

SUMMER READS; AUTUMN THOUGHTS**Robert W. Dorsey****September 16th, 2013**

It began with a book, a big book, a borrowed book, from fellow Literarian Bob Watkins, who shares a birthday with Sir Winston Leonard Spencer Churchill, *The Last Lion*. Thus ensued, from spring green, through summer solstice, to early autumn an eclectic search for the convergence of history, literature, politics and economics into an understanding of this rapidly changing world. Looking back is useful for a grasp of trends and outcomes of human endeavors. Winston Churchill is a good example of a remarkable individual, whose life spanned several eras of change. Born in 1874 at the height of the reign of Alexandrina Victoria, Queen of the British Empire and Empress of India, he lived from the age of steam to the space age, and had an impact on crucial events that saw epic challenges to his beloved Empire and the gradual dissolution of that aggregation of lands and peoples.

The “*Last Lion, Defender of the Realm, 1940-1965*,” all 1182 pages of it (including index) is the third in a trilogy by William Manchester, who after the first two installments enlisted experienced journalist, Paul Reid, to finish the opus. I had read a few items by Manchester, short but memorable articles about his service in the Marine Corps in World War II. Then this past summer I engaged “*Goodbye Darkness, a Memoir of the Pacific War*.” With modesty, Manchester discussed his attraction to the Marines in which his father had served in World War I. Following Pearl Harbor, he attended the movie “*To The Shores of Tripoli*,” starring John Payne (with a “P”) and Maurine O’Hara, Irish actress born Maurine FitzSimmons, she of the sculpted cheeks and snapping green eyes. He observed that, if the conclusion of basic training meant hopping into the sack with Maurine O’Hara, it could well be worth the torture. Of course, the actuality was less glamorous, but he developed a lasting but sometimes begrudging admiration for the Corps. Okinawa was described in graphic terms, the terror, mud and blood and the trauma of shooting a Japanese soldier, after which Manchester unceremoniously threw up. He served ably but his disdain for false heroics carried to rehabilitation for battlefield wounds, in a Hawaiian hospital. When John Wayne (with a “W”) who starred in many war movies but who had no actual military service, came to cheer up the wounded warriors, they hooted him off the stage.

An impromptu summer viewing was a DVD of “*The Tea House of the August Moon*,” based on the book by Vern Sneider and subsequent Broadway play, and set in post-World War II Okinawa. Starring Marlon Brando, it is a well-crafted comedy about a clash of cultures which turns out well, as the savvy natives persuade Americans to build a tea house out of materials

destined for a pentagon shaped school. I'm not sure what Manchester thought of the book, play or movie. Okinawa was the most horrendous battle of the Pacific War, a quarter million casualties, a third of them civilians. Manchester did return to Okinawa in 1979 while preparing "Goodbye Darkness." He was disturbed by the modernization of the Island and the lack of memorials to the epic battle. He did, with whimsy, recall close brotherly love with other raggedy ass Marines named Bubba, Pisser and Wally.

Back to the "Last Lion;" as an avid reader of Life Magazine during World War II, I could recall many of the crucial events, but not such tidbits as Averill Harriman's affair with Churchill's daughter-in-law. In fact, the book could have used some condensation. Stirring the book is at times, but not economical.

If one wishes economical writing, one turns to F. Scott Fitzgerald, that is Francis Scott Key Fitzgerald, Saint Paul born, son of a Procter & Gamble employee in Buffalo, Princeton dropout, World War I soldier, friend of Hemingway in Paris and master of economical prose. Of course, he specialized in fiction, not biography. So I re-read "The Great Gatsby," after seeing a fourth film iteration, three of which I had enjoyed, Alan Ladd, Robert Redford, and Leonardo De Caprio, each more over-the-top than the prior showing. Of course, it's allegory, about the excesses of the rich in America, a class that Fitzgerald both castigated and envied. Autumn came early for Gatsby, face down in his swimming pool. But the story lives on. Recently a first edition of Gatsby (1925) was sold by Sotheby's for \$220,000.00. The novel was on the Cincinnati Enquirer's best seller list for several weeks this past summer.

