



Richard J. Maybury's U.S. & World **Early Warning Report**[®]

HENRY MADISON RESEARCH, INC.

SINCE 198

Insights from "The 2,500-year old man"

Dear Reader,

July 2021

When people ask my age, I tell them I'm so old I can remember when America was a free country.

- In this issue***
- ***War with China.***
 - ***Seven steps to protect your loved ones against the Federal Reserve, and profit despite its cruelty.***
 - ***Kurzweil Effect update. A possible developing breakthrough to help you live much longer and healthier.***
 - ***Win big from coming new popular insanities.***
 - ***And much more.***

That is not a wise crack. It's a measured fact. The Cato Institute publishes the Human Freedom Index, which judges countries according to 76 indicators of freedom.

Examples of the indicators are freedom of the press, impartiality of courts, legal equality, freedom of speech, growth

of money supply, controls on credit, controls on trade, and the total tax burden.

When I was born in 1946, America was widely admired as the undisputed freest country in the world. Few others even came close.

Today, on Cato's index, America scores 8.44, which is 17th. That is just a touch above Taiwan, Lithuania and Latvia. (Maximum possible is 10.0. New Zealand at 8.87 is first, and Switzerland at 8.82 is second.)

America is less than 5% above Slovenia, Romania and Chile, and less than 10% above Mongolia. Yes, Mongolia. This is what the more than 300,000 federal, state and local laws are doing to us

It is not to say the governments of the first 16 nations are choir boys. None score 10, or even in the nines. But they are more free than Americans.

Let me give you an example of how badly The Land of Liberty has been damaged by its politicians and their bureaucrats who are "just following orders." (Sound familiar?)

When I was a boy, the strongest influence in my life was my grandfather. He was, among other things, a pioneer in the anti-racism movement. I grew up seeing skin color as no more important than eye or hair color. Several of my close friends were non-white, and one was the best man at Samantha's and my wedding in 1967.

Today, as a business owner, the politicians and bureaucrats force me to stay forever conscious of skin color. Depending on the geographic location, penalties for "racial discrimination" by a business owner can run as high as closure of the business (laying off the employees) and jail for up to a year.

My estimate is that laws made up by politicians and bureaucrats which strong-arm us into caring about skin color have set race relations back three decades at least.

But that's only a small part of the damage political people have done to America. The machinations of the Federal Reserve are nothing short of an atrocity. However, the worst of them remain completely unnoticed even by the most ardent Fed watchers. I will explain, and tell you how to protect your loved ones against the Fed, starting on page 5.

Richard J. Maybury

➡ The rebellion against the swamp continues. In revolutions, the military typically splits between those loyal to the regime and those opposed. This is now happening in America. Active duty US personnel are discouraged from getting political, so military views are customarily represented by those retired. In May, 120 retired generals and admirals, including 24 3-stars, signed a vitriolic letter saying America is suffering



from a conflict between “supporters of Socialism and Marxism vs. supporters of Constitutional freedom and liberty,” (quite true) and all 120 are siding with the latter.¹ I think that deep in their hearts, a substantial part of the US military now sees loyalty to the socialist government as disloyalty to America. ♦

History repeats, a 1941 do-over?

Investors, be skeptical about rumors that huge cutbacks in US military spending are near.

We may see token cuts, but the fact is, the US armed forces are spread much too thin for the jobs they’ve been ordered to do. *If the power junkies in DC do not stop poking sharp sticks at the Beijing rattlesnake, we may be headed for a repeat of 1941.*

That is the blunt message the Air Force is trying to get across to the DC dimwits.²

In 1941, President Roosevelt had been poking sharp sticks at the Tokyo rattlesnake. On July 26th, he escalated, cutting off Japan’s oil supply. On December 7th Tokyo retaliated by attacking Hawaii’s Pearl Harbor, and other bases in the Pacific. (See my Uncle Eric book **WORLD WAR II, THE REST OF THE STORY.**)

Now, for three years, the USAF’s annual practice maneuvers have been about Beijing. In all three simulations, Washington has been so undergunned it has taken horrific losses, including a Chinese replay of 1941 — an attack on Hawaii and destruction of Pearl Harbor.³

Yet US politicians are moving toward a “Pacific Deterrence Initiative” which will include “precision-strike networks” of missiles along Beijing’s declared First Island Chain, including Taiwan.⁴

How would Americans feel if Beijing set up anti-US missile bases in the Gulf of Mexico?

