



Crisis Looms, and Kevin Williamson Can Hardly Wait

By: Luca Gattoni-Celli— May 23, 2013

That was the takeaway from a discussion of his new book *The End Is Near, and It's Going to Be Awesome*. In it, the *National Review* ace noted at Thursday's event hosted by the Cato Institute that fiscal crisis is inevitable as a matter of simple arithmetic. He pegs the "national aggregate fiscal overhang," including state and local debts and unfunded liabilities, around \$140 trillion, and fast approaching the combined value of every asset on earth.

But Williamson insists there is a silver lining. "I think this is a good opportunity for us. I hate to take the approach of Rahm Emanuel, 'Never let a crisis go to waste,' but if you have one coming, you should take advantage of it."

Present fiscal projections generally assume the interest rate, and with it Uncle Sam's cost of borrowing, will remain close to zero. I would note that the Federal Reserve's unprecedented expansion of the monetary base in response to the Great Recession makes that virtually impossible. Williamson says that once the crisis hits, which will be soon, political leaders will have to start making tough choices about what to fund—and treasury bond holders will win out over social security claimants. "They [politicians] will do the right thing once they've exhausted every other option, and the good news is they are running out of options, and we should offer them alternatives."

To wit, he proposes voluntary arrangements in the mold of personal insurance and mutual aid societies, like the fraternal lodges of early 20th-century America. This is where preparation can meet opportunity. Invoking Friedrich Hayek, the namesake of the auditorium housing the event, and Ludwig von Mises, both Austrian economists, Williamson said incentives and property rights are not enough to encapsulate capitalism, or present it in a compelling manner that will win over skeptics and open minds unfamiliar with the philosophy of liberty.

He called for a new vision of markets, one that reflects their true nature as a community built on rich, personal relationships, and their potential to solve pressing social problems: "I think we should be talking about a positive obligation to do things for people who are not able to do things for themselves." Three major sectors of the economy are dominated by government—education, health care, and pensions—and markets can offer solutions, if they are tried.

In the end, Williamson's message was one of optimism, confidence, and even humor. "American voters are stupid," he remarked, "but compared to everyone everywhere else, you're actually very smart people."