

COLLAPSE

WES MOORE

CHAPTER 10: The collapse Group Study Leader Guide

General Instructions:

- Have the students read the book chapter before meeting to discuss its principles.
- There is no handout for group members. Use the group study questions at the end of each chapter in the book as the basis for the discussion.
- The section below provides the location of answers (page and paragraph in the book), the answers themselves (in brief), and the goal of each question.

Chapter 10 Group Study Questions Discussion Key

1. What is the first step we will see leading to the collapse of the U.S. government? (The chapter refers to it as the “first shift.”) Why is this a problem?
 - a. Answer location: Page 111, paragraph 2.
 - b. Answer in brief: The first step in the collapse will be the rise in interest rates the U.S. government must pay on the money it borrows.
 - c. Goal of the question: To introduce the student to the central issue facing the U.S. government where its debt is concerned—rising interest rates.
2. Why will a future drop in the U.S. government’s credit rating worsen our debt situation?
 - a. Answer location: Page 111, paragraph 3.
 - b. Answer in brief: Because it will cause the rates we pay to borrow to increase because we will be a greater credit risk.
 - c. Goal of the question: To help the student recognize what our national credit rating has to do with our debt problem.
3. What was the average interest rate paid on U.S. debt between 2011 and 2020? How did this compare to the rates it paid in the 1970s, 80s, 90s, and 2000s? What does this say about the ability of interest rates to rise in the future?
 - a. Answer location: Page 112, paragraph 1 (and Graph 10.1).
 - b. Answer in brief: Rates between 2011 and 2020 averaged 2.5%. This was much lower than the rates of the previous 40 years, which averaged 9.9% in the 70’s, 11.3% in the 80s, 7% in the 90s, and 4.2% in the 2000s.
 - c. Goal of the question: To show the student that interest rates historically have been much higher than they have been in the last 10 years.
4. How much could the economy shrink if the government had to raise taxes by 10% and

cut spending by 10% at the same time? How does this compare to the amount the economy dropped during the Great Recession?

- a. Answer location: Page 113, paragraph 3 through page 114, paragraph 1 (plus Graph 10.2 on page 114).
 - b. Answer in brief: A 10% tax increase/spending cut plan would reduce the economy by 5-6.5%. The economy only slowed 4.3% during the Great Recession.
 - c. Goal of the question: To show the student that drastic tax increase/spending cut plans are not viable ways to address a budget shortfall due to increased interest payments.
5. According to the chapter, when does the “death spiral” begin for the U.S. government? Explain why this is so.
- a. Answer location: Page 114, paragraph 2.
 - b. Answer in brief: The death spiral begins when the government can’t borrow to cover its spending needs anymore, and because its debt payments are so high, no matter what it does, things only get worse.
 - c. Goal of the question: To help the student see that, if something isn’t done about the debt problem, at some point, it will be too late to fix it.
6. Summarize what happened to Greece following the Great Recession. How does this relate to what might happen to the U.S.?
- a. Answer location: Page 115, paragraph 1 through page 116, paragraph 2.
 - b. Answer in brief: The Greek government spent too much money, ran too many deficits, and borrowed too much from foreign lenders. When things were good, they were able to skate by. But when the economy slowed down, lenders would no longer loan them money at a rate they could afford. They lost access to a big portion of their budget (the borrowed money) and could no longer make payments on their debt. In the end, they had to make massive cuts in spending and accept a rescue package from foreign governments to survive.
 - c. Goal of the question: To give the student an example of an actual occurrence of the kind of debt problem the U.S. is facing.
7. Why is it unlikely other nations will bail us out if our government collapses?
- a. Answer location: Page 117, paragraph 1.
 - b. Answer in brief: Virtually all other nations depend on the U.S. for their financial and economic prosperity. When the U.S. falls in such a catastrophic fashion, the whole world will be pulled into a devastating depression with it. There simply will be no one capable of bailing us out. And remember, we are the largest economy in the world by far; it would take a massive amount of money to keep us from going under. Smaller nations, especially during a global depression, will not

have the money to do it. Our foolish financial decisions will have sabotaged the entire international economy.

- c. Goal of the question: To show the student that no one will be there to rescue us when we fall.
8. Explain one of the five factors that could hasten the collapse.
 - a. Answer location: Page 118, paragraph 2 through page 120, paragraph 2
 - b. Answer in brief: The five factors are 1) inflation, 2) the rise of a competing economic power, 3) government borrowing during the early stages of the debt crisis, 4) an unexpected economic downturn, and 5) the removal of the veil blinding investors to the U.S. financial situation.
 - c. Goal of the question: To explain to the student the things that could bring the collapse on more rapidly.
 9. Describe what life might be like in the early days of the collapse up until about a year following it.
 - a. Answer location: Page 120, paragraph 4 through page 121, paragraph 1.
 - b. Answer in brief: Chaos and fear, layoffs and reduced government benefits, supply reductions and looting, inflation, homelessness, food shortages, and criminal activity.
 - c. Goal of the question: To introduce to the student the likely consequences of the U.S. collapse.
 10. Explain how the collapse might cause believers to be persecuted.
 - a. Answer location: Page 122, paragraph 2.
 - b. Answer in brief: Satan may be able to successfully convince the new political powers that somehow Christians are responsible for the collapse, perhaps because they would not allow the prior socialist, progressive movements in the country to take full sway.
 - c. Goal of the question: To prepare Christians for potential persecution should the collapse take place.