

Governments Start Calling For Price Controls, Rationing & CBDCs Come Next



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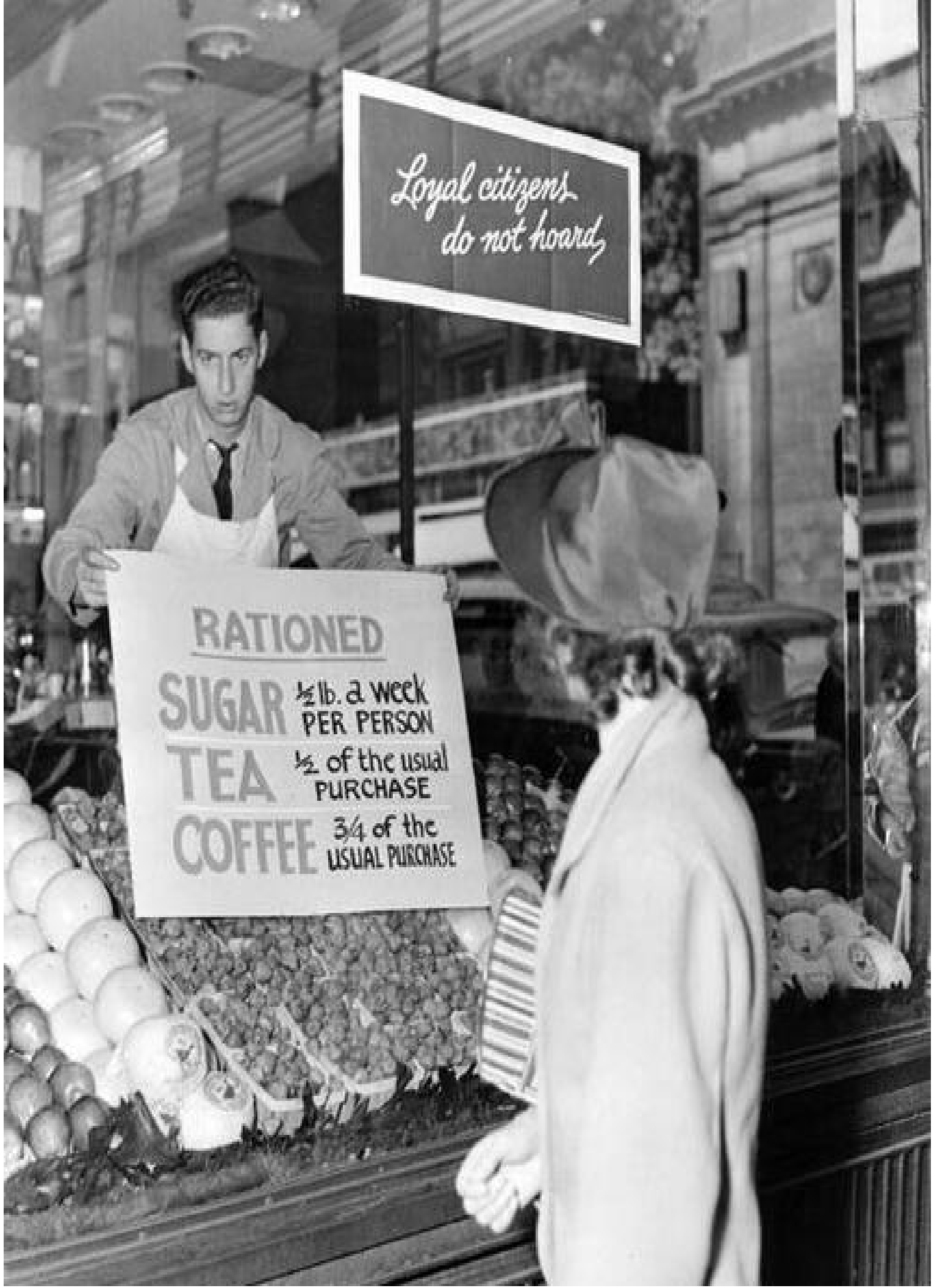
Last month in the middle of the **surreal “Bidenomics” hype** I published an article titled [‘Nothing Is Over: Inflation Is About To Come Back With A Vengeance.’](#) I outlined the misconceptions surrounding CPI and how it is not an accurate model for the effects of inflation. I also noted that the index had been manipulated downwards by Joe Biden as he flooded the market with oil from the strategic reserves. Because so many

