

**Every minute, the Bush
administration spends**

\$991,000

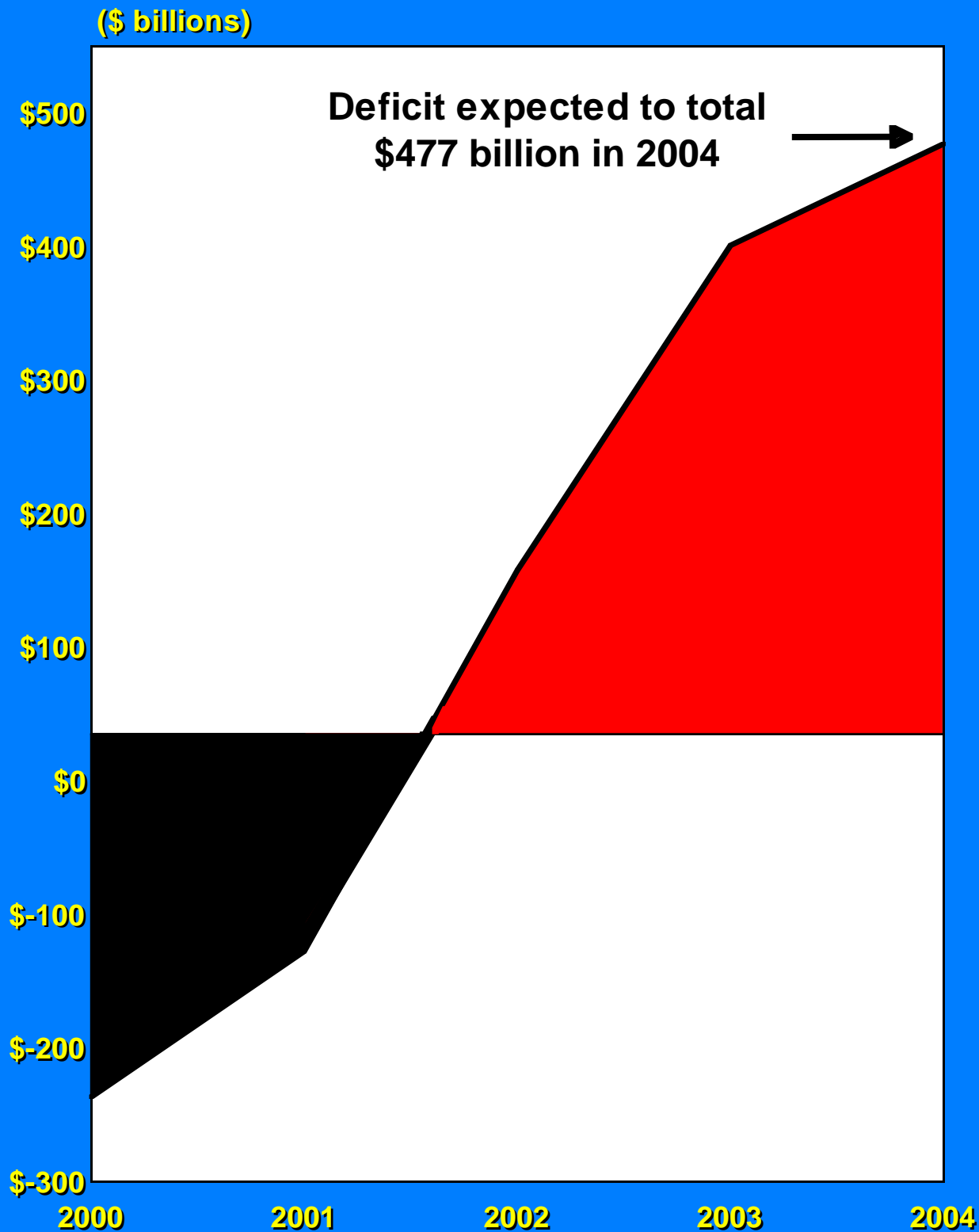
more than it takes in.

Bush Administration Said No Fear of Budget Deficits

“Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens.”

**–President Bush
Remarks at Western Michigan University
March 27, 2001**

President Bush Takes Us From Biggest Surplus to Biggest Deficit in Three Years



Source: CBO

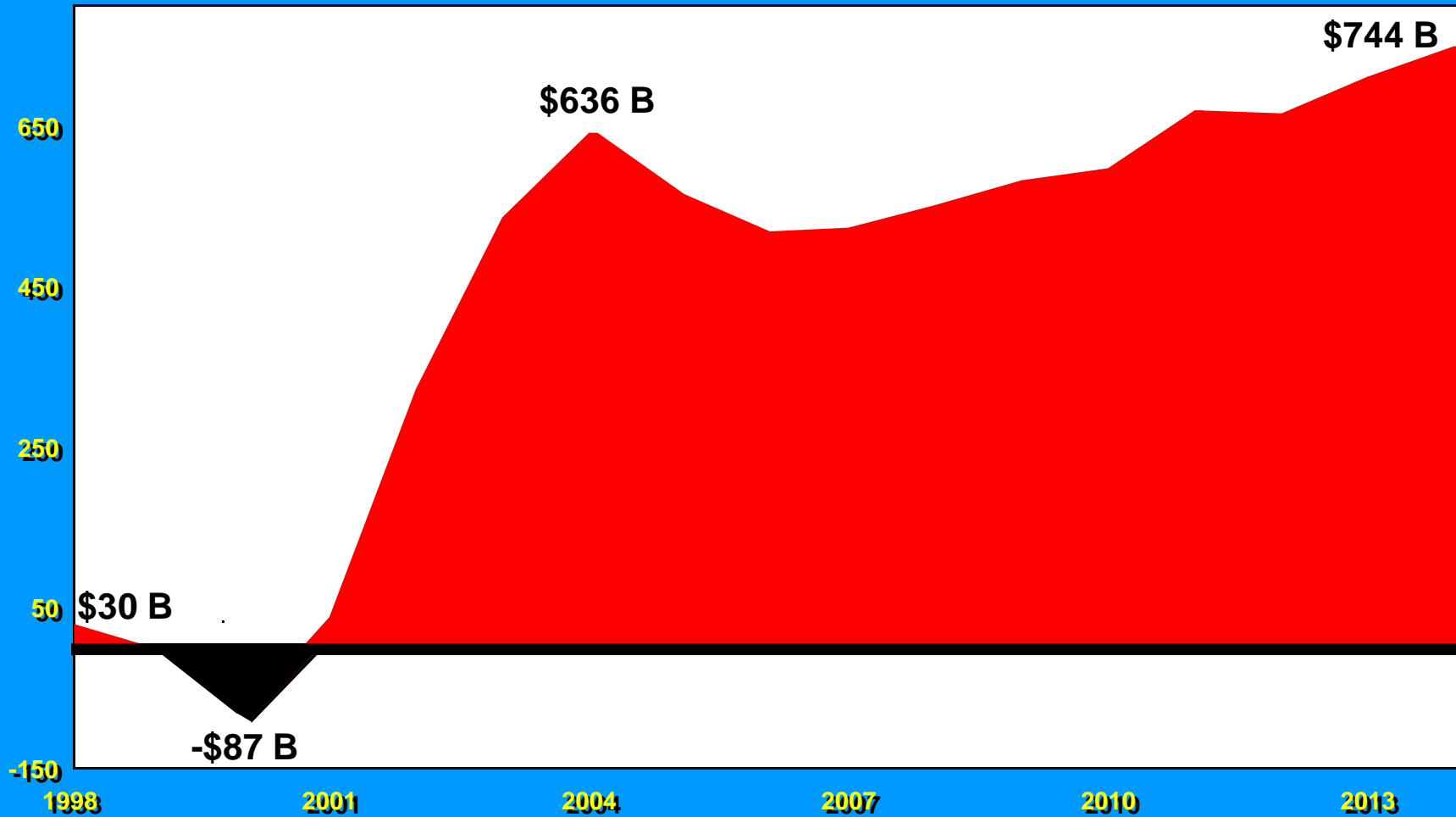
Bush Administration Promised Deficits Would be Small and Short-Term

**“...[O]ur budget will run a deficit that will
be small and short-term...”**

**–President George W. Bush
State of the Union Address
January 29, 2002**

Deficits Skyrocket with Bush Budget Policies, AMT Reform, and Ongoing War Costs

(Deficit excluding Social Security in billions of \$)



Source: CBO, SBC

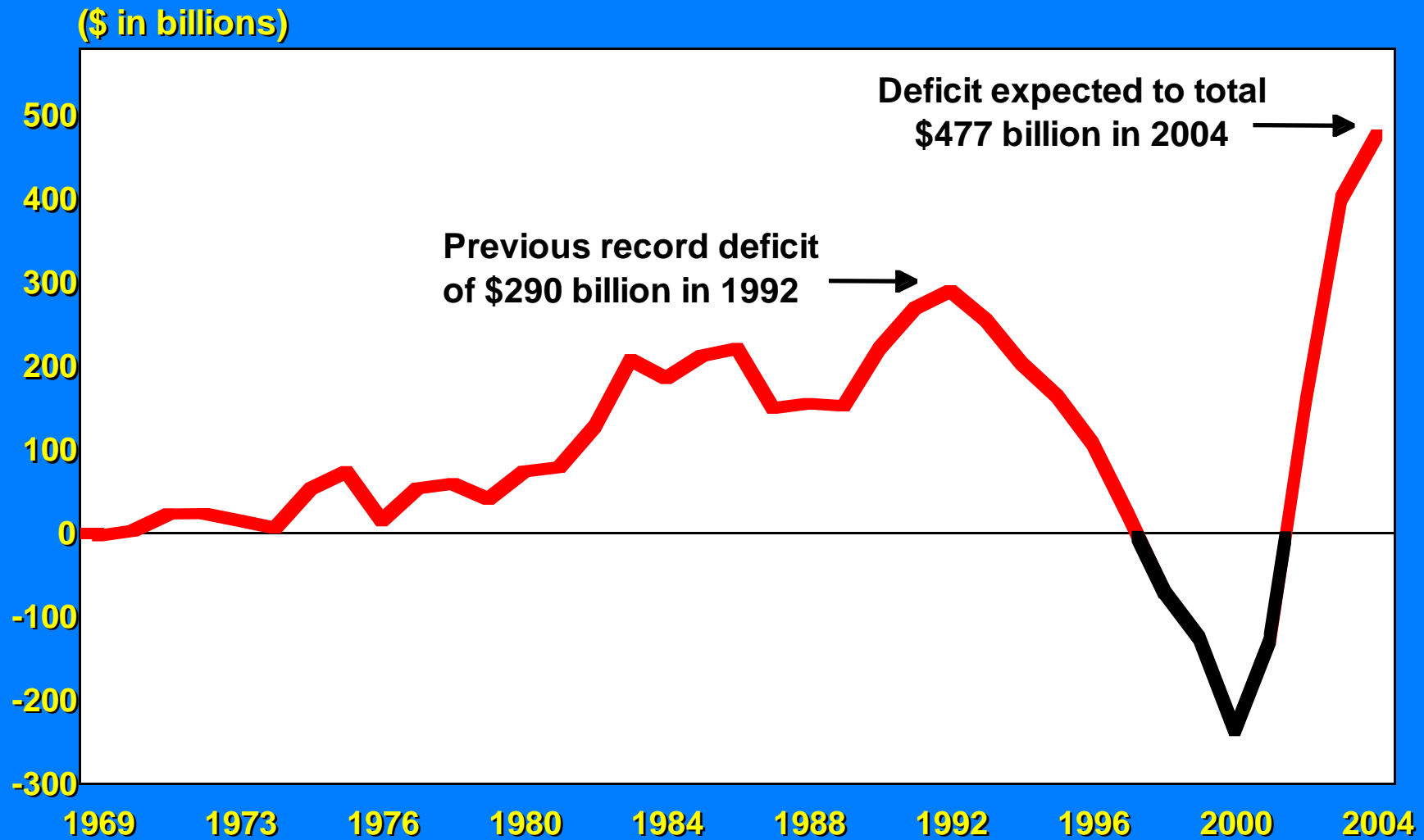
Note: CBO February 2004 reestimate of Bush budget plus AMT reform and CBO estimate of ongoing war costs.

