

Today's Notes:

1. THE POLITICS OF FEAR AND INTIMIDATION
2. MICHAEL BERRY PRESENTATION ON YOU-TUBE IN VANCOUVER.

1. THE POLITICS OF FEAR AND INTIMIDATION

"A government big enough to give you everything you want, is strong enough to take everything you have."

Thomas Jefferson
Third president of the United States
Founder of the University of Virginia

The garlands wither on your brow,
Then boast no more your mighty deeds!
Upon Death's purple altar now
See where the victor-victim bleeds.
Your heads must come
To the cold tomb:
Only the actions of the just
Smell sweet and blossom in their dust.

Death the Leveler: James Shirley 1596–1666

Last night's Congressional speech extolling the virtues of American resilience by President Obama rings hollow to me this AM. There are several reasons. First he has in the past resorted to the Politics of Fear ("*A failure to act, and act now, will turn crisis into a catastrophe and guarantee a longer recession, a less robust recovery, and a more uncertain future,*") to have his way. The American people acquiesced and approved a \$787 billion spending bill with thousands of "earmarks" worth \$7.7 billion. For example \$200,000 is allocated for removing tattoos in California. .

Second, his Chief of Staff, Raun Emanuel, was quoted as saying, never let a serious crisis go to waste, implying there is good political value in a crisis. . Specifically he said,

"Never let a serious crisis go to waste...it's an opportunity to do things you couldn't do before."?

This Machiavellian political philosophy must have come from the corrupt Illinois political web that spawned the likes of Governor Rod Blagojevich. Only such a corrupt dynamic system could consider a serious crisis that places millions of people out of their homes as good because you can get things done things out of fear – **the Politics of Fear.**

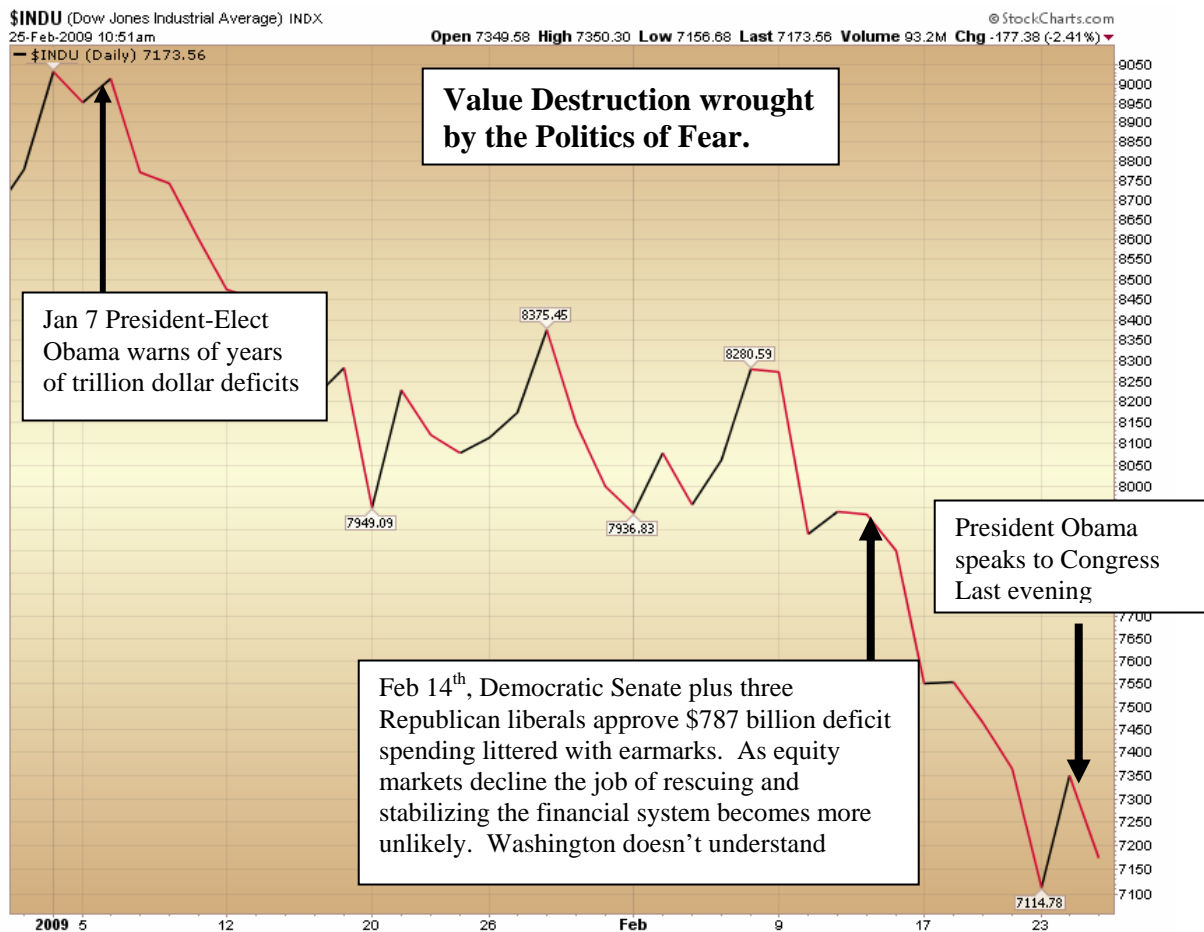
Third we have Mr. Obama's Attorney General Eric Holder. He recently remarked that America is a nation of "cowards."

