



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

For Immediate Release
July 30, 2007

TAX INCREASES LEAD TO HIGHER SPENDING, NOT DEFICIT REDUCTION

Press Release #110-19
Contact: Christopher Frenze
Republican Staff Director
(202) 225-3923

WASHINGTON, D.C. – New evidence indicates that each dollar of tax increases since 1947 has led to \$1.07 in additional federal spending, according to a study released today by Congressman Jim Saxton, ranking Republican member of the Joint Economic Committee (JEC).

The new study, *Taxes and Deficits: An Observation on the Relationship Between Taxes and Spending*, is a statistical analysis of federal taxes and spending for most of the post-WWII period. The study was authored by Professor Richard Vedder of Ohio University and Jonathan Leirer.

“This new study shows that tax increases fuel more federal spending, not deficit reduction,” Saxton said. “The implications for current policy could not be clearer: expenditure restraint, not tax increases, is the most effective policy to reduce deficit spending. The analysis demonstrates that we cannot tax our way to a balanced budget. As the study notes, the costs of higher taxes and spending also undermine economic growth,” Saxton concluded.

###