

The Facts About Our Debt



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The Facts About Our Debt

1. We have a debt crisis facing our nation.
2. The debt crisis threatens our job growth, our national security and sovereignty, and our nation's children.
3. We have a debt crisis because Washington spends too much, not because Washington taxes too little.
4. The spending is driven by retirement and health security programs.
5. The cost of doing nothing is unacceptable.
6. Principles to save and strengthen Medicare, Medicaid and Social Security.
7. What we can do today.



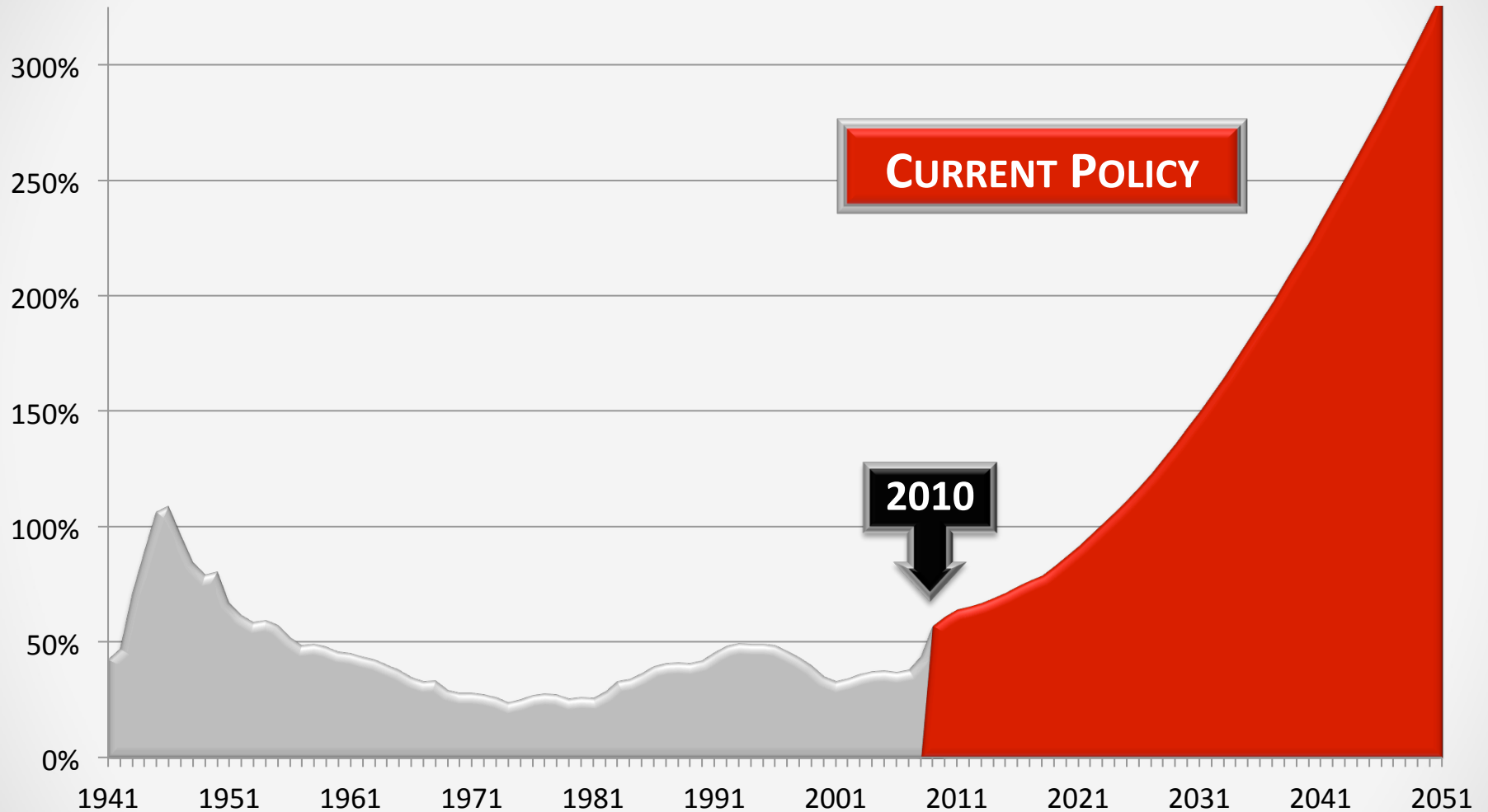
**We have a debt crisis
facing our nation.**



