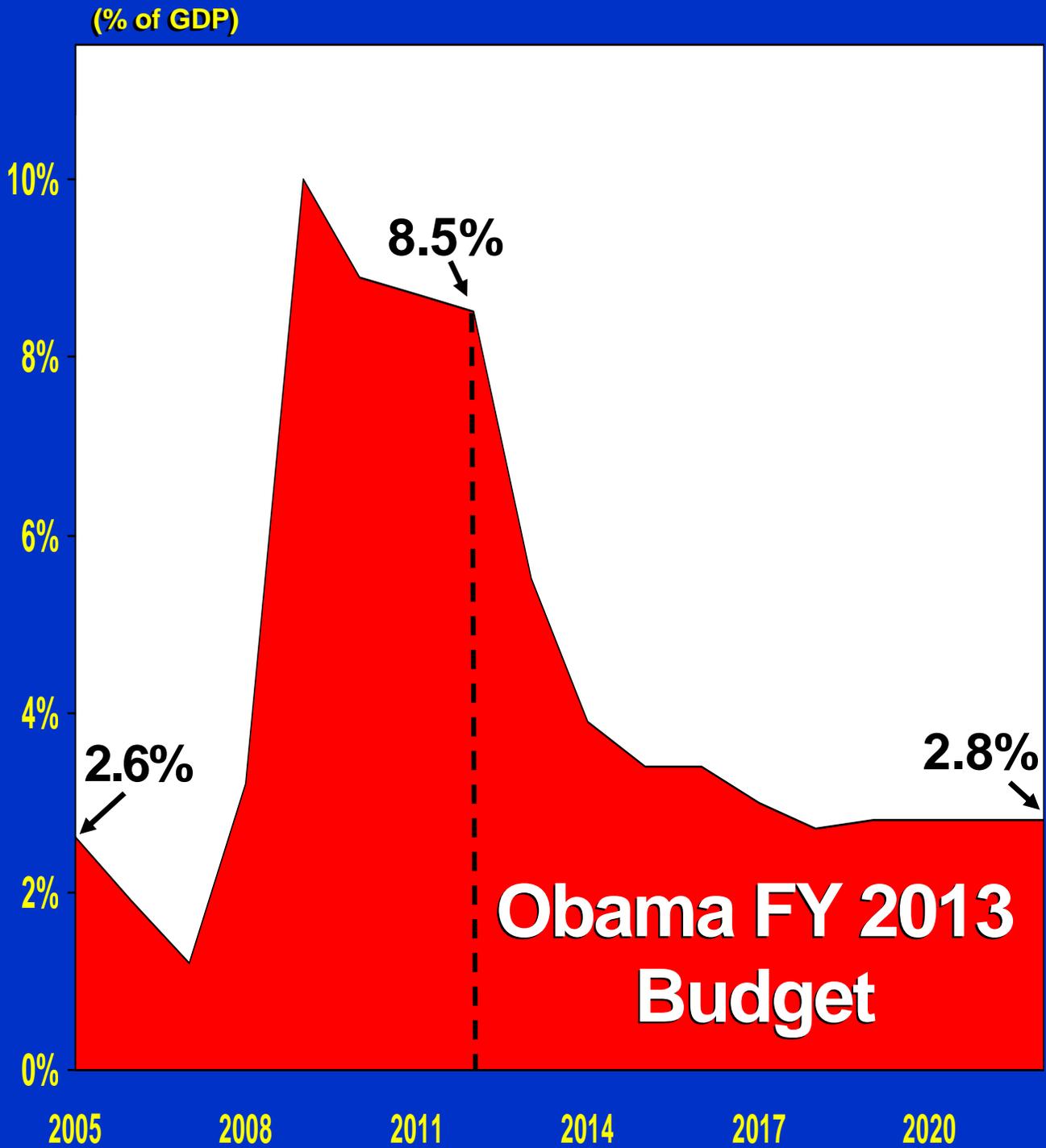


Deficit as Percent of GDP Under Obama Budget



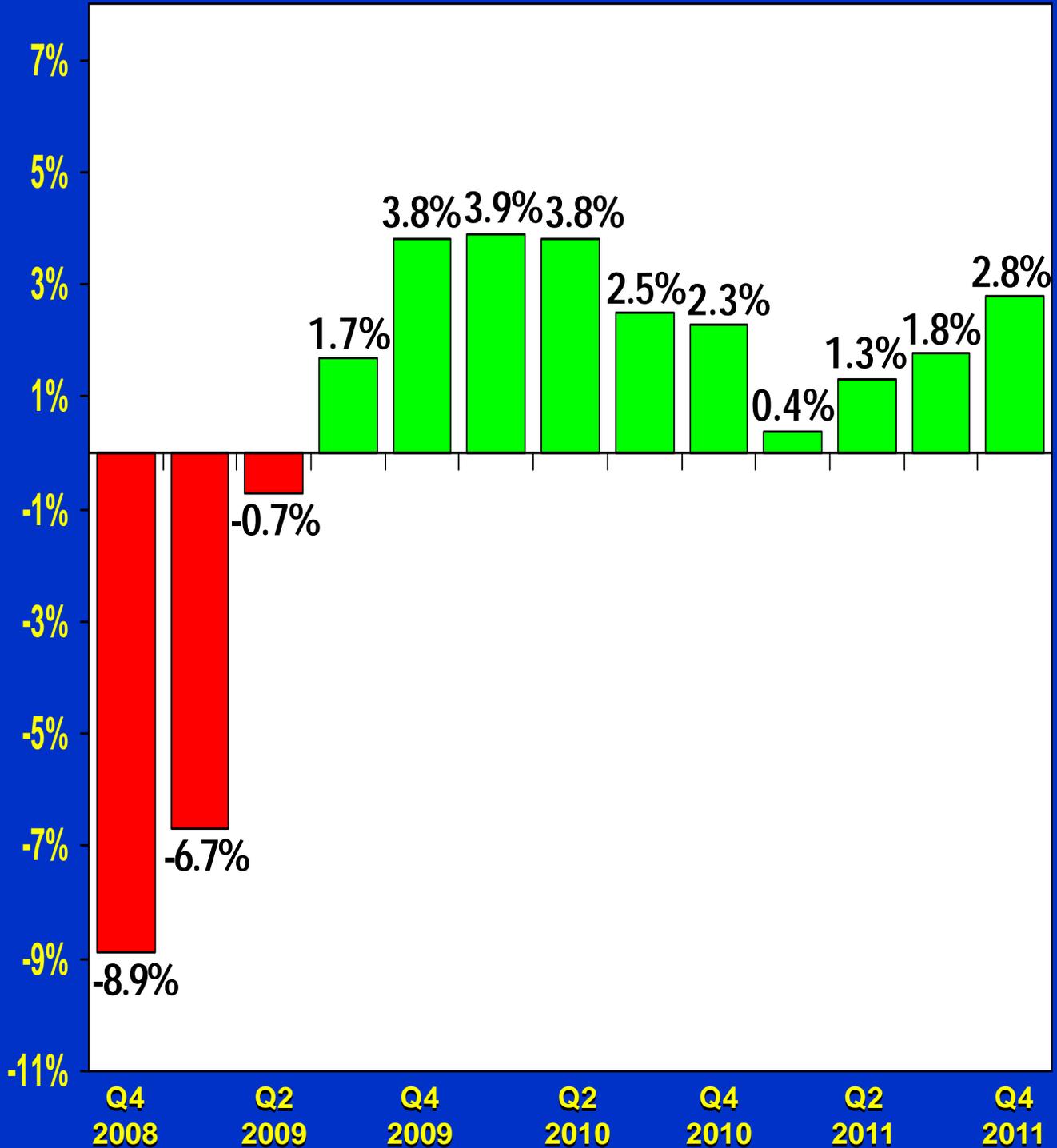
Source: OMB

Economic Crisis of 2008-2009

- **Worst recession since Great Depression**
- **Economy contracts 8.9% in 4th quarter of 2008**
- **800,000 jobs lost in January 2009 alone, unemployment surging**
- **Housing market crisis ripples through economy – homebuilding and sales plummet, record foreclosures**
- **Financial market crisis threatens global economic collapse – lending frozen**