Bush Administration Tried to Downplay Significance of Deficits

“[O]ur budget gap is small by historical standards.”

**– President Bush’s FY 2004 Budget, page 1
February 2003**

Deficits in 2003 and 2004 Far Exceeded Previous Record in Dollar Terms



Source: CBO

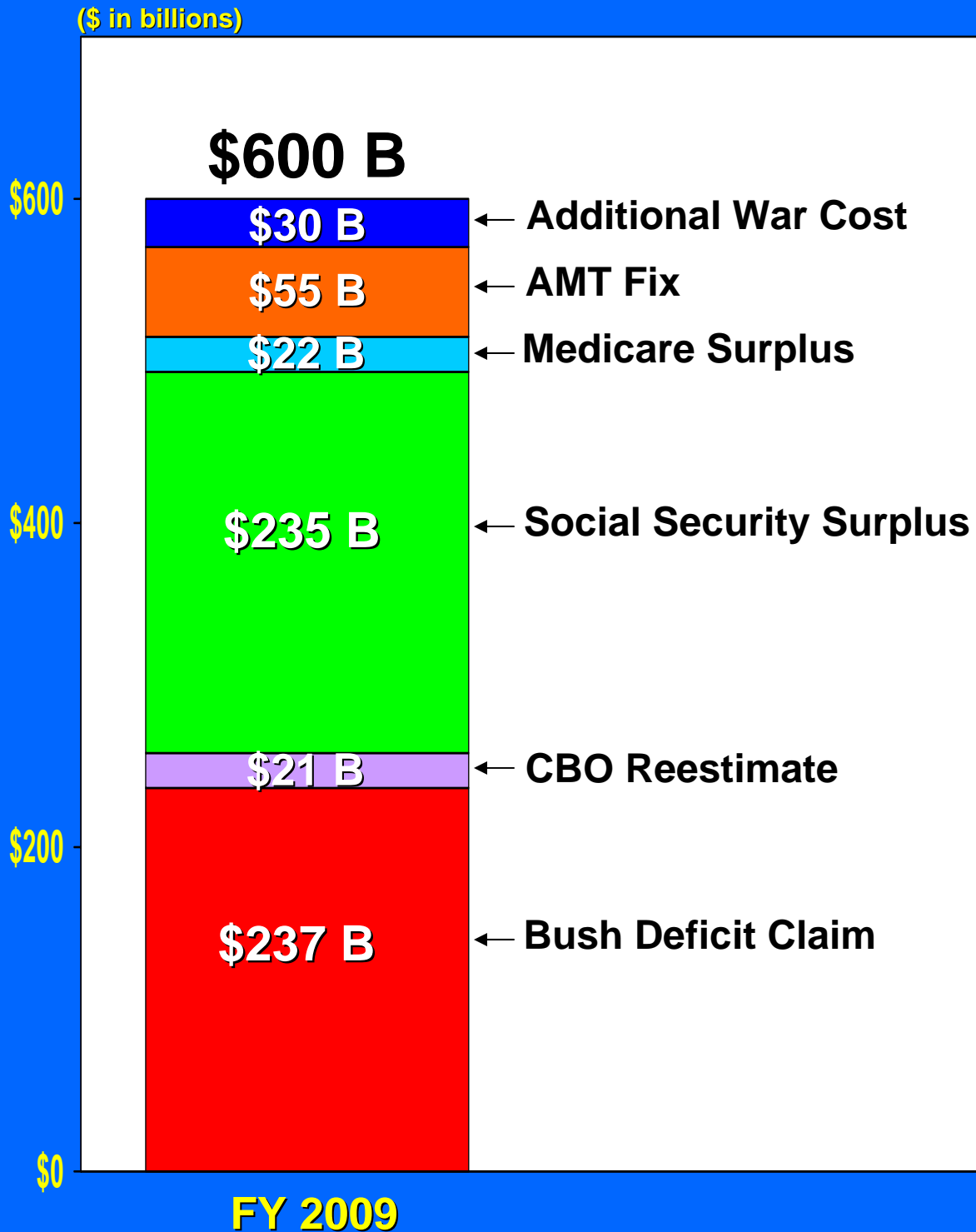
Bush Administration Promises Deficits Will be Reduced in the Future

“Now, we have laid out a plan which shows that the deficit will be cut in half over the next five years, and that’s good progress toward deficit reduction.”

**–President George W. Bush
Rose Garden Press Conference
July 30, 2003**

Bush Claim That He Will Cut Deficit in Half by 2009 is Not Credible

2009 Operating Deficit Likely to be Far Larger Than \$237 B

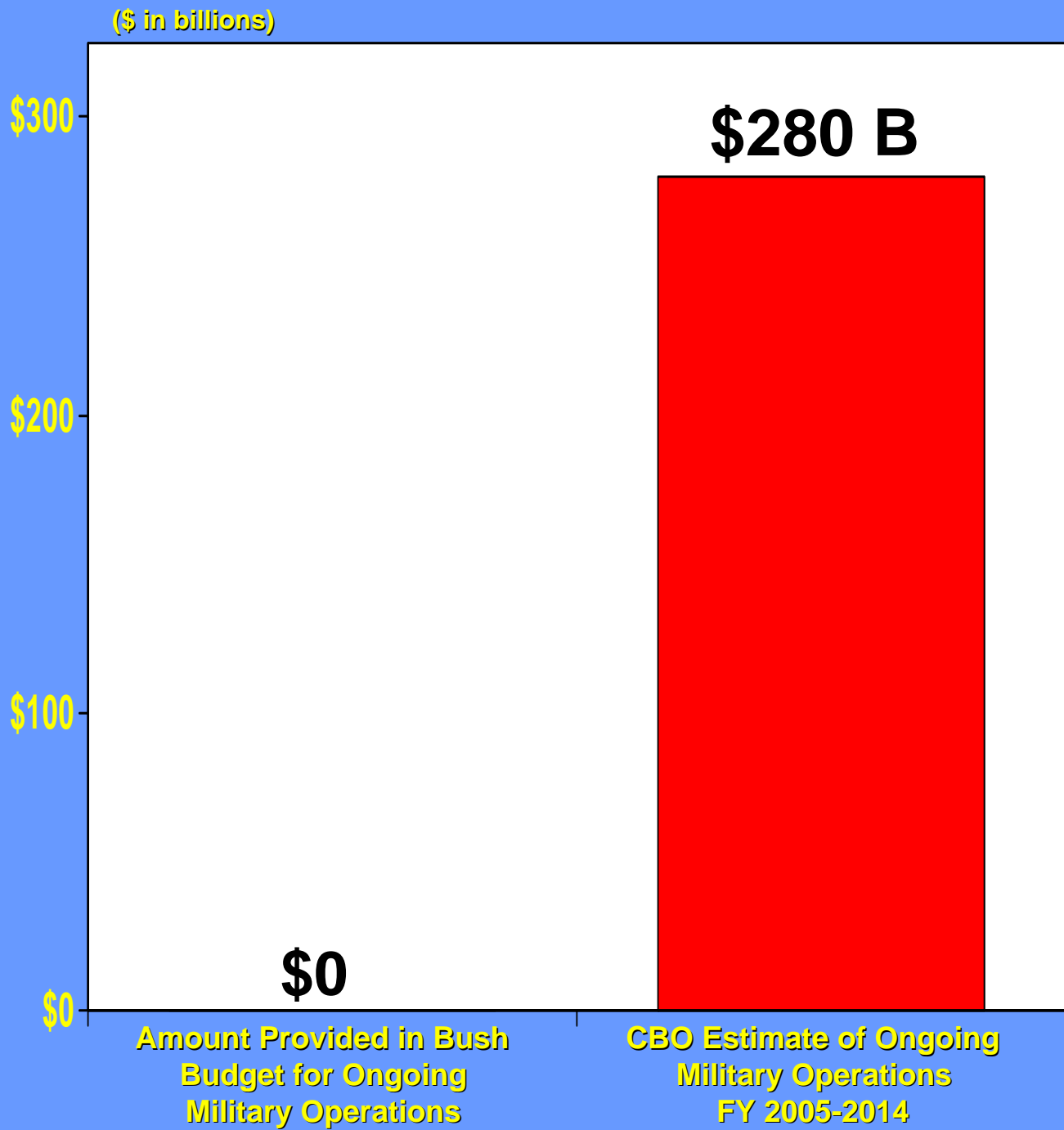


Source: CBO

Note: Includes interest

Bush Budget Hides the Full Story

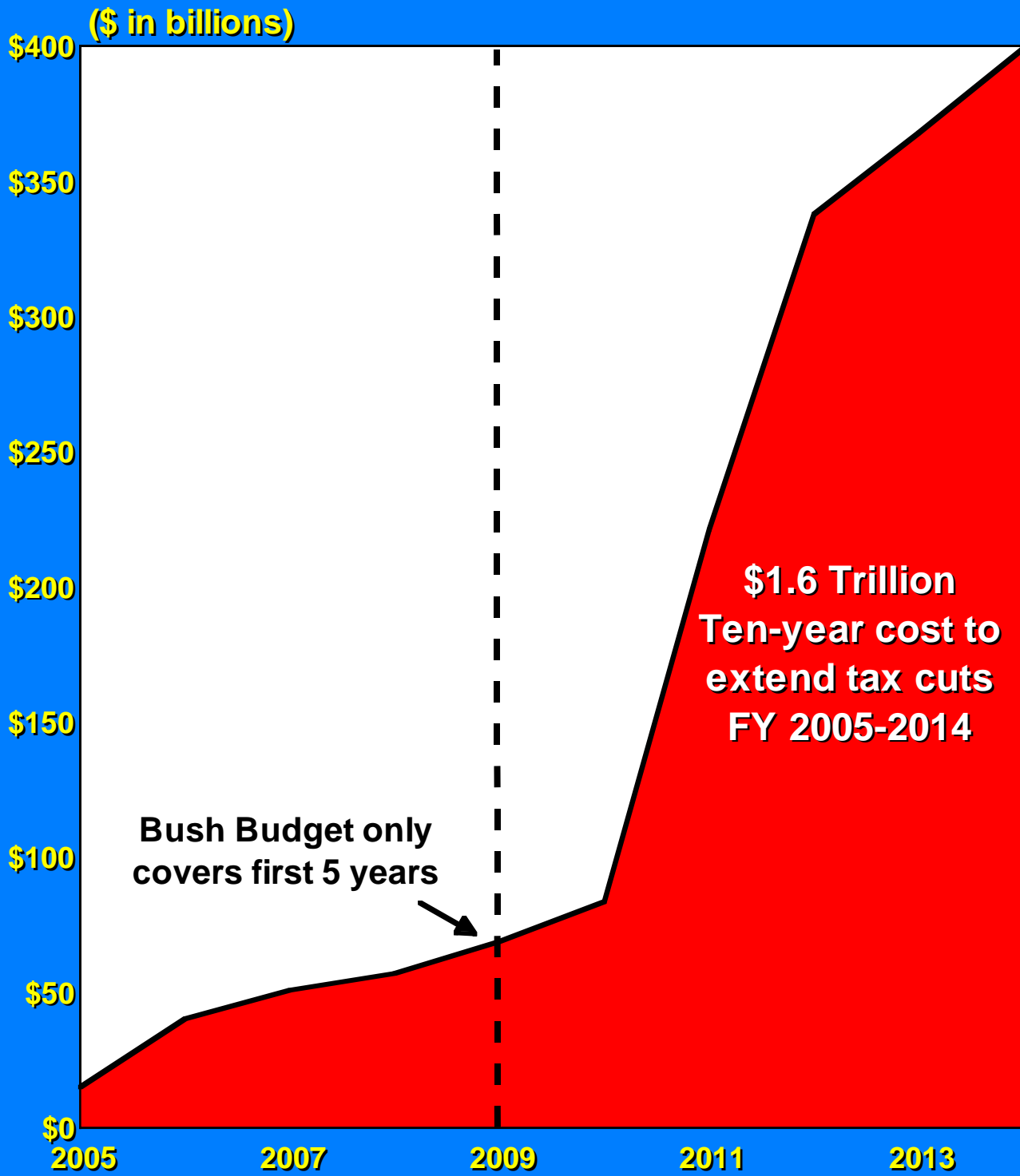
No New Funding Provided for Ongoing Operations in Iraq, Afghanistan, and Continuing War on Terror



