

## Bush's \$10 Trillion Borrowing Binge: An Update

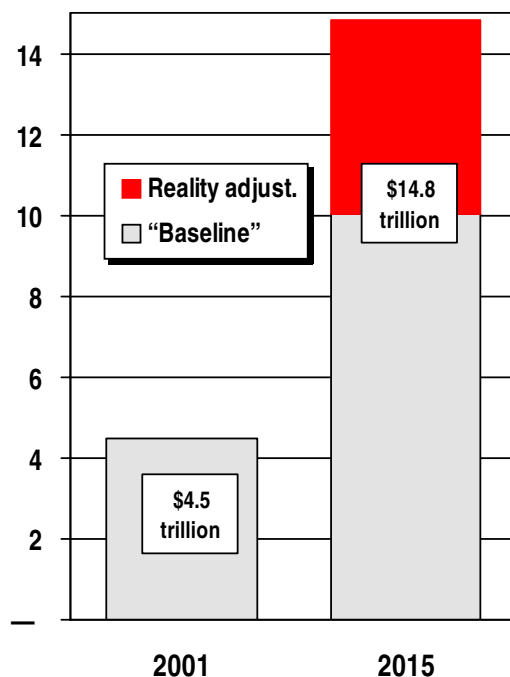
New projections from the Congressional Budget Office confirm that continuation of President Bush's budget policies will triple the national debt over the next decade. Left unchecked, Bush's reckless approach to fiscal policy will saddle our country with an additional \$10 trillion in debt just ten years from now.

This is one of the frightening statistics that can be gleaned from CBO's January report, *The Budget and Economic Outlook: Fiscal Years 2006 to 2015*, in which CBO offers "alternatives" to its so-called "baseline" budget projections. Unlike the baseline, the alternatives take a more realistic approach to predicting future spending and taxes. Primarily, this means dropping the implausible assumptions that federal appropriations will plummet as a share of the economy, that tax cuts ostensibly "sunsetting" will really go away, that the alternative minimum tax will engulf 30 million families, that Iraq and Afghanistan activities will suddenly end, and that anti-terrorism efforts will be curtailed.

The effects of CBO's more realistic predictions are striking. By fiscal 2015, for example, the projected *annual* deficit in the regular budget under Bush's policies skyrockets to \$1,164 billion—seven times bigger than the unrealistic "baseline" estimate for the non-Social Security deficit of \$169 billion.

Some of CBO's important information is hidden in footnotes, and nowhere is everything added up. But with a little arithmetic, here's what CBO's figures reveal about where George W. Bush's policies are taking our nation:

