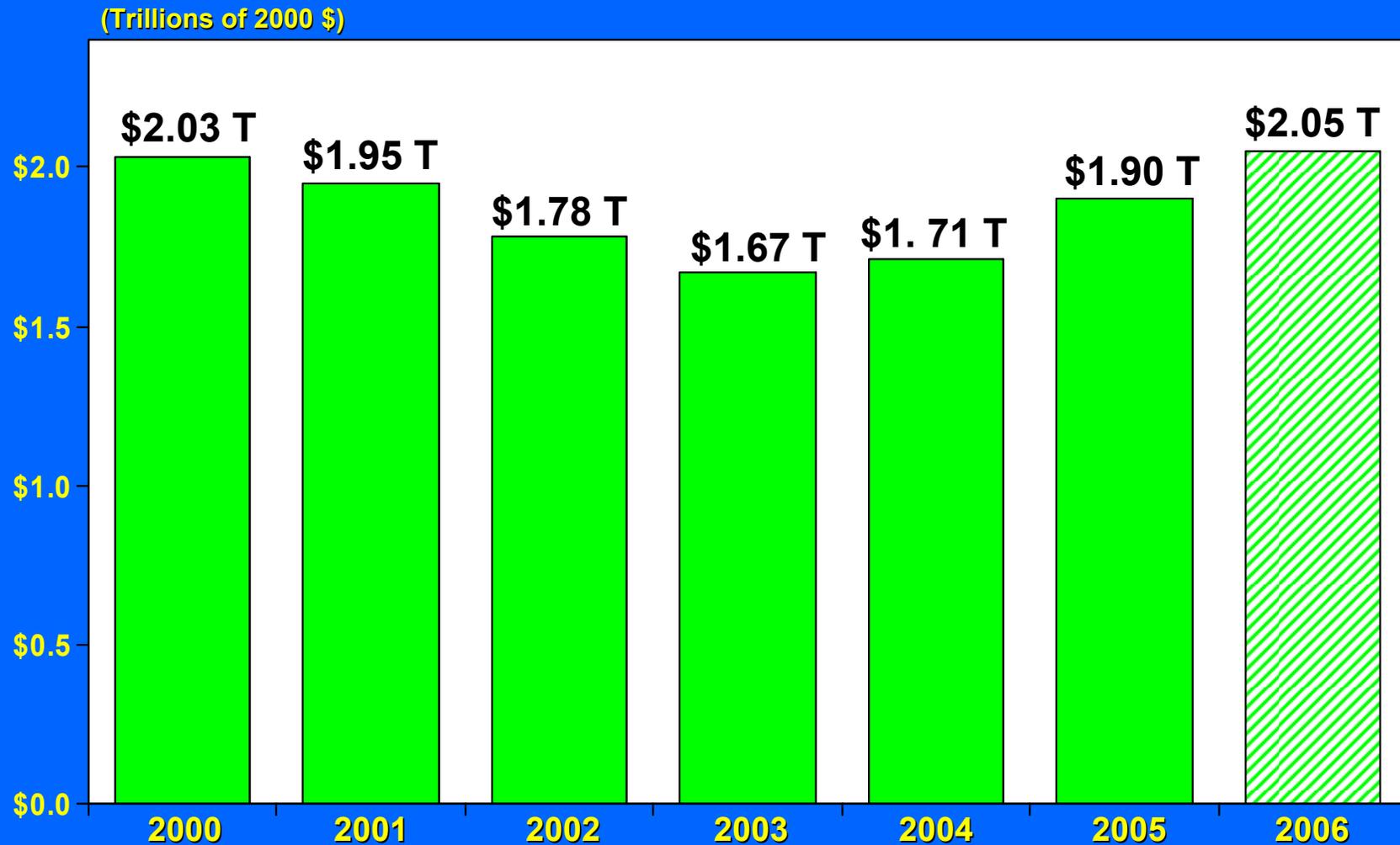


# Real Revenues Have Experienced Virtually No Growth Since 2000

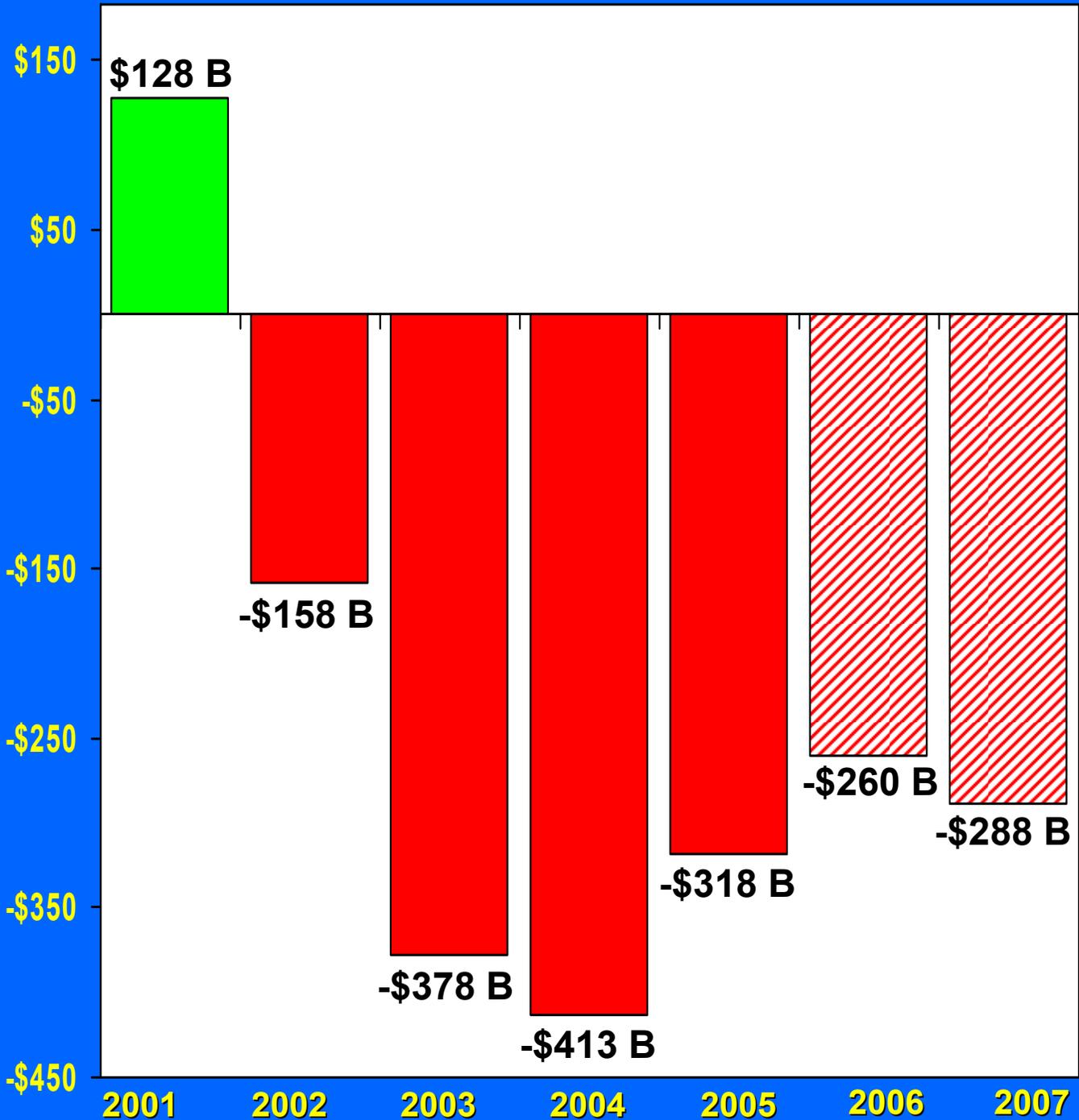


Source: OMB, CBO

Note: 2006 estimate from CBO's The Budget and Economic Outlook: An Update

