

GOVERNMENTS NEW/OLD MATH



The news tells us that our Government is spending more and more dollars it does not have and uses phrases like "Don't worry it's all paid for" and we are going to "Tax the rich to pay for it". This is all just lies and propaganda and anyone with an I.Q. above room temperature knows its a lie and that even if they did tax the so called rich at 100% you could not finance all this spending for more than a month or two and then what?

Here's what. Our government has run up so much debt that it cannot afford to pay even the approximate 1% interest it is now paying on Government "Treasuries" (Debt Bonds) and there are not enough stupid investors that want to buy a \$10,000 Government Bond paying 1% interest with inflation rates topping 5 1/2%. Bonds with negative earnings potential after inflation used to be called "Junk Bonds".

Even if we accept the lie that inflation is "only" 5 1/2%, a \$10,000 Bond is worth only \$9,450 post inflation value at the end of a year. If you add back in the 1% interest the bond pays (\$100) you end up with \$9,550.

Put another way, one year later it will take \$10,550 inflated dollars to buy what \$10,000 would buy you a year earlier. Think of these bonds as financial quicksand.

Even though our Nations Capitol is obviously well stocked with unindicted Fiscally Criminal Legislators, Only a moron would invest in a Ponzi scheme like this and these folks are not stupid enough to invest in their own legislative malfeasance. So, what's a government to do?

Here is what your government is doing. Using a shadow term like "Quantitative Easing" the government continues to issue debt bonds under cloak of darkness which are being purchased with a lot of "smoke and mirrors" by the Federal Reserve system who is simply printing the money and putting it into circulation to "pay" for all the government spending. This of course creates more and more inflation. As time goes by you end up with an inflation spiral that makes all those dollars you worked so hard to save worth less and less. In post WWI Germany it got to the point it took a wheelbarrow full of virtually worthless currency to buy a loaf of bread. In Venezuela the citizenry are forced to eat their pets or starve.

Sort of makes you want to invest your life savings in Government Junk Bonds that lose a net of 4

Inflation caused by governments monetary incompetence, if not criminal misconduct, has the effect of a cruel tax on the poor and the elderly who have to buy the more expensive groceries, gasoline Etc. Etc. Etc.

Governments in history have long used inflation to cover their fiscal lack of discipline. Governments don't file Bankruptcy, they just create fiat money that is worth less and less and less. From Rome to post WWI Germany to Venezuela. The result is always the same. Those with fixed incomes or savings get hurt the most. Poverty and misery run rampant. Government does a lot of finger pointing and grandiose speeches but lacks the courage to do what is needed. Fiscal discipline.

The following excerpt is from a piece I wrote in April of 2011 under the title of:

THIRD GRADE MATH PARTY

... I am thinking of starting a new Political Party which I would simply call the Math Party. To become a member of the Math Party you would only have to believe in the simple laws of mathematics. If you wanted to run for elective office representing the Math Party you would have to demonstrate that you can get at least a 'B' on a Third Grade Math quiz. And, if you wanted to run for President under the Math Party Banner you would have to show us your Third Grade Diploma. The real one.

You see, I have become absolutely convinced that no political party now representing us in Washington D.C. (or for that matter Sacramento, California) can do Third Grade Math. They sure can't add or subtract. In fact, they act more like a teenage boy with the keys to dad and moms new car, a bottle of Jack Daniels Old No. 7 Brand and a credit card. When asked to solve a relatively straight forward math problem like, say, doing a budget for the country that does not involve spending money we don't have, they instead come up with a plan to "reduce the deficit 12 to 16 years "down the road" (when they are no longer in office).

So what do you think? Would a political party that believes in the simple laws of mathematics have a chance? Or, have we all become addicted to believing in the Tooth Fairy and just want to hope that Uncle Sugar in Washington has a bottomless checkbook?

Today I have lost all hope of there ever being any fiscal responsibility in government and am putting my efforts into figuring out ways to survive the coming monetary collapse and chaos.

Bob Bandy - November 2021