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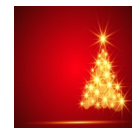
INTERNATIONAL & ESTATE LAW PRACTICE

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Financial Crisis Report

Seasons Greetings to All



Advancing in a Time of Crisis

Words of Wisdom: "If you were born in America, you won the lottery." —Peter Zeihan, geopolitical analyst

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

Geography, America's Edge



Sigmund Freud argued that in the human enterprise, anatomy is destiny. In the affairs of nations, geography — what it wills, demands, and bestows — is destiny too.

It can't explain everything, to be sure. Britain and Japan are both island nations. That might explain their reliance on naval power and even their imperial aspirations. But what accounts for their fundamentally different histories? Other factors are clearly at play, including culture, religion, and what nature bestows or denies in resources. Fortune, along with the random circumstances it brings, pushes them in different directions.

For decades, sociologists have speculated about the reasons for America's success. In his 1835 book *Democracy in America*, French author Alexis de Tocqueville attributed it to its Puritan found-

ing. The synthesis of Puritan democratic "equality," religion, and political liberty established "sovereignty of the people." This principle was enshrined in the Constitution.

More recently, left-wing academics theorized that America's success was built on slavery and exploitation. Right-wing theorists countered with the theory of American Exceptionalism. This theory espouses that freedom empowers citizens to make exceptional contributions to society.

Still, if I had to identify that one thing that — more than any other — helps explain the way Americans see the world, it would be America's physical location. It's kind of like in the real estate business: It's all about location, location, location (incidentally, my favorite class in high school was geography).

The United States is the only great power in the history of the world that has had the luxury of having nonpredatory neighbors to its north and south, and fish to its east and west. The two oceans to either side of the country are what historian Thomas Bailey brilliantly described as its liquid assets.

Canadians, Mexicans, and fish. That trio of neighbors has given the United States an unprecedented degree of security, a huge margin for error in international affairs, and the luxury of largely unfettered development.

From the earliest days of the country's founding, geography has been much more an ally than adversary. As the Brits found out, an island cannot rule a continent. To be sure, America was vulner-



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able in those early years. The French and Spanish threatened North America with their imperial ambitions. The British also wouldn't give up easily. The king's troops invaded and burned parts of Washington in 1812 and again looked for advantages during the U.S. Civil War.

Still, for most of its history, the United States lived with a security unparalleled among the countries of the world. And despite the shrinking nature of that world and the threats it carried — take the Pearl Harbor attack, the Cuban missile crisis, the 9/11 attacks — the United States never faced a threat to its existence. Its only real existential threat came not from abroad, but from within — a civil war over slavery that almost tore the country apart. Indeed, after the Confederate surrender at Appomattox, the United States would never again be faced with a threat quite like that (of course, pressures are now building to possibly ignite a second civil war but that is a topic for another time).

Because America's geographical position is so unique in the world, it has led to a worldview that is often unrealistic and riddled with contradictions. However well-intentioned Americans may be, their view of global politics is frequently at war with itself. Here are three strains of thought in Americans' approach to global affairs that continue to impact their country's role in the world today.

American pragmatism

Freed from the religious and ethnic conflicts of the Old World, America emerged as a world power relatively free from the heavy burdens of ideology. In the New World, Americans created a creed based on the centrality of the individual and the protection of rights and liberties.

Part of that creed also involved a commitment to pragmatism. To overcome the challenges of nation-building, the United States became a country of fixers. Above all, what mattered was what worked.

Sure, it was America's unique political system that forced compromise and practicality. But let's be realistic: The United States' success was made possible in large part by a remarkable margin of security provided by two vast oceans, which allowed Americans the time and space to work on their union largely freed from constant external threats and crises. From this very work emerged our Declaration of Independence and our Constitution.

Other countries have not been so lucky. It's fascinating to observe, for example, that Israel has no written constitution. Instead, it has a series of "basic laws" that have evolved over time. Why? The Israel-

is could not devote the time or risk the divisions that might have resulted from debating core issues when they were struggling to preserve their independence. These core questions — such as those about the religious character of the state and the role of Arab citizens — remain largely unresolved to this day.

Although the U.S. political system failed to resolve the problem of slavery without a civil war, the United States did manage to make it through that war as a united country. Location had much to do with this: You can only imagine America's fate had it been surrounded by hostile neighbors eager to take advantage of years of bloody war.

Americans seem to believe that because rational dialogue, debate, and compromise have served the United States well, the rest of the world should follow in their footsteps. As Americans extended their influence beyond U.S. shores, it was inevitable that this fix-it mentality would influence U.S. diplomacy.

At the 2000 Camp David summit, it was impressive how the Americans were able to come up with ingenious fixes — and how disappointed it was when the Israelis and Palestinians didn't buy them. What could possibly be wrong with granting Israelis sovereignty below ground on the Haram al-Sharif/Temple Mount and granting Palestinians sovereignty above ground? It seemed like a brilliant solution to Americans looking to cut a deal, but the parties themselves didn't see it that way.

Americans' belief in solutions on Power Point and Excel is both endearing and naïve (I will be the first to admit I often rely on these convenient solutions myself). But as the United States gets older as a nation, it is likely the Americans will come to accept theologian Reinhold Niebuhr's notion that the best we can do is come up with proximate solutions to insoluble problems.

American idealism

The luxury of America's circumstances — particularly its physical security and detachment from the world's ethnic and tribal quarrels — has given Americans an optimistic view of their future. And it has produced a strain in U.S. foreign policy that seeks to be the world's policeman and do good across the globe.

That optimism can often obscure the grimmer realities of international politics. Americans never really knew the mentality of the small power — the fear of living on the knife's edge, the trauma of being without, and the viciousness of ethnic and tribal struggle.

U.S. nationalism is defined politically, not ethnically. Anyone can be an American, regardless of color, creed, or religion. America's pub-





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lic square has become an inclusive one — and is becoming more so, not less. That's all good news, but too often, it leads Americans (liberals more so than others) to see the world on their terms and not the way it really is.

Just look at America's recent foreign-policy misadventures. Americans' mistaken belief that post-invasion Iraq would be a place where Sunnis, Shiites, and Kurds would somehow look to the future to build a new nation reflected this tendency. It's the same story with the Arab Spring: From the beginning, America seemed determined to impose its own upbeat Hollywood ending on a movie that was only just getting started and would become much darker than imagined. The notion that what was happening in Egypt was a transformative event that would turn the country over to the secular liberals powered by Facebook and Twitter was truly an American conceit.

Americans weren't alone in creating this false narrative, but that doesn't make their inclination for self-delusion any more comforting. This tendency to see the world as we want it, rather than how it really is, can get us into real trouble. Just take Egypt, which is now in the hands of that country's two least democratic forces: the Muslim Brotherhood and the Egyptian Army — both of which the United States is supporting. I will never forget the harrowing experience my wife and I went through trapped in Cairo in Jan 2011 in the Egyptian Revolution. From that time, I learned a bit about modern American foreign policy.

American arrogance and ambivalence

Being powerful and relatively free from the threat of attack means Americans don't have to care much about what the rest of the world thinks. And like all big powers prior, America has taken full advantage of this privilege: It has championed human rights while supporting dictators and has mouthed support for the United Nations and international law while undermining both when U.S. interests demanded it. America's recent behavior in the Middle East serves as a case study: The United States encouraged reform in Egypt and largely ignored political unrest in Bahrain, highlighted women's rights in Egypt but not in Saudi Arabia, and intervened in Libya but not Syria.

