



Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Wisdom: "We make a living by what we get, but we make a life by what we give." Winston Churchill

Inside this issue:

1. Americans Facing Financial Crisis
2. Connections
3. Money Talks
4. Death of Spouse
5. Politicization of Capitalism

Except for the Great Depression, we are experiencing the most economically unstable period in the history of the modern world. This period will be marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent social disruptions. As is typical of such times, many fortunes will be made and lost during this period. After talking with many business owners, executives, professionals and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to benefit during this time of crisis. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

Why Many Americans are Facing a Financial Crisis



The title of this newsletter is the *Financial Crisis Report*. But where is the financial crisis? Probably, a little way off yet. However, the more important question to ask is when the financial crisis arrives, and it will, will the average American be able to handle it? At this time, with big geo-political challenges and a jittery stock market, the answer to that question is a resounding NO!

Now, the point of this article is not to be alarmist, but only to be cautious.

We all recall what happened in 2008, the worst financial crisis since the Great Depression.

The unemployment rate doubled... 200,000 small businesses were forced to close their doors... And the entire country had to tighten our purse strings.

But do you know who was hit the hardest?

Folks without any emergency savings.

When they couldn't pay their mortgage repayments, cold-blooded money lenders foreclosed on their houses.

10 million families were banished from their homes.

It was the largest displacement of Americans in modern history.

All because we were unprepared.

Of course, our goal is to be ready to deal with any future financial disaster. With proper planning, we will be.

Unfortunately, however, the average American is no more prepared for a crisis than they were over a decade ago. If the below facts do not apply to you, then you can bless your stars you are above average. If they do apply to you, then you need to get on the ball now so that they will not.

Below are five shocking facts that reveal just how little folks have learned...

Shocking Fact #1: 31% of adults have no retirement savings — at all!

For many folks, retirement is the well-earned reward at the end of many years of hard work.

But it doesn't come cheap.



Connections (or How to Get Ahead in the Swamp Without Really Trying)

The average cost of retirement in the U.S. is about \$40,938 per year. And economists estimate the total cost of retirement between \$700,000 and \$1 million.

Yet about 31% of non-retired adults have no retirement savings or pension at all.

Granted, this statistic varies somewhat by age. The number comes in at 50% for people between 18 and 29. And a jaw-dropping 25% for non-retired people 45 and older!

What's their plan?

Shocking Fact #2: Most Americans have less than \$1,000 in savings.

The first step in preparing for a financial crisis is a substantial emergency fund.

In the event of a major flood or earthquake, banks and ATMs could be closed for weeks. So, you should have at least \$1,000-\$2,000 to see you through an immediate crisis.

But in a prolonged crisis, you could be out of work for months at a time. And you'll still have to pay your bills and feed your family. That's why I recommend a safety net of at least three-six months' pay.

Shockingly however, 69% of Americans have less than \$1,000 in their savings accounts. While 21% don't even *have* a savings account!

Shocking Fact #3: 50% of Americans can't come up with emergency funds.

According to the National Bureau of Economic Research, a whopping half of Americans wouldn't be able to come up with \$2,000 for an "unexpected expense in the next month."

Even when they take into account getting a loan from friends or family... or pawning valuables.

That means half of Americans are unprepared for any large surprise expense — such as a health emergency, losing a job, or urgent home repair.

Shocking Fact #4: A growing percentage of the middle-class plan

to work until death.

According to a survey by Wells Fargo, an astounding 37% of middle class Americans plan to work until they're too sick — or until they die. While another 34% believe they'll have to put off retirement until the ripe old age of 80.

Shocking Fact #5: The average American household with debt owes \$132,529.

Debt is an all-too common part of modern living. Which is all fine and dandy when everything's going well... But there's nothing more dangerous than debt in a crisis.

Flailing companies will be desperate to keep their head above water. They'll try to recoup their losses by collecting your debts — aggressively. And at a time when you should be focused on your family's comfort and survival, you'll have to worry about trying to hold onto your car or home.

The Shocking Bottom line: Americans spend way too much and don't save enough. Few are prepared for a minor emergency, let alone a full-blown financial crisis.

We usually won't get a second chance.

Here is to our continued efforts to gain financial security.

D. Miyoshi

Connections (or How to Get Ahead in the Swamp Without Really Trying)





Connections (or How to Get Ahead in the Swamp Without Really Trying)

Christopher Ruddy is the CEO of Newsmax Media. He is reportedly considering an investment offer of \$90 million in his publishing business, Newsmax.

Christopher is a Trump ally and friend. The media speculates that the money is coming in from the government of Qatar for the purpose of gaining access to, or finding favor with, the U.S. president.

Christopher denies it.

But this sort of thing does happen...

