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The National TEA (Taxed Enough Already) Party

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Following is an outline of my prepared remarks. For more information please visit my website.

Gratitude and appreciation

It is my privilege to be born in and live in the country with the best form of government in the history of the world.

Tax Freedom Day

The average Virginian works the first 106 days of the year just to pay his taxes, 3 days longer than the average American. However, Virginia has one of the best state governments in the United States.

Examples: reminders about sales tax filing and license renewals; calls from the Tax office about ways to get a bigger refund.

Taxes are more than our total spending on food, clothing and housing.

The current situation

President Obama has inherited a mess. He and his team haven't quite realized yet just how big it really is.

The War on Terror – never-ending as long as we have enemies.

National Debt – acknowledged debt, off-balance sheet debt, and unfunded liabilities.

Demographics – the aging of the Western world. Fewer workers to support more retirees.

Economic crisis – the first-ever global economic crisis.

Peak Oil – we are rapidly running out of the world's primary fuels and a primary feedstock for everything we manufacture.

Destruction of the Constitution – our leaders simply ignore it. Examples: innocent until proven guilty has been reversed under the PATRIOT Act and other laws and orders, and freedom of speech has become freedom of politically *correct* speech – plus pornography, of course.

Destruction of the Dollar – since 1913 it has lost more than 97% of its value, and is headed to \$0.

Global warming – it may not be a real issue, but it is certainly one that will cost you a great deal of money.

Rise of economic aspirations in the 3rd world – they want your standard of living.

Scarcity of natural resources – we will run out of vital elements in just a few years.

Decline in ethical and moral standards.

We pass new legislation and create myriad rules for our lives, but we don't enforce those already on the books. This brings about a profound disrespect for the rule of law.

We think we are smart enough to eliminate the business cycle, but we can only postpone and exacerbate the inevitable.

Where we are heading

My job is to predict the future so that my clients and readers may profit. I have to read and travel extensively to keep up to date and to find the real issues that drive our society today and those that will in the future.

If our government continues on its present course of tax and spend, seizing ever more power, and infiltrating every aspect of our lives, we will see these things happen:

1. Taxes will increase dramatically.
2. Government spending will continue to increase as more and more wealth is transferred from those who work to those who won't.
3. Government intrusion into our lives will increase, and we will have little or no privacy.
4. The dollar will accelerate its slide into oblivion.
5. Inflation will return with a vengeance and bring misery and suffering to millions.
6. We will fall deeper into the economic abyss.
7. The power of government will increase as government controls more and more phases of our lives. We are willingly surrendering our freedoms in exchange for being cared for and sheltered by the government.

What I advise my clients and subscribers to do

Become as self-sufficient as possible. Produce as much of your food as you can and store at least a 6 months' supply.

Make your home as energy efficient as possible.

Find the least expensive energy sources for your home and utilize them.

Store energy, if possible, using propane instead of natural gas or heating oil.

Purchase pre-1965 US 90% silver coins and 1-ounce silver Eagles, and store them in a safe at home.

Keep enough cash in a safe at home to cover several months' expenses.

Prepare for the *next* major leg down in the stock markets. We have not repealed the business cycle or human nature.

Position your 401(k) or 403(b) retirement plan for maximum safety. If you have an insured "Stable Value" fund that might be a good place. Be sure to consult an investment adviser for specific recommendations because every 401(k) or 403(b) is different.

Reduce your cost of living. Save more money and keep it close to home.

Get to know your neighbors well. Neighborhood associations will become vital in the difficult times to come.

What if we could get on the right path?

If we could trust our Senators and Congressmen to act in the interest of the entire nation and to set aside partisanship, and if they could be sufficiently well educated to be able to act appropriately regarding the issues of the day (and many of the issues would be well served by *no* action from Congress), we would be able to start to restore America to its Constitutional roots. We would also have to severely limit the power of courts to "legislate from the bench" and to make controversial decisions that overturn the will of the electorate.

