Dear Kris,

11/26/09

Here is A quick one. But I have bad news. I am on the pack out list. they are shipping me someplace and that means they are trying to stop my writing. So let everyone know what the govt is doing now. I have no idea when or if I will be able to write again

Marty

Armstrong Economics ™

The Sum Of All Fears

A Great Depression

Martin A. Armstrong
former Chairman of Princeton Economics International, Ltd.

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Comments Welcome: ArmstrongEconomics@GMail.COM (Internationally)

The Sum Of All Fears

A Great Depression

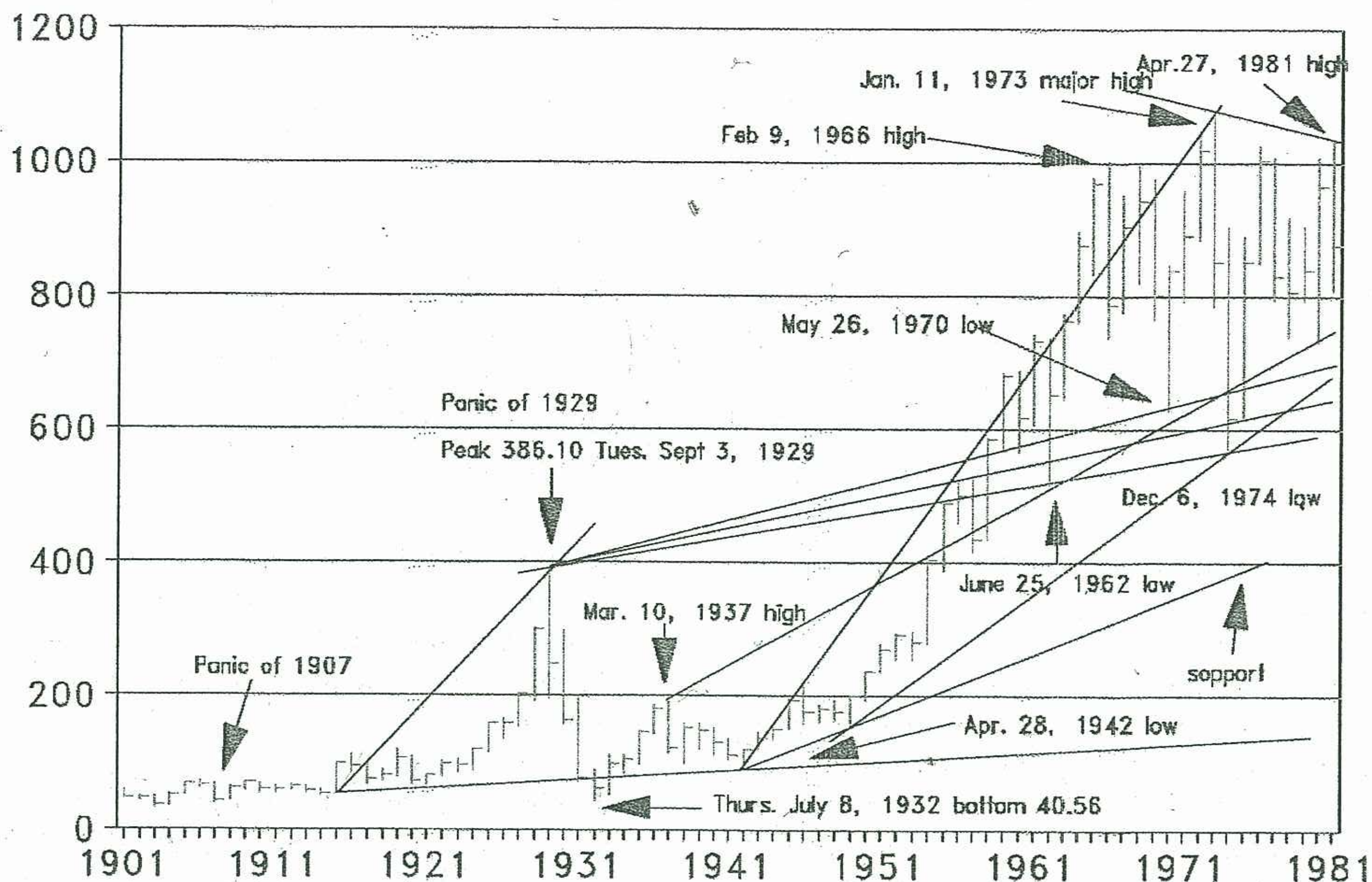
by: Martin A. Armstrong

Former Chairman of Princeton Economics International, Ltd.
and the Foundation For The Study Of Cycles

THE SUM OF ALL FEARS has always been waking up to a **Great Depression.** Unfortunately, most of the analysts that service what the professionals called the **"Retail Trade"** often created so many myths about the markets and the economy, it was hard to ever sort out the truth from the fiction. There are so many myths like interest rates decline and stocks rise, to if the government increases spending it will stimulate the economy. I can say that in the serious world of true international investment, it was often remarked that follow whatever the retail trade analysts say, just do the opposite. What I am about to illustrate is how things are far from random and the nature of all movement is not merely a derivative of the 8.6 year frequency I have called the **Economic Confidence Model**, but we will see that a **Great Depression** is far from what people tout. Most market declines are also very brief and this is something that must be understood. Most panics end in 17.2 months with the worse case extending into 34.4 months for the first break, but duration can be 13-26 years.

