



The Daily Dish

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Good Morning -

Popping this morning: A new in-depth survey conducted by the Winston Group for the American Action Network on Medicare and the economy confirms that **the economy remains the top issue on Americans' minds**. On Medicare, the memo reads, "results, however, were more surprising because they defied the conventional political wisdom that liberals hold a huge advantage on this issue. Instead, we found the issue has become a dead heat as the President's healthcare plan continues to be unpopular, as awareness of its impact on Medicare grows, and as the President has been unable to craft a winning Medicare message."

As the Dish noted earlier this week: [Medicare MUST be reformed](#). The question now is how to do so.

The complete memo from David Winston can be found [here](#).

On our radar: Dept. of Labor: Initial jobless claims last week up 4,000 to 372,000.

Doug's Daily Economic Outlook

Yesterday's CBO report was no surprise: the deficit is enormous, the projected future worse, the tax and entitlement decisions are critical, and if nothing is done the economy plunges over the fiscal cliff into recession. Meanwhile the Fed minutes signal imminent action on a new round of quantitative easing - that would have essentially zero impact. The contrast could not be greater: activist and ineffectual monetary policy side by side with gridlocked, highly impactful fiscal policy. It is time to switch roles. The Senate should do what the House has done - extend current tax rates for a year (with a commitment to tax reform in 2013) and replace the sequester - and the Administration should provide the leadership to get the deal done. The Fed should take a break.

Meanwhile, Europe looks even worse. The ECB is an intermittent and reluctant savior and the Eurozone members have yet to come to terms with the economic and fiscal restructuring needed.

What We're Reading

U.S. CBO sees worse economic wreckage from "fiscal cliff" - Massive U.S. government spending cuts and tax hikes due next year will cause even worse economic damage than previously thought if Washington fails to come up with a solution, the Congressional Budget Office warned on Wednesday. Without action by Congress to avoid a "fiscal cliff," Americans should expect a "significant recession" and **the loss of some 2 million jobs**, CBO director Doug Elmendorf said in his gloomiest assessment yet. ([Reuters](#))

Fed easing hopes lift shares, weigh on dollar - Signals from the U.S. Federal Reserve that another dose of stimulus measures could come "fairly soon" lifted global shares on Thursday and pushed the dollar to a two-month low, outweighing poor economic data from China and Europe. ([Reuters](#))

Fed Moving Closer to Action - The Federal Reserve sent its strongest signal yet that it is preparing new steps to bolster the economic recovery, saying measures would be needed

fairly soon unless growth substantially and convincingly picks up. Minutes from the Fed's July 31-Aug. 1 policy meeting suggested that a new round of bond buying, known as quantitative easing, was high on its list of options. ([WSJ](#))

More Easing Not Needed If Growth Holds Up: Fed's Bullard - Current economic conditions are not dire enough to justify more Federal Reserve monetary easing, St. Louis Fed President James Bullard told CNBC in remarks that seemed to counter meeting minutes released Wednesday. Bullard said economic data has changed since the Fed meeting on July 31 and Aug. 1, when the central bank's Open Market Committee indicated more stimulus would "be warranted fairly soon" unless the economy improved. But he labeled those minutes as "stale" and said if growth continues around 2 percent for the remainder of the year, the Fed likely will remain on the sidelines. ([CNBC](#))

Ending the Deficit Blame Game - As the U.S. stands on the precipice of another recession, policymakers continue to quibble over what caused the ballooning federal deficit rather than taking steps to fix it. ([Bloomberg](#))

German finance minister says giving Greece more time will not solve its problems - Giving Greece more time to carry out reforms and spending cuts won't resolve the debt-laden country's problems, Germany's finance minister said Thursday, a day before the Greek prime minister meets Chancellor Angela Merkel. ([WaPo](#))

Greek Crisis Evasion To Fore As Merkel Hosts Hollande - Chancellor Angela Merkel hosts President Francois Hollande today as officials look for ways to stave off an immediate crisis after a report due next month from Greece's international creditors on the health of its finances. Options raised in German in recent days include front-loading aid payments to Greece to help it over liquidity hurdles; lowering interest or extending maturities on loans; and pushing for a second debt writedown, this time focusing on bonds held by public institutions, notably the European Central Bank. ([Bloomberg](#))

Changes to Money Market Funds Stall - Attempts to make sweeping changes to a popular type of mutual fund that played a central role in the 2008 financial crisis have been

derailed. The chairwoman of the Securities and Exchange Commission, Mary L. Schapiro, wanted to bring her vision for regulating money market mutual funds to a vote as early as next week. But Ms. Schapiro acknowledged on Wednesday evening that three of the five commissioners opposed her plan and she said she was calling off the vote. ([NYT](#))

Wal-Mart, Target Avoid Mining Rule - Big retailers including Target Corp. and Wal-Mart Stores Inc. may largely escape a costly new rule that requires U.S.-listed companies to disclose whether their goods contain so-called conflict minerals that are blamed for fueling violence in central Africa. Retailers lobbied to be exempted from the requirement, which will affect manufacturers of a range of products, including smartphones, light bulbs and footwear. The Securities and Exchange Commission had proposed an earlier version of the rule that would have applied to retailers carrying products sold under their own brand names, but which are typically produced by outside contractors. On Wednesday, however, the SEC voted 3-2 to adopt a final rule that would exempt companies that don't exert direct control over the manufacture of such products. ([WSJ](#))

Signs of Revival, Slight but Sure, for Home Sales

- Analysts are hailing the beginnings of a recovery in the nation's housing market. But to beleaguered homeowners, it will not feel like much of one for many months to come. The number of existing homes sold rose 2.3 percent in July from the previous month, according to figures released Wednesday. ([NYT](#))

House committee seeks IRS documents on healthcare law - The Republican chairman of a House of Representatives investigatory panel sought documents on Wednesday from the Internal Revenue Service in a battle with the White House over the Democrats' controversial healthcare law. ([Reuters](#))

Also From the Forum

President's Regulatory Record in the Courts - Federal courts have not ignored President Obama's controversial - and costly - rulemakings. Courts have struck down more than a dozen rules costing \$4.6 billion. During the past three years, his Administration has published more than \$450 billion in regulatory burdens. Judges across the ideological spectrum - including four Obama appointees - have invalidated Dodd-Frank rules, EPA actions, NLRB labor rules, and FDA rulemakings. ([Analysis here](#))