What sets the United States apart from past world powers is Americans' lackadaisical ambivalence about their country's role abroad. Americans have an almost schizophrenic view: They want to be left alone on some days (the post-World War I era, for example) and on other days try to fundamentally change the planet (Iraq in 2003). This is related to the fact that they can come and go as they please — a luxury of America's location, (location, location). It's almost as if U.S. foreign policy is discretionary.

It would seem more realistic to think that in the wake of the Afghanistan and Iraq wars, the United States would be entering a peri-

od of full-fledged retreat from global affairs. And though President Barack Obama was more of an extricator-in-chief — determined to take America out of old wars, not get them involved in new ones — he ended up being a wartime president.

President Trump doesn't have as much of an opportunity to be a peacetime leader. The situation on the Korean Peninsula, Syria, Iraq, Iran and trade issues with China mean we will continue to try to solve the problems of the world. But the basic organizing principle of a country's foreign policy must be ultimately to protect the homeland. If you can't do that, you don't need a foreign policy.

There's a lot of good America can do in the world. While China may try to refute it, America remains the most powerful and consequential actor on the world stage today and will likely maintain that status for a little longer. Americans just have to be smart about how they use that power — and always remember that not everyone is lucky enough to have Canadians, Mexicans, and fish for neighbors.

D. Miyoshi

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Is it true that “the fix is in” for the 2020 presidential election?

Back in August, former Google engineer Kevin Cernekee told Fox News that the tech giant had plans to intervene in the 2020 presidential election. He explained Trump's win back in 2016 made the corporate executives to throw a tantrum and vow to derail his potential re-election. The engineer said the meddling will rely upon “a huge amount of information on every voter in the US” the company has stashed. The data allows Google to “build psychological profiles” of voters to target their weak points in a bid to sway their opinion before the elections.

Another senior Google engineer turned whistleblower Greg Coppo-





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la told Fox News' Tucker Carlson "I've been coding since I was ten, I have a PhD, I have five years experience at Google and I just know how algorithms are. They don't write themselves. We write them to do what we want them to do," he explained. "I look at Search and I look at Google News, and I see what it's doing." Coppola said he doesn't believe the Google executives who have gone before congress and denied that the company has a political bias. "Google News is just an aggregator of websites and all of those sites really are vitriolically against President Trump – -which I would really consider to be interference in the American election," he charged.

Coppola cited CNN as an example, saying it is the most commonly used source in Google News. "Twenty percent of all search results for Donald Trump are from CNN. I mean that's of the entire internet of millions of sites." He pointed out that most of President Trump's supporters consider CNN to be "very fake news," yet Google shoves it down their throats anyway. "A small number of people do work on making sure that certain news sites are promoted," Coppola alleged. "And in fact, I think it would only take a couple out of an organization of 100,000, you know, to make sure that the product is a certain way..."

Coppola lamented that the tech industry is not interested in free thinking, questioning and debate, but rather in "calling people names to get them to toe a certain line." "I think it's a harmful, dark view of society," he added.

Robert Epstein, a computer expert (and Democrat) who recently testified before congress, said that the political bias of Google, Twitter, Facebook and other platforms could manipulate up to 15 million middle-of-the-road voters "without leaving a paper trail for authorities to trace." "If all these [#BigTech] companies are supporting the same candidate, there are 15 million votes on the line that can be shifted without people's knowledge..."

The Tech Industry's 2020 Trump Trap

With all that said, the 2020 presidential campaign is shaping up as a major political headache for tech companies still reeling from blow-back over the support they offered Donald Trump's campaign and the Republican Party in the last election.

We should note that 70% of Americans today get their news from only two sources, Google and Facebook. Two and a half years ago, Google, Facebook and some other tech companies gave the then-Republican nominee Donald Trump the same technical assistance they lent to the other candidates, despite widespread distaste among their largely liberal employees for his comments about women, minorities and immigrants.

But now Google, Facebook and the other companies are facing ris-

ing pressure from liberal activists to withhold any technical or financial aid for the president and the GOP. The activists, including groups that hold sway in Silicon Valley, say Trump's track record in the White House makes business as usual out of the question.

"It's no longer acceptable for these companies to play both sides like they're equal," said Rashad Robinson, president of civil rights advocacy group Color of Change. "If they want to invest resources and money into a candidate who believes that there were good people on both sides of what happened in Charlottesville, they're going to have to be held accountable for it."

Pressure from liberal activists, employees, customers and shareholders has already forced tech companies to back off some of their initial cooperation with the Trump administration, for example by pulling out of the White House's business councils. Objections to Trump's rhetoric also prompted Apple to refuse to donate technology or money to the 2016 Republican convention, sources familiar with the company's thinking told POLITICO at the time.

But cutting off Trump and the GOP in this way in 2020 could reduce tech companies' ability to influence the administration on issues like trade and immigration — both critical issues for an industry that relies heavily on Chinese manufacturing and foreign-born workers. It could also restoke accusations from the right that the industry is biased against conservatives, a charge that Trump and Republican lawmakers have increasingly adopted in the past three years.

"These companies need to engage more with government, not less, and if they allow extremists to dictate the terms, at some point the punishment is going to be far worse than some three-day media story," said one Republican strategist who requested anonymity because of his work with the tech industry. "They will have zero allies" among Republicans in a position to check Democratic plans to regulate Silicon Valley, the strategist said.

Facebook has already shown signs it will treat 2020 differently by curtailing its practice of embedding staff with campaigns to provide on-site product support, such as guidance on how to use the platform to reach and influence voters. Such support was critical for the Trump campaign, which didn't invest heavily in its own digital operations during the primaries. (Brad Parscale, who led Trump's digital effort, later told "60 Minutes" that Facebook was "how he won.") Hillary Clinton's campaign declined the offer of embeds.

Tech companies first began looking to politics and government as a place to expand their reach during the 2008 election cycle, including by giving lawmakers hands-on training in using their social media tools and digital ad services. The companies failed to generate much business at the presidential level in 2008, but they began to get traction during the 2012 contest featuring Barack Obama and Mitt Romney. By 2016, the companies' political involvement had grown





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to include providing on-site campaign support and sponsoring elements of both the Democratic and Republican nominating conventions.

Facebook contributed \$1 million in cash to the Republican convention in 2016, while Google chipped in \$500,000 and Twitter \$250,000, according to Federal Election Commission reports. Google was also the official live video provider of the GOP convention, while Facebook sponsored a visitor center complete with a mini-Oval Office and broadcast studio.

Politics isn't a big moneymaker for these companies, but the efforts gave them a high-profile stage to show off their products and allowed them to build relationships with the politicians making decisions that affect their industry.

That arrangement came under strain in 2016, as the companies took heat for providing tech help to the Trump campaign and financial support to the convention that nominated him.

"Facebook and Google stood up in the political space not thinking about how different it was than selling soap or any other consumer good," said Daniel Kreiss, a communications professor at the University of North Carolina at Chapel Hill who co-authored a study detailing the surprisingly active role tech companies played in helping the Trump campaign shape its message and target voters. "But politics is a very different business."

