World Debt is Unpayable, The Only Solution is Monetary Collapse

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As far as we can discern the US Treasury thus far has spent and borrowed about $100 billion from the federal pension accounts. Unless there is a vote on the cash debt extension prior to August 2nd, government will probably have borrowed some $250 billion to $300 billion. The Treasury is paying virtually no interest on this debt. Three-month Treasury bills are currently yielding zero percent. Our question is how will the funds be generated to fulfill the Treasury's obligation to the pension fund? What happens if on August 2nd if legislation is not passed? Does this go on forever? We will keep you apprised on new developments.

The current situation regarding the state of recovery in the US has turned from precarious to dismal and as we predicted a year ago May we will have to be treated to QE3 something no one really wants, but as we said before it is inevitable. The Fed and their controllers, the member bank owners of the Fed, know the present approach doesn't work and it is only a matter of time, as a result of their policies, when more stimulus will be needed, which in turn leads to more inflation.

Due to the current state of affairs Fed Chairman Bernanke has been making one appearance on TV after another. He gets grilled over and over again and he doesn't like the public reception at all. He shouldn't, as more and more observers see that two quantitative easings haven't worked. They cost at least $3.6 trillion in funds created out of thin air, and all they have done is prolong the agony. The flip side is the policy has caused higher inflation. What else can one expect when deficits astound and the Fed has to buy $1.6 trillion in Treasury bonds. A large percentage of this debt is used to wage perpetual war for perpetual peace. During this process the President has bypassed the Constitution and is deliberately repressing the freedoms of American citizens. There no longer is a separation of powers, but virtual dictatorship bought and paid for by Wall Street and banking.

It should be firmly implanted in your mind that your masters in government and those controlling government brazenly and arrogantly believe that they know better what is good for you, than you do. That is why when they speak to you their answers are dripping with condescension – as if to say, how dare you question what we tell you. Fed Chairman, Mr. Bernanke, is a perfect example of this. He, others and his predecessors have created a false economy based upon perpetual debt and upon money and credit being created out of thin air. Today that is accompanied with zero interest rates, a combination that in time can only bring a falling dollar, inflation and a collapsing economy. Mr. Bernanke appears to believe that an increased supply of money has little or no effect on the comparison between money and the prices of goods. He has to be living in a fairy tale land. Thinking such as this can only end up making a bad economic situation worse.

For more than a month the US has been faced with the task of extending the short-term debt limit. The game that is being played is that one side wants to cut the deficit and the other side does not. In reality both sides do not want to cut anything, or should we say the elitists who control these supposed representatives of the people do not want anything cut. They want the game to continue, so they can continue to loot the economy, an interesting take on this sideshow is if Treasury debt is not increased the situation grinds to a standstill.

Congress, the President and the so-called negotiators want an increase in this short-term debt of $2.4 trillion. That would be a short-term debt limit of $16.7 trillion to carry the debt limit past the next election. The offset of reduced spending is to come over the next ten years. How ridiculous and ludicrous. Do they really expect us to buy this charade?

The most recent strategy by the elitists is to keep Japan's problems under wraps. Just do not let it into the media, even though some Japanese officials say the island could become uninhabitable. This is also why President Obama went to see Chancellor Merkel in Berlin. He urged her to make a deal to settle the Greek problem. He doesn't understand that such a deal would make her and her party, the CDU, unelectable for a long time. The German citizens want Greece cut loose. They'll take the losses and the result is many banks will go under. The President is as well trying to bolster his approval ratings.

The propaganda is flowing to keep Americans from panicking in the face of not recovering, no short-term debt extension, municipal and state failures and Europe starting to collapse. The elitists are in serious trouble due to these problems. The icing on the cake for them is the disaster that the Bilderberg meeting turned into in Switzerland.

US consumer confidence is lower now than it was at the beginning of the credit crisis. That isn't unexpected when unemployment is rising, retail is falling and the manufacturing numbers out of Chicago and New York are falling steeply.

