

Excerpt from "The last supper of the dinosaurs: Futures of shopping malls," *Journal of Futures Studies*, Vol. 5, No. 4, May 2001:

(Based on a talk I made on March 17, 2000 for the International Association of Shopping Centers)

But I want to return now to something I discussed above, but left hanging. And that is the matter of consumer debt.

To the extent there is any public concern about debt in the US, it has focused for the most part on national debt. For the last half of the 20th Century, Americans were engaged in a political controversy about whether a large national debt was good or bad or indifferent. It used to be that Democrats, Keynesians all, argued that it was OK for the government to engage in deficit spending during the time the economy was sagging, in order to jump start it again. Republicans used to maintain that deficit spending was evil.

But then the Republicans elected that high-riding cowboy from the Golden West, Ronald Reagan, who, supporting economic concepts that George Bush senior at one time termed "voodoo economics," turned the US from being the number one creditor nation--the nation to whom the rest of the world was in debt--to the number one debtor nation--the nation which owes the most to other nations. And Reagan did that within a two year span--from 1980, when he took over, to 1983. And the US still is the world's leading debtor nation, though Japan may be taking over that distinction soon.

Of course, Clinton is trying to get you to believe that there are huge budget surpluses now and for the foreseeable future which, if applied properly, can erase the national debt by 2010, or some such date. Clinton even made a big show last week of paying down one billion dollars--of a 6 TRILLION dollar national debt--but as some Congressman said once upon a time, "a billion dollars here, a billion dollars there; before you know it you're talking real money."

So it is certainly the case that the discussion of the national debt occupies far more ink and oratory than does discussion of consumer debt.

But it is my contention that it is--and has been for 20 years--to consumer debt that people should turn their attention, because it suggests that most conventional economic beliefs and policies are myths if not outright lies.

No one, not even the richest person in the world, "earns" enough

money through their labor, to enable them to buy everything they want. Everyone, from the richest to the poorest, has to borrow vast sums of money. The poorest, or at least the middle class, borrow the most, in relation to what they earn, or save.

Without this huge and growing bubble of consumer debt, we would have had a major economic depression in 1980, when Reagan took over, and in the mid 1990s, when the Asian Bubble burst.

Most Americans have a lower net worth than they did 15 years ago, when the greatest stock market rally in history began. The bottom two-fifths of households have lost about 80 percent of their average net worth. The middle fifth has lost about 11 percent. The richest 1 percent of America owns more wealth than the entire bottom 95 percent combined, and the inequality is increasing.

Thirty years ago, about 10 percent of American households were broke, with a net worth of zero or less. Fifteen years ago, the number was about 15 percent. Today the number is almost 20 percent.

Meanwhile, Americans continue reach the lowest rate of savings ever--month after month after month. Here are some quotes:
"The percentage of income that Americans were able to save (lowered) to two-tenths of a percent in June, the lowest level since the Government began keeping monthly statistics in 1959" (*New York Times*, August 4, 1998, p. c2). But on June 28, 1999, the government said the savings rate "fell to a record low of minus 1.2 percent" (*Honolulu Star Bulletin*, July 28, 1999). "By August (1999), the saving rate was minus 1.5 percent." (*Honolulu Star-Bulletin*, October 1, 1999, p. C1).

And as saving plummets to new depths, levels of consumer debt get higher and higher at the same time:

"Americans are carrying more debt than ever--about \$1.3 trillion not including mortgages." " The average household credit card balance jumped 2.5% to \$4,722 last year." (*Honolulu Advertiser*, October 7, 1999, p. B7)

Is it a coincidence that Congress just passed a law making it much harder for consumers to clear all debts by declaring bankruptcy? I don't think so. Will this new law make people less likely to use their cards and go bankrupt? I don't think so.

Once upon a time it was possible to deduct the interest you paid on

your credit cards from your income tax, like you do your mortgage. When that law was changed, I expected there to be a massive slowdown in consumer deficit spending. Silly me, thinking consumers were rational. If the change had any effect, it was temporary, and people happily charge ahead piling up debts and double-digit interest rates without a worry in the world.

My grandfather must be rolling in his grave.

Given the fact that our global economy sits on top of this tremendously fragile bubble of debt, anything that might slow or stagnate consumer deficit spending could result in catastrophe. Global capitalism is the only game in town. When communism suddenly and unexpectedly collapsed at the end of the 1980s, only capitalism remained, and boy, did it take OFF! Nothing can stop it.

There are no alternatives.

Yet from other points of view, many people, though perhaps not many of YOU, argue that capitalism, especially growing, global capitalism, is in fact not sustainable. It is not economically sustainable, because it is causing the huge gap between the super rich and everyone else which will provoke reaction, and perhaps revolution, in the future.

Moreover, hypergrowth-oriented capitalism is not environmentally sustainable, many people insist. We are eating and polluting the planet at a rate from which old Mother Earth cannot recover. If the masses don't revolt, the Earth may collapse, in either case bringing predatory capitalism, and certainly consumer-frenzied shopping malls, to an end.

Isn't this what "Seattle" was all about--meaning the thousands of people who showed up in that city a few months ago and brought the WTO conference to a screeching halt?

That was not a fluke. That was not a one-time event. That was the tip of a very big iceberg of popular and global discontent which allies the mom and pop, small-town shopkeepers of the world with blue collar labor unionists, with environmentalists, with patriots, Militiamen, the Religious Right, and advocates of Buy America. That is a LOT of people who, if united (as they were for a while in Seattle) can change history.