Let me tell you. In the 1962 Cuban Missile Crisis, President Kennedy and his advisors almost blew up the world⁵ because Moscow had placed missiles in Cuba. Millions regarded JFK as a brave hero, and his approval rating shot from 62% to 76%.

Should we be surprised if China’s rulers go just as batty as the JFK gang did?

When the armed forces were assigned the job of global enforcer at the end of WWII, the Pentagon had 105 aircraft carriers.⁶ Today they have 11, while their enemies are massively more powerful than any in 1945. DC is facing a loose alliance I call the New

Axis: the rulers in Beijing, Moscow, Tehran, Caracas, Pyongyang, Damascus and other capitals, plus at least 77 “terrorist” (guerilla) groups.

Worse, the DC dimwits have committed American blood and treasure to protecting Taiwan against Beijing, and tensions there are rising fast.

Look at a globe. Taiwan is 110 miles from China, and 7,602 from the US.

In short, this is an IQ test for US power junkies. Will they continue behaving as if they still have 105 carriers? ♦

➡ You are paying for this recklessness in your taxes, so you might want to get some of your money back, by buying defense stocks. My five favorites remain **Lockheed (LMT), Huntington Ingalls (HII), General Dynamics (GD), Raytheon (RTN), and Northrup Grumman (NOC).** For the group as a whole, my estimated risk level, on a scale of 1 to 5,

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¹ 2021 Open Letter from Retired Generals and Adm.pdf.

² “If We Can Change...,” DEF. NEWS, April 2021, p.1.

³ “Ibid., “If We Can Change...”

⁴ “Eyeing China...” DEFENSE NEWS website, Mar 1

⁵ Google the 36-year old officer Vasily Arkhipov. In Wikipedia’s version see Aftermath.

⁶ OXFORD COMPANION TO AMERICAN MILITARY HISTORY, J.W. Chambers, 2006, p.490.



with 1 being safest, is 1.4; two year profit potential, 40%. I like LMT best, its size shows it owns the most congressmen. But HII may have the greatest potential. The fast growing vendetta between US and Chinese rulers is mostly naval, and HII builds warships including carriers. ♦

➡ It is with great satisfaction that I let you know my Uncle Eric books have again won first place in the Worldview Curriculum category of Mary Pride's 2021 Practical Homeschooling® Reader Awards™. Teachers and parents vote each year on the educational items they believe are the best. I am happy to know hundreds of thousands of adults and children are absorbing the insights and wisdom long forgotten by conventional schools and the mainstream press. ♦

➡ In keeping with original American principles, no part of EWR or my books is ever censored. ♦

The new commodity supercycle

There is no more cyclical asset class than commodities (natural resources, raw materials and agricultural products). It is not unusual for commodity prices to seesaw hundreds of percent.

Each complete cycle typically lasts years. The boom part of the last one began around 1999 and went on about a decade. So, if you can correctly identify a turning point in the cycle, you can minimize your risks and maximize your profits.

How do you identify turning points?

Usually it is very difficult, and for at least a century commodity traders have been trying to develop fundamental and technical indicators to do so.

But this time may be different. The Fed has poured a truly historic — indeed incomprehensible — amount of new dollars into the economy. Many of these trillions are clearly chasing tangible assets — real estate, oil, silver, palladium, copper and much more.

Copper's price has more than doubled since March 2020. Iron ore is above \$200 for the first time ever. Uranium is up 11% just since March 2021. Lumber is \$1,600 per 1,000 board feet, vs. \$330 this time last year.

