

The Coming De Facto Secessions

After the November 6 election, petitions were added to the White House web site asking for “Obama’s permission” to secede. There are now 50 such petitions, one for each state, and some have more than the 25,000 “signatures.” They are supposed to prompt an official Obama administration response. Yes, the petitions are laughable. No, Obama is not going to say, “Go ahead and leave and I won’t try to stop you.” The administration will either ignore the petitions or simply respond that no state has the right to secede—even though the states do have that right. (If there were no right to secede from a corrupt and burdensome government, the 13 American colonies would still be part of Great Britain.)

Still, the petitions serve a purpose: they allow people to vent their frustrations and to let Obama know that millions of people oppose his tyrannical actions, high taxes, job-killing regulations, ObamaCare, and the abrogation of their freedoms. Obama almost certainly does not care, but even if millions of Americans are not quite ready to march on the White House with torches and pitchforks, it probably does not hurt to let the thug-in-chief know that those millions are at least thinking about it. At the very least, the petitions allow Obama staffers to keep his enemies list up to date.

Those who oppose secession are essentially arguing in favor of tyranny and slavery. They are saying, “No, you cannot be free. You must be forever indebted to the federal sovereignty, but modern day Americans are not free to respond similarly to taxes and regulations that are far more onerous than those imposed by King George. In the fashion of the Berlin Wall, some apparently want an “Obama Wall” to force servitude to their messiah and his socialist agenda. Yet many opponents of secession who argue that the United States should be preserved at all costs probably feel no such need to preserve its Constitution and would eagerly support a repeal of the 22nd Amendment.

Some claim that the Civil War “settled the issue” of secession. It did not—and it was most certainly *not* a civil war. It was a war of independence. A civil war occurs when two or more groups fight for control of an existing government. But the Southern states had no desire to take over the existing government in Washington, D.C. They wanted nothing to do with that government. They therefore formed the Confederate States of America and seceded. They had no desire to fight a war. They sought a peaceful secession and the formation of a separate nation. The war was *not* fought primarily over the evil practice of slavery—despite what the flawed history books state. The war was fought to preserve the power of the politicians in Washington. (Slavery would have ended without the war. In fact, it ended peacefully in all other nations. The same would have happened in the United States.) The only thing the Civil War “settled” was that a larger army with gunpowder can defeat a smaller army that is running out of gunpowder. All states have the right to secede, just as all individuals have the right to overthrow an unjust government at any level.

Now, in the 21st century, some of the 50 states will secede from the Union. *But it will not happen as people believe.* There will be no immediate attempt at secession, even though

Obama might not dare to use force to prevent it from happening. If a state like Texas or Alaska chose to secede, it would be because that was the will of the majority of the residents of those states. Would Obama order them rounded up and shot? Perhaps. Perhaps not. (It may be in his and advisor Valerie Jarrett's nature to do so, but one would hope that saner heads would prevail and stop them from such a course of action.) Of course, leftists hate Alaska and Texas anyway, so they should be happy to see them secede. That would result in fewer Republicans in the House and the Senate and fewer electoral votes for all future GOP presidential candidates. Secession by Texas might guarantee that the Democrats would forever control the White House.

Nevertheless, a "formal" secession is likely not in the cards—at least not the current cards. But secession will occur by default. Secession will occur when the dollar collapses, and no one will be able to stop it. Even if a state does not declare itself an independent republic, there will be de facto secessions because of economic collapse. That is, the collapse of the federal government as a result of its failed fiscal policies will *necessarily* lead to a renewed independence of the 50 states. With the relentless borrowing and money-printing of the government, the value of the dollar will steadily decline. The more the government borrows and expands the money supply, the more the value of the dollar falls. As the dollar becomes increasingly valueless, the federal government will lose the ability to control the chaos. Without a trustworthy currency, people will simply barter for goods and services, and the states will take it upon themselves to start issuing gold and silver coins for trade.

One only has to look at what happened in Germany in the 1920s for a taste of what is in America's future. Massive inflation led to the collapse of the German currency. As the paper money became close to worthless, people engaged in barter to survive. Family heirlooms were traded for food. It was not unheard of for a family to trade a grand piano for canned goods. The same thing will happen in the United States. We will see it happen in Europe first. Parts of Spain and Belgium have already discussed becoming independent sovereign states. They want to get out before the euro collapses. The dollar is temporarily trading high only because it looks good in comparison to the euro. The dollar is not a good investment; it is simply "less bad" than the euro at the moment. But after the euro collapses and Spain goes back to pesetas and Greece goes back to drachmas and Germany goes back to the mark, the mark and the Swiss franc may look very good and the dollar may look very bad. The dollar has survived only because it is used throughout the world's markets as the medium of exchange. It has been trusted only because other nations trusted the U.S. government to act in a fiscally reasonable manner. But other nations are now realizing that Washington, D.C. is not only not acting reasonably, it is engaged in fiscal suicide. The debt can no longer be hidden from plain view. The nation's credit rating has been lowered and will be lowered again. There is no amount of tax increases and spending cuts than can solve the problem. The debt is simply too great and there is simply not enough wealth to pay down the debt. Collapse and default are inevitable. Yes, inevitable.

