

# GDP-US Debt Parity Approaches

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The wife and kids are whining that I need to give them more money because things cost more. Usually I just ignore them or politely tell them something like, “Go to hell, ungrateful parasites!” lock myself in the Secure Mogambo Bunker (SMB) and peer at them through the periscope until they go away and/or shut up.

This time, however, I just showed them an essay I printed out from *The Huffington Post* which brings us the bad news that “Tax receipts are on pace to drop 18 percent this year, the biggest single-year decline since the Great Depression, while the federal deficit balloons to a record \$1.8 trillion.”

In case you were wondering, the author of the *Huffington Post* piece is wrong; the deficit will NOT “balloon” to “a record \$1.8 trillion”, but instead, the budgeted deficit for this year alone brings us ANOTHER \$1.8 trillion deficit to add to the \$11.6 trillion in accumulated federal deficits, taking us to almost 100% of GDP! Hahaha! We’re freaking doomed!

The message to my kids, of course, is that their lack of income means, “Welcome to the club, jerks!” in that the essay clearly shows that neither I, nor anybody else, has more money these days, and in fact we all have less money, so obviously I don’t have any money to give them.

Of course, I am thinking to myself that if I did have any money, I would spend it on getting away from all of them and their whining and complaining by having a night out with my hoodlum friends, hopefully to drink myself into such a stupor that I can hopefully forget, for even one lousy minute, that I even have kids! Hahaha!

They immediately objected, of course, and so I just held up the printout in their faces and rudely said, “Tell it to the essay!”

In fact, speaking of taxes, it makes your hat fly up comically off your head in astonishment when you realize that total income and corporate taxes are less than this year’s federal budget deficit alone! And then you really start screaming your guts out in anger when you then realize that the total federal budget is 400% of total federal revenues! They are spending four times as much as they take in! Four times as much!

And then you start vomiting up blood and thinking dark, homicidal thoughts in Ultimate Mogambo Outrage (UMO) when you find out that the national debt already went up by over \$2 trillion in the last year alone, thanks to Congress’s sneaky Supplemental Appropriations tricks, which was before the big budget deficits even started kicking in!

The statistics are, gathered from an Associated Press analysis, “Individual income tax receipts are down 22 percent from a year ago. Corporate income taxes are down 57 percent. Social Security tax receipts could drop for only the second time since 1940, and Medicare taxes are on pace to drop for only the third time ever.”

In fact, “The last time the government’s revenues were this bleak, the year was 1932 in the midst of the Depression.”

Bloomberg called it “The worst U.S. economic slump since the Great Depression”, as the Commerce Department reported that “Gross domestic product shrank at a better-than-forecast 1 percent annual pace after a 6.4 percent drop the prior three months.”

Later on in the article, we find that “The Commerce Department’s figures today, which included benchmark revisions to past years, showed that GDP has tumbled 3.9 percent since the second quarter of last year – the biggest drop since quarterly records began in 1947. GDP has fallen four straight quarters, the longest ever.”

This all makes sense when looking at other data, like how Karl Denninger of Market-Ticker.Denninger.net has been looking at “freight loadings both road and rail, along with port traffic data.”

He contends that this is the kind of “leading indicator” that is really important if you want to know what is going on, and the Bad, Bad News (BBN) is that “both import and export demand has effectively collapsed! We are now anywhere from 40 to 60% below comparable levels on imports and exports.”

Add it all together and you will be forgiven for getting the disquieting feeling that I am going to launch into a Loud Mogambo Tirade (LMT) about how history shows that you should be buying gold and silver with your depreciating dollars that will buy less and less, because they will almost certainly never again have the buying power that they have Right Freaking Now (RFN), which is something you will probably be able to say most every sorry day of the next, umm, decade or so. We’re freaking doomed!

So you were right: I did launch into a LMT about buying gold and silver! And you are also right if you thought, “Whee! This investing stuff is easy!”