PUBLISHED BY MIYOSHI LAW

ESTATE & INTERNATIONAL LAW PRACTICE

September 2023

Volume 2, Issue 45

Financial Crisis Report

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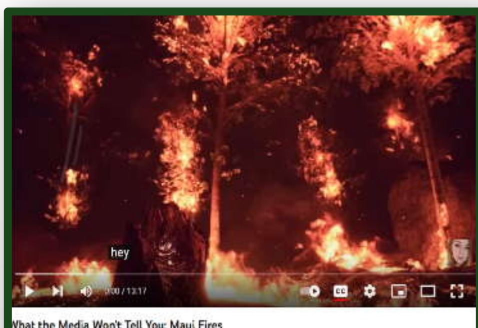
Advancing in a Time of Crisis

Inside this issue:

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

"Much of the social history of the Western world over the past three decades has involved replacing what worked with what sounded good." Thomas Sowell

WHAT THE MEDIA DON'T TELL US ABOUT THE MAUI FIRE



Independent media sources and some mainstream media sources have confirmed multiple instances of the Hawaii state government's mismanagement that led to the escalation of the fire tragedy. This included a water management bureaucrat who believes water is "godlike" and that it must be distributed according to the rules of "equity; the same official withheld vital firefighting resources for a day while Maui burned. The state government has been thoroughly embarrassed, but instead of responding with humility, they have doubled down and gone on the attack.

The Governor of Hawaii, Josh Green, took a wild swing at independent reporting, telling people not to listen to information from social media and "influencers." It's hard to say what his definition of an "influencer" is, only that he is clearly hostile to anyone reporting news outside of the government narrative. Green's disapproval of media reporting is not limited to alternative journalists, however. It appears that there is now an information blackout being instituted by the state. Corporate journalists are also being denied access to the area of the fire damage path as well as access to any details surrounding the investigation into how the fires may have started.

Up to now, the public information we have received comes for the mainstream media. That message is bleak, both in its content as well as to its coverage of details, especially as to how and why the fire began.

There are certain alternative sources of information I turn to for on the spot information of a breaking event. One of the more interesting if not accurate sources goes by the unlikely name of "Reallygraceful." This source previously provided a very detailed account of the events at the 2017 Las Vegas mass shooting tragedy.

WHAT THE MEDIA DON'T TELL US ABOUT THE MAUI FIRE

So allow me now to a provide a direct transcript of a YouTube video that aired August 18, 2023 entitled "What the Media Don't Tell Us About the Maui Fire." The author and writer has reported on many current and grave mysteries and has shown to be very insightful into their topic of discussion. The writer is the author of the popular book "The Deep State Encyclopedia." The Maui Fire, now the deadliest fire in US history, is indeed a mystery as well as a possible crime, depending upon the answers to the questions of how it happened (the method) and why it happened (the motive). There are many possible answers to those questions now ranging from very disheartening to frightening about human nature and the quest for power. Some of those answers may presage a whole new way we will come to view how our government works.

The following transcript of the Maui Fire video gives the author's insinuations and insights into the possible motives and methods that led to the fire but stops short of claiming they know how and why the fire happened. But their comments provide deep insight into the possible reasons how and why the fire happened. I hope you find this transcript informative as I had.

D. Miyoshi.

"The historic town of Lahaina, on the island of Maui, a popular tourist spot was destroyed by a fire that seemingly came out of nowhere. As of Monday morning August 14, the death toll sits at 96. An estimated 2,200 acres have been burned, over 2000 buildings have been reduced to ash and of those buildings, 86% of them were residential homes. The investigation is ongoing, loved ones are still missing but alongside the rubble and ruin questions remain.

In this video, my goal is to give a voice to Maui residents in their eyewitness accounts, highlight key facts that have been completely buried, provide relevant historical context and ultimately share with you what the media won't tell you about the Maui fires.

Not so long ago, the band of islands we call Hawaii was a sovereign state known as the kingdom of Hawaii. Because of its key location in the Pacific Ocean and its fertile ground, Hawaii was historically a prized place for trade. However, the kingdom fell when the United States gobbled it up under the whole notion of Manifest Destiny. With a little help from the US government, a group of American and European businessmen overthrew the Hawaiian monarchy. You see the Hawaiian Islands offered a key position for a US military base and would aid in the development of the US as a global superpower. And thus, the final Queen of the kingdom of Hawaii was deposed in 1893.

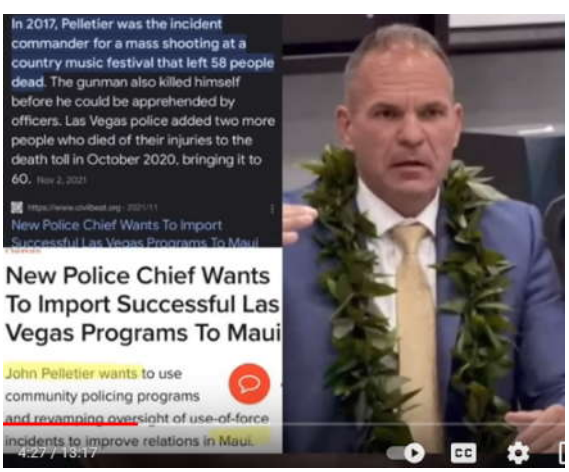
From then on Hawaii played a key role on the world stage. Just think about it. The Japanese attack on Pearl Harbor which occurred on December 7, 1941 had a significant effect on the United States and was crucial in influencing the government's decision to enter World War II. It was also key in rallying the emotional support for war from US troops and civilians alike. Nearly a century later there is open discourse on the idea that Pres. Roosevelt either let it happen, as in he had poor knowledge of Pearl Harbor and did nothing, or he caused it to happen. You know this same conversation we have about George W. Bush. Alas, Americans would not and could not give their consent to war without a reason. They just needed to be given one – problem – reaction – solution.

