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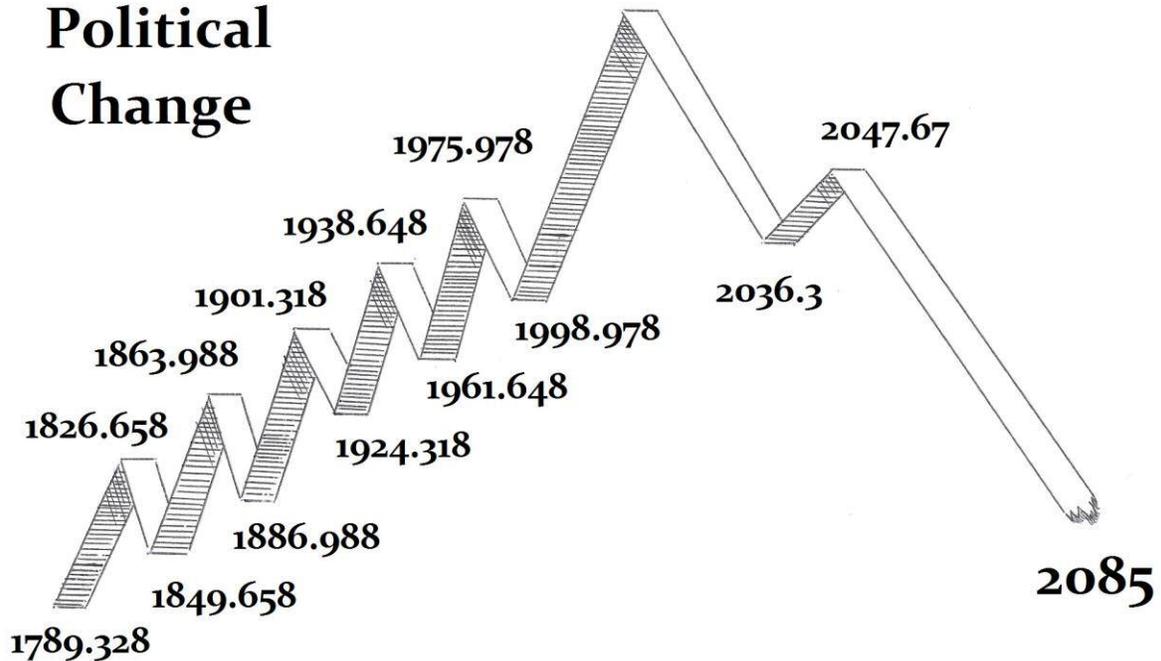
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United States

224-Year Cycle of 2013.308 (April 22nd, 2013)

Political Change



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The 224 Year Cycle of Political Change

Is 1789 - 2013 Really Here?

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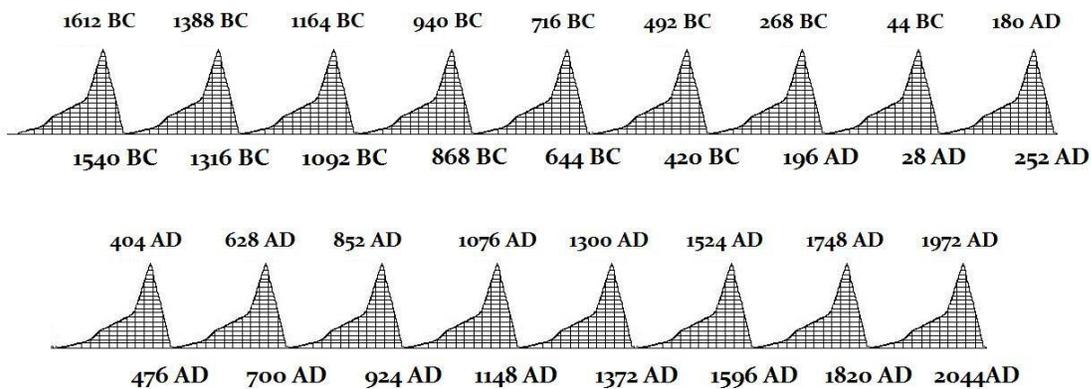
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The World 224 Year Cycle of Political Change



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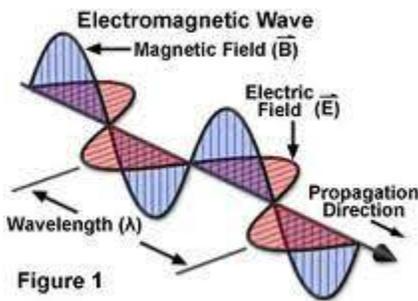
The 224 Year Cycle of Political Change

Is 1789 - 2013 Really Here?

By Martin Armstrong

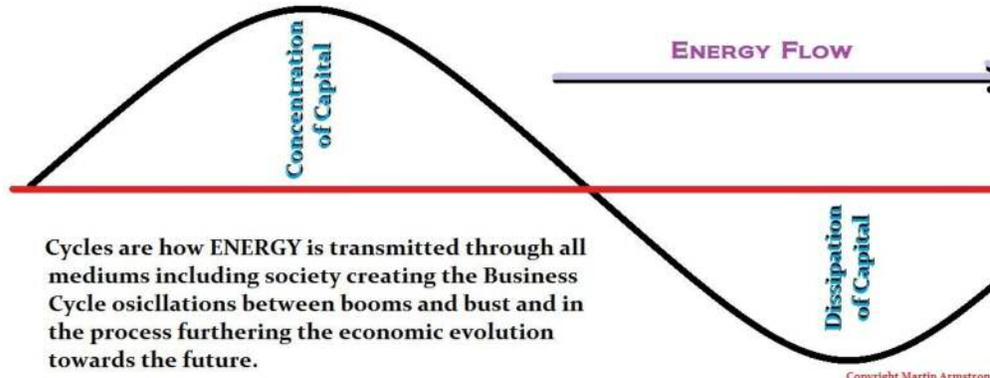
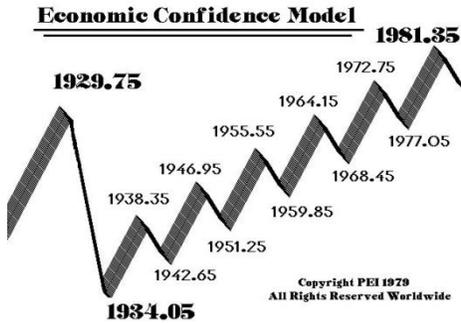
One of the fascinating aspects of the business cycle is the broader 224-year Cycle of Political Change. Throughout history, there appears to be at best a frequency of 224-years that is just the maximum period of time governments seems to last without major political upheaval. Some governments did not last beyond that time frame, while others reformed and survived, albeit in a different structural formation. Others collapsed within either the 51.6 year cycle or the 72 years cycle. In other words, they were just blips on the radar screen. Some coups have lasted even just 8.6 months.

LISTING OF YEARS IN WHICH PANICS TOOK PLACE INTERNATIONALLY							
1683							
1711	1720	1731	1745	1763	1772	1783	1792
1814	1818	1825	1857	1866	1869	1871	1872
	1873	1884	1890	1893	1895	1896	1899
1901	1903	1907					



My discovery of this cycle was perhaps accidental. I certainly did not begin with any predetermined theory of cycles. In fact, I was just exploring to see what if any relevance there might have been to cyclical theory. While doing research at Princeton University, I came upon a list of international economic panics. Just for fun, I decided to see if there was some merit to cycle theory. The list that I found covered a period of 224 years 1683 to 1907. I had taken this time span of 224 years and divided the number of panics in the list being 26 and came up with the number 8.6153846615. At the time, I was unaware of just how important this simple calculation would become.

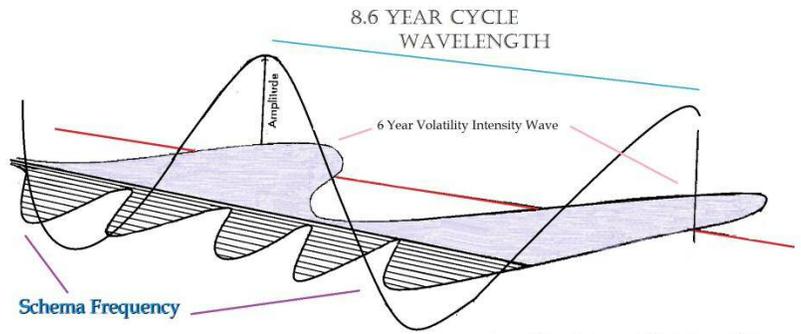
I simply began testing this 8.6 year interval under the concept of being a business cycle. Indeed, the more I explored, the more I found that the business cycle was in fact about 8 years. Being familiar with electrical engineering, I realized that light traveled in a wave formation with two components – electric and magnetic fields. Thus, the magnetic field provides the outer-boundary limits either side of the center line within which the electric field travels. Consequently, I looked for such a structure with a second component that would provide the qualities of a magnetic field assuming that the design of nature was uniform since this is how energy traveled. I discovered that second component that in economic terms would be called **VOLATILITY**. Suddenly the business cycle began to take shape. It would be bound on either side by volatility that would in fact provide the caps and floor, but this provided an interesting aspect. The 8.6 year waves moved in a ratcheting fashion building in intensity into long-waves of 51.6 years.



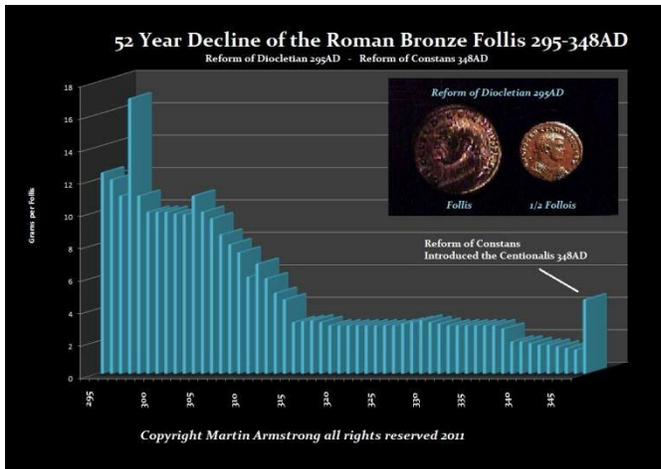
The principle of volatility, like magnetism, meant that there had to be two opposite attractors of equal force – like good and evil. All things possessed such two opposites that provide the core of its existence – male and female. Cycles exist because this in the divine structure of the universe whereby energy travels from one place to another. Everything from the planets to subatomic particles move in cycles right down to the cycle of life itself that we are born, grow into adults, then age, and finally die.

In this manner, the volatility component proved the outer-boundaries within which the economy would fluctuate. After all, it was impossible to extract nature from the business cycle since a large part of its fundamental structure is driven by nature that has caused periods of plenty followed by famine and starvation. The Biblical account of Joseph telling the Pharaoh there would be 7 years of plenty followed by 7 years of drought allowed Egypt to survive by planning the future based upon the knowledge of cycles.

Economic Confidence Model Dynamic Structure



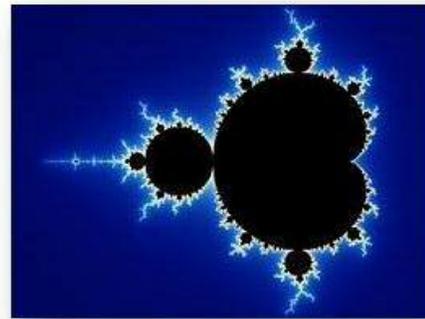
At first, simply dividing 224 years by the number of panic being 26 produced 8.6153846615, my presumption was that this was simply an average and was not precise. When it began working to the very day, I myself was stunned. Further investigation led me to the next important discovery that this number was actually a derivative of Pi (π) - 3.14159265359. The number of days within this cycle was 3,141 when multiplied by 1000. It was the perfect cycle. The mathematical order was just amazing. If I took half the number of events, 13, and divided that into 8, the resulting calculation produced 0.615384615. This is the same decimal of the 8.6 calculation - .6153846615. Other hidden regularities existed such as using the method of reduction adding every digit irrespective of the decimal point, and we subtract 1 returned me to the same spot ($86153846615 = 53 - 1 = 52$, twice the unit 26).



The **VOLATILITY** clearly built up into six waves of the 8.6 year frequency providing the magnetic-like boundaries. Therefore, six of these waves now produced the long-wave that was similar to that of the work of Kondratieff who used simply commodity prices. We must keep in mind that during the 19th century, agriculture accounted for about 70% of the total economy output. My work was based on a totally different data series that cut across all spectrums since the **PANICS** were in all nations and in different sectors

from commodities, bonds, real estate and stocks. Everything was incorporated within the 8.6 year frequency.

Further investigation began to reveal that the 8.6 year frequency testing backwards in time through ancient history was clearly present as well. What was becoming clear was that indeed the natural cycles that influence the economy from nature were derivatives of Pi (π). This cycle appeared in all cultures and at all times. However, what was also becoming obvious was that the inherent structure was fractal. In other words, the same pattern would appear migrating through time itself up the scale from minute by minute, hourly, daily, weekly, monthly, quarterly, yearly, and into centuries. In fact, time appears to be purely fungible – not fixed. Time could be sliced and diced in any manner you desired.



Mandelbrot Set

When Benoit B. Mandelbrot (1924–2010) discovered that this fractal structure existed within nature as well, it became exciting. The patterns were clear and replicated reproducing themselves throughout all

**US WHOLESALE COMMODITY PRICE INDEX
1800-1934 (1926 = 100)**



The three great commodity waves used by Kondratieff
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levels of time. While Mandelbrot began a completely different experiment with different objectives, what was clear was that what I had observed in the history of prices and the economy replicating the same patterns throughout all levels of time was indeed valid and was an intricate part of how the entire world ticked.

Mandelbrot's work was validating that what I had discovered was indeed part of the inherent design of everything.

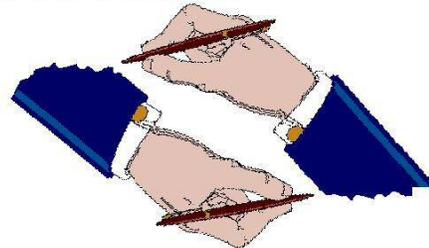


The model that I has stumbled upon that was the perfect circle of Pi was a stroke of luck that revealed the hidden order behind all things.

The 8.6 year cycle that built into six waves of 51.6 years did not stop there. It built upward into six waves once again forming intervals of 309.6

years. What was unfolding before my eyes was what some have dubbed the **Secret Cycle**. The sheer accuracy of this model so many times to the precise day has uncovered a whole new world waiting for us to explore. The existence of this cycle proves the hidden order behind everything and that there is a divine code upon which everything is constructed. There is truly a grand design.

