

F***ailure is Our Opti******n***

AMERICA, WE ARE CHOOSING FAILURE BY DEFAULT

***WE ARE NEARING THE END OF A ROAD NEVER TRAVELED
IT IS UP TO 'WE THE PEOPLE' TO CHOOSE A DIFFERENT PATH***



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**It's hope that keeps us goin'
But hope is not a plan; we must act**



“A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years. These nations have progressed through this sequence: From bondage to spiritual faith; From spiritual faith to great courage; From courage to liberty; From liberty to abundance; From abundance to selfishness; From selfishness to apathy; From apathy to dependence; From dependence back into bondage.”

— Alexander Fraser Tytler

Alexander Tytler was a Scottish judge and historian, born in 1747, died in 1813.

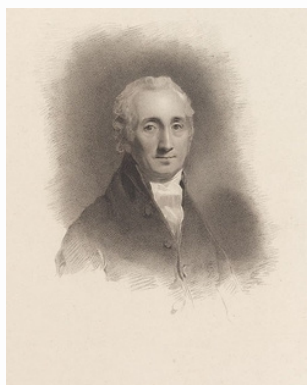




TABLE OF CONTENTS

AUTHOR'S NOTE

I. THE DATA: NUMBERS DON'T LIE

II. I KNOW: YOU HAVE HEARD THIS ALL BEFORE

III. WHY THIS MATTERS TO YOU

**IV. SOLUTIONS ARE TOUGH:
IT CAN BE DONE - IT MUST BE DONE**

**V. FAILURE IS AN OPTION:
WE ARE NOW CHOOSING IT BY DEFAULT**

**VI. PLEASE, DO YOUR PART
OR THE UNITED STATES WILL FAIL**



AUTHOR'S NOTE

Our country is in serious trouble. It can be saved, but only WE can save it. This is not a Democratic or Republican problem, it is an American problem.

Fellow Citizens, let me explain my concerns.

How often have you heard that there is an existential threat, only to have it pass without consequence?

It seems we have heard it forever. And, as Chicken Little says, the sky is falling, and nothing bad happens. And so it goes. And so we go - never minding the warning signs. And life goes on without missing a beat.

What if the facts support those dangers that lurk ahead? Could Chicken Little be right this time? **In our history, there has never been a set of facts like we see today.** That is what this short pamphlet is all about. IT IS MEANT TO ALERT YOU, ALARM YOU, AND SPUR ACTION BEFORE IT IS TOO LATE. OUR PROBLEMS CAN BE FIXED - IF WE HAVE THE WILL TO ACT.

That is why I, a small businessman from Clearwater, Florida, have devoted much of my time and treasure to explaining our deteriorating financial situation. I want to bring to you, the citizens of the United States, an easy-to-understand pamphlet explaining the dangers that clearly lie ahead.

The current problems we face, soaring inflation and high interest rates are the result of excessive deficits (bad fiscal policy) and too rapid growth of the money supply (bad monetary policy). This is the forerunner of more serious problems that lie ahead and what we can do about it.

The dangers are serious and real, which you will soon realize as you read this. Only we citizens can (and must) cause the needle to move in Washington toward financial sanity. Failure to change course in Washington, will lead to catastrophic consequences, which are very hard to envision, having had a great economy for so long. When? No one knows, but I am guessing 10 years or less.



AUTHOR'S NOTE

HEAR MY PLEA: My only goal is to fix the problem, not the blame.

You MUST read this pamphlet if you do not understand the present danger. All concerned, responsible citizens must be aware of the facts. You will be **Alerted** and **Alarmed** by what you learn.

When you understand the gravity of our situation and the risks we Americans face, and if you want your kids, grandkids, and all future generations to have the same quality of life that we have had, I am confident concerned citizens will act to save our country from the looming disaster lying ahead.

Past generations have been blessed with the wisdom of our Founding Fathers. They created a democratic republic that has endured and prospered for its first 200 years. But alas, that has changed over the last 50-60 years as the prophetic quote by Alexander Tytler on the first page has come true. Our nation's decline is clear, as you will soon see. The representatives in Washington are professional politicians, not the statesmen our Founders were. They have ushered in a decline which will lead to our demise IF WE DO NOT CAUSE THEM TO CHANGE COURSE. IT IS UP TO US TO MAKE THAT HAPPEN, AS ABRAHAM LINCOLN SO NOTED:

“

In this age and in this country, public sentiment is everything. With it, nothing can fail; against it, nothing can succeed. Whoever molds public sentiment goes deeper than he who enacts statutes or pronounces judicial decisions.

