

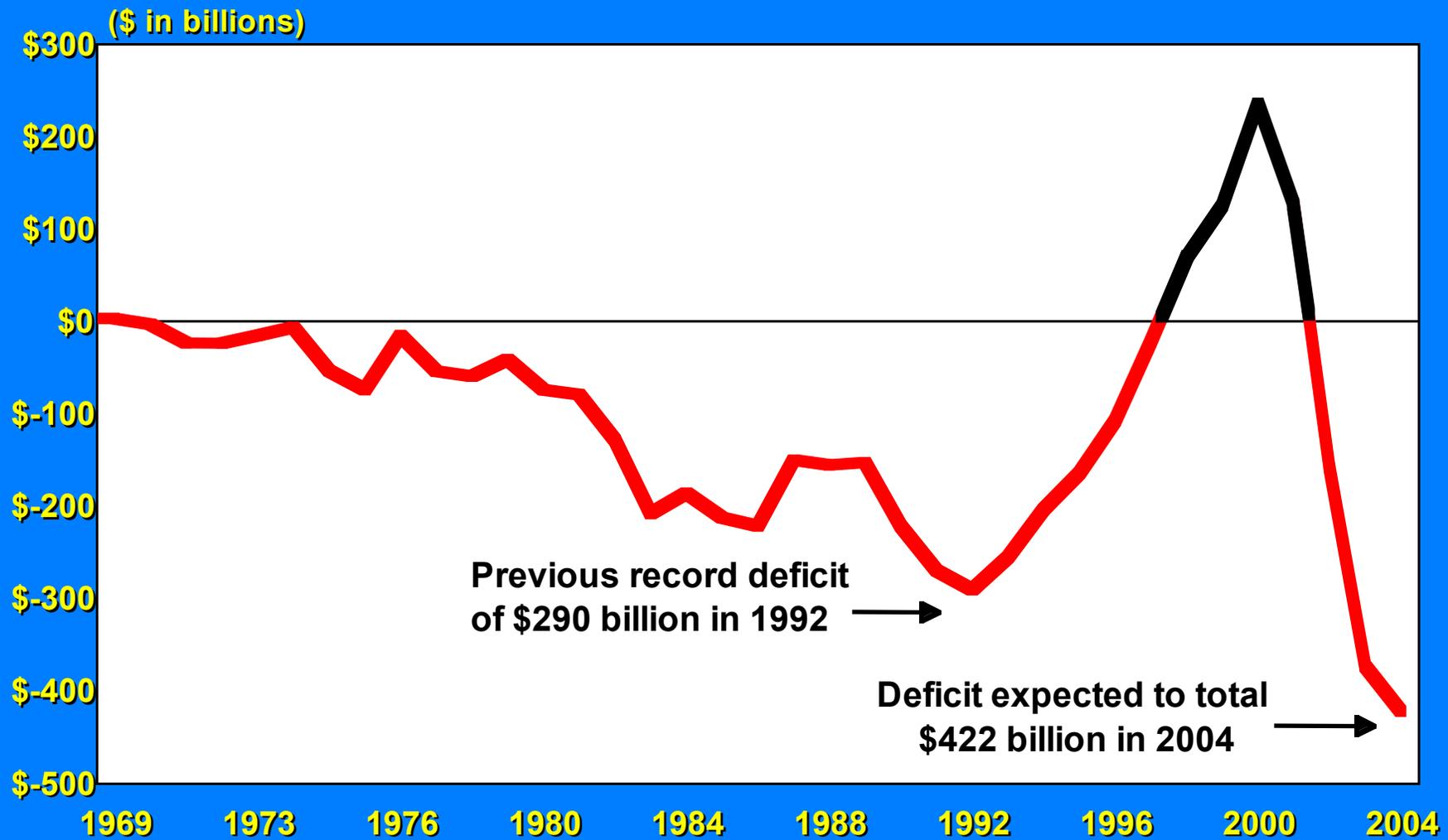
According to President Bush, This Year's Record Deficit 'Pretty Good'

Matt Lauer: Let me ask you about deficits. This year, \$445 billion. Ballpark, do you think that's pretty good?

President Bush: Yes, I do. I do.

**–NBC-TV *Today Show*
August 30, 2004**

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



Source: CBO

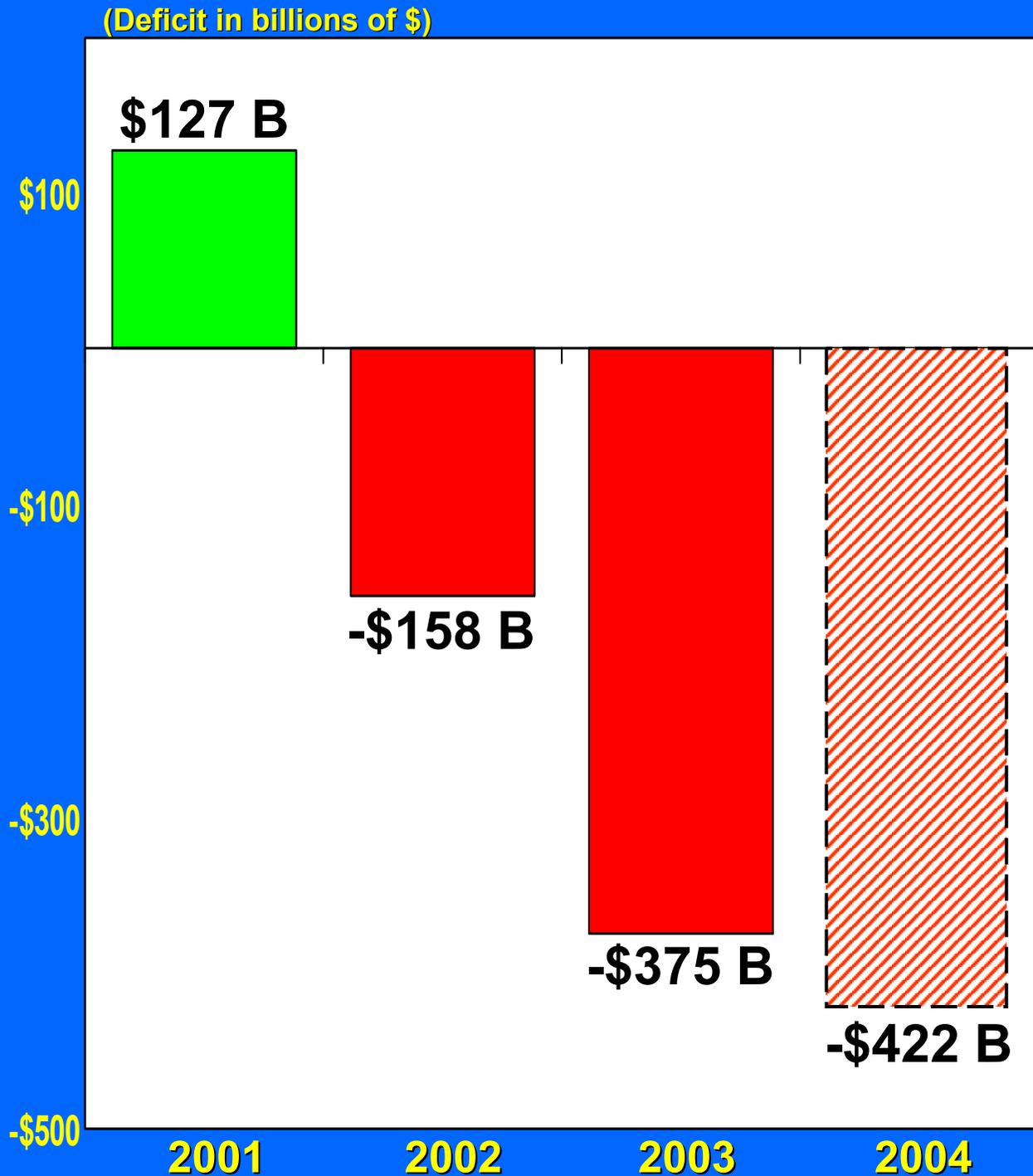
Sept 10

Bush Administration Claims Deficits are Coming Down

**“We continue to have deficits,
even though they are coming
down dramatically.”**

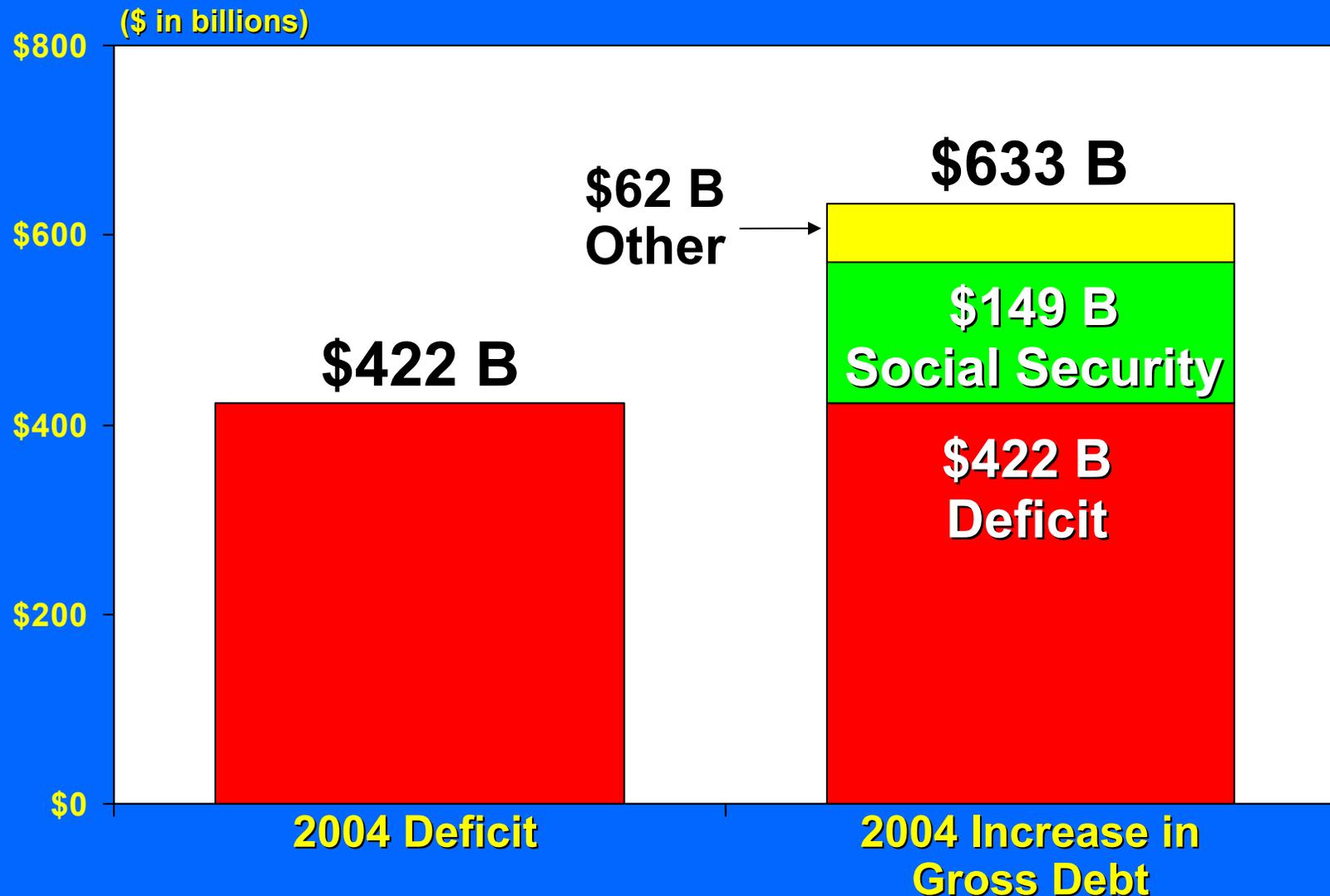
**– OMB Director Josh Bolten
Press Briefing on FY 2005
Mid-Session Review
July 30, 2004**

