Who Needs God, We Have Bankers October 30, 2013
Doug Wakefield

The snooze button; what a great invention. When you have awakened from a deep sleep, and know you can get ready in less time, just hit the snooze button. You know it will still awaken you for your test or to get ready for your 8:00 flight, but in the meantime, you can enjoy a few more moments of precious sleep.

However, if you keep hitting snooze and fail to look at the time, you can also awaken to find that the extra sleep has now placed you in a position where you missed the final exam or your flight. The rewards for a few extra moments of sleep have suddenly become very costly.

Since the largest collapse of financial assets in history in 2008, the major central banks in the world, the Bank of Japan, The People's Bank of China, the European Central Bank, the Federal Reserve, and the oldest of this group, the Bank of England, have worked together to create the largest asset bubbles ever seen while keeping the public in a perpetual state of blissful sleep. The method is actually quite simple.

Offer ultra cheap credit to the global banks by which they can go promote even wilder speculation. Allow extreme levels of leverage in the system, something the general investor seems to never be aware of along the way. If things start looking weak, make certain the standards for collateral against those loans for speculation are LOWERED, allowing even more reckless behavior into the system. Finally, allow the world to watch as Russia and China send their navies toward Syria at the same time the United States announces they are preparing for a military strike on Syria over chemical weapons, and a month later, have the United States shut down its government for the first time in 17 years while warning of a catastrophe that should it default on its debt by October 17th.... only to see by the end of October these scary headlines drift into the background noise as stocks sail once again to all time highs.

One can see why consciously or unconsciously, global bankers have become our gods. As has been repeatedly stated before, we should remove the term "In God

We Trust", and replace it with "In Debt We Trust", since this would be a more accurate reflection of our global view of money.

Yet, like the alarm clock, we know that the alarm is going off. It is time to get up and stay awake. It is not time to hit the snooze button toward risk.

> "Without market discipline," said Nouriel Roubini, chairman of Roubini Global Economics LLC, "there's no pressure to do anything because you can continue to finance yourself cheaply." [Is U.S. Political Bubble About to Burst?, Bloomberg, Oct 10 '13]

Snooze Buttons

At this stage, you are probably saying, "Now Doug, that is a bit over the top." Yes, but so is the FACT that today the US national debt stands at $17,000 billion ($17 trillion), while on December 23, 1913 when the Federal Reserve Act was passed establishing a private corporation of global bankers to control the US monetary system, the total U.S. national debt stood at $3 billion. This is not a dream, just cold hard reality.

So as any good detective would tell us, let's look at the evidence, to determine where we ALL are, as we come to the end of October 2013.

Question – Did cheap credit contribute to the 2007 bubble, which was the "recovery" from the tech bubble, and is there evidence that ultra cheap credit is still at the foundation of the now 5-YEAR recovery?

Answer – Look at a chart of the yield on 90-day Treasury bills. If the world is willing to park cash in 90 day increments to the US. Government at these rates, do we now understand why earning any money on cash equivalents like CDs has been so low since 2008?

We should also be asking the question, "After five years where U.S. stocks have produced the equivalent of the tech rally in the late '90s, why is there so much money still sitting in cash at rates that are virtually zero? Is there still fear of another repeat of 2008 or worse?"

Question – Have extreme amounts of leverage been the iceberg underneath this entire rally?"

Answer – Yes. Once again, the evidence is there for those interested.

After the largest losses of capital in history in 2008, it was time to regroup, and rebuild. Neil Barofsky, the Special Inspector General appointed by Congress as the watchdog over the Treasury Asset Relief Program [TARP], had a better view of the foundations of "the recovery" than almost anyone in the world. This is what he watched take place to kick start the "recovery" five years ago:

"The heart of Geithner's proposal, however, was in the second part, the 'legacy securities' program, which was the realization of Lee Sach's goal back in January (2009) to 'go big' on the toxic assets still clogging the bank's arteries. The program was to be run by Treasury in tandem with TALF [Term Asset Backed Securities Loan Facility], which was run by the Fed. It would start with a handful of

