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ECONOMICS — AND BEYOND — PART I

ECONOMICS HAS BEEN CALLED “THE DISMAL SCIENCE” AND PROBABLY FOR GOOD REASON, FOR, AS SCIENCES GO, IT IS MORE THEORETICAL AND LESS CAPABLE OF PROOF AND PREDICTION THAN MOST. IT IS NOT AN EASY WORD TO DEFINE, PARTIALLY BECAUSE WE USE IT TO DESCRIBE CIRCUMSTANCES, MOTIVATION OR BEHAVIOR THAT OFTEN DERIVE FROM POLITICAL, PSYCHOLOGICAL, SOCIAL OR OTHER SOURCES. STILL, AS OUR WORLD AND WEALTH HAVE GROWN SO SPECTACULARLY IN THE LAST TWO CENTURIES, SO HAVE OUR ECONOMIC EXPERIENCES.

OUR FIRST QUESTION, THEN, SHOULD BE TO ASK WHAT THE MEANING OF “ECONOMICS” IS AS IT PLAYS OUT IN OUR TWENTY-FIRST CENTURY NATIONAL AND GLOBAL SOCIETIES. IN CAPSULE FORM, ECONOMICS IS CONCERNED WITH THE MEASUREMENT, DEVELOPMENT, TRANSFER AND EXPANSION OF WEALTH FROM BOTH PUBLIC AND PRIVATE SOURCES, AND THE EFFECT OF THESE ACTIVITIES ON POPULATIONS AND GOVERNMENTS.

IN THE COURSE OF OUR ATTEMPTING TO UNDERSTAND AND MANAGE THIS ECONOMIC PROCESS WE REVEAL OURSELVES, WHETHER WILLINGLY OR NOT, BY OUR THOUGHTS AND ACTIONS, AND THEIR CONSEQUENCES. INVARIABLY, WE ALSO DISCLOSE THE METHODS, DIRECTIONS AND INTENTIONS THAT WE APPLY TO THE WORLD OF WEALTH AND THE WEALTH OF THE WORLD.

THE UGLY TRUTH ABOUT ECONOMICS IS THAT IT IS AS MUCH ABOUT OUR HUMAN BEHAVIOR AND PSYCHE AS IT IS ABOUT GOLD, OIL OR MONEY. WE HAVE HAD TWO MILLENNIA

OF EXTRAORDINARY ADVANCES IN POPULATION, KNOWLEDGE, TECHNOLOGY, HEALTH, PRODUCTIVITY AND COMMERCE. AT THE SAME TIME WE HAVE EXPERIENCED CONTINUAL WARFARE DUE TO POLITICAL, RELIGIOUS OR TERRITORIAL DIFFERENCES. AND WEAPONRY TO SUSTAIN AND ADVANCE OUR ACQUISITION OF WEALTH HAS BEEN OUR MOST SUCCESSFUL AND CONSTANT GROWTH INDUSTRY.

OUR PRESENT ECONOMIC SITUATION IS BOTH COMPLICATED AND PRECARIOUS — COMPLICATED BY GLOBAL RELIGIOUS, POLITICAL, AND POPULATION ISSUES; AND PRECARIOUS BECAUSE OF THE WAY THEY INTERACT, OFTEN WITH THE SENSE THAT THEY ARE BEYOND ANY TIMELY CONTROL.

HOWEVER, MANY COMPLICATIONS THAT WE NOW MUST FACE HAVE “MADE IN AMERICA” CLEARLY STAMPED ON THEM. IN THIS CHAPTER WE HOPE TO BE ABLE TO SUGGEST WAYS TO VIEW AND DEAL WITH THEM.

AMERICA’S ECONOMIC STATURE IN THE WORLD TODAY IS CLOSE TO BEING UNIQUE. IT STANDS AS THE WORLD’S LEADING FINANCIAL AND MILITARY POWER, AND YET IN BOTH THESE AREAS IT IS IN THE PROCESS OF BEING MEANINGFULLY CHALLENGED, OR, PERHAPS, HAVING BEGUN TO DECLINE.

THE MOST DIFFICULT ASPECT OF OUR PRESENT FINANCIAL CIRCUMSTANCE IS THAT IN THE TIME OF ABOUT A HALF CENTURY WE HAVE MANAGED TO REVERSE OUR FINANCIAL STATUS FROM THAT OF THE WORLD’S RICHEST COUNTRY AND

IN THIS ISSUE: WE EXPLORE DIFFICULT ASPECTS OF OUR ECONOMIC LIFE, CHARACTER AND POLITICS.

OUR NEXT ISSUE: WILL CONTINUE THIS TOPIC AND WILL EXPLORE THE MOST POWERFUL CONFRONTATION OF FORCES THAT OUR CIVILIZATION HAS CREATED AND IS NOW EXPERIENCING.

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LARGEST CREDITOR TO ITS LARGEST DEBTOR, WHILE OUR CURRENCY CONTINUED TO SERVE AS THE WORLD STANDARD, OR RESERVE.

THAT A CONTRADICTION AS EVIDENT AND OMINOUS AS THIS WAS PERMITTED AND ENCOURAGED BY OUR VARIOUS ELECTED GOVERNMENTS SHOULD HAVE BEEN OF MORE CONCERN TO US THAN TO OTHERS, BUT SUCH WAS NOT THE CASE. THE VALUE OF OUR CURRENCY WAS ALLOWED TO FALL TO ONLY A FRACTION OF ITS POST-WAR VALUE, AND YET WE EXPECT TO SPEAK WITH THE SAME VOICE, AND TO BE HEARD IN THE SAME WAY, AS BEFORE.

AS MUCH AS WE MIGHT LIKE TO, WE CANNOT LIMIT OUR SEARCH FOR UNDERSTANDING OUR ECONOMICS TO OUR OWN COUNTRY. ECONOMICS IS A GLOBAL PHENOMENON THAT TAKES PLACE 24/7 AROUND THE WORLD. SEEMINGLY MINOR, LOCAL EVENTS, IF THEY MALFUNCTION, CAN ALTER THEIR PREDICTABILITY AND CONSEQUENCES. THEY CAN ALSO REVEAL THEIR CONNECTION TO OTHER LARGER FORCES AND WIDER INFLUENCES. WE, MEANING GOVERNMENTS AND INDIVIDUALS ALIKE, ARE, FOR A VARIETY OF REASONS, TOO OFTEN UNABLE TO DISCERN THESE LINES OF CONNECTION. MOSTLY, WE SUFFER FROM A VESTIGIAL PAROCHIALISM, BOTH INSTITUTIONAL AND INDIVIDUAL, THAT ONCE SERVED AS A PROTECTION, BUT HAS BEEN BYPASSED BY OUR MODERN COMMUNICATIONS TECHNOLOGY.

THE IMAGE THAT WE MUST BEAR IN MIND IS OF AMERICA AS ONE OF MANY PARTS OF THE GLOBAL PERPETUAL MOTION MACHINE WHICH IS MADE UP OF SOCIALISTS AND CAPITALISTS, MUSLIMS AND CHRISTIANS, RICH AND POOR, BLACKS AND WHITES, FARMERS AND BANKERS, BUREAUCRATS AND ENTREPRENEURS, POLITICIANS AND PRIVATE CITIZENS.

THIS VAST ECONOMIC MACHINE IS COMPOSED OF SO MANY PARTS, PEOPLE, PROCESSES, REGULATIONS, PRODUCTS, MARKETS AND PERILS THAT IT IS BEYOND TRUE HUMAN COMPREHENSION, AND YET FOR OUR OWN SURVIVAL WE MUST TRY. WITH CONSTANT MOTION, AS IN SUB-ATOMIC PHYSICS, THERE ARE NO POINTS OF CERTAINTY. WE ARE IN REALITY REDUCED TO ATTEMPTING TO IDENTIFY FLEETING MOMENTS AND MEANS OF ESTABLISHING ADVANTAGE. THE LATTER, WHETHER APPLIED TO OUR HUMAN NATURE OR OUR NUMBERS, IS OPERATIVELY THE MOST IMPORTANT WORD IN ECONOMICS. AT ONE LEVEL AND MOMENT IT STANDS AS A GUIDING, OVERARCHING CONCEPT; AT OTHER TIMES IT APPEARS AS A DEADLY AND INSTANT WEAPON — THE SUDDEN FLASH OF LIGHT UPON THE BLADE BEFORE IT VANISHES INTO THE BODY OF ITS VICTIM.

QUITE SIMPLY, WITHOUT ADVANTAGE OUR ECONOMIC SYSTEM WOULD RESEMBLE A PAIR OF BLIND MEN TRYING TO ARRANGE A BARTER TRANSACTION.

“ADVANTAGE”, OF COURSE, IS RELATIVE. IT IS NOT THE SAME FOR EVERYONE, AND UNFORTUNATELY IN OUR AMERICA THE TASK OF SORTING OUT, DEFINING AND LEGISLATING OUR NATIONAL ECONOMIC ISSUES IS IN THE HANDS OF OUR 535 ELECTED MEMBERS OF CONGRESS.

IT IS TRUE THAT THE CONGRESS CHANGES EVERY TWO YEARS AND THAT NOT ALL CONGRESSES ARE THE SAME EITHER IN PRACTICE OR INTENT, BUT FOR THE PAST TWO GENERATIONS OUR GOVERNMENTS, REGARDLESS OF PARTY, HAVE CREATED AND FOLLOWED POLICIES SO DOMINATED BY THE SPENDING MECHANISM THAT EVENTUALLY FAILURE WOULD RESULT.

CONGRESS IS NOT SOLELY TO BLAME FOR OUR PRESENT CRISIS. THROUGHOUT ITS RECENT PERIOD OF EXCESS IT HAD THE SUPPORT AND APPROVAL OF A COMPLIANT PUBLIC WHICH WAS NO MORE ABLE TO UNDERSTAND THE INTRICACIES OF GLOBAL ECONOMICS THAN CONGRESS. WHAT IT COULD UNDERSTAND WAS THE GRAB-BAG OF LOCAL ECONOMIC BENEFITS IN THE FORM OF FEDERAL PROGRAMS WHICH EVERY MEMBER OF CONGRESS ROUTINELY DISPLAYED THROUGHOUT HIS/HER DISTRICT AND FROM WHICH FLOWED A MIXED BUT STEADY STREAM OF FUNDS.

THIS PROCESS WAS TRULY ONE OF “THE HALT LEADING THE BLIND”, BUT PUBLIC COMPLIANCE AND SUPPORT NOTWITHSTANDING, THE DAY-TO-DAY, IN-BETWEEN-ELECTIONS RESPONSIBILITY FOR GOOD GOVERNMENT LIES WITH THE CONGRESS. ITS ECONOMIC EXPERIENCE AND CAPABILITY FALL SO FAR OF THE MARK SET BY OUR CONSTITUTIONAL PRINCIPLES THAT A MAJOR OVERHAUL OF THE WAY CONGRESS ACTS AND THINKS IS NOW INCREASINGLY RECOGNIZED AND PROPOSED.

VISIBLY, THE CONGRESS IS ONLY ANSWERABLE TO ITS ELECTORATE, BUT IN GOVERNMENT, AS IN OTHER CIRCUMSTANCES, NOT ALL THINGS ARE VISIBLE. THIS IS ESPECIALLY TRUE OF OUR TWENTY-FIRST CENTURY POLITICAL LEADERSHIP WHICH HAS SOMEWHAT LESS VISIBLE, BUT JUST AS BINDING, LOYALTIES TO THE MEDIA AND TO THE EVER-INCREASING NUMBER OF LEGISLATIVE LOBBYISTS THAT PLY THEIR TRADE IN WASHINGTON. THEY SERVE A RAPIDLY GROWING LIST OF COMMERCIAL, CHARITABLE, REGIONAL AND PUBLIC ADVOCACY INTERESTS THAT VIEW GOVERNMENT AS JUST ANOTHER ELEMENT IN THEIR MARKETING PROGRAMS.

THIS CHANGE IN HOW OUR CORPORATE/ PRIVATE SECTOR OPERATES THROUGH

GOVERNMENT AND HOW CONGRESS HAS SO READILY ADAPTED ITSELF TO RELYING UPON LOBBYISTS, NOT ONLY FOR CASH AND “PERKS”, BUT ALSO FOR ASSISTANCE IN ACTUALLY WRITING LEGISLATION, HAS COME ABOUT THROUGH THE ENORMOUS POSTWAR GROWTH OF MONEY AND POWER BOTH AT HOME AND ABROAD.

MEDIA

IN THE BEGINNING THERE WERE BOOKS — METICULOUSLY WRITTEN, COPIED AND ILLUSTRATED BY HAND. THEY WERE EXPENSIVE AND SPECIAL, AND LIMITED EDUCATION TO THOSE PLACES — RELIGIOUS OR SECULAR, PRIVATE OR PUBLIC — WHERE THEY WERE AVAILABLE.

ALL THIS CHANGED IN THE MID-FIFTEENTH CENTURY WITH JOHANNES GUTENBERG’S PRINTING OF THE BIBLE FROM MOVABLE TYPE. THIS NEW TECHNOLOGY MARKED THE BEGINNINGS OF BOTH MASS MEDIA AND THE GUTENBERG DYNASTY. PRINTED BOOKS, JOINED BY NEWSPAPERS AND THEN MAGAZINES, FORMED THE TRINITY THAT MAINTAINED THE GUTENBERG PRINT DYNASTY FOR FIVE HUNDRED YEARS.

THE FIRST SUCCESSFUL CHALLENGE TO ITS GRIP ON THE PUBLIC’S ATTENTION CAME FROM COMMERCIAL RADIO BROADCASTS IN THE EARLY 1920S. SINCE THEN, IN PEACE AND WAR, OUR ELECTRONIC TECHNOLOGY HAS GROWN TO INCLUDE TV, COMPUTERS, PHONES, FILMS, GAMES, WEAPONRY AND ALL FORMS OF OUR PRESENT COMMUNICATIONS SYSTEMS.

NOT SURPRISINGLY, IN OUR POST-WWII EXPANSION THE NOW MULTI-FACETED COMMUNICATIONS/ENTERTAINMENT INDUSTRY STANDS WITHOUT CHALLENGE OR PEER AS THE PRIME EXAMPLE OF TECHNOLOGICAL, FINANCIAL, SOCIAL AND CULTURAL IMPACT UPON OUR LIVES.

