



The McAlvany Intelligence Advisor

An in-depth monetary, economic, geopolitical and precious metals analysis

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Editor

AMERIKA 2012: THE MAKING OF A DICTATORSHIP

I. THE MAKING OF AN AMERICAN DICTATORSHIP

*“North America was a great place to live in the post-war era – which was one of the greatest eras in history. And I think a lot of us took that for granted because that was all we knew. **It’s coming to an end!** It’s a terrible development, because if you destroy the entire middle class, you are going to turn America into a Third World country. And you run the risk, in the worst circumstance, of revolution.”* – John Embry, Chief Investment Strategist, Sprott Asset Management

As we move rapidly toward Election 2012, the political left and the globalists are clearly in the driver’s seat in America. They have almost complete control of the Congress, the judiciary, the media, the education system, and

the medical system, and they are driven by the most Marxist administration since the “fall of communism” in 1991. **The questions need to be asked: Where are they taking us? What is their ultimate goal, or endgame? The answers seem quite clear to this writer and to a growing number of thinking Americans: The Obama regime is turning the US into a socialist/fascist dictatorship (not unlike those of Nazi Germany and Fascist Italy in the 1930s).** They have systematically set up the machinery for a total police state in the president’s first term (or, more accurately, dramatically expanded the police state machinery that George W. Bush began to build after 9/11).

Congress, the judiciary, the Federal Reserve, the media, and the financial/corporate leadership on Wall Street and in some of America’s largest and most powerful multinationals have cooperated fully with the administration in the conversion of America into a fascist dictatorship –

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just as similar power centers cooperated with Hitler in the early 1930s as he moved to seize total power. **The stage is now set for the establishment of a total American dictatorship in this administration's second term, if it is returned to power – which at this writing seems like a high probability.**

New layers of controls and the abolition of Constitutional protections are being added **virtually every week** by the administration via executive orders, by the bureaucracy via thousands of new regulations, and by the judiciary. **This writer strongly suspects that the powers-that-be will move sometime within 6-12 months of their re-election (probably in response to a “created crisis” that will be blamed on the political right, Tea Party, patriot movement, etc.) to establish the dictatorship.**

A. WHAT ARE THE KEY ELEMENTS IN ESTABLISHING A DICTATORSHIP?

As *MIA* has written on a number of occasions over the past few years, the political left has for the past 60 years had a comprehensive, systematic strategy for converting America from a Constitutional Republic to a socialist dictatorship – which they have been patiently implementing since the 1960s as the American public remained sound asleep – culminating in their taking the White House in 2008. Now, in the summer of 2012, they are so confident that they have already won that they are no longer even trying to hide their new “people control/police state initiatives” or their intentions from the American people. **(Note Obama's open endorsement of gay marriage and the homosexual movement in May – which has been one of the political left's key elements for destroying the morality of America. No incumbent leader in the world, while running for re-election, would take such an “in-your-face” step unless he believed his election and agenda were already in the bag.)**

Some of the **political left's key elements for establishing a dictatorship in America (or anywhere) include:**

1. CONTROL ALL MONEY AND FINANCES – The global socialists and political left have been intentionally and systematically destroying the US financial system – with help from their friends on Wall Street, the Fed and in the US Treasury. They deliberately encouraged Americans to go into massive debt – which is now destroying middle America. They are destroying the wealth of America, the jobs in America, the savings of America and Americans, and intentionally “gutting” the middle class – a fundamental tenet of Marxism. **They are intentionally destroying the US dollar as they move us**

toward a socialist world government and one world currency.

They are trying to force all Americans into a cashless society, where all transactions have to be electronic via debit and credit cards and electronic transfer of all payments; where checks are eliminated (i.e., in 2014); where all transactions can be monitored by the government; and where they can pull the plug on your spending if you are politically incorrect, “suspected” of wrongdoing, or deemed to be a “threat to the state.” (Sounds a bit like the “666 financial regime” of Revelation 13, doesn't it?)

As they hyperinflate the currency, they are now moving to bottle up all financial assets inside the US via exchange or capital controls (which could be imposed over the next 6-12 months); abolition of all financial privacy on a global basis; and **labeling of any American who has assets outside the US a tax cheat, unpatriotic, anti-American, and possibly even a “suspected” money launderer, drug dealer, or terrorist.**

[**ED. NOTE:** Hitler, Stalin, Castro, and virtually all dictators have taken draconian moves to keep their citizens from escaping with their wealth or assets. The US government is quietly and gradually implementing such controls at this time.] Over the past three weeks the government has passed legislation that **if bureaucrats “suspect” you of underpaying your taxes (not “prove” it, just “suspect” it), they can freeze your passport.**

To discourage Americans from expatriating and taking their after-tax assets abroad, they will seize up to 60% of those assets should you decide to renounce your citizenship and leave. And they have introduced legislation that **if anyone expatriates, they will be denied ever visiting the US again.**

2. CONTROL THE MEDICAL SYSTEM AND THE PEOPLE'S HEALTH – Obamacare (the regime's taking over and socializing of the entire US medical system) is **very similar to the socialist control of the medical system in the former Soviet Union and in Nazi Germany –** where (in the latter), the large pharmaceutical companies (think IG Farben) and doctors cooperated with the regime, put restrictions on medical care for certain groups (i.e., the aged, infirm, handicapped, the Jews, the “politically incorrect”), became heavily involved in euthanasia, and basically were in control of the health of the nation. [**ED. NOTE:** Interested readers might want to google writings on “**Nazi doctors.**” Very frightening how Hitler used them in his police state!]

It should be remembered that a sick or unhealthy population is much more easily controlled by a dictator. The government (including the CDC, the big pharmaceuti-

cal, and FDA) is **trying to force its highly toxic inoculations on all US school children and eventually on the whole US population** – in spite of the massive evidence that these inoculations weaken the immune system, make people sick by the tens of thousands, and have killed thousands of people. Leading global socialists like Henry Kissinger, David Rockefeller, and others have long advocated **mass population control** – which could only be accomplished via **massive manmade plagues** – which could also be used to stampede the people into **mass inoculations**.

Note the US government’s scare campaign over the past year or two regarding the so-called “bird flu plague” – which was and is non-existent. And note the government’s experimentation with deadly laboratory viruses, which if released could kill millions of people. **Why are these being developed in government laboratories?** This is a good question that should be pondered!

Will the aged be progressively denied health care in the new US socialized medicine system – and will euthanasia be a major new reality in America? Read the 2,700+ page Obamacare law and you will conclude that **the state (just as in Nazi Germany) will soon have the power to decide who will live and who will die.** You can also expect to see most alternate medicine, modalities, and supplements outlawed in the US after the socialized medicine bill takes affect in 2014. **To receive most alternate medical treatments, you will have to go to free countries where medical freedom is still tolerated.**

3. CONTROL FOOD SUPPLIES AND THE QUALITY OF FOOD – Dictators have long used food to control populations. Nikita Khrushchev (the Soviet dictator) **starved seven million Ukrainians to death in the 1950s by denying them access to food.** Other dictators throughout history have done likewise. Today the global socialists in America are pushing GMO grains (strongly suspected of being very detrimental to health) and non-reproducible seeds – **so that a handful of US multinationals (closely associated with the global socialists) such as Monsanto can ultimately be in control of global food supplies.**

The amount of harmful chemicals, hormones, and other destructive substances in Americans’ food, meats, poultry, etc. – which are known to be cancer-producing and immune-destroying – are incredible, **all with the blessing of the FDA, which exists to run interference for the US multinational food and drug producers.** The US government is now moving to stamp out small farmers, to outlaw production and sales of raw milk and other non-chemicalized food, and is even passing regulations to make it illegal to have a small garden growing veggies.