Also complicating the picture for the 2020 presidential election is Russia's manipulation of social media in the last election to boost Trump against Clinton. Special counsel Robert Mueller's investigation, research studies and media reports have all documented how the Kremlin used Facebook, Twitter and other social media sites to spread pro-Trump messages, disparage Clinton and sow divisions on issues like police shootings and race. That history could make it more uncomfortable for tech companies to do business as usual with the Trump campaign.

At the same time, internet companies are under enormous pressure from Trump and other Republicans over allegations that they suppress conservative viewpoints. Trump has even dangled the threat of antitrust scrutiny over the issue, while alleging without evidence that tech firms were making it more difficult for users to follow him on social media.

"Facebook, Twitter and Google are so biased toward the Dems it is ridiculous!" the president wrote on Twitter in December.

The industry routinely denies it demotes any content or restricts users for political reasons. Still, the relentless GOP messaging over

bias will make it politically difficult for the companies to pull back on supporting Trump's campaign and Republican Party activities without making a similar retreat from Democrats.

Facebook told POLITICO its effort to help campaigns use its tools in 2020 will be "centralized," rather than delivered through on-site support by company employees, but declined to elaborate. Both Google and Twitter said it's too early to say anything about their 2020 plans.

College Students get prepared

Even more than a year out from the election, college students believe 2020 is shaping up to be the most consequential contest in their lifetime.

A majority of college students (59%) believe the 2020 election will be more important for the country than any other election in their lifetime. This view is particularly prominent among female students. Nearly two-thirds (66%) of female students compared to fewer than half (48%) of male students believe next year's election is more important than past contests.

Democratic students are far more sensitive to the importance of the upcoming election than Republican students. 77% of Democratic college students believe that the 2020 election is more important for the country than previous presidential elections. Only 32% of Republican students agree.

There is also a sharp gender divide among students in how much influence they and their peers will have on the election. Female students are far more likely than male students to believe that undergraduates will have a major effect (55% versus 34%, respectively). Overall, nearly half (46%) of college students believe that students will have a major impact on the election.

Finally, female students are generally surrounded by people who are critical of the president. More than two-thirds (68%) of female students say that most of their close friends have a "very unfavorable" view of Trump while 47% of male students say the same.

College students are not completely tuned in to the election at this point, but the 2018 midterm election saw a spike in youth voting. And young female voters saw the largest increase. All signs suggest that the gender disparity in college voting is likely to rematerialize in 2020. Female students appear particularly dissatisfied with the Trump presidency and more committed to making the 2020 election a priority.





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Democratic insecurity and opportunity

Despite Trump's consistently low approval ratings, Republican college students are far more confident that their side will prevail in 2020 than Democratic students. Nearly three quarters (72%) of Republican students believe Trump is likely or almost certain to win the election next year. Only 38% of Democratic students are equally sure he will lose. More than four in ten (42%) Democratic students believe the race is a toss-up while one in five say Trump is currently the favorite.

Female students express far more uncertainty about the outcome than their male peers. Close to half (45%) of male students say that Trump is likely or almost certain to win compared to only about one-quarter (26%) of female students.

Although the Democratic nominating contest is still wide open (Sanders is the top choice among college students) the majority of college students say the identity of the Democratic nominee will not affect their decision to vote. 71% of students say they are equally likely to vote regardless of who the Democratic Party nominates.

Ironically, Republican students are more likely than Democrats to say the identity of the Democratic nominee could swing their voting decision.

In follow-up interviews with conservative students who participated in the survey, the lack of enthusiasm for the Democrats was not translating to support for the president, Reise, a conservative student studying at Andrews University in Michigan says many of the Democratic candidates have moved too far to the left.

"Every Democratic debate is offering some new social program," he said. "I can picture all the tax dollars being ripped from my paycheck. It's pandering to all the art majors on campus who won't be able to get a job. "Yet Reise, who identifies as Libertarian, said he would take another look at the Democrats if they dialed back their spending promises. Trump's weakness among conservative students also raises a broader question about whether Trump is going to be able to squeeze all the votes he needs from his base.

Censoring the Right

Over the past two years, Google, Facebook, YouTube, Twitter and some others have been systematically silencing conservative, Christian and pro-Trump voices in an effort to deliberately suppress their speech. In fact, left-wing tech giants are even silencing whistleblowers like James O'Keefe (*Project Veritas*), setting a new precedent

that indicates all whistleblowers who make Leftists look bad will be censored and de-platformed.

President Trump, meanwhile, somehow seems to believe he doesn't need the voices of his supporters anymore. He seems to think he can win the election even while his advocates are unfairly silenced by the left-wing media.

The argument that, "tech giants can do whatever they want, since they're private corporations" is a total absurdity. If Facebook banned people for being gay, would that also be acceptable to the Left? What if the tech giants banned all online speech from all men and only allowed women to speak? How is it any different when Facebook bans people for being conservatives?

Conservative talk show host Mike Adams believes that the systematic de-platforming of conservatives and Trump supporters has destroyed the livelihoods of millions of people. It has resulted in economic devastation and ruinous loss of personal income while subjecting target individuals to malicious smear campaigns that they are unable to counter since their own voices have been silenced. When the tech giants take away a person's right to speak, their right to earn a living and their right to exist as an online person, they are engaged in assaults on civil liberties, human dignity and personal freedom. If allowed to continue, Adams predicts the only remaining likely response by those targeted by the tech giants would be to rise up against Big Tech and seek to "occupy and dismantle" the tech companies themselves.

Adams does not condone the use of violence to solve problems and is not calling for any of the actions described below, but if things do not change, he predicts a popular uprising against the tech giants in the real, physical world. He believes all those whose lives have been destroyed by Facebook, Google, YouTube, Twitter, Apple and others may decide to rise up, form large protests at the headquarters buildings of these tech companies, then occupy those buildings and peacefully dismantle their operations, server by server, cubicle by cubicle. If the tech giants can't coexist in a society where everyone has the right to speak, the thinking might go, then those tech giants have forfeited their right to participate in civil society in any form whatsoever.

It's Not Fair

What does seem clear to Adams is that Big Tech is not operating in good faith. They are not fair and they aren't trying to be fair.

If Trump loses the 2020 election due to the systematic censorship of conservative voices, it will become clear to all conservatives that they have no option remaining but to organize together to defend their right to exist. Because the censorship isn't stopping with online speech... it's now expanding to include banking services, where





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prominent conservatives are banned from certain banks after being smeared and attacked by left-wing “journalists.” Before long, conservatives won’t be able to use PayPal, reserve a hotel or have dinner in a public restaurant. The de-personing of all prominent conservatives, Christians or Trump supporters is being relentlessly pursued by a ferocious, rabid left-wing media which now functions more like a cabal of predator and executioners rather than reasoned, inquisitive reporters.

Sadly, if Trump cannot manage to stop the censorship, Adams foresees a future of extreme conflict in the 3D world where tech employees are held to account for their role in pushing authoritarianism and techno-fascism (as Adams calls it) on America. Adams never condones violence against anyone, but he sees it coming. In fact, he already feels a sense of great sadness for the “techno-fascist” employees who will probably be ripped from their cubicles and subjected to expedient trials organized by the very people they once sought to oppress. President Trump can reverse the course of tyranny and restore liberty to America... but will he act?

