

Senator Gregg on Restoring PAYGO

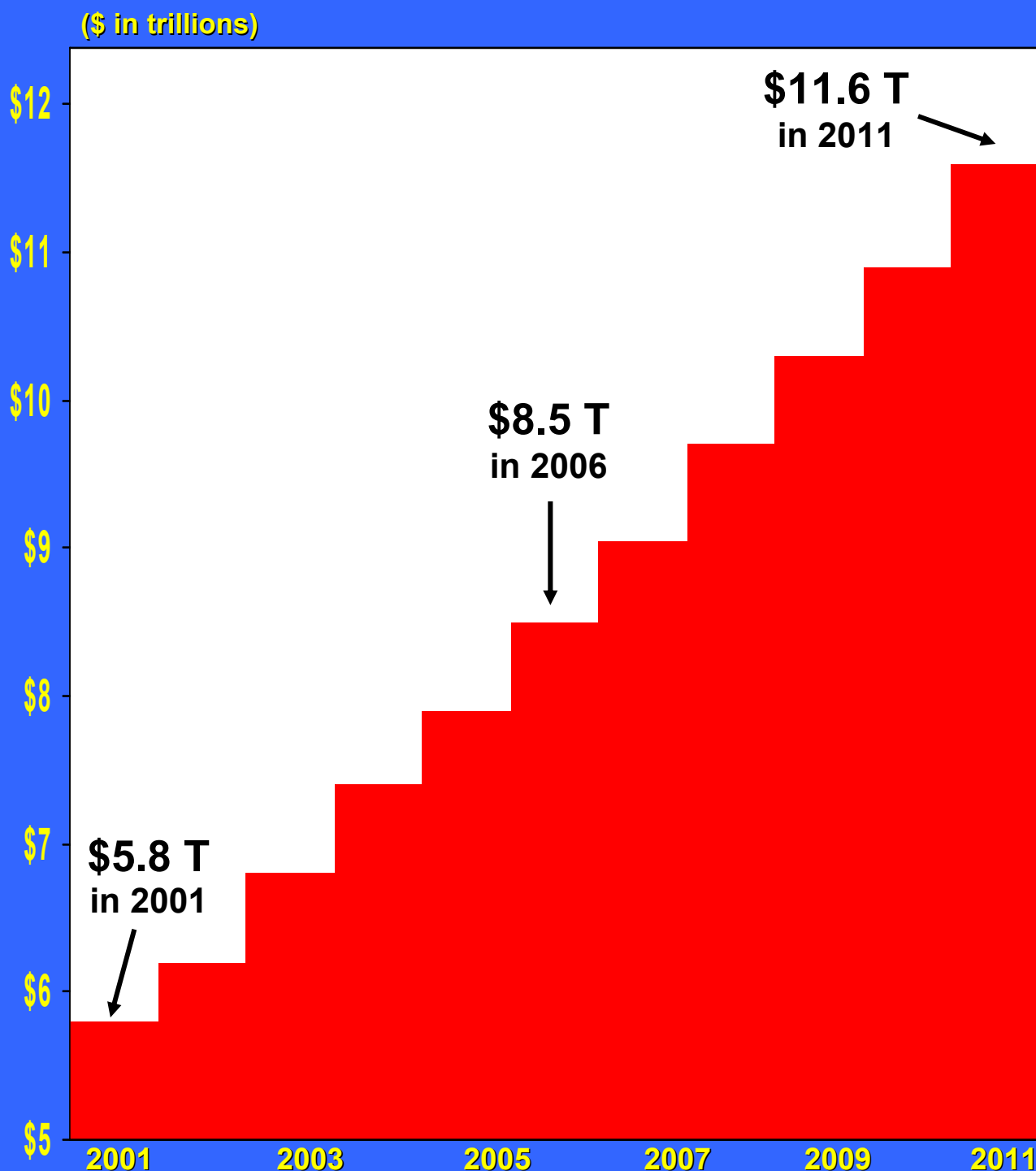
“The second budget discipline, which is pay-go, essentially says if you are going to add a new entitlement program or you are going to cut taxes during a period, especially of deficits, you must offset that event so that it becomes a budget-neutral event that also lapses.

“... If we do not do this, if we do not put back in place caps and pay-go mechanisms, we will have no budget discipline in this Congress, and, as a result, we will dramatically aggravate the deficit which, of course, impacts a lot of important issues, but especially impacts Social Security.”

