

Media and Politicians Ignore Oncoming Financial Crisis

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The mainstream media was too busy obsessing over Russiagate to notice that, according to an annual Social Security and Medicare Boards of Trustees report, the Social Security trust fund will run out of money by 2035. The trustees also reported that the Medicare Hospital Insurance trust fund will be empty by 2027.

The trustees' report is actually optimistic. Social Security is completely funded, and Medicare is largely funded, by payroll taxes. Therefore, their revenue fluctuates depending on the employment rate. So, when unemployment inevitably increases, payroll tax revenue will decline, hastening Medicare and Social Security's bankruptcy.

Another dark cloud on the government's fiscal horizon involves the Pension Benefit Guaranty Corporation (PBGC), which provides federal bailouts to bankrupt pension plans. The PBGC currently has an over 50 billion dollars deficit. This deficit will almost certainly increase, as a number of large pension funds are likely to need a PBGC bailout in the next few years. Congress will likely bail out the PBGC to avoid facing the wrath of voters angry that Congress did not save their pensions.

Unfunded liabilities like Social Security and Medicare are not included in the official federal deficit. In fact, Congress raids the Social Security trust fund to increase spending and hide the deficit's true size, while leaving the trust fund with worthless IOUs.

The media also ignored last week's Congressional Budget Office (CBO) report predicting the federal debt will increase to an unsustainable 144 percent of the gross domestic product by 2049. The CBO's report is optimistic as it assumes interest rates remain low, Congress refrains from creating new programs, and there are no major recessions.

Few in Congress or in the Trump administration are even talking about the coming fiscal tsunami, much less proposing the type of spending cuts necessary to pay down the debt and have the funds to unwind the entitlement programs without harming those currently reliant on them. Instead, both parties support increasing spending and debt.

Republican control of both houses of Congress and the White House led to increased federal spending of over \$300 billion dollars. The House Democratic majority now wants even more spending increases. House Speaker Nancy Pelosi is threatening to not raise the debt ceiling unless President Trump and congressional Republicans agree to lift the spending caps put in place by the 2011 budget deal.

The Republican Congress routinely exceeded the caps' minuscule spending limits. Therefore, Speaker Pelosi should have no problem getting President Trump and his Republic congressional allies to once again exceed the caps on welfare spending as long as Democrats agree, as they are likely to agree, to bust the caps on warfare spending.

America's military budget already equals the combined budgets of the next seven highest-spending countries. Instead of allowing himself to be neoconned into wasting trillions on another Middle East quagmire, President Trump should bring home the nearly 170,000 troops stationed in almost 150 countries.

Unless Congress immediately begins making substantial spending cuts, America will soon face a major economic crisis. This crisis will likely involve the Federal Reserve's debt monetization resulting in a rejection of the dollar's world reserve currency status. Since the media and most politicians refuse to discuss this topic, it is up to those of us who understand the truth to spread the word, grow the liberty movement, and force politicians to make real cuts right now.

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