

THE “YOU MAY NOT KNOW REPORT”

A PUBLICATION OF RETIREMENT LIFESTYLE ADVOCATES



Those are the words of the late economist, Herbert Stein.

They are simple as well as profound.

If you’ve been a long-term reader of this report, you’ve undoubtedly heard me reference this quote from Mr. Stein.

There is a good reason for that. When it comes to things that are financial and things that are economic, these words ring especially true.

This month, I want to examine unsustainable

trends that cannot go on forever and, per Mr. Stein’s philosophy, will have to stop. While there are many of these trends, we’ll examine just three of them.

Trend One: Private Sector debt accumulation

Trend Two: Public debt accumulation a.k.a. the national debt

Trend Three: Money creation to paper over the debt problems and fund reckless government spending.

It should be noted that all three of these trends are intensifying.

Let's begin with private sector debt.

It's important to measure and monitor the amount of debt that exists in the private sector and compare it to the level of production occurring. It is this trend that impacts the economy more directly than public debt accumulation and money creation. Last month, in this publication, I discussed the difference between the credit cycle and the currency cycle. In our banking and fiat money system, the credit cycle sees the economy expand through debt. Once debt has reached the system's capacity to service this debt, the bust phase of the credit cycle kicks in.

This is no different than your household's finances. If you open a credit line that gives you \$100,000 in new spending power and you elect to use it, your household will experience a "boom", until you reach the limit on your newfound spending power. Then the "bust" part of the cycle will kick in as you have to deal with the debt you've accumulated.

It works the same way in the broad economy. When the system has reached its capacity to service the debt that has been accumulated, the boom part of the cycle stops and the bust part of the cycle sets in.

In the 2011 book, "Economic Consequences", I wrote about this relationship between income and debt concluding that debt consumes future production. Because future production is limited or finite, the amount of debt that can be accumulated is also limited.

In the "Economic Consequences" book, I used the example of two neighbors who each wanted to buy the same car.

The first neighbor paid cash for the car, the second neighbor financed the car. The first neighbor, by having cash in the bank to buy the car was spending prior production to make the purchase. In order to have cash in the bank to pay for the car, she had to go to work and to make money and then save the money so she could make the purchase. The second neighbor bought the car by using credit. He took out a loan to buy the car. He is now required to make payments on the car. That means he has to go to work to make money to make the payments on the car. He is spending future production to make the purchase of the car.

Bottom line is that one can only consume through debt accumulation to the extent that there is future production to service the debt.

This chart illustrates total mortgage debt. After a slight decline after the financial crisis, mortgage debt is now at all-time highs.



Student loan debt is also at all-time highs. “Forbes” recently reported¹ that student loan debt now totals approximately \$1.6 trillion. This from the piece (emphasis added):

Student loan debt in 2020 is now about \$1.56 trillion.

*The latest student loan debt statistics for 2020 show how serious the student loan debt crisis has become for borrowers across all demographics and age groups. **There are 45 million borrowers who collectively owe nearly \$1.6 trillion in student loan debt in the U.S. Student loan debt is now the second highest consumer debt category - behind only mortgage debt - and higher than both credit cards and auto loans.** The average student loan debt for members of the Class of 2018 is \$29,200, a 2% increase from the prior year, according to the Institute for College Access and Success.*

Credit card debt did decline during the second quarter of this year as was reported in the weekly “Portfolio Watch” newsletter. (If you aren’t getting the weekly “Portfolio Watch” updates, download the RLA app at: www.RetirementLifestyleAdvocates.com. When you do, you’ll get access to the weekly “Portfolio Watch” newsletter, the podcast version of the RLA Radio Program and the weekly update webinar.) In my view, this was largely the result of two COVID responses – lockdowns and stimulus response. I’ve had many conversations with friends and clients who’ve related their much lower household spending during the lockdowns while, at the same time, government stimulus to individuals and business was being distributed.

Nevertheless, going into 2020, consumer credit card debt exceeded \$1 trillion. This from “MSN” (emphasis added):

Going into 2020, Americans owed more than \$1 trillion in credit card debt, after a net increase of \$76.7 billion in 2019. One shocker, however, is that the first quarter of the year saw the largest pay down of credit card debt – more than \$60 billion.

The second quarter of 2020 dipped just 3 percent with U.S. debtors still paying off an additional \$58 billion.

While it is normal to see people pay down bills in the first quarter of a year, drops for the first and second quarters has not happened since 1986.

