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Financial Crisis Report

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Advancing in a Time of Crisis

Words of Wisdom: "Americans can always be trusted to do the right thing, when all other possibilities have been exhausted." Winston Churchill

Inside this issue:

We are experiencing the most economically unstable period and socially erratic 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 and deadly social disruptions including historic pandemics, conflicts, wars, riots and even regime changing coups. As is typical of such times, many fortunes will be both made and lost during this period. After talking with many business owners, executives, professionals, scholars 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 that exists. 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 historic 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.

China (and America) will be going cashless

It's very easy to predict that America will become cashless in the not-too-distant future. Everyone and his/her uncle know the world is going digital and in such a world, a cashless system makes sense. Now guess which country will become the first cashless society on the planet. China.

China's central bank has been developing its digital version of the yuan since 2014. It's called the Digital Currency Electronic Payment ("DCEP").

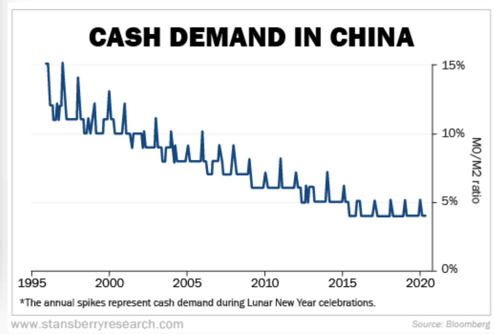
Its goal is to function exactly like cash, even when there's no Internet connection. And just like paper currency, it's completely centralized and controlled by the central bank.

To use it, people would download a DCEP digital wallet, just like any ordinary mobile app. From there, they could receive digital yuan from their banks instead of actual cash.

Beijing mostly kept this project under wraps until mobile payments became the norm in China instead of the exception... and after the pandemic highlighted the advantages of cashless payments.

You can see this shift in the chart below. It measures China's cash demand as a ratio between the M0 and M2 money supplies, which look at currency in circulation versus broad money.

Since 1996, Chinese citizens have become less and less dependent on using physical cash...



From a high of 15% about a quarter of a century ago, the amount of cash in circulation relative to broad money (e.g., cash, savings deposits, time deposits, and checking accounts) has fallen to less than 5%.

To put that figure into perspective, the same ratio in the U.S. currently stands at 27%.

This means the time is ripe for the digital yuan. But Beijing doesn't like to implement new ideas without testing the waters first... and getting a good sense of public sentiment.

So, last May, trials of the digital yuan were finally conducted in major cities like Shenzhen, Suzhou, and Chengdu. They were soon expanded to include Guangzhou, Hong Kong, and Macau.

Another trial was conducted in October in Shenzhen. The government gave away $1.5 million worth of digital yuan to 50,000 random citizens. The same was done in Beijing last month.

In Suzhou, one of the initial pilot cities last year, an even bigger second trial took place in February. That time, e-commerce giant JD.com (JD) handed out a total of $4.6 million worth of digital yuan to random individuals who had downloaded the DCEP digital wallet.

Asian Americans Against Critical Race Theory

From what we've been hearing, these trials were greatly successful.

Now, we're hearing that Beijing intends to launch the digital yuan in time for the 2022 Winter Olympics. And the central bank says it guarantees that the digital yuan can buy whatever you can buy with ordinary banknotes... and that no merchant can reject the digital currency.

I'm no financial policy expert. But when China's central bank says no merchant can reject the digital currency, you can bet your money that's going to be the case.

Both of the country's major payment apps, WeChat Pay and Alipay, have already agreed to help facilitate the digital yuan through their online banks. It doesn't replace what the two mobile-payments giants do. It simply allows Chinese consumers to use the cash they already hold in their pockets to pay for things digitally.

So the "powers that be" are behind the digital yuan. And China is already committed to mobile payments. That pretty much makes it a done deal.

It's coming... It's inevitable... And the full weight of China's government is behind it.

If you're an American, you might wonder why you should care. But know this: If it works in China, it's likely coming to America soon.

So we had better get ready to receive our dollars in digits and to make our payments using those very same digits.

D. Miyoshi

Asian Americans Against Critical Race Theory

The following article appeared in *PJ Media* on Feb 27, 2021.

It is written by Tyler O'Neil, the author of *Making Hate Pay: The Corruption of the Southern Poverty Law Center*. It should be noted that on April 28, the state of Idaho banned Critical Race Theory from the state's schools. I present the article here for your thoughtful consideration. D. Miyoshi

Asian American Group Eviscerates Critical Race Theory: 'A Hateful, Divisive, Manipulative Fraud'

Backlash is rising against the Marxist critical race theory (CRT) behind The New York Times' "*1619 Project*" and other efforts to indoctrinate Americans with the idea that American society is fundamentally or "structurally" racist. In late February 2021, the Chinese American Citizens Alliance of Greater New York (CACAGNY) issued a powerful statement condemning critical race theory and urging Chinese Americans to oppose it.

"Critical Race Theory (CRT) is a hateful, divisive, manipulative fraud," CACAGNY declared. "One way or another, CRT wants to get rid of too many Asians in good schools. Asians are over-represented. CRT is today's Chinese Exclusion Act. CRT is the real hate crime against Asians" (emphasis original).

Critical race theory teaches that any racial disparities must ipso facto be proof of some hidden racial bias or discrimination, regardless of civil rights laws explicitly forbidding such discrimination. Since Americans of Asian ancestry are overrepresented in colleges, universities, and certain high-income professions, CRT effectively teaches that American society is structurally biased in favor of Asians.

"CRT appears in our workplaces under the cover of implicit bias/ sensitivity training. It infiltrates our schools pretending to be culturally/ethnically responsive pedagogy, with curricula such as the New York Times' 1619 Project and Seattle's ethnomathematics," CACAGNY argued. "From its very roots, CRT is racist, repressive, discriminatory, and divisive."

The Chinese American group laid out the main "dogmas" of critical race theory, including (emphasis original):

You are not a person. You are only your race, and by your race alone you will be judged.

Justice is about equal rights, but Social Justice, or equity, is about equal outcomes. Only Social Justice matters; Justice does not. To achieve equal outcomes, forget equal rights.

All unequal outcomes by race — inequity for short — are the result of racial oppression.

All Blacks are oppressed and all Whites are oppressors. This is systemic: never ask whether oppression occurred, only how it occurred. Everyone and everything White is complicit.

If you are White and won't admit you are racist, you are racist by implicit bias. To reduce implicit bias, you must self-criticize, confess to privilege, apologize to the oppressed race.

Whiteness is belief in, among others: achievement, delayed gratification, progress, schedules and deadlines, meritocracy, race-blindness, the written word, facts and objectivity (they deny lived experience), logic and reason (they deny empathy), mathematics and science (until they are de-colonized and humanized).

CRT suppresses dissent with cancel culture: publications withdrawn, college admissions rescinded, online presence wiped out, business relationships ended, jobs terminated.

Savvy Investors can make the stupidest mistakes

The Chinese American group presented three instances of CRT at work. In June 2020, Seattle ran an "anti-racism" training that began with the claim that all White people have a natural sense of racial superiority. The session required participants to confess their complicity in "white supremacy" become "less white," and become accountable to black people in their every thought.

In August 2017, Nevada high school senior William Clark took a mandatory class in which the curriculum told students that white people are racists who enjoy the privileges of oppression. Classmates, teachers, and administrators allegedly began harassing Clark merely because he was identified as white.

In January 2021, a teacher in Cupertino, Calif., told an elementary school math class that students lived in a dominant culture of white, cisgender, educated Christians, and that the culture was created to hoard power. As CACAGNY explained, "a Chinese parent found out about this and organized parents to stop it. It reminded them of Mao's bloody Cultural Revolution."

Although Chinese Americans "are people of color and therefore start from the oppressed side of CRT's binary," CACAGNY explained that "as we overcome discrimination and achieve upward mobility, we are now White by adjacency" (emphasis original). The Chinese American group claimed that Black Lives Matter rioters with CRT signs assaulted a CACAGNY rally supporting merit-based education.

CACAGNY condemned various forms of sleight-of-hand that allow universities like Harvard and top high schools to select "lower-qualified Blacks" over "better-qualified Asians."

CACAGNY called on Asian Americans to loudly denounce critical race theory and to fight back.

"We need to recognize CRT through its fraudulent packaging, call it out, resist. Parents need to watch for CRT in schools, talk to each other, and organize, like the Cupertino Chinese parents," the group argued. "Regardless, parents need to speak with their kids to anti-indoctrinate (or un-doctrinate) them at home. This needs to start early, because CRT indoctrination also starts early. Don't trust schools and teachers blindly."

CACAGNY acknowledged former President Donald Trump's executive order to ban CRT on the federal level, but noted that President Joe Biden rescinded that order upon taking office. That means state and local efforts provide the most promise.

Republicans in various states have filed legislation to ensure that schools do not indoctrinate kids with the 1619 Project. These efforts are likely to grow.

CACAGNY made powerful arguments against Marxist critical race theory without mentioning that this ideology inspired much of the destruction of the Black Lives Matter and antifa riots over the summer. While protesters rightly expressed outrage at the treatment of George Floyd, many of the protests devolved into looting, vandalism, and arson in which lawless thugs — acting in the name of fighting racism — destroyed black lives, black livelihoods, and black monuments.

When vandals toppled a statue of George Washington in Portland, they spray-painted "1619" on the statue. When Claremont's Charles Kesler wrote in The New York Post, "Call them the 1619 riots," Hannah-Jones responded (in a since-deleted tweet) that "it would be an honor" to claim responsibility for the destructive riots.

Parents of all races should oppose this dangerous and divisive ideology. Critical race theory pits Americans against one another on the basis of skin color, teaches children a basic distrust of the social elements that make America great, and inspired violent and deadly riots.

End of Article

Savvy Investors can make the stupidest mistakes

Hindsight is always 20/20. I learned that for sure in my own investing forays. In late March 2021, a renowned investor Bill Hwang took his firm Archegos Capital Management and managed to lose $20 billion using "total return swaps" buying as much as $50 billion worth of stock with just $10 billion in capital. This was an extremely leveraged position and when things did not go his way, his banks issued margin calls forcing the sale of the stock resulting in the house tumbling down. We will likely hear more about the affects of this trade as the market absorbs the consequences of what happened. This fiasco got me to thinking how and why do savvy investors end up making such huge financial mistakes.

To help me answer that question, Lou Carlozo, an award winning writer specializing in personal finance and investment with articles appearing in the Chicago Tribune, Reuters, U.S. News and World Report, H&R Block Talk, Entrepreneur magazine, and the financial editor of *Your Investing Strategy* published an article entitled 11 Craziest Money-Losing Wall Street Moves in History. For your edification and mine, I recreate that article here. D. Miyoshi

11 Craziest Money-Losing Wall Street Moves in History

The most famous pundits can make the worst investing calls.

