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Mounting Revenues and Shrinking Deficit Support Low-Tax, Limited-Spending Policies

Another round of budget and economic data underscores the effectiveness of maintaining lower taxes and restrained spending. Recent estimates by the U.S. Treasury show that a sustained boost in federal revenues, combined with disciplined federal spending, continue to drive down federal deficits. The figures echo similar findings recently published by the Congressional Budget Office [CBO].

According to both CBO and Treasury estimates for the first quarter of the fiscal year, federal revenues continue to grow at a rapid rate, on top of double-digit growth for the two prior years. Federal spending for the period was held nearly flat – despite immense expenses that include ongoing war costs, and new entitlement benefits. Combined, the continued revenue surge and restrained spending have further cut deficits.

An editorial in today's *The Wall Street Journal* noted that the continued onslaught of fiscal good news is making it increasingly difficult for those who claim fiscal doom if Congress refuses to impose massive spending and tax hikes.

“The myth persists in some media circles that the federal budget deficit is ‘surging’ or ballooning or something terrible – all of which is served up as ammunition for those in Congress who want a tax increase.” (WSJ, 1/17/07)

Paul Ryan (R-WI), Ranking Republican on the House Budget Committee, said the following:

“The strength and resilience of the U.S. economy, coupled with lower taxes and spending restraint, continue to deliver significant deficit reduction. Recent reports again underscore that our pro-growth policies work. I hope the new Democrat majority will choose to resist their taste for higher taxes and spending so this progress can continue.”