

Two comments on the recent "Bailout" of financial institutions by the US Government:

First, for years I have been harping on the fact that there are three kinds of debt which, though apparently separate, need to be looked at as a system: personal debt, corporate debt, and national debt. I argue that they create an unsustainable system. In the late 90s, I went to a revered Dean of the UHM Business School and expressed my concerns, saying that if it were not for our high levels of debt, our economy would have failed long ago.

He assured me that debt was OK and I shouldn't worry about it. I even asked him about this in public in a talk I gave later, and was again re-assured. (Even more ironically, it was a variation of talks I gave earlier about the future of shopping malls and about the future of mortgage banking, which were subsequently published: "Mortgage Banking for the New American Empire, and other futures," *Foresight*, Vol. 6 No. 1, 2004, pp. 13-18; "The last supper of the dinosaurs, Redux," *Journal of Futures Studies*, Vol. 5, No. 4, May 2001, pp. 93-110.)

Yet, I am sorry to say, each of the three forms of debt did contribute massively over the years to the growing crisis, and primarily to the present unfolding catastrophe.

And what I most feared in response to the collapse is what has just recently happened:

Unsustainable personal debt (especially in the form of subprime mortgages, but in other forms as well, including credit cards) brought down corporations whose own debt was confounded by various unfathomable novel debt instruments (like interest-rate swaps, quant-funds, hedge-funds, derivatives, credit-derivatives, auction-rate securities, collateralized debt obligations, and credit-default swaps) so that the insolvent corporations (after decades of bad-mouthing government and praising the "magic of the market") turned without shame or confession of guilt to the US government which unflinchingly assumed their debts simply by passing them on to future generations to deal with, thus "solving" the crisis.

Second, another major flaw in the \$700 billion federal bailout is that it is entirely intended to restore the ability of everyone to go into debt again. It is like giving everyone \$200 to spend in a game of Monopoly in order to keep the game going. The money is not intended, per se, to be spent for any productive activity, such as addressing the other Persons of the Unholy Trinity, especially Peak Oil. The entire point is to get people shopping for Asian products again.

That is the second most troubling thing about the bailout. It may bail out the boat but it is the same old boat dependent entirely on debt-fueled and utterly unsustainable consumer spending. We need an entirely different economic system based on providing goods and services that people need and want--such as sufficient clean, renewable and affordable energy and an evolvable environment, and not on the endless acquisition of goods alone.

Where will the money for alternative energy (or even tar sands, off-shore drilling, or new nuke plants) come from as the economic collapse continues?

And how can people discuss and decide these issues authoritatively since all governments are utterly ineffective, being ideologically discredited and profoundly and purposefully debt-bound themselves?

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