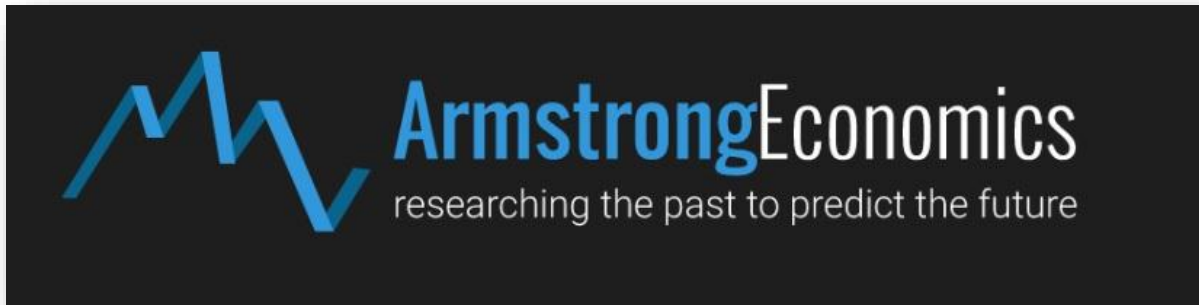


The Pawn of Finance



A Crisis in Control

*By Martin Armstrong
October 2021*



Copyright – ALL RIGHTS STRICTLY RESERVED GLOBALLY
All publications of the publisher are COPYRIGHTED and REGISTERED by the license of Martin Armstrong

Copyright all rights reserved Worldwide

Armstrong Economics

360 Central Avenue, Suite 800

St Petersburg, Florida 33701

+1 - 727 - 485 - 0111

The material, concepts, research and graphic illustrations appearing within this publication are the EXCLUSIVE PROPERTY of Martin Armstrong and AE Global Solutions, Inc.

NO REPRODUCTION is permitted without the express WRITTEN consent of the publisher. AE Global Solutions, Inc. might grant permission to utilize in part the research published in its reports for recognized educational purposes of qualified universities or similar institutions when requests are made prior to utilization. Materials can be supplied to universities and similar institutions in most cases without charge. Other individuals, corporations, institutional or brokers within the financial community are strictly prohibited from reproducing in part or in whole any published materials of AE Global Solutions, Inc., its affiliates, associates or joint venture partners. Anyone wishing to apply for such permission must do so in writing for each and every such use.

AE Global Solutions, Inc and Martin Armstrong do not waive any of its rights under international copyright law in regard to its research, analysis or opinions. Anyone who violates the copyright of AE Global Solutions, Inc and Martin Armstrong shall be prosecuted to the full extent of the law.

DISCLAIMER

The information contained in this report is NOT intended for speculation on any financial market referred to within this report. AE Global Solutions, Inc. makes no such warrantee regarding its opinions or forecasts in reference to the markets or economies discussed in this report. Anyone seeking consultation on economic future trends in a personal nature must do so under written contract.

This is neither a solicitation nor an offer to Buy or Sell any cash or derivative (such as futures, options, swaps, etc.) financial instrument on any of the described underlying markets. No representation is being made that any financial result will or is likely to achieve profits or losses similar to those discussed. The past performance of any trading system or methodology discussed here is not necessarily indicative of future results.

Futures, Options, and Currencies trading all have large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in these complex markets. Don't trade with money you can't afford to lose and NEVER trade anything blindly. You must strive to understand the markets and to act upon your conviction when well researched.

Indeed, events can materialize rapidly and thus past performance of any trading system or methodology is not necessarily indicative of future results particularly when you understand we are going through an economic evolution process and that includes the rise and fall of various governments globally on an economic basis.

CFTC Rule 4.41 – Any simulated or hypothetical performance results have certain inherent limitations. While prices may appear within a given trading range, there is no guarantee that there will be enough liquidity (volume) to ensure that such trades could be actually executed. Hypothetical results thus can differ greatly from actual performance records, and do not represent actual trading since such trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight and back testing. Such representations in theory could be altered by Acts of God or Sovereign Debt Defaults.

It should not be assumed that the methods, techniques, or indicators presented in this publication will be profitable or that they will not result in losses since this cannot be a full representation of all considerations and the evolution of economic and market development. Past results of any individual or trading strategy published are not indicative of future returns since all things cannot be considered for discussion purposes. In addition, the indicators, strategies, columns, articles and discussions (collectively, the "Information") are provided for informational and educational purposes only and should not be construed as investment advice or a solicitation for money to manage since money management is not conducted. Therefore, by no means is this publication to be construed as a solicitation of any order to buy or sell. Accordingly, you should not rely solely on the Information in making any investment. Rather, you should use the Information only as a starting point for doing additional independent research in order to allow you to form your own opinion regarding investments. You should always check with your licensed financial advisor and tax advisor to determine the suitability of any such investment.

Copyright 2017 AE Global Solutions, Inc. and Martin A. Armstrong All Rights Reserved. Protected by copyright laws of the United States and international treaties.

This report may NOT be forwarded to any other party and remains the exclusive property of AE Global Solutions, Inc. And Martin Armstrong is merely leased to the recipient for educational purposes.

The Pawn of Finance



Contents

Preface.....	1
The Deep State Our Greatest Threat	5
Three Faces of Inflation	13
Asset Inflation	14
Currency Inflation	15
Demand Inflation.....	15
Future Inflation	16
The Capital Flight.....	17
Shift from Public to Private – Great Migration.....	27
Ancient Marxism.....	39
Corporate Socialism / Stakeholder Economics.....	63
Cryptocurrency & the Monetary Crisis.....	72
secular stagnation	94
Velocity Crisis.....	96
Zero-Interest Rates Threshold	98
Dollar as the Reserve Currency.....	100
US Debt fell by 33% of World Debt during COVID.....	103
Petrodollar	105

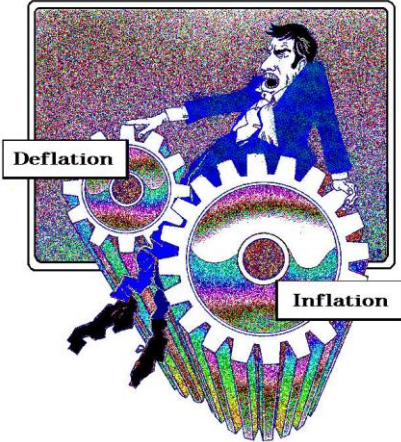
Preface

Crisis in Democracy106

Rule of law116

CONCLUSION125

Preface



This first step to avoid becoming just another Pawn of Finance is to seek knowledge and let the facts speak rather than politicians. It may sound completely insane, but we face both inflation and deflation at the same time. That may seem impossible, but these are indeed interesting times. This is a byproduct of moving the world toward Marxism by force with the Great Reset.

The Russian Revolution of 1917 came within a single generation where serfdom was finally abolished in 1861 so the people had nothing and the landowners had everything. Communism made sense for the revolution because the people did not own anything. Today, Schwab is telling people they will own nothing and be happy is an entirely different situation when they own houses, acquired wealth, freedom, pensions, health care and thus have something to lose this time.



Does capitalism need some Marxism to survive the Fourth Industrial Revolution?



Image: PSL/IPS/Cowabla Press

People often ask me why our computer forecasts that the Pawn of Finance will overthrow the King this time. We are not coming out of serfdom and the people own property. This time Schwab is trying to tell people giving up all their possessions will make them happy is taking Marxism out of context while the elite, like him, will surrender nothing.

Preface

Normally, people assume that we have inflation or deflation – one or the other. But our most honorable leaders just anoint themselves with that title without ever earning it. They then pretend to preside over our lives telling us what to do, but refuse to ever simply be straight-forward. Janet Yellen says inflation this time is only temporary because of bottlenecks in the supply chain that government caused.



Yet, she advocates the firing of employees who refuse to be vaccinated which only fuels the labor shortage. They have lied so much; their thoughts are now even incoherent following the new norm set by Biden.

Our fearless leaders are bullshitting us so much that they are now totally lost in their words. They are trying to impose medical tyranny when in fact being vaccinated does not prevent people from getting COVID, dying of COVID, or spreading COVID. So where is the logic that the unvaccinated should be ostracized from society when being vaccinated will not eliminate COVID from society? Oh, the bribes simply blind them to their duty to society.

Then we have the paradox of creating trillions of dollars through **Quantitative Easing** (QE) which has failed to create inflation. Why? This idea that QE would create inflation is so far off the market it is crazy. The premise rests upon the fact that once upon a time US debt could not be used as collateral to borrow against.



If you had an E-Bond in the '60s, you had to cash it in. You could not borrow against it – that was illegal.

Post 1971 and the fall of Bretton Woods, debt has simply become cash that pays interest. The idea that a central bank can expand the money supply buying back it's debt and creating cash out of thin air no longer works when the debt is viewed as cash that just pays interest. You are swapping a \$1,000 bond for ten \$100 notes. Nothing is what it may seem so the old theories

have failed.

Preface



Thanks to the COVID nonsense, the social distancing and restrictions on movement shut down the supply chain. Now we have over 70 ships waiting to be unloaded at the Los Angeles port in part due to the shortage of labor but mostly caused by a sudden surge in imports making up for lost inventory because of the lockdowns. This record-breaking flotilla of container ships off the port of Los Angeles is waiting to unload goods because imports are up 30% trying to play catch-up. There will be massive shortages across the US and prices rising into the Christmas season. We may even see a return of the toilet paper crisis.

COVID was the excuse to restrict movements shutting down the supply chain. The entire vaccine is really to restrict movement and to sort out the “troublemakers” from the obedient sheep. Since being vaccinated does not prevent the spread of COVID, this has led to a lot of confusion about the movement of people and cargo worldwide.



Many companies have employed the **just-in-time** inventory management scheme to reduce the cost of financing an inventory. This has introduced a serious problem because so many companies have no inventory, they cannot do business. Thus, the massive ordering of product has created at least a 30% increase in

shipping so far in Los Angeles creating a backlog of ships.

Preface

For example, take the paint industry. There is such a shortage of paint, that painters can't get the product and in turn cannot work. On the one hand you have inflation with prices soaring because of a shortage in supply that Yellen calls "temporary" which will come in at 4% to 5% for 2021 twice her forecast for the year, but the shortage of supply is causing unemployment to rise which is the deflationary side of the equation.



Then we have Jerrold Lewis Nadler, a Congressman from New York's 10th congressional district since 2013. He actually wants to create a \$1 trillion coin to buy back debt in the system so they can issue more debt without raising the debt ceiling. But who is the buyer other than the Fed? He does not think that far. Even Yellen called it a gimmick that would clearly jeopardize the Federal Reserve.



It's all just smoke and mirrors. The two worst states in the country are New York and California and their representatives control Capitol Hill – Pelosi from California in the House and Schumer controlling the Senate from New York. There is just little hope of attracting anyone of honest intent any more. They seem to be all in the game only for what they can get out of it. To even think that they can just mint a \$1 trillion coin and the debt will disappear illustrates the entire problem. They do not take the debt seriously. Why lend to such people with no intention of paying their debts?



The Deep State Our Greatest Threat



In an interview of Chuck Schumer by Rachel Maddow who asked Chucky boy if Trump was taunting the Intelligence Community, Chucky confirmed that no politician will **EVER** investigate the Intelligence Branch – NSA, CIA, FBI, or DOJ. Why? They are all afraid of their usurped power.

Indeed, the story of J. Edgar Hoover is legendary. Only after his death, did the evidence of his illegal and unconstitutional secretive abuses of power come to surface. He was ruthless but has actually been a role model for the Intelligence Community.

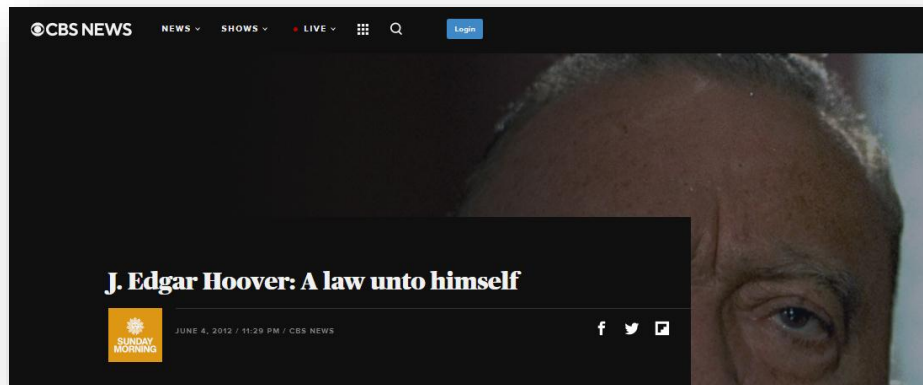


John Edgar Hoover
(1895–1972)

Hoover exceeded the jurisdiction of the FBI, and used the agency to harass political dissenters and activists, anyone he disagreed with. He never trusted anyone and assumed everybody was

The Deep State Our Greatest Threat

guilty. Consequently, he amassed secret files on all political leaders collecting evidence in violation of the Constitution for in his mind, then ends justified the means. Hoover gathered through spying on everyone a tremendous amount of power which he used to intimidate and threaten others, including even several presidents of the United States.



Even CBS News, back in the day when they were independent, did a show on his illegal activities and entitled the show – J. Edgar Hoover: A law unto himself. The terrifying truth is that nothing has changed.



Digital Commons @ Georgia Law

Popular Media

Faculty Scholarship

12-27-2017

Did J. Edgar Hoover Kill JFK?

Donald E. Wilkes Jr.
University of Georgia School of Law, wilkes@uga.edu

Talk about conspiracy theories, the real documents on the Kennedy assassination has continually been withheld by the Intelligence Community for there is no way that Russia or Lee Harvey Oswald was a lone killer. Law schools have even asked the question if J. Edgar Hoover was involved in the assassination. There was a Telex the day before the assassination that Hoover allegedly sent out to the offices.

The Deep State Our Greatest Threat

"The telex was sent [from FBI headquarters to FBI field offices across the nation] on Nov. 17, 1963, at 1:45 a.m." (This was the Sunday before the Friday assassination.) The telex (which the article quotes in its entirety) warned of a "threat to assassinate President Kennedy in Dallas, Texas Nov. 22-23, 1963...Bureau has determined that a militant revolutionary group may attempt to assassinate President Kennedy on his proposed trip to Dallas, Texas."

As Donald E. Wilkes Jr. of the Law School of the University of Georgia concluded:

"But profound mystery still surrounds the Walter telex: Why didn't the FBI notify the Secret Service of the threat to President Kennedy, and why did the FBI do nothing to investigate the threat?"¹



Hoover did not like the Kennedy brothers at all. JFK seemed to tolerate Hoover but his brother Robert could see through Hoover and in protecting his brother, he barred Hoover from direct access to the President. The head of the FBI is supposed to go through his boss – the Attorney General. Hoover wanted direct access to all presidents which was unprecedented.

¹ https://digitalcommons.law.uga.edu/cgi/viewcontent.cgi?article=1287&context=fac_pm

The Deep State Our Greatest Threat

In retaliation, Hoover stopped providing political intelligence reports to the White House. He began hinting information about JFK's many extramarital affairs to get what he wanted. One of these affairs was with Judith Campbell Exner, who was introduced to JFK by Frank Sinatra. She did later in life admit she had an affair with JFK in



1988². Hoover had been collecting classified information on JFK and his mistresses for years, but the Campbell affair was particularly dangerous. Judith, some alleged, cost JFK his life and the taxpayer billions of dollars.

Apparently, Judith Campbell Exner, who served as a conduit between JFK and mobster Sam Giancana. She even claimed she had an abortion after becoming pregnant with the President's child. All of this she revealed in detail about their alleged affair in her 1977 memoir "My Story."

It was no secret that JFK and Robert wanted to crack down on organized crime. Hoover actually stood in the way asserting that Communism was the greater threat than organized crime. Hoover was tracking JFK and he knew all about Campbell and that she was also the mistress of mob boss Sam Giancana. Hoover used this against JFK and made it clear that any case brought against the mobster would expose JFK. Hoover knew that he could leverage the Campbell story to get approval to wiretap associates of Martin Luther King, Jr. to find out if Dr. King was working with Communists.

Hoover also claimed, according to the Washington Post, that JFK paid a woman \$500,000 so she wouldn't blab that they had an affair, and he broke up with her. Spying on politicians became routine for the FBI. This is what Chucky Boy is saying to Rachel Maddow – they have six ways from Sunday to get back at you.

² <https://www.nytimes.com/1999/09/27/us/judith-exner-is-dead-at-65-claimed-affair-with-kennedy.html>

The Deep State Our Greatest Threat

Hoover brought together a vast amount of personal information on everyone he thought might benefit himself. The Kennedy clan was no different. Hoover amassed all the evidence of JFK's affairs and then used that information to blackmail the president of the United States. The relationship with Hoover was contentious at best and some suspect that Hoover was involved or complacent in the assassination of JFK because he was obsessed with Communism and wanted war with China in Vietnam.

Papers around the assassination of JFK released in 2017 revealed several memos from Hoover. The New York Times reported Hoover was angry that Dallas Police had allowed someone to shoot Lee Harvey Oswald, the man who was suspected of having killed the president. Hoover said that something should be issued ***"so that we can convince the public that Oswald is the real assassin."***

Hoover was spinning the story that Jack Ruby, who shot Oswald, had mob connections. Hoover was also the source that claimed that Russia had suspicions that Lyndon Johnson ordered JFK's shooting. Even though Hoover personally directed the investigation into JFK's death, it was later revealed that the FBI was criticized for its handling of the case. There were wild theories of a magic bullet that hit multiple people and only one person was involved, were responsible ignoring altogether evidence to the contrary. To this very day, the Intelligence Community just refuses to release documents.

Hoover and RFK continued to have a contentious relationship after JFK died. The FBI chief leaked to the press that RFK approved King's wiretapping during RFK's campaign for the presidency and after King himself was assassinated. He failed to mention that he was blackmailing the Kennedys into approving those wiretaps.



Retropolis

Who killed Bobby Kennedy? His son RFK Jr. doesn't believe it was Sirhan Sirhan.



Sen. Robert F. Kennedy lies wounded on the floor of the Ambassador Hotel in Los Angeles on June 5, 1968. His wife Ethel is at lower left. (Bettmann Archive/Getty Images)

Advertisement

When Robert F. Kennedy's son saw the autopsy report, he did not believe that Sirhan Sirhan killed his father.³ Had Robert won the presidency, he would have terminated Hoover. There was motive and a lot at stake for this ruthless man who saw himself above the law always justifying his actions that the ends always warrants his intervention.

They Intelligence Community was well taught by Hoover on how to protect itself. Today, they hold unbridled power to do as they like when they like. The probability that the CIA/FBI took out John F. Kennedy has long been suspected and the CIA/FBI has refused to release documents that Congress had sealed for 50 years. They claim it is a national security issue and if it really were Russia, they would be flouting that documentation all over the press. The **ONLY** reason to refuse to release documents is because they lead to the Intelligence Community who wanted to start the war with Vietnam and Kennedy was against that and did not see that Communism was an eminent threat.

³ <https://www.washingtonpost.com/news/retropolis/wp/2018/05/26/who-killed-bobby-kennedy-his-son-rfk-jr-doesnt-believe-it-was-sirhan-sirhan/>

~~TOP SECRET SPECIAL HANDLING NOFORN~~



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D.C.

UNCLASSIFIED

13 March 1962

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Justification for US Military Intervention
in Cuba (TS)

1. The Joint Chiefs of Staff have considered the attached Memorandum for the Chief of Operations, Cuba Project, which responds to a request of that office for brief but precise description of pretexts which would provide justification for US military intervention in Cuba.

2. The Joint Chiefs of Staff recommend that the proposed memorandum be forwarded as a preliminary submission suitable for planning purposes. It is assumed that there will be similar submissions from other agencies and that these inputs will be used as a basis for developing a time-phased plan. Individual projects can then be considered on a case-by-case basis.

3. Further, it is assumed that a single agency will be given the primary responsibility for developing military and para-military aspects of the basic plan. It is recommended that this responsibility for both overt and covert military operations be assigned the Joint Chiefs of Staff.

For the Joint Chiefs of Staff:

SYSTEMATICALLY REVIEWED
BY JCS ON 21 May 84
CLASSIFICATION CONTINUED

L. L. Lemnitzer
L. L. LEMNITZER
Chairman
Joint Chiefs of Staff

1 Enclosure
Memo for Chief of Operations, Cuba Project EXCLUDED FROM GDS

EXCLUDED FROM AUTOMATIC
REGRADING; DOD DIR 5200.10
DOES NOT APPLY

~~TOP SECRET SPECIAL HANDLING NOFORN~~

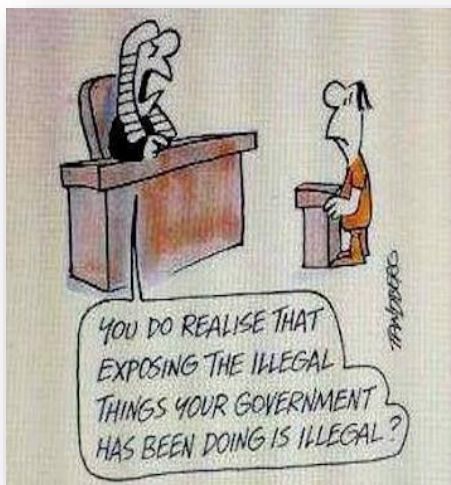
The Deep State Our Greatest Threat

Then there is the declassified proposal that Kennedy also rejected. The CIA wanted to kill Americans and then blame it on Castro to justify invading Cuba. And people wonder about 9/11? The very Russian hack that they boast about in the January 2017 interview of Chucky Boy by Maddow was discovered by the Intelligence Community never took place. The entire Russian interference was a scam crafted by the Intelligence Community. Even the Democratic Party servers were never hacked by Russians.



Welcome to the land of the free where our claimed elected officials are afraid to ever investigate the Intelligence Community. Schumer calls Trump stupid, for he should have known how powerful they really are. They wanted Biden so they could

do as they liked whenever and like the Kennedys, they have mountains of dirt on him and his son.



By calling Trump stupid for criticizing the Intelligence Community confirms that neither Chucky Boy nor anyone else in Washington would dare to shake up or stir the Intelligence Community. Hence, Snowden became a traitor for exposing that the Intelligence Community was acting illegal.

Three Faces of Inflation

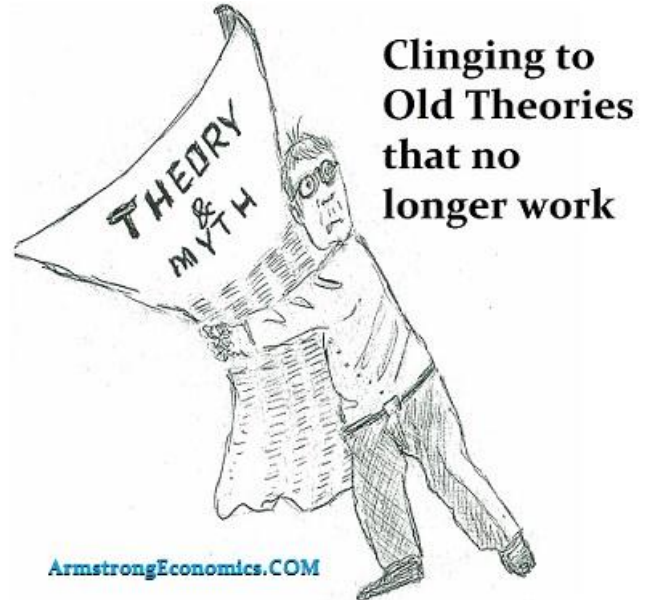


Many people simply think inflation is one-dimensional totally linked to **Quantity Theory of Money**. But inflation takes place base upon three primary areas – **Asset, Currency – Demand**. This is perhaps our greatest problem for no matter what is being analyzed, it is always reduced to a single cause and effect which is never correct. We live in a world that is complex. You cannot just plant a bunch of trees and assume that it's a rain forest. There are countless species of plant and animals that are all interlinked. As they say, you cannot see the forest because of the trees.

The economy is also a highly complex network of interconnections that we cannot see just looking at the GDP numbers or the published CPI. This has resulted in creating the most confusing aspect which has been this idea or theory that the expansion of the money supply causes inflation. Thus, even central banks have employed **Quantitative Easing** with the expectation that this would “stimulate” the economy and even create at most a 2% inflation rate while others have argued that inflation must soar based upon the old **Quantity Theory of Money**.

Three Faces of Inflation

The idea that increasing the money supply will lead to hyperinflation is so old-school it is laughable. This theory emerged from the 16th century when Thomas Gresham (1519–1579) saw that the debasement of the coinage led to the decline in the purchasing power of the currency. Gresham was an agent for the crown in the free market which was then Amsterdam. Henry VIII (1491–1547) would seek to borrow money but then pay with debased coinage.



Asset Inflation

Asset inflation is typically when capital is shifting from one sector to another. For example, from bonds to equities or real estate, or the shift from say gold to even cryptocurrencies. Asset Inflation is confined generally to one asset class at a time. Asset deflation would be when people sell the assets and flee to “quality” which can be government bonds at times or simply cash. Hence the asset will decline against the rise in purchasing power of the currency.



Currency Inflation

Currency inflation will unfold also against **ALL** assets rather than a single asset class. However, it will also decline against all major currencies of other nations. In other words, the confidence in that particular government has declined. This is where it can collapse resulting in hyperinflation because it reflects the decline or even absence of any faith in the established government.

Demand Inflation

Demand Inflation has nothing to do with currency per se but is typically caused by a sudden panic or shortage of supply that is not everything but confined usually to a specific item of sector such as food or energy.

For example, there may be a drought so the price of food rises sharply due to the short supply. The OPEC oil embargo of the 1970s sent oil prices higher and everything made from oil.

There can also be panic buying of particular items such as toilet paper during 1980 inflation as well as the COVID Panic of 2020-2021.



Future Inflation

The inflation that we face going forward is an admixture of shortages that are across the board because of the COVID lockdowns shutting down the supply chain particularly because of **Just-In-Time** management. We also face Asset Inflation as confidence in government declines because of the massive spending and the absence of any fiscal restraint whatsoever. Thus, we face a capital flight as government is no longer viewed as AAA so capital is running into real estate, collectables, and equities trying desperately to get off the grid.



In addition to all of this, we have currency inflation that will appear when it is understood that the entire vaccine agenda has not been for health but to control society restricting movements. The vaccinated will soon realize that these are not a one-time thing. The vaccines they claim last only for at best 8 months. Like the flu which can be from birds or swine, COVID is a virus that also

mutates because it resides also in animals. Thus, Gates has lied from the outset that once the entire world is vaccinated, then COVID will be conquered.

There is no vaccine that will be able to eradicate this COVID virus since it also resides in animals. When people realize that there will **NEVER** be a return to normal, that is when the confidence cracks. When that happens, people will prefer assets to simply cash or government bonds for the full faith and trust in the government will no longer exist.



I have been warning that when confidence collapses in government that is what results in the surge of inflation as a result of the decline in value of the currency. Only this form of inflation will lead to hyperinflation – not simply printing money.

The Capital Flight



The economy is like a child. It grows, matures and evolves. That said, there is a concerted effort to transform the United States into a new Marxist-Wonderland which is totally inconsistent with the Constitution. Not since the theories of Marx has anyone else tried to alter the economy changing human nature. Yet, they have usurped our representative forms of government to utilize the tyranny of the majority to overrule **Equal Protection of the Law**. We are either all equal in rights or we are not. There is no exception that because one person makes more than another, they should have less rights than anyone else.

When Europe was against the working class for centuries of aristocratic rights that stemmed back to the days of serfdom, the people fled to America which was the land of opportunity. In Britain, the lower class would only be allowed to rent property. They took 100 years leases which cost the full value of the property. But at the end of those 100 years, the property reverted back to the landlord and it was leased out again for 100 years. Britain leased Hong Kong for 100 years and had to give it back to China.

The Capital Flight

Capital will flee today based upon current events which can be influenced by war, political unrest, revolution, or fiscal mismanagement. Historically during the 18th and 19th centuries, people also fled physically to be able to start a life anew.



Grover Cleveland (1837–1908)
only President of United States to
serve two non consecutive terms
(1885–1889 and 1893–1897)

“At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner – the first to be injured by a depreciated currency – is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labour.”

