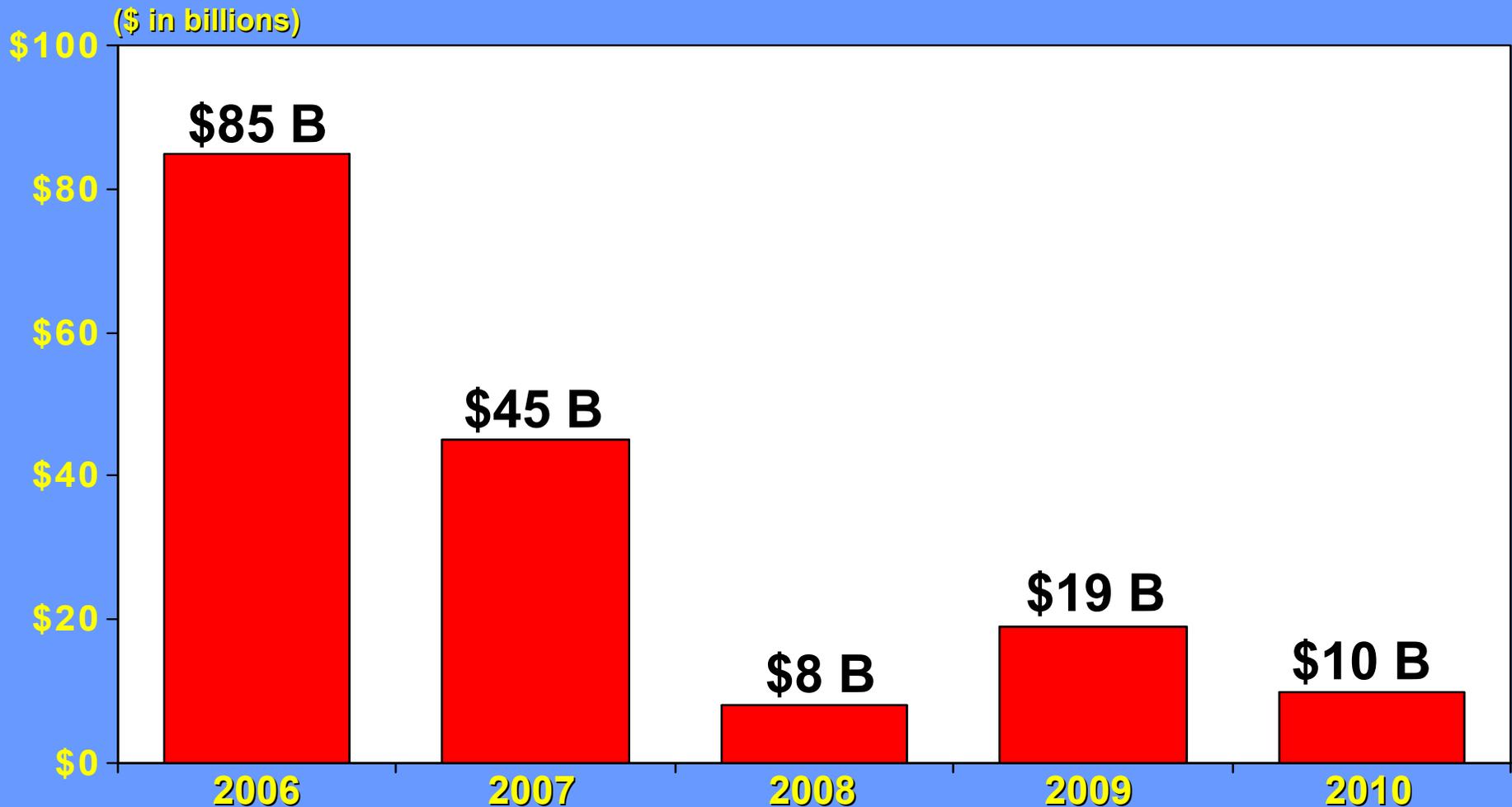


GOP Budget Conference Report Increases the Deficit by \$168 Billion Over 5 Years

Increase Above CBO Baseline Deficit



Source: FY 2006 GOP Budget Conference Report

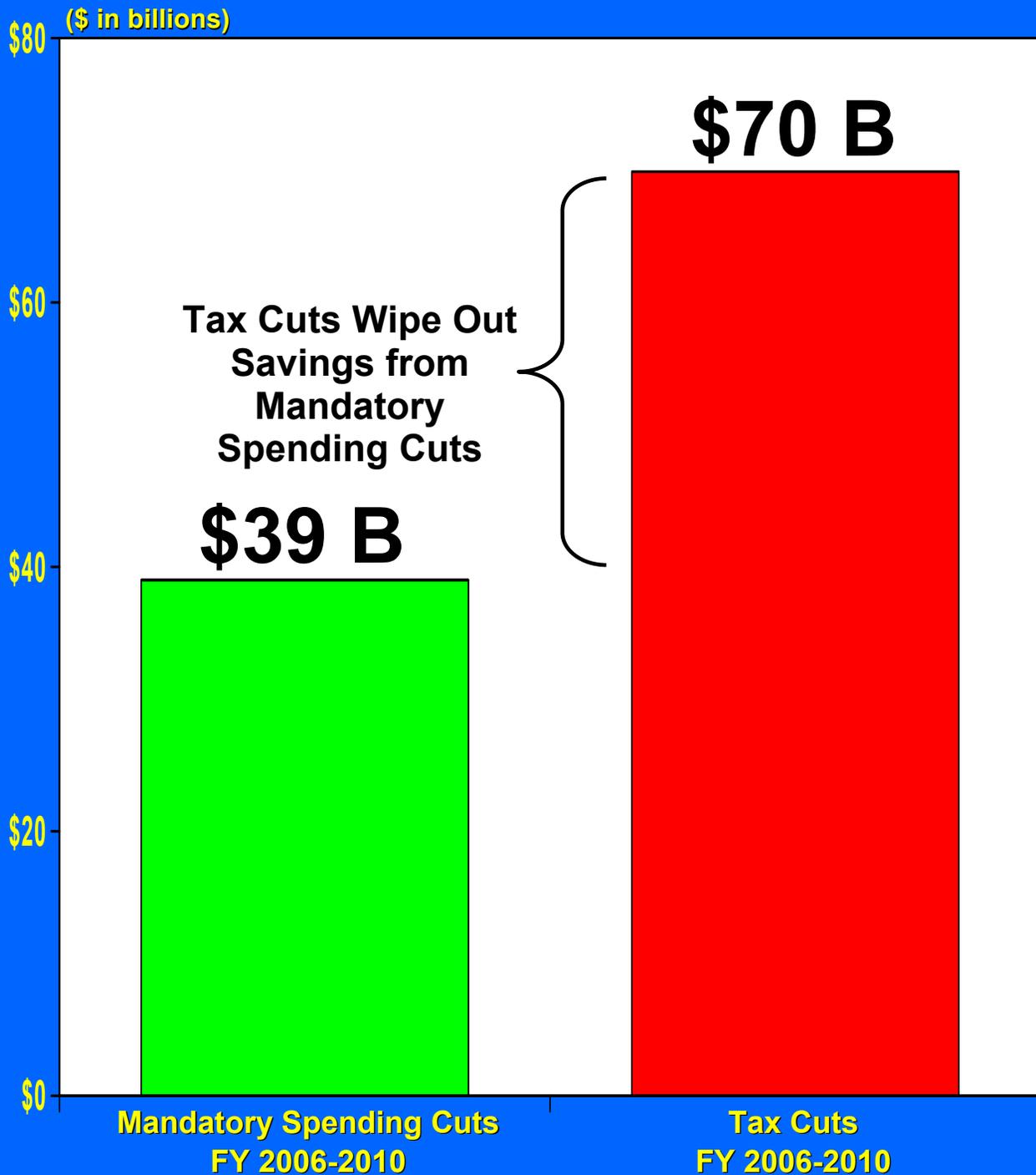
Three Chapters of GOP Reconciliation

Chapter 1 Mandatory Spending Cuts - \$39 B

Chapter 2 Tax Cuts - \$70 B

Chapter 3 Debt Limit Increase - \$781 B

GOP Budget Reconciliation Increases Deficit by \$31 Billion



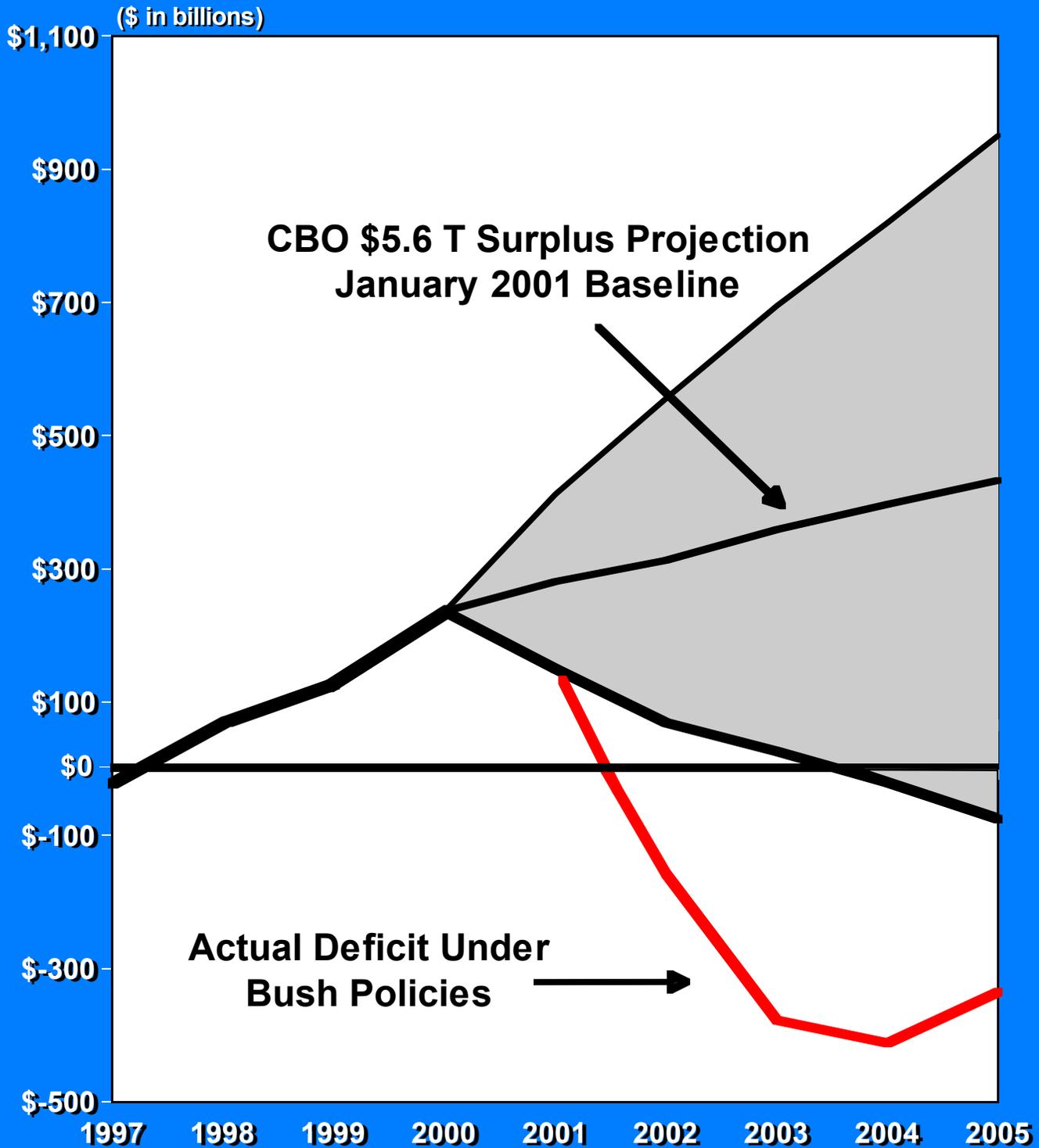
Source: CBO, FY 2006 GOP Budget Resolution

