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Happy Deficit Day, Uncle Sam

From now on in calendar 2013, the feds are borrowing every dollar they spend.

By JAMES R. HARRIGAN and ANTONY DAVIES

'Deficit Day' is here again, marking the day the U.S. government runs out of money and begins adding to the nation's already-enormous debt. Despite the \$2.7 trillion the federal government collects every year from Americans in the form of income, payroll, corporate, estate and excise taxes, as well as tariffs, fees and other sources, on a calendar year basis the money runs out Sept. 25, at around 3 p.m.

Washington is spending at the rate of over \$10 billion per day and from this point until Dec. 31 every dollar it spends will add to the nation's debt—which is already nearly \$17 trillion. (This is a separate calculation from the overall federal debt limit, which will be reached in the next few weeks.)

The closer the government comes to balancing the budget, the further it pushes Deficit Day toward the end of the year. So it's good news that the federal government runs out of money 16 days later this year than last. But the underlying reality is much less rosy: Despite the repeal of the payroll-tax cut—a move that cost the average American family \$1,000 this year—there are still 97 days left in the year for which the federal government has no income.

Income, or no income, the government certainly won't stop spending.

This is not fiscal responsibility. Through the payroll tax, the government has simply raised tax revenues at the expense of people who are already overtaxed. Had the government simply held spending constant from last year, Deficit Day would have been shifted 30 days into the future, not 16. But a politician with more money in his hand is a politician who will soon be on a spending spree.



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In the 54 years since 1960, the federal government has managed to achieve a unified budget surplus only six times. And what, you may ask, is a "unified budget?" It's when the government treats the \$33 billion that it will borrow from Social Security this year the same way it treats tax revenue, instead of the debt it is. Imagine borrowing from your IRA while you are still working and calling the borrowed money income. The government managed to get by without such a fudge only six times in half a century.

This year's Deficit Day of Sept. 25 is the fifth earliest we have had since 1960, which puts current spending in grim perspective. Since 2009, though, Deficit Day has actually crept steadily forward at the rate of about two weeks per year. If that trend continues, we can expect Deficit Day to hit Dec. 31, finally, in about eight years. But that's assuming Washington can go eight years without instituting any new spending.

In a fiscally responsible world, the \$2.7 trillion in taxes the federal government will collect this year would provide a hard limit on spending. But in the world our leaders have created, the federal government will spend over 35% more than this in 2013. After that it will just keep right on spending money it does not have, passing the debt and the hard political choices to citizens yet unborn and politicians yet unelected.

There are only a few possible eventual outcomes if this continues: The government will either print money to pay for its deficits, unleashing unprecedented inflation; it will gut social programs like Social Security and Medicare; or it will dramatically increase taxes on everyone down to, and including, the middle class.

The laws of mathematics can't be rewritten by political desires or "unified budget" accounting gymnastics. Our leaders need to face the truth and get our country's fiscal house in order before Deficit Day becomes Bankruptcy Day.

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