



## Diagnosis II for America: Cancer!



America is deeply in trouble, with high unemployment and the huge national debt often cited as the top two problems. But what is the root cause for these problems?

To me, here are the two root causes:

- (1) The rise of **BRICS** (Brazil, Russia, India, China, and South Africa), led by China, as economic competitors to America.
- (2) The incompetence of America's political system, especially when compared with China's.

Specifically, here is what happened to America after WWII:

- (1) America thrived from 1946 to 2000 for one key reason: America was the economic monopoly in the world! America's competitors either destroyed themselves through the war (e.g. Germany and Japan) or screwed themselves up badly after the war by adopting a fundamentally flawed system called "communism" (e.g. China and the former Soviet Union). As a result, America was left as the only game in town, making and inventing virtually everything and naming its own prices. This not only got America out of the Great Depression finally, but also created unprecedented prosperity in America throughout the second half of the 20<sup>th</sup> century. "Made in the USA" was the default. "Fair trade" was not even a phrase in American English, just "free trade"!
- (2) While America's superb capitalism has been driving the economy, democracy, as we know it today, has been progressively driving America deeper and deeper into socialism. We became victims of our own success! However, no big problems showed up before 2000, because America, as the economic monopoly, could afford anything and everything, including democracy!
- (3) The bottom fell out at the turn of the 21<sup>st</sup> century, when BRICS began to show their strength. The rise of BRICS not only signaled the end of America's economic monopoly (e.g. America started crying for "fair trade" and emphasizing "Made in the USA"), but also revealed the naked truth about American democracy: It does not work! As a matter of fact, democracy is failing in America today for the same reason as it failed in "democratic" Rome (and Greece) more than 2,000 years ago: debts!

The rise of BRICS was inevitable, but the incompetence of America's political system was not. Unfortunately, American politicians have been trying to fix everything but the political system, which has made a bad situation much worse. In other words, we have a cancer, but we have been treating it like anything but a cancer!



## 1. What is the cancer?

Today, most American politicians are career politicians, working for one purpose only: getting re-elected *ad nauseam*, even if it means destroying America by emptying her public treasury! In other words, they serve themselves first, their constituents a remote second, and their country dead last! It is an insidious cancer, killing America from within, slowly but surely ...

## 2. How was the cancer developed?

Let's look at Congress ...



- (1) Before WWI, America's members of Congress were unpaid for their services. In other words, first they made it (i.e. becoming financially independent), then they served with honor for a few years, and finally they went back to where they came from. Serving was never meant to be a way of life - not to make a living, let alone a career!
- (2) After WWI, America's members of Congress voted themselves stipends to cover the cost of living in Washington. Still no pay for any assistants – they could bring in as many as they wanted, as they were on their own.
- (3) After WWII, America's members of Congress voted themselves full pay, plus great benefits such as pensions, and added salaries for many assistants, thus paving the way for "career politicians." All hell broke loose after that! Since then, most of them have been serving for one purpose only: getting re-elected *ad nauseam*. In other words, it stopped being about us, or about the U.S. – it became all about them! It is an insidious cancer, killing America from within, slowly but surely ...

## 3. How has the cancer been killing America from within?

For most, if not all, politicians, the re-election campaign starts as soon as they are elected. How do they keep getting themselves re-elected? By any and all means! Two examples:

- (1) Recklessly robbing business by supporting special interest groups (e.g. unions)! Still wondering about high unemployment? Wonder not! Our cost structure is too high!
- (2) Blindly robbing the public treasury by introducing socialistic programs such as affordable housing and affordable healthcare, to such an extreme now that in many cases, you are better off on welfare than by working! Still wondering about the huge national debt? Wonder not! The money has been used to buy votes!

Neither was a huge problem though, thanks to our superb free enterprise system, until 2000, when BRICS, led by China, showed up as economic competitors ...



