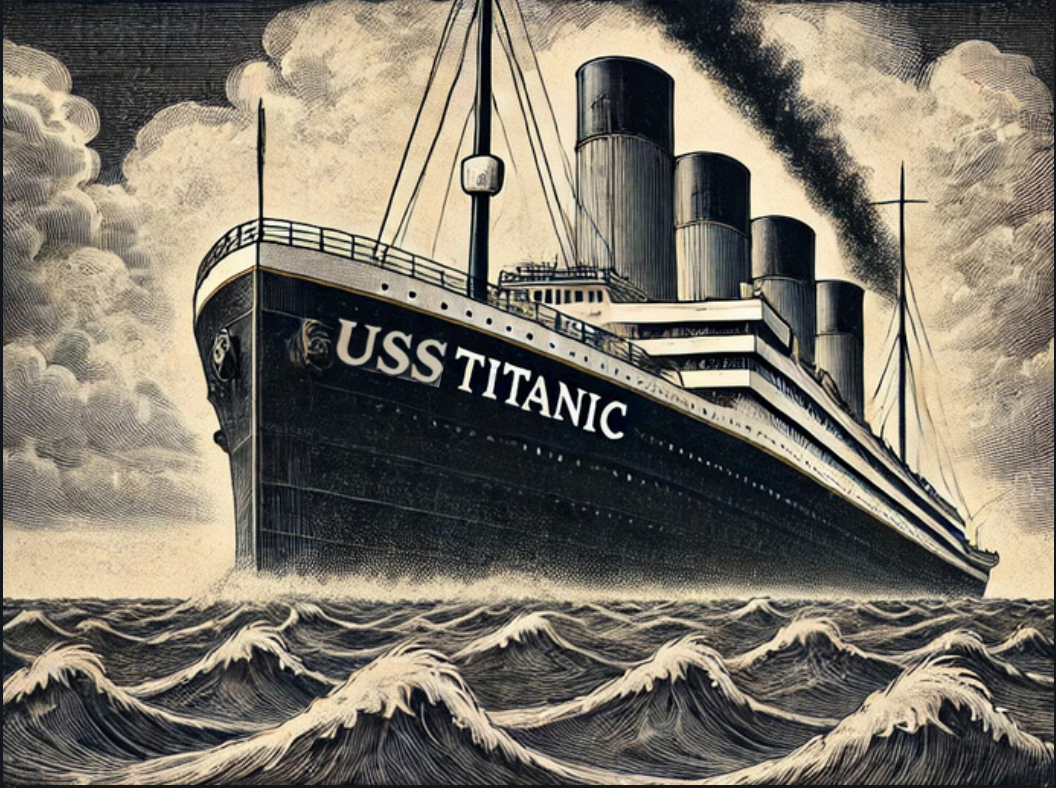


# OUR SHIP OF STATE THE USS TITANIC



YOU HAVE HEARD IT ALL BEFORE: WHY TODAY IS DIFFERENT!

LESLIE A. RUBIN

[MainStreetEconomics.org](http://MainStreetEconomics.org)

November 2024

# Our Ship of State

1

---

## Section I: Why today is different!

---

The United States is Bankrupt. Kaput. We are not OK.

I know what you are thinking, 'I have heard this all before, so what's different today?'

Appropriate question: Everything!

First, I am going to explain what is different today, and then go over the facts you need to know and why this matters to you. And most importantly, what can we do about it.

So please, invest a few minutes to understand this, because without your support the folks in Washington will not fix the problem. It is up to us, we the people, to understand this and send a message to our elected representatives - **fix this mess while there is still time.**

A key measure of financial risk is the ratio of debt to our economy, Gross Domestic Product (GDP) - over 60% is a warning zone, over 90% is the danger zone, according to a study by Reinhart and Rogoff of over 65 countries, over 8 centuries spanning 5 continents. (FYI, the Maastricht Treaty, which created the European Union in 1992, specified 60% as the maximum ratio, although none are following this criteria.)

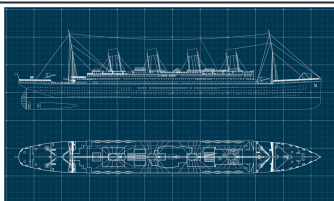
During World War II our debt to GDP ratio exceeded 100%, the danger zone, just like now. But after that, we had 2 decades of fiscal responsibility and a rapidly growing economy, and that ratio dropped to under 40%, a very comfortable ratio. Today, our debt to GDP ratio is 125%, well above the danger zone. But now, the projections are for it to get worse, and worse and worse, unlike the period after World War II - and these are estimates from the non-partisan Congressional Budget Office (CBO)! It is projected to rise to over 200% over the next few decades. **Our ship of state, the USS Titanic, is headed directly at the iceberg,**

**No advanced civilization has ever survived debts like these.**

If you are a concerned citizen and care about the very survival of this country, you need to understand this and then do something about it.

