

# Unemployment, Foreclosures, Rising Debts and Despair: AMERICA'S SOCIAL CRISIS

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2012 is going to be a difficult year, but not as dreadful as anticipated. The neutralization process, as usual, we covered over by the availability of money and credit. We have already seen that via Fed \$1 trillion loans to the ECB and the admission by the Fed that QE 3 is on the way. In Europe banks have borrowed \$3.2 trillion and they find they will need \$1 trillion more. These borrowings are more than troubling and indicate that there are 523 banks in Europe in serious trouble.

We have predicted a reversal of our GDP estimates of early December. In late December we knew the game had changed dramatically with the introduction of the Fed's loan to the ECB. Thus, the minus 1-1/2% to 2% negative growth to gains of 1-1/2% to 2%. We see part of the European bank funds moving into US Treasuries to provide collateralization for more ECB loans and the introduction of QE 3, which we believe will aggregate about \$800 billion. If you put that together with a possible \$300 billion from European banks you have \$1.1 trillion. That should carry the US market far into next year.

World elitists have chosen their path that is jam money and credit into the system until it won't take it anymore and hyperinflation explodes. This is well borne out by scores of trillion dollar loans created out of thin air and now QE 3 and how many QE's beyond that. You ask how long the Fed can buy 80% Treasuries? The answer is almost indefinitely until, of course, the bottom falls out.

Using current policy there cannot be a real recovery, only an up and down sideways movement, which allows the financial sector to get richer and the economy to go nowhere. The latter is part of the enslavement process. You lose your job, home, vehicles and have to hunt for food and shelter. At some point government will pick these people up and put them in internment camps. Nothing has been fixed at the jobs level and in fact the situation is worsening. Even those who can get jobs are paid \$10 to \$15 an hour, not the \$15 to \$30 they were previously paid, as jobs still leave the country under free trade, globalization, offshoring and outsourcing. The worker is being deliberately being trampled in the process and being subjected to higher and higher inflation, as too big to fail banks get bigger and bigger. If you can believe this there is now talk about too big to fail executives. Yes, individuals that would operate above the law with immunity. We just saw a sample of this in Europe for financial ministers who would act in the new ESM. They would be immunized. You are going to see lots more of this.

The latest report on the use of credit cards is near recent peaks. Even if individuals do not have the funds to spend they are spending via debt accumulation. The lessons of 2008 are long forgotten. Consumption is far beyond production and debt never got paid down.

Consumers haven't changed – they just continually accumulate debt. The big winners have been the bankers, the big bankers. Due to credit card usage the too big to fail banks have increased in size by almost 40%. These same banks are still leveraged 13 to 1, whereas 9 to 1 is normal.

It should also be kept in mind that over that four-year period the short-term national debt rose from \$10 trillion to more than \$15 trillion, a debt the American people are incapable of servicing. We see states that have to pay back loans to the federal government for extended unemployment. Obvious to what is going on these states floated bonds to pay off the federal government debt, only pushing the responsibility further off into the future. This is today's American mentality. The public doesn't understand the debt problems and either doesn't want to know or could care less. They do not understand that \$1 trillion in foreign profits leave America to create jobs everywhere except in America. The best companies in America are being bought up by foreigners and with them go American jobs. We have lost 450,000 companies that moved offshore over the past 12 years along with 12 million good paying American jobs. Our country and our culture are being dismantled. New jobs and almost 10 million jobs are part-time jobs working about 34 hours a week, usually at a lower wage. What does it take to make people realize that something is seriously wrong?

We believe the increase in household borrowing will continue at between 3 and 10 percent monthly. The public believes the government propaganda of recovery. We do not, so debt will continue to pile up. At play as well is something more sinister and that is people are desperately buying perhaps believing that they may not have another opportunity. Another very disturbing factor is the large increase in borrowing from retirement plans, as seniors reach for a life preserver, their saving having been decimated by inflation and almost non-existent interest rates.

As you know QE 3 is upon us to clear bank balance sheets of toxic waste and to have \$800 billion or more on hand to meet the Fed's wishes. We predicted this and the method months ago. The Fed is pumping trillions of dollars into banks in Europe as well as the US to try to save the financial system. All those old mortgages are going to belong to the American public. The concept gives them help in rolling over almost \$3 trillion in Treasury debt this year.

Everything that is being done this year in the financial field is being done to assure the reelection of the current president. The other probable Republican candidate, Mr. Romney, has 93% of his contributions coming from banking, Wall Street and transnational conglomerates. That doesn't give Americans much choice.

During the tenure of the current president direct government payments have increased by more than 1/3rd – almost half of Americans live in a household where someone is getting something from the government. Two-thirds of all federal spending will be individuals. A veritable welfare state accompanied by a \$1.2 trillion deficit. The Republican candidate you would think would have a strong case for election, but we don't believe that is so, because Americans like welfare and will take all they can get, especially the elderly, which is understandable. Citizens want the welfare to go on forever. Real unemployment hasn't changed over the past year. The official U3 rate is laughable. U6 is 15.1% and real unemployment is 22.5%. Wages don't rise much at all, but inflation does. Last year half of US workers earned \$26,000.