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TIDAL WAVE OF DEBT

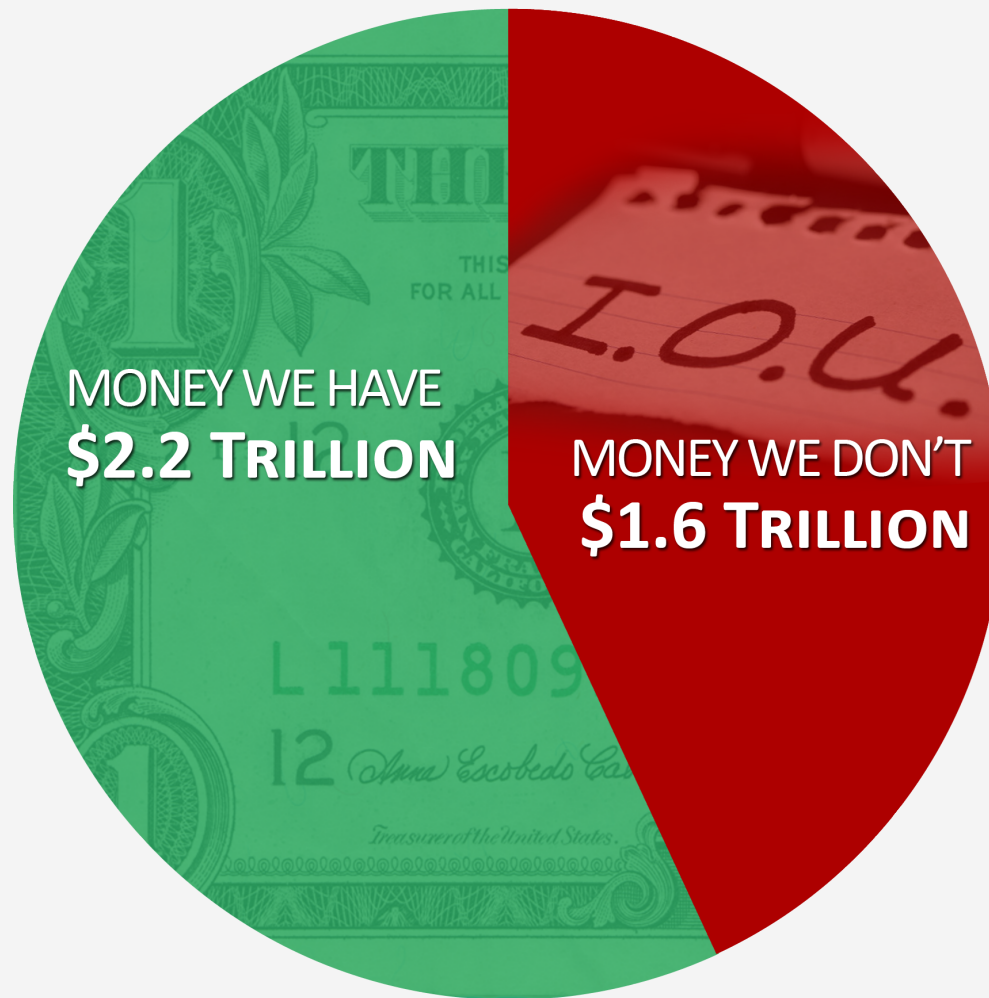
DEBT HELD BY PUBLIC AS SHARE OF ECONOMY



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Source: Congressional Budget Office, Office of Management and Budget

THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 42 CENTS OF EVERY DOLLAR IT SPENDS



“Debt Day”



2011																											
January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19	10	11	12	13	14	15	16
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26	17	18	19	20	21	22	23
23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30
30	31																										
May							June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7																					
8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9	1	2					
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16	7	8	9	10	11	12	13
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23	14	15	16	17	18	19	20
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	21	22	23	24	25	26	27
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September							October							November							December						
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4	5	6	7	8	9	10																					
11	12	13	14	15	16	17	2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
18	19	20	21	22	23	24	9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
25	26	27	28	29	30		16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
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							30	31																			

All spending after July 27 of this year is borrowed spending.



“This debt is like a cancer... It is truly going to destroy the country from within.”



Erskine Bowles
Co-Chair, President Obama's
National Commission on Fiscal
Responsibility and Reform
July 11, 2010



“This [spending] could trigger an economic and political death spiral.”

Robert Samuelson
Economist and Columnist
April 6, 2005



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“U.S. fiscal policy is on an unsustainable path to an extent that it cannot be solved by minor tinkering.”



Doug Elmendorf
Director, Congressional Budget Office
January 27, 2010



**The debt crisis threatens
our job growth.**



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“The seeds of the next recession have already been planted. The debt burden accumulated over the next ten years will sink us.”

Honeywell

HONEYWELL

David Cote
CEO

Honeywell (122,000 employees)
October 20, 2010



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“I suspect you will continue to hear that discussion that the level of uncertainty and indecision is high—because it is. I don’t know what this means for borrowing costs. I don’t know what this means for liquidity. I don’t know what this means for cost of doing business. I don’t know what this means for price increases. I have no idea. We’ve never been here before. And that level of uncertainty is real...”



Jay Fishman
Chairman and CEO
Travelers (32,000 employees)
November 8, 2010



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“[I]f we continue this kind of a policy, we’re dead in the water. Because they don’t know what’s coming ... he said, [quoting small business owner] this debt, this budget, this debt that we have, in the trillions he said, Bernie, I’m going to have to pay for this somehow.”



Bernie Marcus
Former Chairman & CEO
Home Depot (255,185 employees)
September 18, 2010



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“[U]nless we as a nation make a strong commitment to fiscal responsibility, in the longer run, we will have neither financial stability nor healthy economic growth.”



Ben Bernanke

Chairman of the Federal Reserve

June 9, 2010



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If we do nothing...

