



## Hyperinflation - How To Plan For The Economic Armageddon Transcript

Ryan Moran [00:00:04]

Hi, everyone. Welcome to the Capitalism.com podcast. Today, we're going to talk about hyperinflation and all of the economic uncertainty that is happening right now. Jack Dorsey tweeted about hyperinflation being inevitable and inflation is well over a reported 5%, although some people think that it is much higher than that. The result that I am seeing is just a lot of uncertainty around my fellow entrepreneurs and it makes sense why. Inflation distorts the price of anything and makes it difficult for people like you and me to make educated decisions about our businesses. It is really flipping scary to think about all of your wealth and all of your hard work going up in smoke and just being printed away by a government that you can't control. It's really scary to think about that. It feels really uncertain during times like this, about how to plan for the future, what to invest in.

Ryan Moran [00:01:03]

And it also creates an environment in which we are more incentivized to take risks. And I mean, crazy risks. In fact, if inflation were to continue to go rampant, it would make sense to borrow everything that you have against your house and against all the stocks that you have and to buy more stock or Bitcoin or Ethereum. At the same time, inflation has pushed those things to such highs that it's scary to do that. And so, we feel like we are caught in this rock and a hard place where it makes sense to risk everything, and yet it makes no sense to risk anything. It's a really scary time. It's a really hard time for people like you and me to make educated decisions about our businesses. What's the price of our cost of goods going to be? Are we going to be able to ship things? Are they going to get caught at the border somewhere? Is there going to be new legislation that taxes are unrealized gains? What's about to happen here? And what I hope to give you in this podcast is both a calm lay of the land, and also some steps that you can take in order to make sure that you're set up and taken care of, regardless of what happens in the economy.

Ryan Moran [00:02:17]

I have personal friends that are buying farms and they are growing their own food. I have friends that are basically preparing for the end of the world. I have friends that truly believe that we are going to have a real hyperinflation and that the dollar is going to be worth a penny in just a couple of years. I know people have gone very deep down this rabbit hole, and I want to publicly confess that that was me. That was me in 2009. In 2009, I truly believed that there was going to be hyperinflation. I truly believed that we were going to see an end to the dollar as the reserve currency of the world. I truly believed that we were going to have an economic



meltdown and that it would all go up in smoke and that you should buy gold and silver. If you are old enough to remember 2009, gold and silver went on similar booms to Bitcoin and Ethereum. Bitcoin and Ethereum have surpassed how much they have grown by this point.

Ryan Moran [00:03:20]

But gold and silver were the hedge against inflation back then. And just like there are crypto newsletters of today, there were gold and silver newsletters back then. There were radio ads run for people to buy gold and silver. There were entire digital products created about how to buy gold and silver and other ways that you could hedge against inflation. That's exactly what's happening in cryptocurrencies today. Full disclosure, I own a lot of cryptocurrency. I've come full circle here. I doubted it. I was against it. I was very bearish on the overall sector and I was wrong. I was wrong on this. I was wrong because I was wrong about the technology. I still don't know if it is a proper hedge against inflation. I still don't know if buying crypto is better than buying real estate when it comes to protecting against inflation, but as an emerging technology, it's very, very interesting, but the reason I'm telling you all of this is because I have gone down that rabbit hole of being scared and making investments from a scared place, buying gold, buying silver or worse.

Ryan Moran [00:04:30]

What I did in 2009, more than anything else, I kept my money in cash. I kept my money in cash because if there's going to be hyperinflation, then everything is going to be distorted and we're not going to be able to buy anything. And I should probably hold onto cash. It was stupid. It makes absolutely no sense. I missed out on one of the biggest bull runs in history because I was scared, because I was pessimistic, because I was afraid of what the U S government would do. So, I am concerned for many of my friends who are seeing the landscape of the world and are making scared investment decisions or are planning for the end when that may not be necessary. I do want to honor the fact though, that there is a case to be made for rapid inflation, even hyperinflation. Hyperinflation is defined as 20% month over month increase in prices.

Ryan Moran [00:05:21]

That means that a stick of butter is \$5 bucks this month, it is \$6 bucks next month, and then \$6.20 and then \$7.40 and on, and on, and on it goes for ... At month over month, that would be hyperinflation. Plenty of people have a reason to think why this is the case. They see the government increasing the amount of money supply the [INAUDIBLE 00:05:45]. They are also seeing prices now going up at the grocery store and at the butcher and all over the place. We all see that, we see housing prices go up. Housing prices in Austin, Texas, where I live are up an average of 30% over the last year. That's crazy. That's absolutely insane. It's also not



hyperinflation. 30% over 1 year is quite a run. That's inflation. It's not hyperinflation. And in fact for it to go up at the same rate would be unsustainable.

