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Advancing in a Time of Crisis

Words of Wisdom: “I have never advocated war except as a means of peace.” Ulysses S. Grant

The Real Immigration Problem in the U.S.



These days in America, if I told someone go back to where they came from, I could be hailed a racist and severely criticized for contributing to our immigration problem.

The U.S. has not passed major immigration reform legislation since the Reagan administration, and we still use standards developed in the 1960s to determine who we permit to enter the U.S. A system this outdated cannot meet the needs of our vibrant, growing 21st-century economy. Pro-growth immigration reform can raise the pace of economic growth, increase per capita GDP, and reduce the deficit.

The Real Reason Trump Shouldn't Shun all Foreign Markets

Donald Trump said it all in the weeks before he assumed office in 2015. In an interview with Steve Bannon, who would later become his chief strategist, the President elect asserted:

“When someone is going to Harvard, Yale, Princeton, Penn, Stanford — all the greats” and

then they graduate, “we throw them out of the country and they can't get back in.”

“I think that's terrible,” said Trump, “We have to be careful of that Steve. You know we have to keep our talented people in this country.”

At the time, Bannon was expressing alarm at the salience of Asian CEOs in Silicon Valley companies. But without immigrant CEOs and key technologists from Asia, Israel, and around the globe — Silicon Valley would scarcely exist.

Now confusing the immigration issue is a law-and-order issue. Obviously, we cannot allow illegal mass migration of all the poor people in the world into the U.S. — Trump is also correct on this point.

But the other point he made to Bannon is equally important. The future of our economy is dependent on attracting geniuses from around the world to our shores and our universities. As a national security and economic imperative, any graduate of the PhD or even master's programs at top American campuses should have a green card stapled to their diploma and a clear path to full citizenship.

Reporter George Gilder wrote the following article for the *Wall Street Journal* in 1996.

“The current immigration debate founders on ignorance of one huge fact: Without immigration, the U.S. would not exist as a world power. Without immigration, the U.S. could not have built the atomic bomb during World War II, or the hydrogen bomb in the early 1950s, or inter-

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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.



The Real Immigration Problem in the U.S.

continental missiles in the 1960s, or MIRVs in the 1970s, or cruise missiles for the Gulf War in the 1990s. Without immigration, the U.S. could not have produced the computerized weapons that induced the Soviet Union to surrender in the arms race.”

Today, immigrants are vital not only for targeted military projects but also for most of the leading-edge ventures in an information age economy. Every high-technology company, big or small, is like a Manhattan Project. We must mobilize the personnel best trained and most able to perform a specific function, and deliver a product within a window of opportunity as fateful and remorseless as a war deadline. This requires access to the small elite of human beings in the world capable of pioneering these new scientific and engineering frontiers.

If you are running a technology company, you will quickly discover that the majority of this cognitive elite are not currently citizens. Unless you can find world champion people wherever they may be, you will not be able to change the world with your exotic innovations. Unless you can fill the key technology jobs, you will not create any other jobs at all, and your country will forgo the cycle of new products, skills, and businesses that sustain a world-leading standard of living.

Discussing the impact of immigration, economists tend to be beady-eyed gnatcatchers, experts on the movements of cabbage pickers and au pair girls and blind to the effect of inventors and engineers.

The most vital immigrant contributions come in a spate of inventions, from microwaves and air bags to digital cable and satellite television, from home computers and air conditioners to cellular phones and lifesaving pharmaceuticals, smartphones and medical devices. Without immigration over the last 75 years, I would very roughly estimate that the real living standards in the U.S. would be between 40-50% lower.

The basic flaw in macroeconomic analysis is failure to account for genius. Almost by definition, genius is the ability to generate unique products and concepts and bring them to fruition. Geniuses are immeasurably more productive than the rest of us.

Using the rough proxy of awards of mathematical doctorates and other rigorous scientific and engineering degrees, prizes, patents, and publications — about a third of the geniuses in the U.S. are foreign born, and another 20% are the offspring of immigrants. A third of all American Nobel Prize winners, for example, were born overseas.

The Elites in Action: Welcome to Silicon Valley

Consider Intel Corporation, our leading microchip and wafer fabrication company. Together with its parent, Fairchild Semiconductor, Intel developed the basic processes of microchip manufacturing and created dynamic and static random access memory, the microprocessor, and electrically programmable read-only memory. In other words, Intel laid the foundations for both the personal computer and Internet revolutions.

Two American-born geniuses, Robert Noyce and Gordon Moore, were key founders of Fairchild and Intel. But their achievements would have been impossible without the help of Jean Hourni, the inventor of planar processing; Dov Frohmann-Benchmarkowski, inventor of electrically erasable programmable ROMs; Federico Faggin, inventor of silicon gate technology and builder of the first microprocessor; Masatoshi Shima, layout designer of key 8086 family devices; and Andrew Grove, the company's legendary former-CEO who solved several intractable problems of the metal oxide silicon technology at the heart of Intel's growth. All these Intel engineers — and hundreds of other key contributors — were immigrants.

The pattern at Intel was repeated throughout Silicon Valley, from National Semiconductor and Advanced Micro Devices to Applied Materials, LSI Logic, Actel, Atmel, Integrated Device Technologies, Xicor, Cypress, Sun Microsystems, Hewlett-Packard, Granite, and Nvidia — all of which from the outset, heavily depended on immigrants in the laboratories and on engineering workbenches. It overflowed to the “Silicon Wadi” of Israel, which is symbiotic with Silicon Valley. Today, one-third of all the engineers in the bay area are foreign-born.

The next generation of technology is the Cryptocosm of cryptocurrencies and blockchain, which is entirely a global phenomenon. Its central figures are Vitalik Buterin of Ethereum from Russia and Canada, Pavel Durov of Telegram from Russia and the world, and even Craig Wright, the contentious Satoshi figure from Australia and London. Many of the most inventive pioneers of the movement come from Israel and China, and the corporate center may be Zug, Switzerland.

Now, with the needed expansion of Silicon Valleys and Cryptowadis proliferating throughout the U.S. economy, we now need Silicon Deserts, Prairies, Mountains, and even Alleys being launched from Manhattan to Oregon. Now, this means immigration becomes more vital to the future of the U.S. economy than ever before.





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On the foundation of silicon have arisen world-leading software, crypto, and medical equipment industries equally dependent on immigrants. As the spearhead of the fastest growing U.S. industry — software — Microsoft offers some of the most coveted jobs in the U.S. economy. But for vital functions, it still must turn to immigrants, despite the difficult and expensive legal procedures required to successfully migrate an alien.

The current turnaround genius and CEO of Microsoft, Satya Nadella, came from India as did Sundar Pichai the current CEO of Google. Google co-founder Sergey Brin came from Russia. Also an immigrant is Jony Ive, the key product designer at Apple for the iPhone and other blockbusters, who just left to form his own company.

With U.S. high school students increasingly shunning mathematics and the hard sciences, America is still the global technology and economic leader in spite of, not because of, any properties of the American gene pool or dominant culture. America prevails only because it offers the freedom of enterprise and innovation to people from around the world.

Now we hear leading members of the administration such as FBI Director Christopher Wray attacking the integrity of the Chinese students that populate many of our leading universities. With China producing millions more engineers and scientists than the U.S. every year, U.S. technology companies cannot prevail without attracting many of them to our shores.

By casting suspicion on them as potential problems and enemies, spies and subversives rather than assets and opportunities, he is jeopardizing the vital future of U.S. technology and thus of national power and prosperity.

Today's Prophecy

A decision to cut back legal immigration today is a decision to wreck the key element of the American technological miracle. Congress must not cripple the new Manhattan Projects of the U.S. economy in order to pursue some xenophobic and archaic dream of ethnic purity and autarky.

The key factor in the future of U.S. technology investing is how we treat our geniuses from around the globe. Trump was right: we must keep "our [foreign] talent" here. Make them citizens not outcasts.

As I look to the future, the controlling question for investors is whether the overseas geniuses will still come to the U.S. or whether we have to chase them down in China, Israel, India and other more pro-technology nations. At this xenophobic and tech-

nophobic moment, it would be irresponsible to stint on foreign stock markets, with China and Israel in the lead.