”





AUTHOR'S NOTE

America, what should we do? What will we do? Those are very different questions, and we must address them if our country is to survive as the one we know, the one we all grew up in.

IF WE DO NOT ADDRESS THESE QUESTIONS AND DEVELOP SOUND ANSWERS, WE WILL BE DESTROYED BY OUR OWN IRRESPONSIBILITY. DON'T LET THAT HAPPEN ON OUR WATCH. WE OWE IT TO OUR KIDS, GRANDKIDS, AND ALL FUTURE GENERATIONS TO LEAVE THEM A STRONG COUNTRY, JUST LIKE THE ONE WE RECEIVED FROM OUR PREDECESSORS.

READ, LEARN, ACT!

There are good solutions but discussing those is not the purpose of this brief pamphlet. The purpose is to ALERT AND ALARM you to our dire situation and move you to learn more and demand that our representatives address the issues before it is too late.

For America's Future,

Leslie A. Rubin



I. THE DATA: NUMBERS DON'T LIE

The Department of the Treasury produces an annual financial report for the United States. It is very long (255 pages for the one as of September 30, 2023) and difficult to digest. Even as a former CPA, I found it difficult to follow. So, I reviewed it carefully and consulted with other experts to understand the data. (If you are a glutton for punishment, you can find it on the internet under US Financial Statements.)

Also, the CBO (Congressional Budget Office), a nonpartisan government agency, prepares regular projections and analyses of proposals put forward by our Congress and bureaucracy.

'THE CURRENT FISCAL PATH IS UNSUSTAINABLE'

That is a quote directly from the published financial report. **They are not kidding**, as you will see below.

The **current interest-bearing debt** as of mid-2024 is **\$35 trillion dollars**. That is about **\$106,000** for every man, woman and child in this country and **\$415,000** for every family.

The **current total obligations**, including the interest-bearing debt and unfunded obligations of Social Security and Medicare, is **\$128 trillion dollars**. That is about **\$388,000** for every man, woman, and child in this country, about **\$1,518,000** for every family.



I. THE DATA: NUMBERS DON'T LIE

Over the **next 10 years** the **CBO projects** that **our interest-bearing debt will exceed \$50 trillion dollars** with current policy. And that does not consider other major events that will likely happen, such as war, recession, pestilence, pandemic, or what have you. It also does not include other acts of Congress which continues to spend, spend, spend. And it assumes the Tax cuts in 2017 will expire at the end of 2025 as provided in the current law, which is unlikely. It will be worse than projected, I cannot know how much worse.

In 10 years, the Trust Funds for Social Security and Medicare will be depleted, and under current law, benefits must be cut by approximately 24% for Social Security and 11% for Medicare when that happens. It is very likely that Congress will not let the benefits be cut, which will require more federal spending and will make the above projections even worse - if we do nothing.

In 30 years, the interest-bearing debt alone will exceed \$150 trillion dollars.

Since our federal government has had nothing but large and increasing deficits over the last 23 years and projects nothing but growing deficits in the foreseeable future, we can only pay our debts by borrowing more money. **That is called a Ponzi scheme.** Someday, investors will realize we cannot repay them, and they will decide not to lend us money - as we have no means to pay them back. When that day comes, the United States will no longer be able to pay its obligations - we will have finally bankrupted this once great country. That is the looming disaster that I fear - a disaster of unimaginable consequences that will happen someday - if we do nothing.



