Debt Crisis and Candy Cigarettes

It could be worse. And it will be.

But there's also good news, and I'll get there after a short update on the financial shenanigans of the D.C. politicians.

First, as it currently stands, we're well over $16 trillion in the hole at the federal level, not counting the drastically underfinanced pension systems and other ongoing boondoggles at the state and local levels.

In exact numbers, during the few seconds when I began typing this sentence, the quickly spinning U.S. Debt Clock showed the federal debt to be $16,437,016, 280,142.

That breaks down to $51,679 for every man, woman and child in the U.S. — or $206,716 for a family of four.

But if just the half of U.S. households that pay federal income taxes are counted, the debt averages out to $413,432 per family of four.

That number gets worse by the minute, with $3 billion more in federal red ink currently being added every 24 hours.

Last year, interest payments on the federal debt totaled $220 billion, according the Congressional Budget Office.

"We'll be spending over $1 trillion a year on interest by 2020," just seven years away, warns Erskine Bowles, co-chair of President Obama's bipartisan deficit- reduction commission. "That's $1 trillion we can't spend to educate our kids or to replace our badly worn out infrastructure."

Already, the current $220 billion yearly interest payment is more than double the annual federal outlays for education.

In 2020, we're projected to have 130 million households in the U.S. If only half of those 130 million households are paying federal income taxes, as currently, the interest cost on the federal debt for those 65 million households will average $16,000 per year.

Unfortunately, it might be worse than that because we can't count on low interest rates to hold down costs. First, interest rates generally rise as an economy recovers. Additionally, interest rates are likely to increase if credit rating firms downgrade the ratings on U.S. debt again, or if U.S. debt as a ratio of GDP expands, or if domestic and foreign investors decide that the continuing mismanagement of the American economy makes lending to the U.S. an increasingly risky investment.

During the 2008 presidential campaign, candidate Obama derided President George W. Bush as "unpatriotic" for taking" out a credit card from the Bank of China in the name of our children, driving up our national debt from $5 trillion for our first 42 presidents," combined, "so that we now have over $9 trillion of debt that we are going to have to pay back."

Candidate Obama had the numbers roughly right. The federal debt increased by $4.95 trillion during George W. Bush's eight years — about $1 trillion less than the $6 trillion added to the federal debt during President Obama's first four years.

If $4.95 trillion in red ink in eight years is "unpatriotic," what's the word for $6 trillion in new debt in four years?

By official projections, President Obama for eight years is firmly on track to more than double the amount of federal debt incurred during Bush's eight years.

All the news, however, isn't bad. While mirrors and razor blades are being peddled in the street, inspectors from the government got on the ball and threatened Tobi Lyden, the owner of an old-fashioned soda shop in St. Paul, Minnesota, with fines and criminal citations for selling candy cigarettes.

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