Economic Performance

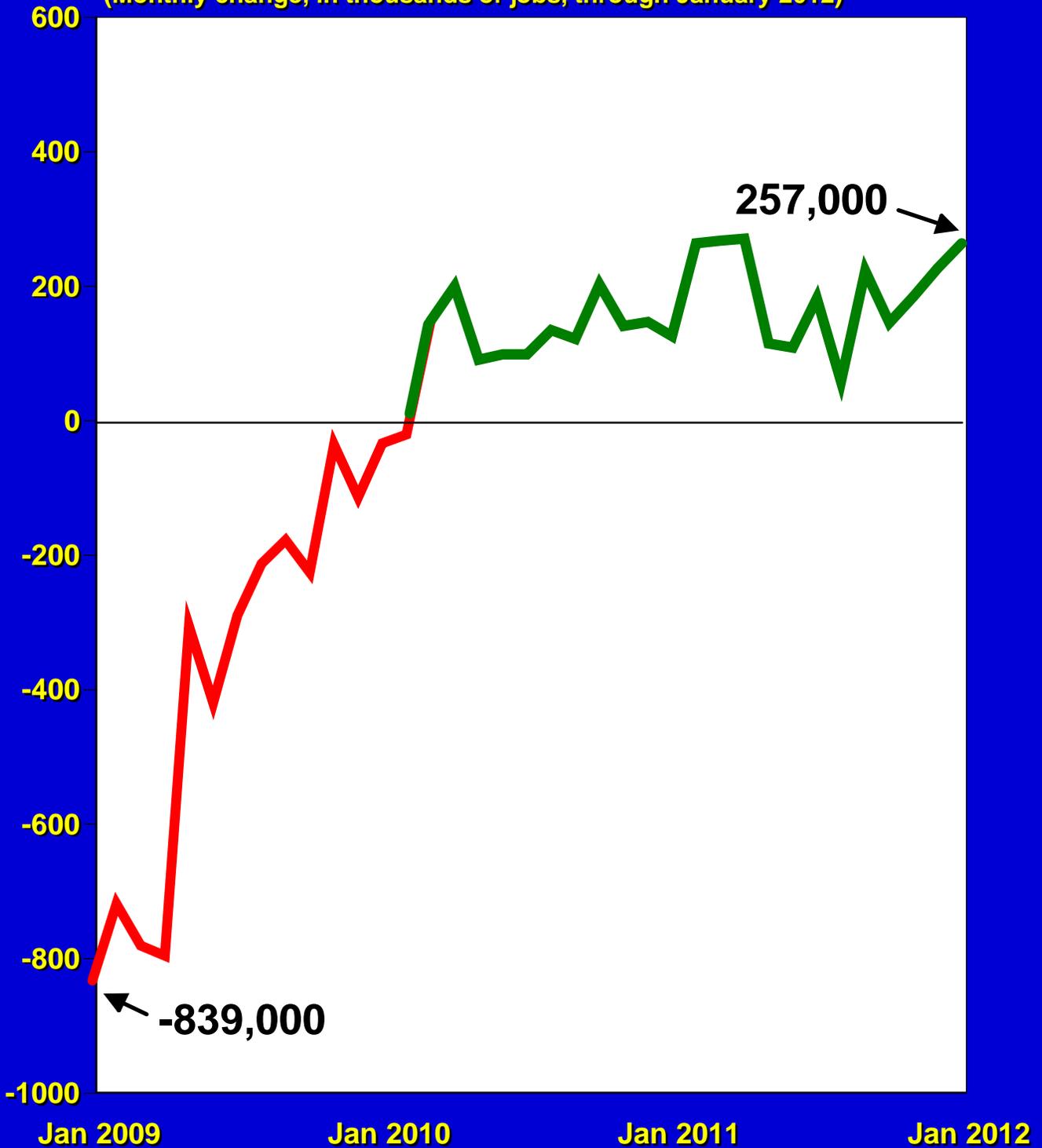
(Percent growth of real GDP, annual rate)



