

# Government Desperate. Gold Tax Imminent?

By [The Mogambo Guru](#)

06/03/10 Tampa, Florida – To show you how things get around, I get this from Ed Steer's *Gold & Silver Daily*, which linked to an essay by [Adrian Ash](#), at [bullionvault.com](#), posted over at [safehaven.com](#), and bearing the title "Gold Gets All Political."

The thrust is that, as Mr. Steer says, "Adrian floats the disturbing possibility that governments, looking around for easy sources of revenue, may decide to tax the private ownership of gold."

Well, I am happy to be the "go-to guy" when it comes to questions like this, and I am happy that I can put Adrian's fears to rest.

He can rest assured that the government will tax the private ownership of gold, and everything else, too, highly reminiscent of the phrase in the Declaration of Independence that reads that the government "has erected a multitude of new offices, and send hither swarms of officers to harass our people, and eat out their substance" which, at this point in time since 1789, is 1 out of 5 workers who are paid from the collection of taxes, and a large system of governments which spends more than half of all income, and spends up to two-thirds of all income if the cost of compliance with government regulations is included!

Everything will be taxed, as things are already bad, as easily seen in an essay by Mike "Mish" Shedlock, of Global Economic Analysis, who writes that the government got less tax revenue remitted, spending went up despite it, thus the budget deficit is rising, the national debt is rising, and all in a pretty dramatic way, too, as he writes, "The excess of spending over revenue rose to \$82.7 billion last month compared with a \$20.9 billion gap in April 2009. It was the second April deficit since 1983."

In fact, he says, "April marked a record 19th straight monthly shortfall, highlighting the challenges facing the Obama administration," which shows that Mr. Shedlock is mellowing, as he knows, better than most of us, that we are Seriously, Seriously Screwed (SSS), and calling such an unstoppable horror a "challenge" seems like a joke, and it must be, because it made me smile!

Anyway, more evidence of a certain mellowing in Mr. Shedlock is found when he says, "Deterioration in the government's balance sheet in coming years raises the risk of higher interest rates even as an improving economy helps lift tax receipts," which doesn't even sound like him!

He says "raises the risk" when he knows exactly why interest rates would rise; inflation in prices! The buying power of the dollar will be falling as a result of all that creation of more money, and the buyers of bonds want to be compensated for that loss, and they will demand higher interest rates to get it.

Well, he does not want to get into that “inflation-prediction” swamp with me, and instead said, “The government has reported budget surpluses in 43 of the past 56 Aprils,” which is pretty remarkable, but not as remarkable as the fact that “The last time the US had back-to-back April deficits was 1963-1964.”

1963-1964? Yow! I leap involuntarily to my feet, my Powerful Mogambo Brain (PMB) whirling in shock when I ominously notice that this is exactly when the long bear market of 1964-1982 began! Yikes!

“Anyway,” you are perhaps thinking to yourself, “maybe it is not as bad as all that, and maybe with a little sense of proportion and dispassion, qualities completely alien to this Mighty Mogambo Moron (MMM), we could discern a small ray of sunshine, whereas he sees nothing but gloom and despair at every turn, like when he turns around and sees one of the kids looking at him while holding a butcher knife, and when he asks, ‘What are you doing with that butcher knife?’ and the kid says, ‘Nothing. Yet.’”

If you think that, then I laugh in Rude Mogambo Scorn (RMS) at you, because for one thing, none of my kids is stupid enough to use a knife to attack an angry, paranoid guy who is, as they say, “packing heat,” and for another thing, I am laughing in RMS so hard that I cannot even find the breath to begin to tell you why I make such sport of you! Hahahaha!

For that, I turn again to Mr. Shedlock, who says the particulars are that, compared to the same month last year, “Revenue and other income fell 7.9 percent,” which is a huge drop, although we are still looking at a cumulative \$245.3 billion in revenue since October.

For reasons that I can only guess are, at the root, a result of the Federal Reserve creating so much money and buying up so much debt and assets from corporations of one sort or another that “Corporate tax receipts totaled \$77.1 billion for the year to date, an increase of 8.9 percent,” which seems fairly remarkable in a kind of “lying, thieving scumbag” kind of way.

The bad news is about us workaday sweat-hogs out here in the real world, doing our stupid jobs while also performing most of the duties of all of the people who were laid off in management’s continually desperate “cost-cutting” strategies, including the only people who knew what they were doing, and now things are hopelessly screwed up, and we are getting whacked, as evidenced by the fact that “Individual income tax collections were down 11.6 percent so far this fiscal year to \$500.8 billion.” See what I mean? Our incomes are down by almost 12%! Wow! Whacked!

All in all, I don’t know what, but Something Very Bad (SVB) is going to happen before long, which is about how long it will be before gold and silver shoot up in price! Whee! This investing stuff is easy!