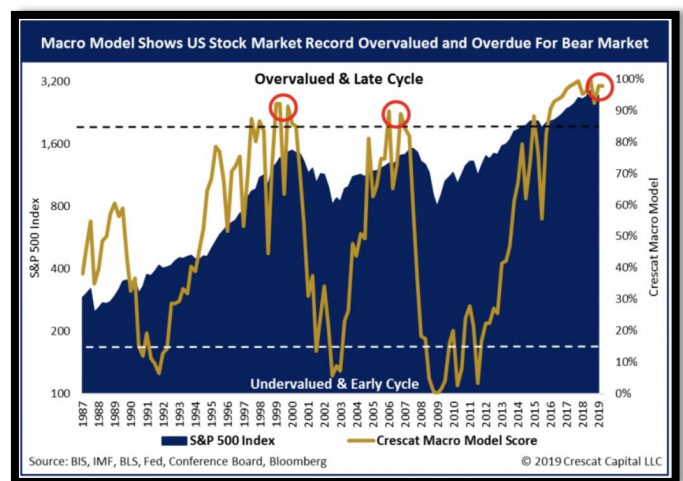
D. Miyoshi

The Autumn (and the Fall?) of 2019

On the 23rd day of this month September begins the Fall of 2019. Most of us connote that with meaning the Autumn of 2019 will begun. But others such as the legendary Austrian economist Egon von Greyerz believe it means the beginning of the economic Fall of 2019 (and beyond), especially in Europe.

Egon believes the autumn of 2019 will see a major shift in European sentiment as markets turn from a secular bull to a secular bear. He goes on to say we are likely to see major crashes in many global stock markets. Virtually no one is prepared for this so there will be both panic and despair.

The US stock market is today more overvalued than in 1987, 1999 and 2006



The bearer of bad news is at best ignored or at worst executed. Hopefully Egon will avoid both those destinies, in spite of continuing to alert people to the potentially cataclysmic dangers ahead. As he recently warned readers, stocks, bonds and derivatives will at some point go to no bid. This means that these markets will fall precipitously with no buyer offering to buy crashing assets at any price...

Most people will totally ignore this advice. The majority of inves-





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tors have total faith in central banks' ability to rescue the world yet again by printing endless amounts of money and lowering interest rates.

Panic Mode

However, both the Fed and the ECB are now in panic mode, although not yet showing it openly. Just recently to the surprise of many the Fed lowered its interest rate and the ECB has told the world that they will do whatever takes.

But soon thereafter, on August 23 Fed Chairman Powell stopped short of lowering interest rates further. An angered president Trump then tweeted "My only question is, who is our bigger enemy. Jay Power or Chairman Xi?" Immediately thereafter, the Dow fell 600 points. Trump's indignant retort belies his growing concern that his economic expansion could end up being a mere blip in the wake of his recent harsh trade threats against China. A recession, or God forbid a depression, would be about the only thing now that could prevent Trump from prevailing in the 2020 election.... and he knows it.

Meanwhile on the other side of the pond, Draghi said that there is:

"need for a highly accommodative stance of monetary policy for a prolonged period of time, as inflation rates, both realized and projected, have been persistently below levels that are in line with its aim." As a result, the Governing Council noted that it was "determined to act, in line with its commitment to symmetry in the inflation aim. It therefore stands ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner."

As a result, the German 10 year Bund has just gone negative and the same thing has happened in France. This is an absolutely crazy policy to push rates down in an attempt to create inflation. Central bankers know that inflation is bad for the economy. An inflation rate of 2% means that prices double every 36 years. In the 1970s, the U.K. experienced inflation of 15% or above for many years. A 15% inflation means that prices double every 5 years. Inflation is not desirable for consumers, nor for savers or pensioners.

It Will Disappear Into A Black Hole

In Ergon's view, the ECB gobbledygook in the quote above hides a much more serious problem than low inflation. "Symmetry in the inflation aim" is typical central bank meaningless speak, phrased so no one can understand it. The problem lies in the financial system. The German banking system is bust with Deutsche Bank (DB) going from bad to worse. Their bad loans are sufficient to collapse the bank and their derivatives portfolio will bankrupt not just the Bundesbank but also Germany and the ECB. DB has derivatives of EUR 45 trillion. That is 13x German GDP. This means that when derivatives go no bid, which is virtually certain, the €45 trillion will

just disappear into a black hole with zero value.

It is not only DB and German banks that are bankrupt, but so are Italian, French, Spanish and Greek banks, plus many others. And the ECB is totally bust. It has a balance sheet of EUR 4.7 trillion and 40% of that is loans to EU member states. The capital and reserves of the ECB is EUR 105 billion. So the net worth of the ECB is 2% of the total balance sheet. This means that loan losses of 2% are enough to bankrupt the ECB! The losses are more likely to be 50-100%, so the demise of the ECB is certain. Before that they will embark on unlimited money printing.

Of course they won't give up easily. Draghi had already previously indicated that the ECB will do all it takes to keep the financial system afloat. His statement last week was just a confirmation of the inevitable. And the recent messages from the Fed and the ECB couldn't be clearer. They are, at this stage, quietly panicking. Later on the panic will be obvious because what we are now seeing is the preamble to the biggest money printing bonanza in history. Only in this century global debt is up 3x from \$80 trillion to \$250 trillion. In an attempt to save the financial system, central banks have expanded credit by \$170 trillion in the last 19 years. They have done this by printing money and reducing interest rates to zero or negative.

So we are now in an era of free or extremely cheap money, and with the coming actions of the ECB and the Fed, money will likely be even cheaper. The central banks clearly know that you can't solve a debt problem with more debt, but plentiful cheap money is the only method they know. And it seems to have worked so far. But the world is now drowning in free and soon worthless money and there is much more to come.

"After us the Flood"

"Après nous le Deluge" – After us the Flood, was said by Madame de Pompadour, the mistress of the French king Louis XV. The French had just lost a war in 1757 against Prussia and the king and his mistress knew that the consequences would be disastrous for France and the French finances.

Even before in the Fed, Bernanke printed and borrowed more money during his reign than had ever been done in the history of the USA. But "we ain't seen nothing yet". The problem has now engulfed the world and the two biggest central bank chiefs, Powell and Lagarde, are going to become the biggest money printers in history. It is not just a big part of the outstanding global debt that will need to be covered since most of it won't be repaid. If we add contingent and unfunded liabilities, social security and the \$1.5 quadrillion worthless derivatives, the total money printing will be in the quadrillions.

All of the money printed will be totally fake, of course, and have zero value. But before the whole financial system implodes, the world will experience a hyperinflationary period on par with that of the Weimar Republic. The big difference this time is that there will





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not be full employment like there was in Weimar and there won't be a world outside to rescue us. So the whole exercise by global central banks will be totally futile. The coming hyperinflationary period will probably be brief, most likely 2-3 years, and lead to a deflationary implosion of the financial system.

When an avalanche is triggered you never know which snowflake will cause it. There are so many potential catalysts that can trigger the collapse such as debt defaults and that could come from anywhere in the world. Normally the obvious problem, like Deutsche Bank, won't cause it since the German Bundesbank and the ECB are going to fight tooth and nail to keep DB afloat. In the end they will fail.

The most likely trigger will be when confidence evaporates. Since most asset markets are mega bubbles today, very little is needed to pop them. If we look at the biggest stock markets in the world, we find that all of them have already peaked (in US\$ terms) and the US market is the last man standing.

G-20 Stock Market Peaks Since GFC	
Equity Indices	High Water Mark Date
US	7/12/2019
India	1/29/2018
South Korea	1/29/2018
France	1/26/2018
South Africa	1/25/2018
Japan	1/24/2018
Germany	1/23/2018
Argentina	1/18/2018
China	6/12/2015
Saudi Arabia	9/9/2014
UK	7/3/2014
Indonesia	5/20/2013
Australia	4/30/2013
Mexico	4/11/2013
Canada	4/8/2011
Russia	4/8/2011
Brazil	4/8/2011
Turkey	11/4/2010
Italy	10/19/2009

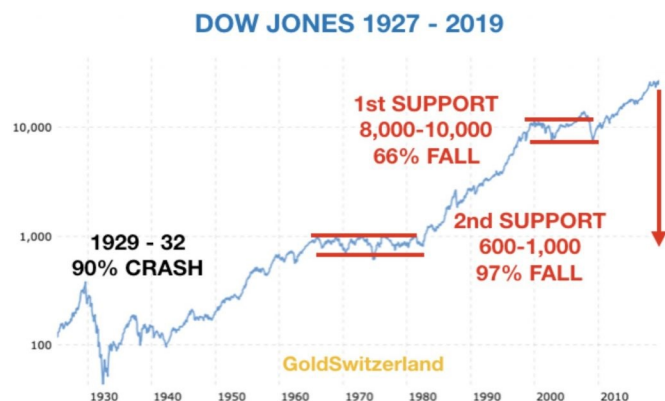
*Performance Calculated in USD Terms ©2019 Crescat Capital LLC

Technically the S&P index is finishing a long term bearish wedge. As the chart below shows, the momentum indicator shows divergence with price. The last 4 higher tops in the S&P from January 2018 have been accompanied by lower momentum each time (see chart below).