> preselected private fund managers, who would raise a sum of private funds. Treasury would then match the private amount raised, dollar for dollar, and then lend additional TARP [Troubled Asset Relief Program] money through nonrecourse loans to the funds, each of which would be called a Public-Private Investment Fund." [Bailout: An Insider's Account of How Washington Abandoned Main Street While Rescuing Wall Street (June 2012) Neil Barofsky, pg 130 of 270 in Kindle Edition]

Doesn't this sound like China's "State Capitalist" System? Barofsky continues:

> "Depending on the amount of the loan, Treasury would put in either two-thirds or three-quarters of the money into the fund but again would have rights to only half of its profits. Once fully funded with taxpayer and private money, the private fund manager would be able to use the combined funds as the 'haircut' to acquire a far larger nonrecourse loan from the Federal Reserve, via TALF, to buy legacy mortgage-backed securities. In other words, the private fund manager could use one TARP program that was massively leveraged with taxpayer funds and then leverage it again through another TARP program that itself was massively leveraged with taxpayer money. That 'leverage on leverage' gave Wall Street a huge potential upside for profits while leaving the taxpayer on the hook for massive potential losses."[Ibid]

Author and journalist, Scott Patterson, reminds us that today's dominate predator, the high speed trading machines, continue to foster massive leverage underneath the markets that both big and small investors are depending on every day.

> "Many of the high-speed firms deployed massive amounts of leverage, or borrowed money, as much as fifty to one by the late 2000s (for every dollar they owned, they borrowed another fifty dollars from banks and brokers in the hope of amplifying their profits). As the financial meltdown of 2008 showed, massive leverage can quickly unravel and trigger devastating, out-of-control

meltdowns." [Dark Pools: The Rise of the Machine Traders and the Rigging of the U.S. Stock Market (June 2013) Scott Patterson, pg 40 of 336 on Kindle Edition]

Even Alan Greenspan, who did not know what a bubble looked like in April 2000, has finally awakened to understand them in October 2013.

> "...on April 13, 2000 [March 24th being the all time high that the NASDAQ still holds 13 year later], when the Chairman was in front of the Senate Banking Committee, he was asked if an interest rate hike would prick the stock market bubble. He responded: 'That presupposes I know that there is a bubble....I don't think we can know there's been a bubble until after the fact. To assume we know it currently presupposes that we have the capacity to forecast an imminent decline in prices.'" [Greenspan's Bubbles: The Age of Ignorance at the Federal Reserve (2008) William Fleckenstein with Frederick Sheehan, pgs 98-99]
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> Bubbles and Leverage Cause Crises: Alan Greenspan, CNBC, Oct 23 '13
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> "'Asset bubbles alone don't cause financial crises like the one in 2008', former Federal Reserve Chairman Alan Greenspan told CNBC on Wednesday. 'Instead, the combination of bubbles and leverage is the problem', he said.
>
> 'We missed the timing badly on September the 15th, 2008 [the day Lehman Brothers filed for bankruptcy]. All of us knew there was a bubble. But a bubble in and of itself doesn't give you a crisis,' he said in a ' Squawk Box' interview. 'It's turning out to be bubbles with leverage.'"

So are we clear? The "recovery" was kicked started on the same massive leverage that Greenspan discussed last week! After watching what "bubbles with leverage" did to markets from "timing badly" the bursting of the global illusion in September 2008, certainly five years is long enough for global banks and central bankers to have done something about this problem.

Question – If cheap credit, and the ability to ramp up returns with more leverage has been at the root of the global banking system since 2008, are there other warning signs at the INDUSTRY level, that there is deep concern about risk from herding both big and small players in the same direction for long periods of time with the promise of "we will not stop printing until the economy is in full recovery mode"?

Answer – Don't hit the snooze button. Get a strong coffee and keep reading.