I. THE DATA: NUMBERS DON'T LIE

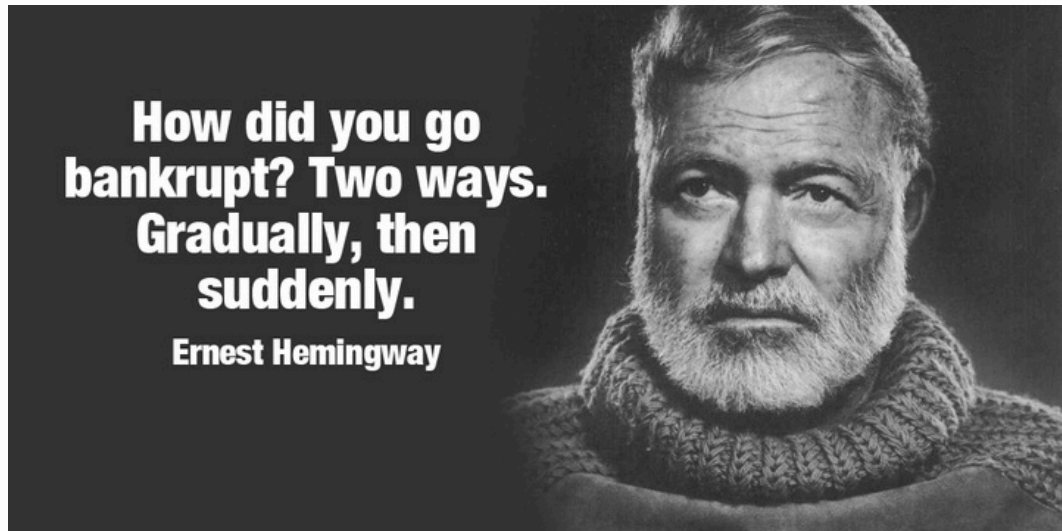
Do you get the picture yet? These numbers are virtually incomprehensible, but the picture is clear. If you do not think this is a problem, then you are not paying attention or you are choosing to bury your head in the sand, waiting for some fairy dust to come and solve the problem. Sorry, the fairies are not coming. If we do not change course, **the sky will fall some day** and it will be ugly. I cannot tell you when, but I sincerely believe it is within 10 years if we do not fix this mess.

On our website for Main Street Economics, there is much more detail. In the pamphlet, *Restoring Fiscal Sanity*, co-authored with David Walker, former Comptroller General of the United States (available free on our website, mainstreeteconomics.org), we cover the data and the causes of our deficits and suggestions how to fix this enormous problem. Or, in our book, *The Greatest Ponzi Scheme on Earth*, co-authored with Dan Mitchell, a professional economist, (which is available though many bookstores) we go into even greater detail, including an analysis of the real world, what policies have worked well, and which have led to economic destruction. There is a lot to be learned from real world examples.

If you don't get it yet, take the time to learn more. It is critical that the 'voting public', we citizens, understand how urgent this problem is and demand that our representatives fix it before we go over the fiscal cliff and the Debt Bomb explodes.



II. I KNOW: YOU HAVE HEARD THIS ALL BEFORE



As I discuss this subject with friends and acquaintances, ordinary citizens like you and me, I get two regular responses:

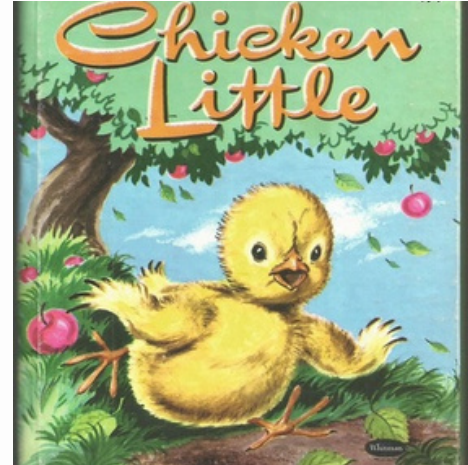
- **I am just one vote, what difference will it make? I am not going to worry about it (implying someone in the future will deal with it).**
- **I have been hearing about this problem for decades, nothing bad ever happens. We Americans always find a way.**

As Hemingway noted, bankruptcy starts slowly, then all of a sudden.

The facts today are unlike anything we have ever seen. If you weren't aware of them before, you are now, as highlighted in Section I. Even during these prosperous times, we still cannot get our financial matters under control. Imagine what will happen in less prosperous times.



II. I KNOW: YOU HAVE HEARD THIS ALL BEFORE



Cassandra or Chicken Little?

Cassandra was the mythical Greek goddess who was gifted with the power of prophesy, she could see the future. However, she was also cursed as no one would believe her.

Chicken Little was the chicken in the European fable who prophesied, without reason, the sky was going to fall.

Who am I?

I am absolutely sure of that which I speak! I am Cassandra - please believe me this time. And I am warning you that there are major problems ahead if we stay on the course we are on. We are headed for the proverbial iceberg, and when we hit it someday our Ship of State will sink. We can avoid that catastrophic event if we recognize the problem now, before it is too late, and demand our representatives change course.



III. WHY THIS MATTERS TO YOU

We have lived in a great period in our country's history. The country has grown and prospered, and our standard of living has increased immensely over our lifetimes.

But will we continue to progress for us, our kids, grandkids, and all future generations?

Sorry to be the bearer of bad news, we will not if we stay on the current course. I am a realist by nature, not a 'doom and gloomer'. But I can read numbers quite well and can plainly see what is happening and where we are headed. It is ugly - but it doesn't have to be this way. We, the citizens, are in control.

