

# The Facts About Our Debt



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# The Facts About Our Debt

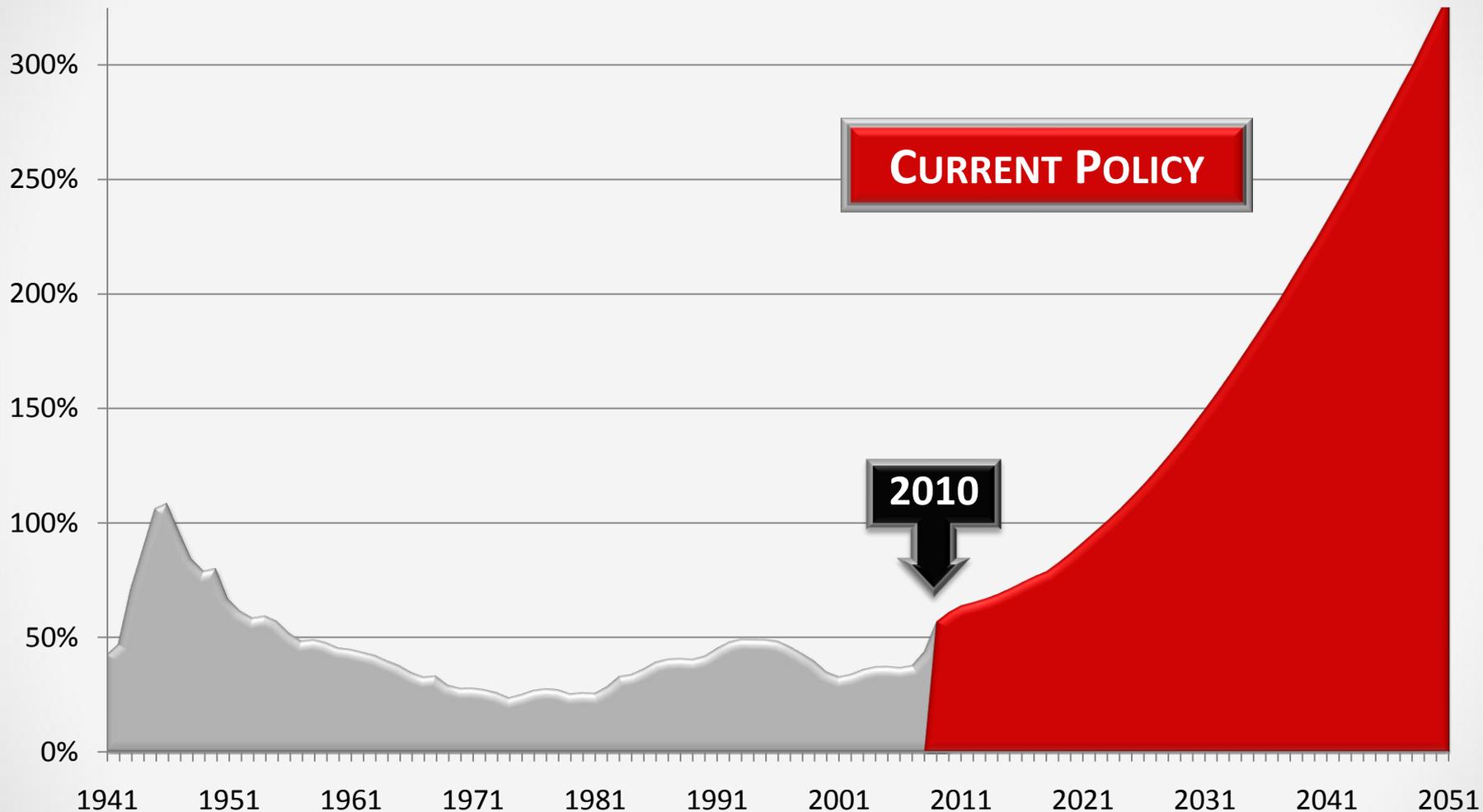
1. We have a debt crisis facing our nation.
2. The debt crisis threatens our job growth, our national security and sovereignty, and our nation's children.
3. We have a debt crisis because Washington spends too much, not because Washington taxes too little.
4. The spending is driven by retirement and health security programs.
5. The cost of doing nothing is unacceptable.
6. Principles to save and strengthen Medicare, Medicaid and Social Security.
7. What we can do today.



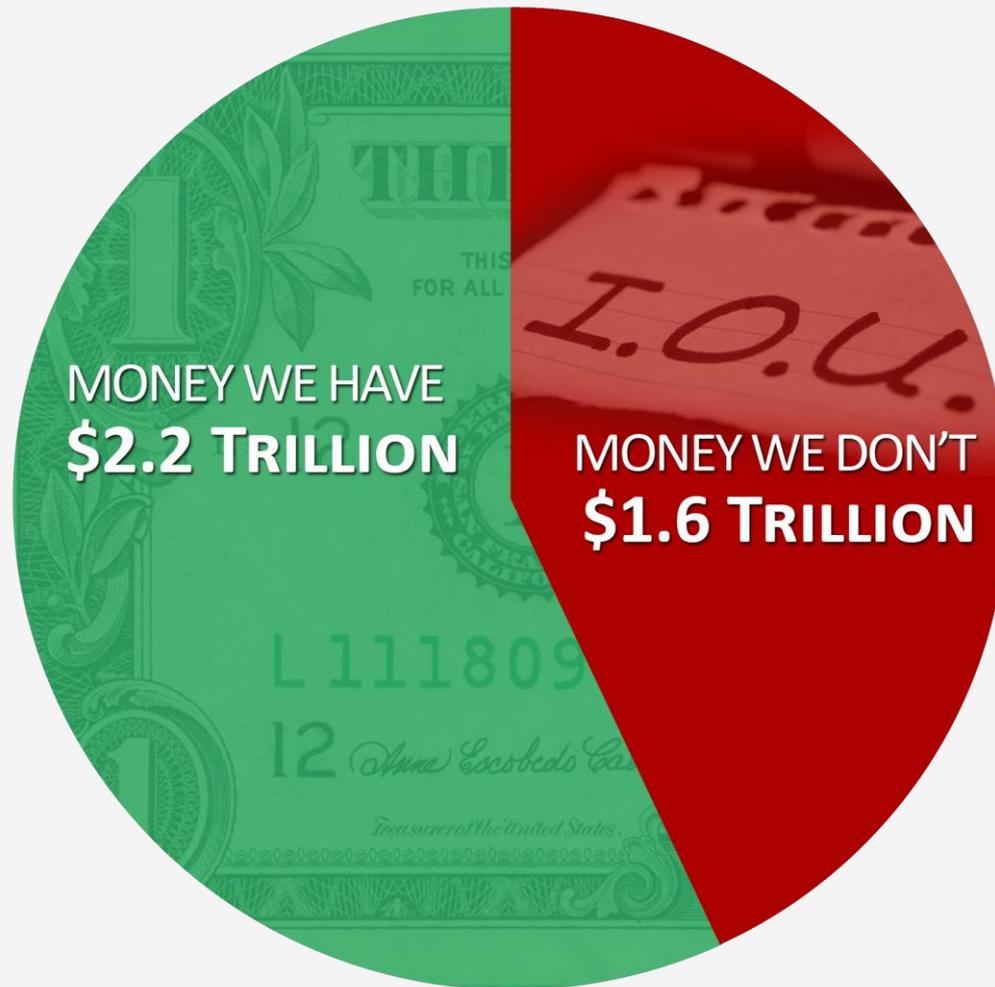
**We have a debt crisis  
facing our nation.**

# TIDAL WAVE OF DEBT

## DEBT HELD BY PUBLIC AS SHARE OF ECONOMY



# THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 42 CENTS OF EVERY DOLLAR IT SPENDS



# “Debt Day”



2011																											
January			February			March			April																		
S	M	T	W	T	F	S	S	M	T	W	T	F	S														
					1								1	2													
2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9							
9	10	11	12	13	14	15	13	14	15	16	17	18	19	10	11	12	13	14	15	16							
16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23							
23	24	25	26	27	28	29	27	28						24	25	26	27	28	29	30							
30	31																										
May			June			July			August																		
S	M	T	W	T	F	S	S	M	T	W	T	F	S														
1	2	3	4	5	6	7							1	2	3	4	5	6									
8	9	10	11	12	13	14	5	6	7	8	9	10	11	7	8	9	10	11	12	13							
15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16							
22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23							
29	30	31					26	27	28	29	30			24	25	26	27	28	29	30							
														31													
September			October			November			December																		
S	M	T	W	T	F	S	S	M	T	W	T	F	S														
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4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	13	14	15	16	17		
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	18	19	20	21	22	23	24
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	25	26	27	28	29	30	31
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30										
							30	31																			

All spending after July 27 of this year is borrowed spending.



“This debt is like a cancer... It is truly going to destroy the country from within.”



Erskine Bowles

Co-Chair, President Obama's National  
Commission on Fiscal Responsibility  
and Reform

July 11, 2010



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“This [spending] could trigger an economic and political death spiral.”

Robert Samuelson  
Economist and Columnist  
April 6, 2005



“U.S. fiscal policy is on an unsustainable path to an extent that it cannot be solved by minor tinkering.”



Doug Elmendorf

Director, Congressional Budget Office

January 27, 2010



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**The debt crisis threatens  
our job growth.**

“The seeds of the next recession have already been planted. The debt burden accumulated over the next ten years will sink us.”

**Honeywell**

David Cote

CEO

Honeywell (122,000 employees)

October 20, 2010



If we do nothing...

