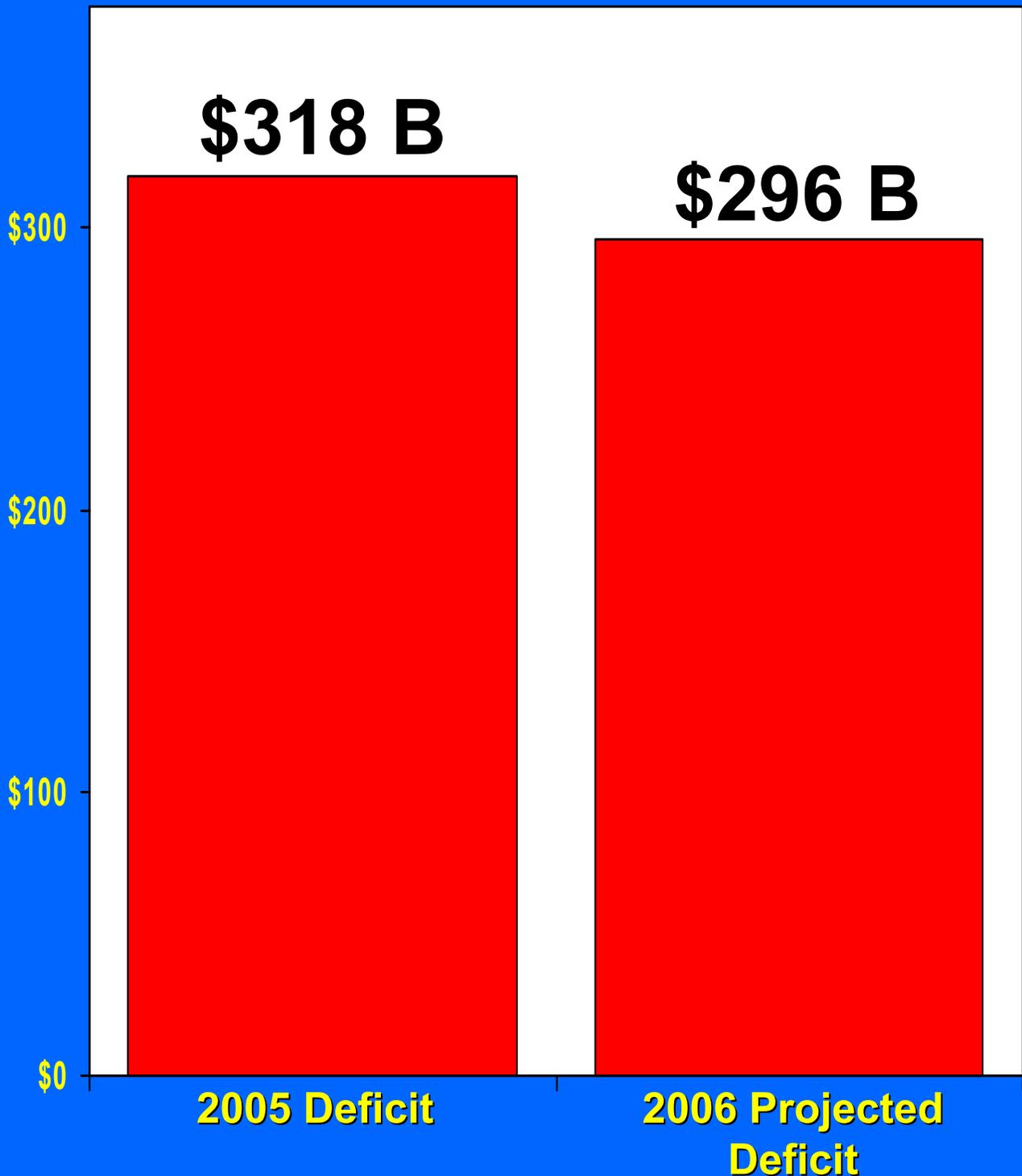


# Is This Worth Celebrating?

## Small Improvement in Short-Term Deficit

(Deficit in billions of \$)

