

Comment from Ross Greenwood (Financial presenter on Australian morning TV show)



In USA today:

Lesson # 1: Why the U.S. was downgraded:

* U.S. Tax revenue:	\$2,170,000,000,000
* Fed budget:	\$3,820,000,000,000
* New debt:	\$1,650,000,000,000
* National debt:	\$14,271,000,000,000
* Recent budget cuts:	\$38,500,000,000

Let's now remove 8 zeros and pretend it's a household budget:

* Annual family income:	\$21,700
* Money the family spent:	\$38,200
* New debt on the credit card:	\$16,500
* Outstanding balance on the credit card:	\$142,710
* Total budget cuts:	\$385

- Got It ?????

OK, now Lesson # 2:

Here's another way to look at the Debt Ceiling:

Let's say, you come home from work and find there has been a sewer backup in your neighbourhood ... and your home has sewage all the way up to your ceilings.

What do you think you should do?

Raise the ceilings, or pump out the (ummmm) "effluent"?

Lesson # 3 : in Australia today

Right now the Federal Government is at pains to tell everyone - including us, the mug-punters, and the International Monetary Fund, that it will not exceed its own, self-imposed, borrowing limits.

How much? \$200 billion. And here's a worry.

If you work in a bank's money market operation; or if you are a politician, the millions turn into billions and it rolls off the tip of the tongue a bit too easily. But every dollar that is borrowed, some time, has to be repaid.

By you, by me and by the rest of the country.

Just after 5 o'clock tonight I did a bit of math for Jason Morrison (Sydney radio presenter). But it's so staggering its worth repeating now.

First thought: Gillard, Swan, Wong, and before that Rudd, and all of the Labor Cabinet call these temporary borrowings, a temporary deficit.

Remember Those Words : **TEMPORARY DEFICIT.**

The total Government debt will end up around \$200 billion. So here's a very basic calculation... I used a home loan calculator to work it out..... it's that simple.. \$200 billion is **two hundred thousand million dollars.**

The current 10 year Government bond rate is 4.67 per cent. I worked the loanout over a period of 20 years. Now here's where it gets scary really scary.

The repayments on \$200 billion come to more than one and a quarter billion dollars - every month - for 20 years. It works out that we - as taxpayers - will be repaying \$15.4 billion in interest and principal every year .. \$733 for every man woman and child - every year.

The total interest bill over the 20 years is - get this - \$108 billion.

Remember, this is a Government that just 4 years ago had NO debt. NO debt.

In fact, it had enough money to create the Future Fund, to pay the future liabilities of public servants' superannuation, and it had enough to stick \$20 billion into the Building Australia Fund

A note was sent to me, which explains that the six leading

members of the Government, from Ms Gillard down, have a collective work experience of 181 years, but only 13 years in the private sector.

If you take out of those 13 years the number that were spent as trade union lawyers, 11 years, only two years were spent in the private sector.

So out of those 181 years:

- no years spent running their own business
- no years spent starting their own business
- no years spent as a director of a family business or a company
- no years as a director of a public company
- no years in a senior position in a public company
- no years in a senior position in a private company
- no years working in corporate finance
- no years in corporate or business restructuring
- no years working in or with a bank
- no years of experience in the capital markets
- no years in a stock-broking firm
- no years in negotiating debt facilities with banks
- no years running a small business
- no years at the World Bank or IMF or OECD
- no years in Treasury or Finance.

But these people have plunged Australia into unprecedented debt.

Well, in a way you can't blame them.

It's clear the electorate did not do their homework, because the Government is there by right.

Ah, but they are Labor and people vote for them because Labor is good for the working family - right???

If you have read this you may like to pass it on to your friends to help educate a little as you, them and I, will be repaying the above
Any views expressed in this message are those of the individual sender, and as such it is in a conversational manner that this is sent.