In reading Gatsby, I thought that I detected a hint of "Dubliners," by James Augustine Aloysius Joyce. Surely Fitzgerald knew the work, published in 1914. All writers wish to be original, but even in a rich language like English; there is ultimately some limit on primacy, as readers of college term papers surely know. It is interesting to compare Joyce's description of a Christmas gathering in Dublin with Gatsby's raucous parties on Long Island. The Christmas night in the short story, the "Dead," is one of the most beautiful pieces of writing of my experience. The poignancy and inner monologues are truly moving.

But, as I was saying before Joyce and Fitzgerald got in the way, "The Last Lion" carried multiple themes, allowing many interpretations. A few of mine: The Germans were driven by two decades of paranoia following the loss of the World War I and the perceived major injustices heaped on them in the aftermath. They marshalled a formidable war machine based on their national pride, military history, superior science, and lethal array of technologies; while most of the world was coping with prolonged economic stagnation and forlorn hope to avoid another global conflict. Churchill thought the English to be descended from the Knights of the Roundtable and therefore rightful rulers of the planet; Hitler believed Germans to be heirs of the Gods of Walhalla and history's indomitable warriors. Both men were fascinated by the

United States. With a Brooklyn born mother, Winston thought he knew the American psyche and could persuade U.S. entry into the war, crucial to Britain's survival. Hitler called his private train Amerika (with a "K") and projected that it would take the U.S. four years to mobilize for combat, by which time, the Nazis would have an impenetrable hold on Europe. Of course, history tells us that three years and seven months after Pearl Harbor, Germany surrendered.

Manchester's and Reid's descriptions of the Battle of Britain and the Blitz are riveting. Readers can hear Elgar's "Pomp and Circumstances" and William Walton's "Spitfire" playing in the background, depicting the fantastic courage of the Royal Air Force, and the Londoners, taking a terrible pounding. Equally stirring is Tim Clayton's and Phil Craig's "Finest Hour, The Battle of Britain" which personalized the participants such as Dickie, Alphy, and Birdie. The RAF at the time was a capsule of the Empire and its allies. There were Canadians, Australians, New Zealanders, South Africans, Poles, Czechs, and, of course, Americans in the Eagle Squadron. What Winston could not grasp, was that Americans were ambivalent about Europe, including England. People in the U.S. were largely preoccupied with getting out of the Depression. Many were put off by the class society and the British sense of entitlement, that it was the duty of all English speaking peoples to rally round the saving of civilization. One American stated that the English were a nation of actors, who acted as though they were in charge, which much of the world accepted. Joseph Kennedy, Sr., father of the future president, and ambassador to the court of St. James, flatly denounced aid to Britain, saying that democracy was doomed in that nation. Charles Lindbergh toured the U.S., speaking to America First groups against involvement in the European war. Roosevelt was preoccupied with planning a run for a third term. But, in fact the U.S. was making war preparations; conscription, increased naval expenditures, sending troops to Iceland; but neutrally laws precluded direct aid to foreign countries. As Vera Lyne sang "There Will Always be an England," by Parker and Charles, Kate Smith sang "God Bless America," by Irving Berlin. Charles Augustus Lindbergh is quite an interesting figure. Literate, son of a congressman who opposed World War I, he wrote several books, plus articles supporting German aspirations in Europe, where he traveled following the tragic kidnapping and death of his son. As well as having five other children with Anne Morrow Lindbergh, he sired seven offspring with three German women, in the latter 1940s.

