Global Debt Crisis: Investing in "Toxic Waste Treasuries" or Gold and Silver?

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Why would, almost non-yielding Treasuries, be a safe haven, when the government is broke? We would guess that, when a US dollar collapse comes, that owners of such bonds, notes and bills would like to lose equally what everyone else holding these debt instruments loses. We call it a commitment to stupidity. Those that see the folly in such action switch their cash flow to commodities, gold and silver. From a rational point of view such a switch is logical. Needless to say, central bankers, government bureaucrats and politicians get upset when investors engage in such alternatives and proceed to manipulate markets to their own satisfaction to the detriment of the people. We have to wonder what is so attractive about owning debt that pays little or no interest? In order to avoid such a dilemma one must step out of the box and separate themselves from the investment sheeple.

Over the past three years the Federal Reserve has purchased $2.25 trillion of Treasuries, Agencies and mortgage bonds known as toxic waste. We have no idea what the cost of this debt was and what its current value is marked to market. All we know is the Fed has debt on its books of some $3 trillion that they admit to. The Fed operates in secret and when asked difficult questions about its operations it says it is a state secret. Fortunately the court system and Dodd-Frank have uncovered some of these secrets, like a few trillion here they forget to tell us about and $16.1 trillion there that they covered up. These monies, that the Fed created out of thin air, went to transnational conglomerates and the banking and financial sectors in the US, England and Europe. A tight elitist connected group, that for some reason the Fed didn't want to tell us about. The Fed bailed out temporarily banking in the western world and is still brazenly doing so. The latest caper was a $500 billion swap to again bailout European banks. Of course, three other central banks were supposedly partners in this bailout. If you believe that we have a bridge you'd really be interested in for sale. These people in the Fed and within government are incapable of telling the truth. Yes, the Fed creates reserves, totally without collateralization by buying Treasuries and other securities. No, they are not printing paper money, but what they are doing is tantamount to that. And yes, they do order paper money to be printed from time to time. You might ask yourself if the Fed creates money for banks to use to loan and assist the economy, why do the banks lend the money back to the Fed at an interest rate higher than what they borrowed at? At the same time the economy struggles with inflation at 11.4% and unemployment at 22.8%. These banks have no trouble making funds available for AAA elitist's corporations, but have cut loans to small and medium sized companies that create 70% of new jobs. We marvel at that kind of thinking. Perhaps banks and the Fed do not want to create jobs. We ask but no answer is forthcoming.

QE 1 and 2 bailed out the financial sectors in the US, UK and England and the US government, but the Fed forgot about the economy in their quest to keep their friends and the system functioning. The stimulus from government debt creation did little or nothing to help the economy. $1.7 trillion thrown down a rat hole≥ Yes, it did elevate GDP temporarily, but that is about it. In fairness it should be noted that qualified corporate and personal borrowers are reluctant to borrow, because they have little faith in the policies of the Fed, which is privately owned, and the government. At the same time these non-borrowers are buying Treasuries. That puts us in a mental quandary. What kind of linear thinking is that?

In QE 2 mortgage rates never fell thus, we surmise that is why the Fed started operation twist. They want 3% to 3-1/2% 30-year fixed rate mortgages. Rates are beginning to fall and those lower rates will attract buyers and allow more to qualify, but it won't create a demand that will come anywhere near solving the problem, nor will it create construction jobs. Builders are building 570,000 houses a year, and they are having a difficult time selling them with a 3.8 million-inventory overhang. What the Fed is doing is positive, but it takes too long and won't create lots of jobs. The key is for banks to lend $800 billion to small and medium sized businesses. The funds are available so they should move forward immediately on such a project. What can be said concerning the Fed, Treasury and the administration is they got it all wrong. It is almost like they deliberately failed. Can they really be that stupid? Some of them are, but the rest know what to do. The see what we see, so what is their excuse? Is it as we described it more than three years ago? Is the US economy being deliberately destroyed? We believe after what we predicted and after what we have seen that destruction is the real mission. These parties will drag out the failure of the economy, just as they are doing in Europe and somewhere down the line when they have to or want to they will pull the plug. There are many other preparatory predatory maneuvers in the works by Northern Command, FEMA and a number of other agencies, which are preparing to control us. Ladies and gentlemen most of you do not have a clue, as to what is really afoot.

