My 11/05/2025 Reply To… Times of Acceleration Are Upon Us. Darn! **(see page 10 thread below)**

Have you also noticed that only the GOP and Trump are holding down the fort and trying to reign in government spending, cutting heads from the payroll in D.C. (DOGE) and telling the fucking demoncraps that they can go fly a kite when it comes to pissing away more borrowed funds on Obama no Care?

Back when the National Debt was around $11-13T, and Obama was trying his best to start the downfall of the country, there was a quickly growing movement called **The Tea Party** (2010). That is the only time I ever went out and joined the fun and protested against any more debt or taxes. Nobody listened; so far as stopping the debt bomb that was being created by pumping more money into the economy at the Fed. But, at least the GOP gained 63 seats in the house and for once had some clout in Congress… not that they have done much of value as a result.

Soon after, I also spend about 2 years researching my book and getting it in print back in 2012. Very few copies were sold. Nobody listened then either. Most people are clueless when it comes to economics and are too busy chasing the 'almighty dollar' to do anything about its dwindling purchasing power. If anyone in the country had been educated about money they never would have voted for a single **demoncrap**; knowing their party's entire goal in life is to bankrupt the country and install a communist central planning system in D.C. ASAP.

Fast forward and the debt is now more than 3 times what it was back in 2010 (Roughly speaking: the U.S. national debt was about $13.6 trillion around 2010 and is roughly $38 trillion today — an increase of about $24 trillion, or roughly a 180% rise) and now people are running around buying bit coin, bullion, fine art, land (Gates) and building rockets thinking the only way to save the planet is to move to Mars after **nuking the Earth**. Naturally none of those activities are going to change a dang thing. Gold and silver is not spendable money… or direct purchasing power. Nor is bit coin or paintings. Nor is dirt. And rockets to Mars will never solve any problems back here on Earth.

BTW, a monetary system (and the amount of money in circulation, a.k.a. the money supply or M1 and M2 money as the Fed refers to it) is like a balloon. I know this will likely go in one ear and out the other, but I'll explain it a '**bit**' anyway.

To inflate a balloon you take a BIG BREATH, fill your lungs with air (work or effort in) and then you blow into the balloon (work or effort out) and the balloon expands like a ball/sphere. The VOLUME of that balloon is like the money supply at that point in time. You **borrowed** air from outside the system and you **spend** it or put it inside the system. Next you want to increase/double your economic system and how much it is worth. You want your country and everyone in it to **gain wealth**… and a better life style. So you breath in and repeat the same process… work in, work out… into the balloon. If the full lung—full work effort—got you a balloon that was 5" in diameter (a volume of .0379 ft^3) the next full lung of air/effort will double your balloon's volume to a volume of .0758 ft^3. But the diameter will only be 6.3". Plus, as the balloon (like an economy) fills/expands it becomes harder and harder to make the balloon bigger (more people need to do the work to increase the size/volume of the economy and keep it humming along while more people also try to destroy it)… just like economic resistance and the dynamics of human nature, etc. …

Sphere diameters for incremental volumes

(base volume 0.0379 ft³, base diameter 5.000 in)

N	Volume ft³	Diameter in
1	0.03790	5.000
2	0.07580	6.300
3	0.11370	7.211
4	0.15160	7.937
5	0.18950	8.550
6	0.22740	9.086
7	0.26530	9.565
8	0.30320	10.000
9	0.34110	10.400
10	0.37900	10.772
11	0.41690	11.120
12	0.45480	11.447
13	0.49270	11.757
14	0.53060	12.051
15	0.56850	12.331
16	0.60640	12.599
17	0.64430	12.856
18	0.68220	13.104
19	0.72010	13.342
20	0.75800	13.572
21	0.79590	13.795
22	0.83380	14.010
23	0.87170	14.219
24	0.90960	14.422
25	0.94750	14.620