**HISTORIC DEBT**

will lead to

**HISTORIC TAX INCREASES**

which will lead to

**HISTORIC UNEMPLOYMENT**

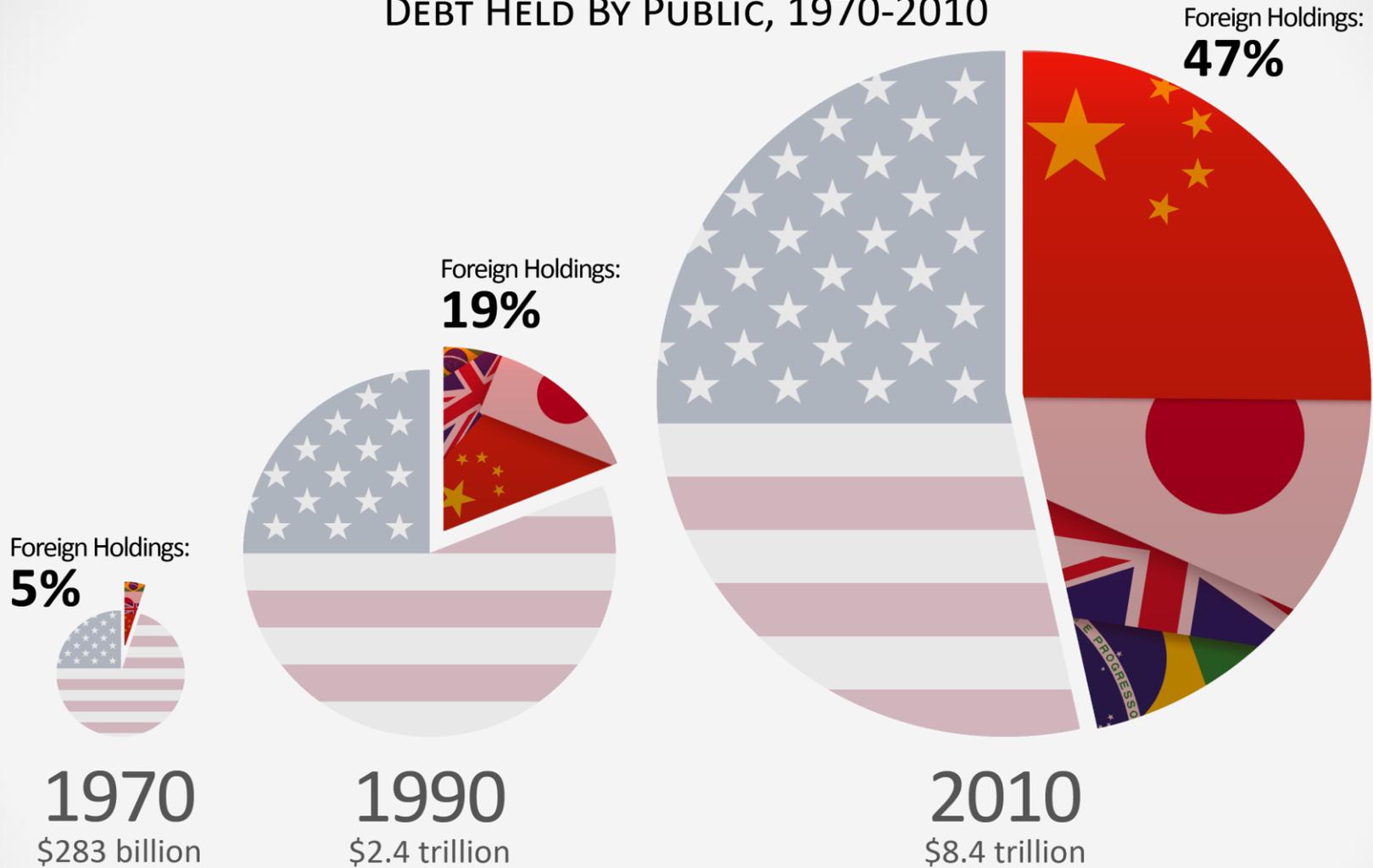


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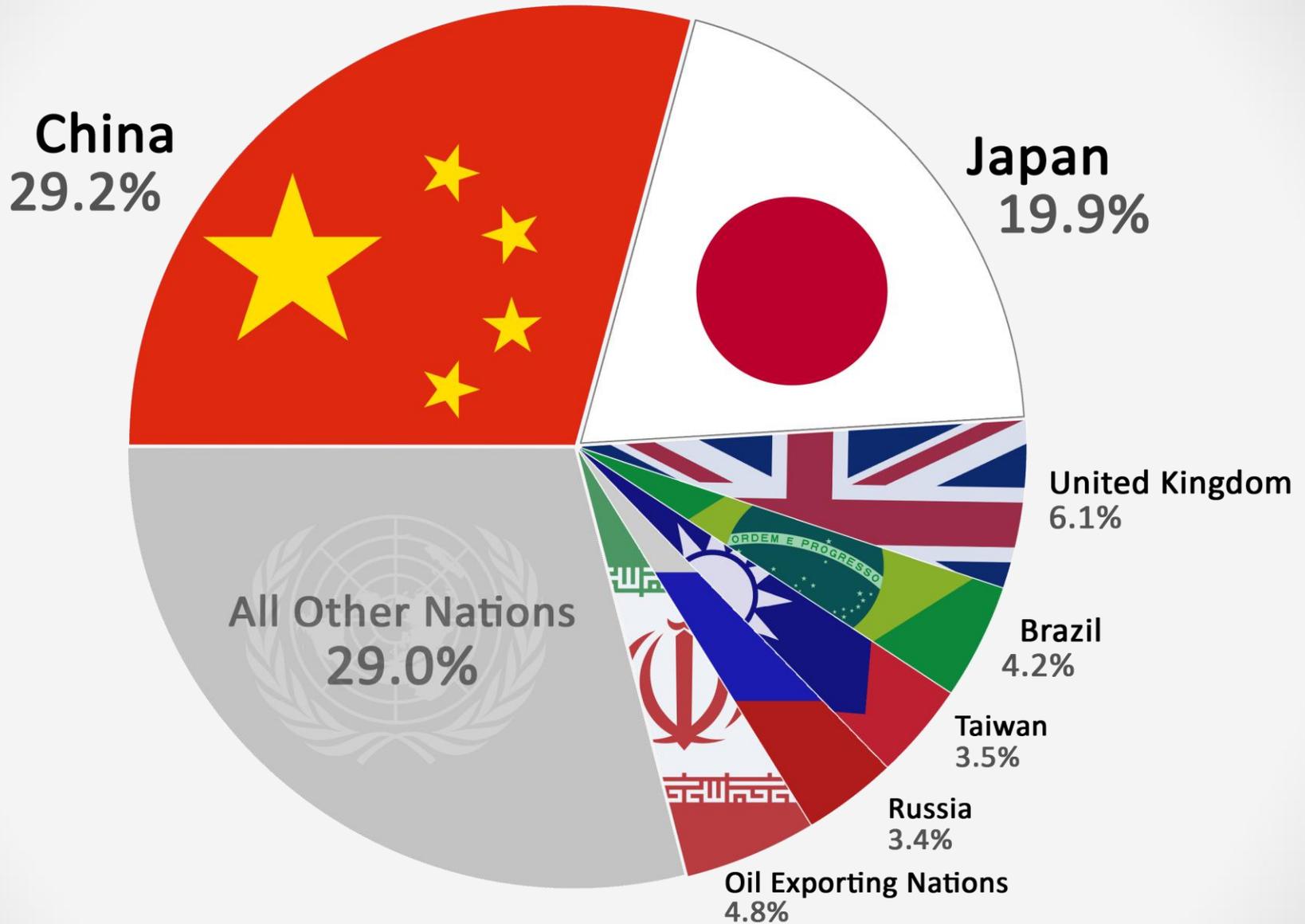
**The debt crisis threatens our  
national security and sovereignty.**

# WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010



# FOREIGN OWNERS OF OUR DEBT



With the interest we pay to China on our debt,  
China can afford to buy **3 new Joint Strike Fighters**  
**every week** – with \$50 million/week left over.



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Source: U.S. Department of Treasury,  
Government Accountability Office

“I think the biggest threat we have to our national security is our debt.”



Admiral Mike Mullen  
President Obama's Chairman of  
the Joint Chiefs of Staff  
July 6, 2010



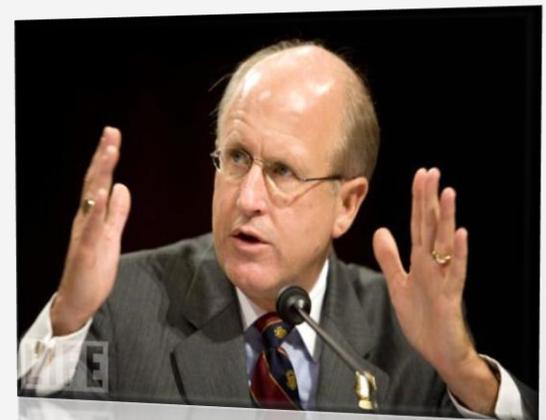
**The debt crisis threatens to  
bankrupt our nation's children.**

“So much of their money will be devoted to keeping the government afloat that they'll have relatively little for everything else in life. Their homes will be smaller and drabber. There will be less to spend for cars, vacations, dinners out and big TV sets, all of which their parents took for granted. They'll still read about the consumer society and conspicuous consumption, but mainly in history texts.”

