



SOUTHCENTRAL KENTUCKY'S #1 SOURCE FOR NEWS

DAILY NEWS

Angina now, heart attack later over economy?

Posted: Tuesday, July 7, 2015 8:56 am

The other night, I heard one of the news commentators refer to the Greek debt situation as “complicated.” I beg to differ.

Let me see if I can explain it so a third-grader could understand what’s going on.

The government needs revenue to pay for the services it provides. Revenue is typically raised through taxation in one form or another. If the government provides more services to more citizens, it has to raise more revenue.

When the government does not want to raise more revenue, but it still wants to provide more services, it has to borrow money. Interest must be paid on the money borrowed to pay for these services. Over time, the amount of interest starts to add up.

Eventually, money must be borrowed just to pay the interest on the money borrowed.

Left unchecked, this cycle will continue until it becomes unsustainable. It’s not a question of “if,” it’s a matter of “when.”

That’s when things typically get interesting. If the government wants to provide more services for more citizens on a more permanent basis, there is only one viable option: raise taxes. Of course, the alternative is to provide fewer services to fewer citizens.

But in order to pursue either course of action, hard decisions have to be made. And this is where the real problem lies. Most elected officials lack the courage to make hard decisions.

Their personal aspirations usually take precedence over their public responsibilities. Better to have a one-term representative who does the proverbial “right thing,” than a career politician who tells people lies they are all-too-willing to believe.

Even though the Greek economy is miniscule compared to ours, the same principles apply. Pain is inevitable. The only question is whether we want a little angina now or a massive heart attack later.

Aaron W. Hughey
Bowling Green

www.bgdailynews.com