Self Referral



Each generation of cyclical wave motion is created through a process of referring back in time to the previous wave and attempting to duplicate its shape and size.

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The fractal design in nature extends into absolutely everything. No matter what we investigate, there is at the core a system design of self-referral. All living organisms

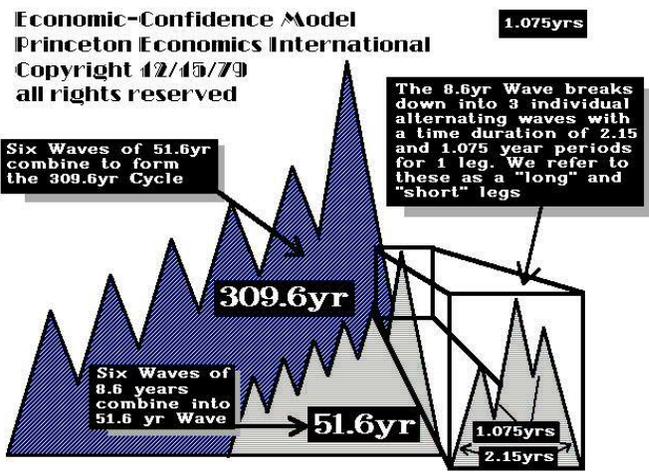
are designed based upon a code we call DNA. It instructs how that organism is to materialize. It is a system of self-referral whereby two parents contribute their DNA to the offspring that combines the two strands and the result is a composite based upon the structural design of the parents. In other words, the offspring will appear like the parents. This lies at the core of everything – a structural design of self-referral so that the next generation uses the code of the previous to develop. Consequently, the inherent structure is much like an artist



using a model to create the image of the model in a painting.

Now look at this maple leaf. Look closely at the design of the left and the veins. Notice that they reflect the overall design of the tree itself with a trunk and branches that emerge from the sides. This is fractal

so that you can look at the leaf and still see the same pattern forming the tree. This is the fractal nature of everything around us. It is the same structural design being replicated from one level to the next. In this very same design structure within the economy and markets, we see the constant patterns begin replicated from one level of time to the next.



Additional investigation found even more interesting aspects. It turned out that the 224 year interval itself, being a derivative of Pi,

was also significant. Examining history delineating it in intervals of 224 years produced another startling revelation. There had been an old saying that no country ever lasted more than 200 years without some political chaos. It turned out that the number was actually 224 and it was indeed measured in years. What emerged was a cycle of political change. Some empires lasted more than mere 224 years. However, there were still political changes at these intervals even though the overall lifespan may have continued for several cycles.

What also began to appear was the **VOLATILITY** cycle acting as if it were a magnetic-field limiting the amount of time there could be during counter-moves (reactions) was impacted by that same interval of six. In other words, it appeared that the major declines conformed to that timing whereby there were 12 intervals of 6 making the total time frame 72 years. This was still just the tip of the iceberg. But for the purposes of discussion here, we are concerned with the consequences of 224 year intervals.



Christiaan Huygens (1629-1695)

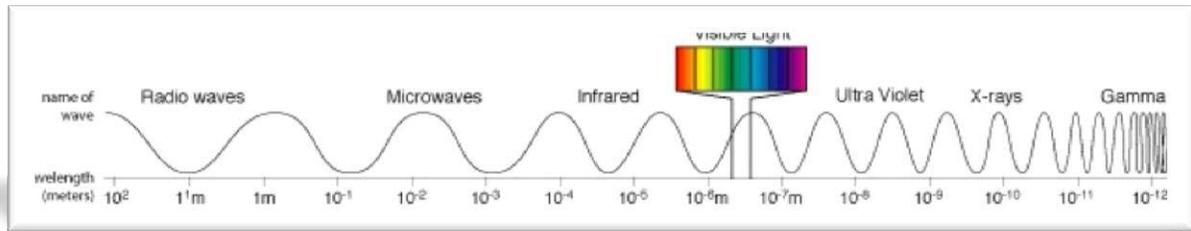
The very existence of repetitive cycles has been noticed by many. Hegel spoke that the opposite system emerges in his Dialectic models. Sometimes there may be a synthesis of the two prior systems, but this gives rise to the maxim that history repeats. Machiavelli also suggested that history repeats because the passions of mankind have never changed. Politicians will still be corrupt, his friend will lobby for new laws just as was the case with Draco of Athens, and a mother will still cry for you son who dies in battle.

Consequently, we are investigating here is the World 224 Year Cycle. Nevertheless, while this will have a dominant influence, at the same time we are looking at the birth of each nation and running the 224-Year frequency from that starting point. When you do, you obtain typically a clearer understanding of the timing frequency dominating that nation.

One of the great misconceptions in cycle theory is that cycles unfold like a Bell Curve. This is simply not true. Everything moves in cycles for this is how energy actually moves. Even light itself moves like that sidwinding snake in a cyclical wave motion and not in a straight linear line. It was **Christiaan Huygens** (1629-1695) the Dutch mathematician, astronomer, and a physicist, who discovered that light moves in wave formations – cycles. **Wave Theory** has giving birth to the understanding that energy moved in cycles and even as it passes through water creating waves, it is not the water that is actually moving.

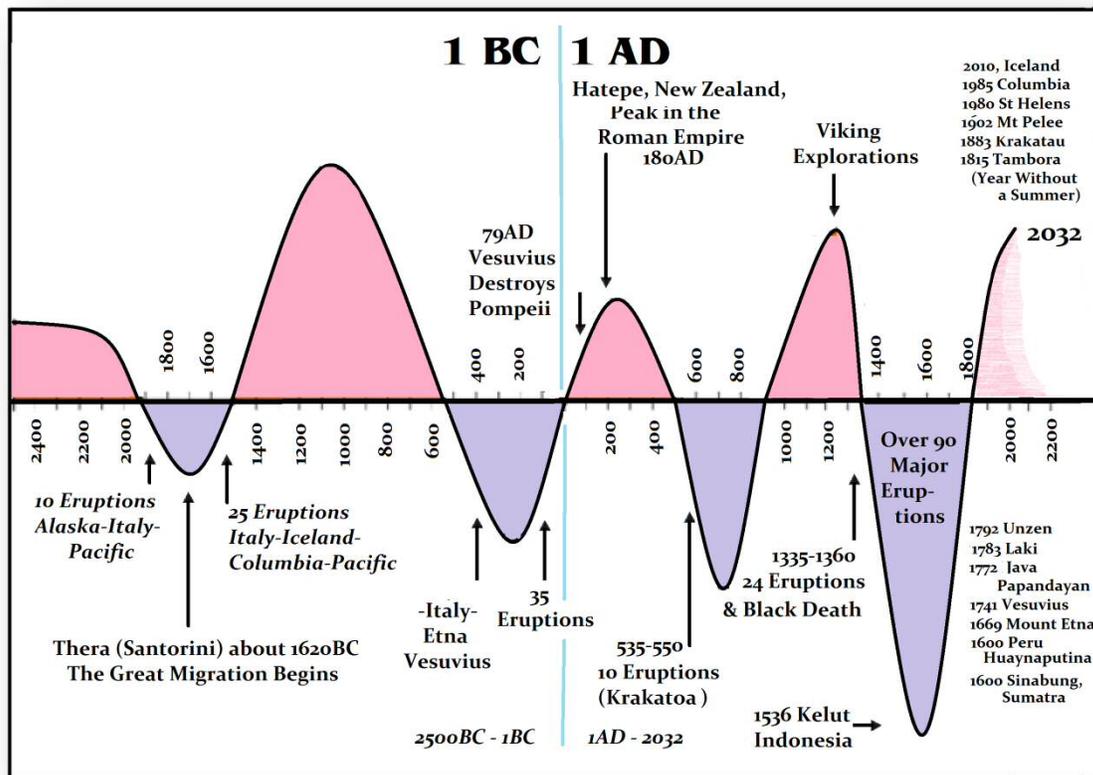
When we consider the business cycle, we as a society become the medium through which emotional energy moves causing us to react in wave formations. Thomas Jefferson said ***“Democracy is nothing more than mob rule, where 51% of the people may take away the rights of the other 49%.”*** Indeed,

panics to the upside and downside are caused by flipping the majority in their beliefs cause abrupt panics. This is the emotional energy moving through society.



Nonetheless, there are various aspects to the business cycle that are identical to light. Change the frequency and you get a different effect. Changing the frequency of the electro-magnetic wave produces everything from visible light nearly in the center to ultra violet, x-rays, and gamma rays by shortening the distance between the crest of the wave. Length the frequency and we get infrared, microwaves, and radio waves. In the business cycle, the same changes in the effects take place with different frequencies.

Global Temperatures 2500BC - 2032AD



Note: Empirical evidence demonstrates that a increase in Volcanic Activity coinciding with a decrease in Solar Radiation causes sharp and very rapid drop in global weather temperatures. The first evidence of human travel upon the open sea extends back in time from about 9000BC.

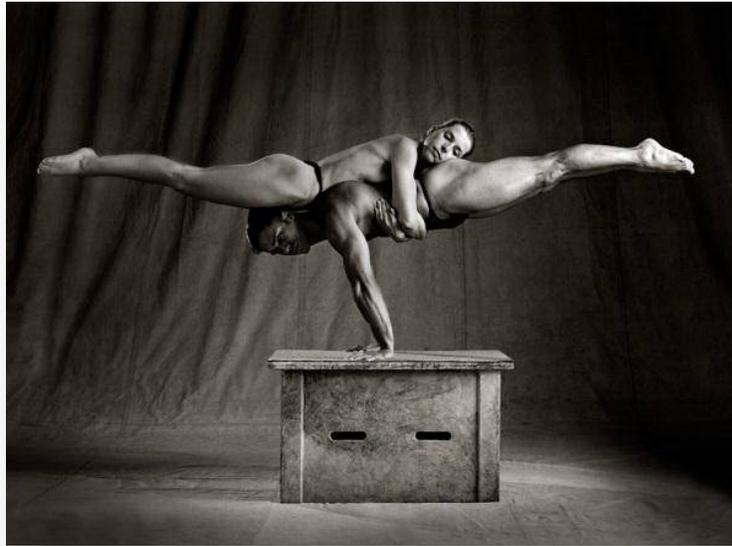
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Of course there are those who resist the idea of cycles because they remain ignorant of the world and

science much as those who ridiculed and persecuted anyone who dared to say the preposterous theory that the earth was neither flat nor the center of the universe. What they cannot grasp is that cycles are not just **Shazam** and there it is like some magic wand. Cycles are the way energy moves and the business cycle is purely the composite of many cycles impacting the economic outcome. Create a drought and watch agricultural prices take off. Everything has an impact and combines to produce the changes in the cycle overall. The 224-Year Cycle of Political Change, which we are confronted with at this moment in time, is also impacted by nature that cannot be ignored nor extracted from the data. People who put forth their idea of global warming that is **CAUSED** by man are like witch-doctors. Gee, two people eat a carrot and died within a week so carrots must be lethal. If they looked at the data from a unbiased perspective, they just might see that nature is never the same and it too moves through a cycle that guess what – preexisted before the Industrial Revolution.

Another fallacy that has had a very serious impact upon our comprehension of cycles and proper fiscal mismanagement has been that there is some mysterious "**equilibrium**" that forms a magic balancing act within the economy. It appears everywhere from concepts of full employment to the notions that taking the total debt and dividing it by the gold reserves means gold must go to \$30,000. This notion of a magical state of "**equilibrium**" arises from economics where those who construct the theories lack personal experience. The idea of "**supply and demand**" inherently creates images of balance from which "**equilibrium**" seems to have emerged, are greatly misleading. In the real world, one realized that the economy is more like one of those equilibrists who find the sweet spot of perfect balance. The idea of "**equilibrium**" is just impractical within the economy because we always over-shoot and then swing back the opposite way and under-shoot. If the state of the economy were truly balanced, we would be in the dark ages.

Adam Smith (1723-1790) who wrote the celebrated *Wealth of Nations* in 1776, states clearly: ***“Nothing, however can be more absurd than this whole doctrine of the balance of trade.”*** (Book IV, chp III, part II). If trade were perfectly balanced, there would be no progress, for the advantage of one nation creates prosperity in that nation that can come only at the expense of another. That may be a harsh statement, but it is absolutely true. It involves the capital



concentration in one nation that gives the energy for one to rise to power over another. This is also the source of bubbles in investment capital concentration. This does not mean protectionism is the answer, for that creates the Dark Age with no prosperity. However, just as Rome became the celebrated center of the ancient world, it also attracted migration. Look at London and New York. Both cities are filled with immigrants. They are attracted by the capital concentration. The vast amount of immigrants during the 19th century that migrated to the USA were on the exaggerated idea that so much gold existed in America that the streets were paved in it.



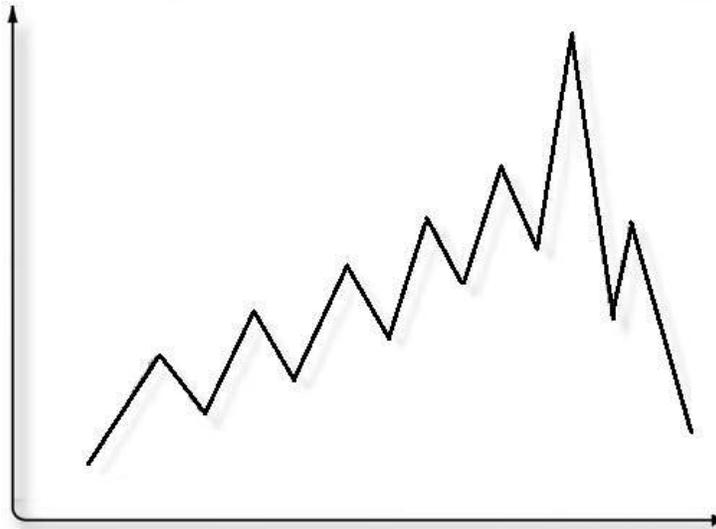
**Adam Smith
(1723-1790)**



Streets Paved with Gold

The Shape of the Wave

The Economic Confidence Model



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Since Adam Smith made it clear that everything is in a constant state of flux and nothing is balanced, for this very reason we must investigate the "shape" of the wave formations. How do these fluctuations move? How do they form since there is no perfect balance in a neat uniform perfectly balanced structured world? The shape of the wave illustrated here is a long period of oscillations that build into a major high, and then like the equilibrist who is left in an unnatural state, suddenly faces the hazardous collapse.

