

State of the Union: No, Nick, Your Children Owe Nothing

Nicholas Sarwark is father to four pre-teen children. In his response to the State of the Union, delivered on behalf of the Libertarian Party (which he serves as national chair), he mentions that each of them are in debt to the tune of \$70,633. “Not because we gave them credit cards to go buy cars,” he explains, but “because politicians in Washington have a credit card called the national debt.”

I don’t disagree with Nick — whom I’ve known for about 20 years — very often. On this subject, however, I do so vehemently.

No, Nick, your children don’t owe \$70,633 each to the US government’s creditors. Nor do you or your wife Valerie. Nor do I. Nor does anyone reading this column who’s not a current or former president, vice-president, or member of Congress.

The only people who owe the \$23 trillion “national debt” are the people who borrowed the money.

You didn’t borrow the money. They did.

You didn’t co-sign the loan. You didn’t negotiate the interest rates or other terms.

Yes, they offered your future income and your children’s future income as collateral, but that income wasn’t theirs to offer. You weren’t even consulted, except to the extent that 25% or so of you (on average) voted for one or more of the borrowers, most of whom lied to you about exercising “fiscal discipline” if elected.

And their creditors knew that, making them loan sharks by proxy. How else to describe someone who loans money on the borrowers’ promise to go beat it — principal plus interest — out of non-consenting third parties?

No one in his or her right mind believes the “national debt” will ever be paid off. It’s too big, it’s growing too fast, and it represents too large a chunk of American wealth and production.

Sooner or later, in one way or another, the US government will default. The politicians who borrow the money and the speculators who loan it to them are both engaged in a long-term game of musical chairs, hoping that the music won’t stop before they retire, die, or cash out at a profit.

When the music does stop, it’s going to get ugly for all of us. But the longer the music continues, the uglier that final note.

The good news is that after the default, the politicians' credit card will be declined for some time to come, perhaps teaching them to live within their ample means.