Here are some items we should debate:

"Pass no new legislation and repeal half of what is already on the books."

Disenfranchise convicted felons serving time.

All lawyers and elected officials should be required to take courses on the Constitution and the Bill of Rights, rather than the courses on recent *interpretations* of Constitutional issues they took in law school. They should study the Federalist papers and the other writings of the Founding Fathers so that they gain a profound respect and appreciation for our Constitution which many so freely trample.

Eliminate automatic citizenship for children born in America. Make citizenship a privilege we must earn.

Amend the Constitution to prevent multi-purpose bills. Each piece of legislation should focus on a single issue so that each legislator must take a stand on it and be held accountable for his choice.

Establish term limits and eliminate career politicians.

Eliminate the Federal Reserve.

Give power back to the states except for defense, currency and those very few issues that involve *all* states. This will enable states to be creative again in their policies regarding education, labor, taxes, health care, infrastructure, and much more.

We have a choice

We can sit back and do nothing to bring about change. If we do nothing we should prepare for very hard times ahead.

OR

We can wake up and get involved in our neighborhoods, our communities, our states and our country in learning about the issues, discussing them in many different forums, advising our leaders about our ideas, and holding our elected officials accountable for their actions.

With tools like the Internet we can communicate with one another as never before. We can publish our thoughts online and let them be considered, revised, dismissed, rejected, or advanced by others.

We need to ask ourselves whether we think this country is worth saving. If it is, we must determine what price we are willing to pay for the freedoms we should enjoy under our inspired Constitution.

May we restore our government to a state where it is truly “of the people, by the people, and for the people”. When we have done so may preserve and defend it so that it will never perish from the earth.

For more information

Please go to www.wcandp.com and look at the Special Reports section. Among articles I wrote for my clients and readers I have added three articles that pertain to the debate about our government and the economy. I plan to add much more material in the weeks to come. Note also the Links to other website, most of which are commercial but some have additional valuable information.

Most of the information on the website is available at no charge; certain Special Reports, current issues of *Wealth Creation and Preservation*, and my current investment recommendations are available only to paying subscribers. Subscriptions may be purchased on the website.

Books written by Charles W. Kraut

In production: (expected availability date in parentheses)

Moneywise: Your Guide to Keeping Ahead of Inflation, Taxes and the Declining Dollar (June 2009)

In preparation:

What Will You Do when the Money's No Good? (early 2010)

The *Wealth Creation* Guide to Retirement (mid-2010)

Eternal Corporations: How the United States Supreme Court failed to hold companies accountable (late 2010)

The *Next* American Revolution (2011)

RECOMMENDED READING

Most of us are very busy and don't find much time to read. Our world is becoming more complex every day, and it is important for us to be conversant on many topics. We should probably read more than we do. I have always encouraged my clients to educate themselves about personal finance, and to get involved in the important issues. These books will help you understand not only my point of view but some of the great and troubling issues facing us today.

Bernstein, Peter L., *Against the Gods: The Remarkable Story of Risk*, Wiley, 1998. This very readable book helps you understand how probability and statistics developed over the centuries.

Bonner, William and Addison Wiggin, *Empire of Debt: The Rise of an Epic Financial Crisis*, Wiley, 2006. A very quick read with some good insights.

Deffeyes, Kenneth S., *Beyond Oil: The View from Hubbert's Peak*, Hill and Wang, 2006. One of the best books on peak oil.

Diamond, Jared, *Collapse: How Societies Choose to Fail or Succeed*, Penguin (Non-Classics), 2005. A new "classic" and very interesting reading. What were the inhabitants of Easter Island thinking when they cut down the last tree?

Hartmann, Thom, *The Last Hours of Ancient Sunlight: Revised and Updated: The Fate of the World and What We Can Do Before It's Too Late*, Three Rivers Press, 2004. This very readable book may have an incorrect premise if petroleum is not a true "fossil fuel," but at present the effects of running out of oil will affect us just the same.