David Walker

Former GAO Comptroller General

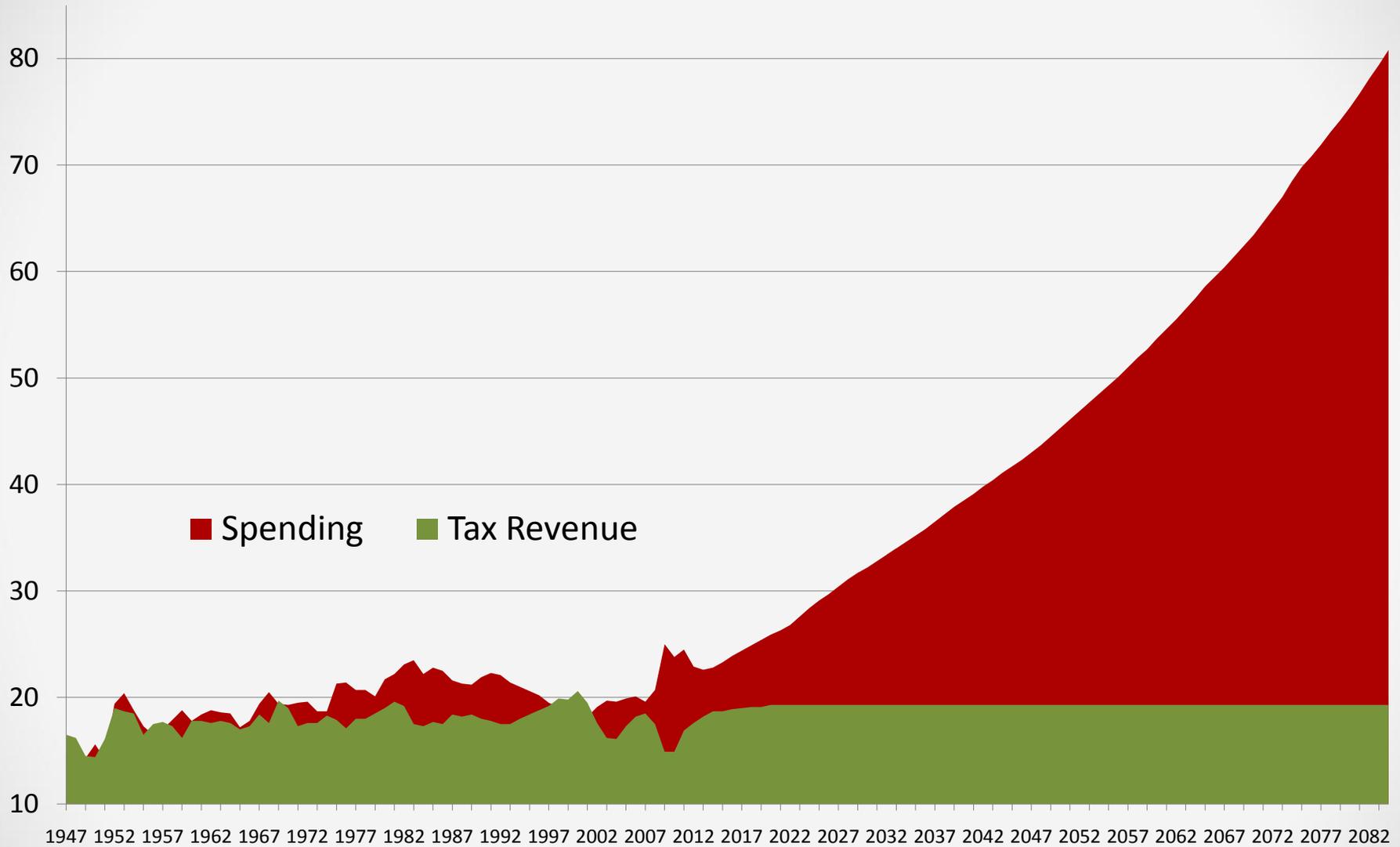
February 1, 2010



**We have a debt crisis because  
Washington spends too much, not  
because Washington taxes too little.**

# WE ARE IN A SPENDING-DRIVEN DEBT CRISIS

HISTORIC/PROJECTED SPENDING & REVENUE AS A PERCENTAGE OF THE ECONOMY



■ Spending ■ Tax Revenue



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Source: Office of Management and Budget Historic Tables, Congressional Budget Office; projections based on the CBO's Alternative Fiscal Scenario.

**Where is all this spending  
coming from?**

“A majority of voters incorrectly believe the federal government spends more on defense/foreign aid than it does on Medicare and Social Security (63%).”

Tarrance Group Poll  
Conducted February 22-24, 2011



“Also, a similar majority (60%)  
incorrectly believes problems with the  
federal budget can be fixed by just  
eliminating waste, fraud and abuse.”

Tarrance Group Poll  
Conducted February 22-24, 2011

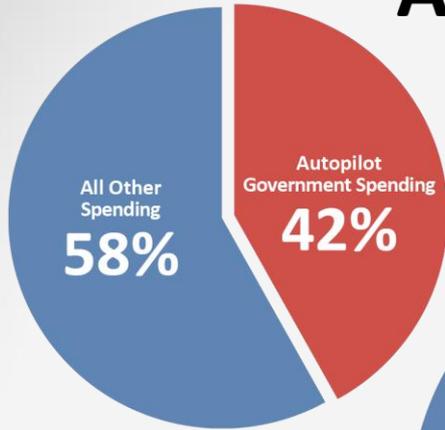


“Less than half (44%) believe Medicare and Social Security costs are a major source of problems for the federal budget (49% disagree).”

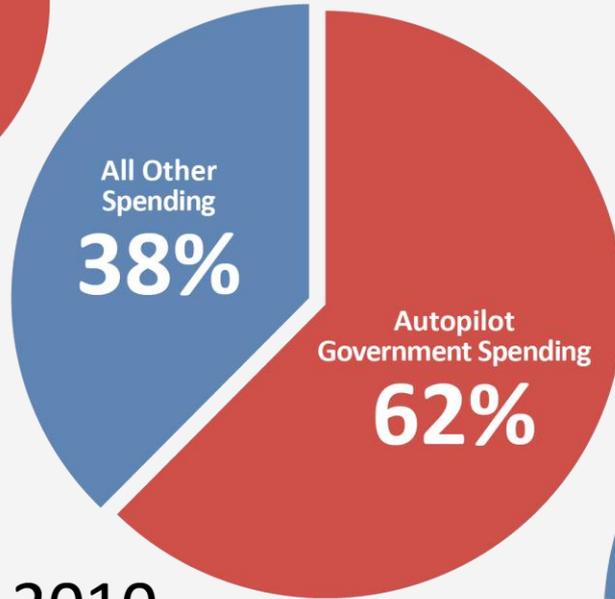
Tarrance Group Poll  
Conducted February 22-24, 2011



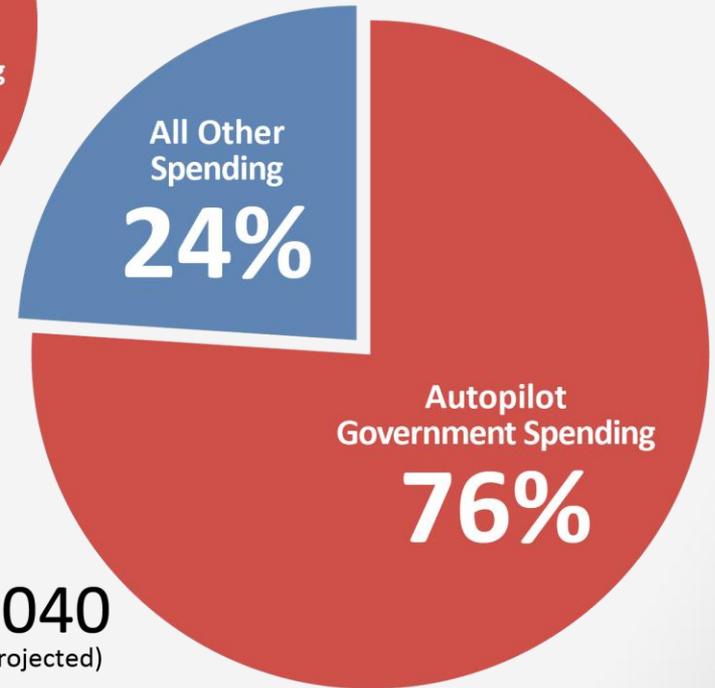
# AUTOPILOT SPENDING DRIVES DEBT



1970



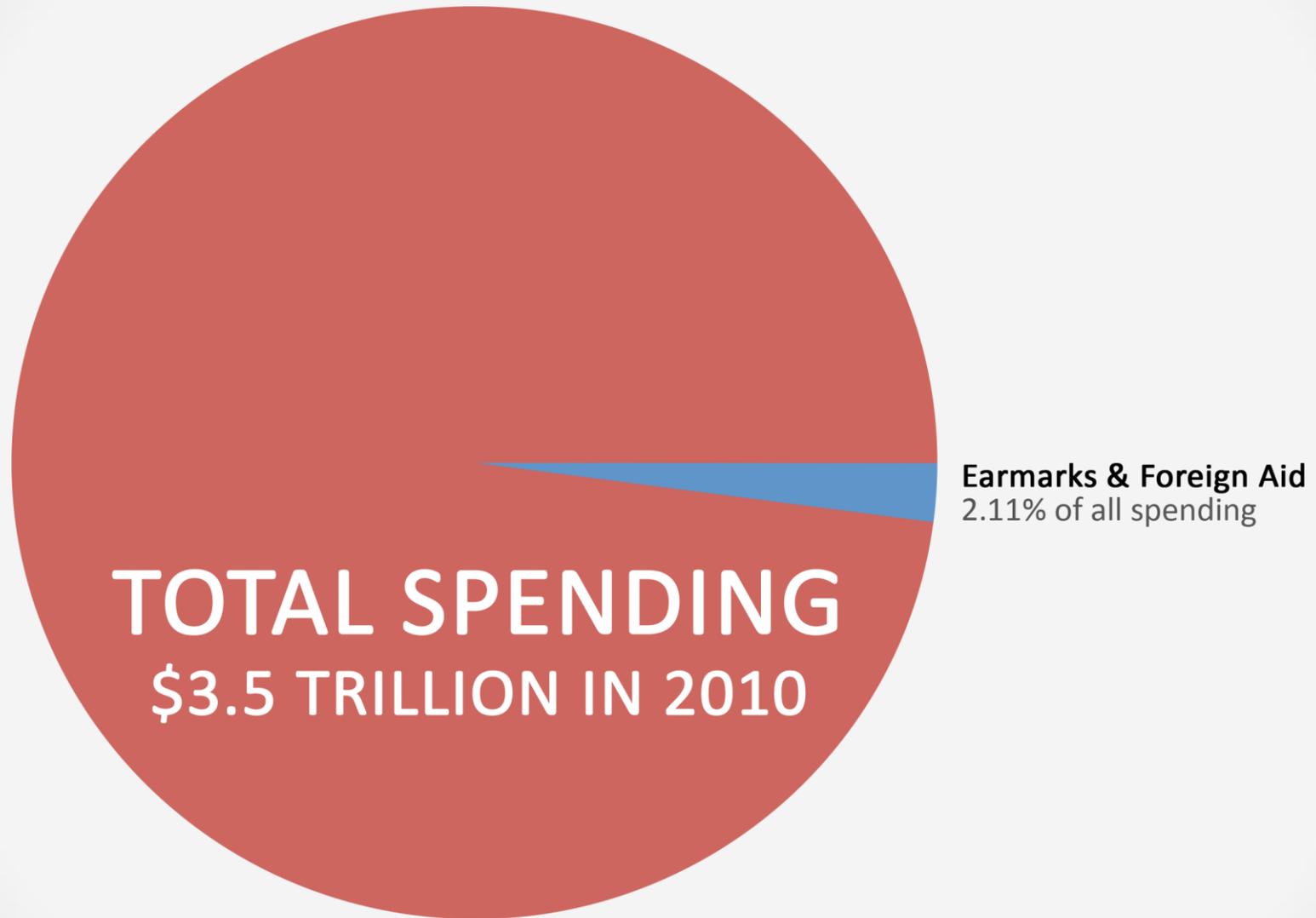
2010



2040  
(projected)