Watch the new initiatives over the next year or two to make it illegal for Americans to become more self-sufficient in food. Dictators always try to control food production and distribution – a proven way to control a population.

4. CONTROL OF ALL INFORMATION – It is essential in the formation and maintaining of a dictatorship that the people be dumbed down, that all news and information be managed by the regime, that all opposition information or communiqués be censored, and that individuals or organizations opposed to the dictatorship be silenced through censorship, imprisonment, or “termination with extreme prejudice” (as the CIA would say). Reflect on the Soviet’s Pravda propaganda machine, or Joseph Goebbels’ Third Reich propaganda machine.

Reflect on the Russian journalists who have been murdered over the past few years (even after the so-called fall of communism) because they wrote critically about the Putin regime. If or when a dictatorship is imposed in America, the first thing to be eliminated will be all alternate sources of information which tell the truth about the regime and its agenda.

It is well known to all “thinking” people (sadly, only a tiny minority of Americans today) that the mainline television networks (ABC, CBS, NBC, CNN, CNBC, etc.) are controlled by the global socialist establishment and their news content is highly managed, controlled and censored. (Likewise the major newspapers and news magazines such as the *New York Times*, *Los Angeles Times*, *Chicago Tribune*, *Time*, *Newsweek*, and *US News and World Report*.) Consider how all news and information about Obama’s Kenyan birth, communist/Islamic background, and massive power grab is completely censored from the mainline media.

However, the Internet represents a major leak in the global socialists’ information monopoly – with hundred of blogs, newsletters, and other publications telling the “other side of the story.” So, before a total dictatorship is imposed on America, the Internet must be interrupted long enough to censor or purge all alternate, regime opposing (or exposing) sources of information. The Congress has already granted this power to Obama – who has been granted the authority to shut down the Internet at his whim for four months, and then to continue that shutdown for another four months, then another, ad infinitum. **When the Internet is turned back on, all alternate, “politically incorrect” sources of information on the Internet will be gone.**

So, if or when the Obama regime moves to establish a full US dictatorship (probably in the early days of its sec-

ond term), **all maverick, conservative, alternative, regime-opposing sources of information (including newsletters like this one) are likely to be closed down or just quietly disappear (possibly along with their writers as well).**

5. ESTABLISHMENT OF A TOTAL SURVEILLANCE SOCIETY – All dictatorships (as was so clearly illustrated in George Orwell’s classic *1984*, and in the Soviet, Nazi, and Castro regimes), must watch, monitor, and listen to their subjects continually, so as to root out and destroy all opposition and dissent before it becomes a real threat to the regime. **Intrinsic to all dictatorships is the paranoid need to watch everyone (i.e., their comings and goings; also to listen to and record their phone conversations, and, in our era, to monitor their emails and social network communiqués) and to observe and record all financial dealings and travel movement. Total people control is the objective!**

All of these people-surveillance measures (and more) are now being implemented in the US – including surveillance cameras now being installed in most public areas; listening to and recording **all** cell phone conversations; the recording of **all** Internet communiqués, Google searches, websites visited; and **the soon-upcoming deployment of 30,000 drones (spy planes) that will be able to monitor the entire continental US and all outdoor people movements.**

The US government is aggressively pushing the entire world to deploy such mass people surveillance measures – including total global financial surveillance and controls. The UK and Europe are the first to comply, and are well advanced in deploying such measures. **The goal of the global socialists is to impose a giant worldwide people surveillance network as a necessary stepping stone to a one-world government or dictatorship.** (This will be much more difficult in poor Third World countries and in Asia and Africa.)

6. CONTROL OF PEOPLE MOVEMENT – Dictatorships must control the movement of their people – **both inside of and outside of their borders.** This is seen in all dictatorships. Recall **the Iron Curtain**, which bottled up the people of the former Soviet bloc, restricted their movements, closely monitored and controlled their internal movements – and shot anyone who tried to escape. Likewise in the **Nazi Third Reich**, the borders were closed for Germans wishing to escape the dictatorship. To travel at all in these dictatorships required extensive documentation (“**show me your papers**”). And this was **before** the present-day computerization of passports and visas, digitized face and fingerprint recognition, and computerized “watch lists.” **In the high-tech, computerized**

world of today, travel control by governments can be very comprehensive and draconian.

Today in America, travel controls and surveillance are growing rapidly. The TSA x-rays all of our hand luggage, searches all of our bags, does full body scans of all passengers, is conducting random searches of hand luggage, is beginning to question passengers as to how much money they are carrying, and has the power to deny boarding rights on a plane, train, or bus. Recently they stopped this writer in the Salt Lake City airport right before boarding the plane and **after** the security check, to run a chemical check on his cup of Starbucks chai tea. The explanation given was that it could contain an explosive substance – to which this writer replied that it was amazing that even Starbucks can now be suspected of terrorism. (The TSA agent did not think that was very funny.)

Homeland Security (TSA) is now controlling travel on US trains and buses, and is setting up roadblocks and checking cars, trucks, and buses on US highways. (Shades of Nazi Germany and the former Soviet Union!) As stated above, the Congress just passed legislation that allows the government to freeze your passport if you are “suspected” of underpaying your taxes or of some other vaguely defined “crime.” **Or perhaps you have made it onto a government “politically incorrect” watch list! This allows the government to deny travel outside US borders to anyone it wishes – under the pretext of their being “suspected” of some wrongdoing.** A few Americans have acquired foreign passports (which is getting quite difficult and very expensive), but even here, this writer suspects that there will be future restrictions placed on this option.

If a “state of emergency” is declared over the next year or so (perhaps as a result of a terrorist incident, riots, or a host of other trigger events), American cities will be bottled up and severe internal travel restrictions imposed. The military would be used to impose martial law – **perhaps even foreign troops would be used “to keep the peace.”** **Is this why Russian troops are now to hold joint military exercises with US troops at Fort Carson in Colorado (in what is described as “a joint training exercise in the event of a large terrorist incident on US soil”)? Just ponder that one for a moment!** We would all be better off living in a rural area or small town under such a scenario.

7. NEUTRALIZE ALL POLITICAL OPPOSITION – real or potential, before it can organize, rally, and launch a counterattack against the dictatorship. This is what Hitler did when the Nazis immediately moved to crush all political opposition after they burned the Reich-

stag and blamed it on their political opponents. Tens of thousands were arrested and disappeared, large concentration camps (built before the state of emergency and martial law were declared) began to fill up, all opposition press and radio were closed down overnight, and everyone became frightened to speak a word of criticism of the regime lest they too might be arrested or disappear. The same pattern of elimination of all opposition – real or potential was followed in the Soviet Union and Mao's China – where tens of millions were shot or simply disappeared forever. Likewise in Castro's Cuba.