1. Missing the 1929 Stock Market Crash by a Mile

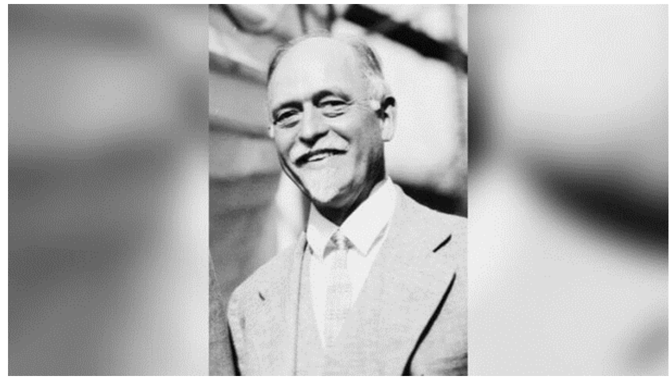
Even though the most devastating stock market crash in American history happened almost a century ago, urban legends of investors leaping out of windows to their deaths still resonate. It all began on Oct. 24, 1929, as the market lost 11% of its value. Just seven days before, the famous economist Irving Fisher offered a prediction.

Pictured: New York Stock Exchange during the Crash of October 1929

Irving Fisher's Prediction Miss

“Stock prices have reached what looks like a permanently high plateau,” Fisher said. “I do not feel there will be soon if ever a 50 or 60 point break from present levels, such as [bears] have predicted. I expect to see the stock market a good deal higher within a few months.”

Turns out that Fisher was famously — and dramatically — off the mark. “Though Fisher is regarded as one of the giants in investment history, his ability to forecast market activity was less than stellar,” said Robert R. Johnson, professor of finance at the Creighton University Heider College of Business.



2. Ravi Batra Predicting the Great Depression of 1990 That Never Was

As an economist, author and professor at Southern Methodist University in Dallas, Ravi Batra has made a name for himself critiquing capitalism and claiming that it can lead to inequality and political corruption. Batra put himself out on a limb with his 1987 tome “The Great Depression of 1990,” said Johnson.

Pictured: New York Stock Exchange in 1995 where Dow Jones Industrial Average closed at 4,852.67

Ravi Batra's Award for His Incorrect Guess

“While his prediction didn’t come true, his book did reach No. 1 on The New York Times bestseller list,” Johnson said. “He has the distinction of being awarded the 1993 Ig Nobel Prize — a parody of the Nobel Prize — for his incredibly poor prediction.” That award also “honored” Batra’s sequel, “Surviving the Great Depression of 1990.”

11 Craziest Money-Losing Wall Street Moves in History

3. Forecasting Dow 100,000 by 2020

Maybe investment strategist Charles W. Kadlec took Prince's invitation to "party like it's 1999" a bit too seriously because that's the year this mega-bull made an outrageous forecast: The Dow Jones Industrial Average would hit 100,000 by 2020. It's all there in "Dow 100,000: Fact or Fiction." Unfortunately, things like the dot-com bubble burst and the Great Recession got in the way.

Pictured: Dow Jones Industrial Average price in 2009

Where Things Really Are in 2020

The Dow Jones Industrial Average has traded above 29,000 recently, but that's far short of Kadlec's prediction for where it would be by now. As one reviewer on Amazon, Michael Emmett Brady, said of the book: "The correct title for Kadlec's supply-side nonsense is 'Dow 100,000: Fiction.'"

4. Predicting Dow 36,000

Someone must've slipped something into the irrational exuberance punchbowl in 1999. The year after Kadlec's call, Washington Post columnist James Glassman and economist Kevin Hassett published the first edition of "Dow 36,000." That's a lower target than 100,000, to be sure, as they predicted the Dow Jones Industrial Average would hit 36,000 within a few years. As Publishers Weekly put it, "The only thing missing from this half-time speech of an investment book is an exhortation to buy stocks for the Gipper."

Pictured: New York Stock Exchange shows record close of Dow Jones Industrial Average in 1999

Why They Made This Bold Prediction

"The [authors'] main argument was that stocks and bonds should be treated as equally risky — and that when the market woke up and realized that, stock prices would soar," Johnson said. Fast forward to 2020, and the Dow still has a long way to go. Understandably, "this bold call has dogged the authors," Johnson said.

11 Craziest Money-Losing Wall Street Moves in History

Pictured: New York Stock Exchange shows record close of Dow Jones Industrial Average in 1999

5. SmartMoney's Dumb Call on AOL

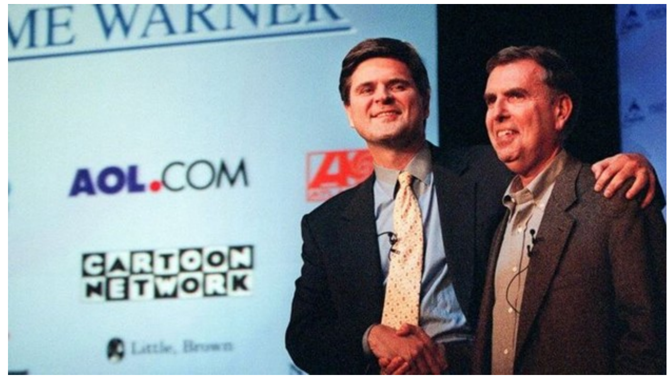
Singling out the worst financial call of all time is a challenge. “Outrageously erroneous financial predictions are so numerous that selecting the worst is an impossible task,” said Bruce D. Vandegrift, a wealth strategist and vice president of Chemical Bank in Grand Rapids, Michigan. But if you press him, Vandegrift has one no-brainer of a brainless pick.

“In December 1999, [the former] SmartMoney magazine, in its year-end predictions, named a number of dot-com stocks as sure winners for the future, and among their picks was AOL,” he said. It was right before the dot-com bubble burst, and enthusiasm was high on anything high-tech.

Pictured: AOL CEO Steve Case in 1999

What Happened After the Prediction

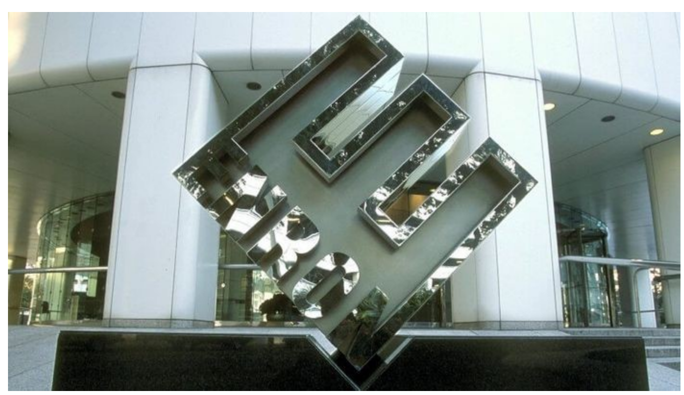
Then, in 2000, AOL entered into a disastrous merger with Time Warner. “AOL lost more than 70% of its stock value the year after,” Vandegrift said. SmartMoney’s dumb gaffe offers another reminder that tuning out predictions can help you avoid big investing mistakes.



Pictured: AOL CEO Steve Case with Time Warner CEO Gerald Levin

6. Failing To See the Enron Crash Ahead

Many investors got rolled with Enron stock, especially after Fortune magazine voted Enron “America’s Most Innovative Company” for six consecutive years, from 1996 to 2001. Yet that final year, Enron succumbed to the largest corporate scandal and flameout in history. The stock tumbled from $90 a share on Aug. 23, 2000, to 6.2 cents on Dec. 31, 2001 — a span of just 16 months.



How Many Analysts Got It Wrong

As late as September 2001, 16 analysts had buy ratings on Enron, Johnson said. “On Oct. 23, with the stock selling at around $20, Lehman Brothers analyst Richard Gross reiterated that Enron was a strong buy, and ‘the stock should recover sharply.'”

11 Craziest Money-Losing Wall Street Moves in History

Gross and the other 15 analysts were not alone in giving bad investment advice. Among Wall Street analysts at the time, “there were no sell ratings,” according to Theodore F. Sterling’s book “The Enron Scandal.”

Pictured: Enron Field sign being removed from Astros ballpark

7. Making One of the Worst Google Predictions Ever

In 2004, Whitney Tilson gave bad investment advice that was the stock market equivalent of not just missing the boat, but the aircraft carrier. That year, Tilson predicted Google would be “disappointing” to investors, according to CNBC.

Pictured: Google CEO Eric Schmidt with Larry Page and Sergey Brin

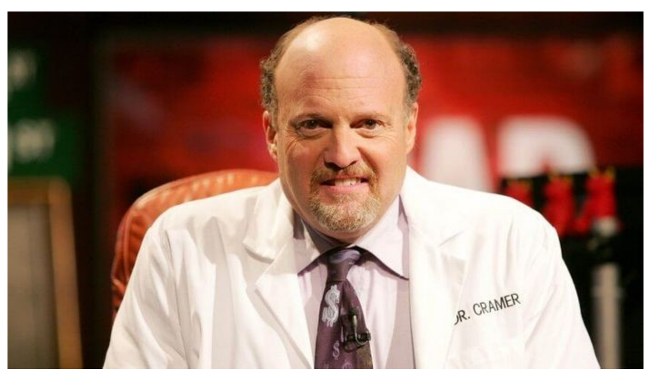
What You Lost If You Took the Advice

Everyone knows what happened to Google after that, but here’s a little context: If you took Tilson’s advice and unloaded your stock three years after its 2004 IPO, you’d have missed out on one of the greatest run-ups in history. Between 2004 and 2013, Google’s stock price skyrocketed by more than 900%.

8. Jim Cramer Failing To Go Bearish on Bear Stearns

When it comes to putting his neck on the line — and getting it chopped off a few times too often — Jim Cramer, the host of “Mad Money” on CNBC, arguably leads the pack. On March 11, 2008, Cramer responded to a viewer’s concern over Bear Stearns’ liquidity problem, recalled K.C. Ma, director of the Sarah George Investments Institute at Stetson University in DeLand, Florida.

Here’s Cramer’s advice, word for word: “No! No! No! Bear Stearns is not in trouble. If anything, they’re more likely to be taken over. Don’t move your money from Bear.”



What Really Happened To Bear Stearns

The aftermath was not pretty. “On March 14, Bear Stearns stock fell 92% on news of a Fed bailout and $2-a-share takeover by JPMorgan,” Ma said.

Despite the occasional bad call, Cramer’s net worth is still extensive.

11 Craziest Money-Losing Wall Street Moves in History

Pictured: S&P 500 index closed 2 points below record high in 2013

9. Marc Faber's Blundered Call on Obama

As editor of the Gloom, Boom & Doom Report, Marc Faber is known in Wall Street parlance as a “permabear,” the kind of guy who believes that every silver lining has a cloud. As such, he’s made some wrong calls. On Nov. 8, 2012, Faber went for broke and likely made some investors broke in the process.

On Bloomberg Business, Faber said the market would fall at least 50% after President Barack Obama’s reelection, stating: “Mr. Obama is a disaster for business and a disaster for the United States.”

The Reality of Faber's Prediction

In the nine months following the interview, the S&P 500 had shot up by 20%. The cautionary lesson: Tuning out the pundits can help you steer clear of big money mistakes.

10. Jim Cramer's Bad Call To Bail on Hewlett-Packard

The same month that Faber “crashed,” Cramer came through once again with bad advice. On Nov. 20, 2012, Cramer urged his “Mad Money” viewers to get out of Hewlett-Packard, based on his dim view of its corporate culture and other perceived issues.

