



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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State's Fiscal Discipline Sets Example for Federal Government

WASHINGTON, DC -- The **Joint Economic Committee (JEC)** released a study today, entitled [*Fiscal Health Through Fiscal Restraint: A Lesson From New Jersey*](#), that finds that cutting taxes and controlling spending sets the basis for a healthy economy. Using the example of New Jersey, the study finds that Governor Christine Todd Whitman's policies of low taxes and controlled spending set the foundation for the strongest economy in the region. The Garden State is experiencing low unemployment, rapid job growth, and accelerated business creation.

"The New Jersey government demonstrates that restraining spending sets the framework for a healthy economy, an economy that generates large revenues for the government," stated **JEC Chairman Jim Saxton (R-NJ)**. "The prudent course for the future requires increased vigilance against unwarranted government expenditures."

The federal government is faced with the possibility of continued budget surpluses for the first time in a generation. Many officials attempt to increase spending to use the unexpected revenue windfall. However, restraint needs to be exercised.

When New Jersey lowered corporate and personal income tax rates, the cost of living and doing business in the state decreased. Lower taxes brought more businesses and families to New Jersey. To further ensure economic growth, Governor Christine Todd Whitman wants to require that local governments receive voter approval for any tax increase that exceeds the rate of inflation. Institutional safeguards are proposed to fight against the trend of bigger government.

The study cites various examples of how the process of paying for and providing government services is biased against limiting government spending. The benefits of government services are concentrated while the costs are diffused. This budgetary process is self-defeating because, as the cost of government services rises, the burden is placed on all taxpayers which dampens economic well being.

For a copy of this study, contact the JEC at (202) 224-5171 or visit its website at www.house.gov/jec/.

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