In America today, all the machinery for shutting down dissent or opposition to the regime has been put in place over the past 10 years – including laws, rules and regulations to stifle all free speech. **An ominous part of this police state machinery is the existence in the US of up to 100 federal detention centers (about two per state) now guarded by the US military, but empty – at least for now. As with Germany after the Reichstag fire, could those prison camps be quickly filled with those who oppose the regime after some crisis and state of emergency – perhaps early on in a second Obama term? This writer wonders!**

Parts B and C of this article are guest editorials that raise two very important questions: Could 2012 be America's last presidential election? And: What are President Obama's second term transformation plans for America?

B. COULD 2012 BE AMERICA'S LAST PRESIDENTIAL ELECTION?

from godfatherpolitics.com

I've asked this question to a number of people and most of them respond as if I were crazy for asking. They tell me that this is America, land of the free, and that there will always be elections. I tell them that we are no longer the land of the free and that if Obama gets re-elected in 2012, that this just may be America's last election.

In the past three years, the Obama administration has been very carefully crafting the nation for a political take over by his Marxist regime and this isn't just my opinion.

Popular radio talk show host Michael Savage is the son of Russian immigrants and is very familiar with Soviet and European history. Savage warned his listeners this week, saying, "I have to tell you that if this man, God forbid, is the next president of the United States, we're going to be living in something along the lines of – people say Europe. I don't believe it's going to be like Europe – I think it will be closer to Chavez's South American dictatorship.

"This is the most corrupt, incompetent, dangerous, and tyrannical administration in American history. It's not politics as usual. It's not just Democrats versus Republicans. Obama has a long history of being at odds with American values and with America itself and the core principles of this country. They don't want government-sponsored opinions. They only want government-sponsored 'Pravda.' That's exactly what the government-media complex tells you on a daily basis – nothing but the government-media complex party line. Pay attention. Your freedom may be at stake."

...Republican presidential candidate Rick Santorum [recently] told a small group of people in an Iowa coffee house that "Barack Obama is not incompetent, ladies and gentlemen. He knows exactly what he's doing and why he's doing it. He sees America differently than you see America.

"[Obama] has gone out of his way to divide this country in a way we haven't seen since the Great Depression when Franklin Roosevelt went around to divide his country. That's his hero. What makes America great [in Obama's mind] is that the government takes money from somebody and gives it to somebody else. No, that's what makes us France."

With his control over the Executive and Judicial branches of the government, the stage is set for a complete takeover of the government. Think about it. Since taking office, instead of helping the economy, Obama has purposely upped the economic crisis by plunging the country into unprecedented debt. There are a number of programs designed to go into effect in January 2013, just in time for his second term of office. The economic burden and increased taxes on everyone will be enough to cause the final economic collapse of the country. As soon as that happens, Obama declares Martial Law and assumes dictatorial control of the nation.

The Department of Justice has already been subverting federal laws to strip us of a number of freedoms. The Supreme Court and many of the other federal courts have been seeded with socialistic liberal judges that will rule in Obama's favor on virtually anything, thereby ending our constitutional rule and law.

He's already changing the face of America's military. Allowing homosexuals to openly serve along with changing the retirement program is causing many conservative military leaders to resign commissions and leave the military.

Some Pentagon officials are also noting an increase in the enlistment of radical Muslims into the US military – where they get all the training they need on weapons and

defense systems. We have no idea how many of them there are in the armed forces or what positions they may hold.

Obama has been wielding executive powers this past year as if he were already a dictator. When Congress is not doing his bidding, he simply bypasses them and uses an executive order to accomplish it anyway. This has set the stage for his disbandment of Congress. He would not be the first world leader to take control of a nation and disband the legislative branch of government.

He has been effectively using the media to anesthetize the public to the dangers he poses. Like a patient being prepped for surgery, people are numb to the changes and won't have a clue what took place until they wake up in recovery and realize that free America has been removed and replaced with a regime that may parallel those of good old Stalin, Lenin, Mussolini, Hitler, Chavez, and Castro.

For the sake of our children and grandchildren, **I earnestly pray that we are spared from what seems a certain future and that Obama is overwhelmingly defeated in 2012.**

Otherwise, heaven help us!

C. OBAMA'S SECOND TERM TRANSFORMATION PLANS

by Steve McCann, reprinted from americanthinker.com with permission

The 2012 election has often been described as the most pivotal since 1860. This statement is not hyperbole. If Barack Obama is re-elected, the United States will never be the same, nor will it be able to re-capture its once lofty status as the most dominant nation in the history of mankind.

The overwhelming majority of Americans do not understand that Obama's first term was dedicated to putting in place executive power to enable him and the administration to fulfill the campaign promise of "transforming America" in his second term regardless of which political party controls Congress. That is why his re-election team is virtually ignoring the plight of incumbent or prospective Democratic Party office holders.

The most significant accomplishment of Obama's first term is to make Congress irrelevant. Under the myopic and blindly loyal leadership of Harry Reid and Nancy Pelosi, the Democrats have succeeded in creating an imperial and, in a second term, a potentially dictatorial presidency.

During the first two years of the Obama administration when the Democrats overwhelmingly controlled both Houses of Congress, and the media was in an Obama worshipping stupor, a myriad of laws were passed and actions taken which transferred virtually unlimited power to the executive branch.

The birth of multi-thousand page laws was not an aberration. This tactic was adopted so the bureaucracy controlled by Obama appointees would have sole discretion in interpreting vaguely written laws and enforcing thousands of pages of regulations they and not Congress would subsequently write.

For example, in the 2,700 pages of Obamacare there are more than 2,500 references to the Secretary of Health and Human Services. There are more than 700 instances when he or she is instructed that they "shall" do something and more than 200 times when they "may" take at their sole discretion some form of regulatory action. On 139 occasions, the law mentions that the "Secretary determines." In essence, one person, appointed by and reporting to the president, will be in charge of the health care of 310 million Americans once Obamacare is fully operational in 2014.

The same is true in the 2,319 pages of the Dodd-Frank Financial Reform Act, which confers nearly unlimited power on various agencies to control by fiat the nation's financial, banking, and investment sectors. The bill also creates new agencies, such as the Consumer Financial Protection Bureau, not subject to any oversight by Congress.

This overall process was repeated numerous times with other legislation, all with the intent of granting unfettered power to the executive branch controlled by Barack Obama and his radical associates.

Additionally, the Obama administration has, through its unilaterally determined rule making and regulatory powers, created laws out of whole cloth. The Environmental Protection Agency, on a near-daily basis, issues new regulations clearly out of their purview in order to modify and change environmental laws previously passed and to impose a radical green agenda never approved by Congress. The same is true of the Energy and Interior Departments, among many others.

None of these extra-constitutional actions have been challenged by Congress. The left in America knows this usurpation of power is nearly impossible to reverse unless stopped in its early stages.

It is clearly the mindset of this administration and its appointees that Congress is merely a nuisance and can be

ignored after they were able to take full advantage of the useful idiots in the Democrat-controlled House and Senate in 2009-2010, and the Democratic Senate in the current Congress.

Additionally, Barack Obama knows that, after his re-election, a Republican controlled Congress will not be able to enact any legislation to roll back the power previously granted to the Executive Branch or usurped by it. His veto will not be overridden, as there will always be at least 145 Democratic members of the House or 34 in the Senate in agreement with or intimidated by an administration more than willing to use Chicago style political tactics.

The stalemate between the Executive and Legislative branches will inure to the benefit of Barack Obama and his fellow leftists.