This action is extremely bearish and it is what happened at the 1999 and 2006 tops, with major collapses following. The difference this time is that we are most likely at the end of a secular bear market and the duration and magnitude of the coming fall will be massive.

How far down will this bear market go? In 1929-32, the Dow fell 90% and the global economic circumstances were nowhere near as bad as they are today. The market is likely to find support initially in the 8,000-10,000 area but may eventually reach the 600 to 1000 range (in real terms — vs gold). The latter was an area of consolidation for 17 years from 1965 to 1982.



A decline from the current level of the Dow at 27,000 to the 2nd support would mean a 97% fall. That clearly seems impossible today but is not that much different from the 90% fall between 1929 and 1932.

So let's be clear. Ergon's interpretation of the US stock market is that we are likely to see a major reversal of the long term trend start as soon as August 2019 and at the latest in the next three months. The reversal could initially start gradually but will very soon turn into a crash.

Could Ergon Be Wrong?

Yes of course he could. He has been wrong before as he had underestimated central banks' ability to kick the can down the road through irresponsible credit expansion. But all they have achieved is a bigger bubble which, when popped, will create a much more severe implosion of markets, the financial system, and the world economy. After all, given enough time we are all right. I am being facetious, but even my favorite football team the USC Trojans will someday be good again. Right?

But back to Ergon. He says he is not normally a betting man, although he recently accepted the challenge of a \$1 million bet from someone who was convinced that gold wouldn't break the Maginot



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Line of \$1,350. Unfortunately the party who challenged him pulled out so he was only a moral winner. Nevertheless, Ergon believes there is a 95% certainty that stock markets will crater this autumn and that gold and silver will reach much higher levels.

Now Is Not The Time...

But Ergon does emphasize that he has no interest in making money on bets on financial instruments. Instead, his purpose in making these very strong statements on the direction of investment markets is to shake up investors and make them aware of the enormous risks that the world is currently facing. Now is not the time to think about making money on investments, but rather to lose as little as possible in the next five years, primarily because everyone will be a loser. Even if you don't own stocks or bonds, you will lose on the value of your house or you will lose your pension, or your job or unemployment benefits. You are also likely to lose the money you have in the bank, either through pure debasement of the currency, or bail-ins, or bankruptcy of the bank.

What we must remember is that wealth preservation means trying to protect your assets from total destruction rather than making high returns. Physical gold and silver is the best insurance you can own. If they go to the levels that Ergon (and I) expect, you are also likely to achieve major capital appreciation.

This Is Madness

So we are not looking at one or two mad leaders today (as the Democrats are wont to say), but instead at a mad world where virtually every single leader or central bank head is mad. If they weren't, why would they attempt to print the world to prosperity with fake and worthless money or raise unlimited credit. And why would they pay people to borrow money through negative interest rates. Actually, the only other logical reason leaders would take this collision course would be out of complete selfishness to get all they can while the getting is good with the intention to kick the can down the street and avoid it hitting the fan on their watch.

So, logically with that AOC would likely advocate that we all stop working, let robots produce what we need, with the government giving us all ample free money to buy what we want. And if we need more money, we can just borrow and will receive interest on top of the loan. Naturally the loan will never need to be repaid since we can print unlimited amounts to infinity.

The above description might sound like an implausible saga but it is not far from where we are today. So we don't have robots that do all human work yet, but it is just a matter of time. We must also remember that all productive capacity will be owned either by the government or more likely by a ruling oligarchy. Thus normal people will be virtual slaves with very few needed since robots will do most of the work.

We are certainly not yet at the point where humans can be totally replaced by robots. But the trend is clear and it is only a matter of time, whether it takes 100 years or several hundred. A severe economic crash could obviously delay this development. After the fall of the Roman Empire, cultural and economic evolution stood still or went backwards for an extended period. The Dark Ages lasted between 500 and 800 years, depending on how you count.



We must learn from history but mankind never does. Every generation has always believed that because I am here now, it is different.

Bearing in mind what could happen longer term, let's look at the shorter time frame. As I said, mad (and/or selfish) governments and central banks are doing all they can to expand the bubble to a magnitude which will turn the world economy into a massive nuclear bomb. Once this bomb detonates or more appropriately implodes, the consequences will be disastrous for the world. It will be impossible to forecast the exact repercussions of this even, but what is quite certain is that it will involve major suffering for our planet at all levels.

A World Of Panicking Central Banks

As stated above Ergon believes the central banks are now panicking. They know that the world economy and the financial system is standing on a foundation of quicksand. The effects of quicksand is that the harder you try to get out, the deeper you sink. And this will be the next phase for the world economy. Central banks only have two tools at their disposal. One is money printing and the other is interest rate manipulation.



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Since Nixon closed the gold window in 1971, central banks have abused these two tools with ever increasing frequency. The consequences for the world have been disastrous but virtually no one has noticed. For example, the average house in the U.S. cost \$21,600 in 1971. Today the price is \$648,000, even though you would only get a shed for that money in Los Angeles. Still, the average price has gone up almost 30x or 3,000%. Let's say that instead of buying a house, the person put \$21,600 in the bank earning 4% per annum for 48 years between 1971 and 2019. Today he would have \$129,600 in total, including the interest. So his money in the bank went up 6x while the house went up 30x. Obviously, he can't afford to buy a house with his savings having lost most of the purchasing power.

This inflation is how savers have been crushed by governments' irresponsible destruction of the purchasing power of money. Credit expansion and money printing have totally demolished the value of money and also the incentive to save. Today it is even worse for savers since it is no longer possible to earn an annual interest rate of 4%. In most countries (in North America, Europe, Asia) you earn nothing or negative interest. Today savers have to pay a penalty to the government for being thrifty. This is totally outrageous and will soon lead to the destruction of the financial system. As anyone who understands the basics of economics knows, real investment returns come from savings. To achieve real growth and a stable currency, total investments must equal savings.

Most People Don't Understand

Most people don't understand that the value of their money in the pocket is deteriorating all the time. They live under the illusion that prices are going up, which is totally erroneous. It is not prices that are going up but the value of money which is declining rapidly. The example of the house above going up 30x in 48 years is a good illustration. In real terms the house has not gone up in value at all. It is the value of the money that has collapsed in all countries since Nixon closed the gold window.

Governments hate gold because gold reveals their deceitful actions in destroying the value of money. But they don't just hate gold, they don't seem to understand it either, especially in Europe. In 1999-2002, both Switzerland and the UK sold around half of their gold. In the case of the UK they sold 395 tons at an average price of £200 per ounce (\$280). They received £2.5 billion. Today the gold would have been worth £15B. So Gordon Brown, the UK Chancellor, has cost the country £12.6B (\$10B) by selling off half of the gold reserves at the very bottom of the market. The Swiss government was even more clueless and sold 1,500 tons, which cost our country \$38 billion.

If governments and central banks were honest, every year they would publish a table illustrating how much value the currency has lost in relation to gold, which is the only money that maintains its purchasing power. But since governments never do this, let's do it for them. Below is a table of the gold price for a selection of countries.

THE CURRENCY RACE TO THE BOTTOM

GOLD PER OZ	1971	2000	2019	DROP IN CURRENCY 2000-2019	DROP IN CURRENCY 1971-2019
USA	USD 35	USD 288	USD 1440	80%	98%
UK	GBP 15	GBP 177	GBP 1186	85%	99%
GERMANY/EU-EZ	EUR 65	EUR 286	EUR 1297	78%	95%
SWITZERLAND	CHF 148	CHF 458	CHF 1414	68%	90%
SWEDEN	SEK 182	SEK 2448	SEK 13900	82%	99%
CANADA	CAD 35	CAD 417	CAD 1901	78%	98%
AUSTRALIA	AUD 31	AUD 438	AUD 2121	79%	99%
JAPAN	JPY 12K	JPY 31K	JPY 153K	80%	92%
ARGENTINA		ARS 288	ARS 64M	99.99%	
VENEZUELA		VEF 180	VEF 357M	99.99%	GoldSwitzerland

The message couldn't be clearer. Most of the major currencies have lost 98-99% of their value in real terms since Nixon's fatal decision in 1971. Some, like the Swiss franc, DM/Euro and the Yen, have fared marginally better. And if we look at how all of the currencies have performed in this century, they have all done abominably. Major currencies have lost 78-85%. Again, the Swiss franc is the star performer with only a 68% loss. For anyone who wants to understand economics, and governments' nefarious mismanagement of our money, all they need to do is to look at this table. But it will never be part of any university or business course curriculum. Nor will any journalist cover this simple but critical concept.

