

Debt Doom is Coming

By Glenn Harlan Reynolds

I don't have any ideas either. That is, I see no way, under current political constraints, to keep the debt from growing to the point at which it is not merely unsustainable, but actually causing fiscal collapse. As economist Herb Stein said, something that can't go on forever, won't.



Robert Sterling [@RobertMSterling](#) · Mar 11

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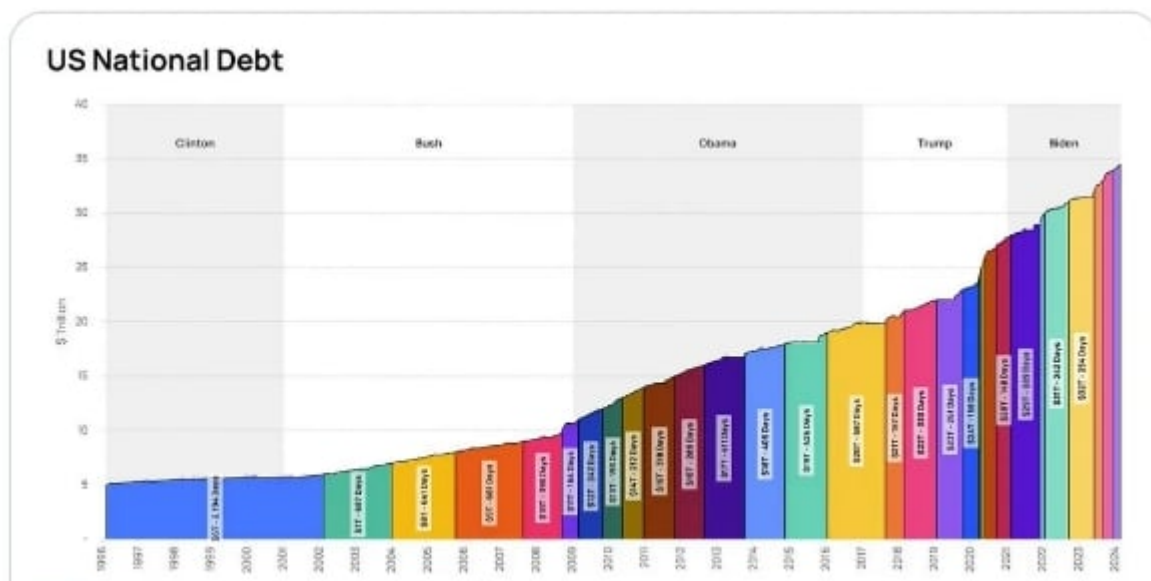
This is the scariest chart I've ever made. This is what it looks like when a country is heading toward a financial precipice.

Each color shows \$1T getting added to the **national debt**.

Not that long ago, it took six years to add a bar.

We're now adding one every 90-120 days.

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Of course, every institution in our government, media, and academia will be – and to a degree already is – mobilized to paper over the problem as long as possible, and then for a bit after that. But the truth is, there was some major enthusiasm for curbing spending during the Tea Party era, a decade-and-a-half ago, but that enthusiasm, along with the Tea Part movement itself, was quickly abandoned and undercut by the

political establishment (along a more or less bipartisan line) because cutting spending to sustainable levels would have knocked a lot of politicians off the gravy train. Something that nobody who matters wants to be done, won't be, at least not any time soon.

And who knows? Politicians have been kicking the national-debt can down the road for as long as I've been alive. There were predictions of doom at debt levels that seemed high back then, but that seem comically low now. So maybe they'll keep that can moving for a while longer. Maybe new technology developments in AI, robotics, or nanotechnology will set off so much economic growth that we'll grow our way out of it. Maybe they'll be able to inflate it away to manageable levels without setting off hyperinflation or riots. Maybe aliens will come and offer us a new monetary system that will make debt meaningless, or enslave us all as food animals, also making debt meaningless.

But maybe not. There's a pretty solid chance that we're going to face some sort of economic collapse as the debt proves unserviceable, and there's probably not much of anything that anyone can do to stop it, or at least nothing that anyone who could do something wants to do.

