

## Tedbits Newsletter

The Financial & Economic No-Spin Zone

Learn more about Tedbits philosophy here.

October 16, 2009



“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.

## Financial Holocaust, Zero Bound and the Next Leg Down

The demise of the G7 financial systems, currencies and economies continues to march along as incomes collapse. The social welfare states and their banking system's Ponzi finance-based economies are BROKE, their obligations and promises irredeemable and unpayable.

A debt spiral is in full view, irreversible with policymakers unable or unwilling and opposed to making the changes required to CREATE PRIVATE SECTOR INCOME GROWTH and control SPENDING, and which must be done to avert the final CALAMITY.

**The greatest transfer of wealth from those who store it in paper to those who don't is unfolding. A Crack-up Boom approaches...**

Awash upon a sea of trillions of Dollars, Yen, Pounds, Swiss Francs and Euros, FIAT currencies are flying off the printing presses, printed out of thin air! Markets are doing things which have never been seen before in HISTORY, and it has only begun. Within as little as a year or as long as a decade, the G7 currencies will go to the

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### TEDBITS PODCAST NEWS

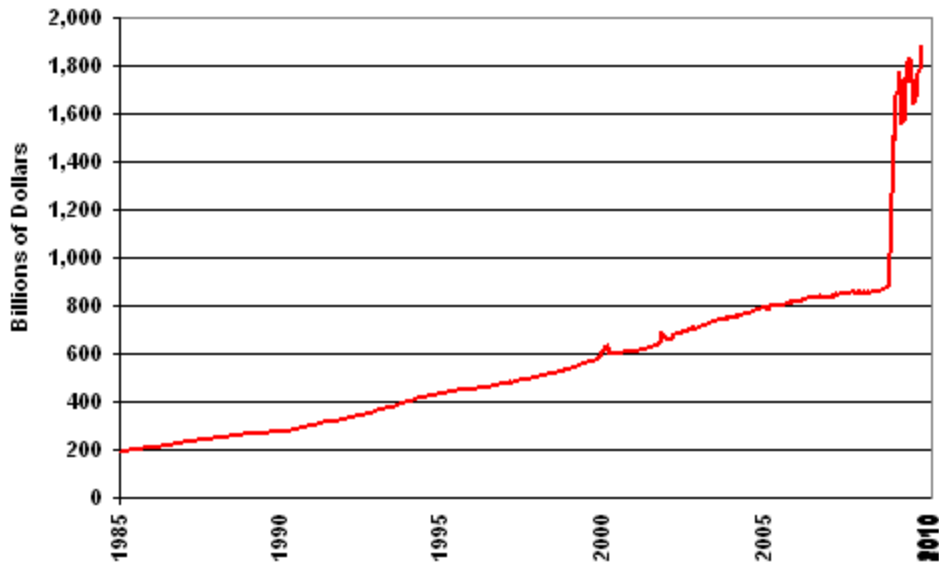
I have been appearing with Jim Willie in a podcast on the unfolding economic scene at [www.ContraryInvestorsCafe.com](http://www.ContraryInvestorsCafe.com), it is a gas and I will be appearing monthly in a podcast on Jim Willie & Friends, discussing recent Tedbits commentary and unfolding events and 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..

intrinsic value of the paper and ink in which they are constructed, as all the fiat currency and credit systems which preceded them have done. *This is a currency extinction event. A Crack-up Boom looms...*

***Everything is mispriced because NO ONE knows what the G7 currencies are worth in purchasing power except as measured in GOLD. Volatility is expanding, and volatility is opportunity for the prepared investor. Buy and hold is DEAD. Absolute return investments with the potential to thrive in up and down markets are the order of the day, as all markets (stocks, bonds, er ... bonds, currencies, commodities, energy, natural resources, etc.) price in the new realities of UNLIMITED money printing to substitute for expanding income and economies in the developed world of the G7. Restoring the functions of money combined with diversification into Absolute Return Investments are the order of the day and the most important things to do.***

Stocks and bonds are priced for a boom, but buying them at this time for anything but a trade is hazardous to your investing health. In many instances, they are repricing to reflect the lower purchasing power of the currencies in which they are denominated. To illustrate this fact, look at the adjusted monetary base which has now BROKEN OUT higher, signaling why FINANCIAL ASSETS are GOING HIGHER AT THE SAME TIME:

**St. Louis Fed Adjusted Monetary Base**  
**Bi-Weekly through October 7, 2009, SA, St. Louis Fed, SGS**

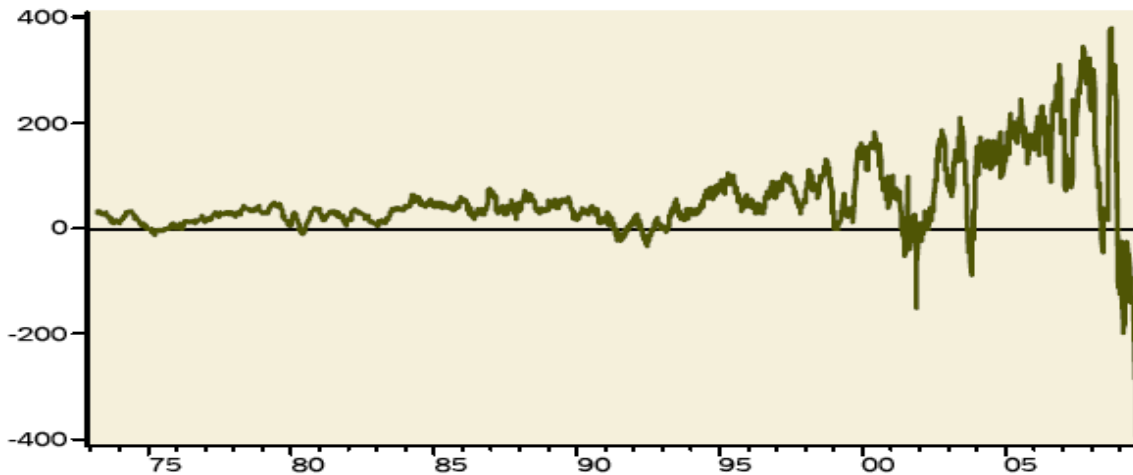


with the express help of the FDIC, the Treasury and regulators at the Federal Reserve. This graphic from David Rosenberg of [www.gluskinsheff.com](http://www.gluskinsheff.com) illustrates how M2, 3 and all lending to the private sector is in freefall:

Helicopter Ben has just hit the PANIC button AGAIN (in the week ending Oct 16<sup>th</sup> they dropped 70.69 Billion of , illustrating the next leg up in reserves as Fed Presidents Bullard and Dudley have told us it will do (up to 3 trillion dollars by early next year.) Banks are hemorrhaging \$300 billion per quarter in losses and covering them up with ACCOUNTING gimmicks,

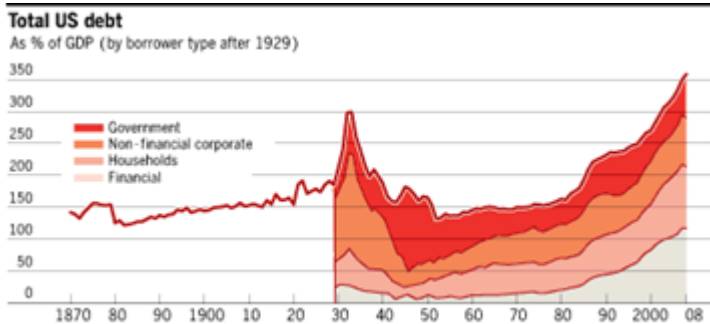
**CHART 1: BANK LENDING DOWN \$400 BILLION SINCE THE END OF MAY**

**United States: All Commercial Banks: Loans & Leases in Bank Credit**  
(16-week change, US\$ blns)



Source: Haver Analytics, Gluskin Sheff

And this is only the beginning since the BIG banks can no longer make money from banking because the mounting losses are daunting. They may not tell you and me about them, but they are fully aware that at some point, they WILL BE RESOLVED, and they need all those reserves they refuse to lend against to COVER THEM.



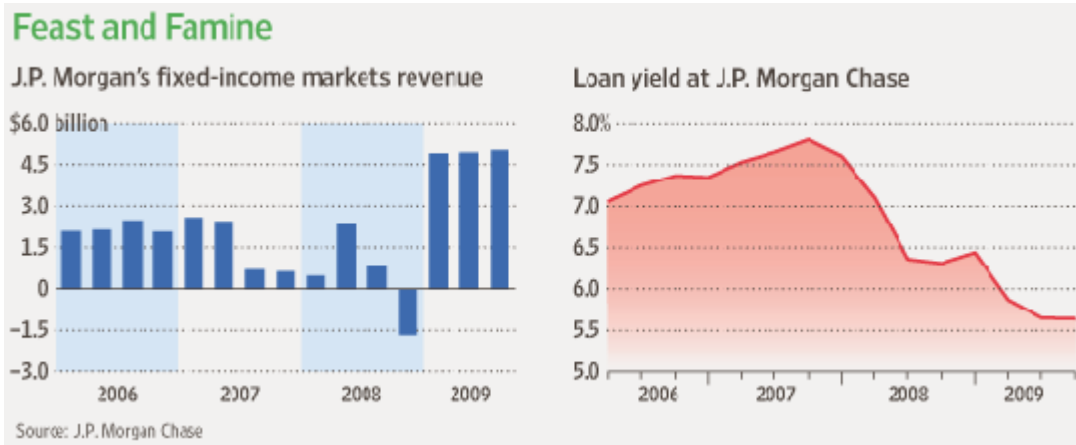
With the Debt-to-GDP ratio at over 350% (over a thousand percent if unfunded liabilities are added) and incomes PLUMMETING, defaults have only one way to go, so it is off to the printing press to cover the lender's INDISCRETIONS. Read this quote from 1930, during the rally which was a prelude to the next leg down:

“Cheap money is a stimulant, also an intoxicant.

If the dose is large enough, a substantial temporary effect can be brought about, but headaches follow. If the matter really were that simple, everybody could be an economist, and only the perversity of central banks would keep us from endless prosperity. Merchants and manufacturers will not be induced to increase borrowings, since interest on money borrowed is only one small factor in total costs. But if merchants and manufacturers will not use cheap money, speculators will”.

*Benjamin Anderson, Chief Economist of Chase National Bank, New York Times, April 1930*

This could have been written YESTERDAY. Goldman, er Government Sachs, JPMorgan Chase and Citigroup have now all reported earnings, and guess what? Profits and revenues from *core banking activities* are almost non-existent; profits now come from speculation using GOVERNMENT money at zero interest rates. The markets for securitized lending are closed so the banks can no longer pass consumer and small business lending to third-party INVESTORS. They must hold the loans on their books and for the most part they are REFUSING to do so. So, instead of lending to Main Street, the big banks are borrowing overnight from the Federal Reserve and buying Treasuries to absorb the huge budget deficits and put a bid into the bond market with a wink and a nod from the Central Bank. Take a look at the revenue streams from JPMorgan Chase.