**The Bush National Debt**  
(with borrowing from Social Security)  
\$-trillions

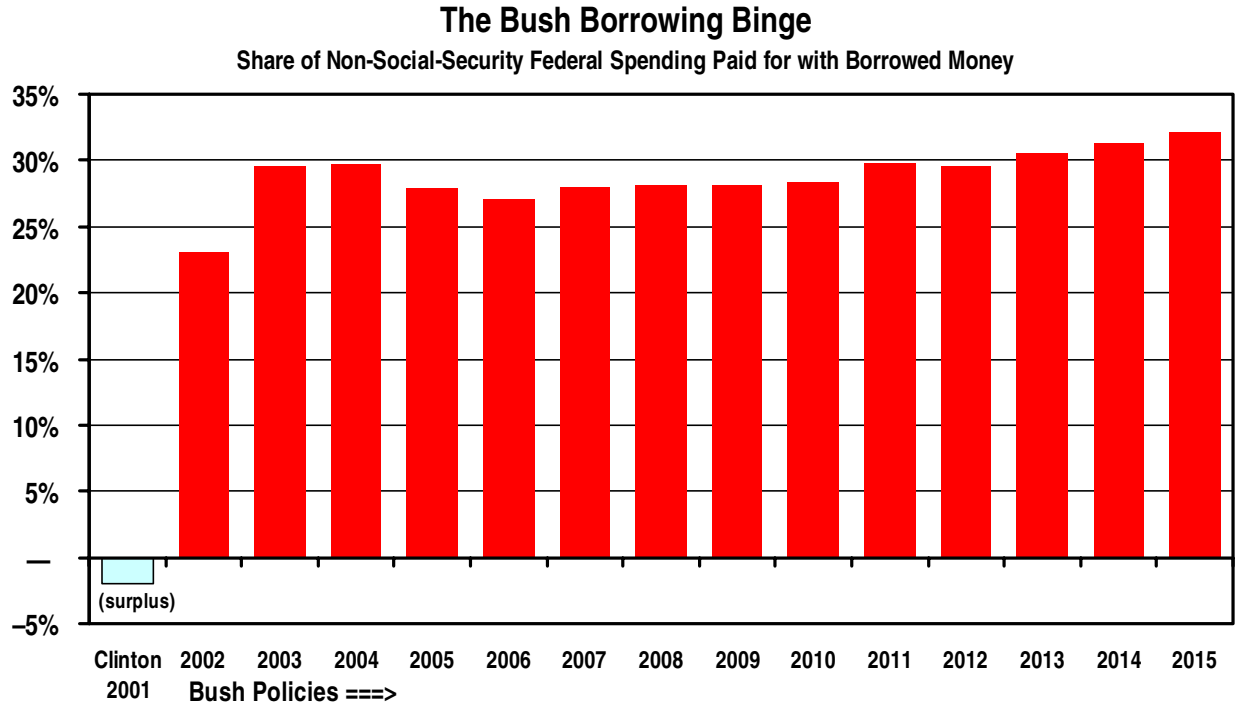


### Congressional Budget Office "Alternative" Assessment of Bush Budget Policies

On-budget only* fisc yrs, \$-bill. except debt	Clinton	Bush 1st Term				Next Four Years				Following Six Years					
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
"Baseline" deficit estimates	+31	-381	-529	-567	-541	-484	-471	-464	-454	-451	-357	-217	-212	-190	-169
Adjustments (see p. 5)	—	—	—	—	-31	-106	-176	-227	-274	-318	-505	-673	-770	-876	-995
<b>Realistic deficit predictions</b>	<b>+31</b>	<b>-381</b>	<b>-529</b>	<b>-567</b>	<b>-572</b>	<b>-590</b>	<b>-647</b>	<b>-691</b>	<b>-728</b>	<b>-769</b>	<b>-862</b>	<b>-890</b>	<b>-982</b>	<b>-1,066</b>	<b>-1,164</b>
<b>Deficits as % of GDP</b>	<b>+0.3%</b>	<b>-3.7%</b>	<b>-4.9%</b>	<b>-4.9%</b>	<b>-4.7%</b>	<b>-4.6%</b>	<b>-4.8%</b>	<b>-4.8%</b>	<b>-4.8%</b>	<b>-4.9%</b>	<b>-5.2%</b>	<b>-5.2%</b>	<b>-5.5%</b>	<b>-5.7%</b>	<b>-5.9%</b>
<b>National debt (\$-trill.)</b>	<b>\$ 4.5</b>	<b>\$ 4.9</b>	<b>\$ 5.5</b>	<b>\$ 5.9</b>	<b>\$ 6.5</b>	<b>\$ 7.1</b>	<b>\$ 7.7</b>	<b>\$ 8.4</b>	<b>\$ 9.1</b>	<b>\$ 9.9</b>	<b>\$ 10.8</b>	<b>\$ 11.6</b>	<b>\$ 12.6</b>	<b>\$ 13.7</b>	<b>\$ 14.8</b>
<b>National debt/GDP</b>	45%	47%	50%	51%	53%	55%	57%	59%	61%	63%	65%	68%	70%	73%	76%
<b>% of non-Social Security outlays financed by debt</b>	-2%	23%	30%	30%	28%	27%	28%	28%	28%	28%	30%	30%	31%	31%	32%

\*Deficit figures exclude the surpluses of the Social Security trust funds. Debt figures include the amounts owed to Social Security.

■ Under Bush’s policies, almost a third of the federal government outside of Social Security is financed with borrowed money—this year and for the foreseeable future. No president has ever put such a large share of federal spending on the national credit card over such a sustained period of time.



■ The Federal Reserve’s aggressively low interest rates have kept federal interest outlays in check for now, but after fiscal 2005 interest payments are expected to rise rapidly. **By 2013 and thereafter, the government is likely to be spending more on interest on the debt than on all domestic appropriations put together—from education, to the environment, to law enforcement, to science, to transportation, to veterans.**

