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

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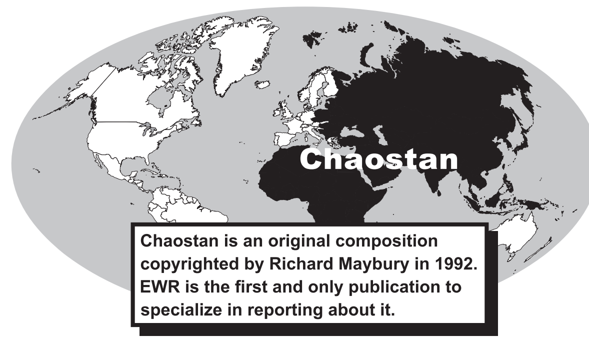
Insights from "The 2,500-year old man"



Why Chaostan is hopeless and growing worse. ***See page 2.***

Dear Reader, July 2022

It cannot be said too often that the country and the government are not the same thing. America is wonderful, but for over a century its government has been a corrupt nightmare.

> ## *In this issue*
> - ***Reason for hope.***
> - ***The Fed-caused upheaval has arrived.***
> - ***What should we do now?***
> - ***The malinvestment secret.***
> - ***Look out for the convergence.***
> - ***Buy gold safely.***
> - ***And much more.***

As friend Doug Casey recently said about the Federal Reserve's inflation, "Once again, the US government is shooting America in the foot. It may come as a shock to hear this, but the greatest danger America faces isn't Moscow; it's Washington."[1]

I have written often about America splitting dramatically between persons who fear and hate the government, and those who love it and want more of it. My reading of American history convinces me that except for the Civil War, today's split is the most serious since that of 1776.

One indicator is the recent IRS report about a massive surge in the exodus of Americans moving from high tax states to low tax states.[2] <u>Millions are irate, and voting with their feet.</u>

Formalizing today's fast-growing and frightful hostility, in his January 11th speech Biden thundered, "Do you want to be on the side of Abraham Lincoln or Jefferson Davis? This is the moment to decide!"

Wow, talk about throwing down the gauntlet. The president's declaration means, if you are not in his camp you are a racist.

<u>But how much did you hear about this ultimatum in the mainstream press?</u>

A recent survey by the Wall St. Journal and University of Chicago's National Opinion Research Center shows about 83% of Americans describe the economy as poor or not so good, 86% said the country is greatly divided over the most important values, and only 17% are satisfied with their financial situation — the lowest since the survey began in 1972. Over half said they expect divisions to worsen over the next five years, and 38% said their financial situation has been deteriorating. Fear of rising prices is rampant.[3]

This is the stuff rebellions and revolutions are made of. Desperate people do desperate things. Stay with us, it looks like a lot of history is on the way,

Richard J. Maybury

"Politics, … has always been the systematic organization of hatreds." — Henry Brook Adams, historian, 1905

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[1] "Doug Casey on What Happens Next…," INTERNATIONAL MAN website, Mar. 16, 2022.

[2] "The Great Pandemic Wealth Migratiion," WALL ST. JRNL., June 4, 2022, p.A14.

[3] "Pessimistic Mood Deepens," WALL ST. JRNL., June 7, 2022, p.A4.

Why Chaostan is Hopeless

Part two. (Part one was last month.)

In hundreds of EWRs, speeches and interviews over 30 years I have warned that the US government — and investors — should steer clear of Chaostan. The place is and always has been a sea of blood and destruction. Its thousands of tribes, ethnic groups and nations have hated and fought each other for at least 11,000 years.[4]

That advice has been spread far and wide, to the point that the October 19, 2009 NEWSWEEK ran an article revealing that my Chaostan paradigm influences strategic planning in the Pentagon and CIA. (But apparently not the Oval Office.)

Why is Chaostan such a mess?

And how can it be cleaned up?

It can't. Here's why.

After America's 1776 revolution, the principles of liberty found in Natural Law (or the old British Common Law) began spreading around the world. The foundation of these principles is, there is a Higher Law than any human law.

