

Tedbits Newsletter

The Financial & Economic No-Spin Zone

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“Hello, My name is Theodore (Ty) Andros, author of Tedbits, and I would like to show you how to capture the opportunities discussed in my commentary.” [Read Ty's Bio](#)

For greater insight into the philosophy behind Tedbits, have a look at the [Tedbits Overview](#). To help understand our mission in serving you, the Tedbits Overview gives a broad description of what's unfolding globally and what you can expect from Tedbits as a regular reader.

Human Behavior and the Broad Social Trends Driving the Global Financial Crisis, Globalization and the Economy in 2010 – PART II

THE TAKEOVER OF THE AMERIKAN HEALTHCARE SYSTEM PROCEEDED ON CHRISTMAS EVE AS THE GANG OF 535, ALSO KNOWN AS CAPITOL HILL, ONCE AGAIN VOTED AGAINST THE INTERESTS AND SENTIMENTS OF THE AMERICAN PEOPLE. .

Nearly 60% of all Americans opposed this legislation, just as they opposed the bank bailouts, the bailouts of AIG insurance, General Motors and Chrysler, Cap and Trade, and other spending programs. In addition to this lump of coal for America, which will cost at least TRIPLE the mainstream media's reports, once PHONY BUDGET assumptions are unwound; the bills for which to pay for being it sent to the public.

They also quietly expanded the bailouts of Fannie Mae and Freddie Mac, eliminating the caps of \$200 billion a piece and expanding it INFINITELY, essentially acknowledging the losses that will ultimately be REALIZED and MUCH larger than disclosed. If that is not enough, they REPEALED the reduction in their portfolios of 10% a year, explicitly allowing them to increase their loan purchases and guarantees. LAUGH when told about the welfare states of the G7, knowing the lies first. The FHA, aka the Federal Home Loan Banks, are following right on

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TEDBITS PODCAST NEWS

I have been appearing with Jim Willie in a podcast on the unfolding economic scene at www.ContraryInvestorsCafe.com, it is a gas and I will be appearing monthly in a podcast on Jim Willie & Friends, discussing recent Tedbits commentary and unfolding events and how to get into the markets in an orderly manner. [Access it by clicking here](#). It's going to be fun, thought provoking and VERY informative. Don't miss it.

their heels having almost become the mortgage buyer of last resort along with the Federal Reserve. The federal government is now underwriting 9 out of 10 mortgages being written. This is obscene and it is why you can BET that Uncle Sam and the Fed will not be curtailing their purchases anytime soon, regardless of fed HOT AIR. Between these two initiatives, approximately \$300 billion of new expenses will be passed to the private sectors (taxes and fees) on a yearly basis. ***This is the tip of the iceberg as you will see in the upcoming 2010 Outlook.*** Nobody benefits but the special interests served by the public servants; they surely have abandoned, or should I say BETRAYED, their constituents as sheep to be fleeced.

Healthcare reform is just a TAX bill in disguise; the costs, taxes and fees will begin immediately and the benefits slated for 2012 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.

This is only the beginning as the “something for nothing” citizens and their ELECTED officials ACCELERATE their own demise. *G7: Public Servants, Banksters, Crony Capitalists and BIG labor unions are all acting as modern day “Jack the rippers” as they cannibalize and legislate the wealth to themselves thereby KILLING their economies to garner BIGGER shares of shrinking economies.* They consume resources and misallocate capital away from wealth producing activities into FREE BENEFITS and it will ultimately result in the demise of the private sector. The “something for nothing” citizens are parasites that have OUTGROWN the wealth-creating private sector hosts.

In the emerging world the private sectors are vibrant, growing and well funded because SAVINGS are abundant and political leaders understand the tremendous social upheavals caused by falling incomes and wealth generation. Their constituents may be politically oppressed, but economically their leaders KNOW that their first order of business is “business and creating wealth.”

They are fiercely defending their right to COMPETE for business in a global economy; meanwhile the developed world is trying to LEGISLATE their poor policies onto their competitors. In nature it is survival of the fittest -- the immutable laws of Mother Nature and Darwin by which we all must live. Now on to the essay of the “I will work 60 hours a week for a better life for me and my family.”

The “I will work 60 hours a week for a better tomorrow for me and my family” personality is a fertilizer to wealth creation, working daily so he and his employer have brighter futures, and making sure the seeds of future economic harvests are well maintained and cared for to generate maximum abundance for all. This character builds sturdy new growth EVERYDAY and will do so for generations into the future. To this person, to get rich is glorious and he wishes this outcome for himself and everyone around him. He knows he will share in the ever increasing economic pie as long as he works for his rewards. He knows that if his neighbor can get rich and prosper, SO CAN HE so he wishes progress for all those around him.