THE MYTH ABOUT DEPRESSIONS has always been that the stock market is somehow a leading indicator. Just because the stock market falls, **DOES NOT** signal that there will be a recession nor a depression. The day of the low in 1987, I personally made a telephone call to one of the big retail analysts the crowd of investors was then following. I informed him that today was the low and that this would be followed by new highs. He basically said I was nuts and asked, "Marty. How can you say this is a low when the Dow just fell this much? He pronounced a depression, to both the professionals and to the White House from whom an urgent inquiry came asking if this would be another 1929, the reply was the same. It was a currency event and there was certainly not going to be a depression.

This forecast was **not** based upon my personal opinion. It was based upon the pure computer model that gathered all markets and correlated the entire world. What I am about to illustrate is **OBSERVATION** to demonstrate if you throw away the emotional nonsense and the pre-determined ideas, what you end up with is a new way of looking at the world.

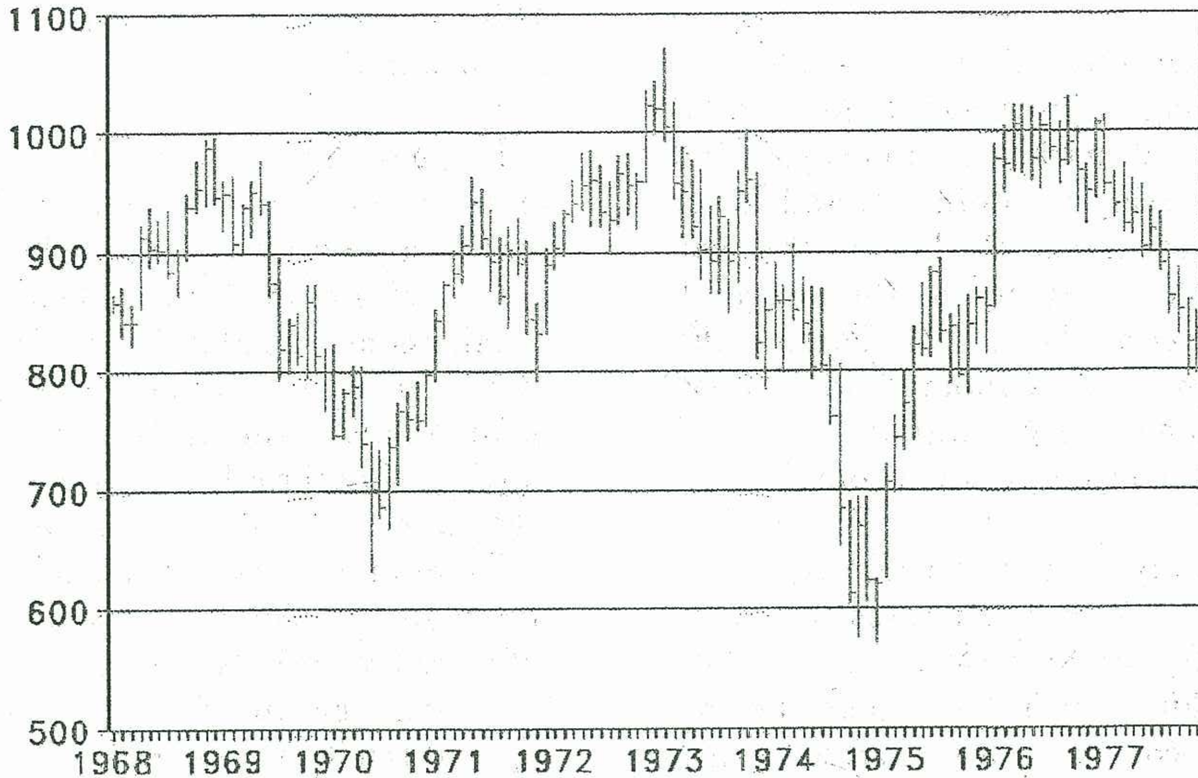


Above, you will find an annual chart of the Dow Jones Industrial Index, covering 1901 to 1981. Let us take a very close look at the various panics. We have 1907, where the stock market bottoms coming off the 1906 high. Next we have Panic of 1917 that creates the low coming off the high in 1916 centered around World War I. This is now followed by the Panic of 1920 and the big bust in commodities coming off the high in 1919. Here the low forms in August 1921. This decline is over in 2.5 x 8.6 or 21.5 months.

Let us now look at the **Great Depression** between 1929-1932. Here we have from high to low 34.4 months (4 x 8.6). What you will notice by observation, is that this is the longest decline.

When we turn to the next decline from the 1937 high, we have the initial low in just 12 months. However from the March 1937 high, the overall economic decline that had kept the stock market suppressed due to war and severe regulation led to the final low being made 64.5 months from the 1937 high (7.5 x 8.6). This is the type of decline that Japan suffered. An initial thrust to the downside, then years of prolonged stagnation. In reality, the 1942 low was the economic low from the 1929 major high and thus the culmination of the **Great Depression.**

The decline from the 1937 high was in reality, phase II. of the **Great Depression** illustrating that the final low in stocks is not necessarily in line with the economy. What this also illustrates, is from the high on September 3rd, 1929 to the July 8th, 1942 low, we have a total of 154.8 months. This amounts to a perfect derivative of the 8.6 year cycle [3 x (8.6 x 6)] = 154.8. This is 3 groups of 51.6 month intervals. Once again, the 8.6 year frequency illustrates its true controlling nature in the flow of time.

