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Financial Crisis Report

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Advancing in a Time of Crisis

Inside this issue:

"What lies behind us and what lies before us are tiny matters compared to what lies within us." Ralph Waldo Emerson

MEGATHREATS IN THE WORLD

The world has entered a "geopolitical depression" that is challenging the economic, financial, security, and international order that the United States and its allies created after World War II.

But unlike the bleak periods before WWII, this time it's different. The threats are all consuming, ubiquitous and mega in nature. The following report is by Nouriel Roubini, Professor Emeritus of Economics at New York University's Stern School of Business describes these mega threats and the apocalyptic risks they present to the world. I present this for your reading consideration.

D. Miyoshi

The Age of Megathreats

For four decades after World War II, climate change and job-displacing artificial intelligence were not on anyone's mind, and terms like "deglobalization" and "trade war" had no purchase. But now we are entering a new era that will more closely resemble the tumultuous and dark decades between 1914 and 1945.

NEW YORK – Severe megathreats are imperiling our future – not just our jobs, incomes, wealth, and the global economy, but also the relative peace, prosperity, and progress achieved over the past 75 years. Many of these threats were not even on our radar during the prosperous post-World War II era. I grew up in the Middle East and Europe from the late 1950s to the early 1980s, and I never worried about climate change potentially destroying the planet. Most of us had barely even heard of the problem, and greenhouse-gas emissions were still relatively low, compared to where they would soon be.

Moreover, after the US-Soviet détente and US President Richard Nixon's visit to China in the early 1970s, I never really worried about another war among great powers, let alone a nuclear one. The term "pandemic" didn't register in my consciousness, either, because the last major one had been in 1918. And I didn't fathom that artificial intelligence might someday destroy most jobs and render Homo sapiens obsolete, because those were the years of the long "AI winter." Similarly, terms like "deglobalization" and "trade war" had no purchase during this period. Trade liberalization had been in full swing since the Great Depression, and it would soon lead to the hyper-globalization that began in the 1990s. Debt crises posed no threat, because private and public debt-to-GDP ratios were low in advanced economies and emerging markets, and growth was robust. No one had to worry about the massive build-up of implicit debt, in the form of unfunded liabilities from pay-as-you-go social security and health-care systems. The supply of young workers was

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rising, the share of the elderly was still low, and robust, mostly unrestricted immigration from the Global South to the North would continue to prop up the labor market in advanced economies. Against this backdrop, economic cycles were contained, and recessions were short and shallow, except for during the stagflationary decade of the 1970s; but even then, there were no debt crises in advanced economies, because debt ratios were low. The kind of financial cycles that lead to crises were contained not just in advanced economies but even in emerging markets, owing to the low leverage, low risk-taking, solid financial regulation, capital controls, and various forms of financial repression that prevailed during this period. The advanced economies were strong liberal democracies that were free of extreme partisan polarization. Populism and authoritarianism were confined to a benighted cohort of poorer countries.

Goodbye to All That

Fast-forward from this relatively "golden" period between 1945 and 1985 to late 2022, and you will immediately notice that we are awash in new, extreme megathreats that were not previously on anyone's mind. The world has entered what I call a geopolitical depression, with (at least) four dangerous revisionist powers – China, Russia, Iran, and North Korea – challenging the economic, financial, security, and geopolitical order that the United States and its allies created after WWII. There is a sharply rising risk not only of war among great powers but of a nuclear conflict. In the coming year, Russia's war of aggression in Ukraine could escalate into an unconventional conflict that directly involves NATO. And Israel – and perhaps the US – may decide to launch strikes against Iran, which is on its way to building a nuclear bomb.

With Chinese President Xi Jinping further consolidating his authoritarian rule, and with the US tightening its trade restrictions against China, the new Sino-American cold war is getting colder by the day. Worse, it could all too easily turn hot over the status of Taiwan, which Xi is committed to reuniting with the mainland, and which US President Joe Biden is apparently committed to defending. Meanwhile, nuclear-armed North Korea has once again been seeking attention by firing rockets over Japan and South Korea. Cyberwarfare occurs daily between these revisionist powers and the West, and many other countries have adopted a non-aligned posture toward Western-led sanctions regimes. From our contingent vantage point in the middle of all these events, we don't yet know if World War III has already begun in Ukraine. That determination will be left to future historians – if there are any.

Even discounting the threat of nuclear Armageddon, the risk of an environmental Apocalypse is becoming increasingly serious, especially given that most of the talk about net-zero and ESG (environment, social, and governance) investing is just greenwashing – or greenwishing. The new greenflation is already in full swing, because it turns out that amassing the metals needed for the energy transition requires a lot of expensive energy.

There is also a growing risk of new pandemics that would be worse than biblical plagues, owing to the link between environmental destruction and zoonotic diseases. Wildlife, carrying dangerous pathogens, are coming into closer and more frequent contact with humans and livestock. That is why we have experienced more frequent and virulent pandemics and epidemics (HIV, SARS, MERS, swine flu, bird flu, Zika, Ebola, COVID-19) since the early 1980s. All the evidence suggests that this problem will become even worse in the future. Indeed, owing to the melting of Siberian permafrost, we may soon be confronting dangerous viruses and bacteria that have been locked away for millennia.

Moreover, geopolitical conflicts and national-security concerns are fueling trade, financial, and technology wars, and accelerating the deglobalization process. The return of protectionism and the Sino-American decoupling will leave the global economy, supply chains, and markets more balkanized and fragmented. The buzzwords "friend-shoring" and "secure and fair trade" have replaced "offshoring" and "free trade." But on the domestic front, advances in AI, robotics, and automation will destroy more and more jobs, even if policymakers build higher protectionist walls in an effort to fight the last war. By both restricting immigration and demanding more domestic production, aging advanced economies will create a stronger incentive for companies to adopt labor-saving technologies. While routine jobs are obviously at risk, so, too, are any cognitive jobs that can be unbundled into discrete tasks, and even many creative jobs. AI language models like GPT-3 can already write better than most humans and will almost certainly displace many jobs and sources of income. In due course, some scientists believe that Homo sapiens will be rendered entirely obsolete by the rise of artificial general intelligence or machine super-intelligence – though this is a highly contentious subject of debate.

Thus, over time, economic malaise will deepen, inequality will rise even further, and more white- and blue-collar workers will be left behind.

Hard Choices, Hard Landings

The macroeconomic situation is no better. For the first time since the 1970s, we are facing high inflation and the prospect of a recession – stagflation. The increased inflation in advanced economies wasn't "transitory." It is persistent, driven by a combination of bad policies – excessively loose monetary, fiscal, and credit policies that were kept in place for too long – and bad luck. No one could have anticipated how much the initial COVID-19 shock would curtail the supply of goods and labor and create bottlenecks in global supply chains. The same goes for Russia's brutal invasion of Ukraine, which caused a sharp spike in energy, food, fertilizers, industrial metals, and other commodities. Meanwhile, China has continued its "zero-COVID" policy, which is creating additional supply bottlenecks.

While both demand and supply factors were in the mix, it is now widely recognized that the supply factors have played an increasingly decisive role. This matters for the economic outlook, because supply-driven inflation is stagflationary and thus increases the risk that monetary-policy tightening will produce a hard landing (increased unemployment and potentially a recession).

What will follow from the US Federal Reserve and other major cen-

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tral banks' current tightening? Until recently, most central banks and most of Wall Street belonged to "Team Soft Landing." But the consensus has rapidly shifted, with even Fed Chair Jerome Powell recognizing that a recession is possible, that a soft landing will be "very challenging," and that everyone should prepare for some "pain" ahead. The Federal Reserve Bank of New York's model shows a high probability of a hard landing, and the Bank of England has expressed similar views about the United Kingdom. Several prominent Wall Street institutions have also now made a recession their baseline scenario (the most likely outcome if all other variables are held constant).

History, too, points to deeper problems ahead. For the past 60 years in the US, whenever inflation has been above 5% (it is above 8% today), and unemployment has been below 5% (it is now 3.5%), any attempt by the Fed to bring inflation down toward its 2% target has caused a recession. Thus, a hard landing is much more likely than a soft landing, both in the US and across most other advanced economies.

Sticky Stagflation

In addition to the short-term factors, negative supply shocks and demand factors in the medium term will cause inflation to persist. On the supply side, I count eleven negative supply shocks that will reduce potential growth and increase the costs of production. Among these is the backlash against hyper-globalization, which has been gaining momentum and creating opportunities for populist, nativist, and protectionist politicians, and growing public anger over stark income and wealth inequalities, which is leading to more policies to support workers and the "left behind." However well-intentioned, such measures will contribute to a dangerous wage-price spiral.

Other sources of persistent inflation include rising protectionism (from both the left and the right), which has restricted trade, impeded the movement of capital, and heightened political resistance to immigration, which in turn has put additional upward pressure on wages. National-security and strategic considerations have further restricted flows of technology, data, and talent, and new labor and environmental standards, as important as they may be, are hampering both trade and new construction.

This balkanization of the global economy is deeply stagflationary, and it is coinciding with demographic aging, not just in developed countries but also in large emerging economies such as China. Because young people tend to produce and save more, whereas older people spend down their savings and require many more expensive services in health care and other sectors, this trend, too, will lead to higher prices and slower growth.

Today's geopolitical turmoil further complicates matters. The disruptions to trade and the spike in commodity prices following Russia's invasion were not just a one-off phenomenon. The same threats to harvests and food shipments that arose in 2022 may well persist in 2023. Moreover, if China does finally end its zero-COVID policy and begin to restart its economy, a surge in demand for many commodities will add to the global inflationary pressures. There is also no end in sight for Sino-Western decoupling, which is accelerating across all dimensions of trade (goods, services, capital, labor, technology, data, and information). And, of course, Iran, North Korea, and other strategic rivals to the West could soon contribute in their own ways to the global havoc.

Now that the US dollar has been fully weaponized for strategic and national-security purposes, its position as the main global reserve currency could eventually begin to decline, and a weaker dollar would of course add to inflationary pressures in the US. More broadly, a frictionless world trading system requires a frictionless financial system. But sweeping primary and secondary sanctions have thrown sand in what was once a well-oiled machine, massively increasing the transaction costs of trade.

On top of it all, climate change, too, will create persistent stagflationary pressures. Droughts, heat waves, hurricanes, and other disasters are increasingly disrupting economic activity and threatening harvests (thus driving up food prices). At the same time, demands for decarbonization have led to underinvestment in fossil-fuel capacity before investment in renewables has reached the point where they can make up the difference. Today's large energy-price spikes were inevitable.

The increased likelihood of future pandemics also represents a persistent source of stagflation, especially considering how little has been done to prevent or prepare for the next one. The next contagious outbreak will lend further momentum to protectionist policies as countries rush to close borders and hoard critical supplies of food, medicines, and other essential goods.

Finally, cyberwarfare remains an underappreciated threat to economic activity and even public safety. Firms and governments will either face more stagflationary disruptions to production, or they will have to spend a fortune on cybersecurity. Either way, costs will rise.

The Worst of All Possible Economies

When the recession comes, it will not be short and shallow but long and severe. Not only are we facing persistent short- and medium-term negative supply shocks, but we are also heading into the mother of all debt crises, owing to soaring private and public debt ratios over the last few decades. Low debt ratios spared us from that outcome in the 1970s. And though we certainly had debt crises following the 2008 crash – the result of excessive household, bank, and government debt – we also had deflation. It was a demand shock and a credit crunch that could be met with massive monetary, fiscal, and credit easing.

Today, we are experiencing the worst elements of both the 1970s and 2008. Multiple, persistent negative supply shocks have coincided with debt ratios that are even higher than they were during the global financial crisis. These inflationary pressures are forcing central banks to tighten monetary policy even though we are heading into a recession. That makes the current situation fundamentally different from both the global financial crisis and the COVID-19 crisis. Everyone should be preparing for what may come to be remembered as the Great Stagflationary Debt Crisis.

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While central banks have been at pains to sound more hawkish, we should be skeptical of their professed willingness to fight inflation at any cost. Once they find themselves in a debt trap, they will have to blink. With debt ratios so high, fighting inflation will cause an economic and financial crash that will be deemed politically unacceptable. Major central banks will feel as though they have no choice but to backpedal, and inflation, the debasement of fiat currencies, boom-bust cycles, and financial crises will become even more severe and frequent.

The inevitability of central banks wimping out was recently on display in the United Kingdom. Faced with the market reaction to the Truss government's reckless fiscal stimulus, the BOE had to launch an emergency quantitative-easing (QE) program to buy up government bonds. That sad episode confirmed that in the UK, as in many other countries, monetary policy is increasingly subject to fiscal capture.

Recall that a similar turnaround occurred in 2019, when the Fed, after previously signaling continued rate hikes and quantitative-tightening, stopped its QT program and started pursuing a mix of backdoor QE and policy-rate cuts at the first sign of mild financial pressures and a growth slowdown. Central banks will talk tough; but, in a world of excessive debt and risks of an economic and financial crash, there is good reason to doubt their willingness to do "whatever it takes" to return inflation to its target rate.

With governments unable to reduce high debts and deficits by spending less or raising revenues, those that can borrow in their own currency will increasingly resort to the "inflation tax": relying on unexpected price growth to wipe out long-term nominal liabilities at fixed interest rates.

How will financial markets and prices of equities and bonds perform in the face of rising inflation and the return of stagflation? It is likely that, as in the stagflation of the 1970s, both components of any traditional asset portfolio will suffer, potentially incurring massive losses. Inflation is bad for bond portfolios, which will take losses as yields increase and prices fall, as well as for equities, whose valuations are hurt by rising interest rates.