At 11 AM on August 4, 2023 it was reported by satellites that a handful of small fires had started on Maui around the same time. No cause has officially been given and this is a key detail that I just want to emphasize. It wasn't just one fire that was started but several at once.

WHAT THE MEDIA DON'T TELL US ABOUT THE MAUI FIRE

On Tuesday morning August 8, Lahaina once the kingdom of Hawaii's capital city, began to witness wildfires. Lahaina is a small town located in Maui. In the Hawaiian language Lahaina means cruel or merciless Sun. Survivors of the fire reported that there were no sirens or warnings when the fires started. Only strong winds that brought distant fire into the residential areas within minutes. According to emergency officials Maui's warning sirens didn't sound as devastating wildfires approached as they should have. On the island of Maui there 80 outdoor sirens to alert residents of tsunamis and other natural disasters. But those sirens were totally silent as people burned to death. According to investigators. "nobody at the state and nobody at the county attempted to activate new sirens based on our records." Emergency alert texts were reportedly sent out but due to the rate at which these fires spread, the towers were down, the power lines were down and people weren't receiving those alerts on their phones or TV's, all of which contributed to the chaos. The fires were so intense and spread so rapidly that the US Coast Guard saved over 50 individuals after some people fled the fire by jumping into the Pacific Ocean. The fires were still active the following day and locals reported being barred off from bringing supplies to the affected areas just to even search for their loved ones and render aid.

And here is another weird, strange detail. The Incident Commander at the 2017 Las Vegas country music mass shooting, one of the biggest cover-ups in US history just happens to be Maui's Police Chief John Pelletier,



who said the following about the fires "we find these fires, you know our family and friends, the remains were finding is through the fire that melted metal, we know we gotta go quick, but we gotta do it right, so when we pick up the remains and they fall apart and so when you have 200 people running through the scene yesterday, and some of you, that's what you're stepping on. I don't know how much more you want me to describe it."

Hawaii Governor Josh Green said the town looked like a bomb had been dropped and he wasted no time blaming the fires on climate change. Of course, mainstream media reigned in this narrative and has blamed humans for living and vacationing in Maui for the wild fires. Which brings us into a whole other conversation entirely. Who is actually responsible for the wildfires in Maui?

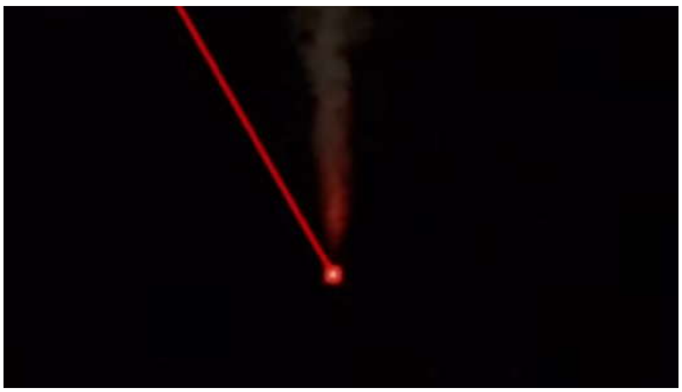
According to some locals bad government and poor land management is to blame as dry non-native invasive grasses weren't properly cleared in previous years which served as perfect tinder under the right conditions of strong winds and drought. And I want you to remember what we talked about earlier, satellites picked up all these fires across the island igniting around the same time, same day, the morning of August 4th. It wasn't just one fire, it was multiple fires across Maui and I'm not trying to interject my opinion. I'm just giving you the facts but that in particular sticks out to me and I find it weird.

So of course there is already a wrongful death law suit brewing and "legal teams from Watskara Singleton Schreiber in France Law Group firms have all independently reached the conclusion that Hawaiian Electric's compromised infrastructure served as the ignition source for the Inferno" And I just want to point out that according to the World Economic Forum in an article that they published in 2018 Hawaii plans to be the first US state to run entirely on clean energy with clean energy being defined as solar, wind, biomass and geothermal green power. And after someone sent me that article I was reading up on how our current power grid will stand up to the clean energy goals of the future. And basically the corporations are lobbying for our entire power grid to be replaced. So if you fault Hawaiian Electric and sue them for all their worth and put them out of business, who replaces them? Will it be whoever is going to bring forth the

WHAT THE MEDIA DON'T TELL US ABOUT THE MAUI FIRE

goals of Addenda 2030 in the World Economic Forum?

So attorneys are blaming the electric company because they have the deepest pockets,, the governor is blaming climate change and other people are blaming land mis-management. While others are whispering about directed energy weapons. And I know I never talk about directed energy weapons and you all know this, not because I deny their existence but it's like conspiracy quicksand over here.



