My expectations for the future.

(And other updates relating to current economic trends.)

It must be stated up front that no one knows the future but God. We can however, extrapolate current trends into the future and arrive at a probable outcome. Almost daily I am asked what I believe will happen, especially in the world of finance. The following are my expectations as of summer 2012. This article will be updated at regular intervals, although the introduction is only updated sporadically. Repeat visitors may want to skip down to the second page.

NOTE:
The expectations expressed in this thesis are not the result of ‘reading tea leaves’, but are based on the extrapolation of current trends and on keen observations.

Peter Degraaf has advised people to buy gold since it was $35.00 an ounce in the 1960’s. (Good advice).

Likewise he has recommended silver since it was $1.35 in the mid 1960’s. (Good advice).

In 1976 Peter wrote an article for Canadian Coin News suggesting that Canada should produce a one ounce gold coin, and should call this a ‘Maple Leaf’. Three years later, in 1979 the Royal Canadian Mint produced its first one ounce gold Maple Leaf. (Good advice).

In 1981 he began to voice his suspicion about the claims on the part of the US government that the 8,133 tonnes of gold supposedly stored at Fort Knox where still there. The gold has not been audited since 1953. It is Peter’s contention that most of the gold was sold between 1961 and 1968 when the gold cartel, known as the London Gold Pool, tried in vain to cap the price of gold at $35. Today more and more analysts are expressing doubts about the existence of the gold hoard. The reason this is important is because when the world at large begins to realize this, the US dollar will drop in value, taking the Canadian dollar down with it, since Canada sold its gold hoard long ago.

In November 2009 Peter was proved correct in his position on man-caused Global Warming. For years and in many articles he warned that the world is wasting precious resources in funding the research and in making wrong decisions that will affect millions worldwide while reducing freedom and increasing taxes. In November 2009 some hackers in Great Britain provided the world with proof that man-caused Global Warming is a hoax. For evidence visit Google and type the following into the search bar: “Hackers prove Global Warming is a scam.”
In December 2009 Peter was proven correct when in the spring he stated that the H1N1 flu was ‘over-hyped’. Throughout the year he had quoted Dr. Joseph Mercola and Dr. Bob Marshall as his sources. On December 8/09 ABC news declared that H1N1 had been ‘oversold’.

Peter’s articles are being read by over 150,000 people via 40 different financial websites. He is on record as stating that the current Keynesian approach to the world’s financial problems can only make matters worse. His recommendation is to reduce government spending and to let troubled financial institutions (that are ‘too big to fail’) – fail.

This chart courtesy Longwavegroup.com shows the super cycles that determine which asset class is performing best. Since year 2000 gold has outperformed the stock market and the chart suggests that this trend is ongoing.
This chart courtesy Macrotrends.net is very important in showing gold to be at its least expensive in at least 100 years. It measures the price of gold against the US Monetary Base. For comparison, look at this index in 1980 when gold last ended a bull market, and gold became 'expensive', compared to the Monetary Base (which is growing exponentially day by day).
This chart courtesy Federal Reserve Bank of St. Louis shows the US Federal Debt is approaching 100% of the country’s GDP. The only time that has happened in the past was during WW2. In view of the fact that GDP represents private capital, (governments do not produce), it would take many years for taxes on GDP to clear up this debt. Conclusion: it will never be repaid - it will be inflated away.
This chart courtesy ZeroHedge.com shows the length of time a currency maintains its reserve status. The US dollar is in the process of losing this prestigious position. China because of the massive amounts of gold it is buying, is expected to be next in line.
This chart courtesy US FED shows the rapid growth in the Monetary Base. While Janet Yellen draws our attention to the reduction from 65 billion dollars worth of bonds to 55 billion, the Monetary Base growth in the past 12 months has been +33%\(^1\). From Feb 5th to March 5th of this year, the FED added over 100 billion dollars to the Monetary Base. Some Tapering!
This chart courtesy Federal Reserve Bank of St. Louis shows the widening of the U.S. Federal Government deficit since Mr. Obama became President. The gap shows no signs of narrowing, as it requires increased taxation (which stifles economic activity), or decreased spending (something most politicians find hard to do). Deficits are a source of energy for precious metals (as printing presses are used to make up the shortfall).
This chart courtesy sources listed shows the gold price in 6 different currencies. The red line shows the benefit of owning gold in Argentina since Jan. 1st 2014.

This chart courtesy www.goldwitzerland.com shows the performance (or lack thereof) between various currencies and the price of gold.
This chart courtesy Barron’s and Mark J. Lundeen shows US debt has risen far above personal income. This divergence warns of ‘tough times ahead’.
This chart shows the effect of the U.S. Federal Reserve on consumer prices. Their mandate is to preserve the integrity of the currency. This 'hockey stick' chart shows how miserably they have failed.
This chart courtesy Stockcharts.com shows the long-term trend in the US long bond. Since mid 2012 the trend has been down. The Chinese government owns 1.3 trillion dollars worth of this paper and as they see the price drop, they sell some of it and buy gold. Once the price drops below the purple arrow (as long-term rates continue to rise), the Chinese will start to sell in earnest, while continuing to accumulate gold with the proceeds.
This chart courtesy Ingoldwetrust.ch shows the steady increase in physical gold moving into China. In 2013 China purchased about 75% of all of the gold that was produced in the world. The Chinese are concerned about the integrity of the financial system and are buying gold and silver to protect themselves from the eventual demise of paper money, including the US dollar.
Here is another chart that details the tons of gold that are moving into China via Hong Kong. 2014 shows the trend is rising again. China is clearly taking advantage of the West’s stupidity in selling its gold cheaply, while its economic system is a house of cards, built on debt.
This chart courtesy Mybudget360.com and the American Institute for Economic Research, shows the decline in the purchasing power of the US dollar. The next stage will likely be the addition of zero’s behind the last zero. The final stage will be a new dollar introduced over a weekend during a bank holiday. People will be asked to trade 20 old dollars or perhaps 100 old dollars for 1 new dollar.
This chart courtesy dol.gov and silverdoctors.com shows the severe drop in purchasing power experienced by the minimum wage, when compared to the price of gold. The biggest part of the drop occurred since the U.S. cut its last tie to the dollar in 1971.

As long as I can remember I have stressed to investors that they must ignore the mainstream media and focus on the underlying trends. Since 1971 not one country has been on the gold standard and therefore the temptation to inflate the money supply is irresistible for politicians and central bankers. It is important also to ignore financial ‘experts’ who have been trained in the Keynesian method, which advocates government spending as being ‘good for the economy’. It is not, because it fails to produce wealth. Wealth provides the underpinning of a sound economy, as it pays for the methods of production, such as factories, trucks, trains and infrastructure.

Daily events in countries that are suffering because of previous credit excesses are a precursor of what will happen throughout the world due to the reality of ‘payday someday.’ These daily events just create short term volatility caused by irrational and short term oriented investors/gamblers. The world is virtually certain to experience a hyperinflationary depression of a magnitude that will have a massive impact for the majority of the world’s population for years and probably decades. And there is no short term action taken by governments that can change the outcome.

