

CBO Budget Projections and the Horrors of Inflation

By [The Mogambo Guru](#)

03/10/10 Tampa, Florida – The pills that I thought were tranquilizers turned out to be vitamins, and although I am on the verge of some kind of mental breakdown because of the mix-up, I feel great!

Turning to the old tried and true, I soon learned that I had started too late, and I was not nearly drunk enough to have properly anesthetized my nerves when I chanced to read Agora Financial's *5- Minute Forecast* report that "The CBO's latest numbers reveal that President Obama's proposed fiscal 2011 budget would add \$9.7 trillion to the national debt over the next 10 years."

My hands shook and my guts churned at the horrific prospect of adding \$9.7 trillion to the money supply, which means (I gulp in horror at the prospect) inflation in pieces like you never saw! Yikes!

I mean, (my voice rising in pitch and volume) the entire GDP of the USA is about \$14 trillion, and the government wants to increase, over ten years, government spending by 70% of everything that this country currently makes!

Apparently eager to change the subject since I seem to be getting worked up about this and could, possibly, probably, almost certainly, damned near guaranteed, erupt into some loud Mogambo Hysterical Tirade (MHT) and make a shambles of everything, *The 5* says, "Further, the CBO projects the national debt will be 90% of GDP by the end of this decade", which I guess they thought would calm me down or something, but it didn't, which was bad enough to cause me to have chest pains accompanied by loud howls of pain and outrage in another tiresome Screaming Mogambo Fit (SMF), but then went on to make it all worse by saying that debt will equal 90% of GDP, which is "higher than the 83.4% recorded at the end of fiscal 2009 last fall."

Suddenly, there was an uproar as I jumped to my feet and shouted "What kind of bizarre crap is that? The national debt is already \$12.5 trillion in a \$14 trillion economy, and somehow you add \$9.7 trillion to \$12.5 trillion to get 90% of the economy which means that ...that...that..."

Well, I knew what I meant to say, but did not have a calculator handy, and the security guards had me by the arms and were hustling me out of the room pretty quick.

I later found out that what I meant to say, but did not have the figures handy, is that this means that the CBO thinks that, unbelievably, in ten short years, a staggering \$22 trillion of national debt will be 90% of the economy, which means that the CBO thinks that the economy in ten years will be, I gulp to report, \$24 trillion, which is a whopping 71% higher than today! I am stunned!

What can one say but, “We are freaking doomed!”

Perhaps hearing my plaintive voice with its unmistakable undertone of angry paranoia and wanting me to calm down, *The 5* says, “We’re 100% certain this comment will elicit the customary response: ‘Look at Japan, its debt is 170% of GDP...and it’s been running massive deficits for years!’”

I think to myself, “Okay, they just take time to raise the blade of the guillotine higher and higher, but the end result will be the same, and if anyone thinks that Japan proves otherwise, then I laugh the Mogambo Laugh Of Scorn (MLOS) at them and turn around to wave my buttocks in their faces in a final fillip of disrespect!”

The 5, in what I imagine is said with a deliciously snotty tone, says, “To which we can only sigh and respond: ‘Exactly.’”

Well, I can do more than that, because I am, after all, The Loudmouth Mogambo (TLM)! And I say that if all prices doubled, today, GDP (which measures spending) would instantly double, too! Hahahaha! Everything costs twice as much, but the economy looks like it boomed! Hahahaha! Welcome to Inflationary Hell!

I often marvel that it’s a good thing that the poor are usually ignorant or stupid, because if they could, or would, comprehend how this huge explosion of money is going to make prices rise and make them enormously poorer and more miserable, worse and worse, and probably for the rest of their lives, they would go freaking berserk.

As for the middle class, they are supposed to be smart and educated enough to know this stuff, but they don’t, and so they don’t understand the sheer enormity of how much poorer and miserable they will be for decades to come, either, and they will suffer, too.

Then there are those of us who are buying gold, silver and oil to protect ourselves against the ruinous, crushing, cataclysmic inflation in prices that this inflation in the money supply, and debt, will cause, because then, for us, it all becomes idle dilettantism and pleasure, which is, once you boil it down, the whole point of investing, isn’t it?

And could anything be easier? Whee! This investing stuff is easy!