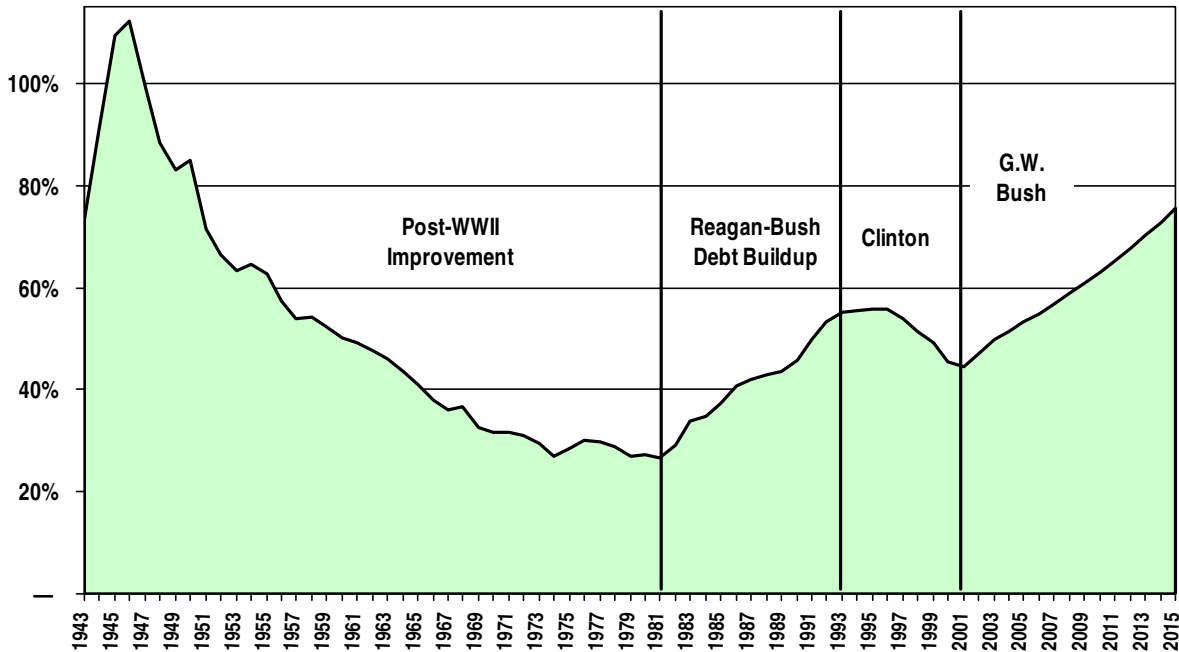
■ Compared to when Bush took office, **the national debt, including amounts owed to Social Security, is expected to more than triple by fiscal 2015—to \$14.8 trillion.** Bush’s 2001 campaign promise that he would continue President Clinton’s policy of paying down the national debt turns out to have been a \$10 trillion fib.

■ **Since Bush’s second year in office, annual deficits in the regular budget have approached or exceeded five percent of the economy. Absent major policy changes, that level of deficits is expected to continue unabated over the next decade.** Since World War II, only the borrow-and-spend policies of Ronald Reagan and the first President Bush have reached that deficit level. So much for the current Bush administration’s frequent claim that its deficits are “moderate by any historical measure” as a share of the economy. (In contrast, in the last few years of the Clinton administration, there were no deficits outside of Social Security, but instead surpluses.)

MORE . . .

■ As a share of the economy, the government’s debt is expected to rise from 45 percent in 2001 to 76 percent by 2015. Such a debt level in relation to the economy hasn’t been seen since the World War II era. As the debt grows, more and more of our tax dollars will go to pay interest, rather than for essential government programs.

**America’s National Debt as a Share of the Economy**  
Including Amounts Owed to Social Security, 1943 – 2013 (projected)



“Although the President likes to blame his fiscal profligacy on increased defense and security spending, his tax cuts loom much larger,” said Robert S. McIntyre, director of Citizens for Tax Justice. “In the President’s first term, 45 percent of his \$2 trillion in deficit spending was directly attributable to his tax cuts, with the lousy economy responsible for most of the rest. Over his second term, 47 percent of the \$2.7 trillion in projected deficit spending reflects Bush’s tax cuts. Thereafter, tax reductions will explain more than half of the huge deficits we’ll face if Bush’s policies are left in place.”

<b>The Bush Tax Cuts &amp; the Bush Deficits</b>			
Fiscal 2002-15 with Tax Cuts Extended & Realistic Outlay Projections			
\$-trillion	Under Bush Policies		
	Deficits	Cost of Tax Cuts	Tax Cut Cost as % of Deficits
1st Bush term, FY2002-05	\$ -2.0	\$ -0.9	45%
2nd Bush term, FY2006-09	-2.7	-1.3	47%
Next six years, FY 2010-15	-5.7	-2.9	51%
<b>Total, FY2002-15</b>	<b>\$ -10.4</b>	<b>\$ -5.1</b>	<b>49%</b>

*Note: Cost of tax cuts includes associated increased interest costs.*

Details about CBO’s “alternative” projections are on pages 4 and 5.

