

## Tedbits Newsletter

The Financial & Economic No-Spin Zone

Learn more about Tedbits philosophy here.

December 23, 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.

## Tedbits: The Something-For-Nothing Personality.

CAPITALISM IS CREEPING INTO THE EMERGING WORLD AND SOCIALISM IS CREEPING INTO THE DEVELOPED WORLD. BOTH ARE THE RESULT OF THE BROAD CONSTITUENCIES OF THE PUBLICS IN WHICH THEY RESIDE. LOCOMOTIVES DRIVING THEIR SOCIETIES INTO THE FUTURE, FREIGHT TRAINS WITH UNBELIEVABLE MOMENTUM BEHIND THEM THAT IS UNSTOPPABLE.

The results you can expect from them are as different as BLACK and WHITE. Both hold broad investment implications for the next several generations, understand them and thrive, misinterpret them and fall behind. The world is evolving as everything does in nature, economies, empires, businesses and political systems; all going through the cycles of SPRING, SUMMER, FALL and WINTER; rising and falling as everything in nature does. In nature and evolution the weak always fall to the strongest when competing for abundance -- promote strength and thrive, promote weakness and wilt. There are broad social trends at work in globalization and in the world's sovereign economies.

The first trend is the emergence of the “SOMETHING FOR NOTHING” personality which we will cover this week, and the other is “I WILL WORK 60 HOURS A WEEK FOR A BETTER TOMORROW FOR ME AND MY FAMILY” personality which we will cover next week

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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.

Diametrically opposed personalities, one creates WINNERS the other LOSERS. One greets each day with a positive outlook as each sunrise heralds the hope and promise of a better tomorrow, the other greets each day seeing dark clouds, as misery is always spreading; they are afraid of tomorrow. One is a guaranteed recipe for future SUCCESS and the other a guaranteed recipe for future FAILURE. For themselves and the societies in which they reside, this is predestination written across broad regions of the world.

Evolution is evident in all we can observe: nature and god bestow their gifts unequally. In order to achieve the best outcome for everyone, the political and economic systems MUST provide an equal platform for all to reach their highest potentials. Therefore each individual can go as far as his talents and work habits will take him. By producing a society that allows these individuals to reach their maximum potential, they themselves are served to the greatest degree, as are those around them who can reward them for providing MORE FOR LESS.

In the classic "*Wealth of Nations*," Adam Smith outlined that the skills, work habits and education of a country's citizens contain present and future indications of wealth generation and prosperity. In the developed world this wealth is under attack and its potential short-circuited; in the emerging world just the opposite is occurring. Drawing the correct conclusions and investing accordingly is vitally important.

I wasn't given the voice of a professional singer, the mathematical ability of Einstein, the surgical ability of a brain surgeon, the accounting ability of a CPA or the building ability of an engineer. I was given the ability to see things as they are and not as I wish them to be. The ability to absorb huge amounts of information and logically piece together what is transpiring and solutions to many complex issues. I was given the ability to SEE things and explain them to others.

People in the United States are a perfect example: IQ (Intelligent Quotient) can mean everything and at the same time mean nothing. There are very smart people and very dumb people who have very different conclusions to their experiences, some rise to prominence and wealth and others descend into poverty; what decides who gets what are the INDIVIDUAL and their personal determination to succeed or not. For government to STEP in and take from the successful person to give to the less successful is the equivalent of punishing excellence and subsidizing failure. It is slavery for nature's hardy individuals and the producers any economy must have to thrive to those who vote for a living rather than work for one. When this happens BOTH parties fall to their demise.

If government tries to interfere with nature as it produces its bounty for everyone, we are all poorer because of it. Both individually, as we never meet our potential, and to society/others, as we are less able to serve others and be rewarded for providing MORE FOR LESS. As in nature, some plants evolve which are stronger than others; so it is with man and everything in life. To believe that these LAWS OF NATURE, can be repealed by man is FALSE. In the Capitalist countries, such as the United States and the G7, they were able to create the wealthiest societies in the history of man through the policies of equality of opportunities, not results. When governments try to ENFORCE equality of results the strongest in society are cut down, and the production potential they represent is NEVER realized.

Conversely, in Socialist countries, potential can never be reached as society attacks its most productive elements; to excel is to be punished for having had more success than those around you. NO ONE reaches their maximum potential for themselves or the societies in which they reside. To produce in a socialist society is a recipe for quickly becoming the slave of those around them, as their production is taken from them for the GOOD OF ALL. Good intentions morph into a justification for enslaving the most productive elements.

Both these character traits reside in all corners of the globe, but in some societies they are on the rise and in others they are under attack. They are a product of the societies they come from. When born, humans are BLANK SLATES, canvases to be drawn upon with the additional gifts from their creator. These gifts are bestowed according to the needs of the broader eco system. Teachers, builders, mathematicians, entrepreneurs, workers, physicians, etc. are just of few of the myriads aptitudes given to different people at birth. They make up the elements necessary for meeting the needs of the world.

The SOMETHING FOR NOTHING personality is a locust to a country's economic harvest, present and future, eating today and attacking tomorrow's crops before they are even planted. Gluttons never saving for the future, and eating the seed corn of tomorrow's crops. This is an insidious character flaw dooming the their very futures and the futures of those

around them. Once in the majority, it spells the slow demise for the wealth creating elements in the societies in which they reside. They are bent on punishing the remaining productive elements of their societies based on egalitarianism and envy. Constantly attacking wealth production and trying to take the food off the plates of the most successful around them as every year there is less food to eat.

In the late 1960's Lyndon Johnson leaped forward from Roosevelt's policies in the United States and Willy Brandt in Germany ushered in the seeds of socialism, quickly followed by Francois Mitterrand in France. All introduced the concepts of socialism, rewards for not working and the concepts of the "something for nothing" and entitlements. The socialist/communist concepts of "you were not responsible for your own failure" were reintroduced to the populous.

Ignorant and contemptuous of the laws of nature in which they exist, these people are increasingly poorly educated in government-controlled schools, and they have no knowledge of history or what created the wealthy societies in which they now live. Taught what to think, rather than how to think or the critical lessons of history, they believe in government as all-knowing protectors and stewards of the future. They are taught that government has produced the wealth they see around them and what they remember from their youth, when in reality that wealth was generated from the sweat and hard work of their very own fathers, mothers and grandparents.

They increasingly live in fear of the future and have been taught that they must depend on the governments under which they reside to provide for their future and protect them from their competitors for abundance in nature and the global economy. These ignorant people believe this in a wishful way, although anyone that takes a close look can see the lie they represent. For instance, in the United States a successful government program (a program that produces more than it costs and creates wealth for everybody) is nowhere to be found. The definition of a successful government program is how much did you receive of free medical care, cash to buy a car or a home, a no-down-payment loan on a house, etc.

They are manufactured by the society in which they reside. Typically they come from a background of wealth, having more wealth provided for them by their parents and the societies around them than most others in the world. Entitlement mentalities who believe they, at BIRTH, have been guaranteed abundance in nature, and they are unwilling or unable to embrace the simplest truth that in life there is NO SUCH THING AS A FREE LUNCH, and that to thrive they must produce more than they consume.

