

GOLD & ENERGY ADVISOR

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“President Obama’s Election Virtually Guarantees \$2,500 Gold and \$150 Oil!”

“The electoral landslide won by Barack Obama and the Democrats gives our new President the mandate and overwhelming legislative power to make the biggest changes to our government and economy since FDR’s depression-era ‘NEW DEAL’. In this month’s issue you’ll find...”

- **A Promise-by-Promise Analysis of the Obama Plan**
- **Why \$150 Oil and \$2,500 Gold Are Extremely Likely (Even in This Economy)**
- **How the Coming Collapse of Pakistan Will Create Terror Attacks in the US**



James DiGeorgia, Editor

What effect will President Obama have on your investments?

The new President made a lot of promises during the campaign. Most of them are related to the economy in one way or the other. And he’ll have a Democratic Congress eager to enact his plans.

Obviously, it’s far too early to tell which of his promises Obama plans to keep. Politicians from both parties are famous for abandoning their commitments, no matter how bold they sounded at the time. (Remember “Read my lips”?)

But let’s take the new President at his word. Let’s assume he’ll do what he said. What awaits us over the next four years?

Death Watch for the Dollar

Over the last few decades, politicians in Washington (Republicans and Democrats alike) have plunged us into a monstrous black hole of debt. It’s up to an incomprehensible \$10.6 trillion, or \$10,600,000,000,000. (That’s a stack of \$100 bills over 7,193 miles high.)

And that debt inflates further every day. According to the Treasury, our debt will balloon by an additional \$1.5 trillion this fiscal year. We’re plunging further into debt by \$2.85 million per minute.

Throughout history, any nation that has indebted itself so badly has eventually wrecked not only its economy, but also its currency.

Will President Obama finally halt this madness, and “restore fiscal discipline to Washington,” as he has promised? Unfortunately, no. His economic plan will actually do the exact opposite.

Let’s review each of his promises, and ask...

Will This Help the Dollar, or Destroy It?

The President-elect has announced a “rescue plan for the middle class.” He says another fiscal stimulus is “long overdue,” and it “will be the first thing I get done as president of the United States.”

How big will the stimulus be? According to a report from Goldman Sachs, “A large fiscal stimulus package of \$300-\$500 billion appears to be required

to prevent an even deeper economic slump than the one we are now forecasting.”

Of course, the government doesn't have an extra \$300-\$500 billion to spend. And it can't borrow much more than it's currently doing—it's already draining some \$4 billion per day (!) from the debt markets.

So it seems likely that most, if not all, of this money will just be printed instead. The effect this

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will have on the dollar is obvious.

But that's not all. Obama wants to inflate federal spending far more than this. According to his economic plan, he also intends to:

- Rebuild the military, including the Reserves and National Guard
- Expand the Army and Marine Corps
- Expand the AmeriCorps and Peace Corps
- Provide educational opportunities to people with disabilities
- “Make college affordable for all Americans” with a \$4,000 tax credit per student
- Spend \$150 billion on solar and wind power
- Provide health insurance to every American citizen (and many non-citizens)
- Strengthen our borders and ports of entry
- Spend \$1 billion on “transitional jobs and career pathway programs”
- Invest in rural small businesses
- Provide capital to farmers to create “value-added enterprises”
- Create a Social Investment Fund to build non-profit organizations
- Make broadband Internet available to every community
- “Increase the supply of affordable housing”

...and the list goes on and on. (See for yourself at www.BarackObama.com.)

These are all wonderful goals. But again, the government has no money. And the current popularity of Treasuries notwithstanding, it won't be able to borrow this much money either.

The printing presses will be running at full speed. Again, will this help the dollar, or destroy it?

Probably the most prominent part of Obama's campaign was his promise to cut taxes for “95 percent” of American workers. Under his plan, a typical family could receive:

- A \$500 tax cut per worker (or \$1,000 per family)
- A \$500 universal mortgage credit
- A \$1,100 tax credit for two young children incurring day-care expenses
- And a \$4,000 “American Opportunity Tax Credit” for a child in college.

I'm all for paying less to the IRS. But Obama wants to slash tax revenues at the same time he wants to expand spending by hundreds of billions of dollars.

Of course, he wants to compensate for this by raising taxes on the “rich.” But as we saw in the 1960s and 1970s, soaking the rich doesn't increase tax revenues significantly. It just creates incentives for them to move their wealth into tax shelters (which tend to be far less productive for the economy, incidentally).