Deficits Have Worsened Every Year Since President Bush Took Office



Source: OMB, CBO

Increase in Debt in 2004 is Far Greater Than the \$422 Billion Deficit



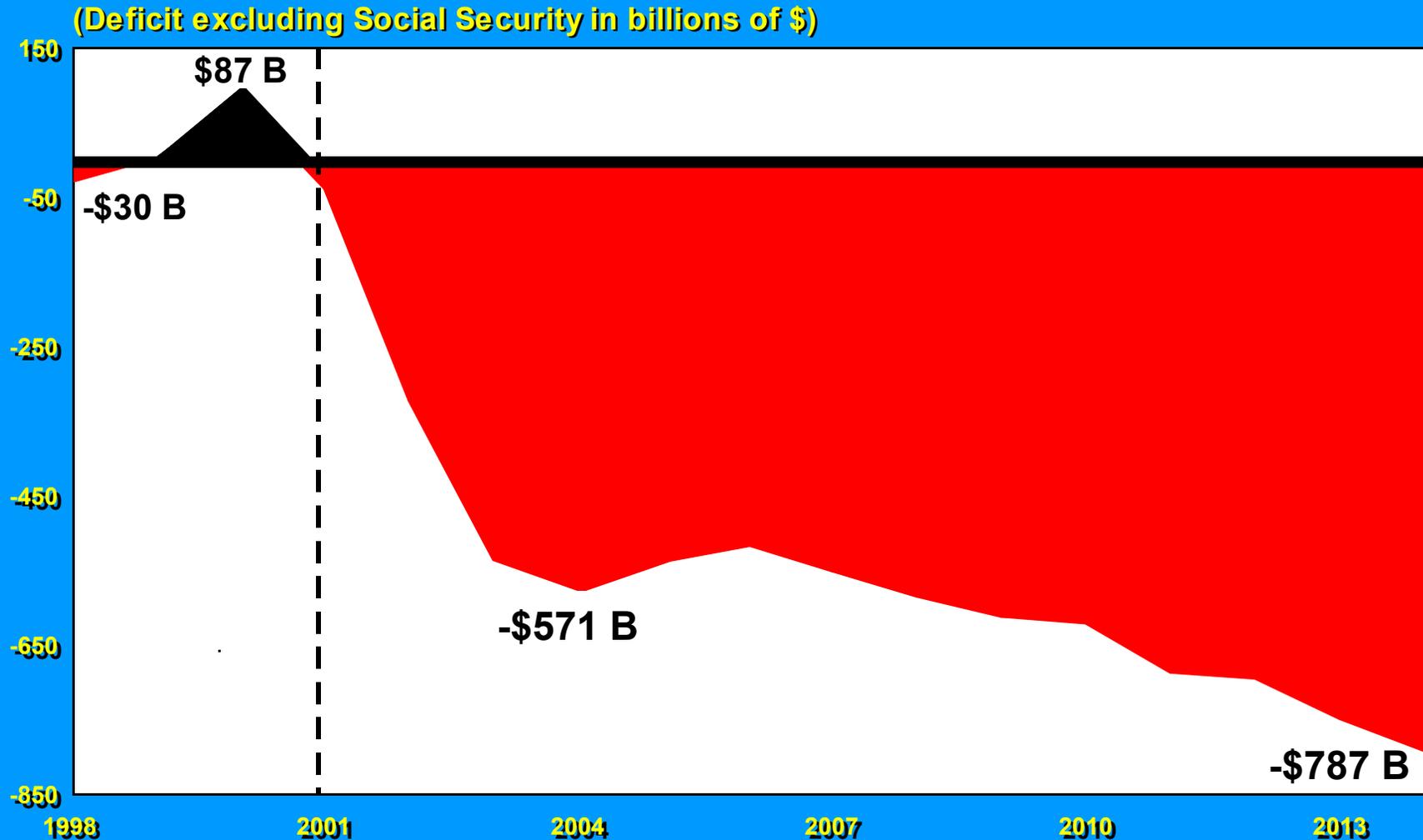
Source: CBO

Bush Administration Promised Deficits Will be Reduced in the Future

**So I can say to you that the deficit
will be cut in half over the next
five years...”**

**– President George W. Bush
Remarks in Annandale, Virginia
August 9, 2004**

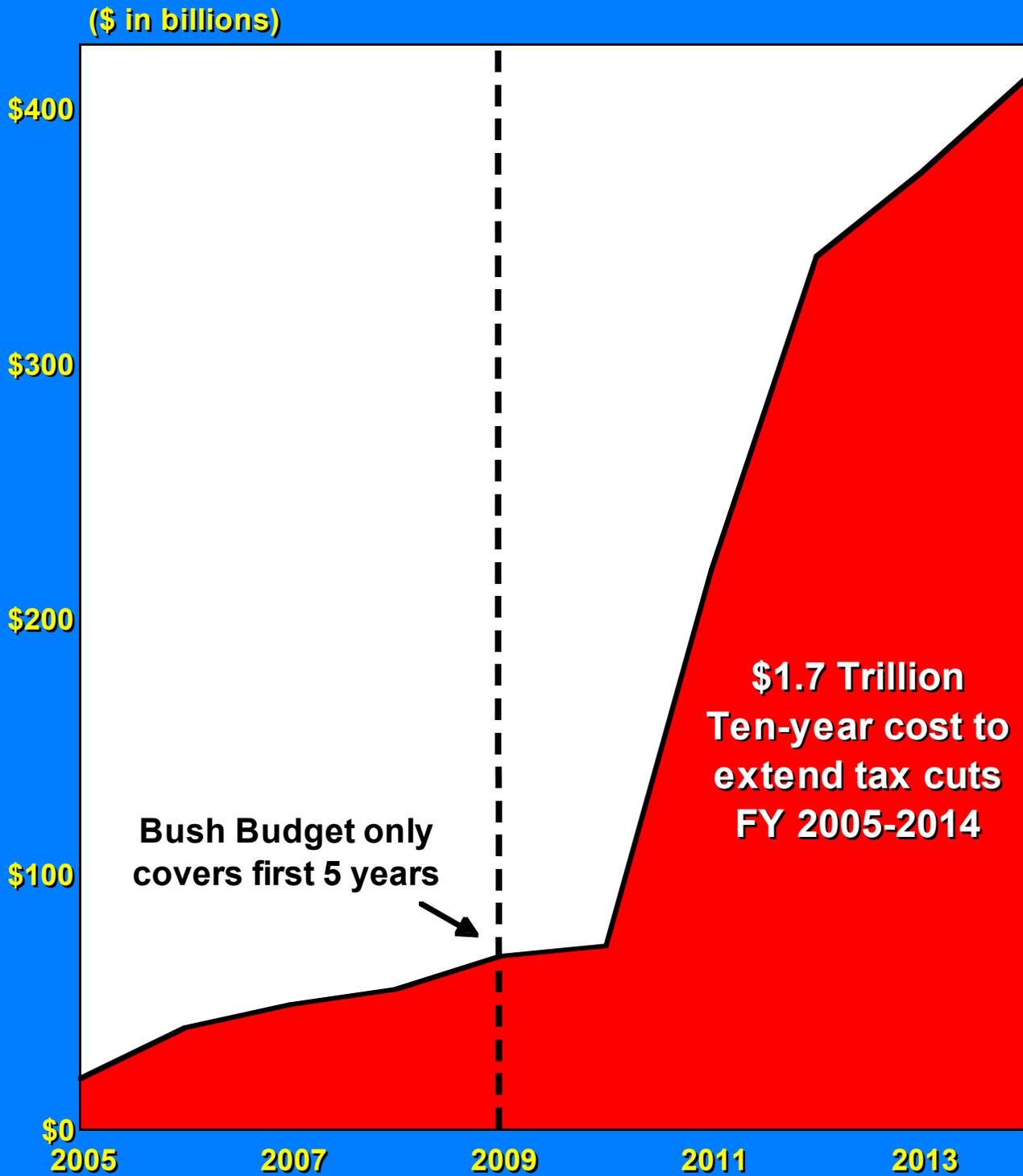
Deficits with Bush Tax Cuts Made Permanent, Bush Defense Buildup, AMT Reform, and Ongoing War Costs



Source: CBO, SBC

Note: CBO September 2004 estimate with Bush tax cuts made permanent, Bush defense buildup, AMT reform, and ongoing war costs.

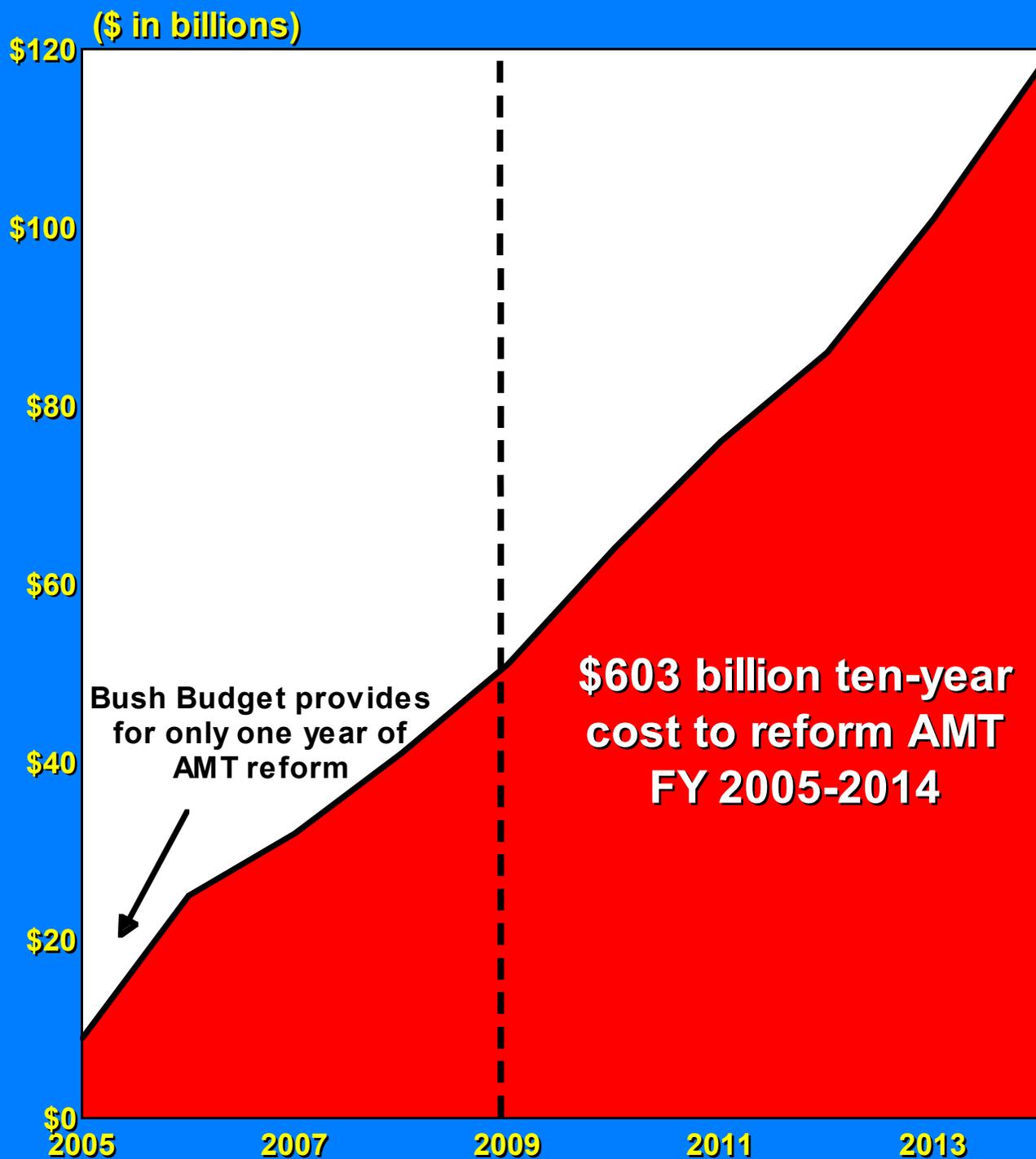
Cost of Extending Tax Cuts Explodes Outside Five-Year Budget Window