The most significant power Congress has is the control of the purse-strings, as all spending must be approved by it. However, once re-elected, Barack Obama, as confirmed by his willingness to do or say anything and his unscrupulous re-election tactics, would not only threaten government shutdowns but would deliberately withhold payments to those dependent on government support as a means of intimidating and forcing a Republican controlled Congress to surrender to his demands, thus neutering their ability to control the administration through spending constraints.

Further, this administration has shown contempt for the courts by ignoring various court orders, e.g. the Gulf of Mexico oil drilling moratorium, as well as stonewalling subpoenas and requests issued by Congress. The Eric Holder Justice Department has become the epitome of corruption as part of the most dishonest and deceitful administration in American history. In a second term, the arrogance of Barack Obama and his minions will become more blatant as he will not have to be concerned with re-election.

Who will be there to enforce the rule of law, a Supreme Court ruling, or the Constitution? No one. Barack Obama and his fellow travelers will be unchallenged as they run roughshod over the American people.

Many Republicans and conservatives dissatisfied with the prospect of Mitt Romney as the nominee for president are instead focused on re-taking the House and Senate. That goal, while worthy and necessary, is meaningless unless Barack Obama is defeated. The nation is not dealing with a person of character and integrity, but someone of single-minded purpose and overwhelming narcissism. Judging by his actions, words, and deeds during his first

term, he does not intend to work with Congress – either Republican or Democrat – in his second term, but rather to force his radical agenda on the American people through the power he has usurped or been granted.

The governmental structure of the United States was set up by the founders in the hope that, over the years, only those people of high moral character and integrity would assume the reins of power.

However, knowing that was not always possible, they dispersed power over three distinct and independent branches as a check on each other.

What they could not imagine is the surrender and abdication of its constitutional duty by the preeminent governmental branch, the Congress, to a chief executive devoid of any character or integrity, coupled with a judiciary essentially powerless to enforce the law when the chief executive ignores them.

Conservatives, Libertarians, the Republican Party, and Mitt Romney must come to grips with this moment in time and their historical role in denying Barack Obama and his minions their ultimate goal. All resources must be directed at that end-game, and not merely at controlling Congress and the various committee chairmanships.

II. WHAT IS REALLY HAPPENING IN THE GOLD AND SILVER MARKETS?

There has been a lot of confusion, bordering in some cases on panic, on the part of long time gold investors, regarding the 20% drop in gold since its \$1895 high on September 5, 2011. Silver has also corrected from \$48.70 on April 28, 2011 to the \$27 range in mid-May. **Wall Street is trumpeting that the metals bull market is over, the “bubble” has burst, and we are now in a bear market in gold, silver, and other commodities.** Meanwhile, Wall Street has been telling us that the “recovery” is gaining traction, inflation will remain low, and the global financial crisis is almost over – except for a few little minor hitches in Europe such as Greece and Spain.

The economic/financial reality is actually almost exactly the opposite of the propaganda from Wall Street, the Fed, and the government. Unemployment (according to Shadow Government Statistics) is 22.3% – not the “official” 8.2%; real world inflation is 10% – not the “official” 2.3%; the real estate market has recently hit new lows; the stock market is rolling over, breaking down technically, and appears to be reentering

the bear market that began in 2007 – with individuals now bailing out of US stocks at the fastest rate in 30 years. US equity mutual funds saw an \$18 billion outflow in April (the most liquidations since 1984 – 28 years ago). And, **the so-called recovery (which has never been a recovery, but one long, continuing recession – or depression) is now deepening even further.**

And **gold has been dropping ONLY because of manipulation by several large Wall Street firms – who have been doing massive naked shorting in the paper gold market.** Wall Street has been trying to convince the public that gold is in a new bear market, but the reality is that **physical gold demand – especially in Asia – is the strongest it has been in modern history.** Some Americans have panicked and sold their gold and/or silver positions in the recent decline – **and will spend the rest of their lives regretting their emotional decision.** But the reality is that American investors are a tiny part of the global gold market – with **less than 1% of the US public investing in the metals.**

A. GOLD AND SILVER ARE STILL VERY CHEAP

The reality is that **gold and silver are still massively underpriced when adjusted for 1980 inflation** (when the great bull market of the 1980s peaked). To reach the January 21, 1980 closing high of **\$850** in inflation-adjusted dollars, as of April 2012, gold would have to reach **\$2514**. But that is using US government “official” inflation numbers, which we know are vastly understated. Using SGS-Alternate CPI-adjusted dollars, gold would have to reach **\$9220** to equal its January 1980 high.

The all-time high for silver was **\$49.45** in January 1980. Adjusted for government CPI-U inflation numbers (as of April 2012), silver would have to rise to **\$146** to equal its 1980 highs. But using the SGS Alternate CPI-adjusted dollars (as of April 2012), silver would have to rise to **\$536** to equal its 1980 high. **So, it is ridiculous to believe that gold and silver prices are too high, that they are in a “bubble” that has burst, and that they are beginning a new bear – as some Wall Street idiots have been proclaiming.**

B. THE FUNDAMENTAL CASE FOR GOLD HAS NEVER BEEN STRONGER

The powers that be (on Wall Street and in the Fed) **want to keep gold trading in a \$1550-\$1900 range,** and trade and manipulate it up and down – while making tens of billions of dollars in trading profits. In so doing, they are scaring the little guy out of the market – much as they

have done in the stock market in recent years, only even more so in the metals because of Wall Street’s non-stop anti-gold propaganda.

The reality of the gold and silver markets, now and for the rest of this bull market, is that they will be extremely volatile – with huge up and down swings. This was true all the way from \$35 to \$850 in the 1970s gold bull market and from \$2 to almost \$50 in the ’70s silver bull market. **These huge price swings in the 1970s (a result of Wall Street manipulation in the metals markets) unnerved many metals investors who bailed out of gold at \$300, \$400 or \$500 and/or out of silver at \$15, \$20, or \$25 dollars an ounce.** This writer was there and saw it up close, and pleaded with investors not to panic and sell out of their positions too soon.

However, just like today, some investors would not listen in the 1970s, and missed 30%, 40%, 50%, or more of the greatest metals bull market in history. Fear and emotions were their greatest enemies. Beware of getting psyched out of this market by the great volatility (accompanied by Wall Street anti-gold propaganda) – it is simply one of the rules of the game if you want to play. And just as we counseled in the mid to late 1970s, we counsel today: Consider the long-term US and global fundamentals – financial and economic – and position yourself accordingly. Hint: If you still have liquidity, you should be buying gold and silver at these prices with both hands.

THE FUNDAMENTALS IN THE GOLD AND SILVER MARKETS ARE EXTREMELY STRONG:

1. **Chinese, Indian, and Asian** demand continues to explode. The West’s gold is now moving east – which always happens prior to a major global power shift. **Economic/financial/political power is now moving en masse to Asia.**
2. As the potential for **war between Israel and/or the US and Iran grows closer,** Middle Eastern demand for gold is rising sharply.
3. **Quantitative Easing, Part III** (by whatever name it is called) is moving closer – both in the US and Europe, so inflation hedge demand for gold is going to rise sharply.
4. **The European Union is a giant financial powder keg – with Greece, Spain, and Italy all poised to implode.** This is putting pressure on European equity markets and **the smart money in Europe is buying up all the physical gold in the region** – causing growing shortages and rising premiums in

gold bars and coins. It is becoming very difficult to buy all but small quantities of gold in Europe today. We began to see these shortages developing as early as last September.