Our next President also wants to raise taxes on corporations. Again, we've been down this road before. Corporations just pass these taxes along to consumers as higher prices. They also reduce corpo-

rate spending, which means businesses create fewer jobs.

We see that the President-elect's plan will damage the American economy, and it might be the final nail in the dollar's coffin.

There's one more Obama promise we haven't discussed yet. It's related to our next topic, which is...

Fear and Loathing in the Oil Market

Oil hit \$147 earlier this year. Now it's down in the \$50s, and might go lower still.

Last July, Obama said, "I'll make oil companies like Exxon pay a tax on their windfall profits." He proposed taking \$15 billion away from the industry: \$11 billion in new taxes, and \$4 billion in eliminating tax breaks.

If Obama follows through on this, it will be a disaster. First of all, oil profits are sinking rapidly. There's little "windfall" to tax.

Second, the oil companies need their profits to invest in finding more oil.

What? With oil below \$60, we need to find more oil? Yes! Oil's price slump is temporary.

As I've said before in *GEA*, oil's price rose too fast this year. I predicted oil would reach \$150, but not for it to go up 65 percent in just 6 months. Greed drove it up beyond its proper value.

Now we're seeing the opposite effect. Terror has driven the price below its proper value. But that's only a temporary effect. Assuming the world doesn't plunge into a depression, I'm expecting oil prices to come back up.

Oil's fundamentals require it. For example, the head of the International Energy Agency (IEA) recently warned, "We're concerned that supply won't catch up with demand after this crisis... The supply crunch may come again, but in a more acute way."

The IEA just issued a comprehensive analysis of global energy supplies. It said...

"Current global trends in energy supply and consumption are *patently unsustainable.*"

The numbers in this report are frightening. The IEA took a hard look at how much energy is currently available versus what will be required. According to their calculations, in order to avoid a massive global energy shortage, energy companies will have to invest

a staggering \$26 trillion between now and 2030.

About half will go for electricity generation and distribution. Almost all the rest must be spent on oil.

According to the IEA, over the next eight years oil companies must increase their production by a staggering 30 million barrels per day.

That's as much as three Saudi Arabias. Where are we going to find so much oil?

From now until 2030, oil and gas companies will need to spend about \$350 billion per year on new projects. That's almost as much as the entire industry has spent *this decade*.

But why is the situation so desperate?

As I've documented before, the world's big oil fields are old. And old fields decline rapidly after they peak. The average annual decline for peaked fields is already at 6.7 percent, and it rises further every year.

So existing-fields production is declining, and...

Oil companies have to find lots of new oil just to maintain current levels of production.

This is extremely difficult today. The big "elephant" fields were all discovered decades ago, and all we're finding today is small deposits. Most of these have severe challenges (whether political or technological) that make their oil very expensive.

For example, the *Wall Street Journal* just ran a front-page story about Ali Moshri, an executive with Chevron. He has spent seven years developing the \$3 billion Frade project off the coast of Brazil.

This is a fairly insignificant field. Even under the most optimistic scenario, Chevron and its partners will get only 270 million barrels of oil. That's about three days of global consumption.

And it will take *18 years* to get it all out. That's why the Society of Professional Engineers has evaluated Frade as only a "marginally economic asset."

So why has Chevron spent seven years and \$3 billion on this project?

Because all prospective fields are this bad now. As the *WSJ* article said, "[Frade is] about as good as it gets these days... The consuming and expensive birthing of Frade has become the norm."

Despite skyrocketing oil prices, the five largest Western oil companies are producing 3.2 percent less oil today than five years ago. As Ali Moshri told the *WSJ*, "Can we do more than what we are doing today? I don't think so. I really don't."

That's why the commodities research head for Barclays Capital just admitted we're headed for a "serious supply crunch" in as little as two years.

And the recent market crashes in stocks and commodities have made this even worse. There's less

capital available to find and develop new fields. This is true even in OPEC countries. As the energy minister in the United Arab Emirates just commented, “A lot of projects that are in the pipeline are going to be reassessed.”

In the last couple of months, energy investments overall have taken a punch in the nose. (However, our *GEA* portfolio has done better than many others, thanks to our hedging strategy.)

Nevertheless, I think this situation is temporary. As long as the world doesn’t plunge into a deflationary depression, I expect oil prices to take off again once sanity returns to the market. The fundamentals demand it.