This person SAVES for the future, providing the seed corn for future investment and growth within his society. Relying on no one they are rugged individualists. They save for a rainy day as they know if one comes they must rely on no one but themselves, the idea of government to the rescue is inconceivable to them. People in China and the former Soviet Union LAUGH when told about the welfare states of the G7, knowing the lies first hand as told to them by their former dictators such as Mao Tse-tung and Joseph Stalin. Things may not be heaven on earth, but personally THEY KNOW their lives are improving since capitalism has been embraced.

So they discipline themselves, practice self restraint, personal responsibility and save and invest in their futures. They know from GENERATIONS of close personal experience and from their fathers and forefathers that to rely on government is a fool’s errand and a recipe for starvation. Their work habits are strong because if they don’t work they and their family DON’T EAT, so they are sharply focused on building futures, saving and being productive on a daily basis.

This is the character trait that built the G7's wealth, now it resides in other places and societies. Their moral fibers and backbones are strong.

They are demanding opportunities for wealth generation and income, starting businesses, building infrastructure such as power plants, roads, Interstate highways, modern communications, homes, cars, banking and financial systems, automobiles, better environmental regulation, new investment opportunities, and all the things required of modern economies. These requirements will create decades of opportunities as they are assembled and implemented into these booming capitalist economies. The business of the developing world is business, entry level jobs with advancement opportunities and rising incomes as consumers the world over choose them over their overpriced "crony capitalist" (a crony capitalist is a company who relies on government to regulate, mandate and legislate success -- government-sponsored success -- in exchange for campaign contributions and other goodies) competitors in the G7.

In general, their societies are emerging from decades if not centuries of socialism, the authoritarian dictatorships that socialism always becomes and poverty. For the first time in their lives globalization is offering them a chance to get ahead and prosper. Private property rights are on the rise as are personal freedoms. The term WORKERS PARADISE, used for generations by their leaders such as Chairman Mao and the politburo, is an epithet. They understand the emptiness of these statements and what lies behind them: which is ever increasing, widely-spread misery. They understand the money taken from them on the producing side of the situation never returns to them from the government side IN ANY FORM so they support less of it.

Fierce capitalists and competitors in life and in business, the emerging BRIC'S (Brazil, Russia, India, China) are being joined by such diverse countries as Viet Nam, the new EU 15 (formerly Russian satellite territories) and Ireland, just to name a few. Freedom is on the rise and authoritarianism associated with their former socialist masters is in retreat. Confiscatory taxes and overregulation are being rolled back on a regular basis. Low flat taxes being put into place in these countries provide sturdy platforms for competing on the international stage, creating fertile fields for wealth generating activities. Capital and investment are rewarded, so they move to seed these personalities.

Modern communications, education and technology are increasingly allowing them to view the world and demand it from their leaders, and their leaders are, for the first time in their lives, fearful of their constituents. Look no farther than China and Viet Nam where communist party members are focused like a laser beam on growth of the economy as they transition from agrarian socialist poverty stricken economies to capitalist industrialized economies.

China may huff and puff to defend its sovereignty from the would-be US hegemon, as it should! But building the economy is front and center in everything they say and do. They are focused on ECONOMIC GROWTH AND INCOME GENERATION for their citizens. These governments are being held accountable more and more everyday. THEY DON'T WANT TO BE FIRED. If the Chinese government doesn't deliver income to its INCREASINGLY hungry citizens, there will be consequences and further turmoil. Thousands of protest incidents go unreported to the western media on an annual basis.

"If the people fear the government there is tyranny, if the government fears the people there is freedom"

Thomas Jefferson

In the emerging world there is rising freedom, and the developed world rising tyranny. These leaders are delivering what their constituents are demanding, a slow but sure end to authoritarian dominance and a PRIMARY focus on increasing economic activity and income. The Chinese and emerging markets know that civil unrest will SKYROCKET if they fail to deliver growth. Did you notice how the Chinese government led the world in stimulus as the global financial crisis unfolded? That was an act of self preservation and fear of the people.

Capitalism is delivering what it always does; it is creating solutions to millions of everyday problems and creating millions of wealth-building opportunities in their solutions. Austrian economics is creating its virtuous circle of wealth creation and emerging middle classes. The lives of these people are demonstrably better as their incomes rise along with their booming economies. We are seeing industrialization in the manner the G7 experienced, but it is written far larger because there are 3 billion people pushing for this transformation. They want and aspire to become new middle classes and they will become them.

