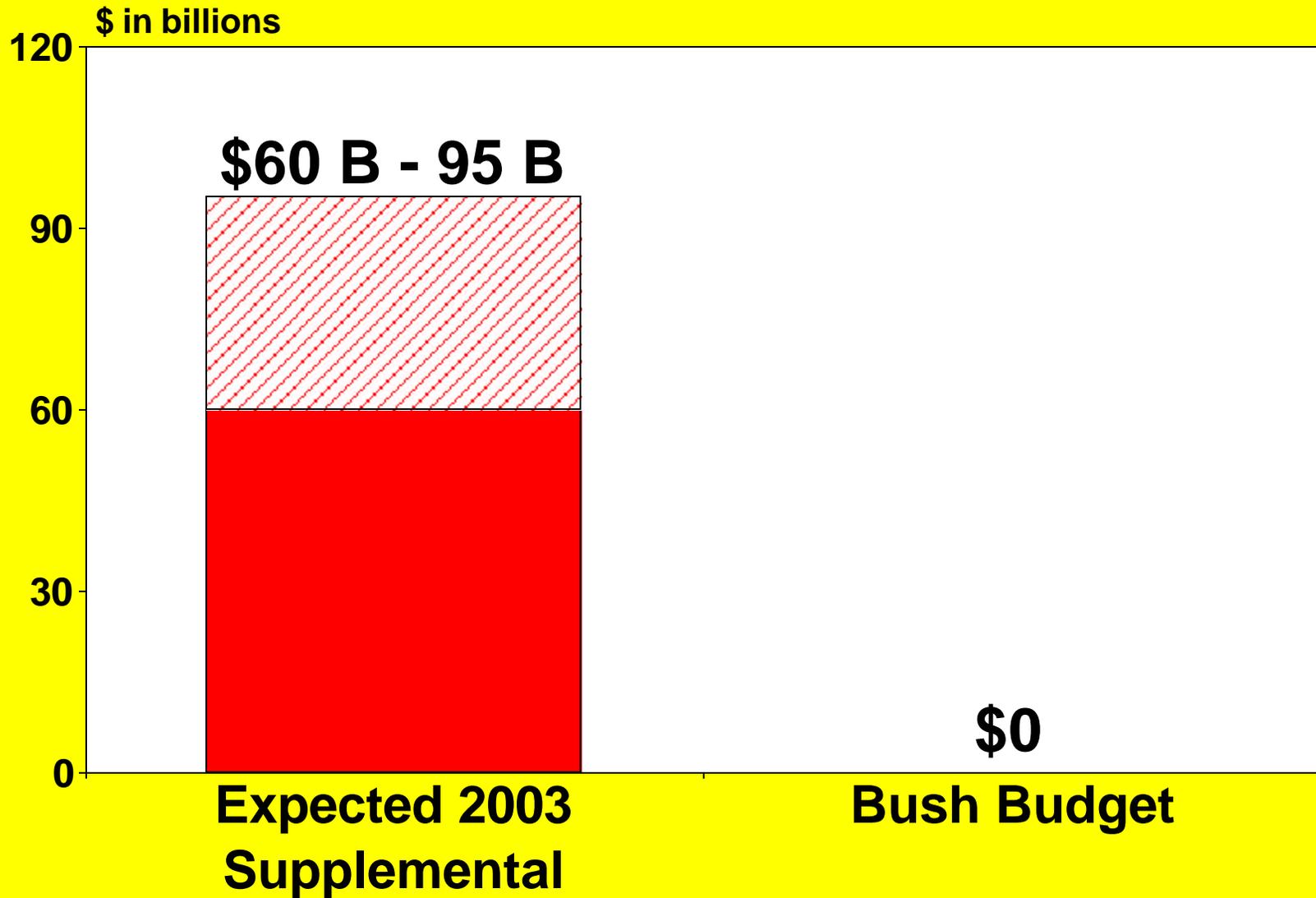


Committee for Economic Development (CED) – Findings –

- Current budget projections seriously understate the problem.
- While slower economic growth has caused much of the immediate deterioration in the deficit, the deficits in later years reflect our tax and spending choices.
- Deficits do matter.
- The aging of our population compounds the problem.

Source: CED Policy Statement, “Exploding Deficits, Declining Growth: The Federal Budget and the Aging of America,” March 2003