Source: Bureau of Economic Analysis, U.S. Department of Commerce

Private-Sector Jobs Picture

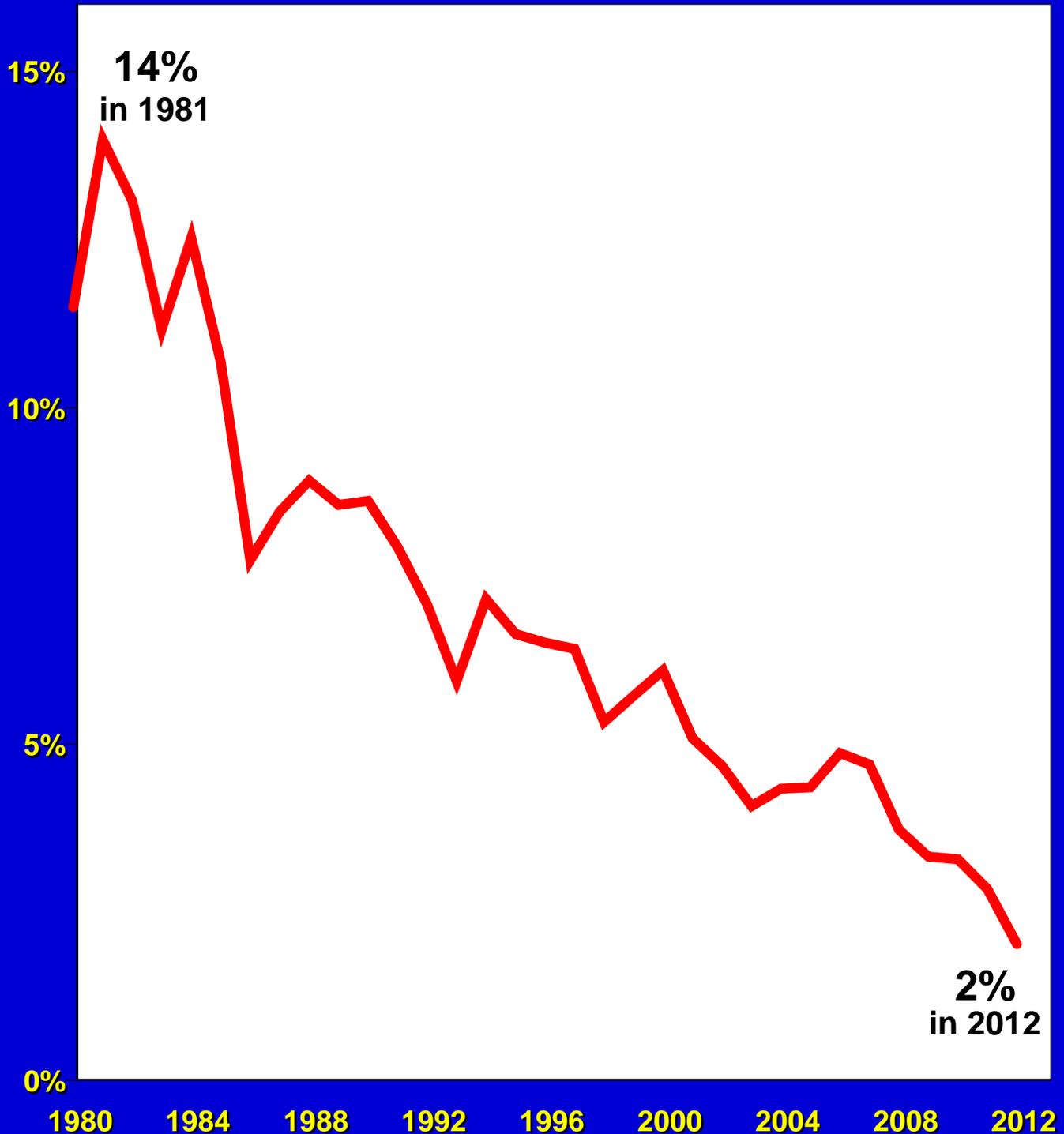
(Monthly change, in thousands of jobs, through January 2012)



Sources: Bureau of Labor Statistics, U.S. Department of Labor

Interest Rates Near Historic Low

(10-year Treasury Bond, constant maturity, average annual rate)



Source: Federal Reserve Board
Note: 2012 is YTD average.

Economist Prakken on Lack of Demand

“The number one problem that [small businesses] say they have to deal with right now is lack of demand. They do not say access to capital. They do not say burden of regulation.... They say their order books are thin.”

**– Dr. Joel Prakken, Chairman,
Macroeconomic Advisers
Testimony before Senate Budget Committee
January 26, 2012**

Fed Chairman Bernanke on Addressing Long-Term Budget and Near-Term Economy

“Even as fiscal policymakers address the urgent issue of fiscal sustainability, they should take care not to unnecessarily impede the current economic recovery. Fortunately, the two goals of achieving long-term fiscal sustainability and avoiding additional fiscal headwinds for the current recovery are fully compatible – indeed, they are mutually reinforcing.”

**– Federal Reserve Chairman Ben S. Bernanke
Testimony before Senate Budget Committee
February 7, 2012**

President Obama's Near-Term Job Creation Proposals

- Extend payroll tax cut and UI benefits through 2012
- \$50 B upfront infrastructure investment
 - road, rail, airport construction
- Continue 100% business depreciation deduction for new investments
- \$30 B for school modernization
- \$30 B to help states and localities retain and hire teachers, first responders
- Project Rebuild – creating jobs by restoring distressed communities
- New tax credit for small businesses that add jobs, increase wages

Budget Control Act Contained Budget for This Year

- **Even more extensive than a traditional budget resolution**
- **Has force of law – unlike a budget resolution that is not signed by President**
- **Set discretionary caps for 10 years – instead of one year normally set in budget resolution**
- **Provided enforcement mechanisms – including two-year “deemer,” allowing budget points of order to be enforced**
- **Created reconciliation-like “Super Committee” process to address entitlement and tax reforms – backed up with \$1.2 T sequester**