The shape of the wave is also not a nice steady advance or fall. It is laced with constant ups and downs and this is the energy by which it is fueled. In market terms, people try to pick the high, sell it, and then are forced to buy it back as the market advances against their position. Likewise, the same is true during the falls. People panic and sell typically into the lows, and once that low is in place, it rises back causing some to see the error of their ways and jump back in with both feet once again.

The key is the dual force like trade among nations, moves back and forth causing these reactions. This movement becomes like a sidwinding snake that moves forward, but in a zigzag fashion. It is moving forward, but in a confusing sidwinding manner. Stepping back allows you to see the snake is still moving strangely forward using the counter-balance movement of going to two extremes of the left and the right.



Sidwinding Snake

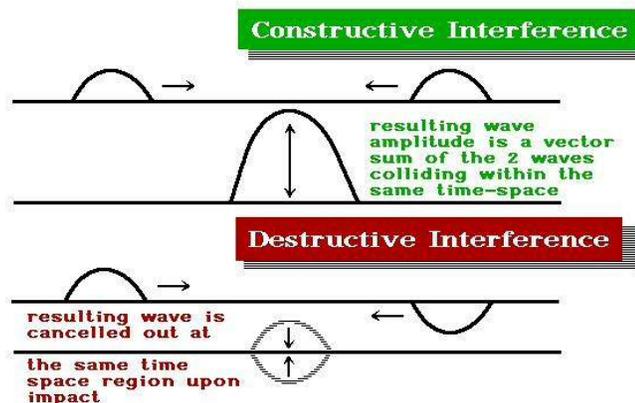
The Superposition Principle

Constructive Interference

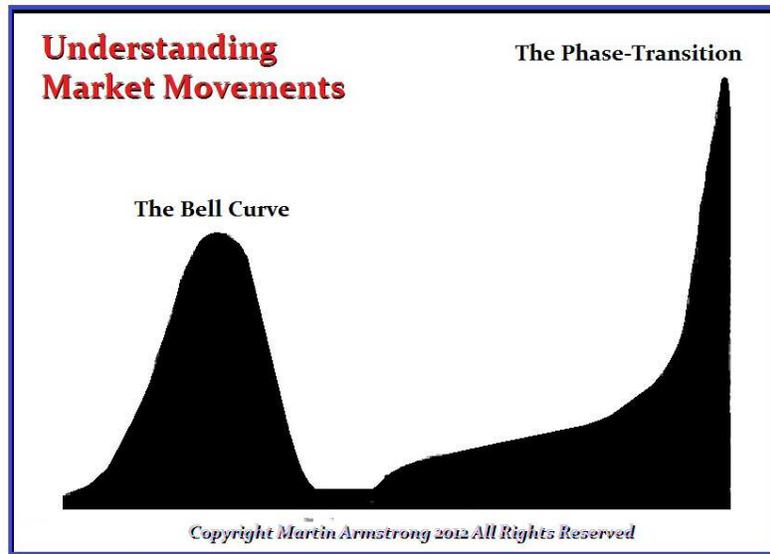


The shape of the wave illustrates the catastrophic melt-down, that appears to come from nowhere like a "great wave" or "rogue wave" in the ocean that materializes by the synchronization of many waves coming together to create constructive inference – the giant wave far bigger than normal. It is by no means a nice and orderly Bell Curve. These great waves are indeed the combination of many waves coming together from many different markets and economies. Fear of war in Europe sent capital fleeing to America for World War I and II. It was the combination of fear from so many economies that sent the dollar soaring and manifested into a giant wave we called the Roaring '20s as Britain peaked in 1914 as the Financial Capital of the World and that mantle was transferred to the United States. This is a constructive inference where the combination of many trends unites in creating a massive wave of change.

Superposition Principle



The Phase-Transition



Understanding the process of in what way a wave forms is vital to comprehending how to view the world around you. The reason the model was indeed correct in forecasting the political change in China and Russia in 1989 with the fall of Communism, the collapse of Japan from a bubble in 1989, and the financial collapse in 1998 of Russia, was simply due to the grasping the wave structure. Understanding bubbles within markets and the economy is absolutely essential. Both go through the same Phase-Transition that we see in physics. This process creates the exponential rally such as the **Mortgage Bubble** of 2007, **.Com Bubble** of 2000, the **Japan Bubble** in 1989 in the Real Estate and the Nikkei 1989, or the **Gold & Silver Bubbles** of 1980 just to mention a few. If we look closely at how these waves unfold, what we arrive at is the realization that none of these events are linear. They are bursts of energy that materialize in the final stages of the Bubble.

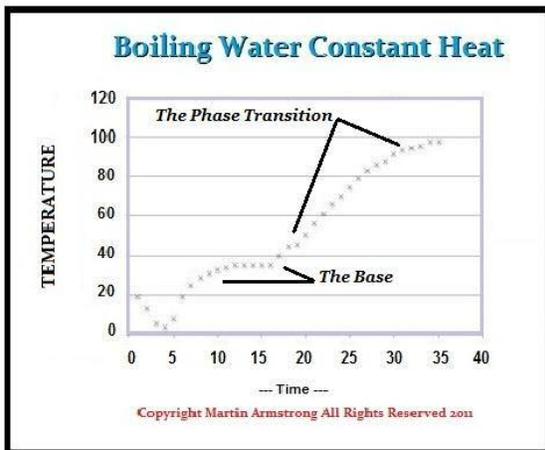
The Phase-Transition in physics functions in the same manner. The assumption that there will be some sort of a steady evenly progressive advance in a straight line (linear) is absolutely absurd. This is a transformation within a thermodynamic system from one phase or state of matter to another whereas the states of matter have uniform physical properties. However, during a Phase-Transition of a given medium, certain properties of that medium change, often discontinuously, as a result of some external condition, such as temperature or pressure. For example, a liquid may become gas upon heating to the boiling point, resulting in an abrupt change in volume. The measurement of the external conditions at which the transformation occurs is termed the Phase-Transition.

Phase-Transitions are actually common occurrences observed within nature and many engineering techniques exploit certain types of the Phase-Transition. The term is most commonly used to describe transitions between solid, liquid and gaseous states of matter, and, in rare cases, plasma. However, here I am applying it as a sudden shift in states from bearish to bullish where the majority now

overwhelmingly gathers on one side of a market. The pattern that emerges appears the same as in nature. Therefore, biological systems appear to react according to the same laws of nature when viewed in a group formation. Hence, we can plot the likely course of what the group as a whole will do, while the individual always retains the free will to wise up and leave the group whenever they disagree.

Consequently, the process of forming a bubble top is by no means linear nor does it even follow a Bell Curve but becomes an exponential move at the end blasting into a bubble-top that sucks everyone in assuming they will become rich overnight. Some have called these "Power Laws" that are essentially fractals discovered by Mandelbrot experiments discussing exponential moves upward. Some have referred to this as the science of "chaos" yet it is far from "chaos" in that it is a natural and required function within nature. Whatever you want to call them, they comply with the same formation as a Phase-Transition the causes an abrupt change in the state at a given moment.

The Phase Transition



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Let us consider water and what happens when it is heated eventually causing it to boil (changing state from liquid to gas). A pot of water progressively moves up in temperature but in a nonlinear fashion. It initially forms a base in a sideways manner from which the Phase Transition suddenly appears. The water at that moment enters a chaotic state erupting at the boiling point creating a Phase-Transition as water converting to steam. As we can see in the above illustration, it is not a linear or orderly procession. Now compare the same pattern to the Dow Jones Industrials. The based formed from the 1965 into the early 1982 for a total period of 17.2 years (2 x 8.6). Once that based was established, the market exploded in the same pattern as boiling water – the Phase-Transition from bearish to bullish.

It is critical to understand the shape of this wave formation. We are dealing with the Phase-Transition shape, not the Bell Curve models. The shape of the wave becomes paramount to comprehending what is possible and what is not. It is also how to comprehend when to sell and when to buy. If you understand the formation, then you will avoid getting sucked in to buy the high. The abrupt Phase-Transition typically lasts 3 years when forming a bubble top.



Here we can see the Phase Transition of 37.3 months between 1927 and 1929 in the Dow Jones Industrials. We can divide this into the first period divides into nearly 25 months with a 133% advance the second period is 13 months with an advance of 180% nearly doubling in value. This is how the Phase Transition works. It is the same nonlinear progression that confuses the majority of talking heads because all they do is regurgitate personal opinion that is unreliable.

Here is the Phase Transition that took place in Gold going into the 1980 high on January 21, 1980. This rocket blast from the \$410 area up to \$875 took place just in 8.6 weeks. Once again, we can see that markets do not move in a linear progressive fashion yet forecasting is never much more than whatever trend is in motion will stay in motion. As long as the general community fails to grasp **HOW** markets actually move, there is no chance in hell of ever figuring out the future.





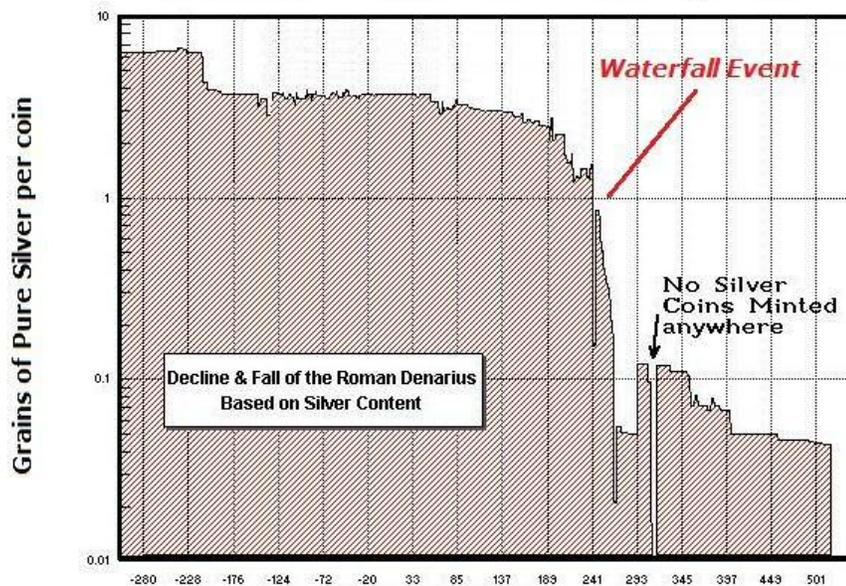
No matter what we are looking at, change does **NOT** come in a linear fashion and it is **ALWAYS** a derivative of the 8.6 frequency. It arrives always in a chaotic complex manner that ebbs and flows in a wave formation for that is how energy actually moves. Here is the Japanese Bubble in the Nikkei from 1989 looking at the monthly chart. Notice that the Phase Transition on this level is 17.2 months (2×8.6). This shows again clearly how this frequency dominates everything.

Now let's look at the same market from a weekly perspective. Notice that the major thrust here is the last 8.6 weeks. This demonstrates two important aspects: (1) that the 8.6 frequency is indeed dictating the manner and length of time that a Phase Transition takes, and (2) that the 8.6 frequency is uniform in all markets.



Collapse of the Roman Silver Monetary System

Silver Denarius Basis - 280 BC - 518 AD

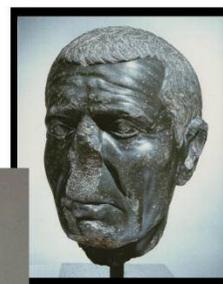


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Here is the chart on the Roman Monetary System basis the silver denarius between 280BC and 518AD. This was constructed by taking all the coinage of Rome, measuring its weight, and the metal content from a purity perspective, and plotting the changes on an annual basis. The Romans were great secretaries. Generally the coinage is dated by the pretense that the emperor was still the head of the Roman Republic. When we plot this study what emerges is far from neat steady linear progression. This is the classic chaotic pattern of an exponential Phase-Transition to the downside. This I have called the **WATERFALL EFFECT**. The data shows a rapid decline much as we would see a rapid advance in a positive Phase-Transition.

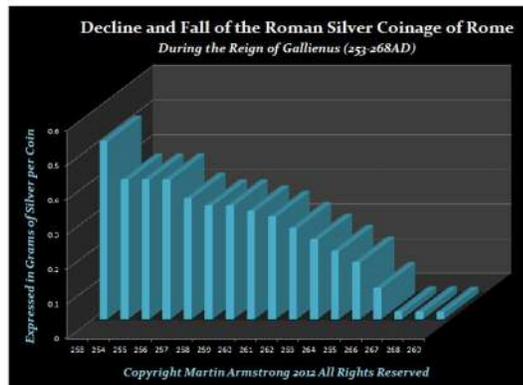
We can see the clear 224 Year Cycle of Political Change whereby the Roman Empire peaked with Marcus Aurelius in 180AD, precisely 224 years after the murder of Julius Caesar in 44BC from which the Civil War begins that leads to the Imperial Age after August in 27BC emerges as the first emperor. Note that 72 years after 180AD, we arrive at 252AD. This is where the Phase-Transition takes place marking the beginning of the reign of Gallienus (253-268AD) where the collapse of the Roman Monetary system emerges with the silver content falling for just above 50% to virtually nothing.

224 Year Cycle of Political Change 44BC- 180AD



Julius Caesar
(100-44BC)

Marcus Aurelius
(161 - 180 AD)



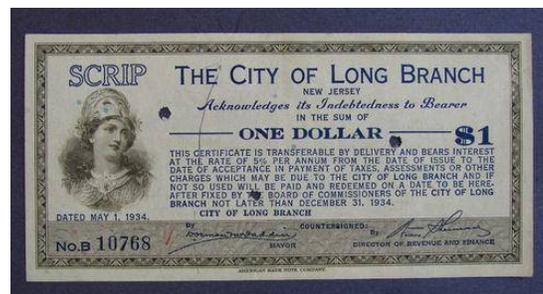
The collapse of the Roman economy was extremely swift, with the bulk of the decline taking place during the reign of Gallienus (253-268AD). After his father Valerian I (253-260AD) was captured by the Parthians, confidence in the security of the Roman Empire began to collapse. Gallienus debased the coinage rapidly so that it declined from at least a coin that was white silver appearing metal slight more than 50% pure to entirely bronze with silver plating. At the time of Valerian’s capture, the silver content was still 31.35%. It fell once again in just 8.6 years to its lowest point in 269AD. Once again, the **8.6 frequency** dominated the Phase Transition.