The issue is not hard to understand, but it is very hard to fix.

---



# Our Ship of State

2

---

## Section II: A Bit of History

---

Our Founders understood the importance of freedom and liberty and broke away from the King of England because of the tyranny with which he ruled. Our founding documents were brilliant, stating clearly the rights of man and our desire for freedom.

They understood that too large a central government would lead to tyranny and loss of freedom. So, they designed a Constitution with limited federal power, with checks and balances on that power, and clearly stated in Amendment 10 that all powers not vested in the federal government belonged to the 'states or the people'.

Our current government has completely lost sight of the Founders' wisdom. We have grown a massive federal government with a bureaucracy which seeks to control more and more of our very lives. This has led us to the course we are on, headed toward the iceberg.

Here are a couple of prophetic quotes that you should read:

The first is by John Adams, one of our Founders and our second president.

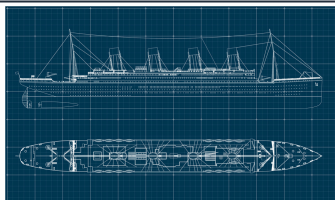
**"Democracy never lasts long. It soon wastes, exhausts, and murders itself. There was never a democracy yet that did not commit suicide."**

Let that sink in.

The second is from a little-known Scotsman, Alexander Tytler from 250 years ago. He was a historian and judge:

**"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."**

Folks, that is exactly what is happening today. As I noted earlier, no advanced civilization has ever survived with a fiscal policy as loose as ours.



# Our Ship of State

## Section III: Just the facts, Ma'am

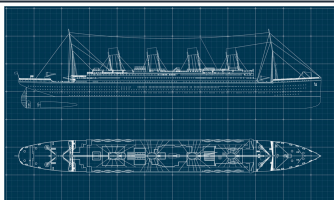
---

Just the Facts, Ma'am. That was the famous line from Sargeant Joe Friday of the old TV show, Dragnet, for those old enough to remember.

Here are the facts of today:

- **\$36 trillion** - our current interest-bearing debt as of November 2024, or \$277,350 for every family in this country
- **\$1 trillion** - the current annual interest on the debt, more than we spend on national defense
- **\$128 trillion** - the total U S government obligations as of September 30, 2023, the last available financials from our government, including unfunded obligations of Social Security and Medicare, or \$986,892 for every family in this country
- **\$56 trillion** - the CBO estimate of our interest-bearing debt in 10 years, resulting from multi-trillion-dollar deficits as far as the eye can see or \$431,765 for every family in this country
- **\$150 trillion** - the CBO estimate of interest-bearing debt in 30 years, or \$1,156,515 for every family in this country.
- **\$37.5 trillion** - the negative net worth of the federal government as of September 30, 2023
- **10 years** - the time frame when the Trust funds for Social Security and Medicare are exhausted. Under current law, at that time, benefits must be severely cut.

This data is real. It comes from our government and is based on current policy, which does not include any new federal programs, recessions, wars, or other unforeseen cost. It also assumes the 2017 tax cuts all expire as provided under current law, which is unlikely to happen. The future will likely be worse, but no one knows how much worse, if we continue down our current path.



# Our Ship of State

---

## Section III: Just the facts, Ma'am

Our own government in the annual financial statements states clearly.

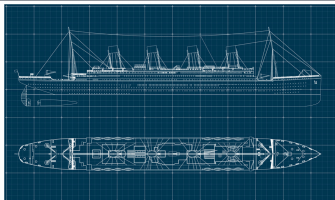
**'the current fiscal path is unsustainable.'**

These numbers are hard to envision, so let's make them relatable to your family. Let's take 8 zeros off the federal income statement for 2023 and see what your family budget would look like:

Revenue	\$44,656
Expenses	\$76,617
Loss	<b>\$31,961</b>
Credit card debt	\$277,350

You are bankrupt. You can no longer borrow money and pay your expenses.

The United States is bankrupt, but it can still borrow money so it can keep on keeping on. For now.



# Our Ship of State

5

---

## Section IV: The Great Ponzi Scheme

In my journey into economics, I have published 2 books and 2 pamphlets.

One book is *'Why You Should Give a Damn about Economics'* and is a primer on basic economics, Econ 101 for laymen, condensed into 95 pages with a final section on the problems we face.

The second book is co-authored with economist Dan Mitchell, *'The Greatest Ponzi Scheme on Earth'*. It has three sections with the first section that delves into the economic problems we face with a chapter on what happens when the Ponzi scheme fails. The second section explains how and why countries through history have succeeded or failed economically, and what policies they followed to get to those outcomes. We draw conclusions from this analysis, which logically flows to the final section: how do we fix the problems we currently have?