Ryan Moran [00:06:21]

It would be unsustainable because you would dry up the number of people who could buy houses or could buy food, or employers who could pay their team members. At some point, normal market forces kick in, but it makes sense that people would be concerned, especially at a time when Elon Musk can make \$30 billion in a day and be well on his way to becoming the first trillionaire, which when I was a kid was told, that was absolutely insane. No one will ever be a trillionaire. The fact that he is on pace to do that means something weird is going on. It means that there is way more money in the system and it's growing faster than most of us can keep up. It makes total sense that people would be concerned about the amount of inflation going on in the world and even planning for the end of it all.

Ryan Moran [00:07:14]

I found myself caught up in this in the last year because I was looking for a house and the prices in Austin went up so quickly it was panic buying all over the place, but the panic buying is actually what drove the prices in Austin. People were panic buying because they saw everybody else overbidding and they knew they had to overbid in order to bid out everybody else. Guess what's happening now? Now prices are falling and they're falling pretty rapidly. A house that I looked at just a month ago was dropped \$100,000 dollars. It was listed for \$1.2, they dropped their price to \$1.1 and that's happening pretty frequently, even in a hot market like Austin. Housing prices have peaked. Now they're starting to come back to earth. Now, who knows what's going to happen in the next year? But the initial buying frenzy has at least slowed and become more reasonable.

Ryan Moran [00:08:09]

We're also seeing that happen a little bit with the stock market. We're still hitting all time highs in the major indices, but the stock market growth has slowed a little bit. It seems to have topped out just a little and is now fluctuating, it has its highs and lows. Still going up at more of a reasonable pace, but the crazy booms have at least normalized a little bit. Where we are in the cycle is at a little bit of a curve, a little bit of a flattening. Bitcoin is back to all time highs, but it is not exploding like it was at one point. That might change, of course, but as we are right now, we're in of a breather as I'm recording this. The inflation numbers as they are recorded, as they are publicly communicated is about 5.3%. What you will hear in the media is that these are record highs or people will kind of throw this around, inflation's higher than it's ever been.



Ryan Moran [00:09:07]

That's not true. Inflation, again, as it is reported, and we can argue about whether or not these numbers are accurate, but as they are officially recorded are the same that they were in the year 2000. In the year 2000, we had the same amount of inflation as we have today. Now 5.3% is a lot of inflation. That's really high. Normally it's about 2-3% per year. So 5%, that's hard. That's tough, but it's not unprecedented. We had much higher rates of inflation in the '70s. And again, we had an equal amount in 2000. This amount of inflation can happen when you are at the peak of a cycle. When you've had a big economic boom, like we had and when you're putting a bunch of money into the system, you're going to have this type of a result, a severe amount of inflation. We are very far away from hyperinflation.

Ryan Moran [00:10:08]

Doesn't mean it won't happen. Hyperinflation is totally possible. It's happened in other countries, but we're nowhere close to it right now. Now when you know that, or at least can see that there might be another side to this, we don't have to be so worried about what's going to happen in the future because our ability to be successful comes from having the confidence to set long-term decisions, make long-term decisions, set long-term goals. The longer term you can think the more successful you will be. Inflation and the fear of hyperinflation distorts that ability to make those long-term decisions. So, I tell you all of this, I tell you that, hey, we might be at the top of the inflation cycle. It's possible. It's also not unprecedented for us to have a situation like this. I tell you all this so that you can calm down and say, all right, hopefully this isn't going to continue for indefinite amounts of time and I can set more long-term goals here.

Ryan Moran [00:11:09]

Because the minute you fall into that, things are going up in price, I got to panic buy and I got to do this, you start making irrational decisions. Now again, while hyperinflation is possible, and we might continue to see this level of inflation, there are other things going on. While Jack Dorsey says that we are inevitably going to experience hyperinflation, other economists like Cathie Wood will say that we're going to enter into a period of deflation. In fact, Cathie Wood is the investor who I admire most in this world, and she argues that we are about to go through a major period of deflation because of the economic cycle that we're in, but also because of the amount of technology that is emerging. Now, my friend and mentor Tom Lehman has been on the podcast and says he disagrees with that.

