

RecessFlation

Those of you of a certain age may remember the 70's when Larry Summers was credited with coining the term stagflation. It refers to the Carter years when the U.S. was experiencing both rampant inflation and economic stagnation at the same time.

In my opinion, we are now entering a period which I will neologistically define as recessflation, a portmanteau of recession and inflation. How is it possible to have soaring inflation and a recession all at the same time? I suspect printing trillions and trillions of dollars may have something to do with it. Read "*Inside the Collapse of Venezuela - Things Are Never So Bad That They Can't Get Worse*" by William Neuman for a hint. Spoiler alert: money printing and price controls may have been contributing factors.

They say that government spending distorts economies. No kidding. This from Wikipedia:

"The Inflation Reduction Act of 2022 is a landmark United States federal law which aims to curb inflation by possibly reducing the federal government budget deficit, lowering prescription drug prices, and investing into domestic energy production while promoting clean energy."

Last time I checked, the deficit for fiscal year 2023 was 1.7 trillion dollars. Interest payments alone on the \$33 trillion national debt are now approaching 1 trillion dollars a year, which means more money printing on a colossal scale to try and keep the political plates spinning. Who knows? Without the landmark Inflation Reduction Act things might have been worse, or better, depending on your worldview.

Soon after this bill was enacted into law, Biden was out boasting that \$368 billion was being printed to combat Global Warming. He went on to add that this had never been done before. I readily admit my bias here – I would say that the reason something like this has never been done before is because nobody has ever been that crazy and stupid both at the same time.

Whenever I tune in and get economic reports from the experts, I see a mixed bag of confusing metrics. On the one hand, Democrats can crow about rising GDP and low unemployment rates. Note that this unemployment number represents the number of people that are looking for a job and can't find one, not the number of people who are sitting around in their parent's basement blowing dope while living off of government assistance. The rate of inflation is slowing as well, though I bet that this has more to do with the Fed rate hikes than because of any provision found in the landmark Inflation Reduction Act.

Then there are the metrics that are not so rosy. Credit card debt is now over a trillion dollars. Savings accounts are being raided and 401k monies are being distributed early

based on claims of hardship. Businesses are closing due to a lack of customers and the inability to obtain loans. Defaults on credit card debt and auto loans are skyrocketing. For many of us, this is a cratering economy.

Something that puzzles me is that I keep hearing that consumers are spending like crazy. The combination of covid relief payouts and the lifting of lockdowns has unleashed a frenzy of pent-up shopaholic spending, at least that's what the experts are saying. I don't know about you, but I'm not sitting on trillions of dollars of disposable cash looking for deals on yachts and mansions. Yes, I did get a \$1,400 check from Uncle Sam a couple of years ago, but I blew it all on gas and groceries in just a matter of weeks.

Here's some personal comrade Fauci-like anecdotal data. I'm retired, and I used to be able to live comfortably albeit modestly off of some retirement investment stipends and about 2 grand a month in Social Security. After inflation started soaring through the roof, I eliminated \$700 from my monthly budget in an attempt to get my spending under control. Even with cutting back on everything (going to a movie would be a frivolous luxury), I'm still falling behind and just about every month I have to raid my dwindling savings account to pay the bills. Based on the data cited above, it looks like I'm not the only one who is struggling financially.

Pre covid-lockdowns, I spent about \$80 a week on groceries. Now, it's routinely \$120 a week, a 50% increase over the last 3+ years. Are people spending like crazy on groceries? \$150 tires are now \$300, and of course labor costs are skyrocketing as employers need to attract employees. Are people spending like crazy on tires and car repairs? My auto insurance went from \$750 a year to \$1,000 a year. Is purchasing auto insurance the latest must-have viral fad?

No wonder there are strikes everywhere. Without inflation-adjusted pay raises, the Workers, at their current salaries, can no longer afford to live in their own societies. Even though the rate of inflation may be plateauing, the damage has already been done and everybody is trying to play catchup but still losing to the higher cost of living.

If you're not familiar with Cultural Marxism, this is called destroying the bourgeoisie, a.k.a. the Middle Class.

That's the recession side of things. Now for the "good" news. That \$368 billion for Global Warming is going to get shoveled out to Wokedelic, eco-friendly businesses. Now, if these grants end up creating a revolution in cold-fusion energy production, then I'll eat my words. However, I predict that all this printed money will only lead to a plethora of offices being furnished with the finest gold-plated foosball tables money can buy.

While flooding the economy with billions and billions of printed dollars will be inflationary, a lot of friends of the Democrat party will become insanely rich overnight. While you're having to take out a second mortgage to pay for groceries, these people will be buying yachts, mansions, \$300 salads, and so on. So you see, the consumer is spending like crazy, the economy is booming, and Bidenomics is a huge success!

Lawrence M. Bates

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admin@syntheticintuition.com