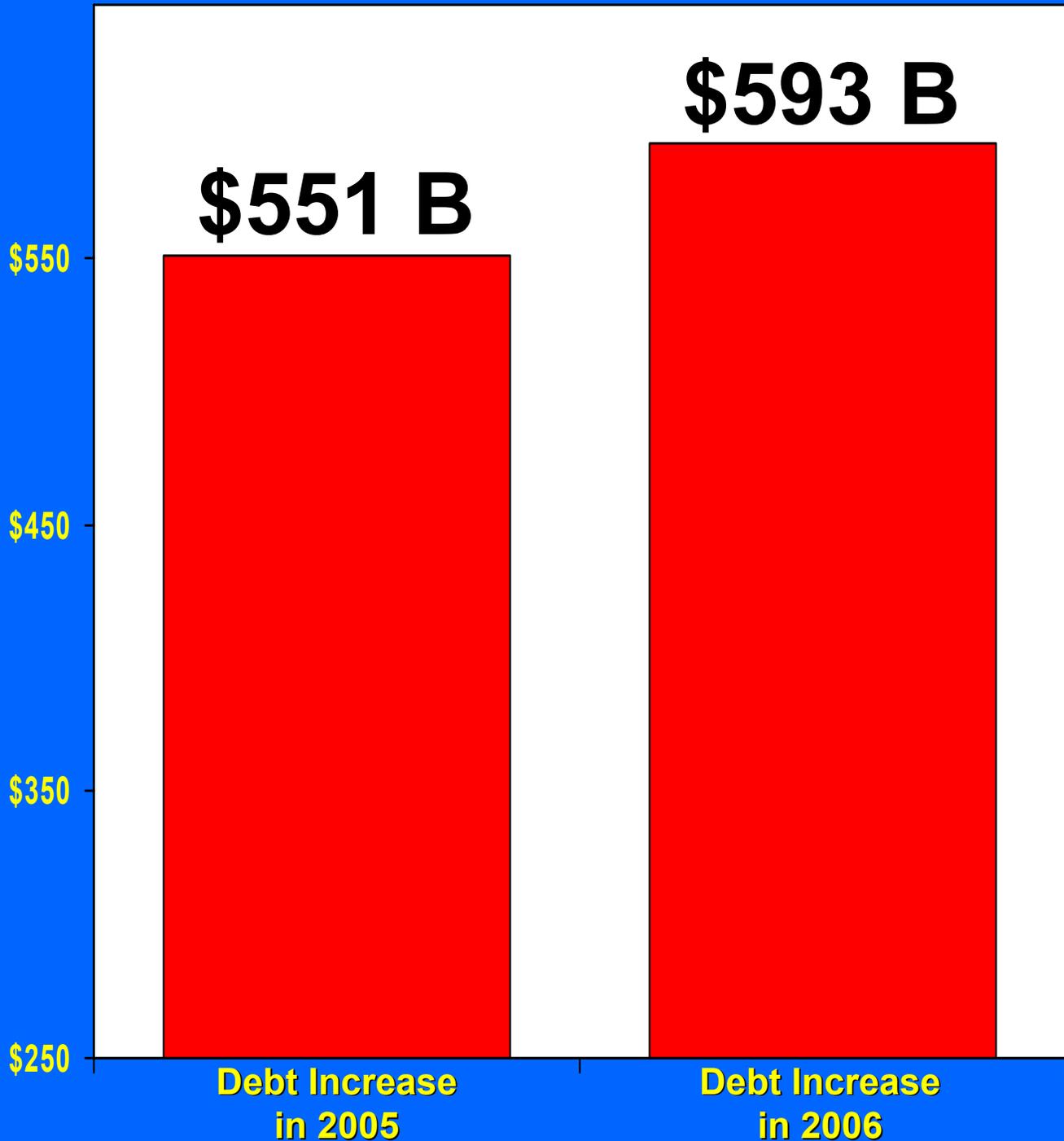


Source: CBO, OMB

Note: 2006 estimate from OMB Mid-Session Review

# Is This Worth Celebrating? Debt Increase Gets Worse, Not Better

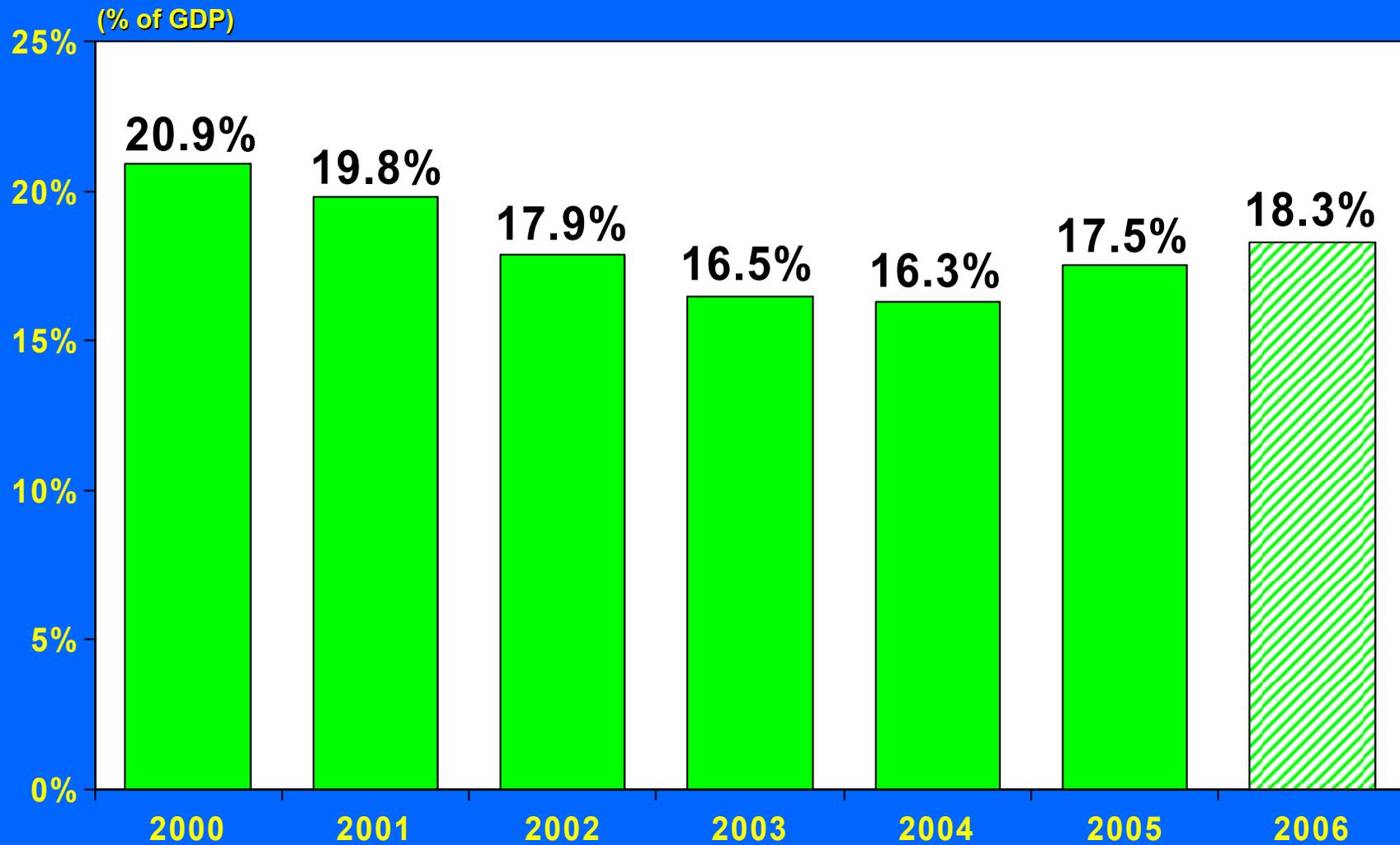
(Debt increase in billions of \$)