I estimate a 95% probability this deluge of new money sloshing around will continue spreading throughout the US and world economies, in effect rigging the game in favor of those who own commodities. (I wonder how many people in the Fed have them.)

Commodities tend to react strongly to inflation of the money supply because demand usually develops faster than supplies can be increased. Unlike a factory that can ramp up within a year, a new mine or oil field can take ten years to come on line. This long lead time

plus mountains of ever changing government red tape make developers afraid of the risk, so they tend to be slow starting.

Summarizing, if there was ever a supercycle in anything, we appear to be in the opening stages of one now, in commodities.

My top pick for an investment in industrial metals is the world's leading producer of copper, **Freeport McMoRan (FCX)**. My estimated risk level, 1.5; two year profit potential, 100%. Dividend yield 0.72%.

Sociedad Quimica y Minera de Chile (SQM) is an important producer of lithium. Estimated risk level, 2.8; two year profit potential, 100%. Yield 0.35%.

My first choice for fossil fuel is **ExxonMobile (XOM)**. Estimated risk level, 1.6; two year profit potential, 80%. Yield 5.60%.

Suncor Energy (SU) is the leading oil sand producer. Estimated risk level, 1.8; two year profit potential, 150%. Yield 2.73%

SunPower Corp. (SPWR) provides turnkey solar power systems worldwide, including the highly popular leased systems. Estimated risk level, 2.0; two year profit potential, 150%. Yield 0.00%.

Deere & Company (DE) would be a top choice for a firm that should profit from the rise in agricultural prices, but it has already run up dramatically — as I expect the rest of these will. If it drops back, you might want to consider it.

I began recommending **BHP Group (BHP)** in Jan. 1996. Since then it is up almost six fold plus dividends, which are currently 4.09%. As a diversified raw materials asset, I know of none better. Estimated risk level, 1.7; two year profit potential, 100%.

For the rare metals so vital in electronics, **VanEck Vectors Rare Earth/Strategic Metals ETF (REMX)**. Estimated risk level, 1.4%; two year profit potential, 200%, with 1,000% reasonably possible. Yield 0.63%.

Given the Fed's foolhardy behavior, I think everyone should be in commodities to some extent. ♦

Good news! Kurzweil update

In August 2020 we ran an article about what I call the Kurzweil Effect. I warned that your long-term financial plans may need adjustment. There is a growing likelihood that you will live healthy *decades* longer than is now generally assumed in retirement strategies.

Scientist Ray Kurzweil points out that the human body is like a chain, as strong as its weakest link. If feeble body parts can be replaced before they fail, healthy life can be prolonged greatly.

In 2018, the DNA of a salamander, the axolotl (ak-suh-lah-tl), was sequenced by the University of Kentucky, and the animal is now one of the most re-



It has the astounding ability to regenerate body parts — the skin, tail, legs, central nervous system, eye tissue, lungs, ovaries, heart tissue, and even portions of the brain.

Keep an eye on axolotl research. The little critters may be your Fountain of Youth. ♦

➡ No change in my opinion of bitcoin and other cryptocurrencies. If you honestly believe electrons are good investments, fine, maybe you should buy some. But I must warn you that the price of electrons has already run up a lot. For a small fee, I can put you into protons and neutrons.

But I think gravitons are a better bet. They consist of nothing whatsoever, and that's what a lot of people seem to want to put their hard earned money into.

Seriously though, insane speculations are typical of heavy money supply inflations. The more money is sloshing around, the more crazy speculations will appear.

Therefore, new insanities are likely on the way. For example, Beanie Babies, which are cheap plastic toys, have been mass produced since 1994. They go for as little as a dollar on Amazon, but alleged "rare" ones reportedly sell for as much as \$500,000.

When a new folly pops up, if you get in fast and out fast, you might pick up some nice profits with minimal risk. But before you plunge, be sure to read the highly entertaining and revealing 1841 classic **EXTRAORDINARY POPULAR DELUSIONS AND THE MADNESS OF CROWDS** by Charles MacKay. ♦

Splinternet briefing

US and Chinese political leaders are moving toward dividing the internet in two, with up to 70 countries in a Chinese internet, and the remaining 130 or so in a US internet.⁷

That's just one example of the hundreds of attacks on the internet's connectivity.