As the U.S. fidgeted, it became clear that Britain was broke, quite an irony that after spending two centuries building the most extensive empire in history, while creating the grand houses that American audiences love, the home island did not have enough capital to engage the war. A former colony was the only hope, and Churchill begged for U.S. aid. Finally with his third term ensured, FDR pushed through the Lend Lease Act in early 1941, to provide food and war material which Britain could buy on credit. Later that year the U.S. entered the war, and military aid to Britain, Russia and other allies increased dramatically. A book which takes a look at this historical period is Rick Atkinson's "An Army at Dawn," also part in a trilogy, about the

European theater. As the title implies, the U.S. struggled to put together an army to engage World War II, and by fits and starts, the invasion of North Africa gradually molded an efficient fighting machine. Atkinson's description of the battle of Kasserine brought back youthful memories of seeing photos in the morning paper of young townsmen lost in battle. The war suddenly came home. With all the military difficulties described, I was reminded of a lecture to young naval officers in 1957, by Literarian William Hessler, Enquirer journalist, Pacific veteran and author. He told the gathering in Florida that wars are won by the side that makes the fewest mistakes, a truism with the added point that manufacturing and agricultural production are crucial. Even Stalin acknowledged the importance of American productivity to Allied victory.

An important book to young Churchill was "The Decline and Fall of the Roman Empire," by Edward Gibbon. It seemed relevant to Britain's predicament so it became another summer re-read, but not all 1259 pages. This big book was written between 1776 and 1788. Gibbon discussed civic virtue. He was a man of the Enlightenment and believed that personal morality and virtue were bedrocks of society; that over time Romans lost this moral fiber and depended too much on the largess of the state. Rome relied increasingly on mercenaries to man the legions. Above all, there was declining faith in government, as scandals, conspicuous consumption, and assassinations became major preoccupations.

Of probable interest to Churchill were the two chapters on Attila, who with his hordes overran most of Europe in 450 A.D. They were called Huns, a name that the English applied to German forces in both World Wars, in that ancient tactic to demonize the enemy. Churchill, a keen student of history, surely saw parallels between the great victory of the Roman General Aetius and his Visigoth allies in 451, defeating the Huns at Chalons, in present day France, and the current struggle. Attila, regrouped, and a year later was at the gates of Rome, prepared to sack the city, only to have Pope Leo appear before the barbarian hordes and persuade Attila to depart. Gibbon, with skepticism, describes the legend of apparitions of Saints Peter and Paul appearing before the Huns urging their obedience to God. Churchill would scoff at the power of God repelling the Huns. He was not a religious man. A side outcome of the invasions of Italy was the flight of refugees to the islands in an Adriatic lagoon, the founding of Venice.

Autumn had come for the Huns. Attila died suddenly on his wedding night to Ildico, one more of his innumeral brides, and the rival heirs could not hold the horde together as they were repulsed by other tribes who had their own designs on Rome. The final Emperor of the Western Empire was Romulus Augustus who was overthrown by the Gothic King, Odoacer, in 476, plunging Rome and much of Europe into a long winter. Gibbon then devotes another 300 pages to the decline and eventual fall of the Eastern Empire centered in Constantinople and its eventful collapse under siege by Ottoman Turks in 1453.

Churchill, surely pondered these declines and falls as he struggled through World War II. In fact, the demise of the Ottomans came in his lifetime. Another summer viewing was “Lawrence of Arabia.” It featured the Irishman Peter O’Toole, out-acting the English while uniting the Arabs against the Ottoman Turks, Germany’s W.W. I ally. Empires are born, flourish and then decline.

The entry of the United States into World War II gave Churchill the opportunity to think about the post-war world, and being an avowed imperialist, he envisioned a glorious rebirth of the British Empire. This view was tempered by the realization that a seismic shift was taking place; power was moving westerly to North America. Indeed when victory was assured, the British electorate unceremoniously dumped his conservative party and the Last Lion was no longer in power. The civic virtue that Churchill had so successfully rallied for five years gave way to the desire for rewards for their forbearance. The newly installed labour government focused on wealth distribution, public benefits, nationalization of industry, free health care, in short the welfare state. A period of austerity followed. There was little appetite to maintain the Empire and it was gradually transformed into a collection of largely independent dominions and fully independent nations in Africa and Asia. This was a time when Winston’s thespian skills turned vicious as he attacked Clement Atlee and the Labourites. Interestingly, a popular revival on Broadway this past summer was “A Picture of Autumn,” by N.C. Hunter, set in England during this difficult period of adjustment to a lesser quality of life. A few personal remembrances: while lunching with some English counterparts in London in about 1985, twenty years after his death and having admired the statue of Churchill in Westminster, I made some positive comments about the great man only to be met with curious stares. He was already past tense and no longer particularly admired. In a similar time frame, in Australia, a gathering was concluded by a toast to the Queen. The Aussies though independent still enjoyed being part of a larger commonwealth. Soon thereafter in India, at a posh hotel, dozens of British expatriates in full dinner dress were acting as though they were still in charge. But indeed autumn had come for the Empire, it just took time to adjust to the fact.