Core Banking lending revenues DECLINED by one-third, and are set to fall further as DEFAULTS mount, and more revenues come from trading-fixed income.

A close look at Government Sachs earnings is SHOCKING! Core businesses such as Debt and equity underwriting, financial advising and M&A yielded a total of \$899 million dollars profits while trading and principal investments yielded \$10 Billion! They are now almost completely a hedge fund. The financial crisis and close call with death was a blessing in disguise as now they are a COMMERCIAL BANK, guaranteed by the federal government and the US taxpayer. Profits of \$17 billion year to date for a government sponsored enterprise. If only the other GSE's could do the same. At the end of the earnings statement Goldie CFO noted: "We operate as an independent financial institution that stands on it own two feet. We don't have a guarantee." What a laugh, as reader of this newsletter KNOW; 10's of billions of dollars were shuttled thru AIG to rescue Government er Goldman Sachs. If they fail in the future they are in the "To big to fail" category. Obviously they have ramped up the leverage for huge trading gains as they are now backstopped by YOU! OBSCENE, now you know why Goldman runs the regulators and the US TREASURY.

At Citigroup, the highly profitable Phibro group (oil traders), which produced average profits of \$400 to \$700 million per year after expenses (the Fed chief poured a net \$54 billion into the system in the week ended October 14<sup>th</sup>; no wonder the asset market jerked higher,) was sold for a pittance because the managers were OVERPAID according to the PAY czar (Phibro is POLITICALLY incorrect, meaning you and I don't have to cover losses through government support). Now you and I will pony up that money to cover unfolding losses, rather than having it come from internal profits. ABSURD.

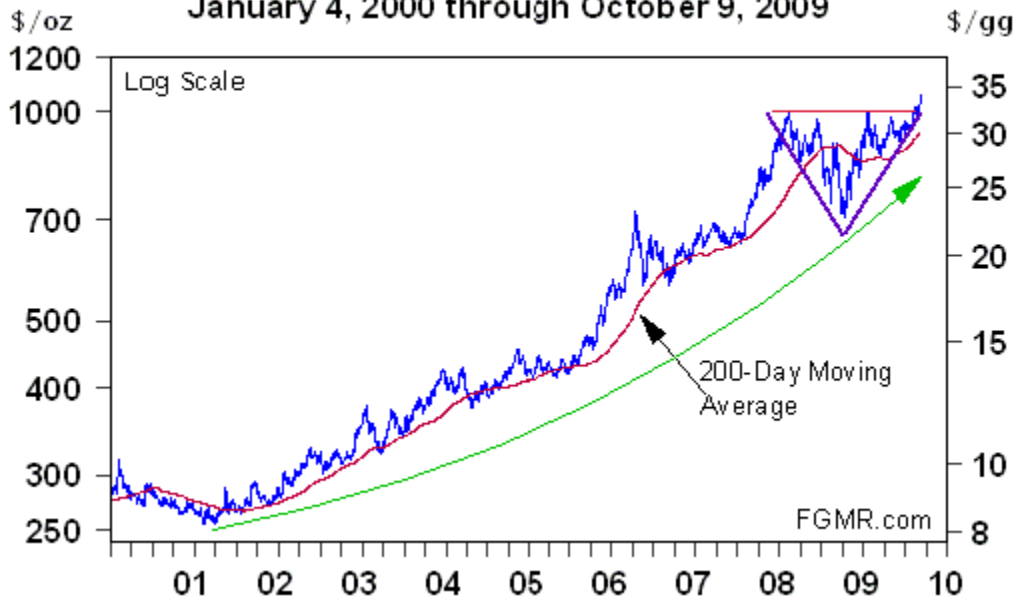
Governments DO NOT know how to run banks, but in retrospect, NEITHER do the bankers. I would like to laugh, but it is a tragedy! The BIG banks are now hedge funds or mortgage lenders with GUARANTEES from Uncle Sam. The BANKS are taking very little or no risks (look at the plummeting lending to the private sector), unless the risks are socialized and unloaded on the public. NOW WE KNOW HOW THE FEDERAL GOVERNMENT IS GOING TO FINANCE THE DEFICITS...

Borrow from The Federal Reserve at ZERO and lend to the treasury or federally-guaranteed mortgage borrowers for a profit, What a great RACKET, with the bills sent to the public if it BLOWS UP!!! IT IS A GUARANTEED CARRY TRADE courtesy of Helicopter Ben and the US Treasury. Who's the patsy? You and I...

Got gold? Gold is interesting since it has broken out of a 1.5 year consolidation pattern, up 15% since August in dollars (a loss of purchasing power and value of every bond and dollar since that time). First, we shall show gold in dollars (courtesy of James Turk and <http://www.fgmr.com/index.html>), which is just breaking out after a year and a

half of consolidation, base building and restraint by those people who wish to KILL the canary in the coal mine of dollar debasement:

### Spot NY Gold Daily Closing Price January 4, 2000 through October 9, 2009



Gold should now work higher, and extend as high as the pullback during the consolidation. Whoopee... Now let's look at the gold chart in the top 10 currencies, courtesy of Adrian Ash of the [www.bullionvault.com](http://www.bullionvault.com) :

What have we here? A completely different picture which is much more BULLISH. A solid move

higher and the head-and-shoulder bottom disappears. This is because gold is higher in those currencies where the central banks are too busy to cover their money printing (they do this by selling short their best reserve asset- Gold - for a soon-to-be worthless asset, i.e., paper money.)