Since they go unrewarded by the society in which they reside, and their teachers and leaders tell them that they are unrewarded because of others who conspire against them to deny them their BIRTH RIGHTS to an abundant life, they vote for public servants who will turn their anger against the most productive around them, thereby enslaving the producers of the wealth to the whims and demands of the least productive, and sacrificing the productive individuals' futures to serve the voters (THE MOB) and society at large. In everything we do there are winners and losers, and these are determined by nature's gifts and an individual's efforts.

Once this SOMETHING FOR NOTHING personality takes hold in a society it is ultimately headed to its demise. It attacks and destroys everything in its path to quench its insatiable thirst for SOMETHING FOR NOTHING and to destroy those around them they believe RESPONSIBLE for their being subject to the "laws of nature", which they abhor, as it is contrary to everything they believe. In nature the strongest thrive and the weakest wilt, it really is that simple. The SOMETHING FOR NOTHING personality marches to equality of outcome rather than equality of opportunity. Robbing the most productive to subsidize the least productive. Unfortunately, life and nature doesn't work this way, it spreads its blessing unevenly and no amount of wishful thinking or the laws of man will change this reality.

What occurs is that the most productive QUIT working hard and producing MORE FOR LESS to do so provides NO REWARD for this virtuous behavior. And of course, the least productive do just the opposite; they provide LESS FOR MORE, the price of what they create is always more than what they produce. Just like the governments they reflect who believe they can take a dollar and create a better outcome than the private sector. Public servants saying they have the solutions to the everyday problems of man but who are unable to show one example of the truth of their claimed success. As anyone who has any experience with government knows, they take a dollar and return a dime. This is a recipe for Socialism and bankruptcy, and societies that embrace the SOMETHING FOR NOTHING beliefs are headed toward that ultimate result.

This belief is a product of government policy and socialist education systems. The government's deliberate policy of inflation in the monetary system, and a dumbing down of the electorate through public schools which DO NOT teach the logic, reading and arithmetic skills necessary for problem solving. Skill development in critical thinking and knowledge of history are also conveniently absent from the curriculum. They are creating an atmosphere where impoverishment feeds the manipulative plans of the school systems and the public servants who control them. These ELECTED public servants implement policies which GUARANTEE a lower standard of living of their middle class constituents, driving them in desperation to the public servants and their policies which provide the least possibility to future wealth generation.

Just as vast new middle classes are being born around the globe, some are being buried. Buried by the people they elected to steward their economies, these public servants are more interested in their next reelection than coming up with practical solutions that meet today's challenges while preserving the economic futures of their current constituents and future generations. Today's middle classes in the western world have been sold and taught a belief in two things. That you can have "something for nothing", and that government can "protect and provide for you." They now vote regularly for these chimeras/illusions. The growth cycle and bull markets in these ways of thinking create a self-fulfilling, vicious circle, which will culminate in the middle classes' demise. This broad social trend can be seen in the United States, central Europe and the G7, and is as destructive a character flaw as I have ever seen. It is an investment theme for the next ten years or more as it plays out. It is history repeating itself.

With the REALITY of globalization confronting these beliefs, the developed world is faced with a difficult choice: get up out of their chairs and get to work, compete, SAVE MONEY AND INVEST IN THE FUTURE, work harder and smarter than our economic competitors and thrive or slide into the future and slowly sink into increasing poverty as the printing press and credit creation substitutes for wealth creation. Increasingly in America and Europe the middle classes are choosing the latter option.

The printing press has subsidized/substituted for policies of wealth generation for over thirty-five years now since Breton Woods severed the cords to sound money and we can see it in everyone's lives. It now takes two parents working to make ends meet: rising food, energy, housing and health care expenses are eating people and businesses alive. Three out of four of these BASIC expenses are excluded when inflation reports are calculated. Housing inflation is measured by looking at the increases in rents (not the increase in the price of the home or commercial property), food and energy are excluded from core calculations of the Consumer and Producer Price Indexes. Policy makers and the media focus on the core numbers and present them as the HEADLINE numbers, virtually ignoring the actual headline numbers, which are several points higher, which are also messaged by such prestidigitation as hedonic pricing (quality improvements are used to impute lower prices). The vast majority of their constituents are unable to see past the illusionary headlines as they haven't the SCHOOLING to do so.

Middle class People are caught like mice on spinning wheels to nowhere, fleeced on one side by rising taxes because they aren't properly indexed for inflation, then robbed by the printing press as the government prints and borrows into existence the additional funds necessary to fund the runaway spending and government growth.

The something for nothing victims of governments and their fiat currency monetary systems are NOMINALLY taking home more every year with their paychecks, but when they go to the grocery store or gas station they come away with one less bag of groceries for the same amount spent a year ago or far less gas in the tank. They are providing the illusions of rising incomes even if you cannot buy more REAL goods and services.

The purchasing power of their paychecks is shrinking like an ice cube in their hand. Yesterday, I bought some gas, what used to buy a tank 4 years ago, now buys less than half, the customer who had left the pump as I pulled up bought 10 dollars of gas and left the pump with just 2.5 gallons, he obviously is on a budget and it won't take him very far. This man is now forced to follow politicians who promise SOMETHING FOR NOTHING, as that is the only solution put forth by liberal media and public servants.

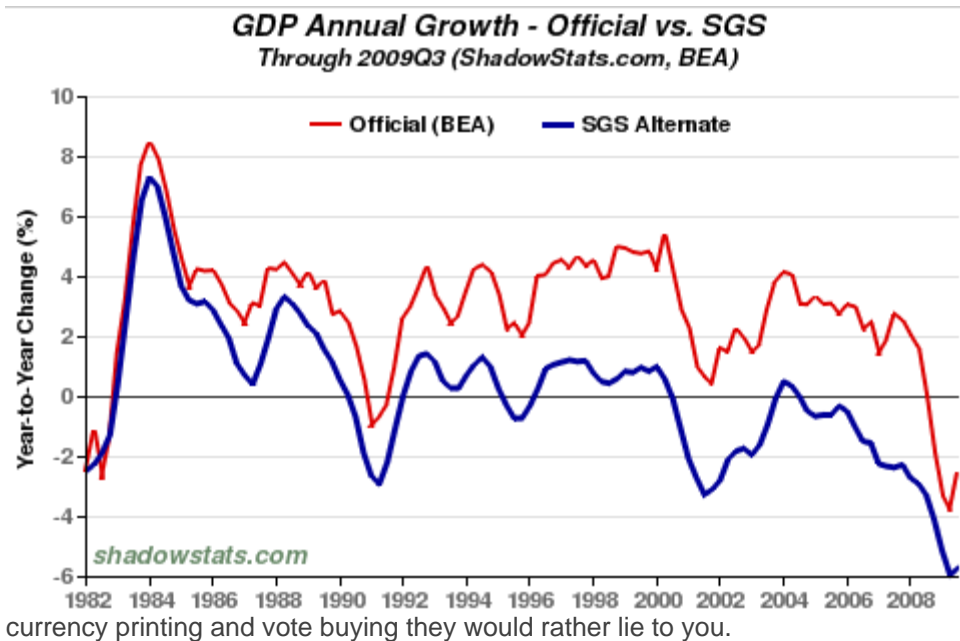
How did we get here? We elected politicians who have spent money as if it could be created out of thin air, and they have done so with abandon; now it is RECKLESS abandon, but it is only an illusion of wealth.

