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The One Percent Solution:
How to Start Reducing the National Debt

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by Fred Holden

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"We shall all consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves; and consequently within what may be deemed the period of a generation, or the life (expectancy) of the majority." —Thomas Jefferson

In Brief...

Whenever there is a federal deficit, even a "reduced deficit" so popular among the politicians, the public debt is increased.

Current interest payments on the national public debt are about $1,250 per person annually. What could a family of four do with this money, if the family did not have to pay five thousand dollars in taxes for interest, simply to "service the debt"?

The Balanced Budget Amendment would produce an annual budget deficit of zero, but only after ratification by 38 states. If this occurs by the year 2002 as anticipated, the national debt will be much larger than now, over $7 billion, with annual per-person interest payments of $1,875.

President Clinton's 1995 and 1996 Fiscal Budget proposals to Congress continue near $200 billion deficit spending, therefore increasing public debt and dollars paid for interest each year. Money spent for interest payments can be used neither for public services nor retained by the individuals who earn it.

Even if the Balanced Budget Amendment prevents government from spending more than it takes in, it will not provide a surplus for the purpose of reducing the debt itself. Cutting the debt is the only way to lessen the burden of continuing interest payments.

This Independence Issue Paper describes how the Republicans' proposed 3% Solution and the Issue Paper's proposed Citizen 1% Solution would provide an annual budget surplus to be used for reducing the public debt. The latter will balance the budget in 1998 and reduce today's $4.7 trillion public debt back to 1981's $1 trillion level by 2007. As the debt declines, so will each family's yearly interest payments for it.

There are no cuts in federal spending in any of these proposals. Period. They differ in the rate of increase of government outlays, but each allows federal spending to increase annually.

Battle of the 1995 Budget: Four Options

Options and choices are the hallmark of the free market system. In the government sector of the economy those choices involve budget approaches and likely outcomes, some intended, others unintended. Past budgets seemed to have been spending frenzies with a "hang the consequences" attitude, wait-and-see, or leave the mess for someone else to clean up in the future.

Congress's greatest gift, problem: Creativity, no limits

The biggest problem with federal fiscal policy is that there are no limits. Congress's greatest gift is their ability to create new spending "needs" unimpeded by economic or financial reality. Whatever Congress wants to spend it spends, imposing ever more debt upon unrepresentative, unborn future generations, and greatly restricting future public policy choices and options.

To Congress, deficit spending has been an intoxicating, addictive drug. Easy and fun, it produced a political high and purchased much political punch. But over time it required more and more to hold the high and prolong their power.

Deficits or debt—what is the real problem?

The deficit could and should be a rare occurrence where government expenditures exceed receipts. Debt, it seems, is forever. Here's the record: Public debt grew from $257 billion in 1950 to $381 billion in 1970 (Fiscal Year 1995 U. S. Budget Historical Tables, p 89). From 1950 to 1970, the national debt increase averaged just over $6 billion a year. Since 1986 it has grown that much every week. That rate of increase of public debt is $10,000 a second.

In the dozen years since the debt passed $1 trillion in 1982, it has more than quadrupled to today's $4.7 trillion, this in "the best of times" of a prolonged economic expansion (See Table I: Cumulative Debt).

Why even have a public debt? It serves as a weapon to assure national survival—for national security (war), and, some still say, to combat economic calamity (depression or recession). In 1981 the public debt was still under $1 trillion ($994 billion), yet in this century alone that debt financed America's battles of World War I, the Great Depression, World War II, police actions in Korea and Viet Nam, plus fighting communism and the Cold War with Russia.

Three parts, not one, of economic guru Keynes

Even the guru of "prime the pump" government spending, British economist John Maynard Keynes, did not support massive debt. Keynesian economics had three parts, not just the easy, popular one of over-spending. Formulated for the mid-1930s Great Depression, Keynes Part One did support deficit spending and increased debt in bad times, with lower taxes and higher government spending. Ignored was Keynes' Part Two which said that in good times government would increase taxes and reduce spending to create, are you ready for this—a surplus! Part Three, also ignored, was that over the long term, have little or no debt.

Bigger spending was natural to Congress, more taxes were inevitable and gigantic debt was the result. Were politicians two-thirds deaf, hearing only the siren song of more deficits which accumulate bigger debt? Today government spends $300 billion a year just for interest to service the $4.7 trillion debt that grows like a cancer.