IT HAS ABSORBED AND ENDED THE GUTENBERG DYNASTY AND WITH IT MANY TRADITIONAL VIEWS OF OUR LIVES AND CIVILIZATION BEING BOUNDED BY SHARED RESPECT FOR BENEVOLENT FORMS OF HUMAN BEHAVIOR. IN OUR PRESENT CULTURE BOUNDARIES ARE IN SHORT SUPPLY.

IT IS NO ACCIDENT THAT THIS SURPASSING CHANGE HAS OCCURRED SIMULTANEOUSLY WITH OUR GREATEST GROWTH IN MONEY AND POWER, AS TECHNOLOGY HAS A WAY OF BOTH FEEDING, AND BEING FED BY, THEM.

IN OUR SYSTEM, IT IS OUR ELECTED POLITICIANS TO WHOM WE ENTRUST THE RESPONSIBILITY OF OUR POLITICAL, FINANCIAL, MILITARY AND LEGISLATIVE POWER. OVER THE COURSE OF OUR NATIONAL HISTORY THIS SYSTEM HAS PRODUCED MIXED RESULTS WHEREBY THE COMBINATION OF INTENTION AND CONSEQUENCE CAN, MORE OFTEN THAN NOT, BE VIEWED POSITIVELY.

THIS HAS NOT BEEN TRUE IN THE LAST HALF-CENTURY IN WHICH OUR NEWLY CREATED AND VAST AMOUNTS OF MONEY/POWER HAVE OVERWHELMED OUR EXECUTIVE AND LEGISLATIVE BRANCHES, AND EVEN BLURRED LINES OF CONSTITUTIONAL DISTINCTION THAT GUIDED OUR JUDICIARY.

WE MUST CONSTANTLY REMIND OURSELVES OF OUR INITIAL IMAGE OF ECONOMICS AS A WORLD FORCE, CONSTANTLY IN MOTION, MADE UP OF MILLIONS OF PARTS OFTEN MOVING IN DIFFERENT DIRECTIONS, AND LACKING ANY EFFECTIVE CENTRAL

CONTROL. AMERICA IS A PART OF THIS FORCE — AN IMPORTANT PART, BUT STILL ONLY A PART. THE ROLE OF THE INDIVIDUAL AMERICAN, OF WHICH THERE ARE NOW OVER 300 MILLION, IS EVEN MORE MINOR. COLLECTIVELY, AMERICAN THOUGHT AND ACTION PROJECT STRENGTH; INDIVIDUALLY THE AMERICAN CITIZEN’S VOICE DOES NOT REACH FAR. THE DIFFERENCE IS THAT IT MUST BE “PACKAGED” AND DELIVERED THROUGH OUR POLITICAL SYSTEM.

THIS IS A TRANSFORMATIVE PROCESS WHICH TAKES ITS TOLL UPON THE MESSAGE BY SIGNIFICANTLY ALTERING IT TO MORE READILY CONVEY THE INTERESTS OF THE POLITICIANS WHO MUST DELIVER IT, AND/OR THE LOBBYISTS TO WHOM THEY ARE BEHOLDEN.

WITHIN A GOVERNMENT WHICH FILTERS PUBLIC OPINION THROUGH ITS CONTROLLING MONEY/POWER STRUCTURE HOW CAN THE INDIVIDUAL’S VOICE BE AMPLIFIED? THIS IS AN APPROPRIATE QUESTION FOR ALL OUR MODERN DEMOCRACIES WHO THROUGH TIME, NUMBERS AND TECHNOLOGY HAVE BECOME SEPARATED FROM THEIR EARLIER MODELS. AND THERE ARE SOME TOOLS AVAILABLE.

ECONOMICS CAN BE JUDGED AND INTERPRETED BY EVERY INDIVIDUAL OR INSTITUTION ON EARTH IN LIGHT OF THEIR OWN SPECIFIC INTEREST. THAT BEING FAR TOO BROAD A TARGET, WE HAVE CHOSEN FAIRNESS, GOVERNMENT AND GROWTH AS THE LENSES THROUGH WHICH TO VIEW OUR ECONOMIC CONDITION. IN DOING SO, WE MUST AGAIN RECALL DR. ALBERT EINSTEIN’S PROPHETIC COMMENT:

“THE PROBLEMS IN THE WORLD ARE SO ENORMOUS THEY CANNOT BE SOLVED WITH THE LEVEL OF THINKING THAT CREATED THEM.”

FAIRNESS

THERE ARE TWO FOUR LETTER WORDS WITH OPPOSITE ECONOMIC VALUES THAT SURFACE IN EVERY ECONOMIC ACTION OR INTENT. THEY ARE “FAIR” AND “MORE” AND THEY REPRESENT TWO VERY DIFFERENT HUMAN PHILOSOPHIES. FAIRNESS IS A FREQUENTLY STATED GOAL THAT IS RARELY REALIZED BECAUSE IT IS USUALLY CHALLENGED AND OVERCOME BY OUR NEED TO ESTABLISH COMPETITIVE ADVANTAGE — I.E., TO OBTAIN “MORE”.

IN OUR ECONOMIC TIME AND PLACE THE PROCESS THAT AFFECTS THE MOST AMERICANS IS THE INCOME TAX WHICH ITSELF IS THE KIND OF MOVING FORCE THAT IS CONSTANTLY AMENDED AND EXPANDED. THE IRS CODE TODAY REQUIRES SOME FORTY THOUSAND PAGES OF TEXT. PARTS OF THIS CODE ARE EXTRACTED AND COMBINED IN THE FORM 1040 INDIVIDUAL TAX RETURN WHICH MOST AMERICANS ARE REQUIRED TO FILE.

BOTH DOCUMENTS DEAL WITH THE REQUIREMENT FOR PAYING TAX AND A FAR MORE NUMEROUS AND LENGTHY STATEMENT OF LOOPHOLES IN THE FORMS OF SUBSIDIES, ALLOWANCES, DISCOUNTS, EXCLUSIONS, EXEMPTIONS, QUALIFIERS, CREDITS, DEFINITIONS, ETC. THAT ARE AVAILABLE TO SOME, BUT BY NO MEANS ALL, FILERS.

IT WOULD BE AN UNUSUAL YEAR INDEED IN WHICH CONGRESS DIDN'T FIND WAYS TO TWEAK OUR TAX CODE. AS LEGISLATION IS MOSTLY ALTERED BY ADDITIONAL LANGUAGE; IT IS EASY TO SEE HOW THE IRS CODE HAS ARRIVED AT ITS PRESENT LENGTH.

A REASONABLE ESTIMATE OF THE CODE'S CONTENT WOULD BE THAT PROBABLY A FOURTH OF ITS TEXT RELATED TO INCOME/REVENUE AND THE REMAINING THREE FOURTHS DEALS WITH CIRCUMSTANCES UNDER WHICH TAX ON THOSE SOURCES CAN BE REDUCED OR ELIMINATED.

OUR TAX CODE AND ITS EXCLUSIONS HAVE ONLY BEEN IN FORCE FOR A LITTLE LESS THAN A CENTURY. EARLY EXCLUSIONS TENDED TO BE TARGETED TO WIDER SEGMENTS OF OUR POPULATION, BUT, WITH THE RECENT EXPANSION OF MONEY AND POWER, INCREASING PRESSURE WAS BROUGHT TO BEAR ON CONGRESS BY GROUPS AND INDIVIDUALS FOR SPECIFIC ACCOMMODATION.

THE CONSEQUENCE HAS BEEN A DECLINE IN FAIRNESS AS THE GROWING LIST OF TAX BENEFITS WERE ALWAYS AVAILABLE TO ONLY SOME, NOT ALL, TAXPAYERS. IN CONGRESS THERE IS NOW GRUDGING RECOGNITION THAT THE IRS CODE IS SO BLOATED AND UNWIELDY THAT IT IS APPROACHING PRACTICAL AND POLITICAL OBSOLESCENCE. TESTS HAVE SHOWN THAT EVEN WITHIN THE IRS STAFF THERE ARE DIFFERENCES IN ITS INTERPRETATION AND COMPUTATION. ARE WE APPROACHING THE POINT AT WHICH IT BECOMES UNENFORCEABLE?

THE IMPACT OF BENEFITS FOR "SOME, NOT ALL" STRIKES A HARD BLOW AT OUR DEMOCRACY AND THE SENSE OF FAIRNESS THAT LIES AT ITS CENTER. WE DO NOT SUGGEST A COMMUNIST EQUALITY IN WHICH EVERYBODY HAS THE SAME (I.E., USUALLY CLOSE TO NOTHING), BUT AMERICA HAS A SPECIAL FORM OF GOVERNMENT.

MOSTLY, WE HAVE STUCK TO OUR ORIGINAL PRINCIPLES AND HAVE PREVAILED, BUT WE ARE NOW CHALLENGED IN PERILOUS WAYS, AS MUCH, IF NOT MORE, FROM WITHIN AS FROM WITHOUT.

IT IS NO SECRET THAT OUR GOVERNMENT'S ACTIONS GIVE RISE TO THE THOUGHT THAT THE FAIRNESS THAT WAS SO CENTRAL TO OUR FOUNDING HAS SUFFERED AT THE HANDS OF THOSE TOO UNQUALIFIED OR UNCARING TO PROTECT IT, AND THEY HAVE ALLOWED IT TO BE REPLACED BY FAVORITISM.

WHILE THE TENOR OF OUR TIME IS IN CONFLICT WITH OUR FOUNDERS' CONCEPT OF FAIRNESS, IF WE FAIL TO PROTECT IT AND CAN NO LONGER MUSTER HOPE FOR IT, CYNICISM WILL TRIUMPH AND OUR DEMOCRACY WILL HAVE BEEN DIMINISHED.

* * *

NOWHERE IN OUR TAX CODE, HOWEVER, IS THE CONFLICT BETWEEN "FAIR" AND "MORE" AS EVIDENT AS IN OUR FICA PAYROLL WITHHOLDING TAX. THERE ARE PROBABLY AS MANY REASONS FOR THIS DISCREPANCY AS THERE ARE VOTING MEMBERS OF CONGRESS, BUT FAIRNESS IS NOT ONE OF THEM.

THIS TAX IS LEVIED AGAINST EARNED INCOME AT THE RATE OF 6.2% PAID IN EQUAL AMOUNTS BY THE EMPLOYER AND

EMPLOYEE. SO FAR, ALL'S EQUAL AND FAIR, BUT THERE'S A KICKER COMING.

THERE IS A LIMIT ON THE LEVEL OF WAGES TO WHICH THE WITHHOLDING TAX APPLIES OF \$106,800 SO THAT ONLY THE FIRST \$106,800 OF EARNED INCOME IS TAXED AND ANYTHING ABOVE THAT LEVEL IS TAX FREE.

BY USING REAL NUMBERS IT IS EASY TO DISCERN THE DIFFERENCE IN IMPACT ON THE TAXPAYER AS HIS/HER WAGES INCREASE. SAMPLES FOLLOW FOR THREE DIFFERENT ANNUAL INCOMES:

INCOME	TAX WITHHELD	TAX WITHHELD AS % OF INCOME
\$ 50,000	\$3,100.	6.2
\$ 500,000	\$6,622.	1.32
\$1,000,000	\$6,622.	0.66

IN THIS CASE, THE FORCES OF "MORE" ARE THOSE WHOSE EARNINGS EXCEED THE WAGE CAP OF \$106,800. THEIR "RETURN" ON THE WITHHOLDING TAX LEGISLATION IS HIGH AND BECOMES HIGHER WITH EVERY DOLLAR THEY EARN. THEY ARE, THEREFORE, STRONGLY MOTIVATED TO SUPPORT THIS CONCEPT OF THE WITHHOLDING TAX BOTH IN SPIRIT AND BY DONATIONS TO THEIR ELECTED REPRESENTATIVES IN CONGRESS.

"MORE" IS A CLEAR WINNER, AS "FAIR" TOOK A HIT AT THE CAP LEVEL AND WAS OVERWHELMED. BUT THERE'S SOMETHING UNUSUAL HERE IN THAT THE CUTOFF AT THE CAP IS COMPLETE, RATHER THAN PARTIAL. MUCH OF OUR TAX CODE, AND ESPECIALLY OUR FEDERAL INCOME TAX, IS BASED ON THE PRACTICALITY OF GRADUATED LEVELS OF INCREASE OR DECREASE; AND ITS APPEARANCE OF FAIRNESS.

OUR CURRENT ECONOMIC SITUATION WITH ITS ENORMOUS DEBT HAS BECOME A CENTER OF CONTENTION FOR BOTH PARTIES AND HAS BROUGHT THE NATION TO THE EDGE OF DEFAULT, AND YET NO SERIOUS ARGUMENT FOR RAISING THE WITHHOLDING CAP WAS MADE.

THIS IS A TAX SOURCE THAT RESPONDS QUICKLY TO ANY GENERAL ECONOMIC IMPROVEMENT VIA INCREASED HIRING AND EMPLOYEE EARNINGS. OVER THE COMING TEN YEAR PERIOD, WHICH OUR PRESENT LEGISLATIVE ATTEMPTS SEEM TO CONTEMPLATE, IT IS DIFFICULT TO JUSTIFY IGNORING THIS POTENTIAL REVENUE FORM WHICH IS ALREADY IN PLACE, EASY TO COLLECT AND WOULD HAVE CONSIDERABLE PUBLIC BACKING BECAUSE OF ITS APPEARANCE OF FAIRNESS.

THAT DOES NOT MEAN THERE WOULD BE NO OPPOSITION TO IT. THERE IS ALWAYS OPPOSITION TO EVERYTHING, AND SOME OF IT IS QUITE LOUD AND DETERMINED, BUT IT CAN ALSO BE BRIEF. WHATEVER ITS DURATION, WE SHALL SEE THAT THE WITHHOLDING TAX MATTER IS A METAPHOR THAT REVEALS FAR MORE ABOUT THE WORKINGS OF THE CONGRESS THAN ITS SPECIFIC ISSUE. THE TAX CODE IS NOT THE ONLY PLACE WHERE GOVERNMENT POLICY PRODUCES UNWANTED ECONOMIC, AND ARGUABLY UNFAIR, RESULTS. FOR THIS DOUBLE WHAMMY WE NEED ONLY TO LOOK AT OUR SPLINTERED COMBINATION OF IMMIGRATION LAW AND ENFORCEMENT. THERE ARE NOW SOME 14 MILLION UNEMPLOYED AMERICANS MANY OF WHOM HAVE BEEN OUT OF WORK FOR TWO YEARS OR MORE. AND YET, THROUGHOUT OUR CURRENT RECESSIONARY PERIOD NEITHER

THE CONGRESS NOR THE EXECUTIVE BRANCH HAS MADE ANY EFFORT TO REDUCE THE MILLIONS OF LEGAL AND ILLEGAL ALIENS IT ADMITS EVERY YEAR BY EITHER NEW LEGISLATION OR BY ENFORCEMENT OF EXISTING LAW. QUITE TO THE CONTRARY, BOTH BRANCHES, DESPITE RHETORIC TO LULL THE PUBLIC, ENGAGE IN A FORM OF SHADED ENCOURAGEMENT TO THOSE AT EVERY LEVEL OF IMMIGRATION LAW WHO WISH TO BREAK OR IGNORE IT.

