



September 20, 2012

\$1.17 Trillion Deficit Through First 11 Months of FY 2012

According to CBO, the federal government has run up a \$1.17 trillion deficit in the first eleven months of FY 2012. This is more than *twice* as much as any annual deficit prior to FY 2009. To date, the federal government has spent **\$3.354 trillion** this fiscal year, which is up 1.7% compared to last year. Another way to put federal spending in perspective is, even with one month left in the fiscal year, the federal government has already spent more than any year prior to FY 2009. The federal government has collected **\$2.188 trillion** in taxes, which is up 6.1% so far this year compared to last year.

Federal Spending Through First 11 Months of Year

In Billions of Dollars

	Through August of FY 2011	Through August of FY 2012	Difference
Spending	3296	3354	57
Revenues	2062	2188	126
Deficit	1234	1166	-68

If the *final* deficit for FY 2012 exceeds \$1 trillion, as it will barring a large surplus in September, this will be the *fourth* year in a row the deficit has exceeded this figure. Spending will also exceed \$3 trillion, and this will also mark the *fourth* year in a row that this barrier has been broken (it never happened prior to FY 2009 in all of American history). 34.8% of all spending so far this year has come from borrowed money.

Fiscal Victories on Floor This Week

This week the House has, or will, consider several RSC bills to save taxpayers money. The following bills will be considered later this week:

- **H.J.Res. 118**, authored by **Representatives Camp (R-MI), Kline (R-MN), and Jordan (R-OH)** repeals the President’s waivers of work requirement under the 1996 welfare reform law.
- **H.R. 6429**, the STEM Jobs Act, authored by **Representative Smith (R-TX)**, includes **Representative Goodlatte’s (R-VA)** legislation to repeal the Diversity Visa Lottery Program, which saves taxpayers \$1.2 billion over ten years. Goodlatte’s proposal is an RSC Sunset Caucus bill.

The following bills passed the House earlier this week:

- **H.R. 5044**, authored by **Representative DesJarlais (R-TN)**, includes **Representative Buerkle’s (R-NY)** legislation (which previously passed the House) to allow for tax collection from the TSP accounts for federal employees that owe taxes.
- **H.R. 5912**, authored by **Representative Cole (R-OK)**, which prevents taxpayer subsidies to national political party conventions. This was an RSC Sunset Caucus bill.
- **H.R. 6324**, authored by **Representative Hanna (R-NY)**, which cuts spending on federal vehicles at each agency by 20%. This was an RSC Sunset Caucus bill.
- **H.R. 6410**, authored by **Representative Scalise (R-LA)**, would facilitate donations (beyond tax liability) on income tax returns to be used to pay down the national debt.

Quote of the Week: “Big Government debauches not only a nation’s finances but its human capital, too.”

-Mark Steyn



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Ben Bernanke's Self-Interest

By: Stephen Moore

Federal Reserve Chairman Ben Bernanke's announcement Thursday of further monetary stimulus until we see "sustained improvement in labor market conditions" has many in Washington wondering whether the first job he is trying to save is his own.

Republicans in particular lashed out at the "QE3" policy, which involves the Fed purchasing mortgage-backed securities at a pace of \$40 billion a month for up to several years. "This is the mother of all bailouts," said Texas Republican Gov. Rick Perry, "with Mr. Bernanke throwing trillions of dollars at the economy to cover up Washington's fiscal failures." He added that the bailout is likely to have "potentially devastating long-term consequences in the form of a weaker dollar and the increased likelihood of inflation."

But it's the potential political motivation behind the move that has Mr. Bernanke on the defensive. Economist Mark Skousen called the Bernanke asset purchases and the Fed's zero interest rate policy until at least mid-2015 "an unprecedented and controversial move." He wonders whether "Bernanke is so anxious to keep his position as Fed chairman and re-elect President Obama that he is willing to risk the Fed's long-standing political independence and, even worse, a runaway inflation."

Analysts on Wall Street and in Washington are wondering aloud whether the Fed decision is based on election-year factors, not broader economic indicators. It's no secret that the Obama administration and Democrats in the Senate, such as New York's Chuck Schumer, have been agitating for more easy money before the election. Richard Nixon wanted it in 1972 and George H.W. Bush blames his defeat in 1992 in part on the Fed being too tight for too long.

It's also no secret that Republicans have their knives out for Mr. Bernanke, even though he was an appointee of President George W. Bush. As Mr. Perry put it yesterday: "Last year, I suggested that Mr. Bernanke should resign. Now, I believe even more strongly that he should go, and take his failed policies with him."

We hear that some in the Romney inner circle agree with that assessment. Mr. Bernanke is much more likely to be reappointed if Mr. Obama is re-elected. And that's why there are suspicions that the Fed's actions yesterday may help save two jobs: Barack Obama's and Ben Bernanke's.