

2008 Crisis Redux, Culture Wars & End of American Exceptionalism

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By www.chuckcoppes.com



"A recovery that is based around high and rising levels of debt is really no recovery at all. The world economy is, in all material respects, the same as it was in the run-up to the 2008 crisis."

- **Larry Elliot, UK Economist, *The Guardian***

"Those who see no Lehman-like episode on the horizon did not see the last one."

- **George Will, Syndicated Columnist**

"There has never been a greater Fake Bull Market in recorded history."

- **David Stockman, Author of *The Great Deformation***

"Tops are a process, bottoms are an event." –Wall Street adage

"The United States is in the terminal phase of its unipolar moment, and is struggling to come to terms with the downsizing of its role in the world."

- **Federico Pieraccini, The Strategic Culture Foundation**

"Our Constitution was made only for a moral and religious people. It is wholly inadequate for the government of any other."

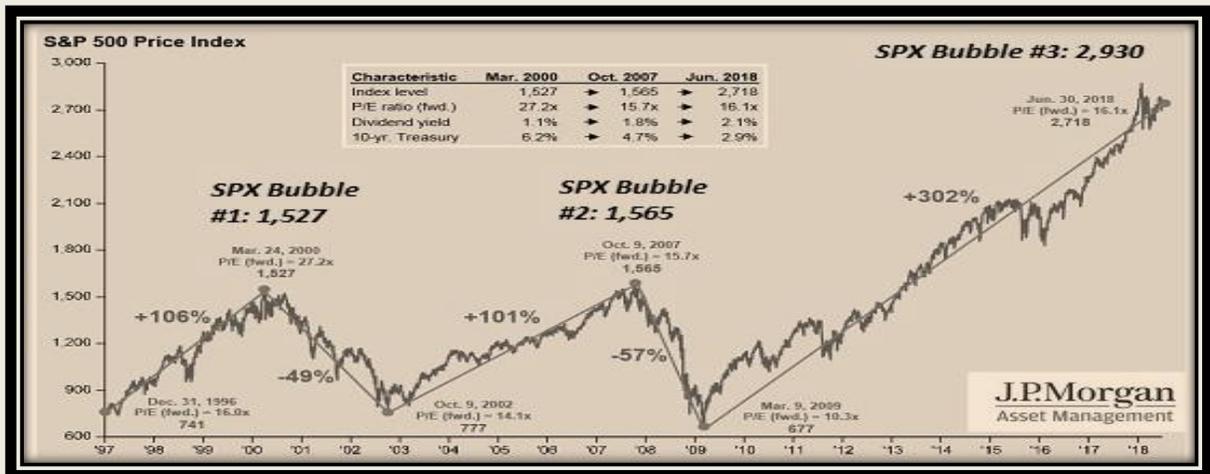
- **John Adams, US President (1791 - 1801)**

"When the wicked rule, the people groan." (Proverbs 29:2)

Greetings to All,

I am back from a **little hiatus**, and just in time for all of the **drama** that is unfolding in our nation and world. **Folks**, we seem to be sinking into a sea of **fiscal irresponsibility, moral relativism and US imperial overreach**. It is a very confusing time for all of us, and the **Greeks** had a word for this: **Aporia**, which denotes a state of **puzzlement and extreme uncertainty**. And this is where we are today. This "epistle" (as some call it) will try to address these **critical issues**, and we will be looking at rigged market data, our bubble economy, real debt levels, flat wages, unemployment, consumer confidence, moral issues, the end of **US Imperialism** and an **Orwellian** future depicted by Christian attorney **John Whitehead**. I will also conclude with some very *positive comments* about **silver** (and gold) in my final remarks, but first we shall look at the **ten-year anniversary of the Lehman** collapse in **2008**.

The Lehman Anniversary & *Nothing Learned*



"We're seeing a lot of warning signs people should be worried about, but again they're dismissing them, much the way they did 10 years ago. You know, we're getting close to the 10-year anniversary of the 2008 financial crisis. Remember, the whole thing started in August of 2008. Here we are August 2018, 10 years later. I think we're heading for an even bigger crisis and the same people are even more clueless." - Peter Schiff

As many of you know, Peter Schiff predicted the Sub-Prime Financial Crisis is 2008. I also published my book in 2007 that saw the financial crisis coming, and was later documented in the film [The Big Short](#). Did the "experts" see this coming? **Hardly.** In February of 2008, Fed Chair **Bernanke** said "the economy is fundamentally strong, diverse and resilient." In June, **Bernanke** stated that "the risk that the economy has entered a substantial downturn appears to have diminished" (and this was after Bear Stearns collapse in March!). In July of 2008, Treasury Secretary **Paulson** assured that "our banking system is a safe and a sound one." So there you have it! **Dead wrong.**

Peter Schiff has been warning about our bubble economy (see [chart](#)) and the coming reckoning day for America. People in the mockingbird media laugh at him (see [two-minute clip HERE](#)), and he has been effectively banned from the financial media since **Trump** took office. In this recent **two-hour interview** below he explains how he has been banned and why he created his own **Youtube channel**.

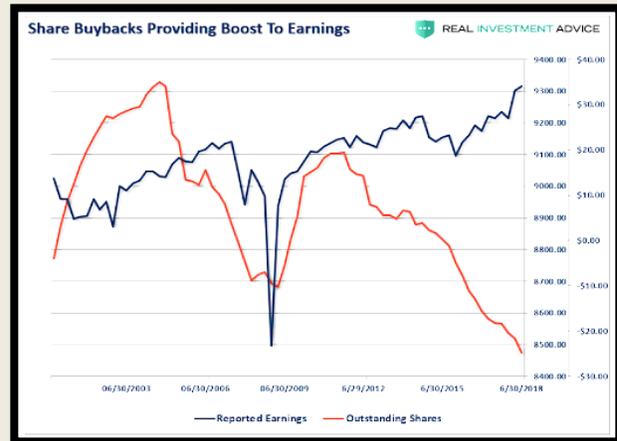
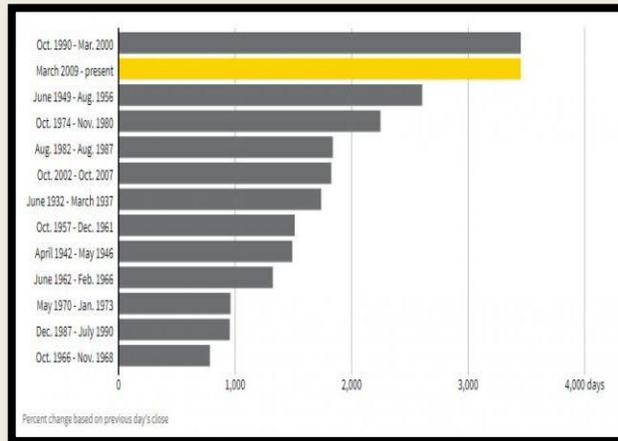
Peter Schiff: False Macroeconomic Data & Coming Collapse

In the above he also explains why banks should have been left to fail in 2008 and predictions for gold and silver. [Below is a very recent interview with Greg Hunter](#) and is highly recommended:

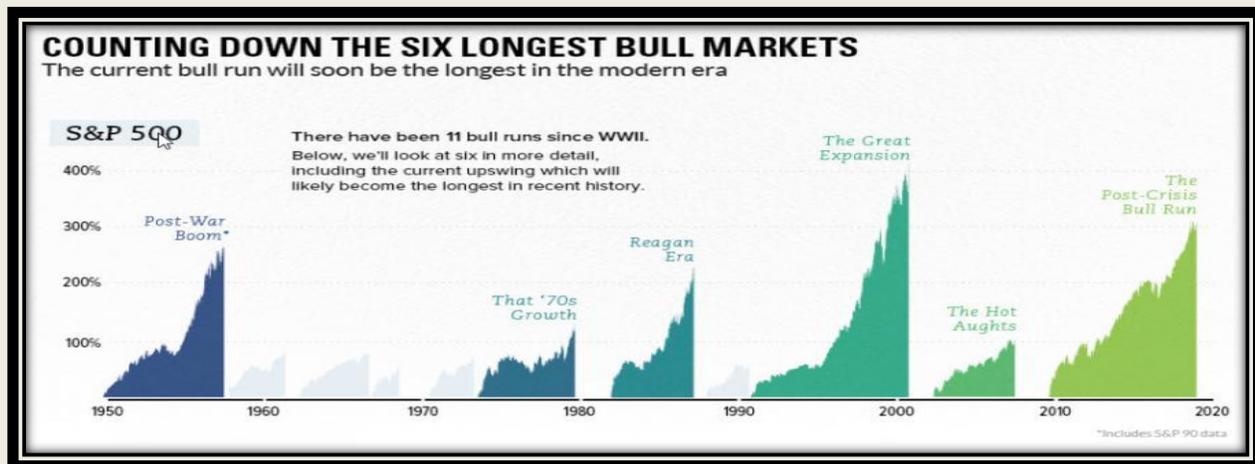
Greg Hunter: Schiff on Markets, Metals, Mindless Cheerleading

In this video Peter again shares how the financial media does not want to hear from him along with how **Trump** and the **GOP** is going to be blamed for the market crash. [Meanwhile there is *mindless cheerleading* for Trump and the economy \(37:23\)](#) despite the **hard data** that says otherwise, as we shall see in a moment. **The Sub-Prime Crisis in 2008** was inspired by the **Fed** enticing borrowers to go into debt (moral hazard) and nothing has been learned, nothing has been fixed. We have merely papered over the last bubble and this so-called recovery is based on more unsustainable debt. As economist **Larry Elliot** says, "a recovery that is based around high and rising levels of debt is really no recovery at all." Indeed it is not, and a **rigged stock market** is hardly a good indicator either.

Fake Bull Market & Record Stock Buy-Backs!