Many thanks to 10-year subscriber K.B. for recommending the article "Blockchains Will Offer Better Security Than the Internet," by Greg Wilson, chief analyst at Palm Beach Research Group.

I began recommending cybersecurity stocks in 2013 on the expectation that the internet would be killed by military and renegade military hackers. But I suggested, before the internet goes down permanently, to be replaced by the splinternet, it will bring a raging boom in those stocks.

So far so good, and I think military grade digital sabotage will continue expanding for as long as two conditions endure: (1) the internet exists and (2) governments hate each other.

To hurt each other, governments will go to any lengths. Since the year 3600 BC there have been more than 14,000 wars.⁸ Power junkies spend trillions of dollars on war, and these days billions just on training cyberwarriors, knowing full well some of these exquisitely trained invaders will go renegade and attack you and me or, for a fee, equip others to do so.

However, I am not a computer whiz, and have not been able to imagine the nuts-and-bolts of how the splinternet will work. Mr. Wilson has accomplished this, and I suggest you Google his excellent article. (To me, the company he mentions has colossal profit potential, but also colossal risk. For riverboat gamblers only.)

This does not mean we are out of the woods

The internet is a brilliantly stupid invention. The idea of everyone in the world being connected to everyone else, including to the millions of criminals, is as daft as anything I've ever seen. Whether they realize it or not, everyone's lives today are infested with electronic muggers.

But never underestimate the power of fashion. Once the internet became the vogue, billions of individuals and organizations dove in, became addicted, and sank trillions of dollars into it. This despite the fact that no solution has ever been found to the problem of military and renegade military hackers, and the problem continues to worsen, as EWR has often predicted.

The former director of US Cybersecurity, Chris Krebs, has warned, "We are on the cusp of a global digital pandemic, driven by greed, a vulnerable digital ecosystem, and an ever-widening criminal enterprise."⁹

Despite such warnings, people seem to think that if they just pour enough dollars into cybersecurity services and firms, the problem will go away. We also predicted this, and it is happening.

Until I see evidence to the contrary, I will continue believing the sky is the limit for both cybersecurity stocks and splinternet stocks. I am keeping a pile of cash ready for when good splinternet stocks appear.

For now, the lowest risk way to profit from the Internet Crisis is probably **First Trust Nasdaq Cybersecurity ETF (CIBR)** and **Prime Cyber Security ETF (HACK)**.

⁷ "Tech leaders have long predicted a 'splinternet'...", BUSINESS INSIDER website, Aug. 6, 2020.

⁸ A 1984 joint study by research teams at the University

LITTLE SECRETS — MILITARY INFORMATION YOU'RE NOT SUPPOSED TO KNOW, by Dunnigan & Nofi, 1990, p.419.

⁹ "As Ransomware Attacks Rise, Consequences Get



Both are collections of cyber security stocks, and have roughly doubled since EWR first recommended them in 7/17. For either, my estimated risk level, on a scale of 1 to 5, with 1 being safest, is 1.4; two year profit potential, 100%. ♦

Safe deposit box still safe?

We've been seeing reports of people finding their bank safe deposit boxes empty. Looked into it.

It turns out that the locks of most bank boxes are precision made, but simple. Apparently they are designed more for feel and looks than security. For years YouTube videos have shown how to pick them. Apparently word has gotten around, and some bank employees have succumbed to temptation.

If you'd like to practice picking them, you can buy the locks on the internet for \$25.00.

A large bank with many employees is safer than a small one with few. The more people, the harder it is to pick a lock in secret.

Are you sure everyone working at your local bank is honest? If not, what do you do?

