

The Traditions of Men



Update #1, Published — August 6, 2011

Outlook U.S.A. 2011-2014—Update

A Defining Period in the History of the United States

In this update:

The Clock Is Ticking P.2

Revised Timeline P.3

2012 Presidential Election P. 4

Summary P.6

This is the first update to the “Outlook” paper released January 1st, 2011. In that 20 page paper I outlined a possible scenario whereby the United States would be taken to the economic and political brink by the year 2014, as several long established trends converge. Originally I had planned to provide updates every six months. The June update was delayed because of the nature of the nation’s debt ceiling debate. It was more protracted and contentious than I had anticipated. It’s resolution has dramatically altered the landscape of our nation’s fiscal policy.

Economist Herbert Stein said “If something cannot go on forever, it will stop.” This is a simple, but profound, observation. From an economic standpoint, and as it applies to the United States, that means that one cannot continue to go into debt in order to solve a debt problem. Headlines in the days since the ceiling was raised say it all:

- US Borrowing Tops 100% of GDP
- U.S. Debt Shoots Up \$239 Billion In One Day
- S&P Cuts US Debt Rating
- US Markets Sag After Debt Deal
- Gold Reaches All Time Highs On US Outlook



And the list goes on.

Americans, it seems, are being forced to deal with their “normalcy bias” a little earlier than I anticipated. The dog-and-pony show, which our Congress and President just completed, forced the issue of our dire fiscal condition into the public conscience. Over the next several months, many Americans will succumb to normalcy bias, as the cognitive dissonance created by our true fiscal situation are ignored. For them, dealing with reality will be too painful.

However, millions of Americans have been stirred by what they have learned. They will dig deeper. They will discover the truth. They will learn, as many have known for decades, that this perpetual ritual of authorizing more borrowing indeed cannot go on forever. It WILL stop. They will then need to learn how that will change the economic and political landscape in the United States.

That is the subject of this update.

The Clock Is Ticking

(Following is a reprint of an article I wrote for publication on several “sound money” web sites.)

Believe it or not, there is actually something good that came out of the dog-and-pony show over raising our debt ceiling. Even though Washington chose to do exactly what we knew they would – kick the can down the road – the debate has brought some facts about our nation’s financial condition into the open.

Fact #1 – we are broke. While tens of millions of Americans still believe that money from government programs can and should continue to flow without consequence, millions more are discovering that if our insane policy of deficit spending continues, it will end badly.

Fact #2 – we are on the clock. While this fact is not yet widely understood, people are awakening to the reality that because we are broke, we have a limited amount of time to truly change our ways – very limited.

The bill that Congress passed provides a timeline of when the U.S. dollar crisis will come to a head. This long anticipated event will happen as the United States government approaches its new debt ceiling limit of \$16.7 trillion.

If you think the drama surrounding the raise of the debt limit was extreme this time, you haven’t seen anything yet. Expectations have been solidly set that when it comes up again, Congress will have enacted measures to solve our fiscal problems once and for all by having spending under control.

That is not going to happen.

Projections are that the \$16.7 trillion limit will be reached in 1Q13. However, Washington D.C. is notorious for making projections that are too rosy. Furthermore, our economy is rapidly moving into a “double dip” recession. That means revenues will soften as expenditures (unemployment, food stamps, etc.) continue to rise.

If the double-dip is severe, it is possible that we could reach the debt limit well ahead of schedule - near next year’s presidential election. Consider what that means. A bitterly divided (and economically ignorant) Congress fighting for re-election during a full blown sovereign debt crisis. Gridlock of the most extreme

nature would paralyze Washington when bold, decisive action is warranted. Not a pretty picture. Even if this scenario does not materialize, 1Q13 is only 18 months from now.

The clock is ticking. This is it. If you understand this, each and every one of you should be involved in the drive to enact sound money laws in your state. It will be your best, and possibly only, protection from what is coming. You should also get serious about accumulating some sound money of your own.

Eighteen months—at the most. The 2012 state legislative session may be your last chance to enact constitutional tender laws in time to implement them prior to some very challenging economic times.

What Does This Mean?

The article above summarizes the changes to the original “Outlook.” I believe that the drama surrounding the debt ceiling was a game changer. It has the potential to significantly move forward the timetable outlined in the original paper. One “tell” is the reaction of the markets, which has been the exact opposite of conventional wisdom, which said the DOW and S&P 500 would rally and gold and silver would sell off.

