



# Financial Crisis Report

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## Advancing in a Time of Crisis

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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 imbalances 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.

**“You cannot prevent and prepare for war at the same time.”**  
**Albert Einstein**

### Ten Ways the Ukraine-Russia War Could End

Presented by William Spaniel on YouTube video, May 4, 2022. This is a well analyzed and interesting explanation of how the Ukraine Russia war could end. I transcribed it and present it here for your reading consideration.

D. Miyoshi

Now that we are counting the length of the Ukraine Russia war in months it's time to start thinking about how it might end. Armed with the knowledge of political science research on that subject here are 10 ways Russia's invasion of Ukraine could conclude.

The economic turmoil led to Mikhail Gorbachev's rise to power and the subsequent breakup of the country. The parallels to today are stark. The United States led by Congressman Charlie Wilson's efforts were pleased to provide military assistance to Moscow's opponent. If the trend continues the war in Ukraine will last for years. Putin will keep enough of his political opponents at bay to survive for a long time. But the war will go nowhere and Putin's popularity will eventually disappear. Ukraine "wins" but at an enormous cost.

### #2 Putin Removed from Office



While public approval numbers for Putin paints him as a popular leader it is difficult to know exactly how popular he truly is. Autocracies aren't exactly known for eliciting truthful responses from their citizens. If Putin were actually unpopular this could lead to his removal from office in a few ways. As we discussed before a popular protest could unexpectedly arise, overwhelm security forces and storm government buildings. A single unhappy individual with good connections could assassinate him or a more organized group of disaffected politicians and generals could initiate a coup to remove Putin from office. The commonality here is that the new leader would then remove Russian troops from the war and build a fresh regime free from the burdens of the floundering conflict.

### #1 Afghanistan Syndrome



No not the Afghanistan war that the United States recently withdrew itself from. We refer to the Afghanistan war against the Soviet Union from the 1980s. Brezhnev invaded to prop up a floundering communist government that could have pivoted westward otherwise. The conflict ultimately became the Soviet Union's version of the Vietnam War. A long fight that lost political support at home and ended with the superpower withdrawing with little to show for their effort. The outcome for the Soviet Union was even worse.



## Ten Ways Ukraine-Russia War Can End

### #3 Victory Day “Victory”



Circle your calendars now because this one is coming up\*. On May 8, 1945, Germany surrendered to end the European portion of World War II. This occurred late at night in Berlin which therefore made it May 9 in Moscow. The end of World War II was momentous for all the allies but the Soviet Union suffered more casualties than any other country during the war. As a result, victory day became a major holiday until the fall of the Soviet Union. Under Boris Yeltsin's administration the celebrations became muted. The country was in the process of eliminating Soviet institutions and that was one of them. However, the holiday returned since Vladimir Putin came to power and it is a huge celebration once again. If you have seen photos of the Russian army on parade it's probably from Victory Day and one theory is that Putin will wait until May 9 to declare mission accomplished in Ukraine. He will sell the gains made in Eastern Ukraine as fulfilling the purpose of the war. This might give Putin a politically convenient way out of the conflict and stop the mounting casualties from ending his rule over the country. Russian troops might formally withdraw at that point but the conflict will go back to 2021 levels of intensity.

- As a note of what actually happened on Victory Day May 9, 2022, Putin spoke at a military parade in Moscow's Red Square. More than 65,000 people were estimated to have taken part, with an estimated 2,400 pieces of military equipment being put on display. However, Putin did not announce any “victory” in Ukraine or announce any escalation of the conflict. Instead, he only sought to justify the war again as a necessary response to what he portrayed as a hostile Ukraine.



Russian President Vladimir Putin takes part in the Immortal Regiment march on Victory Day, which marks the 77th anniversary of the victory over Nazi Germany in World War Two, in central Moscow, Russia May 9, 2022.

Maxim Shemetov | Reuters

### #4 Putin “Gambles for Resurrection”



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On May 9, an end to the war would require that Putin feel comfortable with what Russia is currently holding onto if it ends active operations. But that might not be enough. A settlement is only as good as a leader's ability to politically survive it. Let's go back to World War I. By the end it was clear that Germany was very likely to lose and that a settlement would be better for all countries involved. Nevertheless, Germany continued to fight. The problem was that making the appropriate concessions to the United Kingdom and France would have forced the autocratic regime to make democratic concessions at home. Eric London Dorf a member of the de facto military dictatorship described that the hypothetical granting of equal enfranchisement would be worse than a lost war. He subsequently increased his demands against the opponents despite the German military fading. London Dorf reasoned that if Germany makes peace without profit, then Germany or at least his preferred version of Germany has lost the war. Political scientists call this gambling for resurrection and it might be at play today with Russia. If Putin is vulnerable politically something very hard to deduce from the outside then he may find the war's current progress insufficient to negotiate on. That means a longer war that either ends after Putin can secure a larger swath of territory or continued Russian military defeats in a political disaster for Putin at home.

### #5 Negotiated Settlement



It's also possible that Putin is not facing much domestic pressure at home. After all, from the Russian perspective this is still a “special military operation” not a war. If so, both Ukraine and Russia would be better off thinking about what the eventual outcome of the war would be perhaps something like this is a hypothetical. And just implementing that without continuing the war to its bitter end. This





## Ten Ways Ukraine-Russia War Can End

would give them exactly what they would anticipate receiving if they continue to fight except the soldiers that might otherwise die in the process would survive instead. As we've discussed before however, such agreements require consensus on what the eventual outcome would be. If Ukraine thinks the eventual division would look like this



but Russia thinks that the eventual division would look like this



then negotiations won't work out.

### #6 Zelensky Eliminated



This at least was Putin's hope at the start of the war. Reports indicate that a Russian strike team tried to parachute in on Kiev, storm the presidential compound and take out Zelensky. In theory without a head of state to rally around the rest of Ukraine would've immediately folded. That plot failed of course and at this point a successful attempt would seem unlikely to lead to a quick end to the war in Ukraine. The past couple of months turned a relatively unpopular Ukrainian president into a national political hero. Assassinating Zelensky, arresting him or whatever, might even backfire now as it

would only turn him into a martyr for Ukraine's cause. So perhaps we can scratch that one off the list. But that does not mean that Ukraine can breathe easy because at.....

### #7 We have Complete Military Defeat of Ukraine



Oh, how far we have come! Ukraine's military defeat seemed inevitable to many at the beginning of the war. But Russia's poor logistics, especially in the western half of Ukraine suddenly made the former superpower look very mortal. Still Russia is learning from its mistakes and has reoriented itself to focus on the east. It's still plausible that the Russian army militarily defeats Ukraine even if it might take a lot longer than Putin initially thought. The lingering question is what Russia would do next. Was the entire point of the war just to securitize to the Russian-speaking portions of Ukraine and the initial attack on Kiev was simply a faint? Or is Putin willing to pay the cost to administer the entire country over the long-term. In that first assault on the capital was it not a faint but a failure? We still don't really know and we may never find out absent Ukraine suffering a complete military collapse.

### #8 Ukraine Destroyed



It's also possible that Putin's motivation for the war has nothing to do with Ukraine itself but is rather a renewal of Cold War era east-west tensions. NATO has drifted westward over time and Putin might fear that Ukraine joining the fold would give the United States a newfound military advantage versus Russia. This is the preventive war motivation for the conflict which we have previously covered. One way preventive war's end is when the underlying source of the power shift is no longer possible. If Ukraine is no longer capable of arming itself or becoming a meaningful alliance partner Russia has no need to continue the war at that point. There is a lot of variation in what this could mean and those differences





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are substantial from Ukraine's perspective. An economy in shambles is one thing, the use of low-level nuclear weapons is another.

### #9 It Doesn't



The Ukraine Russia war is just a new phase of a civil war that began in 2014. The difference now is that Russia is formally intervening. Interstate wars are notorious for being much, much shorter than civil wars. In fact, your average interstate war lasts less than a year. By contrast civil wars can drag on forever. Syria's current Civil War began during the Arab spring all the way back in 2011. This, like the fight is not abnormal either. The Civil War between Sri Lanka's government and the Tamil Tigers began in 1983 and didn't end until 2009. Civil wars are so bad that ongoing fights just accumulated over time during the Cold War. As did the average duration of those wars still ongoing. The main issue is that when a rebel group re-integrates with the opposing government, it must lay down its arms. But governments can later exploit the disarmed rebels. Anticipating this, the rebels continue to fight even when they are likely to lose. That may happen here. Even if Russia withdraws tomorrow, rebels in the Donbas region might keep going and it would take a complete military defeat for them to stop.

### #10 World War III



The good news is that I think that this option is very unlikely or less likely than the other options discussed in this video, as bad as things are now, they are nothing like the peak of the Cold War. This isn't the Cuban missile crisis when the world ground to a halt thinking that the world might come to an end at any point. That might be of little comfort to you. After all, if World War III did start it would be the worst thing to ever happen to humanity. Russia has about 6,000 nuclear weapons. The United States has about 5,400. Both of these numbers are substantially greater than the next most armed country,

China at just 350. The good news is that these figures are well below the historical highs of 39,000 and 21,000 in 1985. The bad news is that they are still way more than necessary to destroy all significant human population centers. Precisely because of that, it is unlikely that either party would willingly start World War III. The problem is that accidents or misunderstandings can happen. For example, back in 1983, Korean Airlines flight 007 was heading from Anchorage to Seoul. The flight was supposed to avoid Soviet airspace. Instead, a navigational error put it directly over the Soviet Union. Moscow scrambled some interceptors which shot down the plane. Everyone on board died including a US Congressman who just so happened to be on the flight. From there tensions between the Soviet Union and the United States mounted. And just three weeks later an early warning alert system outside of Moscow detected an incoming missile. Fortunately, cooler heads prevailed and this didn't spiral out of control. World War III had not yet started. Instead, the system had mistaken a high-altitude cloud for a nuclear weapon. The point is that accidents can happen. In a history of near misses does not mean that we are safe from all future risks. What if the Russian plane that violated Danish and Swedish airspace on April 29 had a trigger-happy pilot. NATO might then have invoked article 5 of the North Atlantic and responded by attacking the airfield from which the flight originated. Putin might have escalated; NATO could have retaliated in kind and then we would've been off to the races.

**And those are 10 ways the Russia Ukraine war might end.**

[End of YouTube narration.](#)

## What is the Best Investment Strategy for the Worst of Times?

The following article is by Jim Rickards, renowned economic forecaster and former advisor to the CIA, the U.S. government and leading major industrial enterprises and leaders. The article appeared in Rickards newsletter *Strategic Intelligence* on May 4, 2022. Copyright 2022 by Paradigm Press LLC. For your reading consideration, I provide the article here.

D. Miyoshi



## The Best Investment Strategies For The Worst Of Times

We live in a strange time. There are political, social and economic dysfunctions at every turn. We all know the list of dysfunctions from extreme partisanship, culture wars, inflation, weak growth





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(and even declining GDP in the first quarter), supply chain collapse, the continuing pandemic and the War in Ukraine. From week to week and month to month these dysfunctions don't heal themselves. They don't get better. In fact, they get worse.

Most of us have seen bad times before whether it was the extreme inflation and repeated recessions of the 1970s, the Russian financial collapse in 1998, the dotcom crash of 2000, the Global Financial Crisis of 2008, the pandemic panic and associated stock market crash in 2020, and now the War in Ukraine.

Relatively few people alive today have a living memory of the Great Depression of 1929 – 1940 or World War II from 1939 – 1945; still we've all studied those cataclysmic events and we've lived with the lessons in the aftermath ever since.

Despite those episodes, it was not all doom and gloom. The 1950s and 1960s were a period of unprecedented prosperity, technological innovation, low inflation, low unemployment, and the rise of suburbs that offered Americans a chance at home ownership with individual homes, tree-lined streets, good schools, and a backyard

barbeque.

The period from 1983 to 2000 under presidents Reagan, Bush 41, and Clinton was one of almost continuous growth, low taxes, low inflation, and the introduction of cell phones, the internet and efficient search engines.

Once past the impact of the 1998 financial crisis and the 2000 stock market meltdown, the period from 2001 to 2007 was another long episode of steady growth, low inflation, the rise of social media, prodigious homebuilding and home ownership despite the bubble characteristics that finally exploded in late 2007 and 2008.

Even after the Global Financial Crisis of 2008, the U.S. had its longest expansion in history from 2009 to 2019 under presidents Obama and Trump. This long expansion was notably weak (about 2.2% growth per year compared to average recovery growth of 3.2% in the post-1980 period), but it was prolonged, and characterized by low inflation and low unemployment.

And that's the point. The U.S. economy hit some potholes (1977-1982, 1998-2000, 2008, and 2020), but it always bounced back. For every pothole, there were long periods of growth and stability in the 1950s, 1960s, 1980s, 1990s, early 2000s, and after 2009. The U.S. economy powered by investment, innovation, entrepreneurship and plain hard work of its people promised long-term gain despite short-term pain.

Jones Industrial Average was 201 on January 1, 1950, 622 on January 1, 1960, and 744 on January 1, 1970. The period from 1970 to 1982 was flat overall (with some dips and rallies along the way), but a long-term upward trend resumed after 1982. The Dow Jones was 2,750 at the start of 1990, 11,500 at the start of 2000, and reached 28,250 at the start of 2020.

Of course, these returns are not adjusted for inflation or dividends. The volatility is much greater when adjusted for inflation, including large inflation-adjusted losses from 1966 to 1982. The uptrend is also less imposing when presented logarithmically instead of in a linear way. Still, the long-term trend is unmistakable. As goes the economy, so goes the stock market, and both have performed im-

pressively for the past 70 years.

## Are The Good Times Over For Good?

Is the world now at a point where an accumulation of negative forces, the delayed reckoning from repeated bailouts, and the unleashing of previously pent-up forces including Russian aggression in Ukraine, Communist totalitarianism in China, and financial recklessness in the United States have converged to produce damage on a scale not seen since the end of World War II?

If the answer to that question is yes, then we are not looking at just another pothole on the way to growing prosperity. We are looking at a paradigm shift of a kind that typically happens only once every hundred years or even less frequently. We may be entering a phase that should more properly be compared to the Napoleonic Wars, the Thirty-Years War, The Black Death, the Crusades, the Rise of Islam, and the Fall of the Roman Empire in terms of its pervasive and inescapable impact on society. Life will go on but it will not be the same. Nothing will be the same.

A similar transition occurred over the course of World War I. As late as the summer of 1914, the world was largely at peace. A first age of globalization would bring the goods of the world to your doorstep, gold was money good, and great empires controlled much of the land mass of the globe.

By 1922, the German, Russian, Austro-Hungarian and Ottoman Empires had all collapsed. (The Chinese Qing Dynasty had collapsed slightly earlier in 1912). Gold was now confined to bank vaults and was not used in daily transactions. Hyperinflation destroyed wealth in developed economies in Europe between 1919 and 1923.

The thirty-year collapse of sterling as a global reserve currency and its replacement by the U.S. dollar had commenced; (it would culminate at Bretton Woods in 1944). The seeds of a new World War, worse than the first, had been planted in the Versailles Treaty of 1919 and would come to fruition in Germany in the late 1920s and early 1930s in the person of Adolph Hitler. In short, the great period of globalization from 1870 to 1914 was over. What replaced it bore little resemblance to what was replaced. Nothing was the same.