Source: CBO Report, July 2003, "The Long-Term Implications of Current Defense Plans"

Bush Budget Hides the Full Story

Cost of Extending Tax Cuts Explodes Outside Five-Year Budget Window



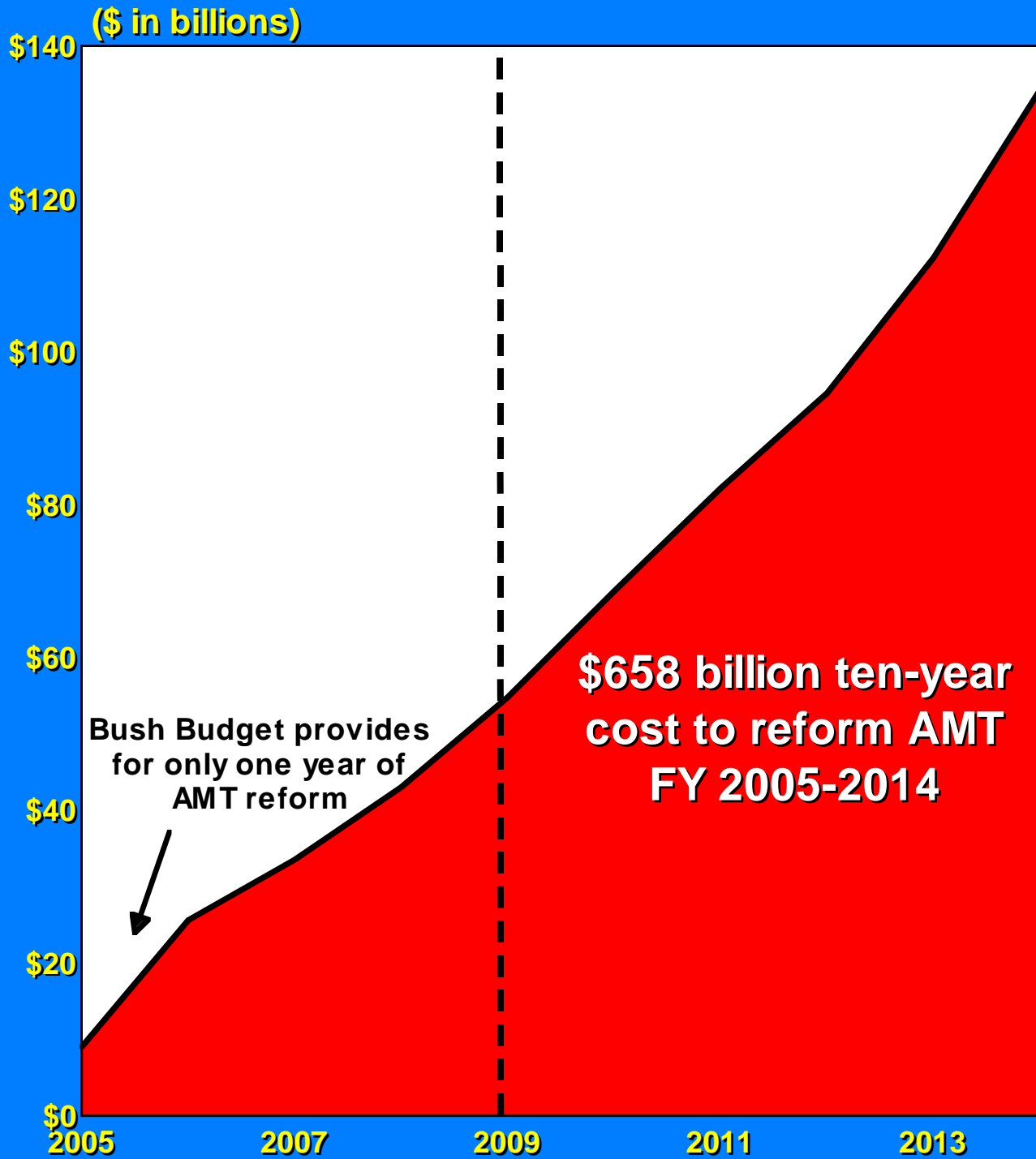
Source: CBO

Note: Includes interest cost

Bush Budget Hides the Full Story

Cost of AMT Reform Explodes

Outside Five-Year Budget Window

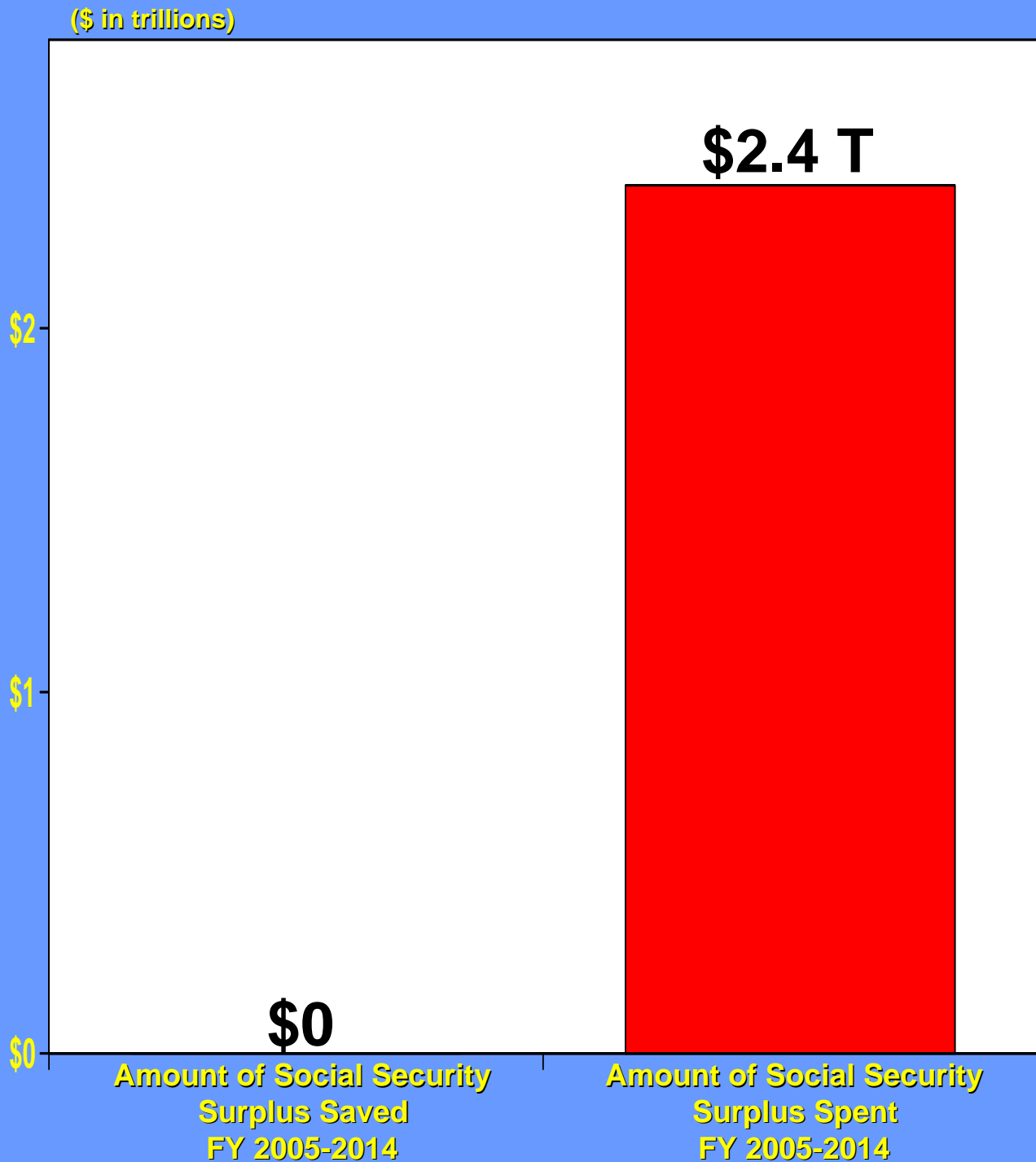


Source: CBO

Note: Cost to reform AMT if tax cuts are made permanent, including interest.

Bush Budget Hides the Full Story

Every Penny of Social Security Surplus Spent

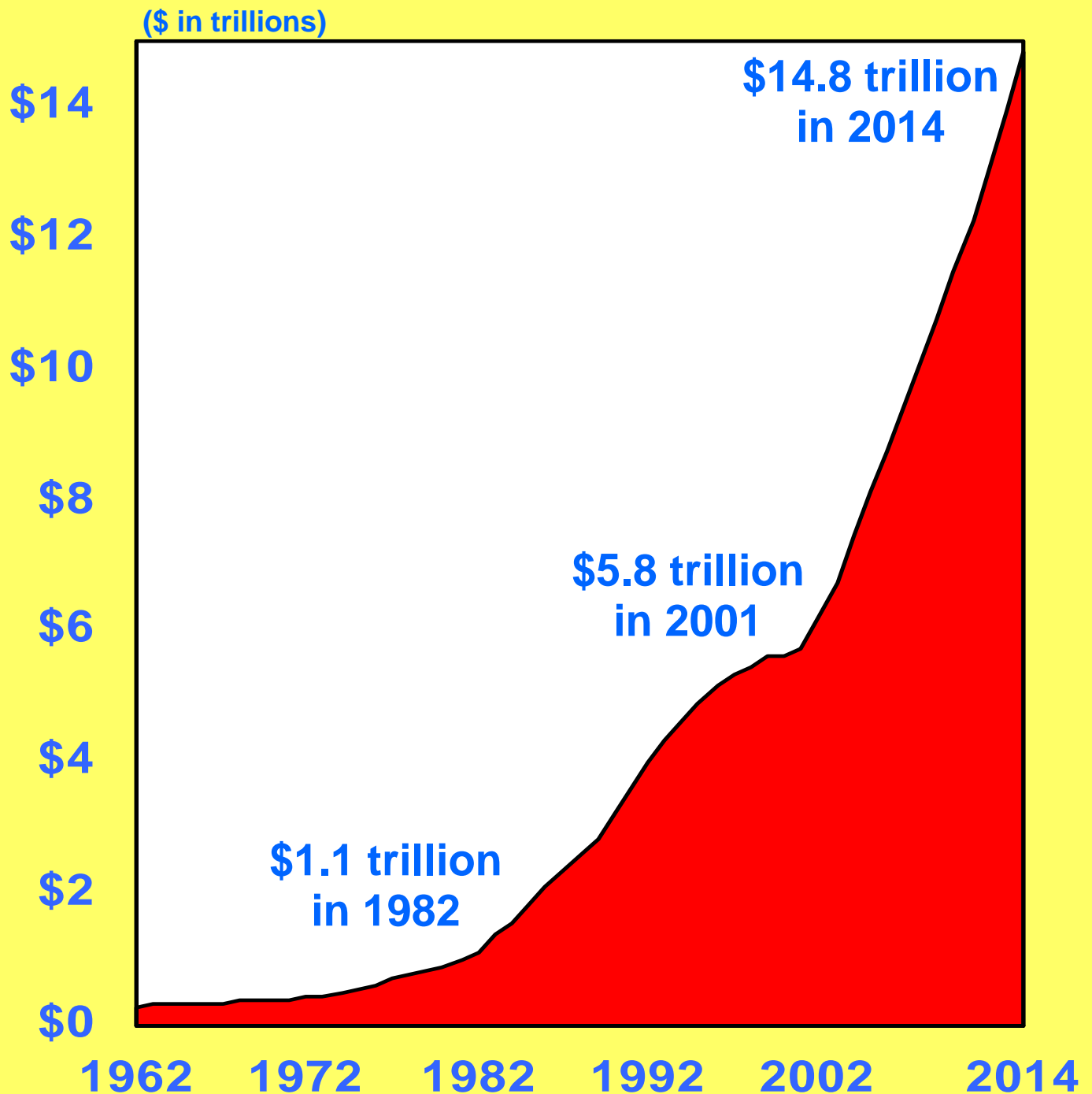


Source: CBO

Note: Amount of Social Security surplus spent on tax cuts and other things, instead of saved to prepare for retirement of baby boom generation.