Human law and behavior must be based on ethics, not the other way around. This foundation is what makes civilization possible.

I summarize ethics in 17 words: *do all you have agreed to do and, do not encroach on other persons or their property.* Where these 17 words are obeyed, life gets better, and where they are violated, life gets worse. (See my book **WHATEVER HAPPENED TO JUSTICE?**) Everyone knows these 17 words, but few realize it until someone points it out to them.

The root cause of the current decline of civilization is that every government in the world has adopted the assumption that law determines ethics. Whatever lawmakers decide, is right, even if it's wrong.

After the 1776 revolution, other populations saw America's swift movement toward greater freedom and abundance, and they wanted it for themselves. Revolutions spread like wildfire.

But in the late 1800s, socialism became the hot new fad. It halted the spread of liberty by taking control of the schools and colleges — meaning taking control of the minds of the young — all over the world.

The main region that never absorbed the principles of liberty is what I call Chaostan, the land of chaos — East Europe, Asia and Africa.

Therefore, this area today remains the volcano it has always been, and now the volcano is erupting again — which is no surprise to long-time EWR fans.

Chaostan will not climb up out of its abyss until the 17 words take root there. (Nor will America's problems abate until they are revived here.) In Chaostan this may require centuries, which is why I have always said investments in Chaostan are for riverboat gamblers only. Now, all hell is breaking loose. Some recent news reports:

- McDonald's is closing their 847 stores in Russia, plus leaving China, Turkey and India.
- Shell said it expects to book accounting charges of up to $5 billion related to its decision to exit its Russian operations.
- Nearly half of foreign businesses in Hong Kong are planning to leave.
- Starbucks is leaving Russia.
- Giant firms moving part or all of their operations out of China include Nike, Samsung, LG, Adidas, Zoom, Sharp, Hasbro, Kia, Hyundai, Stanley Black & Decker, Dell, HP, Google/Alphabet, Microsoft, Intel and Sony.

For all these fleeing firms, and many others, I have just four words: I told you so.

If you would like a picture of what I believe is coming throughout Chaostan, see the 1965 movie **DR. ZHIVAGO**. Incidentally, as you watch, remember that

[4] The age of the first fortified tower at Jericho.

what is not shown is the US 1918 invasion of Russia,[5] which made Russia's agonies all the worse. ♦

The Fed's disaster has arrived

There is hardly anything as important to our economic well-being as the supply of money. The supply is controlled by the Federal Reserve, or "Fed," which acts as the government's central bank.

In the September 1992 EWR, and again in the 2004 revision of my short Uncle Eric book THE MONEY MYSTERY, I proposed that the conventional view of the Federal Reserve's monetary policy might be wrong. I suggested what I believe is a more realistic view.

Those projections appear to be coming true now, so it is time for a review of what's happening to us, and where I think it is leading. This article is a compilation and summary of dozens over the years.

Keeping it as scientific as possible, we will begin with…

…two clearly observable facts

The first is that the Federal Reserve creates dollars and injects them into the economy. This is no secret. In Washington, inflating the money supply is considered good. The Fed does it openly and proudly. Google "Federal Reserve money supply data," and you will find plenty of evidence on the Fed's own web sites.

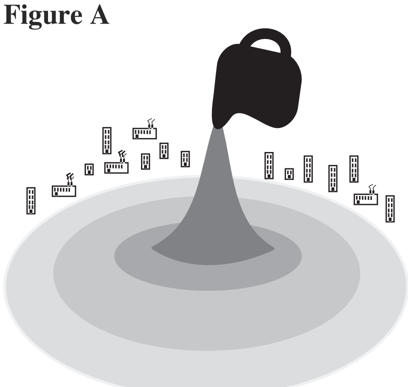
The second fact is that, when Fed officials inflate, the new dollars do not descend on the country in a uniform blanket.

From Feb 2020 to Feb 2021, The Fed admits to pouring 4.1 *trillion* new dollars into the US economy.[6]

The population numbered 330 million.

Divide $4.1 trillion by 330 million. Each American should have received $12,424.