At the turn of the century, 1900, government was a paltry 8% of the economy, only 3% federal government. In the mid-1930s, government still consumed a relatively small share of the gross product: 15% for all government, 6% federal and 9% state-and-local—less than half government size today. We still had room to "grow government" in the hope that we could so grow the economy.

It is useful to distinguish two important parts of an economy: government, and enterprise (business, commerce, industry). The job of enterprise is to create wealth. The job of government is to create a climate of creating wealth. Government's job is to increase incentives for production and cut disincentives to productivity—get the barriers out of the way. It is important to realize that in so doing, government is a net consumer of wealth; that is, it takes more out than it puts in. The balance between enterprise and government determines the level and growth of national output, and the magnitude of personal freedom for its citizens.

How well has Keynes "demand management," deficit spending, worked?

We have used Keynes' deficit spending, "demand management," since the 1930s. It is valuable in retrospect to examine how it has worked in the long run.

When government is used to "stimulate the economy," it spends money it doesn't have, and borrows the difference, the annual deficit, that adds to the public debt. We can easily assess the results from two readily-available published numbers, gross domestic product and total government spending. Their difference, what's left, represents the size of the wealth-creating enterprise or private sector. Keep in mind that the desired result of a prosperous economy is increased national output. You cannot distribute what you don't produce.

More output—of what? Bigger government

Following World War II, from 1948 to 1993 all-government size, spending as a percent of output, nearly doubled from 17.5% to 33% of the economy. During that period, while national output increased 24 times and enterprise grew 20 times, government ballooned 46 times! When we used government to create a bigger economy what did we get? Lots more government, and predictably, a proportionally diminished wealth-producing enterprise sector (See Table II: Comparative Growth of Government vs. Enterprise (Non-Government) from 1948-1993).

One way to determine national priorities is to answer the question at the macroeconomic level, "Where do we spend our money?" One's answer might naturally be, "on the essentials of life." Nope. The projected 1995 annual expenditure for government per citizen is $8,677. This even exceeds the per-capita $8,064 we will spend for food ($2,666), shelter ($4,426) and clothing ($972) (See Table III: Cost of Government Compared to Cost of Essentials).

We have fooled ourselves to think we could buy prosperity with a bogus economic theory that legitimizes government growth with its increased power, spending, taxing, bureaucracy and waste, and government's inevitable invasion of and intrusion into the private lives of citizens.

Solving the real problem

"What problem are we trying to solve?" is the question we must ask and answer. If the real problem is "The Deficit" (it is not), the real solution would be a Balanced Budget Amendment .

The Real Problem is the Public Debt and interest on the debt.

The real problem is ballooning public debt that bloats government size, spending and power, and challenges the most fundamental of states' rights, the right to exist. One might ask, "What good is it to have the best shop on the ship if the ship is sinking?" This ship of state is sinking in a sea of debt, and if it sinks, the states sink with it.

Succeeding administrations have repeated the near-mantra, *deficit reduction*, to justify continuing tax and spending increases, but never mention the greater objective, *deficit elimination.* An even higher objective beyond deficit elimination is *surplus creation*, for the purpose of reducing the cumulative public debt. Only when the public debt is paid down will it be possible for us and our children to quit making the onerous annual interest payments on the public debt.

Four proposals for solutions to our deficit and debt will next be presented. They are the Balanced Budget Amendment, Clinton's 1995 and 1996 Budget Plans, the Republican Three Percent Solution, and the Citizen One Percent Solution. Each will be in turn evaluated for its likely intended and unintended outcomes.

1. Balanced Budget Amendment

Once again in 1995 the perpetual prescription under consideration is the Balanced Budget Amendment (BBA) to the U. S. Constitution. This is a desperate attempt to provide Congress a "stop us before we spend again" contrivance. Systemic solutions such as BBA and term limits have gained appeal for the electorate who wish to impose controls by the system. This relieves them of the messy details of continually holding public officials politically accountable where the dynamics of the situation—lobbying, influence, money and power—make fiscal responsibility and accountability increasingly difficult.

BBA may do as intended, but as an amendment to the Constitution, creates a difficult and perhaps unnecessary barrier to exercising judgment with changing circumstance.

Two risky drawbacks are obvious. One was recently expressed by a gathering of concerned state governors who fear that with less available federal funds and spending-as-usual, BBA will result in even more unfunded mandates to the states by the Congress. This doesn't even consider whether such mandates, funded or unfunded, are constitutional. The second obvious drawback is, if Congress continues to spend as usual, BBA will not only justify but *require* that they raise taxes.

