

YOUR GOVERNMENT HATES YOU

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Unearned Capital Consuming Gluttony

Did you know that in fiscal

year 2022, federal tax receipts as a share of gross domestic product (GDP) hit a near record high of 19.6 percent?

According to the U.S. Treasury, in FY 2022, total federal tax receipts and additional federal government revenue topped \$4.90 trillion. Yet, over this time, Congress spent \$6.27 trillion. The difference, the 2022 deficit, was \$1.37 trillion.

The difference, of course, was made up with debt. And year after year, decade after decade, these deficits have stacked up into a mega pile of debt. Presently, the U.S. national debt is over \$31.4 trillion. As a reference point, in December 2000, the national debt was \$5.6 trillion.

In other words, over the last 22 years the U.S. national debt has increased 460 percent. U.S. GDP over this same time, however, has increased just 157 percent, from about \$10 trillion to 25.7 trillion.

You'd think with all that cash coming in from near record tax receipts as a percent of GDP, Washington could balance the budget. Maybe it could even run a surplus and pay down some of the national debt.

President Andrew Jackson, for example, paid off the entire national debt in 1835 after just six years in office. He then took the federal government surplus and divided it among indebted states.

Alas, that's not how the U.S. government works in the 21st century, where near record tax receipts will never be enough. Washington's capital consuming gluttony is well beyond the reach of a human solution. Nature will have to take its course.

Skyrocketing Fiscal Year 2023 Deficit

It doesn't take big brains or a sharp intellect to understand that spending more than you make for decades on end is a terrible way to build wealth. Many great nations have tried it. None have been able to sustain it, indefinitely. They've all failed. The U.S. is no different.

2023 will further the divergence between the national debt and GDP. Specifically, the national debt will continue to grow much faster than GDP. In fact, it's already happening.

The first two months of FY 2023, which commenced in October, are off to a slow start. Federal revenue rose just 1 percent. At that rate, federal revenues would increase by 6 percent in FY 2023, as compared to a 21 percent increase in all of FY 2022.

As noted by the Wall Street Journal, individual taxes rose 4 percent while corporate tax revenue fell 6 percent. Other revenue, which includes Federal Reserve payments from interest on its bond holdings, dropped 21 percent. These Fed payments will turn to deficits in 2023 as the central bank shrinks its bond portfolio.

So, unless the federal government dramatically cuts its spending to be in line with slowing revenue, the FY 2023 deficit will skyrocket. Perhaps the debt market will apply some constraints...

The federal government, after decades of mass money printing, now has rampant consumer price inflation to contend with. For this reason, the Treasury can no longer count on the Fed to create credit out of thin air to buy Treasury notes. To do so would be counterproductive to the Fed's inflation containment program.

Now, for the first time since quantitative easing was hatched in late 2008, if Washington wants to borrow money to finance its ridiculous spending programs it will have to do so with loans from honest Treasury investors. Some may find today's yields worthy. Others may not.

Mayors for Guaranteed Income

The point is the federal government will have to exclusively rely on a class of discerning lenders to finance its deficits for the first time since Lehman Brothers vanished from the face of the earth.

And while the federal government may have some unfamiliar constraints to deal with, the real pain will be felt by state and local governments.

During the coronavirus fiasco many state and local governments took a ride on the federal government's gravy train, which was powered by mega amounts of printing press money. State and local politicians, who are generally much dumber than they look, took this one time event-driven largesse from Washington and used it to establish new, and everlasting structural spending programs.

Big mistake.

This week, for example, we discovered there are at least 82 municipalities across 29 states that are promoting guaranteed income programs.

And more than 70 of these municipalities have pilot programs created in the past year. There's even a coalition of over 100 mayors, aptly titled Mayors for Guaranteed Income, that are advocating for them.

How do these forward-thinking mayors intend to pay for these guaranteed income programs?

They intend to raid federal pandemic assistance money from a \$350 billion fund for state and local governments within the \$1.9 trillion American Rescue Plan Act, adopted in March 2021. Remember where this money comes from; that is, it comes from you...the American taxpayer.

Adding to the army of dependents reliant on government for their daily bread is beyond foolish. People who receive ongoing handouts slip into apathy. They become unwilling and unable to provide for themselves. They become dependents for life. And what happens when the guaranteed income can no longer be guaranteed?

Without question, these guaranteed income programs are epic disasters in the making.

Your Government Hates You

Lastly, we'd be remiss if we did not mention the federal government's bipartisan \$1.7 trillion omnibus spending bill that's passed by Congress and signed into law by this person the media insists on calling "the President."

This 4,155-page whopper is a Christmas tree bill in the truest sense. Special gifts to various interest groups are hung on every branch.

But what's actually in it?

The headline accounts are vague. There's the amorphous \$858 billion for defense. There's also the nebulous \$772.5 billion for domestic priorities. What could these be?

If you're unclear about just how absolutely screwed we all are, here we turn to the Heritage Foundation for lucidity:

"[The Omnibus bill] contains billions in wasteful spending on ridiculous political pet projects, including the following:

- *\$1.2 million for "LGBTQIA+ Pride Centers" and another \$1.2 million for "support services for DACA recipients" (aka helping illegal aliens with taxpayer funds) at San Diego Community College.*
- *\$477,000 for the Equity Institute in Rhode Island to indoctrinate teachers with "antiracism virtual labs."*
- *\$1 million for Zora's House in Ohio, a "coworking and community space" for "women and gender-expansive people of color."*
- *\$3 million for the American LGBTQ+ Museum in New York City.*
- *\$3.6 million for a Michelle Obama Trail in Georgia.*
- *\$750,000 for "LGBT and Gender Non-Conforming housing" in Albany, N.Y.*
- *\$2 million for the "Great Blacks in Wax" museum in Baltimore.*
- *\$856,000 for an "LGBT Center" in New York.*

- *\$750,000 for the “TransLatin@ Coalition” to provide “workforce development programs and supportive services for Transgender and Gender nonconforming and Intersex (TGI) immigrant women in Los Angeles.”*

This, my friends, is your tax dollars at work. This is also an ear-piercing siren signaling the end is nigh.

The fact of the matter is that if you work hard, pay your own way, believe in free speech and traditional values, and fear God, your government – the dirty cadre of elites and insiders – hates you. There’s no other way to explain it.

Happy New Year!

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