It's too easy for people to dismiss because fires can be attributed to many things but there is this glaring coincidence one cannot overlook for this particular fire. AFRL's Directed Energy Directorate is the Department of the Air Force Center of Expertise for Directed Energy and Optical Technologies. They specialize in directed energy weapons that harness the power of the electromagnetic spectrum to enable airmen to effectively and affordably strike critical targets all at the speed of light. According to their website the AFRL Directed Energy Directorate operates two major telescope sites that are used to advance SSA technologies. One of the sites is located on the Kirkland Air Force Base in New Mexico and the other site is located on ……….you will never guess it, the other site is located on Maui. The Maui site is called the Air Force Maui Optical and Supercomputing site.

So, let's go down the list, a little logical, little assessment here.

Do direct energy weapons exist that can cause wildfires? According to US government websites, Yes.

Does the US government have the ability to use those resources? According to the US government website, Yes.

If the US government has this tool does it mean other countries have this tool and could they use it on the US? Theoretically yes.

Would wildfires sparked by direct energy weapons serve their Hegelian dialectic of problem -reaction-solution? You know policy changes and narrative shifts in sustainable development goals and whatnot? Sure.

Can we prove that they used a directed energy weapon and that it was the US government who used it? Me, personally I am going to say not at this moment, no we can't prove it. But what I will say is that if I were on the ground in Maui and I had a basic understanding of local politics and procedures and I decided to dig deeper on this story, I would probably want to know who fled the wildfires before anyone else, who from government or high society was evacuated before the traffic jams and all the chaos started. And I would also want to watch the benefits from the destruction.

The average residential home in Maui is just at the medium priced at $1.2 million. Can insurance companies afford to rebuild thousands of homes in this area? Can families who didn't have homeowner's insurance afford to rebuild their homes and businesses. With the rapid inflation we've experienced in the past couple years, the cost of building has increased substantially. What will insurance cover because I'm imagining a scenario where residents are left with land and no means to rebuild, nowhere to live in the interim. And yeah that would make it hard to say no to offers on your property.

(Victim in video speaking) "you know there have been reports of looting and civil unrest, I mean I've saw a few kind of rough looking people when I was down here but nothing happened but it might be a good idea to stay out of here for the time being, um you can see over there you know there was multimillion dollar beachfront houses were lost and I know, I know every, every house on Maui nowadays almost every houses is over a million bucks, all of my neighbors and I are interested in what the news actually is because we don't have access to the Internet, not cellular, not cable, not Internet, we don't have TV we do have the radio but for whatever reason the radio out here continues mainly to play music. I've heard very few broadcasts of news and I don't know if that's just my timing listening to it but there's, there's really been very little information"

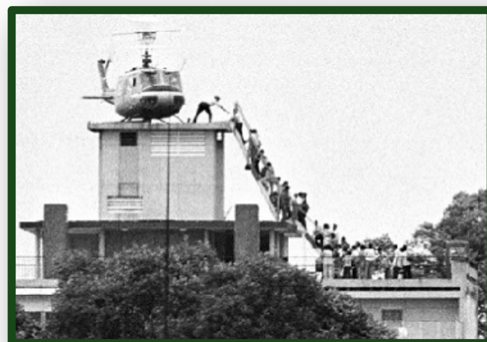
(Another victim speaking) "I live on Maui. The media is lying and or covering up the extent of the damage and the death count. I personally know people that are telling me the death and destruction is way worse than we are being told. I am witnessing the cover-up by the media firsthand."

So, my final question that the media would never ask….are we witnessing a land grab at fire sale prices in the future?

What do you think friends? You know I always look forward to reading your comments. Thank you so much for watching, subscribing and supporting me on Patrion and buying my book the Deep State Encyclopedia."

End of transcript

What Really Happened in the Vietnam War



I came back from the Vietnam War in December 1969. I attended law school in the Bay Area and at several Berkeley parties, I received my share of caustic insults being called baby killer, war monger, etc. I finished law school and my first job was at a law firm in Tokyo. While in Tokyo in April 1975, I read and saw on TV, the news headlines showing the surrender of South Vietnam to the North.

Thereafter, it became the conventional view that the United States lost the Vietnam War because the United States opponent, North Vietnam, conquered the side we backed, South Vietnam. The general thinking was, although the North Vietnamese and Viet Cong sustained enormous casualties — upward of a million killed by wounds, disease and malnutrition — the communists eventually prevailed.

Since that time, on occasion I am asked by friends, associates and clients why I believe the United States lost the war despite reputedly having the world's preeminent military force.

My reply is that the Vietnam War was lost, but it was not because of the U.S. military forces so much as it was in spite of those military forces.

The Vietnam War essentially began in 1954, after the country of Vietnam was split into two parts, North Vietnam and South Vi-

What Really Happened in the Vietnam War

etnam. North Vietnam wanted to reunite the country under Communism, its political and economic system. In opposition, South Vietnam fought to keep this from happening.

The United States entered Vietnam with the principal purpose of preventing a communist takeover of the region. And in that respect, it failed: the two Vietnams were united under a communist banner in July 1976. Neighboring Laos and Cambodia similarly fell to communists.

Now, let's go back to the Vietnam War at the height of its conflict.

On January 30, 1968 the North Vietnamese Army (NVA) and the Viet Cong launched a coordinated attack all across the country. It was called the Tet Offensive. At first, they did surprise the U.S. forces considerably, since they had previously stuck to the accepted guerrilla warfare practice of hitting the U.S. where we were weak and never confronting us where we had strength. However, the surprise didn't last and they found themselves confronting the might of the world's most powerful military.