# Dramatic Deterioration in Budget Picture

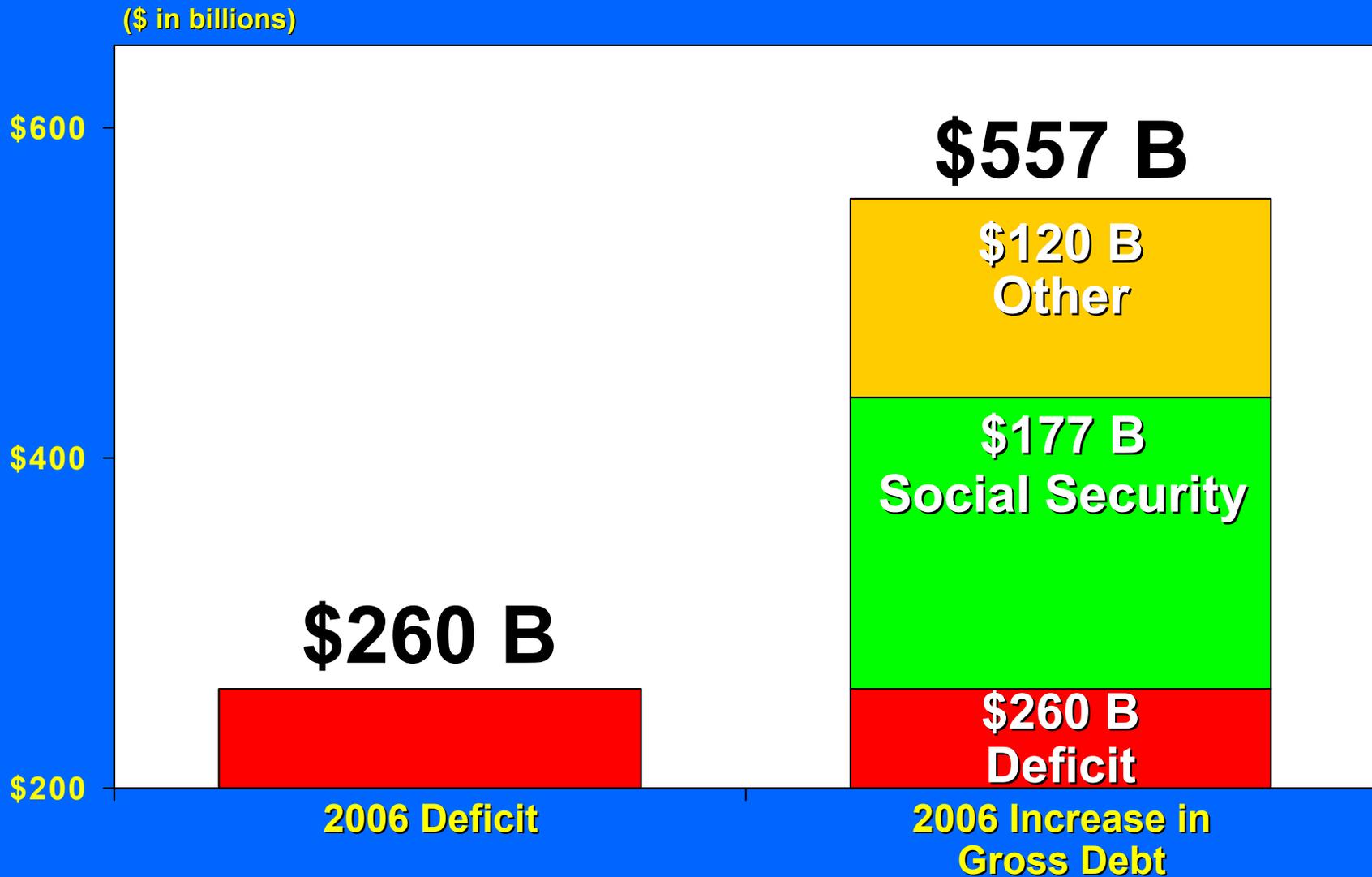
(Deficit in billions of \$)



Source: CBO and SBC Democratic staff

Note: For 2007, reflects CBO August 2006 Budget and Economic Outlook, with President's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

