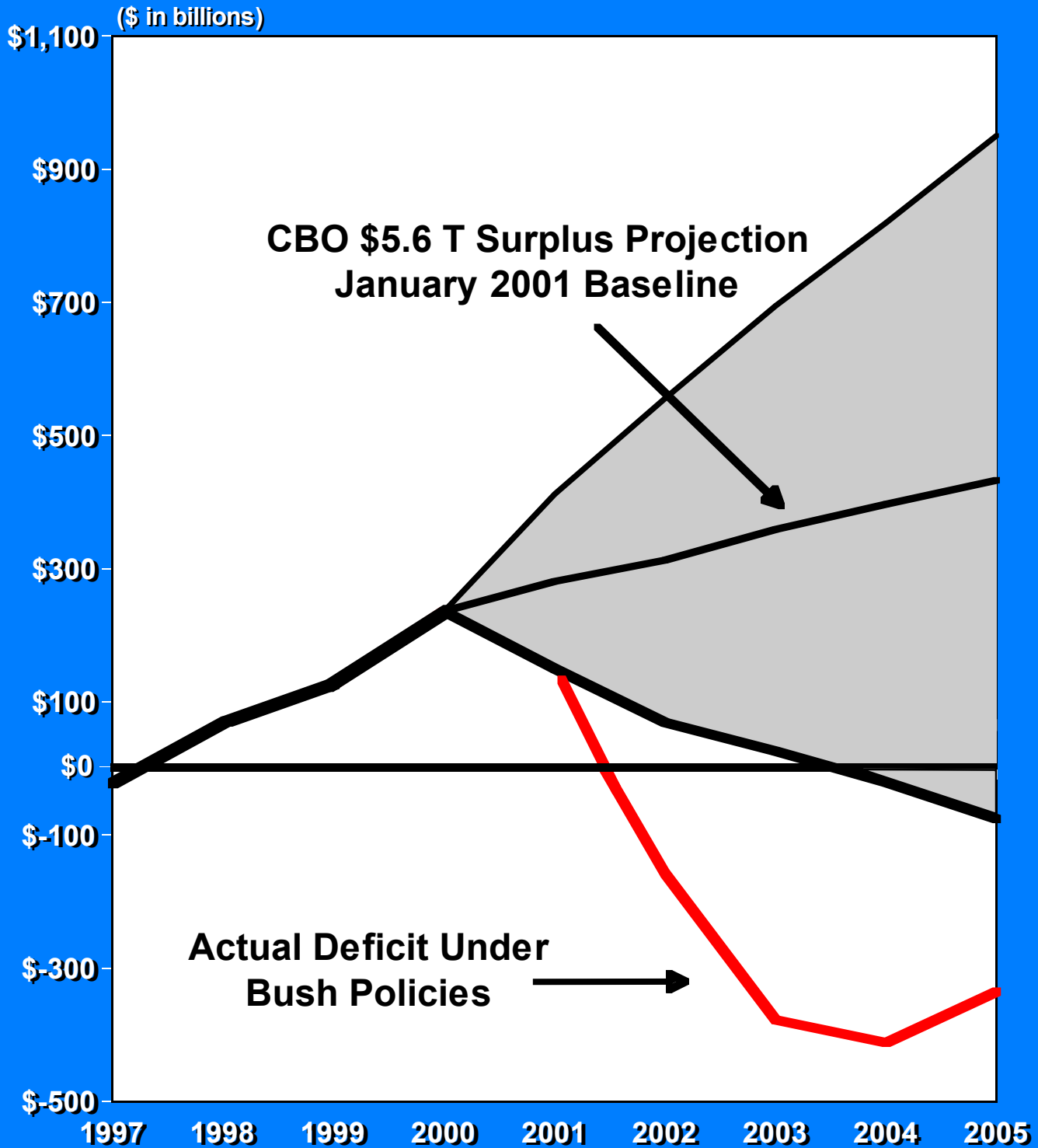


# **Bush Administration Said No Fear of Budget Deficits**

**“[W]e can proceed with tax relief  
without fear of budget deficits, even  
if the economy softens.”**

**–President Bush  
Remarks at Western Michigan University  