It is a known fact that the NVA and Viet Cong never won a battle, the U.S. always won. In time, the Viet Cong largely disappeared and the NVA suffered major casualties, with many of their fighting units being annihilated. By August or September of 1968, they were really not an effective fighting force.

And therefore, it should be another known fact that the American forces didn't lose, because we weren't there. Basically, the U.S. Congress and the administration capitulated, breaking faith with over 58,300 young Americans who had gone there at their country's behest and given up their lives to accomplish its stated goals.

South Vietnam and the United States were winning the Vietnam War decisively by every conceivable measure. This was even the view of the enemy, the North Vietnamese government officials. Victory was apparent when Pres. Nixon ordered the U.S. Air Force to bomb industrial and military targets in Hanoi, North Vietnam's capital, and Haiphong, the major port city and we would stop the bombing if the North Vietnamese would attend the Paris peace talks that they had left earlier.

The North Vietnamese did go back to the Paris peace talks and we did stop the bombing as promised. On January 23, 1973 Pres. Nixon gave a speech to the nation on prime time television announcing that the Paris Peace Accords had been initialed by the United States, South Vietnam, North Vietnam, the Vietcong and the Accords would be signed on the 27th of January. What the United States and South Vietnam received in those Accords was victory. At the White House, it was called VV day (Victory in Vietnam Day). The US backed up that victory with a simple pledge within the Paris Peace Accords saying should the South require any military hardware to defend itself against any North Vietnam aggression, the U.S. would provide replacement aid to the south, on a piece by piece, one-to-one replacement basis, meaning a bullet for a bullet, followed by a helicopter for a helicopter for all things lost, there would be replacement. The advance of communist tyranny had been halted by those accords.

Then, it all came apart. In August of the following year in 1974 Pres. Nixon resigned his office as a result of what became known as Watergate. Three months after his resignation came the November congressional elections and within them the Democrats won a landslide victory for the new Congress. And many of the new members used their new majority to defund the military aid that the United States had promised peace for peace, breaking the commitment that the U.S. made to the South Vietnamese in Paris to provide whatever military hardware the South Vietnamese needed in case of aggression from the North. Put simply and accurately, a majority of Democrats of the 94th Congress did not keep the word of the United States.

On April 10, 1975 Pres. Gerald Ford appealed directly to those members of the Congress in an evening joint session televised to the nation. In that speech he literally begged the Congress to keep the word of the United States, but as president Ford delivered his speech, many of the members of the Congress walked out of the chamber. Many of them had an investment in America's failure in Vietnam. They had participated in demonstrations against the war for many years (i.e., Berkeley and New York student protests, etc.) and they wouldn't give the aid. On April 30, 1975 South Vietnam surrendered and reeducation camps were constructed and the phenomenon of the "Boat People" began.

If the South Vietnamese had received the arms of the United States promised, would the result have been different? It already had been different. The North Vietnamese leaders admitted that they were testing the new president Gerald Ford and they took one village after another. Then city after city, then province after province. Our only response was to go back on our word. The U.S. did not resupply the South Vietnamese as we had promised. It was then that the North Vietnamese knew they were on the road to South Vietnam's capital city Saigon, that would soon be renamed Ho Chi Minh City. Former Arkansas Sen. William Fulbright, who had been the chairman of the Senate Foreign Relations Committee made a public statement about the surrender of South Vietnam. He said "I am no more distressed than I would be about Arkansas losing a football game to Texas."

The U.S. knew that North Vietnam would violate the accords and so we planned for it. But what we did not know was that our own U.S. Congress would violate the accords and violate them of all things on behalf of the North Vietnamese.

And now you know the rest of the story.

Money Secrets from the Bible

There is another sub-story prompted by the question "Should the U.S. have been in Vietnam in the first place?

The United States is the world's preeminent superpower. This is because it has the world's most powerful military-industrial complex. But to sustain itself (let alone flourish), this military-industrial complex must engage and feed itself in conflicts, preferably in foreign locales that don't threaten its own infrastructure. The United States has the money, the industrial base, the technology, the expertise and the experience to build superior weapons systems to effectively engage in conflicts. But they need a "raison d'etre" to be so engaged. Stopping communism provides that reason. The problem is that, in and of itself, this does not assure victory. You need a continued will and determination to press on to victory. Without a Pearl Harbor or 9/11 attack, it's very difficult to sustain this continued will and determination.

At least that's how I see it.

D. Miyoshi

Money Secrets from the Bible

It's very difficult to oppose the proposition that the *Holy Bible* contains more human wisdom than any other book ever published in history.

Therefore, it is natural to ask what does the *Bible* say about money and the desire for it?

The following is a direct transcript from a recent (Aug 8, 2023) *Wolves and Finance* YouTube video by Zach DeGregorio. I do not know if Degregorio is a Christian or an atheist but his commentaries on high finance and economics are very learned, in depth and sophisticated. He knows economics and the business world well and therefore I believe his comments on what the *Bible* says about money should be considered with much seriousness.

I hope you find his comments informative as I have.