This indicates that the markets may have finally awakened to reality. It’s still too early to tell, however, they may be saying that they now understand that what cannot go on forever *will* stop. And when it does, the impact on the economy will be enormous.

But that is just the beginning. What are the political ramifications? The division I wrote about in the original “Outlook” has been thrust into the open for all to see. It is now undeniable that gridlock will rule for at least the next 17 months. The bold leadership needed during this critical time simply cannot exist in our present environment.

As the timeline accelerates, the Progressive Socialists will hold desperately onto their dream of an ever expanding government, while the Constitutional Conservatives will be equally as desperate to do what is necessary to stop them dead in their tracks. With elections coming in 2012, both will take their cases to the American people in an increasingly emotional plea.



All the while, expansion of the police state remains unchecked as it prepares to deal with the fallout of the coming economic and political turmoil. The implications of this threatens the hopeful conclusion in this update.

The Revised Timeline

The remainder of 2011: The bond market revolt has not yet materialized. It is coming. The delay has been due in part to the belief that it was possible for the United States to get its debt situation under control. Now that this illusion has been shattered, money is moving into bonds as a short term “safe haven” until people determine where to go next. This should resolve within the next few months, as money begins to flow in earnest out of US treasuries and into hard assets, due to the Fed’s use of QE3 as a means to hold down rates, rescue the tanking stock markets, and bail out its banking buddies.

The deflationary scare of 2011 is now underway. It will last only a few weeks. QE3 will halt the slide. Portfolios of all holdings, including precious metals, will likely take a bruising. However, I expect that by year end, silver will be well over \$50/oz. and gold will be pushing toward \$2,000/oz. as the destruction of normalcy bias accelerates and the new reality takes shape in the minds of Americans.

The dysfunctional nature of Congress combined with a deteriorating economy will continue to agitate people. We may not see widespread civil unrest until sometime in 2012. When it does arrive, it will likely become intense rather quickly. The early reaction of the police state as the unrest unfolds will give us a “tell” as to how much of a factor it will be in the battle to restore limited, constitutional government.

Super Congress—Or Super Tyranny?

Time will tell whether or not the newly created and unconstitutional “super congress” keeps its focus on economic issues. My suspicion is that it will attempt to “take advantage of a good crisis” and extend its control over all aspects of our lives.

The attempt to do so will be met with howls of injustice. Constitutional Conservatives will put enormous pressure on their representatives to stand against draconian legislation attached to the spending bills. Meanwhile, the Progressive Socialists (in both parties) will jump at the chance to further their agenda. The result may be failure of the full House to pass a bill, leading to partial U.S. default on its debt. We’ll watch this one closely, as we will have our first clues prior to the January 2012 update.

Project Gunwalker

The Gadsdens are not sitting by idly as they watch the economic fireworks. They have been instrumental in uncovering the scandal known as “Project Gunwalker.” This story remains off of the radar of most Americans, even though it has been reported on several mainstream media sites. If you are not aware of the gunwalker scandal, I encourage you to learn about it.

The short version is, thousands of guns, including some very high powered rifles, were purchased by straw buyers and “walked” across the U.S. Mexico border.



This with the full knowledge and support of the BATF (definitely), the FBI (probably), and the White House (possibly). The stated intent was to follow the guns to drug cartel kingpins and bust the cartel. Instead they lost track of them, and at least one was used to kill a U.S. border patrol agent.

Gunwalker has the potential to be larger than Watergate, as the massive cover-up could reach into highest levels of government. And instead of a second rate burglary, it involved the loss of life. If this is proven true and exposed during next year’s election cycle, it will add to the existing turmoil in an already bitter, and contentious election.

Housing

Housing has already entered a “double-dip.” Every indicator is pointing to that fact. Beginning this month, it will lead the broader economy into recession. The implications for the banking sector remain unchanged. This is very bad news. The housing sector is going to be soft for years. There really isn’t much more to say

Crime

Sadly, violent crime is on the rise, not just here, but around the world. From mass murders to “flash gangs” who loot stores and mug passers by, the trend toward ever more sudden and violent crime is underway. People should take steps immediately to arm and protect themselves with concealed carry permits and self-defense training. This trend will not reverse for some time.

The Church

As director of the Sound Money Center, I have had the opportunity to travel to several states since the Outlook paper was written in January. I've been to South Carolina, Utah, Montana, Idaho, Washington, Kansas, Tennessee, and of course my home state of Missouri. This has allowed me to talk with many Christian brothers and sisters about the state of the church in their respective areas.