5. **The quadrillion dollar (that's over \$1000 trillion) global derivatives market is developing major cracks** – the first of which may have been the recent JPMorgan Chase \$2 billion “trading loss” – which was actually much larger and may have been related to its **\$70.1 trillion** (roughly the size of the entire world's economy) **derivatives exposure**. When this market starts to implode (it may have already started), the central banks led by our very own Fed will do **“quantitative easing to infinity”** (i.e., create trillions of dollars, euros, pounds, or whatever, out of thin air) and the present **“great global deflation”** may morph overnight into a **“great global hyperinflation.”**
6. **Gold and silver represent extreme liquidity** in a world where traditional financial assets such as real estate, stocks, and long bonds are falling in price and becoming highly illiquid.
7. **Gold and silver are a means of hiding wealth from the asset grasping hands of our socialist leaders** – something which refugees from Nazi Germany (especially the Jews), refugees from Soviet Russia, and Vietnamese boat people learned all too well. In fact, **if you consider the number-one reason people have bought gold over the past 5000 years, it was not primarily to make a profit, but because they feared their own tyrannical government or leaders. They were hiding their wealth or savings from tyrants.**
8. **Commodity bull markets do not end with a whimper – they end with a speculative blow-off – as we saw in gold and silver in late 1979 and early 1980.** We have not seen anything like that in this bull market in metals. At the final gold bull market peak, you can expect to see \$50, \$100, and \$200 up-moves in one day.
9. **Physical gold demand worldwide grew by 16% over the past 12 months to \$59.7 billion in new gold purchased** (according to the World Gold Council). Most of that demand was in Asia. This is highly significant given the fact that the gold price fell 20% during the past nine months (September to May) – confirming the fact that the price is being manipulated (suppressed) via the paper gold market on Wall Street. **The Wall Street manipulators are giving the Asians the opportunity to buy large**

amounts of gold at bargain basement prices. And the gold in the West is now rapidly moving to the East – to Asia, further impoverishing the West over the long run.

10. **Bank Of America analyst MacNeil Curry sees gold hitting \$7000 before the end of this uptrend. This writer believes the deteriorating global economic, financial, and political fundamentals make such a target highly possible over the next few years.**

C. WHAT TO DO IN SUCH AN ECONOMIC/FINANCIAL/POLITICAL PERIOD OF UPHEAVAL

This writer has written many times over the past 36 years that you should invest according to your **worldview**, and with people who share it. *MIA* has a rather pessimistic **worldview** (at least in the short run – say 5-10 years) that sees socialism exploding in the US and throughout much of the Western world; a **worldview** that sees the government(s) messing up the financial/economic/political system beyond recognition and possibly beyond redemption; a **worldview** that sees a coming tsunami of asset or wealth destruction; a **worldview** that sees **the destruction of much of our financial and political freedom in the Western countries** (i.e., the US, Canada, UK, Europe, Australia, Japan, and New Zealand) over the next three to five years.

Ours is a minority worldview, not shared by the great majority – especially in the financial world. **Wall Street has a very different worldview** (a much more optimistic **worldview**) and the great majority of people (including some of our subscribers) are much more comfortable investing in, or consistent with, that worldview. Their **worldview** is based on optimism, a strong economic recovery, the success of “quantitative easing,” and the belief that government employment, GDP, inflation, and other economic statistics are reported accurately. *MIA* believes this **worldview** is highly flawed.

And then there is **the global socialist/Marxist worldview** – shared and advocated by our present political leadership in America and much of the West – which simply says that everything that is ours should be theirs – and by **legal** controls, rules, regulations, and edicts, they mean to take it all and control everyone and everything. Their ultimate goal is a one-world socialist government by the elite. This **worldview** speaks for itself. **It failed miserably in the former Soviet Union, but is now being resurrected by America's current political leadership.**

If you share *MIA's* **worldview** of very difficult times that are rapidly approaching, the following are some specific actions you should probably be taking – **and with a high degree of urgency**:

1. **Accumulate and hold up to six months expenses in cash.** In a major financial implosion, banks may be closed, ATMs, credit cards, and debit cards may not be functional, and only cash may be accepted for essentials such as groceries, fuel, medical care, etc.
2. **Accumulate and store at least 6-12 months of food for your entire family.** A home garden is very important as is the raising of animals for meat, eggs, and milk (such as rabbits, chickens, pigs, or goats). Google “aquaponics” and learn how, for under \$2500, you could set up in your back yard a system for raising fish and growing vegetables.
3. **Store up to 50 gallons of water for each member of your family** – unless you live in the country and are on a well.
4. **Acquire an up-to-date passport for each member of your family.** You never know when an exit strategy might become a necessary option for you and your family. And in a time of crisis, such as a state of national emergency, passport acquisition might be very difficult, or at least very slow.
5. **Firearms protection for your family** (i.e., a rifle – which can be used for hunting as well as personal protection – a pistol, and a shotgun, with at least 500 rounds of ammunition for each weapon, are a minimum that should be owned by every family).
6. **A world-band short wave radio receiver should be acquired** (Grundig has some excellent small world-band radios) for accurate world news in the event the Internet goes (or is shut) down.
7. **Up to 50% of your net worth should be in gold and silver coins (bullion or semi-numismatic)** and personally held in a safety deposit box or home storage (if it is really safe, secure and **very** secret).
8. **Retirement funds such as IRAs, Keoghs, 401(k)s (if they allow it), etc., should be invested in gold or silver coins.** The difference between the returns on IRAs invested in gold coins over the past 10 years and in stocks is dramatic – five times greater for the gold coins.
9. **(For high net worth individuals) up to 25% of one's assets diversified overseas** (although that

option is becoming more difficult due to new government regulations; with exchange/capital controls likely to be imposed in a financial crisis, doing so at that time will probably no longer be possible.) Very few Americans have done such diversification.

10. **(For high net worth individuals) a portion of your funds could be placed with a good money manager** – provided they understand gold and silver and the times, and share your worldview.
11. **A note of caution:** all investments (including the metals) are going to be **extremely volatile from this point forward**. There will be **times when you are doing well**, and **times (like the past nine months in precious metals) when you are not doing well**. When you are not doing well, try to **avoid emotional decisions and panic** that cause you to throw in the towel at exactly the wrong time – as we have seen some metals investors do in recent months. **Go back and review the fundamentals. If you are lined up according to the fundamentals and your worldview, then stay the course.**
12. **Pray about all financial/personal preparations for difficult times.** If you don't have a peace about it in your heart, **don't do it**. If we really are headed into the minefield that I believe we are, we will all (especially this writer) need God's wisdom to make the right decisions, to go forward, backward, or to stop. **(Read and study the life of Dietrich Bonhoeffer in the book “Bonhoeffer” by Erich Metaxas for some ideas on how Christians had to listen to God and seek His wisdom during the difficult days of the Nazi Third Reich.)**

III. WHAT WILL BE THE AFTERMATH OF EUROPEAN DE-INTEGRATION?

by Gonzalo Lira

There comes a point where financial and economic problems turn into political problems. A point when unemployment figures, soaring bond yields, and collapsing GDP levels stop being merely depressing news on the TV, and start becoming riots in the streets – and ultimately revolution. Europe's not there yet, but it's heading in that direction.

Already, Europe is seeing the first inklings of political collapse and revolution. We've been seeing how the failure of the financial power brokers of Europe to solve the financial crisis and hem in the steadily rising unemployment is leading to political change across the continent.

