

Third Saturday Seminar 2008-2009

Humanity at a Crossroads

Session 05

17 January 2009

“Black Swan”

**Or how our leaders bring us financial crises and start bad wars and why
do we let them do it?**

Curt Gibby

Shortened Session 9:30 am-11:00 am

ALL Open House follows

ALL Program, Montgomery College, Conroe, Texas

**“...we are the leaders we've
been looking for.”**

Grace Lee Boggs

**“Do not call for black power or
for green power. Call for brain
power.”**

Barbara Jordan

“You don't ever want a crisis to go to waste; it's an opportunity to do important things that you would otherwise avoid.”

Rahm Emanuel

Rahm Emanuel

Program for TSS Meeting 17 January 2009

- 9:30 am Introduction & Current Events (30 Minutes +/-) - Curt Gibby
- 10:00 am – “Black Swan – 2 videos
- 10: 30 10 minute break
- 10:40 am Curt Gibby, BSc Discussion Continues
- 10:55 am- Closure – Feedback
- 11:00 am Session ends – ADJORN TO THE ALL OPEN HOUSE.
- Next Session 21 February 2009

Disclaimer

The following presentation consists of material from many sources in addition to my own work and experience. I usually try give appropriate attribution for this material, but may have overlooked some. In many cases an Internet link to the source material is provided in order to allow you to better put these excerpts in context.

The inclusion of materials and the facts, opinions and ideas contained within them, does not in any way mean that I personally endorse or disavow any of them in whole or in part; but, that it is of importance to the discussion.

If you have any questions please contact me.

Curt Gibby <gcgconsult@n-star.com>

To Any Members of Law Enforcement

If there are any members of law enforcement here in any sort of official capacity and not in a uniform recognizable as one of law enforcement we ask that you identify yourself or selves, your agency, department or organization and your official reason for being here.

Rest assured that we are engaged in no illegal activity, but we are aware of, value and have faith in our Constitutional rights.

In any case you are welcome to stay and participate as a member or guest of the Third Saturday Seminar. But, if at any time you consider anything you see or hear happening or about to happen is or will be putting any one or all of us in jeopardy of breaking the law as you understand it, we request that you advise us of that situation .

This is consistent with your obligation as a peace officer or agent to protect and serve the people. Anything else will be a betrayal and you will be derelict in your duty. It will result in harm to those you are obligated to protect.

The donuts are free to law enforcement.

PSAs (Public Service Announcements)

Thing's you might be interested in.

ALL Political Affairs lecture series

The Academy for Lifelong Learning Political Affairs lecture series begins in March and should be quite interesting this year. If you've ever wondered what the taxing entities on your tax bill do, here is your opportunity to ask the experts. While this is an ALL program, a limited number of guest passes are available by contact me at 936.273.7259 or email at

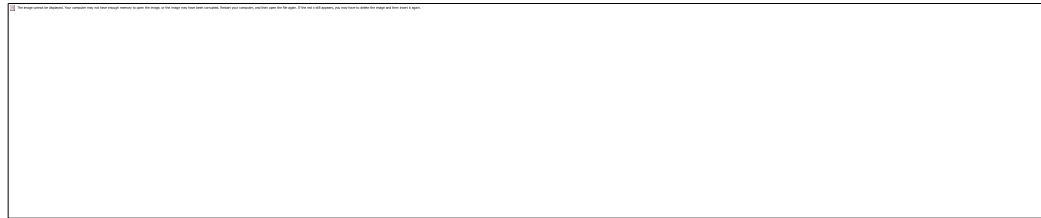
Donna.S.Burns@lonestar.edu

Jim Post as Mark Twain

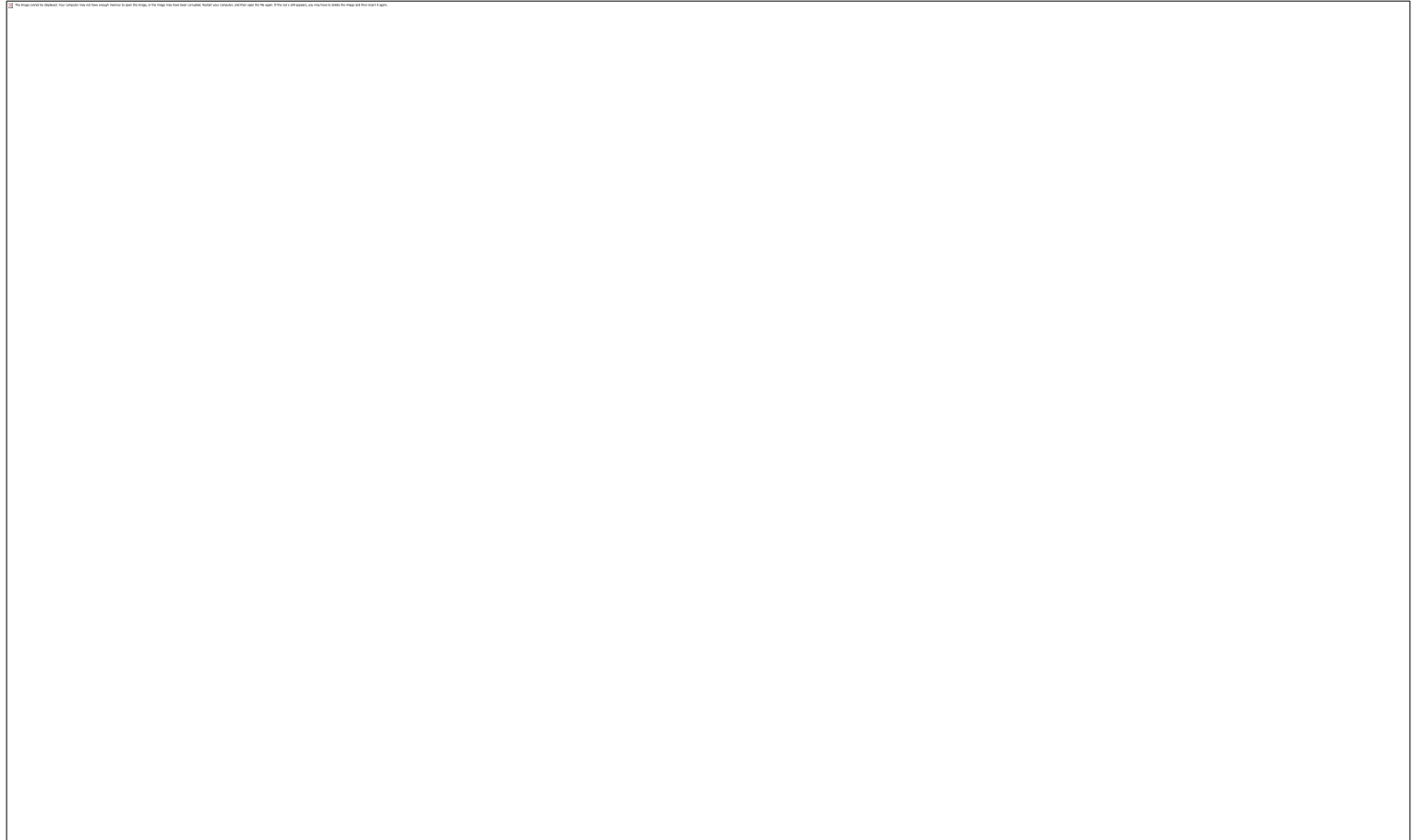
Feb 1st, 2009, 1:00pm Sunday Matinee, Millbend Coffeehouse at Northwoods UU Church, 1370 N. Millbend, The Woodlands, Texas. Jim Post, who has been performing as Mark Twain for the past several years, will be performing his highly acclaimed show, "Mark Twain and the Laughing River." The show features dialogue as Mark Twain, and Post's new, original songs, written in his persona as Twain. Because Mark Twain also sang with a beautiful tenor voice, played banjo, piano, and guitar, and loved to show off at parties, Post is a natural personification of this 19th Century author, humorist and folk icon. Call (281) 350-3052 or (936) 273-0610 goto <http://millbend.org/>

Current Events

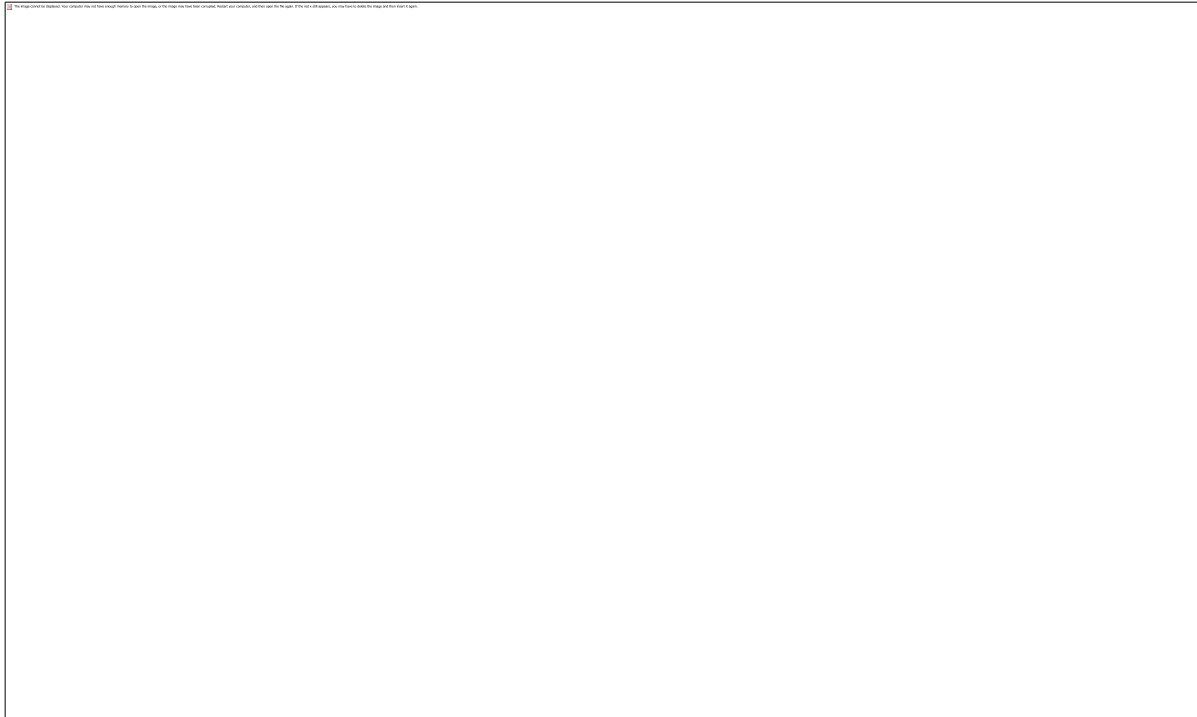
13 December 2008



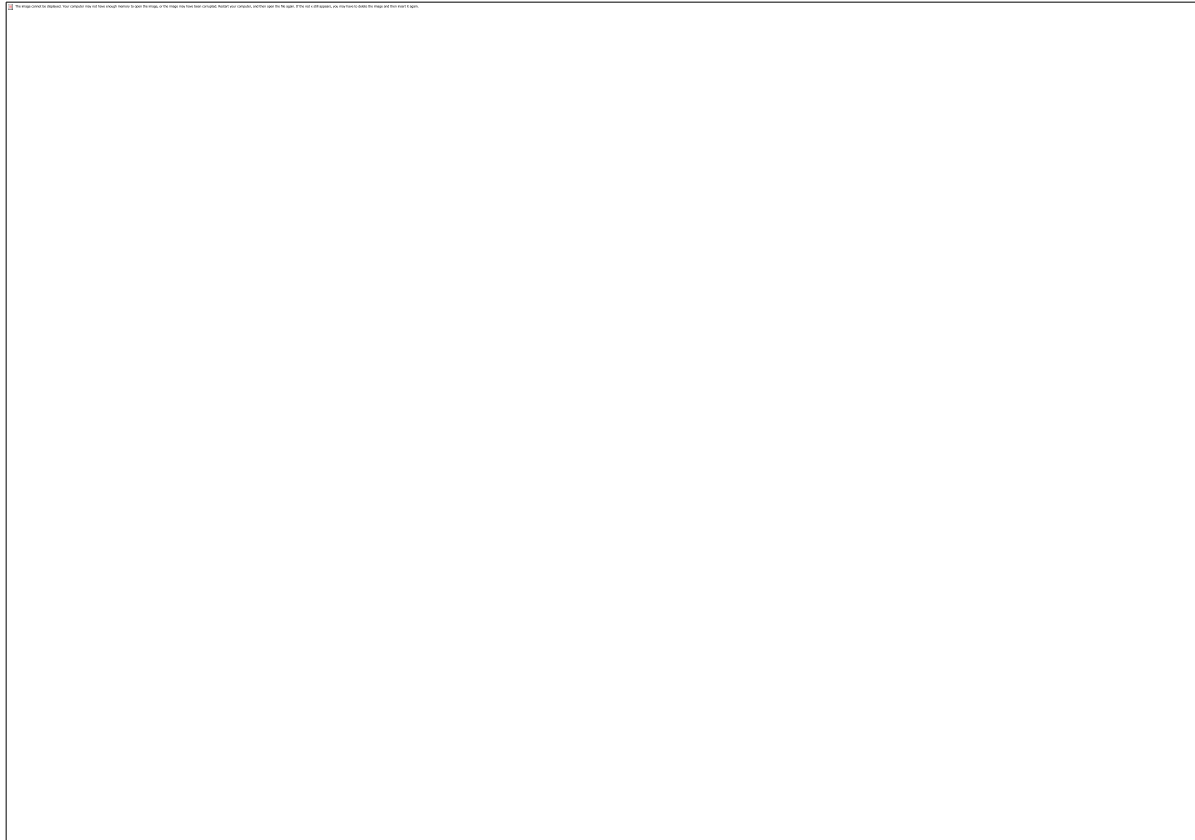
Walking on Water



Miracles do happen



Amazing



How laws back fire

She saw her repair bill, then blew the whistle on a massive scam, One woman's research into a suspicious estimate exposed millions in misspent federal funds, and she won't see a dime

By MIKE SNYDER Copyright 2008 Houston Chronicle, Dec. 25, 2008, 11:36PM

Marsha Farmer was in high spirits on the afternoon of June 19, 2002. She'd been slogging through the city bureaucracy for 17 months, and now it seemed that repairs to her flood-damaged northwest Houston house might begin.

That afternoon, Farmer started reading a repair estimate prepared by a contractor in the city's home repair program. She stopped short when she got to a section dealing with her roof.

Something was wrong.

The estimate called for enough plywood and shingles to replace her roof twice. She thought this must be a typo, but as she read further, she saw more errors and prices that seemed unreasonably high.

No good deed goes unpunished!

MICHAEL PAULSEN CHRONICLE

Marsha Farmer, left, laughs with Greta Molo, of Houston's housing department, about the bland choices for paint last week. Farmer's research led to an investigation into a HUD-funded program, but **she still awaits repairs from Tropical Storm Allison.**

The City Council agreed in November to repay \$15.5 million in misspent funds to the U.S. Department of Housing and Urban Development. The city also agreed to fix previously repaired houses at an estimated cost of \$6.1 million in local funds.

She filed suit against the city and the Urban League in September 2003, asking that the U.S. government be awarded damages equal to three times the amount of the misspent funds, as the False Claims Act allows. She also asked that the city and the Urban League pay fines and that she be compensated as a whistle-blower.