According to projections from WalletHub, U.S. consumers will end the year with a slight reduction in credit card debt for the first time since the Great Recession of 2009.

Automobile debt now stands at \$1.2 trillion. This³ from Investopedia (emphasis added):

Americans now should a total of \$1.2 trillion in auto loan debt – enough to buy 53 million Toyota Camrys at \$23,000 a pop. This, according to data collected by LendingTree and found in the Quarterly Report on Household Debt and Credit from the Federal Reserve Bank of New York.¹

This level of auto debt is nearly double what it was just 10 years ago, and balances have been climbing for all but two quarters since 2010. In the fourth quarter of 2019, TransUnion estimated that the average auto borrower had a balance of around \$18,500.

Private sector debt levels are significant. But, as noted above, in order to determine how these debt levels might affect the general economy, it’s vital to consider total income.

That’s where this analysis gets interesting. As GDP took an historic hit earlier this year, per-

sonal incomes rose due to government stimulus for households and businesses. That helped to mask the economic hit and allowed the private sector to keep up with debt service.

While continued economic recovery may help stave off a private sector credit bust, public debt is growing at a totally unsustainable rate.

The current, official national debt (as of November 1, 2020) stands at more than \$27 trillion.



Perhaps even more disturbing than the level of national debt is the official budget deficit of more than \$3 trillion.

As Alasdair Macleod noted, when calculated from March of 2020, the operating deficit is more than \$4 trillion.

The chart, taken from the real time usdebtclock.org, shows that the current level of national debt per taxpayer is approaching \$220,000. According to³ The Tax Foundation, there are 143.3 million taxpayers who pay an average of \$11,165 per year in income taxes. The current debt level would require each taxpayer to pay roughly double their current level of taxes for 20 years IF the debt could be paid interest free and if the budget were to be immediately balanced.

The obvious conclusion is that income tax rates would have to double to pay off the debt in 20 years if the budget were to be immediately balanced and if there was zero interest on the debt.

And, this doesn't count the severe underfunding of Social Security and Medicare.

At this point, the Federal Reserve is simply printing money to paper over the massive operating deficit. This⁴ from Robert Barone published in "Forbes":

The Fed is more concerned about the economy and has taken the unprecedented step of telling Congress it will monetize whatever spending Congress desires. (Not your Father's Fed!)

And this from the same piece (emphasis added):

The upshot of all of this is that this Fed has admitted to monetizing the Treasury's debt, and Powell has clearly stated that the Fed would be buyers of any additional debt Congress chose to issue (thus keeping rates low no matter how much new Treasury debt is issued).

- *The framers of the 1913 Federal Reserve Act made it explicit that the Fed was not to "monetize" the Treasury's debt. As a result, **the Fed is prohibited from purchasing debt directly from the Treasury. To get around this, the Fed uses the Wall St. Banks which buy the debt at the auction, and then, put it up for sale. The Fed then buys it (and Wall St. Makes a profit!). This is the first time, however, that we have ever heard a Fed official, much less the Chair, talk to Congress about working "hand in hand;"***
- *The framers of the 1913 Act put that provision in **because a runaway deficit ultimately leads to a weak currency (beware: the potential loss of reserve currency status for the dollar!) and ultimately, to runaway inflation;***
- *As an aside and while I am on the Fed's case: How did 2% become the inflation*

goal? Pre-Great Recession, stable prices meant 0% inflation. (In fact, in the mid-1990s, when asked at a Congressional hearing what inflation should be, then Fed Chair Alan Greenspan said "0%!"). **There is not now, nor has there ever been a body of academic studies indicating that 2% is an appropriate inflation target.** There are no Fed white papers on this topic. Where did it come from? Apparently, from Bernanke, when he was Fed Chair.

- In any event, **this is a signal to the financial markets that there is no end in sight to the Fed's "monetization" of the debt or the double-digit percentage expansion of the money supply.**

This makes my third point. The money creation cannot go on forever. Money creation is a tax on savers and investors as it leads to inflation.

Inflation hedges moving ahead will be vital if these trends continue.

The Great Reset

Ever heard of the World Economic Forum?

The organization defines⁵ itself as "an independent, international organization committed to improving the state of the world by engaging business, political, academic and other leaders in society to shape global, regional and industry agendas".

Sounds innocuous enough doesn't it?

The organization's website contains an article⁶ with the title, "Now Is the Time for a Great Reset".