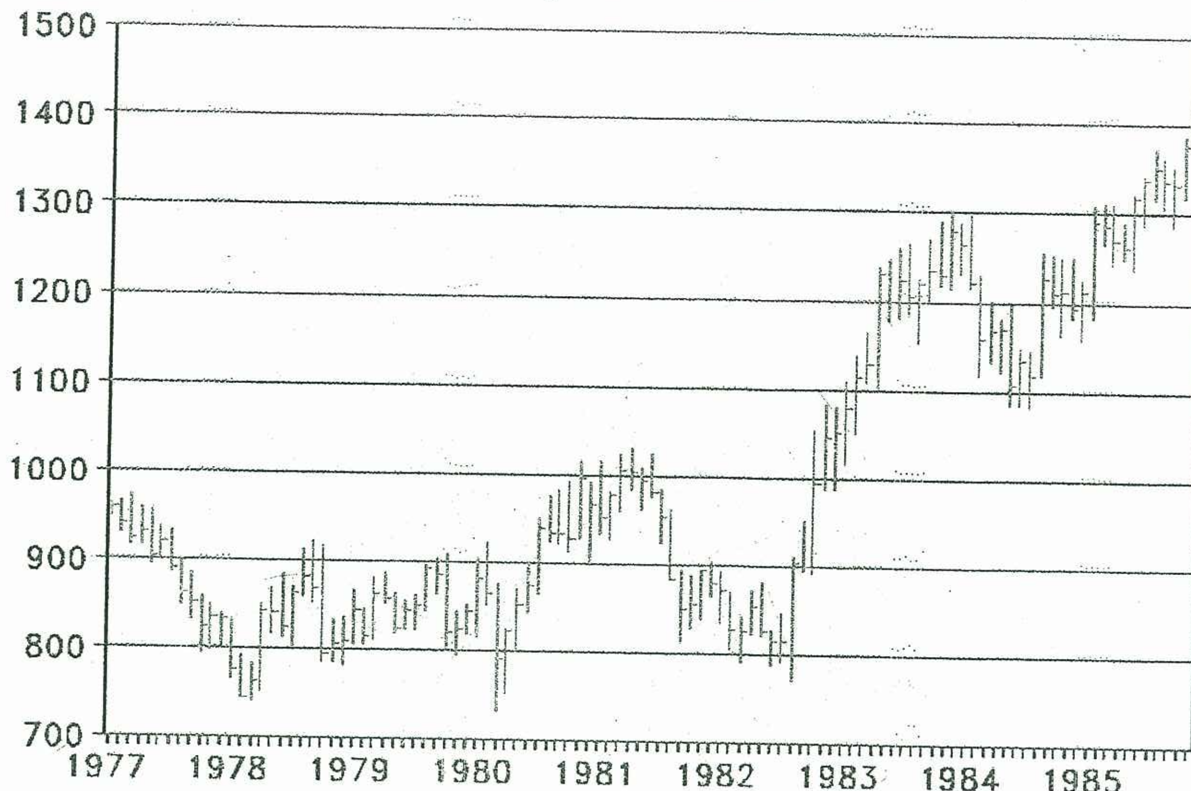


After the **13 Year** (26/2) decline of the **Great Depression** (1929-1942), we have a 17.2 year rally into the 1966 high when the Dow first hit 1,000. We have a swift Panic in 1966, but again it is short and sweet, although quite sharp. We then have a 2 year consolidation into 1968 where a retest of the 1966 high takes place that is then followed by a collapse into the major low in 1970. You will again notice from the **February 9th, 1966** high into the low on **May 26th, 1970,** we have a total of 51.6 months (6 x 8.6). This is the second longest decline where the monetary foundation was coming apart.

In 1968, gold breaks-free from the Bretton Woods accord and a two-tier cash market begins in London on the LME. Gold now trades freely, while it is still on a fixed ratio of $35 per ounce among all nations. However, because the US kept its spending with no limitation to gold, we find Switzerland and France were demanding gold for their dollars. This led to the collapse in 1971 with Nixon closing the official gold window. The floating exchange rate system began there and then. He imposed wage and price controls on August 15th, 1971.

From the lowest monthly closing in 1970 we have a 31.4 month rally into the high of January 11th, 1973 establishing the major high for the 1970s. Here we have a interesting mix with a 23 month decline from the Jan 1973 high into a low December 6th, 1974. This is a hybrid decline that is a blending due to the change in the monetary system from a gold standard pre-1971 to the new floating exchange rate. The 23 month frequency is rare, but it appears when there are currency influences. It is composed of 17.2 interval with the base unity 6 of the dominant volatility model (6x12=72). This is followed by a 17.2 month rally into the highest monthly closing in May of 1976. This is followed by a 21.5 month decline (2.5 x 8.6)

While the Dow rallied with the sharply rising interest rates that hit 17% at the Fed under Paul Volker in 1981 reaching its high on April 27th, 1981 in line with the **Economic Confidence Model** that was 51.6 years from the 1929 high, the decline is again 17.2 months from the highest monthly closing in 1981. Yet, when we look at the low in 1982, we find this is 51.6 months from the 1978 low. This is the beginning of the breakout to the upside that started this current bull market that has been 25 years so far into 2007 from the 1982 low.