> BIS Veteran Says Global Credit Excess Worse Then Pre-Lehman, The Telegraph, Sept 15 '13
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> The Swiss-based `bank of central banks' said a hunt for yield was *luring investors en masse into high-risk instruments*, "a phenomenon reminiscent of exuberance prior to the global financial crisis".
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> This is happening just as the US Federal Reserve prepares to wind down stimulus and starts to drain dollar liquidity from global markets, an inflexion point that is fraught with danger and could go badly wrong.
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> "This looks like to me like 2007 all over again, but even worse," said William White, the BIS's former chief economist, famous for flagging the *wild behaviour in the debt markets* before the global storm hit in 2008.
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> "The challenge is to *be prepared*. This means being prudent, *limiting leverage, and avoiding the temptation of believing that the market will remain liquid under stress*, the *illusion of liquidity*," he [Claudia Borio, the BIS research chief] said.
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> The BIS enjoys great authority. It was the only major global body that clearly foresaw the global banking crisis, calling early for a change of policy at a time when others were *being swept along by the euphoria of the era*. [Italics my own, quote also in Oct 2nd article]
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> US Treasury Says Money Managers May Pose 'Herding' Threat, Bloomberg, Sept 30 '13

The Treasury Department said money managers *could pose threats to the U.S. financial system when reaching for higher returns, herding into popular asset classes or amplifying price movements with leverage.*

Companies overseeing a combined $53 trillion in assets, led by fund giants BlackRock Inc. (BLK) and Vanguard Group Inc., can contribute to asset price increases and magnify volatility during sudden shocks, a report by the Treasury said today. Gaps in data, particularly on investments managed for institutions, limited the study's ability to identify additional risk.

"A certain combination of fund- and firm-level activities within a large, complex firm, or engagement by a *significant number of asset managers in riskier activities, could pose, amplify or transmit a threat to the financial system*," the Treasury's Office of Financial Research said in the report.

The study was conducted by the OFR to help the Financial Stability Oversight Council analyze whether asset managers should be considered systemically important and subject to Federal Reserve supervision. [Italics mine]

Industry Risk- QE Uncertainty Hurting Insurers' Income Streams and Driving Them Into Riskier Assets, Risk Center, Oct 27 '13

"Quantitative easing ('QE') and uncertainty around tapering of asset purchases by the Federal Reserve and other central banks *is limiting the ability of insurance companies to generate returns, and driving them to diversify towards riskier assets*, according to new research into the investment strategies of over 200 insurers globally....

Unveiled in a report called Global Insurance: Investment strategy at an Inflection Point?, produced by BlackRock, Inc. (NYSE:BLK) in partnership with The Economist Intelligence Unit ('EIU'), the results highlight insurers' changing investment attitudes in response to central bank policy. With last Wednesday's [Sept 18th Fed press release] decision *to continue QE at its current pace*, the report suggests insurers need to consider how

> this uncertainty affects their overall strategic asset allocation and the potential impact on their businesses....
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> Low yields on investments were identified as the most critical driver of change affecting the industry with 73 per cent of respondents citing this. 80 per cent agreed their business will have to change to produce adequate shareholder returns over the next three years....
>
> In a 'QE-infinity' world before potential tapering was discussed by the Fed, insurers said they were *highly likely to increase allocations to riskier, higher yielding fixed income instruments such as bank loans and lower rated debt (73 per cent), and illiquid strategies (68 per cent).* In an environment where QE tapering was expected, however, insurers changed their investment approaches and risk appetite.

Help me out here. Has the financial world gone mad? How did we come to a point, where an entire industry has poured money into RISKIER assets, and is waiting for words from one tiny group of people in the world to say, "We will slow down the Ponzi scheme" as their predominate signal to start SELLING the "lower rated debt and illiquid strategies"? How many millions of investors are piling into fixed rate products thinking that big companies handling their own funds are being "conservative" with the money backing those "conservative" investments? Never has it been more important to know who is following the herd, and who are independent players in this global "all in" card game.

Ok, let's ask two more questions.

Question – Have global banks and their central banking private clubs LOWERED the standard on the type of collateral they will accept as markets risk have INCREASED?

