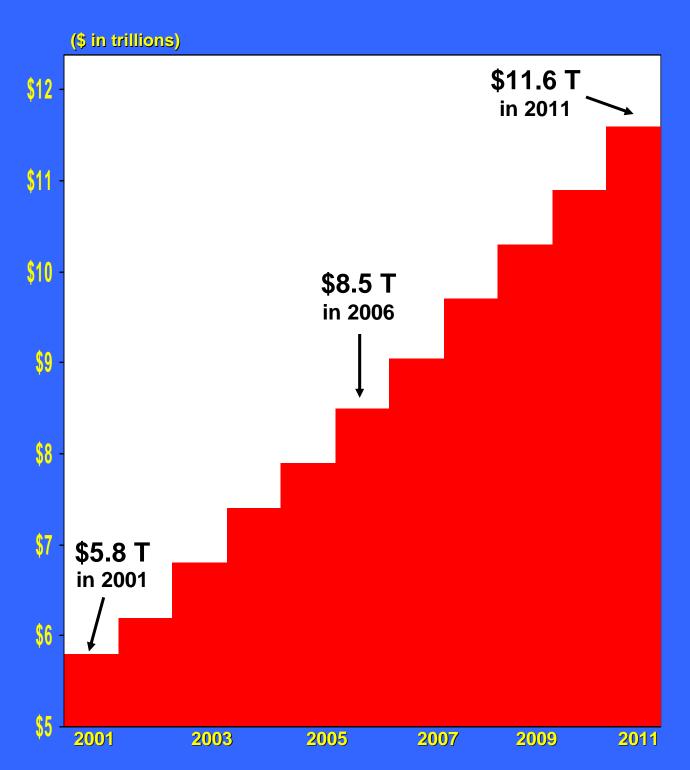
Senator Gregg on Restoring PAYGO

"The second budget discipline, which is pay-go, essentially says if you are going to add a new entitlement program or you are going to cut taxes during a period, especially of deficits, you must offset that event so that it becomes a budget-neutral event that also lapses.

"... If we do not do this, if we do not put back in place caps and pay-go mechanisms, we will have no budget discipline in this Congress, and, as a result, we will dramatically aggravate the deficit which, of course, impacts a lot of important issues, but especially impacts Social Security."

Senator Judd Gregg (R-NH)
 Senate Floor Debate on Budget Enforcement
 Amendment to FY 2002 Supplemental
 June 5, 2002

Building a Wall of Debt Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: CBO August 2006 Budget and Economic Outlook, with President's policies

as reestimated by CBO in March and CBO's estimate of ongoing war costs and AMT reform.