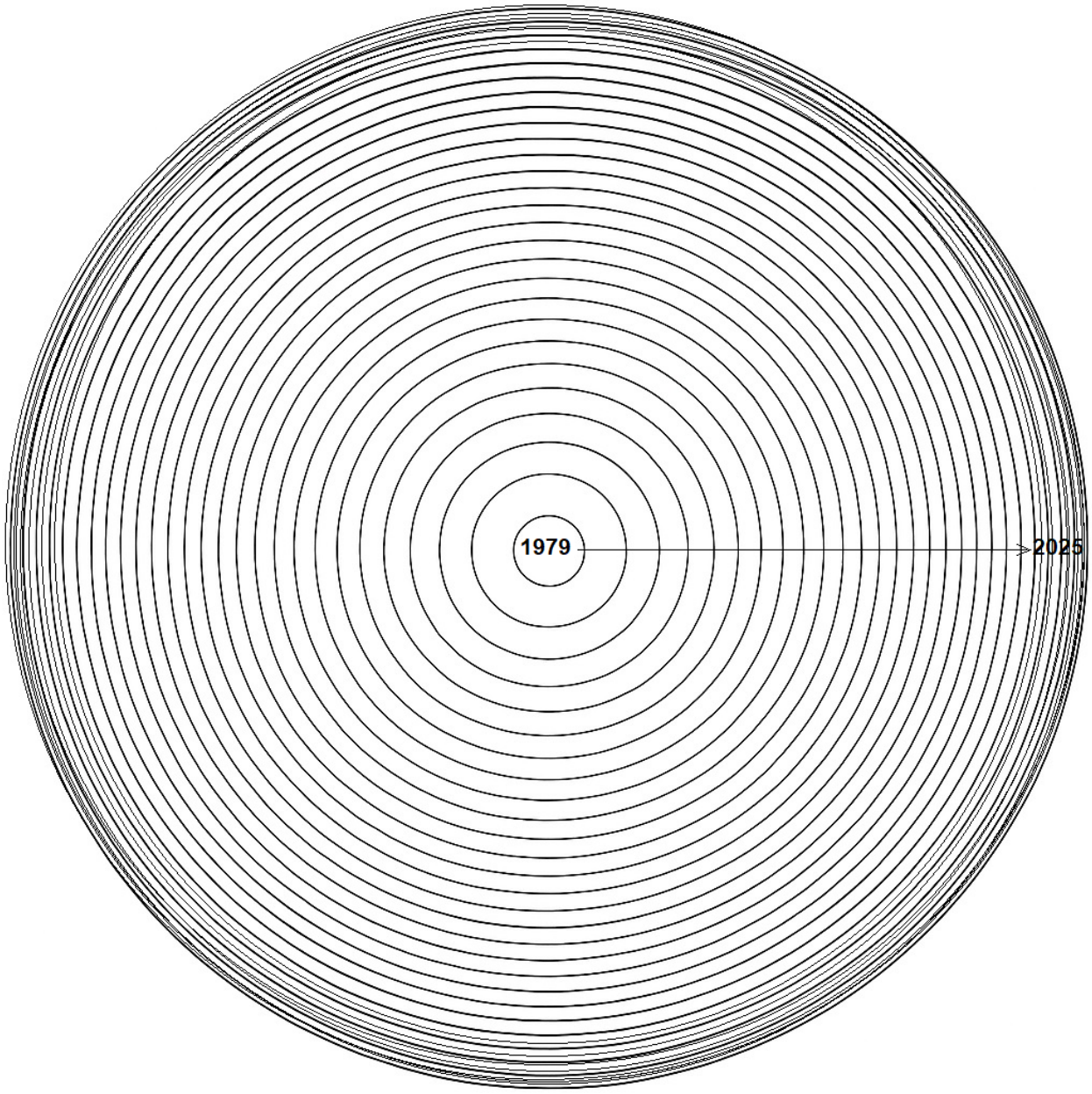
Notice how, in this simple model/table, the size in diameter of the sphere (economic balloon) has only tripled in diameter even though the volume has increased over 25 cycles (N) by 25 times… if the same humans were doing most of the work… blowing effort into the balloon while the Fed adds money to the supply to measure it, for example. When people speak about the GDP/GNP it is like speaking about the volume of a balloon. Except that when they say the GDP/GNP grew by 2.5% last year they are not even claiming it has doubled in size. They are just saying it got a smidge bigger. A sphere that grew in volume by 2.5% when it is already 14.620 inches in diameter isn't really growing much at all in general terms. Thus…