How Things Really Went For Hewlett-Packard

So what happened? In six months, Hewlett-Packard shot up about 100%. “While some bad picks are unavoidable, as anyone attempting to time the market will inevitably make bad trades, some are beyond reproach, and HP was one,” said Leslie Bocskor, president and managing member of Electrum Partners in Las Vegas.

Inflate…or Die!

Pictured: Hewlett Packard CEO Meg Whitman applauds ceremonial opening bell on the New York Stock Exchange

11. Paul Krugman Predicts the Internet Will Stop Growing

“While there have been many ‘macro’ level calls and predictions regarding the Dow or S&P 500, there have also been some extremely poor predictions for up-and-coming investment sectors,” said Ryan Shuchman, partner at Cornerstone Financial Services in Southfield, Michigan.

Shuchman particularly points out a prediction made by Paul Krugman, a Nobel Prize winner in economics, in 1998: “The growth of the Internet will slow drastically, as the flaw in ‘Metcalfe’s law’ — which states that the number of potential connections in a network is proportional to the square of the number of participants — becomes apparent: most people have nothing to say to each other! By 2005 or so, it will become clear that the Internet’s impact on the economy has been no greater than the fax machine.”

How Internet Stocks Actually Performed From 1998 to 2005

Between 1998, when Krugman predicted the growth of the internet would begin slowing down, to 2005, which he predicted that the internet’s effect on the economy would be nullified, many internet-adjacent stocks had major returns for investors. As Shuchman pointed out, over those years Microsoft provided a 61% return, Oracle provided a 220% return, Intel provided a 46% return, Amazon provided a 912% return and Apple provided a 1,702% return. Hewlett-Packard is one of the only major internet-related stocks that went down in value, from $32.28 at the beginning of 1998 to $28.80 at the end of 2005.

“To put this in perspective, $25,000 invested on Jan. 2, 1998, with equal weighting across these six stocks would be worth $147,160 at the end of 2005,” Shuchman said. “That is a 588% increase in seven years — it seems like the Internet did have a big impact.”

End of Article

Inflate…or Die!

“A system… contrived (in the Treasury Department) for deluging the states with paper-money instead of gold and silver, for withdrawing our citizens from the pursuits of commerce, manufactures, buildings, and other branches of useful industry to occupy themselves and their capitals in a species of gambling…”

Inflate…or Die!

This is taken from Thomas Jefferson's letter to George Washington, March 1, 1792, during the Panic of 1792, after the formation of the First Bank of the United States.

Jefferson was warning about the ravages of inflation. He was right but it took more than 200 years for it to sink in.

Now we can say "Oh, so that is what he meant."

Bill Boner of Bonner and Partners gives us stats to show that commerce, manufactures, and other useful industries are definitely now in decline. The U.S. economy grew more than 5% per year during the Kennedy-Johnson years.

In Trump's term, the growth rate was only 1.25% – the lowest since the Great Depression.

New Era

But gambling is more popular than ever.

And now, the stock market – previously a place to discover the real values of America's useful industries – is now a huge casino, like Las Vegas without the free drinks, where companies that might be worth zero are valued at billions of dollars.

How come?

Because the country has been deluged with paper money. Easy money. Fast money. Fake money. Stimmy money.

There, too, Donald Trump is a record-setter.

While he was president, the Federal Reserve's balance sheet – which rises as the Fed "prints" more "paper" money – rose more than three times as fast as under George W. Bush and more than twice as fast as during the reign of Barack Obama.

Not surprisingly, U.S. debt increased faster, too.

During the Clinton years, the national debt rose at an annual average of about $200 billion. It rose three times faster under George W. Bush… five times faster under Obama… and 10 times faster under Trump.

All of which makes us wonder… What kind of hallucinations were the folks at CPAC, the Conservative Political Action Conference, suffering when they bowed down before the graven image of Donald Trump?

He is the least conservative of any president – Democrat or Republican – in history (setting aside, perhaps, FDR).

Oh yes… we forgot… it's TPAC now. Conservatives are history. It's a new era.

And it doesn't matter what you think… what you say… or who you vote for – this sucker is going down.

Going Down

But wait… Maybe if we all pull together…

From a dear reader comes a practical question. What if we really did try to pay off the federal debt?

"As for the debt of our country," asks Annette A., "what if everyone in this country gave $1 to $5 dollars on the principal of our debt every year? I really don't know how many people live in the U.S., but it is a lot. How many years would it take? If this is done, I know that many rich people would give more than $5."

Well, let's see. If each American adult pitched in $5… every year… how long would it take to pay off $28 trillion in debt?

Hmmm…. We have the answer: 21,937 years! Or, approximately, until Hell freezes over.

And that's only if the feds stop adding more debt… which ain't going to happen.

Which is why we need the full George W. Bush insight. "If the money supply doesn't loosen up," said he, "this sucker will go down."

Loosen Up

That's what happens. At first, as Hemingway noted, inflating the money supply produces a little "temporary prosperity."

But then, if you stop inflating, the pseudo prosperity disappears… and the sucker goes down.

This is the same trap that faced Rudolf von Havenstein in Germany… Gideon Gono in Zimbabwe… Celestino Rodrigo in Argentina… Delcy Rodríguez in Venezuela… and now, Jerome Powell in the U.S.

It's inflate or die.

Each administration, naturally, wants more prosperity… even if it is temporary. So it needs to "loosen up" the money supply a little more.

That's why the Fed's real interest rate (charged to member banks) was below zero for all but a couple of quarters over the last 10 years.

And this leads to an even greater dependence on the deluge of paper money… and sets the nation up for an eventual catastrophe.

Here's Yahoo! Finance a month ago:

Nearly 7 in 10 Americans in a Quinnipiac University poll said they support President Biden's $1.9 trillion coronavirus relief plan.

And here's the Bank of America, warning that unless the Fed loosens up more… now… the sucker is going down again. From Business Insider:

The recent (late February) spike in interest rates has Bank of America analysts on edge about a potential stock market crash.

On Feb 26, the bank highlighted the historic yield spike in mortgage-backed securities [MBS] and compared the current environment to 1987, when a continued jump in MBS yields preceded a stock market crash of more than 20%.

BofA said in 1987, an interest rate shock in April was followed by further rate increases that ultimately led to the October stock market crash.

"Unless Fed fights back very soon with more treasury/MBS purchases, a similar fate likely lies ahead," BofA warned.

Inflation: Demand vs Monetary

Wrong Choices

Once a heavy object begins rolling down a steep hill, it doesn't stop until it smashes into something.

It doesn't matter what you say or what you think. As it rolls downhill, it gathers momentum, making it more and more dangerous to try to stop it.

And then you get dunderheads like George W. Bush, Ben Bernanke, Janet Yellen, Barack Obama, Donald Trump, and Jerome Powell shoving it along even faster.

We're used to thinking that things are under our control… that if only "they" would do the right thing… make the right choices… we could avert disaster.

Maybe.

But once you've made the wrong choices for a long time, it's almost impossible to make the right ones. The momentum is against you.

So I guess we should get ready for something to hit the fan real soon.

D. Miyoshi

Inflation: Demand vs Monetary

There is no question inflation is growing in our economy. Just visit your favorite restaurant or walk down the aisles of any supermarket to see it first-hand. But what is causing this inflation? Well, in business school I learned there are two types and they are vastly different.

Demand Inflation

There is the type of inflation we call demand inflation which is more or less benign. It's a feature of the business cycle. As the economy heats up, demand grows for consumer products and the raw materials to make them.

This is a healthy trend, but it engenders an immediate feedback loop. That is, the demand for financing increases.

Businesses need financing to boost output and meet the rising demand. Consumers need financing, too. They enhance their lifestyles – with new houses and new cars – counting on rising incomes to help pay for them.

This increasing demand for credit raises interest rates, which tends to cool down appetites for both credit and further consumption. Price inflation subsides… interest rates decline… and growth rates cool.

Related to and concurrent with this phenomenon is the government's need for credit.

In an economic expansion, the government also expands. And it tends to absorb credit like a sponge. In a healthy and honest financial system, this is self-limiting, too.

Excess government borrowing "crowds out" private borrowing (because the feds are the most reliable borrowers in the world).

This raises interest rates even further… thus putting the end to the expansion… and usually leading the Chamber of Commerce, among others, to call on the feds to back off.

Monetary Inflation

But now cometh the Federal Reserve's fake money (aka stimulus payments, quantitative easing, social programs, etc.) and the whole cyclicality of it collapses.

Prices rise, not because a robust economy has increased demand… but because the government has created fake dollars that bid for goods and services just as if they had been gotten honestly.

Then, too, consumers, businesses, and the government itself can borrow as much as they want – because the Federal Reserve, through the banking system, is creating new credit at will.

Interest rates do not necessarily rise… because the feedback loop has been severed. The Fed provides fake savings, indistinguishable from real savings… which keeps lending rates low.

Even the ever-alert financial press can't tell the difference. Hardly a day passes without a report that the "U.S. savings rate is soaring" or that "Americans are sitting on a huge pile of savings."

Just how can savings increase when GDP is down… unemployment is up… and millions of small businesses are going broke? How is

Is a Tragedy the same everywhere in the world?

that possible?

It is possible because a crisis – especially one where millions of people are under lock down orders – always reduces consumer spending.

But this time, the savings rate is altogether a different thing. Much of what people "save" today is money they never earned. It is money given to them by the generous folks at the U.S. government.

It is fake money, given away on false pretenses. And now, it is fraudulently described as "savings."

These artificial savings help depress interest rates, until people realize how it works. Then, they see that this incipient monetary inflation is not cyclical.

It is structural.

It is part of the government's program… a program that the feds can't stop.

Inflation that is Intentional, Deliberate, and Disastrous

Prices are beginning to rise, in other words, not because a real boom is increasing demand for goods and services.

Instead, the increase in the supply of money with fake money is driving up prices, with no offsetting increase in goods or services.

This phenomenon has a feedback loop of its own. But it's not self-correcting… It's self-destructive.

Instead of increasing interest rates and thereby reducing demand for credit, the fake money increases debt loads, dependency, and the need for more cheap credit – more money-printing – to keep up with it.

This time, governments are not encouraged to cut back on their programs to prevent "crowding out" private borrowers.

Instead, they're demanded to step up their money-printing, to spend more money, to buy more bonds (or, later, stocks too), to provide more "stimmy" money, to build more highways, to control the planet's temperature, to right the wrongs of the past, and to look into the changing future and make sure it never happens.

Investors soon figure out that this means higher prices and less output. They take steps to protect themselves… And the government takes steps to prevent them from protecting themselves.

Monetary inflation, in other words, is not a natural feature of the business cycle. It is government policy. Intentional. Deliberate. And disastrous. Just wait and see.