HISTORIC DEBT

will lead to

HISTORIC TAX INCREASES

which will lead to

HISTORIC UNEMPLOYMENT



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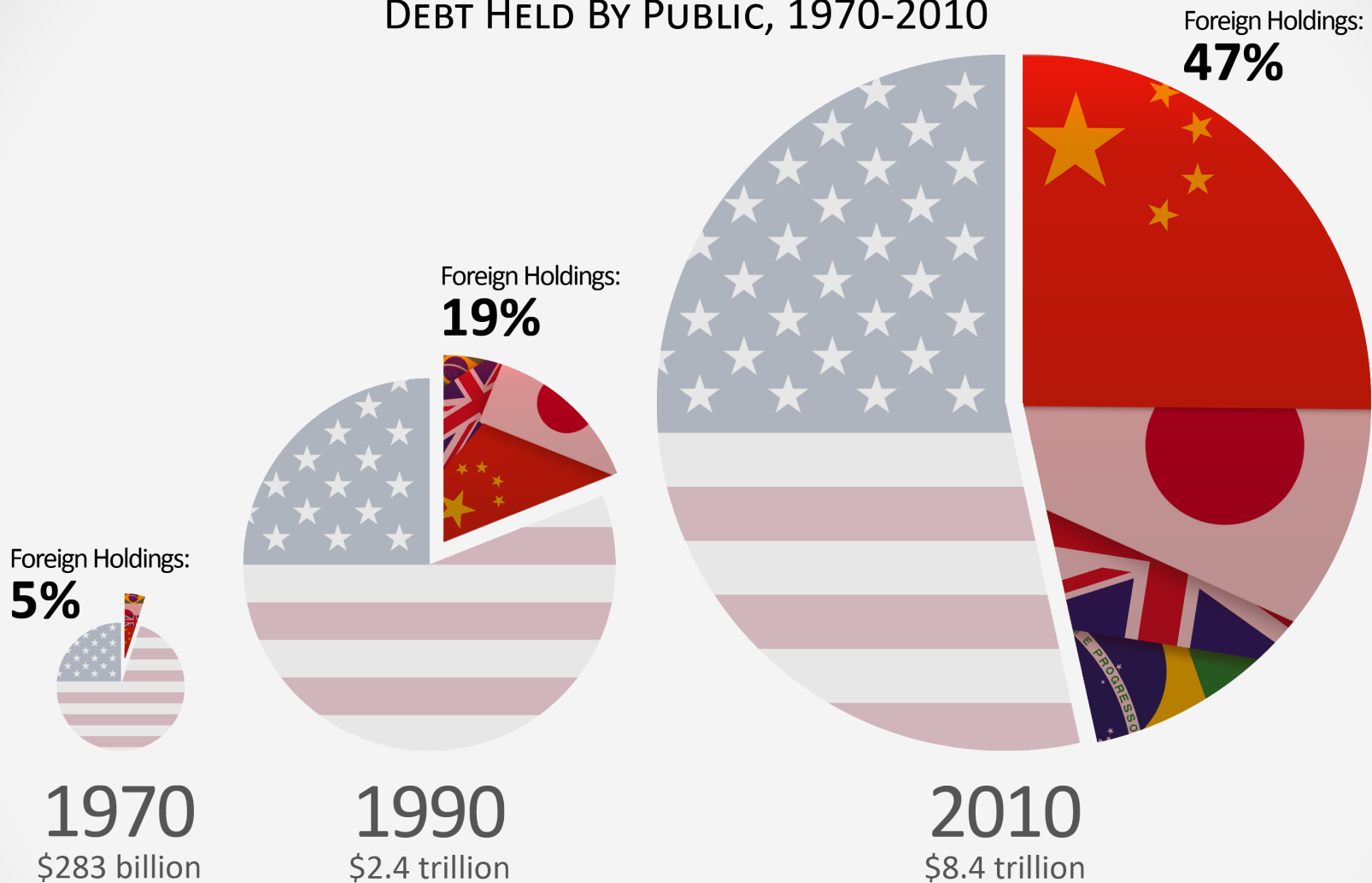
**The debt crisis threatens our
national security and sovereignty.**



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WHO OWNS OUR DEBT?

