

The Canaries in the Gold Mines:

Discussing the health of the United States Economy

In the days before digital air sampling devices and other modern scientific technology, miners kept canaries with them deep underground. The canaries were more sensitive than the miners to reduced levels of oxygen and increased levels of unbreathable gases like carbon monoxide and methane. If a canary died due to problems in the air supply the miners knew it was time to leave the mine – that the air supply would soon be unable to sustain human life.



The United States of America's economy is the largest in the world, an incredible gold mine of innovation and perspiration that generates more than \$13.2 trillion per year in goods and services.¹ Throughout the history of the nation and the colonies that preceded it, this economic gold mine has grown in a pattern of nearly continuous expansion. At first this expansion was literal - our forefathers drove westward to make their fortunes by foot, wagon and then railroad. Soon enough the wildernesses were settled, limitless forests harvested and transformed into limitless farms and villages, coal and oil extracted to spin the mighty wheels of progress at an ever-quickenning pace.

To sustain this pace of perpetual growth we must now reach to the farthest corners of the world: the goods we buy, the fuel we burn, even the food we eat travels distances that would have been completely unimaginable to even our grandfather's fathers. Because of the incredible complexity and expense associated with today's global economy, only giant corporations are able to complete the logistical miracles of the modern age. But giant corporations are almost always soulless, driven only by the need for a higher profit than last year in order to ensure that stock prices will climb by an acceptable percentage.

But in placing our nation in the hands of Wall Street we have made a deal with the devil, selling our souls for cheap prices and easy credit while we left our own manufacturing capacity to rust away, became addicted to the oil that is owned by our enemies, and imported food that is a genetically-modified, shelf-stable, chemical-filled imitation of the food grown by our grandfathers and grandmothers. Of course, the devil always decides when it is time to collect in these deals... Even the most simple form of common sense tells us that a perpetual growth economy that never ends can hardly be possible – that there will surely come a time when our appetites truly outpace the available resources, when new technology can no longer allow us to get any bigger, move any faster. Even great empires eventually stagger under their own weight; Britain did in the first half of the 20th century, just as Rome faltered 1,500 years earlier.^{2,3} Right now several of the canaries in the economic gold mine that supports the United States' incredible empire are faltering, suggesting that there may be a slow down in the level of prosperity and bounty that we have enjoyed almost continuously for more than 50 years. Specific problems include:

- **Collapse of the sub-prime lending market:** In recent years lenders have given money to borrowers that could not meet the old standards for a safe bet. They figured that by charging these people higher interest rates they could absorb the losses created when more of these high-risk loans defaulted. They guessed wrong – more loans went unpaid than expected, causing the mortgage companies themselves to fail. As of this writing 121 sub-prime mortgage companies have gone belly-up since mid-2006, sending widening ripples of uncertainty through our stock market and economy.⁴ Worse yet, hundreds of thousands of Americans have lost their homes while foreclosure rates have skyrocketed. More than 1.2 million foreclosures were filed in 2006, while a staggering 2.5 million additional foreclosures are expected to be filed in 2007 and 2008.^{5, 6}
- **Softening of the housing market:** Much of our nation's industry is tied to the housing market. The endless building of new homes employs not only an army of carpenters but also a much larger army comprised of all of the workers in the mines, mills and factories that produce all of the building materials, new furnishings and fixtures. The reduced ability to obtain easy credit has combined with the homes emptied by the foreclosure epidemic to create a glut of homes in the real estate market. In addition to slowing down the housing industry, the perpetual growth in the values of all of our homes has begun to slow or – in some parts of the country – to shrink. Many of the foreclosures were generated when families found themselves trapped in houses that were no longer worth as much as the mortgages they owed.

- **Collapse of the U.S. dollar versus the Euro, Yen and the British Pound:** The U.S. dollar has been hitting record low values as compared to the other major currencies of the world, especially the Euro - the currency used by 317 million Europeans living in 19 European countries.⁷ In the past, all the goods, fuels and food we import has been traded in dollars - the world's universal currency. But with more and more countries using the Euro, more and more countries are demanding to be paid for their goods in that currency. This means that our weak dollar is buying less oil, food and hard goods than ever before. This summer, travelers from the United States have been shocked to have to pay \$10 for a bowl of soup and \$7 for a glass of soda in Europe.⁸
- **Rising energy costs:** For decades the entire global economy has been driven by inexpensive, limitless oil. The tractors that till our fields, the trucks that carry our goods and the gigantic container ships that cross the ocean – all of these are directly impacted by the price of oil. For decades the United States has been the world's greatest consumer of petroleum.⁹ But the recent mechanization of giant nations like China and India have driven the global need for oil to an all-time high at the same time that the global oil pumping, shipping and processing infrastructure is running at or near peak capacity. In fact, the blue-ribbon, federally-chartered National Petroleum Council (NPC) just issued a report projecting a 50% to 60% increase in demand for oil by 2030 even as worldwide oil production is expected to peak in 2015, creating an energy crisis of global proportions.¹⁰

All of this may sound like so much more of the “doom and gloom” that we see on the news every day. However what we are really facing is a time of transition and transformation – an opportunity to grow and prosper as we move toward an economic system that may actually come to exist in harmony with the Earth around us. We must take steps now to ensure that we are ready if things get a little tougher down the road. Specifically:

1. **Consider your debt situation**, giving special attention to variable-interest lending such as credit cards, consumer loans and adjustable rate mortgages. Do not allow your back to be pinned against the wall by unnecessary spending on unneeded consumer goods. Instead, consider working aggressively to retire as much debt as possible.
2. **Consider your fuel requirements.** How would your life be impacted if gasoline and/or diesel fuel prices doubled or tripled? Consider taking the steps needed to pull home, work and community together into a tight geographic radius so that long drives are optional, not mandatory. Are there more fuel efficient options or vehicles available for your work and travel?
3. **Support locally sustainable consumer options**, especially with such fundamentals as food and manufactured goods. Healthy local farms and small businesses will be essential if it is no longer feasible to ship goods all the way from China to the giant chain retailer in your town.
4. **Be prepared** to endure hiccups in the current supply chains. The calamity wrought by Hurricane Katrina on our Gulf Coast citizens taught us that we should all be ready and prepared to take care of ourselves in the event that the power is off and/or clean water is not available for a few days or a few weeks. A pantry filled with canned goods and bottled water is a good start. A garden filled with your own fresh food is even better.

Remember, it is up to YOU and your family to think carefully about your own situation, then make the decisions that are going to best prepare you for the future. Each of you has the power to be the master of your own destiny!

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You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete. **Buckminster Fuller**