D. Miyoshi

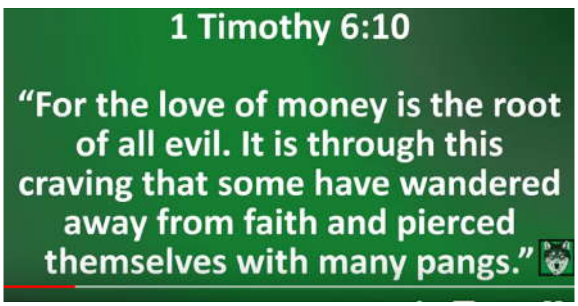
Whether you are religious or not, a lot of ancient wisdom has been past down through the generations in religious literature. So, in this video we are going to look at some of the money secrets from the *Bible*.

I want to start out by looking at a couple of *Bible* verses. Now if you are a business person these are going to be very hard to hear but just bear with me if you can make it to the end of this video I will be showing you a valuable insight that can improve your life today.

Matthew 19:23 "Truly I tell you it is hard for someone who is rich to enter the kingdom of heaven. Again I tell you it is easier for a camel to go through the eye of a needle than for someone who is rich to enter the kingdom of God"

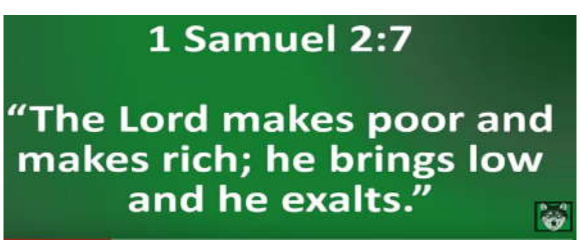
Money Secrets from the Bible

1 Timothy 6:10 “For the love of money is the root of all evil. It is through this craving that some have wandered away from faith and pierced themselves with many pangs.”

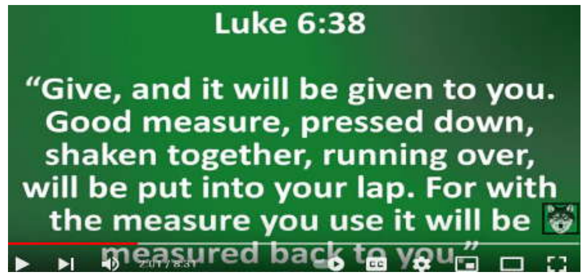


A lot of people misunderstand verses like this from the *Bible* and they think that it is saying that money is bad. These are strong words. It’s talking about a camel going through the eye of the needle. Do you know how big a camel is? Do you know how small a needle is? It is more likely for a camel to fit through a needle than a rich person to enter heaven. That sounds impossible. But it is important to take these verses in context of the *Bible*. Here are some other verses.

1 Samuel 2:7 “The Lord makes poor and makes rich; he brings low and he exalts.”



Luke 6:38 “Give, and it will be given to you. Good measure, pressed down, shaken together, running over, will be put into your lap. For with the measure you use it will be measured back to you.”



These are two verses about getting rich. There are plenty of examples in the *Bible* of good people who were extremely wealthy. It’s not that money is good or bad. It is that there is a right way to get rich and a wrong way to get rich. And this is something they don’t tell you about in business school.

If you take these verses together what I think they’re saying is that money should come with a warning label. It’s like cigarettes, when you buy a pack of cigarettes there’s a warning label on the side that says they might give you cancer. Money can be a drug just like any addictive substance, just like cigarettes, alcohol, drugs, food addiction or sex addiction.

Look at the verse again. From 1 Timothy, it says “it is through this craving that some have wandered away from faith and pierced themselves with many pangs.” Doesn’t that sound like it is describing a drug. It is describing that money has a hold over you and causing you to do things that are hurting you.

Think about how a drug works. People take drugs because they feel bad about themselves. It provides a temporary escape from that. Money works the same way. You might feel insecure but when you look at your bank account you can say, hey, I am worth something and there is the proof. Making money feels good it gives you a high. But it is a false sense of self-worth and you can get addicted. You start chasing more and more money

Money Secrets from the Bible

but you never solve the actual problem which is that you just feel bad about yourself. What you end up with is rich people with enormous wealth who are absolutely miserable.

Just like any other drug when you are addicted you make bad decisions. You will make decisions that will hurt your friends, hurt your community, even hurt yourself in order to get more money. All you care about is your addiction. Those decisions will end up hurting you in the long run.

I want to emphasize again, the *Bible* is not saying that money is bad. You can get as rich as you want. That's not a bad thing. The *Bible* is saying that there is a right way and a wrong way to get rich,

So, what is the right way? The key is setting your priorities.

In the verse from Luke, it said "Give and it will be given to you." It doesn't mean that literally. It's not saying that you give a wad of cash to a homeless person that you will magically win the lottery. Although charity is important, that is not how this works. It is talking about your priorities. It's saying that your priority should be doing what is right rather than a selfish priority where you only think about yourself. If you have the right priorities the money will come on its own.

Here's an example. Imagine a life with these three priorities. Number one, God or if you're not religious let's say that doing the right thing would be your number one priority. Number two, family and friends and number three, productivity.

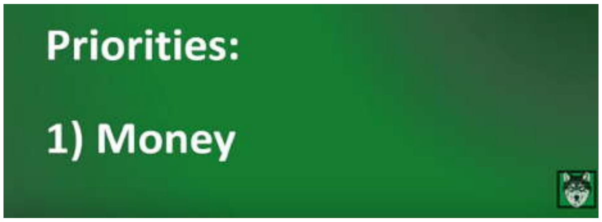
Let's talk about these. First you are going to do the right thing. That means you wake up in the morning and you can look in the mirror and feel good about yourself and what you're doing in the world. You can't do this if you're screwing people over, lying to people or taking advantage of people. This is about acting ethically. Second, you want a life full of people around you who you are taking care of and they are taking care of you. Third, you want to have some way to be productive in society whether it's through your job, volunteer work or a side hobby. It's not about the money. It's about creating value for other people. Look at this life.