THE IMMIGRATION ISSUE AS WE HAVE NOTED BEFORE, IS A MIXTURE OF SOCIAL, POLITICAL, SECURITY, ETHNIC, HEALTH AND ECONOMIC ELEMENTS ALL OF WHICH INVOLVE FAIRNESS TO SOME DEGREE. IT TAKES NO STRETCH OF IMAGINATION TO SENSE THE UNFAIRNESS FELT BY MANY OF OUR UNEMPLOYED WHEN NEWLY ARRIVED IMMIGRANTS ARE GIVEN PREFERENTIAL ACCESS TO SCARCE OPPORTUNITIES AND JOBS.

HOW ARE WE TWENTY-FIRST CENTURY AMERICANS TO THINK ABOUT FAIRNESS, AND THE CONTINUING STRUGGLE BETWEEN “FAIR” AND “MORE”, WITH THE POWER OF OUR GOVERNMENT CONSISTENTLY APPLIED ON BEHALF OF THE LATTER?

HOW ARE WE TO THINK ABOUT OUR GOVERNMENT? ABOUT OURSELVES? CAN WE BELIEVE THAT WE, OR IT, FIT THE MOLD FORMED BY OUR FOUNDERS’ DETERMINED AND IDEALISTIC BELIEF THAT THE INTERESTS OF MANY CAN BE COMBINED IN A FREE AND FUNCTIONAL STATE — E. PLURIBUS UNUM?

OUR FAILURES SURROUND US. THEY ARE PRESENT NOT ONLY IN OUR TAX CODE, BUT ALSO IN OUR ELECTORAL PROCESS, OUR EDUCATIONAL STRUCTURE AND THE WAY IN WHICH WE VIEW OURSELVES AND OUR PLACE IN THE WORLD OF RAPIDLY SHRINKING POLITICAL AND ENVIRONMENTAL CHOICE WHICH WE INHABIT.

IF WE CAN BRING OURSELVES TO RECOGNIZE THESE FAILURES, WE CAN ALSO THEN RECOGNIZE THE VAST TRUTH OF EINSTEIN’S STATEMENT. AS DR. EINSTEIN DIED IN 1969 AND AS THE WORLD BECOMES EVER MORE COMPLEX AND DIVIDED, HIS THOUGHT CONTINUES TO IMPROVE WITH AGE.

TRUTH/CERTAINTY

IF AMERICANS ARE UNSETTLED BY THEIR EXPECTATION OF FAIRNESS IN GOVERNMENT AND THEIR FAILURE TO FIND IT, WHAT OTHER FORMS OF DISAPPOINTMENT REINFORCE THE IMAGE OF GOVERNMENT THAT HAS LOST ITS WAY — MOST NOTABLY OUR MOST FUNDAMENTAL BELIEF STATED IN THE SECOND PARAGRAPH OF THE DECLARATION OF INDEPENDENCE:

“. . . THAT TO SECURE THESE RIGHTS, GOVERNMENTS, ARE INSTITUTED AMONG MEN, DERIVING THEIR JUST POWERS FROM THE CONSENT OF THE GOVERNED . . .”

BY ANY READING, THE KEY WORD ABOVE IS “CONSENT”, AS IT CHALLENGED THE THEN CURRENT THOUGHT THAT GOVERNMENT’S POWER WAS SUPREME. THROUGH THEIR ELECTORAL PROCESS TWENTY-FIRST CENTURY AMERICANS CAN GIVE OR WITHHOLD CONSENT, BUT ITS VALUE IS GREATLY COMPROMISED BY THE

RESTRICTION OR THE CONFUSION OF INFORMATION GIVEN TO THE PUBLIC.

THIS IS A FACET OF OUR MEDIA DRIVEN AGE. IT IS PRACTICED BY BOTH MAJOR POLITICAL PARTIES. IT DISTORTS, ALTERS AND EVEN FALSIFIES INFORMATION UPON WHICH PUBLIC OPINION AND ACTION ARE BASED. AND IT HAS CONTAMINATED OUR DEMOCRACY AND SIGNIFICANTLY WEAKENED BOTH ITS INTENT AND ITS CONDUCT.

EVIDENCE OF THIS MANIPULATION CAN NOW BE FOUND THROUGHOUT OUR SYSTEM. WE WILL CITE TWO INSTANCES THAT DEAL WITH VITAL ECONOMIC ISSUES IN WHICH THE PUBLIC’S EXPECTATION OF OPEN DISCLOSURE HAS BEEN DENIED.

THE FIRST TOPIC IS THAT OF THE RECENT ARGUMENT OVER OUR PRECARIOUS DEFICIT/DEBT LEVELS. ROSS PEROT IN 1992 WAS THE FIRST PRESIDENTIAL CANDIDATE TO FORCEFULLY CALL ATTENTION TO AND EXPLAIN THE CONSEQUENCES OF OUR CONTINUING OPERATING DEFICITS; AND FOR MOST OF THE TIME SINCE THEN OUR POLITICAL ARGUMENT HAS USED THE WORD “DEFICIT” AND FOCUSED ON OUR ANNUAL BUDGETARY IMBALANCES.

BUT DEFICITS ARE ONLY ONE PART OF OUR FINANCIAL CRISIS. THE OTHER IS THE GROWING DEBT CAUSED BY YEARS OF BORROWING TO ACCOMMODATE UNBALANCED BUDGETS AND OVERSPENDING. THE DEBT THREAT WENT LARGELY UNMENTIONED WITH THE EXCEPTION OF THE CONCORD COALITION, A PUBLIC ADVOCACY GROUP THAT HAS BEEN IN EXISTENCE FOR ABOUT THIRTY YEARS AND IS EXCLUSIVELY CONCERNED WITH OUR DEBT PROBLEM.

AFTER THE REPAYMENT OF OUR WWII DEBT, OUR DEBT REMAINED BASICALLY FLAT AND AT A MINOR LEVEL DURING BOTH REPUBLICAN AND DEMOCRAT ADMINISTRATIONS. IT WAS ADJUSTED FROM TIME TO TIME BY CONGRESSIONAL AGREEMENT AND DID NOT ATTRACT CLOSE ATTENTION FROM EITHER THE PUBLIC OR GOVERNMENT. IT WAS KEPT OUT OF SIGHT AND THE FREQUENT BORROWINGS THAT IT REQUIRED WERE AUTOMATIC AND VIEWED AS TEMPORARY.

THE CONCORD COALITION RECOGNIZED THE VARIOUS NEGATIVES THAT RESULTED FROM OUR GROWING RELIANCE ON DEBT INCREASES, BUT ITS VOICE WAS UNABLE TO PENETRATE OUR POLITICAL CLASS AND ITS POLICIES. THEY WERE, LIKE OTHERS, ATTUNED TO THE KEYNESIAN ECONOMICS THAT HAD GAINED DOMINANCE IN THE POSTWAR WORLD AND, BECAUSE OF AMERICA’S ENORMOUS SUPERPOWER WEALTH, COULD SEE NO REASON NOT TO SPEND WHEREVER AND WHENEVER THEY WISHED.

ENABLING VOTES IN CONGRESS FOR DEBT INCREASES CAUSED ONLY BRIEF AND SPORADIC ARGUMENT AND THEN WERE PASSED ON TO THE WHITE HOUSE TO BECOME LAW. AS CONGRESS FOUND THE PROCESS OF MAKING BUDGETARY CHOICES TOO DIFFICULT TO UNDERTAKE, THEY WERE OMITTED IN FAVOR OF NON-SPECIFIC RESOLUTIONS THAT MADE FUNDS AVAILABLE IN LARGE AMOUNTS WITHOUT IDENTIFYING LINE ITEMS.

WITH THE MASSIVE INCREASES IN OUR DEBT DURING THE BUSH II AND OBAMA PRESIDENCIES, IT ATTRACTED WIDER AND MORE INTENSE NOTICE TO THE POINT OF BECOMING A, IF NOT THE, LEADING ISSUE OF OUR PRESENT POLITICAL MOMENT.

THE SUBJECT OF OUR DEFICIT NOW INCLUDES DEBT, AND YET IT IS FREQUENTLY REFERRED TO IN POLITICAL CONVERSATION IN ITS ORIGINAL, STAND ALONE “DEFICIT” FORM. WHETHER INTENTIONAL OR NOT, USE OF THE SINGLE DIMENSION TERM “DEFICIT” HAS DEPRIVED THE PUBLIC OF MUCH CRITICAL KNOWLEDGE AND UNDERSTANDING.

A BUDGETARY DEFICIT IS THE AMOUNT, ACTUAL OR PROJECTED, FOR A GIVEN PERIOD BY WHICH EXPENSES EXCEED REVENUES. ITS OPPOSITE, A SURPLUS, OCCURS WHEN REVENUES SURPASS EXPENSES.

DEBT IS THE ACCUMULATION OVER TIME OF UNPAID DEFICITS WHICH CAN BE REDUCED BY SURPLUSES OR INCREASED BY CONTINUING DEFICITS. WE HAD AN ACTUAL BUDGET DEFICIT OF ABOUT \$1.4 TRILLION IN THE YEAR ENDING 9/30/11.

THE CONVERSATION IN WASHINGTON HAS BEEN MISLEADING BECAUSE OF ITS EMPHASIS ON REDUCING OR ELIMINATING OUR DEFICITS. THIS EMPHASIS FAILS TO PAY PROPER ATTENTION TO OUR DEBT AND SOME IMPORTANT DISTINCTIONS BETWEEN IT AND OUR DEFICITS:

- 1) TODAY, BOTH POLITICAL PARTIES ARE FOCUSED ON A 10 YEAR PERIOD IN PROVIDING SOLUTIONS TO OUR ECONOMIC CRISIS .
- 2) IF OVER THIS TEN-YEAR PERIOD WE COULD ESTABLISH A BALANCED BUDGET FOR EACH YEAR EQUALIZING EXPENSES AND REVENUES, WE WILL HAVE DONE AWAY WITH OUR ANNUAL DEFICITS, BUT OUR DEBT WOULD REMAIN THE SAME.
- 3) OR WE MIGHT HAVE A MIXED RECORD OF RESULTS IN WHICH BALANCE IS ACHIEVED IN SOME YEARS BUT NOT REALIZED IN OTHERS. IN THE LATTER, ANY SHORTFALL OR FAILURE TO REACH BALANCE WOULD BE ADDED TO THE NATIONAL DEBT.
- 4) IN BOTH CASES OUR MANEUVERABILITY IS GREATLY LIMITED BY LEGISLATIVE AND FINANCIAL RESTRICTIONS FROM THE PAST. IN OUR PRESENT POLITICAL STATE, CUTTING ANY EXPENSE IS DIFFICULT AND ANY LARGE ONE, IMPOSSIBLE.
- 5) THE POPULAR ILLUSION FOSTERED BY OUR POLITICAL LEADERS IS THAT REDUCING DEFICITS OVER THE TEN YEAR PERIOD WILL DECREASE OUR DEBT. THAT IS WRONG. THE ONLY BUDGETARY MECHANISM THAT CAN REDUCE THE DEBT IS A SURPLUS.
- 6) WHILE OUR PRESENT FINANCIAL CIRCUMSTANCE IS REFERRED TO BY PRESS AND POLITICIANS ALIKE AS “THE DEBT/DEFICIT PROBLEM”, THERE HAS BEEN NO AGREEMENT AS TO ACTUAL WAYS AND AMOUNTS FOR DEALING WITH OUR STILL GROWING NATIONAL DEBT.

DIFFERENCES IN LANGUAGE AND INTENT SUCH AS THESE SERVE TO DEFLECT ATTENTION AND TO CONCEAL ELEMENTS THAT DESERVE THE PUBLIC’S SCRUTINY AND DISCUSSION.

THERE IS ANOTHER QUESTION THAT MUST BE ASKED REGARDING THE ATTITUDE OF OUR POLITICAL “LEADERS” TOWARDS DEFICIT AND DEBT RELIEF. AND THAT IS, “WHAT ARE THE SOURCES THAT WILL PRODUCE THE ADDED REVENUES OR REDUCED SPENDING THAT WILL BE REQUIRED TO BRING US INTO A STATE OF BUDGETARY BALANCE?”

WHERE, IN OUR NOW GLOBALIZED ECONOMY, WILL WE

BE ABLE TO CREATE THE SURPLUSES THAT CAN REORDER THE REVENUE SIDE OF OUR BUDGETS? WE HAVE MOVED WHOLE INDUSTRIES OFFSHORE IN SEARCH OF LOWER PRODUCTION COSTS. AND WE HAVE FOLLOWED PRODUCTION JOBS WITH CUSTOMER SERVICE JOBS AND FURTHER WEAKENED OUR STRUCTURE BY REPLACING EXPERIENCED TECHNICAL PERSONNEL WITH LOWER WAGE FOREIGN WORKERS UNDER AN ASSORTMENT OF GOVERNMENT PROGRAMS.

ECONOMICS IS NOT AN EASY GAME AND WE ARE MAKING IT TOUGHER FOR OURSELVES THAN WE SHOULD.

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FAIRNESS TAKES MANY FORMS, AS DOES GOVERNMENT’S WAY OF AVOIDING IT. ONE OF THE LATTER THAT HAS AFFECTED MOST OF OUR POPULATION DESERVES NOTICE. IT DATES BACK TO THE CLINTON ADMINISTRATIONS AND CONCERNS THE WAY OUR GOVERNMENT COMPUTES THE COST OF LIVING STATISTICS WHICH ARE USED TO PREDICT OR PRESENT MANY ASPECTS OF OUR ECONOMY’S PERFORMANCE. THEIR IMPACT UPON OUR POPULATION AND POLITICS IS AS BROAD AS ANY MEASURE WE EMPLOY.