NO wealth is actually created. IN FACT, it is actually the spreading of poverty in an ever-increasing circle, and it is the destruction of the currencies in which these middle classes store their wealth: Dollars, Yen, Euros, British Pounds,

Aussie and Kiwi Dollars, etc. The reason middle class resentment is rising is because their incomes and the purchasing power of their wages and savings accounts are falling, courtesy of the “out of control” printing press process and government “policy of inflation”. They look for someone to strike at and blame for this situation, not realizing it is their very own elected leaders doing favors for their campaign contributors and their cronies in the press and BIG business doing it to them.

The reason the guys on Wall Street, private equity and in the banking industry are getting so fabulously wealthy is because they get the newly minted money and credit first, the day after it is printed and stolen out of the savings accounts of the broad citizenry. This theft is set to continue. It is how wealth is transferred from the middle class to the ruling elites, big banks, crony capitalists and the governments they control.

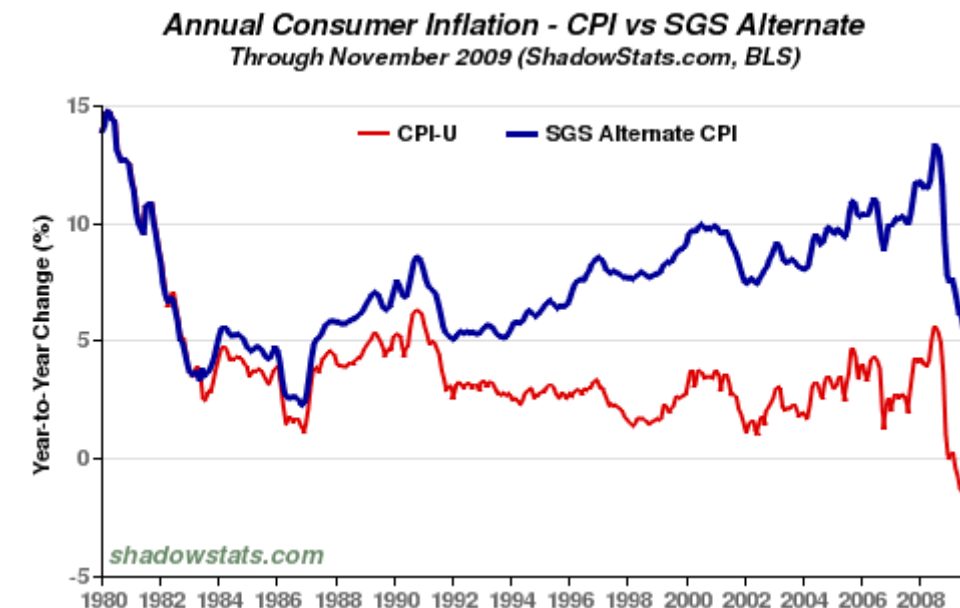
Let’s look at the mechanics of the situation and the means in which it is accomplished. First let’s look at CPI (Consumer Price Index) adjusted wage growth using the official government CPI numbers in combination with the Employment Cost Index from the labor department:



As you can plainly see, since 1986 wage growth has been as reported using the “government numbers” and it is breaking even at best, falling dramatically at worst. In the brief period starting in 1997 through 2002, inflation-adjusted wage growth exceeded 1 percent. If I recall correctly, the CPI underwent a major revision in how it was calculated immediately preceding this spurt in growth (a government inspired illusion to fool us into thinking we are actually getting ahead.) Rather than promote policies of growth and interrupt their spending sprees,

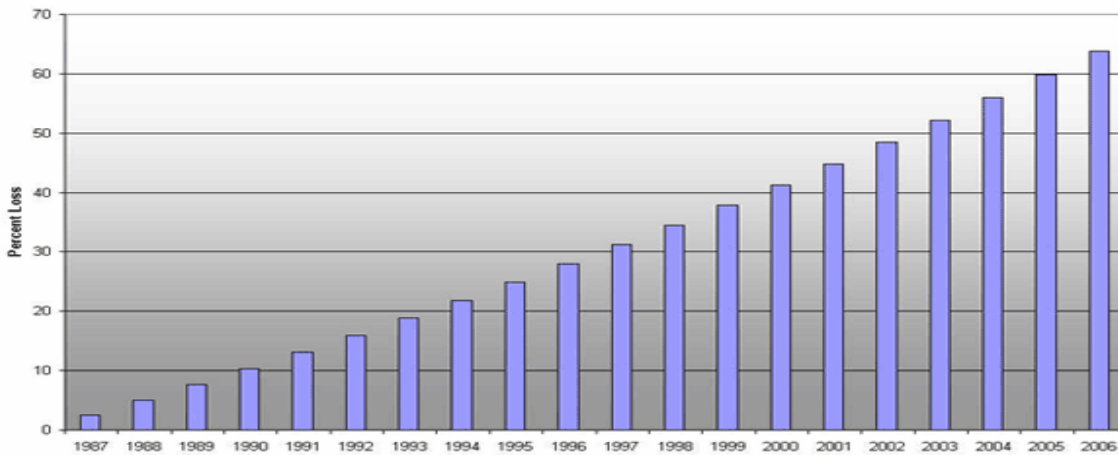
currency printing and vote buying they would rather lie to you.

Now let’s take a good look at how inflation used to be calculated before the government started accelerating the practice of lying with numbers. Thank you John Williams of [www.shadowstats.com](http://www.shadowstats.com) for this wonderful chart on his website:



If you look closely at this chart you can see this understatement is an oscillating spread between approximately 2.5% to over 3%, in the most recent early 2007 illustration (so the government “no inflation” lies are getting bigger). In calculating the next chart we used the conservative side “2.5% understatement” and showed the compounded affect this understatement has had on the purchasing power of middle-class earnings since 1987:

**Understatement of Inflation by 2.5% Compounded Over 20 Years and Actual Loss of Purchasing Power of a Dollar**

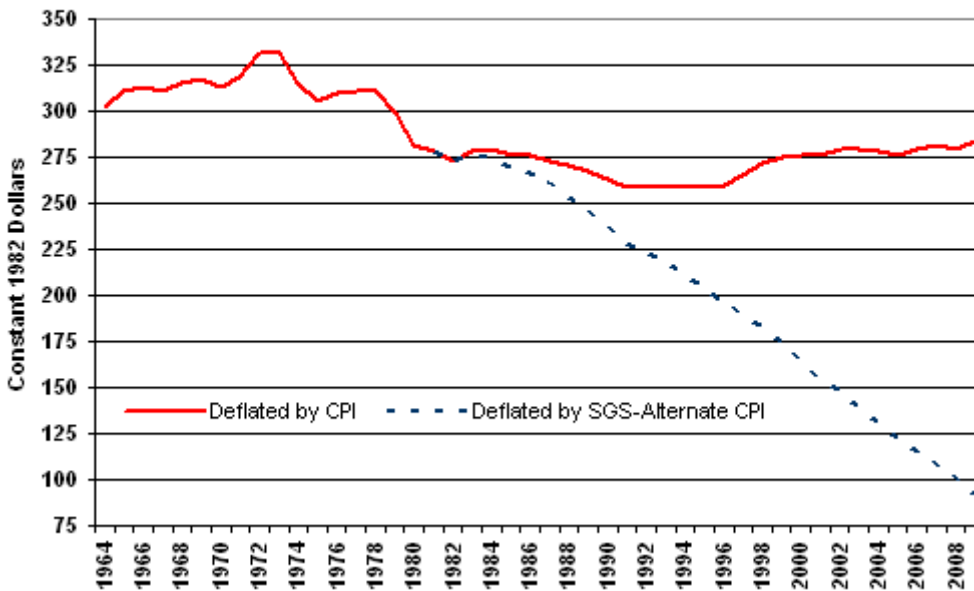


Even if you reduce the understatement of inflation to 2%, the **additional loss of purchasing power is over 49%**. This number makes sense to me when I think back to how much I paid for gas, rent, a nice entrée at a restaurant, health insurance, a ticket to a ball game or the cost

of a Toyota Corolla in dollars 20 years ago. If anything, the 50% loss understates it and the 67% loss at 2.5% takes on additional meaning. Two percent slipping through your fingers yearly is hard for individuals to grasp, but when the effects of compounding are factored in, it is enormous over a 20 year period. Take a look at this chart illustrating the loss of purchasing power from debasement (printing money out of thin air) from the Hyperinflation Special Report by John Williams of [www.shadowstats.com](http://www.shadowstats.com) :

**Real Average Weekly Earnings (Constant 1982 Dollars)**

Sources: ShadowStats.com, Bureau of Labor Statistics



No wonder the citizens of the United States (and throughout the G7) are desperate, their REAL wages have DECLINED by 75% since 1982, thus they have to resort to both husband and wife working and borrowing the rest to MAINTAIN their living standards from 30 years ago. Recipients of Social Security have seen similar reduction in benefits by this same technique. Real GDP growth after inflation takes a big hit when you recalculate using the actual numbers. Doug Noland reports: "Total Money Market Fund Assets (from Invest. Co Inst) rose \$18.2bn last week to a record \$2.485tn. Money Fund Assets have increased \$103bn y-t-d, an 11.2% rate, and

\$427bn over 52 weeks, or 20.7%. If inflation is about 2.5%, as the treasury claims, then how can these measures be growing at these rates? This is money creation pure and simple. This cash hoard is a prime target for theft/loss of purchasing power via printing press, and it remains under relentless attack.

So the broad middle class has been told by the government and the media that their wages and savings are growing after inflation while they are actually declining. In their guts these citizens know the truth -- it is a reality they are confronted with every time they pay their bills or buy groceries! Now we know why a politician promising "something for nothing", and that: "the government can protect you" can find an ever-growing constituency, as these middle classes are growing poorer and sinking into poverty at the rates outlined above.

Along comes a politician saying he or she can fix it, they can absorb the added expenses, pay for HEALTHCARE, protect them from the bad guys who work for a living, who run small businesses and are the real backbone of America and the G7 . This is a powerful SIREN song, and the longer you hear it the more seductive the message becomes as your standard of living erodes like a beach assaulted by the waves. One day at a time this loss of income eats at you. Voters start to consider voting for any foolishness, no matter what it is as long as the going backwards in life can be halted. Little known to the guy on the street, these public servants are the perpetrators.

So these middle-class voters vote more and more for the thought of something for nothing, and at this point no politician of any party in the United States or Europe can be elected without these promises. After elected they are confronted with the will of the voters to deliver on these promises; promises that can only be delivered if one actually believes in the Tooth Fairy and Santa Claus -- wishful thinking in its worst incarnation.

Taxes rise relentlessly, new taxes, old taxes, all rising and never been reduced or repealed, always growing faster than the economy or inflation. Politicians always seeking more and more taxes to deliver on the impossible promise of equality of results. Spending rockets higher as government never shrinks, it actually grows faster than the real rate of inflation, which is understated by 2.5% as illustrated above. Politicians are constantly egged on to spend more by the left-leaning media which controls most of the headlines, and which is how most people now gather their news and opinions.

They paint any politician who opposes runaway government spending as unpatriotic or cruel hearted. If they don't deliver on their spending promises one way or another, there is always a politician behind them that will make the same impossible promises of "something for nothing", get put into the headlines for their vocal support of something for nothing, and take their seats from them in the next election.

So they pass Medicare Prescription Drug Benefits, new entitlements, and fund 10's of thousands in earmarks and pork-barrel spending costing 100's of billions of dollars to fund their vote buying reelection efforts. They print cubic amounts of money to support stock, bond and currency markets through the sophisticated open market plunge protection teams to keep the illusion of wealth and growth in the headlines. But the canary in the coalmine is pricing those same assets in gold and commodities, which reveal vicious loss of purchasing power of the currencies in which those assets are priced. So the middle class "thinks" they are actually getting what has been promised to them by these political rascals and their ruling elite puppet masters.

So savings decline as more and more of everyday wages go to just keeping your standard of living on an even keel, robbing the fractional banking systems of the fuel that makes it go causing less to be put into production, plants and equipment, business and job creation. They are short circuiting future wealth generation activities needed by current and future generations. If spending more of current income doesn't stop the bleeding of the loss of standard of living, they then turn to mortgage equity withdrawal (home equity substituting for bank accounts) or credit cards to cover the ever-growing shortfalls in REAL income (income after inflation).

Little known to the guy on the street, these public servants and central banks are the perpetrators of the hoax. Since the taxes NEVER cover the cost of the goodie bags of government entitlements, plunge protection teams, pork barrel, services and the ever growing, overpaid, unaccountable government departments and bureaucracies. They then have to turn to printing presses, fiat money and credit creation to supplement the available funds for their spending plans. Since the politicians don't really want to be seen as printing money (and because they want a firm grasp on future generations) they disguise it by issuing a government bond, but instead of selling it to the public they sell it to the Federal Reserve or the European Central Bank.

This shackles future generations of taxpayers with the debt obligations inherent in the bond issuance which are used to fund today's political follies. These obligations are calls on future income, the future income of the citizens of the United States or Europe, whichever the case may be. It would actually be better for all of us if they just came out and said they are printing the money, as at least future generations would not have to deal with these future obligations.

But then the idea of fiat money would really come under the spotlight as the immoral activity it really is, and that is unthinkable to someone whose election or reelection chances hinge on the spending promises he or she makes. It is estimated that every family in the United States has OVER \$500,000 dollars of obligations for which they do not know they are on the hook. These funded and unfunded government spending obligations now total over 70 trillion dollars,

equivalent to five years of GDP, which is currently approximately 13 trillion dollars a year. Obviously these bills are unpayable and these obligations will have to be printed away. Robbing the beneficiaries of these obligations of their value and shackling our sons and daughters into being the debt slaves of the lenders.