The depression has already started in countries like Greece and Spain and will soon spread to most European countries as well as the USA, Japan and even China. As Richard Russell of Dow Theory Letters who experienced the 1930s has been saying for years, in a depression everybody suffers, it is just a question of who suffers the least. As the depression spreads, governments and central banks will continue to destroy the
value of money by printing unlimited amounts of worthless paper. This is when the suffering worldwide will accelerate. Not only will many people be without jobs, they will also be without a social security support system and with virtually no pension. And whatever little money people end up with will have no value due the skyrocketing prices of goods and services. There is still time for prudent investors to preserve assets and purchasing power by purchasing physical gold and silver, and storing it outside the banking system.

Although gold has gone up around 6-fold in the last ten years, it is still cheap and will continue to reflect the destruction of paper money.

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**Consumer price inflation in the United States, 1900–2012**

Source: Elroy Dimson, Paul Marsh, and Mike Staunton, *Triumph of the Optimists*; authors’ updates

This chart (sources as top), shows the decline in purchasing
power of the U.S. dollar, along with the rise in consumer prices, especially since 1971, when the last link to gold was removed.

![Annual Consumer Inflation - Official vs SGS (1980-Based) Alternate](chart.png)

This chart courtesy Shadowstats.com shows the official U.S. rate of price inflation (red), along with the Shadowstats.com rate (blue). The latter uses methodology that was the norm pre 1980. In 1980 the formula was changed to soften the impact. Anyone who shops for food or buys gas for the family car knows instinctively that the official CPI is bogus.
This chart courtesy Dollarvigilante.com shows the exponential rise in the ‘admitted’ U.S. Federal debt. (The section from 2013 to 2020 is projected). The ‘off the books’ debt is multiples of the admitted debt. Either way this rising debt level sets the stage for a steady rise in the price of gold and silver.
This chart courtesy Erste Group Research shows that for the past 600 years a number of different countries were able to supply the reserve currency that was/is used world-wide. The currency coincides with the issuer’s dominance over world-wide trading and influence. The demand for the currency declined along with the country’s power and influence. Until 1971 all of the above countries issued currency that was backed by precious metal. Peter predicts that the Chinese Yuan will over time replace the US dollar.
This chart courtesy The Market Ticker shows US Federal Government Public Debt is going exponential. The chart is a year old, thus the current rise is actually even greater. Eventually the price of gold and silver will also become exponential, because of this trend.
This chart courtesy Sharelynx.com shows the correlation between the US debt and gold. As well as shows the potential for gold to break out and move ahead of the debt limit once gold buyers begin to anticipate the trend is ongoing. That stage lies immediately ahead of us at the present time.
Why Have Silver Prices Exploded?

Unprecedented Low Supplies - 1950: 10 billion in silver in storage

This chart courtesy www.thesilverbomb.com shows the drastic reduction in silver stockpiles since 1950. Whereas the silver stockpiles in 1950 were estimated to last 140 months, the current projection is 21 months. Unless the mining industry can come up with a few monster mines in the very near future, supplies of available silver will be in the words of Ernie Harwell, (a famous baseball announcer), “long gone”. According to the author of The Silver Bomb, there are currently over 10,000 industrial uses for silver.
This chart courtesy Federal Reserve Bank of St. Louis shows wages are not keeping up with prices. This applies to Canada as well as the USA.

This chart courtesy Shadowstats.com traces US wages since 1900. Wages rose, until the mid-seventies, even when adjusted for inflation. Since then, the perception is that wages are rising (black line). However when adjusted for inflation, wages are dropping – especially when we use the methodology that Shadowstats.com applies to the numbers.
This chart courtesy CPM Gold Yearbook 2011 shows gold ownership is nowhere near as widely held by investors as was the case in 1968 and 1980. Conclusion the current bull market is a long way from topping out.

This chart courtesy Federal Reserve Bank of St. Louis shows the increase in the US credit market since the dollar became unlinked from the gold price in 1971. Historically this scenario ends in one of two ways: A financial crash when banks stop lending, or hyper-inflation followed by a crash.
Hyperinflation is always the outcome of unchecked government spending. The spending leads to ever-greater deficits, which requires the government to borrow ever-greater amounts of money. Eventually a point is reached when the government needs to borrow more money than lenders have the capacity - or willingness - to lend. Thereafter the government can take either of two alternative paths.

Either the government cuts back its spending, facing the reality that it has run out of money. Or the central bank steps in to create 'out of thin air' the money the government wants to spend. This second alternative inevitably leads to hyperinflation. A government's decision to take the hyperinflationary alternative is what I call the "Havenstein moment", with the dubious distinction going to the ill-fated governor of the Reichsbank whose decisions lead to the massive hyperinflation that destroyed the economy and devastated the middle class of 1920s Germany.

The US government has long passed its Havenstein moment. With so-called "quantitative easing", which is the modern term for money printing, the Federal Reserve is enabling the federal government to take the soft political option. Spending has not been cut back, despite the perennial shortfall of government revenue. This uncontrolled spending has been accommodated by money printing, which today means expanding bank balance sheets.

In this regard, the United States is different from Weimar Germany, which was a cash-currency economy with nearly all commerce conducted with paper banknotes. In contrast, economic activity in the US is substantially conducted with bank deposits; circulated by check, wire transfer, plastic card, and the like. So 'money printing' today is accomplished by expanding bank balance sheets to create more deposit-currency.

In the past year, commercial bank balance sheets have grown $611 billion. In addition, the Federal Reserve's balance sheet has expanded $516 billion, or 21.6%. This money printing is starting to have its inevitable effect. Over the past six months, M1 is up 22.8%,
while M2 has expanded 14.0%. Inflation for the past year as calculated by ShadowStats.com is 11.0%.

As further proof that the Havenstein moment is behind us, consider that 58% of the money spent by the federal government in October and November came from borrowed money ($320 billion of debt against $551 billion of expenditures). Monetary history shows that governments are on a hyperinflationary path when crossing the 40% threshold, a level long passed by the federal government.

The above chart makes clear that the US government does not face a cyclical problem, which can be overcome by robust economic activity that would bolster federal revenue. Rather, it faces a structural problem, or in other words, the system is broken. Decades of spending, consumption and debt have taken their toll.

To put it bluntly, the US federal government is broke. But the government and the Federal Reserve refuse to admit this reality. So having long passed the Havenstein moment, the erosion of the dollar's purchasing power is the inevitable outcome. This debasement of the dollar will become increasingly clear in late 2012. As a consequence, it is logical to expect much higher prices for gold and silver in the year ahead. This article including the chart courtesy www.goldmoney.com

This chart courtesy Vaulted Gold shows the steady increase in demand for gold ownership since the current bull market began. As long as governments print money, this trend can be expected to continue.
This chart courtesy Sharelynx.com shows the current silver deficit as at the end of 2010. The scale at the right side of the chart represents tonnes. The deficit at the end of 2010 was 10,000 tonnes. Demand for silver (green line) is growing faster than ever.
This chart courtesy Haver Analytics shows the ‘debt to GDP’ ratio of the G10 (the so-called wealthiest nations). While we would rate the UK as hopeless, every nation in this group has allowed its total debt to exceed 100% of the GDP number. This chart all but guarantees that monetary inflation will continue.
This chart courtesy Businessinsider.com and SNAP shows 44 million people in the USA are now receiving food stamps. This monthly chart has registered a new record high for the past 28 months!