DURING THE CLINTON YEARS THERE WAS A NOTICEABLE INCREASE IN THE VOLATILITY AND PRICES OF FOOD AND OIL AND, AS THEY ARE ESSENTIAL ELEMENTS OF EVERY FAMILY BUDGET, CLINTON’S ADVISORS TOOK THE VIEW THAT THEY COULD SKEW THE CONSUMER PRICE INDEX (CPI).

BUT CONSUMER PRICES WERE NOT SEEN AS THE PRIMARY THREAT. THE REAL PROBLEM LAY IN THE FACT THAT THE CPI WAS USED AS THE BASIS FOR COMPUTING ANNUAL COST OF LIVING ADJUSTMENTS (COLAS) FOR THE MILLIONS OF AMERICANS ON SOCIAL SECURITY.

THERE IS A DIRECT CONNECTION BETWEEN FOOD AND PETROLEUM PRICES WHICH RESULTS IN THE AMERICAN CONSUMER PAYING MORE FOR BOTH WHEN THE WORLD PRICE OF OIL RISES. AND WITH MOST OF THE OIL WE USE COMING FROM FOREIGN SOURCES WE CANNOT CONTROL ITS PRICE.

CLINTON’S SOLUTION TO WHAT HE SAW AS OUT OF CONTROL RAISES IN COLAS AND, THEREFORE, SOCIAL SECURITY EXPENSE WAS TO REMOVE FOOD AND ENERGY PRICES FROM THE CPI AND CREATE A NEW INDEX CALLED THE CORE RATE WHICH WOULD REPORT ON OUR NATION’S COST OF LIVING WITHOUT THE DISTORTION OF FOOD AND ENERGY INPUTS.

GOVERNMENT NOW HAS TWO MEASUREMENTS IT CAN USE ACCORDING TO ITS PREFERENCES — THE CPI AND THE CORE RATE. THE EXCLUSION OF FOOD AND ENERGY COSTS FROM THE MEASUREMENT OF CONSUMER PRICES HAS UNDOUBTEDLY SAVED GOVERNMENT BILLIONS OF DOLLARS IN COLA COSTS IN OUR PRESENT TIME OF THREE AND FOUR DOLLAR PER GALLON GASOLINE AND STEADY SUPERMARKET PRICE INCREASES.

THE CORE RATE SHOULD BE SEEN AS IT IS. IT IS A HANDY FORM OF MEASUREMENT. BUT IT IS FLAWED BY ITS ELIMINATING TWO SUCH SIGNIFICANT PRICES AS FOOD AND ENERGY. IT IS CYNICAL AND COSMETIC, BUT UNDOUBTEDLY ITS GREATEST FAULT IS THAT ITS USE ATTEMPTS TO DECEIVE THE PUBLIC WITH AN IMAGE THAT ANYONE WHO HAS EXPERIENCED FOOD AND GAS PRICES OVER THE PAST DECADE KNOWS IS FALSE.

CONTEMPORARY CAPITALISM

SINCE ITS EARLIEST DAYS AMERICA HAS NURTURED AND DISPLAYED A STRONG SENSE OF INDIVIDUALISM IN MOST AREAS OF ITS LIFE, BUT MOST NOTABLY IN OUR PIONEER SPIRIT THAT MOVED AND LED OUR ENORMOUS PROCESS OF WESTWARD EXPANSION AND SETTLEMENT.

AS MORE OF OUR CONTINENT CAME UNDER OUR CONTROL, WE PUT IT TO ECONOMIC USES SUCH AS RANCHING, MINING, PUBLISHING, FARMING, FOOD PROCESSING AND MANUFACTURING OF BOTH CONSUMER PRODUCTS AND OF THE TOOLS AND EQUIPMENT THAT ALL THESE ACTIVITIES INCREASINGLY REQUIRED. AS OUR ECONOMY LITERALLY MUSCLED ITSELF UP FROM ONE LEVEL TO THE NEXT IN THE LATTER HALF OF THE NINETEENTH CENTURY, OUR INDIVIDUALISM ADDED THE WORD "RUGGED" TO DESCRIBE ITS ECONOMIC ROLE.

THE SHERMAN ANTI-TRUST ACT, OUR FIRST EFFORT TO INJECT FAIRNESS RULES INTO THE NATION'S COMMERCE AND FINANCE, WAS NOT PASSED UNTIL 1890 AND THE SECURITIES AND EXCHANGE ACT (1934) WAS NOT EVEN IMAGINED. THE ECONOMIC TIMES 1850-1934 WERE TURBULENT ONES AND THE INDIVIDUALISM WE PRACTICED WAS, INDEED, RUGGED.

DURING THIS TIME WHEN BOTH OUR CAPITALISM AND OUR RUGGED INDIVIDUALISM FLOURISHED THEY BECAME JOINED IN THEIR MEANING AND PERCEPTION, AND WERE OFTEN USED IN TANDEM. ONE WAS OFTEN USED TO DEFINE THE OTHER AND VICE VERSA. THIS COMBINATION IN OUR THOUGHT AND SELF IMAGE STILL EXISTS, ALTHOUGH OUR ECONOMIC CIRCUMSTANCES AND PRACTICES HAVE BEEN TAMED BY DECADES OF LEGISLATIVE AND BUREAUCRATIC MODIFICATIONS.

SOMETIMES, HOWEVER, WE COME ACROSS SITUATIONS THAT GIVE US PAUSE AS DOES THIS ONE. FPL IS ONE OF FLORIDA'S LARGEST ELECTRIC UTILITIES AND IS ATTEMPTING TO EXPAND ITS NUCLEAR POWER PROGRAM. FOR THIS IT MUST OBTAIN APPROVAL FROM THE FLORIDA PUBLIC SERVICE COMMISSION (FPSC) BECAUSE FPL INTENDS TO BILL ITS UTILITY CUSTOMERS IN ADVANCE FOR A PORTION OF ITS COSTS. THESE COSTS AMOUNT TO ABOUT \$355 MILLION¹, AND EVERY YEAR APPROVAL MUST BE OBTAINED IN ADVANCE FOR THE PART TO BE CHARGED IN THE NEXT YEAR.

TIMING, OF COURSE, IS A FACTOR. THE NEW REACTORS WERE ORIGINALLY SCHEDULED TO BEGIN OPERATING IN 2018, BUT NOW FACE A NEW DATE OF 2021 AND ADDITIONAL EXPENSES OF \$700 MILLION². BUT, WHILE FPL WANTS TO GET STARTED WITH THE FPSC AND THE CUSTOMER PAYMENT PROCESS, IT HAS NOT YET APPLIED TO THE NUCLEAR REGULATORY COMMISSION (NRC) FOR REACTOR LICENSES WHICH, ACCORDING TO FPL'S CEO, MIGHT TAKE UP TO FIVE YEARS³.

THE ORIGINS OF THIS SITUATION GO BACK TO 2006 WHEN THE FL LEGISLATURE, ATTEMPTING TO ENCOURAGE NUCLEAR ENERGY DEVELOPMENT AND USE, AUTHORIZED UTILITIES TO BILL CUSTOMERS FOR SOME COSTS AS THEY ARE INCURRED RATHER THAN WAIT UNTIL THE FACILITIES ARE UP AND RUNNING.

THIS IS A CURIOUS COMBINATION OF CIRCUMSTANCE. WE HAVE A PUBLIC UTILITY GRANTED AN EXCLUSIVE OPERATING LICENSE BY THE STATE LEGISLATURE FOR ITS AREA REQUESTING

THE PERMISSION OF ANOTHER STATE AUTHORITY, THE FPSC, TO FORWARD FINANCE SOME \$355 MILLION OF NUCLEAR CONSTRUCTION (FOR WHICH THE NECESSARY FEDERAL NRC LICENSE HAS NOT BEEN APPLIED) BY BILLING ITS CAPTIVE PUBLIC CUSTOMERS WHO HAVE NO EFFECTIVE VOICE IN THE MATTER.

ONE CAN TAKE THE POSITION THAT FPSC SPEAKS FOR THE PUBLIC, BUT COMMON PRACTICE SUGGESTS OTHERWISE, AS IN FL AND MOST OTHER STATES PUBLIC SERVICE COMMISSIONS, THROUGH THEIR NOMINATING AND APPOINTIVE PROCEDURES, FIND THEMSELVES COMPOSED OF MEMBERS MORE LIKELY TO REFLECT CORPORATE RATHER THAN PUBLIC INTEREST.

TRADITIONALLY, UTILITIES HAVE RAISED THE SUBSTANTIAL FUNDS THEY NEED FOR EXPANSION CONSTRUCTION IN THE CAPITAL MARKETS BY SELLING THEIR BONDS. THIS ENABLES THEM TO BORROW MONEY FOR A FIXED PERIOD AND TO REPAY IT WITH FUNDS GENERATED BY THE EXPANSION. BUT, OF COURSE, INTEREST MUST BE PAID AND THE DURATION OF INTEREST PAYMENT IS EXTENDED BY CONSTRUCTION OR REGULATORY DELAYS.

FPL'S REQUEST TO THE FPSC REVERSES THIS PROCEDURE IN THAT FOR WHATEVER AMOUNT IS APPROVED TO BILL ITS CUSTOMERS FPL WILL NOT HAVE TO PAY INTEREST AND INSTEAD WILL RECEIVE PAYMENT FROM ITS CUSTOMER BASE. THIS EXTRACTION OF FUNDS FROM ITS RATE PAYERS MIGHT EVEN BE REGARDED AS A FORM OF PUBLIC TAXATION FOR PRIVATE DEVELOPMENT AS IT RESULTS FROM STATE LEGISLATION.

THIS BONDLESS FORM OF FINANCING USHERS IN A NEW ERA IN UTILITY FINANCING WHICH STEPHEN SMITH, EXECUTIVE DIRECTOR OF THE SOUTHERN ALLIANCE FOR CLEAN ENERGY, DESCRIBES AS "IT'S LIKE FREE MONEY FOR THE UTILITIES — TALK UP A PROJECT, SELL THE IDEA TO THE LEGISLATURE AND PSC, DELAY IT MULTIPLE TIMES, AND KEEP VACUUMING UP RATE PAYERS' HARD EARNED DOLLARS."

THE PSC HAS JUST ANNOUNCED ITS DECISION AND THE WINNER IS (DRUM ROLL) FPL. THE AVERAGE MONTHLY RESIDENTIAL BILL FOR 1,000 KW OF ELECTRIC POWER WILL INCREASE BY \$2.73, BUT MAY BE INCREASED BY ADDITIONAL NUCLEAR COSTS.

UNDER ANY CIRCUMSTANCE THIS IS A BAD DEAL FOR UTILITY CUSTOMERS ANYWHERE AND MAY BE IN USE IN OTHER STATES. BUT WE ARE NOT IN NORMAL TIMES, AS THE FUKUSHIMA DISASTER HAS BROUGHT ABOUT AN EXTENSIVE REVIEW OF OUR NUCLEAR PRACTICES AND SAFETY REGULATIONS WITH THE RESULT THAT THE ROLE OF NUCLEAR POWER MAY BE RE-EVALUATED IN OUR ENERGY PROGRAM.

IT'S A COMPLICATED SITUATION AND IS ANOTHER BATTLE IN THE FAIR VS. MORE CONTINUING STRUGGLE. BILLING CAPTIVE CUSTOMERS YEARS IN ADVANCE FOR UNFINISHED PROJECTS SEEMS TO RATE LOW ON THE FAIRNESS SCALE WHEREAS IT SCORES HIGH WITH THOSE WHO BACK "MORE".

BUT THERE IS ANOTHER "ZINGER" HERE. THERE IS NO ASSURANCE THAT THE NEW NUCLEAR FACILITIES WILL EVEN BE BUILT, AND NO OBLIGATION FOR FPL TO REPAY ITS CUSTOMERS IF THEY AREN'T. AND THE FPSC HAS SHOWN NO INCLINATION TO REQUIRE ANY SUCH PROTECTION. IT SEEMS THAT. IN THE WORLD OF FORWARD FINANCE PAYBACK IS A FOREIGN CONCEPT.

WHAT HAS HAPPENED TO OUR LAISSEZ-FAIRE CAPITALISM AND ITS EVER PRESENT SHADOW, RUGGED INDIVIDUALISM? HAS OUR "CAN DO" SPIRIT NOW BECOME "THE PUBLIC CAN DO"? DOES OUR CAPITALIST SYSTEM, WHICH BRIDLES AT ANY MENTION OF GOVERNMENT REGULATION, APPROPRIATE IT FOR ITS OWN PURPOSES WHEN CONVENIENT OR PROFITABLE?

THE AGE OF OUR GREAT ELECTRIC UTILITY EXPANSION AND COMBINATION FOLLOWING WWI WAS AS ECONOMICALLY IMPORTANT TO AMERICA AS THOSE OF OUR AUTOMOBILE OR OIL ERAS, AND WAS ACHIEVED WITHOUT THE USE OF CONSUMER FORWARD FINANCING AS PROPOSED BY FPL.

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THERE ARE OTHER INSTANCES IN WHICH OUR CURRENT CONCEPT OF CAPITALISM SEEMS TO ESCHEW RUGGED INDIVIDUALISM IN FAVOR OF USING PUBLIC FUNDS, ALBEIT WITHOUT THE PUBLIC'S APPROVAL.

A RECENT CASE IN WEST PALM BEACH, FL SERVES AS AN EXAMPLE. HERE, THE COUNTY COMMISSION VOTED TO PROVIDE \$27 MILLION OF PUBLIC FUNDS TO HELP FINANCE THE CONSTRUCTION OF A HOTEL TO BE PRIVATELY OWNED AND OPERATED.

THERE ARE MANY REASONS IN TODAY'S ECONOMIC CLIMATE TO CHALLENGE SUCH AN ACTION, INCLUDING COUNTY BUDGET AND EMPLOYMENT PROBLEMS, BUT AGAIN THE FAIRNESS ISSUE CANNOT BE IGNORED. THE \$27 MILLION WOULD COME FROM TAXPAYERS IN ALL OF PALM BEACH COUNTY WHEREAS THE BENEFITS WOULD BE NARROWLY RESTRICTED TO PRIVATE OWNERSHIP IN ONE SMALL PART OF ONE CITY.

