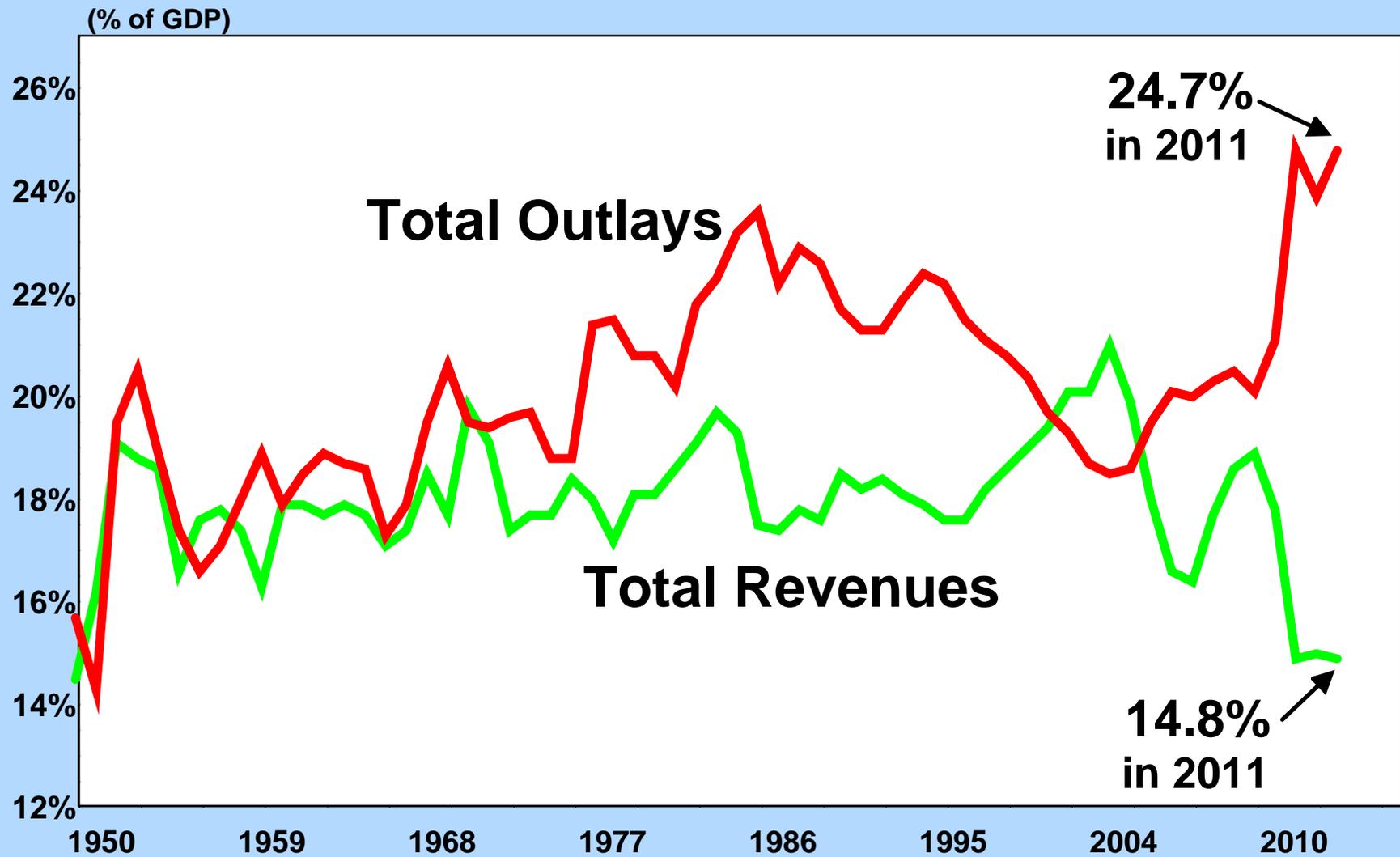


# **Admiral Mullen on Debt Threat**

**“Our national debt is  
our biggest national  
security threat.”**