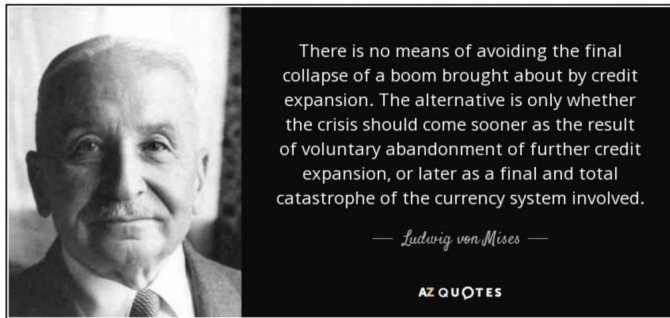
Also, in the table above Argentina and Venezuela is included because they show what the next step will be for most countries in the world in the next five years or so. With the next round of money printing on a scale that has never been done before in history, the dollar, euro, yen, pound, etc., will complete their final falls to cataclysmic levels. Whether gold in these currencies goes to \$64 million, like in Argentina or \$357 million as in Venezuela, is irrelevant. Paper money will be totally destroyed and hyperinflation will be rampant. The next stage thereafter will be a deflationary implosion of the financial system including all credit and most bubble assets like stocks, bonds and property.

Not only does the table explain what has happened in the world economy in the last 48 years, but it also predicts what will happen in the next few years. And the recent actions and statements of the Fed, ECB, Bank of Japan, etc, is now the launch of the final round of currency slaughter. There is no way to avoid it, the great Austrian economist von Mises told us this already back in 1951.





Technology and Romance



So, as von Mises predicted, this should be what is coming next — a final and total collapse of the currency system. But even if von Mises is only half right, shouldn't we be prepared?

D. Miyoshi

Modern Technology and Romance



The following article is taken from *The Stansberry Digest*, an established investment periodical I subscribe to. I immediately identified with the article's central message of how we now interact with people. Most of my work is in Asia yet most of it I can do from my home in Los Angeles. I recreate the article here for your reading enjoyment.

D. Miyoshi

We're becoming less social... How will couples meet in the future?... Doc's favorite 'love' stock... 'An epidemic of loneliness'... China and India's gender imbalances... A massive global trend... There's still time to profit...



The classic romance stories of the past are dying...

If you're in a relationship, or have been at any point in your life, you might have been part of the type of romantic story I'm talking about...

Maybe you and your partner met at a grocery store and were both eyeing the last loaf of bread. What started as a chance encounter with a stranger – and a foot race to grab that last loaf – quickly turned into plans for a first date.

From there, the rest is history... Your grandchildren know this story. Heck, you still chuckle anytime you tell it.

Or maybe you saw one another from across the room at a local dance. You both felt sparks right away... But you didn't catch her name or phone number. Luckily, you knew one of her friends. After weeks of backchanneling, you two finally connect... And that led to 50 years of marriage.

These are the stories Hollywood writes romantic movies about. But the world – and the scripts to these love stories – are changing.



I (Jeff Havenstein) recently went to a bachelor party in Austin, Texas...

As you might've heard, the food is amazing. And the city was full of life. My friends and I had a great time. But it wasn't the brisket that stood out most from the trip...

One morning, while we were all at breakfast, one of my friends asked me how my wife and I met. I told the story...

We met through my sister at a dinner with a bunch of mutual friends at a little Italian restaurant... where we basically ignored each other until we had no other option but to talk. (My wife always jokes that at first, I was more interested in my chicken parmesan than her.)

Then I asked the rest of the guys their stories – at the time, all my friends were in long-term relationships.

I was prepared for some interesting tales. After all, if you





Technology and Romance

met my friends, they all have interesting personalities...

But I was disappointed.

One of my best friends told me how he met his fiancée in college. They were in the same classes for nearly two years, and he always wanted to talk to her. But the timing was never right (so he says). Eventually, he did talk to her...

Just not in person. He messaged her on Facebook (FB). They messaged back and forth for a while (even though they saw each other in class every day), and that "discussion" eventually led to a first date... Which eventually led to a relationship.

Not exactly *Romeo & Juliet*.

Each of my next four friends shared that he met his significant other through a dating app. The most popular was the location-based dating app, Tinder.

I hoped that the last of my friends would share a more interesting story. I thought there was a good chance since we went to high school together, and the person he was dating also went to our high school.

I was interested because they never talked in high school. They didn't even know the other existed. So I knew it had to be an entertaining story...

Yet, I was disappointed... once again.

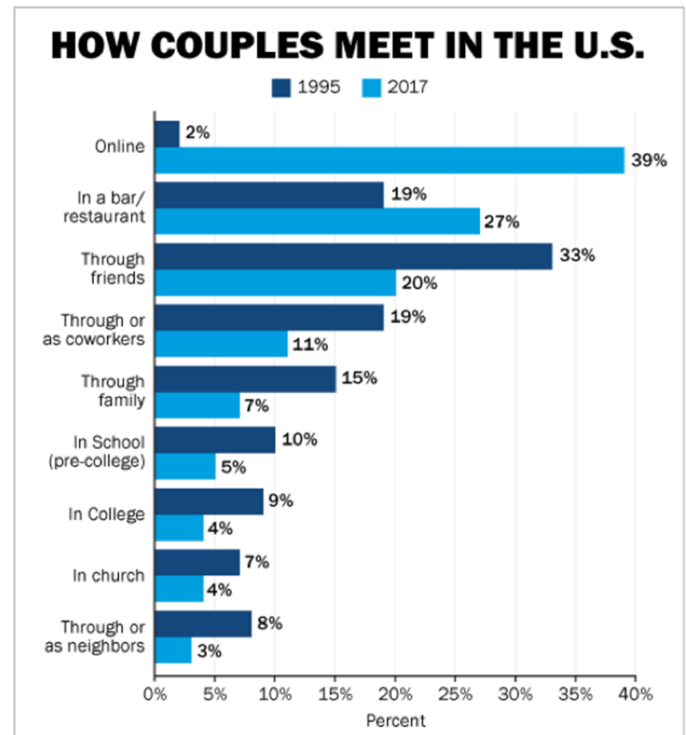
They met on Tinder, too.



People just don't connect the same way they used to...

The numbers prove it.

Below you can see how dating dramatically changed from 1995 to 2017...



www.stansberryresearch.com

Source: How Couples Meet and Stay Together Dataset

As you can see, online dating basically didn't exist in the 1990s. Now it dominates the industry. And it's only going to become more common moving forward.

Dating company eHarmony predicts that by 2040, 70% of all relationships will start from online dating. I'm willing to bet the percentage will be higher...



Think about it... Given the technology-driven world we live in today, how will couples meet in the future?

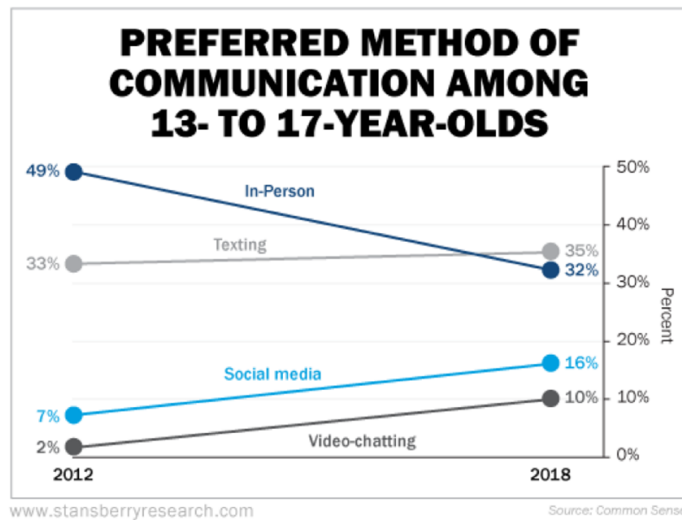
Will couples meet through friends?