For the first time in decades, a 60/40 portfolio of equities and bonds suffered massive losses in 2022, because bond yields have surged while equities have gone into a bear market. By 1982, at the peak of the stagflation decade, the average S&P 500 firm's price-to-earnings ratio was down to eight; today, it is closer to 20, which suggests that the bear market could end up being even more protracted and severe. Investors will need to find assets to hedge against inflation, political and geopolitical risks, and environmental damage: these include short-term government bonds and inflation-indexed bonds, gold and other precious metals, and real estate that is resilient to environmental damage.

The Moment of Truth

In any case, these megathreats will further contribute to rising income and wealth inequality, which has already been putting severe pressure on liberal democracies (as those left behind revolt against elites), and fueling the rise of radical and aggressive populist regimes. One can find right-wing manifestations of this trend in Russia, Turkey, Hungary, Italy, Sweden, the US (under Donald Trump), post-Brexit Britain, and many other countries; and left-wing manifestations in Argentina, Venezuela, Peru, Mexico, Colombia, Chile, and now Brazil (which has just replaced a right-wing populist with a left-wing one).

And, of course, Xi's authoritarian stranglehold has given the lie to the old idea that Western engagement with a fast-growing China would ineluctably lead that country to open itself up even more to markets and, eventually, to democratic processes. Under Xi, China shows every sign of becoming more closed off, and more aggressive on geopolitical, security, and economic matters.

How did it come to this? Part of the problem is that we have long had our heads stuck in the sand. Now, we need to make up for lost time. Without decisive action, we will be heading into a period that is less like the four decades after WWII than like the three decades between 1914 and 1945. That period gave us World War I; the Spanish flu pandemic; the 1929 Wall Street crash; the Great Depression; massive trade and currency wars; inflation, hyperinflation, and deflation; financial and debt crises, leading to massive meltdowns and defaults; and the rise of authoritarian militarist regimes in Italy, Germany, Japan, Spain, and elsewhere, culminating in WWII and the Holocaust.

In this new world, the relative peace, prosperity, and rising global welfare that we have taken for granted will be gone; most of it already is. If we don't stop the multi-track slow-motion train wreck that is threatening the global economy and our planet at large, we will be lucky to have only a repeat of the stagflationary 1970s. Far more likely is an echo of the 1930s and the 1940s, only now with all the massive disruptions from climate change added to the mix.

Avoiding a dystopian scenario will not be easy. While there are potential solutions to each megathreat, most are costly in the short run and will deliver benefits only over the long run. Many also require technological innovations that are not yet available or in place, starting with those needed to halt or reverse climate change. Complicating matters further, today's megathreats are interconnected, and therefore best addressed in a systematic and coherent fashion. Domestic leadership, in both the private and public sector, and international cooperation among great powers is necessary to prevent the coming Apocalypse.

Yet there are many domestic and international obstacles standing in the way of policies that would allow for a less dystopian (though still contested and conflictual) future. Thus, while a less bleak scenario is obviously desirable, a clear-headed analysis indicates that dystopia is much more likely than a happier outcome. The years and decades ahead will be marked by a stagflationary debt crisis and related megathreats – war, pandemics, climate change, disruptive AI, and deglobalization – all of which will be bad for jobs, economies, markets, peace, and prosperity.

End of Report

The Biggest Minority Groups Face the Most Discrimination

A community's largest minority group endures the most discrimination from a majority who fears losing status. This was the finding by Marco Tabellini and colleagues from analyzing 20 years of crime and demographic data. The details of the findings were included in an article by Pamela Reynolds published on Oct 31, 2022 in the Harvard Business School Working Knowledge report. I present this article here for your reading consideration.

D. Miyoshi

American cities have experienced an alarming double-digit rise in hate crimes in recent years, due in part to factors like anti-Asian sentiment in the wake of the pandemic and racial strife following the murder of George Floyd.

Now, new research suggests yet another explanation for hate crimes: increased violence and negative attitudes toward any group perceived to be the largest minority.

"When the minority group becomes larger, the majority group feels more threatened."

The study, published in August in Nature Human Behaviour, suggests that hate crimes against minorities tightly track with the relative rank of a group in any given community. A minority group ranked as the largest experiences the most discrimination, followed by the second-largest group, and so on, explains Harvard Business School Assistant Professor Marco Tabellini, one of the paper's authors.

Why does this happen? According to Tabellini, white people fear losing status and access to public resources or jobs, as has long been posited in sociology and psychology literature.

"When the minority group becomes larger, the majority group feels more threatened," says Tabellini. "This is why we think rank matters, because it sends you a more concise measure of how likely a minority group is to frighten the majority."

Against a backdrop of interest among companies in racial equity and inclusion, Tabellini's research offers valuable clues for spotting tension before it begins. For communities struggling to confront systemic racism, the findings could inform policy approaches that prevent discrimination.

Tabellini wrote the paper with Mina Cikara, associate professor of psychology at Harvard University, and Vasiliki Fouka, assistant professor of political science at Stanford University.

Documenting how size matters

Tabellini and colleagues looked at US hate crimes against four racial and ethnic minority groups: Blacks, Hispanics/Latinx, Asians, and Arabs between 1990 and 2010. Using data from the Federal Bureau of Investigation and the Census, the researchers compared the number of reported hate crimes during those years with demographic shifts.

They found that as a minority group climbed in rank, or in size relative to another group, it was more likely to be the target of discrimination. The effect remained constant no matter the group size and proportion, and no matter how fast or slow a group's growth rate. The data predicts that a group that moves from last to first in rank will experience an almost 62 percent increase in frequency of hate crimes.

"It doesn't really matter how large a minority group is in absolute values or levels of growth," says Tabellini. "What really matters is

The Coming Silver Tsunami

whether you are the largest or not."

When demographics change, so do attitudes

One question the researchers considered: Would white people still be racist toward the most prominent minority group as new groups arrived and grew? After all, if whites were to hold onto such prejudices, they would risk the misery of being surrounded by an ever-increasing number of "competitors." Therefore, they theorized, whites might become more inclusive toward smaller groups they deemed less threatening.

"Changes in the composition of society due to changes in the size of one group have a trickle-down effect on the relationship between the majority group and all other groups in the society."

This is exactly what they found. As minority groups dropped in rank, they were substantially less likely to be targeted with hate crimes.

Tabellini points to a previous study in which whites became less discriminatory toward African Americans as immigration from Mexico expanded between 1960 and 2010. Hate crimes against African Americans dropped during that period and animosity toward Mexican immigrants rose.

"Changes in the composition of society due to changes in the size of one group have a trickle-down effect on the relationship between the majority group and all other groups in the society," says Tabellini. "And the direction of these changes depends on the characteristics of the growing minority."

The future of demographic change

The findings could inform the future of race relations. In the United States, the proportion of Asian Americans and Hispanic Americans is quickly outpacing African Americans, meaning that Asian Americans may eventually become the largest nonwhite group.

"If there are political or economic incentives, the majority group might actually become more supportive of minority group members."

"We're likely to see increased animosity against the groups that become largest, and perhaps lower discrimination against the groups that were the largest but that eventually become instead, say, the second or third rank in the distribution," he says.

Discriminatory practices and negative attitudes may even bleed into hiring practices and the labor market. Policymakers, activists, and business leaders can take steps now to prevent it by:

Spreading awareness. Policymakers could initiate awareness campaigns to help white people understand the challenges minority groups face. As African Americans fled the harsh Jim Crow laws of the South between 1940 and 1965, they shared their experiences with white people in cities such as Chicago and Detroit. As that awareness spread, more Northern whites began to express support for civil rights, Tabellini says.

"The arrival of African Americans increased the knowledge among whites of systematic lynchings and brutality against African Americans in the South," he says.

Building coalitions. Majority and minority groups can find strength and support by banding together, says Tabellini. It's an approach that has worked in the past: The labor movement actively sought to recruit African Americans at least until the mid-1960s to increase its bargaining power with companies.

"If there are political or economic incentives, the majority group might actually become more supportive of minority group members," says Tabellini.

Such inter-group interactions, he says, might help foster trust and reduce stereotypes.

Fighting complacency. Racism and discrimination may not be as intransigent as we often imagine, Tabellini says. The more people understand how and why prejudice develops, the more empowered they may feel to fight it.

End of Report

The Coming Silver Tsunami

The Coming Silver Tsunami

The aging trend happening in America will have a huge economic impact upon our society.

This trend will have lasting effects upon government funding programs like Social Security, taxes, your retirement, and your money.

Fortunately, this same trend also presents an attractive investment opportunity in an essential sector of the market.

Here is an informative report by Brad Thomas, editor of *Intelligent Income Daily* entitled "Prepare Now to Avoid Getting Crushed by This Coming Tsunami"

I think you will find it interesting.

D. Miyoshi

Prepare Now to Avoid Getting Crushed by This Coming Tsunami

Brad Thomas

They're calling it the "silver tsunami."

And it's about to deliver a hit to the economy… And in the process, it could impact – or wipe out – your retirement plans.

According to the United States Census Bureau, there were nearly 56 million Americans aged 65 or older in 2021. By that count, retirees make up 17% of our total population.

But the Census Bureau expects this age group to grow rapidly by the end of the decade.

Based on its latest projections, there will be more than 73 million people aged 65 or older by 2030. That's a 30% increase in retirees just over the next eight years.

And that demographic's growth is going to threaten government funding programs like Social Security.

My team and I are here to help. We look for the best income-producing investments that can help retirees secure their future. If you can't be sure the government will support you, it's time to take matters into your own hands and build an investment portfolio that will.

Fortunately, the same aging trends that are casting doubt on Social Security also present an attractive investment opportunity.

So today, I'll share what's going on, what we can expect, and how you can start boosting your income streams now to keep ahead of it all.

The Silver Tsunami Will Have Far-Reaching Consequences

Here's what a growing retired population means for us…

The aging of our society will put new demands on our economy. A smaller number of working-age people will be expected to support a larger group of older folks who have left the labor force.

We can already see signs of the strain through Social Security projections. Since the program is funded by payroll taxes, fewer workers and a larger number of beneficiaries mean there's less money to go around.

In fact, the program expects to deplete its trust fund by 2035. After that, the government would either have to reduce Social Security payouts or increase taxes.

That's a scary thought for anyone hoping to rely on the program in retirement.

But where there's a growing trend, there's also a profit opportunity.

It's no secret that as people get older, they tend to require more support from the healthcare system. The fact of the matter is aging bodies are more prone to injuries and chronic diseases.

And that means spending on healthcare is likely to keep increasing

The Key to Profiting From This Growing Trend

Since health services are essential, they're also insulated from the ups and downs of the economy. That makes them strong, stable, and defensive picks in times of recession and market volatility.

It's no wonder some of the strongest dividend growers are healthcare stocks. Some examples of these long-standing companies include:

- Abbott Laboratories (ABT): Abbott produces medical devices and lab equipment and has been growing its dividend for 50 years.
- Cardinal Health (CAH): Cardinal Health is one the largest distributors of healthcare products in the country and has increased its dividend for 29 years.
- Becton, Dickinson and Company (BDX): Becton Dickinson produces medical supplies and equipment for hospitals and laboratories. It's been growing its dividend for 50 years.
- Stryker Corporation (SYK): Stryker specializes in surgical equipment and medical devices and has been growing its dividend for 29 years.

And my favorite healthcare company is one we hold in our Intelligent Income Investor – our premium advisory – portfolio. It has been increasing its dividend since 1962 – for 60 consecutive years

As Americans grow older and their health needs require greater attention, there's sure to be more demand for the products and services these companies provide. And the best way to profit from them is by supplementing your income with the most resilient companies in the space.

Has America Been Gaslighted?

Dividend-paying healthcare companies could support not only your physical well-being, but your financial security as well.

And by adding them to your portfolio today, you can use the silver tsunami trend to help fortify your retirement.

Happy SWAN (sleep well at night) investing,

End of Report

Has America Been Gaslighted?

What is Gaslighting?

The term "Gaslighting" comes from the 1938 play *Angel Street*, which Alfred Hitchcock later adapted into the film Gaslight, in which a man tries to convince his wife that she is going insane so he can steal from her. When he turns on the lights in the attic to search for her jewelry collection, and the gas lights dim downstairs, he tells her it's all in her imagination. Gradually she begins to question her own memories and perceptions.

The 2022 Midterm elections have concluded. All of the pre-election surveys foretold of a "Red Wave" where in many state elections the Republicans would win many of the seats and attain control in Congress. Yet, except for Florida which has special regulations to protect against election cheating, the Republicans lost. That naturally led to the question, were the Republicans gaslighted?

To answer that, I present the following special report by Wayne Allyn Root published on Nov 11, 2022. What Root says makes a lot of sense. So, I present it here for your serious consideration. Perhaps you will find it informative. I certainly did.

D. Miyoshi

You've Been Gaslighted . . . The Democrats Just Stole Another Election

When something is so obvious, if the outcome makes no sense, if the outcome is literally impossible, then it is what it is. Forget "proof." You know it. You saw it. You felt it. You experienced it. It happened. It's real.

The 2022 midterm was just stolen. Just like 2020.

If you disagree, you're either delusional, or terribly naïve, or brain dead. Or you're in on the fix.

It's time to admit we're all part of a massive experiment in fraud, theft, brainwashing, and gaslighting to a degree never seen in world history.

