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JANUARY TRADE DEFICIT IS SECOND LARGEST ON RECORD
Irresponsible Bush Administration Budget Deficits Driving Up Trade Deficit

Washington, D.C. – The trade deficit in goods and services rose to \$58.3 billion in January, according to data released today by the U.S. Department of Commerce. That deficit is the second largest on record, exceeded only by the \$59.4 billion deficit in November 2004. Revised figures put the trade deficit for 2004 at \$617.1 billion, less than \$1 billion below the original estimate released last month.

“The ballooning twin trade and budget deficits dramatize the misplaced fiscal priorities of the President and the Republican Congress,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee**. “The Administration’s large federal budget deficits and mounting federal debt are putting enormous pressure on the trade deficit and the dollar. Instead of taking meaningful action to address these problems, the President is traveling around the country promoting a Social Security privatization plan that would add trillions of dollars to the debt. Meanwhile, the Republican Congress is trying to pass a budget resolution that ignores the realities of future budget deficits, while cutting programs serving the neediest in our country in order to preserve unfair tax cuts for the rich.”

The figures on trade in goods and services virtually guarantee that data on the broader current account deficit due to be released next week will also show a record deficit for 2004. The current account deficit measures how much the United States needs to borrow from the rest of the world to finance its ongoing international transactions. Trade in goods and services is by far the largest component of the current account.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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