Emergency Speech to Congress August 8th, 1893

ArmstrongEconomics.COM

During the Panic of 1893, President Grover Cleveland expressed it well. He said the speculator can profit from the volatility which he called the misfortune of others. The capitalist can protect himself by hoarding his capital and not spending or investing. He then said that the wage earner, could neither hoard his labor nor is hurt by a depreciated currency and relies upon confident and contented capital to earn a living.



Herbert Hoover
(1874 - 1964)
(President 1929 - 1933)

During this new stage of the depression, the refugee gold and the foreign government reserve deposits were constantly driven by fear hither and yon over the world. We were to see currencies demoralized and governments embarrassed as fear drove the gold from one country to another. In fact, there was a mass of gold and short-term credit which behaved like a loose cannon on the deck of the world in a tempest-tossed era.

THE MEMOIRS OF Herbert Hoover - The Great Depression 1929-1941, id/p 67

ArmstrongEconomics.COM

The Capital Flight

During the Great Depression, in 1931 most of Europe, South America, and Asia all defaulted on their national debts. That was driving capital from one currency to the next. Herbert Hoover wrote in his memoirs that capital acted like a cannon on the deck of the world in a tempest-tossed era. Indeed, this is capital flows in times of uncertainty which we face once more headed into 2022 and beyond.



even though we do not understand what they are doing and politicians only act in their own self-interest about maintaining their elected position. Politicians, more so than the unelected Deep State, try desperately to influence what we think and do assuming we will respond to what we believe will happen in anticipation of their actions.

The Global Economy



*It is always a question of Capital Flows
Domestically between Investment Sectors
& Internationally between Nations and Regions*

Perhaps the greatest problem we face is this deliberate attempt to transform the economy into this Marxist-Wonderland all because they can no longer kick the can down the road. This is all about reforming our political-economy and defaulting on the national debts, introducing cryptocurrencies so they can track every dollar we get and where we spend it. The COVID-19 passports are all about restricting movement to prevent civil uprisings.

The majority only sees things in domestic political-economic terms making investments and policy decisions based upon this myopic domestic perspective.

We assume governments are in control

The Capital Flight



Yet the economy is far more complex and sophisticated than what the politicians and central bankers assume. Everything is actually connected precisely as it is in nature. Those in power think they can create a rain forest by just planting a bunch of trees. There are countless species of plants, animal, and insects as well as biological microscopic organisms that are hidden from cursory view.

We are part of nature and our economy is also intertwined with everything around us. This is a highly complex grand design. No biologist would dare to come up with a theory and declare they then do not like the way a rain forest functions and they propose to change it. Yet in economics, this is precisely what these academics try to accomplish.

To analyze and model the global economy which is extremely complex, we have to discover how it functions, not declare how it should function. Capital will rush around the globe based upon CONFIDENCE and OPPORTUNITY but sometimes it will panic a FLEE the same as an animal threatened. Like an animal, if there is no escape, it will then show its teeth and defend itself when cornered. We cannot outlaw human nature – we must understand it.

The Capital Flight



To see the future, we must understand which door to open. Our political economic system requires research that views the system both as a whole and its component parts to reveal the interconnected data that lies hidden beneath the surface. We must realize that Adam Smith's discovery of the Invisible Hand that Keynes and so many economists hated, was a glimpse into the soul of humanity itself. It defines not just we the people, but also those in power for they too will always seek more power to control society in order to maintain their own elite status.

Just before his death in 1946, John Maynard Keynes told Henry Clay, a professor of Social Economics and Adviser to the Bank of England, that he hoped that Adam Smith's "Invisible Hand" would help Britain out of the economic hole it is in: ***"I find myself more and more relying for a solution of our problems on the invisible hand which I tried to eject from economic thinking twenty years ago."***



by Danielle White

The Capital Flight

Just as if you kill one single species in a rain forest that you think is some sort of pest, it is the food source for another and it may be the only predator for another. Remove that one species and you set off a chain reaction.

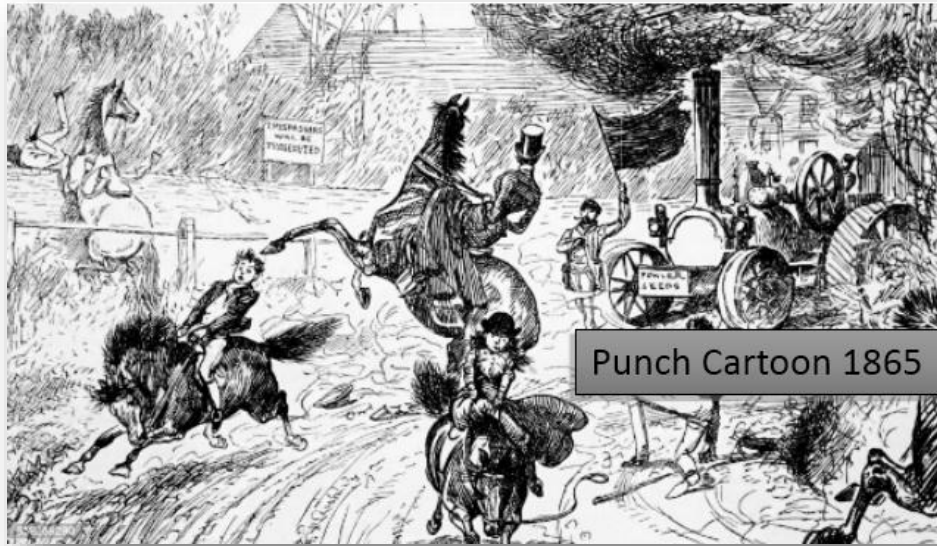


Australia stands as the classic example. Cane toads were first brought to Australia in 1935, when they were released in 1935 in an effort to combat beetles which were causing extreme damage to sugar cane crops, one of the region's biggest exports and income generators of the time. However, cane toads multiplied rapidly but

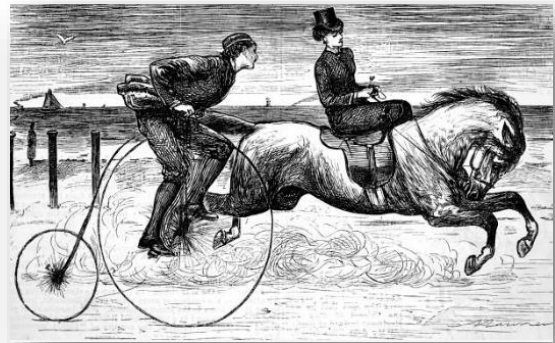
began to poison wildlife that would eat one because they were poisonous. Cane toads release poison from their parotid glands in defense when they're threatened, and they can squirt this poison propelling it from even a distance. Lacking any natural predator, there is no solution to the problem humans created. Hence, the economy poses the same risk by introducing regulations they assume will achieve a goal and instead it impacts the economy adversely.

For example, the invention of the automobile put buggy makers out of business. England lost the edge on the Industrial Revolution because it enacted laws to protect the buggy makers. The Industrial Revolution began in Great Britain but the oligarchy killed the trend. Nicolas-Joseph Cugnot (1725-1804) demonstrated his *fardier à vapeur* ("steam dray"), an experimental steam-driven artillery tractor, in 1770 but it proved to be impractical. By 1784, William Murdoch (1754-1839) had built a working model of a steam carriage, which was probably the first steam locomotive but without tracks. It may have been English regulation that inspired tracks as I will explain. In 1801 Richard Trevithick (1771-1833) built a full-sized functioning road locomotive known as the "Puffing Devil". These early vehicles came at the dawn of the Industrial Revolution.

The Capital Flight



Naturally, these early attempts began to show potential for mass transit, until a backlash unfolded with the enactment of the **Locomotive Act** (1865), which required self-propelled vehicles on public roads in the United Kingdom to be preceded by a man on foot waving a red flag and blowing a horn. Clearly, these early attempts that would have put England on the map were effectively killed by legislation orchestrated by the status quo of the English Oligarchy. They already tolerated bicycles. It was time to put an end to this alternative transportation innovation.



Britain would not regain that status as the Industrial Revolution shifted to America and continental Europe. Inventors and engineers abandoned the idea of creating automobiles in Britain and turned to creating a railway for locomotives because of this regulation if they moved on tracks there would be no need for a flagman. Only after the government realized they could not prevent innovation; they did remove the need for the red flag to proceed a vehicle in 1878. However, they did not actually abolish the law entirely until 1896 after Britain lost the edge to America and Germany for the Industrial Revolution.

The Capital Flight



confiscating all land and appointing bureaucrats to determine when and what to plant with zero experience in farming.

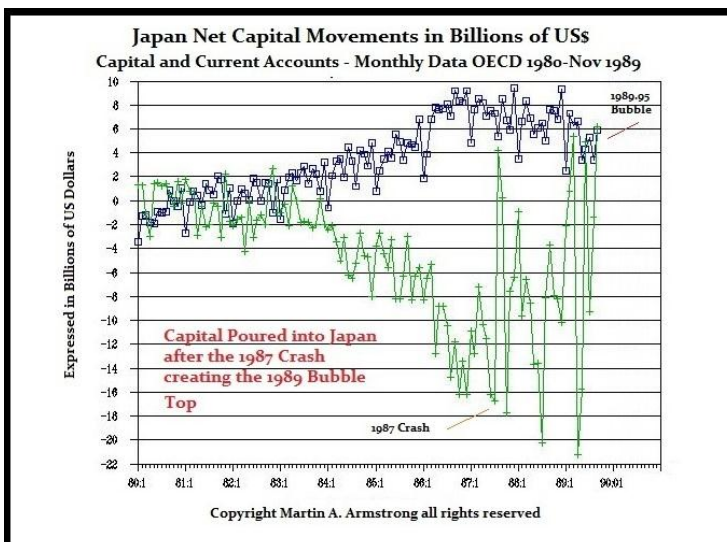
The Plaza accord where the G5 was born (now G20) to manipulate the dollar down by 40% in order to reduce the US trade deficit, created the 1987 Crash. After selling the Japanese one-third of the US national debt, they failed to understand that lowering the dollar



1985 Plaza Accord

From left are Gerhard Stoltenberg of West Germany, Pierre Bérégovoy of France, James A. Baker III of the United States, Nigel Lawson of Britain and Noboru Takeshita of Japan

also lowered the value of all US assets. This crazy idea sent capital fleeing from the dollar rushing back to Japan. Bureaucrats only looked at the trade deficit and nothing else.

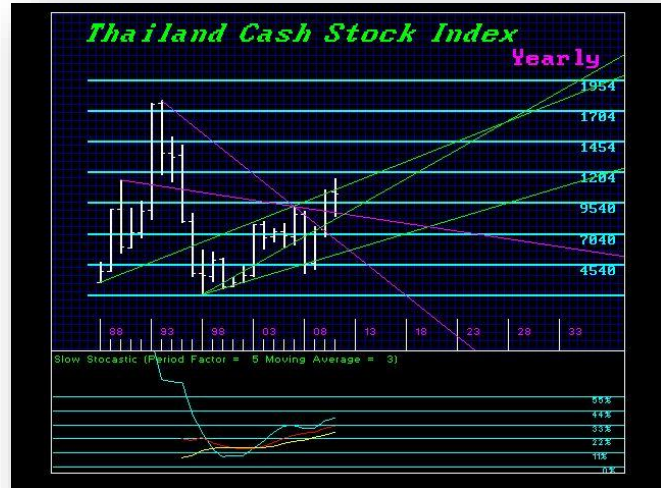


The G5 caused the capital flight from the USA and the 1987 Crash on a panic the dollar would decline by 40% and that set off a capital concentration back into Japan. As the yen rose and the Nikkei, that attracted foreign investors creating the Bubble in 1989. Capital then fled Japan and moved into South East Asia.

The Capital Flight

The capital then flows to South East Asia and created the peaks in 1994. That was the precise low in the S&P500 back in the USA. Capital then began to shift toward the US and European markets and this flow intensified because of the expect launch of the Euro in 1998. That led to the Currency Crisis of 1997.

The turning point in 1994.25 marked the precise low in the US share market and the shift in capital flows out of South East Asia. Every single thing is connected on a global scale. We must come to understand that the economy has matured and evolved in ways we have ignored and remain oblivious to their development. In many ways, we still assume the world is flat economically. We fail to grasp the global economic evolution all around us because it confronts our politicians, economists, and the

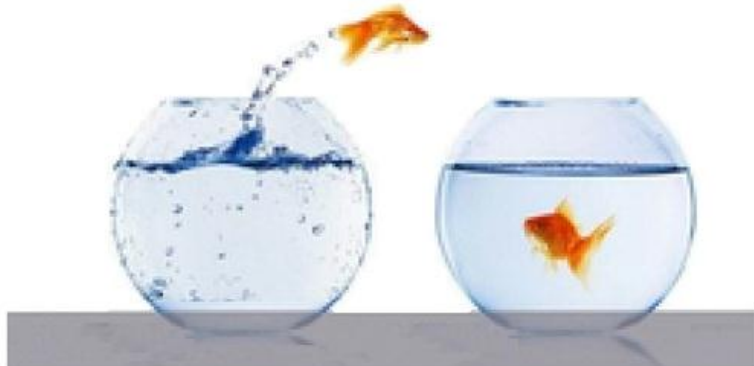


central bankers who prefer the limited domestic economy view in which they can be masters of the universe.

The evolution of our global economy is challenging the very ideas and theories of economics that deprives them of the power they desire as interventionists. If the economy is malleable, then they can control it. If

the economy is interlinked, then we are all in this together and we cannot control the economy with raising taxes to create **“social justice”** without endangering the entire system.

The Fish-Bowl Economy



This basic assumption of a domestic economy within the grasp of government is what I call the ***Fish Bowl Economy*** entirely self-contained. All economic theories are predicated upon this concept and justify government intervention to alter domestic trends that may be set in motion externally. This domestic myopic view that supports centralized planning and governmental power was the foundation of communism that crumbled to dust.

•

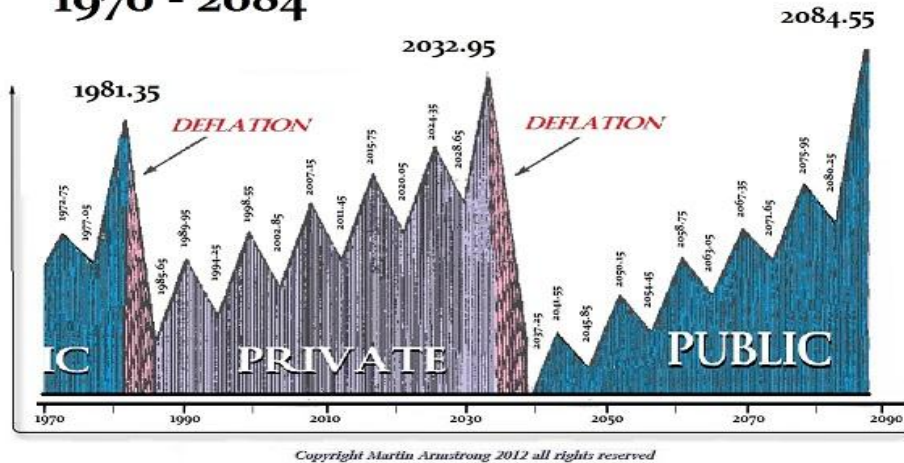
Net Capital Movement

Government, assuming variable degrees of power, has been unable to prevent any crash and always seeks greater power in the aftermath with each event claiming they will prevent the next. They cannot see the global economy for it is beyond their power. This view of a domestic ***Fish Bowl Economy***, excludes the possibility that a fish can leap from one bowl to the next. Therein lies the flaw in economic theories that justify government control. Increasing regulations in one country will simply send capital fleeing to another.

Shift from Public to Private – Great Migration

Economic Confidence Model

1970 - 2084



Both in real estate and equities, we have witnessed the shift from **Public to Private** assets on a grand scale. Such things have become the alternative to government assets precisely as capital moves historically. People have been fleeing the cities like Los Angeles, San Francisco, Chicago, and New York, just to mention a few, heading to greener pastures outside the urban centers. This has resulted in rising real estate values in suburbia not seen since 1927 – (11 cycles of 8.6-years). The trend was from 1922 to 1940.



Gaius Plinius Caecilius Secundus
(61/62-c. 113AD)
better known as Pliny the Younger

The very word "**suburbium**" is what the Romans called it. People left the cities fleeing taxes, oppression, the collapse of the rule of law, and outright corruption that historically will always infect governments regardless of their form.

History repeats **BECAUSE** human nature never changes. Humans will **ALWAYS** act in the same manner to the same set of circumstances no matter what culture or century. Indeed, one of the most famous love letters is from Pliny the Younger – the man who witnessed Vesuvius erupt and bury Pompeii.

Shift from Public to Private – Great Migration

Gaius Plinius Caecilius Secundus (61/62–c. 113AD) Roman lawyer better known as Pliny the Younger, left a collection of letters from the 1st century AD. His famous love letters illustrates that human emotions have never changed.

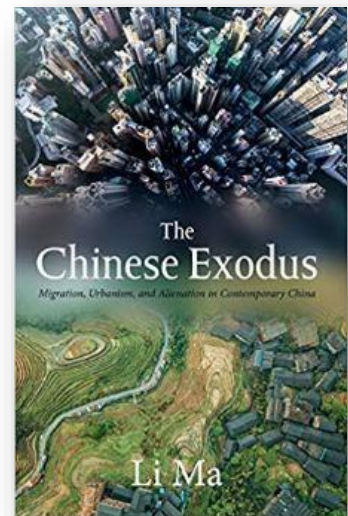
You say that you are feeling my absence very much, and your only comfort when I am not there is to hold my writings in your hand and often put them in my place by your side. I like to think that you miss me and find relief in this sort of consolation. I, too, am always reading your letters, and returning to them again and again as if they were new to me — but this only fans the fire of my longing for you. If your letters are so dear to me, you can imagine how I delight in your company; do write as often as you can, although you give me pleasure mingled with pain.

Historically, the pattern never changes. As an economy grows, people are attracted to the cities to make their fortune. This has been why ancient Athens rose to become a great city as did Babylon, Sardis, and Rome. You go to LA and you see beautiful girls as waitresses whom are all hoping to become the next great actress. New York you find guys hoping to become the next great fund manager to rival Soros.

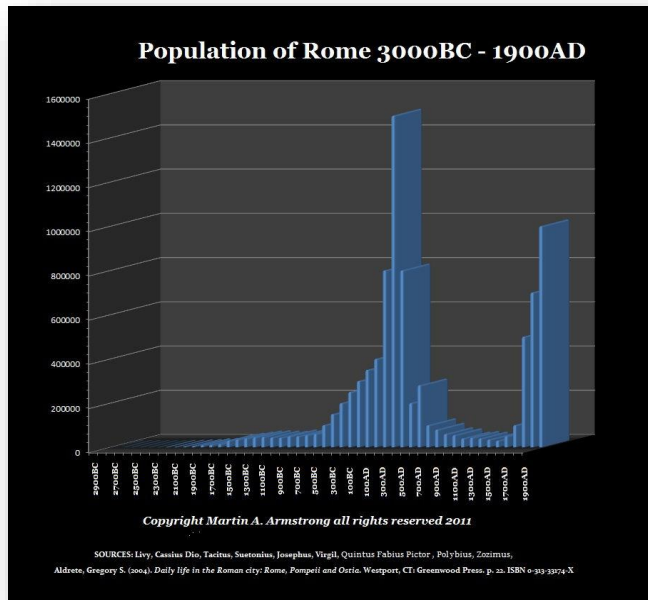
There is an interesting book entitled ***The Chinese Exodus***. This work explores the sociological and theological discussion going on concerning China's internal migration since the marketization reform in 1978.

While the book documents the social and political processes impacting the experiences of internal migrants from the countryside to the city within China, the attempt is to reconstruct the political, economic, social and spiritual dimensions of this urban underclass in China who made up the economic backbone of the Asian superpower.

Indeed, in China as it has been rising, we see this pattern of people migrating from the countryside to the big city to make their fortune. This is also the cornerstone of capitalism whereas under communism, people were restricted from movement preventing this natural migration which is why there was NEVER any major innovation to come from communism other than nuclear weapons and trying to



Shift from Public to Private – Great Migration



win the space race. All innovation for society never took place denying personal incentives to make a fortune and the denial of the freedom of movement.

The historical pattern is to migrate to the big city to make your fortune creating the great civilizations, but when that land of opportunity no longer exists and there is massive taxes, corruption, and regulation, the trend reverses to a flight from the urban centers marking the decline and fall.

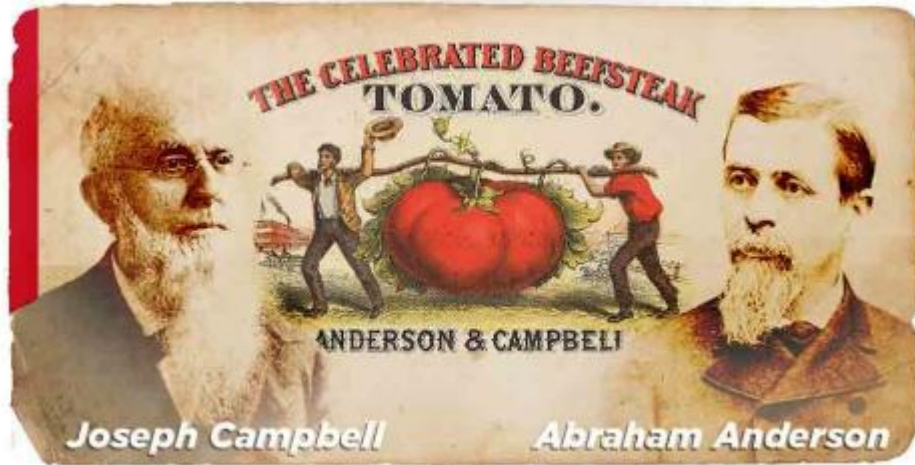
Rome became the largest city in history reaching a population in excess of 1 million by its peak in 180AD. It had crossed that 1 million mark in 133AD during the reign of Hadrian (117–138AD). With the death of Marcus Aurelius in 180AD, the decline and fall began. Gradually the population collapsed until it fell to just 15,000 during the Middle Ages.



Broadway in New York City in 1875

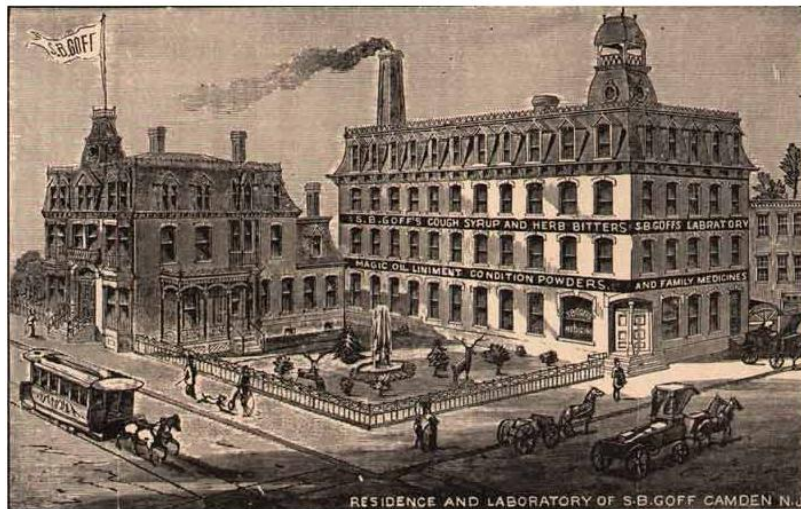
The city of London, England reached the 1 million mark finally in 1810 during the reign of George III (1760–1820). New York City finally reached that level in 1875. When a city is growing, the economy is expanding. When it is no longer beneficial to seek your fortune in the big city, it begins to decline.

Shift from Public to Private – Great Migration



Indeed, we also saw two separate waves of migration from the cities (urban) to the countryside (suburban). I grew up in a small town in New Jersey by the name of Maple Shade which was across the river from Philadelphia and down the road

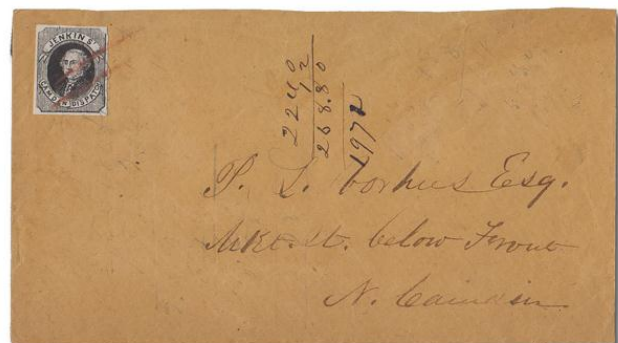
from Camden which was again suburbia. Camden, New Jersey was famous for two things; Campbell Soup and the author Walter Whitman (1819–1892).



Joseph Campbell, a wholesale fruit and vegetable vendor, and Abraham Anderson, a commercial canner and

packer, got together in 1869 to create Anderson & Campbell in Camden, New Jersey. This would one day become Campbell Soup Company.

Yet Camden was a vibrant manufacturing city and there were ferry boats that moved back and forth from Camden to Philadelphia. There were even local postal services that emerged in 1853, Jenkins' Camden Dispatch. Samuel H. Jenkins would deliver mail within the city of Camden



Shift from Public to Private – Great Migration

and pick up letters and bring them to the post office. Samuel Jenkins died in 1857 and the post was taken over and run by his brother William Henry Jenkins until early 1861.

There was movement out of Camden but most of this during the 19th century was for farming. On the island of Absecon, which became Atlantic City, by 1850, there were only seven permanent dwellings located there. Dr. Jonathan Pitney, a prominent physician who lived in Absecon, felt that the island could become a health resort but there was no access. Pitney, along with a civil engineer from Philadelphia, Richard Osborne, had the idea to bring the railroad to the island. In 1852, construction



Ben Franklin Bridge in Philadelphia Opened January 6, 1922
The largest single span suspension bridge in the world, at 1.8 miles

open in 1922 which began the migration to South New Jersey. Even the town I grew up in was born in 1922.

New York City opened the Lincoln Tunnel in 1937 following the Great Depression. This was part of the project of putting people to work. Even the construction of the Empire State Building was a symbol during the Great Depression.

construction began on the Camden–Atlantic City Railroad. Finally, on July 5th, 1854, the first train arrived from Camden. It was a 2.5-hour trip. By 1900, Atlantic City was the big resort for Philadelphia and New York City.

The great migration of moving out of the cities unfolded after World War I and again after World War II. In Philadelphia, the Ben Franklin Bridge



The Lincoln Tunnel Opened December 22, 1937
Connecting NJ & NY passing under the Hudson River

Shift from Public to Private – Great Migration

Our understanding of the economy is incredibly important, including these wave in to cities and migrations fleeing them. Nothing is possible without a properly functioning economy for the very existence of civilization depends entirely upon the function of the economy. People come together from the suburbs to form great societies in a trend of urbanization only when it is to the advantage. Historically, when the government loses sight of their purpose and sees itself as the embodiment of sovereignty instead of the people, then it begins to abuse the people with regulation and taxation. Once that takes place, the trend of coming together is reversed.



**Commodus (180-192AD)
(Pictured as Hercules)**

Edward Gibbon reported in his *Decline and Fall of the Roman Empire* about the son of Marcus Aurelius and how he set in motion the collapse of Rome. He wrote of Commodus (177-192AD):

"distinction of every kind soon became criminal. The possession of wealth stimulated the diligence of the informers; rigid virtue implied a tacit censure of the irregularities of Commodus; important services implied a dangerous superiority of merit; and the friendship of the father always insured the aversion of the son. Suspicion was equivalent to proof; trial to condemnation. The execution of a considerable senator was attended with the death of all who might lament or revenge his fate; and when Commodus had once tasted human blood, he became incapable of pity or remorse"

(Book 1, Chapter 4).

When the people begin to flee the cities because of corruption and taxation, the Romans had a word for it "**suburbium**" meaning the people began fleeing from the cities to what we call today suburbia. The population of Rome itself just collapsed. This is how empires die. The cost of government always rises to oppress the private sector since the public sector becomes addicted to revenue. That sparks greater regulation and the state which increases the abusive regulation. The people either leave or revolt in their struggle to cope with the persistent unpredictable demands of the government that historically **NEVER** lives within its means.

