





# TOWARDS FREEDOM



**DAN BECKER**

Towards Freedom  
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## About the Author

Dan Becker is a Rocky Mountain based investor who enjoys reading and studying about the world of ideas. Interests include economics, markets, philosophy, the freedom movement and blockchain, in particular. He describes himself as an objectivist/voluntarist and hopes to work on developing strategies to help people realize a high degree of personal freedom and effectiveness.

Thanks for reading this series of articles. Please send your feedback to: [help@wyattstorch.info](mailto:help@wyattstorch.info). For more information visit: [Wyattstorch.info](http://Wyattstorch.info)

Dan Becker  
July 2019



### To My Teachers and my Wife – A Heartfelt Thank You!

The following series of articles represents the output of reading hundreds of books and listening to thousands of hours of freedom and economics podcasts. I bow to all my teachers. My deepest appreciation goes to: Doug Casey, Walter Block, Lou Rockwell, Thomas DiLorenzo, Ron Paul, Murray Rothbard, Stefan Molyneux, Pat Buchanan, Ann Coulter, Ayn Rand, Peter Thiel, Tom Woods, Mike Maloney, Adam Kokesh, Tom G. Palmer, Naval Ravikant, Titus Gebel, Joe Quirk and many more. I additionally bow to my wonderful wife, Justine, without whom this project would not have been possible. Justine edited these materials and discussed the topics with me endlessly.



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# INTRODUCTION

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We are nearing the end of an important epoch in history, which necessarily ushers in significant change. These articles seek to explore some of the hazards and opportunities that lie ahead, and identify:

- ▶ Broken trends of the past such as inflation, centralization and the American empire. We identify these trends in order to avoid attaching career and investment decisions to dying trends, and;
- ▶ Emerging trends (Blockchain, Decentralization and Crypto) so that we can attach to them instead.

## My Journey

### *Doug Casey and my Quest for Freedom*

I grew up in a small Illinois town in a middle-class family, the eldest of three children. My father, who grew up under the tutelage of a devout Catholic mother, taught construction management at a local college. My mother, raised on a farm, epitomized traditional values and the protestant work ethic. Those factors coalesced to produce a socially/politically conservative and fundamentalist Christian young man.

By the summer of 1995, I landed my (then) dream job flying a 30-passenger turboprop airplane for a commuter airline out of St. Louis, Missouri. Despite earning just over \$18,000 per year, the job suited me at the time. Flying

advanced aircraft across the Midwest proved exciting, and the achievement of a hard-earned goal.

During June of that year, my future wife and I enjoyed our first date – a blind date to a St. Louis Cardinals baseball game. For some reason, I found myself describing, in far greater detail than called for on a first date, a newsletter I recently subscribed to. Written by Douglas R. Casey and titled “International Speculator,” the newsletter focused on investing and economics, so not your typical first-date conversation fodder. To my wife’s credit, she proved interested and encouraged further exploration of the topics.

When I first subscribed to Mr. Casey’s newsletter, I knew he specialized in value investing, particularly gold stocks. What I did not appreciate at the time, however, was Mr. Casey’s role in the freedom movement. As I recall, he described himself as an atheist, voluntarist and anarcho-capitalist, which were unfamiliar terms to me. While I had heard of atheism, I had not reviewed atheist literature or arguments. The other two terms were brand new to me.

I graduated from a liberal arts college with a business degree in 1988. My university described its mission as turning students into critical thinkers; so naively or not, I considered myself a critical thinker. After reading a number of Mr. Casey’s newsletters, however, I recognized my brainwashing (I’m not implying the university brainwashed me). Doug Casey effortlessly and methodically dismantled the mainstream zeitgeist; and after witnessing him do so, I appreciated alternative and improved ways of evaluating ideas. For example, Mr. Casey regularly points out that we live in a society based on coercion. The clearest example of coercion comes via the tax system which claims nearly 60-70% of peoples’ productivity. If you don’t pay your taxes, you will experience coercion.

In his latest book titled, *Totally Incorrect Volume 2* Mr. Casey points out a number of obvious contradictions that fly by most people. On page 103, for example, he states, “assuming you even accept the idea of legal coercion - I don’t.” In a rational and ethical world, the words “legal” and “coercion”

are oxymorons, and should not be used together. Using coercion is the real crime and the idea that there could be such a thing as “legal coercion” is a non-starter. Following this thinking to its logical conclusion renders much of government action coercive, and therefore immoral.

Mr. Casey draws radically different conclusions from the mainstream thinking regarding political and economic life, as he approaches and analyzes these issues utilizing a completely different methodology. Most people, for example, begin their thinking with a goal or effect in mind, and propose actions or policies that might produce the desired effect. Mr. Casey, on the other hand, begins with a principle(s), and works towards a logical conclusion based upon a principled starting point. Two examples demonstrating the different approaches follow:

### **Example #1**

- ▶ **Argument from Effect** - During the first half of the 19th century, pro-slavery advocates argued slavery should not be ended as people would starve. “Who would work the fields?” they asked. Additionally, they argued that slavery was good for the slave.
- ▶ **Argument from Principles** - Principle #1 states that each person owns his/her own body and can use it as he/she sees fit (self-ownership). Principle #2 states that nobody has the right to initiate violence against another (the non-aggression principle). Abolitionists argued that slavery violates both Principles 1 and 2. People own themselves and any assertion that one person can own another is immoral. With respect to Principle #2, slaves regularly had violence initiated against them, including the theft of their labor. By extending the principles of self-ownership and non-aggression to all people, the world ended slavery and advanced morally.

### **Example #2**

- ▶ **Argument from Effect** - Drugs hurt people. Individuals who use drugs overdose, die, harm their families and ruin their lives. In order

to support their drug habit, users engage in criminal activities to raise money to support their habit. Therefore, the sale of drugs should be illegal and dealers imprisoned.

- **Argument from Principles** - The principles remain the same as in Example #1 above. If you accept Principle #1 (self-ownership), then people should have the right to put whatever they want into their bodies. It may be harmful or even destructive to do so, but they own their bodies! If you accept Principle #2 (no initiation of force), a police officer that arrests a drug dealer engaged in a voluntary transaction initiates force thereby breaking the most fundamental law. In that case, the police officer is the law breaker.

Most people and politicians analyze issues using the Argument from Effect method. Given the complexity of the systems and issues contemplated, however, the actual outcomes are hard to predict, and more often than not backfire. For instance, has the *War on Drugs* reduced or eliminated the use of illegal drugs? Quite obviously not. Drugs pour into the United States with access to drugs readily available, even in prison. Further, forcing drugs into the black market sends their prices sky high, resulting in users resorting to crime or selling their bodies in order to fund their habit. Further still, prisons are filled with mostly non-violent drug offenders, not to mention the use of early morning (botched) S.W.A.T. raids that leave Americans dying and bleeding in their homes. Coercive solutions, such as the *War on Drugs*, typically generate the opposite effect of their stated goal. Using force/coercion as a method for achieving desired outcomes may be tempting and even appear promising. In reality, however, coercion is a demon in disguise.

When I fully grasped the significance between these two approaches, my mind and worldview shook like an earthquake. My political views shifted towards freedom, almost immediately. My religious views took a bit longer to adjust; but here, too, I started asking critical questions about Christianity. Approximately 11 years later, my Christian views gave way to reason and evidence.

My metamorphosis prompted me to ask questions, such as:

- How can I understand the individual's relationship to the U.S. system (without all the propaganda)?
- How can I be thankful where appropriate, yet still critically assess violent or damaging characteristics of the system?
- Who is ultimately responsible for creating positive manifestations in the system? The government, free markets or a combination of both?
- Can I trust the system to be fair?
- Is the system arbitrary with respect to justice?
- Who runs the system?
- Who benefits from it?
- Who pays for it?
- Have the answers to these questions changed over time?
- Where in the world is value, beauty and safety?

Following application of principled-based thinking to the above questions, I developed views distinctly dissimilar from the mainstream. I did a 180 from my neo-conservative past towards seriously doubting U.S. military adventures and foreign policy. I wondered who ends up with the taxpayer monies, and who *really* benefits from it. The special ability to create money anointed to a small group of bankers fascinated me. It reeked as an obvious source of profit and power granted to a small group of elites, at the expense of and while initiating significant force against working and middle-class people.

At my current stage of development, I describe myself as the following:

1. A **Voluntarist**, which means I believe *all* relationships should be voluntary. While at first glance many people agree with this position, most have not fully unpacked what it means. I believe my relationship with

the teachers at the public school and local policeman should be as voluntary as my relationship with the stores or restaurants I frequent. Under the current system, many relationships are not voluntary. You either support them, or you go to prison.

2. An **Atheist**, which is a term I dislike as it describes a negative (something one is not), versus what someone actually is. Atheism is not a *disbelief* in gods or a denial of gods; but rather, it is a lack of belief in gods. It demonstrates a commitment to reason and evidence, and what is provable. In my younger days I was a committed Christian, but when I critically analyzed the claims of the Bible and the (lack of) supporting evidence, I simply could no longer make the many leaps of faith required. I continue, however, to have great respect for the universal values taught by Christianity. Please note, as well, that I differ significantly from the majority of atheists who are left leaning statist (people who accept state force as legitimate).
3. A firm believer in **Reason and Evidence**. A number of years ago I completed an exercise designed to assist one in discovering his/her North Star. In other words, what does one use to orient oneself in the world -- apart from principles? How should one make decisions in life? For me, **Reason and Evidence** are my North Star, as they are what I base my decision making on.
4. I used to describe myself as an **Anarchist**, but found the term severely misunderstood and misused, so I stopped using it. Anarchist is a combination of two words: “**an**” meaning against, and, “**archist**” referring to the monarchy. In other words, an anarchist is one who is “against the monarchy”; or in more modern terms, one who is against rulers. Wikipedia defines anarchism as an anti-authoritarian political philosophy that advocates for self-managed, self-governed societies based on voluntary, cooperative institutions and the rejection of hierarchies. I subscribe to this definition, and believe our current government/statist system provides quite the opposite. *Note - there are many people who self-identify as anarchists, but who hold starkly different views than I do.*

## Summary

To summarize, at the age of 29 I encountered the writings of a critical thinker, Doug Casey, who literally rocked my intellectual world. Following more than two decades of reading his work as well as many other thinkers, my understanding of the world and its systems shifted significantly. Over the past year, I put my thoughts to paper in an effort to think through the topics more thoroughly and cement my understanding of the issues. These efforts culminated into this series of articles, now a short book, titled *Towards Freedom*. The themes running through this book include:

- ❖ Inflation represents the greatest theft of all time. If you don't understand inflation, you don't understand the game. Inflation is a devastatingly powerful force against the bottom 99.999% of society in favor of a tiny group of global elites. There should be no confusion as to the principal cause of wealth disparity. He who creates the currency commands the power. Democracy means nothing in the face of currency creation.
- ❖ Controlling the world's reserve currency (as the U.S. currently does) is THE superpower/superweapon. The advantage the U.S. wields as a result of controlling the reserve currency will end with the demise of the U.S. monetary empire.
- ❖ The world is choking on coercion. Coercive power-based systems produce waste, corruption and violence on a massive scale. They create large pools of public resources within easy reach of a small group of elites, who inevitably misuse and abuse them. Further, these coercive systems are maintained via bribery of the conspirators with borrowed and created currency.
- ❖ The American Empire is dying. This statement is not a future prediction, but rather a current fact. The empire is unwinding before our very eyes, and has been since at least 2003. The Iraq war was a desperate attempt to regain lost glory and power. When the unwinding of the American monetary, economic, financial and military empire accelerates, economic gravity will change directions. Life will change

dramatically for the average American as current prices, jobs, prestige, etc. are based upon the United States being the center of the current empire.

- ❖ Bitcoin will castrate the inflation monster while providing a decentralized, scarce, sound alternative to the existing world of money and finance. In fact, Bitcoin will do more to equalize opportunity than all governments, NGO's and charitable institutions combined. Blockchain and decentralized technology will enable a governance revolution automating governance and thereby stripping nation states of their coercive powers. The upside implications for humanity are staggering.

In closing, I am not a professional writer nor journalist. I humbly submit these ideas to anyone with the patience to review them. This process helped me advance my knowledge and thinking in these areas. If these writings provide clarity or insight about the freedom project, or just spark curiosity, I will consider this series a success. Thanks for your time and patience, and please share your comments, questions or thoughts on these topics at: [help@wyattstorch.info](mailto:help@wyattstorch.info).

# THE BUSINESS OF INFLATION, BANKING & FINANCIAL SUPERPOWERS

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## Understanding Inflation *The Winners & Losers in Currency Creation*

*“By this means government may secretly and unobserved confiscate the wealth of the people and not one man in a million will detect the theft.”*

John Maynard Keynes

The Federal Reserve System (FED), created in 1913, turned money creation on its head. Pre-1913, gold in bank vaults backed each dollar issued –i.e., sound money. The concern being, of course, that without such a requirement money creation would explode, damaging the currency as well as the economy.

With the inception of the FED, banks were anointed with the superpower to create money – backed by nothing more than a promise to re-pay the amount listed on the bill. A hundred years later as reflected in Table 1 below, the dollar lost, on average, 95% of its buying power.

**Table 1 - Inflation 1915 to 2015**

	1915	2015	% Lost
Gasoline	\$0.15	\$ 2.29	93.4%
Lunch	\$0.12	\$ 6.75	98.2%
Stamp	\$0.02	\$ 0.47	95.7%
Men's shoes	\$4.00	\$85.00	95.3%
Milk	\$0.32	\$ 2.89	88.9%
Bread	\$0.06	\$ 2.55	97.6%
<b>Average</b>			<b>95%</b>

In other words, the ability of the currency to perform one of its primary functions –to buy things– reduced substantially. This article explains how the money supply, an obviously critical public resource, is abused returning great benefits and profits to the government and certain constituents of the banking system at the expense of the general public.

## The Currency Creation Process

There are two primary means by which new money is created. Namely:

- **The Federal Reserve System** – Approximately 8% of the money supply is created by the FED to finance government projects and set interest rates. Specifically, and at the behest of Congress, the FED literally creates money and then loans it to the government using banks as an intermediary and intended beneficiary (see Graphic 1 for a detailed explanation).
- **Fractional Reserve Lending** – The remaining approximately 92% of new money creation results from fractional reserve lending by banks. By depositing and then lending in a repeating manner, the banking system turns an initial deposit of \$1M into an additional \$8.6M of bank deposits (see Graphic 2 for a detailed explanation).

## The Inflation Business

There are four primary financial assets in the world: Stock Markets, Broad Money (currency), Global Debt and Derivates. Table 2 below provides a high and low estimate for the total value of these assets, with only the Derivatives market varying. As can be seen, the derivative value is extraordinary, ranging from \$544 trillion to \$1.2 quadrillion. If money creators capture just a mere 2.5% of these assets via inflation, the worldwide impact of the inflation business approximates between \$23 and \$39 trillion, annually.

Inflation Rate		2.5%
Sector	Low	High
Stock Markets	\$ 73,000,000,000,000	\$ 73,000,000,000,000
Broad Money	\$ 90,400,000,000,000	\$ 90,400,000,000,000
Global Debt	\$ 215,000,000,000,000	\$ 215,000,000,000,000
Derivatives	\$ 544,000,000,000,000	\$ 1,200,000,000,000,000
<b>Total</b>	<b>\$ 922,400,000,000,000</b>	<b>\$ 1,578,400,000,000,000</b>
<b>Value</b>	<b>\$ 23,060,000,000,000</b>	<b>\$ 39,460,000,000,000</b>

Data Source: <http://money.visualcapitalist.com/worlds-money-markets-one-visualization-2017/>

Typically, people do not describe inflation as a business; but, how is inflation not a major industry? Inflation results from specific actions taken by the banking system that produces extremely profitable results, for some. Moreover, and a really damning aspect of the inflation business, is that it is neither voluntary nor mutually beneficial. Legitimate trade is both.

## Why Inflation Matters

When the banking system circulates new currency into the money pool, those funds devalue the previously existing money. The devaluation occurs because the new money competes for a fixed supply of resources causing

prices to rise. The money creation program works stupendously for the government and bankers that produce it, as they receive something for nothing. Governments gain access to significant, low interest loans making deficit spending possible. Banks benefit as they are free to issue multiple new loans *and* collect interest without having to pony up any of the funds. As far as the average consumer and business are concerned, however, free-wheeling money creation is incredibly harmful. It devalues dollars while simultaneously eating away at an individual’s savings.