- Senator Judd Gregg (R-NH)
Senate Floor Debate on Budget Enforcement
Amendment to FY 2002 Supplemental
June 5, 2002**

Building a Wall of Debt

Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO August 2006 Budget and Economic Outlook, with President's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

President Bush More than Doubles Foreign-Held Debt

It Took 42 Presidents 224 Years to Build Up Same Level of Foreign-Held Debt



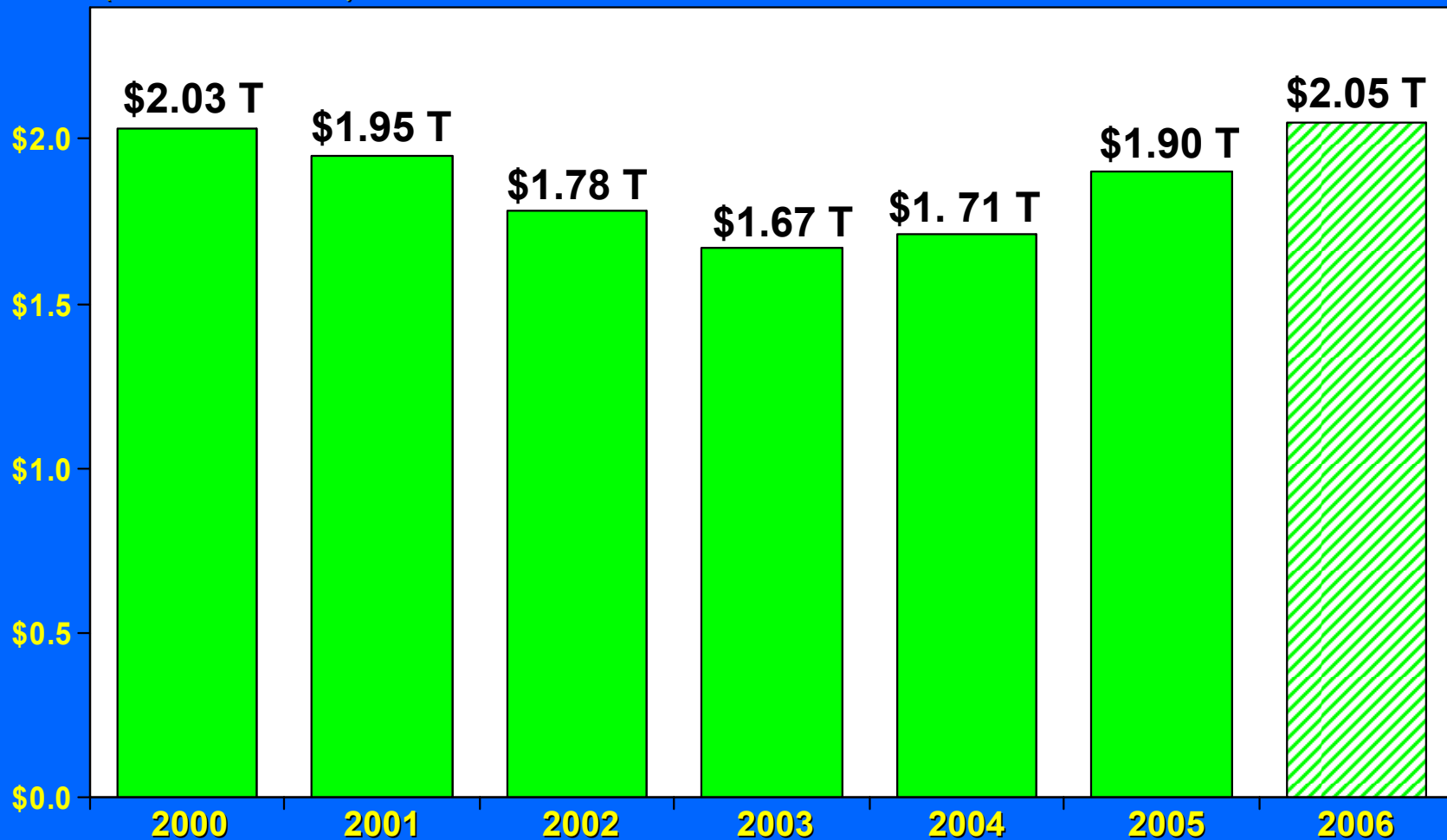
224 Years
(1776-2000)