U.S. District Judge Keith Ellison dismissed her suit in August 2006, ruling that Farmer could not establish fraudulent intent because of the multiple layers of contractors and subcontractors between HUD and the people whose homes were repaired.

Irony Continues

Moment of triumph for whistle-blower takes a tragic turn

Woman, whose fight for housing repair revealed government waste, dies in her home

By MIKE SNYDER Copyright 2008 Houston Chronicle

Dec. 28, 2008, 11:29PM



MICHAEL PAULSEN CHRONICLE

Marsha Farmer had spent nearly eight years combating mismanagement in a city-run, home repair program.

On Friday, a city inspector arrived at Marsha Farmer's Houston home to deliver long-awaited news: Her mold-damaged house would get fixed — repairs she first applied for through a city-run program in 2001.

That day, the Houston Chronicle had published a front-page article about Farmer's experience with the home repair program and her role in exposing its mismanagement. Farmer was happy and optimistic.

But the next day, the woman who spent almost eight years trying to stop the waste of public funds in the home repair program died in her northwest Houston house. The 58-year-old was discovered on her sofa by a neighbor, said Farmer's son, Bryan Nelson. A friend of Farmer's had contacted the neighbor after growing concerned when Farmer failed to show up for a visit, Nelson said.

"It seemed like she'd been taking a nap on the couch and just didn't wake up," Nelson said.

The Harris County Medical Examiner's Office said the cause of death had not been determined Sunday. Nelson said police who came to the scene said it appeared his mother had died of natural causes.

With her death, her impact as a whistle-blower takes on a poignant new dimension. Farmer's complaints to government officials about the federally funded home repair program and subsequent lawsuit helped trigger an investigation by the U.S. Department of Housing and Urban Development that led to a temporary shutdown of the program.

<http://www.chron.com/disp/story.mpl/metropolitan/6184885.html>

And Continues

Late whistle-blower's son urges city to finish home repair

By MIKE SHYDER

Copyright 2008 Houston Chronicle

Dec. 30, 2008, 12:47 AM

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[Whistle-blower's moment of triumph takes tragic turn](#)

The city of Houston should proceed with planned repairs to the home of Marsha Farmer, who died Saturday after struggling for years to stop the waste of public funds in the city's home repair program, Farmer's son said Monday.

"My intent is to try to get the city to go ahead and do it," said Bryan Nelson of Pearland, Farmer's only child. "I don't want to let them off the hook because she died, to let them sweep this under the rug."

However, Richard Celli, Houston's director of housing and community development, said the home repairs are limited to low-income people who are elderly or disabled and live in the house being repaired. Whoever inherits the property would have to meet these requirements for the repairs to proceed, he said.

Nelson, Farmer's heir, said he wouldn't qualify. He suggested, however, that the city has a moral obligation to complete a task that he said it should have performed years ago.

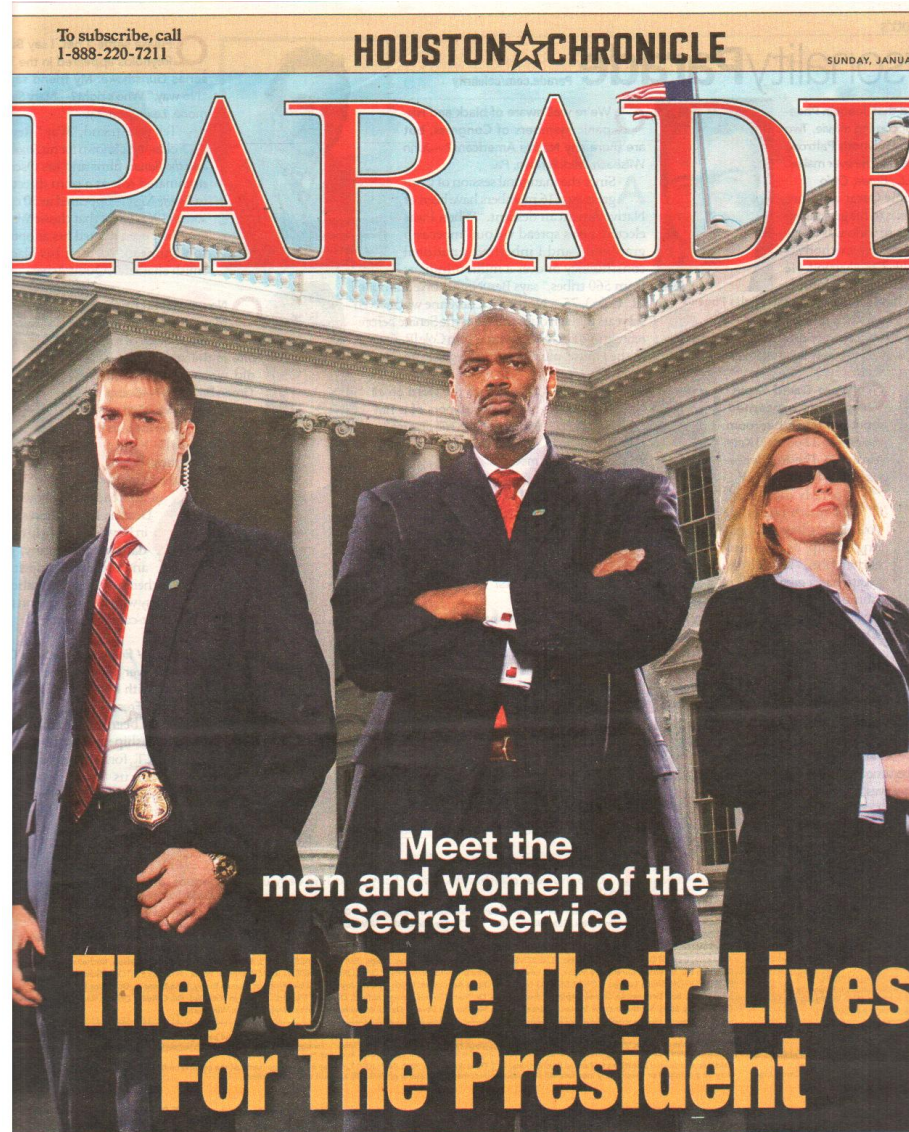
Farmer, disabled since 1998, first sought help from the program in January 2001. She later obtained documents that helped trigger a federal investigation that led to a temporary shutdown of the repair program and other sanctions against the city.

After the Houston Chronicle recently inquired about her case, the city dispatched a team to assess possible repairs to her home, which was flooded by Tropical Storm Allison in June 2001. On Friday, the day before her death, an inspector showed Farmer the plans for extensive repairs that would cost \$45,000 to \$50,000.

<http://www.chron.com/disp/story.mpl/headline/metro/6186313.html>

Only 7 Times

Hollywood or Reality





Houston Chronicle, Dec 24, 08



Nick Anderson
©12-24-08
HOUSTON CHRONICLE
To comment, go to www.chron.com/nick

Houston Chronicle, Dec 24, 08

Act in haste, repent at leisure.

POLITICS »


Obama presses lawmakers to OK bailout funds

By STEVEN R. HURST

Associated Press

2009-01-14 03:17 PM

Fonts Size: A⁺

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Printer-Friendly 

Tax and immigration blunders tripped up President-elect Barack Obama's highly regarded nominee for treasury secretary, arguably the most important position in the next Cabinet that assumes power in the midst of a spectacular U.S. economic downturn.

Timothy Geithner disclosed to senators Tuesday that he failed to pay \$34,000 in taxes from 2001 to 2004, a last-minute complication in an otherwise smooth path to confirmation. Senate Democrats are pressing to schedule a quick confirmation hearing for Geithner on Friday, but Republicans have yet to sign off on expediting the hearing by the Senate Finance Committee.

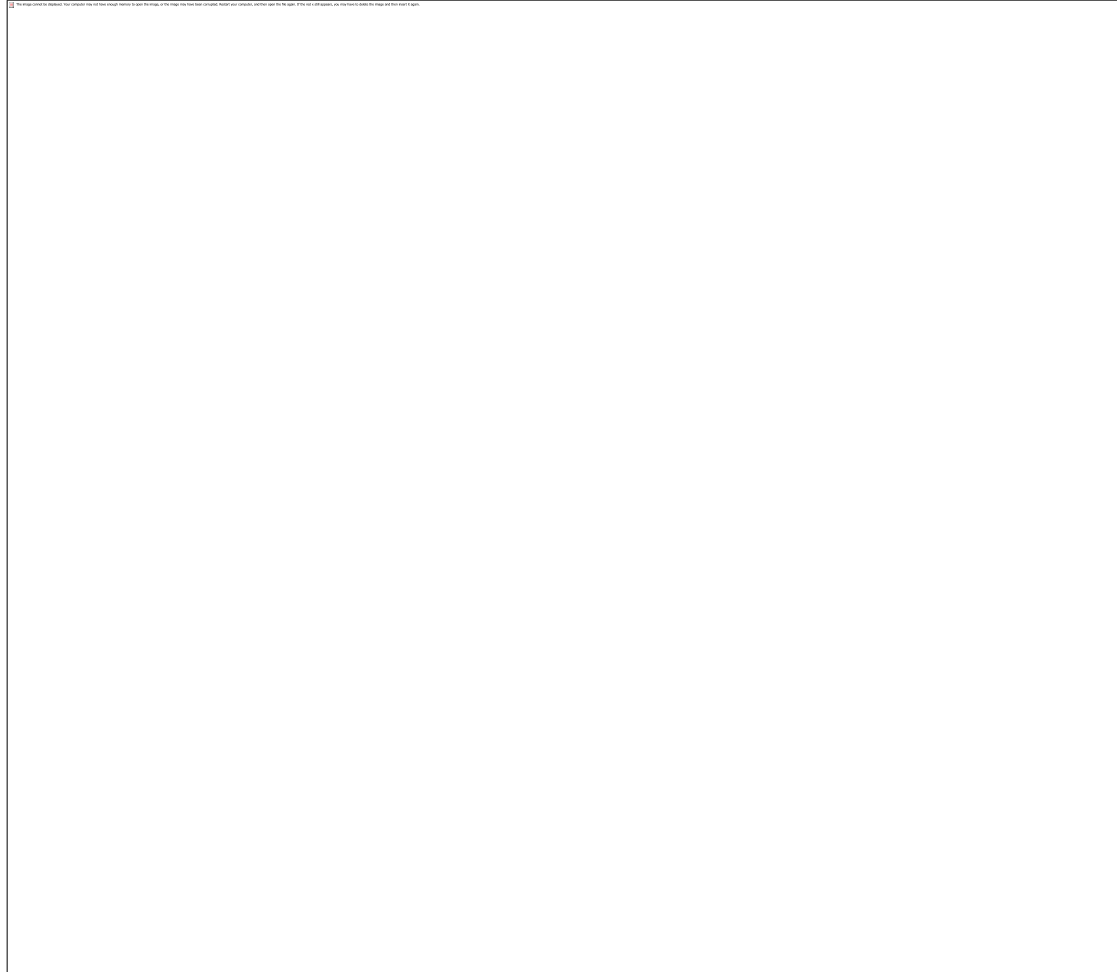
The Geithner miscue proved another unwanted distraction for Obama, who was on Capitol Hill wrestling to build congressional consensus for his economic rescue efforts.

[+ Enlarge This image](#)



Treasury Secretary-designate Timothy Geithner, left, and National Economic Council Director-designate Lawrence Summers, leave the auditorium after President-elect Barack Obama spoke about the economy, Thursday, Jan. 8, 2009, at George Mason University in Fairfax, Va. (AP Photo/Charles Dharapak)

Got any loose change?



To a hammer everything looks like a nail

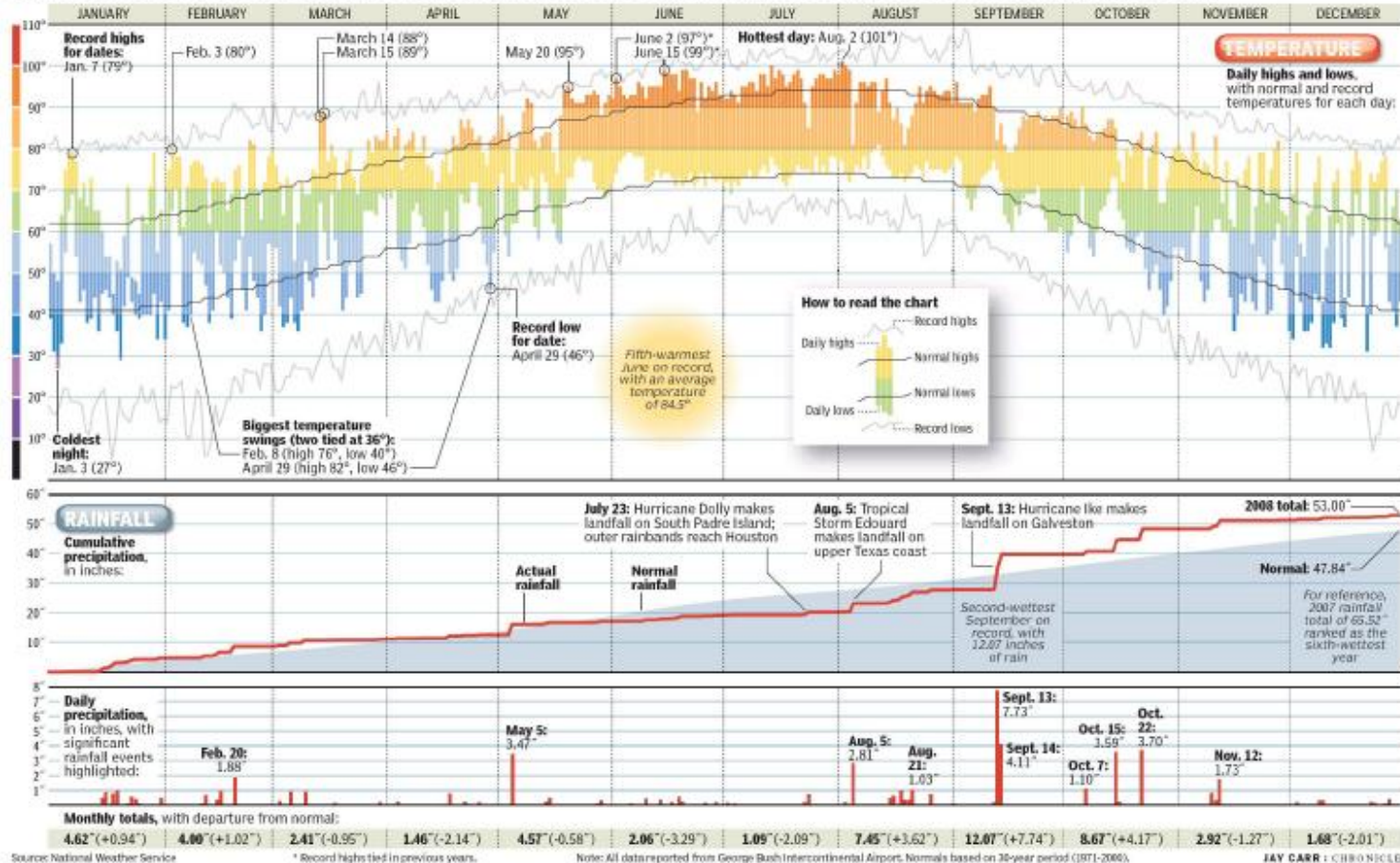


Weather 2008

HOUSTON'S WEATHER HIGHS AND LOWS IN 2008

A year of weather extremes

The first half of 2008 was marked by drought. On Aug. 1, Houston was running a year-to-date rainfall deficit of more than 7 inches. Then hurricane season arrived with a vengeance. Brushes with Dolly and Edouard brought rain back to the region, and Ike delivered the final blow. By late October, Houston had surpassed its normal annual rainfall total, and finished the year more than 5 inches above normal.