Answer – One only needs to read publicly available information to see that they have done just that. In fact, lowering standards was how we kick started the "recovery".

> Mortgage-Backed Securities Index Surges on Toxic-Asset Plan, MarketWatch, March 23, 2009

> An index that tracks the perceived value of subprime mortgage-backed securities on Monday jumped 1.09 to 25.29, the biggest one-day gain since Feb. 9, said Markit, which publishes the index. Markit's ABX.HE.AAA, series 7-2, which reflects some of the most recent securitized pools of the the best-quality subprime mortgages, rallied after *the Treasury Department released details of a plan to encourage investors to buy banks' illiquid assets, including these types of mortgage-backed securities*. [italics mine. Reread Barofsky's comments shown earlier]

The H.4.1 report reveals the *publicly available* balance sheet of the most powerful central bank in the world outside the Bank of International Settlements in Switzerland, the Federal Reserve, as of October 24, 2013. How will the Federal Reserve, the largest holder of mortgage backed securities – an asset the banks had to sell to the Feds in order to "unfreeze" the credit markets in the spring of 2009, get rid of the $1.3 trillion worth of mortgage backed securities they hold on their balance sheet today...while they continue purchasing them today? I know, kick the can down the road some more. Hit the snooze button.

FEDERAL RESERVE statistical release

H.4.1

Factors Affecting Reserve Balances of Depository Institutions and
Condition Statement of Federal Reserve Banks

1. Factors Affecting Reserve Balances of Depository Institutions
Millions of dollars

Reserve Bank credit, related items, and reserve balances of depository institutions at Federal Reserve Banks	Averag Week ended Oct 23, 2013
Reserve Bank credit	3,782,403
Securities held outright (1)	3,553,685
U.S. Treasury securities	2,101,159
Bills (2)	0
Notes and bonds, nominal (2)	1,999,031
Notes and bonds, inflation-indexed (2)	88,589
Inflation compensation (3)	13,539
Federal agency debt securities (2)	59,235
Mortgage-backed securities (4)	1,393,291
Unamortized premiums on securities held outright (5)	205,369
Unamortized discounts on securities held outright (5)	-8,103
Repurchase agreements (6)	0

Today, we have the ability to translate articles written in other languages different from our own. The following article is a translation of an article that appeared in the German Economic News this summer. It reveals the decision by European and Chinese central bank leaders to LOWER the requirements for collateral by which financial institutions could borrow more money to speculate, thus following the herd to even more unsustainable behavior....

> Central Banks Bring Weapons of Mass Destruction in Position, German Economic News, July 17, 2013
>
> In a concerted action, the ECB and China have decided to allow dangerous risk securities as collateral for loans. So that banks are allowed to open a new casino table. It is the same where the bomb went off in 2007 that triggered the financial crisis.
>
> On Thursday, the Chinese and the **ECB** decided that the mood in the global financial casino must be improved. For this purpose, **inferior securities** are **admitted as collateral for new loans**. In the ECB Southern Europeans - apparently against the wishes of Bundesbank chief Jens Weidmann - enforced that future risk securities with lower credit ratings may be pledged as collateral for loans. These are so-called asset-backed securities **(ABS)**. These are debt securities backed by real assets are: the company's shares, cars, real estate. Until now, such papers have a Triple A credit rating as, now have an A., regulators lifted a restriction on such dangerous enough papers in **China**. Large banks can now pump a lot more of the toxic assets in the system....
>
> ... the **central banks were** key **sponsors of the** documents specified by Warren Buffet as **"weapons of mass destruction."** The then head of the U.S. Federal Reserve and Grand Master of the low interest rate policy, Alan Greenspan praised the products that should eventually lead to the crash, as especially valuable because they "spread the risk". And the German Bundesbank had the presumption to the forecast, that of all the ABS strengthen the resilience of the financial system would alleviate shocks.

The bomb exploded as the rating agency Moody's on 15 June 2007, the rating was reduced from 131 ABS and the papers downgraded. Standard & Poor's followed in July - the crash was initiated, which eventually culminated with the collapse of Lehman.