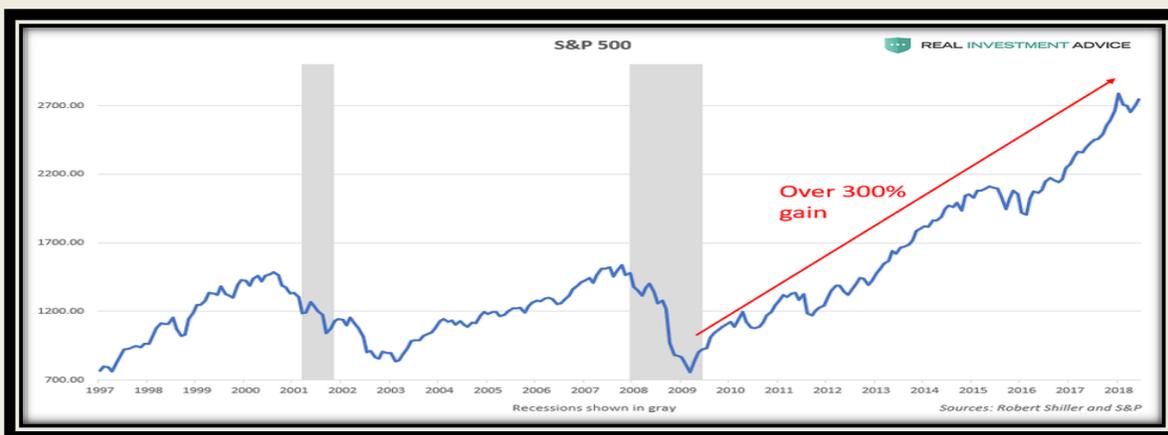
On August 22, 2018, the S&P 500 marked the longest bull market run in history. That is 3,453 days without a 20% decline (yellow bar). A normal business cycle is 4-5 years...not 10 years! What has caused this? I refer to the **chart on the right**. Since 2009, the corporations have been boosting their **earnings** (blue line) through **stock buy-backs**. This has reduced the **outstanding shares** (red) and created a *wealth effect* that has pushed the stock market to a new record high. This chart says it all, and there is more at [THIS LINK](#). As I have covered in the past, stock buy-backs were made illegal in 1934 because borrowing to buy stocks on **margin** caused the **1929 Crash**. This was overturned in 1982 and David Kostin, analyst at Goldman Sachs, says that a "freeze" is coming on this scheme, and I will be reporting on this. Pretty soon the longest bull market will go from green.....to red.



David Stockman calls this the **greatest fake bull market in recorded history**. Jim Grant points out that the *lowest interest rates in history* have contributed to this "speculative distortion" (at 8:30 min) [LINK](#). According to [ZeroHedge](#), since the **Lehman Crash** in 2008, average compensation on **Wall Street** has now hit **\$422,500** in 2018. This does not include annual bonuses that often *exceed this income!* Talk about a casino and *wealth inequality* in America! The **Fed** is determined to keep this party going, and a [recent report](#) from **JP Morgan Chase** suggests "that the next financial crash may be so cataclysmic that the Federal Reserve may have to enter the market to buy up stocks." This same report says that the **Fed** is preparing to be the **Lender of Last Resort** and bail out the banksters with *trillions* of dollars! So here we go again, and [this report](#) reveals that just ten (10) banks control **55%** of all financial assets and the rest of the banks (5,700) control the balance of **45%**. Worse than 2008.

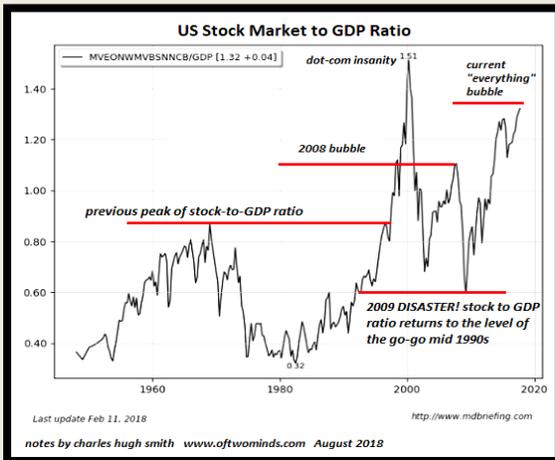


So what happens when stock buy-back schemes fuel a fake bull market? It shrinks the available shares and increases market capitalization. For two years **Apple** has been the leader in stock buy-backs and this is how they hit a **trillion dollars in market cap**. On September 4th, **Amazon** followed with **\$1 trillion** in market cap. Trump's corp tax cuts has fueled this recent surge (not job creation or wage increases, etc.) But **Apple** was not the first to reach **\$1 trillion** in worth. That honor goes to **PetroChina in 2007**, just before the **2008 Crisis** (see above chart). As you can see, **PetroChina** never recovered their market cap and lost **\$800 billion** in the process! Can this happen to firms in the **US** because of massive stock buy-backs and using record high margin? You better believe it. When stocks decline (crash) there will be *relentless margin calls* on borrowed money. This will result in more stocks being liquidated into a **collapsing market** and the losses (wealth effect) will be staggering. If you want to see how dangerous these **margin calls** will be just [CLICK HERE](#).

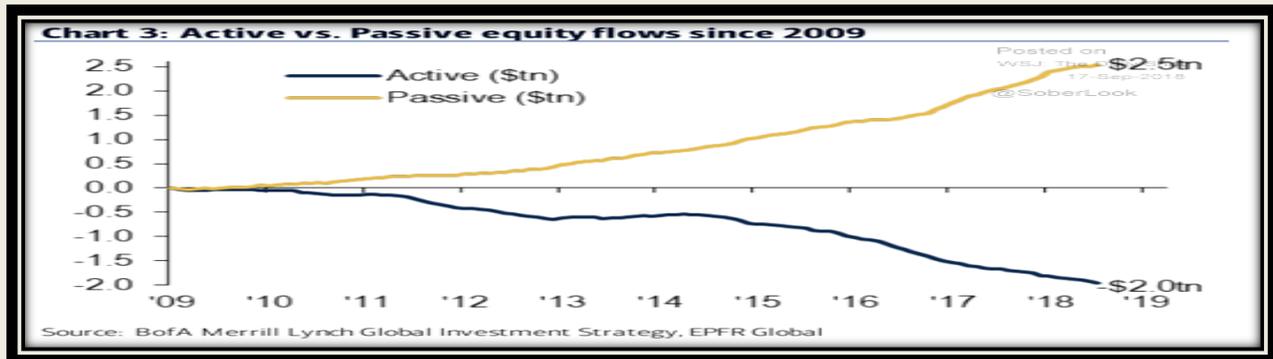


What goes up must also come down. Thanks to QE, ZIRP, NIRP and various financial gimmicks there has been a **300%** gain in the Wall Street casino. On **September 15th, 2008 Lehman** declared bankruptcy after too much exposure to sub-prime loans and lost **\$600 billion** in market cap. **AIG** was underwriting credit default swaps (CDS) for **Lehman** and the *very next day* became insolvent with contracts on **\$500 billion** in assets! As we note the **ten-year anniversary** of the largest bankruptcy in **US** history it seems that our bubble economy is about to repeat a similar disaster. "Those who see no Lehman-like episode on the horizon today," says **George Will**, "did not see the last one." Retail investors are complacent and have no idea what is coming, and perhaps within the next **90 days**.

The Coming Crash & Collapsing Wealth Effect!



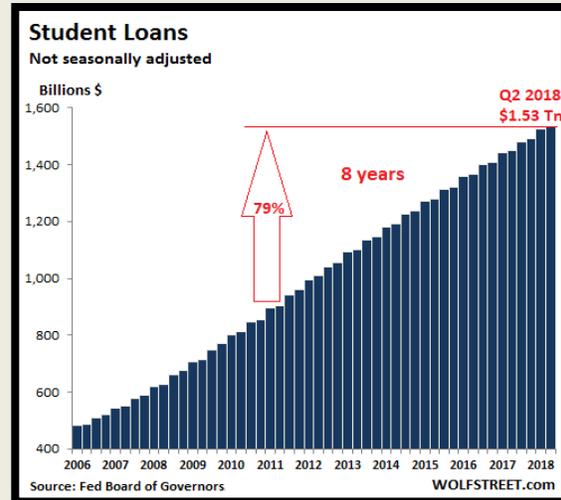
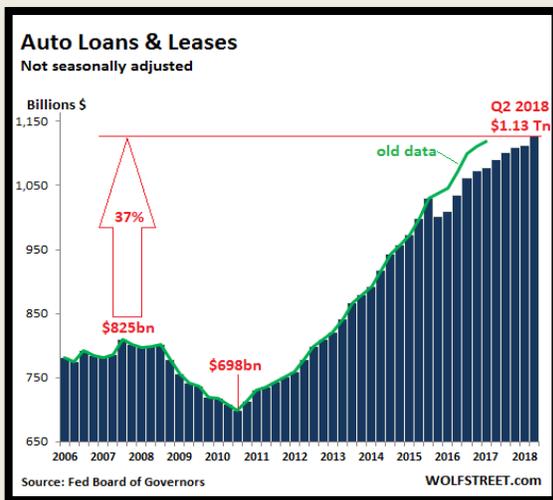
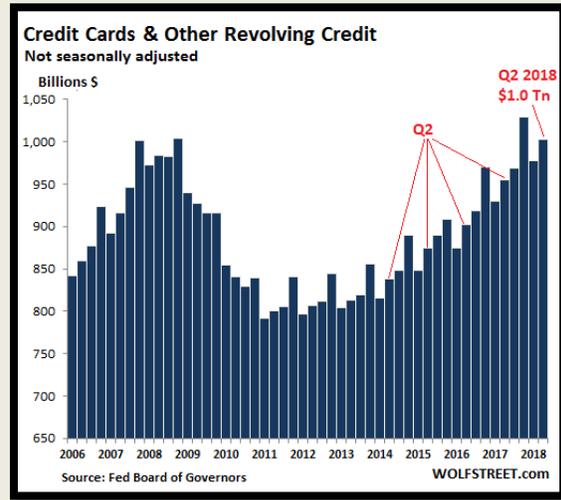
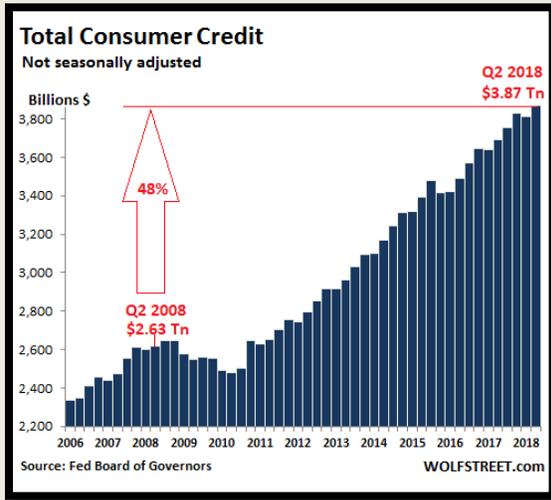
As seen above, we are currently in the Everything Bubble. The stock market to national GDP is off the charts. The P/E ratio prior to the Crash of 1929 was 32, and today it is 33!! What does this extreme over-valuation tell you? It is screaming that people need to get out of this casino asap!! Remember, tops are a *process*. Bottoms are an *event*! What will trigger this event? Take your pick these days, but people like **E-Trade Baby** are not prepared for this - a must see at [THIS LINK!](#)