In this edition of *Strategic Intelligence*, we explore this fundamental question. Is the world just going through another bad patch to be followed by continued growth and higher stock prices along the lines we have come to expect? Or is the world entering one of those epochal shifts in which all of the certainties are overturned and new structures – some good and some quite threatening – replace them?

We'll look at several powerful trends to answer that question. These trends are the U.S. economy, the Chinese economy, global supply chains, the War in Ukraine, the possibility of nuclear war with Russia, and a looming humanitarian crisis. When we're done we may or may not have an answer to the question of a paradigm shift. At least





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we'll understand these powerful trends and know what to watch as the play unfolds.

### Act 1. The Fed's Day of Reckoning Has Arrived

For decades, the Fed has avoided hard choices with easy money. The Russian financial crisis in 1998 was defused with a Fed-sponsored bailout of hedge fund Long-Term Capital Management and interest rate cuts in October of that year. The dot.com crash was mitigated with rock-bottom interest rates from 2002 to 2006 orchestrated by The Maestro Alan Greenspan and his understudy Ben Bernanke.

When that policy led to a mortgage-related housing bubble and financial panic, the Fed again rode to the rescue with zero interest rate policy (ZIRP) and repeated rounds of money printing called quantitative easing (QE). After the failures of Bear Stearns, Fannie Mae, Freddie Mac, and Lehman Brothers, the Fed made sure it propped up Morgan Stanley, Goldman Sachs, Citi and other banks who were next on the list.



*Federal Reserve Chair Jay Powell is determined to raise interest rates high enough to stop the highest inflation in forty years. This will prove impossible to do without causing a recession and a stock market crash.*

This resulted in a long recovery, but it was the weakest in U.S. history (only 2.2% average annual growth from 2009 to 2019). When the Fed tried to escape the room with rate hikes, tapering, and quantitative tightening (QT) from 2013 to 2018, they failed miserably. The stock market crashed 20% from October through December 2018 even as the Fed kept raising rates at late as December.

The Fed soon began rate cuts and new rounds of QE. By April 2020, in the midst of a pandemic, the Fed was back where it started in May 2013 with zero interest rates and a bloated balance sheet (this time twice as large). The Fed effectively proved that they could not normalize rates and the balance sheet without causing a market crash.

Now they're at it again. The Fed started on a rate hike path in March 2022 with another hike in May, and has made it clear they will raise rates aggressively through the remainder of this year. The Fed has also ended QE and embarked on an aggressive policy of QT.

This time, the markets won't wait five years to react. They've seen this movie before. Recession is not a wild card; it may already be happening. First quarter growth in the U.S. was negative 1.4%. A

recession is technically defined as two quarters of negative GDP growth so we're halfway there already and the Fed has only just begun.

A market crash worse than the Oct-Dec 2018 20% drawdown, and the March 2020 30% collapse should be expected. This time the Fed is out of ammo to stop it. When the market crashed in 2018, the Fed had room to cut rates by over 2%. When the market crashed in March 2020, the Fed still had room to cut rates and could greatly expand their balance sheet, which they did.

Now the signs of economic recession and market collapse are appearing at a time when rates are still below 1%, and the balance sheet is still bloated. In other words, the Fed has no room to cut rates or print money to the extent that may be needed. The Fed's toolkit is empty. Markets will now go their own way, which is down.

The Fed has two choices, both bad. They can continue to raise rates to squash inflation, which will worsen the recession and sink the stock market. Or they can throw in the towel, cut rates to zero, print money like mad, and do currency swaps with Europe and Japan.

That might prop up markets for a bit, but inflation will surge out of control. Inflation is just another kind of poison for stocks because it dilutes nominal values, hurts investment, and prompts a rush toward hard assets.

Investments in hard assets will preserve wealth (for those who can afford it), but they do not drive innovation and real growth. That will have to wait for another day. In the short run, investing may be a case of every man or woman for himself.

### Act 2. The Dangers of a Declining China

China is on both the sending and receiving ends of global supply chains. Many of the finished goods it sends around the world come from assembling inputs that it imports from elsewhere. China's significance in global commerce is due to its unique role both as the destination for natural resource inputs and the source of manufactured goods. China has earned its nickname: factory to the world.

The major recent development affecting global supply chains is the rise of Xi Jinping. After the chaos of Mao Zedong and the rejection of Maoism by Deng Xiaoping, China settled into a calm and orderly process of governance. The key was consensus. There would be a leader, but the leader would build consensus inside the Politburo, continue the economic growth started under Deng Xiaoping, and avoid high-profile blunders and confrontations.

Now, Xi Jinping has broken the mold. Through a series of Party Congresses and other forums, he has elevated himself to a place comparable to Mao Zedong in the pantheon of the Communist Party, enshrined Xi Jinping Thought on Socialism with Chinese Character-





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istics for a New Era, and made it clear that he will remain in office beyond the customary expiration of his term in 2023. In effect, Xi is President for Life, and the New Mao.

This change in leadership and governance has resulted in profound changes in policy. Xi actively attacks big tech and media firms inside China. He has pushed to delist Chinese companies from NASDAQ and NYSE and move those listings to the Hong Kong stock exchange. He has crushed the last traces of democratic process and free speech in Hong Kong. Most dangerously, he has threatened to take Taiwan by force.

To put Chinese geoeconomic threats in perspective, it's essential to have a gauge of just how critical China is to global supply chains. The impact of China's role goes far beyond delivery and pricing of needed inputs and manufactured goods. China's role as supplier of commodities, components and finished goods has strategic implications for the national security of its trading partners.

Strategic dependence varies by types of goods and the particular Chinese trading partner selected. Australia relies on China for 69 percent of its penicillin and almost 100 percent of its manganese used in medicine and as a metallic alloy. New Zealand relies on China for 100 percent of its aspirin and 96 percent of its penicillin.

Canada imports 77 percent of its magnesium used in specialized steel, electronics and nanotechnology applications from China. Canada also imports 71 percent of its shipping containers, 87 percent of its laptops, and 58 percent of its vitamin C from China. The U.S. is no less dependent. Chinese exports account for 51 percent of lithium-ion batteries, 68 percent of certain rare earth metals, 93 percent of laptops, and 52 percent of penicillin in the United States.

These figures only scratch the surface of Chinese dominance of strategically important inputs to the global supply chain. China controls 39 percent of the global market for lithium-ion batteries used in everything from smartphones to electric vehicles. China also accounts for 68 percent of global laptop exports, and 62 percent of the global market for Vitamin C, which has health benefits and is an ingredient in food preservation. Plus, China controls 80 percent of global production of magnesium.

This litany of Chinese export dominance and developed economy dependence on key products seems to position China for the regional hegemony and global superpower status it seeks. Western analysts are counting down until Chinese GDP surpasses U.S. GDP to make China the world's largest economy. China already has the world's largest population, the world's second largest economy, and the world's fourth largest nuclear arsenal.

Does the future belong to China? Actually, no. China is moving quickly toward a world historic economic and demographic collapse. And that is the single most important reason global supply chains will collapse alongside.

The reasons for China's coming collapse are well-known if mostly ignored by the media. Of these, the most important reason is China's looming demographic disaster.

China's population is 1.4 billion people, about 17% of the world's population. According to World Bank statistics, China's birth rate is 1.7, well below replacement rate of 2.1. China's situation is likely far worse than this high-level data suggests. There is some evidence that China's birth rate figures are overstated for political reasons, and the actual birth rate is close to 1.1 or lower. That will produce a shocking rate of population decline and economic decline.

On January 17, 2022, China announced that its birthrate in 2021 had declined for the fifth straight year. The New York Times reported, "China is facing a demographic crisis that is beyond the imagination of the Chinese authorities and the international community." A collapse of this magnitude would result in a crisis of political legitimacy and could presage the collapse of the Communist Party of China.

China is utterly dependent on the rest of the world for energy. China is the world's largest producer of coal and generates about 58 percent of its electricity from burning coal. Despite China's production, it still imports 300 million tons per year, mainly from Australia and Indonesia. China also imports over 10 million barrels per day of oil, roughly equal to the total daily production of Saudi Arabia. China's natural gas imports were over 1.5 trillion cubic feet in 2020 and are rising at a rapid pace.

Other factors hindering Chinese growth and its ability to feed global supply chains are excessive debt, shadow banking, asset bubbles, real estate speculation, and over investment in non-productive infrastructure including ghost cities, and white elephant public facilities such as train stations and airports. As much as 20 percent of China's reported GDP growth in the past fifteen years has been wasted on excessive construction that can never pay its way.

Analysts agree that Xi Jinping is now squashing the most innovative companies in China and promoting inefficient but malleable SOEs. That approach will buy time, but will kill growth and the innovation needed to support global supply chains. In stages, the factory of the world is shutting down.

China's turn towards totalitarianism comes not from a position of strength, rather from a position of weakness. China is a classic victim of the middle-income trap in which a nation moves from poverty to sufficiency in a straightforward way but cannot manage the final leap to high-income status.

The low-hanging fruit of migration from rural to urban areas and expansion of assembly-style manufacturing with help from foreign capital has been achieved. The rise to high-income status requires high-value-added processes based on technology and innovation. China has been able to make a start in this direction with stolen technology. Now the ability to steal more has been curtailed by western awareness and tighter security.





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China's leadership may have realized the current situation is as good as it gets. If China decides to take Taiwan by force (something it has long considered), they must proceed quickly because the chances of success decline from here. This was the same dynamic that drove Germany to launch World War I in 1914, and Japan to attack Pearl Harbor in 1941. In neither case was the aggressor stronger than the target. It was the case that the odds of success had peaked, and the time had come either to attack or accept a subordinate position. For an ambitious, expanding power such as Germany and Japan, and now China, the logical choice is to attack.

A Chinese invasion of Taiwan would be the most disruptive geoeconomic event possible, equivalent to an invasion of Japan or Western Europe, and just short of nuclear war. The outcome would be highly uncertain. The biggest variable would be whether the U.S. would come to the military defense of Taiwan. The U.S. Seventh Fleet could interdict Chinese amphibious forces in the Strait of Taiwan, suppress Chinese air power, and otherwise assist Taiwan in repelling an invasion with anti-missile defenses, drones, electronic warfare, and intelligence.

Escalation would involve financial warfare, an embargo on energy imports to China, and a shutdown of a large percentage of the world's semiconductor industry. China no doubt covets control of Taiwan's semiconductor capacity, including its high-end technology and 5-nanometer production facilities. This Communist goal opens the possibility that Taiwan would destroy its own semiconductor fabs and labs before the Chinese could occupy them in a twenty-first century version of a scorched earth retreat.

Will an invasion of Taiwan happen?

The case against such a war is contained in the scenarios above. Events would likely escalate and spin out of control. Territorial gains are possible for China only if the U.S. does not come to the aid of Taiwan. Economic losses are inevitable and supply chain disruption would be catastrophic.

In short, China is a wild card waiting to be played. Its economic situation is deteriorating and the political legitimacy of the Communist regime is eroding. At the same time, the Communists are doubling down on thought control and totalitarian tactics. China's growth is stalling, and a mountain of bad debts is growing larger.

China might invade Taiwan as a desperate gamble on regional hegemony, or it might wait even as its economy crumbles from within. China's continuing COVID lockdowns make no sense, but Chairman Xi will continue them at least until the National Party Congress next November.

China has effectively stopped contributing to global growth. Instead it is an impediment to growth because of pandemic panic, and internal political crackdowns. That's the best case. The worst case, possibly including war with Taiwan and internal social unrest, cannot be ruled out.

## Act 3. Russia and the Path to Nuclear War

The War in Ukraine is not quite over; fighting will probably continue until the early summer. After that, the Russia victory will be complete. This does not mean a total Russian conquest of Ukraine; that was never the goal. The goal is to consolidate Luhansk and Donetsk as independent republics, build a land bridge from Russian territory to Crimea and control all of the ports of Ukraine from Odessa to Mariupol. This would give Russia control of Ukraine's Black Sea coast and the coast of the Sea of Azov.

Russia will also control Kherson, which is near the mouth of the Dnieper River. The river runs to Kyiv and divides Ukraine down the middle. The result will be a landlocked Ukraine with no capacity to join NATO or continue the fight. The means a strategic military victory and a political victory for Russia in the sense that Ukraine will be neutral and unable to join either NATO or the EU.

The war has been doubly tragic not only for the loss of life, including many civilians, but also because the war itself was completely unnecessary. Ukraine's President Zelensky could easily have avoided the war by simply agreeing not to join NATO, and pursuing a policy of neutrality. This could have been done without loss of territory if announced before the invasion on February 24, although Luhansk and Donetsk would have expected substantial autonomy. Even now, the war could be ended quickly by agreeing to Russian terms on NATO and neutrality, although the loss of territory is now irrevocable.

Instead, Zelensky seems determined to lead Ukraine to death and destruction. He is a master propagandist but a self-interested oligarch with a megalomaniacal streak. The latest example is Zelensky calling for "global control over Russia's nuclear facilities and nuclear technology." There's no way that will happen. It's a threat to Russian sovereignty that will not be tolerated. But it's in keeping with Zelensky's inflated demands for weapons, money and intervention by the West in what is actually a regional war between a large power and a buffer state that has little to do with the West.

Ominously, U.S. policy can only be interpreted as favoring a continuation of the war. The U.S. could easily have intervened with Zelensky before Putin's invasion to force the kind of settlement described above. Instead, the U.S. encouraged Zelensky's intransigence, held out hope that the U.S. would come to his aid, and has supplied billions of dollars of advanced weaponry and more billions in financial aid to prop up Zelensky's government. The result has been a stalemate in which Ukraine has not been overwhelmed, but Russia has not relented in its attack.

Recent remarks by Joe Biden and Defense Secretary Lloyd Austin have confirmed that the real goal of the U.S. in Ukraine is to wear Russia down, drain her resources and possibly weaken Putin's standing to the point that regime change in Russia is possible. There is a drain on Russia, but at the same time Russia is making billions of dollars on higher oil and natural gas prices.





## Best Investment Strategy for Worst of Times

Biden's misguided sanctions strategy has only made Putin stronger by sidelining oligarchs (who Putin detests), increasing energy revenues to Putin and actually strengthening the ruble by forcing Russia to link its currency to gold. Biden's policies will fail; still, it's a dangerous game because it's an effort to back Putin into a corner.

Zelensky's reckless rhetoric threatens a wider war and possible use of nuclear weapons. Zelensky seems determined to fight to the last Ukrainian. Unfortunately, so does Joe Biden.



*This is a ground-level view of the 1961 test of Tsar Bomba, the most powerful thermonuclear device ever exploded. Tsar Bomba was developed and detonated by the former Soviet Union on an island in the Barents Sea in present day Russia. The yield was estimated at 55 megatons or 3,700 times as powerful as the Hiroshima atomic bomb*

The potential for Russia's use of nuclear weapons in Ukraine and possibly a wider nuclear war in Europe is not a stretch. I've studied nuclear war fighting doctrines and scenarios since the late 1960s. Most of the art of nuclear war fighting was developed in the 1950s by scholars such as Herman Kahn, Albert Wohlstetter and Henry Kissinger.

Nuclear weapons were developed with such urgency at the end of World War II that it took theoretical reasoning about how to use them (if at all) ten years to catch up. Ironically, once the doctrines were developed, there was very little change. It's as if the thinking was locked in a time capsule.

There were important developments in nuclear arms control in the 1970s and 1980s, but negotiations leading to important treaties were conducted within the framework of the prevailing doctrines. Little new was added to the theory even as important arms limitation treaties were signed. The main doctrines related to counter-force (aiming missiles at missiles), counter-value (aiming missiles at cities and critical infrastructure), first-strike and second-strike (which depended on surviving a first strike).