Figure A



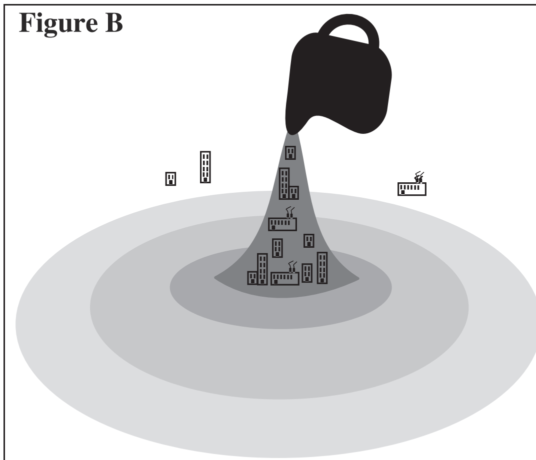
Using the financial system, the government pours dollars into an area. Firms usually do not know where the money is coming from, but they see the area heat up.

If you are a member of the typical family of four, your household should have raked in nearly 50,000 newly created dollars free.

Did you?

Then someone else must have received your share.

Figure B



The firms move into the hot spot.

Lesson: When the Fed pours money into the economy, the money does not go to everyone equally. It goes into specific locations, meaning the pockets of specific individuals, firms, state and local governments, and other organizations.

This brings us to a crucially important but almost totally ignored concept called malinvestment. I hope you will tell your financial advisor about…

…the malinvestment secret

Most newly created dollars are injected through the financial system, and no one knows where they end up. All we can say for sure is that few of us receive our shares, so our dollars must go to someone else.

Also, I think it is safe to assume the recipients of the dollars spend them. One transaction after another, the new dollars spread outward from initial entry points, until they are widely dispersed. (Figure A)

This entry point, or cone of money, becomes a hot spot, and people in the hot spot go on a spending spree.

Businesses see this hot spot and move into it to tap into the increased flow of greenbacks. (Figure B) They acquire new plant, equipment and workers. The tech industries in the 1990s, and real estate today are examples.

A key point: the formation of new businesses in the hot spots is not investment, it is malinvestment. It is *mistakes* made by managers and investors who have been misled by the flow of newly created dollars. These people have been lured into financing enterprises that are in the wrong places doing the wrong things.

Another key point: each injection of new money causes more malinvestment, and *this malinvestment needs continuous new pourings to keep it alive*.

Incidentally, a cone of money is a concept originated by economist Ludwig von Mises, and I have expanded on it.

[5] THE DECISION TO INTERVENE by George F. Kennan, Princeton University Press, 1958.

[6] M2. St. Louis Federal Reserve web site.

It's happening everywhere

This explanation applies to the behavior of all governments around the world. After the abandonment of gold as money in the 1970s, all have issued political currencies that can be created without limit.

The new money goes somewhere, and wherever it goes, malinvestment accumulates.

Another way to understand this is to ask, why is counterfeiting illegal?

What could be harmful…

…about creating and distributing money?

Money responds to the law of supply and demand just as everything else does. As the quantity of dollars goes up, the value of each individual dollar goes down, and prices rise to compensate.

That's inflation. Inflation is not rising prices. It is an increase in the amount of money that *causes* rising prices.

The mainstream media seem not to understand this, or they have been intimidated into not revealing what they know.

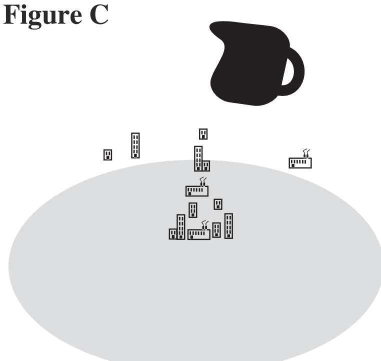
Politicians and bureaucrats eventually become concerned about prices rising due to the fall in value of the money, so they "tighten" the money supply.