And what if they don’t? What if President Obama is spectacularly successful in his efforts to switch our country from oil over to wind, solar, and other alternative energies?

That would be great! We’d just make our money from alternative energy instead.

Our mission in *GEA* isn’t to profit from oil specifically. Our goal is to profit from energy in all its forms, along with investing in gold and other opportunities. In fact, as we mentioned in a recent *Update*, we’re going to start looking for opportunities in non-oil stocks soon.

Anyway, there will be more about that in future *Updates*. For now, there are more urgent issues, including...

The Fed’s Refusal to Account for \$2 Trillion in Loans

Last month in *GEA*, I talked about the ballooning balance sheet over at the Fed.

Week by week, the Fed’s books inflate further. As I write this, the last seven days alone have seen a whopping \$182.9 billion created from thin air and injected into the economy (mostly the commercial paper markets). The Fed’s balance sheet is now up to \$2.1 trillion.

But just who is getting all this money? Fed officials are refusing to say. (Bloomberg has filed a Freedom of Information Act lawsuit to get this information.)

When Congress approved the TARP (Troubled Assets Relief Program) a month or so ago, they agreed to spend \$700 billion on bailouts. But there were lots of restrictions on who could, and couldn’t, get this money.

That’s why Fed officials promised complete transparency for every dollar they loaned out.

Now the Fed is spending multiples of that amount, on bailouts that Congress didn’t necessarily approve—and they’re refusing to say who is getting it.

But whose money is this anyway? It’s not the

Fed’s. It’s not even the government’s. It’s yours. And you’re not allowed to know who’s getting it.

Why? Because Fed officials think it’s important to protect the identity of the recipients. That way the market doesn’t know they’re weak.

But that’s exactly the *wrong* thing to do!

Why are the credit markets still frozen today? Because the market doesn’t know who is weak and who is strong. Banks know that some firms are on the verge of bankruptcy, but they don’t know which ones. Therefore, they won’t lend to anybody.

Yet instead of encouraging transparency, the Fed is blocking it. That’s because...

The Fed is Fighting the Last War

In the military, there’s a saying that generals always fight the last war. They use tactics and strategies from the previous conflict even though they’re grossly inappropriate to the current fight.

That’s exactly what the Fed is doing today.

The *Wall Street Journal* recently interviewed legendary economist Anna Schwartz. Her book, *A Monetary History of the United States* (co-authored with Milton Friedman) was revolutionary. It proved that the Federal Reserve turned the 1929 stock market crash into a years-long Great Depression, by mismanaging the money supply.

Fed Chairman Bernanke himself acknowledges this is true. A few years ago, during a speech honoring Milton Friedman’s birthday, Mr. Bernanke said...

“I would like to say to Milton and Anna: Regarding the Great Depression. You’re right, we did it. We’re very sorry. But thanks to you, we won’t do it again.”

How ironic—and tragic!—that Anna herself says the Fed **is** doing it again today. Here’s how she explained it to the *Wall Street Journal*:

“The Fed has gone about as if the problem is a shortage of liquidity. That is not the basic problem. The basic problem for the market is that [uncertainty] that the balance sheets of financial firms are credible... Lending freezes up when lenders are uncertain that would-be borrowers have the resources to repay them. So to assume that the whole problem is inadequate liquidity bypasses the real issue.”

Legendary investor Jim Rogers agrees with this

view. (He's the guy who co-founded the Quantum Fund with George Soros in 1970, and made 4,200 percent over the following decade, even though the S&P was only up about 50 percent. He also successfully predicted the exponential growth of China, and the recent blastoff in commodity prices.)

In a recent interview with the *Oxford Club Communiqué*, Rogers said, "Bernanke is a very narrow-gauged guy..."

"He's spent his whole intellectual career studying the printing of money, and we have now given him the keys to the printing presses. All he knows how to do is run them."

He continued:

"Bernanke [said] that there is no housing problem in America. There's no problem in housing finance. I mean, this was like in 2006 or 2005..."

"It's mind-boggling. Here's a man who doesn't understand the market, who doesn't understand economics—basic economics. His intellectual career's been spent on the narrow-gauge study of printing money. That's all he knows."

And that's why Helicopter Ben is living up to his name today. The Fed is flooding the economy with \$2.1 trillion in liquidity, but that's fighting the last war. It's not fixing today's problems.