With the continuing erosion of their standard of living, as outlined above, there are a constantly increasing number of people voting for this "something for nothing" activity to grow. Something is eating at their wallets, paychecks and savings, relentlessly encouraging them to vote for anything which will cause it to stop or reverse. The only roads they are offered in today's political environment lead to the same destruction in the future. They vote for public servants who will take it from them even as it sits in their pocketbooks and bank accounts, oblivious to the process of how they lift it from them.

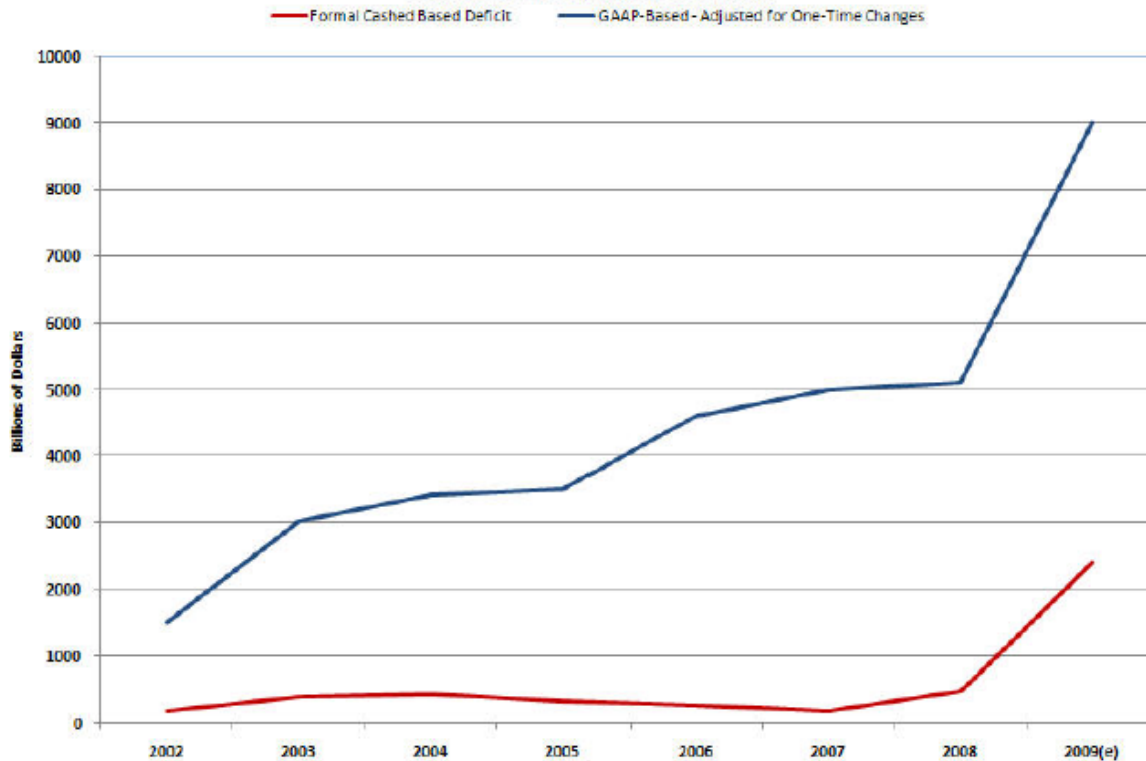
Unfortunately, the recipe for getting this erosion to stop is self discipline and personal responsibility, belt tightening, saving for investment and consuming less now, less government spending and working harder and smarter. These concepts are unthinkable to the many people at the bottom of the income ladder, as they are already paddling as hard as they can. And more people are being moved to lower rungs on the ladder on a daily basis, through the very same mechanism they themselves voted for the politicians to implement.

Politicians and the elites that pay to elect them then prey upon this growing desperation so they can what else? Control the MONEY, the voters and the economy. It is a vicious circle of the most insidious sort, created by the very same character flaw which has grown in the populous as their incomes have succumbed to the compounding of the loss of purchasing power, caused by the understatement of inflation. Then it is combined with the printing presses to cover the shortfalls. A real two-edged sword, it cuts the middle classes TWICE!

Ever wonder why the GAO (Government Accounting Office) can't really give you an accounting of the US government budget? Why there are no accounting books to speak of for the various departments of government? Why no one really sees the deficits as Social Security and Medicare trust funds and new money creation are used to pay for general budget expenditures? Government agencies like the Defense Department and the Department of Health and Human Services, the GAO says it can't give you an accurate accounting of where the money has gone and to whom, BLACK HOLES of taxpayer money. John Williams has calculated the US budget deficit according to GAAP (generally accepted accounting principles) and it is now approximately \$9 TRILLION dollars a year in contrast to the politically correct but practically incorrect number given to us by the government. Take a look:

## U.S. Federal Deficit -- Cash versus GAAP-Based

Sources: U.S. Treasury, ShadowStats.com



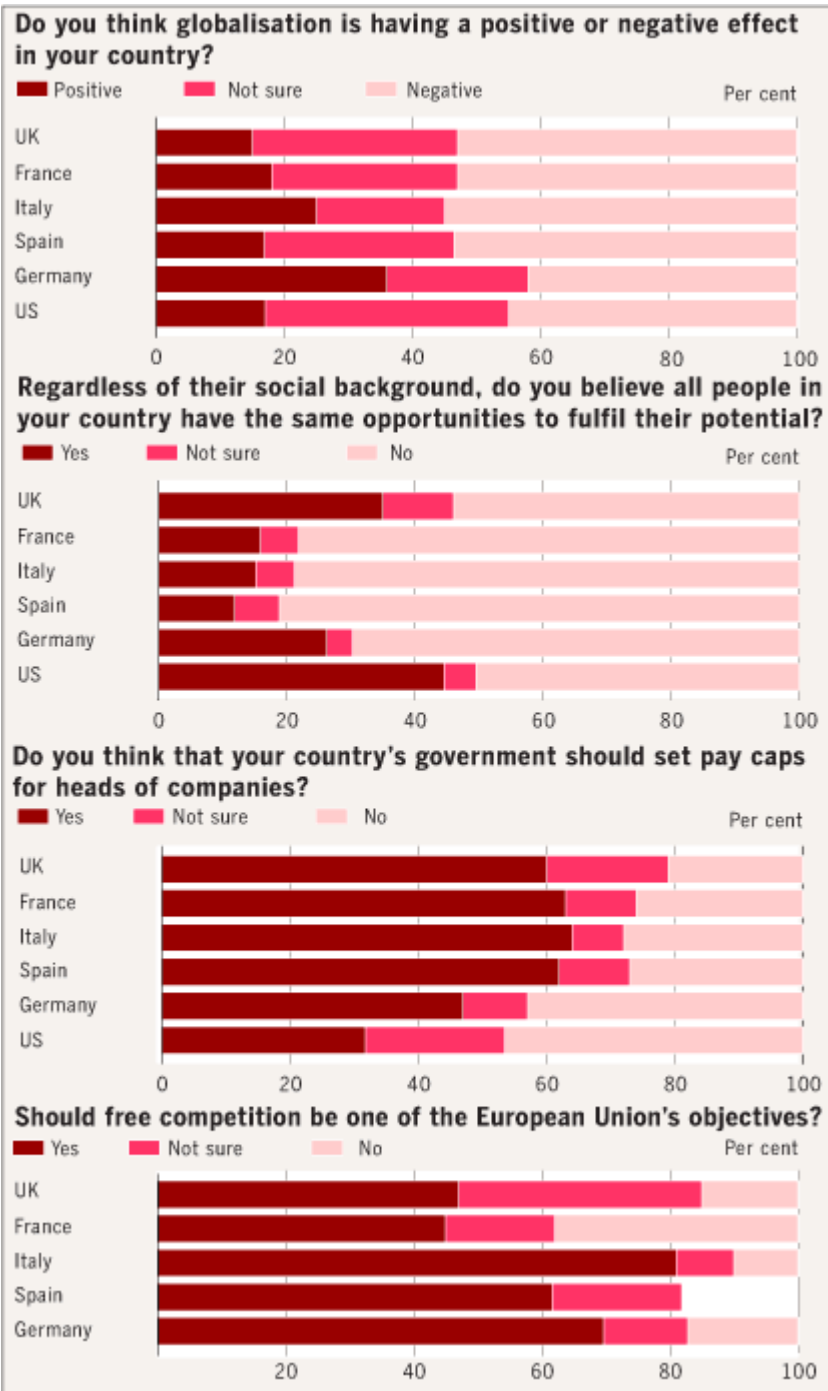
NINE TRILLION DOLLARS OF DEFICITS or PROMISES TO PAY annually EVERY YEAR in a \$13 TRILLION economy, and that is BEFORE the NEW HEALTHCARE entitlement and TAX and CAP OBAMINATION. Government is growing beyond its means, pushed there by the SOMETHING FOR NOTHING constituent. This immoral behavior of our political and financial authorities would be on plain display if these numbers were reported accurately, but since the law is whatever these people in power wish it to be, they aren't! AIDED by the MAINSTREAM press. government accounting and accountability are oxymorons, there is no accountability.

The demise of the middle class is set to accelerate in Europe and the United States, production and wealth-generating activities are now victim of the broad populous belief taught by the public schools, reinforced in the headlines and main stream media in the belief of "something for nothing", and that government can "protect and provide for you". So, more politicians are elected on an ever-increasing basis to implement it. It is a requirement to be elected in the developed world. and because taxes never cover the bills these public servants print the money, sell it to the federal reserve for collection from your children and grand children, throw the money they created into the money supply reducing the value of your paycheck and savings accounts by the equivalent amount, then spend the money on government programs giving it away for the current and future votes of the ever-growing something for nothing constituents. Consuming tomorrow's income today. A vicious circle and feedback loop.

Those same constituents are paying for the government program they perceive to be FREE, with the stealth taxes they pay themselves through the printing needed to pay for the program. Reduction of income through inflation of the money supply and the saddling of debt to future generations, ever increasing bills for everyday items, inflation written big, and endless expansion of tax bills as the improper indexing of taxes guarantees an ever-growing burden working its way lower and lower on the income scale. The endless promises from the tooth fairy and public servants are set to continue in increasing amounts forever.

Destruction of the broad American and European middle class is in full swing and has 30 years or more of momentum built into it, and it is accelerating as the loss of purchasing power is accelerating. It is now pathological in nature and built into the psychology of the developed world. What we are voting for is what will do the most damage to our futures! Politicians use this empty feeling in your gut, to instill FEAR (FALSE EVIDENCE APPEARING REAL) into every

part of their respective constituencies. An example of this can be seen in this poll conducted by the Financial Times and Harris Poll of 6 of the 7 members of the G7:



These people are SCARED and FEARFUL of Globalization. They have been manipulated by the press and their leaders to MAN THE BARRIERS to the evolution of the globe, and they are unable to understand the opportunities for personal advancement and WEALTH CREATION offered to them by GLOBALIZATION and the emergence of 3 billion people into the modern world. These emerging countries need everything the developed G7 have to offer: modern technology, engineering expertise, modern banking and financial system development, trains, planes and automobiles, just to name a few. This is an opportunity for wealth creation PAR EXCELLENCE for the G7, only the barriers must fall and the competition and capitalism must be allowed to bring out the best in all of us.

The only ones who are not served are the politicians, the media, the entrenched elite and corporatists as they LOSE CONTROL over their constituents and the sheep they have spent GENERATIONS regularly FLEECING, as THEY, themselves, are actually the ones unprepared to compete. So they prey upon their dumbed-down constituent's FEARS (false evidence appearing real) while destroying their future prospects with schools that don't TEACH the skills necessary to excel and thrive in life.

Today's high school graduates do not have the knowledge to pay teachers pensions. They then sing a SIREN song of let "mommy" take care of you and everything will be all right. When you are increasingly hungry you are always receptive to someone who says they have FREE FOOD. Just ask 1<sup>st</sup> time homebuyers who get the tax credit or cash for clunkers car buyers, Medicare and Medicaid

recipients or anyone who supports HEALTHCARE reform.

Many of these same BIG corporations have used globalization to remain competitive, as it should be. Domestic manufacturers are falling like dominoes as the something for nothing mentality has driven PUBLIC SERVANTS to mandate thru the roof CORPORATE TAXES, regulations, wages and benefits to levels which render them uncompetitive in the new global marketplace. So one by one manufacturers are FORCED to move off shore or go OUT OF BUSINESS; it is only a question of SELF PRESERVATION, the most basic of human instincts. Either you vote with your feet or go out of business. If a gun is put to your head do you duck or be killed. There is only one answer to this question. However, slowly but surely it is "leave or perish," as more and more of the most productive people and businesses flee their tyranny

and lack of understanding history, as socialism has ALWAYS caused the demise of the society which has attempted to practices it.

Corporate taxes in the G7 are the highest in the world, so these companies are at a huge disadvantage as suppliers to the emerging global marketplace, thereby killing G7 jobs. Do you want more jobs? Lower corporate taxes and competition-killing mandates; higher wages and thriving DOMESTIC and EXPORT businesses will be the result. These Public servants, their elite and big business cronies would rather have complete control over failing economies and their constituents than partial control and thriving economies. This failure to thrive in the global marketplace directly feeds their ability to control and fleece their constituents. They will protect their GRAVY trains no matter WHAT the cost to others.

This is driving an ever-growing part of the citizens towards Egalitarianism and envy. Socialism is relentlessly marching into the G7 as politicians and their central banks create this something for nothing mentality. Feeding the growth of this are the politically correct PUBLIC schools telling students everyone is a winner rather than strive for excellence and the rewards for doing so. They teach equality as FACT, the price for people is that they aren't prepared for the future; they are prepared to be victims of the political class and their elite masters.