Silver Content	
260-269AD	
260	0.3135
261	0.297
262	0.264
263	0.231
264	0.198
265	0.165
266	0.091
267	0.022
268	0.022
269	0.021

The economic decline accompanied with the utter collapse of the currency sent the **VELOCITY** of the money crashing. Once silver disappeared from the coinage, the entire previous money supply was simply hoarded. In other words, this becomes Gresham’s Law – bad money drive out good. He made that comment as his observation of what happened when King Henry VIII (1509-1547) of England significantly debased the silver currency and revalued gold upward twice.



When coinage was money, any debasement caused the old coinage to be hoarded shrinking the money supply. Similarly, we also saw a contraction in the money supply which took place in the United States during the Great Depression. Money became so scarce in the United States that cities created their own local currencies. This is what takes place whenever there is a sudden shock to the monetary system that causes money to be hoarded and thus contracting the money supply causing a drastic shrinkage.



1964 / 1965 United States Silver Demonetization



This was the last year that silver was used to mint coinage in the United States whereby the silver content was 90% now valued at \$2.1.

A blend of copper and nickel covering a copper core in this case. The value of the metal in this coin is now 2 cents.

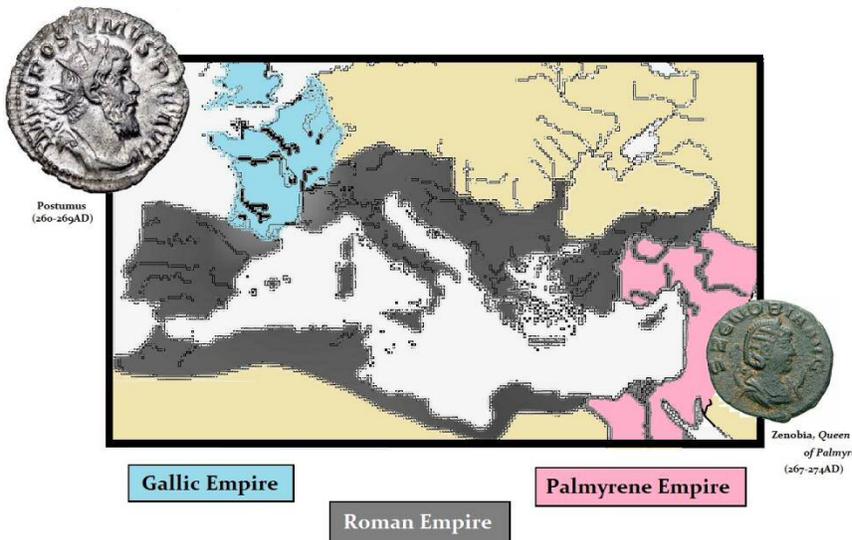
Similar events took place following 1964 when silver officially demonetized and was removed from the coinage of the United States and all western economies. The silver coinage was replaced with a blend of copper nickel. This caused immediate hoarding of silver coinage that rapidly vanished from circulation. This is taking place once again with the penny that Canada stopped minting and the United States altered the composition in 1982. Beginning in 1983, the once copper penny became 97.5% zinc. Once again, as the outstanding money supply becomes worth more than the current, the older coinage becomes hoarded shrinking the available money supply overall.

1983 Debasement of the US Penny



The Lincoln Memorial penny dated 1982 or before is made of 95% copper. If the date is 1983 or later, it is made of 97.5% zinc and plated with a thin copper coating. Copper pennies weigh 3.11 grams, whereas the zinc pennies weigh only 2.5 grams.

Another important consequence of debasement on a massive scale as took place in Rome during the reign of Gallienus was the rise of political unrest whereby rebels appeared in Britain, Gaul and Spain causing that region to secede from the Empire creating the Gallic Empire. The leader was Postumus (260-269AD). His secession prompted Zenobia (267-274AD) Queen of Palmyra to also break-away and for her own empire in the east. This breakup of the Roman Empire was the direct consequence of the collapse in the monetary system. As Gallienus needed more money to pay troops, he simply kept debasing the coinage. He effectively defaulted on the pensions.



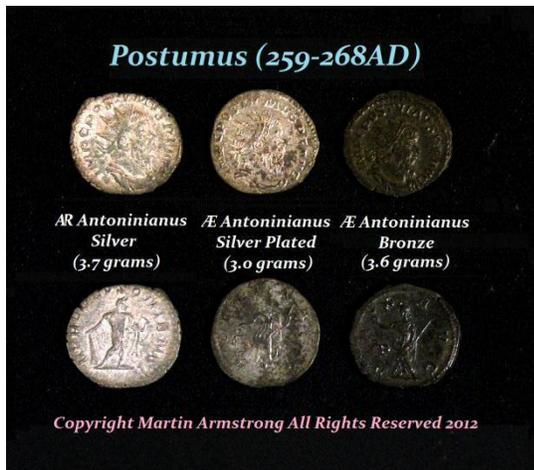


Gallienus (253-268AD)

Even the gold coinage was significantly reduced in weight. The gold Aureus dropped from 3.69 grams to 1.85 grams. Nevertheless, the debasement of the silver coinage by Gallienus was simply massive. Pictured here is the once silver denomination and how they appeared on a year by year basis. There is little doubt that this had a profound impact upon the entire empire.



Postumus (259-268AD)
"Restitutor Galliar"
the restorer of Gall



The impact of this massive debasement is reflected in the coinage of Postumus (259-260AD). Here we see Postumus pictured as the great restorer of normalcy illustrating the seriousness of the economic collapse at that time. Nonetheless, Postumus could not singlehandedly fight the debasement of Rome. He tried at first to maintain the silver content within the coinage. However, producing coinage that was of a higher metal content than that of Rome only led to hoarding within the Gallic empire. Hence, he too was forced to debase the coinage or what everything be exported.



Laelianus (269AD)

The debasement of Postumus merely set the stage for a coup whereby he was eventually murdered by his own troops. Postumus 269AD with the army quite unhappy with his decision not to march on Rome. This led to a usurper in early 269AD, Laelianus, who was one of his top military leaders and the governor of Germania Superior. Laelianus was declared emperor in Mogontiacum (modern Mainz) by the local garrison

and surrounding troops (Legio XXII Primigenia). Postumus quickly defeated Laelianus killing him. However, the troops demanded the right to sack the city which was a way for them to profit. When Postumus denied them that privilege, they turned on him and killed him.



Marcus Aurelius Marius (268 AD)

Upon the murder of Postumus, the troops hailed a blacksmith named Marius (268/269AD) to succeed Postumus. His first decision was to allow the troops to sack the city of Moguntiacum. He then moved to



Victorinus (268 - 270AD)

Augusta

Treverorum (modern Trier) where his reign lasted no more than two or three months. Postumus' praetorian prefect Victorinus (268/69-270AD) had Marius killed in the middle of 268AD.

Once again, notice the repetitive pattern of cyclical behavior. Once more, 72 years from the peak on the 224-Year Cycle of Political Change in 180AD, we come to

the monetary collapse that begins in 252AD. As always, someone comes forward to resurrect what use to be. Ronald Reagan and Margaret Thatcher appeared in 1979/1980 when the USA and Britain were demoralized. In Rome, we see a slight recovery displayed in the chart of the Monetary System beginning with Aurelianus (270-275AD) who accepts the debasement, tries to more formally institutionalize it by



Post-Reform XXI

Post-Reform KA

improving the outward appearance of the coinage by the formally marking both the silver content (XXI or Greek KA meaning 1.20th silver) and introducing



Aurelianus (270-275AD)

Antoninianus

Pre-Reform

Post-Reform

mint marks so that everyone knew who produced it. To this day, even the United States still employs the Aurelian practice of displaying the mint mark on coins to show where they were made as "D" indicates the coin was minted in Denver, Colorado.



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Probus (276-282AD)

There are three major consequences that emerge from the Monetary System Collapse. **First** the army became very independent and demanding, which led to a chaotic period with many short-lived emperors appearing supported by his local troops. The weakness of Rome invited the invasions of the barbarians. Tacitus (275-276AD) was seventy-five years of age at the time he assumed the throne. He defeated the Goths in the field but it proved to be too much of a strain and he died. He was succeeded by his brother Florianus (276AD) but the legions of the East nominated Probus (276-282AD) and they met on the battle field yet Florianus' legions murdered him and joined Probus. There were three uprisings with troops supporting Bonosus (280AD), Saturninus (280AD), and Proculus (280AD) all of whom were defeated by Probus. Nonetheless, a fourth usurper appeared, Carus (282-283AD), and Probus sent some troops against him, but when those troops changed sides and supported Carus, Probus' remaining soldiers assassinated since they were disgruntled over orders to be employed for civic construction purposes, like draining marshes. Carus then raised his sons to the throne trying to establish a dynasty. They were Numerian (283-284AD) and Carinus (283-285AD). However, Carus was killed by lightning in his camp near Ctesiphon (ancient capital of Parthians in Iran) late in 283 AD after defeating the Persians. Numerian on his return home was discovered dead – murdered while in his litter. Upon the death of Carus, Julian of Pannonia (284-285AD) Pannonia (Balkans) gathered his forces and marched against Rome and its unpopular emperor in 284 AD. Julian was met by Carinus near Verona early in 285 AD. Being greatly outnumbered, Julian was defeated and slain. With Numerian dead, the troops hailed Diocletian (284-305 AD) emperor and now he also marched against Carinus.



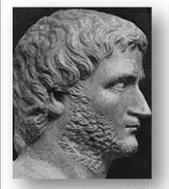
Aurelianus (270-275AD)
 Æ Dupondius (Facing Radiate Sol)

Secondly, the economic decline caused the real rise in Christianity.

Religion was under attack for people prayed to their gods and nothing took place. It is during this period where we begin to see the Roman god Sol (sun god whom the statue of liberty is modeled after) rise in popularity. Officially the state began to raise Sol as almost a supreme god in competition with the rising of Christianity. Sol is pictured on coins of Aurelianus (270-275) and Probus (276-282D). It will be during the reign of Diocletian (284-305AD) that we see an aggressive campaign to persecute the

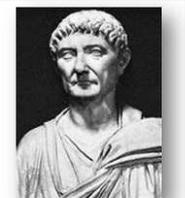
Christians. This would set the stage for Constantine the Great (309-337AD) to make Christianity the official state religion.

Reform of the Roman Monetary System 292AD

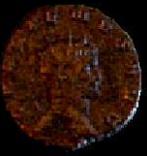


Gallienus (258-268AD)

The Collapse of the Roman Silver Monetary System during the 3rd century did not destroy Rome. It led to tremendous political upheaval, civil war, and the worst Christian persecutions. The Monetary Reform that followed the collapse took place under Diocletian (284-305AD). He reintroduced fine silver coinage known as the Argentius.



Diocletian (284-305AD)



*Bronze Debased
Double Denarius Antoninianus*

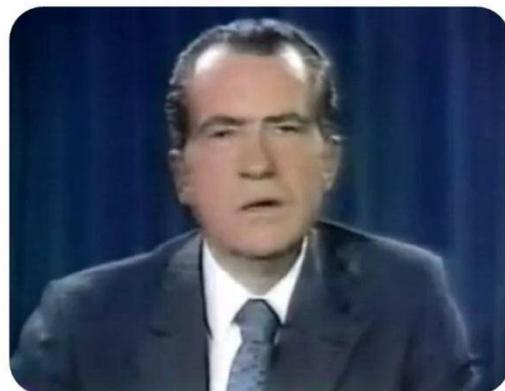


Silver Argentius



A new silver argentius was issued with about the same weight and fineness of that of the denarii during the reign of Nero - 96 to the pound (3.41 grams)

It was the Reign of Diocletian who resorted by major intervention politically and economically, not merely introducing a new silver coinage entirely, but he tackled the pervasion inflation by imposing wage and price controls, restrictions upon employment, as well as freedom of movement. President Nixon resorted to wage and prices controls when inflation soared after the abandonment of the gold standard in 1971. Obama has adopted the most aggressive attack upon capital stripping the freedoms of American citizens all to sustain the power of the state. So we see, for as much as things appear to change through the eyes of progress, they remain fundamentally unchanged insofar as how human response unfolds to specific geopolitical and economic events.



**Nixon closes the Gold Window
August 15th, 1971 Beginning
the Floating Exchange Rate System**

Diocletian embarked on legal reform whereby judicial records became verbatim accounts of what was said in trial, making it easier to determine bias or improper conduct on the part of the governor. He codified the legal precedents since the time of Hadrian (117-138AD). In the area of tax reform, during the days before 235AD, the Roman government paid for what it needed by requisitioning (forced purchase) the supplies it needed as it marched. However, beginning with Maximinus I (235-238AD), the government



Diocletian (284-305AD)

resorted to simply seizure of whatever it needed. The right to property vanished as Maximinus I declared all wealth belonged to the state. Requisition/Seizure simply became the custom. Diocletian converted requisition into a formal tax. He introduced an extensive new tax system based on heads (*capita*) and land (*iuga*) and tied this to a new, regular census of the Empire's population and wealth – the first real **Doomsday Book**. The Brits called this same action in 1085 by William the Conqueror (c. 1028; King of England 1066–1087) who, according to the Anglo-Saxon Chronicle, send men all over England to find out how much each landholder possessed in land and livestock for tax purposes. Diocletian had also sent census officials who traveled throughout every part of the Empire,

taking a census of the people as well as assessing the value of labor and land for each landowner. He joined the landowners' totals together to make city-wide total of *capita* and *iuga*. The *iugum* varied according to the type of land and crop providing a more efficient perspective of its productive capacity that included the amount of labor necessary for sustenance. The *caput* was not consistent either: women, for instance, were often valued at half a caput, and sometimes at other values. Cities provided animals, money, and manpower in proportion to its capita, and grain in proportion to its *iuga*.

The political reforms were most interesting. Diocletian was the first Emperor to retire. In an effort to reestablish political stability eliminating the constant rising of usurpers, Diocletian created the Tetrarchy that was a political system whereby the



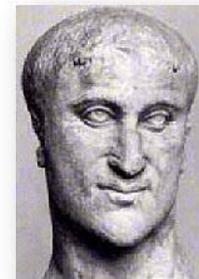
"Tetrarchy"

empire would be divided in two with two joint ruling Emperors or Augusti and they would each have a Caesar (heir apparent) chosen by the opposite ruler. This system was to prevent usurpations effectively dividing the empire into four manageable regions. The two emperors would retire and then the Caesars would advance to emperor picking the new Caesar for their join-co-emperor. Diocletian's co-emperor was Maximian (286-305AD) who would later come out of retirement missing the power.



