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**Contact:**

Michelle Bazie, 202-408-1080, [bazie@cbpp.org](mailto:bazie@cbpp.org)

820 First Street, NE  
Suite 510  
Washington, DC 20002

Tel: 202-408-1080  
Fax: 202-408-1056

[center@cbpp.org](mailto:center@cbpp.org)  
[www.cbpp.org](http://www.cbpp.org)

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STATEMENT BY JAMES HORNEY,  
DIRECTOR OF FEDERAL FISCAL POLICY,  
ON CBO'S BUDGET AND ECONOMIC PROJECTIONS

The new budget and economic projections from the Congressional Budget Office confirm what thoughtful observers have said all year — the smaller deficit for this year does not mean the longer-term economic and budget outlook has significantly improved. Despite White House claims, CBO does not find that the President's tax cuts "are working" to boost the economy and revenues and dramatically improve the budget outlook.

CBO finds instead that:

- *"Despite the improved budgetary prospects for 2007, the outlook for the coming decade has not changed materially since March." (p. 1)*
- *"Over the long term the budget is on an unsustainable path." (p.3)*
- *"Attaining fiscal stability in the coming decades will almost certainly require some combination of reductions in the growth of spending and increases in taxes as a share of the economy." (p. 19)*

The message is clear: we cannot continue down the path of the last six years. We cannot afford to enact new tax cuts (including extending expiring tax cuts) or expand entitlements without paying for them, and we must begin to consider changes in health care and tax policy that will put the nation on a fiscally sustainable path.

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