

# The Separatist Review

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## THE COMING GREAT DECESSION

*In the day of prosperity be joyful, But in the day of adversity consider. Surely God has appointed the one as well as the other.*

- Ecclesiastes 7:14 (NKJV)

*There are four things which are little on the earth, But they are exceedingly wise: The ants are a people not strong. Yet they prepare their food in the summer. . .*

- Proverbs 30:24-25

The collapse of the Stock Market in recent weeks has caused great concern among investors, and justly so. Corporate America has lost at least a fifth of its value, precipitously. And the shock waves in other areas of the economy are only beginning to be felt. The Federal Reserve has begun to debase the currency in earnest, hoping to mitigate the shock waves. And at the expense of the dollar, it will temporarily succeed in holding the system together, giving Americans a false sense of security.

The politicians say the problem is the federal deficit. Economists say the problem is the federal deficit. The problem is not the *federal deficit*. The problem is the *federal budget*. Over a \$1 trillion a year is spent by the federal government alone. That is somewhere around 30% of the GNP. The government is taking too big of a bite out of the national economy. It is like an economic black hole that is absorbing the productive assets of the American people. It's crazy. In 1960 it was one tenth that size. Even if we did balance the budget and started to pay back the national debt, the econ-

omy still could not avoid a depression. The size of the federal budget would sink it like a millstone around the neck.

Ancient wisdom says that in good times you save, so that you can spend yourself out of the bad times when the bad times come. That is how we got out of the Great Depression.

The farmers of Ethiopia understood this principle: they saved their grain in the good years so that they did not go hungry during the drought years. This was until the Marxists took over. Then, they were shot for "hoarding," a capitalist crime. The result? Ethiopia is starving.

We were able to spend ourselves out of the Great Depression because there were enough Americans that had capital to spend. Since then, however, the pool of private capital has shrunk to a small fraction of outstanding debt. During the recessions which followed the Great Depression, the federal government found increasing necessity to use its gold reserves to raise the capital necessary to spend the country out of recession. There was not enough private capital unencumbered by debt to do it. By the early 1970s, the nation's gold reserves were so depleted that it had to abandon the gold standard. The nation's capital base was nearly gone.

Then there was the last recession, the deepest in post-war history. How did we get out of it? We raised our interest rates and borrowed from the only substantial savers in the world left: Japan and OPEC. We borrowed from them and spent ourselves out of recession.

The problem is we have not paid back our debts. We are repudiating them now by bankrupting ourselves, i.e. debasing the currency. We are now the world's largest debtor nation. But instead of lowering our standard of living to pay back our bills, we are playing banana republic: we are paying our bills with cheap paper.

The United States has effectively left the cash system and has adopted the credit system. No longer do we save in good times and spend in bad times. We spend in good times and borrow in bad times, except that during this last recovery, we have also borrowed in the good times (we have even collateralized our homes for consumer debts). The next recession is in sight. There is no one left in the world to spend us out. It will not only become a depression, it will become a disaster.

Communism and fascism will be too tempting to governments. Socialist and communist governments borrow in good times and steal in bad times. The politicians will avoid an open depression at all costs. They will debase the currency, impose controls on the economy, and ration the shrinking pie. The result of decades of socialist thinking will not be depression; it will be a decession - a controlled destruction of the economy.

There were two assets America had during its early years when it was a debtor nation - freedom and land. The people were free to produce themselves out of hard times, pay the debts, and accumulate wealth. We had a vast continent of natural wealth and fertile soils (the largest in the world). That, together with freedom, was like money in the bank.

Today, however, we have little of that left. We are over-regulated and over-taxed. Our fortunes are tied, no longer to the individual entrepreneur, but to clumsy, multi-national corporations. The land is useless to us, because few of us own enough to make a living from it. And the rest is either too poor for farming or forbidden by the federal government.

However, even if we could return to freedom tomorrow and fiscal responsibility with minimal taxation, there are two formidable reasons why a Great Decession is unavoidable. First, the optimum access to our mineral and energy resources has peaked out. Those resources are still there, it is just more difficult and costly to get them out. "Yankee ingenuity" has produced super conductors and free energy motors. Unfortunately, there is no one out there with enough capital to take advantage of these inventions in time to pull out the economy. When Edison invented the electric light bulb, investment capital was available to electrify the country in a short period of time. Like a starving child who cannot eat to save his own life, the world economy is not capable of utilizing these new discoveries.