CONNECTIONS TO MAKE GAIN

For instance, CNN tells us that Trump’s personal lawyer has been selling his connection to the White House as if he were a shyster on late night TV:

Michael Cohen served loyally as Donald Trump’s right-hand man for more than a decade, taking care of anything and everything the New York real estate baron needed to get done.

On November 8, 2016, Cohen’s stock suddenly soared: He was now the personal attorney to the President-elect of the United States, with unique understanding of a man that everyone was scrambling to get access to.

Cohen quickly got to work. According to multiple people familiar with Cohen’s conduct following the election, he aggressively pitched himself to potential clients, reminding them of his proximity to the most powerful man in the world. Those efforts landed Cohen lucrative consulting deals. Recent reporting revealed that in the months following the 2016 election, Cohen received hundreds of thousands of dollars from powerful entities based in and outside of the United States.

We only bring it up to illustrate how the swamp works: If you need things fixed, you go to a fixer.

It is more proper that law should govern than any one of the citizens.

– Aristotle, Politics, Book III

If you have a real government of laws, and not of men, no one bothers to buy “access” to the president or the ruling party – because access doesn’t get you anywhere.

Since the 16th century, Justicia – or Lady Justice – is depicted as

the blindfolded lady holding scales. She deals out justice impartially; she doesn’t care whether you have access or not. Justice is meant to be applied equally, regardless of wealth, power, or status.

A Wet and Dirty World

But in the dirty world of the “Swamp,” the blindfold is the first thing to go. That’s when it pays to make connections.

It is sobering to note that lobbying expenses are among the best investments a company can make. Campaign contributions, too, are good ways to get ahead in the swamp.

But you’ve got to bet on the right horse. In the fall of 2016, most of the swamp money was going to Hillary; most people thought she would win (Secretariat of State would have been a nice nickname for her albeit the horse did better than she).

But, when the ballots were counted, all of a sudden, the swamp critters had to find a way to get to The Donald.

That proved easy to do. The president-elect and his entourage were already very experienced with the swamp.

They’d been on the make in the New York swamp for decades. All they had to do was take the Acela train down to the Okefenokee on the Potomac, where the swamp was bigger, deeper, and even more foul.

As a side note perhaps it is universally accepted throughout the world that water is associated with the lesser than noble enterprises of society. I am a Japanophile and love to visit there. While working there as a corporate attorney, I learned about the mizu shobai (literally translated “water trade”) a traditional euphemism for the nighttime entertainment business in Japan provided by hostess bars, cabarets and bathhouses and how these businesses feed off the traditional business companies.

Call Michael

Almost immediately following the presidential election, Michael Cohen was on the phone. CNN:

“I don’t know who’s been representing you, but you should fire them all. I’m the guy you should hire. I’m closest to the president. I’m his personal lawyer,” was how one GOP strategist described Cohen’s sales pitch.

And the money rolled in. \$1.2 million from drug giant Novartis. \$200,000 from AT&T. Half a million from Russian oligarch Viktor Vekselberg. \$500,000 from Columbus Nova. \$150,000 from Korea Aerospace Industries.



Connections (or How to Get Ahead in the Swamp Without Really Trying)

This last company was angling for a crony contract from the U.S. Air Force. It turned to Cohen, who has no apparent knowledge of the aircraft industry or federal contract procedure.

His legal experience is limited to the kind of thing you find on billboards – “Injured on the job? Denied disability? Call Michael”... and, of course, controlling the damage from Donald Trump’s misadventures.

Nevertheless, Korea Aerospace Industries turned to him for what it called “short-term legal advice.”

But heck, it’s good work if you can get it.

A hundred thousand here. A hundred thousand there. Pretty soon, you’re no longer a putz from Long Island; you’re a real mover and shaker with enough money to hold your head up.

The news papers reported that Cohen’s firm Essential Consultants received a total of about \$4.4 million in fees.

That’s the way the swamp works. Pack enough complicated laws on the books and what you really have is a government of men who help you get around them.

Therefore, at this time, having the right connections is... well... essential. Cohen is the living manifestation of the expression “it’s not what you know but who you know.”

CONNECTIONS TO AVOID LOSS

The right connections can also help you avoid loss.

Senator John McCain, when a Lieutenant Commander in the U.S. Navy was a Navy pilot (they call themselves aviators). July 29, 1967 while on the deck and in his plane on the carrier U.S.S. Forrestal he managed to screw up procedures (officially denied and covered up by him and the Navy) Wikipedia cites only the following “During the Vietnam War, he was almost killed in the 1967 *USS Forrestal* fire.” You may check this on Wikipedia. McCain did a reckless attention getting trick by doing a “wet start” up of his jet.