If he doesn’t, Adams believes there will likely be a civil war.

This newsletter warns of an impending financial crisis or worse a depression.

Adams warns of an impending civil crisis or worse another Civil War.

None of us were around for either the Great Depression or the Civil War. Let’s do our very best to avoid the next one.

D. Miyoshi

Will America End like Venezuela?



History features classic formulas for the rise and fall of its civilizations.

From ancient Rome to modern Venezuela, the path is clearly marked, well lit, and well-trod.

One just spends more than one can afford, year after year... and build up the military; it may be useless overseas, but sooner or later you’ll need it at home – after you default on your promises.

Then, you call in the army... not to protect you from foreigners, but to protect you from the people you’re supposed to represent.

Most likely, America’s coming default (i.e. the Financial Crisis addressed in this newsletter) will be disguised as largesse. The feds will give out more money – perhaps a guaranteed income or complete medical coverage or a full ride education or combination thereof. Whatever the young voters demand from our hungry politicians.

The effect will be to increase the supply of money in the consumer economy... leading to much higher levels of inflation.

Easy-Money Curse

That is the beast that now devours Venezuela. The latest estimates put the level of price increases at 10 million percent. The Venezuelan Lira is now the least valued currency in the world.

Naturally, support for the government has fallen to historic lows. So much that Presidente Maduro has even resigned in defeat.

Venezuela became a major oil producer in 1922. By the second half of the 20th century, the black gold had turned it into the fourth-richest country in the world.

But easy money is always a curse. It made the Venezuelan elite very rich. But it left a huge population of relatively poor people who were readily manipulated.

Inflation was already hitting triple digits in the 1990s, with oil prices falling below \$10 a barrel. The poverty rate had doubled to 60%, and the government had made huge promises and found itself unable to keep them.

“Austerity” was the sermon the IMF preached at the time. But cut-backs were deeply unpopular with the masses. And Hugo Chávez, a military man, saw his opportunity; he was elected in 1999. (Now dead, he is still regarded as a hero by many Venezuelans.)





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Price controls, giveaways, crony deals, free money – as one flimflam fails, another is added. Eventually, taxi wheels are turning all over town – and the people walk.

And as corruption, incompetence, and central planning fail, the army becomes more important, and the fight over the spoils intensifies.

The Juiciest Plum

The Roman Empire came into being when a general “crossed the Rubicon” and seized power. Then, the pattern was set. And in 238, it reached what must have been its apogee.

Gordian II was killed in battle (against a rival emperor). Then Gordian I, his father, hanged himself. The Emperor Maximinus Thrax and his son both preceded and succeeded the Gordians... and went more or less the same way. They were killed by their own soldiers, beheaded... with their heads sent to the Senate.

Fast forward to Venezuela, Chávez bought off the generals by giving them the juiciest plum in South America – control over Venezuela’s oil. In the beginning it was fine but their bungling and amateurism have since cut into their revenues... but they are apparently determined to stick with the system as long as the oil money comes their way.

But the merciful end for Venezuela is coming soon. With hyperinflation, empty shelves and a disappearing population, Venezuela’s descent into Hell should be just about over.

And now America.

In America we have the Deep State pitted against Donald Trump.

Economist Bill Bonner describes the Deep State as a stool having three legs.

One leg controls the guns. Another seeks control over the voters. And the third leg controls the money.

Bonner explains that the most powerful and dangerous of the three legs is the one Dwight Eisenhower warned about in 1954: the military-industrial complex. It’s gotten much more complex... and much more powerful... since Eisenhower tried to out it in 1961.

The second leg is the politically correct, mostly culturally liberal, non-deplorable elite who dominate the universities, the media, and the Health, Education, and Welfare complex.

Wall Street is the third leg. It’s not interested in politics. It’s interested in money itself. But it knows that today’s fake money comes from politics, and it does its part, along with the rest of the Deep State, to keep it flowing.

Deep State vs. Trump

Wall Street famously opposed Mr. Trump in 2016; the financiers had already bought and paid for Ms. Clinton. They had no doubt she would stay bought, for she was the perfect Deep State champion, one whom all factions could support – a warmonger... a “liberal”... and a Wall Street sycophant all in one.

In the beginning, the markets fell sharply when they saw they had bet on the wrong candidate. But in a matter of minutes, they realized that Mr. Trump – a leveraged real estate speculator and the self-styled “king of debt” – was not about to turn off the fake-money taps (not to mention open the fake-news press).

In 2016, the military-industrial faction, also had its doubts about Mr. Trump. He promised to end the endless wars. But the faction also soon realized that the orange man from Queens could be easily tamed. Generals Mattis, Flynn, McMaster, and Kelly were brought into the White House... and the deepest part of The Swamp – headquartered in Northern Virginia – got deeper.

But over time, the generals gave up... were fired... or broke faith with the MAGA president. And in the latest tiff on Syria, Trump showed he could be a real thorn in their side.

On October 23, forty retired admirals and generals called on Trump to conduct himself in accordance with the values of the armed forces. This extraordinary demand followed retired Admiral McRaven’s call in an October 17 *New York Times* op-ed piece that if Trump wasn’t prepared to stand up for the hallowed principles of the republic and its institutions, then it was time for a “new person” in the oval office.

As a recent “whistleblower,” Lt. Col. Vindman put it, Trump was “promoting a... narrative that was inconsistent with the consensus views of interagency.”

In other words, the generals, foreign policy experts, politicians, and bureaucrat lifers (all aided and abetted by the crony capitalists, campaign donors, and lobbyists) have their own plans for marching around the globe; they don’t want the White House butting in.

Meanwhile, the “liberal” faction led by Nancy Pelosi and Adam Schiff, detested president Trump from the get-go and crafted reports about “Russian interference” to explain his election victory. Apparently, it has now joined with elements from the Pentagon faction to



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oust him. And, in president Trump's "collusion" with the Ukrainians, they believe they might have enough to get him impeached... or at least weaken him for the 2020 election.

Classic Formula

But in the recent House vote, not one of the Republicans voted to continue impeachment proceedings. Maybe that's "proof" that the president, in the judgment of 196 Republican men and women (mostly lawyers), is innocent?

Or could it be a sign that the system is rotten, and that its "laws" – in this case the U.S. Constitution – no longer matter? Instead, is this just an internal Deep State faction fight, where party members act less like honest stewards of the public trough and more like henchmen defending a mob boss?

How will this all ultimately end? If Trump is removed from office by either impeachment or losing the 2020 election, will he refuse to accept the outcome, as he and his cadre say it is illegitimate and the result of the coup carried out by the deep state? Will his actions decimate many government agencies, as he carries out a purge of dedicated staffers, all of whom keep our government functioning, but whom he sees as perpetrators of the coup?

Finally, and most frightening, as Thomas Edsall disclosed in *The New York Times*, many of his followers are taking seriously the idea of Civil War. He cites the words of Prof. David Leege of Notre Dame University, who believes that Trump could gain the support of troops in the barracks to go into action should the deep state coup take place, and that "his best strategy to keep all levels of the military loyal to him rather than to the Constitution would be to embroil us in a major war."

