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Federal Deficit Exceeds \$1 Trillion for Second Year

The Obama administration will report on Friday that the federal debt for the budget year that just ended was \$1.3 trillion. It's the second highest deficit ever, just behind last year's.

There seems to be no end in sight for huge federal deficits and it has become a major election year issue.

The federal government in Washington, D.C. continues to spend so much more than it takes in -- leading to a deficit of \$1.29 trillion this last budget year. Those kinds of deficits are expected to continue until the end of the decade.

The recession is one cause, cutting the amount of tax money flowing into Washington. However, many analysts blame the government's addiction to spending -- spending way more than it takes in.

Much of that is Congress's fault, but some economists believe the White House is also to blame.

"When President Obama first came into office, he promised he'd go through the budget line by line and cut out wasteful programs. He hasn't done that," said Chris Edwards of the Cato Institute.

With Americans so disturbed by the long recession and focused on economic problems, the soaring deficits are likely to add to Democrats' difficulties on Election Day.

Federal Reserve chairman Ben Bernanke said the deficits are a clear and present danger.

"The threat to our economy is real, and it is growing," he said.

Yet, the Fed is also adding to the problem. It's pumping of massive amounts of new money into the economy is sending the value of the dollar tumbling, hitting a 15-year low against the Japanese yen.

Some economic analysts have warned a weaker dollar may help the U.S. economy by making its products cheaper overseas. However, a weakened dollar could also hurt the economies of other major nations and could eventually help to destabilize the global economy.