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



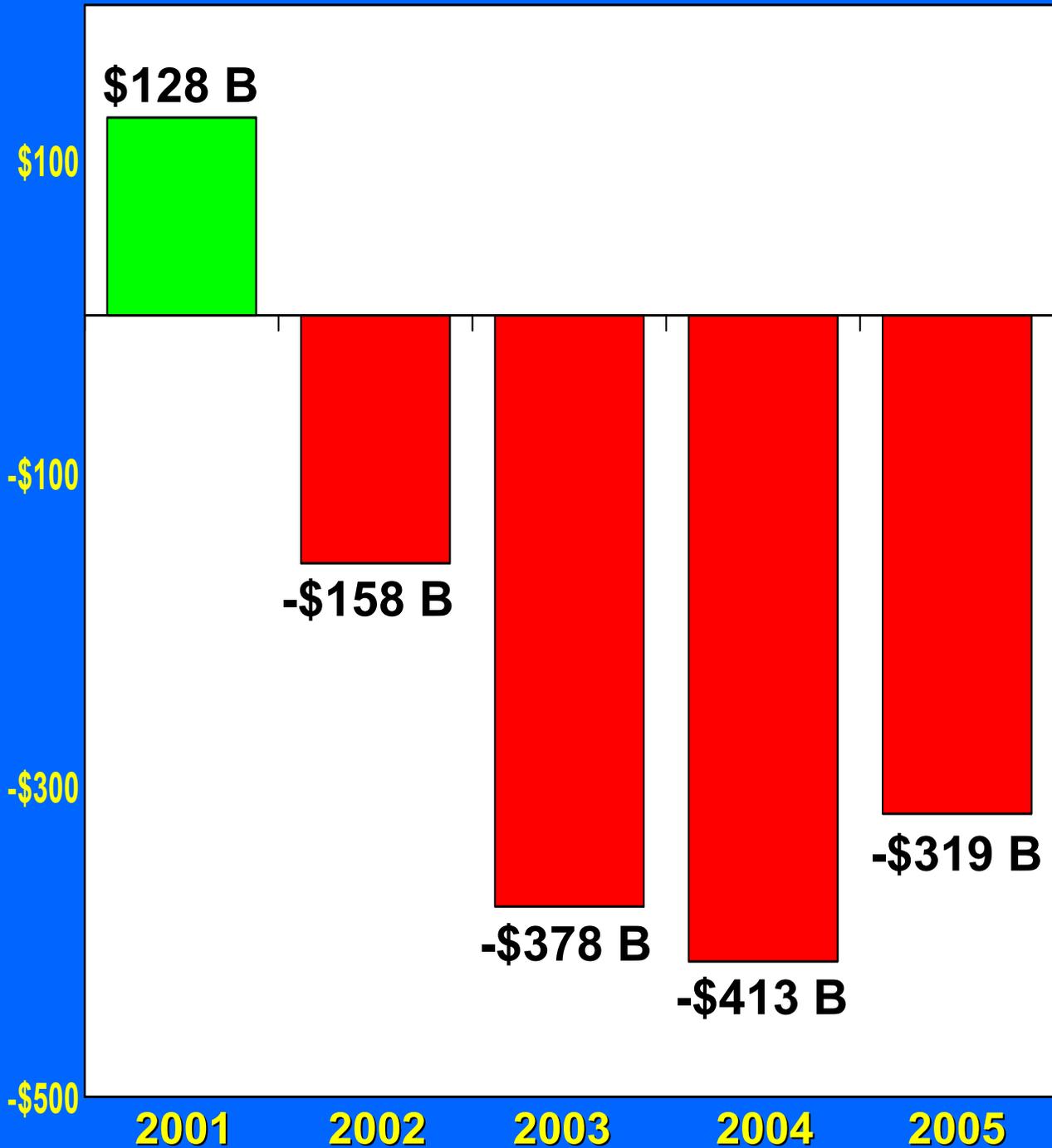
Bush Administration Promised Deficits Would be Small and Short-Term

**“...[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**

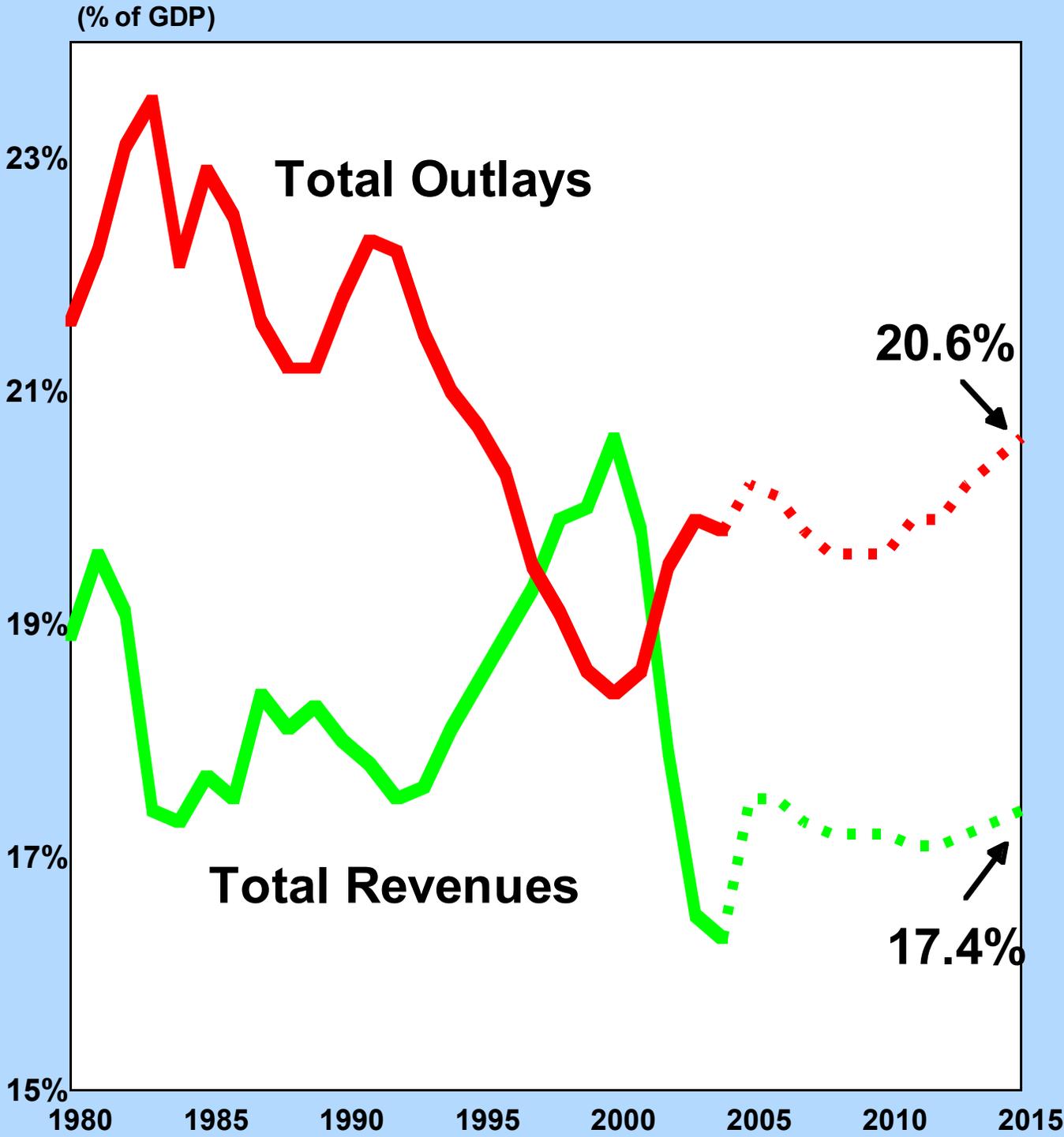
Dramatic Deterioration in Budget Picture Over Last Five Years

(Deficit in billions of \$)