The basic skills of reading, writing, arithmetic, knowledge of history and the many generations of critical thought generated over hundreds of years by the greatest minds in history are the VICTIMS of modern teaching ideas and socialist teacher's unions and academics (the very epitome of the something for nothing personality), who don't teach critical thinking skills, they teach memory skills. Solving problems is not part of the curriculum for generations of emerging young men and women.

The only children that do emerge with these skills have parents that take personal responsibility for their children's educations rather than leaving it to THE STATE which wishes to indoctrinate them. Rampant dysfunctionality of the family becomes the norm as they are taught that personal responsibility for themselves and, by extension, their families is something they can look to government for, from the beginning of their educational journeys.

There are countless talents, both mental and physical, that humans possess. The egalitarians prefer to imagine everyone as being born pretty much exactly alike, with any later differences due to environmental or conditioning errors or deficiencies. Yet these folks do give ground when it comes to how fast one can run the forty, or how well one can sing. No one is gullible enough to believe that if we all just trained harder we all could sing like an opera star or run like a professional athlete. The emphasis therefore tends toward indoctrination to the effect that everyone is mentally the same. It is harder to prove that someone is less intellectually gifted than another, and even if an IQ test demonstrates differences, the test comes under attack. Still, people demonstrate varying levels of potential in a multitude of mental areas and I think we can agree that whatever an IQ test measures, a person with an IQ of 90 is simply not as intelligent as someone at 130.

People that have higher IQ's, are highly motivated, goal oriented and have learned to keep their skills under wraps, and to attribute the evidence of those mental and emotional gifts, i.e. money, better jobs, promotions, etc. to luck. This is done to deflect envy; in today's G7 society one knows better than to say 'I'm smarter than you' as the masses are taught that if someone accumulates more money than another, they probably came across it dishonorably or by greedy habits such as hard work and saving, and in general they are a 'bad' person.

The fact of the matter is this: humans have an amazing number of subtle skills and talents, each distributed along a bell curve. Those people smart enough to figure out the political game are usually sharper, on average, than other people. Yet these same people almost blindly, through conditioning, accept the line that everyone else could see things clearly if they were just better educated.

No...most people are not going to miraculously acquire more gray cells. It follows that the masses are not going to get educated enough to think like Einstein and politicians are not going to suddenly become philosopher statesmen.

As the ability to get ahead is pushed further and further away from the broad middle classes, politicians fan the flames of this desperation, creating broad and growing clamoring constituencies and empowering the politicians to DO SOMETHING. That is just what they do, they become relentless in their pursuit of money to FUND the FEAR of their something for nothing constituents.

Starting at the top of the income ladder, they must continually move lower on the income scale. THERE IS NEVER ENOUGH MONEY TO FUND SOMETHING FOR NOTHING, everything costs something. Any economist (except ones recently trained) understands TANSTAAFL (there ain't no such thing as a free lunch). As these politicians relentlessly consume more and more of the wealth of their nations, their nations increasingly invest less and less into the things needed for future wealth creation. Capital creation, savings, infrastructure, education, entrepreneurs and small businesses are sacrificed and fall victim to feed the reelection requirements of these MONSTERS' greed, and blind ambitions for power over others and their MONEY. They are driving the SOMETHING FOR NOTHING personality and the countries in which they are dominant into increasing poverty and economic failure. Like locusts attacking fields of grain, they eat everything right down to the roots.

Public servants then push their constituents into jealousy with their populous rhetoric of equality, and they find fertile ground as G7 schools teach their students that this is so. A jealous person thinks that someone else has something they want, they're going to take it from you. Up until this point the jealous person can be bought off. At some point it crosses a line into ENVY. At that point it becomes toxic as the envious person thinks you have something they can never have, so they decide they are going to destroy what you have, and they don't want anyone to have it until they and everyone can; which is impossible, as all outcomes are unequal for everybody in life just as in nature. These are the seeds of the far left "hate monger" as it moves itself evermore into the mainstream, and as the "something for nothing" constituency grows ever larger. They wish to destroy everything from which they don't completely benefit, so they work very hard to tear up the roots of past and present wealth-generating activities.

Public servants are telling their constituents that their problems and falling standards of living are caused by someone else, destroying the virtue of SELF RESPONSIBILITY in the fiber of the populous at large. Armies of lawyers are always looking to pin the tail of responsibility on anyone but the person they represent. Personal responsibility is an oxymoron, as ever increasingly large parts of the populations refuse to practice it. They refuse to practice it in their finances, jobs, families and education believing the government CANARD will do so, thus creating ever widening COSTS on the economies in which they operate.

The gifts of nature and God are spread unequally. The strongest thrive and the weakest wilt. The something for nothing mentality attacks the strongest producers in their societies and feeds the carcasses to the weakest. As envy increases, government intervention into the economy follows, programs designed to produce more equality never do so, and at the same time substitute bureaucratic control, destroy free market profitability and the efficiencies it produces. The relentless pursuit of equality of results is sinking their economies in regulatory burdens creating straightjackets to innovative problem solving.

Future innovation suffers a creeping death as rules destroy the ability to solve problems. Look no further than the medical industry in the United States, warped and distorted by Medicare and Medicaid and the attempt to give health care to people at the expense of the health care professionals' income and the people who pay regularly for their health insurance. This is creating a constant game of cat and mouse as the providers try to shift their income from one place to another to avoid the inevitable confiscation of their incomes and livelihoods by the something for nothings politicians.

**The new Healthcare reform** is politically correct but practically incorrect as Public servants, big union bosses and crony capitalists FEED on the private sector and their constituents, with huge new PERMANENT bureaucracies, rationing panels and a guarantee the you will get less medical care for MORE money, as you do with every BIG GOVERNMENT solution. Doing this to SAVE and PROTECT you, a BIG lies following in the footsteps upon which Adolph Hitler, Mao and Stalin rode to power.

Increasingly employees resent their employers hoping they will fail as envy and jealousy slowly burns in their hearts and work efforts. Look no further than the United Auto Workers to see the "something for nothing" ROT within the American work force. US automakers were and are dead men walking as it costs on average 1500 dollars more to make a car than what is collected upon sale. Their entitlement mentalities so entrenched that they would rather have their employers GO OUT OF BUSINESS then price their work product at a level that allows domestic auto and auto parts makers be profitable and internationally competitive. These workers are the epitome of the entitlement mentality spreading throughout the G7 work forces. You can see this "something for nothing" mentality throughout the G7, their employers balanced on the edge of a knife as they are more and more priced OUT of the global marketplaces.

Infrastructure, refineries, power plants, new roads, road maintenance, port development, school infrastructure, capital investments in electrical distribution, energy production, etc. all suffer under the "something for nothing" mentality as EVERYTHING is redirected to entitlements to buy their votes. Taking a dollar from a productive enterprise or person, running it through the government program and its bureaucracy, then delivering a dime's worth of benefits for every dollar collected so a dollar turns into a dime. This is the definition of BANKRUPTCY, moral and fiscal.