# WHAT IF WE JUST CUT EARMARKS & FOREIGN AID?



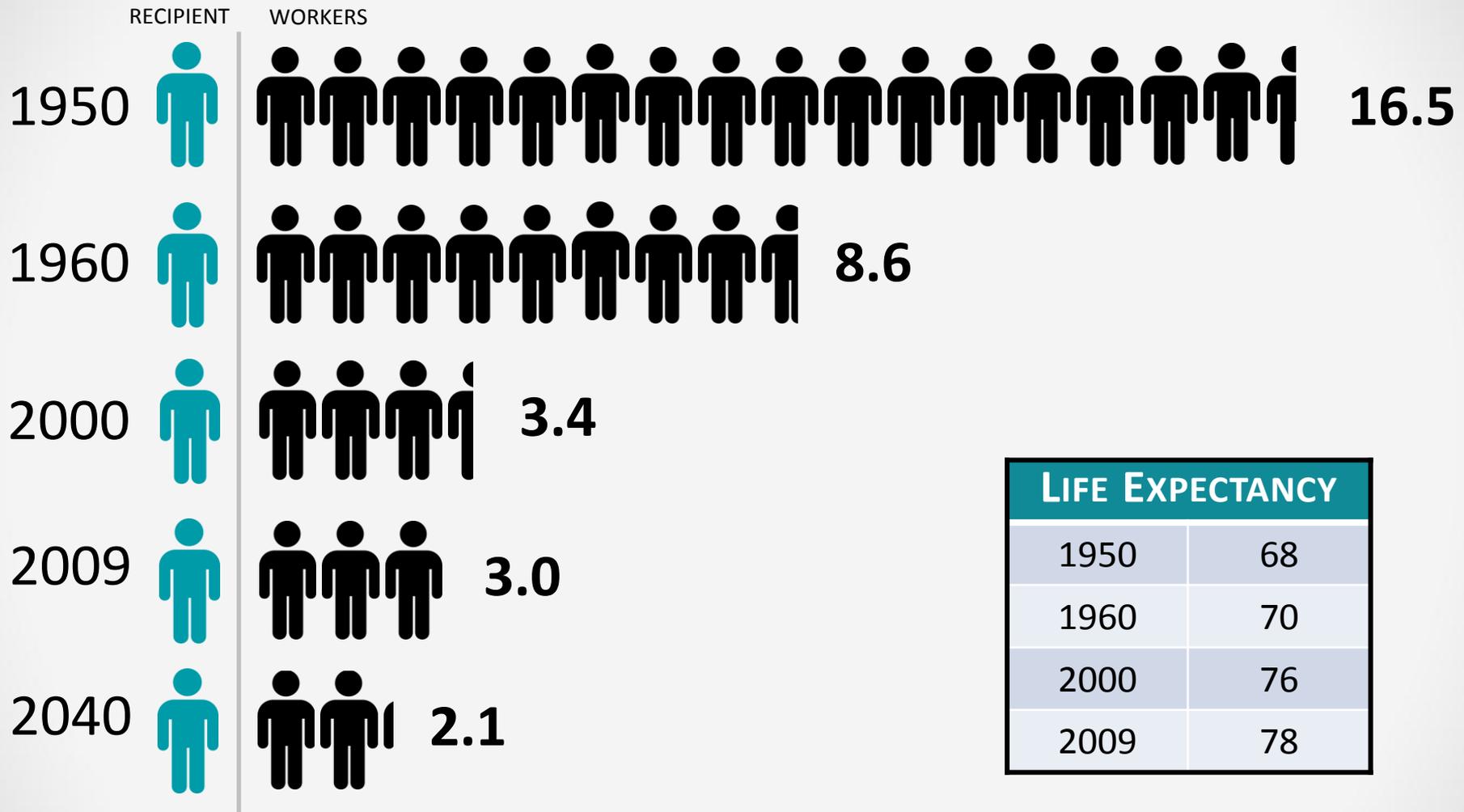
# Why Social Security, Medicare and Medicaid Are Growing So Fast

## SOCIAL SECURITY

- Americans Are Living Longer
- More Seniors Are Receiving Benefits Than Ever Before
- Birth Rates Aren't Keeping Pace with Retirement



# TAXPAYERS SUPPORTING EACH SOCIAL SECURITY RECIPIENT



# Why Social Security, Medicare and Medicaid Are Growing So Fast

## MEDICARE & MEDICAID

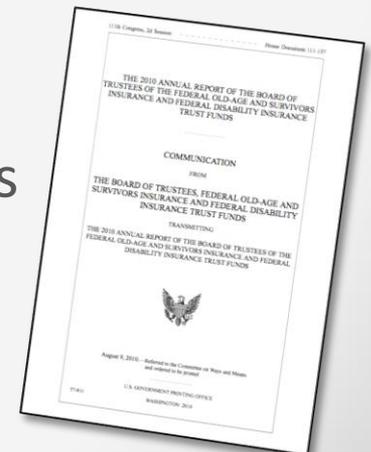
- The Cost of Health Care is Skyrocketing
- An Aging Population is Leading to Record Medicare Enrollment
- The Economic Downturn is Leading to Record Medicaid Enrollment



“[Social Security] income, including interest on trust fund assets, will exceed annual cost and trust fund assets will increase every year until 2025.

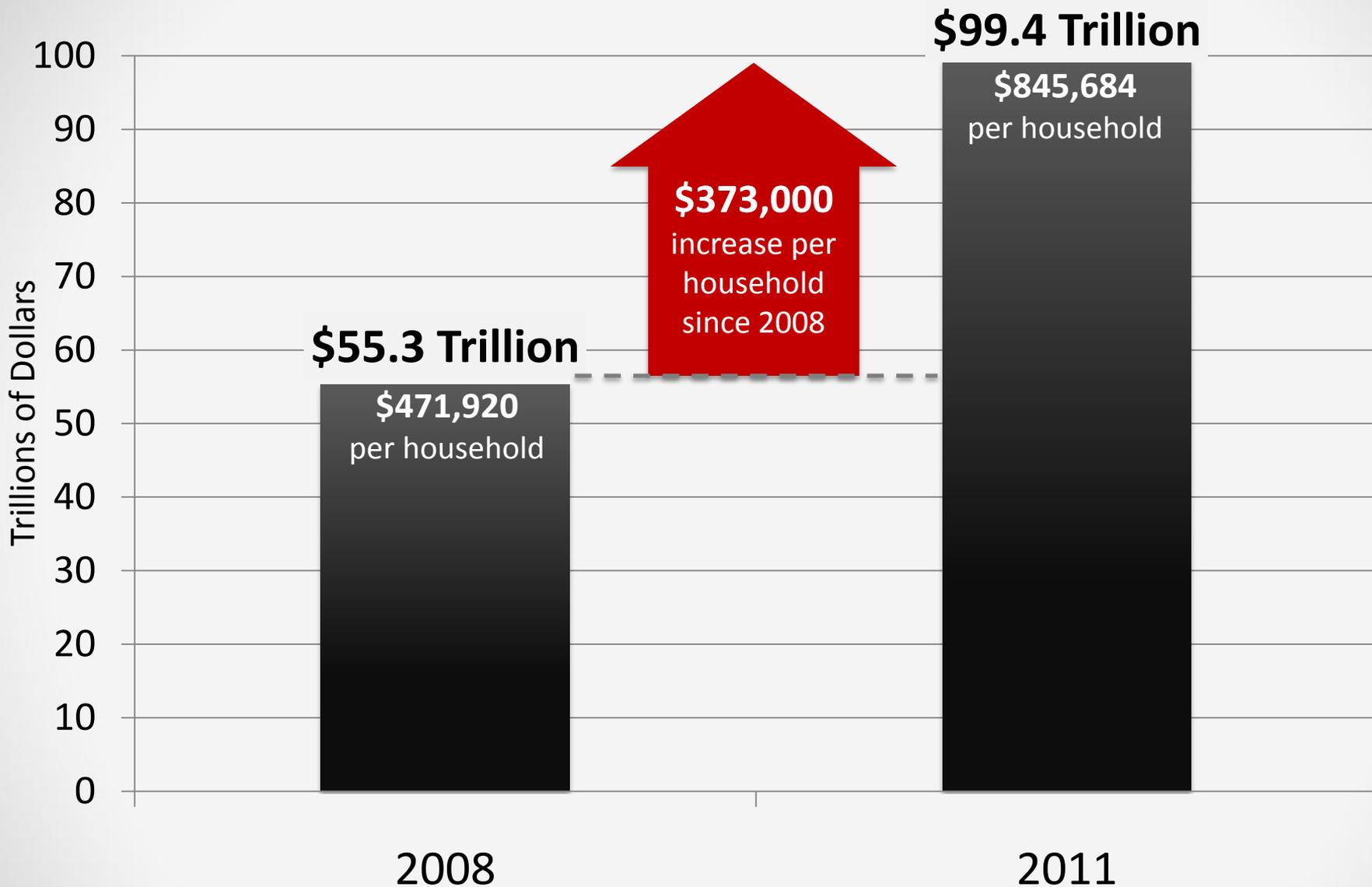
“At that time it will be necessary to begin drawing down trust fund assets to cover part of expenditures until assets are exhausted in 2037. After trust fund exhaustion, continuing tax income would be sufficient to pay 78 percent of scheduled benefits in 2037.”

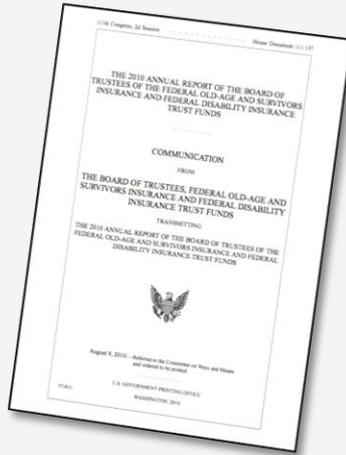
Social Security and Medicare Boards of Trustees  
*A Summary of the 2010 Annual Reports*



# **The Cost of Doing Nothing**

# UNFUNDED PROMISES IN TRILLIONS OF DOLLARS





The Social Security and Medicare Trustees have said that if nothing is done, Social Security benefits will be cut by 22%.



“We cannot mortgage our children's future on a mountain of debt. It's time to put an end to the runaway spending and the record deficits - it's not how you would run your family budget, and it must not be how Washington handles your tax dollars.”