The flow of money to the hot spots slows, and the correction of the malinvestment begins. Businesses go broke and workers lose their jobs. (Figure C)

That's a depression. A depression is the correction period, the "shakeout," following an inflation. It lasts until the assets of the businesses are sold off and the workers find new jobs.

Usually, when a depression begins, officials panic and re-inflate. This stops the correction.

Figure C



When the money stops pouring, the businesses and their workers are left without incomes.

This incomplete correction is a recession. A recession is a depression that has been cut short by resumption of the inflation.

When officials inject money into the economy, they create a forest of cones. (Figure D.) This disorganization of firms and employees can be called the "injection effect."

Firms are created and expanded, and employees are hired, in areas where they otherwise would not be. These mistakes are malinvestment.

Another key point*: the politicians and bureaucrats have no control over where the money goes after the initial pour. Humans have free wills, and our spending decisions change daily.*

Figure D

Since 1916, the Federal Reserve has increased the US money supply[7] from $20.1 billion to $21.8 *trillion*. This money went somewhere, and it was not distributed uniformly. It has been creating cones of malinvestment all over the country. America is surely a forest of cones, and all this malinvestment must eventually be shaken out.

So, when injections resume, many of the dollars go to new places, creating fresh pockets of malinvestment.

Further, the pockets of malinvestment are not identifiable until the Fed's counterfeiting stops and the bankruptcies and layoffs begin.

Ever-larger additional injections are needed to prop up the malinvestment and prevent the depression. Decade after decade, the amounts of newly created money — and malinvestment — spiral upward.

The conventional view…

… of the government's monetary policy is that officials try to inflate the money supply at a rate that will keep us in a safe zone between an inflation-ridden boom and a deflation-ridden bust. (Figure E.)

If they print less money — meaning if they "tighten," — we get a recession or depression.

If they print more — if they "loosen" — we get serious widespread price increases.

Note: the prices do not need to be those of consumer goods. They can be of stocks, real estate, raw materials, or anything else, depending on where the money flows. Often much of it flows into whatever firms and investments are fashionable.

The assumption that the lines between boom and bust are parallel is based on an unwillingness to face the fact of malinvestment. It accumulates.

Given what we are experiencing now, I am 99% sure that in 1992 I was right. The sides of the monetary policy channel are not parallel, they converge. (Figure F.) Here's why.

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[7] M2.

As the malinvestment grows, so does the amount of dollars needed to prop it up. The Fed's maneuvering room eventually disappears. Any injection big enough to avert a depression is also big enough to trigger a runaway inflation.

Please read that last sentence again. I think it describes where America likely is now, and it is the main point of this article.

I think there is an 80% probability the malinvestment from the last few years of spectacular inflation of the money supply has brought us to the convergence point in Figure F.

In other words, I think there is a high probability the Fed has run out of maneuvering room. Its 108 years of creating money out of thin air — which means 108 years of creating malinvestment — have finally put us in a situation where the choice is no longer between double-digit inflation and recession, it's between triple-digit inflation and depression.

As I see it, odds are that if they print enough money to stave off a depression, they will send the dollar into a hyperinflation like the one in 1779, when George Washington complained, "a wagon load of money will scarcely purchase a wagon load of provisions."[8]

The reason I think this…

…is last month's article about real interest rates[9] being the lowest in 5,000 years.

When the Fed began tightening on March 15th, the economic slowdown began instantly, even though real rates are at their 5,000 year lows.

Think about it. Just the tiniest bit of tightening, not even taking us within shouting distance of the +4% historic real interest rate, is threatening to spark the correction, meaning a recession or depression.

Fed officials must be scared witless.

Summary: my key point in this article is…

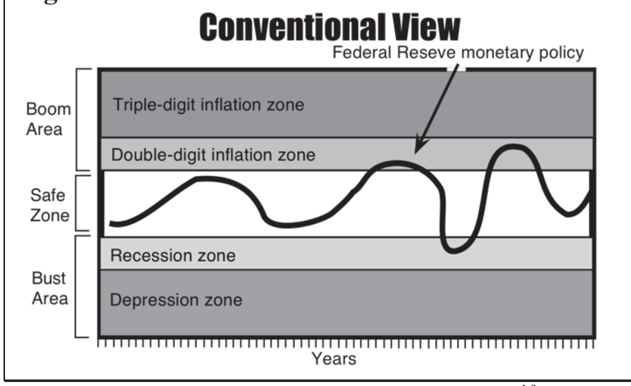
… now, even the slightest tightening has begun the shakeout of the malinvestment. In 108 years, the Fed has caused so much malinvestment that the correction has a hair trigger.