#### 4. A few words on China

I was born in China in 1959 and grew up in the horrible days of [the Cultural Revolution](#). So I know what socialism is: it destroys any incentive of work in people, resulting in a country being dirt poor! For example, in China before 1980,

- (1) Economy: It was totally ruined because the working class took over the economy from the rich in 1949, without knowing what to do with it!
- (2) Housing: Yes, it was basically free, but most urban families ended up living in dorms.
- (3) Health-care: Yes, it was basically free, but it was low-tech and long waits.

Then what happened? [Chairman Mao](#) died in 1976. China changed, fundamentally and big, thanks to a wise man named [Deng Xiaoping](#)! China started embracing capitalism in 1978, and is now more capitalistic than America in many ways. Overall, the Chinese system (i.e. capitalism + autocracy), with many endemic problems of its own, appears to be slightly better than the American system (i.e. capitalism + democracy), especially in terms of running a country like a business. In fact, today's Chinese government is more pro-business than today's American government, even [per Steve Wynn](#)!



#### 5. Our responses to the competition from China?

Complaints only! Worse yet, some American politicians have simply resorted to China bashing (e.g. currency), as they did to Japan in the 1980s. Here is a big problem though: It will not work this time! Four main reasons:

- (1) Unlike Japan and Germany, China has both the size and weight to fully compete with the U.S.
- (2) Unlike Japan and Germany, China is not a post-WWII U.S. "colony".
- (3) Like Japan, Germany, and even the U.S., China has been building its initial wealth through exports.
- (4) Like the U.S. in its early days, China has the potential for huge domestic consumption. China has been striving, and succeeding, in creating a domestic market fueled by its newfound wealth. For example, in 2011, more cars were sold in China than in the U.S.!



**We are not going to contain China. You can't. Not only do we have no interest, it's also impossible. So why do you bring that up, it can't happen."**

**RICK LARSEN**  
CO-CHAIR OF THE US-CHINA  
WORKING GROUP



## 6. America's self-destruction

America has been self-destructing in two major ways:

- (1) By the extreme left: The politicians on this side keep driving America deeper and deeper into socialism, with public-sector unions being the worst example. Spending and debts!



- (2) By the extreme right: The politicians on this side keep driving America deeper and deeper into imperialism, with the Iraq war being the worst example. War and debts!



In short, it's the political system, stupid!



## 7. Is our political system really so bad?

Yes, it is! Because of this getting re-elected *ad nauseam* thing, the ugliness of our presidential re-election seemed to have seeped into the two wars in Iraq and Afghanistan.

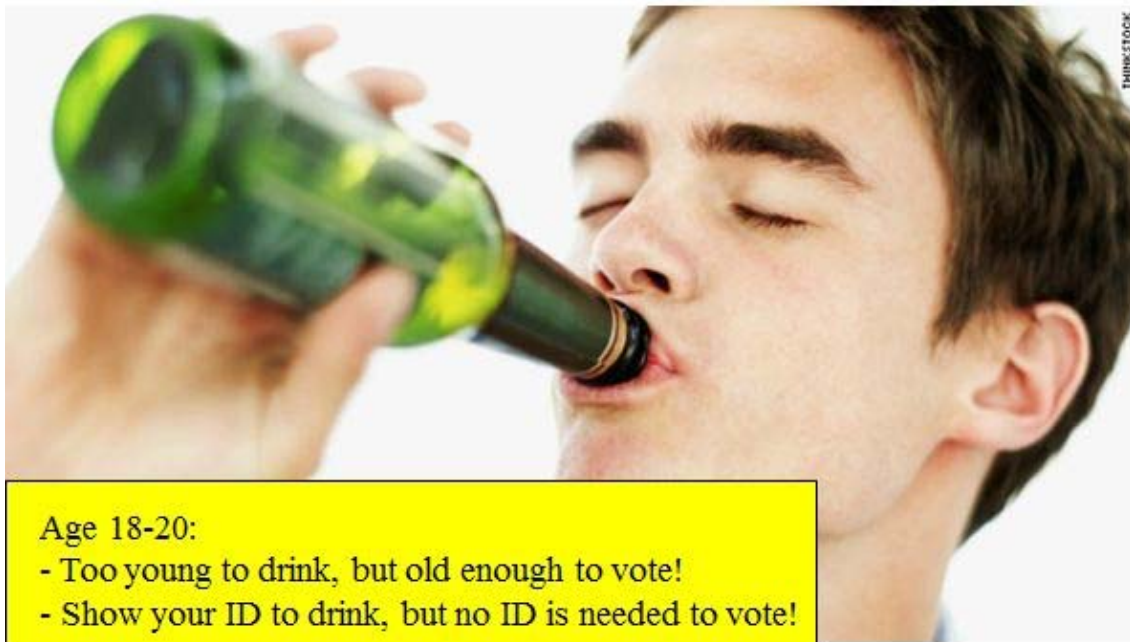
- (1) President George W. Bush recklessly turned off the beacon to launch the Iraq war in 2003, at least partially, for the sake of his re-election. For more, read [What's The Real Cost of The Iraq War?](#)
- (2) President Obama chose to escalate the war in Afghanistan in 2011 (acceptable), but with a troop withdrawal plan so ridiculously hasty that there could have been only one possible explanation: it was perfectly timed for his re-election (totally unacceptable)! For more, read: [For Obama the Road to Reelection Runs through Kabul.](#)

