



America can see the wreck ahead and still has time to avoid it.

By Rep. John Campbell

Unless you have been hiding in Attorney General Eric Holder's "Fast and Furious" file cabinet, you know that trouble is brewing in Europe. Real big trouble. None of us knows where it will go from here, but I can see no good outcome.

The experiment of monetary union without fiscal or political union has failed. Most of the solutions European leaders are discussing will simply delay the inevitable. Using debt that you have no plan to repay in order to pay other debts that you can't repay doesn't work with mortgages and will not work with governments. And, it is hard to even describe the political challenges they have over there. Look at the gridlock we have here with one country, one culture and two political parties. Now, imagine having 17 countries, dozens of cultures and more like 100 political parties.

Whenever the European crisis hits and however it is manifested, the U.S. will be affected. How much is impossible to predict at this point. But, there is a way that we can actually benefit from the problems in Europe.

Here are four lessons we can learn from Europe, a list of what not to do. Unfortunately, each example is still on somebody's "to do" list in Washington:

- **Socialism does not work:** Socialism in Europe and in this country always starts the same way – promise people free health care and free retirement and free housing and whatever free stuff wins political favor. Some claim that the "rich" will pay for it all. But, the rich do not have enough money. They may have enough to pay for the very poor, but not for everyone. So, the socialists borrow the money. That way, they are still giving the populace free health care. But, at some point you can't borrow the money anymore because the people you are borrowing it from realize that they can never be paid back. This is the tipping point at which socialism fails. Past this point, you have to tax the people to whom you promised the "free" stuff in order to pay for their "free" stuff (those people are the middle class). The people understandably don't want to give up their free stuff or have to pay for it. But, they will have to do one or the other. And, an entire generation will suffer.

- **Don't delay fixes:** Many of the debt problems of European countries were apparent years ago. But, they kept putting off the solutions for the reasons above. As a result, they got to a point at which the depth of the problem had eliminated the efficacy of most possible solutions. America has a debt problem. The problems in Europe have actually bought us some time as we remain "the cleanest shirt in a dirty laundry bag." But, not much time. The government has run up a trillion-dollar deficit in every year of Barack Obama's presidency, and will continue to do so under his current budget proposal. This cannot happen or we will descend into decades of economic darkness and reduced living standards. We need to get on it now.

- **Don't try to fix it all at once:** Big spending cuts and big tax increases imposed on a fragile economy will trigger recession. Such is the case in Europe and would be here. We should not fix our deficit in one year, even if we could find the political will to do so. We should move to a balanced budget over five to eight years with a combination of cuts, reforms and growth. The economy would not adapt well to the shock of pulling \$1.3 trillion out of it in one year. And, if we take our time, the markets will react very favorably.

- **Don't fool yourself:** Some believe that socialism in Germany has worked, but they are missing something. The euro has been enormously helpful to Germany because it allowed the citizens of Greece and Spain and other less-productive countries to buy German goods using an overvalued common currency. If Greece (or any other country) leaves the eurozone, their new, lower-valued currency would greatly reduce the wealth of their population and will buy a lot fewer German goods. Germany has been enjoying a bubble supported by the euro, which undervalued German goods and overvalued the ability of others in Europe to buy them. Were this bubble to burst, Germany's output and, therefore, its social programs, would also come

under strain. Germans will be the last people in continental Europe to feel the pain, but they will feel it.

We should never fool ourselves into false security when the basis of our security is unstable. Europe is in trouble. The United States will follow if we follow the same path.