

WSJ Print Edition

Spending rises 11%, more than offsetting booming tax revenue.

Another \$1.8 Trillion Deficit

The legacy hits keep coming from the Biden- Harris Administration, and on Tuesday it was the report that the federal budget deficit for fiscal 2024 clocked in at \$1.83 trillion. That's 13% larger than the year before taking into account timing shifts in outlays, and it comes despite a growing economy and no pandemic, financial crisis, or war involving large U.S. forces.

Do not expect a White House press release on this one. A deficit of this magnitude in an otherwise benign economic environment is unprecedented— except for the previous years of the Biden Presidency. It also comes despite an 11%, or \$479 billion, increase in receipts for the fiscal year that ended Sept. 30.

Total revenue hit \$4.92 trillion, as individual income taxes rose 11% or \$249 billion. Corporate income taxes rose 26% or \$109 billion. This revenue boom is with the 21% corporate tax rate that Kamala Harris decries as too low. She wants to raise it to 28%, which including state taxes would make the U.S. rate one of the highest in the developed world.

The deficit ought to decline when revenues rise that much, but the problem is that spending also rose 11%—by \$699 billion to \$6.75 trillion. Yes, Leviathan now spends about one in four of every dollar that Americans produce. You'd think the political class would be grateful, but they always want more.

As usual, Social Security (8%) and Medicare (9%) kept rising at an unsustainable pace, not that either presidential candidate, or either party, wants to do anything about it. Who cares? The crisis will come on somebody else's watch.

The biggest non-surprise is that net interest on the debt held by the public soared 34%, or \$240 billion. Treasury Secretary Janet Yellen has been financing the growing federal debt with short-term bonds to keep long-term rates down, but refinancing those bonds has cost more as the Federal Reserve kept rates high to fight inflation.

Scary thought: Interest payments on the debt are now larger at \$950 billion than the entire defense budget of \$826 billion or Medicare (\$869 billion). Interest payments soak up 14% of the budget. They'll keep rising if the debt also does, which it will if politicians keep spending.

Their preferred response, as ever, will be to raise taxes on wealth producers. Ms. Harris hasn't specified all of the taxes she'd raise, but she hasn't opposed President Biden's budget that seeks some \$5 trillion more over 10 years. The tax and spending won't stop until the voters, or the bond vigilantes, yell "enough."

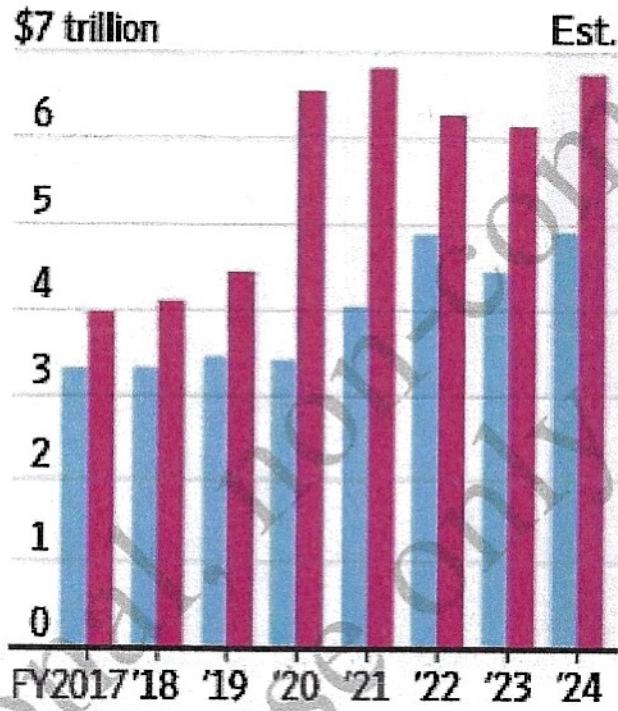
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Annual federal revenue and spending

■ Revenue ■ Spending



Note: Fiscal year ends Sept. 30.

Sources: Office of Management and Budget; Congressional Budget Office (FY2024 estimate)

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