The majority of nations in the world, and especially the poor ones and the western industrialized states, face many complicated and largely intertwined internal and external challenges, making it rather impossible to deal successfully with one major challenge while ignoring most others. By the same token, no one is able to describe every challenge in clear terms and prescribe the right medicine to deal with it. However, dealing with any cluster of challenges, such as the global debt crisis and its economic causes, would open new venues to deal with other challenges and ease the overall burden of the current situation. In the following three chapters, I shall focus on issues of particular importance: specifically, the public debt, the China-US trade deficit, the loss of economic competitiveness, and a few more. New ideas will be suggested to deal with these issues with the aim of saving both capitalism and democracy, strengthening the world economy, developing the underdeveloped economies and societies, helping the world’s poor, and rebuilding the middle classes everywhere.

However, before outlining the proposed ideas and plans to deal with some of the most serious economic, financial, and social challenges of our times, a few facts need to be mentioned and underlined. These facts are meant to place the major global challenges in their proper historical and societal contexts; otherwise it would be hard for us to understand the nature of global change, its roots, its course, and its probable social, economic, political, and strategic implications. If we fail to understand the nature of change and its magnitude and direction, we will not be able to think about the challenges of our times with clarity, approach them with confidence, and face them with courage.
Globalization and the communications and information revolutions of the last two decades have caused national economies, cultures, and politics to be transformed. They created a global economy that forced economic and social structures and production relations to change, undermining the balance of power in society and in the world and causing the nation-state to lose control over its economy. They also caused western societies in general to enter a transitional period leading to a new, much more complex society having its own culture, economy, challenges, and opportunities that are yet to be fully developed. During transitional periods that take human societies from one civilization to another, it is always easier to describe change than identify its causes, influence its course, or anticipate its outcome. As change proceeds, it undermines old ideas and economic and political theories, causing them to gradually lose relevance and become dysfunctional, while no new ones are developed in time to take their place and deal with the evolving challenges. As a consequence, society’s capacity to understand and deal with the new reality declines, creating a need for creative ideas and new visions to guide nations into a largely uncharted future no one can escape.

As societies move from one civilization to another, they pass through transitional periods that connect the past to the present and the present to the future. Since each successive civilization represents a more complex type of society with its unique culture and economy, transitional periods represent historical discontinuities rather than smooth links tying the past to the future. The experience of a society passing through such a transition is similar to that of a driver entering a rough mountainous terrain. As he takes a long curve on a winding road, he loses sight of the landscape that lies behind him, while the mountains he negotiates block the view of the landscape that lies ahead. As his speed and control of the vehicle become subject to the rough terrain, his expectations and confidence become subject to the ups and downs of the road. The familiar landscape that lies behind no longer helps; the horizon within sight is so obscured it provides little or no clues to what lies ahead.

The transition that started in the early 1990s has disrupted life as we knew it in many societies and dissolved the connection between the immediate past and the near future. As the industrial age comes to an end, the knowledge age is still in labor being born, leaving the present waiting for the unknown. The present we are living today has been reduced to a mere port where the past is ending its long journey and the