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Alan Auerbach and William Gale have a [paper](#) on future deficits coming out in the National Tax Journal September issue. They start with the Congressional Budget Office (CBO) projections, but point out that the CBO projections require that Congress does something it doesn't do, nothing. In the current context, this means letting the Bush tax cuts expire. So, they look at two other scenarios based on more realistic assumptions. Each scenario is compared to the CBO baseline.

The first alternative is based on the reasonable assumption that Congress does what it normally does, follow the path of least resistance. The second scenario is based on the administration's budget proposal. It is an easy, but grim, read. The takeaway is that the CBO budget forecast is the best possible outcome. The money charts are on pages 20, 21, and 22.

One possible criticism comes from evidence that tax rates may be irrelevant to federal tax receipts. The Wall Street Journal recently ran a very interesting [chart](#) indicating that federal receipts are 20 percent of gross product, no matter what the tax rate. If that is true, the scenario with higher tax rates would generate the lowest gross product and hence lower tax receipts.