A crucial transfer of global power took place in 1944 when the United Nations Monetary and Financial Conference took place at Brenton Woods, New Hampshire, which changed the underlying currency of world commerce from the British pound to the U.S. dollar. John Maynard Keynes, prolific author and seminal economist, represented the United Kingdom at the meeting.

So, the world was a new place in 1945; the Axis powers had quickly gone from autumn to winter and then to extinction. The Last Lion had one more fling at Prime Minister in 1951 to 1955, was awarded honorary citizenship in the United States, the Nobel Prize for Literature, and British knighthood. But earlier, in 1946, he had gained another chapter in his illustrious

personal history with his Iron Curtain Speech at Westminster College in Fulton, Missouri. He had developed a friendship with Missourian Harry Truman who urged him to accept the invitation from the small college. On the long train ride across rural America, Churchill divided his time between preparing his speech and jousting with the Truman party at poker, at which his keen intellect was found wanting. "We took him to the cleaners," said one Truman aid. The Iron Curtain Speech, now viewed as a crucial step in the building of the Cold War, was met with skepticism by many pundits in the U.S. who viewed it as Churchill's plea for America's accepting the role as bulwark against Soviet expansion. In Moscow, the speech was greeted with outrage. The already paranoid Soviets viewed the speech as one more step in the West's opposition to their rightful claim, as the victors over Nazi Germany, to the subjugation of Europe. In fact, that speech, along with the Marshall Plan and U.S. diplomacy, set the stage for the Cold War which lasted for 45 years, concluding with the toppling of the Berlin Wall, to the strains of Beethoven's Ninth Symphony, in 1989.

The Soviets, for decades tried to match U.S. power. Dwight Eisenhower presided over eight years in the 1950s of actual or nearly balanced budgets, while maintaining an adequate military and constraining its actual deployment. Korea was stabilized, if not resolved; the U.S. avoided involvement in the British and French attempted seizure of Suez; and French pleas for assistance in Vietnam were deflected. The dark side of this period is captured in the "Book of Honor," Ted Gup's treatise about the Central Intelligence Agency and its clandestine activity in attempting to blunt the Soviet secret police in the deadly game of cat and mouse, lies and deception. There were quiet victories and public disasters such as the Bay of Pigs, and dozens of agents lost. Such are the demands of a global power. The CIA had grown out of the World War II Office of Strategic Services, or OSS. A quiet operative in that agency was Literarian Walter Langsam, Sr.

I remember the 1950s well. It was when I went off to college, fell in love, graduated, married, served in the Navy, saw the births of two of three sons, and bought a house, all in one decade. Ike was the first Republican president in 20 years, and many conservatives thought that he would roll back many of the initiatives of the New Deal, but he chose not to do so. It was simply a time of relatively few new programs, so it is being remembered by many as a dull time when the nation was resting on its laurels. But there were balanced budgets and eight years of constrained national debt.

Eisenhower's signature legacy was the Interstate Highway System, or The National Defense Highway Act. Legend has it that Ike was impressed by the system of autobahns that allowed the German military to effectively move troops and material in World War II. Since the Cold War was a current preoccupation, a highway system to quickly deploy men and equipment was deemed a necessity. Of equal concern was that two economic recessions occurred in the