# Increase in Debt in 2006 is Far Greater Than the \$260 Billion Deficit

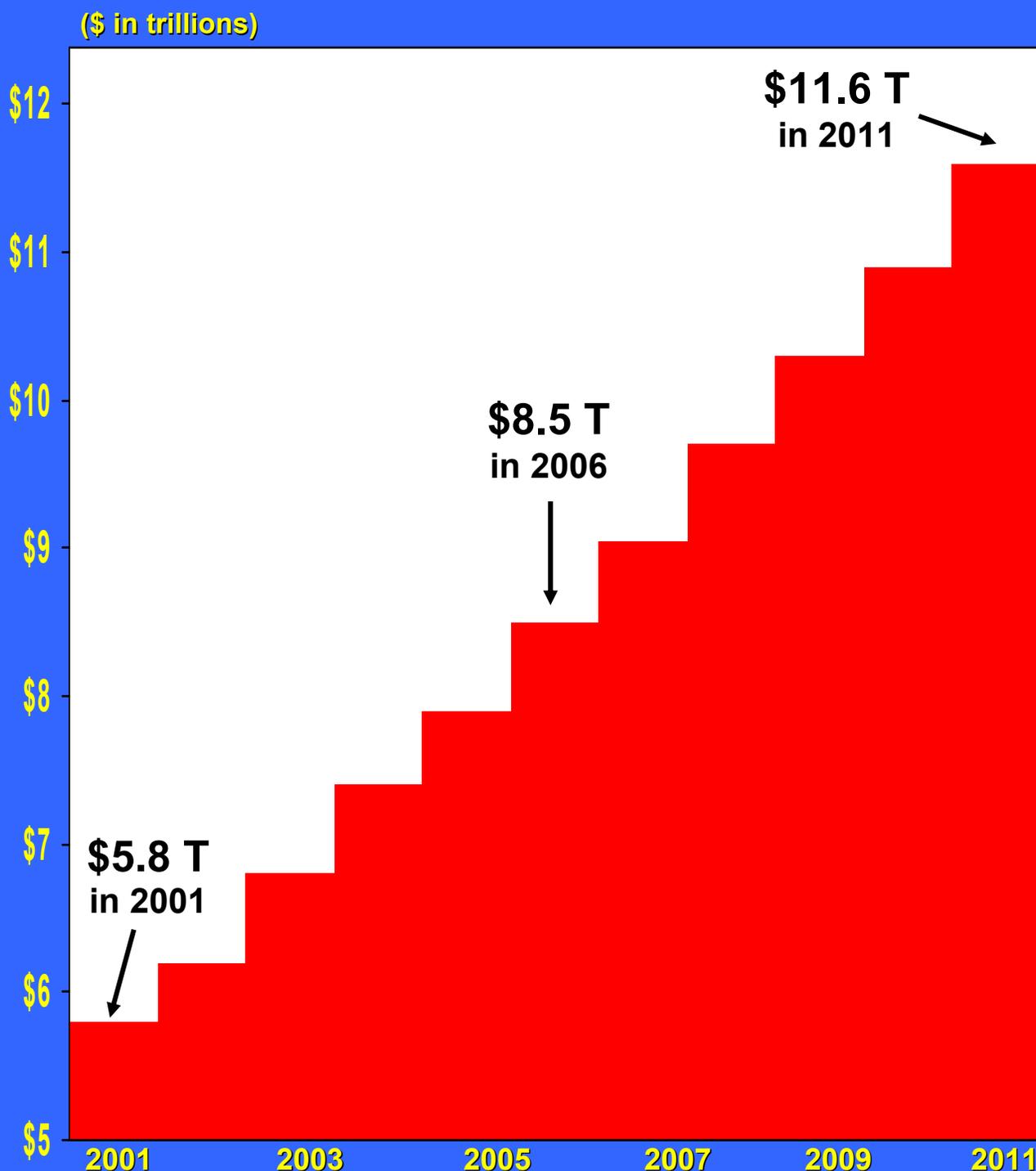


Source: CBO

Note: 2006 estimate from CBO's The Budget and Economic Outlook: An Update

# Building a Wall of Debt

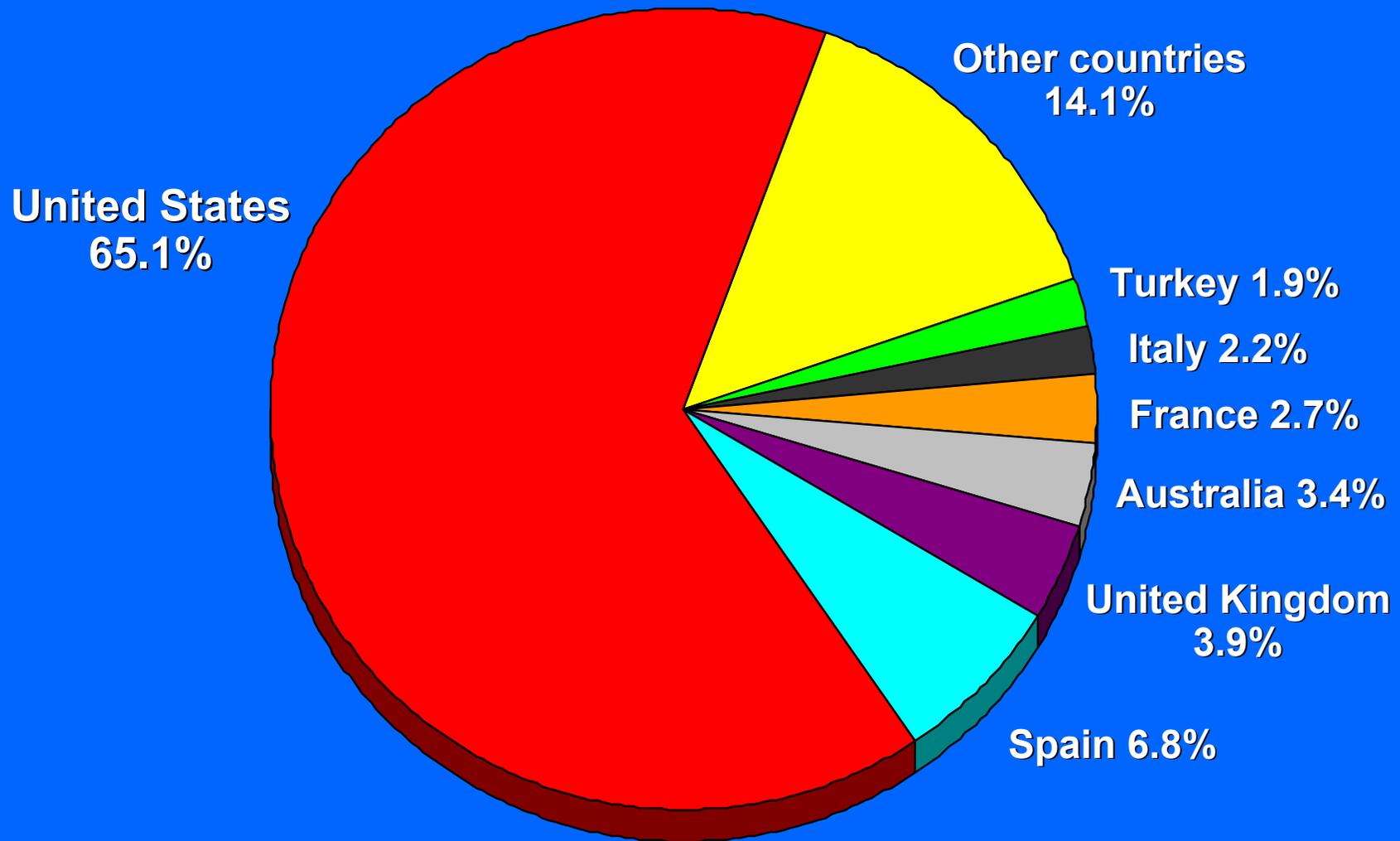
## Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO August 2006 Budget and Economic Outlook, with President's policies as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