6 Years
(2001-2006)

Real Revenues Have Experienced Virtually No Growth Since 2000

(Trillions of 2000 \$)

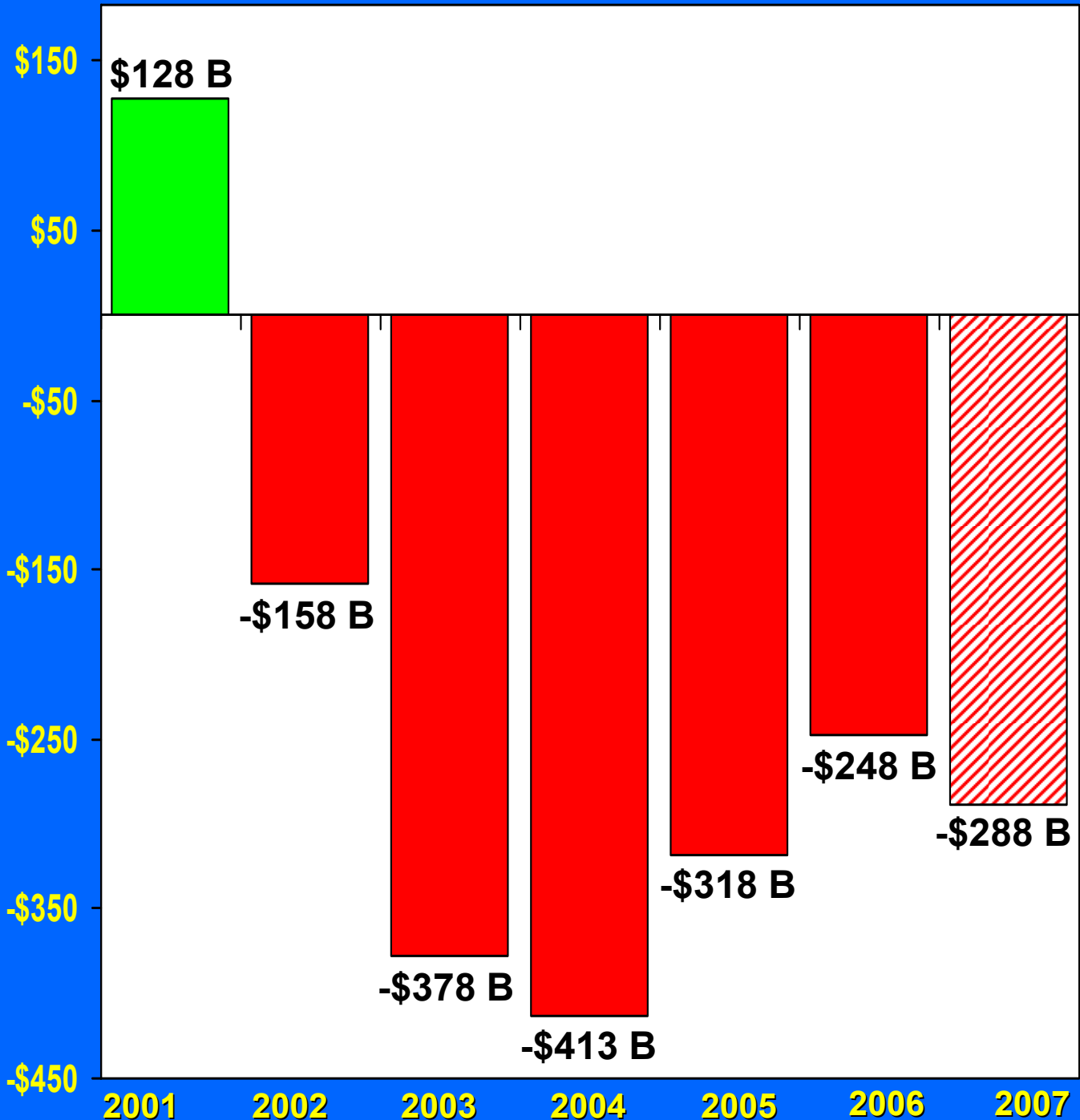


Source: OMB, CBO