Source: OMB

Note: 2006 estimate from OMB Mid-Session Review

# Revenue as a Percent of GDP Still Below 2000 Level

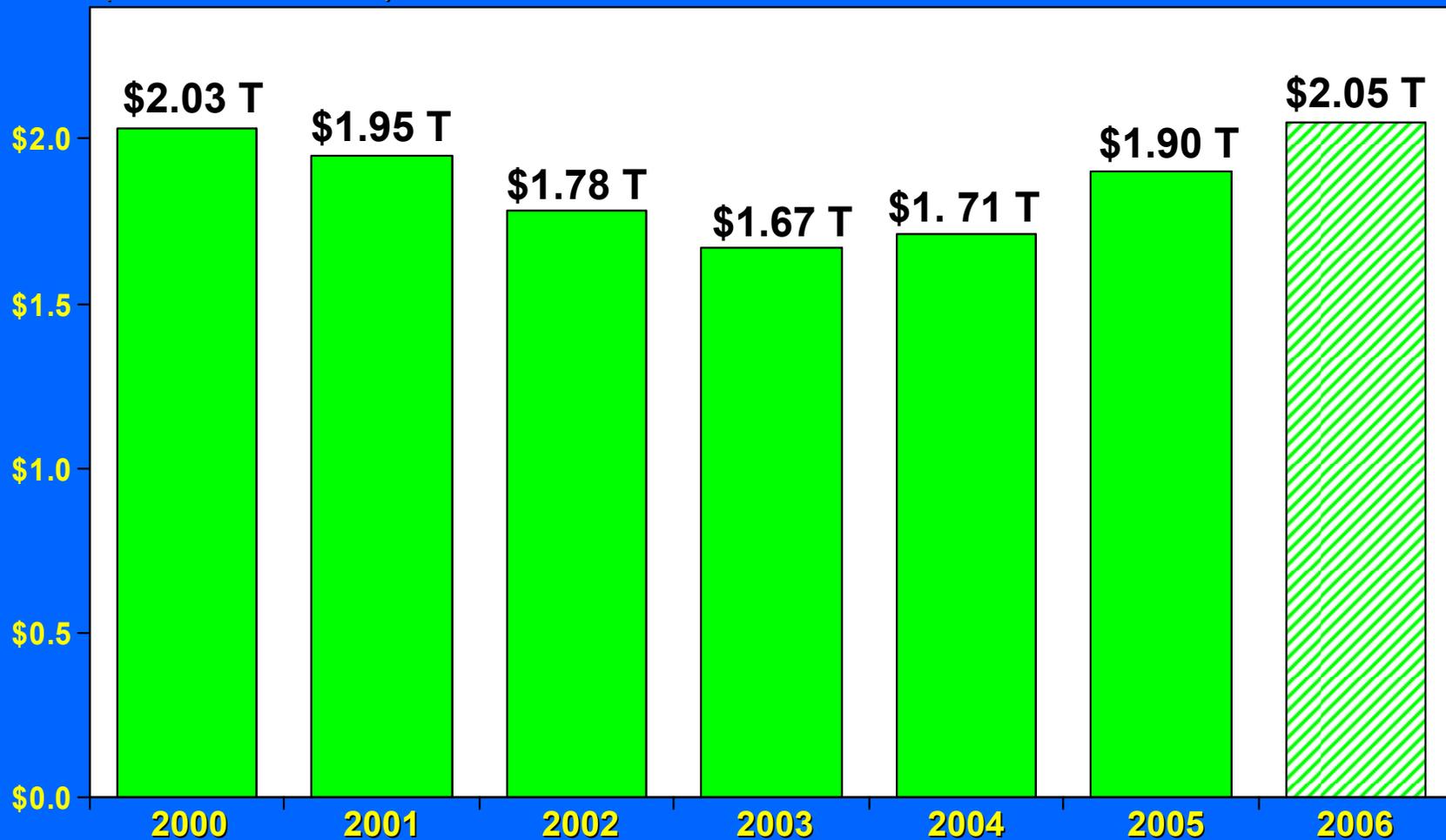


Source: OMB