Shift from Public to Private – Great Migration

It matters not what period we look at; the end result **NEVER** changes. Most of the leading German cities freed themselves in the second half of the 13th century from all forms of subordination to territorial princes, yet they were not as autonomous as the independence republics enjoyed by the Italians. This movement towards autonomy was facilitated by various princes' urgent financial needs.



Medieval Germany Mainz,
Archbishop Arnold of soul Mayrhofen 1153-1160
Silver Bracteate, Erfurt. 0.94 g
Inscription: + APNOLDVSARHEIEPISC. Berger

The great episcopal cities of Cologne, Augsburg and Mainz became free cities. In the struggle for autonomy, possession of financial resources was a decisive factor in victory. Impoverishment, nonetheless, facilitated the return of the lords because of the failure to manage the fiscal spending of the city.

The city of Mainz had gained its rights to be self-governing in 1118. It had become a free city in 1244. Cities where the patriciate refused to pay direct taxes willingly turned to borrowing even on a permanent basis. Mainz experienced extremely heavy indebtedness, which in turn led to a heavy tax burden on the townspeople.

Consequently, there emerged a succession of urban tax revolts led by the guilds in a number of city states such as those in Nuremberg during 1348, followed by 1364, 1370 and 1396 in Cologne, 1355 and 1364-1365 in Frankfurt, 1370 in Augsburg, and 1383 in Lubeck. From about 1332 onwards, the trade guilds (unions) became deeply involved in managing the government Mainz that stemmed the tide of any economic crisis until 1411.

The popularity of municipal borrowing was closely related to the sale of annuities. Life annuities were sought after by people as a form of insurance providing a sort of pension for their old age. Lenders did not turn over their money to their own town; there was a market for public loans and, in order to reduce risk, people made loans to several cities.

In 1408, the Burgermeister of Rothenburg obtained loans from 120 different localities, something which clearly distinguishes borrowing from direct taxation, though in this case what we are witnessing is a *mutuum* or a voluntary loan, and

Shift from Public to Private – Great Migration

not a *prestitum* (which was a forced loan). Short-term borrowing was gradually replaced by the sale of annuities. Life annuities were also favored by governments, as they presented possibilities of profit should bond-holders die. This is what the Democrats are doing today by forcing 10% of one's salary into government approved pensions that only pay an annuity. They prevent withdrawal of cash like from a 401K.

This type of non-redeemable bond entailed a high rate of interest of 10%. Certain cities preferred to replace them with perpetual bonds which meant lower interest rates of between 3% and 5% and which, being redeemable, could easily become a form of short-term credit.

While the fiscal mismanagement of Cologne and Nuremberg demonstrate how the great German cities' need for credit expanded regularly, we find great examples of direct and indirect taxation intermixed with floating debt composed of life annuities yielding 10% interest and the confiscation of Jewish property in 1385 that was cheered only because it enabled city states to abandon direct taxation. This was not unlike the targeting of the "rich" today whereas at this point in time the distinction was made based upon religion that justified seizing the wealth of the rich.



Holy Roman Emperor Otto III
(980 – 1002; Emperor from 996 until his death in 1002)
AR Denar (983-1002) (1.5 grams)
Imperial mint of Cologne

Nevertheless, it was the city of Mainz that provides a colorful example of the political decline caused by excessive debt and bad management of public finances that we face today. Financial difficulties had led to the trade guilds being involved in the government of the city from 1332 onwards. A major political conflict was thus avoided until 1411 when the payment of debt annuities accounted for 48% of total expenditure.

In 1411, there was a popular uprising that now forbade the sale of any more debt without the consent of the trade guilds. Yet, the financial conditions continued to worsen. By 1436–1437, about 75% of the total city expenditure was now being consumed by interest. Interest rates began to rise as there were subtle fears that Mainz might not be able to pay its debts. The interest rates climbed as the city tried to find buyers for its debt. The interest rates jumped from 3% to 5% during the 1430s.

Shift from Public to Private – Great Migration



1455 Gutenberg Bible 2 Volume Folio

Johann Gutenberg (c. 1398–1468), the German printer, is supposed to have been born about 1398 at Mainz of well-to-do parents, his father being Friele zum Gensfleisch and his mother Elsgen Wyrich (or, from her birthplace, zu Gutenberg, the name he adopted). He is assumed to be mentioned under the name of

“Henchen” in a copy of a document of 1420, and again in a document of c. 1427–1428, but it is not stated where he then resided. In 1420 the citizens of Mainz drove the patricians out of the city in a tax revolt. The collapse in debt resulted in a revolution. However, Gutenberg's name appears about ten years later at Strasburg, hence, it is likely that the family probably took refuge there fleeing Mainz due to the debt crisis.



A new city government emerged that was established by the tax revolt which forbade the sale of any more annuities without the consent of the trade guilds. Government cannot be trusted to borrow money, something we are soon to face.

Shift from Public to Private – Great Migration

Despite this tax rebellion between the trade guilds and the patricians, the city's financial situation continued to decline as it effectively sent the "rich" fleeing and this deprived the city of capital investment to grow. Clearly, with the "rich" gone, the city was unable to revive its economy having effectively destroyed Adam Smith's Invisible Hand. This led to the expelled families being recalled to Mainz, for we now see that Gutenberg did not avail himself of the privilege since he is described in the **Act of Reconciliation** (dated March 28, 1430) as "not being in Mainz."

The return of the patricians may have been predicated upon their buying debt of the city since on January 16, 1430, Gutenberg's mother arranged with the city of Mainz to purchase an annuity belonging to her son. This appears to be the reason for the recall of the expelled rich when the city cannot revive its economy without them.

Finally, in 1436–1437, 75% of the total expenditure of Mainz went to creditors, whose interest payments continued to increase crowding out all economic growth.

The interest expenditures were draining the economic fortunes of Mainz and now there was an ever-increasing difficulty to find new subscribers to its loans. This escalated causing interest rates to rise.

During the 1430s, Mainz offered 5% for the perpetual annuities instead of the previous 3% or 4%. The total national debt of Mainz reached 373,184 gulden. It was in 1448, when the city of Mainz could find no buyer of its debt and was unable to raise 21,000 gulden that it declared itself bankrupt. Since 60% of the debt was invested outside Mainz, the city was placed under Imperial ban, excommunicated by the Pope whereas today 40% of all interest paid by the United States goes overseas.

Taxes were raised and the rich deserted the city further ensuring the collapse of its productive forces. With the richest bourgeois gone and the city deeply impoverished, the fortunes of the city turned negative.



Johannes Gutenberg
(c.1400–1468)



Mainz: Adolf II von Nassau (1461-1475), Gold Florins, undated (1464/1468), 3.35 g
Av: Christ enthroned in Gothic stalls, darunter coat of arms /
RV: Flower Cross, in the corners of the coat of arms of Mainz, Trier, Cologne, and Palatine

Adolph II (or III) of Nassau–Wiesbaden–Idstein (German: Adolf II. von Nassau–Wiesbaden–Idstein) (c. 1423–1475), was Archbishop of Mainz from 1461 until 1475. He was a son of Count Adolph II of Nassau–Wiesbaden–Idstein. On June 18, 1459 he was defeated in the election to the Archbishopric of Mainz by Theodoric of Isenburg–Büdingen who was never confirmed by the Pope. In 1461 he went to Nuremberg for Imperial and Papal reform, and its recommendations earned him the wrath of both the Emperor Frederick III and Pope Pius II. It was then in 1461 that Pope Pius II declared Adolph the Archbishop of Mainz following the confrontational reforms of Theodoric.

Since the city of Mainz and its cathedral chapter remained loyal to Theodoric, Adolph declared war. The devastating Mainzer Feud continued for a year until on October 28th, 1462 Adolph captured the city. Some 400 citizens were executed, and another 400 fled abroad. Adolph also revoked Mainz's privileges and the status as an Imperial City. Mainz was sacked by Archbishop Adolph von Nassau, and Johann Gutenberg was exiled from Mainz and he moved Eltville where he may have initiated and supervised a new printing press belonging to the brothers Bechtermünze. Gutenberg died in 1468 and was buried in the Franciscan church at Mainz, his contributions largely unknown. This church and the cemetery were later destroyed, and Gutenberg's grave is lost.

Shift from Public to Private – Great Migration



Historically, this has been the difference between movable and immovable assets, such as real estate. Collectibles, stocks, and precious metals are in the moveable category. Of course, this is what governments are now attempting to seize. If we look at the fall of Rome, the first asset class to decline was real estate, as you cannot take it with you when you leave town. Thus, the population of Rome collapsed from 1 million to 15,000 by the Middle Ages. People had no choice and just walked away, unable to pay the taxes demanded.

Taxes are the great destroyer. You are an economic slave if you simply cannot retire without having to pay taxes. Taxes reduce economic growth and lower productivity for they are no different, economically speaking, from some gangster demanding “protection” money to operate a business. Rome prospered as long as it had a minimal **flat tax**. The Democrats preach they want to tax the rich, but what they actually do is create higher tax rates with all sorts of deductions they sell to lobbyists for big campaign donations. A **flat tax** is far more economically more of an incentive and it will be closer to the indirect taxation that the Founding Fathers incorporated into the Constitution until the Marxists alter everything.

The cycle is very clear. First, we have the attraction of the city with low taxes and regulation where people come together to create economic booms. Governments will then become greedy with taxes and over-regulation. This will then lead to the downside of the Bell Curve and result in the death of the empire, nation, or city-state. It is always the same pattern no matter what century or culture.

Ancient Marxism



Most people assume that the history of socialism had its origins during the 1789 French Revolution. That was the Commune experiment that the French used to convince Marx that "communism" was necessary – the surrender of all wealth. The Communist Manifesto was written by Karl Marx and Friedrich Engels in 1848 just before the Communist Revolutions of 1848 swept Europe. Marx was pushing his version of scientific socialism. The Australian Labor Party was the world's first elected socialist party when it formed government in the Colony of Queensland for a week in 1899. In Britain, the first Socialist Labor Party to be elected was that of Ramsay MacDonald (1866–1937) became the first Labour Party prime minister of Great Britain in 1924.

There is a paradox that has emerged over what boils down to material wealth prompted by people who simply fail to understand humanity. Since Karl Marx and others began to advocate for societies to develop more "equitable" economic systems based on material wealth in the form of socialism and even communism, there have arguments that capitalism spawns economic and social inequality. They insist that causes societies to deviate from "natural" or its original tribal human societies. Evidence for more equal societies has existed only in theory for even in these primitive tribal communities there is a chief and class structure.

Ancient Marxism

These people who want to create an “equitable” world will typically point to the early forms of socialism as being societies that were hunter-gatherer in nature. They tend to project a society without some leader. This is nice in theory, but impractical. Someone will always become a leader and there are those who are either less intelligent or less ambitious to be bothered to be a leader preferring less responsibility as a follower.



They hail this as natural for there were no wealth differences, but there was also little progress. Based on this idea, archaeologists and historians have argued that this form of socialism with its classless society structure existed in the distant past some 7,000 to 10,000 years ago. In fact, Karl Marx and Friedrich Engels had advocated that hunter-gatherer societies are egalitarian and represent a type of primitive communism.

Of course, archaeologists and anthropologists in the WOKE culture assert that such hunter-gatherer societies were not only classless, but they were also sexual equality in that women and men wield comparable power. Of course, there is no evidence of this and when Hillary was running for president, many young girls did not vote for her because she wanted to also draft women into the army. Not everyone is cut from the same cloth. They also admit that these perfect social structures in their theory would have worked best when there were less than 50 people in the tribe.

While modern hunter-gatherer groups may not display differences in classes and even sex, it is not clear how such a system would work without leaders. Someone

Ancient Marxism

had to invent a wheel and another a spear. To do that takes curiosity and imagination. As soon as you understand that there is not equality in the mental capacity of all humans, it is hard to see where such a society would exist without some people rising to the top. Without that, there can be no progress.



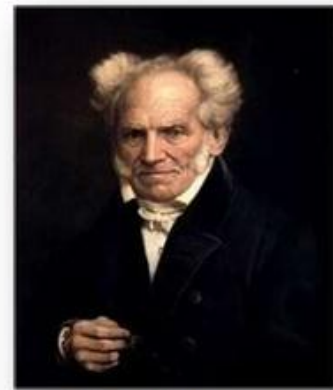
There are over 35,000 megalithic structures in Europe alone, located widely from Sweden to the Mediterranean Sea. Many of these are tombs showing there was a class for important people to warrant special treatment. Megalithic tombs or burial mounds with large stones date back to Neolithic period, about 5,000 years ago. This does not support this idea of natural socialism. When the Maya society was first discovered, there too they proposed that they were a peaceful and equitable society. Then they discovered human sacrifice.

Nevertheless, despite these socialists desperately seeking to find some equitable society we should mimic, there are no significant hunter-gatherer groups that have been discovered displaying any direct evidence where there was no person who would have greater authority or access to resources.

Ancient Marxism

To try to justify their fantasy, they argue that agriculture created the circumstances for inequality to emerge. With agriculture, the ability to raise resources through the land was not equal because not all land is equal in productivity and some simply may be better. They claim that some individuals were able to produce more than others and this resulted in the possibility for socially unequal societies to emerge. They added that agricultural societies create dependencies because there are individuals who lack the skills and thus become dependent on others. This leads to class-based societies.

This constant analysis of socialism focuses always on wealth which they see as evil and the basis of class and discrimination. This stems from the very fundamental fact that they are ignoring – human nature and that we are **NOT** all the same. Humans are hard-wired insofar as we tend to herd together forming tribes and societies in the first place. This collective behavior over the centuries is quite interesting. Governments are tapping into this collective behavior that Arthur Schopenhauer (1788–



Arthur Schopenhauer
(1788 - 1860)



Stanley Milgram
(1933-1984)

1860), a German philosopher, characterized the world as the product of a blind will rather than the senses. Stanley Milgram (1933–1984) also wrote about his discovery in his book *Obedience to Authority* that people will even torture others as long as there is some higher authority that tells them to do so. These very important psychological revelations defeat this very idea of the perfect socialist society where everyone is equal. The human nature simply requires class and there will always be those who desire leadership and those who prefer to be followers. That cannot be altered.

The ascent and ebb of civilization follows the course of life in all its aspects. Each civilization is born from an implicit agreement that gives birth to a culture, how we do things. This includes of course the first requirement, a common language. Once communication is established, then our

Ancient Marxism

inherent social nature is to group together, for the majority of people prefer to be followers. This is also how the rise of Communism resulted in the slaughter of over 200 million people who resisted Marxism and Hitler exterminated the Jews and others he regarded as inferior. We seem to form groups not for socialistic ideals but out of this blind instinct to herd together. To a large extent, in order to comprehend how nations and empires die, we must also understand truly how they emerge.

Therefore, this unrealistic idea that hunter-gatherers were classless and sexless does not fit with our analysis of human nature that has

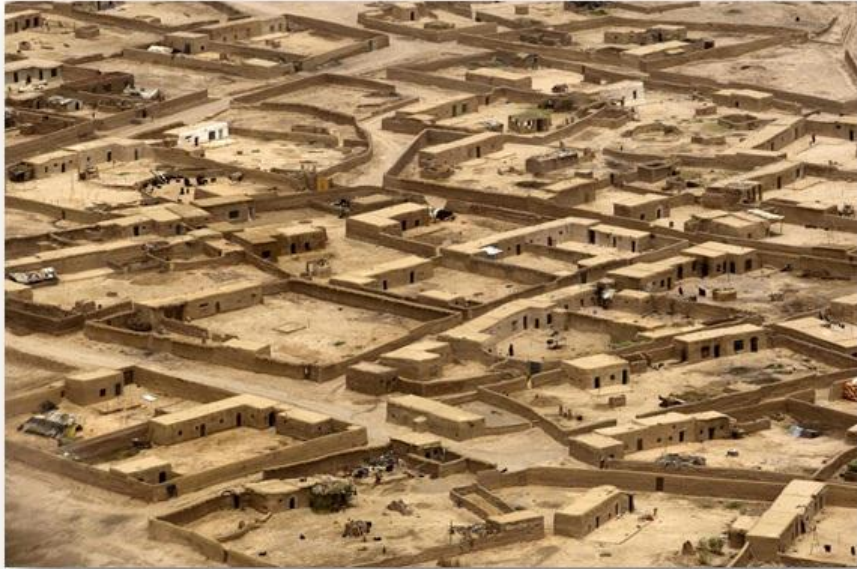


never changed. There are ancient graves showing people with gold belongings. There are also graves where the people were arranged in loving formations also confirming that human emotions of love and hate existed in the Stone Age as they do today. This fantasy of natural socialism that existed does not hold up to the historical evidence.

Going back to the Stone Age, we know that people came together forming tribes for quite simplistic reasons – safety in numbers. There was of course the personal safety aspect, mating, and the ability to hunt together to bring down larger prey. This was the traditional hunter-gatherer stage. Still someone had to come up with the strategy to hunt an animal together. We roamed around the globe following the migration of animals, but still in single tribe formations. Urban life does not appear to have emerged until around 8,000 BC. This development marked the idea of creating domesticated animals and agriculture. This effectively ended the nomadic life style.



Varna Necropolis Grave
located in Bulgaria
dating to 4,600-4,200 BC



**Catal Huyuk located in Turkey
One of the earliest cities known circa 6700BC**

It was about 6700 BC when the earliest city began to appear known by the name Catal Huyuk located in Turkey which covered about 30 acres. The buildings were mud and brick construction, but inside there appeared plastered walls. No doubt, this was the latest modern invention that illustrates two important developments. First, this confirms the birth of an urban trade skill and secondly, homes were found with paintings on the walls suggesting the flourishing development of art, one of the last skills to develop within urban life reflecting good economic times.

The existence of plastered walls and art in Stone Age Catal Huyuk, has serious economic implications that defeats the fantasy of socialism. This indicates a successful agricultural society and the domestication of animals. With these developments, now everyone no longer needs to be nomadic nor engaged in the production of food. This allowed the development of trade skills. In this case, there emerges a construction guild. This implies another development – money! In order for trades to emerge, the labor employed must then be compensated so they need to not hunt or grow crops. While we do not find coinage for about 6,000 years later, nor do we find the use of gold and silver, what must have emerged was barter reflecting some common unit of value that became a medium of exchange. Not everyone was a farmer so they had to find some medium of exchange that was acceptable.



Roman Aes Signatum 5th Century BC

We know that cattle became an early medium of exchange. When the Romans were starting to use bronze as their medium of exchange, they minted ingots that had the image of a cow on it symbolizing value. Even earlier, the Minoans who spread the Bronze Age through trade, also created ingots that were shaped as a sheep's skin which was also used as the medium of

exchange pre-coinage.

Here is another bronze ingot with the design showing an ear of barley. So once again, these early transitions to bronze as the medium of exchange reflect the previous barter system of grain, cattle, and sheep skins as the former medium of exchange.

I find it fascinating how these socialists point to agricultural



**Æ SIGNATUM (5 As Ingot) Barley-ear/Tripod
(280-276BC)**

Ancient Marxism



societies were the origin of what they see and greater inequality that altered their fictional world of egalitarian form of socialist societies that promoted equal political, economic, social, and civil rights for all people. Human nature simply does not conform to their idealistic world or perfect harmony. If someone did not direct the others in

a hunter-gatherer society to bring down a woolly mammoth, then hunting together made no sense. Cave drawings exist showing a group effort in hunting. Such groups still require one leader. The focus on material equality rather than equality of rights has framed the entire debate and led to countless deaths justifying the taking of other people's wealth arguing they are somehow not entitled to it.

There idealistic view that wealth may have been similar among families, and families would share resources, including farming equipment and land creates their vision of Utopia – nobody is in charge. As soon as one person became a leader, the class is created and such a hierarchy means an inequality of power.

Even if we look to the animal world, there is always a dominant authority if it is wild horses, lions, or elephants. Asian elephants are highly intelligent with social structures. Asian elephants live in small herds of females and young males. Within the herd, each elephant will be aware of their status within the hierarchical order, with the most dominant role usually reserved for the oldest female. This female is known as the 'Matriarch' of



the herd. Her role is less definitive in Asian elephant herds compared to their African counterparts. She will lead, defend, guide, teach, and punish the other elephants in her herd when necessary. When male elephants reach puberty, usually between the ages of 8 and 12 years, it is customary for them to leave the herd and seek their own territory. If he refuses to leave, he will be forcibly ejected by the females, who will not tolerate unchecked aggression within the herd.

Ancient Marxism

Even in the animal world we do not find this "natural socialist" structure. As soon as you have any central authority over the population, there will be instant political class evolution. Creating career politicians will also instantly create a class that looks down upon the people as the mindless mob to be controlled. Even in a family unit, should the children have equal authority to the parents?

Nevertheless, even with the emergence of towns and cities, these people want to believe that still societies can be relatively socialist. They cannot accept that humanity is different and if one guy can paint a realistic portrait of a person and another cannot draw even a flower, that somehow, they still should be equal materially despite the fact that the ability to be a great artist may be just one in 100,000.



Athens 455-339BC AR Tetradrachm "Owl"



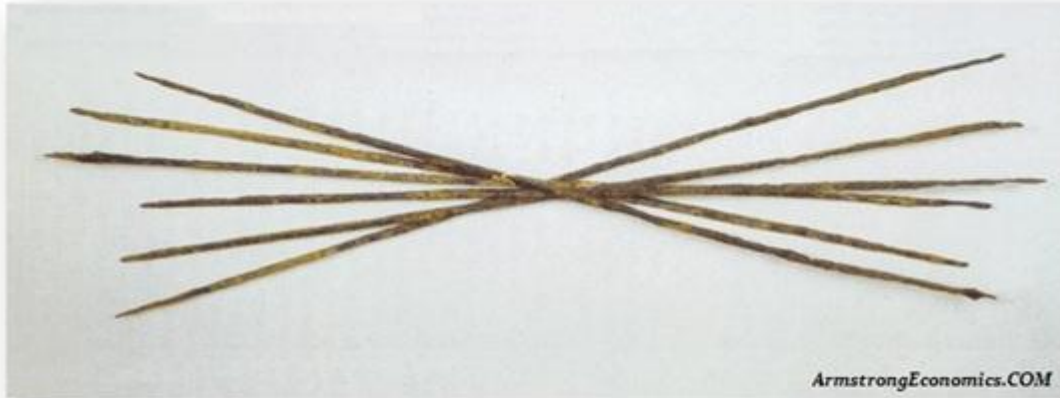
**Septimia Zenobia (Woman usurper in Palmyra)
(b c. 240; 270-274 AD)**



**Marck Antony & Cleopatra VII
(83-30BC) (69-30BC)
AR Silver Tetradrachm (11.12 grams)**

There were ancient cultural differences existed whereby in the Greek world over into Egypt, women could be ruling queens. Even in Athens, their patron goddess was Athena who was female and defender of their city. There was queen Zenobia of Syria and of course there was the infamous Cleopatra. Boudicca, born c 60AD, was a British Celtic warrior queen who led a revolt against Roman occupation. In Rome, women would influence the Emperor, but could not rule herself.

Sparta v Athens - Clash of Philosophies



The origin of Greek coinage was the Obol

(ancient Greek: *obolos*, literally "spit, iron rod") According to Plutarch, the Spartans had an iron *obolus* of four *chalkoi*. Sparta chose to retain the use of the crude and cumbersome, impractical "oboloi" for their monetary system rather than adopt any coinage in order to discourage the pursuit of wealth (see Plutarch, *Lycurgus* 9). This philosophy symbolized the virtual communistic view of Sparta. In Classical Athens, the *obol* became a silver coin 0.64 grams & six *obols* = *drachma* (meaning "handful")

Marx read his ancient history and sided against democracy. He took the side of Sparta against Athens where Communism truly first appeared in Ancient Greece. Sparta was the communistic state so much so, they **NEVER** adopted coinage until well after the Sparta Empire collapsed. Many serious collectors of ancient coins could never believe that Sparta struck no coins at all. Indeed, Sparta only issued Spartan coins, in small quantities, well after it had ceased to be a major power in the affairs of the Greek world.

The first-century historian Plutarch tells us of the legendary Spartan lawgiver, Lycurgus (seventh century BC):

"...[H]e commanded that all gold and silver coin should be called in, and that only a sort of money made of iron should be current, a great weight and quantity of which was but very little worth; so that to lay up twenty or thirty pounds there was required a pretty large closet, and, to remove it, nothing less than a yoke of oxen...For the iron money could not be carried into the rest of Greece, nor had it any value there, but was rather held in ridicule."

Ancient Marxism

Lycurgus may have been the first Marxist in history. The purpose was to discourage Spartans from accumulating wealth. He seems to have believed that outlawing wealth, as did Marx, that this would magically focus their energies of the people on preparation for war. Plutarch's chronology is debatable for Lycurgus cannot be confirmed to have actually existed. Since coinage came in between 700-600BC, previously they were using primarily silver in Greece which was a natural metal whereas gold was discovered in Anatolia, modern day Turkey. However, the Greek word for roasting spits (obeloi,) is closely related to the word for a small silver coin (obol), so the legend may indeed be valid.



Aegina (530-525 BC) Tortoise - Union Jack style punch

Ancient Aegina, an island in the Saronic Gulf, was the first Greek city-state to issue coins in Europe establishing the Aeginetic stater with a weight of about 12.5 grams. The design of the coinage is that of a turtle, which was an animal sacred to Aphrodite. The first coins were struck at Aegina that dates from 700BC. Previously, metal traded in lumps, and the first idea of coinage appears during the 7th century BC when these lumps begin to appear in standardized weight.



Ancient Marxism

Like the Nazis, the Spartans practiced eugenics. They did not plow their own fields, they had a large body of slaves they called helots who were encouraged to breed among themselves and even could have some form of a family unit. However, like the Spartans themselves, the Helots were subjects of a eugenics doctrine, or as we know it “selective breeding” that was the state practice. The strong would live and the weak would be left to die which seems to be suggested by Plato as well.

A Spartan male could procreate with helot women to “bulk up” the state's servant numbers. These children were called “nothoi” and they would rank somewhere between a slave and a free man. Girls who were born from a Spartan and helot would be simply discarded.

There was a major earthquake in Sparta 464BC which destroyed much of Sparta killing perhaps 20,000 people. The earthquake appears to have sparked a slave revolt of the helots. It appears that this revolt also resulted in rising tension with Athens probably over material jealousy that led to the cancellation of a treaty between them. The Athenians aided Sparta at this time but were sent back without any appreciation. This is also when Pericles came to power which promoted a populist democratic government which was anti-Spartan authoritarianism. This was probably much like the cold war between the West and Communism. It took about one 51.6-year cycle for Sparta to rise and convince others to join to defeat Athens and its democracy.

Corinthian Silver Stater



AR Stater c. 480 BC (8.72 grams)

AR Stater c. 405-345 BC (8.23 grams)

Pegasus flying / Athena in Corinthian Helmet

However, to be fair, Sparta was in league with its neighbors, especially Corinth whose own coinage competed with Athens in trade. So, Sparta was the Communist state, but it was aided by other capitalistic cities to knock out the

Ancient Marxism

financial capital of the world so they could replace it. This division eventually led to opening the door to the northern Macedonians to take all of Greece under Philip II and his son Alexander the Great.

We can see the impact of this battle against Athens as its coinage was debased just as in Roman. The coinage going into the collapse 406–404BC became bronze silver plated. Sparta's victory did not last very long. They were soon conquered by the Macedonians. Like Communist Russia or China, nothing emerged from any of these societies insofar as human innovation other than furthering the military power of the state.