Economics is far from an exact science. I could be wrong about all this. But looking back at the scores of inflations throughout history, *this Figure F convergence is what we see just before officials throw up their hands and launch a triple-digit inflation*. But, there is…

…reason for hope: Remember 1945-46

In WWII, an astounding 70% of all US industrial production was converted from making cars, toasters, sewing machines and other civilian goods, to war

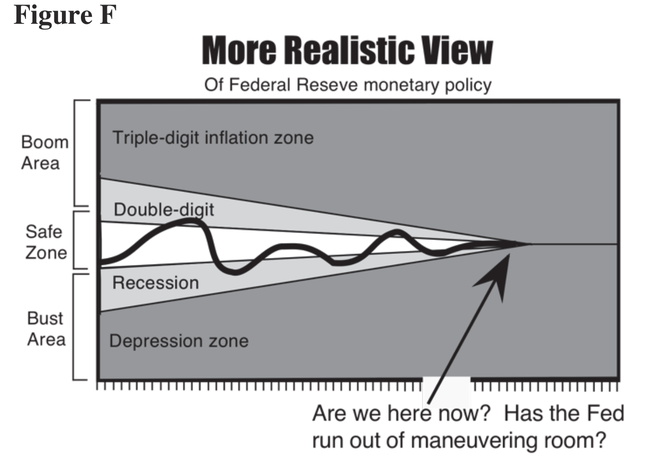
Figure E



materiel like tanks, planes and machine guns.[10] The day the war ended, Sept. 2, 1945, almost all the 70% instantly became obsolete; it was malinvestment that had to be corrected.

Yet the downturn was one of the mildest on record. The correction period — the "depression" — was so placid few today even know it happened. It lasted only eight months, with joblessness most of the time around 4.0%, which is considered the normal healthy rate.

Figure F



Hard as it may be to believe, for once the politicians and bureaucrats had behaved wisely and ethically. In the approach to the war's end, they did not deny a colossal shakeout was necessary, nor did they try to inflate it away. They let it run its course unhindered.

In all other downturns, the power junkies have intervened, turning parking lot fender benders into an endless series of train wrecks. (See my Uncle Eric book **WHATEVER HAPPENED TO PENNY CANDY**?)

There's no reason that the wisdom of 1945-46 cannot be revived. All we need do is spread the word about it. So, I hereby give permission for anyone to copy and distribute this EWR in full as widely as you can. Please do so.

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[8] THE POWER TO COIN MONEY: THE EXERCISE OF MONETARY POWERS BY THE CONGRESS, by Thomas Frederick Wilson, M.E. Sharp publisher, 1992, p.67.

[9] The real interest rate is the rate adjusted for inflation.

[10] FREEDOM'S FORGE, by Arthur Herman, Random House, 2012, p.283.

What else to do

Political power junkies have created so much confusion, turmoil, degeneracy and lunacy that we and our loved ones are on our own. Freshen up your emergency supplies and equipment.

Crime has become so bad that thus far in 2022, there have been 246 mass shootings in the US.[11] The police cannot possibly protect everyone, so don't be helpless. Get well-trained in the legal, responsible and accurate use of a firearm. You might consider the Glock 19 and 26, and the new Remington 870. I suggest you read **EFFECTIVE HANDGUN DEFENSE** by Frank W. James.

Also, if you do not have precious metals, which are one of the best protections and profit-makers during inflations, get some. See below.