The competitive devaluation raceway has been in HIGH gear since the financial crisis accelerated in September 2008.

Daily price in top 10 currencies ,weighted (and rebased) by GDP



Source: IMF, St. Louis Fed, Bank of England, BullionVault

Keep in mind this quote from my good friend Clyde Harrison: **“Currencies don't float; they just sink at different rates.”** And they are IN UNISON, sinking in purchasing power at a rate which boggles the mind, forcing FINANCIAL assets higher and providing HEADLINE illusions for the paper pushers in Washington (serial counterfeiters) and Wall Street (selling paper returns, not REAL returns.) The stock and bond market rallies are just repricing in the deflation of the purchasing power of the paper currencies in which they are denominated.

Just as the wealth of the world has rotated to those economies that produce more than they consume (BRICs: Brazil, Russia, India, China and the rest of the emerging world), from those that don't (G7), now the political power is doing the same. The demise of the G7 and the ascension of the G20 is a testament to this REALITY. The G7 economies

and the purchasing power of their FIAT currencies are IMPLoding under the iron fist of public serpents, crony capitalists, unpayable obligations and their bankster masters (serial money printing to MONETIZE deficits and fix bank balance sheets), who REFUSE to embrace the teachings of Darwin and Nature: **You must produce more than you consume, and let's not forget 'survival of the fittest'.**

In order to thrive in life, politicians and financial systems must provide the FISCAL (regulatory and taxes) and monetary policies which will allow their countries and their citizens to do so. Failure to keep the economic fields well-tended and fertilized will result in poor economic harvests in the future. In the G7 today, locusts RULE the day and are allowed to FEED on the economies in which they reside, increasingly destroying the private sectors in which ALL WEALTH is produced. They will learn these lessons the HARD WAY and G7 constituents will fall with them as well.

Many economists and public serpents believe Economics is NOT CONNECTED to HUMAN behavior. The Austrian School believes they are inextricably linked.

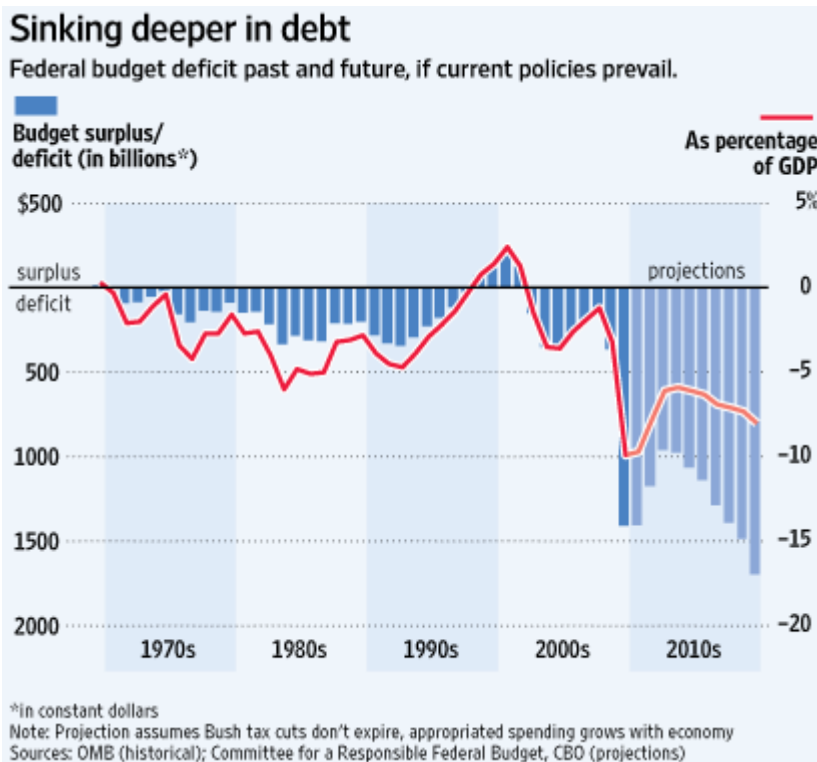
In today's missive, we are going to explore why a deepening depression is unavoidable. The current political and financial leaders are DELIBERATELY driving the US economy off the cliff to precipitate the crisis which will allow them to SEIZE what freedoms we have left, to SAVE you and pay for the ESSENTIAL services they are providing you. It is right out of the SAUL ALINSKY playbook for SOCIALIZING an economy and IMPOSING MARXISM. He was Ob@ma's mentor, and may he ROT in his grave... The public servants in the beltway hate and loathe the American people, and capitalism in general, because they cannot control it, so they will extinguish it... Freedom and independence from government is something they love to OPPOSE.

The Ab@mination of the US continues. The US Congress has gone on RECORD violating their oaths of office to uphold the constitution, and to provide oversight to the executive branch which is operating in an UNCONSTITUTIONAL manner. An amendment was voted on to require oversight of the CZARS (over three dozen socialist cowboys operating within the executive branch). The amendment was voted down on a PARTY line vote, going on record to NOT DO THEIR SWORN DUTY TO PROTECT THE CONSTITUTION. It is a brazen 'in your FACE' to the people who elected them to do

their sworn duty. These people work for someone, but it is certainly NOT their constituents.

To add insult to injury, they voted down another amendment which required that all legislation be posted online in its entirety for 72 hours, with a full scoring of the costs. NO, they said, you should not know what your representatives are doing, in your name and on your behalf, BEFORE THEY THEMSELVES VOTE ON IT.

