

POLICY POSITION

17. Federal Deficit

Background

The federal budget deficits are projected to approach \$200 billion for fiscal year 1985. Federal deficits are contributing to the overall national debt, which is projected to reach \$1.8 trillion in fiscal year 1985, and \$2 trillion by fiscal year 1986 and federal borrowing required to finance the federal debt is driving the federal government to usurp a large portion of the nation's available credit.

Undisciplined federal spending, which is exacerbated by the difficulty the Congress has in adopting a budget resolution, compromises the health of the nation's economy. States have demonstrated that it is possible to comply with constitutional or statutory provisions mandating a balanced budget, even if compliance can only be achieved by making difficult budget cuts or by enacting unpopular tax increases.

Recommendation

The Southern Legislative Conference urges Senate Budget Committee Chairman Dominici and House Budget Committee Chairman Gray as well as other key congressional leaders to continue their work until a compromise is reached in the interest of the nation and the people.

Adopted by the Southern Legislative Conference on July 24, 1985.

SO-85-RR30