# World's Biggest Borrowers



Note: Percent of world borrowing by country.  
Source: IMF

# Economic Forum Warns U.S. Of Budget Deficit's Ill Effects

By **MARCUS WALKER**

The U.S.'s huge budget deficit threatens to make the country's economy less competitive, according to a study by the World Economic Forum, an institute in Switzerland.

The institute's annual study of global competitiveness says the U.S. economy is the sixth most-competitive in the world, slipping from first place in last year's ranking, a result of mediocre scores for its public finances.

Switzerland ranks No. 1 in this year's survey, thanks to what the forum sees as a combination of efficient public administration and flexible markets. Three Nordic countries—Finland, Sweden and Denmark—come next, followed by Singapore and the U.S.

The competitiveness study ranks countries according to a range of criteria—including macroeconomic policies, market regulations, technological development, education systems and public institutions—that the forum believes influence an economy's level of productivity, and thereby its ability to sustain economic growth over many years. The ranking combines economic indicators with the findings from a survey of business executives.

"The U.S. remains a very competitive economy," said Augusto Lopez-Claros, the forum's chief economist. "It leads in innovation and patent registrations, has some of the best universities in the world, and it has extremely high levels of collaboration between universities and industry," he said. "However, how you manage your public finances is very important."

Serial budget deficits in the U.S. have led to rising public debt, which means an increasing portion of government spending goes toward debt service. That means less money is available for spending on infrastructure, schools or other investments that could boost productivity. Heavy government borrowing, which means competing for money in financial markets with the private sector, also tends to drive up businesses' borrowing costs.

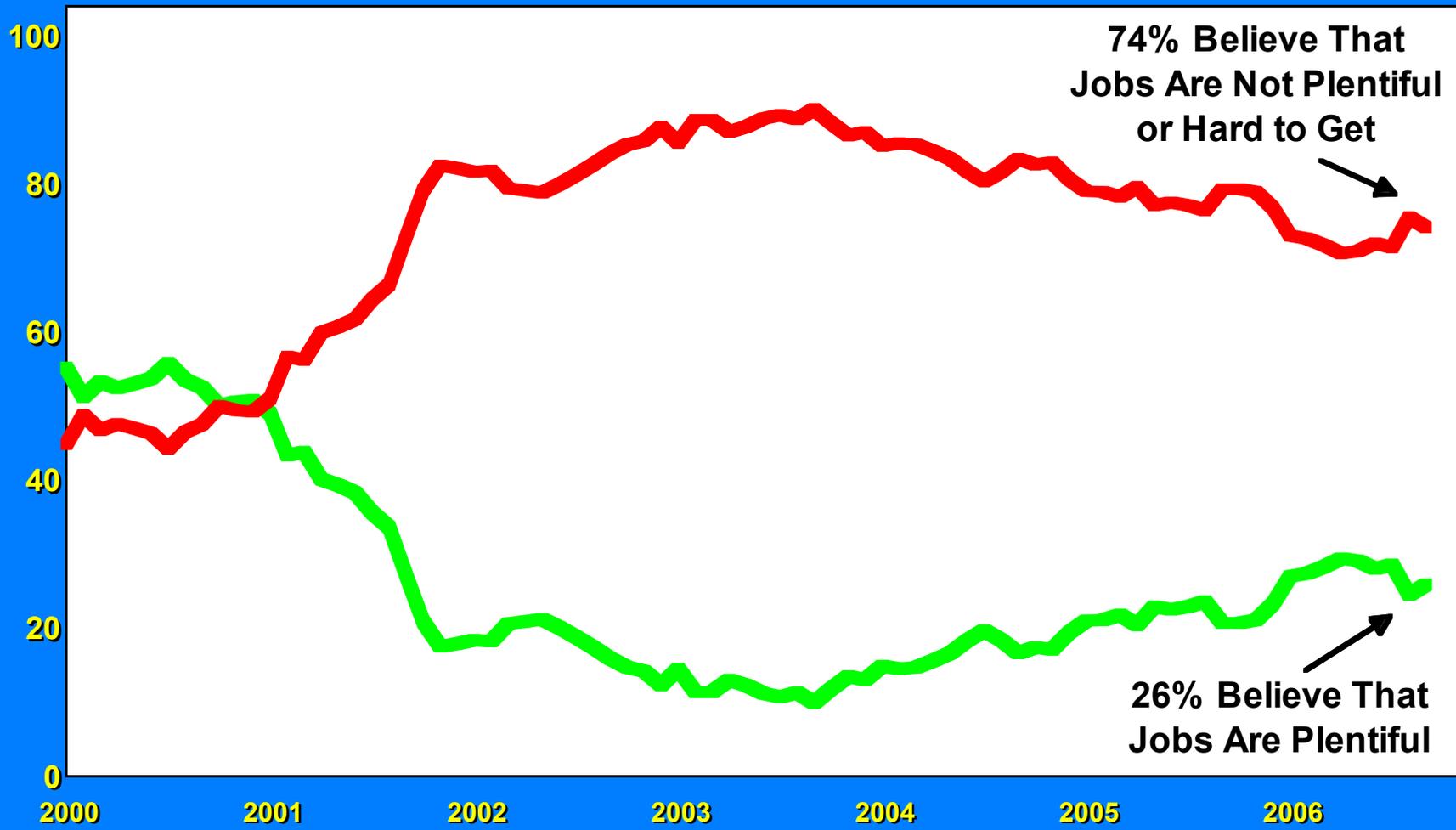
Middling scores were awarded to the fast-growing emerging economies of the world considered to be changing the economic balance of power: India ranks 43rd out of 125 countries in the survey, China ranks 54th, Russia 62nd and Brazil 66th.