I hate to say it... but we're becoming less social. We're buried in our smartphones, and we have less genuine and meaningful conversations with one another. That means we're developing less genuine and meaningful relationships.

As you can see below, texting is now the preferred method of communication among 13- to 17-year-olds...



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In 10 years, in-person communication could very well be last on this list. And according to a study by Common Sense, a nonprofit organization that aims to help kids positively interact media and technology, over 40% of social media users ages 13 to 17 admit that social media has taken away time they could be spending with friends in person.

That's scary.

The friends we do have are Facebook friends and Instagram followers. While social media networks have their benefits, they also undermine "real" in-person social connections...

So meeting through friends? Good luck, unless it's in a group chat.

Will couples meet at school or at college?

Maybe... but more and more schools, especially colleges, are offering online education.

Right now, about one in six college students take all of their classes online. According to a survey by online-education company Learning House and higher education research group Aslanian Market Research, eventually one-third of all college students will take online classes only, one-third will take classes on campus, and one-third will do both.

You don't even have to leave your couch to get an education now. That means one less place to meet your future partner...

Will couples meet at work?

Let's face it... Even though most of us go into an office and are surrounded by people every day, we don't actually have to talk to them to do our job.

Rather than walk two desks down to brainstorm and solve a problem with one of your coworkers, it's much more convenient to just shoot them an e-mail.

And new companies like Slack (WORK) make face-to-face communication obsolete. One quick message on Slack will save you from, god forbid, actually talking to someone in person.

Besides, more employers are allowing employees to work remotely. One study from International Workplace Group, an office-services company, found that 70% of professionals work remotely at least one day a week. Soon about half of the U.S. workforce may be exclusively remote.

The point is, with the evolution of technology, the "old way" people used to communicate and meet is dying. So it only makes sense that over the next few decades, more and more couples will meet online, too.



Now, online dating is far from a new technology...

It has been around for a couple decades – pretty much as long as the Internet. But it has really only become socially acceptable to meet someone on a dating site or app over the last few years.

A few years ago, if I asked my friend how he met his wife and his response was "dating site," he would probably be blushing and a little embarrassed. Using the Internet for dating still had a stigma attached to it.

Not anymore. Now it's the norm...

If you don't believe me, ask your 21-year-old intern how

Technology and Romance

they met their significant other. Ask your grandchildren or your neighbors' children... My guess is the majority of their answers will be the same as my friends' responses during the bachelor party in Austin.



My boss, Dr. David "Doc" Eifrig, was well ahead of the curve on online dating...

You see, when it comes to dating products, one company dominates the market.

I'm talking about Match Group (MTCH). This company owns many of the most popular dating sites and apps like its namesake Match.com, Tinder (which has grown its average users by 150% over the last two years), PlentyOfFish, and Hinge.

Doc issued a buy recommendation on Match Group in his Retirement Millionaire newsletter in December 2017, despite it being a risky play at the time. Match was a heavily shorted stock with 16% of outstanding shares positioned as shorts.

But Doc knew that the upside for the company and the online dating industry far outweighed the risks.

As he wrote then...

Part of the reason why Match Group's stock is soaring this year is because of its ability to monetize its services.

In the tech world over the past few years, valuations have soared on companies that make little to no money. Companies like Snap (SNAP)...

Match is not one of these "many users, no sales" companies. It knows how to make money. While people want everything on the Internet for free... it turns out they'll pay to find love.

We're seeing strength across all of Match's products. Its total PMC ["paid member count"] is up 18% year over year. This has led to a 19% increase in revenues since last year... And this is just the beginning.

Doc couldn't have been more right. Revenues for Match

were up 30% in 2018, and profits were up over 35%. And it hasn't showed any signs of slowing down this year... Still, investors continue to bet against it or short it with over 19 million shares short.

My condolences for anyone who made that trade...

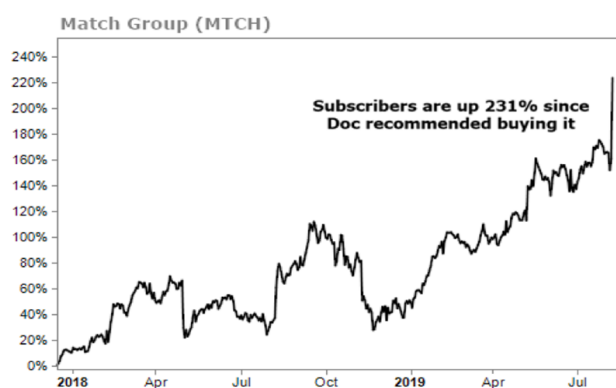


Match Group's stock exploded 24% higher yesterday after it reported second-quarter earnings...

Investors piled into Match after it, yet again, beat Wall Street expectations. And Tinder was again the main driver of growth.

The number of average subscribers for Tinder increased 39% from a year ago. And revenues for the app were up 46% for the quarter. Tinder is growing like wildfire, and Match is continuing to monetize it. And the rest of Match's products are performing well, too. Its average subscribers across all its products are up 18% for the quarter.

As you can see, Doc's subscribers have more than tripled their money on the stock...



The question now is: Can Match Group continue this run up?

A bear would say that it doesn't take much capital to start a new dating site. Barriers to entry are low. That means it might be challenging for Match to maintain its market share. And that's true.



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A lot of "competitors" pop up every year...

But a lot of them fail every year... In fact, more than 90% of online dating startups fail.

In order for a dating product to be successful, it needs users. No one is signing up for a dating site that only has a handful of potential suitors. Here's the thing... You can't get new users without existing users.

It's a catch-22. And it's what gives Match an advantage. It was early and had the expertise to adapt its products to changing industry dynamics...

But let's say one app manages to catch fire and grow its subscriber base quickly. Match has a way to deal with this type of situation... Buy it. Match regularly scoops up hot dating apps and adds them to its portfolio. It's truly a beautiful business.

Now, shares of Match are much more expensive than when Doc recommended them in late 2017. Given its premium valuation, there's going to be some volatility if you're a shareholder. It's not going straight up forever, like it has the past year. But long term, Match is likely a winner.



There's a huge opportunity for dating companies. Not just in the U.S., but in the two most populated countries in the world...

Not enough people are talking about this fact: **There is a massive gender imbalance problem in both China and India...**

It's sad, but many men living in China and India will be unable to find wives. It's not because they're ugly or poor or don't know how to talk to girls... It's math and demographics. The numbers just don't add up.

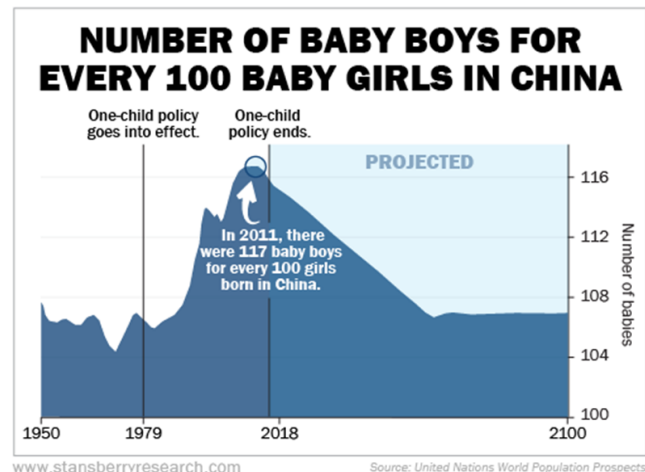
In China, there are 34 million more men than women. By 2020, China will have 24 million single men of marrying age unable to find wives – that's more than the population of Florida.

This gender problem has escalated because of China's one-

child policy, which was in place from 1979 to 2015.

Since families could only have one child, they preferred boys over girls. If you had a son, your family name would carry on.

You can see how the one-child policy had an effect on the number of baby boys in China...



The trend in India is just as bad...

In India, there are 37 million more men than women. Many parents in India prefer to have sons because they can inherit property, while families have to pay dowries when their daughters marry. Fetal ultrasounds were widely available in the 1970s and the 1980s, which led to the country being overrun with boys and men.

There's a saying in India... "May you be the mother of 100 sons." Unfortunately, it seems the advice is being taken literally.