SIMILAR SITUATIONS ARISE WITH BEACH RESTORATION, FOR BOTH PUBLIC AND PRIVATE BEACHES, AND OTHER AREAS OF PUBLIC FUNDING WHERE THE LINE BETWEEN PUBLIC AND PRIVATE BENEFIT IS NEITHER CLEAR NOR COMMON.

THESE TYPES OF PUBLIC/PRIVATE ISSUES ARE BY NO MEANS UNIQUE TO FL. THEY HAVE APPEARED THROUGHOUT THE NATION IN RESPONSE TO OUR GREAT INCREASE IN FINANCIAL AND POLITICAL POWER, AND WHAT WE FACE IS A QUID PRO QUO PROCESS BY WHICH PUBLIC FUNDS ARE PUT TO USE FOR SPECIFIC PRIVATE OR MIXED PUBLIC/PRIVATE PROJECTS BY POLITICIANS WITH THE AUTHORITY TO DETERMINE THEIR USE.

THERE IS ANOTHER FORM OF TAXPAYER FUNDS USE THAT RAISES FAIRNESS QUESTIONS ON A SOMEWHAT BROADER SCALE. THIS IS THE ESTABLISHMENT OF SEPARATE TAX DISTRICTS WHICH ARE FUNDED BY LOCAL TAX COLLECTIONS AND/OR USER FEES AND ARE SOMETIMES INCLUDED IN THE TAXPAYERS' ANNUAL PROPERTY TAX BILL.

THESE TAX DISTRICTS ARE FORMED AROUND COMMON INTERESTS SUCH AS WATER USE AND SUPPLY, WASTE REMOVAL, HEALTH CARE, THE ENVIRONMENT, PROPERTY DEVELOPMENT, ETC. THEY HAVE GROWN IN NUMBER AND IN PURPOSE OVER THE YEARS AND CAN PROBABLY BE SEEN TODAY AS BOTH A MIXED "BAG" AND A MIXED BLESSING.

IN FL ALONE THERE ARE OVER 1,600 ACTIVE DISTRICTS CREATED BY THE STATE LEGISLATURE THAT HAVE ANNUAL REVENUES OVER \$15 BILLION⁴. AS MONEY ON THAT SCALE POSES AN IRRESISTIBLE INVITATION TO PEOPLE ANXIOUS

TO SPEND THEIR TIME AND EFFORT IN MANAGING ITS USE, IT COMES AS NO SURPRISE THAT IT ATTRACTS THE ELEMENTS OF A FULL SERVICE MANAGEMENT "KIT" — UPSCALE OFFICES, AMPLE STAFF, HIGH SALARIES, PUBLIC RELATIONS PROGRAMS, AND CONSULTANTS TO COVER ALMOST ANY CRISIS.

THE BOARDS OF DIRECTORS OF THESE TAX DISTRICTS CAN BE APPOINTED OR BE FULLY OR PARTIALLY ELECTED BY THE PUBLIC, BUT REGARDLESS OF THE METHOD, THEY SEEM TO BE COMPOSED OF PEOPLE WITH INDUSTRY BACKGROUNDS AND TO REFLECT THOSE INTERESTS.

THERE IS ALSO A FLORIDA ASSOCIATION OF SPECIAL DISTRICTS WHICH, IT IS EASY TO IMAGINE, PROBABLY PLAYS AN IMPORTANT ROLE IN DETERMINING BOARD NOMINATIONS OR APPOINTMENTS, AS WELL AS SEEING THAT ITS MEMBERS ENJOY LEGISLATIVE ACCESS AND ATTENTION WHEN NECESSARY. AND WE CAN ASSUME THAT ITS OFFICES, SALARIES AND OTHER "PERKS" ARE COMMENSURATE WITH THOSE OF ITS MEMBERS.

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THE EXAMPLES CITED ABOVE DO NOT RISE TO THE LEVEL OF NATIONAL POLITICAL ISSUES, BUT IT IS CERTAIN THAT THEY HAVE THEIR COUNTERPARTS THROUGHOUT THE NATION.

WITHOUT ACCOUNTABILITY TO PUBLIC OPINION THEY HAVE BECOME A POWERFUL JUNCTION OF LOCAL ECONOMIC AND POLITICAL LIFE. AND ACCOUNTABILITY IS LESS THAN WE MIGHT HOPE FOR BECAUSE THESE ENTITIES HAVE ALL EITHER BEEN CREATED OR LICENSED BY STATE LEGISLATURES AND REPORT TO THEM. PUBLIC OPINION, WHEN EXPRESSED DIRECTLY TO AN ISSUE AS STATED ON AN ELECTORAL BALLOT, IS BOTH CLEAR AND EFFICIENT, WHEREAS, WHEN IT MUST BE APPLIED INDIRECTLY BY ELECTING REPRESENTATIVES TO THE STATE LEGISLATURE, IT IS WEAKENED AND LESS EFFECTIVE.

THIS CHANGE HAS BECOME BLINDLY CLEAR TO ALL PARTIES — THE PUBLIC, THE PRIVATE SECTOR AND THE LEGISLATURES. WHAT IS LESS CLEAR, BUT EQUALLY SIGNIFICANT, IS HOW MUCH WE HAVE CHANGED OUR CONCEPT OF AMERICAN CAPITALISM — HOW MUCH IT NOW OWES TO (AND DEPENDS UPON) OUR LOCAL, STATE AND FEDERAL GOVERNMENTS IN ORDER TO FUNCTION WITH MINIMAL REGULATION AND TO PRODUCE MAXIMUM PROFITS.

THESE WERE THE GOALS OF "RUGGED INDIVIDUALISM" THAT DOMINATED OUR INCREDIBLE ECONOMIC GROWTH IN THE CENTURY FROM 1830 TO 1930. SINCE THEN, IN MANY ASPECTS OF OUR NATIONAL CULTURE AND LIFE INDIVIDUALISM HAS BEEN REPLACED BY INSTITUTIONALISM.

THIS NEW INDIVIDUALISM GOES BY THE NAME OF "GLOBALIZATION" AND IS NOW PRACTICED THROUGHOUT THE WORLD. IT AROUSES THE OLD ENERGIES AND INSTINCTS OF ITS FOREBEARS, BUT ITS BLOODLINE HAS BEEN DILUTED BY ITS FORCED MARRIAGE TO THE PROLIFERATING INSTITUTIONS OF OUR TIME.

THIS IS INCREASINGLY TRUE THROUGHOUT OUR WORLD. WE LIVE IN AN INSTITUTIONAL AGE THAT HAS DEMANDED, AND RECEIVED, ITS DUE FROM ALL OF US. THERE ARE MANY REASONS FOR THIS GLOBAL, CULTURAL CHANGE, BUT ONE STANDS OUT AS EQUALLY POWERFUL AND PRESENT IN ALL PARTS OF OUR PLANET.

IT IS THE EFFECT OF OUR CONSTANT, GEOMETRIC GROWTH IN POPULATION THAT SAW OUR WORLD POPULATION GROW FROM APPROX. 1.2 BILLION TO 2.0 BILLION IN THE 1830-1930 PERIOD⁵. TODAY WE ARE AT THE 7 BILLION LEVEL AND, ACCORDING TO THE UN POPULATION DIVISION, ARE EXPECTED TO REACH 10.1 BILLION BY THE CENTURY'S END⁶. OTHER LESS CONSERVATIVE, AND IN OUR OPINION MORE REALISTIC, SOURCES EXPECT THE 10 BILLION MARK TO ARRIVE BY MID-CENTURY.

EUROPE

EUROPE IS OUR HISTORICAL, CULTURAL, RELIGIOUS, ECONOMIC AND POLITICAL PARENT AND WE SHOULD FEEL THE SAME PAIN AND CONCERN OVER ITS PRESENT CIRCUMSTANCES AS IT DOES OVER OURS.

BEGINNING WITH GREECE AND ROME, EUROPE'S POLITICAL LIFE HAS UNDERGONE CONFLICT BETWEEN REPRESENTATIVE GOVERNMENT AND HEREDITARY RULE. THE REFORMATION, THE PRINTING PRESS, THE AGE OF ENLIGHTENMENT ALL TOOK THEIR TOLL UPON INHERITED POWER. THEY LET THE FOOT OF PUBLIC GOVERNMENT IN THE DOOR, BUT BREEDING DIES HARD AND THE SPIRIT OF A SMALL GROUP OF ROYAL RULING FAMILIES HAS MAINTAINED A LESSENERED, BUT PERSISTENT, PLACE IN EUROPEAN LIFE.

THIS PRESENCE POSED AN UNACKNOWLEDGED AND UNSPOKEN CHALLENGE TO EUROPE'S CONVERSION FROM MULTIPLE STATES TO AT FIRST AN ECONOMIC, AND THEN A WIDER POLITICAL, UNION. IT WASN'T AS IF THE PEOPLES OF EUROPE PREFERRED ROYAL RULE, BUT EUROPE HAD ALWAYS BEEN A LAND OF MULTIPLE DOMAINS AND MANY BORDERS SO THAT UNION OF THE KIND ENVISAGED BY CONTEMPORARY POLITICIANS RUNS COUNTER TO SOME VERY STRONG AND LONG STANDING TRADITIONS.

FOR MOST OF EUROPE'S EXISTENCE SINCE IT EMERGED FROM THE DARK AGE, THE EXPANSION OF POLITICAL (I.E. ROYAL) POWER WAS ACCOMPLISHED BY EITHER WARFARE OR MARRIAGE. THE FIRST WAS VIOLENT AND OFFERED MORE OPPORTUNITIES; THE LATTER WAS SLOWER, CALMER AND INVOLVED RELIGIOUS AS WELL AS POLITICAL CONSIDERATIONS.

THROUGHOUT THESE CENTURIES OF HEREDITARY RULE, THE CONCEPT AND IMAGE OF A ROYAL RULER, FAMILY AND PRESENCE EXTENDED THROUGH ALL LEVELS OF EUROPEAN LIFE, AND LONG AFTER THE THRONES WERE VACATED THIS COMMON IMAGE REMAINED AS AN INSTITUTION OF PUBLIC IMPORTANCE, AND EVEN AFFECTION.

MONARCHY, BEING BASED ON FAMILY, PATRIARCHY AND CENTRALIZED AUTHORITY, PROJECTED A PARENTAL IMAGE FOR MOST OF ITS EXISTENCE IN COUNTRIES BOTH SMALL AND LARGE. WITH THE END OF THE MONARCHIES AFTER TWO WORLD WARS AND THE JOCKEYING FOR POWER DURING THE PERIOD BETWEEN THEM, EUROPE EMBARKED UPON A GRADUAL ACCEPTANCE OF SOCIALISM THAT HAS RESULTED IN LEFTIST POLITICS, INSTITUTIONS AND REGULATIONS THAT HAVE CONTINUED TO GAIN MOMENTUM.

SOCIALISM IS A FORM OF SOFTENED CENTRAL

AUTHORITY THAT ADOPTS A PARENTAL IMAGE IN EUROPE TODAY, AND WAS ABLE TO INGRATIATE ITSELF THERE WHEN MORE HARSH AND VIOLENT CHOICES SUCH AS FASCISM AND COMMUNISM WERE REJECTED. IT HAS A SORT OF FUZZY, FEEL-GOOD AURA TO IT THAT HAS LESSENERED THE PAIN OF LOSING FREEDOM. IT IS WIDESPREAD AND HAS CREATED A HOME FOR ITSELF IN EUROPE'S POLITICAL THOUGHT AND PROCESS. THE EUROPEAN UNION (EU) IS ITS MONUMENT AND ITS PROOF OF LEGITIMACY.

THE RUSH TO UNION WAS BORN OF ECONOMIC AND BUREAUCRATIC ADVANTAGE. COMMENCING WITH THE POSTWAR COAL AND STEEL TRADE AGREEMENTS, IT EXPANDED TO THE EUROPEAN COMMON MARKET AND THEN THE EU UNDER WHICH POLITICAL AND FINANCIAL INTEGRATION WAS COMPLETED FOR THOSE STATES WILLING TO EXCHANGE THEIR OWN CURRENCY AND A SUBSTANTIAL DEGREE OF SOVEREIGNTY FOR EU MEMBERSHIP.

THE PROSPECT OF JOINING MULTIPLE STATES' COMMERCIAL, POLITICAL AND FINANCIAL INTERESTS INTO ONE UNION WAS A MANAGERIAL NIGHTMARE AND A BUREAUCRAT'S DREAM. IN MIXED STEPS, SOME LARGE AND SOME SMALL, THE EU WAS ABLE TO GROW THROUGH A PERIOD OF GENERALLY WIDESPREAD PROSPERITY.

THAT TIME IS NOW OVER, AND SERIOUS CRACKS HAVE APPEARED IN THE EU'S FINANCIAL FAÇADE. LIQUIDITY PROBLEMS FROM THE "SPEND NOW AND WHY PAY LATER" WAY OF THINKING HAVE SURFACED IN PORTUGAL, IRELAND, GREECE, SPAIN AND PERHAPS ITALY.

SO FAR, THESE PROBLEMS HAVE BEEN MET BY INCREMENTAL TRANSFERS OF CAPITAL FROM THE RICHER MEMBERS (GERMANY, FRANCE, ENGLAND) TO THEIR MORE PROFLIGATE BRETHREN. THEY ARE NOW REACHING A TIPPING POINT.

A PATTERN OF RESCUE HAS BEEN ESTABLISHED, BUT HAS ALSO SERVED NOTICE THAT IT CANNOT BE CONTINUED FOR REASONS THAT ARE INCREASINGLY CLEAR. AS THE FUNDS PROVIDED ARE DRAWN FROM BOTH GOVERNMENT AND PRIVATE SOURCES, BOTH PRIVATE INVESTORS AND POLITICAL LEADERS ARE FEELING THE HEAT (I.E., LOSSES) AND STATING THEIR OBJECTIONS TO THE ROLE THAT HAS BEEN THRUST UPON THEM.

IT IS NOT SURPRISING THAT THE ERRORS OF A FEW WOULD CALL INTO QUESTION THE WHOLE PROJECT OF UNION, AND THAT IS WHAT HAS BEGUN TO HAPPEN. A FAILURE, OR DEFAULT, BY ONE DIMINISHES THE FACT AND SPIRIT OF UNION AND WOULD RAISE MAJOR QUESTIONS ABOUT THE VALUE OF THE EURO , AS WELL AS THE STATUS OF THE DEFAULTING MEMBER..