March 27, 2001**

# Bush Deficits Far Worse Than Scenarios Projected by CBO in 2001



# **Bush Administration on Importance of Paying Down Debt**

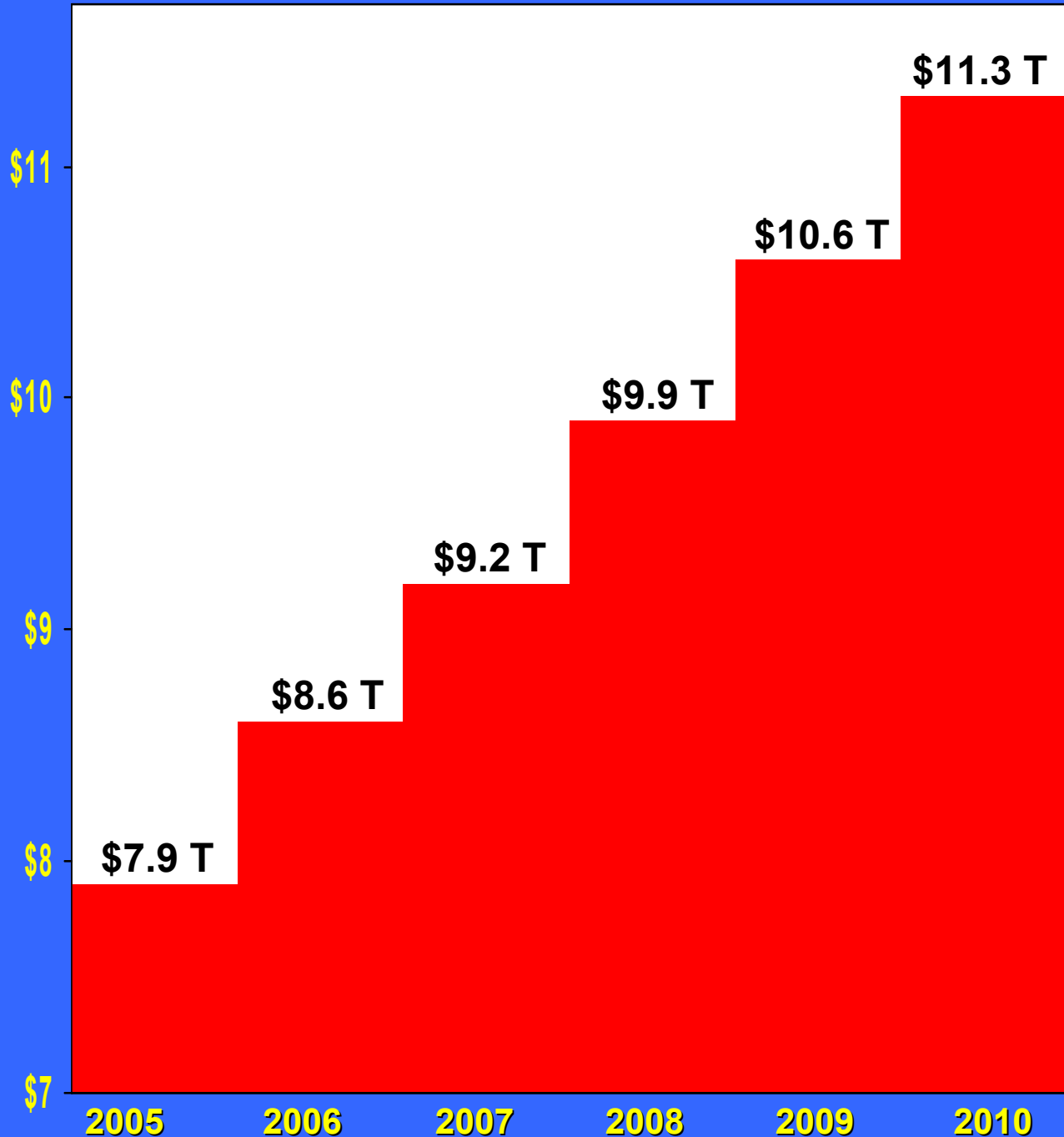
**“...(M)y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.”**