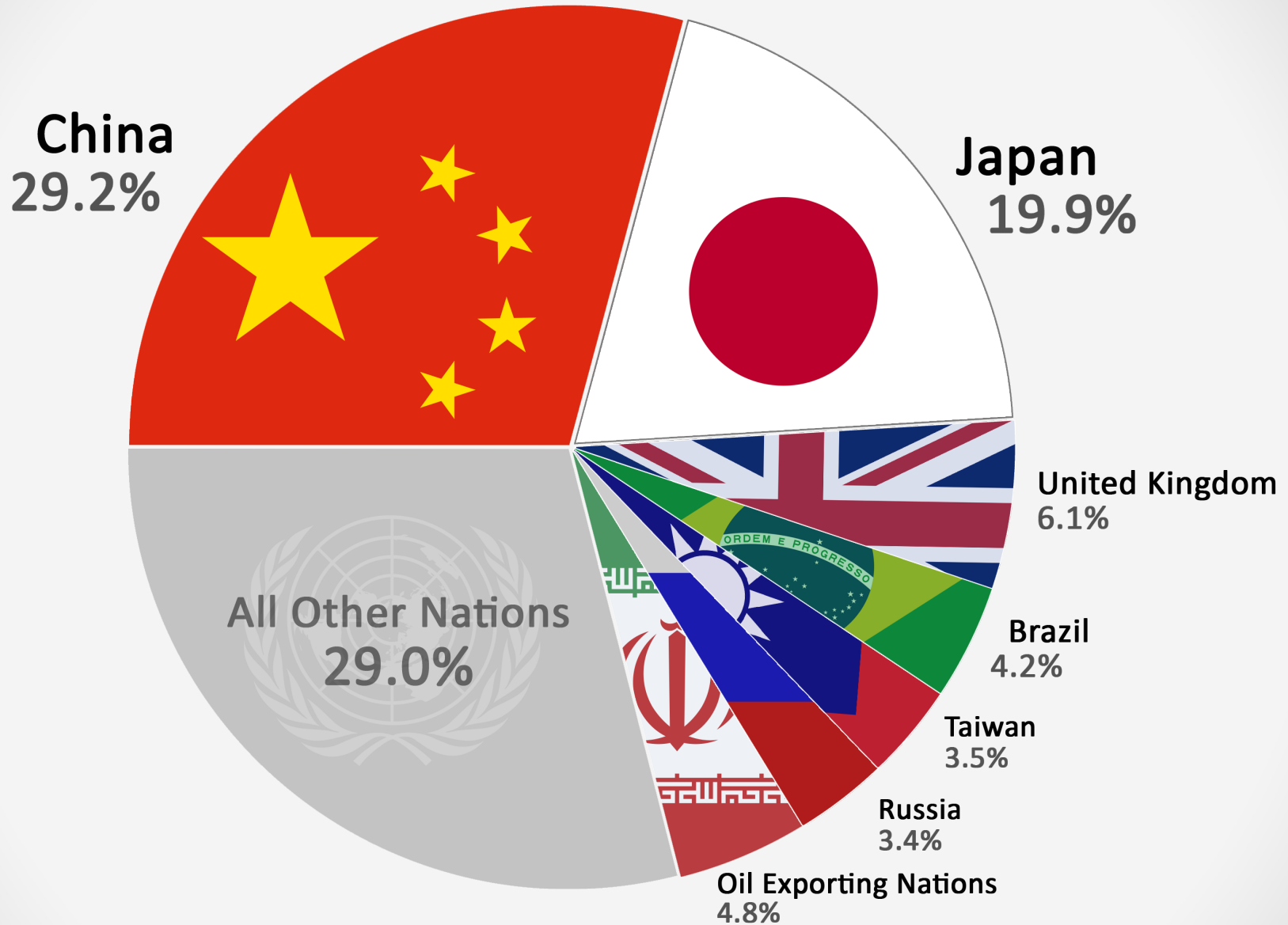
DEBT HELD BY PUBLIC, 1970-2010



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Source: U.S. Treasury Department, December 2010

FOREIGN OWNERS OF OUR DEBT



With the interest we pay to China on our debt,
China can afford to buy **3 new Joint Strike Fighters**
every week – with \$50 million/week left over.



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Source: U.S. Department of Treasury,
Government Accountability Office

“I think the biggest threat we have to our national security is our debt.”



Admiral Mike Mullen
President Obama's Chairman of
the Joint Chiefs of Staff
July 6, 2010



**The debt crisis threatens to
bankrupt our nation's children.**



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“So much of their money will be devoted to keeping the government afloat that they'll have relatively little for everything else in life. Their homes will be smaller and drabber. There will be less to spend for cars, vacations, dinners out and big TV sets, all of which their parents took for granted. They'll still read about the consumer society and conspicuous consumption, but mainly in history texts.”

David Walker

Former GAO Comptroller General

February 1, 2010



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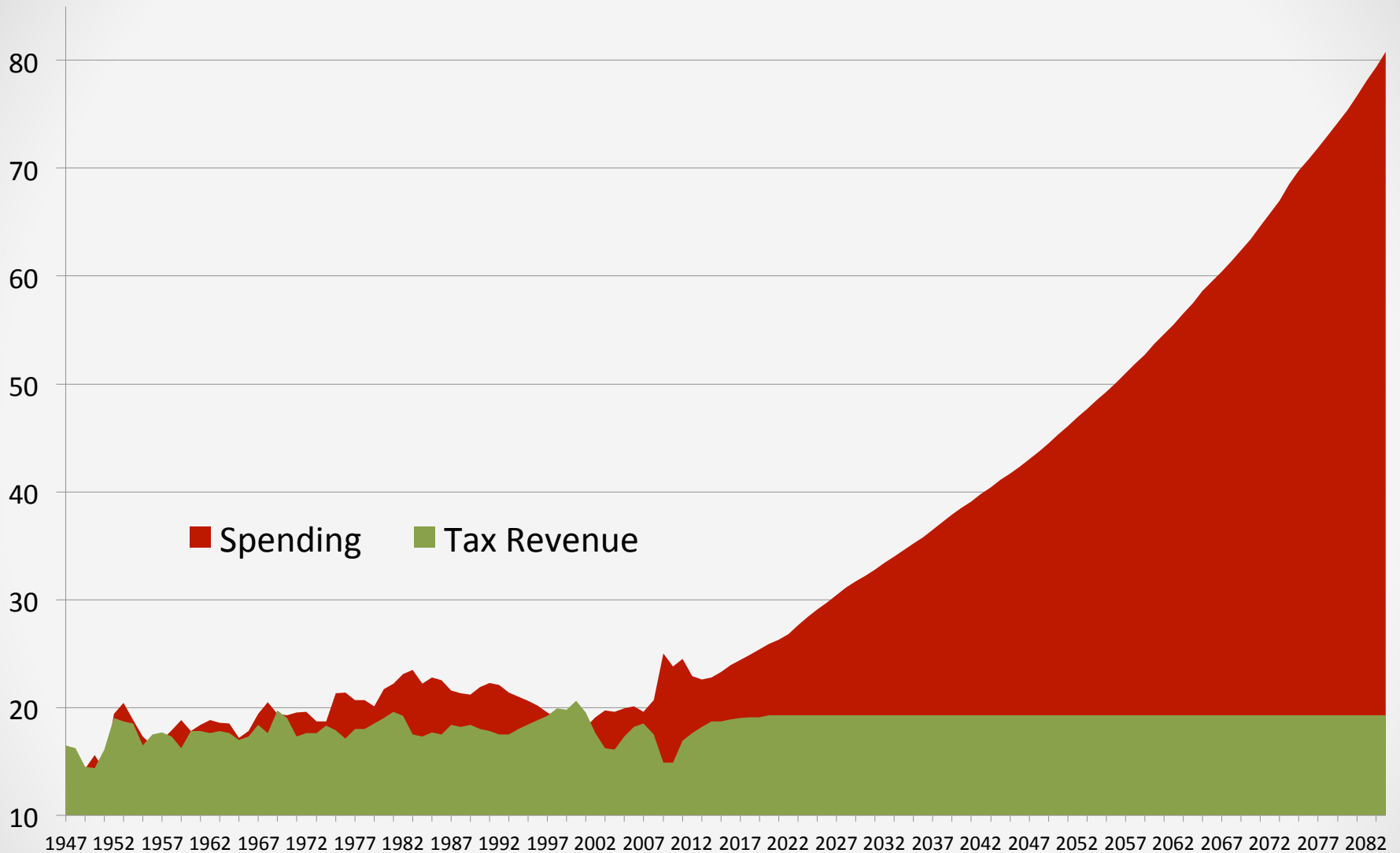
**We have a debt crisis because
Washington spends too much, not
because Washington taxes too little.**



