
January 5, 2007

**STATEMENT BY JAMES HORNEY, DIRECTOR OF FEDERAL FISCAL POLICY,
ON REINSTATEMENT OF THE PAY-AS-YOU-GO RULE**

Today's House vote to reinstate the pay-as-you-go rule marks a significant and welcome first step in restoring the fiscal discipline that has been sorely lacking in Washington.

During the 1990s, a similar pay-as-you-go rule proved to be an important tool in turning deficits into surpluses. Reinstating pay-as-you-go does not guarantee that the new Congress will always operate in a fiscally responsible manner, but it does indicate that congressional leaders recognize the nation faces a serious deficit problem and that tax cuts or entitlement increases that are worth enacting are worth paying for.

For too long, Congress has focused primarily on the benefits provided by new tax cuts or new spending, without considering how the costs of those policies are eroding the government's ability to meet the needs of the American people in the longer run. We congratulate the House for requiring lawmakers who propose new tax cuts or new entitlement spending to answer the fundamental question: "How are you going to pay for it?"