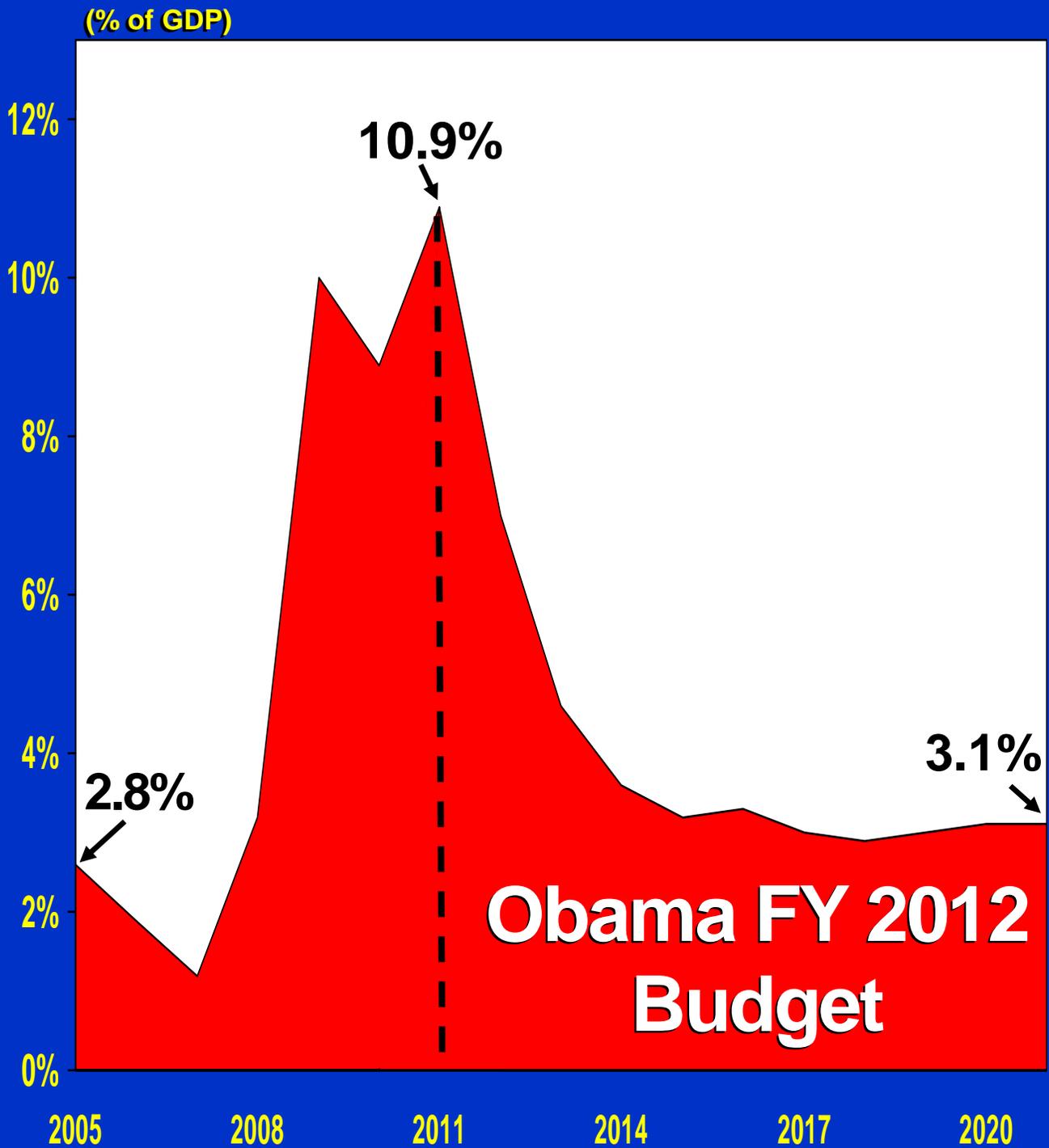
