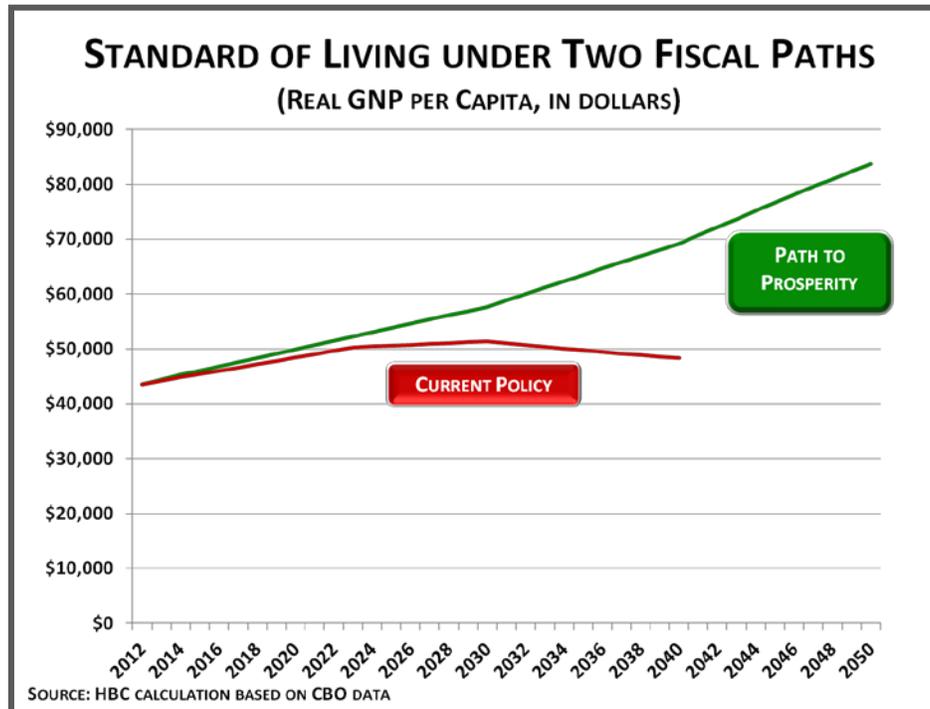


AMERICA'S DEFINING CHALLENGE: WILL WE LEAVE THE NEXT GENERATION WITH MORE OPPORTUNITY?



- In March, CBO did an economic analysis of the House Republican budget – the Path to Prosperity (P2P). That analysis showed that the P2P would increase the economy’s total output (as measured by GNP), relative to the baseline scenario, by as much as 1 percent in 2030, 3 percent in 2040 and a full 6 percent in 2050.
- In contrast, CBO found that one version of the fiscal status quo – the so-called alternative fiscal scenario (AFS) in which current tax and spending policies are extended indefinitely into the future – would lead to a deterioration in the economy. CBO estimated that the AFS would cause a decline in GNP of as much as 5 percent in 2023, 10 percent in 2030, and 28 percent in 2040. CBO’s models were unable to estimate any economic impact past 2040
- HBC staff converted these discrete data points into a unified series of real GNP per capita – the standard economic proxy for “standard of living” – to illustrate what these two different fiscal paths might mean to the average person over time.
- The chart shows that real per capita GNP under the P2P would roughly *double* from \$43,500 today to nearly \$84,000 in 2050.
- In contrast, real GNP per capita under the AFS would start to plateau and then even *decline* in the early 2030’s.