Maximian (286-305AD)
(2nd Reign 306-308AD)

The two Caesars were Constantius I Chlorus (white) who served 293-305AD and was then



Constantius I Chlorus
Caesar 293-305AD
August 305-306AD



Galerius
(305-311 AD)

elevated to emperor but died shortly thereafter 305-306AD. He was the father of Constantine I the Great (Caesar 306-307; Augustus 308-337AD).

The second Caesar was Galerius (Caesar 293-305AD; Augustus 305-311AD). Upon his ascension to the throne the next Caesar was Severus II (Caesar 305-307AD; Augustus 306-307AD) in the West and in the East it was Galerius Maximinus II (Caesar 305-308AD; Augustus 309-313AD). There was already a power

struggle developing for both nominees for Caesar were selected by Galerius breaking the design of the Tetrarchy. When Constantius I died at York in England on July 25th, 306AD, the troops proclaimed his son emperor – Constantine I, the Great. Galerius was enraged for Constantine I was very popular. To avoid a civil war, Galerius elevated Severus II to Augustus and made Constantine I, Caesar.



Maxentius (306-312AD)
as first Princeps *as Augustus*

Then a tax rebellion broke out in Rome, which had always enjoyed tax-free status from the days of the

Punic Wars. Rumors spread in Rome that the emperors intended to subject the Roman population in the city to the capitation tax removing its tax-free status. The mob wanted to dissolve the remains of the Praetorian Guard which were still stationed at Rome. In the middle of this tax rebellion, a group of officers of the city's garrisons turned to Maxentius asking him to accept the imperial mantle, according to Zosimus. Like Constantine, Maxentius was the son of former emperor Maximinus I. Maxentius accepted the honor, promised donations to the city's troops, and was then publicly acclaimed emperor on October 28th, 306AD. Maxentius



Basilica of Maxentius, Roman Forum
Constructed 308-312AD)

(306-312AD) was initially proclaimed first **Princeps** (Prince), apparently reluctant to assume the title of Emperor. He then graduated to the rank of Caesar, and then Augustus all in rapid succession during 306AD. Maxentius fortified northern Italy against potential invasions, but he also recognized the growing ranks of Christians. He not only allowed them to elect a new Bishop of Rome, Eusebius, he began the construction of the first Christian church in Rome – the **Basilica of Maxentius**.

Maxentius' son Romulus died and he not merely struck coins posthumously in his name, he also built the **Temple of Romulus** in the Roman Forum on the Via Sacra, which still stands today. This usurpation became much more serious when he invited his father to return as co-emperor, which he did eagerly in 306AD.



Temple of Romulus, Roman Forum, Via Sacra

Maxentius was more concerned about an attack from the East and stationed an army in Verona. Constantine was in the West with a much smaller force. Maxentius had gathered forces from Africa, Praetorians, and with the troops he had taken from Severus. In total, Maxentius had assembled an army of nearly 100,000 soldiers to defend against Constantine. In the late spring of 312AD, Constantine crossed the Alps with about 40,000 men. He first confronted the city of Segusium (Susa, Italy), and ordered his forces to set its gates on fire and scale its walls taking the town quickly. However, he wisely forbids his troops to sack the city. This clemency made him popular and as he approached the city of Augusta Taurinorum (Turin, Italy), he defeated Maxentius' cavalry. Turin refused to give refuge to the retreating forces of Maxentius and instead opened its gates to Constantine. Other cities of the north Italian were switching now to Constantine.

The famous **Battle of the Milvian Bridge** was perhaps Constantine's most brilliant strategy. Maxentius could have remained inside Rome as he previously defeated both Severus and Galerius. Probably because Maxentius outnumbered Constantine, he left the safety of the city walls and approached Constantine near the Milvian Bridge on October 28th, 312. The accounts attribute this battle to great divine intervention. However, Maxentius had built the first Christian church in Rome. The majority of his forces would have been Christians by this time. Clearly, if the claims of Constantine displaying Christian crosses on his army are correct, it would have been a brilliant strategy to disrupt the troops of



Maxentius
(306-312AD)

Maxentius when they saw Christian symbols on the opposing forces. Christian accounts of Lactantius and Eusebius of Caesarea, claims that Constantine fought under the labarum in that battle, revealed to him in a dream. Of the battle itself, not much is known. Apparently, Maxentius' troops retreated to the Tiber River and in the chaos Maxentius is said to have fallen into the River and drowned. His body was found the next day and paraded through the city. Yet, the regalia of Maxentius has been recently discovered in 2006 buried on the Palatine Hill to prevent Constantine from winning the prize. It is the only regalia of a Roman Emperor to have survived. The most fascinating aspect of this is the top is a **Blue Orb** representing the **ROUND** globe of the Earth – not flat.

Constantine I used Christianity as the excuse to dismantle the Tetrarchy under the principle that there is one God and therefore there should be just one Emperor on Earth. He also plundered all other religions and temples seizing all the wealth that they possessed. He was finally baptized only on his deathbed, which gives some question as to if he ever had a real vision of the cross in the sky. The other side of the coin suggests that he may have waited to be baptized before death as a means to forgive all his sins of the past. Of course, there would have been a lot of risk associated with that strategy concerning sudden death.

Constantine I moved the capital from Rome to the East founding Constantinople in 330AD (modern Istanbul, Turkey). Upon Constantine's death, there was the famous Midnight Massacre where all relatives who were descended from the second marriage of Constantine's father were slaughtered in the palace. The massacre was ordered by Constantius I who had killed two of his uncles and six of his cousins.



Æ3 Constantinopolis Head Left
Victory mint mark "CONS"
Commemorating the Opening of Constantinople

The Roman Empire was once again divided among the three sons of Constantine I. Constantine II (337-340AD) was just 18 and was given Spain, Gaul (France), and Britain – the old Gallic Empire. Constans (337-350AD) was the youngest being just 17. He received Italy, Africa, and the Balkans. Constantius II (337-361AD) was 20 years old and he received all of the Eastern territories.



Visigothic king Alaric
Sacks Rome in 410

The 224-Year Cycle of Political Change peaked in 404AD, which was the precise year when the very last gladiatorial match took place in the Coliseum in Rome, on January 1st. It was at this time that a monk was stoned to death in the arena for trying to stop the games. His name was Saint Telemachus. Nevertheless, the fate of Rome was now cast. This cycle turned downward now for 72 years and it would indeed conclude with the very last Roman Emperor in 476AD.

This was the reign of Honorius (395-423AD). The city of Rome was invaded and sacked in 410AD for the first time since the early Republican days of the Gauls. They were people known as the Visigoths of Spain lead by Alaric who looted the Roman treasury and sacked the city itself. One can only imagine what power Alaric must have felt at this momentous instant invading the citadel of the earth,

former terror of kings, and ruler of the Western world.

Nevertheless, this first of three sackings of Rome was followed by the Hun invasion. Attila did not become king of the Huns until 434AD. But the invasion of the Roman Empire by the Huns preceded Attila taking the throne. In 452AD Attila stood at the gate of Rome itself. It was the courageous Pope Leo I (c. 391; Pope 440-461) known as Leo the Great who was the Bishop of



The Meeting of Pope Leo I and Attila in 452AD
 by Francesco Solimena (1657-1747)

Rome. According to Prosper of Aquitaine, Attila was so impressed by Leo that he withdrew. Jordanes says that Attila was afraid of sharing the fate of the Visigothic king Alaric, who died shortly after sacking Rome in 410AD. Unfortunately Leo's intercession with Attila perhaps worked, but the fate of Rome was

sealed. It would be sacked three times before it would be left as a hollow shell nothing more than a distant memory of ancient greatness – the terror of kings. Its forum fit now for the rummaging of pigs. This one citadel of the earth had fallen lying prostrate before the memories of time and circumstance.



Vandals of North Africa - the second sacking of Rome in 455AD

In 455AD, the second sacking of Rome took place by the Vandals of North Africa. This was so pervasive even ripping the copper roofs off of buildings that to this day we refer to defacing and destroying buildings and infrastructure as someone vandalized it.



This wave formation then declined for 72 years bringing us to the very fall of Rome and the last of the Roman Emperors in the West – Romulus Augustus (475-476AD). The third sack of Rome would take place in the next wave during 546AD carried out by the Gothic king Totila during the Gothic War of 535–554AD between the Ostrogoths and the Byzantine Empire. The Normans also sacked Rome in 1084AD.

This 224-Year Cycle functions in two manners. It first functions from the composite of the history of civilization that will take us right up to 1972 and the start of the Floating Exchange Rate System. However, it will also function from the birth of any nation to see if that lines up with the World 224-Year Cycle of Political Change. Looking to the East, that portion of the Roman Empire began when Constantine decided to move the capital to the ancient city of Byzantium and officially declared his new

capital Constantinople in 330 AD. Construction was at least initially completed by 333AD, yet some major landmarks like the Hagia Sophia built by Justinian I in the 530's still stand today.

The turning points on the 224 Year Cycle of Political Change measured from the birth of Constantinople were 333, 557, 781, 1005, 1229, and 1453. The Byzantine Empire thus lasted from the construction of Constantinople 5 Cycle Waves. It was precisely on target in 1453 that the city fell to the Turks and became the new Ottoman Empire. This precise peak for 1453 was so significant; we forget that the ripple effect of the fall of Byzantium was the entire catalyst that gave birth to our modern society.

We have often forgotten that it was the collapse of Constantinople that led to the flight of scholars taking with them all the books of knowledge back to the Roman and Greek times that created schools in Rome and sparked the entire Renaissance. Even in Russia, it was the fall of Constantinople that led to the flight of scholars and royal family members that created much of the culture of Russia. The sheer scope of the Byzantine Empire in its longevity was astonishing. There were many economic crisis that unfolded, wars, plagues, and political coups. But it reinvented itself time and again. In fact, while Constantine renamed the city Constantinople in 330AD, the first peak on the 224 Year Cycle came in 557 AD. Indeed, the political tensions developed into a two party system that clashed into street brawls. The antigovernment riots did reach a chaotic state in 532AD where much of the city was left in ruin. It was from this riot, that the Hagia Sophia was built much like the Empire State Building became the symbol of rebirth and hope during the Great Depression.

The Crusades

First Crusade - Second Crusade - Third Crusade - Fourth Crusade

1096 - 1099 1147 - 1149 1189 - 1192 1202 - 1204

When we look at the crusades, we see one 51.6 year wave took place between the **First** and **Second** Crusades. While the **Third** Crusade was a failure and a prelude to the **Fourth**, it was the **Fourth** that began about 51.6 years after the **Second** that finally ended in the whole crusade effort about 72 years later from the year 1200.

There was also the **Children's Crusade** of 1212 where thousands of children from France and Germany believed God would part the Mediterranean Sea and allow them to walk directly to Jerusalem. Many died on route to the sea and those that did arrive were disappointed when their expected miracle did not happen. Some survivors returned in shame. Others were determined and tried to go to Jerusalem by ship. Many were merely captured by the Muslims, and sold into slavery.

The so called **Fifth Crusade** (1217-1221) only amounted to the capture of Damietta in Egypt and the **Sixth Crusade** was led by Emperor Frederick II of the Holy Roman Empire (1228-1229), which finally compelled the Muslims to turnover Jerusalem at that time. However, the Muslims merely seized the city once again in 1244. This was followed by the **Seventh Crusade** led by Louis IX of France who became

known as St Louis (1248-1254), who was captured by the Muslims and ransomed. Louis returned to lead the **Eighth Crusade** in 1270 that captured Tunis, but he died shortly thereafter.

The examples are numerous, but what we find is a complex dance of cyclical activity forming different



Fall of Constantinople - Tuesday, May 29th, 1453

wave lengths and creating different effects. Nevertheless, note the strange appearance of the 72 year cycle that dictates the decline from the 224 year highs. This is a harmonic of the volatility wave that confines the outer-boundaries.

Constantinople would continue for three more waves and then be itself reduced to a mere city state to finally fall to the Ottoman Empire in 1453. The peak of the next was 628AD, and this was the precise year that Mohammad sent letters to the king of Persia, the Governor of Egypt, the Prince of Abyssinia, and the Emperor of the Byzantine Empire in

Constantinople inviting them to embrace Islam. The King of Persia is said to have received it with great contempt and torn it up. The Byzantine Emperor Heraclius (613-638AD) was said to have accepted it with respect but dismissed its contents. The Governor of Egypt is also said to have received it with respect, but declined to change his religion.

The peak of the next wave in 852AD marked the end of the Dynasty of Charlemagne. Lothaire I (823-855AD), the son of Charlemagne, died in 855AD and we really do not see any true king of France emerge until the bottom of the cycle in 924 when Raoul (King of France) 923-936AD appears. During this wave we see the rise of the Holy Roman Empire. In 962 Otto I (912-973AD) the Great was crowned Holy Roman Emperor (Latin: **Imperator Romanus Sacer**), although the Roman imperial title was first restored to Charlemagne by Pope Leo III in 800AD. In reality, Otto was the first emperor of the realm who was not a member of the earlier Carolingian dynasty. This wave peaked in 1076AD. That was the year when Henry IV (1050-1106) of Germany and Holy Roman Emperor fires Pope Gregory VII (1073-1085) and the Pope responds by excommunicating the King. This was the beginning of the Investiture struggle for the Catholic Church to break away from the manipulation of kings.



**Heraclius & Heraclius Constantine
AU Solius (613 - 638AD)**

Debasement of Byzantine Gold 1068-1092



During the 72 year decline, this is when First Crusade (1096–1099) begins on the request for aid by the Byzantine Emperor Alexis I (b 1056; 1081-1118). The Crusades begin as a military expedition by Roman Catholic Europe to regain the Holy Lands that had been conquered by the Muslims who overran the Levant (632–661) (Syria). Ultimately, the First Crusade resulted in the recapture of Jerusalem in 1099. But as this wave turned down, so did the fortunes for the Byzantine Empire. Their coinage had been the foundation of commerce even in Europe. Their gold coins were stable and simply called the Byzant. But there was a Great Monetary Crisis in 1092 for the Muslim had captured most of North Africa cutting off the supply of gold to Byzantium. It was during this time that gold coinage was severely debased. By the bottom of this wave we arrive at the Second Crusade when the Europeans laid siege to Damascus in the Levant during the year 1148.

The next wave turns up in 1148 and reaches a peak in 1300. It is during this wave that we see further strides of kings to gather revenue. Both the kings of France and England began seizing the assets of Italian bankers. The Catholic Church was seized by France under Philip IV (*le Bel*) (1285-1314) and the church is then moved to Avignon. Philip arrested Jews so that he could seize their assets to accommodate the inflated costs of modern warfare. He expelled 100,000 of them from France on July 22nd, 1306. Philip was faced with a massive financial crisis, partially inherited from his father's war against Aragon, but mostly with his war against the English and their allies in Flanders. He arrested just about anyone he had owed money to and virtually destroyed the banking system of Europe. Philip also debased the coinage reducing the silver content by nearly 66%. He succeeded in creating a financial crisis that led to widespread rioting in Paris. He was forced to flee seeking refuge in the Paris Temple - headquarters of the Knights Templar.