Source: OMB

Spending and Revenues



Source: CBO, OMB, and SBC Democratic staff

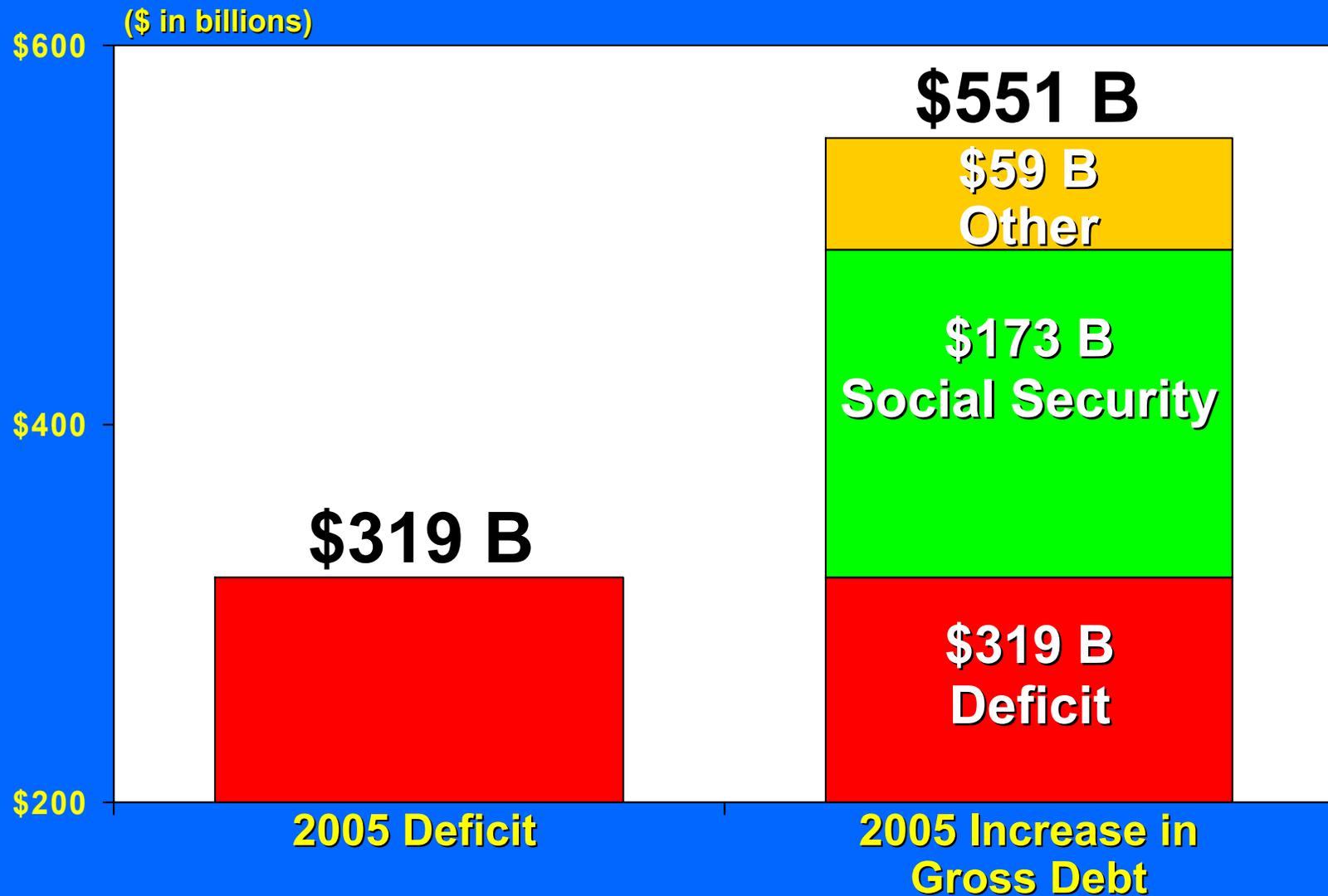
Note: CBO August 2005 Budget and Economic Outlook, with administration's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

Bush Administration Tried to Downplay Significance of Deficits

“[O]ur budget gap is small by historical standards.”

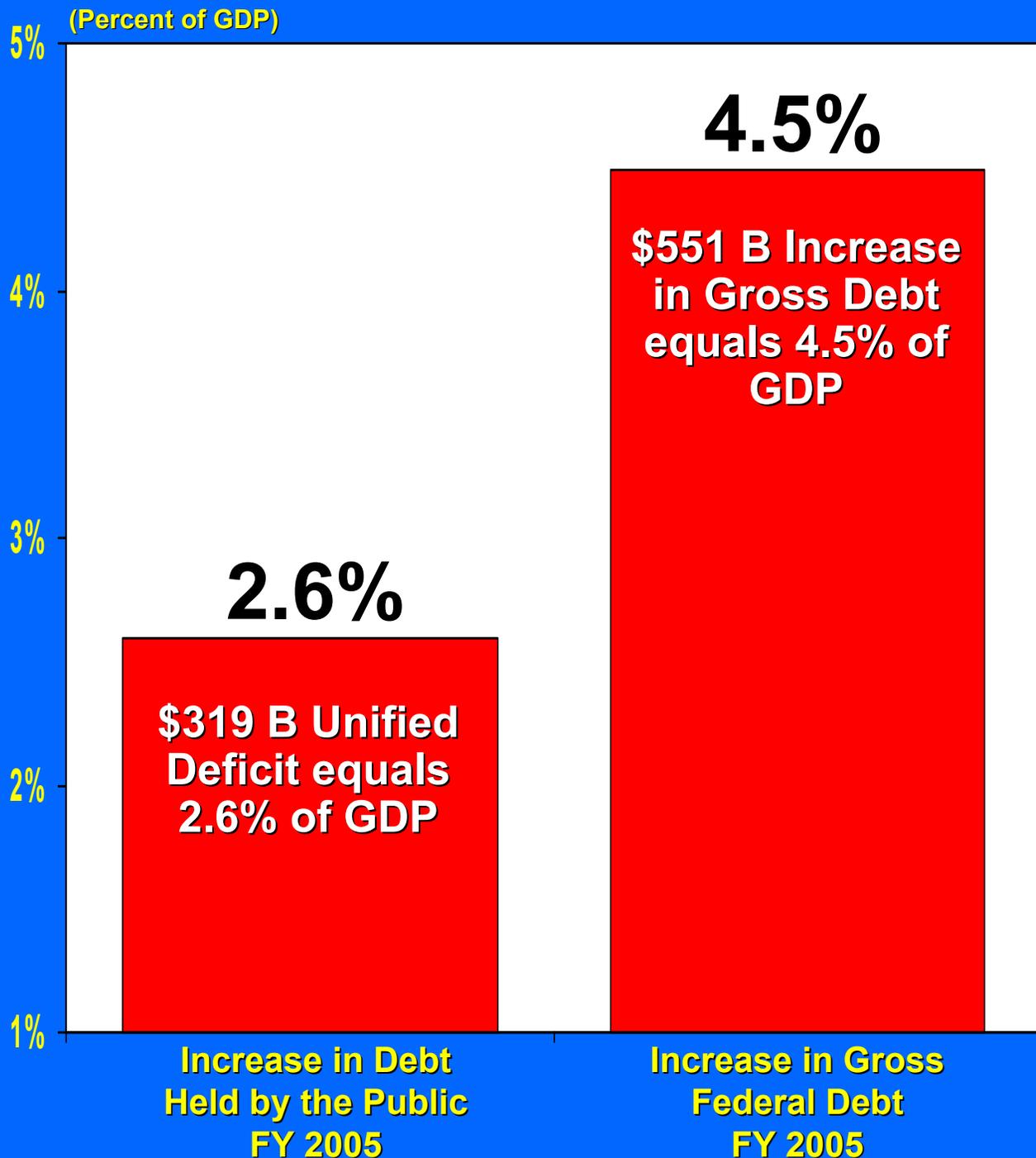
**– President Bush’s FY 2004 Budget, page 1
February 2003**

Increase in Debt in 2005 is Far Greater Than the \$319 Billion Deficit



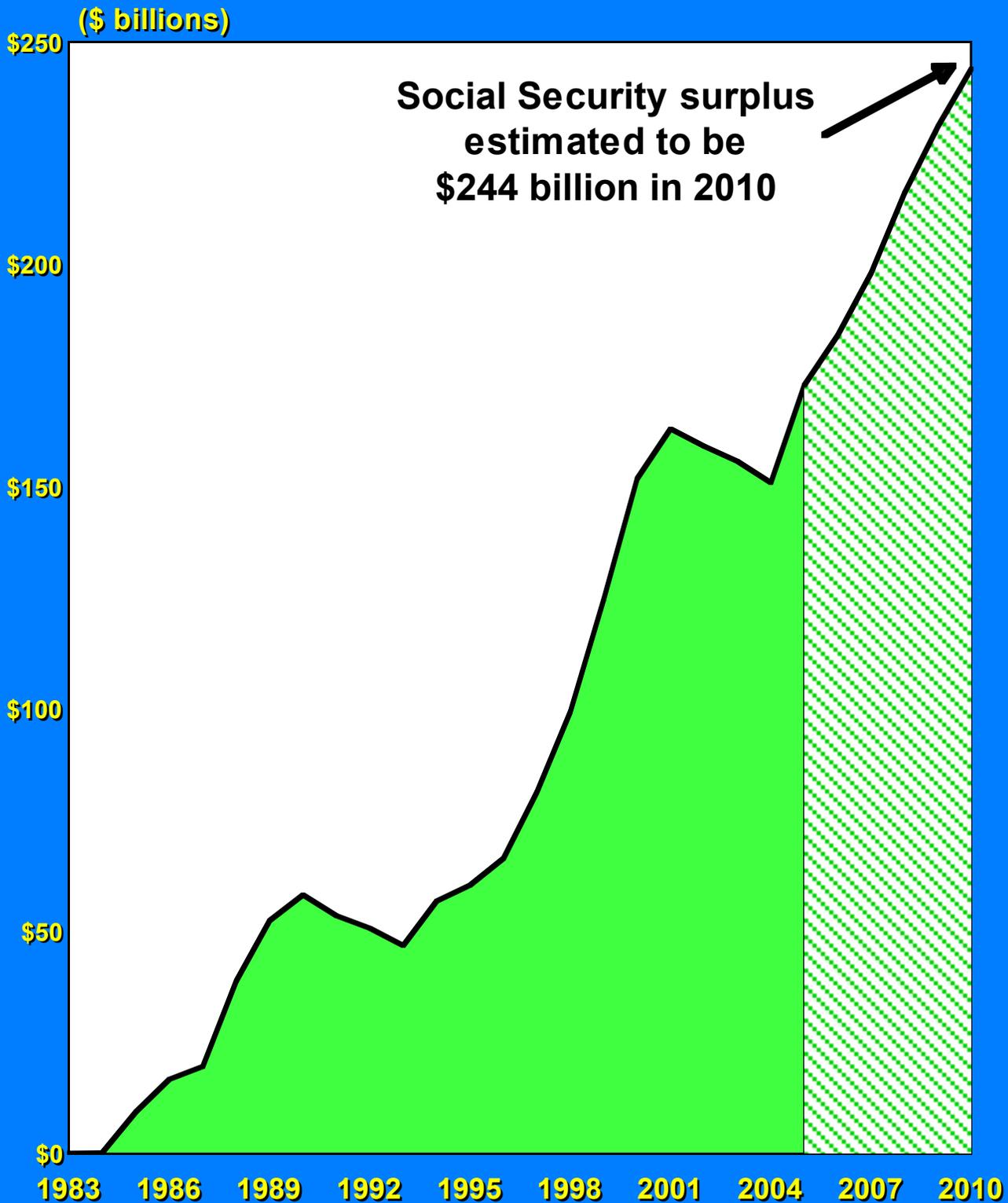
Source: OMB, Treasury

Debt Increase as a Percent of GDP in FY 2005



Source: Departments of Treasury and Commerce

Social Security Surplus (1983 - 2010)

