

Those Who Fail to Heed the Lessons of History Will Make the Same Mistakes

by David F. Briggs

Our economic system can be divided into three sectors: primary, secondary and tertiary. The primary sector of the economy involves the production of renewable and non-renewable natural resources, which provide the basic raw materials on which modern society is built. Common examples of this sector include the mining, petroleum, agricultural, ranching, seafood and timber industries. The secondary sector of the economy adds value to these raw materials transforming them into finished products, which are suitable for use by other businesses, export and sale to domestic consumers. Examples of the secondary sector of the economy include the auto, chemical, refining, steel and construction industries as well as various other types of light and heavy manufacturing. The tertiary sector of the economy involves people interacting with people and serving the consumer. Examples include a wide variety of retail and service businesses, education, research and development as well as local, state and federal governments. The primary and secondary sectors are the wealth producing portions of the economy, while the tertiary sector is considered to be the wealth consuming portion of the economy.

Recent American history clearly shows what happens to a nation's economy, when its wealth producing sectors decline. Prior to 1970, the character of the U. S. economy was generally well-balanced, consisting of a diverse mixture of natural resource, refining, manufacturing, retail and service industries, which provided a healthy, stable foundation on which our economy was able to grow. However, the character of our economy has drastically changed since the early 1970s, becoming increasingly more dependent on the wealth consuming sector, which has been incapable of producing sustained economic growth. This has resulted in our increasing dependence on foreign goods and America's rapidly expanding trade deficits, which have slowly but relentlessly transferred much of our nation's existing wealth overseas (See Figure 1).

Over the last four decades, the loss of this wealth has been offset by federal budget deficits, giving Americans a false sense of prosperity (See Figure 2). Not only has this increased our national debt,

which will be passed on to future generations of Americans, it has also squandered increasing amounts of our nation's wealth servicing this debt.

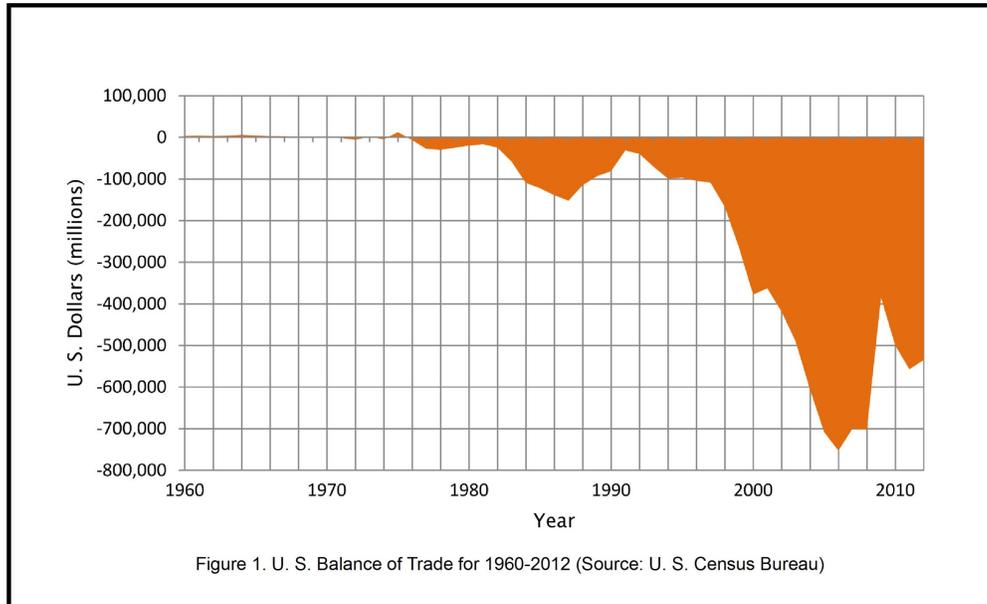


Figure 1. United States Balance of Trade for 1960-2012 (Source: U. S. Census Bureau)

Like our federal budget deficits, the economic stimulus programs that followed the Great Recession of 2008, attempted to restore our economy through the consumption of our existing wealth, but only magnified our economic problems through the accelerated accumulation of debt. These efforts did little to resolve the real structural deficiencies in our economy, which have caused the situation in which we now find ourselves.

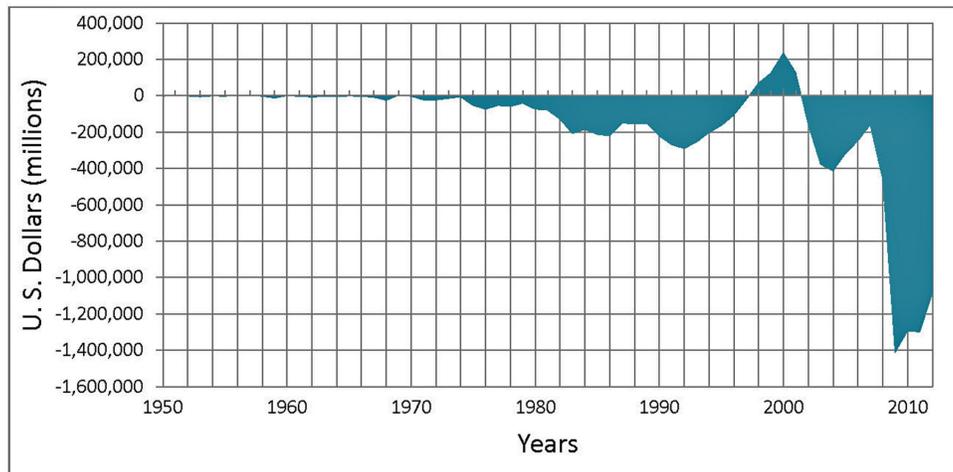


Figure 2. Federal Budget Deficits for 1950-2012 (Source: Office of Management and Budget)

Our current economic problems are a direct result of the cumulative impacts from these excesses.

Any satisfactory solution to these severe economic problems must include the implementation of policies that encourage the restoration of the primary and secondary sectors of our economy, which will enable Americans to create the new wealth required for sustainable economic growth. This is one of the reasons why large industrial projects, like Rosemont Copper, are not just local issues. Unless we find some way to reduce our dependency on foreign imports and decrease the federal budget deficits, it will destroy America in the same way similar excesses doomed other civilizations over the span of history.

Disclaimer: David F. Briggs is a resident of Pima county and a geologist, who has intermittently worked on the Rosemont Copper project since 2006. The opinions expressed in this article are those of the author and do not necessarily reflect those of Rosemont Copper.

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Originally published by the Arizona Daily Independent on August 3, 2013.