

Sustainable Shortfalls on Unsustainable Debt

By [The Mogambo Guru](#)

02/22/11 Tampa, Florida – From the Economic Collapse Blog, an essay I found at LewRockwell.com, we learn the horrifying news that the United States Census Bureau has, for some reason, probably after spending millions and billions of dollars and countless man-hours, found out that there are approximately 1.5 billion credit cards in use in the United States, although what this has to do with the Census Bureau is beyond me, except that they are probably trying to justify their existence in light of looming budget cuts in light of a collapsing economy.

Anyway, the blog goes on that “Unfortunately, 46% of all Americans carry a credit card balance from month to month today.”

I jumped up and said, “Ha! I notice that you forget to say that, fortunately, this means that 54% of all Americans don’t carry a balance, and instead they probably have one of those cards where you get a 1% rebate on everything you charge on the card! Everything you buy is always on sale at 1% off when you charge it with that credit card! Whee!”

Well, I notice that my rude little interruption, for the purpose of introducing such insignificant chump-change, apparently caught the Census Bureau by surprise, and they had no rebuttal, although I noticed that they seemed to motion to the security guards who, it seemed to me, started slowly converging on my position in a flanking pincer movement from the rear while my attention was focused to the frontal assault of the horror that for each household that has credit card debt, “the average amount owed on credit cards is \$15,788.” Yikes!

I was shocked to calculate that just the interest on \$15,788 at 25% interest (creditcards.com says the rate vary between 12%, for those with great credit, and 25% for those with bad credit) is almost \$4,000 a year, or, in TV mobster-speak, “4 large.”

Dividing four large by 12 months comes to \$333 a month that that pathetic “46% of credit card holders holding a balance” must pay, just to pay the interest! Or, in additional mobster-speak, “the vig.”

I was happy, and thrilled, to notice that I was doing very well with a calculator, my fingers flying deftly over the keypad adding, subtracting, multiplying and dividing! I can do it all!

But my hands started shaking almost too much to do any more calculator magic when they went on, even worse, to say that “Average household debt in the United States has now reached a level of 136% of average household income”!!

I added those last two exclamation points in anticipation of my success in bravely soldiering on, doing continued battle with the calculator, inspiring and heroic in my Intrepid Mogambo Way (IMW), to find out that if I make \$1 a year, but I owe \$1.36, and the average credit-card interest

rate is about 16%, the average household with a credit balance must pay 22 cents on its debt just for the privilege of continuing to owe \$1!

If these numbers are true, just the interest paid on credit-card debt consumes 22% – more than a fifth! – of the household's gross income! And creeping up consuming on a fourth of gross income! Yikes!

The ensuing silence convinced me that the audience was as stunned as I, and I decided to lighten the mood with some Hilarious Mogambo Comedy (HMC). So I look into the camera and say, "And the economy is dependent on these almost-bankrupt people to borrow more money to buy more goods and services? What do I look like, chopped liver?" Hahahaha!

I admit that I inserted that "Hahahaha!" at the end of the my joke for the sake of this essay, which I did after I noticed, to my horror, that nobody laughed at my joke, and so I'm just standing there, listening to total silence except for the muted sound of the audience whispering to themselves, "What in the hell was that 'chopped liver' thing? Isn't that a Jackie Mason bit?"

And with my Sensitive Mogambo Senses (SMS), I could hear some of the more hateful people whispering, "I hate him! Let's demand our money back! I hate him!"

This is when I realized that I was right; people are treacherous vipers who DO hate me and ARE all out to get me, making things go haywire, like the way that my computer mysteriously "lost track" of where I got this next piece, but it sounds Bloomberg-ish.

Anyway, it was from the Census Bureau that is, apparently, everywhere these days, as it was from the US Census Bureau and the US Bureau of Economic Analysis, through the Department of Commerce, that it was announced "total December exports of \$163.0 billion and imports of \$203.5 billion."

It was in *Barron's* where I got the news that the Merchandise Trade Balance in December was a negative \$53.6 billion, which is the difference between how many more dollars are going overseas ("bye-bye!") so that we can buy their manufactures, versus how many dollars are coming into the US from overseas ("Welcome home!") from their buying our manufactures.

It was from *The New York Times* that I learned that the federal proposed budget for the 2012 fiscal year calls for "\$3.7 trillion in spending for the fiscal year that begins on Oct. 1, 2011, with a projected deficit of \$1.1 trillion."

It was from deep in my gut where I got the laugh – hahaha! – of surly contempt to hurl at any moron who thinks that the increase in the national debt will be only \$1.1 trillion, and it was from the sheer "theater of the absurd" that I got another laugh from *The New York Times* going on that the budget projected that "Government shortfalls are projected to decline to 'sustainable' levels for the rest of the decade"! Hahahaha!

"Sustainable shortfalls"! Sustainable shortfalls! Hahaha! Wow! There's the secret, then!

Let me make it official: According to *The New York Times* and other economic experts, you can live beyond your means forever if you don't have any unsustainable shortfalls, only sustainable shortfalls!

It's too bad that *The New York Times* did not advise you to buy gold, silver and oil stocks in Copious, Copious Quantities (CCQ) when the Federal Reserve is creating so much money, so unbelievably much money, so astoundingly much money, so outrageously much money so that massive government deficits and shortfalls seem sustainable if you do not understand the First Freaking Thing (FFT) about inflation, because that would be some analysis that you could use.

For those who DO understand the FFT about inflation in prices that always follows inflation in the money supply, however, the decision to frantically and feverishly buy gold, silver and oil stocks is so easy that they happily sing to themselves the refrain from my hit song "Buy gold and silver, you morons!" from my new album "We're Freaking Doomed (WFD)!"

It's a delightful little ditty that is initially sung to the tune of "Happy Birthday," but soon cleverly degenerates into a catchy rap song.

The lyrics go:

"Buying gold and silver is so easy,

"Buying gold and silver is so easy.

"Buying gold and silver is so eeeeeee-zeeeeeee!

"You say, 'Whee! Whee! Whee! all the way home,' just like that stupid 5th piggy represented by your little toe, even though it did not go to the market like the first little piggy, where it, too, could pick up some more gold and silver, maybe hang out with its little piggy buddies down at the mall, down at the mall, spending it all before the dollar takes a big fall, and hit the food court to grab a bite, that's right, a bite, a bite before inflation in prices bites and bites and takes a Big Bad Bite (BBB), of your money that is, which is bad biz when your money loses the power to buy, because then you cry, because then you die, all because your money goes dead at the hands of the Fed."

There's a message in there. Or there is supposed to be. As a last resort, set your Mogambo Decoder Ring (MDR) to "We're Freaking Doomed (WFD)!" and find out.