Think of all the times in just the past few years you've been gaslighted. They lied to you about open borders…they lied about Hillary's 30,000 deleted emails…they lied about spying on Trump…they lied about Russian Collusion…they lied about a perfectly fine Ukrainian phone call…they lied about massive Biden corruption in Ukraine and China… they lied about the Hunter Biden laptop…they lied about the origins of Covid…they lied about the need for lockdowns and masks…they lied about the need for Covid vaccines… they lied about the vaccines being "safe and effective"…they lied and covered up all the deaths and injuries from the vaccine…they lied about the success of miracle drugs Hydroxychloroquine and Ivermectin…they lied about the stolen 2020 election…

You've been the victims of nonstop severe gaslighting for a decade now. You're all part of a human psychology experiment in the limits that government and media can go in propaganda and brainwashing…while you can see they're lying right in front of your eyes.

And these are the exact same people now telling you Democrats just over-performed, and stopped a GOP red landslide, against all odds, without cheating and stealing the midterm election.

Historically, every president in history facing his first midterm experiences a tough day with automatically 20 to 30 House seats lost… and 4 or more Senate seats lost…but this terribly unpopular President Biden is brain dead with severe dementia, and can't put 3 coherent sentences together…Yet Biden defied history?

While also facing the worst economy in modern history…and the worst inflation in America's history…and out of control crime…and open borders…and failing schools…and polls showing 75% of Americans believe the country is going in the wrong direction…Yet Biden beat all of that?

If you believe Democrats made a miracle happen, without cheating, rigging and stealing…I have a bridge to sell you, over the Atlantic Ocean, in the Vegas desert.

First, every poll in the country showed a gigantic GOP landslide victory- ranging from red wave, to red tsunami. Polls even showed women moved 32 points from September to October in favor of the GOP.

But in the end they all moved back to Biden and Democrats? Does that make sense to you?

Second, every poll in the country showed the top two issues, by a mile, were inflation and the economy. And crime was in second place, along with open borders.

And they all voted for Biden and the Democrats? Does that make sense to you?

CNN's own exit polls showed the GOP made massive gains among almost every voting group- men, women, white men, white women, blacks, Hispanics, young people. Everyone.

And they all voted for Biden and the Democrats? Does that make sense to you?

In this environment where Americans can't afford gas…or groceries…or rent…with the economy failing…inflation raging…scared to death of losing their jobs…living in cities plagued by violent crime, mass shoplifting, homeless everywhere, streets lined with poop, pee, drug needles…and failing schools intent on teaching your children to become masked transgenders…

In this environment, they all voted for Biden and the Democrats? Does that make sense to you?

That they looked around at the disaster one man has created in only two years, and they defied a century of historic midterm defeats for the party in power…and voted for Democrats? Folks, you've been gaslighted.

But the real proof the midterm was rigged and stolen is…FLORIDA.

In Florida the GOP won a landslide. DeSantis and Rubio and everyone else in the Florida GOP won in a red tsunami. The same one the polls showed was happening in the entire country.

Guess what Florida has? Florida has strict Voter ID, strict laws against voter fraud, severe prison terms for anyone caught trying to commit voter fraud, no mail-in ballots sent to every voter, no ballot drop boxes, no ballot harvesting, no ballots accepted for days after Election Day, no counting for days until the desired result is achieved by the Democrat Party.

Isn't it a funny and strange coincidence that in that state, with all of those strict rules against cheating, the GOP red tsunami happened as predicted? . . .

End of Report

Is There a Stadium Curse?

On No 11, 2022, crypto exchange FTX filed for bankruptcy. Less than 2 years before, FTX paid $135 million to replace American Airlines' (AAL) naming rights for the home of the NBA's Miami Heat – changing the venue name from American Airlines Arena to FTX Arena.

Well, not surprisingly, Miami-Dade County and the Heat are taking action to end their business relationships with FTX and instead find a new partner for naming rights to the arena.

Is this the natural happenstance of a curse against companies that put their names on stadiums?

In November of 2021, writer Herb Greenberg wrote an article in *Empire Financial Daily* last stating the companies that put their names on stadiums and arenas have an outsized tendency of running into trouble – and not just bankruptcy, but fraud and corruption.

Greenberg mentioned that among the most famous stadium-naming blowups were Enron, Conseco, PSINet, Chesapeake Energy, Adelphia, and CMGI. He said "If you've been around since stadium naming rights were a thing, you knew exactly what I was thinking: That this is yet another sign of bubble-bubble-toil-and-trouble. Since they often reflect the egos of those involved, naming rights have a history of picking the tops of some stocks... and even being a precursor of trouble for the company whose name is up in neon." That's an excellent point.

Is There a Stadium Curse?

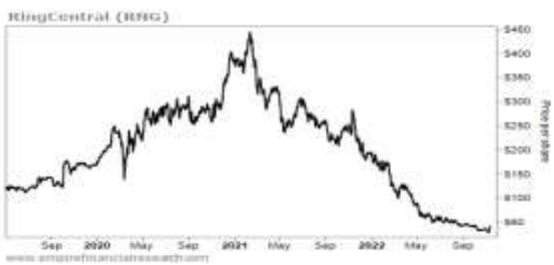
When Greenberg wrote that, Crypto.com, another crypto exchange, had just agreed to replace Staples as the namesake for the home of the NBA's Los Angeles Lakers...

As it turns out, the deal was announced two weeks after bitcoin peaked. Since then, the crypto has plunged by more than 70%.

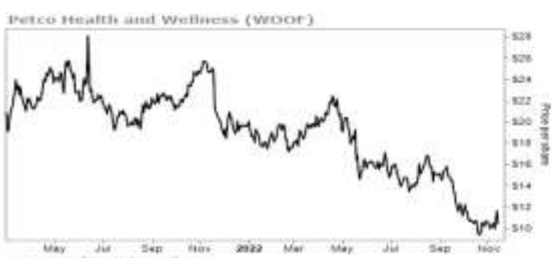
One can see what was to come.

And it's not alone. Among recent examples:

• In May 2019, cloud-based communication company RingCentral (RNG) paid $1 million per year for rights to the Oakland Coliseum in California...



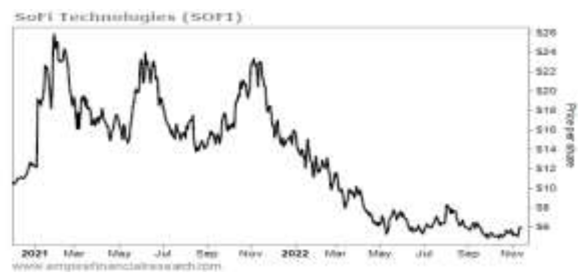
• Back in 2004, retailer Petco Health and Wellness (WOOF) paid for a 22-year, $60 million deal to name the new stadium for MLB's San Diego Padres. In March 2021, Petco and the Padres extended the naming rights deal through 2027...



• In August 2019, travel and hospitality company Allegiant Travel (ALGT) paid $25 million per year for the stadium naming rights for the NFL's Las Vegas Raiders...

• In July 2021, gaming giant Caesars Entertainment (CZR) signed a 20-year, $138 million deal with the NFL's New Orleans Saints for naming rights to the city's Superdome...

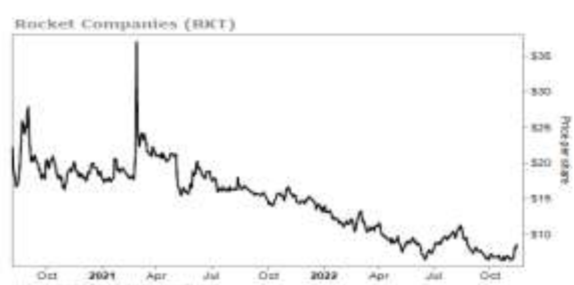
• All of them are pikers compared with online personal finance company SoFi Technologies (SOFI). In September 2019, it agreed to pay $625 million over 20 years for naming rights to the home of the NFL's LA Rams and LA Chargers. SoFi's stock has fallen by nearly half since the June 2021 initial public offering ("IPO")...



• Or consider what happened after the NBA's Cleveland Cavaliers owner Dan Gilbert changed the name of Quicken Loans Arena in 2019 to Rocket Mortgage FieldHouse. Since its August 2020 IPO date, mortgage loan provider Rocket Companies (RKT)

Is There a Stadium Curse?

has seen its stock cut in half...



But to be fair, Greenberg does say that not every company that slaps its name on a stadium or arena blows up...

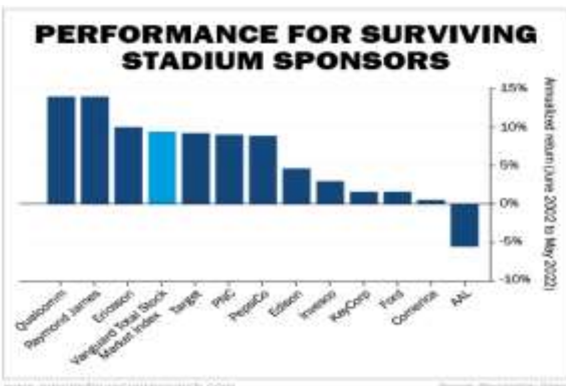
The Retirement Trap

In June, John Rekenthaler, vice president of research for Morningstar, did an admittedly quick study of the performance of the stocks of stadium and arena sponsors.

His starting point was 2002, and he stuck with just football, basketball, and baseball. He found 36 sponsors. Of those, 16 are still around... and are still sponsors.

Of those whose stocks no longer trade... some went bankrupt, but most others were acquired.

For technical reasons, he could only calculate returns on 12. As the chart below shows, in general they've done pretty well...



Or as Rekenthaler put it...

As with the apparent outcome for the defunct stocks, the performance of the listed stocks has been better than advertised, but not great. Although stadium sponsorship was not a glaring contrarian signal, nor was it a positive sign. Too many sponsors have either occupied eroding industries, such as banks and airlines, or been on the bleeding edge of technology. Consequently, most of the stadium sponsors trailed the stock-market index…

While Greenberg hesitates to call stadium-sponsor stocks successful, given their high dropout rates and the fact that they required an unrealistically frequent rebalancing schedule to thrive, they have not been outright failures. The curse is a myth.

If you look at that chart, most sponsor deals date from years earlier... and these companies paid nothing like the companies today are paying.

In the end, the question you need to ask is this... Is paying hundreds of millions of dollars to name a stadium really the best use of company money? Is the free cash flow really that good? Is the balance sheet really that clean? Heck, is the business profitable?

If the answers to any of those questions are "no," then maybe there's one more question you need to ask – especially if the company in question is newly public, is trying to reinvent themselves, or is run by a CEO who believes their own press clippings and confuses their stock with the company...

Is this all little more than a ruse to use cash to create an illusion of credibility?

History shows, it often is.

With the recent collapse of FTX, crypto, special purpose acquisition companies ('SPACs'), and the overall market, here's something to think about...

Who will be advertising on the Super Bowl this go-around? Greenberg’s colleague Enrique Abeyta recently tweeted, referring to last year's event...

So we will see.

D. Miyoshi

The Retirement Trap

The Retirement Trap

Friends and colleagues have asked me if and when I plan to retire. To that question, I respond with as much of a concrete answer as I can muster…… to wit, that I am not sure if I will ever totally retire.

Historically speaking, this phase of life we call "retirement" is actually a new concept. The idea you could stop working at a certain age was unknown until quite recently. Before, people worked as long as they physically could, then died quickly unless they had family or servants to care for them. That was normal and accepted.

These days, we have different expectations, at least in the developed world. We think life should end with a decade or two of relative leisure. The challenge is that leisure isn't free. The population that isn't working to support itself needs some kind of funding mechanism... and that's where it starts getting complicated.

Ideally, retirement would be self-funded, with people accumulating savings during their working years to be spent in retirement. This is easier said than done. Many people either can't or don't save enough, for a wide variety of reasons.

But the real problem is the large number who think they're ready for retirement but actually aren't.

In a recent report entitled *Pension Sandpile*, consultant John Mauldin of Mauldin Economics described the reasons some people are not ready for retirement and why it will get worse with their pension sandpiles collapsing.

I present this report to you for your reading consideration. I think it is eye opening.

D. Miyoshi

Dangerous Assumptions

By John Mauldin

Modern pension plans and retirement schemes depend on assumptions no one should take for granted, yet practically everyone does.

The "underfunded pension plans" we hear about are typically defined benefit (hereinafter DB) plans. That means the beneficiaries (i.e., retired workers) are promised certain payments on a defined schedule for life. Sometimes they get healthcare benefits, too. What isn't defined so clearly is where the money will come from and how much is needed.

We need to understand the difference between "underfunded" and "fully funded." I'm going to try and explain this with a simplified example. (Readers with pension expertise will recognize I'm omitting many details. They're important but tangential to the point here).

Suppose you are in charge of a local government's defined benefit plan: a fire department, for example. You know how many firefighters are vested in the plan, when they will reach retirement age and how much their monthly benefits will be. Add some life expectancy data, and you can build a liability schedule many years into the future.

Your estimate shows that in 2032 you will have 1,000 retirees each due to receive $50,000 a year. (I'm using round numbers for simplicity). So, you need to have $50 million in cash available to pay them—but you don't need it now. You have ten years to accumulate it.

With this knowledge, you can make a "present value" calculation. What amount of money do you need today to be confident you will have $50 million in ten years?

Of course, this depends on the return you can make between now and then. Assuming 3% annual returns for 10 years, $37.2 million now will become $50 million in a decade. The magic of compound interest.