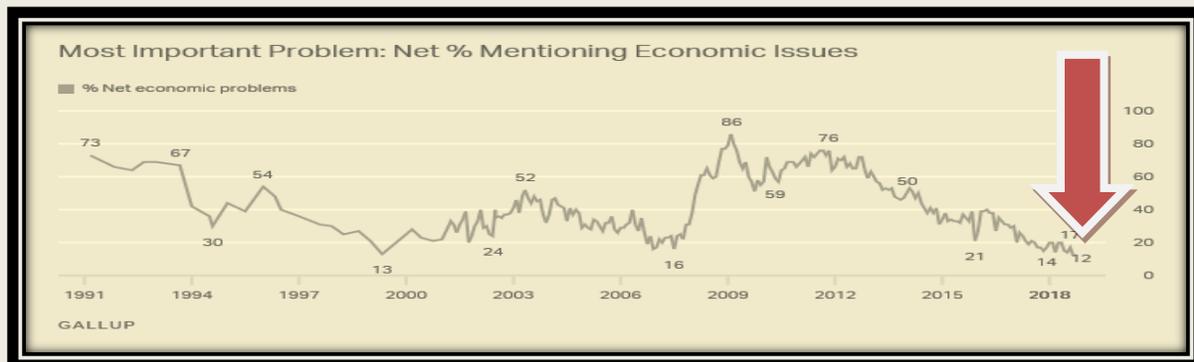
This chart reveals a troubling trend. Since 2009, investors have "passively" piled into stocks as "actively managed" accounts have declined. What this means is that people are lazy when it comes to research and are just following the herd. [Jim Rickards](#) warns that these people will not have enough *greater fools* to sell to; and another trend is that corp insiders are **dumping** their previously jacked up shares to the above crowd as **seen below**. This is your classic pump and dump scheme.

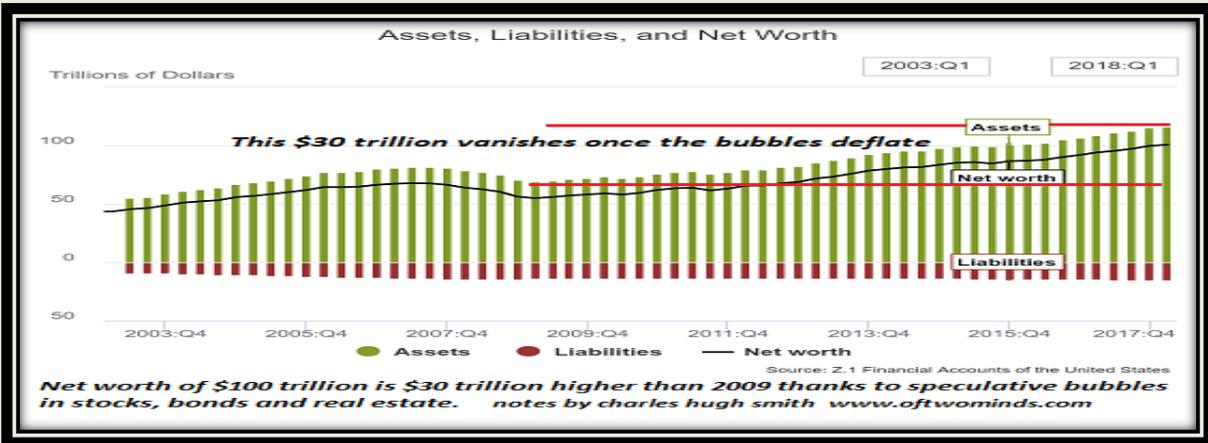


As seen in the charts below the American consumer is heavily in debt. Since 2008 these charts have steadily climbed as Americans struggle to get by. This fairly *contradicts* the idea that we are in a **robust economic recovery** that we are bombarded with in the media every day. The **true wealth of a nation** is in savings and production, *not debt and spending*, and this trend is only **getting worse**.

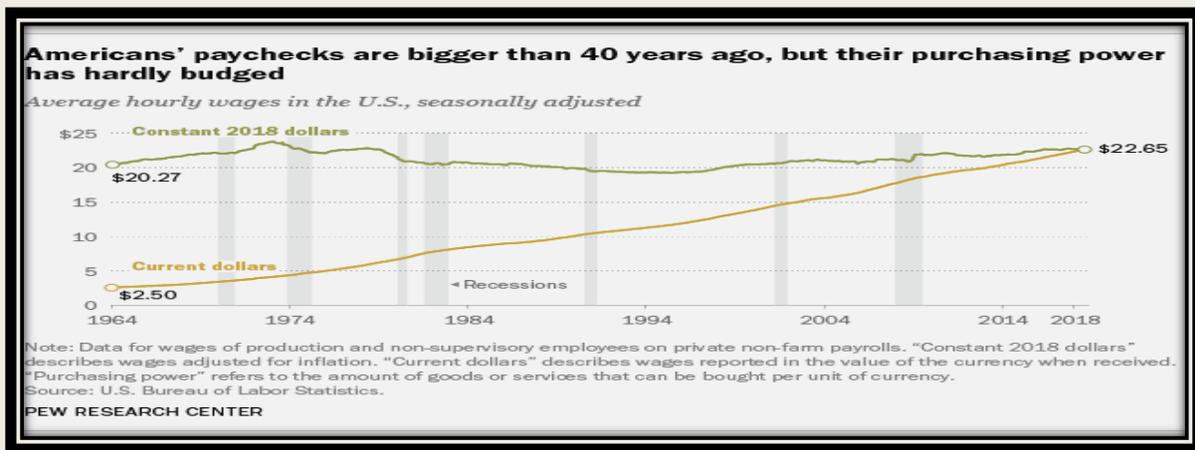


Despite the unsustainable debt (public and private) there is little concern about the economy. Back in 2008, fully 86% were concerned about the economy. Now it is down to a mere 12%.





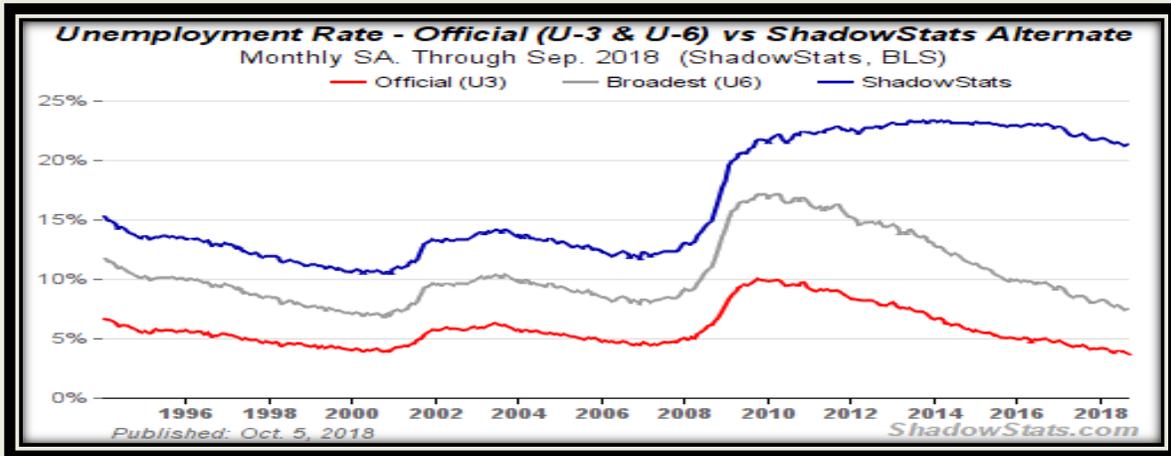
Since 2009, household wealth has increased by **\$30 trillion** (more like **\$40 trillion**) as seen above. But this "wealth effect" is not due to wage growth. It is due to **inflated asset prices** just like the Sub-Prime Crisis. Based on purchasing power, wages have been *flat* for many years, as seen here:



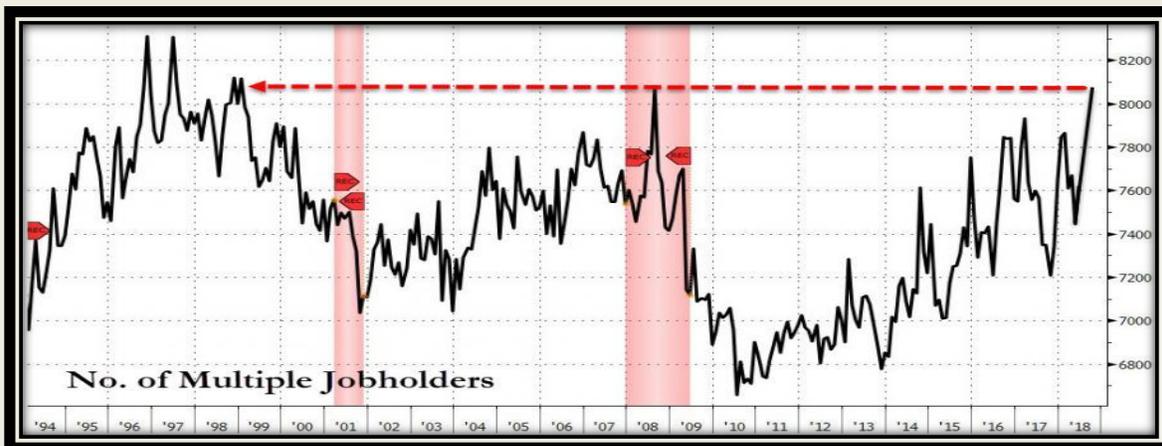
At the Trump rallies, the faithful are told repeatedly that **wages** are going up everywhere, **jobs** are being created and **GDP** is actually **4%**. Indeed, there is great "**expectations**" that these figures are correct, but the **hard data contradicts the meme**. According to [UMich Consumer Data](#), YoY saw the weakest shift in hourly wages this summer. *The worst since 2012*. Something is very wrong here.



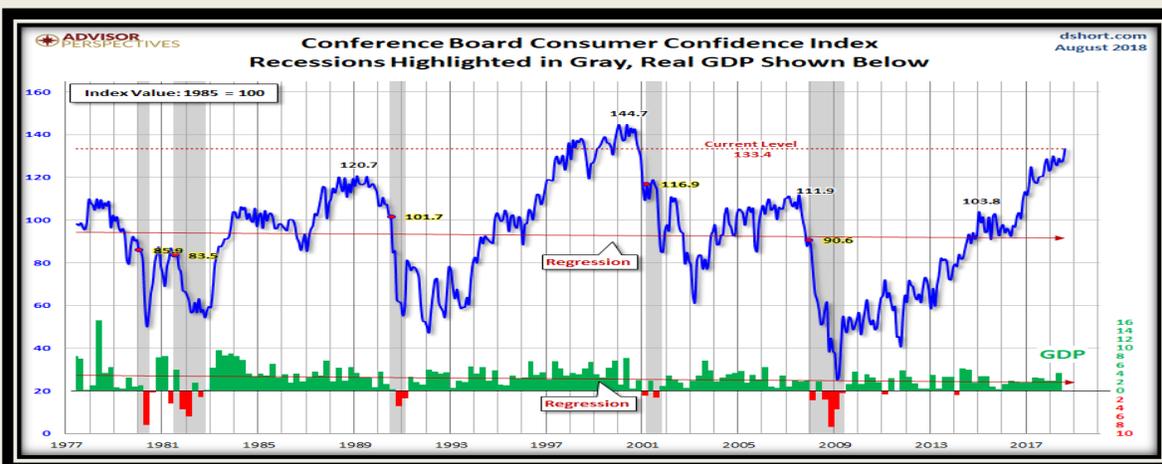
Today's headline tells us that unemployment is the lowest since 1969, at just 3.7%. Is this true? I wish that it was, but like most government figures it is *false*. According to [the latest](#) from [John Williams](#), real unemployment in the US is running around 21.3%, as you can see below.



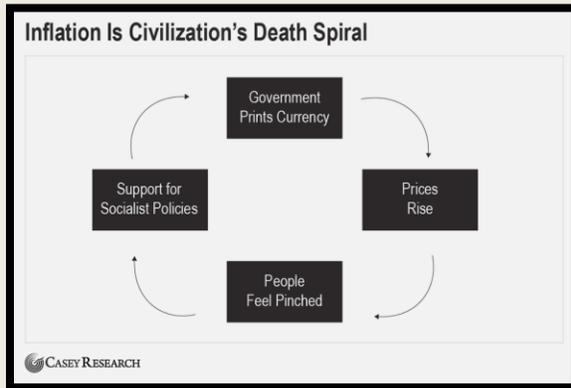
Many Americans are working two or more jobs to make ends meet. The new "gig economy."



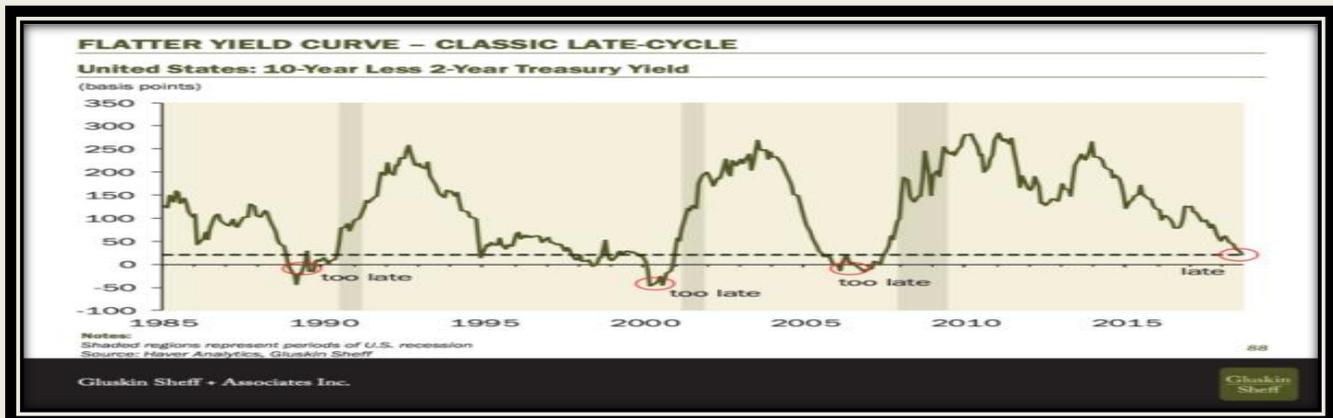
But hope strings eternal. Consumer confidence is at an **18-year high**. Just as it was before the crashes in **2000** and **2008**. As you know, I call Consumer Confidence Polls the **Ignorance Polls**. The masses are usually never right, and "expectations" are about to slam into the **hard wall of reality**.



Donald Trump & Civilization's Death Spiral



Just so we are clear, I have been a Trump supporter as a disrupter of the status quo. I am a political atheist and hate both parties. A TV reality star with a supermodel wife is much better than Jezebel and Slick Wille as First Groper. But we need real economic data! Not fictionalized sound bytes and tweets! This is maddening! **September 31st** marked the end of the **US** fiscal year, and according to the **GOA** the **national debt** increased by **\$1,271,158,167.72** (boy, glad they got that 72 cents in there!). This is the *sixth largest debt increase* in **US** history. As I explain in **my book**, our debt-based economy has locked us into perpetual inflation and all fiat currencies eventually fail. All! The death spiral is illustrated above. Governments create fiat currency, prices rise, people suffer, and they support Socialist pipedreams (more on this in a moment). Put simply, **The Donald** is **21** years and **21 trillion dollars** too late to make us "great" in any meaningful way (except great debt).

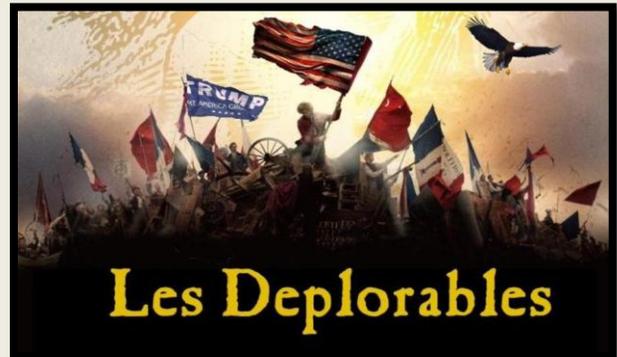


As I have explained in recent newsletters, a flattening yield curve always indicates a recession is coming. This metric never fails. Raising rates will only guarantee this, and perhaps very soon. When **Trump** recently bragged about the great economic recovery at the UN...they laughed. Trump cited GDP, wages and unemployment. [THIS ARTICLE](#) destroys all of his claims. Read it and weep. On **September 16th**, **Chris Martenson** (Peak Prosperity) held a conference in **NY** with **David Stockman** and others. You can watch a few short videos that point to our unsustainable path in the **US**.

[Chris Martenson: Previews of the Coming Reckoning](#)

Where is all this leading to? It is leading to the greatest market collapse in history and social unrest. As **Schiff** said, all of this will be blamed on **Trump** and the **GOP** (p. 2). Our cultural wars will likely result in a some kind of **civil war** that will be exploited by the **Deep State**, which we must address.

Postmodern Culture Wars & a *Divided Nation*



"Our Constitution was made only for a moral and religious people. It is wholly inadequate for the government of any other."