Two less obvious but more important considerations include near mindless programming of the electorate by the politicians and the media, that The Problem is The Deficit, and that with BBA, The Problem is solved. The other factor is that projecting into a new century, by 2002, when the amendment is ratified by the states, public debt will have grown to over $7 trillion with annual interest of $500 billion (enough to fund the entire federal government as recently as 1979).

With the American people's misunderstanding that The Problem is The Deficit, at least BBA will have "solved The Deficit." But with the Balanced Budget Amendment, public debt will not diminish. The chief damage will be that the American people will consider the problem solved and place their attention elsewhere. For too long the President, Congress and media have conveyed the idea that "the problem" is "the deficit." Finding no correlation to anything, economists legitimized the deficit by creating a new, senseless statistic, deficit as percent of gross domestic product. That has been useful to perpetrate and perpetuate the myth that the deficit is harmless, tolerable, even desirable.

2. Clinton's Fiscal 1995 Budget Plan

The President's Fiscal 1995 Budget Plan is a disaster. With its continuing federal government spending growth, by 2007 the public debt exceeds $11 trillion with $780 billion annual debt interest (See top half of Table IV: Clinton Plan vs. One Percent Solution).

The 265-page so-called "deficit reduction" *Fiscal 1995 Budget of the United States Government* is a propaganda masterpiece of needed "investments" (never "spending"), obfuscation and omission. For example it refers repeatedly to percent of ,, but nowhere to actual GDP values that are missing, especially in "Economic Assumptions," page 15, in support of the budget summary, page 13.

Public debt is mentioned obliquely on page 42 as percent of GDP, growing precipitously from about 26% in 1980 to 50% in 1993, with three different 1999 projections of 50%, 58%, and 65%.

The most egregious understatement is projected public debt way back on page 249. Omitted from the debate is the much greater growth of debt than of deficit (because of off-budget spending), with a subtle and dangerous ratio of new debt-to-deficit greater than 1.0 and growing. For example, in 1993, while the reported deficit was $255 billion, public debt increased $343 billion, a ratio of 1.34. In 1999 the ratio leaps to 1.94, where, with the projected deficit of "only" $181.1 billion, public debt jumps $352 billion.

Predictably, this trend continues from past presidential terms with these debt-to-deficit ratio increases: Reagan I (1981-84) 1.11, Reagan II (1985-89) 1.37, Bush (1990-93) 1.48, Clinton (1994-96) 1.53, and beyond (1997-99) 1.86. Off-budget spending permits Congress to de-emphasize or trivialize the deficit while public debt skyrockets.

What is needed is an all-out national commitment by the People, the President and the Congress to a long-range plan, and the integrity and courage to carry it out,. What is needed is an approach that does not require an amendment to the Constitution, one that can be implemented *immediately*—something that will soon balance the budget, then develop a growing surplus that will cut the debt significantly over a decade. What is needed is what began in Colorado in 1992, tax-and-spending limitation, that finds today's Colorado to be one of the fastest growing, healthiest economies in the nation.

3. Republican Three Percent Solution

"GOP Says Yes, With 3% Annual Spending Growth," says the jump heading to the front page headline story, "Can The U.S. Balance Its Budget?" (*Investor's Business Daily*, 12/15/94). Reporter John Merline begins this generous half-page story, "Perhaps no other proposal in the Republicans' Contract with America is more ambitious—critics say unrealistic—than the balanced budget amendment," and do it without raising taxes or "touching Social Security or defense." He says that Republicans were betting on accelerated economic growth to soften the blow, and, "by simply slowing the annual rate of growth of federal spending to 3%, the budget would be in surplus by 2002."

The deed can be done by holding federal spending growth to 3%. The budget will come into balance in seven years by 2002 if incoming revenues (taxes) hold at 4% growth. Even if the discipline of these annual growth limits can be maintained it will take almost a quarter century to get back down to 1982's public debt level of $1 trillion in 2018 (See Table V: Republican Three Percent Solution).

4. Citizens' One Percent Solution

A more stringent version is the One Percent Solution. It doesn't cut or freeze government spending, but limits its growth to one percent a year beginning fiscal 1997. In addition it allows government receipts (taxes) to grow no more than five percent a year. However some slack is allowed in fiscal 1995 and 1996 to be able to eliminate the off-budget diversions that have stealthily ballooned public debt.