Note: 2006 estimate from OMB Mid-Session Review

# Real Revenues Have Experienced Virtually No Growth Since 2000

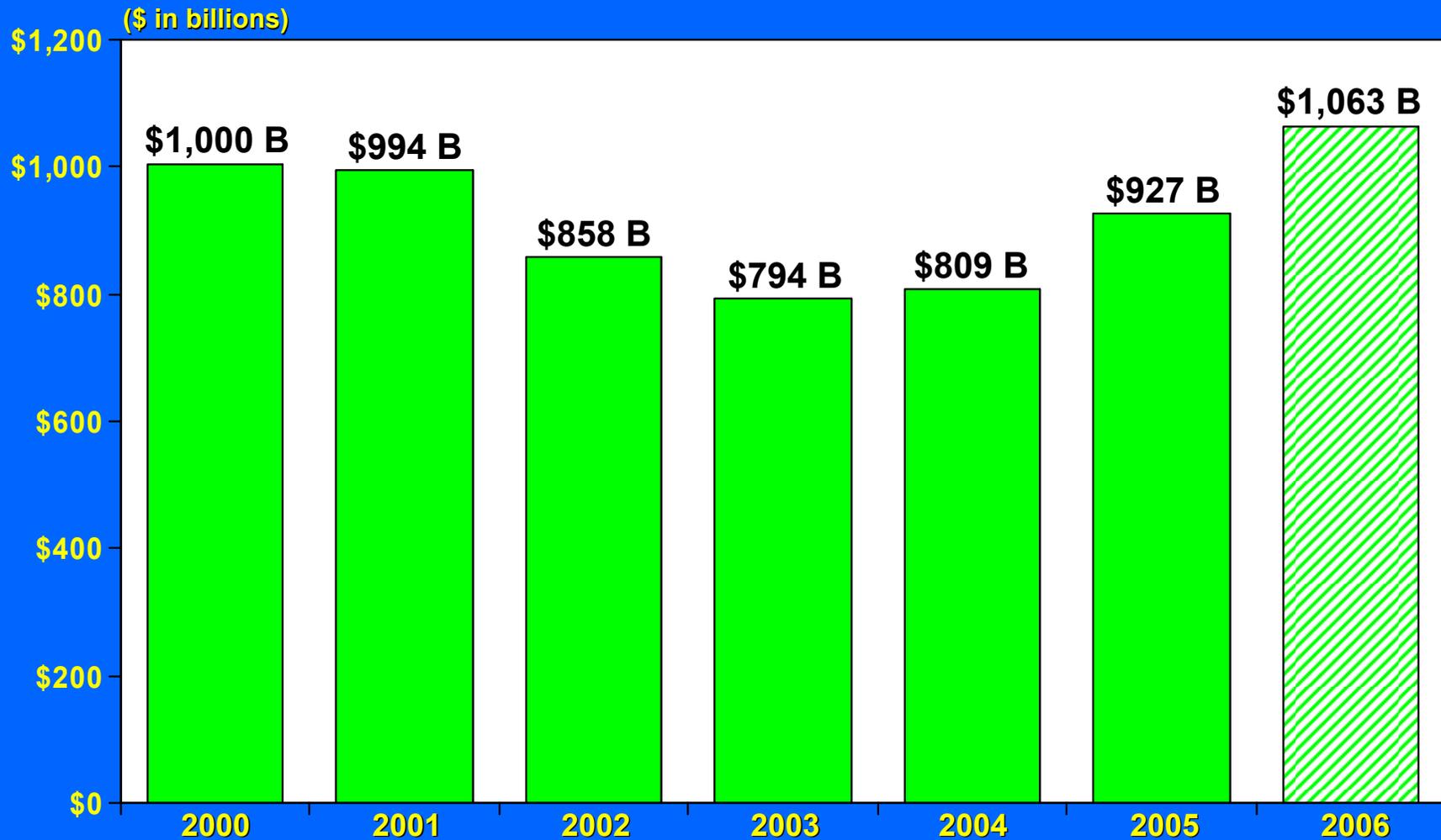
(Chained \$ in trillions)