When a gallon of milk costs \$50 and a gallon of gas costs \$40.00, what will people do? They will trade whatever they can for what they need. It is foolish and naive for anyone

to claim, “Hyperinflation can’t happen here.” It can and it will because the actions that caused it in Germany, Brazil, Argentina, and Zimbabwe have been taken by the U.S. government. The money supply of the United States has been expanded to unprecedented levels. The economic collapse is inescapable. No one can predict its degree or its timing, but it is ludicrous to argue that massive inflation can be avoided. Further, the politicians of both parties and the Federal Reserve and the bankers know what is coming. The fraud and collapse of MF Global was the tip of the iceberg. There will be more to come.

We will end up with de facto secession, even if there are no state conventions to vote on the issue. When the federal government collapses because of fiscal failure, as did the Soviet Union, *the states will simply do what they need to do in order to survive*. Some states will fare better than others. The states with the more productive and ingenious people will be more successful in coping with the collapse. The farming and ranching states will do better. The states with large populations of people on welfare and paper-pushing white collar workers will do worse. A farmer or a roofer can more easily engage in trade than a welfare recipient or a professor of “womyn’s studies.” Why? Because people will be willing to trade for food and roof repairs, but no one will trade for a class in gender discrimination.

There is simply no way to avoid the coming fiscal disaster. We have a few years of partial sanity left, at most. No one wants to buy U.S. debt anymore. The Federal Reserve bought more than 60 percent of the Treasury debt last year—and paid for it by printing money. Why did the Federal Reserve buy the debt? Because China and no one else wanted it—at least not at current low interest rates. The Obama administration is in a bind. It cannot sell U.S. debt because the low interest rate turns away buyers. That leaves only the Federal Reserve to buy it. But the Federal Reserve does not “have” \$1 trillion of cash laying around each year. So it simply “prints” the money via bookkeeping entries, thus expanding the money supply. That inflation of the money supply necessarily results in higher prices. *It cannot be avoided*. Europe is on the verge of collapse and can’t afford to buy U.S. debt when it cannot even handle its own. Japan is broke and is not buying U.S. debt. India and China are buying gold. As China’s Treasury debt expires, it is not rolling it over. It is cashing it in—in a slow process of ridding itself of U.S. debt completely.

Treasury Secretary Timothy Geithner can attract more buyers of debt only if he pays a higher interest rate. But Federal Reserve chairman Ben Bernanke and Obama cannot allow interest rates to rise or the entire house of cards will collapse. The government cannot even afford to pay the current interest on the debt, let alone additional interest. It is borrowing money just to pay the interest and will never pay down the principal owed. Even if the government imposed a *100 percent* tax on those earning \$250,000 or more, that would not be enough to pay down the debt. There is simply not enough wealth in existence to continue to finance the federal vote-buying schemes, the national debt, or the debt held by families and individuals.

So, the money will be printed—which is what governments always do when they have no other options, and which always destroys the currency. The current inflation rate is about 8 percent. It is most certainly *not* the phony 2–3 percent the government claims.

Everyone knows the “official” Consumer Price Index inflation rate is bogus. (It is kept artificially low so that the government does not have to pay higher inflation-adjusted benefits, such as Social Security.)

The only thing holding back massive inflation is the weak economy. Corporations and banks are holding on to excess cash. If and when the economy improves, businesses and banks will start spending and lending the cash that Bernanke has been printing over the last five years. That is when the donkey fazoo will hit the fan.

Prices for goods and services will rise dramatically. The wealthy will survive because Donald Trump and Oprah and Mitt Romney and Obama can afford to pay \$50 for a loaf of bread. The “normal people” who have jobs will suffer because their incomes cannot possibly keep up with the rising prices. Those without jobs will suffer even more because they will face those rising prices without jobs. There will be marches, demonstrations, civil disobedience, and riots. When your welfare check is not enough to feed your seven kids, what do you do? You rob the supermarket. One robber can be arrested, but tens of thousands engaged in food riots cannot.

Many workers will visit their company payroll department to change their W-4 forms to claim nine or even more exemptions in order to receive more cash in their weekly paychecks. That will give the government even less revenue and exacerbate the deficit problem. The IRS will not collect all that is owed the following April 15 because people will simply not have the cash to pay the taxes they owe—and the IRS cannot arrest 50 million taxpayers. Starved of funds, the government will print even more money. That will only result in more inflation. The cycle will continue.

