

# Ruined by Government Dependents

By [The Mogambo Guru](#)

08/20/10 Tampa, Florida – [Frederick Sheehan](#) has a blog titled aucontrarian, which, I am sure, is a play on the classy French phrase “au contraire,” meaning, as I understand it, “to the contrary,” but for a gold bug like me, all I see is the “au” prefix, which is the symbol for gold! Gold! Fabulous gold!

Anyway, he has the news that David Rosenberg, economist at Gluskin, Shef, “calculates that ‘private incomes’ (non-government jobs and transfers) in the United States have fallen from \$8.7 trillion in the third quarter of 2008 to \$8.2 trillion in April 2010.”

Now, most people would probably look at that and say, “Hmm! Incomes have only fallen from \$8.7 trillion to \$8.3 in two years? A 7% loss! Not too bad!”

Obviously, they are wrong, or else I would not be writing about this or have this stupid look on my face, and you can probably tell from my expression that I am upset about it.

So, how bad is it? Well, there are only are only 100 million non-government/non-taxpayer paid jobs in the whole country, so \$8.7 trillion would be an average income of \$87,000, which is too much by more than a third, meaning that transfer payments constitute the rest of the “private incomes,” meaning that those who are dependents of the government are eating us alive! Yikes!

Worse, for an economy that now depends on borrowing to finance consumption, remember that home equity withdrawal (HEW) in 2005 was over \$800 billion. Now, in the second quarter of 2010, this fell to a miserable \$8 billion, which is understandable when The New York Times reports, “During the great housing boom, homeowners nationwide borrowed a trillion dollars from banks, using the soaring value of their houses as security. Now the money has been spent and struggling borrowers are unable or unwilling to pay it back,” with the obvious result that non-payments are rising, and “the delinquency rate on home equity loans is higher than all other types of consumer loans, including auto loans, boat loans, personal loans and even bank cards like Visa and MasterCard.”

Of course, the government is doing everything it can to ensure that bankrupted Americans can still spend what they don’t have to spend on food, and now over 40 million Americans used food stamps in May 2010, which more than one-eighth of the Entire Freaking Population (EFP)!

Of course, this is just the tip of the entitlement/transfer iceberg, and according to Bill King of The King Report, “U.S. government anti-poverty spending has risen 89% since 2000 – from \$342 billion to \$647 billion. This includes such programs as Medicaid grants, food assistance, housing vouchers, and child nutrition programs.”

So do I add \$2.7 trillion in transfer payments to \$647 billion for anti-poverty programs? Wow! You can see how easily I scare myself when I don't know what I am talking about and just start adding numbers willy-nilly.

But about dependents, and their crushing cost, I happen to be an expert.

And with the voice of experience in supporting dependents and trying, in vain, to cut their allowances, let me tell you that with that kind of a load of people dependent on the government, do you really think that the government will one day stop deficit-spending unbelievable amounts of money or that the Federal Reserve will stop creating unbelievable amounts of money for the government to spend? Hahaha! Get real!

If you believe that, as preposterous as it sounds, then you will not be interested to know that you should be buying gold, silver and oil, although the rest of us who are not such complete numbskulls are Very, Very Interested (VVI), and thus we are buying gold, silver and oil because, "Whee! This investing stuff is easy!"