Subject: Re: Red State/Blue State Divide
Posted by Manualblock on Fri, 12 May 2006 16:53:46 GMT
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The Public Debt is a figure that represents all the monies owed by the Govt in perpituity. You have a Savings Bond at Home? Thats part of the public debt. You have a mortgage? Fannie Mae insures it.The Deficit is the amount of money that the government pays out over and above what it takes in each year. Cut the deficits and you cut the debt. But you can never cut the public debt entirely because that is how our economy functions; hence your savings bond.As long as the government runs a deficit economy it adds more to the public debt over the long haul. But the long haul debt will always be there; Thats why bonds are issued in different time spans. Deficit Spending on the other hand affects our economy right now because the budget is changed on a yearly basis. It alters interest rates and tax rates and employment rates. Thats how the fed tweaks the economy. Look at the Deficit numbers for the years 1990 to 2000; the deficit shrunk and as a result the economy rose due to prudent fiscal policy that did not favor one specific group but helped all of us. Look at the deficit totals for those years; less deficit spending=more public monies available. That meant more people investing and buying things and that =a better economy. Some say it created a bubble; but bubbles can be contained. What we have now is nothing short of a time bomb waiting to happen within the next 10 yrs. Why do you think the price of gold is so high now? Inflation hedge.Think of the past and what happened; low deficit=high standard of living. The public debt has been with us since the begginning; yet the economy changes all the time; if the public debt was critical then the economy would always suffer because the public debt always increases with the increase in the value of money. 20 yrs ago what was your salary per week? Well the public debt rises like your salary rises. You make a lot more now But you aren't living a whole lot better right? Because the money is worth less. Thats why the public debt rises also. I hope this made sense because it is very important and many times used to confuse. The Public Debt as of May was 8,357,988,734,259.29. The Govt part of that is 4,813,467,861,190.94.