

Financial Head Loppings

By [The Mogambo Guru](#)

09/22/08 This week, the Mogambo dresses up as his like-minded counterpart – the Red Queen from Alice in Wonderland – and screams with every bit as much disdain as she, "Off with their heads!" Of course, his cries for decapitation are directed at the lying heads of the Congressional Budget Office.

Now that aggregate government spending is approximately half of all spending in the country, the major point of all the recent losses is the effect that Florida, like many states, is discovering to its horror that tax revenues are falling as the economy spirals down and down.

The governments are reacting as you would expect, initiating all kinds of tiny spending cuts, massive stealth tax hikes, freezing of new hiring, new borrowings (which has now reached 7% of annual tax revenue in Florida), and the raiding of trust funds to "plug" budget gaps, which only get worse and worse now that the predictable economic catastrophe of boom-turning-to-bust has, at long last, started.

The St. Petersburg Times reports that Amy Baker, the chief economist for Florida's government, has discovered "a projected \$3.5 billion hole in the state's budget" and has now "sounded a series of alarm bells" that have "added a new term to Florida's fiscal lexicon: a 'structural imbalance', the gap between the growth in the state's revenues and its larger ongoing expenses", which is, of course, wonderful news for those of us who desperately yearn for yet another term that means "A government spending more than it receives in the quest to give everyone a perpetual free lunch."

But you will be glad to know that Florida, like many states, is determined not to let that happen, as the whole problem is immediately rendered insignificant when, as Ms. Baker is later quoted as saying, "The budget's going to grow, independent of any revenue constraints."

At this, I laughed in a tentative, nervous way – "Hahaha" – at the prospect of Ms. Baker finding a way to let the state's budget grow forever, regardless of how much money comes in. Again, her words echoed in my brain; "The budget's going to grow, independent of any revenue constraints." I feel a cold chill.

Desperate for comic relief, I turn to the September 10 article in the Wall Street Journal titled "Budget Deficit Likely Doubled for Fiscal '08", mostly because I thought we WERE in fiscal 2008 already! Anyway, the new fiscal year begins on October 1, less than a month away, and the Congressional Budget Office's new calculation of the "budget deficit" is a terrible, and yet a laughable, \$407 billion.

Another reason that I am amused by the Journal article is that with all the talk of a budget deficit, and previous budget deficits, and how calculating it is such a difficulty, blah blah blah...not once does the article mention the size of the damned budget that produced the deficit! Not once! Therefore, I laugh "Hahaha!" to indicate comic bemusement tinged with horror.

I assume, as I always assume since I am such a paranoid, suspicious and very creepy little weirdo that correctly sees government as "goons with badges and guns who are all out to get me", that the Journal is a co-conspirator with the government in down-playing anything that might upset anyone, such as revealing the gut-wrenching fact that the federal budget is now more than a staggering \$3 trillion dollars, which is a hefty \$10,000 for every man, woman and child in the country, and it's equivalent to \$30,000 being spent by everybody who has a non-government job!

Later on, we learn that the 2007 budget deficit is reported as being \$161 billion, which makes me laugh again in derision and scorn, "Hahaha!" as my initial reaction, of course, was to loudly heap scorn and ridicule on the Congressional Budget Office, because I happen to know that the national debt is \$9,669.9 billion, whereas last year at this time it was \$9,006.0, meaning that in the last 12 months, the national debt increased \$663 billion.

So, for the Congressional Budget Office to bring up the totally irrelevant 2007 fiscal budget deficit of \$161 billion makes me yell, "Off with his head! Off with his head!" with every bit of imperious Red Queen arrogance I can muster.

But the point is not that I look ridiculous dressed up as the Red Queen from Alice in Wonderland, or that everybody is lying their heads off about the government's spending deficits and ignoring the government's intellectual deficits, but that all of this deficit spending means that more money has to be created, which will create more inflation in prices, which means more money must be created, which means more inflation in prices, around and around, which is why everyone should be buying gold and silver, but nobody is, making themselves look ridiculous, and then they turn around and say that I look ridiculous in my wig and crown!

Ha! I say, "Off with their heads, severed with a golden sword!", which is so deliciously ironic that they should plutz from it, and even if they don't, I can get my revenge by getting stinking rich by buying gold and silver at these lows, courtesy of them not driving the prices up by buying them, too.

I hope revenge is as sweet as they say it is! Whee!

Until next time,

The Mogambo Guru