Apparently, the central banks have learned nothing from history. ...

The calculation is: It takes as many individual papers as possible, to minimize the probability of failure.

The reality: If one assumption is wrong, crashing the global financial system together. This could be the case for example with the ABS on cars. The lobby TSI priced cars to be particularly suitable, because they - in theory - always have a value. However, as the time of the entire U.S. housing market collapsed in the wake of the crisis of the entire European automotive market, **then the system collapses.**

The banks know that too exactly, but are hoping that the game can drag on for a while. And to those of today meantime it is up to the crash: This will allow the ABS made billions and bonuses satteste be bagged easily.

It's about the unrestrained greed of an industry that makes money at the expense of the public with purely **artificial products and without a hint of morality. [Bold text in original article]**

The great libertarian publication, The Daily Bell, based out of Canada, reveals that this week, the Bank of England, the second oldest central bank (1694) in the world after Swedish central bank (1668), has LOWERED its standards on collateral for fresh new loans, following the same pattern from Europe and China in July.

Carney Gets Ready to Blow Up The World, The Daily Bell, Oct 29 '13

Today, a new regime has arrived. Central banks need to "keep up" with financial market developments, Mr Carney said at a Financial Times event. The BoE is rolling up its sleeves and doing what is necessary to keep the banking sector humming – in both the normal course of business and in crisis conditions....

> The terms on which the BoE will engage with the private banking sector will be significantly eased under the new governor's framework. Banks will be able to borrow against a broader range of collateral, including portfolios of loans, for longer periods of time and in exchange for fees that in some cases will be halved. "Banks can be confident that, when they want to use our facilities, they will be allowed to access them," the governor said....
>
> Accordingly the BoE's discount window facility, which banks can approach confidentially when they are facing temporary cash crunches, will have a lower, flat-rate "entry fee". The BoE will delay the disclosure of any use of the facility as it seeks to minimise the risks of banks being punished in the markets for accessing it. The BoE's indexed long-term repo auction, a standard monthly facility, will also be cheaper and will be offered against a broader range of collateral and for an extended term.

So do we expect central bankers to warn us before a market breakdown from all their reckless actions? Look back at Greenspan's testimony just days after the tech bubble had already burst in 2000? Do we not remember that Hank Paulson told us of the healthy economy in April 2007, and that "the worst was behind us" in May 2008? If we are counting on these political/financial leaders to give us "a signal", we are indeed fools.

Question – Surely a major military confrontation between Russia and the US over Syria could slow up the global computer lead euphoria? If not, a shutdown for the first time in 17 years of the US government, as well as a lack of funds to run the nation by October 17th would certainly bring about fear, and kick start the selling of the riskiest assets in our global financial system?

Answer – Nope. It would seem that even the possibility of a major war in the Middle East and the shutdown of the US government are now to be viewed as no big deal by all investors. Now, the only thing that seems to matter, is for the global central banks to keep pouring cheap loans into the system, continue LOWERING their standards on collateral, - the same behavior that lead to the start of the credit crisis in August 2007 - and continue promoting the herding of entire markets and industries globally into riskier assets.

When Should I Sell?

From my excellent contacts at the 5 most powerful central banks in the world, and the granddaddy of them all, the Bank of International Settlements, I must tell you they are still working on it. Actually, I have not been able to get a return on any of my calls lately. It would seem they realize that the extremes in complacency today will turn to extreme anger when the claws of the next market crash rip through the finances of businesses and individuals worldwide, and had rather feed the nirvana mania until the dominoes start to fall.

However, it would appear that the control of crowds of angry people have already been given some thought by the boys at mission control. Since I am sure you can find a plethora of information on this topic, let me stick purely to one of the biggest warnings signals for businesses and individuals today in the financial world.

First Were Bail Outs, Next Are Bail Ins – Someone is planning for the next Lehman Event, Are You?