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WE ARE IN A SPENDING-DRIVEN DEBT CRISIS

HISTORIC/PROJECTED SPENDING & REVENUE AS A PERCENTAGE OF THE ECONOMY



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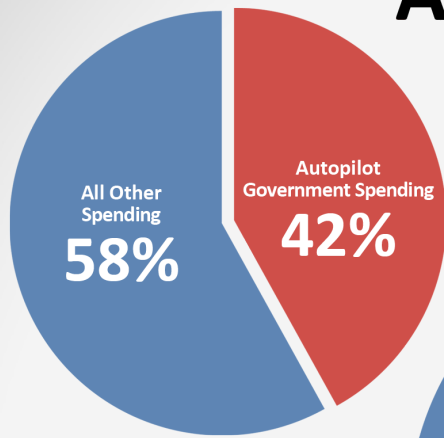
Source: Office of Management and Budget Historic Tables, Congressional Budget Office; projections based on the CBO's Alternative Fiscal Scenario.

**Where is all this spending
coming from?**

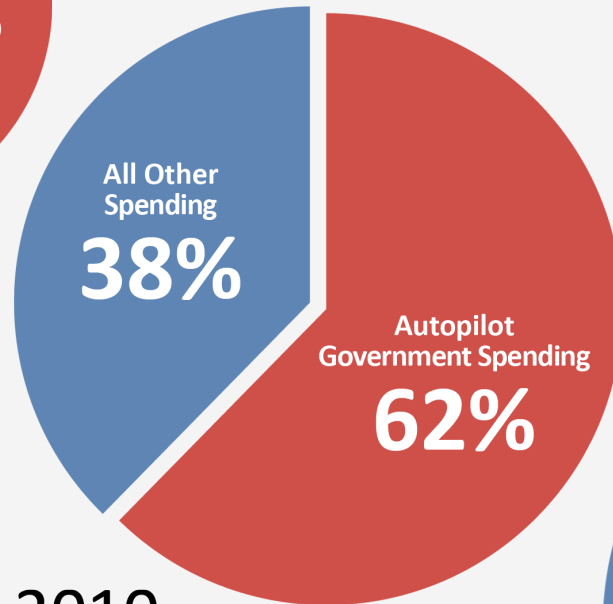


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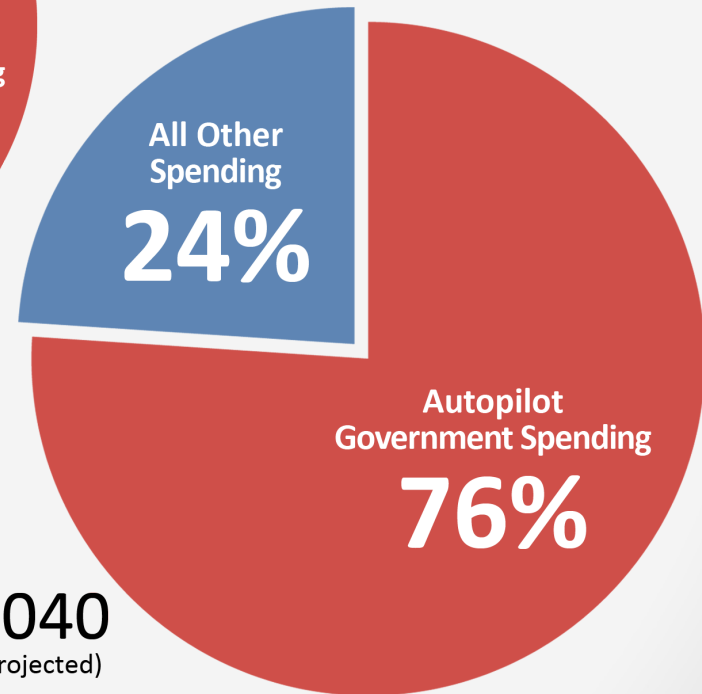
AUTOPILOT SPENDING DRIVES DEBT