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WE LIVE IN AN AGE THAT HAS SOUGHT TO DEAL WITH MANY OF ITS PROBLEMS BY COVERING UP OR DISGUISED DIFFERENCES. WE DO THIS THROUGH INSTITUTIONS SUCH AS THE UN, OUR NATIONAL GOVERNMENTS, OUR REGIONAL ALLIANCES AND OUR POLICIES.

THIS PRACTICE OF DISGUISE MAY MAKE FOR EASIER POLITICS AND DIPLOMACY, BUT AT THE SAME TIME IT IS LIKE THE 800 LB. GORILLA. IT'S THERE AND EVERYONE KNOWS IT'S

THERE, BUT WE MUST PRETEND OTHERWISE.

THE SAME OCEAN WASHES THE BEACHES IN EUROPE AS IT DOES OUR EAST COAST. WE ARE EXPERIENCING THE SAME FINANCIAL SYMPTOMS AND CRISES AS EUROPE, AND YET OUR RESPONSE HAS BEEN DISTINCTLY DIFFERENT, AS WE HAVE CHOSEN MASSIVE STIMULUS PROGRAMS WHEREAS EUROPE, WITH ITS DOMINANT GERMAN ECONOMY, HAS TAKEN A MUCH MORE MEASURED APPROACH.

PERHAPS WE, AND OTHERS, HAVE BEEN SO FOCUSED ON THE MIRACLE OF EUROPE'S UNION THAT WE HAVE MISSED, OR IGNORED, THE INCREASINGLY EVIDENT AND DIFFICULT DIFFERENCES THAT HAVE SURFACED WITHIN THE EU.

THESE ARE DIFFERENCES OF INDIVIDUAL STATES' ECONOMIC PRACTICES AND PHILOSOPHIES WHICH HAVE PRODUCED RESULTS THAT THREATEN THE LARGER COMMUNITY. IT IS A CLEAR EXAMPLE OF THE SUM OF THE PARTS BEING GREATER THAN THE WHOLE.

THE EU IS PRIMARILY A POLITICAL UNION FORMED WITH HOPE THAT IT COULD ENCOURAGE AND ALSO ACCOMPLISH MONETARY UNION. THIS WAS A BOLD HOPE THAT FAILED TO RECOGNIZE SOME VERY SIGNIFICANT DIFFERENCES IN THE HISTORY, CHARACTER AND ECONOMICS WITHIN THE EU MEMBERSHIP — MOSTLY BETWEEN ITS SOUTHERN MEDITERRANEAN AND ITS MORE NORTHERN MEMBERS.

THE SOUTHERN BELT OF SPAIN, PORTUGAL, ITALY AND MOST NOTABLY GREECE FIND THEMSELVES WITH EXCESSIVE AMOUNTS OF DEBT AND UNBALANCED BUDGETS THAT, IF NOT REPAIRED, WILL ONLY DEMAND MORE DEBT. AND IRELAND HAS JOINED THIS CLUB WITHIN A CLUB.

IN A GENUINE AND FUNCTIONAL UNION THERE WOULD BE A MECHANISM WHICH WOULD PROVIDE EARLY WARNING OF THESE ECONOMIC THREATS AND TRIGGER CORRECTIVE ACTION TO WHICH ALL MEMBERS HAD AGREED. WHAT REMEDIES WERE AVAILABLE WITHIN THE EU HAVE BEEN TOO LITTLE AND TOO LATE BECAUSE POLITICS TOOK PRECEDENCE. ECONOMIC REGULATIONS AND COMMITMENTS WERE MORE DIFFICULT TO INSTALL AND MORE OFTEN AND MORE EASILY DEFLECTED.

THERE ARE SEVERAL TOP-LEVEL DILEMMAS THAT MUST BE DEALT WITH. FIRST, IS THAT OF CONTINUING DEMANDS FOR BAIL-OUT FUNDS FROM THE RICHER NORTHERN TIER FOR THEIR SOUTHERN ASSOCIATES. FOR WHILE THIS PROVISION OF FUNDS CONSTITUTES A MAJOR ECONOMIC PROBLEM, IT ALSO CONTAINS AN EQUALLY DIFFICULT POLITICAL CHOICE IN THAT THE NORTHERN FUNDING NATIONS MUST SECURE THE APPROVAL OF THEIR VOTERS OR BE TURNED OUT OF OFFICE.

THIS SAME POLITICAL CHOICE REPLAYS IN A MORE PAINFUL WAY AMONG THE THREATENED SOUTHERN ECONOMIES WHERE ACCEPTANCE OF BROTHERLY BAIL-OUTS CALLS FOR AUSTERITY MEASURES IN SPENDING, PENSIONS AND SALARIES ACCOMPANIED BY HIGHER TAXES AND REDUCED PUBLIC SERVICES.

HERE AGAIN, THE POLITICAL PIPER MUST BE PAID, AS THE PARTY IN POWER FORCED TO FIND FUNDING MUST IMPOSE ITS CONSEQUENCES UPON THE ELECTORATE. IT'S CLEAR TO SEE FROM THE VEHEMENCE OF GREECE'S PUBLIC PROTESTS THAT CHANGES IN FINANCIAL CULTURE DO NOT COME EASILY AND THAT DEMOCRATIC REGIME CHANGE BY BALLOT IS AN EVER PRESENT

ALTERNATIVE TO AGREEMENTS AMONG HEADS OF STATE.

THE LAST DILEMMA STRIKES AT THE HEART OF THE STRENGTH AND STRUCTURE OF EUROPE'S UNION. WHAT IF A MEMBER STATE FAILS TO ABIDE BY THE RESTRICTIONS AND STANDARDS OF THE UNION? WHAT IF IT DEFAULTS ON ITS FINANCIAL OBLIGATION? THESE ARE REAL PERILS BECAUSE THE BONDS OF EU STATES HAVE BEEN BOUGHT BY INVESTORS THROUGHOUT EUROPE AND ARE HELD IN PRIVATE HANDS AS WELL AS IN THE VAULTS OF THE EUROPEAN CENTRAL BANK (ECB) AND THE CENTRAL BANKS OF EU MEMBER NATIONS.

ANY SUCH DEFAULT WOULD CALL INTO QUESTION THE STATUS OF THE COMMON CURRENCY, REQUIRE THE DEFAULTING NATION TO WITHDRAW FROM THE EU AND WOULD GREATLY DEVALUE THAT NATION'S DEBT WITH NEGATIVE IMPACT UPON INVESTORS IN EUROPE AND AROUND THE WORLD.

AND HOW WOULD THE DEFAULTING NATION THEN FIND FUNDS TO PROVIDE THE BASE FOR A NEW CURRENCY AND TO MEET ITS OPERATING REQUIREMENTS?

UNDER NORMAL CIRCUMSTANCES NATIONS ARE ABLE TO ADJUST THEIR CURRENCY VALUES BY MEANS OF TRADE AND CAPITAL FLOWS. BUT IN A SINGLE CURRENCY UNION, SUCH AS THE EU, SUCH NATIONAL FLEXIBILITY IS LACKING. THE INTRA-UNION EXCHANGES MAY TAKE PLACE, BUT CENTRAL POLICY AND AUTHORITY IS ESTABLISHED AT BRUSSELS WHERE THE BUREAUCRATIC CODE OFTEN DECLARES THAT INTERNAL DIFFERENCES DO NOT EXIST.

ANY UNION REQUIRES THAT ITS MEMBERS SURRENDER SOME DEGREE OF THEIR SOVEREIGNTY AS A CONDITION OF MEMBERSHIP. ENGLAND TOOK GREATER EXCEPTION TO THIS THAN ANY OTHER COUNTRY IN THE EU BY OPTING FOR POLITICAL UNION WHILE MAINTAINING ITS OWN CURRENCY. WHETHER THIS CHOICE WAS PRIMARILY FINANCIAL OR TRADITIONAL IS UNKNOWN, BUT EUROPE'S CONTINUING DEBT CRISIS COULD FURTHER WEAKEN THE EURO WITHOUT A COMMENSURATE LOSS OF VALUE FOR THE ENGLISH POUND.

ENGLAND'S RESPONSE TO THE WORLD'S ECONOMIC CONDITION HAS SEPARATED IT FROM BOTH THE EU AND US. IT HAS ADOPTED DRASTIC SPENDING CUTS WITH A MUCH STRONGER IMPACT UPON POWERFUL CONSTITUENCIES AND PUBLIC SERVICES THAN WE OR BRUSSELS HAVE ENACTED.

THE DIFFERENCES IN EUROPE, AND HERE, ENDURE AND ARE CLEARLY VISIBLE. THE SAME TIDES WASH ALL SHORES. WILL PRESENT POLITICAL THOUGHT BE ABLE TO PRODUCE AN ACCEPTABLE FINANCIAL RESULT?

CHINA

NO MATERIAL ECONOMIC FOCUS TODAY CAN OMIT CHINA. IN ECONOMIC SIZE IT IS SECOND ONLY TO THE US AND CONTINUES ON A HIGHLY EXPANSIONIST COURSE. CHINA'S STATUS TODAY IS BOTH UNIQUE AND CONTRADICTORY IN THAT IT IS ON TRACK TO BECOME THE WORLD'S LARGEST ECONOMY WHILE IT CONTINUES TO CONTAIN AREAS WHERE ITS CITIZENS LEAD A THIRD WORLD, OR AT BEST, A DEVELOPING COUNTRY LIFE.

AS CHANGE AND WEALTH HAVE COME TO CHINA AND

IT CAN SERVE AS LENDER TO THE WEST, ITS POLITICAL AND ECONOMIC RELATIONSHIPS MUST ALSO CHANGE. THERE HAS BEEN MENTION OF CHINA PARTICIPATING IN THE RESOLUTION OF THE EUROPEAN DEBT CRISIS WHICH, WERE THIS TO TAKE PLACE, WOULD CREATE A NEW POLITICAL TRAJECTORY FOR BOTH EAST AND WEST.

ANY SUCH EFFORT WOULD UNDOUBTEDLY BE ACCOMPANIED BY A TRANSFER OF BENEFITS FROM EUROPE TO CHINA AND MIGHT ENTAIL A REARRANGEMENT OF HISTORICAL POSITIONS IN THE INTERNATIONAL MONETARY FUND.

IT IS TOO EARLY TO CONSIDER THESE POSSIBILITIES AS ANYTHING OTHER THAN SPECULATION, BUT THEY HAVE RECEIVED MEDIA MENTION. IS DIPLOMACY FAR BEHIND?

CHINA TODAY IS ECONOMICS IN MOTION AND DOMINATES SOME SECTORS OF THE WORLD ECONOMY. IT BOASTS AN ANNUAL GROWTH RATE IN THE 8% TO 9% RANGE WHICH, COMBINED WITH ITS STRONG CASH POSITION, PROJECTS AN IMAGE OF ARGUABLE SUPERIORITY THROUGHOUT THE WORLD.

AGAIN, HOWEVER, BEHIND THE VEIL OF GLOBAL ECONOMICS OTHER FORCES ARE AT WORK. CHINA HAS ESTABLISHED A PROGRAM OF BUYING LAND FOR AGRICULTURE AND NATURAL RESOURCES THAT FAR EXCEEDS ANY SIMILAR EFFORTS BY THE US, JAPAN, RUSSIA OR OTHER LEADING ECONOMIES. SUCH ABSENTEE OWNERSHIP, HOWEVER, USUALLY FINDS ITSELF IN CONFLICT WITH LOCAL RESIDENTS. WILL IT POSE PROBLEMS, LOCAL OR OTHERWISE, FOR CHINA?

ALSO BEHIND THE VEIL ARE SOME INTERNAL ECONOMIC CONFLICTS INVOLVING OVERBUILDING, OVERPRICING, POPULATION RELOCATION, SIGNIFICANT WATER SUPPLY/QUALITY PROBLEMS AND EXTENSIVE DESERTIFICATION. SOME, IF NOT ALL, OF THESE HAVE BEEN CAUSED OR EXACERBATED BY CHINA'S INTENSE DEVELOPMENT PROGRAMS. IT'S WORTH NOTING THAT FAST MOVEMENT OVER AN UNEVEN SURFACE PRODUCES A BUMPY RIDE FROM WHICH CHINA'S TIGHTLY MANAGED CENTRAL ECONOMY MAY NOT BE EXCLUDED.

CHINA MAY WELL BE THE UNACKNOWLEDGED POSTER BOY FOR WATER PROBLEMS. ITS DETERMINED INDUSTRIALIZATION HAS RESULTED IN 40% OF ITS RIVERS BECOMING POLLUTED AND THE REMAINING 60% BEING BARELY ABLE TO MEET BASIC CATEGORY THREE WATER QUALITY STANDARDS. AND MORE THAN 46,000 OF ITS RESERVOIRS NEED TO BE REBUILT OR REPAIRED.¹⁵

IN ADDITION TO ITS PHYSICAL AND ECONOMIC PROBLEMS CHINA HAS RECENTLY EXPERIENCED GROWING SOCIAL UNREST OVER A WIDE RANGE OF CONSUMER AND POLITICAL FAILURES. IN THE PAST WE HAVE BEEN ALLOWED ONLY OCCASIONAL AND PARTIAL GLIMPSES OF WHAT TAKES PLACE BEHIND CHINA'S VEIL, BUT THIS IS BEING CHANGED BY OUR GLOBAL ADVANCES IN COMMUNICATIONS AND INFORMATION TECHNOLOGY WHICH WILL WORK TO MAKE OUR OBSERVATIONS MORE ACCURATE, BUT WILL NOT RESOLVE THE ISSUES.

BACK HOME

IN THE CONSTANT STRUGGLE BETWEEN "FAIR" AND "MORE" WE ARE BOMBARDED BY HYPE, OPINION, ARGUMENT,

TRADITION, IDEOLOGY AND SOMETIMES FACT. MUCH OF THIS ATTACK WE CAN DEFLECT, BUT PARTS OF IT, ESPECIALLY FACTS, ARE MORE INSISTENT AND CLAIM OUR RELUCTANT ATTENTION BECAUSE OF WHAT THEY REVEAL ABOUT US AND OUR SOCIETY. FOR INSTANCE, THE NUMBER OF MANUFACTURING JOBS IN THE U.S. DECREASED BY OVER SIX MILLION IN THE TWO DECADES FROM 1990 (17.7 MILLION) TO 2010 (11.6 MILLION)⁷.

