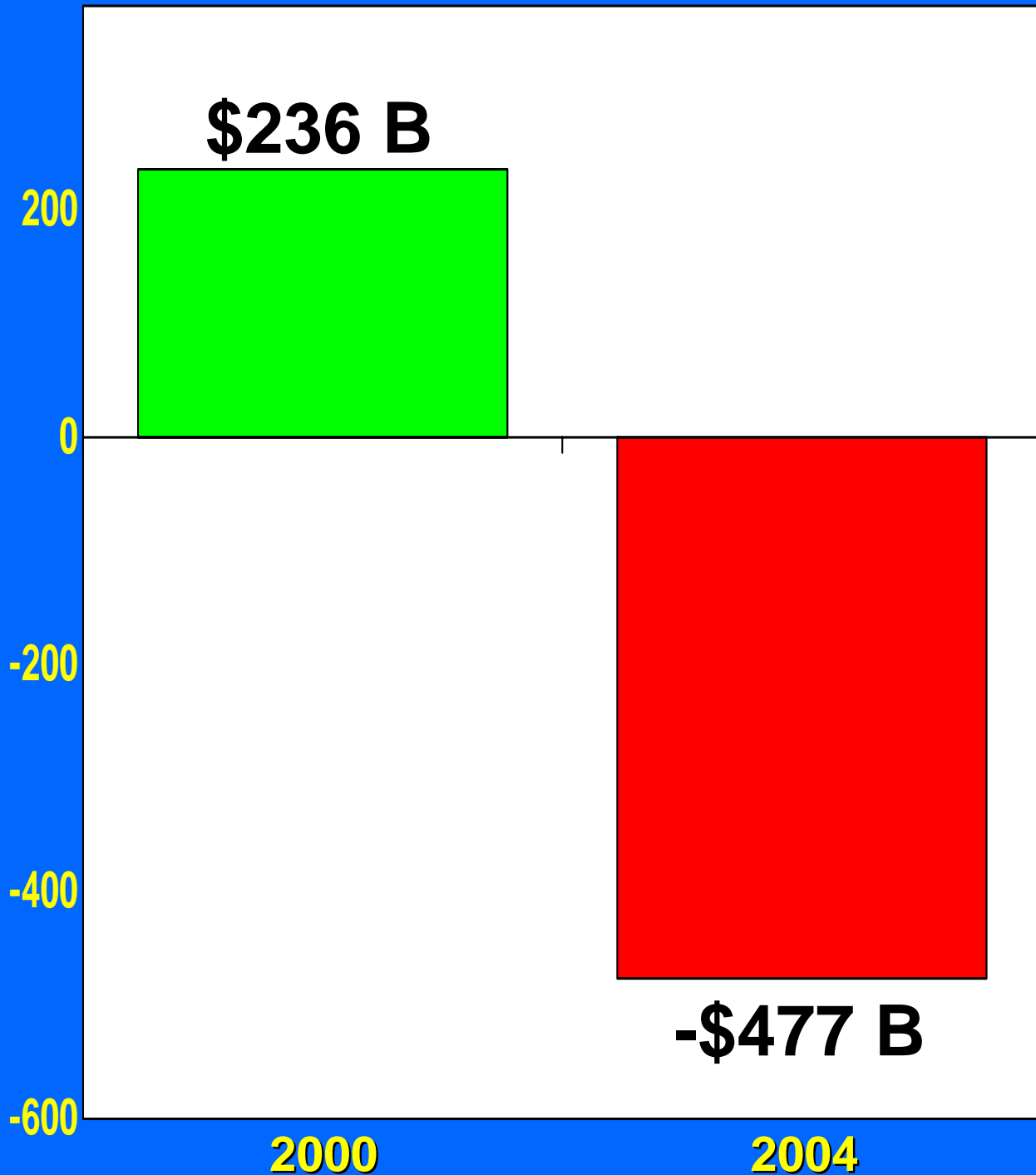


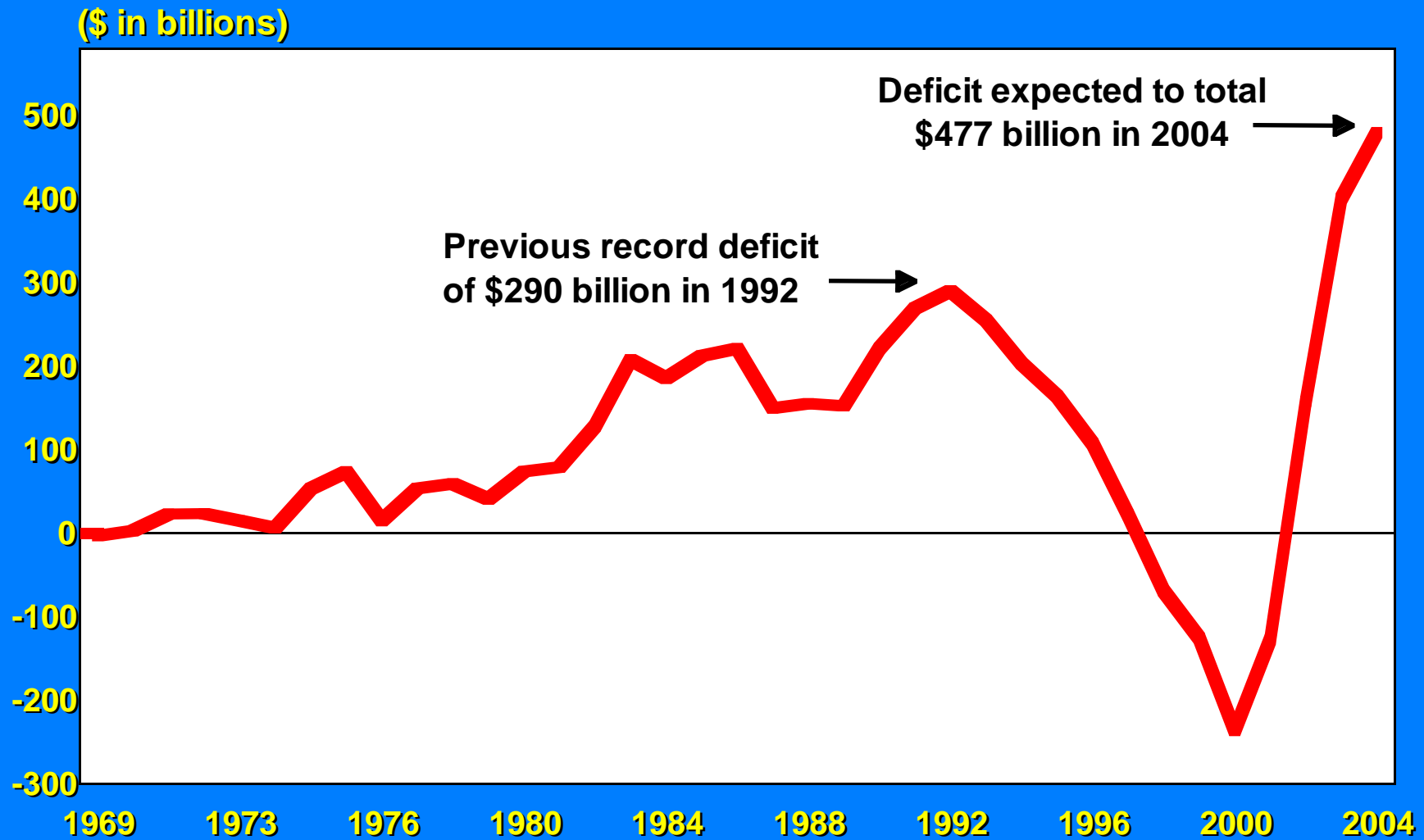
# President Bush Takes Us From Biggest Surplus Ever to Biggest Deficit Ever

(Surplus/deficit, \$ in billions)