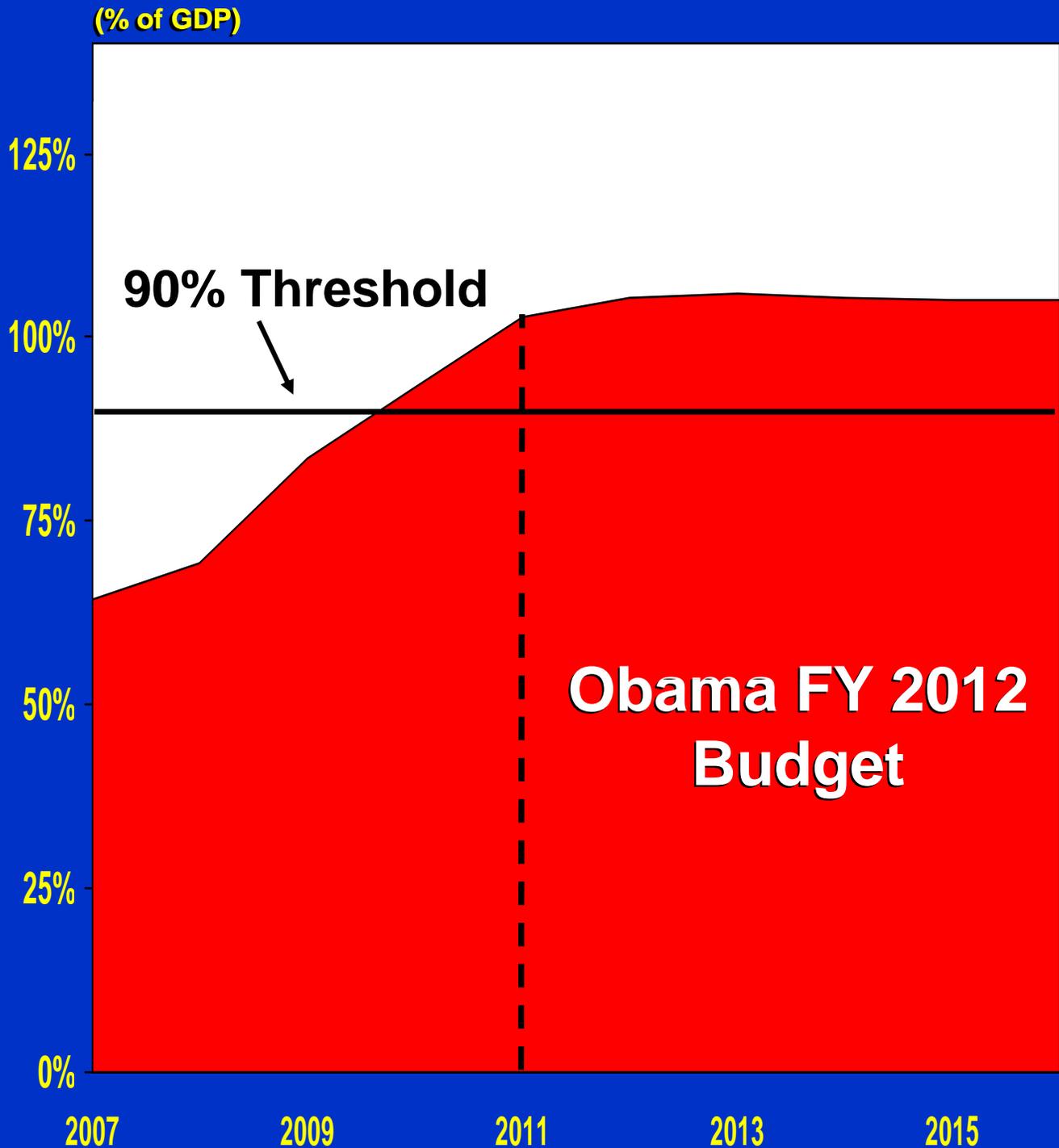
**–Admiral Mike Mullen, Chairman of  
the Joint Chiefs of Staff  
“Tribute to the Troops” Breakfast  
June 24, 2010**