What professionals for the most part do not seem to understand is that the events of 2006/07 have never been solved. On February 2009 the inflationary depression began. There has now been a double dip since then. What we have witnessed is slight revivals caused by the injection of money and credit. Unemployment is close to the same level it was 2-1/2 to 3 years ago. That phenomenon has been the same in the UK and Europe. In the UK the Bank of England and in Europe the ECB are doing the same thing the Fed is doing and that is buying government debt by creating money and credit out of thin air. The City of London, Wall Street and Frankfurt would have you believe these injections into the systems were working, when in fact all they have done is temporarily bail out Wall Street and the City of London and the European financial centers as well as the governments involved. Nothing has been done to structurally assist the system and put people back to work. What readers have to understand is that what has been done to these economies does not work and the participants know it doesn't work. Professionals, who are not connected with the elitists, have panicked, because they do not understand what is going on – what is being done to them. The market was ripe to fall, but there is another important factor, Wall Street wants a short-term debt extension with little or no spending cutbacks. The new conservatives say no, we are not going to do that. The market will be taken lower until these representatives see the light. How far are they willing to take the market down, probably to between 8,500 to 10,000 on the Dow, or until Congress gives them what they want. In the meantime they will attack commodities, gold and silver, so no one can profit. Unfortunately for them, that isn't working this time. They are lower, but come back every time they are artificially pushed down. We believe that is what this market correction is all about. Wall

Street will take the market down as far as they have to in order to get what they want. In the meantime the Middle East and Europe are in turmoil and wars abound in a number of Middle Eastern countries. Those on the inside understand that the market is fueled by major deficit spending and the injection of money and credit, as government inflates debt away. The economy and the market for the last two years have not justified stock prices at the level they have maintained during that period. The same is true for the UK and Europe.

Most of the professionals do not understand what is really going on and what is being done to them and their clients. Data is weak and getting weaker as economic statistics continue to fall and point to more problems ahead. This is ample justification for a falling market to aid the deliberate reduction in prices. We must remember that the only bastion of gains for the public left is the market. If it comes down Congress will hear from constituents loud and clear. That is what is supposed to force the issue on passing the short-term debt extension.

As a reaction to this free spending foreign governments have slowed or stopped their purchase of Treasury and Agency bonds leaving the job to the Fed. This problem is going to worsen as we go forward. Now it is not only foreign governments that are slowing purchases, but also American households as well. They are selling more than $1 trillion annually and sales are increasing, as mom, pop and hedge funds dump government paper.

As QE2 nears an end investors are getting emotional. It is called panic. They can expect little from the FOMC next week, Europe can expect the same from the EU meeting the following week. Greece is in a state of revolution and there is no agreement in sight. In fact, the banks, governments, the EU and the IMF cannot agree on anything. The Greeks want a break in terms. If they do not get one it is default.

We predicted Greece would pursue these ends and we told them to do so several times on radio, TV and in the press. A Greek default will not only bring the euro down, it will take down the European banking system and that was our intention from the beginning.

Greece and the other countries in financial and economic trouble should have never been included in the euro zone. They simply were not qualified and the solvent countries not only knew that, but also stood by as these countries cooked the books with the help of JPMorgan, Goldman Sachs and Citigroup. We wrote about it 11 years ago, but no one was listening.

The Greeks after a year of austerity have had enough of it, and are in no mood to give away their country to the bankers. An interest in the telecom company was recently sold to the Germans for $0.30 on the dollar. The Greeks are not going to stand still for anymore such sweetheart deals. When Greece entered the euro zone on January 1, 2001, they were happy to have an austerity program for entry in as much as they had the highest inflation rate in Europe. Their deficits were higher than any other EU country at that time, but the bank and sovereign loans kept coming, because it was political. The EU and the euro zone were to be the template for the new world currency and the new world government. That is why Greece and others were rushed into the euro zone. Then there was the novel and stupid concept of one interest for all, which we said at the time guaranteed disaster, and that is what we have ten years later.

We have recommended the purchase of gold and silver coins, bullion and shares since June 2000, after we got subscribers and others out of the stock market in the second week of April 2000, two weeks after the top. We did the same thing at Dow 14,000 and predicted a bottom at 6,600. The fall was to 6,550. We got subscribers out of the real estate market starting in June of 2005. As you can see we have been on top of things all those years. The call on the destruction of the euro we hope will be our best call yet. The perceived risk from our point of view is that Greece will default and leave the euro to be followed by Ireland and Portugal and later Belgium, Spain and Italy. It will probably take two to three years for this to become reality. Germans do not want the euro and never have wanted it. We believe within three years every country will be back with their own currencies and the dream of one world government for now in Europe will be a dead issue.