Bush Budget Ignores Cost of War



Source: Press reports, OMB

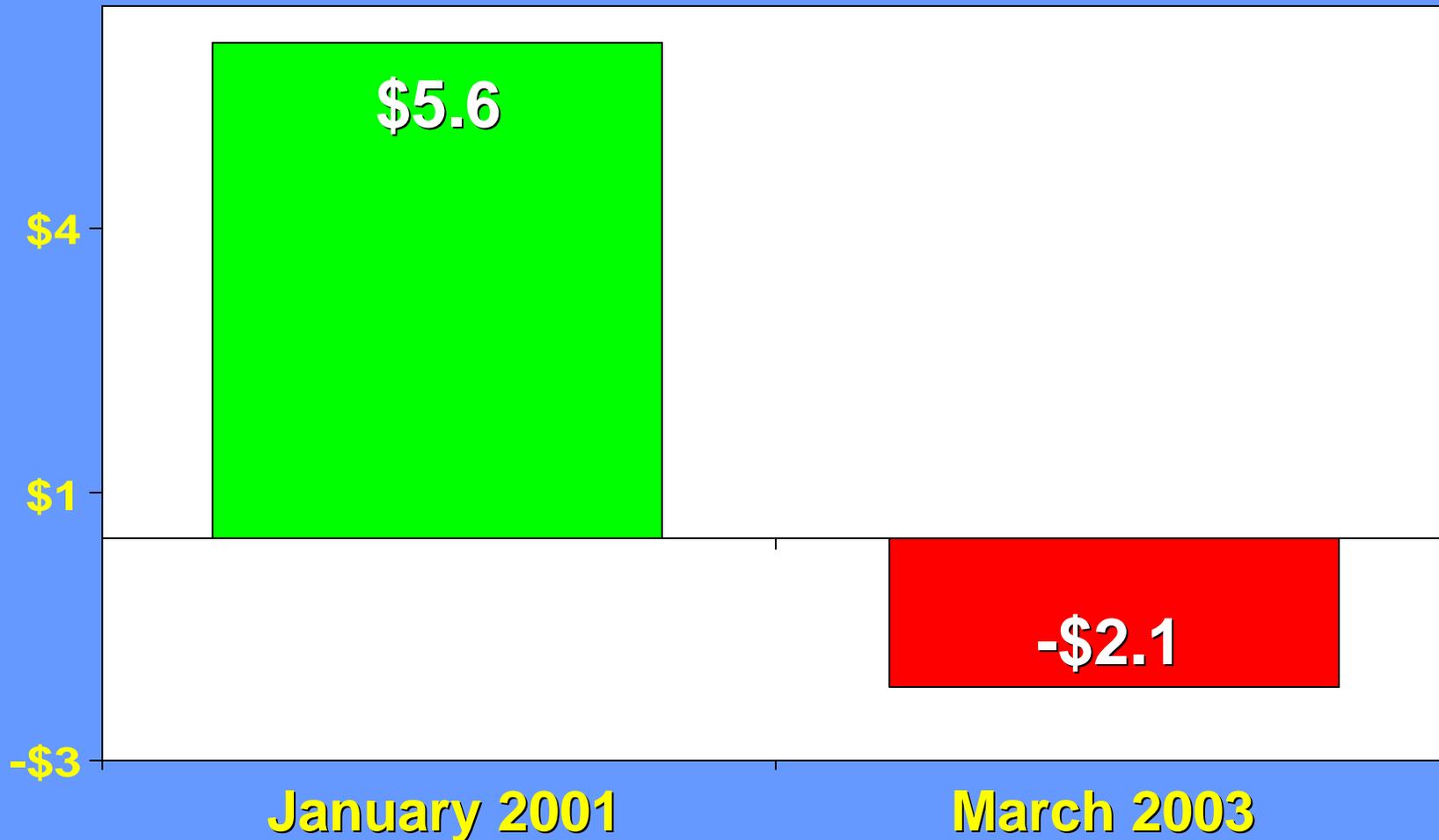
Bush Administration Said No Fear of Budget Deficits

“Tax relief is central to my plan to encourage economic growth, and we 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**

Unified Surplus Declines by Nearly \$7.7 Trillion in 2 Years with President's Budget Policies (FY 2002-2011)

(\$ in trillions)



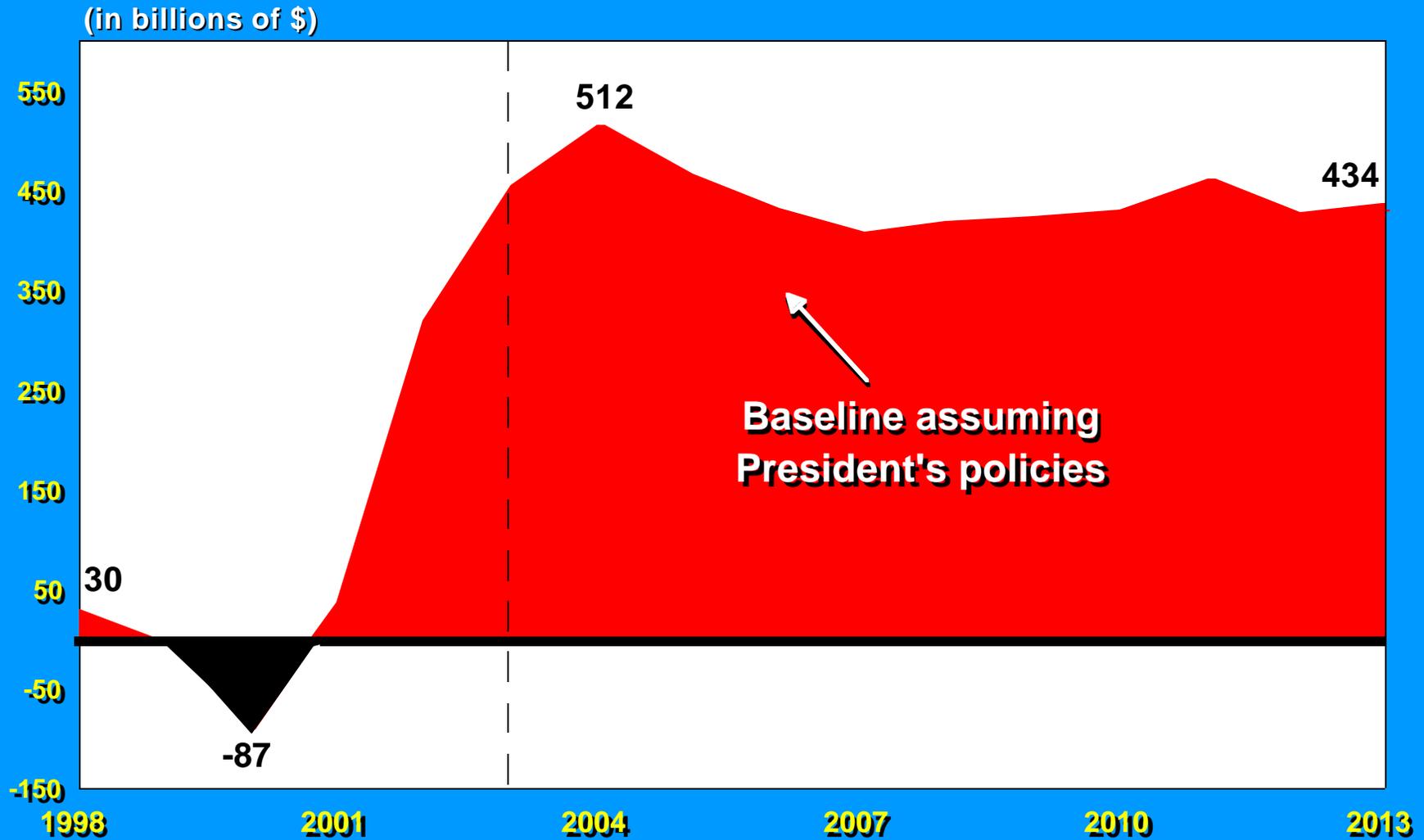
Source: January 2001 – CBO January 2001 baseline.
March 2003 – CBO reestimate of President's policies.

