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JOINT STATEMENT ON THE NEED FOR PAY-AS-YOU-GO DISCIPLINE

The four organizations joining in this statement have come together on a number of occasions in the past to express their concern about the threat that chronic deficits pose, and their support for Pay-As-You-Go rules (PAYGO) to help prevent the deficit situation from becoming worse. (See, for example, the statement of March 21, 2007 <http://www.cbpp.org/3-21-07bud.htm>.) We are joining together again today, as lawmakers turn to year-end measures such as extending Alternative Minimum Tax relief, to urge in the strongest possible terms that they keep faith with their commendable pledge to strictly enforce PAYGO.

In urging adherence to PAYGO, which requires that any increases in entitlement spending and any tax cuts be offset rather than deficit-financed, we note that Congress has been very careful to comply with the rule so far this year. Although we have raised questions about some of the methods used to satisfy the rule, the key point is this: *neither the House nor the Senate has waived PAYGO*. To the contrary, proponents of entitlement spending increases and tax cuts have assumed that their proposals cannot proceed through the legislative process unless they can answer the question, "How are you going to pay for it?" The discipline enforced by this important question should not be underestimated and must not be undermined by waiving PAYGO if it becomes convenient to do so.

Finding offsets for legislation that Congress believes it must pass before the end of the year will not be easy. But if providing AMT relief or enacting other entitlement spending increases or tax reductions is so important that the legislation containing such measures "*must pass*," then the policy in question *must* be worth paying for (and doing so without gimmicks). Any exceptions to the PAYGO rule now make sticking to it in the future all the more difficult.

We therefore strongly urge Congress to continue its record of compliance with PAYGO as it finishes its important work this year.

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