Getting Cooler

Old Farmers Almanac: Global cooling may be under way

By David Tirrell-Wysocki

Associated Press from The Times Argus, p B4, Sep 10 2008

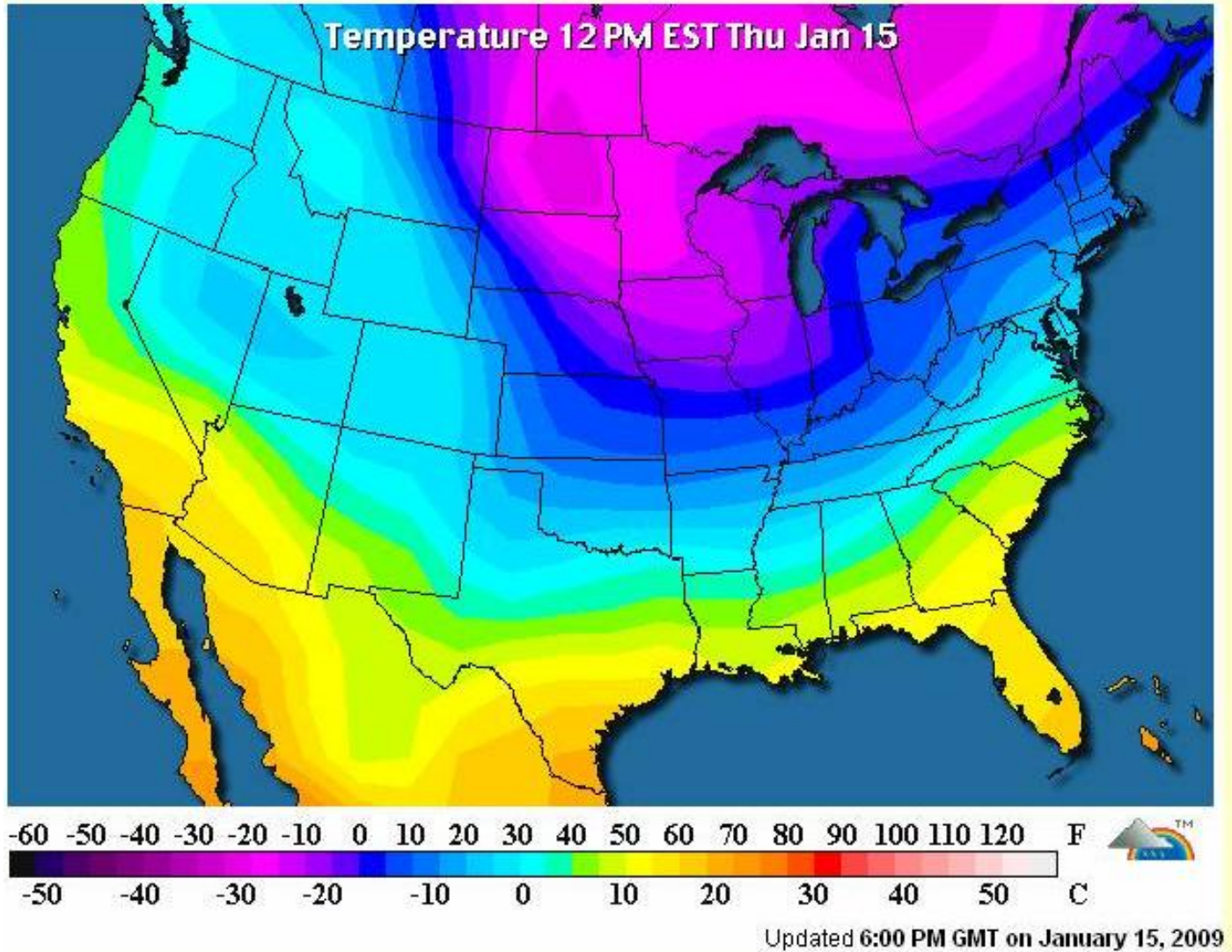
DUBLIN, N.H. - The Old Farmer's Almanac is going further out on a limb than usual this year, not only forecasting a cooler winter, but looking ahead decades to suggest we are in for global cooling, not warming.

Based on the same time-honored, complex calculations it uses to predict weather, the Almanac hits the newsstands on Tuesday saying a study of solar activity and corresponding records on ocean temperatures and climate point to a cooler, not warmer, climate, for perhaps the next half century.

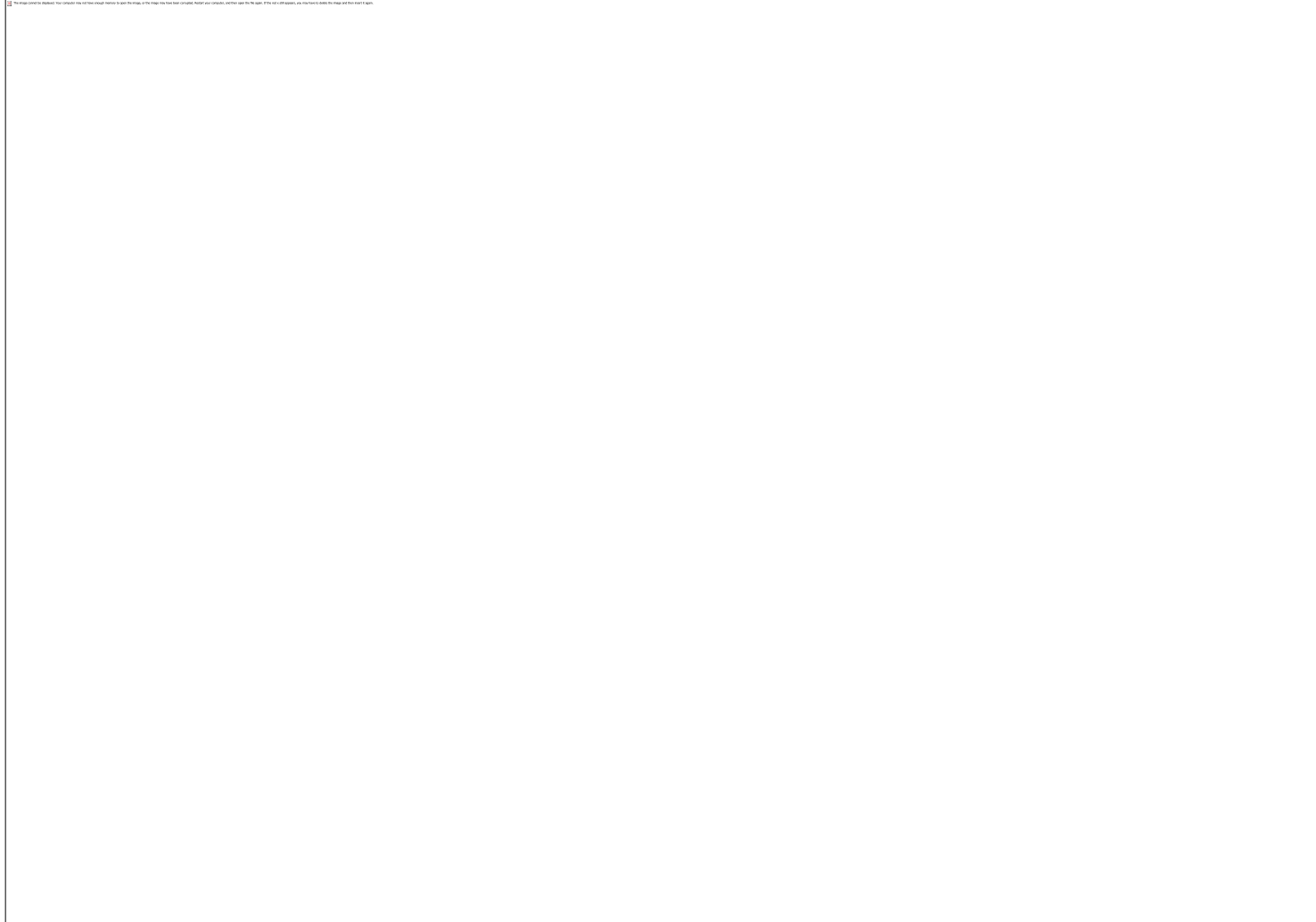
“We at the Almanac are among those who believe that sunspot cycles and their effects on oceans correlate with climate changes,” writes meteorologist and climatologist Joseph D’Aleo.

“Studying these and other factor suggests that cold,.not warm, cli mate may be our future.”

Why I moved to Texas



Locher, Chicago Tribune 14 Jan 09



Durbin: "This was not personal, This was not about race."

Burr takes his place as Obama's Senate successor

AP Associated Press

By LIZ SIDOTI, Associated Press Writer – Thu Jan 15, 6:25 pm ET

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AP – Raw Video: Burr sworn in as senator



 Slideshow: [Sen. Roland Burr](#)

WASHINGTON – Roland Burr took his place as Barack Obama's successor in the Senate on Thursday, ending a standoff that embarrassed the president-elect and fellow Democrats who initially resisted the appointment by scandal-scarred Illinois Gov. Rod Blagojevich.

"I do," Burr said with a grin as Vice President Dick Cheney administered the oath of office to the former Illinois attorney general who takes Obama's place as the Senate's only black member.

More than a week after his colleagues were sworn in, Burr was seated without objection or a roll call vote, even though Majority Leader Harry Reid had said senators would have their voices heard on whether to accept his appointment.

Pardon Me: Bush Rescinds Pardon for Brooklyn Developer

President Bush takes back one of the 19 presidential pardons he granted before the Christmas holiday.

FOXNews.com

Wednesday, December 24, 2008

Bush on Wednesday retracted one of the 19 presidential pardons he granted just before the Christmas holiday.

The White House announced that Isaac Toussie, a Brooklyn developer convicted of fraud and making false statements to the U.S. Department of Housing and Urban Development, should not be granted clemency.

White House press secretary Dana Perino said the new decision was "based on information that has subsequently come to light," including on the extent and nature of Toussie's prior criminal offenses. She also said that neither the White House counsel's office nor the president had been aware of a political contribution by Toussie's father that "might create an appearance of impropriety."

"Given that, this was the prudent thing to do," she said.

<http://www.foxnews.com/politics/2008/12/24/bush-rescinds-pardon-brooklyn-developer/>

An eye for an eye for an eye ...

Middle East

Israeli Bombards Gaza, At Least 140 Dead

by Eric Westervelt and Scott Simon

Weekend Edition Saturday, December 27, 2008 · Israeli fighter jets pounded most every major Hamas security compound across Gaza on Saturday, in reprisal for rocket attacks on southern Israel. Hamas and Gaza medical officials say at least 140 people have been killed and more than 200 wounded. Rockets have been fired on southern Israel, where medical officials say one person was killed.

<http://www.npr.org/templates/story/story.php?storyId=98754539>

Hamas speaks with pride, fear

Chronicle By TAGHREED EL-KHODARY and SABRINA TAVERNISE NEW YORK TIMES Jan. 14, 2009, 12:19AM

In a different part of town, another young fighter and his wife were getting ready to go see her brother, 20, who had been wounded in southwest Gaza City two nights ago while bringing food to fighters. The fighter, 27, in dark jeans and Timberland-style boots, swaggered with words about Islam and duty to his people. Hamas is doctrinally opposed to Israel's right to exist.

"It's either victory while alive, or martyrdom," he said. "Both ways are victory."

His wife, in a white head scarf, agreed.

"Two days ago, he was very tired and he didn't want to leave the house," she said. "I told him you have to leave, you have a responsibility."

But the sight of her brother unconscious in the hospital bed seemed to jolt the couple into an alternate reality, one where they were vulnerable and afraid. The man's eyes glistened with tears as he asked the doctor question after question.

Back outside, the woman regained her composure.

"I prefer you as a martyr," she said to her husband.

"What if I am injured?" he asked.

She repeated her preference for death.

He took up the accusation that Hamas fighters hid behind civilians. Fighters, in a way, are both, he argued, and are accepted by many residents as defenders. People bring them food, he said. Sometimes they oppose rockets being launched nearby, but often they do not.

"I'm a civilian, and I'm a fighter," he said.

For Arab Clan, Days of Agony in a Cross-Fire

By TAGHREED EL-KHODARY and ISABEL KERSHNER

Published: January 9, 2009

GAZA — Israel's attack has razed buildings and upended families in much of crowded Gaza. But few neighborhoods suffered more than Zeitoun, a district of eastern Gaza City. And few families felt the wrath of the Israeli military more than the Samounis.

A house in the Zeitoun district was hit during the Israeli offensive, leaving 30 in the family dead. Ahmed al-Samouni, 16, survived.

Israeli troops swarmed Zeitoun shortly after the ground invasion of Gaza began a week ago, and members of the extended Samouni family said they were moved from house to house as soldiers took over the neighborhood. On Monday, with nearly 100 Samounis huddled together in one house, the shooting and the shelling began, according to accounts of family members and witnesses that were partly corroborated by the Red Cross and the United Nations.

http://www.nytimes.com/2009/01/10/world/middleeast/10gaza.html?_r=2&hp

Precision Bombing

The New York Times

World

MORE SLIDE SHOWS ▾

Conflict in Gaza, Day 14

3 of 9 ◀ ▶



Israeli warplanes attacked rocket-launching sites and missile-manufacturing facilities, at left, the military said, while witnesses reported seeing around 30 rockets fired out of Gaza into southern Israel. The Israeli military said its forces attacked more than 50 targets in Gaza overnight.

Photo: Hatem Moussa/Associated Press

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It's not Israel?