It matters to you first because disaster will likely strike in your lifetime. The ultimate disaster occurs when we cannot borrow further, and our government is unable to pay its expenses and required debt payments—our government is in default and can no longer function. That will be an economic collapse with unimaginable consequences and a complete breakdown of our monetary system and the country as we know it.

And if you have kids and grandkids, what are we doing to them? Do you not care about the future of this country? If not just for yourself, what about your offspring and all future generations? When we hit the 'iceberg', what are you going to say when your grandkids tug on your apron and ask, 'how did nana and papa let this happen, did you not understand economics?'



III. WHY THIS MATTERS TO YOU



Shame on all of us if we show so little concern about the future for our kids and grandkids and all future generations. And if your life expectancy is 10 years or more, bad things will happen to you as well as future generations, if we do not fix the enormous problems we face as a country.

That is not a speculation, it is a fact. It is no longer a question of 'if' - it is a question of 'when'.

Are you willing to be complacent and let that happen on our watch? Are you willing to choose failure - by default? I am not, and that is why I started Main Street Economics and am speaking out to all citizens.



IV. SOLUTIONS ARE TOUGH: IT CAN BE DONE - IT MUST BE DONE



I hope that by now, you see the future as I do. You realize that complacency will lead to serious problems down the road, one never traveled.

So, you can and should be asking, 'What can be done to change course and avoid these problems?'

First, we need to know and understand the source of the problems. Just saying 'fiscal responsibility' doesn't begin to help, it is a platitude which says little. It takes much more analysis to get to the root of the problem before we can begin to solve them.

There are whole books written about this, books that few will ever read. They are 'preaching to the choir' and the choir is not 'singing to the congregation'. Yet. **That is part of my mission, the mission of Main Street Economics is to get to the 'congregation' - let them hear the siren song, and then do something about it.**

So let me give you a brief summary of what I see as the main issues and some solutions.



IV. SOLUTIONS ARE TOUGH: IT CAN BE DONE - IT MUST BE DONE

Our Founding Fathers were very smart Statesmen who were only focused on creating the best governing system for this fledgling country. They understood that too much power in the federal government would be toxic and lead to tyranny and loss of liberty, which were the fundamental reasons why the American Revolution occurred. (I urge you to read the first few pages of our pamphlet, *Restoring Fiscal Sanity*, on our website for further insights on this.) Their design in our Constitution was a limited federal government with all powers, not vested in it, belonging 'to the states or the people.'

Our government has grown too large, a major part of the problem. And it is inconsistent with what our Founders intended or envisioned. They outlined in the Constitution the duties of the federal government, all other duties were left 'to the states or the people'. They would be appalled by what is happening today.

What has evolved, especially in the last 60 years, has been anything but a limited government. As government has grown too big, too powerful, and too controlling, much of this governing is now done by an unaccountable bureaucracy with rules and regulations that control our lives and are enormously costly to our citizens and businesses - without our elected representatives ever voting on them. Executive actions are the norm, not laws passed by Congress. That is not right and is a major cause of our problem - our government is too big and out of control. And our representatives will not fix this without our support.



IV. SOLUTIONS ARE TOUGH: IT CAN BE DONE - IT MUST BE DONE



Entitlements are a second major part of the problem.

Entitlements have been passed and expanded dramatically over the last 90 years. When they were passed, the intent was to have them self-funding. Times have changed, the demographics have changed, and the programs have changed. Today, Social Security, Medicare, and Medicaid now cost the federal government over \$1 trillion per year. And the future projections are much worse.

Tax Equity is a third major part of the problem.

The tax code is incomprehensible – all 75,000 pages of it when you count the regulations and guidance needed to understand the 6,871 actual pages of the Code. It is loaded with benefits for special interests, not the public interest. It must be reformed so that it is fair and equitable. But we cannot tax our way into prosperity. Excessive taxes hurt future growth and reduce improvements to our standard of living by taking more money from the private (productive) part of our economy and giving it to government, the public (unproductive) part of our economy. As Winston Churchill quipped, 'trying to tax your way into prosperity is akin to standing in a bucket and trying to lift yourself up by the handle.'



IV. SOLUTIONS ARE TOUGH: IT CAN BE DONE - IT MUST BE DONE

We, the citizens, must address these concerns, and we can.

We must reform Entitlements so that they are financially functional, without cutting current benefits. There will be tradeoffs for this to work - but it must be done.

We must reduce the size of government and move many functions back to the 'states or the people', as our Founders intended. That means cutting whole departments and the sprawling, unaccountable bureaucracy. It will be painful to some, but it must be done.

We must put a match to our tax code and develop one that raises the necessary revenue while treating individuals and businesses fairly. It will be difficult - but it must be done.