But this is highly sensitive to your rate assumption. At 5%, you only need $30.6 million. Assume 7%, and it's only $25.4 million. Conservatively assume 1%, and you'll need $45.3 million. (You can play with the math yourself here.)

Naturally, since we all like to keep our problems manageable, pension sponsors gravitate to higher-return assumptions. This lets them minimize the current year's contributions, thereby pleasing both taxpayers and firefighters, but it doesn't change the math. Problems will follow if future returns don't match assumptions.

Note this example is only about one year of future liabilities. The real picture is much more complex, with liabilities extending far into the future. We call a plan "underfunded" when its current path will make them impossible to pay at some point. And those assumptions can be optimistic. If you project a 7% return and only get 4%–5%, your pension consultant can say you are funded correctly based on the assumptions, but the real-world, bottom right-hand corner number will say something else.

Sadly, in so many towns and states, they take the rosy projections and move on because to take the less optimistic (if realistic) projection means you have to take money from the current budget that is for police and potholes and parks. Too often, the decision is to put off the pension contribution another year and then another….

And it's critical to understand, pension benefits aren't optional. They must be paid as defined, and failure to do so constitutes default. In some states, governments are constitutionally required to pay the full benefit as promised. Seems fair, but what happens when pensions become 50% or more of your budget, and you want to raise taxes?

It's even more complicated, though, because the liabilities themselves also involve assumptions. I mentioned life expectancy. That's fairly predictable in a large enough group, but things can change. A cure for cancer or heart disease would be wonderful for humanity, but a big problem for pension liabilities.

Then, there's inflation. Many (most?) DB plans include cost-of-living adjustments based on CPI or some other benchmark. That means the calculations have to reflect real returns. They don't need just 3% (or whatever target they pick) for ten years etc. They need 3% more than inflation for that period.

The Retirement Trap

Positive real returns don't happen automatically, particularly in an economy as indebted as ours and with the kind of fiscal and monetary mismanagement as is now normal. Sheer size prevents giant plans from outperforming benchmarks. On a long time horizon, the best assumption is they will grow only to the extent the economy grows. Which, based on GDP in the last decade or so, means 2% real returns and probably less in the future. Few employers can afford the contributions needed to make a DB plan work at that rate.

But the real problem is uncertainty. Defined benefit pensions are structured around so many assumptions about things no one can know—the long-term risks are incalculable. That's why private businesses largely abandoned them long ago.

Those who have the luxury of imposing taxes think differently; hence DB plans are still popular in governments, which can transfer the problem to other people who didn't create it.

Investing is Hard

In theory, DB plans can work with conservative management and some good luck. Those are uncommon. They are a bit like banks in a fractional reserve system. It's a giant juggling act in which some jugglers are going to miss. You just don't know who or when.

The banking system works because it has a lender of last resort: the Federal Reserve System. DB plans likewise have an ultimate guarantor, the federally chartered Pension Benefit Guaranty Corporation (PBGC). It lacks most of the Fed's powers and is itself underfunded. Even when PBGC works, the benefits it pays to workers in failed plans are often much less than the workers were promised. And it only covers private-sector plans, not the state or local governments where most of the problems lie.

As noted above, the private sector has mainly moved to 401K and similar "defined contribution" plans. Employers and workers contribute cash each year, after which the returns depend on how the worker chooses to invest. Employers like these plans because they don't create future liabilities for the employer. The risk doesn't disappear; it is simply transferred to the workers, who may or may not be able to retire with as much income as expected.

Here we have a disconnect. Many workers like 401K plans because they get to control their own fate. Others—maybe most—have no interest in making investment decisions and wish someone else would do it for them, as happens in a DB plan. It's not clear either group gets optimal results. Investing is hard even for full-time professionals. Sometimes it seems especially hard for full-time professionals.

Worse, workers get tempted to withdraw and spend their retirement funds every time they change jobs, which, in this economy, is pretty frequent. The tax penalty often doesn't deter them, particularly young people for whom retirement is a distant thought.

As a result, it is not a good assumption that someone is ready for retirement simply because they have (or had) a 401K or similar plan. Their assumptions may be as unrealistic as those defined benefit plan sponsors.

Then there's the awkward fact that many workers spend all or most of their working years without a 401K. Employers aren't required to offer them. Many don't—or didn't until quite recently. IRAs are more widely available, but the worker must take some initiative to make it happen. People have other things on their minds. And even if they recognize the need, saving is tough when you are in the bottom 2%–30% of the income scale with a kid and high gas and food prices.

All that means the "unfunded pension" problem is far bigger than some firefighters and teachers not getting the retirement benefits they expected. Millions more will reach retirement age in the same (or worse) position because their 401K and IRA plans didn't perform or they didn't save enough.

Strong stock market performance and generally falling interest rates (which help bond returns) insulated us from the consequences of this for a long time. Those days are running out, I think.

"But John," you say, "Those who didn't plan or had bad luck still have Social Security. They'll be all right, even if their golden years aren't so golden."

I wouldn't be so sure of that.

Unfunded Security

In the United States, we have a Social Security retirement system covering, more or less, everyone who ever had a job. It is financed by a "FICA" tax levied on workers and employers. A retiree's benefits are calculated from a formula that considers their age and the wages earned from all their jobs.

Functionally, Social Security is basically a giant defined benefit plan. Participation doesn't require any action on your part. You do have some discretion over when you retire, which can make a difference. Otherwise, just have a job, and everything else is automatic.

The original idea was that Social Security would be self-supporting, with taxes from a much larger number of workers supporting a smaller number of retirees. That has been mostly true, but is increasingly difficult. The latest Trustee's Report shows the trust fund that covers retirees and their survivors will be depleted in 2034.

In other words, Social Security is "unfunded" in much the same way as many defined benefit plans—not a problem right now, but it will become one if nothing changes.

One hopes Congress won't wait until 2034 to address this. Delay will make it harder, not easier. Retirement ages, means testing, and benefit amounts will probably be on the table. Some of this is long overdue. The world has changed since the 1930s when age 65 was considered "elderly." We live longer, healthier lives now.

That brings us to another difference between Social Security and defined benefit plans. A DB plan is contractual. The employer and workers agree to do certain things, and it is very hard for the employer to escape its benefit obligations.

Social Security isn't like that. You don't have a contract with the government. Congress can change the rules any time, the fact that you paid all those FICA taxes notwithstanding. A 1960 Supreme Court case, Flemming v. Nestor, ruled Social Security is just another benefit program and FICA is just another tax. Paying the tax doesn't "earn" you anything in return.

Congress won't want to kick that hornet's nest, of course, but it also doesn't have magical powers. Faced with limited revenue, limited borrowing capacity, and many competing spending plans, it will have to make hard choices.

I think history will look back and see this dream of a long, leisurely retirement was never sustainable or scalable for the whole population. Most of those who expect such a retirement will be sorely disappointed.

Cryptocurrency Political Slush Fund

My longtime mentor Dr. Gary North always said the best retirement plan is “Don’t retire.” He took his own advice, too, working almost to the end. Ideally, we should transition into a different kind of work that matches our changing abilities. Keep generating income however you can for as long as you can, reserving the portfolio assets until you really need them.

My part of this is helping readers like you make the most of your portfolios, however big or small they are. I intend to do it for many more years, too.

End of Report

Cryptocurrency Political Slush Fund Scandal

According to reports from various sources, the now bankrupt FTX crypto slush fund that was run by disgraced Sam Bankman-Fried (and his MIT college buddies) had laundered money for Ukraine into nearly $40 million worth of campaign donations for Democrats in the 2022 mid-term elections.

Over the last year, Joe Biden and certain Democrats pushed through well over $50 billion in funding for Ukraine, using US taxpayer money. Internationally, over $100 billion had been donated to Ukraine, according to Devex.com which has compiled worldwide donations and grants to the Ukrainian cause.

FTX simultaneously processed donations to Ukraine by using its crypto infrastructure. As CoinDesk.com reported in May of 2022, “Ukraine Partners with FTX, Everstake to Launch New Crypto Donation Website.”

In other words, the Ukraine regime partnered with a crypto slush fund to take dollars from the US government and funnel them into the hands of Democrat candidates to win mid-term elections.

According to data published by OpenSecrets.org, on March 14, 2022 edition of Coindesk, Sam Bankman-Fried donated nearly $40 million to political candidates in the 2022 mid-term elections. Only $235,200 went to Republicans, with the rest going to Democrats. FTX, in other words, was a Democrat slush fund money laundering operation that helped Democrats win mid-term elections (on top of their other dubious methods of gaining a favorable vote count including stuffing and harvesting ballots).

It begs the obvious question: Which Democrats took this dirty money from FTX, which had stolen the money from its own customers? We know that Fetterman received substantial financial support from FTX, for example.

They say a picture is worth a thousand words. So here is about 1,000 words.

THIS LEADS ME TO ASK, CAN SUCH A FINANCIAL FIASCO BE THE PRETEXT FOR THE GOVERNMENT TO STEP IN AND “SAVE THE DAY” WITH A NEW CENTRAL BANK DIGITAL CURRENCY (CBDC)? PERHAPS WE WILL SOON FIND OUT.

As CoinDesk.com had reported:

“Aid for Ukraine,” which has the backing of crypto exchange FTX, staking platform Everstake and Ukraine’s Kuna exchange, will route

Cryptocurrency Political Slush Fund

donated crypto to the National Bank of Ukraine, Everstake's Head of Growth Vlad Likhuta told CoinDesk. Ukraine's crypto-savvy Ministry of Digital Transformation is also involved.

The country's collective efforts have already raised some $48 million in bitcoin (BTC), DOT, ether (ETH), SOL, tether (USDT) and other cryptocurrencies, according to the website. Other estimates place the amount closer to $100 million, but totals vary with market swings and exactly which websites are included.

Put another way, if you donated money to "Ukraine" via this mechanism, you actually donated to Democrats in a manipulated election funded by illegal campaign contributions laundered through FTX (which is increasingly emerging as the crypto hub that was run by people with globalist ties).

Here's the propaganda pushed by the Ukraine regime to help narrate the cover story for all this:

The central bank is using donations to support "humanitarian aid programs" as well as Ukraine's armed forces, according to the website. "The people will continue their fight for freedom, but they need more ammunition and necessities," the website read.

We don't know how much of these funds actually went to Ukraine, but we know Sam Bankman-Fried was one of the largest donors of cash to Democrat candidates in the 2022 mid-term elections (nearly $40 million, as shown above).

Massive "self-hack" has drained another nearly $1 billion from FTX accounts

On Nov 11, 2022, the FTX app was auto-updated and transformed into a Trojan Horse app that logged into user accounts and stole their money as reported by NewsTarget.com. By Nov 12, 2022, it was known that around $1 billion in remaining funds had been taken from FTX. This is widely believed to be a "self-hack" of FTX by its founders or insiders who are attempting to take the money and run, Mt. Gox style.

CoinDesk.com reported on Nov 12, 2022:

More than $600 million was siphoned from FTX's crypto wallets late Friday. Soon after, FTX stated in its official Telegram channel that it had been compromised, instructing users not to install any new upgrades and to delete all FTX apps.

"FTX has been hacked. FTX apps are malware. Delete them. Chat is open. Don't go on FTX site as it might download Trojans," wrote an account administrator in the FTX Support Telegram chat. The message was pinned by FTX General Counsel Ryne Miller.

In essence, now after having built the world's largest crypto slush fund to try to keep Democrats in power, somebody with inside access at FTX is apparently looting the last billion dollar worth of assets at the company.

CNBC also reported that Sam Bankman-Fried had a secret "back door" into the financial accounting system that allowed him to "transfer billions" without any regulatory scrutiny whatsoever.

From CNBC.com:

Between $1 billion and $2 billion of FTX customer funds have disappeared, SBF had a secret 'back door' to transfer billions: Report

As Sam Bankman-Fried's FTX entered bankruptcy protection, Reuters reported that between $1 billion to $2 billion of customer funds have vanished from the failed crypto exchange.

Both Reuters and The Wall Street Journal found that Bankman-Fried, now the ex-CEO of FTX, transferred $10 billion of customer funds from his crypto exchange to the digital asset trading house, Alameda Research.

Bitcoin, interestingly, is weathering this storm relatively well after having fallen from the $21K range to around $16K in the chaos. Bitcoin's exposure to FTX fallout may be limited, although Bitcoin and all other cryptos are almost certain to face heavy-handed regulatory scrutiny after this fiasco fully unravels.

In the final analysis I believe the crypto ecosystem is resilient and will recover from this mess. The FTX saga says more about the failures of centralization, venture capitalists and a growing ecosystem than it does about crypto.

It is difficult to say how quickly the crypto markets will bounce back. But once the market understands the depth and breadth of the FTX collapse, there will likely be some good buying opportunities.

Crypto isn't going away. But as always, it is changing. And we'll need to change right along with it.

In the end patience will count.

D. Miyoshi

What is a Conspiracy Theory? Part One

One of the burdens of writing a newsletter is that you get called all sorts of names including being a “Racist” and a “Conspiracy Theorist.” For the record, I believe the great majority of “conspiracy theories” are just that, mere theories without concrete substance. But I also believe that a select few contain the substance of truth and must be acknowledged and appropriately delt with, depending upon ones political and economic stance.

In my search for a clear definition of Conspiracy Theorist, I came across a comprehensive report on the subject entitled “Why Society Needs Conspiracy Theories & Conspiracy Theorists” It is written by Tyler Durden.

The report provides a comprehensive discussion on the definition of Conspiracy Theorist and I would like to share it with you here. It’s lengthy so I will present it in three parts over three newsletters. I hope you will find these three articles on conspiracies informative.

