

National Debt Stupidity Jackpot

By [The Mogambo Guru](#)

08/09/04 We, as a nation, could soon be paying \$78 billion dollars a year in additional interest costs. And the children will be using dried up doggy-doo and rat bones for toys...

If you have just gotten here from Mars, then you may not be aware that inflation is the one thing I fear more than, umm, my wife finding out about you-know-what, and if you knew what was best for you, you would be very afraid of inflation too.

And it is with this in mind, and remember that I am talking about inflation and not you-know-what, that I blurt this out: there is not one indicator of inflation that is under 3%! And the latest whack to the head comes from the Gross Domestic Product Deflator, which just went to 3.2%. This time last year it was at 1.1%. So inflation has tripled in one year! Tripled!

If the government's own lying Pollyanna press releases admit to a rate above 3%, then the true level must be waaaayyy higher.

Reflecting the inflation rate, oil has now powered up to over \$44 a barrel on its way to heights that used to seem impossible. This is because the demand for oil is rising.

But the price of oil is also rising because the dollar is falling in purchasing power. This is the direct result of the Bush administration and Congress colluding to effectuate a mind-blowing spending spree of such colossal size and scope that the history books of the future will point to us and curse our names, because we are the brain-dead people who elected these raving bozos to office.

Climbing National Debt: A Profligate Bunch of Economic Illiterates

The Bush Administration and Congress epitomize the most profligate bunch of economic illiterates that ever disgraced themselves, by admitting that they do not listen to the advice of the Mogambo. Instead of heeding my wise counsel, they perversely decide to do the exact opposite, and they mindlessly continue to borrow and print money at insane levels!

To illustrate the point, what do crazy, economically illiterate people do with money? Answer: they do something crazy with it. If you will dim the lights, I will now present a little slide show...

This first slide is a graph of national debt. Notice how total national debt continues to climb at its eerie linear rate, namely \$52 billion per month. Look at that number again. That's right; look at it – look at the number \$52 billion! A month! Make sure the number is burned into your brain, because years from now your grandchildren are going to be sitting in the dirt playing with rat bones and dried doggy-doo, the only kind of toys you can afford to give them, and they will be

asking you, "How much money were you guys spending, anyway, that has caused us to suffer such misery?"

To put it in perspective, it's \$372 in extra debt, PER MONTH, for everybody who has a job in this whole country, INCLUDING government workers! And next month it is going to be ANOTHER \$372! And then another and another and another! Month after month, year after year, the government is putting you farther and farther into debt. And this does not even include the debt that you voluntarily take on, so that you can have those matching Jet Skis.

In the last, short 25 months, we bozo Americans have accumulated, in spooky straight-line fashion, another \$1.3 trillion in new federal debt. Even if all of this money was loaned out at a lousy 2%, then the interest expense alone, which is one of those federal budget line items, is rising by \$26 billion a year! At 3%, it's another \$39 billion! At 4%, \$52 billion! At 6%, which is closer to where short-term rates should be given the current inflation rate, we will be paying \$78 billion a year in extra interest costs on the debt! That's \$557 for everybody who has a job in America!

Where does this money go? Who is going to end up with \$26 billion a year?

Climbing National Debt: The Rich Get Richer

It's obvious...to the guys who had money to start with, and who loaned it to the government! And who are these guys? Well, it ain't the poor, who don't have any money to lend, and it ain't the Mogambo, who was trying to borrow money from the poor, and we all know how well that worked out. So, once again, the rich get richer and the poor get poorer.

And how did the poor get poorer? Well, the Bush people just put a nice big tariff on imported shrimp, and now the price of shrimp is going to go up. So the poor are going to pay for this by suffering a decline in their standard of living, which translates into their not being able to afford to eat shrimp anymore.

Everybody else will pay the old fashioned way – digging deeper into their wallets to pay higher prices for the more expensive shrimp cocktail. And then there will be the added costs of shrimp smuggling, and a huge government law enforcement bureaucracy to combat the scourge of shrimp smuggling, and the building of new prisons to house all these convicted shrimp smugglers, and the halfway houses needed to ease the smugglers back into useful employment once they have paid their debt to society.

But despite the shrimp smugglers, things are actually a lot better than they should be. We are talking about gigantic bets, involving humongous amounts of debt, the sheer size of which is literally beyond comprehension, that span international borders and time zones around the globe, all linked to a currency that is being inflated at frightening rates by a country that has a massive trade deficit and budget deficit, and is held together by artificially low interest rates that are rising in response to inflation in prices.

I'm surprised it holds together at all! And I am sure, very sure, that very soon it won't.

Regards,

**The Mogambo Guru
for The Daily Reckoning
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*** The Mogambo Sez: The surprising fact is that gold is not gaining in price around the world as inflation heats up around the world. This is such a good deal that I am surprised that so few are taking advantage of it, and that is why gold is not rising faster.

But for Americans, not buying gold shows a lack of education. Instead, Americans buying stocks and bonds instead – in an environment of massive deficits, a falling dollar and rising interest rates – shows a suicidal stupidity.