The powers behind government are trying their best to get Mr. Obama reelected. If

unsuccessful they'll own the Republican candidate as well, as they own most of Congress. Both bonds and stocks are selling at highs, which have to aid Mr. Obama's chances. This has been accomplished by the massive creation of money and credit. As a result Mr. Obama is probably going to carry more than 55% of the vote. Half or more of Americans do not want the welfare to stop.

No matter how ridiculous the unemployment figures look at 8-3/8% for U3, you may well see that figure at 7% to 7-3/8% by November. That has to help reelection chances. Few will ask how the figures got there. They'll just believe the bogus results. There are 4.8 million workers no longer looking for work. We can assure you they are collecting every government benefit they can. There are 24 million Americans unemployed doing the same thing. U6 relates to 16.7% unemployment and if you strip out the birth/death ratio you find unemployment at 22.5%. Wages are up a paltry 2% or less, official inflation is 2.8% and real inflation is 11.5%. This starkly shows you the tremendous loss in purchasing power for the average American. While this transpires corporate America records record layoffs and record profits, as the gap between the rich and the poor widens.

The president can expect more help from the Fed between now and November. Anything that can be done to embellish his chances will be done. This is the kind of world we live in; where the insiders can do anything they please. If Ron Paul is not elected then you can expect more of the same until all you liberty and freedom are gone. What a sad commentary for a once great nation. You can still turn this around. It is up to you to stop these elitists.

**President Obama will waive central provisions of the No Child Left Behind federal education law for 10 states that have embraced his educational agenda and promised to raise standards,** and improve accountability and teacher effectiveness, the White House announced on Thursday morning.

The 10 states — the first group to receive the waivers — are Colorado, Florida, Georgia, Indiana, Kentucky, Massachusetts, Minnesota, Oklahoma, New Jersey and Tennessee. New Mexico was the only state that applied for and did not receive a waiver, but it is working with administration officials to secure approval, the White House said.

Twenty-eight other states as well as the District of Columbia and Puerto Rico have signaled that they plan to seek waivers, according to the White House.

In a statement, the White House press office said that President Obama believes that No Child Left Behind “is driving the wrong behaviors, from teaching to the test to federally determined, one-size-fits-all interventions” and will call on Congress to join his efforts to fix the law. No Child Left Behind was passed a decade ago with bipartisan support and has been up for renewal since 2007.

“After waiting far too long for Congress to reform No Child Left Behind, my administration is giving states the opportunity to set higher, more honest standards in exchange for more

flexibility,” President Obama said in the statement. “Today, we’re giving 10 states the green light to continue making reforms that are best for them. Because if we’re serious about helping our children reach their potential, the best ideas aren’t going to come from Washington alone. Our job is to harness those ideas, and to hold states and schools accountable for making them work.”

State education officials have long criticized a crucial mandate in No Child Left Behind that all children demonstrate proficiency in reading and math by 2014, saying that it was an impossibly high bar and did not fully account for the needs of some of the most disadvantaged children.

The 10 states granted the waivers Thursday will no longer have to meet the 2014 requirement of 100 percent proficiency, but will have to set new performance targets for improving student achievement and closing achievement gaps, White House officials said.

These officials added that states would also be required to have accountability systems that reward high-performing schools and single out low-performing schools for “rigorous and comprehensive interventions,” and to develop and implement plans for improving educational outcomes for poor and minority students and other underperforming groups.

**Anti-government extremists opposed to taxes and regulations pose a growing threat to local law enforcement officers in the United States, the FBI warned on Monday.**

These extremists, sometimes known as “sovereign citizens,” believe they can live outside any type of government authority, FBI agents said at a news conference.

The extremists may refuse to pay taxes, defy government environmental regulations and believe the United States went bankrupt by going off the gold standard.

Routine encounters with police can turn violent “at the drop of a hat,” said Stuart McArthur, deputy assistant director in the FBI’s counterterrorism division.

“We thought it was important to increase the visibility of the threat with state and local law enforcement,” he said.

In May 2010, two West Memphis, Arkansas, police officers were shot and killed in an argument that developed after they pulled over a “sovereign citizen” in traffic.

Last year, an extremist in Texas opened fire on a police officer during a traffic stop. The officer was not hit.

Legal convictions of such extremists, mostly for white-collar crimes such as fraud, have increased from 10 in 2009 to 18 each in 2010 and 2011, FBI agents said.

“We are being inundated right now with requests for training from state and local law enforcement on sovereign-related matters,” said Casey Carty, an FBI supervisory special agent.

FBI agents said they do not have a tally of people who consider themselves “sovereign citizens.”

J.J. MacNab, a former tax and insurance expert who is an analyst covering the sovereign movement, has estimated that it has about 100,000 members.

Sovereign members often express particular outrage at tax collection, putting Internal Revenue Service employees at risk.

