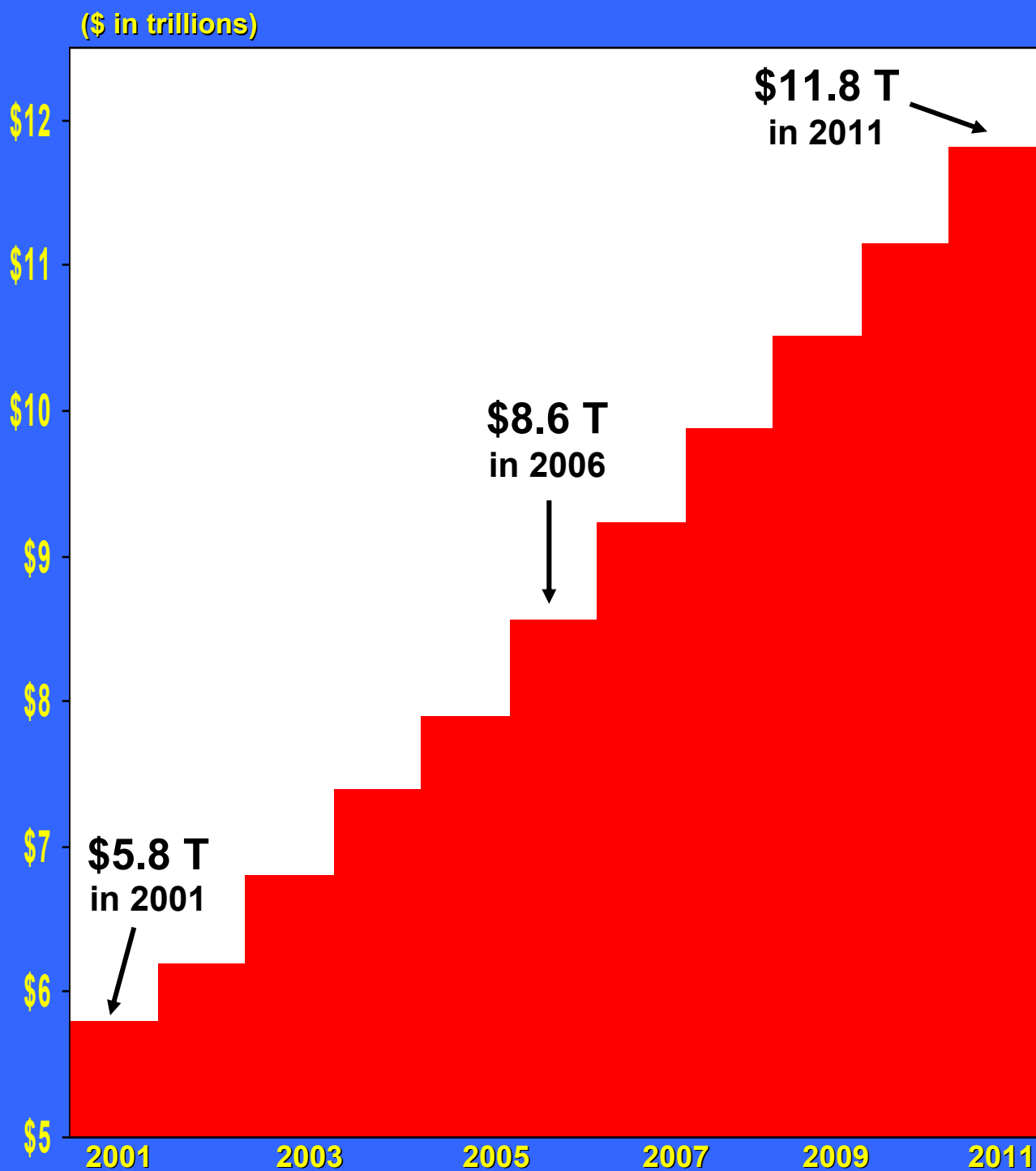


# Building a Wall of Debt

## Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

# **Former Federal Reserve Chairman Greenspan on Restoring PAYGO**

**“All I’m saying is that my general view is I like to see the tax burden as low as possible. And in that context, I would like to see tax cuts continued. But, as I indicated earlier, that has got to be, in my judgment, in the context of a PAYGO resolution.”**

**– Former Federal Reserve Chairman  
Alan Greenspan  
Testimony before House Budget Committee  
March 2, 2005**

# **Concord Coalition Calls for PAYGO Applying to Spending and Tax Cuts**

**“Exempting tax cuts from PAYGO does nothing to promote fiscal discipline. It would neither control spending nor shrink the deficit. All it would do is exempt any tax legislation from fiscal scrutiny, regardless of the circumstances. Such an enormous and unnecessary loophole would not be wise policy given that deficits are back for as far as the eye can see. Since spending and tax decisions both have consequences for the budget, there is no good reason to exempt either from enforcement rules.”**

**– Concord Coalition Release  
March 15, 2005**

# Pay-Go Amendment Eliminates Loophole

## Current GOP Pay-Go Rule

- Exempts all tax cuts and mandatory spending increases assumed in any budget resolution, no matter how much they increase deficits

### Loophole:

Failure to include stronger pay-go rule allows \$259 billion in deficit-financed tax cuts or mandatory spending over 2007-2016 with only 51 votes.

## Stronger Pay-Go Rule

- All mandatory spending and tax cuts that increase deficits must be paid for, or require 60 votes