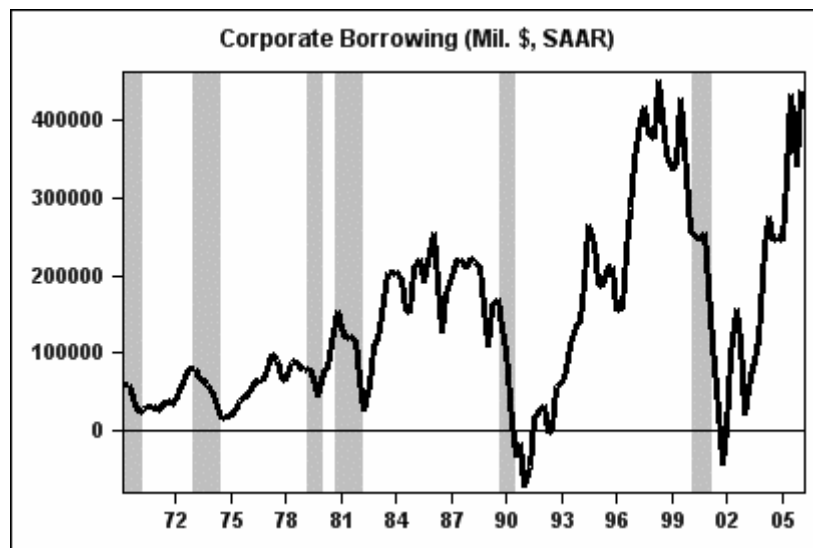


## TELLING IT LIKE IT IS 04.23.2007

It appears as if at long last the financial community is coming to the realization that inflation (a general rise in prices) is not the problem. We urge all who have access to the Bloomberg web site ([www.bloomberg.com](http://www.bloomberg.com)) to read Caroline Baum's April 18<sup>th</sup> column. She, by the way, is head and shoulders above most, if not all, financial writers. We have had some communication with her concerning her economic persuasion. We "accused" her of being an Austrian. She maintains that her knowledge of such is limited. If, in fact, she is not an Austrian, then she is just heavily endowed with an enormous amount and correct economic sense and analysis. You will note that her piece is under the opinion section, titled "Old Timers Can Tell You This Isn't Stagflation". Old-timer, of course, is where we come in.

The next realization, which is sure to come, is that this economy, being burdened with debt, is rapidly slowing. The final nail in the debt coffin is now being hammered in by private equity money all over the globe. This is a rerun of the Michael Millikan 1980's junk bond mania. As mentioned before, the only economic sector that has been relatively free of excess debt is corporate America. It appears that when this financing wave is over, that will no longer be the case. Note the chart below.



Taken from [www.financialsense.com](http://www.financialsense.com)