Look no further than today's vote on the Senate Healthcare Bill just passed: a vague outline based upon absurd assumptions as to costs. They assume they can cut waste fraud and abuse of Medicare by \$60 billion OVERNIGHT. If this was so, why hasn't it



been done by now? They assume that doctors will lower their fees by 25% in one year. Can you say ABSURD? Take a look at this chart which exposes the **TRUTH versus politically correct LIES**, and shows true scoring of the President's and Congress' nefarious SPENDING plans (above.)

Those deficits are the future earnings of you and your children. As Alan Greenspan once wrote in 1996:

*"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. If there were, the government would have to make its holding illegal, as was done in the case of gold. If everyone decided, for example, to convert all his bank deposits to silver or copper or any other good, and thereafter declined to accept checks as payment for goods, bank deposits would lose their purchasing power and government-created bank credit would be worthless as a claim on goods. The financial policy of the welfare state requires that there be no way for the owners of wealth to protect themselves.*

*This is the shabby secret of the welfare statists' tirades against gold. Deficit spending is simply a scheme for the confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. If one grasps this, one has no difficulty in understanding the statists' antagonism toward the gold standard."*

That passage is from a time when Alan was still intellectually honest and only partially in the grip of public serpents and Wall Street. What he describes is directly in our futures and throughout the G7....

The Congressional Budget Office says the healthcare bill will save \$89 billion over 10 years and be revenue neutral. **An absurd claim. PLEASE TELL ME JUST ONE ENTITLEMENT or government-run program where budget projections have come within 8% of projections over a 10-year period? Show me one that did not EXCEED 100% cost overruns.**

From where is the money for this going to come? YOUR POCKET and your bank account, as they PRINT the MONEY out of thin AIR and steal the purchasing power out of your cash and bonds by DEBASEMENT! This is the definition of SOCIALISM, misery spread widely and redistribution, **while they PRETEND the dollar, yen, euro, Swiss franc, and sterling are money.** As Margaret Thatcher said, "Socialism works until you run out of other people's money." They have, and now it's hi ho, hi ho, off to the printing press they go ...

***Upon close inspection: This is a tax bill, not healthcare reform. It is a politically correct but practically incorrect solution which serves no one but politicians, who can then sell favors to those affected in exchange for shelter. The taxes start immediately, and benefits don't start until 2016. Anything that does not REFORM torts is a SHAM.***

Of course, revenue neutral for them means a deficit in the accounts of the public, private enterprise, small business, insurance companies, medical device makers, Medicare, Medicaid, etc. They say they will tax Cadillac health plans over \$21,000, but fail to tell you that as a result of this legislation, estimates of higher costs for families runs \$5,000 over the next ten years, *and* that they have **not** indexed the trigger level to inflation (not that it would do any good, because OFFICIAL inflation and economic estimates are politically correct and practically incorrect GARBAGE, see [www.shadowstats.com](http://www.shadowstats.com) .)

Thus, they are VIRTUALLY GUARANTEEING that today's healthcare plans will all be CADILLAC PLANS when the legislation goes into effect, just as the alternative minimum tax has ensnared millions of small businesses because it was not indexed to inflation. These serpents then passed much of the new costs to states that voted REPUBLICAN, so they can subsidize Democratic states such as Michigan and New York. From the web:

*Let me get this straight. We're going to pass a health care plan written by a committee whose head says he doesn't understand it, passed by a Congress that hasn't read it but exempts themselves from it, signed by a president*

*that also hasn't read it, and who smokes, with funding administered by a treasury chief who didn't pay his taxes, overseen by a surgeon general who is obese, and financed by a country that's nearly broke. What possibly could go wrong?*

Just like Chrysler and government motors CLOSED all Republican-leaning dealers and left the Democratic-affiliated dealers open; we are witnessing political corruption and Chicago GANGSTER politics on a grand, nationwide scale.

### **Zero Bound and the Next Leg Down!**

Ever since Bretton Woods II forever tore world currencies from reserve backing (gold and silver) in 1971, politicians throughout the G7-developed world have substituted misstated inflation, excess money supply growth and deficit spending in place of the fiscal policies (taxes and regulations) which provide the conditions for economic growth in a capitalist economy.

In their place, they have installed EASY monetary policy (rates below REAL inflation) and crony capitalism (where markets are allocated to political supporters by mandates and regulation), which effectively short circuit and smother the entrepreneurs who provide "more for less", and kill inefficient dinosaurs. Asset-backed economies, which inflate assets in excess of misstated inflation, create an ILLUSION of growth and increasingly create MALINVESTMENTS, which in a normal interest rate environment cannot PRODUCE more than they consume.

This is the face of interest rates, malinvestments and asset prices FAILING at lower and lower rates of interest since Paul Volcker began at the Fed, and as regulations and taxes made the economy increasingly unproductive and unable to produce more than it consumed:

*An example of a malinvestment was recently detailed in a study at the University of Chicago. They surveyed 50 commercial buildings that were purchased in 2005, based upon projections of revenues at the time; in all cases the purchase price was financed with approximately 25% down. In 2009, ALL 50 buildings were in foreclosure of one type or another. All had negative equity and NONE produced enough revenue to service the mortgages.*

Interest rates in the United States, United Kingdom and Euro Zone are now at virtually zero, robbing savers of the returns they have earned by producing more than they consume. While these activities used to be virtuous in the past, now they are to be punished. With short-term interest rates at almost zero: a 30-day \$1,000 T-bill yields a \$.01 cent return, a 90-day bill yields \$.12 cents, a six month bill yields \$.65 cents, a two-year note yields \$8.90 cents per year, a five year note yields \$22.26 cents a year and a ten-year note yields \$33.32 cents a year. Throughout the G7 you can roughly see this same yield structure.