*“A money that is easy to produce is no money at all, and easy money does not make a society richer; on the contrary, it makes it poorer by placing all of its hard-earned wealth for sale in exchange for something easy to produce.”*

Saifedean Ammous  
The Bitcoin Standard P 16

Imagine, for example, a situation where saver Jane puts \$5,000 into a safe for future use. Over time, she would lose purchasing power. Specifically, let’s say she “saved” the money for a period of 25 years and incurred a modest rate of inflation of 2%. When she takes the money out, she would only be able to purchase the equivalent of just over \$3,000. In other words, her money would lose approximately 40% of its value over the 25 years. If the inflation rate averaged closer to 4% or 6%, respectively, she would lose approximately 64% or 79% of her purchasing power, respectively, as reflected in Table 3 below.

**Table 3 - An Uphill Battle**

Inflation	2%	4%	6%
Future Value	\$ 3,017	\$ 1,802	\$ 1,065
Inflation	\$ 1,983	\$ 3,198	\$ 3,935
% Eaten	40%	64%	79%

Indeed, holding financial assets such as a bank or brokerage account is analogous to owning a safe with a backdoor accessible by money creators. This “backdoor” allows money creators to confiscate a percentage of the account holder’s buying power at their whim. Those who think taxes are expensive may be focused on the wrong target. The amount of wealth appropriated via inflation is astounding and constitutes one of the key reasons why the middle class in the western world is under pressure.

Politicians and media personalities regularly express concern regarding wealth inequality. They suggest the source of the problem is excessive CEO pay or salary discrepancies. This proposed explanation and professed ignorance of a significant source of the problem is disingenuous. Politicians and media personalities enjoy a front row seat to the banking system’s money creation show, playing for over 100 years now. A money pipeline goes directly from central banks to bankers and government contractors. In the process, a small number of people became fabulously wealthy. A significant contributing factor of the “wealth disparity mystery” is not hard to solve; yet, it is never addressed by those in a position to correct it because it represents a significant source of their power and profit.

The harmful implications of inflation are not limited to eating away people’s savings and driving wealth disparity. On the contrary, the ramifications of rampant money creation permeate the world in countless ways. For instance, modern war would not be possible without money creation. Prior to the emergence of central banks, wars were short, limited in scope and waged by professional soldiers on a remote field. Following the introduction of central banks and the removal of hard money requirements (--i.e., the gold standard), endless, prohibitively expensive wars resulting in millions of deaths became not only possible, but the norm. Even a relatively small war like the 2003 Iraq War cost upwards of \$3 trillion or 39% of the world’s gold supply of \$7.7 trillion. One might say that the principal weapon of modern war is the ability to create money. Without this capability, modern warfare would simply not be possible.

Inflation also impacts the ability of the world's poorest to access life's basic necessities, such as food and energy. When newly created currency flows into the world economy those funds compete for control of basic resources and prices rise as a result. As food expenses explode as a percentage of income, poor families experience extreme hardship. In 2011, for example, Egyptian President Mubarak was removed from office and one of the key triggers was inflation driven food riots.

## **Castrating Inflation**

When governments anointed central banks with the extraordinary power of replacing hard money (gold standard) with soft money, effectively allowing currency to be created at will — the world changed, notably. This new-found governmental super power stripped the individual of significant economic power while transferring it to central authorities. In the process, these currency creation decisions twisted, distorted and introduced risks into the world; boiling just beneath the economic surface, threatening to burst forth at any time. It is my opinion that money creation may well be the dominant trend of the 20<sup>th</sup> and early 21<sup>st</sup> centuries. At what cost, though?

Freedom seeking persons and societies the world over long for the re-emergence of hard money, whether it be a return to the gold standard, cryptocurrency, a combination of the two in a tokenized gold product; or, in a manner yet unknown. Were this to occur, the populace's financial power would return, while implementing serious restraints on governments' irrational and ineffective spending programs, including war. The wealth inequality resulting from the financial superpowers handed to our banking system overlords would, alas, cease.

## Key Takeaways

- A great theft has occurred. The perpetrators are the government and the banking system with accomplices in the media and educational system (university economists).
- The power to manage the nation's money supply, along with the accompanying and incredible benefits, was given to a small group of bankers – no strings attached –i.e., they did not purchase or otherwise pay for this incredible privilege.
- In the meantime, the Dollar lost upwards of 95% of its purchasing power since the Federal Reserve's inception.
- The inflation business is significant and profitable – perhaps as large as \$23 to \$39 trillion per year worldwide.
- Savers are clobbered by inflation, thereby significantly discouraging saving. In order to keep up with inflation, one must invest or speculate.
- Inflation harms individuals and society alike as it enables war, massive public debt and drives the world's poor to desperation because they experience great difficulty acquiring basic necessities.
- Cryptocurrencies such as Bitcoin or digital tokens backed by gold promise a fairer and more stable money standard than central banking systems.

**Graphic 1**  
**The Federal Reserve & Money Creation**

Here is a simple example showing how the Federal Reserve System creates money to support new government spending. In this example, let's suppose the Congress wants to spend \$1 million over and above the taxes that they collect.

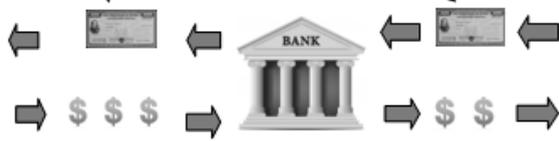


**Step 1**  
Congress tells the Treasury to spend \$1M on project X.

**Step 2**  
Treasury says "We don't have \$1M. Let's write a bond and borrow it."

**Step 3**  
Bankers buy the bond from the treasury. Treasury has the money and the banks have the bond.

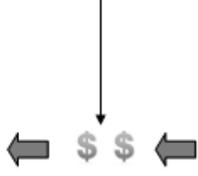
**Step 4**  
The FED creates money and buys the bond from the bank. The FED has the bond and the bank has the money.



- Key Points and Banker Superpowers:**
- Note that the banks own the Federal Reserve System.
  - Superpower #1 – They created the money in step 4 via the FED (which again, the banks own);
  - Superpower #2 - They get to buy bonds from Treasury and resell them to the FED at a profit;
  - The money gets deposited in the banks.

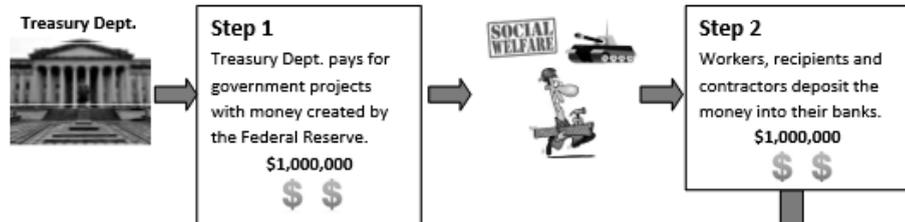
Money goes to banks for deposit. See Money Creation Process 2.

**Step 5**  
The Treasury spends the \$1M on project X.



## Graphic 2 Fractional Reserve Lending & Money Creation

When new money gets spent on government projects, the banking system uses those deposits as the basis for new loans. By loaning and re-depositing in a continual process, the banks are able to turn an initial deposit of \$1,000,000 from all of the workers, recipients and contractors into over \$9,600,000. About 92% of the money in the economy gets created via the bank lending process.



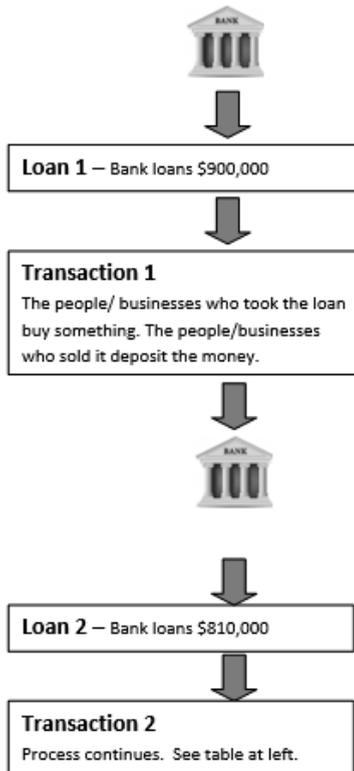
The table below demonstrates how continually depositing and writing new loans, the banks create money. The total amount of new money starts at \$1M from step 1 but then grows with each additional loan. Each loan gets smaller as the money creation process moves forward because in this example, the banks are required to keep 10% of the deposit on reserve.

	Reserve	New Loans	Total Money
Loan 1	\$ 100,000	\$ 900,000	\$ 1,900,000
Loan 2	\$ 90,000	\$ 810,000	\$ 2,710,000
Loan 3	\$ 81,000	\$ 729,000	\$ 3,439,000
Loan 4	\$ 72,900	\$ 656,100	\$ 4,095,100
Loan 5	\$ 65,610	\$ 590,490	\$ 4,685,590
Loan 6	\$ 59,049	\$ 531,441	\$ 5,217,031
Loan 7	\$ 53,144	\$ 478,297	\$ 5,695,328
Loan 8	\$ 47,830	\$ 430,467	\$ 6,125,795
Loan 9	\$ 43,047	\$ 387,420	\$ 6,513,216
Loan 10	\$ 38,742	\$ 348,678	\$ 6,861,894

... The loan and re-deposit process continues

Loan 27	\$ 6,461	\$ 58,150	\$ 9,476,652
Loan 28	\$ 5,815	\$ 52,335	\$ 9,528,987
Loan 29	\$ 5,233	\$ 47,101	\$ 9,576,088
Loan 30	\$ 4,710	\$ 42,391	\$ 9,618,480

By the time the 30<sup>th</sup> loan has been completed, the banking system has used the initial \$1M to create an additional \$8.6M+ and a total new money supply of \$9,618,480. **Banker Superpower** – Banks collect interest on all of that created money.



## Fiat Currencies

### *From Athens to Venezuela*

*“Banking has evolved into a business that generates returns without risk to bankers and simultaneously creates risks without returns for everyone else.” The Bitcoin Standard p. 162*

Over 2,000 years ago the Athenians used gold and silver coins, with a common weight, as currency. This practice proved to be a major monetary advance, and its wide scale adoption helped propel Athens to all-star status in the ancient world. The Athenians achieved many great milestones including, for example, the development of democracy, free markets and numerous architectural accomplishments.

Following 22 years of war with Sparta, Athens ran into financial difficulties ultimately causing its treasury to run dry. In order to continue funding the war, the Athenians’ began debasing their currency by melting down gold and silver coins received via taxes, and recasting them with 50% copper. For every 100 coins collected in tax, the government created 200 new coins to finance the war. By 407 B.C., the value of the coins collapsed, along with Athens and the Athenian culture.

Similar stories replayed throughout history in places such as Rome, China, Germany, Italy, Greece and the United States (Continental & Greenbacks). According to the Hanke-Krus hyperinflation table, **56 countries experienced hyperinflation since 1918**. The six most extreme episodes resulted

in DAILY inflation rates exceeding 15%. Hungary claimed the number one spot with daily inflation rates of 207% in 1945.

In present day Venezuela, inflation is expected to surpass 1.29 million percent in 2019. Only hunger is increasing faster than inflation in Venezuela, as the productive capacity of the economy evaporated following one failed socialist policy after the next. The Venezuelans have lost hope, as 91% of the population now live below the poverty line; ironically, in a country with substantial energy resources!

According to a study of 775 fiat currencies conducted by DollarDaze.org, the average life of a fiat currency, such as the dollar or Euro, is 27 years. The British pound enjoys the longest-run as a viable fiat currency having been in use since 1694. Over the British pound's life, however, it lost 99.5% of its value relative to silver.

Following the rise and fall of thousands of fiat currencies, the data is in and the results are clear. Centralized management of currencies inevitably produces disastrous results – for a country and its people. Such historical data should serve as a warning sign for those fiat currencies currently in use. Indeed, national currencies overwhelmingly exhibit high rates of currency creation and are likely to join their predecessors in what will be a painful and difficult demise.

Many people across the globe have lost faith in government currencies and seek to reestablish individual sovereignty over their wealth, through scarce money alternatives, such as: Bitcoin (crypto), commodity backed tokens (DGX), Gold, Silver and other hard assets. If successful, the roles of the individual and markets as the driving forces in society just might be restored.

## Financial Superpowers

### *The Politically Connected and Their Multi-Trillion Dollar Cash Cow*

When governments across the globe anointed central banks with the ability to manage national currencies, they delivered an extraordinary suite of financial superpowers to a small group of politically well-connected bankers. As might be expected, these privileged bankers use(d) these financial superpowers in ways which provide exceptional benefits to themselves and their partners in politics, at a significant cost to the public. It is worth noting, these bankers neither pay for nor rent the opportunity to manage the national currency, an alleged “common good”. Listed below are just a few of the ways in which the banking system utilizes its powers to generate windfall profits for itself.

#### **Superpower #1- The FED is a Corporation**

First of all, let’s establish exactly what the U.S. Federal Reserve System (FED) is and is *not*; namely, it is not a branch of the government. While the government plays some role in selecting FED leaders, The FED and its regional banks are private corporations. Member banks hold stock in the Federal Reserve Banks and earn dividends on the profits. So, to be perfectly clear: A private corporation manages the country’s currency.

## **Superpower #2 – No “Real” FED Audit**

While independent auditors complete a variety of annual audits of the FED; in fact, those reviews cover only a small portion of FED activity. The 1978 amendment to the Accounting and Auditing Act of 1950 excluded large areas of activity from audit, including but not limited to:

- Transactions with foreign central banks and governments,
- Discount window operations, and
- Open market operations (actions to set interest rates).

Several attempts to perform a complete audit of the FED have been attempted in Congress, but none passed into law.

In 2012, the Government Accountability Office (GAO) completed a more thorough examination of the FED; but again, a number of important areas remained unexamined. Even so, the expanded analysis, which included an audit of the FED’s emergency loan programs, highlighted \$16 trillion in previously undisclosed loans to banks and companies across the globe between the years of 2007 and 2010. Offering a private corporation the ability to create currency while at the same time hiding those transactions behind a curtain of secrecy seems incredible.

## **Superpower #3 – FED Creates Currency**

The FED creates currency by essentially typing numbers into its bank account and then using those funds to buy government bonds. Actions to buy (or sell) government bonds are called “Open Market Operations” and are instrumental in setting interest rates. By simultaneously creating money and purchasing bonds, interest rates are manipulated/pushed down.

Since low interest rates require the FED’s continued creation of new currency, and currency creators benefit from the creation of more currency, the FED

is incentivized to favor low interest rates. As a result, the FED's currency creation machine runs at two speeds: fast and faster.

## Superpower #4 – Banks Create Currency

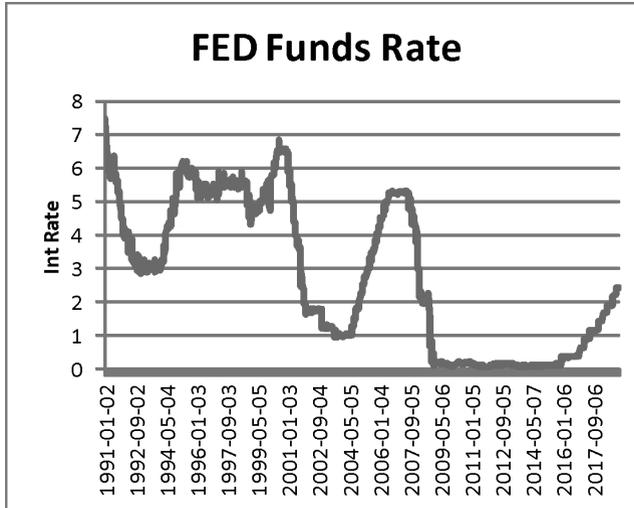
Most (approximately 92%) of the currency in circulation is loaned into existence by banks. That is, when banks issue loans, they are creating new currency. How? Fractional reserve lending. When the FED creates currency (as outlined in Superpower #3), those funds are deposited into a bank. The banking system then loans out and re-deposits the money in successive rounds of new lending, keeping only 10% of each deposit in reserve. So, for example, assume a bank starts with a new deposit of \$1M. By loaning and re-depositing those funds over 30 loan cycles (as demonstrated in Table 1), the system creates an additional \$8.6 million in currency – and collect interest on all of it!