To accomplish this, the 'congregation' - that's us, the citizens, the 'voting public,' must be informed and then demand that our representatives fix this mess. We must be the voices that demand that it be done, and our representatives must hear our voices and then move the needle in Washington to fiscal sanity. That will only happen if we demand it. The political class will not change without the public's insistence, for fear of not being re-elected.

The professional politicians have jobs and want to keep them. They will only respond to what the public will support. **And that is why it is OUR job to demand change. If they will not fix the problems, then vote for someone who will.** Only collectively can we solve the problem. We can - and it must be done.



V. FAILURE IS OUR CURRENT OPTION: WE ARE CHOOSING BY DEFAULT



We are now at a crossroads. We have a choice, and that choice must be made by us, the citizens, the 'voting public' of this country. Currently, we are choosing 'failure' by default because we are ignoring the problem.

We can be complacent and 'let others worry about it'.

We can even believe that there is no problem - just listen to the politicians who tout more and more of this or that, and we can just print money to pay for it.

We can be ignorant of basic economics and not realize the danger because we do not understand it.

We can ignore the many warning signs that I and many others are shouting loudly about.

We can believe that since we have never had a problem, therefore we will never have a problem.

We can bury our head in the sand.



V. FAILURE IS OUR CURRENT OPTION: WE ARE CHOOSING BY DEFAULT

WE CAN FAIL!

That is an option. If you choose to remain ignorant or choose to ignore the facts that you can plainly see, then that is the option you are choosing - by default. I cannot make you do anything you do not want to do; I can only try to persuade you to look at the realistic facts and act.

WE CAN SUCCEED!

See the facts, educate yourself, be a realist: you must shout out to our representatives and demand that they fix the mess that they created. If they don't respond with good solutions, then vote for someone else who will. Be a part of the solution, not part of the problem. That is the only way we can succeed.



VI. PLEASE, DO YOUR PART OR THE UNITED STATES WILL FAIL

The **Clear and Present danger** is our debt resulting from our out-of-control spending. The United States is in trouble. The data is clear.

Our economic failure is near. We have seen it in textbooks and in the streets of the real world. We know what works and leads to prosperity for the people, and we know what doesn't work and leads to economic chaos for the people.

My concern is for the people, the citizens, the 'voting public,' not the elected politicians, lobbyists, or businesses that focus on items that benefit them rather than the public. I have no concern for the thugs who become dictators and rule for themselves, not the people. The cronyism I see everywhere is abhorrent to me and all concerned citizens. Corruption abounds.

We are traveling on a road never traveled. And the end of that road is near. But we do not have to travel down this road until it ends, and we fall over the fiscal cliff. When that happens, it will be too late to fix the mess. At the bottom of that cliff is an ugly situation that will lead to an economic collapse. We must take another path.

We can avoid the cliff and continue to prosper and grow with an ever-increasing standard of living. We can and we will IF we have courage, the guts, the will to speak out, speak up, and demand that our representatives get us back on the road to fiscal sanity, not the road to serfdom. We can get back to a limited government and sound fiscal policies.

My final word: it is up to us, all of us citizens, to do our part. Together we will succeed, separately we will fail.



ABOUT THE AUTHOR



Leslie A. Rubin is a professional accountant, entrepreneur, philanthropist, and real estate developer. He has studied economics for over forty years and been heavily involved with economic education locally, working with schools, writing articles, and commissioning sculptures on economic themes for his real estate developments, which allowed him to gain a clear understanding of what makes economic systems work and the power of incentives.

Rubin's passion for economics and economic education inspired him to create Main Street Economics Inc., a nonpartisan, nonprofit organization that provides the average person on "Main Street" the opportunity to learn about economic systems without going back to school.

Les graduated from University of North Carolina at Chapel Hill in accounting and was elected to Phi Beta Kappa and Beta Gamma Sigma honorary societies. For ten years he was a practicing CPA/controller and has been the owner and president of his own commercial real estate development company, Rubin Development Corporation, for almost fifty years.



ABOUT MAIN STREET ECONOMICS



Main Street Economics is a privately funded, public service, non-partisan, 501c3 nonprofit corporation. It was created to provide economic education for laymen and to alarm all citizen of the dangers we face in the United States and what we can do about it.

Visit our website, MainStreetEconomics.org to learn more. And **Contact Congress**, a link is provided on our website. Speak up, speak out any way you can.

Without our voices and support for fiscal sanity, nothing will change.

VISIT THE
MAIN STREET
ECONOMICS
WEBSITE!