1970



2010



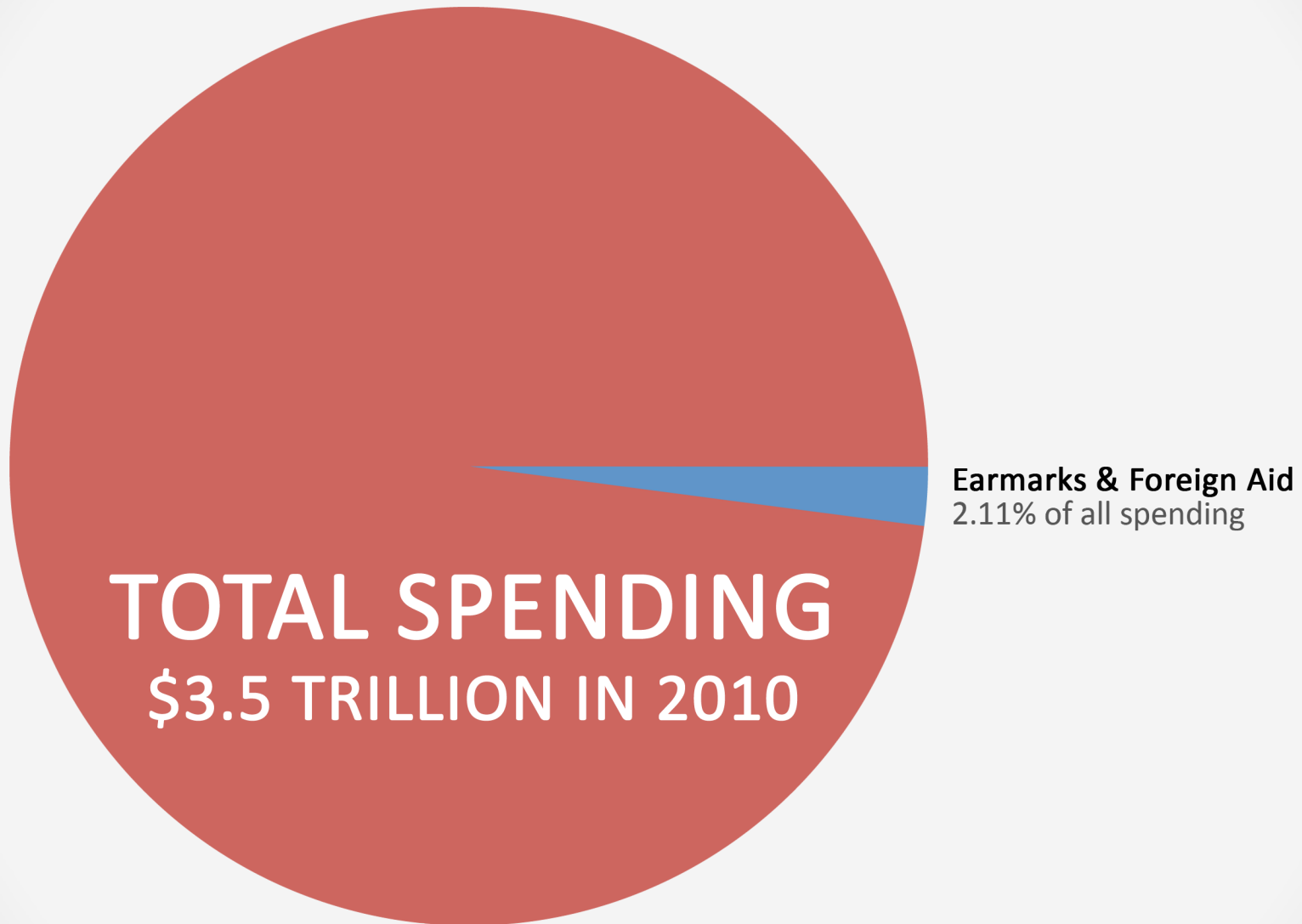
2040
(projected)



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Source: Congressional Budget Office, Office of Management and Budget

WHAT IF WE JUST CUT EARMARKS & FOREIGN AID?



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Source: Congressional Budget Office, Taxpayers for Common Sense

