

All around us, we are seeing signs of a deteriorating social fabric. Examples abound, ranging from horrifying terrorist attacks and shootings in schools, to alienation among urban populations, drug use, crime, and an erosion of our standard of living. However, leading economists seem to be neglecting these problems to focus almost exclusively on quantifiable numbers like unemployment or growth in GDP. From this limited perspective they claim to see a rosy future. Their blind faith that free-market economics will eventually solve social problems echoes frighteningly similar simplistic reasoning of the pre-depression era. One problem with a focus on free-markets is that it tends to benefit the rich, and as the economic gap between rich and poor widens, the middle class shrinks, federal revenues decline, and social programs take a hit – further widening the income gap and exacerbating social problems.

To compound the problems this trend presents are other impending crises: at some time in the relatively near future the world's oil reserves will approach exhaustion driving up all energy-related costs; without a major overhaul, Social Security will go bankrupt around 2030; and the poor countries of the world are well on their way to becoming hopelessly anarchic. Large-scale economic dislocations and social strife will certainly result from any one of these highly probable crises.

As if this weren't enough, we find ourselves straddled by a post-cold war debt that we neglected to repay during the economic boom of the early information age. The interest on that debt soaked up 20% of federal revenue in 2000. As economic growth slows, demand for entitlements increases while federal revenues decrease. This creates a

budget deficit that must be paid either by: 1) raising taxes (not likely), 2) decreasing expenditures on entitlements in spite of an increasing demand for them (not likely), 3) decreasing military spending (even less likely in current times), or 4) by borrowing more money and delaying the problem. Assuming the government opts for choice four, which it has done almost unfailingly, the national debt increases further and with it future interest payments. At some point the interest payments become too large (they certainly can't be allowed to consume 100% of federal revenue). At this point disaster strikes. The government is forced either to openly default on its loans, or to do so backhandedly by allowing massive inflation.

There is only one way of halting this seemingly inexorable progression to ruin. We must "bite the bullet" and use some combination of options one and two above, which will inevitably bring economic hardships but will reduce the magnitude of the disaster in the end. We must have the political maturity to shoulder our responsibility, *to repay the debt*. With a small preexisting debt a country has the flexibility, to borrow to meet immediate demands in hard times while simultaneously re-stimulating longer-term growth. However, this means that in times of economic prosperity we must bring the debt back into safe margins (perhaps reducing it all together). If we do not, we put ourselves at great risk of catastrophic economic collapse in the face of what might otherwise be a relatively minor slump in the economy. It is difficult to see how the American public can gain the political it needs when the two major parties seem to compete primarily in terms of which can cut taxes more. Perhaps no solution is possible until, as a society, we decide to move beyond consumerism and instant gratification to more solid values such as community and sustainability.