



# NEWS

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## Greenspan to Congress: Pork is Bad for Economic Health

*America's chief banker tells congressional committee that deficits caused by excessive government spending will harm the economy. Taxpayers couldn't agree more.*

WASHINGTON — Today, Federal Reserve Chairman Alan Greenspan addressed the House Budget Committee on the state of the American economy. His prescription for economic health: Hold the line on government spending.

According to Greenspan, the deficits faced by the U.S. Treasury are caused by “temporary factors, especially the falloff in revenues and the increase in outlays associated with the economic downturn.” He also said that the “decline in individual income tax revenues is clearly related to the retrenchment in equity markets,” the implication of which is that capital gains revenues, which soared in the late 1990s, are a poor long-term source of revenue for the federal government.

Greenspan specifically called budget discipline a major problem for the nation's long-term economic health, saying, “The bottom line is that if we do not preserve the budget rules and reaffirm our commitment to fiscal responsibility, years of hard effort [on budget austerity] could be squandered.”

**“The problem with today's budget is the consistent battle between taxpayers and appropriators in Congress,”** said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington. **“Federal discretionary spending plateaued in the 1990s when Congress became friendlier to taxpayers, but the balance unfortunately seems to be tipping back in the direction of bacon and ham.”**

Greenspan continued, “Restoring fiscal discipline must be a high priority,” likely referring to the nine percent increase in federal spending projected this year, which is roughly four times the rate of inflation and **exactly three times the annual average increase in federal spending between 1992 and 1999.** Greenspan also urged reforming Social Security, which he calls **“still-growing contingent liabilities,”** that have harmful effects on the economy.

“Pork barrel spending is not only lowest-common-denominator politics,” continued Norquist, “but bad policy that will cramp American investment for generations to come. Congress needs to be austere in the face of Washington's spending interests, especially in a time of war, as resources are spread thin.”

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org)*