Predicting an actual Civil War might be overreacting, but it is precisely what many armed groups on the right are saying. The right-wing cheerleaders in the *Fox News-Wall Street Journal-New York Post* orbit might be enough to give them encouragement to go ahead, should Trump be impeached or defeated in the 2020 election. It is all possible. Time will tell.

D. Miyoshi

The Ball is in the Millennial's Court



In last month's edition, I wrote that president Trump will lose the 2020 Election because the Millennials will vote against him. I truly hope I am wrong and the Millennials come to their senses before committing our country to a destiny of socialism and its eventual fall thereafter. But history says they won't (come to their senses, that is) and the country will eventually go bankrupt and destroy itself. That is the main theme of this newsletter.

As for why I think the Millennials won't come to their senses, here are my reasons.

These days, both the Democrat and Republican parties are moving further than ever away from confronting the fundamental issue of financial collapse of the country. During the Trump administration, Republicans have abandoned all pretense of caring about paying off the debt. They passed a \$1.5 trillion tax cut that was not offset by any sort of reductions in spending. They also blew up various spending restraints that were put in place by the 2011 debt ceiling deal that was the crowning achievement of the tea party so they could bolster the defense budget. They have also, quite comfortably, acquiesced to Trump's unwillingness to address the twin Medicare and Social Security crises.

Democrats are incensed that after years of obstructing President Barack Obama's agenda with lectures on the unsustainable debt, Republicans abandoned their concerns once Trump took office. Leading candidates for the 2020 nomination are now using the 2017 tax cut as a justification for getting behind tens of trillions of dollars in sweeping new spending proposals without feeling the need to detail how they would pay for them. The prevailing view among liberals now is that it would be unilateral disarmament for Democrats to curb their ambitions in the face of outcries about the debt. So, it's full speed ahead.

Democratic presidential candidates have embraced ideas including a universal basic income, a federal government job guarantee, free college, universal child-care, subsidized housing, cancellation of student debt, and free healthcare for everybody. Even if these pro-



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grams are too radical to happen in the near term, they are undeniably much more mainstream than they would have been just a few years ago and a signal of where things could be heading as a new generation takes over the party.

Given the twin challenges we've explored, millennials could have gone two ways. They could look at the staggering growth in the federal debt and become more worried about the size of government. Or, they could look to government to alleviate their economic concerns. They are increasingly choosing the latter path (as human beings are wont to do).

Polls have shown that, generally speaking, millennials either do not care about the issue of the federal debt, or they deprioritize it relative to other issues. Though conservatives may decry the new wave of spending proposals from leading Democrats as "socialism," that label carries less stigma for millennials. Some even say it's a sign of "wokeness."

In 2018, the GenForward Survey of the University of Chicago found that 45% of those aged 18 to 34 had a positive view of socialism, nearly as many as the 49% who had a positive view of capitalism.

Millennials don't have the experience of having lived through the Cold War and the many failed socialist experiments. They did, however, spend formidable years during the Great Recession, which they perceive as a consequence of the failures of capitalism brought on by the Boomers. They are also facing daily struggles in their economic lives. At the same time, Millennials have not yet faced the tangible consequences of the rising Federal debt. The stark choices outlined here -significant tax increases, drastic benefits cuts, runaway inflation -have not actually happened yet.

And while the debt burden does not currently seem to affect their daily lives, millennials are actually struggling to juggle healthcare, student loan payments, housing costs, child-care, and so on. So, they are increasingly susceptible to the straight-forward message of those promising to have government step in and relieve their burdens.

Vast new government programs may come with a promise of fixing Millennials' problems, but this is an illusion, at least to those with actual experience working with government programs. The proposals would add tens of trillions of dollars in new spending over the next decade alone, exacerbating an already unsustainable debt problem without solving the underlying issues.

The \$32 trillion Medicare-for-All proposal is so expensive that if the federal government were to collect double the individual and corporate income taxes each year between 2020 and 2029, lawmakers would still need to come up with an additional \$5 trillion to finance the new spending. Simple math tells us so but politicians, especially on the left, keep pushing their program as hope springs eternal.

The proposal from Sen. Bernie Sanders that has been endorsed by Democratic primary front-runner Sen. Elizabeth Warren would require kicking nearly 180 million people off their private health insurance within four years to put them on a new government-run plan. The proposal promises not only to cover everybody, and with more generous benefits, but also to have no premiums, copayments, or deductibles. This drastic expansion of demand for healthcare services is not met by a plan to increase the supply of doctors, hospitals, and other medical providers. In fact, the whole argument for such a plan is that it would save money by using the government's bargaining power to reduce payment rates. Doing this, however, would make the medical profession less profitable, if not completely unprofitable in some cases, such as in small rural hospitals. I predict doctors will become viewed more as medicine clerks than the practitioners of the healing arts that they now are.

The end result of this would be that everybody would be issued a card that promises unlimited free healthcare, and yet in reality, people would find it increasingly difficult to actually access care in a timely manner. Should government respond by increasing payment rates, it would only make the program that much more costly.

Cancelling student debt would create a moral hazard by signaling that people who make sacrifices to pay off their debt are suckers because if they wait long enough, the government will just step in. Far from getting rid of the debt problem, it would just encourage current students to borrow even more money in hopes that theirs will eventually get cancelled, too. And the flood of money would give a green light to schools to hike up their tuition even more. Furthermore, as Reason's Peter Suderman has noted, student loan forgiveness "is a massive giveaway to relatively well-off people." That is, those who have college degrees are relatively wealthier and more connected than those who do not, and this is who would be gifted government largesse.

It's easy to simply say that healthcare, and all other human needs, will be available for free and financed by a small number of millionaires and billionaires. But in reality, the resurgent socialist vision for America would require massive tax increases on the middle class while only adding to the existing debt burden. It would be impossible to raise taxes enough to pay for these initiatives without devastating economic consequences.

Millennials have the power to force lawmakers to make the necessary changes to avoid this outcome and secure a better future for our country. But nothing will change unless they recognize the consequences of the looming crisis and resist the allure of politicians promising that government will solve all THEIR problems. Thus, FREE education, medical care, housing, child-care and recreation may be an offer the Millennials can't refuse. And so, the beat goes on.

D. Miyoshi



Trump Impeachment Explained



Without question, for the month of November this was the pink elephant in the room. With all the interest now being centered around this issue, I thought it would be helpful to provide for your edification an article by the BBC that appeared on its website on Nov 14, 2019 that explains the impeachment process.

Trump impeachment inquiry: A basic guide

US President Donald Trump is facing a process that could eventually see him removed from office.

It all centers on whether or not he improperly sought help from Ukraine to boost his chances of re-election in 2020.

Things are still at an early stage. The first public hearings started on Wednesday Nov 13 in the lower house of Congress, the House of Representatives. That is controlled by the Democrats. President Trump, who is a Republican, strongly denies any wrongdoing.

Depending on what happens in the next few weeks, Mr Trump could end up facing impeachment - but more on what that means below.

What is he accused of doing wrong?



President Trump is accused of pressuring Ukraine's President Volodymyr Zelenskyy to dig up damaging information on one of his main Democrat challengers, Joe Biden, and his son Hunter.



Hunter worked for a Ukrainian company when Joe Biden was US vice-president.

Asking foreign entities for help in winning a US election is illegal.