When a pilot wants to show off, this type of engine start creates a large startling flame and lots of surprise noise from the rear of a jet engine on start up—this was no accident. This and the large subsequent electrical surge and apparent (incorrect and against policy) weapon arming (by the pilot) caused the launching of a powerful Zuni rocket across the carrier’s deck hitting other parked planes (photo below) that were packing 1,000 high-explosive pound bombs. The subsequent massive explosions, fire and destruction went several decks below and nearly sunk this major 82,000 ton U.S. aircraft carrier.



This stunt and the aftermath caused the death of 134 sailors and seriously injured another 161 sailors and took the ship off the battle line for extensive repairs.

For any other Navy pilot causing this type of death and destruction the Navy would have court martialed him and he would probably still be in the brig. Why not McCain? Well, first with many powerful connections this “little infraction” was covered up by the Navy.

McCain’s grandfather was a famous four-star Navy admiral and his dad was at the time of the incident also a powerful Navy four-star admiral and McCain had graduated from the Naval Academy. Thus, the old boy Navy tradition CYA network went immediately into high gear. After that “incident” McCain became a U.S. senator.

Incidentally, this incident is not covered in the latest HBO documentary “John McCain: For Whom the Bell Tolls.”

So unfairly connections do make a difference.

As crass as it may sound, business and law schools may want to offer classes such as Connections 101, Advanced Connections, Theory of Connections, and the like.

I sincerely believe president Trump has the good intention of draining the swamp. But I think he along with most of us have underestimated the size of the D.C. bayou.

We remember the 1963 hit song by Roy Orbison “Blue Bayou.” There is no question, the D.C bayou and most of the state bayous have of late become blue. Was Orbison trying to tell us something?

D. Miyoshi

Money Talks

Money Talks



First, president Trump must be congratulated for getting Kim Jong Un to blink first and offer to meet for denuclearization talks. Also, president drew first blood when Kim Jong Un readily agreed to release the three hostages.

The possible meeting in Singapore between president Trump and North Korea's Kim Jong Un could be called "Money Talks" because it appears the real reason Kim Jong Un wants to talk is because North Korea is short on money or as we call it in legal jargon, bankrupt. Trump initially called off the meeting alleging negative feedback from the North Korean administration. But indications are at this point that Kim Jong Un is still agreeable to meet. China, South Korea and Japan are all calling the meeting a "milestone" and it may be that as the most consequential geo-political meeting between a rich nuclear power and a very poor one. Probably, the only criticism that can be made of Trump's ready acceptance to talk is that it came a bit early without his first demanding any concessions such as the release of the three U.S. citizens being held hostage in North Korea, which eventually happened. But this criticism borders on the trivial when considering the enormous stakes at hand.

South Korean National Security Advisor Chung Eui-Yong said Kim Jong Un pledged that North Korea will refrain from any further nuclear missile tests due to Trump's "leadership" and "maximum pressure." Those reasons were likely a big help in getting us to this place.

However, on a recent Fox News Tucker Carlson Tonight show Director of Defense Studies at the Center for the National Interest Harry Kazianis pointed out that the South Korean press has reported in recent weeks that the Hermit Kingdom is on the edge of financial bankruptcy, which could help explain why Kim is ready to "talk" (and hopefully negotiate as well).

"By October, their foreign exchange reserves are probably going to be exhausted and their dollar reserves are going to be exhausted. So that means North Korea is essentially bankrupt," Kazianis said. "You can't build a lot of nuclear weapons and a lot of missiles when you have no money to do it."

Many pundits believe what Kim really wants is legitimacy on the world stage. But can you be both bankrupt and legitimate?

Kazianis did acknowledge however, that North Korea may simply be trying to buy time while they continue to develop their nuclear weapons program, but he believes Kim's "newfound pragmatism" may be a better explanation. One other explanation that was proffered is that Kim may suspect that president Trump really believes in his generals and their ability and intent to actually bring the "fire and fury" they promised in the beginning.

Kazianis said Trump should throw the "Hail Mary" and meet with Kim, but the U.S. must not offer any bribes or incentives, because the North Koreans have asked for those in the past as a condition for coming to the negotiation table.

"Time is against them. Their economy is a disaster," Kazianis said, noting that North Korea's economy is worth approximately \$14 billion, compared to South Korea's \$1.2 trillion. "Someday the North Korean state will collapse. And I think Kim realizes this. So this may be a historic moment. ... So I think Trump has to explore it."

North Korea could merely be attempting once again to run out the clock in pursuit of further aims. A long-term goal of Pyongyang has been to drive a wedge between the U.S. and South Korea. If Kim can bring the U.S. into long rounds of talks while increasing relations and cooperation with the South, any later attempts to coerce North Korea into a preferable U.S. position will be even more politically difficult. Clear evidence of this is Kim's latest attempts at rapprochement with South Korea.

Even if a deal is secured by the Trump administration, verifying North Korean compliance is still another story.

