

THE \$100 BILLION TEABAGGER TAX

Last week, when analysts were contemplating a debt downgrade, they put a price tag on it: \$100 billion.

A downgrade of the United States' AAA credit rating is a bigger risk than a default and could over time add up to 0.7 percentage point to bond yields, members of a U.S. securities industry group said on Tuesday.

"That's on the order of \$100 billion over time that we will add to our funding costs," said Terry Belton, global head of fixed income strategy at JPMorgan Chase. He was speaking on a conference call organized by the Securities Industry and Financial Markets Association, also known as SIFMA.

Over time, he said Treasury yields could rise 60 to 70 basis points on a credit downgrade – "a huge number because we're talking a permanent increase in borrowing costs."

That would make it more costly for consumers and business to borrow money and could land the economy back in recession.

That's a big number though.

A better way of thinking of it is how much every American will have to pay. That \$100 billion among 310 million Americans works out to be \$322 for every man, woman, and child to pay for the TeaBagger's little temper tantrum.

To put that in perspective, that's more than the 2008 Bush tax rebate gave to taxpayers (rebate checks started at \$300/person).

So the TeaBaggers are now taking away whatever benefit we got from Bush's last tax cut.