



Written by [Bob Adelman](#) on January 3, 2012

The Good News: The Bad News Isn't All Bad

Republican presidential candidate Ron Paul noted on Tuesday that efforts to rein in government spending appeared to be in vain, due to an agreement reached with the White House during the recent debt ceiling negotiations. Congress would have to pass a joint resolution to oppose any extension of the debt ceiling, which President Obama is free to veto. Said Paul: "A default is becoming more mathematically unavoidable with ... every debt ceiling increase."



Not only is the word "default" becoming commonplace but also the words "economic collapse." A [study](#) conducted by Leflein Associates and published by EcoHealth Alliance showed that of the 1003 individuals interviewed for the survey, 63 percent — or more than six out of ten of them — feared an "economic collapse" more than a natural disaster, a terrorist attack or a global outbreak of disease. This study was picked up by [Michael](#), the author of his Economic Collapse Blog, who [piled on](#) by adding a long list of reasons why concerned citizens should be afraid of such an event:

{modulepos inner_text_ad}

1. Banks are in trouble:

Stocks of most of the major international banks have lost between 23 percent (JPMorgan) and 63 percent (Lloyds) of their value over the last year.

2. The European credit crunch is getting worse:

He quotes a Western Union Business Solutions senior market strategist that "...this liquidity crunch is getting worse and will continue into the New Year."

3. A recession in Europe is a certainty:

He quotes one Simon Ward from Henderson Global Investors that money is leaving the weaker states of Greece, Portugal, Ireland, Spain and Italy: "This rate of contraction [in the money supply] is greater than in early 2008 and implies an even deeper recession both for Italy and the whole periphery."

4. European banks are running out of collateral to use to secure their borrowing from other lenders:

From the *Wall Street Journal* Michael quotes: "...regulators and bankers are becoming nervous



Written by [Bob Adelman](#) on January 3, 2012

that some [borrowers'] supplies of high quality assets...are running low."

5. Greece is teetering on the edge of its own "economic collapse:"

100,000 businesses have been closed since the beginning of the crisis

About a third of the population is living in poverty

The unemployment rate for those under the age of 24 is 39 percent

6. And so forth...

In the face of this daunting, unrelenting, merciless, incessant drip-drip-drip of bad news, however, comes some good news. First, the United States is about to become a net exporter of petroleum products [for the first time in 62 years](#). In the first nine months of 2011, the U.S. sent abroad 753 million barrels of "everything from gasoline to jet fuel" while importing only 689 million, as reported by the U.S. Energy Information Administration (USEIA).

North Dakota is [expected to pump](#) more crude oil next year than Alaska's Prudhoe Bay. As noted by the *Wall Street Journal*, "If overall trends continue, daily U.S. oil output could be up by 1 million barrels a day by 2016, to 6.6 million:"

Crude-oil imports are falling, balance-of-trade payments are improving and thousands of oil-field jobs are being created from Texas to Ohio, from West Virginia to Wyoming. Moreover, the U.S. is beginning to export a significant amount of diesel and gasoline refined from crude and could begin exporting chilled natural gas next year.

The [boom](#) in North Dakota not only is keeping that state's unemployment rate the lowest in the country, it is beginning to fuel a real estate turnaround in Las Vegas and [Phoenix](#). Realtor Rocky Parra in Gilbert, Arizona, a suburb of Phoenix, has so many customers buying properties in Arizona that he makes regular trips to towns like Williston, North Dakota to take orders from local residents seeking to take advantage of the price — and weather — differentials:

A lot of people have struck it rich. Oil companies are coming in and buying businesses and land. [The sellers] are selling up there at the peak and buying down here at the bottom.

Las Vegas is enjoying the beginning of a mini-boom if [recent numbers](#) are to be believed. According to DQ News, "Last month the number of homes that resold rose 11.3 percent on a year-over-year basis, marking the 11th consecutive month in which resales have posted an annual gain. It was the highest number of resales for a November since 2009, and the second-highest since 2005. November sales of newly-built homes also rose from a year earlier, by 9.8 percent..."

And the [report](#) from the Billion Prices Project at MIT comes the good news that inflation is subsiding. Monthly inflation has been trending downward since last February and at the end of November was actually declining slightly. So the concerns expressed by many that the Federal Reserve's bailouts of its banking cartel will show up as hyperinflation appear at least to be premature.

Even restaurants are doing better. Customer traffic dropped precipitously at the beginning of the Great Recession, but the rebound now appears to be genuine and permanent, [according to](#) the National Restaurant Association's RPI (Restaurant Performance Index). The RPI rose in November to its highest level in five months, and exceeded 100 (expansion) for the second time in three months. Hudson Riehle, senior VP for the association explained:

The November increase in the [index] was fueled by broad-based gains in both the "current



Written by [Bob Adelman](#) on January 3, 2012

situation” and “forward-looking” indicators. Restaurant operators reported their strongest net positive same-store sales results in more than four years...

This nascent ebullience was [topped off](#) by the Institute for Supply Management’s manufacturing index which just reached a six-month high in November along with two consumer sentiment indexes, [Rasmussen](#) and the [Conference Board](#) also moving significantly higher. Rasmussen’s Consumer Index is up 3 points from a week ago, 10 points from a month ago, and an impressive 17 points from three months ago while the Conference Board’s Consumer Confidence Index rose to 64.5 from 55.2 a month ago.

Even the stock market seems to be setting a positive tone for the New Year. The first trading day of the year saw the Dow climbing 180 points with the S&P 500 jumping 19 points. According to the [January Barometer](#), “as January goes, so goes the year.” Even more impressive is another historical oddity: as the first five trading days go, so goes the month. If those rules hold for 2012, the impressive early going may be a harbinger for January which may then portend a positive market for equities for the year. And if the stock market is a measure of future performance for the economy, then the incessant never-ending flow of bad news might just quiet down a little bit, just in time for concerned citizens to regain their bearings and their determination to continue the pressure on elected officials to stop the spending and restore sanity once again.

Photo: The New York Stock Exchange



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.