Source: OMB

Note: 2006 estimate from OMB Mid-Session Review

# Revenues from Individual Income Taxes Have Finally Exceeded Their 2000 Level

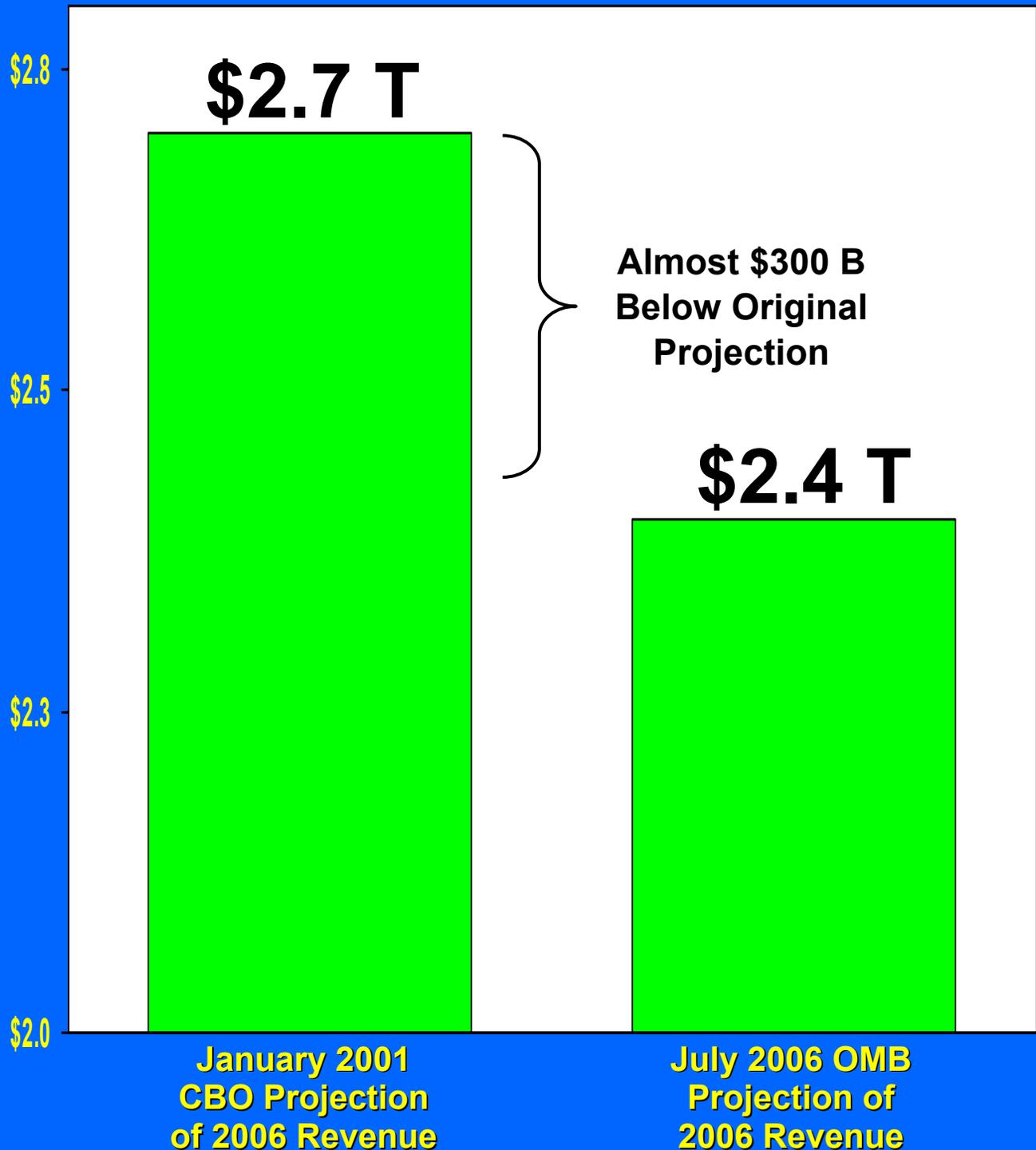


Source: OMB

Note: 2006 estimate from OMB Mid-Session Review

# Revenues in 2006 Still Far Below Earlier Projections

(\$ in trillions)