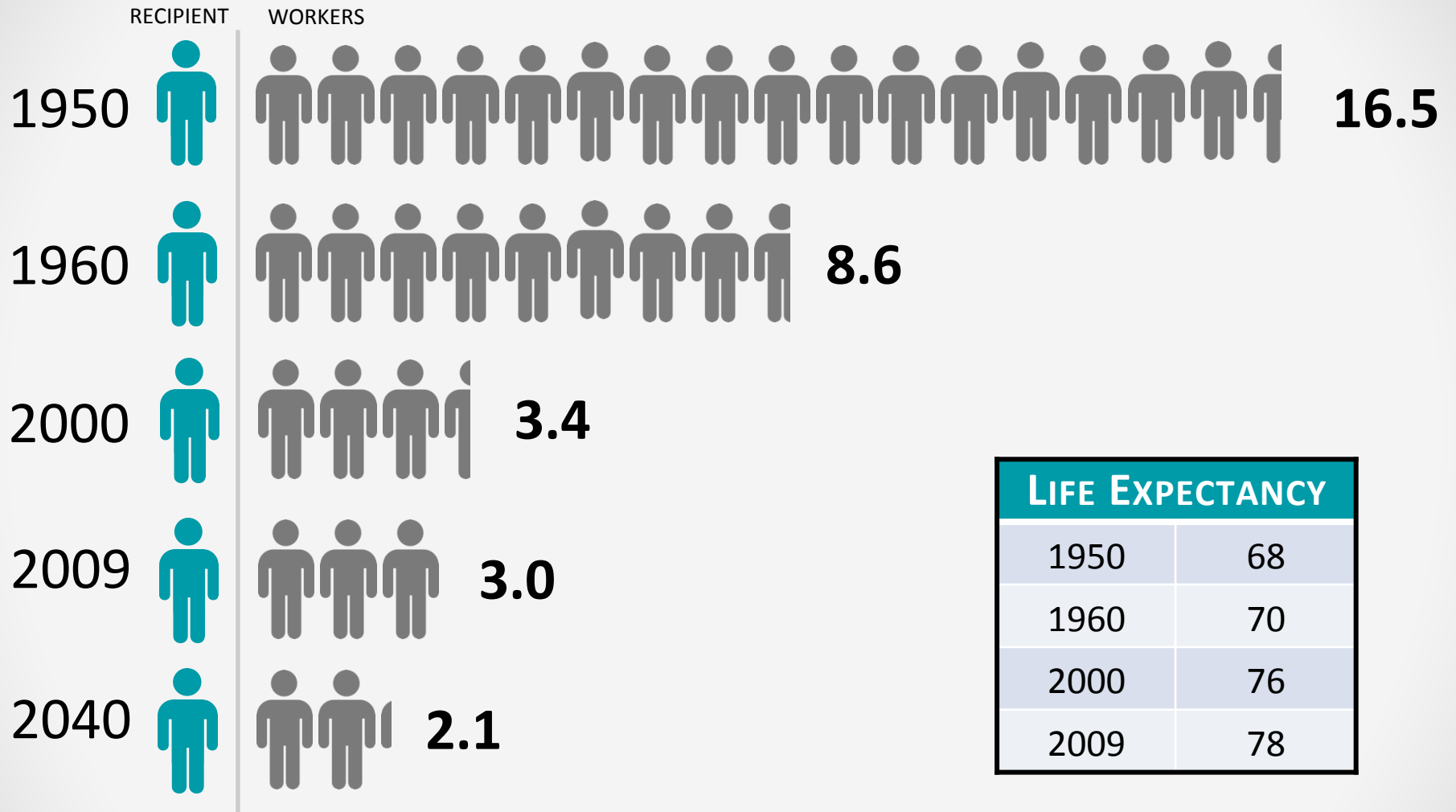
Why Social Security, Medicare and Medicaid Are Growing So Fast

SOCIAL SECURITY

- Americans Are Living Longer
- More Seniors Are Receiving Benefits Than Ever Before
- Birth Rates Aren't Keeping Pace with Retirement



TAXPAYERS SUPPORTING EACH SOCIAL SECURITY RECIPIENT



Why Social Security, Medicare and Medicaid Are Growing So Fast

MEDICARE & MEDICAID

- The Cost of Health Care is Skyrocketing
- An Aging Population is Leading to Record Medicare Enrollment
- The Economic Downturn is Leading to Record Medicaid Enrollment



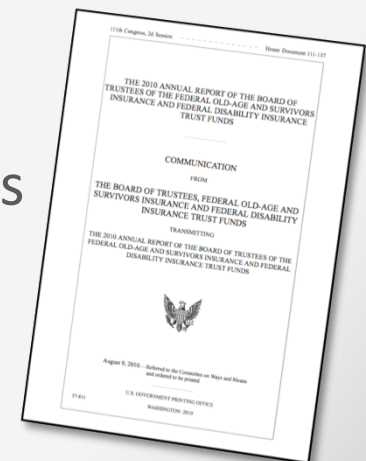
“[Social Security] income, including interest on trust fund assets, will exceed annual cost and trust fund assets will increase every year until 2025.

“At that time it will be necessary to begin drawing down trust fund assets to cover part of expenditures until assets are exhausted in 2037. After trust fund exhaustion, continuing tax income would be sufficient to pay 78 percent of scheduled benefits in 2037.”