Source: CBO September 2004 estimates

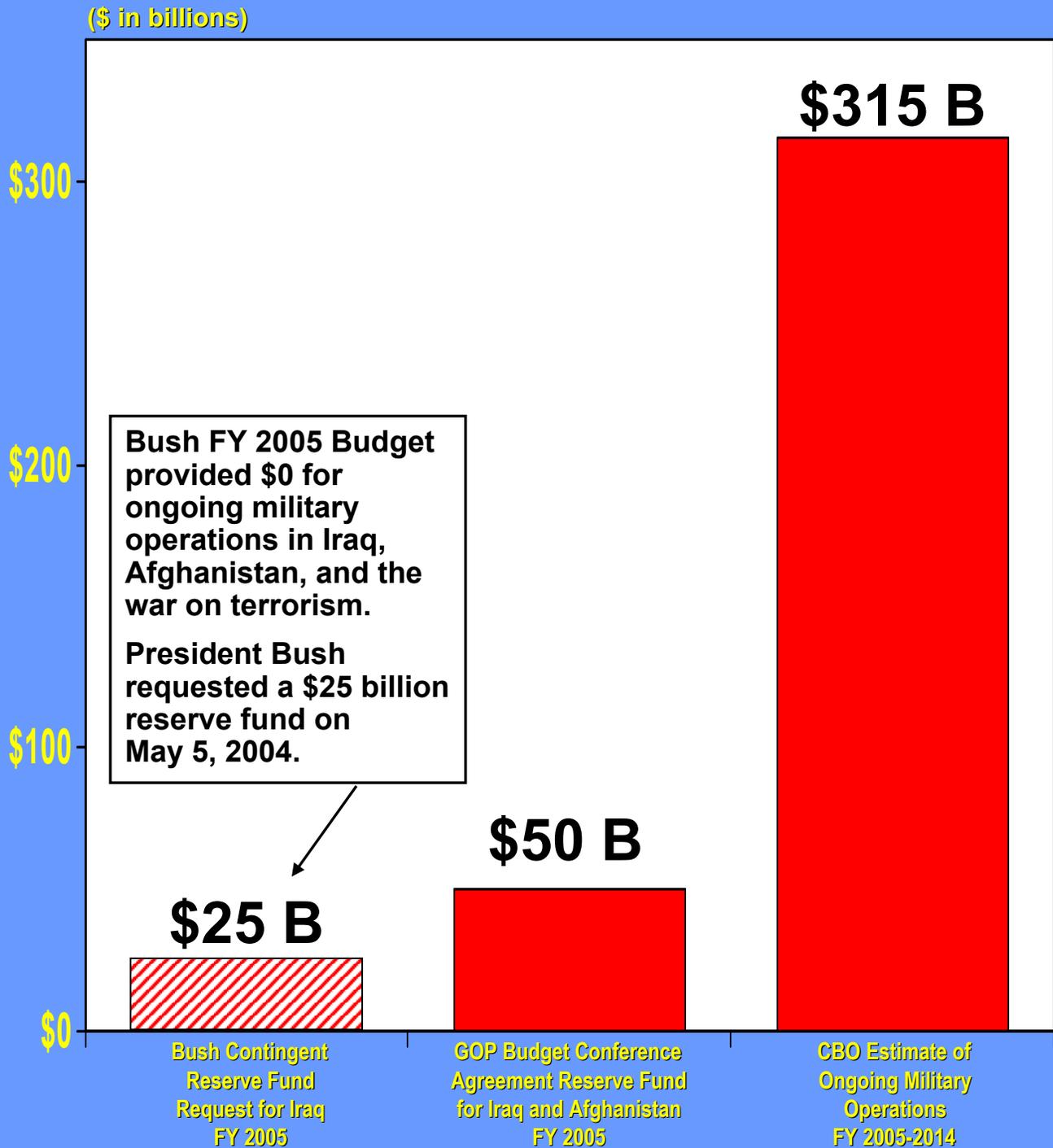
Note: Includes interest cost

Cost of AMT Reform Explodes Outside Five-Year Budget Window



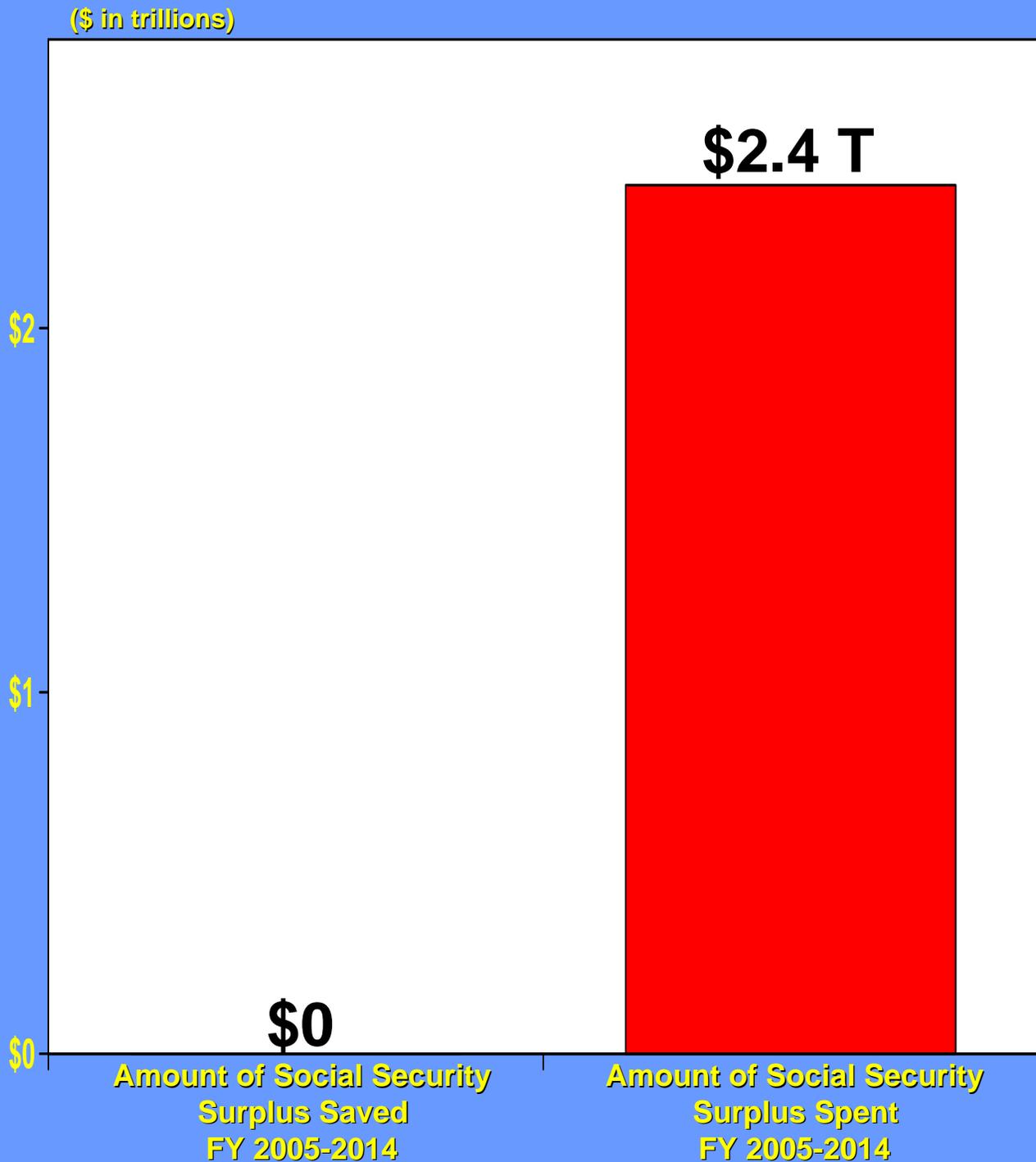
Source: CBO September 2004 estimates
Note: Cost to reform AMT if tax cuts are made permanent, including interest.

Long-Term Costs Underfunded for Ongoing Operations in Iraq, Afghanistan, and Continuing War on Terror



Source: OMB, 2005 GOP Budget Conference Agreement, and CBO September 2004 estimates

