

The Slow Bullet

July 7, 2020

Modern government finance is like Russian Roulette. . . but with incredibly slow bullets.

We spend money. We create money out of thin air. We borrow it. We promise the Moon. We deliver rocks. With each action, we spin the chamber and pull the trigger. That slowround doesn't immediately hit, so we do it again.

Calling the perennial deficits and ballooning debt a "predictable crisis," Nick Gillespie at *Reason* writes that our federal government's debt "is already choking down economic growth, but in the future, it could lead to 'sudden inflation,' and 'a loss of confidence in the federal government's ability or commitment

But once politicians start playing the game, it's hard for them to stop. They see and we see the benefits, but that slow motion slug has yet to strike the target.

to repay its debts in full.'" And worse: "'Such a crisis could spread globally' causing some 'financial institutions to fail.' That's all according to the nonpartisan Congressional Budget Office (CBO), which has been warning Americans



about the long-term consequence of the ballooning debt for years."

This is an old warning. I have been talking about it for years, too. So have you. But once politicians start playing the game, it's hard for them to stop. They see and we see the benefits, but that slow motion slug has yet to strike the target.

Gillespie makes a better analogy than "slow bullets" (which don't exist): "Like the coronavirus, the debt problem has the potential to seemingly appear out of the blue and turn our world upside down in a matter of weeks."

Nassim Nicholas Taleb gained fame talking about "black swans," major events we cannot predict. But he insists that the financial crisis resulting from government overspending is *not* a black swan. It's predictable. We just do not know when.

Here's a fourth analogy:

In free fall, you don't feel a thing . . . until you hit the pavement.

This is Common Sense. I'm Paul Jacob.