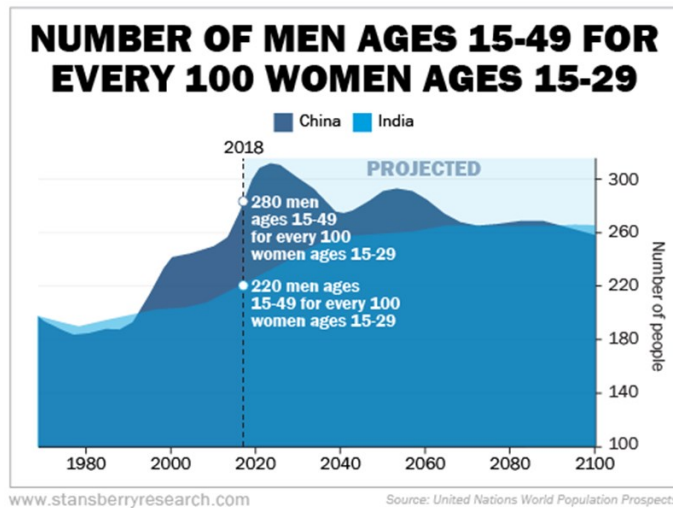


These gender imbalances won't end anytime soon...

Take a look at this chart from the United Nations. It shows the ratio of men ages 15 to 49 and women ages 15 to 29 (considered the ideal dating age for women) in China and India...



If the U.S. were a High School, what would be the Character of Each State?



By the late 2020s, there will be over 300 men ages 15 to 49 for every 100 women of prime dating age in China. It shows that there is going to be a large pool of both older and younger men who are unmarried vying for the same group of young women.

And look at the lighter blue line, which shows India's trend. The imbalance is projected to gradually get worse over the next few decades. By 2050, there could be 260 men to every 100 women of dating age in India.



This is an epidemic of loneliness...

Imagine growing up in a city where there are three boys for every one girl. Some boys are just going to be left out. They'll be unable to develop necessary communication skills with the opposite sex and eventually they'll be unable to find partners.

This is going to lead to a lot of lonely people.

Now, there are plenty of other problems that could arise from this enormous gender imbalance... Like a rise in violence, prostitution, sex robots... you name it. But those are discussions for another day.

The point of today's *Digest* is this... For certain, people around the world are turning to and will continue to rely on online dating products.

And companies like Match Group are going to benefit. Most of Match's subscriber growth came from international markets during the latest quarter...



But with a trend this powerful, there's going to be other winners...

Consider Chinese livestreaming and dating company Momo (MOMO). Momo owns the No. 1 dating app in China called Tantan (known as "China's Tinder"). Tantan has over 270 million users globally and is the world's third-largest earner after Tinder and popular U.S. app Bumble.

Tantan was recently launched in India last year. So far, it has had great success. Earlier this year, Tantan said that it has been doubling its user base every three months in India.

The stage is set for Tantan to take on Tinder in India. But you don't need to predict which app will reign supreme... Singles who use apps to look for love (or just companionship) often use more than one app at the same time. It has been my experience with my single friends – they can use three or four apps at the same time.

There's plenty to go around for these two dating giants.

End of Article

If the U.S. were a High School, what would be the Character of Each State?





If the U.S. were a High School, what would be the Character of Each State

This clever article recently appeared in *Quora Digest*. It was written by Luke Szabo, a high school student. I wanted to share it with you. What state do you identify with most? For me, I identified with North Carolina. D. Miyoshi

In No Particular Order!

1. **Alaska:** The lonely guy that tries too hard to get attention.
2. **Texas:** Big guy, toughest guy in the school but problems with the law AND the school.
3. **Florida:** The weird kid that has done literally nothing wrong but everyone still hates him for some reason.
4. **California:** Social Media Whore. Popular but doesn't have the close friendships that matter. Grades aren't doing well either.
5. **Ohio:** Ignored guy until student council elections come up.
6. **Utah:** The religious kid that wears suits and collared shirts everyday.
7. **Hawaii:** The hot girl that traps the rich guys.
8. **Louisiana:** The one that has the weird voice.
9. **Vermont:** The Popular kid that's also a book-worm.
10. **Wyoming:** Barely goes to class, sometimes people forget he exists.
11. **Kentucky:** Known for having the best and least healthy school lunches.
12. **South Carolina:** Changes his mind on everything. Often switches between clubs
13. **West Virginia:** The one that's accused of being part of the redneck club but they were actually pro-student union.
14. **Virginia:** The One with so much good and bad history people just forget about everything.
15. **Mass.** Vivid history, records the school fist fights.
16. **Washington:** Always sits in the back of class, no matter what. Good grades.
17. **Indiana:** The simple, nice kid.
18. **Georgia:** The Fat Kid
19. **Tennessee:** School clown, very well liked amongst those he knows.
20. **Colorado:** The school's weed dealer.
21. **Delaware:** The girl people keep hitting on.
22. **New Jersey:** The Short Kid.
23. **Rhode Island:** The REALLY short kid.
24. **New York:** The Kid with the money, surprisingly, isn't a spoiled brat. Unsurprisingly, he doesn't have a good budget.
25. **New Mexico:** The Kid that has never done anything good or bad. Average Grades.
26. **Michigan:** Works his ass off, Spends more time at his job than at school.
27. **Maine:** Big Outdoors guy, loves fishing, odd obsession with sea food.
28. **Maryland:** The guy that brings salt, pepper, and even *old bay* to lunch.
29. **North Dakota:** Parents are farmers. Country music fanatics
30. **South Dakota:** Parents have even larger farms, country music is auditory drugs.
31. **North Carolina:** Loves college football more than pro football, also has the best car in class.
32. **Montana:** The kid that wears soccer shorts in January.
33. **Wisconsin:** Big time drinker, beats everyone at all the parties.
34. **Oklahoma:** Nicest kid in school, nobody knows why.
35. **Nevada:** The Kid that is always selling chips, soda, gum, ETC. Always has some business venture planned.
36. **Kansas:** The kid that's usually nice but will immediately fight you if you talk trash.



Will America Turn Socialist?

37. **Idaho:** The Student that wants an official gun club and wears NRA shirts to school.
 38. **Oregon:** Always showing up to class with the largest Starbucks coffee or the most powerful Energy Drink. Still dead inside.
 39. **Minnesota:** Literally the only kid in the hockey club.
 40. **Nebraska:** Made an entire project out of Corn husks and kernels, is now made fun of by the rest of the school.
 41. **Iowa:** The girl that hates being “flat”
 42. **Illinois:** Takes school spirit a bit too seriously.
 43. **Alabama:** Made a song on youtube about themselves and was popular for 2 weeks (Sweeeeet home Alaabama). Also goes to school drunk as a fish.
 44. **Conn.** Rich kid but his parents are stingy as hell.
 45. **New Hampshire:** The smart kid that lets you copy his homework, no questions asked.
 46. **Pennsylvania:** No one knows where this guy came from, but his accent is so terrible that you need subtitles to understand his English.
 47. **Mississippi:** The girl who needs to pronounce and spell her name to the substitute teacher *EVERY SINGLE DAMN TIME*.
 48. **Arizona:** Always at the water fountains, unquenchable thirst.
 49. **Arkansas:** The kid that smokes tobacco, uses Juuls, and dips in the school bathrooms.
- Missouri:** Always sad, wants to be put out of their “misery”
- The Territories.
- **DC:** School president, very political.
 - **Philippines** (Former territory): The single Asian kid in the school. Hates it when kids ask him for help in math, whether genuine or satirical.
 - **Guam** (territory) Nobody even knew he existed.
 - **Cuba** (very loosely can be considered former territory): Student that got expelled, went to the the com-
peting school USSR High and did well on the basketball team, made for a “heated” year in sports.
 - **Puerto Rico:** The kid who is a fan of reggae music. Spanish is his first language.
- US Virgin Islands:** Once got a ticket for accidentally driving on the wrong side of the road.

Will America Turn Socialist?



In a word, yes.

Unfortunately, I hate to say this but all indications at this time are that this is the ultimate fate of the U.S. These days, seeking the proper form of governance has become less an intellectual exercise establishing a system that will bring prosperity and supremacy to the country and more one of mandating regulations that will institute an emotional sense of equality and fairness among the people.

And who will be the players to inaugurate this new form of governance? For one, it will be the charismatic Alexandria Ocasio-Cortez (“AOC”). Another may be our resident native American Senator Elizabeth Warren. But why will they (and a few other disordered egotists) be the leaders?