These are critical components of any growing modern economy; moving their economies closer to crisis every day through neglect and failure to plan for the future. These things are not commonplace activities in the G7 like they were several generations ago. Shortages of all these components lie on the near horizon for the G7 and usually take a generation to plan and implement. Inflationary spike hikes lie in the near future for these countries courtesy of the "something for nothing" personalities and public servants.

Creating ever growing neglect in meeting the present and future needs of an expanding populous and economy. The bridge collapse in Minnesota a prime example of the neglected infrastructure, that disaster is waiting in many corners of the G7s infrastructure, as the something for nothing constituent has CONSUMED the money earmarked for regular maintenance and upgrade budgets. To fund FREE health care, welfare, subsidies for BIG business, ethanol, farm subsidies, earmarks/pork barrel, bike paths, Healthcare reform, Medicare and Medicaid, monuments to politicians (the latest budget contains 3000 earmarks aka favors for campaign contributors worth \$30 billion, which is 30,000 million) etc. the amount of government handouts is uncountable and growing as each election cycle requires a whole new crop of something for nothing programs or increases in existing ones.

Leading to an ever-widening weakness within their economies, every year their businesses fall in competitiveness in the global marketplace; they are structural impediments to resumption of growing economies. Wealth creation in reverse as the businesses are forever being more and more hobbled. The longer this occurs the poorer the country becomes as the strongest producers vote with their feet. A perfect example of this is France. A recent story from Bloomberg outlines the situation quite well:

**French Anti-Rich Views Make Exiles Wary of Sarkozy Tax Cuts 2007-07-30 19:51 (New York)  
By Celestine Bohlen**

July 31 (Bloomberg) -- Nicolas Sarkozy is rolling out the welcome mat for thousands of rich French people who fled one of Europe's most onerous tax regimes. Few may heed his call.

In his first economic act as president, Sarkozy is pushing a tax law to lure back exiles such as rock star Johnny Hallyday, 64, and members of the Mulliez clan, who control the French retailer Groupe Auchan SA. The measure will increase exemptions on the "fortune" tax -- the bete noire of rich expatriates --and cap the total individual tax rate at 50 percent of income.

Sarkozy, 52, needs these wealth-creators to help rekindle an economy that's lagging behind its neighbors and to sustain future growth. One challenge may be changing a centuries-old French attitude that regards people who make money with suspicion. That view has made penalizing the rich popular in France and leaves the wealthy uneasy about whether any pro-rich policies can last.

"In France, to earn a lot of money is to be seen as a little bit criminal," says author Anne-Marie Mitterrand, who moved to Belgium in 1997. "In Belgium, the mentality is

completely different. People who have a little money are not regarded as thieves."

French suspicion of wealth runs deep. Sarkozy's Finance Minister Christine Lagarde, 51, traces it to French aristocrats who turned up their noses at people who earned their fortunes.

'Right to Laziness'

Even the revolution of 1789 didn't change that: "The Right to Laziness," a 19th century book by Paul Lafargue, Karl Marx's son-in-law, advised against working more than three hours a day. And French author Honore de Balzac famously said, "Behind every great fortune lies a crime."

This prejudice drove French citizens to Switzerland, Belgium, the U.K. and the U.S., where at least 500,000 of them reside, either to make more or keep more of what they have.

London and the U.S. are preferred refuges for younger people. Switzerland, with about 200,000 French residents, attracts the retired and stars like Hallyday.

Angry at paying more than 72 percent of his income in taxes, he moved to the ski resort of Gstaad last December in a storm of publicity. After Sarkozy's May election, Hallyday hinted he might come back. His press attaché Catherine Battner Says he has yet to make up his mind.

#### Fleeing the Tax

Households fleeing the fortune tax climbed to a record 649 in 2005 from 370 in 1997, according to a study by French Senator Philippe Marini.

Another study by the Economic Analysis Council, which advises the government, says about 10,000 business directors fled in the last 15 years, taking 70 billion to 100 billion euros (\$137 billion) in capital to invest elsewhere.

Marini said the average age of the emigrants is 53, compared with 66 for the 394,000 people still in France who pay the tax. A third of those who left had started paying it only

two years earlier, suggesting they represented new and growing wealth, he said.

These "are not people living off their interest, but entrepreneurs and investors who are needed by France's small and medium businesses," Marini said in his February report. Losing them means "a loss of economic dynamism" for France, he wrote. Francois Micheloud, a Lausanne lawyer who helps clients settle in Switzerland, says he doubts French exiles will return anytime soon because they distrust government tax policies.

#### Changes Aren't Forever

"The French know their country better than I do, and they have the impression that any changes made now are not necessarily there forever," he said.

The fortune tax was introduced in 1981 as a populist move by Socialist President Francois Mitterrand. Mitterrand's center-right Prime Minister Jacques Chirac eliminated it in 1986, a move he later said cost him the 1988 presidential election because many French people saw it as helping the rich.

The Socialists, who defeated Chirac in 1988, reinstated the tax. When Chirac won the presidency in 1995, he toughened it. In 2006, it added 3.7 billion euros to French coffers, roughly 1.3 percent of total levies.

The rate is currently 0.5 percent for people with at least 760,000 euros in assets, including real estate, and 1.8 percent for people with assets worth more than 15.8 million euros. The levy is on top of income tax, which, at a maximum of 48.1 percent, is among the highest in Europe, according to the European Commission.

#### Eliminate Levies

Sarkozy's law caps the total tax rate, eliminates most inheritance levies and increases fortune-tax exemptions. The lower house of Parliament approved the measure on July 16,

followed by the Senate on July 28. It could take effect as early as this year.

In Belgium, home to about 160,000 French citizens including members of the Mulliez clan -- France's second-richest family, according to the July issue of Challenges magazine -- the initiative hasn't sparked much interest, says Alain Lefebvre, 60. He moved to Belgium in 2005 and started "Juliette & Victor," a magazine for the French community.

``I don't know anyone who will go back on the basis of Sarkozy's promises," Lefebvre says. ``It is hard enough to make the move once. Once done, it is difficult to undo." End.

All we can say after reading this excellent description of conditions in the fatherland of the SOMETHING FOR NOTHING personality is don't hold your breath. As anyone knows French politicians are the law of the land and the MOB is their masters. The "something for nothings" confiscates 70% of the wealth of the most productive and the economy in general. All of the G7 countries are following fast in the footsteps of this "socially responsible" hellhole. For anyone who wishes to lead a productive lifestyle and accumulate wealth for themselves and their families, it is not a destination in which you can accomplish these objectives. To live there is ultimately a recipe to slavery to the something for nothing personality. As the G7 "something for nothing" mentality marches forward look for this to be repeated over and over again as the producers leave the Freeloaders behind.

Stalin, Mao, Gandhi, Peron, Chavez, and many other politicians in history have ridden these personalities into power, the ultimate dictatorships they became and the failed economies they produced. Now politicians in the G7 are using the same recipe. This character flaw ALWAYS leads to socialism, collapsing economies and poverty as it is now and ultimately will in the G7.I will be appearing at the Freedom Fest World Economic Summit on January 31 through Feb. 2, 2010 at Atlantis Paradise Island Resort, Bahamas ([www.freedomfest.com/wes/](http://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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