

# Index

- Acid-test ratio, 268  
Action plan, 331–334  
Adjustable-rate debt, 318, 323  
Adjustable-rate mortgages (ARMs), 166, 171–172  
Aggregate demand, 99  
Agnico-Eagle Mines Limited, 305  
Agricultural production, 12  
Amaranth, 139  
American Depositary Receipts (ADRs), 252–256  
American International Group (AIG), 153  
AMEX HUI Gold BUGS Index, 312  
AngloGold Ashanti Ltd., 305  
“An Update on the Status of the Economy and It’s Implication for Monetary Policy” (Fisher), 95  
Asian economies. *See also* China; foreign economies:  
    beneficial structure of, 261  
    gold redemption by, 73–74  
    without U.S. indebtedness, 17–18  
Asset bubble, 30  
Asset liquidation, 86  
Australia, 260, 306, 320, 326  
Austrian school of economics, 111, 121  
Automobile industry, 10, 26, 55  
Automobile loans, 214–215
- Bags (coins), 298  
Bailouts, 26, 55, 59  
Balance of trade. *See also* current account deficit;  
    trade deficit:  
        currency and, 75  
        of United States, 36  
    U.S. dollar value and, 75–78  
Banking system, 67–68. *See also* central banks;  
    Federal Reserve  
Bank loans, 163  
Bank notes, 68  
Bank of America, 153  
Bankrate.com, 175  
Bankruptcy, 55, 152, 154  
Barrick Gold Corporation, 305  
Barter system, 65, 94  
Bear markets, 129, 144–145, 149–150  
Bear Stearns, 84, 153  
Bema Gold, 305  
Bernanke, Ben, 39–40, 53, 117, 314
- The Biggest Con* (Schiff), 67, 109  
Bimetallic monetary system, 296  
Black markets, 115  
Board lots, 255  
Bond bubble, 234  
Bondholders legal status, 154  
Bonds, 130, 234–265, 321  
Bonner, Bill, 41  
Boom-bust cycle, 112–113  
    in Japan, 103  
Bretton Woods agreement, 8–9, 70–71  
Brokers, 132, 256–259  
Budget deficits, 25, 73, 117, 321  
Budget surplus, 31, 78  
Bullitt, Warren, 37, 150  
Bullion, 299, 307, 323. *See also* gold  
Bull markets and bear markets, 145  
Bush, George W., 53, 120  
Business cycles, 110, 143  
*BusinessWeek*, 177  
Buy-and-hold investing, 156–157, 282
- Canada, 260, 263, 306, 320  
Capital debt, 204  
Capital gains, 131  
Capital goods, 48  
Carry trade, 290  
Cash. *See* Liquidity  
Cash dividends, 135  
Cash-for-clunkers bill, 233  
Cash in domestic currency, 319  
Central bankers, 9, 287  
Central banks. *See also* Federal Reserve; foreign  
    central banks:  
        gold reserves, 285–286  
        interest rates, 313  
Central Fund of Canada, 301  
Central planning vs. free-market capitalism, 28  
Chain-Type Price Index of Personal Consumption  
    Expenditures (CTPIPCE), 101  
China:  
    accumulation of U.S. dollars by, 105–106  
    currency peg, 77, 107  
    currency risk in, 264  
    dollar decline benefit, 18–19