**–President George W. Bush  
Radio Address  
March 3, 2001**

# Building a Wall of Debt

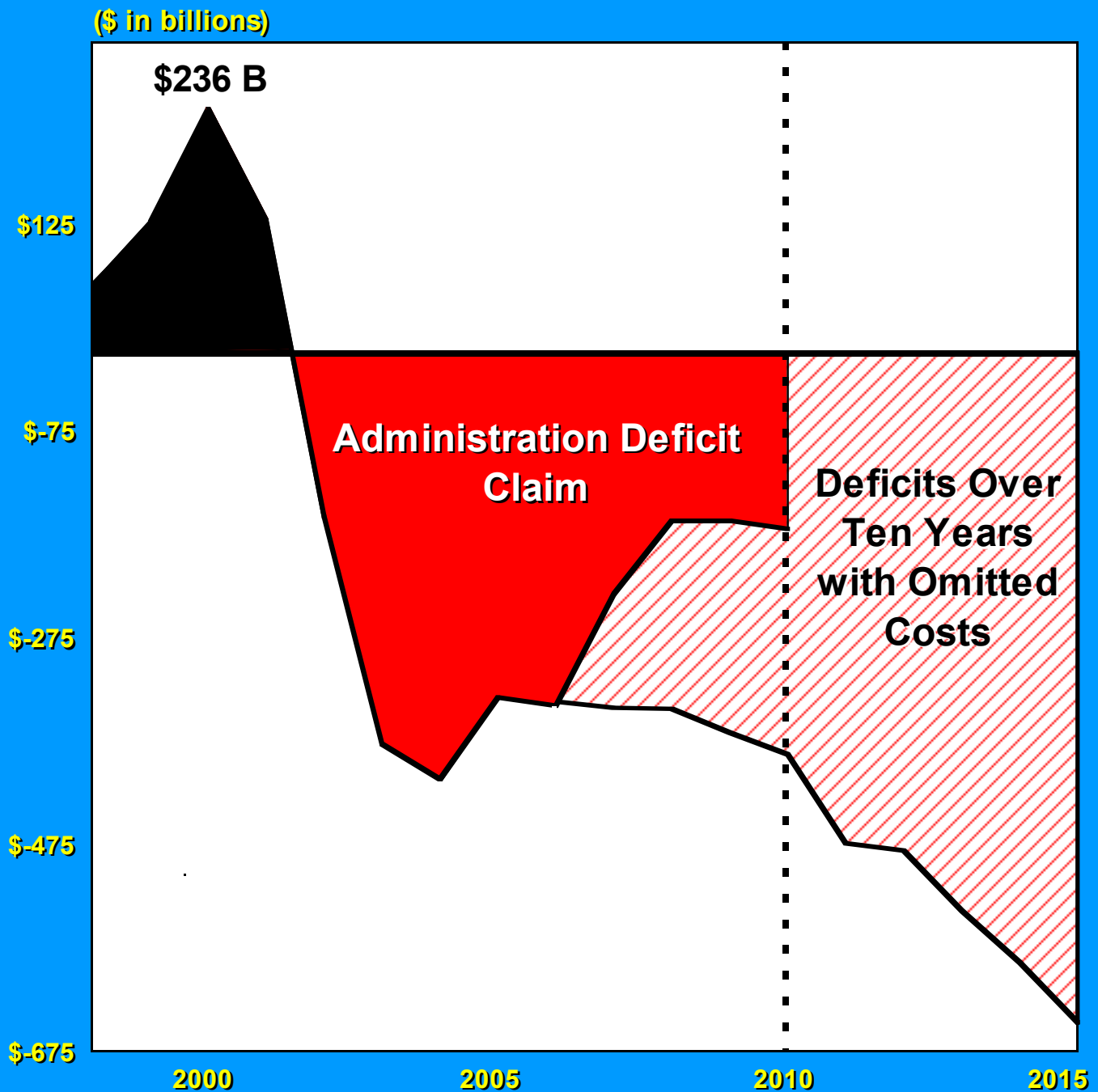
## Gross Federal Debt Soars

(\$ in trillions)



Note: Gross debt, adjusted to include administration's policies and omitted costs for AMT reform and ongoing war costs.  
Source: CBO, OMB, and SBC Democratic staff