So here are two serious questions:

- (1) Is our President, throughout his first-term, for nothing but his own re-election, with everything else being secondary?
- (2) If the answer is yes, which seems patently obvious, we cannot ever expect the President to always do the right thing for the country (vs. for himself) throughout his first-term, can we?

Fortunately, the American Presidency is limited in two terms. For Congress, it's infinitely worse, because of the lack of term limits! In other words, we cannot ever expect our members of Congress to always do the right thing for the country (vs. for themselves), so long as they are running for re-election!

Need a more concrete example to show what's profoundly wrong with American democracy? Here you go: voting vs. drinking.



For those who get it, no explanation is necessary. For those who don't, no explanation is possible!





## 8. What will happen if we stay the course?

We will become a second-class citizen in the world! To win (i.e. to be #1), what you think or do does not matter - you must actually be better than your competitor(s)!

Specifically, here are two projections if we stay the course:

- (1) By 2013, China will surpass us as the largest manufacturer on earth.
- (2) By 2030 (or sooner), China will overtake us as the largest economy on earth, thus ending America's leadership, not only economically, but also politically.



Frightened? Then change!!!

## 9. Is democracy doomed?

Yes, most likely! Any doubt? Read this classic piece: [The Truth about Tytler](#). Here is an excerpt:

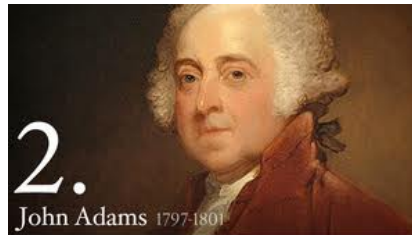
*“A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years.”*

*“Great nations rise and fall. The people go from bondage to spiritual truth, to great courage, from courage to liberty, from liberty to abundance, from abundance to selfishness, from selfishness to complacency, from complacency to apathy, from apathy to dependence, from dependence back again to bondage.”*



Frightened? Then change!!!

#### 10. What did the founding fathers think, really?



*“Remember, democracy never lasts long. It soon wastes, exhausts, and murders itself. There never was a democracy yet that did not commit suicide.”*

--- John Adams



*“A democracy is nothing more than mob rule, where fifth-one-percent of the people may take away the rights of the other forty-nine.”*

--- Thomas Jefferson

Frightened? Then change!



## 11. Closing

The diagnosis is cancer: getting re-elected *ad nauseam*! What's the cure? Stop the career politicians! For a complete solution, wait for my publication next week ...