- China (*continued*)  
 economy of, 18–20, 243  
 future borrowing from, 234  
 gold reserve increase, 311  
 U.S. dollar redemption by, 107  
 wage scales in, 240–241
- Christmas clubs, 206
- Chrysler bankruptcy, 154
- Citigroup, 153
- Civil War, 104
- Coal, 265
- Coinage, 68–69
- Coins, 328–329
- Collateralized debt obligations (CDOs), 26, 189
- Collateralized loan obligations (CLOs), 150
- Collateralized mortgage obligations (CMOs), 169
- College education loans, 215–216
- The Coming Internet Depression* (Mandel), 49
- Commercial real estate, 198
- Commodities exchange, 303–304
- Commodity futures, 303–304
- Common stocks, 139
- Computer technology and productivity, 47
- Confiscation, 331
- Conflicts of interest, 132, 137, 152–155, 167
- Conglomerates, 151
- Congressional elections, 34
- Congressional Oversight Panel (COP), 54
- Consumer confidence, 51–53
- Consumer credit, 205, 206, 227
- Consumer debt:  
 charts of, 200  
 damage caused by, 216  
 demand for, 237  
 Government spending and, 96  
 as gross domestic product (GDP) component, 212  
 lack of savings and, 204  
 misuse of, 199–200  
 vs. savings, 232  
 securitization and, 29, 232  
 societal effects of, 212–213  
 trade deficit vs., 37  
 and U.S. dollar, 79
- Consumer goods vs. capital goods, 48
- Consumer price index (CPI), 37, 40, 63, 91, 92
- Consumer prices and deflationary pressures, 124–125
- Consumer spending, 2
- Consumption. *See also* consumer debt; household debt; interest rates; savings rate; trade deficit:  
 Asian economies and, 17  
 chart of, 200  
 China's economy and, 18  
 excessive, 2  
 of foreign oil, 42–43  
 reserve currency status and. *See also* reserve currency status; service economy  
 subsidization of, 31  
 U.S. economy driver, 7, 29, 31  
 U.S. government policy on, 7
- Copper, 328
- Core consumer price index (CPI), 182, 184
- Core consumer price index (CPI) vs. consumer price index (CPI) and producer price index (PPI), 41
- Core inflation, 99–100
- Corrupt practices, 170
- Cost-push inflation, 98
- Costs of capital, 211
- Counterparty risk, 304
- Crash of 1929, 30, 145
- Creative destruction concept, 12
- Credit. *See also* consumer debt:  
 appropriate use of, 214–216  
 misuses of, 213–214
- Credit card debt, 323–324
- Credit contraction, 105
- Credit crisis of 2008, 24, 84, 335
- Credit securitization, 210
- Critics/criticism, 278–279
- Crowding out effect, 212
- Currency. *See also* gold standard; reserve currency:  
 balance of trade and, 75  
 fiat currency, 64–65, 284, 288  
 foreign, 251, 310, 320  
 strength of, 75–76  
 velocity of money, 115, 127
- Currency gains as capital gains, 322
- Currency pegs, 31, 77, 85, 107
- Currency risk, 244–245
- Current account balance chart, 3
- Current account deficit, 76, 216
- Current account surplus, 217
- Current consumption costs, 218
- Current ratio, 268
- Dealer premiums, 315–316
- Debt. *See also* consumer debt:  
 good vs. bad, 204  
 and liquidity, 323–324
- Debt collateral, 39
- Debt to equity (debt ratio), 270
- Debt to total assets ratio, 269
- Declining dollar, 63, 81. *See also* U.S. dollar
- Decoupling, 274, 277, 280
- Default risk vs. inflation risk, 88–89
- Defaults, 25–26, 225
- Deflation, 102–105, 122, 124–125
- Demand for oil and energy, 101
- Demand-pull inflation, 98
- The Demise of the Dollar* (Wiggin), 74
- Democracy:  
 China, 241–242  
 vs. republic, 242
- Department of Commerce, 101
- Deposit Insurance Fund, 228

- Deregulation, 13, 55
- Derivatives, 291, 304, 320
- Direct owner/lender negotiation, 195–196
- Diversification, 252
- Dividends, 140, 142–143, 252, 259, 265, 271
- Dollar Index, 83
- Domestic savings, 231
- Domestic stock market, 130
- Dot.com bubble, 39, 113
- Dow/gold ratio, 294, 296, 314–315
- Dow Jones Industrial Average, 145, 150
  - vs. gold prices, 294–296
- Down payments, 163
- DRDGold Limited, 302
- Dumping, 125
  
- Echo-boomers, 176, 177
- Economic collapse:
  - consequences of, 329–331, 338
  - consumer credit and, 228
  - consumers shift to savers after, 20
  - from currency crisis, 89
  - forecast of, 24–25, 274
  - inflation as cause of, 114
  - living conditions after, 332–333
  - national and personal debt leading to, 199
  - timing of, 114–115
- Economic growth, 200–201
- Economic statistics, 33
- Electric utilities, 262
- Emergency cash holdings, 250–251. *See also* Liquidity
- Empire of Debt* (Bonner and Wiggin), 41
- Employment, 52
- Energy costs, 43. *See also* oil prices
- Enron, 133
- Entitlement programs. *See* Social Security
- Euro, 72, 244, 262
- Euro Pacific Capital, 335
- Europe:
  - Bretton Woods Accords impact, 72
  - decoupling, 31
  - demand for euros, 262
  - dollar collapse impact on, 262
  - gold demands by, 74
  - imports from as quality, 240
  - markets in, 262
  - purchasing power of, 49
  - ROI in, 48
  - trade surplus of, 244
- European Central Bank (ECB) inflationary policies, 313
- Europe on Five Dollars a Day* (Frommer), 333
- Euro zone, 244, 262
- Excess profits tax, 307
- Exchange controls, 336
- Exchange rate, 258
  