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**CBO's January 2005 Budget Projections, with tax cuts extended, AMT fixed, Iraq & Afghanistan phased down, war on terrorism continued, and other appropriations kept up with economy**

fiscal years, \$-billions	2001	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-15
<b>Revenues</b>														
Individual income taxes	1,035	809	899	971	1,044	1,118	1,188	1,275	1,339	1,394	1,472	1,552	1,634	12,986
Corporate income taxes	174	189	216	224	215	218	224	221	220	222	227	235	242	2,248
Social insurance taxes	694	733	790	833	876	918	962	1,009	1,054	1,102	1,151	1,202	1,253	10,360
Other	152	148	153	167	173	181	188	187	192	221	231	243	255	2,038
<b>Total revenues</b>	<b>2,055</b>	<b>1,880</b>	<b>2,057</b>	<b>2,195</b>	<b>2,307</b>	<b>2,435</b>	<b>2,563</b>	<b>2,691</b>	<b>2,806</b>	<b>2,940</b>	<b>3,081</b>	<b>3,231</b>	<b>3,383</b>	<b>27,631</b>
Social Security	508	535	573	605	638	672	706	740	774	809	845	882	919	7,591
Rest of government	1,548	1,345	1,484	1,590	1,669	1,763	1,857	1,951	2,032	2,131	2,236	2,349	2,464	20,040
<b>Outlays</b>														
Appropriated outlays:														
Defense & security	321	475	520	545	562	579	583	595	621	641	674	704	736	6,242
Other	328	420	440	454	472	494	518	541	566	593	620	647	676	5,579
Mandatory outlays	1,008	1,237	1,317	1,380	1,450	1,529	1,620	1,713	1,824	1,896	2,028	2,159	2,303	17,902
Net interest	206	160	178	217	260	295	322	350	379	412	444	482	523	3,684
<b>Total outlays</b>	<b>1,863</b>	<b>2,292</b>	<b>2,455</b>	<b>2,596</b>	<b>2,744</b>	<b>2,897</b>	<b>3,044</b>	<b>3,199</b>	<b>3,391</b>	<b>3,542</b>	<b>3,766</b>	<b>3,992</b>	<b>4,237</b>	<b>33,408</b>
Social Security	347	380	401	415	428	443	460	479	497	521	548	577	609	4,977
Rest of government:														
Programs	1,242	1,667	1,785	1,868	1,950	2,042	2,133	2,228	2,359	2,438	2,588	2,730	2,886	23,223
Interest	275	246	269	313	366	412	451	492	535	583	630	685	742	5,208
<b>Deficit (-) or Surplus (+)</b>	<b>+191</b>	<b>-412</b>	<b>-399</b>	<b>-401</b>	<b>-437</b>	<b>-462</b>	<b>-481</b>	<b>-508</b>	<b>-585</b>	<b>-602</b>	<b>-685</b>	<b>-761</b>	<b>-854</b>	<b>-5,776</b>
Social Security	+161	+155	+173	+190	+210	+229	+246	+262	+277	+289	+298	+305	+310	+2,614
Rest of government	+31	-567	-572	-591	-647	-691	-727	-770	-862	-891	-983	-1,066	-1,164	-8,392
<b>% of non-Social Security outlays paid for by borrowing</b>	none	30%	28%	27%	28%	28%	28%	28%	30%	30%	31%	31%	32%	30%
"Net" National Debt at year end	3,320	4,296	4,695	5,095	5,532	5,994	6,475	6,984	7,569	8,171	8,856	9,617	10,471	
+ Debt held by Social Security	1,170	1,635	1,804	1,989	2,194	2,419	2,661	2,919	3,191	3,475	3,768	4,068	4,372	
<b>= Total debt including amount owed to Social Security</b>	<b>4,489</b>	<b>5,931</b>	<b>6,499</b>	<b>7,084</b>	<b>7,726</b>	<b>8,413</b>	<b>9,136</b>	<b>9,903</b>	<b>10,760</b>	<b>11,646</b>	<b>12,624</b>	<b>13,685</b>	<b>14,843</b>	
<b>Shares of the Economy</b>														
<b>Revenues</b>	<b>20.4%</b>	<b>16.3%</b>	<b>16.8%</b>	<b>17.0%</b>	<b>17.0%</b>	<b>17.0%</b>	<b>17.1%</b>	<b>17.1%</b>	<b>17.0%</b>	<b>17.0%</b>	<b>17.1%</b>	<b>17.2%</b>	<b>17.2%</b>	
Social Security	5.0%	4.6%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Rest of government:														
Indiv. & corp. income taxes	12.0%	8.6%	9.1%	9.3%	9.3%	9.3%	9.4%	9.5%	9.5%	9.4%	9.4%	9.5%	9.5%	
Other revenue	3.4%	3.0%	3.0%	3.1%	3.0%	3.0%	3.0%	2.9%	2.9%	3.0%	3.0%	3.0%	3.0%	
<b>Outlays</b>	<b>18.5%</b>	<b>19.8%</b>	<b>20.1%</b>	<b>20.1%</b>	<b>20.2%</b>	<b>20.2%</b>	<b>20.3%</b>	<b>20.3%</b>	<b>20.6%</b>	<b>20.5%</b>	<b>20.9%</b>	<b>21.2%</b>	<b>21.6%</b>	
Social Security	3.4%	3.3%	3.3%	3.2%	3.2%	3.1%	3.1%	3.0%	3.0%	3.0%	3.0%	3.1%	3.1%	
Rest of government:														
Programs:														14.7%
Defense & security	3.2%	4.1%	4.3%	4.2%	4.1%	4.0%	3.9%	3.8%	3.8%	3.7%	3.7%	3.7%	3.7%	3.7%
Other	9.1%	10.3%	10.3%	10.3%	10.2%	10.2%	10.3%	10.4%	10.5%	10.4%	10.6%	10.8%	10.9%	10.9%
Interest	2.7%	2.1%	2.2%	2.4%	2.7%	2.9%	3.0%	3.1%	3.2%	3.4%	3.5%	3.6%	3.8%	3.8%
<b>Deficit (-) or Surplus (+)</b>	<b>+1.9%</b>	<b>-3.6%</b>	<b>-3.3%</b>	<b>-3.1%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>-3.5%</b>	<b>-3.5%</b>	<b>-3.8%</b>	<b>-4.0%</b>	<b>-4.3%</b>	
Social Security	+1.6%	+1.3%	+1.4%	+1.5%	+1.5%	+1.6%	+1.6%	+1.7%	+1.7%	+1.7%	+1.7%	+1.6%	+1.6%	
Rest of government	+0.3%	-4.9%	-4.7%	-4.6%	-4.8%	-4.8%	-4.8%	-4.9%	-5.2%	-5.2%	-5.5%	-5.7%	-5.9%	
<b>Natl. debt including amount owed to Social Security</b>	<b>44.6%</b>	<b>51.3%</b>	<b>53.1%</b>	<b>55.0%</b>	<b>56.9%</b>	<b>58.8%</b>	<b>60.8%</b>	<b>62.8%</b>	<b>65.2%</b>	<b>67.5%</b>	<b>70.0%</b>	<b>72.7%</b>	<b>75.5%</b>	

