
October 11, 2006

STATEMENT OF ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES, IN RESPONSE TO ANNOUNCEMENT OF THE 2006 DEFICIT FIGURE

"The announcement seems like good news, but it's more of a temporary blip than real progress. The improvement in the deficit may not extend even beyond this year, and the long-term outlook remains bleak. Despite Administration assertions, the evidence indicates this temporary improvement has little to do with a tax-cut driven surge in revenues or the economy. Revenues always grow and deficits always decline in economic recoveries. What stands out is that both revenue growth and the economy have performed markedly worse in the current recovery than in average recoveries of modern times. In addition, the tax cuts of recent years are a key factor behind our long-term deficit problems, which now appear worse than they did a few years ago. Sadly, the claims of budgetary success are Orwellian."

The following new analysis discusses the deficit figures in further detail:

DEFICIT ANNOUNCEMENT MASKS BIGGER STORY: LONG-TERM OUTLOOK REMAINS BLEAK

<http://www.cbpp.org/10-11-06bud.htm>

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