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When The Money Runs Out

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Robert J. Samuelson says the current standoff in Washington is probably the new normal, given that we have almost certainly entered a time in economic history in which we cannot expect growth like we have known since the end of World War II. Excerpt:

The temptation is to think that stronger economic growth will ultimately rescue us and make choices easier. This is economic growth's appeal. It provides the extra income to buy more of what we want. We explain the weak economy as the hangover from the financial crisis and the Great Recession. Their legacy of caution and pessimism will, with time, dissipate. The economy will strengthen. This is plausible.

But it's equally plausible that slow growth will persist. We rebel at the notion. As economist Stephen D. King writes in his book "When the Money Runs Out: The End of Western Affluence":

"Our societies are not geared for a world of very low growth. Our attachment to the Enlightenment idea of ongoing progress — a reflection of persistent postwar economic success — has left us with little knowledge or understanding of worlds in which rising prosperity is no longer guaranteed."

His glum outlook is more than idle speculation. In a recent column, I noted that annual U.S. economic growth has averaged slightly more than 3 percent since 1950, but predictions of future growth cluster around 2 percent. Significantly, the forecast slowdown reflects factors that are only weakly related, if at all, to the recession, as Cato Institute economist Brink Lindsey shows in a new study.

We can expect the long, withdrawing roar of high economic growth to lay bare social and moral fracturing that was minimized by money.