Philip was condemned by Pope Boniface VIII for his spendthrift lifestyle. When he also levied taxes on the French clergy of one half their annual income he now crossed the line causing the papacy to issue the Bull ***Clericis laicos***, forbidding the transference of any church property to the French Crown. Philip now turned his eyes to the church. In order to condemn the pope, Philip convoked an assembly of bishops, nobles and grand bourgeois of Paris. Philip strong-armed everyone and sent his agent William Nogaret to arrest the Pope at Anagni. He had his stooge, the French archbishop Bertrand de Goth, elected pope as Clement V and the

official seat of the papacy he then moved from Rome to Avignon. Philip IV then controlled the church and all its wealth. He then instructed his stooge to seize the Knights Templar and robed all their wealth and funds that had been stored for others as bankers for Europe.



With the Papacy effectively destroyed, the Byzantine Empire was reduced to not much more than a vassal state of Europe controlled by Venice in 1204. For the first time we begin to see gold coinage reappear in Europe during the 13th century. As this wave turns down, the Black Death then appears with the first round hitting between 1348 and 1350, killing about half of the population of Europe. This wave bottoms in 1372 and from there onward we begin to see the rise of capitalism as labor becomes in short supply and wages begin to reappear. This wave is then marked by rising political tension with tax revolts emerging in England and France. We also see the captivity of the Catholic Church come to an end after being in Avignon from 1309 to 1376.

The next wave peaks in 1524. This is the very year when Giovanni da Verrazzano (1485–1528) begin his voyage seeking a passage to China. Constantinople collapsed in 1453 and scholars fled to Rome starting schools. They came with the ancient knowledge that the world was not flat but round just as Maxentius’

scepter had symbolized. It was this knowledge and maps that gave Christopher Columbus (1451–1506) the courage to set sail in 1492. However, as this wave turned down into 1596, on May 26th that year, England, France, and Netherlands signed the Drievoudig Covenant against Spain. The lines were now drawn.

It was at this point in time during the 16th century when gold and silver began to pour into Spain from the Americas. The huge influx of gold and silver began to create massive inflation throughout Europe and this wave turned down from 1524 into 1596. Prices rose across the board. It was at this time that we also begin to see people making the observation that there was a connection between the inflow of precious metals increasing their supply dramatically and the rise in prices. We begin to see the first formulations of an economic theory that became known as the ***Crude Quantity Theory of Money***. The statistics available are well documented. They allow us to test this theory that the overall price level within the economy of goods and services rises with the related increase in the amount of money within circulation. There are no statistics with respect to the exportation of precious metals from Spain into Europe. However, it is well established that many of the dock workers in Spain were actually Frenchmen. We also do not know what portion of the precious metals found their way into jewelry rather than coin. Nonetheless, the statistics that are available allow a crude test of the crude quantity theory of money.

King Philip II went bankrupt in 1575, and his unpaid troops in the Netherlands mutinied and sacked the city of Antwerp at the end of 1576. In 1577 the king borrowed 5 million more ducats from Genoese bankers, and the result was that from 1578 the Spanish supply route for money went back to Alva's route through Genoa, for shipment to Italian bankers who in turn shipped money to Alva in the Netherlands. The soldiers in the Netherlands always demanded gold coins in payment, because they could carry them more easily than silver; so the Genoese exchanged silver for gold when they had to. Perhaps 6 million ducats or crowns a year were shipped from Spain to ports in Italy from 1584 to 1600, for example: one convoy transported 2,200,000 crowns in June 1598. Probably the Great Armada that finally sailed so ineffectively against England in 1588 was an expression of frustration over the strategic stranglehold that required this expensive roundabout supply route to the Netherlands.

Between 1580 and 1626, the Spanish government spent more money in the Netherlands than it did in Spain, amounting to some 2500 tonnes of silver and gold. The money returning from the Americas was shipped through the Mediterranean and thus the northern ports declined as Mediterranean trade rather than North Atlantic trade, flourished. Genoa in particular became the major bankers to Spain and it rose to the major financial center of the Mediterranean.

Between 1503 and 1660, some 447 million pesos were imported into Spain. The Spanish Crown received about 117 million pesos while about 330 million went to private owners who were financed by the bankers of Genoa and later Germany. Spanish merchants, like the Crown, actually did not benefit from the New World riches as strange as that may sound. They borrowed way too much and most of their profits went to interest and insurance. In 1600 the most prosperous merchants in Seville were actually not Spanish but Italian from Genoese and even the Flemish. The most prosperous merchants in the Philippines at Manila were Chinese rather than Spanish.

The New World money that poured into Spain was really squandered having a very good time. There was no advancement in Spanish trade, industry, or even money spent on public works. What money did not go to the bankers was poured into military campaigns that were largely unsuccessful. Spain launched its famous Armada in 1588 to overthrow the Protestant Queen Elizabeth I (b 1533; 1558-1603) of England. That loss was devastating - 130 ships had set sail, yet only about 50 returned. While Spain was perceived to be the dominant military power of Western Europe for a century, they successfully reduced themselves to a third world country between their debts and fiscal mismanagement.

The money that Spain imported from America was squandered. The Spanish used the money from the New World to export misery and national wealth, instead of investing in industry and trade. In the end the money was wasted. The Spanish also failed to crush the Dutch in a long, bitter, brutal war, and they did no better in the various Hapsburg adventures against the French. The bullion that was shipped to Spain left as fast as it had arrived paying debts. The Spanish kings became the most fiscally irresponsible managers of national wealth perhaps in history. The legacy of Philip II (b 1527; 1556-1598) was a nation with a large income, no money, and a massive national debt. Spain became a serial defaulter beginning in 1557 followed by 1570, 1575, 1596, 1607, and 1647. Despite all their wealth, they could not cover their own borrowings.



Phillip II (1556–1598) (Mint: Seville, Spain)
cob 2 escudos, assayer B, 6.7 grams

The Italians were profiting tremendously until Spain began to default wiping out the Italian bankers. It was a very strange dynamic imbalance economically where a nation could earn so much wealth and not have a penny to show for it at the end of the day. By the late 17th century, Spain simply collapsed with its last default in 1647 wiping out the German bankers. The bullion supply from the New World began to decline after 1623. A series of military defeats were only followed by more wars against Portugal and France. By 1650 there was hardly any silver coinage that could be found in Spain. The money supply shrank to largely domestic copper coins and silver was now starting to go for a premium. The situation continually worsened until about 1680 when even the horses in the royal stables had to be killed because there was no money to feed them.

Spain was clearly a basket-case. Louis XIV (b 1638; 1661-1715) was known as the Sun King who squandered his wealth building Versailles, seized the opportunity for further expansion of his power by invading the Spanish Netherlands. He now humiliated Spain, but for two centuries that region merely sucked capital from Spain. France would also become temporarily bankrupted by Louis' wars.



Philip V (1700-1724)

Spanish Fleet of 1715 Shipwreck Set

*8, 4, 2, 1, Escudos Cob type
struck in Mexico 1714-32 all dated 1714*

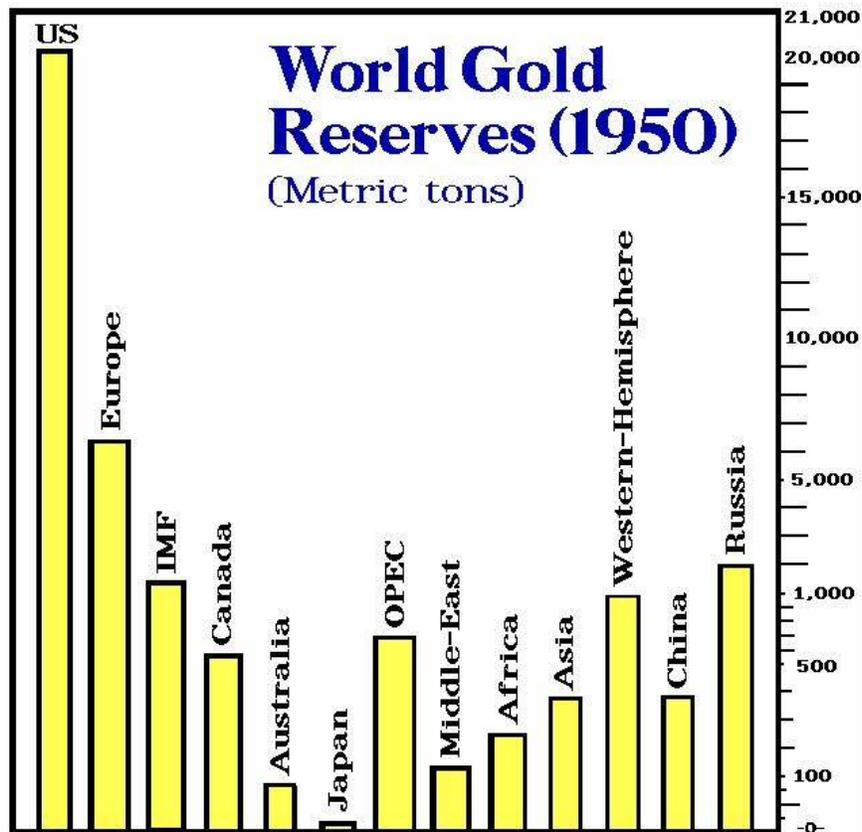
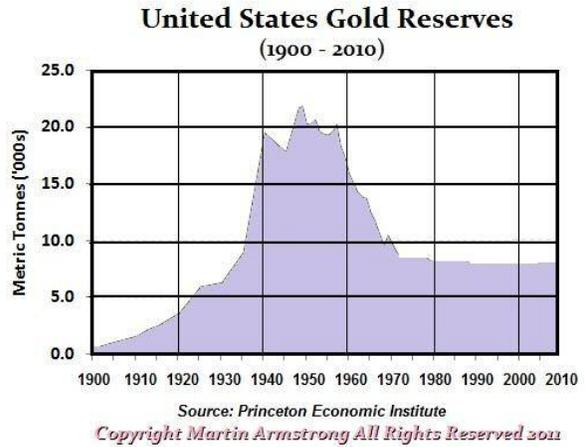
Spain simply never recovered its former military position or glory. From 1770, great new silver mines in Mexico were discovered and began shipping huge quantities of bullion once again that were on nearly the same scale as those from Potosí 200 years before. However, this time the European economies were expanding and the new imports of money were absorbed without the drastic inflationary effect. The difference was world trade and industry were flourishing compare to the isolated domestic world of the 16th century. This stark difference illustrated that a larger global economy could handle a sharp increase in money supply without dramatic inflation. The theory of a pure increase in money supply produces a one-for-one rise in inflation did not stand the test of time and fact.

This wave peaked in 1748 the very year that England, Netherlands, Austria, and Sardinia signed an anti-French treaty. Riots broke out in Amsterdam on June 28th that year leaving over 200 people killed. The French troops conquered Maastricht in the war of Austrian Succession. As this wave turns down into 1820, we have the American Revolution, French Revolution, and the defeat of Napoleon culminating in the War of 1812 between Britain and the United States.

Spanish Imports of Precious Metals in Tonnes

Time Frame	GOLD	SILVER
1581-1590	12.1	2103
1591-1600	19.5	2708
1601-1610	11.7	2214
1611-1620	8.9	2192
1621-1630	3.9	2145
1631-1640	1.2	1397
1641-1650	1.5	1056
1651-1660	0.5	443

At the bottom in 1820, things began to shift. Greece has its revolt against the Ottoman Empire, Antarctica is discovered and the Royal Astronomical Society is founded in England. The United States moves into its massive State Sovereign Debt Default after the Panic of 1837. Civil Wars unfold in the United States and Japan and the Financial Capital of the World that had moved from Italy, Germany, Netherlands, and then to England, now passed to the United States starting in 1913 with the rise of World War I. The United States, which was effectively bankrupt in 1896, ended up with 76% of the world's official gold reserved by the end of World War II (see chart of world reserves 1950). The United States then championed Bretton Woods in 1944 and created a Gold Standard fixing the price of gold at \$35 but failing to limit the creating of dollars. By the peak of this wave in 1972, the United States was forced off the Gold Standard and the world entered into a new Age of the Floating Exchange Rate System. This wave does not bottom until 2044.



Russia &

The 224 Year Cycle of Political Change

The brief historical review of the 224-Year Cycle of Political Change for the Western World certainly cannot be accomplished without including Russia. Most people are unfamiliar with what was the major thrust behind propelling Russia from a barbarous state into a Western power. Both the national state and a learned culture that emerged in Russia was due to the collapse of the Eastern Roman Empire - Byzantium in 1453AD.

It was the Ottoman Empire that began in 1326AD and was on a course of conquest that resulted in the fall of Constantinople in 1453AD under the reign of Sultan Muhammad II (1432-1481). While the fall of Constantinople led to the spread of knowledge by the flight of scholars to Rome beginning the Renaissance in Western Europe, it was this same flight that altered the course of Russia. The niece of the last Byzantine Emperor Constantine XI (b 1404; 1449 – died on the Walls May 29th, 1453), Sophia Paleologa (b c. 1440-1503), fled to Russia and married Ivan III (The Great) (1440-1505). Sophia brought her court with her, but the critical contribution that she put Russia on the course to world recognition, was new acquisition of knowledge and culture.