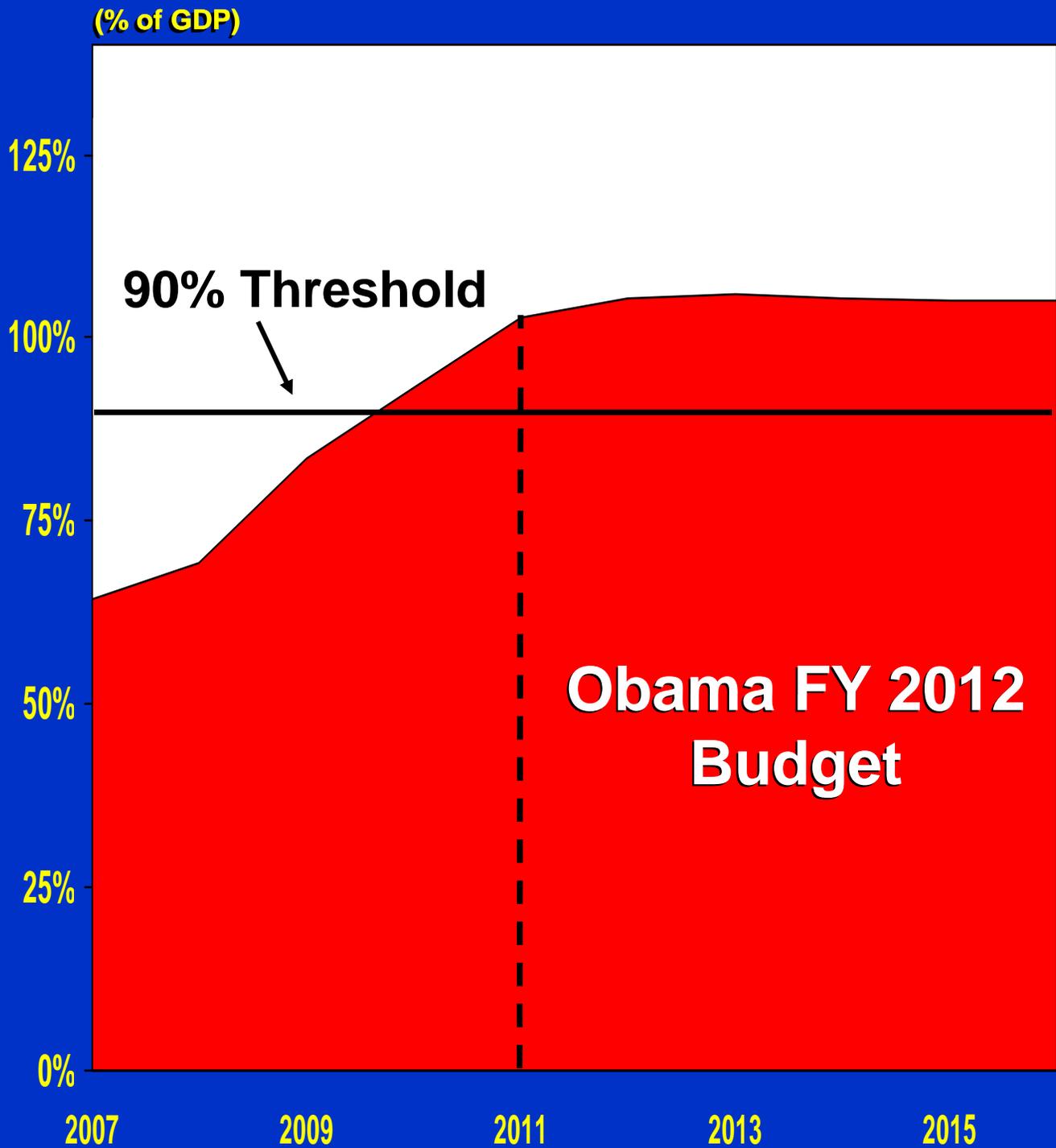