And allow yourself to be optimistic. Compared to any other time or place in history, America's general rate of change today is supersonic. The great French hyperinflation of the 1790s lasted six years. It's plausible that today's will last only six months, or even six weeks. It all depends on how many people spread the word about cones, malinvestment and the need to let the shakeout progress unhindered as in 1945-46. Again, please help spread the word. ♦

How to buy gold, etc. safely

Valuable for an estimated 6,000 years, gold is the most trusted and sought after form of money and protection against inflation. But when buying it, the wise investor asks, how do I know this piece of yellow metal is really gold?

For thousands of years, and still today, the solution has been to buy it in the form of coins made by trustworthy mints. Such high quality "strikes" are extremely difficult to counterfeit.

In addition to the detail and quality of a coin's artistic images, there is physics. If a coin has the correct weight, thickness, shape and diameter, it is solid gold. If any of these four is off, it's probably fake.

Technology advances. During the 20th century counterfeiters made great strides in producing hard-to-detect fake coins.

Probably the most successful fraud by far is the use of tungsten disks covered in thin layers of gold.

A pound of tungsten is worth about $3.25, and a (troy) pound of gold about $22,000.

Here's why tungsten works so well. The weight of gold per cubic foot is 1,206.83 pounds, and the weight of tungsten per cubic foot is 1,204.41 pounds. The difference is so close it is almost undetectable.

But a firm called Fisch Instruments has for 42 years devoted its efforts to simple detection devices you can carry in your pocket. They cost only a few hundred dollars.

Fisch also makes detectors for silver coins.

I have used and recommended Fisch devices strongly for at least 30 years. They are in the tool kits of banks, investors, mints and coin dealers worldwide, including the US and Canadian mints. See the Fisch website **thefisch.com**. Also YouTube: "How to detect fake gold coins with the Fisch."

I do not recommend gold, silver, platinum or palladium bars or ingots. The bigger it is, the easier it is to "drill and fill." Drilling out a 100 oz. bar and filling it with tungsten, or lead or anything else, is a great deal easier than drilling and filling a 1 oz. coin. A 1/10 oz. coin is even better.

In short, when it comes to precious metals, smaller is safer.

You hope someday to trade...

…your precious metals for other things, so you need the metals to be in a form trusted by the people in your geographic area. In North America, you probably won't have any trouble using US Eagle or Canadian Maple Leaf coins.

These have an added protection. They are legal tender, so the US Secret Service and Royal Canadian Mounted Police guard them against counterfeiters. Fakes of these coins are practically unknown, because there is so much less risk in faking coins of other nations.

The US and Canadian platinum and palladium coins, too, are legal tender and protected.

There are electronic gizmos such as the Sigma Metalytics Precious Metal Verifier Pro, which tests gold, silver, platinum and palladium coins. But I could not find enough information about them to be comfortable selecting or recommending one. You might look at the YouTube video **"Which Sigma Metalytics is Best for You?"**

Don't go near any Chinese coins. China has a fast growing and well-deserved reputation for making products that are disappointing.

I am told that eBay abounds with counterfeit Chinese coins, which are surely at the bottom of the priority lists of the Secret Service and RCMP.

Before you buy, it's a good precaution to check prices at three or more dealers. Google "coin dealers online" or "coin dealers near me."

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[11] Mass shooting: four or more people shot, not counting the shooter. GUN VIOLENCE ARCHIVE website.

If you do not have a dealer you trust, Samantha and I have been using **Van Simmons at David Hall Rare Coins (949-567-1325)** for about ten years, and never hesitate to recommend him. Van has become highly successful by being experienced, knowledgeable, ethical and discreet.

(Neither I nor Henry Madison Research® receive kickbacks, commissions or fees of any kind for recommending investments, brokers, dealers or publications.)

Buying coins is like buying anything else. You send your dollars and they send you the merchandise.

I am comfortable with a mixture of the precious metals: 25% each in gold, silver, platinum and palladium coins.

As prices change, your ratio will change, so you might want to "rebase" it periodically. Sell some of what has risen a lot, and buy some of what hasn't.