**Jewish
Herald
Voice**

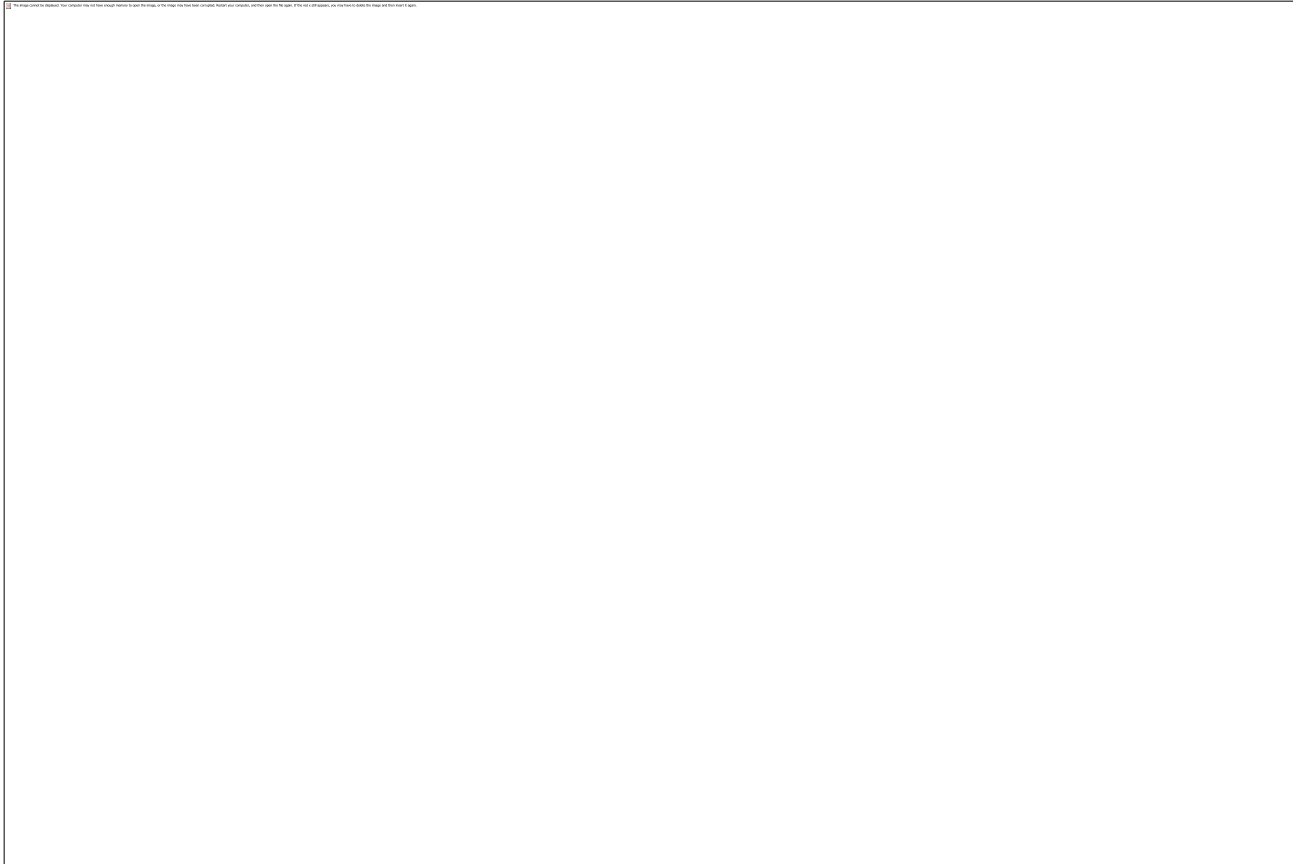


Photo by JHV: MICHAEL C. DUKE

Standing across the street from the Jan. 2 anti-Israel protest, an Iraqi-born man (right), with the help of Ira Bleiweiss, holds a sign that blames corrupt Arab regimes for the problems in the Middle East.

<http://jhyonline.com/default.asp?sourceid=&smenu=96&twindow=&mad=&sdetail=6032&wpage=1&skkeyword=&sidate=&ccat=&ccatm=&restate=&restatus=&reoption=&retype=&repmin=&repmax=&rebed=&rebath=&subname=&form=&sc=1291&hn=jhyonline&he=.com>

Why?

What keeps us from speaking out; from calling all the members of all religions to live up to the teachings?

Why don't we say if you call yourself a person of faith, please live up to the teachings of your faith not to kill the innocent and treat others they way you would like to be treated and with with justice. (Hospitality) Most religions teach justice and freedom for the oppressed as a core value.

Mexico: On the Road to a Failed State?

May 13, 2008 | 2035 GMT

By George Friedman, Stratfor.com
Toward a Failed State?

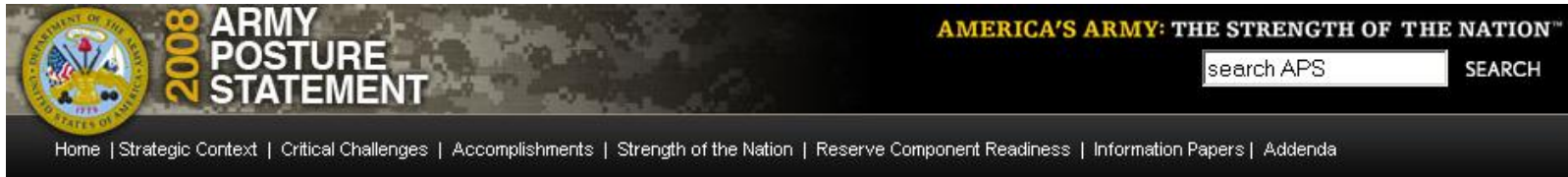
There comes a moment when the imbalance in resources reverses the relationship between government and cartels. Government officials, seeing the futility of resistance, effectively become tools of the cartels. Since there are multiple cartels, the area of competition ceases to be solely the border towns, shifting to the corridors of power in Mexico City.

Government officials begin giving their primary loyalty not to the government but to one of the cartels. The government thus becomes both an arena for competition among the cartels and an instrument used by one cartel against another. That is the prescription for what is called a “failed state” — a state that no longer can function as a state. Lebanon in the 1980s is one such example.

...

It is important to point out that we are not speaking here of corruption, which exists in all governments everywhere. Instead, we are talking about a systematic breakdown of the state, in which government is not simply influenced by criminals, but becomes an instrument of criminals — either simply an arena for battling among groups or under the control of a particular group. The state no longer can carry out its primary function of imposing peace, and it becomes helpless, or itself a direct perpetrator of crime. Corruption has been seen in Washington — some triggered by organized crime, but never state failure.

Strategic Context or Self-fulfilling Prophecy?



Persistent conflict and change characterize the strategic environment. We have looked at the future and expect a future of protracted confrontation among state, non-state, and individual actors who will use violence to achieve political, religious, and other ideological ends. We will confront highly adaptive and intelligent adversaries who will exploit technology, information, and cultural differences to threaten U.S. interests. Operations in the future will be executed in complex environments and will range from peace engagement, to counterinsurgency, to major combat operations. This era of persistent conflict will result in high demand for Army forces and capabilities

http://www.army.mil/aps/08/strategic_context/strategic_context.html

USS George H. W. Bush (CVN-77), \$6.2 Billion

The last of the Nimitz-class aircraft carriers, the USS George H.W. Bush (CVN 77) begins its 50-year mission today, following a commissioning ceremony in Norfolk, Va.

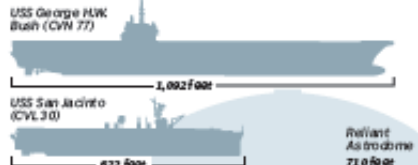
USS George H.W. Bush



Navy pilot George Bush, 1942

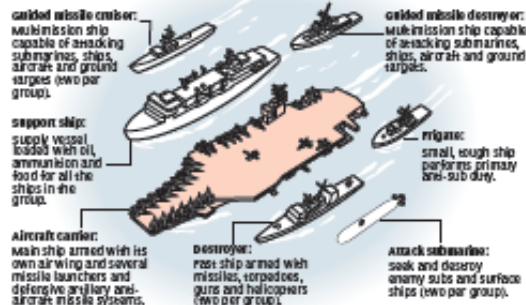
Size comparison

during World War II, George Herbert Walker Bush flew torpedo bombers off the USS San Jacinto, how that ship compares to the former president's new namesake and a well-known Houston landmark:



WHAT'S IN A BATTLE GROUP

Carriers normally travel in a fleet of ships called a battle group. These groups have the aircraft carrier as a focal point and are formed to support and protect the main ship.

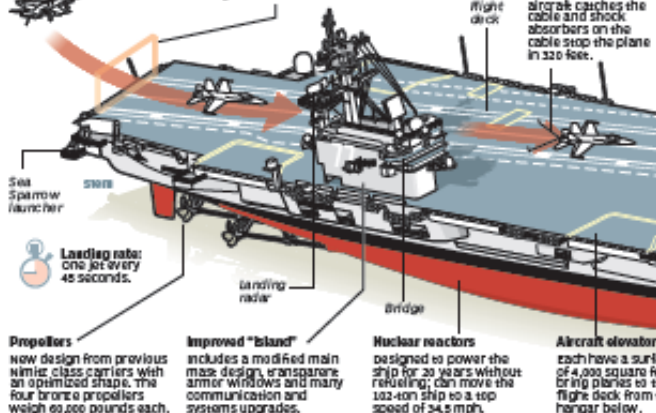


LANDING OPERATIONS

Full power: Planes accelerate to full throttle as they land in case of missed landing.

Window of opportunity: Pilots have a almost no margin for error. All landings have to be perfect within a few feet of tolerance.

Arresting cables: Planes hit the deck at 150 mph. A hook mounted under the aircraft catches the cable and shock absorbers on the cable stop the plane in 320 feet.



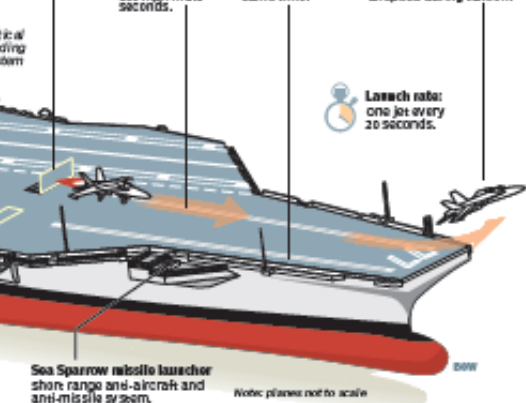
TAKEDFF OPERATIONS

Jet blast deflector: Directs planes' jet blast upward.

Steam catapult: Hurls plane from deck, the aircraft accelerates to 150 mph in 2.3 seconds.

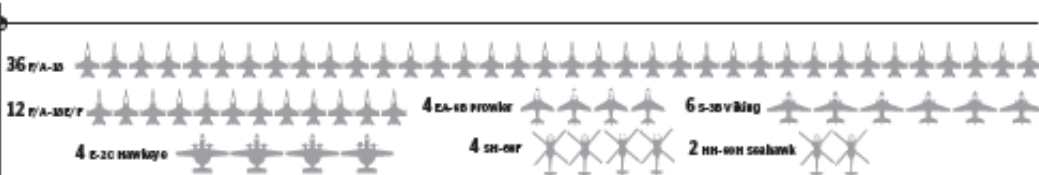
Second catapult: Deck crew can prepare two jets for launch at the same time.

Wind: Prior to launching, aircraft carrier turns into the wind to increase planes' airspeed during takeoff.



CARRIER AIR WING

A Nimitz-class carrier air wing typically includes 40 fighters: 12 F/A-18E/F Hornets, 36 F/A-18 Hornets, four F-35 Lightning II, and four EA-18G Growlers, six combat helicopters (four SH-60B Seahawk and two MH-60R Seahawk) and six S-3B Viking anti-submarine aircraft.



Sources: Northrop Grumman; McCluskey-tribune; Federation of American Scientists

ALBERTO CAMERON / CHRONICLE

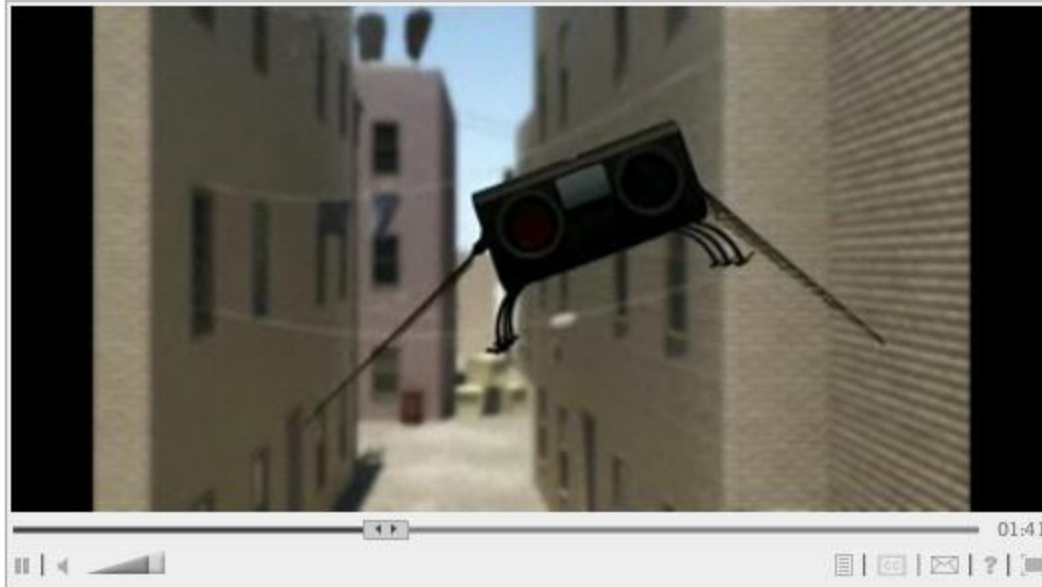
http://images.chron.com/content/news/photos/09/01/10/USS_bush.pdf

Where's the swatter?

VIDEO: Suicide Micro Air Vehicles

By Rob Coppinger on December 12, 2008 3:31 PM | [Permalink](#) | [Comments \(1\)](#) | [TrackBacks \(0\)](#)

 ShareThis



Watch this video, care of the Chicago Tribune newspaper website, about the US Air Force Research Laboratory's computer generated vision of bird and insect-like Micro Air Vehicles (MAV) of the future including a suicide MAV that explodes on making contact with its human target

<http://www.flightglobal.com/blogs/flight-international/2008/12/video-suicide-micro-air-vehicl.html>

Little Blue Bills

Report: CIA Uses Little Blue Pills to Entice Afghan Warlords

The growing Taliban insurgency has forced the CIA to get creative in how they obtain certain information from Afghan warlords and tribal leaders.

FOXNews.com

Friday, December 26, 2008

In an effort to win over fickle warlords and chieftains in Afghanistan and get information from them, CIA officials are handing out Viagra pills in exchange for their cooperation, the Washington Post reports.

"Whatever it takes to make friends and influence people - whether it's building a school or handing out Viagra," an agency operative, speaking on the condition of anonymity, told the Post.

The growing Taliban insurgency has forced the agency to get creative in how they obtain certain information from Afghan warlords and tribal leaders, including Taliban movements and supply routes.

CIA operatives use everything from toys and school equipment to tooth extractions to their advantage and note that if Americans don't offer incentives, others, including Taliban commanders, will.

Afghan veterans told the Post that the usual bribes of choice - cash and weapons - aren't always the best options because they can garner unwanted attention and fall into the wrong hands. "If you give an asset \$1,000, he'll go out and buy the shiniest junk he can find, and it will be apparent that he has suddenly come into a lot of money from someone," Jamie Smith, a veteran of CIA covert operations in Afghanistan, told the Post.