D. Miyoshi

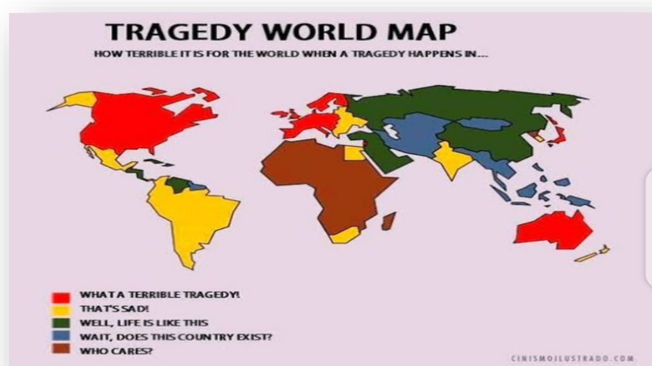
Is a Tragedy the same everywhere in the world?

The Google dictionary defines the word "tragedy" as an event causing great suffering, destruction, and distress, such as a serious accident, crime, or natural catastrophe.

The definition of the word is simple enough to understand and can apply everywhere in the world. But the question here is, do people care about tragedies the same everywhere in the world? The answer is likely no.

Most of the world only cares about tragedies when it happens in a particular place.

Take a look at this map.



It portrays a sad reality.

Most of the world only cares about tragedies when it happens in a particular place.

Take the George Floyd incident that sparked outrage across the globe. A man is a victim of police brutality.

Is a Tragedy the same everywhere in the world?

But then again, incidents happen worse than this in many other places.

When, people tried to protest against police brutality in Nigeria, the military did not hesitate in firing upon civilians using live ammunition.

The same thing is happening now in Myanmar

And these are only the most recent events.

Things like this can't happen in countries like the U.S. and England. BLM were able to protest the event with the assurance that the people sworn to defend them wouldn't try to harm them openly.

But this happens in other places because people simply do not care.

Against this assertion there are two principal retorts:

<u>1. the major news networks can't cover all the stories across the world and can't go running when "A middle Eastern person scrapes his knee in the desert"</u>

But it only takes a few minutes of research to find more important world news than someone in the middle east being slightly hurt.

And since the beginning of the year nearly a thousand school children have been kidnapped in Nigeria.

Nearly on a weekly basis, terrorists come into schools and take children by their hundreds.

No major news network has reported that.

Major news Networks are far too busy covering the latest drama in the Royal family.

And it’s because unfortunately their lives matter less to the rest of the world due to where they were born and where they live.

<u>2. It has to do with geography and people only care about what happens near them because they can't do anything about other places"</u>

But George Floyd was killed in North America and it sparked pro-

Lockdowns Don’t Stop Viruses

tests across Europe and Australia. The protestors did not chant “Oh, that's in America. It doesn't concern us”

The sad truth is protestors all over the world stood up with the American protestors but they would not have batted an eye if something like this had happened in Africa. People care about the lives of others depending on when they're from. This is a reality that people have a hard time admitting. In a way the bigger tragedy is that people only care about the tragedies that happen in only certain places.

D. Miyoshi

Lockdowns Don’t Stop Viruses

When historians and medical experts look back on the coronavirus pandemic of 2020-2021 they’ll see that almost everything the government told us was negligent at best, or a lie at worst.

We were told not to wear masks last year because they didn't work. Then we were told they did work. New evidence also shows that a 3-foot rule works fine and there’s no added benefit from 6-foot spacing. The evidence from 30 countries and the 50 states in the U.S. shows conclusively that lockdowns don't work to stop the virus.

Meanwhile, states with the lightest lockdown policies had the lowest unemployment while states with strict lockdown policies had the highest unemployment. The pandemic was a disaster and a tragedy. But, the public policy response made it far worse. The economic damage will be with us for decades.

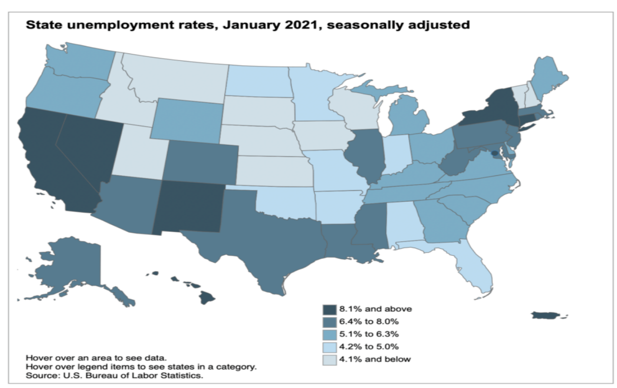
According to investigative journalist and foreign policy analyst Jordan Schachtel, the economic results of America’s ongoing experiment with COVID-19 top-down authoritarianism are in, and have provided for the clearest picture to date about the very real, devastating side effects of lockdowns.

Here are Schachtel’s findings.

The U.S. Bureau of Labor Statistics has made available a series of new statistics highlighting the unemployment figures from January (pre-pandemic mania) 2020 when compared to January of 2021, and the difference in outcomes is staggering.

Rank	State	January 2021 unemployment rate	January 2020 unemployment rate	12-month change
1	South Dakota	3.1	2.9	0.2
1	Utah	3.1	2.4	0.7
3	Nebraska	3.2	2.9	0.3
3	Vermont	3.2	2.5	0.7
5	Idaho	3.4	2.6	0.8
6	Iowa	3.5	2.8	0.7
6	Kansas	3.5	3.1	0.4
8	New Hampshire	3.6	2.6	1.0
9	Wisconsin	3.8	3.3	0.5
10	Montana	4.0	3.7	0.3
11	Indiana	4.2	3.2	1.0
12	Alabama	4.3	2.7	1.6
12	Missouri	4.3	3.6	0.7
12	Oklahoma	4.3	3.1	1.2
15	Minnesota	4.5	3.2	1.3
15	North Dakota	4.5	2.2	2.3
17	Arkansas	4.6	3.7	0.9
18	Florida	4.8	3.3	1.5
19	Georgia	5.1	3.3	1.8
19	Tennessee	5.1	3.7	1.4
19	Wyoming	5.1	4.4	0.7
22	Maine	5.2	3.0	2.2
23	Kentucky	5.3	4.1	1.2
23	Ohio	5.3	4.5	0.8
23	South Carolina	5.3	2.6	2.7
23	Virginia	5.3	2.5	2.8
27	Michigan	5.7	3.7	2.0
28	North Carolina	5.9	3.5	2.4
29	Delaware	6.0	4.3	1.7
29	Washington	6.0	4.0	2.0
31	Oregon	6.2	3.4	2.8
32	Maryland	6.4	3.4	3.0
32	Mississippi	6.4	5.6	0.8
34	West Virginia	6.5	5.0	1.5
35	Alaska	6.6	5.0	1.6
35	Colorado	6.6	2.7	3.9
37	Arizona	6.7	4.8	1.9
38	Texas	6.8	3.6	3.2
39	Rhode Island	7.2	3.8	3.4
40	Pennsylvania	7.3	4.8	2.5
41	Louisiana	7.6	5.1	2.5
42	Illinois	7.7	3.5	4.2
43	Massachusetts	7.8	2.8	5.0
44	New Jersey	7.9	3.7	4.2
45	Connecticut	8.1	3.7	4.4
45	Nevada	8.1	3.7	4.4
--	District of Columbia	8.4	4.9	3.5
47	New Mexico	8.7	5.1	3.6
48	New York	8.8	3.8	5.0
49	California	9.0	4.2	4.8
--	Puerto Rico	9.3	9.1	0.2
50	Hawaii	10.2	2.0	8.2

As set forth in the chart posted by Phil Kerpen, South Dakota, which has remained open over the course of the past year, has the best numbers on record. Under Governor Kristi Noem’s leadership, South Dakota registered both the lowest percentage increase of unemployment, in addition to the lowest overall unemployment percentage.



Of the remaining 9 states with the best unemployment numbers, every state but Vermont took a more minimalist approach to COVID-19 restrictions.

On the other side of the spectrum, here’s a list of the states that saw a spike in unemployment of 4 percent or more since January, 2020:

California

New York

New Jersey

Connecticut

Hawaii

Illinois

Nevada

Massachusetts

All of the aforementioned states instituted major lockdowns that were intended to stop the annual respiratory sickness season from occurring, but failed to do so. These policies did in fact detonate their respective economies. Moreover, most of these states continue to have major restrictions in place that will keep unemployment moving in the wrong direction.

After a full year of evaluating the data, it's clear that there was no threat to states that allowed the economy and society to flourish. It took courage for these political leaders to stand up to COVID mania, and their states have been rewarded in the form of a more thriving economy and society.

States like New York and California, where millions have been driven into financial ruin, imposed top-down draconian measures in order to "stop the spread." They have only registered significantly worse outcomes, on both a disease burden front in addition to the ruinous economic and societal side effects of lockdowns. Not a single top-down restriction supposedly intended to "stop the spread" did anything statistically demonstrable to quell the virus problem.

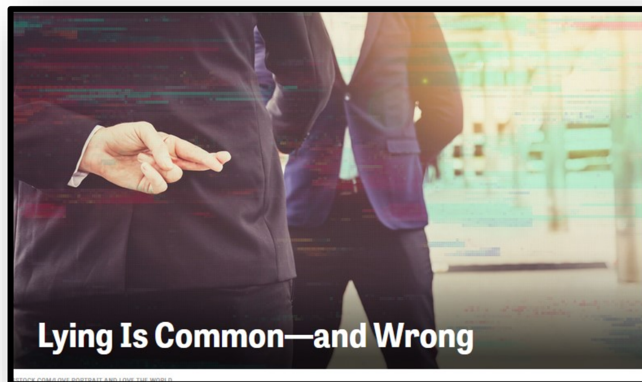
So the question remains, when the inevitable Covid 20 next strikes, how will we react?

D. Miyoshi

Lying is Common and Wrong

In last month's newsletter, I featured an article entitled "43 Unbelievable Facts About Lies" that was originally published in the website *Factinate.*

As a follow up this month, I present this article entitled Lying is Common – and Wrong written by Joel Hilliker that originally appeared on March 31 in the Christian publication *The Trumpet*. I thought it was interesting and refreshing and so present it here for your thoughtful consideration. D. Miyoshi



It's not harmless and helpful: It's mind-destroying and nation-destroying.

Lying is normal. Lying is necessary. Lying is not a problem if you know how to use it. If you really know what you are doing, you can even tell big, bold lies. We need lying to make things work: our marriages, our friendships, our business, our politics, our security, our international relations.

This is the standard attitude in our society. And it is a lie!

Look at the role of lying over just the past year with Covid-19, with irregularities in America's election last November, with truth and facts being censored by media and Big Tech, with leftist causes being promoted in spite of contrary facts. There is an epic amount of lying in the public sphere today. And in so many cases, life moves on; new headlines emerge and the truth is overwhelmed by deceit.

This is terribly destructive and dangerous to you and me and to our whole society.

The Prophet Jeremiah forecast the role of lying in our society. He said God would be amazed at the boldness of people's sin: how they "cling tightly to their lies," how they rush toward sin, how they are unashamed, how lying and other sins are routine, how people who

Lying is Common and Wrong

weaponize lying "proceed from evil to evil." He said God would be moved with sorrow and indignation by the boldness of people's sin (see Jeremiah 8:4-12; 9:1-3). Read Jeremiah 9:4-5, see what happens in a society that accepts lying, and ask yourself if this sounds familiar: "Let everyone beware of his neighbor, and put no trust in any brother, for every brother is a deceiver, and every neighbor goes about as a slanderer. Everyone deceives his neighbor, and no one speaks the truth; they have taught their tongue to speak lies; they weary themselves committing iniquity" (English Standard Version).

