

The Fear Has Shifted

The Obama Plan Won't Work

John W. Ritenbaugh

Given 14-Mar-09; Sermon #927c

Have you noticed that the news reports concerning Iran, Iraq, Pakistan, Afghanistan Israel—in fact, the entirety of the Middle East and anything connected with it, including the price of gasoline—have pretty much diminished over the course of the last several months? News reports now mostly concern the American economy, which is much closer to home and it is very personal. Indeed, it should be, because Americans have largely been living in a fool's paradise regarding both national and personal finances and it needs attention.

Economic pundits, like Martin Weis and Donald McAlvany and many others like them have been warning Americans for decades that what we are now experiencing was roaring toward us like an express train, and that sooner or later a depression was absolutely bound to hit us. Why? Because even as a single person or a family cannot overspend income forever without consequences, neither can a nation. Dire consequences were inevitable, simply because eventually the well was going to run dry and the leaders are going to lose their trust in the greedy, self-centered profligate spenders.

The solution advanced by virtually all our government administrations, past and present—the present one especially—has been overall the same. The solution has been to throw more funny money at the problem. I say "funny money" purposely because each infusion of new money, borrowed by the administration from the Federal Reserve system to solve imbalance problems, has nothing real—nothing tangible, like gold and silver—backing it. Its backing is faith. Not faith in God, but the trust that the users of the money have in the nation's agricultural and industrial ability. Or, to put it another way, the nation's capacity to produce goods for sale, and thus, produce more income and general prosperity for the nation. That's where the faith lays.

But brethren, the reality is that we have been losing that capacity for decades because in the interest of greater profits, we have transferred great quantities of production to other nations, where it is cheaper to produce. And we, in the meantime, have become the ultimate consumer nation in the history of mankind. Our covetousness—to have things *right now*—has addicted us as individuals and as a nation to living beyond our means.

The Fear Has Shifted by John W. Ritenbaugh (<http://www.cgg.org>)

But that's only one part of the problem. How can we possibly believe that the way to get out of debt is to spend even greater amounts of money and go further into debt? That is completely, totally illogical, when one hasn't the resources to produce greater income by spending more money.

There is a precursor to the United States: it's in the history of the fall of the Roman Empire. As it was descending into historical oblivion, it kept the people distracted through "bread and circuses." Meanwhile, because it no longer had the resources to support other necessary features—like that of its vaunted armies and its necessary infrastructure—it turned in on itself, and its borders became vulnerable to the attacks of the Huns and the Visigoths. Rome became, over a period of time—it took hundreds of years—like the giant Gulliver, who was tied down by a multitudinous number of small cords, subject and made subject to the tiny Lilliputians.

Are you aware that when the administration borrows more money, that they really do not turn on the printing presses to crank out more greenbacks? All that happens is an electronic transaction that increases more indebtedness. Each time they do this, though it decreases, by a small percentage, the value of the greenbacks we already had have.

Are you aware that the Chinese own 15% of our national debt? It's over 700 billion dollars. Now, why haven't they called for us to pay up? I heard a man—an economic historian—interviewed yesterday on radio, and he was asked the same question by a fairly knowledgeable listener. Interestingly, the man said not to worry; "they will not do that." And then he continued to explain why. It's because they know that as soon as we paid up, we would immediately borrow more money to make up for the loss, and the money [the Chinese] just received would lose its value. In brief, they would be receiving something just slightly more valuable than Monopoly money.

Brethren, for the Chinese investment in American bonds to be of any value at all to them, the United States must succeed in putting the economy back on sound, solid footing. On a very large scale, it's the same as one of us investing in a corporation buying stocks and bonds, and then watching it go bankrupt. What do you have then except the piece of paper? The investment becomes worthless. The Chinese, as a nation, are somewhat in better shape than us, because they have the industrial base that we ship to them to produce income. Their area of vulnerability is agriculture.

At the end of the American depression of the '30s, America had both. It had the industrial base, and it had the agriculture to produce income. Now we do not.

This wild, irrational attempt by the Obama administration will not succeed. It may

The Fear Has Shifted by John W. Ritenbaugh (<http://www.cgg.org>)

produce a façade of seeming prosperity, but its effect will not be lasting, nor will the prosperity it does produce be general to the entire population—it's going to drive the groups apart. One cannot spend one's way into a solid, lasting prosperity. This defies the sound and clear laws of God. The American administration is refusing to bite the bullet, because it is painful and requires considerable sacrifice, so instead we continue the folly.

So I end with the question: How long will the nations holding our debt endure our refusal to responsibly meet what we owe them? I believe that the Bible predicts a time of reckoning lies ahead, and it will not be any prettier for us than it was for Rome. They were *sacked* when they could not meet their obligations.

We are caught in the nation's sins. The time is now on us to responsibly put our individual spiritual houses in order before our Creator. The faith of the nations holding our debts is being strained, and is near the breaking point.