Source: Congressional Budget Office, January 2005. Compiled by Citizens for Tax Justice, January 2005. Fiscal 2001 and 2004 figures are actual. (Fiscal 2001 revenue and deficit figures were adjusted by CTJ to exclude the \$74 billion cost of the 2001 Bush tax cuts in that fiscal year.)

**Deficit Increases (-) from CBO's List of Adjustments to its "Baseline" to Better Reflect Reality**

fiscal years, \$-billion	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Phase down Iraq and Afghanistan activities and continue anti-terrorism spending	-30	-73	-82	-76	-59	-47	-44	-48	-51	-54	-57	-621
Keep other appropriations up with GDP	—	-15	-42	-73	-106	-141	-179	-219	-262	-308	-359	-1,705
Extend expiring tax provisions (including indexed AMT relief)	-0	-17	-52	-78	-109	-130	-282	-406	-457	-514	-579	-2,628
<b>Total adjustments</b>	<b>-31</b>	<b>-106</b>	<b>-176</b>	<b>-227</b>	<b>-274</b>	<b>-318</b>	<b>-505</b>	<b>-673</b>	<b>-770</b>	<b>-876</b>	<b>-995</b>	<b>-4,951</b>
<b>Addendum:</b>												
Higher interest payments (-) included above	-0	-3	-10	-17	-26	-35	-50	-72	-98	-128	-161	-601

Source Congressional Budget Office, January 2005. Compiled by Citizens for Tax Justice, January 2005.