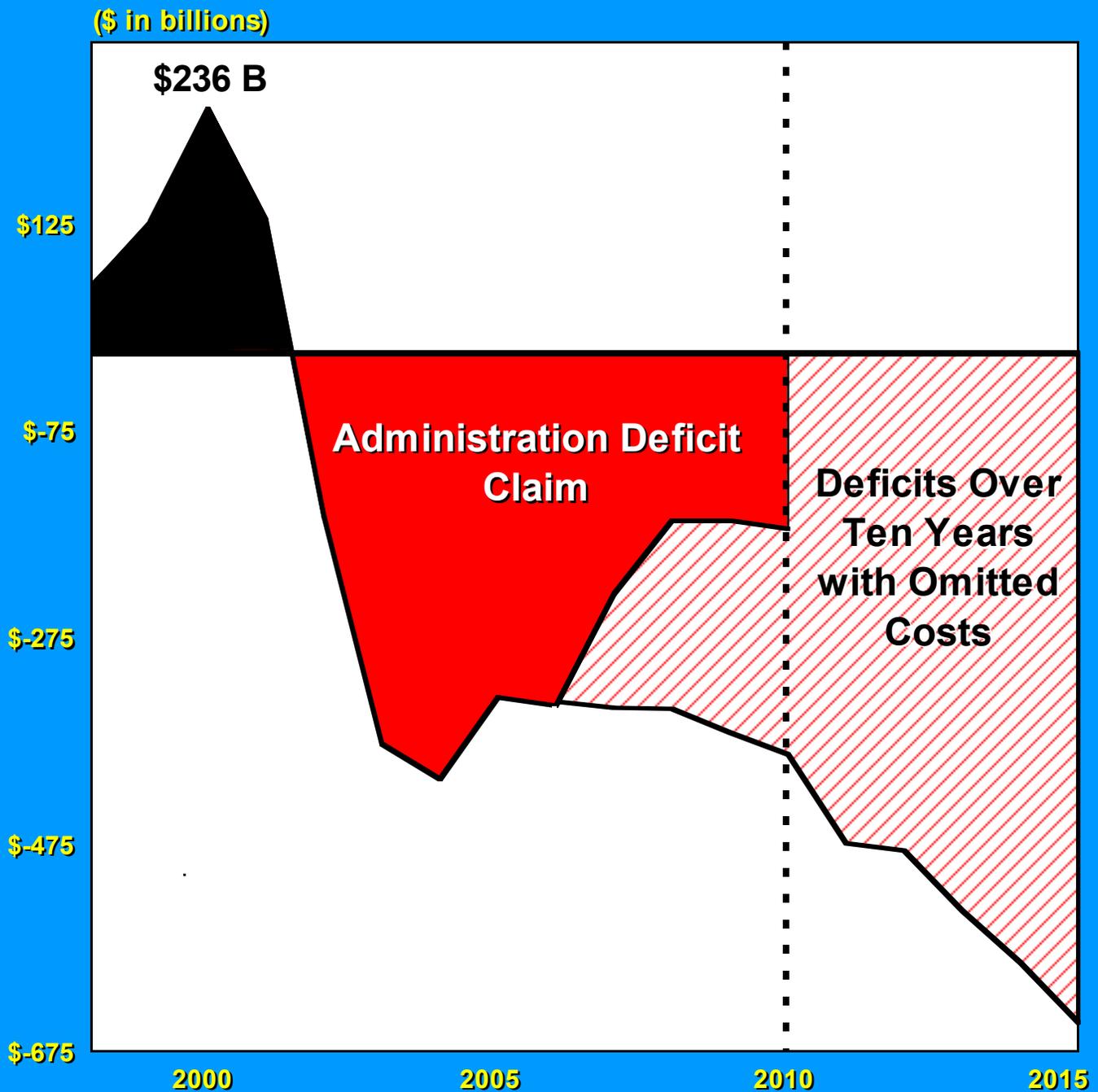


Bush Administration Promised Deficits Will be Reduced in the Future

**So I can say to you that the deficit
will be cut in half over the next
five years...”**

**– President George W. Bush
Remarks in Annandale, Virginia
August 9, 2004**

Long-Term Budget Outlook

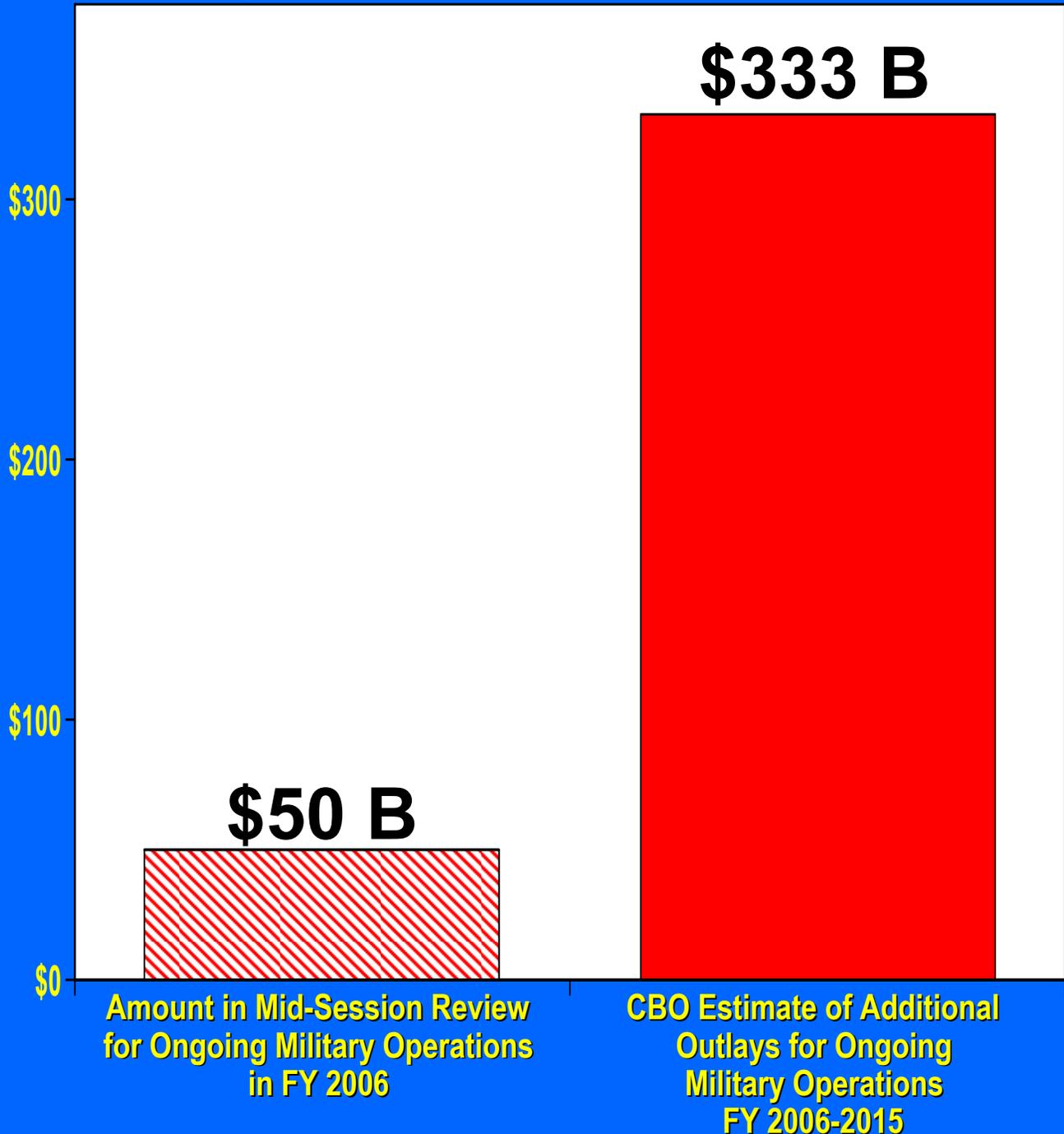


Source: OMB, CBO, SBC Democratic staff

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.

Long-Term War Costs Underfunded

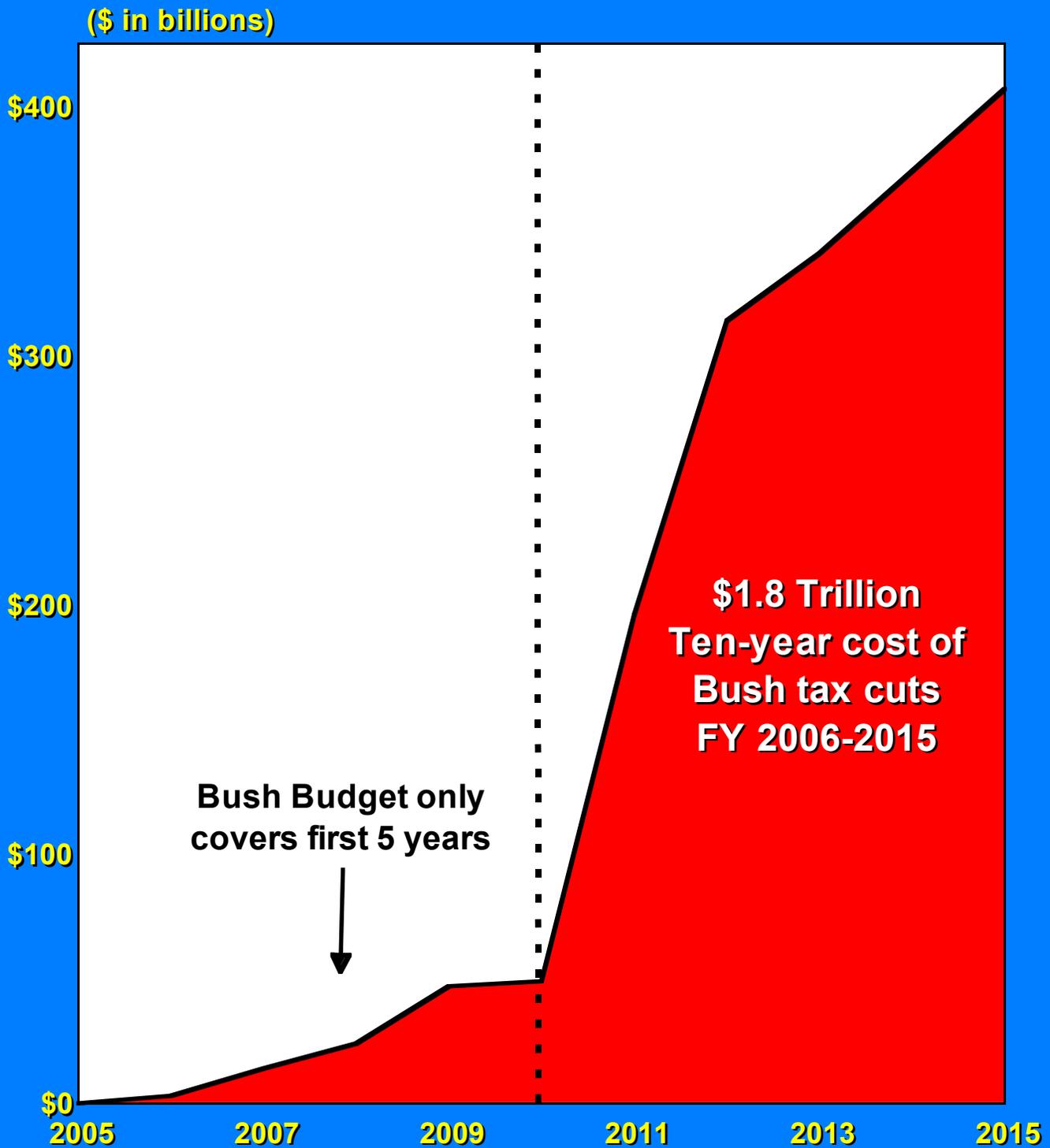
(\$ in billions)



Note: Ongoing military operations include operations in Iraq, Afghanistan, and the continuing war on terrorism. Both House and Senate 2006 Defense Appropriations bills include amounts for ongoing military operations.