Some will say that limiting federal spending growth to less than the rate of inflation may reduce government's ability to do its job. Nothing could be further from the truth. By some standards government is not only growing too fast but has been too big for a long time. The founders of this country based the American enterprise system on self-governing people and limited (small) government. As recently as the turn of the century, 1900, all-government was only eight percent of GDP, and of that only three percent was federal. Today's federal government alone, at 21.6%, is seven times bigger.

In 1984 I wrote *The Phoenix Phenomenon*, a study of government size, growth and effects of growth from 1948 to 1982, the end of the war to the end of the data. Based on demonstrated performance of the United States economy, the analysis showed that government could work acceptably with government spending as 17% percent of GDP. I was fortunate that Dr. Milton Friedman, Nobel Laureate in economics, critiqued my book and criticized that conclusion. He said that his studies of the United States and other capitalist economies at various times in their history showed that government need be no more than 10 percent. Depending on whether you believe *Phoenix* or Friedman, government can be cut by one-half or two-thirds and still have a healthy economy.

The One Percent Solution will still give lawmakers all the authority and responsibility they now have, but within strict limits. They can make whatever laws they deem necessary and spend funds where required and appropriate, but must strictly observe the spending and tax growth limits. With income to the government currently increasing over seven percent there is wiggle room for immediate and increasing tax cuts, such as rescinding the 4.3 cents a gallon gasoline excise tax increase of September, 1993.

The One Percent Solution would have to be a national commitment by the American people, the President and the Congress. But limiting government growth brings opportunities to evaluate alternatives and set priorities that are more in line with the longer range, overall good.

What if we do adopt the One Percent Solution? We'll have a balanced budget in 1998, public debt back down to $1 trillion in 2007 with debt interest of $102 billion, and finally, our national finances under control. Compare that with the President's Fiscal 1995 Budget Plan which gives a 2007 public debt over $11 trillion and annual interest of $780 billion (See Table IV: Clinton Plan vs. One Percent Solution).

Individual savings from interest not paid on the impending debt levels is impressive. If we compare the admittedly unacceptable Fiscal 1995 Budget Plan with the One Percent Solution, annual per-person savings will grow from $275 in 1996 to $3,458 in 2007, and total over $21,000 (See Table VI: Per-Capita Savings with One Percent Solution, Compared to Clinton Plan).

If we don't? The President's Fiscal 1995 Budget Plan says that 1999 public debt will be $6.3 trillion. Using budget trends, public debt in 2007 will be $11.3 trillion, with annual debt interest of $782 billion. Accumulated interest since 1994 will be $6.8 trillion, compared to the One Percent Solution's $3.6 trillion, a savings of $3.2 trillion in interest alone.

And suppose we adopt the Balanced Budget Amendment? We'll naively treat the problem as solved while it gets worse. It is predicted to take until 2002 for a constitutional amendment to be adopted. By that time we will have locked-in a public debt of $7.6 trillion costing $530 billion annual interest. With the Republican Three Percent Solution the public debt will likely stay at the 2002 level of $5 trillion with annual $360 billion interest.

The Good, the Bad, the Ugly—and the Beauty

The **good** is to reduce the rate of growth of federal spending, including a possible Balanced Budget Amendment to the U. S. Constitution. The **better** is to go beyond, by imposing tax-and-spending limits on the federal government with the Republican Three Percent Solution, or **best**, the One Percent Solution.

The **bad** is to continue in the direction we are headed with Fiscal Budget Plan 1995.

The **ugly** is the burgeoning public debt and mounting interest on that debt.

The **beauty** is that we can act now with great courage and conviction. We can create a brighter future for our children just by holding our heads high with the national will and fiscal integrity to so limit government growth.