Note: 2006 estimate from CBO's The Budget and Economic Outlook: An Update

Dramatic Deterioration in Budget Picture

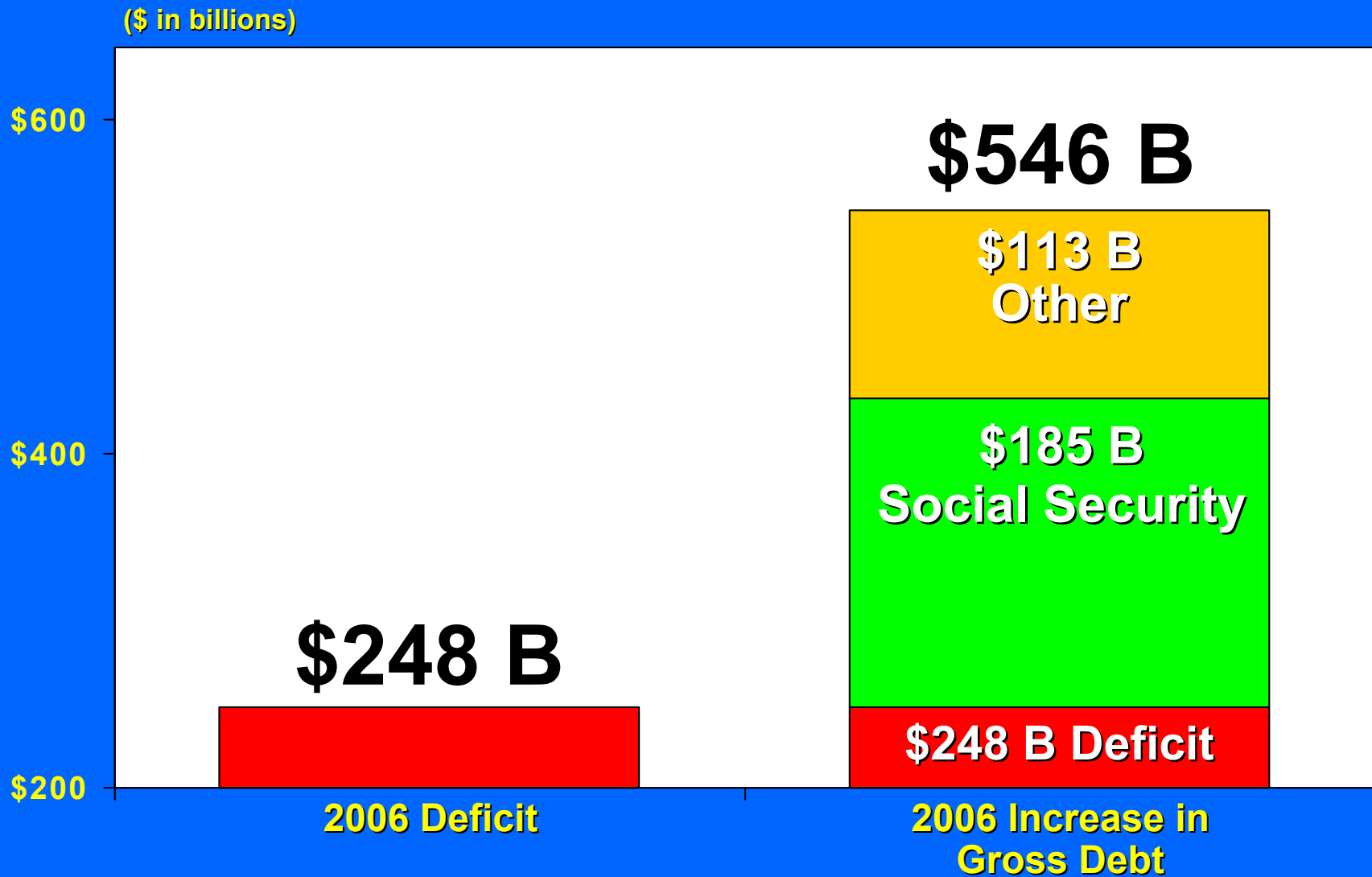
(Deficit in billions of \$)