Money is not even on this list. But if you work hard enough the money will follow and you're going to get rich anyway.

But the great thing about this list is that money is not important and you know why? Because this is such a full life. Your life is full of things that gave you meaning. You're going to feel passion, fulfillment, excitement, joy and love. Those are things you wish that money could buy but money will never be able to.

Now imagine, another life with only one priority, money.

What's Wrong with ESG?



This is the life of someone who is addicted. Compared to the other life, this is so empty and meaningless and this is a lot of people's lives. No wonder people are so unhappy. One thing I try to talk about on this channel is that money is this incredible tool to help you make decisions in your life but money was never meant to be the entire purpose for your life.

So, this is the money secret the *Bible* is trying to tell you. There are two ways to get rich in life.

Don't get addicted to money and throw away the rest of your life.

You only have one life. It doesn't matter if you get all of the money in the world and end up miserable.

Now I want to hear from you. What do you think? Do you think that religion contains insight about money? Let me know in the comments down below. Thank you so much for watching. I'm Zach from Wolves and Finance.

End of Transcript

What's Wrong with ESG?

The following presentation is another direct transcript of a commentary by Zach DeGregorio that was given in his recent Wolves and Finance program entitled "the problem with ESG"

It's very informative and I wanted to share its insights with you. I hope you find it interesting.

D. Miyoshi

The Problem with ESG

In this video I will explain the problems with ESG and why it is one of the greatest threats to the financial world.

ESG stands for environmental social and governance.

Companies rated as ESG investments are supposed to be doing things that are good for the environment and social causes.

The idea of ESG was started by the United Nations in the 2000s

What's Wrong with ESG?

as a way to highlight industries that were doing good in the world.

The idea was that a company's financial statements alone sometimes do not tell you the whole story.

Imagine two companies—these companies have roughly the same financial performance.

They are about the same size with the same amount of profit every year .

There financial statements look the same.

But when you look at the companies in real life they might act quite different.

One might regularly do good things whereas the other one might have a reputation for bad actions whether it's being damaging to the environment or a range of social issues.

The idea is that over time investments in the good company will outperform investments in the bad company.

ESG is an attempt to separate out the good companies from the bad companies to help you make investment decisions.

It is a metric in addition to the financial statements to provide you with more information as an investor. Whenever you talk about ESG there is a couple of ideas that everyone gets confused about so I want to be clear about a few points.

Environmental themed investing is a good thing.

Investment funds that have a certain theme have been around for a long time.

You may not want to invest in an environmental company but it's good that you have that option. Investors should consider factors outside of the financial statement.

How the company acts ethically may not be captured in the financials but it can impact your investments. More disclosure from companies is a good thing.

Part of this discussion is about companies having to disclose to investors their environmental impact as part of their financial statements.

As an investor any time that you can get your hands on more information it is a good thing.

Certifications are a good thing.

One good example of this is Lead certification.

Everyone knows what lead is.

When you talk about a lead certified building there are different levels that corresponds to how environmentally friendly the building is.

Certifications provide useful information.

I think that most people agree with these things and they think that's what ESG is right.

I am here to tell you that ESG is different from all of these things .

It is not a certification, It is not providing investors more information, It is not even necessarily better for the environment.

A lot of investors do not realize what they're investing in.

The problem with ESG as an investment approach is the lack of standardized criteria for what makes an investment sustainable. An ESG approach ostensibly yields guilt-free returns—for example, by excluding fossil fuel (and there are exceptions as we will see) and defense investments, or prioritizing sectors like green energy.

ESG is meant to be a best in class metric meaning that it is impossible for everyone to become ESG.

It's not like a certification where if you meet all the criteria you get a stamp of approval.

ESG means that someone is deciding which companies get to be labeled as best in class and you are either in the club or out of the club.

Here is how it works. You have a number of ESG ratings agencies to determine who gets the ESG label. They gather a bunch of information on these companies either through direct surveys or through the news.

Ratings agencies look at a number of criteria like whether companies are polluting, do they have diversity on the company board or do they have a history of corruption.

What's Wrong with ESG?

The investment banks then create ESG investment funds based on the ratings.

As an investor you can invest in an ESG fund that is supposed to be best in class.

Why wouldn't you want to invest in best in class.

These funds have become a norm at least as successful as a sales pitch for investment banks specifically for government pension funds.

For example, the state of California has 260,000 employees who pay into some form of retirement program.

If you are the person managing the pension funds for California it looks good to be able to say I am investing in ESG funds.

This has led to massive growth for the banks.

As of 2020 there is more than $35 trillion in these ESG funds.

This money only goes to the few companies who were on the ESG list.

The problem is that ESG is not a certification.

There are no set standards and a lot of discretion on who gets the label and who does not.

A lot of times the decisions on who gets an ESG label are being decided based on political views.

If your company supports the government's response to the pandemic or the green new deal y

ou have a better chance of getting the rating.

One example of this is Wells Fargo ESG report from July 2021.

In this report Wells Fargo makes the case that they should get the ESG label because of their participation in an advertising campaign pushing Covid 19 vaccines on black communities.