Econ (Sphere/GDP) model of growth by year

(Money supply as air/money added each year)

YR	Econ/Volume (ft³)	Econ/Diameter (in)	% increase (vs prior year)
1973	0.03790	5.000	—
1974	0.07580	6.300	100.00%
1975	0.11370	7.211	50.00%
1976	0.15160	7.937	33.33%
1977	0.18950	8.550	25.00%
1978	0.22740	9.086	20.00%

1979	0.26530	9.565	16.67%
1980	0.30320	10.000	14.29%
1981	0.34110	10.400	12.50%
1982	0.37900	10.772	11.11%
1983	0.41690	11.120	10.00%
1984	0.45480	11.447	9.09%
1985	0.49270	11.757	8.33%
1986	0.53060	12.051	7.69%
1987	0.56850	12.331	7.14%
1988	0.60640	12.599	6.67%
1989	0.64430	12.856	6.25%
1990	0.68220	13.104	5.88%
1991	0.72010	13.342	5.56%
1992	0.75800	13.572	5.26%
1993	0.79590	13.795	5.00%
1994	0.83380	14.010	4.76%
1995	0.87170	14.219	4.55%
1996	0.90960	14.422	4.35%
1997	0.94750	14.620	4.17%
1998	0.98540	14.814	4.00%
1999	1.02330	15.000	3.85%
2000	1.06120	15.183	3.70%
2001	1.09910	15.362	3.57%
2002	1.13700	15.536	3.45%
2003	1.17490	15.707	3.33%
2004	1.21280	15.874	3.23%
2005	1.25070	16.037	3.13%
2006	1.28860	16.198	3.03%
2007	1.32650	16.356	2.94%
2008	1.36440	16.509	2.86%
2009	1.40230	16.660	2.78%
2010	1.44020	16.807	2.70%
2011	1.47810	16.952	2.63%
2012	1.51600	17.094	2.56%
2013	1.55390	17.234	2.50%
2014	1.59180	17.372	2.44%
2015	1.62970	17.506	2.38%
2016	1.66760	17.638	2.33%
2017	1.70550	17.768	2.27%
2018	1.74340	17.895	2.22%
2019	1.78130	18.020	2.17%
2020	1.81920	18.144	2.13%
2021	1.85710	18.264	2.08%
2022	1.89500	18.384	2.04%
2023	1.93290	18.501	2.00%
2024	1.97080	18.617	1.96%
2025	2.00870	18.785	1.92%



Notice how, as the years pass, IF things are managed well (no leaks, etc.) year to year (never the case when politicians are involved) the GDP will grow alright. But **will it** grow BIGGER in percentage terms? Or any terms anyone cares about? Something to chew on.

This is just an analogy. It is not anywhere near what goes on in a real, capitalist, fiat monetary system (**see P.S. below**). But, you would have to be a Harvard econ major to get the point. And, you may have already noticed just how hard it is getting for any government (state or federal) running the USA to get our GDP to grow beyond 2% a year; year over year. Our economy is so large right now that guys like Trump – no matter how hard he tries to bring capital, jobs, and economic activity back home – will be real lucky to ever see the days of us having annual GDP growth rates of more than 2% again (unless the bean counters use even more funny money stats to inflate the GDP numbers even more, like they do with votes and COLA). Other countries/states, with smaller GDPs to begin with, can far more easily claim to have 2+% GDP growth rates. Even China. But, thanks to our economy being so vibrant and productive already, it will surprise me if we ever get a true and factual GDP growth rate above 2.5% in any given year from now on. And if you keep trying to further stimulate the economy, just by adding money to the money supply and moving it around to pay workers to work

harder (for less pay) and to pay people to invest in more factories and AI and robots and "working capital" just to push that balloon until it breaks, you are going to reach a point where there is some sort of push back, the bubble bursts, or the GDP simply says, "Hey everyone. This dog's model you are measuring the economy with and the corresponding 'purchasing power' of all the dollars you measure with, and are breathing into the system, ain't going to buy you as much as you thought it was..." Reality sooner or later catches up with everyone; which is what the demoncraps are hoping for.