**Table 1**

	Reserve	New Loans	Total Money
Loan 1	\$ 100,000	\$ 900,000	\$ 1,900,000
Loan 2	\$ 90,000	\$ 810,000	\$ 2,710,000
Loan 3	\$ 81,000	\$ 729,000	\$ 3,439,000
Loan 4	\$ 72,900	\$ 656,100	\$ 4,095,100
Loan 5	\$ 65,610	\$ 590,490	\$ 4,685,590
Loan 30	\$ 4,710	\$ 42,391	\$ 9,618,480

## Superpower #5 – Low Interest Loans

Banks borrow at interest rates unavailable to anyone else. In fact, between December 2008 and 2015 banks borrowed from the FED at just a smidge over 0%, 0.15% to be specific, as shown in the chart below.



## Superpower #6 – Primary Dealers

One might think that if the U.S Treasury consistently needs to borrow money, and the FED wants to create and lend money, that the two parties could just deal directly between themselves. What *actually* happens, however, is that the banks (the primary dealers in government debt) stand between the Treasury and the FED passing the bonds and currency between them – making a nice profit in the process!

Dealing in government bonds in this manner is like shooting fish in a barrel. Given the FED publishes its targeted interest rates *prior* to bond sales, bond dealers know exactly what they will be able to sell the bonds for. Given the dealers know the sale prices *ahead* of the actual sale, they need only purchase them from the Treasury for less; and viola, guaranteed profits!

## Superpower #7 – The FED Pays Dividends

Remember Superpower 1 – that the FED is a corporation? That corporation pays dividends of about 6% to the banks who own it. Not bad!

## Superpower #8 – Bailouts

When really big banks make massive mistakes or run into trouble, the taxpayers bail them out. The “too big to fail banks” keep the profits from the good years, while the taxpayer enjoys the hefty losses. Table 2 below lists the top recipients of the \$16 trillion handed to banks from December of 2007 through July of 2010 (mentioned in Superpower 2).

**Table 2**  
**Top Loan Recipients Dec 2007 thru July 2010**

Citigroup	\$2.5 trillion
Morgan Stanley	\$2.04 trillion
Merrill Lynch	\$1.949 trillion
Bank of America	\$1.344 trillion
Barclays PLC (United Kingdom)	\$868 billion
Bear Sterns	\$853 billion
Goldman Sachs	\$814 billion
Royal Bank of Scotland (UK)	\$541 billion
JP Morgan Chase	\$391 billion
Deutsche Bank (Germany)	\$354 billion
UBS (Switzerland)	\$287 billion
Credit Suisse (Switzerland)	\$262 billion
Lehman Brothers	\$183 billion
Bank of Scotland (United Kingdom)	\$181 billion
BNP Paribas (France)	\$175 billion

[scribd.com/doc/60553686/GAO-Fed-Investigation#outer\\_page\\_144](https://www.scribd.com/doc/60553686/GAO-Fed-Investigation#outer_page_144)

## Summary

Is it possible to build a more lopsided financial system? The responsibility to manage the currency supply was handed to a private corporation called the Federal Reserve System. The FED and the banks create currency and collect interest on every bit of it. In addition, the FED regulates and monitors the banking system; but given the banks own the FED, it appears as though there’s a colossal conflict of interest. If the banks experience difficulties,

they enjoy exceptionally low interest loans from the FED to assist in their recovery. If low interest loans don't do the trick, a tax-payer funded bailout should solve the problem. All the while, the hard questions about FED actions remain hidden behind a curtain of secrecy.

## Economic Pretzels

### *How Government Spending and Money Printing Distorts the Economy*

In the free market businesses and organizations that *lose* money either adapt or perish. They either learn and improve from their mistakes, or they close. Businesses cannot go on indefinitely without producing profits and value. Indeed, profits signal that value has been created as the value of the outputs exceed that of the inputs. When value is created via profits, society becomes wealthier through the business activity.

On the other hand, when the value of the inputs exceeds that of the outputs, a loss is generated and society becomes poorer. Losses provide the market signal that an operation needs to reassess, and potentially redeploy its assets to a more profitable use. This process, known as “creative destruction”, is essential to aligning the economy with reality by continually directing resources towards productive use.

Government spending, supported by currency creation, allows the politically well-connected to circumvent economic reality. Specifically, the phenomenon of creative destruction does not apply to public institutions as losses are simply passed on to the general public. Not only does the public inherit the debt and expenses associated with public projects immune from correction (creative destruction); but also, the failure to implement necessary changes produces infinite failure loops. Consider the United States Post Office, for example: a perennial money loser. If financial reality were imposed upon it, the Post Office would be forced to innovate, eliminate unproductive facilities, processes and staff in order to render itself, at a minimum, profit

neutral. Removing the demands of financial reality allows the Post Office to continue operating at a loss in an infinite failure loop.

In addition to creating organizations impervious to the corrective hand of the market, the government's "easy money" policy introduces risks and distortions into the economy, such as:

### **Debt, Debt and More Debt**

As of 2014 (the most current numbers readily available), government debt and unfunded liabilities passed through \$210 trillion, in an accelerating trajectory towards the moon. Stated otherwise, of the 327 million people in the United States, *each* person owes over \$640,000 in order to close the fiscal gap and bring government programs into solvency.

At some point in the near future financial reality will assert itself, and the borrowing will stop. Exactly how reality will halt the borrowing remains unclear. Perhaps rapid growth in inflation will inhibit the ability of central banks to continue creating and lending currency to the government. Perhaps the U.S. dollar will cease being the world's reserve currency. Whatever the case, when the borrowing stops the economic distortions and illusions of wealth created by government overspending will be revealed.

### **Economic Distortions**

The economy adapted to and now depends upon excessive government spending. The numbers are as follows:

- Government spending (\$4.448 trillion for 2019)
- Government borrowing (\$955 billion for 2019)

This amount of government spending significantly distorts economic activity, shifting it from what consumers and businesses would otherwise choose in a free market. For example, when the Department of Defense spends

\$13 billion to build a new aircraft carrier (AC), the economy is redirected from its natural course towards industries that support the construction of aircraft carriers. People working in the AC industry move to take jobs, build and buy houses, purchase cars, shop for groceries and contract utility providers to support the effort. In the long run, the economy changes shape to support the structure of government demand and moves away from what consumers would choose otherwise.

Currently, approximately 60% to 70% of the U.S. GDP is driven by government spending. When the government money printing and borrowing binge stops, that portion of the economy supported by government spending will partially vaporize.

## **Asset Price Distortions**

Over the past 25 years, the monetary authorities and banks created large amounts of currency, inflating one bubble after the next. In the late 1990s, there was the internet stock bubble. In the mid to late 2000s, the nation suffered through a massive housing bubble. The proposed solution to each burst bubble is the introduction of ever larger currency creation initiatives such as quantitative easing (QE). In the case of QE, the express purpose was to stop asset price deflation (falling prices) in a variety of asset markets including housing and stocks.

The introduction of unprecedented amounts of liquidity across a wide spectrum of asset markets, including bonds, stocks, housing and others, lead some analysts to describe the current scenario as an “Everything Bubble.” Many asset class prices are at or near all-time highs.

A concern for those opposed to the current monetary policy is the fear of runaway inflation. Traditional economists argue that inflation is not a problem. They are correct when utilizing traditional measures of inflation such as the producer and consumer price indices. The problem, however, is that these traditional measures are too narrow to accurately reflect inflation.

In reality, inflation manifests itself more readily in the bond, stock and real estate markets, as well as in products like energy, food and university tuition – all of which increased substantially over recent decades, and which are ignored by traditional inflation measures (core CPI). Inflation exists in asset prices, and asset prices are currently artificially inflated exposing asset owners to substantial risk.

### **“Heads I Win, Tails You Lose”**

A “Heads I Win, Tails You Lose” (HIWTYL) trade unfolds as follows: a “Too Big to Fail” institution aggressively engages in what it characterizes as “low risk financial bets/trades” (--i.e., betting housing prices only go up) while using significant leverage to boost profits. For a time, the sky appears to be the limit with asset prices exploding higher. Then reality sets in and a low probability event occurs (i.e., housing prices go down) rendering the trade a dismal failure and the “Too Big to Fail” institution insolvent. The institution invariably pleads, “Nobody could have predicted that outcome.” A taxpayer funded bail-out follows. To add insult to injury, the institution retains the upside from the profitable years, while taxpayers’ foot the bill for the catastrophic losses.

Economies across the globe are riddled with HIWTYL trades. The public inevitably finds itself on the hook for the losses. Notably, as well, is that it is not just financial institutions that engage in HIWTYL trades. Governments are in the game, too. Politicians, for example, personally benefit by promoting debt enabled, inherently incompatible ideas in exchange for votes in the present. Politicians win in the short run and taxpayers lose in the long run, as inconsistencies cause the program to eventually blow up. Examples of government HIWTYL scenarios include:

- War with no new taxes;
- Generous public pensions with less than generous pension funding;

- Social Security benefits when the funds the current beneficiaries paid in were spent decades ago; and
- Debt financed programs that drive spending in the present.

Public Pensions provide an excellent example of how politicians “win” in the *present* by campaigning on contradictory propositions (*which place taxpayers on the hook in the long run*). On one hand, politicians promise generous public pensions in order to gain support and votes from public workers and unions. On the other hand, they simultaneously campaign on lower than required contributions to the pension funds in order to offer additional spending to special interests (kickbacks & campaign contributions). The result, more votes and money — from competing interest groups! In addition, these politicians gain the votes of taxpayers who would otherwise be liable for higher taxes in the present (—i.e., in the event the pension system were fully funded). In the short run, taxpayers are happy. In the long run, however, they won’t be when they are stuck with a pension bail-out and/or (significant) reductions in *their* pensions.

In an effort to make the “taking” of pension funds opaque, politicians push pension managers to boost their expected future rates of return. That is, in lieu properly financing the pension funds; politicians, via fund managers, state that funds committed in earlier years will earn an exceptionally high rate of return mitigating the need for large pension contributions in the present. By way of example, when the public employer underfunds the pension fund, the pension manager boosts expected future returns from 6.5% to 7.5%, for example, thereby masking the underfunding problem. As a consequence, pension fund managers alter their fund allocations across riskier asset classes in an effort to hit the higher return targets. They allocate fewer dollars to low risk stock and bond sectors, while distributing more to higher-risk assets such as leveraged buyout funds, growth stocks, junk bonds and private equity funds. Given the size of pension funds (\$11 trillion in 2018) the investment markets are inevitably reshaped to reflect the increased appetite for risk, which distorts prices and increases risk.

The pension scenario described above demonstrates how the personal political needs of those participating in centralized systems often conflicts with economic reality. The politician avoids addressing difficult tradeoffs producing political payoffs in the present. In the long run, however, a series of unintended consequences are put into motion; typically, at a significant future cost to the public.

When the proverbial shit hits the fan, participants (tax payers) in the traditional economy and financial system will be called upon, yet again, to finance multiple rounds of “stability contributions” and/or “bail-ins” to the severe detriment of their personal financial accounts. Expect portions of your personal IRA or other retirement accounts to be nationalized, perhaps more than once.

## **Summary**

Governments, central banks and the world banking system introduce massive amounts of currency into the world’s economy. While the injection of funds may produce temporary growth and stability; in the long run, it substantially distorts the structure of the economy, making it dependent upon government driven spending and currency creation. These distortions emerge because the currency creation process enables debt driven spending defeating the process of creative destruction in the public sector. As a result, public resources are squandered on infinite failure loops instead of being redirected to positive projects.

The financial fairytale assumes that the flow of funds to the government driven sectors of the economy (both direct and indirect) will continue, indefinitely, at a pace anywhere close to current levels. When the flow of funds slows, however, the fairytale will become an economic nightmare. Those having both feet inside of the traditional economy will find themselves at high risk. Owning assets such as cryptocurrency, precious metals or cash producing real estate (ideally in value locations) acts as an important hedge

against risk in the traditional economy. Those who diversify accordingly may sidestep a portion of the havoc when the currency creation music stops.

Despite the above listed concerns, the majority of people reside exclusively inside the traditional economy. Further, the accepted perspective is that, economically speaking, things are fine and will continue indefinitely. Is this perspective accurate? Perhaps. It's also possible, however, that the risks present in the traditional economy are understated, possibly substantially.

## Key Takeaways

- Government spending distorts the economy to reflect the nature of government demand.
- Currency creation inflates asset prices and introduces the potential for large losses.
- Without the ability to create and borrow money on a massive scale, government spending would contract significantly.
- Each idea discussed herein demonstrates how the desire for the unearned manifests as fragility in the economy.

# THE CURRENT STATE OF AFFAIRS

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## American Values & Western Culture *One of the World's Priceless Treasures*

American Values and Western Culture delivered immeasurable value to those who embraced their liberating principles. The core American ideals include six basic values, outlined below:

### Six Basic American Values

<b>Rights</b>	<b>Responsibilities</b>
Individual Freedom	Self-Reliance
Equality of Opportunity	Competition
The American Dream	Hard Work

*Source: Vintage American Ways*

The American Dream promotes the idea that rights come with responsibilities, and that “[i]f people take responsibility for their lives and work hard, they will have the individual freedom to pursue their personal goals and a good opportunity to compete for success.” *Source: Vintage American Ways*

As a political system, the original American ideal represented a huge step forward for individual rights and liberty. The notion that government

derived its power from the consent of the people, and that people enjoyed the right of self-determination, was radically innovative at the time.

## Western Culture

Judaism and Christianity heavily influenced and intertwined with Western Culture. In fact, some would argue that Western Culture is really just Judeo-Christian Culture. Whether religious or not, it is worth noting the values and universal ethics taught by Judaism and Christianity.

Western Culture also brought the ideas of Rationalism (reason as the chief source and test of knowledge) and Empiricism (Evidence and senses as source of knowledge) to the fore. These ideas fueled the Enlightenment and Scientific Revolution, which in turn drove productivity, wealth and technological advancement to great heights in western nations. Further, Western Culture played an important role in creating value for those fortunate enough to live in a western society.

## Key Characteristics

The following key characteristics of Western Culture and Civilization contributed significantly towards its greatness:

- ❖ **Freedom of Speech.** Freedom of Speech is a critical and foundational principle of Western Civilization. The western commitment to protecting people's ability to say unpopular things is crucial; advancing knowledge, understanding and reducing violence.
- ❖ **Private Property.** Private Property forms the foundation for business and investment. It encourages the creation of widespread wealth and technological advancements, resulting in products that improve people's lives.

- ❖ **Markets.** Markets manage networks and communicate information to society, not possible via centralized methods of planning. Markets provide singularly the best way to direct resources towards their best allocation; and as a result, foster the creation of massive value.
- ❖ **Innovation.** Western Culture has a demonstrated ability to be critical and introspective of itself. Questions such as the following can be asked without social consequence or loss of face: Is this methodology/idea right/true? Is the current method the best way to accomplish our goals? How could something be done more efficiently? The answers to these questions reward innovation and keep the door open to new and improved methods of doing things.
- ❖ **Separation of church and state** provides a safe space within which people can pursue their faith, without fear of political persecution or interference from other faiths.
- ❖ **Family Values.** Finally, while family values are not exclusively western, Western Culture does place a high value on the family as the key social unit. While the data and details surrounding the importance of family values to culture are outside the scope of this series, Family values clearly played an important role in Western Civilization.

The above listed key values and characteristics of Western Civilization produced significant advancements in the way people (society) live and work together. Western values should be cherished, developed and protected. Unfortunately, the opposite is happening as Western Culture is under attack.

## Two Nations

### *The War on Western Values*

Over the past sixty years, western nations experienced a cultural and social revolution that shook them to the bone. While the West may have won the cold war, it lost the ideological war with Marxism. Collectivists now dominate the vast majority of critical institutions including the national government, academia, media and the entertainment industry.