As we have been discussing in this publication for some time (and above), current financial and economic trends are unsustainable, and a reset will have to occur at some future point. In

past articles, we have discussed the point that this reset will be either proactive and planned or will be reactive, such as the Weimar, Germany reset.

The WEF (World Economic Forum) is planning for such a reset. Here is a bit from *the article* (emphasis added):

COVID-19 lockdowns may be gradually easing, but anxiety about the world's social and economic prospects is only intensifying. There is good reason to worry: a sharp economic downturn has already begun, and we could be facing the worst depression since the 1930s. But, while this outcome is likely, it is not unavoidable.

*To achieve a better outcome, **the world must act jointly and swiftly to revamp all aspects of our societies and economies, from education to social contracts and working conditions. Every country, from the United States to China, must participate, and every industry, from oil and gas to tech, must be transformed. In short, we need a "Great Reset" of capitalism.***

There are many reasons to pursue a Great Reset, but the most urgent is COVID-19. Having already led to hundreds of thousands of deaths, the pandemic represents one of the worst public-health crises in recent history. And, with casualties still mounting in many parts of the world, it is far from over.

According to the WEF's website⁷, the 2020 meeting of the World Economic Forum held in Davos, Switzerland was attended by 3000 participants from 117 countries including many heads of state.

Justin Haskins, in piece⁸ published on MSN, reported on the WEF's June meeting (emphasis added):

For decades, progressives have attempted to use climate change to justify liberal policy changes. But their latest attempt - a new proposal called the "Great Reset" - **is the most ambitious and radical plan the world has seen in more than a generation.**

At a virtual meeting earlier in June hosted by the World Economic Forum, some of the planet's most powerful business leaders, government officials and activists **announced a proposal to "reset" the global economy. Instead of traditional capitalism, the high-profile group said the world should adopt more socialistic policies, such as wealth taxes, additional regulations and massive Green New Deal-like government programs.**

"Every country, from the United States to China, must participate, and every industry, from oil and gas to tech, must be transformed," wrote Klaus Schwab, the founder and executive chairman of the World Economic Forum, in an article published on WEF's website. **"In short, we need a 'Great Reset' of capitalism."**

Schwab also said that "all aspects of our societies and economies" must be "revamped," "from education to social contracts and working conditions."

Joining Schwab at the WEF event was Prince Charles, one of the primary proponents of the Great Reset; Gina Gopinath, the chief economist at the International Monetary Fund; António Guterres, the secretary-general of the United Nations; and CEOs and presidents of major international corporations, such as Microsoft and BP.

Activists from groups such as Greenpeace International and a variety of academics also attended the event or have expressed their support for the Great Reset.

Although many details about the Great Reset won't be rolled out until the World Economic Forum meets in Davos in January 2021, the general principles of the plan are clear: The world needs massive new government programs and far-reaching policies comparable to those offered by American socialists such as Sen. Bernie Sanders (I-Vt.), and Rep. Alexandria Ocasio-Cortez (D-N.Y.) in their Green New Deal plan.

Later in the piece, Mr. Haskins adds:

For those of us who support free markets, the Great Reset is nothing short of terrifying. Our current crony capitalist system has many flaws, to be sure, but granting more power to the government agents who created that crony system and eroding property rights is not the best way forward. America is the world's most powerful, prosperous nation precisely because of the very market principles the Great Reset supporters loathe, not in spite of them.

Past RLA Radio Guest, Dr. Chris Martenson, who is a trained biochemical scientist recently commented on the topic of "The Great Reset". By way of background, back in January, in his blog, Dr. Martenson wrote⁸:

The coronavirus is currently sweeping across China. So far, it has all the hallmarks of a potential true pandemic outbreak.

While it could still (and hopefully will) be contained and burn itself out, the chances of that are slipping by the hour.

Dr. Martenson recently wrote another piece⁹ in which he discusses what he has learned about the Coronavirus and he asks some very difficult questions. Given his experience, it's an interesting perspective and is extremely thought provoking at the very least. The following is a reprint of that article.

"I had grasped the significance of the silence of the dog, for one true inference invariably suggests others.... Obviously the midnight visitor was someone whom the dog knew well."

*~ Sherlock Holmes,
The Adventures of Silver Blaze*

Is it possible to make sense out of non-sense?

So much these days is an incoherent mess.
It's complete nonsense.

Page 1 excitedly beams about a glorious rebound in GDP. Yay economic growth!