Russia and China, despite good scores for macroeconomic management, are marked down for a lack of transparency and even-handedness in their public institutions, including their bureaucracy and judiciary, and for protections for property rights. Brazil is making progress on improving its public finances, but at too slow a pace, according to Mr. Lopez-Claros. Of the four countries, only India improved its ranking in the survey this year.

Although many economists and investors believe economic output in these four countries will overtake that of most of the world's established economic powers by midcentury, the World Economic Forum warns that the emerging economies' growth could hit barriers unless they develop more-efficient public institutions.

# Consumers Believe Jobs Are Hard to Get

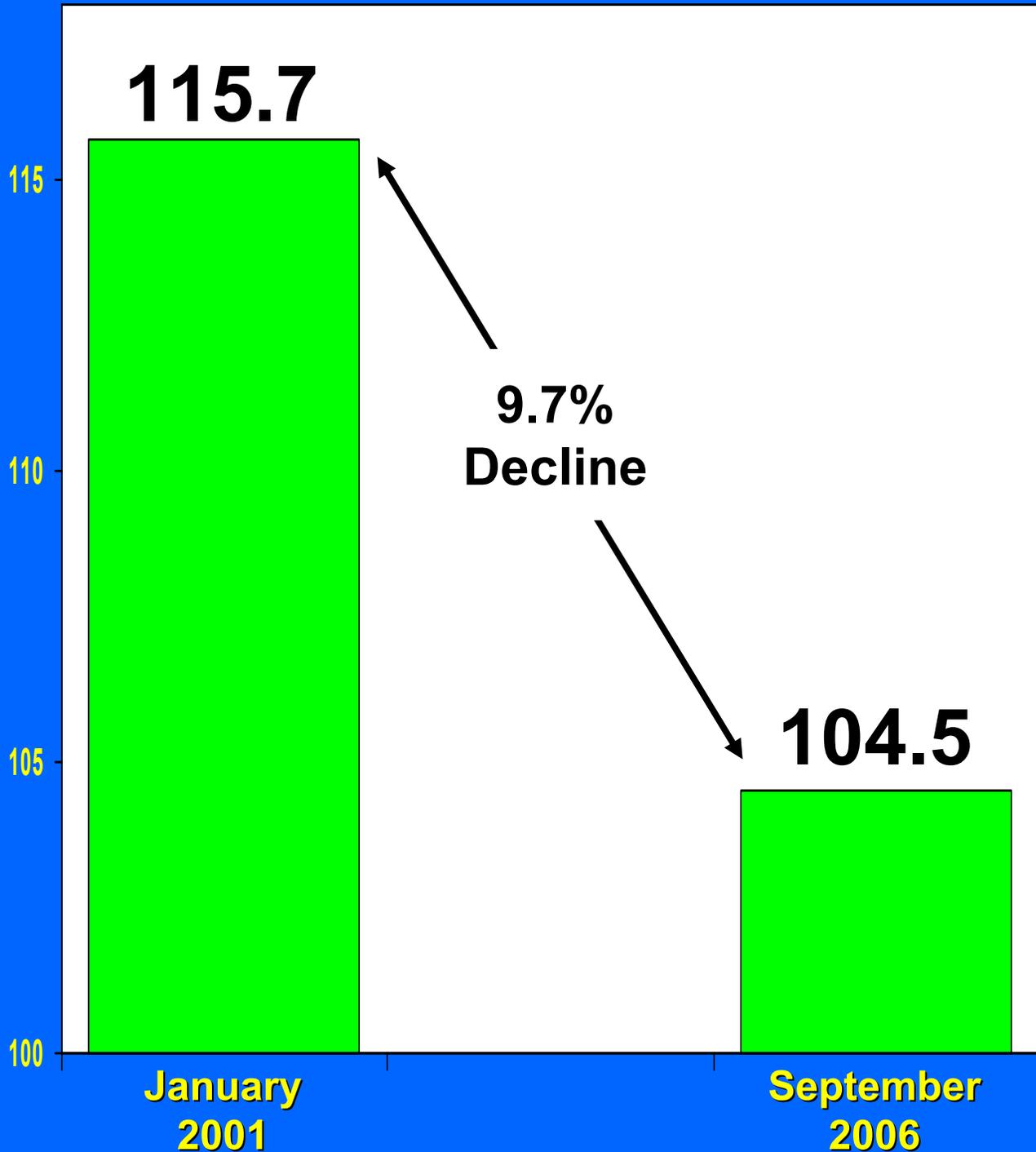
(Percent of Respondents, Consumer Confidence Survey)