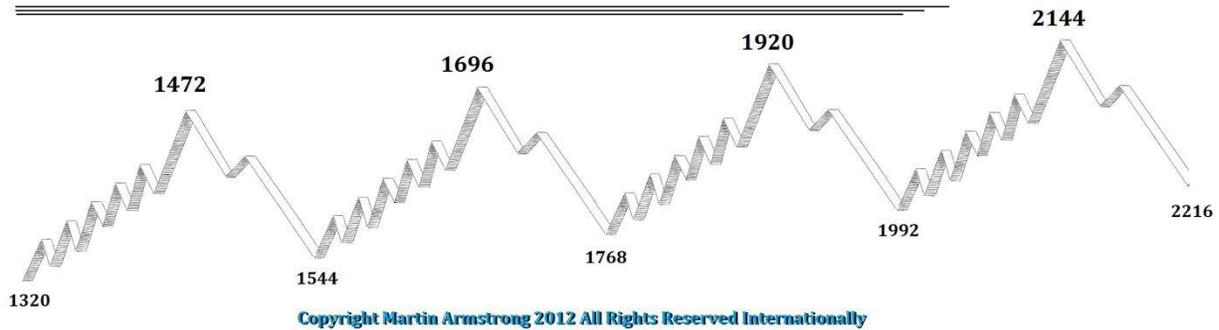


Sultan Muhammad II - The Fall of Constantinople
(April 6th, 1453 until Tuesday, May 29th, 1453)

Early history of Russia can be divided into three 224-Year Cycles of Cimmerian Rule, followed by the cycle of Scythian Rule, and finally the cycle of Sarmatian Rule, with the invasion of the Goths in the 3rd Century followed by the 4th Century invasion of the Huns in 370AD. Upon the death of Attila in 453AD, it was the Avars who took control of Russia, although they were closely related to the Huns. This was followed by the Khazars who were overrun by the Slavs in the 9th century. The first written history came only in the 12th century. According to these records of the *Primary Chronicle*, it was the Vikings who invaded in the later 9th century who were invited by the Slavs, from whom Russia is said to have taken its name - the Varangian Russes.

Russia fell to the Mongols led by the grandson of Genghis Khan (1162-1227) that destroyed the capital Kiev in 1240AD. Moscow began to rise as a city in the 14th century. Nonetheless, the Mongols were fierce warriors. Genghis Khan had tried to conquer China, but broke off his invasion in 1218 and turned toward the West. He died in 1227AD, and it was his grandson Kubla Khan (1215–1294) who turned back to conquer China in 1279. His dynasty fell in 1368, and so was the fate of the Mongolian Empire.

Russia 224-Year Cycle of Political Change



Against this backdrop, we come to Ivan the Great and his Marriage to Sophia in 1472 that appears to begin the blossoming of Russia into a world power. Ivan created the first **Rule of Law** that is the cornerstone of all national wealth. This foundation of law in 1497 was predicated upon the legal code of Justinian I (c. 482; 527–565AD) of Byzantium. We can see from the above illustration of just the wave formations starting with the birth of Russia into a modern state, the turning points line up with the Revolution in 1917, the fall of economic power in 1989, followed by the resignation of Mikhail Gorbachev on December 24, 1991 marking the official collapse of the Soviet Union within weeks of the turning point beginning with the marriage of Ivan and Sophia.

Starting from 1472 we then arrive at 1696 which is the year Ivan V (b 1666; 1682–1696) died handing power to Peter I The Great (1682-1725) after the 1689 Revolution that swept Russia also following the 1688 Revolution in England. 72 years after 1696, we come to another revolution in sympathy with the US and France under Catherine the Great (b 1729; 1762–1796) that was crushed in 1775. The next revolution was 1917 and 72 years later we come to 1989. Projecting in intervals of 37.33 years from 1917, we come to the collapse of 1991 within weeks.

Russia is now on the rise trying to rebuild its power and strength. The next turning point will be 2029.33 (1992+37.33 yrs) where we should once again see a major political change. This shift in power to Russia will be aided by the decline in socialism within Europe. The Russian Bear watches silently waiting for the right possible moment for she can take Europe in about one week. She can also turn off Europe's energy in the blink of an eye. Like the Roman Empire, the internal weakness of Europe will invite a subservient position to Russia as it starts to see its power rise once again.



Vladimir Vladimirovich Putin
(Владимир Владимирович Путин; born October 7th, 1952)

China &

The 224 Year Cycle of Political Change

The historical review of the political course of events in China is a long one. We have seen numerous governments rise and fall since the first real strong dynasty that we can draw the line to define China as a major single nation - The Qin Dynasty 221-206 BC. We can see that civil war plagued China in the same time frame as in the United States, 1851-1864 known as the **Taiping Rebellion**. We also see in 1900 the famous **Boxer Rebellion** where foreign nationals were murdered.

There is a clear global correlation process as well. There was a rebellion again in 1912 with the forming of the Republic of China, however, in 1917 where there is the **Russian Revolution**, the same unrest spread to China. There was even in 202BC the rise of the Han Dynasty, the same year when Rome defeated Hannibal.

Just as major political change unfolded with Franklin D. Roosevelt and the nonviolent "New deal" came to power in 1933, the same economic pressures brought Hitler to power in 1933. When we look at China, we also see the rise of Mao Zedong who led the famous Chinese Communists on their Long March to Shaanxi. By 1949, the Communists defeated Chiang Kai-Shek who flees to Taiwan and the new People's Republic of China emerges.

If we look at just one 51.6 year wave calculated from 1949, the beginning of the People's Republic of China, we come to 1989 and the start of the swing back toward capitalism with Tiananmen Square on June 3-4, 1989. We can see the contagion effect for within just 5 months, the

China - Important History

c. 1766-1122BC	Shang Dynasty (First)
c. 1122BC	Zhou overthrew Shang
c. 500BC	Confucius established moral values
c. 256BC	Zhou dynasty falls in west
221-206BC	Qin Dynasty (1st central gov't)
202BC-220AD	Han Dynasty
581-618	Sui Dynasty
618-907	Tang Dynasty
960-1279	Song Dynasty
1275-1292	Marco Polo claims to visit
1279	Mongols conquered China
1368-1644	Ming Dynasty
1644-1912	Manchus ruled as Qing Dynasty
1842	Treaty Nanjing = British Hong Kong
1851-1864	Taiping Rebellion
1900	Boxer Rebellion (killing foreigners)
1912	Republic of China established
1917	Sun Yat-sen established rival gov't
1919	Sun Yat-sen reorganizes Nationalists
1928	Chiang Kai-shek lead Nationalist Gov't
1931	Japan invades Manchuria
1934-1935	Mao Zedong led Communist march
1937-1945	War with Japan shattered China
1949	Communists defeat Nationalists
1958	Great Leap Forward depresses economy
1962	border war with India
1966-1969	the Cultural Revolution
1971	China joins United Nations
1972	President Nixon visits China
1976	Mao Zedong dies
1979	China & US begin diplomatic relations
1980s	Reform to relax Gov't controls
1989	Tiananmen Square protest

Berlin Wall falls by November 1989. Russia withdrew from Afghanistan also in 1989, and Japan peaked with its bubble in December 1989 in line with the 1989.95 *Economic Confidence Model*.

We find that in 1917, Sun Yat-sen set up a rival government in Guangzhou as the Nationalists. We can see that 72 years from this new government brings us to Tiananmen Square in 1989 and the start of the new age of Chinese controlled capitalism. In 1919, Sun Yat-sen reorganized the party that in 1928 was led to victory by Chiang Kai-shek. It is interesting that the takeover of China by the Communist party influenced by Karl Marx comes on the **224 Year Cycle of Political Change**, i.e. Mongols in 1279 (1279 - 1503 - 1727 - 1951). We can see a wealth of cyclical trends back-and-forth warning that 2021 could be a very explosive year in China.

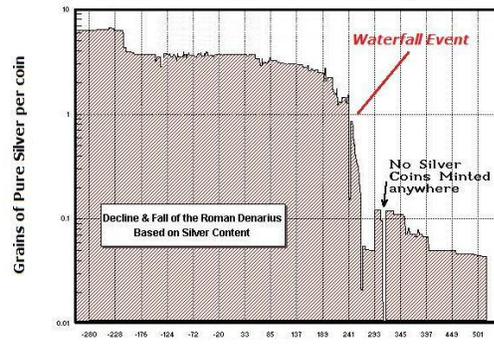


The modern-day warlords of capital want more freedom. These pressures are now being felt. After opening the doors to controlled capitalism, China has shown that it can certainly compete with the Western World and surpass it. We also can see that 72 years from the Mao's famous 1934-1935 Long March brought us to 2007-2008. This has marked the shift where China is establishing itself as a great military power as well. She wants respect, something denied by the West since the Opium War. Her new aircraft carrier the Liaoning demonstrates that desire to demonstrate to the world she is not to be looked down upon.

China will replace the United States as the financial capital of the world. From the fall of the Qin Dynasty in 206BC, we arrive at the peak in China due in 2019 on the immediate cycle. The long-term high for China does not appear to be likely until about 2175. So many overlook the fact that world did not begin

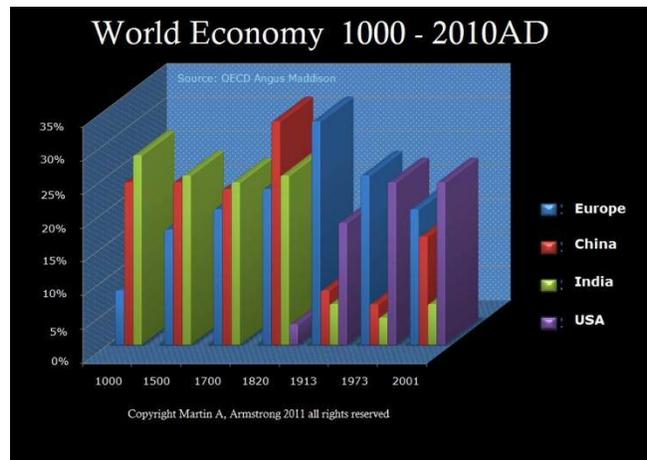
and end with Europe and Western culture. Like most forecasters who only predict the current trend will stay in motion, society in general remains of the same mindset. They assume things will remain the same meaning that the USA will always be on top of the economic food chain. They fail to grasp that the accumulation of massive debts with no intention of paying anything off is how ALL empires, nations, and city states have collapsed over the centuries. The process is often slow, but as our chart on the Decline and Fall of the Roman Monetary System illustrates, when it crosses the edge, it collapses very rapidly. The decline from about 50% in value to 0.2% took only 8.6 years.

Collapse of the Roman Silver Monetary System Silver Denarius Basis - 280 BC - 518 AD



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Even in ancient times, Rome claimed to rule the world (*orbis terrarum*) yet it stood at the opposite end of the world from the strikingly similar Han Dynasty (206BC-220AD) in China, which also claimed to have ruled the world (*tianxia*). There is the History Book for Tang-Dynasty in China covering the period 618-907AD. That text mentions 17 times what appears to be the Roman Empire (大秦). It also describes an envoy that was sent by the Roman Emperor to China. The Roman Emperor was recorded to have been "Anton" (安敦). The account of such an envoy who visited the older Han Dynasty predates the Venetian traveler Marco Polo (1254-1325) by more than 1,000 years. This envoy has been attributed to 166AD



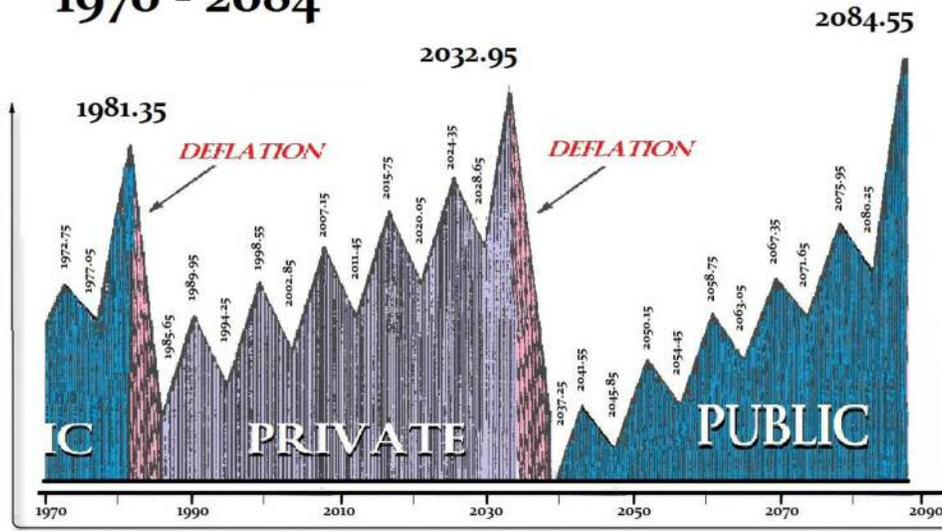
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during the reign of **Marcus Aurelius Antoninus** (121-180AD). It is the death of **Marcus Aurelius**, that has marked the peak in the Roman Empire during 180AD and the turning point that begins the **Decline and Fall of the Roman Empire** where its monetary system collapses just 72 years thereafter. This envoy established diplomatic contact at the peak in the Roman Empire from which a disastrous decline begins. Any political-economic aspirations to further such a relationship would then die with **Marcus Aurelius**. Yet also, both empires would suffer

the same fate of barbarian invasions. The Han Dynasty falls in 220AD from which emerges the chaotic period known as the Three Kingdoms (220-280AD) – the division of the once unified Chinese Empire. With the Fall of Rome, the financial capital of the World moved to Constantinople. When they fell, it moved to India and when India fell, it moved to China. That is why everyone from Christopher Columbus were desperately trying to find a water route to China to tap into the riches of the world. The wheel of fortunes is again changing. It is time for the fall of the West thanks to politicians who borrow with no intent of paying anything back as interest flows to China breathing life into her soul. The king is dead – long live the king.

The 224 Year Cycle Wave & The United States

Economic Confidence Model 1970 - 2084



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When we review the 224-Year Cycle of Political Change we have several different perspectives to consider. The World View brought us to a high in 1972. On August 15th, 1971 President Richard Nixon abandoned the gold standard of Bretton Woods and adopted a floating exchange rate system. If we look at 72 years forward, that will bring us to 2044. That will be 12 years after the peak in the **Economic Confidence Model**. Since each country also has its own 224-Year Cycle, it becomes critical to start the count from its inception. The United States can be measured in several ways. Do we begin with the revolution or do we begin with when the actual United States was formed?

There are three important dates from which we can begin. Of course, 1775 marked the beginning of the Revolutionary War that has been attributed to April 19, 1775 when the British tried to seize the military supplies of the Massachusetts militia. The Declaration of Independence was announced on the 4th of July, 1776. King George had officially declared America in rebellion on August, 23, 1777. The Constitution was agreed upon finally on September 17th, 1781, but it was only ratified when the ninth state agreed, New Hampshire, on June 21, 1788. George Washington was inaugurated and began to serve as President in 1789. The Bill of Rights did not become law until December 15th, 1791.

