

Introduction

*“Paper money has had the effect in your state
that it will ever have, to ruin commerce,
oppress the honest, and open the door
to every species of fraud and injustice.”*

– George Washington
Letter to J. Bowen of
Rhode Island, January 9, 1787

*“Today was Presidents’ Day. Congress commemorated
George Washington throwing a dollar across the Potomac
by throwing \$780 billion down a rat hole.”*

– Jay Leno
The Tonight Show

The United States is digging the biggest economic hole in human history.

This hole of debt is now so deep that, if you listen carefully, you can hear the voices of Chinese creditors asking one another if they will ever get back the \$900 billion they have lent to us.

This hole of debt is so wide that it threatens to collapse the foundations not only of the U.S. Dollar and economy but also of other major currencies and economies around the world.

The global danger from this is so dire that even formerly free-spending European welfare states are responding with austerity measures and huge government spending cuts.

At the summer 2010 gathering of G-20 nations, Germany, the United Kingdom and other American allies urged President Barack Obama to join them in reducing spending.

President Obama refused. He instead has chosen to steer the United States in the opposite direction, away from austerity, time-proven prudence and government belt-tightening.

This is ironic because Mr. Obama and the congressional leaders of his party have been moving as fast as they can to remake the United States in the image of high-tax Eurosocialist cradle-to-grave (or should we say abortion-to-euthanasia-for-granny?) welfare states.

At the same time Obamacrats are moving America to the left, several of the biggest European countries, seeing the error of their past ways, are moving right. They are now shrinking socialist aspects of their societies, reducing government spending and the tax burden on their citizens and companies, and moving towards free enterprise.

Money From Nowhere

Mr. Obama has said that he plans, in effect, to tax and spend America back to prosperity with yet more trillions of dollars – with more than four of every ten of them borrowed – in stimulus funding.

Economists are concerned about this for many reasons:

One is that this risky policy has never before been attempted on so large a scale, with the economy of the entire planet and the well-being – even the survival – of billions of people at stake if Obamanomics fails.

Another is that such redistribution of wealth is unjust, immoral, riddled with Chicago-style corruption, and inefficient. After destroying a society's wealth, it redistributes poverty – but not equally; government-favored fat cats will get fatter.

But the most immediate reason economists are concerned about Mr. Obama's policies is that the United States is already bankrupt.

We have no more money to spend, and even if government expro-

priated every penny earned or owned by the rich, this would not provide enough to bankroll the ambitious agenda of Obamanomics.

We no longer have enough genuine wealth to buy our way out of the trap of debt that we continue to dig deeper and wider every day.

Few Americans fully understand where we are, how we got here, how today's economic crisis puts humankind's future at risk, and how with the information in this book individuals can survive and even thrive after the dollar crash and world economic system cave-in that is coming.

Go Ask Alice

Warning: what you will discover by reading this book is disturbing, even frightening.

To paraphrase the movie "The Matrix," if you prefer not to know the truth, put this book down now and you will awaken tomorrow morning to the usual bewildered view of a mysterious world economy.

If you read this book, you will never again be able to see the world in that old way.

Keep reading and you will discover, level after level, just how deep the Obamanomics rabbit hole goes, and how this is key to President Obama's apparent master plan for what he calls a "fundamental transformation" of America.

President Obama has only one way he can carry out his big spending plans.

Because the United States lacks the money needed to pay our debts, the United States and its Federal Reserve Board will simply print more.

Lots more.

Mr. Obama apparently intends to create enough paper money to build an escape ramp out of the debt hole that is devouring us, and perhaps enough to fill the hole completely.

Does this sound crazy?

Governments have done this before, and in this process that economists call “monetizing the debt” have almost always crashed their own currency and economy.

Despite – or perhaps because of – this risk of fatally crashing the dollar, President Obama’s printing of an almost-limitless supply of money out of thin air has already begun.

In 2009 the U.S. monetary base effectively doubled, and this is only the beginning.

The amount of such fiat money – a term economists use to describe money whose only value comes from a government command, a fiat – needed to pay America’s already-existing debts is literally astronomically large.

Buy Me to the Moon

\$4.4 Trillion is a lot of money.

A tightly-packed stack of 4.4 Trillion \$1 bills would reach from the Earth to the moon 238,857 miles away.

This stack of money would then continue for an additional 59,753 miles, enough to travel around Earth’s equator 2.4 times.

Since 2007, when Democrats took control of the U.S. Senate and House of Representatives, in a mere 31 months the Congress increased the Federal Government’s 10-year spending baseline by more than \$4.4 Trillion.

Congress has no revenue to pay for this additional spending. The Federal Government already borrows 41 cents of every dollar it spends.

By August 2010 Uncle Sam had already run up on this year’s unpaid bar tab, our annual deficit, more than \$1.47 Trillion so that politicians could stay intoxicated with ideological power and give vast stimulative spending to their cronies and campaign contributors and to buy votes.

The rest of us will sooner or later be paying the government's bills, of course, in one way or another. \$4.4 Trillion is equivalent to more than \$57,000 for every family of four in America.

Since only approximately 53 percent of us actually pay federal income tax, you should figure that you and your children and grandchildren will be paying at least \$110,000 in today's dollars in taxes, higher prices, lost opportunities and social deterioration just for this \$4.4 Trillion spending spree.

The total price we will pay for Obamanomics, however, will be immeasurably higher than this.

President Obama, his party, and his predecessors of both parties have done more than loot America's piggy bank.