# Deficit as Percent of GDP Under Obama Budget



Source: OMB

# Gross Debt as Percent of GDP Under Obama Budget



Source: OMB

# **Economists Reinhart and Rogoff on Danger of Gross Debt Above 90 Percent of GDP Threshold**

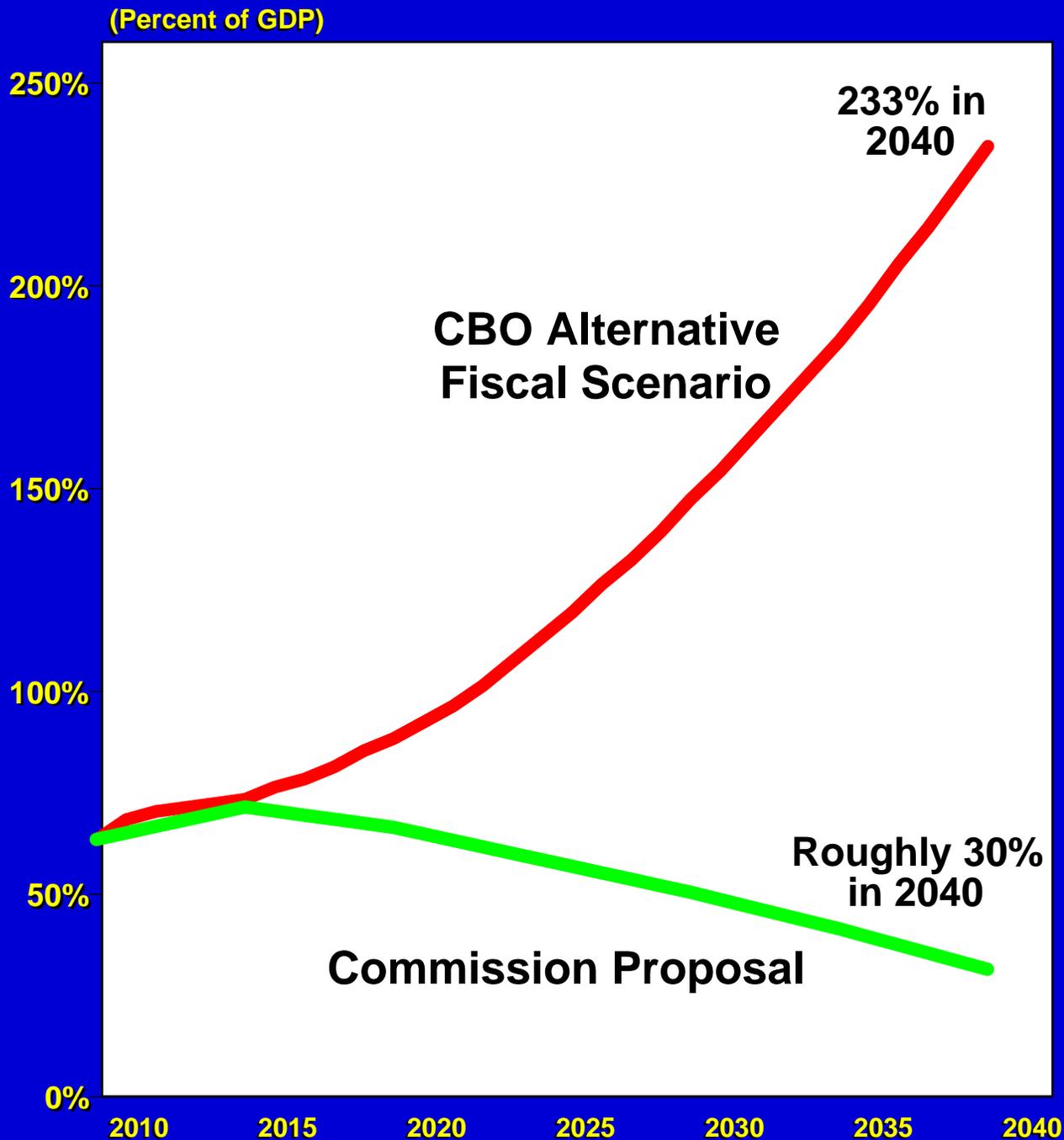
**“We examine the experience of 44 countries spanning up to two centuries of data on central government debt, inflation and growth. Our main finding is that across both advanced countries and emerging markets, high debt / GDP levels (90 percent and above) are associated with notably lower growth outcomes.”**

**– Carmen M. Reinhart and Kenneth S. Rogoff  
“Growth in a Time of Debt,” American  
Economic Review: Papers & Proceedings  
May 2010**

# Savings Proposals in Obama Budget

- 5-year non-security discretionary freeze
- Health care – pay for Doc fix for two years with specific offsets
- Education – eliminate second Pell payment; end in-school interest deferment for graduate students
- UI – improve ability of states to repay UI loans
- PBGC – authorize PBGC board to raise premiums

# Debt as Percent of GDP Under Commission Proposal



Source: CBO Long-Term Budget Outlook, June 2010; Report of the National Commission on Fiscal Responsibility and Reform, December 2010

# **Fed Chairman Bernanke on Economic Benefit of Acting Now to Address Long-Term Debt**

**“Acting now to develop a credible program to reduce future deficits would not only enhance economic growth and stability in the long run, but could also yield substantial near-term benefits in terms of lower long-term interest rates and increased consumer and business confidence.”**

**– Federal Reserve Chairman Ben S. Bernanke  
Testimony before House Budget Committee  
February 9, 2011**