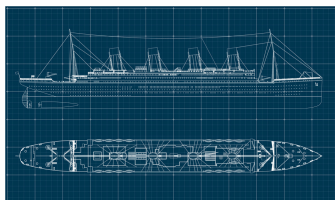
I am not trying to sell books; hell, nobody reads anymore.

**I am trying urgently to Alert and Alarm you, yes, scare the bejesus out of you. You need to understand the Ponzi scheme our government is running right now, what our future holds if we continue our present course - AND most importantly, what we can do about it.**

I'm sure you get it by now - our federal debt is that Ponzi scheme. There will never be a surplus in the federal budget if we continue with current policy - only multi trillion-dollar deficits forever, according to the CBO. So, the only way we can repay the maturing debt and fund continuing deficits is to borrow more money.

**That, folks, is a classic Ponzi Scheme.** It works until it does not, until our creditors finally lose confidence in us, and we can no longer borrow more money.

*\*Here is an interesting fact. The US government must borrow \$10 trillion (\$10,000,000,000,000) new dollars this year. About 8 trillion is to pay off maturing debts, and about 2 trillion dollars is to cover our deficit for the year. That is astounding, and each year it will get worse. In 10 years, that number will be almost 20 trillion per year in new borrowing.*





# Our Ship of State

6

---

## Section IV: The Great Ponzi Scheme

---

When will the Ponzi scheme collapse? I don't know, nobody knows, but when investors lose confidence in our ability to repay the debt and stop buying our debt, it will collapse, then we will be toast. My guess, maybe 10 years - if we are lucky.

When the Ponzi scheme finally collapses, it will make the Great Depression look like child's play. And if the US gets sick, the whole world will catch the disease - the U.S. is that important to the world economy. It will mean the worldwide collapse of our economic system. Nothing will be safe.

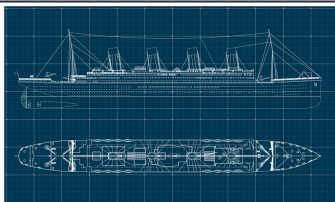
You may think nothing can harm us; we are good. Yes, complacency has set in. For those that don't understand economics, they think we can just print the money, and all will be fine.

**Wrong!** Are you familiar with Venezuela or Zimbabwe? They did just that - printed money out the wazoo. The result is always hyperinflation and their economic system collapsed. In Zimbabwe they were printing 100 trillion-dollar bills - that were worthless.

Greece was warned in the early 2000's about their imminent problems, Cassandra (the mythical Greek goddess who could see the future, but no one would believe her) saw this coming and was shouting loudly - no one believed her. What happened? They failed. But, But, But, they were small enough that the EU (European Union) could come to their rescue and bail them out, so they survived. However, their economy today is weaker than it was 20 years ago.

But you might say, the U.S. is different. After all, we have the world reserve currency. But that is true because - for now - the U.S. retains the confidence of the global financial system, which really doesn't currently have any alternative to the Dollar as the world's reserve currency. But that confidence was earned and is now being squandered. It is nowhere etched in stone that the Dollar will always be the world's reserve currency, and when the world's confidence evaporates - which it will if we continue our current course - we will eventually go the way of Venezuela and Zimbabwe.

So, if the US collapses, who is going to bail us out? **Nobody. We are not too big to fail - we are too big to save.**



# Our Ship of State

---

7

## Section V: What Should We Do?

I know you folks want to hear how great things are, the future is bright, all is well. I wish that were my message - it is not.

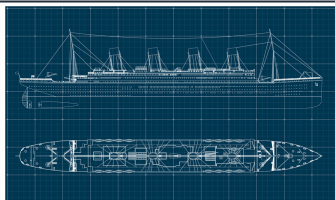
Washington DC - our elected representatives - have made a mess of our federal finances, and it will be very hard to repair the damage.

The good news is that it is not too late, we know how to fix the problem, but it is not easy. Do we have the will to fix it?

Now you understand the problem - you have just seen the data - and the serious consequences which lie ahead if we let the USS Titanic sail into the iceberg. We must not let that happen.

Folks, our generation inherited a country that worked. For almost 200 years we prospered and grew into the mightiest country in the world with limited government and modest taxes. Today we are about to hand over to our kids, grandkids, and all future generations a country that is broke, kaput, and headed to failure.

We should be ashamed of ourselves if we let that happen. It is immoral and unconscionable for us to do that to our heirs.