Page 2 worryingly notes the near complete failure of Siberian arctic ice to reform during October and that hurricane Zeta (so many storms this year we're now into the Greek alphabet!) has made punishing landfall.

Each is a narrative. Each has its own inner logic.

But they simply do not have any external coherence to each other. It's nonsensical to be excited about rising economic growth while also concerned that each new unit of growth takes the planet further past a critical red line.

These narratives are incompatible. So which one should we pick?

Well, in the end, reality always has the final say. As Guy McPherson states: Nature bats last.

So better we choose to follow the narrative that hews closest to what reality actually is, vs what we desperately want it to be.

'They' Don't Care About Us

While issues like climate change and economic growth may be difficult to fully grasp and unravel, direct threats to our lives &/or livelihoods

are much more concrete and something we can react to and resist.

Such immediate and direct threats are now fully in play and, once again, they're accompanied by narratives that are completely at odds with each other. I'm speaking of COVID and the ways in which our national and global managers are choosing to respond (or not).

It's a truly incoherent mess about which both social media and the increasingly irrelevant media are working quite hard to misinform us.

The mainstream narrative about COVID-19, in the West, is this:

- *It's a quite deadly and novel disease*
- *There are no effective treatments*
- *Sadly, no double-blind placebo-controlled trials exist to support some of the wild claims out there about various off-patent, cheap and widely available supplements and drugs*
- *Health authorities care about saving lives*
- *They care so much, in fact, that along with politicians they've decided to entirely shut down economies*
- *There's a huge second wave rampaging across the US and Europe and there's nothing we can do to limit it except shut down businesses and people's ability to travel and gather*
- *You need to fear this virus and its associated disease*
- *All we can do is wait for a vaccine*

The alternative narrative, one that I've uncovered after 9 months of almost daily research and reporting, is this:

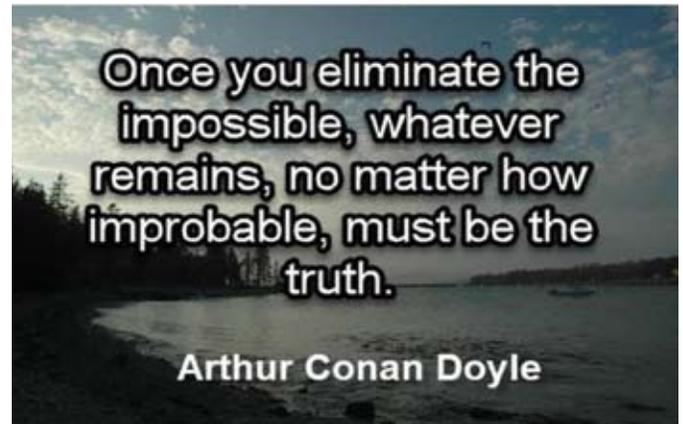
- *It's not an especially dangerous disease and it's certainly not novel*
- *There is a huge assortment of very effective, cheap and widely available preventatives and treatments including (but not limited to):*

- Vitamin D
 - Ivermectin
 - Hydroxychloroquine
 - Zinc
 - Selenium
 - Famotidine (Pepcid)
 - Melatonin
- Use of a combination of these mostly OTC supplements could reasonably be expected to drop the severity of illness and the already low mortality rate by 90% or (probably) more
 - Western health authorities have shown either zero interest in the results of studies mainly conducted in poorer nations on these combination therapies or...
 - They have actively run studies designed to fail so that these cheap, effective therapies could be dismissed or...
 - Set up proper studies but which started late, have immensely long study periods and most likely won't be done before a vaccine is hastily rushed through development.

By the way – every single one of my assertions and claims is backed by links and supporting documentation from scientific and clinical trials and studies. I am not conjecturing here; I am recounting the summary of ten months' worth of inquiry.

The conclusion I draw from my narrative (vs. theirs) is that we can no longer assume that the public health or saving lives has anything to do with explaining or understanding the actions of these health "managers" (I cannot bring myself to use the word authorities).

After we eliminate the impossible – which is that somehow these massive, well-funded bodies have missed month after month of accumulating evidence in support of ivermectin, hydroxychloroquine, vitamin D, NAC, zinc, se-



lenium and doxycycline/azithromycin – what remains must be the truth.

As improbable as it seems, the only conclusion we're left with is that the machinery of politics, money and corporate psychopathy is suppressing lifesaving treatments because these managers have other priorities besides public health and saving lives.