President Bush on Running Deficits

“...[O]ur budget will run a deficit that will be small and short-term...”

**–President George W. Bush
State of the Union Address
January 29, 2002**

SkYROCKETING Deficits Under President's Policies (Without Social Security)



Source: CBO

March

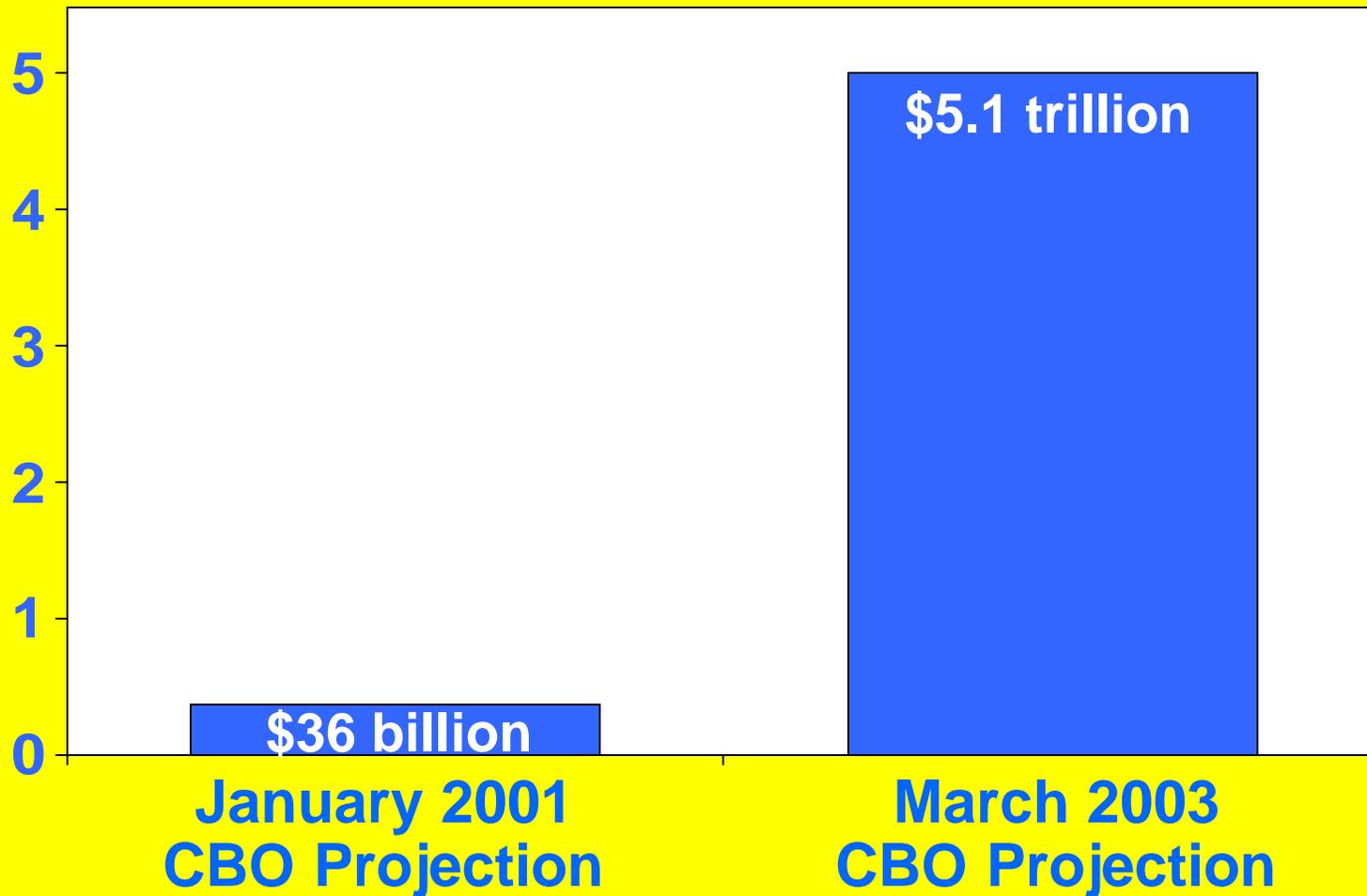
Bush Administration on Importance of Paying Down Debt