Source: CBO, OMB

# Revenues Are Still Below Historical Norms

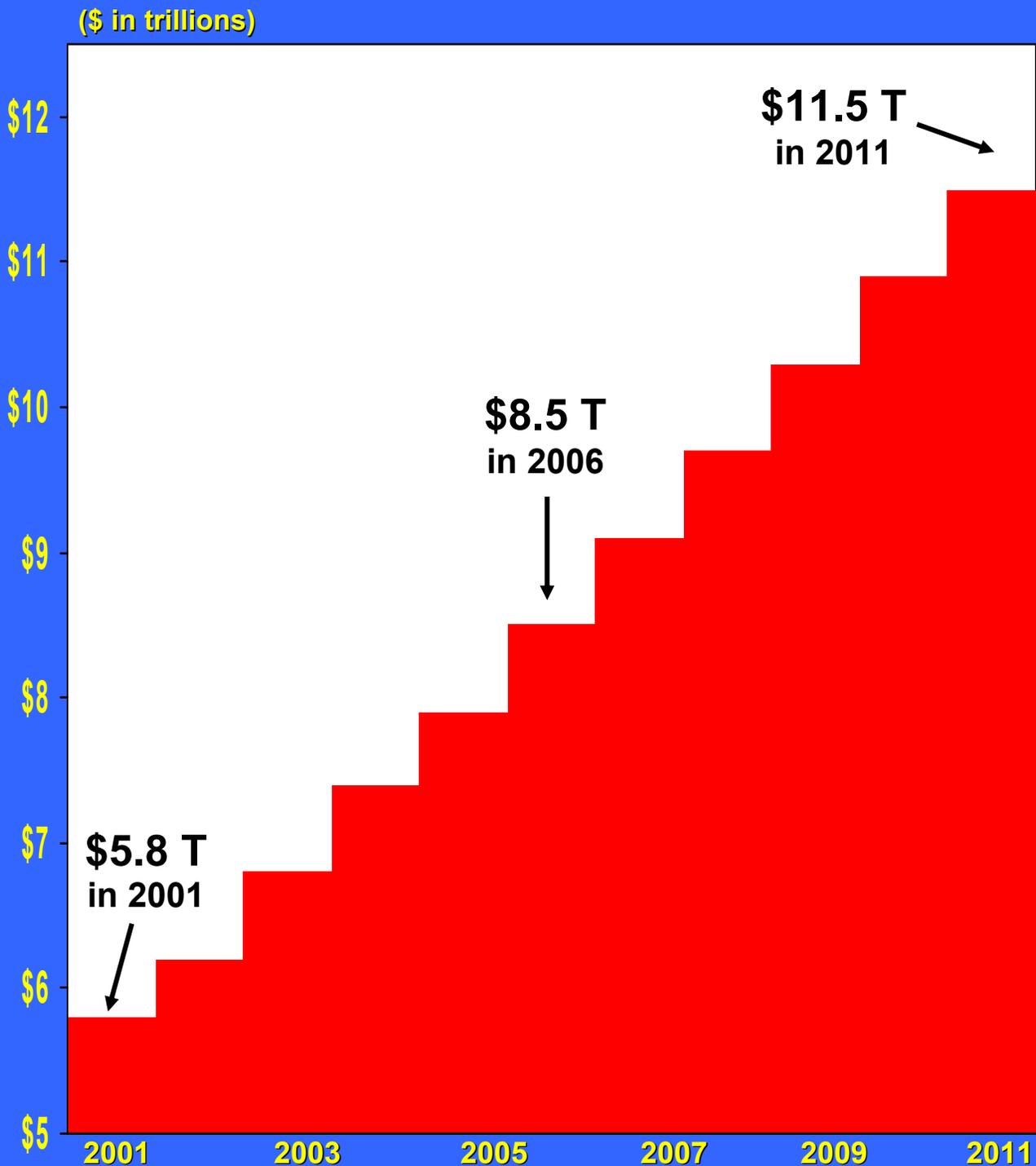
“One reason the run-up in taxes looks good is because the past five years looked so bad. Revenues are up, but they have lagged well behind economic growth. ...