One tenet that all of the theorists agreed on is that nuclear war would happen through a process of escalation. There was no doctrine or leader that suggested starting a nuclear war as a first step. It was always understood that nuclear war would result from a series of escalatory steps in a dynamic by which one side increased pressure, the other side responded in a more severe manner, the original actor escalated further and so on until one side felt it had no choice but to use nuclear weapons for existential reasons.

At that point, the other actor sensing that its adversary might launch nuclear weapons might launch a preemptive first strike even though it had no original intention of doing so. Therefore the key to avoiding nuclear war was to avoid escalation. And the key to that was to deescalate once the escalatory process had begun. Sadly, our leaders

are either ignoring or never learned these lessons.

The escalatory dynamic is well underway between the U.S. and Russia around the War in Ukraine. Russia began the invasion after years of provocation by the U.S. The U.S. and its allies responded with weapons deliveries. Russia responded with a tenacious assault on Ukraine's ports. The U.S. delivered even more weapons and increased the sanctions.

Along the way, Putin warned that Russia might use tactical nuclear weapons. Now, Russia has cut off natural gas supplies to Poland and Bulgaria. Those countries are utterly dependent on Russian natural gas for their economies and for energy for civilian populations.

It's not clear what retaliation the U.S. might take. What is clear is that neither side has taken any steps toward de-escalation. That means we're still on the path to nuclear war. Investors should prepare accordingly by reducing exposures to stocks and increasing allocations to cash, gold, hard assets and other asset classes that will retain value if the worst comes to pass.

## Act 4. A Global Humanitarian Crisis

In this issue, we've looked at potential economic recession in the U.S., a potential stock market crash, continued economic dysfunction in China combined with a possible invasion of Taiwan, a prolonged war in Ukraine and the real possibility of escalation to the point of nuclear warfare. That's a daunting list, but none of those scenarios are far-fetched. Is there anything worse? Unfortunately, the answer is yes.

An important consequence of the War in Ukraine and scrambled supply chain logistics is the potential for starvation in Africa and the Middle East along with food shortages in the developed world. Again, this is not a remote possibility; it's a likely outcome that will materialize later this year.

Russia and Ukraine together account for over 25% of world grain exports of various kinds (wheat, corn, barley) and an even larger percentage of the fertilizer produced in the world. Russian exports are largely prohibited by U.S. and EU sanctions, and Ukrainian exports are practically nil because of the war itself. This means immediate and growing food shortages in the first instance. It also means global food shortages because of the lack of fertilizer.

We're in planting season now in the Northern Hemisphere. Not only are Ukrainian and Russia exports cut off, but farmers all over the world cannot plant crops now because of the fertilizer shortages. Some countries can live off stored grains for a few months, but those reserves will run out quickly. Those countries depend on new supplies of grain from the harvest season next fall. But those supplies won't be coming because the crops are not being planted in the first place.





## Ukraine Is Losing the War

Even in countries that can get fertilizer, the price has more than doubled since last year. That means that crops actually produced will have much higher prices because of the higher price of inputs such as fertilizer, and the higher transportation costs due to higher prices for diesel and gasoline.

This looming disaster should not be viewed solely from the supply side but also from the demand side. Ukraine and Russia may supply 25% of global grain exports, but many countries receive between 70% and 100% of their grain imports from those two sources. Lebanon, Egypt, Sudan, Kenya, Somalia and many other countries are on the list of those highly dependent on Ukrainian and Russia exports. When Ukraine and Russia fail to supply grain, the recipient countries don't just face higher prices – they begin to starve.

The combined populations of those countries most dependent on Ukraine and Russia total over 700,000,000 people or about 10% of the global population. It will not be a simple matter for countries such as the U.S., Canada, Australia, and other grain exporting countries to make up the difference because they will be facing their own grain shortages and much higher prices at best. There won't be enough to go around.

Millions will starve as a result. This catastrophe is coming in months, not years. It will not only be a human tragedy of world historic proportions, but will result in political instability and possible wars among regional powers for food supplies. More people will die from starvation because of the War in Ukraine and broken supply chains than will die in the war itself.

## Final Act. What Investors Can Do Right Now

The remainder of this year and 2023 will challenge investors in ways not seen since the Great Depression. We've grown accustomed to stock market declines of 20% and even 30%, (which happened in 2008, 2018 and 2020). But a real stock market crash can be 80% or greater (as happened in 1929- 1932, and in NASDAQ in 2000-2001). That's the order of magnitude investors need to keep in mind.

The world will face increasing risk of war including a possible invasion of Taiwan, food wars in Africa, a wider war in Eastern Europe, and even the use of nuclear weapons. This dire scenario will be exacerbated by economic stagnation among developed economies and actual starvation in some developing economies.

The course for investors is clear. Equity exposures should be reduced. Allocations to cash should be increased significantly, perhaps as high as 30%. Allocations to hard assets including real estate, farms, gold, silver and natural resources are a must. One way to keep a hand in the stock market but still bet on natural resources is to look at energy stocks and mining stocks; both sectors should outperform major indices.

You can count on *Strategic Intelligence* to follow these developments closely, provide timely updates, and continue a nimble approach to asset allocation as these momentous events unfold in the

coming months.

Jim Rickards Editor, *Strategic Intelligence*

### End of Article

## Ukraine Is Losing the War



**W**ell, soon after Jim Rickards concluded his remarks on the status of the Russia-Ukraine war, on May 27 Rickards issued a follow up report saying that Ukraine is now losing the war. In summary, Rickards says that despite the propaganda that we get in the West, it appears Russia is winning, that the sanctions have backfired and that its dangerous to back Putin into a corner.

So, I present to you Rickards' follow up report on the Ukraine war for your reading consideration. D. Miyoshi

## Ukraine Losing

The propaganda campaign on behalf of Ukraine is remarkable. You would think the U.S. itself was at war with Russia.

All you hear about in the media is how many Russian soldiers are being killed and how much Russian equipment is being destroyed. Videos are everywhere depicting Russian tanks being destroyed.

You never hear anything about Ukrainian military casualties or see any videos of Ukrainian tanks and other military equipment being destroyed. But rest assured, Ukraine has suffered heavy losses in its war with Russia.

Meanwhile, Russia is making steady progress in eastern Ukraine. Russia has taken Lyman (a key logistics hub) and is encircling the Ukrainian army in the city of Severodonetsk.





## Ukraine Is Losing the War

### The Mainstream Media Can't Ignore the Facts Anymore

Even The Washington Post is admitting to Russian successes:

The city of Severodonetsk, near Lysychansk, is surrounded on three sides by Russian forces. Over the weekend, they destroyed one of three bridges into the city, and they are constantly shelling the other two. Ukrainian troops inside Severodonetsk are fighting to prevent the Russians from completely encircling the city...

The Russians can advance north toward Lysychansk and completely surround Severodonetsk. That would also allow them to go after larger cities in the region.

Meanwhile, Bloomberg is now admitting that "Russian troops control almost all of Ukraine's eastern Luhansk region."

One Ukrainian unit commander in this area concedes that the truth is being covered up for propaganda purposes:

The casualties here are largely kept secret to protect morale among troops and the general public. "On Ukrainian TV we see that there are no losses. There's no truth."

I don't report any of this because I'm pro-Russian. I'm not. I'm just interested in the truth, and the media haven't been reporting the truth (what else is new?).

### Sanctions

Apart from the kinetic war, there's also the financial war against Russia.

Sanctions included seizing the assets of Russian oligarchs, excluding Russian banks from the international payment message system called SWIFT and freezing the assets of the Central Bank of Russia.

Sanctions also prohibited new investment in Russia, banned exports of semiconductors and high-tech equipment to Russia, banned Russian commercial aircraft from landing in the United States (except for emergency landings) and blocked exports of Russian oil to the U.S.

The EU, U.K., Canada, Japan and other allies introduced similar sanctions. Russia retaliated by prohibiting exports of strategic metals and other essential inputs to its adversaries and selectively cutting off its exports of natural gas to Poland and Finland.

What has been the effect?

### U.S. Is Losing the Financial War

That's not going so well for the U.S. and its allies.

Oligarch assets such as yachts and townhouses have been seized, but that's exactly what Putin wants. Putin's support comes from the military, intelligence services, the Orthodox Church and everyday Russians. Putin regards the oligarchs as potential threats, so he's happy to see the U.S. destroy them financially.

The Russian ruble is actually stronger than it was before the war began. It was 80 to US\$1 in late February and today is about 70 to US\$1, a 13% gain. The Central Bank of Russia (CBR) is even cutting interest rates at the same time the Federal Reserve is raising U.S. interest rates. The CBR is even signaling they may cut rates further in the near future as a response to the strengthening ruble.

Most importantly, Russia's trade surplus rose to \$96 billion in the January-April 2022 period, which is more than triple the surplus for the same period in 2021. China, India and others are lining up to buy Russian energy exports in case the Europeans decide not to buy anymore.

It's not clear how Europe can make up the energy deficit that would result (they probably cannot in less than three years), but they'll be paying higher prices in any case.

And despite all of the sanctions talk in the media, oil and natural gas are still flowing from Russia to Europe and Russia is still being paid in dollars or euros. These payments are directed to a special account at Russia's Gazprombank and are not subject to seizure by the U.S. (although Russia is limited in terms of what they can ultimately do with the funds).

### Putin Is the Biggest Winner

The officials in the U.S. and EU who are imposing these sanctions don't seem to understand that basic commodities, such as oil and natural gas, trade on world markets.

If Europe can replace the energy, they will have to pay the world price even as Putin receives the same world price from India or others. That's how commodity markets work. The only difference is the price will be higher for everyone, including drivers and homeowners in the U.S., because of the boycotts and sanctions.

The biggest winner is Putin because he's a net seller, not a buyer.

The same dynamic will play out with strategic metals like aluminum, titanium, palladium, platinum; in precious metals like gold and silver; and in commodities markets for wheat, barley, and corn.

The U.S./EU sanctions are causing disruption to global markets and imposing some costs on Russian citizens. Still the big winner is Russia itself.

It's true that Russia has suffered a slight decline in GDP and mild inflation, but the U.S. has suffered far more. Prices for energy, food and housing in the U.S. are soaring in part because of the supply chain disruptions caused by the financial warfare started by the U.S.

### Beware the Warmongers

It's another case of the U.S. not being able to think even two moves ahead when it rushes into feel-good sanctions. The U.S. has said that the sanctions will not be lifted until the last Russian troops leave Ukraine.

Well, the Russians are not leaving Ukraine. So, get ready for a lot more financial pain as the war drags on and the costs pile up.

In the meantime, we can only hope that the warmongers in the media and in both political parties don't drag us into the ground war in Ukraine. Unfortunately, their rhetoric is increasingly leaning towards regime change in Russia, which will only back Putin into a corner.

And a cornered autocrat, like a cornered animal, is extremely dangerous. You never know when or how he might lash out.

### End of Report





## Ukraine Is Losing the War

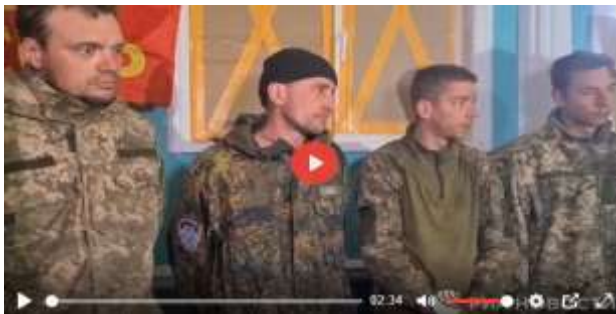
### Supplemental Report - Ukraine Losing the War

Here is a follow up summary of a report by *The Common Sense Show* on May 28, by editor Hal Turner that states the following:

Over the past two weeks, the situation for Ukraine has gotten almost dire. Its armed forces are being decimated on almost every battle-field. Russian long range artillery is smashing thousands of Ukraine troops, and causing those still alive to surrender.

In fact, the number of Ukraine troops surrendering has gotten so enormous, the Ukraine legislature voted on a Bill allowing military officers to SHOOT SURRENDERING TROOPS to stop the mass-surrenders!

In the brief video below, Ukraine troops who SURRENDERED, report to the world that their commanding officers DID, in fact, SHOOT THEIR OWN TROOPS IN THE BACK to prevent the surrender!



The reality on the battlefield is so dire for Ukraine troops, many seasoned observers believe the Ukrainian Army cannot survive even another two weeks.

Moreover, the opinion of the general public is taking a very significant turn; in favor of Russia.

Citizens of almost all western nations, now becoming aware that Nazis are in the Ukraine government, police, and military, are no longer so quick to support Ukraine. And when those same Western citizens see the video of Ukraine President Zelensky admitting on TV he uses cocaine because it gives him energy all day - which said video is DISPUTED -- and then see the video below on the SAME CLAIM . . . . they realize that Ukraine is being run by a drug-addled guy who may actually be so disconnected from reality (by drugs) that he's perhaps a madman!

Even an Archbishop speaking from the Altar in the Church of England told Parishioners "Putin is the only one standing-up against the New World Order" and that "Russia was provoked into this war!"

Judging by the speed with which the Armed Forces of Ukraine are fleeing from the cities of the Donbass, specifically from the Donetsk area, a moral breakdown has occurred.

This is certainly not the final Russian victory, but it is clearly a very serious success.

In recent history, we have not yet seen such wars in dense urban areas, with the use of all types of weapons, excluding nuclear weapons, and in which so many personnel and equipment are involved.

Ukraine is now losing the war, losing fast, and losing badly.

Below, video shows dozens of dead Ukraine troops, some with giant pieces of shrapnel protruding from their cracked open skulls -- VERY GRAPHIC:

Just this morning (Friday) Zelensky Advisor Alexey Arestovich reported on TV "THE CITY OF LYMAN HAS BEEN LOST"

He went on to say "According to reports, the city of Liman has been lost. The way the Russian army captured it shows that there have very talented commanders, and this shows the increased level of operational management and skills of the Russian army."

Residents of Krasny Liman report the retreat of the Ukrainian Armed Forces from the southern outskirts of the city and the railway station, in the area of which fierce battles had been going on since yesterday.

Another Ukrainian battalion had to Mutiny to save their own lives. The brief video below shows them explaining why they fled:

Again and again, stories are repeated about how commanders leave their subordinates on the battlefield and leave "for a meeting." And not a single bad word about being kept in a POW camp.

Meanwhile, it is quickly becoming clear that western military aid into Ukraine, is being stolen and re-routed to be sold in Serbia on the Black Market!! Upwards of TWO-THIRDS of the ManPad surface-to-air, man-portable anti-aircraft weapons, are now in Serbia for sale. This includes American STINGER missiles!

Worse, all manner of other weapons of war are also being offered on the Black market, including mortars, rocket propelled grenades, land mines, and armor-piercing ammunition in such vast quantities, the smugglers can't even find place to store their ill-gotten goods. It's like a terrorist bazaar; where anyone can go buy any weapons they want!





## Deception in the News

The Ukrainians are literally STEALING the west-supplied weapons so they can sell them on the black market and put the cash in their own pockets.

So much for the forty billion in U.S. aid approved by Congress. It is highly likely much of that aid is already stolen.

Perhaps the facts reported above are why President Zelensky today, told his countrymen "Ukraine is not eager to talk to Russia's Vladimir Putin but that it has to face the reality that this will likely be necessary to end the war."