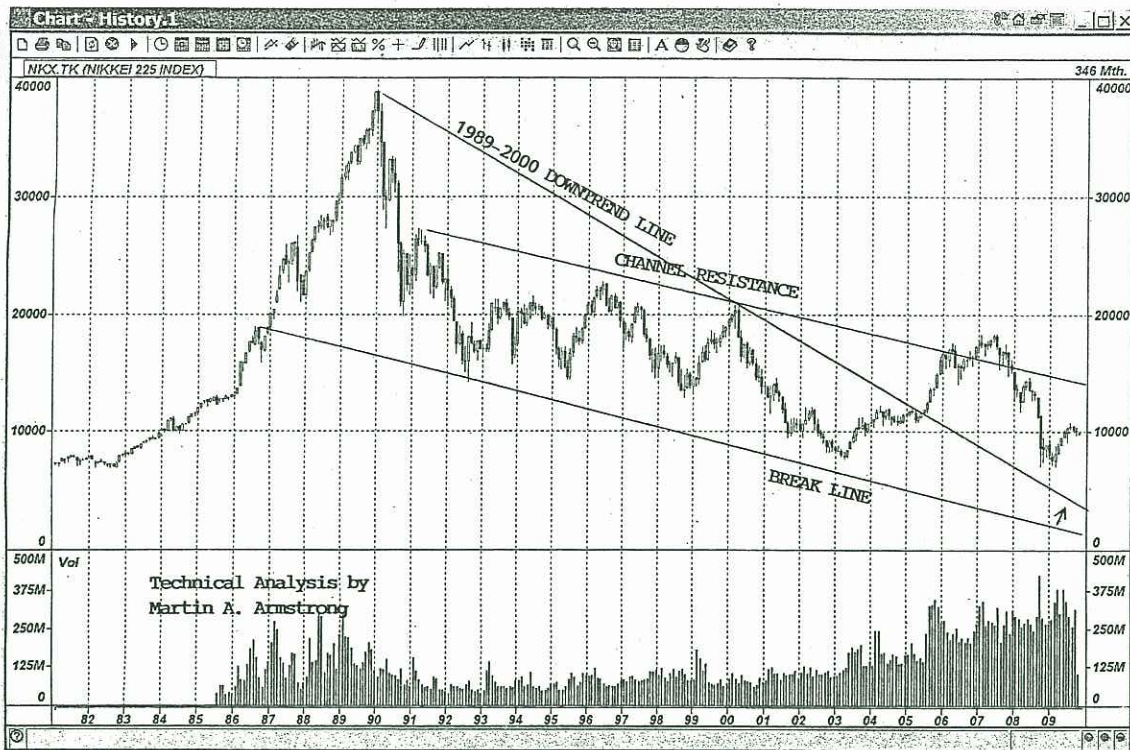


What we must understand is that this if a dance of such dynamic interrelationships, that the intense complexity will start to reveal the hidden order when your mind's eye is trained to see it. You will become like Neo in the Matrix who suddenly starts to see the computer code controlling the images. This is the same insofar as the surface appears to be just random unpredictable movement, yet once you begin to understand **TIME** and how it flows, the world around you will never be the same.

In 1985, we took the back page of the **Economist** to forecast the shift from the **Public Wave** to the **Private Wave** for 3 weeks in July that year to establish a record that no one could even claim this was a forecast made up after the events. Look closely at this 1978-1982 period of 51.6 months. This was in fact a perfect transitional wave marking the dawn of a new era. This was the death rattle of the **Public Wave** and the birth of the new **Private Wave** that would be market by a shift in confidence that in fact would be marked by a much higher degree of volatility.

The next two derivatives looking forward are 30.1 (3.5x8.6) and 34.4 (4x8.6). This will produce targets of 2012 and 2016, where the major high should be found. The 2012 target is also 34.4 years from the 1978 low. The next harmonic or derivative is 38.7 (4.5x8.6). This added to the 1978 low brings us to also 2016. This is illustrating that there is a deep order to what far too many people have assumed was just chaos.

Even though the 2007 high is **NOT** going to be the final high in this bull market, there were still signs that it would produce a minor high or temporary high, while historically, our model had forecast that the bubble would be in real estate over 25 years ago for the 2007 top. For example, 31.4 years back from 2007 brings us to the minor reaction high in 1976. If we go back 38.7 years, we come to the reaction high in 1968. Go back 64.5 (7.5x8.6) and we come to the 1942 low. Go back 77.4 years (9x8.6) and we come to 1929. Go back 86 years (10x8.6) and we arrive at the 1921 low. Go back 103.2 years (12x8.6), and we come to the low in the Panic of 1903. People lie or fool themselves into believing what they want to believe, but numbers do not lie. There is a hidden order if you wake up and smell the roses before your own funeral.



When we look at the Japanese NIKKEI 225 Index, we can see a difference in how a **Depression** manifests compared to one that is interrupted by war as what took place between 1929 and 1942, within the United States and Europe. There, the US low was established in 1932 just 34.4 months from the high. Yet the entire true economic depression lasted well into 1942 completely a 154.8 months wave (3x51.6). This amounted to 13 years.