This picture courtesy Businessinsider.com shows what government deficits look like. On the home page of our website www.pdegraaf.com you can see the rapid increase in the US federal debt in a debt clock.
The following list of 36 signs of the end of the American Dream are courtesy www.endoftheamericandream.com

#1 The competition for decent jobs in America has gotten absolutely insane. There have been reports of people actually getting down on their knees and begging for jobs. Many Americans are starting to wonder if they will ever get a decent job again. According to the U.S. Bureau of Labor Statistics, the average duration of unemployment in the United States is now an all-time record 39 weeks. ....

#2 According to the Wall Street Journal, there are 5.5 million Americans that are unemployed and yet are not receiving unemployment benefits.

#3 The number of "low income jobs" in the U.S. has risen steadily over the past 30 years and they now account for 41 percent of all jobs in the United States.

#4 Only 66.8% of American men had a job last year. That was the lowest level that has ever been recorded in all of U.S. history.

#5 Once upon a time, anyone could get hired at McDonald's. But today McDonald's turns away a higher percentage of applicants than Harvard does. Approximately 7 percent of all those that apply to get into Harvard are accepted. At a recent "National Hiring Day" held by McDonald's only about 6.2 percent of the one million Americans that applied for a job were hired.

#6 There are now about 7.25 million fewer jobs in America than when the recession began back in 2007.

#7 The United States has lost an average of about 50,000 manufacturing jobs per month since China joined the World Trade Organization in 2001.

#8 A New York post analysis has found that the rate of inflation in New York City has been about 14 percent over the past year.

#9 The average price of a gallon of gasoline in the United States is now up to $3.91 a gallon.

#10 Over the past 12 months the average price of gasoline in the United States has gone up by about 30%.

#11 Spending on energy now accounts for more than 6 percent of all consumer spending. Every time this has happened since 1970 we have also had a recession that followed.

#12 The average American driver will spend somewhere around $750 more for gasoline in 2011. Unfortunately, it seems likely that the price of oil is going to go up even higher. Already the price of oil is closing in on the all-time record....

#13 In the United States, over 20 percent of all children are living in poverty. In the UK and in France that figure is well under 10 percent.

#14 According to the U.S. Census, the number of children living in poverty has gone up by about 2 million in just the past 2 years.

#15 The wealthiest 1% of all Americans now own more than a third of all the wealth in the United States.
#16 The poorest 50% collectively own just 2.5% of all the wealth in the United States.

#17 The wealthiest 1% of all Americans own over 50% of all the stocks and bonds.

#18 According to a new report from the AFL-CIO, the average CEO made 343 times more money than the average American did last year.

#19 In 1980, government transfer payments accounted for just 11.7% of all income. Today, government transfer payments account for 18.4% of all income.

#20 U.S. households are now receiving more income from the U.S. government than they are paying to the government in taxes.

#21 59 percent of all Americans now receive money from the federal government in one form or another.

#22 The average cost of tuition, room and board at America's public universities is now $16,000 a year. For America's private universities, that figure is $37,000 a year.

#23 The cost of college tuition in the United States has gone up by over 900 percent since 1978.

#24 Approximately two-thirds of all college students graduate with student loan debt.

#25 17 million college graduates are doing jobs that do not even require a college degree.

#26 According to the Bureau of Economic Analysis, health care costs accounted for just 9.5% of all personal consumption back in 1980. Today they account for approximately 16.3%.

#27 One study found that approximately 41 percent of working age Americans either have medical bill problems or are currently paying off medical debt.

#28 Back in 1965, only one out of every 50 Americans was on Medicaid. Today, one out of every 6 Americans is on Medicaid.

#29 Total credit card debt in the United States is now more than 8 times larger than it was just 30 years ago.

#30 During the first three months of this year, less new homes were sold in the U.S. than in any three month period ever recorded.

#31 Now home sales in the United States are now down 80% from the peak in July 2005.

#32 U.S. home prices have now declined 32% from the peak of the housing bubble.

#33 For most middle class families, the family home is the number one financial asset. Unfortunately, U.S. home values have declined an astounding 6.3 trillion dollars since the housing crisis first began.

#34 According to a recent census report, 13% of all homes in the United States are currently sitting empty.
The housing crisis just seems to keep on getting worse. 31 percent of the homeowners that responded to a recent Rasmussen Reports survey indicated that they are "underwater" on their mortgages.

Unfortunately, it looks like millions more middle class Americans could soon be in danger of losing their homes. According to the Mortgage Bankers Association, at least 8 million Americans are at least one month behind on their mortgage payments at this point.

Are you better off today?

This chart courtesy Dollarvigilante.com shows several basic necessities that have increased in price faster than the price of gold. The US Federal Debt has exploded since 1980. Since gold reacts positively to monetary inflation, its price has a lot of room to rise from the current level.

From a recent article in the Wall St. Journal: By STEPHEN MOORE

If you want to understand better why so many states—from New York to Wisconsin to California—are teetering on the brink of bankruptcy, consider this depressing statistic:
Today in America there are nearly twice as many people working for the government (22.5 million) than in all of manufacturing (11.5 million). This is an almost exact reversal of the situation in 1960, when there were 15 million workers in manufacturing and 8.7 million collecting a paycheck from the government.

It gets worse. More Americans work for the government than work in construction, farming, fishing, forestry, manufacturing, mining and utilities combined. We have moved decisively from a nation of makers to a nation of takers. Nearly half of the $2.2 trillion cost of state and local governments is the $1 trillion-a-year tab for pay and benefits of state and local employees. Is it any wonder that so many states and cities cannot pay their bills?

This chart courtesy Agorafinancial.com shows the percentage of financial assets that are invested in gold. When someone tells you gold is a ‘bubble’, show them this picture.
This item courtesy economist David Rosenberg:

In a depression, radical changes occur in terms of social norms and spending behavior. In recessions people don’t cancel their life insurance policies – as one example. But in a depression, tragically, this is what happens – almost 35 million Americans (a third of US households) now have no such coverage, up from 24 million five years ago. This reflects the focus by households to pay down debts at all costs and how companies have bolstered profits, by eliminating benefits (for more: Go Without Life Insurance’? WSJ 29 Aug -? link)."

Throughout history countries have issued paper money that was not backed by precious metals (fiat money). Without exception every one of these currencies eventually became worthless. While the above bank note from Zimbabwe is an extreme case (because its decline was so rapid - today’s US and Canadian dollar along with the Euro and hundreds of other currencies are also on the road to worthlessness.

According to economist David Rosenberg 59% of Canadians are living paycheck to paycheck and would be in trouble if they missed one paycheck.
Almost 35 million Americans are living without life insurance. Many policies have been cancelled to free up cash for food and lodging.