Step One – If you are in the financial industry, or in a position of leadership in a business, church, or organization where people depend on your knowledge of the world of finance, you must download and read the document, Resolving Globally Active, Systemically Important Financial Institutions: A Joint Paper by the FDIC and the Bank of England, released on December 10, 2012. A copy of the paper along with other articles about the topic were posted on the Research page of the Best Minds Inc website in September, and can be accessed for free.

Step Two- Watch the film, Money Is Not Safe In The Big Banks, by the Public Banking Institute (posted on youtube on Aug 28 '13). As much time as we waste these days trying to keep up with our busy schedules, this film will take you less than 15 minutes to watch, and I can assure you, will be an eye opener and more important than 99% of "the busy" things that consume our day.

Step Three – Remember, just because we live in a nation larger than Cyprus, don't think with the global level of problems revealed in this article, that our story will turn out different simply because "this will never happen in our country".

"I Went to Sleep a Rich Man. I Woke A Poor Man", The Sydney Morning National Herald, March 29, 2013

"'Very bad, very, very bad,' says 65-year-old John Demetriou, rubbing tears from his lined face with thick fingers. 'I lost all my money.'

John now lives in the picturesque fishing village of Liopetri on Cyprus' south coast. But for 35 years he lived at Bondi Junction and worked days, nights and weekends in Sydney markets selling jewellery and imitation jewellery.

He had left Cyprus in the early 1970s at the height of its war with Turkey, taking his wife and young children to safety in Australia. He built a life from nothing and, gradually, a substantial nest egg. He retired to Cyprus in 2007 with about $1 million, his life savings.

He planned to spend it on his grandchildren - some of whom live in Cyprus - putting them through university and setting them up. There would be medical bills; he has a heart condition. The interest was paying for a comfortable retirement, and trips back to Australia. He also toyed with the idea of buying a boat.

He wanted to leave any big purchases a few years, to be sure this was where he would spend his retirement. There was no hurry. But now it is all gone.

'If I made the decision to stay, I was going to build a house,' John says. 'Unfortunately I didn't make the decision yet'.

'I went to sleep Friday as a rich man. I woke up a poor man.'

While John did end up with money, it was certainly not anything close to what he had saved all his life. Remember, he was not speculating on higher stock and junk bond prices. His money was sitting in one of the biggest banks in his country.

> “George says he can start again - if things get worse he and his family might move back to Australia.
>
> ‘But not my dad. He can't go back to Australia. He is not allowed to fly because of his heart, and anyway where would he live? He has no house. He will have €100,000 left to live off. Soon he's not going to have a cent to his name.’
>
> John has a thin hope. His money was sitting in the bank in Australian dollars instead of euros, so he wonders if it would be exempt from the bank's collapse. But the bank's doors are closed, so he doesn't even know to whom he should put that argument.”

Step Four: Understand that like the chart of the commercial hedgers revealed in my last public article, *The Easy Money Addiction Exit Plan*, there are very powerful players in the world of money who are set for a powerful drop, and will profit from the decline. They know where the next trend is headed, and there actions prove it. The ones that will lose the most in the bursting of the current global bubble, will be those gullible enough to sit tight and wait for the next blowout debt bubble to levitate their brokerage statements again.

Since the last major bottom in 2009 brought with it the expansion of the only international electronic currency in the world, the Special Drawing Rights, I believe when we arrive (2014 or 2015) at the next major bottom in history we will even see a challenge from the China renminbi over the US dollar inside the global currency, the Special Drawing Rights. Sounds wild, but I did not find many who thought the Special Drawing rights would expand rapidly before 2009 either, and yet, like any idea outside the crowd, there is plenty of information supporting these theories ahead of time if you looking for change, and do NOT expect things to stay the same. [If you are unfamiliar with world developments surrounding this global electronic currency in 2009, read my public article, *Power Shift*, Oct 28, 2009]

To Those of You, Who Like Me, Enjoy Your Sleep

In the last two years, the theme in stocks has been “no pain, all gain, central planners and debt are your friends”. The true contrarians in the market, shorting overpriced stocks, have been placed on the endangered species list. Managers who have sat with high levels of cash for months have lost clients seeking to chase past performance. Only an “all in, we follow the herd” mentality, fostered by the central bankers themselves, has paid off. Independent thinking has been crushed. Following blindly the institution that gave no sell signals to the public at the top of the two previous bubbles are today worshipped as the one institution that this time, will be different. This time, they will tell us when it is time to “taper” our addiction to “get in now”.