Many people are starting to realize the only words Zelensky is going to soon be able to say to Putin are "Ukraine surrenders."

End of Supplemental Report

## Is This Deception in the News?



Trailer of movie by Dinesh D'Souza on the 2020 Stolen Election



Demonstrators protesting potential Roe v Wade overturn decision

On May 2, the documentary movie *2000 Mules* by Dinesh D'Souza about the alleged stolen 2020 Election was released in more than 200 theaters across America. The documentary reveals how many of Joe Biden's supposed 81 million votes were obtained: by fraud! It displays video evidence that the election was stolen from Donald Trump. But most people did not hear about it. Why?

And yet literally minutes after the documentary debuted, *Politico*

published a leaked draft majority opinion written by Justice Samuel Alito. It reveals that the Supreme Court intends to overturn the landmark 1973 *Roe v. Wade* ruling that transformed abortion into a special federally guaranteed right.

This is bombshell news! A draft majority opinion of the Supreme Court has never leaked to the public before. That's sensational news by itself. And this opinion not only addresses but overturns one of the most important and controversial rulings in United States history! There is so much to say about the *Roe v. Wade* ruling, this would-be ruling on *Dobbs v. Jackson Women's Health Organization* and about abortion—and a lot of people are out there saying it.

But notice the timing. Justice Alito authored this draft two months ago. The Supreme Court is not scheduled to publish its majority opinion until two months from now. So, whoever was in control of this leak chose to leak it as *2,000 Mules* was released. It appears they wanted to distract people from the election steal, and a lot of people are indeed distracted.

*The Washington Post* attacked D'Souza's documentary in a piece titled "The Dishonest Pivot at the Heart of the New Voter-Fraud Conspiracy." But the rest of the media is obsessing over the Supreme Court leak. Less than an hour after *Politico* published this draft, MSNBC host Rachel Maddow was warning that we'll have "a nationwide abortion ban in America" if a Republican wins the presidency in 2024. Today there is wall-to-wall news coverage about the coming court decision. The liberal coverage focuses mainly on the supposed catastrophe that will result for women if abortion is no longer its own special federal right and is instead decided by elected representatives in each state, like murder and almost all other laws. The conservative coverage focuses mainly on the need to find the leaker. But neither side is talking much about the 2020 election.

The leaker undoubtedly is trying to generate a firestorm of vitriol from left-wing activists that will frighten a conservative justice into changing his or her vote before the court publishes its majority opinion. But if preserving *Roe v. Wade* were the leaker's only motive, he or she could have leaked Alito's draft at any point in a four-month window. Indications are this was a deliberately timed plan to distract Americans from the election steal.

In March, *the New York Times* finally admitted that Hunter Biden's laptop was Hunter Biden's laptop. That laptop contains huge amounts of shocking, relevant information about Joe Biden's son and Joe Biden. Yet *Trumpet* editor in chief Gerald Flurry, quickly focused on the timing of that admission. Flurry said it was intended to distract from the fact that Project Veritas secretly recorded New York Times award-winning journalist Matthew Rosenberg admitting that the Jan. 6, 2021, protest outside the Capitol was harmless and anything but a dangerous insurrection. Now the Times and other media outlets are devoting wall-to-wall coverage of anything except D'Souza's warning that their president is illegitimate and their nation is currently not a democracy but a "cartel."

If you watch *2,000 Mules*, you will see geo-tracking and video evidence that Democrats used ballot trafficking to steal the 2020 election in every battleground state. In Atlanta, Georgia, alone, at least 242 "ballot mules" visited 10 or more drop boxes and stuffed them



## Sanctions Against Russia and Consequences

full of fraudulent mail-in ballots. Since Joe Biden only won Georgia by 11,779 votes, these 242 election criminals in just this one city committed enough fraud to steal the state from actual voters.

Radical leftists had hundreds of other ballot mules working for them in other states. D'Souza told the *Epoch Times*, "*True the Vote* has the cellphone IDs of more than 2,000 mules hired by left-wing organizations to do ballot trafficking in Atlanta, Phoenix, Detroit, Milwaukee and the greater Philadelphia area. These mules alone generated approximately 400,000 illegal ballots. When you break down the fraud state by state, you see that it was more than enough fraud to tip the balance in the presidential election."

And *True the Vote* geo-tracking information is corroborated by more than 4 million minutes of official surveillance video. You can see one person after another after another stuffing one illegal ballot after another after another into drop boxes, often in the middle of the night, often while wearing surgical gloves so as not to leave fingerprints. This is nearly impossible to stage in a film.

It is reasonable to say that Dinesh D'Souza has proved that six swing states were stolen with at least 400,000 illegal ballots. Ergo, one can also say with conviction that a "deep state" operative leaked Justice Alito's draft majority opinion to distract people away from election fraud.

"We are getting a hard look at just what the radical left is willing to do in order to seize power and stay in power," Gerald Flurry wrote in "Saving America from the Radical Left—Temporarily." "They have no respect for the rule of law! They believe they are above the law. It is no exaggeration to say that such contempt for the nation's founding principles is a threat to the republic! Leftist radicals hate the Constitution."

Perhaps nothing has illustrated the radical left's hatred of America's constitutional republic more than their efforts to stuff ballot boxes with illegal ballots just because they did not like the man the American people chose as their president. Yet the radical Left show no remorse for what they have done now that they have been caught. Instead, they leak a draft majority opinion from the Supreme Court for the first time in American history so they can distract people from D'Souza's documentary and stir up strife and violence over abortion.

Most conservatives don't realize what they are dealing with, but a malicious political and spiritual power is influencing the radical left and using them to destroy the government of America. Even from mid-May, the reputedly conservative Fox News, has begun prohibiting any mention of the *2,000 Mules* documentary. Interestingly, no organization or media source has directly challenged any of the claims made in the video nor offered any refuting evidence. They only say the claims are mere conspiracies.

The American people need to recognize this malevolent force before they can truly come to understand what is enabling their own government to be hijacked. The warning signs are all around yet I don't see the alarm in the people. I read something similar to this occurred in Germany in the 1930's. They didn't appear to be too alarmed then either.

D. Miyoshi

## Sanctions Against Russia and the Consequences



**T**rish Regan of American Consequences gives us a good history lesson of the consequences whenever a country imposes sanctions on another.

It seems between 1701 and 1715, during the War of the Spanish Succession, customs officers "rebranded" French wines and brandy so they could ship to England... and evade government sanctions.

After the death of King Charles II of Spain, France and Spain formed an alliance that threatened Britain's power. They both implemented sanctions to squeeze each other economically and assert global dominance.

According to an English treasury report from 1702, the import-export business got rather creative in response to those sanctions.

French wine was smuggled into England using a strategic detour... The wine traveled from Bordeaux to Spain where it was repackaged using a Spanish name. It was then shipped to England... in Spanish casks.

By 1703, the English treasury had caught on... The "private gratuities" exchanged between consuls and customs officers had made the pirated alcohol business possible.

In other words, 18th century "workarounds" muted the effects of the sanctions imposed by Britain and France.

And today it's no different...

Regan explains that In Venezuela, ships carrying sanctioned oil change flags and paperwork in the Caribbean and then sail to Singapore. There, flags and paperwork are switched before ships reach their final destination... China.

Another example is North Korea... The country developed a complex web of organizations to help it sidestep global sanctions, according to a 2019 United Nations report. North Korea's techniques (surprise, surprise) included false documents and clandestine ship-to-ship transfers of sea cargo.

The U.S. is now implementing a tough new sanction strategy against Russia... to force President Vladimir Putin to suspend his takeover of Ukraine. In order to succeed, we must enforce these penalties with vigor and vigilance.

At the same time, investors in the U.S. and Europe must prepare for



## Sanctions Against Russia and Consequences

the economic and financial consequences of those sanctions, including persistent inflation, high commodities prices, and greater risk in transacting with emerging-market nations. (The consequences will be significant... but probably not catastrophic.)

### Russia Inches Closer to Default

In the first week of April, amid the horrific war-crime images coming out of a Kyiv suburb, the Biden administration stepped up its sanctions against Russia.

On April 4, the U.S. stopped the Russian government from paying holders of its sovereign debt more than \$600 million from the reserves Russia held in U.S. banks. Thereafter the European Union began to consider fresh sanctions on Russian coal imports... and oligarchs.

And on April 6, the U.S. announced it will ban all new investments in Russia, intensify sanctions against the country's largest financial institutions (Sberbank and Alfa-Bank), and sanction government officials and their family members, including Putin's two adult daughters.

Which means Russia can't pay its creditors with the dollars it stashed in U.S. banks.

The idea is to force Russia to use up whatever dollar holdings it currently has in Russia itself... or face default.

We need to keep in mind, the U.S. Department of the Treasury had already frozen Russia's dollar assets. However, it was still allowing Russia to pay its debtholders with the dollars it held in some U.S. accounts on a "case-by-case basis."

Those days are over now.

So, if Russia wants to avoid defaulting on its foreign debt, it will need to use its own dollars stashed away in Russia. The last time Russia defaulted on its foreign debt was during the Bolshevik Revolution. (The country defaulted on its domestic debt in 1998.)

More than likely, a default on its sovereign debt obligations would be catastrophic for Russia... It would take generations to recover from that.

Basically, the Russian government (even a new, democratically elected one) would not be allowed to access international debt markets until it fully repaid creditors and settled all relevant legal cases.

Meanwhile, the U.S. and Europe are just getting started when it comes to economic body blows against Russia...

As JPMorgan Chase CEO Jamie Dimon recently wrote in a shareholder letter, "[These are] completely different circumstances than what we've experienced in the past and their confluence may dramatically increase the risks ahead..."

So, the obvious question remains is:

### Can Global Investors Survive a Russian Default?

The underlying problem, of course, is that Russia embedded itself in our global economy over the past two decades...

Untangling Russia from world markets won't be easy. (Global investors who put money in this emerging market nation have already suffered massive losses.)

On the plus side, if Russia defaults (which is becoming more and

more likely) and the world completely writes off Russian debt, we can do that without igniting a debt crisis such as in 2008.

At present, Russia and Russian companies owe an estimated \$150 billion in outstanding debt. That's just a very small part of the multi-trillion-dollar subprime mortgage market that ignited the 2008 financial crisis.

However, the world is still vulnerable to significant economic challenges given Russia's prominence in the natural gas market. Europe depends on Russia for 45% of its supply.

To force a Russian withdrawal in Ukraine, sanctions will need to include a complete European abandonment of Russian natural gas.

That move would have far-reaching consequences...

It would push energy prices higher and wreak havoc on the European economy. Inflation would curtail spending across Europe. And since we are Europe's second-biggest trading partner, U.S. companies and investors would also feel the impact of those economic challenges.

But what choice is there. The continuing horror in Ukraine confirms that these sanctions are a moral necessity...

### Morality Matters

Investors, the U.S. government, and Americans as a whole need to exercise their influence for the good of the world where and when they can.

We need to continue to employ our moral compass. And if the U.S. Treasury can implement that approach worldwide through sanctions, then we should do it (although I doubt they have the political resolve to do that).

Our government needs to enforce whatever sanctions we put on the books. We can't risk the kind of "workarounds" prevalent in the early 1700s wine industry and also in today's oil and gas market.

Also, the U.S. government can do its part on the economic side by trying to stabilize commodities prices. We know the U.S. government will begin releasing millions of barrels of crude oil from the Strategic Petroleum Reserve in May. Although this won't be a fool-proof economic cushion, it will help.

And despite the green movement we should support our own energy companies (those that produce fossil fuels and green energy) to encourage a larger, and more independent, energy supply.

As investors, we need to apply a long-term vision that focuses on U.S. assets and inflation-proof positions. Despite the geopolitical uncertainty and market volatility that come with new sanctions, there are still a number of ways to profit (even from commodities like oil) provided we hold our nerve.

The consequences of the sanctions imposed on Russia will challenge all of us, but we're facing a critical choice as a country and as a world... Do we stand for freedom or do we accept a brutal dictatorship?

Unfortunately, that's the existential choice we have.

D. Miyoshi





## The Disinformation Governance Board - Big Brother has spoken



We can recall in the George Orwell novel “1984” the Oceania government had four ministries, The Ministry of Truth (produces propaganda), the Ministry of Peace (controls war), the Ministry of Love (in charge of law and punishment), and the Ministry of Plenty (manages rationing). The Ministry of Truth was involved with news media, entertainment, the fine arts and educational books. Its purpose was to rewrite history to change the facts to fit Party doctrine for propaganda effect.

In late April, President Joe Biden directed the formation of the “Disinformation Governance Board” under the Department of Homeland Security (DHS).

According to a report by Rufaro Manyepa of the *Trumpet* the new Disinformation Governance Board is a body comprised of unelected bureaucrats who are tasked with combating “misinformation.” According to DHS Secretary Alejandro Mayorkas, the main targets and perpetrators of disinformation are Chinese and Russian adversaries. But since the Biden administration considers white supremacy to be the greatest domestic threat, this committee is likely to be used to muzzle American citizens.

Many have dubbed the committee the “Ministry of the Truth” after the propaganda wing of the government in George Orwell’s dystopian classic 1984. Mayorkas disagrees, naturally. He told CNN that the DHS has been addressing disinformation threats “for years.” If that is the case, why form the governance board at all? Why launch it the same week Elon Musk bought Twitter?

Mayorkas and the Biden administration as a whole have failed to define what disinformation is. Nobody has defined exactly what this new committee is policing. But here’s what Mayorkas said: “[W]e have so many different efforts underway to equip local communities to identify individuals who very well could be descending into violence by reason of ideologies of hate, false narratives or other disinformation and misinformation propagated on social media and other platforms.”

This new committee will not target people who have committed crimes. It will target those who might commit what they define as violent behavior. Like how they labeled people who milled around the Capitol—after Capitol Police granted them access—“violent

insurrectionists.”

In 2020, when President Donald Trump called media groups like CNN “fake news,” many on the left said he was using his office to threaten free speech. Nina Jankowicz was one such person. She said she “would never want to see our executive branch have that sort of power. And that is why the legislative process with our duly elected officials is really important.”

But now, two years later, she is an unelected bureaucrat who will be serving as the head of the Disinformation Governance Board (i.e. like the Ministry of Truth).

Jankowicz called the Hunter Biden laptop story a “Russian-fueled hoax.” She wrote a book in which she says, “To be a woman online is an inherently dangerous act.” She was a fellow at the Wilson Center in Washington, D.C., fully funded by Facebook, a haven for misinformation.

Can we see the hypocrisy here? This isn’t about telling the truth; it is about controlling the narrative. The Left does not want competition to the line they are putting out.

This new DHS committee has been nearly universally criticized. Conservatives see it as a threat to free speech. Leftists see the problem of disinformation as real, but not one that this body is equipped to tackle. However, both sides are missing the real purpose of this committee.

Over the last few years, anti-American radicals have been waging a war on truth. Journalists, television networks and even social media sites have been hijacked. Anything that is contrary to the message that these radicals are endorsing has been labeled “ideologies of hate, false narratives, or other disinformation and misinformation.” Now, with the Disinformation Governance Board, the government wants to be in a position where it is the one that decides what is truth and what isn’t.

Soon, criminal behavior won’t be merely doing the wrong thing, but also thinking anything that goes against what the government wants you to think.