<http://www.foxnews.com/politics/elections/2008/12/26/report-cia-uses-little-blue-pills-entice-afghan-warlords/>

**"Every government interference in the economy consists of giving an unearned benefit, extorted by force, to some men at the expense of others." --
-Ayn Rand**

Feds ignored clear meltdown warnings

Under pressure from banking industry, U.S. government eased lending rules

The Associated Press, updated 4:43 p.m. CT, Mon., Dec. 1, 2008

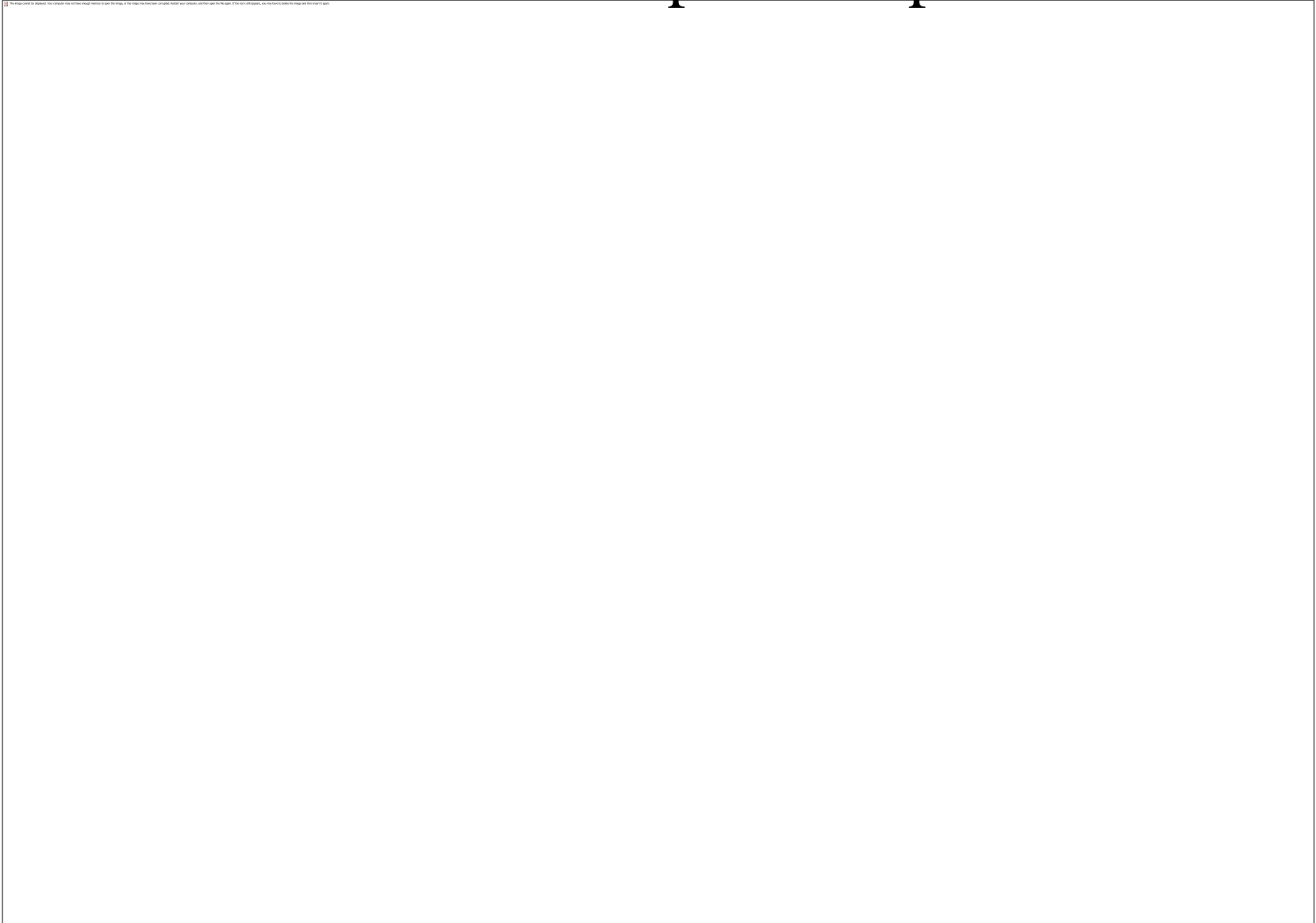
WASHINGTON - The Bush administration backed off proposed crackdowns on no-money-down, interest-only mortgages years before the economy collapsed, buckling to pressure from some of the same banks that have now failed. It ignored remarkably prescient warnings that foretold the financial meltdown, according to an Associated Press review of regulatory documents.

In 2005, faced with ominous signs the housing market was in jeopardy, bank regulators proposed new guidelines for banks writing risky loans. Today, in the midst of the worst housing recession in a generation, the proposal reads like a list of what-ifs:

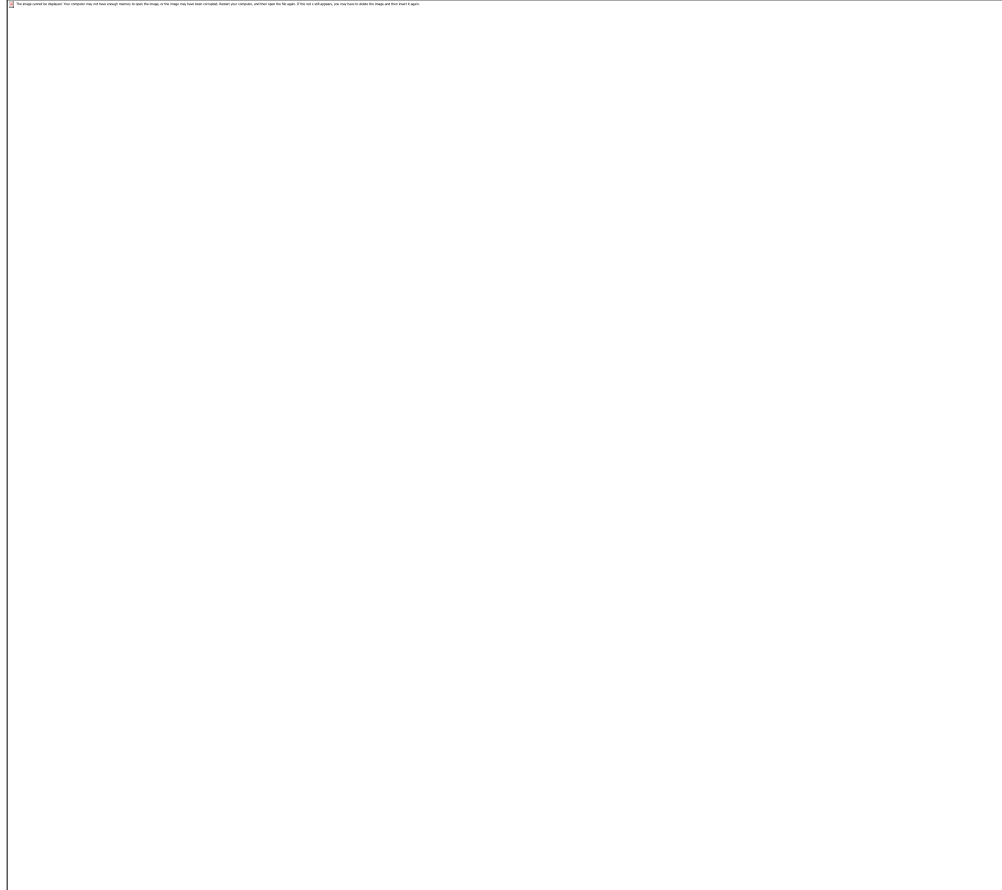
- Regulators told bankers exotic mortgages were often inappropriate for buyers with bad credit.**
- Banks would have been required to increase efforts to verify that buyers actually had jobs and could afford houses.**
- Regulators proposed a cap on risky mortgages so a string of defaults wouldn't be crippling.**
- Banks that bundled and sold mortgages were told to be sure investors knew exactly what they were buying.**
- Regulators urged banks to help buyers make responsible decisions and clearly advise them that interest rates might skyrocket and huge payments might be due sooner than expected.**

Those proposals all were stripped from the final rules. None required congressional approval or the president's signature.

Government Receipts & Expenditures

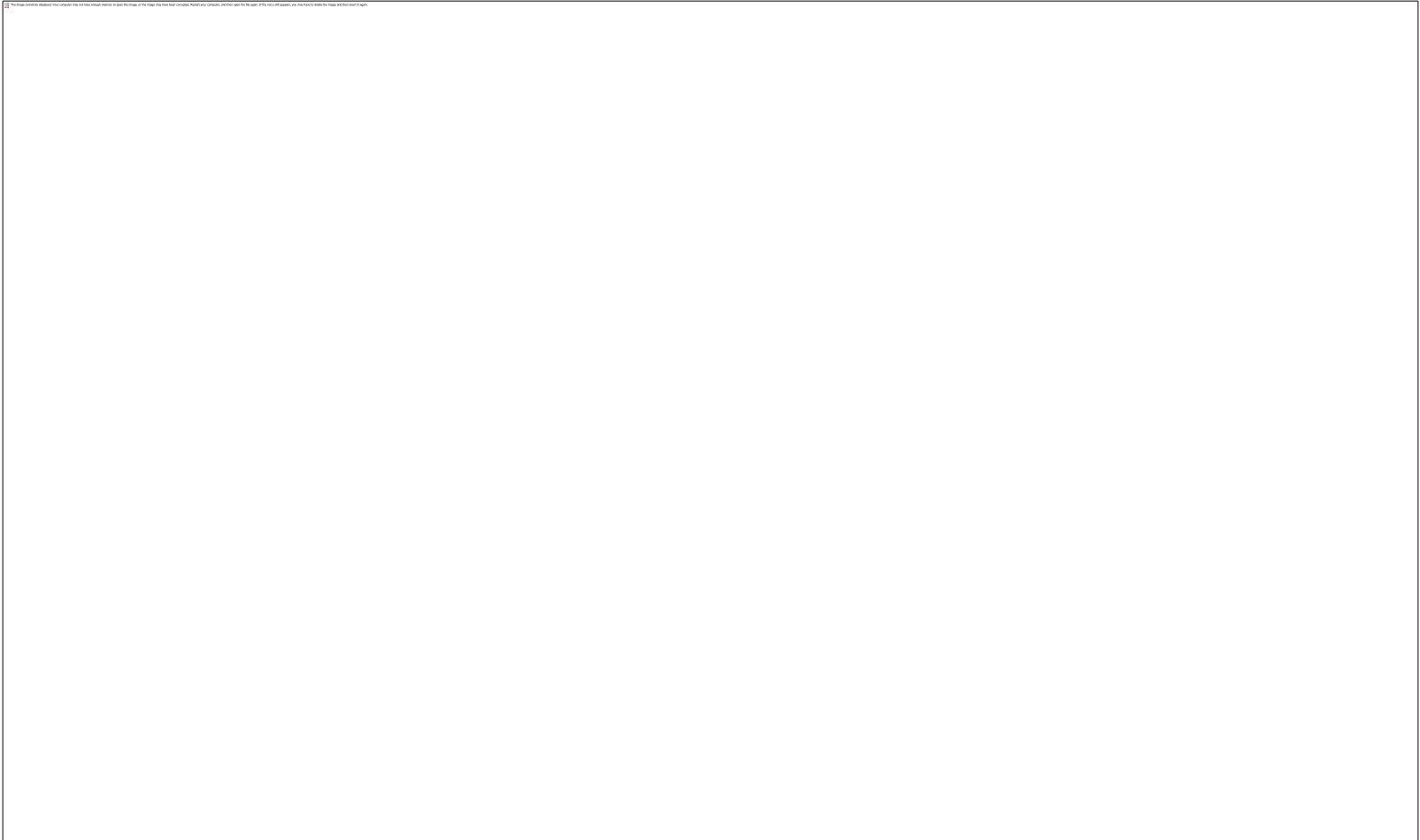


Crude Oil Price

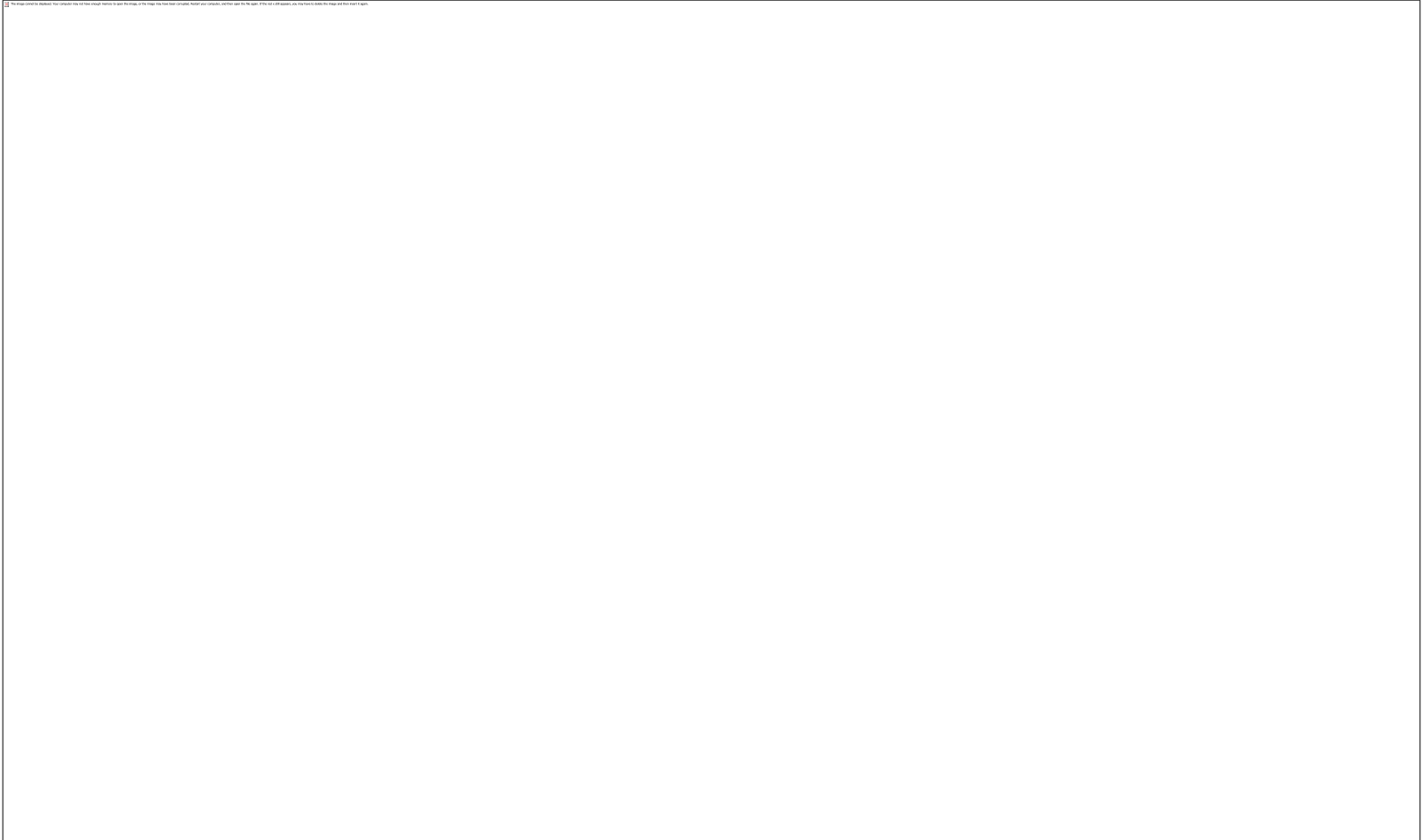


<http://oil-price.net/dashboard.php?lang=en>

S&P vs OIL (2 yr.)