- Exchange-traded funds (ETFs), 301–302
- Executive compensation, 133
- Exploration companies, 305
- External debt, 210
  
- Fair Isaac and Company (FICO), 205
- Falling prices, 103, 104
- Fannie Mae (National Mortgage Association), 57, 59, 167, 181, 192–193
- Farm production, 12
- Federal Deposit Insurance Corporation (FDIC), 228
- Federal funds rate, 27, 58
- Federal Reserve:
  - data manipulation, 5
  - establishment of, 69
  - fiat currency, 284
  - funds rate, 58
  - gold standard and, 65
  - inflation and busts, 113–114
  - money supply expansion, 73, 91
  - mortgage rates lowered, 38–39
  - paper money for liquidity, 38–39
  - on systemic risk: regulation, 155
- Federal Reserve notes, 70, 109
- Fiat currency, 64–65, 284, 288
- FICO score, 205
- Final collapse and liquidity, 337–338
- Financial Accounting Standards Board (FASB), 196
- Financial businesses, 152
- Financial Industry Regulatory Association (FINA), 155
- Financial obligation ratio, 203
- Fisher, Richard W., 95
- Fixed-charge coverage, 270
- Fixed-rate debt vs. adjustable-rate debt, 318
- Floating currencies, 75
- Ford administration, 108
- Foreign bank account, 260
- Foreign bonds, dividends and taxation paid on, 321
- Foreign borrowing and gross domestic product (GDP), 51
- Foreign central banks, 5, 31, 33, 170, 313
- Foreign currency, 310, 319
- Foreign demand for U.S. assets, 127
- Foreign dividend yields, 249
- Foreign equities, 272, 322
- Foreign income producing assets, 147
- Foreign investment future, 181
- Foreign markets:
  - broker selection and, 256–257, 272
  - investing in, 254
  - myths and fears about, 237
  - real estate investing, 263
  - variables affecting, 322–323
- Foreign real estate trusts, 326
- Foreign stocks, 276, 278–282
- Foreign stocks and bonds, 237, 247–248, 255

- Foreign stocks portfolio:
  - cash account, 259–260
  - commodities and natural resources, 263
  - industrial sectors in, 262–265
  - market selection, 260–262
  - real estate, 263
  - stock selection, 265–266
- Forward price to earnings ratio (P/E), 149, 270
- Franklin, Benjamin, 242
- Freddie Mac (Federal Home Mortgage Association),
  - 57, 59, 167, 181, 192–193
- Free-market capitalism, 28, 60
- Frommer, Arthur, 333
- Fuller, Ida M., 224
- Fundamental analysis, 266–271
- Futures contracts, 303–304
  
- Gas utilities, 262
- Geithner, Timothy, 29, 228
- Gekko, Gordon, 59
- General demand, 99
- General Electric, 150–151
- General Motors, 55, 151
- Germany, 320
- Ginnie Mae (Government National Mortgage Association), 167
- The Global Investor* (newsletter), 334
- Global Investor, The (newsletter), 334
- Gold. *See also* Dow/Gold Ratio; gold standard:
  - character of, 67
  - vs. fiat currency, 288
  - and foreign currency, 310
  - growth and speculation, 308
  - price of, 284–286
  - remonetization of, 296
  - short covering, 290
  - supply of, 291–292
  - vs. U.S. dollar, 85, 123
- “Gold and Economic Freedom.” (Greenspan), 95
- Gold Bullion Securities, 301
- Gold certificates, 69
- Gold coins as liquidity, 323
- Goldcorp Inc., 305
- Golden Star Resources, 305
- Gold exchange-traded funds (GETFs), 301–302
- Gold Fields Ltd, 305
- Goldilocks economy, 283
- Gold market, 286–293
- Gold mining companies, 302
- Gold money, 298, 302–303
- GoldMoney.com, 302–303
- Gold portfolio, 306–307
- Gold prices, 79–80, 309
  - vs. Dow Jones Industrial Average, 294–296
  - in late 20th century, 285
  - potential, 293–294
  - and reserve currency status, 310–311
- Gold redemption by Asian economies, 73–74
- Gold Reserve Act of 1934, 69, 72
- Gold reserves, 68, 285–286, 289
- Gold selloff, 309–310
- Gold/silver price ratio, 296
- Gold standard, 9, 64–65, 287–288
- Government bonds, 320–321
- Government reporting:
  - on consumer confidence, 51–53
  - on deflation, 44–45
  - on GDP numbers, 54
  - on inflation, 35–44
  - need for public confidence and, 51–53
  - on productivity, 45–49
  - on trade deficit, 25–27
- Government spending:
  - immense levels of, 28
  - by Obama administration, 54
  - prior to WWII, 31
  - profligate, 6
  - during World War II, 31
- Great Depression of the 1930s, 29–30, 45, 61, 229
- Greenspan, Alan, 47, 48
  - actions of, 108
  - on credit crisis of 2008, 55
  - on gold, 95
  - as inflation creator, 39
- Greenspan, put, 61
- Gross domestic product (GDP), 2, 49–51, 53, 54, 212
- Gross national product (GNP), 49
- Guns and butter policies, 72, 108
  
