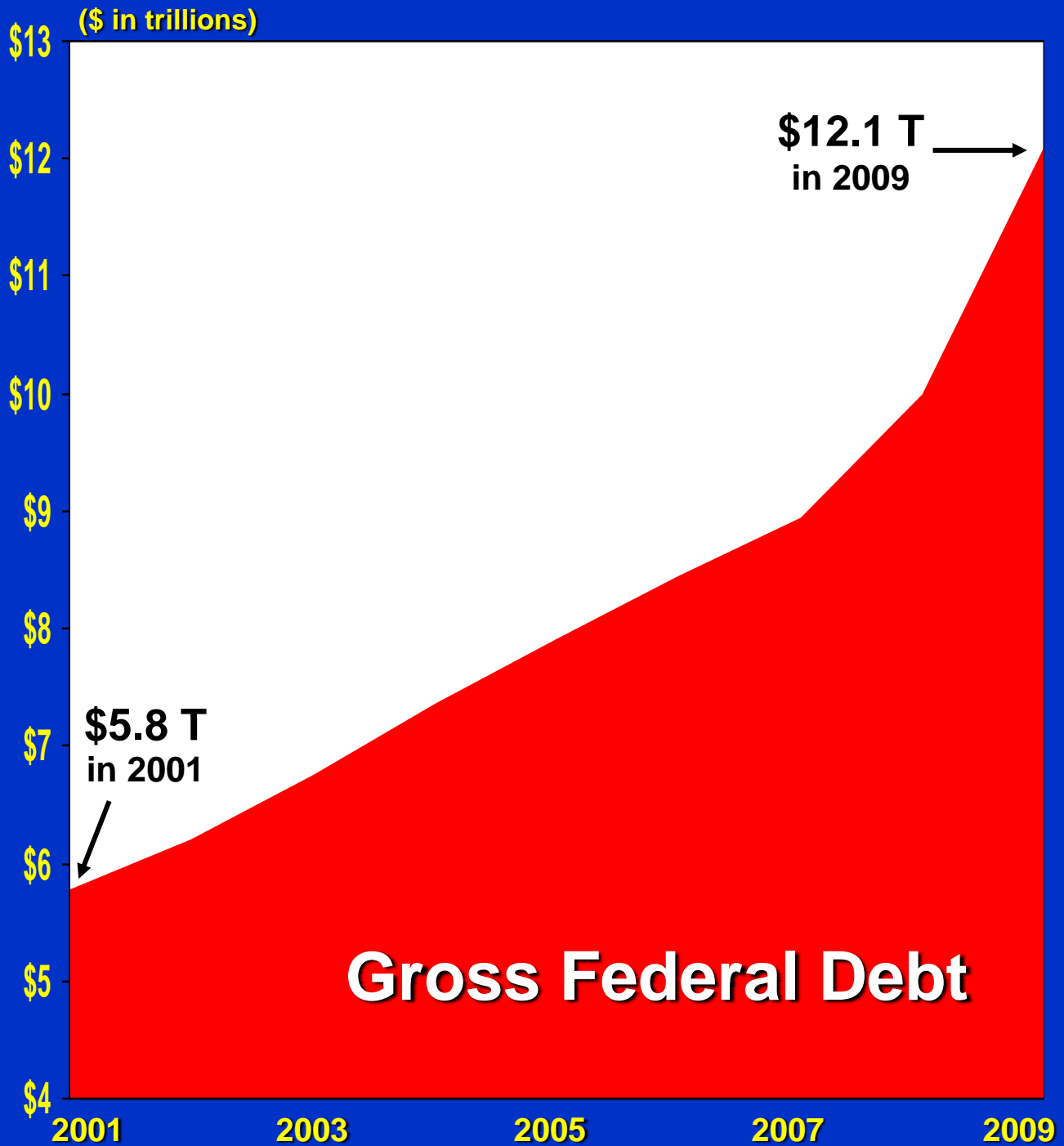


Federal Debt Soars Under Bush Administration



Sources: OMB, CBO

Note: 2009 estimate includes debt related to policies begun under the Obama administration including the economic recovery package.

President Bush More than Tripled Foreign-Held Debt

It Took 42 Presidents 224 Years to Build Up \$1 Trillion of Foreign-Held Debt



224 Years
(1776-2000)



President Bush
(2001-2009)

Sources: U.S. Treasury and Federal Reserve Board
Monthly data through January 2009

Top Ten Foreign Holders of Our National Debt

China	\$740 B
Japan	\$635 B
Oil Exporters	\$186 B
Caribbean Banking Centers	\$177 B
Brazil	\$134 B
United Kingdom	\$124 B
Russia	\$120 B
Luxembourg	\$87 B
Taiwan	\$73 B
Hong Kong	\$72 B

Sources: U.S. Treasury and Federal Reserve Board
Monthly data through January 2009

China Worried About U.S. Debt

Biggest Creditor Nation Demands A Guarantee

By ANTHONY FAIOLA
Washington Post Staff Writer

Exerting its new influence as the U.S. government's largest creditor, China yesterday demanded that the Obama administration "guarantee the safety" of its \$1 trillion in American bonds as Washington goes further into debt to combat the economic crisis.

