

LAW REVIEW

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A CONVERGANCE OF FORCES RESULTS IN UNPREDICTABLE FUTURE FOR U.S.

Last week a friend told me about a business seminar he attended in Chicago. What he said got me thinking, which itself can be scary.

Biblical Proportions

The keynote speaker, a well-regarded economist, opened his ominous remarks with something like this:

The U.S. is for the first time in modern history facing a daunting set of challenges—converging forces of “biblical proportions”, and where we are headed as a country, no one knows.

(At this point in the conversation it was well into the party, so I am winging it from here on.)

Daunting Challenges

❖ The price of oil is \$143 a barrel and spiraling upwards (although maybe dipping momentarily), resulting in gas prices approaching \$5 a gallon and projected to go higher.

❖ China and India and other developing nations are driving the international markets, not the U.S., pushing the demand for goods, most notably oil, upwards. Have you checked the price of steel lately? Or groceries.

❖ Many of our biggest institutions and corporations have been purchased by foreign investors often under dire circumstances. We are being propped up and gobbled up by foreign money. Ask Bud drinkers what they think about the possible acquisition of the King of American Beers by the Belgium brewer InBev.

❖ Long standing American companies mostly in the brokerage and lending business have folded, like First Magnus, Merrill Lynch, BNC Mortgage. Over 100 medium to large companies have gone under. Our major airline carriers are in trouble.

❖ Still own your own house? Lots of folks don't, having being swept up in the go-go real estate appreciation era, trying to realize the American Dream or buying that second or third home in a rapidly rising-can't lose-market, only to buy at the top. While our local real estate market generally maintains its own, the number of foreclosures in our country is unparalleled except perhaps during the Great Depression. I've read that banking losses to date exceed \$386 billion while \$5.5 trillion in wealth was lost in the subprime banking debacle. And it's not over.

❖ Consumer credit card debt is at an all-time high as citizens try and cope.

❖ Our national deficit is the highest ever, over \$ 9.5 trillion dollars, a 15.5% increase since President Bush took office.

❖ We are spending \$341.4 million a day on the Iraq war. Democrats have been accused of being the tax and spend party, but President Bush and his less than candid (as report after report confirms) invasion and occupation of Iraq

costs us \$341.4 million per day. (\$533 billion to date per the National Priorities Project). No country can sustain that monetary outlay without any domestic benefit.

❖ With the lack of confidence in our economy, the dollar has plummeted in value. Traveled abroad lately, where \$1 will get you 50 cents of value?

❖ The world is not a safer place.

❖ Much of the world despises our government—at least our President. It didn't use to be that way.

❖ What about our Constitution? The U.S. Supreme Court has reinstated the Constitutional rights and civil liberties stripped by the current administration and Justice Department attorneys—in case after case. Gitmo being the latest. The scandal at Abu Ghraib prison in Iraq has tarnished our international reputation.

Has the U.S. peaked as the world's most prominent and powerful country?

So Take That

I got a bit carried away here—from listening to a three minute, second-hand story of economic forces converging—to throwing out my own half-baked thoughts and concerns (ignoring the many positives of our country and people), but I offer this column as food for thought.

You are welcome to blast away.

Post Script

And while on I'm on a roll, or is it a rant, here is a contrarian view: "High gas prices are the best thing to happen in our country in some time."

Are we finally weaning ourselves from our dependence on oil (to repeat a hollow sound bite)? American car manufacturers may finally invest in fuel-efficient cars. Some drivers are driving the speed limit to get better mileage. Use of mass transit this quarter alone has increased 3% across the country. And note the increase in car-pooling. Hopefully, we will finally look to alternative energy sources, rather than solely focus on drilling in pristine places for more oil. Just looking for the positive.

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