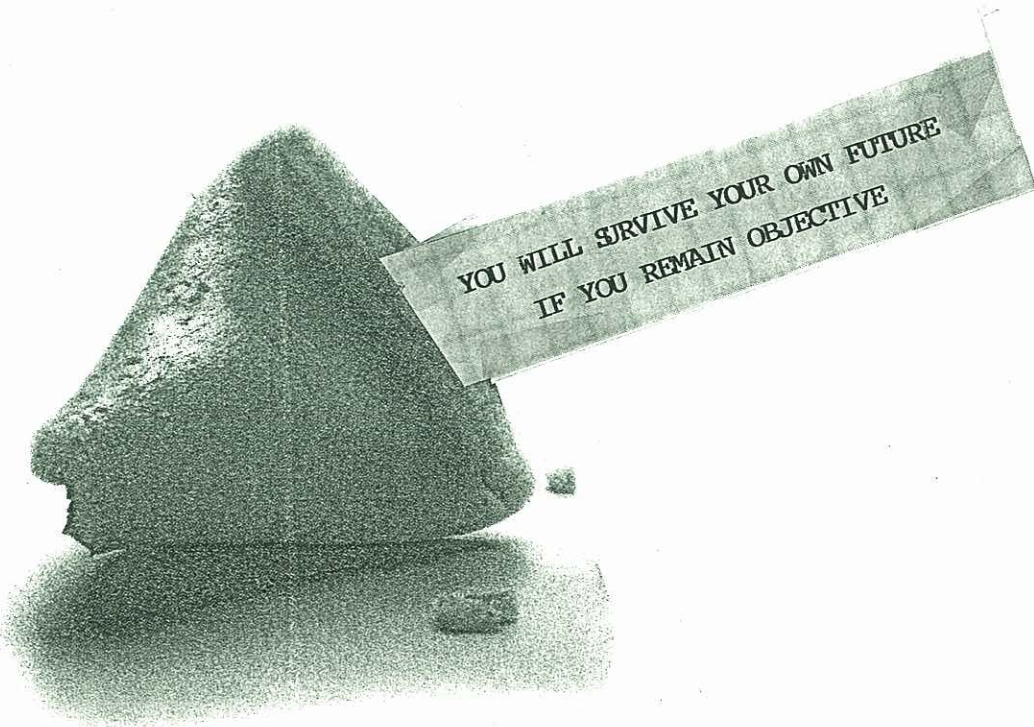

Armstrong Economics™

Objective

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Subjective

Analysis



Martin A. Armstrong
former Chairman of Princeton Economics International, Ltd.

A C K N O W L E D G E M E N T S

I would like to thank the many people who have been writing from around the world. It is encouraging to know that there are so many people who are interested in uncovering the truth. I have also special thanks for so many providing valuable insight into trends around the world from China, Soviet Republics, South Africa, Brazil, Australian, and India. I believe we can survive the folly of governments even if they refuse to listen. The key is understanding the nature of events, and that allows us to correctly make the decision to be on the opposite side.

I would like to also thank all my old friend and former clients for their support and to know that they have continued to gather information that serves us all in times of crisis.

We are standing on the precipice of a new era in global-social-economics. How we enter this new age is of critical importance. Government is incapable to doing anything for any reform of its own abuse of power is not up for negotiation. We must weather the storm, and to do so we need to understand its nature. Just as the 1930s Great Depression set in motion profound changes that were even manifest in geopolitical confrontations, we have now reached such a crossroads. A debt crisis has its tentacles deeply embedded into every sector right into government. This is the distinction from a mere stock market crash that never alters the economy long-term. We are seriously still over-leveraged and some banks are still trying to be hedge funds and have to speculate to make a profit. That is a key warning sign that the worse is yet to come.