- John Adams, US President (1791 - 1801)

In my last newsletter (July), I quoted John Adams above. I keep **this quote** at my desk and quote it on every radio interview. It perfectly defines the times that we live in. And can't you feel it? Our problems are more **theological** than financial. **Jesus** said a nation divided cannot stand (Mt. 12:25). **James Howard Kunstler** (a speaker at the Chris Martenson conference in NY) recently warned about **Trump's *economic braggadocio*** and he concluded with this commentary:

"He can't shut up about the economic miracles that he has wrought with his mighty 'stable genius' brain. Perhaps he has not noticed that the money system is crumbling all around the world at the margins. If he does not understand that this rot eventually must reach the center, then he has washed down too many cheeseburgers with his own Kool Aid. ***Having taken ownership of all this lock, stock, and barrel, then he is perfectly situated to be blamed when the honey-wagon of algo trading robots turns south and whatever remains of the world's hot money, including the US dollar, goes up in smoke.*** If it coincides even bluntly with the ***mid-term election***, then we will find ourselves living through ***Civil War Two.***"

The mid-term elections are coming on November 6th. Are we having a market capitulation in this month? You know, **October** is always a bad month for financial calamity, and the **Deep State** might even pull the trigger? Regardless, we seem to be drifting into a **Civil War II**, and this has been building for at least **50 years** - since the **Post-WWII Welfare State**. As **Brandon Smith** states, the **Progressive Left** is always more organized and determined than the **Conservative Right**:

*"While **conservatives** engage in internal debates with each other over principles and practical solutions, **leftists** are far more single-minded in their pursuit of social influence. They seem to gravitate to each other like ants around a sugar cube, and in this they can be effective in removing obstacles and gaining political territory..... **As leftists worship the mob and government power, conservatives tend to worship heroes, some of them false prophets. Conservatives are always desperately searching for the man on the white horse to lead them to the promise land.**"*

The election of Trump in 2016 was rooted in a **deep visceral anxiety** that you could see in the face of the deplorables. Anxiety (*aporia*) about our economic future, cultural drift, children's futures and so on. As **Smith** says, conservatives are more likely to send their man to the **District of Criminals** and then become **complacent** about liberty, freedom, economic truths, rigged government data and fully trusting in the teleprompters to guide the proper narrative. **Where is the discernment?** Where is the single-mindedness demonstrated by the **Left**? I am dumbfounded and frustrated by this!



And that brings us to the postmodern culture wars expressed by political ideology. Too many "impressionable young minds" have been infected by **failed collectivist/utopian ideas**. The fact that **Millennials** have flocked to an eccentric Communist like **Bernie Sanders** tells you all you need to know about this generation. The **Young Democratic Socialists of America** had **15** chapters on college campuses in **2016**, and today it is more than **250**. The **DSA** darling is **Ms Alexandria Ocasio-Cortez** from the **Bronx, NY**. In this **20-minute clip** **Ben Shapiro** exposes this woman's delusions:

Ben Shapiro: 7 Myths of Democratic Socialism

So, why do people fall for toxic ideologies? First of all, it is a result of the **dumbing-down** process in our world today, as noted [HERE](#) (social media, etc.), and this [man-on-the-street clip](#) by **Campus Reform**. But more importantly, I think it is because people are seeking for meaning and purpose in their lives - *they want a cause* - **they have contingency**. What do I mean by that? Put simply, the ancient Greeks posed Life's Three Big Questions: Where did I come from? Why am I here? And where am I going? Our lives are "contingent" on these all-important themes. We are restless until we find "peace with **God**" (Rom. 5). The *Humanist Manifesto* states, "We can discover no divine purpose or providence for the human species....No diety will save us; we must save ourselves." Pretty pathetic huh? **Jesus** said, "Man shall not live by bread alone (materialism), but on every word that proceeds out of the mouth of **God** (theism)" (Mt. 4:4). But **New Age postmodernism** rejects Biblical absolutes, and hence they are...*lost and floundering*. Can you imagine a world run by **radical social engineers** on the **Left**? That was tried in **Nazi Germany** and we know how that turned out (more on this soon).

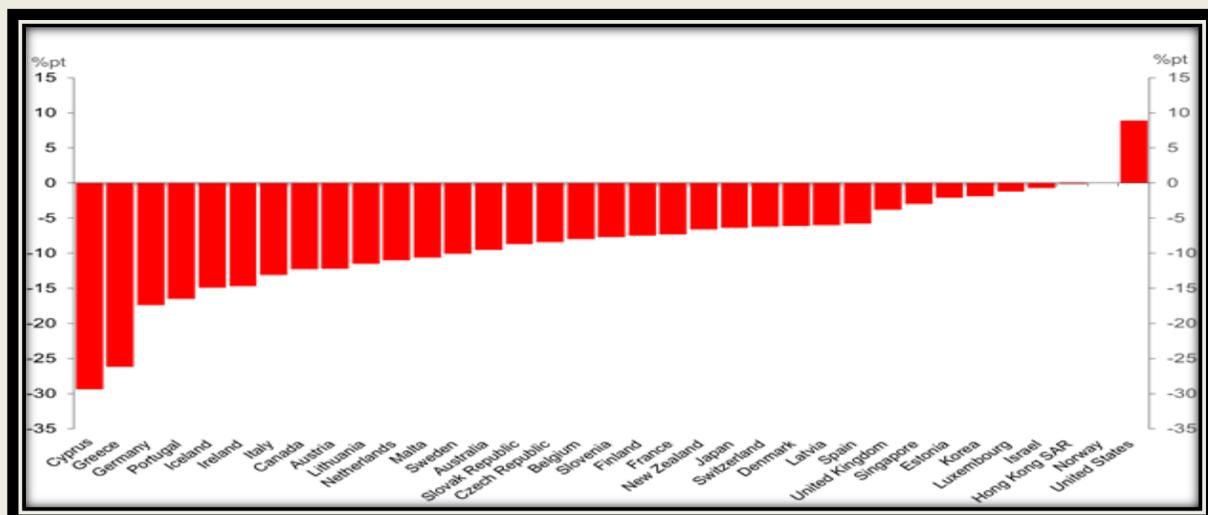
As I noted earlier (page 9), **civilization is on a death spiral** because of bankster schemes to create wealth and prosperity out of debt (inflation). As this **macroeconomic model collapses** the suffering masses will clamor for even more government/bankster intervention! It will be primarily rooted in the desire for **free stuff**; and this fairly comports with a [new study](#) at the University of British Columbia, which concludes that "humanity is hardwired for **laziness**." Wow, how profound? Who knew? But isn't this the motivation for Socialism? It can be better defined as **Moral Hazard**. I like how **Charles Hugh Smith** [recently defined this](#): "The 'national purpose' is to **maximize one's personal gain by whatever means are available**, including fraud, racketeering, embezzlement, lying, cover-ups, punishing whistleblowers, gaming the system to maximize overtime, etc. The rationalization is always the same: everyone else is doing it." How true, and this will eventually be our downfall. The godly principles of thrift, saving, personal responsibility, morality, absolutes, freedom, liberty and self-reliance must be affirmed as **Ronal Reagan** said here. More on this topic in my **next section**.

"Freedom is never more than one generation away from extinction. We didn't pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children's children what it was once like in the United States where men were free."

New Paradigm: *End of American Exceptionalism*

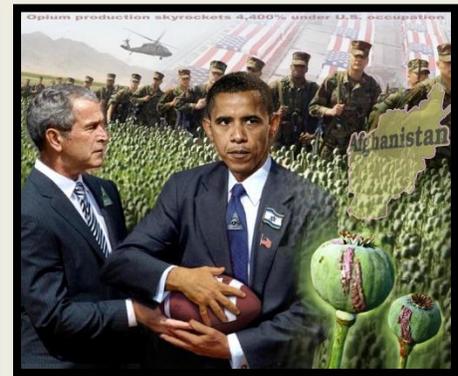
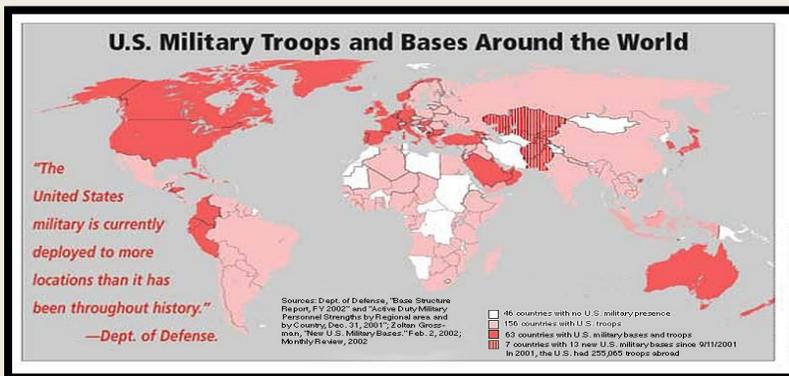


Despite the enthusiasm for Making America Great Again. It will not happen. Why do I say this? Is it because I hate **Trump**? I am a **closet liberal**? I'm not **patriotic**? I want **my book** to be a best-seller? **What is it?** As I said earlier, **Trump** is a little late on the scene to turn things around (p. 9). By virtue of the **Bretton Woods Agreement** (1944) and having the world's reserve currency, the **US** has been able to finance a **Welfare/Warfare State**. But this path is unsustainable. More to the point, the **US** spends more on **our military budget** (*offence, not defense*) than the next several nations (nearly a trillion dollars). To appreciate just how disproportionate our military budget is you can watch this astonishing **2-minute visual** at **[THIS LINK](#)**. **Folks, this is way beyond normal!** Just look at **this chart above** and how aggressive our foreign policy has been since **WWII**. The **US** has been operating like an imperial global power for many decades, but there is a limit to **Empire**. The **IMF** just released a new five-year forecast for percentage of change in government **debt-to-GDP ratios** in advanced economies. **As seen below** (and not reported on FOX business channel), there is *only one nation* that is expected to keep spending itself into oblivion - **the USA**. Why is this? It is because the **US** still thinks it can rule the world based on our fiat paper monetary standard to support **US Imperialism**, but our days are numbered. At some point the **US** will lose this privilege that we have exploited.