Currently in the United States, two nations exist holding irreconcilable and opposing positions. By way of example, consider the following:

### Opposing Values

<b>Traditional Values</b>	<b>Leftist Values</b>
Individual freedom – Individual rights supreme	Rights of the group outweigh the rights of individual
Equality of opportunity	Equality of outcome
Self-Reliance	Social contracts
Competition is good	Central planning is superior to competition
Profit is good	Profit is evil
Hard work generates rewards	People are all the same and should have the same results
Rights come from God or being human	Rights come from government or collective

Traditional values build better lives & families	Traditional values are oppressive; All lifestyles are acceptable
Rationalism & Empiricism	There is no truth. Everything is relative
Private property results from work & creation of value	Private property was stolen
Markets expand wealth and reward merit/innovation	Markets are unfair and oppressive
Freedom of speech is a pillar of western civilization. All speech should be protected.	Speech that offends or is “hateful” is not protected
Christianity teaches important principles & universal values	Christianity is evil and imperialistic; Christians are stupid
Limited government	Total government
Welfare reform	Universal Basic Income & redistribution of wealth

The Left describes Western Culture as: Imperialistic, Racist, Sexist, Materialistic and Patriarchal, to name just a few. If you accept the Left’s characterization of Western Culture, it is oppressive and produces inequality. They argue that dominant social groups oppress less powerful social groups, which results in certain members of society enjoying unearned privilege. This system must be eradicated, they cry, and their strategies for doing so involve large government programs, regulations and wealth redistribution. As such, they make perfect allies with the similarly minded global elites.

*According to a 2017 survey of adults 18+ by the American Culture and Faith Institute, 40% of respondents preferred socialism to capitalism.*

## A Globalist Strategy

Globalists run essentially most, if not all, of the major institutions in the Western World. These globalists favor the transfer of power from nations to international organizations, such as the European Union, United Nations, World Bank and the IMF. Their mission – the creation of one world-wide socialist super-state to govern the world. These globalists are supported in their endeavor by their Leftist partners in academia, media and entertainment.

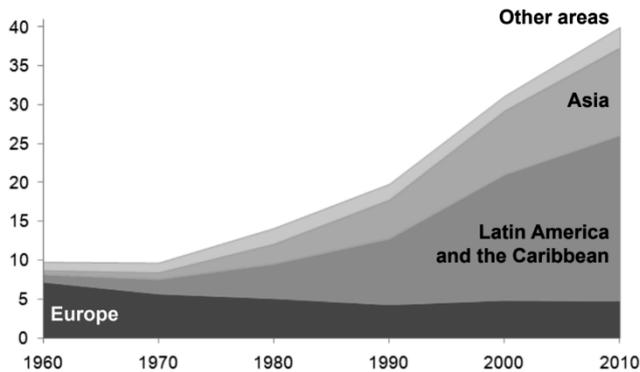
Since the end of World War II, this globalist dream advanced rapidly. The primary obstacle standing in the globalists' way is the large number of people in Western Nations who maintain traditional values, cherish their cultures and national identities. These groups vehemently oppose not only the proposed expansion of government power, but the power grabs that have already occurred. Traditionalists desire freedom and respect for individual rights.

In response, the Left created a “new people” with views antithetical to those of the founding fathers and early Americans. The Left did so via a combination of the following strategies:

1. Changing the education system to deemphasize traditional American values and promote socialism. Many universities are socialist indoctrination camps with an overwhelmingly Left leaning faculty, some portion of which are admitted Marxists;
2. Promote leftist values and socialism in media and on entertainment platforms. Describe traditionalists as evil, selfish, racist and stupid;
3. Attack traditional families. Traditional families are more likely to develop traditional values. People from non-traditional families are more likely to depend upon and the support of government programs. Evidence – single-headed households skyrocketed since the 1960's;

4. Attack men and boys – Portray and describe men as violent, “rapey”, misogynistic and patriarchal. Export traditionally male jobs in manufacturing to make it difficult to support a family. Make sure that school is unfriendly to boys;
5. Attack and undermine traditional values and heroes. Minimize the achievements of western civilization. Promote the idea that western culture is racist and oppressive. As a case in point, consider the modern leftist treatment of Thomas Jefferson and George Washington. Consider the Black Lives Matter narrative that says the police are hunting young black men; and
6. Rapidly expanding the number of immigrants in the country and ensuring they originate from locations likely to support and vote for large government programs (see chart below). Diversity works against cultural identity.

**Foreign-Born Population by Region of Birth: 1960 to 2010**  
(Numbers in millions)



Note: Other areas includes Africa, Northern America, Oceania, born at sea, and not reported.  
Source: U.S. Census Bureau, Census of Population, 1960 to 2000 and the American Community Survey, 2010.



The changes that have occurred in America over the past 55 years amounts to a cultural civil war. Neither side in this conflict cares about nor can be reconciled to the other; there are two nations. Traditionalists are a “stretched, twisted and pressed people searching for ways to secede from a culture they

no longer recognize.” (*Death of the West* by Pat Buchanan) The growth of these feelings among traditionalists springs from the domination of all major institutions (government, media, academia) by Leftists. Traditionalists feel they no longer have any say in how our culture and society move forward. They control no “levers” that direct their future. They are prisoners on a trip they no longer wish to take; and in many ways, feel like strangers in their own country.

## **Leftist Quotes**

“Since marriage constitutes slavery for women, it is clear that the women’s movement must concentrate on attacking this institution. Freedom for women cannot be won without the abolition of marriage.” Sheila Cronin

“The proportion of men must be reduced to and maintained at approximately 10% of the human race.” Sally Miller Gearhart

“Teaching Western Civilization means upholding white supremacy, capitalism, and colonialism, and all other oppressive systems that flow from Western Civilizations.” Stanford Daily

“The white race is the cancer of human history; it is the white race and it alone - its ideologies and inventions - which eradicates autonomous civilizations wherever it spreads which has upset the ecological balance of the planet, which now threatens the very existence of life itself.” Susan Sontag

## It's an Anti-Rational World

### *When the World is Crazy, You Need a Sane Plan*

***Caveat** - This article hits on a couple of political issues, including the Trump presidency. A reader might presume I am a strong supporter of the president. For this reason, I want to clearly state my bias.*

*I describe myself as a voluntarist, or perhaps extreme libertarian. On certain issues I agree with the Right, and on others I agree with liberals; but almost never do I agree with the Left. As a voluntarist, I disagree with the Statist positions put forth by both the Left and the Right, and instead prefer ideas focused on freedom and liberty.*

*In general, I either vote Libertarian as a protest vote, or I don't vote at all. In 2016, I voted for President Trump as he was the only non-globalist in the race, he sought to control illegal immigration and seemed skeptical of war. At the same time, I acknowledge his incredible ego, his confrontational style and the fact that he says highly unusual things, regularly. **End of Caveat***

### **Something's Gone Haywire!**

We live in a profoundly frustrated culture where entire regions of the country are experiencing declines in status, power and hope. Many Americans feel a strong sense of disorder and chaos, stemming from the lies and moral degeneracy celebrated in the media. The propagation of so many untruths makes it difficult, if not impossible, to correctly orient oneself in reality. Many people, including myself, are confused by what we witness unfolding right before our very eyes. We nevertheless appreciate that globalists are ramming *their*

dreams of corporatism and globalism down the throats of middle America, which contributes to the burning frustration in so many formerly prosperous industrial communities. The frustrated masses experience the Western World as increasingly antirational, as demonstrated below:

- ❖ George Bush, Dick Cheney, Barack Obama and Hillary Clinton lied their way into wars, dropped hundreds of thousands of bombs and killed millions of people. Nevertheless, they enjoy their freedom, rich pensions and handsomely paid speaking gigs. Those who report on their crimes, however, such as Chelsea Manning, Ed Snowden and Julian Assange, are on the run or in jail.
- ❖ Despite playing a major role in the near destruction of the world economy, only to be bailed out to the tune of \$16 trillion in taxpayer monies, not a single manager from the involved financial firms was prosecuted. On the other hand, those who protested the bailouts (Occupy Wall Street) were jailed.
- ❖ Not a single FED or government leader was taken to task or forced to resign based upon his/her participation in the creation of the financial bubbles underlying the financial crisis. These individuals demonstrated themselves to be economically incompetent, via their repeated statements that there was no threat to the economy and housing prices were solid. They stuck with this position to the very end.
- ❖ Over 14 trillion dollars' worth of negative interest rate government bonds exist in the world. In other words, if you lend money to government X, you pay government X interest, as well. This system makes no economic sense and points to major distortions.
- ❖ The U.S. government alone currently holds over *210 trillion dollars* in debt and unfunded liability obligations! A literal ocean of money.
- ❖ The U.S. government and corporate media complained for over two years about Russians interfering in the 2016 election. All the while:

- The U.S. government and the CIA, in particular, meddle in foreign elections and effect regime changes all over the world. They have done so since at least the end of WWII and their activities are no secret;
  - Members of the government used the Steele Dossier (apparently compiled from internet sources, paid sources and anonymous sources) to obtain a FISA warrant so that the FBI could monitor the Trump campaign. This attempt to influence the 2016 election makes Watergate look like child's play;
  - Any person seriously concerned with election meddling would concede that thousands of organizations, governments, spy agencies, companies, NGO's, media outlets etc. have strong interests in elections around the globe and take action to influence them, including ones in the United States. If you have elections with multi-trillion-dollar prizes attached there will be election meddling.
- ❖ In the 2012 election, the IRS targeted the tax-exempt status of conservative groups in an effort to influence election results. Nobody suffered any consequences for election meddling.
  - ❖ Hillary Clinton exposed vast amounts of classified government information to the world via unsecure servers. At the same time, the Clinton Foundation accepted tens of millions of dollars in donations from all sorts of international actors who benefited from the exposed information. Again, no prosecution.
  - ❖ The U.S. government engages in a *War on Terror* which, in fact, increased terrorism substantially. Terrorism has grown meaningfully since the beginning of the *War on Terror*. I suspect the *War on Terror* is really a *War on Freedom*, which requires terrorism to continue.
  - ❖ The U.S. government wages a *War on Drugs* which, in fact, increases the amount of drugs in circulation, drives up profits from illegal drug

trade, increases crime, all the while burying countries like Mexico in an ocean of drug cartel violence. Isn't the *War on Drugs* the real crime?

- ❖ Abortion laws in some states now allow for publicly funded abortions up to birth. Some lawmakers have proposed that abortions should be able to be performed AFTER a baby is born.
- ❖ Facebook offers 58 gender possibilities;
- ❖ Six clinics in the San Francisco area alone offer transition related treatment to children as young as three years old (source NBC news).
- ❖ Jeffrey Epstein got a sweetheart no prosecution deal after trafficking hundreds of underage girls for the purposes of sex. He got the deal because he was connected to and very likely blackmailing key individuals, including former president Bill Clinton. The only reason he is currently being prosecuted is because Mike Cernovich filed a lawsuit to unseal the documents concerning the original deal.
- ❖ Between the 1980s through the present day, numerous (primarily middle-eastern) sex grooming gangs raped and threatened tens of thousands of mostly white British girls as young as 12 years of age. The UK government refused to acknowledge the problem until the 2010s, when a small number of prosecutions commenced.
- ❖ There are currently approximately 250 sealed sexual misconduct settlements against members of the U.S. congress; which, by the way, are funded by U.S. taxpayers.
- ❖ A French judge ruled that a Muslim man who shouted "Allahu Akbar" while murdering a Jewish woman should *not* be held criminally responsible because he smoked marijuana prior to the attack. Source: USSA News July 19, 2019

## Corporate Media – The Opposite of Correct

Saying  $2 + 2 = 5$  is incorrect. At least the error is in the right direction, though, and close to the correct answer. Saying  $2 + 2 = -4$ , on the other hand, is not only incorrect, but might be described as anti-right. It is stupendously wrong. When it comes to the corporate media; it, too, is stupendously wrong. How can it be so massively and consistently wrong? Some examples include:

- ❖ A two year “Trump is a Russian asset” and “Trump colluded with the Russians” campaign. The only way to escape the “Orange Man Bad” barrage was to turn the TV off. The endless investigation failed to uncover collusion, all the while costing taxpayers upwards of \$34 million by the time all the costs are tallied up. The real election meddling was undertaken by the corporate media, FBI and security agencies.
- ❖ The “Hands Up Don’t Shoot” narrative about Michael Brown being shot execution style in the back. That story, and many others just like it, turned out to be completely inaccurate representations of the actual facts.
- ❖ The Jussie Smollett case, where the media completely devoted itself to the cause, prior to gathering any supporting evidence. These race hoax cases occur frequently and the media jumps on board with those that support its narrative, with little in the way of verification. Further, the media rarely circles back to clean up the mess caused by its inaccurate reporting.
- ❖ Another case in point, the Covington kids’ trip to D.C. The media got it completely wrong. A group of conservative Catholic students were pilloried in the media for being racist Trump supporters. In fact, *they* were the victims of racist attacks, and actually handled themselves quite well under the circumstances.

## Immigration OMG

Since the Immigration Reform Act of 1965 went into effect, the Left has been using third world immigration to reshape the U.S. electorate. People who immigrate from third world countries vote 8 to 2 in favor of Leftist and socialist policies. Here are a couple of facts from Ann Coulter's book *Adios America*:

- ❖ 71% of illegal aliens are on government assistance (p47).
- ❖ One quarter of the Mexican population moved to the U.S. (p69)
- ❖ Los Angeles alone spends \$1.6 billion a year on illegal aliens. (p69)
- ❖ There are 30 million illegal immigrants in the U.S. (p72)
- ❖ As of 2011, there were 351,000 criminal immigrants incarcerated in the U.S. (p126)

Having no southern border is and will continue to be extremely expensive. In addition, it drives crime into the U.S. (which the corporate media conveniently seldomly reports on) and permanently alters the political landscape. Isn't this yet another form of election tampering?

The immigration issue could be solved (Israel doesn't have a border or immigration problem) and Americans clearly want a solution. Given both major political parties and the interests they represent profit from mass immigration, however, the problem will remain unresolved.

## Economics Wonderland

A communist style bureau of central planning called the Federal Reserve sits at the center of the U.S. economy, printing trillions of dollars each year. The newly minted money is siphoned off to a small group of politically connected opportunists at the expense of the middle class, in the form of inflation and increased risk. Massive government spending

substantially altered the shape of the economy over the past 100 years. Large segments of the economy/GDP exist solely based on the constant flow of government money. When the money creation stops, large sectors of the economy will vaporize.

## Stupid Statements We Can't Talk About

- ❖ “Diversity is a Strength” – Not necessarily. Liberal Harvard researcher Robert Putnam published a study on diversity concluding that as diversity increases, virtually all measures of civic health decrease. (see <https://wcfia.harvard.edu/publications/downside-diversity>) While diversity in certain settings can be a strength; it is not, per se, a strength and has its downsides, as well.
- ❖ “We live in a Rape Culture” – No, we don't. Western culture treats women and children better than any other society on earth. Look to the third world where rape cultures are alive and well to appreciate what a rape culture looks like.
- ❖ “The welfare state helps the poor” – No, it doesn't. Rather, it creates a permanent underclass and destroys human capital. Questions such as, “What are the alternatives?” or “How did charity work prior to the welfare state?” are never asked. Indeed, President Johnson's *War on Poverty* contributed significantly to the destruction of the U.S. family by incentivizing fathers to leave the home and rewarding single parenthood.
- ❖ “My taxes are going to good use” – No, they aren't. Rather, your tax dollars go into a trough where special interests feed to their heart's content. Dr. Mark Skidmore and Catherine Austin Fitts pointed to \$21 trillion of missing government funds, and that estimate is based on the review of a small percentage of government documents (and does not address approved but not supported transactions). The reality concerning missing funds could be many multiples of the \$21T figure.

- ❖ As of Oct 2018, the Federal Accounting Advisory Standards Board stated that in the interest of national security, government departments can move funds from one budget item to another specifically so that the public cannot know where funds are actually spent. This practice applies to *all* government departments. Even HUD benefits from undisclosed non-traceable national security line items. In other words, the government maintains two sets of books, one for the government and one for the public. Government financial reports for public review are worthless.
- ❖ “The government is here to serve and protect me” – Really? Governments serve themselves; *not* their citizens. In the 20<sup>th</sup> century alone, governments **killed over 272 million of their own people**, NOT including war (source R.J. Rummel - Democide).
- ❖ “We can regime change to make the world a better place” – How many millions more of innocent people must die before this obvious lie is discredited? These military adventures inevitably turn into unmitigated disasters.