There is evidence that ancient societies often debated wealth inequality. Indeed, as well will explore, both Plato and Aristotle advocated checks to fully market-based societies. Nevertheless, every experiment with socialism has resulted in authoritarianism and the collapse of the state as a result of oppressing human nature. Some try to excuse the failure of Sparta because they were in a virtual



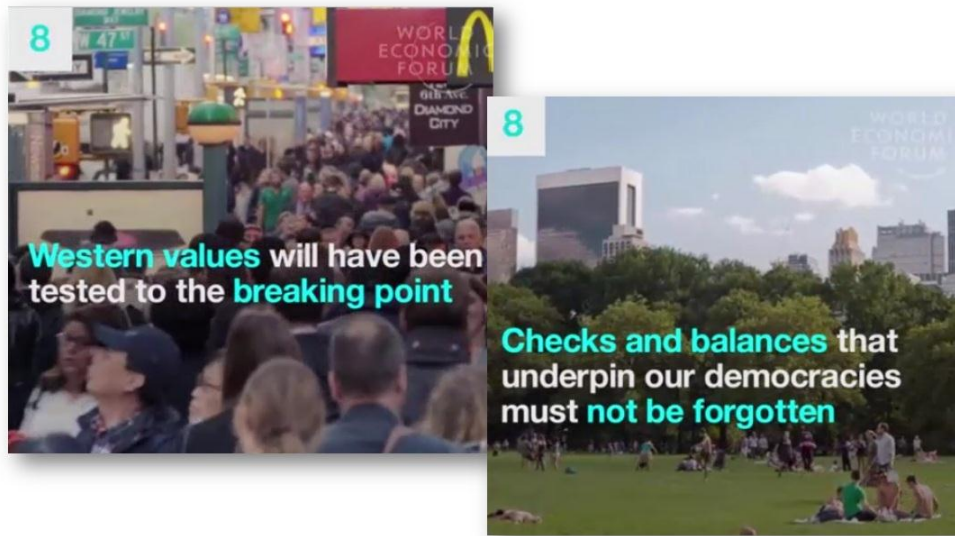
ATTICA, Athens. Circa 406/5 BC
Fourrée Emergency issue Drachm (14mm, 3.20 grams)
Silver plating broken in areas, exposing bronze core

state of perpetual war. But that is also the result of Communist Russia and China. The idea of ensuring everyone is equal materially results in oppressing human nature which is unsustainable.

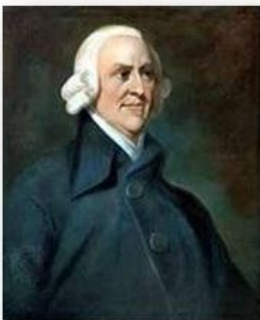
Today we once again must endure this idealistic fantasy of creating the perfect social world to destroy personal wealth. This is the primary object of Klaus Schwab's World Economic Forum and the Great Reset – you will own nothing but be happy.



Ancient Marxism



Even in theory, the idea that a collective farming community can reach a form of consensus building that limits power and wealth accumulation in a small community does not hold up in a large-scale community. For Schwab's World Economic Forum is also against democracy and views "populism" as evil. He is really arguing for a return to a feudalistic state with the elite still directing the economic slaves or serfs beneath. It becomes impossible to pool resources within a large community.



Adam Smith (1723-1790)

"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest."

Adam Smith; Wealth of Nations 1776, Book I, Chapter II,
Of the Principle which gives occasion to the Division of Labour

Consequently, there is no empirical evidence where a large-scale society has ever succeeded as a socialist state. It simply defies human nature. Societies become large-scale evolving on their own like children as Adam Smith's (1723-1790) invisible hand for there is no ability of a centralized state to even comprehend all the needs within society. This is a process that must evolve naturally with no interference of direction by the state.

Ancient Marxism



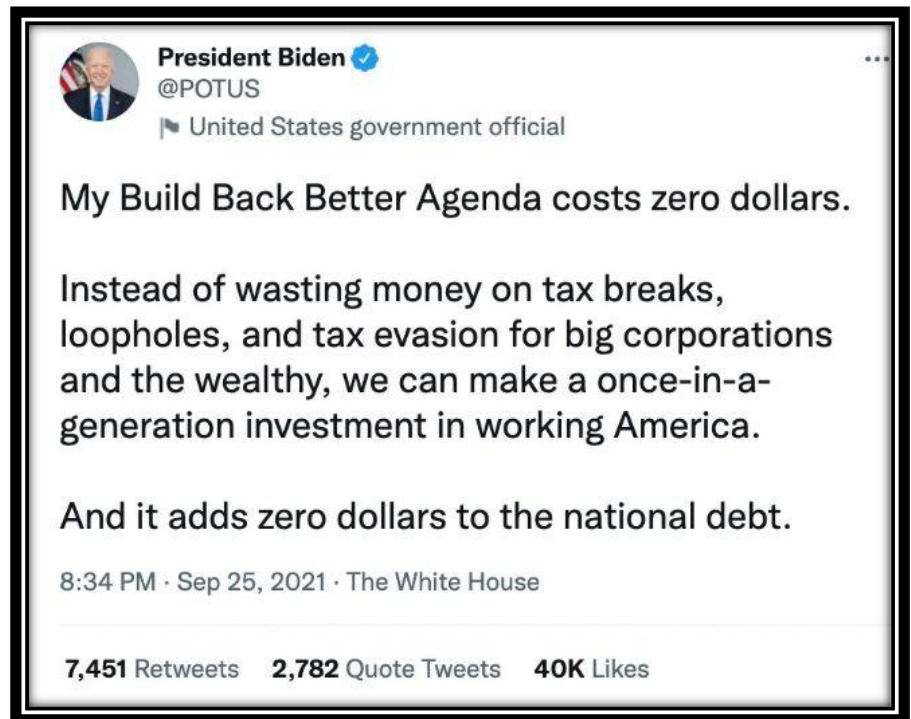
The way socialism has emerged in the United States since Franklin D. Roosevelt and his New Deal has been using the tax code progressively trying to leave everyone at the same level materially, but the constant promises have been not so much a classes society struggle to make everyone rich, but to bring the “rich” down to poverty to pay for free

giveaways including an extensive social welfare program that includes health care, transport, access to work, housing, and other aspects where resources are shared. This post-World War II socialism is now collapsing because of the abuse by the elite and that all the promises cannot be met. This experiment with a combined socialist-capitalist society has proven to fail for as soon as a representative class emerges permanently, they will always seek to retain power against the Great Unwashed – the people.

Politicians have become their own class that is permanently separating them from the people. Thus, in these leftist political parties that are Democratic or Labour depending on the country, they have been moving more and more authoritarian and they

have lost all sight of even how to run for office. They promise everything and it will be paid for by robbing the rich.

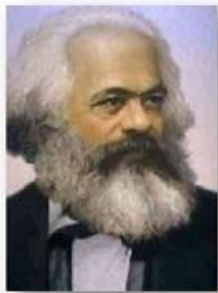
Biden’s tweet that his Build Back Better plan would cost nothing, then he presents a \$3.5 trillion spending plan and wants to change the rules to track every



expenditure in the nation down to \$600. There is nothing that will remain private for now but if he cancels paper money and moves to crypto, they will know when you pay the girl next door to babysit. Socialist cannot sleep at night worrying about someone else has something they do not have.

However, what this actually demonstrates is that this ruling political class looks down upon the people with distrust. They do not assume that anyone is innocent. The presumption today is always that everyone is guilty and even if there is no evidence to prove someone is guilty, the excuse is that does not prove that they are innocent. It only proves there is not enough evidence yet to prove their guilt.

Socialism Violates the Ten Commandments



Karl Heinrich Marx (1818-1883)



You shall not covet your neighbor's house. You shall not covet your neighbor's wife, or his manservant or maidservant, his ox or donkey, or anything that belongs to your neighbor.

Exodus 20:17

ArmstrongEconomics.COM

There simply has never been a true socialist or even communist society that has ever succeeded. The very idea strips the people of their humanity and seeks to repress individuality all because some people are simply jealous of what others have.

It is interesting that the Ten Commandments bans socialism implies that this socialistic/communistic idea as in Sparta must have existed from the earliest times. It is simply based upon wanting what others have – material greed. We do find the first wage and price controls in the legal code of Hammurabi from the 1600s BC so obviously there was inflation. There was also imposed that deal had to be written in contract. So again, there must have been disputes and lies making it hard to figure out who was telling the truth.

Ancient Marxism

Even before the Roosevelts who championed Marxism, this idea has been constantly reappearing. Even before Woodrow Wilson said that government is “a living thing” and “no living thing can have its organs offset against each other, as checks, and live,” there was Plato who said “Unity is the greatest blessing for a state, and we compared a well-governed state to the human body.”

Socialists like to paint government bureaucrats as efficient people who only care about society. They are always those nice folks who collect your taxes fairly but somehow forget to fix your potholes and will oppose any civil right in court to maintain their 99% conviction rate for the government is always infallible.



**We're from the Government...
And we're here to help...**



Unfortunately, ancient history to many people is when music came on vinyl disks. They can't imagine the world where even paper books existed in libraries. Of course, when everything is digital, a good EM pulse can wipe out all recorded history today and we have to start all over.

Nevertheless, Plato's Republic over the past 2,400 years has probably vanished from the reading list of most students. Those who have read it might put two and two together and realize socialism is extremely old. Plato makes the case for an ideal society using Socrates who had serious reservations about democracy, which he thought might be the second-worst form of government, just one notch above dictatorship. Plato certainly had contempt for Democracy since it put his best friend to death – Socrates. Plato realized that there can also be the tyranny of the majority as they wrongly sentenced Socrates to death.

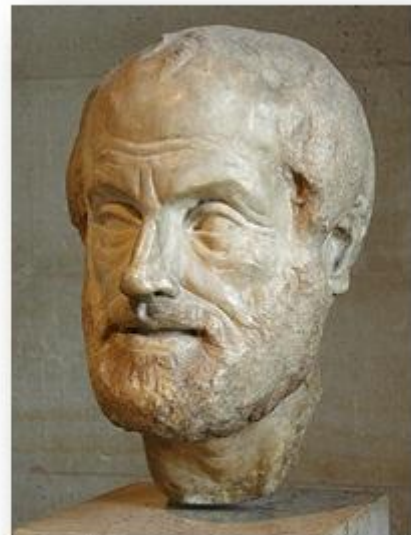
Plato's ideal was a rule by a class of the professionally wise, those rulers or philosopher-kings deeply trained in both bureaucratic administration and thinking through what's best for all of us. Essentially, Plato believed that being ruled by academics was pretty much his vision of the best government.

We're in this together

However, what Plato inspired was clearly this ideal world of socialism. What always takes over is human nature. There would be no literature allowed except the state-produced kind. Privacy would be banned. All property would be held in common. In East Germany, they taught children that the state was their real parent and that if their biological parents spoke against the state, they had a duty to report them because, like the COVID propaganda; **"We're in this together."**

Like Plato, Aristotle on the one hand held a skepticism about democracy. In his classification of constitutions, democracy was considered a perversion of government. However, he also said that democracy is the government by the many and the people should be supreme, rather than the few.

In defending democracy, Aristotle also said that "In many things, the multitude is a greater judge than a single individual." In this perspective, the many have in theory "collective wisdom" which has to be better than a single individual. Moreover, when the many act, they would be able to achieve this collective wisdom, for surely, they would correct each other.

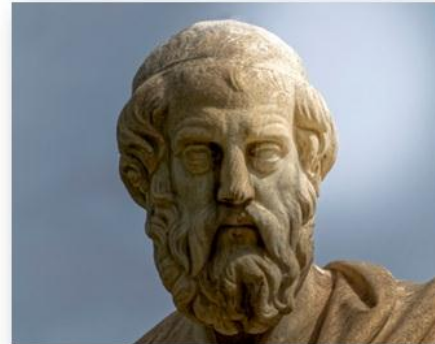


Aristotle
(384-322BC)

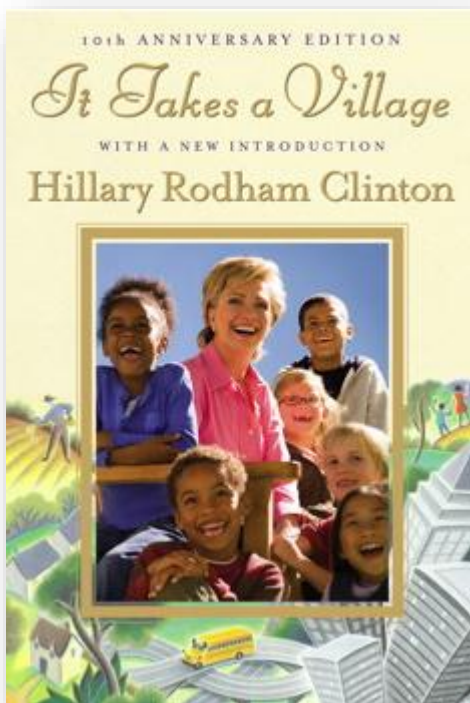
Ancient Marxism

Clearly, this idea of socialism was sparked by Aristotle and Plato. We know that Aristotle was an important influence on Marx. Yet Aristotle's idea that if we all went to see the new James Bond movie; we would all leave perhaps with two or more interpretations and some will remain lines spoken that will differ from others. His interpretation would be that the collective of all our views and what will emerge is a better understanding of the whole. Hence, a government in which everyone has a share is a government that is based on firm foundations and a common bond will somehow emerge. In this perspective, Aristotle supported democracy.

Plato believed that, as all socialists to come thereafter, wanted a this communal feeling to be society's permanent mode of thinking: *"When one citizen fares well or ill, men will pronounce in unison the word of which we spoke: 'It is mine that does well; it is mine that does ill.'"* Everyone will feel the same things: *"By virtue of this communion they will have their pleasures and pains in common."* We can see that this idea eliminates



Plato
(c 428/423-348/347BC)



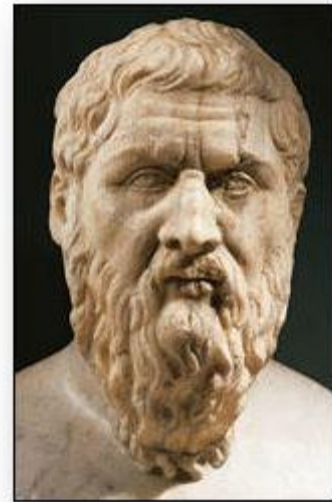
individualism which is the critical factor forming the very foundation of civilization.

Plato's philosophical idea of the community is so unrealistic for he has completely ignored any understanding of human nature. He paints a world where there is no true understanding of what makes human nature tick and how freedom to think, invent, and explore is not something that everyone shares. He speaks of the pains which men experience in bringing up a family, and in finding money to buy necessities would somehow vanish because it is the responsibility of the village to raise the children – sound familiar?

Ancient Marxism

Plato says that even those children of the guardians who don't measure up, will be taken away to some "mysterious, unknown place" and left to starve as was a Spartan custom. This sounds a bit more like the COVID restrictions. If you refuse to submit to their mandate, you cannot buy fuel, leave your home, and are not allowed to shop.

Socrates (c. 470–399 BC), who has been credited as a founder of Western philosophy and the first moral philosopher of the Western ethical tradition of thought, was sentenced to death by Democracy in 399BC just 5 years after the fall of Athens to Sparta in the Peloponnesian War. Actually, Socrates authored no texts and is known mainly through the posthumous accounts Plato.



Plato
(c 428 - 348/347 BC)



Philip II king of Macedonia
(b 382; 360-336BC)

What is often overlooked is the Peloponnesian War and the surrender of Athens to Sparta in 404BC just 5 years before Socrates is sentenced to death. When Athens surrendered, democracy was replaced by the oligarchic rule of the Thirty Tyrants imposed by Sparta (404-403BC), but that was overturned by a more radical democracy stinging from war. What this period did was weaken Greece which actually allowed for the invasion of Philip of Macedon and the conquest of Athens in 338BC.

Sparta imprisoned the chief leaders of Athens' democracy and nominated a body of thirty local men (the Thirty Tyrants) to rule Athens and frame a new, oligarchic constitution. It is a mistake to think all Athenians were unhappy. Many in Athens favored oligarchy over democracy.

The Thirty Tyrants, under the leadership of Critias (460–403BC), who was also an Athenian philosopher, rhetorician, poet, historian, and pro-Spartan political leader, appointed a Council of 500 to serve the judicial functions formerly belonging to

Ancient Marxism

all the citizens. They appointed a police force and a group of 10 to guard the Piraeus. They granted only 3000 citizens a right to trial and to bear arms.

All other Athenian citizens could be condemned without a trial by the Thirty Tyrants thereby creating what became known as the Rein of Terror. This effectively deprived the Athenians of their citizenship. The Thirty Tyrants assumed the power to execute anyone they deemed to be a criminal who showed any resistance to their authority and all leading Democrats. This was to some degree payback for democracy. The Thirty Tyrants condemned their fellow Athenians often for anything they could imagine for the sake of greed and thereby confiscated all of their property. Some were sentenced to death ordered to drink poison hemlock.

We do know that Socrates did fight against Sparta but he also got into trouble at



Socrates Rescues Alcibiades at the Battle of Potidaea against Sparta

the time of the Thirty Tyrants but was not punished until later. He had taught some of the tyrants in school. They may have counted on his support, but he refused to participate in the capture of Leon of Salamis, whom the thirty wished to execute.

Other Greek cities became dissatisfied with the tyranny of the Spartans. They began to give support to the men exiled by the Thirty Tyrants. The exiled Athenian general Thrasybulus seized the Athenian fort at Phyle, with the help of the Thebans, and then took the Piraeus, in the spring of 403BC. Critias was killed in the process. The Thirty Tyrants became fearful and sent to Sparta for help, but the Spartan king rejected Lysander's bid to support the Athenian oligarchs, and so the 3000 citizens were able to depose the tyranny of the Thirty Tyrants. This undoubtedly led to the restoration of democracy but with vengeance and by 399BC they sentenced Socrates to death as well.



The Death of Socrates

While no writing of Socrates has survived, what we know of him comes from Plato and Xenophon. What is striking is that in his trial, he really does not defend himself and at the age of 70, he appears to be ready to die rather than face the decline of body that comes with old age. Perhaps he wanted to die, not even proposing an alternative sentence, such as banishment which would have been acceptable. He antagonized jurors instead of seeking leniency and delivered a defiant apology not fearing death. The trial of Socrates appears to be perhaps more than the execution of a great philosopher, it was simultaneously the most interesting suicide the world has perhaps ever witnessed.

The anti-democratic position of Socrates and Plato at this time comes not during a period of great virtue displayed by democracy. This was just 4 years after the defeat of the Thirty Tyrants and no doubt this restoration of democracy was more of a purge of oligarchs and any opposition to democracy. In this context of retribution for the fall of Athens, the restoration of democracy would have been far from magnanimous and would have indeed been a purge of the city state. What Plato imagines is a perfect world really based on justice not revenge.



Ludwig von Mises
(1881 - 1973)

Three years after the Russian Revolution, an Austrian economist, Ludwig von Mises (1881–1973), argued that Communism/Socialism would fail arguing that it couldn't succeed. Mises wrote in 1920 explaining his theory that the failure would unfold because it had abolished free markets and officials would have no market prices to guide them in planning production.

Indeed, what Mises was looking at was the normal supply–demand cycle established the price for a drought which lowered wheat production that would naturally result in higher prices. Without a market economy, there would be no understanding of the basic idea of supply and demand.



In 1997 there was the Asian Currency Crisis and I was invited by the Chinese government to advise on the crisis and solutions. While I met with the central bank, the next day I was taken to a military installation on the outskirts of Beijing. There were three huge satellites on the roof of this complex and it was surrounded by tanks. I had no idea where I was going. But I was led to a room where the discussion was about prices.

Ancient Marxism

They were tracking prices of everything in their newly freed markets. There were 249 varieties of tea that they were tracking. The question was, why was the same tea selling for different prices throughout the country. I asked where was the origin of the tea? I then explained that there were transportation costs included and then human demand.

Under Communism, if that tea sold for \$1, then that was the price everywhere even if it cost them \$5 to get it to an outlying sector. This is also why Communism/Socialism fails. There is no respect for either the diversity of human



talent nor for the cycles of nature that will disrupt the supply of food or even transportation.

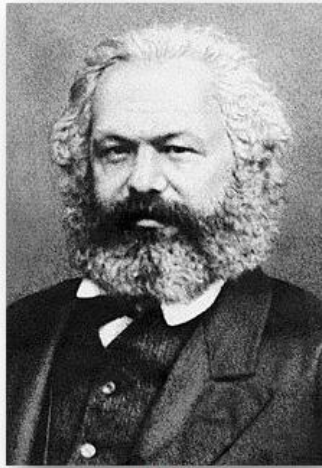
The climate activists come out with every disaster and blame climate change. They never look at history to see if the event they are using to further their personal agenda has ever

happened before. Once more they claim extreme weather is all caused by CO2 and the recent flood in China is evidence of their theory. However, massive flooding in China took place during 1931 as pictured here. This is a photo of the Paris flood of 1910. Historic floods in Europe have also existed.

As always, these people are selling an agenda and ignore history. Cycles exist in everything. That is why Communism and Socialism not only failed every time, they are counter-human nature.



Corporate Socialism / Stakeholder Economics



Karl Marx
(1818-1883)



Klaus Schwab
(born March 30, 1938)

Without question the free-market economy is one of the most important reasons we have expanded our personal freedom and this has magnified the wealth creation for all classes. The free-market is the only reason we have improved the quality of life that we have passed on to our children. Still, there socialists hate the free-market with every breath they take, Klaus Schwab constantly pushes for his Stakeholder Economics focusing on only the inequality of wealth while ignoring the equality of rights and freedom. Schwab has become the 21st century Marx. Stakeholder Economics is not even his original idea. Stakeholder economics was the idea from 1932.

In 1950, for example, Norway had the world's highest life expectancy (72.3 years). Now the global average is higher (72.6 years). In China and India alone, more than 1.2 billion people have lifted themselves out of extreme poverty since their countries began to shift their economic policies toward more free-market oriented principles.

Obviously, none of this could have been done without economic growth yet the socialist constantly focuses on those who have more than they do ignoring the

benefits to all when there is a free society which means one that is not regulated by a central power dictating everything. It was Henry Ford who invented the assembly line which brought down the price of the automobile for everyone which in turn then expanded the economy and allowed people to leave the urban centers and expand to the suburbs.



Adolf Augustus Berle Jr.
(1895 - 1971)



Gardiner C. Means
(1896 - 1988)

Schwab has had this theory that corporations owing a duty **NOT** to their shareholders, but to society and therefore should act as part of the welfare state. This is not even something he dreamt up for nothing he is saying is original thought. Stakeholder capitalism is not a new idea. It was launched by the 1932 management classic book, **The Modern Corporation, and Private Property** by Adolf A. Berle and Gardiner C. Means. They were the first to forth the idea that public firms should have professional managers who would balance the claims of different stakeholders, taking into account public policy.

The image shows a snippet of a Forbes article. At the top, the 'Forbes' logo is visible. Below it, the article title is 'Why Stakeholder Capitalism Will Fail'. The author is identified as Steve Denning, a Senior Contributor, with a sub-headline 'Leadership Strategy' and a bio: 'I write about Agile management, leadership, innovation & narrative.' Below the text is a large portrait of Klaus Schwab, the Executive Chairman of the World Economic Forum. At the bottom of the image, there is a small caption: 'Klaus Schwab, Executive Chairman of the World Economic Forum, (Photo by Mikhail Klimentyev/TASS via ... [x] MIKHAIL KLIMENTYEV/TASS'.

The idea was never practical because it quickly became impossible to balance the conflicting claims among those claiming to be stakeholders holding out their hands asking for money. This simply led to mass confusion and actually led to the opposite movement to maximize short-term profits.

The 20th Century stakeholder capitalism simply resulted in a failure not much different from

Communism. It became more of an elaborate publicity stunt to polish the image of big business without any real substance. It never really committed big business to do anything in particular. In reality, corporations must still be mindful of the products they produce, or suffer the pains of lawsuits and a damage to their image and reputation as took place with Volkswagen and the entire diesel fiasco.

The image shows a scan of a New York Times newspaper page from Sunday, September 13, 1970. The main headline is "A Friedman doctrine—The Social Responsibility of Business Is to Increase Its Profits" by Milton Friedman. The article discusses the relationship between corporate profits and social responsibility. Below the main text are several smaller columns of text and photos of various individuals, including Joseph Clark, Robert Williams, and Robert M. La Follette. There are also advertisements for "Great Ban-Lon Body Shirt" and "Joanna" on the left side, and a "Gold Label" cigar advertisement on the bottom right. The page number is 379 of 529.

Some attribute the view of short-term gains to the theories of Milton Friedman (1912–2006) when he published what became the Friedman Doctrine on September 13, 1970 in the New York Times – "The Social Responsibility of Business is to Increase Its Profits."

Milton explained that when he hears businessmen speak eloquently about the “social responsibilities of business in a free-enterprise system,” I am reminded of the wonderful line about the Frenchman who discovered at the age of 70 that he had been speaking prose all his life. The businessmen believe that they are defending free enterprise when they declaim that business is not concerned “merely” with profit but also with promoting desirable “social” ends; that business has a “social conscience” and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers.



Milton Friedman
(1912 – November 16, 2006)

What Friedman pointed out was that the corporate officer is an employee of the shareholders. Would you hire a maid to clean your house who then said he first and foremost responsibility was to look out the window to make sure everyone else was complying with the “social contract” as defined by some academic? You are paying her to do a job and she self-anoints herself with a responsibility to society and not to you who is paying for her work.

Indeed, the corporate executive is an employee of the shareholders. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their agenda provided it does not break the law. This idea that a corporate executive owes a duty to society BEFORE his employer is quite remarkable. This is purely a fascist concept where the state directs the actions of private entities.

The only responsibility of a corporate CEO is to comply with the law and to perform for the owners who are shareholders – not stakeholders. He is required to comply with the basic rules of society but they owe a duty that generally will be to make as much money as possible for the owners. That is why he is paid in the first place.

The criticism that corporations have become obsessed with short-term profits is by no means a result of trying to make money for shareholders. Instead, it has been the pressure from funds managers who are in turn under pressure for performance. They then impose that in their decision process with respect to asset allocation.



The CEO is not under pressure to perform for the typical shareholder who tends to be there more for the capital appreciation long-term compared to the hedge fund manager who must compete against others

In announcing his Davos Manifesto 2020 at the World Economic Forum, Klaus Schwab argued that there were only three alternatives: shareholder capitalism, state capitalism and stakeholder capitalism. Both shareholder capitalism and state capitalism he simply declares are political poison. This in Schwab's mind, means that the only alternative is stakeholder capitalism.

Schwab overlooked entirely the customer-based capitalism. The most successful firms today are those that pursue the only one valid purpose of a corporation which is to create a customer by providing a good product or service. Schwab has ignored the very core issue which is if a corporation fails to provide a good product, then it will fail to attract customers. Even the theory of a monopoly is rather absurd. A corporation cannot truly create a monopoly and charge whatever it desires for it can still price itself out of business. The greater risk today are social media sites. Where to participate, they compel you to surrender your privacy. That is the real danger of a monopoly.

There is no basis where a corporation ignores both its customers and its shareholders because it sees a social duty to others somehow supersedes everything else. Such a company will lose both its customers and his shareholders.

Schwab lacks even original thought no less any experience in the real world. He has been pushing this Build-Back-Better agenda and has sold the idea that we

can easily destroy the economy and reconstruct it the way it should be in his mind. He fails to comprehend the complexity as was the case with Marx in his proposals which led to the deaths of over 200 million people. Believe it or not, 2020.2 is two 51.6-year cycle waves from the 1917 Communist Revolution. That was precisely the beginning of this COVID manipulation to crush the world economy.

The two justifications for the proposal, which has been aptly named by its supporters of Schwab and his World Economic Forum the “**Great Reset**,” are the COVID-19 pandemic (the short-term justification) and the so-called “climate crisis” caused by global warming (the long-term justification). Klaus Schwab wrote back in June of 2020:

“the world must act jointly and swiftly to revamp all aspects of our societies and economies, from education to social contracts and working conditions. Every country, from the United States to China, must participate, and every industry, from oil and gas to tech, must be transformed. In short, we need a ‘Great Reset’ of capitalism.”

CORPORATE SOCIALISM: The government mostly benefits wealthy corporations. Most major industries are privately owned, but still receive substantial tax cuts, bailouts, and other benefits at the expense of the taxpayer. It is driven by corporations' ability to influence laws with large amounts of \$\$\$ to pay for legislation that favors corporations' ability to make even more \$\$\$.

With CORPORATE SOCIALISM, the wealthy become even wealthier at the expense of middle and lower-income classes.

