

## EARLY INDICATORS

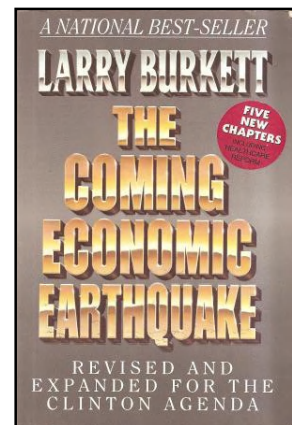
THE COMING ECONOMIC EARTHQUAKE by Larry Burkett (1994)

A NATIONAL BEST-SELLER

An indicator is a certainty of something that may happen; it is the presence of something probable.

Larry describes the indicators as offering some level of concern but, for those who (were) concerned, without a majority or sufficient power to make change (in America, government, etc.). With these indicators before the public, the case for change—and specifically, for cuts in spending—was not of such degree so as to convince the majority that the government's spending patterns should be throttled-back.

A continuing refrain in the book, to certainly this chapter, is that the circumstances of 1994 (date of publication) are much applied to the present. The experts might quickly draw distinctions between the two decades; but the basic circumstances of debt, spending, and general fiduciary recklessness still prevail. Continuing in the chapter, Larry offers some “positive indicators” however:



- **Initiate spending cuts** – the government cannot continue to grow the budget deficit; moreover, it must cut spending to a budget surplus and eventual mitigation of national debt.
- **Stop “Pork Barrel” politics** – the line-item veto enables the President to approved portions of a bill; otherwise, the bill either *flies or dies*...
- **Stop the diversion of non-budget funds** – though law is in place to balance the budget (Gramm-Rudman Act, the 1990 Budget Enforcement Act), the federal government has *loop-holes* in the form of off-budget spending to exceed the budget.
- **Form a government-business partnership to expand exports** – while the ex-port/import circumstances may have some differences in the last two decades, the fact remains that our country has become consumer rather than producer...in contrast to past performance.

On the other side is “negative indicators”:

- **The deficit cannot be funded by borrowing** – and yet the U.S. has continued to borrow for foreign governments to the degree that China is a primary creditor.

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On the other side is “negative indicators” (continued):

- **Monetizing the debt** – Larry makes the point that, “...as long as the government has an ‘out’, there will always be the temptation to use it.” What is the “out”? It is printing of money without equity or without any tangible value....

Larry makes an interesting observation: “The printing of money with no equity backing is essentially counterfeiting by the government.

- **Taxes, taxes, taxes** – if the government does not borrow or print money, it raises the effective tax either through tax rate adjustments or through tax law that mitigates or eliminates tax deductions, credits and other benefits. Taxes come in many forms, but collectively, taxes rob the citizen by gradually driving out the incentive to work and make money.

Larry concludes: “It is important to remember that more taxes are not a problem. They are a symptom of a much greater internal problem: **indulgence**.