One solution is to ask a local locksmith, which banks near you have the highest quality safe deposit box locks? ♦

How the Federal Reserve abuses children

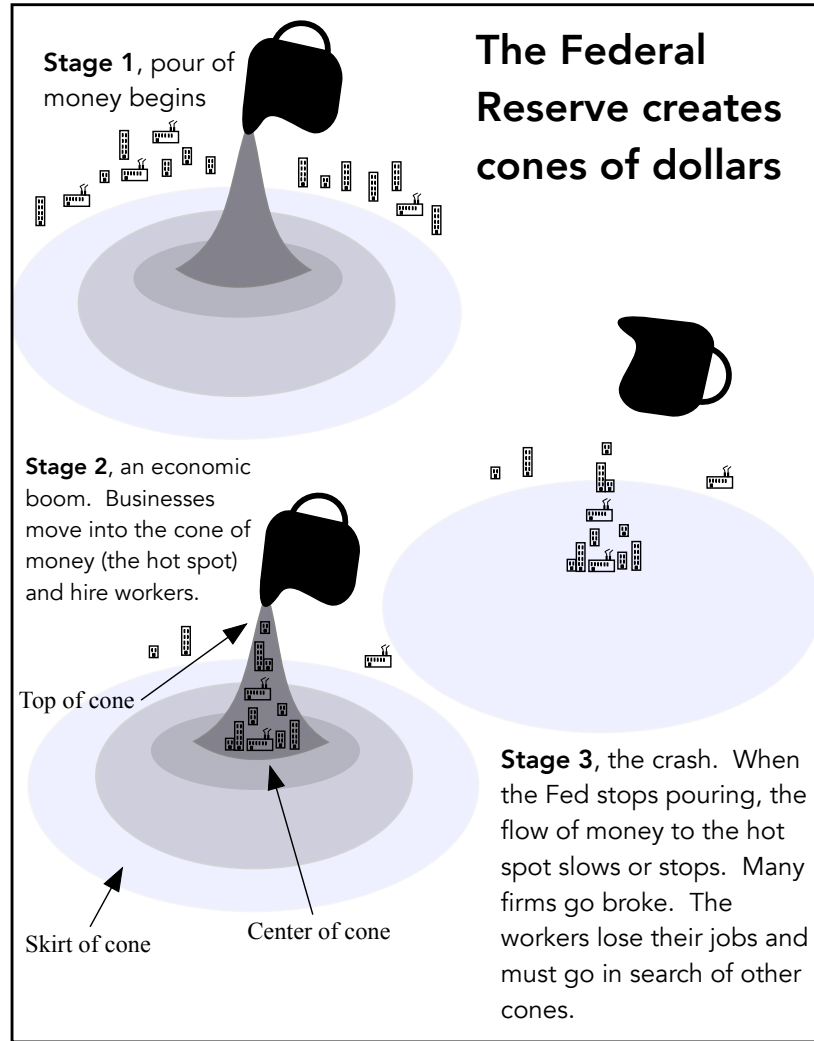
Nothing in EWR is ever censored, and you are about to read an example. If anyone were to try to muzzle me, it would be for this article. Here we go.

One of the Fed's dirty little secrets is the massive abuse it heaps on children. I will explain, then end with advice about investments, plus seven things you can do to protect your loved ones against the Fed.

The dancing cones of malinvestment

When the Fed pours newly created dollars into the economy (stage one), the dollars do not descend in a uniform blanket. It's targeted. Some people receive a lot, others little, and still others none at all.

You can verify this yourself. Since January of last year, the Fed has poured at least 15 trillion new dollars into the economy, quadrupling the money supply.¹⁰ Divide by the US population. If the money were poured uniformly, each member of your household should have received a check from the Fed for



\$45,448. Did you? If not, then someone else got your share.

Recipients spend or invest the money, and from there it flows outward unpredictably; each recipient has a free will.

This means the Fed's targeting can be good only in the initial pours. Thereafter the money goes who knows where.

Areas that receive a lot become hot spots, or cones of dollars.

Chasing the money, businesses and workers move into these cones (stage two), and become dependent on the pours.