You might also be interested in…

…ratio trading

Most people buy the metals only as long-term buy-and-hold investments. But some also like to designate a portion of their holdings for shorter term buy-and-sell speculation.

Ratio trading is a low risk way to do this. World prices of the metals fluctuate by the minute, and the number of ounces of silver needed to buy an ounce of gold has swung dramatically throughout history.

In ancient Egypt the ratio was 1 to 1. In 1900, 33 to one. In 1941, 100 to 1. 1968, 17 to one. 1991, 91 to one. 2011, 49 to one. Today, 85 to 1.[12]

A ratio trader tries to identify turning points, and adjust his holdings, or portions of them, to profit from it. He sells the historically more expensive metal, and buys the historically cheaper one, then waits for the ratio to change, hopefully in his favor.

Ratio trading has a gigantic advantage over conventional buy-low-and-sell-high speculation. You are always fully in one or the other of the metals, so if a monetary calamity hits, you won't be standing on the sidelines unprotected.

You will find a good introduction to ratio trading at **"Trading the Gold-Silver Ratio," Investopedia.com.**

Once you have all the physical metal you want in your personal possession, you might take a look at the **Sprott Physical Trusts for gold, silver, platinum and palladium, at Sprott.com**. The metals are not in your possession, but it's an easy way to buy, sell and hold them.

In the US, when buying precious metals for an …

…emergency monetary crisis…

… dimes minted before 1965 are best. Lately, demand has pushed up the price enormously, but you might want to get some. I can't say enough good about them. Here's why.

When paper money is rejected by the population — which has happened twice before in US history — and you need to buy something, the seller may not be able to make change. You don't want to be forced to give him a one-ounce gold coin for a can of beans.

The solution is silver dimes.

In a form familiar to all Americans, US silver coins minted before 1965 are 90% silver, and generally traded in canvas bags of $1,000 face value. Some dealers sell partial bags.

The size of a bowling ball, a bag weighs about 55 pounds. It has 10,000 dimes containing a total of 715 to 725 troy ounces of silver, depending on the wear of the coins. (Specify that you do not want heavily worn "slicks" or damaged "culls.")

One pristine dime contains 0.072 ounces of silver. As bullion, this is worth, on the commodity markets at this time, about $1.60 each. In the form of dimes, however, they're about $3.00 each, because they are in such high demand as easily traded inflation protection.

Second choice would be pre-1965 quarters or halves. Bags of each contain the same 715 to 725 ounces of silver.

The honchos in DC got their jobs…

… by being experts at climbing the political ladder, not by knowing anything useful about economics or the other matters about which they make daily decisions.

Consequently, Biden is president of Fantasyland, and his minions are mental dwarfs merrily singing hi ho, hi ho, it's down the tubes we go.

I believe odds of a runaway inflation are so high now that, as explained last month, a prudent investor will have 10% to 20% of his or her financial net worth in precious metals. ♦

What more can we do now?

To my mind, the long term outlook screams runaway inflation. But before we get there, a recession seems more likely every day, as the Fed seems bent on a further temporary tightening. What to do?

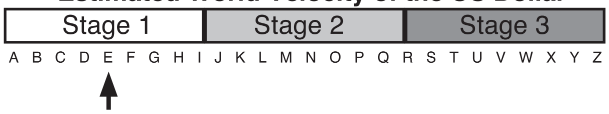
I can think of six options:

1. **Sell everything and go to cash.**
2. **Rebalance your portfolio for "all-weather" stocks that usually do well in downturns.**
3. **Rebalance your portfolio for stocks that are part of major trends that are largely insensitive to the economy because they are supported by government.**
4. **Buy "inverse" funds that go up when the stock market goes down.**
5. **Sell stocks short.**

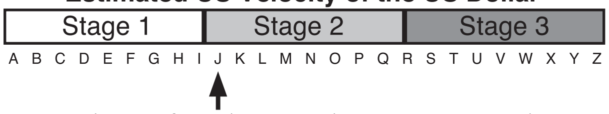
12 "Gold to Silver Ratio," longtermtrends.net

Early Warning Report Velocity Estimate

Estimated World Velocity of the US Dollar



Estimated US Velocity of the US Dollar



No change from last month. Fear seems to be rampant around the globe, and for good reason: war with threats of nuclear attack, epidemics, crime waves, serious inflation, and more.