So what made America exceptional in 1789? It was two centuries of post-Reformation immigration from **Europe** (Puritans, etc.) and the brain trust comprised of our **Founding Fathers** who recognized inalienable rights from **God**, personal responsibility, limited government, rule of law, property rights and an emphasis on **Christian** morality (as stated by **Adams**). We are not that nation. A new majority has arisen, and the **US** government more resembles a **ruling plutocracy/oligarchy** comprised of corporate fascists, globalists, banksters and a **military-industrial-security complex**. In his farewell address in **1961**, **Eisenhower** warned about this and said, " In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex." He went on to say, "**Our toil, resources, and livelihood are all involved. So is the very structure of our society.**" Boy, was he right, and you can read the text [HERE](#).

According to David Vine, author of *Base Nation: How U.S. Military Bases Overseas Harm America and the World*, the **US** has **800** military bases in over **80** countries! There are only **11** nations that have foreign bases, and **Russia** has **30-40** in mostly former **Soviet** countries; and *does not* have imperial ambitions despite what the **neocons** (like John Bolton), **PNAC** and the **war hawks** say. Put simply, war is good business (just ask Mrs. John McCain), and here is a **map of US bases in the world!**



The occupation of Afghanistan is the longest war in US history. **October 7th, 2001** has marked the **17th** year in this Islamic barren hellhole. Why are we there? **Bush-Cheney** assured us that the **bad guys** were there after **9/11**, remember?? **Not.** As the **Strategic Culture Foundation** exposes, it was all about **US** hegemony, **LNG** pipelines blocked by the **Taliban**, **defense funding** and.... **DRUGS:**

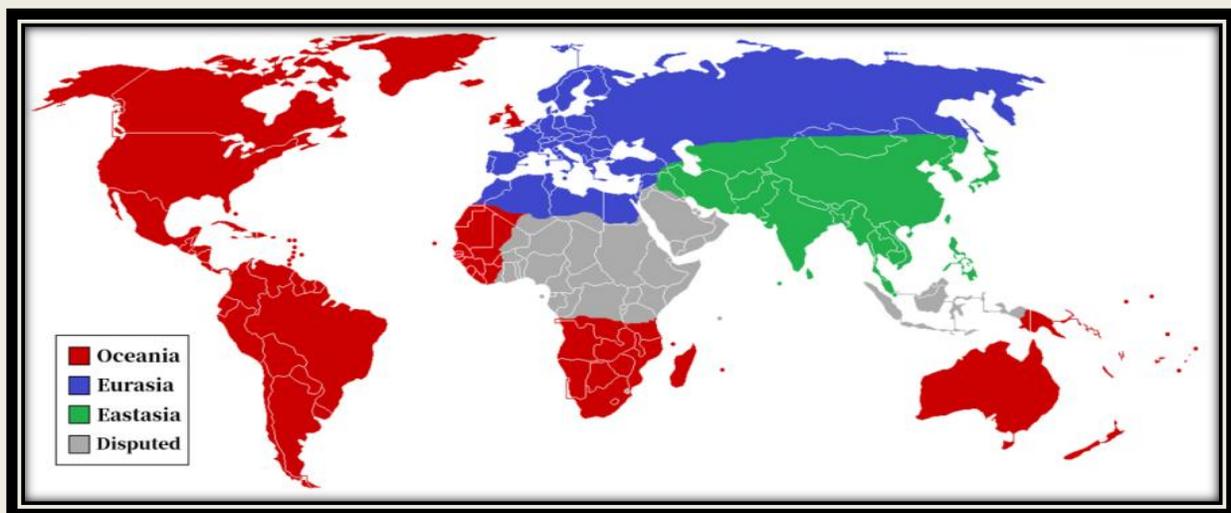
"While the occupation of Afghanistan by US troops is a deadweight for the American national economy and citizen-taxpayers – adding up to \$5 trillion to the country's total debt load of \$21 trillion – we have to bear in mind that for weapons manufacturers and suppliers, the war is a boon. It keeps the military-industrial complex humming with super profitable business. Companies like Lockheed Martin and Raytheon, which are among the top lobbyists to Congress, using a coldly rational logic would not want this war to stop. Ever. Their corporate interests are starkly divergent from ordinary US citizens and foot-soldiers on the ground. So what if the nation is \$21 trillion in debt when mega profits are being scooped up by executives and shareholders of the weapons companies? It is also well-documented that the CIA depends on lawlessness in Afghanistan to run its trillion-dollar opium drugs racket. As with the notorious Golden Triangle in Southeast Asia during the Vietnam war, the CIA uses global drugs trafficking as a way to fund its 'black operations' in others parts of the world, finances that are kept hidden from political oversight by Congressional lawmakers."

This last point is the most revealing. Did you know that **98%** of the world's **heroin** production (poppy) comes from this obscure nation? According to **The Guardian**, they produced **180 tons** in **2001**, and it is now **8,000 tons a year** to support **black ops** for the **CIA!** It just makes you want to chant **USA, USA, USA!** doesn't it? Thank goodness for the "war on drugs" launched by **Nixon**.

A new paradigm shift is coming for the US, and you need to be ready. Ike's warning has not been heeded by the babyboomer generation of **Woodstock Hippies** and their offspring commonly identified as **Generation X** (born from the 1960-1980), and a later group known as the **Millennials** (born from 1990-2000). It is this **latter group** of "impressionable young minds" (texting six hours a day), that do not understand that "our toil, resources, and livelihood" are at stake, and "the the very structure of society." **A demographic study** has been done by **William Strauss and Neil Howe** that is related to their book project in **1997** entitled *The Fourth Turning*. Their premise is that cultures go from a high, awakening, unraveling and crisis - **a fourth turning**. We are at that critical point in history, and both **Russia** and **China** have stressed that we need a "**de-Americanized**" world, or the need for a multi-polar world. **Federico Pieraccini** (Strategic Culture Foundation) recently made this comment:

*"The United States is in the terminal phase of its **uni-polar moment** and is struggling to come to terms with the downsizing of its role in the world. **Its ruling elite cannot accept the prospect of sharing power, preferring to oppose by all means possible the transition to a world order involving more powers.**"*

Unreported in the fake news is the fact that the US is being isolated by Russia, China and even the EU. In late September, **Russia** dumped nearly **ALL** of its US Treasury bonds (and bought gold). Why did they do this? According to [ZeroHedge](#), it was in response to sanctions, preparations for a new **monetary reset** and a multi-polar world. **China** also launched a gold-back crude oil contract in **March** of this year as a direct challenge to the **US petrodollar system**. In **1948**, **George Orwell** depicted [three dystopian regions](#) of the world as **Oceania, Eurasia and Eastasia** as seen here:



In my book, I relate these three spheres of influence from a Trilateral Commission perspective (p. 149) concerning progressive regionalization, globalism and technocracy. In my last newsletter, I mentioned the **Thucydides Trap** - a reference to a **Greek** historian who stated that war between a rising power and an established power is inevitable. Today that is **China and the US**. In **April** of this year, **Admiral Philip Davidson** asked the [Senate Armed Services Committee](#), "The clash of **exceptionalism** between Beijing and Washington is well underway, will war come next? Because Trump has launched a trade war with **China** things could heat up. As they say, "If goods and services don't cross borders, then armies will." According to [THIS](#) source, there is a new provocation toward **China** that is being considered by the **US Navy** in [November](#). **US defense officials** want to have a show of force "to demonstrate that the US can counter potential adversaries quickly on several fronts." Is this really wise in light of the fact that our artificially rigged markets are ready to implode and **China** has huge economic leverage over the **US**? Not really, but "exceptionalism" leads to hubris.

A new macroeconomic paradigm is not favoring the US dollar. Noted by **Jim O'Neill** (Goldman Sachs), the US dollar is used in **60%** of global commerce, but our economy only accounts for **18%** of global **GDP**. "We live in this very peculiar situation where the role of the dollar in global finance is just idiotically more important than the **US** economy." This idiocy is a result of the **Bretton Woods Agreement** in **1944**, but the **euro** was launched in **2002** to directly challenge the dollar and is the main duopoly today. Further evidence of this fact was in **Jean-Claude Juncker's State of the Union address** on **September 12th** in which he argued that "**the euro** should become the global currency for trade instead of the US dollar." He further stated, "there's no logic at all in paying energy imports in dollars and not euros." Two weeks later, at a meeting at the **UN**, **EU** diplomats announced that they would not go along with **US** sanctions against **Iran** and introduced a **Special Purpose Vehicle (SPV)** to bypass the **US-controlled SWIFT** payment system favoring the dollar! THIS article says this was a "fateful geopolitical moment" and concludes that "a concerted offensive spearheaded by the **SPV** will lead the **euro**, the yuan and the ruble to eventually establish themselves as credible reserve currencies." This resolve will be tested on **November 4th** when a new set of **US** sanctions go into effect to shut down oil exports (40% goes to the EU). Clearly, the **EU** is pivoting towards **Eurasia** and trade wars will only be "the beginning of the creation of a new global monetary system" as outlined by **Russell Napier**. This is a reference to the **SDR** (and **Triffin's Dilemma**), which I have discussed many times. **Brandon Smith** recently commented, "**Once the dollar loses world reserve status** the transfer of price inflation into the US will be immense. Dollars held overseas will come flooding back into the country as they will no longer be needed for international exchange of goods and resources. This switch could occur very quickly, like an avalanche." The **US** is at a tipping point and a **new paradigm shift** will favor the **euro** with prophetic implications as I cover in my book (Dan. 2:40-45). Another tipping point is the evolution of a **Police State** in the **US** that will surely follow a financial reckoning day.



"Liberty cannot flourish in a country that is permanently on a war footing, or even a near-war footing. Permanent crisis justifies permanent control of everybody and everything by the agencies of the central government." - Aldous Huxley

Perhaps no topic concerns me more than the steady degradation of freedom and liberty in our country, and it should concern you as well. Indeed, how in any substantial way could America be "great" if we have lost our essential liberties and civil rights? Attorney **John Whitehead** has done more research on this issue than anyone I know. Following the wholly unconstitutional lock-down and door-to-door searches in **Boston in 2013**, he wrote THIS PIECE and **concluded in this way**:

"The lesson for the rest of us is this: once a free people allows the government to make inroads into their freedoms or uses those same freedoms as bargaining chips for security, it quickly becomes a slippery slope to outright tyranny. And it doesn't really matter whether it's a Democrat or a Republican at the helm, because the bureaucratic mindset on both sides of the aisle now seems to embody the same philosophy of authoritarian government. Remember, a police state does not come about overnight."