It is my belief, that the greatest challenge to the period of time in front of us are our deeply ingrained beliefs, that can easily be proven are false. We don’t want to change, and we especially don’t want to think that we are depending on ideas that cannot possibly be true, such as borrowing our way to success.

We have come to believe that the image of wealth is the same as true wealth; that our material wealth is superior to our human relationships. We are divided along lines of rich and poor, blacks and whites, Americans and Chinese, old and young, etc, etc. Our labeling of others, perfectly normal when we are afraid or our ideas being challenged, has kept us from seeing a much larger evil around us. An evil that is rewarding deception and corruption, and pushing power into fewer hands, while setting up the lives of millions to only seek the next solution presented to them by a small number of individuals at the highest levels of global finance and politics. This is not a conspiracy, it is out in the open for anyone who reads and thinks. This is life and it is our world in 2013!

We are following a big lie, that more debt, and less control over our futures is a good thing. Since we are busy, we go back to sleep, hit the snooze button, and wait for someone to wake us when it is time for the next thing on the schedule.

Are we not being manipulated as crowds rather than thinking as independent individuals who still today live in free societies? Are we so afraid of standing outside the crowd that we fear more rejection from friends and family than kindly standing outside the crowd and encouraging others to use their own minds?

In the last ten years I have found the comments of investment newsletter legend Richard Russell, read by many, to be grounded in a thorough knowledge of the fact that a debt based currency in the hands of a small number of central bankers is NOT moving us toward more opportunities and a stronger environment for freedom to flourish.

In the last 50 years, I have found the comments of philosopher and thinker, Francis Schaeffer (1912-1984) to be widely influential on church leaders in the West. Consider Russell's recent comments and Schaeffer's. Are these similar themes, one man writing in 2013 and the other writing in 1970?

> "...I believe that the law of supply and demand is a natural law, and it's a moral law given to the planet by God. The whole concept of creating money without toil or risk is an integral province of the Federal Reserve. I believe that one way or another the Federal Reserve and all it stands for will be eliminated. The process by which this will occur worries me. I believe it will take a huge disruption of our current economic system in order to eliminate the Federal Reserve and its immoral process of money being created out of a computer and thin air.
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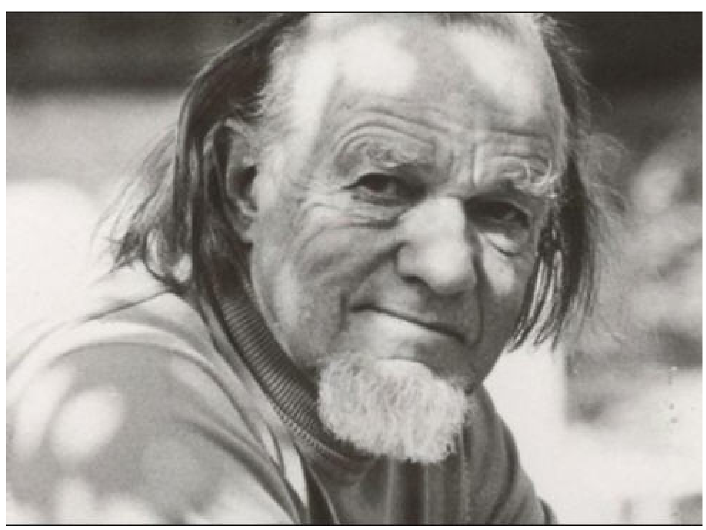
> The process of creating money from "nothing" makes a mockery of real work of all kinds. Thus, by inference, I am calling the Federal Reserve an evil institution." [Richard Russell, writer of the Dow Theory Letters, the oldest continuous investment newsletter in the world today (started in 1958). These comments were found in an interview with King World News on Aug 13 '13]
>
> "It is obvious: the future is open to manipulation. Who will do the manipulating? Will it be the new elite on the side of an establishment authoritarianism or another elite? Whoever achieves political or cultural (*and I would add financial*) power in the future will have at his disposal techniques of manipulation that no totalitarian ruler in the past ever had. None of these are only future; they all exist today waiting to be used by the



manipulators...