- Haines, Mark, 12
- Halberstam, David, 10
- Harmony Gold Mining, 305
- Hayek, Friedrich von, 111
- Headline numbers, 100
- Hedge book, 305
- Hedge funds, 59, 154
  - conflicts of interest, 137
  - risk in, 137–138
- Hedonics, 46–49
- Home equity, 160, 207
- Home equity lines of credit (HELOCs), 168
- Home equity loans, 337
- Homeowner options, 324–326
- Home ownership, 188, 324–326
- Home ownership and speculation, 182–183
- Home values, 39, 54, 124
- Hong Kong, 261, 321
- Hoover, Herbert, 30
- Household debt, 213
- Housing. *See* real estate
- Housing market speculation, 184
- Housing prices, 174–177, 179
- Hurricane Katrina, 50, 209–210
- Hyperinflation, 45, 79, 161, 225, 235, 316
  
- IAMGOLD Corporation, 302
- Industrial sectors, 262–265

- Inflation:
- Alan Greenspan as creator of, 39
  - artificial demand created by, 93–95
  - Ben Bernanke as creator of, 39
  - and boom-bust cycle, 112–113
  - core inflation, 99–100
  - cost-push, 98
  - debt reduced by, 225
  - defined, 93
  - expectations, 99
  - Federal Reserve and, 113–114
  - foreign equities as hedge against, 272
  - hyperinflation, 161, 235, 316
  - impacts of, 96–97
  - indicated by consumer price index (CPI), 91
  - indicated by money supply expansion, 91
  - indicated by producer price index (PPI), 91
  - interest rates and, 326
  - measures of, 37, 40, 101
  - Paul Volcker's war on, 285
  - reasons for creating, 95–96
  - risk, 244–245
  - and slower growth, 117–118
  - terms describing, 98
  - Treasury inflation protection securities (TIPs), 238
  - visibility of, 97
- Inflation curve, 44
- Inflation danger timing, 127
- Information technology, 11
- Infrastructure spending, 27–28, 119, 216
- Instrumental goods, 48
- Interest only loans, 173
- Interest rates:
- and ARM payments, 172
  - bond prices and low, 23, 234
  - China's concern with, 77
  - consumer debt and, 54, 212
  - housing bubble and, 82, 185
  - inflation and, 96, 189, 326
  - vs. national savings rate, 161
  - reduction, 161
  - stock market prices, 146
- International Bank for Reconstruction and Development (World Bank), 71
- International Monetary Fund (IMF), 71, 321
- Investing vs. speculating, 131
- Investment debt, 204
- Investment horizon, 252
- iShares COMEX Gold Trust, 301
- iShares Silver Trust, 301
- Japan, 61, 103, 261
- Jingle mail, 186
- Job creation, 28
- Jobs. *See also* employment:
- Johnson, Lyndon, 293
  - Johnson administration, 72, 108
  - JPMorgan Chase, 153
  - Junk silver (coins), 298, 335
- Kennedy administration, 73
- Keynes, John Maynard, 73
- Kinross Gold, 305
- Labor unions, 154
- Layaway plans, 206
- Lehman Brothers, 84, 153, 309
- Lending standards, 163, 165–166, 185
- Lereah, David, 175–176
- Leverage, 137, 160, 303
- Leverage ratios, 269–270
- Limit orders, 259
- Liquid assets, 319
- Liquidity, 225
- bullion gold as, 323
  - in cash, 276–277
  - and debt, 323–324
  - and final collapse, 337–338
  - gold coins as, 323
  - importance of, 185–186
  - investments providing, 320–321
  - longer-term investments providing, 321–323
  - personal, 318
  - required levels of, 319–320
  - types of, 322
  - update assessment, 335
  - ways of maintaining, 335–336
- The Little Book of Bull Moves in Bear Markets* (Schiff), 281
- Living standards, 7
- Long-term debt to total capitalization ratio, 269
- M-3 (money supply), 105
- Made-in-America status, 239
- Madison, James, 242
- Madoff, Bernard, 155, 227
- Malinvestments, 111, 112, 113, 118, 231
- Mandatory conversions, 226
- Mandel, Michael, 49
- Manufacturing sector, 9–10, 20–21, 231, 239–241, 252. *See also* consumption
- Margins vs. prices, 104
- Market makers, 255
- Mark-to-market accounting rules, 189, 196–197
- Martin, William McChesney, Jr., 108
- Maturity extension, 226
- Measures of inflation, 101
- Medicare programs, 221
- Meridian Gold, 305
- Merk Hard Currency Fund, 320
- Merrill Lynch, 153
- Mining stocks, 304–305, 312–313
- Mint Act of 1792, 69
- Monetary policy, 41, 69, 92, 95, 111
- Monetization (financing), 73, 88, 108
- Money. *See also* currency:
- economic functions of, 66
  - first uses of, 67
  - origins of, 65–66