Sen. Barack Obama

October 1, 2008



# **Principles to Save and Strengthen Medicare, Medicaid and Social Security**

# House Republican Principles

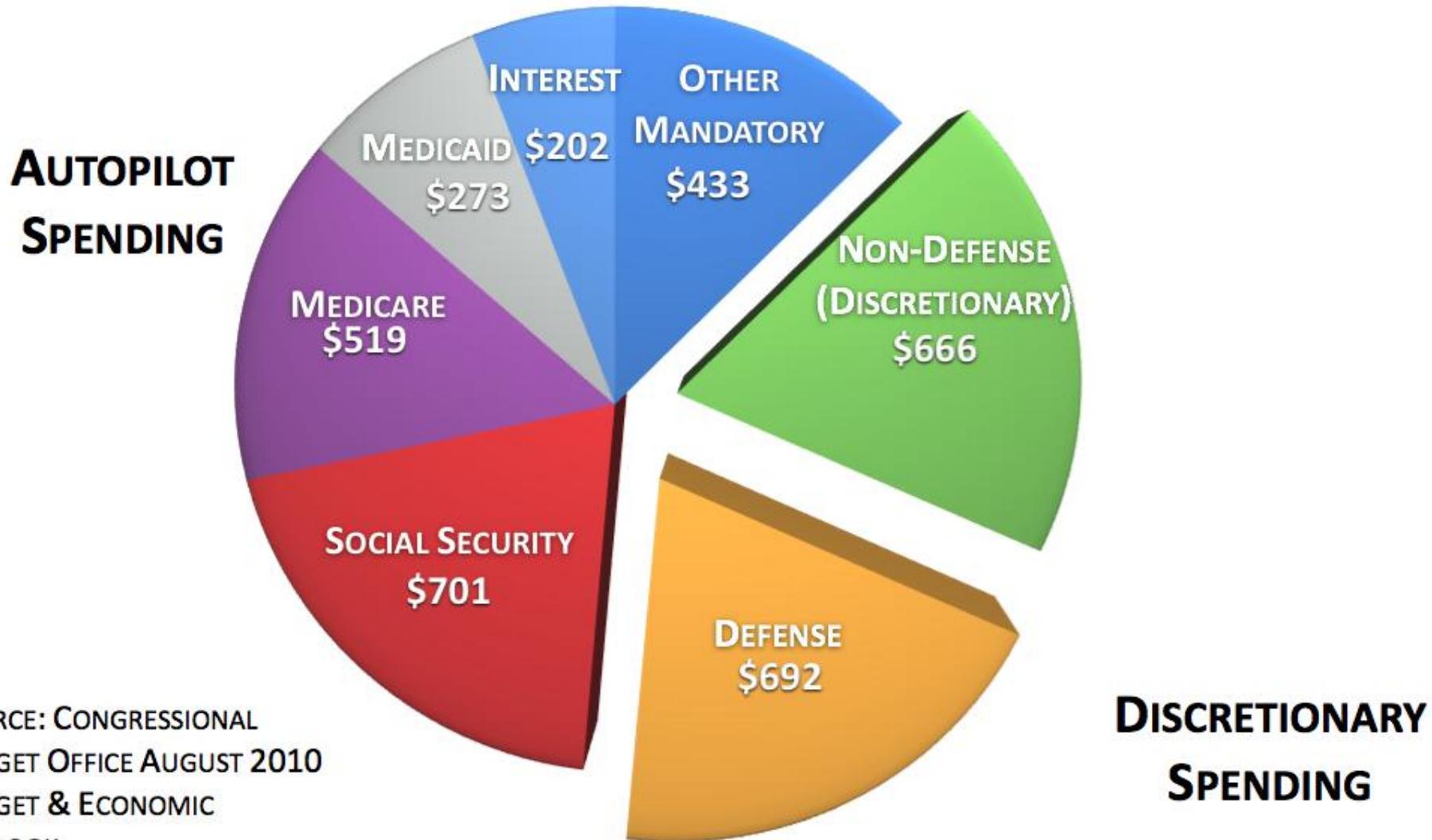
- Spur Job Growth and Prosperity
- No Changes for Seniors
- Fulfill the Mission of Health and Retirement Security for All Americans
- Lift the Crushing Burden of Debt



# **Choice of Two Futures**

# TOTAL SPENDING IN FY 2010 = \$3.5 TRILLION

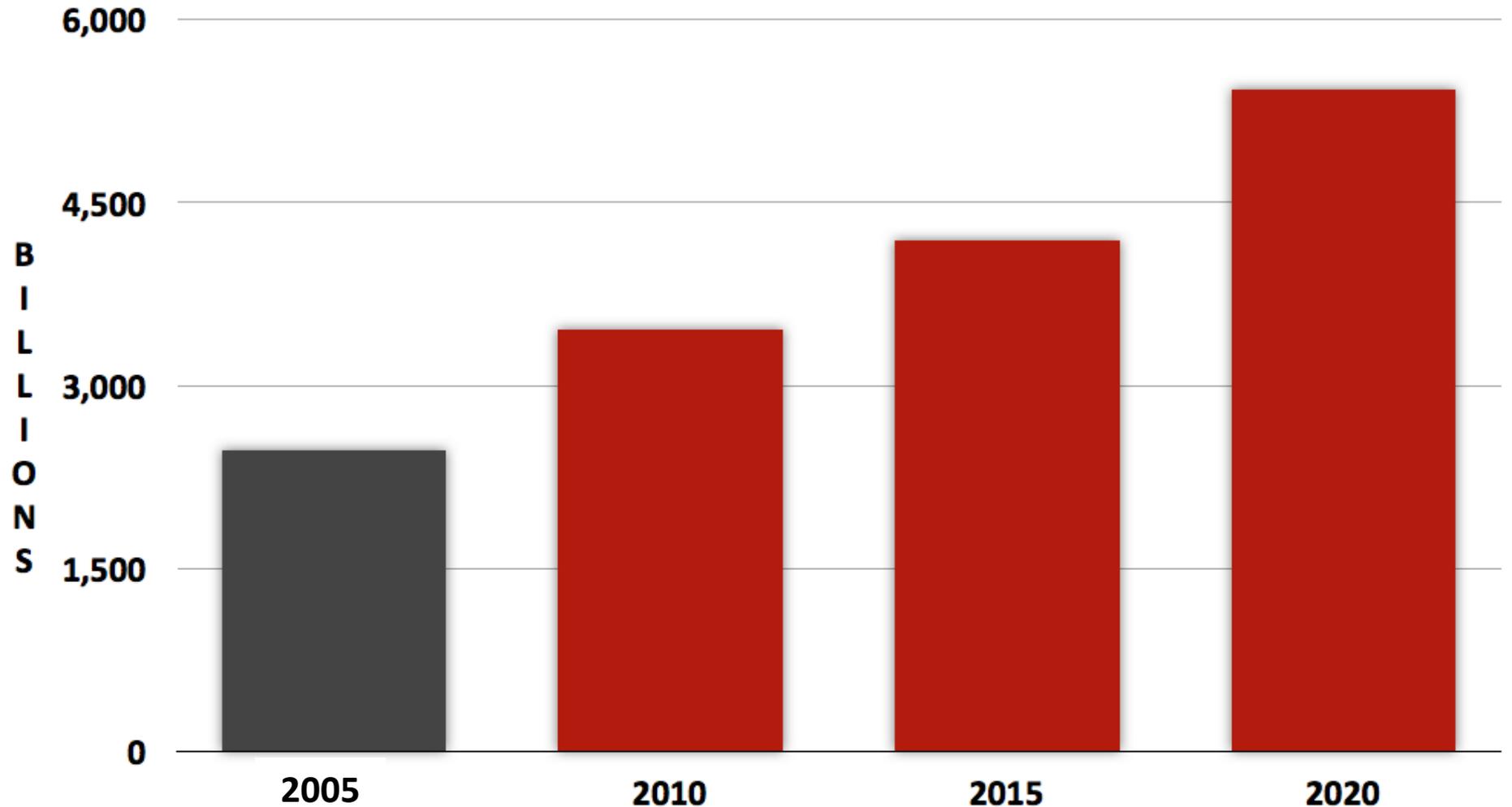
(OUTLAYS IN BILLIONS OF DOLLARS)