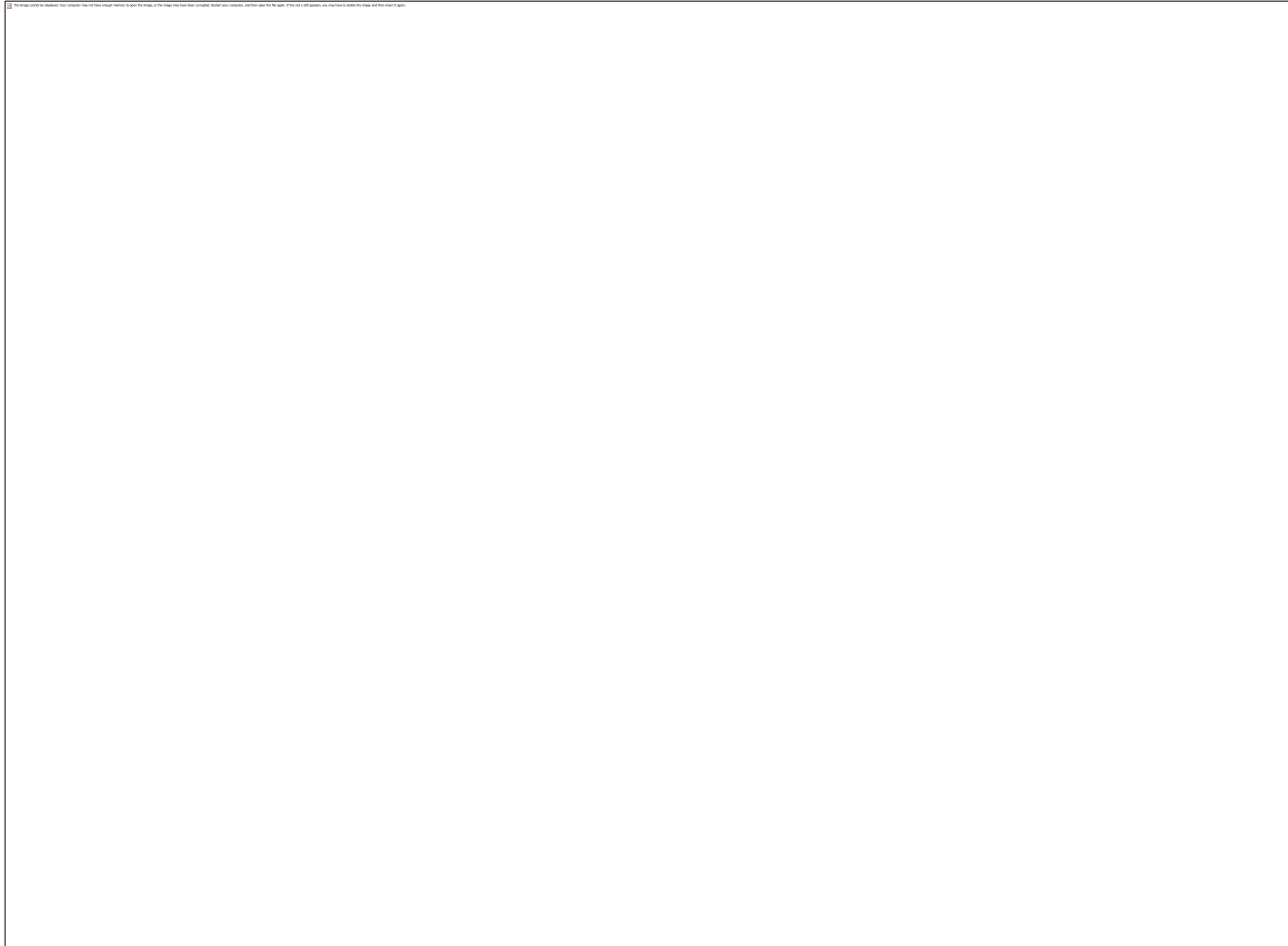


S&P 500 – 1 Year



US GDP Since 1890

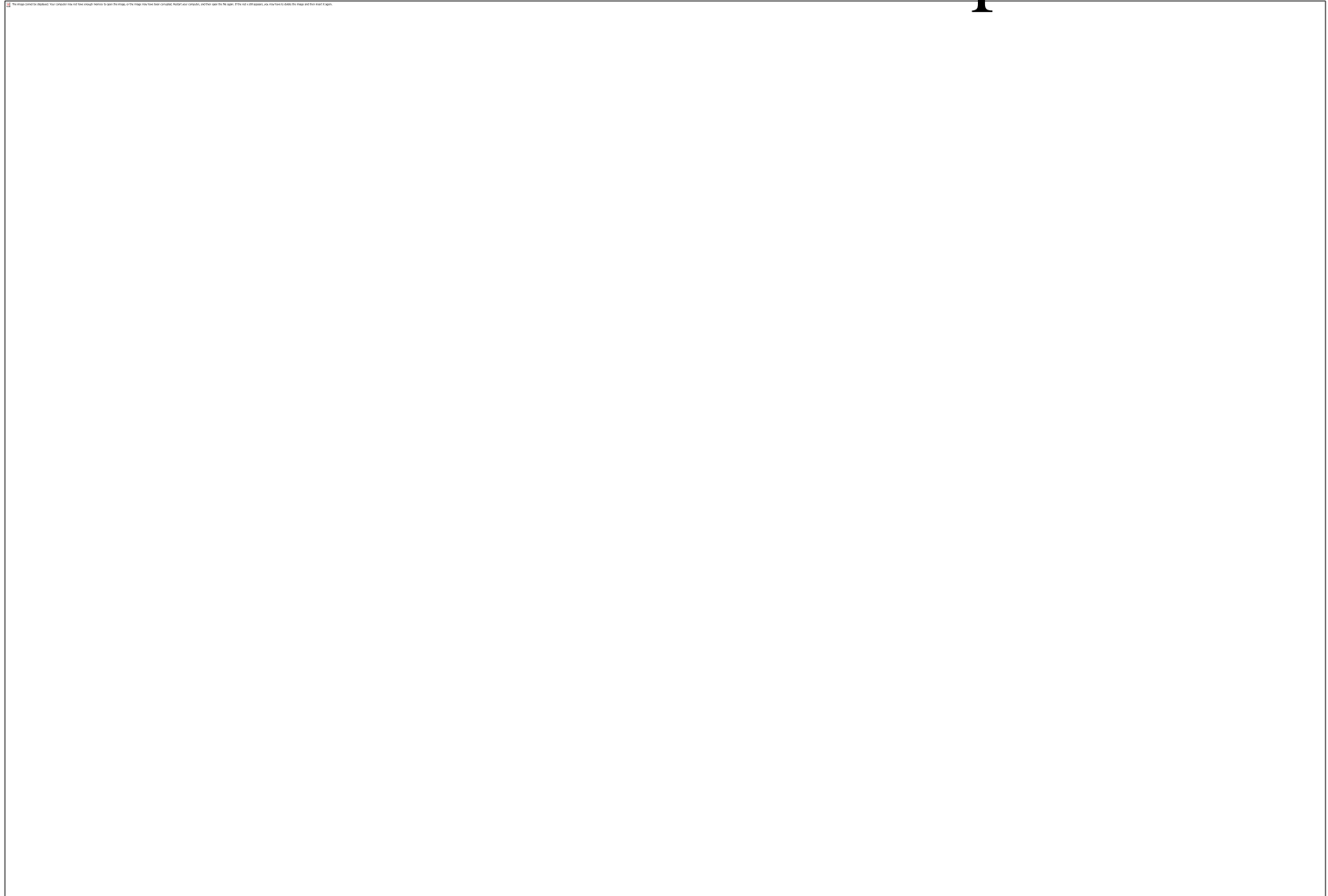
<http://courses.umass.edu/ppol697d/growth.pdf>



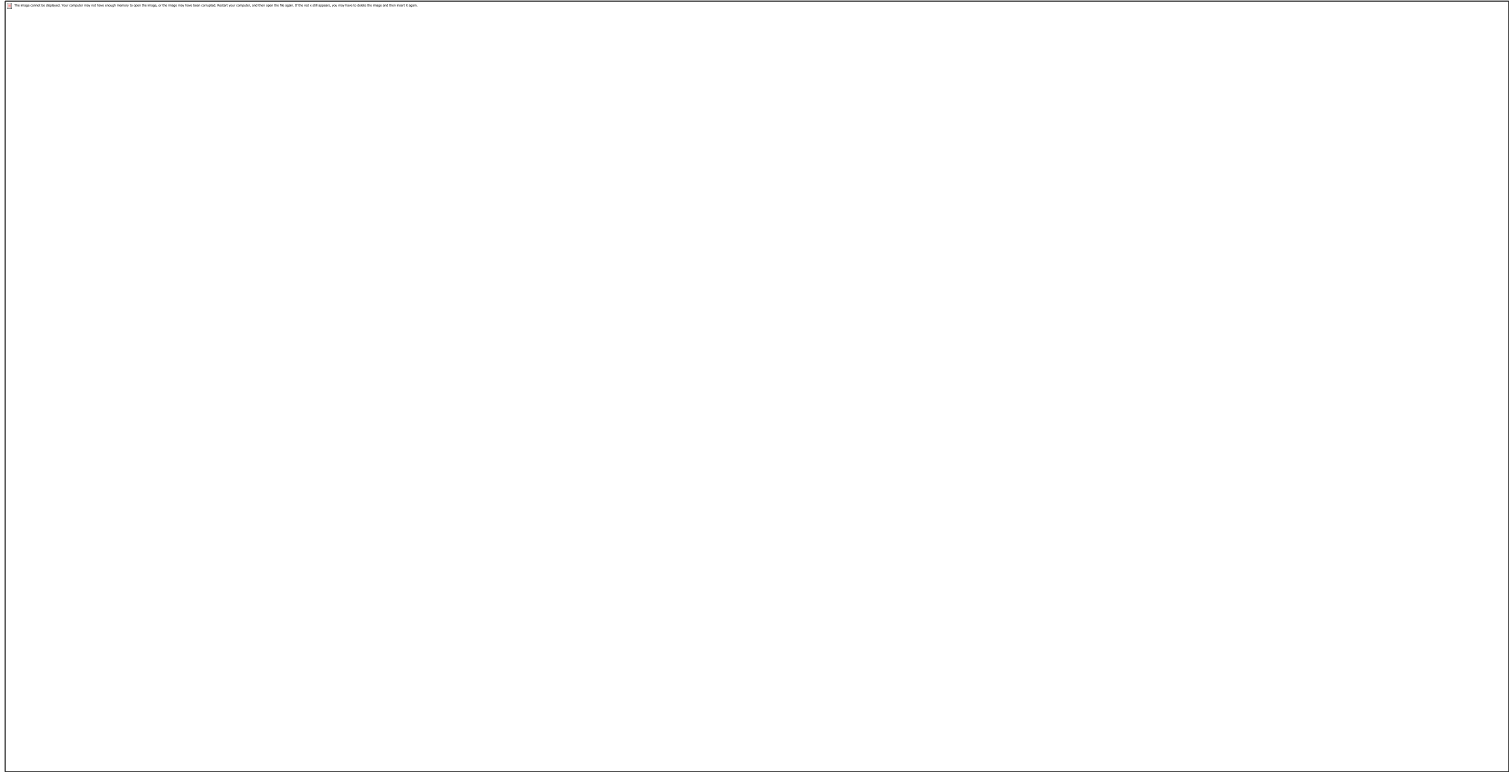
U.S. Population Growth 1900-1960



The Years of the Great Depression



Texas Leading Economic Indicators



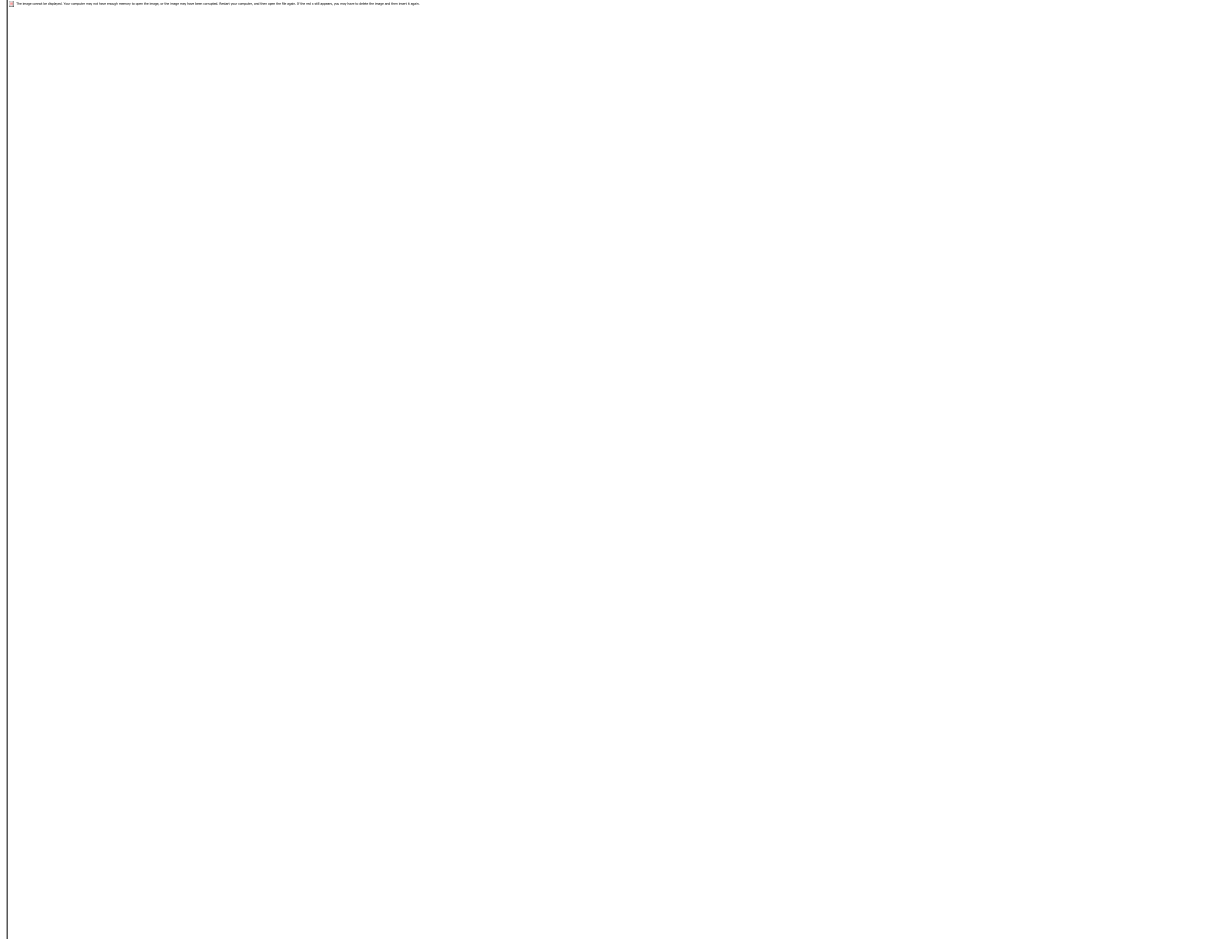
Source: Texas Comptroller of Public Accounts, The Conference Board

[View Leading Economic Indicators Index in Table Format](#)