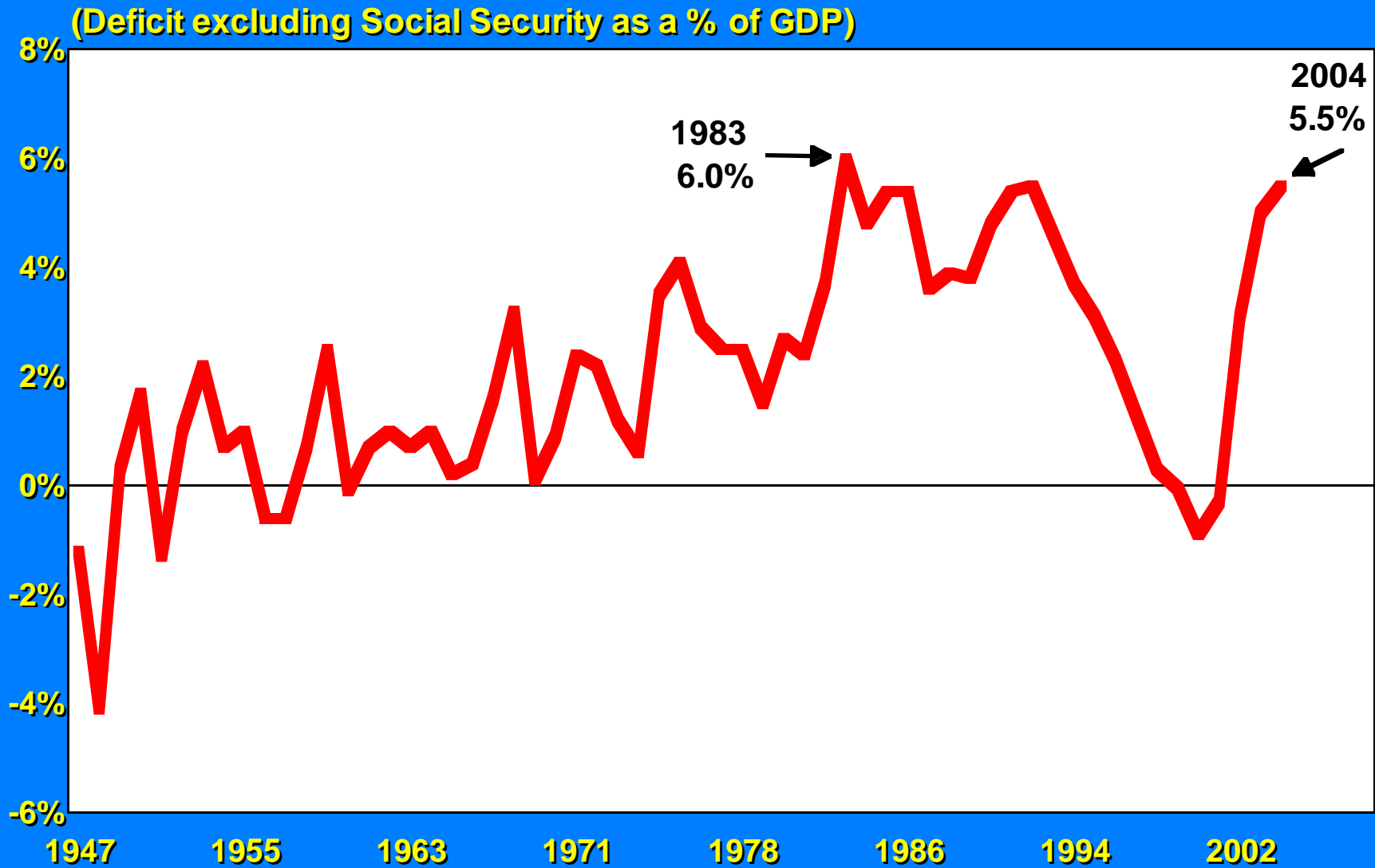
Source: CBO

# Deficits in 2003 and 2004 Far Exceed Previous Record in Dollar Terms



Source: CBO