Eventually, the credit crunch will go away. When that happens, all that pent-up liquidity is going to burst forth.

People think I'm crazy for predicting \$150 oil and \$2,500 gold in this current environment. In one sense, they're right: if we go into a deep depression, all bets are off and oil and gold will go down instead of up.

But if I'm right, there's a lot of liquidity piling up in the banking system and elsewhere. Banks have been afraid to let any out—but once the gates are open, watch out. The dam will burst, and gold will skyrocket.

Does this mean the economy will recover? Maybe, maybe not. At best, we would 'only' get high inflation. At worst, we'd get crippling stagflation. It's too soon to tell.

More on that later. First, we need to cover one more topic, which is...

Why Pakistan is a Looming Disaster for the US

In a recent *Real Wealth*, I warned about the coming economic collapse in Pakistan.

Some readers asked whether or not this is important here in the US. The answer is yes! In fact, I expect Pakistan to be one of the first, and potentially largest, challenges President Obama will face during his administration.

For example, intelligence officials recently leaked the contents of three National Intelligence Estimates (on Pakistan, Iraq, and Afghanistan) to the press.

These are top-secret reports, containing the consensus views of all 16 US intelligence agencies. They're restricted to the President, Congress, and top government officials only.

Nevertheless, the officials felt the reports were

Portfolio Update

In Update #592, we issued instructions for subscribers who sold the BBGJH, EACJH, GQIJI, NEJJ, PXDJN, SUJJ, and TLMJW options. The options expired, and we kept the premiums (collectively about \$2,500).

In Update #594, we issued recommendations for the new *GEA* Portfolio. We bought 100 shares each of Energy Exploration and Production ETF (symbol XOP), Apache Corp. (APA), and Talisman Energy (TLM). We also sold short puts on each. On XOP, we sold the Dec. \$28 put (symbol XOAXB). On APA, we sold the Nov. \$75 put (APAWO). On TLM, we sold the Nov. \$10 put (TLMWB).

In Update #595, we recommended hedges for Provident Energy Trust (PVX), Encore Acquisition (EAC), Suncor Energy (SU), and Pioneer Natural Resources (PXD). For PVX, we sold short the Octo-

ber \$10 put (PVXVB) which was assigned to us. For EAC, we sold to open the November \$35 calls (EACKG). For SU, we sold to open 2 contracts of the November \$30 calls (SUKF). For PXD, we sold to open the November \$40.00 calls (PXDKH).

In Update #601, we issued hedging instructions for subscribers who own Talisman Energy (TLM) and Gulf Island Fabrication (GIFI). For TLM, we sold the December \$12.50 calls (TLMLV). For GIFI, we sold the November \$20 calls (GQIKD).

In Update #603, we recommended buying 100 shares of Pioneer Natural Resources (PXD) for the new portfolio. For both portfolios, we recommended selling short the PXD November \$22.50 put (PXDWX).

In Update #606, we explained why we started a new portfolio, while still maintaining the original.

urgent enough that the American people needed to know what was going on. So they summarized the reports to the press, without revealing specific details.

The Afghanistan report said the government of Prime Minister Hamid Karzai is threatened. Many more American troops are needed to stabilize the country—otherwise, it will fall back into the hands of the Taliban and al-Qaeda.

The Iraq report wasn't much better. That country is still unstable, and the NIE said it was doubtful that any American troops could be released from there to go to Afghanistan.

But the Pakistan report was the worst. One official said the report is "very bleak," and Pakistan is

"on the edge." Another described the country as "no money, no energy, and no government."

Pakistan is in serious trouble. It's in the middle of a full-blown economic collapse. There are widespread shortages of energy, basic commodities, and even food. Its currency is plummeting, and foreign capital is fleeing.

While all this is going on, the government is largely impotent. Some parts of the country don't acknowledge the government's authority at all.

So why should we care? Because...

Pakistan has nuclear weapons, and radical Islamic groups are poised to take over its government.

Muslim terrorists with nukes—this idea is so frightening that most Americans refuse to accept that it might happen. But it's a very real possibility.

To see why, we need to review a little history.

Pakistan was formed when Britain abandoned its Greater India colony in 1947. The colony split into a Muslim country in the north (Pakistan) and a Hindu country in the south (India). They immediately went to war with each other.

Few Western history books cover this, but the Pakistan/India split was horrific. Large populations of people were caught on the 'wrong' sides of the border, and were murdered: Hindus killed Muslims in the south, while Muslims killed Hindus in the north.

