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January 9, 2009

Now that *DocOnomics* has successfully concluded the first phase of its DOCTORS ORDERS campaign, it is time for us to come to grips with a very disturbing trend in our society. The trend to which we refer is "loss of trust". This trend is fast becoming a major impediment to restoring financial markets to their past states of equilibrium and is likely to have a material impact on how we choose to manage and preserve our wealth.

We encourage you to read this commentary more than once and discuss it with others.

PREDICTIONS FOR 2009

At this time of year, most everyone is interested in "predictions." In all candidness, our best predictions for 2009 are no predictions at all. This may seem like a cop out but it is an admission that extrapolation of current trends and developments is tantamount to fighting yesterday's war. The evidence is everywhere.

First, it is painfully obvious that the establishment continues to get it all wrong. Today, the US and the rest of the world have economic problems that 2 years ago were never thought by the consensus to be even remotely possible. In 2007-08, practically the entire population of US banks and investment banking firms was rendered technically if not officially bankrupt. Did the consensus see this coming?

Second, there is no doubt that conventional economic measurements are failing and that we have passed a major tipping point. We have witnessed a 75% collapse in oil prices in less than 6 months. We observe that the world's major currencies have daily fluctuations of 1-3%. We are aghast that 0% interest rates have become the norm on short-term US Government bonds. These are just some of the developments that offer proof that something has gone completely haywire and that we truly are in uncharted waters.

Third, the US government and its companion bodies in Asia, Europe and South America are in near total states of panic. They have suspended all logical monetary thinking and are in a race to see who can print the most money to right their listing economic ships. The world has now transcended into one big counterfeiting operation with a supporting cast of Ponzi schemes, the most blatant of which is not Bernard Madoff but the US Social Security system that cannot pay tomorrow's benefits unless it receives new contributions today.

A global monetary system based on counterfeiting and Ponzi schemes will usher in many unintended consequences. That is about the only solid prediction that *DocOnomics* can offer when the world's money masters genuinely think they can solve a massive debt problem by creating new mass quantities of debt. In medical terms, this is like trying to eradicate a potentially deadly virus by unleashing new strains of the same virus.

A top-down view of the past decade indicates that the world's most significant casualty has been trust. This casts a very wide net that includes (1) trust between national governments, (2) trust between citizens and their governments, (3) trust between citizens and big business, (4) trust between big business and governments and (5) trust among big businesses. In a nutshell, trust has

been receding faster than the polar icecaps. This is a precursor to isolationist economic policies, declining global trade, lifestyle adjustments borne out of fewer choices and ultimately war. Why war? Because the main catalyst of war is a near total absence of trust between governments or factions of a society.

So how is trust restored? Very slowly and very painfully. An age in which the restoration of trust is of paramount importance will witness the demolition of familiar guidelines, measures, rules, systems and traditions. We are at the dawn of this age and it explains why consensus predictions are inaccurate to the point of being completely useless.

The one most valuable piece of advice that *DocOnomics* can offer for 2009 is not to listen to the establishment forecasts. Tune them out. They cannot fathom what lies ahead for they do not understand the implications of lost trust on a mass scale. This is a grandiose development. Individually, it is important that we do what we can to help re-establish trust. This is not like flipping on a light switch. Trust must be earned by traveling down a long and difficult path. On the entire length of the journey, we must insist that others make a sustained effort to earn our trust. In turn, we must be willing to reciprocate.

As we trek into 2009 and beyond, the voids that are being created by loss of trust will make it necessary for us to keep a watchful eye out for an environment in which socialism and self-preservation begin to take center stage. At the personal level, this means identifying ways to safeguard our savings, our incomes, our property and our health from the usual enemies and perhaps new adversaries.

Within the realm of your personal wealth management, please get to work on building protection against both a serious deflation and a serious inflation. At present, we are experiencing elements of the former. Given all of the money printing in progress, we are sure to experience the latter. It is not a matter of "if" but "when." If you are not comfortable in devising and executing this type of asset allocation strategy or do not have a financial advisor that is willing to do it for you, we suggest that you contact *DocOnomics* for professional guidance and assistance.