The value we place on truth is central to our character. It's the difference between thinking like God and thinking like the devil.

The God who inspired Jeremiah's prophecy is the one, true, eternal Creator God. But this world is not God's world. The societies humans have built are Satan's societies. His influence permeates and dominates humanity. He is the god of this world, he has deceived the whole world, he is the father of lies, and there is no truth in him (2 Corinthians 4:4; Revelation 12:9; John 8:44).

His influence reaches into even the closest human relationship: One study has found that an average of 10 percent of communication between spouses is deceptive. Lying is so easy. In fact, if you don't prize and exalt truth, you will easily slip into various subtle forms of deception without even thinking about it.

But even "small" lies that you seem to "get away with" cut you off from the God of truth! Humanity as a whole has indulged in lies and hypocrisies from the beginning and has plunged deeply into them in our lifetimes. And largely because of this sin, we are entering a period of terrifying darkness.

God's communication is 100 percent truth. The Apostle Paul wrote that hope of eternal life itself is based on faith in something that "God, that cannot lie, promised before the world began" (Titus 1:1-2). Thank God He has set His will to never lie. Nothing can stop Him from keeping His word. Our hope in that is an anchor for our souls (Hebrews 6:18-19).

God's nature has not even a shadow of deception (1 John 1:5). He wants us to walk in the light as well, with our words in perfect accordance with our deeds. Let sin in, let it spread, and you have a world where the average person lies every day as a way of life.

People almost always lie to try to benefit themselves. They lie to hide wrong things they have done; to avoid punishment; to lower the reputations of others, especially in comparison to their own; to raise their reputation, especially in comparison to others; to hide personal insecurities; to avoid an issue; to let an untrue statement go uncorrected; to receive more money than they would otherwise receive; to avoid telling people no or other things they don't want to hear; to avoid hurting people's feelings; to flatter.

But God forbids all lying with His Ninth Commandment: "Thou shalt not bear false witness against thy neighbour" (Exodus 20:16). Proverbs 6:16-19 show that God hates lying. It destroys relationships; it destroys character; it destroys people. Not just sometimes—every time.

Using our tongues to lie is a sin all of us have to battle. Adults learn to hide it somewhat, and it is often more obvious in children. Yet one study shows that children as young as 3 years old can commonly deceive adults without being detected. In fact, all children lie until caught! Parents need to be vigilant and prayerful to catch it and prevent that tendency from becoming a habit.

One of the most dangerous forms of lying is hypocrisy: pretending to be something you are not or to believe something you do not believe, especially regarding religion. This is a deceptive, self-destroying burden—from which God wants to free us! When we walk in the truth—not pretending to be something we are not, living completely free of deceit, having nothing to hide, living with integrity even when others aren't looking—we give God the Father His greatest joy! (3 John 1-4).

Sam Harris is a neural scientist, an atheist and a prominent critic of religion. Disregarding religion and the Bible, he has written a book called Lying that evaluates this subject from his own narrow secular perspective. But his conclusions are quite interesting.

"Most forms of private vice and public evil are kindled and sustained by lies," Harris writes. "Acts of adultery and other personal betrayals, financial fraud, government corruption—even murder and genocide—generally require an additional moral defect: a willingness to lie."

But aren't there some cases where lying works out for the best? "Every lie haunts our future," Harris writes. "There is no telling when or how it might collide with reality, requiring further maintenance. The truth never needs to be tended in this way. … The liar must remember what he said, and to whom, and must take care to maintain his falsehoods in the future. … When you tell the truth, you have nothing to keep track of. The world itself becomes your memory …."

Sounds a lot like what the God of truth reveals much more poetically in His Word: "Bread of deceit is sweet to a man; but afterwards his mouth shall be filled with gravel. … The lip of truth shall be established for ever: but a lying tongue is but for a moment. … For God shall bring every work into judgment, with every secret thing, whether it be good, or whether it be evil" (Proverbs 20:17; 12:19; Ecclesiastes 12:14).

Harris writes, "Lying is, almost by definition, a refusal to cooperate with others. … Research suggests that all forms of lying—including white lies meant to spare the feelings of others—are associated with poorer-quality relationships. … [T]he moment we consider our dishonesty from the point of view of those we lie to, we recognize that we would feel betrayed if the roles were reversed. … Every lie is a direct assault upon the autonomy of those we lie to."

The Power and Danger of Politics

This is modern terminology for exactly what you will read throughout the Holy Bible, recorded by men without neural science backgrounds but inspired by the God who created the human brain and mind.

Harris relates an example of a "poorer-quality relationship": a family in which the mother was diagnosed with multiple sclerosis. The doctor told her husband but lied to her. The husband lied by concealing the truth from her. She researched it herself, self-diagnosed, but concealed it from her husband. Her son found out accidentally a year later, and the other two children found out two years later. The family concealed it from the grandmother (and, therefore, all other friends and family members). One of the children said, "Rather than feeling grateful and protected, I felt sadness that we hadn't come together as a family to face her illness and support each other," and "I think she deprived herself of the opportunity to have a closer relationship with her mother." Tragically true.

Yet surely there is some place for lying: For instance, being positive and building up someone's self-esteem—right? "A lying tongue hateth those that are afflicted by it; and a flattering mouth worketh ruin" (Proverbs 26:28).

Harris writes that lying to friends—even with flattery—makes them ignorant to part of reality, harming them in ways we cannot anticipate and treating them like less than they deserve. "When we presume to lie for the benefit of others," Harris writes, "we have decided that we are the best judges of how much they should understand about their own lives—about how they appear, their reputations, or their prospects in the world. This is an extraordinary stance to adopt toward other human beings."

God does not command us to go out of our way to criticize others. Sometimes we should decline to share what we know (without giving the impression that we don't know). But when asked for our opinion, we are disobeying God and actually hurting our friends and acquaintances when we pretend not to notice flaws. Help them by being loving and positive, but truthful.

Being truthful can lead to confrontation. In those situations, should we avoid confrontation or avoid truth? God commands in Ephesians 4:15, 25 that we must be "putting away lying" and "speaking the truth in love."

Pretending not to notice someone making a bad decision or being self-destructive shows no love. A true friend is willing to deliver what the Bible calls a faithful wound (Proverbs 27:6). One paraphrase of Proverbs 24:26 states: "An honest answer is the sign of true friendship." A couple of my closest friendships started with a difficult conversation over a point of disagreement or a personal problem. Willingness to confront a problem in love can actually open the door to genuine friendship based on sincerity and truth.

Anyone who avoids awkward conversation by lying to someone will fail to develop invaluable interpersonal skills and character traits, such as true tact, discretion, unfeigned politeness and patience.

"In committing to be honest with everyone, we commit to avoiding a wide range of long-term problems, but at the cost of occasional, short-term discomfort," Harris writes. "However, the discomfort should not be exaggerated: You can be honest and kind, because your purpose in telling the truth is not to offend people: You simply want them to have the information you have, and would want to have if you were in their position."

Proverbs 3:3-4 give us a simple, powerful antidote to what is wrecking our society and threatens our lives and the lives of our children. Believe, be grateful for, enjoy, and use the simple and powerful truth it communicates: "Let not mercy and truth forsake thee: bind them about thy neck; write them upon the table of thine heart: So shalt thou find favour and good understanding in the sight of God and man."

Forsake the broad path of breezy deceit. Commit to the straight and narrow way of truth. Be someone who means what you say, whose word can be trusted, who walks what you talk, who praises but doesn't flatter, who can deliver tactful, honest criticism, and who speaks the truth in love.

End of Article

The Power and Danger of Politics

Politics is the way people living in groups make decisions. Politics is about making agreements between people so that they can live together in groups such as tribes, cities, or countries. That's simple enough.

As a freshman in college, I took a course in political science. It was about how the three branches of our U.S. government operated. That was pretty much it. It was one of the most boring classes I had ever taken. I didn't pay much attention and thus did not learn much.

If only they taught how powerful and dangerous politics is, or could be, I think I would have gotten a lot more out of the class. At least I would have listened.

To illustrate the power and danger of American politics, P.J. O'Rourke wrote an article entitled "America's New Pastime: The

The Power and Danger of Politics

Politicization of Everything." It appeared in Stansberry Research's *American Consequences* publication on April 19. I thought it interesting and thus reproduce it here for your reading consideration. D. Miyoshi

America's New Pastime: The Politicization of Everything

Right now, the most dangerous thing about politics is... politics.

Politics are dangerous to everybody. This is true if you're scraping spray-painted obscenities off your Trump/Pence yard sign and wearing your MAGA cap at half-mast in mourning. And this is also true if you think AOC and the Green New Dealers have just dealt you a straight flush. (Flush twice – it's a long way from Congress to your lunch bucket.)

Of course, politics have always been dangerous. Politics are how it's decided who controls government... Whoever controls government controls the force of the law... And the force of the law is a lethal force.

Fail to pay a parking ticket and you'll be fined. Refuse to pay the fine and you'll be jailed. Try to escape from jail and you'll be shot. Every law, every government rule and regulation, no matter how trivial or picayune, is obeyed at the point of a gun.

That gun is called politics. And what makes politics so dangerous right now is that Americans – Left, Right, and Center (if there even is a Center anymore) – have come to believe that the answer to every question is political.

How much money should we have?

How much money can we have?

What's a dollar worth?

How many dollars must we pay employees?

Who are the employees required to be?

Who is allowed to employ them?

Who's a real American?

Who's just pretending?

Who gets to exercise free speech?

What if they speak too freely?

What should be taught in school?

What should be believed in church?

Which doctor can we go to?

Which car can we drive?

Or do we have to take the train?

And what should the weather be like?

Politics has become our first resort. And resorting to politics every time we face a problem is as absurd as (and identical to) resorting to firearms.

"Grab your shootin' iron, Pa! Ma's got bunions!"

It's safer to rely on people (a podiatrist, for example) than it is to rely on politics.

Politics is a zero-sum game... Only one side can win. Individual people compete too. Only one person can be CEO. But there are plenty of different types and kinds of CEOs you can be. And how often do you apply for a job as CEO? Most of the time, when people are competing, it's a game like golf or Little League, not a matter of life and death and parking tickets like politics.

Individual people spend most of their time cooperating... the way a family does. Imagine if a family were a political entity where the decision about who had which domestic duties and financial responsibilities was made by the group that could muster the largest ballot majority or the most physical power to lay down the law.

The poor old family dog would be holding down two jobs, raising the children, taking care of the cleaning and housework, and – here's where politics can go so wrong – the dog would be cooking all the meals.

"Roadkill for dinner, again?!"

Politics is famously bad at allocating resources. Using the force of family politics you can make the dog do all the work. But this will leave your kids chewing shoes and peeing on the carpet and you and your spouse burying bones in the yard.

Also, sooner or later, that dog will bite you.

Politics is famously good at creating divisions. To bolster support, politics depends on a feeling of "Us." But every "us" needs a "Them."

Encouraging an "us versus them" mentality is an experiment that has been tried hundreds of thousands of times since the beginning of political history. The results of the experiment are always the same. "Us" turns into Dr. Frankenstein. "Them" suffers the fate of lab rats. The lab explodes. People die.