Chinese Premier Wen Jinbao made the demand at the end of the National People's Congress in Beijing at a time when relations between the two nations show fresh signs of strain.

"We have lent a huge amount of money to the U.S. Of course we are concerned about the safety of our assets," Wen said. "To be honest, I am definitely a little worried."

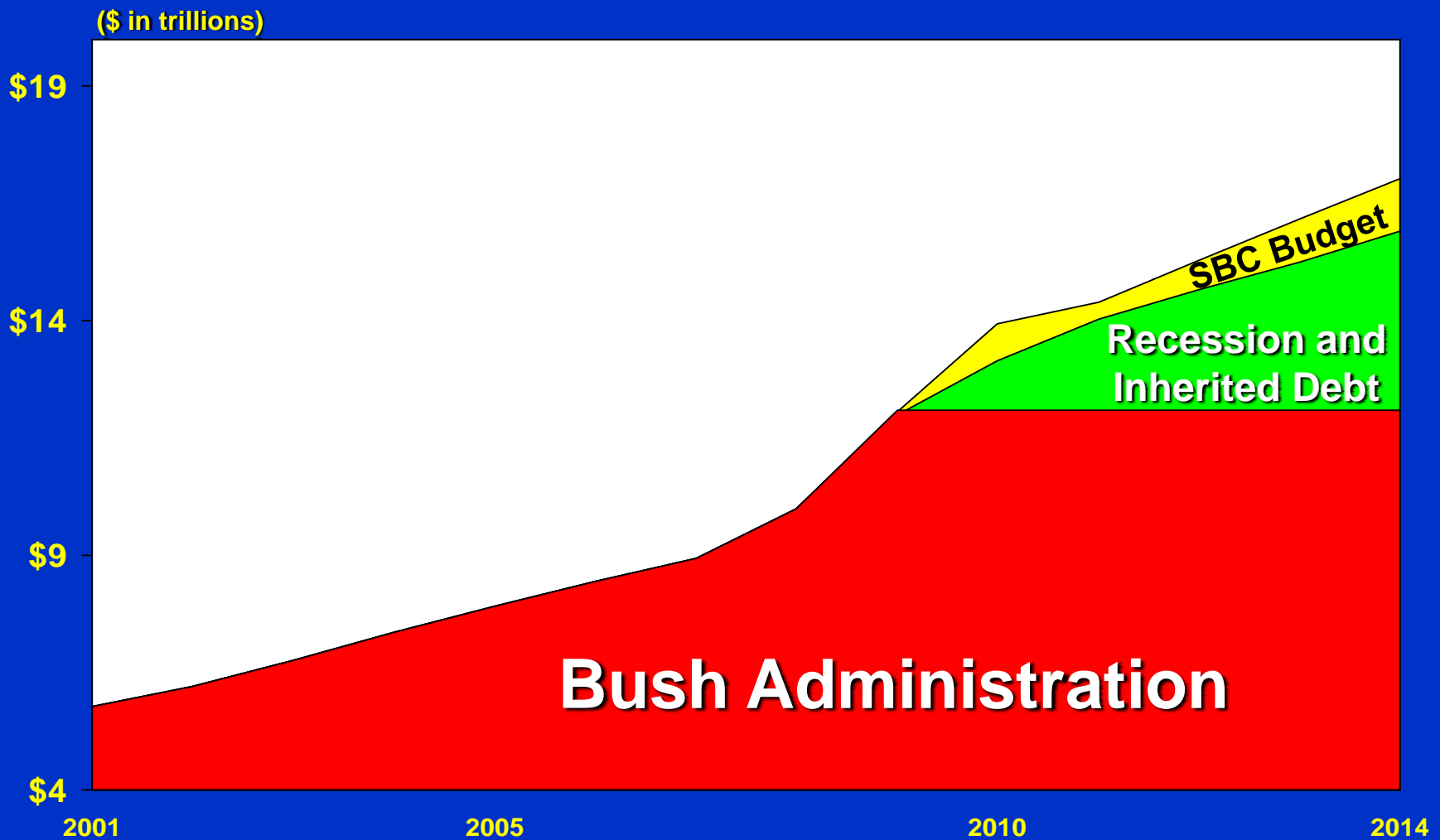
China surpassed Japan last year as the largest foreign holder of Treasury bonds. Any indication that it intends to cease those purchases — or, worse, stage a sell-off — could drive up the cost of borrowing for the U.S. government, as well as send mortgage rates higher for millions of Americans.