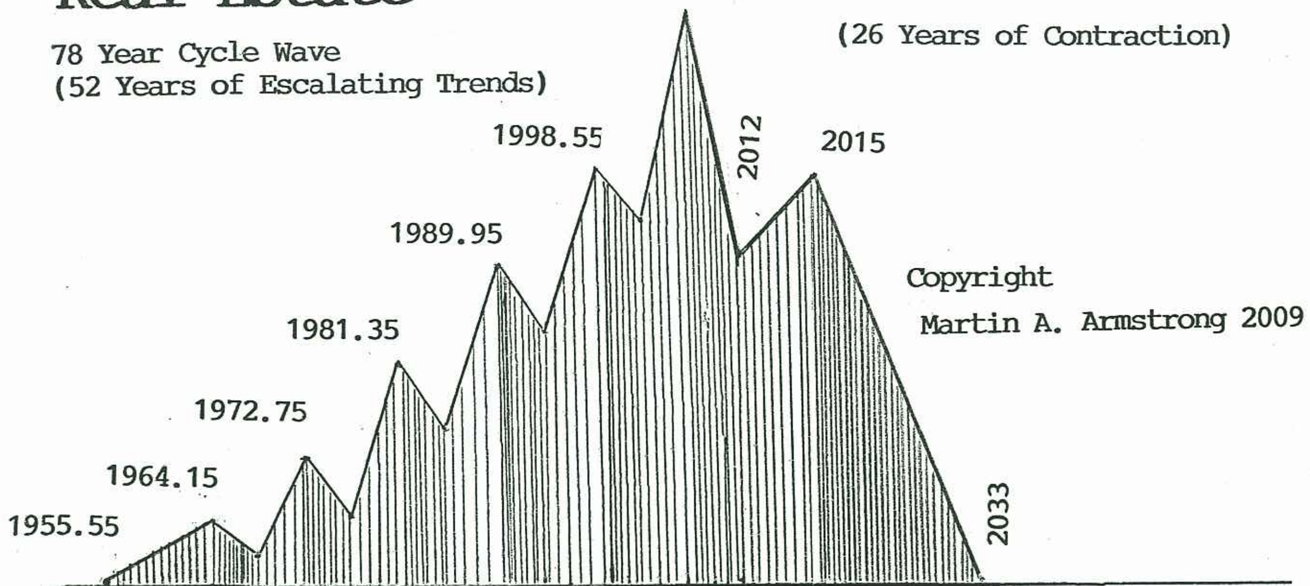
If we look at Japan, a 13 year target brought us to 2002/2003 time period and in fact we have a major low in early 2003 with a strong rally into 2007. But we have exceeded this target and made new lows on this crash as well. This high in 2007 was 17.2 years from the 1989 high. That on the monthly level is 206.4 months or (4x 51.6). The next harmonic is 21.5 years that is (2.5 x 8.6 yrs) that is also 258 months (5x51.6). This brings us to the precise target of **2011.45** on the major **Economic Confidence Model**. If we do not see a final low on that target but a high of some reaction, this will then put the the target into 23 years for 2012 with the worst extension being 26 years into 2015. What we can see is the critical hidden order that exists. However, what we must understand, is this will also correlate to the rest of the world.

The Japanese Depression is by far the most disasterous in modern times. Even the 26 year Long Depression from 1878 high in the USA was not one that led to a final low at the end. It was more akin to the 1929 Great Depression of only 13 years where the low in stocks took place on the intial thrust or break-to-the-downside that ended in 34.4 months.

Most depressions, even the studies that were conducted on the Roman economy, show that the low in investments that are liquid and thus movable (other than real estate), tend to take place on that first thrust to the downside. The prolonged economic depression drags out for no doubt 13-26 years. Nevertheless, the stock type market (movable assets) will begin to rise even in the middle of the economic depression itself.

Those who always talk doom & gloom, know not of what they are saying. Even Mr Ben Bernanke's claim that the bailout of the investment banks (speculators) like Goldman and AIG, were somehow necessary to prevent a Great Depression, was just bullshit. If he really believed that, then he should resign for he doesn't know half of what he claims about the Great Depression. It was <u>not</u> bailing out the speculators that would have prevented the Great Depression. It was a debt default by Europe and South America that wiped out whatever the stock market failed to get. Stocks can crash, but it is debt that creates depressions when it defaults.

Real Estate



NOT everyone it seems is capable of dynamic understanding and analysis. A friend of mine was a pilot in the Korean War. After his military term was up, he became an airline pilot flying for Japan Airlines. He explained to me how the vast majority of pilots who had flown prop-planes were unable to make the transition to jets. The reason why was the ability to reason quickly, dynamically, and transmit that reason into instant movement. For you see, when one is flying in a prop-plane, you see another plane on the horizon and have enough time have diner. In the world of jets, the speed was now so far that if you did not respond instantly, you collided.

There are people who will criticize what I write because they are not what one would call capable of being dynamic in their understanding or thinking. This is the difference between a domestic fund manager and a hedge fund manager worth his weight in gold. One only sees a **FISH BOWL** and nothing beyond that, where the other must be watching everything in all nations at all times. One is flying just a prop-plane and the other must fly the jet at supersonic speeds. It's a whole new world out there, and the sad part is we have nobody steering the plane who even understands what I am talking about. They are living in their **FISH BOWL** and anything they cannot comprehend, well it must be voodo, because they do not understand what someone is talking about.

If you put together a room of the billionaires pre-2000, you will quickly find that the majority 72%, made their money in real estate. About 26% made it from business, yet only about 2% made it from the stock market investing.

If we look at post-Dot.Com, the profits shift from real estate to business being the creation of this technology that is valued in stock prices. That still does not make then purely investors earning money from the market. This does NOT mean you should be abandoning your investment strategy and buy real estate. What I am illustrating is that this cycle is the Bubble Top in real estate, and as that now collapses into a black hole, from a true economic perspective, we may not see a final low for at least 13 years with prolonged stagnation going out for about 26 years. That will line up with the peak of the current 51.6 year **Private Wave** of the **Economic Confidence Model - 2032.95.**

The balance of this **Private Wave** should focus primarily within movable assets. By that statement, I mean we should be looking at the shift to assets that have value globally and can flow around the world. Real Estate has seen its day. With the contraction in available money for long-term financing due to future risk, the price of real estate is being deleveraged and must contract.