“...(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**

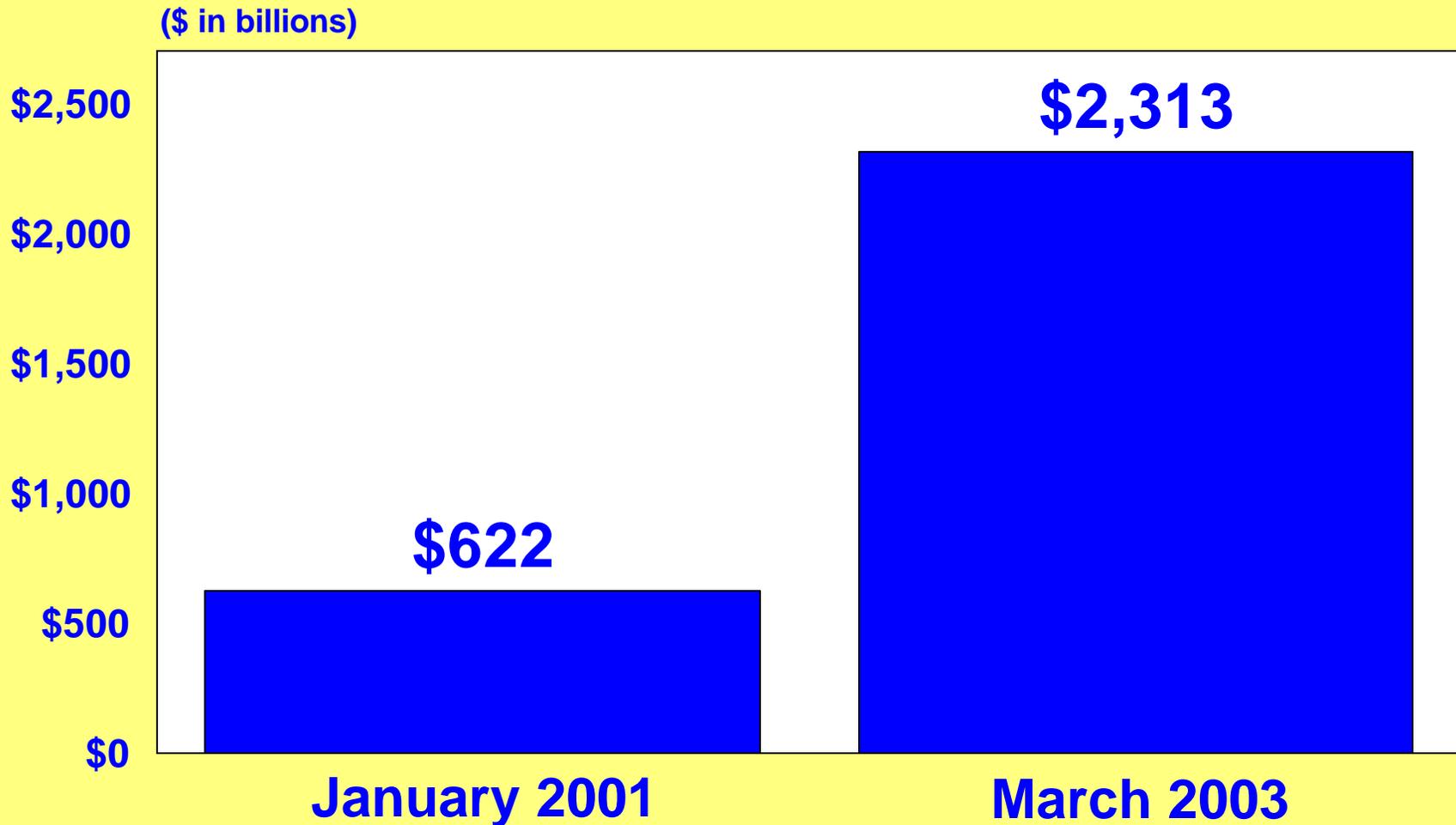
Debt Held by the Public in 2008

\$5.1 Trillion More Debt, Assuming Bush Policies



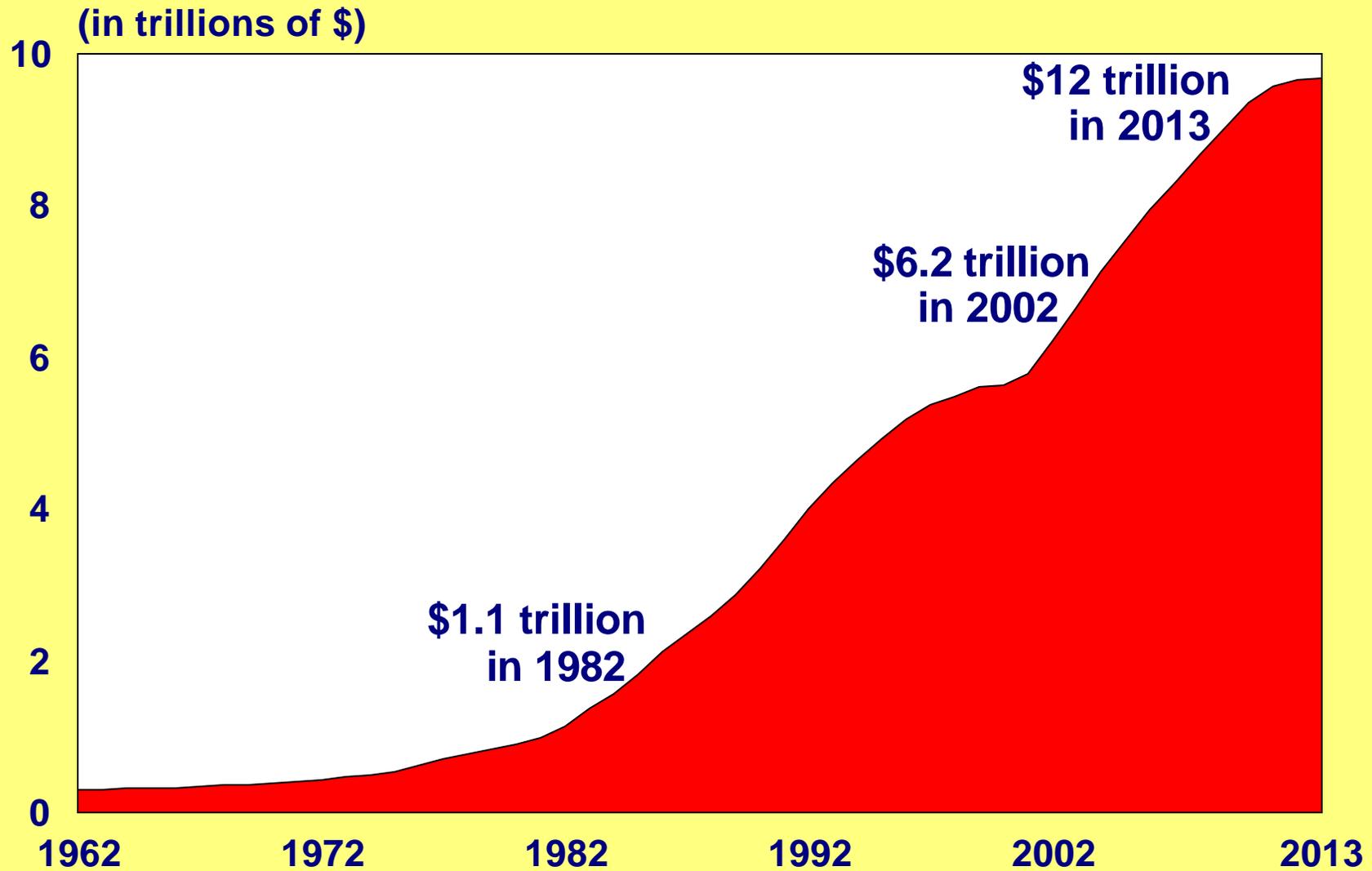