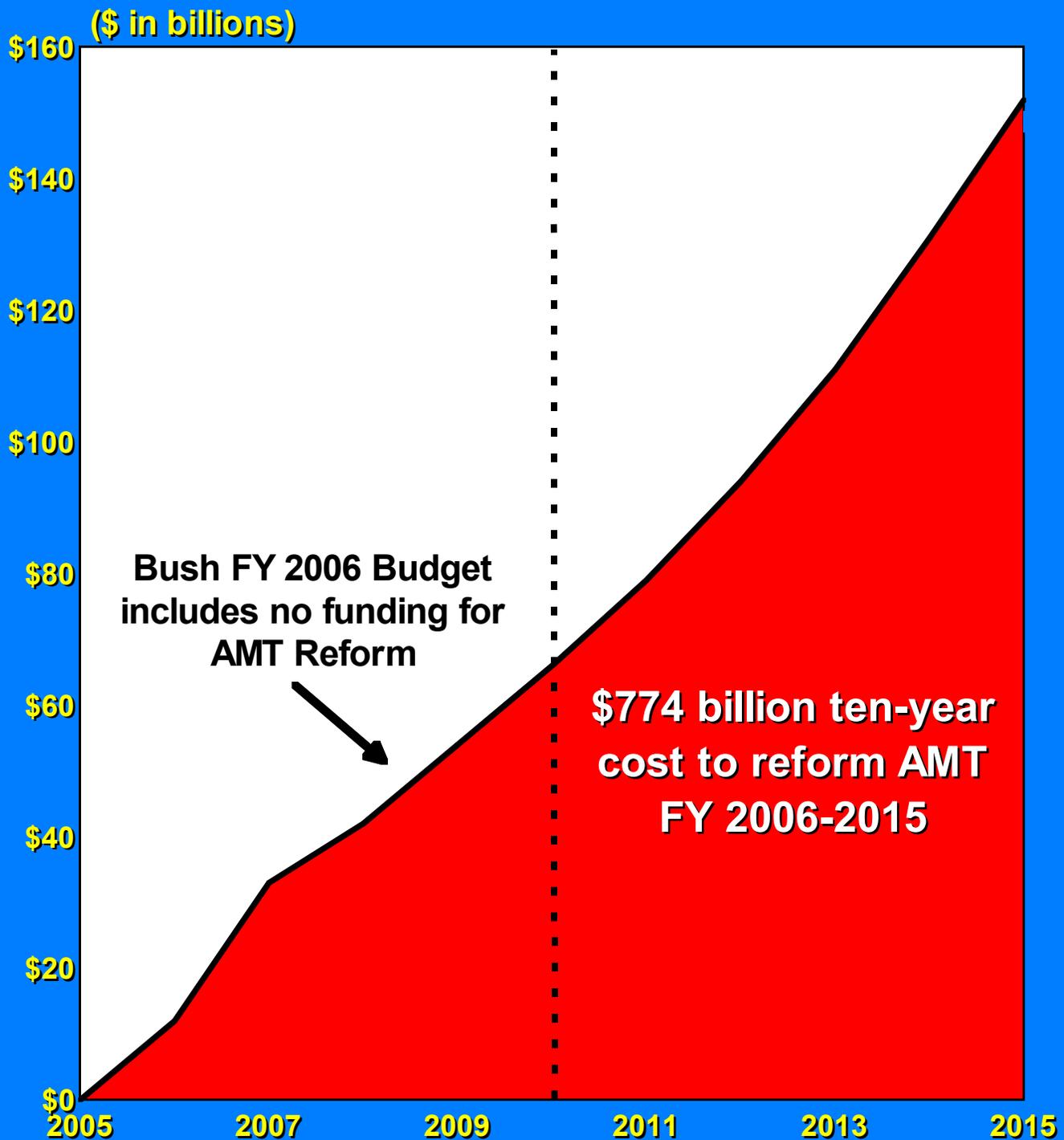
Source: OMB, CBO

Cost of Bush Tax Cuts Explodes Outside Five-Year Budget Window



Source: CBO, Bush FY 2006 Budget
Note: Includes debt service.

Cost of AMT Reform Explodes Outside Five-Year Budget Window

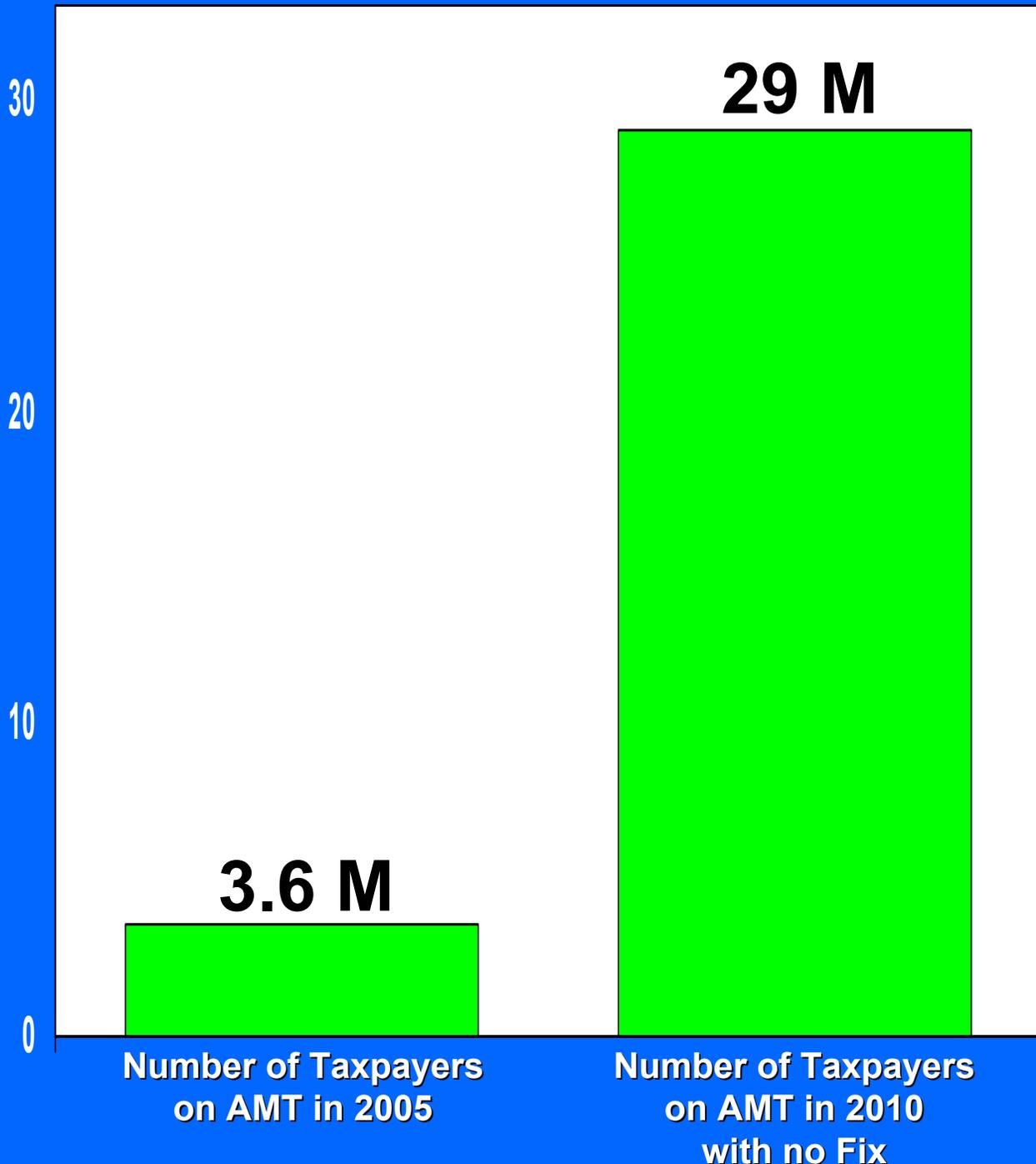


Source: CBO

Note: Includes interest cost, assumes tax cuts made permanent.