SOURCE: CONGRESSIONAL  
BUDGET OFFICE AUGUST 2010  
BUDGET & ECONOMIC  
OUTLOOK

# RECKLESS SPENDING SPREE

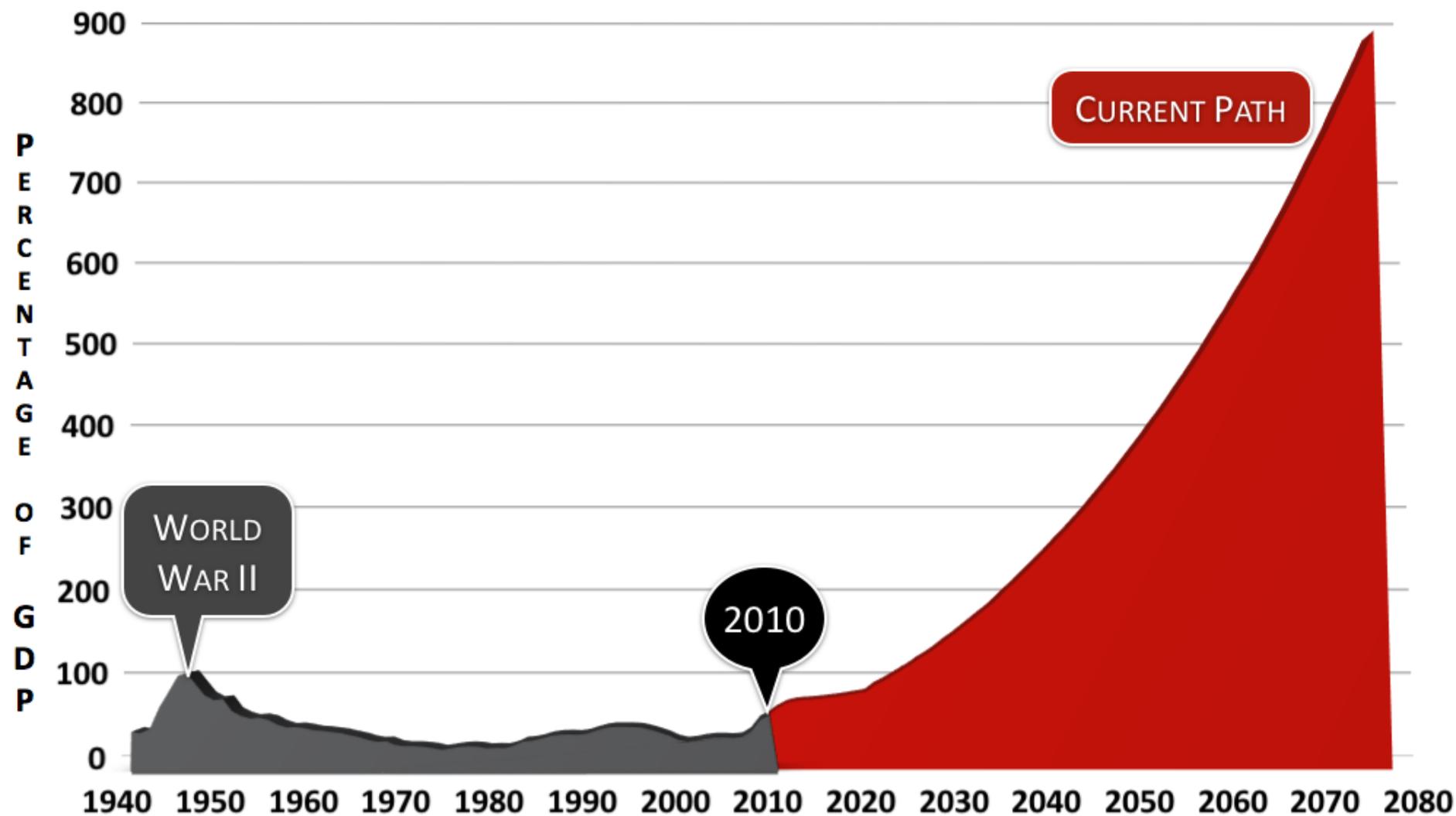
GOVERNMENT SPENDING IN BILLIONS OF DOLLARS, UNDER OBAMA BUDGET



SOURCE: CBO

# CRUSHING BURDEN OF DEBT

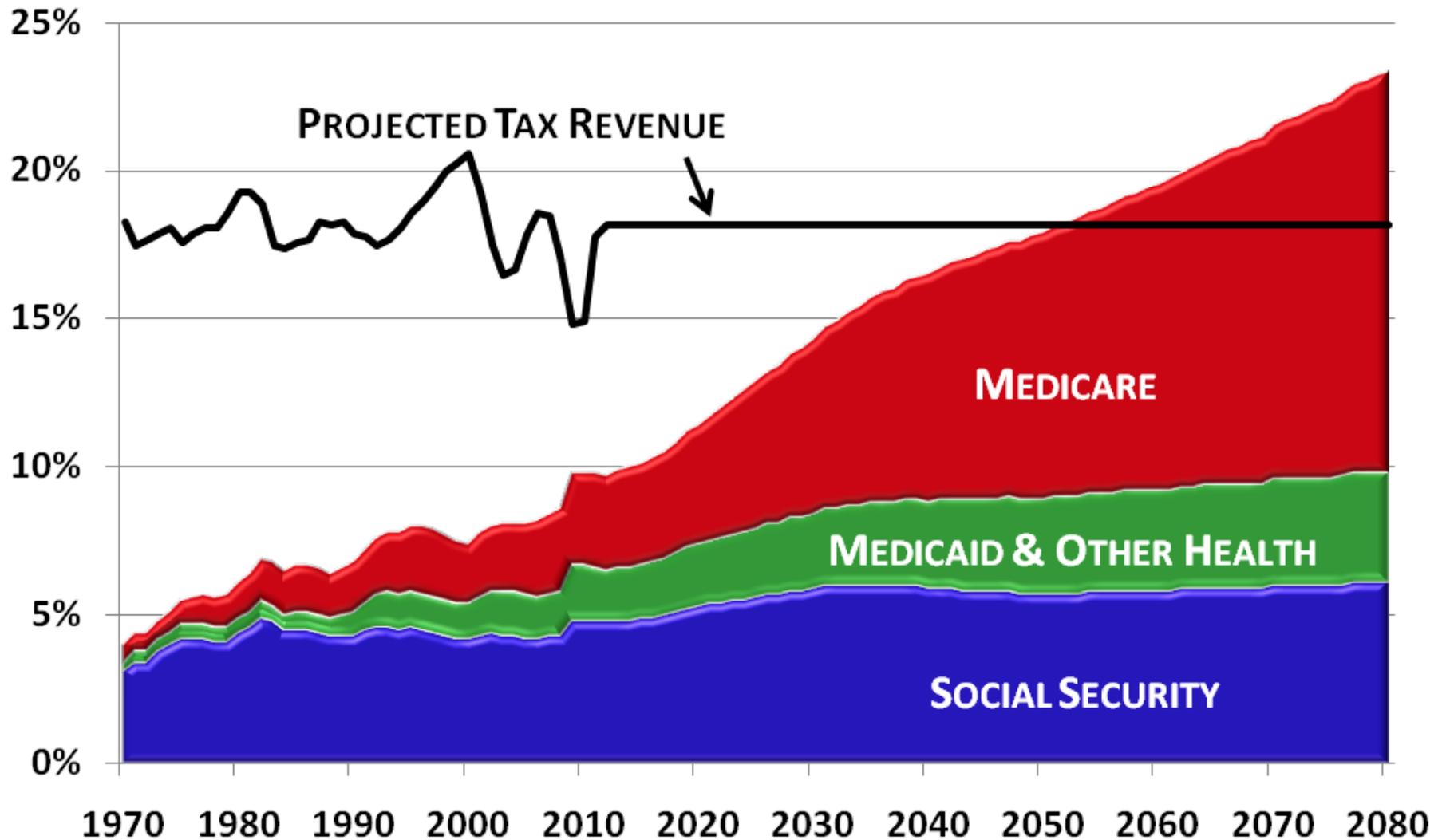
## (DEBT AS A SHARE OF THE ECONOMY)



SOURCE: OMB/CBO

# WHAT DRIVES OUR DEBT?

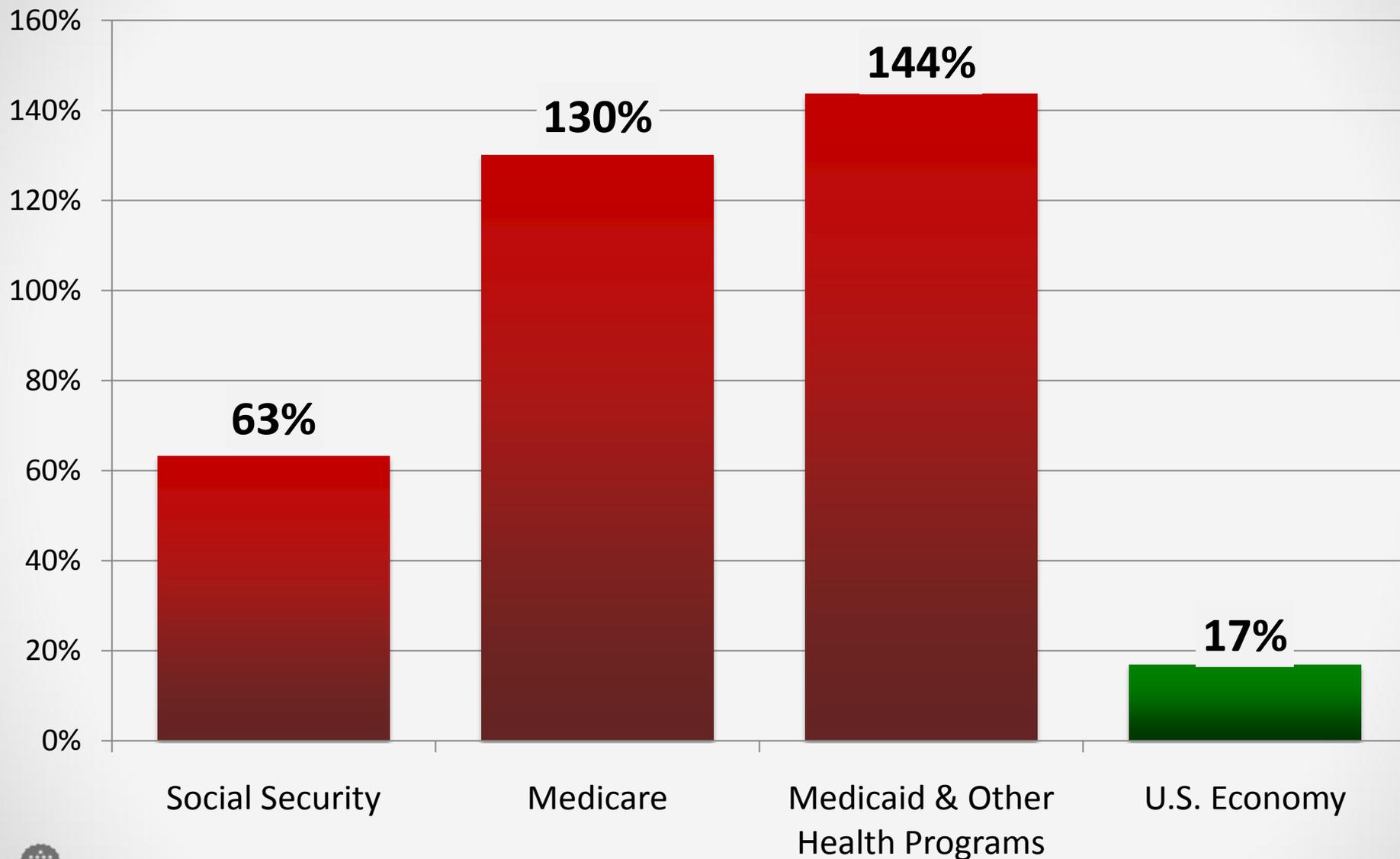
(GOVERNMENT SPENDING AS SHARE OF ECONOMY)



SOURCE: CBO

# AUTOPILOT PROGRAMS GREW FASTER THAN OUR ECONOMY

(CHANGE AS A PERCENTAGE OVER LAST TEN YEARS)