The Marxist demoncraps will be the last to ever figure this out… or care for that matter. Maybe Trump knows what's going on. Maybe his Sec of the Treasury knows. Maybe a couple people at the Fed know. Maybe a few professors at some colleges know. But the average Joe on Wall Street or Main Street hasn't got a clue. As for myself, well, I have my bowl of popcorn and I have a clue (see above) but I don't think many people are listening. So, I'm going to sit back and watch the show and enjoy myself. We'll see what happens. But I don't think all the tea in China or all the gold bars in your garage are going to make a heck of a lot of difference one way or the other.

Oppenheimer was probably the only one who figured it out anyway. Chances are once the global fiat economy gets bad enough every country with nukes will blame all the other countries with nukes and human kind will nuke itself. And all that gold will melt and run back down into the cracks in the planet and sit and **wait for another intelligent species** to show its face and go digging for gold to make their chips, motherboards, gold coins, bricks and rings once again.

More history and thoughts…

Here's a clear historical table of U.S. annual GDP (**in current dollars**) and real GDP growth rates, based on official government figures (primarily **from the Bureau of Economic Analysis**). I'll show the year, approximate **GDP in trillions** of dollars, and the percent change in real GDP from the previous year.

U.S. GDP and Annual Growth (1979–2025)

Year	GDP (Current $ Trillions)	Real GDP Growth %
1979	2.7	3.2%
1980	2.9	-0.3%

1981	3.2	2.5%
1982	3.3	-1.8%
1983	3.6	4.6%
1984	4.0	7.2%
1985	4.3	4.2%
1986	4.6	3.5%
1987	4.9	3.5%
1988	5.3	4.2%
1989	5.7	3.7%
1990	6.0	1.9%
1991	6.2	-0.1%
1992	6.5	3.6%
1993	6.9	2.7%
1994	7.3	4.0%
1995	7.6	2.7%
1996	8.0	3.8%
1997	8.6	4.5%
1998	9.1	4.4%
1999	9.7	4.8%
2000	10.3	4.1%
2001	10.6	1.0%
2002	10.9	1.7%
2003	11.5	2.9%
2004	12.3	3.8%
2005	13.0	3.5%
2006	13.8	2.8%
2007	14.5	2.0%
2008	14.7	-0.1%
2009	14.4	-2.6%
2010	15.0	2.7%
2011	15.5	1.6%
2012	16.2	2.2%
2013	16.7	1.8%
2014	17.4	2.5%
2015	18.1	2.9%
2016	18.7	1.6%
2017	19.5	2.4%
2018	20.6	2.9%
2019	21.4	2.3%
2020	20.9	-3.4%
2021	23.0	5.9%
2022	25.0	2.1%
2023	26.0	2.5%
2024	27.0	2.4%
2025*	~28.0	~2.3%

📌 **Notes**:

- GDP values are rounded to the nearest tenth of a trillion for readability.
- Growth rates are “real GDP” (**inflation-adjusted**), consistent with BEA reporting.
- 2024–2025 values are estimates/projections based on recent government releases.

How much have these numbers been effected by changing the formulas over the years to help make the numbers seem better than they otherwise would have been?

Short answer: U.S. GDP growth figures have been affected by changes in methodology over the years, but these revisions were not simply cosmetic "make-it-look-better" adjustments. They reflect evolving statistical techniques, new data sources, and structural changes in the economy. That said, some changes—like chain-weighting and reclassifying certain expenditures—can make growth appear smoother or slightly higher than older methods would have shown.

