

LIBERTY PARK INN®

A Syndicated Column

Name: *Fiscal Cliff*

By: David Henry © 2012

“Nonsense,” Neil exclaimed! “It’s pure unadulterated nonsense!”

“What’s nonsense,” I asked?

“This so called fiscal cliff,” Neil replied. “I can’t believe the utter hypocrisy of these people!”

Since Neil is a respected accountant for a large accounting firm I asked, “Why do you say that?”

“I mean,” Neil replied, “that congress and the president created this problem and now they are running around talking like they are the heroes who are coming to fix the problem. What a load of crap! They created this dragon and any day of the week they choose to they can slay this dragon. It will hurt, of course, but they can do it. They just don’t want to. They are using this mess to jockey themselves into position so they will look good to the voters. That’s all they’re really doing. And both major parties are guilty. They have no intention of actually fixing this mess.”

“Do you really believe that,” I asked?

“Yes, David, I do,” Neil replied.

“Congress and the president are 100% to blame for our government’s financial problems. Our president proposes the budget, congress passes the budget and then the president approves the budget. There’s nobody else who has any direct control over the budget. Nobody else has the authority to control how much money our government borrows. They are the villains in this story, not the heroes.”

“That’s amazing,” I replied.

Neil continued, “The root of our financial problems is that our federal government spends substantially more money than it takes in. And they have been doing it for so long that the total amount owed is staggering. The latest figures I have seen show the national debt at \$16.1 trillion. That works out to over \$50,000 for every person in the United States.”

“I didn’t realize it was that bad,” I commented.

“Unfortunately, it is,” Neil replied. “They keep talking about raising taxes on the rich like it was the solution to our financial woes. But that would not be nearly enough to fix this problem. Even the rich don’t make enough money to cover the excessive spending of our federal government. If they taxed the rich 100% of their income we would still be in trouble.”

“That’s incredible,” I replied.

Neil continued, “But it gets worse. Our government is about to lose it’s good credit rating and this could have devastating effects on our economy. Let me give you an example. My brother was recently out of work for about a year. During that time he was forced to live off of his credit cards to pay for basic things like food, gas and electricity. Fortunately for him he had excellent credit before he lost his job. So he had sizable credit limits available on his credit cards. But as the balances increased on his cards, his credit score dropped dramatically. His creditors began lowering his credit limits and canceling his credit cards. Now he’s back to work again but he can’t get credit anymore. Isn’t it reasonable to assume that at some point the lenders who are loaning money to our federal government will do the same thing and stop making these loans? Actually, the truth is, it’s inevitable. And when it happens, our federal government will be forced to live on a real budget like the rest of us. Frankly, this will mean huge painful cuts in the federal government’s spending. It could mean the government will not be able to pay social security payments or food stamp benefits. It could potentially cause a financial situation in this country that would make the recent recession seem tame by comparison.”

“I hope you’re kidding,” I said.

“No,” Neil replied. “But it gets worse. I went on the US Government Printing Office’s website and got some interesting information. The interest on the national debt last year was \$251 billion. But by 2020 it is projected to be \$840 billion and the total we will have paid in interest in just nine years,

from 2011 to 2020, will be over \$5.7 trillion. That’s nearly \$20,000 per person. And although it’s true that congress has recently cut the budget by \$38.5 billion, that’s nothing compared to what is owed. Think of it this way. If we drop eight zeros from each of these numbers and pretend the federal budget is an individual person’s budget these staggering numbers can be more easily understood.”

“Ok,” I said. “That sounds like it would be helpful. Hit me with those numbers.”

Neil continued, “By dropping the last 8 zeros we get these new numbers: our annual income is \$25,670, our expenses are \$38,340, which leaves \$12,670 that we need to put on credit and we are now \$161,000 in debt. So to reduce our overwhelming debt we cut a mere \$385 from our budget. Can we really expect to get out of debt by reducing our spending by that small amount? Not a chance”

“Wow,” I replied.

Neil continued, “So based on this information, do you really think our elected representatives in Washington are serious about fixing our financial problems? I don’t.”

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Corrupt Government: Polls show consistently that the majority of Americans no longer trust their elected officials. And it's no great surprise why. The level of corruption and incompetence has become almost unbelievable. And many people in the media have added to this problem because they do not investigate and report on certain hot issues. If there is any chance of fixing this mess we're in, we've got to start by facing the truth. Our country is in serious financial danger and we are taking only small steps to fix our big problems.

Liberty Park Inn® is a syndicated column about issues and current events featuring conversations in an imaginary hotel. You may contact the author through his website at www.libertyparkinn.com.