Spain, Greece, and France have all recently changed governments, and none of these governments is compliantly following the European Union bureaucrats' dictums. On the contrary, the new governments are all distancing themselves from the eurocrats' austerity nostrums to one extent or another.

But much more telling than the weakening of the idea of European integration is the fact that non-centrist parties of both the left and the right have been gaining ground in recent elections. Here's just one very clear example: In France in 2007, the Communist and National Front candidates, left and right respectively, polled a combined 14.5% of the Presidential vote. In 2012 they garnered roughly twice as much, totaling just shy of 30% in the April 22 first round. In other words, today in France, a third of the electorate backs a non-centrist party platform.

The reason for the surge in non-centrist parties in Europe is that the center is failing to solve the economic problems of the European Union – which inevitably creates popular discontent. So far, that popular discontent has shown itself in changes of government: One pro-European party being voted out of office, to be replaced by another pro-European party of the opposite political persuasion.

But here's the \$64,000 question: What happens when the people stop voting for pro-European parties of the left and right, and start voting for nationalist, anti-integrationist parties? Or what happens when the popular discontent stops expressing itself at the ballot box altogether, and starts expressing itself on the streets?

A. THE DEPTH OF THE PROBLEM

The situation for European integrationists is dire. The latest information for the first quarter of 2012 is that Germany's GDP grew at a comfortable 2% clip, France was flat, and all of the other economies shrank.

Unemployment, as of May 15, 2012.

	<i>in %</i>
Germany	6.3
France	9.7
Netherlands	5.0
Austria	4.0
Belgium	7.3
Finland	7.5
Portugal	15.3
Italy	9.9
Ireland	14.5
Greece	21.7
Spain	24.1

Source: BLS

The PIIGS – Portugal, Italy, Ireland, Greece and Spain – all of whom are going along with the European Commission's and the European Central Bank's austerity prescriptions – are all getting *worse*. And that doesn't just apply to GDP. In the chart at lower left are the figures for European unemployment, adjusted for regional factors.

The last five countries are the PIIGS – and all but Italy have unemployment figures firmly in the double digits. In the case of Spain, the situation is well nigh catastrophic.

Now, consider the following chart:

The 10-Year Bonds in the Eurozone as of May 15, 2012.

	<i>in %</i>	<i>spread over German 10-year, in %</i>
Germany	1.492	—
France	2.833	1.341
Netherlands	1.994	0.502
Austria	2.503	1.011
Belgium	3.228	1.736
Finland	1.826	0.334
Portugal	11.207	9.715
Italy	5.691	4.199
Ireland	8.207	6.715
Greece	28.560	27.068
Spain	6.261	4.769

Data: Bloomberg.

Again, the PIIGS are cratering: Their borrowing costs are so high that these countries are reaching the limit of what they can borrow to get out of this hole – especially if their economies are shrinking. Remember, as GDP shrinks, not only does the cost of borrowing (as reflected in the yield) rise, but the debt burden becomes greater when compared to tax receipts. In other words, they are having to borrow more and more, even as their capacity to pay back is shrinking.

Finally, let's look at the European public debt levels in proportion to GDP:

Public Debt to GDP, as of 12/2011

	<i>in %</i>
Germany	83.2
France	81.7
Netherlands	62.7
Austria	72.3
Belgium	96.8
Finland	48.4
Portugal	93.0
Italy	119.0
Ireland	96.2
Greece	142.8
Spain	102.0

Data: Forbes

Once again, the PIIGS all have red-line numbers – even as their economies are shrinking.

These three charts sum up everything wrong with Europe today: Rising unemployment, causing a shrinking GDP, which further burdens nations with unpayable debts, even as their cost of borrowing rises because of their shrinking GDP. Someone has to do *something* – right?

That's the problem: The current political leadership does not know what to do. All they know is European integration – they don't know what to do in case European integration itself becomes the problem. And that's where the nationalists and the anti-integrationists enter, stage-right.

B. MEETING HAZARD ON THE ROAD THEY TOOK TO AVOID IT

For over three generations, European politicians who wanted to get ahead – be they of the left or of the right – had to be vocally in favor of European integration. Anyone opposed to the ideal of European integration was dismissed and marginalized in short order.

The reason for this was quite simple – three wars. The Franco-Prussian War, World War I, and World War II were all caused or exacerbated by the age-old Franco-German antagonism. So ever since the last war in 1945, European politicians of every stripe have tried to prevent another war – and the mechanism they have used has been economic integration.

The Schuman Plan – which begat the European Common Market, which in turn led to the European Union, and ultimately to the euro as a common currency – had as its explicit aim peace through economic integration, and it has been a hallmark of all political parties since 1945. No one in Europe wants another war, and people theorized that trade and economic integration were the surest, best way to maintain peace on the continent. Whether they're right or not, we can at least say that there has not been a major war in Europe for 67 years.

However, the unanimity of European integration among the political classes is not something shared by the people. In fact, one could argue quite persuasively that European integration has been carried out by the political classes *in spite of* the people. In just about every free election where European integration was voted on by the people, the people overwhelmingly voted *no*. For instance, in 2005, there were three referenda on the European constitution in three major countries. Only Spain voted in favor of the European Constitution. The people of France and the people of the Netherlands overwhelmingly voted

against it. And this rejection occurred when the European economy was going great guns.

Now that we are seeing the European economy tanking, we are seeing more and more demonstrations. In Spain, Italy, Greece, Portugal, Ireland, and France, popular discontent is leading to anger, which is inexorably leading to protests. But much more importantly, discontent is not playing to the hand of peaceful, *laissez faire*, free-trade nationalists of the Austrian economic persuasion, but to those of a more extreme, opportunistic nature.

In Greece – the most borderline of the eurozone countries – the Chrysi Avgi' party (“Golden Dawn”) polled about 25% in some districts in the recent election. And Chrysi Avgi' is an avowedly neo-Nazi party. This rise in extremism has affected the centrist politicians: The coalition government that was recently voted into office is not meekly complying with the diktats of Brussels and Frankfurt, but rather passive-aggressively trying to get out of the austerity measures that the Greeks had previously agreed to.

In the aforementioned France, Marine Le Pen of the Front National – a hard right party that some have labeled fascist – garnered 20% of the vote in last month's presidential election. Le Pen is anti-immigration, anti-European integration, anti-austerity – and she was a contender. Her success has affected the French political landscape: She's now a real power, and her prospects are likely to grow. **[ED. NOTE:** being anti-immigration and anti-European integration are thoughtful, defensible responses to serious cultural threats in the nations concerned. Being anti-austerity is, however, a socialist response that opposes restrictions on government spending. This kind of emotionally based ideological syncretism is common in Europe (and increasingly in America), and marks the almost total absence of informed, principled opposition to both socialism and fascism, and support of freedom-producing policies. It bodes ill for Europe's immediate (and possibly long-term) future.]

Only in Spain has there not been a rise in fascist politicians – though there has been a strong surge of support for the autonomous regions, and for greater independence from Madrid. In other words, no fascist drift – but a drift towards nationalism and independence of the regions, which also translates to anti-European-integration. **[ED. NOTE:** This is a far more positive development, but one that seems to be the exception rather than the rule.]