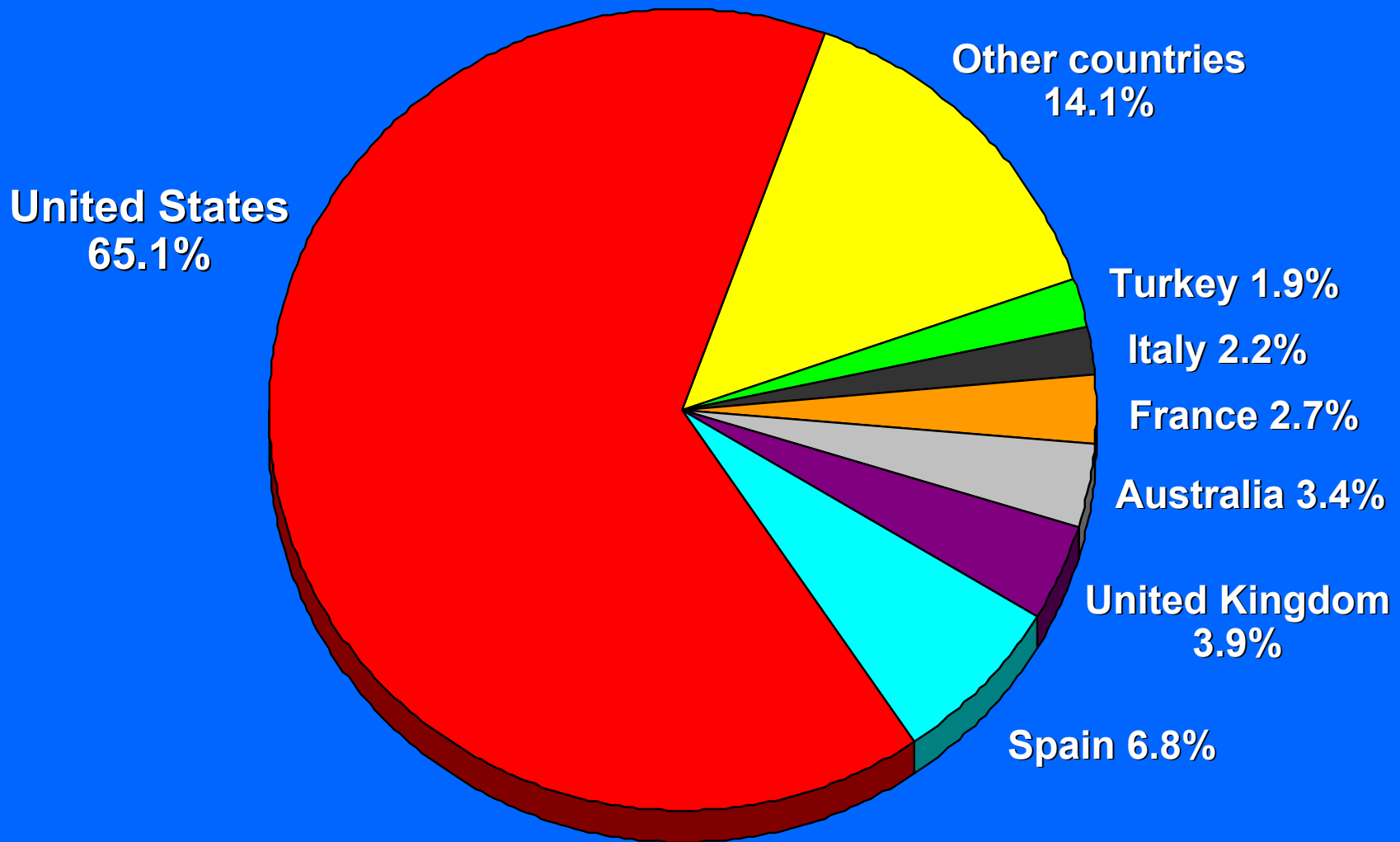
Source: CBO, OMB/Treasury, and SBC Democratic staff

Note: For 2007, reflects CBO August 2006 Budget and Economic Outlook, with President's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

Increase in Debt in 2006 is Far Greater Than the \$248 Billion Deficit



World's Biggest Borrowers



Note: Percent of world borrowing by country.
Source: IMF

Top Ten Foreign Holders of Our National Debt

Japan	\$641 B
China	\$345 B
United Kingdom	\$208 B
“Oil Exporters”	\$98 B
South Korea	\$69 B
Taiwan	\$64 B
“Caribbean Banking Centers”	\$56 B
Germany	\$53 B
Hong Kong	\$51 B
Canada	\$50 B

Source: Department of Treasury

Note: As of October 2006