Social Security

Medicare

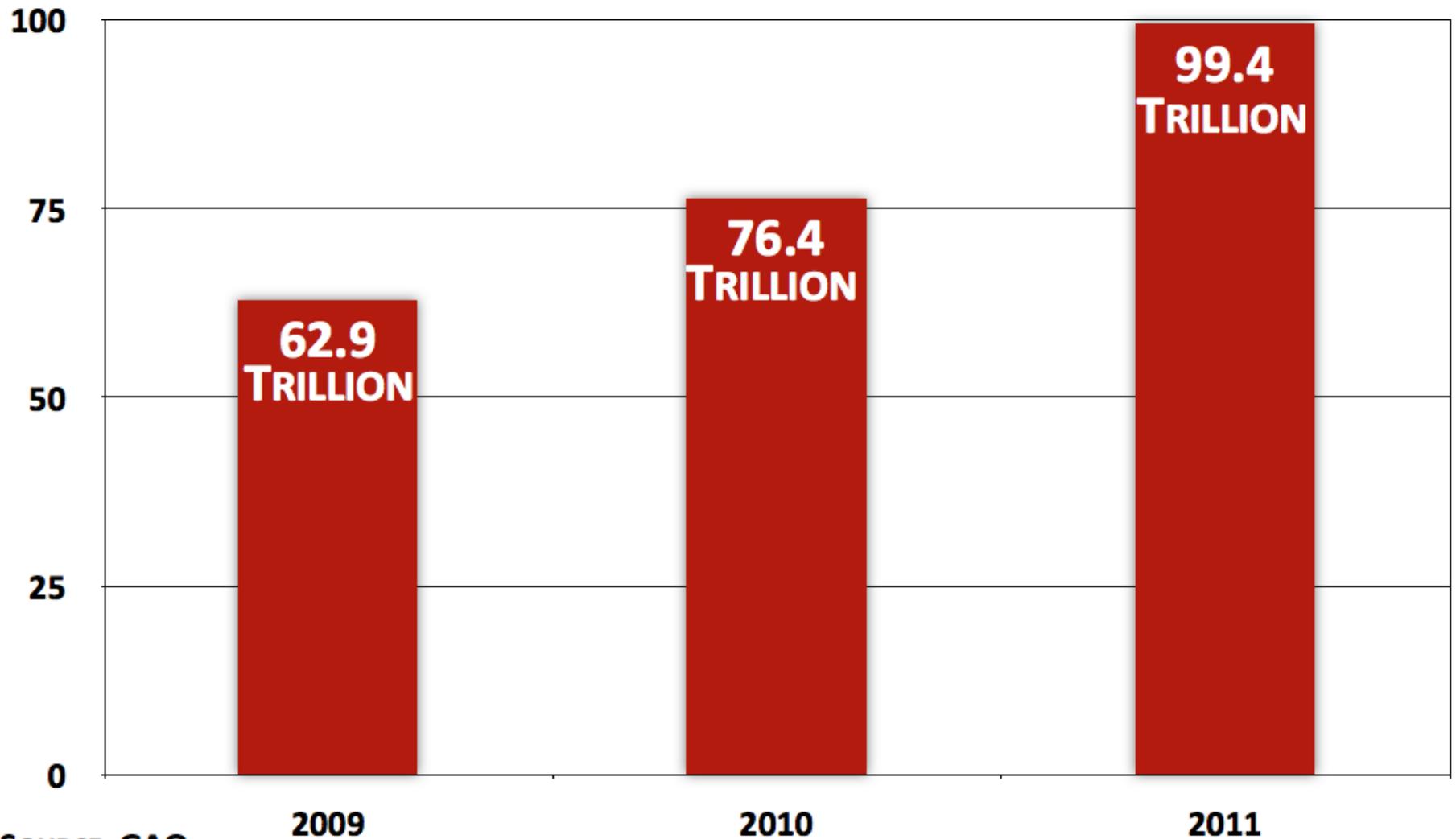
Medicaid & Other  
Health Programs

U.S. Economy



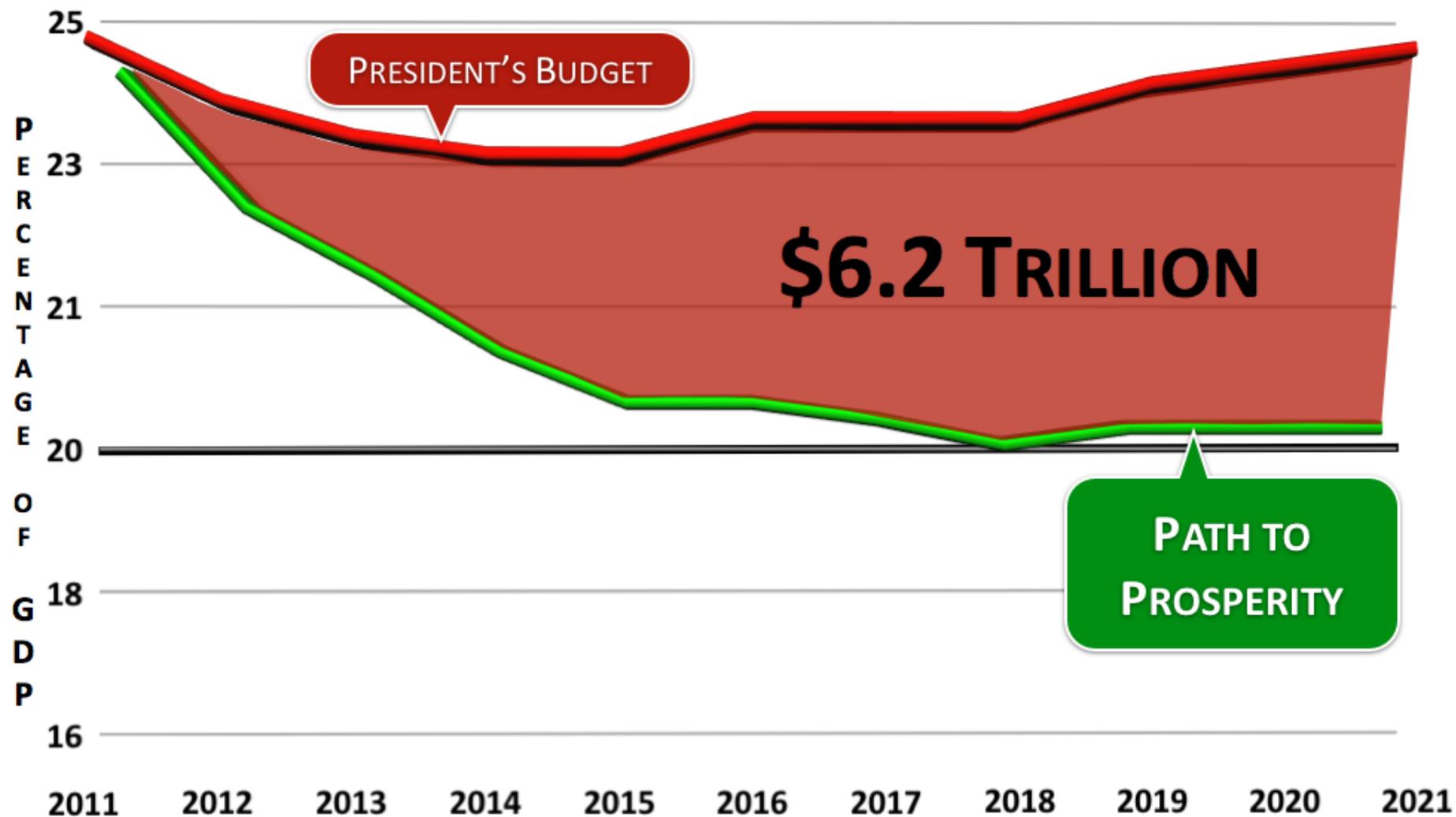
# THE COST OF WAITING - THE FISCAL GAP

## UNFUNDED PROMISES IN TRILLIONS OF DOLLARS



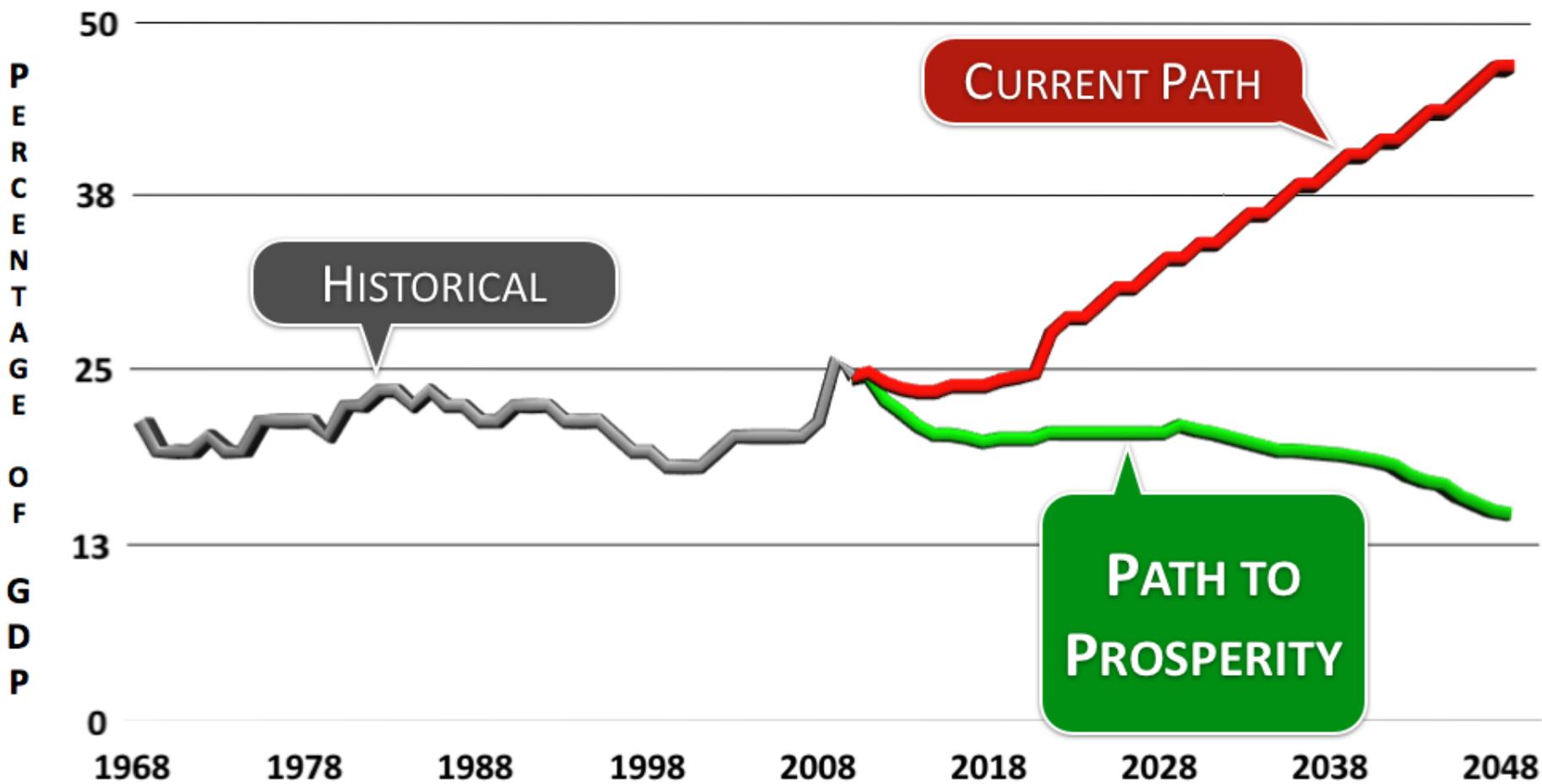
SOURCE: GAO

# GOVERNMENT SPENDING (AS PERCENTAGE OF GDP)



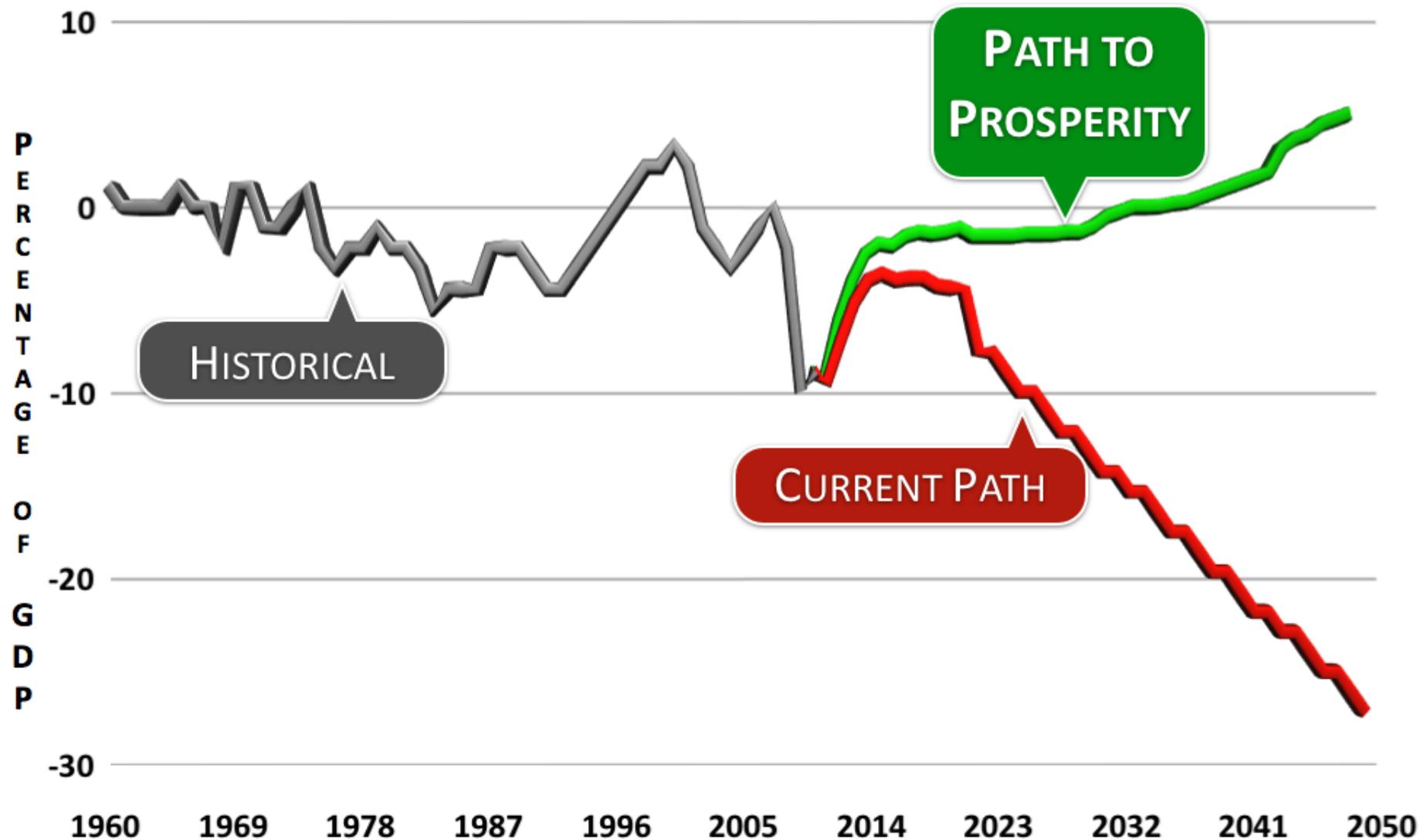
# GOVERNMENT SPENDING

## (AS PERCENTAGE OF GDP)



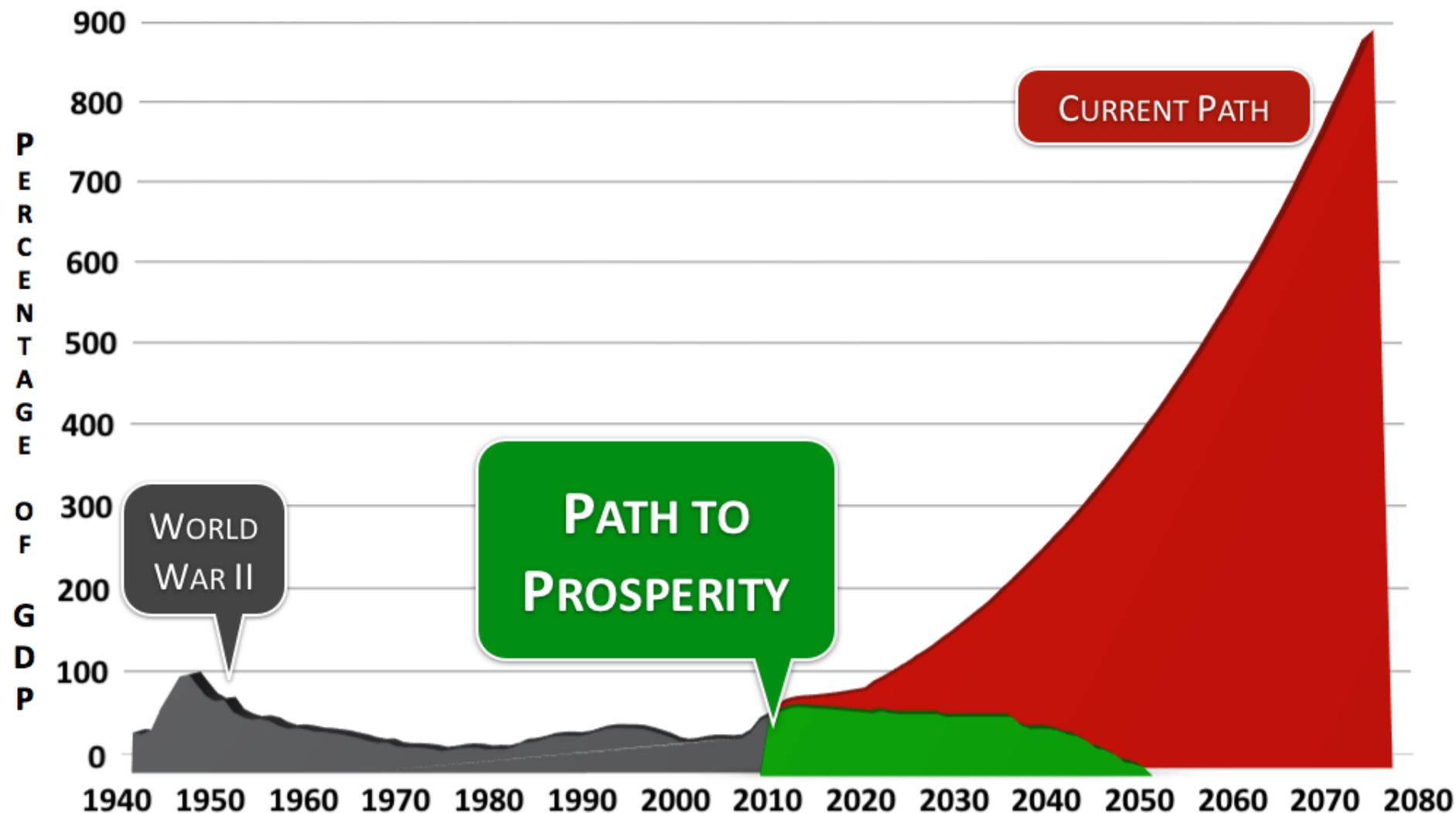