Under Bush Budget, Every Penny of Social Security Surplus Spent

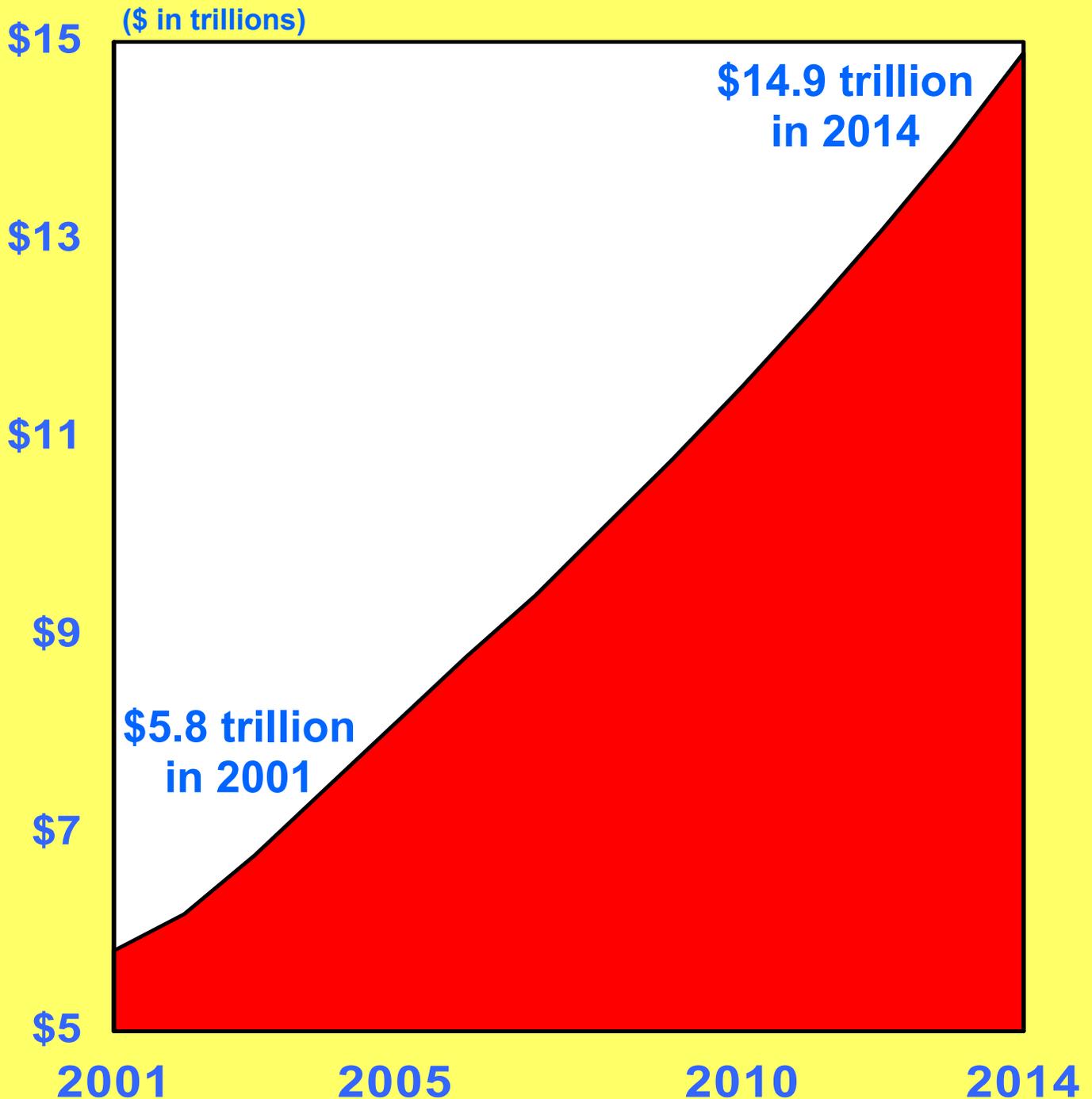


Source: CBO

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 Tax Cuts Made Permanent, Bush Defense Buildup, AMT Reform, and Ongoing War Costs



Source: CBO and SBC

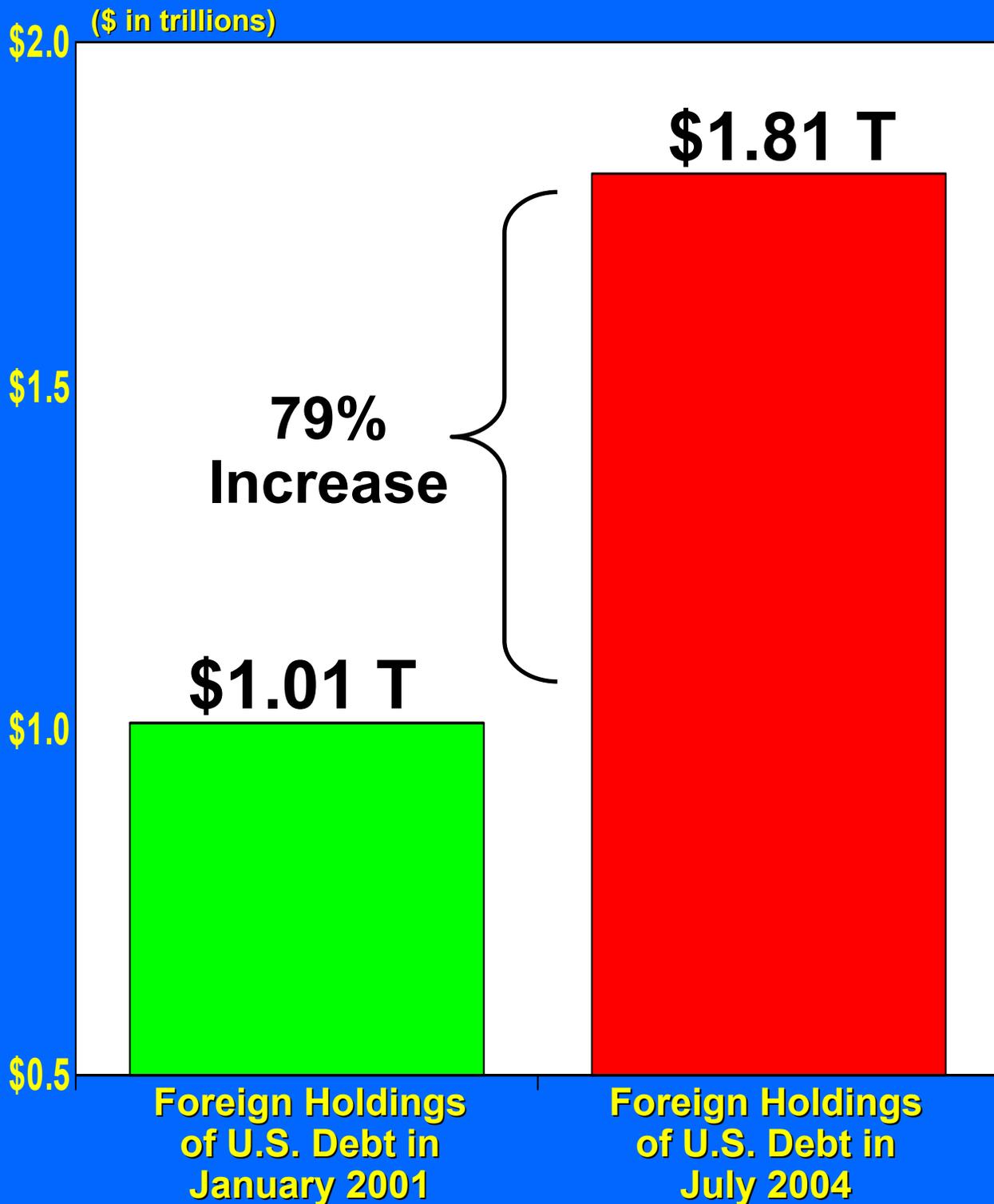
Note: CBO September 2004 estimate with Bush tax cuts made permanent, Bush defense buildup, AMT reform and CBO estimate of ongoing war costs.

Top Ten Countries Holding Our National Debt

Japan	\$696 B
China	\$167 B
United Kingdom	\$130 B
“Caribbean Banking Centers”	\$91 B
South Korea	\$62 B
Taiwan	\$58 B
Hong Kong	\$50 B
Germany	\$49 B
Switzerland	\$48 B
OPEC	\$44 B

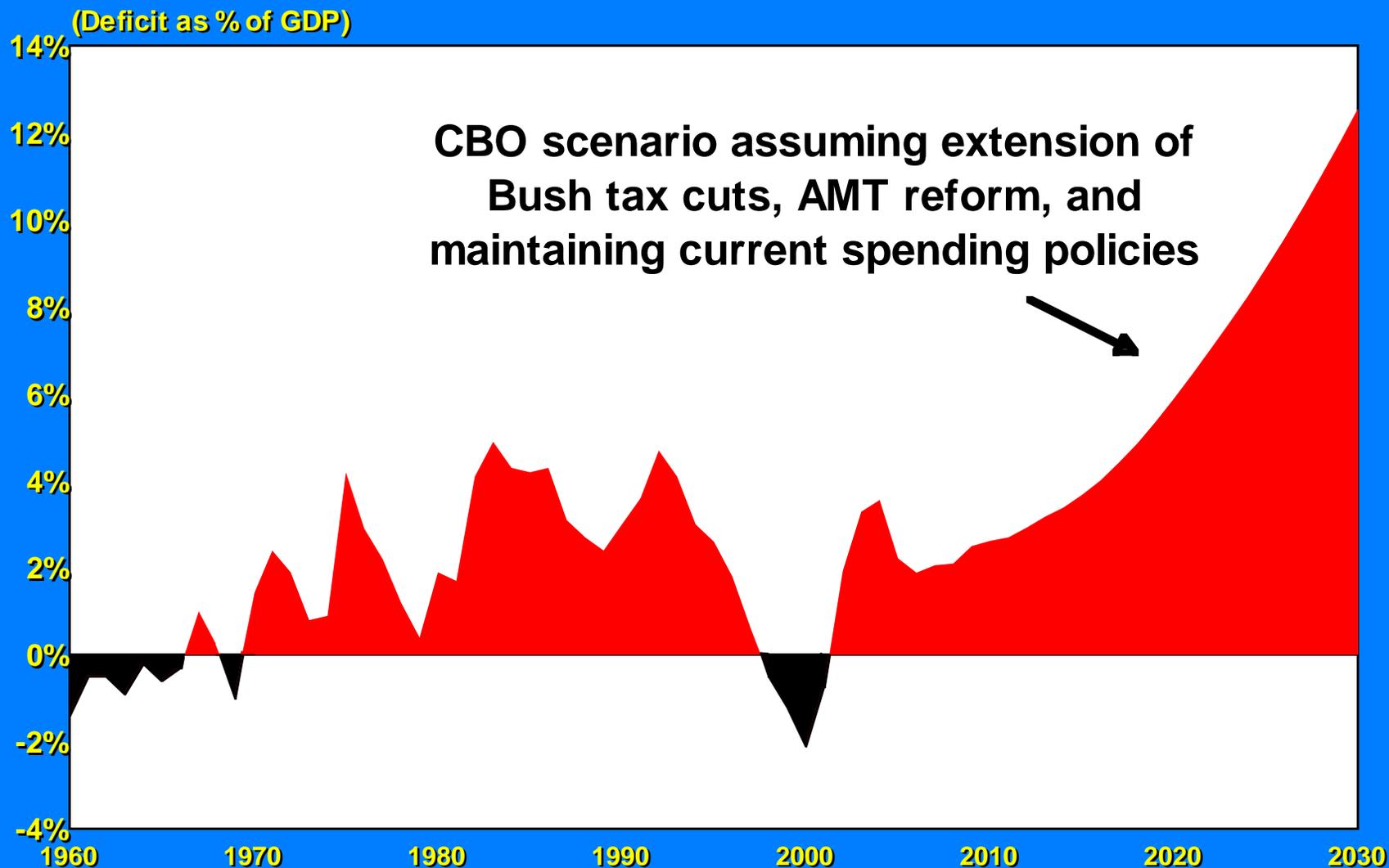
Source: Department of Treasury
Note: As of July 2004

Foreign Holdings of U.S. Treasury Debt Have Increased 79 Percent Under President Bush



Source: U.S. Treasury

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.

CBO Director Believes We Can't Grow Our Way Out of Deficit

“[T]his is a fiscal situation in which we cannot rely on economic growth to cause deficits to disappear.”

- CBO Director Douglas Holtz-Eakin
Press Briefing on CBO 2000 Summer
Budget Update
September 7, 2004**

Federal Reserve Chairman Greenspan Opposes Deficit-Financed Tax Cuts

“If you’re going to lower taxes, you shouldn’t be borrowing essentially the tax cut. And that over the long run is not a stable fiscal situation.”