D. Miyoshi

“So do not be afraid of them, for there is nothing concealed that will not be disclosed, or hidden that will not be made known.”

– Matthew 10:26

WHY SOCIETY NEEDS CONSPIRACY THEORIES & CONSPIRACY THEORISTS

As this will be a comprehensive article, I’ve decided to split it up into the following sections:

Part One (presented in this newsletter)

Introduction

How did the term come about and become a tool for defamation?

A German journalist spills the beans

Same Playbook, Different War

Part Two (appearing in a later edition of the newsletter)

The Council on Foreign Relations conspiracy

Conspiracy Theories that turned out to be true

Notable Unresolved Conspiracies

Part Three (appearing in a later edition of the newsletter)

Conspiracies to Watch

Mini-Guide to Investigating Conspiracies

Conclusion

Part One

Wernher von Braun walking along the lunar surface on an Apollo set replica during the Atlanta Southeastern Fair, September 5, 1969, credited to United Press International (UPI), image source

Introduction

It seems like you can’t catch a news headline or social media post these days without coming across the terms conspiracy theory and conspiracy theorist, or phrases like ‘spreading conspiracies’. One has to wonder: why are they so frequently employed?

In my most recent published work, I referenced an article from Canada’s *National Post* which ran with the headline ‘CBSA says it's investigating border officer spreading COVID conspiracies online.’

The problem with these kinds of articles is that they are too often merely used as hit pieces to ridicule, degrade, and discredit any individual or group that goes against a certain narrative or disagrees with

What is a Conspiracy Theory? Part One

an author's (or their publication's partisanship or funders') views.

But what is perhaps even more laughable with this phenomenon is the fact that these authors wantonly use these terms without even knowing their true meanings and where they actually originate from.

Before looking into these, though, we must first and foremost examine the meaning of the word 'conspiracy' itself. Oxford defines it as:

> a secret plan by a group of people to do something harmful or illegal

Conspiracies have been an integral part of humanity ever since people have bonded together in groups for a better chance at survival.

Lord knows that history is riddled with an abundant supply of conspiracies and we will look at some notable examples later on.

How did the term come about and become a tool for defamation?

Though the term 'conspiracy theorist' itself dates as far back as the 19th century, it became much more prominent in the years following the assassination of U.S. President John F. Kennedy.

Moreover, it's really in the 1960s where it became more abundant and has taken on a negative connotation. This is in large part because of the Central Intelligence Agency (CIA) of the United States of America.

The usage of 'conspiracy theorist' was principally brought about to discredit any person or outfit that questioned the findings of the Warren Commission regarding the official narrative of the assassination of U.S. President John F. Kennedy.

The assassination of U.S. President John F. Kennedy on November 22, 1963. Image source: https://allthatsinteresting.com/famous-assassinations

As to not be labelled a conspiracy theorist myself, here is some tangible evidence to support my claim that the CIA has been complicit with regards to the usage of the term as a means to disparage and discredit individuals with opposing views to an official narrative. An official DISPATCH (document number 1035-60) dated January 1, 1967 which was declassified and released following a FOIA request got published on the Mary Ferrell Foundation (MFF) website – one which contains nearly 2 million pages of documents, government reports, as well as other materials. The first page of the dispatch appears as follows:

DISPATCH

Chiefs, Certain Stations and Bases

Document Number 1035-960

for FOIA Review on SEP 1976

Chief, WOVIEW

CIA HISTORICAL REVIEW PROGRAM
Release in Full 1998

Countering Criticism of the Warren Report

PSYCH

1. Our Concern. From the day of President Kennedy's assassination on, there has been speculation about the responsibility for his murder. Although this was stemmed for a time by the Warren Commission report (which appeared at the end of September 1964), various writers have now had time to scan the Commission's published report and documents for new pretexts for questioning, and there has been a new wave of books and articles criticizing the Commission's findings. In most cases the critics have speculated as to the existence of some kind of conspiracy, and often they have implied that the Commission itself was involved. Presumably as a result of the increasing challenge to the Warren Commission's Report, a public opinion poll recently indicated that 46% of the American public did not think that Oswald acted alone, while more than half of those polled thought that the Commission had left some questions unresolved. Doubtless polls abroad would show similar, or possibly more adverse, results.

2. This trend of opinion is a matter of concern to the U.S. government, including our organization. The members of the Warren Commission were naturally chosen for their integrity, experience, and prominence. They represented both major parties, and they and their staff were deliberately drawn from all sections of the country. Just because of the standing of the Commissioners, efforts to impugn their rectitude and wisdom tend to cast doubt on the whole leadership of American society. Moreover, there seems to be an increasing tendency to hint that President Johnson himself, as the one person who might be said to have benefited, was in some way responsible for the assassination. Innuendo of such seriousness affects not only the individual concerned, but also the whole reputation of the American government. Our organization itself is directly involved: among other facts, we contributed information to the investigation. Conspiracy theories have frequently thrown suspicion on our organization, for example by falsely alleging that Lee Harvey Oswald worked for us. The aim of this dispatch is to provide material for countering and discrediting the claims of the conspiracy theorists, so as to inhibit the circulation of such claims in other countries. Background information is supplied in a classified section and in a number of unclassified attachments.

3. Action. We do not recommend that discussion of the assassination question be initiated where it is not already taking place. Where discussion is active, however, addressees are requested:

CS COPY

201-289248

3 attachments h/w

1 - SECRET
8 - Unclassified

4/1/67

DESTROY WHEN NO LONGER NEEDED

COUNTERING CRITICISM OF THE WARREN REPORT, NARA Record Number: 104-10009-10022 from the Mary Ferrell Foundation, Dispatch 1035-960, Source: https://www.maryferrell.org/showDoc.html?docId=53510#relPageId=2

Firstly, we can notice the term 'PSYCH' in the upper-left hand corner of the document which indicates that this relates to Psychological Operations. We can see from the first paragraph that their main concern is about speculation regarding the assassination of President Kennedy and how various writers are questioning the findings of the Warren Commission report. The end of section 2 on the first page states:

> "The aim of this dispatch is to provide material for countering and discrediting the claims of the conspiracy theorists, ..."

Scrolling down to the second page under section 3 a. appears the following [emphasis added]:

> "To discuss the publicity problem with liaison and friendly elite contacts (especially politicians and editors), pointing out that the Warren Commission made as thorough an investigation as humanly possible, that the charges of the critics are without serious foundation, and that further speculative discussion only plays into the hand of the opposition. Point out also that parts of the conspiracy talk appear to be deliberately generated by Communist propagandists. Urge them to use their influence to discourage unfounded and irresponsible speculation."

What is a Conspiracy Theory? Part One

And shortly after under section 3 b., it continues:

“To employ propaganda assets to answer and refute the attacks of the critics. Book reviews and feature articles are particularly appropriate for this purpose.”

So, there you have it in black and white. The CIA specifically directs the use of their elite contacts which include politicians and editors – presumably of major newspapers and most likely of major broadcasters. Tactics suggested include writing feature articles (to counter the official narrative), writing book reviews – presumably negative ones, and further labelling dissenters as ‘Communist propagandists’ – a term that had much more of an accentuated defamatory effect back then than it does today.

This raises the obvious question of why the CIA was so seriously concerned about media coverage with regards to the assassination. What’s it to them? Did they have something hide? Where they pressed to do so by the Lyndon Johnson administration? If so, why?

To dig deeper about what they actually stated in their dispatch, we can ask: who are these “elite contacts” and “propaganda assets” they are referring to?

American investigative journalist and author Carl Bernstein – famous for his work with Bob Woodward on the Watergate scandal – wrote a rather extensive (25,000-word) exposé entitled ‘THE CIA AND THE MEDIA: How Americas Most Powerful News Media Worked Hand in Glove with the Central Intelligence Agency and Why the Church Committee Covered It Up’ that was published in Rolling Stone magazine on October 20, 1977, just over a decade after the infamous CIA dispatch was issued. Early on in the mammoth article, Bernstein lists categories in which the Agency (the CIA) partnered with journalists and the press. Two such instances appear as follows:

“- Editors, publishers and broadcast network executives. The CIAs relationship with most news executives differed fundamentally from those with working reporters and stringers, who were much more subject to direction from the Agency. A few executives—Arthur Hays Sulzberger of the New York Times among them—signed secrecy agreements.”

“- Columnists and commentators. There are perhaps a dozen well known columnists and broadcast commentators whose relationships with the CIA go far beyond those normally maintained between reporters and their sources. They are referred to at the Agency as “known assets” and can be counted on to perform a variety of undercover tasks; they are considered receptive to the Agency’s point of view on various subjects. Three of the most widely read columnists who maintained such ties with the Agency are C.L. Sulzberger of the New York Times, Joseph Alsop, and the late Stewart Alsop, whose column appeared in the New York Herald-Tribune, the Saturday Evening Post and Newsweek. CIA files contain reports of specific tasks all three undertook.”

The CIA specifically refers to these widely read columnists as “known assets” they can count upon to perform undercover tasks. They also maintain ‘signed secrecy agreements’ with executives from the New York Times. Lovely!

Bernstein then lists many well-known newspapers, magazines, and broadcasters used by the CIA and notes their most cherished ones as follows [emphasis added]:

“By far the most valuable of these associations, according to CIA officials, have been with the New York Times, CBS and Time Inc.”

Still today, these three media outlets are giants in the publishing, broadcasting, and entertainment industries. And who really knows the extent to which the CIA and other US government agencies still maintain relationships with their editorial and journalistic staff, and possibly many others in the United States and across the world. It would certainly come as no surprise if they did.

War – and how it is covered by media – is a major recurring theme in all of this and it is no secret that the CIA has left its dirty footprints over many of them since its inception in 1947. This has been highly documented and revealed by whistleblower Kevin Shipp, a former CIA officer, intelligence and counter terrorism expert who held several high-level positions in the organization.

Finally, the CIA’s reach beyond American borders goes without saying.

A German journalist spills the beans

“I was bribed by billionaires. I was bribed by the Americans not to report exactly the truth,” stated Udo Ulfkotte back in a 2014 interview with RT (original report); the late editor and journalist of Germany’s Frankfurter Allgemeine Zeitung was quite outspoken in this particular interview.

Screenshot of the 2014 RT interview with German journalist Udo Ulfkotte

Ulfkotte explained how the CIA and other US agencies bought journalists across all major German newspapers. He starts the interview with the following revelation [emphasis added]:

“I’ve been a journalist for about 25 years. And I was educated to lie, to betray, and not to tell the truth to the public. But, seeing right now within the last months how the German and American media

What is a Conspiracy Theory? Part One

tries to bring war to the people in Europe, to bring war to Russia. This is a point of no return and I'm going to stand up and say it is not right what I have done in the past, to manipulate people, to make propaganda against Russia, and it is not right what my colleagues do and have done in the past because they are bribed to betray the people, not only in Germany, all over Europe."

It's funny how you could almost replace this assertion (from back in 2014) in the context of today's 2022 Russia-Ukraine war, or as some would call it, a proxy war between NATO/Western Europe/United States and Russia.

He continued:

"I was supported by the Central Intelligence Agency, the CIA. Why? Because I should be pro- American. I'm fed up with it. I don't want to do it anymore."

'Non-official cover' is a term the German journalist used to describe how he (and other journalists) were essentially working for or helping the intelligence agency, though not in an official capacity, conveniently leaving room for plausible deniability.

Ulfkotte goes on to explain how the journalists are rewarded by the CIA.

Statements like these really makes one wonder about the extent to which media outlets all around the world have been infiltrated not only by the CIA, but also by other powerful entities.

But wait, Ulfkotte dives deeper into other supranational influences that help shape media organizations and their prevailing narratives [emphasis added]:

"We are still kind of a colony of the Americans. And being a colony, it is very easy to approach young journalists through, what is very important here is, transatlantic organizations. All journalists from really respected and recommended big German newspapers, magazines, radio stations, TV stations, they are all members or guests of those big transatlantic organizations. And in these transatlantic organizations, you are approached to be pro-American."

Ulfkotte then emphasizes that this phenomenon is even more the case with British journalists due to their special relationship with the US, and the French, to a lesser extent.

One need not look far to see what he is talking about with regards to these transatlantic organizations than observe the writings and actions of outfits such as the Council on Foreign Relations and the Atlantic Council think tank, both focused on American imperialism and interests. While the latter is essentially a mouthpiece for NATO, the former holds an unfathomable grasp on Western media.

Examining the historical and current membership into the Council on Foreign Relations is quite revealing, to say the least. Or, perhaps more fittingly: the elephant in the room. Moreover, the think tank holds tremendous influence through its network of elites and media pundits who are central in shaping U.S. foreign policy and public discourse.

Back in 2017, an infographic emerged showing the extent of this network and how it possibly ties to the Bilderberger Group and the Trilateral Commission:

Infographic showing the network of members of the CFR, full-resolution image: https://swprs.files.wordpress.com/2017/08/cfr-media-network-hdv-spr.png

Comparing current members with past ones, we can easily validate the authenticity of this elitist ilk and deduce that it is highly organized, highly interconnected, and what amounts to a highly influential network of thought leaders & shapers.

Another infographic from Swiss Policy Research – an independent, nonpartisan and non-profit research group investigating geopolitical propaganda – shows the transatlantic network the German media is subject to:

Swiss Policy Research – Media in Germany: The transatlantic network, full-resolution image: https://i0.wp.com/swprs.org/wp-content/uploads/2022/04/netzwerk-medien-deutschland-spr-mt.png?ssl=1

The data contained in these infographics validates German journalist Udo Ulfkotte's claims to this effect.