This system is essentially a Plutocracy = rule by the wealthy.

DEMOCRATIC SOCIALISM: The government mostly benefits citizens. Major industries can be privately owned but do not receive handouts from the government at the taxpayers' expense. The tax burden is shared equitably, with wealthy corporations and individuals paying their fair share to help fund public services like education, healthcare, police, firefighters, roads, libraries, etc. With this system, middle class thrives and poverty decreases. This system most closely aligns with Democracy = rule by the people.

Perhaps there is no better example of the critical difference a free-market economy compared to a closed authoritarian state than West v East Germany. No freedom existed. You could not even move your residence without permission from central command.

No centralized government will ever be able to manage the economy that they can see only from above. That is what free-market oriented economies provide beyond

everything else – freedom. There has been no better alternative. Still, there is a deep palpable anger and distrust with the idea of capitalism that is always

Corporate Socialism / Stakeholder Economics

exploited and the role of business in many societies lumping them together as evil because of people like Bill Gates.

This is a very clever way of excusing the core issue. The Democrats preach raising taxes and then sell loopholes to the big corporations. The bankers donated to Hillary — not to Trump. This is a clever campaign assuming, as always, the people (the great unwashed) are just stupid.

The Democrats were against the flat tax because it would eliminate lobbying for tax loopholes. But more importantly, if we had TERM LIMITS and one-time-and-gone, that would eliminate lobbying for dangling money before politicians of BOTH parties for favored status.

Even a tax break to a public corporation that they claim is evil will NEVER result in lowering the taxes for everyone else. It is great propaganda. We run trillion-dollar deficits. They could NEVER raise taxes enough to balance the budget. That would destroy all their jobs. This is actually why the system is collapsing and Biden is trying to force through his \$3.5 trillion annual budget.

The people who believe this nonsense will NEVER listen to the truth because they are the very type of people who believe only what they want to believe. That is a sad statement of fact.



A flat tax should be imposed for it is unjust and a denial of equal protection of the law to discriminate for any reason including wealth. Then, public corporations should not be triple-taxed (1) corporate income tax, (2) dividend taxation, and (3) income tax of the shareholder.

The majority of public corporations are owned by pensions of the people and whatever is made should simply devolve down to a flat income tax on the shareholders. Corporations provide the jobs that actually produce, while the government does not. I believe there should be no income tax and if the government simply created the money it needed to pay its bills and stop the endless bribery behind socialism, the state and society would last a lot longer.

However, what we face is this push for Klaus Schwab's Stakeholder Economics where a corporation's first loyalty is to the community and not the shareholders to the point it must even take care of the homeless. This is the foundation or core objective of the World Economic Forum. It is simply Marxism on a grand scale with a twist of feudalism. If corporations are to disregard shareholders, then why would someone invest in these corporations? The answer truly lies in the fact he also wants to end private wealth so the shareholders will be pension funds. In California, the politicians order their state pension fund to invest in "green" not to make money, but because it would sound good for their political careers. They lost money on every "green" investment.

Corporations are overtaxed for they pay taxes on income, then a dividend tax, and then the shareholder pays income tax on the dividend they receive. The same income is already taxed three times just at the federal level. Corporations are not charitable organizations and no government treats them in such a manner.

Stakeholder Capitalism

Yet stakeholder capitalism was born in 1932 in their book *The Modern Corporation, and Private Property* by Adolf A. Berle and Gardiner C. Means.

The idea was that public firms should have professional managers who would balance the claims of different stakeholders, taking into account public policy.

This idea dominated the next 40 years until Milton Friedman draw attention to its failure. There were no social programs in 1932 and it predated Social Security. It became arbitrary and it pitted management against owners. It left to merely confusion for there was no central planning. Companies were simply being solicited for funds and lacked the ability to truly even investigate the use of such funds.

Nevertheless, Klaus Schwab has resurrected this idea which failed like Marxism. It is not even his original idea.

WEC 2020

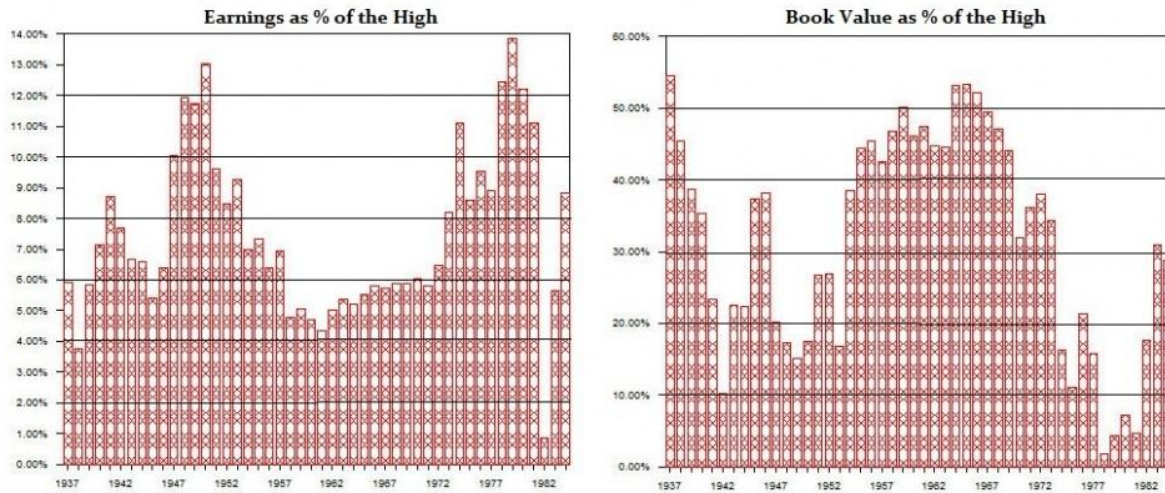
Adolf Augustus Berle Jr.
(1895 - 1971)
Lawyer

Gardiner Coit Means
(1896 - 1988)
Economist



This Stakeholder Economics made sense before there were government social programs. Schwab is simply an avid Marxist selling the same idea that has failed since the days of Sparta. His ideas have destroyed Argentina and reduced one of the biggest producers of beef at the start of the 20th century to one that had to ration beef for its own people just like Russia under Stalin.

Dow Jones Industrial Average 1937-1982



Copyright Martin Armstrong All Rights Reserved 1983

Stakeholder Economics lasted until the 1970s. Like the WOKE movement where central banks think more about social acceptance than actually managing the economy, this is what also took place post-Great Depression. Books like Galbraith's *Great Crash* was the tip of the iceberg. All the economists were blaming corporations for the crash – not government. Thus, adopting this idea of stakeholder economics became a political movement to try to fend off the bad image of corporations from the Great Depression.

Not until corporations began to abandon Stakeholder Economics after Milton Friedman's publication criticizing it in 1970, did the market begin to perform. The low in share values relative to book value took place in 1978. This began the takeover boom of the post-1985 era. You could buy a company, sell its assets, and double or triple your money.



Cryptocurrency & the Monetary Crisis



There seems to be a HUGE gap in what people think about cryptocurrency. The Biden administration is pushing to declare all cryptocurrencies to be regulated as banks. With that regulatory framework comes reporting of transactions which he is simultaneously trying to lower to \$600 which has nothing to do with the “rich” billionaires. This is all about going after people who think they are off the grid.

Cryptocurrencies have been targeted by everyone including China for they have been able to facilitate capital flight to get money out of a country which those in power regard as money laundering. China has cracked down crypto-money-laundering which the West is also gladly embracing while pretending to be targeting the “rich” and terrorists. Once you make the cryptocurrencies banks, then a host of regulations will apply so the government gets its pound of flesh. In the end, they can create their own cryptocurrency and seize all private issues and exchange them for the government’s version. Anyone who believes Yellen claiming lowering transaction reporting to \$600 is targeting the rich probably think that they are also concerned about your health with COVID Passports.

Cryptocurrency & the Monetary Crisis

The European Central Bank (ECB) has been working on a scheme to launch “digital euro central bank money” as soon as possible – even by January 1st, 2022. Many economists praise the project as an “innovation” they are calling an important and indispensable step in an increasingly digitized world. But economists typically always advocate socialism without ever actually contemplating what is its final objective. The socialist press, which has engulfed most of the mainstream, is also obvious to the fact that socialism necessitate absolute control of everything.

The ECB has made its intentions known, as has the Federal Reserve, that in declaring a digital currency, both have stated it will be a currency accessible for everyone, robust, secure, efficient, and compliant with the new agenda. What is overlooked is that this is to be a central bank currency and they have been quietly suggesting that they will even take direct depositions from non-banks.

Nobody seems to really understand what that means. As usual, they simply gloss over the statements. In truth, it is circumventing the banking system for they are also not about to bail out the banks in this new world because they are also contemplating the end of government debt. If the government does not borrow, then who needs the bankers?



Mainstream media also refuses to address privacy concerns. To be very clear, the path to digital currency is also one to total surveillance by a state regime that will accelerate considerably in this world. Already they can pick your face out of a crowd of a thousand. The tools already are in use and Edward Snowden already warned us they are keeping tracks of all your phone calls and messaging. They then can create a file with everything about you and pull it up at any moment.

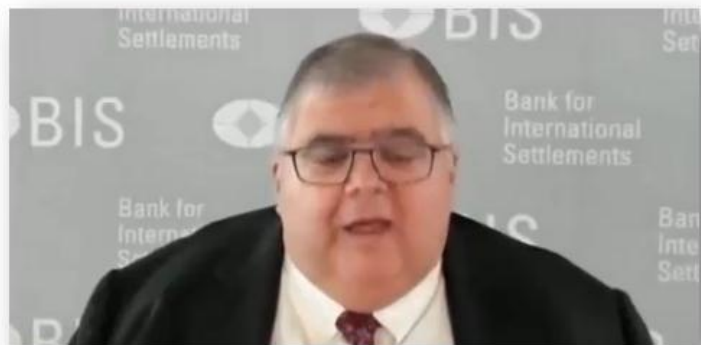
Cryptocurrency & the Monetary Crisis



Anyone who thinks a digital euro is somehow better because it is not fiat money, well it is simply fiat money on steroids. Cryptocurrency can still be created by a central bank on the fly with no backing. So where is this idea that somehow crypto will be better?

I find it also curious that we know nothing about who created blockchain, but it allows every transaction to be traced. If there was a private inventor, they would be screaming for royalties. It is far more likely that it was created by government in preparation to achieve total control of the economy. With a credit card, they can tell if you bought something. With Bitcoin, they can tell I gave you money first, and then you bought something.

Central banks are moving to cryptocurrency because this will ensure 100% tax collection. The Bank of England was saying that parents will be able to control what their children spend money on. The problem is



Agustin Carstens, General Manager
Bank of International Settlements (BIS)

that the government will control what we too can spend on. Here is the BIS telling you the reality of the future. They want 100% of all transactions taxed. I suppose the girl next door will have to watch your kids for payment in kind — chocolate bars or clothes.

Cryptocurrencies promise to replace trusted institutions with distributed ledger technology. Yet, looking beyond the hype, it is hard to identify a specific economic problem which they currently solve other than being able to collect taxes. The head of the Bank of International Settlements (BIS), Agustin Carstens, made it clear that the government will be able to restrict your cryptocurrency insofar as what you will be allowed to buy and sell. This is very disturbing for they will know even when you have to pay the teenage girl next door to babysit.



On June 21, 2021, the Bank of England asked Parliament to intervene to grant them more power to be able to control what you can buy or sell with a digital currency. People are unaware that this drive of central banks to replace paper money with cryptocurrency is far more than they will ever comprehend as an end goal.

Aside from the fact that governments could then impose a negative interest rate effectively confiscating money from your account without your consent in ADDITION to taxation, they are moving to do what many in the religious right see as the prophecy of the anti-Christ where you will not be able to buy or sell without his permission. Some thing that bureaucrats have read that sand simply said – Hey! That a great idea!

Indeed, the government can restrict what you will even be allowed to buy or sell. They will control every aspect of your life beyond what the most demonized vision of the future might hold. These ideas will create resistance which will also be rooted in religion. Will you accept the number of the beast, or resist their commands? This is not something anyone would have dared to think that a representative form of government would have even talked about. But this is stirring resistance among the religious right even if there is no individual leading the charge.



The Bank of England has warned that a collapse in cryptocurrencies is a “plausible scenario” and rules are needed to regulate the fast-growing sector as a “matter of urgency.” The Bank of England's Financial Policy Committee (FPC) has also issued a warning to institutions considering committing to cryptocurrency. The Financial Stability Committee stated that the growing market for digital assets and their related markets and services has led to increasing integration of crypto into the financial system. This could introduce a threat to monetary stability if capital fled traditional markets into such alternatives.

The ECB will certainly never surrender its monopoly of euro production to any private cryptocurrency. Such an unregulated private cryptocurrency market would introduce yet another avenue to avoid taxes and hide money. What is being talked about behind the curtain is that a digital euro can either be “account-based” meaning you will keep it in an account held with the ECB directly, or it can be “token-based” where banks receive a “token” that can be transferred from smartphone to smartphone via an app.

The ECB says the digital euro is a “compliment” to cash and bank balances. Clearly, that is like saying the COVID-19 Passports are for your safety when the

Cryptocurrency & the Monetary Crisis


death rate is the same as the flu and you will need it every 8 months. Obviously, those who pay in cash find it convenient and want to ensure their anonymity. That will become a thing of the past which is their intention. The objective is to force everyone into paying electronically, i.e., transfer balances through PayPal, Apple Pay, or debit/credit cards.

Providing Important Economic Analysis - Worldwide

The Real Debt Crisis An Outlook at What Lies Ahead

by Martin A. Armstrong

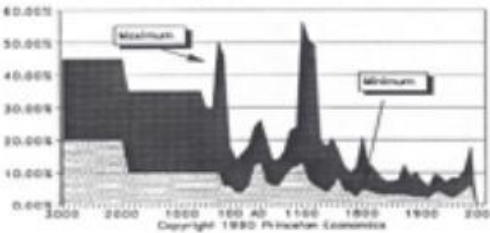
Since 1987 we have been warning that the Nineties would be a period of turmoil marked by greater volatility and a major crisis in world debt. We have also stated time and again that our computer models were forecasting the extinction of 30-year bonds along with the collapse of the floating exchange rate system. While these forecasts may appear bleak, this does not necessarily signify the end of civilization. A similar crisis involving these issues along with war were also the hallmark of the final years during the 19th century. The new world order that emerged thereafter brought forth an era in democracy and capitalism not only in Europe, but also in the birth of the United States.



While many will laugh at these forecasts or attempt to simply dismiss them as too far-fetched to be considered seriously, they merely display their own weakness of a closed mind. This reluctance to even consider the possibility that things do not always remain stagnant has been around since the

World Interest Rates 3000 BCE - 2000

According to Capital Concentration



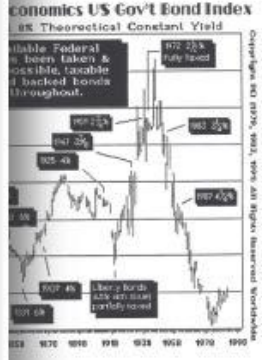
Copyright 1992 Phoenix Economics

Armstrong Report

Issue # 3
May/June 1992 Edition

Economics US Gov't Bond Index

UK Theoretical Constant Yield



Copyright 1992 PEI All Rights Reserved

Back in May/June 1992, we put out a report on the long-term implications of what our computer was projecting. The year 1998 marked the Russian default which

Cryptocurrency & the Monetary Crisis

sparked the Long-Term Capital Management Crisis and the first time the Federal Reserve had to bail out a hedge fund. Heading into the end of this cycle in 2032, we would see the extinction of 30-year bonds and the demise of the floating exchange rate system.



We warned back then in our May/June 1992 report that what comes after 2032 will indeed be a new world order for what appears on the horizon is the collapse of our present system which is being accelerated by Klaus Schwab, George Soros, and Bill Gates through the World Economic Forum.

These forecasts, along with our 1985 forecast that 2016 would be the first time a non-politician would win the US presidency, which became Donald Trump, sounded far-fetched back then. But this is simply how economies and societies unfold. It was not some premonition. It was just history repeating itself. Economic pressures within the world cause humans to respond and those in power can never hold on to that power so they constantly increase their authoritarian controls. We wrote in 1992:

“Since 1985 we have been warning that the Nineties would be a period of turmoil marked by greater volatility and a major crisis in world debt. We have also stated time and again that our computer models were forecasting the extinction of 30-year bonds along with the collapse of the floating exchange rate system. While these forecasts may appear bleak, this does not necessarily signify the end of civilization. A similar crisis involving these issues along with war were also the hallmark of the final years during the 18th century. The new world order that emerged thereafter brought forth an era in democracy and capitalism not only in Europe, but also in the birth of the United States.

While many will laugh at these forecasts or attempt to simply dismiss them as too far-fetched to be considered seriously, they merely display their own weakness of a closed mind.”

BBC Sign in Home News Sport Reel Worklife Travel

NEWS

Home | Coronavirus | Climate | Video | World | US & Canada | UK | Business | Tech | Science | Stories

Business | Market Data | New Economy | New Tech Economy | Companies | Entrepreneurship | Technology of Business

Business of Sport

ECB imposes negative interest rate

5 June 2014





Mario Draghi: "Together, the measures will contribute to a return of inflation rates to levels closer to two per cent"

The European Central Bank has introduced a raft of measures aimed at stimulating the eurozone economy, including negative interest rates and cheap long-term loans to banks.

That forecast we wrote in our May 1992 report has been on track. These three puppeteers have been able to gain such power not just with bribes, but by the fact that governments have kicked the can down the road and the end has been finally reached. By lowering interest rates to negative on June 5th, 2014 (2014.427), we are approaching 8.6 years (January 9/10, 2023) from that event. All the steps taken by the European Central Bank in 2014 introducing a "raft of measures aimed at stimulating the eurozone economy", as the BBC reported, have totally failed and now the ECB is trapped. It has destroyed its bond market for it is rapidly becoming the only buyer of European sovereign debt. This is the Sovereign Debt Crisis and now Mario Draghi is the head of Italy.

[News] Sports Opinion USA TODAY Austin360 Hookem.com Obituaries E-Edition Legals

NEWS

Billionaire activist George Soros gives \$500,000 to oppose Austin police ballot measure

Ryan Autullo Austin American-Statesman
Published 5:11 p.m. CT Oct. 1, 2021 | Updated 11:41 a.m. CT Oct. 2, 2021

View Comments

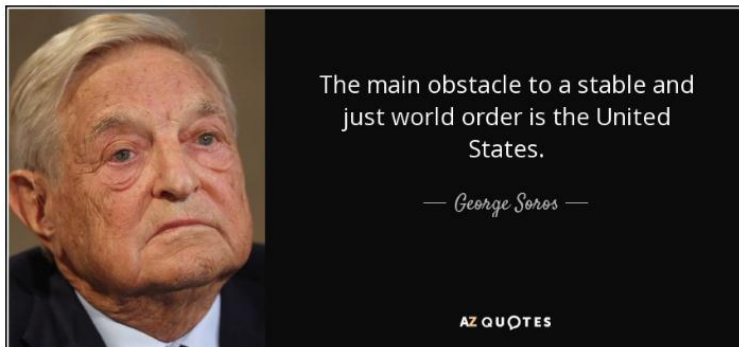


USA TODAY

orts.

New study shows more than half of police killings in the US are not officially reported
Researchers estimate that 17,100 deaths from police violence went unreported during a nearly 40-year period. USA TODAY, USA TODAY

There is a concerted effort to undermine the United States to the point that the solution will be to hand its sovereignty to the United Nations – Soros' Open Society. Sorors has been funding Defund-the-Police movements throughout the United States in his attempt to create civil unrest and undermine the United States.



Soros knows his history. **You cannot change society without creating a crisis.** This is why he is seeking to destabilize the United States for he sees our freedom is standing in the way of his vision of a new communist world.



Most people are unaware that George Soros has a son who he has set up with his own philanthropy to more directly assist the Democrats in this effort to transform the United States into a Marxist-Wonderland. Alexander Soros is the deputy chair of the Open Society Foundations. He sits on the boards of Bard College, Bend the Arc Jewish Action, and Central European University. While George Soros does not come to appear with Democrats, he sends his son. Alexander met the VP pick Harris, because he was there in the vetting process. He called his father and Soros approved of Harris for the job of VP. That is how connected Soros is to the Democrats.

Make no mistake about it, if Alexander Soros is on the phone, they will pick it up. He is believed to be as far left as his father. He was born in 1985 and anyone who wants to know why the Democrats have moved far left, just look to Soros who wants to end governments and hand all power to the United Nations in an Open Society. When George dies, and his 4th Industrial Revolution fails to keep him alive indefinitely, he has already cloned himself with Alexander.



Professor Saule Omarova
Cornell University - Communist Supporter



We can see the Soros influence in the Biden Administration. The pick for Comptroller of the Currency is an outright communist. Saule Omarova, who is now a law professor at Cornell Law School, graduated from Moscow in 1989 she returned to the USA where she got a PhD from the University of Wisconsin. She's believes in Marx 100% and the dream of the USSR. She Tweeted in 2019:

"Until I came to the US, I couldn't imagine that things like gender pay gap still existed in today's world. Say what you will about old USSR, there was no gender pay gap there. Market doesn't always 'know best.'"

Omarova believes that asset prices, pay scales, capital and credit should be **dictated** by the federal government. In two papers, she has advocated expanding the Federal Reserve's mandate to **include the price levels** of "systemically important financial assets" as well as worker wages. Every attempt to control wages even going back of Diocletian (284-305AD) in Rome has failed.

Cryptocurrency & the Monetary Crisis

In a recent paper "The People's Ledger," Omarova proposed that the Federal Reserve take over consumer bank deposits, "effectively 'end banking,' as we know it," and become "the ultimate public platform for generating, modulating, and allocating financial resources in a modern economy."

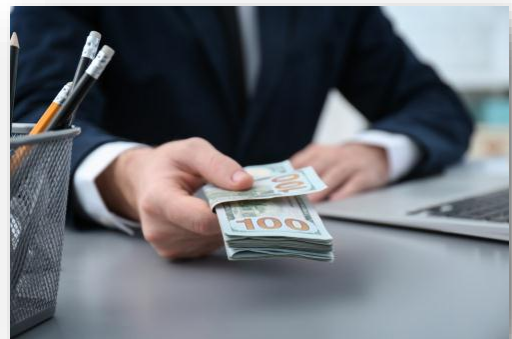


In other words, she intends to kill capitalism once and for all. She would not have been put up for this position with the approval of the real **Squad** – Soros, Gates, and Schwab. Capitalism is to be banned.



What we must understand is that the Democrats have been running on Marxism since the 19th century. They do not know how to run for office without making promises to rob the rich and give it to those who vote for them.

Therefore, to the Democrats this is just the next step. They are lost in their own rhetoric of "equality" that they no longer see as rights but wealth. No matter how many times socialism has been tried since ancient times, it always fails for it is contrary to human nature. Yet this time, instead of a strong central government, they think it will work by allowing a rich elite to sit on top and own everything rather than the state – hybrid feudalism. This is the solution being presented by the **Squad** as they fill the pockets with these politicians with cash to ease their personal pains of life.



Japanese Monetary System (760 - 958AD)



Central banks are moving to cryptocurrency because this will ensure 100% tax collection by simply controlling society. They have been targeting gold out of fear that it could offer a black market. They fail to comprehend that they risk losing everything. When the Japanese emperor would come to power, he devalued all the outstanding currency to 10% of its former value and issued his own coins. After this took place a few times, people refused to accept Japanese coins and they used Chinese coins as well as bags of rice. The Japanese government lost their ability to issue money for 600 years. This is the risk which is being introduced for 2032. Government will not survive in this current state.



There is the idea that a potential exists for the swift system being replaced by Ripple lab's XRP as a bridging currency between currency pairs making use of their patented "**On-Demand Liquidity**" system. If this is the case then it would appear the USD is set to be replaced as the world reserve currency commodities being priced in local currency.

Therefore, the push behind XRP requires 5G communication speed to be able to instantly clear transactions. Without that, you cannot replace paper currency which is the real objective. Consequently, the only way to move to electronic money in order to eliminate non-taxable hidden cash and the underground economy is to move toward the digital world. In the



United States, in 2020, it is estimated that the underground economy is about 11 or 12% of U.S. GDP, or roughly \$2.5 trillion total. Politicians look at that and see dollar sign visions in their heads. Janet Yellen in arguing in support of the Biden Administration lowering transaction reporting from \$10,000 to \$600 and then simultaneously declaring cryptocurrency operators to be "banks" is to get at the underground economy. Yellen actually told Congress that over the next 10 years, there will be \$7 trillion in unpaid taxes.

Cryptocurrency & the Monetary Crisis

The IMF has stated they want to renegotiate the Bretton Woods agreement. Mark Carney the Governor of the Bank of England said at the 2019 Jackson hole meeting that the USD is too dominant and proposed it be replaced by a green cryptocurrency such as XRP.



The general talk has been that the end of paper money is imminent.

Central bank digital currencies allegedly threaten the US dollar, according to some very shallow reasoning and a total lack of understanding about why the dollar is even the reserve currency. Beyond that delusion, there are people claiming that cryptocurrency will end fiat currency they fail to grasp that those in power are out to end the undergrown economy. Private cryptocurrency is not going to survive as any alternative to their monopoly on finance.

The United Nations trying to become the one-world government with the assistance of the **Squad** creating a world unelected dictatorship with no democratic process whatsoever to ever disagree. As part of this agenda lies the push not just for central banks to create digital currencies, but that they will be



convertible into the new IMF Digital Currency that want to replace the US dollar as the world's reserve currency.

This idea is running into resistance with Russia and China, but they too are also against the US dollar being the reserve currency.

The world economic Forum is touting Ripple lab's platform as the future. Many see this as plausible that something like this is in the minds of the **Squad**. The SEC lawsuit against Ripple was curious since the DOJ already declared XRP to be a digital asset, not a security.

Cryptocurrency & the Monetary Crisis

Clearly, XRP is a digital asset built for payments. It is the native digital asset on the XRP Ledger—an open-source, permission-less, and decentralized blockchain technology that can settle transactions in 3–5 seconds. The reason these people are pushing this is not about the dollar, it is to end paper money.

Europe routinely cancels its currency which introduces risk which prevents it from being used internationally in physical form. While they have not canceled the €500 note, few people will accept them for fear of being canceled. Since April 27, 2019, the EU has been preparing to end paper currency.



The €500 banknote has no longer been issued by central banks since 2019 in the euro area, but continues to be legal tender and can be used as a means of payment.

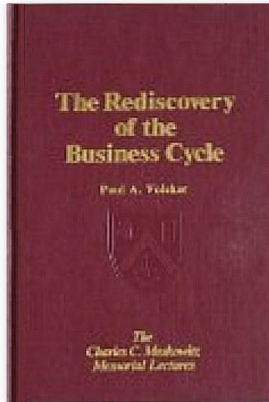


Even India canceled its high-end notes all to get at taxes. Only the dollar remains legal tender since 1861 and there use to be \$10,000 notes until Roosevelt came to power ending anything over \$100 in 1934. Trudeau in Canada had a law passed

withdrawing the legal tender status of some notes by January 1st, 2021, which now allows him to cancel all paper money at his pleasure. Canadian dollars now have a risk of cancellation in the future.

Note that prior to World War I, most bonds issued by foreign countries used another's country currency which was the British pound – the reserve currency prior to World War I. After World War II, the dollar rose to the status of a reserve currency when Europe decided to blow each other up. A war in Europe would put even the IMF coin at risk.





Rediscovery of the Business Cycle
by Paul A. Volcker 1978

By dropping interest rates to **NEGATIVE** in 2014, the central banks have been slapped in the face with the reality that Keynesian economics has utterly failed as the solution to manage the economy. Former head of the Federal Reserve, Paul Volcker, in his statements from 1978 he called the Rediscovery of the Business Cycle reveals that this entire idea of Keynesian Economics has failed from the outset. The 1975 crash proved that the Business Cycle was not defeated.

