

Massive Monetization: The Failure of the International Financial System

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The price of commodities, particularly food and petroleum products, will be higher in the coming year, which will strain budgets more than ever for those who still have jobs. Unemployment will not get appreciably better and government debt will rise. Government is talking about raising the Social Security retirement age by three years, freezing payments and offering government guaranteed annuities in exchange for those of you that do have retirement plans. Two-thirds of those in and about to retire have only Social Security for 50% of their income. The money collected since 1935 is all gone, having been spent by past politicians. In fact, if you put all present and future commitments together you have a debt of \$105 trillion.

The US wants to avoid default and devaluation of the dollar. They can raise taxes, cut spending or default on their Social Security and Medicare commitments, and commandeer personal retirement plans. In whole, or in part, these are options for government. If they cannot manage these changes then the Fed will have to increase money and credit, which is now euphemistically labeled quantitative easing. The powers behind government have looted the system perpetually, but particularly since August 15, 1971, when the gold standard was abandoned and the result of this gutting and its consequences is about to manifest itself. Unemployment refuses to fall and little is being done to improve the situation. This year five million American workers lost extended unemployment benefits, as Wall Street, bailed out with taxpayer's loans, is showering their employees with hundreds of billions of dollars in bonuses. There is no question these are the seeds of which revolution is born. We can as a result expect demonstrations and unrest, as we are now seeing in Europe, which could end up in rioting and other antisocial behavior.

Considering what the Federal Reserve and the US Treasury have done over many years we believe we can expect a continuation of fiscal spending and more money and credit to be injected into the economy. That will lead to higher inflation, which could lead eventually to hyperinflation. In preparation in businesses or professionally, or individually, your cost of doing business or living should be reduced and those savings should be used to purchase gold and silver bullion coins and shares. This is the only way you can protect your investable assets. Business and job opportunities have already fallen off a cliff and we believe that situation will get much worse.

Many of you have IRAs and 401Ks, which we have said your government would like to get their hands on. They are not going to stop pursuing these savings, so you have to act before they do. The government desperately needs that \$6 trillion. These funds are at risk, even if all you have in these vehicles are only gold and silver coins or shares. If legislation is passed

confiscating these assets and you are given a government guarantee on return, you end up with 100% of nothing. Based on that IRAs and 401Ks should be systematically liquidated with an eye toward tax consequences and penalties. Those who refuse to do so will suffer grievous losses.

If the dollar loses 50% of its value versus other major currencies or even more versus gold and silver you will suffer a major loss of buying power. Those are losses versus inflation. If we have hyperinflation the losses will be even worse. That means you have to get a loan against your 401k and invest those funds in gold and silver related assets. 401Ks and pensions are invested in stocks, bonds and other possible illiquid assets. If the stock and bond markets fall you could lose a big part of your savings. Get whatever you can out now while you still can.

Presently many of our readers tell us that people who they explain the problem to think gold and silver are too high. We heard the same thing when gold was \$350.00 and silver was \$10.00. Unfortunately, 98% of the population doesn't have a clue to what is going on. They do not understand the massive printing of dollars and credit that has been flooding the world. The monetization is massive as is the fiscal insanity that has been going on in government over the past ten years. How can anyone even consider being long the dollar? That said, the faster one gets into gold and silver related assets the better off they will be. Those who prefer not to listen we refer you to the 60% to 95% losses absorbed during the "Great Depression" of the 1930s.

It is normal for a world reserve currency such as the dollar to be backed 25% by gold. As you all know that has not been the case since August 15, 1971. Over the 39-year period since then debt has risen exponentially, almost to the point of insanity. The world will awaken in time but the cost for not listening will be dreadful. This is why over the next several years gold will easily go to \$7,700 an ounce or higher and silver will range between \$100 and \$500 an ounce. Remember, gold is the only real money and it does not owe anyone anything. For those of you who do not know it gold has been used as money, along with silver for 6,000 years. Do the elitists really think they can beat that kind of track record? We do not think so.

The Fed is creating money and credit at an annual clip of \$1.8 trillion and is going to continue to do so. On top of that they have set interest rates at zero percent and they still cannot create a recovery. Worse they know what they are doing is not going to work. As a result inflation to 6 to 7 percent not the 1.2% government would lead us to believe. When government admits that inflation in the future is 5-1/2%, we can assure you it will really be over 14%. Overall interest rates are negative and being in dollar denominated assets is a losing experience unless you own gold and silver bullion, coins and shares. The only thing that has allowed the dollar to retain value on the USDx is that Europe's banking system is in a state of collapse. Still, all currencies are falling versus gold. Under the circumstances Europe's austerity measures were the wrong thing at the wrong time, because at the same time the Fed was beginning QE2 taking them in opposite directions. Next you will see new stimulus being fed into the euro zone by the ECB, the European Central Bank. It is inevitable that the euro zone and the EU will collapse and that will be the linchpin which will take the entire world down financially.

The failure of the international financial system and the inability of elitists to control it leave them open to loss and exposure of what they have been up too.

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