Rampaging mobs chased down and slaughtered fleeing refugees—men, women, and children. Entire villages were destroyed, often with their inhabitants burned alive. An estimated 500,000 people were massacred.

Both sides used religion to justify their actions. In Pakistan, the generals used Islamic *jihad* as a rallying cry for their troops.

Initially, this was just cynical manipulation, because the first generation of Pakistani military leaders were mostly secular. But over time, the young *jihad*-trained warriors rose up through the ranks.

Today, Pakistan's military and government are full of Islamic fundamentalists, most of whom hate the United States.

How America Betrayed Pakistan

Few Americans understand the depth of Pakistani hatred for the US. It goes back to the 1965 war

Latest prices as GEA goes to press— November 19, 2008

Comex spot silver contract:	\$	9.69
Comex spot gold contract:	\$	747.00
Nymex spot platinum:	\$	827.00
Nymex spot palladium:	\$	207.00
Nymex Light Sweet Crude Oil:	\$	55.00

A Personal Message from James DiGeorgia

Since ancient times, gold has been considered the safest investment to hold in times of uncertainty.

The Federal Reserve was founded in 1913 and it took until about 1989 for its balance sheet to expand to \$100 billion. 10 years later it had risen to \$500 billion...and in just 8 years more, it reached \$1 trillion.

Within the past 3 months it has swollen to \$2 trillion. By mid 2009 it will be **over three trillion dollars!**

All this paper money pouring into the market will show up as **inflation**. Gold is going to \$2,500 and even \$5,000.

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with India.

A decade earlier, Pakistan had entered into a military alliance with America by joining the CENTO (Central Treaty Organization). This was basically an Asian version of NATO, to counter the growing Communist influence in central and southeast Asia (including India).

Under the treaty, America was to supply Pakistan with military hardware and supplies. The US was also supposed to come to Pakistan's aid if it was attacked.

Relations between the countries were good. But then war broke out (again) between India and Pakistan in 1965.

This was a brutal, violent conflict. Pakistan expended most of its artillery and tank ammunition in just two weeks. As Indian forces continued to pound Pakistani positions, the government pleaded with the US for more ammunition.

But American leaders were unwilling to get involved in this war. Not only that, US officials pressured the other CENTO countries to refuse help as well. Turkey and Iran tried to smuggle supplies to the Pakistanis, but it was too little, too late. Pakistan lost.

The Pakistanis felt betrayed. But their bitterness was nothing compared to what occurred six years later, in the 1971 war with India.

This war was an absolute disaster for the Muslim country. Huge chunks of territory were lost. Nearly 100,000 soldiers were taken prisoner by the Indians. The province of East Pakistan broke away to become an independent country (Bangladesh).

And this crushing defeat took only 23 days, from the first shot to the final humiliating surrender of the Pakistani army.

This time, the US had explicitly promised to help Pakistan, threatening to send in the Seventh Fleet if Indian forces crossed the border. But when the Indians invaded... no help was sent.

Pakistan's rage and bitterness after the war cannot be overestimated. A group of military officers attempted a coup against the civilian government. Loudspeakers on thousands of mosques screeched Islamic slogans, blaming the West for the catastrophe. The radical Islamist groups surged in popularity among the population.

Three years later, India successfully tested a nuclear device. The Pakistanis now felt abandoned by the West, and they knew they had only one way to defend themselves against their nuclear-armed enemy to the south.

As President Zulfikar Ali Bhutto thundered on national television...

“Pakistanis will eat grass, but we *will* have the bomb.”

A few years later, through a combination of research and theft, Pakistan developed nuclear weapons of its own.

Just as importantly, during Bhutto's administration, Pakistan's military openly embraced radical Islam. The army's motto was changed to include *jihad* . Officer promotions were based on the candidate's dedication to Islam first, and competence second. Military staff colleges included the Quran as part of the curricula.

Even the most radical Islamic groups received official sanction. For example, soldiers were encouraged to join Tableeqi Jamaat, which requires its adherents to maintain the same lifestyle as Mohammed (who lived in the seventh century).

The country is now infested with radical Islamic ideals.

Its military and intelligence services especially are overrun with zealots.

In this respect, Pakistan is a lot like Saudi Arabia. Although its government is officially on good terms with us, its people are mostly fundamentalist Muslims who hate the West and everything we stand for.