Annual Surplus or Deficit in Billions under Three Budget Plans

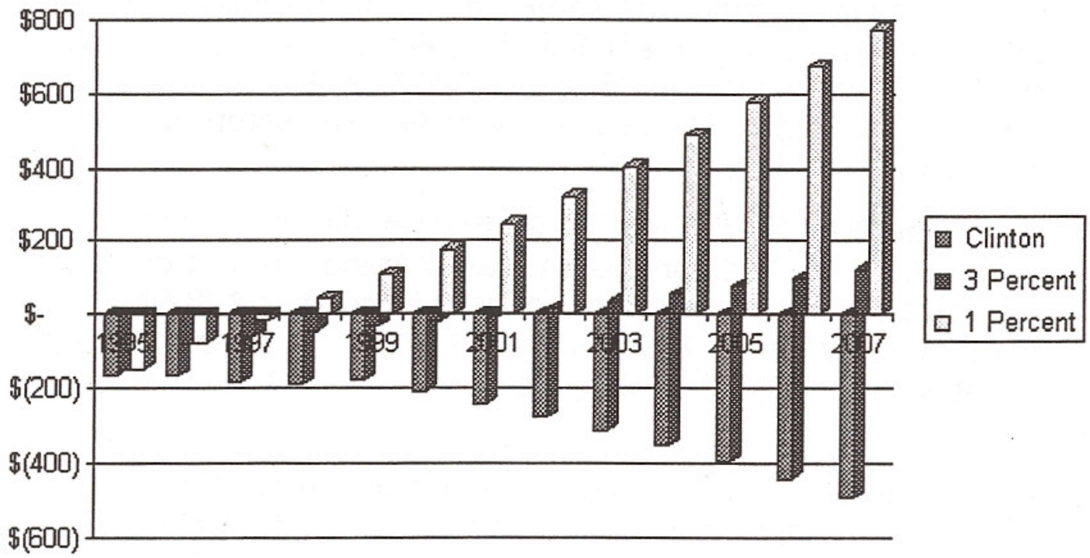

Table I: Cumulative Debt

End of Fiscal Yr	Debt level, billions	Change in Debt	Days	Debt/day, in billions	Cumulative Debt	Days	Debt/Day
1995 ytd	$4,724	102	81	$1.261	$102	81	$1.261
1994	4,622	271	365	$0.742	373	446	$0.837
1993	4,351	349	365	$0.956	722	811	$0.890
1992	4,002	404	366	$1.104	1,126	1177	$0.957
1991	3,598	392	365	$1.074	1,518	1542	$0.985
1990	3,206	339	365	$0.929	1,857	1907	$0.974
1989	2,867	266	365	$0.729	2,123	2272	$0.934
1988	2,601	255	366	$0.697	2,378	2638	$0.902
1987	2,346	226	365	$0.619	2,604	3003	$0.867
1986	2,120	303	365	$0.830	2,907	3368	$0.863
1985	1,817	253	365	$0.693	3,160	3733	$0.847

Sources: Budget of the U. S. Government, Fiscal Year 1995, Historical Tables, page 89; "Gov't Finances" Denver Post, 12/22/94, p 7C; Fisc '94 Yr End Debt Est: Denver Post, 10/6/94 p 6C for 10/4, $4,604,967; Denver Post, 10/1/94 p 6D, for 9/29, $4,582,375.

(For 1994 and "1995 ytd" added $36 billion that is not subject to the statutory limit to be equivalent to 1985-1993 data).

Table II: Comparative Growth of Government vs. Enterprise (Non-Government) from 1948 to 1993

Category	1948 Billions	1948 Pct of GDP	1993 Billions	1993 Pct of GDP	Ratio 1993 to 1948
Gross Domestic Product (GDP)	$260.0	100.0%	$6,374.0	100.0%	24.5

Federal Gvt	$29.8	11.5%	$1,408.2	22.1%	
State/Local Gvt	$15.7	6.0%	$701.5	11.0%	
Total Gvt.	$45.5	17.5%	$2109.7	33.1%	46.4
Enterprise (Non-Gvt)	$214.5	82.5%	$4264.3	66.9%	19.9

Ratio of Enterprise to Government (Wealth-producing to net Wealth-consuming) in 1948 was 4.7: 1. By 1993 the ratio had fallen to 2.0: 1

Sources: Economic Report of the President; for 1948 data, 1991, GDP 286, S/L 382, Fed 375; for 1993 data, 1994, GDP 268, S/L 366, Fed 359.

Table III: Cost of Government Compared to Cost of Essentials

	1986	1989	1992	1995
Housing	$421.8	$514.4	$600.0	
Household Operation	181.1	209.8	234.4	
Furniture & Household Equip't	135.5	167.9	194.5	
Food	476.8	565.1	633.7	
Clothing and Shoes	200.4	200.4	228.2	
Total, Billions	1415.6	1657.6	1890.8	
U. S. Pop'n, Mil's	240.65	247.34	255.46	
Per person cost for essentls.	**$5,882**	**$6,702**	**$7,402**	
Per person Cost of Govt.	**$5,816**	**$6,718**	**$7,938**	

Sources: 1986, 1989, 1992 costs of essentials: Economic Report of the President, 1994, p 286; Population for 1989, 1992: Economic Report of the President, 1994, p 305; Population for 1995: Colorado Economic

Perspective, Office, State Planning and Budgeting, 4th Qtr, June 20, 1994, p 13; Projections for 1995 taxes and cost of government: National Per-Capita Tax Burden for Eight Years, 1983 to 1991; Proj'd to 1995, by Fred Holden, Dec 6, 1994, Government Fiscal and Financial Data, 1977 to 1999.