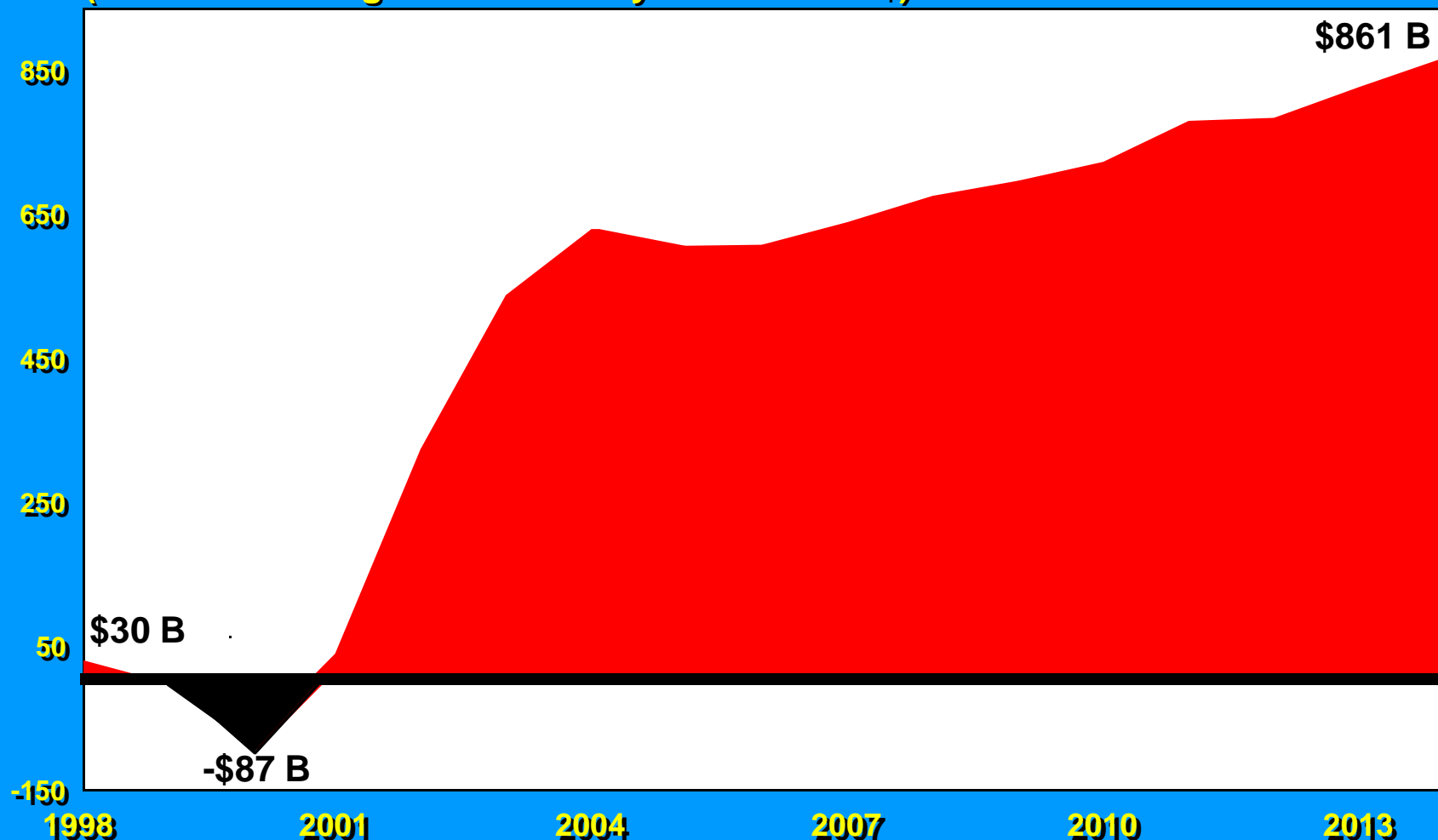
# Deficit as a Share of Economy Nears Highest Level Since End of World War II