Record number in government anti-poverty programs
By Richard Wolf, USA TODAY
WASHINGTON — Government anti-poverty programs that have grown to meet the needs of recession victims now serve a record one in six Americans and are continuing to expand.

More than 50 million Americans are on Medicaid, the federal-state program aimed principally at the poor, a survey of state data by USA TODAY shows. That’s up at least 17% since the recession began in December 2007.

POLITICS: Welfare agencies boost voter rolls
"Virtually every Medicaid director in the country would say that their current enrolment is the highest on record," says Vernon Smith of Health Management Associates, which surveys states for Kaiser Family Foundation.

The program has grown even before the new health care law adds about 16 million people, beginning in 2014. That has strained doctors. "Private physicians are already indicating that they’re at their limit," says Dan Hawkins of the National Association of Community Health Centers.
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<th>Year</th>
<th>Rate of Increase in Prices in Zimbabwe</th>
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<tr>
<td>1999</td>
<td>56.9%</td>
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<tr>
<td>2000</td>
<td>55.22%</td>
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<tr>
<td>2001</td>
<td>112.1%</td>
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<tr>
<td>2002</td>
<td>198.93%</td>
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<td>2003</td>
<td>598.75%</td>
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<td>2004</td>
<td>132.75%</td>
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<tr>
<td>2005</td>
<td>585.84%</td>
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<tr>
<td>2006</td>
<td>1,281%</td>
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<tr>
<td>2007</td>
<td>66,212.3%</td>
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<td>2008</td>
<td>231,150,888.87% (July)</td>
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If price inflation in the USA and Canada morphs into hyperinflation, the above table shows what we can expect in the way of consumer price increases. This listing shows what happened in Zimbabwe when that country suffered hyperinflation due to currency inflation.

This illustration is courtesy MilesFranklin.com and it shows the US national debt when it was 2 trillion dollars less than today, as a stack of dollar bills. This debt will never be paid off. It will be inflated away. History is replete with instances where governments took on too much debt.
Politicians spend money they do not have, in order to get re-elected with votes from people who benefit from government handouts. Then when the financial squeeze comes, they tax the producing part of the population in an effort to balance the books. The end result is ALWAYS default or hyperinflation (see next picture). This is like betting on a horse that cannot lose!

Get out of bonds and buy gold and silver.

Here we see virtually the same currency destruction going on in the Canadian dollar.

All but four US states are running deficits. California and Illinois are technically bankrupt. Many US cities are also facing financial problems. Look for sharp reductions in services rendered, including reduced police and fire protection which will result in an increase in crime and increased insurance costs due to fire damage. This in turn will lead to many people leaving urban areas to move into the country. This will cause taxes to go up on the people who remain in the city, which then persuades more and more people to leave.

A clash is looming between retired government employees with fat pensions and taxpayers who are tired of watching services reduced and taxes increased.

The Federal Government, (having wasted billions of dollars propping up a corrupt banking system), and having no resources except what it can squeeze out by way of taxes or borrow from the FED, will be virtually unable to be of help to a suffering citizenry. The falling domino theory guarantees that this scenario will take years to play out.
This chart courtesy Matterhorn Asset Management AG shows the US debt as a % of GDP to be in worse condition than during the Great Depression. In view of the fact that the accumulating of debt is ongoing, the chart is already out of date.
As can be seen from the above chart, currency inflation is nothing new. Unfortunately very few people understand the effects. Even among financial analysts only a small minority has bothered to study this monetary phenomenon. Peter Degraaf has studied it for most of his life. He has learned that one can use this trend to one’s advantage.

The main fuels of the future are likely to be:
- Natural gas
- Coal to liquid
- Solar
- Biomass
- Nuclear
- Hydrogen
- Wind
- Biofuels, including ethanol and biodiesel
- Syngas
- Water
- Wave

*Marcus Tullius Cicero, 55 BC*

As can be seen from the above chart, currency inflation is nothing new. Unfortunately very few people understand the effects. Even among financial analysts only a small minority has bothered to study this monetary phenomenon. Peter Degraaf has studied it for most of his life. He has learned that one can use this trend to one’s advantage.
Meanwhile most of the electricity in the USA still comes from coal.

“Like gold, U.S. dollars have value only to the extent that they are strictly limited in supply. But the U.S. government has a technology, called a printing press (or, today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at essentially no cost. By increasing the number of U.S. dollars in circulation, or even by credibly threatening to do so, the U.S. government can also reduce the value of a dollar in terms of goods and services, which is equivalent to raising the prices in dollars of those goods and services. We conclude that, under a paper-money system, a determined government can always generate higher spending and hence positive inflation.”

Ben Bernanke, 2002.

➔ **43 percent of Americans** have less than $10,000 saved for retirement

*This chart shows the failure of the monetization model. For each dollar of new debt, less and less economic growth is being generated to the point today where almost no economic growth is being generated for each Dollar of new debt.*

h/t Not Just Another Greek Tragedy - Comerstone
It costs US taxpayers $160,000.00 for every job the Obama administration claims to have created with the Stimulus Package….Peter Shiff, CEO Euro-Pacific Capital.

This chart courtesy Martin Weiss. US money supply has gone exponential. The result can only be price inflation. There has never been a different outcome to monetary inflation.

Since 1973, more than 50 million babies have been murdered in abortion facilities across the United States. President Obama is willing to sign legislation that will do away with the ‘conscience clause’ which gives doctors and nurses the right to refuse to work in the abortion wing of a hospital.

Every sixth American is now living in poverty, which is seven million more than the government originally thought. The elderly are suffering the most.

This next item courtesy Bloomberg News.
SINGAPORE: Gold consumption in China may double within the next 10 years, boosting prices as supplies fail to keep pace with booming demand from investors and the jewelry industry, the World Gold Council said.

“China has an insatiable appetite for gold, which looks likely to continue in an environment where domestic mine supply lags behind demand,” the Council said in a report today.
The "Wall Street Journal" recently ran the following account. The journalist told the story of the history of a 5-bedroom home in Detroit, from the land purchase to its recent sale. It was built by one of the most influential men you have never heard of, Clarence Avery. Avery was on the Ford Motor Company team that conceived of implementing an assembly line for Ford's factory. He copied the idea from a hog-slaughtering operation.

His home was a very nice home for the time. The journalist located his daughter, now age 91. She said that she always thought the home was the best home she ever lived in.

As recently as 2005, the home sold for $250,000. It was subsequently purchased by a woman who was lent $200,000 to buy it. It was financed by a sub-prime loan. The asking price was $189,000.

Where the other $61,000 went, the woman has no idea. She defaulted.

The deteriorating house was bought by a Christian organization that is renovating it. The house sold for $10,000.

“When a city simply shuts down from the effects of government mismanagement, the media says nothing. Detroit has become the poster child of government regulation, welfare systems, and a population that has given up hope”…… Dr. Gary North.

This chart courtesy Economicedge.blogspot.com using data provided by the US Treasury. The chart shows the amount of GDP the US is receiving from each dollar of debt it takes on. The trend is for a diminishing amount of productivity from each new dollar of debt. The red line had been projecting a zero return by 2015, but in late 2009 the trend abruptly changed to zero and it continues to drop lower. The conclusion is that each new dollar of debt produces a negative return in productivity. This is going to end badly!
An estimated 49 million Americans are now receiving food stamps. The program is expanding by 20,000 recipients per day.