What is the evidence?

At the heart of the story is a complaint from a whistleblower - an unnamed intelligence official - who wrote a letter expressing concern about Mr Trump's 25 July call with Mr Zelenskyy.

A rough transcript of the call revealed that Mr Trump had urged President Zelenskyy to investigate discredited allegations against Joe and Hunter Biden.



Trump Impeachment Explained

The call came shortly after Mr Trump had blocked the release of millions of dollars in US military aid to Ukraine. A senior official later testified that the president made clear the release of the aid was conditional on Mr Biden being investigated, but the White House denies this.

What is his defense?

Mr Trump denies using US military aid as a bargaining chip with Mr Zelensky and has repeatedly insisted his call with Ukraine's leader was "perfect".

He has called the impeachment inquiry a "witch hunt" by Democrats and elements of the media.

The Republican defense comes in three parts:

- Ukraine's president said he felt no pressure
- The Ukrainians were unaware the aid was held back
- US military aid was eventually released

What is impeachment anyway?

To impeach, in this context, means to bring charges in Congress that will form the basis for a trial.

The US constitution states a president "shall be removed from office on impeachment for, and conviction of, treason, bribery, or other high crimes or misdemeanors".

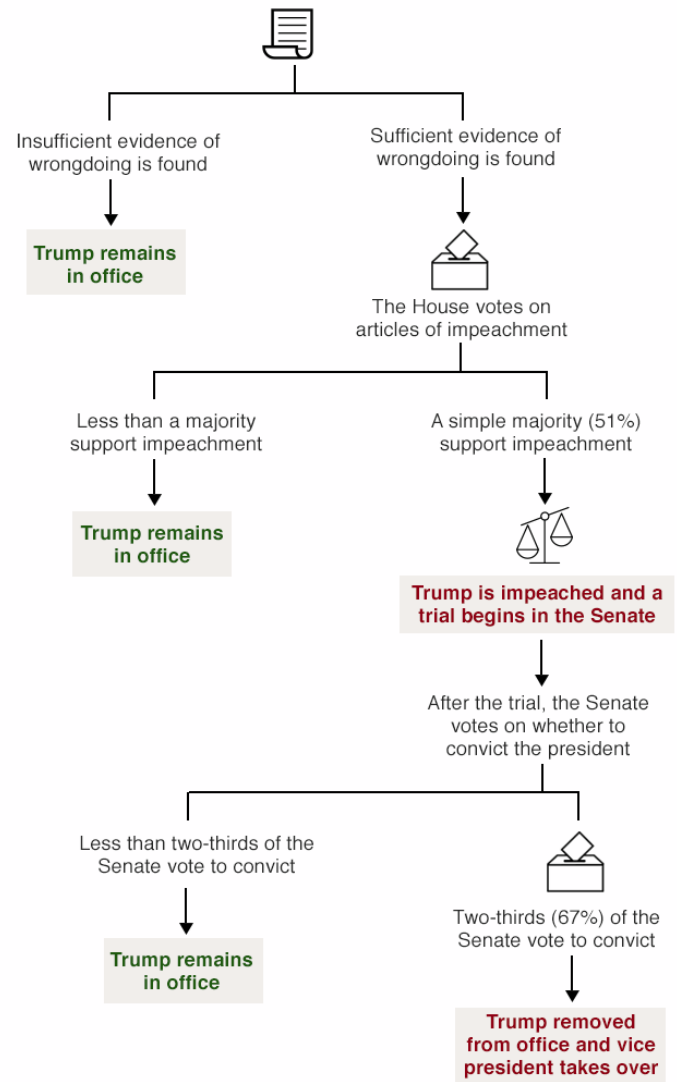
What is the process?

It happens in two stages. Proceedings have to be started by the House of Representatives.

A vote to impeach only needs a simple majority to pass and if it does, the process then moves to the Senate where a trial is held.

What happens next in impeachment process?

Six House committees investigating President Trump make submissions to the House Judiciary Committee, which considers the case for impeachment



BBC

But here, a two-thirds vote is necessary for a president's removal - and this milestone has never been reached in US history.

The Senate is currently controlled by the Republican Party.

Have other US presidents been impeached?

Bill Clinton found himself impeached on the grounds of perjury and



Trump Impeachment Explained

obstruction of justice after he lied about the nature of his affair with Monica Lewinsky and then allegedly asked her to lie about it as well.

But when the trial reached the Senate in 1999, the vote for a conviction failed to get close to the two-thirds backing required.



Image copyright AFP

Image caption Bill and Hillary Clinton with US House Minority Leader Dick Gephardt after Mr Clinton was impeached

The only other president impeached was Andrew Johnson in 1868. He was accused of, among other things, dismissing his secretary of war against the will of Congress. Mr Johnson had a narrow escape - the two-thirds majority in the Senate was missed by just one vote.



Image copyright Getty Images

Image caption President Andrew Johnson narrowly survived his impeachment trial



Richard Nixon, the 37th US president, resigned in 1974 before he could be impeached over the Watergate scandal.

Who would replace Trump?

The line of succession for the US government, as established by the Presidential Succession Act of 1947, would mean Vice-President Mike Pence moving into the Oval Office.

[End of BBC Article on Impeachment](#)

My take on the impeachment

I hope this BBC article has given you a basic idea of the impeachment process and what president Trump now faces.

But there is one fundamental question I still have not heard a satisfactory answer to. [What did President Trump do that is impeachable?](#)

According to the transcript memo of the July 25th phone call between President Trump and Ukrainian President Zelensky released by the Trump administration, President Trump asked a foreign leader to investigate Democratic candidate Joe Biden and his son's business dealings in Ukraine. This evidence is documented by the Department of Justice transcript memo. But we note that Trump's request to Zelensky was made without any condition attaching. Nothing would happen if President Zelensky refused to do anything.

Going back to the beginning we find that Hillary Clinton's DNC paid foreign agents and encouraged foreign governments to dig up

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dirt on Donald Trump and his campaign. They were abetted by willing allies in the corrupt hierarchy of the FBI and CIA to create an investigation into the Trump campaign that led to the appointment of a special prosecutor. Despite regular and frequent gravely pronounced declarations of "This is it, we have him now" each time there was a puff of smoke, it fizzled when the report came out and Mueller testified. It was a failed coup attempt by the establishment and the media.

It was curious that Nancy Pelosi made an official announcement of an impeachment inquiry, before the whistleblower complaint was even public. The government usually impeaches or doesn't impeach. They seldom make an official inquiry into an impeachment.

As usual, behind all her pompous platitudes about the constitution, Pelosi is up to something. She already had the whistleblower complaint, because she helped create it. To me this is another set up, like the Russian collusion fiasco. A partisan member of the intelligence committee heard something second or third hand and told someone in the Democratic party. They teamed him up with their lawyers to write the "complaint." Then they changed the rules which prohibited reports based on second-hand information or reports from biased reporters so they could bring it forward.

When one reads the impeachment report one realizes it's a lawyer's brief with footnotes longer than the material they reference. It is very likely these lawyers were paid by the Democrats. With the Senate Republicans asking at the trial we should be able to find out if there are allegations in the report that rise to the level of an impeachable offense.