A senior administration official who spoke to reporters Thursday argued though that Trump's unorthodox approach is exactly what could make all the difference this time around.

"President Trump has a reputation for making deals," the official said. "Kim Jong Un is the one person able to make decisions in their uniquely totalitarian system, and so it made sense to accept the invitation with the one person who can make decisions instead of repeating the long slog of the past."



Money Talks

North Korea's initial offer will likely be sanctions relief in exchange for a weapons testing freeze, but other issues remain.

The Trump administration has repeatedly stated that such talks with North Korea could only begin on the condition of denuclearization. Pyongyang has asserted that denuclearization would only be entertained if the U.S. could guarantee the regime's safety. Based on previous comments from Kim, regime safety equates to an end of the U.S. military presence in South Korea, an almost certain non-starter for the U.S., and thus the end of the Washington-Seoul alliance.

Taking into account the difficulties that lay ahead, the proposed talks still represent a positive step away from the nuclear brink. Even if denuclearization is unlikely, limiting North Korea's program and restricting proliferation are more than worthwhile goals.

Pyongyang has attempted for over 20 years to secure a face-to-face meeting with a sitting U.S. president, stretching back to North Korean leader Kim Il Sung. All previous presidents had refused the offer for numerous reasons, one being the fear that such a meeting would legitimize the rogue regime's dictator as a credible world leader. While both Jimmy Carter and Bill Clinton at one point traveled to North Korea, both visits were made after leaving the Oval Office.

In fact, as noted by Jeffrey Lewis, director of the East Asia Nonproliferation Program at the Middlebury Institute of International Studies, the famous North Korean propaganda film "The Country I Saw" envisions a day when an American president, "compelled by North Korea's nuclear and missile programs," opts to treat Kim as an equal on the international stage.

Although the precise calculus behind Kim's decision for such a summit remains unknown, several factors are likely to have contributed to the decision, including the weight of sanctions on the regime, brought by the Trump administration's "maximum pressure" campaign, and potential fears of a "bloody nose strike."

And while Trump has injected a much-needed sense of urgency into the North Korea problem, Kim is entering into talks from a position of strength previously unseen from Pyongyang. Unlike during earlier attempts at a lasting détente, North Korea now has a nuclear and missile capability that has altered the balance of power and afforded the regime a greater bargaining ability.

Kim, despite allusions to an eventual denuclearization, will almost certainly never give up the very weapons North Korea has spent over four decades developing to ensure a deterrence to U.S. regime change.

North Korea has repeatedly made similar vows in the past, all which have ended in failure.

Both Koreas in 1992 signed the South-North Joint Declaration on the Denuclearization of the Korean Peninsula, pledging not to "test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons."

In 1994 as part of the Agreed Framework, Pyongyang stated its intention to freeze its plutonium weapons program in exchange for aid. The U.S. withdrew from the agreement in 2002 after it was learned North Korea had continued the nuclear program in secret.

After North Korea stated in 2003 that it had withdrawn from the nuclear Nonproliferation Treaty, which it originally signed in 1985, another attempt was made at negotiations that same year with the Six-Party Talks between China, Japan, North Korea, Russia, South Korea and the U.S. As part of those talks in 2005, North Korea pledged to abandon "all nuclear weapons and existing nuclear programs" and return to the nuclear Nonproliferation Treaty. The pledge fell through in 2009 after a North Korean rocket launch and disagreements over verification.

All of these failures granted North Korea the time necessary to continue, and, now according to Kim, fully develop its nuclear forces.

The White House has rightfully pledged to keep its "maximum pressure" campaign in place for now ahead of any meetings. While the stakes are higher than ever, the Trump administration has a chance to achieve progress towards a long-sought peace on the Korean Peninsula.

However, in early May the "New York Times" cited a report in the North Korean state run media that said Kim Jong-un is angry about planned military exercises between the U.S. and South Korea. The "Times" also says a disarmament negotiator for North Korea is saying there will be no meeting if the United States comes to the table demanding North Korea abandon its nuke development program altogether. This is a late monkey wrench in the works. But it is not surprising. In fact, the odds were that something like this would happen. It is highly likely that Kim believes surrendering any military advantage to the U.S. at this juncture is tantamount to suicide, especially with a stern but volatile president Trump at the helm.