The above chart shows close to 1 million US workers have simply given up looking for work. This is the largest number since the government started keeping track in 1949.
NEW YORK (Reuters) – More generations are living under the same roof and the trend will deepen as families grappling with near double-digit unemployment share expenses, a study showed on Monday. Demand is escalating for multi-generational housing as buyers scale down during the deepest housing crisis since the Great Depression, according to a survey by Coldwell Banker Real Estate in Parsippany, New Jersey. Thirty-seven percent of the company’s real estate agents polled in January said that in the past year, buyers were increasingly shopping for homes that fit more than one generation. Almost 70 percent of the agents said they expect economic conditions will drive still greater demand for this type of housing over the next year.

A government big enough to give you everything you want is also big enough to take away everything you’ve got. US private-sector employment has fallen 5.8% and lost 6.625 million jobs. Total government employment climbed 1.6% over the past three years and added 355k jobs. The Average salary of the Private sector is $40,000 The Average Salary of the Public Sector is $72,000 The Private sector in America has been devastated... The Public sector in America has flourished...

The US employment picture will not improve until the Obama administration gets serious about enticing small business to begin hiring. Socialist policies will not work. Neither will short-term tax credits. The first item of business when Ronald Reagan became President was to assemble 100 businessmen to provide the President with a plan to solve the business slowdown.

Greece is the tip of the iceberg. When Greece defaults on its debts (as more and more European countries indicate that they refuse to bail them out), it puts in jeopardy the debt of Portugal, Spain, Ireland, Italy and the U.K.
Soon after that a large number of US States will default on their debt which is approaching 180 billion dollars. The Federal Government, with problems of its own will not be able to come to the rescue.

Regarding price inflation in the USA, the admitted CPI inflation rate is 2.7%. However if you compute it the way the Bureau of Labor Statistics did it in 1980, the inflation rate would be 9.7% today. The same goes for the unemployment rate. Using methods that were being applied prior to 1994 the unemployment rate today would read 21.9%.

*** "Get ready for the Age Wave. Change is inevitable, coming as the baby boomers enter their twilight years -- including the end of retirement as we know it." From the feature article in the February *US News & World Report*, word is that government studies show that only about 20% of boomers will retire at all, with 12% at most living what most would consider a "comfortable" lifestyle, with the rest living at subsistence levels, and that only with government assistance.

*** The leaders in Washington seem to believe that prosperity comes from spending. **Prosperity comes from the productive labor of the citizens.** This labor force needs tools, machinery and factories. The investment in tools etc. comes from the savings of the citizens. The role of government is to encourage the citizens to save, and to provide business with the incentive to expand and to hire. The recent US government’s take-over of the US health care system shows that the priorities are misplaced.
For the first time ever, government employees now outnumber workers who produce goods.
Chart courtesy Jessescrossroadscafe.blogspot.com

Healthcare reform is just a TAX bill in disguise; the costs, taxes and fees will begin immediately and the benefits slated for 2013 and beyond. It has been enacted to hide the hideous deficits by STEALING the funds just as they now do with Social Security, highway, FDIC and Medicare TRUST funds and then spending them for general budget expenditures. John Williams at www.shadowstats.com is reporting that under GAAP (generally accepted accounting principles) accounting the deficit is actually approaching $9 Trillion ($9,000 billion) which is a close estimate of the actual deficit; to put this in context the total economy is $14 Trillion a year. This is the definition of moral and fiscal bankruptcy and the “something for nothing” personality.

“I'm not so much concerned about the return on my money as the return of my money.” - Will Rogers, 1933
US sub-prime mortgages are currently at 38.7% delinquent. Even prime loans are at 5% seriously delinquent.

Ludwig von Mises addressed the limits of credit in *The Theory of Money and Credit*, originally published in 1912. As he expressed in later work: **There is no means of avoiding the final collapse of a boom brought about by credit** [debt] expansion. The alternative is only whether the crisis should come sooner as the result of a voluntary abandonment of further credit [debt] expansion, or later as a final and total catastrophe of the currency system involved.

"The American Dream as originally conceived was never about free healthcare, universal welfare and group rights. The American Dream, as enunciated most eloquently by Thomas Jefferson was about the ability to realize one's own personal abilities and to be fairly rewarded for them."

- Anton Wolfe

Excerpts from Bill Watkins on the possibility of a California default:
The worst case would be the mother of all financial crises. According to the California State Treasurer’s office, California has over $68 billion in public debt, but the Sacramento Bee’s Dan Walters has tried to count total California public debt, including that of local municipalities, and his total reaches $500 billion.
Whatever the amount, the impact of default could be larger than the debt amount would imply. Other states – New York, Illinois, New Jersey, for example – are in almost as bad shape as California, and they could follow California’s example. The realization that a state could default would shock markets every bit as much as when Lehman Brothers failed. Given the precarious state of our economy and the financial sector, another fiscal crisis would be disastrous, with impacts far beyond California’s borders.

Bill Watkins, runs the Center for Economic Research and Forecasting at California Lutheran University in Thousand Oaks.: He says the state should start discussing contingency plans with the Obama administration and the Federal Reserve for the day California defaults on its debt.

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**Old Advice—Good Advice**

“Among the assistants he found waiting for him was a very intelligent young Italian. Once a month he took part of his pay, and bought gold coins for his wife. I remonstrated with him about it once and he said, ‘Look, don’t you Americans come over here to try to tell us how to live. I go home and I give that coin to my wife and I tell her if something happens to me and to the bank and all the governments, you can go into the countryside and give it to a farmer, and with that coin you can eat for a week.’ I came around to the opinion that he knew something I didn’t know.” - From Milton Gilbert, Chief Economist for the Bank of International Settlements, Basel, Switzerland we read the preceding story as reprinted in *Golden Insights*, James U Blanchard III, 1997.

***The purchasing power of paper money*** worldwide will continue to decline, until a new currency is introduced that is tied to the price of gold. Betting on a continuation of monetary inflation (that started in 1971 when the US dollar was de-linked from the price of gold), is like betting on a horse that has never lost a race! The people in charge of the US monetary system at present have no idea as to the havoc they are creating. To put a trillion dollars into perspective, imagine a stack of **one thousand dollar bills** that is 63 miles high. If toppled, it would take you an hour to drive from one end of it to the other end. (This is referring to thousand dollar bills, not dollar bills).

***The decline in purchasing power*** will accelerate as more and more people become aware of this trend, and begin to take steps to protect themselves from this decline. For a vivid picture of this decline, click on my article: “Long term charts”, and scroll to the very bottom where you will see a US dollar that has shrunk over 95% since 1900. Since the Canadian dollar is ‘tied at the hip’ to the US dollar, it too will continue to lose purchasing power.