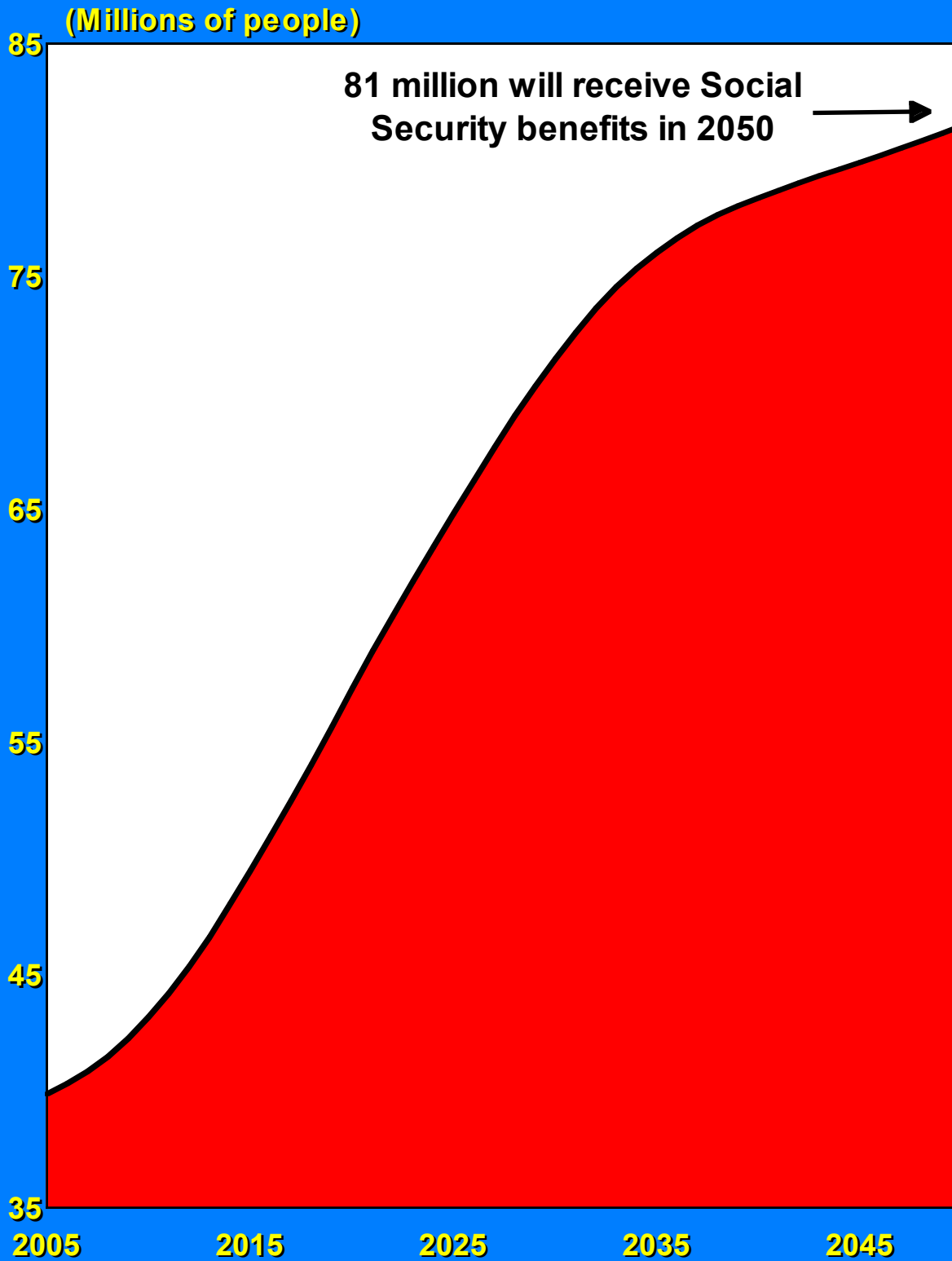
# Long-Term Budget Outlook



Source: OMB, CBO, SBC Democratic staff

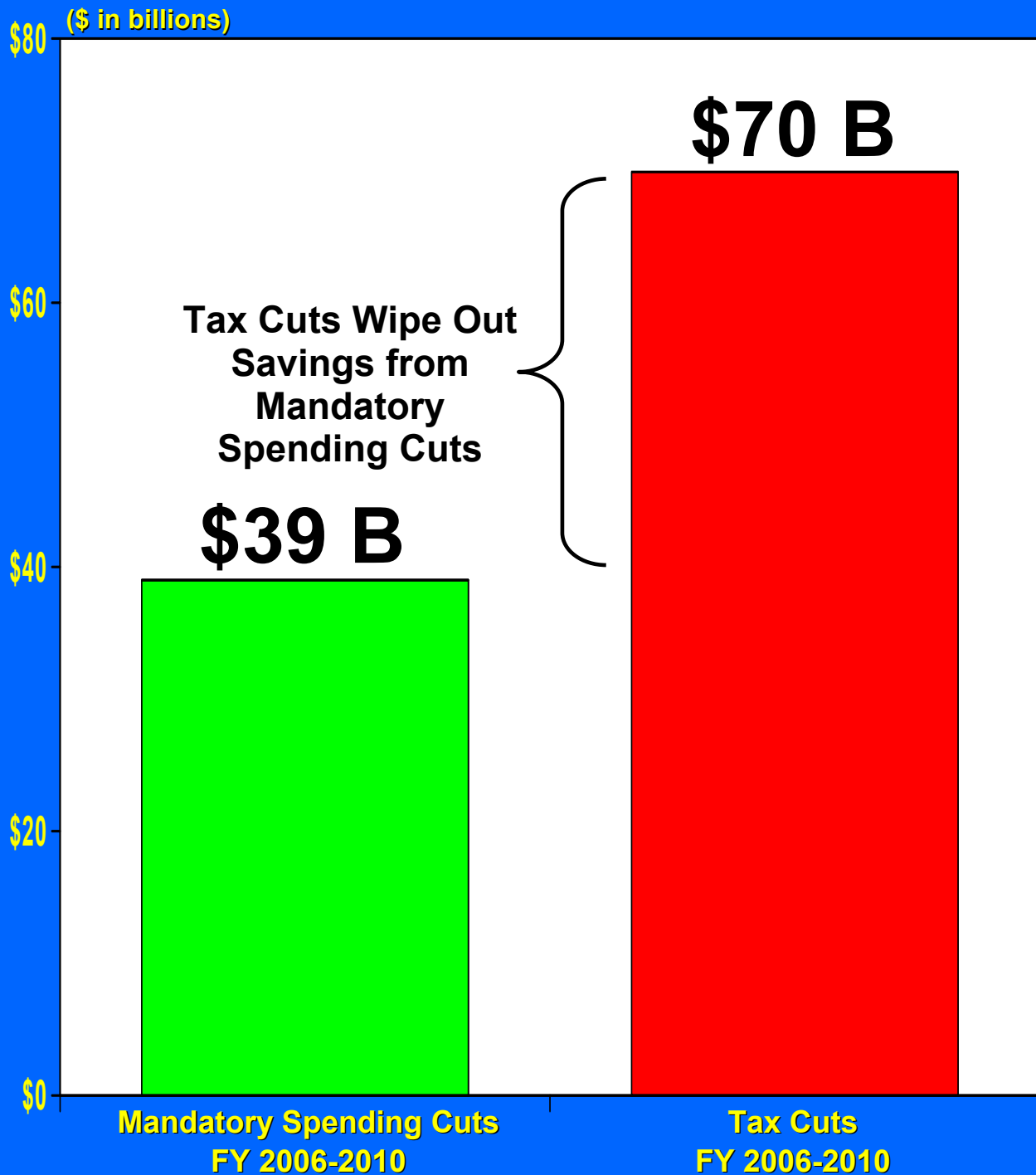
Note: CBO August 2005 Budget and Economic Outlook, with administration's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