- Federal Reserve Chairman Alan Greenspan
Testimony before House Budget Committee
September 8, 2004**

The Washington Post

THURSDAY, FEBRUARY 26, 2004

Fed Chief Urges Cut In Social Security

Future Benefits Must Be Curtailed, Greenspan Warns

By NELL HENDERSON
Washington Post Staff Writer

Federal Reserve Chairman Alan Greenspan warned Congress yesterday that the federal government has promised more retirement benefits than it can pay for and must consider scaling back those commitments soon to avoid damaging the economy in the future.

"I am just basically saying that we are overcommitted at this stage," Greenspan told members of the House Budget Committee as they discussed the future costs of the Social Security and Medicare systems.

Greenspan, who supported President Bush's 2001 tax cuts, again endorsed Bush's proposal to make the cuts permanent. However, he said in response to questions that raising taxes would inevitably be part of any successful effort to reduce the growing federal budget deficit. He stressed that he prefers cutting government spending as much as possible before increasing taxes.

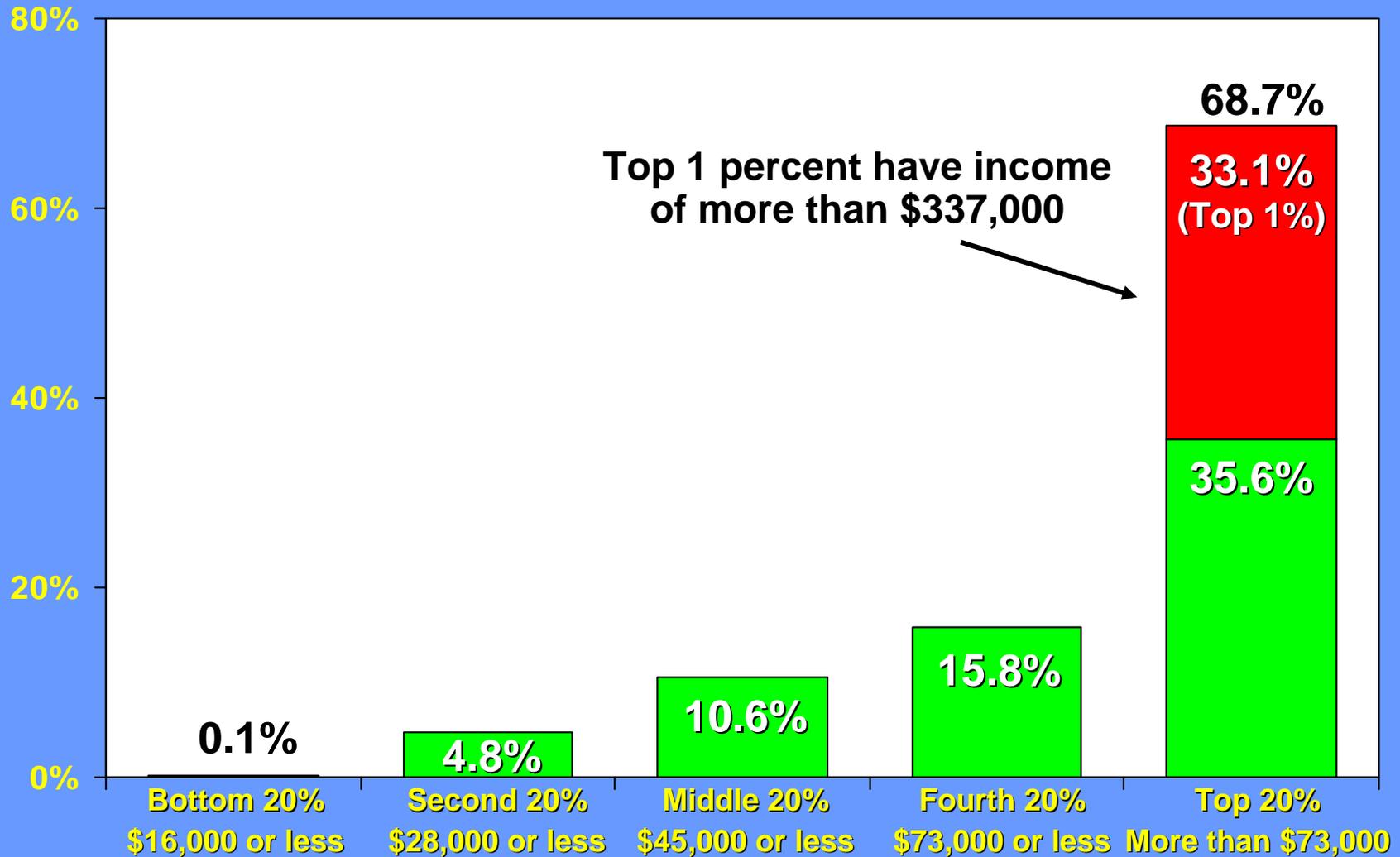
"You don't have the resources to do it all," Greenspan said.

To curtail future spending, Greenspan urged Congress, as he has in the past, to consider cutting promised Social Security benefits to future retirees. Otherwise, he said, the growing burdens would create long-term budget deficits that would drive up interest rates and depress economic growth, making it even harder for the government to pay its bills.

Greenspan said Congress should act as soon as it can because it would take several years to convince financial markets that the ac-

See GREENSPAN, A10, Col. 1

Benefits of Bush Income Tax Cuts

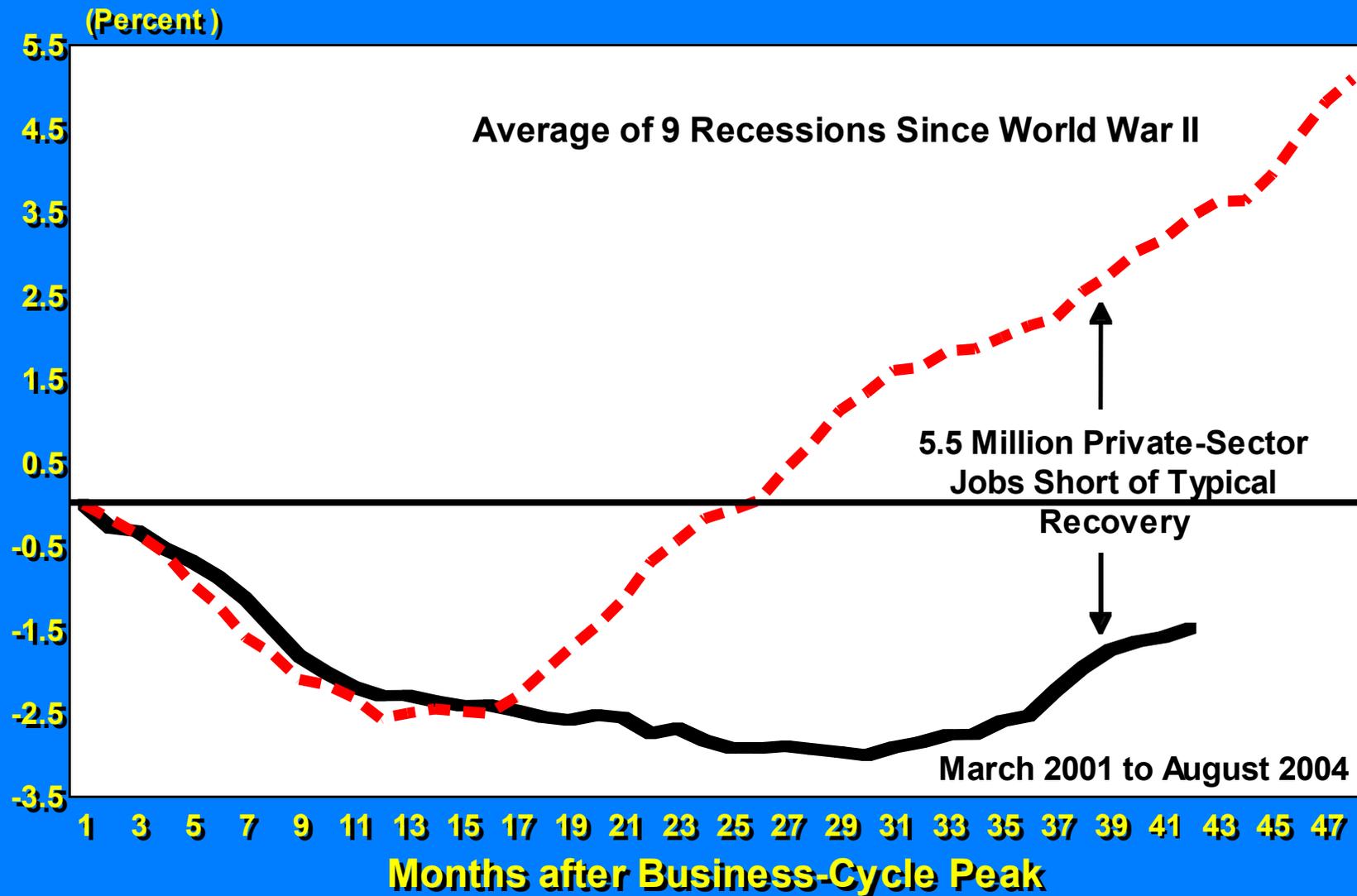


Source: Tax Policy Center and Citizens for Tax Justice

Note: Benefits in 2006, quintiles by adjusted gross income (AGI).