Firms in cones of dollars are not investment, they are malinvestment. When the pouring slows or stops (stage 3), or the cone dances away to another location, these firms go in the red, or even completely broke. Workers lose their jobs, until the malinvestment is replaced by firms that are truly economically viable.

If the pouring is not resumed, this correction is a depression. If it is resumed, it is only a recession, as many of the cones of malinvestment are revived.



Crucial point: each resumption of the pouring creates more malinvestment, and increases the need for more corrections, meaning more and bigger recessions or depressions.



The Fed's cones dance all over the landscape.

So how does this abuse children?

Recessions and depressions bring waves of bankruptcies, unemployment, poverty, alcoholism, violence and divorce. All of this trickles down to the young in one way or another.

But there is a much more diabolical effect that as far as I know has never been exposed. Psychologists deal with it daily, but they don't know enough economics to recognize that the cause is the Fed.

My own childhood will illustrate. Here is a hint: recently my wife Samantha heard a psychologist complain that practically no one under age 30 knows how to raise children.

My story

I was born in 1946 and spent the first 16 years of my life in Hamilton, Ohio near Cincinnati. My clan had lived in the area for about a century, and I was surrounded by dozens of relatives.

I was the oldest of four children. During those 16 years, my mother was in close contact with the whole clan, especially her mother. On average, I'd say Mom saw Grandma at least once a week, and was on the phone to her two or three times, in addition to visits with her many sisters, brothers, cousins and friends.

These people comprised an elaborate social network that had developed over generations.

I overheard many of their conversations. Often the talk was about kids. Johnny has been doing such-and-such, how would you handle it?

Here's the key point: Mom's primary go-to person was Grandma, just as Grandma's had been her mother, and her mother's had been her mother, etc.

Each time Mom had a problem she could not solve, *she tapped into a chain of experience and wisdom that reached back a century or more.*

But Hamilton was not prosperous

The Fed continually changes its monetary policy, which meant Hamilton's cones — its hot spots — came and went repeatedly.

The town was mostly into farming and heavy industry, both of which are highly sensitive to Fed decisions. It was permanently locked into the Fed's "business cycle" of fever and chill, fever and chill (which is an artifact of the Fed's socialist central planning.)

During periods when Hamilton was a cone, it boomed. But the Fed's recessions of 1945, 1948, 1953, 1957 and 1960 were wrenching to it, and by the sixties the place had been whipsawed so badly by the Fed it was no longer a land of opportunity in any way.

In '62 my parents moved to Los Angeles, which at that time was likely the world's largest, hottest cone.

My father did not have a high school diploma. But in 12 years he went from delivery truck driver to western region general manager of a Fortune 500 corporation. He was the firm's honcho in the 24 states west of the Mississippi.

He was not an intellectual, and understood little economics, but he knew where the money was. He demonstrated that moving into a big, hot cone of dollars can be a fantastic career move.

So what about us kids?

Literally overnight, Mom went from being a mother who had frequent face-to-face conversations over coffee, connecting at a close, caring level with the hundred-year chain of wisdom and experience, to being a mother entirely on her own.

Try to imagine it. She turned from a life surrounded by older, wiser people who loved and cared for her and her children, to no one but her husband, who was of the same young, inexperienced generation as her.

That is a microcosm of...

... what the Fed has done to hundreds of millions of families.

Humans are profoundly social creatures. Until the Fed was cooked up in 1913 and 1914, people commonly lived near family all their lives, and the biggest beneficiaries were the kids. The tots, tykes and teens were not raised by amateurs. They were brought up by parents who were tightly connected to teams of mentors who had combined totals of wisdom and experience stretching back generations.

Today, Federal Reserve policy makes this happy condition almost impossible for anyone. Each time the Fed changes its monetary policy — each time it scrambles the locations of the cones — it scrambles the locations of relatives and friends. Its socialist central planning breaks millions of steadfast, loving clans into floundering nuclear families of amateur parents bereft



The Fed's masterpiece was...

... the Great Depression of the 1930s.