Gross Federal Debt

Assuming Bush Budget Policies,
AMT Reform, and Ongoing War Costs



Source: OMB, CBO, and SBC

Note: CBO February 2004 reestimate of Bush budget plus AMT reform and CBO estimate of ongoing war costs.

Top Ten Countries Holding Our National Debt

Japan	\$545 B
China	\$149 B
United Kingdom	\$113 B
“Caribbean Banking Centers”	\$69 B
Hong Kong	\$58 B
Taiwan	\$46 B
Germany	\$45 B
OPEC	\$44 B
South Korea	\$43 B
Switzerland	\$40 B

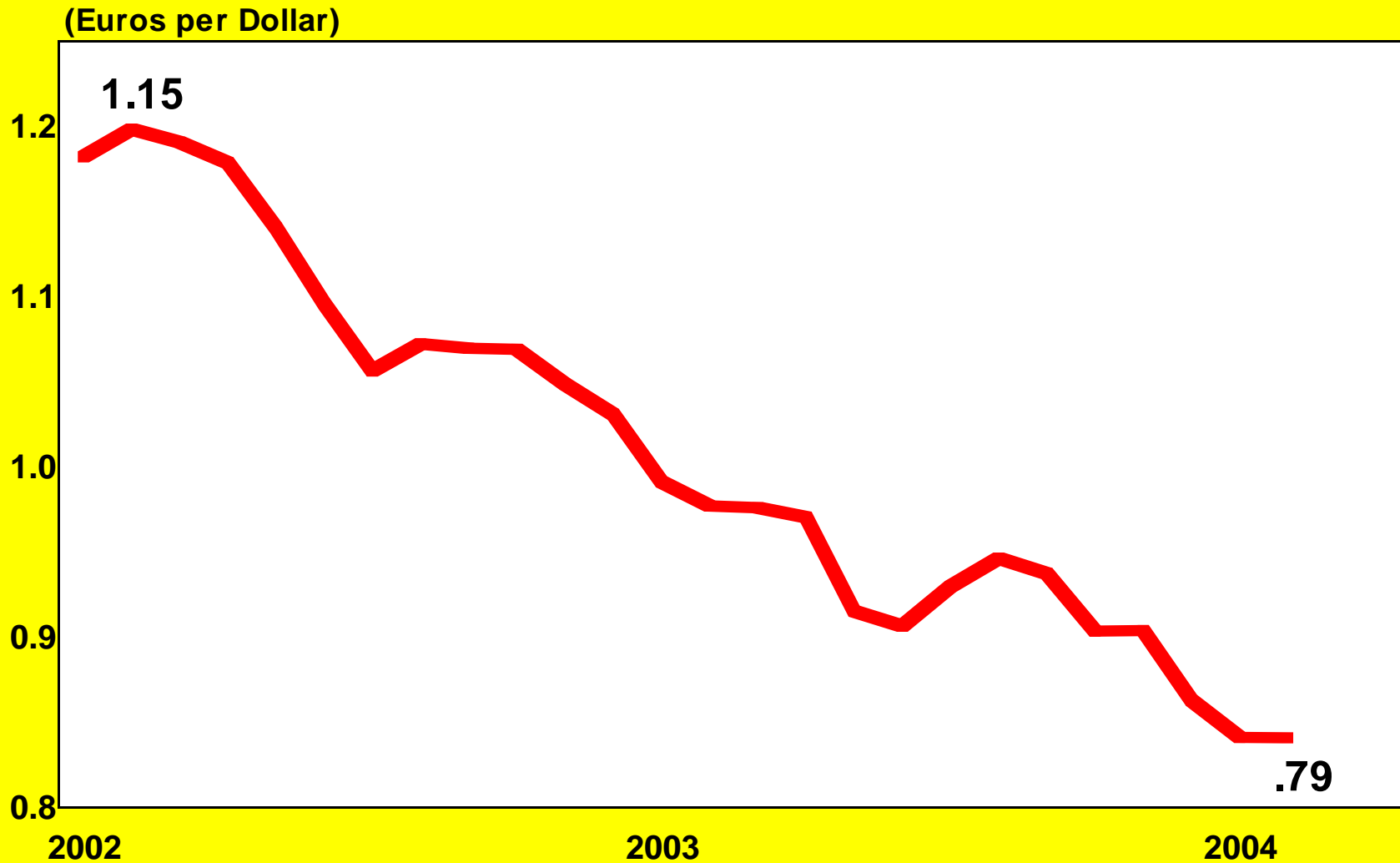
Source: Department of Treasury
Note: As of December 2003

Economists Worry About Long-Term Effects of Weak Dollar and Heavy U.S. Borrowing

“Currency traders fretting over that dependency have been selling dollars fast and buying euros furiously. The fear is that foreigners will tire of financing America’s appetites. Foreign investors will dump U.S. assets, especially stocks and bonds, sending financial markets plummeting. Interest rates will shoot up to entice them back. Heavily indebted Americans will not be able to keep up with rising interest payments. Inflation, bankruptcies and economic malaise will follow.”

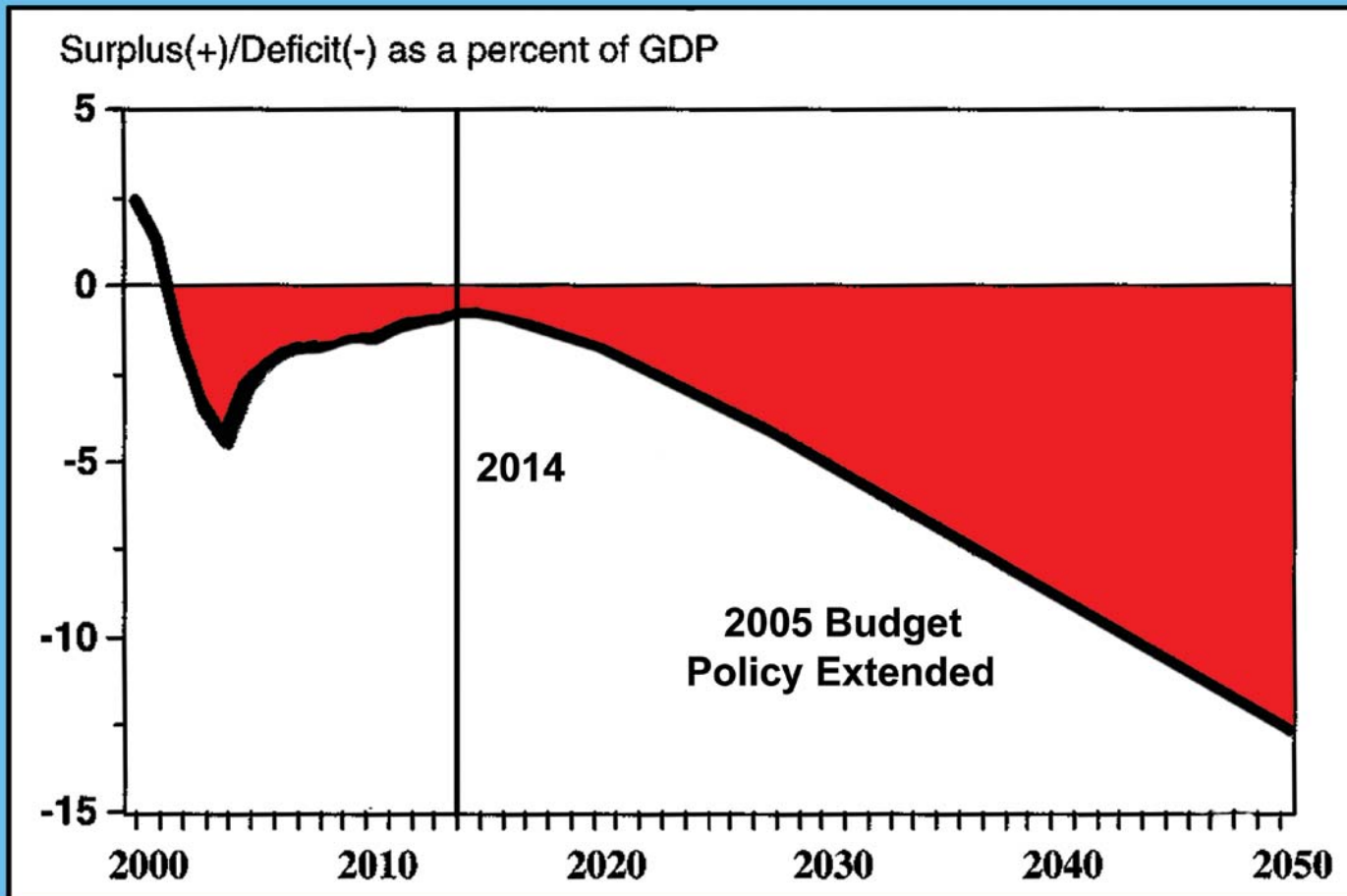
**– *Washington Post* article
“Weak Dollar Helps U.S. Firms, for Now”
January 26, 2004**