“Never let a serious crisis go to waste?” This is the height of hypocrisy, but more important it defines the character of the top policy makers and this Administration.

Following a \$787 billion misdirected fiscal spending program, a \$275 billion housing rescue and multi billion dollar rescue requests from the likes of AIG (loss of \$60 billion), Citigroup, Bank of America and Fannie and Freddie, President Obama informed Americans last evening that he will reform US health care, develop US energy independence, end the war in Iraq and step up the war in Afghanistan AND reduce our now-bloated budget deficit by one half by 2012. There is only one way to do this of course. Government never ever shrivels itself; it only grows.

Therefore our taxes must increase significantly.

Apparently unbeknown to our new President, increased taxation slows growth, innovation and productivity. That is historical fact – proven time and time again.



The markets have already voted on the Politics of Fear propagated by this Administration. Most equity markets bounced yesterday in an audacity of false hope, but they have not bottomed yet. The Dow Industrials and Transports have signaled a bear market that we believe will fall much further driven by messages of fear, duplicity and distrust emanating from the Obama Administration. The irony, of course, is that President Obama is a gifted

and silver-tongued orator and his message resonates. He should be capable of leading. Too bad it is the message of Fear.

The gold and precious metals markets have recognized this confusing duplicity of purpose. Gold has retreated from its dalliance with the millennium level, \$1000 per ounce last Friday, but it shall move significantly higher over time. One wonders how our new president remained serious after being quoted on January 7th (when he chose to become a shadow president) as warning that our country will face trillion dollar deficits for years to come.



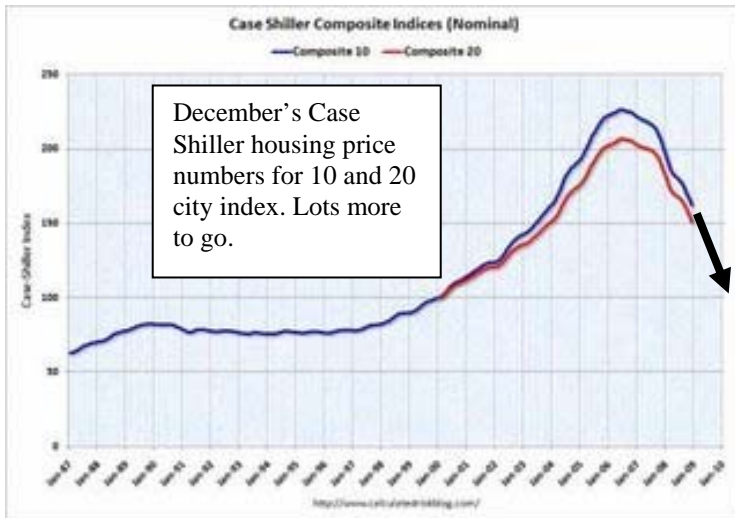
The January 7th edition of the Washington Post noted, **'Even if the package of spending and tax cuts helps restore the nation's immediate economic health, Obama said, the government is likely to be left with "trillion-dollar deficits for years to come" unless policymakers "make a change in the way that Washington does business.'**

Is he referring to a new socialism?

Believe me; I want this president to succeed. He is my president. But our country needs leadership – not socialism. Socialism, impressed through the Politics of Fear and Intimidation, has a sorry track record in history. I fear President Obama is rapidly depleting his political capital. Yesterday's Case Shiller housing price decline simply and definitively punctuate the problems with the recovery and Obama platform of socialism. As long as

housing values in the US continue to decline the banking problems with fester and multiply. The president's homeowner assistance plan is poorly designed and understood. It will be fraught with Type I (bailing homeowners who should not receive help) and Type II errors (failing homeowners that need help and are victims). Many deserving homeowners will be left in the cold. It is poorly designed and hastily implemented based on fear.

Yesterday the Case Shiller December housing price data were uniformly worse. The Twenty city index is now down 28% from its peak in the summer of 2006.



As I have often indicated the banking problems cannot be solved till we reach the bottom in housing or find a way to keep foreclosures in their homes. Unfortunately the commercial real estate market is now about to make its entry on the foreclosure stage. See how the “victor-victim bleeds” indeed! It is disingenuous for Mr. Obama to promise, as he did last evening, smaller budget deficits, universal health care and green energy independence under these deteriorating conditions.

2. JANUARY VANCOUVER PRESENTATIONS ON YOU TUBE.

Please have a look if you are interested in viewing yours truly in action.

Part 1/4- <http://www.youtube.com/watch?v=f5I7-vbXYcc>

Part 2/4- <http://www.youtube.com/watch?v=fIPzJIQN8ko>

Part 3/4- <http://www.youtube.com/watch?v=3OzILkxOqwI>

Part 4/4- <http://www.youtube.com/watch?v=FgyIb1YueE>

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