# Number of Social Security Beneficiaries Explodes with Retirement of Baby Boom Generation



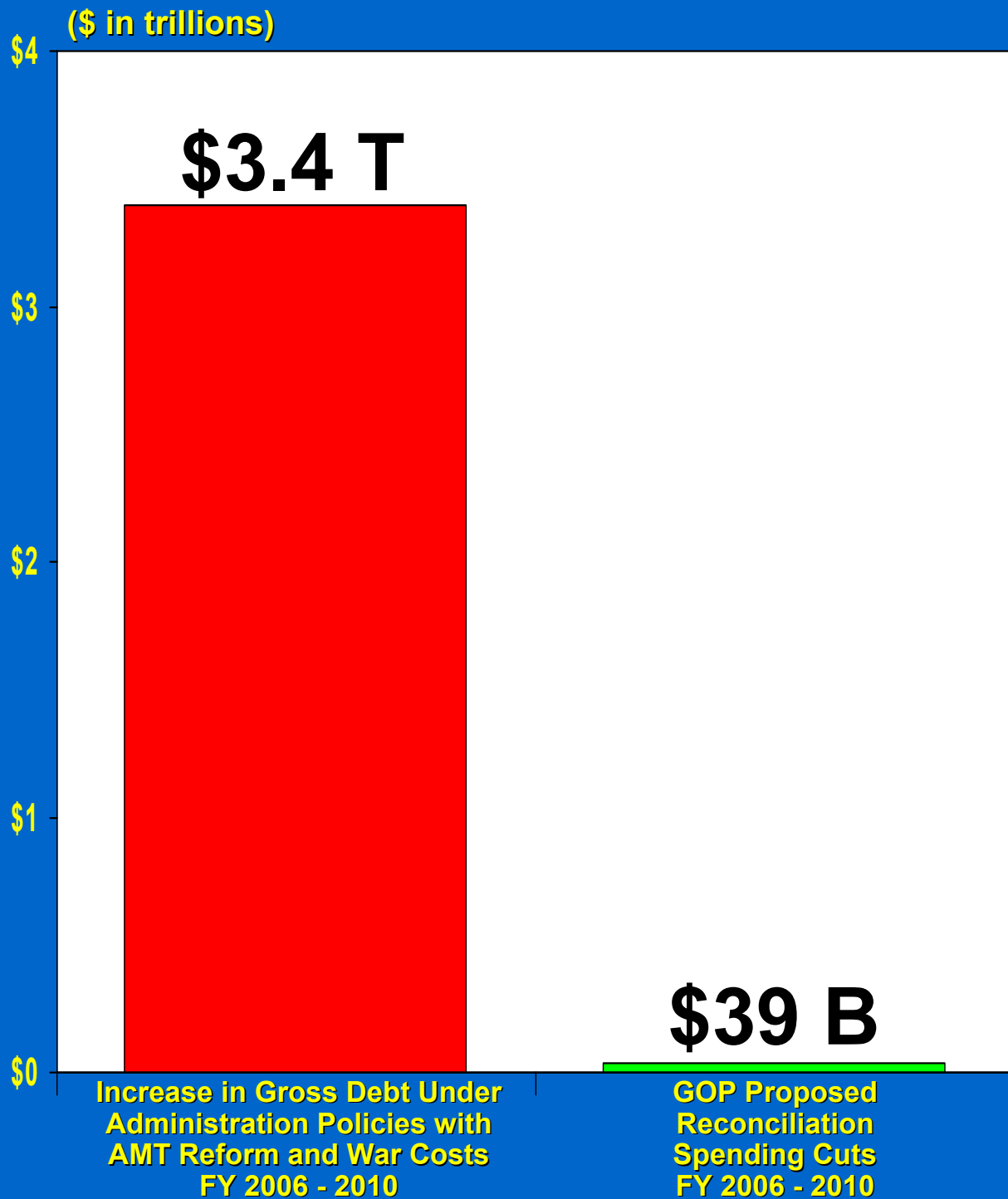
Source: 2005 Social Security Trustees Report  
Note: OASI beneficiaries