# Spending and Revenues



Sources: OMB, CBO

# Gross Debt as Percent of GDP



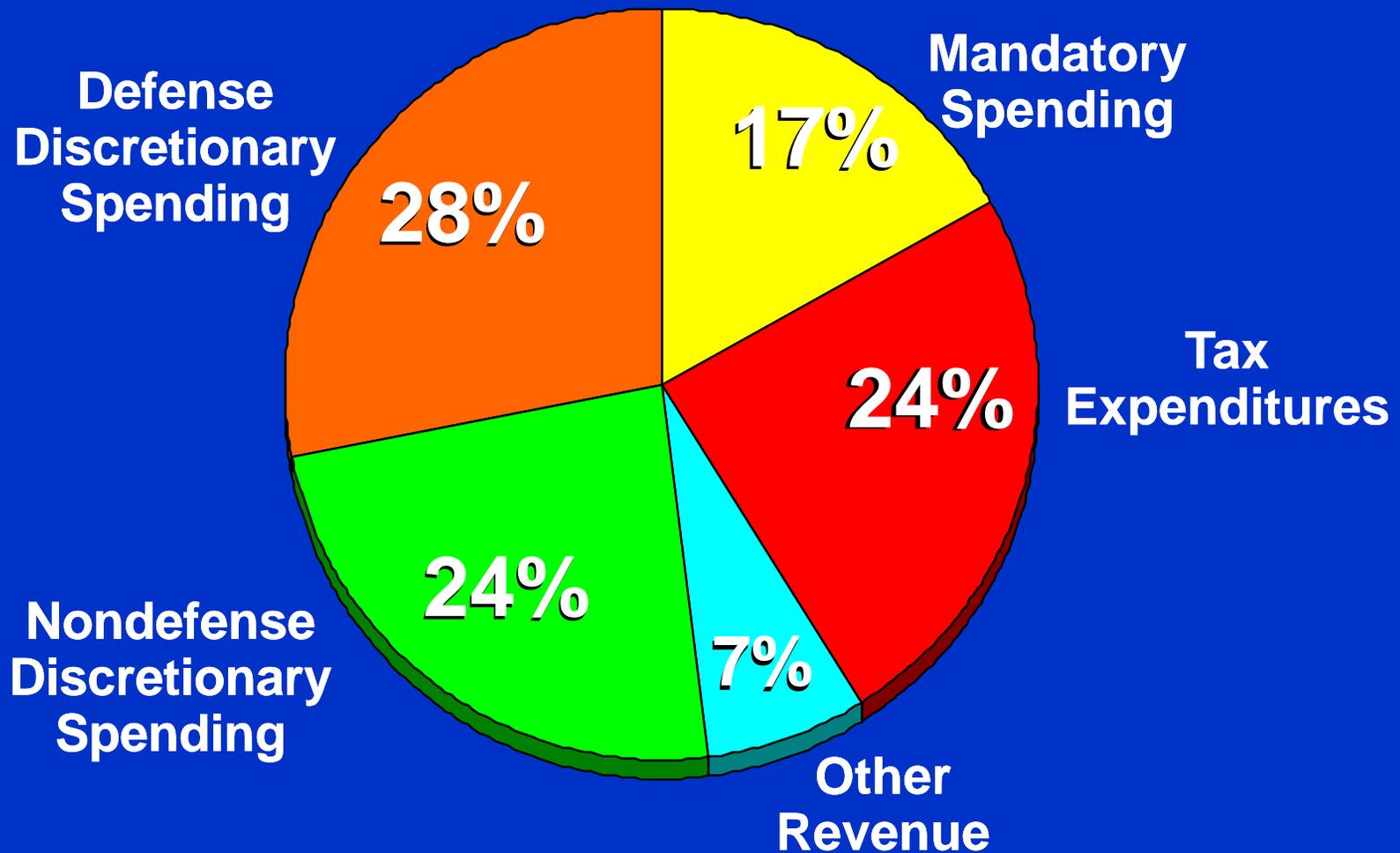
Source: OMB

# **Economists Reinhart and Rogoff on Danger of Gross Debt Above 90 Percent of GDP Threshold**

**“We examine the experience of 44 countries spanning up to two centuries of data on central government debt, inflation and growth. Our main finding is that across both advanced countries and emerging markets, high debt / GDP levels (90 percent and above) are associated with notably lower growth outcomes.”**

**– Carmen M. Reinhart and Kenneth S. Rogoff  
“Growth in a Time of Debt,” American  
Economic Review: Papers & Proceedings  
May 2010**

