

US Economic Outlook: Indebted to Death

By [The Mogambo Guru](#)

07/30/10 Tampa, Florida – John Stepek at MoneyWeek.com, talking about the “European bank stress tests” that were “a whitewash, of course” said that it kind of reminded him of “one of Gordon Brown’s budgets.”

My immediate reaction, of course, and speaking as a true American, is to ask, “Huh? Gordon who?” as a clever way of reminding these British guys that real Americans, like me, don’t know about anything, or care about anything, that is not about America and/or Americans and how it affects us, as Americans, but mostly me, personally, as an American.

And this goes Freaking Mogambo Double (FMD) for some dirtbag, lying piece of worthless has-been British ex-prime minister named Gordon Brown, which rhymes with “clown,” which could explain how he is infamous for having sold all of Britain’s sovereign gold at the exact low price for gold, which makes you laugh at him – hahahaha! – even though the record-low price is more probably explained by the fact that he sold all of the gold, glutting the market and driving the price down.

Usually, I would just dismissively say, with a condescending sniff, “Bah! More euro-trash acting badly!” and let it go at that. I soon realized that if I had, then it would certainly have been my loss, as his next sentence is pure gold as regards the economic state of the world.

He wrote, to my delight, “You know the sort of thing – a glossy sheen of half-truths and not-quite-outright-lies disguising the true horror of the underlying economic situation.” Bravo! Wonderful!

He goes on, although almost anti-climactically, “A roll-call of good news to distract the attention, while all the bad stuff and caveats are buried in the small print or left to the imagination.”

Such a perfectly and precisely-correct pearl of prose is completely wasted on the aforementioned “euro-trash” of course, even though he is being more-than-kind to not even mention that we corrupt Americans have again surpassed our British friends, in that we also include bald-faced lies and “hedonic adjustments” to the data in our “official reports”! Hahaha!

Of course, he did not mention the fact that there is no good news, anywhere, and there never will be, because there is No Freaking Way Out (NFWO) of the economic mess caused by the creation of too much money for too long (in this case the foul Federal Reserve doing exactly that), except through massive bankruptcy and losses, and misery and suffering, and then some more misery and suffering until the government gets us into a distracting, devastating war, whereupon everything gets worse.

So maybe I was particularly attuned to references to “a glossy sheen of half-truths and not-quite-outright-lies disguising the true horror of the underlying economic situation” because of an article by Laurence Kotlikoff, referred to only as a “professor of economics at Boston University,” by *The Financial Times*, who writes, “during the past half-century, the US has sold tens of trillions of unofficial IOUs, leaving it with liabilities to pay Social Security, Medicare and Medicaid benefits that total 40 times official debt.”

I could feel my heart literally shudder at the thought of how much money we are talking about at “40 times official debt” but although nobody “does the math,” it doesn’t take a rocket scientist to intuit that multiplying 40 times \$13.3 trillion is a lot of money to owe, especially when the entire GDP of the Whole Freaking Country (WFC) for an entire year is little more than \$14 trillion! If that!

Yikes! My hands visibly shake to realize that we’re on the hook to pay 40 times what we make as an entire nation, but people can’t get a loan on a house costing 6 times income, although we are already paying, collectively, 50% of GDP in federal, state and local taxes, which is not to mention all the layers and layers of government and agencies that are spending more than half of all the spending done in the Whole Freaking Country (WFC)! Yikes!

Yikes, indeed! Look at my hands shake! Listen to my heart going thumpa-thumpa-thumpa in fear! Wow!

Mr. Kotlikoff makes no mention of my shaking hands or veins pulsating ominously in my forehead, perhaps because it is obvious that these infirmities are the least of my many, many problems, one of which is that I am Completely Freaked Out (CFO) because, as he says coincidentally, “The US is one foot away from a deep and permanent economic grave.”

Anyway, maybe the realization that “We’re freaking doomed!” is why he concludes his piece with the gloomy last sentence “It is far past time to do meaningful long-term fiscal planning, level with the public, and implement radical reforms that permanently put America’s fiscal house in order.”

Now, that is scary! “Far past time!” Just like I have been screaming all this time!

In fact, if I was writing the piece, I would have at least concluded with a hopeful, uplifting sentence like “So, buy gold, silver and oil with a frantic abandon in preparation for a final, ruinous cataclysm and almost certainly a huge, deadly war, which is the lesson one learns from what has happened all the other times in history when moronic governments borrowed too much money and/or when the greedy banks created too much money, and especially what happened in all the other times of history when the money was made of mere paper and other easy-to-produce yet completely worthless numeraires like computer bits and bytes, which can’t even be seen, for crying out loud!”

As a literary note, I would have closed the article with, “Whee! This investing stuff is easy!” but I was advised that *The Financial Times* is a little too classy a place to parade my embarrassingly childish glee at the happy, happy fact.