> We are surrounded on every side with the loss of truth, with the possibility of manipulation that would have made Hitler chuckle, that would have caused the rulers of Assyria to laugh with glee. And we not only have the possibilities for these manipulations, but people are trained on the basis of the loss of truth and the loss of the control of reason to accept them....This is the end – the big lie. Our generation is more ready to believe the big lie than any in the history of Western man." [**The Complete Works of Francis A Schaeffer: A Christian Worldview**, **Volume IV** (1982), from his work, The Church at the End of the Twentieth Century (1970), pgs 79 & 87]

My hope from writing this lengthy article is to influence my readers with ideas that make it extremely clear that the herd is going in the wrong direction, and that the highest authorities in the world of money are promoting this reckless behavior. I know this is not a happy story. I know that it is not socially acceptable. I know that reading this article took a little time from a busy life. But if facing this magnitude of change, should we not be warning those around us?

Millions today, like 2007 and 2000, still have no sell signal strategy. This is not only at the individual level, but the structure of products in the industry.

Is the mania ending as we enter November? Will it go until the next debt ceiling crisis as we start 2014? Are there other major issues across Europe, China, Japan, and the rest of the currency and bond markets that could kick start a global wave of selling in stocks, pushing investors into the next deep bear market? Since November 9th will conclude 56 months since this "dot.com" bubble was ignited, it should be clear to all that the upside has far less time to go than the upside we have already seen. Expecting change should be the norm, not a continuation of the same.

> Spitznagel: This Distorted market is set up for a Crash, Business Insider, Oct 23 '13

Another Shutdown, Debt Ceiling Fight (Again) and Possible End To Pay Freeze: Debts To Watch, All Alabama, Oct 28 '13

> The current Continuing Resolution funds the government through Jan. 15. The debt limit agreement lasts until Feb. 7.

Clearly, like many around me warning of the coming breakdown of the largest debt driven bubble yet to date in history, all we can do is rely on the plethora of history surrounding major tops that are today part of the historical records. However, one thing is certain. People continue to act like people. They want to be a part of a crowd so bad that they will follow what they will later have to admit was a lie. The religious zeal of believing that a group of global banking institutions have finally helped us reach nirvana through unlimited debt and corruption at the root of the financial system, solely so we will not stand outside the crowd, will in the future leave the world asking, "Were there not laws and ideas above the laws and ideas given us by global politicians and bankers?" At that time, I believe asking deep questions will not be seen as a waste of time in the fast track of life, but the basis of life itself.

> "The rich rule over the poor, and the borrower is the lenders slave"
> Proverbs 22:7, Solomon, app. 3,000 years ago

In my humble opinion, we should all be asking the question, "Is there a power greater than global bankers who are playing god, or have they become our gods?"

Don't hit your snooze button. It's time to start waking up.

If you are concerned about the lives of those around you, and are seeking specific ideas regarding how individuals and groups can prepare for the other side of the current state feed debt bubble, please contact my office. Presentations are for all, both non- investors and investors, big as well as small. I am available for public speaking, radio interviews, and consulting.

In the meantime, to follow this incredible period of change through the lens of history, science, and a study of human behavior, subscribe to my most comprehensive research and trading commentary with a 6-month subscription to **The Investor's Mind: Anticipating Trends through the Lens of History.** Using the logical side of our brains, rather than enjoying the emotional comfort of the "unlimited" mania, has never been more crucial.

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