# Our Ship of State

---

## Section V: What Should We Do?

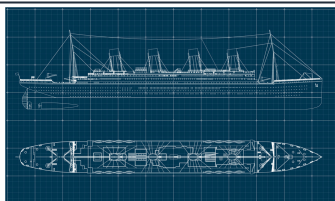
So, how do we fix it? It will be hard, nothing will be easy given where we are today, but we must start now. I see 4 major areas to focus on:

**Term Limits.** We are not governed by Statesmen, like our Founding Fathers were. We are governed by a permanent class of professional politicians who are there for as long as they can provide 'goodies' to voters and continue to be elected. Limiting their terms, like we have done for the President, will be a major step to end that trend. They will then be motivated to do what is best for country, without regard to keeping a permanent political position. This will help move us back to sound thinking based on what is good of our country, as was the case with our Founders.

**Devolve Government.** By that I mean move our massive government back toward the role devised in the Constitution, with powers not specifically assigned to the Federal government reserved to the states, or the people. We can eliminate whole functions at the federal level, and simplify others, reducing dramatically the size and cost of the bloated bureaucracy, which seek to control our lives.

**Reform Entitlements.** There are many entitlements that need to be fixed, but I will only mention the 'big 3' - Social Security, Medicare, and Medicaid. These programs were well intended and should stay, but they are financially dysfunctional and are a major cost to the government, as they are now structured. This will get much worse over time with an aging population. They are major drivers of our deficits and must be reformed and done so without harming the truly needy beneficiaries that need the help.

**Fair Taxation.** Our tax code is a disgrace, 75,000 pages of unintelligible codes and rulings. It is so full of loopholes, special interests, and crony provisions, it is unfixable and unfair. President Carter once said it is a disgrace and we should put a match to it. He was right then, almost 50 years ago, and it has only gotten worse. We need our government to implement a tax code which avoids double taxation and has rates low enough to incentivize people to work hard, create and innovate - and avoids giveaways to entrenched, politically powerful special interests that we can ill afford and distort our economy.



# Our Ship of State

---

9

## Conclusion

---

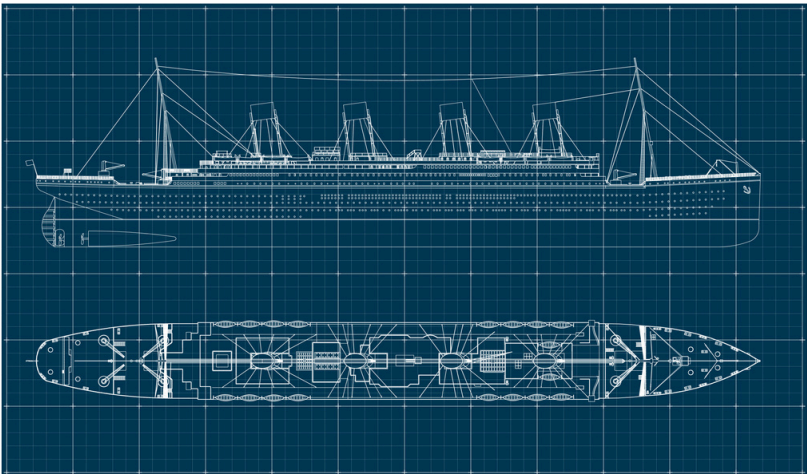
**In Summary.** We need better governing, lower cost of the federal government, and a fair and modest tax system. If we can do that, we will have faster growth and a bright future. How do we know that? We know because we have a huge laboratory from which to learn - called the real world. We have learned there what works and what does not. We know the prescription for a bright future. But do we have the political will to take the medicine?

**Fixing the problem is very hard and painful. Not fixing it will spell eventual disaster.**

**My fellow Americans, hear my plea.**

**Listen, learn, and act - speak up, speak out, to our elected representatives; we the people must demand change, for it is only with the insistence by the American people and our support for change, will our elected officials in Washington do the right thing.**

Thank you for taking the time to read this, and please, do the right thing while there is still time.



---

## 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.

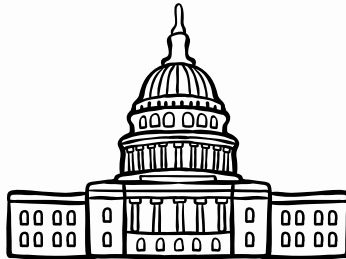
---

## ABOUT MAIN STREET ECONOMICS

---



Let your voice be heard, speak up, speak out and Contact Congress



**Contact Congress**

**We Need Fiscal Responsibility in Washington!!**

**THE MAIN STREET ECONOMICS WEBSITE  
MAKES CONTACTING CONGRESS EASY!**

**SCAN BELOW TO VISIT  
[MAINSTREETECONOMICS.ORG](http://MAINSTREETECONOMICS.ORG)**





**TO LEARN MORE VISIT THE  
MAIN STREET  
ECONOMICS  
WEBSITE!**

**[MainStreetEconomics.org](https://MainStreetEconomics.org)**