Unfortunately, the report on the church is that it is holding to its trend of being largely asleep and disengaged. There are pockets of Christians awakening and engaging. However, the growth in numbers of those who are willing to step up is slow.

The good news is that those who are engaged are doing so more passionately than ever. They understand what is at stake and are not allowing discouragement to keep them from standing for truth. The number of people who are willing to listen is growing. We will see how many choose to get involved during the remainder of the year.

2012: The timeline for this update will not go beyond 2012. The major variables given in the original "Outlook" have been confirmed as valid, and are interacting in ways that require a more focused analysis.

The States

Largely off the radar, but still trending strongly toward bankruptcy, are the states. Their plight has not been as prominent in the news as I expected at this point. However, Minnesota shut down for a period of time without a budget. There was a public struggle between Unions and the Wisconsin Governor. And the Progressive Socialists and the New Jersey Governor are mixing it up regularly. Because of other high profile news, you have to dig to find the stories.

The plight of the states will continue to become apparent as the opposition party in Governors races use the election to expose the truth of each respective state's financial condition. Scoring political points due to economic woes is a strategy would be Governors will jump on.

Europe

In the original paper, I stated "The world, which is dealing with its own turmoil, believes the United States is moving toward economic and social collapse. Around the globe, allies begin to abandon support for the United States as they simultaneously strengthen ties with Asia and Europe. "

The interbank lending rate is signaling dramatic stress in the European banking system. The sovereign debt crisis that was supposed to be contained to Greece and Portugal has spread to Spain and Italy. This directly threatens banks in France and Germany.

The bailouts offered to the weak nations were done with the full realization that failure to do so would mean the collapse of the Euro. As stated previously, Europe is further down the debt/currency crisis road than the United States. However, make no mistake—we are doing our best to catch up with them.

The 2012 Presidential Election

I'm going to go out on a long, thin limb here and make a bold prediction. This prediction is predicated on variables that are aligning now, sprinkled with a large dose of my own hope of how God might bring peaceful restoration to this nation.

If what I wrote in "The Clock Is Ticking" comes to pass, and we reach the debt ceiling prior to the 2012 election, it will generate incredible turmoil—and incredible hope.

While it has taken ten years, my divorce from the Republican party is now complete. It has been incredibly freeing, as it allows me to think outside the box when it comes to formulating practical political solutions to our problems. If you are not free from this trap, and still see the Republican party as the only means to restore our republic, what I am about to write may be a bit difficult to stomach. So be it.

The field of Republican candidates is weak and thin. Plastic and polished candidates such as Gov. Tim Pawlenty and Senator Rick Santorum are being rejected because of their polish. People are recoiling from the plastic nature of career politicians' performances in the debates. Folded hands, rehearsed gestures, painted on smiles—FAIL!



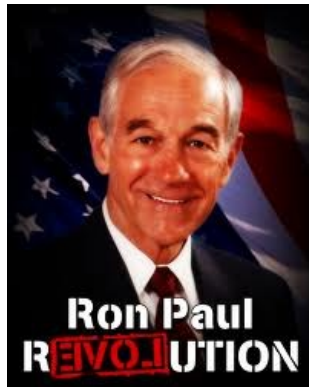
Furthermore, front runner (if you can call him that this early) Gov. Mitt Romney has two major problems. Whether you agree or not that it should be an issue, his Mormon faith will cause him problems in the general

election. And those who don't have a problem with his faith will have a real problem with his health-care solution for Massachusetts, which is eerily similar to Obamacare.

Michelle Bachmann seems to have what Constitutional Conservatives would like to see. However, she does not have a strong record of success. The fact that someone with her lack of experience is polling so well, should tell you something. It does me. It says people want someone who stands on principle, which she portrays well.

That leads me to my 2012 prediction—**Representative Ron Paul wins the 2012 Presidency.**

You've gone off your rocker! He can't even win the Republican nomination! Maybe. But he doesn't have to. I believe he can and will win as an independent. Bear with me as I explain.



Remember, we will be in the midst of a massive economic and currency crisis when we reach the debt limit, which will be well ahead of schedule. If there is any candidate who has gained credibility on economic matters since 2008, it is Ron Paul. We will be in a perfect financial environment for people to hear *and accept* his message of free markets, sound money, and vastly reduced government spending.

Rep. Paul said he is not going to seek re-election for his congressional seat. He understands the reality of our situation. Thus, he is going "all in" in his bid for the Presidency. *He will place every option on the table.*

Thus, I believe this is his strategy...