But, if the meeting ultimately takes place, for sure it will be one of Trumps bigger "deals." I am sure Trump is wary about giving "rocket man" any more time and/or money to develop (make more accurate) his nuclear arsenal or his relationship with Iran. The risk is that president Trump's ever-present ego gets in the way of his quest to put Kim in his place. Most likely, Kim is a crafty individual in his own right. The eternal goal of North Korea has always been to unite the two Koreas. To do that would require the U.S. to vacate its troops from South Korea. To that end, Kim could make an offer to Trump that North Korea would give up its nuclear program if the



Upon the passing of a spouse

U.S. took its troops out. With such a settlement, the U.S. would eliminate a huge national expense and Trump would win the Nobel Peace Prize, Kim would unite the two Koreas and become the greatest leader in its history and they both would march arm and arm into the sunset and into destiny. Admittedly, there is some dramatic overplay here but would such a settlement help make America great again? Well, at least in this scenario, Trump would have truly earned the Peace Prize unlike perhaps the previous president.

Well, obviously, much is at stake. So, go get 'em president Trump.

D. Miyoshi

Upon the passing of a spouse



www.shutterstock.com · 368244557

We have all heard the adage “The two things in life that are certain are death and taxes”. For the most part, it’s pretty accurate.

For married couples, the death of a spouse is a most unwelcome but inevitable misfortune. While we may be able to delay it a bit, we generally can’t avoid it.

There are few things more difficult and complicated than experiencing the death of a spouse.

Dealing with the passing of a loved one is an emotionally devastating crisis all by itself. But when you factor in the mountains of paperwork and the cold hand of bureaucracy, it becomes a waking financial nightmare.

Banks... cable companies... credit card companies... the Social Security office...

You’d think these organizations, some of which have been operating for 100 or more years, would have systems to deal with

bereaved customers with respect and dignity.

But as Andrea Hansell wrote in *Easy Street* magazine after the death of her husband, the opposite is often true:

Customer service representatives in general tend to read from programmed scripts, and are not known for their kindness or sympathy.

It seemed to Andrea, however, that mentioning her relatively young husband’s death provoked responses from them that were colder and more businesslike than usual.

They seemed anxious to get her off the phone, to pass her to their supervisor, to be done with her.

Unfortunately, there’s nothing one can do to make these folks more sympathetic to our plight. But we can make the process as a whole a lot easier to deal with.

Andrea provides us a checklist of everything one needs to do to ensure one’s financial stability after the death of a loved one.

Gather your documents: The first step is to gather all the documentation you’re going to need in one place. Documents you need include: the will, life insurance policy, Social Security numbers, birth and marriage certificates, military discharge papers, bills in your spouse’s name, company benefits booklets, car titles, powers of attorney, loan statements — along with current statements for bank, brokerage, and retirement accounts.

Death certificates: Contact the funeral director and request 15 copies of the death certificate. These will be needed to prove to various organizations that your spouse has indeed passed.

Contact an attorney: Contact your attorney and request a review of your spouse’s will. If your spouse was listed as beneficiary on your will, insurance policies, bank accounts or retirement plan, change these designations.

Review your spouse’s debts: Send a letter to each of the three major credit bureaus — Experian, Equifax and TransUnion — to get copies of your spouse’s credit reports to make sure you’re aware of all existing debts.

Contact your spouse’s employer: Contact the HR department at your spouse’s employer. They will provide you with any paperwork that needs to be completed. Check to see if you are due any money from your spouse’s accrued vacation or sick time. Or if they have any life insurance policies or other benefits for your spouse, such as a pension.

Pay your bills: Have all the bills transferred into your name. Take note of which bills are automatic and which ones have to be manually paid. Make sure you pay them on time or you could rack up costly fees. If you can’t afford to pay at this time, contact your creditors and request to delay payment. Remove your spouse’s name from any joint accounts and close any accounts that were in your spouse’s name only. Destroy any cards that were issued in your spouse’s name.

The Politicization of Capitalism

Call your insurance providers: If your partner had a life insurance policy, you want to get the ball rolling on this ASAP. It can be months before they approve your case and send the funds. Don't forget to cancel any other active insurance policies your spouse may have had.

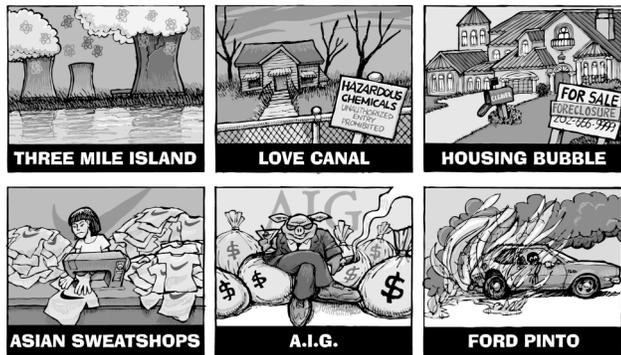
Apply for benefits: Contact the Social Security Administration to see if you are eligible for spousal and survivor benefits.

Don't be afraid to ask for help from a friend or loved one with any of these tasks. All this paperwork could be overwhelming even if you weren't dealing with emotional distress. There's no shame in seeking help in your time of need.

