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When the Credit/Debt Cycle Meets the Real World

Today, I tuned into a discussion between The Market Sniper, Francis Hunt and Bill Holter—2 of my favorites. There were several things of note, but 1 that stuck out to me was Bill addressing 7 layers of credit required to produce a loaf of bread—seed to market. When credit ceases, so does that loaf—and with it anything relying on credit.

Another distinction Bill made was based on his having talked with police, about what would be their role during an economic collapse. Bill's surmise: the state police would stay home and protect their families. If there were to be any policing it would be local municipalities and sheriffs. Suggesting, in the overview a pullback to life at a local level.

This makes sense because great expansiveness owed its existence to credit and debt. It's been astounding to see young friends buy half million \$ houses, not because of an assurance they could service that debt were the economy to turn south, but because they had easy access to loans, and had experienced no down cycles—ever.

I've watched my culture think little of spending an extra \$2000 to stretch out on a 6 hour flight—while they assumed bi-yearly family vacations to Japan or Europe. Credit made that possible, with few to understand that a credit cycle could end rather abruptly.

Even as gold pushed up from a corrected \$1050 to over \$2000, I met resistance from a friend whose partner and I went together for a monster box of Kangaroos at \$28. Today, since our talk, gold is up \$1300—silver nearly doubled. Does he get it?

I appreciated Bill's distinction between state police and local. That's what's coming everywhere. When the big rigs no longer roll and Prime doesn't deliver, it will all be local. For a time (maybe longer than we imagine), there will be no means of exchange. That function will be taken upon by gold and silver (not immediately), and whatever you have to trade that someone wants. At the same time, to maintain control, the elites will do everything possible, including confiscation, to assure that barter does not undermine their authority. With the use of military in the streets—get ready for a new US.

My locale is not a good place to be. I can see I-5 from upstairs windows, meaning I live but one tank of gas from the communist republics of San Francisco and Portland, and 2 tanks of gas from Soviet Los Angeles. That does not bode well for my future.

Why's that old saying: we are only three meals away from panic in the streets. Add to that, 15/20 million illegals (most who don't share our ethos), and a body politic, comfortable with entitlement, will soon be reduced to a fundamental priority of how to feed their families. And what will be priority for others who were okay with looting, now that the stores are closed? The general populace will become the focus of their efforts.

Smaller will be better, rural better than urban, a group of close friends better than expectation for the rule of law associated with police. Urbanites without the means to sustain and defend themselves will be overwhelmed by marauders—ever so quickly.

Americans who keep a bank balance of \$50K/\$250K so as to meet payroll will likely find no access to that money, now or in the future. As happened with Russian Forex reserves, their deposits, appropriated by institutionalized elites—will not be seen again.

Few realize that nothing of this magnitude has taken place in human history. This time, the bankruptcy of nations, especially for the West, is global—meaning, other than gold, there is no currency agent capable of coming to our aid. And, a nation's promise to pay, without a gold audit, will not function as viable collateral in this new economy.

If it proves true, the US does not have the touted tonnage of gold, but does have the biggest debt that cannot be serviced other than with gold, the consequences for the US will be dire and immediate. For a US, economically cancelled by the world, many Americans will focus on corralling loot within our borders by whatever means possible.

This suggests civil war amongst 350 million people, mostly in urban areas because everybody knows that well-armed Americans and friends are more likely found, rurally.

Precipitating the crisis, China is establishing safe payment, debt-settlement gold vaults in various nations—eliminating the risk of a nation's gold being confiscated.

As a consequence, those nations actually holding gold will have an enormous head start in the new global economy—something like what the US had at the end of WW2 when an in-tact US, with the most gold and owed by debtor nations—set global rules.

Cutting to the chase, what's going on? The US, assuming the dollar as control, surmised that, cut out of SWIFT debt settlement and without its Forex reserves, and with a formidable NATO army in Ukraine, Russia would

soon be ripe for regime change.

What the US/NATO failed to factor in was the degree to which the credit/debt paradigm existed, only because of cheap goods from China/cheap energy from Russia. Not realizing the global shift from credit/debt to real things—the US blundered, and is yet slow to realize that reality has shifted away from dollar hegemony to real things.

A US credit/debt cycle relying on cheap goods in exchange for dollars backed by nothing, and a Western world without cheap Russian energy, reduced to expensive US energy, will soon come to the end of its road, with nowhere to go—but into the reality.

At some point it becomes apparent the US played its hand in opposition to reality at each turn—and is left with nowhere to go. The future is bleak for both the US and Israel, each accustomed to wrong actions, being left with only one option—nuclear war.

What is likely? We don't have the gold to service debt settlement. Because of that the US is to be economically ignored by a world that has moved on. So, what happens back in the States? We get a Mad Max inevitability that could well make us wish we'd changed our locale to rural or expatriated abroad—when there was time to relocate.

Instead of cheap Chinese goods, we will be faced with a different Chinese perspective: 'may you live in interesting times'. However this plays out, the face-off between dollar credit and real things is our future, for which our government has us ill-prepared.

Sounds bleak? I look for other possibilities but I can't find them. If the US attacks Iran/Venezuela in near term, gold soars, and the end of the republic comes ever closer.

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