# GOP Budget Reconciliation Increases Deficit by \$31 Billion



Source: CBO, FY 2006 GOP Budget Resolution

# Proposed GOP Spending Cuts Distract From Massive Debt Buildup Under Bush Administration Policies



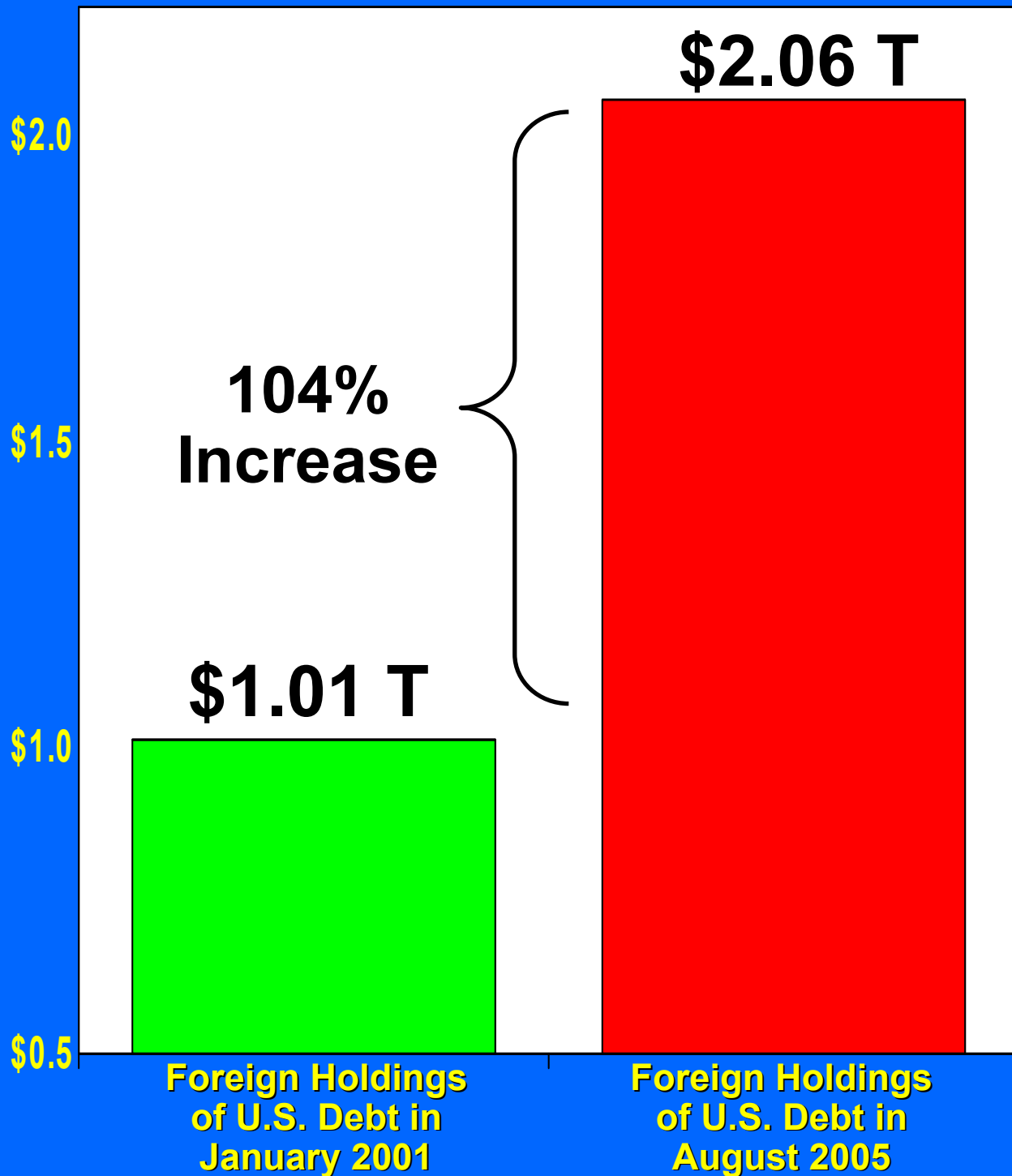
Source: CBO, OMB, and SBC Democratic Staff

Note: Gross debt, adjusted to include administration's policies and omitted costs for AMT reform and ongoing war costs.



