



## How Much Worse Can the Economy Get?

According to Harvey Rosenblum, a top economist at the Dallas Federal Reserve Bank, the American economy is at the “knife edge” between growth and contraction. He spoke at a forum sponsored by the San Antonio Chamber of Commerce on September 27. “We are in the midst of the Second Great Contraction,” he observed, adding that he didn’t think that “monetary policy tweaks” would help much. “The patient isn’t responding well to the medicine,” he said.



And so, the Fed’s inflationary policy is not creating job growth. But, according to Bernanke, it may be preventing deflation, which led to the Great Depression. But while the private sector has formidable assets which could become the basis for future prosperity, unfortunately we are stuck in the mire of uncertainty that socialist Obama and his leftist colleagues have driven us into.

And there are good reasons why this economy is trading water. First, we have a horrendous national debt which Obama refuses to reduce. Indeed, he and his socialist buddies want more debt in order to destroy our capitalist system. In fact, he has engineered the largest expansion of government in U.S. history by enacting ObamaCare, which will increase the national debt even more.

The simple truth is that neither the taxpayers nor the private economy have the money to pay for all of this socialism. That’s why we must continue to raise the debt ceiling. Therefore, one of the first things a new government in Washington must do is repeal ObamaCare in order to stop this perverse and unnecessary increase in government growth and spending, and then start getting rid of the many federal agencies that should be abolished.

Relieved of this mammoth burden on the shoulders of the private economy, businesses can begin to concentrate on growth. But even that may not be enough to create new jobs. There has also been a sharp retreat in spending by consumers, which has lowered demand for many products and services. That is why so many companies are holding on by the skin of their teeth, hoping to survive the present downturn.

Which means that nothing will happen until there is a change of government in Washington. But in the interim, things can get worse. The usual Sunday panel shows’ concentration is on the Republican candidates and the debates. It’s all a blame game. The liberals are skittish about blaming Obama for anything. They blame the Republicans for failing to compromise. That is why we supposedly have government gridlock. But George Will on ABC commented in his usual soft-spoken manner that there hasn’t been any gridlock at all in Congress. The Democrats have passed ObamaCare, financial reform, bailouts, raised the debt ceiling, etc. The liberals simply want the Republicans to permit them to pass even more spending programs that will “create jobs.”

The intellectual dishonesty among most of these Sunday pundits is a wonder to behold. They are like trained seals articulating what can only be called politically-correct opinion. They know that if they ever utter the S word (socialism) they will lose their cushy jobs at the *Washington Post* or the *New York*



Written by [Sam Blumenfeld](#) on October 4, 2011

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*Times* or *Time* magazine. And that is why constitutionalists are so far ahead of them. Constitutionalists know that this is a struggle between diehard socialists and free-market capitalists, and that the outcome of this struggle will determine whether this country remains the bastion of freedom or becomes just another socialist basket case.

It doesn't take a lot of people to destroy a society. Fidel Castro and his minions, who numbered at most a few hundred or a thousand, destroyed the Cuban economy, reduced the nation to poverty, and forced over a million Cubans into exile. And there is no doubt that if Cubans had the freedom to leave that tyrannical state, over half of them would get on anything that floats or flies and get away.

People are still coming to America regardless of what is going on in Washington, because they have faith that the American people still love freedom and will reverse the socialist trends in D.C. In fact, many legal immigrants who left their native tyrannies are helping to make the government in Washington change its course from socialism back to free enterprise.

Thanks to the debates, the public is becoming more and more aware of the ideological struggle going on between the socialists in Washington and the free-enterprisers in the Republican Party. The debates are clarifying the issues involved. Meanwhile, Obama continues in his campaign to ignite class conflict, believing that he can convince the public that taxing the greedy rich will solve our problems and create more jobs. He thinks that by having mobs fill Wall Street, chanting their anti-capitalist slogans, that Americans watching it all on TV will decide to reelect America's socialist President.

The mobs in Madison, Wisconsin, didn't win, and the mobs in Wall Street won't win. And if any of these mobs start burning cars and smashing store windows, that will turn the rest of America away from the left. But the threat of mobs is supposed to intimidate Americans to vote for Obama, or else. Or else what? You provide the answer.

It is also interesting to see Obama flailing about trying to create magic with his oratory. After all, he won the Nobel Peace Prize for doing nothing. If he could fool the Nobel committee, he wonders why he can't continue to fool the American people.

Meanwhile, capitalists such as Donald Trump are not fazed by the economic doldrums. He sees opportunity in economic volatility. "There is volatility all over the world, whether it's the United States or Asia....Nobody really knows what's going to happen," he notes. But if there are opportunities to make money anywhere, Trump will likely find them.

To some extent, most Americans have been forced to adopt the same attitude. Yes, there are tough times ahead, but if you're smart you may be able to weather this economic storm, actually make some money if you have some to invest, and enjoy the new economic weather in January 2013. Even the present uncertainty shall pass, if past patterns of cyclical economic ups and downs repeat themselves. Hopefully, it won't take much longer. We need a new President who will firmly believe that America's best days are still ahead, and will (along with a like-minded Congress) put sound economic policies into effect that will bring a recovery about.



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