# Where Do Savings Come From Under Commission Proposal 2012 - 2020



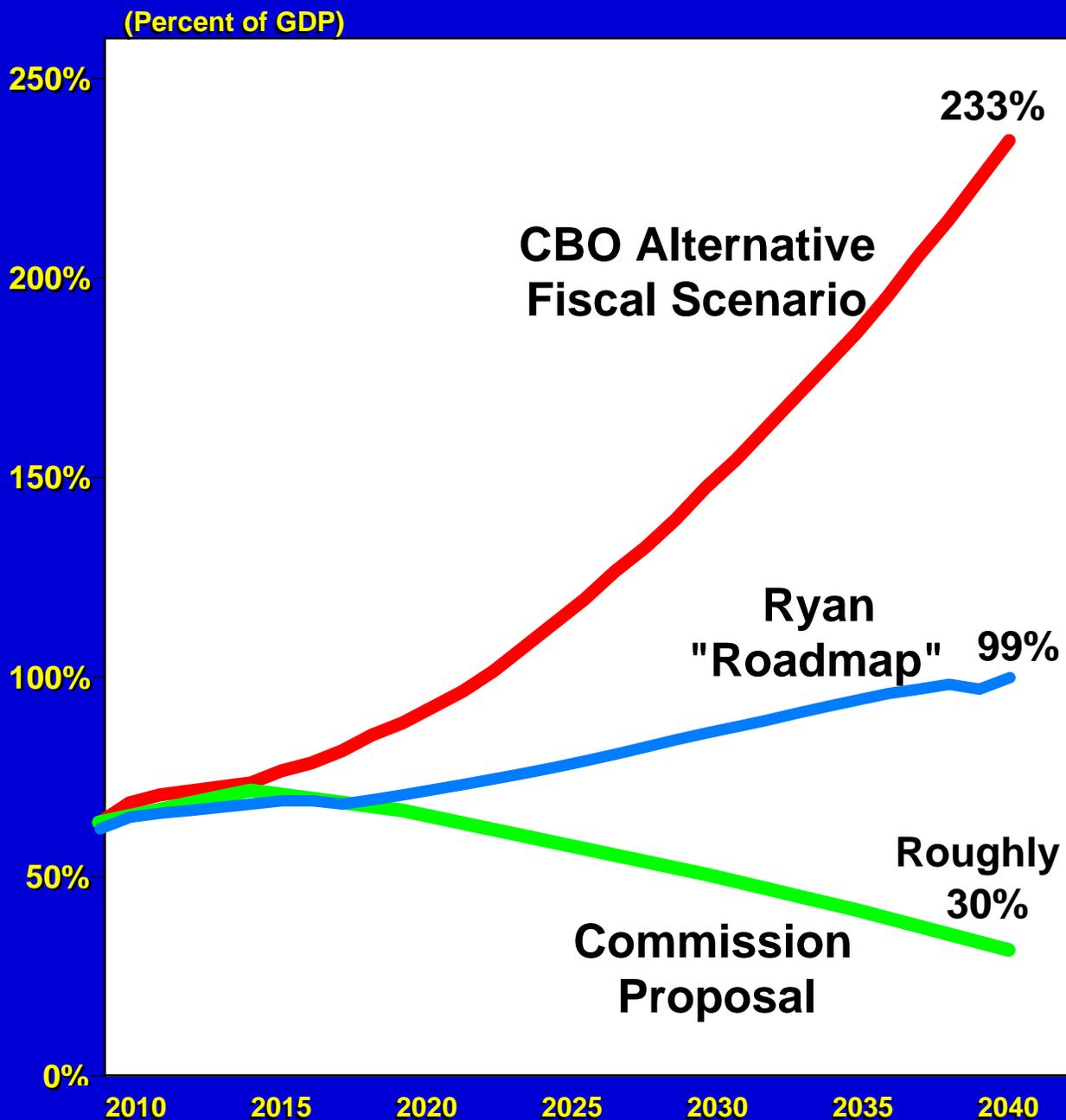
Source: National Commission on Fiscal Responsibility and Reform  
Note: Rates do not include interest savings.

**Savings from  
Fiscal Commission  
Social Security reforms  
are used only to extend  
program's solvency,  
not for deficit reduction.**

# Tax Reform in Fiscal Commission Plan

- Eliminates or scales back tax expenditures, and *lowers* rates
- Promotes economic growth and improves America's global competitiveness
- Makes tax code more progressive
- “Illustrative” tax reform plan:
  - Three rates for individuals - 12%, 22%, 28%; corporate rate of 28%
  - Capital gains / dividends taxed as ordinary income
  - Reforms mortgage interest and charitable deductions
  - Preserves Child Tax Credit and EITC
  - Repeals AMT
- Revenues grow to 21% of GDP by 2022

# Debt as Percent of GDP Under Commission and Ryan Proposals



Sources: CBO Long-Term Budget Outlook, June 2010; CBO January 2010 analysis of Congressman Ryan's "Roadmap for America's Future;" Report of the National Commission on Fiscal Responsibility and Reform, December 2010