# Foreign Holdings of U.S. Treasury Debt Have More Than Doubled Under Bush Administration

(\$ in trillions)



Source: U.S. Treasury

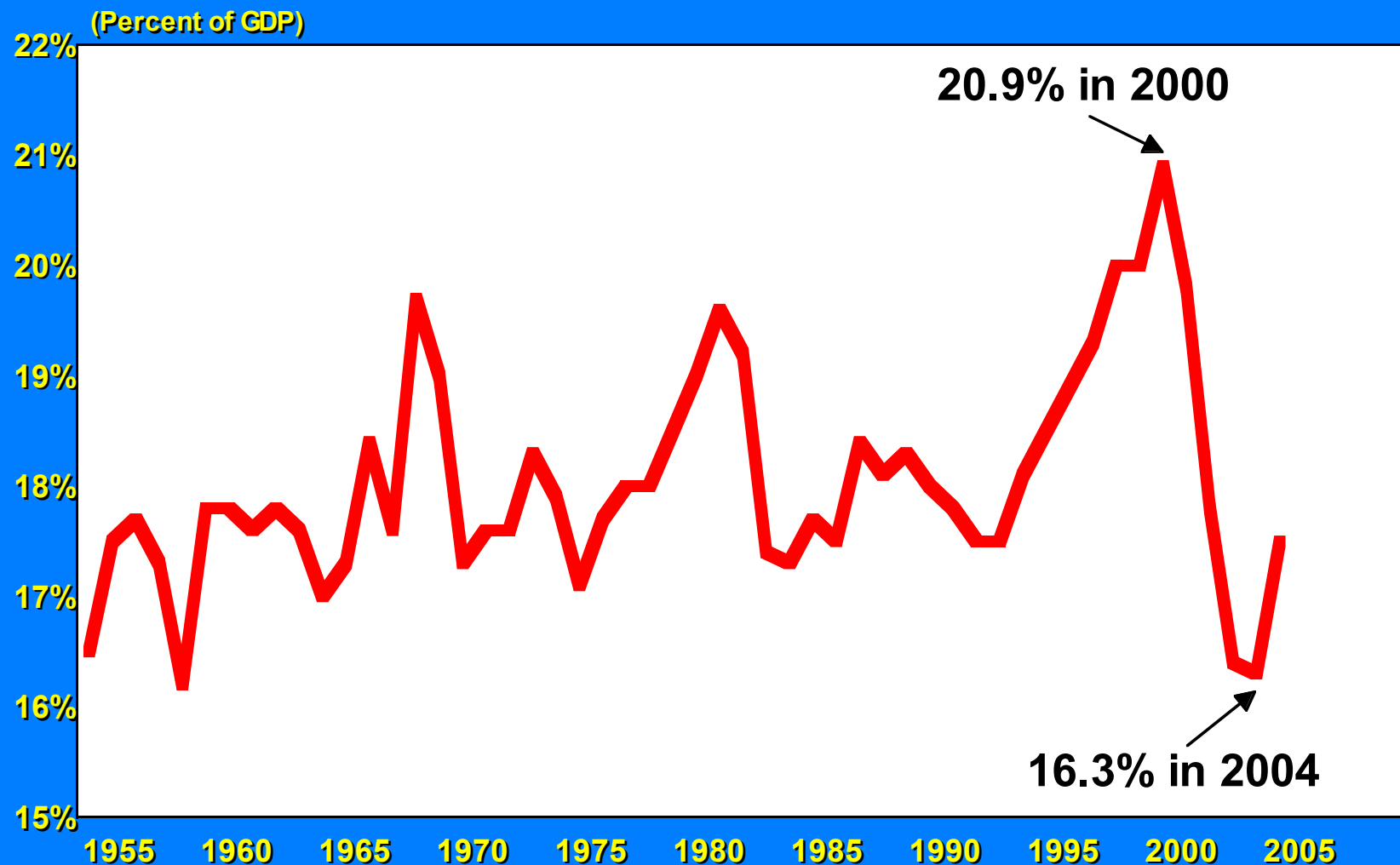
# Top Ten Countries Holding Our National Debt

Japan	\$684 B
China	\$248 B
United Kingdom	\$174 B
“Caribbean Banking Centers”	\$103 B
Taiwan	\$72 B
Germany	\$65 B
South Korea	\$59 B
OPEC	\$54 B
Canada	\$48 B
Hong Kong	\$47 B