The same people who told us that the Black Lives Matter riots were mostly peaceful also labeled January 6 as a violent insurrection. They told us that the 2016 elections were riddled with Russian interference, while the 2020 elections were perfect. Now, these same people want to tell you what is and what isn’t true.

Is it just possible that they want you to believe lies?

A few years ago, Gerald Flurry wrote: “What is happening in America? A haze of deception enshrouds our nation. It is stunning how easily journalists, politicians and other figures today deceive people.





## End of the Dollar

We must understand the spirit behind this deception, as it is far more dangerous than most people realize!”

The extent and effectiveness of this deception is not natural. There is, in fact, a spiritual dimension that is hard to discern. But the rapid disappearance of truth and facts from society has been too coordinated to have been planned by a single person.

This kind of thinking is taking over society. “When this type of thinking becomes entrenched enough,” Mr. Flurry continued, “people stop even caring about the difference between true and false. ... Such reasoning paves the way for tyrants! Tyrants hate facts and truths that limit their power.”

That is why the left is so eager to fill society with lies. That is what the Disinformation Governance Board is all about—gaining more and more power. It is critical that we recognize the spirit that is taking over the United States before our truths becomes our non-truths.

D. Miyoshi

## The End of the Dollar

**C**an it be that we are in the final stages of our use of the U.S. Dollar? There is now growing evidence that America’s elite is preparing to roll out the biggest financial overhaul of the U.S. financial system since 1971.

It is no surprise that throughout our history the government (all governments) have taken advantage of economic conditions to usurp control of their financial system for their advantage.

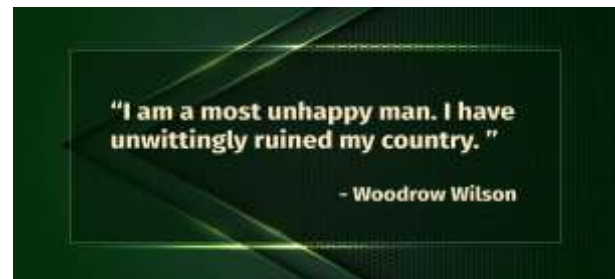
Let’s take a short walk down memory lane.

Back in 1907, in reaction to a major financial panic, powerful bankers like J.P. Morgan and others united to quote-unquote ‘save the financial system.’ But in reality, the panic gave the elites in power cover... which they took advantage of to pass dangerous new legislation: an overhaul of the financial system.

They passed the Federal Reserve Act. Since it was passed, ordinary folks lost 96% of the value of their hard-earned dollars.



It was such a disaster for the American people that, on his deathbed in 1919, President Woodrow Wilson expressed deep remorse for his role in the creation of the Federal Reserve:



Now on to 1933. Right in the middle of the Great Depression, the stock market plummeted 89%. Unemployment soared, and construction and manufacturing ground to a halt. That’s when President Roosevelt and his cronies ‘rode to the rescue’ and again used the crisis to their advantage... The legislation Roosevelt signed into law was called the “Emergency Banking Act.”

At the time, in 1933, our currency was backed by gold. And coins like these were popular.



But with the stroke of a pen, President Roosevelt forced Americans to give up their gold for \$20.67 an ounce. But once they had all the gold, a great deception took place. With the flick of his pen, Roosevelt revalued the price of gold... From \$20.67 to \$35 an ounce... effectively stealing 41 cents on the dollar.

Can you see a pattern here... every time a crisis rears its ugly head, the elites in power make sweeping changes to the money... and the fortunes of hard-working Americans are threatened....

Then in 1971 on a Sunday evening





## End of the Dollar



In the midst of the Vietnam War, President Nixon interrupted the weekly episode of 'Bonanza' to address the nation with a shocking announcement...

He decoupled the dollar from gold. From that point on, the dollar was backed by nothing. Nixon's fear was that the cost of the war... along with his massive welfare program, known as the "Great Society" would bankrupt America. So he came up with a plan to – in his words – "stabilize the dollar."

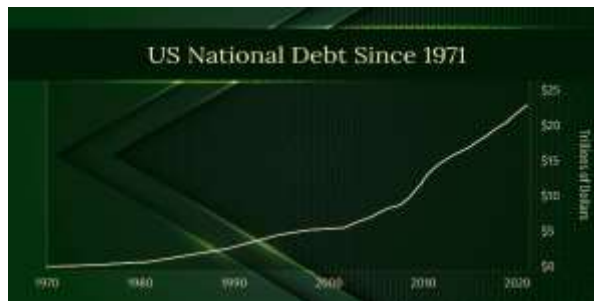
But then... the exact opposite happened. When the dollar was tied to gold, the average American had to work about 800 hours to afford a new Ford pickup. Today, the time it takes has more than doubled.

And the number of hours it takes to afford the average house has soared, as well. In San Diego, for example, homeowners work 77 hours every month to put a roof over their heads. And in Miami, it's even more expensive – it takes a whopping 109 hours.



But cutting the dollar loose from gold also had another important effect... it made the U.S. dollar a 'fiat' currency. Which means it's backed by nothing... This move essentially unleashed the Federal Reserve to throttle up the printing press and accelerate the expansion of the money supply.

And most Americans have no idea this is happening... They feel the pinch. And they're not sure WHY it's happening or what to do about it. But you don't have to be a historian or a mathematician to understand what's going on. It's simple supply and demand. The MORE of something that exists in the world, the less it's worth.



Trillions in new debt since 1971... The dollar has fallen 96% over the last 100 years or so. But Americans did manage to adjust. In the 1970s, many households decided to become dual-income households in order to make more money. In the 80s and 90s, we leveraged up with debt – borrowing our way from paycheck to paycheck. And now, we've gotten to the point where the average American needs to take out a 7-year loan to buy a car. And that's all happened since Nixon took the dollar off the gold standard...

The Federal Reserve Act... the gold confiscation... and the Nixon Shock... It seems like every time, it meant more power and control for the government. Less wealth for Americans, the folks on Main Street.

But the worst is yet to come.

Over the years, every last bit of value has been stripped from our money. First, it was gold... Then, it was paper... And now, our money could disappear altogether... to be replaced by a new type of 'dollar' that will permanently change the function of our money from a simple medium of exchange and a store of value... To a much more 'Orwellian' new technology few will understand at first.

According to Jeff Brown, economist for Brownstone Research and a well connected investor in Washington DC financial circles, he has revealed some troubling information.

Nancy Pelosi recently presented a bill to introduce a "digital dollar" as a useful way for Americans to receive future stimulus payments.





## End of the Dollar

This new bill is being reviewed by the highest-levels of Congress right now. And if Brown's research is correct, it could pass into law in the next few months.

Brown also revealed Microsoft's latest patent.

Twin Patents: Smoking Guns for Complete Overhaul of American Financial System

This patent has the creepy registration number of 060606.



It shows that Microsoft has invented a system that can sense things like a person's movement, body temperature, heart rate, eye activity, blood flow – maybe even our brain waves – in order to track our body's activity and transmit a digital currency wirelessly.

This creepy technology could allow the elites to roll out the digital dollar immediately.

Brown says shortly thereafter Visa unveiled its patent



A patent for "Digital Fiat Currency" that provides "Causes the removal of the physical cash from circulation in a fiat currency system." .... and to physically destroy dollars.

So what's the connection?

Years ago, Bill Gates pledged to give away his billions of dollars to charitable causes, including vaccine research, family planning, and aid for poor countries. But he had another lesser known initiative.

It's called the "Better Than Cash Alliance."

The goal of the Better Than Cash Alliance – from their own website – is...



And here is a list of some of the other concerns that are involved with Gates' Better Than Cash Alliance.

Citi, Ford, Coca-Cola, MasterCard, Visa.

And they're working with powerful organizations like:

The Clinton Development Initiative

The United Nations

USAID

The Global Fund

UNICEF

And The United Nations Population Fund.

In all, the Better Than Cash Alliance includes 80 world governments, some of the biggest companies, and major international organizations.

And now we come to the dot that ties it all in.

ID2020: The Final Dot that Ties It All Together





## End of the Dollar



ID2020 is a global partnership involving GAVI, a vaccine-focused alliance founded by the Bill and Melinda Gates Foundation, along with Microsoft and the Rockefeller Foundation.

From the ID2020 website... their goal is to set the global standards for a personal digital ID that could tie together:

E-passports

Driver's licenses

Debit and credit cards

Transit passes

Health records

All in a single, Digital ID. In other words, a digital ID – that could tie our entire lives together... including a digital dollar.

Essentially, it appears Bill Gates is using his vast wealth, power, and government connections to oppose cash and usher in a digital U.S. dollar... which Brown expects will be combined with a digital ID, health records, contact information, and so much more!



Here are the dots to tie together:

Dot one... Pelosi's Digital Cash 'cover-up' and a new Digital Cash bill are rippling through Congress as we speak...

Dot two... Creepy patents from Microsoft and Visa, along with Bill

Gates' Better Than Cash Alliance show us that the government has the full support of America's largest businesses.

And dot three... Everything is tied together by ID2020, a scheme to attach everyone's money and identity to electronic 'passports'.

Conclusion: The cash in our pockets will soon be replaced by an all-digital currency – a digital dollar.

Big U.S. companies are already preparing for the transition.

McDonalds cashless kiosks



Starbucks electronic payments



Whole Foods which is owned by Bill Gates and Jeff Bezos





## End of the Dollar

These are all part of a “Beta Test” for a new Orwellian digital dollar system.

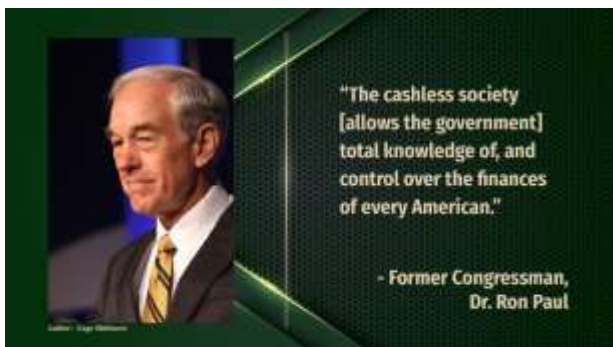
The bottom line is no one can stop it at this point.

The worst part is the new law authorizes the Federal Reserve to record and track all transactions involving digital federal reserve notes.



In other words, a new digital dollar... combined with the removal of physical cash would mean the end of our financial privacy. Or worse! It could mean the end of freedom and liberty in America.

Former congressman, Dr. Ron Paul explained it like this:



Orwell's 1984 was supposed to be a work of fiction... Not a prophecy. But we can see that the digital dollar will hand the elites total control.

They could prevent you from buying sugary snacks or cans of soda if, by 'their' standards, you're a few pounds overweight. They could suspend your driver's license if you owe taxes... Or ban you from buying guns and ammunition. They could even prevent you from buying gas or a plane ticket if you refuse their latest 'health' mandate. If 'they' deem you a threat for any one of these reasons... or a new reason they make up at any time in the future, what's to stop

them from locking you out of your bank and retirement accounts entirely?

We're already seeing this play out in places like China. They call it a “Social Credit Score.”



Remember,, if the Feds can add money to your personal account then they can take it from there as well.

They could force you to 'share' your retirement savings in the name of 'fairness and equality' if and when corrupt politicians enact a socialist-style 'wealth tax', as Progressives like Bernie Sanders and AOC have been talking about.

People who are successful, and either earn a lot of money... or keep a lot of money in their accounts can or will become the Fed's number one target.

It could play out like it did in Cyprus back in 2013 when the EU forced a bank to capture almost half of depositors' money.



When the next major financial meltdown happens... The Fed will almost certainly deploy 'negative' interest rates to “stimulate spending”... which could cost you negative 5% interest (or more) on your deposits... Imagine opening up your bank statement and watching your savings SHRINK every month! Or collecting your paycheck or Social Security and being told “Spend it now or it will disappear





## VFW Posts Dying

next week!"

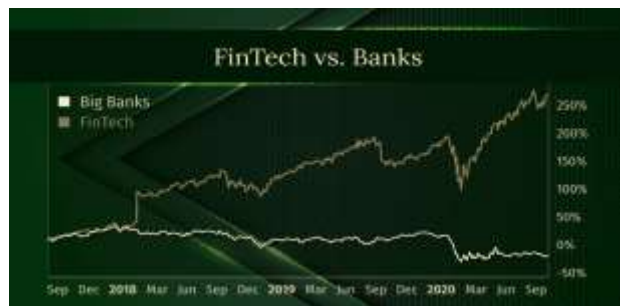
America has seen three major shocks to its financial system since 1907... But this time, the value of our money could be obliterated AND the function of our money will be fundamentally overhauled.

So what does Jeff Brown recommend to reduce the risks that will be created by the digital dollar revolution?

Invest in selected financial technology ("FinTech") companies.

Put simply, "financial technology" is revolutionizing the \$23 trillion dollar old-guard banking industry.

Over the past three years, while the total value of U.S. bank stocks has slid by 30%... The total value of FinTech stocks has increased by 272%! This chart says it all...



Of course, we won't hear about this in the main stream media. This is because big banks are major sponsor for the mainstream media. That makes sense.

Brown believes FinTech will be the biggest bull market of the next five years – which he says is already happening in the shadows at a breakneck pace.

Take a look at these headlines...



Wall Street's biggest firms are pumping billions of dollars into FinTech startups like:

Ant Group, Stripe, Adyen, Klarna

But these are PRIVATE companies that average investors can't really invest in.

However, there are publicly-traded Fin Tech companies that anyone can buy in a standard brokerage account today...

Finding them is a bit of a challenge. Brown says a public announcement newsletter cannot disclose the products of its research without compensation. However, one only needs to do some simple due diligence research on their own into FinTech companies to find the ones that offer good potential for growth.

So, this should be our homework if we want to protect ourselves from the negative effects of the end of the U.S. dollar.

Here is to your successful investing.

D. Miyoshi

## VFW Posts Dying

Many of my friends and I are members of local Veterans of Foreign War (VFW) Posts. These posts, often decorated with military flags and dusty plaques honoring community service projects are woven into the fabric of communities across the U.S.

But as a sign of the times, they are now dying. The following is an article that appeared on April 6 in Military.com explaining this misfortune. It is written by Thomas Novelty. I present it here for your reading consideration.

D. Miyoshi

## VFW Posts Are Dying. They Need Hesitant 9/11 Vets to Fill the Void





## VFW Posts Dying

Chris McDonald (left) and his grandfather Jim Alleman an Army veteran sit at the bar and have an order of chicken wings at the VFW Post 445 during their weekly Wednesday wing night, April 6, 2022 on James Island, South Carolina. (Military.com photo by Andrew Whitaker)

Jim Barger's throne at Charleston, South Carolina's VFW Post 445 is the corner barstool, where the 91-year-old Army veteran sits back and sips from a foamy glass of Stella Artois.

It's "Wing Wednesday," the one night each week where the cinder block building tucked onto a side street comes alive. Veterans trickle in for their routine of heavy-handed pours of Jameson or a cold bottle of Bud Light.

Barger, the commander of the post, watches over the scene from the far end of the bar, happy people are here. His organization has fallen on some tough times, especially during the height of the coronavirus pandemic. He stops to scan the wrinkled faces of the regulars, veterans who mostly served in Vietnam and Korea.

Chuck Blankin, the chaplain at the VFW post, comes up to Barger and grips his hand and smiles. Blankin has been a member for 14 years, and openly talks about being shot in Vietnam and the physical and emotional pain he's had to work through since returning home.

To Blankin, the VFW post isn't just a bar: It's a hospital, it's therapy and, more than anything, it's a family.