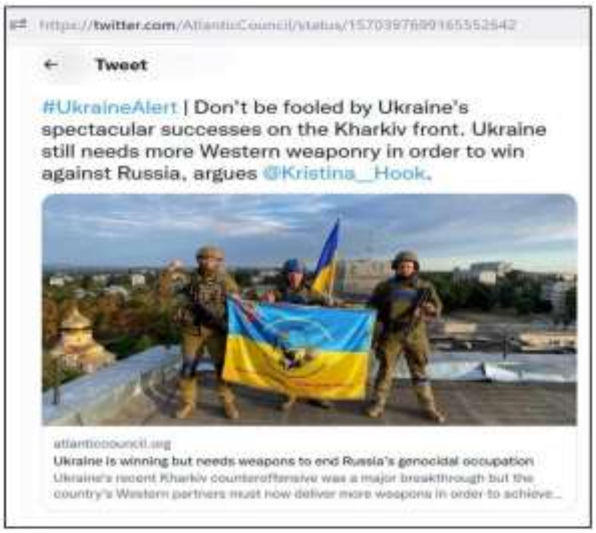
The infiltration of media, be it by the CIA, other intelligence agen-

What is a Conspiracy Theory? Part One

cies, or think-tanks such as the Council on Foreign Relations or the Atlantic Council, is unmistakably a conspiracy in that their stealthily coordinated efforts control narratives the masses, including government officials, are exposed to on a daily basis.

Same Playbook, Different War

With the current war in the Ukraine, we can easily notice how the stances held by these transatlantic institutions are mostly one-sided. Here's a recent tweet from the Atlantic Council regarding the 2022 Russia-Ukraine war:



Tweet from the Atlantic Council, Sept. 15, 2022, Source

The related article begins [emphasis added]:

"Ukraine's stunning counteroffensive success in the Kharkiv region has provided conclusive proof that the Ukrainian Armed Forces are more than capable of defeating Russia on the battlefield. Now is the time to end the war by providing Ukraine with everything necessary to consolidate these gains and secure a decisive victory."

"Victory requires a coordinated, multifaceted, and long-term approach with economic, diplomatic, humanitarian, and logistical support all needed in order to bolster the Ukrainian transition to NATO-standard weaponry. Above all, this means a full commitment by Ukraine's partners to increase arms supplies to the country."

As you can see, they don't hide which side they are representing while blatantly calling for NATO and partners to increase arms supplies and weaponry. Accordingly, if this is not an advertisement to further bolster the Military/Security Complex's coffers, then I don't know what else to say. That would be for another article altogether that would require its own investigation.

Another recent tweet and article written by the CFR's own President, Richard Haass, a Rhodes Scholar, from the Council on Foreign Relations rings the same bell:

Tweet from the Council on Foreign Relations, also from Sept. 15, 2022, Source

In it, the CFR President states [**emphasis added**]:

"The West, for its part, should continue to **provide Ukraine with the quality and quantity of military and economic support it requires**. There are strong strategic reasons for doing so, including to **deter future aggression by Russia, China, or anyone else**."

The only difference is that this one makes a specific reference to China – the current frontrunner to be the next boogeyman-du-jour in our Orwellian perpetual state of war which assures gargantuan profits for the Military/Security Complex. But again, I digress, for this is yet for another behemoth of an article that would require an entire team of reporters.

The extent to which this war has also been propagated on social media is, in itself, a whole other can of worms. Armies of bots, pundits and propagandists (from both sides of the conflict) along with the divided masses all contribute to the digital fog of war in the halls, hyperbolic and echo chambers of platforms such as Twitter, Facebook, Instagram, and YouTube.

End of Report Part One

Parts Two and Three will be presented in future newsletters

Is Japan's Future Dim or Bright?

Through the 70's and 80's Japan set the technological world on fire and became the most powerful economy on the planet. Then came the 90's. In 1990 the Japanese balloon suddenly burst. The Japanese economy entered a deep real estate and economic crisis from which it has never escaped. Japan is still suffering an economic malaise today. So, what are the factors that lie behind Japan's fall from economic grace? And will Japan every recover?

On Oct 21, 2022 VisualPolitik EN and Curiosity Stream presented a YouTube video that attempts to answer that question. It is titled The Four Cracks in the Japanese Model. For your reading consideration, I present the following direct transcription of the video. I hope you find it informative.

D. Miyoshi

According to VisualPolitick EN there are four cracks in the Japanese Economic Model that account for their economic malaise.

The Four Cracks in the Japanese Model

In October 2022, the Japanese Yen hit a 24-year low against the U.S. dollar. The government intervened to prop up the yen for the first time since 1998.

To get an idea of what this drawn out crisis really meant, we can take a look at what has happened to wages. When the 21st Century began the average wage in the US and Japan were approximately the same.

However today the average US wage is 2.5 times higher than the Japanese equivalent and in fact in real terms, that is after adjusting for inflation, Japanese wages are lower today than they were in 1997. In other words, they are lower than they were 25 years ago.

It is a decline that we can also see if we look at GDP. For example, if in 1990 Japan and Germany, taking into account the price difference, had roughly the same GDP per capita, today the German nations is 35% higher. Another example, take the case of South Korea. In 1990 in per capita terms and even often taking into account the price difference, the South Korean economy was just over 40% of the Japanese economy. Today, it has already surpassed it. But what could explain such an economic decline? Why has Japan's economy failed to recover in more than 30 years. What can we expect in the coming years?

The Blot on the Rising Sun

Japan remains a relatively wealthy country and also continues to be the world's largest creditor. To give you an idea in net terms, that is, taking into account the difference between what it owes and what it is owed, Japan has about 3.5 trillion of net investments spread across the globe. The Japanese control factories, buildings, stocks, bonds and all kinds of financial products. However, despite this, things are not going well there. In practice, wages have been frozen for years. Government debt is growing steadily and the yen is becoming more and more fragile. In fact, according to the Bank for International Settlements, the yen is currently the weakest currency of any developed country. In recent years, its purchasing power has fallen alarmingly. This has made imports more and more expensive. In addition, when Japanese people travel abroad nowadays, they are shaking their heads at the high prices they find. For example, using the popular Big Mac index compiled by the Economist magazine, each Big Mac burger costs 70% more in New York than in Tokyo. So then, what is wrong with the Japanese economy? What kind of disease is it suffering from?

Well, we can highlight four major factors. Four major problems that explain the decline of the Land of the Rising Sun.

Is Japan's Future Dim or Bright?

1. Inflexible Management

First, from a labor standpoint, Japan is still essentially the same country it was 30 to 40 years ago. There is a routine of long working hours, strict schedules, long commutes by public transportation and meager vacations. In fact, this is perhaps what explains why it is the only country that has a word "karoshi" that means death by overwork. For example, promotions and salary improvements depend essentially on seniority and not on achievements. Among other things, this means that the younger population is largely excluded from management and decision-making positions. In other words, people who are somewhat disconnected from the new technologies and new market trends are usually at the head of companies and various departments. And this way of proceeding also makes company changes very infrequent. Obviously, if the salary and the position depend on seniority, you're not going to hop off the ladder and start from scratch.

Well, the question is, whether it is quite possible that this stagnant culture is behind one of the great problems that this country is dragging along, low productivity. Yes, the Japanese work long hours. We all know that. But far off from what we might think, they are terribly unproductive. For example, output per hour of work barely reaches 60% of output per hour in the United States and is by far the lowest of all G-7 countries.

Even since 1990, its evolution has been substantially worse than that of a country like Spain. What's more, over the past three decades, Japanese companies themselves have moved many of their most productive factories overseas. And you know what, the problem with low productivity is not only that it limits income but also that it forces people to work much longer hours which is why Japan still has one of the highest rates of working hours in the world. And of course, in a country with so many demographic problems where there are fewer and fewer workers available, this is a kind of economic Millstone.

2. Poor Demographics

In fact, this is the second major problem that we can highlight, demographics. Japan is by far the most elderly country in the world. Since 2011 its population has been shrinking year by year and by 2036 those over 65 are expected to account for almost 35% of the population. And take note because forecasts indicate that in a little more than 40 years this country will lose more than 30% of its inhabitants. The Japanese population will fall from 126 million in 2020 to just over 87 million by 2065. This represents a demographic contraction unprecedented in all of human history and of course, it is something that also affects the economy. Less population and an older population mean fewer available workers, less consumption, less savings and much more social spending.

3. Isolated from the World

Then in third place, we have the connections with the outside world. You see, Japan is usually thought of as an economy that is very open to the world. But in reality, it is completely different. Japan is a relatively closed country in all fields and it shows. For example, when your population is shrinking exports may be the best alternative for maintaining the level of production. Of course, if fewer people buy from you at home, the logical thing to do is to look for customers from overseas , don't you think? Surprisingly, Japan is one of the developed countries in which exports have the least economic presence. Yes, enough of that cliché that the Japanese make a living by selling things to the rest of the world because it's just not strictly true. In fact, despite having a clearly stagnant local market, Japanese companies are having a hard time looking abroad. Take a look for yourself.

The presence of exports in the economy is one of the smallest and it's not just about trade. As we have seen here on Visualpolik in a past video, Japan is also one of the countries with the lowest foreign direct investment in the world. It is just over 4% of its GDP. And do you know what the average of developed countries is, no less than 44%, eleven times more. Of course, this is something that limits productivity, competition, innovation, etc., etc., etc. Then, by the same token, Japan is also the most immigration restricted developed country on the planet. Only 2.3% of its population is foreign born. So, you see, whether in terms of trade, investment or immigration this is probably the most isolated country of all the developed economies. In a way, Japan is not only an island geographically but also economically. That's a gigantic problem.

Brady and Celebrities under FTX Investigation

4. Inflexible Monetary and Fiscal Policies

Finally, the fourth major problem is that the country has been pursuing the same policies for 30 years. Policies that basically boil down to two ideas: more monetary stimulus and more fiscal stimulus. For example, the Central Bank of Japan is currently the only central bank in the world to keep interest rates in negative territory at -0.10%. This is largely what explains the yen's plunge that we saw at the beginning of this video. On the other hand, in an attempt to escape the crisis, the government has accumulated the highest gross debt in the world. We are talking about a public debt equivalent to more than 230% of GDP. Although, as we told you on Visual Economic, there is a catch. But what is undeniable is that the state has been accumulating public deficits year after year as if they were no tomorrow. Now, wait a minute. Does this mean that this country is doomed to go from bad to worse? Well, the truth is that more and more analysts are betting on the opposite. At least in financial terms.

Why? Well. Let's take a look.

A Discounted Country

Over the last 30 years, the Japanese stock market has been one of the worst performers in the world.

And if we add to this the fall in the value of the Yen, what we find is one of the cheapest countries in the entire developed world. On the Tokyo Stock exchange many companies are already trading at little more than the cash accumulated on their balance sheet. And that is precisely why many analysts say that the discount is gradually becoming so large that the country could suddenly become a real opportunity especially since the country is trying to solve many of its problems. For example, it is pushing for free-trade agreements and in fact has become the leader of the CPT PPP one of the most important free-trade agreements worldwide and certainly the trending organization everyone wants to join it. From the UK to the People's Republic of China. Well, it is Japan that is piloting it.

In addition, as we've already told you, the Kishida government has recently promoted a plan to boost nuclear energy again in order to obtain large amounts of energy and cheap hydrogen. Take note of this because during recent years the energy bill has been one of the country's major problems. The government is also favoring the improvement of corporate governance in companies, the integration of women in the professional world and is facilitating the arrival of both foreign investment and immigrants. And if we add to all this the fact that the country has gained a lot of competitiveness with falling wages and prices and that that is one of the world's fastest growing areas, then I think that we can all see the opportunity it represents. Of course, the same could have been said 10 years ago. And besides as we already told you, Kishida's plans also take into account the reformulation of Japanese capitalism by doping it with even more public spending and more interventionism. Those things can't end well. But it is true that basically Japan is very cheap. So, for the moment the question is over to you. Do you think Japan will manage to escape its never ending crisis and could it become an opportunity for investment?

It's something to think about.

End of Report

Brady and other Celebrities under investigation after FTX Collapse

It was reported that sports superstar Tom Brady invested $650 Million into the now collapsed crypto company FTX. It's also reported that he and other celebrities are now under investigation and are targets of class action law suits for touting the

What is the Future of Cryptocurrencies?

cryptocurrency company FTX to investors.

Brady has been called the GOAT (Greatest of All Time). But that appellation may now apply without being an acronym.

The above caption is from the article by Zijia Song and Joe Schneider that appeared in Bloomberg on Nov 23, 2022.

For your reading consideration, I reproduce the article below.

D. Miyoshi

FTX's viral Super Bowl ad featured multiple versions of a deeply skeptical Larry David. In light of the cryptocurrency exchange's collapse, his fellow celebrities might have done well to heed his advice.

The creator of Seinfeld and Curb Your Enthusiasm is among the slew of stars being sued for promoting FTX's services and products. The lawsuits allege they lured unsophisticated investors into the debacle.

Legal experts say the celebrities' prominence and wealth make them a juicy target for investors looking to recover some of their losses, with the company and co-founder Sam Bankman-Fried essentially broke. FTX put itself and more than 100 affiliates into bankruptcy proceedings this month, shielding them from suits. The promoters, who aren't in bankruptcy court, have no such protection.