1950s and massive public works projects, then as now, were seen as stimuli. It now seems quaint that anyone would have been against the Highway Act of 1956, but the debate, then as now was about, the appropriate role of the national government. Road building had long been left to state and local governments. The national government had done little actual administration. Conservatives in Congress argued that it was an expensive intrusion into the rightful role of states, and in defiance of the Tenth Amendment of the Constitution, which says that matters not ascribed to the national government should be left to the states and to the people. Liberals saw an opportunity to bind disparate parts of the nation into a more unified whole. The law was transformative. Automobile production surged as predicted by Charles Wilson, General Motors executive turned U.S. Secretary of Commerce. You may recall his statement "What's good for General Motors is good for America." Both industry and labor thrived. Highway deaths declined as national standards on design eliminated many hazards. As with every leap forward, there were unintended outcomes. Cities began to change as population moved readily to burgeoning suburbs. Cities were sliced and diced as highways blasted through communities, dislocating populations. A very inefficient energy model ensued, deeply dependent upon foreign oil. Foreign policy was dictated by protecting the supply of petroleum. The fracking boom came too late. In my view, another key outcome was the shift of policy making from state and local governments to the national government. If the highway system could be managed from Washington, why not everything else? This really took hold and the 1960s.

In the wake of the assassination of John F. Kennedy, Lyndon Johnson built JFK's New Frontier into the Great Society. As the war in Vietnam escalated, LBJ with his masterful political skills, guided landmark legislation in civil rights, the war on poverty, model cities, Medicare and Medicaid, Head Start, on and on. It was as socially transformative as the Highway Act was physically transformative. The late 1960s was a time of civil unrest accompanying the Vietnam War, and the coming of age of the baby boomers, those who impacted society at each stage of their passage. The goals of the Great Society were admirable, but there were two main problems, how to pay for it in the long term and how to avoid over-dependence on the national government to solve all problems. When Medicare was being designed, proponents were guided by rosie actuarial predictions. More sober projections indicated a miscalculation by a factor of nine. Today's reality shows the increasing burden of the actual costs. Paying for the mass of entitlements is a major fiscal problem that could bring the country to its knees.

All of this leads to the question: is it autumn in the United States; is it autumn for the United States? Of course not, we scoff. The demise of the country has been predicted since the nation's founding. European intellectuals predicted that George Washington would declare himself King George the First. The fact that George had no heirs precluded a dynasty, and when the government transferred smoothly to John Adams, there was both relief and amazement.

The two-term precedent established by George lasted until 1940, and then was confirmed as the 22nd amendment to the Constitution in 1951, which limits the amount of mischief that one individual can do as President.

Throughout 237 years of existence, disaster has frequently been predicted for the U.S. but, the country has always, not only survived, but prospered. Why then so much current concern, causing numerous books, polls and articles about the country being on the wrong track. Issues cited include demographics, the changing labor market, immigration, the country's loss of standing in the world, over regulation, radical Islam, and increasing role but decreasing effectiveness of the government, and, of course, healthcare. A quick review of some of these: demographics, in 2012, for the first time, deaths among the white non-hispanic Americans exceeded births. This suggests that the prediction of whites becoming a minority by mid-century may be plausible. Such predictions are always tricky. As a schoolboy, I recall that the U.S. population would not exceed 130 million, largely based on the low birth rates of the 1930s. The population now is 316 million and much more diverse than in the 30s. Another phenomenon placing doubt on demographic projections is that the United Kingdom in 2012 had the first increase in birthrate in 40 years. The big change since the W.W. II is the changing role of women in American society. Half of the workforce and 55% of college students are female. After contributing to the baby boom and boomlets, senior women are now seeing their daughters and granddaughters prospering as senators, mayors, professors and CEOs. But, the overall birth rate is below replacement level of 2.1 per woman. The population is growing only by immigration. The country is already adapting to changing demographics as it always has, and with a lot less aggravation than 150 years ago when the flow of immigrants inspired no-nothing political parties and rants from pulpits. Cincinnati's own Lyman Beecher, father of Harriet, spuriously scorned the newcomers as not having the stuff of Americans. Legislation currently crawling through Congress may or may not resolve the immigration problem. I have some sympathy for immigrants because they usually accept jobs that most Americans don't wish to do. Also, my paternal great grandparents were probably illegal immigrants from Ireland, first coming to Canada, and then by steps into Pennsylvania. Regarding whites becoming a minority, in some parts of the United States they already are, and the sky hasn't fallen yet. Two of our grandchildren have Chinese heritage but they are totally American.