# FEDERAL DEFICIT OR SURPLUS

## (AS PERCENTAGE OF GDP)



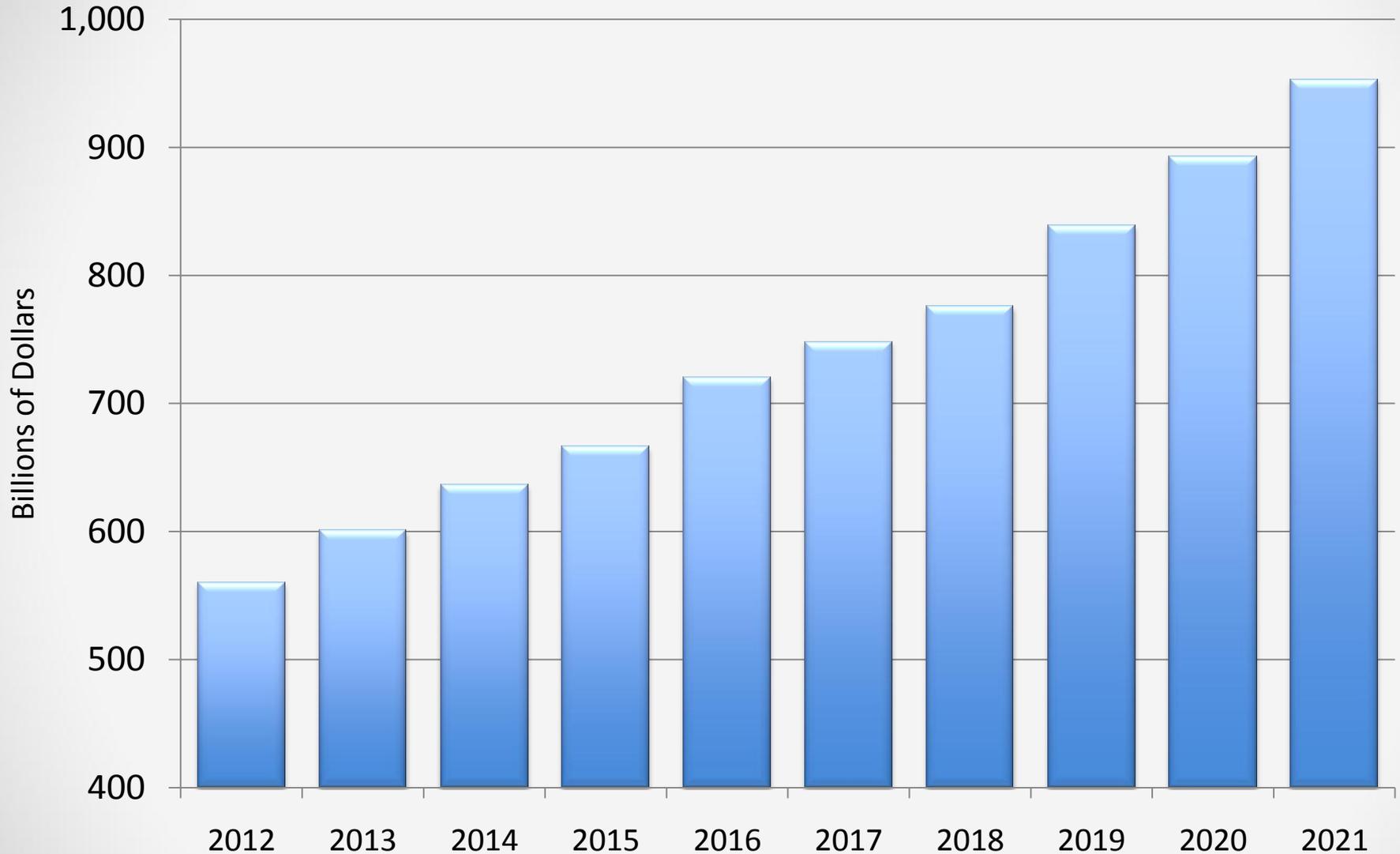
# A CHOICE OF TWO FUTURES

## (DEBT AS A SHARE OF THE ECONOMY)



SOURCE: OMB/CBO

# HOUSE REPUBLICANS WILL GROW MEDICARE EACH YEAR



**What We Can Do Today**

# What We Can Do Today

- Share The Facts With Your Family, Friends, Neighbors And Co-Workers
- Let Them Know Ignoring The Problem Will Only Make The Problem Worse
- Be Part Of A National Solution And Give Your Ideas



# HOUSE REPUBLICANS WILL GROW MEDICARE EACH YEAR