There are many more examples like this where pushing a political agenda is affecting their stock price.

Of course, there is a wide range of opinions on these issues and the result is that ESG is creating two separate capital markets.

The companies labeled best in class are getting more access to capital .

If you do not get the ESG label your company is getting cut off from capital.

This creates one of the greatest threats to finance in a long time.

ESG is sucking money into a small group of companies based on a nonfinancial metric that can easily be manipulated .

Wall Street what are you doing?

The capital markets are the backbone of our entire economy. You want money to be able to flow freely between companies so the market decides who wins.

ESG is a small group of elite bankers deciding who wins.

That is not free markets.

The best example of this is that Tesla an electric car company was recently taken off the list of ESG companies by S&P.

This happened right after the CEO of Tesla Elon Musk announced his offer to purchase Twitter on April 14. On May 18 Tesla was removed from the S&P 500 ESG index.

Twitter is of course the left-leaning social media website that has been criticized for censoring news stories like the Hunter Biden laptop..

It seems like S&P was trying to take away Elon Musk's ability to perform the Twitter purchase.

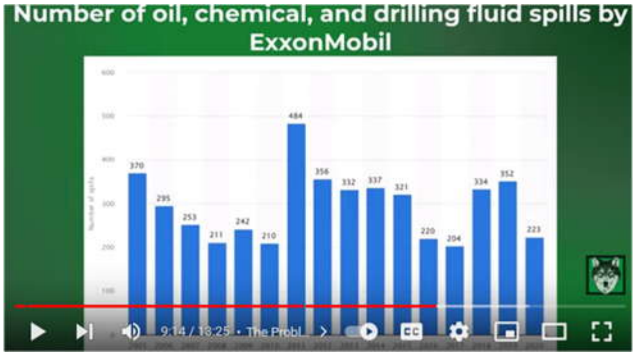
As soon as the ESG label gets pulled off of the company all the pension funds that promised they would invest in ESG companies have to immediately sell all Tesla shares of stock.

The reason why S&P looks so hypocritical is that one of the top 10 ranked ESG companies is Exxon Mobil. So S&P got rid of an electric car company and included an oil company.

Let us just recap who Exxon Mobil is..

Here's a chart of the number of oil spills by Exxon Mobil from 2005 two 2020

What's Wrong with ESG?



A metric that is not improving.

In 2020 they had 223 oil spills

December 23, 2021 here's an explosion and fire at an Exxon Mobil facility in Texas

March 26, 2022 Here's an explosion and fire at an Exxon Mobil facility in Montana.

Exxon Mobile is the company who is considered ESG while Tesla is not.

I think most people have a hard time understanding that.

This comes at tremendous financial cost to Tesla.

Let's look at the rest of the ESG list of the top performers.

Apple, Microsoft, Amazon, Google, Amazon?

With all of those packaging boxes Amazon is single-handedly responsible for creating more trash than almost any other company in the world.

Apple? Is this the same Apple whose factories put up nets to keep their workforce from jumping off the buildings and committing suicide because of the inhumane working conditions. That Apple?

When we look at this list, it has nothing to do with saving the planet.

These are not companies that are specifically doing anything environmental or social.

They are just BIG companies

This is what a lot of people do not understand about ESG

This list is ESG

And to me this just looks like a list of big companies patting themselves on the back with your investment dollars.

Investors do not realize that ESG does not actually focus on the companies that are cleaning up the environment.

There are innovative companies out there who are doing power-

How AI Picks Stock Investments

ful things for the environment like figuring out how to recycle better or how to clean up the pollution.

Those companies are not on this list.

For the poor investors that thought they were saving the planet by investing in ESG you are not.

You are just giving your money to the most powerful people in the world so they can get more rich.

These concerns are labeled with the term called "greenwashing"

There is enough discretion by the people who give out the ESG label that they are able to give it to companies that do not deserve that like Exxon Mobil.

It allows the rich and powerful to give money to their friends and exclude their enemies from the market.

People are now starting to fight back.

ESG has become political and just last week states like Florida and Texas are now blocking their state fund managers from investing in ESG funds.

While I applaud their efforts, I do not think the solution is to make this political.

We should be getting politics OUT of capital markets.

There are some simple fixes for this.

We need to discontinue best in class ratings.

The market should decide who is best in class.

Make ESG a certification with standardized metrics that everyone has the opportunity to obtain.

Make ESG disclosures standardized but optional for businesses.

What do you think?

End of Transcription

End of Commentary

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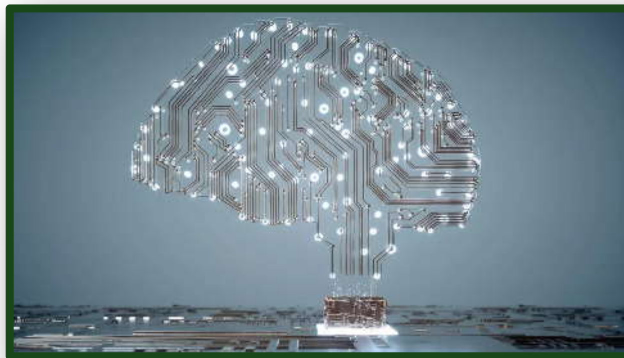


(Image credit: Getty Images)

I subscribe to TradeSmith which publishes interesting financial articles. It's considered one of the world's top financial analysis tech companies and it recently launched a breakthrough, a new AI stock predictive system called An-E (pronounced Annie, short for Analytical Engine).