"If you look up PTSD in the dictionary, my picture is there," Blankin said as he pats Barger on the back, the in-house band taking a break from covers of Jimmy Buffett songs to yell out bingo numbers to the 30 or so graying veterans. "And this guy, he has been there for me."

But VFW and American Legion posts just like Barger's are disappearing.

These posts, often decorated with military flags, dusty plaques honoring community service projects and faded photographs of past members and friends, are woven into the fabric of communities across the U.S. They stretch from the industrial blue-collar towns of the East Coast and rural American South to the ranching communities of the Western plains and agricultural Southwest, serving as safe spaces for veterans, especially those who returned from Vietnam to find a country unready and unwilling to grapple with the costs its young men had shouldered.

The VFW had a record 2.1 million members in 1992. By last year, that number was just a shade over 1 million, meaning it has lost half its members in a generation.



Mike Hadbavny (left) talks with Post Commander Jim Barger while at the bar at the VFW Post 445 during their weekly Wednesday wing night, April 6, 2022 on James Island, South Carolina. (Military.com photo by Andrew Whitaker)

The posts are places where the deep bonds begun in foxholes overseas can be woven stronger, where generations have not only healed but chosen to give back to their communities.

The VFW is a massive organization that has lobbied in Washington on behalf of service members to expand research, benefits and health care for veterans of all ages.

It has fought for Vietnam veterans made weak by Agent Orange, Gulf War veterans who face debilitating symptoms from environmental exposures, and post-9/11 Iraq and Afghanistan veterans whose lungs are heavy from respiratory diseases and cancer from burn pits.

Its buildings host food drives, scholarship programs and blood drives. And, in many places, VFW posts are the only affordable event venue in town, becoming a cornerstone of memories as the backdrop to weddings and retirement parties.

But something is missing. Of all the patrons inside during this particular "Wing Wednesday," Barger noted that no one at the bar served in Iraq or Afghanistan.

The aging membership rolls continue to lose veterans, and the generation of retired service members from two decades of combat this millennium haven't shown up to fill their shoes.

"We've seen a few Iraq and Afghanistan guys come in, but they're young, and they're starting families," Barger said. "We need them."

But many Iraq and Afghanistan war veterans don't see the value in membership in the VFW or its cousin organization the American Legion after they've come back home.

When former Army Sgt. CJ Hardin was stationed in Korea, he would frequent a post outside the base walls because the drinks were





## VFW Posts Dying

cheap and fellow Americans would congregate to take a break from the monotony of base life. He spent three years deployed to Iraq and Afghanistan, and his experiences in the Middle East led him to heavy drinking and intense self-medicating with marijuana to feel numb.

When he got back stateside and settled in Charleston, South Carolina, he thought about becoming a full-time member of the VFW, but a couple visits to posts in the area changed his mind.

"The atmosphere is totally different," Hardin told Military.com, "It's a lot of older guys, it's very cliquey, and they're sitting around talking about their political views. ... There's nothing that really reaches out to this demographic. They don't play modern music, they don't have a great beer selection, and nobody [from his generation] wants to just grab a beer and sit there for hours."

Hardin says his generation of veterans, ones who fought in the post-9/11 wars, have found community in other places, and they often prefer experiences like participating in marathons and going kayaking versus sitting in a "dark and dank bar to congregate."

Nationally, VFW and American Legion posts are shuttering their brick-and-mortar halls, and officials from both organizations concede that they're not attracting younger veterans like they want, pointing to one of the major barriers as preconceived stereotypes that joining a local VFW or American Legion is simply paying dues to a musty corner bar.

"We're looking to do things a little bit differently," said Dean Kessel, the chief marketing officer for the American Legion. "And you know, candidly, the membership has declined over the years, and we have to do a better job of being relevant for this next generation of veterans and what their needs are."

Blankin knows, from experience, the organization can offer them a lot more than cheap booze and fried food.

"These younger guys think it's a lot of cigarette smoking and drinking," said Blankin, a 70-year-old Vietnam veteran. "The guys from Iraq and Afghanistan have PTSD worse than any of us do, and they need to talk with people at their VFW and American Legion."

## Old Problems, Different Solutions

The American Legion and the Veterans of Foreign Wars have both been around for more than a century and were created to build a community among veterans returning from the horrors of war.

Veterans of the Spanish-American War began forming societies as a way to cope with their trauma and meet fellow service members. By 1899, in Columbus, Ohio, James C. Putnam organized "The American Veterans of Foreign Service" as the predecessor to the modern-day VFW.

Membership in the VFW is available only to those who served in a war, campaign or expedition on foreign soil or in hostile waters and an honorable discharge.



An American flag mural is seen outside at the VFW Post 445 during their weekly Wednesday wing night, April 6, 2022 on James Island, South Carolina. (Military.com photo by Andrew Whitaker)

In 1919, men from the American Expeditionary Forces from World War I gathered in Paris, France, to create their organization, the American Legion. It is the largest veteran service organization in the country because of its broad membership qualifications.

Any veteran who has served at least one day of active military duty since the attack on Pearl Harbor on Dec. 7, 1941, and has an honorable discharge is eligible for membership.

Both groups saw their membership peak in the 20th century. The American Legion boasted more than 3.3 million members at its height in 1946, according to an article from The Wall Street Journal, and the VFW had a record 2.1 million members in 1992.

As of today, those figures have been cut nearly in half.

John B. Raughter, a spokesman for the American Legion, said there were 1.76 million members in 2020, the latest data available. Randi Law, a spokeswoman for the VFW, said the organization has just over one million veterans as of last year.

This isn't a new problem. It's one the American Legion and VFW organizations have been facing for years.

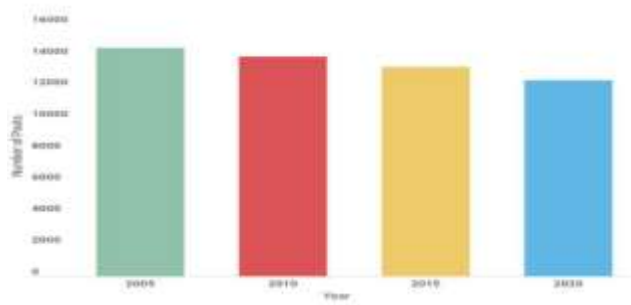
A 1972 article in *The Wall Street Journal* warned that the American Legion was "fading away," noting that Vietnam veterans were not joining the organization at the same rate as those from World War II.

But the decline in American Legion membership is happening at a much steeper rate in the 21st century. In 2005, the organization boasted 2.65 million members. That number decreased by nearly a million in 15 years.





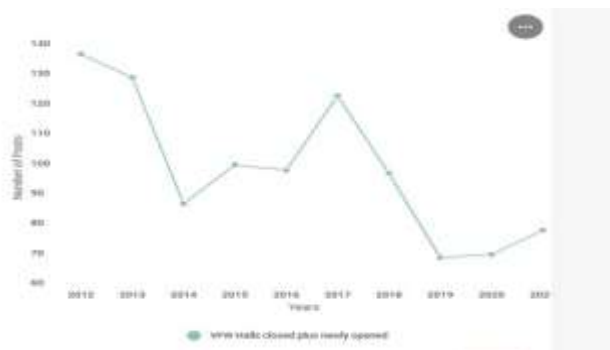
## VFW Posts Dying



Graphic illustrates the decline in American Legion posts in the U.S. by year. (Screenshot of an Infogram graphic)

The American Legion still has a large presence across the country, with 12,457 posts as of 2020 -- more than double the number of Walmart shopping stores in the United States -- but younger veterans aren't signing up.

"Like veterans of other periods, it may take a little time for them to join, but we do believe that many of them will join the organization," Raughter said in an email.



Graphic illustrates the decline in VFW posts in the U.S. by year. (Screenshot of an Infogram graphic) (Screenshot of an Infogram graphic)

The American Legion is congressionally chartered; historically, membership was available only to veterans who served during designated conflicts of war that excluded those who served in the Cold War or covert operations. But in 2019, the LEGION Act was signed into law by then-President Donald Trump, making membership a possibility for more than 4 million veterans who served during those unrecognized eras. Raughter said he hopes this will lead to more people joining the group.

But rigid eligibility requirements are part of why membership is declining at the VFW, Law said. The nature of America's military involvement, of deploying troops overseas during conflict, has shrunk significantly since WWII.

"We've got an all-volunteer force now, where less than 1% of the American population serves the country," Law said. "America isn't making new veterans that are eligible to join the VFW."

The eligibility requirement has been a long-discussed issue among VFW posts.

Robert Skinner, an 83-year-old Army veteran from the Korean War, said changing the requirements would be a saving grace for his group. As the commander of VFW Post 5857 in rural Onaway, Michigan, he has only five members who are active in meetings and planning.

Skinner told Military.com that he needs to fill eight seats on his post's board; if he can't get enough, he'll have to relinquish control of the group to the district post's leadership, effectively closing the building. He speculated that changing the membership requirements might give smaller posts a boost.

"About eight years ago, it started to decline, and since then it's been constant," Skinner said. "I don't see how changing [the eligibility requirements] could make things any worse."

But, ultimately, to fill the growing void being left by older generations of veterans who have passed away, both organizations recognize they need to recruit the latest generations of service members from Iraq and Afghanistan.

## Fighting Stereotypes

The VFW conducted a focus group last summer with a group of veterans mostly under the age of 50 and asked them what they knew about their local organizations.

Most labeled VFW posts as little more than bingo halls with bars.

"Those stereotypes are those that we continue to combat," Law said. "I think it's fair to say that veterans enjoyed going into a bar and swapping war stories, and maybe that was the extent of it. But over the years, veterans' desires just have changed drastically."

"I think we're a lot more aware of our image, and now we're focusing on that image to be sure that veterans know we are a representative of all veterans," Law said.

Similarly, the American Legion -- which has been front and center of veterans health issues for decades, such as work on the health consequences of burn pits, Agent Orange poisoning and other ailments from service -- announced this week it was conducting some rebranding by showcasing a more modern logo for its website and social media accounts. It's a small thing, Kessel conceded, but he hopes it shows that the organization is starting to recognize that changes need to be made.





## What is Putin's Next Move

"We really want to sort of signal that we've got some new things going on here to our membership and to our prospective memberships as well," Kessel said.



From left, Sean Nettles, Lisa Brown, Tim McCaughey, Danny Greer and Murphy the dog have drinks outside at the patio at the VFW Post 445 during their weekly Wednesday wing night, April 6, 2022 on James Island, South Carolina. (Military.com photo by Andrew Whitaker)

While the membership in many VFW and American Legion halls skews older, some post commanders are stepping up to the plate to try and recruit younger veterans.

At the start of 2021, VFW Post 2149 in Wood Dale, Illinois, voted to close its doors. The commander of the post had stepped down, and nobody wanted to take on the responsibility of running the group.

Rich Williams, an Air Force veteran from Desert Storm -- the second least-represented group in veterans service organizations -- caught wind of the situation on Facebook and decided to step up. He was sworn in as a VFW member and the commander of the local post 30 days later.

He says he inherited about seven to 10 active members and a solid revenue stream because they have a state gaming license and can provide video poker at the post's bar.

But the main thing Williams wants to change is the culture of Wood Dale's post.

"There's a ton of Afghanistan and Iraq vets out there that aren't coming to the VFW, and that's my goal," Williams told Military.com. "If I get a young guy to come through the door, and he's just curious about it, he's not going to stay if we have 'Bonanza' on the TV."

In both the American Legion and VFW, posts can continue to exist even if they don't have a brick-and-mortar building. Many local organizations meet at churches, schools and recreation centers.

Law said more posts will likely close in the coming years, but because of the national influence of the VFW and American Legion,

the organizations will always be present and there to support veterans.

"In a perfect world, the VFW would cease to exist because we would no longer be making veterans," Law said. "But we know that's probably not going to be the case. As long as America is making veterans, the VFW will be here."

-- Thomas Novelty can be reached at [thomas.novelty@military.com](mailto:thomas.novelty@military.com). Follow him on Twitter @TomNovelly.

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### End of Article

## What is Putin's Next Move



**C**an we predict Putin's next move?

Maybe. Everyone knows that geopolitically and geo-commercially Russia cannot survive without securing sea ports. In the winter its sea ports are frozen. For half the year that's not a good situation for Russia.

Russia makes up the greater part of Eastern Europe. So now enter geographer Mackinder.

Sir Halford John Mackinder was a British geographer who wrote a paper in 1904 called "*The Geographical Pivot of History*." Mackinder's paper suggested that the control of Eastern Europe was vital to control of the world. Mackinder postulated the following, which became known as the Heartland Theory:

Who rules Eastern Europe commands the Heartland





## The Ukrainian Pivot

Who rules the Heartland commands the World Island

Who rules the World Island commands the world

The "heartland" he also referred to as the "pivot area" and as the core of Eurasia, and he considered all of Europe and Asia as the World Island.

In the age of modern warfare, Mackinder's theory is widely considered outdated. At the time he proposed his theory, he took into consideration world history only in the context of conflict between land and sea powers. Nations with large navies were at an advantage over those that could not successfully navigate the oceans, Mackinder suggested. Of course, in the modern era, the use of aircraft has greatly changed the ability to control territory and provide defensive capabilities.

### The Crimean War

Mackinder's theory was never fully proven because no one power in history had actually controlled all three of these regions at the same time. But the Crimean War came close. During this conflict, waged from 1853 to 1856, Russia fought for control of the Crimean Peninsula, part of Ukraine.

But it lost to an allegiance of the French and British, which had more effective naval forces. Russia lost the war even though the Crimean Peninsula is geographically closer to Moscow than to London or Paris.

### Possible Influence on Nazi Germany

Some historians have conjectured that Mackinder's theory may have influenced Nazi Germany's drive to conquer Europe (although there are many who think the eastward push of Germany that led to World War II just happened to coincide with Mackinder's heartland theory).

The concept of geopolitics (or geopolitik, as Germans called it) was proposed by Swedish political scientist Rudolf Kjellen in 1905. Its focus was political geography and combined Mackinder's heartland theory with Friedrich Ratzel's theory on the organic nature of the state. Geopolitical theory was used to justify a country's attempts to expand based on its own needs.

In the 1920s, German geographer Karl Haushofer used the geopolitik theory to support Germany's invasion of its neighbors, which it viewed as "expansion." Haushofer posited that densely populated countries like Germany should be allowed and were entitled to expand and acquire the territory of less-populated countries.

Of course, Adolf Hitler held the much worse view that Germany had some kind of "moral right" to acquire the lands of what he termed "lesser" races. But Haushofer's geopolitik theory provided support for the expansion of Hitler's Third Reich, using pseudoscience.

## The Ukrainian Pivot

This next section is taken from an article by Robert Kaplan that appeared in the February 24, 2022 issue of *The National Interest*. Robert D. Kaplan is a Yale professor and holds the Robert Strausz-Hupé Chair in Geopolitics at the Foreign Policy Research Institute. He is the author of *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate* (2012).

## The Ukrainian Pivot: Why NATO Is More Crucial Than Ever

During the Cold War, Western Europe and the United States faced off against Russia in the guise of the Soviet Union. Now Europe and the United States face off against Russia again.

The crisis in Ukraine has put the world back into the groove of history established in August 1914. World War I featured massive land battles between Germany and Russia. The bloodiest front in World War II was also in the east, again between Germany and Russia. During the Cold War, Western Europe and the United States faced off against Russia in the guise of the Soviet Union. Now Europe and the United States face off against Russia again.

