



# MONETARY & ECONOMIC REVIEW

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## Special Alert

We are truly a nation in crisis, as outlined in the sobering new book and video by Larry Bates and Chuck Bates, *A Nation in Crisis – The Meltdown of Money, Government and Religion* ([www.anationin crisis.tv](http://www.anationin crisis.tv)). You don't have to be a victim. Part of being prepared for anything is knowing what you are preparing for. You can understand the forces at work inside the institutions controlling our country and take action to protect yourself. We will briefly outline here the risks we foresee on the horizon.

### **Risk #1: Currency Crisis**

The U.S. dollar has nowhere to go but down in value, due to massive federal spending, borrowing, and Federal Reserve currency printing. Expect the U.S. dollar to lose another 50-90 percent value. This is the greatest economic risk we face – currency depreciation. Japan fired the first “shot” in globally coordinated devaluation by dropping its interest rates to zero and adding newly created yen to their economy. Bank of England will be the next to ease interest rates.

### **Risk #2: Loss of Personal Freedoms**

The Obama administration has vastly accelerated the move to control the economic and social behavior of everyone through legislation to “reform” our healthcare and financial systems. The 848-page “Financial Reform and Consumer Protection” bill amounts to a total takeover of the U.S. financial system by the Federal Reserve, which happens to be a *private bank*, not a federal agency. Aside from the fact that the bill authorizes a complete takeover of our financial system by the Federal Reserve, the most ominous part of the bill is that Congress cannot provide oversight or even contain the new agency by budget restraints. The new agency created by this bill has a dedicated budget paid for by the Federal Reserve. Also, this new agency will mine every financial transaction and account of every individual and store the data in their giant database. This is setting up the mechanics of a totalitarian-run economy and political system. It will take years to reverse the damage done in just eighteen months by Obama and a Democrat-controlled Congress.

### **Risk #3: Worldwide Food Crisis**

Forecasters say for Europe and possibly the U.S., this winter could be the coldest in the last 1,000 years. The change is reportedly connected with the speed of the Gulf Stream, which has shrunk in size by half in just the last two years. Polish scientists say that it means the Stream will not be able to compensate for the cold from the Arctic winds. According to some scientists, when the Stream is completely stopped, a new Ice Age will begin in Europe. During the first week in October, six days of blizzard hit New Zealand, causing the death of hundreds of thousands of farm animals, particularly sheep.

Food shortages are not being reported on a widespread scale. We are measuring the shortages using price increase data. Granted, some of the price increases are due to currency depreciation, but much of the increase is due to lack of supply. Here are some of the year-over-year increases:

- Fresh and dried vegetables up more than 56%
- Fresh produce, fruits, etc., up 20%
- Fresh eggs up 34%
- Beef up 11%
- Dairy products up 10%

Food shortages may spur civil unrest in highly populated areas. We advise developing an exit plan from those areas.

### **Risk#4: widespread Default by State and Local Governments**

The dirty little secret that is coming to light is the dire financial straits of many state and local governments. This is largely brought about by the reckless padding of pension benefits for government employees. One city we examined provided full retirement benefits for employees after only 12 years on the job. As the unfunded liabilities come due, there will be massive tax hikes or default and subsequent filing of Chapter 9 Bankruptcy. Most of the risk is centered in larger

cities and states like California that have grown the size of government and have operated absent any fiscal sanity. If you are in those areas, your real estate and business investments are at risk. If you hold state, county, or municipal bonds, you are at greater risk due to potential default.