Personal discipline and saving are high because they have no welfare programs to destroy their hardy timbers and create weak moral fibers. The Government as provider and protector is a joke as they know the truth and the empty rhetoric of these words. Government has not solved a problem in these societies EVER in their memories, but they have caused quite a few. Capital is rewarded in these societies as jobs are always needed to pave the way for brighter futures.

To “get rich is glorious” is embraced throughout these emerging powerhouses, envy is frowned upon and increasingly attacked by ever-broader portions of their constituents. Incentives abound to get up in the morning and work you’re a** off; to do so PAYS off and this incentive is being destroyed in the G7. When thoughts of income redistribution are presented they GO NOWHERE as everyone is working hard to take care of themselves, the thought of supporting others is abhorrent to the emerging middle class. They are focused on taking care of their families and saving for their own futures. No one took care of them; they earned what they have themselves. Family is the focus of these countries as that is the only thing they have ever been able to rely on for GENERATIONS, just as the family was the core of the G7 in its most productive periods, and so is it in the emerging world.

These people work hard to send their children to schools that offer them the tools to compete and thrive in the world. REAL problem-solving skills are taught, along with reading, writing and mathematics. Their schools are not socialist indoctrination centers as the parents know the lies and folly of such PROPAGANDA. Problem solving and concrete thinking are FRONT and center. Everyone is not equal and when living in these societies you CANNOT expect to be taken care of by ANYONE. It is not OK to fail, success or failure is purely your own responsibility. If you fail in these societies you are taught to look in the mirror! To go whining, hat in hand, to your public servants is to be met with a BLANK STARE and a swift kick in the patootie with an admonition to GET TO WORK.

Armies of engineers, scientists, teachers, geologists, programmers, etc are being cranked out by the millions to expand the base of educated workers and address the needs of their emerging economies, thereby building the WEALTH of these Nations, as outlined by Adam Smith in his seminal work “Wealth of Nations”. These new hopeful graduates are tackling the global marketplace to find their place in the sun in a competitive capitalist world economy. They are an army of entrepreneurs, not soldiers. They are soldiers on the battlefield of capitalism.

Self responsibility is a requirement for these emerging workers as they know no one will save them if they fail to be productive, so they are focused like a laser beam on excellence, as laziness is NEVER rewarded. VOTING for social benefits and SAFETY nets IS NOT an option! In fact, to not produce is quickly followed with a PINK SLIP as there is ALWAYS another person anxiously willing to replace them and work their tail off! If you don’t do a good job you are fired immediately with no lawyer or regulation to save you from your own failure. Survival of the fittest makes for good work habits, self responsibility and lots of productivity which is the bedrock of REAL wealth generation! Also known as PRODUCING MORE than you CONSUME, *this is a forgotten concept in the G7 welfare states.*

In one corner are about 700 million people of the G7 and they are in the fall of their empires and economic seasons. One third of them work and the others live off them as slave masters to the producing sectors of their economy. They are the “something for nothing” mentality increasingly crippling present and future prospects for wealth generation and abundance. Like locusts on fields of grain, they are eating today’s crops and the seed corn needed for next year’s economic harvests. Every year their NOMINAL paychecks are bigger but they buy less as wealth creation has gone in reverse and the INFLATIONARY printing press substitutes for true purchasing power gains -- fanning the flames of the “something for nothing” personality. They are creating less productive workforces motivated to provide LESS FOR MORE, leading to a vicious cycle of increasing non-competitiveness, and losing their customers in an ever-increasing manner.

In the other corner are 3 billion people and they are just in the springtime of their new and brighter futures. The “I will work 60 hours a week for a better tomorrow for me and my family” personalities are driving their futures in the opposite direction, towards a future with increasing wealth creation and freedom for all in their societies. Saving and investing in their futures so each year the economic harvests just get bigger and bigger as compounding works its magic on their booming economies and bank accounts; thus creating highly productive and motivated-for-success constituencies who

are always producing MORE FOR LESS for everybody ensuring that they are the provider of choice for consumers around the globe.

To be sure, there are elements of each personality in the G7 and the emerging world, but in the G7 the “Something for Nothing” personality is firmly in the ascendant and in the emerging world the “I will work 60 hours a week for a better tomorrow for me and my family” personality is firmly on the upswing. Bull markets for both are in different areas of the globe. You can use this as a guide to investing your portfolio.

In any event, the world (political systems, economies, businesses, societies, EVERYTHING) will EVOLVE and go through the seasons of their existence as do all things in nature. The emerging world’s politicians will be continually challenged as will the G7’s. Some governments and public servants will meet the challenges of creating wealth generation for their citizens and others will fail! These broad SOCIAL TRENDS are firmly in place and the pathology of both groups will drive the world’s Economies forward like freight trains into the future one day at a time, in spite of or because of the leaders they follow.