Source: Conference Board

# Consumer Confidence Has Never Recovered Under President Bush

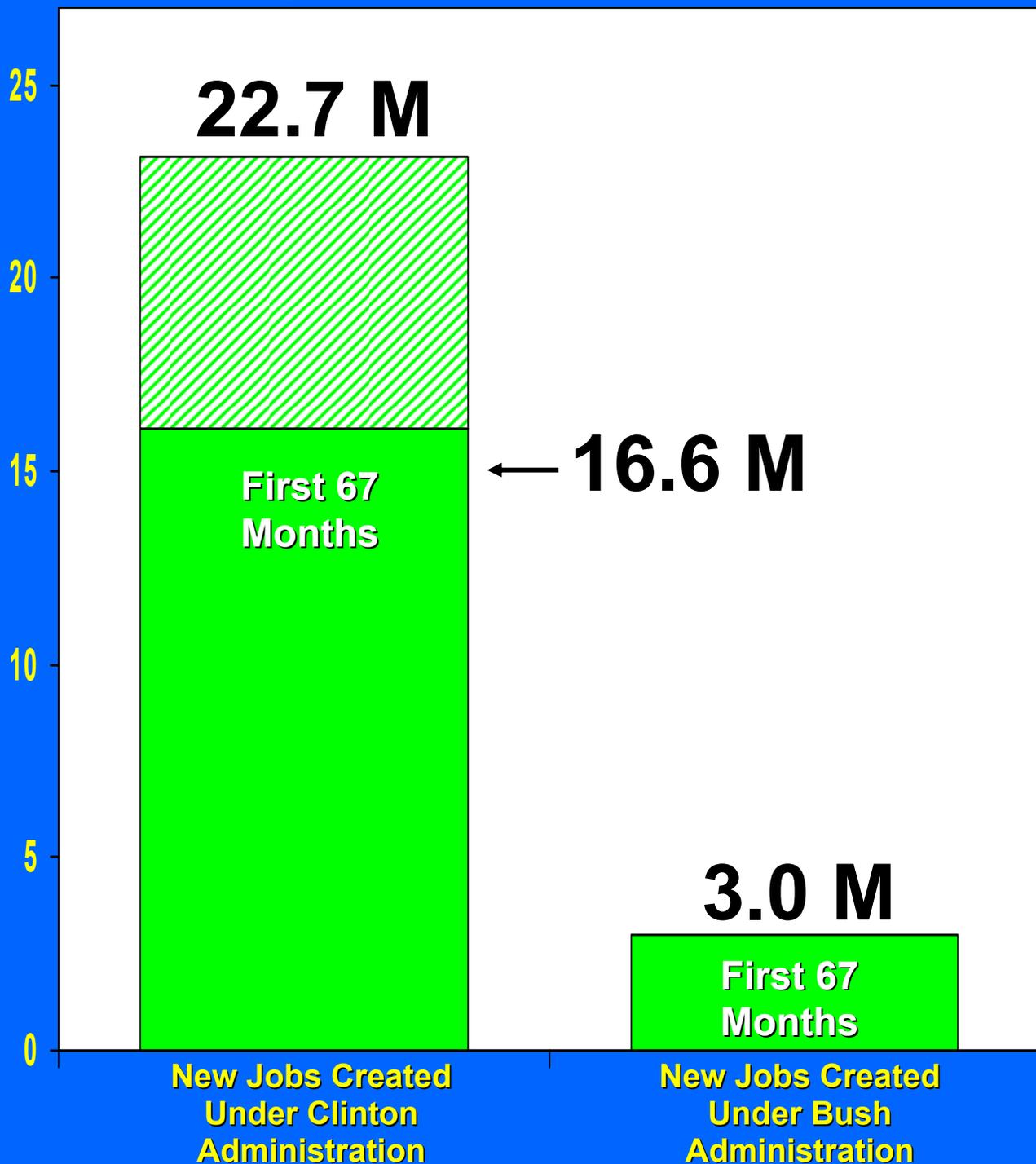
(Index, 1985=100)



Source: Conference Board

# Job Creation Weak Under Bush Administration

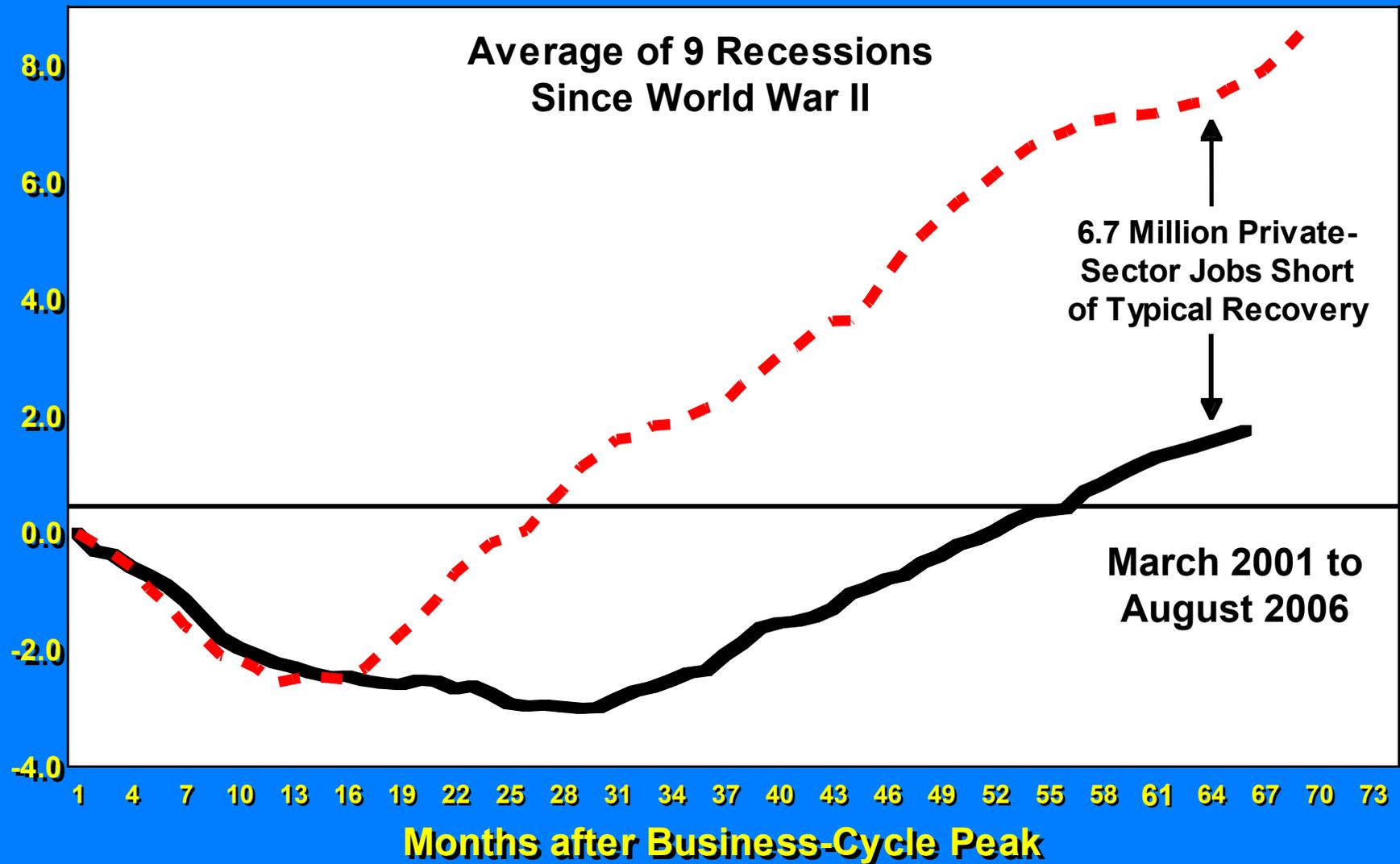
(Millions of new jobs)