Second, and more importantly, our land is barren. It takes many years to make barren soil fertile again. The barrenness of our land is hidden by the fact that we are using cheap petroleum-based fertilizers (which any farmer will tell is no longer cheap.) Farmers are finding out that artificial fertilizers are losing effectiveness. Larger and larger amounts are being required just to maintain current yields. The Law of Diminishing Returns is starting to push the profitability curve in the opposite direction. Soil erosion is an ever increasing problem. What fertile soil is left is being washed away because of

intensive tilling. We are an energy shortage or a financial crisis away from famine.

Soil failure is nothing new in our national experience. As George Washington complained in 1797:

*We ruin the lands that are already cleared and either cut down more wood, if we have it or emigrate into the western country ... A half, a third, or even a fourth of what land we mangle, well wrought and properly dressed, would produce more than the whole under our system of management, yet such is the force of habit, that we cannot depart from it.*

- *New Roots for Agriculture*, Wes Jackson, 1980, p. 41

When the land gave-out, Americans just moved on to new land to the west. There has not been any more new land for a long time. Cheap fertilizers have made the difference over the last generation. That cannot last much longer.

Americans do not sufficiently appreciate how important our land is to us. The success of our civilization is tied to its fertility:

*The fall of almost every civilization is largely an account of raping natural resources until all the easy profit goes out of them.*

*Better Soil*, Gene Logsdon, Rodale Press, 1975, p. 3

The United States cannot afford to face another depression. Social and political upheaval would be the consequence. During the last depression, a large percentage of Americans lived on self-sufficient farms. Today, that is not the case. As one elderly lady sadly said to me: "if there were another depression, people would starve to death. They don't know how to can food or grow a garden. They don't know how to do anything."

Too many people know how to steal, however, through government confiscation. Yes, the politicians will do our bidding and avoid a depression. We are going to see an explosion of state controls over the economy, causing a grinding down of productivity. We are going to see a spiraling downward of the standard of living, which will be all right for a while, since

ours is so high anyway.

But somewhere in the middle of that spiral, the productivity of our farmers will fall precipitously. They will not be able to service their debts, buy their fertilizer or store their grain. Or even worse, the land will give out or blight, like the corn blight scare back in the 1970s, will cause massive crop failures. Remember, please remember, it is the farmer and his land that stands between you and famine. If they fail, it does not matter whether you have a \$75, 000 -a -year government job or a mountain worth of gold, you are going to starve along with the rest of us. And do not count on the farmers of Argentina^' or Brazil to bail us out. Their economies will have long collapsed before ours.

The failure of the land will turn the Great Decession into the Great Disaster.

What can we do about this situation? First, we have got to realize that it is not a political problem. It is a moral problem on the part of the American people. We want something for nothing, and we are willing to hire the government to steal it for us.

Second, we have to realize that there is no political solution. It does not matter who you elect into political 'office, or what legislation is proposed, it will not remedy the moral problem or avoid the consequences of past malpolicy. Bills do not just disappear with wishful thinking. You must either pay them or repudiate them. But if you repudiate them (bankruptcy), it ends your days of "easy spending by destroying your credit rating. You are forced back on to the cash system, which is precisely what a depression does to a nation that has abused the credit system.

Third, no one else will take care of you except you. The government does not have the foresight to avoid the day of disaster, because it is being run by the five foolish virgins. You must be prudent and wise and store your surpluses for the day. of adversity. Get out of debt, get self-sufficient, and learn how to live off the land.

Fourth, over the long haul, you are better off on a small family farm. Destruction of decentralized agriculture after the Great Depression was a political decision. Don't let anybody fool you. It was a deliberate commitment of government policy to spend federal money on creating jobs in the city and neglecting the rural areas. Urbanization and industrialization were

to occur *at the expense of the tax money and capital, from rural America*. What this means is that when the federal government is no longer able to favor the urban areas, the economy will naturally return to the rural areas. Even though this will not occur over the short-term, over the long-term, it will.

Finally, there is a need for Christians to quietly move to the countryside and begin to establish self-contained, self-sufficient village economies. The art of bartering will play a key role, as will the craftsman and repairman. The Amish are a good example of this concept of a village economy. No man can be completely self-sufficient. We need each other; we need a division of labor. Village economies are the best manageable units for economic independence and specialization. They are also the best buffers between the individual and social conflagration.

One of the provisions God has made for His people to guarantee their survival in hard, times is to warn them in advance so that they can prepare. We have been warned. It is presumptuous for us not to heed the warnings and then expect God to protect us from our own folly.

*The prudent see danger and take refuge, but the simple keep going and suffer for it.*

- Proverbs 27:12 (NIV)