The Greek fallout will take down a number of too big to fail European banks, and could cause serious harm to lender countries. These mistakes will not be anything they will do again, anytime soon. We do not believe the Fed will be able to bail out European banks this time. The American public won't stand for it after having to go to federal appellate court and traverse two years to find out the Fed lied and overstepped its charter by being banker to the world. The problems in the US are similar to those of Europe and it is only a matter of time before the US financially blows up. If Greek yields can go to 17-1/2%, so can yields in all countries in trouble, and there are plenty of them. The taxpayers in the US, UK and Europe are fed up with paying the bill for all of this speculation and mad political escapades. That will soon come to an end. It has too, as bankruptcy seems to be the only option. Three-month Treasury bills yield zero percent, and 2-year bills yield 0.40%, as the 10's yield 2.91%. There now is only one way for yields to go and that is up. There is a limit to credit creation, but we are not at the juncture as yet. It is probably two years off, perhaps three years.

One of the aspects of the debt disease we haven't really discussed is the fallout from Greece if and when it goes under. Thirty-three European banks hold large amounts of bonds in the PIIG countries, and they could all go under if the 5 or 6 weak countries go bankrupt. In addition, there are the countries and others who are loaded with these bonds. Like the Fed the ECB has been bailing out banks and it is against the rules, so that could put the officers in legal jeopardy. The very fact that these bankers broke the rules is onerous. The big question is are they headed for jail? If they have made mistakes the taxpayer has to pay the bills. We believe they should be in jail. The bill for exposure to the debt of the 5 financially weak nations could be $625 billion. The ECB has done the same thing the Fed has done and that is bankroll insolvent banks by buying the toxic waste they own and putting it on their balance sheets, which the public get to pay for. It is the socialization of corporate debt, fascist style. Most of the garbage has no value or little value. We always wonder what prices the Fed and the ECB pay for the soiled merchandise. Both refuse to tell us.

It is said the ECB is using 24 to 1 leverage with only $116 billion in capital and reserves. If assets fall 4.25% its entire capital base would be wiped out. That could easily happen if Greece and the other four PIIGS default. We call that ominous because none of the problem countries want to repay the debt to a gaggle of bankers who are nothing but criminals. Our take is the 5 will eventually default and perhaps Belgium as well. That means the ECB is insolvent and the major banks throughout the euro zone are as well, including many central banks. Professionals do not have a clue about how serious this is to the entire world financial system. Perhaps we are wrong. The ECB only has $268 billion in Greek bonds. That is simply a trifle for such big socialist hitters. Yet, it is double their capital base.

A Greek default would put 94% of the direct losses on European creditors and 5% would be shared by US creditors. The other side of the equation is US companies making some 90% of all losses being owed by US writers of default insurance. These US banks have sold $120 billion of credit default swaps to European banks. These are the banks that are too big to fail, which American taxpayers will have to pick up the losses for. Have those US banks hedged their exposure? We do not know, but we do know what they have done is irrational and incompetent. That is unless the US or the Fed had to for some reason guarantee losses. Something similar to what we suspected in the US banks' sale of toxic waste to these same European banks. If the Fed, the Treasury and the Exchange Stabilization Fund are audited we will find out. These numbers are staggering, but their exposure to $100 billion in Irish debt is equally as onerous.

Such speculation and secret deals have to come to an end if we are going to survive financially. We definitely need to re-pass the Glass-Steagall Act that we fought hard to protect 13 years ago.

We can promise you that if Greece defaults eventually the ECB will be insolvent. We have dreamed of that day for 12 years. The destruction of the ECB and the euro zone, which would in part destroy the Illuminist drive into world government.

We think in order to avoid such a catastrophe the ECB would simply print more money as the Fed has, prolonging the agony. The real bailout mechanism would be France and Germany to put up their gold to save the euro zone and the euro. That is if the US allows Germany to have their gold. We can promise you that if the politicians of these two countries attempted to use their countries gold as collateral or propose its sale they would be lynched.

Like the Fed, the ECB has no credibility left. It is obvious that these two central banks only mission is to save the financial system that owns them. When are people going to smarten up? The ECB and the bankers thought Greece and the Greek people would be a pushover. The bankers thought they would just move in and loot the country. Once the Greeks were educated on the issues they made the proper choices. That is why we spent so much time on radio, TV and in the press there. Now they know the truth and the bankers, the euro and the EU are screwed. The ECB, as a result, is dead meat whether they realize it or not.

World debt is unpayable, especially that of the US, UK and the euro zone. The only solution is collapse. There can be no saving the system. It is only a matter of time and what the catalyst is. It could be Greece.

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