The icon of the era was the hobo. An estimated two million men rode the rails looking for work — meaning, in reality, looking for cones.

That was the beginning of most Americans being raised by bush league parents who have not the foggiest idea what they are doing.

Yes, following the dancing cones can be highly lucrative, as my father showed. But it can be so hard on children that I suspect a great many parents spend much of their fatter paychecks on psychiatrists, lawyers and bail bondsmen — and have no idea it is the Fed that is forcing this outrage onto them and their kids.

The Fed keeps the entire country — indeed the entire world — in constant economic turmoil.

Here is an excerpt about the Fed from the outstanding 1997 novel TOTAL CONTROL by David Baldacci. I congratulate Mr. Baldacci for having the true grit to print it.

A fictional Fed board member says,

“Do you know that when we decide to raise rates [meaning to slow the pouring of dollars], we can tell fairly precisely how many businesses will declare bankruptcy, how many people will lose their jobs, how many homes will be foreclosed? We have all that data, neatly bound, carefully studied. To us it’s only numbers. We never, officially, look behind those numbers. If we did, I don’t think any of us would have the stomach for the job. I know that I wouldn’t. Perhaps if we started tracking suicide, murder and other criminal statistics, we would be more understanding of the vast powers that we hold over our fellow citizens. ...”

An investigator replies, *“Jesus, I never really thought of it that way. You sort of hold the power of...”*

“God?” and the Fed man’s eyes sparkle. *“Do you know how much money the Fed wire-transfers out to maintain its policies...?”*

He goes on, *“One trillion dollars a day. ... We’re one of this country’s best-kept secrets. Indeed, if average citizens were fully aware of what we can do and have often done in the past, I believe they’d storm the walls and cast us all into dungeons, if not worse.”*

In short, the Fed conducts a vicious but hidden war on families and clans, keeping them in continual upheaval and scattering them hither and yon.

Again, kudos to Mr. Baldacci for having the courage to publish that.

Early Warning Report Velocity Estimate

Estimated World Velocity of the US Dollar

Stage 1					Stage 2					Stage 3															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z



Estimated US Velocity of the US Dollar

Stage 1					Stage 2					Stage 3															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z



EWR uses the non-statist, or anti-statist, “Austrian” brand of economics, whereas almost everyone else uses the highly statist “Keynesian” brand. Early in the covid-19 panic, we were forecasting a V-shaped recovery caused by pent-up demand. Keynesians were predicting a long, grinding U-shaped recovery.

So Keynesianism has gone down to yet another humiliating defeat.

Now we’ve raised our US estimate of velocity three notches. Despite Keynesian assurances that the Fed is not triggering a runaway inflation, I think there is an 80% probability the US is headed into a massive inflation worse than that of the 1970s — something like those of the 1780s and 1860s. Why?

The saber-toothed socialists in the Fed have been printing dollars with wild abandon, starting cones in real estate, cryptocurrencies, lumber, silver, labor, gasoline, and other items.

When velocity gets into mid-stage two, expect riots. So update your emergency supplies and equipment now, before the stampede empties the stores.

Be sure your broker or financial advisor understands velocity, which few do. You might give him or her my short Uncle Eric book, **THE MONEY MYSTERY**. 800-509-5400 or richardjmaybury.com/books.

Why Fed officials do this to us, I don’t know. But it seems logical that the less security felt by John and Jane Ordinary, the more they will want to climb into bed with government and see it as their superhero.

What more could any socialist want?

If you or a loved one are having serious psychological problems, now you know a possible root cause; the Fed shattered your clan.

By the way, in an April 10, 2007 speech, Fed governor Frederic S. Mishkin admitted there is a connection between Fed monetary policy and “human misery, including lower living standards and increases in poverty as well as social pathologies such as ... divorce, increased rates of violent crime, and even suicide.”¹¹ He

¹¹ At Bridgewater College. “Monetary Policy and the



cited the inflationary 1970s as an especially harmful Fed tinkering job, allegedly done to us with good intentions.

