

# Happy 2009?

**By Samuel L. Blumenfeld**

I don't look forward to 2009. Yes, after two and a half months of winter we will have spring and summer, but that's not enough to make up for what is likely to be one of the worst economic years in our nation's history. Our wonderful capitalist system has been undermined by excessive greed, deliberate ignorance and avoidance of reality, fancy investment tricks, outright fraud, and go-go consumerism spurred by unquenchable material appetites and easy plastic credit.

So now we must pay the price. And for many it is going to be painful. The average American has been led to believe that the credit card is the economic instrument of the future. It is said that the average American has about ten cards and will continue to use them as long as the creditors are willing to honor their purchases. Which means that many if not most Americans will be carrying heavier and heavier credit card debt into the future.

Indeed, the credit card has become the indispensable instrument for online purchasing and has become the main funding source for retail America--all based on the buyer's future earnings. Which means that Americans must have jobs with sufficient incomes to sustain the system. But in this time of massive layoffs, many will have to file for bankruptcy. This may not be a bad thing, for bankruptcy means unloading unpayable debt and starting afresh with a clean slate.

Maybe that's what the country needs: an unloading of massive unpayable debt, so that the economy can get back to rude reality and start rebuilding itself on the basis of productive hard work, saving for future endeavors and retirement, and continued technological advance. Some economists argue for a return to a gold-backed currency. But there simply isn't enough gold to underwrite a five-trillion-dollar economy. That is why paper money is necessary. But just because it can be easily printed doesn't mean it should be easily spent.

Paper money may give the illusion of a bottomless financial resource, but that's why reality must always be kept in mind. People don't become foolish spenders with gold coin. You won't part with gold for a cheap cell-phone from China. But people will do so with a credit card or paper money because they believe there is an endless supply of it. Wall Street firms don't even have to handle paper, for all their accounts are in numbers on electronic screens that have even less reality than paper money.

Gold, as a commodity, is a famed storage of wealth. But it earns no interest. And paper money is only a measure of value. It has no intrinsic value itself. It's just a Note. And that is why paper money can lose its purchasing power so easily through inflation. So, if that's the case, should employees demand to be paid in gold? Impossible. There isn't enough of it to go round.

So we are stuck with a monetary system that can be easily manipulated by investment bankers and unscrupulous politicians. Lehman Brothers and Bear Stearns should remain as stark object lessons of what can happen when reality takes a holiday. Ignore both reality and morality, and you'll wind up as these institutions did in the never-never land of expired dreams. As for the unscrupulous politicians, they seem to have an uncanny ability to survive, for the public keeps reelecting them. Indeed, their survivability boggles the mind.

So let us brace ourselves for 2009. But, it won't be all bad. There will be great football games and golf tournaments. There will be ice cream and lobsters and picnics in the country. There will be super auctions to raise cash. There will be great performances, new movies and books. There will also be a million more entertaining videos on YouTube and Google. And, of course, there will be many more blogs on the Internet.

But there will also be more war in Afghanistan. Islamic terrorists will try to inflict harm and destruction on Americans. Russia will flex its muscles with Chavez in the Western Hemisphere. China will build an aircraft carrier to assert its new worldly power and ambition. And Israel and Hamas will be at each other's throats for the foreseeable future. Not to mention Iran and its insane genocidal president. And we can expect the usual number of hurricanes, earthquakes, and deaths of beloved persons in 2009. So, as Bette Davis would say: "Fasten your seat belts. It's going to be a bumpy ride."