Dollar Declines More Than 30 Percent Against Euro



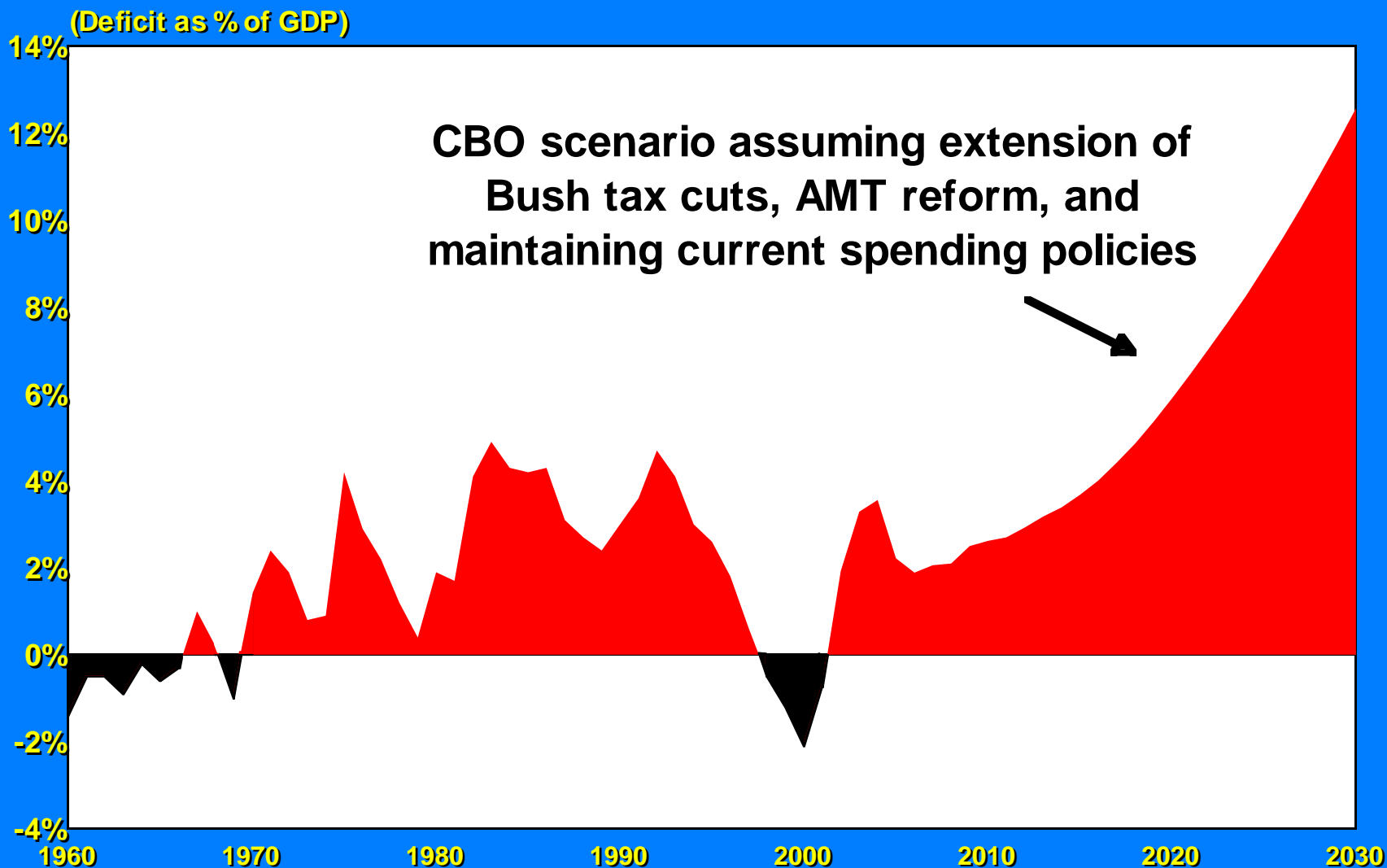
Source: Federal Reserve Board

The Next Ten Years: The Budget “Sweet” Spot



Source: President's Budget for FY 2005, Analytical Perspectives, pg. 194

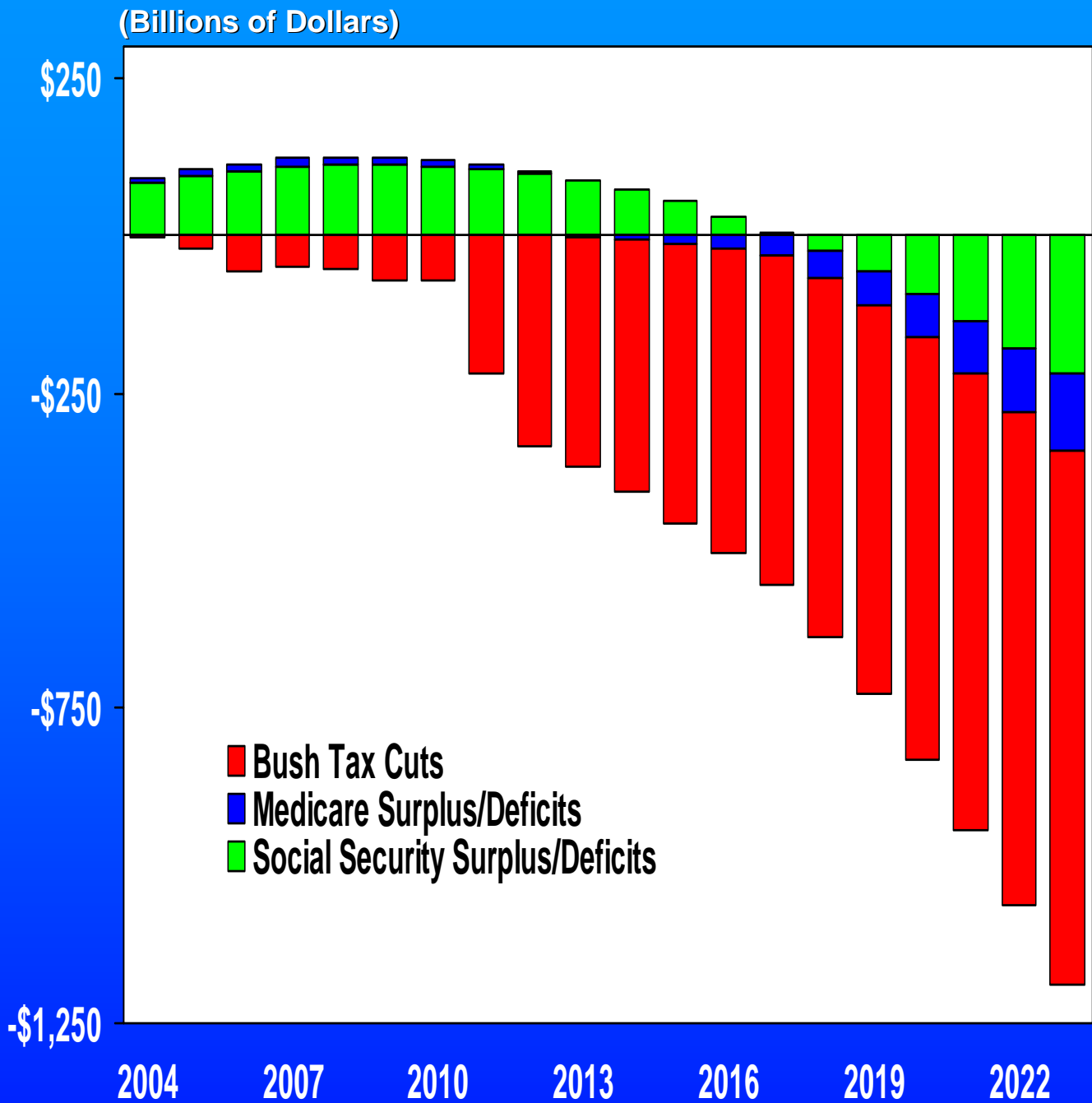
CBO Report on Long-Term Budget Outlook Shows Bush Tax Cuts Exploding Deficit



Source: CBO report, "The Long-Term Budget Outlook," December 2003

Note: CBO scenario #1.

Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits FY 2004-2023



Note: Tax cut includes associated interest costs.

Source: 2003 Trustees Report, CBO, and Senate Budget Committee Staff

CED, Concord Coalition, and CBPP Warn of Dangers of Current Fiscal Course

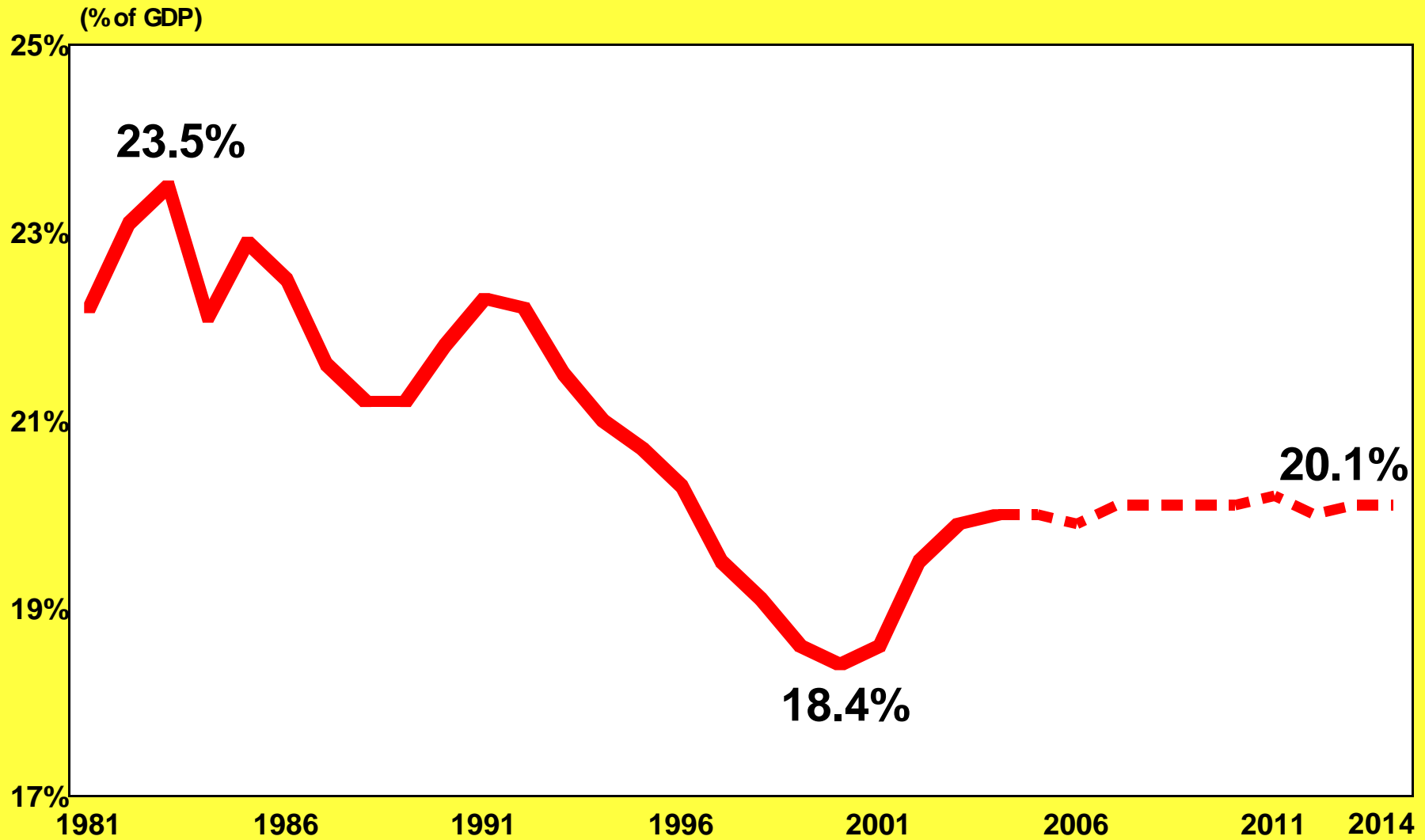
“To get a sense of the magnitude of the deficits the nation is likely to face without a change in policies, consider that even with the full economic recovery that CBO forecasts and a decade of economic growth, balancing the budget by the end of the coming decade (i.e., in 2013) would entail such radical steps as:

- raising individual and corporate income taxes by 27 percent;
- or eliminating Medicare entirely;
- or cutting Social Security benefits by 60 percent;
- or shutting down three-fourths of the Defense Department;
- or cutting all expenditures other than Social Security, Medicare, defense, homeland security, and interest payments on the debt - including expenditures for education, transportation, housing, the environment, law enforcement, national parks, research on diseases, and the rest - by 40 percent.

Beyond the next decade, the trade-offs become even more difficult.”