That reality, experts say, has given China more leverage in its dealings with Washington, with some seeing Wen's comments yesterday as amounting to economic saber-rattling. The words came only days after a confrontation in international waters between a U.S. military ship and five Chinese vessels that sparked recriminations on both sides of the Pacific. Chinese officials have also sig-

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Who's to Blame?

Sources of Gross Debt, thru 2014



Source: CBO

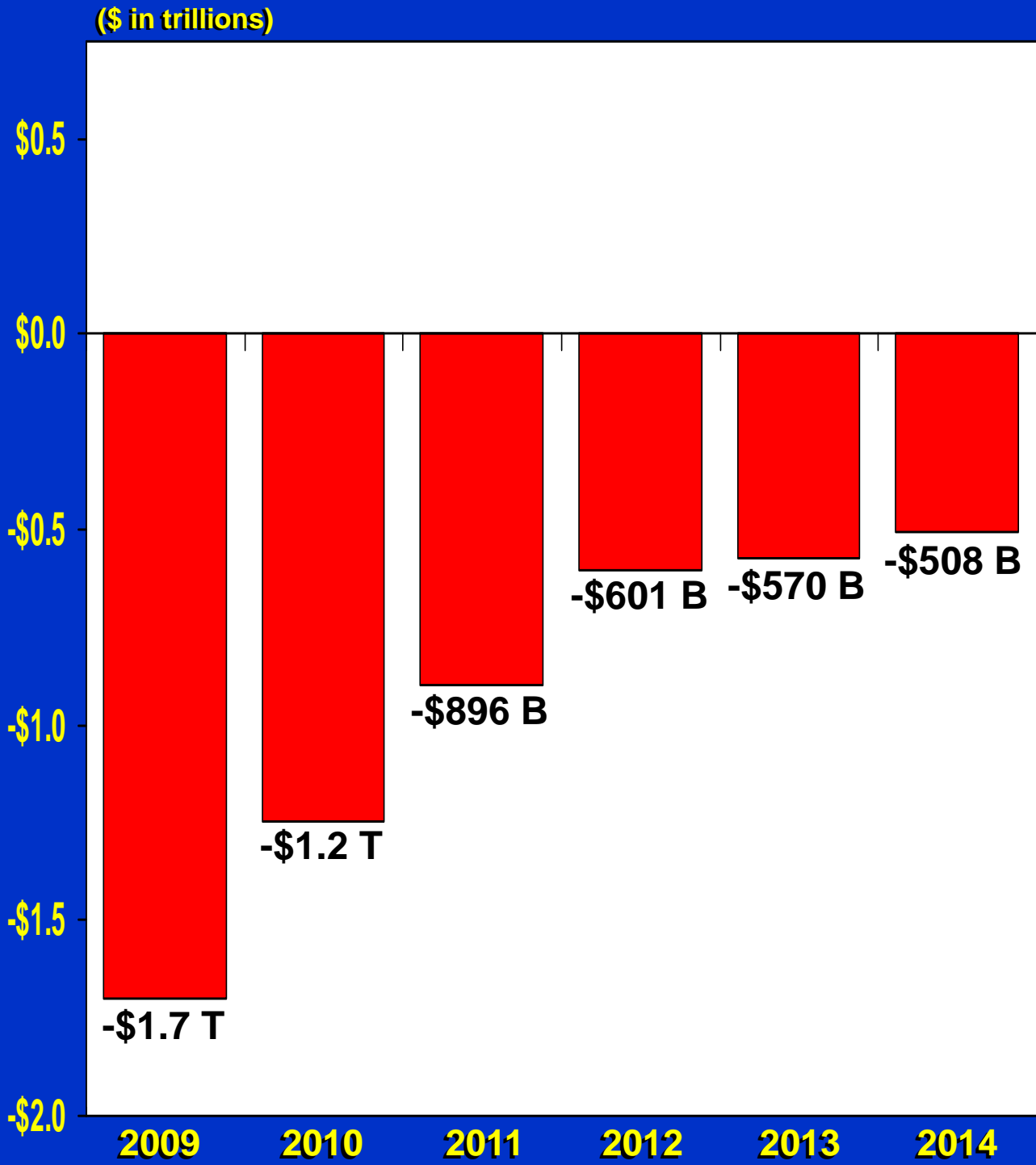
Note: "Recession and Inherited Debt" reflects the increase in gross debt in the March 2009 baseline, post-Bush 2009 through 2014. "SBC Budget" reflects policies in the resolution.