Table IV: Clinton Plan vs. One Percent Solution

Clinton Plan

Assumptions: Public Debt Interest, 1995 and after at 1994 avg + 0.5% =7.20%.

After 1999 use 1996-1999 avg growth ratio, Public Debt-to-Annual Deficit=1.849

From 2000 on, use avg 1994-99 annual growth: Outlays =5.45%; Rcts =4.28%

Year	Gov Outl	Govt. Rec'ts	(Def)/Sur	Pbl Dbt	Dbt Int	Cum D I
1991	1,323.8	1,054.3	(269.5)	(3,569.3)	285.5	
1992	1,380.9	1,090.5	(290.4)	(3,972.6)	292.3	
1993	1,408.2	1,153.5	(254.7)	(4,315.6)	292.5	
1994	1,460.6	1,257.2	(203.4)	(4,600.0)	296.3	
1995	1,518.9	1,353.8	(165.1)	(4,925.0)	342.9	343
1996	1,596.9	1,427.3	(169.6)	(5,232.0)	365.6	709
1997	1,691.4	1,505.1	(186.4)	(5,566.2)	388.7	1,097
1998	1,777.4	1,586.9	(190.5)	(5,918.4)	413.4	1,511
1999	1,854.0	1,673.0	(181.1)	(6,270.3)	438.8	1,950
2000	1,955.1	1,744.6	(210.5)	(6,659.5)	465.5	2,415
2001	2,061.6	1,819.2	(242.4)	(7,107.7)	495.6	2,911
2002	2,174.0	1,897.1	(276.9)	(7,619.7)	530.2	3,441
2003	2,292.5	1,978.3	(314.2)	(8,200.6)	569.5	4,010
2004	2,417.4	2,062.9	(354.4)	(8,856.0)	614.0	4,624

2005	2,549.1	2,151.2	(397.9)	(9,591.7)	664.1	5,288
2006	2,688.1	2,243.3	(444.8)	(10,414.1)	720.2	6,009
2007	2,834.6	2,339.3	(495.2)	(11,329.8)	782.8	6,791

Sources: 1994 Economic Report of the President, p 359 for 1980 to 1992; Budget of the United States, Fiscal Year 1995, pp 13, 249 for 1993-1999; 1994 data: Denver Post, "Government Finances" 11/2/94 p 6C.

One Percent Solution

Year	Gov Outl	Gov Rec'ts	(Def)/Sur	Pbl Dbt	Dbt Int	Cum D I
1991	1,323.8	1,054.3	(269.5)	(3,569.3)	285.5	
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1994	1,460.6	1,257.2	(203.4)	(4,600.0)	296.3	
1995	1,489.8	1,370.3	(149.3)	(4,749.3)	336.6	337
1996	1,512.1	1,438.9	(80.6)	(4,829.9)	344.9	681
1997	1,527.2	1,510.8	(16.4)	(4,846.3)	348.3	1,030
1998	1,542.5	1,586.3	43.8	(4,802.5)	347.4	1,377
1999	1,557.9	1,665.7	107.7	(4,694.8)	341.9	1,719
2000	1,573.5	1,748.9	175.4	(4,519.4)	331.7	2,051
2001	1,589.3	1,836.4	247.1	(4,272.2)	316.5	2,367
2002	1,605.1	1,928.2	323.1	(3,949.2)	296.0	2,663
2003	1,621.2	2,024.6	403.4	(3,545.8)	269.8	2,933
2004	1,637.4	2,125.8	488.4	(3,057.3)	237.7	3,171
2005	1,653.8	2,232.1	578.4	(2,479.0)	199.3	3,370
2006	1,670.3	2,343.7	673.4	(1,805.5)	154.2	3,524

2007	1,687.0	2,460.9	773.9	(1,031.6)	102.1	3,626

Table V: Republican Three Percent Solution

Assumptions of the Three Percent Solution: From 1997 on, limit Annual Federal Government Fiscal Growth to: 3% for Spending (Outlays), 4% for Taxes (Receipts). Keep Public Debt-to-Deficit Ratio = 1.0 (everything on-budget). The 1994 debt to deficit ratio was 1.4. The plan is phased-in over two years. In the first year, outlays may grow 2%, and receipts 9%). In the seco years, outlays may grow 1.5%, and receipts 5%. The debt-to-deficit ratio is 1.25 in the first yea 1.1 in the second. The assumed debt interest rate for 1995 and thereafter is 0.5% above the 19 average of 7.20%.