Bush Revenue Projections Assume No AMT Fix: 29 Million Taxpayers to be Hit by AMT in 2010

(Millions of Taxpayers)



Source: Joint Committee on Taxation

Bush Administration on Importance of Paying Down Debt

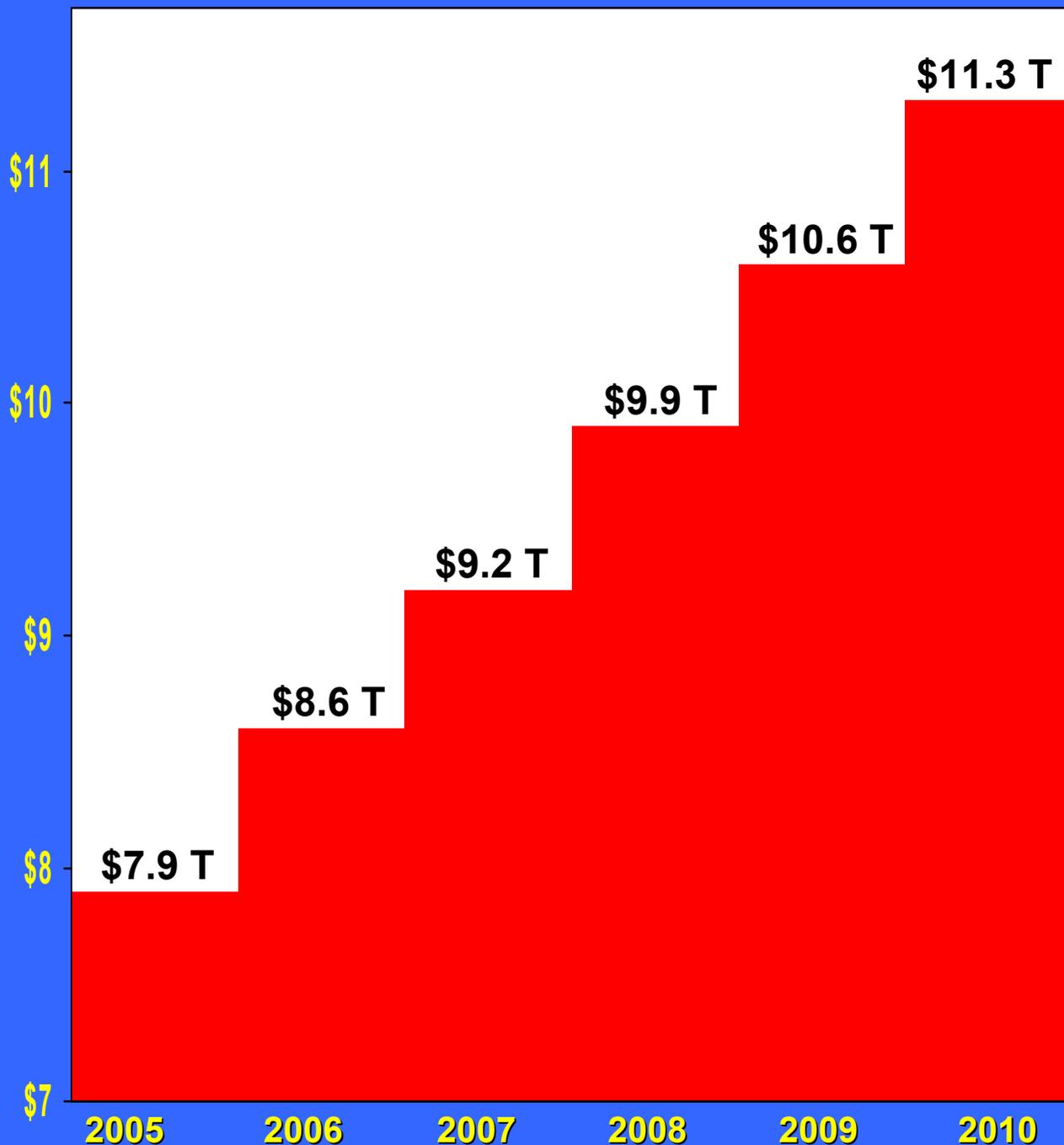
“...(M)y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our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

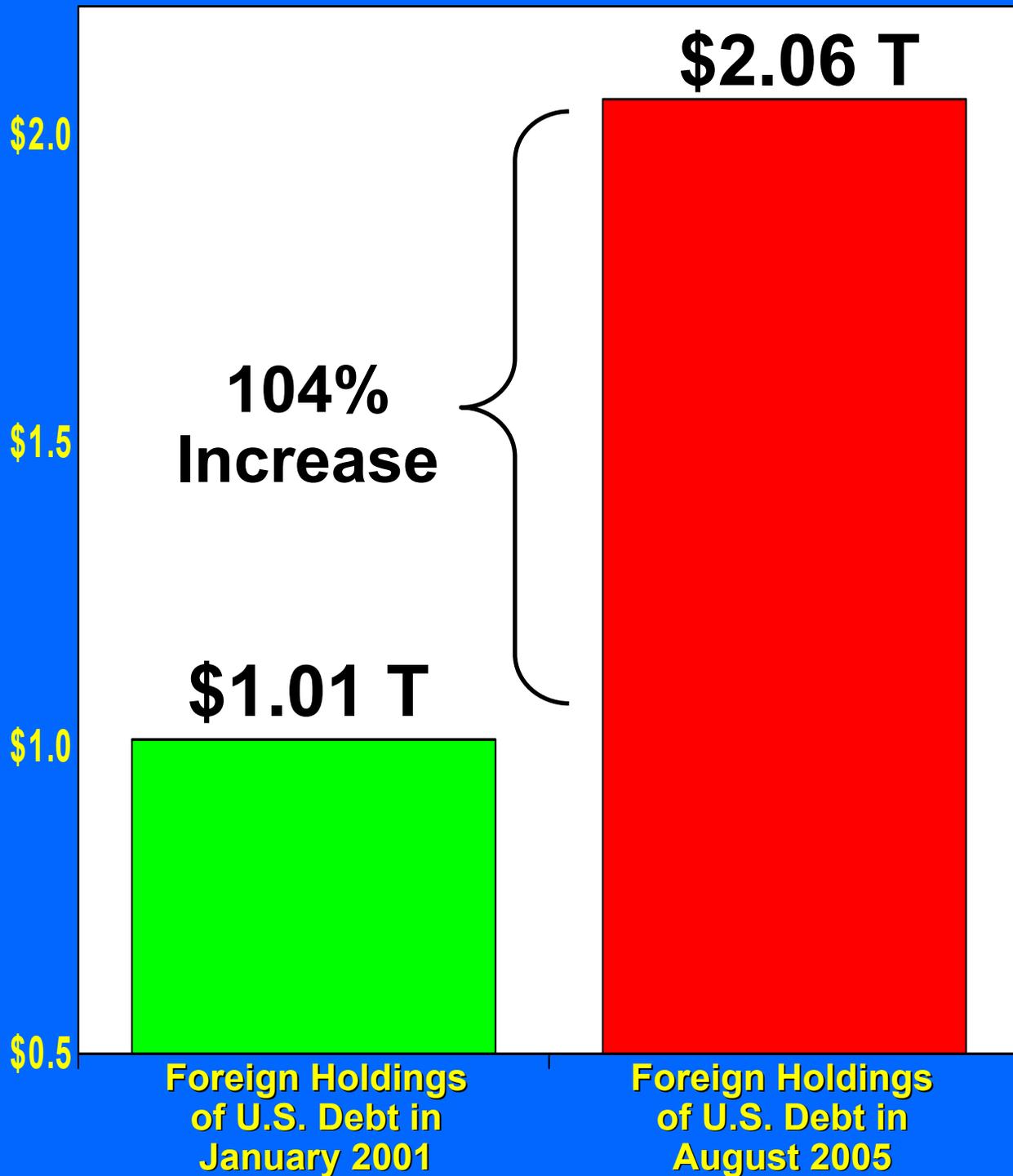
**Every minute in 2005, Republican
budget policies added**

\$1,048,952

to the National Debt.

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

(\$ in trillions)



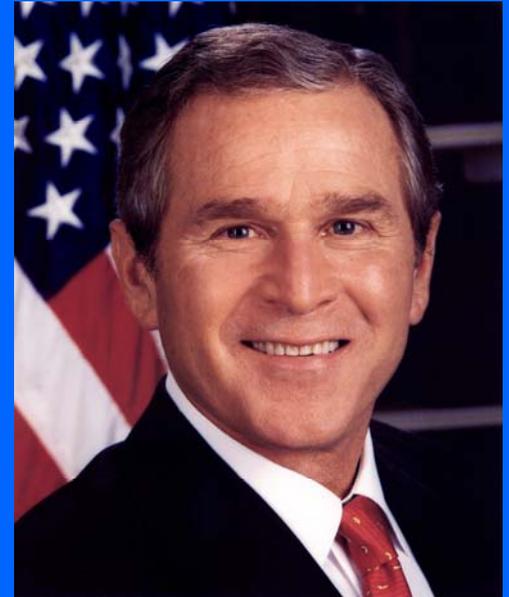
Source: U.S. Treasury

President Bush Does in 4 Years What 42 Presidents Managed in 224 Years

\$1 Trillion in Foreign Holdings of U.S. Treasury Debt



224 Years
(1776-2000)



\$1.05 T

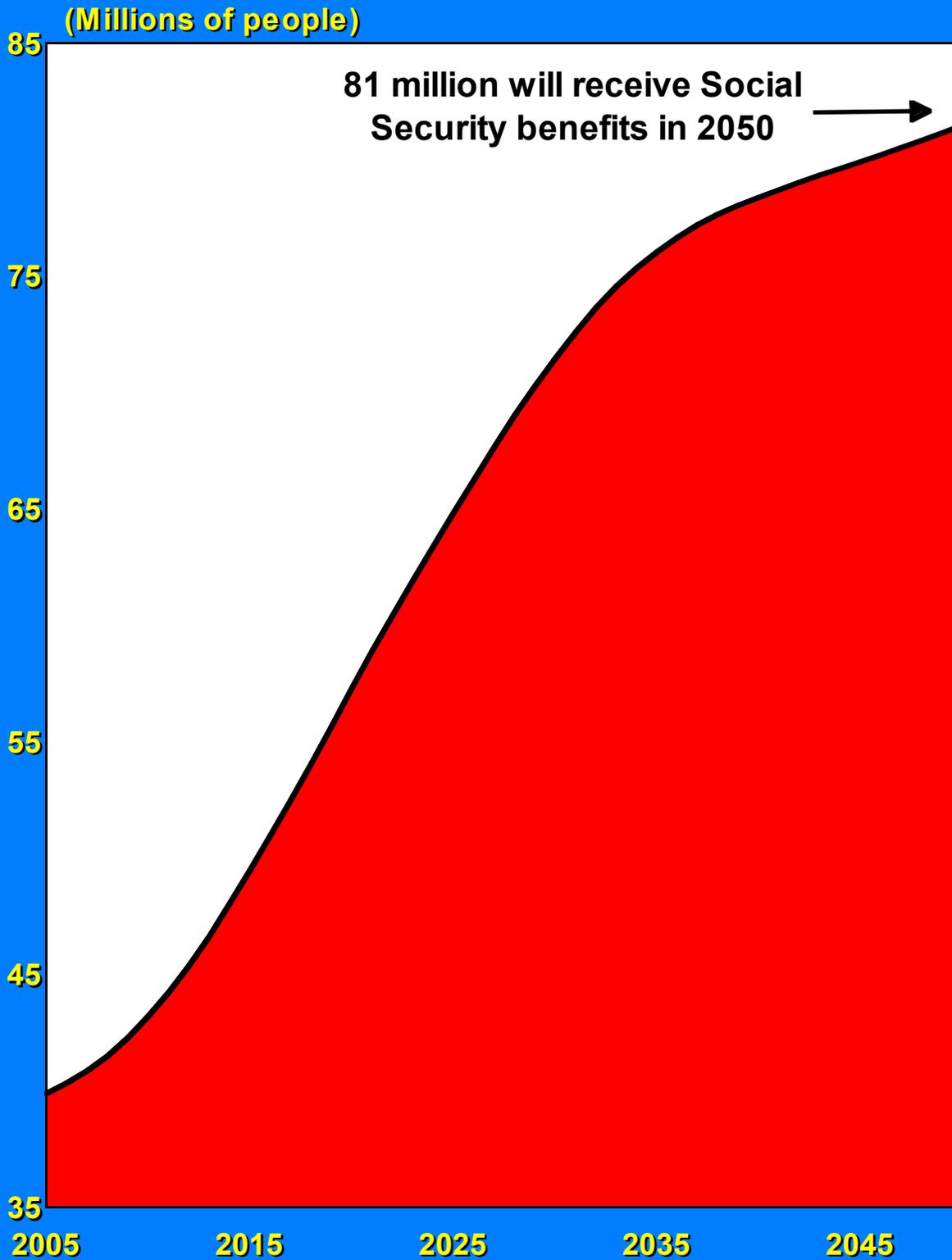
4 Years
(2001-2005)

