PRESS RELEASE

THE BUDGET "CRISIS" IN PERSPECTIVE: LARGE SURPLUSES AND PLUNGING DEBT BURDENS

WASHINGTON, D.C. –Any accurate appraisal of the current federal budget situation must be based on factual information and not exaggeration, Joint Economic Committee (JEC) Chairman Jim Saxton said today. The newly projected 2001 budget surplus is $153 billion, according to the Congressional Budget Office (CBO), or 1.5 percent of GDP. The fiscal position of the federal government in 2001 is the second most positive on record.

"The current fiscal position of the U.S. government is very strong, and over time will become even stronger. By 2011, according to the new outlook some portray as a "crisis," the annual budget surplus is projected to be $628 billion, and all net federal debt available for redemption will have been retired.

"The level of net (publicly held) federal debt would decline by $116 billion in fiscal 2001, $156 billion in 2002, $155 billion in 2003, and $186 billion in 2004. The level of net federal debt would be lower over the next eight years than in any of the previous eight years.

"Budget accounting and procedures may lead to difficulty in greatly increasing federal spending, but that is hardly a crisis. Furthermore, a review of current economic conditions suggests that there are more problems associated with the economic slowdown than with the minutiae of budget accounting in Washington. We must continue to focus on policies to foster economic growth, recognizing that healthy economic growth is also a necessary precondition for a positive fiscal situation," Saxton concluded.

For more information on the federal debt, including the recent JEC study, *Federal Debt: Market Structure and Economic Uses For U.S. Treasury Debt Securities*, please visit our website at www.house.gov/jec.

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