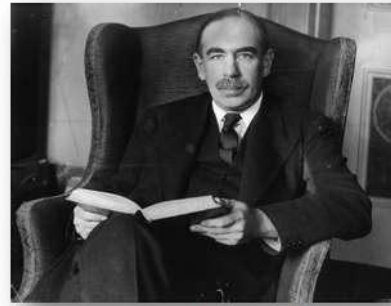
In 1978, former Chairman of the Federal Reserve made it clear in a publication the Charles C. Moskowitz Memorial Lectures stating:

"The Rediscovery of the Business Cycle – is a sign of the times. Not much more than a decade ago, in what now seems a more innocent age, the 'New Economics' had become orthodoxy. Its basic tenet, repeated in similar words in speech after speech, in article after article, was described by one of its leaders as 'the conviction that business cycles were not inevitable, that government policy could and should keep the economy close to a path of steady real growth at a constant target rate of unemployment.'

"Of course, some minor fluctuations in economic activity were not ruled out. But the impression was conveyed that they were more the consequence of misguided political judgments, of practical men beguiled by the mythology of the old orthodoxy of balanced budgets, and of occasional errors in forecasting than of deficiency in our basic knowledge of how the economy worked, or in the adequacy of the tools of policy. The avant-garde of the profession began to look elsewhere – to problems of welfare economics and income distribution – for new challenges.

"Of course, the handling of the economic consequences of the Vietnam War was an obvious blot on the record – but that, after all, reflected more political than economic judgments. By the early 1970s, the persistence of inflationary pressures, even in the face of mild recession, began to flash some danger signals; the responses of the economy to the twisting of the dials of monetary and fiscal policy no longer seemed quite so predictable. But it was not until the events of 1974 and 1975, when a recession sprung on an unsuspecting world with an intensity unmatched in the post-World War II period, that the lessons of the 'New Economics' were seriously challenged."

“I find myself more and more relying for a solution of our problems on the invisible hand which I tried to eject from economic thinking twenty years ago,”



John Maynard Keynes (1883-1946)

Yet before Keynes died, in 1946 he told Henry Clay, a professor of social economics and adviser to Bank of England, that he had hoped Adam Smith's Invisible Hand would help Britain (Source: after the War, **The World Bank, the IMF and the End**).

Keynes himself realized that his theory was wrong before he died. Here we are since 2014 with negative interest rates and Quantitative Easing since 2008 which was 13 years ago, and this is all coming to a head. Keynesian Economics has failed to stimulate the economy and as such they are now moving into the open arms of Soros, Gates, and Schwab because the collapse of the system means they lose power.



**Hoard of 52,000 Roman Coins
3rd Century AD discovered in Britain 2008**

The reason for the negative interest rates was to try to FORCE people to spend and invest but they feared the future and saw no reason to invest. Historically, people will hoard their money in times of uncertainty for the greatest number of ancient coin hoards are always from the periods of economic uncertainty and typically war.

Negative interest rates are fueling deflation on the one hand by destroying the idea of earning income from savings, including pensions. Those who retired have less income to spend, so how is this beneficial? They are not like the government and will spend everything they have with no regard for tomorrow. As always, they look upon the economy from far above and have no idea of how it truly functions.

The Fed always needed 2% inflation because the population grows even aside from government constantly looking to create another program. It is an endless cycle.





Lawrence Henry "Larry" Summers

(born November 30, 1954)

Staff of the Council of Economic Advisers under President Reagan in 1982-1983

Chief Economist at the World Bank 1991-1993

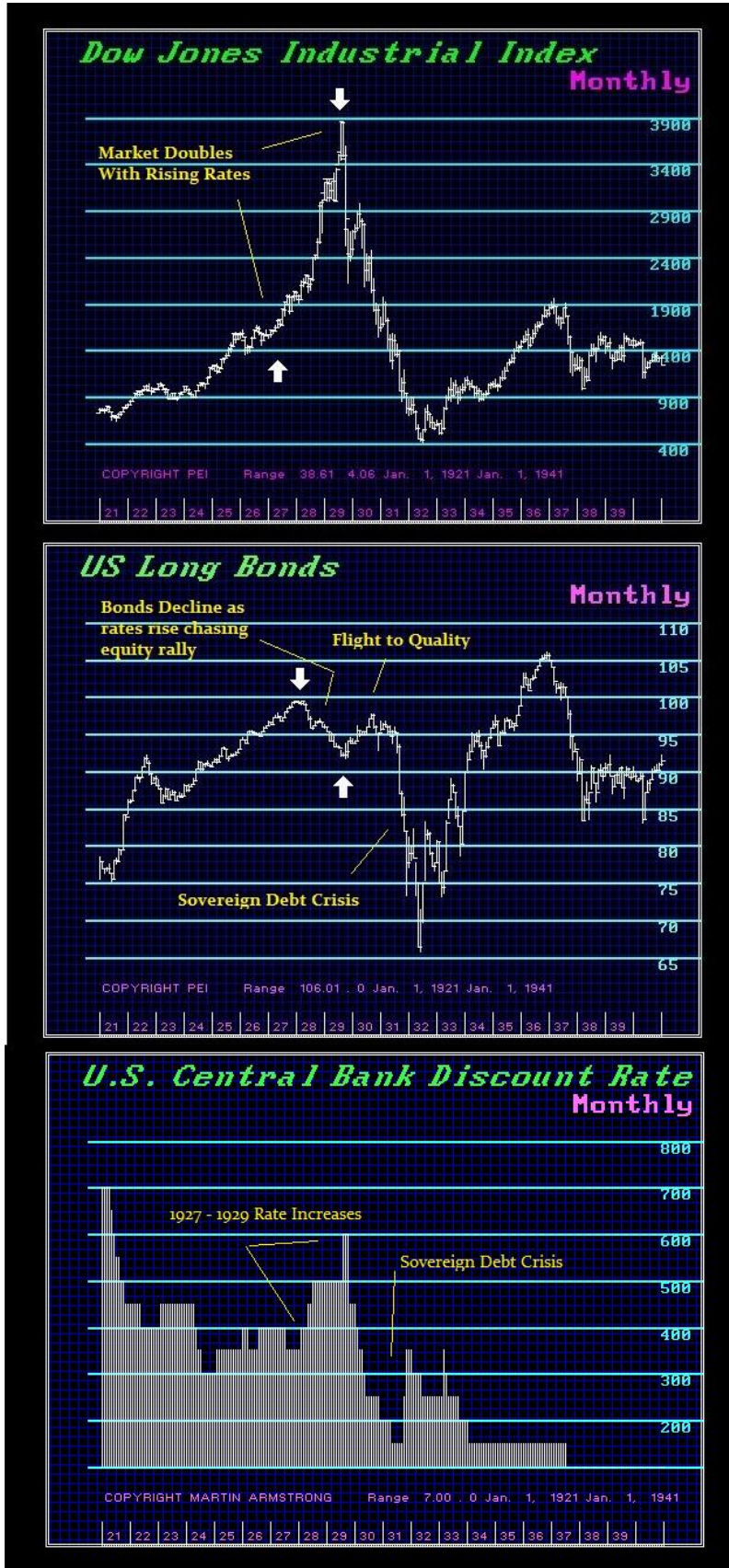
Undersecretary for International Affairs 1993-1995

Deputy Secretary of the Treasury 1995-1999

Secretary of the Treasury 1999-2001

The father of negative interest rates is Larry Summers. Summers has been just another academic with no live experience in the private sector. I warned that this idea of negative interest rates was very dangerous. The idea that raising interest rates will suppress the economy and lowering them will stimulate is absurd. All we have to do is look at the stock market using the Great Depression to see that it rallied with the doubling on interest rates between 1927 and 1929 and it collapsed with interest rates thereafter. A simple correlation proves (see next page) that the theory of how central banks have managed the economy has completely failed.

The central banks have trapped themselves and their Quantitative Easing has entirely failed. There were numerous "analysts" without experience calling for hyperinflation, the collapse of the dollar, and were yelling that the Fed was increasing the money supply so buy gold. The inflation never appeared and gold declined because their QE was merely swapping dollars for bonds which were also part of the money supply. Their reasoning has been so far off the mark it is laughable. These people become trapped in their own rhetoric and become irrational arguing more control is needed never less. Hence, they cannot admit to any mistake and thus the answer is always authoritarianism.





1864 \$10 Compound Interest Note with Interest Rate Schedule on Reverse

Central banks have lost all ability to manage the economy, even in theory, thanks to this failed Keynesian reasoning without comprehending that when bonds become collateral, they are simply as paper money began in the United States – circulating paper currency that paid interest – hybrid bonds. The term “greenback” meant paper currency that were just demand notes for when you turned them over there was no interest rate schedule – just green ink.



The European Central Bank (ECB) is hopelessly trapped. If they raise interest rates, then the bonds they already hold collapse in value and the ECB becomes insolvent. They cannot resell the bonds taking in cash when there are no buyers. They are now unable to ever resell their holdings and when the bonds expire, they are compelled to reinvest for there are no buyers to retake the debt. They have run out of time.



The central banks have played a very dangerous game of Monopoly and lost. In the United States, it appears we are facing the collapse of Social Security which began August 14, 1935 (1935.619) because they stuffed it with government debt and robbed the money for other things. The Debt Crisis has manifested in a Monetary Crisis where the pressure in Social Security will begin to rise significantly by 2021.772 (October 9, 2021) which is about 89 weeks into this wave of the ECM business cycle and 86.153 years from its founding.



This is why they are desperate to change the retirement program in this \$3.5 Trillion spending plan forcing companies with 5 or more people to confiscate 10% of everyone's salary to put it into forced retirement, for Social Security is no longer a viable solution.

This is also why they have been pushing for Guaranteed Basic Income because the entire SS system is collapsing. The act of 1983 was intended to refund the program but under the current system, according to the 2021 annual report of the Social Security Board of Trustees, the surplus in the trust funds will be depleted by 2034. However, if Biden succeeds in granting citizenship to the illegal aliens, adding 11 to 20 million people who have never paid into the system will lead to its demise as soon as 2024 without substantial tax increases.

Cryptocurrency & the Monetary Crisis

These people are completely incompetent to manage the economy and we are delusional to think people with no actual private experience can run things. They believe that they have the power, thanks to Keynesian Economics, to “manipulate” society with academic half-baked theories. Clearly, the central banks are trapped and the clock is very much ticking down. This is what they are desperately trying to patch up once again but to retain power rather than actually fix the system.



Back in 2015, according to the former US Treasury Secretary and Harvard economist Larry Summers, he pronounced that *“the world suffers from a savings surplus and therefore threatens to fall into a secular stagnation.”* Summers, the father of negative interest rates, claimed that now for decades to come we will have to adjust accordingly to slower economic growth and increasing economic and social problems. The reason for this is that in some countries such as China and Germany, people saved **too much**, rather than consume or invest. Summers then argued that the Chinese and Germans exported their savings abroad and thus led to an oversupply of savings international. Summers argued that there was insufficient demand for consumption and could be solved by eliminating cash.

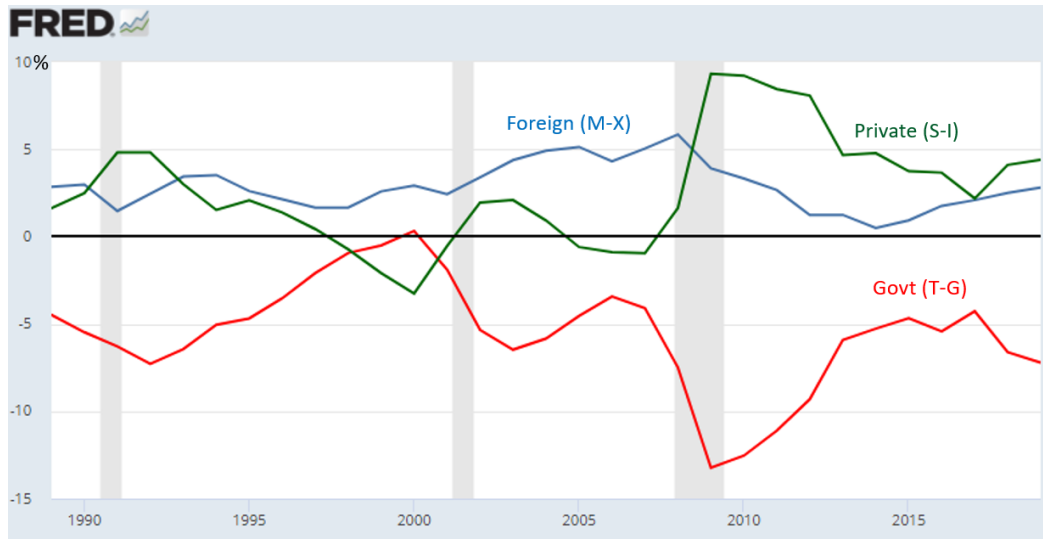
secular stagnation

Larry Summers has argued that **secular stagnation** is the decline in neutral interest rate which is a condition when there is negligible or no economic growth in a market-based economy we have often called stagflation. In Summers' mind, the term secular means long-term taken from the Latin “saeculum”, which he means this stands in contrast to the Business Cycle he argues is short-term. Summers has also argued in Dubai on Dec. 15, 2015 in a Bloomberg interview that the Business Cycle cannot be forecast for it is too complex like weather.⁴



⁴ <https://www.youtube.com/watch?v=V86kapCaPVg>

Cryptocurrency & the Monetary Crisis



Source Data: FRED / BEA Integrated Macroeconomic Accounts – Table S.2.a

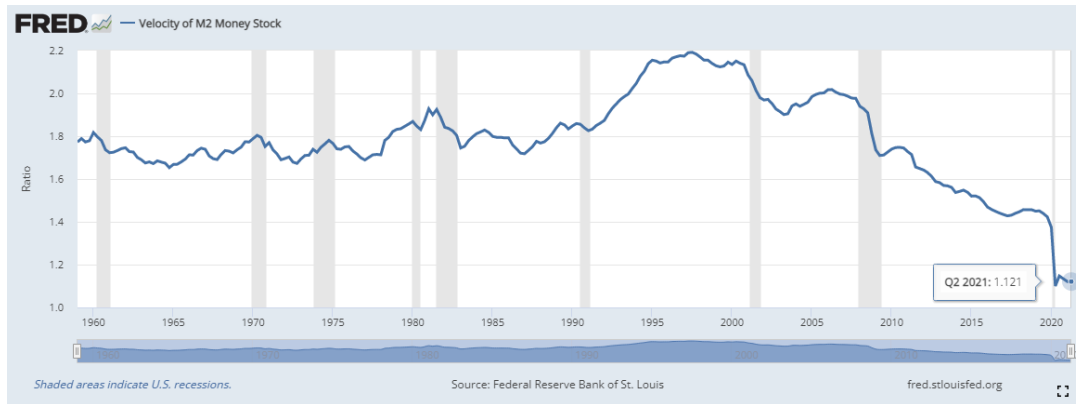
Essentially, Summers suggests that there has been a change of fundamental dynamics of the economy. This idea was initially put forth by Alvin Hansen in 1938. It has been typically used over time to imply that the decline in innovation has tended to suppress economic growth. Hansen also attributed that to the decline in immigration post Great Depression which is why Europe and the Biden Administration have justified allowing the wave of unskilled immigration which defeats the very idea of creating economic growth through innovation.

Here is the chart from the Federal Reserve showing sectoral balances in U.S. economy from 1990 to 2017. They argue that the three balances must net to zero mathematically. The green line indicates a private sector surplus, where savings exceeds investment. Since 2008, the foreign sector surplus and private sector surplus have been offset by a government budget deficit. This is the net result of capital inflows to the dollar which these academics never take into account.

Nobody seems to be willing to look at the role of government and how it has promised pensions it never funded. Corruption is so widespread, there can never be any reform, and the solution in government is to just raise taxes and now increase authoritarian power. The left justifies this by blaming capitalism and “inequality” as if this has anything to do with their fiscal mismanagement. It is always the people – never those in government.

Cryptocurrency & the Monetary Crisis

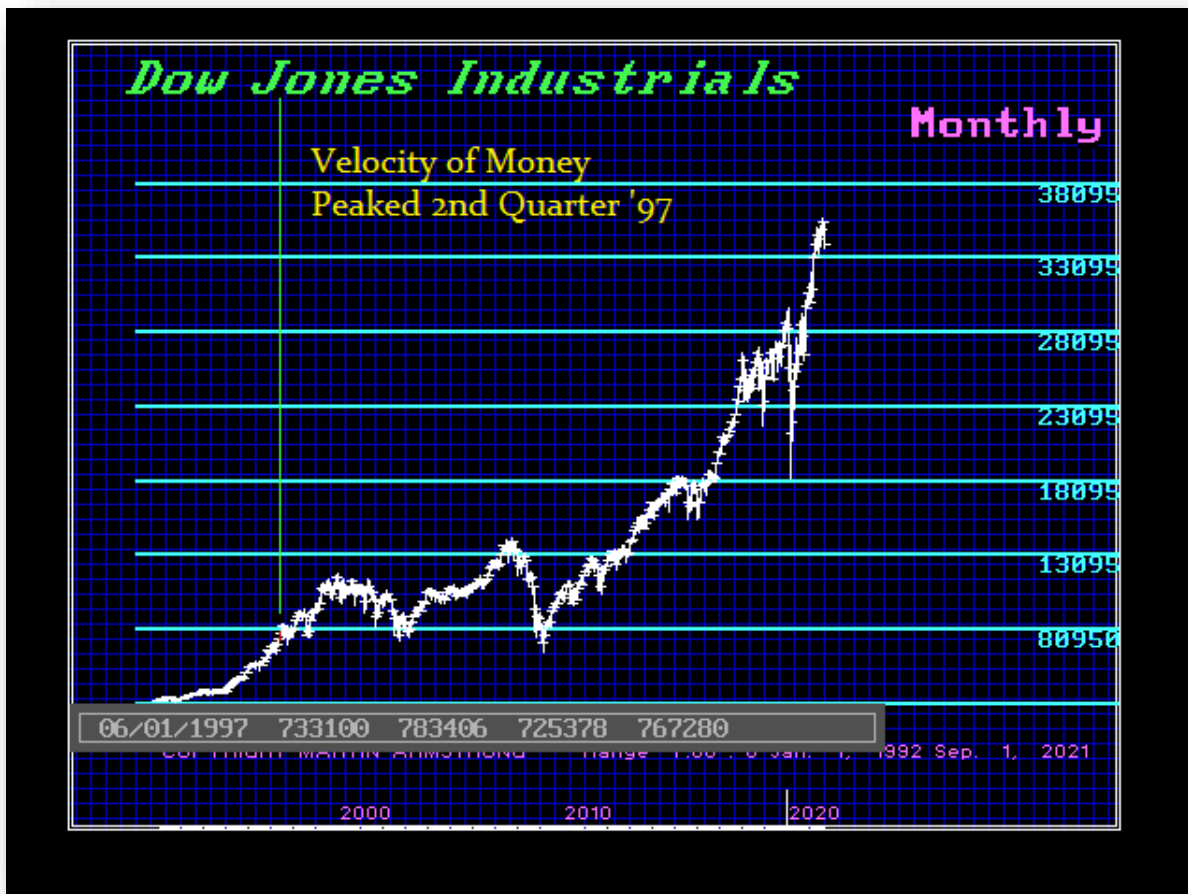
The ultimate solution is now total authoritarian government control. Economists are typically paid by government directly or indirectly in academia and those who have real world experience are not interested in getting involved in the mud-wrestling sport of politics.



Velocity Crisis

As confidence in government began to decline post-1997 Asian Currency Crisis, people began to hoard their cash instead of spending. The velocity of money began to decline since the 3rd quarter 1997. As savings did rise, then the natural rates of interest did decline. The velocity bottomed during the 2nd quarter of 2017 when Trump came to power and it began to rally but by the end of 2019 it began to turn down and went into free-fall during the COVID lockdowns. It bottomed following the COVID Crash during the 2nd quarter 2020. In total, the decline was 86.15 months (10 * 8.6). This appears to be a major low which signal that perhaps now people will lose confidence in money and look to move to tangible assets which has been the rally in real estate, collectables, and art.

This was also why Larry Summers calls it the zero-interest rate threshold that was bantered around. That is rates moved below zero, people would hoard their cash out of banks and defeat their Keynesian model to punish them for not spending. The velocity of money is the frequency at which one unit of currency is used to purchase domestically-produced goods and services within a given time period. In other words, it is the number of times one dollar is spent to buy goods and services per unit of time. Since the velocity of money is a measurement of the rate at which money is exchanged in an economy, long-term investments also reduce the velocity. Clearly, the concern about the government sustainability has been rising even since the Asian Currency Crisis.



The collapse in the currencies against the dollar in 1997 was profound. That was when I was called in by China's Central Bank over this crisis. It disrupted both international capital flows, but also it seriously undermined the confidence in holding cash as an asset class.

This was no coincidence. The response in Thailand was to ban foreign real estate investment. This had a profound impact upon shifting the capital flows but also sent capital into the equities rather than holding cash.



Interest Rates & their Failure as a Monetary Tool



Zero-Interest Rates Threshold

This entire zero-interest rate threshold is what Summers and others argue has defeated the idea of moving interest rates to negative which failed to stimulate the economy. First, they fail to comprehend that buying tangible assets, which includes equities, is the alternative to cash. As interest rates have declined, people have turned to equities for yield.

Hence, their solution has been to eliminate paper money to prevent hoarding but to do so, they need an instant clearing of digital currency. Make no mistake about it, XRP will also terminate all private cryptocurrency.

These people have been completely ignorant as to why the dollar is the reserve currency. Yes, all commodities tended to be priced in dollars post-Bretton Woods because we were on a global fixed rate just as the Asian currencies were pegged to the dollar. However, paper dollars could circulate freely around the world for 70% of the physical supply is outside the United States. The dollar has **NEVER** been cancelled whereby the Europeans routinely cancel their currency to prevent hoarding. But that also prevents people around the world from hoarding their cash.



I would keep a few hundred dollars in all the various currencies of nations that I would visit routinely. British pounds that I would have, were cancelled and I had to be in Britain to exchange them and the dealers wanted a 20% discount. I have notes from India after visiting clients there in Mumbai. They too are now worthless. There is simply no other paper currency that one can hold in confidence.



The Banque de France issued French Franc coins in 10 different denominations, including this France 10 Franc coin. They are part of the French Franc coins series. The Banque de France started issuing these 10 French Franc coins in 1988. They were withdrawn from circulation in 2002. So even the coins are no longer legal-tender. Europe is so socialistic that they cannot sleep at night worrying about someone having money they didn't pay taxes on.

Besides the fact that the US dollar has never been canceled, even Japan had currency controls on the yen. You could not issue a bond in Japanese yen without the approval in advance of the Ministry of Finance. The dollar has no restrictions and anyone can issue debt in dollars without controls. This is also why it became the reserve currency of the world despite all the complaints.



Dollar as the Reserve Currency

Pricing commodities in this XRP will by no means eliminate the dollar as the reserve currency. It all depends upon restrictions and capital controls. The lack of capital controls on the dollar PRESENTLY, in addition to the fact that the United States is actually a tax haven for foreigners, all contributes to the reserve status of the dollar.

The **Common Reporting Standard** (CRS) is an information standard for the automatic exchange of tax and financial information on a global level. It was put together by the Organization for Economic Co-operation and Development (OECD) back in 2014 when interest rates were moved to NEGATIVE by the European Central Bank.



Its purpose was to hunt down tax evasion primarily for the European Union. They took the concept from the US **Foreign Account Tax Compliance Act** (FATCA), which imposed liabilities on foreign institutions if they did not report what Americans were doing outside the country.

The legal basis of the CRS is the **Convention on Mutual Administrative Assistance in Tax Matters**. Most countries have now signed an agreement to implement it (See Appendix A). First reporting took place in September 2017. The CRS has many loopholes for countries having to sign the agreement. The United States has not yet enforced it since 2010, but under the Biden Administration we can expect that this agreement will eventually be enforced. The only countries who are not enforcing the CRS are Benin, Burkina Faso, Gabon, Mauritania, Papua New Guinea, Philippines, Rwanda, Thailand, Togo, and the United States.



THE HUNT FOR TAXES

Because of the fiscal mismanagement and politicians always promising more social programs, our entire way of life is being destroyed. They have wiped out the pension funds with regulations requiring they buy government debt and then artificially lower rates making it impossible to meet future obligations. They have threatened other nations that they would be removed from the international clearing system unless they turned over all foreigners with accounts.

At the same time, they are desperate to end the dollar as the reserve currency because people can hide money by holding US dollars in cash that is more secure than other nations who routinely cancel their currencies. This dream that the United States will be terminated as the reserve currency and it will be replaced by the XRP or new IMF coin fails to grasp the essence of the crisis.

Instead of just foreign companies having to hedge against the dollar, they will even subject American companies into hedging FX risk to some new reserve and universities have yet to really even teach the ramifications of the floating exchange rate born in 1971. They continue to teach the old theories that were created in economics during the fixed exchange rate system like Keynesian Economics.

Reserve Currencies



United States 1794 First Silver Dollar



Roman Imperial Empire
Silver Denarius of Augustus (27BC-14AD)

ArmstrongEconomics.COM

The dollar is the reserve currency, just as was the Roman silver denarius because it was the financial capital of the world absent capital controls. The dollar and the denarius represented the major economy, and everyone was trying to sell to the



core economy. Rome conquered most of the Western World at that time, and most found it beneficial to be part of Rome for trade purposes alone. They often received capital investment into emerging markets from Roman investors and even contemporary historians mentioned if there was an earthquake in Anatolia (Turkey), financial panic would sweep down the Via Sacra – ancient Wall Street.

Even if we go back to Athens when it was the financial capital of the world, we find numerous peripheral states imitating their coinage including the Egyptians who had no coins of their own. There is more to a reserve currency than meets the eye. For even China to replace the dollar requires their domestic economic growth to create a consumer-based economy to eliminate their dependence on selling to American consumers.

Athens Owl AR Tetradrachm

circa 449BC



Genuine

Arabian Imitation



The Swiss began numbered accounts because Hitler outlawed having any account in a foreign country. Swiss banking secrecy was first codified with the **Banking Act of 1934**, thus making it a crime to disclose client information to third parties without a client's consent. The law, coupled with a stable Swiss currency and international neutrality, prompted large capital flight to private Swiss accounts. Today, the Swiss now asks the EU how high they should jump. They are no longer the safe haven they once were. So Swiss accounts have long surrendered their safe haven status for non-Swiss.

US Debt fell by 33% of World Debt during COVID

Then we have heard how the dollar will crumble to ashes because of debt. Yet total sovereign world debt is nearing \$300 trillion as of the 2nd quarter 2021. The USA national debt as a percent of the world has declined from nearly 15% pre-COVID to now just 9.6% of global sovereign debt.

The lockdowns have been far more severe in Europe, Australia, and New Zealand with many peripheral economies following the same route. This has also contributed to the rise in the dollar. But more significantly, the US president does not have the power to shut down the entire country as is the case in most other countries.





Other nations are in far worse shape not because of Debt to GDP, but because they lack the underlying consumer-based economy. This is WHY China is diligently following the US model and not that of Germany. They have turned inward and are moving to generate the world's largest consumer-based economy which is WHY they will surpass the United States.

Indeed, this entire Great Reset is a Marxist agenda which has relegated Europe to the third world status. No matter how many times Marxism is attempted it always fails. But governments will not reduce their power or dare look in a mirror and accept any blame for the economic decline.

The Top 10 economies in the world only include three EU countries plus UK in nominal terms:

1. United States
2. China
3. Japan
4. Germany
5. India
6. United Kingdom
7. France
8. Italy
9. Brazil
10. Canada

If we measure these economies accounting for purchasing power parity (PPP) exchange rates, which relate the exchange rate between currencies to consumer price levels, the picture changes. China is the world's largest economy since 2017 in PPP terms according to estimates by the World Bank which uses international dollars to make better comparisons among countries. Therefore, in PPP terms, the U.S. is second with about a 15.8% share of world GDP. The European Union was in third place, contributing \$19.9 trillion, or 15.3%, of world GDP.

Petrodollar

For years, all we ever heard was if they price oil in Euro that will kill the dollar. These people just totally fail to grasp the complexity behind what even makes a currency. These people have no idea of what they are talking about.

All these claims that the “petrodollar” is going to collapse is a total joke. Oil is less than 10% of world trade. These people are living in the '70s. Hey, cut the hair and get rid of the bell bottoms. It's 40+ years later! There is not even an attempt to offer a true honest analysis of the subject.



