

The Pending Collapse Of The U.S.A.

By Timothy V. Gatto

November 20, 2009 "Information Clearing House" -- The truth that most people realize but can't openly talk about is that America has seen better days and that the system of capitalism has long outlived its usefulness. The last part of that sentence, that capitalism has outlived its usefulness, is thoroughly the fault of the capitalists themselves.

For many years now, transnational corporations have sent much of America's manufacturing overseas in order to take advantage of low cost workers. About the only manufacturing this country does on a large scale is earth moving equipment (Caterpillar) and military equipment. Boeing, Northrop-Grumman, Raytheon, General Electric and firms like that are the major remnants of a once thriving industrial base that made America. Detroit is still trying to hang in there, but shortfalls in sales have left it up to the workers in these plants to take it on the chin as their pay and benefits get cut.

The Dow is trying to make a comeback but the way I see it, much of the rise of "blue-chip" stocks is really more wishful thinking than serious thought. The stocks being sold on the backs of some of these companies are being bought on speculation that the market will go higher based on the rise of the GDP. The question that I would like to ask, is how far can the GDP go when 70% of the GDP is based on consumer spending? Where is consumer spending going to come from when realistically over 16% of the people in America aren't working?

In an essay, written by Richard Heinberg entitled "Should We Prop-up a Dying Economy" (19 October 2009), he argues that the economists and the people who follow physical science disagree sharply about where this economy is going. Peak Oil, whether it is present now or just years away, will mean that the economy will contract. The economists state that growth can happen in any environment, yet it is apparent that when oil prices spiked in 2008, the auto industry and the airline industry almost went belly-up. Shrinkage of energy means shrinkage in the economy, we have all been under the notion that we can borrow against a growing economy. The facts are that if the economy does not grow, there will be very little in the growth of capital to repay debts that are leveraged at an average of an average of 350% of debt to GDP ratio. Where will new capital come from?

As the price of petroleum becomes higher, imported goods will become more expensive. When our government fails to repay our foreign creditors, or pays them back in hyper-inflated dollars, there will be no credit issued to this country. This can be a significant problem because we currently use 25% of the world's oil supply and we buy that oil on credit. He says;

"We have entered a new economic era in which the former rules no longer apply. Low interest rates and government spending no longer translate to incentives for borrowing and job production. Cheap energy won't appear just because there is demand for it. Substitutes for essential resources will in most cases not be found. Over all, the economy will continue to shrink in fits and starts until it can be maintained by the energy and material resources that Earth can supply on ongoing basis."

That is frightening to say the least. I believe that what our government should be doing is to listen to the scientists and stop listening to the economists. We have already borrowed almost 24 **BILLION dollars**, that is \$80,000 for every man, woman and child in the U.S. We are robbing our future to pay for an economy that is unsustainable. Without economic growth, the banks, the investment houses and the insurance companies are bound to fail anyway. We might as well let them fail and get on with the business of restoring a sustainable economy.

In a talk called **"The Five Stages of Collapse"**, by Dmitry Orlov, a former Russian that watched the collapse of the Soviet Union, they are;

The Five Stages of Collapse

- 1. *Stage one: Financial Collapse***
- 2. *Commercial Collapse***
- 3. *Political Collapse***
- 4. *Social Collapse***
- 5. *Cultural Collapse***

This isn't the warning of a horror show, but unless we start to prepare for a full or partial collapse, it could be worse than it has to be. He envisions a breakdown of society gradually replaced by stronger knit communities that must depend on each other for basic needs or it could be a complete breakdown of utter anarchy.

Meanwhile the Eagle sits on its perch, fighting wars in foreign lands while spending billions of American dollars doing it. The average American will see no benefit or harm whether we win or lose against the Taliban in Afghanistan. What we will have done however, is strap Americans with more debt and more use of precious resources. The American eagle is getting a little bit wobbly on its perch and it wouldn't surprise me to see all American soldiers taken from all overseas assignments and brought back to this country just to deal with the economic collapse, and because we can no longer afford to keep them overseas.

We need to start thinking about where we live and how we will survive an economic collapse. When the federal government can no longer function, what will we do to replace it? How are individuals to survive when essential goods and services become extinct? This isn't a future scenario that will happen twenty or thirty years from now, no! We are already experiencing it.

We can continue to live our daily lives watching TV and the advertisements that lull us into a false sense of security that everything is well, or we can start making provisions to deal with the calamity that lies ahead. We can provision staples, use alternative energy sources to heat our homes or assist us in heating them, and we can start talking with each other and get to know the neighbor that lives across the street that you have never talked to.

I'm really not an alarmist, but I see the merit of what so many scientists are predicting. Not only will Peak Oil stop economic growth, but climate change according to a UN report will bring desertification to 70% of the planet by 2025. Maybe petroleum peaking out is in reality what may save our planet. Maybe a return to simpler ways to live and work will stop the CO2 emissions, but I don't think so. Third world countries are surpassing the industrialized countries in carbon emissions by burning coal. What I would like to know is who is really minding this nation's business? What is the Federal government doing when scientific fact is thrown in their face? While Obama listens to Timothy Geitner and Ben Bernanke and other Goldman Sacks alumni, a company that produces nothing and makes money by buying low and selling high with government funds, where are the people that see what's happening? If I can understand the ramifications of what is happening in front of my face, what about the President of the United States? Is he really ignorant or does he just not wish to deal with it? I'm curious; maybe someone in the executive branch can give us answers. It would be in everyone's best interest to have people starting to deal with reality instead of putting their head in the sand. Maybe the American eagle should be replaced with the ostrich.

Tim Gatto's new book Complicity to Contempt is available at Amazon, Barnes and Noble, Abe's and other fine bookstores now.

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