A group is not a person. A person is not a group. Think how complicated a marriage proposal would be, how many legs pants would have, and how wide we'd need to make toilet seats if every person was a group.

Politics, by making people into groups, makes people act strangely and badly. And the people who act the strangest and worst are politicians.

The rest of us are imperfect. We give in to temptation. We commit the seven deadly sins. But politicians depend on those sins for their livelihood. They thrive on their sin. They'd be unemployed and homeless without the seven deadly sins.

Lust for power drives politicians. Gluttony for a feeding at the public trough prompts their supporters. Greed for campaign funding is a necessity. Sloth in neglecting the public weal is required if the "us" are to get the better of the "them." Wrath at opponents serves the same end. Envy of "them" must be whipped up in "us." Pride "goeth before destruction, and a haughty spirit before a fall."

Note that every politician is quick to say how proud he or she is to have been elected.

And right they are to admit to the sin of pride because what is politics if not the destruction of some people by others and a fall from the grace of human mutual sympathy into the abyss of a war of all against all?

But it's not just what politics destroys that is to be feared... There's also what it constructs.

Politics builds a huge structure, an enormous governmental machine of jurisdiction and command, authority and restraint, domination and

The Meltdown is Coming!

mastery around each individual.

You may think you want a larger government. You may think you want a country, an economy, and even a personal life where politics plays a greater role. But remember the size and strength of this machine.

What if an idiot gets control of it?

Some say an idiot did get control of it for a while. And some say another idiot is in control now.

End of Article

The Meltdown is Coming!

Steve Sjuggerud (pronounced “Suger Rood”) is an economic analyst whom I have followed for years. Throughout the past 10 years he has predicted the stock market would be in an upward growth pattern. He was right. This is in spite of the many commentators (including me) who were saying the market will fall. But on April 24, 2021, Sjuggerud published an article revealing he believes the market will fall in this year 2021 and how to deal with it. SJUGGERUD BELIEVES THERE WILL FIRST BE A BIG RISE IN THE MARKETS IN MAY BUT SOMETIME THEREAFTER IT WILL BEGIN TO FALL DRAMATICALLY. He quotes a headline by the Bank of America Merrill Lynch Global Fund Managers Survey in February “The only reason to be bearish is….there is no reason to be bearish.” The article is entitled The Melt Down Will Arrive – Here, in 2021. I present it here for your serious reading consideration. D. Miyoshi

The 'Melt Down' Will Arrive – Here, in 2021

If you take nothing else from today's essay, I hope you remember two things – and I hope you really take them to heart...

1. The "Melt Down" is coming, my friend... Unfortunately, it will arrive this year.
2. Until it arrives, let's enjoy the "Melt Up" while we can.

Before you get bent out of shape with me for urging caution at the precise moment when things seem like they're getting really good, please keep this in mind…

I have been bullish – and right – on the stock market for nearly all of the past 12 years. As investing guru Meb Faber has said, "Nobody has been more bullish and more right about the U.S. stock market since March 2009 than Steve Sjuggerud."

I am proud of that. That's why it pains me to tell you that the last 12 years of (mostly) good times for investors will likely end this year. (Nobody can know the future of course, but that is my prediction.)

I don't want to see that happen. But my years of experience tell me it's coming – and I want you to be ready.

For the majority of investors today, how you handle the "Melt Down" could be the most important event of your financial life...

You might not agree with me that a Melt Down is inevitable. But you should at least consider the possibility. If not, you could end up handling it all wrong.

Let me share with you why I believe too many investors will make that mistake... and how you can avoid it.

If you are 55 years old and you handle the Melt Down the wrong way, you might lose half of the money you have invested.

That might cause you to work an additional 10 years before retirement... all because of a few bad decisions made in 2021.

So... don't be that guy.

Look, here are the basics: An investment "bubble" has kicked in recently. And it will certainly end. Unfortunately, most folks who just started "playing" in the markets this year will lose money. A good portion of them will lose a lot of money.

Here's how it will go...

- New investors will make a good amount of money on the way up. They will gain confidence.
- With that confidence, they will add even more money to their accounts, as they will believe they know how to succeed.
- Then the market will turn against them... and they will start to lose money.
- At first, they will see it as a golden opportunity to invest even more money because assets are "on sale."
- Ultimately, they will lose even more money on the way down than they made on the way up.

It will take tremendous personal and emotional strength to avoid that path... to not end up like everyone else.

Your instincts will tell you to buy more. But your instincts will be wrong. In fact, you will need to do the opposite – you will need to sell, just when you feel like you want to buy.

Importantly, you will need a plan – set in advance – for how you will get out with most of your gains still intact. If you don't have that

The Meltdown is Coming!

plan in advance, then you will sink with the ship. And even then, having the plan doesn't guarantee that you will follow it.

If you want to keep most of your money, you will need to follow the plan.

That's because – unlike the fall we saw in March last year – a true Melt Down doesn't end quickly...

"As the market goes down, will people rotate out of speculative stocks into less speculative ones?" one of my colleagues asked me recently.

"No, they won't," I replied. These market newcomers will ultimately give up after big losses. They will throw in the towel. They will pull what little money they have left out of the markets – and vow to never return.

At least, that's the way it went in the 1999 to 2000 Nasdaq Melt Up... which ended in an 80% fall in the Nasdaq between the March 2000 peak and the bottom in 2003.

The exodus you see during a Melt Down doesn't happen overnight. People are stubborn. It takes a while. Therefore, the Melt Down could take a while. And it could be severe. This slow exodus gives you time to exit your positions before most everyone else.

But you still have to act – and sell – when the time comes.

It's easier said than done. But you now know why the Melt Down will inflict maximum damage on anyone who isn't ready for it.

Make sure you don't fall into the trap.

Your goal from here should be to participate in all of the upside potential that is left in the Melt Up... and then get out with most of your gains when the Melt Down arrives.

Of course, some of you might be asking a question...

"Why even participate? Why not just sell now?"

The answer is pretty simple. While I believe I know how things will play out, I don't think I'm smarter than the market.

So instead of forcing my will, the smarter plan is to sit back and wait. If we don't do that, we could miss out on fantastic gains.

Let me explain...

To better understand my point, you need to think about the current psychology that's driving investor behavior.

Market commentator Josh Brown explained it best recently in his blog The Reformed Broker. Talking about cryptocurrencies and crazy investing ideas, he said, "That sounds stupid... I'm buying some just in case."

He continued...

With 6% economic growth, plus zero percent interest rates, plus millions of people sitting around on their phones all day speculating in stupid sh*t on the internet, your regrets will multiply daily as said stupid sh*t continues to grow…

Simply put, you never know just how high a boom can go on. As the saying goes, "Markets can remain irrational longer than you can remain solvent." That goes for booms, too.

And we want to be on board for as much of it as possible... no matter how stupid it gets.

Trust me, it'll get stupid. As I said, I lived through the boom that peaked in March 2000. It was a crazy time... and the "stupid" gains were piling up.

In January 2000, I issued the most serious warning of my career to my 40,000 subscribers…

We are at the peak of most likely the greatest financial mania that will ever be seen in our lifetimes, and possibly the greatest ever witnessed...

As long as the mania continues, we'll continue to hold and even buy the best participating companies... How can we buy stocks when we know it's reached the mania stage? It's easy, we have a disciplined system of investing that's been proven to make money.

In short, we had an exit strategy – just like the one we're preparing now, 21 years later.

Here's how it went down back then... The market peaked in March 2000. Our exit strategy signaled for us to get out of most of our positions in April 2000. At the time, selling our positions because they hit their trailing stops felt like I was failing my readers. Times seemed so good. It felt so wrong to sell!

But in the end, it was by far the right thing to do. I had no idea that the market would keep going down, and down, and down... eventually bottoming – years later – in 2003.

This Melt Down will be brutal, too. It could last for years... which means investors are potentially facing years of poor returns. This could be the last chance many of us get to make irrational gains in the U.S. market.

So just like I did in 2000, in the last Melt Up, I will follow my trailing stops... And GET OUT WHEN THEY ARE HIT.

That is the exit strategy I recommend to my subscribers. It is the only thing that will protect the gains you have made... and keep you from losing more money when the Melt Down arrives.

If you follow this plan, there's no reason to simply sell today. Instead, your plan should be to ride the Melt Up as far as you can... and use your exit strategy (trailing stops) to pocket your gains.

Things could get stupider from here. So don't sell yet. But have a plan for when the time comes.

Good investing,

End of Article

The Stock Market is Now Very Risky

Dan Ferris is one of the foremost financial advisors for Stansberry Research, the preeminent financial advisory service in the U.S. Ferris is responsible for making some of the highest gaining stock recommendations in the company's history, including 628% on Constellation Brands and 630% for ADP. Now Ferris has issued his latest market advisory and it is rather dire. I present it here for your thoughtful consideration and edification to help formulate your own near term investment strategies. D. Miyoshi

The Riskiest Stock Market in Over a Century

By Dan Ferris

What if one year ago, you knew that over the course of 2020...

• A pandemic would shut down much of the global economy, creating the steepest economic contraction since the Great Depression.

• Thousands of restaurants and other businesses would close their doors in a matter of weeks – leaving millions of Americans unemployed and desperate.

• Everyone who could work from home would work from home for most of the year.

• There would be a huge public debate about whether the suicides and poverty in the wake of economic lockdowns were worse than the roughly 1.5 million people killed worldwide by the pandemic.

• Violent protests would occur in dozens of American towns and cities, including nearly every night for at least five months in Portland, Oregon.

• Guns and ammo would fly off the shelves. If you wanted to buy either, you would have to stand in line.

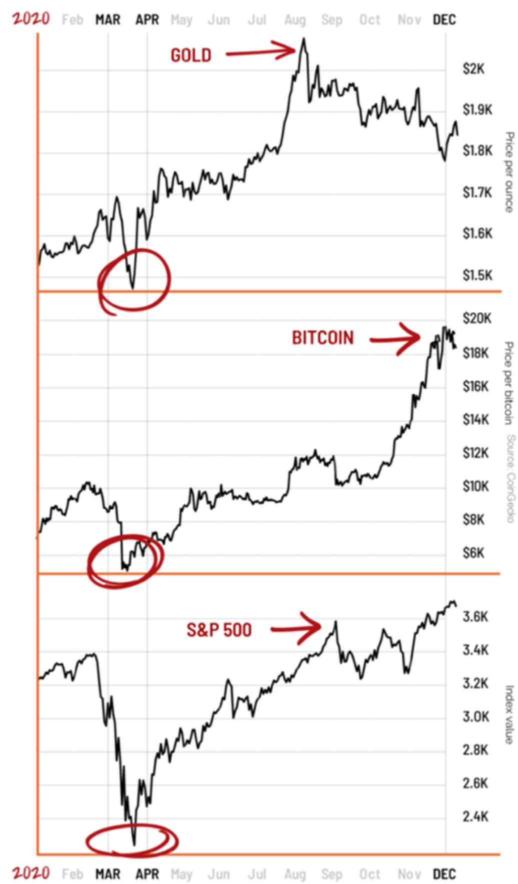
• The stock market would hit a new all-time high in late February only to plunge 34% in about one month.