Source: CBO

# Skyrocketing Deficits, Assuming Extension of GOP Tax Cuts and AMT Reform

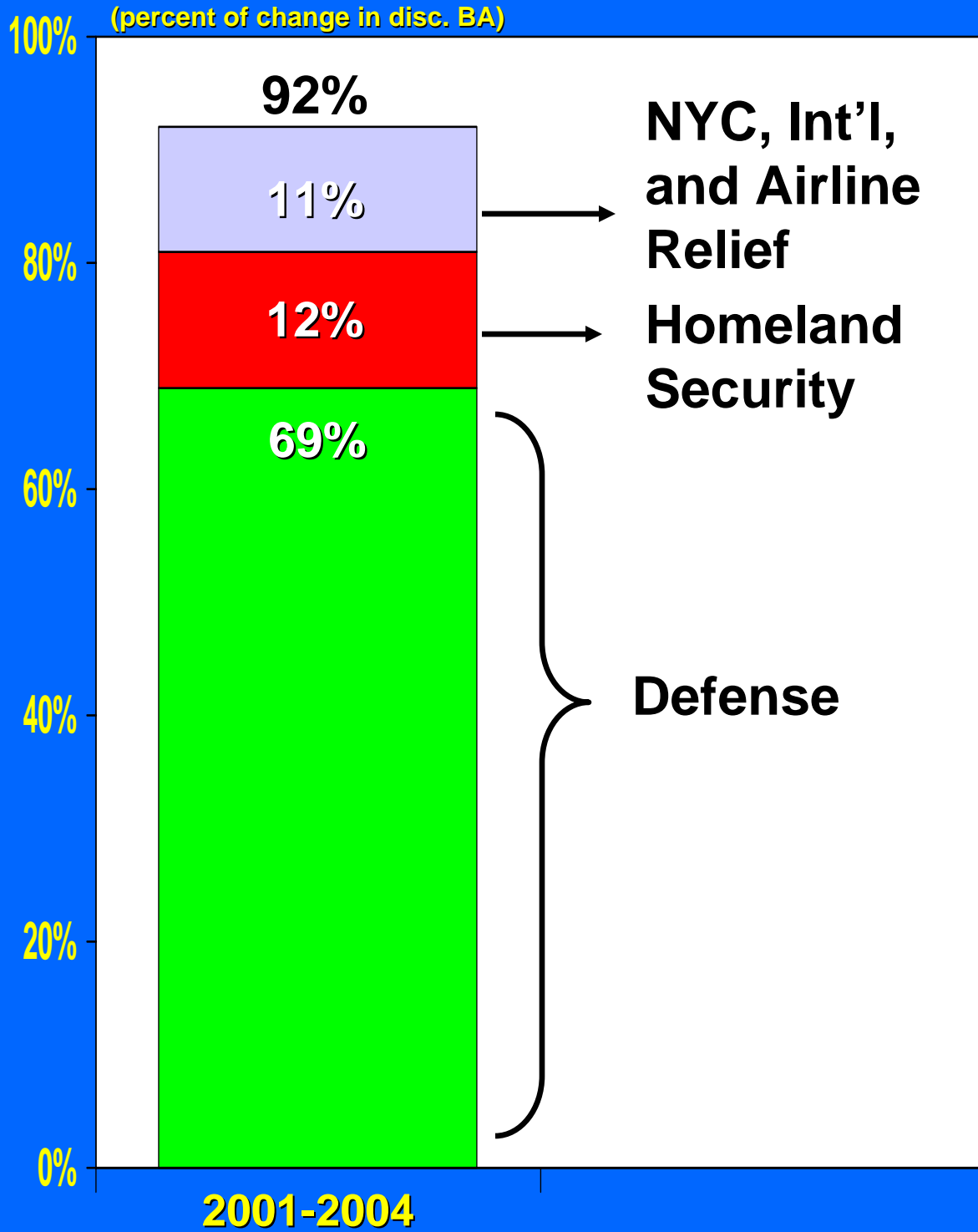
(Deficit excluding Social Security in billions of \$)