*** The main problem is that the US Government has now passed the point of no return! It is IMPOSSIBLE for the government to meet its financial obligations. Instead of attempting to pay off even a small part, it is taking on even more obligations! Every second of every day the US debt rises by $50,000.
Swamping The Productive:
“According to the US Debt Clock (http://www.usdebtclock.org) the current US population is 308 million. Of that total population, just over 35 percent (108.7 million) are taxpayers. The rest are those who pay no net tax, government employees, dependents and those who are unemployed and/or on welfare. These percentages would be similar in any nation with a mature welfare state.

If you subtract Americans aged under 18 from the almost 200 million Americans who do not pay tax, the US is in a situation where many more people vote for a living than work for one. This too is an inevitable end result of any mature welfare state. The fact remains that in the US, 108 million productive people are supporting almost 200 million drones. Those same 108 million people are paying the ever increasing interest bill on the so-called “public debt”. And finally, those same 108 million people are the only REAL source of the wherewithal to eventually repay the debt. At current levels of US federal government spending, it would take a cut of more than 50 percent just to balance it - especially after the servicing costs on the existing debt are taken into account. To actually BEGIN to pay the debt would take budget cuts even bigger than that. As long as more people vote for a living than work for one in the US, that simply is NOT going to happen. A productive minority CANNOT support a non productive majority”….W.A.M. Buckler
www.the-privateer.com

Until the bank books are cleaned up, and the financial system is reformed, there can be no sustained US recovery. The bear market in US stocks that began in 2007 will not end until the trailing P/E ratio drops to below 10 and the average dividend yield rises above 5%.

The FDIC allows banks to carry 'underwater commercial loans' at pre-crash values. A commercial real estate crash would be so untidy, it mustn’t be allowed. Therefore, with a wave of its magical wand, since November 2/09 the FDIC is allowing banks to carry loans on their books at ‘bubble valuations’, even if the underlying properties have fallen by 40% or more. According to Institutional Risk Analytics, a private research firm the number banks on the problem list is over 1,800! FDIC insured banks are sitting on 332 billion dollars in loans that are 90 days past due.

Don’t be surprised if some Friday evening you hear on the radio that the US banking system will be closed the following week for a banking holiday.

Mr. John Kanas buys troubled banks. In this short clip he tells you that he expects 1,000 more US banks to fail. (http://www.cnbc.com/id/32581463). Credit-Sights is a company that analyses bank stats and echoes the prediction of Mr. Kanas. They also expect 1,000 more banks to fail before 2012.

***Illegal immigration is choking America.*** A small hospital in Florida has spent over 1 million dollars on an illegal immigrant who is bedridden in this hospital with brain damage. The bill for Florida taxpayers is over 1 million dollars. Here are some stats from a recent edition of the Los Angeles Times:
1. **40%** of all workers in L. A. County (L. A. County has 10.2 million people) are working for cash and **not paying taxes.** This is because they are predominantly illegal immigrants working without a green card.

2. **95%** of warrants for murder in Los Angeles are for illegal aliens.

3. **75%** of people on the **most wanted** list in Los Angeles are illegal aliens.

4. **Over 2/3** of all births in Los Angeles County are to illegal alien Mexicans on Medi-Cal, whose births were paid for by taxpayers.

5. **Nearly 35%** of all inmates in California detention centers are Mexican nationals here illegally.

6. **Over 300,000 illegal aliens** in Los Angeles County are living in garages.

7. The FBI reports half of all gang members in Los Angeles are most likely illegal aliens from south of the border.

8. **Nearly 60%** of all occupants of HUD properties are illegal.

9. 21 radio stations in L. A. are Spanish speaking.

10. In L. A. County 5.1 million people speak English, 3.9 million speak Spanish.

**Less than 2%** of illegal aliens are picking our crops, but **29% are on welfare.** Over 70% of the United States annual population growth (and over 90% of California, Florida, and New York) results from immigration. **29% of inmates in federal prisons are illegal aliens.**

***A major component of the US economy is ‘shell shocked.” **Boomers in the USA** in early 2008 controlled **50%** of all discretionary income. These people are now contracting in a big way. In 2008 Boomers lost **20%** of their net worth; some of it in real estate, the rest in the stock markets. Stocks as represented by the S&P 500, are today at the same level as they were in 1998! The Boomer focus is shifting to preserving what is left, for retirement sake. Their consumption aside from food will be drastically reduced as they switch from spending to saving. They have learned that ‘buy and hold’ does not always work. In 2008 the USA entered the greatest period of **wealth destruction in American history.**

**Sixty percent of Americans do not have enough money saved for their retirement.** The average American is suffering from a debt-to-income ratio of **130%!** 36 million Americans now receive food stamps, compared to 29 million in 2008. That is **11%** of the population! This represents a **28%** increase over this time last year. Instead of helping, the US government is hindering a recovery. Every dollar that government spends requires a contribution by the taxpayers of at least twice that amount, due to interest on borrowed money and the cost of bureaucracy. The TARP funds will do little more than allow ailing banks to keep troubled assets on their books. My prediction for Boomers is that as they learn that the purchasing power of currency is declining year after year, many of them will discover the wisdom of owning gold and silver, as a method of preserving the balance of their assets.

Lest you think I am a pessimist, let me assure you that I am a realist. And I am not alone in my grim portrayal of current events. Here is a very recent comment by well-known Hong Kong based investor and analyst Marc Faber: "The future will be a total disaster, with a collapse of our capitalistic system as we know it today."
President Obama called a conference of ‘experts’ in December 2009 to come up with answers. **Excluded from the conference were representatives from the business community.** According to the U.S. Small Business Administration, companies with fewer than 500 employees accounted for 64 percent of new jobs from 1993 to the third quarter of 2008. Small firms also tend to be more involved in their local communities than major corporations.

Just to stay even with the employment issue and to have jobs for the new people coming out of schools and colleges, the US has to CREATE 150,000 jobs per month. Instead, the country is losing on average 500,000 jobs every month for the past six months now. More important than creating jobs is for government to create the condition that leads to the creation of productive jobs.

Theoretically government could eliminate unemployment altogether by giving worker spoons instead of shovels and wheelbarrows instead of trucks. The challenge is to create jobs that add to the production of goods and services that the people need and want.

“The fact is that the Great Depression, like most other periods of severe unemployment, was produced by government mismanagement rather than by any inherent instability in the private economy.”

--Milton Friedman

This chart courtesy J.P. Morgan. The research department at J.P. Morgan analyzed the private sector experience of all of the cabinet appointments made by the US presidents since 1900. The results show the lack of experience of the people appointed by the Obama administration, compared to those of his predecessors. **Yet these are the people who are trying to ‘fix’ the economy!**

Those of you who have faith that ‘the government should fix this’ need to be reminded of a date in history during the Carter years. The date was 08/04/1977. President Carter established the US Department of Energy. The agency currently has a budget of $24.2 billion a year. They have 16,000 employees, in addition to some 100,000 contract employees. The mission of the DOE was to lessen the US’ dependence on foreign oil. Isn’t government bureaucracy great?
It was very simple...and at the time, almost everybody thought it very appropriate.