Total Federal Interest Costs Increase by \$1.7 Trillion

January 2001 versus March 2003 with President's Policies, FY 2002-11



Source: CBO

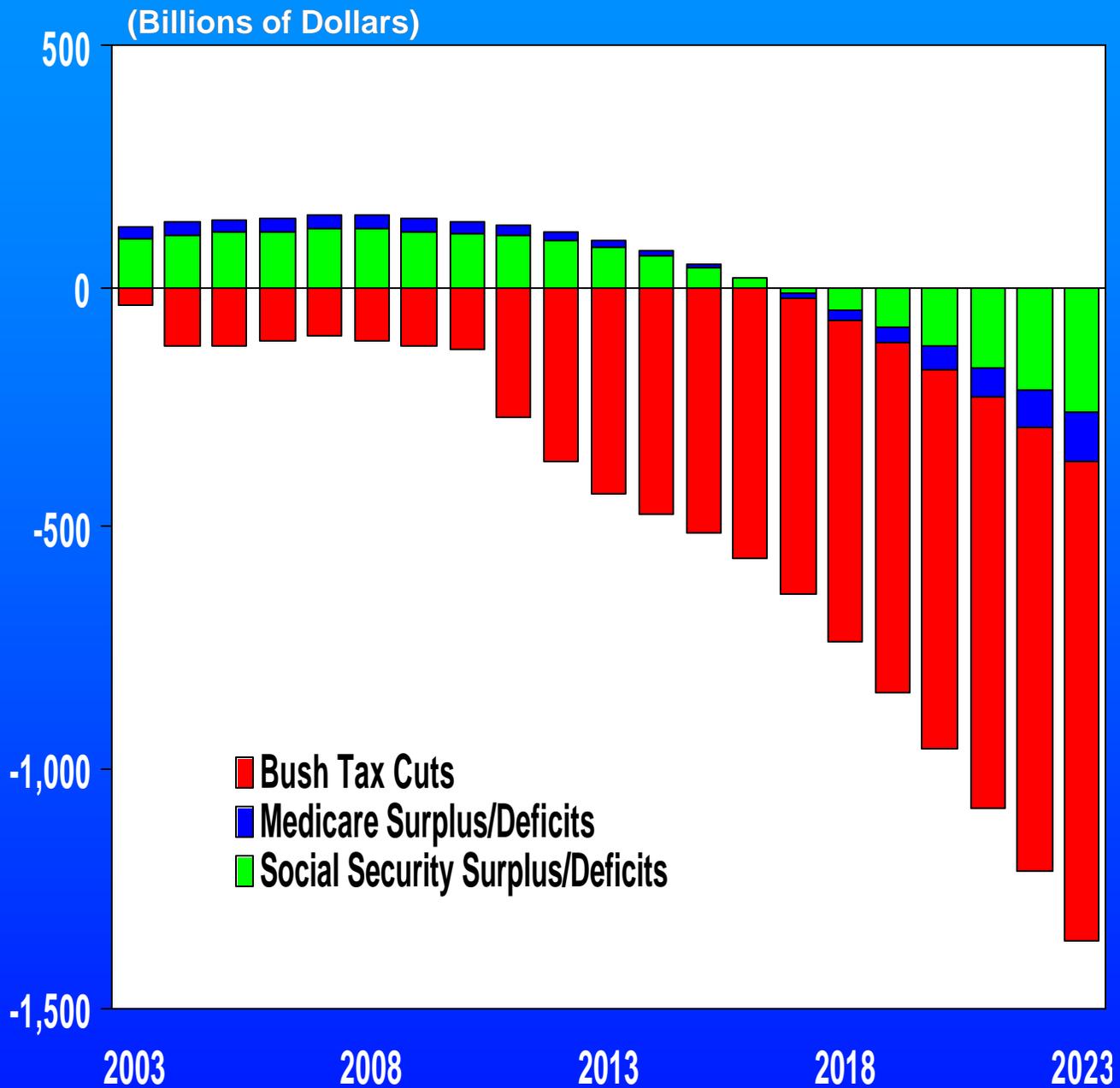
Gross Federal Debt Assuming Enactment of President's Policies