Source: CBO

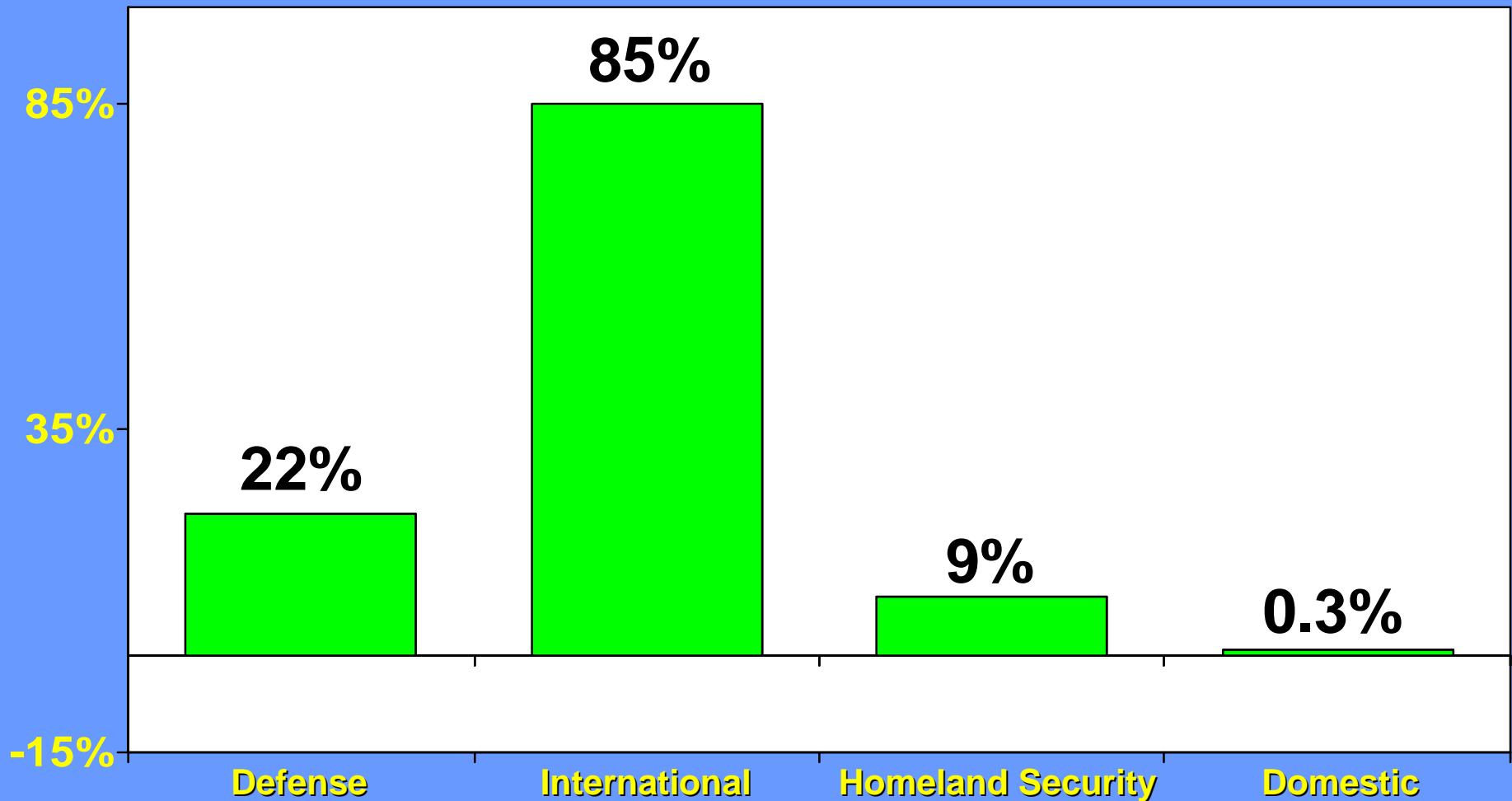
Note: Chart uses CBO January 2004 baseline and adds in extension of GOP tax cuts and AMT reform.

# Defense, Response to Attacks of Sept. 11, and War in Iraq are Behind Increase in Discretionary Budget Authority, 2001-2004



Note: Compares actual data, 2001-2004, with CBO's January 2001 baseline.  
Source: CBO and Senate Budget Committee, Democratic Staff.