“Compared with the size of the economy, tax revenues are still below historical norms and far below what the administration predicted as recently as 2003.”

– *The New York Times*  
July 9, 2006

# Building a Wall of Debt

## Gross Federal Debt Soars



Source: OMB and SBC Democratic staff  
Note: 2006-2011 estimates from OMB Mid-Session Review with AMT reform and ongoing war costs

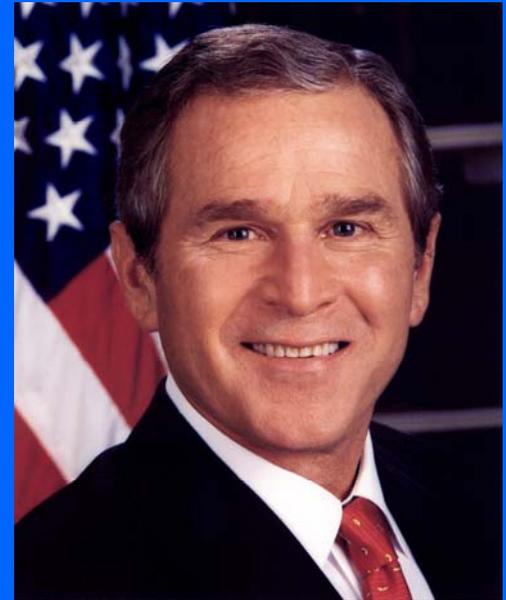
# President Bush More than Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to Build Up Same Level of Foreign-Held Debt



