

Chronicle of Catastrophe

A Contemporaneous History of the Bush Years

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Introduction 1

Those who attempted to draw attention to the inevitable consequences of fraudulent fiscal policies and financial excesses were ignored as the acolytes of economic utopia assured the world that all was well. Dominant Republicans betrayed their traditions and our heritage in an orgy of corruption, deficit spending and military adventurism. On every front, domestic and global, from Iraq to Katrina to the Military Commissions Act, the Bush regime generated disaster for America and the world. As one prominent conservative commentator labeled it, the era of Republican rule was “the mother of all messes.”

Chapter 1

Why Alternative Investments? Q1 2002 6

Despite predictions of a renewed bull market, imbalances and excesses in every market sector remain unresolved which, along with geopolitical instability are generating an environment of pervasive risk. Bull markets and bear markets are the natural cycles of the marketplace. Purification is the natural and essential function of bear markets. A variety of alternative investment strategies provide opportunity in an unstable world.

Chapter 2

Strategies for a Bear Market Q2 2002 9

The bear market is not over. Statistical evidence and excessive valuations in all market sectors overwhelmingly favor continuation of the bear. Real estate, which has continued to rise in the face of the bear, is not a healthy market. Municipalities and mortgages have serious underlying liabilities. Ways to position for the bear market.

Chapter 3

Consumption Exhaustion and the Case for Deflation

Q3 2002 13

The values and problems generated by machine culture and the needs of human “beings.” The false promise of economic utopia. Historic imbalances, elite corruption and corporate malfeasance are undermining confidence. The era of the American consumer as the driver of economic growth is finished. Evidence that materialism and endless consumption do not generate increased happiness. We have reached a point of consumption exhaustion that will generate big lifestyle and political changes. The looming risk and consequences of deflation. Our leadership problems and the inevitable balancing of accounts.

Chapter 4
The Big Picture Q4 2002 21

Economic and geopolitical risk remain high. Republican hubris, stoked by the election victory, is a primary hazard going forward. America is becoming increasingly isolated due to belligerent Bush administration policies. The economic utopia promised by the architects of globalization is a failure, but local agriculture, natural medicine and alternative energy offer opportunity.

Chapter 5
Gambling, Hubris and the Wages of War Q1 2003 26

Presidential risk taking and administration hubris and belligerence are generating instability. Iraq war plans are generating global opposition and fueling growing anti-Americanism. Economic uncertainty, poor job prospects, fiscal irresponsibility and trillion dollar deficits. Market prospects and positioning.

Chapter 6
More of the Same Q2 2003 34

A generally bullish sentiment and sluggish market rally in the face of economic and geopolitical crosscurrents. The apparent quick victory in Iraq threatens to become a major embarrassment. Fiscal policy is setting up conditions for an economic "perfect storm."

Chapter 7
The Twilight Zone Q3 2003 38

Stock market drifting higher in the face of huge and increasing liabilities is creating a sense of unreality. Analysis of jobless dynamics indicates difficult conditions for the foreseeable future. Technology, global overcapacity and off-shoring will make it difficult to create jobs. Fiscal policy is creating a "Catch 22." Iraq has become a millstone.

Chapter 8
The Home Stretch Q1 2004 44

Entering the presidential cycle home stretch in the shadow of massive aggregate debt and extreme polarization. IMF warns U.S. deficits are threatening global stability. Will our fiscal madness result in inflation or deflation? There is a price to pay for our violations of the economic laws of nature. An in-depth analysis of jobless dynamics. American workers are being overwhelmed by the pace of change. The cost, and the coming end of the American empire. Demographics are destiny: Islam vs. the West.

Chapter 9
Marking Time Q2 2004 52

Complacency rules in the marketplace. Investors lament the demise of market neutral strategies. Political resistance is finally putting pressure on Stepford Republicans and their borrow-and-spend fiscal policies. Bill Gross on economic risks sees growing instability. An indepth review of housing and the inevitability of a correction. Political conditions polarized in Washington but mostly centrist elsewhere. *Imperial Hubris* and deteriorating geopolitical conditions.

Chapter 10	
What, Me Worry? Q4 2004	61
Post-election rally ignites market euphoria in the face of deterioration on all fronts. Enron style accounting is in vogue as the administration attempts to privatize Social Security and slash domestic spending. U.S. consumers in a consumption frenzy. The national debt and prospects for hyperinflation. Political warfare is looming over conservative judges. Spin now dominates our public discourse. A review of the War on Terror and the resulting global re-alignment as Iraq continues to unravel. Update on opportunities in light of continued uncertainty.	
Chapter 11	
Wisdom From Paul Volcker Q1 2005	70
Reflecting many of the issues raised in Risk & Opportunity, Paul Volcker speaks on the landscape of economic risk in this speech given at the Stanford Institute for Economic Policy Research.	
Chapter 12	
America's Truth Deficit Q2 2005	74
A review of an article by William Greider analyzing the death grip that free trade fundamentalism has on U.S. trade policy and the inability or refusal of our elites to come to grips with the reality of the imbalances this economic religion has created.	
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Uncertainty and the Fruit of Hubris Q3 2005.....	78
Housing is clearly overdone, but is it a bubble? Income disparity is manifesting two economies. Handicapping the 2006 election; not looking good for Republicans. Iraq has become "the greatest strategic disaster in U.S. history." The specter of loose Russian nukes. Surprising research demonstrating that global violence is actually in decline. Hubris is the defining characteristic of our current government.	
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The Great Debate: Debt Bubble vs. This Time is Different Q4 2005	85
A review of <i>Empire of Debt</i> and <i>Our Brave New World</i> , contrasts the argument that we are in a massive and historic debt bubble (<i>Empire of Debt</i>) with the idea that we are in a new economy which constitutes a new order with new rules (<i>Our Brave New World</i>).	
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Christ Among the Partisans Q1 2006	94
Introductory comments on the universal essence of all religion and an article by Garry Wills discussing the misguided nature of efforts to politicize Jesus. Attempts to do so are a violation of Jesus' teachings, who stated that his kingdom is "not of this world" and encouraged his followers to "render unto Caesar the things which are Caesar's, and unto God the things that are God's."	
Chapter 16	
The Incredible Shrinking U.S. Q2 2006	99
U.S. influence around the world is shrinking and will soon contract in a major way. The transition will be difficult but once accomplished	