It will not take much for these anti-European integration parties and politicians to eventually win a majority in one or several countries, and thus accede to power. Whether they will pursue a policy of peaceful and con-

structive coexistence or one of national chauvinism is the big question. Knee-jerk extremism seems likely, and Greece seems more likely to go the way of fascist overreaction in the near future.

Why are these extremist parties gaining traction? Because the people are suffering – and they feel deceived.

Living and traveling throughout Europe these past few months, I have gotten the sense – even in relatively prosperous Germany – that the people feel deceived by their leaders: They are angry that pan-Europeanism has brought not prosperity and riches, but misery and fear. Of course, for a time they enjoyed great benefits, as well as greater prosperity, but *now* they are suffering, unemployed, unhappy, and afraid.

These are not ignorant, uneducated people. They are hard-working men and women who don't care much for politics – until the politicians' mistakes start to affect them. These people are turning. They are turning to protests – which are getting larger day by day, as the summer months turn warmer – and they are turning to the ballot box, electing people who just a couple or three years ago would have been scoffed at and ignored. **[ED. NOTE:** Though the people are educated, they are ignorant of the field of economics that took shape in their own backyard – first with Scottish Adam Smith and more recently with Austrians Eugen von Böhm-Bawerk, Friedrich Hayek, and Ludwig von Mises. It is the only economic system that has ever produced long-term peace and prosperity. Most Europeans instead know only the false dilemma of socialist integration on the one hand or fascist nationalism on the other. The impoverished public debate is therefore bereft of true, long-lasting solutions that allow nations to peacefully and independently exist while allowing free trade and travel among themselves and with other nations.]

Radical nationalist politicians will gain more and more political traction with each percentage point rise in the unemployment rate, and with each announcement of enforced austerity measures and cuts in social services. If those figures are not reversed – if the economic situation in Europe continues to deteriorate – these politicians will eventually take over in their respective countries.

It does not matter if the reasons for this popular suffering are self-inflicted. It does not matter that the reason Greece is bankrupt is because it over-extended itself, or that Spain's economy was built on a real-estate bubble, or that France's social safety net is simply too costly to be maintained indefinitely.

All that matters is *blame*. In a democracy, the minutiae of cause is irrelevant before the mass of stampeding voters. These voters will vote for anti-European-integrationists, regardless of any ideology beyond that knee-jerk position. And once the fascists gain power, the first thing they will do is exit the euro.

C. DESCENT INTO CHAOS

As the European nations begin exiting the eurozone and returning to their own currencies, it is reasonable to expect them to throw up trade barriers. They will immediately put up very tight capital controls. So as, say, Greece, Spain, and Portugal exit the eurozone, there will be massive capital flight out of those countries – to the point where those countries' economies might well collapse. So it will be *inevitable* that the first thing these countries do once they exit the eurozone and return to the peseta, drachma, or escudo is to throw up stringent capital controls to prevent capital flight.

Massive capital flight has happened in every country that has ever de-pegged its currency from a stronger one, as the Latin American countries did in the 1980s. Those economies had pegged their currency to the U.S. dollar until their foreign reserves were depleted – that is, until they were driven bankrupt. When they de-pegged, the capital flight was so abrupt and violent that it threatened to collapse those Latin American economies literally overnight. In some cases – such as Argentina in 2001 – the capital flight after the currency de-pegging in fact *did* lead to a complete economic collapse.

As I have often argued, the eurozone is a very complex currency peg. So just like the Latin American countries that de-pegged from the dollar, once the European countries start exiting the EMU, they will be forced to implement capital controls to prevent a complete financial collapse of their economies.

Of course, unilateral capital controls will violate about a thousand European Union rules and regulations and treaties. But if the saying's true that there are no atheists in foxholes, it's equally true that there are no free-marketeers when one's economy is about to collapse.

Once the decision to exit the European monetary union is taken, no one will seriously argue against imposing capital controls. Capital will be trying to get out of those exiting countries so fast and at such volume that it will threaten total financial chaos – which is why even the staunchest free-market Spaniard or Greek or Portuguese will acquiesce to capital controls.

The very next thing these countries will do is throw up tariff and trade restrictions. If European integration depended on a common market, non-existent borders, and a single common currency, then once the countries that have exited the EMU throw up capital controls, they will also throw up tariffs and trade restrictions – in order to “rebuild our economy.” That will be the slogan: “*Exiting the Euro So We Can Rebuild Our Economy!*” – a motto that a short time later will become “*Exiting the European Union So We Can Rebuild Our Economy!*”

Of course, throwing up trade restrictions and tariffs will not necessarily help the Spanish, Greek, and Portuguese economies. As a practical matter – considering that eurozone borders are at this time non-existent – it will be difficult and costly to police trade in order to enforce tariffs and trade restrictions. On an economic level, these tariffs and restrictions will harm trade. (However, if the local currency of the exiting country has been devalued enough, even lower levels of trade will be beneficial to the local economy. It’ll depend on the amount of the devaluation.)

The European Union – likely at Germany’s instigation – will probably try to punish these exiting countries: Matching tariffs with tariffs, or enacting punitive measures of various sorts – which will only exacerbate the problem and hurt the exiting countries even more. These punitive measures will not only add to a deteriorating economy for the exiting countries – it will paradoxically fuel even greater anti-integrationist sentiment.

And this will only hurt the exiting countries even more: Those countries will sink even further into depression, even as politically they begin to flirt with authoritarianism and possible dictatorships. This is what will likely happen to the smaller countries that exit the eurozone and the European Union.

Eurocrats have had three years to solve the over-indebtedness mess that has afflicted Europe. But they have failed this test with their ditherings and their unwillingness to have all participants – creditors and debtors – share the pain of haircuts and managed default. So we will get this: A broken and possibly very dangerous continent.

[ED. NOTE: The eurocrats have indeed dithered, but their doing so is not hard to understand. They have been tasked with the impossible – making Keynesian socialism work – on a continental scale, no less. It has been accurately observed that what we are witnessing in Europe and America is the collapse of socialism. But nature abhors a vacuum, so something will take the place of this destructive ideology. Unfortunately, as Gonzalo describes, Europe is not currently in the process of choosing a con-

structive alternative. Fascism is just as destructive as socialism.

As we watch the deconstruction and polarization of Europe, we may also be watching the future of America – which has likewise bet all its marbles on Keynesian socialism. As discussed earlier in this issue, Obama will likely soon take us down the same “corrective” road as Europe is choosing – to a fascist dictatorship. Try to secure a spot in one of the few-in-number lifeboats (freedom-oriented rural communities or small towns, right-minded states, and relatively free overseas havens) as the Titanic West continues filling with water and begins to break apart and sink.]

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IV. THE WORLD IN BRIEF

ECONOMIC

- More than 230,000 unemployed workers lost their jobless benefits over the Memorial Day weekend as portions of federal programs expired across several states. All told, 409,300 long-term unemployed Americans in 27 states will have lost upward of 20 weeks of federal unemployment benefits. The latest batch of cuts affected 236,300 unemployed people in eight states – California (11%), Texas (7%) Pennsylvania (7.5%), Florida (9%), Illinois (8.8%) North Carolina (9.7%) Colorado (7.8%) and Connecticut (7.7%) – half of which have jobless rates above the 8.1 percent national average posted in April.