The oil and gas drilling sector make up between 4.6% and 6.5% of the global economy and this move to GREEN by shutting down oil production is insane. There is no alternative energy yet that is sufficient to replace fossil fuels globally. There is not even a large enough power-grid in the USA if everyone had an electric car. Those are dreams of the future like traveling to colonize Mars. The FX market DAILY trading volume was about \$5.3 trillion before COVID, which dwarfs the equities and futures markets no less oil and gold. Just look at the numbers. Once more,

people try to reduce everything to a single cause and effect which is never sufficient in any analysis for complexity is the foundation of the universe.

The Germany election here in 2021 could very well lead to a coalition government to possibly be SPD/FDP/Greens. In other words, this is a win for the Green Party. They just published a strategy paper which restates all the 2030 Agenda of Klaus Schwab and his Great Reset. The Greens call the new economy “social-ecological capitalism/sozial-ökologische Marktwirtschaft” which will also seal the fate of Europe economically. These people have totally lost all sight of human existence.

Crisis in Democracy



We are witnessing the destruction of Western Civilization before our very eyes. This idea that capitalism is to blame rather than the socialist trend which has led to perpetual deficits since World War II, has now reached the point where the election of Trump scared the hell out of the career politicians, for they suddenly realized that they could be voted out of power. They coined the word “populism” to replace “democracy” for the object was to terminate the possibility of the people actually voting them out of power.

John Kerry said: *“I think Europe has to look at that with Brexit and the rising national populism — nationalistic populism.”* With the election of Trump and the BEXIT vote, career politicians suddenly realized that their monopoly was coming to an end. This is WHY Klaus Schwab was able to convince so many that the only solution is to end democracy and adopt his Great Reset.



The screenshot shows the Parliament of Canada website. At the top, there is a navigation bar with 'PARLIAMENT OF CANADA' on the left, 'VISIT PARLIAMENT' and 'FRANÇAIS' on the right, and a 'Share this page' button. Below this is the House of Commons logo and the text 'HOUSE OF COMMONS CHAMBRE DES COMMUNES CANADA'. A secondary navigation bar includes 'Parliamentary Business', 'Members', 'Participate', 'About the House', and 'Employment'. The main content area is titled 'Members of Parliament' and has sub-links for 'Members of Parliament', 'Key Roles', 'Constituencies', and 'Election Candidates'. The page displays 'VOTE NO. 118' for the '43RD PARLIAMENT, 2ND SESSION' on 'May 25, 2021'. The subject is 'Opposition Motion (Elections during a pandemic)'. The motion text states that a general election was held in October 2019 and that more than 1.3 million Canadians, including almost 360,000 Quebecers, have been infected with COVID-19, with nearly 25,000 deaths. It also notes that holding an election during a pandemic would be irresponsible. The motion sponsor is identified as Alain Therrien of the Bloc Québécois.

This is not a partisan issue any more being Democrat v Republican. Both sides agreed on one thing behind the curtain – democracy must be tempered and controlled if not totally eliminated. Even in Canada they submitted a bill to suspend elections during a pandemic. It did not come to a vote, but it illustrates the true sentiment they are hiding from the people.

Eliminating any democratic votes was the model they used to create the European Union (EU) where neither the European Commission nor the President of the EU are subject to popular election. They allow people to vote for Ministers of Parliament (MP) but they have no power to overrule the legislation from the Commission. This was the successful elimination of real democracy or even a republic in the EU.



Ursula von der Leyen

Allowing people to vote for an MP who has no power, creates the image of a right to vote but that is the extent of the entire process. The head of the EU, Ursula von der Leyen, never stood for election. She was a board member of the World Economic Forum of Klaus Schwab who does get to vote who will be the leader of what.

Crisis in Democracy

We may see them retain only local politicians who stand for election making people think they still have some right to vote. As long as their power is confined, then they would never present a threat to the federal government.



They appear to have taken their lesson from history to pretend it is still somehow a democracy. When we look at the right to vote in ancient Rome, we see that it came with taxation. When Servius Tullius (578–535BC), who was the sixth king of Rome, reformed the tribal system, he gave the vote to men who had not been members of the three original tribes by increasing the number of tribes. He assigned people to a tribe on the basis of geographic location rather than kinship. The primary reason was two-fold. First, the right to vote meant you also had to pay taxes. Secondly, the right to vote also meant that young men suitable for the military. Hence, no taxation without representation.

Under this scheme, the incentive for government was to keep adding tribes. There were 35 tribes in all by 241BC more than a 10-fold increase. It was Caracalla (198–217AD) who went all the way and the idea of tribes was abandoned when citizenship was extended to all free people in the empire 212AD by the terms of *Constitutio Antoniniana* which naturally extended the right of taxation and military service. No government ever did anything solely for the benefit of the people.

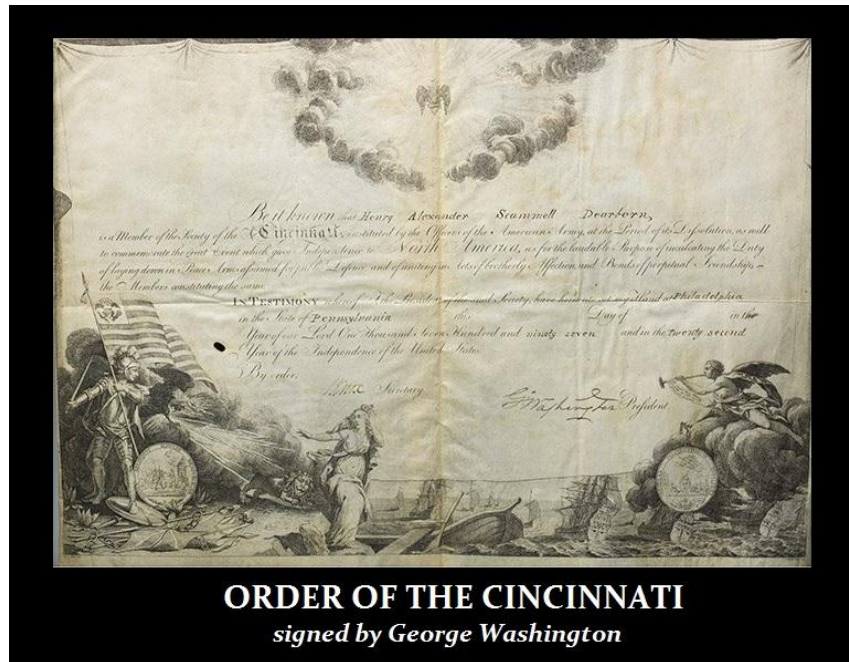
There would be votes called which was publicized in the local forum announcing that the Roman assemblies were to participate. The proposed edict was published in front of a *contio* (a public gathering) and then the issue was posted on a tablet.

Romans would vote by tribe and by *centuria* (century). Each group, tribe or *centuria*, had one vote. This vote was determined by the majority. Thus, everyone had an equal vote. The candidate would win with the majority of votes from the 35 tribes. It is believed that about 70,000 citizens voted at this time.

Servius Tullius may have also established the *centuriae* or perhaps modified a previous system. The wealthiest infantry class was also allowed to vote early for

Crisis in Democracy

they had the "praerogativae" from which we have the word prerogative. If the vote of the wealthiest (infantry) first class and that of the cavalry was unanimous, then there was no reason to go to the second class for their vote. In tribal elections would also terminate if a majority became self-evident.



However, after overthrowing their king in 509BC giving birth to the Republic, they still retained this class distinction. What emerged was an admixture whereby the assemblies provided the democratic component of the mixed form of Roman government. What use to be the position of the king became elected position of two consuls with a term of office for one year. In a crisis, they could also elect a position of dictator for one year.

The position of a Roman dictator also existed whereby someone would be elected for one year to that position in times of crisis. Lucius Quinctius Cincinnatus (519–430BC). He was an aristocrat and statesman who served as consul in 460BC and dictator in 458BC and 439BC, which made him a model of integrity and virtue. The Romans regarded Cincinnatus as a hero.

When Rome was invaded, Cincinnatus was called to serve Rome as a dictator, which was in office for one year. He defended the nation and then **resigned** two weeks later after defeating the rival tribes of the Aequians, Sabines, and Volscians. His immediate resignation of power demonstrated his **integrity** and lack of personal ambition.

Crisis in Democracy

George Washington (1732–1799; President 1789–1797) would not accept the office of president until he had resigned as a military leader and returned to private life. The Founding Fathers were deeply impressed with the battle of Rome against its Tarquin king that gave birth to a republic. George Washington followed and created the Order of the Cincinnati and wanted to follow his example of integrity.



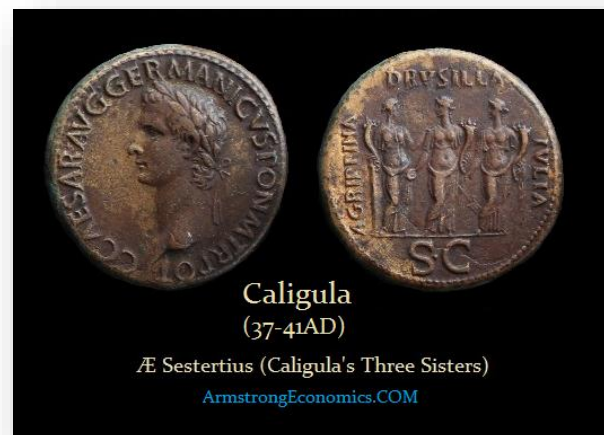
During the Republic period, the monarchic element was elected annually and split in two as consuls we would call a president today. This split monarchy was the consulship whose power was deliberately curtailed. The Senate provided the aristocratic element. What was missing was the general vote of the people.



Unlike senators or ministers today, senators of Rome were not elected, they were appointed which is what we are seeing in the design of the EU. Through much of the Roman Republic, an elected official called the censor appointed new senators. Later, during the imperial era, the emperor controlled who could

become senator.

The historian Suetonius tells us that Caligula, besides having sex with all three of his sisters, feeding prisoners to wild beasts, and taking advice during his conversations with the moon, he supposedly loved his horse, Incitatus, so much he planned to make him a senator or consul insulting the senate but was assassinated first. He did at least issue a coin with his three sisters being celebrated.



Crisis in Democracy

In the early history of Rome, only men from the patrician class could become senators. Later, men from the common class, or plebeians, could also become a senator. Senators were men who had previously been an elected official (called a magistrate). During the rule of Emperor Augustus, senators were required to have over 1 million sesterces in wealth. If they came into misfortune and lost their wealth, they were expected to resign. The idea was they would pass laws that would never go against the well-being of the empire.

DOMITIAN (81-96 AD) AR Denarius Struck 85 AD



IMP CAES DOMITIANVS AVG GERMANICVS PM TR P IIII IMP VIII COS XI P P

IMP = Imperator (victorious general)

CAES = Caesar

DOMITIANVS = Domitianus, ruler's name.

AVG = Augustus, title of the emperor.

GERMANIC = Germanicus title honoring military victories in Germany.

PM = Pontifex Maximus. Highest priest

TPP = Tribunica Potestate. Tribune of the people.

IIII = Reflects number of times office held

IMP = Imperator

VIII = Years hold that title

COS = Consul, a title linked to highest office in Senate

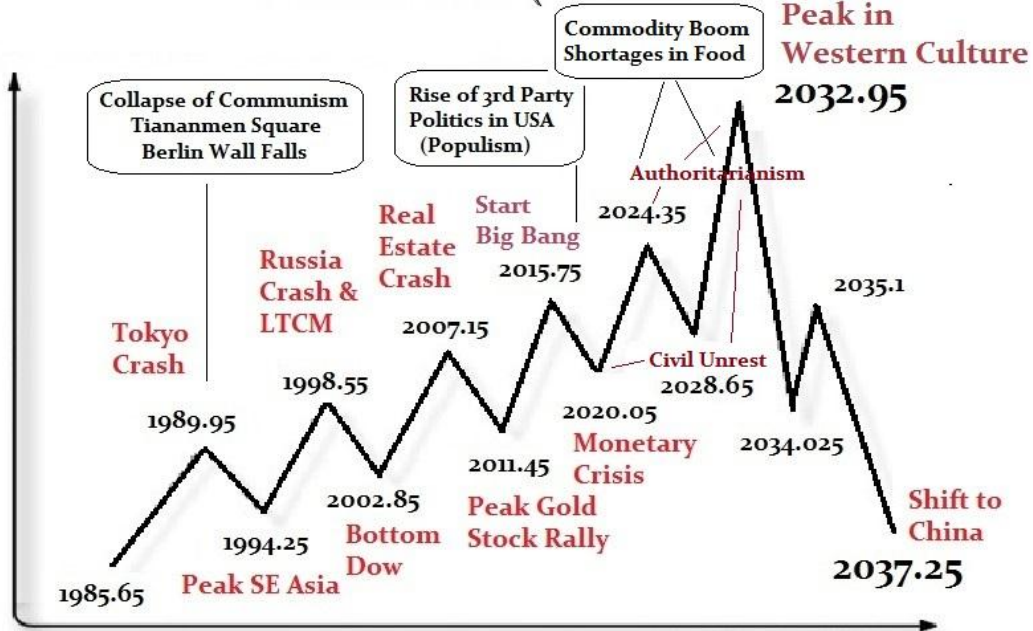
XI = Reflects number of times office held

PP = PATER PATRIAE (Father of his Country)

Now, when the Republic was overthrown and Imperial Rome began, the Emperors, not being kings in name, still created a monarchy that was inherited by their family the very same as a king. The titles on the coinage allow us to date coins to the very year **BECAUSE** they pretended to be elected. For example, COS XI meant he was elected consul for the 11th year in a row. This allows us to date this coin to 85AD. A single coin was discovered in Pompeii of Titus (79-81AD) with "IMP XV" in its legend proving that the date for Vesuvius of August 24th, 79AD could not be correct.

Economic Confidence Model

Private Wave (1985-2037)



Copyright Martin Armstrong 1979, 1985, 1995, 2011 All Rights Reserved

Our model has warned that from 2020 forward we would be entering a period of authoritarianism. Perhaps that forecast that Trump would lose, for the game was to be rigged to bring "populism" to an end. Growing up, there were two families that were Jewish in the neighborhood who fled to America from Germany because they saw where it was going. They told me that other Jews thought they were crazy or alarmists – today conspiracy theorists. It never returned to normal.



Also, for those who think that it was Hitler who invented forcing the Jews to wear a gold star marker, again that is history that simply repeats. Edward I (1272-1307) of England, the king of Brave Heart fame, also ordered the Jews to wear badges. He too eventually banned all Jews from England, confiscated all their wealth and lands, and anyone who had borrowed from the Jews had to repay that debt to the King.

Donald Trump and Marine Le Pen are fake populists

SHERROD BROWN
GUEST COLUMNIST



Donald Trump is a populist. So are Marine Le Pen and Steve Bannon. Really?

Populism does not divide our society into these people here or those people over there. It doesn't fan resentments and exploit grievances. Populism never excludes based on race or gender or religion. It doesn't appeal to some by pushing others down; it embraces everyone.

News-Journal, Mansfield, Ohio - May 14, 2017

If you think there will ever be a return to normal, you have another shock awaiting you. This is not my opinion. Klaus Schwab has already told you that democracy has to end. He says that human rights will be maintained, but democracy must end.

This is the threat of "populism" for to the left, it is against their views, it is evil and must be stamped out and the people never really voted for such people. Trump



in the USA, BREXIT in the UK, and Le Pen in France were not really what the people wanted so it became imperative to end democracy. This is the system that they want where like the Senate of Rome voted, but the people had no power to

vote for the senators who were appointed. This is the design of the EU and they seek to maintain the same pretense that we have a democracy or even a republic, but they are intending to eliminate any right to vote. Even in the USA, all the heads of departments like Dr Fauci are appointed and can destroy people's lives but never have to answer to them in any election.

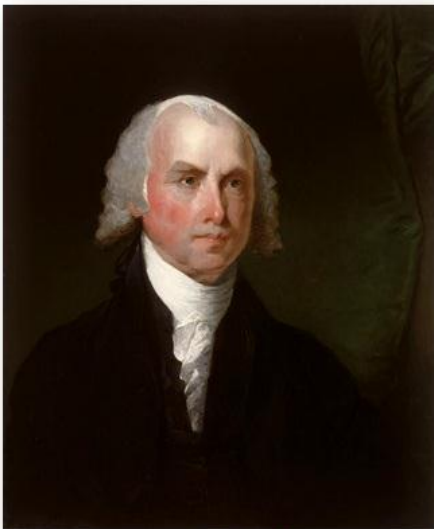
This is politics in its natural course of evolution. Like a small businessman who seeks to expand his business, those in power will always seek to expand their authority. This seems to be a human trait which is why it is so vital to prevent not just monarchy, but rule by political class that never changes. They will always seek throughout history more power and as such this is why Republics always fall – they are taken over by oligarchies.

I find it terribly ironic that when speaking with Russians who fled their home country to seek freedom in America, they notice that America is becoming the very thing that they fled. You can no longer get on a train, boat, or plane without proving who you are. We have forgotten our history and the wisdom that made America great.

Benjamin Franklin (1706–1790) said: ***“Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety.”*** (Historical Review of Pennsylvania, 1759). This is precisely what has taken place using COVID to frighten people into submission.



Benjamin Franklin
(1706-1790)



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

Government has used 9/11 to strip us of our freedom to travel without identifying who we are and, in the Patriot Act, they lowered the \$10,000 reporting for overseas transfers to \$3,000 – soon to now be \$600. Bin Laden won. He did what no one else could do – destroyed our liberty that no invading, for could have ever done. Governments typically fall by their own hand – suicide. James Madison (1751–1836) warned us:

“If tyranny and oppression come to this land it will be in the guise of fighting a foreign enemy.”

Crisis in Democracy

This Crisis in Democracy is what **Ayn Rand** (1905–1982) wrote about in her 1957 novel *Atlas Shrugged*. The book explores what would happen if many of society's most productive citizens refuse to be exploited by increasing taxation and government regulations by going on strike. The refusal evokes the imagery of what would happen if the mythological Atlas refused to continue to hold up the world.

They were led by John Galt who describes the strike as “*stopping the motor of the world*” by withdrawing the minds that drive society's growth and productivity. In their efforts, these people “*of the mind*” hope to demonstrate that a world in which the individual is not free to create is doomed, that civilization cannot exist where every person is a slave to society and government, and that the destruction of the profit motive leads to the collapse of society. The protagonist, Dagny Taggart, sees society collapse around her as the government increasingly asserts control over all industry.



Ayn Rand
(1905–1982)



by Danielle White

Indeed, not a single innovation ever came from China or Russia during their communist days except nuclear weapons for the state. When people are denied freedom of expression, thought, and imagination, there can be nothing but stagnation and oppression.

They cannot sleep at night worrying someone has more than they do. To achieve equal materiality means you must surrender equal rights. Adam Smith's *Invisible Hand* defined that with each of us pursuing our own self-interest, we create the economy.

We are not all equal in mental ability, talent or physical ability. We are equal in rights, not talent or material wealth. Should an A student be given a C so the F student can pass also with a C so everyone is equal? If this was medical school and now you need heart surgery, do you want the A student or the F student?

Rule of law



Fat Justice on the shoulders of a starving African man
by Jens Galchiot, Copenhagen, Denmark 2009

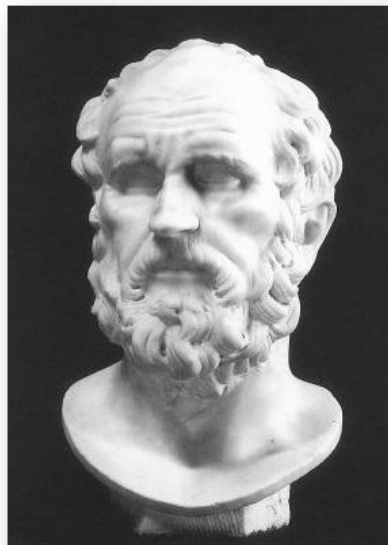
Our legal system has also collapsed entirely. This sculpture of Jens Galchiot in Denmark of Fat Justice on the shoulders of a starving African man is truly the state of affairs for all of us. There is no rule of law to protect us anymore. Government has stacked the courts with former prosecutors who rule in favor of government making the conviction rate in the USA now approaching 99% when Hitler's most notorious court held only a 90% conviction rate.

Edward Gibbon in his *Decline and Fall of the Roman Empire* noted that when the rule of law ceases to exist, then the very purpose of civilization collapses into dust. He wrote of the Empire Commodus (177-192AD): “*Suspicion was equivalent to proof; trial to condemnation. The execution of a considerable senator was attended with the death of all who might lament or revenge his fate.*”⁵

⁵ Book 1, Chapter 4

Rule of law

"[T]he different forms of government make law democratical, aristocratical, tyrannical, with a view to their several interests; and these laws, which are made by them for their own interests, are the justice which they deliver to subjects, and him who transgresses them they punish as a breaker of the law, and unjust. And that is what I mean when I say that in all states there is the same principle of justice, which is the interest of the government; and as the government must be supposed to have power, the only reasonable conclusion as, that everywhere there is one principle of justice, which is the interest of the stronger."



Thrasymachus (Θρασύμαχος)
(ca. 459-400 BC)

Even in the Declaration of Independence we find the complaint of the king protecting his agents with rigged or mock trials. The corruption of the rule of law is the final straw that breaks the back of justice. Plato records the debate over the rule of law between Thrasymachus and Socrates. It was Thrasymachus who states very clearly that justice is defined always by those who are in power and as such justice is always the same no matter what form of government – the self-interest of those in power.



Indeed, Edward Snowden blows the whistle of the Intelligence Community illegally tracking Americans. They call him a traitor not because he went against the American people, but he exposed the illegal activity of those in power.

Rule of law

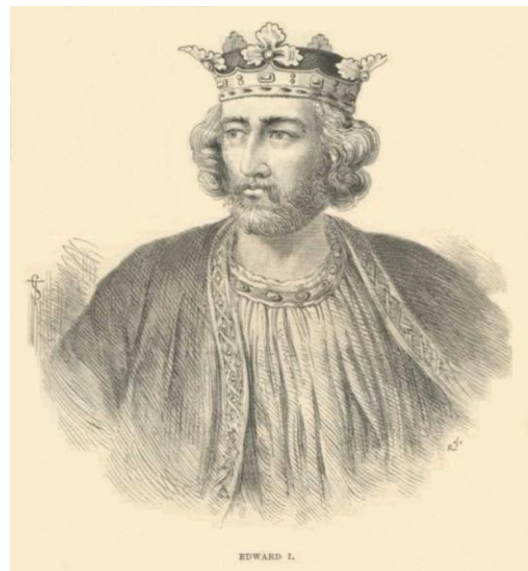


Worse still, government can do as it likes and it is your obligation to go to court to say – hey! I have constitutional rights! Those in power can order mandated vaccines or you must surrender your children if you are not vaccinated. It is your right to go to court to object but that is ass-backwards. They should have to prove a law is valid before they pass it. The burden should never be on the people for if they do not have the money to fight, then they can be subjected to the worst possible tyranny.

In a real free world, the Constitution should RESTRAIN government PRIOR to acting. Unfortunately, they get to act as they please and you must fight for your rights but then the judges will rule in favor of the government defeating the entire process. This is how states collapse and this terminates any benefit to creating any form of civilization. People come together to benefit not to become slaves.

Political wisdom over the centuries was purchased with the blood and bitter experience of generations upon generations. Even in China, the minister Chao Cuo (? – 154BC) under the previous emperor Ching-ti (Liu Ch'i)(157-141BC), earned the hatred of other ministers after he introduced 30 new laws. The outrage was so intense; he was dragged out and executed in his judicial robes in the town marketplace.

The abuse of the rule of law knows no bounds. When Edward I (1272-1307) returned to England in 1289, he was confronted by corrupt judges who had been bribed by special interests and dismissed them summarily. Then in 1290, Edward I seized all the property of the Jews and expelled them from England. Kings, dictators, and professional political classes, have always exploited the rule of law for their personal gain.



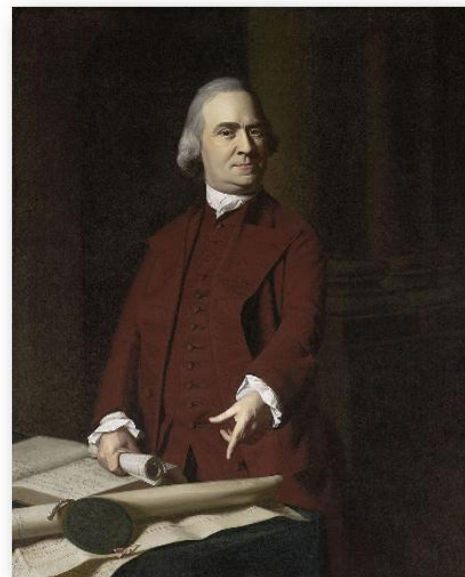


Joseph Alois Schumpeter
(1883–1950)

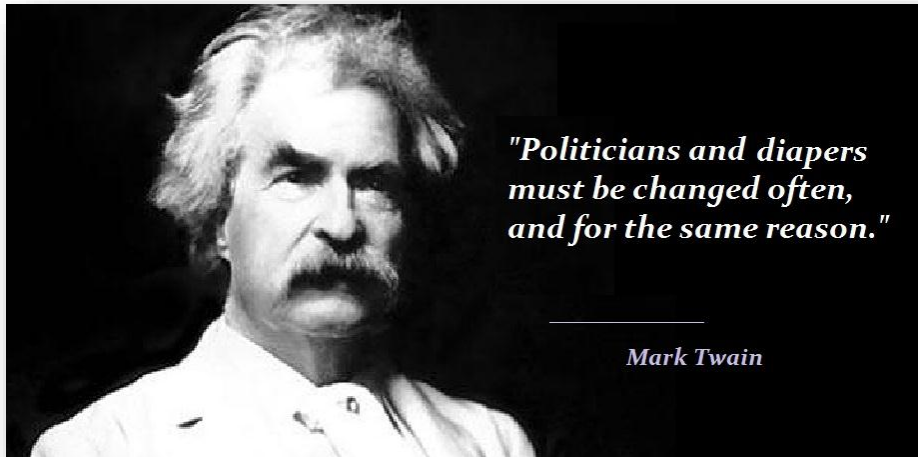
Joseph Schumpeter (1883–1950) recognized nearly a century ago: ***“The spirit of a people, its cultural level, its social structure, the deeds its policy may prepare — all this and more is written in its fiscal history. ... The public finances are one of the best starting points for an investigation of society.”*** How a society manages its fiscal affairs dictates the fate of the nation and the rights of its people. Sam Adams (1722–1803) said in 1775:

“No people will tamely surrender their Liberties, nor can any be easily subdued, when Knowledge is diffused and Virtue preserved.”

This is why those in power control the press to suppress knowledge. Then, with the passage of time, we often lose through the gradual change in the meaning of the words the spirit of liberty.



Samuel Adams
(1722–1803)

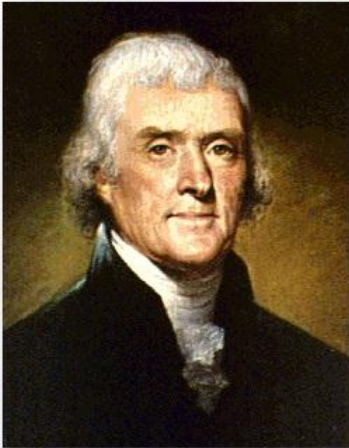


The legal maxims that people have sacrificed their lives for over the centuries wither and die. Though the phrases themselves may continue to receive lip service like Veterans Day which has become just a day off, they are slowly stripped of their original significance until they are dropped as empty and commonplace. This is when what was intended to be a government ruled by law degenerates into a government rule by biased and bribed men.

The principles that once inspired people to rise up against oppression for which they had passionately fought in the past, sadly fall to the ground crumbling into dust. Such noble principles vanish into oblivion because they give way slowly to the same corrupt tendencies of those who for some strange reason desire power over others. The image of a free constitution was once preserved with decent reverence, but quickly gives way to the desire of power over others.