Year	Gov Outl	Gov Rec'ts	(Def)/Sur	Pbl Dbt	Dbt Int	Cum D I
1991	1,323.8	1,054.3	(269.5)	(3,569.3)	285.5	
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1995	1,489.8	1,370.3	(149.3)	(4,749.3)	336.6	337
1996	1,512.2	1,438.9	(80.6)	(4,830.0)	344.9	681
1997	1,557.5	1,496.4	(61.1)	(4,891.1)	350.0	1,031
1998	1,604.2	1,556.3	(48.0)	(4,939.0)	353.9	1,385
1999	1,652.4	1,618.5	(33.8)	(4,972.9)	356.8	1,742
2000	1,701.9	1,683.3	(18.7)	(4,991.6)	358.7	2,101
2001	1,753.0	1,750.6	(2.4)	(4,994.0)	359.5	2,460
2002	1,805.6	1,820.6	15.0	(4,978.9)	359.0	2,819
2003	1,859.8	1,893.4	33.7	(4,945.3)	357.3	3,177
2004	1,915.6	1,969.2	53.6	(4,891.6)	354.1	3,531
2005	1,973.0	2,048.0	74.9	(4,816.7)	349.5	3,880

2006	2,032.2	2,129.9	97.7	(4,719.0)	343.3	4,224
2007	2,093.2	2,215.1	121.9	(4,597.2)	335.4	4,559
2008	2,156.0	2,303.7	147.7	(4,449.5)	325.7	4,885
2009	2,220.7	2,395.8	175.2	(4,274.3)	314.1	5,199
2010	2,287.3	2,491.6	204.4	(4,069.9)	300.4	5,499
2011	2,355.9	2,591.3	235.4	(3,834.5)	284.6	5,784
2012	2,426.6	2,695.0	268.4	(3,566.1)	266.4	6,050
2013	2,499.4	2,802.8	303.4	(3,262.7)	245.8	6,296
2014	2,574.3	2,914.9	340.5	(2,922.2)	222.7	6,518
2015	2,651.6	3,031.5	379.9	(2,542.3)	196.7	6,715
2016	2,731.1	3,152.7	421.6	(2,120.7)	167.9	6,883
2017	2,813.1	3,278.8	465.8	(1,654.9)	135.9	7,019
2018	2,897.5	3,410.0	512.5	(1,142.4)	100.7	7,120

Sources: 1994 Economic Report of the President, p 359 for 1980 to 1992; Budget of the United States, Fiscal Year 1995, pp 13, 249, for 1993-1999; 1994 data: Denver Post, "Government Finances" 11/2/94 p 6C; "Can the U.S. Balance its Budget?/GOP says Yes, With 3% Spending Growth" by John Merline, Investor's Business Daily, December 15, 1994.

Table VI: Per Capita Savings with One Percent Solution, Compared to Clinton Plan

Year	Billions of dollars Saved	U.S. Popul.	Per Capita Savings, annual	Cumul. Per capita savings
1995	12.6	263.4	$48	$48
1996	73.2	266.1	$275	$323
1997	158.5	268.7	$590	$913
1998	235.5	271.3	$868	$1,781

1999	303.4	274.0	$1,107	$2,888
2000	377.2	276.8	$1,363	$4,251
2001	455.2	279.5	$1,629	$5,879
2002	537.7	282.3	$1,905	$7,784
2003	624.9	285.1	$2,192	$9,976
2004	717.1	288.0	$2,490	$12,466
2005	814.5	290.9	$2,800	$15,266
2006	917.3	293.8	$3,122	$18,388
2007	1,025.9	296.7	$3,458	$21,846

Economic sources are listed above. Population estimates are from *Colorado Economic Perspective*, June 20, 1994, pp. 16-17, for years through 1998. Thereafter, a 1.01% population growth rate is assumed.

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