EXXON MOBIL, ARGUABLY AMERICA'S LARGEST INDUSTRIAL CORPORATION, IN 2009 PAID NO FEDERAL INCOME TAX ON ITS \$45.2 BILLION OF PROFIT⁸.

SOCIAL SECURITY, WHICH HAS BEEN CALLED AMERICA'S MOST SUCCESSFUL GOVERNMENT PROGRAM, NOW PAYS RETIREMENT BENEFITS TO ABOUT 53 MILLION AMERICANS. OVER THE SEVENTY-FIVE YEARS OF ITS EXISTENCE IT HAS BECOME IMMENSELY POPULAR AND HAS RESISTED THE ARGUMENTS AND ATTACKS OF ITS CRITICS. IN SPITE OF ITS POPULARITY, THE COMBINATION OF AN INCREASE IN POPULATION (I.E. BENEFICIARIES) AND A DECREASE IN WORKERS PAYING INTO THE SYSTEM NOW THREATENS THE HISTORICAL WORKER/PAYEE BALANCE. BLUE RIBBON COMMISSIONS AND CONGRESSIONAL COMMITTEES COME AND GO, BUT CANNOT MUSTER THE POLITICAL SUPPORT FOR CHANGES THAT WOULD FIX THE PROBLEM. THERE ARE THREE THAT ALONE OR IN COMBINATION COULD PUT THE SS INCOME AND OUTGO BACK IN BALANCE.

THEY ARE A 1% PAYROLL TAX INCREASE FOR WORKERS AND EMPLOYERS, A GRADUAL INCREASE IN THE RETIREMENT AGE TO 70 AND REMOVAL OF THE PRESENT FICA WAGE CAP OF \$106,800 SO THAT ALL WAGES ARE SUBJECT TO SOME TAX.

THERE IS CONSIDERABLE FLEXIBILITY IN SUCH AN APPROACH AND IN SOME COMBINATION OF THESE 3 OPTIONS A REASONABLE SOLUTION IS AVAILABLE, BUT BUT IT IS UNLIKELY THAT CONGRESS COULD BRING ITSELF TO TAKE SUCH ACTIONS.

OUR COUNTRY'S FUTURE WOULD BE WELL SERVED BY BOTH PARTIES CHANGING THE WAY THEY MANIPULATE THE NATION'S FINANCES. WE HAVE NOT HAD A BALANCED BUDGET FOR 40 YEARS AND CONGRESS NOW REFUSES TO EVEN UNDERTAKE TO SUBMIT AN ANNUAL BUDGET, PREFERRING TO AVOID ITS RESPONSIBILITY AND TO PROVIDE FUNDING BY "CONTINUING RESOLUTIONS" (CR).

THE STEADY AND STEEP RISE IN OUR NATIONAL DEBT IS ANOTHER EXAMPLE OF BIPARTISAN CONGRESSIONAL LACK OF WILL THAT COMMENCED IN THE REAGAN ADMINISTRATIONS AND CONTINUES TO THE PRESENT. ONE KEY STEP IN THIS SAD TALE OCCURRED IN 2003 WHEN A REPUBLICAN CONGRESS DID AWAY WITH THE REQUIREMENT THAT DEBT LIMIT VOTES BE ON THE RECORD. AS A RESULT, SUBSEQUENT DEBT LIMIT INCREASE VOTES BECAME MORE FREQUENT AND ASSURED.

THE PROBLEM OF INFLATION ALSO GIVES EVIDENCE OF SOMEWHAT LESS THAN INSPIRED GOVERNMENT MANAGEMENT. FROM 1800 TO THE END OF WWII THE CONSUMER PRICE INDEX (CPI) WAS RELATIVELY STABLE AND, USING 1967 AS A BASE LEVEL, REMAINED BELOW 50. IT IS IMPOSSIBLE FOR US TODAY TO IMAGINE PRICE STABILITY OF THIS DURATION. STARTING IN 1968 IT MOVED STEEPLY UPWARDS TO OVER 600 TODAY.

IN 1970 AVERAGE EXECUTIVE PAY WAS 28 TIMES AVERAGE WORKER INCOME, AND BY 2005 IT HAD RISEN TO 158 TIMES AS MUCH⁹. THE NUMBER OF PEOPLE LIVING ON FOOD

STAMPS IN THE U.S. IS NOW OVER 44 MILLION AND CLOSE TO 15% OF THE NATION'S POPULATION¹⁰.

THESE ARE CIRCUMSTANCES THAT EXIST IN AMERICA TODAY. THEY ARE WHAT THEY ARE — THE PRODUCTS OF OUR POLICIES THAT RESULT FROM WHAT WE HAVE DONE AND WHAT WE HAVE NOT DONE.

IN THE ON-GOING GAME OF “GOTCHA” THAT PASSES FOR GOVERNMENT IN WASHINGTON THEY ARE USED RELENTLESSLY BY BOTH PARTIES PRESSING FOR REAL OR IMAGINED ADVANTAGE.

THEY COMMAND A HEADLINE IN A PROMINENT NEWSPAPER OR SERVE AS THE THEME FOR A PRIME TIME TV SPEECH. THEY ARE VERY MUCH HERE TODAY, THEN GONE TOMORROW AND REAPPEAR WHEN CALLED UPON. THERE IS A THIN MORAL SHAPE TO THEM THAT INVARIABLY TEMPTS THEIR USERS TO CLAIM THE HIGH GROUND.

THEY ARE, PER SE, NEITHER GOOD NOR EVIL. THEY ARE WHAT THEY ARE. WHETHER WE SHOULD ACCEPT THEIR PRESENCE IN OUR SOCIETY, WHETHER WE SHOULD CONSIDER THEM DESIRABLE IS ANOTHER MATTER INVOLVING OUR OWN CONSCIENCES, OUR RELATIONSHIP WITH OTHERS AND WHAT WE ENVISION AS A WORTHWHILE FUTURE.

NO MATTER HOW VARIED ARE THE ORIGINS OF THESE CIRCUMSTANCES OR THE NATURE OF OUR RESPONSES TO THEM, THEY ALL HAVE CONSEQUENCES. THEY ARE THE PRODUCTS OF OUR POLICIES AND REFLECT THE MIXTURE OF SOCIAL, ECONOMIC AND POLITICAL PAIN WHICH FORMED THEM. UNFORTUNATELY, LIKE DNA, THESE CIRCUMSTANCES AND THE WAY WE TREAT THEM ARE QUITE CAPABLE OF ISSUING INSTRUCTIONS TO, AND IMPOSING BEHAVIOR UPON, FOLLOWING GENERATIONS.

WE INHABIT A COUNTRY WHOSE “LEADERS” REGULARLY PORTRAY IT AS “THE GREATEST” IN ITS WEALTH, MILITARY STRENGTH, EDUCATION, HEALTH CARE, WORK FORCE, ETC. MUCH OF THIS IS PURE POLITICAL HYPERBOLE, BUT THE CHORUS OF SELF-PRAISE THAT GOES OUT TO THE REST OF THE WORLD DOES NOT CONVINCE AS READILY AS IT DOES AT HOME.

LOOKING AT THE KIND OF PROBLEMS WE HAVE LISTED HERE, ARE WE TO BELIEVE THAT THE STRONGEST, RICHEST AND MOST FAVORED NATION IN THE HISTORY OF OUR PLANET IS UNABLE TO SOLVE THEM? THERE IS A REAL AND ENDURING CONFLICT HERE AND OUR COLLECTIVE FAILURE TO IDENTIFY AND RESOLVE IT CONTINUES TO OBSCURE OUR GENUINE NATIONAL INTEREST.

THE TRUTH IS THAT OUR TRUE NATIONAL INTEREST IS HELD CAPTIVE TO THE INEPTNESS AND CORRUPTION OF OUR ELECTED GOVERNMENT. THIS IS A TRUTH THAT ONLY AMERICA'S VOTERS CAN CHANGE. WHILE GROUP DYNAMICS ARE DIFFICULT TO ACCURATELY ANALYZE AND FORECAST, IT SEEMS THAT WITH THE RECENT PROTESTS AGAINST WALL STREET WE ARE MOVING TOWARDS AN EXPANDED PUBLIC EFFORT TO BRING ABOUT CHANGE IN OUR POLITICAL MENU.

TOO MANY VIEWERS OF THE OCCUPY WALL STREET MOVEMENT FIND FAULT BECAUSE ITS MESSAGE IS NOT IN POWER POINT FORM. WHAT IS TRULY IMPORTANT IS THAT IT IS EXERTING A FORM OF PRESSURE WHICH OUR POLITICAL CLASS WILL FIND DIFFICULT TO AVOID AND WHICH WILL FORCE IT TO CHANGE THE WAY IT RESPONDS TO PUBLIC CONCERNS.

WE HAVE HAD MOMENTS LIKE THIS BEFORE, BUT AS

THE CAMPAIGNS AND HOOPLA HEAT UP, AS THE MONEY STARTS TO FLOW FAR AND FAST AND THE TV COMMERCIALS APPROACH SATURATION FREQUENCY, THEN THE VOTING PUBLIC SEEMS TO DROP BACK AND MELT INTO THE OFFICIALLY DESIGNATED REPUBLICAN AND DEMOCRAT BACKGROUNDS.

IN VIEW OF THE ENORMOUS FAILURES OF OUR POLITICAL PROCESS OVER THE PAST TWO DECADES, AMERICANS MUST COME TO REALIZE THAT WASHINGTON POLITICS UNDER OUR TWO PARTY SYSTEM WILL NOT BE ABLE TO MAKE NECESSARY CHANGES IN THE DIRECTION OF GOOD GOVERNMENT BY MERELY CHANGING THE PARTY IN POWER. WHAT HAS TO BE CHANGED IS THE WAY WE THINK — ABOUT OURSELVES, OUR GOVERNMENT AND ITS ORIGINS, OUR ENVIRONMENT, OUR POLITICS, OUR PLANET AND OUR FUTURE.

THIS IS A LARGE ORDER AND WILL NOT BE EASY, BUT WE ARE SURROUNDED BY OUR FAILURES, NOT OUR SUCCESSES. WE CAN WALLOW IN THEM A WHILE LONGER, OR WE CAN SUMMON THE EFFORT AND COURAGE NEEDED TO RAISE OURSELVES TO SOMETHING BETTER.

AMERICA HAS PRODUCED MANY FINE MOMENTS, BUT UNFORTUNATELY OURS IS NOT ONE OF THEM. WE HAVE BETRAYED OUR PRINCIPLES AND MUST NOW RECLAIM OUR TRUE IDENTITY.

* * *

THERE HAVE BEEN MANY BILLIONS OF WORDS WRITTEN ABOUT ECONOMICS IN THE COURSE OF MANKIND'S SOCIETAL DEVELOPMENT. AND YET THIS GLOBAL TOPIC OWES ITS RELEVANCE TO ONLY ONE CIRCUMSTANCE — EVERYONE, EVERY GOVERNMENT AND EVERY INSTITUTION IS ENGAGED IN ECONOMIC ACTIVITY IN SOME WAY. BANKERS, FARMERS, PRIESTS, INDUSTRIAL LABORERS, DOCTORS, SCHOOLS, HOSPITALS, SOCIAL WORKERS, TEACHERS, PARENTS, LAWYERS, POLITICIANS, CHARITIES, ATHLETES, STUDENTS, YOUNG/OLD, RICH/POOR, TROPICAL/ARCTIC — ALL ARE INVOLVED IN ECONOMIC EFFORTS, SOME TO SECURE MINIMAL SUSTENANCE AND OTHERS TO AMASS EXTRAORDINARY WEALTH.

BUT WHILE THIS VITAL PARADIGM EXTENDS TO EVERY PART OF OUR PLANET, ITS PRESENT MONETARY MEASUREMENT AND SCALE IS RELATIVELY RECENT, FOR AS RECENTLY AS FIVE THOUSAND YEARS AGO THE ONLY FORM OF ECONOMIC EXCHANGE WAS THE BARTER SYSTEM. IT WAS ONE-ON-ONE AND BASED ON THE NEEDS OR DESIRES OF THE TRADING PARTIES, RATHER THAN THE PRICE OF A COMMODITY OR A GOVERNMENT STATED VALUE FOR AN INSTRUMENT OF EXCHANGE.

TRANSACTIONS WERE SIMPLE, BUY/SELL PROCEDURES WHEREBY THE DESIRE OF ONE PARTY MET THE NEED OF ANOTHER. CREDIT AND BANKS WOULD COME LATER AS POPULATIONS AND COMMERCE GREW AND SPREAD.

TODAY'S ENORMOUSLY MAGNIFIED PACE, REACH AND VALUE OF OUR GLOBAL ECONOMY HAS CREATED A VEIL BEHIND WHICH OTHER ACTIVITIES TAKE PLACE AND AGENDAS ARE PURSUED WHICH ARE NOT PRIMARILY ECONOMIC IN NATURE BUT DO HAVE AN ECONOMIC IMPACT. REGARDLESS OF MOTIVATION, THEY HAVE “HITCHED A RIDE” ON THE ECONOMIC HIGHWAY AND HAVE BECOME PART OF OUR SOCIETY'S JOURNEY TO ITS

UNKNOWN DESTINATION.

ONE OF THESE HAS TO DO WITH RELATIVE WEALTH — THE DIFFERENCE IN OUR SOCIAL, POLITICAL AND ECONOMIC EXPERIENCES FOR THOSE AT THE BASE AND THE TOP OF OUR ECONOMIC LADDER. THESE DIFFERENCES EXIST AT INDIVIDUAL, NATIONAL, REGIONAL LEVELS. THEY ARE NOT FIXED IN TIME OR PLACE. INDEED, LIKE DARK MATTER, THEY CAN BE EVERYWHERE AT ONCE AND CAN DISPENSE SEVERE PAIN OR PLEASING SATISFACTION DEPENDING UPON PERSPECTIVE. IT SHOULD BE NO SURPRISE THAT ECHOES FROM THE STRUGGLE BETWEEN “FAIR” AND “MORE” CAN BE HEARD.