In other words, YOU MAKE NOTHING when looking at the loss in purchasing power of over 15% since AUGUST, 2009, as measured in gold. This is at a time when the monetary base is erupting like a volcano, and the Federal Reserve is monetizing trillions of dollars of mortgage, agency and Treasury debt.

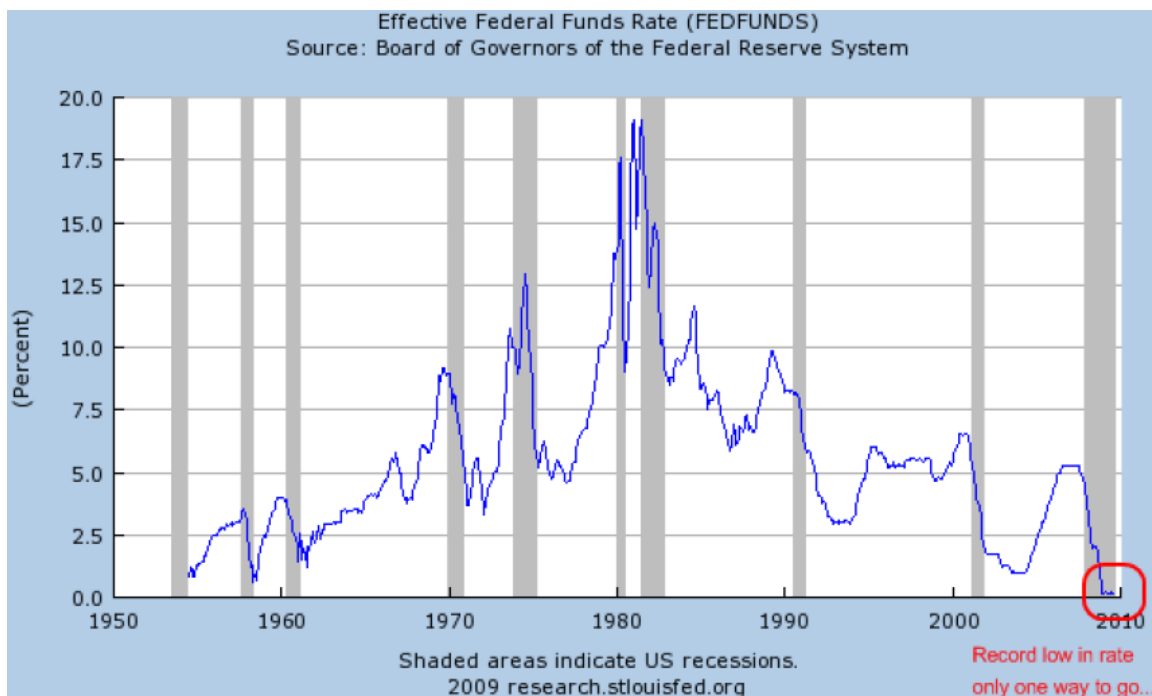
***Investments in bomb, er ... bonds (IOU's denominated in IOU's) or holding CASH (IOU's of countries whose spending is near 10% in excess of GDP, compounded annually) is hardly risk free or safe; in fact, they are riskier than any investment on the face of the earth! You'd better learn how to fix your paper currencies and restore the functions of money... The G7 governments and their central banks are going to STEAL every bit of purchasing power in them while it sits in your bank or brokerage account... and transfer it to their "something for nothing" constituents and their banking masters.***

The social welfare states increasing destruction of their private sectors and never-ending expansion of regulations, entitlements, taxation and fees to support them have now come to the point **where the United States has NO ability to**

**create new income.** While debt is spiraling OUT OF CONTROL, budget deficits in the G7 are averaging nearly 10%, and reduction of the public sector is not being considered, only the expansion of it. TO SAVE YOU!

The only thing that can save the day is spending RESTRAINT and reduction of impediments to INCOME growth (reductions in taxes, regulations and entitlements.) Instead, the socialists and “something for nothing” special interests are going in the opposite direction. They are making the unfolding INFLATIONARY depression UNAVOIDABLE and INESCAPABLE, as incomes continue to collapse and they substitute the printing press and indirect taxation in its place. Then, on top of this, they are going to layer on DOZENS of new direct taxes, such as a VAT tax, Cap and Tax energy legislation (the taxman in disguise) and Healthcare, which is a tax bill and nothing else. Here is a list of other NEW revenue sources for the terrorists to REDISTRIBUTE to their special interest supporters in Washington, DC:

Raise the top income tax rates; the top 10% of income earners already pay 90% of all taxes. Do you really think these people are going to invest when the returns on their RISKY investments go to the monsters in the beltway or G7 capitals?



Limit itemized deductions for individuals and small businesses (the backbone of American wealth creation).