If Rep. Paul were to declare as an independent now, the mainstream media would ignore him. Thus, he will remain a Republican candidate through the early primary season. This allows him to continue to get his message out through debates and mainstream media coverage. They must pay attention to him as long as he is a viable major party candidate.

Rep. Paul long ago divorced both parties. He will stay with the Republican party only as long as he needs to. He has no allegiance to them. His allegiance lies with the people and the Constitution. And more people are realizing that every day.

As soon as it is evident that one of the anointed, hand-picked Republican establishment candidates is going to be the

nominee (Mitt Romney anyone?), Ron Paul will announce his independent run for the White House. This will shock and anger the establishment. Yet polls will show him in a surprisingly close three way race. In fact, some polls taken after the announcement may show him leading the race. How can that be?

I had the opportunity to speak at a Tea Party rally in Greenville, South Carolina, prior to the first GOP debate back in May. I met Ron Paul after he spoke at the rally. Two things struck me about that experience.

- 1) Ron Paul is a humble man of principle. He *appears* physically frail and weak (he is not). He is just the type of person that God would use to lead a nation out of the mess we are in.
- 2) The diversity of the people he attracted was striking. His message of freedom, personal accountability, sound money, and states' rights crosses many ideological boundaries. Next to me, strong Christian brothers and sisters stood yelling "Ron Paul!" One row ahead of me and three seats over was an openly lesbian couple shouting "Ron Paul!"

Rep. Paul will pull strongly *from both the Republican AND the Democratic base.* What about social conservatives? Won't they shun him? Not if they understand his positions better and are in any way advocates of freedom. Furthermore, the problems Romney has, should he be the Republican nominee, will make it easier for them to jump ship and support Rep. Paul.

In 2008, Rep. Paul's base was primarily made of young people. This time around, I am talking with people of all ages who understand his message. They see that we are on the verge of losing our country, and they are ready to do something "radical" to turn it around.

Ron Paul is pro-life, Christian, conservative and simply believes that social issues should not be the responsibility of *the Federal Government.* He believes that states should determine matters such as gay marriage, drug laws, abortion, etc. Without Federal government interference, states will do the right thing.

That message will resonate in this election cycle. Since satisfaction with Congress is at all time lows, and the President is obviously weak and Socialist, a man with the vision to *empower states at the expense of a corrupt Washington establishment, will be heard.*

Because of his strong, consistent stand on principle over decades of service, he will be able to separate himself from the bitter partisan politics of the left and right. They in turn will do what they know to do—attack the other side’s respective establishment candidate with the same old tired rhetoric.

In the end, many people vote with their pocketbooks and stomachs. Both will feel empty or threatened as the election approaches, and nobody has a more realistic vision for restoration of our economy and liberty than Ron Paul.

Even though it may sound like it, the purpose of this update is not to act as a Ron Paul campaign flier. OK, maybe a little. But the scenario presented above is consistent with trends now firmly in place. This leads us to the possibility that we might just enjoy the “Decades of Reclamation” scenario, outlined in the original paper. It is the only peaceful path to restore our Representative Republic, and thus what I am praying and working tirelessly for.

May God grant this? Could we actually have a peaceful restoration of our nation? Yes. And what I have presented is a plausible way, consistent with the type of people God uses to accomplish incredible tasks.

Summary

Personal preparations for significant economic dislocations and possible civil unrest must be completed within the next six to twelve months. When the currency crisis reaches its next critical phase, nobody knows exactly how the people or the government will react. Do what you must now.

Because the veil which blinded people from seeing the reality of our financial condition has been removed earlier than I anticipated, the trends are accelerating. As housing continues to deteriorate (again) and Europe passes through its crisis, market volatility will increase substantially. The catalyst for major economic and financial dislocations in the United States will be when we reach the debt ceiling limit long before Congress and the President expect to.

This environment will set up a very contentious and heated election cycle. One that cause the American people to clamor for a REAL solution to our economic and political problems. There is a candidate who has an answer. A candidate who can rise above the mud slinging and stand on principle.

Could it happen? There is a way if you are willing to step away from the two party Republicrat system and [join the Revolution](#).

[Click here to download and read the original “Outlook U.S.A. 2011-2014” paper.](#)



Doug Tjaden is an author, pastor, speaker, and father of five. He is Director of the Sound Money Center, and pastors a church in Seymour, Missouri. If you would like to contact Doug about a speaking engagement or to answer any questions, his contact information is below.

doug@soundmoneycenter.org

(417) 935-4336 (office)

(417) 380-1706 (cell)

www.soundmoneycenter.org