

## Budget Deficits and Reductions in Spending: A Historical Perspective

When faced with the prospect of increasing budget deficits, Republicans have traditionally sought to decrease spending relative to the projected baseline. Led first by President Reagan in 1981 and then by the new Republican majority in 1995 and 1996, the Budget Resolutions adopted in each of those years either called for or permitted reductions in revenue, but also prescribed substantial reductions in federal spending.

The following tables illustrate the proposed changes in spending in the FY 1982, FY 1996, and FY 1997 Budget Resolutions, as well as the President's proposal for FY 2004.

### Changes in Non-Defense Outlays Relative to the CBO Baseline in the First Budget Resolution Adopted by Congress After the Inauguration of President Reagan

*In Billions of Dollars*

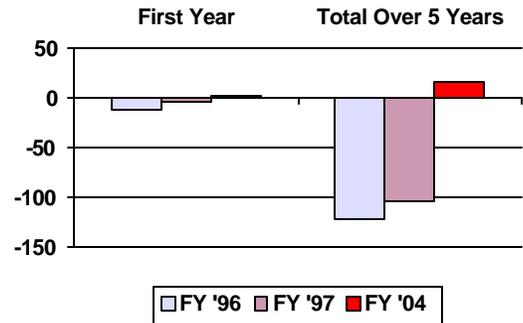
	First Year	Second Year	Third Year	Total
FY '82 Budget Resolution <sup>1</sup>	-48	-80	-98	-226

<sup>1</sup> Includes reductions in mandatory and discretionary non-defense programs

### Changes in Non-Defense Discretionary Outlays Relative to CBO's Inflated Baseline

*In Billions of Dollars*

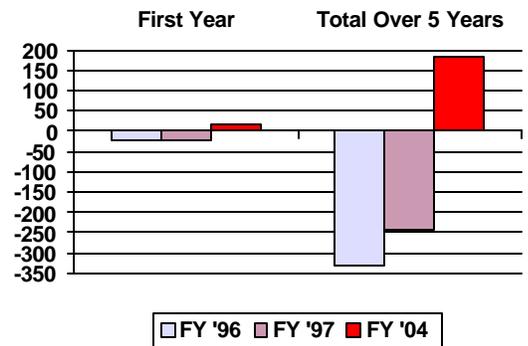
	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total
FY '96 Budget <sup>1</sup>	-12	-17	-19	-32	-43	-123
FY '97 Budget <sup>2</sup>	-5	-7	-19	-26	-48	-105
FY '04 Bush <sup>3</sup>	+1	+5	+5	+2	+3	+16



### Changes in Mandatory Outlays Relative to CBO's Baseline

*In Billions of Dollars*

	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total
FY '96 Budget <sup>1</sup>	-22	-45	-67	-87	-111	-332
FY '97 Budget <sup>2</sup>	-20	-28	-48	-65	-83	-244
FY '04 Bush <sup>3</sup>	+16	+19	+43	+49	+56	+183



<sup>1</sup> Conference Agreement

<sup>2</sup> Conference Agreement

<sup>3</sup> Bush 2004 Budget compared to January CBO Update