Rising prices will cause increasing numbers of families to cut back on non-essential purchases. That will cause even more business closures and put even more people out of work. If you can barely afford to buy groceries, you will not buy new golf clubs or replace your old but still useable kitchen cabinets. The businesses that provide the goods and services that people can do without will fail.

What we will experience is “stagflation”—a stagnant economy with inflation. The price of essential goods will skyrocket, yet millions more will be unemployed. The shopping malls will be empty. People will stop buying new cars, but the price of used cars will go up. Pawn shops will flourish. Crime will increase.

When the dollar becomes almost worthless, people will trade for goods and services. The dentist will fill the farmer’s cavity in exchange for vegetables; the plumber will fix the roofer’s leaking faucet; and the roofer will fix the dentist’s leaky roof. People will rely less on cash and more on barter. The Internet will be used to connect traders with traders. The dollar will become almost irrelevant—and the people who have skills no one else needs will also become irrelevant.

The states will take action to address the problems. Gold and silver coins will be produced to accommodate trade and help get the economy back to normal. The citizens

will trust the state coins, *not* the federal paper dollars. The citizens will trust handshake trades with their neighbors, *not* Washington, D.C. The federal government will become as irrelevant as the dollar, as people worry about the survival of their families—*not* whether foolish global warming legislation gets passed or a “grand bargain” to ever-so-slightly reduce the rate of the federal spending increases is negotiated.

When these events occur, we will have the de facto secession of several—or many—states. No one will trust the politicians in the nation’s capitol. Nor should they. Democrats will blame Republicans and Republicans will blame Democrats, but most Americans will rightly blame them both. Most Americans will place their families and their survival first. At that point, they will cease to be Americans. They will find strength in their neighbors and their communities, and perhaps in their states—if their states take the right action to coin money and get rid of the bureaucracies that stand in the way of rebuilding. But few will look to Washington. Those who do will be disappointed—if they even survive.

Those who say, “It can’t happen here” would be wise to consider the history of the Soviet Union. It was not defeated in war. It collapsed under the weight of its own bureaucracies, inefficiencies, and debt—and the socialist ideology that caused those problems. When the Soviet Union disbanded there was no “civil war” or war of independence. The empire simply dissolved into various republics, like Estonia, Georgia, Latvia, Belarus, and the Ukraine. *That is what will happen to the United States.* Texas and Alaska do not need to take any action to secede. The United States will simply collapse under its own weight, burdened by the massive debt it can never pay back. Whether the result is 50 independent republics or only a dozen cannot be predicted. But simply on the basis of geography, Alaska and Texas will likely become republics. Some others will prosper and some will not. The producers will again prosper. The parasites will not.

It is wise to prepare for the worst. Keep the car gassed up and maintain a six-month supply of food and other essentials. When the dollar is replaced by barter, a roll of toilet paper or a carton of cigarettes will be worth far more than a green piece of paper with a picture of Andrew Jackson. Buy gold and silver coins. Keep envelopes of seeds stored away. Better yet, start growing vegetables now and become an expert at it. Buy some rural property, even if all you can afford is a small cabin in the middle of nowhere. In fact, that may be the safest place of all. If you live in a rural area, you are safer. If you chop firewood for a stove you will be warm. If you can raise chickens you will eat eggs. If you can fish or hunt you will have protein. If you live in a crowded urban environment, get out as soon as you can. You cannot raise chickens in a high-rise apartment building. You cannot hunt deer—but armed thugs will be hunting you if they believe you have a room full of canned goods.

Perhaps the worst will not happen. Perhaps we will simply see a slowly recovering economy and inflation that is terrible but tolerable. The odds of that are likely minimal, however, because the accumulated national and individual debt is enormous. At some point collapse is inevitable, and the United States of America is getting perilously close to that point. Do not expect any advance warning of the collapse. When the Eurozone

fails and the euro collapses, U.S. banks that have invested heavily in European debt (like MF Global) will lose trillions of dollars. It will happen almost overnight. And just like MF Global customers saw their money stolen by Jon Corzine, people with money in the big U.S. banks will lose almost everything. Don't think the FDIC will save you; it does not have enough cash on hand to cover the nation's largest bank, let alone hundreds of bank failures. Don't think you can run to the ATM and withdraw funds. The government will order bank holidays and block access to your money while they try to figure out what to do. "What to do" will probably involve everyone losing a big chunk of their savings, retirement accounts, 401(k) accounts, IRA accounts, etc. Keep cash on hand. If the ATMs don't work for 10 days, what will you do? When they are turned on and half your money has been confiscated by an emergency government decree, what will you do?

When the collapse occurs it is better to be in a small town in Texas or Nebraska than in Los Angeles, New York City, Chicago, or Detroit. Neither Texas nor any other state will have to secede. There will be default secessions, as happened with the Soviet Union. There will be 50 states struggling to survive as best they can on their own. It will not be a matter of citizens demanding secession. It will simply be the logical consequence of a fiscal disaster that has been decades in the making.

Good luck.

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