

How to Double the Debt in 5 Years

By [The Mogambo Guru](#)

12/22/10 Tampa, Florida – As a paranoid and angry lunatic, I am always nervous and on the suspicious lookout for subtle signs of danger that I know are all around me because the foul Federal Reserve has created, and is still creating, So Freaking Much Money (SFFM), which means that the terror of ruinous inflation in prices is a dead-bang, take-it-to-the-bank, guaranteed certainty.

And there is no telling what people will do when faced with both the ruinous deflation of the value of their assets and the unbelievable, catastrophic inflation in the prices of food and energy that seems so sadly certain, which is a nice phrase if I do say so myself, conveying, as it does, a sense of resigned melancholy instead of my more usual hyperbole of anger, hatred, betrayal, outrage and thirst for revenge against the treacherous Federal Reserve for creating so much excess money and against the corrupt Congress for allowing it!

Unfortunately, this is not about how I have the lyrical soul of a poet, but about how these people are the same average idiotic Americans who have, for more than half of the last century, been electing and reelecting Congresses that have enacted huge, growing, cancerous budgets that deficit-spent a gigantic \$14 trillion in new national debt – a sum equaling GDP!

And these same disastrous weenies have borrowed and deficit-spent more than half of that \$14 trillion national debt in just the last 10 years! And now they are on track to double the debt again in the next 5 years! Gaaah!! We're freaking doomed!

Doug Noland in his PrudentBear.com commentary does not mention this kind of mental and fiscal insanity directly, much less leading to the Hysterical Mogambo Conclusion (HMC) that we should be frantically buying gold, silver and oil in a frenzied, single-minded panic.

Instead, with the calm and dispassionate objectivity of the classic reporter, he notes that the latest Federal Reserve Z.1 “flow of funds” report shows that “This year will mark the second consecutive year where federal borrowings will have actually expanded more than the growth of total Non-financial borrowings. Nothing similar to this has happened in the post-WWII period.”

Yow! This is the kind of “danger signal” that I am talking about!

The actual figures are that in just the last 9 quarters, which a little over 2 years, “total federal liabilities” exploded by a whopping \$4.013 trillion, which increased the national debt by 60% in those aforementioned Two Freaking Years (TFY)! TFY!

Even more astoundingly, “After doubling mortgage Credit in less than 7 years, our system is now on track to double federal debt in about four years.” Gaaahhhh! I thought it was 5 years! I scream anew in outrage and fear! Gaaahhh!

Suddenly, I am screaming in fear, but at the same time I am watching, as if in an out-of-body experience, little specks of spittle fly out of my mouth as I am screaming, and I am thinking to myself, “That’s the problem with linear thinking! If I pursued a career of fame and fortune as The World’s Fattest Man (TWFM) and weighed in at 1,500 pounds, can I actually double my weight in 4 years to 3,000 pounds? And then 4 years later double my weight again to 6,000 pounds? And then again to weigh 12,000 pounds?”

The answer is, obviously, “Not without a lot of tasty grub! Hahahaha!”

Fortunately, speaking of tasty grub calms me down enough so that I can read that the report also showed that combined local, state, and federal expenditures were up, and still totals about half of our \$14 trillion GDP, even though the federal government borrowed and spent a whopping \$1.8 trillion in the last 12 months, which may explain how Total Compensation increased 3.0% in the last year, rising to \$8.03 trillion, which seems paradoxical since unemployment, at an “official” 9.8% and (according to John Williams at shadowstats.com) is unofficially 22%, is a Big, Big Problem (BBP).

Even more surprising was that Household Assets increased \$1.2 trillion to \$68.8 trillion, while Household Liabilities were \$13.9 trillion and did not increase much because, I assume, people did not spend a lot of borrowed money in the last quarter.

The report handily subtracts liabilities from assets and concludes that that Household Net Worth increased \$1.19 trillion during the third quarter, rising to a surprising \$54.9 trillion, which is almost 4 times Liabilities, thus everything should be peachy keen and couldn’t be better except for, you know, that pesky unemployment thing.

If you believe that, then you will not be interested in the Mogambo Big Plan (MBP) to buy gold, silver and oil as protection against the roaring, catastrophic inflation caused by the Federal Reserve creating so much money, and the federal government borrowing it and spending it.

And to tell you the truth, I don’t know whether or not I believe any of it, and I only follow the Mogambo Big Plan (MBP) because it is fool-proof and so easy that I giggle with childish delight, “Whee! This investing stuff is easy!”