Senator Gregg on Need to Increase Short-Term Deficit

“I’m willing to accept this [short-term deficit] number and not debate it, because we are in a recession, and it’s necessary for the government to step in and be aggressive, and the government is the last source of liquidity. And so you can argue that this number, although horribly large, is something we will simply have to live with.”

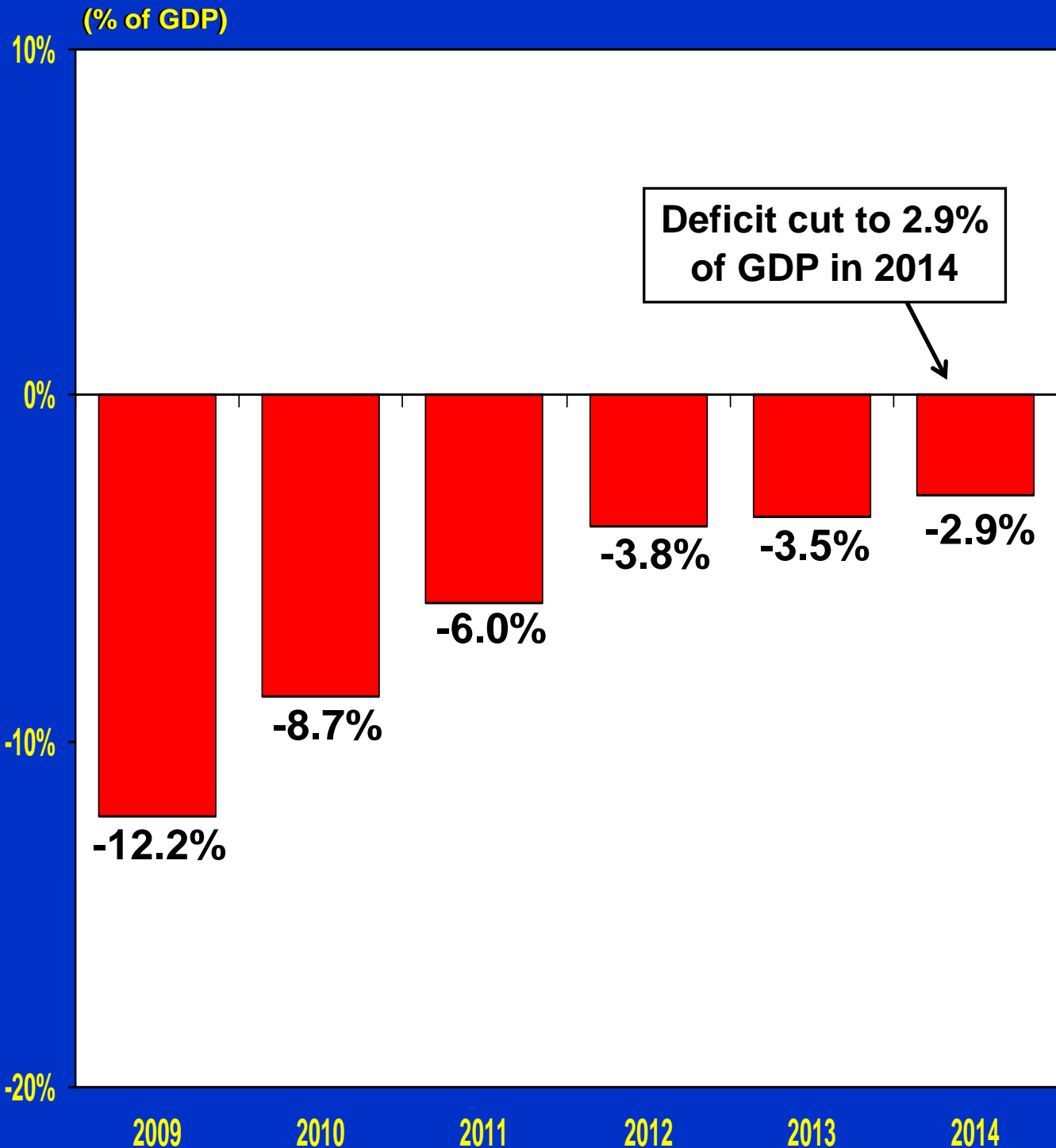
**– Senator Judd Gregg (R-NH)
Floor Statement on President Obama’s
FY 2010 Budget
March 11, 2009**

Deficit Cut by Two-Thirds by 2014 Under Budget Resolution



Source: SBC

Deficit as Percent of GDP Under Budget Resolution



Source: SBC

GOP Debt Proposal

Adopt the European Union Model