## The Calls for Violence

Groups on both the Left and Right call for violence against their political adversaries — but the cries for violence from the Left are more frequent and louder, and are accompanied by the mainstream media. Kathy Griffin posted a picture of herself holding the severed head of Donald Trump while Fran Lebowitz announced on the Bill Maher show that “Trump should get what Khashoggi got.” At conservative events, the Left’s Antifa calls in bomb threats, blows air horns and throws bricks and bike locks to shut events down. Further, uttering comments a Leftist thinks are not sufficiently “woke” renders one a racist Nazi, worthy of being hit or worse.

Calls for violence should be denounced by everyone. A commitment to nonviolence and free speech forms the basis of a civilized society. Calls for

violence in political discussions are a major step in the wrong direction and facilitate an increasingly anti-rational world.

## **The Shattering of America**

What does it mean to be an American? Sixty years ago, most people who lived in the United States shared religion, morals, and principles; and, they held political and economic ideals that could be discussed calmly. Sadly many, if not most, of those shared core values no longer exist. America shattered into multiple diverse parts and now lacks the ability for evaluating even simple truths or discussing how to resolve differences.

### **Examples of Palpable Hatred:**

- ❖ Trump supporters called deplorables;
- ❖ After a mass shooting at a Las Vegas country music festival, the victims are denounced as “Trumptards” and “Guntoters”;
- ❖ The shooting of Congressmen practicing baseball; and
- ❖ The El Paso, TX and Dayton, OH mass shootings.

Americans want and value different things. In many cases, Americans neither like nor respect each other. So, how does it make sense that we all live within the same political and economic system? My expectation is that the country will divide into parts, and the division will facilitate people’s ability to seek and find common ground, shared principles and aspirations.

I suspect this political shattering will be triggered by the end of America’s economic fairytale facilitated by the endless borrowing and printing of money. When economic reality sets in, there will be extreme emotion, finger pointing and a diversity of proposed solutions/villains. The varied proposals will likely be opposed by different segments of the country, and in order to avoid violence some level of freedom will be proposed as the

solution. Sections of the country may elect to take different paths and develop alternate futures.

The process of dividing the country into multiple parts will likely be messy, stressful and dangerous. I have no interest in enjoying a front row seat to the approaching spectacle. The possibility of becoming embroiled in some totalitarian dream for the future is too high a risk to take. So, how does one plan to avoid/manage the political and economic risks that lie ahead? Developing a plan of this type must address a variety of issues, and certainly involves an increased ability to operate internationally. Currently, I am working on obtaining a second passport and legal residence in two other countries. The details are discussed in the chapter titled Internationalization.

## Key Takeaways

- Large segments of the population are addicted to lies and espouse anti-rational opinions;
- Systems for public discourse are decaying;
- Americans share little in the way of religion, morality, values, principles and purpose;
- The commitment to free speech and non-violence are no longer broadly accepted;
- The political and economic risks in the Western World, and the U.S. in particular, are substantial and vastly underappreciated; and
- One needs a plan for managing risk as reality sets in.

# KNOW WHERE YOU'RE AT

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## You Are Here

### *A Simple Model for Examining Trend Life Cycles*

*This article posits that understanding current macro and micro trends is imperative when evaluating assets and developing life plans. Knowing one's place within a trend and its cycle is critical to making informed decisions. A model utilizing a "series of books" as an analogy is outlined below.*

As mentioned earlier, we are nearing the end of an important epoch in history, which necessarily ushers in significant change. When reviewing humanity's progress through the centuries, one notes certain periods of time within which trends and forces combined to direct human progress and behavior. Consider the arrival of Europeans on the North American continent, for example. This major trend change impacted Native Americans significantly, as well as influencing the Europeans. When trends or forces change, the transition from one period to the next can be stunning and abrupt. Behaviors/actions that produced success in one trend might generate failure in the next.

In addition, smaller stories often unfold within the larger historical narrative, which also impact human behavior and incentives. As an example, consider the discovery of gold in California within the larger story of European colonization of North America. The discovery of gold altered the trajectory of the then established North American colonization trend

by accelerating the westward movement of settlers, and perhaps inducing additional Europeans to immigrate. Native Americans experienced the acceleration of this trend powerfully. As a result of these trend changes, human activity alters course to reflect the new reality. People ultimately seek to align with and leverage the new trends in their ongoing effort to survive and thrive in a material world.

## A “Book Series” Model of History

It might be helpful to categorize and understand historical trends using a book series as a model, per the definitions below:

**Series (S)** – A long term trend in history containing a number of books. Ex. Western Civilization.

**Book (B)** – A medium strength trend occurring within the larger series. Ex. European Colonialism.

**Chapter (C)** – Short-term trends occurring within a book. Ex. Europeans arrival in North America.

An example of the above idea as applied to the story of Rome follows. (S)(B) & (C) are inserted into the narrative to demonstrate examples of elements that might fall into each of these respective categories.

Viewing the rise and fall of Rome (S) as a Book Series provides an example of a period in time during which trends and realities coalesced to initially fuel the growth of Rome (B); but then, eventually led to its demise (B). In the 6<sup>th</sup> century BC, sound money (—i.e., Gold & Silver) (C), superior weaponry (C) and military strategy (C) enabled Rome to conquer (C), colonize (C) and form alliances (C) with neighboring city states. As the network of city states allied with and led by Rome grew, the manpower and resources available to the Roman military expanded, fueling further dominance (C).

By 376 AD, however, overspending on war and public projects (C) produced multiple bouts with high inflation, accompanied by a decimated economy (C) and political division (C). By 530 AD, the western portion of the Roman empire ceased and the Book Series on Rome came to a close, ushering in a new series called The Dark Ages.

How can the story of Rome be integrated into a model for thinking about our own participation in an unfolding story? A useful model would highlight several important realities, such as:

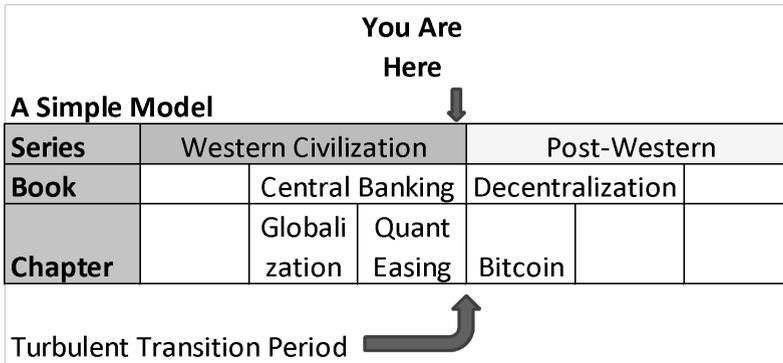
1. Civilization moves both forwards and backwards. Progress is not a given;
2. Cultures and societies are delicate and can be broken;
3. No system or trend lasts forever; and
4. Most people think within the trend they find themselves, and experience difficulty accepting that their life's journey may cross over from one trend to the next; or, that a different story is even possible. For example, try suggesting to the mainstream audience that the U.S. Empire might end, culminating in a severe economic pullback.

Viewing the past, present and future as a series of unfolding books, subject to the parameters listed above, provides a simple model for navigating life. The model is useful as it highlights the temporary nature of trends, which provides powerful planning insights. Specifically, the planner recognizes the following points:

1. Transitioning from one chapter to the next or one book to the next implies the possibility of substantial change, risk and opportunity;
2. Correctly identifying one's position within the current trend is critical;

3. Designing plans that leverage and align with the current trend or the developing trend forms the foundation of a solid plan; and
4. The arc of these trends drives significant changes in asset values. For example, Roman real estate was worthless by 530 AD. Planners in sync with the declining trend in Rome would have packed up and moved out before the crowd.

The chart below demonstrates that we are likely approaching not only the end of a chapter, but the end of a book and series. Note the “You Are Here” arrow near the end of the Western Civilization series. This model suggests a turbulent transition period is on the horizon.



## Know Where You Are

Correctly identifying one’s position within the current trend cycle is critical. When positioned near the beginning of a trend, seek to align with and leverage the existing movement. When approaching the end of a trend, seek to understand the characteristics of the emerging trend so as to properly position yourself to take advantage of the emerging opportunities. In his book entitled *The Bitcoin Standard*, Saifedean Ammous discusses where value existed in the Industrial age as opposed to the Information age (see insert below). This excerpt highlights how one’s position within a trend cycle informs investment decisions.

## From Industrial to Information

*During the Industrial Revolution, the vast majority of economic value existed in physical form. Expropriating capital from an industrial society was easy because the physical nature of the product and means of production make the owners easy to find and tax.*

*The Information Revolution produced a shift away from physical goods as the primary source of value towards intellectual goods. This shift has profound implications for governments and those who wish to understand the major forces driving the evolution of world systems. In an information economy where value rests in the intellectual capabilities of the producers, expropriating value becomes much more challenging. In many cases, governments may not even be aware if, when or where value has been created.*

*The Bitcoin Standard p 201-202*

## Lessons from the Industrial Age to Information Age

The transition period into the Industrial Revolution provides an excellent example of how changing trends create new risks and opportunities. An investor/entrepreneur paying attention to the trends heading into the Industrial Revolution would have anticipated the following opportunities:

- ❖ Invest in the expanding financial sector as large amounts of capital would be required to finance factories;
- ❖ Buy real estate in urban areas as rural populations would flock to urban areas for work;
- ❖ Look for increased taxes and centralization of power. Expect the government to become a bigger economic player; and

- ❖ Position to benefit from government contracts and subsidies as those programs would expand.

As we transition into an Information and Decentralization Age (trend), an astute investor would identify different opportunities given the new forces at play. Namely, s/he might anticipate:

- ❖ Less emphasis on the financial sector as the scale of operations will decrease thereby requiring less capital;
- ❖ More emphasis on information and analysis;
- ❖ Dynamic economic activity driven less by location within a particular country, state or city, and more by the ability to connect and benefit from intellectual networks. During the Industrial Period, factories existed across the nation, and prosperity tended to be widespread. Wealth across regions and countries were linked and moved in tandem. In the Information Economy, however, prosperity will be localized and based upon access to intellectual networks. The success of neighboring communities will no longer necessarily be linked;
- ❖ Lower tax revenue and government's inability to fulfill its promises; and
- ❖ The emergence of alternative low-cost governance technology which will facilitate cooperation within communities (automation of policing, aspects of firefighting, education reform, voting, etc.).

## Summary

We are nearing the end of an important epoch in history, which necessarily ushers in significant change. These articles seek to explore some of the hazards and opportunities that lie ahead, and identify:

- Broken trends of the past such as inflation, centralization and the American empire. We identify these trends in order to avoid attaching career and investment decisions to dying trends, and;
- Emerging trends (Blockchain, Decentralization and Crypto) so that we can attach to them.

## Key Takeaways

- Trends heavily impact the actions people take; and as a result, explain a great deal about how, when and where value is created.
- Correctly identifying where one is with respect to the dominant and emerging trends provides helpful insight in developing future plans. By way of example, I once worked at a private equity fund married to a single strategy: buy and hold. At the time this company entered the rental housing market in the early 80's, this plan worked as it was in sync with the existing inflationary trend. Buying was the thing to do. By 2015, however, with ample evidence pointing to insane valuations for its portfolio assets, buying and holding no longer worked. Unable to identify the approaching end to the inflationary trend, however, the company continued buying at a time when the trend was screaming sell.
- I encourage readers to apply this logic to the American Empire. I contend that the 75 to 120-year long trend of the American Empire is coming to a close, and the transition into the next trend will have consequential impacts for all people in the western world, and United States residents in particular.

## The Governance Revolution

### *How Decentralized Networks Align with Human Evolution*

#### **Evolution and Human Resource Hard Wiring**

For over 1.8 million years mankind struggled to survive in a world where mother nature proved herself unpredictable, unforgiving and ungenerous. The motto of the period was “survive, survive, survive”, in a devilishly brutal battle of evolution. Survival depended upon the ability to gather sufficient food and resources, and to stay warm, dry, nourished and hydrated. Indeed, it is only within the past 10,000 years that humans developed agricultural techniques that enabled population growth, along with the accompanying cities/urbanization and domesticated lifestyle. In other words, 99.5% of human history unfolded in an environment of extreme scarcity where dying was a constant, real and present danger.

It is within this extremely challenging environment that human brains developed, including hard wiring regarding activities such as surviving, sharing, cooperating, evaluating risk, and so on and so forth. If there was not enough food to go around, for example, how would scarce resources be allocated? Specifically, who would starve? Will it be your child or the child of another clan member? Will it be a healthy child or one with a mild birth defect that limits hunting ability? What about a grandparent who can no longer work?

For just shy of two million years human evolutionary messaging prioritized resources as follows: immediate family first, followed by extended family and finally the clan. This prioritization methodology was cemented into the skulls of early humans. Cooperation within hunter-gatherer societies remained limited to families and small groups, where each member knew those within his/her cooperation circle. Within such small groups, formal governance structures played little if any role. Rather, these societies proved to be quite egalitarian. Clan members did not stratify across leadership (governance) levels; in part, because when living near the subsistence level there were few resources to “tax”. That is, seeking power over others simply did not pay off.

## **A Growing Need for Governance**

As cooperation and specialization increased, beginning approximately 10,000 years ago, productivity and wealth expanded accordingly. The acceleration in productivity gathered momentum throughout the agricultural and industrial revolutions, resulting in the growth of formal governance. At the same time, the incentives and profits associated with securing positions of power increased meaningfully, fueling the growth of the state apparatus. These two developments culminated in centralized decision-making; where ultimately, those in power followed their evolutionary derived hard-wiring placing *their* needs above those of the common man or the common good.

The inherent, ingrained evolutionary hard-wiring of self-interest (i.e., to care for oneself/one’s family/one’s clan first) is out of sync with our present governance systems. Why? Because our current systems place large pools of resources within easy reach of centralized decision makers, without much in the way of restraints. Indeed, massive potential for abuse exists under our centralized governance systems; which, to date, remains unchecked. Only persons of substantial character and moral integrity are able to navigate positions of power without succumbing to their evolutionary hard-wiring. Most leaders, however, fall prey to their individual self-interest at the cost of and to the detriment of those they govern. The governance mechanisms

designed to “check” abuses of power cannot keep up with the incentives to abuse.

*Human hard-wiring regarding resource gathering and allocation protocol is out of sync with current governance methods.*

## **Failure of Current Governance Systems**

Corruption surrounds us, showering incredible prosperity upon those with connections at the expense of the collective masses. Policemen accept bribes, council members enjoy kickbacks, corporations receive no-bid contracts and bankers are bailed-out; all while the FED prints more and more currency, at will. The rapid expansion of debt and deficits should be a clue that the governance system is broken. Corruption exists where public projects intersect with large financial losses and deficits.

Apologists describe the current system as modern, pointing to the abundance society generally enjoys. While it is certainly true that prosperity has grown significantly over the past 200 years, the reasons are attributable to the growth in markets, liberty and property rights; not to the governance mechanisms under which we currently labor. Innovation in governance remains stunted as those who profit oppose and resist change. The World would be much freer and more prosperous if its productivity were not siphoned off by the politically well-connected.

## **Decentralized Networks & New Governance Technology**

Blockchains and the decentralized networks they enable will increase innovation in governance technology. They have the potential to move from the current “Version 3” governance (equivalent to a Ford Model T) to a Jetsons “Version 20”. Reducing oppositional incentives (network leaders vs. network participants) through protocols and smart contracts will unleash new forms

of governance that minimize opportunities for abuse and corruption; and, in fact, penalize it.

In addition to the Bitcoin network, a variety of interesting governance models are being experimented with including, for example:

- Decentralize Autonomous Organizations (DAO);
- Decentralized Autonomous Trusts (DAT);
- Continuous Organizations; and
- Token Curated Registries.

These governance mechanisms carefully map out how decisions are made via code, and how benefits are allocated – without reliance on politicians and/or network leaders.

## **The Bitcoin Example**

Bitcoin addresses a “hair on fire” problem. Specifically, it created a sound money alternative to fiat currencies, by replacing the functions of central banks with computer protocols. The current centralized vertical network is replaced with a decentralized, leaderless and flat one; thereby stripping central banks of their arbitrary and self-serving powers. The network is secured via several important characteristics which incentivize strikingly different behavior than the current governance models. By way of example:

1. Decision makers in the Bitcoin network must make investments in the network; that is, they have skin in the game strongly discouraging them from “cheating” the system.
2. Network decision makers have no power when acting alone, and their work is easy to verify making cheating easy to detect.