The labor market has always been changing. We live in the United States of Change. I am reminded of the most memorable among many commencement addresses. It was delivered by the late Francis Dale, one time Literarian and publisher of the Enquirer, who incidentally gained some fame by being a crew member on the U.S. destroyer that captured the German U 505 and the South Atlantic in 1945. Dale, speaking before the graduates of the OMI College of Applied Science in 1965, advised the young people to get ready for increasing complexity in their work and in society. This was early in the computer age and when The Great

Society was just kicking in. The changes between 1965 and 2013 have been profound, and those who have coped have become remarkably successful while those who have not, have filled welfare rolls, swelled prison populations, and become statistics. While indeed health care and life extension have improved, and fantastic wealth has been generated, the gap between rich and poor has exacerbated, the number of people born out of wedlock, living in poverty, dependent on food stamps, and on and on, does not bode well. To be sure, the United States remains far and away the leading economic and military power in history, and the country is the destination for both the skilled and unskilled wishing a better life. Forty million inhabitants were born elsewhere. But are we all happy? In international measures of contentment, the U.S. usually ranks about tenth, behind such countries as Denmark, Sweden and Switzerland.

In my humble view, the overriding issue confronting United States and which may lead to autumn in the 21st century is debt. D.E.B.T. This is certainly is not a new thought. And the U.S. is not alone. Crushing debt exists in much of the world, even China. On the home front student debt exceeds one trillion dollars, and thousands of mortgages are under water. With current national data actually show growth in economic activity and revenue increases, the problem has slipped off the front burner, surely to return soon, as Congress and the Administration once again battle over the debt ceiling. It is indeed worrisome when a projected national debt increase of only \$650 billion is greeted with relief. This improved debt picture is due in part to return payments by Fanny Mae and Freddie Mac. But, debt in itself it is not necessarily bad. Properly managed, it allows much good: residential mortgages, bonds for schools, hospitals, etc. When Alan Malalley became CEO of The Ford Motor Company, he immediately sought millions of dollars of credit, i.e. debt, to allow for necessary upgrades to production and assurance of available cash for ongoing improvements. As a result, Ford is the only major auto company not to be rescued by taxpayers.

The United States was born in debt. After the Revolution, Alexander Hamilton, first Secretary of the Treasury, moved to absorb the states' debts to allow the former colonies to reorder their finances. Hamilton, a confirmed Federalist, saw that the bounty of the new country would allow growth for all. A generation later, Andrew Jackson, who hated debt, allowed the national bank to expire because he said, it favored the wealthy against the poor. The country proceeded to surge through peace, war, boom and bust, debt accumulation and debt payments. At the conclusion of the World War II, the U.S. had a debt of \$260 billion, by far the largest and in nation's history to that point, 120% of gross domestic product. With remarkable consensus, that debt was largely reduced in a decade, but then began climbing again in the 1960s. The federal highway program was designed to be a debt free on a pay-as-you-go basis at the gas pump. That worked for the construction of the network, but not for the huge maintenance costs, as increases in gas mileage of vehicles decreased revenues.

The main disconnect between the cost of government and means to pay for it began in the 1970s, when the burdens of Vietnam and social spending began to increase faster than revenue growth. Then came the embargo of the Oil Producing Countries, recession and stagflation.

Ronald Reagan swept into office with the theme of Morning in America. The Gipper's focus was on winning the Cold War by greatly increasing defense spending and boosting the economy. Indeed the Soviet Union could not match U.S. production, and with its internal dissatisfaction, faced its own autumn. So the U.S. won the Cold War and greatly increased the national debt while ignoring Eisenhower's warning about the military-industrial complex. Waste was abundant. Remember the \$700 toilet seats? Only a few voices crying in the wilderness expressed concern about the growing debt. George H.W. Bush and William Jefferson Clinton both raised taxes, and a balanced budget was actually achieved under Clinton. In the midst of all this, former adversaries, Germany and Japan shook off winter and, with U.S. help, built thriving economies; and Britain, sans Empire, continued as a loyal ally. Engine Charlie Wilson would really be chagrined to see all the foreign cars traveling the interstates. And, another notion that must occur to those thinking about the future of the United States, is that countries can rebound after failure.