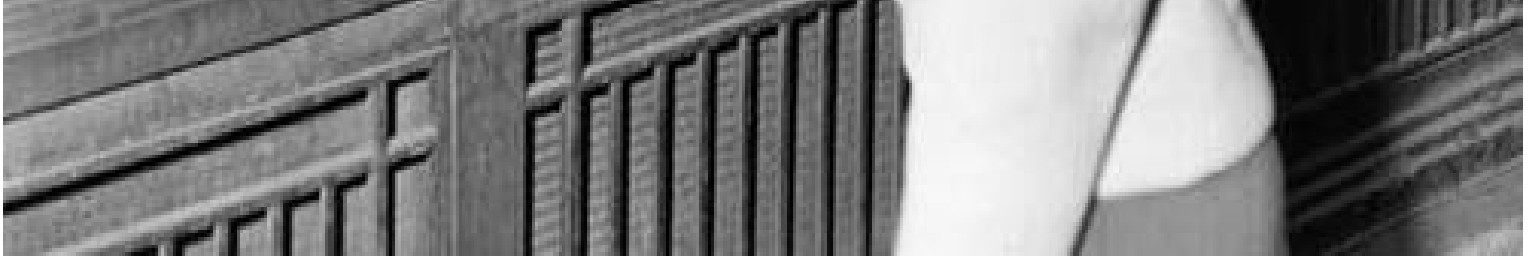
elements of the CPI are connected to energy, Biden had created an artificial drop in CPI using this strategy.

I argued that as the strategic reserves ran out and Biden lost his leverage, CPI would rise again and prices on a number of necessities would climb. This is happening now, with the biggest jump in CPI in 14 months and gas prices clawing back towards all-time highs.

*Loyal citizens
do not hoard,*

RATIONED
SUGAR $\frac{1}{2}$ lb. a week
PER PERSON
TEA $\frac{1}{2}$ of the usual
PURCHASE
COFFEE $\frac{3}{4}$ of the
USUAL PURCHASE





Inflation is not going away anytime soon, but the bigger issue at hand is who benefits most from inflation and rising prices? The answer might be obvious to some but many people are oblivious to the root cause of inflationary dysfunction and often see it as a consequence of random economic chaos rather than a product of clever engineering. The truth is, banking oligarchs and political authorities revel in the inflationary tidal wave because it is a perfect opportunity to institute far reaching socialist controls over resources.

In most cases central bankers are the primary culprits behind the creation of an inflationary event, and the word “creation” best applies because it is nearly impossible for overt inflation to occur without them. While money supply is not the only factor when dealing with inflation (sorry purists, but there are indeed other causes), it is the most important. More money chasing less resources triggers supply-side instability and prices go up. Central banks have a number of excuses as to why they “need” to conjure up more dollars or pesos or pounds or marks, but there is no doubt that they know what the ultimate end result will be.

It’s happened too many times for them not to know...

These inflation events trigger a predictable set of dominoes in society as well as in economy and finance. Price spikes, diminished savings, rising poverty, rising crime, and rising interest rates – This is then followed in most cases by failed rate hikes, more inflation, then more hikes, diminishing foreign investment in debt, foreign currency dumps (causing more inflation), plunging consumer spending and job losses.

This same pattern has been witnessed from 1920s Weimar Germany to 1970s America to 1990s Yugoslavia to 2000s Argentina and Venezuela and beyond. But what happens next? In each case the trend leads first to price controls on producers and distributors, which ultimately fail. Then comes government rationing and the complete takeover of necessities including the food supply.

Think it can't happen in the US? It already has. In 1971 Richard Nixon issued Executive Order 11615, (under the Economic Stabilization Act which was established in 1970); the order demanded a 90 day freeze on wages and prices in order to counter inflation. It was an exceedingly rare action outside of a world war and conveniently took place during the election cycle. Keep in mind, the real inflationary crisis had not happened yet, but the price controls gave markets a short term boost and gave Nixon an election win.

