credit, his budget realistically accounts for the assumed costs of annually extending the Alternative Minimum Tax patch, the Medicare physician payment fix, and certain tax cut extensions. However, in addition to the Iraq baseline savings gimmick, the President bases much of his deficit reduction on a rosy economic forecast that significantly differs from mainstream forecasts. He assumes a shallow recession with the economy recovering one year earlier than others project. While both the CBO and Blue Chip Consensus assume that the economy will contract by 2 percent this year and grow by 1.5 percent to 2.0 percent in 2010, the President's budget assumes only a 1 percent reduction this year followed by a healthy 3.2 percent growth next year. By 2012, President Obama's budget assumes 4.6 percent growth, compared to the 2.9 percent growth forecast by the Blue Chip Consensus.

By assuming faster economic growth, the President can assume faster tax revenue growth and smaller budget deficits. If the CBO and Blue Chip Consensus are correct, then the President's budget understates future budget deficits by approximately $100 billion annually.[23]

The President's rosy economic assumptions are especially dubious given that his proposed tax increases on working, saving, and investing would certainly reduce economic growth. Additionally, even most proponents of the proposed cap-and-trade energy tax concede that it would reduce economic growth and destroy jobs—they debate only the magnitude of the losses.[24] To propose these tax increases and *still* assume substantially faster economic growth than the Blue Chip Consensus is simply not credible.

Conclusion: That '70s Show

Analysts have described President Obama's budget as a repudiation of the past 25 years of economic policy. In doing so, the President has rejected the most prosperous economic period in American history.

Between 1953 and 1982—a period of high tax rates, spending growth, and applied Keynesian economics—the economy was in recession 21 percent of the time, inflation reached 13 percent, interest rates hit 19 percent, and the stock market grew only 5.4 percent annually.

However, beginning around 1982, tax rates were dramatically reduced, and federal spending began decreasing as a share of the economy. In the 26 years following this major policy shift, the economy has been in recession only 10 percent of the time (including the current recession), inflation has never topped 5 percent, interest rates have never exceeded 12 percent, and the stock market (despite increased volatility) has soared 7.0 percent annually, even including the recent 50 percent drop.[25]

The United States has created enormous wealth over the past 25 years. For President Obama to propose returning to economic policies of the Carter Administration, which brought stagflation and malaise, is unfathomable. Lawmakers should reject this budget and instead reduce tax rates for families and entrepreneurs, restrain runaway government, and reform unaffordable entitlements.

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23. President Obama's budget assumes the 2012 GDP will be about $550 billion larger than the Blue Chip Consensus. See U.S. Office of Management and Budget, *A New Era of Responsibility*, p. 132, Table S-8. With taxes at 19 percent of GDP, that comes to about $100 billion in extra revenues.
24. For more on the economic costs of cap and trade, see Ben Lieberman, "The Lieberman–Warner Climate Change Act: A Solution Worse Than the Problem," Heritage Foundation *Backgrounder* No. 2140, June 2, 2008, at *http://www.heritage.org/Research/EnergyandEnvironment/bg2140.cfm*.
25. Recession dates are from the National Bureau of Economic Research, "Business Cycle Expansions and Contractions," at *http://wwwdev.nber.org/cycles/cyclesmain.html* (March 11, 2009). Inflation, interest rates, and stock market data are from Council of Economic Advisers, *Economic Report of the President*, pp. 357, 370, and 394, Tables B-63, B-73, and B-95. Stock market figures refer to the S&P 500 through March 3, 2009.