🔍 Key Ways GDP Calculation Has Changed

- **Shift to Chain-Weighted Indexes (1996):** Before the mid-1990s, GDP was measured using fixed-base year prices. This overstated growth when relative prices shifted. The BEA adopted *chain-weighting*, which updates weights annually.
    - *Effect:* Growth rates became more accurate but often appeared **smaller in boom years** and **less negative in recessions**, smoothing the cycle.
- **Inclusion of Intangibles (2013):** Research & development (R&D) and artistic originals (like films, books, and software) were reclassified as **investment** rather than expenses.
    - *Effect:* This raised measured GDP levels permanently, since investment adds to output rather than subtracting from profits.
- **Improved Source Data:** Over time, BEA incorporated more comprehensive surveys, tax records, and international trade data.
    - *Effect:* Estimates became more precise, but revisions sometimes made past growth look stronger or weaker depending on the new evidence.
- **Alternative Growth Measures:** Economists often cite two different growth rates:
    - **Year-over-year (Y/Y)**: compares average GDP across years.
    - **Q4-over-Q4 (Q4/Q4)**: compares the last quarter of one year to the last quarter of the next. These can differ by as much as a full percentage point, which can influence how "good" growth looks in headlines.

Do These Changes "Make Numbers Look Better"?

- **Not political tinkering:** Methodological changes are documented in BEA's *Survey of Current Business* and are reviewed by independent economists. They are designed to reflect the economy more accurately, not to artificially inflate growth.
- **But perception matters:** When R&D was added as investment, GDP instantly looked larger. Similarly, chain-weighting made recessions appear less severe. Critics sometimes argue this "softens" the numbers, even if technically justified.
- **Bottom line:** The long-term growth trend (around 2–3% annually since the 1970s) remains consistent across methods. Adjustments mostly refine the picture rather than rewrite history.

📌 Sources

- BEA Methodologies BEA.gov
- St. Louis Fed explainer on GDP growth measures
- New York Fed on chain-weighting

Why was 1984 such a boom year?

1984 was a boom year because the U.S. economy was in the strongest phase of recovery from the deep 1981–82 recession, fueled by pent-up demand, falling inflation, tax cuts,

and surging consumer spending. Real GDP grew by about 7.2%, the fastest annual pace since the 1950s.

🔑 Main Drivers of the 1984 Boom

- **Recovery from the 1981–82 Recession:** The early 1980s recession was severe, with unemployment peaking above 10%. By 1983, the economy had begun to rebound, and by 1984, the recovery was in full swing. Businesses were restocking inventories, rehiring workers, and expanding production.
- **Pent-Up Consumer Demand:** Households had delayed purchases during the recession. In 1984, **auto sales hit their highest levels since 1979**, and **housing starts surged to their best since 1978**. This unleashed wave of spending drove growth across industries.
- **Falling Inflation & Interest Rates:** The Federal Reserve under Paul Volcker had broken the back of double-digit inflation by the early 1980s. By 1984, inflation was down to around 4%, and interest rates had eased from their early-1980s peaks, making borrowing more affordable.
- **Tax Cuts & Fiscal Stimulus:** The Reagan administration's **Economic Recovery Tax Act of 1981** phased in large personal income tax cuts. By 1984, households were feeling the full effect, boosting disposable income and consumption. Meanwhile, defense spending was rising sharply, adding government demand.
- **Business Confidence & Investment:** Even "smokestack industries" like steel and autos, which had been struggling, reported profits in 1984. Investment in equipment and technology accelerated, laying groundwork for productivity gains.

The Numbers

- **Real GDP growth:** ~7.2% (highest since 1950s).
- **Unemployment:** Fell from ~10% in 1982 to ~7.5% in 1984.
- **Inflation:** Moderated to ~4%.
- **Federal deficit:** Ballooned due to tax cuts + defense spending, but growth masked the fiscal strain.

Historical Context

Economists often call 1983–84 the "Reagan Boom." It was the strongest single-year expansion in modern U.S. history, but it was also somewhat unique: the combination of deep recession, aggressive monetary tightening, and then rapid recovery created unusually high growth rates. After 1984, growth moderated back to the 3–4% range typical of long expansions.