3. If a network decision maker tries to cheat via unilateral action (51% attack) and he/she succeeds in doing so (–i.e., singlehandedly overpowers the network), such “success” will render the stolen funds and investment in computing power worthless; at a large operating expense, to boot.

Another one of Bitcoin’s innovations is that it aligns the incentives of the network decision makers with those of the network participants. Decision makers don’t cheat because doing so costs them dearly; as opposed to current governance systems which, in fact, reward cheaters. Institutions integrating distributed governance technology into their organizational DNA will be asymmetrically more powerful than current centralized networks for two, primary reasons:

1. Decentralize networks remove substantial costs associated with corruption and abuse, and
2. Decentralized networks facilitate access to input from a wider network of decision makers and weigh their contributions based on merit.

The full realization of the capabilities enabled by decentralized networks will drive a governance revolution equal in significance to the agricultural or industrial revolutions. The governance revolution will empower everyday people, and the productive ones in particular. These gains will come at the expense of centralized decision makers. Further, these technologies are non-political, meaning they do not require the approval of anyone in politics or the existing system\*. New Governance Technology will move forward and offer a substantially better future because these systems redistribute power and realign incentives in order to check corruption. Blockchain based governance systems are in sync with hard wired human resource gathering and allocation protocols.

## Implications of the Governance Revolution

Some trends that may play out as the Governance Revolution unfolds include:

- Removal of the middlemen and central planners;
- Dramatic reduction in corruption and waste;
- Substantially increased opportunities to generate wealth. Perhaps half of all economic value will exist on the blockchain;
- The ability to create all manner of exclusively on chain businesses and legal structures;
- Real and meaningful input on policy and public projects by the average person (the current voting system offers no meaningful opportunity for input by the average voter);
- Transparency on all kinds of public projects including research;
- Increased levels of competition; and
- Substantially less power for governments to tax producers.

Any one of these trends, alone, would be significant. The combined impact will be transformative.

\* I understand that to the degree these systems interface with existing systems they are influenced by regulation (banking, exchanges securities laws etc.). I am referring to hundreds of thousands of yet to be created exclusively on-chain businesses/organizations that will move forward without regard to political approval. Bitcoin is the first and best example.

## The End of the Nation State

### *Transitioning to a Post National World*

Nation States emerged onto the world stage in approximately 1648, following the breakdown in power of the Catholic Church and feudalism. In the feudal period, land ownership represented the primary source of wealth. By the mid-17<sup>th</sup> century trade, money and production became the dominant means of wealth creation. During that time, merchants pushed for cohesive legal structures, tax systems and protection for goods in transit. By 1788, approximately twenty nation states existed; a number which increased significantly during the 19<sup>th</sup> century, as colonies around the world sought political autonomy. Currently there are approximately 190 nation states in the world.

During the 1.75 million years preceding the rise of the Nation State, other governance models existed. For the majority of history, people lived in clans and tribes; which proved to be quite egalitarian, but lacked the ability to facilitate cooperation on a large scale. Next came the rise of Kings & Queens and feudal structures; which were better at facilitating cooperation, but at a high cost to their citizenry. Their rule proved arbitrary in a legal and justice sense, and their rigid structures offered little to no opportunities for input from their subjects.

In light of the above, consider the following:

- ❖ Nation States are a relatively new concept (around for only 250 years);
- ❖ People have utilized a variety of methods to cooperate and live together (tribes, kings, nations);

- ❖ Trends in work, wealth and technology drive the adoption of one system of cooperation over another, and these trends will continue to evolve;
- ❖ Nation States are likely *not* the final answer; and indeed, may eventually be viewed as primitive; and
- ❖ In general, those who profit from a system of cooperation resist the introduction of new systems.

Thus, like its predecessors, the Nation States will likely prove to be a temporary phenomenon. Nation States grew as they facilitated cooperation. They persist as their centralized structures proved profitable for the wealthy and powerful elites, their primary beneficiaries. More advanced and open governance systems are emerging, however, which will gradually replace Nation States.

## The Breakdown of Nation States

Nations States are ever expanding and increasingly unresponsive to the needs and concerns of the taxpaying citizenry. They are run by elites and special interests, who find themselves in a position to exploit the system. Listed below are just a few examples of initiatives widely opposed by the populace, but which proceed(ed) nonetheless:

- ❖ Mass immigration,
- ❖ The 2003 Iraq war,
- ❖ 2008 financial bailout,
- ❖ Affordable Care Act (Obamacare).

Nation States have become systems of pilferage where one group seeks to live at the expense of others, without any sense of financial restraint. National systems appear to be unmoored from any sense of financial reality (\$210 trillion in debt and unfunded liabilities in the U.S. alone). The taxpayers are beginning to understand that these national systems are adrift

with no rudder, and that there will be substantial personal consequences as a result. People are looking for answers/alternatives, and technology is providing them. Namely, blockchain!

Blockchains facilitate the movement of large amounts of wealth and wealth creation into an anonymous economy, beyond the reach of governments. As former taxpayers move into the anonymous economy, new post-national systems of cooperation will emerge and take over some, if not all, of the functions formerly performed by Nation States. With blockchains, however, these functions will be performed on a voluntary basis, versus a coercive one.

## **The Post-National Belief System**

The defining beliefs of the Post National perspective include:

- ❖ Acceptance of the proposition that Nation States are temporary. Nations exist based upon certain trends and forces in play. Once those trends and forces cease to exist, however, new systems of governance will emerge;
- ❖ Recognition of one's individual sovereignty and the right to make decisions for oneself (versus being subject to a ruling class);
- ❖ The recognition that one owes no moral obligations to a ruling class; and
- ❖ The goal of assisting in the creation of and participation in a world of freedom and non-aggression, not defined by national borders.

## **A Post National World is a Better World**

Governance systems that rely on power and coercion ultimately result in chaos, corruption and violence. During the 20<sup>th</sup> century, governments killed 272 million of their own people, not including war! (democide – R.

J. Rummel) Power-based systems such as Nation States are destructive on a massive scale, as reflected below:

- ❖ Nations are expensive! They claim 50-70% of taxpayers' productivity and on top of that, still produce massive debt for future payment;
- ❖ Nations are coercive and based on violence. Very few transactions with the government are voluntary, while almost no actions in the free market are coerced. Walmart and McDonalds, for example, never threaten you for not shopping at their stores. In the Post National world, voluntary will replace coercion;
- ❖ National systems produce chaos and conflict as dominant groups seek to impose their views on the rest of society. Turn on CNN, MSNBC or Fox, for just ten minutes, to experience the incredible divisiveness present in our highly politicized culture. Hot policy debates include:
  - How will healthcare be funded?
  - Abortion rights vs. Right to Life
  - Immigration
  - How to address poverty
  - Foreign policy and war
- ❖ Voluntary societies (free societies) reduce conflict as no one is imposing his/her views on others.
- ❖ Nation States build massive world ending weapon systems. These systems are not profitable and rely on other people's money (taxes) for funding.
- ❖ Nation States engage in wars. In general, war only makes sense when other people pay and die. If it were you and/or your family that had to pay and/or die, you likely would find a diplomatic or legal solution.

- ❖ As relates to cooperation, Post Governance Revolution systems will allow for meaningful input concerning social policy. In a voluntary world, society will reflect the will of the people, not the will of political elites.
- ❖ Australia's Prime Minister recently pledged \$500M to save the Great Barrier Reef. None of the money was his to pledge. He pledged other people's money and became the moral hero. It's easy to be a hero when other people pay.
- ❖ Moving beyond power-based governance systems will lead to increased innovation in cooperation technology and methods, such as:
  - Seasteading
  - Free Cities Project
  - On-Chain entities & anonymous economies
- ❖ Power-based systems create:
  - Opportunities for the wealthy and well-connected to gather economic power. Voluntary systems equalize economic power, opportunity and foster competition.
  - Massive government debt that increases consumption in the here and now, all the while severely polluting the environment and burdening future generations with massive debt.
  - Systems that redirect large amounts of resources thereby encouraging population growth in areas that does not make sense. Voluntary systems will reduce population where it does not make sense, or at least slow its growth.

Consider your own life experience, where do you encounter chaos and conflict? Is it in the voluntary portion of your life or the coercive part?

Voluntary	Coercive
Work	Politics
Friends	Policy Debates
Neighbors	School
Shopping	School Board Meetings
	Divorce & Child Custody
	Legal Proceedings

## Summary

Over the past two million years, people utilized various governance models to facilitate cooperation. For the majority of history, people organized into clans and tribes (version 1 governance); which proved egalitarian, but lacked the ability for cooperation on a large scale. Kings and feudal structures (v2 governance) facilitated cooperation across large groups, but proved arbitrary in a legal and justice sense. In addition, it employed rigid structures affording the citizenry few, if any, opportunities for input. Nation States (v3 governance) provide greater opportunities for participation and wealth creation, but the centralization of power and wealth in the hands of the state apparatus fosters corruption and waste on a massive scale, and births weapon systems with the ability to destroy the world.

Nation States are not the final answer when it comes to governance and cooperation. Hope for the future demands people develop technology and methods for collaboration which encourage peace and disempower the nation state apparatus.

# WHAT LIES AHEAD...

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## Reclaiming a Jetson's Future *How Blockchains Will Help Restore Personal Sovereignty*

Imagine what the world might look like if the resources and productivity, extracted via inflation over the past 100 years, had been left in productive hands? What if those resources remained subject to the guiding hand of the market, continually growing and driving new innovation? We would be living in a more prosperous and peaceful world; with cheaper energy, healthier and more plentiful food, more effective cures for disease and numerous technological advances. We could (should) live in such a Jetson's world. Instead, we exchanged the possibility of a brighter and safer world for debt, bureaucracy, wars and oligarchy.

To most, inflation's distortions are invisible. It's like the cartoon where two small fish swimming along are passed by a larger fish swimming in the opposite direction. The larger fish says, "How's the water boys?" After swimming a little further, one of the small fish says to the other, "What's water?"

Society is similar to the small fish in that most people are indifferent to the impact of inflation. It engulfs us and manifests as the economic waters within which we swim. Imagining a world without significant inflation is difficult. One would need to be 120 years or older to have any relevant personal experience. For those younger, inflation is all we know.

The impact of inflation is pervasive, touching everything from the economy and finance to education, housing, cars, and public projects, to name just a few. Additionally, inflation influences the structures of power; quite significantly. He who pays the piper calls the tune and that reality defines elections, the news, public discussion and academic research. Indeed, inflation is one of the singularly dominant forces of the 20<sup>th</sup> and early 21<sup>st</sup> centuries.

### ***Demonstration - how inflation distorted the housing market***

*Why are new houses so large as compared to homes from the 1950s? Why do they feature 4+ bedrooms, 3+baths, media rooms, pools and designer landscaping? Inflation! Bankers, via fractional reserve lending, effectively create money out of thin air and lend those funds to eager home buyers. Bankers love real estate as it provides excellent collateral, and their proclivities towards it created one of the largest asset classes on the planet. Oceans of money pour into real estate at low interest rates with generous terms (30 years to pay) and low-down payments. Those monies fundamentally altered the real estate market. When inflation comes to an end, those houses are going to look like white elephants. Similar arguments could be made in almost any other segment of the economy from higher education to the military and the cars people drive. Inflation touches everything.*

### **Bitcoin Castrates Inflation**

Cryptocurrencies and decentralized networks will play a critical role in eliminating inflation and restoring liberty, economic reality and personal sovereignty, while fueling new rounds of innovation and advancement. Cryptocurrencies reduce inflation through a sane and open inflation policy. As an example, Bitcoin replaces the functions of a central bank with math and computer code resulting in a truly regulated currency. Coupled with

the holder's ability to maintain custody of the tokens, the implications for currency creators are profound.

The fat lady is warming up and preparing to sing the final song of the central banking show. When she is done, the inflation trends that drove the world for the past 100 years will reverse rapidly moving us into a new world and a new economic “book” (utilizing the book series analogy). The unwinding of inflation will prove to be massive, pervasive and chock full of opportunities and risks.

### **Crypto Drives Innovation (While Inflation Kills It)**

Over the past 40 years, western nations experienced a slowdown in innovation. Why?, you might ask. Consider the following:

First, increased government spending shifted the direction of innovation away from consumer and productivity enhancing activities towards government priorities, such as weapons and bureaucracy. Capital and mental prowess, which might otherwise have focused on discovering cheaper/cleaner methods of meeting energy needs, were instead directed towards missile technology. More of one activity necessitates less of the other.

Second, the introduction of massive amounts of money pumped into the economy shifted the types of organizations receiving funding. Money creation favors large government related bureaucracies (—i.e., NASA, Post Office, Amtrak etc.) as they are first in line when it comes to the distribution of new money. Such large bureaucracies, however, typically lag behind smaller, hungrier organizations in terms of innovation. Hence, the process of currency creation plays an important role in shaping the innovation landscape.

Third, the creation of currency drives inflation thereby impacting the viability of new business ideas and projects. When inflation is high, the “hurdle rate”, which investors use to evaluate projects, must be raised in order to

account for the higher inflation. A higher hurdle rate results in fewer new projects meeting the profitability targets. As a result, more projects are abandoned. Projects evaluated in the crypto economy where the long-term rate of inflation is zero or negative enjoy a much lower hurdle rate. As a result, projects that fail to clear the financial challenges in the existing fiat world might be viable in the crypto world.

Finally, government money corrupts science and research. Developing useful research that impacts and improves the real world does not necessarily produce success in the university research world. On the contrary, success and advancement in the existing world of higher education are achieved by producing work that aligns with the biases and narratives of the funders, while advancing their political agendas.

Centralization and currency creation retard innovation in the ways described above. Blockchain projects, on the other hand, drive innovation as they are permissionless. Anyone can contribute code to existing projects or use the open source code to start projects with new features. The open and permissionless characteristics of blockchains make them fertile ground for innovation.

## **An Emerging Anonymous Economy**

An entirely new economic layer is being built upon the existing economy. In the not too distant future internet enabled devices, computer programs, distributed applications, robots and people will interact and transact with one another in ways that currently seem unimaginable. A crucial component of this emerging economic layer will be the ability of autonomous devices to easily use electronic money via instantaneous micro transactions.

Imagine thousands of companies currently not in existence operating via code on a distributed internet. Such companies would operate essentially as a machine, making and receiving payments in crypto and probably with few or no employees. These companies might complete thousands of small

transactions each day, much like an “internet vending machine” (IVM) dispensing uncensorable data and answers as opposed to candy bars. In many cases, the developers and owners of the IVMs will be anonymous, taking payment in crypto and paying no taxes. In addition, a certain percentage of IVM developers will likely be machines operating as Artificial Intelligence actors.

Ultimately, government power derives from its ability to sink roots into the productivity of its subjects. Anonymous economy technology provides a path out of the financial surveillance system and towards a more voluntary and truly democratic future. The first anonymous economy residents are exiting the tax farm now.

## Revolutionizing Trust

*“Centralized systems create large money pipelines providing cheaters with the perfect opportunity to extract large profits via high fees with no risk.” Naval Ravikant*

People rely on networks to solve problems and create value. Indeed, the number of networks the average individual accesses on a daily basis is vast, including social networks of friends, family, co-workers, as well as many companies which deliver the goods and services required to navigate daily life.

When it comes to networks involving money, a trusted third party (TTP) has traditionally been required in order to enforce rules and prevent cheating. Currently, the TTP typically comes in the form of a bank or financial institution. Given the centralized and hierarchical structure of the existing financial system, TTPs are incentivized to misuse and abuse their position. Indeed, TTPs have become the biggest cheaters in the system they are charged with guarding. See the table below for a few examples.

## Abuse by Trusted Third Parties

- In 2008 Bernie Madoff's \$64.8 billion Ponzi scheme was exposed. He defrauded 4,800 clients!
- In an effort to drive fee income, Wells Fargo opened more than two million deposit and credit card accounts that customers did not request.
- GMAC and major U.S. banks "Robo" signed foreclosure documents on people's homes with little or no review. Employees testified in court that they were signing as many as 10,000 foreclosure documents each month.
- LIBOR represents an average lending rate used in \$350 trillion worth of financial contracts. Major banks were found to be providing false information in order to manipulate the LIBOR rate which allowed the banks to make large amounts on trades.
- In 1914, the FED ended the convertibility of currency into gold, effectively stealing the people's gold.

Blockchain technology provides a revolutionary solution to the need for trusted third parties by replacing trust in institutions with trust in transparent code and math. Participants can verify the details of their transactions without reliance on a third party.