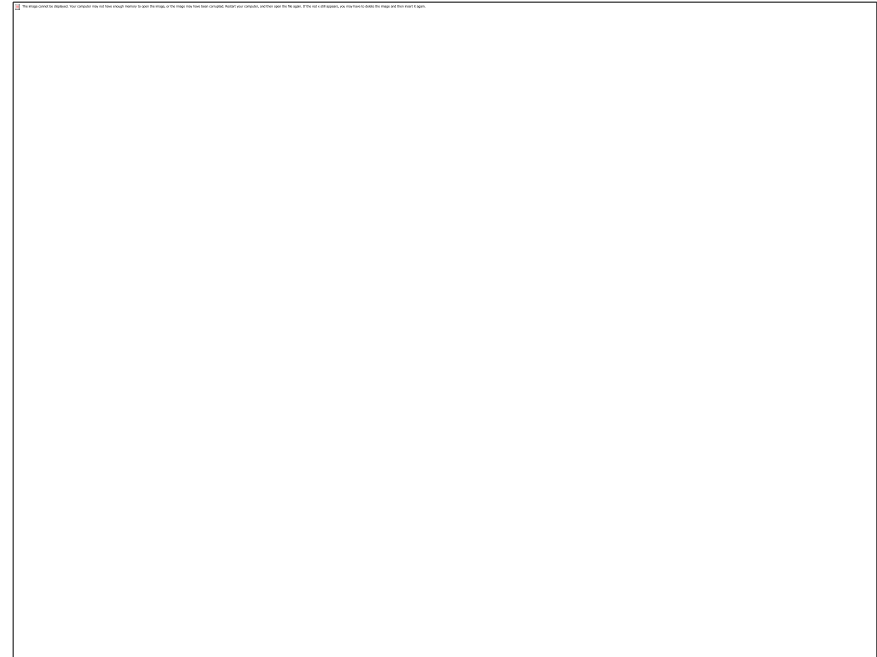
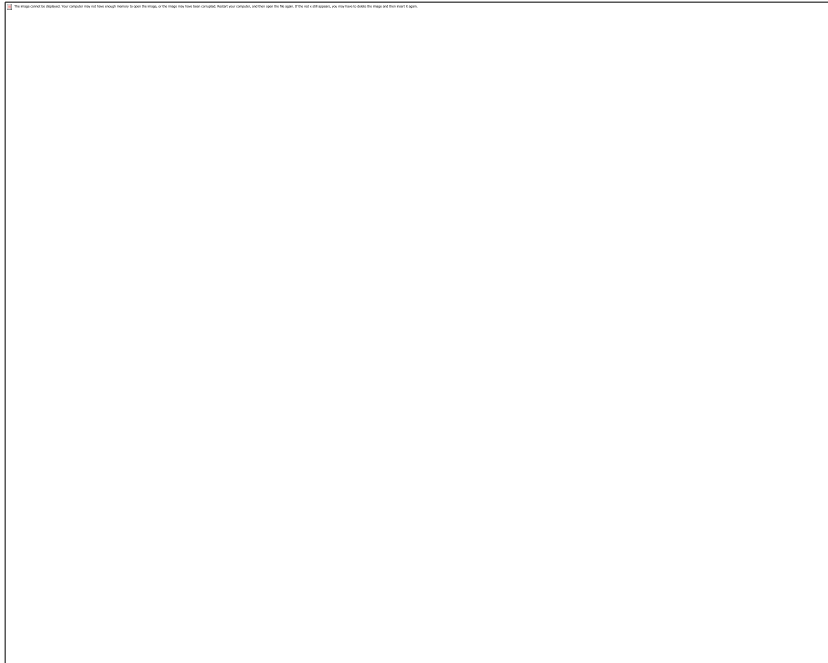
[View Historical Leading Economic Indicators for Texas](#)

<http://www.texasahead.org/economy/tracking/>

The Gibby Foundry 1900-1934



Products of the Gibby Foundry



Third Saturday Seminar 2008-2009

Humanity at a Crossroads

Session 05

17 January 2009

“Black Swan”

**Or how our leaders bring us financial crises and start bad wars and why
do we let them do it?**

Curt Gibby

ALL Program, Montgomery College, Conroe, Texas

Now, Week of 12.26.08

Credit and Credibility

What role did the credit rating agencies play in the current economic crisis? This week, a former managing director at Standard & Poor's speaks out on U.S. television for the first time about how he was pressured to compromise standards in a push for profits. 25 minute video

<http://www.pbs.org/now/shows/446/index.html>

<http://www.pbs.org/now/shows/446/video.html>

***A conversation about economics with Nassim Nicholas Taleb
on Wednesday, December 3, 2008**

<http://www.charlierose.com/view/interview/9713>

**A conversation with Nassim Nicholas Taleb
on Tuesday, August 7, 2007**

<http://www.charlierose.com/view/interview/8635>

***Economists Explain Why Hints of the Economic Crisis Eluded Them
Paul Solomon, Originally Aired: January 9, 2009**

http://www.pbs.org/newshour/bb/business/jan-june09/economists_01-09.html

Did Speculation Fuel Oil Price Swings?

60 Minutes: Speculation Affected Oil Price Swings More Than Supply And Demand

<http://www.cbsnews.com/stories/2009/01/08/60minutes/main4707770.shtml>

Some Reasons

Willful blindness, deafness, etc.

Intellectual commitment to an ideology.

I can't imagine.

It's always worked before.

There's always a greater fool.

We are the worlds super power.

We are God's chosen ones.

Arrogant ignorance.

We know the government will protect us (bail us out).

The greater fool theory

The greater fool theory (sometimes the bigger fool theory, also called survivor investing) is the belief held by one who makes a questionable investment, with the assumption that they will be able to sell it later to "a bigger fool"; in other words, buying something not because you believe that it is worth the price, but rather because you believe that you will be able to sell it to someone else for an even better price.^[1]

Wikipedia.org

Nassim Nicholas Taleb: The Black Swan: The Impact of the Highly Improbable (April 2007)

For the last 12 years, I have been telling anyone who would listen to me that we are taking huge risks and massive exposure to rare events. I isolated some areas in which people make bogus claims -- epistemologically unsound. The Black Swan is a philosophy book (epistemology, philosophy of history & philosophy of science), but I used banks as a particularly worrisome case of epistemic arrogance --and the use of "science" to measure the risk of rare events, making society dependent on very spurious measurements. To me a banking crisis --worse than what we have ever seen -- was unavoidable and NOT A BLACK SWAN, just as a drunk and incompetent pilot would eventually crash the plane. And I kept receiving insults for 12 years!

Globalization creates interlocking fragility, while reducing volatility and giving the appearance of stability. In other words it creates devastating Black Swans. We have never lived before under the threat of a global collapse. Financial Institutions have been merging into a smaller number of very large banks. Almost all banks are interrelated. So the financial ecology is swelling into gigantic, incestuous, bureaucratic banks – when one fails, they all fall. The increased concentration among banks seems to have the effect of making financial crises less likely, but when they happen they are more global in scale and hit us very hard. We have moved from a diversified ecology of small banks, with varied lending policies, to a more homogeneous framework of firms that all resemble one another. True, we now have fewer failures, but when they occurI shiver at the thought.

The Black Swan: Quotes & Warnings that the Imbeciles Chose to Ignore

*Nassim Nicholas Taleb: **The Black Swan: The
Impact of the Highly Improbable** (April 2007)*

<http://www.fooledbyrandomness.com/imbeciles.htm>

Taleb:

For the last 12 years, I have been telling anyone who would listen to me that we are taking huge risks and massive exposure to rare events. I isolated some areas in which people make bogus claims --epistemologically unsound. The Black Swan is a philosophy book (epistemology, philosophy of history & philosophy of science), but I used banks as a particularly worrisome case of epistemic arrogance --and the use of "science" to measure the risk of rare events, making society dependent on very spurious measurements. To me a banking crisis --worse than what we have ever seen -- was unavoidable and NOT A BLACK SWAN, just as a drunk and incompetent pilot would eventually crash the plane. And I kept receiving insults for 12 years!

epistemologically

e·pis·te·mol·o·gy (1-p1s”t...-m1/4l“...-j¶) *n.* The branch of philosophy that studies the nature of knowledge, its presuppositions and foundations, and its extent and validity. [Greek *epist* ¶m ¶, knowledge (from *epistasthai*, to understand : *epi-*, *epi-* + *histanai*, st¶-, to place, determine; see **st**³- below) + *-logy*.] --**e·pis”te·mo·log“i·cal** (-m...-l1/4j“1-k...l) *adj.* --**e·pis”te·mo·log“i·cal·ly** *adv.* --**e·pis”te·mol“o·gist** *n.*

Quotes

**Quotes From the Black Swan (written b. 2003-2006) that
the IMBECILES did not want to hear**

<http://www.fooledbyrandomness.com/imbeciles.htm>

Banks hire dull people and train them to be even more dull. If they look conservative, it's only because their loans go bust on rare, very rare occasions. But (...)bankers are not conservative at all. They are just phenomenally skilled at self-deception by burying the possibility of a large, devastating loss under the rug.

The government-sponsored institution Fannie Mae, when I look at its risks, seems to be sitting on a barrel of dynamite, vulnerable to the slightest hiccup. But not to worry: their large staff of scientists deemed these events "unlikely".

There is no way to gauge the effectiveness of their lending activity by observing it over a day, a week, a month, or . . . even a century!

We got off before for only a half trillion dollars

(...) the real- estate collapse of the early 1990s in which the now defunct savings and loan industry required a taxpayer-funded bailout of more than half a trillion dollars. The Federal Reserve bank protected them at our expense: when "conservative" bankers make profits, they get the benefits; when they are hurt, we pay the costs.

Hidden risks

Once again, recall the story of banks hiding explosive risks in their portfolios. It is not a good idea to trust corporations with matters such as rare events because the performance of these executives is not observable on a short-term basis, and they will game the system by showing good performance so they can get their yearly bonus. The Achilles' heel of capitalism is that if you make corporations compete, it is sometimes the one that is most exposed to the negative Black Swan that will appear to be the most fit for survival.

Black Swan and “Science”

As if we did not have enough problems, banks are now more vulnerable to the Black Swan and the ludic fallacy than ever before with “scientists” among their staff taking care of exposures. The giant firm J. P. Morgan put the entire world at risk by introducing in the nineties RiskMetrics, a phony method aiming at managing people’s risks, causing the generalized use of the ludic fallacy, and bringing Dr. Johns into power in place of the skeptical Fat Tonys. (A related method called “Value-at-Risk,” which relies on the quantitative measurement of risk, has been spreading.)

Please, don’t drive a school bus blindfolded.

Ludic Fallacy (Wikipedia.org)

The ludic fallacy is a term coined by Nassim Nicholas Taleb in his 2007 book *The Black Swan*. 'Ludic' is from the Latin *ludus*, meaning 'play'. It is summarized as "the misuse of games to model real-life situations".^[1] Taleb characterizes the fallacy as mistaking the map (model) for the reality (see map-territory relation), an inductive side-effect of human cognition.

It is a central argument in the book and a rebuttal of the predictive mathematical models used to predict the future --as well as an attack on the idea of applying naive and simplified statistical models in complex domains. According to Taleb, statistics only work in some domains like casinos in which the odds are visible and defined. Nassim's argument centres on the idea that predictive models are based on platonified forms, gravitating towards mathematical purity and failing to take some key ideas into account:

- It is impossible to be in possession of all the information.**
- Very small unknown variations in the data could have a huge impact (the Butterfly effect).**
- Theories/models based on empirical data are flawed, as events that have not taken place before cannot be accounted for.**

Aggressive ignorance

Owing to [...] misunderstanding of the causal chains between policy and actions, we can easily trigger Black Swans thanks to aggressive ignorance—like a child playing with a chemistry kit.

Don't be Panicked

Can you take responsibility for yourself and others close to you?

Can you stay calm and assess a changing or changed situation?

Can you tell the difference between fact and fabrication.

Can you delay panicking until the threat has passed?

It all connects

Fear, War, Greed

To much capital in the hands of the few

Too little money in the hands of the consumers.

Credit is not a replacement for disposable income

Oil a limited resource

Unable to anticipate what looks obvious in retrospect

Trusting of Authority

Lacks critical ability/Education

etc

Don't just be a thermometer, Be a thermostat

Jill Carroll

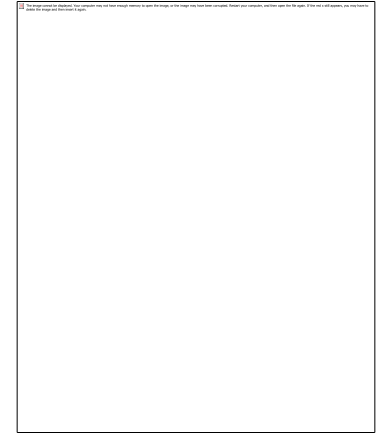
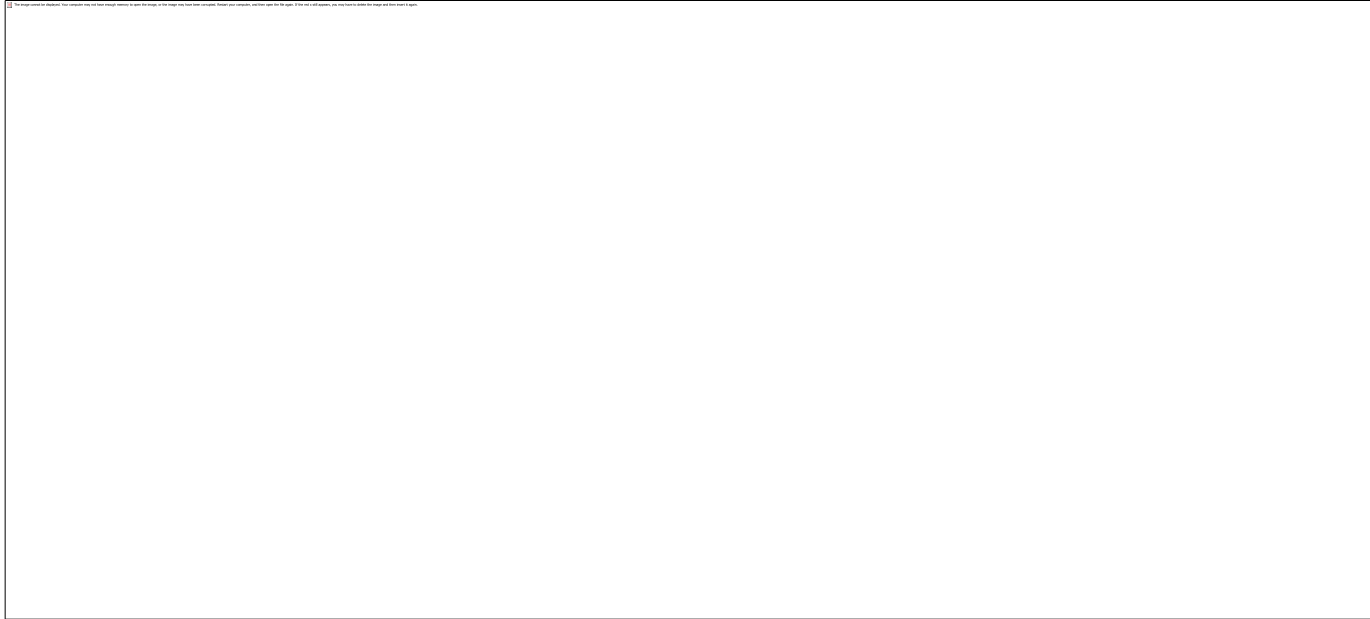
Don't panic!

Don't be Panicked!