# Domestic Spending Has Been Flat Over Past Two Years

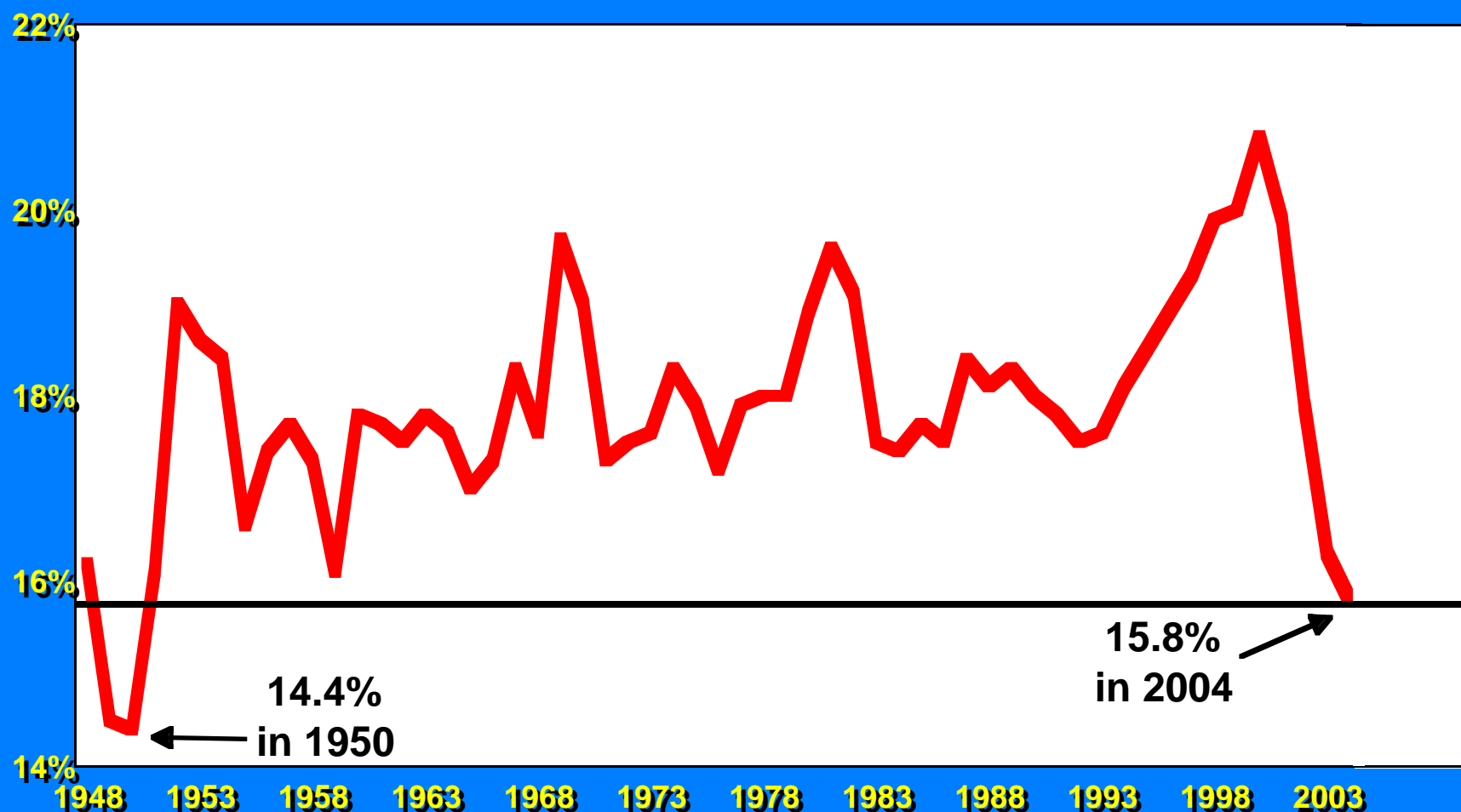


Source: CBO and Senate Budget Committee, Democratic Staff.

Note: Measures real growth in discretionary budget authority between 2002 and 2004.

# Revenues as a Percent of GDP

## Lowest Level Since 1950



Source: CBO

# **Bush Administration Claims on Deficit Have Been Consistently Wrong**

<b>2001</b>	<b>“[W]e can proceed with tax relief without fear of budget deficits...”</b>	<b>Wrong</b>
<b>2002</b>	<b>“[O]ur budget will run a deficit that will be small and short-term...”</b>	<b>Wrong</b>
<b>2003</b>	<b>“Our current deficit...is not large by historical standards and is manageable...”</b>	<b>Wrong</b>
<b>2004</b>	<b>“[T]he deficit will be cut in half over the next five years...”</b>	<b>Wrong Again?</b>

