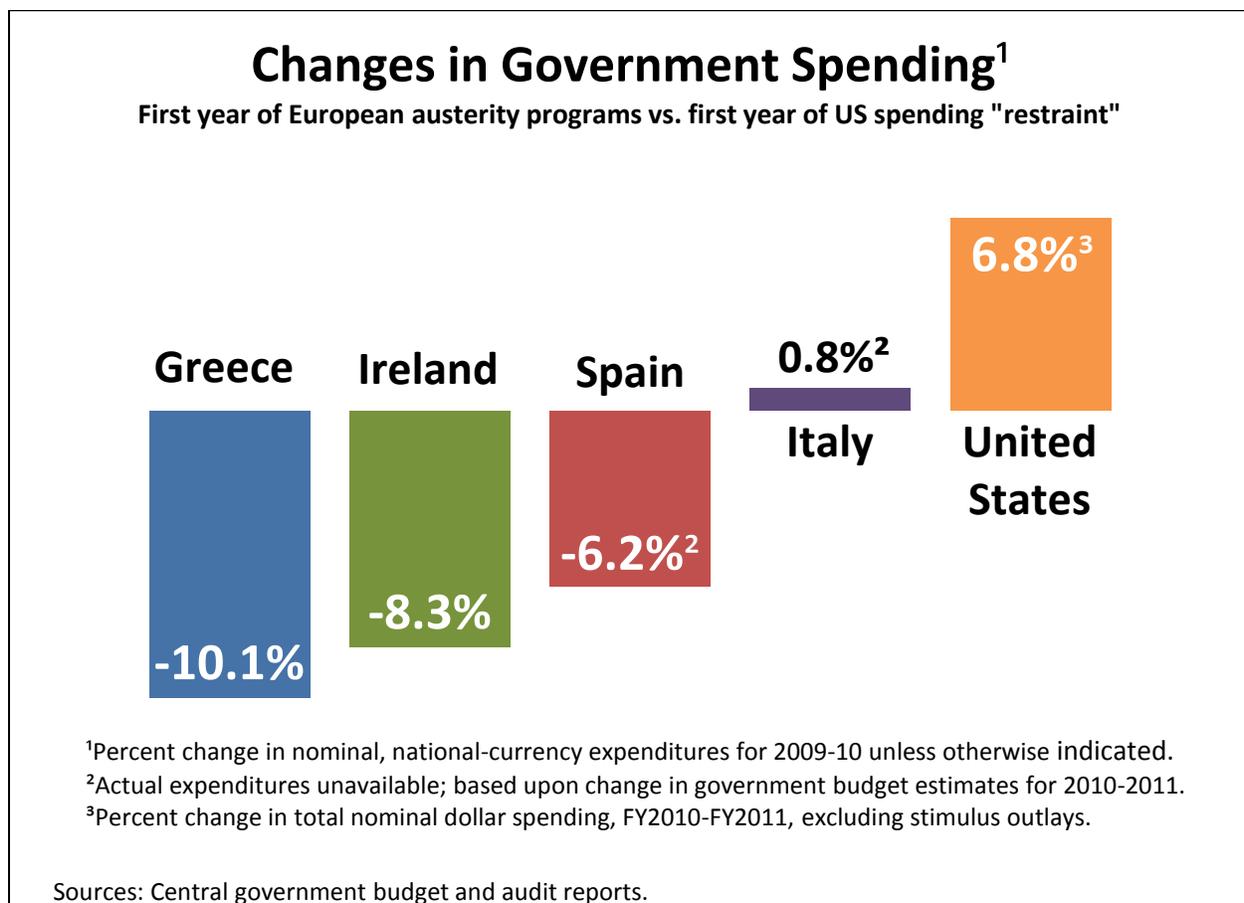




THE U.S. IN FISCAL DENIAL

Recent reports assert that the federal government has entered a new era of austerity. For instance, an article in *Politico* claimed “2011 was a year that saw spending trends break heavily in favor of deficit hawks.”^[1] In fact, federal spending continues to increase at a rate well above inflation, despite the country having amassed \$15 trillion debt—an amount larger than our entire economy.

Other debt-ridden governments have cut spending by more than five percent in one year and, in at least one case (Greece), by more than ten percent—even in the face of growing evidence that the European debt crisis requires much greater spending control. But in the United States, non-stimulus federal spending *increased* by almost seven percent in fiscal year 2011. This is on top of an overall increase of 8 percent in the previous two years.



Those that claim we are starting to make the hard decisions and are turning the corner are in denial. We continue to spend more, go deeper into debt, and put our country in great peril—at a time when the debt crisis in the Eurozone should be calling us to take swift and strong steps to bring our spending under control.

^[1] “Cuts-only approach at odds with data,” *Politico*, November 8, 2011.