Let’s take the first one, AOC. She is attractive, vivacious, charming, different, outspoken, and has a plan to Make America Great Again. And she’s shrewd. She realized she could win by ringing doorbells in her district, where voter turnout was very low and about 70% are non-white. There was zero



Will America Turn Socialist?

motivation for residents to turn out for the tired, corrupt, old hack of a white man she ran against.

She's certainly politically astute and "pretty." But she is also "pretty stupid." In fact, Doug Casey, the renowned successful investor, social commentator and political critic believes she is probably quite stupid. But Casey further defines the word stupid; otherwise, he believes it's just a meaningless pejorative—name-calling.

Casey (and a heck of a lot of others I know) are convinced AOC does not have a very high IQ. He suspects that if she took a standardized IQ test, she'd be someplace in the low end of the normal range. But that's just conjecture on his part, entirely apart from the fact that he recognizes that a high IQ doesn't necessarily correlate to success. Besides, there are many kinds of intelligence—athletic, aesthetic, emotional, situational...

A high IQ can actually be a disadvantage in getting elected. Remember, it's a bell-shaped curve; the "average" person isn't terribly smart, compounded by the fact half the population has an IQ of less than 100. And they're suspicious of anyone who's more than, say, 15 points smarter than they are.

However, there are better ways to define stupid than "a low score on an IQ test" that apply to AOC. Stupid is the inability to not just predict the immediate and direct consequences of actions, but especially the indirect and delayed consequences of your actions.

AOC is clearly unable to do that. She can predict the direct and immediate consequences of the policies she's promoting—everybody getting excited about liberating all other people's wealth that just seems to be sitting around. Power to the People, and Alexandria! But she's unable to see the indirect and delayed consequences of her policies—which if you read her "Green New Deal" program and about farting cows you would know why.

If you promise people unicorns, lollipops, and free everything, they're going to say, "Gee, I like that. Let's do it." She's clever on about a third-grade level.

But there's an even better definition of stupid. Namely, "an unwitting tendency to self-destruction." All the economic ideas that she's proposing are going to wind up absolutely de-

stroying the country.

It's as if she thinks that what's happened recently in Venezuela and Zimbabwe—not to mention Mao's China, the Soviet Union, and a hundred other places—was a good thing.

That's Casey's argument for her being stupid... and ignorant as well. But maybe Casey is missing something. After all, Karl Marx was both highly intelligent and extremely knowledgeable; he was actually a polymath. The same can be said of many academics, left-wing economists, and socialist theoreticians.

So perhaps a desire for "socialism" isn't just an intellectual failing. It's actually a moral failing.

Socialism: A Moral Failing

Socialism is basically about the forceful control of other people's lives and property.

Casey believes Alexandria is evil on a basic level. But how can that be true of a cute, young girl who says she just wants sunshine and unicorns for everybody? It's too bad the word "evil" has been so compromised and discredited by the people who use it all the time—Bible-thumpers, hysterics, and religious fanatics. Evil shouldn't be associated with horned demons and eternal perdition. It just means something destructive or recklessly injurious.

The world would be better off if AOC went back to waitressing and bartending.

It really helps to be young and good-looking, and to have a nice smile. But there are immense problems in the U.S., at least just under the surface. Wouldn't it be nice if everybody had a job paying at least \$15 per hour, free schooling, housing as a basic human right, free medical, free food, and 100% green energy? We all know that doesn't sound evil—it just sounds stupid. But Casey says it's actually both.

The problem isn't just that AOC got elected on this platform in a benighted—but increasingly typical—district. The problem is that most young people in the U.S. have her beliefs and values. This is not the age of the greatest generation. This is only the age of the descendants of the greatest generation.

The free market, individualism, personal liberty, personal re-



Will This Be Trump's Folly?

sponsibility, hard work, free speech—the values of Western Civilization—are being washed away everywhere. But it's hard to defend them because the argument for them is intellectual, economic, and historical. While the mob, the capiti censi—the “head count” as the Romans called them—is swayed by emotions. They feel; they don't think. Arguments are limited to Twitter feeds or 30-second TV sound bites.

When somebody says, for instance, “Why can't we have free school for everybody? The university buildings are already built. The professors are already there. So why can't everybody just go to class and learn about gender studies?” The same arguments are made for food, shelter, clothing, entertainment, communication—everything, in fact.

To counter that, you have to come up with specific reasons for why not. You end up sounding like a Negative Nelly because you're telling people they can't have something.

Maybe the problem is we are giving too much credit to the goodwill and the common sense of the average American. The proof of that is the success of AOC. The psychological aberrations of the average human are being brought to the fore.

This is exactly the type of thing the Founders tried to guard against by restricting the vote to property owners over 21, and going through the Electoral College. Now, these days welfare recipients who are only 18 can vote, and the Electoral College is toothless. Some want to totally abolish the Electoral College and have even 16-year-olds and illegal aliens voting.

Nobody, except for a few libertarians and conservatives, are countering the ideas AOC represents. And they have a very limited audience. The spirit of the new century is overpowering the values of the past.

Everybody Will Blame Capitalism

When the economy eventually collapses—as forecasted by this newsletter—everybody will blame capitalism because Trump is somehow incorrectly associated with capitalism. The country—especially the young, the poor, and the non-white—will look to the government to do something. They see the government as a cornucopia, and socialism as a kind and gentle answer. Everyone will be able to drink lattes all day at Starbucks while they play with their iPhones.

The people that will control the government definitely won't

want to be seen as “do-nothings.” Especially while the ship of state is sinking in the Greater Depression. They'll want to be seen as forward-thinkers and problem-solvers.

So we're going to see much higher taxes, among other things. There's no other way to pay for these programs, except sell more debt to the Fed—which they'll also do, by necessity.

The government is bankrupt. But like all living things—from an amoeba to a person to a corporation of humans—its prime directive is to survive. The only way a bankrupt government can survive is through higher tax revenue and money-printing. Of course, don't discount a war; these people in government believe that would stimulate the economy as well.

Not to sound like a party pooper but the emotions of the electorate may very well prevail over logic once again.

D. Miyoshi

Will This Be Trump's Folly?



In 1867 U.S. Secretary of State William H. Seward signed a treaty with Russia for the purchase of Alaska for \$7 million. Despite the bargain price of roughly two cents an acre, the Alaskan purchase was ridiculed in Congress and in the press as “Seward's Folly,” “Seward's icebox,” and President Andrew Johnson's “polar bear garden.” We all know how this real estate purchase turned out.

More than 150 years later, on August 15, 2019 the Wall Street Journal broke the news that president Trump floated the idea to multiple aides that the U.S. should purchase the world's largest island (i.e. Greenland).



Will This Be Trump's Folly?

We know that president Trump is a master at real estate development. But even for him, buying Greenland would turn some heads, either angrily or approvingly. Could this turn out to be Trump's Folly?

Bloomberg reported that former Danish Prime Minister Lars Lokke Rasmussen called U.S. President Donald Trump's idea of buying Greenland, a self-governed Danish territory, an out-of-season April's Fool joke. Trump's idea may be outlandish but that doesn't mean there's no benefit in thinking about reviving the market in sovereign territories, which once made America great.

Here is some historical perspective. Besides acquiring Louisiana from France, Florida from Spain, Alaska from Russia and much of its southwest from Mexico, the U.S. nearly bought Greenland (which is mostly ice) and Iceland (which is mostly green) in the 1860s. The idea was to surround Canada with U.S. territory and thus persuade it to join the U.S.

The time for wooing Canada passed quickly, though, and the U.S. recognized Denmark's sovereignty over Greenland in 1917 after it bought the Virgin Islands, then a Danish colony. But soon enough, the world's biggest island acquired strategic importance for the U.S. again, this time as a base for warplanes during World War II. The atomic bomb made Greenland even more strategic. In the pre-missile years, it was especially important to have a base for bombers near an adversary's borders, and Greenland was close enough to the Soviet Union that the U.S. could threaten all of European Russia from it. It was also an ideal base for reconnaissance flights.

In 1945, a motion was introduced in the U.S. House of Representatives to buy Greenland (and to invite Iceland to become the 49th State). Speculation is that the amount offered was either \$50 million or \$100 million, about \$400/\$800 million in today's dollars.

Selling Greenland would have made certain economic sense for Denmark at the time, since the country owed some \$70 million to the US. There was also a precedent of sorts, because in 1917, for similar strategic reasons, the US had bought what is now the United States Virgin Islands from Denmark for \$25 million (about \$390 million in today's dollars). In 1946, however, the times had changed, and the Danish government rejected the US offer out of hand. Instead, the US was allowed to maintain a permanent air base at Thule, North Greenland, under an agreement signed in 1951.