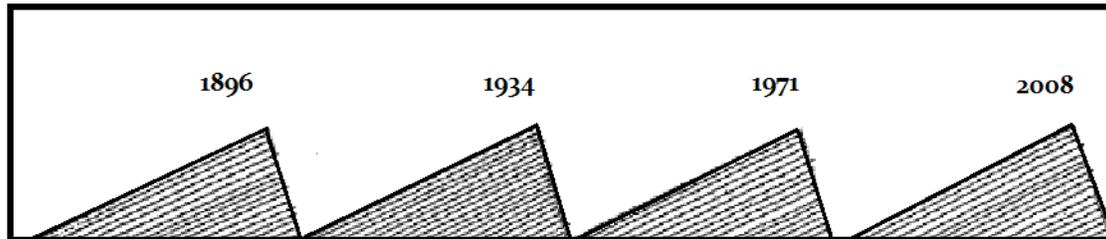
$$1775 + 224 = 1999 \text{ (Low in Gold)}$$

$$1789 + 224 = 2013$$

If we take these two projected highs, 1999 and 2013, we then arrive at 2071 and 2085. The World Cycle that peaked in 1972 gives us 2044. Clearly, the biggest concern is the lining up of this model with the ECM in 2084.55. Even the 1972 target produces a target low for a change in 2044. This implies that the fall from 2032 will be extremely hard.

More importantly and immediate is the final target for 2013 measured from the inauguration in 1789. This is by no means very helpful. With all the political shifts we have right now over-turning the constitution stripping Americans of all their freedoms all to get money, the downside from here is not looking very positive or upbeat to say the least.

The Monetary Crisis Cycle - 37.33 Years



It is now the **37.33-Year Monetary Crisis Cycle** that will capture the attention of the entire world economy. If we begin with the **224-Year Cycle of Political Change**, we know that dividing this by 26 produces the 8.6 year cycle - the base core of the **Economic Confidence Model**. However, there are 37.33 weeks within an 8.6 month cycle. If we divide 224 years by 6, we also produce 37.33 years. This further demonstrates the fractal nature of what we are dealing with. This is all the derivative of Pi.

If we now take the **37.33-Year Monetary Crisis Cycle** and use the yearly level we produce the following target dates:

1775 - 1812 - 1849 - 1887 - 1924 - 1961 - 1999 - 2036

1789 - 1826 - 1863 - 1900 - 1937 - 1974 - 2011 - 2048

The 1775 target produced the low in gold in 1999 whereas 1789 lined up with our ECM 2011.45 from which the current rally to new highs began. Looking at the first 1775 time series, we can see that the next target was 1812. In 1812, Congress declared war on Britain on June 18th. The British invaded the United States, capturing Washington, DC and burned all the public buildings on August 24th, 1814 and the war ended shortly thereafter with the Treaty of Ghent officially on December 24th, 1814. This war did have the effect of destroying the Federalist Party. The Federalist Party collapsed after the revelation of a secret meeting in Hartford, Connecticut that was alleged to support secession from the union to create their vision of an authoritative state in 1816. The Federalists were New Englanders in those days - *i.e.* John Adams. Consequently, the nation swung decisively toward the "liberal" Republicans. The next target produced the Gold Rush of 1849. This indeed dramatically increased the money supply. While 1887 was a rather boring year marking the beginning of Groundhog Day in Punxsutawney, the US leased Pearl Harbor for the first time, and there was a record period for cold with the largest snowflakes ever

recorded – 15 inches in diameter. Many blamed the change in weather on the 1883 eruption of Krakatoa, but there had been a cooling pattern that began with the Year without a Summer – 1816. But 1887 saw a sharp collapse in gold production that was starkly noticeable at the San Francisco Mint. It was actually the lowest gold production year since the \$20 gold coin production was underway.

The next target was 1924 which was the final retest of support in the Dow Jones Industrials that took place in May that year before it broke-out closing above the previous high in November 1924. Foreign capital began to shift to the USA and would peak several years later.

The target of 1961 followed the famous U.S. Vice President Richard Nixon Kitchen Debate with Soviet Premier Nikita Khrushchev on July 24th, 1959 that marked the real competition. It was April 1961 that marked the beginning of the Space Race when Russia put Yuri Gagarin into Space followed by the US in May with Alan Shepard. John F. Kennedy was inaugurated and he took office in the White House after winning the 1960 election followed by the Bay of Pigs in Cuba in 1961 causing Kennedy to mistrust the CIA. Popular music included Chubby Checker's "Pony Time" and "Will You Love Me Tomorrow" by the Shirelles. The top movies included "West Side Story". The average home was \$12,500 in the USA and £2,770 in Britain. It was the beginning of inflation and the Cuba Missile Crisis came in 1962.

The 1999 target was the low in inflation and gold bottomed at nearly \$250. From this target once again there was a strong rally in all investments. The USA yearly inflation Rate fell to 2.19% and the Dow Jones Industrial Average closed the year at 11,497 up from the previous year close at 9,181. The Federal Reserve pushed interest rates for year-end to 8.50% and the average cost of new house \$131,750.00. This followed the September 1998 Russian collapse that began the bailouts of bankers starting with Long-Term Capital Management by the Federal Reserve.

The targets from the 1789 date were 1826, 1863, 1900, 1937, 1974, and 2011. As we moved into the 1826 turning-point, we also see the shifting political ideas with the slavery issue that surfaced due to the Missouri Compromise of March 23rd, 1820 where slavery was allowed up to the Mississippi River. That was later repealed in 1854. The first woman's college began in 1821. By 1823 there was the Monroe Doctrine opposing European intervention in the Americas. With the Federalist Party collapse, New England began to emerge as more "liberal" in favor of the people rather than the Government. The first women's strike took-place in Rhode Island in 1824, and Illinois, where Lincoln would emerge, outlawed slavery that same year. The Presidential election became deadlocked with this cycle and in 1825, John

San Francisco \$20

Gold Coin

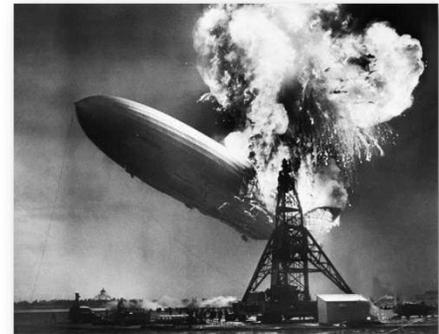
Production

1873 ...	1,040,600
1874 ...	1,214,000
1875 ...	1,230,000
1876 ...	1,597,000
1877 ...	1,735,000
1878 ...	1,739,000
1879 ...	1,223,800
1880 ...	836,000
1881 ...	727,000
1882 ...	1,125,000
1883 ...	1,189,000
1884 ...	916,000
1885 ...	683,500
1887 ...	283,000
1888 ...	859,000
1889 ...	774,700
1890 ...	802,750
1891 ...	1,288,125
1893 ...	930,150
1894 ...	1,368,940
1895 ...	1,114,605
1896 ...	1,403,925
1897 ...	1,470,250
1898 ...	2,575,175
1899 ...	1,669,300
1900 ...	2,459,500
1901 ...	1,596,000
1902 ...	1,753,625
1903 ...	954,000
1904 ...	5,134,175
1905 ...	1,813,000
1906 ...	2,065,750

Quincy Adams was elected by the House. It was 1826 when Joseph-Nicéphore Niépce succeeded in recording a light-sensitive image with silver chloride inventing photography. His partial success was strengthened by his ongoing research into fixing the picture with a kind of asphalt. It was in 1826 that he was able to put a view of his workshop onto a pewter plate.

The 1863 target marked the American Civil War when on January 1st Abraham Lincoln signs the **Emancipation Proclamation** during the third year of the American Civil War, making the abolition of slavery in the confederate states an official war goal. It proclaims the freedom of 3.1 million of the nation's four million slaves, and immediately frees 50,000 of them, with the rest freed as Union armies advance. Abraham Lincoln signed the **National Banking Act** into law in 1863. The Battle of Gettysburg occurred in 1863, which was soon followed by the famous Gettysburg Address dedicating Soldiers' National Cemetery in Gettysburg, Pennsylvania, to those who died in the battle there. The Bread Riots occurred in Richmond, Virginia. Meanwhile, William Quantrill raids Lawrence, Kansas where the Kansas-Missouri border took the form of a bloody guerrilla war. The conflict was an extension of the bitter rivalry between the pro-slavery settlers of Missouri and the anti-slavery settlers of the neighboring Territory of Kansas on the other side of the Missouri River. In Europe, there is the January Uprising that breaks out in Poland, Lithuania and Belarus against Russian rule followed by the Polish Peasants massacre by Russians at Ćysta Būda, near Marijampolė.

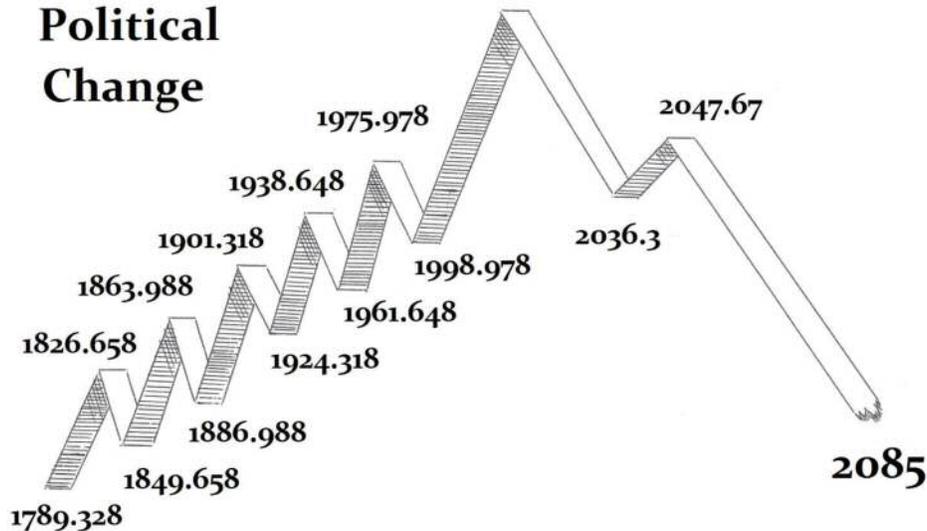
1937 saw the first real stock market crash after the 1929 and Great Depression era. It marked the Engineering feat of the Golden Gate bridge opening gave Americans great pride. A number of labor strikes in the Auto industry forced General Motors to recognize the UAW (United Auto Workers Union). A major flood along the Mississippi and Ohio rivers caused millions to lose their homes in Ohio, Kentucky and Illinois. The pride of Germany, the Hindenburg, exploded while attempting to hook itself to a mooring post and signaled the end of the flying ship era in 1937. One of the unsolved mysteries of modern times was the disappearance of Amelia Earhart. which also occurred in that year. The cost in 1937 of the average new house was \$4,100.00 when the average wages per year \$1,780.00.



Hindenburg disaster took place on Thursday, May 6, 1937

The target of 1974 marked the start of the impeachment proceedings against Richard Nixon that was followed by his resignation August 8th. The US evacuated Vietnam on April 29th, 1975. It was this target that also marked the legalization for Americans to once again own gold after it was outlawed by FDR back in 1933. Average Cost of new house in the USA was \$34,900.00 with an average yearly income per year \$13,900.00. It was in 1974 when inflation continued to spiral out of control around the world reaching 11.3%. In the USA inflation reached 17.2%. In the UK and the global recession deepens and the IRA began its bombings. The famous skeleton "Lucy" was discovered in Ethiopia establishing humans lived at least between 3.9 and 3 million years ago. Smaller digital based consumer products appear in the shops and the earliest forms of Word Processors appear which resemble a typewriter more than a computer.

United States 224-Year Cycle of Political Change



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The 2013 target from the inauguration of George Washington on April 30th, 1789, warns that the United States will begin a 72 year downward spiral. The United States is clearly beginning a downtrend with the political parties incapable of standing up for what the nation once stood for. There is absolutely no hope of economic reform until the next crash after 2015.75. Even then, the bankers will be there with their hands stretched out begging to be saved once again. This time, there is a rising chance that we will not see any help since their reputation of being the **UNTOUCHABLES** is too pervasive on a global scale. If the United States still refuses to prosecute them again, this will rise to a major international political event since other nations are fed up with New York being above the law.

The United States appears to be headed down the drain for the next 51.6 year wave on the **Economic Confidence Model** will be a **PUBLIC WAVE** due to peak in 2084.55. This will line up with the bottom in this **224-Year Cycle of Political Change** in 2085 after a 72 year decline. The chasing of American worldwide and threatening to seize the assets of foreign firms that do not report what Americans are doing overseas, has shut out Americans from international trade. This brain-dead move has succeeded in ensuring the economic decline ahead. Consequently, most likely the issue will be that the United States will see a resurgence of nationalism and promises of reform in 2037.25. We should expect a comparable



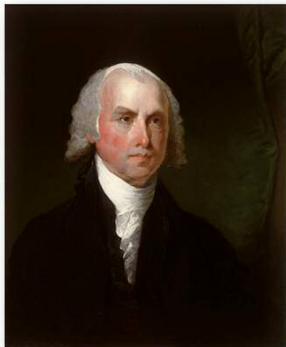
period to that when the formation of G5 took place in the summer of 1985 that began the **PRIVATE WAVE**. The Age of the Untouchables will come to an end. Unfortunately, we must first expect government to become belligerent to say the least. The first leg down from 2013 will be nasty, authoritative, and even dictatorial. There will be a greater rise of political instability, separatist movements, and civil unrest. There is even the risk that the United States could break into as much as four regions. Just as we saw Russian disintegrate, the same risk exists for the United States becoming anything but united.

The United States has virtually declared Marshall Law eliminating all constitutional constraints on government entirely. Congress authorized American troops on US soil for the first time in history and the Obama Administration has gone full force with military



exercises to occupy cities all over the United States. It is clear, the US fears civil unrest when the socialistic promises of Marxism crumble to dust and fall to ground. These exercises are obviously

showing that this model is correct and that the turning point downward from April 22nd, 2013 is not something that now appears far-fetched. The once proud liberty and independence of the United States is gone. It was James Madison (1751-1836) who was the 4th President of the United States who knew history well and warned that this was the only way to defeat the principles of liberty – to pretend to be defending



James Madison
(1751-1836; President 1809-1817)

"If Tyranny and Oppression come to this land, it will be in the guise of fighting a foreign enemy."
James Madison

the country against an invisible foreign enemy. Bin Laden destroyed the USA when no other foreign enemy could have invaded. The Game will **NEVER** be over – he **WON!** The **War on Terror** will never end because there is no actual enemy – for there are endless individuals who will always change objectives and reasons for acting. The glory that was once the American Revolution to establish freedom is no more. This model turning down in 2013 is very significant. It clearly marks the end has arrived. Terrorism has become the excuse to trace every penny filling the treasury while pretending to be looking for terrorists – but by the way – Did you pay taxes on this?