Source: BLS

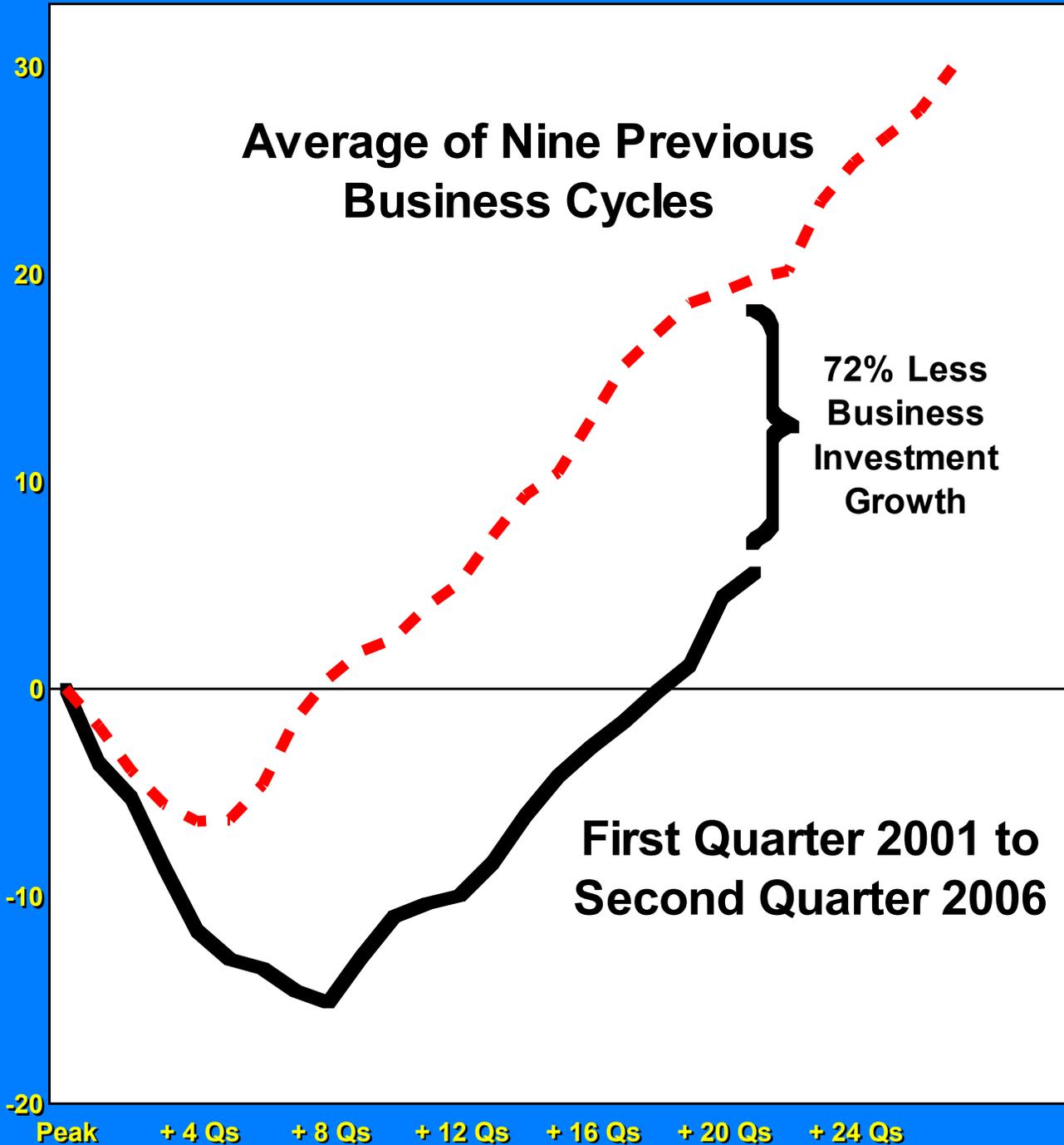
# Job Creation Lags Behind Typical Recovery

(Private-Sector Jobs, Percent Change from Business-Cycle Peak)