But at this point, the impeachment process seems to be a setup, and if so it will have the same fate as the Russia collusion investigation. But we do notice the growing chorus for impeachment now reaching a crescendo. The Democrats seem to be in a hurry. Why? Could it be that Attorney General Bill Barr is just about ready to blow the lid off the Russian collusion scam with his report scheduled for release on Dec 9? People are going to go to jail and the Democrats' malign behavior and crass hard-knuckle political tactics will be in plain view. Even CNN won't be able to hide the smell of corruption.

It is becoming more evident that the Democrats "have burned the bridges and the crops and destroyed the fruit trees during the battle, as the Bible tells us not to do." If we don't resolve this early, I am afraid never again will a president trust the FBI or the CIA or talk candidly with a foreign leader over the telephone. This will hurt the country. We can thank the Democrats for that. Perhaps next time the Republicans will have their turn to set the country back.

D. Miyoshi

China's Corrupted Capitalism



Since the Nixon years, we all knew that by simply exporting capitalism and free enterprise, we would unshackle the forces of freedom in China. Right?

China's growth has been one of the most important economic events in human history. It has moved more than 300 million people from what was essentially a medieval bare-bones existence to fabulous cities, built one of the most incredible transportation and railroad systems in the world, all the while allowing entrepreneurs (what a concept for a communist regime) to create some of the world's largest and most creative companies. All this is staggering.

On the other hand, China did this on an incredible mountain of debt raised in just the last few decades while generating some of the worst pollution in history. Their monetary system is a potential nightmare. Two-thirds of the population still lives in utter poverty. Over one million Uighurs are locked up in what are, for all intents and purposes, concentration camps. Citizens are routinely arrested and tortured for resisting government edicts. The stories coming from China are frightening to Western minds.

This sort of thing isn't new. Millions died of starvation because of bureaucratic ineptitude and fear during Mao Zedong's "Great Leap Forward." Not to mention the purges of intellectuals who disagreed with Mao.

And then came the Cultural Revolution:

The movement was fundamentally about elite politics, as Mao tried to reassert control by setting radical youths against the Communist Party hierarchy. But it had widespread consequences at all levels of society. Young people battled Mao's perceived enemies, and one another, as Red Guards, before being sent to the countryside in the later stages of the Cultural



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Revolution. Intellectuals, people deemed “class enemies” and those with ties to the West or the former Nationalist government were persecuted. Many officials were purged. Some, like the future leader Deng Xiaoping, were eventually rehabilitated. Others were killed, committed suicide or were left permanently scarred.

Those of us in the West simply can't understand the soul-searing aspect of the Cultural Revolution. It was the Great Depression to our grandparents' generation on steroids. It established for the ages the power of the top-down, authoritarianism of the Communist Chinese Party. That imperative underlies the entire culture today.

But then came Deng Xiaoping. And while he allowed (and may have ordered) the killing of students in Tiananmen Square, he also embraced some aspects of capitalism. Then Kissinger and later Nixon went to China.

That it has been common knowledge—something we all knew (that we all knew)—since the Nixon years that by simply exporting capitalism and free enterprise, we would unshackle the forces of freedom in China.

And thus was born the pervasive idea that China's embrace of capitalism would unleash something that at least resembled a Western sense of values and liberty, a country we could do business with.

The potential was indeed huge. One Western company after another was swept up in the allure of breaking into the China market, willingly surrendering intellectual property and control for the potential of massive profits.

That common knowledge basically stayed the same until the last few years. Although there have been cautious voices about China for decades, the main narrative has always been that of China will somehow adapt to our ways.

That seems to have ended now, initially for economic reasons, then more and more because the Chinese government's actions began more obviously diverging from the naïve view of China that a large majority of the West previously held.

Yes, we in the West were all fully aware of the continual affronts to intellectual property, disregard for basic civil liberties, the treatment of minorities, and the increasing encroach-

ment of the surveillance state, something only mildly hinted at in George Orwell's 1984.

But surely, we can work a trade deal? One that protects intellectual property and opens up the Chinese market to American companies? That seems to be the narrative that markets are looking for. But it may not be (actually won't be) the narrative we get...

Hong Kong and the NBA

In Hong Kong, somewhere between 1–2 million people (out of a 7+ million population) have taken to the streets protesting an extradition bill proposed by Beijing. These protests have been ongoing and persistent. That the extradition bill has now been withdrawn is seemingly not enough to satisfy a smaller but active protest group.

And then came the furor over the NBA. The general manager of the Houston Rockets, Daryl Morey, tweeted out a small and rather innocuous message of support for the Hong Kong protesters. Note that Twitter is not allowed inside of China. This should have been a nonevent. Almost any NBA referee would have overseen it as no harm, no foul.

Before that story even cooled off, something similar happened in eSports. A popular player in the online collectible card game Hearthstone expressed support for protestors in his native Hong Kong during a post-game interview. The stream for the event was abruptly cut short, the player was banned from competition for one year, and his prize money was taken back by Blizzard, the game's developer.

This caused an uproar in the gaming community. Some believed that the punishment was too heavy-handed. Others accused Blizzard of kowtowing to Beijing in order to appease the government and save any future business relationships with the country.

The backlash caused Blizzard to reduce the penalties against the player, but the damage was done to the company's reputation in the eyes of many American consumers. The same could be said about the NBA incident. If nothing else, it caused many people to open their eyes to China's growing influence on consumer markets in addition to all the other areas where it had been making gains in the past few decades.

But all of this set off a furor within China. Contracts were canceled and the government demanded Morey be fired.





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Let's think about that for a second. Some low-level bureaucrat pressured businesses to cancel contracts and then demanded an American organization tell one of its members to fire one of its employees who had exercised what we over here think of as free speech. And here I thought the DMV desk clerk had power.

Note that NBA basketball is one of China's most popular sports. China is a growing market and moneymaker for the NBA. To his credit, NBA Commissioner Adam Silver defended the right of free speech and says there was "no chance" the league would discipline Morey over that tweet.

But this was business as usual from the Chinese perspective. It is something every American company that does business in China has to deal with. You don't criticize the Chinese government. You must block access to information the government wants hidden. You must use maps that are Chinese-government approved. The list goes on and on.

The key "tell" is that the Chinese actually expected a reaction and felt they had the right to dictate to US companies and organizations, which because of prior acquiescence on the part of companies and organizations, led them to believe they would be successful. Most of their "arm-twisting" is done behind closed doors and out of the view of the public. This time it was not...

And this is where the common knowledge narrative is beginning to break down.

The United States and the rest of the West are not dealing with 1.3 billion Chinese citizens and human beings. The country is run by the Chinese Communist Party which controls almost every facet of life for everyone there. (I am a moderate Republican and I see parallels to how the Democrats are now operating in the US but that's another story for another time).

Over the last three or four years conservatives like myself have become increasingly uncomfortable with China's ambitions. There has been a surge of research pointing to the fact that the Chinese military has openly planned to be the dominant world power by 2049. And while many of these documents have been withdrawn, there is no doubt that they were written. Our sources have said they have seen these documents. This desire for dominance has always been a latent

force in China, but one that was convenient for the media to ignore, except that now we can no longer ignore it. We ignore it at our peril.