- Money (*continued*)  
 supply, 105–107, 123–124  
 supply and business cycles, 110  
*Monthly Review*, 48  
 Moral hazard, 170, 193–194, 229  
 Mortgage credit, 207  
 Mortgage meltdown, 84  
 Mortgage rates, 57, 162  
 Mortgages. *See* real estate  
 Mutual funds, 252  
   absolute performance of, 136  
   case against, 253–254  
   foreign, 253–254, 320  
   gold shares in, 290–291  
   with mining shares, 308  
   problems with, 135–136  
   yield vs. past performance, 135–136
- National debt, 2, 25, 219–221, 225  
 National default, 229  
 Nationalization, 306  
 National savings rate, 161, 336  
 Natural disasters, 209  
 Natural resources investment, 260, 338  
 Negative amortization ARMs, 173  
 Negative carry. *See* carry trade  
 Net asset value (NAV), 320  
 Net profit margin, 269  
 Newcrest Mining, 305  
 New Deal, 30  
 Newmont Mining, 291, 305  
*New York Times*, 35, 159  
 New Zealand, 260, 326  
*The Next Century* (Halberstam), 10  
 Nickel(s), 328  
 Nixon, Richard, 72, 74, 78, 108  
 No-documentation mortgage loans, 171  
 No-load mutual funds, 320  
 Nontraditional mortgages, 171–174  
 Northern Orion Resources, 305  
 Northern Trust Company report, 160  
 Northgate Minerals, 305  
 Norway, 260  
 Numismatics, 299
- Obama administration:  
   Congressional Oversight Panel (COP), 54  
   on credit, 230  
   economic plans by, 27  
   General Motors, 55–56  
   government spending by, 54, 56  
   mortgage modification plan, 193  
   stimulus plan by, 119, 120  
   too big to fail designation, 155  
   Troubled Asset Relief Program (TARP), 54  
 Oil prices, 42–43, 101, 263  
 Oil utilities, 262  
 Operating profit margin, 268–269
- Option ARMs, 172  
 Order flow, 259  
 Ordinary foreign shares (ords), 255  
 Overseas investing. *See* foreign stocks and bonds:  
 Owen-Glass Reserve Act of 1913, 69
- Passive foreign investment trust (PFIT), 321  
 Paulson, Henry M, Jr., 55, 153  
 PCE (Chain-Type Price Index of Personal Consumption Expenditures CTPICE), 101–102
- Perma-bears, viii  
 Personal cash management, 319  
 Personal debt, 2, 76  
 Perth Mint, 300–301  
 Perth Mint Certificate Program (PMCP), 300  
 Pink Sheets LLC, 255  
 Political risk, 245, 260, 306  
 Ponzi schemes, 156, 222–223, 227
- Portfolio:  
   allocations of, in foreign investments, 246, 250  
   creation of foreign, 250–252, 259–266  
   domestic, replicated in foreign currencies, 245  
   of foreign securities, 237  
   foreign stocks as means of diversification of, 257, 271  
   of non-dollar-denominated dividend-paying foreign stocks, 273
- Positive carry. *See* carry trade:  
 Post-war economy, 71  
 Precious metals. *See* copper; gold; silver:  
 Prices, 98, 104, 157  
 Price stability, 104  
 Price to book value ratio, 270–271  
 Price to earnings ratio (P/E), 141, 270  
 Price to sales ratio, 271  
 Producer price index (PPI), 37, 40, 91  
 Productivity, 46–47  
 Profitability, 45  
 Profitability ratios, 268–269  
 Pro forma earnings, 42  
 Property trusts, 263  
 Public utilities stock, 142  
 Purchasing power, 244–245, 332
- Qualifying dividends, 321  
 Quick ratio, 268
- Rating agencies, 132
- Ratios:  
   forward price to earnings ratio (P/E), 149, 270  
   leverage ratios, 269–270  
   of paper to reserves, 68  
   price to earnings ratio (P/E), 141, 270  
   profitability ratios, 268–269  
   stock valuation ratios, 270–271  
   trailing price to earnings ratio (P/E), 149, 270  
   valuation ratios, 141–142
- Reagan administration, 108