– **Joint Statement by Committee for Economic Development, Concord Coalition, and Center on Budget and Policy Priorities**
“The Developing Crisis - Deficits Matter”
September 29, 2003

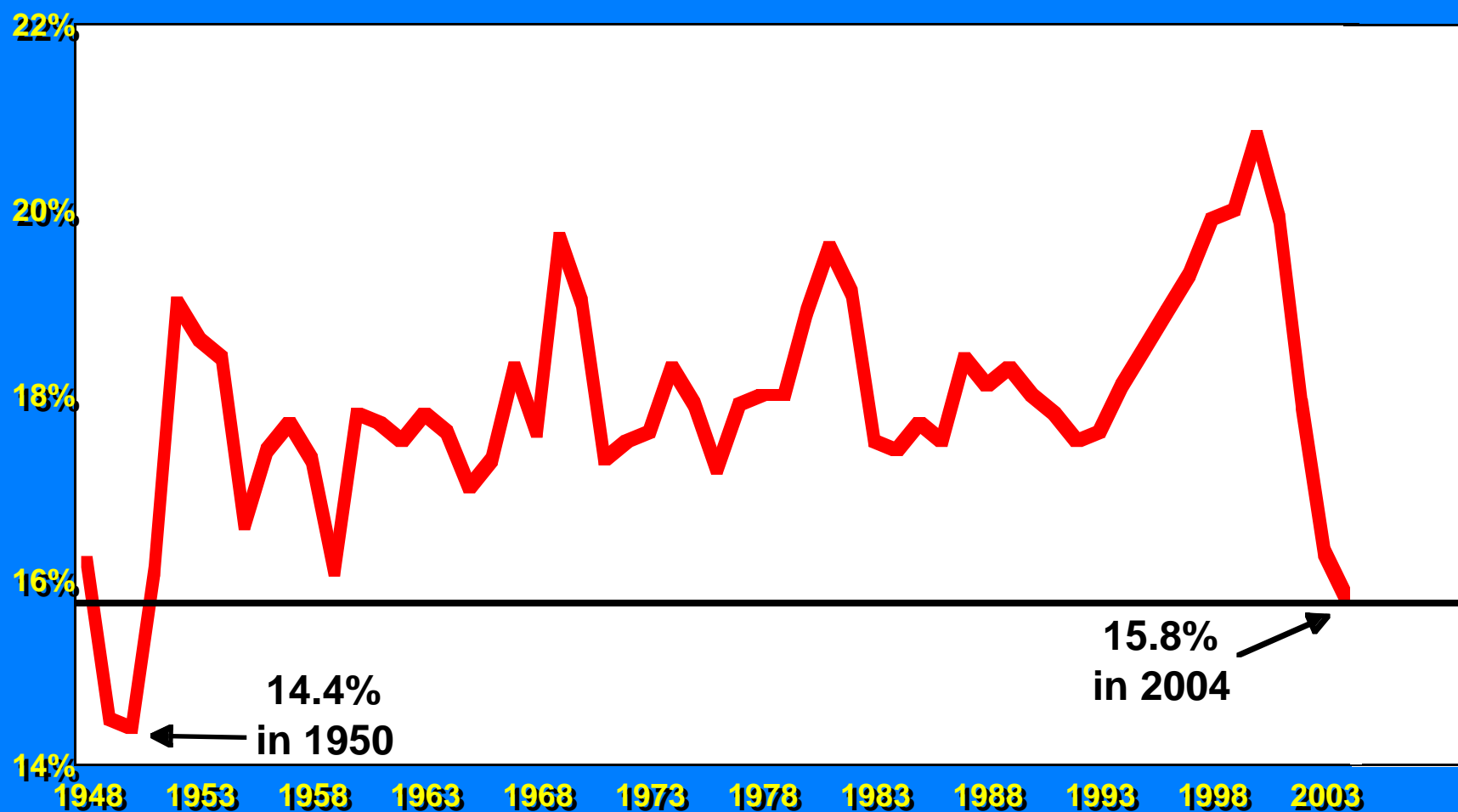
Total Federal Spending



Source: OMB historical data and CBO March 2004 baseline.

Revenues as a Percent of GDP

Lowest Level Since 1950



Source: CBO

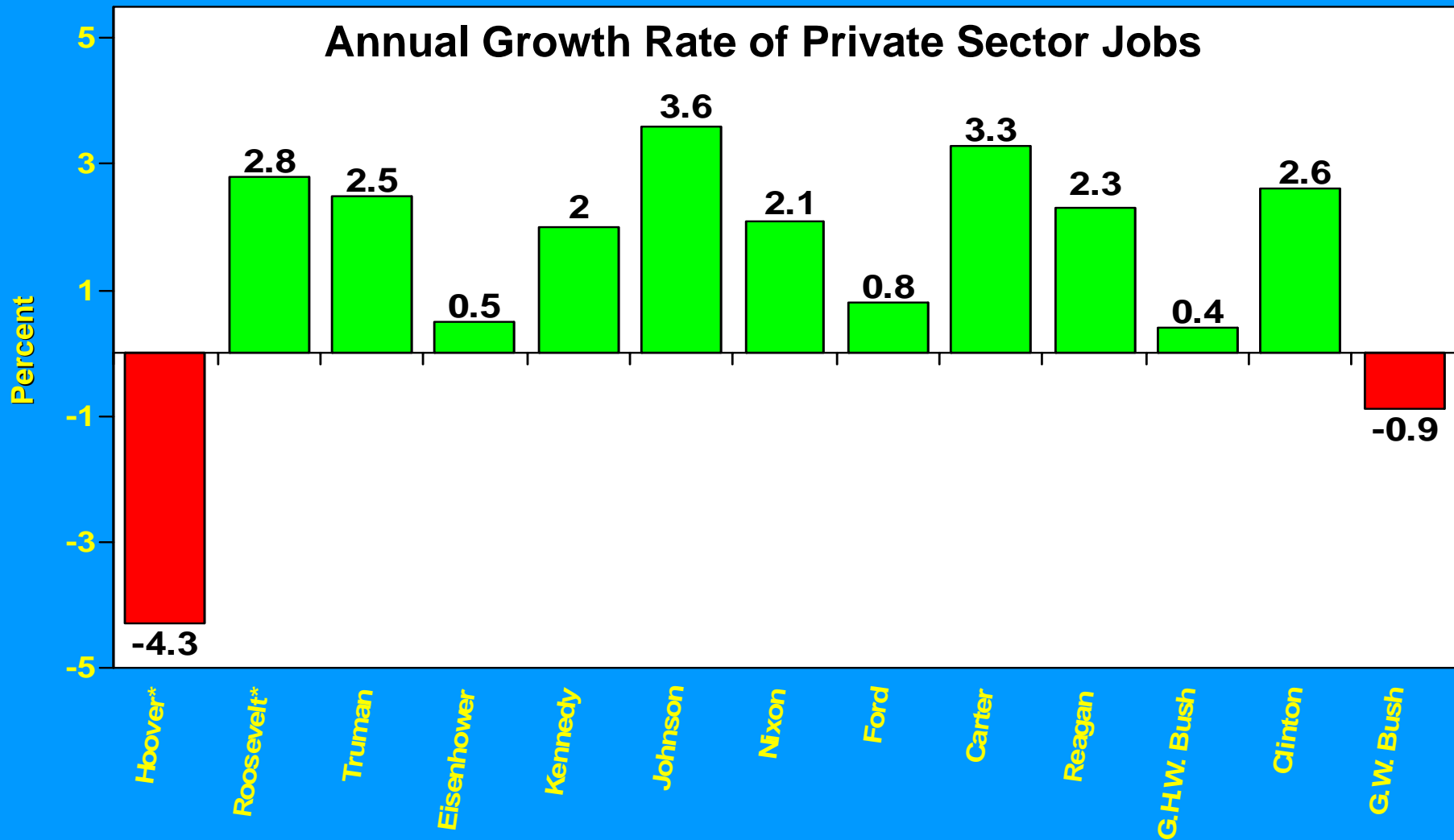
President Bush Still in Deficit Denial

“We’ve got plenty of money in Washington, D.C., by the way.”

**– President Bush
Remarks in Louisville, KY
February 26, 2004**

Bush Jobs Record:

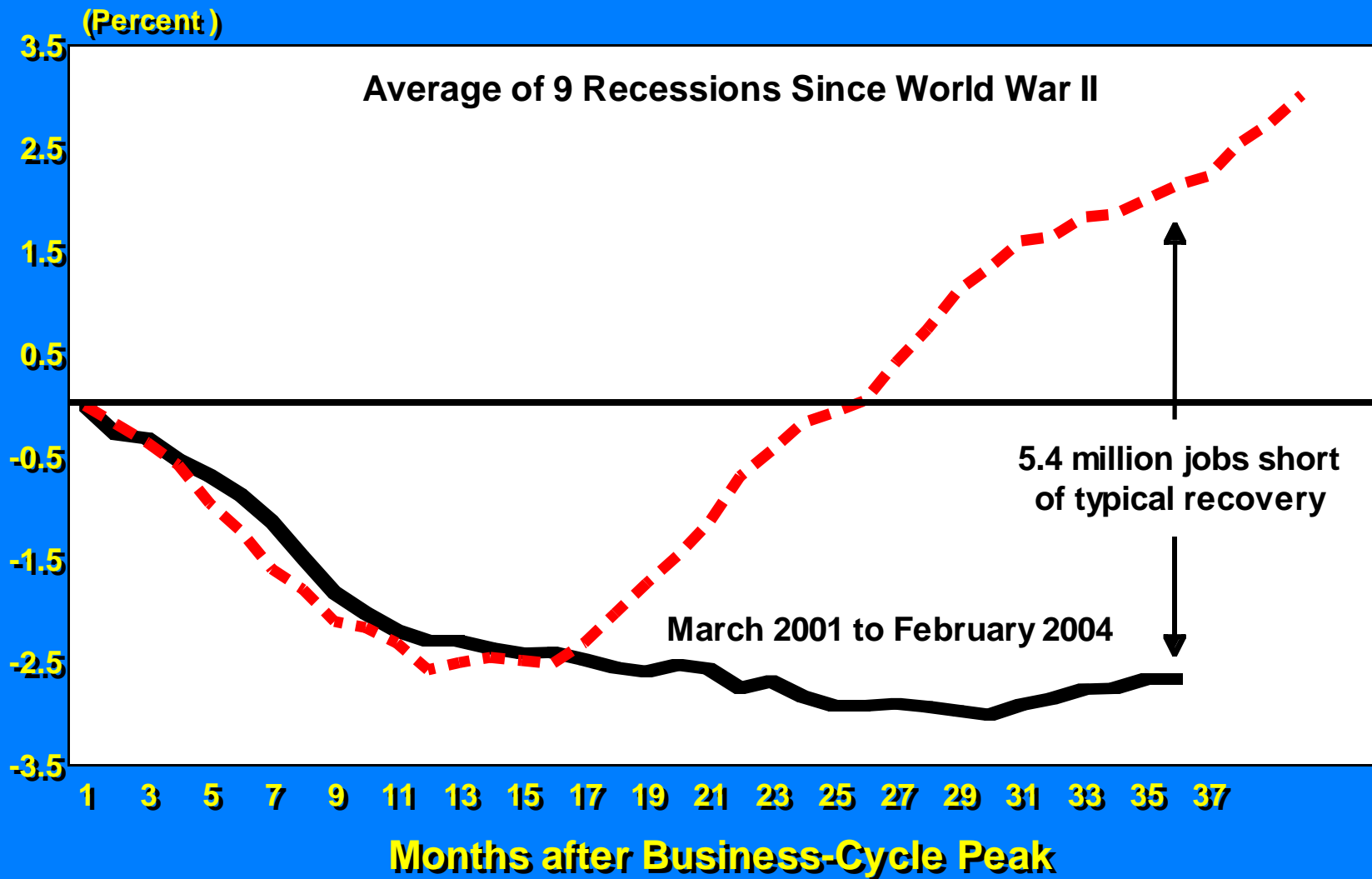
First Administration to Lose Private Sector Jobs in 70 Years