When people are fearful, they want cash, and the most trusted form at this time is the US dollar. But the grossly irresponsible monetary policy of federal politicians' and bureaucrats' means this trust won't last. Then the dollar will go deeply into stage 2, and precious metals will be off to the races.

For an explanation of velocity, also see my short Uncle Eric book, THE MONEY MYSTERY. 800-509-5400 or richardjmaybury.com/books.

6. Buy high quality blue chip dividend stocks while they are selling at discounts.

At a time when another runaway inflation is highly likely, #1 is nearly certain financial suicide.

#2 and #3 contain far less risk.

Unless you are a highly experienced speculator, #4 and #5 are almost as risky as #1, because timing is crucial.

#6 is my favorite.

A bear market is generally regarded as a drop of 20% or more in the S&P 500. I looked at the ten bears since 1961; none lasted longer than 21 months. The average was just a year, and one was only two months.

Even the great crash of 1929 that kicked off the Great Depression lasted only two months. So, bear markets tend to be short-lived critters, and wonderful times to be buyers.

Also, with the Fed having gone stark raving mad pumping *trillions* of new dollars into the economy, it is extremely unlikely any kind of deflationary event will last more than a few months.

Velocity moving into mid-stage 2 will likely be the unveiling of an inflationary takeoff.

Warning: in deflationary panics, investors sell everything including what they should be buying. Don't join this temporary panic. Good stocks will come back, so always keep some cash handy to take advantage of fire-sale prices when panic arrives.

For **option 2**, I suggest **Walmart (WMT)** and **Dollar General (DG).** In hard times, both attract worried customers who normally shop at higher-end stores. Our estimated risk level of WMT at this time (on a scale of 1 to 5, with 1 being safest), 1.3; 3-year capital gain potential, 75%. DG: 1.4 and 125%.

Option 3: Much of US infrastructure is financed by government, and has become a sacred cow in DC. **Caterpillar (CAT)** and **Deere (DE)** should be two of the biggest long-term pork barrel winners. Estimated risk level of CAT, 1.5; 3-year capital gain potential, 100%. DE: 1.6 and 100%.

Option 6, my favorite choice: During market plunges, prices of high quality blue chip stocks are rarely driven below their book values. This is likely because these firms are so well run they almost never go under, so buying them at depressed prices is very low risk. **Vanguard Dividend Appreciation ETF (VIG)** is a collection of dozens of long established high quality blue chip stocks such as Procter & Gamble, Ford, Johnson & Johnson and Eli Lilly. 1.1 and 80%

Best time to buy these stocks?

The bureaucrats in the Fed will decide this, and they aren't talking, at least not to those of us who have no political connections.

The best insight I can give you is, as we go to press, stocks are down significantly. They may go lower, but in the long run, today will likely turn out to have been a good time to buy.

Also, Fed officials clearly have a humongous long-term inflationary bias. If a deflationary situation scares them badly enough, they will almost certainly do all they can to inflate us out of it ASAP. ♦

➲ EWR readers are a special class of people. Among other things, you are seekers of wisdom.

I am a connoisseur of quotable quotes. They are a quick and easy way to absorb revealing insights. A single paragraph has sometimes been more enlightening and useful to me than a whole semester of college.

The American founders were vastly more astute about the true nature and behavior of government and political power — and the ways these affect our finances — than any group of thinkers before or since.

If some evening you would like to spend a delightful hour or so with Jefferson, Madison, Patrick Henry and the others, get the little book **THE ESSENTIAL WISDOM OF THE FOUNDING FATHERS** edited by Carol Kelly-Gang.

You may also want to check out our new Richard J. Maybury's Quotable Quotes page at **richardjmaybury.com/quotes**.

Again, there is reason for hope. Stay with us, much of the population has figured out who their real enemy is, and that is wonderful news. ♦