Ryan Moran [00:11:59]

He thinks we're printing enough money to offset that, but that's actually part of the market poll here. That's actually part of market forces at work. Government always inflates, market always brings costs down. Those 2 things tend to create a sense of stability in a normal market. We



haven't had that in the last year and a half because the world shut down, we all freaked out, we hid in our houses, the government printed a whack ton of money, and the world froze. We didn't know what to do. We weren't productive, but we're coming out on the other side of that. We're starting to emerge and have normal expectations for how the world is going to move forward. We also have this other thing going on. It's this crazy shipping back up where we have total supply chain meltdown. The reason for this is a literal backlog. There's no conspiracy to keep food out of your mouth.

Ryan Moran [00:12:57]

There's actually a real backlog in the supply chain because it's so pent up. There's literally a traffic jam at the ports to where we can't get the inventory that we need. That will take probably 6 to 12 months for it to completely clear. The result of that is higher prices because there are now more scarce goods. We don't have the abundant flow that we are used to, and that's going to cause an increase in prices. That is what Jerome Powell is talking about when he talks about inflation being transitory, saying that we're going to have temporary increase in prices, but that will normalize over the next few years. I am not sure that it will normalize, but it is definitely worsened by the fact that we have a backlog in goods, just waiting to get checked in. If you're an Amazon seller, it's been a rough time to be able to get inventory to Amazon. Ask me how I know.

Ryan Moran [00:13:55]

Again, we haven't had the innovation and the productivity that we are used to because we've all been shut down and we were incentivized not to work last year, we have a backlog in products and in goods and in production. And all of those things are going to increase prices and you've got money just flowing out of the government's rear. They've got money diarrhea just flowing into the system. Of course, that is going to increase inflation to higher levels than we have seen. With all of those things happening, we are still nowhere close to hyperinflation. Now you could factor in the fact that there's also record government deficits, we've got trillion dollar deficits. Government is spending money it doesn't have, we're going to have to print that money in order to make up for it. I am worried about that one. That is the one X factor that could append to the entire system, but there's another side of this as well.

Ryan Moran [00:14:54]

That side is that even the very loose federal reserve has said, we're starting to get concerned about inflation. We're starting to think about tapering. We're starting to think about raising rates in the next year. And at the same time, there's a very strong chance that the Republicans gained seats in the Senate and the House in the next election cycle, which will probably create more balance in government and hopefully rein in some deficit spending and even the very



Democratic controlled Congress right now has not been able to pass as aggressive legislation as many people thought that they would. My hope is that there is some balance restorative in Washington, that we clear the supply chain that is currently gumming things up, that we start to normalize a little bit, that the federal reserve gets a little bit logical, and we stave off a situation in which we have crazy amounts of inflation.

Ryan Moran [00:16:02]

Plus, we have innovation, we have people going back to work, we have normal market forces starting to influence hiring and firing and cash flows, we don't have free money coming to us in the form of extra unemployment that is starting to dry up. All of that will help to curb this long-term. Now I know that this will not persuade those who believe that there will be hyperinflation and I don't blame them. The government can't be trusted. The government is not logical. They do a lot of dumb things and I hate most of it. And so, I wouldn't blame anyone for being very fearful of the government right now, but I have learned the pain, I have learned the financial loss that comes from being pessimistic. What I mean by that is I have learned that when I make scared investment decisions, I get really scary result. When I don't plan for the long-term and I just plan for the short-term, I miss out on a lot of opportunity.

Ryan Moran [00:17:09]

I can always find a reason to be scared about the economy changing. I can always find a reason to be scared about making that investment. I can always find a reason to hedge or not go all in on something. Sometimes that's a smart thing to do. Other times you are simply afraid of forces that you cannot control. My primary strategy in hedging against hyperinflation is to be optimistic. My primary strategy to ... Preparing for an economic meltdown or a situation in which everything is printed away is to be invested in good companies, to start good businesses, to invest in good businesses, to invest in good real estate projects, to make sure that I have a year's cash in the bank, to plant some food in my backyard, not a crazy amount, but I'm planting some fruit and avocado trees. It's going to be great.