Subsequent to my report on Real Estate on Nover 15th, 2009, it has made the news that now 25% of all homes are worth less than the total mortgage outstanding. The Wall Street Journal made that announcement on Nov. 24th, 2009 (yes 8.6 days after the report), and it has been carried by just about every news desk around the world.

This illustrates we are in a major economic contraction focused in the real estate sector that is separate and very distinct from the view on the stock market.

THE WALL STREET JOURNAL.

TUESDAY, NOVEMBER 24, 2009 - VOL. CCLIV NO. 124 - ** $2.00

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DJIA 10450.95 ▲132.79 1.3% NASDAQ 2176.01 ▲1.4% NIKKEI Closed (9497.68) DJ STOXX 50 2522.54 ▲2.2% 10-YR TREAS ▼ 3/32, yield 3.369% OIL $77.56 ▲$0.09 GOLD $1,164.30 ▲$17.90 EURO $1.4968 YEN 88.97

What's News–

Business & Finance

Stocks snapped a three-day losing streak as strong housing data and comments from a Fed official sent investors back into the market. The Dow industrials gained 132.79 points, or 1.3%, to 10450.95, a high for 2009. The dollar fell and gold rose to a seventh exchange record in a row. C1

■ The Treasury sold $44 billion in two-year notes with a yield of 0.802%, the lowest yield on record achieved in a two-year auction. C8

■ HSBC has told retail clients to remove their small holdings of gold from its New York vault so the bank can make room for more lucrative institutional customers. A1

■ Some federal officials are pressing the U.S. pay czar to ease up on AIG compensation

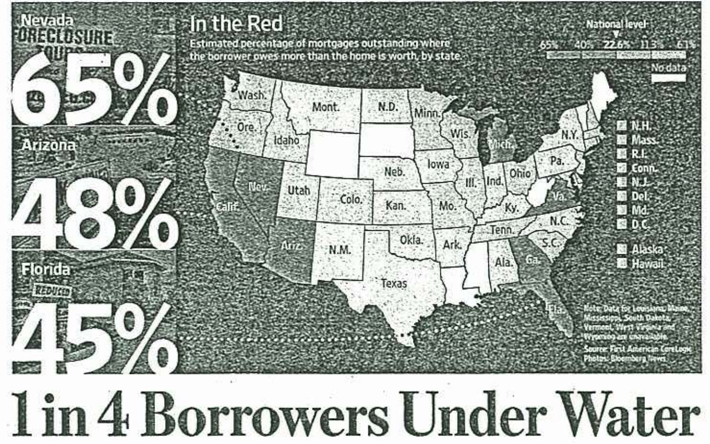
World-Wide

■ Obama convened a council to reach an Afghan strategy. The White House said the president could use an evening meeting to lock in a decision on whether to commit tens of thousand of new U.S. forces to the war. Bombings and shootings killed 12 people across Afghanistan, including four U.S. troops and three children. A16

Pakistan's army fought militants for control of a district near the Afghan border, killing 18 of them.

■ Congressional Republicans have started probing climate scientists whose hacked emails suggest they tried to squelch dissenting views. A8

■ Greenhouse gases in the Earth's atmosphere reached record levels in 2008, the U.N. weather agency said.



1 in 4 Borrowers Under Water

Real Estate has been the biggest of all investment sectors. The very reason we had double digit inflation going into 1980 that caused Volker to go crazy with the Fed discount rate, was that 40% of the CPI back then was made up of housing prices. The government revised that CPI and removed the real estate replacing it with rents on the theory that housing prices were investment and not truly the cost of living.

This has profound implications for the future that <u>must</u> be understood. As we see real estate implode, this will have a very negative impact upon state governments. For you see, they have become addicted to the rising values in property to tax them to expand their governmental powers.

Can you image what would happen if the government came in and started to tax you on your investments every year for just owning them with no sales? They would in one stroke of the pen, destroy the whole foundation of the economy. Yet this is in fact what they did to the average person. The state has blocked wealth accumulation that Marx argued the rich were doing. The bulk of the average person's earnings is taxed preventing long-term accumulation and that has been masked by the inflation transferral to real estate for the last 80 years. But as that comes to an end, we will see the naked truth exposed.

The stock market will **<u>NOT</u>** be a leading indicator that the worst is over. For you are are about to experience the second phase shift that often appears in a **Private Wave.** This will be the shift from **immovable** investment to the **movable** that has taken place even back in the Roman times during the 3rd Century.

If we approach this idea of what constitutes a **Depression** by simply the one-dimensional view that the stock market is everything, you will end up in a gutter drinking rain water. This is just not how things work. People look at the stock market because it is tangible and easily quoted. Real Estate, for example, is no anything like stocks. One building or home is not the identical value of another. Where it is located is just as important as the structure itself.

Even the figures we are looking at reported around the world that 25% of the homes are worth less than the mortgage, this is only on a very superficial market-to-the-market. It does not reflect homes with paid down mortgages or those whose mortgages may have but a decade left and the decline in value is perceived savings.