Source: CBO, Senate Budget Committee

March

Tax Cuts Explode as Trust Fund Cash Surpluses Decline FY 2003-2023



Source: 2002 Trustees Report, CBO, and Senate Budget Committee Staff
Note: Tax cut includes associated interest costs.

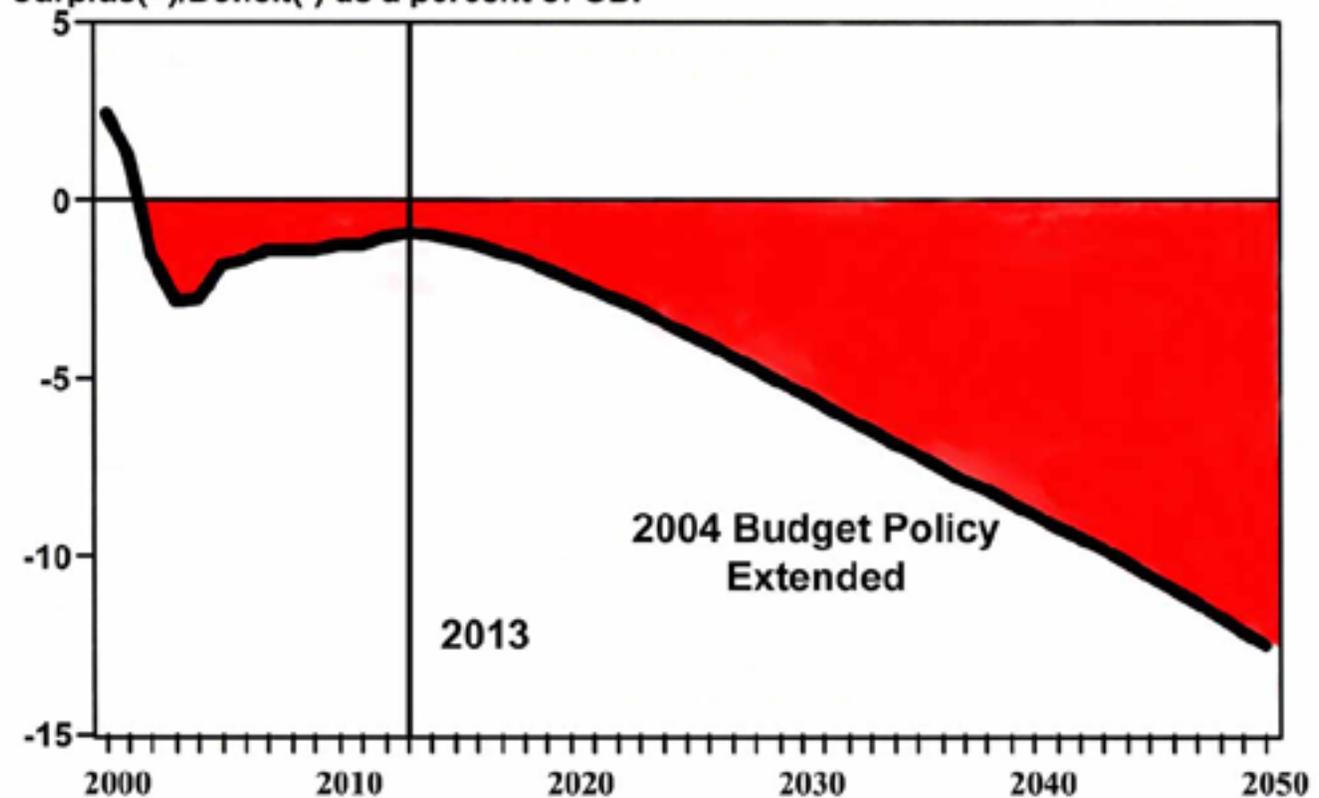
President Bush Promises to Not Pass on Problems

“This country has many challenges. We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other presidents and other generations.”