Heinberg, Richard, *PowerDown: Options and Actions for a Post-carbon World*, New Society Publishers, 2004. This was my first exposure to peak oil. If you read this book, you also ought to read the next book on the list.

Heinberg, Richard, *The Party's Over: Oil, War, and the Fate of Industrial Societies*, New Society Publishers, 2005. Heinberg tries to grapple with problems everyone should be considering but almost no one knows about.

Kaplan, Ben, *How to Go to College Almost for Free*, Collins, 2001. This will help you obtain scholarships and grants for your children's education.

Klare, Michael T., *Resource Wars: The New Landscape of Global Conflict with a New Introduction by the Author*, Holt Paperbacks, 2002. Klare is right on the money. There are ongoing disputes over water in the U.S. even now, though none have turned into violent conflict—yet.

Klein, Naomi, *The Shock Doctrine: The Rise of Disaster Capitalism*, Picador, 2007. Reading this bestseller is easier if you have taken Economics 101 and 102, but the basic story line can be readily understood. This book is a powerful condemnation of a famous Nobel Prize winner. You won't want to believe what Naomi says, but almost daily a story in the news confirms what she has written.

Kunstler, James Howard, *The Long Emergency: Surviving the End of Oil, Climate Change, and Other Converging Catastrophes of the Twenty-first Century*, Grove Press, 2006. Many people dismiss Kunstler for being overdramatic in his assessment and predictions. This is a depressing book, but you ought to know what he has to say.

Leeb, Stephen, *The Coming Economic Collapse: How You Can Thrive When Oil Costs \$200 a Barrel*, Business Plus, 2007. Good discussion, but I'm not sure his recommendations will be effective or comprehensive.

Leeb, Stephen, *The Oil Factor: Protect Yourself and Profit from the Coming Energy Crisis*, Business Plus, 2005. Ditto Leeb's other book, above.

MacKay, Charles, *Extraordinary Popular Delusions and the Madness of Crowds*, Harriman House, 2003. Another recent "classic." Everyone ought to understand how manias begin and end.

Rubino, John and James Turk, *The Collapse of the Dollar and How to Profit from It: Make a Fortune by Investing in Gold and Other Hard Assets*, Currency (Reprint), 2008. Like many other books, this one lays out the problem quite well but has a hard time solving it.

Rutner, Richard, *The Trouble with Mutual Funds*, Financial Press, 2003. This book is a quick read with good information about classic mutual funds. Probably written to direct people toward ETFs.

Simmons, Matthew R., *Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy*, Wiley, 2006. Heavily researched and very authoritative; we can only hope that Matthew Simmons is wrong about the Arabian oil fields. I think he knows what he is talking about.

Slott, Ed, *The Retirement Savings Time Bomb...and How to Defuse It: A Five-step Action Plan for Protecting Your IRAs, 401(k)s, and Other Retirement Plans from Near Annihilation by the Taxman*, Penguin (Non-Classics), 2007. Another readable "problem" book offering some good suggestions.

Stein, Matthew, *When Technology Fails: A Manual for Self-reliance and Planetary Survival*, Chelsea Green Publishing, 2007. So, how big is *your* carbon footprint, and what will you do when the lights go out?

Swanson, Gerald J., *America the Broke: How the Reckless Spending of the White House and Congress Is Bankrupting Our Country and Destroying Our Children's Future*, Currency, 2004.

Weber, Jack, *Honey I've Shrunk the Bills: Save \$5,000 to \$10,000 Every Year* (Capital Ideas for Business and Personal Development), Capital Books, 2000. This is a little out of date by now, but if you are struggling to make ends meet this book can certainly help.

Weiss, Martin D., *The Ultimate Safe Money Guide: How Everyone Fifty and Over Can Protect, Save, and Grow Their Money*, Wiley, 2003. Weiss runs an independent rating service. He has been right many times when the major ratings services were wrong. He is no technical analyst, however.