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

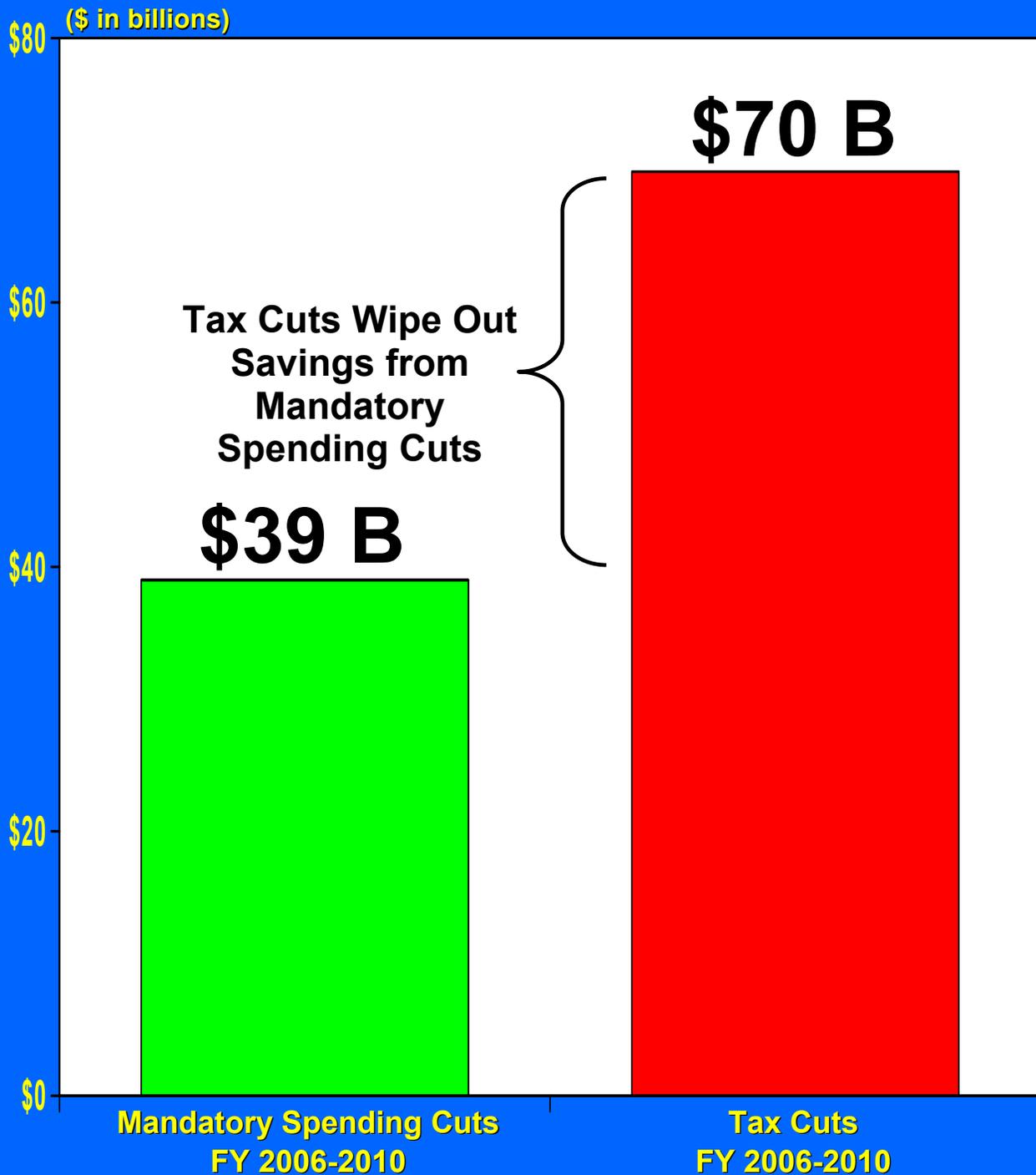
Source: Department of Treasury
Note: As of August 2005

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



Source: 2005 Social Security Trustees Report
Note: OASI beneficiaries

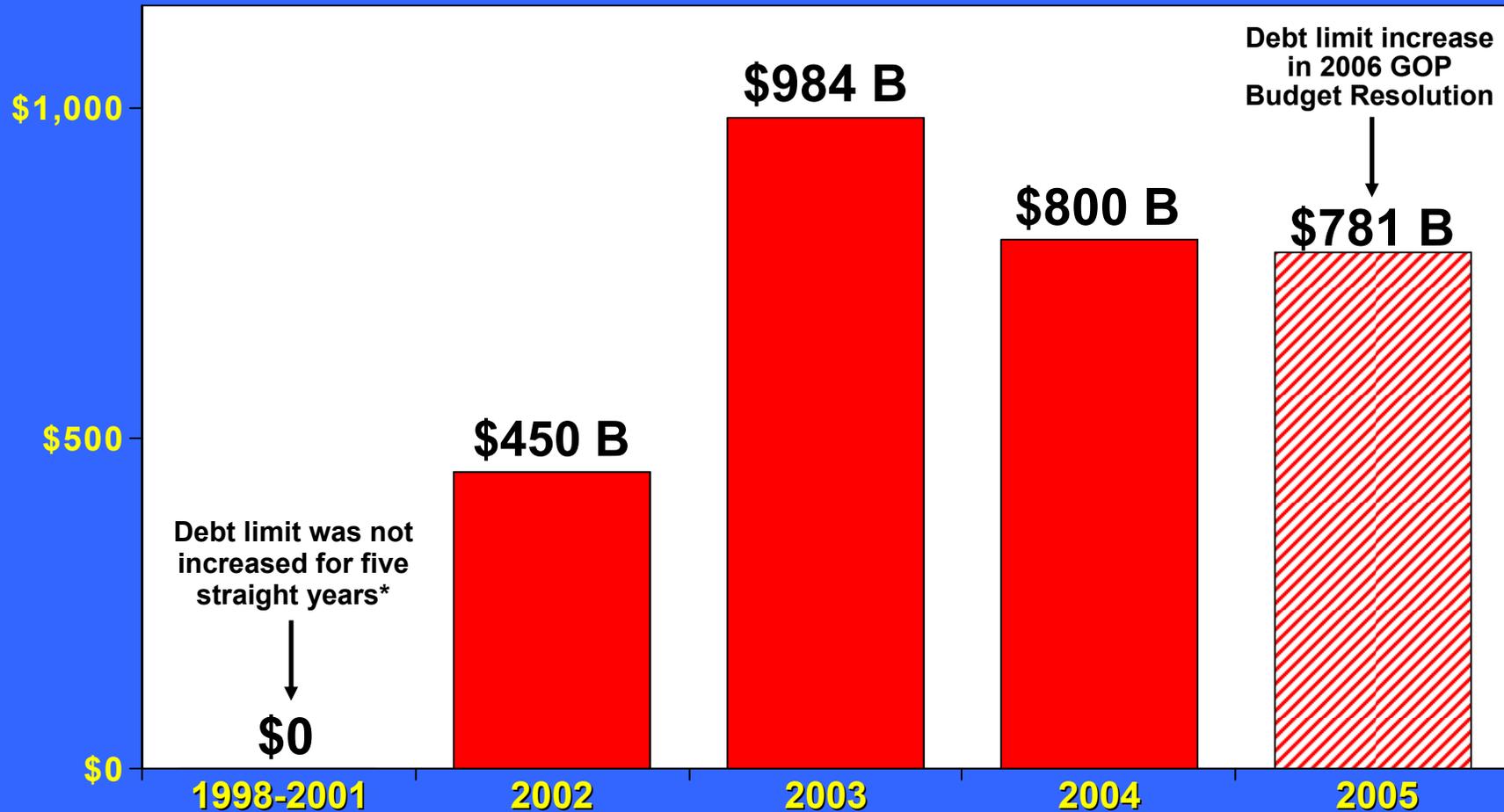
GOP Budget Reconciliation Increases Deficit by \$31 Billion



Source: CBO, FY 2006 GOP Budget Resolution

Debt Limit Increases \$3 Trillion Under President Bush

(\$ in Billions, Annual Increases in Statutory Debt Limit)



*Debt limit was not increased between August 1997 and June 2002.
Source: OMB and 2006 GOP Budget Resolution