Source: Department of Treasury  
Note: As of August 2005

# Revenues as a Percent of GDP

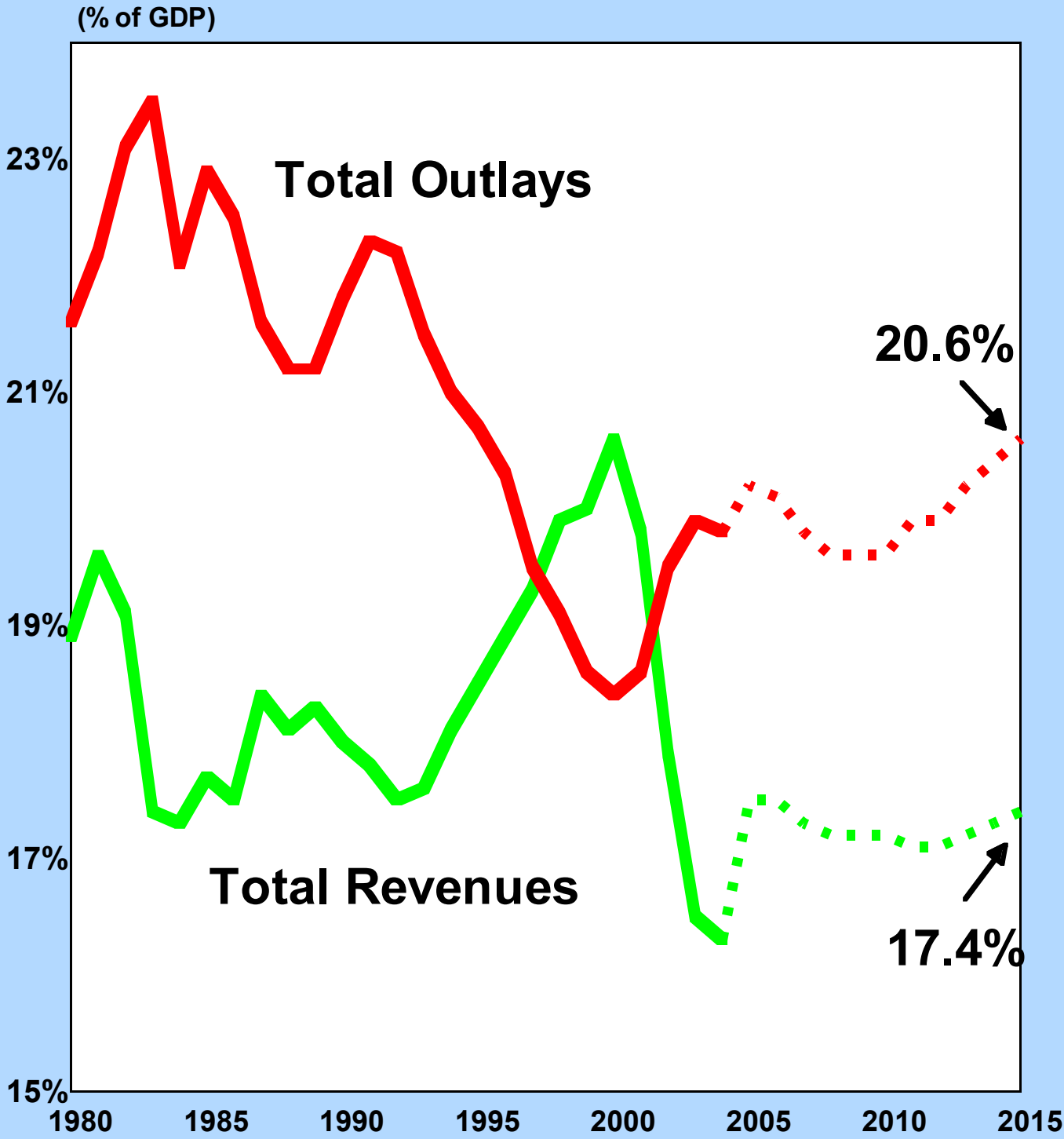
## 2004 Level is Lowest Since 1959



Source: CBO

8/15/05

# Spending and Revenues



Source: CBO, OMB, and SBC Democratic staff

Note: CBO August 2005 Budget and Economic Outlook, with administration's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

# **Goldman Sachs Believes Revenue Increase Will Not Continue**

**“...[A]dditional cyclical improvement is apt to be quite limited. The tax bonanza is due mainly to last year’s strength in stock prices and profit growth, both of which are now cooling.”**

**–Goldman Sachs report  
“U.S. Economics Analyst”  
June 10, 2005**

# **Federal Reserve Chairman Greenspan Opposes Deficit-Financed Tax Cuts**

**“If you’re going to lower taxes, you shouldn’t be borrowing essentially the tax cut. And that over the long run is not a stable fiscal situation.”**

- Federal Reserve Chairman Alan Greenspan  
Testimony before House Budget Committee  
September 8, 2004**

# **CBO Director Holtz-Eakin Believes Deficits Matter**

**“To the extent that going forward we run large sustained deficits in the face of full employment, it will in fact crowd out capital accumulation and otherwise slow economic growth.”**

**–CBO Director Douglas Holtz-Eakin  
Testimony before the Senate Budget Committee  
September 3, 2003**