D. Miyoshi

The Politicization of Capitalism

CAPITALISM WORKS BEST WHEN LEFT ALONE



In 1973 Twentieth Century Fox released the movie *The Paper Chase* about the lives of students in their first year at Harvard Law School. Much later, in 2008 CNBC made a documentary entitled *The Money Chase* about the lives of students going through the rigors at Harvard Business School.



Harvard Law



Harvard Business

In a subtle way these movies were prescient. With the prevailing winds blowing in its politics, government bureaucracy and big business, it seems capitalism in the U.S. now compels its people to CHASE much too much PAPER and much too much MONEY.

Opening Question

The following question bisects both politics and capitalism.

Why was Donald Trump elected? What kind of accident was this?

Answer

The liberal intelligentsia has been trying to come up with an answer – not just any answer, but one that accomplishes two very important purposes.

It must point the finger of blame at someone else... not itself, of course. And the answer must help put itself back in the driver's seat, so the answer cannot be as obvious and simplistic as the crimes of Hillary Clinton or the corruption of the Obama administration.

But Robert Kuttner, professor of Brandeis believes he has the answer. Capitalism! *The New Yorker* summarize this revelation thusly:

Today, as in the nineteen-thirties, strongmen are ascendant worldwide, purging civil servants, subverting the judiciary, and bullying the press. In a sweeping, angry new book, *Can Democracy Survive Global Capitalism?* (Norton), the journalist, editor, and Brandeis professor Robert Kuttner champions [Karl] Polanyi as a neglected prophet. Like Polanyi, he believes that free markets can be crueler than citizens will tolerate, inflicting a distress that he thinks is making us newly vulnerable to the fascist solution.

Balance of Baloney

My purpose in this article is neither to attack president Trump nor to defend him. Instead, I will just try to connect the dots.

President Trump is a man of action... a TV media star. To his everlasting credit, he is a realist and is not trying to force his ide-





The Politicization of Capitalism

as onto the nation, albeit the extreme left will take issue with this.

He's not interested in ideas or ideologies. And he knows that Americans, in the main, detest the agendas and platitudes bantered about by the politicians who they generally mistrust. Basically, the liberals don't CARE about liberty, they only want to be taken CARE of.

Trump just follows his instincts... hoping that they will lead him towards more fame and greater fortune (just like the president before him). And so far, his instincts seem to be right. I believe one of the reasons Trump's followers are so loyal to him is because they believe in their hearts that Trump will stand up for his and their convictions and will not accede to the unreasonable demands of an irrational leftist or crazed despot of a third world Asian nation.

But we're talking here about ideas... specifically, the agenda driven ideas of the liberal left, Trump's most vocal enemies.

We begin by pointing out the elegant balance of baloney that characterizes the modern American political system.

Trump pretends to be a conservative; but there is nothing conservative about him. He is a populist in heart and mind. The liberals pretend to be "progressive," but their most urgent priority is to take aim at the future... and shoot it dead before it gets too close.

Nobody knows what tomorrow will bring; and neither Republicans nor Democrats want to find out.

The liberal left want more power and more money for their pet projects, immigration, schools, planned parenthood, welfare programs, gender opacity, gun control, medical care... and, of course, their wars. The conservatives want their wall, their military, their guns, their pro-life programs and their small government.

Remember, it was then-Secretary of State Hillary Clinton who expanded America's hapless role in the Middle East. Let's let *The Huffington Post* summarize:

"Hillary was a staunch defender of the military-industrial-intelligence complex at every turn, helping to spread the Iraq mayhem over a swath of violence that now stretches from Mali to Afghanistan. Two disasters loom largest: Libya and Syria."

The "conservatives" go along with the "liberals'" domestic boondoggles (they don't want to lose elections). Then, when it comes to overseas misadventures, they both up the ante.

"America needs a strong military," they say, not realizing that military spending reached what Bill Bonner calls "hormegeddon" territory – where long ago each additional dollar began to make Americans less safe. Economically this was the point of diminishing returns and politically the point of increasing perils.

Bonner coined the word, "hormegeddon" which served as the title of his book published in 2014. But it's a shame the neologism never caught on. The book describes what happens after the law of diminishing returns runs its course: The returns go negative.

The bottom line is some military spending may be good, even necessary. But too much can get you killed. Like a finely tuned Formula One race car. Significant power and balance will get you in the lead. But too much power can drive you into the wall. It's a delicate balance

Deep State First

Both parties represent, primarily, the interests of the Deep State, the loose collection of insiders, and corrupt hustlers who use the government to get wealth and status for themselves. But, lately it has become apparent, the Democrats and the leftists are relying on the Deep State more than the Republicans.

And what is the common enemy of both the right and left wings of the Deep State? Is it corruption? Incompetence? The Devil himself?

