

Is the US Economy Going Down?

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Ever since the 2008/2009 housing crash, I've been hearing one financial guru after another talk about how the United States was heading into another financial collapse. Each had their reasons, all of which sounded plausible. But that didn't necessarily make them true. There's something different going on today though... this is, they're all talking about the impending financial collapse; not just one or two of them.

The question for us, is whether this collapse is a real possibility, not whether it is a probability. We in the prepping movement deal in possibilities. If we only prepare for what we're convinced is coming our way, we won't do much prepping.

Of course, the answer to that question is a resounding yes and for a variety of reasons.

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Inflation

There's no question that we're seeing high inflation, no matter how hard the administration tries to hide it. The official inflation figures of eight point something percent are based on the consumer price index, which the government is constantly changing to hide the true inflation rate. But even that is the highest inflation we've seen in more than four decades. That alone means that our money isn't going as far, causing the average family to tighten their belts.

Regardless of how much they try to tell us that inflation is caused by greedy corporations, it's not. Inflation is caused by the government; specifically, by the government spending money they don't have. Every time Congress passes one of those trillion-dollar bills into law, the Federal Reserve issues the money. Where does that money come from? They pull it out of thin air, creating it themselves. Since the total value of our GNP hasn't increased by that amount, what they are essentially doing is diluting the value of all the dollars that are out there by the amount necessary to make up for the new

money they issued.

Once they've done that, making out money worth less, costs are automatically increased for business and industry, especially for anything imported from overseas. That results in those companies raising their prices, so that they can remain profitable. Hence, we end up with second-order inflation, adding to what the government has already done. However, had the government not started the inflationary cycle, those businesses would not have to raise their prices.

Nevertheless, inflation alone won't create a financial collapse. The two big signs that people look for are high inflation, much higher than the 8+ percent we're dealing with right now and high unemployment. During the Great Depression, unemployment topped out at about 25 percent. We're nowhere near that point right now.

The Dollar as the World's Reserve Currency

Ever since 1945, the dollar has been the world's reserve currency. That came about largely because the United States was the only major player who was still on their feet, financially speaking, after World War II. All the other major economies were in a shambles; most needing to be bailed out by the United States.

Being the world's reserve currency mostly means that the US dollar is the currency used for international commerce. Countries who buy from other countries mostly pay in US dollars. This has led to the dollar receiving the monicker "petrodollar," as the largest segment of international commerce is crude petroleum and petroleum products.

While the dollar isn't the only reserve currency in the world, it's by far the biggest one. That has allowed the United States Treasury Department to export much of our national debt overseas, selling it to others in the form of bonds and other debt instruments. That gives those countries the dollars they need to have for international commerce, while bringing money into the United States' coffers.

Now, here's the problem. There are several countries who are working hard at making their own currency the leading world currency, in place of the dollar. The European Union and their currency the "Euro" was created for this purpose. Countries within the European Union trade with each other using the Euro, rather than the dollar. Even so, they aren't the economy we should be watching; China is in an active campaign to have their currency replace the dollar as the world's reserve currency. They already have agreements with Russia to do business in their own currency and are working hard

at forming such agreements with other countries.

Should the US dollar lose status as the world's reserve currency, countries could call in their debt, requiring the US Treasury buy back their debt instruments at the current dollar value. If enough of that happens, it will cause the value of the dollar to crash. There are currently more than a dozen countries where China is calling in their debt, demanding that those countries pay China before anything else. This is causing the economies of those countries to fall. What makes us think they will treat us any better?

Economic Civil War

Here at home, we could be on the brink of an economic civil war. For years, the political left has attacked businesses which don't toe the line with their ideology. The left has always been better at supporting their boycotts than the right and they have used that tactic very effectively.

But boycotts are nothing compared to what's happening now. Companies are being forced to openly embrace such things as going work, forcing their employees to waste time in diversity training and adopt ESG principles in making what should be financial decisions. If they don't, it's not consumer boycotts that they face, but a run on their stock value, when major investors bail out.

We've recently seen just how dangerous focusing on ESG can be to banks and other businesses. Three major banks have failed, because of being forced to make lending decisions based on the applicant's ESG score, rather than their financial statement. Just how is that going to hurt other banks and businesses as we go further down that road?