George W. Bush inherited a balanced budget, and enjoyed strong support following 911, then initiated two undeclared wars, which have cost over a trillion dollars. He also pushed through broad tax cuts. Prior decades of legislative efforts to make homeownership available to the general population, whether fiscally prudent or not, caused massive federally backed mortgage lending which produced exotic investment schemes and economic crisis. Bailouts and stimuli led to an explosion of debt as expenditures exceeded income by one trillion dollars for four consecutive years to the current debt level of \$16.9 trillion, or slightly more than the gross domestic product. Just recently the Department of Commerce changed the GDP calculation to include intellectual property thus inflating an already suspect number. GDP currently stands at about 16.7 trillion.

I hasten to say that I am not an economist, but there is admiration for those who pursue the dismal science. They are typically very smart people. I don't necessarily agree with the premise that if, you laid all economists end to end, that it would be a good thing. I do appreciate the Federal Reserve's effort to control Inflation which helps the economy from running amok, but I do know enough history to remember when interest rates spiked to 14% carrying the debt level quickly higher. History rhymes.

Is it unhealthy for the country to accumulate debt in excess of the total income, i.e. GDP? Homeowners routinely do so with mortgages that exceed their annual income. But there is one kicker. Homeowners must pay off their mortgages or default. Can a country default? Of

course, it has happened repeatedly in history. Does anyone have any Confederate dollars or Argentine bonds? Will the United States default? Of course not, at least not soon. But, check with me in 2050. That's when a number of trends will converge. China may well be the premier economic and military power, sea levels may rise by 18 inches, and our national debt may be 2.5 times gross domestic product. Only one modern major industrial nation has accumulated that level of relative debt, without failure, Japan. Japan has an export economy. The U.S. has an import economy. Japan has been in an economic funk for much of the past 20 years. There was lots of internal belt-tightening in that cohesive society. Our diverse society is not good at belt-tightening. Most Japanese bonds are held internally. U.S. bonds are held around the world.

Among summer readings was a debate in *The Times* between Lawrence Summers and Glenn Hubbard, who have been, at various times cabinet members, presidential advisors and academics, Harvard and Columbia. (A personal note: our son, Andy, had Summers as a lecturer 30 years ago and termed him brilliant.) The two neatly summarized the opposing philosophies. Summers championed increasing debt to get the economy rolling and increasing tax revenues to pay for the stimulus, classical Keynesian theory. Hubbard argued for constraint on spending, reining in entitlements, reducing regulations and allowing the private sector more leeway for spurring the economy. They largely captured the positions of the two main political parties. Neither attempted to forecast the impact of so called Affordable Health Care. That remains the budgetary unknown.

A further reference to the 1950s: The federal budget in 1955 was 65 billion, with a population of 150 million. 58 years later, the population has doubled and inflation has increased nine times. This would suggest a current budget of \$1.2 trillion. The actual 2014 budget is projected to \$3.8 trillion, with revenues of \$3 trillion, an \$800 billion gap. The differences between 1950 and today, of course, are wars and entitlements. (The Congressional Budget Office predicts a gap of less than \$600 billion, but Affordable Care remains unknown.)

