

## THE PROGRESS REPORT

### **The Ozos - 2000 to 2009**

By Fred E. Foldvary

As we approach the year 2000, some folks are wondering about the name for the first decade of the 21st century. Since 1920, the decades have been named after the two-digit number ending in zero: the twenties, thirties, on up to the eighties and nineties. The year 2000 ends in zeros, but calling the decade the "zeros" seems somewhat empty. Zero implies nonexistence, nothingness, naught.

I propose that we name the coming decade the "ozos". It rhymes with "ozone." People sometimes say "oh" to indicate zero, and the two letters "o" indicate the two zeros of the decade, while the "z" indicates the word "zero." I will use "ozos" in subsequent columns and hark back to this editorial for the explanation, taking advantage of the great linkability of cyberspace writing.

The first day of the ozos, January 1, 2000 will be a unique event in human history. Most of history is a continuous flow, with even revolutions occurring over several months if not years. But January 1, 2000, will be a singularity. By cosmic coincidence, humanity became thoroughly computerized in the latter part of the 1900s, just when the new millennium would turn all four date digits. And - whoops! - we find that the programmers forgot to put in all four digits. Not all the programs can be changed in time.

The massive interdependence on computers and their malfunction on January 1 (or January 3, the first business day) creates the unique event when machines all over the world abort their programs or spew out errors. Many enterprises will have to shut down while they fix the bugs. Closures could cascade into an economic downturn as Y2K-ready firms find that their suppliers are shut down. Employees are then out of work, which decreases the demand for goods, and it all ricochets into a global crisis.

So far, most folks are carrying on as though there will not be much trouble. Nobody knows the trouble we'll see. As a unique event in the history of humanity, we can't even estimate the probabilities, how likely is a severe depression, a storm-like disturbance, or just minor inconveniences. Many think they can wait and see, but they will be waiting until December 31, and then it will be too late to take major protective action.

The global economy is like the ship Titanic - it could hit an iceberg in January, and there are not enough lifeboats, but most passengers are unaware of the problem or else dismiss it. We know there will be some ice, but nobody knows how much. If the ship only strikes small ice cubes, or if repairs can be made quickly, then it will be full steam ahead into the ozos.

If we pass 2000 in good shape, what can we expect during the ozos? Things will get better and worse. The boom of the nineties will most likely continue for a few years, since the elements will be in place unless knocked out by major Y2K problems. Technological progress, productive

demographics, and policy friendlier to entrepreneurship will maintain prosperity until the latter part of the ozos, when the economic

disease inherent in the global tax systems will raise costs that bring investment to a grinding halt, resulting in a crash and depression. Prosperity is accompanied by a real-estate speculative boom that eventually makes new investment too costly. The only effective remedy is to levy the rent, but that is outside the current political orbit.

A key difference between the ozos and the nineties is inflation. We are already getting a whiff of inflation in the USA, with long term interest rates up. The elements of deflation are receding. East Asia is recovering, which will increase global demand as well as the price of Asian exports. The price of oil has risen from the lows, and the abundant harvests which brought down the price of grains is being offset by the drought in the US and elsewhere.

The US money supply grew rapidly as the Federal Reserve lowered interest rates to increase cash and credit liquidity. Now, it looks like the FED policy may be to increase interest rates by reducing the rate of growth of the money supply. But after the low inflation of the nineties, we may likely see a reflation in the ozos. As central banks sell of their gold, thinking it a relic of a bygone era, fiat currencies will ride up and down like yo-yos.

Meanwhile, wars and conflicts will continue, because the way of peace, they know not. The threat of a terrorist attack will be an ever greater concern, but how many folks have bought a gas mask? The global weather also seems to be becoming ever more turbulent. After the ozos, after the next great depression and all the wars and destruction, humanity will rise and have another chance for a new beginning. Will we learn the right lessons?

Harmony and prosperity are not so hard - we just need to decentralize, detaxify, and deregulate. Bring government down to the village level, untax labor and share rent, and let folks do whatever is not harmful. It's not enough to just hope. We must teach the new paradigm. Then the decades following the ozos may just be the age of peace humanity has dreamed of.