

COULD IT HAPPEN HERE?

WEB BUZZ 2009.02.09

In our February 3, 2009 economic seminar here in Wichita, we concluded our presentation with our fears. One of these fears was riots. From what we have seen recently, it appears that such may well be in the cards. Note the following:

- 1. Ireland has proposed a 7% reduction in pay for bureaucrats, teachers, police, etc. The union members are warning of a revolution.**
- 2. In California, which is the closest to socialistic control of all the states, is ordering two unpaid days off each month. This amounts to a 10% pay cut.**
- 3. The counties in California are filing lawsuits against and withholding payments to the state capital.**
- 4. California is paying some vendors in IOUs.**
- 5. Several California cities have filed for bankruptcy.**
- 6. Birmingham, Alabama is on the brink of bankruptcy.**

One could go on and on, but you can see what we are getting at. The sector of the economy which to date has gone largely untouched is the public sector—federal, as well as state and local governments. Over the years, these people have organized and have been ravaging the tax-paying public with their short workweeks, large pensions, and restricted work rules. As we approach the winter of the economic cycle, this game is largely over. As indicated above, it is not just an American problem—it's worldwide. For example, 10,000,000 Chinese farmers have left the eastern cities and are headed home to poverty, having been laid off from their industrial jobs. These people historically, because of their numbers, are skilled in riots. We in the west just don't hear much about them—but with the internet now in place, we may become better informed this time around of such matters.

Of even more concern, but well down the line, is the possibility of war. Again, winters of business cycles—particularly those of major proportions, which we expect

this time—are breeding grounds for riots and wars. Will it happen this time? We don't know, but we have our fears.