*Total civilian employment

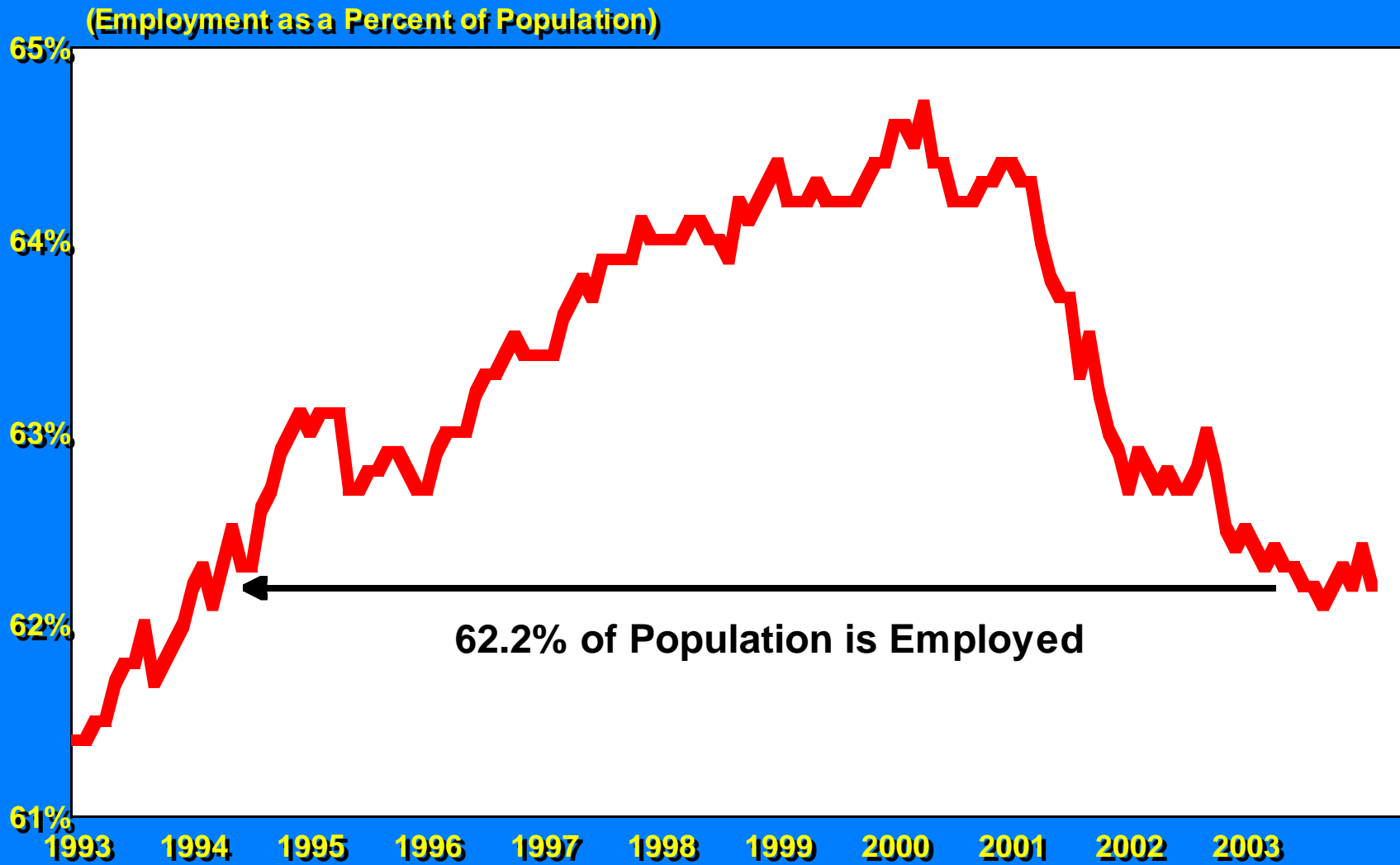
The Job-Loss Recovery

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



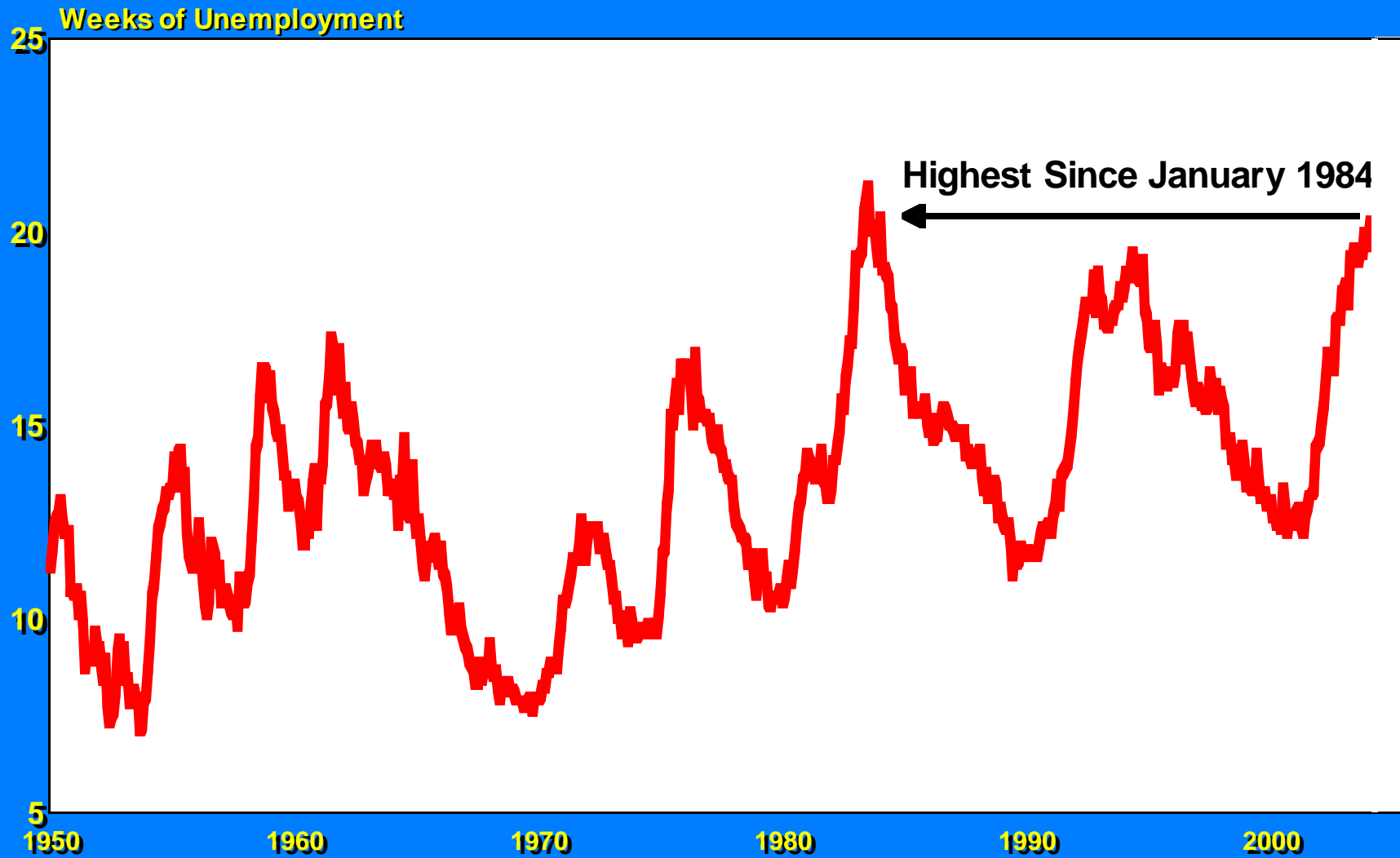
Source: BLS

Smallest Share of Population at Work Since 1994



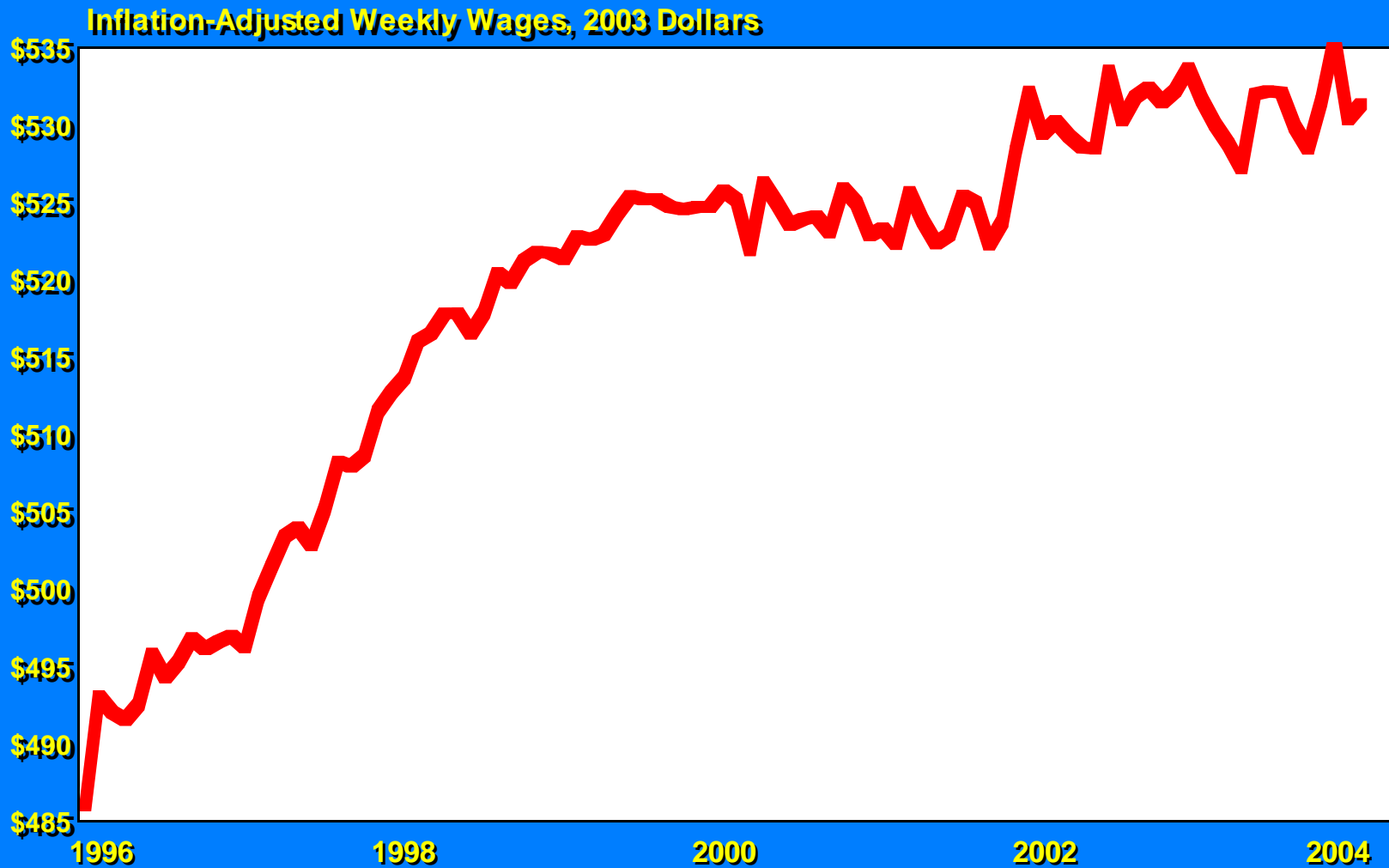
Source: Department of Labor

Longest Average Duration of Unemployment in Over 20 Years



Source: Department of Labor

Real Wages Up Less Than \$8 per Week Under Bush Administration



Source: Department of Labor

Market Recovery Leaves Stock Prices at 1998 Levels



Source: Department of Labor

Bush Administration Admits Payroll Survey Better Than Household Survey

“The payroll survey is the best indicator of current job trends.”

