



Written by [Bob Adelman](#) on October 2, 2018

The Coming National Debt Tsunami

[The report from the U.S. Treasury](#) coming on the heels of news reports about Indonesia's earthquake and resulting tsunami is unnerving. According to the Treasury, the government's national debt jumped in the fiscal year ending September 30 from \$20.2 trillion to \$21.5 trillion, or by \$1.3 trillion. That's more than a six-percent increase year over year which, if not reined in, will double the national debt to \$43 trillion in less than 12 years.



Unlike the Indonesian earthquake and tsunami, however, Americans have had plenty of warning about what's coming. And yet Senators just voted 93-7 to spend another \$854 billion in a "stopgap" measure. Six of those Senators opposing the bill were Republicans (Independent Senator Bernie Sanders was the seventh).

In July, former Representative Ron Paul pointed out that the national debt now exceeds the total economic output of goods and services in the United States in a year, but even that isn't the whole story: "Social Security and Medicare trust funds will both soon be bankrupt, putting additional strains on the federal budget [and] on American taxpayers."

That's because the "reserves" in those trust funds have already been spent by the federal government and have been replaced with promissory notes to be redeemed by the Treasury in the future. The future is now, and as those reserves are tapped, those promissory notes will be redeemed by the Treasury, adding to the national debt.

FirstPost.com said that "a series of natural disasters in Asia have led to massive economic damage [and] human loss", explaining:

A recent string of natural disasters, the latest a deadly earthquake and tsunami in Indonesia, have exacted a severe toll in economic damage and human lives throughout Asia. The UN ... says up to 1.6 million people could be affected by the magnitude 7.0 earthquake and tsunami it created [on] Friday in a central region of Sulawesi Island.

Not only was the tsunami unexpected, allowing no one to escape, but the toll exacted was far higher than originally estimated. It wasn't until the death toll exceeded 800 that the global media even picked up the story to make it headline news. FirstPost.com added:

Such disasters tend to hurt the poorest people in the poorest countries most severely.... Annual losses from disasters like earthquakes, tsunamis and typhoons average \$250 billion to \$300 billion.

When the United States' national debt becomes unsustainable, everyone will suffer losses that make the Indonesian suffering pale into insignificance. As Paul predicted:

When the economic crisis hits, there will be choice but to cut spending and raise taxes. Of course, Congress is unlikely to raise taxes or cut benefits. Instead, it will rely on the Federal Reserve to do [its] dirty work via the inflation tax. The inflation tax is the worst type of tax because it is both



Written by [Bob Adelman](#) on October 2, 2018

hidden and regressive [hitting the poorest the hardest].

The escalating national debt will have unintended consequences before that day of reckoning, said Paul:

Increasing federal debt will also put pressure on the Federal Reserve to keep interest rates low to prevent federal interest payments [now running close to \$400 billion annually] from skyrocketing.

Eventually, the Fed's monetization of the debt [buying government bonds using newly created money] will lead to hyperinflation [see Venezuela] and a rejection of the dollar's world reserve currency status.

The question is when, not whether, the welfare-warfare state and the fiat [phony paper] currency system will end.

Just like for those Indonesians now suffering from the aftermath of the tsunami, Americans will claim surprise when the national-debt tsunami hits. The difference is that Indonesians didn't have much warning that it was coming. Americans have.



Image: Sujaimages2 via iStock / Getty Images Plus

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

Related articles:

[Senate Passes \\$854B Spending Bill Funding Everything But Border Wall](#)

[Spending Our Way to a Fiscal Crisis](#)



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.