**Applications for home mortgages jumped last week, fueled by increased demand for refinancing as interest rates fell, an industry group said on Wednesday.**

The Mortgage Bankers Association said its seasonally adjusted index of mortgage application activity, which includes both refinancing and home purchase demand, rose 7.5 percent in the week ended Feb 3.

The MBA’s seasonally adjusted index of refinancing applications climbed 9.4 percent, while the gauge of loan requests for home purchases was nearly flat, edging up just 0.1 percent.

The refinance share of total mortgage activity also increased to 80.5 percent of applications, from 80.0 percent.

Fixed 30-year mortgage rates averaged 4.05 percent, down 4 basis points from 4.09 percent the week before.

The survey covers over 75 percent of U.S. retail residential mortgage applications, according to MBA.

**PepsiCo plans to cut 8,700 jobs, or about 3 percent of its workforce**, as it seeks to offset high commodity costs and increases investment in advertising and marketing in North America.

The maker of Pepsi soda, Tropicana juice and Doritos chips said Thursday that it expects the restructuring will save an additional \$1.5 billion by 2014 — on top of \$1.5 billion in cost

cutting it previously announced.

The announcement of the job cuts came as the company reported slightly higher earnings for the fourth quarter.

Confidence among U.S. consumers declined more than forecast in February from the highest level in almost a year as rising gasoline prices began to stress household budgets.

The Thomson Reuters/University of [Michigan preliminary](#) index of consumer sentiment dropped to 72.5 from 75 in January. The median estimate in a Bloomberg News survey called for 74.8. The gauge averaged 89 in the five years leading to the 18-month recession that ended in June 2009.

### **Dozens of members of Congress are upset that the Air Force has removed the Latin word for “God” from the logo of an Air Force acquisitions office.**

Led by Rep. J. Randy Forbes, co-chairman of the Congressional Prayer Caucus, 36 lawmakers Monday (Feb. 6) sent a letter to Air Force Secretary Michael Donley and Air Force Chief of Staff General Norton Schwartz objecting to the removal of “God” from the logo of the Air Force Rapid Capabilities Office (RCO).

The logo was recently removed, according to Forbes, after objections by the Military Association of Atheists and Freethinkers.

Jason Torpy, president of the association, said the word “God” had no place in the logo because not all members of the military are religious. “We just hope (the Air Force) can provide more equal opportunities for atheists and humanists in the military.”

“The action taken by the RCO suggests that all references to God, regardless of their context, must be removed from the military,” the congressional letter states. “We ask that you reverse this perplexing decision.”

According to the lawmakers, all members of the bipartisan prayer caucus, the RCO patch logo previously included the motto “Opus Dei Cum Pecunia Alienum Efficemus” (Doing God’s Work with Other People’s Money), an inside joke among RCO members. Caucus members say it was changed to “Miraculi Cum Pecunia Alienum Efficemus” (Doing Miracles with Other People’s Money).

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The letter argues that “courts consistently have upheld the constitutionality of our national motto, ‘In God We Trust,’ despite the obvious mention of God.”

“Obviously the Constitution doesn’t treat God like a dirty word,” said Luke Goodrich, deputy general counsel of the Becket Fund for Religious Liberty. “Religion is a part of this history.”

A representative for the Air Force could not be reached for comment.

**The number of Americans filing new applications for unemployment benefits unexpectedly fell last week, suggesting recent gains in employment are being sustained.**

Initial claims for state unemployment benefits dropped 15,000 to 358,000, the Labor Department said on Thursday. A four-week average of new filings, which provides a better view of the trend, hit its lowest level since April 2008.

The decline in claims, which defied economists’ forecasts for a rise to 370,000, pointed to building strength in the labor market and raised the odds of another solid increase in employment this month.

“It not only validates the gains that we had last month ... but it shows that we are likely to add to those gains in a meaningful way in February,” said Millan Mulraine, senior macro strategist at TD Securities in New York.

The economy added 243,000 jobs in January and the unemployment rate dropped to a three-year low of 8.3 percent.

**Foreclosures in the housing market have become a national crisis, a regional Federal Reserve president said Friday,** noting however that the drop in property value in her particular region is more deeply rooted.

Federal Reserve Bank of Cleveland President Sandra Pianalto spoke before a housing services audience in Cleveland, encouraging the community to work together in improving the appeal of living in older, more industrial cities.

These older cities have suffered housing foreclosures like the rest of the nation, but Pianalto says the high vacancy and abandonment rates are the more troubling issues.

“Our challenges with vacant and abandoned housing are immediate, but they are the result of forces that have been at work long before the recent financial crisis and recession,” she said.



The official, who recently rotated into a voting slot on the Fed's policy-making committee, made no mention of her outlook on the broader U.S. economy nor her position on the current monetary policy.

In early January, she reiterated her expectation for a "moderate" economic recovery, maintaining her forecast for U.S. gross domestic product to grow by 2.5% this year and 3% in 2013. She also said she was "confident" the central bank was making the most of its policy tools.

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