

Search:

**Track the News That Is Important to Your World.**

Act Now! Sign up for \$19.95/year and receive a \$10 Gift Certificate to the NYTimes Store.

 [Breaking News](#)
 [Topic Alert](#)
 [Personal Archive](#)
 [And Much More!](#)

**TIMES NEWS TRACKER**  
 nytimes.com
**SUBSCRIBE NOW**[NYTimes.com](#) > [Washington](#)

## White House Sees a \$455 Billion Gap in '03 Budget

By **DAVID E. ROSENBAUM**

**W**ASHINGTON, July 15 — The White House today projected a \$455 billion budget deficit in the current fiscal year, by far the government's largest deficit ever and \$150 billion higher than what the administration predicted just five months ago.

Democratic lawmakers said the new calculations showed the folly of President Bush's tax cuts and demonstrated that he was mismanaging the economy.

But Joshua B. Bolten, Mr. Bush's new budget director, said a deficit of this magnitude was "manageable if we continue pro-growth economic policies and exercise serious spending discipline."

Advertisement

In dollar terms, the expected deficit would be substantially higher than the previous record, \$290 billion in the fiscal year 1992, the last full year of the first Bush administration.

Using what economists say is the most reliable measurement, the \$455 billion represents 4.2 percent of the total economy, somewhat less than the 1983 deficit in the administration of President Ronald Reagan, which was 6 percent.

But in only six years since 1946 has the deficit been larger than 4.2 percent of the gross domestic product. Not counting the current surplus in the Social Security fund, the deficit would be 5.7 percent of the total economy, the largest since World War II except for 1983, when there was no Social Security surplus.

The projections released today by the White House's Office of Management and Budget in its midyear review showed the deficit rising to \$475 billion in the 2004 fiscal year, which begins Oct. 1, then declining somewhat as a result of the stronger economy that the administration is forecasting. The deficit was also forecast to be \$304 billion in 2005, \$238 billion in 2006, \$213 billion in 2007 and \$226 billion in 2008. In all, that would be about \$1.9 trillion in new debt through 2008, making for a total national debt of \$8.6 trillion.

The spending side of the budget equation for next year and afterward are almost sure to be higher than those shown in the documents, since the budget office's




Doug Mills/The New York Times

Joshua B. Bolten, the White House budget director, prepared Tuesday to discuss the new deficit projections.

**ARTICLE TOOLS**

-  [E-Mail This Article](#)
-  [Printer-Friendly Format](#)
-  [Most E-Mailed Articles](#)
-  [Reprints](#)
-  [Single-Page Format](#)

ARTICLE TOOLS  
SPONSORED BY**STARBUCKS.COM****MULTIMEDIA**

-  [Graphic: Estimating the Budget Deficit](#)

calculations for the fiscal years after the current one do not include the cost of maintaining troops in Iraq and Afghanistan or rebuilding those nations. Mr. Bolten said those expenses were impossible to predict. The latest Pentagon estimate is that the military costs alone in those countries are running about \$5 billion a month.

"You can be sure that the president will ask Congress to spend whatever is necessary to protect our troops," Mr. Bolten said.

So far, the military campaign in Iraq has cost \$48 billion, Dov Zakheim, the Pentagon comptroller, told The Associated Press today.

The deficits in future years include the president's proposal to spend \$400 billion during the next decade to provide prescription drug benefits under Medicare.

The budget was in surplus by \$127 billion in fiscal year 2001, the last budget prepared by the Clinton administration and the fourth consecutive year with a surplus. In April 2001, shortly after taking office, the Bush administration forecast a surplus of \$334 billion in 2003.

Since then, the economy has faltered, taxes have been cut, and government spending has risen, mostly for the military and domestic security in the aftermath of Sept. 11. As a result, the deficit picture has worsened by \$789 billion, from a surplus of \$334 billion to a deficit of \$455 billion, in just two years.

The budget office calculated that 53 percent of the deterioration was caused by the weak economy and the resulting lower tax receipts, 23 percent by tax cuts and 24 percent by higher spending for the war, domestic security and other items.

As recently as February, the White House's deficit forecast for this fiscal year was limited to \$304 billion. Since then, tax revenues have been \$66 billion lower than expected, Congress approved \$47 billion for war costs in Iraq, taxes were cut by \$13 billion and other legislation raised spending by \$26 billion.

**Continued**  
1 | [2](#) | [Next >>](#)

[Expect the World](#) every morning with home delivery of The New York Times newspaper.

Get [The Times from \\$2.90](#) a week

TIMES NEWS TRACKER	
Topics	Alerts
<a href="#">Budgets and Budgeting</a>	
<a href="#">Finances</a>	
<a href="#">National Debt (US)</a>	
<a href="#">Create Your Own</a>	<a href="#">Manage</a>
<a href="#">Most Popular Alerts</a>	
<a href="#">CLICK HERE TO SUBSCRIBE</a> 	

NYT Store	
	NYT Pocket MBA Series: Business and Financing <b>Price: \$12.95. <a href="#">Learn More.</a></b>

Real Estate	
<b>Spotlight on...</b>	
<a href="#">Westchester Homes</a>	
Scarsdale, Ardsley, more...	
<a href="#">Active Adult Homes</a>	
Find homes in for older adults...	
<ul style="list-style-type: none"> <li>• <a href="#">Search Other Areas</a></li> </ul>	

Advertiser Links
<a href="#">\$7 Trades, NO Inactivity Fees</a>
<a href="#">Get \$100 from Citibank. Details.</a>

---

## RELATED ARTICLES

---

- [World Briefing | Europe: Belgium: Accord On Government Near](#) (July 9, 2003) \$
- [2 Spending Bills For the Military Advance in Congress](#) (July 9, 2003) \$
- [Bush Seeks Big Changes in Head Start, Drawing Criticism From Program's Supporters](#) (July 8, 2003) \$
- [New Threats and Opportunities Redefine U.S. Interests in Africa](#) (July 7, 2003) \$
- [Feeling Shortchanged by a City in a Crunch](#) (July 7, 2003) \$

Find more results for [Budgets and Budgeting](#) and [Finances](#) .

---

## TOP WASHINGTON ARTICLES

---

- [White House Sees a \\$455 Billion Gap in '03 Budget](#)
- [Negotiations Begin on Resolving Differences in House and Senate Drug Benefit Plans](#)
- [In Response to Panel, NASA Plans Safety Center](#)
- [Future of Terror Case Is in Judge's Hands](#)
- [The Money Trail: Fake Goods Support Terrorism, Interpol Official Is to Testify](#)

## Track the News That Is Important to Your World.

**Act Now!** Sign up for \$19.95/year and receive a \$10 Gift Certificate to the NYTimes Store.

[Breaking News](#)    [Topic Alert](#)    [Personal Archive](#)    [And Much More!](#)



**TIMES NEWS TRACKER**  
nytimes.com

**SUBSCRIBE NOW**

[Copyright 2003 The New York Times Company](#) | [Home](#) | [Privacy Policy](#) | [Search](#) | [Corrections](#) | [Help](#) | [Back to Top](#) s,width=575,height=580, top=0');window.  
focus();; window.open = SymTmpWinOpen;" BORDER=0">