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NEWS RELEASE

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Building Toward Zero **by Senator Larry Craig**

As the saying goes, “Rome wasn’t built in a day.” And when the tribes from central Europe swept down and sacked Rome, even that took more than a day to accomplish. While we would all like to see budget deficits disappear tomorrow, I think we can all be encouraged that they are headed in the right direction – back to the black.

Having said that, I understand that when I talk about budget deficits and fiscal years and budget projections, some people might start to lose interest. It isn’t always apparent, at first glance, how all this impacts your wallet, but it does – in a very real way.

On July 11, the federal Office of Management and Budget (OMB) announced that the FY 2007 budget deficit is forecast to be lower than FY 2006 by a pretty solid amount. In 2006, the budget carried a deficit of \$248 billion. Don’t forget, this amount was less than half the budget deficit in FY 2004, which was more than \$500 billion.

This year’s deficit is estimated to come in at \$205 billion, down \$43 billion in just one year. Any way you slice it, President Bush and Congress have slashed the red ink by more than half, years ahead of the President’s deadline of 2009.

How does this affect you? Bear with me for a moment.

I share Idahoans’ belief that government ought to live within its means and not overspend. Deficit spending is a nasty habit that sticks future generations with the bill for the government’s inability to prioritize and exercise discipline. Families understand that if you can’t afford something, you shouldn’t buy it until you save up or clear out room in the family budget. The federal government should follow that principle too.

Budget deficits, no matter how large or small they are, create uncertainty in the market about whether the federal government will be able to meet its debts. Eliminate the debt, and we’ll eliminate the uncertainty for a lot of businesses and investors, who will consequently put more of their money to work expanding the economy and creating jobs.

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Finally, eliminating deficits means Congress will be less tempted to increase taxes to pay for government spending. More jobs and a lower tax burden sounds like a pretty good deal for working families across Idaho and the nation.

That's why I've always pushed Congress to balance its spending and eliminate budget deficits. I believe a Balanced Budget Amendment (BBA) to the Constitution is the best way to do this. In the late '90s, when Congress was under Republican control, we balanced the yearly budgets for three years in a row.

However, the demands of a recession, the attacks of 9/11, Hurricane Katrina recovery, and the ongoing war on terrorism have required hundreds of billions in federal spending, pushing us back into the red. The BBA would allow for such emergency spending. But even Republicans sometimes lose sight of something our Founding Fathers believed in strongly – fiscal restraint. The elections of 2006 served as a strong reminder that the American public would not tolerate such spending habits.

The Democrat-controlled Congress has yet to pass an appropriations bill, so it remains to be seen what impact they will have on this year's budget deficit. The outlook isn't good, as they have proposed \$200 billion in new spending over the next five years. Two steps forward, one step back. No wonder Rome wasn't built in a day.