Written by David Kelly on October 24, 2023

# Treasury Reports 2023 Deficit at $1.7 Trillion

AP Images
Janet Yellen

The U.S. Treasury Department released a statement on the final budget results Friday for Fiscal Year 2023, claiming a "strong economic recovery" helped to keep the deficit more than $1 trillion lower than when President Biden took office. However, the year-end data from the September 2023 Monthly Treasury Statement of Receipts and Outlays showed the nation is still buried in growing debt with a FY deficit at "$1.7 trillion; $320 billion higher than the prior year's deficit."

Treasury Secretary Janet Yellen and Office of Management and Budget Director Shalanda Young released the budget results, citing with optimism that the "Biden-Harris Administration's record of building the economy from the middle out and bottom up helped sustain a significant economic recovery and laid the groundwork for more durable and shared long-run growth over the last year."

The Treasury blamed "falling revenues" contributed to "the 2023 deficit, underscoring the importance of President Biden's enacted and proposed policies to reform the tax system."

Sticking to the administration's talking points, Yellen said, "The U.S. economy remains resilient despite global headwinds. Previous expectations that the U.S. would fall into recession over the course of 2023 have not borne out. Our economy added over 300,000 new jobs in September and our GDP growth continues to surprise forecasters to the upside, even as inflation has come down significantly since last year."

Yellen continued:

> The Biden Administration continues to focus on navigating our economy's transition to healthy and sustainable growth. As we do, the President and I are also committed to addressing challenges to our long-term fiscal outlook. Earlier this year, President Biden signed into law over $1 trillion in bipartisan deficit reduction. And looking forward, the President has put forward a budget that reduces the deficit by another $2.5 trillion over the decade by asking the wealthiest Americans and big corporations to pay a fair share, while supporting our historic investments in America's long-term economic strength.

The Treasury announcement was timed with the IRS's launch of new initiatives last Friday that will ensure, as Yellen stated, the big corporations and wealthiest Americans pay "a fair share" to help reduce future deficits.

Adding to the theme of optimism and subduing the ever-growing national debt, Young praised the President Biden, stating, "Under his leadership, inflation is down, job growth remains strong, and unemployment is near record lows — we've shown that investing in our nation and achieving meaningful deficit reduction are not mutually exclusive. As our investments continue to deliver for working families and communities, the Administration looks forward to building on our progress with responsible investments that help grow our economy from the middle out and bottom up while strengthening our nation and its long-term budget outlook."

The summary of the Treasury statement exposed the reality of the national debt, sharing that, as a percentage of the GDP, "the deficit was 6.3 percent, an increase from 5.4 percent in FY 2022," and that "total Federal borrowing from the public increased by $2.0 trillion during FY 2023 to $26.2 trillion. The increase in borrowing included $1.7 trillion to finance the deficit as well as $0.3 trillion in net borrowing related to other transactions such as changes in cash balances and net disbursements for Federal credit programs. As a percentage of GDP, borrowing from the public grew from 96 percent at the end of FY 2022 to 98 percent at the end of FY 2023."

The FY 2023 final budget results confirm the findings of a May Government Accountability Office (GAO) report on the nation's fiscal health. That report declared a road map was needed to address the nation's projected unsustainable debt that is projected grow faster than the U.S. economy.

The GAO report stated:

> Debt held by the public is projected to reach its historical high of 106 percent of GDP within 10 years and to continue to grow at an increasing pace. GAO projects that this ratio could reach more than twice the size of the economy by 2051, absent any changes in revenue and spending policies.

According to the report, the growing debt is a "consequence of borrowing to finance increasingly large annual budget deficits." The deficits are a result of government overspending that will only grow with higher interest rates as the government pays to service its debt. That net interest spending is projected to "steadily increases over the next 30 years, further widening the total budget deficits."

The bottom line here is that government spending must be greatly reduced, and the federal government needs to learn to live within its means or face the fiscal consequences that could very well relegate the United States to third-world status.