For example, Islamic *sharia* law is now followed in Pakistan. The government extracts the *Zakat* (2.5 percent income tax for religious purposes) directly from private bank accounts.

Women are subjugated. For example, if a woman is raped, the accused rapist cannot be convicted unless four male witnesses testify against him.

In one famous incident in 2004, a woman named Mukhtar Mai was gang-raped on the orders of her village council. This was to punish her *brother* for allegedly having an affair with an older woman.

Then, after the gang-rape, Mai was expected to commit suicide, as is customary in this situation. (She refused, which outraged her tribal leaders.)

When a journalist reported this incident to the

international press, Pakistan's president wasn't angry about the rape. He only said he wanted to punish the journalist for reporting it to the world.

Western media tell us these people are our allies in the war against terror. But are they really? Consider these facts.

To which country did Osama bin Laden flee, when American troops were hunting for him in Afghanistan? Pakistan.

Who built the training camps where al-Qaeda trains its fighters? The Pakistani ISI (intelligence service).

Which country provided the most non-Afghani soldiers for the Taliban? Pakistan.

Who built the training facilities that produced Muslim terrorist groups like Abu Sayyaf in the Philippines, Jamaah Islamiya in Indonesia, and al-Gamma al Islamiyya in Egypt? Again, the ISI.

Who is praised in the infamous *Encyclopedia of Jihad* (the terrorist training Bible)? There are four primary dedications at the beginning of each volume: Osama bin Laden, his mentor Abdullah Azam, the Islamic leaders of Afghanistan, and Pakistan.

And who is hiding Bin Laden and his murderous thugs today? You know the answer.

Pakistan's government claims to be our ally. But its military and intelligence service are training and aiding our enemies.

As Kathleen Gannon, author of *I is for Infidel*, wrote, "For years the Pakistani military [has] played both sides of the fence: saying one thing but doing another; closing militant training camps in one area and reopening them in another; calling for enlightened moderation while shutting down one terrorist organization and letting it reopen under another name."

She has documented how the Pakistani military, despite its promises of unconditional support for America's war on terrorism, is still running terrorist training camps in the northwest territories and in the province of Baluchistan.

Pakistan's pro-Western leadership is a thin veneer over a society that is virulently anti-American. That's why the current situation is such a crisis...

Pakistan's civilian government is on the verge of collapse. Here's what to expect if radicals take over.

Presumably, even the most radical government wouldn't be stupid enough to threaten America directly with nuclear weapons. (The threat wouldn't be credible anyway. If they actually used nukes

against us, we would turn Pakistan into a glassy crater, and they know it.)

However, they would probably threaten Israel. Even if this was just chest-beating, it might trigger a preemptive strike by the Israelis. The whole Middle East would erupt in war.

Even worse for America is the likelihood that Pakistan would start providing nuclear technology to al-Qaeda. This probably would not be in the form of nuclear warheads—they would be difficult for Bin Laden to use, and Pakistan would be unable to deny responsibility for whatever he did with them.

No, the more likely scenario is that Pakistan covertly starts supplying Bin Laden with non-fissile radioactive material from their nuclear program. He could quickly build "dirty bombs"—bombs that use conventional explosives to spread a poisonous cloud of radioactive particles over a large area.

Dirty bombs are cheap and easy to build, once you get the radioactive payload. They're also small enough to smuggle across a porous border, like the one between the US and Mexico.

Even one or two of these bombs, if exploded in the right place—say, New York or Washington—could cripple the US economically or politically. For that matter, Bin Laden might even be planning this already, judging by his recent threats for a spectacular new attack on the US.

Can we do anything about this? The best way to prevent this scenario is to prevent Pakistan's government from collapsing. But that would require a bailout of \$100 billion or more—at a time when the US is already running the printing presses at full speed.

Which brings us back to our original point...

The next few years might be the final death-blow for the dollar!

Don't be fooled by the dip in gold prices. I think this is a very short-term event. All the trends I've discussed this month—whether inflation, stagflation, or political events—will provide upward pressure on prices.

Not only that, there's a severe shortage developing in physical gold. The US Mint has stopped selling gold several times in the last few months. Dealer inventories are very low for all forms of the metal. Physical bullion and coins are getting scarce across the entire industry.

If gold does start leaping upward—especially if it's the result of another big financial collapse, or even worse, a catastrophic terrorist attack—the remaining inventory will disappear overnight. Don't wait until it's too late to establish your position!