

The Party's Over

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The Crash of 2008, which is now wiping out trillions of dollars of our people's wealth, is, like the Crash of 1929, likely to mark the end of one era and the onset of another.

The new era will see a more sober and much diminished America. The "Omnipower" and "Indispensable Nation" we heard about in all the hubris and braggadocio following our Cold War victory is history.

Seizing on the crisis, the left says we are witnessing the failure of market economics, a failure of conservatism.

This is nonsense. What we are witnessing is the collapse of Gordon Gecko ("Greed Is Good!") capitalism. What we are witnessing is what happens to a prodigal nation that ignores history, and forgets and abandons the philosophy and principles that made it great.

A true conservative cherishes prudence and believes in fiscal responsibility, balanced budgets and a self-reliant republic. He believes in saving for retirement and a rainy day, in deferred gratification, in not buying on credit what you cannot afford, in living within your means.

Is that really what got Wall Street and us into this mess — that we followed too religiously the gospel of Robert Taft and Russell Kirk?

"Government must save us!" cries the left, as ever. Yet, who got us into this mess if not the government — the Fed with its easy money, Bush with his profligate spending, and Congress and the SEC by liberating Wall Street and failing to step in and stop the drunken orgy?

For years, we Americans have spent more than we earned. We save nothing. Credit card debt, consumer debt, auto debt, mortgage debt, corporate debt — all are at record levels. And with pensions and savings being wiped out, much of that debt will never be repaid.

Our standard of living is inevitably going to fall. For foreigners will not forever buy our bonds or lend us more money if they rightly fear that they will be paid back, if at all, in cheaper dollars.

We are going to have to learn to live again without our means.

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Up through World War II, we followed the Hamiltonian idea that America must remain economically independent of the world in order to remain politically independent.

But this generation decided that was yesterday's bromide and we must march bravely forward into a Global Economy, where we all depend on one another. American companies morphed into "global companies" and moved plants and factories to Mexico, Asia, China and India, and

we began buying more cheaply from abroad what we used to make at home: shoes, clothes, bikes, cars, radios, TVs, planes, computers.

As the trade deficits began inexorably to rise to 6 percent of GDP, we began vast borrowing from abroad to continue buying from abroad.

At home, propelled by tax cuts, war in Iraq and an explosion in social spending, surpluses vanished and deficits reappeared and began to rise. The dollar began to sink, and gold began to soar.

Yet, still, the promises of the politicians come. Barack Obama will give us national health insurance and tax cuts for all but that 2 percent of the nation that already carries 50 percent of the federal income tax load.

John McCain is going to cut taxes, expand the military, move NATO into Georgia and Ukraine, confront Russia and force Iran to stop enriching uranium or "bomb, bomb, bomb," with Joe Lieberman as wartime consigliere.

Who are we kidding?

What we are witnessing today is how empires end.

The Last Superpower is unable to defend its borders, protect its currency, win its wars or balance its budget. Medicare and Social Security are headed for the cliff with unfunded liabilities in the tens of trillions of dollars.

What we are witnessing today is nothing less than a Katrina-like failure of government, of our political class, and of democracy itself, casting a cloud over the viability and longevity of the system.

Notice who is managing the crisis. Not our elected leaders. Nancy Pelosi says she had nothing to do with it. Congress is paralyzed and heading home. President Bush is nowhere to be seen.

Hank Paulson of Goldman Sachs and Ben Bernanke of the Fed chose to bail out Bear Sterns but let Lehman go under. They decided to nationalize Fannie and Freddie at a cost to taxpayers of hundreds of billions, putting the U.S. government behind \$5 trillion in mortgages. They decided to buy AIG with \$85 billion rather than see the insurance giant sink beneath the waves.

An unelected financial elite is now entrusted with the assignment of getting us out of a disaster into which an unelected financial elite plunged the nation. We are just spectators.

What the Greatest Generation handed down to us — the richest, most powerful, most self-sufficient republic in history, with the highest standard of living any nation had ever achieved — the baby boomers, oblivious and self-indulgent to the end, have frittered away.

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