

It's Still the Economy, Stupid!

Two items of interest have crossed my desk in the last couple of weeks. One of them is a copy of a speech by Harry E. Figge, Jr., Chairman and CEO of Figge, International Inc., and the other is an article by Peter Brimelow in the July 19, 1993, issue of *Forbes*. The two items are directly related to one another, the Brimelow article being a response to the points raised in Figge's speech and in much greater detail in his book, *Bankruptcy 1995: The Coming Collapse of America and How to Stop It*. Both the speech and the response are well worth our attention.

Figge's point is a simple, if terrifying one: If we continue our current economic policies, by 1995 the national debt will be so great that interest payments and expenses will consume most all of the government's income, and the economy will collapse, creating one of two nightmare scenarios — crippling depression or even more crippling hyperinflation. (Figge picks hyperinflation as the more likely of the two.)

Brimelow's article is an analysis of Figge's thesis. He points out some flaws in Figge's economic logic and offers the apparently comforting view that his numbers and timing are off. Economic Armageddon will not arrive in 1995.

That's the good news. The bad news is that, according to Brimelow, while Figge's specifics may be in error, his basic premise is not wrong. Our growing national debt is our Number One problem and, unless we can get a handle

on it, our future is threatened.

This, of course, is no longer hot news. Politicians of every stripe have been giving lip-service to the notion for months now. Unfortunately, that's about all they've been doing. Now that the elections are over and the Beltway jobs are safe for another 18 months or longer, the brave new leadership that was promised before last November is melting like ice at a summer picnic.

Washington seems to be back to business as usual. The cut-everybody's-projects-but-mine and the old paper-over-the-problems-with-money approaches to government remain the solutions of choice. And the don't-vote-for-wise-policy-but-for-what-makes-the-other-party-look-bad school of leadership is alive and well on both sides of the aisle. Meanwhile, the deficit continues to grow.

No wonder people like Mr. Figge are beginning to sound a little shrill. How long will it take our leadership to stop rearranging the deck chairs on the Titanic and really address the tough choices that have to be made? How loud do we as voters have to scream before they get the point?

Very loudly and for a long time, I fear. Each of us who is concerned about this issue will have to continue a steady stream of communication to our Congressional representatives, reminding

them that The Issue is, indeed, the economy, stupid. We have to threaten to throw out every rascal who refuses to address the deficit aggressively, and then do so at the first opportunity.

And we have to realign our own thinking. We have to unlearn the pretty myth we bought into in the 1960s when Lyndon Johnson promised us both guns

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and butter and the equally pretty Reagan fairy tale of prosperity via cutting taxes and increasing spending. We have to relearn a word that for nearly 50 years has been almost un-American — austerity.

We all know from our personal and business finances that one cannot spend

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more than one takes in indefinitely, and we have to stop pretending that the government can play by a different set of rules. We have to come to the collective realization that we will all have to take a hit on this one in order to get our economic house in order. We have to let our representatives know that we mean business about this, and that we expect them to mean it as well.

I have avoided using numbers in this editorial to describe the deficit. Frankly, I don't know what a trillion *really* means, much less four, five or six of them. I don't know if anyone else does either. Throwing such numbers around generates far more heat than light.

But I think I can sketch a picture of what our failure to get a handle on the deficit will mean — is already beginning to mean — for this country.

Over the last few weeks, like most of the rest of the country, I have watched with fascination, awe and horror the devastation that the flooding Mississippi and Missouri Rivers have brought to the Midwest. We have seen the very best that America is in these news clips: the courage, determination, charity and grit of its citizens in the face of what seems like overwhelming disaster, summed up by a dentist from somewhere in Iowa whose own home and business were safe, explaining why he was working to save yet another levee: "When your neighbors are in trouble, you help out. That's what neighbors do."

But a dark shadow looms over this bright picture, a shadow I fear will grow larger as time goes on. Agricultural and economic experts are trying to estimate the impact this devastation will have on a weak economy. (Sum-

mary answer: not a good one.) And we are already hearing the somber warnings from Washington that, given the deficit, the government will not be able to help as much as it would like to or even as much as it should.

Here is what the deficit is *really* costing us: our ability to respond to national emergency and to support the best instincts of our national character. This flood relief is not a pork barrel program. The people and cities behind the sandbags are not lazy welfare cheats, rich fat cats, PACs or the other villains on whom we usually blame our spending troubles. They're ordinary citizens just like us who, reasonably enough, look to the government for help to do what individually it is impossible for them to do themselves.

We as a nation want to help, and surely we will. But we have to know that the money we use to help will be borrowed money. As a nation we have saved nothing for this very rainy day.

And the Flood of '93 is only the beginning: There will be other natural disasters requiring attention. Sooner or later another international crisis will arise to which we will have the political and moral obligation to respond. Our allies will expect it of us, and we will expect it of ourselves.

Only we won't be able to because the national debt is like some evil growth, sapping our energy, will and the best part of our character.

The common warning about the deficit is that we are spending our children's and our grandchildren's inheritance. True enough. But we are also in danger of spending our collective ability to be the kind of people and the kind of nation we wish to be. That's what the debt is beginning to cost us, and that is the price we should all be unwilling to pay.

Michael Goldstein,
Editor-in-Chief