The crash is far from over and we should expect this number to rise to about 72%. This will still exclude non-mortgaged properties. This will lead to serious bank problems that all the bailout money went to the speculators like Goldman Sachs. What is coming behind this, is the dwarfing of the S&L Crisis that was just a dress rehearsal for today.

Movable vs Immovable

The Wall Street Journal also reported on November 18th, 2009 in its Personal ~~Joural~~ sections. the boom taking place in the **High-End Collectibles.** This includes coins, stamps, gem stones, wine, and art. This goes also hand-in-hand with **GOLD** and is part of the natural course of events when **CONFIDENCE** is starting to decline in **PUBLIC SECTOR.**

What emerges in times where the confidence in government is sharply declining, is the shift from **immovable** assets (real estate) to the **movable** asset class that includings gold, collectibles and to a lessor extent, stocks. This is also why Roosevelt confiscated **GOLD.** He knew it could be hoarded and thus defeat his objectives and to garnish the profits from the devaluation of the dollar (meaning inflation in private movable class of assets).

Maximinus I

Even during the collapse of Rome in the 3rd cent., the ancient Marxist **Maximinus (235-38AD)** declared **ALL** wealth belonged to his state. This led to the most dramatic contraction in wealth & money supply ever in history. Wealth was hidden and hoarded inclusing gold and collectibles that back then was also coins, gems, and fine art such as statues and rare books. At Herculaneum burried with Pompey in 79AD, there was the villa of papyri housing a rare collection of books.

PERSONAL JOURNAL.

Holiday Outfits: Festive or Frumpy? ON STYLE D8

Soccer World Order Upset by Upstarts SPORTS D7

Dialing into food companies' nutrition hotlines — CRANKY CONSUMER D2

Gift cards are nice, but cash is nicer, our columnist says — CHEAPSKATE D3

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OLOGY ...ssberg

...kes Leap ... to Aid ... Readers

The Million-Dollar Penny

Investors Drive Up Prices of High-End Collectibles as Less-Rarefied Items Languish

By Jeff D. Opdyke

When is a penny worth a million dollars?

When it's a 1795 reeded-edge U.S. penny, one of only seven known to exist. It recently sold for nearly $1.3 million at auction—the first time a one-cent coin has cracked the million-dollar price barrier.

It follows the sale earlier this year of a high-end collection of rare half-dollars that fetched $1.1 million at auction. At the same time, popular $20 U.S. Saint-Gaudens gold pieces from the early 20th century are commanding $1,700 apiece, sight unseen, in decent, though not perfect condition, topping a record high last seen more than two decades ago.

Today's coin market is largely defined by high-end investors grabbing the rarest of coins that infrequently come up for sale; gold bugs snapping up gold coins; and speculators bidding up prices for coins whose grades they suspect are too low, in the hopes of securing a higher grade and selling them for more money. Yet ordinary collectible coins—the nickels, dimes and quarters that are nice but not great—have fallen in value by as much as 30% over the past year, say coin dealers and auction-house executives.

"It's easier to sell a $100,000 coin today than a $1,000 coin," says John Albanese, founder of Certified Acceptance Corp., based in Bedminster, N.J., which verifies graded coins.

That mirrors the trend in other collectible markets, such as those for fine art, wine and jewelry. The high end of these markets is garnering big interest as investors increasingly worry about the weakening dollar and the potential for future inflation. Yet lower-end collectibles are struggling in the aftermath of the financial crisis. The Liv-Ex 100 index of investment-grade wine in October was down about 11% since peaking just before the economic downturn. An index of contemporary art is off almost 50% in the 12 moths ended in September, according to Artnet.com, an art information and services Web site.

"Anything that is commercial or easily replaceable isn't selling so well right now," says Rahul Kadakia, head of the jewelry department at New York auction house Christie's. "But if you have something great, there is still a very big market for it, and there are buyers who want to spend to get those great things."

At an October Christie's auction, the 32-carat white Annenberg Diamond sold for $7.7 million, or more than $240,000 per carat, shattering world-record prices for white diamonds. Last week, Andy Warhol's 1962 silkscreen painting "200 One Dollar Bills" sold for $43.7 million to an anonymous buyer at a Sotheby's auction in New York—more than three times its high estimate of $12 million. Auctions this fall have established new price records for a host of fine-art photographers. And blue-chip wines such as Bordeaux from Chateau Lafitte, Petrus, Le Pin and Ausone "are on fire," says Charles Curtis, head of Christie's North American wine sales.

Sales of gold coins are up as much as 75% at Dallas-based online auction house Heritage Auctions Inc. "because there is just so much demand," says Jim Halperin, the auction house's co-chairman. "Even Warren Buffett is talking about inflation these days, and people I talk to who are buying coins are worried about a massive onslaught. They're buying coins because they want to hold something tangible that will do well."

Coins are generally graded on a scale of 1 ...

▼ $1.3 million
1795 reeded-edge U.S. penny (front and back)

Auction Heroes

Here are some high-end items that recently sold for eye-popping prices.

▼ $7.7 million
The Annenberg Diamond

▼ $27,600/12 bottles
1989 Petrus Bordeaux

▼ $43.7 million
Warhol's "200 One Dollar Bills"

Credits: Goldberg Coins (penny); Getty Images (diamond); Christie's Images (wine); Associated Press (Warhol)

Human nature has never changed. There were gem dealers and art dealers in ancient times just as there were coin dealers. Being able to put together a dynamic understanding of how all these trend inter-relate is vital to comprehending the interworkings of the economy as a whole. The peak in 1966 that I personally witnessed working for a coin/bullion dealer in my high school years, was a major high. For example, the 1877 Indian Head penny of the USA reached a high price of about $1,000. took decade to ever exceed. Pennies were the main coins of that era. Finally, today this coin in MS-60 grade is $3,500. Even the coins that the New Yorker mentioned had made me a millionaire briefly in 1996, are about $1,200 a roll of 50 again.