*"The money network is too important to be controlled by a central authority. " Naval Ravikant*

## Eliminating the Middleman

Blockchain technology allows for leaderless networks rendering reliance on third parties unnecessary. For example, assume Party A wants to send \$1,000 to Party B. Under the traditional system Party A directs his/her bank to send the funds to Party B's bank and then the bank deducts the funds from party A's account. In the cryptocurrency world, Party A can transfer the funds directly to Party B without reliance upon a third party to facilitate the transaction. By allowing the participants to deal with each other on a peer-to-peer basis, the expense and power of the middleman vanishes.

In addition, Bitcoin allows humans to transport value digitally without dependence upon the physical world. As a result, large global transfers can be completed in minutes. (*The Bitcoin Standard* p199)

## Code Replaces Middlemen

- What if the functions of stock brokers and the back-end functions of markets were automated on a blockchain to provide low cost, virtually instantaneous trading?
- What if the functions of a music label were replaced by computer code so that musicians could deal directly with their fans, instead of through middlemen?
- Every six months or so we suffer a major data breach releasing millions of credit card numbers and personal data onto the dark web. The centralized holders of personal data provide hackers with perfect points of attack. What if the data were decentralized so that people controlled their own data? Under a decentralized model, hackers would need to "hack" millions of individual phones to secure the same data. The Civic project is already making this distributed data model a reality

## Connect the Unbanked

Cryptocurrencies provide an avenue for the world's two billion unbanked individuals to participate in a financial system. Blockchain based financial systems offer networks that are open, borderless, transnational and neutral. These characteristics make it possible for anyone, including the world's poorest, to trade and transact with the rest of the world. Plugging the currently unbanked into an open financial system will enhance the value of their work, literally opening them up to a world of opportunities.

Digital nomads are currently exiting traditional office life. They complete their work from anywhere in the world, with no more than a laptop and internet connection. Could the world's unbanked and underemployed use these same tools and techniques? If so, they would likely opt for payment in crypto; and, in the process, the value of their work would be liberated from their arbitrarily depressed State into a world where location is no longer a primary consideration.

## Summary

Each of the effects of blockchain technology discussed above works towards restoring personal sovereignty, while simultaneously removing economic decision making from the political arena. Indeed, the impact of blockchain technology and crypto include:

- ❖ Enhancing the individual's ability to accumulate wealth via an end to currency creation and inflation;
- ❖ Reducing waste, fraud and corruption via the elimination of trusted third parties and middlemen;
- ❖ Reducing waste (from #2) and redirecting wealth (from #1) into innovation and development voluntarily selected by the people and markets;

- ❖ Providing public accountability for research and development via the need to please funders;
- ❖ Making it such that when Nation States resist the blockchain enabled power of the people, Anonymous Economy technology will make it possible for the productive to escape.

As blockchain technology matures over the next five to ten years, the shift in power from centralized authorities towards individuals will be significant, as will the implications thereof. In the long run the freedom, peace and innovation, driven by these changes, will restore the world's trajectory towards a future George Jetson would be proud of.

## Investing in a Post-Inflation World

### *How Inflation's Demise Will Impact Asset Prices*

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*This article highlights the investment logic surrounding what can be viewed as a rare transition occurring in the economy, and argues that investors must apply tailored logic to this scenario. To differentiate between investing environments, this article utilizes the following two terms: normal circumstances and extraordinary circumstances. To my knowledge, these terms are not used in the investment industry.*

For purposes of this analysis, there are two types of investing environments. Under **normal circumstances**, investors seek to capitalize on established trends and expect returns to remain bracketed within a fairly narrow band. The probability of large losses is generally remote. Given investors typically find themselves operating within normal circumstances, investing logic focuses on this type of environment.

**Extraordinary circumstances** are distinctly different from normal circumstances in that they typically involve a transition from one major trend to another. These transition periods usher in significant volatility, where

substantial gains and losses occur. Extraordinary circumstances demand more nimble thinking, risk control and a strong sense for which trends are dying and which are emerging. Extraordinary circumstance environments are rare, and failing to correctly identify them can be detrimental to one's portfolio.

## **What You See is *Not* What You Get**

Many people experience the current economy and financial systems as strong and growing, with low unemployment. People are generally cautiously optimistic regarding the future and view the investing environment as normal, with only a remote possibility of a major market drop. I, on the other hand, believe extraordinary circumstances exist within the current investing environment, and have felt this way for some time now. The key variable I see differently is the exceedingly large sum of borrowed and created currency injected into the U.S. economy annually.

After 100+ years of currency creation, the economy adapted to and changed shape to reflect the constant monetary inflows. Indeed, the economy now *needs* the annual inflow of currency like a heroin addict needs heroin. Without increasingly large currency inflows, the economy and financial system would undergo withdrawal symptoms. As an example, consider the military base closures of the late 80's and early 90's. I lived near Chanute AFB in Rantoul, IL, both before and after the base closure. Rantoul was/is a small town and if I had to guess, I would say that Chanute made up about 60% to 80% of its economy. With the constant inflows of government monies, Rantoul's economy grew and adapted to the inflows. When the base closed and the government money ceased, however, Rantoul's economy contracted (quite significantly) reflecting the removal of the economic steroids.

The U.S. currently appears to enjoy a healthy and robust economy, due to the cheap borrowed and created currency (economic steroids). Once the currency inflows stop, however, what took place in Rantoul will likely repeat itself, albeit on a national scale.

If one believes that the government and Federal Reserve can go on spending, borrowing and creating currency endlessly; then, there is no problem. The investing environment is normal. If, on the other hand, one believes the money spigot will soon tighten or close; then, the investing environment is extraordinary. If indeed the money printing and borrowing either stops or simply proves to be less effective (Japan for past 30 years), the implications for asset prices will be consequential. Currency inflows form the pillars supporting current asset prices, and their removal would constitute an oncoming economic earthquake.

### Investing v. Speculating

- **Investing** involves buying assets which produce a stream of dividends or distributions. The investor expects returns from distributions and appreciation of the investment. Examples include: investing in established companies, cash flow real estate, bonds and private businesses.
- **Speculating** involves buying low and selling higher than purchased. The investor makes money on the change in price. Examples include: day trading, high flying non-dividend paying stocks (tech companies), Forex trading, futures trading, precious metals and cryptocurrency.

Understanding whether you are investing or speculating is critical. In environments described as normal, an allocation of approximately 80% in investments and 20% in speculative assets makes sense. In an extraordinary circumstances' environment, however, allocating more to speculative investments is preferable; as extraordinary environments imply a reshuffling of the relationship between asset prices, which is the essence of speculation. Dividends and growth characteristic of investing will not overcome price drops incurred if the wrong types of assets are owned. The key to success under extraordinary circumstances is to exit assets tied to the dying trends and buy those attached to the rising trends.

## Housing – A Speculator’s Perspective

*In the 1950s, the idea of securing a 30-year mortgage with 10% down was preposterous. That reality heavily impacted the types of homes built. Indeed, homes of that era were substantially smaller and simpler than homes built after 1990. Given the contrast, what changed?*

*The mortgage market changed the most, by far. Interest rates decreased, down payment requirements ceased and/or were significantly reduced, and repayment terms extended, allowing homebuyers to purchase far more home than they could previously afford. Accordingly, the types of homes built changed, substantially. This example demonstrates how the inflationary trend towards easy money significantly inflated home sizes, features and prices.*

*If a speculator believed the inflationary trend were coming to an end, then s/he would anticipate a reversal in the mortgage trend (—i.e., higher rates, larger down payments, shorter terms). If mortgage terms tighten, the amount of money flowing into residential real estate would decrease and the price of mini mansions would fall precipitously. A speculator holding this perspective would view the anticipated reversal in the mortgage market as an opportunity to lock in housing profits and would look for an alternative appreciating asset to trade into. For example, assume the speculator could sell a house for \$300,000 and receive the equivalent of about 230.7 ounces of gold for it (gold = \$1,300/oz). If the scenario unfolded as described above, the home’s value would drop making it worth less than 230.7 ounces of gold. The speculator who believed a downturn in the mortgage market was on the horizon would elect to sell the house and secure the 230.7 ounces of gold knowing s/he could buy the house after the downturn for a lot less gold.*

## Investment Ideas:

Listed below are examples of a few investment ideas, although by no means is this list exhaustive:

- ❖ **Preferred Stocks** generally pay good dividends and are less volatile than common stock (given the company will typically redeem them at a known price in the future). Preferred stock owners additionally enjoy higher priority than common stock owners when it comes to dividends or in the event of bankruptcy;
- ❖ **Master Limited Partnerships** in resource areas where the partnership is financially strong and enjoys good demand growth (yes on natural gas; no on coal);
- ❖ **Partnerships** that develop oil well properties;
- ❖ **Cash flow** from real estate in value locations; and
- ❖ **Agricultural land** outside of western countries.
- ❖ **Interesting sectors** include segments of the resource industries, robotics, drones (both air and sea) and water (desalinization).
- ❖ **Increasing economic activity on oceans** will be an important future economic trend. Mariculture (farming in seawater) and technologies like OTEC (Ocean Thermal Energy Conversion) have the potential to address many of the world's food and energy challenges while at the same time addressing ecological and environmental damage.

## Speculative Investments:

Two examples of speculative assets include:

- ❖ **Cryptocurrency** - As of June 2019, Bitcoin rallied from about \$3,200 to over \$10,000 in less than six months' time. Bitcoin provides a great example of a speculative investment given its extreme volatility.

## ❖ Gold & Silver

- Stored in a place where you can access it (NOT a safe deposit box); and/or
- Stored in vaults around the world.

## Investing into the Financial Earthquake

In an earlier article (You Are Here) I analogized the coming and going of trends as being similar to a series of books. The current book, which might be titled “Central Banking and Currency Creation,” is coming to a close. The world is transitioning into a new book titled, “Decentralization.” The transition will be tumultuous, like an earthquake. Successfully investing across the divide requires different strategies than what worked in the currency creation trend. Below are **guidelines to consider** (not recommendations) when navigating the upcoming earthquake:

- ❖ Invest for value - **Limiting downside risk is key!** Avoid inflated and overpriced assets. Their downside could result in financial death during the earthquake. Seek out of favor, financially robust investments that can be purchased at value prices.
- ❖ Seek investments that sync well with the incoming trends of decentralization and blockchain.
- ❖ Invest outside of the traditional financial system in assets such as Bitcoin/crypto, Gold/Silver, value real estate and private businesses. In the event of an earthquake, traditional financial systems may become unavailable —i.e., banks ATMs and credit cards, at least for a while. If possible, retain access to and control over a large portion of your assets.
- ❖ Invest in freedom focused countries. These locations will grow and be sought after.
- ❖ Seek places that respect property rights as they will become popular.

- ❖ Search for opportunities outside the over financialized western economy.
- ❖ Invest in opportunities focused on providing basic needs, such as food, water and power.
- ❖ Seek places with political stability. If the rules can change on a dime, investing there might be a mistake.
- ❖ Consider cryptocurrency friendly domiciles. Blockchain based and the anonymous economy are among the most important forming trends with tremendous upside potential.
- ❖ Look for locations with less exposure to international treaties such as NATO, Trans Pacific Partnership, and locations that are less likely to be involved in conflict.

No one investment can fulfill all of these guidelines, but these ideas can be used to build a fortress portfolio.

## Trader's Desk

If we examine the situation from the standpoint of a trader (speculator), the simple rule would be to sell assets that are inflated and overpriced and use the proceeds to purchase undervalued asset classes.

Sell	Buy
Dollar *	Bitcoin & Crypto
Euro *	Gold & Silver
Stocks	Value priced Companies
Bonds	Agriculture land
Western Real Estate	Real Estate in Growth Locations

\* Since round 1 of the financial earthquake will likely be deflationary, holding Dollars or Euros in the short run may prove to be beneficial. One should

be able to convert those dollars or Euros into substantially more assets than one can at present. By round three however, inflation will reveal itself. Hence, one won't want to be a holder of large Dollar/Euro deposits in the medium and long-term.

Understanding how the changing inflation trend will impact asset prices is key. **Inflation is pivotal** to investment decision making at this time.

## Crypto Yield

Finding opportunities to earn a yield from digital assets seems like a good and growing possibility. Celsius, Credearn and Blockfi offer interest yields in the 6-10% range.

## Appendix A - Major Market Corrections

Markets are volatile. Two major corrections occurred over the past twenty years. In each case, the markets re-inflated with the creation of extraordinary amounts of new currency. These “corrections” created complacency in the minds of savers/investors, who now believe markets always bounce back. One key factor to consider would be that each of these bounce backs in stock prices occurred within the inflation megatrend. The next stock drop may occur as part of a transition between major long-term trends. If that happens, the prices will likely *not* re-inflate.

Year	2000	2007
S&P 500	-47.5%	-57.7%
Nasdaq	-75.3%	-52%
Dow	-35.5%	-54.4%

## Finding Galt's Gulch

### *A New World of Opportunity*

Galt's Gulch is a secluded Colorado community in Ayn Rand's 1957 novel Atlas Shrugged where heroes of competence and industry go on strike from society after becoming frustrated by coercion and central planning. The residents of Galt's Gulch build a small voluntary society where people live in peace and are able to fully express their dedication and passion.

In many ways, the trajectory of the modern world parallels Atlas Shrugged in that society seems to be gradually grinding to a halt due to irrational central planning and moral failure. While Ayn Rand's Galt's Gulch was a physical place, the real Galt's Gulch is taking shape on distributed networks powered by computer protocols (shared rules). The opportunities to build new governance systems enabled by this technological breakthrough are mind boggling. Just as the residents of Galt's Gulch planned to use their small community as a launching pad to rebuild the world based on principles of freedom and voluntary action; the Governance Revolution, enabled by distributed network technology, will form the foundation for new systems of cooperation where people are empowered and corruption penalized. The seeds of a new and more peaceful world have been planted on distributed networks like Ethereum.

While the transition to a promising, albeit radically different future, will likely be tumultuous and potentially dangerous, the world will take another step towards freedom and a more peaceful future. Ways in which distributed networks will positively impact the World are discussed below:

## Power & System Changes

Leaderless networks, made possible by distributed networks, **empower individuals, while reducing corruption.** They do so by removing the network “king” characteristic endemic to centralized systems. The Moloch DAO, for example, demonstrates how smart contracts can be used in place of committees or CEOs. The Moloch DAO is a distributed decentralized fund which allocates grant monies to develop projects on the Ethereum blockchain. DAO members have three primary rights. Namely, they can vote on new members, vote on proposals or they can “quit” and take their portion of the DAO’s funds with them. That’s it. This straightforward structure and the ability of members to quit aligns the incentives of individual members with that of the group.

Centralized systems routinely ignore the desires of those whom they govern (think 2003 Iraq war, 2008 bail-out). Distributed governance systems, such as the Moloch DAO, empower individuals to make a real difference. When an individual disagrees with the group, s/he can take actions that impact incentives for other network participants. Effectively utilizing Game Theory to reshape incentives, decentralized networks fundamentally change how systems perform. Within these new governance models, the preferences of all participants will be more accurately represented.

## Sound Money

Replacing central banks with math and computer protocols provides the single greatest systemic change enabled by new governance technology. Question: Who holds power in the current system? Answer: S/he who can create money. Central banks and the banking system generate money enabling them to buy friends and silence opponents. This Superpower fundamentally shapes the distribution of social, economic and political power in the current system.

By fixing the total amount of Bitcoin that can ever exist into a computer protocol (21 million) in addition to spreading decision making across a network of participants with skin in the game, the Bitcoin network aligns the interests of *all* stakeholders. Sound money systems such as Bitcoin will **radically decrease the power of currency creators.**

## War and Peace

Governments spend massive amounts of money on war and weapons. Central governments and their ability to coerce tax revenue from the populace made building a profitable war machine possible. The transition from a manufacturing-based economy to an information economy, along with the creation of an “economic freedom zone” on the internet where large portions of wealth and value creation are migrating, will severely limited the government’s ability to fund war and weapons development in the future. Moving large pools of wealth, currently within the grasp of governments, outside of their reach and into the control of private and free actors, who are disincentivized to spend on war and weapons, will significantly **reduce the amount of violence in the world.** In addition, those resources will be redirected towards productive use.