But we should be ready. And I don't mean ready in the prepper sense. Canned goods, shotgun shells, and gold and silver coins are all fine in their place, but I mean ready in the political sense.

A financial collapse will – like all crises and catastrophes – also be a political opportunity for someone. You can bet that the lefties will be ready to move in and take advantage. But what about people on the small-government side?

We need to think about what resources will be available, and how to put them to use. State and local governments will still be there if the federal government goes broke. States

have their own credit ratings, their own bureaucracy, their own police and military forces. Local governments retain the main role in maintaining order and providing essential services. States have issued their own currency in the past, and can do it again if necessary.

States can do a lot of things when the federal government is rendered largely helpless. In a limited way, activist governors like Ron DeSantis and Greg Abbott have demonstrated some of that. If I were preparing my state for federal collapse, I'd make sure its debt was manageable and its credit good, invest its "rainy day fund" in things that would still be valuable when treasuries weren't, and build up my State Guard, state police, and other state resources so that they could pick up some of the slack when the feds fell down. I'd also start boosting my state's independence in terms of resources and food supplies as much as possible. Also, stockpiles of essential medical supplies and other goods, mutual aid agreements with neighboring states, emergency communications systems independent of federal networks, plans to temporarily pay unpaid federal workers, or find them alternative employment, and more.

There's only so much you can do with that, but I'd do what I could. And I'd try to boost state spirit among my populace, to give them something to rally around if the federal government fell into bankruptcy and impotence.

If I were a business leader I'd try to onshore my production as much as possible, and I'd also try to disperse my facilities across multiple states. A collapsed federal government likely means international turmoil, and we could see – as we have in the Red Sea already – a return of piracy burdening international trade. I'd also be reluctant to bet everything on facilities in a single state, especially states that, like California, are teetering toward bankruptcy themselves. I'd try to hold cash in other stable currencies (if there would be any in the catastrophic event of a U.S.

default that could be identified in advance) and I'd try to hold some of them offshore in politically stable locations.

Aside from trying to protect my supply chain, I might want to hold bigger stocks of key materials and parts – backing away from “just in time” inventory systems that haven't fared so well in the post-Covid era anyway. I might put some contingency clauses in payment contracts with customers and suppliers. I'd look for ways to pay employees and take care of them (e.g., health benefits) in the event that dollars weren't the thing anymore.

At the national level, we also need to be cultivating the seeds of a Millei moment. Javier Millei took the helm in Argentina under similar conditions of fiscal disarray, and is using that to slash the bureaucracy – including, significantly, state-controlled media – with considerable success. This country could use something similar. That means someone should look at what Millei has done and how Millei has made it work, and establish similar targets for the United States government.

And after the collapse, maybe a constitutional convention. In a foreword to the *Tennessee Law Review's* symposium on constitutional conventions, I included [a number of proposals](#) for amending the Constitution to prevent excessive government growth and indebtedness. These included a proposal to establish a House Of Repeal, a third house of Congress whose sole function would be to repeal existing laws. Also, a “no representation without taxation” provision: “Under an ideal system, everyone, regardless of income, would pay at least some income tax (enough to notice—say in the neighborhood of five percent of gross personal income), and the amount paid would fluctuate up or down in tandem with federal spending. More spending should hurt, at least a little.” That would be coupled with much stricter limitations on federal borrowing, to prevent Congressional end-runs.

I would also consider increasing the number of members of the House to make it more representative, as the Framers intended. I've written about it [before](#), as have others. When created, the House of Representatives had a ratio of 30,000 citizens to each member. Now it's 762,000 citizens. This is the result of a statute fixing the number at 435, the Permanent Apportionment Act of 1929, which has remained in effect to this day despite the vast growth in the U.S. population. A more representative Congress would, presumably, be more attentive to the needs and desires of the public than the one we have now.

Well, these are some thoughts. Perhaps you have other ideas, which you should feel free to share in the comments. When things go south, as they very well might in the next few years, there won't be much time to think. So maybe we should do so now.

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