Data from Cato Institute comparing Federal Pay Vs Private (i.e. taxpayers) shows federal pay and benefits in 2008 of $119,982 vs. $59,909 private industry. Twice as high! And, the gap is widening fast. A decade ago, the average federal civilian employee earned 66% more in wages and benefits than the average private taxpayer. Today, it is double. In 2009 Federal Government budget for wages is up 3%, while private employees are losing their jobs and pay is being reduced. And, state and local town employees are paid about 35% more than private taxpayers.

In 1998 Mr. David Walker became Comptroller General of the USA and began warning Congress during the next few years that unless fiscal policies were reformed, a monetary and economic disaster would follow. His warnings were ignored and Mr. Walker resigned in frustration. The results of profligate spending by the Congress and by the current administration are now beginning to show the validity of Mr. Walker’s warnings.

“The American Republic will endure until the day Congress discovers that it can bribe the public with the public's money”. Alexis de Tocqueville. (Google him).

***The standard of living in the USA will decline until at least 2025, due to the multi-year buildup of debt and due also to the inept measures being put in place by the novice Obama administration. (None of the economists on the Obama team have ever even so much as managed a candy store! None of them have ever had to ‘meet a payroll!’) The fools who got us to where we are today are still in charge. Mr. Obama has kept Ben Bernanke, Larry Summers and Tim Geithner among others, while over in the Congress Barney Frank and in the Senate Chris Dodd, (the two principals who refused to tighten lenders standards at Freddie Mac and Fannie Mae despite the requests made by former President G. W. Bush) still hold powerful well paying positions, including superb pensions.

Americans and Canadians are not prepared for tough times. A survey conducted by the Fabricators and Manufacturers Association found that 60% of people surveyed, avoid making simple household repairs including unclogging a drain or fixing a leaking faucet. The same 60% said they had never made or fixed a toy.

***The standard of living for women in North America is also expected to decline over time, as Sharia Law promoted by Muslims begins to be introduced. Already in Great Britain and France entire communities are now governed by Sharia Law. Under this law a woman’s testimony is worth half of that of a man. A man is allowed more than one wife and can beat his wives without consequences. If a woman is raped, she needs four male witnesses in order to be believed. A recent report from Denmark revealed that 75% of the crimes by men on women were committed by young Muslim men. In Mecca in 2008 there was a school on fire. Girls were running out without face coverings. They were forced back into the school to cover their faces. Most of them died in the fire!

Whereas the birth rate in the USA and Canada is around 1.8 children per family, the Muslim birth rate is 8.1 children per family. The majority of Muslims are peace loving people but a
fanatic majority keeps pushing the agenda forward. Under this agenda the goal is Jihad, which calls for the entire world to become Muslims and to live under Sharia law.

The **only solution to the spread of Islam** is for Christians to witness to Muslims and introduce them to the Gospel of Jesus Christ. In Muslim countries this can be a death sentence, as more than 150,000 Christians were murdered for their faith in 2008, but in North America it is relatively safe for a Muslim to convert to Christianity. On my website, in the archives you’ll find an article titled: “How to become a Christian.”

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**THERE IS NO MEANS OF AVOIDING THE FINAL COLLAPSE OF A BOOM BROUGHT ABOUT BY CREDIT EXPANSION. THE ALTERNATIVE IS ONLY WHETHER THE CRISIS SHOULD COME SOONER AS THE RESULT OF A VOLUNTARY ABANDONMENT OF FURTHER CREDIT EXPANSION OR LATER AS A FINAL AND TOTAL CATASTROPHE OF THE CURRENCY SYSTEM INVOLVED.**

*Ludwig von Mises – Austrian Economist (1881-1973)*

***The gulf between “have’s and have-not’s” will widen and could very well cause civil unrest, especially between those who gained during the credit crisis (think Wall Street), and those who lost. The line between civilized people and a mob is very thin, and a small spark can make the difference. The US Army is training 20,000 GI’s returning from IRAQ for possible riot control duty at army bases in Georgia. This news was first reported in 2008 in the Washington Post and a recent ARMY TIMES article refers to this force as the ‘Consequence Management Response Force.’

President Obama plans to form a ‘Civilian Defense Force’ including mandatory enrollment, with a budget close to that of the Pentagon. (Visit Google.com and type in ‘civilian defense force Obama’ for details).

*** Trends Research Director Gerald Celente, author of the book “Trend Tracking,” has referred to the US ‘tea parties’ of 2009 (downplayed by the US media and referred to by the White House as ‘fringe elements’), as the most profound political trend of the century – a trend that will change the world.

*** On the bright side, record numbers of people will go into business for themselves, especially once some large businesses fail and leave a vacuum to be filled. As the food chain is interrupted in some large cities, new business will spring up that specialize in acquiring and delivering food. Family farms will flourish, providing they can keep robbers at bay.

According to a recent Census of Agriculture, the most productive farmland in the United States is in the Borough of the Bronx! The second most productive farmland is in the City of San Francisco! You can earn up to eight times the average personal income on as little as one acre of land; (*Metro-Farm*, the Online Magazine of Metropolitan Agriculture, September 10/2009.) The city of Detroit now has thousands of acres of land with abandoned homes. The soil can easily be turned back into farmland. There are no major food chain stores in Detroit. Some people buy food at local markets many others at convenience stores.
Natural gas will become more and more popular as a source of energy, and its price will rise, once the movement towards alternative energy is partly abandoned due to the massive cost of creating a totally new infrastructure. (A small number of alternative energy projects will be successful, and a few investors who pick the right companies with the right product will gain). The internet is growing as a net consumer of energy. The 2009 internet was fifty times larger than the internet of 1993. All of this traffic as well as the storage of data requires huge warehouses that use large amounts of energy. In 2005 a study by Lawrence Berkeley National Laboratory calculated that the total power demand for internet infrastructure is equal to about five large power plants.

The price of oil will most likely continue to rise, due to the fact that the world uses 5 barrels of oil for every new barrel that is discovered. There is a lot of potential oil beneath the USA and offshore, but environmentalist groups remain opposed to the drilling that needs to be done to bring it out of the ground. The rising oil price guarantees that the recession will continue, as precious dollars are diverted from food and necessities into fuel to get to work.

Mexico’s crude production topped out at 3.4 million barrels per day in 2004, declined to 3 million barrels per day in 2007 and 2.8 million barrels per day in 2008. According to PEMEX’s estimates, production will total just 2.5 million barrels per day in 2010, and exports will be in the neighborhood of 1.1 million barrels per day--down over 40 percent from 2004. (The energy letter – Elliott H. Gue)

The bull market in commodities which began in 2001 will continue until 2018, since commodity cycles last an average of 18 years. Commodities are needed in emerging countries where the credit crisis did not cause the kind of damage it did in the USA and Europe. Population in those countries continues to increase, creating demand for “stuff”. People in China and India who have gotten a taste of middle class life will struggle hard to maintain their new way of life.

The bull market in gold which began in 2001 will continue until the value of an ounce of gold is equal to the value of the Dow Jones Index, (as it was in 1966). Ironically, while the price is rising, the amount of gold being dug out of the ground is declining due to the high cost of building a mine, and the enormous amount of “red tape” that is required before a mine can be built. “What is fascinating is the extent to which gold still holds reign over the financial system as the ultimate source of payment.” (Mr. Greenspan in a speech on September 9th 2009).