No... it's capitalism.

Economist David Ricardo, in his 1817 work *On the Principles of Political Economy and Taxation*, introduced the term "capitalist" to describe a person who owned wealth-producing assets.

But people had learned, centuries before, that they were better off if they respected private property, honored the commitments they made to one another, and used honest money to keep track of who owed what to whom.

"Capitalism," in other words, is what happens when people are left alone and free to make win-win deals among themselves.





The Politicization of Capitalism

This is not to say there aren't plenty of cheaters in the capitalist world who occasionally get away with it. But they are the exceptions who are constantly weeded out. Most people pay for what they get... and get what they pay for.

Capitalism is not a "system." It can't be improved, reformed, or redesigned.

Like freedom itself, all you can do is take it away – by breaking contracts, stealing property, and counterfeiting money.

Gratuitously Cruel

But the Brandeis professor sees it differently. Kuttner rehashes the work of Hungarian intellectual, Karl Polanyi, who fled Hitler in 1933.

Neither Polanyi nor Kuttner seem to have thought much about how capitalism works. They think it can be "gratuitously cruel," for example.

Of course, free people doing win-win deals with each other are bound to make mistakes. And the people doing these deals are bound to try to take advantage of each other when they can get away with it. The result appears chaotic, undisciplined, and unfortunate at times.

But capitalism is only indifferent; never cruel.

The word "cruel" is better applied to the deal breakers and property stealers – Lenin, Hitler, or Mao, for example. Their big ideas – "national socialism" ... "from each according to his ability" ... the "Great Leap Forward" – sent 100 million to early graves.

How many were killed by capitalists such as Henry Ford, Andrew Carnegie, or Steve Jobs, for example? How many lives were ruined by automobiles and cheap computers?

But Polanyi saw capitalism as a big danger. It caused economic hardship. And when people feel pinched, they get upset and vote for "rabble-rousers" like Donald Trump. Capitalism, in other words, leads to fascism.

Therefore, as the argument goes, more power and money should be handed over to the "liberal" wing of the Deep State... to prevent the rise of fascism! But the liberals are too busy trading

freebies for votes to reach that critical mass that will ensure their control of the U.S. for a millennium.

Knife in the Back

There is a part of this that is probably correct.

When people think they are being cheated... they will want to try something else. Typically, someone will come along with a "New Deal," or promise to "Make America Great Again," or urge "Workers of the World, Unite!"

But it was not capitalism that cheated America's working class... nor even capitalism in Austria that led to Hitler's rise in the 1930s. Austria had been ruled by coalitions of Marxists, fascists, and social democrats since the end of World War I, with varying degrees of meddling.

And in the U.S., the peak in win-win was probably in the late-19th century.

Since then, the Deep State has grown, with its taxes, regulations, the Fed, its Great Society, and its wars – all of them meant to hobble capitalism and keep the money flowing to the insiders.

And thanks to president Nixon, the new, gold-free dollar of 1971 probably did the most damage. It perverted the capitalist system.

"Capitalists" no longer needed real capital; they could get it from the Fed – free money that no one ever earned.

The Deep State no longer needed tax revenues, either; it could borrow trillions without voting for a tax increase.

The rich got richer on all this unearned cash. The working classes got poorer, as their major asset – their time – declined in value.

Why did the masses vote for Trump? The answer is straightforward: They felt the knife in their backs.

They didn't know who had put it there... but they knew it wasn't Donald J. Trump.

We have been taught that U.S. capitalism was the answer to all our problems. But capitalism has morphed into becoming the





The Politicization of Capitalism

problem that is in a desperate search for an answer.

For more than 100 years in the U.S., politicians, cronies, and do-gooders have been working to improve capitalism.

Are the capitalists unwilling to make mortgage loans in one neighborhood at the same rates as in others?

We'll pass a law forcing them to!

Are capitalists reluctant to fund the Deep State's deficits?

We'll fund them ourselves with made-up money from the Fed!

Do they allow smoking in their bars?

We'll put a stop to that!

Every apparent shortcoming... every slip-up... every grievance against the great workhorse of capitalism has been met with whips and harnesses.

Now, the animal is so trussed up by regulation... and so weighted down by all the cronies on its back and zombies and freeloaders in the wagon behind it, it can barely pull ahead.

Despite all the technological breakthroughs that have come along in our lifetime, real GDP growth has slowed to barely half the rate of the 1960s.

And the typical working man or woman, who used to be the backbone of the whole economy, has lost income and status over the last four decades.

Household incomes continued to rise, but only because more women have joined the workforce. What that did to family cohesion, satisfaction, and quality of life, generally, we don't know. But it was not necessarily a plus.

Still, whenever there is a problem—real or imagined—Deep State apologists fault the free market.