In conclusion: All the huffing and puffing out of G7 capitals about exchange rates, unfair competition, substandard wages and global climate change is only the rhetoric of the developed world’s REFUSAL to compete and create the INTERNAL conditions for WEALTH creation. The entities of the corporatist business model (big unions, Crony Capitalists, banksters and public servants) are UNPREPARED to do so, as this would spell the end of their criminality against the public upon they PREY. Sturdy entrepreneurs would slowly but surely provide “more for less” and gather their customers away from them just as the emerging economies are doing to the G7 today. The G7 are EXPORTERS of crippling policies to their competitors, but their competitors are no longer poor, impoverished, dumb bunnies, they are now fierce competitors.

As Wen Jiabao, China’s premier reiterated recently:

“We will not yield to any pressure of any form forcing us to appreciate. As I have told my foreign friends, on one hand, you are asking for the Renminbi to appreciate, and on the other hand, you are taking all kinds of protectionist measures,”

He said that by keeping the Chinese Renminbi stable against the US dollar, China was contributing to the recovery in the global economy. “The purpose [of these calls for appreciation] is to hold back China’s development,” he added.

In other words, learn to compete for your customers or die upon your own un-competitiveness. He DOES NOT work for G7 public servants, banksters, crony capitalists or any of the criminal classes, he works for CHINESE citizens, as he should. If only G7 public servants were focused on creating wealth and fostering the condition to do so rather than consuming it mindlessly.

The G7 MUST relearn how to create wealth, produce more than they consumes, save money and create sound money which allows middle classes to GROW, rather than be eaten by inflation and monetary debasement as incomes fail!

The wealth creation potential of the G7 is GONE, exported as the US de-industrialized and now creates wealth through pushing and creating PAPER, aka inflation. Look no further for an explanation of this than the November commentary by Bill Gross at PIMCO, the world largest bond fund manager at <http://www.pimco.com/LeftNav/Featured+Market+Commentary/10/2009/Midnight+Candles+Gross+Novemb er.htm> (*Pay particular attention to the two paragraphs after chart 2*). This is an amazing essay, as if you read between the lines he is talking of his own demise when he talks of the demise of wealth creation through paper means and reversion to the real values of assets. Bonds that depend on those assets paying off are TOXIC. This is the DEFINITION of MALINVESTMENTS; a reverting to REAL VALUES rather than overpriced credit bubble valuations.

What Bill is talking about in those paragraphs are HUGE OPPORTUNITIES, as those markets reprice to reflect their true, not leveraged, values. Volatility will rise and huge trends will emerge in all asset classes. VOLATILITY is OPPORTUNITY for the prepared investor. Buy and hold is dead during a deleveraging episode as deflation in some asset classes and inflation in others, and is to be expected. You must learn how to fix your G7 paper currencies and

restore the functions of money for capital preservation and then diversify into absolute return alternative investments to gather the potentials in rising and falling world markets. [CLICK here to learn more.](#)

The welfare states of the G7 can't afford to INVEST in the future, encourage savings, reduce taxes to create incentives to produce or ROLL BACK income-reducing mandates, regulations or FEES as to do so would just accelerate their descent into insolvency. They have run out of other people's money to REDISTRIBUTE to pay for yesterday's, today's and tomorrow's promises of "Something for nothing."

I will be appearing at the Freedom Fest World Economic Summit on January 31 - Feb. 2, 2010 at Atlantis Paradise Island Resort, Bahamas (www.freedomfest.com/wes/).

I urge you to attend as I will be doing two break-out sessions on the unfolding economics of the global financial crisis and how to assemble investments to meet its challenges

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Tedbits is authored by Theodore "Ty" Andros, a registered CTA (Commodity Trading Advisor) and Global Asset Advisors (Introducing Broker) with Traderview - a managed futures and alternative investment boutique. Mr. Andros began his commodity career in the early 1980's, specializing in managed futures since 1985. His duties include portfolio selection and monitoring, customer relations and all aspects required in building a successful managed futures and alternative investment brokerage service. Mr. Andros attended the University of San Diego, and the University of Miami, majoring in Marketing, Economics and Business Administration. Mr. Andros is active in economic analysis and brings this information to his clients on a regular basis, creating professionally-managed investment portfolios designed to capture unfolding opportunities as they emerge. Ty prides himself on his personal preparation for the markets as they unfold and has developed a loyal clientele.

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