This is a terribly difficult conclusion, because it means suspending so much that we hold dear. Things like the notion that people are basically good. The idea that the government generally means well. The thought that somehow when the chips are down and a crisis is afoot, good will emerge and triumph over evil.

I'm sorry to say, the exact opposite of all of that has emerged as true.

Medical doctors in the UK NHS system purposefully used toxic doses of hydroxychloroquine far too late in the disease cycle to be of any help simply to 'make a point' about hydroxychloroquine. They rather desperately wanted that drug to fail, so they made it fail.

After deliberately setting their trial up for failure, they concluded: "Hydroxychloroquine doesn't help, and it even makes things worse."

Note that in order to be able to make this claim, they had to be willing to cause harm — even

to let people die. What kind of health official does that?

Not one who actually has compassion, a heart, or functioning level of sympathy. It's an awful conclusion but it's what remains after we eliminate the impossible.

Getting Past the Emotional Toll

Science has proven that cheap, safe and significantly protective compounds exist to limit both COVID-related death and disease severity.

Yet all of the main so-called health authorities in the major western countries are nearly completely ignoring, if not outright banning, these safe, cheap and effective compounds.

This is crazy-making for independent observers like me (and you) because the data is so clear. It's irrefutable at this point. These medicines and treatments not only work, but work really, really well.

However, most people will be unable to absorb the data, let alone move beyond it to wrestle with the implications. Why? Because such data is belief-shattering. Absorbing this information is not an intellectual process; it's an emotional one.

I don't know why human nature decided to invest so much in developing a tight wall around the belief systems that control our actions and thoughts. But it has.

I'm sure there was some powerful evolutionary advantage. One that's now being hijacked daily by social media AI programs to nudge us in desired directions. One that's being leveraged by shabby politicians, hucksters, fake gurus, and con men to steer advantage away from the populace and towards themselves.

The neural wiring of beliefs is what it is. We

have to recognize that and move on.

Some people will be much faster in their adjustment process than others. (Notably, the Peak Prosperity tribe is populated with many fast-adjusters, which is unsurprising given the topics we cover...tough topics tend to attract fast adjusters and repel the rest)

To move past the deeply troubling information laid out before us requires us to be willing to endure a bit of turbulence. It's the only way.

For you to navigate these troubling times safely and successfully, you'll need to see as clearly as possible the true nature of the game actually being played. To see what the rules really are – not what you've been told they are, or what you wish or hope they are.

The Manipulation Underway

The data above strongly supports the conclusion that our national health managers don't actually care about public health generally or your health specifically.

If indeed true, then the beliefs preventing most people from accepting this likely include:

- Wanting to believe that people are good (a biggie for most people)
- Trust and faith in the medical system (really big)
- Faith in authority (ginormous)

There are many other operative belief systems I could also list. But this is sufficient to get the ball rolling.

Picking just one, how hard would it be for someone to let go of, say, trust in the medical system?

That would be pretty hard in most cases.

First not trusting the medical system might mean having to wonder if a loved one might

have died unnecessarily while being treated. Or realizing that you're now going to have to research the living daylight's out of every medical decision before agreeing to it. Or worrying that your medications might be more harmful to you over the long haul than helpful (which is true in many more cases than most appreciate). It might mean having your personal heroes dinged by suspicion — perhaps even your father or mother who worked in the medical profession. It would definitely require a complete reorientation away from being able to trust anything you read in a newspaper, or see on TV, about new pharmaceutical “breakthroughs”.

Trust, which is safe and warm and comforting, then turns into skepticism, which is lonelier and insists upon active mental involvement.

But, as always, hard work comes with benefits — with a healthy level of skepticism and involvement, the families of those recruited into the deadly UK RECOVERY trial could have looked at the proposed doses of HCQ (2,400 mg on day one! Toxic!) and said, “Not now, not ever!” and maybe have saved the life of their loved one.

Look at that tangled mess of undesirables that comes with unpacking that one belief: regret, uncertainty, shame, doubt, fallen idols, and vastly more additional effort. Are all up for grabs when we decide to look carefully at the actions of our national health managers during COVID.

Which is why most people simply choose not to look. It's too hard.

I get it. I have a lot of compassion for why people choose not to go down that path. It can get unpleasant in a hurry.

But, just like choosing to ignore a nagging

chest pain, turning away in denial has its own consequences.

The Coming ‘Great Reset’

My coverage of SARS-CoV-2 (the virus) and COVID-19 (the associated disease) has led me to uncover some things that have made me deeply uncomfortable about our global and national ‘managers.’ Shameful things, really. Scary things in their implications for what we might reasonably expect (or **not** expect, more accurately) from the future.