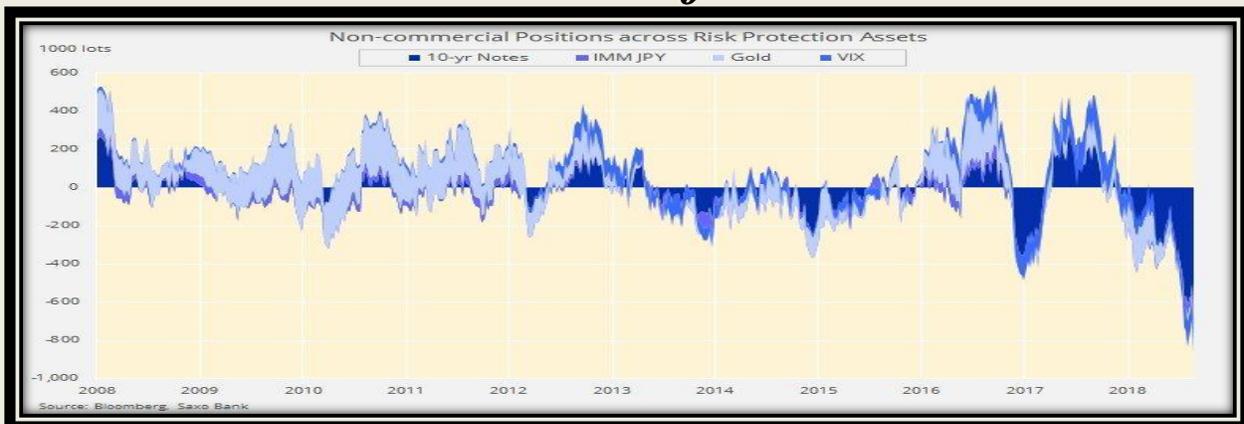
On his last point, the US has slowly been evolving into a Police State since 9/11. In another article, **Whitehead** alerts us to the fact that the **US Constitution** *has been suspended* and he lists how **ALL** of our **Bill of Rights** are under attack. "We the people have been terrorized, traumatized, and tricked into a semi-permanent state of compliance by a government that cares nothing for our lives or our liberties." Read more [HERE](#). Does this concern you? It is instructive that the etymology of the term "police" is derived from "politic" in **Latin**. Do we want the political class to become our **police**?

Again, our **Founding Fathers** were wise enough to curb state power, but not anymore. In [THIS](#) recent article **Whitehead** compares the militarization of police and a surveillance state to **Nazi Germany** in the **1930s**, which he says is a Global-Industrial Deep State. These things happen incrementally, and the American people are **NOT** paying attention! In [THIS](#) impassioned post, **Whitehead** lists all the reasons he does not like living in a **post-9/11 America** due to the so-called **Patriot Act**.

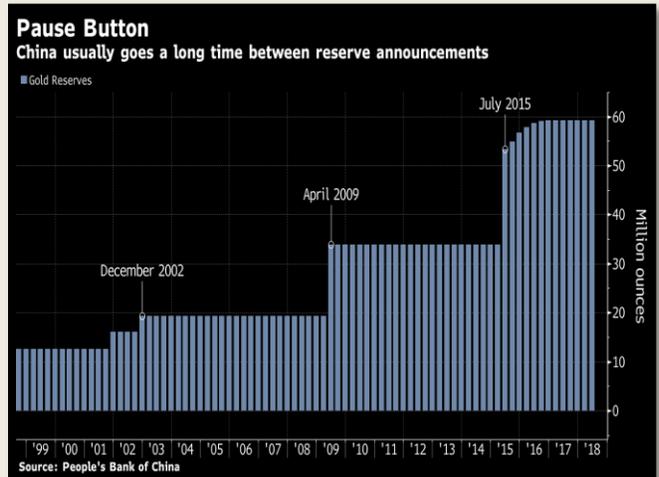
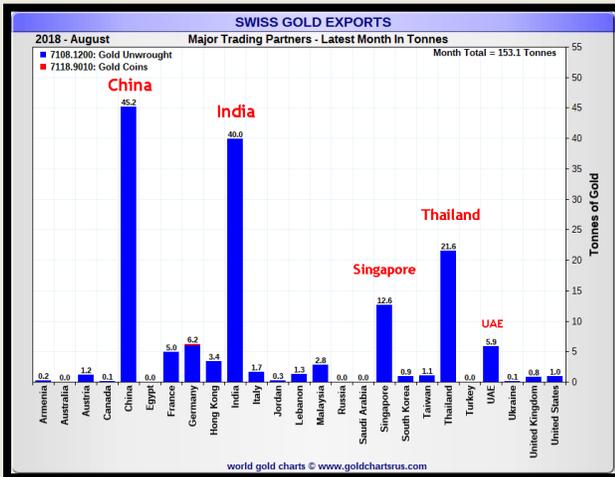
[John Whitehead Speech: Battlefield America \(20 minutes\)](#)

The above link is a speech given by this good man at the Ron Paul Institute for Peace & Prosperity, and is worth a listen. He pounds home that our biggest threat is not from China, Russia, Iran or any other country - *our biggest threat is our own country*, as **Edward Snowden** discovered, and now living in exile with death threats. As **Reagan** said, as government increases, *liberty decreases*, and both parties are increasing the size of government. I will be reporting on this issue in future mailings, and you can learn more at **Whitehead's** website [RIGHT HERE](#). As I mentioned, the risk to our freedoms will be pronounced in a global financial meltdown, and this ties into hedging strategies.

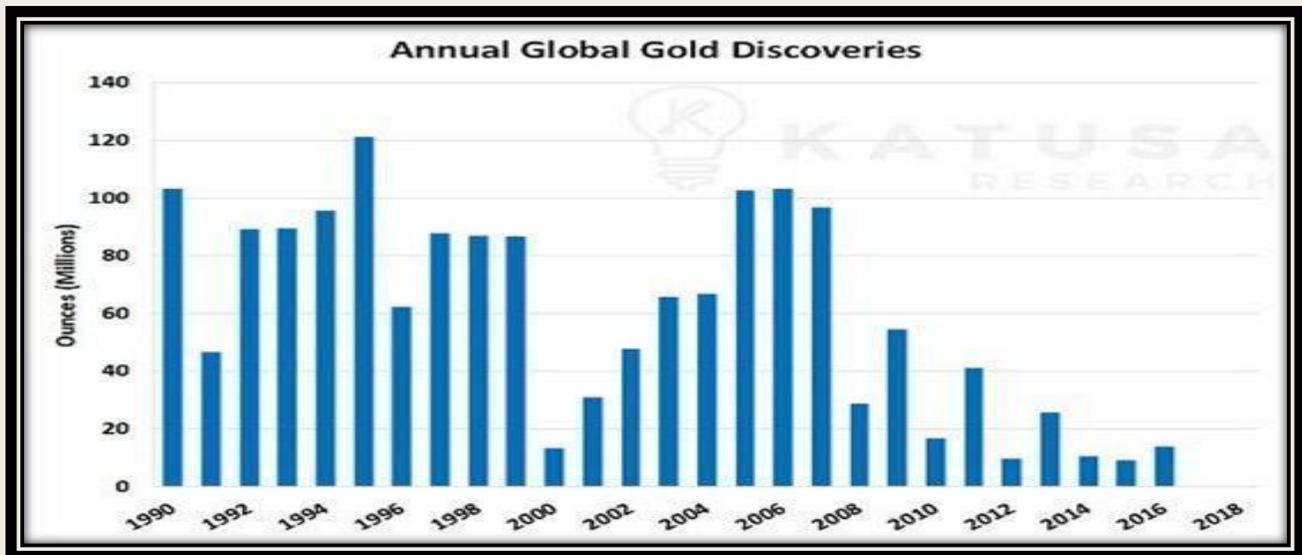
Central Banks & Need for Risk Protection



As seen above, there has been an exponential increase into risk-aversion assets (like precious metals). This has been happening at the same time that the US is in an alleged economic recovery.

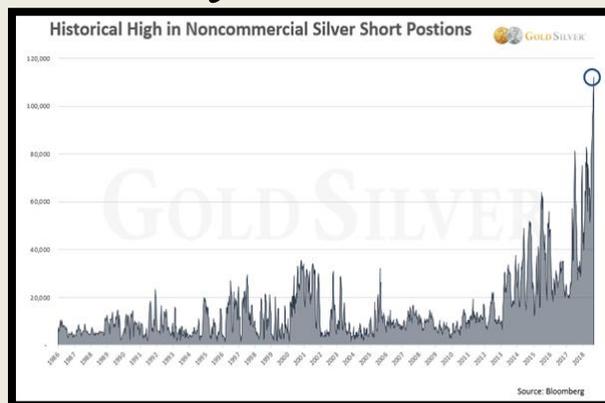
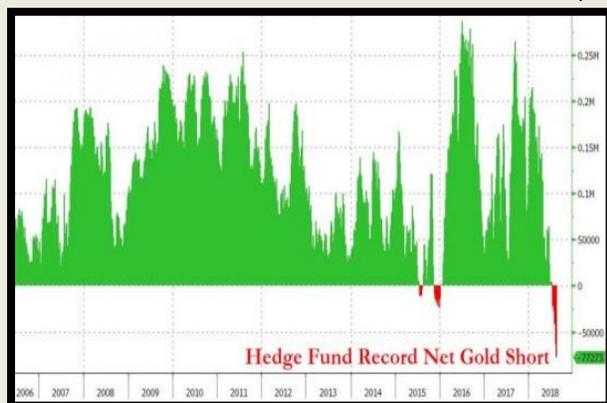


It is no secret that China (and Russia) have been acquiring huge inventories of gold (and silver). What we see here is that most of the gold being refined in **Switzerland** (a global refiner) has been going to the **East**. So far in **2018**, **central banks** have bought a total of **264** metric tons of **gold** and this is the highest level in six years. **Central banks** have actually been net buyers of gold since **2010**, but you never hear about this in the financial media. **China** has been the most aggressive, but **as seen above**, they rarely make announcement of how much gold they have. Estimates are around **30,000 tons** (four times the US and three times the EU). Both **China** and **Russia** see gold as a strategic hedge against the coming monetary crisis, and [this report](#), indicates that China and Russia's **debt to GDP** is only **41%** and **13%** respectively compared to **100%** and much more in the **West**. **Eastasia** and **Eurasia** will have a distinct advantage over **Oceania** when geopolitics and macroeconomics converge.



