Clairvoyant Economists Still Pessimistic

By The Mogambo Guru

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The Economist magazine, in a column wryly titled “Pangloss Revisited”, notes that “The average deficit over the next decade in now expect to be 5.1% of GDP, compared with an average of 4% in the original budget”, and that even in the last year of the forecast, 2019, the budget deficit is supposed to be 5% of GDP! Wow!

As weird as that is, it gets weirder later in the article when Peter Orzag of the White House’s Office of Management and Budget (OMB), whom the article called “Mr. Obama’s top budget man”, has “tried to put a positive spin on the situation. By 2019, he argued on his blog, America’s primary deficit (the difference between revenue and spending excluding interest payments) would be only 0.6% of GDP.”

Excluding interest payments? Hahaha! Why in the hell would you exclude interest payments? Hahaha! You shake your head in amazement that this is the kind of Silly, Stupid Crap (SSC) that is everywhere these days! “Excluding interest payments”! Hahahaha!

Immediately I realized that, again, I was too hasty, and this brilliant little stratagem could solve my problems at work! My main problem is that money comes hard these days, customers don’t buy as much these days, and they don’t want to spend what little money they have with (and I quote) “a disagreeable moron” like me these days, which makes me fear for my job and the bankruptcy of the company these days.

However, with this new ploy in hand, now we’ll see who the moron is when I cleverly arrange for the company to borrow money with an interest-only/ balloon-payment-at-the-end loan, that comes due after I retire, so that it looks in the meantime like money is coming in but no money is going out because I “exclude interest payments”! It’s like free money! Hahaha!

I know there is an obvious flaw in the plan, and it gets even weirder when you learn that this same Mr. Orzag and this same OMB, for some bizarre reason that I assume only makes sense if you are mentally ill or taking drugs, or both, presupposes that “the average interest rate on government debt in 2019 is the same as the rate of economic growth.” What? Hahaha!

Of course, The Economist gets it wrong when the say, “Federal debt will read 77% of GDP in 2019, up from 41% in 2008”, in that they are only counting the federal debt held by the public, and conveniently ignoring that whole freaking giant glob of debt held by the Social Security Trust Fund and dozens and dozens of other places where public money has been “invested” by buying government bonds and thus giving the cash to Congress to spend, a fact that is so obvious that it makes me laugh in Utter, Utter Contempt (UUC) at such a rookie mistake, which makes you wonder what kind of boneheads they are hiring at The Economist magazine since the actual debt is almost $12 trillion and the GDP is $14 trillion, making the debt-to-GDP ratio 86% already!

But before I get too hard on The Economist magazine, I will note that they are exactly right when they say that the reappointment of Ben Bernanke as chairman of the Federal Reserve "ignores the fact that Mr. Bernanke was complicit in creating the loose monetary conditions which fuelled the financial frenzy in the first place. As a governor of the Fed earlier this decade, he was even more convinced than Alan Greenspan that central banks had no business raising interest rates to head off asset bubbles."

The good news in the article is that polls show that Americans are waking up the fact that the Federal Reserve is a disastrous failure and it has ruined the dollar and America, which I interpret from the news that "Americans think less of the Fed than of the Internal Revenue Service."

And since the smart play is to buy gold, silver and oil when the government is behaving so badly, the best news was not in the article at all, but for us greedy money-grubbers who want to make a lot of money without working and think that gold, silver and oil is the way to do that because that is what seems to be the lesson of the last 4,500 years, it is wonderful news that the majority of investors are not yet buying gold, silver and oil, which makes sense because it is mathematically impossible for the majority of investors in anything to make a profit, and only a minority betting against the crowd can, by mathematical imperative, make a profit!

You cannot see the Utter Mogambo Sincerity (UMS) in my eyes, and so you will just have to take my word for it that this is only one – one! – of the many, many reasons why I say, when buying gold, silver and oil, "Whee! This investing stuff is easy!"