



NEW YORK STATE SENATOR

Michael F. Nozzolio

## The Greek Crisis: Lessons for Our Nation, Lessons for Our State

MICHAEL F. NOZZOLIO May 14, 2010

| ISSUE: **BUDGET**

The economic fallout in Greece should be a wake-up call to every citizen in our Nation. If New York State and the United States governments don't get spending under control now, then like Greece, we may be facing economic insolvency before too long.

Currently, Greece has an annual deficit of 14% of their Gross Domestic Product (GDP) and sustains a debt that is more than 120% of their GDP. Meanwhile, the United States is moving in this same direction, with our annual deficit over 10% of GDP and a national debt that is currently 80% of GDP. These numbers will certainly continue to spiral under President Obama's current fiscal policy.

In fact, the Congressional Budget Office projects that within two decades, our National debt will reach 140% of our GDP, worse than Greece's current state. If you add the current spending levels and the debts of states like New York, the picture we paint is even more grave. The simple fact is that our state and federal governments have grown larger than taxpayers can afford. Changes in spending need to be made now!

Our own Greek Tragedy is not too far off if leaders like President Obama and Governor Paterson are unwilling to make the tough decisions and truly slash spending and reign in the ever-expanding role of government in our lives. Under the 2011 budget, the federal budget

will borrow 42 cents for every dollar it spends!

Today, the United States seemingly teeters on the brink of recovery from the current recession, but our economy is set to take yet another hit. The European Union and the International Monetary Fund (IMF) are moving to establish one of the largest bailouts in history- an attempt to save the entire nation of Greece. And as members of the IMF, the United States, meaning you and I, the taxpayers, will once again be on the hook for at least \$7 billion of the bailout.

Of course, propping up this relatively small nation, about the population of the State of Michigan, may seem like an insignificant amount of money compared to the multibillion dollar handouts that were granted to companies like General Motors and Goldman Sachs.

However, at what point will we say enough is enough and demand fiscal responsibility and accountability? The federal government thought that they had saved our financial system with the early bailout of Bear Sterns and other financial institutions, only to find that billions more were needed for increasingly larger firms. There is no question that the same is true in the European Union, as countries like Spain, Portugal, and Ireland are facing economic crashes that will dwarf the Greek crisis.

Greece exemplifies a government that is out of control and should serve as a warning to the United States about the size and purpose of government. Greece has shut the private sector totally out of the health care industry and established a fully government controlled nationalized health care system. Government has become the primary provider of jobs for Greek citizens and the government has rapidly expanded to dominate nearly every sector of their economy.

As President Obama seeks to rapidly expand the role of the federal government into places like health care, it is vital that we learn the lessons that Greece has been forced to learn the hard way. President Obama's policies have our nation's taxpayers borrowing nearly \$4 trillion to sustain the current level of federal spending. Unsustainable public spending like this is what devastated the country of Greece.

Albany must take a lesson from this economic crisis, as well. Constant borrowing and taxation in order to sustain outrageous spending levels must end, and it must end now! Not unlike Greece, the New York State Senate Democrat Majority has decided to keep its budget negotiations out of the public eye, shutting the doors on Republicans and keeping taxpayers from knowing how their money will be spent. This illegal action is a blatant betrayal of the public trust and wreaks of the corrupt closed-door politicking of Greek officials.

It's time to learn from the mistakes of the past. We must stop the bailouts, stop the spending, and remember what the true role of government is in our lives so that we can restore the State of New York and the United States of America to their rightful status in the world.