A few more numbers to ponder. The U.S. struggles to grow at 2 ½ % per year. Projecting to 2050, would create a GDP of \$45 trillion. If we tack on debt at the average rate of 800 billion per year, at modest interest rates, the debt will be \$100 trillion or 222% of GDP. The Peter G. Peterson think tank projects debt of 281% of GDP. These numbers should produce healthy skepticism. But look back 36 years, the Dow industrial average stood at 1000, and the GDP was \$2 trillion. Optimism may say that the country, as it always has, will find solutions. And there are some solutions. Raise taxes by 800 billion per year. That, of course, would kill the economy. Increase taxes on the rich including a wealth tax, that is, pursuing accumulated assets, not just income. Rich folks already pay a big chunk of IRS revenues, but there is a point of diminishing returns. Some wealthy people are already fleeing the country, just a trickle, but

a harbinger. Corporate taxes are already too high for international competition. Figure out how to tax the \$100 billion underground economy. Go to a value added tax, as European countries have done. A rough estimate is that it would take a VAT of 20% to raise sufficient revenues. And, the states will scream about the erosion of their tax bases. Other strategies are to increase the eligibility age, in steps, to 75 for Social Security and Medicare. This is rational because when Social Security was established in the 30s, life expectancy was 64 for women and 60 for men, compared to the current 82 and 78. Charge Social Security payments on total earnings not just first \$111,000. Means test Social Security and Medicare. Greatly decrease subsidies for agriculture, exploration, real estate mortgages, etc., and then watch the parade of lobbyists. Bring troops home from forty countries. Is that isolationism? Declare a moratorium on new programs and delete many existing ones. Don't hold your breath. LBJ said that politics is the art of the possible. Few of the foregoing ideas are not politically possible, or even desirable.

Much has been stated about growing the economy to resolve the debt problem. Historically, economic growth mirrored population growth, which currently is flat. The summary fact is that the country is facing a monumental problem that is inadequately understood, and which Congress and the Administration are not disposed to vigorously engage. A phrase has entered the political lexicon, kicking the can down the road. This is not to diminish valid philosophical differences on how to approach debt. Another plea is to make the national government more efficient. This simply isn't going to happen. It's tough to make a 3.8 trillion establishment efficient.

The national government has become a huge transfer mechanism. It generates phenomenal income and distributes much of it back to taxpayers to keep the economy rolling. This is long way past the democratic ideal of levying sufficient taxes to operate required services. Once the government began using taxes to influence behavior, it produced a condition where many operatives try to affect those tax policies. We called them lobbyists. Like all behavior, some lobbying is good. It provides lawmakers with important information, plus occasional lunches. But now lobbying is out of hand. If the Pentagon rightfully decides to close a military base or cancel an arms system, lobbyists for localities or manufacturers flock to Capitol Hill. Speaking of military, another read was "Sea Wolf," by Herbert Robinson, about a nuclear sub captured by the Chinese. It was a thriller which suggested that another war in Asia is a distinct possibility. What would that do to the debt?

Added to the mix is that as debt increases, U.S. bonds will be harder to sell. So will the U.S. default? Is it early autumn? It would be a damn shame. As Garrison Keillor might say, it's been a pretty good country. Oh yes, the stains of slavery and treatment of Native Americans still fester, but we've tried tremendously to right those wrongs. We fought wars and secured

peace to promote democracies around the globe, but we haven't looked at the full impact of our collective decisions. If default happens, will it be the end of the United States? No, simply diminishment as a global power. The dollar will no longer be the means of exchange. But we will still have abundant productive agricultural, fine universities, and a network of institutions. We will have even less individual freedom as more power will flow to a central government to rescue the country. But wait. This is way too gloomy. The opening paper for the Literary Club year should be more upbeat. I searched for the convergence of history, literature, politics and economics, which while having divergent views, all speak to a common goal, understanding the human condition and striving to improve it. My summer quest is unfulfilled. Imagining the changes between now and mid-century boggles the mind; humanoid robotics, nanotechnology, reinterpretation of patriotism and nationalism. We live in the United States of Change, some for the better, some less so. I have posited that the biggest problem facing the country is debt. It surely is solvable, but not with ease. Like many in this room, I won't be around to see the outcome, but I do have six grandchildren, and sincerely hope that they can enjoy the country that I have embraced for eight decades.

One last literary citation from a summer read: In Leon Uris' "A God in Ruins," fictitious presidential candidate, Quinn Patrick O'Connell, in a debate in New York's Public Library, is confronted with the need to promote advancing technologies. He responds that he hopes books will never go out of style; that private dialogue between author and reader is to be forever treasured.