Now, the U.S. uses its Thule base as part of an early-warning

system in case of a Russian nuclear strike. But Greenland's strategic significance is on the rise again. Russia's recent build-up in the Arctic, both military and civilian, is leaving the U.S. behind; a stronger U.S. presence in the region than just an Air Force base in Greenland would make it harder for Russia to seal control of the Northern Sea Route and team up with China on monopolizing it. Besides, global warming and Greenland's rapidly melting ice make for easier access to Greenland's vast natural resources.

The U.S., in short, has better reasons to covet Greenland than Trump's vanity or all the golf courses he could build there as the ice melts.

If the idea of the U.S. buying Greenland still seems outlandish, it's just because land deals between states have become rare. The most recent examples are obscure. The tiny nation of Kiribati, threatened by rising ocean levels, bought 5,500 acres of land in Fiji for \$9 million in 2014, hoping its 100,000 residents can move there if their native atolls become uninhabitable. Another nation, Tuvalu, has been considering similar plans. There is no transfer of sovereignty involved, though. If the people of Kiribati and Tuvalu have to move, they will no longer have a state of their own. They'll be residents of Fiji.

But one could easily imagine other situations in which an institutionalized market in sovereign territories could be beneficial. In a 2017 paper, two Duke University law professors, Joseph Blocher and Mitu Gulati discussed what it would take to create such a market and what problems it would solve. They argued that nothing in today's international law prevents nations from ceding and acquiring territory as they see fit as long as the transfer isn't forced.

The reason such deals no longer take place is that in the modern world, sovereignty ultimately resides with the people. Buying and selling people with the territories they inhabit is an obsolete notion. But, Blocher and Gulati argued, taking the population's desires into consideration could change things.

Take the Falklands, the islands over which the U.K. fought with Argentina in the 1980s. Argentina still wants the islands but their 3,400 residents have voted overwhelmingly to maintain their British citizenship. The U.K. spends about \$100 million a year to maintain a continued military presence there. "What if Argentina offered the islanders \$1 million each to approve a change?" Blocher and Gulati wrote. At that rate, it would even make economic sense for the U.K. to make the offer.

Their proposal is to change international law so that "parent nations" can't forbid a region to secede, but they're entitled to com-





Will This Be Trump's Folly?

pensation for lost territory. Of course, there would be lots of sensible objections to such a plan. The supply of territories for sale is limited, the will of the people isn't always easy to determine with certainty, and there's a question of how you put a price on a place. Ukraine, for example, would be unwilling to give up Crimea to Russia for any price, and it wouldn't be easy to organize a valid citizens' vote there, as the 2014 "referendum" held by Russia showed.

Also, it may not be a great idea to let rich nations buy up territories from poor ones (they have the technology to persuade residents to vote for it, too) and turn them into colonies. The solution Blocher and Gulati suggested, giving the purchased territories' residents the purchasing nations' citizenship, wouldn't change much: Puerto Ricans, for example, are U.S. citizens but they don't really enjoy U.S. living standards.

Realistically, Greenland, will likely not be sold to the U.S. On the one hand, Denmark has no reason to sell it. It's a wealthy country that runs a budget surplus. It can easily afford the annual subsidy of about \$500 million that it pays to Greenland, and it sees itself as the island's sensible steward rather than the unwilling owner of a vast, largely uninhabited territory.

Besides, the 56,000 Greenlanders likely wouldn't want to switch their allegiance to the U.S. The island's Home Rule Act, approved by the Danish parliament, gives its autonomous government "fundamental rights in respect of Greenland's natural resources." Many locals hope control over these resources eventually will form the basis of Greenland's independence, and they have no problem waiting for that opportunity under Denmark's benevolent rule.

They would be unlikely to give up their current security and the prospect of independence in exchange for U.S. passports. Alaska, with its recent crippling budget cuts, can hardly serve as an attractive example to another sparsely populated northern territory cut off from the continental U.S.

To protect U.S. interests in the Arctic, Trump would be better off working closely and constructively with European allies, including Denmark and Norway. Such cooperation can make more economic sense than territorial expansion. Trump may be wrong on Greenland but he unwittingly raised the question of sovereign territory transactions. If they can be used to avoid violence and unnecessary tension and benefit denizens of the territory for sale, why not?

After all, if the impossible were to happen (history shows that from time to time this does occur), here is a non-exhaustive list

of the good and bad that would come out of a Greenland purchase.

National Security Advantages

Trump may have obtuse views on climate change, but even he can grasp the significance of Greenland in a melting Arctic. The U.S. already maintains a base there. Owning Greenland could, in theory, allow the U.S. to assert greater dominance over that portion of the Arctic, which is opening up. China has been aggressive in trying to get a toehold in the region and Russia has way more icebreakers than the U.S., so countering by buying a whole darn island to stage military operations could help even the playing field.

Natural Resources

Climate change is also creating a new type of gold rush into the Arctic. One of the big reasons everyone is jostling for a piece of the Arctic is because oil, gas, and other minerals are becoming more accessible as sea ice melts out and land ice recedes. That includes Greenland, which a 2014 Brookings Institution report says is likely to see large-scale mining and oil and gas development in the coming decades as the Arctic thaws. Greenland's Ministry of Foreign Affairs said as much in a sly tweet noting the island is "open for business, not for sale." It's easy to see why Trump would want a piece of the pie. Sure, he's had a string of failed businesses hawking steaks, vodka, and sports, but Trump Zinc Mines seems like a surefire win.

Freshwater

The ice sheet just had its biggest daily melt event ever recorded and is melting at a quickening pace. But there is still a huge load of ice on the island. Scientists estimate there is approximately 684,000 cubic miles of ice or nearly 230 times as much water as there is in Lake Superior. In a world on the brink of a water crisis, all that ice could be a valuable resource to sell off as people clamor for water. Heck, the U.S. could use it. The Southwest and Southern Plains face increasing risks of a decade-plus megadrought due to climate change. Maybe we could rig up a salmon canon-esque luge to get all the ice to places that need it instead of just letting it plop into the sea and drown coastal cities.

Sand

Greenland's melting ice sheet is also unleashing a deluge of sand. The world is facing a sand shortage.

Toxic Waste problem

Not everything Trump could buy on Greenland would be good. During the Cold War, the U.S. military dabbled in seeing whether they could launch ballistic missiles from Greenland. I know





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Advancing in a Time of Crisis



Financial Crisis Report



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this sounds like a G.I. Joe plot, but this is true. The U.S. military built a base under the ice dubbed Camp Century. They did various tests there in the 1950s and 1960s and even had a portable nuclear reactor. It was eventually decommissioned in 1969 and the military left a bunch of toxic and radioactive waste there thinking it would never see the light of day. And they would have gotten away with it if it weren't for meddling climate change. As Greenland melts, some of that toxic waste is at risk of leaching out of the ice and into the environment. Buying Greenland would put the U.S. in charge of cleaning it up but given the way Trump's Environmental Protection Agency has worked, a cleanup seems about as far-fetched as Trump's plan to buy the island in the first place.

For the record, Bob Hope once tried to buy a piece of the Greenland ice shelf. He wanted to offer it as a prize on his Christmas show recorded at the US base in Thule in 1954, but his request was turned down by the Danish authorities.

Trump's critics facetiously quip if Bob Hope, the world's #1 comedian, couldn't buy part of Greenland, what makes us think Trump, the world's #2 comedian, could buy all of it? OK, they have a point.

D. Miyoshi

Brevity is the Soul of Wit

(William Shakespeare)

Here is a Brief synopsis of the Spy Gate case for this year: (by Fox News commentator Don Bongino)

Collected evidence reveals that an unreliable, uncorroborated source was giving and receiving info from the FBI while the Democrat National Committee staff, Hillary Clinton and U.S. spy assets worked to produce information on the Trump team yet produced exculpatory evidence also in conjunction with foreign government spying on the Trump team and it was all signed off on by U.S. law enforcement, our intelligence community and Congress that was briefed on.

My question is: where is the smoking gun? Where is the gun?

Here are the three Brief headlines for this year:

Russian collusion
Racism by Trump
Recession coming

My question is: Except for the last one, why do the media (i.e. CNN, MSNBC) still push their stories of Russian collusion and racism by Trump when these stories remain mere conjectures simply morphing to meager hypotheses?

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