# Business Investment Lags Behind Typical Recovery

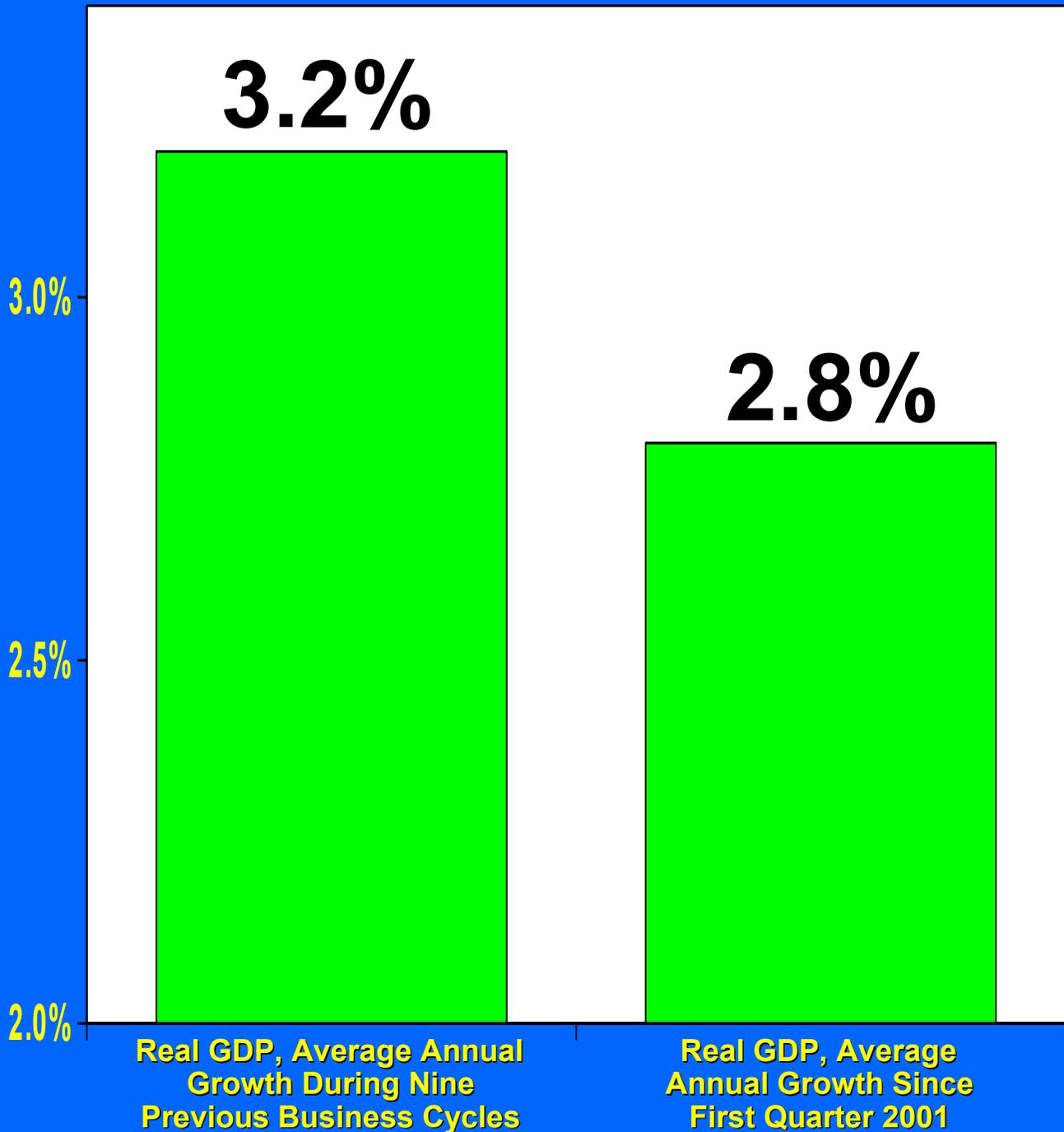
(Real Business Investment, Percent Change from Business-Cycle Peak)



Source: Department of Commerce

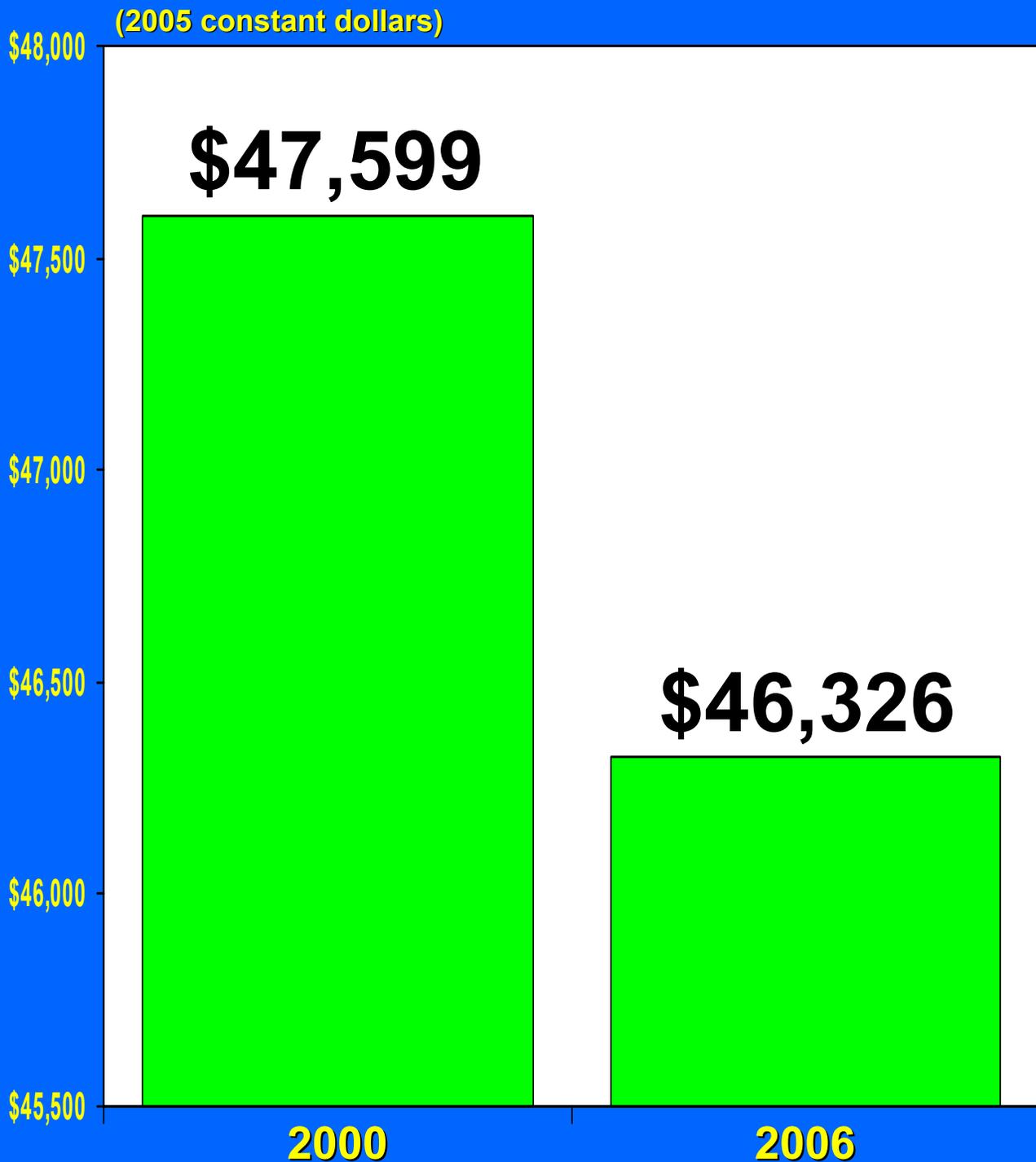
# Real GDP Growth Lags Behind the Typical Recovery

(Average annual percentage growth)



Source: Department of Commerce, Economic Policy Institute

# Real Median Household Income Declines by Almost \$1,300 Under Bush



Source: U.S. Dept. of Commerce