Another factor that is going unreported is the fact that we hit peak gold production around 2010, and now gold discoveries are in sharp decline. With unprecedented demand and dwindling supply (and increasing market risk) *the fundamentals logically suggest* that **gold** should be much higher than **\$1,200/oz.**, right? As most of you know, the banksters have been criminally suppressing gold and silver in the fraudulent **paper futures markets** (Comex/Crimex). At the center of the **silver suppression scheme** has been **JP Morgan Chase** as I will mention in a moment. What is currently building in the trading pits has never been seen before, and you need to pay very careful attention here.

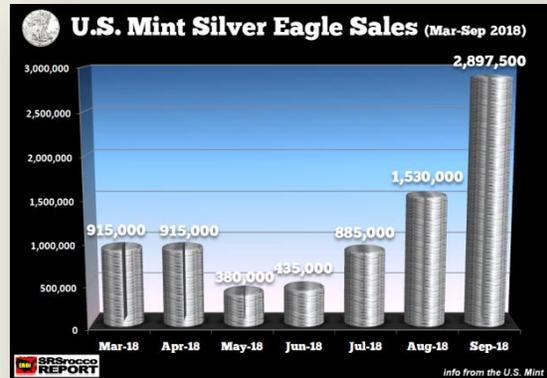
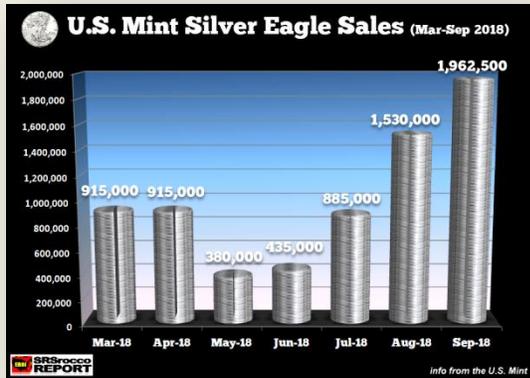
Historic Gold Shorts, *but Mostly Silver Shorts!*



Traders and investors are slowly waking up to the fact that something big is about to happen with gold and silver. In a nutshell, **Speculators** (hedge funds) have historically held *long positions* against the **Commercials** (bullion banks like JP Morgan and fabricators). It should be further noted that Speculators are almost always wrong on their bets. For the first time in literally **decades**, the **Speculators** are going *record short*, as seen in both **gold** (left chart) and **silver to the extreme** (right chart). This accounts for the steady, grueling decline in metals for the past several years, but this is about to change radically since the **Commercials** are going *long on the metals* (and they usually always win their bet, i.e., rigging). This is extremely bullish folks. **Below** is an illustration of the Specs in the **silver bars** (top) and the Commercials in **dark red** (bottom). We are nearing capitulation.



The Commercials are long gold for the first time since 2001 (when the current bull market began for metals). So what happens to the Commercials when metals turn up? As **metals analyst Clive Maund** explains, "as soon as **the metals turn up**, the prospect firstly, of their profits quickly evaporating..... will act as a powerful motivating factor to drive a tidal wave of short covering leading to a dramatic spike in gold and silver." He then concludes, "It is a **lonely road** being bullish on gold and silver now, and actually **buying takes real courage**, yet it surely makes *far more sense* now with indicators and sentiment at extraordinarily bullish extremes." Yes, it has been a **lonely road** as stocks hit *nosebleed levels*. But if you have **silver** (and gold) you are about to be rewarded. If you do not, then now is the time! The **silver to gold ratio** is an amazing **85:1** (normal is more like **15:1** or even **30:1**), and both metals are trading *under the cost of production!* This is a no-brainer! You can read **Clive's** article [HERE](#), and see **the above chart** better at [THIS LINK](#) and [HERE ALSO](#).



As you can see above, there are some courageous (smart) buyers of silver as of late. We had a surge in **August**, and the **US Mint** literally ran out of silver at the beginning of **September** and suspended sales. If you notice, the **September** sales surged to **1.9 million oz.** by the **18th**, and another **MILLION** by the end of the month! Guess you didn't hear this on FOX Business channel. Wow!

Regarding the metals space, I need to conclude here, and I appreciate your attention. If you are a client of **IDP Consulting Group**, and you have purchased metals (mostly silver) for physical delivery, professional storage, or a **Precious Metals IRA account**; I want you to be encouraged about what I have just shared with you. I have had less than .08% of my accounts give up in the past few years. I personally keep buying **only one asset** for storage, leasing and my own corporate 401k Plan, and that is **SILVER** (I have virtually no gold). And here is the compelling reason why. **Ted Butler** is the recognized authority on **silver markets**. Since **2011**, **Butler** has documented that **JP Morgan** has acquired a physical hoard of silver in excess of **800 million ounces** (an annual production of silver). In a recent subscriber mailing he put things into proper perspective, in light of all I have also said:

*"As great as **JP Morgan's** massive and historic holdings of physical silver are, remarkably, there is more...At this time, it is accepted that the futures market structure in COMEX silver and gold (and other metals) **is the most bullish it has been in history**. Specifically, the level of short selling by the managed money technical funds is the highest it has been in history. This is clearly bullish as these technical fund shorts have no choice but to buy back their short positions at some point and switch (or try to switch) to the long side. Thus, a massive amount of potential buying is already in place, awaiting only the eventual occurrence of higher prices to be set off."*

*"Amazingly, all it will take for this **price explosion scenario** to unfold is for **JP Morgan** not to add aggressively to short positions when the inevitable rally begins. You heard me right – **the silver price explosion to \$50 and beyond**, along with a commensurate move in gold is only contingent on **JP Morgan** doing nothing on the next rally. Admittedly, **JP Morgan** has been in many similar set ups in the past and has always added aggressively to its COMEX short positions, eventually capping those rallies. This has prompted many to assume that **JP Morgan** will always sell short aggressively on future rallies. But the current set up has never favored **JP Morgan** this much. If what **JP Morgan** has always done holds true again we will get a rally of some significance anyway, just not the big one. **But if JP Morgan doesn't add to short positions on the next rally, the third run to \$50 silver and beyond should be at hand.**"*

Well, there you have it. Understandably, most of you do not watch the markets as closely as I do. But I do. What **Butler** is saying here is astounding. Despite all of the (mid-term) *hoopla* about a great **US economy** and so on, we are facing a **critical mass** and **tipping points** in almost every sector of our society, and around the globe. I take no joy in sharing these things. I just want us to be prepared. As I said earlier (p. 9), the **evil central bankers** have created an inflationary **death spiral** for all of us.

Summary & Conclusion. This has been another **ambitious newsletter commentary**, and I know it takes some time to **digest** what I say in these "epistles." I have heard from many of you since my little **haitus from July**, but I am back and fully engaged. The metals space is about to melt up. **Eastasia** and **Eurasia** are buying *real money* in anticipation of market chaos and genuine price discovery, how about you? As I have just noted, **historic shorts** will lead to a "tidal wave of short covering" and especially for **silver**. The fact that **JP Morgan Chase** is playing both sides of this trade suggests a rather considerable spike. If I can assist in this area let me know as always, or tell a friend.



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In summary, we are repeating the risk, leverage and malinvestment from **ten years ago**, and warnings are not being heeded. All we have done is added **rising levels of debt** in the public and private sector. When the wealth effect and reality collide there will be lots of **E-Trade Babies**, and the **Wall Street casino** operators will simply shrug their shoulders and collect their bonuses. This contagion could also lead to a **monetary crisis** that will cause a new reserve currency that will usher in the end of American Exceptionalism, and *worse outcomes* that I cover in **my book**. As **Huxley** warned, liberty and a permanent war footing *cannot flourish together*, and we have seen the stealthy erosion of civil liberties occurring for the past **18** years. As **Thomas Paine** said, "The duty of the true patriot is to protect his country *from the government*." The American people are too busy fighting each other **to sense the danger from their own government!** "When the wicked rule, *the people groan*" (Pro. 29:2).

Concluding, we seem to be at a **Fourth Turning** as **Strauss and Howe** have researched. A period of societal unraveling. **Paul** wrote in the last days "perilous times" will come (2 Tim 3). The intensity of our **culture wars** highlight this fact. And this only proves that a **secular humanist worldview** is "wholly inadequate" for mankind. In a way, I admire the **radicals**; because at least they are *searching* for purpose - *contingency* - in this life! But only Jesus can provide that. Only He can answer Life's Three Big Questions (p. 12). "If you abide in My word, then you are truly disciples of Mine," **He** said, "and you shall know the truth, *and the truth shall make you free*" (Jn. 8:31-32). This is **Good News**, and you can learn more by **CLICKING HERE** and also click the link there to answer Life's Three Big Questions. So, be safe out there, and thanks for your feedback as always.

Until Next Time, Your Messenger from Pinetop 🙏

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