**–President George W. Bush
State of the Union Address
January 28, 2003**

The Next Ten Years: The Budget "Sweet" Spot

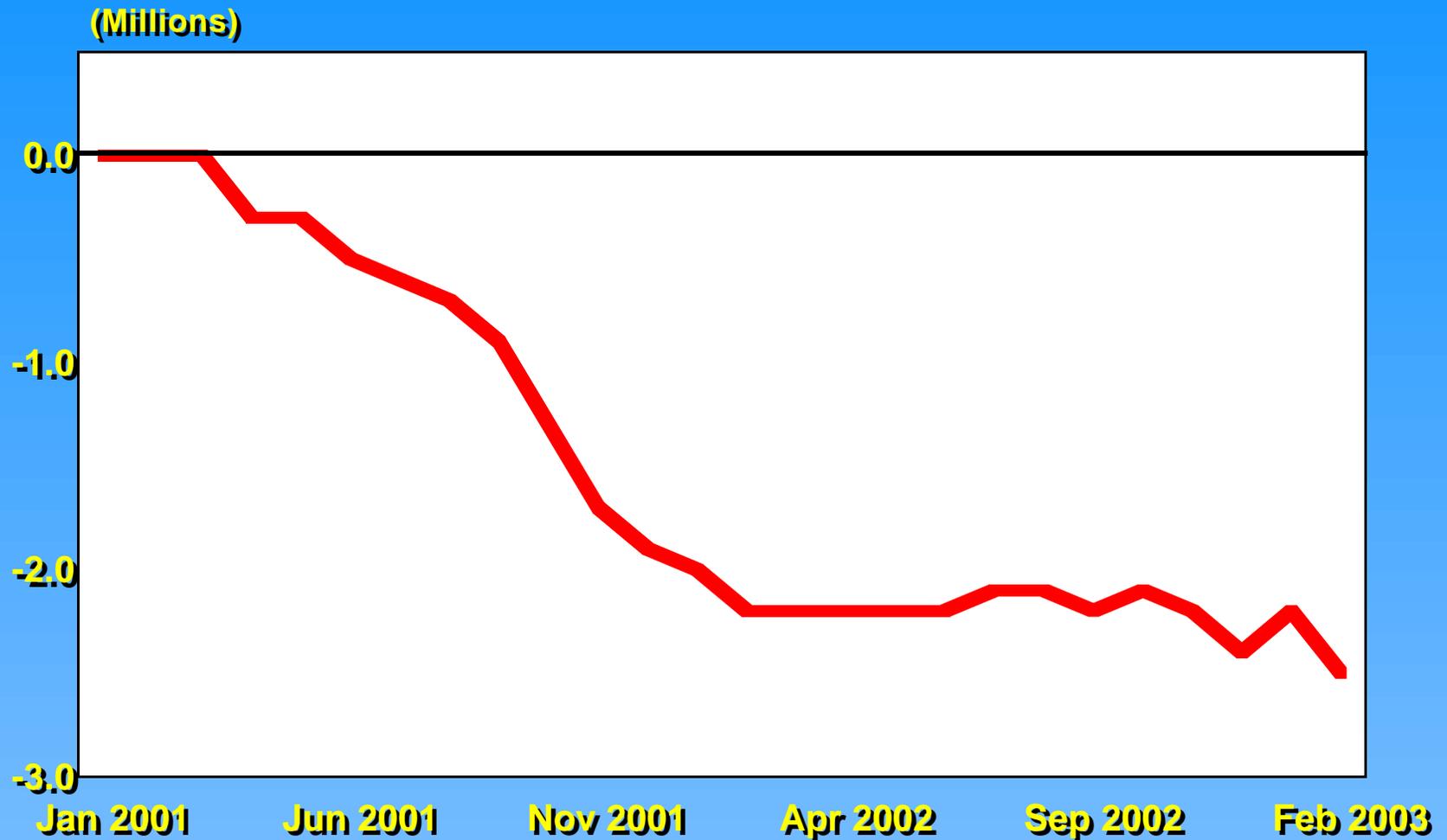
Surplus(+)/Deficit(-) as a percent of GDP



Source: President's Budget for FY 2004, Analytical Perspectives, p. 43.