the redistribution of power and responsibilities will be good for everyone. Risk managers using excessive leverage and derivatives have created massive systemic risk. Alan Greenspan's singular achievement has been a 50% devaluation of the dollar without anyone realizing he had done it. Republican desperation and corruption. Our blunder in Iraq has emboldened our enemies. The inevitable end of empire. Financial opportunities and defense in the midst of global instability.

Chapter 17

The Mid-Term Election and the Military Commissions Act

Q3 2006 107

A denunciation of the Military Commissions Act and repudiation of the Bush administration and Congress for their violations of our constitution, our heritage, and our values in their pursuit of the "war on terror." Introductory comments and transcript of the Countdown Special Commentary "Your Words are Lies, Sir" by Keith Olbermann condemning the Military Commissions Act. A review of collapsing public support for the Republican agenda going into the election.

Chapter 18

Martin Luther King on Iraq Q4 2006 114

Martin Luther King's speech, "Beyond Vietnam—A Time to Break Silence," given April 4, 1967 at Riverside Church in New York City. Still relevant 40 years later as applied to the war in Iraq.

Chapter 19

The Presidential Cycle and Mideast Tensions Q1 2007 121

An explanation of the presidential cycle in the stock market: recent history and expectations going into the 2008 election. Housing review. An assessment of points of conflict between the authoritarian White House and the new Democrat majority in Congress. A geopolitical review in light of the new political realities and blowback from six years of neocon foreign policy. An extensive discussion of the prospects for an attack on Iran with links to many articles on the subject.

Chapter 20

The End of an Era Q2 2007 129

A review of *End of the Line: The Rise and Coming Fall of the Global Corporation*, a detailed analysis of the global just-in-time manufacturing system, the frailties and abuses of the system, the unhealthy domination of the system by global lead firms, and solutions to make the system stable. A discussion of private equity and the implications of the Blackstone IPO. The commutation of Scooter Libby. A review of the general deterioration of conditions in the Mideast. Market and opportunity updates.

Chapter 21

A Look on the Bright Side Q3 2007 140

Introductory comments and "A History of Violence" by Professor Steven Pinker. This article highlights the dramatically improved conditions for most humans over a period of centuries. Creature comforts for even the poor are beyond the imagination of our ancestors. Lifespan has doubled and tripled, and is expected to continue to increase. With a few notable exceptions, the prospects of death by violence for most humans are the least in history. An analysis of various theories accounting

for the improvement. We have much to be grateful for.

Chapter 22

A Time for Caution Q4 2007 149

A detailed but very readable explanation of structured finance and the genesis of the financial meltdown. Boardroom looting: mega bonuses for executives and mega losses for their companies and shareholders. Political developments: the Lieberman factor, Obama rising. The Bush administration is softening its stance in the Mideast. Israel's dilemma. Cash is looking like the best opportunity.

Chapter 23

Back From the Brink Q1 2008 156

Overriding issues: the credit bubble, the dollar and Iran. Markets have stabilized in face of the collapsing credit bubble. The dollar is overdone on the short side and is rallying, but vulnerable. Rumsfeld's poetry. Will Bush pull the trigger on Iran? The presidential cycle predicts market stability going into the election. (How wrong can one be?)

Chapter 24

The Mother of All Messes Q2 2008 160

Dominant issues are the same: the credit bubble, the dollar and Iran. Market and economic review: all bad news. Will the credit bubble tsunami take down the markets, the economy and the dollar? Can the stock market hold? "The Mother of All Messes," a scathing critique of the Bush regime and the era of Republican rule by Paul Craig Roberts, a prominent Republican.

Chapter 25

Market Meltdown into the Election Q3 2008 168

Market and economic review: all bad news. The collapse of the presidential cycle. The credit bubble tsunami has been a financial sector phenomenon so far. The real economy hasn't been hit yet. Fiscal chickens are coming home to roost. Financial hazards going forward. Credit default swaps. Handicapping the election: Obama's to lose. Challenges of the next President. London Mayor Boris Johnson's assessment of Bush.

Chapter 26

Setting the Stage for Hyperinflation Q4 2008 173

Nature's process of restoring balance to our economy. An assessment of markets and economy after the meltdown. The responses of government to date have been reasonable. Policy options and consequences going forward. The path to hyperinflation. Likelihood of a rally in '09. "Crisis Cogitations," an in-depth analysis of the genesis and likely outcome of the credit crisis by Alf Field.

Chapter 27

Lifestyle Downsizing Q1 2009 184

The practical consequences of the financial meltdown for Americans at home and for America on the global scene. The end of the American empire, of the dollar as the world's reserve currency and of laissez faire capitalism. The fraud of trickle-down economics. Debt withdrawal and lifestyle downsizing. Democracy in crisis: political challenges. The bear market will run to completion in its own time. Our biggest challenge going forward is ourselves.

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