- Real estate:
- chart of housing starts, 176
  - collapse of and aftermath, 25–27, 54
  - foreign stocks portfolio in, 263
  - home builders and, 174–175
  - home equity and consumer debt, 26, 124, 159, 168
  - lending standards and, 162–163
  - nontraditional mortgages and, 171–174
  - securitization and, 162–163, 167
  - temporary appreciation vs. wealth, 124
  - traditional loan process and requirements, 162–163
- Real estate bubble, 24, 54, 56, 109–110, 160–161, 174–175, 177–182, 189–191
- U. S. government response to, 191–192
- Real estate mortgage investment conduits (REMICs), 169
- Real estate prices, 184, 185, 194–196
- “Real Estate Review 2006” (Bankrate.com), 175
- Recessions, 111, 334
- Regulation:
- in Asian economies, 261
  - bypass of, 132
  - in China, 241
  - economic burdens of, 158, 254
  - historical impact of, 10, 12
  - impact of, 155, 202, 334
  - imposition of, 59
  - relief of, 20, 240
  - of Securities and Exchange Commission (SEC), 258
- Remonetization of gold, 296
- Rental housing prices, 183
- Reserve currency, 311. *See also* world reserve currency
- Reserve currency status, 8, 72, 77
- and gold prices, 310–311
  - and national debt, 225
  - timing of loss of, 317
- Return on equity, 269
- “The Revolution in Information Technology” (Greenspan), 4
- Rising interest rates impact, 146
- Rising oil prices, 108
- Risk, 137–138, 246, 252
- Risk hedges, 232
- Roosevelt, Franklin Delano, 30
- Royalty trusts, 263
- Rubin, Robert, 153, 246
- Russian default, 6
- Saving(s), 207, 326–327
- chart of rate of U.S., 8
  - rate, 2, 76, 202, 209, 211
  - vs. consumer debt, 232
  - two paycheck situation, 163–164
- Say’s Law of Markets, 94
- Schiff, Irwin, 67
- Schumpeter, Joseph, 12
- Secondhand consumer goods, 327
- Secular markets, 144
- Securities and Exchange Commission (SEC), 155, 258
- Securitization:
- conflicts of interest through, 167
  - higher housing demand and prices from, 167
  - impact of, 231
  - process of, 162
  - real estate debt and, 163
  - risk distribution through, 232
  - root cause of the real estate bubble, 167
  - as source of funds, 29
  - tapping foreign savings through, 232
- Sedative, 58
- Selling short, 275
- Service economy, 9–10, 11, 231
- Short covering, 290
- Short selling, 275
- Short-term U.S. debt vs. long-term U.S. debt, 37
- Silver, 296–306, 335
- Silver certificates, 69
- Singapore, 261, 321, 326
- Snow, John, 35–36
- Social Security 202, 221, 223
- South Africa, 250
- South Korea, 261
- Speculation, 330
- ARMs and, 173–174
  - and home ownership, 182–183
  - in housing market, 184
  - vs. investment, 131
- Spiders. *See* Standard and Poor’s Deposit Receipts (SPDRs):
- Spread, 255
- Stagflation, 7, 78, 181
- Standard and Poor’s Deposit Receipts (SPDRs), 301
- Standard of living, 202
- “stated income” mortgages, 171
- Stevens, Thomas M., 176–177
- Stimulus plans, 58, 119, 120, 233
- Stock exchanges, 139
- Stocking up, 328–329
- Stock market:
- bubbles, 108–109
  - conflicts of interest in, 152–155
  - domestic, 130
  - exchange-traded funds (ETFs), 301–302
  - gold exchange-traded funds (GETFs), 301–302
  - shorting, 146–147
  - values of, 54, 208
- Stock ownership risk, 140
- Stock price appreciation, 133–134
- Stock repurchase program, 133
- Stock valuation ratios, 270–271
- Streettracks Gold Shares, 301
- Subprime mortgages, 25, 57, 169, 170, 188
- Suitability rules, 132
- Systemic risk regulation, 155