## Cultural Change

In the current world of debt and currency creation the goal for individuals, companies and organizations alike, is how to grab their piece of the inflation pie. Debt enabled vote buying impacts culture, as well, by making an Olympic event out of victimization. Victim groups compete and complain to see who can establish themselves as the king of oppression hill. The cultural impacts are awful. Adopting a victim mentality results in irrational ideas and behaviors destructive to personal growth and power.

Distributed governance technology strips centralized vote buyers of their funds, thereby promoting a more rational cultural environment. In a post Governance Revolution world, the victim olympics will play no role.

## Summary

For nearly 10,000 years centralized systems and the kings/queens, committees and CEO's that ran them, use(d) their power to bend society towards the interests of an elite minority. Replacing centralized system decision makers with computer protocols will produce a Governance Revolution with far reaching implications. Keep in mind, we currently rely on computer code (over people) for all sorts of things, including directions/GPS, information, calculations, answers to questions, and so on and so forth.

By enabling people to retain more control over their wealth and productivity, individuals (not centralized decision makers) will determine what society should look like. Individuals will direct society in a truly democratic manner and without massive costs from corruption and war. For instance, people who want to help the poor by method A can support those programs, while those who want to help via method B can do so, as well. Those who prefer health insurance package A can chose it, while others who prefer package B can elect it. People will chose based upon results; not empty promises. Any system that denies individuals these kinds of choices should be described as totalitarian, not a freedom system.

Going forward, decentralized protocol driven systems will gradually strip the funding sources of centralized systems by redirecting cash flows out of reach of sticky-fingered middlemen. Finding ways to participate in the Governance Revolution trend should be a top priority for all forward-looking people.

As a closing thought, incentives matter. Indeed, they are critical. People and those in power chase incentives and act accordingly. If you want systems to perform differently, change the incentives. Decentralized protocol driven

systems alter incentives as they diminish the power of exploiters and empower individuals.

# Navigating the Financial Earthquake

## *A Prepping Primer*

### **Preparing for the Transition**

When evaluating the transition from a world of inflation to one of decentralization and sound money, there are a number of scenarios to consider. While I completed a fair amount of research on disaster prepping, I generally find the topic unsettling. Many people in the prepper movement envision a dystopian future, emphasizing the importance of weapons and leaning towards a go-it-alone bunker mentality. To me, this approach is flawed. People need each other and accomplish meaningful actions when acting as part of a community. No one person has all the knowledge and resources necessary to make it in even a simple world/economy. Hence, in the event of social challenges or upheaval, community plays a critical role. That said, build relationships, share knowledge and trade resources for mutual benefit. Make yourself valuable to those around you. Not only is this approach more positive and edifying, but it will enhance your chances of success.

### **Handicapping the Magnitude**

Listed below are transition period scenarios on a scale from 0 to 10:

**Zero** - Nothing happens. Life as normal;

**Three** - A medium strength recession occurs;

**Five** - A severe recession (at least on par with 2008);

**Seven** - A depression occurs; and

**Ten** - An unmitigated disaster ensues.

In my mind, the most likely scenario will fall in the five to seven range. That is, the odds of a five to seven scenario recession developing are about 50%, with the remaining 50% spread equally both below five and above seven (see table below). An effective prep plan focuses on preparing for a level seven challenge. Generally, no one enjoys sufficient visibility required to prep for level eight+ disasters.

I share these perspectives not in an effort to convince anyone of the severity or probabilities of future events; but rather, to prompt people to evaluate the information for themselves. Ultimately, each individual must make his/her own decisions about what the future looks like and how to best prepare.

### **Five Year Scenario & Probability Table**

<b>Severity</b>	<b>0-3</b>	<b>3-5</b>	<b>5-7</b>	<b>7-10</b>
<b>Probability</b>	0%	25%	50%	25%

### **Two Steps Back, Ten Steps Forward**

Decentralization will ultimately usher in a more peaceful and stable world, albeit not without some growing pains. Positioning oneself to take advantage of the brave new decentralized world should be a priority, and most certainly consumes a fair amount of my time and thinking. Societally speaking, there will likely be a few steps backward before moving leaps and bounds forward. Developing a basic disaster plan for navigating the inevitable chaos that will accompany the steps backwards will help maximize the steps forward.

## Prior to the Earthquake

Ideas of how one might prep for the transition to a decentralized world include:

- ❖ Obtaining a second passport, if you can do so without investing a lot of time or money. Holding a second passport can increase your options while reducing political risk;
- ❖ Even without holding a second passport, diversify your assets across different countries, currencies and economies so as to spread risk;
- ❖ Move a portion of your assets outside of the financial system into gold & silver, cryptocurrency, and value real estate;
- ❖ Upgrade the quality of the banks and brokerages you use. Look for well capitalized conservative institutions;
- ❖ Build relationships with people who have important knowledge/skills;
- ❖ Invest in yourself - Educate yourself regarding finances (how to build and preserve them) and develop practical skills such as vegetable gardening, canning food and first aid;
- ❖ Read several articles on prepping and gather a supply of basic items that would last between one to six months. These articles typically recommend: a supply of freeze-dried food (25+ year life), water purification tablets, toilet paper, toothbrushes, toothpaste, cash, first aid kit, pepper spray, baton, etc.

## During the Earthquake

- ❖ Remain calm and carry on - Lots of people will be under stress. De-escalate conflicts and help people think clearly;
- ❖ Be valuable - Help others, share information and trade for mutual benefit;

- ❖ Be adaptable - Lots of new information will arrive. Remain open to new ideas and be willing to change course as needed;
- ❖ Avoid crowds of desperate people;
- ❖ Look for entrepreneurial opportunities to help people make and grow what they need, and
- ❖ Focus on community and partnering.

As a final note, prepping is perhaps one of my least favorite topics. However, it is important if you believe a financial earthquake is on the horizon. This article just scratched the surface of prepping highlights; so, if interested, dig deeper. There are lots of prepper resources available.

# INTERNATIONALIZATION

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## My Internationalization Program *Becoming a Citizen of the World*

### Definition

**Internationalization** - A program designed primarily to obtain additional passports and residence permits. Ultimately, the goal is an enhanced ability to invest and live around the globe while reducing political risk.

I believe, and have for close to two decades now, that being able to operate internationally would generate benefits, personally and professionally. Given the cost and time commitments involved, however, I was not able to begin implementing my program until early 2018. By late 2017, the imperative for action peaked and my personal situation changed sufficiently such that I was able to implement my plan.

### Benefits of Internationalization

The benefits of executing an internationalization plan include:

- ❖ Greater freedom to live and operate abroad, while reducing the political risk of being tied to one country. Holding only one passport limits your

freedom of travel. If you run afoul of the authorities, your passport can be turned off;

- ❖ The ability to legally reside outside of your passport country for extended periods of time (permissible with resident permits and/or citizenship);
- ❖ Reduced tax obligations per the Foreign Earned Income Exemption (see a tax advisor for details);
- ❖ Increased confidence and comfort when operating outside of one's home country. A person who is able to operate internationally can take advantage of opportunities outside of their home country;
- ❖ Distribute assets around the world. Doing so will alleviate political, financial and economic risk;
- ❖ Decrease living expenses. A first world life can be achieved for far less in many parts of the world (other than the U.S. or Western Europe);
- ❖ Opportunities to earn a better return on your assets while reducing risk. Assets (—i.e., stocks, real estate, bonds etc.) in the U.S. and Europe are expensive, in no small part due to the currency creation of the banks which artificially inflates asset values. As a result, returns are low and risks are high in the western world. In off-the-beaten-path locations, opportunities to purchase value real estate or companies for less than their book value exist. In addition, there are financially strong banks able to pay real interest on deposits. In Tbilisi, Georgia, for example, TBC Bank pays 10.75% interest on a two-year CD;
- ❖ Internationalizing makes life more exciting and interesting You meet people from across the globe, see fantastic sites and learn a lot about this fantastic world of ours;
- ❖ Internationalizing facilitates a broader more worldly view. Stepping outside of a strictly national perspective frees one's mind. Viewing the world outside of national propaganda exposes new perspectives and ideas;

- ❖ In the event of a political situation deteriorating rapidly in the home country, alternatives will be readily available;
- ❖ The U.S. and Europe are heavily regulated, which is the opposite of freedom. One can live a much freer life in many other locations across the globe. Setting aside all other aspects of freedom, let's view it strictly from a financial standpoint, focusing on taxes. Add up all the taxes paid by the average middle-class person in the West (in the U.S.: Fed Income, State Income, Soc. Security, Medicare, property tax, sales tax, gov fees (--i.e., license plates), Obamacare tax, to name just a few). What percentage of one's total income goes towards taxes? At least 60%, for most!! If there are places where taxes can be reduced to 30% or less, while simultaneously reducing living expenses, doesn't that represent a substantial increase in freedom?

## **Costs to Internationalize**

As with all things, there are downsides to an international lifestyle, including:

- ❖ If you seek to acquire additional passports and residence permits, the path is expensive and time consuming (details later).
- ❖ You may lose friends. Many people balk at the ideas expressed in this article series, and become angry with the suggestion that change may be on the horizon or that their Nation State may not exist to the end of time. Being dedicated to rationality and free thinking can cost you relationships.

## **The Low-Cost Alternative**

If you do not have the time nor resources to obtain additional passports and residence cards, you can still improve your situation, as follows:

- ❖ Move a portion of your assets out of the financial system and into:

- Gold & Silver,
  - Bitcoin & cryptocurrency, and
  - Some physical cash.
- ❖ Move assets outside of your country of residence:
    - Open bank accounts in different countries,
    - Open a foreign brokerage account, such as Boom Securities,
    - Consider investing in a cash flow producing foreign partnership.
  - ❖ Be on the lookout for opportunities in the blockchain space. Seek investments in the “parallel economy”, currently developing in the crypto space. Educating yourself about this nascent technology is free, and it could very well pay handsome dividends well into the future. A great place to start would be Anthony Pompliano’s (a/k/a Pomp) Off the Chain podcast or newsletter. Keep in mind, as well, that a number of companies pay good yields for crypto deposits, such as:
    - ❖ Blockfi - [blockfi.com](https://blockfi.com)
    - ❖ Celsius - [celsius.network](https://celsius.network)
    - ❖ Credearn - [earn.mycred.io](https://earn.mycred.io)

## My Internationalization Action Plan

My journey towards additional passports and residence cards unfolded as follows:

**Step 1 – Research:** I scoured, read and reviewed hundreds of websites, books and additional resources on how to internationalize. After doing so I appreciated that while I could certainly internationalize on my own, my preference was to work with a knowledgeable consultant who provides

welcomed assistance along the way. I used The Nomad Capitalist and am pleased with their services. Initially, I completed a 250-pointed questionnaire along with an interview which clarified and narrowed my priorities. My responses resulted in a customized internationalization plan, which cost approximately \$7,000. In the event you move forward with their implementation assistance, those monies are credited towards the cost of the implementation. You do need to sign a contract within seven days, however, so be ready to move forward when you complete the interview.

**Step 2** – Engage the consultant. Nomad Capitalist facilitated the process with the assistance of local (native) service providers who accompanied me to multiple official/governmental meetings. Quite frankly, I cannot imagine navigating the bureaucratic maze of the selected countries without the aid of a local contact knowledgeable regarding the application process and fluent in the language. The cost is not insignificant (\$25k and up), but when weighed against the potential gains, it made financial sense to me.

**Step 3** – Implementation of the plan. I ultimately sought citizenship in Georgia (a country in the Caucasus region of Eurasia) and residency in Mexico.

## GEORGIA:

Trip 1	4/2018	7 biz days	Apply for residency
Trip 2	7/2018	5 biz days	Pick up resident card
Trip 3	4/2019	7 biz days	Apply for resident investor status
Trip 4	6/2019	10 biz days	Pick up res inv card
Trip 5	2/2020	TBD	Citizenship app
Trip 6	5/2020	TBD	Pick up passport

Tbilisi, Georgia is a wonderful city. Recently dubbed a hot new tourist destination (<https://www.forbes.com/sites/breannawilson/2018/09/05/berlin-is-out-tbilisi-is-in-georgias-capital-is-this-years-most-exciting->

city/#5e808570479d, Tbilisi is a cool mix of old and new with a lively and incredibly interesting history and culture. In addition, it is safe, the people are friendly, hardworking and outgoing, and the cost of living is low as compared to western cities. Further, it is possible to navigate and enjoy the city speaking English.

A drawback of Georgia, in the event you are coming from the United States, is the travel time. It takes approximately 30 hours with two layovers to get there when traveling from the West coast. Combined with a 12-hour time zone change, one loses two nights during travel. If departing late on Thursday night from Denver, Colorado, for example, you will arrive in Tbilisi on Saturday mid-morning (layover in NYC & Istanbul).

**Investment** – In order to implement a relatively fast citizenship program, one needs to invest approximately \$300,000 in real estate (subject to change). There are alternative programs, as well, but this is the one I went with. I purchased three apartments to be used as Airbnb rentals. Only one property was rent ready when purchased, and this apartment was the only one of the three I saw before buying. The other two apartments needed extensive rehab work.

## **Alternative Investment Strategies**

Tbilisi is undergoing tremendous growth, with a good deal of construction underfoot. Opportunities to purchase new construction are plentiful. In the Vacke area of Tbilisi, for example, there are a number of new towers under construction and recently completed. These units are sold and operated much like a hotel, with the owners receiving a certain percentage of the proceeds. While there are certainly costs associated with this option and the purchase price is higher than older units, there are no rehab or neighbor problems.

## Surprises Along the Way

There are no guarantees. One can complete all the required steps and still be denied citizenship, which means having to reapply at a later date. It is not uncommon for applications to be denied, or for additional information to be requested, or for trips/steps to be repeated resulting in additional time and expense. I have experienced some of these hurdles, myself. Nevertheless, I remain committed to the goal.

### MEXICO:

Trip 1	2/2018	3 biz days	To Mexican consulate in Boston to obtain a visa
Trip 2	3/2018	7 biz days	Apply for resident card
Trip 3	5/2018	7 biz days	Pick up 1 yr. temp. resident card
Trip 4	3/2019	7 biz days	Apply for 3 yr. temp resident card
Trip 5	5/2019	7 biz days	Pick up 3 yr. resident card

I completed my immigration work in Merida, a historic town in the Yucatan Peninsula. The city with its rich history is safe and the people friendly. English is not widely spoken, however, so fluency in Spanish would be a plus (I don't speak Spanish). Many expats from the United States and Canada live there, however, and they are eager to help new-comers.

To date, I secured a three-year residency card. Near its expiration date, I can apply for permanent residency. While permanent residency or citizenship does not require an investment (financially or otherwise), the path to citizenship does require holding a resident card for five years and some time actually lived in Mexico.

## The Next Phase - Exploration

I am about 75% complete with Phase 1 of my internationalization project, which I consider the “paperwork phase.” This Phase involves significant travel, completing and gathering extensive paperwork, attending meetings at government offices, opening various accounts and ultimately securing residence permits. Between March and June of the past 1½ years, for example, I took one ten-day trip, per month, to either Merida, Mexico or Tbilisi, Georgia. While I learned and saw a great deal, I am ready for Phase 2 - the Exploration Phase.

There are lots of other places I would like to explore, such as Chile, Poland, Hungary, the Czech Republic, Hong-Kong, Vietnam, Cambodia and Singapore, to list just a few. I am seeking opportunities to invest and generate income, where expenses are low and where I would enjoy spending a significant amount of time. The residence cards I have, to date, are a great starting point. They are not necessarily the final answer in my search for maximum freedom, however.

An internationalization strategy resembles a smorgasbord, in many ways. Internationalizers work and invest in a variety of locations. For instance, they might live in country A for most of the year and spend winter in country B; own a company in country C; bank in countries D/E; buy real estate in counties F/G and have a brokerage account in country H. In other words, the-internationalizer finds the country(ies) best able to address his/her particular needs and conducts his/her respective business accordingly. This idea is known as “jurisdictional arbitrage.”

## Summary

While I have thoroughly enjoyed my internationalizing experience of the past 1½ years and look forward to Phase 2, I appreciate that pursuing this kind of program only makes sense for a small group of people with unique circumstances. The time, travel and expense associated with obtaining

a second or third passport renders it impractical for most. Through this experience, one of my goals is to develop strategies for those who are either not interested in or not able to secure additional passports or resident cards, but who nevertheless would like to achieve many of the benefits of internationalization. Stay tuned.



