

Get a Pencil. You're Tackling the Deficit.

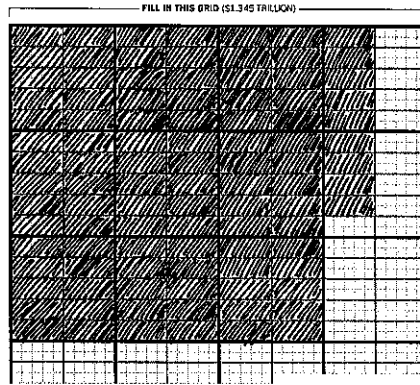
An interactive graphic (without all the costly computer equipment): just follow the instructions to right the nation's finances.

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1 Try to cut **\$1.345 trillion** from the 2030 budget. Why 2030? That's when boomers start to weigh heavily on the budget, and it's the latest year for which experts have estimated costs for budget items. Each square (□) in the big grid below represents **\$1 billion**. Your job is to fill in these squares by choosing from our menu of spending cuts and tax hikes.

2 Below is the menu of options for plugging this \$1.345 trillion hole. Yes, we know: real-world policymakers have more moves than just these. But we are presenting options that span all major sectors of the budget and many points across the political spectrum.

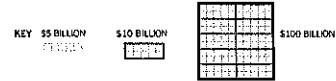
Your options come in two flavors: **cutting spending** and **raising tax revenue**. Our menu contains almost triple the cuts and revenue hikes needed to plug the deficit, so you will be able to ignore some choices you don't like.



3 Scan the options and consider their consequences. Then start making choices.

Each option has an amount, in billions of dollars, by which it would reduce the deficit. As you make each choice, fill in that number of squares on the big grid at left. Just 1,345 squares later, presto! Problem solved.

To make it easier, estimates listed below are rounded to the nearest \$5 billion. The grid is organized the same way:



TIPS As you fill in the boxes at left, you don't have to mimic the configurations shown below — just get the amounts right. Also, you may want to mark off squares in two colors: one for spending cuts and one for tax revenue, to see how your choices sort out.

Spending Options

These total \$1.81 trillion

DOMESTIC PROGRAMS AND FOREIGN AID

- \$15 Eliminate farm subsidies
- \$15 Cut foreign aid in half
- \$15 Eliminate earmarks
- \$15 Reduce federal work force by 10 percent
- \$15 Cut 250,000 government contractors
- \$18 Cut pay of civilian federal workers by 5 percent
- \$30 Other cuts from deficit panel, such as to national parks budget
- \$40 Cut aid to states by 5 percent

MILITARY

- \$20 Cancel or delay some weapons programs, like F-35
- \$25 Reduce Navy and Air Force fleets
- \$40 Reduce nuclear arsenal and space-based missile defense spending
- \$50 Reduce active military personnel by 200,000 to 1.3 million. Reduce presence in Europe and Asia
- \$50 Reduce noncombat military compensation and overhead

Choose only one of the next two, or neither option:

- \$150 Speed up withdrawal of Iraq/Afghanistan troops to a total of 60,000 remaining by 2015
- \$170 Speed up withdrawal of Iraq/Afghanistan troops to a total of 30,000 remaining by 2013

HEALTH CARE

- \$15 Enact medical malpractice reform
- \$105 Increase the Medicare eligibility age to 70, from 65
- \$60 Cap Medicare growth at G.D.P. growth plus 1 percentage point, starting in 2013. Among other things, this would crack down on many hospitals and doctors with the highest costs.

SOCIAL SECURITY

This analysis treats Social Security as part of the total federal budget. Social Security is projected to run a deficit by 2015 and to exhaust its trust fund by 2037. (The deficit commission treated the program separately, with its own deficit to close.)

- \$15 Tighten eligibility for disability insurance
- \$85 Reduce growth rate of initial Social Security benefits for top 40 percent of lifetime earners
- \$80 Use alternate inflation measure, which would slow cost-of-living increases for Social Security (and also increase income taxes)

Choose only one of the next two, or neither option:

- \$70 Raise Social Security retirement age to 68
- \$245 Raise Social Security retirement age to 70

Revenue Options

These total \$1.955 trillion

ENTIRE TAX — Choose one or none

- \$20 Exempt first \$5 million of estate; 35 percent tax rate
- \$45 Exempt first \$3.5 million; rate of 45 percent (2009 level and Obama proposal)
- \$105 Exempt first \$1 million; varying tax rate (policy under President Clinton)

INVESTMENT TAXES — Choose one or none

- \$25 Raise capital-gains and dividends taxes by 5 percentage points on high-income households (Obama proposal)
- \$45 Raise capital-gains taxes on all households. Tax dividends as ordinary income. (Clinton policy)

INCOME AND EMPLOYER TAXES

- \$95 5.4 percent surtax on income above \$1 million
- \$100 Have Social Security payroll tax apply to some income above \$105,000 (the current wage ceiling)
- \$155 Gradually reduce tax break for employer-provided health insurance.
- \$115 Allow expiration of Bush tax cuts on income above \$250,000
- \$250 Allow expiration of Bush tax cuts on income below \$250,000

TAX REFORM — Choose one or none

- \$55 Reduce mortgage deduction and other tax breaks for high-income households
- \$175 Reduce individual and corporate tax breaks, while also cutting income and corporate tax rates; net effect is to raise taxes
- \$315 Same as previous option, but income and corporate tax rates are cut less, raising more revenue.

OTHER NEW TAXES

- \$70 Gradually rising tax on carbon emissions (starting at \$23 per ton of CO₂)
- \$105 Tax on banks, weighted by size and riskiness of holdings
- \$280 5 percent national sales tax, exempting education, charity and housing

Sources: New York Times analysis of data provided by Alan Auerbach and William Gale; Committee for a Responsible Federal Budget; Tax Policy Center; Congressional Budget Office; Social Security Administration; Cato Institute; Economic Policy Institute; National Commission on Fiscal Responsibility and Reform; Joint Committee on Taxation; Centers for Medicare and Medicaid Services; Social Security Administration

ONLINE: NO PENCIL?
Fix the budget in an interactive graphic at nytimes.com/weekinreview