A crucial investment guideline

All central banks inflate their currencies and create boom-and-bust cycles. So in this world where cones dance all over the landscape, things on concrete foundations are riskier than those on wheels. When buying a business or choosing a stock or other investment, or taking a job, factor mobility into your calculations.

Ask, is its income derived from a single fixed location, or from an ability to reach out to a multitude of locations, meaning multiple cones?

Seven steps to help your loved ones

To gain a solid working knowledge of the dancing cones, and their opposite, sinkholes, first see my books, **UNCLE ERIC TALKS ABOUT PERSONAL, CAREER AND FINANCIAL SECURITY, WHATEVER HAPPENED TO PENNY CANDY, THE MONEY MYSTERY, and THE CLIPPER SHIP STRATEGY.**

Together they are about seven hours of unusually easy reading, and then for the rest of your life you will be able to help your loved ones and others understand.

Also, even if you already have a PhD in finance or economics, you will be far better equipped to make business, career and financial decisions.

Here's more you can do

Second, always see a cone as a trap. When the Fed slows or stops pouring money, be ready to jump to a new cone if yours collapses or dances away. *Monitor the health of the cones on which you depend.*

Third, warn your loved ones. The more they understand about the dancing cones, the better they will be able to spot and avoid the Fed's traps, and even turn them to their advantage, as my father luckily did.

Fourth, become thoroughly familiar with the Clipper Ship Strategy (explained in my Uncle Eric book by that name). Especially learn to classify cones.

Fifth, practice. After you know how to classify cones, make it a habit to note them in your daily life.

For instance, as you pass by store fronts in a shopping mall, or watch a TV discussion about stocks, develop the habit of instantly asking yourself, deliberate?, accidental?, on the skirt? at the top?, etc.

Also classify people the same way. Once you know a little about the source of a person's income, you will usually know more about that person's future than he or she does.

I cannot stress too much that classifying cones and sinkholes can be a big help in selecting investments. For example, deliberate cones are generally much more stable than accidental ones. The accidentals are fine for hit-and-run speculation, but for long term buy-and-hold, they are higher risk. Deliberate cones tend to be

Sixth, make a game of cones and sinkholes with your children. Ask, how would you classify that store, and why? That stock? That factory?

This will establish in their minds the crucial fact that the cones and sinkholes dance all over the planet, and we must all be constantly ready to adapt to new economic circumstances. This means, among other things, be wary of debt; it tends to make you inflexible. (More on this next month.)

Seventh and most important, again, humans are profoundly social creatures. We need each other. Quality friendships can be a superb substitute for drugs and alcohol, *so don't let the Fed break up your support group.* Encourage those close to you to stay in touch with you and each other, and share wisdom and experience — if not face-to-face with hugs, then electronically. Don't be shy about telling others bluntly that you need them, and they can call on you any time they need you. As novelist Edna Buchanan so wisely wrote, friends are our chosen family.

Conclusion

So, that's why "practically no one under 30 knows how to raise kids." When lawmakers made up the Federal Reserve, they hatched an economic Godzilla. The Fed abuses children horribly, by shattering the teams of experienced adults who help raise them. It robs child-rearing of depth.

In 1624, author John Donne famously observed "No man is an island entire of itself." I wonder if a secret mission of the Fed is to turn us all into islands, so that we will be so lonely and afraid we will accept any amount of government. ♦

➡ Four of my favorite President Reagan quotes:

- "The most terrifying words in the English language are, I'm from the government and I'm here to help."
- "Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it."
- "Politics is supposed to be the second oldest profession. I have come to realize that it bears a very close resemblance to the first."
- "Government isn't the solution, it's the problem."

➡ There are few things as pleasurable as helping a child prosper. We urge you to copy and distribute this EWR as widely as you can. To help you do so electronically, a PDF copy is available on our home page, earlywarningreport.com. Please pat yourself on the back for coming to the rescue of possibly hundreds or even thousands of tots, tykes and teens, and the parents who love them. ♦