Comments, Suggestions & Questions

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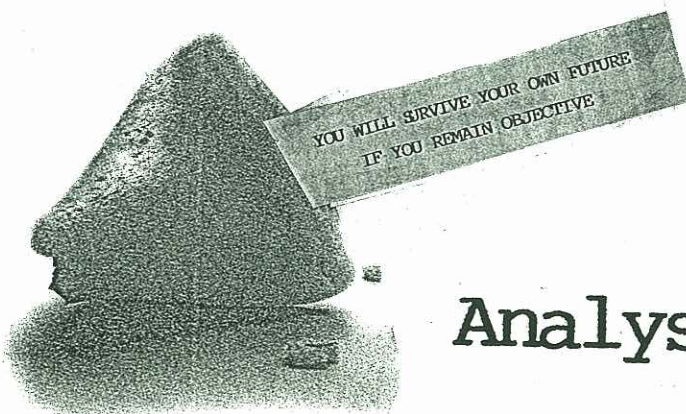
This Report may be forwarded as you like without charge to individuals or governments around the world. It is provided as a Public Service at this time without cost because of the critical facts that we now faced economically. The contents and designs of the systems are in fact copyrighted. At a future date, a new edition of the 1986 *The Greatest Bull Market In History* will be released and a new book will soon be published on the model itself - *The Geometry of Time*. It is vital that we do not forget this is a world economy and the arrogance that any nation can dictate to the world is just insanity. Every nation affects all others no different than if one nation were to pour all its toxic waste into the ocean. Everything is interlinked and solutions are never isolated events.

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by: Martin A. Armstrong

Former Chairman of Princeton Economics, International, Ltd.
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NOTHING can be more dangerous than **Subjective Thinking** and when blended with law and politics, you quickly submerge into a deep crevasse that results in endless disputes and no action emerges. The United States political system is handicapped by a very serious defect in our fundamental way of thinking. Lawyers have dominated American politics from the beginning. By default, **legal thinking** is like taking a microscope and constantly zooming in tighter and tighter until it is no longer just looking at a nose, but is now focused on a life form living within the mucus attached to a nose hair. What is happening is where there is usually the danger of **Subjective Analysis** that is simply based upon opinion and **Objective Analysis** based upon evidence and study without bias or a quest to prove a predetermined outcome, when it comes to Government, we end up with not only the **Subjective** form of thinking, but we also then blend that with **Legal Thinking** based upon no rational real world experience that now prevents economic evolution and leads to violence and profound civil unrest. When Mr. Clinton was deposed as President, he was asked a question, and he responded as we now expect all lawyers to act: "What is your definition of is?" Because government is run by lawyers, we are caught in a **myopic** nightmare where we are so short-sighted, we cannot see the future with a search light. When Social Security was enacted, it was a 64 page act. The Healthcare bill has exceeded 2,000 pages. This is what happens when the lawyers are piloting the ship. China, who not only believes in cycles that enabled the government to realize change was coming anyway, and their politicians are far from being lawyers, but are more practical in their training as engineers, has resulted in the much more adaptive form of governing the state and economy **than** what we have seen so far in the West. **Dynamic Thinking** remains the key.

The reason why fundamental analysis always fails, is because of the Fish Bowl Economic Thinking whereas there is a vast array of external forces that can overruin domestic thinking and cause us to create solutions that only lead to new problems. Just as attempting to predict the future from pattern analysis such as **Elliott Wave** or technical analysis is limited by the very nature of Subjective Thinking rather than Objective Analysis avoiding "opinion" reasoning, we are doomed by the merger of Subjective-Legal Thinking that is undermining the evolution of American economic progress.

Legal Thinking has been so destructive to society for it encourages tyranny, major oppression, and corruption in just everything. What happens is a loss of ethics, and the focus now becomes how to technically just lie to make it appear you are doing the right thing. For example, they passed the **Child Pornography Act**, but when a 17 year old girl took nude pictures of herself and sent them to an 18 year-old boy-friend who showed his buddies, he was now locked up and is being criminally charged with child pornography. The prosecutor and the judge see that this technically fits the words, but have lost all common sense destroying society completely.