President Bush More than Doubles Foreign-Held Debt

It Took 42 Presidents 224 Years to
Build Up Same Level of Foreign-Held Debt

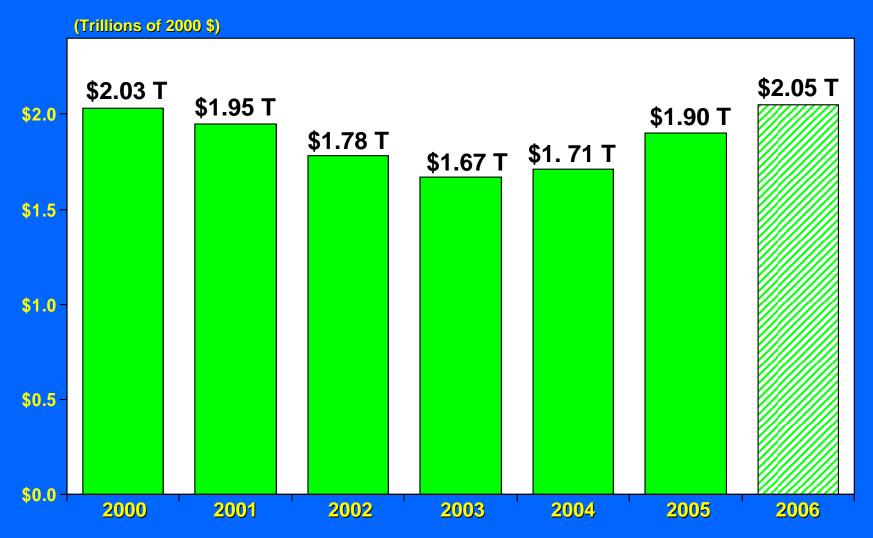


224 Years (1776-2000)



6 Years (2001-2006)

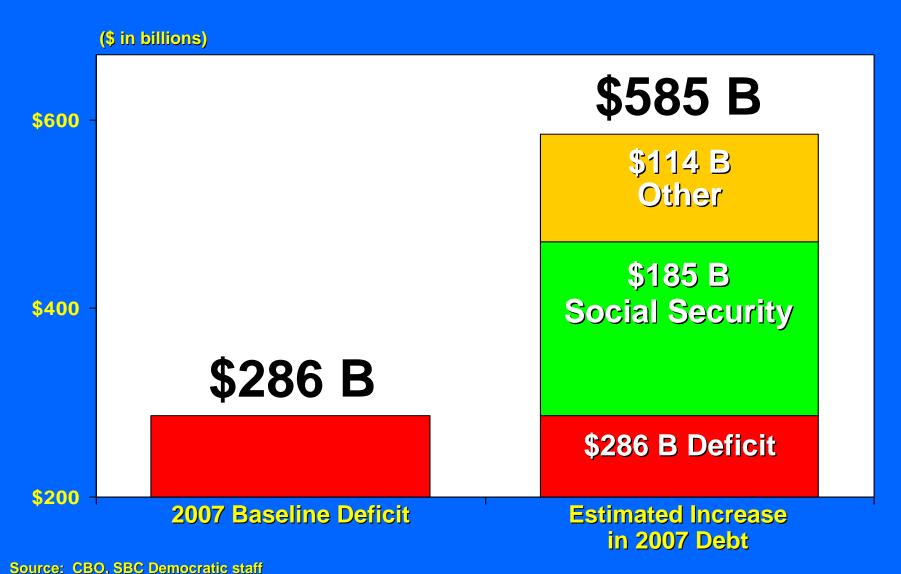
Real Revenues Have Experienced Virtually No Growth Since 2000



Source: OMB, CBO

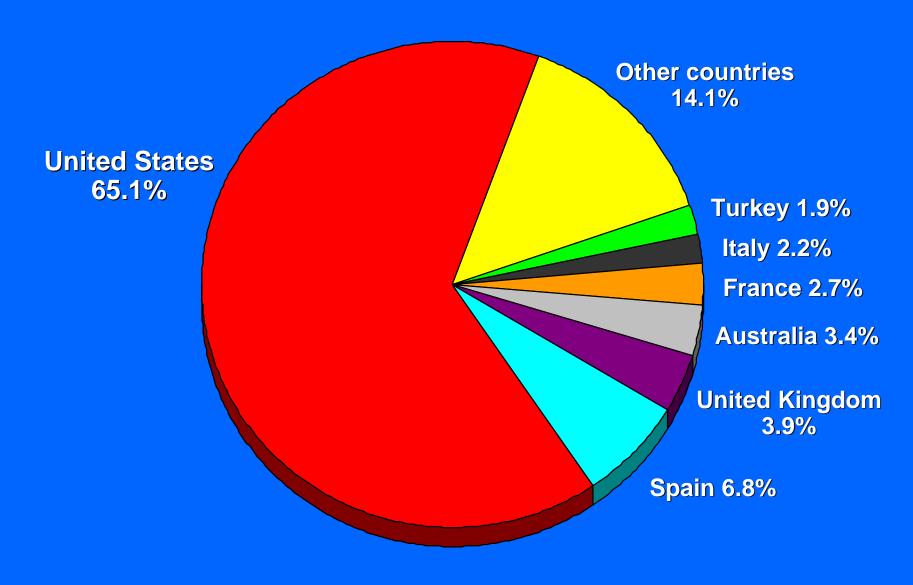
Note: 2006 estimate from CBO's The Budget and Economic Outlook: An Update

Increase in Debt in 2007 is Far Greater Than the \$286 Billion Deficit



Note: CBO August 2006 Budget and Economic Outlook.

World's Biggest Borrowers



Note: Percent of world borrowing by country.

Source: IMF

Top Ten Foreign Holders of Our National Debt

Japan	\$641 B
China	\$345 B
United Kingdom	\$208 B
"Oil Exporters"	\$98 B
South Korea	\$69 B
Taiwan	\$64 B
"Caribbean Banking Centers"	\$56 B
Germany	\$53 B
Hong Kong	\$51 B
Canada	\$50 B

Source: Department of Treasury

Note: As of October 2006