• The U.S. Federal Reserve would cut its benchmark federal-funds rate by 150 basis points – effectively to zero. Then it would print roughly $3 trillion of new U.S. dollars to support the economy and the financial system.

• Congress would sign off on an unprecedented $2 trillion stimulus package – mailing personal checks directly to people's homes.

Assuming you knew all this one year ago, what would have been your guess for the performance of various asset prices this year?

You might have guessed all those new U.S. dollars would cause gold prices to hit new all-time highs of more than $2,000 per ounce. (You would have been right.) But would you also have guessed they'd first plunge from $1,674 per ounce on March 9, 2020 to as low as $1,477 per ounce just nine days later?



Would you have guessed bitcoin would rise more than 170% since January 1, 2020, even after plunging 30% early in the year? Was bitcoin even on your radar one year ago? It was barely on mine.

And what about the stock market? Would you have guessed it would rise 64% off its March 2020 bottom? Would you have thought new all-time highs were even a remote possibility after that?

Would you have thought that despite a raging pandemic, political upheaval, and civil unrest, stocks would surge to their most expensive valuation in history – even more expensive than the 1929 and 2000 market tops?

Probably not.

THE RISK AND OPPORTUNITY SCALE

I didn't expect a devastating pandemic or sweeping global economic shutdowns. But we did demonstrate an excellent understanding of risk, without which you'd be flying blind in financial markets...

I've been sounding a bearish alarm about U.S. stocks since May 2017.

Now, as we close out this roller coaster of a year, the U.S. stock market is more expensive – and therefore riskier – than at any time in the past century. It's once again time to sound that bearish alarm.

A wider range of outcomes for the price of a given asset can indicate higher risk. For example, there's a much wider range of outcomes for small-cap mining stocks (0% to 1,000%) than for Treasury bonds (1.6% a year for 10-year bonds today).

The stock market has made higher highs since I got bearish... but it has also made lower lows. In other words, a wide range of outcomes occurred, indicating risk levels were as high as I told you they were back in 2017.

The more expensive stocks become, the riskier they are to own...

The best two metrics to demonstrate how expensive stocks are today are the S&P 500 price-to-sales (P/S) ratio and the ratio of total U.S. market cap to U.S. gross domestic product ("GDP").

Over the past century or so, whenever the P/S ratio has been high, the market has tended to perform poorly, sometimes for many years. At the peak of the dot-com bubble in March 2000, it was 2.3. Today, it's 2.9.

The total market-cap-to-GDP ratio was pioneered by value guru Benjamin Graham and often cited by his prized pupil, Warren Buffett. It, too, has never been as high as it is today. It peaked at 140% in 2000 and 105% in 2007. Now it's 195%.

We also follow the stock market valuation work of economist/asset manager John Hussman of HussmanFunds.com. He tracks five metrics, including P/S, that have all correlated negatively over the past century with subsequent 10- and 12-year S&P 500 performance. Roughly 90% of the time when they've been high, the S&P 500 has performed poorly for a decade.

In a recent market comment, Hussman writes...

Presently, I expect that the completion of this market cycle is likely to involve a loss in the S&P 500 on the order of 65-70%. I realize, of course, that this sounds insane. The problem is that this projection is fully in line with a century of evidence and is consistent with the extent of market losses that would be run-of-the-mill given present valuation extremes.

Hussman estimates that a portfolio of 60% S&P 500 stocks, 30% long-term Treasury bonds, and 10% Treasury bills will lose 1.7% per year for the next 12 years. He estimates the S&P 500 by itself will lose 3.6% per year for the next 12 years.

Asset manager Jeremy Grantham's firm, GMO, has studied a couple dozen asset bubbles throughout history. It also publishes seven-year return forecasts for various asset classes. Grantham recently called the current market a "real McCoy' bubble" and added, "It's truly crazy."

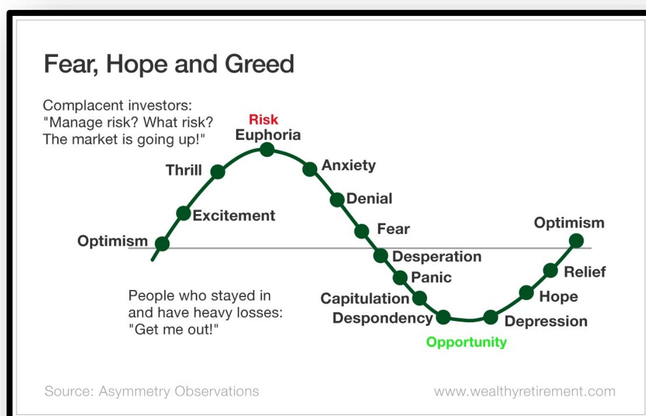
GMO's seven-year annual return estimates for all U.S. equities and bonds, international large-cap equities, and international bonds are negative. Its only attractive forecast is for value stocks in emerging markets, at 9.1% per year.

Never forget, investing is a journey, not a destination... Stocks are more overvalued than at any time in the past century. Use caution, and make sure you're holding a truly diversified portfolio.

End of Article

THE RISK AND OPPORTUNITY SCALE

Here is the celebrated Risk-Opportunity Emotion Scale for investing. At the end of April 2021 I think we are at the "Anxiety" stage. What point do you think we are at now? D. Miyoshi



What is the next Bitcoin?

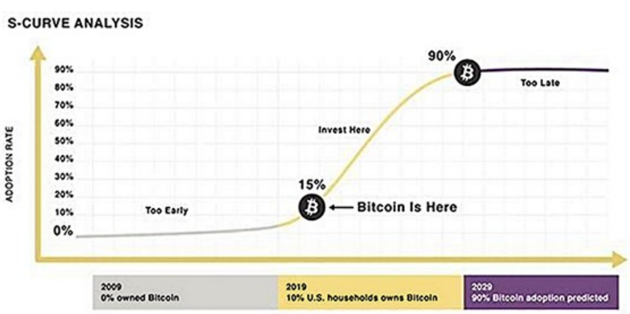
With the evident success of Bitcoin, many wonder what will be the next cryptocurrency to become big.

Chaka Ferguson, editorial director of the financial publication *Palm Beach Daily* (published by the renowned Palm Beach Research Group) has an idea. He writes that in technology, there's a principle called the Diffusion of Innovations Theory.

It's been consistent across a wide range of trends and time periods – from the microwave to cell phones to the internet.

In a nutshell, the theory says the amount of time it takes for most new tech to get embraced by 10% of the population is roughly the same amount of time it takes to go from 10% to 90% adoption.

You can see the principle play out in the S-Curve analysis of bitcoin below…



Source: Off the Chain Capital

Just as Diffusion of Innovations Theory would predict, it took bitcoin 10 years to reach 10% adoption. So over the next decade, if the theory holds true, it'll reach 90% adoption.

In comparison, it took color TV about 30 years to reach 90% U.S. adoption and cellphones nearly 20 years… And as technology advances, these adoption curves get shorter and shorter.

And after recent developments, it's even more clear that bitcoin's well on its way there…

A few weeks ago, PayPal announced its users will soon be able to use cryptocurrency to pay for merchandise at millions of retailers. Barron's says the move "could further push digital currencies into the mainstream."

That's on top of PayPal's launch of a new service allowing its 346 million customers to buy, hold, and sell crypto directly from their PayPal accounts just a few months ago. So it's all-in on the crypto revolution.

But there was even bigger news in the beginning of April.

A day after PayPal's announcement, Visa said it would process crypto payments made with the USD stablecoin. And in February, Mastercard said it would facilitate crypto transactions beginning this year.

At the same time, companies like JPMorgan and Goldman Sachs are in the process of expanding their portfolios to include bitcoin ETFs and other digital asset investments.

In just 2019, there were $35 trillion in global payment card expenditures, according to research firm RBR… Imagine if just 1% of those transactions migrated to bitcoin blockchain technology.

So you can see how huge this opportunity is.

If you're a longtime Palm Beach Research Group reader, these developments won't surprise you. Palm Beach Daily editor Teeka Tiwari has been predicting widespread bitcoin adoption since he recommended it at $428 in 2016.

Here's Teeka from December 2020:

"Over that time, I've been predicting a day would come when Wall Street awakens to the value of crypto assets. Not just bitcoin… but all crypto assets. And today, we're on the verge of widespread acceptance.

The people who buy and trade bitcoin are a tiny subsector compared to about 500 million global stock and bond investors. The bet I've been making with bitcoin is that traditional financial institutions will embrace it as an asset."

Clearly, bitcoin is on its way to mainstream adoption. That's part of why it's the first crypto in history to break the $1 trillion mark.

So what does that mean for you?

Bitcoin Is No Longer Enough

Timing is the key variable here…

The S-curve is a proven indicator of when to get on the train and when to get off. And the most significant gains on the S-curve are between 10% and 90% adoption.

So there's still plenty of time to make gains in bitcoin. That's why Teeka recently raised his buy-up-to-price on bitcoin to $75,000.

But if you're trying to make life-changing gains in bitcoin – and really move the needle on your net worth – Teeka has some bad news for you…

The opportunity to take a trivial sum of money – and transform it

Harry’s Take on the Economy

into a small fortune – doesn’t exist in bitcoin anymore. At about $59,000 each, bitcoin is just for the big boys now. For them, a 10x or 20x gain is a huge move. And over time, Ferguson thinks we will see bitcoin do that.

But for the little guy that wants a shot at changing his life – and who doesn’t have millions to pour into bitcoin – even a 20x winner is not enough.

Now Ferguson cautions, he still believes bitcoin can go much higher from here. The value of the entire global gold market is $9.6 trillion. And as mentioned, he believes Bitcoin will surpass gold as the world’s main store of value. If bitcoin reaches the size of the global gold market… we could see easily see it go up 9x from today’s values.

Here’s the thing about bitcoin…

Not only is it the first crypto to reach $1 trillion… Its historic run also paved the way for a slew of other highly profitable cryptocurrencies.

And Teeka’s early readers have had the opportunity to make 128x their money on bitcoin… They’ve had the chance to make 160x their money on Binance… And saw 350x their money on NEO.

Just $1,000 into each of those turned into a life-changing $638,000.

But Teeka says this opportunity is gone. And it’ll never return.

That’s why if you want to have a shot at making life-changing gains now, Ferguson says you need to look into a different corner of the crypto world.

Crypto’s Next Trillion-Dollar Coin

Teeka calls it Crypto’s Next Trillion Dollar Coin, and he believes it will get to $1 trillion even faster than bitcoin did.

Like bitcoin, Crypto’s Next Trillion-Dollar Coin is gaining widespread adoption – and will soon enter the most profitable stages of its S-curve.

We’re seeing billionaires like Mark Cuban and Silicon Valley venture capital firm Andreessen Horowitz buying it up… And financial services giants like Visa are building on its technology.

But what really excites Teeka is – like bitcoin – Crypto’s Next Trillion-Dollar Coin has long coattails… and it will catapult other tiny altcoins through the roof.

To prepare you for this altcoin run, Teeka held a special event on March 31 in which he revealed the name and ticker symbol of Crypto’s Next Trillion-Dollar Coin to the more than 42,000 people who attended.