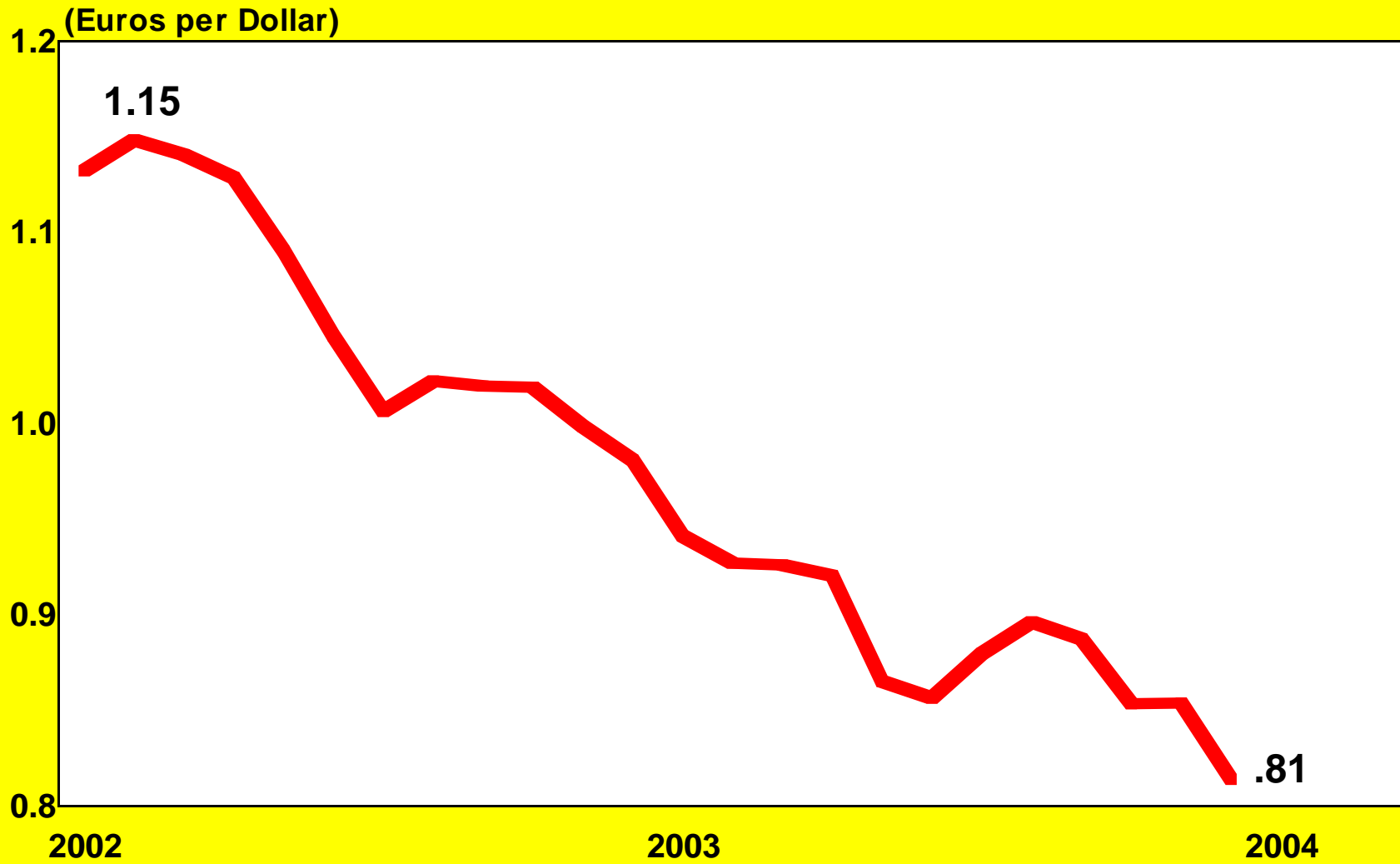


# **Economists Worry About Long-Term Effects of Weak Dollar and Heavy U.S. Borrowing**

**“Currency traders fretting over that dependency have been selling dollars fast and buying euros furiously. The fear is that foreigners will tire of financing America’s appetites. Foreign investors will dump U.S. assets, especially stocks and bonds, sending financial markets plummeting. Interest rates will shoot up to entice them back. Heavily indebted Americans will not be able to keep up with rising interest payments. Inflation, bankruptcies and economic malaise will follow.”**

**– *Washington Post* article  
“Weak Dollar Helps U.S. Firms, for Now”  
January 26, 2004**

# Dollar Declines Almost 30 Percent Against Euro



Source: Federal Reserve Board