Once we get past the shock of seeing just how patently corrupt they've been, we have to ask both What's next? and What should I do?

After all, you live in a system whose managers either are too dumb to understand the Vitamin D data (very unlikely) or have decided that they'd rather not promote it to the general populace for some reason. It's a ridiculously safe vitamin with almost zero downside and virtually unlimited upside.

Either they're colossally dumb, or this is a calculated decision. They're not dumb. So we have to ask: What's the calculation being performed here? It's not public safety. It's not your personal health. So... What is it?

This is our line of questioning and observation. It's like the short story by Arthur Conan Doyle in *Silver Blaze* that many of us informally know as “the case of the dog that didn't bark”. As the story goes, because of a missing clue – a dog who remained silent as a murder was committed – this conclusion could be drawn: the dog was already familiar with the killer!

The silence around Vitamin D alone is extremely telling. It is the pharmacological dog that did not bark.

One true inference suggests others. Here, too,

we can deduce from the near total silence around Vitamin D that the health managers would prefer not to talk about it. They don't want people to know. That much is painfully clear.

Such lack of promotion (let alone appropriate study) of safe, effective treatments is a thread that, if tugged, can unravel the whole rug. The silence tells us everything we need to know.

Do they want people to suffer and die? I don't know. My belief systems certainly hope not. Perhaps the death and suffering are merely

collateral damage as they pursue a different goal — money, power, politics? Simply the depressing result of a contentious election year? More than that?

We've now reached the jumping off point where we may well find out just how far down the rabbit hole goes.

A massive grab for tighter control over the global populace is now being fast-tracked at the highest levels. Have you heard of the Great Reset yet?

If not, you soon will.

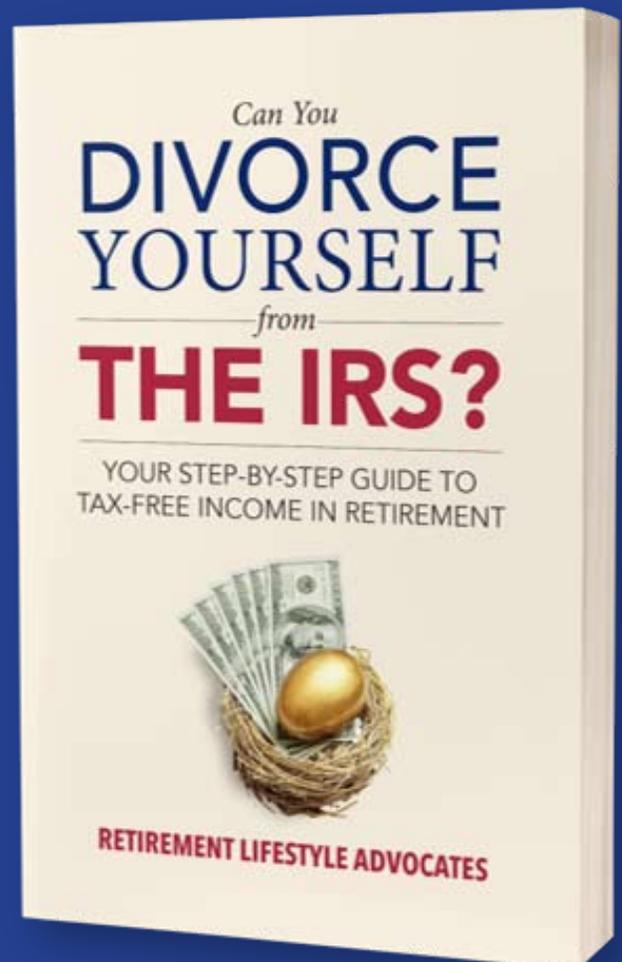
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Resources to Help You Stay Informed

Thank you for your feedback on our weekly webinars designed to help you stay informed and to provide you with perspective and insight on financial matters during these unprecedented times. To participate in the live webinar held on Mondays at Noon Eastern time, download the Retirement Lifestyle Advocates app by visiting www.RetirementLifestyleAdvocates.com.

The app will allow you to view the webinar replay as well.

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If you have questions when downloading the app or would like assistance, feel free to call the office. Our office phone is **1-866-921-3613**. Our office phone is answered 8 to 5 Monday through Thursday and 8 to Noon on Friday.

Best wishes to you and yours.

Sources

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