SICILY

Silenus,
silver coin from Naxos.
c. 460 B.C. Diameter $1^1/_4$".

Apollo,
silver coin from Catana.
c. 415–400 B.C. Diameter $1^1/_8$".

Alexander the Great with Amun Horns, four-drachma silver coin issued by Lysimachus.
c. 300 B.C. Diameter $1^1/_8$".

There is evidence that ancients collected coins. Romans were inclined to assemble portraits of the emperors. We even have a wide practice of issuing special commemorative coins not just for events in history, but we will find special issues of an emperor with the portraits of famous respected emperors with legends stating they are now gods. Just as we will have a special commemorative issue of coins for each state, they did the same.

Above are two Greek issues from Sicily. In top quality, today we may see these exceed $1 million in this bull market up from the **$200-$300,000** levels of the 1990s. Collectibles are performing the same as they have always done. To the right are Roman coins and to just below, you will find the ancients even collected coins by who was the artist that carved them. To the left we have the same coin rendered by who has become known as the Greek Master Engraver by the name **Kimon** and the later master **Euainetos.** Such collecting is still going on thousands of years later.

When I was still a gold dealer back in the 1970s, I had the privilege of buying what was known as a **Money Skirt.** These were in fact worn by women made out of gold wire woven into clothing and then painted usually black. This is how Russians fleeing Stalin got their wealth out of the country using **Movable** assets. Whenever wealth is fearing the state, it will begin to be hoarded. That trend will be manifest in the collectibles market. This is no different today than from what I discovered in the study of ancient economic trends. There is always a difference between **Movable** and **Immovable** assets in a criis.

Julia Mamaea

Uranius Antoninus

Maximus

Paulina

DIVA
Commemorative

Gordian Africanus I

Syracuse
Silver

Kimon

Dekadrams

Euainetos

EPILOGUE

One of the first aspects of **Movable** v **Immovable** object class that I noticed was during the late 1960s to early 1970s. It was interesting to see so many foreign coin and stamp dealers coming to the United States and buying European material, especially anything from Germany. What had taken place during the war, was that capital fled in the form of these **movable** assets and the net was the rarities ended up in USA. Now that the Europeans were getting back on their feet, they began to buy back European collectibles that migrated to the USA. Traveling in hope of finding rare US collibles in Europe, was more of a fluke, not truly a widely profitable venture. Of course, one could find the ancient coins, but not US. That has not been the flow of capital. Thus, just as the USA ended up with 76% of the world gold reserves by 1944 and Bretton Woods, this same trend manifested within the collectibles as well.

When I traveled to Japan in the late 1980s and early 1990s, here too one would see adorned in client offices magnificent fine art. The Japanese were big buyers of rare art and antiques. This is a **movable** class of asset compared to real estate and to some extent stocks.

This is why those who just proclaim a **Depression** is at hand often fail to truly understand what they are saying. **YES** we will see rising unemployment in real terms into 2011. We should also see a continued sharp decline in real estate. This will set off a rising trend in state and local taxation and this can lead yet to political instability.

Despite these trends, there will be counter trends with rising gold and stock values in general. Just as we saw stocks rise between 1932 and 1937 as unemployment continued to rise sparking the creation of the WPA in 1935, we are experiencing the same mixed trends. It is the global mix of capital flows that must be understood. It is hopeless that we should expect any real preventative measures from government. They know not what they do, and they are not interested in learning how to deal with the new global economy,

DEPRESSION is not a trend where everything simply goes down. There are a host of interrelated trends that are so dynamic, it would truly make you head spin. This is why the computer was never wrong on any major trend ever. It was no personal opinion. It was correlating trends in so many areas that the rise in collectibles is in part a full confirmation of the shift between **PUBLIC** and **PRIVATE CONFIDENCE**. The government is just too damn stupid to comprehend this type of complexity. Combining this with the fact that events can be forecasted to a specific day decades in advance, and what you get are the insane allegations that I manipulated the entire world economy. This is not some James Bond movie. Unfortunately, these are the people like Nancy Page at the Commodity Futures Trading Commission who are in charge. It does not matter what evidence you show them, no light ever goes off. They see the world as random and every move must be caused by some individual. As long as this type of thinking dominates government, we are screwed.

I can also not explain why American politicans lack such worldly views compared to those of Europe and even China. It seems to be the lack of education is dynamic concepts, and that causes the idea that everything can be reduced to a single cause that does not exist. Just as the CFTC thinks that a forecast comes true only because the number of people who follow it, causing manipulation of the economy collectively, we are doomed by this same way of thinking that we can reduce this complexity to a single explanation and cause.

This was real estate's cycle into 2007. The rising profits lent confidence by banks to overlend and they dramatically increase the leverage right on time for the top. **THEY DID NOT CREATE THE BULL MARKET. THEY ONLY ACCELERATED A PRE_EXISTING TREND.** We cannot reduce this to blame just the CDS creators. This was a disaster long in the making. It is just **TIME** and capital concentrated in this real estate sector until the bubble burst. Truth lies within the complexity. It is time we start to understand how things truly work.