- Taseko Mines, 305
- Tax code, 203, 251
- Tax cuts, 161
- Too big to fail designation, 6, 26, 155, 232
- Toxic assets, 191, 228
- Trade deficit. *See also* balance of trade:  
 current level of, 218  
 growth of, 35–37  
 level of, 2  
 parable about, 21–23  
 reserve currency status and, 9  
 service economy and, 11
- “Trade Deficit at New High, Reinforcing Risk to Dollar” (*New York Times*), 35
- Trading multiple, 141
- Trailing price to earnings ratio (P/E), 149, 270
- Tranches, 169
- Transaction requirements, 259
- Treasury inflation protection securities (TIPs), 238
- Troubled Asset Relief Program (TARP), 27, 54
- Tuition, 215–216
- Türk, James, 302
- Two paycheck situation, 163–164
- Underwriting and investment-banking fees, 139
- Unemployment, 48
- Unfunded liabilities, 292
- United Kingdom:  
 European markets, 262  
 interest rates in, 313  
 spread in stocks, 255  
 utility dividend yield in, 142
- United States:  
 comparative advantage of, 242  
 vs. Japan, 10  
 manufacturing sector in, 239–241  
 manufacturing sector vs. service sector, 76  
 national debt, 16  
 post-war-time economy of, 18  
 regulatory burden in, 211  
 savings rate in, 76  
 tax code, 251  
 trade and financial imbalances of, 1  
 wage scales in, 240–241  
 wartime economy of, 18
- U.S. assets, 126
- U.S. Constitution, 110
- U.S. dollar. *See also* currency:  
 collapse of, 147–148, 227  
 devalued, 20  
 establishment of, 88  
 flight to safety, 309–310  
 foreign countries’ response to decline of, 180–181  
 vs. gold, 85, 123  
 impact of collapse of, 17  
 impact of strength in, 126–127  
 money flow into, 87  
 origins of, 68–69  
 redemption of, 70–71  
 as reserve currency, 71, 77  
 reserve currency status, 7, 31, 83  
 strength of, 76, 276  
 value of, 63
- U.S. dollar index chart, 78
- U.S. exports, 11
- U.S. government:  
 AAA-rating, 230  
 and dollar strength, 80–81  
 economic statistics, 33  
 expansion of, 201–203  
 increases in debt, 233  
 inflation as policy, 107–109  
 inflation hiding, 96–97  
 moral hazard created by, 193–194  
 post-collapse options, 300  
 response to real estate bubble, 191–192  
 trust funds, 221–222  
 unfunded liabilities, 292
- U.S. Treasury bonds, 234–235
- U.S. Treasury securities, 31, 186–87
- Utilities, 142, 262
- Valuation factors and the market outlook, 147–148
- Valuation ratios, 141–142
- Velocity of money, 115, 127
- Volcker, Paul, 108, 285
- Von Mises, Ludwig, 111, 212
- Wage-price spiral, 98
- Wages and price controls, 79
- Wage scales, 239
- Wall Street, 156–158
- “Wall Street Unspun” (radio program), 333
- War on inflation, 285
- Wealth effect, 123, 232
- Wealth vs. consumption, 2
- Wiggin, Addison, 41, 74
- World financial capital, 157–158
- World reserve currency, 243, 311. *See also* U.S. dollar
- World War II, 31, 71
- Yen carry trade, 86
- Yield, 142
- Yield curve, 44
- Yuan as world’s reserve currency, 243