Giving any credit to the Fed to staving off deflation is ridiculous. If they had not increased inflation over the past 12 years we would have collapsed. The Fed was responsible for the housing collapse and deflation along with Wall Street and the international banking cartel. It is like 1929 to 1933 all over again, but this time the Fed supplied liquidity they didn't contract it, which incidentally they know doesn't work either. They know only purging the system works and they will get around to that sooner or later. Do not forget as well, that quantitative easing saves Wall Street, banking and government, but it also creates gains in the stock and bond markets, which creates great profit possibilities and speculation. As a result of those markets staying up the economy looks prosperous, when in fact the results are fed by monetary creation. As a result this money and credit extension creates inflation and gold, silver and commodities gain in value. This kind of performance has cost the Fed dearly as consumer confidence has nosedived. If you add in Ron Paul's exposure of the Fed we now see citizens understanding what we are talking about. In the 1960s and onward if you handed someone a pamphlet explaining what the Fed is they'd tell you they didn't believe it, or you were crazy. Not anymore, the public now understands who runs our country and who is screwing us. 2010 has been a rocky year, but the US and UK were lucky, because Europe's problems served as a cover for their problems. Yes, problems of an intense nature still abound in Europe and will for some time to come. Yes, Europe is a hopeless cause, but so are the UK and US. It is just that Europe will be the first to bite the dust. Just look at consumer confidence in all three regions, it is terrible and understandably so. The American Congress has an approval rating of 9 and the President 35. Perhaps the public is finally getting the message that the elitist do not care one bit about you. QE 1 and 2 were about saving the rich and the government nothing less. Unemployment is worse not better as Wall Street pulls their gigantic bonuses and people are actually starving in

America. The working poor and the middle class are looking at house prices down 40% to 50% and 20% more is in the offering. Those on the top have gotten all the benefits; the rest got little or nothing.

How many times must the Fed be told before they get it that they are pushing on a string? Unfortunately they are well aware of that. What do you think of people who continue to enrich Wall Street and themselves, as retirees have their Social Security frozen and are facing massive cuts in SS and Medicare? People who paid in all their lives to be cheated out of their health care and retirement. Americans who receive 2% on T-notes in a world of over 11% inflation; all because Wall Street, banking and transnational corporations are too big to fail. Worse yet, savers are forced into 10-year and 30-year debt to obtain a higher yield. We could see the 10-year notes at 1% to 1-1/2% and the 30-year bonds at 2.5% to 3%.

Banks have ongoing problems. Some are carrying two sets of books with government, BIS and FASB approval. They are also loaded with cash and are having a hard time lending it at a profit due to low interest rates. US banks are about 35% exposed to UK and European problems, having chased higher yields. Then there are the multiple exposures due to sovereign downgrades including the US. We still contend S&P's US downgrade was to cripple Social Security, Medicare and to impose the enabling super committee to bypass Congress and allow the creation of dictatorship in the US.

Federal deficits had been a way of life in America for years. Why was now picked to downgrade US credit? This act by S&P has brought pressure on almost all-sovereign debt. In a perceived flight to quality US debt is selling at all time highs. We believe in time investors will find there was little safety in any sovereign paper. A good example is Swiss debt, which was devalued, via the recent devaluation of the franc unilaterally by the Swiss government. In spite of official manipulation there is only one safe harbor and that is gold and silver related assets. There is little doubt among the most sophisticated that confidence gets weaker daily. Realists know there is no way back to the halcyon days prior to 2000. State and municipal debt is almost 10% of GDP and munis have rallied in the past year. What can buyers be thinking about? On top of this almost every government continues to add to debt via quantitative easing or other similar artifices.

European politicians in spite of 75% opposition from citizens have chosen bailouts to save the euro and the EU. It is an unnatural anthropological association, which was rushed into and a common currency with no way of most participants achieving public debt of 3% of GDP. As has been discovered over the past ten years one interest rate cannot fit all. Heretofore there has been no central control. The ECB controls external monetary policy and a totally separate policy controls all 27 domestic policies and 10 nations still use their own currencies. You might call it a broken jigsaw puzzle. In drawn process saving the euro will destroy the solvent EU nations. Taxes will be increased along with debt and austerity will be applied crippling EU growth. Debt of 87% of GDP will rise and eventually strangle the region. The proponents of world government will bury Europe until it collapses and think nothing of it. Europe is headed into depression as the economies slow. Those of you in Germany, the Netherlands, Finland, France and Austria had best batten down the hatches and get your assets into gold and silver shares, coins and bullion, because the euro cannot now ever recover.

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