A little over a century ago, the brilliant American historian Henry Adams stated that the core problem of Europe was and always would be Russia, and how to ultimately integrate Russia into the "Atlantic combine."

Literally, nothing has changed. In his famous 1904 essay, "The Geographical Pivot of History," the great British geographer Halford Mackinder stated that the pivot on which the fate of world geopolitics rests is the "Heartland" of the Eurasian supercontinent, loosely identified as the region of Ukraine, a vast area generally located between the European and Russian spheres of influence. In his 1919 book, *Democratic Ideals and Reality*, Mackinder declared that the battle between Germany and Russia, and by extension between Central Europe and Russia, was not decided by World War I. In doing so, Mackinder virtually predicted World War II and the Cold War. The geopolitical drama over the heartland was critical to the fate of what Mackinder called the Afro-Eurasian "World-Island," essentially the Eastern Hemisphere. And the only competitor to the centrality of the "World-Island" was its North American "satellite," that is, the United States.

But that is not the whole story. Mackinder was followed by another great geopolitical thinker, the Dutch-American strategist at Yale, Nicholas Spykman. In 1942, Spykman propounded what came to be known as the Rimland thesis, which suggested that rather than the heartland interior of the Eurasian supercontinent, it was the coasts and peripheries of Eurasia—principally Europe and East Asia—which constituted the basis of geopolitical power.





## The Ukrainian Pivot

Put the two theories together and you have the current crisis: the North American satellite and the rimlands of Europe and East Asia versus the great inner-Asian heartland powers of Russia and China, with Ukraine as both the pivot and flashpoint of this great contest. Since 1914, this rivalry was interrupted by Russia's enfeeblement which followed the collapse of the Berlin Wall, giving Europeans a false sense of security in the 1990s. That interruption was followed quickly by another, the 9/11 head fake, which deluded the United States into thinking that Islamic terrorism was the chief geopolitical danger, when in fact Russia and China were already back on the rise.

With the return to the August 1914 groove of history, it is NATO that now looms paramount. NATO, which expanded to include most of Europe in the 1990s and was rendered problematic during the War on Terrorism, unites the European rimland in opposing Russia. Germany, which faces East and West and is desperate to forever end its modern history of warfare with Russia, is NATO's fundamental question mark. Russia seeks to undermine NATO unity by prying away Germany with the lure of natural gas. The fighting may be in Ukraine, but the underlying strategic battle is about the fate of the Western alliance and the European rimland. If NATO fractures in some way, it would mean a victory for Russian president Vladimir Putin, however messy the military situation in Ukraine becomes. Holding NATO together during the Cold War was easier because Europe did practically no trade with the Soviet Union and instead faced the specter of thermonuclear war. But now, in an era of globalization, with Europe economically integrated with both Russia and China, alliances are much trickier enterprises.

But if NATO can hold fast, whatever the vicissitudes of this crisis, then the European rimland and its North American satellite can eventually triumph. A similar drama is unfolding to the east, where China is attempting to undermine America's individual treaty alliances in the western Pacific. Taiwan is the East Asian rimland's equivalent of the Ukrainian pivot and, if it ever becomes obvious that Taiwan cannot or will not be defended by the United States, then every U.S. ally from Japan in the north to Singapore in the south will begin to make side-deals with China. This process may occur outside the headlines, but it will nevertheless undermine the North American satellite's command of the East Asian rimland.

This global contest may not be determined in the coming days or weeks as the Ukraine crisis (and by extension the Taiwan crisis) will naturally have successive, drawn-out phases. Other regions will help affect the outcome. The Middle East, by virtue of America's long-standing naval operations in the Persian Gulf and China's activities to establish trade, energy, and logistical hubs for the Belt and Road Initiative (BRI) throughout the Arabian Peninsula and the Levant, will constitute an extension of the heartland-rimland rivalry. After all, the BRI is China's attempt to become both a heartland power, which it already is, and a future rimland power by dominating the Indian Ocean. Any political upheaval inside Iran, located between the heartland of Central Asia and the Persian Gulf rimland, will be crucial to this drama.

Remember that an international event did not end the Cold War, which instead ended as a function of domestic politics. The Soviet Union began to crumble from within beginning in the late 1980s. This latest phase of the heartland-rimland battle could, on some fu-

ture morrow, conclude similarly. It may all depend on the relative domestic health of Russia, China, and the nations of the West. The political tensions within Western societies are out in the open; those within Russia and China are more opaque, because they are authoritarian societies. For the moment, however, much will depend on NATO and the degree to which the alliance can maintain its momentary unity.

The next section is from an article by Yaroslav Hrytsak professor of history at the Ukrainian Catholic University.

Mackinder's argument — that Eastern Europe and Ukraine held the key for a contest between Russia and Germany — never went away. In fact, it took pride of place in Putin's mind. With one change, however: He substituted Germany with the West in its entirety. Ukraine, to Putin, became the battleground for a civilizational contest between Russia and the West.

He didn't act on it at first. In the early years of his tenure, Putin seemed to expect — in line with those in Boris Yeltsin's circle who oversaw the end of the Soviet Union — that Ukrainian independence wouldn't last long. In time, Ukraine would be begging to be taken back. It didn't happen. Though some Ukrainians remained under the sway of Russian culture, politically they leaned to the West, as shown by the Orange Revolution of 2004, when millions of Ukrainians protested against electoral fraud.

So Putin changed course. Soon after the war in Georgia in 2008, in which the Kremlin seized control of two Georgian regions, he designed a new strategic policy for Ukraine. According to the plan, any steps Kyiv might take in the direction of the West would be punished with military aggression. The objective was to cleave off Ukraine's Russophone east and turn the rest of the country into a vassal state headed by a Kremlin puppet.

At the time, it seemed fantastical, ludicrous. Nobody believed it could be genuine. But by the final weeks of Ukraine's Maidan revolution in 2014, in which Ukrainians demanded an end to corruption and an embrace of the West, it became horribly clear that Russia was intent on aggression. And so it proved: In a rapid-fire operation, Putin seized Crimea and parts of the Donbas. But crucially, the full extent of his ambition was thwarted, in large part through the heroic resistance mounted by volunteers in the country's east.

Putin miscalculated in two ways. First, he was hoping that, as had been the case with his war against Georgia, the West would tacitly swallow his aggression against Ukraine. A unified response from the West was not something he expected. Second, since in his mind Russians and Ukrainians were one nation, Putin believed Russian troops needed barely to enter Ukraine to be welcomed with flowers. This never materialized.

What happened in Ukraine in 2014 confirmed what liberal Ukrainian historians have been saying for a long time: The chief distinction between Ukrainians and Russians lies not in language, religion or culture — here they are relatively close — but in political traditions.





## What Top Investors Do Different

Simply put, a victorious democratic revolution is almost impossible in Russia, whereas a viable authoritarian government is almost impossible in Ukraine.

The reason for this divergence is historical. Up until the end of World War I (and in the case of western Ukraine, the end of World War II), Ukrainian lands were under the strong political and cultural influence of Poland. This influence was not Polish per se; it was, rather, a Western influence. As the Harvard Byzantinist Ihor Sevcenko put it, in Ukraine the West was clad in Polish dress. Central to this influence were the ideas of constraining centralized power, an organized civil society and some freedom of assembly.

Putin seems to have learned nothing from his failures in 2014. He has launched a full-scale invasion, seemingly intended to remove the Ukrainian government from power and pacify the country. But again, Russian aggression has been met with heroic Ukrainian resistance and united the West. Though Putin may escalate further, he is far from the military victory he sought. A master tactician but inept strategist, he has made his most profound miscalculation.

Yet it's one based on the belief that he is at war not with Ukraine but with the West in Ukrainian lands. It's essential to grasp this point. The only way to defeat Putin is to turn his belief — that Ukraine is fighting not alone but with the help of the West and as part of the West — into a waking nightmare.

How this could be done, whether through humanitarian and military help, incorporating Ukraine into the European Union or even supplying it with its own Marshall Plan, are open questions. What matters is the political will to answer them. After all, the struggle for Ukraine, as history tells us, is about much more than just Ukraine or Europe. It is the struggle for the shape of the world to come.

At this point only God knows the outcome. But with time, God will share the outcome with everyone.

D. Miyoshi

## What Top Investors Do Different



The world's best investors do things differently. The following article by Mark Chaikin, founder of Chaikin Analytics and recently published in *Stanberry Digest* reveals how you can follow their lead – by focusing on a big clue that most investors miss... I think you will find this article very informative.

D. Miyoshi

## How Billionaire Investors Look at the Market

Many investors began worrying about a crash earlier this year...

And Russia's invasion of Ukraine in late February amplified those fears.

The S&P 500 Index lost as much as 13% from the beginning of 2022 through early March. That put the benchmark index in "correction" territory for the first time since the early days of the COVID-19 pandemic.

It makes sense... Folks typically start to panic when the "overall market" falls. They ignore all the tidbits of news along the way. And they don't react until the declines start to make headline news.

In other words, they're only looking at what they consider the "big picture" in stocks.

That's how most regular investors and the mainstream media think and talk about the stock market. They'll say that "stocks are up" or "the market is down" as if it's all one big entity.

You'll notice that many folks swing from euphoria to panic depending on whether "the market" has a good or bad day, week, or month. They're wrapped up in their emotions as if it were a sporting event.

But that's simply not the best way to invest. It's not the way most professional investors see the market. And it isn't how I have seen the market during my 50-year career, either..

Since the day I started at Wall Street brokerage Shearson, Hammill in October 1966, I learned to dismiss this idea of a uniform entity moving either up or down.

Plain and simple, the stock market isn't just one big thing.

It's actually a multitude of different, smaller things...

I'm talking about groups like energy, materials, industrials, utilities, health care, financials, consumer discretionary, consumer staples, information technology, communications services, and real estate.

And you can break them into even smaller groups, too.

The problem is, this makes for too many moving pieces. That's why many regular investors just completely ignore the idea.

Instead, they'll only think of "the market" in terms of the S&P 500. And a lot of folks keep track of how the Nasdaq Composite Index is doing so they know what's happening with "tech stocks."

This mindset is also how most folks invest... They just buy stocks. They're more focused on individual-company metrics like earnings reports, growth projections, and details like that.

That's actually a big mistake.

You see, investors could set themselves up for greater success if they





## WHO Global Vaccine Passport

followed a different approach...

Studies have proven that 50% of a stock's performance can be attributed to its industry.

50%!

That means choosing the right industry is literally half the battle when deciding which stocks to buy and which stocks not to buy. If investors know which industries are doing well and which ones are struggling, they can get a head start on finding the best opportunities.

This mindset directed nearly all of my buying and selling decisions while I was on Wall Street.

Whoever could see the biggest threats and opportunities in the market first – and correctly determine how they would ripple through specific industries – had a huge advantage.

This is how billionaire investor George Soros looked at the market when I worked with him...

He passed it down to the great Stanley Druckenmiller, who also worked with Soros before starting his own hedge fund. Even Bill Gross, the former manager of the biggest bond fund in the world, uses this approach.

Other big-name wealth managers operate this way, too. Citadel and Impala Asset Management were both in the top five best-performing funds of 2021... And they both look at the market this way.

The famed Medallion fund does this as well. And it's one of the most successful hedge funds of all time – if not the most successful. The Medallion fund has reportedly generated average annualized returns of 66% before fees since 1998, delivering nearly seven times better returns than the overall market.

What's Medallion's secret? The fund's managers don't pay attention to specific stock stories. Instead, they search for elusive patterns across specialized groups that regular investors simply aren't looking for. Medallion is pretty open about this secret to its success.

My point is... this approach is how I learned to invest throughout my five decades in the business. And it's how I manage my own investments to this day.

For the most part, I don't worry much about the overall market. I don't watch every move of the Dow Jones Industrial Average or the S&P 500. I almost exclusively track industries.

But most investors are left in the dark when it comes to this ap-

proach. They're simply too focused on the hot stock pick of the day.

End of Article

## World Health Organization Building Global Vaccine Passport

Some will say this is inevitable. Others will say this is diabolically inevitable. In either case, it appears the World Health Organization (WHO) has contracted German-based Deutsche Telekom subsidiary T-Systems to develop a global vaccine passport system, with plans to link every person on the planet to a QR code digital ID. T-Systems created Germany's Corona-Warn-App tracing and Europe's vaccine passport.

The WHO is adamant that a global vaccine passport system is vital for all future health emergencies, not just COVID. The push for a global vaccine passport coincides with the WHO's drafting of a global pandemic treaty, which would legally bind member states to the WHO's International Health Regulations and allow the organization to dictate all future pandemic responses. This would effectively give WHO the authority to take control of member states' healthcare systems. It appears Big Brother has become concerned about our health.

On April 14 the G. Edward Griffin *Need to Know* website published the article "The World Health Organization is Building a Global Vaccine Passport." I reproduce it below and invite you to do your own research to confirm the information. I hope you find it informative and helpful.

D. Miyoshi

## The World Health Organization is Building a Global Vaccine Passport



The World Health Organization (WHO) has contracted German-based Deutsche Telekom subsidiary T-Systems to develop a global





## Will Putin be Ousted?

vaccine passport system, with plans to link every person on the planet to a QR code digital ID.

(The Signal) Indeed, despite the minuscule threat posed by new variants and dubious-at-best vaccine efficacy, the WHO is adamant that a global QR code-based vaccine passport system is vital for all future health emergencies, not just COVID.

“COVID-19 affects everyone. Countries will therefore only emerge from the pandemic together. Vaccination certificates that are tamper-proof and digitally verifiable build trust. WHO is therefore supporting member states in building national and regional trust networks and verification technology,” says unit head of the WHO’s Department of Digital Health and Innovation Garrett Mehl.

“The WHO’s gateway service also serves as a bridge between regional systems. It can also be used as part of future vaccination campaigns and home-based records.”

It should be noted that besides the moral implications of implementing health-based restrictions in the wake of future pandemics — whether they be COVID, polio, or anything else — a global vaccine passport also brings up national security concerns, as the WHO and its backers would have access to these “home-based records.”

In terms of feasibility, as previously reported by Reuters, T-Systems has a lot of experience developing discriminatory health apps, having worked to create Germany’s Corona-Warn-App tracing and Europe’s vaccine passport.

“Corona has a grip on the world. Digitization keeps the world running. Digital vaccination certificates like the EU’s are key to this. We are pleased to be able to support the WHO in the fight against the pandemic,” said T-Systems CEO Adel Al-Saleh.

Moreover, as reported by The Counter Signal, the push for a global vaccine passport coincides with the WHO’s drafting of a global pandemic treaty, which would legally bind member states to the WHO’s International Health Regulations and allow the organization to dictate all future pandemic responses, utterly quashing national health sovereignty.

The WHO began drafting its treaty in December 2021 during a special session entitled “The World Together.”

The treaty is to be upheld by the WHO’s constitution, which under Article 19 “[provides] the World Health Assembly with the authority to adopt conventions or agreements on any matter within WHO’s competence.” [Emphasis added]

This authority was initially designed to pertain only to the WHO Framework Convention on Tobacco Control but is being expanded to include dictating Member States’ future pandemic responses.

Additionally, as pointed out by MP Leslyn Lewis, the treaty would also allow the WHO to determine what is a pandemic and when one is occurring, even over something non-viral like an obesity crisis. This would effectively give the organization the authority to take control of member states’ healthcare systems whenever they feel necessary.