They have broken the bank and the U.S. Dollar itself, as will soon be evident to everyone.

They have wounded our national currency so badly that it will almost certainly die.

Because of this, the world economic system built on the dollar is already beginning to tremble.

The Debt Clock

Unable to raise adequate taxes, and unwilling to cut their unsustainable welfare state, Mr. Obama and his zealous Democratic lawmakers have already begun to monetize the debts and obligations that generations of politicians of both parties have run up – total debts, obligations and liabilities in excess of \$112 Trillion.

Such things have happened before in other countries.

But could hyperinflation strike the United States?

I am old enough to remember when a “penny postcard” cost only two cents. Today it costs 28 cents, a 1400% increase since my childhood.

Are you old enough to remember when a billion – a thousand million – dollars seemed to be an unimaginably large amount?

Can you remember when President Richard Nixon nearly went apoplectic upon learning that America had an imbalance of trade, a deficit in our buying over selling with the world, of \$4 billion per year?

Today just our trade deficit by itself in the world marketplace runs approximately \$4 billion every 3.8 days, and we think nothing of this outpouring of our national wealth – the capital in our capitalism – our financial lifeblood bleeding away as we import that much more than we export.

We gradually grew comfortable, or at least numb, with our government measuring its spending in billions of dollars.

But now lawmakers and President Obama speak casually of spending and indebtedness that run to trillions – thousands of billions – of dollars.

And in the inner chambers of government, a new word is already being whispered – Quadrillion – a thousand thousand billion dollars, a \$1 followed by 15 zeroes! – as the amount of debt risk we unwittingly may already have taken on.

In 2009 the keepers of our National Debt Clock on Sixth Avenue in New York City had to shut it down briefly. The problem: America's debt is now piling up so fast that their original financial doomsday clock contained too few digits.

They had to add new spaces for more zeroes.

This is the fourth time since its original installation in 1989 that the debt clock has had to be modified to display more numbers. This fact by itself suggests how big a growing national debt problem we face.

The debt clock's new incarnation can display debt of up to One Quadrillion dollars.

"I will show you fear in a handful of dust," wrote T.S. Eliot in his 1922 poem "The Wasteland," written near the height of the post-World

War I Weimar hyperinflation that was destroying traditional German faith and values, and sowing the seeds that soon would produce monsters.

Take a look at the Debt Clock on the Internet (<http://www.usdebt-clock.org>) and you will see fear in a handful of ever-increasing numbers.

This clock has a message: Time for America as we have known and loved it is rapidly running out.

You Can Be a Trillionaire

The Robert Mugabe Marxist regime in Zimbabwe paid its bills by printing unlimited national currency on government presses. This so devalued the nation's money that its latest paper fiat currency is the \$100 Trillion Zimbabwe Dollar note.

When first issued in 2008, these bills could be bought internationally with a typical asking price of \$30 U.S.

In September 2010, on Ebay they were offered at 50 for \$89, a cost of \$1.78 U.S. for a \$100 Trillion Zimbabwean Dollar note.

Before 2009 ended, with the BBC reporting that consumer prices were doubling daily, the Government of Zimbabwe ceased printing and allowed its people – 80 percent of whom are unemployed – to buy and sell with foreign currency, especially U.S. Dollars.

Much the same occurred in Germany after World War I under a Weimar Republic government that ideologically and morally was chillingly similar to the Obama Administration and today's left-liberal Democrat-dominated Congress.

When the Dollar Dies

But what we now face is far worse than one or another nation's money dying in a blaze of hyperinflation.

The U.S. Dollar is the world's "reserve currency," the stabilizer that

other nations, large and small, stockpile in their own central banks as backing for their currencies. The U.S. Dollar is what ordinary people around the world hide in their home mattresses for use in case politicians make their local money worthless.

This is what Mr. Obama, his ruling party, and his predecessors, both Republicans and Democrats, have been debasing and destroying.

If the U.S. Dollar dies, a domino effect of other major currencies falling around the world would likely follow. The entire global system of money and credit could collapse, with terrifying consequences especially for the poor – as more of us join the ranks of the poor every day.

Mr. Obama could become the President who will put his boot on the corpse of the U.S. Dollar and deliver the eulogy at its funeral.

Part of this book is a travel guide to prepare you to live the next ten years of your life in a new Weimar hyperinflation collapse. You can learn which landmarks to watch for, what mistakes to avoid, and how to prepare so your family can survive and thrive in this very different world.

The Seed

As the dollar weakens, any new attack or crisis might be the straw that breaks our national currency's back. This would bring down the curtain on a world in which the United States has for a century been the planet's civilizing Superpower and greatest hope, and the U.S. Dollar was the world's most reliable paper currency.

If American power collapses, who or what will be able to continue America's role holding back a new Dark Age shaped by Naziism, Communism, or radical Islamist terrorism?

We are heading into an "unusually uncertain" future – to use Federal Reserve Board chair Ben Bernanke's description of today's American economy.

This future might end in disintegration, collapse and war or, if we

steer by the right star, could become the dawn of a new Golden Age where even dark clouds have gold and silver linings.

We are descended from pioneers and entrepreneurs who dared and overcame severe challenges to build a better world.

We are the children who carry their seed, and in us their American dreams can yet survive and succeed.

We have reason to be optimistic because, as President Ronald Reagan reminded us, we are Americans.

Fasten your seatbelt, dear reader. You are about to take an amazing ride.

A handwritten signature in black ink, appearing to read 'CRS', with a long horizontal line extending to the right.

Craig R. Smith