

# Free critical thinking on fiscal cliff and compounding effect

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## Introduction

Crash Course: Ch. 3 - Exponential Growth & Ch. 4 - The Power of Compounding by Chris Martenson

Chapter three talks about exponential potential which is regarded the most important key concept of the crash course and it highlights about the population of the world, the consumption of oil, money supply in the united states, water use, forest degradation, the extinction of species and fishery exploitation which seems to quickly reach their natural limits.

There is a need for people to be in the frontline to take actions since our lives will be affected and action to curb this must be quickly taken.

Exponential growth is a foundational key concept that can be used to form a better future. The thing that is it to be measured is drafted on a graph of time versus the amount or quantity. The slower the percentage rates of growth the greater the length of time we need to charge in order to see the compounding effect.

Chapter four according to Dr. Marteson, deals with the power of compounding. Compounding is defined as the 1st key concept contained in the crash course and it is well explicated in the installment. The narrator bases his ideas on a paper whose author was Dr. Albert Bartlett and it explained the hazardous effects of higher rates of growth from the consumption of oil to the population. Chris stated that, " with exponential functions, the actions only heats up in the last few moments."

The world we live in is fixing us to situations that will change the meaning of being human. The natural energy of the earth is being depleted at a very high rate and this is a threat to the entire human beings. This presents the

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need for technological means that will ensure that we reduce the dependency on the consumption of oil

I have a feeling that the occurrences of nature may eliminate a section of the human population. The current times favors the life of humans when compared to life on other planets. Medicine and technology will seem to increase the expectancy in life and the survival rates. Therefore, human beings must step up to control everything so that the planet we live in can continue to support life. Failure to this will lead to a lot of hurdles in the future.

## **What is the Fiscal Cliff? Everything You Need To Know**

On August the United States president, Barack Obama, and the Congress decided to fix the U. S. economy to go over a " fiscal cliff. There is a need for the government to reduce the deficit by 1. 2 trillion dollars over the next decade. It's a year gone but there are no apparent efforts to evade from the cliff. The taxes will go up for every individual. It will be a huge blow for the economy when things will not be controlled in a way that the deficit will be cut.

The United States budget leads to the current crisis of the fiscal cliff. This is because of the high spending of the government. 63% of the funds were used to sort the past promises that had been made by the government, it was also set for social security, Medicare benefits for the elderly, the Medicaid for the poor, settle subsidies and the debt interest of the federal government.

The fiscal policy is feared by the U S residents since it can push back their economy to recession because of the annual tax increase of about 500 billion

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dollars and the cut in spending. The agreement in deficit reduction will counter the fear of the fiscal cliff by ensuring that there are no injuries to the growth of the economy. This will be a good inspiration to the government as it will boost its economy improve the confidence of businesses.

My opinion is that, the capital markets will be in the frontline to go against a stalemate and the risk in recession. The capital markets are regarded very powerful and influential and they are in a position to force global outcomes which cannot be controlled by the normal politics of a country. The freezing of the capital markets can lead to the drop of the stock prices because of the fear instilled in people.

President Obama has met the business tycoons and spent productive time with them and most of them have agreed to face a moderately high tax rate as long as spending capital and the package in total savings are large enough. Despite the agreement, there are anti-tax forces and they remain an obstacle in dealing with the fiscal cliff. The government must come up with a growth initiative that will cut both the tax and the bonuses that must be extended in line with the emergency insurance of the unemployed in America.

### **The pyramid crisis**

The reality has dawned that there is a catastrophe that is coming. In the past, the United States citizens had a perception that they life was full of perpetual prosperity. This was until the recession destroyed the economy of their country. The effort towards the struggle to re-build the economy was put under progress to ensure that the country was back to its normal.

The pyramid crisis is all about a global financial catastrophe that will be a

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reality in the coming near future. This will lead to collapsing of individual investment, reduction of their wealth and a deteriorating way of life. The lives of many will be in more risks than in the past. This will complicate people's lifestyle since their life investments will go to a waste because of the pyramid scheme crisis.

The pyramid crisis will lead to the following challenges and difficulties: a secret energy catastrophe, unavailability of cheap foods, unrecognized conflicts, wars on resources and economic recession. There is a need for both the citizens and the government to put efforts that will enable them to escape the pyramid scheme crisis before it is forced to collapse due to the circumstances.

The future of the Americans lies in the ultimate pyramid scheme. It is good to predict about the uncertainties of the future and plan for disaster management in such cases. The citizens are also required to avoid illusions that there are no catastrophes and be ready to face the reality with the right solutions to the problems. The creation of awareness about the pyramid scheme will ensure that many are participative in the efforts towards a perpetual prosperity.

### **Work cited**

<http://www.youtube.com/watch?v=eiaYmhQsBHch><http://moneymappress.com/pro/Pyramid0712MMR2Y.php?code=PPYRN906&n=PYRAMIDMMR12EADMMP>.