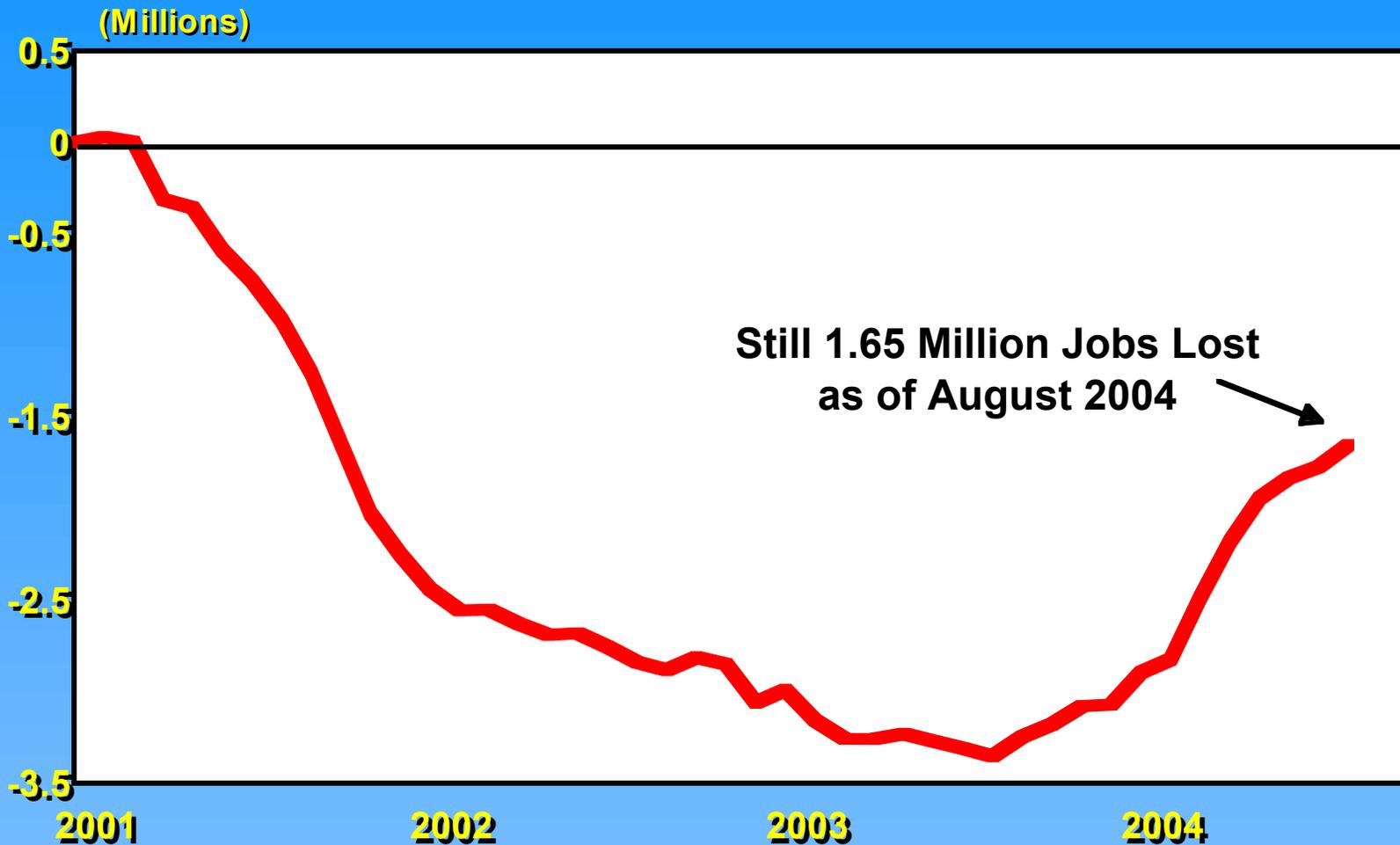
The Job-Loss Recovery

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



Private Sector Jobs Decline

1.65 Million Jobs Lost Since January 2001



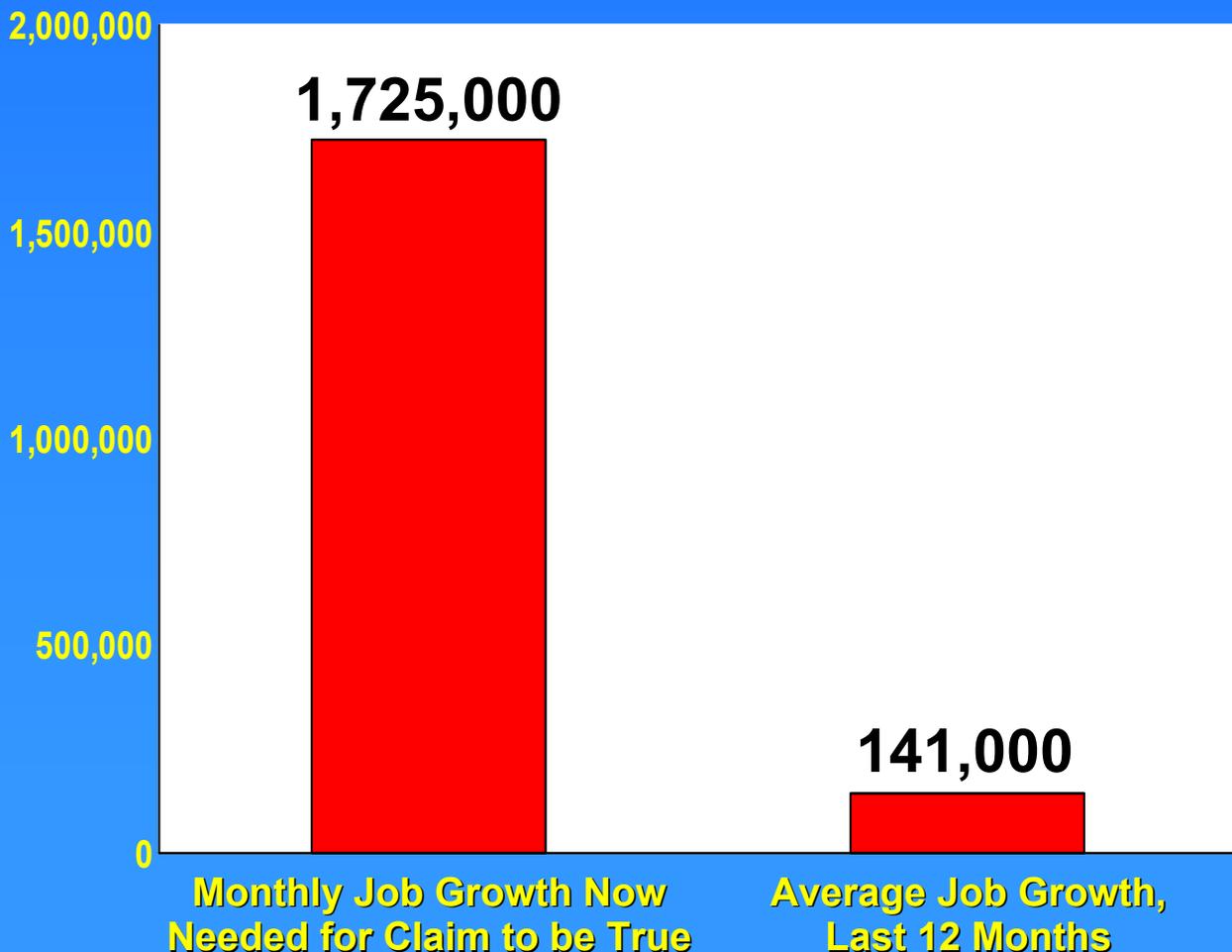
Source: Bureau of Labor Statistics
Note: Private Sector Jobs

Bush Administration Promises on Job Creation are Not Credible

Bush Jobs Claim:

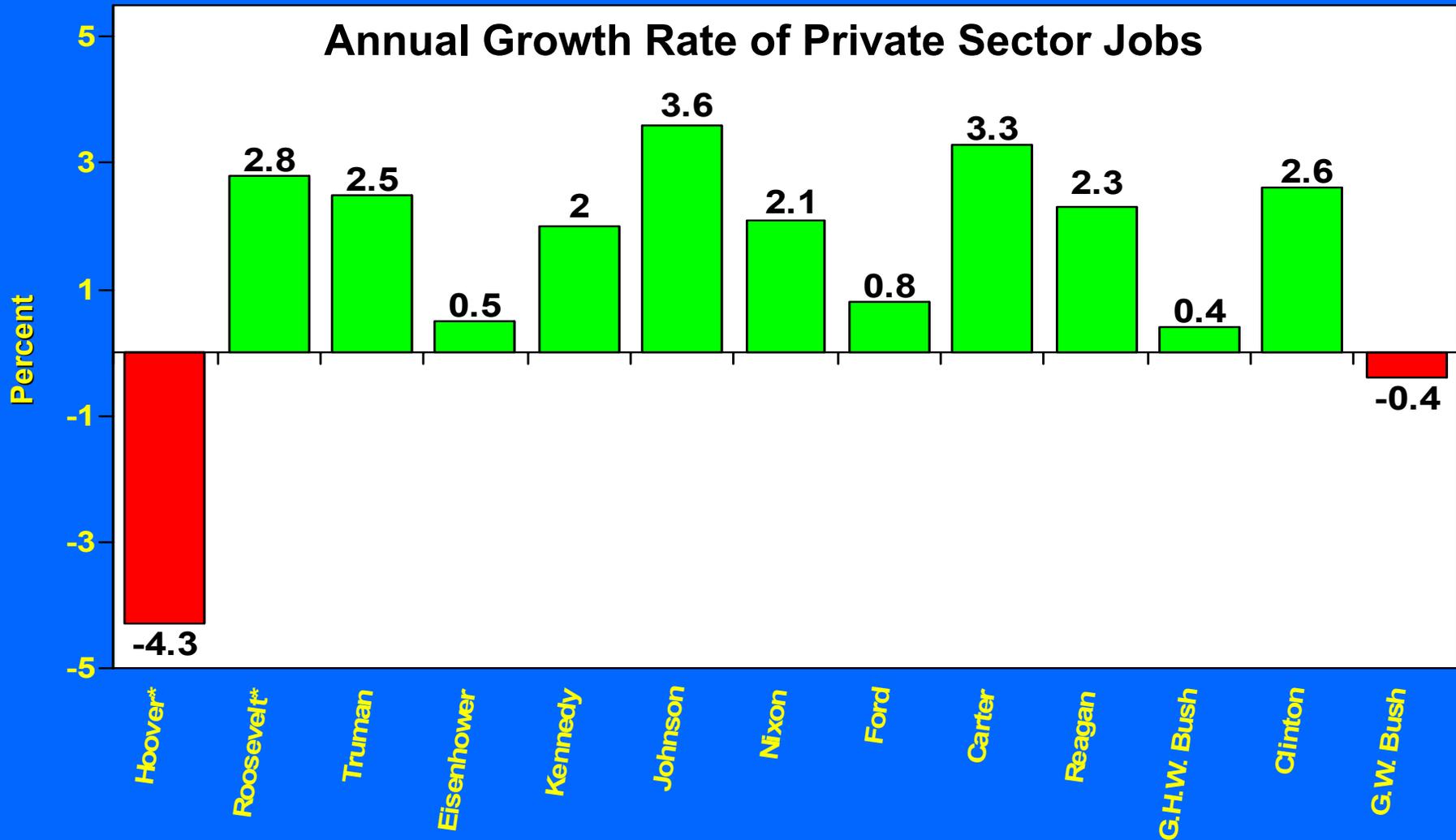
“[W]e expect sort of on average jobs in 2004 to be 2.6 million more than jobs in 2003.”