What did Teeka reveal?

(drum roll….) The next big cryptocurrency will be Etherium.

Time will tell if he is right.

Here is to your good investing.

D. Miyoshi

Harry’s Take on the Economy

I subscribe to an advisory service provided by noted economist Harry Dent who is predicting an IMMINENT fall in the stock market. The following questions and answers by Harry are taken from his readers mailbag of April 27, 2021. I thought his answers prophetic if not pressing and wanted to share them with you. D. Miyoshi

Q: What is the future of the U.S. dollar in the crash, and how does it compare with other currencies?

A: The U.S. dollar will rise in the crisis, as it did into mid-to late 2008 in the last crisis… and this coming crisis will be worse. The U.S. is simply the best house in a bad neighborhood, due to 12 years of endless, something-for-nothing money printing. Now, fiscal deficits are beginning that will last for years and will fulfill a forecast I've had for a decade: We will see U.S. federal debt near $40 trillion by 2025 when Biden's term is over, as the federal debt has been doubling every two administrations since 2000... from $5T to $10, $20, and now $40T!

Other developed countries will tend to end up relatively worse off. And the U.S. dollar is less likely to rise in the next boom, as Southeast Asia and India/Pakistan will dominate growth and progress, whereas Europe will fade even faster than the U.S. So,

while the dollar is looking like it'll be a safe haven and the best house in a bad neighborhood in the financial crisis and Great Reset between 2021 and 2023, it won't necessarily keep looking so good after that, when more of the Asian nations rise and begin to dominate.

Q: I agree with you that there is a financial crash coming. It is even closer than one can imagine. You may be a macro guy and you may be using macro analysis for your forecast. I use charts, and I think we are very close to a grinding halt in the market, which can send markets so low.

I'm surprised that your targets are quite similar to my targets. These were the targets I enumerated around September 2020, when I expected the crash to occur, before the market rose on hope (i.e., vaccine hope, stimulus hope).

Dow Jones: 15,300

S&P: 1,800

NASDAQ: 5,800

Brent: $20

Gold: $1,300

Silver: $11

I expect the fall to be a flash crash, faster than March 2020 was. Just look at India (Nifty 50 and NSE Sensex indexes) and Brazil (Bovespa). These charts should have a very rapid crash. Very rapid!

Most commenters will laugh at you when you say these things, but don't take it to heart. I got laughed at in December 2019, when I told my friends that a big crash was coming sometime in January 2020. By looking at the chart, you can't see what is coming, but you definitely know that something big was coming. And in February 2020, everything melted. I bought back in the third week of March 2020 and exited the market in August 2020.

The same signals from December 2019 are presenting themselves again now, in April 2021, in all global stock markets and commodities.

A: I don't even seek media at this point, as no one can believe that we can have a big crash when governments are pushing nonstop stimulus that only escalates. But escalation is the very problem. How can you top 55% of GDP since the repo crisis for combined monetary and fiscal stimulus? This is insanity. I agree with you, obviously.

This will be a big crash. It could even start this week on a potential turn date of April 28, or it could come as late as late May. My minimum target, around 1,600–1,700 on the S&P, is similar to yours and is based on the bottom trend line of a very long-term log chart that goes through the 1932, 1974, and 1982 lows. My worst-case scenario is to go down to 600 (5,000 on the Dow). That would be a crash of the magnitude of 1929–1932—but I think your targets are more reasonable, as central banks may lose control here but aren't likely to let stocks fall 89%, as happened in 1932. I see gold going to around $1,000–$1,050, a little lower than your forecast. I also project that this crash could be over by the end of 2022, which would make it faster (albeit steeper) than the crash of 2008 or 1929–1932.

End of Question/Answer

What the Left Really Wants

On April 21, a Minnesota jury found Derek Chauvin guilty on all counts for the death of George Floyd. For holding a black man down with a knee on his neck during an arrest, the former police officer was convicted of unintentional second-degree murder, third-degree murder and second-degree manslaughter. Chauvin's defense hinged largely on the fact that Floyd had overdosed on fentanyl and methamphetamines before he died, but forensic experts still determined that Floyd died from asphyxiation under Chauvin's knee. Minnesota sentencing guidelines recommend 12 years in prison for a conviction on unintentional second-degree murder for someone with no criminal history, but prosecutors may seek to put Chauvin away for up to 40 years.

Given the circumstances of the trial, we will never know for sure if it was fair. Along with the liberal media, radical Democrats up to and including members of Congress and the Vice President did everything they could to intimidate jurors and witnesses into ruling that Chauvin was guilty. A bloody sev-

What the Left Really Wants

ered pig's head was found at the front door of one of the expert witnesses who testified on behalf of Chauvin, and Black Lives Matter protesters made it perfectly clear that they would engulf the nation in flames if Chauvin were acquitted.

"I hope we get a verdict that says guilty, guilty, guilty," said Rep. Maxine Waters at a Black Lives Matter protest two days before the verdict. "And if we don't, we cannot go away. We've got to stay on the street. We get more active; we've got to get more confrontational. We've got to make sure that they know that we mean business." Following that the Vice President Kamala Harris said "This ain't over."

The judge in the Chauvin trial stated that Waters' inflammatory remarks could result in the trial being "overturned" on appeal if lawyers can make the case the jurors were intimidated into making a ruling they did not truly believe. Legal scholar Alan Dershowitz said it is the first time he ever heard of a judge advise defense counsel that circumstances support the making of an appeal. The rioting that started after George Floyd's death last year killed at least 30 people and cost the nation an estimated $2 billion. So, we will never know how much fear of rioting impacted the jurors' decisions. Whether or not Chauvin was guilty, his trial was a classic example of mob justice.

And it appears the mob will not be appeased even if Derek Chauvin gets 40 years in prison.

As reported by the *Trumpet* Christian publication, journalist Ami Horowitz interviewed protesters in Minneapolis as the jury announced their verdict, and their reactions to Chauvin's conviction were alarming. One Black Lives Matter extremist told him, "There shouldn't even be a trial, he should be convicted just as is." Another said, "Burn the whole city down, what does it matter?" Another said, "I don't want to say we need to start killing all white folks, but it's like …. Maybe they need to feel the pain and the hurt." When Horowitz asked a fourth protester whether a civil war was necessary, she said, "If that's what it takes, then we have to do it."

In a livestream outside of the Capitol, Rep. Alexandria Ocasio-Cortez told her audience, "This verdict is not justice. Frankly, I don't even think we call it full accountability because there are multiple officers that were there. It wasn't just Derek Chauvin. And I also don't want this moment to be framed as this system working."

So, it appears Ocasio-Cortez won't be happy until all four police officers present during George Floyd's death are convicted of murder—and the United States has a completely new criminal justice system.

In a press conference, Minnesota Attorney General Keith Ellison said, "I would not call today's verdict justice, however, because justice implies true restoration. But it is accountability, which is the first step toward justice. And now the cause of justice is in your hands. And when I say your hands, I mean the hands of the people of the United States." Former President Barack Obama published a statement saying, "Today, a jury in Minneapolis did the right thing …. But if we're honest with ourselves, we know that true justice is about much more than a single verdict in a single trial. True justice required that we come to terms with the fact that black Americans are treated differently every day …. While today's verdict may have been a necessary step on the road to progress, it was far from a sufficient one. We cannot rest. We will need to follow through with concrete reforms that will reduce and ultimately eliminate racial bias in our criminal justice system."

Many other radical leaders agree with them. Speaker of the House Nancy Pelosi even thanked Floyd "for sacrificing your life for justice," as if she were glad Floyd died for her political agenda.

What do these radicals mean when they say "get more confrontational" and "we mean business"? What do they mean when they say the entire system is not working, that their desired conviction on all counts is not justice, that "we cannot rest"?

What are the radicals really after?

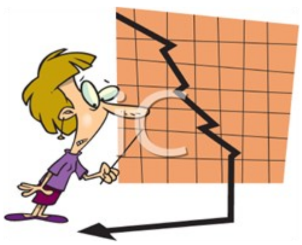
During Barack Obama's second presidential term in office, he admitted that he "can't federalize every police force in the country and force them to retrain." But his actions indicate he wanted to move in that direction.

When the Obama administration released its Task Force on 21st-Century Policing Plan in 2015, it recommended imposing federal standards on state and local police forces. Critics of the plan pointed out that it underhandedly works to nationalize law enforcement, violating a crucial principle of the Constitution, by using federal tax dollars as bribes.

"There must be national policy and national law on policing," said social activist Al Sharpton. "We can't go from state to state; we've got to have national law to protect people against these continued questions."

What the Left Really Wants

Advancing in a Time of Crisis



Financial Crisis Report

In other words, because of racism, we must take power over the police from local governments and give it to the federal government.

This is why radical leftists will not be appeased no matter what happens to Derek Chauvin. They do not really care about justice for George Floyd. The leftists who are working out their agenda care about creating a national policing authority. They are fanning flames of racial hatred in an attempt to ignite race riots, a crisis that they can use as an excuse to deprive local voters in local communities of the power they currently have over local police.

In his article "The Real Agenda Behind Black Lives Matter," Gerald Flurry of the Trumpet publication explained that this is a Machiavellian strategy straight from the Communist playbook. "These leaders are still using phrases like 'police brutality' and 'black power' to further their agenda," he wrote. "In a 1950s tract titled 'And Not a Shot Is Fired,' Czech Communist Party theoretician Jan Kozák wrote about how Communists took over Czechoslovakia through parliamentary maneuvers. The strategy he described required pressure for radical change from two directions simultaneously: from the upper levels of government and from provocateurs in the streets."

The Biden-Harris administration is using a similar strategy to fundamentally transform America. Radical politicians like Representative Waters met with street provocateurs who advocate rioting as a form of protest, while "deep state" bureaucrats are pushing seizure of police authority as a way to solve those riots.

This strategy may sound shocking, yet the late Herbert W. Armstrong predicted it decades ago. In his March 1969 Plain Truth personal, he asked, "Why are our people unable to recognize the Communist line—the Communist plan and conspiracy—in college and university riots, in propaganda accusing 'police brutality,' in 'black power,' 'black panther' and other slogans, even in 'civil disobedience' and 'nonviolent' movements of protest which lead to violence?" Then he answered with this shocking observation: "The guiding hand in student revolt is the Communist Party. Many students, their emotions stirred and enraged to violence, do not themselves realize this. Yet, actually, these young leaders of the 'New Left' movement are going beyond the Communist Party. Their plan is to stir up college-age students to revolt first, and the teenage high school adolescents. If they can corrupt and/or win over tomorrow's students, they will gain control."

My contemporaries are some of those college-age students Mr. Armstrong wrote about who now control the organs of government and who are still using the same racial and class charged propaganda they used back during Vietnam. Without racial and class hatreds, real and perceived, they would have little influence or power.

In 1956 Russia's leader Nikita Khrushchev said "We will take America without firing a shot. We do not have to invade the U.S. We will destroy you from within...." At that time and age, I did not know what he meant nor did I care. But now after six decades I think I know and care. Khrushchev wanted to impose communism onto America just like the radical leftists want to do now. In my mind this is not a good thing.

D. Miyoshi

David M. Miyoshi is a California attorney at law 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.

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