THE LAST HALF CENTURY HAS BEEN WITNESS TO SOME REMARKABLE “SHIFTS” WITHIN OUR NATION’S ECONOMY. FOR INSTANCE, IN THE 1977-2007 PERIOD, INCOME FOR THE WEALTHIEST ONE TENTH OF ONE PERCENT OF AMERICANS MORE THAN QUADRUPLED AND THE INDIVIDUAL INCOME TAX RATE FOR THE 400 TOP TAXPAYERS IN ROUGHLY THE SAME PERIOD DECLINED FROM OVER 40% TO LESS THAN 17%¹¹.

FROM ABOUT 1980 TO THE EARLY 2000S OUR FINANCIAL SECTOR’S SHARE OF CORPORATE PROFITS ROSE FROM 15% TO 33% AND IN ABOUT THE SAME TIME ITS DEBT EXPLODED FROM \$3 TRILLION TO \$36 TRILLION. THE TEN BIGGEST BANKS HELD MORE THAN 75% OF OUR BANKING ASSETS AND PUBLICLY TRADED WALL STREET FIRMS REPORTED A COMPENSATION RECORDS OF \$135 BILLION¹².

THESE ARE SERIOUS STATISTICS BY THEMSELVES AND MADE MORE SO AT A TIME WHEN 24 MILLION AMERICANS DO NOT HAVE FULL TIME EMPLOYMENT AND THE RECESSION HAS SEEN NEARLY \$9 TRILLION OF HOUSEHOLD WEALTH DISAPPEAR¹³.

INCREASINGLY, EVIDENCE POINTS TO AN EXPANDING GAP BETWEEN UPPER AND LOWER FINANCIAL LEVELS THAT INCLUDES CORPORATE EARNINGS AND COMPENSATION AS WELL AS GOVERNMENT LEGISLATION AND REGULATORY CHANGES. THE MOST SIGNIFICANT EXAMPLE OF THE LATTER WAS PRES. CLINTON’S SUCCESSFUL PUSH TO REPEAL THE GLASS STEAGALL ACT, PASSED DURING THE GREAT DEPRESSION, WHICH MANDATED THE SEPARATION OF COMMERCIAL AND INVESTMENT BANKING ACTIVITIES.

THE SOURCES FOR THE ABOVE FIGURES AND OTHER OBSERVERS EMPHASIZE THE ROLE OF WASHINGTON’S LOBBYISTS IN VASTLY INCREASING CORPORATE PARTICIPATION AND INFLUENCE IN FINANCIAL POLICY, AND VIEW THEM AS HAVING CREATED AN IMBALANCE THAT HAS LESSENERED GOVERNMENT’S ABILITY TO REPRESENT THE MIDDLE AND LOWER CLASSES OF OUR SOCIETY.

IF TRUE, THIS SETS UP A CLASSIC POLITICAL CONFRONTATION BETWEEN LEGISLATORS THAT FAVOR THE FEW AND THE NUMERICALLY SUPERIOR MIDDLE/LOWER CLASSES THAT ELECT THEM. THE OUTCOME IS ALREADY VISIBLE IN RECENT DEFEATS OF INCUMBENTS IN BOTH PARTIES AND IN THE SPATE OF ANNOUNCEMENTS BY MEMBERS OF CONGRESS WHO HAVE CHOSEN NOT TO RUN FOR OFFICE AGAIN. AS VOTING PATTERNS AND RESULTS EMERGE IN THE FUTURE, IT IS HIGHLY LIKELY THAT THIS FORM OF POLITICAL TENSION WILL INCREASE.

WE ARE ENTERING OUR THIRD YEAR OF TRILLION DOLLAR ANNUAL BUDGET DEFICITS WITH LITTLE OR NO RELIEF INDICATED. THESE NUMBERS TELL AN UNHAPPY STORY AND THEY CAPTURE OUR ATTENTION, BUT BEHIND THEM, BEHIND THE ECONOMIC VEIL, WE ARE FACED WITH THE UNAVOIDABLE TRUTH THAT THEY ARE THE RESULTS OF PUBLIC POLICIES FORMULATED AND LEGISLATED BY BOTH OF OUR POLITICAL PARTIES. POLICY FAILURE IS A FACT OF POLITICAL AND ECONOMIC LIFE, AS CLEARLY AND RECENTLY EVIDENCED IN OUR GOVERNMENT’S ATTEMPT TO PROVIDE MORTGAGE MODIFICATION ASSISTANCE TO TROUBLED HOMEOWNERS. HOPING TO PROVIDE RELIEF TO 3 TO 4 MILLION HOMEOWNERS, LESS THAN A MILLION HAVE DERIVED ANY REAL BENEFIT FROM THIS PROGRAM¹⁴.

BUT NOWHERE IS THE FAILURE OF OUR GOVERNMENT’S FINANCIAL POLICY MORE CLEAR THAN IN THE MATTER OF OUR NATIONAL DEBT. DISREGARDING ITS EARLIER HISTORY, IF WE LOOK ONLY AT THE POSTWAR RECORD WHAT WE SEE IS APPALLING.

COMMENCING IN 1945 OUR DEBT STAYED FAIRLY LEVEL IN THE \$300 BILLION RANGE UNTIL 1970. FROM THEN UNTIL 1982 IT MOVED IN SMALL BUT STEADY AMOUNTS TO THE \$1 TRILLION MARK. THE SECOND TRILLION WAS ADDED IN 1986 AND THE THIRD BY 1990. FROM THAT TIME ON THE GRAPH BECOMES EVER STEEPER, THE INCREASES LARGER AND MORE FREQUENT AND THE CHOICES FEWER. WHAT IS VISIBLE IS NO LESS THAN AN OUT OF CONTROL ADDICTION.

DO WE CONTINUE TO BORROW, SPEND AND PRINT MONEY? OR DO WE SLAM ON THE BRAKES HAVING NEGLECTED TO FASTEN OUR SEAT BELTS? EITHER WAY, WHATEVER FORM OF MEDICINE WE CHOOSE, IT WILL CAUSE REAL PAIN IN OTHER SOCIETIES AND SYSTEMS AS WELL AS OUR OWN. THIS IS THE “FLIP” SIDE OF BEING THE SOLE SUPERPOWER AND, WHATEVER WE DECIDE, OUR PRESS CLIPPINGS WILL BE LESS FUN TO READ.

ADDICTION IS AN UGLY AND DANGEROUS PROCESS. POLITICAL ADDICTION IS ESPECIALLY SO. AFTER WWII WE, AND OTHERS, ENTERTAINED THE BELIEF THAT THROUGH THE UN WE COULD MOVE TOWARDS A UNIFIED AND PEACEFUL WORLD. THE RECORD IS SOMEWHAT DIFFERENT, BUT THE HOPE STILL EXISTS.

THE WORLD MAY BE TRANSITIONING FROM THE RULE OF NATION STATES, AS SOME WOULD HAVE US BELIEVE, BUT, IF SO, ARE WE ON A BRIDGE TO NOWHERE? WHAT WILL BE THE FORM OF GOVERNMENT THAT WILL REPLACE NATIONS?

WE CANNOT NOW IMAGINE ANSWERS TO QUESTIONS SUCH AS THESE. WE KNOW ONLY THAT ALL EFFORTS IN THE PAST TO PROVIDE A MORE UNIFIED SYSTEM OF MULTIPLE GOVERNMENTS HAVE FAILED.

ONE OF THE REASONS FOR THIS IS THE IMPORTANCE OF OUR NOW INCREASINGLY GLOBAL ECONOMIC PATTERNS. BUT THEY, TOO, YIELD MORE QUESTIONS THAN ANSWERS, THE HUMAN FACTOR, THE VOX POPULI, IS AN UNSETTLING ONE, AND IT DOMINATES OUR FINANCES AND OUR POLITICS. IT MUST BE HEARD, AND ITS MESSAGE, LIKE OUR ECONOMICS, IS NEITHER CLEAR NOR CONSISTENT.

* * *

... AND FURTHER BEYOND

BEHIND THE VEIL OF ECONOMICS THE RELENTLESS STRUGGLE BETWEEN “FAIR” AND “MORE” CONTINUES. WE SHOULD NOT MAKE THE MISTAKE OF THINKING IT IS SPECIFIC TO OUR ERA. IT IS NOT. IT HAS BEEN FOUGHT IN MANY TIMES AND PLACES. ITS COMPETING FORCES INCLUDE AMBITION, GREED, POWER, WEALTH, STATUS, PRIDE AND OTHER HUMAN INTERACTIONS WHICH PLAY OUT IN PITCHED BATTLES OR MINOR SKIRMISHES. THEY ARE GLOBAL IN THEIR REACH AND TRANSCEND DIFFERENCES IN LANGUAGE, CURRENCY OR CULTURE. THEY HAVE BECOME THE AMBASSADORS, THE ADVANCE MEN, FOR THE NEW GLOBAL ECONOMICS OF OUR AGE, AND THEY BEAR THEIR SHARE OF ITS DECEPTIONS. THEIR WORK IS ENDLESS AND THEIR EFFORTS SEEMINGLY TIRELESS IN THEIR PURSUIT OF RELEVANCE, OR INTEGRATION OR DOMINANCE OR WHATEVER ELSE IS NEEDED TO MOVE TOWARDS UNREACHABLE GOALS.

THE ECONOMIC VEIL OBSCURES OTHER CONFLICTS THAT CALL FOR OUR IMMEDIATE ATTENTION SUCH AS THE CONFRONTATION BETWEEN TECHNOLOGY AND OUR PLANET’S CARRYING CAPACITY REGARDING WASTE, THE ENVIRONMENT, POPULATION AND OTHER “FOOT-PRINT FORCES” OF OUR CIVILIZATION.

ONE SUCH IMPENDING CONFLICT IS THAT BETWEEN TWO REAL AND POWERFUL NATURES — BETWEEN OUR PLANETARY, PHYSICAL NATURE, OFTEN REFERRED TO AS MOTHER NATURE, AND ITS ERRANT OFFSPRING, HUMAN NATURE.

OUR COUNTRY HAS MADE SOME VERY SERIOUS AND UNNECESSARY MISTAKES IN ITS POSTWAR ECONOMIC POLICIES, BUT WE HAVE HAD THE COMPANY, WILLING OR NOT, OF OTHER NATIONS WHO ALLOWED THEIR ECONOMIC GOALS TO CONCEAL THEIR SOCIAL, HUMAN AND POLITICAL FAILURES.

WHAT IS NEEDED IN ALL THIS IS A NEW WAY OF THINKING THAT CAN BECOME ACCEPTABLE TO ALL. THE UN AND THE EU WERE EARLY EFFORTS IN THIS DIRECTION, BUT HAVE NOT BEEN ABLE TO ACCOMPLISH WHAT THEY INTENDED. FOR THE UN ITS FAILURE HAS BEEN MOSTLY POLITICAL; FOR THE EU, ECONOMIC.

THIS DOES NOT MEAN THAT THEY ARE COMPLETE FAILURES. THEY ARE STRUCTURES WHICH CAN BE PUT TO GOOD USE, BUT THEY HAVE NOT BEEN WHOLLY SUCCESSFUL IN ACHIEVING THEIR ORIGINAL PURPOSES. THAT WILL REQUIRE A DIFFERENT LEVEL OF THINKING FOR BOTH THEIR MEMBERS AND THEIR MANagements. WE SHOULD RECALL AGAIN DR. ALBERT EINSTEIN’S INSIGHT ON PAGE 3. THIS SHOULD BE THE STANDARD WHICH WE APPLY TO REPAIRING OUR GOVERNMENT AND SOLVING ITS WIDE RANGE OF PROBLEMS.



ECD 10/25/11

END NOTES

- ¹ PALM BEACH POST 8/11/11
- ² IBID
- ³ IBID
- ⁴ PALM BEACH POST, 9/19/11
- ⁵ AUTHOR’S ESTIMATES
- ⁶ UN POPULATION DIVISION VIA PALM BEACH POST, 5/4/11
- ⁷ U S BUREAU OF LABOR
- ⁸ PALM BEACH POST 10/3/10 LTE
- ⁹ FRYDMAN-MOLLOY DATA VIA E. SAEZ AT UNIV. OF CA, BERKELEY
- ¹⁰ US DEPT OF AGRICULTURE VIA MIDDLE AMERICAN NEWS, 6/11
- ¹¹ WINNER-TAKE-ALL POLITICS: HOW WASHINGTON MADE THE RICH RICHER — AND TURNED ITS BACK ON THE MIDDLE CLASS BY JACOB S. HACKER AND PAUL PIERSON
- ¹² CAPE COD TIMES, 7/4/11. WALL STREET’S FACT-FREE REVISIONISM BY PHIL ANGELIDES
- ¹³ IBID
- ¹⁴ PALM BEACH POST — 2/11/11 HOARDING CASH, CRAVING FRUITCAKE BY MARGARET CARLSON
- ¹⁵ WEEKLY TELEGRAPH, LONDON 10/19 - 10/25/11

EDITOR’S BIO

MR. AULT IS RETIRED FROM BUSINESS, A GRADUATE OF YALE UNIVERSITY, AND THE AUTHOR OF A RETAIL FOOD STUDY (LA ROCHE & Co. NYC, NY 1957) WHICH DESCRIBED THE EMERGENCE AND GROWING DOMINANCE OF THE SUPERMARKET IN AMERICAN FOOD RETAILING; AND EMINENT DISDAIN: THE TRIUMPH OF CYNICISM OVER INTEGRITY IN 21ST CENTURY AMERICA.

CORRECTION: A SERIOUS MISPRINT OCCURED ON PAGE 10 OF OUR JULY ISSUE (#32). IN COLUMN 2 ABOUT THIRD OF THE WAY DOWN THE PAGE APPEARS THE FORMULA $H = P \times A \times T$. THE “H” IS WRONG AND THE PROPER SPELLING IS $I = P \times A \times T$. OUR APPOLOGIES FOR THIS ERROR.

THE AUTHOR’S SECOND BOOK, WHO LOST AMERICA?, COVERS ISSUES 19 THRU 27. IT IS NOW AVAILABLE THROUGH THE PUBLISHER, AUTHOR HOUSE, AT 888-280-7715 OR ONLINE AT AUTHORHOUSE.COM ON OR ABOUT NOVEMBER 21 IT SHOULD ALSO BE AVAILABLE ONLINE AT AMAZON.COM AND BARNES AND NOBLE.COM

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CELEBRATION AND FOR THE COMING NEW YEAR.

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