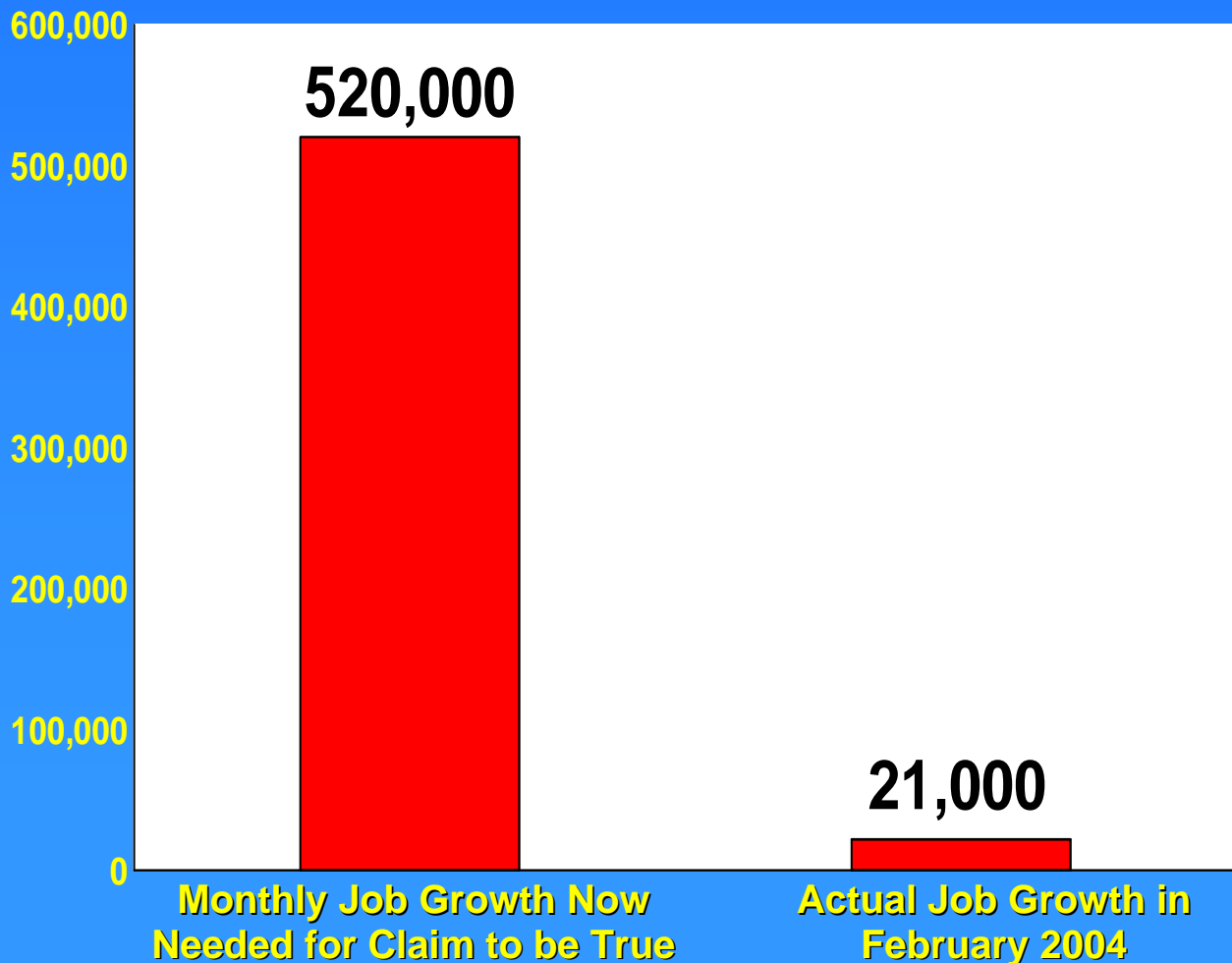
**– Kathleen Utgoff
Commissioner of the Bureau of Labor Statistics
Testimony before the Joint Economic Committee
March 5, 2004**

Bush Administration Promises on Job Creation are Not Credible

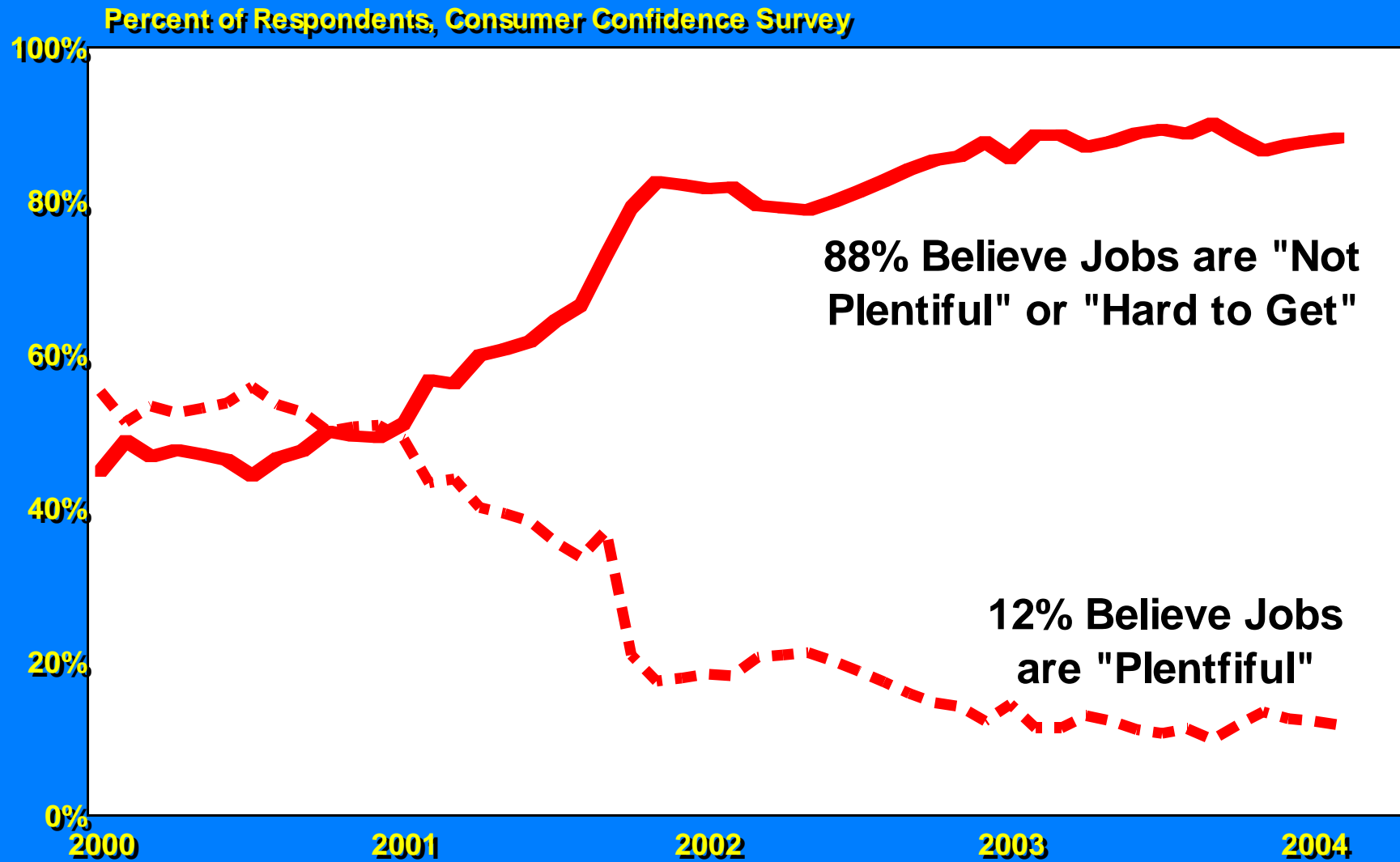
Bush Jobs Claim:

“[W]e expect sort of on average jobs in 2004 to be 2.6 million more than jobs in 2003.”

– Chairman of Council of Economic Advisers
N. Gregory Mankiw
Briefing on 2004 Economic Report of the President
February 9, 2004

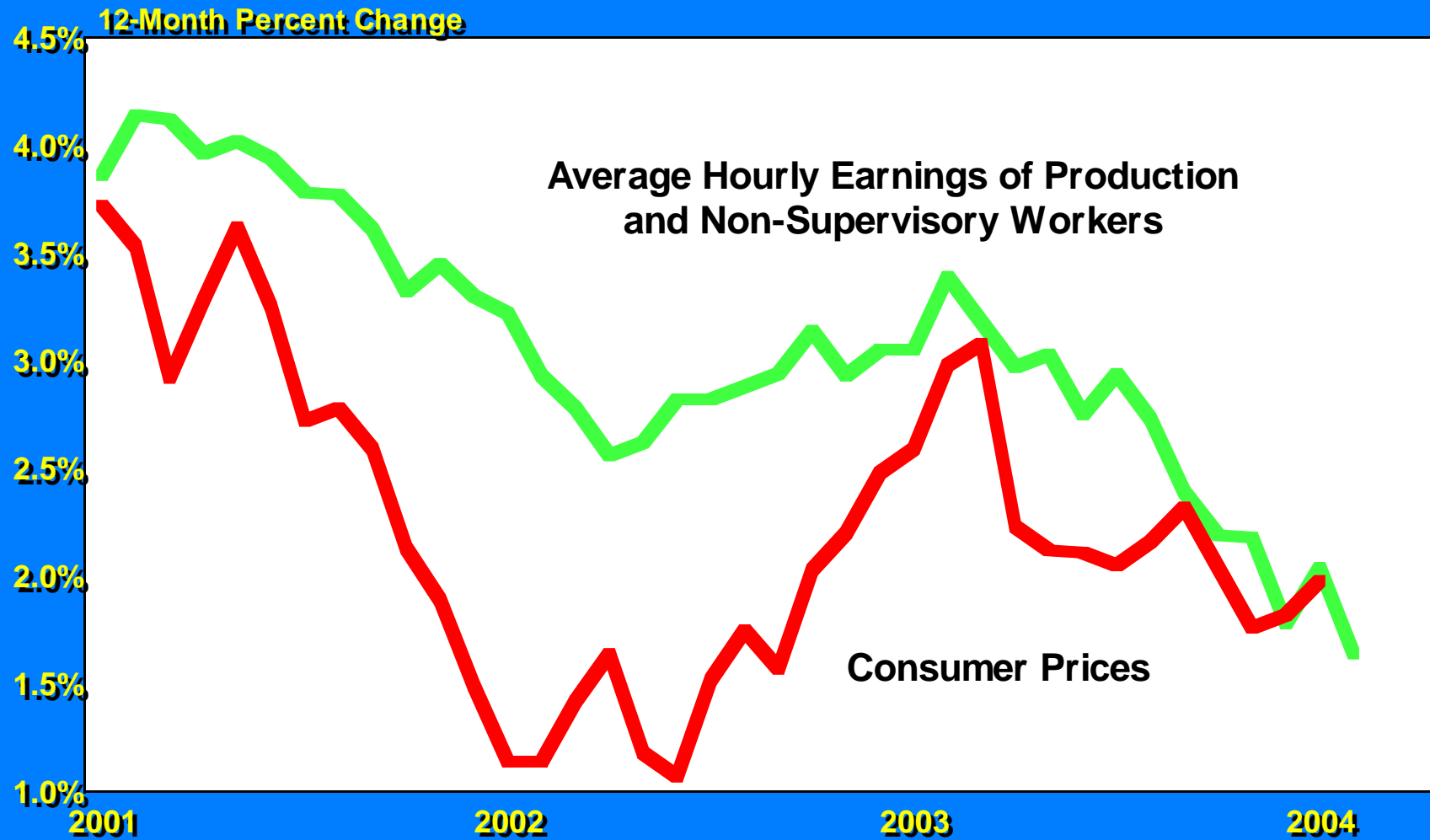


Consumers Believe Jobs are Hard to Get



Source: Conference Board

Wage Growth of Production Workers Starting to Fall Behind Inflation



Source: Department of Labor