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*Forecasting the Economic-Geopolitical Future Around the World*

President Donald J. Trump  
White House  
1600 Pennsylvania Ave, NW  
Washington, DC 20500

April 21, 2020

Dear Mr. President,

I am writing to you once again because none of the solutions being proposed will save the economy. Classical Keynesian economics has been useless since it grossly misconstrues the functionality of the economy. It fails to consider public confidence which the media has undermined in addition to the World Health Organization (WHO). This lockdown has not merely destroyed jobs, pensions and the unemployed have also lost their healthcare, but the proposed stimulus programs are pointless for it fails to take into consideration the deleveraging taking place in the economy.

The income of people has been suspended but not their expenses. All stimulus packages are trying to support industries where the simple solution is to suspend all expenses to match the suspension of income. Handing out stimulation checks to simply meet ongoing bills with no income is beyond ludicrous.

You should immediately suspend all rents, mortgages, and tax payments and that should extend for at least 30 days after reopening or for a duration that matches the lockdown. Only that would prevent the wholesale destruction of small business which employ 70% of the private workforce.

Open the economy immediately and follow Sweden which was the only country that has proven that the recommendations of the WHO are irresponsible. Sweden did not fair any worse than countries which locked down. That stands as proof that the WHO should

be sanctioned and all private donations to any health organization pretending to be governmental and independent must be instantaneously terminated. Additionally, the Justice Department should investigate the influence of such private donations which have destroyed the world economy. This is critical to combat the idea that this has been even legitimate rather than just a theory of the WHO and special interest with conflicts of interest that remain undisclosed by the media.

Central banks have persistently attempted to lower interest rates assuming this will somehow encourage people to borrow by stimulating demand. This theory has undermined the elderly savings for retirement as well as pension funds. This Keynesian approach has never worked even a single time in history. People will never spend, no less borrow, when they lack confidence in the future.

People will borrow at 20% if they believe they will double their money. They will not borrow at 1% if they have no confidence in the future. Keynesian economics has always been an elitist view of people and even Paul Volcker in 1979 recognized it had failed calling it the Rediscovery of the Business Cycle even back then.

We have seen lower interest rates, even negative post-2014, and all the economic stimulus has failed to create inflation while wiping out the elderly. The total value of world equity markets was \$85 trillion at the end of 2019 and total world real estate was over \$200 trillion. The US real estate was nearly \$34 trillion in value and share market was about \$30 trillion. The loss has been over \$23 trillion domestically and \$100 trillion globally. The Federal Reserve cannot possibly stimulate enough to compensate for the losses incurred which is the deleveraging of the economy. Even \$10 trillion in stimulus will not create inflation at this point in time nor prevent a serious economic decline.

Governments have raised taxes and banks have merely parked excess reserves at the Federal Reserve unwilling to lend when they too fear the future and do not trust that a borrower will be able to repay. While Fed lowered interest rates banks did not lower rates on credit cards. The idea of lowering rates to stimulate the economy has utterly failed.

There is no amount of stimulus that will restore the economy when the deleveraging is in excess of \$40 trillion. You MUST suspend all expenses or watch the economy implode as the deleverage will continue into the months ahead on a major scale.

The economy must be immediately reopened. We are already witnessing shortages in food and prices are rising threatening even world starvation. All expenses must remain

suspended for 30 days or for a like amount of time the economy was locked down after the economy is reopened.

Most families will run out of cash in less than 10 days and nearly 30% of mortgages are at risk of default. If this is not done, we are looking at a cascade failure which will ripple through the total economy wiping out commercial property, retail stores, restaurants, and businesses that engage in personal contact from simply getting your haircut.

Because of this absurd closure of the world economy when there was absolutely no precedent for such action which was unconstitutional under the **Commerce Clause**, the hype of the media has undermined the economy and created an untenable position of national security. This warrants the reestablishment of the **Fairness Doctrine** which the FCC eliminated the policy in 1987. This policy should be extended to all news originations including the print media IMMEDIATELY. We must also restore the Fairness Doctrine requiring the news to be impartial and to present both sides. The press has become not just fake news, but an instrument of political instability which now threatens national security.

The press is not free to report only what they desire. The press is responsible for placing the country at risk of war and allowing private interests to threaten the National Security of the nation. You have the executive power to reinstate it since it was a rule of the FCC requiring that they present both sides. The abuse of the press created the Spanish American War and they have indoctrinated the public and divided the nation once again as you refer to it as Fake News.

I am deeply concerned that the inappropriate lockdown of the economy will indeed make the Great Depression appear to be just a trial run. It took three years to reach 25% unemployment because of two factors: (1) the Dust Bowl where 40% of the workforce had been employed in agriculture (2) where agricultural jobs were also destroyed by the invention of the combustion engine – i.e. tractors.

This Coronavirus Financial Crisis of 2020 has already created over 13% unemployment in one month showing the rate of decline has exceeded that of the Great Depression. This immediate crisis is destroying brick & mortar businesses shifting everything to online. This trend is wiping out an untold proportion of employment this time in the service industry, which accounts for nearly 70% of the economy. We are facing a similar destruction of jobs on a grand scale commonly referred to a creative destruction articulated by Joseph Schumpeter.

Furthermore, in 1931, there was a wholesale default of sovereign debt issued by Europe, Asia, and South America. Read Herbert Hoover's memoirs on 1931. This time, we face the same crisis with state and local debt on a global scale. Additionally, the European crisis with negative interest rates has destroyed their bond market and the same result has unfolded in Japan.

People will not buy government bonds with no interest income and pension funds need generally 8% to break even. Lower interest rates have never helped the economy to recover for it sacrifices merely one group to bailout another. No attention is ever paid to those who save and provide the capital base which is used to lend to the productive capacity of a nation.

We are facing unprecedented times which have been irresponsibly recommended by the WHO and all other pretend governmental health organizations which have been compromised by allowing private donations. This must be stopped and only a full-scale investigation by the Justice Department with a Special Prosecutor to uncover the conflicts of interests that have brought the world economy to its knees.

I implore you. We have the only fully functioning Artificial Intelligence forecasting system which monitors the entire world and writes over 1,000 reports without human intervention. It is the only such system which is not subject to personal opinion and it is certainly not subject to a conflict of interest.

It correctly had forecast that the virus would also peak the week of April 6 and it projected the peak in the economy January 18<sup>th</sup>, 2020. It now forecasts a recession into 2022. However, if the measures I am recommending are **not** taken, and we do not suspend the expenses to match the suspension in income, we are looking at an economic decline for 13 years into 2032. There is no amount of stimulation that will save the day when the expense side is also not suspended.

Sincerely,

Martin Armstrong

CC/**Tomas Philipson** Chief Economic Advisor  
CC/**Steven Mnuchin** Secretary of the Treasury  
CC/**Jerome Powell** Chairman Federal Reserve  
CC/**Mitch McConnell** Senator  
CC/**Kevin McCarthy, Steve Scalise** House of Representatives