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



Bush Jobs Record:

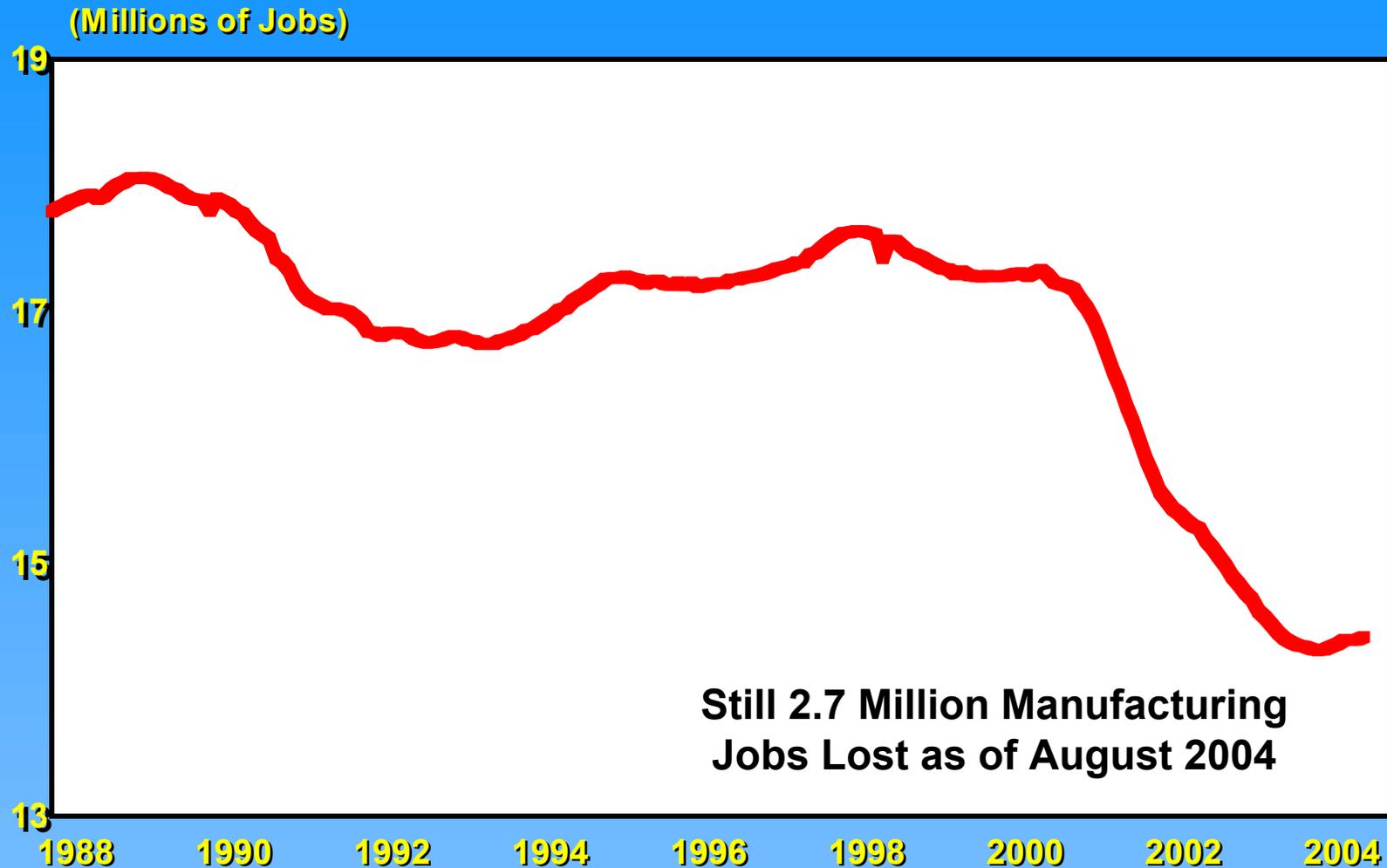
First Administration to Lose Private Sector Jobs in 70 Years



*Total civilian employment

Manufacturing Jobs Decline

2.7 Million Manufacturing Jobs Lost Since January 2001



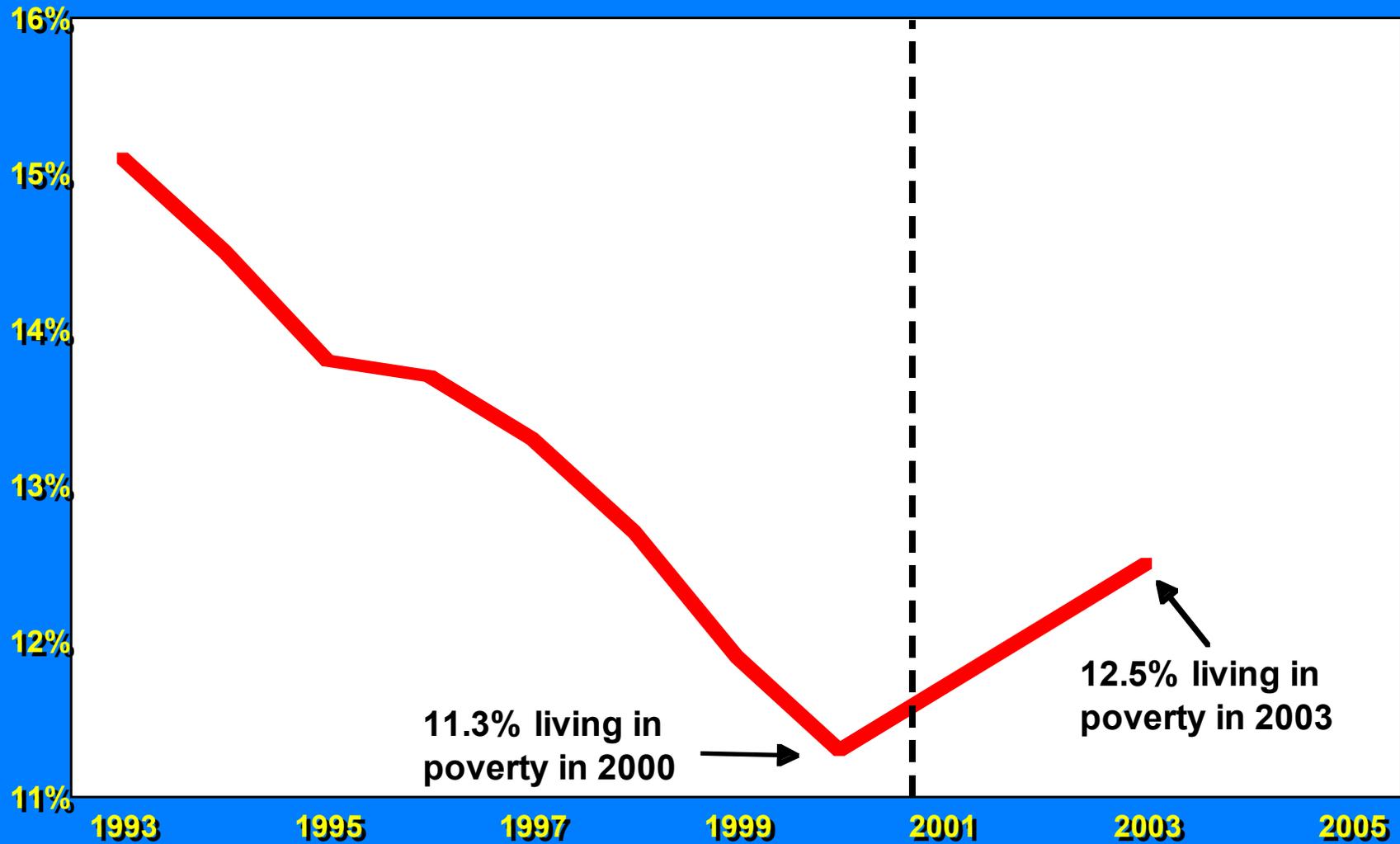
Source: Bureau of Labor Statistics

Bush Administration Considers Categorizing McDonald's Work as a Manufacturing Job

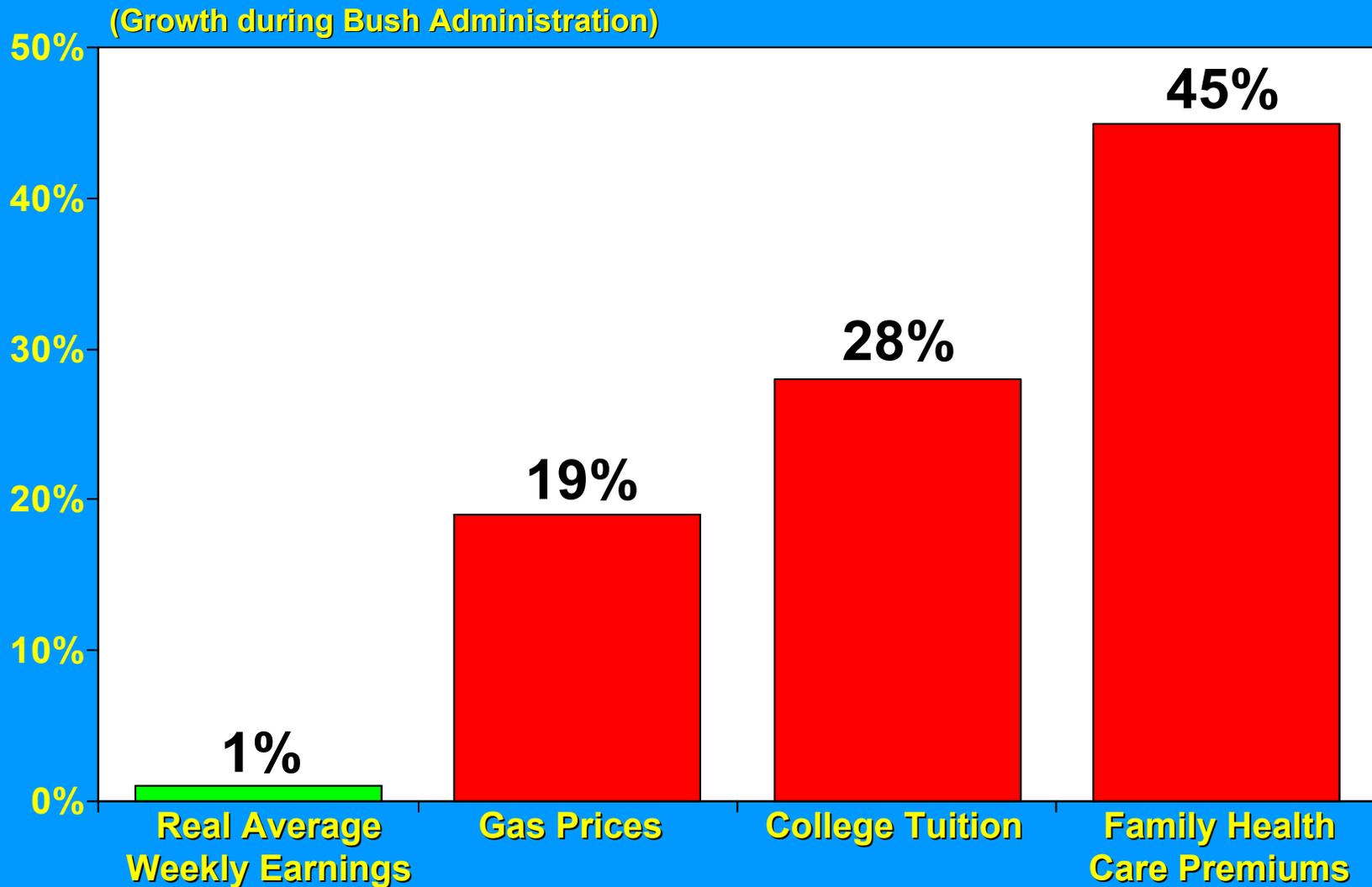
**“The definition of a manufactured product...
is not straightforward. When a fast-food
restaurant sells a hamburger, for example, is
it providing a ‘service’ or is it combining
inputs to ‘manufacture’ a product?”**