China's Vision of Victory

From the book *China's Vision of Victory* written by Dr. Jonathan Ward, founder of Atlas Organization, a Washington DC consulting company, we learn that from Mao Zedong to Xi Jinping, the vision of "national resurrection" was passed along the masses. Today, it is known as "the great rejuvenation of the Chinese nation." It is a revelation of sorts of the immense power of long-range planning and of the leaders who can hold such a patient perspective of destiny and life.

This "rejuvenation" is an ideological vision in which China's premodern position as the world's dominant empire will at last be restored. This will end what China's leaders call "the century of humiliation" at the hands of other imperial powers. This concept and its variations have been communicated for decades to the Chinese public, and it remains the guiding ideology of the CCP.

The CCP's ambition is not regional, but global. It wants to create a new global order with China at the center, known as the "Community of Common Destiny for Mankind." This means breaking apart the US and Allied world order (including Japan) and replacing it with a system in which China's values, power, and restored national glory emerge victorious.

The core of China's global strategy is economic and industrial power.

China's strategy is built upon economic and industrial power. China's leaders have exploited decades of engagement with the advanced industrial economies to harvest technology and make advancements on a grand scale.

The result has been the creation of an industrial base that now holds competitive advantages against the rest of the world economy. China has become the entire world's manufacturing base. It has a \$14 trillion GDP that some think will surpass the US economy in real terms within a decade. It has already surpassed the US in terms of total global trade volume.





China's Corrupted Capitalism

China's economic plan includes dominance of key regions and industries:

"The Belt and Road Initiative" envisions the integration of Europe, Africa, Asia, and even Latin America into an economic system with China at its center.

"Made in China 2025" envisions manufacturing dominance in strategic industries from robotics to shipping and aerospace.

If the economic and industrial foundation is laid, global Chinese military power and submission to Chinese interests will follow.

China's leaders are also busy converting their civilian industrial base into military power.

Both the "Belt and Road Initiative" and "Made in China 2025" intertwine with military endeavors:

The "Belt and Road Initiative" is also the geography of an expanding Chinese military: Chinese naval exercises with Russia and Pakistan take place throughout the geography of the Belt and Road. From the South China Sea to the Mediterranean, China's expanding military has been tasked with protecting "the ceaseless expansion of national interests."

"Made in China 2025" harmonizes with the program of "Civil Military Fusion": this instructs that innovation in the civilian industrial base must be brought to the Chinese military as it seeks to "close the gap" with the US military and US Allies. China now seeks dominance across fields as diverse as under-sea warfare, outer space, artificial intelligence, quantum computing, next generation IT, and joint force warfighting.

In the meantime, Xi Jinping speaks regularly of "preparing to fight and win wars." From Europe to the Middle East, from the Indian Ocean to the Pacific, there is no region that is left out of China's strategies for economic or military influence: China even has diplomatic engagement strategies for Africa, Latin America, and the polar regions.

If the economic foundations are laid, then the rest will follow.

Clashing Values

World governments have been talking about 1984-style gov-

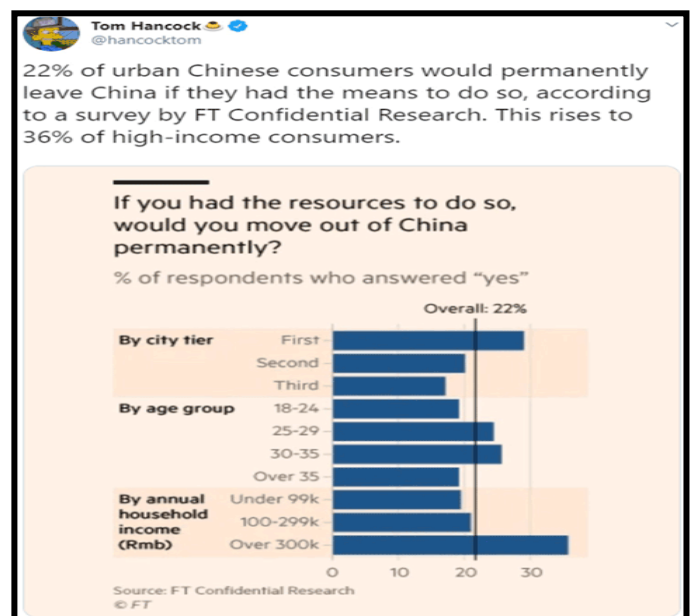
ernment surveillance long before 1984. It took time but now the technology is here and the Chinese government is enthusiastically embracing it.

Chinese citizens receive a "social credit" score that essentially measures "their value to the regime."

Facial recognition systems keep track of movement. The government logs who you talk to, what you buy, where you eat, and where you are traveling, not to mention your reading and media habits.

In the West we can immediately see how these practices clash with human rights. Not to mention this surveillance is a lot of work and expense. The most obvious rationale for it is a government interested in self-preservation. But, other than in Hong Kong, Chinese people don't seem particularly bothered by the watching, or the things the government might do with the information. The cultural imperatives are likely alien to American minds.

But here is an interesting survey recently conducted in China by FT Confidential Research.



Source: @hancocktom

When 22–36% of any group of citizens in a country if given the chance to leave would do so, that says the underlying unrest is much greater than we think. And we know there are





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Advancing in a Time of Crisis



Financial Crisis Report



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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.

thousands of protests, generally about local issues, every year within China.

Regardless, this is happening, and it forces us to face some uncomfortable facts. China, our largest trading partner has a radically different view of personal freedom and the role of government. Are we okay with that?

Whatever Americans may think, this creates a serious problem for American brands that want access to the Chinese market. They have to obey local laws in the places they operate, and it gets sticky when countries have polar opposite requirements.

But herein lies the problem. If Xi Jinping simply wanted to rule his country in his way and was willing to let the US system operate as it does, we could probably have a manageable relationship. There would be friction but we could trade and get along. But that is not the case. What he wants is to censor all criticism of his government from anyone, anywhere.

This is because they are deathly afraid that with modern technology, criticism anywhere will get back to China. A few eons ago they erected the "Great Wall" to control the hordes into China. Now they have set up the "Great Firewall" to control the media into China.

But what this does is set up a clash with Western values that we are not sure anyone can possibly resolve. The US is not going to stop our citizens and visitors from exercising free speech. It is a core value to us and one that American companies must respect. But that makes it very difficult and maybe impossible for those same companies to sell their products in China.

But the problem may go even deeper.

Unlike the Cold War years, under their command there will be no "Third World." Every country will have to adopt either US or Chinese technology standards, then align its entire economy around them. That's going to put some governments in tough spots. Japan, the EU, UK, and others will want to have a foot in both camps. That's not going to be possible.

This will force a serious re-engineering on the multinational companies who before thought they could serve both worlds. This will be extremely difficult to do (actually impossible). These companies will have to choose as well, and then adjust their marketing strategies, product plans, and supply chains. This will take years and be very expensive. Investors will likewise have to rethink valuations, particularly for those companies with Chinese growth plans. This will be great for business schools to study but quite arduous for companies to implement.

This is not to say that we simply disengage entirely from China. That will not happen nor should it. But we should stop giving them the technology and tools to improve their military and the potential for their control of our economic livelihoods not to mention our liberties and free speech. It is actually that important.

Under Elizabeth Warren, Bernie Sanders and AOC our system of Free Market Capitalism is being corrupted sufficiently enough.

D. Miyoshi



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