Social Security and Medicare Boards of Trustees
A Summary of the 2010 Annual Reports



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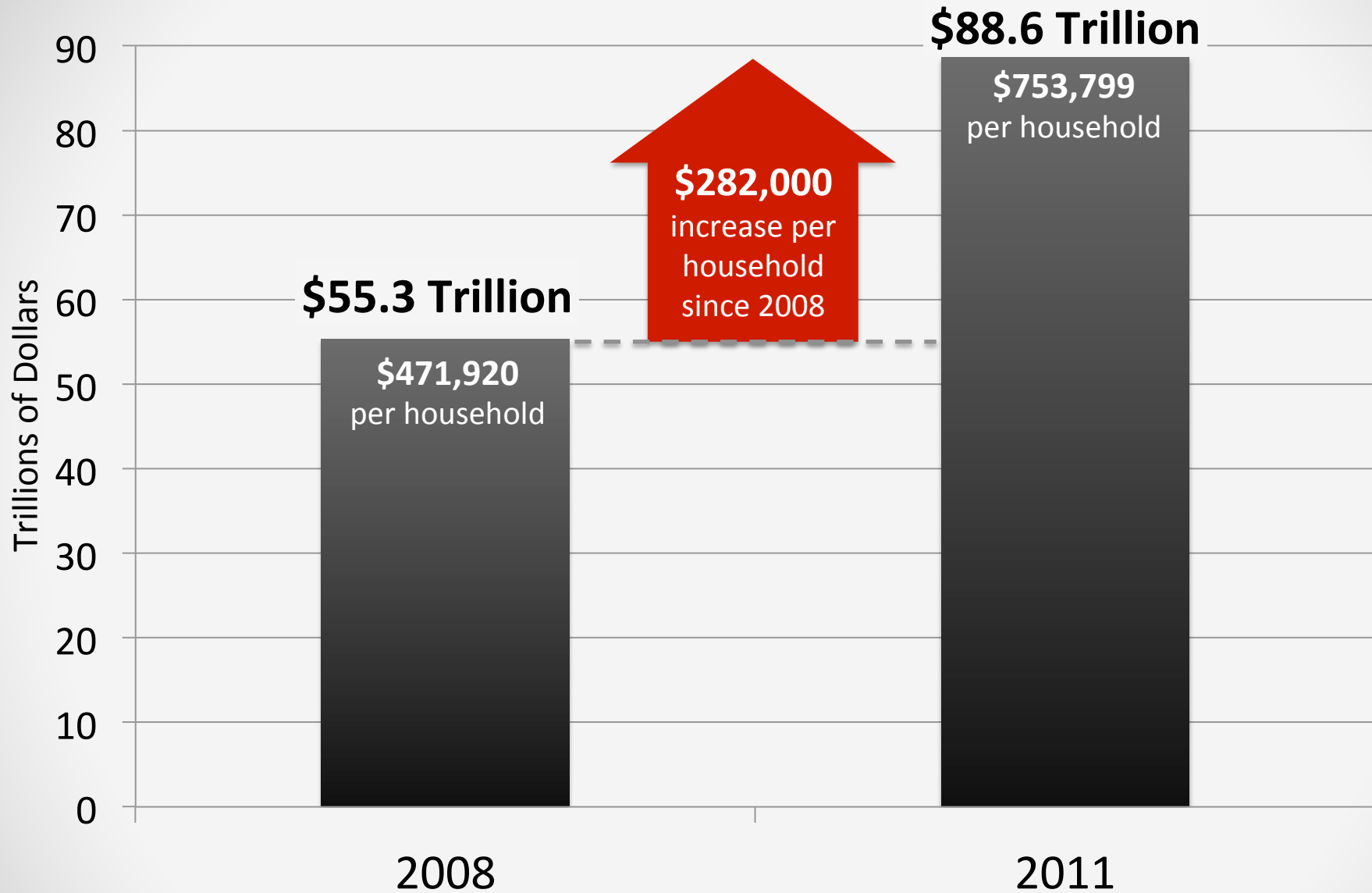


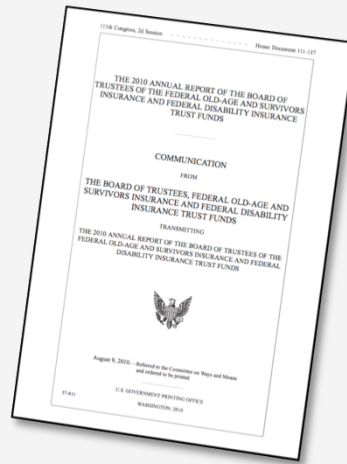
The Cost of Doing Nothing



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UNFUNDED PROMISES IN TRILLIONS OF DOLLARS





The Social Security and Medicare Trustees have said that if nothing is done, Social Security benefits will be cut by 22%.



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“We cannot mortgage our children's future on a mountain of debt. It's time to put an end to the runaway spending and the record deficits - it's not how you would run your family budget, and it must not be how Washington handles your tax dollars.”

Sen. Barack Obama
October 1, 2008



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Principles to Save and Strengthen Medicare, Medicaid and Social Security



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House Republican Principles

- Spur Job Growth and Prosperity
- No Changes for Seniors
- Fulfill the Mission of Health and Retirement Security for All Americans
- Lift the Crushing Burden of Debt



Choice of Two Futures



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What We Can Do Today



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“A majority of voters incorrectly believe the federal government spends more on defense/foreign aid than it does on Medicare and Social Security (63%).”

Tarrance Group Poll

Conducted February 22-24, 2011



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“Also, a similar majority (60%) incorrectly believes problems with the federal budget can be fixed by just eliminating waste, fraud and abuse.”

Tarrance Group Poll
Conducted February 22-24, 2011



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“Less than half (44%) believe Medicare and Social Security costs are a major source of problems for the federal budget (49% disagree).”

Tarrance Group Poll
Conducted February 22-24, 2011



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What We Can Do Today

- Share The Facts With Your Family, Friends, Neighbors And Co-Workers
- Let Them Know Ignoring The Problem Will Only Make The Problem Worse
- Be Part Of A National Solution And Give Your Ideas