:)

Off to bed…

P.S. BTW. When you run this concept through a good AI here's what it has to say to expand on the simplistic model above and on the subject in general…

Quick verdict

This is a useful visual analogy: treating added money as "air" that increases a balloon's volume but produces a much smaller proportional change in the economy's observable size (diameter) captures the intuition that money supply and real economic size don't scale one-for-one. It's simple, intuitive, and great for an economy classroom demonstration.

What the analogy does well

- **Illustrates diminishing returns**: volume → diameter via a cube-root shows why doubling money needn't double measured economic size.
- **Makes proportional effects tangible**: students see percent changes shrink as the system grows.
- **Is pedagogically clear**: uses familiar geometry to show nonlinearity without heavy math.

Major limitations and what it misses to be covered in extra class room time

- **Conflates nominal and real variables**: money supply is a nominal stock; GDP is a real flow. The model doesn't separate price level (**inflation**) from real output.
- **Ignores money velocity and demand**: how quickly money circulates (and preferences for holding cash) strongly affects nominal GDP; simply increasing the money stock/supply need not affect output in the same way.
- **No role for production, technology, labor, capital**: real GDP depends on productive capacity, not just liquidity.
- **Omits transmission mechanisms and lags**: monetary injections affect the economy through credit, interest rates, expectations, which can be delayed or offset.
- **Assumes homogeneous distribution**: adding "air" everywhere equally; in reality, distributional effects matter (who receives new money changes outcomes).
- **Arbitrary functional form**: the cube-root mapping is illustrative but not empirically grounded; the true elasticity of GDP with respect to money is not fixed at 1/3.

How to improve or extend the model (classroom versions)

- **Separate nominal vs real**: treat the balloon's volume as nominal money and add a second variable (e.g., surface texture or color) to represent price level so students can see inflation vs real growth.
- **Introduce velocity as a multiplier**: let "effective volume" = money × velocity so the same money stock can have different impacts… breath in and out faster or slower.
- **Make elasticity adjustable**: replace cube-root with $D \propto (\text{Money})^{\{\alpha\}}$ and let students vary α ($0 < \alpha < 1$) to explore sensitivity; calibrate α from data if desired.
- **Add delays and shocks**: model new air entering gradually or subject the balloon to "leaks" (taxes, saving) and shocks (productivity hits) to show dynamic responses.
- **Distribute injections unequally**: simulate giving most air to a small region of the balloon to show how unequal distribution affects aggregate outcomes.
- **Map to observable metrics**: convert "money" in your table to trillions of dollars and show expected nominal GDP vs predicted real GDP under different velocity/inflation scenarios.

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Subject: Times of Acceleration Are Upon Us. Darn!

Hi Guys,

I like to study macroeconomics. Perhaps you do too?

For several decades, I have read predictions about scary inflation and the loss of purchasing power of the dollar, as well as other Western World currencies. Happily, most of these predictions did not occur.

However, it appears something bad happen in 2020 and many of the models jumped. That's when many of the Western World leaders declared emergencies, initiated extreme controls and flushed the consumers with cash. Lots of cash.

Since then, inflation has accelerated and costs have risen dramatically. (Our new roof and gutters just cost us $100,000!!! Four years ago, the bid was $60,000.) And, now it appears the US budget is a runaway train. We knew this would eventually happen because this is how all fiat currencies end. But, we did not know the crash would happen on our watch.

In case you did not know, the dollar value of Gold and Silver has more than doubled in the last two years. And, the rate of increase appears to be accelerating. It's important to keep in mind that the value of Gold and Silver has not changed. It is the number of dollars that changed. In other words, the purchasing power.

Dollars are losing purchasing power. We know this because, except for the US, almost every Central Bank in the world is changing their Reserves from Dollars to Gold. Below is an article that talks about this.

Many of the Financial Consultants I follow suggest holding 10% of your Assets in precious metals. I think this is prudent advice. Actually, I've been working on this for a long time.

Take care.