**– Economic Report of the President
Council of Economic Advisers
February 2004**

Percent of Americans Living in Poverty

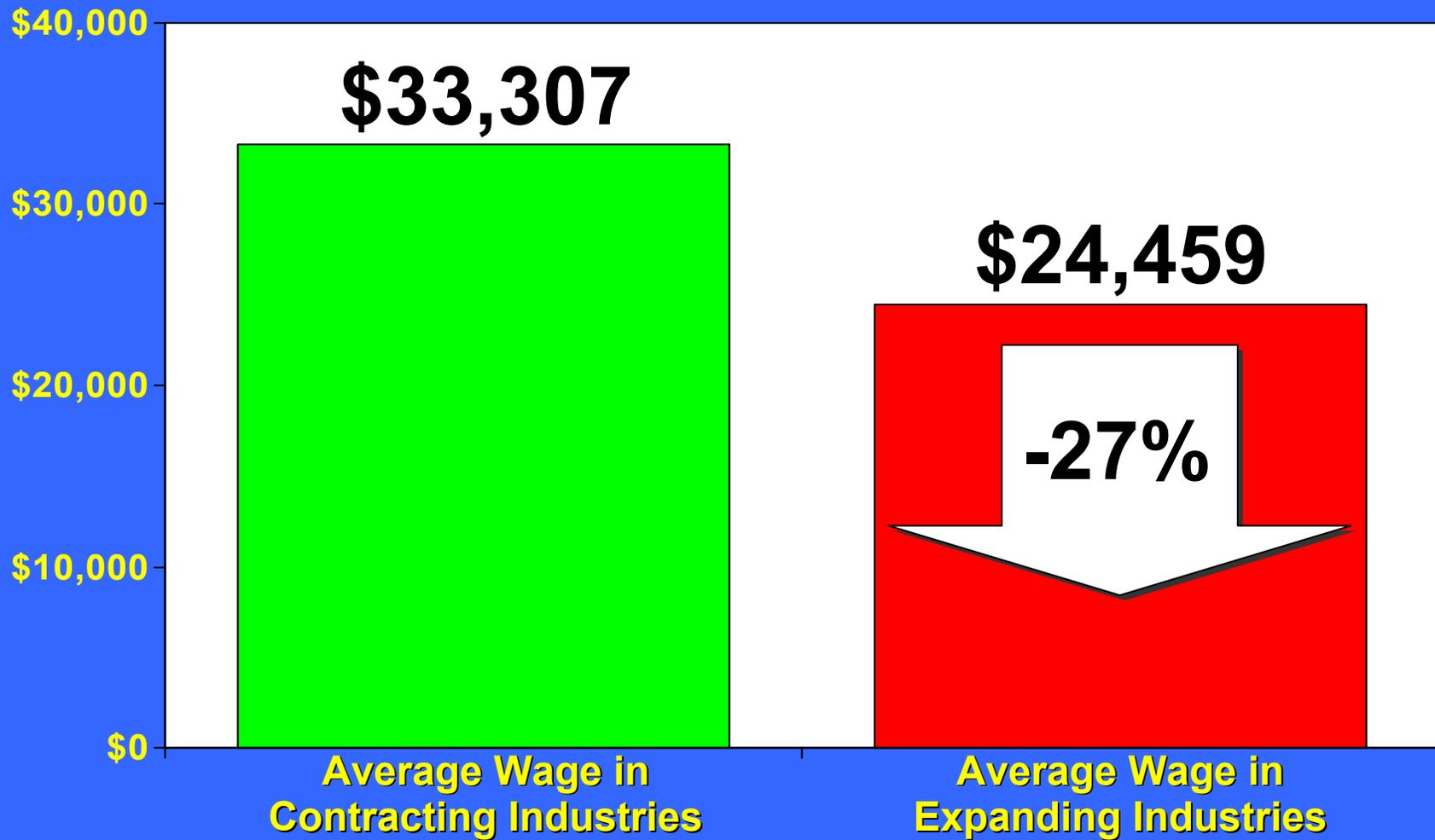


Are You Better Off?: Flat Wages vs. Skyrocketing Costs



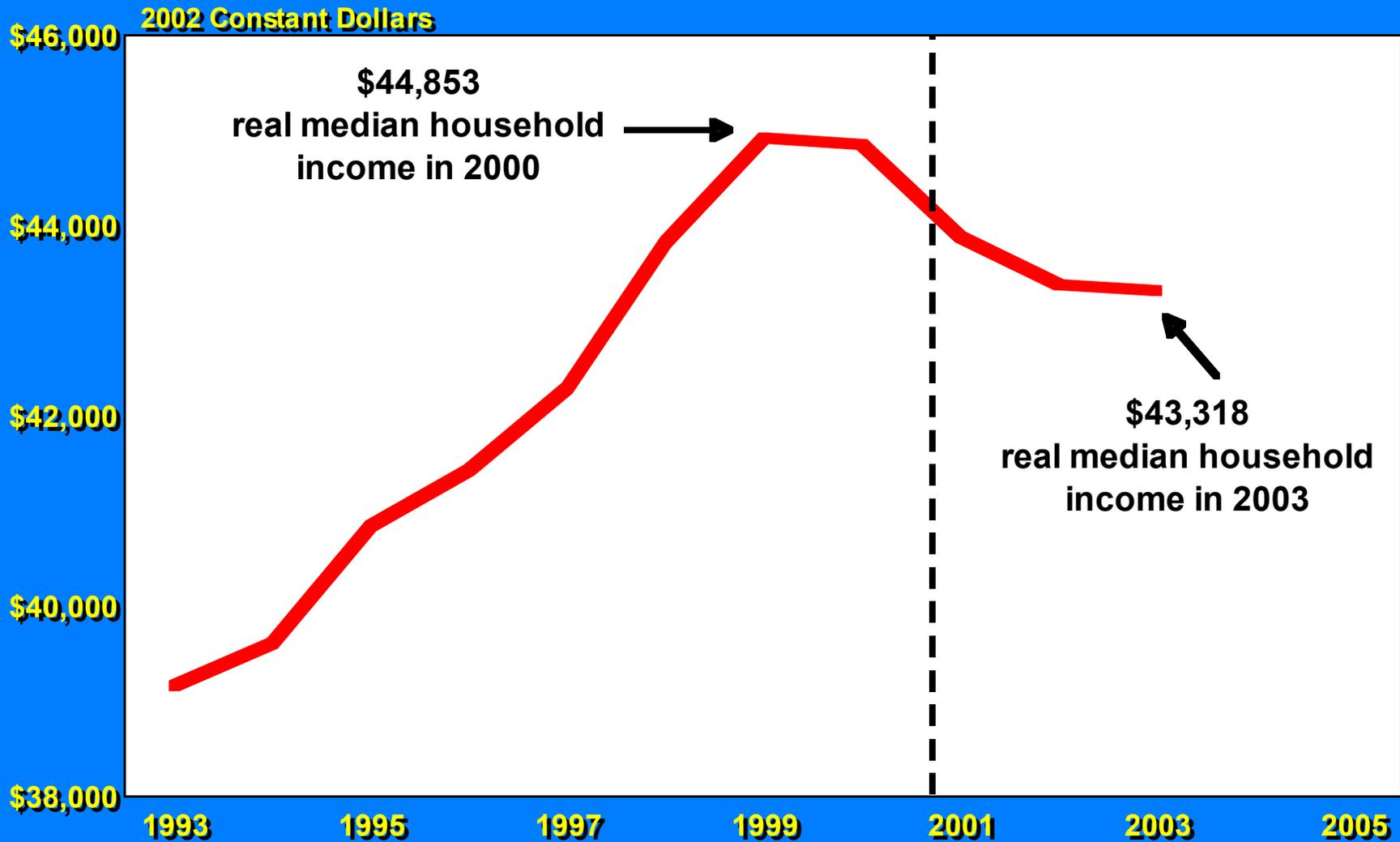
Source: Department of Labor (BLS), Department of Energy, Kaiser Family Foundation, and The College Board

Jobs Gained Do Not Pay as Much as Jobs Lost

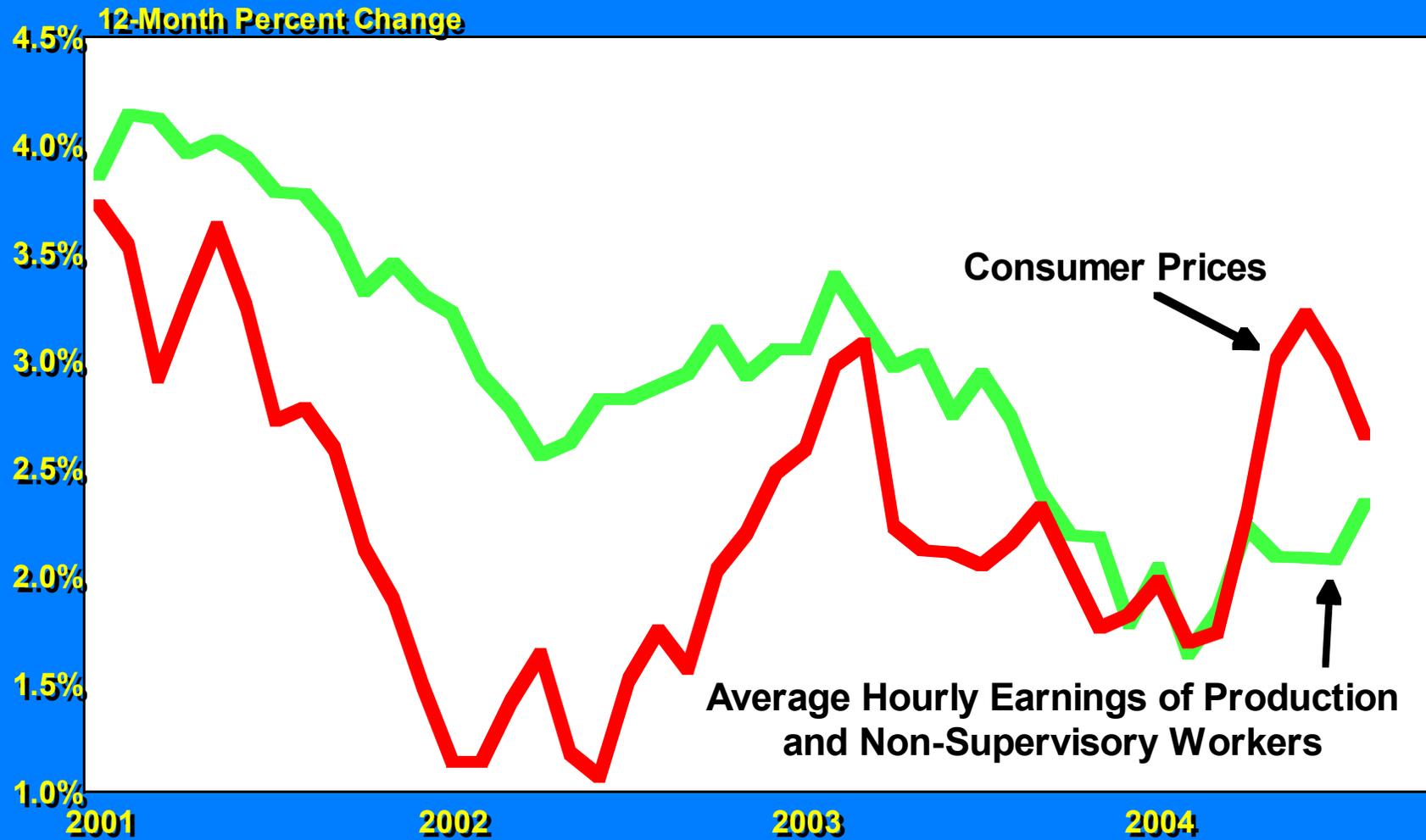


Source: Economic Policy Institute, State of Working America

Real Median Household Income Falls Under Bush



Wage Growth of Production Workers Starting to Fall Behind Inflation



Source: Department of Labor

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