Sadly, there are those in this country who see it as their duty to shove their will down our collective throat. If they can't pass their crazy ideas through Congress, they will use the courts. If that doesn't work, they'll use executive orders. One way or another, they fully intend to take away our freedom and force us to march in lockstep with their "progressive" philosophies.

But that may be changing. When Donald Trump was elected president, I saw it largely as a push back against political correctness, which was taking away our freedom of speech and forcing us to talk in agreement with left-wing terminology and talking points. With Trump no longer in office, the left has increased their assault on our freedom of speech; this time, by trying to force us to use made up gender pronouns.

The recent debacle at Budweiser is a great example of where this is taking us. Bud Light signed a contract with a “transgender woman” and made a special can, showing him/her/whatever on it. Why they would do such a thing is beyond me, considering that transgenders aren’t their market. Transgenders who drink are much more likely to drink a glass of wine, than a beer, and they certainly aren’t interested in the same sports and activities that the majority of Bud Light drinkers are.

This slap in the face against Bud’s customer base has cost the company though, with sales of Bud Light dropping by over 23%. The movement seems to have gained legs, with sales dropping in other Anheuser-Busch products as well. Miller Light, which made a less-serious blunder is seeing reductions in their sales as well. Other companies, who are “going woke” include Target stores, Levi Strauss, Starbucks, and the magazine Sports Illustrated. Can you imagine anyone thinking it’s a good idea to put a guy in a woman’s swimsuit on the cover of the Sports Illustrated cover?

Conservatives, basically just about everyone in what is known as “flyover country” are leaving these brands in droves. But that doesn’t mean that they are just keeping their money. No, they are seeking out companies who share their values, so as to do business with those companies.

Hershey’s recently had their own moment of gender confusion, offering the opportunity for Jeremy’s Chocolate to hit the market. Offered both with nuts and without (“And if you have to ask which is which, go back to Hershey’s”), they sold over half a million bars within their first few days. Another company by the same owner, Jeremy’s Razors, has taken on the very popular Harry’s Razors, who has also decided to go woke, and is taking a sizeable chunk of their clientele.

We can’t forget Hollywood in all this, which has been working overtime to produce movies to indoctrinate us on wokeism, especially how wonderful the LGBTXYZ+ movement is in general and transgenderism is in specific. Somehow, those movies seem to keep bombing at the box office, yet Hollywood keeps producing them.

While there’s a long way to go, before conservatives can say that they have their own marketplace, there is a definite trend in that direction. PublicSq is gaining ground as a conservative alternative for Amazon.com. Elon Musk has bought Twitter, destroying their severe left-wing bias, and Trump has started his own social media app, called Truth Social. While still new, it already has over 2 million users.

What I’m seeing here is what looks like the beginning of a trend. If progressives continue to try and control businesses with their ideology and if conservatives continue to open their own businesses to compete with those “woke corporations,” we could very easily reach a point where there are two

retail economies in this country, one serving those on the political right and the other serving those on the political left.

Get Ready for a Rocky Financial Road

Where this all leaves you and I is facing a very rocky financial road. If we don't have an actual financial collapse, we'll come closer to it than any of us have seen in our lifetimes. We can expect the next 10 to 20 years to be rough, with high inflation, growing unemployment and ongoing shortages. And that's if things don't get bad.

What should you do?

The first and most important thing to do is to get out of debt as much as possible. The people who suffer the most during any financially hard time are those with debt. This will mean taking a close look at your life and how you spend your money. You'll need to find ways to reduce spending to accomplish that. You may even need to downsize.

The second thing to do is to look at your job, from the viewpoint of how secure it is. As the economy gets worse, people will spend less and less money on luxuries and other things that aren't necessary. Those working to provide those luxuries will likely be the first to lose their jobs, as the businesses which provide them will be forced to reduce their capacity or shut down.

If you don't already have some sort of a side gig, now is a good time to start one. That side gig not only will provide you with money to help overcome the problems of inflation, but it will also give you something you can fall back on, should you lose your job.

For us, as preppers, the key, as always, is self-sufficiency. We need to be able to do as much as possible for ourselves, so that we don't have to pay others to do it for us. That means growing our own food, harvesting our own water, and doing our own repairs. The more we can do for ourselves, the less we have to pay others to do. That will make our money go further.



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