For the first time in 22 years Central banks are net buyers of gold. GFMS reports that Central banks around the world bought more gold in Q2/09 than they sold.

Silver will continue to be ‘used up’ by industry at a rate exceeding the ability of mines to produce silver, resulting in shortages and a rise in price that will exceed the percentage price rise of virtually every other commodity. 90% of all the silver ever mined no longer exists, except in small pieces in landfill. Silver is used in computers, cell-phones, television sets, fridges, water filter systems, wound dressings in hospitals, satellites, clothing, printer ink etc; never in large enough size to make recovery and recycling worthwhile. Silver will be the best investment of the next decade!
***In the stock market the best investments will turn out to be those companies that produce gold and/or silver from a worthwhile asset base (plenty of in-ground resources), in a ‘mining-safe’ area, and capable of extracting metal at a price sufficiently below the going world price.

***Despite the inroads that will be made by alternative fuels, and unless we discover a new super-fuel, such as ‘cold fusion’, or ‘perpetual motion’, the price of crude oil will rise to a new all-time high during the commodity bull market that began in 2002. The world is currently using up five barrels of oil for every barrel that is being discovered.

***Global Warming will be recognized to have been a hoax, but not before billions of dollars will have been wasted as funds are misdirected. Al Gore admitted in a speech on July 7th 2009 to an audience at Oxford University that “it’s all about Global Governance.”

“If you tell a lie big enough and keep repeating it, people will eventually come to believe it. The lie can be maintained only for such time as the State can shield the people from the political, economic and/or military consequences of the lie. It thus becomes vitally important for the State to use all of its powers to repress dissent, for the truth is the mortal enemy of the lie, and thus by extension, the truth is the greatest enemy of the State.”...Joseph Goebbels.

Lord Monckton was successful in his 2008 lawsuit to prevent the showing of Al Gore’s “An Inconvenient Truth” as part of the scientific curriculum in British schools. A British court agreed with him, citing nine specific instances where the information presented as hard science was clearly wrong. His longstanding invitation to debate Al Gore remains ignored.

Investment guru Doug Casey: “Global warming is the most prominent form of mass hysteria raging across the world today. Kids in school these days are almost afraid to breathe, because it will “increase their carbon footprint”. It’s quite amazing, the way carbon, the element all life is based on, has replaced plutonium as the enemy-element. Meanwhile, the Global Warming people have been changing the cry from “global warming” to “climate change” because there’s so little evidence there’s actually any warming going on. I believe that as little as a decade from now; global warming will be recognized as one of the greatest swindles in world history. It has so little scientific basis; it can only rationally be considered a political scam”.

Weather cycles are a historical fact and have nothing to do with human behavior. (It is good for people to be conscious of the environment; to be good stewards, – but not good to use ‘junk science’ to force some industries to subsidize other industries through ‘carbon credits.’ This type of legislation benefits countries like India and China, while forcing a lower standard of living and higher costs on western countries). There are two excellent articles on my website on this subject under ‘links’. Some European countries are already backing out of carbon credit commitments. Germany is contemplating building 26 new coal-fired plants.

Former president George W. Bush refused to bind the USA to the Kyoto treaty, but current president Obama is showing a serious economic shortcoming by supporting ‘cap and trade’, while in the process making Al Gore a multi-millionaire. If the cap and trade legislation
becomes law it will be the **largest tax increase in US history**, and it will be the death-blow to the US economy. President Obama knows this! He has admitted that ‘electricity bills will skyrocket’ (his words!)

In 1979 Newsweek had the following headline on one of its covers: “The coming Ice age”. Canadian so-called climatologist David Suzuki echoed that warning.

Using Global Warming as the reason, Holland has just passed legislation that takes effect in 2012. Dutch drivers will begin to pay 0.03 euros/km, (7c US per mile) ‘to reduce carbon emissions. The US government is considering similar legislation. Every car will be fitted with a GPS compatible device that will **track every mile a car travels**, on a daily basis. No more privacy!

In November 2009 a hacker broke into the computers of the University of East Anglia in Great Britain. The hacker released hundreds of E-mail messages to and from professor Phil Jones, one of the many climatologists who have been warning the world about Global Warming. It turns out that the professor has so far received over 22 million dollars for research. The papers gleaned from his computer show a **deliberate attempt to deceive the rest of the world about climate change**. For details about this story just type the following into your search bar ‘Hackers prove Global Warming is a scam.’

The Australian Parliament on December 2/2009 defeated its version of ‘cap and trade’ legislation as a result of the release of the Phil Jones E-mails. On Dec 3/09 Phil Jones resigned in disgrace.

As for the perpetrators of the fraud: Jones, Mann, etc., "Bernie" Madoff got 100 years for stealing or prying a few billion dollars from a few thousand people. The climate mob have ripped off or wasted ten times as much with billions of victims, including you and I!

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N=1,004 adults nationwide. MoE ± 3.1.

"Which of the following do you see as the most important issue facing the country right now? . . ."

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<td>The federal budget deficit</td>
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<td>The wars in Iraq and Afghanistan</td>
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This poll and a lot more information about Global Warming is available at [www.whatsupwiththat.com](http://www.whatsupwiththat.com)

***President Obama has indicated that he likes the way FDR presided over the USA during the last depression. In view of the fact that **FDR made gold bullion illegal** there is a possibility that Mr. Obama will do the same. American citizens who worry about this possibility can still
participate in the gold bull market by owning the shares of gold mining companies, or by owning shares in foreign based ETFs.

***The US Constitution, (at its conception in 1776 the most liberating document ever conceived by the mind of man), will increasingly be ignored, bypassed and trampled on by growing numbers of US politicians supported by activist judges. This will result in less and less freedom for citizens worldwide.

    The recent firing of the CEO of General Motors by President Obama is just one example of a total disregard for the Constitution.

    The Institute for International Economics at the University of Minnesota did a study a few years ago to find out what made one nation rich and another poor. After reviewing 72 nations the report concluded that the number one cornerstone is the rule of law. Whenever the rule of law gives way, the collapse of the state is not far behind. A highly recommended booklet is “The Law” by Frederic Bastiat.

***The credit problems in the banking system have not yet been solved, and will have a negative effect on the world’s banks for many years to come, and will be used by politicians to further the concept of a World Government. One of the problems with a World Government is that the further away those who govern are from the voter, the less input the voter has on the politicians that run the show. (Think federal government compared to local government, and then take it one step further).

    Unfortunately there will be a World Government, since it is prophesied in the Book of Revelation.

    As times get ‘tougher’ there will be an increase in the number of people searching for God. It happened during the ‘Great Depression’ of the 1930’s. They will find Him in churches that preach from the Bible.

You are invited to print out these expectations and as time passes, compare them with the way things turned out. It is said that ‘history is the present viewed in retrospect’. To this end I invite you to go through the Worthwhile Quotes pages listed on this website.

DISCLAIMER:  
Please do your own due diligence. Peter Degraaf is NOT responsible for your trading decisions.