In 1973, controls returned during the Arab Oil Embargo. They failed and resulted in long term gas price inflation. Gerald Ford then called for American businesses to institute price controls under his “Whip Inflation Now” campaign; it was the subject of ridicule and was even made fun of by a young Joe Biden (who now falsely claims to have solved his own inflation problem with his useless Inflation Reduction Act).

Finally, Jimmy Carter introduced price and wage “guidelines” (controls) which rewarded businesses that raised prices below a set percentage. Any businesses that raised prices above the percentage and made a pre-tax profit above the previous two years would be penalized. In no case could a firm increase its dollar profit by more than 6.5 percent unless the excess was attributable to increased unit sales volume. This plan, of course, also failed to stop inflation.

Ultimately, the Fed had to jack rates up to around 20% in 1980-1981 to stop exponential inflation, which led to considerable business losses and high unemployment.

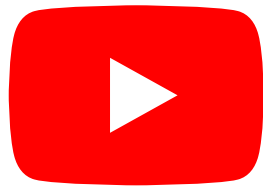
The problem is simple, price controls lead to lost profit incentive which leads to less production. Less production leads to less supply and less supply leads to rising prices. This is on top of the root cancer that is fiat money creation. Politicians will rarely if ever address the actual cause of an inflationary crisis: The government and the central banks.

Instead, they try to blame free markets, “greedy” businesses and profit taking in times of distress.

Sadly, the pattern is repeating again today as it is now becoming clear to the public that central bank interest rate hikes are not having a significant effect and the public is still paying between 25%-50% more on the majority of goods they purchase compared to three years ago. As inflation grinds forward, multiple leftist governments are now openly discussing price controls.

Recently, Canada’s Justin **Trudeau ordered top grocery chains in the country to cut prices** while admonishing them for making higher profits, insinuating that they are the cause of inflation. In Canada, profit margins among grocers are actually flat due to rising costs. If one looks only at raw profits without taking into account inflation in producer costs as well as transportation, distribution and wages, then it might look like these companies are pulling in the cash. **There is zero evidence to support this claim.**

PM Trudeau announces aff...



What Trudeau is doing is pretending to be stupid while engaging in a very clever strategy of scapegoating. It's the government and the central bankers that are the foundational cause of inflation, but by blaming individual business sectors he sets the stage for government enforced price controls. When these fail and create a crisis in supply he will then introduce rationing, and once the government has conditioned

the public to accept rationing the elites then control the entire population's access to food and necessities.

Some people may say “Well that’s Canada, what about the US?” The same agenda is in progress in America, but is being pursued at a city and state level. For example, the socialist Mayor of Chicago, Brandon Johnson, just announced a plan for the city (using state and federal tax funds) to build [government run grocery stores](#) in “food deserts.” These are places where a combination of inflation and shoplifting has forced grocers to leave certain areas of the city.

The Chicago program would include price control measures and there’s ample opportunity for these institutions to use rationing in the future. Similar projects are also being considered in other cities across the country. In other words, leftist cities are scaring away businesses while planning to replace “essential services” with government run operations.

I wrote about the **inevitability of government rationing after price controls** last year in my article [‘The Stagflation Trap Will Lead To Universal Basic Income And Food Rationing.’](#)

Rationing generally comes when price controls fail. It’s been a long time since the US has faced these kinds of conditions but we are likely to in the near future. This time around, I believe that if the establishment is given rationing power they will never let go again.

Rationing could also be used to lure the public into accepting Universal Basic Income (UBI) and Central Bank Digital Currencies (CBDCs). Government run food centers can easily restrict purchases of goods to a limited list of items, and also demand payment using specific methods (like digital currencies). In a short period of time, cash would be removed because retailers, pressured by government, will refuse to accept it.

It's hard to say what the future will bring in terms of politics, given that the next presidential campaign is looking like a complete circus. **Historically speaking, though, both Democrat and Republican presidents have tried price controls in the past. Public pressure must be applied (at the state level at minimum) to stop this from happening.** As convenient as it might seem to blame producers and distributors, the real threat is coming from governments and banks. We cannot let the people who caused the crisis also benefit from it by giving them even more power.

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