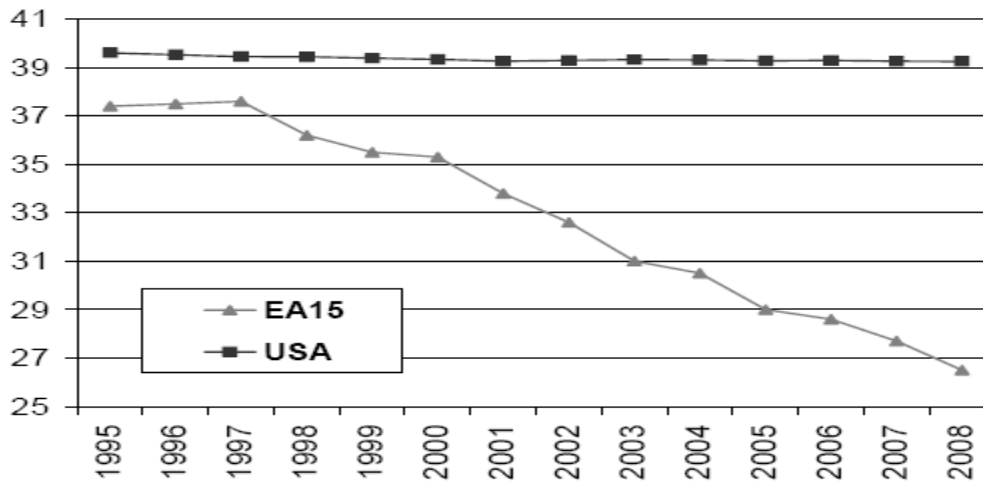
Increase capital gains and dividend taxes (destroying capitalism once and for all as it does not pay to invest in the G7.) Once again, do you really think these people are going to

invest when the returns on their RISKY investments go to the monsters in the beltway?

- Restore the estate taxes to 45% or higher for those evil wealthy (mostly small businessmen and women) who only wish to provide for their children’s futures and hand family businesses to the next generation.
- Raise Social Security taxes (they have to, the \$2.5 trillion they have already stolen and SPENT for general government expenses is gone and worthless promises to pay are left in their place).
- Tax YOUR employer-provided healthcare benefits, which will be passed through to the public in one way or another.
- Tax drivers on their mileage driven.
- Raise taxes on beer, wine, liquor and soda.

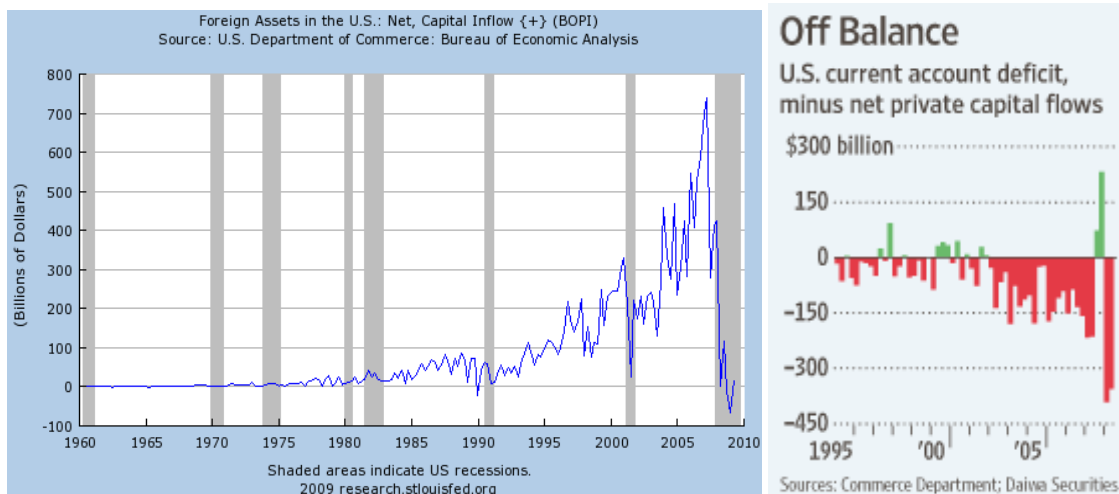
Just to name a few. Want to see why we can’t compete on a global scale and why manufacturers are leaving? Look no further than this chart of corporate taxes of the US versus the Euro zone 15:

**Corporate Tax in Europe is Low by Global Standards ...  
- Adjusted Top Statutory Tax Rate\* (%) on Corporate Income**



*There is no amount of currency debasement which can overcome the structural headwinds imposed and being implemented by government.* Now you know why the President's attack on offshore operations is nothing less than preying on the ignorance of the public, union workers and the corporate employees.

Between taxes, regulations, mandates, and now the CZAR's, private enterprise will FALL to the locusts of the DC beltway. **LISTEN CLOSELY: Corporations DON'T pay taxes; their customers do in higher prices, and their employees do in LOWER wages. The higher the rate, the less competitive they are and the more pressure they face to REDUCE wages to offset the theft of income by GOVERNMENT.** Now let's look at capital flows into the United States, which has FALLEN off the face of the earth, using the Fed's flow of funds data chart:



Capital is NO LONGER flowing to the US, in fact it is FLEEING, because the terrorists in Washington are DESTROYING capitalism, just like Lenin, Hitler, Mao and Stalin and their socialist supporters did in their respective countries, and it has now come to AMERIKA.

This is a great big vote of NO CONFIDENCE in US political leadership by INTERNATIONAL investors. They are voting with their feet and capital is taking a ticket "out of town"; the destination: emerging markets and countries with the rule of law and private property still intact such as Canada, New Zealand, Australia, Switzerland, etc. These deficits can only be filled by BIG BANKS loaning to the treasury rather than MAIN STREET.