"A lawsuit against celebrities will generate a ton of money, because they will all settle," said John Reed Stark, former chief of the US Securities and Exchange Commission's Office of Internet Enforcement. "It's one thing to make your fans buy your T-shirt with your face on it. It's another to tout something that causes them to lose their life savings."

At least three lawsuits have been filed since FTX's implosion, including one that seeks to represent "thousands, if not millions, of consumers nationwide." Tom Brady, Gisele Bundchen, Stephen Curry, Shaquille O'Neal, Shohei Otani, Naomi Osaka and businessman and TV personality Kevin O'Leary are also among the defendants.

The celebrities could be liable if the investors can prove they failed to disclose that they were being paid to promote the crypto exchange or had invested in the company, or were hawking unregistered securities. The pending lawsuits are in federal court in Miami and San Francisco.

The stars' representatives didn't respond to requests for comment on the lawsuits.

End of Article

What is the Future of Cryptocurrencies?

In the fallout of the recent FTX fiasco, we have seen several calls for more regulation in the crypto industry.

Regulation is a touchy topic in the crypto industry. It could help propel adoption … but it could also hinder the true intention of crypto's roots: decentralization.

Here is an article that appeared in the publication *Weiss Crypto Daily* on Nov 23, 2022 that gives a possible explanation of the future of cryptocurrencies. It was written by Alex Benfield.

I found it informative and I hope you do as well.

D. Miyoshi

DeFi vs. CeFi: The Rift That Splits the Crypto Market

In the fallout of the recent FTX fiasco, we have seen several calls for more regulation in the crypto industry.

Regulation is a touchy topic in the crypto industry. It could help propel adoption … but it could also hinder the true intention of crypto's roots: decentralization.

The first cryptocurrency, Bitcoin (BTC, Tech/Adoption Grade "A-"), was created by a community often referred to as cypherpunks, anarchist cryptography experts that wanted to separate money from centralized power.

By all accounts, Bitcoin's founder Satoshi Nakamoto and the cypherpunks were successful in their quest with the birth of Bitcoin. They created a pre-coded money system, transparent through the blockchain and supported by a decentralized network of miners and nodes with no centralized governing body.

In the years since the creation of Bitcoin, the network has grown

What is the Future of Cryptocurrencies?

worldwide and an entire marketplace has sprouted up. Bitcoin can now be used for everyday transactions in numerous places around the world. And new projects are constantly created to help facilitate those transactions.

In emerging economies that suffer from massive inflation, many citizens have turned to Bitcoin as a store of value and peer-to-peer Bitcoin economies continue to grow. All of this has been accomplished with little to no regulation or oversight.

And Bitcoin has inspired a whole economy of alternative cryptos, or altcoins, with various use cases.

However, the recent collapses of centralized crypto institutions could lead to more governmental overreach and regulation, which may hamper these newfound peer-to-peer crypto economies.

How will these two systems coexist?

The short answer is they won't. They'll likely exist totally separately.

We will likely see two juxtaposed cryptocurrency economies sprout up in the wake of the coming regulation.

One will be a highly regulated economy that begins to onboard the "institutional money." That economy will consist of the same traditional finance players that thrive on Wall Street, along with other players in the crypto ecosystem that play by the rules, such as Coinbase (COIN).

With additional regulatory clarity, more crypto investment vehicles will be created. This will allow more investment advisors to offer crypto exposure to their clients.

As a result, this system will permit investment advisors, brokers and other centralized money managers to custody their clients' Bitcoin, increasing total investment in the crypto market.

The downside is this will also increase centralization.

Hardcore Bitcoiners will never accept the tradeoff of more convenience for less decentralization, therefore a secondary peer-to-peer blockchain-enabled secondary economy is likely to survive and thrive.

This system will likely use its decentralized nature to avoid regulations and will cater to those who self-custody and transact in crypto-denominated transactions in a peer-to-peer fashion.

The best current example of what the secondary system could look like is the Bitcoin Beach in El Salvador — a circular economy where prices are denominated in Bitcoin and all transactions occur on the blockchain, assisted by non-custodial middleman applications that help facilitate transactions.

This dichotomy will become even more pronounced should governments introduce central bank digital currencies. CBDCs mimic cryptocurrencies in the sense that they utilize blockchains, but that's where the similarity stops.

CBDCs use centralized blockchains, eliminating the main appeal of Bitcoin: decentralization. These centralized blockchains allow for insight into all transactions conducted on the network, but only for a select few parties running nodes … which are most likely central banks and governments.

Governments and central banks will also retain the power to issue more currency at will, eliminating the second biggest appeal to Bitcoin: programmed supply.

Not only do users lose transparency over the network, but they're subject to centralized parties' ability to issue and debase the currency at will.

Governments are also actively working on combining the newfound powers of CBDCs with social credit scores and personalized carbon footprints. Now we run into an issue where centralized parties can remove you from the financial system at will depending on your social standing.

All we need to do is look back at how the Canadian government handled the Canadian Trucker protests to see how this could be a problem. Canadian Prime Minister Justin Trudeau cut off the protesters' access to the banking system, essentially blackballing the protestors from modern society.

Ultimately, that decision led to the end of the protest. Regardless of your view of the protest itself, the idea that a democratic country can silence the voices of opposition with financial bullying is worrisome.

Given that Bitcoin and other cryptos offer an escape route from those centralized financial ecosystems, there will be plenty of people who refuse the terms and conditions of CBDCs and opt into peer-to-peer crypto economies.

I believe we're nearing the start of this split, as we've begun to hear more and more from governments about their desire to create CBDCs.

We're also likely to see new regulation introduced in the wake of the FTX saga which will give us the outline to the "institutionalized cryptocurrency ecosystem."

Why Crypto Will Survive

The outline for this parallel crypto economy lies in Bitcoin Beach and will likely start to extend to other cities and countries in the coming years.

Believe it or not, there are governments that don't wish to outlaw cryptocurrencies. Those countries will become havens for the crypto economy.

The next year or so will be very telling as to what this dichotomy might look like.

We'll be watching very closely as new regulation comes, CBDC projects are launched and more circular crypto economies sprout up in developing countries around the world.

We suggest you do the same.

End of Article

Why Crypto Will Survive

One of the greatest investors of all time, Warren Buffet made a valid point when he suggested that an investor should never invest in something that they don't understand. He was intimating that as a serious crypto investor one needs to understand the fundamentals: the concept, technology, utility, team, roadmap, and the tokenomics, among other things, of any given coin.

That is easier said than done. But I have found that the more one studies the basics behind crypto technology, the more one begins to understand that crypto is destined to become a staple of value in the world's future register of resources, like gold is today. Thus, I believe crypto will survive in one form, or many forms for that matter, in the future. But like gold, it may be destined to remain outside of the mainstream systems of exchanges for a long time.

The following is an article that supports the idea that crypto will survive, but is destined to suffer more scandals in the future. The article is written by Kenneth Rogoff, professor of economics and public policy at Harvard University. He was the IMF's chief economist from 2001-2003.

The article appeared in the *Guardian* on Nov 28 and is entitled:

"Crypto will survive the FTX collapse – but more scandals will follow"

I hope you find it informative.

D. Miyoshi

Crypto will survive the FTX collapse – but more scandals will follow

By Kenneth Rogoff

The collapse of Sam Bankman-Fried's FTX looks set to go down as one of the great financial debacles of all time. Photograph: Stefani Reynolds/AFP/Getty Images

The epic collapse of wunderkind Sam Bankman-Fried's $32bn (£27bn) crypto empire, FTX, looks set to go down as one of the great financial debacles of all time. With a storyline full of celebrities, politicians, sex and drugs, the future looks bright for producers of feature films and documentaries. But, to paraphrase Mark Twain, rumors of the death of crypto itself have been much exaggerated.

Why Crypto Will Survive

True, the loss of confidence in "exchanges" such as FTX – essentially crypto financial intermediaries – almost surely means a sustained steep drop in prices for the underlying assets. The vast majority of bitcoin transactions are done "off-chain" in exchanges, not in the bitcoin blockchain itself. These financial intermediaries are vastly more convenient, require much less sophistication to use and do not waste nearly as much energy.

The emergence of exchanges was a major factor fueling cryptocurrencies' price growth and if regulators come down hard on them, the price of the underlying tokens will fall. Accordingly, bitcoin and ethereum prices have plummeted.

But a price adjustment alone is not the end of the world. The pertinent question is whether crypto lobbyists will be able to contain the damage. Until now, their money has been speaking volumes; Bankman-Fried reportedly gave $40m to support the Democrats in the US, and his FTX colleague Ryan Salame reportedly gave $23m to Republicans. Such largesse surely helped persuade regulators around the world to follow a wait-and-see approach to crypto regulation, rather than be perceived to be stifling innovation. Well, they waited, and with the FTX crash, we must hope that they saw.

But what will they conclude? The most likely path is to improve regulation of the centralized exchanges – the firms that help individuals store and trade cryptocurrencies "off chain". The fact that a multibillion-dollar financial intermediary was not subject to normal record-keeping requirements is stupefying, no matter what one thinks about the future of crypto.

Firms would face compliance costs, but effective regulation could restore confidence, benefiting firms aiming to operate honestly, which are surely the majority, at least if one weights these exchanges by size. Greater confidence in the remaining exchanges could even lead to higher crypto prices, though much would depend on the extent to which regulatory demands, particularly on individual identities, ultimately undermined demand. After all, the major transactions currently conducted with crypto may be remittances from rich countries to developing economies and emerging markets, and capital flight in the other direction. In both cases, the parties' desire to avoid exchange controls and taxes implies a premium on anonymity.

On the other hand, Vitalik Buterin, the co-founder of the ethereum blockchain and one of the crypto industry's most influential thinkers, has argued that the real lesson of FTX's collapse is that crypto needs to return to its decentralized roots. Centralized exchanges such as FTX make holding and trading cryptocurrencies much more convenient, but at the expense of opening the door to managerial corruption, just as in any conventional financial firm. Decentralization can mean greater vulnerability to attack, but so far the largest cryptocurrencies, such as bitcoin and ethereum, have proven resilient.

The problem with having only decentralized exchanges is their inefficiency compared with, say, Visa and Mastercard, or normal bank transactions in advanced economies. Centralized exchanges such as FTX democratized the crypto domain, allowing ordinary people without technical skill to invest and conduct transactions. It is certainly possible that ways to duplicate the speed and cost advantages of centralized exchanges eventually will be found. But this seems unlikely in the foreseeable future, making it hard to see why anyone not engaged in tax and regulatory evasion (not to mention crime) would use crypto, a point I have long emphasized.

Perhaps regulators should push toward decentralized equilibrium by requiring that exchanges know the identity of anyone with whom they transact, including on the blockchain. Although this may sound innocent, it would make it rather difficult to trade on the anonymous blockchain on behalf of an exchange's customers.

True, there are alternatives involving "chain analysis", whereby transactions in and out of a bitcoin wallet (account) can be algorithmically examined, allowing the underlying identity to be revealed in some cases. But if this approach was always enough, and all semblance of anonymity could always be obliterated, it is hard to see how crypto could compete with more efficient financial intermediation options.

Finally, rather than simply banning crypto intermediaries, many countries may ultimately try to ban all crypto transactions, as China and a handful of developing economies have already done. Making it illegal to transact in bitcoin, ethereum and most other crypto would not stop everyone, but it would certainly constrain the system. Just because China was among the first does not make the strategy wrong, especially if one suspects that the main transactions relate to tax evasion and crime, akin to large denomination paper currency notes such as the $100 bill.

The Coming Collapse of China

Eventually, many other countries are likely to follow China's lead. But it is unlikely that the most important player, the US, with its weak and fragmented crypto regulation, will undertake a bold strategy any time soon. FTX may be the biggest scandal in crypto so far; sadly, it is unlikely to be the last.

End of Article

The Coming Collapse of China

In recent years Peter Zeihan has emerged to be one of the world's leading geopolitical strategist. Some may ask what does a geopolitical strategist do? Well, Zeihan says it is a fancy way of saying he helps people understand how the world works. He brings an expert understanding of demography, economics, energy, politics, technology, and security to help clients best prepare for an uncertain future.

In the world today where all of these disciplines are now in constant turmoil, having this skill, would, at first glance, be rather important, if not absolutely critical.

Recently, Zeihan made a YouTube video in which he discusses why he believes China will collapse as a country in the relatively near future.

But Zeihan intimates this collapse could be more akin to a financial breakdown and does not obviate the CCP from making the Chinese people believe they will still rule the world because their destiny demands it.

I thought his presentation was quite interesting and so I present the literal transcription of his video here for your reading consideration. I think you will find it quite informative as I had.

D. Miyoshi

https://www.youtube.com/watch?v=ZgnKnqUQJz4&t=23s

China is at point of no return

by Peter Zeihan

Nov 2022

Let's start with the bottom line. China is not going to exist as a unified nation state 10 years from now.

It's that soon. The question is whether or not it falls into chaos and dismemberment or whether or not it kind of implodes into a new Maoist tyranny. And honestly, I can't tell you which one is more likely right now.

Both of them are very solid options. There are two big things going on and a lot of little things… Let us focus on the two big things for now.