GEO-POLITICAL

- A Chinese group known as “Sino-Michigan Properties LLC” has bought up 200 acres of land near the town of Milan, Michigan. Their plan is to construct a “China City” with artificial lakes, a Chinese cultural center, and hundreds of housing units for Chinese citizens. Essentially, it would be a little slice of communist China dropped right into the heartland of America.
- Droughts withering wheat crops from the US to Russia to Australia will probably spur the biggest reduction in global supply estimates since 2003 and drive prices to the highest level in almost a year.
- Vast numbers of Chinese-made counterfeit electronic parts are being used in US military equipment, a key Senate committee investigation found.
- India wants to set up a system whereby the United Nations would rule the Internet.

MEDICAL

- A newspaper in India reports doctors in one city are so desperate to hide evidence that they are doing sex-selection abortions that they are feeding the remains of aborted girl babies to dogs.
- A taxpayer-funded pilot program in California is training people who are not physicians to do first-trimester vacuum aspiration surgical abortions – with as little as two days of instruction – and now a judge is protecting the names of everyone involved in the program.
- Polio has been declared a “global emergency” by the Global Polio Eradication Initiative after “explosive” outbreaks in countries previously free of the disease.

POLITICAL

- According to financial disclosure forms released by the White House, President Obama has at least \$2.6 million in assets and earned hundreds of thousands from book royalties and investments last year.
- Mitt Romney is worth \$230 million. There’s no denying that, in terms of total dollars, he would be the wealthiest White House occupant ever if elected in November. He would be even wealthier had he not set aside a trust, now worth \$100 million, for his five boys.
- A policy change announced earlier this year is being tested at nine brigades before going Army-wide. It opens thousands of jobs to female soldiers by loosening restrictions meant to keep them away from the battlefield. Experience on the ground in the past decade showed women were fighting and dying alongside male soldiers anyway.

PRIVACY

- The future is here and this is not a butterfly on your wall. Israeli drones are getting tiny. Their latest project is a butterfly-shaped drone weighing just 20 grams – the smallest in its range so far – that can gather intelligence inside buildings.

SOCIAL

- An amendment that has been added to a new defense bill in Congress would make it legal to target propaganda and “psychological operations” directly at US citizens. The latest version of the National Defense Authorization Act would overturn the

Smith-Mundt Act of 1948 and the Foreign Relations Authorization Act of 1987. Those two laws essentially make it illegal for propaganda that is used to influence public opinion overseas to be targeted at US citizens back here at home. If those two laws are struck down, there will be essentially very few limits to what the US government can do to shape our opinions. The government would be able to bombard us with propaganda messages on television, on the radio, in our newspapers and on the Internet, and there would be no requirement that those messages be true.

TERRORISM

- Al Qaeda may be turning its destructive attention to cyber-warfare against the United States. In a chilling video, an al Qaeda operative calls for “electronic jihad” against the United States, and compares vulnerabilities in vital American computer networks to the flaws in aviation security before the 9/11 attack.

V. PRACTICAL CONSIDERATIONS

A. OUR WEB SITE IS GETTING MORE COMPREHENSIVE BY THE DAY – just go to MIAtoday.com to see our new format and content. Our goal is to be your primary source for world and national intelligence and news. You’ll find articles, videos, important historical documents, and other useful information already posted, and we’re improving our news and commentary offerings daily.

B. THIS YEAR, ICA’S ANNUAL UPDATE – (available in previous years by DVD) will be available *online* in three timely segments. The first segment, “**The Fuse Is Lit: European Perils**,” is complete and is available on YouTube. Don’t miss this important, **FREE**, incisive analysis of the European crisis and its meaning for us here in the US.

C. DAVID MCALVANY WILL BE A KEYNOTE SPEAKER – at the July 11-14 Las Vegas Freedom Fest, along with Mark Skousen, Steve Forbes, and many other insightful speakers. Once a year, thousands of freedom lovers from around the globe gather together to learn, network, discuss, and debate, and celebrate liberty – or what’s left of it. David will be addressing those who have purchased gold and seen significant appreciation, but who would like to develop an exit strategy to protect their current and future gains. Prices for the Fest are \$595/single and \$795/couple. For more details, call Karis at 800-525-9556, x118.

D. MCALVANY WEALTH MANAGEMENT IS THE COMPANY – for those who want a money manager who sees the world as they do. If you haven't thought about this service yet, be sure to read about it in the enclosed insert. To get started, call **1-855-844-1467**.

VI. FINAL THOUGHT: ARE YOU REALLY PREPARED FOR HARD TIMES?

This writer has observed over the past few years, right up through the present, that **the great majority of people**, including many *MIA* subscribers, while giving lip service to the difficult times that are coming, **have actually done very little in the way of physical, financial, or personal preparations to get ready for such times.**

Is it because they are in denial? They just don't believe or want to believe that very difficult times are now upon us. They are afraid of what family, friends, or neighbors will think of them (i.e., see them as paranoid kooks). They think their husband or wife will think they are a "nut case" for making preparations. They don't want to spend, or "waste," money on something that may never occur – such as Y2K. Good times and freedom are all they have ever known, and they can't imagine anything else in America (i.e., they have **no frame of reference for difficult times or for living under tyranny**). Or perhaps they are lazy, and they put off doing what in their hearts they know they should be doing.

This writer is not sure what the answer is, but the truth is, **most people he knows (i.e., family, friends, business associates, subscribers, gold/silver investors, Christians, and non-Christians) are NOT well prepared for the difficult times that may soon be upon us.** Most are living life as they always have – as if there were no crisis coming – buying real estate, stocks, things they don't need, and acquiring more debt to maintain the "good life" they are used to. **They seem paralyzed with respect to making any constructive preparations for the coming hard times.** And the media and Wall Street certainly contribute to this complacency.

One of this writer's favorite verses in the Bible is **Proverbs 27:12**; "*The prudent see danger and take refuge, but the simple keep going and suffer for it.*" (It must be an important concept because it is repeated almost verbatim in **Proverbs 22:3**.) Today, a small remnant of Americans see the **danger** and are preparing to weather the coming storm and get out of harm's way. But the great majority (**the "simple"**) are living life as if it will continue as they have known it, and they are going to **suffer** big-time for their lack of preparedness.

Some of this writer's Christian friends have argued that all we have to do is trust God and have faith – that preparations are evidence of fear and a lack of trust in the Lord. While this sounds good and has a degree of truth and logic in it, **the Bible is full of examples of how the Lord warned His people of coming disasters and how they should either prepare for same or take evasive action to avoid the coming calamity.**

The classic illustration of this is the dreams God gave to the Pharaoh of Egypt of the coming seven years of plenty, to be followed by seven years of great famine, starvation, and suffering. The Lord gave Joseph (the Hebrew slave and prison inmate) the interpretation of the dreams and a strategy for how to prepare – by building great granaries during the prosperous years, storing 20% of all grains grown in those good years in preparation for the seven years of disaster. **Joseph was put in charge of the grain storage and distribution over that 14-year period, and millions of lives were saved.** (It's a fascinating story – **Genesis 41-50**. Read and ponder it in light of current developments in the world!)

Whenever I begin to wonder if I am becoming a paranoid, fearful "nut case," I remember **the verses in Proverbs and the story of Joseph** and they give me encouragement to stay the course and continue my preparations. **So, ask yourself the question: Am I one of the "prudent ones" who see danger coming and prepare for it, or am I one of the "simple ones" who ignore all the signs around them, keep going, and suffer for it?**

And that is the bottom line!

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