Dozens of CZARS are implementing their socialist agendas and DESTROYING the private sector in the United States, precipitating the final debacle collapse of the only sectors of the economy which produces more than it consumes. Their decisions do not take into account that for a private enterprise to thrive it must make a profit (private enterprise *must* produce more than it consumes or DIE;) but if you are the government or its children, Fannie Mae, Freddie Mac, AIG, Citigroup, Bank of Amerika, Government motors, Chrysler, etc. (and this list will grow) then you steal it from someone who does produce, take it from stock and bondholders, borrow it and send the bill to you and your children or steal it directly out of your bank account by printing it

As the middle classes have been impoverished by currency debasement and are ignorant of history, they now, in their desperation, are turning to a similar group of thugs and supposedly patriotic leaders known as public servants and big business, aka Oligarchs, which support the government interests rather than that of the public and their customers. The payoff to them is ENORMOUS. They no longer have to compete and innovate to stay prosperous, as the public serpents will just PASS A LAW dictating consumer purchases in the guise of PROTECTING them.

Look no further than the BIG utilities such as Pacific Gas and Electric, Exelon, GE, etc. who are pushing for the cap and tax bills, as they will be the beneficiaries of BILLIONS of DOLLARS of new income with no expense from Washington DC in exchange for their support. Every small business will be decimated by this bill and will pay huge amounts which will then be indirectly transferred to the CRONY capitalist CAMPAIGN supporters on CAPITAL HILL.

The demise of the United States and the G7 has been unfolding for YEARS as I have illustrated to you (see Tedbits Archives). The financial crisis has accelerated the unfolding financial and economic holocausts. As the policies of Capital Hill and G7 public serpents are implemented, the deeper the crisis will become. Socialism does not work because public serpents DO NOT KNOW how to allocate capital to its best use. In fact, they allocate it to where it does the least but pays them and their cronies the most. Absolute power corrupts absolutely and the blind socialist ideologues currently in power will RAM MOST of these things through, knowing full well that once passed into law they will NEVER be repealed as the other side of the aisle is as power hungry as they are.

Nothing will change the course of events until the final debacle, in which they will either once again embrace free markets and capitalism where more is produced than consumed and create wealth, or they will continue to impose socialism and the welfare state in the G7. **This is not a failure of capitalism; it is a failure of socialism and welfare-ism – which they pass off as capitalism to the poorly informed.** Until then, you can expect contracting economies, lower incomes, misery spread widely and high inflation, as the printing press substitutes for income.

### **Credit and Credibility**

A fabulous new book, *Credit and Credibility* about the unfolding debacles of the social welfare states of the G7, and the RISE of the emerging world and the impact of FIAT currency and credit systems has just been released by my friend Richard Karn. Normally priced at \$350 I have been able to get a discount for readers of Tedbits to \$99.00. Richard does a fabulous job of outlining the unfolding economic and financial problems and solutions for investors to turn them into opportunities. Richard has allowed me to give you a copy of the first five chapters (this is GREAT READING in my opinion).

- [Chapter 1](#)
- [Chapter 2](#)
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- [Chapter 4](#)
- [Chapter 5](#)

To purchase the rest of the book at the discounted rate click here:

<http://www.emergingtrendsreport.com/product/16.aspx>

I got a lot out of reading this book, and the first five chapters are an absolute treasure trove of insights which will be useful in your personal affairs as is the book in its entirety, I urge you to buy it.

In conclusion: The REDISTRIBUTIONISTS- Public serpents, crony capitalists, CZARS and banksters - are angling to take almost \$1.5 trillion dollars out of the economy in one poor policy or another beginning in 2010 and hand it to themselves in one form or another, out of an economy of less than \$14 trillion; G7 governments are on the same path. Economies will worsen as they do. As incomes collapse and banks become lenders only to government or government-guaranteed borrowers, Main Street will be left to die and fall into the hands of the predators as they kill the private sector. This is deliberate destruction to impose their socialist, redistributionist schemes.

Government policies result in only ONE OUTCOME: Less of everything for HIGHER costs. With every policy they touch (Cap and Tax, Tarp, Healthcare reform, expiration of the bush tax cuts,) and the costs for them and the CZARS, the results are the same: HIGHER PRICES, money out of your pocket in one way or another and you getting less. Hyper-inflation looms.

[“This is exactly why the Founders said no central bank, no fiat money, no income tax, etc. They well knew what most have long forgotten - the government must be separated from the money at all cost or loss of freedom, terminal corruption and total ruin as the system implodes will follow. I say this prophesy has now run its course. The lumpen masses are notoriously slow to tumble, but when they do there will be hell to pay.”](#) Gerald Celente

Mother Nature will prevail in the end, which means our leaders will bring about the demise of our economies, banking and financial systems. A Crack-up boom looms. Just as King Canute failed to stop the tides, modern day public serpents will also fail.

Incentives matter and I don't mean government subsidies or payoffs. Until the policies change to incentivize and revitalize the private, WEALTH-CREATING parts of the G7 economies, growth will be an ACCOUNTING fiction based on government and main stream media HEADLINE illusions and prevarications.

The only BRIGHT side to this is the enormous opportunities of which you can take advantage. Volatility is opportunity and it will rise exponentially as these issues work their way through the economy. This is a currency extinction event. Just one more example of which we can see littered throughout history without exception. [Learn how to FIX your paper currencys, restore the functions of money and diversify your portfolios globally with absolute return alternative investments.](#)

In the next two issues of Tedbits we will be covering the broad social trends which are UNSTOPPABLE. How the “something for nothing” character flaw will lead to the demise of the developed world as it has in every empire in history. We are also going to conducting webinars for investors very soon where we will outline the economic issues and solutions such as the indirect exchange. Don't miss them. Thank you and may God Bless you...

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