Jobs Decline

2.5 Million Jobs Lost Since January 2001

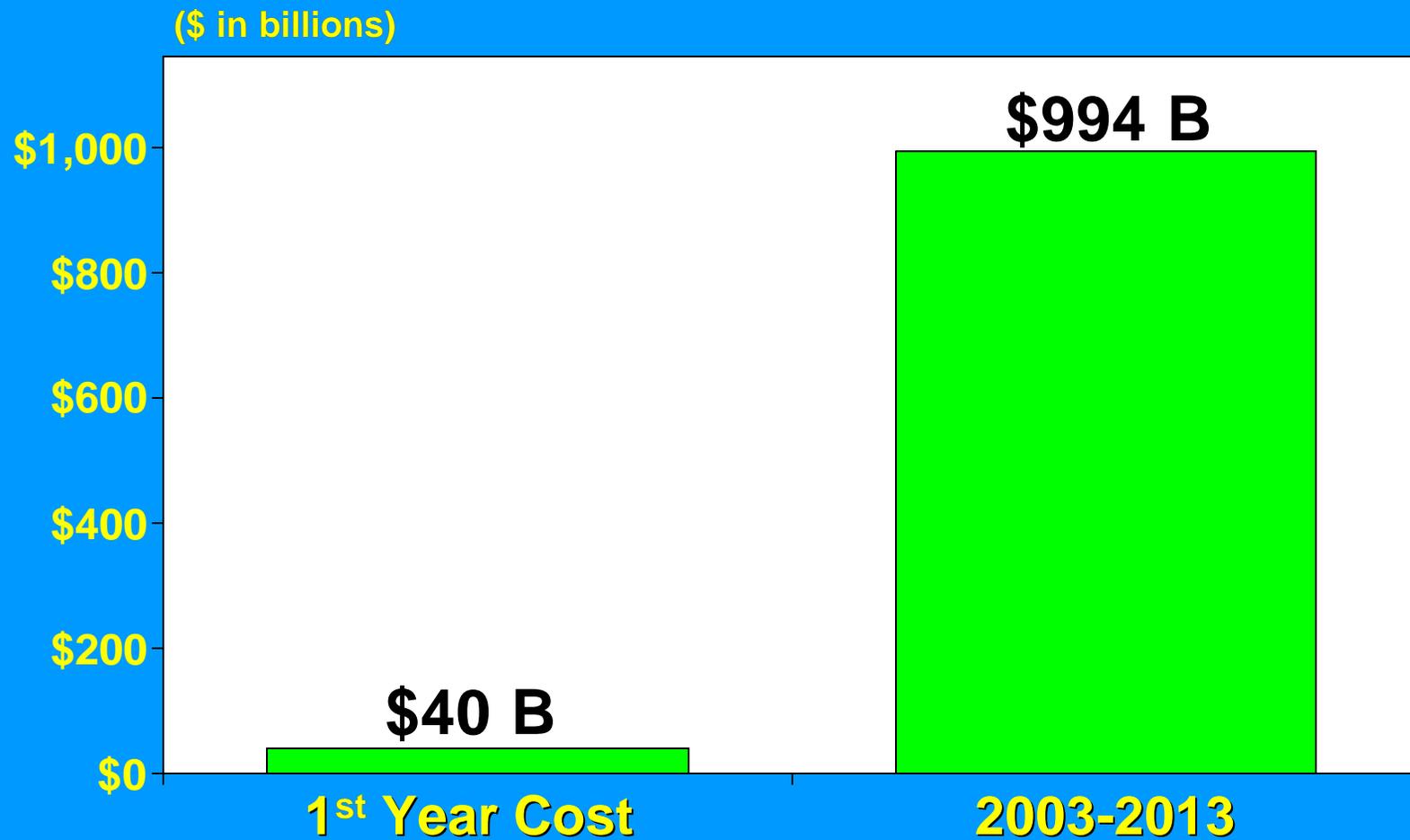


Source: Bureau of Labor Statistics

Note: Private Sector Jobs

President Bush's Plan Doesn't Provide Real Stimulus

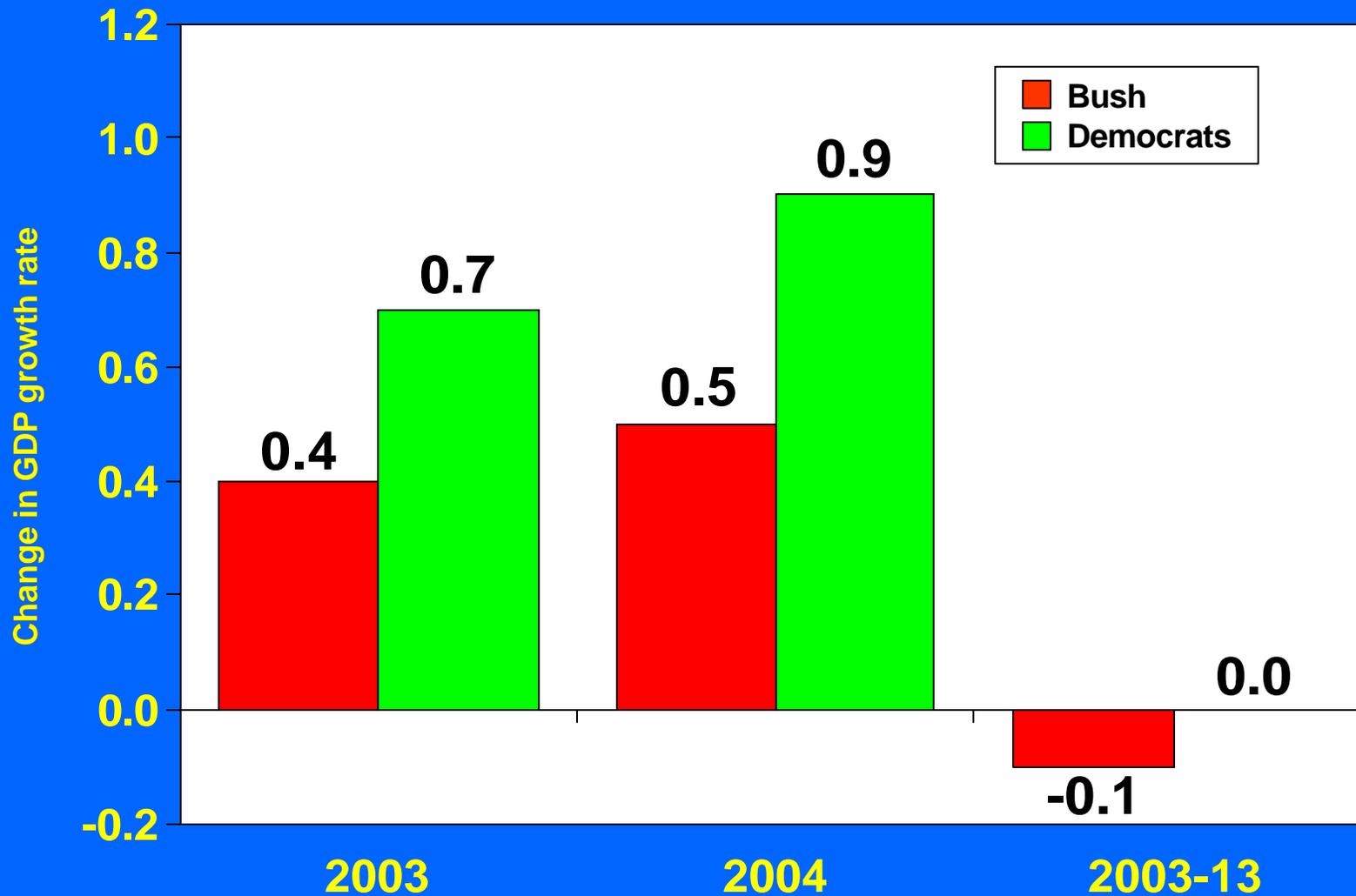
Only 4% of Cost Occurs in 1st Year



Source: CBO

Note: Includes Associated Interest Costs

Democratic Plan Trumps Bush Plan in Both Short and Long Term



Source: Mark Zandi, Economy.com, "The Economic Impact of the Bush and Congressional Democratic Economic Stimulus Plans", February, 2003.