



Second Chance in Debt Deluge

As for the so-called “cuts” enacted by this Congress, the long and rancorous debate produced essentially nothing. In exchange for statutory authority to raise the debt ceiling by another \$2.4 trillion, the bill provides for cuts of only \$900 billion, and for a special congressional committee to come up with an additional \$1.5 trillion in savings — over the next decade in projected future spending. In other words, the bill makes no meaningful cuts in the government while providing for another \$1.5 trillion in debt over the next year or so — this in exchange for vague promises of a comparable amount in cuts spaced out over 10 years, while the debt ceiling is raised again and again. Such is the nature of “compromise” in official Washington.



“It was a bitter pill for us to swallow, but we did,” said Congresswoman Nancy Pelosi. “And as we did, we saved Medicare, Medicaid and Social Security.” But not to worry: Heroic budget-busting Republicans will be back to lead the oratorical charge next time. “Senate Minority Leader Mitch McConnell warned Tuesday that Washington will have another fierce debate over spending the next time the debt ceiling is reached — expected to be in early 2013,” reported Fox News confidently. “McConnell said Washington should welcome, not fear, that debate.” Which is to say: Expect the hot air in Washington to continue inflating the debt balloon.

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Americans have come to expect very little from their political leadership, especially in matters of fiscal restraint. We are strangely tolerant of a class of men and women who resolutely refuse to live by the same rules of budgetary conduct enjoined on the rest of us. We are tempted to assume that this is simply the nature of politicians and their constituencies everywhere, but history — very recent history, in fact — shows that this need not be so. In July 1997, Asian economies from South Korea to Indonesia went into sharp decline as currency values plummeted. Stock markets fell steeply, with Hong Kong’s Hang Seng losing more than 20 percent in three days during one stretch. South Korea was dismayed to see its national debt-to-GDP ratio more than double — from 13 percent to about 30 percent. The Indonesian government fell amid widespread rioting.

However, by the start of the next decade, the economies of East and Southeast Asia had recovered and were once more growing by leaps and bounds. Why? Because, for the most part, South Korea, the Philippines, Thailand, Malaysia, China, and Indonesia accepted the need for major reforms and the short-term sacrifices that would accompany them. Today it is East Asia whose economies are rapidly overtaking the West and whom we now expect to continue lending us money to save us from our indebted selves.



Written by [Charles Scaliger](#) on August 25, 2011

Nor is this merely a case of frugal East versus debt-addicted West. A number of European countries, like Germany and Finland, still have cultures of hard work and thrift, and have avoided the debt crisis engulfing the EU. In our own hemisphere, Canada has a national debt-to-GDP ratio less than half of ours, with the Harper government and Tory parliament determined to balance the budget by 2015. Why does the United States seem incapable of doing likewise?

The answer is at least twofold. First, we have been seduced by an all-embracing spirit of entitlement, a consequence of our longtime status as the world's preeminent military and economic power. We have come to believe that we are above the laws — economic, social, and political — that govern the affairs of other nations.

Second, there exists an international network of interlocking interests that wants to bring the United States to its knees, economically, socially, and politically. These interests hope to replace the dollar with a true international currency, the U.S. military with some kind of global military and police apparatus, and limited government with all-encompassing global socialism. The destruction of the U.S. economy via debt and hyperinflation would serve these interests perfectly; indeed, they are already clamoring to replace the weakened dollar with an international currency.

We will not have many more opportunities to come to terms with our debt. Unless we wake up to this reality, we will soon wake up to another: debt serfdom in the once-independent United States of America.



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