**\$1.01 T**

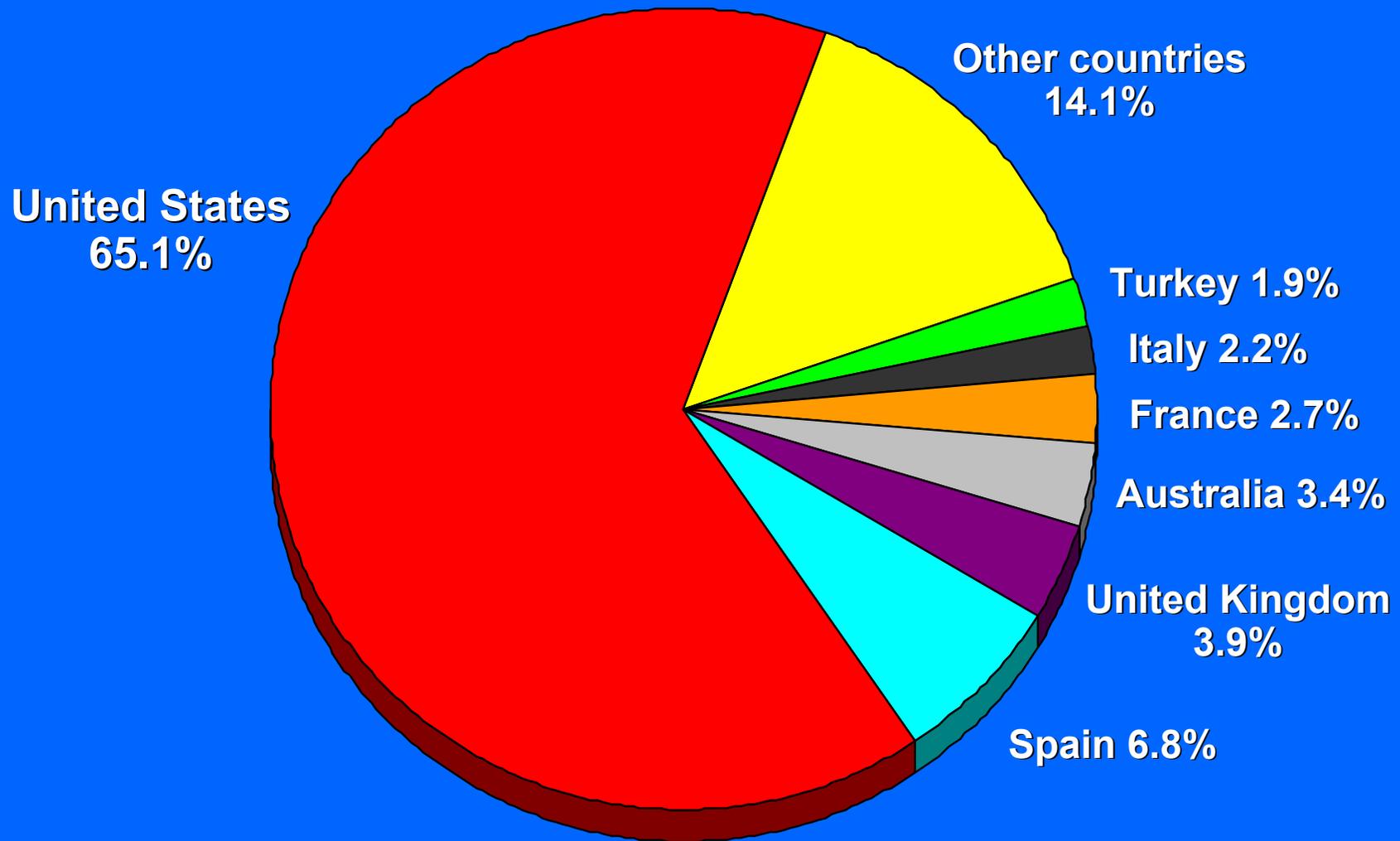
**224 Years**  
(1776-2000)



**\$1.06 T**

**5 Years**  
(2001-2006)

# World's Biggest Borrowers



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

# **GOP Budget Record**

- **Four years in a row of record deficits**
- **Debt projected to soar to more than \$11 trillion by 2011**
- **More than doubling foreign-held debt in five years**
- **Little real revenue growth since 2000 – revenues in 2006 still far below original projection**
- **Every penny of Social Security surplus – \$2.5 trillion – projected to be spent on tax cuts and other things**
- **New budget process proposal that would circumvent Social Security protections and fast-track a Social Security privatization plan**
- **Repeal and increase spending cap for 2007 put in place just last year**
- **No budget resolution for 2007**

# **GAO Comptroller General Walker Warns That Budget Outlook is Getting Worse, Not Better**

**“Our problem is our large long-term deficit, and the sooner we deal with that the better,” said Comptroller General David M. Walker.**

**“Walker ... warned of a ‘false sense of security. We’re in much worse shape fiscally today than we were a few years ago.’”**

**–GAO Comptroller General David Walker  
As quoted in the *Los Angeles Times*  
July 11, 2006**

# **Former CBO Director Holtz-Eakin Sees Little Reason to Celebrate New Deficit Projection for 2006**

**“The long-term outlook is such a deep well of sorrow that I can’t get much happiness out of this year,” said Douglas Holtz-Eakin, a former director of the Congressional Budget Office and a former White House economist under President Bush.**

**– Former CBO Director Douglas Holtz-Eakin  
As quoted in *The New York Times*  
July 9, 2006**