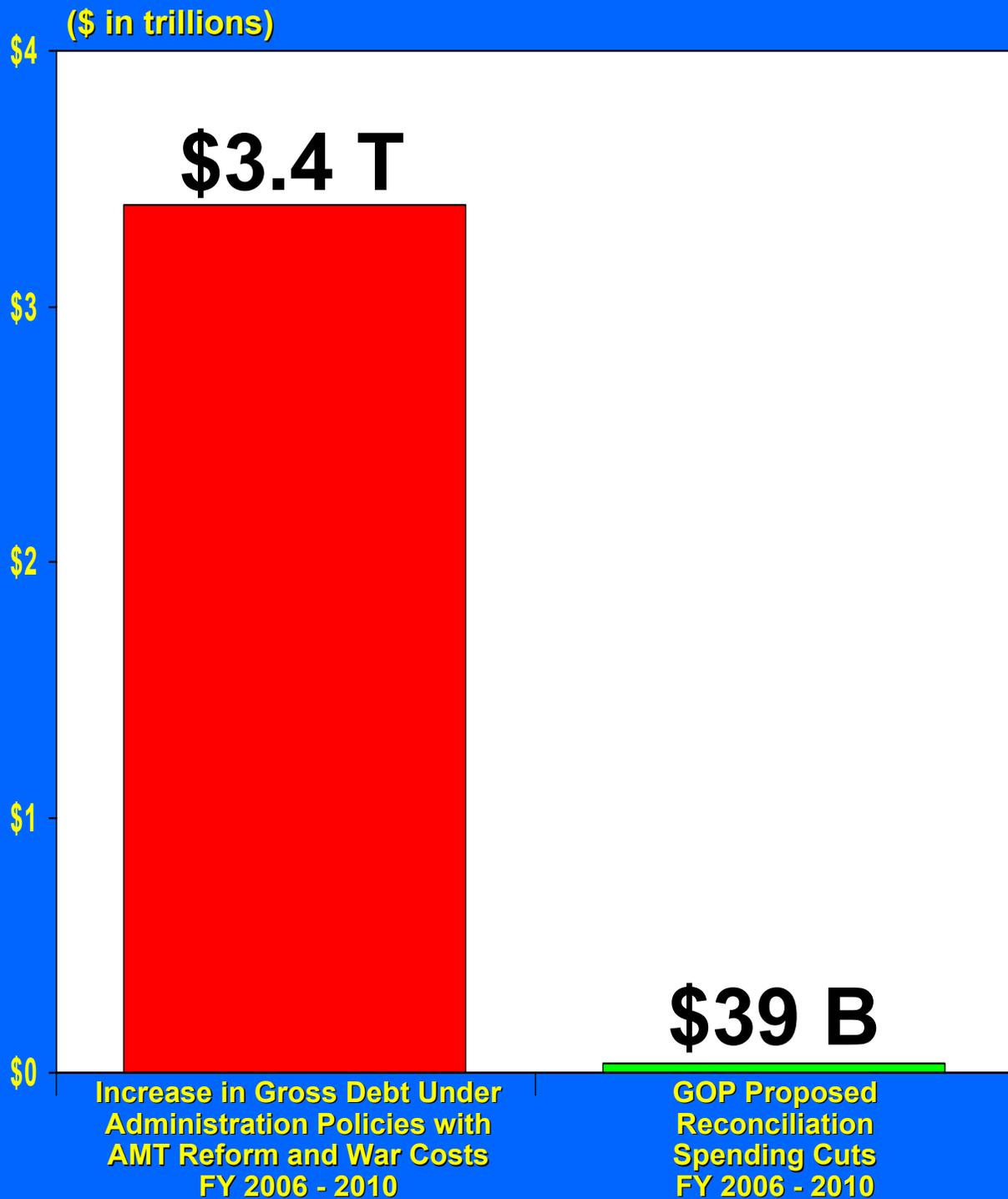
GOP Budget Conference Report Increases Debt Every Year Over Five-Year Period

FISCAL YEAR 2006 BUDGET RESOLUTION
GOP BUDGET CONFERENCE REPORT
(In billions of dollars)

Fiscal year	2005	2006	2007	2008	2009	2010
Summary						
Debt Held by the Public (end of year)	4,689	5,082	5,409	5,677	5,927	6,150
Debt Subject to Limit (end of year)	7,962	8,645	9,284	9,890	10,500	11,105
	<i>683</i>	<i>639</i>	<i>606</i>	<i>610</i>	<i>605</i>	

Source: FY 2006 GOP Budget Conference Report

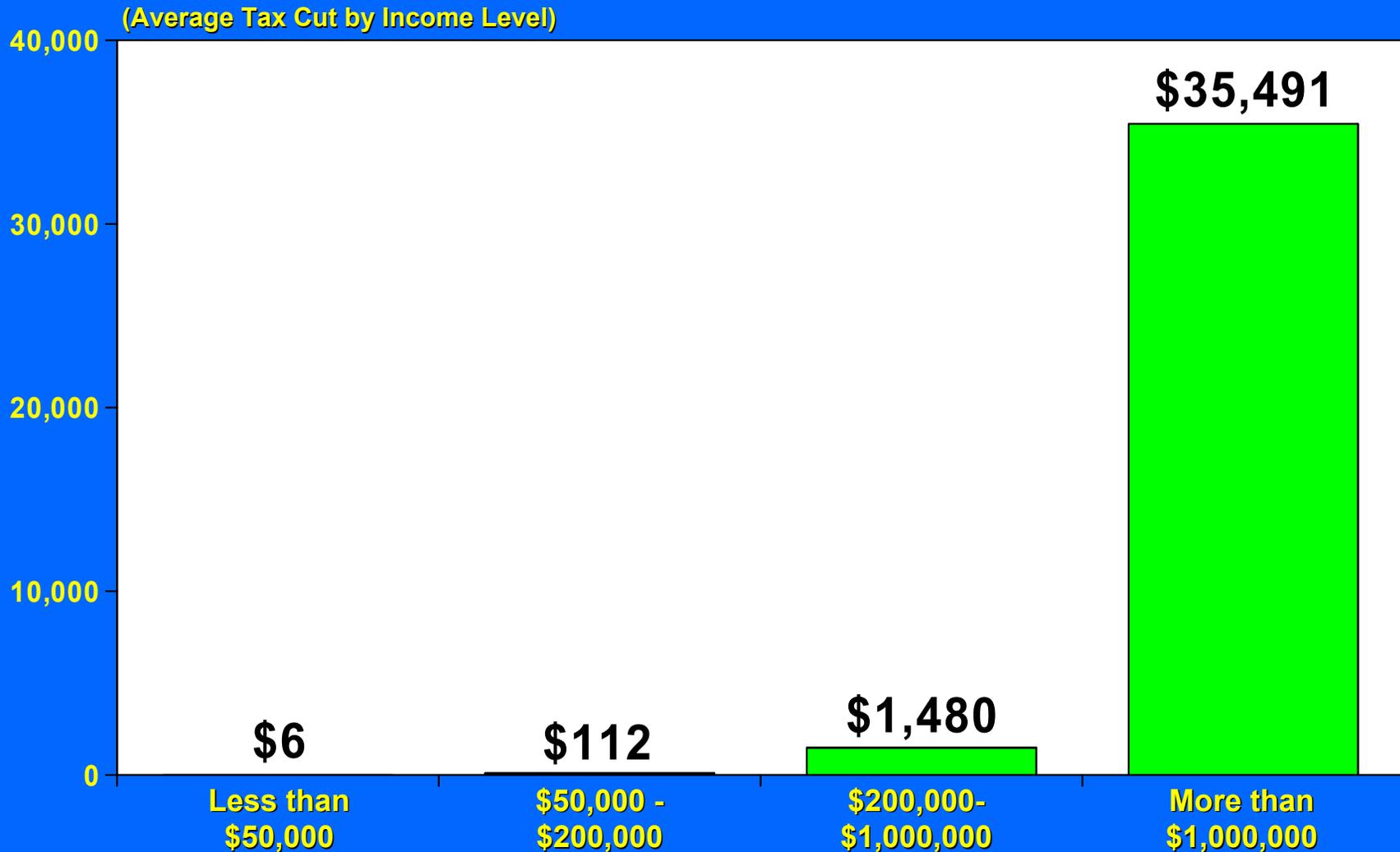
Proposed GOP Spending Cuts Distract From Massive Debt Buildup Under Bush Administration Policies



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.

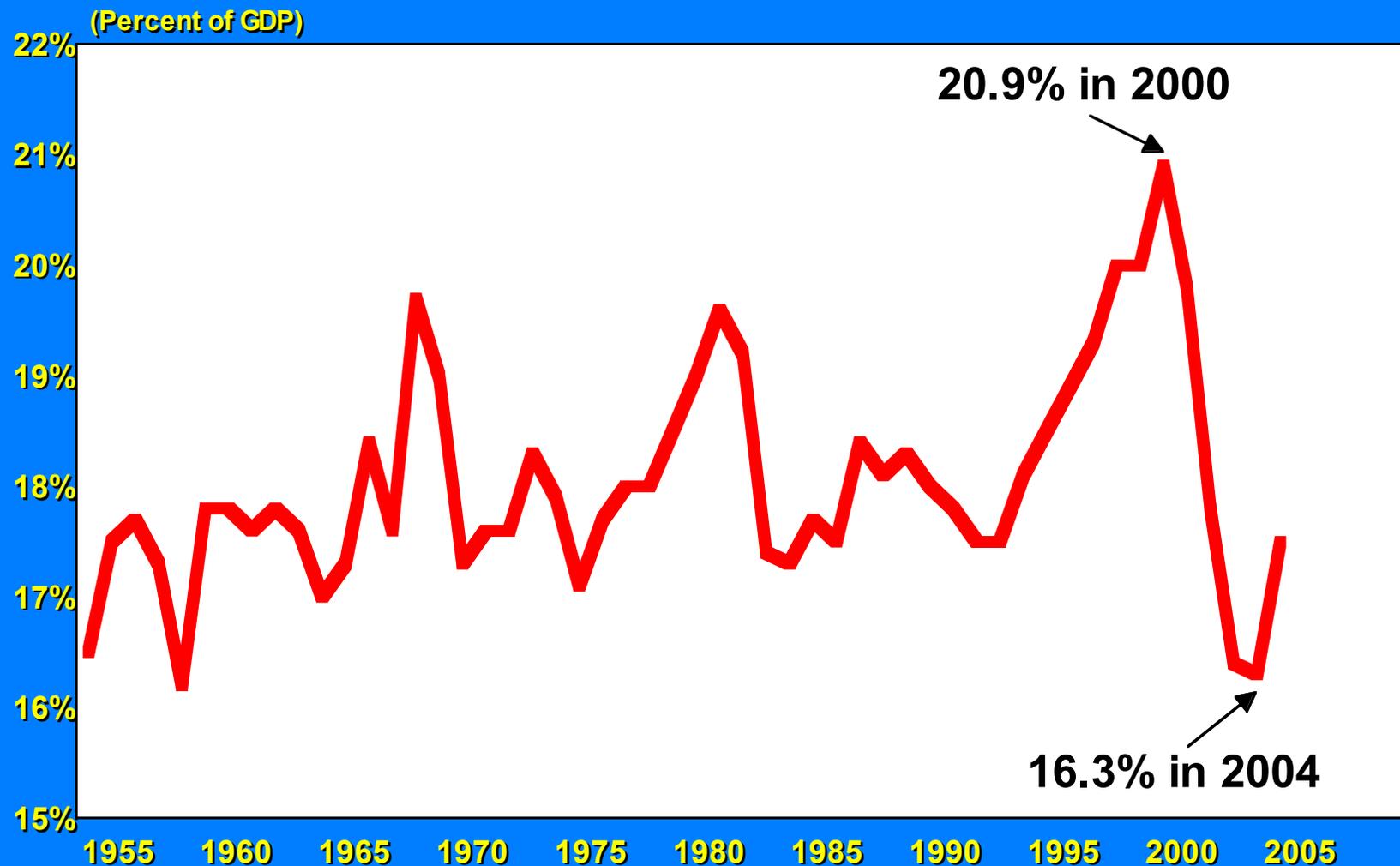
Dividends/Capital Gains Cut Provides Millionaires a \$35,000 Tax Break



Source: Urban-Brookings Tax Policy Center

Revenues as a Percent of GDP

2004 Level is Lowest Since 1959



Source: CBO

8/15/05

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**