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## CRFB Urges Policymakers to Offset Emergency Spending September 6, 2011

Last week's dismal jobs report, the recent devastating hurricane, and other recent events are leading to calls for a number of emergency spending measures. Given the weak state of the economy and the damage from the hurricane, such short-term measures may indeed be warranted. However, given the nation's dangerous fiscal situation, policymakers should also include measures to pay for the new spending over a reasonable period of time.

"Many economists believe we'll need some well-targeted recovery measures to keep the economy afloat, and I expect the President will propose significant new spending and tax cuts this week," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "But markets aren't going to react too kindly to legislation that makes the debt situation even worse than it already is. That's why we should pay for job measures today with gradual spending cuts or revenue increases phased in over the next five to ten years."

In addition to jobs legislation, CRFB also believes disaster funding should be paid for. The Budget Control Act did include a disaster relief fund which caps disaster spending each year based on past experience. However, it is possible that policymakers might exceed the allowance in this fund, in which case additional offsets must be identified.

"We need to start abiding by the simple principle that if something is worth doing, it's worth paying for," said MacGuineas. "A sustained economic recovery is going to require that we stop adding to our debt burden."

"In fact, the only way to keep our economy strong over the long-run is to enact a multi-year deficit reduction plan. That plan should put the debt on a downward path relative to GDP, reform the tax code to better facilitate growth, reprioritize the budget to focus more on investment, and leave the necessary fiscal space to deal with economic and other emergencies."

*Correction: In light of more recent projections from OMB (<http://www.whitehouse.gov/blog/2011/09/05/disaster-relief-update>), the release now states that it is "possible" instead of "likely" that policymakers might exceed the disaster relief allowance.*