Note that CBO did not disaggregate by year the \$271 billion 10-year cost of the interaction between extending expiring tax provisions and extending Alternative Minimum Tax Relief. CTJ calculated the yearly effects to hit CBO's 10-year total.

### CBO's January 2005 Budget Projections, with tax cuts extended, AMT fixed, Iraq & Afghanistan phased down, war on terrorism continued, and other appropriations kept up with economy

2005 GDP-adjusted \$-billions	2001	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>													
Individual income taxes	1,259	857	899	922	940	956	967	990	993	989	999	1,008	1,017
Corporate income taxes	212	200	216	213	194	186	182	172	163	157	154	153	151
Social insurance taxes	844	776	790	791	789	785	783	783	782	782	781	781	780
Other	185	157	153	159	156	155	153	145	142	157	157	158	159
<b>Total revenues</b>	<b>2,499</b>	<b>1,991</b>	<b>2,057</b>	<b>2,083</b>	<b>2,077</b>	<b>2,082</b>	<b>2,086</b>	<b>2,089</b>	<b>2,081</b>	<b>2,085</b>	<b>2,091</b>	<b>2,099</b>	<b>2,106</b>
Social Security	617	566	573	574	574	575	575	575	574	574	574	573	572
Rest of government	1,882	1,424	1,484	1,509	1,503	1,507	1,512	1,515	1,507	1,511	1,518	1,526	1,533
<b>Outlays</b>													
Appropriated outlays:													
Defense & security	391	503	520	518	506	495	475	462	461	455	458	458	458
Other	399	445	440	431	425	422	422	420	420	421	421	420	421
Mandatory outlays	1,226	1,310	1,317	1,310	1,306	1,307	1,319	1,330	1,353	1,345	1,376	1,403	1,434
Net interest	251	169	178	205	234	252	262	272	281	292	301	313	325
<b>Total outlays</b>	<b>2,266</b>	<b>2,427</b>	<b>2,455</b>	<b>2,464</b>	<b>2,471</b>	<b>2,477</b>	<b>2,478</b>	<b>2,484</b>	<b>2,515</b>	<b>2,513</b>	<b>2,556</b>	<b>2,594</b>	<b>2,637</b>
Social Security	422	402	401	394	385	379	374	372	369	370	372	375	379
Rest of government:													
Programs	1,510	1,765	1,785	1,773	1,756	1,746	1,736	1,730	1,750	1,729	1,757	1,774	1,796
Interest	334	260	269	297	330	352	367	382	397	414	428	445	462
<b>Deficit (-) or Surplus (+)</b>	<b>+233</b>	<b>-436</b>	<b>-399</b>	<b>-380</b>	<b>-393</b>	<b>-395</b>	<b>-392</b>	<b>-395</b>	<b>-434</b>	<b>-427</b>	<b>-465</b>	<b>-494</b>	<b>-532</b>
Social Security	+195	+164	+173	+180	+189	+196	+200	+203	+205	+205	+202	+198	+193
Rest of government	+37	-600	-572	-560	-583	-591	-592	-598	-639	-632	-667	-693	-725
<b>% of non-Social Security outlays paid for by borrowing</b>	<b>none</b>	<b>30%</b>	<b>28%</b>	<b>27%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>30%</b>	<b>30%</b>	<b>31%</b>	<b>31%</b>	<b>32%</b>
"Net" National Debt at year end	4,037	4,549	4,695	4,836	4,981	5,125	5,271	5,422	5,613	5,796	6,011	6,249	6,518
+ Debt held by Social Security	1,423	1,731	1,804	1,888	1,976	2,068	2,166	2,266	2,367	2,465	2,558	2,643	2,721
<b>= Total debt including amount owed to Social Security</b>	<b>5,459</b>	<b>6,280</b>	<b>6,499</b>	<b>6,724</b>	<b>6,957</b>	<b>7,193</b>	<b>7,437</b>	<b>7,688</b>	<b>7,980</b>	<b>8,261</b>	<b>8,568</b>	<b>8,892</b>	<b>9,239</b>

Sources: Congressional Budget Office, January 2005; Citizens for Tax Justice, January 2005. Fiscal 2001 and 2004 figures are actual. (Fiscal 2001 revenue and deficit figures were adjusted by CTJ to exclude the \$74 billion cost of the 2001 Bush tax cuts that fiscal year.) Fiscal 2005 GDP-adjusted dollars represent the shares of GDP for each item in each year times the fiscal 2005 gross domestic product (i.e., simply an easier way to understand GDP shares).