First, China is the country on the planet whose way of life and whose economy is most dependent upon the United States cooperating. The United States is the country that makes globalization possible. We change the way the world worked after World War II and allowed countries to go anywhere and interact with anyone else and participate in any supply chain and buy any commodity and sell to any market. If the United States goes home, which is what the last four presidents have been working towards, then the Chinese system loses the ability to import oil and raw ma-

The Coming Collapse of China

terials and the ability to export finished goods. That means it falls into a pre-industrial state because China utterly lacks the military capacity to displace the United States on the global oceans. There are not enough resources and markets within reach of China. It is utterly dependent on the Americans maintaining the world in the shape that it is in right now. And if we get real hostility between Beijing and Washington it's over. And it's over in less than a year. I'd actually argue that the U.S. already has cut it off. The troops have come home. Most of the naval deployments to places like the Persian Gulf have stopped. So, all it takes is one match being lit by one player anywhere in the world. And since China is the most exposed power, China is the country that will fall first and hardest.

Everyone's familiar with the one child policy. It worked very well. If anything, it working incredibly too well and after having it in place for 35 years we have a population bomb and as of January of this year, according to official Chinese state statistics, China was the fastest aging society in human history with the largest sex imbalance in human history. They had aged past the point that they could even theoretically maintain their population at its current size into the future. They had run out of people of childbearing age. By 2100, there will be half as many Chinese as there are today. And then in April, they started to release details from their 10 year census and they realized that they had been overcounting their population for some time and that 2100 day for half as many people was moved forward to 2070. And as of last month, early October, some of this data has been broken down by some Chinese academics and demographers and they are like, we fear we need more data but we fear that that half date is now moved up to 2050. And for that to be true, the Chinese would've over counted their population by 100 million and all of that hundred million would be people who would be theoretically born since one child, so age 35 and under in which case China peaked, in terms of its population, not two years ago like they were originally thinking, but 15 years ago.

Hmmm, and we've already seen a 12 fold increase in Chinese labor costs since 1999. So, it tracks with the economic data. So, China is getting old, is not getting rich, it's getting old. They are no longer the low cost producer and they haven't advanced enough to become a high-quality producer. So, from a purely economic point of view, even if the U.S. keeps holding up the ceiling, China is facing other demographic collapse in less than a decade. What's going on in China right now is Chairman Xi has instituted a cult of personality and he's imprisoned, killed, exiled, or intimidated in silence everyone in the country who is capable of independent thought and he probably has the best understanding of just how bad the demographic situation is. And so, he knows, for reasons demographic, financial geopolitical trade. He knows that the country's current economic model has failed and he knows he can't guarantee economic growth and he knows he can't keep the lights on and he knows he can't win a war with the Americans.

So, how do you maintain CCP Supremacy, if the things you have guaranteed for 50 years no longer can be guaranteed? And the answer is naked, blatant, alter-nationalism, ethnocentric ultranationalism of the Nazi Style. And so, Tibet, Zhang, Hong Kong, Taiwan, warrior- wolf diplomacy, these are all aspects of the same policy. Convince the average Chinese that it's no longer about the economics. Convince them that being a Han-ultranationalist is enough. And that is where the CCP gets its authority now. So, they don't care at the top about supply chains for economic performance or even employment. Hell, they don't care about keeping the electricity on. A third of the country is facing power rationing. They're already warning people to stockpile food. These are not the sorts of things you do if you think you are going to achieve economic breakout or even economic continuity. These are the sorts of things that you do if you know that the bottom is falling out and there is nothing you can do about it. And you have to shift the conversation to remain in power. Well, whether or not we can have a conversation about authoritarian systems, what allows them to persist, I'm saying that they're facing something far more dramatic. They know economic structures that they have relied upon since Deng are collapsed and they know that they can't repair them. So, they have to have a fundamentally different sort of China for CCP to have a chance of maintaining control. The question is, well, of course, whether or not that will work. And I think it's far too early in the process to have a prognosis for that.

The Chinese system is not based on money as an economic good like it is here in the United States. In China, money is a political good so it exists to serve the needs of the CCP. So, they expand their money supply in extreme volumes in order to make sure that there's enough credit in the system so that any employer can employ any number of people. The goal is not efficiency, the goal is not even economic expansion. The goal is employment because if people have jobs they don't get together in large groups and go on long walks together. That's how the current Politburo got their jobs. They are not going to give them up. Because of that, you can make the argument that all of the economic growth that we have seen in China since 2006 is because of debt. They've expanded corporate debt to something, I believe about 350% of GDP now. I don't have those numbers right in front of me but I think that's the number, making China the most indebted country in human history in both absolute and in relative terms. So, imagine if Enron ran every sector of the American economy. That's the scale of what we're looking at here. And in any country that has come within half of this has ultimately collapsed under the debt load. And so, the question in my mind is not will it, but when will it? And that's one of the things that is driving this policy of ethno-nationalism that Xi is doing because he realizes that the system has run out of juice. As they issued more and more debt in the last 15 years it's generated progressively less economic activity.

End of Transcript

Will the CCP turn the Chinese populace into what the Nazis of Germany became?

Time will tell.

D. Miyoshi

Going the Way of Rome

History records that Rome fell around 476 AD. Historians attributed that eventual fall primarily to economic reasons. But there were undoubtedly political and social reasons as well for the fall, namely a change in the makeup of the population.

Going the Way of Rome

Well, America is now facing a serious and substantial change in the makeup of its own population much like Rome did in the 5th century AD, and likely for the same reasons.

On Nov 23, 2022, House Minority Leader Kevin McCarthy gave Secretary of Homeland Security Alejandro Mayorkas until Jan. 3 to resign or face a congressional investigation. The charges against Alejandro Mayorkas? Allegedly preventing U.S. immigration officials from doing their jobs and losing operational control of the Southern border, allowing an unpreceded number of illegal immigrants entry into the U.S. that contributed to drug cartels flooding America with deadly drugs as well as a myriad of other social problems.

The following article by reporter Andrew Miller published on August 30 describes the phenomenon of current illegal immigration into America and its potential consequences similar to what happened to Rome. I cite it here for your serious reading consideration

D. Miyoshi

Mass immigration is changing America's attitude and temperament.

By Andrew Miller

Joe Biden is creating the worst migrant crisis in American history. Since Biden took office 18 months ago, nearly 5 million illegal aliens have crossed the United States' borders. Yet radical Democrats still refuse to increase border security. Instead, they are encouraging more aliens to come by rescinding Title 42, a Donald Trump-era public health measure allowing the federal government to deport illegal aliens from countries with potent infectious diseases, such as Covid-19.

"Roughly the equivalent of the entire population of Ireland has illegally entered the United States in the 18 months President Biden has been in office, with many being released into American communities," said Dan Stein, the president of the Federation for American Immigration Reform, in an official statement on August 16. "In that time, the Biden administration has blamed an unprecedented surge of illegal immigration on all sorts of external factors, except their own sabotage of our nation's immigration laws. The endless flow of illegal aliens and the incursion of lethal narcotics pouring across our border will not end until this administration demonstrates a willingness to enforce our laws."

One Yale University study has estimated that there are already between 16 million and 29 million illegal aliens in the United States. And it looks like the Biden administration wants millions more. Many analysts think demographic shifts caused by unlawful immigration could turn Texas into a Democratic stronghold by the 2024 presidential election. That would mean no Republican would ever win a future presidential election. Democrats would be able to transform the U.S. into a socialist state simply by nixing voter ID laws that require people to prove they are citizens before voting.

"This is an orchestrated Communist assault on America, to destroy America's borders, to create confusion in America, to overwhelm the system politically," Trevor Loudon, a communism expert, told the Epoch Times. "You can see what 15, 16, 20, 25 million new Democratic voters are going to do to this country. You will lose Texas; you'll lose Florida; you will lose Georgia, Arizona and North Carolina. There will never be, ever, another Republican or conservative president in our lifetimes. You will have a one-party state in America. And that is the plan. That is why they are doing this."

The radical Obama-Biden administration is trying to get Americans to accept an authoritarian government by importing millions of illegal aliens used to living under authoritarian rule in their home countries. This should concern anyone who believes in Republican principles like the rule of law, separation of powers, equal protection and civil liberties. It is a tried-and-true strategy that past authoritarians have used to fundamentally transform nations.

Going the Way of Rome

In some ways, the Roman republic founded by Lucius Junius Brutus and Lucius Tarquinius Collatinus in 509 b.c. was similar to the American republic founded by George Washington, Thomas Jefferson, John Adams, Benjamin Franklin, Alexander Hamilton, John Jay and James Madison in 1776. Both republics began with the overthrow of a monarch. Both republics were built on a foundation of strong, stable families in which the father was the chief authority. Both republics believed that legislative, executive and judicial power should be separate. And both republics were destroyed by an influx of aliens who did not believe in the political values espoused by their new country's founding fathers.

Some historians debate the historicity of Lucius Junius Brutus and Lucius Tarquinius Collatinus, but the fact that the early Roman republic was trenchantly against monarchs is undeniable. The ancient Assyrians and Babylonians believed their kings were the vicars of their principal deity. The ancient Egyptians went further, thinking their pharaohs were deities themselves. But Greece and Rome were different. The Greek and Latin tribes that dominated the Italian Peninsula in the fifth century b.c. believed in government by the consent of the governed. They took great pains to ensure that all citizens could vote. Yet things began to change after the last king of Pergamum's royal line died in 133 b.c. without an heir and bequeathed his kingdom to the rising Roman republic.

After Rome annexed Asia Minor, Latin senators started buying Anatolian slaves and hiring Anatolian servants to work their vast crop plantations. These foreign workers pushed native Latins off their land and into the provinces, contributing to a demographic shift on the Italian Peninsula. This shift became more pronounced after General Pompey the Great conquered what remained of the Seleucid Empire. So many Arameans, Armenians, Chaldeans, Edomites, Jews, Phoenicians, Samaritans and Syrians relocated to the Italian Peninsula that the Latins became a minority in their own country.

In fact, change of ethnicity occurred in Italy between the third century b.c. and the third century a.d. By the time Emperor Aurelian made the Syrian sun god Sol Invictus an official Roman deity, Rome was no longer an Indo-European society. Chaldean, Phoenician and Syrian peoples had largely replaced original Latins and transformed Italy into a Shemitic country. This often overlooked fact explains why the temperament of the early Romans was so different from the Italians of Constantine's time.

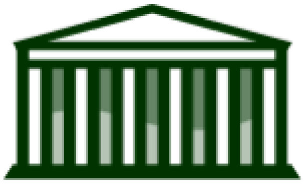
"This Orientalization of Rome's populace has a more important bearing than is usually accorded it upon the larger question of why the spirit and acts of imperial Rome are totally different from those of the republic," wrote Prof. T. Frank of John Hopkins University. "There was a complete change in the temperament! There is today a healthy activity in the study of the economic factors that contributed to Rome's decline. But what lay behind and constantly reacted upon all such causes of Rome's disintegration was, after all, to a considerable extent, the fact that the people who had built Rome had given way to a different race" (American Historical Review, Vol. 21, July 1916).

The Latins were a fiercely independent people whom the Jews associated with Japheth's grandson Kittim (Daniel 11:30). After these Latins banished King Tarquin the Proud, they vowed never to be ruled by kings again. Yet five centuries later, they began worshiping their Caesars like the Babylonians worshiped their kings. Many people puzzle over this dramatic change. Yet the answer to this change in intellectual outlook and spiritual ethos is obvious. The Romans worshiped their rulers like the Babylonians after mass immigration transformed them into literal Babylonians (Revelation 17:9).

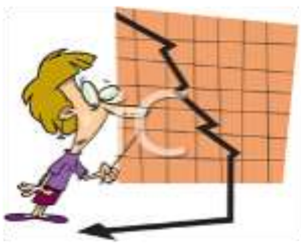
For this very reason, many of the ancient caesars undoubtedly encouraged Babylonian immigration into Rome. Suppose you want to transform a republic fundamentally. There are few better ways to do it than encouraging mass immigration from a region of the world where people think the way you want your people to think. The Roman caesars understood this, and the radical left understands this. Barack Obama made an executive decree to grant amnesty to 4.7 million illegal aliens in 2014, and Biden is allowing millions of new illegal aliens into the country today. American leaders are not creating a migrant crisis to teach Latin Americans about republican principles. They are creating a migrant crisis to force conservative Americans to accept socialist principles.

Trumpet editor in chief Gerald Flurry makes this point in America Under Attack. "So many of the evils plaguing America today trace back to the mid-1980s," he writes. "Today, many people recognize the immense threat posed by illegal immigration and the fact that radical leftists are actively fighting to change the country by it. This demographic transformation of the country's population has been underway for more than a generation. In fact, it began with the 1986 Immigration Reform and Control Act,

Going the Way of Rome



Advancing in a Time of Crisis



Financial Crisis Report

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

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

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

which granted amnesty to millions of illegal immigrants and liberalized America's immigration laws."

The migrant crisis on America's southern border is an attempt by radical Communists to transform America into a socialist nation ruled over by an American caesar. Yet despite this caesar's best attempts to transform America, Bible prophecy shows that he will only end up weakening America to the point where it can be conquered by modern-day Chaldean invaders (Habakkuk 1:6-8).

The only way to avoid this sobering fate is for Americans to repent of the sins that allowed a cabal of radicals to hijack their nation and return to the biblical principles that make nations great.

End of Article

Wishing you a very Merry Christmas and Happy New Year for 2023.

D. Miyoshi

Trust and Estate Corner

Often my clients, friends and associates inquire about trusts, wills and estate planning. Therefore, each publication of *Financial Crisis Report* at the end will feature a simple factoid on Trusts and Estate Planning. For more information you may consult my website at www.miyoshilaw.com

A trust saves time.

By avoiding potential court delays or judicial interferences, a trust can allow your estate to be settled in a much shorter period of time. This can be crucial to heirs.

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