

# IMF economists see dire future for US taxpayers

April 4 2011

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Americans will need to pay much heavier taxes and accept less from public healthcare to put state finances on a sustainable track, according to an IMF study published Monday.

"The United States is facing an untenable fiscal situation due to the combination of high fiscal deficits, an [aging population](#) and rapid growth in government-provided healthcare benefits," three International Monetary Fund economists said in a report.

The economists analyzed the large US public deficit and debt levels and their relation to the demands [aging Baby Boomers](#) will place on the government's Medicare and Medicaid healthcare programs, while the birth rate lags at a record low.

In "An Analysis of US Fiscal and Generational Imbalances: Who Will Pay and How?," they said the problem lies in government entitlement programs and especially healthcare -- among the most expensive in the world-- that face rapidly rising costs in coming years.

Under their "baseline scenario," Americans need to pay more taxes and the government must cut spending on Baby Boomers -- those Americans between about 45 and 65 -- and their immediate heirs.

Such steps "would go a long way in returning the United States to a fiscally sustainable path."

Fully eliminating current deficits and the long-term shortfalls on social plan commitments for the current generation "would require all taxes to go up and all transfers to be cut immediately and permanently by 35 percent," they said.

"A delay in the adjustment makes it more costly," they wrote.

"Unless currently living Americans pay more in net taxes or unless [government spending](#) on current generations is curtailed, future Americans will face net [tax](#) rates that are about 21.5 percentage points... higher than those facing current newborn Americans."

The study came amid budget tensions between President Barack Obama's administration and opposition Republicans over taxes and spending, and as the spiraling US public debt nears its statutory ceiling of about \$14.3 trillion.

The Treasury Department said debt totaled \$14.19 trillion as of February 28.

Republicans have said any increase in the debt ceiling must be coupled to deep spending cuts, while denying that they will let Washington default on its obligations and precipitate a likely financial crisis.

The authors of the IMF study were economists Nicoletta Batini, Giovanni Callegari and Julia Guerreiro.

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Citation: IMF economists see dire future for US taxpayers (2011, April 4) retrieved 29 June 2024 from <https://phys.org/news/2011-04-imf-economists-dire-future-taxpayers.html>

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