

# Scared Again, As Usual Anymore, About Taxes, Debt And Inflation

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Perhaps not surprisingly, my career is suddenly going nowhere since I retired and quit working completely. For example: Is the wife asking me to take the garbage out? "What do I look like," I ask incredulously, "some kind of janitor, or custodian, or maybe a professional garbage-taker-outer? Ha! Screw that! You got the wrong boy, babe! That's work, and I'm retired!"

Of course, this is my usual empty bluster and whining about how one day things are going to be different around here, see, and I will run the show -- with an iron fist! -- and everybody will do what I want for a change, and yet there I am, taking the damned garbage out to the damned garbage can, but grumbling and mumbling incoherently under my breath to show that I am not the least bit happy about it.

However, if I ever decide to return to writing, willingly suffering the slings and arrows of outrageous editors ("Worthless trash from a no-talent hack"), I will apply at Reuters news service as a hot-shot editor, since I obviously have a knack for seeing the profound writing mistakes made by others, taking a cruel joy in hurting the writer's feelings because, I self-righteously ask, where were in the hell were THEY all those years when I was being criticized ("Worst crap I have ever read! I feel soiled from the experience!"), crying myself to sleep every night, boo hoo hoo.

You are probably saying to yourself "Who cares? You ARE a crappy writer! Is there a point to all of this? Is it because Reuters wouldn't even let you take their garbage out because you are a stupid, raving lunatic?"

"No," I imperiously say. "It's not about that at all. What I am talking about is how Reuters treats a simple news item like "The U.S. Internal Revenue Service on Wednesday released final rules for a new tax on medical devices, products ranging from surgical sutures to knee replacement implants, that starts next year as part of President Barack Obama's 2010 healthcare law."

Reuters goes on to explain that "The 2.3-percent tax must be paid, effective after December 31, by device-makers on their gross sales. The tax is expected to raise \$29 billion in government revenues through 2022."

Now get a load of this: The tax "applies mostly to devices used and implanted by medical professionals, including items as complex as pacemakers or as simple as tongue depressors," which is kinda scary since, apparently, medical professionals "use and implant" tongue depressors in people! Yikes! I had no idea!

Anyway, despite my little attempt at humor that seems to have fallen somewhat flat, that is pretty much it. End of story!

If I was indeed the intrepid editor of this news story, and I had made it back to the office not too late from one of my famous two-hour power-lunches, and I was not too falling-down, snot-faced drunk to actually manipulate at least one of my fingers, I would sit at my keyboard and edit that last sentence to read "...which means only that the device-makers will happily charge more money for their devices so that the company can still make the same profit after paying another 2.3% tax, which means that the prices of medical devices will go up, which is popularly defined as inflation, which is a kind of tax paid by consumers, or companies will go out of business because their prices are now too high, whereupon all the stockholders (orphans, widows and your retirement account) lose everything, and the employees are all fired, which is kind of a tax, too, and all the millions of the people who pay these higher prices for the devices have to turn around and charge more money for their goods and services to try and break even, which means more inflation in prices and a shrinkage of the economy unless the Federal Reserve creates more money and credit, which they invariably do, which makes inflation in prices worse and worse in some horrifying dance of inflationary economic death, and which makes it so easy to predict that We're Freaking Doomed (WFD)!"

And, speaking of WFD, I note with a trembling horror in my voice and my heart pounding, pounding, pounding in my ears that the latest Consumer Installment Debt figures for October jumped up by a massive \$14 billion, bringing the total to of this huge, strangling, staggering \$2.753 trillion, which is -- unbelievably! -- higher than the \$2.6 trillion in Consumer Installment Debt at its "height" in 2008!

To be sure, that \$2.6 trillion record-setting debt set in 2008 dropped over the next few years by a couple of hundred billion dollars as people cut gradually paid off some of their debt.

But now! Now, in the last couple of years, despite rising unemployment, rising bankruptcy, stagnant wages and an economy that is at death's door because the evil Federal Reserve created so irresponsibly much money and credit for the last three decades, people are again borrowing money with the greedy, reckless, mindless abandon of old, and have astonishingly gone another \$300 billion deeper in consumer debt in the Last Freaking Year (LFY) alone! A short twelve months! \$300 billion in the LFY! That's \$2,000 more personal debt for every adult in the Whole Freaking Country (WFC)!!

Like most of you, even the exciting use of two exclamation points cannot penetrate my shocked numbness from the steady drumbeat of disturbingly, terrifyingly higher and higher prices, and a higher and higher money supply, and higher and higher debts, both cash-basis and accrued.

Fortunately, this shell-shocked attitude is not universal, and Ed Steer of the eponymous Ed Steer's Gold & Silver Daily newsletter reports that Stephen King (if that is his real name!),

and who is supposedly chief economist at HSBC Holdings Plc in London and a former U.K. Treasury official, said "There are lots of things central banks are worried about at the moment, and inflation is not the highest priority. As long as people believe central banks are committed over the longer term to price stability, there is leeway to play around with other objectives."

A high-decibel Mogambo Scream Of Outrage (MSOO) was literally in my throat when I was stopped the humor of Ed's reply. I envision an arched eyebrow, curled lip and contemptuous sneer to accompany his understated "Such as???"

According to the Mogambo Rules Of Punctuation For Economics Stuff (MROPFES), the use of three -- three! -- question marks indicates extreme stunned incredulity mixed with anger and shock, as seems apropos to the very idea of a central bank not being foremost concerned with inflation in prices above all other concerns. ALL!

Well, the answer to Ed's question "such as?" is, of course, that the central banks are committing yet another monetary sin, artificially holding interest rates down to near zero by creating mountains of new money and credit with which to buy up bonds (driving their prices up and their yields down) at the rate of almost \$200 billion per month (about \$90 billion mortgage bonds and, recently announced, other bonds, which, I assume, is on top of the \$100 billion a month in new Treasury bonds that have to be sold to finance a \$1.2 trillion federal budget deficit). That's \$2.4 trillion a year in new money! Gaaahhhh!

You can see how I am on the verge of working myself into a screaming fit of fearful outrage, and how I could go on for hours and hours about the evil Federal Reserve, predictably ending with me telling you, with a voice rising hysterically in volume and timbre, to feverishly buy gold bullion, silver bullion, and oil stocks, because such absolute, suicidal idiocy like that is, I am chilled to say, running rampant, and thus We're Freaking Doomed (WFD)!

Rather than be drawn into one of my sick little melodramas, Ed wittily and pithily goes on, while expressing the exact same anger and outrage as found in any of my wild incoherent tirades packed with profanity and vague death threats, with a subtle "I can't believe he said that! Be very afraid."

Be very afraid, indeed. He correctly said that.

Buy gold, silver and oil. I correctly said that.