And so, it was that professor Robert Kuttner of Brandeis Univer-

sity came forward to lay the blame for Donald Trump's election on capitalism.

You Get What You Pay For

Politics produced the great calamities of the 20th century—World War I, World War II, the Soviet Union, and Mao; capitalism brought forth automobiles, air-conditioning, TV, computers, and wall-to-wall carpeting.

The political disasters cost millions of lives and trillions of dollars. The business breakthroughs added wealth... and, presumably, satisfaction.

But Kuttner says that capitalism is cruel!

He claims that it causes such pain that voters turn to "strongmen" rulers with simplistic plans to remedy capitalism's failures, such as MAGA's Mr. Trump. "Build a wall," says the president.

The improvers—whether they're the Always Trumpsters or the liberal democrats—claim to be breeding a kinder, gentler strain of capitalism, by mating it with Obamacare and trade barriers.

But what they are really doing is interfering with the win-win deals that get people what they really want. You only know what they want when they are free to tell you... and they are only free to tell you when the feds don't have a gun to their heads.

The more interference—as we saw magnificently illustrated in the Russians' 70-year experiment with a command economy—the less people get what they really want. Instead, what they get is violence, claptrap, and misery.

Returning to the initial question, the crowning charm of capitalism is its indifference.

It doesn't care whether people in bad neighborhoods get mortgages at low rates or not. It doesn't give a hoot whether someone is smoking... or even what is done with the guns and bombs it produces.

It is deaf to both the whimpers of suffering humans... and to their murmurs of happiness. It merely responds to their desires. More precisely, it responds to money.



The Politicization of Capitalism



Advancing in a Time of Crisis



Financial Crisis Report



David M. Miyoshi is a California attorney with a Martindale-Hubbell AV Preeminent Rating for Attorneys. He earned his Bachelor of Science degree from the University of Southern California, a Juris Doctor degree from the University of California, an MBA degree from Harvard University and an International Graduate degree from Waseda University in Tokyo.

He is Managing Attorney of Miyoshi Law, an International Law Firm where he approaches legal issues through a commercial lens and is a trusted legal and business advisor to his corporate and estate clients. In military service in Vietnam, he led a Combined Action Platoon as an officer in the U.S. Marine Corps and received the Naval Commendation Medal with "Combat V".

He appears in 14 Who's Who publications throughout the world and is listed as a specialist in international business, real estate and estate planning.

"You get what you pay for," said Milton Friedman. And the key to getting what you want is to pay for it yourself. If you turn over your money to the feds... you'll get what they want—crony deals, paperwork, calamitous wars, assassinations, expensive boondoggles, and assault rifles.

That is what has happened over the last 40 years—more and more of the nation's GDP has been directly spent, controlled, or heavily fiddled away by the feds.

And since 1971, the Feds have been allowed to create their own money—out of thin air—to give them even more purchasing power.

Truth

Capitalism doesn't care what happens to the bombs it makes; it only cares who pays for them. The Feds, flush with money, buy a lot of them. And as a former member of the U.S. military, I am very appreciative of that. But the capitalists buy none.

The capitalists don't care who resides in the White House, if he or she provides the leadership that encourages the politicians and bureaucrats to empower businesses to keep making those bombs, busses and biscuits.

But in addition to causing great calamities as noted above, politics also instigates great scandals.

Perhaps soon to join Watergate in the annals of infamous political indignities may be "Spygate" as the facts emerge about how the preeminent policing organization in the world, the FBI through a cabal of high ranking officials with the codename "Crossfire Hurricane" placed a mole in

the Trump presidential campaign to investigate collusion with the Russian government. At this writing Trump is insistent this incident happened, however top GOP leaders are not quite convinced of this.

For a generation or two, in the wake of all these and other revelations about the FBI, DOJ and CIA, the reputations of these agencies will likely be marred. This is an unfortunate price the U.S. will pay for the political transgressions of its past administrations, especially the Obama administration.

Closing Question

I began this article with Harvard and I will end with it. On the school's emblem is emblazoned the Latin term "ve ri tas". That means TRUTH.



Truth is what undergirds every major religion, culture and legal code in the world. Arguably, it is the preeminent value in the universe. Without it the world would be without order or direction.

So, considering its relative importance in all that matters, my closing question is why don't we as a society chase this for a while? Actually, at this stage of the game (and it is a game, albeit a serious one) I would even settle for chasing a little common sense.

D. Miyoshi



1055 Wilshire Blvd.
Suite 1890
Los Angeles, California 90017
U.S.A.

Phone: +1-310-378-0615
Fax: +1-310-378-0000
E-mail: david-miyoshi@us.mcmillanwoods.com
www.mcmillanwoods.com

If you would like to unsubscribe to this newsletter please email to info@mcmillanwoods.com