

## America, We Have A National Debt Problem!

On September 17, 1787, The Constitution of the United States of America (Constitution) was signed. On June 22, 1788, New Hampshire became the 9<sup>th</sup> State to ratify the Constitution making the adoption official. The Confederation Congress established March 9, 1789 as the date to begin operating the federal government under the Constitution. And finally, on May 29, 1790, Rhode Island became the last of the 13 States to ratify.

America came into existence with a hefty load of federal government debt (FGD). Some of the debt had been issued to finance the Revolutionary War. Additional debt was acquired because Congress agreed to follow Secretary of the Treasury Alexander Hamilton's Assumption plan. In 1790, Congress agreed to transferred state government debts to the federal government, which added approximately \$25 million to the FGD total.

According to U.S. Treasury records, in 1790, the FGD or U.S. national debt, was approximately \$71,060,508. On January 8, 1835, the FGD actually was briefly reduced to \$0.00. This was a goal of then President Andrew Jackson. By 1836, the debt was back up to a whopping \$37,513.

For the most part, the FGD has always been with us. Between 1790 and June 1957, the FGD decreased year after year 79 times and increased 88 times. The last time the FGD decreased year after year was as of June 30, 1957. Since then, for 65 straight years, the FGD has increased, year after year.

Look to the FGD if you want a history of trillions. In 1835 the FGD was briefly at zero. In 1981, the FGD finally reached \$1 Trillion for the first time. It took at least 146 years to get the FGD up to \$1 Trillion. In a little over 41 years, from 1981 to 2022, the FGD has increased to over \$31 Trillion. The shortest number of days to increase the FGD by \$1 Trillion was when the FGD went from \$24 Trillion as of April 08, 2020 to \$25 Trillion on May 07, 2020. This information begs the question - So what is our current FGD condition?

As of my last look, the FGD is more than \$31 trillion. As a number, the FGD is approximately \$31,279,500,000,000. Thank you U.S. National Debt Clock. However, as a number, what is 1 trillion? Yes, it is the number 1 followed by 12 zeros. It is also 1,000 times 1 billion. I'm a numbers guy and this info doesn't really help me process the magnitude to 1 trillion. Therefore, I decided to calculate 1 trillion into understandable units. These units are seconds, inches and miles.

If you were to live 1 trillion seconds, you would live 31,709 years. If you were to walk 1 trillion inches, you would walk a distance equal to 633 times around Earth's equator, 1 lap 24,500 miles. Finally, if you wanted to earn the 1 trillion mile frequent flyer card you would have to fly the distance equal to 107 round trips, from Earth to Pluto and back. These are just three examples of 1 trillion in understandable units. If

you were to live 31 trillion seconds, you would live 982,979 years. Do these numbers give you an idea of the absolute magnitude of our FGD? How ya feelin about the FGD now?

The financial condition our country is clearly illuminated by the sheer astronomical amount of FGD that has been accumulated since 1835. This is the condition we are in. Here are some brief lessons from the past. "It is incumbent on every generation to pay its own debts as it goes. A principle which if acted on would save one-half the wars of the world." Thomas Jefferson. Or we could heed these words of advice. "There are two ways to conquer and enslave a nation. One is by the sword, the other is by debt." John Adams. The next question to ask - Is this a problem? Let's have a look, shall we.

Carlo (Charles) Ponzi hatched the original Ponzi Scheme (**Ponzi**) in December 1919 when he convinced investors they could capitalize on the instability of most European currency prices by using postal reply coupons in a series of exchanges.

Mr. Ponzi did not make legitimate trades, instead, he paid off earlier investors with the money he raised from later investors. He was even able to persuade some investors to reinvest their funds which allowed Mr. Ponzi to postpone his financial obligations even longer. Today's true Ponzi Scheme is no different. A Ponzi is a fraudulent scam portrayed as great business "opportunity". Investors do not receive payments from any real business profits, instead, the funds paid to investors are nothing more than a redistribution of the newly acquired funds from the latest investors.

A true Ponzi has no real business operation at all, therefore, it is incapable of earning a profit. A hybrid Ponzi is a real business that is a financial failure yet the operator is able to convince investors to invest. True or hybrid, a Ponzi is a fraudulent securities/investment scam.

The U.S. Treasury sell interest bearing debt obligations that are ultimately expected to be repaid. There are three basic types of Treasuries: (i) a Treasury Bill or T-Bill has a maturity of one year or less; (ii) a Treasury Note has a maturity of 2 - 10 years; and (iii) a Treasury Bond has a maturity of 10 - 30 years.

Selling Treasuries is one way our U.S. Federal Government (**USFG**) obtains funds to operate. The USFG also obtains funds by collecting a wide variety of taxes. Think about this, none of these two funding sources represents a for-profit business and taxation is not profit making, it is profit taking.

The USFG has been allowed, encouraged and supported in its efforts to accumulate more than \$31 Trillions of debt by selling its version of a security, investment opportunity or AAA rated investment grade bonds, and has done so while not operating any for-profit business from which it can repay the debt incurred.

Currently, We The People, are on the hook for more than \$31 Trillion of what

appears to be unpayable debt, that also, do to ever increasing interest rates, may soon become unserviceable debt.

This begs the question, by selling its Treasuries to the world, is the USFG actually running the world's largest public Ponzi Scheme? Didn't Bernie Madoff get 150 years in federal prison for running a \$65 Billion Ponzi? Then again, what country's national debt would also not be categorized the same as our FGD?

Finally, from the great movie Top Gun, you may remember this line spoken by Stinger when he was dressing down Maverick - "Your ego is writing checks your body can't cash." Somehow, this seem on point with what appears to be our unpayable FGD.

Which begs the next question - What is the Call To Action? That is, how can this condition be resolved? Simple. One must know and understand the source, the cause of this massive problem. Which means, one must know and understand basic monetary system education. In the near future, The Flame will put online 4, one hour recorded classes on this very important and needed subject that takes you through basic monetary system education, Fed Ed.

Until next time, may all you Patriots out there, Be and Stay, Safe and Well.  
Patriot Out.