### End of Article

## Will Putin be Ousted?

On May 14, *Sky News* reported that the Ukraine’s head of military intelligence, Major General Kyrylo Budanov said that a coup is already under way to oust Vladimir Putin and that Russia will be defeated by the end of the year. He also said Putin is very ill with cancer. Can this be real?

For your reading consideration, here is the article reporting on General Budanov’s comments.

D. Miyoshi



Major General Kyrylo Budanov said Russia will be defeated by the end of the year (© Image: Sky News)

Russia’s invasion of Ukraine has seemingly gone far from plan for Putin with his forces having struggled to make serious inroads since it was launched on February 24.

Dogged resistance from Ukrainian fighters coupled with a lack of determination from his own forces has led to war of attrition.

The Russian president was unable to announce any great breakthrough at the Victory Day celebrations in Moscow where he also appeared frail and used a blanket to keep warm.

Rumors are now rife that Putin is seriously ill with some claims that he is suffering from cancer.





## Will Putin be Ousted?



A coup to remove Putin from power is already under way, it is claimed (© image: Anadolu Agency via Getty Images)

General Budanov is confident that Ukraine will have defeated the Russian invasion by the end of the year and the turning point will be in August.

He is convinced that the loss for Russia will lead to Putin being removed from power.

"It will eventually lead to the change of leadership of the Russian Federation. This process has already been launched and they are moving into that way," he told Sky News.

Asked if a coup has already started he replied: "Yes. They are moving in this way and it is impossible to stop it."

The General claimed that Putin has cancer saying he is in a "very bad psychological and physical condition and he is very sick".



Putin looked frail at the Victory Day celebrations in Moscow (© image: SHOOTINGSTAR, PAU/Tatiana)

On the Russian invasion he claimed: "The breaking point will be in the second part of August.

"Most of the active combat will have finished by the end of the year. It will eventually lead to the change of leadership of the Russian Federation. This process has already been launched.

"As a result we will renew Ukrainian power in all our territories."

It comes as Ukrainian forces destroyed parts of a Russian armored column as it tried to cross a river in the Donbas region, video from Ukraine's military showed on Friday.

### End of Report

Aside from the General's ideas of a coup ousting Putin from power, I wanted to analyze for myself what are the chances for a popular uprising ousting Putin from power. I found the following thesis by

Espen Geelmuyden Rød, Marianne Dahl, Haakon Gjerløw and Hanne Fjelde that appeared on April 4 in the Piro Blogs. I present it here for your reading consideration.

D. Miyoshi

## A Popular Uprising Can Oust Putin

Putin's place at the long table in the Kremlin is more insecure than ever, and even though he will cling to power, it is not inevitable that he will succeed.



Large-scale protests following Putin's re-election. Moscow rally in 2011. Photo: Bogomolov.PL / Wikimedia Commons / CC 3.0

Fears that the so-called colour revolutions will spread to Russia have dogged Putin's time in power.

Colour revolutions in two of Russia's neighbours, Georgia and Ukraine, forced autocratic leaders out of power and an attempted colour revolution in Belarus came close to overthrowing Lukashenko after the country's 2020 elections.

So far, the large-scale protests that followed Putin's questionable re-election to the presidency in 2011–2012 are the closest that Russia has come to such a revolution. But could the war trigger a new popular movement capable of overturning the regime? Research into protest movements and regime change can provide us with some pointers.





## Will Putin be Ousted?

... could the war trigger a new popular movement capable of overturning the regime?

It is unusual for a dictator to be deposed by a popular uprising, and few people are expecting a revolution in Russia.

At the same time, revolutions are by their very nature unexpected, especially in regimes as oppressive as Putin's. Because of the brutal punishment meted out to the opposition, the vast majority of people will voice support for the regime, regardless of their actual views. Viewed from the outside, such regimes seem stable – right up to the moment when they're suddenly not.

The Arab Spring was triggered when Mohamed Bouazizi, a Tunisian fruit and vegetable seller, set himself on fire in frustration over widespread corruption. This started a series of protests that culminated in regime changes in four countries. In other words: once someone declares their opposition, major consequences can follow.

No doubt Putin is acutely aware of this dynamic, and currently his regime is arresting even small groups of protesters in order to prevent protests from growing. Even so, we can identify several factors that may be blazing a trail for large-scale protests.

### Growing opposition among Russians

The more people that participate in protests, the more likely they are to succeed. Attracting large numbers of protesters depends on people knowing where and when protests will take place and being confident that many others will join them. While it is very risky to protest in a small group, large crowds provide a sense of safety. This sense of safety means that large protests can experience enormous growth. In Russia, there are signs of continual growth in the numbers of protesters.

Three coordinated protests have taken place so far, on 24 February, 27 February and 6 March. The size of these protests probably increased on each of these dates. When the invasion started in full on 24 February, at least 2,000 people were arrested. Ten days later, on 6 March, 5,000 demonstrators were imprisoned in over 70 Russian cities.

### Activists use digital means to mobilize supporters ...

Activists use digital means to mobilize supporters, with the messaging app Telegram being particularly popular. Although the Russian regime controls the country's traditional media with an iron grip, more and more information is getting past the digital censors.

Download and usage statistics for opposition news bureaus, the VPN services used to avoid censorship, and encrypted messaging apps suggest that the Russian population is increasingly able to access information from external sources. Research shows that protest

movements can grow and spread via such platforms.

Opinion surveys in Moscow suggest that attitudes to the regime are undergoing change. These surveys are not representative of the country as a whole, but they do not need to be: popular mobilization in cities such as Moscow, St. Petersburg and Novosibirsk could be enough to get the ball rolling.

Autocratic leaders also make active use of social media in order to retain their grip on power. Putin's ability to control the narrative may determine the extent to which the protests continue to grow. The regime does not necessarily need to convince the population of its own version of history, so long as it is able to derail the debate and generate enough uncertainty about the true course of events.

### The urban middle class and an economy in crisis

Another important factor is the kinds of people who participate in protests. Some groups have greater influence than others. For example, a strike by munitions workers will have more impact than a demonstration by academics. At the same time, mobilization must be broad in order to be successful. The broader the spectrum of the social groups involved – trade unions, students, religious organizations and so on – the greater the chance of the protests undermining the loyalty of those who support the regime.

Perhaps the coming economic crisis will persuade the middle class to turn its back on Putin's regime.

Historically, the middle class has been an important force in protest movements and democratization processes. The middle class exercises significant economic power and is frequently the source of demands for political institutions to be egalitarian and transparent. Previously, the Russian middle class has not been strongly represented in protests in Russia.

One explanation is that many middle-class Russians are either bureaucrats or employed elsewhere in the public sector. Accordingly, their interests may tend to lie in showing loyalty to the regime. But the economic sanctions and the costs of Russia's war are going to have a severe impact on the middle class. Perhaps the coming economic crisis will persuade the middle class to turn its back on Putin's regime.

### Tsar Putin

In recent years, Russia has become more autocratic, with more power being concentrated in Putin's own hands. Political scientists call this a personalist style of government. People with personal ties to Putin occupy the most powerful positions, both in politics and in the security services. Putin ensures these ties remain strong by giving large financial rewards for loyalty. Putin loyalists know that their affluent lifestyles depend on Putin remaining in power. But precisely because the regime is based on financial corruption, sanctions and





## How Will Ukraine War End

economic decline can be particularly problematic for this type of regime.

**Russia's vast oil and gas revenues are softening the sanctions' effect.**

One goal of the current sanctions is to reduce Putin's access to the resources he needs to buy his supporters' loyalty. However, Russia's vast oil and gas revenues are softening the sanctions' effect. These revenues are used not only to fund the war in Ukraine, but also to bribe oligarchs, ministers and military leaders in Russia. Research tells us that revenues from fossil fuels make autocratic regimes more oppressive and more stable.

So far, the regime has cracked down hard on demonstrators. And personalist leaders like Putin have no scruples about ordering bloodbaths if they are seen to be necessary. At the same time, violent attacks on peaceful demonstrators are risky because they are experienced as an illegitimate use of power and can turn otherwise loyal supporters, including those assigned to carry out the orders, against the regime. There is a greater probability under personalist regimes than under other styles of government that security forces will switch sides when encountering large protests, and Putin's regime will fall if the security apparatus ceases to provide united support.

Putin is not helped by the fact that so far the invasion appears to have been a mistake, and the war will be enormously costly for Russia.

Putin's place at the long table in the Kremlin is more insecure than ever, and even though he will cling to power, it is not inevitable that he will succeed.

The authors

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This text was published in Norwegian by NRK Ytring 16 March 2022: "Et folkelig opprør kan bli Putins skjebne"

Translation from Norwegian: Fidotext

End of Article

## How will the Ukraine War End?



**T**his is one of the central questions in the minds of most people today. Many people have offered their theories and opinions on how the Ukraine War will end.

In the beginning of this newsletter I presented an article by William Spaniel speculating on 10 ways the Ukraine war could end. I end this newsletter with an article by George Friedman, who perhaps is one of the most qualified in the world to answer that question. Dr. Friedman is an internationally recognized geopolitical forecaster and strategist on international affairs and the founder and chairman of *Geopolitical Futures*. He has briefed numerous military and government organizations in the United States and overseas and appears regularly as an expert on international affairs, foreign policy and intelligence in major media. For almost 20 years before resigning in May 2015, Dr. Friedman was CEO and then chairman of *Stratfor*, a company he founded in 1996. Friedman received his bachelor's degree from the City College of the City University of New York and holds a doctorate in government from Cornell University.

I closely follow Dr. Friedman's articles and thesis' and would like to share with you an insightful article he recently published on May 10 titled "How the Ukraine War May End." I present it here for your reading consideration.

D. Miyoshi





## How the Ukraine War May End



George Friedman

May 10, 2022

Russia has been waging war in Ukraine for a little over two months now. That's not an especially long time. The Korean War lasted for three years, World War II for six. The Arab-Israeli wars, on the other hand, took only a matter of days.

A variety of factors contribute to a war's duration. The size of the battlefield is just one. The smaller the battlefield, the fewer soldiers can fit on it and, generally, the shorter the war. In Ukraine, the battlefield is substantial. On that criterion alone, the war there might last for years.

As important are the forces arrayed against each other. All three axes of Russia's initial attack – against Odesa, Luhansk and Kyiv – broke because of logistical difficulties. The lines of attack were built largely around infantry with supporting artillery and airstrikes, but the primary strategic principle remained the same. They continued to try to seize cities rather than destroy the Ukrainian army. Thus, about a month after Moscow ruled out Kyiv as a primary target, it has yet to eliminate resistance in the east and south. Part of this has to do with the fact that cities are difficult battlefields. The advantage goes to the defender, who knows the city well and can formulate a strategy around that knowledge.

However, the continued problem for Russia is that rather than concentrating its forces on one critical target in order to create optimal circumstances for a victory before moving to another target, it is still driven by its primary mission and vision, much of which is predicated on the assumption that the Ukrainian army is an insignificant force that can be defeated in the course of pursuing its primary strategy: seizing cities. Indeed, the idea of seizing cities as the operational task comes from the Russian goal of con-

quering all of Ukraine. In pursuit of that goal, there is a logic to defeating the Ukrainian army and occupying cities.

But Moscow miscalculated the initial problem. Ukraine is big, and its forces fought from dispersed and tactically mobile positions, the exact kind of defense Russia is ill-suited to fight. The Ukrainians could decline combat where they chose and engage at the time of their choosing. Russia had tons of armor, but armor is not so useful against dispersed infantry or in cities.

Russia also gave Ukraine warning of its intentions and staged forces in such a way that Kyiv could prepare its forces for the attack. Ukrainians appear to have dispersed so as to deny Russia a center of gravity to attack. The Ukrainians also accepted limited strategic control over their forces while giving tactical control to local forces. That meant that the Russians were deprived of a primary advantage: the ability to destroy any military concentration or interfere with communication in the field. The Ukrainians did not create vulnerable command centers or a jammable communications network. Infantry teams of various sizes were free to deploy and strike based on tactical opportunity. In other words, forces familiar with the situation were not under the continual control of a central command that was unfamiliar. The Russians could not occupy Ukraine in one blow as they expected. Moscow has since tried to impose a war of attrition. The problem is that this war of attrition costs the Russians as much as the Ukrainians, and in some ways more.

The Ukrainians had a second advantage: the United States. The U.S. wanted the Russian invasion to fail. If Ukraine fell, then the Russian army would be face to face with NATO, from Poland to Romania. Russian intentions were always unclear, but assuming the worst case, Russia might follow a successful invasion with another drive westward to recover its pre-1991 position. Washington would then inevitably be drawn into direct conflict with Russia. And the U.S. above all did not want to deploy troops into combat. Circumstances dictated that Ukraine not be defeated and that U.S. troops not be drawn in. The early stages of the invasion showed that denying Russia its victory without U.S. forces was possible.

What Ukraine needed was a massive infusion of advanced weapons. Wars change. What had been an effective infantry operation had to be reinforced with anti-tank, anti-air and advanced reconnaissance systems. Confronting the





## How Will Ukraine War End



Advancing in a Time of Crisis



Financial Crisis Report



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Russian army now is the same infantry that had fought them to a standstill, coupled with advanced weapons and munitions. These need to be managed from a central command, which changes Ukrainian operations but puts Russia at risk in any strategic offensive.

This is where the question of time comes in. New weapons take time to be integrated with the forces using them. Until then, if Russia wants to win, it will have to commence an offensive designed to prevent these weapons from becoming operational. The problem is that the Russians have shown little flexibility in abandoning their assumptions for new realities. The Ukrainians are getting stronger, not weaker, and the United States, while still not deploying forces, is providing a significant arsenal. The Ukrainians are not under pressure to concede defeat. The Russians are not winning, but assuming they have reserves we haven't seen yet, they might be able to defeat the Ukrainians.

The political cost of withdrawing or accepting a cease-fire is difficult for the Russian leadership. Their credibility in Russia would be weakened. The U.S. cannot allow Russia to win because it cannot accept Russia on NATO's borders. Washington must therefore modernize the Ukrainian army.

It's unclear what Russia will do next. Moscow has mumbled about nuclear weapons, but no one is deterred. This is not simply a question of Putin's mood but a question of how the Russian leadership and the military chain of command would respond. And if the U.S. gave in to the threat, it would face it again in the next engagement, with the Rus-

sians knowing the U.S. folds its cards when threatened with nuclear weapons.

It seems that the Russians are incapable of changing strategy. They have known for almost three months they were on the wrong track. Insufficient resources and a poorly trained officer corps is the only explanation for this baffling reality. The Ukrainians won't change their strategy, because for now they don't need to. And the Americans couldn't be happier. The Russians are squandering their power and credibility against Ukraine, and the U.S. can both intervene with weapons and avoid the war in practice.

How and when the war ends depends on Moscow. Russia's political process is a mystery. There is always a political structure because someone has to carry out a dictator's orders, but I have no insight into that.

What I do know is that the U.S. can keep doing what it's doing with minimal risk, and the Ukrainians have no choice but to fight. So Russia will either take the first step or keep fighting, something so far they don't seem good at. Absent that, be on the lookout for Russian action so dramatic and unnerving that it forces the U.S. and Ukraine to make massive concessions. I doubt nuclear weapons are a viable option. In fact, I doubt Russia will do anything that stunning. So as I see it, the only advice there is for Russia is German Field Marshal Gerd von Rundstedt's answer to Berlin after D-Day, when he was asked what should be done: "Make peace, you fools."

End of Article



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