Seriously

See You 21February 2009

The Monty Python Foot, a convenient way to end something that would seem to go on for ever accomplishing nothing.... (*See deus ex machina*)



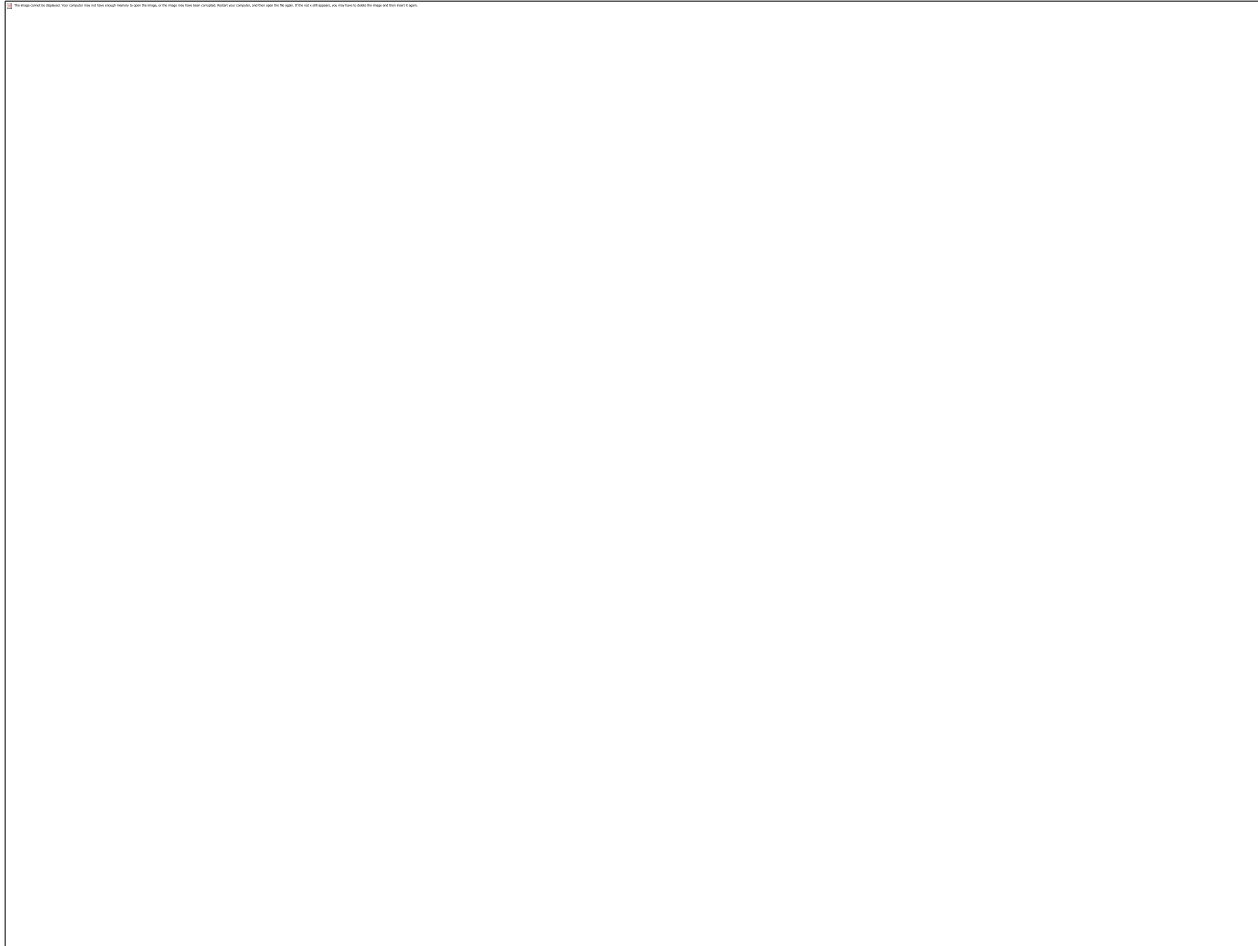
The famous Python Foot can here be seen in its original format in the bottom left corner of "*An Allegory of Venus and Cupid*" by [Bronzino](#) (~1545)

When Monty Python had no ending for a skit, this foot would appear out of the sky and squash whatever was on screen with a rude noise. Allowing the show to move on.

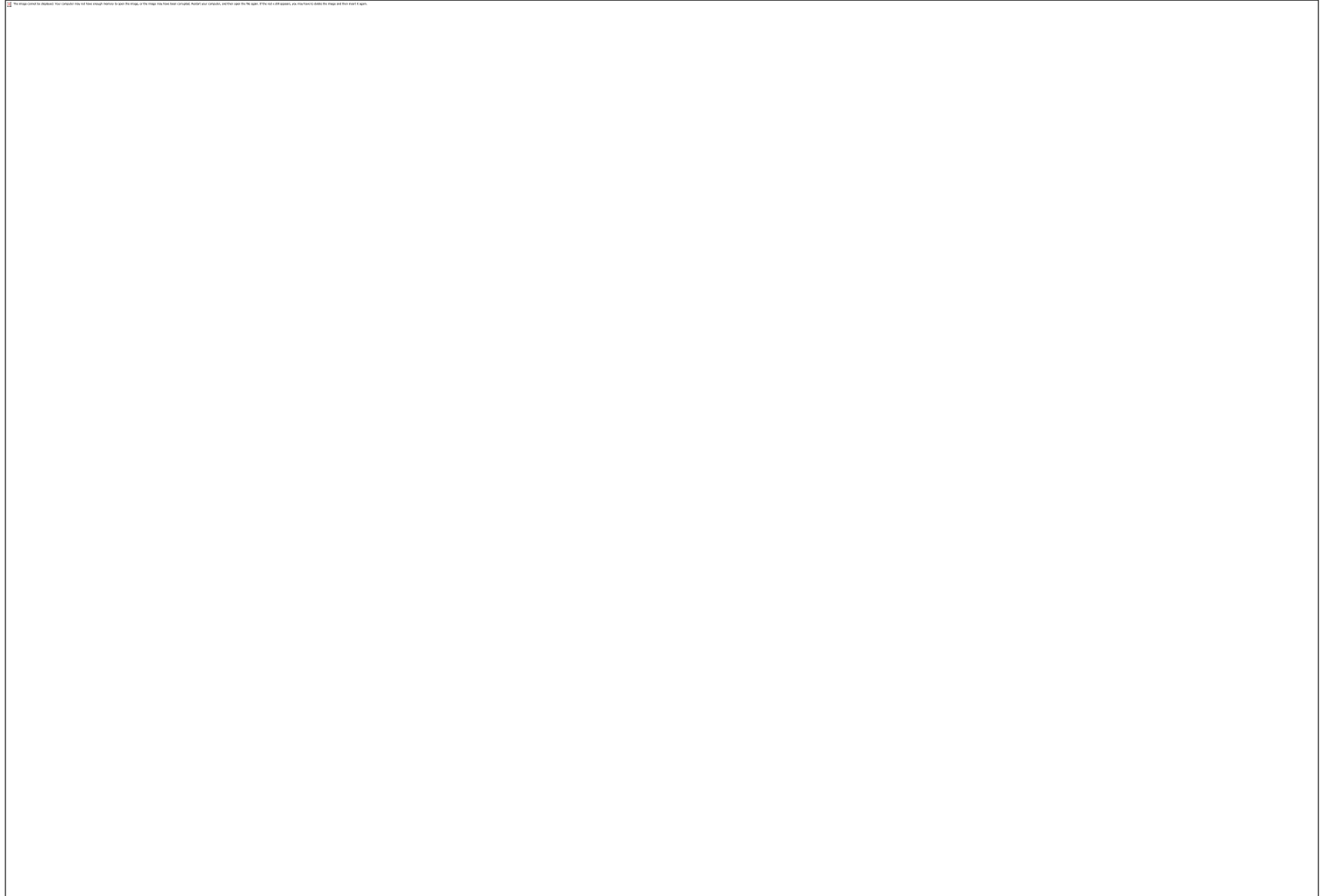
Enrichment Material

One of life's persistent questions:

“Why do cockroaches roll over before the die?”



Mazlow's Hierachy of Needs



Basic Wilderness Survival Skills

From: **British Columbia Outdoor Wilderness Guide**

Fear - For anyone faced with a wilderness emergency survival situation, fear is a normal reaction. Unless an emergency situation has been anticipated, fear is generally followed by panic then pain, cold, thirst, hunger, fatigue, boredom and loneliness. It is extremely important to calmly assess the situation and not allow these seven enemies to interfere with your survival.

Pain - Pain may often be ignored in a panic situation. Remember to deal with injuries immediately before they become even more serious.

Cold - Cold lowers the ability to think, numbing the body and reducing the will to survive. Never allow yourself to stop moving or to fall asleep unless adequately sheltered.

Thirst - Dehydration is a common enemy in an emergency situation and must not be ignored. It can dull your mind, causing you to overlook important survival information.

Hunger - Hunger is dangerous but seldom deadly. It may reduce your ability to think logically and increase your susceptibility to the effects of cold, pain and fear.

Fatigue - Fatigue is unavoidable in any situation so it is best to keep in mind that it can and will lower your mental ability. Remember that in an emergency situation this is often the body's way of escaping a difficult situation.

Boredom & Loneliness - These enemies are quite often unanticipated and may lower mind's ability to deal with the situation.

**"Every government interference in the economy consists of giving an unearned benefit, extorted by force, to some men at the expense of others." --
-Ayn Rand**

Save the date: Tuesday, November 2nd, 2010 is the next, “National Take out the Trash Day”

Remind your family, friends and your elected representatives.

So, how do you feel about the next four years?

Do you think Obama can, will or even should accomplish all or most of the goals he has talked about? Is that really his job? What about the congress? What about you?

Do you think the demographics will become a problem for America (the apparent polarization?)

Do you think Obama can lead us out the recession/depression? Why?

Are you prepared to survive whatever is coming?

Oath of Office

"I, _____ do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign or domestic, that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservations or purpose of evasion; and that I will well and faithfully discharge the duties of the office upon which I am about to enter; So help me God."

(From DA Form 71, 1 August 1959, for officers.)

Some things to think about:

- When the “Fed” lowers the “benchmark” interest rates, is that fair to those people whose “savings” account interest drops and bonds get recalled?**
- When the government uses taxpayer money to bail out subprime lenders and borrowers, is that fair to those who were responsible with their finances? Will the delinquents ever learn?**
- Also, since the interest rate is generally regarded as the “cost of money” lowering the rate does what to Inflation?**
- Does the government have any incentive to report the true value of anything?**
- When a stock market “crashes”, and the price of stocks drops, doesn’t that increase the value of your money?**



<http://www.visualizingeconomics.com/2008/01/20/share-of-world-gdp/>

Third Saturday Seminar 08-09 #05- "Black Swan"

Survival Priorities

According to the BSA Wilderness Survival Merit Badge





Study: Wrecks increase at red-light cameras sites



<http://www.chron.com/disp/story.mpl/metropolitan/6185795.html>

Key Points - Economic Uncertainty

Texas has been lucky so far.

Population and Job Growth while the rest of the country suffers

Starting to change for Texas

The ebbing tide is now under our boat

How bad will it get?, How soon? – Don't know – have to watch...

Recovery how long? – Don't know – Have to Watch...

The trick is to limit exposure, set priorities, know alternatives available, and recognize opportunities, know when and how to exercise them, Etc.

Number of Armed Conflicts (1948-2000)

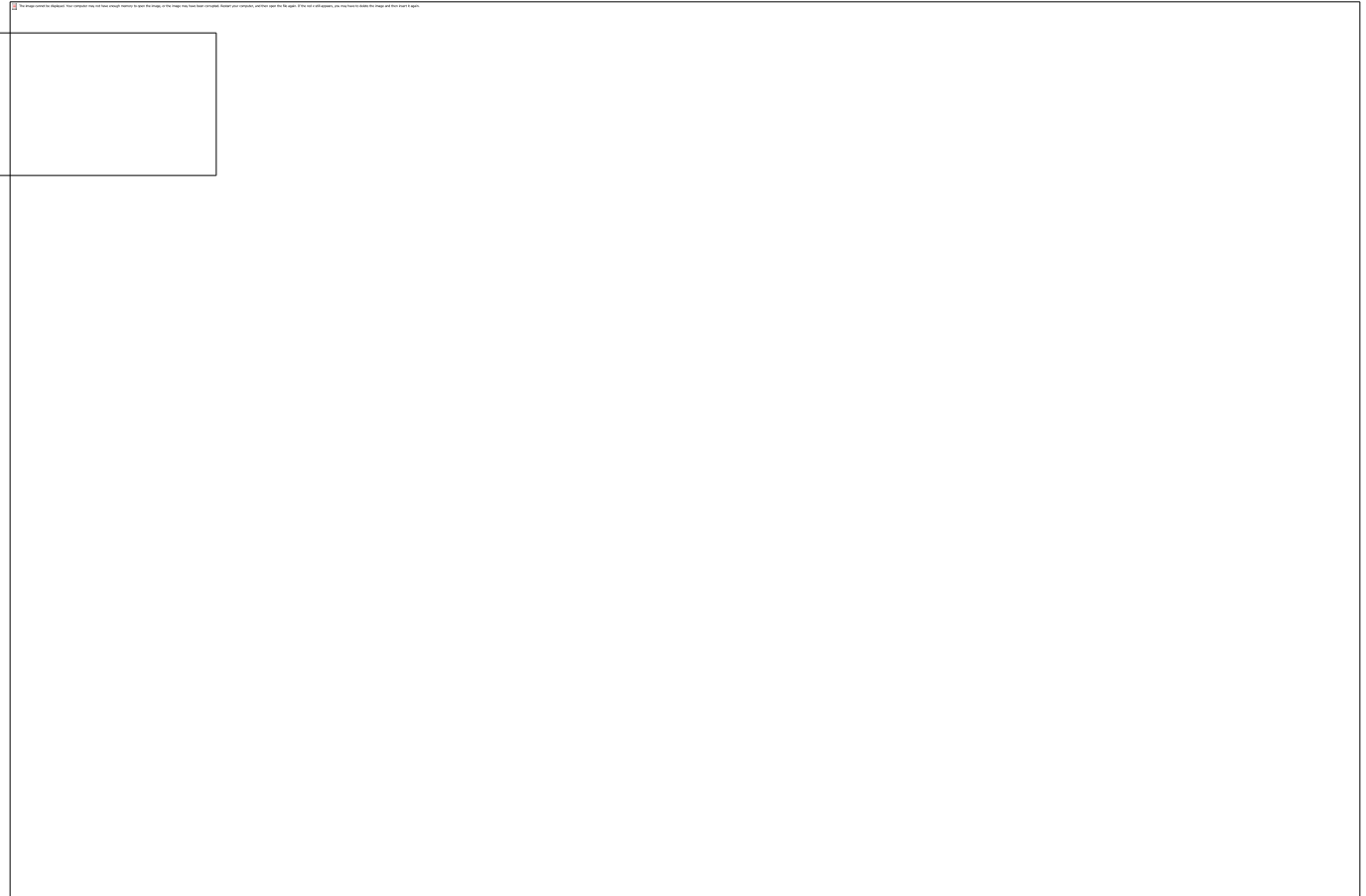


Figure 1

Number of armed conflicts by level, 1946–2000. (Adapted from Gleditsch NP, Wallensteen P, Eriksson M, Sollenberg M, Strand H. Armed conflict 1946-2000: a new dataset. www.pcr.uu.se/workpapers.html)

BMJ. 2002 February 9; 324(7333): 342–345. [Copyright](#) © 2002, BMJ