Ryan Moran [00:18:14]

I'm going to eat them regardless of what's going on in the world. And to create great relationships with people that I care about. That is the all seasons investment strategy. For you to have an OSHA plan, which is cash in the bank, it's not a bad idea to have the few months of canned foods in your house. It's never a bad idea, but to plan your entire economic plan around there being an inevitable disaster, I have seen that result in more fear and depression and loss than anything else. The way that you plan for economic uncertainty like right now is to build a great business that is good for your customers. It is to make smart investment decisions and consistently buying businesses that you're confident are going to be stable through



difficult economic times. Businesses are going to business, regardless of what happens in the economy.

Ryan Moran [00:19:17]

Customers are still going to buy things regardless of what is happening, because we all have needs no matter what is happening. It is a mistake to not participate in the economy because you're afraid of what is going to happen. If there is a major collapse, we're all going to be going through it. All of us. If there's hyperinflation, there's not a single one of us that is going to be able to avoid it. But what will get you through it is when things inflate, so does the value of the assets that you hold. Your houses, your cars, even in a time of hyperinflation, the stocks that you own, the real estate that you own, all of that goes up during a time of hyperinflation. Just like a normal market, buying assets, having a great business, selling products that people want is the plan through.

Ryan Moran [00:20:15]

And you can only do that if you have a calm mind. If you are able to stay calm while everybody else is losing their mind, you will make smart decisions. If you are able to keep a cool head while everybody else is freaking out, then you actually have a strategic advantage. One of the best things that you can do right now is to cultivate a calm mind, is to not pay attention to the noise, is to not get caught up in the erratic logic of most of the world, and to continue to build what you are building and to continue investing in what you're investing in and to continue serving those who you serve. It is the only way that you get through a tough time, whether it is a deflationary time or an inflationary time. I want to end with a little bit of anecdote, and this is not meant to be political, but it will be.

Ryan Moran [00:21:17]

I have a friend who has been in the prepper market for a long time. The prepper market is he sells to people who are planning for the end of the world. He sells seeds and guns and knives, and I don't know, bulletproof vests or whatever, just planning for the end of the world. And his business always does very well when a Democrat is in the White House. Now why is that? Is it because half of the world is afraid of what's happening in Washington, DC and they're preparing for it? Republicans tend to be planners. So when there's a Democrat in the White House and they're feeling out of control, they take matters into their own hands and they start preparing for what happens in a potential collapse. The Obama administration made the prepper market explode, and it also made gun sales explode because when one side thinks that the government is going to take their guns or run up debt and inflation, the Republicans plan for that.





Ryan Moran [00:22:28]

And it makes sense why they would. That same friend told me that when Donald Trump was elected, all of a sudden his prepper market wasn't growing anymore, but something else was selling, something else was absolutely flying off the shelf, something else restored his business, brought it back to life when the prepper market just went kerplunk. And you know what it was? It was business opportunities. Why is that? Because when Donald Trump was the president, all the Republicans saw hope. They saw optimism, they saw opportunity and they started businesses and they all of a sudden started planning for a positive economic future once again. I tell you this because we are psychological creatures and the things that make us react emotionally are often out of our control. You don't control who was in the White House, but plenty of people derive their sense of security by someone like them being in the White House.

Ryan Moran [00:23:37]

Plenty of people feel fear when somebody that is not like them or does not represent their ideals is not in control. I would warn you against making decisions that are based on the warnings of scared people. There were scared people when Trump was president, they were scared ... There are now scared people now that Biden is President. There will be scared people, no matter who is in charge. There will always be a reason to feel out of control. There will always be a reason to be scared about the future, but those who are scared about the future rarely make decisions that build the future. Those who are responding to the temporary fears in the marketplace rarely make wise investments. They rarely plan for what life is going to look like in 5 years, because they are so worried about what's going to happen this week. If you are able to cultivate a calm mind during times when all of your peers are chaotic, you have the strategic advantage and you happen to be living in a time in which there is a ton of innovation happening.

Ryan Moran [00:24:47]

There is a ton of opportunity. You are early in so many markets. Ecommerce is still early. The internet is still early. Crypto is still early. NFTs are still early. There is so much opportunity. If you are only seeing the things that could take that away, you will never take advantage of those opportunities. If you realize that the market is going to change, the economy is going to change, prices are going to change, and your job is to create value for other people, you will always be wealthy. If you're feeling afraid and you're looking for a plan, you should come join us inside The One Percent. We're a community. We're looking for new opportunities together. We go to bat for each other. You should join us at [Capitalism.com/1](https://Capitalism.com/1). I appreciate you guys. Have a wonderful week. Talk to you soon.

Ryan Moran [00:25:40]





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