The history of our political concepts is in general of interest only to the specialist. They are not explained or instilled into the youth and in such situations, there is often no other way of discovering what is happening in our time than to go back to the source in order to recover the original meaning of the debased principles.

There is nothing that forms a more certain truth than the collapse of the **Rule of Law** which once stood for the Englishman's ideal of liberty, acquired only at the price of so much blood over the course of nearly 400 years. Yet today, the Rule of Law is not even understood as a bulwark of liberty. It is surrendered ever so easily for the pretense of security. However, one cannot preserve liberty at the expense of surrendering personal rights in the nation of security.



Thomas Jefferson
(1743 - 1826)

It is always debt that destroys empires, nations, and city states, for politicians in a Republic inevitably sell their souls to the highest bidder. Thomas Jefferson said:

“I sincerely believe that banking establishments are more dangerous than standing armies, and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale.”

Even Charles Dickens (1812–1870) wrote in *Little Dorrit* that “[Credit is a system whereby] a person who can’t pay, gets another person who can’t pay, to guarantee that he can pay.” Back in the good old days when the

national debt was just \$1 trillion President Ronald Reagan made it clear:

“We don’t have a trillion-dollar debt because we haven’t taxed enough; we have a trillion-dollar debt because we spend too much.”

History has proven he was correct. The original property tax in colonial times was a “general property” tax, reaching all types of property – land, buildings, farm implements, household effects, and livestock. Jens Jensen, in his *Property Taxation in the United States* (1931 Chicago University Press), explained that at the time tangible property was an index of ability to pay. It was regarded as an appropriate base for a “faculty” tax imposed “upon every man according to his estate, and with consideration to all his other abilities whatsoever” (quoting the 1634 Massachusetts property tax statute). Taxation has been a profound driving force in how society developed. Why did row houses emerge in many cities? Was it to save land costs or taxation?

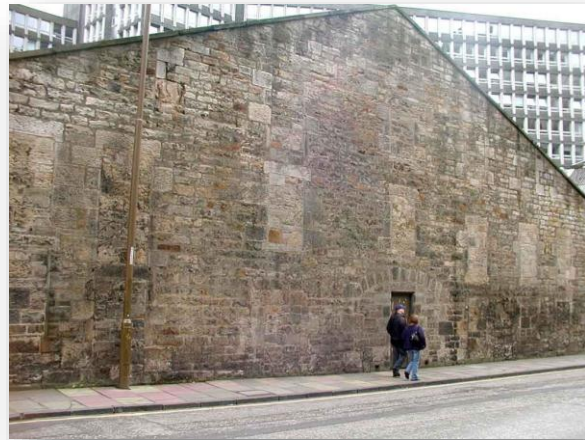
The shift from an agrarian to an industrialized economy changed the relative importance of land and buildings as an index of wealth. The general property tax fell heavily on farmers whose land and equipment was readily identifiable, and lightly on those whose assets took the form of intangibles such as stocks, bonds and bank accounts.

Throughout history, taxation has altered human behavior. Those in government simply think they can pass a law and that is the end of the discussion. They will

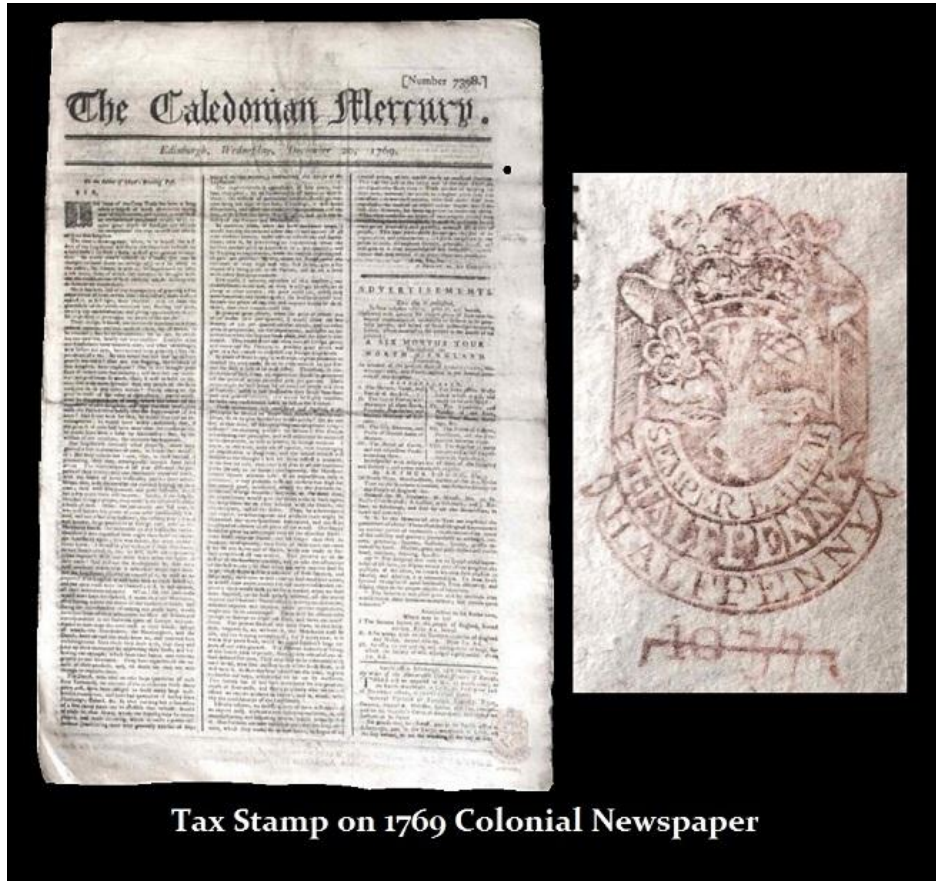
Rule of law

alter the capital flows and even cause people to just hoard cash rather than show it.

Replacing the general property tax with a tax on land and buildings was an important goal as the industrial revolution reshaped society. To the surprise of many, there were window taxes. Glass windows were a sign of wealth. Even in Krakow in Poland, you will see buildings with many of their windows bricked in to save on taxes. The window tax became popular. You will see historical buildings in Brian and Scotland with their windows bricked in.



Developing row housing eliminated windows on two sides. Then they invested the step tax. The phrase "stepping up in society" also referred to taxes. One was taxed according to the number of steps one had to enter the house. The more steps, the wealthier one was, and then the higher tax he paid. Taxes were also imposed on the size of the door knob you had. With the rise of Marxism during the nineteenth century, tax reform targeted the rich new-comers from this rising non-agrarian sector. Income tax became a goal to achieve by the rising bureaucratic form of government in their quest to extract greater proportions of revenue from this class of fortunate people.



Tax Stamp on 1769 Colonial Newspaper

To help fund the wars against France, England made plans to impose numerous taxes on the colonies in America to raise that money. The people in the colonies were required to pay these taxes – even though they were not represented in the British Parliament. The initial tax, called “**The Stamp Act**” (a tax on any printed paper to be used), was levied by the British Parliament against the colonies in 1765. The Stamp Act was also followed by a tax on tea (the Tea Act of 1773) and at the end of that year there was a very famous tax revolt that became known as “The Boston Tea Party.”

Of course, paying these taxes without having representation led to the infamous slogan of the Revolutionary War, “**Taxation Without Representation Is Tyranny**” which is still our problem today when politicians are career individuals and represent special interests rather than the people. What most people do not know is that the King could not simply raise taxes. He needed the consent of Parliament – the people. Hence, if Americans had no representation in Parliament, they never consented to the taxes.

Rule of law

Today, Congress imposes taxes but never submits them even during elections so we are back to the same tyranny. Thus, the rule of law has been completely transformed back to the very tyranny against which the American Revolution took place. Joe Biden ran for office and never laid out his changes to taxation or tell people that 10% of their salary would be seized and put into a new trust account for retirement. They simply say one thing to get elected and they do as they please.

CONCLUSION



There is no question that this attempt to completely alter the economy transforming it into this new Marxist Wonderland where we will all own nothing and be happy because the government needs to wipe out all debts for itself. This is the complete fantasy of academics who sit around talking among themselves and theorizing how the world should function never satisfied with even once trying to understand how and why it does function. They will fail because they do not even understand history no less human nature.

Marxism was successful in Russia because serfdom only ended in 1861 and thus the vast majority of the people owned nothing. Lenin was able to motivate them to take all the wealth from the aristocrats who did own everything – the minority. They even killed the entire family of the Tsar.



CONCLUSION



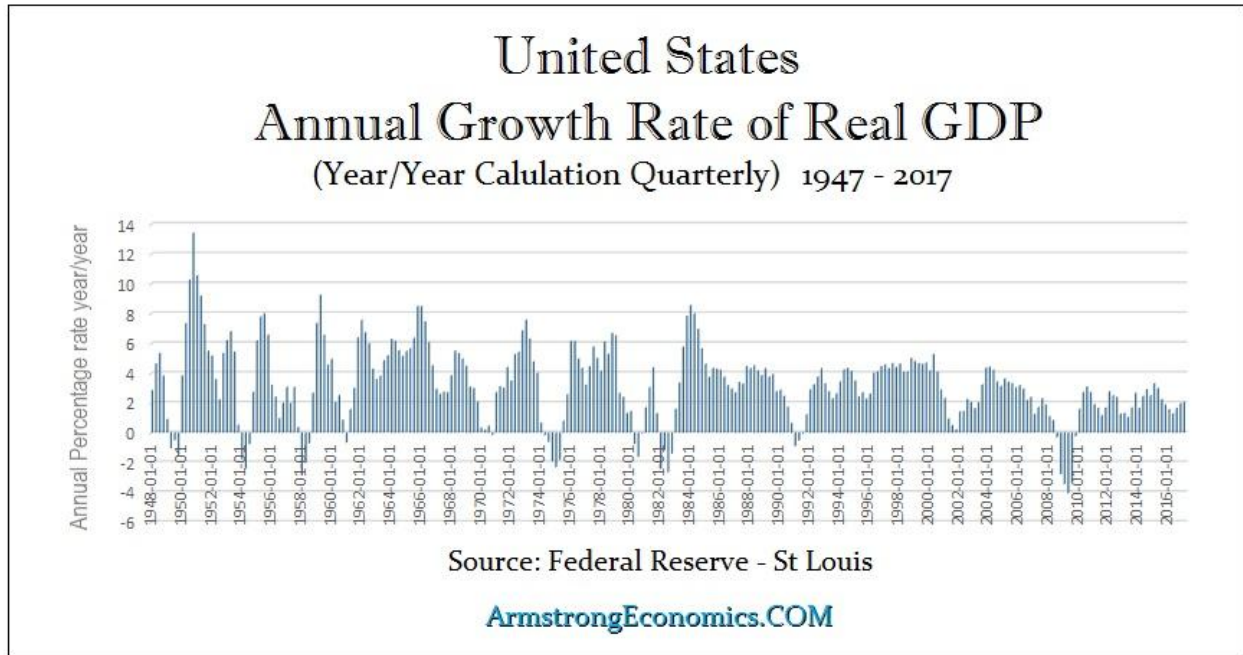
This time is indeed different. The masses of people have property. The home-ownership rate in the United States since 1960 as the percentage of homes that are owned by their occupants, has been between 65% and 68% on average. In Europe, it had peaked out at 71% in 2013 and has been decline since then to about 69% in 2020. This contrasts with 0% that inspired the communist revolutions. This is a substantial factor in this idea of Klaus Schwab and his World Economic Forum trying to move the world to his dream of Marxism. Schwab never looked at that side of history.

Schwab understands that there will be civil unrest. He is underestimating to what extent. Nevertheless, he is very clever is flipping it all around and claiming there will be revolutions unless they adopt his new Marxist Wonderland – not because of it!

Additionally, Schwab has been pushing to eliminate democracy. This is the biggest attraction in selling his 2030 Agenda to politicians. The idea that they cannot be removed from office and will join the unelected Deep State is exciting to them.

A screenshot of a CNBC news article. The header includes the CNBC logo and navigation links for Markets, Business, Investing, Tech, Politics, CNBC TV, Watchlist, and Pro. The article title is "Pandemic must lead to real change to avoid risk of conflicts and revolutions, WEF founder says". It is published on Monday, July 13, 2020, at 7:24 PM EDT, and updated on Tuesday, July 14, 2020, at 6:15 AM EDT. The author is Sam Meredith (@SMEREDITH9). The article includes key points: "Professor Klaus Schwab and French author Thierry Malleret's book, 'Covid-19: The Great Reset,' looks ahead to what the post-coronavirus world could look like barely four months after the outbreak was first declared a pandemic." and "They argue that the global health crisis has 'magnified the fault lines that already beset our economies and societies,' noting a multitude of surveys have shown many 'collectively desire change.'" Below the text is a video player showing Klaus Schwab speaking at a World Economic Forum event. The video title is "WEF founder: Must prepare for an angrier world".

CONCLUSION



We face economic stagflation whereby inflation will rise faster than economic growth. They have been deliberately trying to create a new Great Depression for they saw how Roosevelt was able to push through his socialist agenda when there appears to be no other alternative. Real Economic Growth has continued to decline for government has continued to grow crowding out private sector development.

We have asset inflation as capital is fleeing government debt and banks. The bulk of housing being sold in Florida are cash deals. This is money seeking to flee from the economic stagnation and hide in tangible assets.

Not only has real estate soared in price as people flee cities, art, rare coins, and stamps have all risen in price significantly, but even comic books have jump in price beyond what anyone imagined. The first Spider-Man brought \$3.6 million exceeding the price paid for the first Superman.

The New York Times

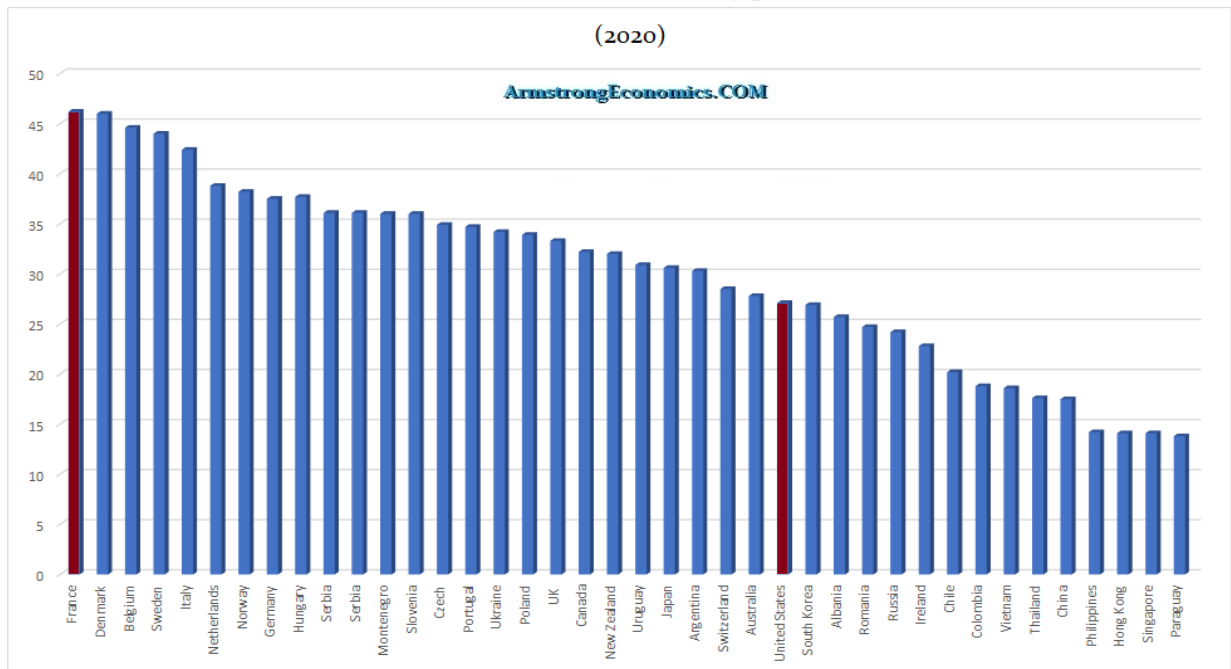
Spider-Man's First Comic Brings \$3.6 Million, Likely a Record

The Amazing Fantasy No. 15 from 1962 leaps past Superman to sell for what is believed to be the highest price for a comic book.



CONCLUSION

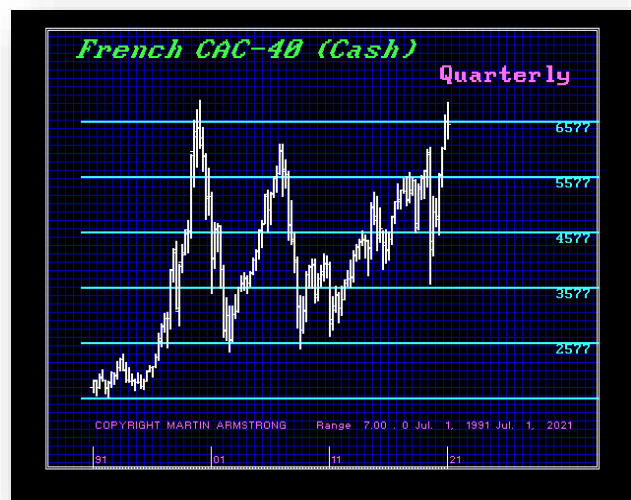
Total Tax Revenue as % of GDP



Governments only looks at their own self-interests for any correlation clearly shows that rising taxes reduces economic growth. The economy declines when taxes rise for the simple reason that when politicians raise taxes, they are reducing the net disposable income of the people whose spending is the foundation of the economy. Simply put, if I give you \$100 and tax you 40% leaving you with \$60 and the next year you get a 10% raise but I raise taxes to 50%, you end up with \$55.

If you look at the world share markets you will notice that the worst performing market remains that of France which has still not exceeded the 2000 high where most other countries are well above that level. France also has the highest tax collection at 46.2% of GDP.

It is not that hard to figure out that raising taxes reduced net disposable income and cuts GDP growth. That means fewer jobs are created and it is impossible to tax your way to a stronger economy.



CONCLUSION

Women may have won their independence that they were protesting for in the 1960s, but now they have lost the right to stay home and raise the kids. What use to take one income to support a family BEFORE the payroll tax now requires two salaries. Once the government began income taxes (DIRECT TAXATION) economic growth rates gradually declined. We have been in a protracted decline in economic growth since World War II. Tax revenue in France is 46% of GDP as people leave to invest elsewhere.

45th Emperor v 45th President



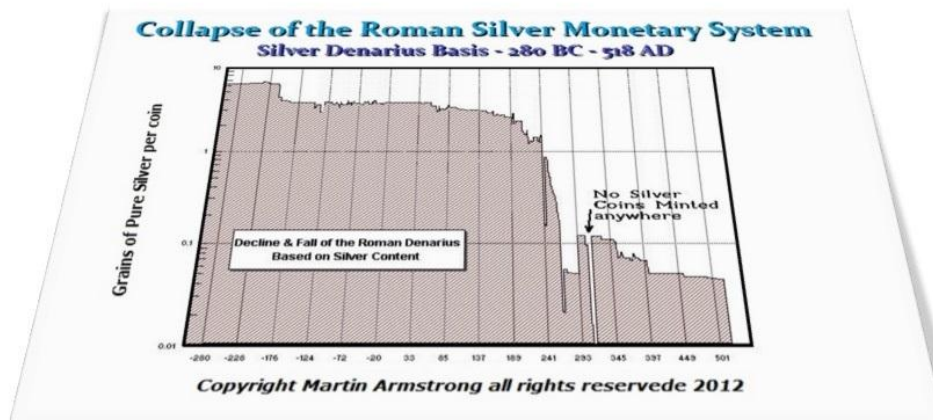
ArmstrongEconomics.COM

There has always been a nagging curiosity that the last Roman Emperor of the West was named Romulus Augustus (475-476AD) for the founder of Rome was Romulus and the first Emperor was Augustus (27BC-14AD). Throughout history you see to end strangely appears where you begin.

What is very disturbing is the fact that Trump was the 45th President and the 45th emperor of Rome was the ill-fated Valerian I (253-260AD) who was then captured by the Persians. He became the foot stool to the Persian kings and when he dies, he was stuffed as a trophy.



CONCLUSION

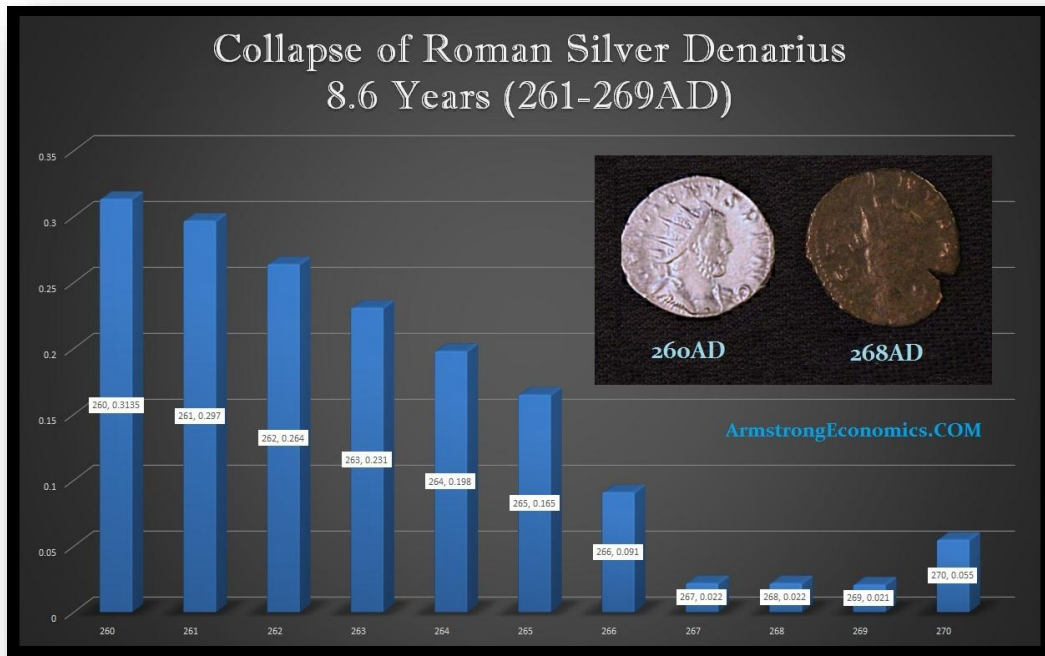


It was the capture of Valerian I in 260AD that shook the empire to its very foundations. The election of Biden has also shaken the foundation of the United States as he rejects the middle and seeks to impose an extreme leftist agenda. In the case of Rome, the hyperinflation began when Valerian was captured. The first time an emperor was ever captured. The confidence collapsed and people hoarded their money and the mint official began stealing the raw silver. The coinage that they produced became so debased, the silver content collapsed to less than 0.03%.

This is when countless migrants flooded the empire – the barbarians were literally at the gates. They saw the Persian victory as proof the empire was weak. With the Biden Administration's unbelievable complete departure from any fiscal management has even conservative Democrats deeply concerned. Biden is also

CONCLUSION

trying to grant citizenship to as many as 20 million illegal aliens to increase the voting population by 10%. He assumed that they will vote Democrat ending the Republican Party once and for all. It was the drastic influx of foreigners that destabilized Rome. People hoarded their money and investment vanished. The same patterns are emerging.



In the case of Rome, it took just 8.6 years from the capture of Valerian in 260AD for the once silver Antoninianus to be stripped of virtually all its silver content and transform into a bronze coin by 269AD. The state of the Roman Empire was deplorable. The empire split forming the Gallic Empire in 260AD under Postumus (260-268AD) which became the Gallic Empire that lasted for about 13 years. From the start of this COVID pandemic in 2019, 13 years will bring us to 2032. We too are witnessing rising separatist movements as human nature seem to never change throughout the centuries.

Gallic Empire 260-274AD



CONCLUSION

Valerian's son, Gallienus (253–268AD) assumed power but the confidence in him collapsed. He was assassinated in 268AD by Claudius II (268–270AD) and Aurelian (270–275AD). But Claudius died of the plague which emerged during 268AD most likely imported by the barbarians.



Zenobia

Queen of Palmyra (267-272AD)

Æ Tetradrachm (Egypt)

(9.68 grams) Dated RY 5 of Vaballathus (272AD)

When Aurelian (270–275AD) came to power, the barbarian hordes were threatening the frontiers across much of the north. The usurpers had virtually divided the Roman world with Gallic Empire. But also in Asia, Zenobia (267–272AD), the Queen of Palmyra, rose up and even took control of everything from Syria to Egypt from Rome.



Aurelian (270-275AD) Æ Denarius

Aurelian claimed the title *restitutor orientis* ('restorer of the orient') and made extensive use of reverse types that show the sun-god accompanied by the inscription *ORIENS AVG*, literally 'the rising sun of the emperor'. Adopting the Sun god of the East was a key political strategy

Aurelian, faced with enormous political and economic difficulties. The Empire, he concluded, had to be strengthened and reunified. It would be his determination alone that would postpone the collapse of the Roman Empire and win for him in the process, the title *Restitutor Orbis*, the "**Restorer of the World.**"

Aurelian faced the Deep State just as we have today. Aurelian returned to Rome in 271AD where he had to pacify a terrified city fearing a barbarian invasion and the rule of law collapsed due to the widespread corruption. Aurelian immediately

CONCLUSION

halted the rioting and restored order to the capital. The controller of the mint in Rome began a rebellion over the monetary reforms laid out by Aurelian who ordered that all the debased currency should be purchased back and replaced with a new currency of higher silver content.



The rebellion was led by Felicissimus, who was the controller of the mint. It appears that those who had been running the mint were embezzling the intended silver and issuing the debased coinage on their own authority. Obviously, any reform to the monetary system that called for buying back the debased coinage an increase in silver content would have been unprofitable for those running the mint for personal gain.

Hence, the extent of the corruption was revealed by the rebellion, for as many as 7,000 soldiers died when Aurelian was forced to trap and execute them for corruption and their allies, some of the senatorial rank, in a terrible battle on the Caelian Hills. Thereafter, Aurelian then introduced mintmarks to identify if any mint was cheating the silver content.

The monetary reform of Aurelian appears to have taken place in 274AD. The historian Zosimus tells us that the monetary reform took place after the surrender of Gallic Emperor Tetricus (270-274AD) in March that year. Zosimus, writing in the late 6th century, records that Aurelian "officially issued new money after arranging for the state to buy in the debased coinage to avoid confusion in financial dealings."

CONCLUSION

It has been suggested that as Zosimus, is predominantly interested in eastern affairs that the reform is only of the eastern coins. This, I feel, cannot be so as it is linked within the text to western events. Furthermore, there is a marked change in the alloy and issue marks of the base silver coinage throughout the empire.

Chemical analysis has shown that the radiate coins, struck during and after 274AD with the mark XXI or KA have a significantly improved precious metal composition.



Aurelian

(270-275AD)

Antoninianus (23mm, 4.06 grams)
Serdica (Sophia, Bulgaria) Mint, 3rd officina
7th emission, 274AD
XXI·T· in exergue (mintmark)
(XXI meaning 20:1 part silver)

Therefore, if the timing holds true, 13 years from the capture of 45th emperor Valerian led to the monetary reform and the over through of the Deep State. Applying that time to present day means once again we are looking at 2032.

What is also fascinating is that it was Aurelian who also introduced Sol, the sun god from the East, whose feast day was December 25th. He tried to somehow unify society by reforming religion as well. Aurelian's goal was to encourage religious devotion to the sun god, Sol Invictus, meaning invincible for the sun always rose every day. He wanted to develop a **universal deity** that would unite the pagan world. In the process he began the persecution of the Christians once again in an effort to create social unity but ironically it would be Christianity which adopted even December 25th for the birth of Christ and all the Christian saints were pictured with the same halo that was used for Sol Invictus.



Pawn of Finance



So while they gather at the World Economic Forum patting each other on the back and listening to Klaus Schwab preaching his hybrid-Marxist state where he will support a two class system of the haves and the have-nots but this sales pitch is to convince the elites to suppress the people, end democracy, for we cannot be trusted with the right to vote.

We are in their mind the **Pawn of Finance**. However, sometimes the Pawn can defeat the king and their time is short. If Schwab



fails to capture full control of the United States by the end of 2022, his dream of authoritarianism will evaporate quickly.