TradeSmith tested it by tasking it with many thousands of stock predictions… and comparing its forecasts with what actually happened.

And many of those predictions ended up being incredibly accurate, often times either spot on or only a percentage or two off.

During the test, TradeSmith had An-E "take aim" at some of the biggest, most popular stocks on the market… Tesla (TSLA), Nvidia (NVDA), and Apple (AAPL)…

And it predicted their stock prices one month into the future.

How did it perform?

The following an abbreviated report by TradeSmith on An-E's performance. I think you will find it impressive.

But note, I am in no way recommending one should subscribe to using An-E or any AI stock analysis program at this time. I am only providing this information for our edification and consideration.

D. Miyoshi

How AI Picks Stock Investments

For over six years Keith Kaplan, founder of Tradesmith and his team have worked with one goal in mind: harness the incredible predictive power of AI and put it in the hands of the everyday person.

Kaplan says they've finally achieved that and decided to unveil An-E, his creation to the world.

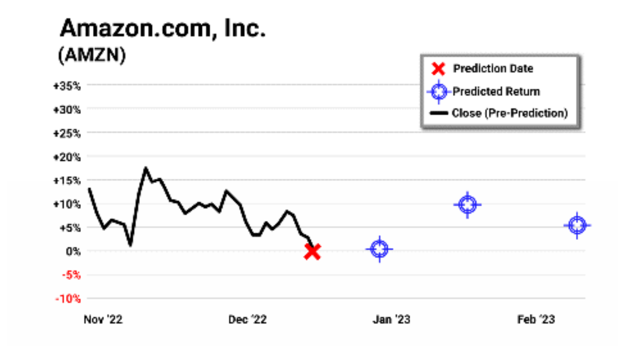
But the ultimate question is...

Would you ever trust the stock analysis of AI?

For most people, the answer's not so simple.

So, lets take a look at how An-E did forecasting some stocks.

First, let's take a look at this chart…



This is a stock chart of Amazon.

Now, notice the red "X" at the end of last year.

An-E

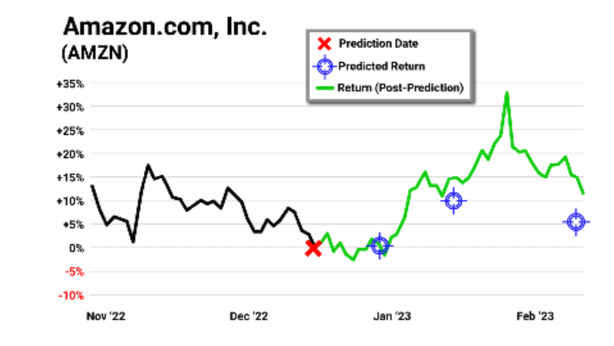
Analytical Engine

That's when a AN-E made a prediction of what was going to happen to Amazon's stock price in the near future…

If you look to your right, those blue circles represent where An-E thinks Amazon's stock price will be two weeks, one month, and two months from its prediction date.

So, how did An-E do?

Well, take a look at the results…



The green line represents the actual stock price… this is what Amazon stock actually did over the next two months.

As you can see, An-E's forecast was pretty darn close.

Two weeks into the future right here, in early January, An-E said Amazon was essentially going nowhere. It was spot on.

One month out, in January of this year, An-E said Amazon would jump 9.4%.

In reality it jumped 14.5%. Pretty accurate.

And two months into the future, in late February… An-E said Amazon would be up 5.4%. The stock was up 11.4%. A little off there. But still, very close.

Here's another one…

This is a manufacturing company called Vontier Corp…

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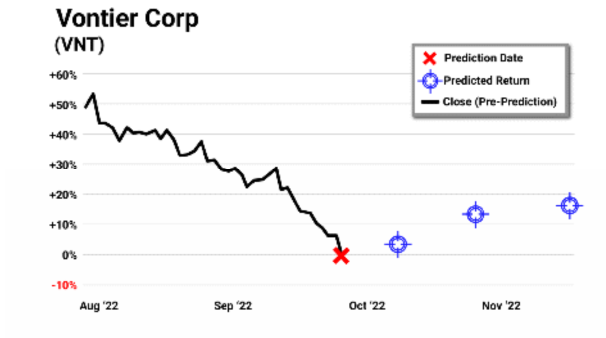
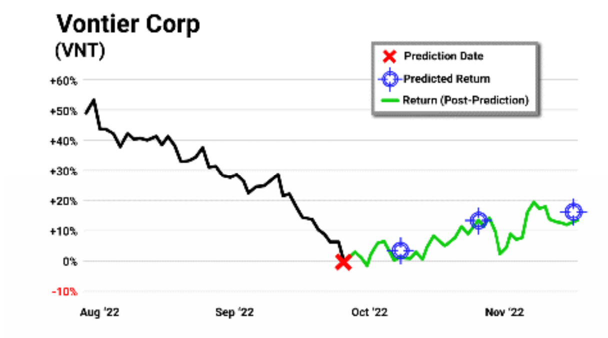


An-E made this prediction in September of last year. Again, the blue circles represent the predicted stock price two weeks, one month and two months from the prediction date.

How did it do?



Here, An-E was even more accurate than it had been with Amazon.

One month into the future... An-E said Vontier would increase 11.7%. Vontier actually increased 11.8%.

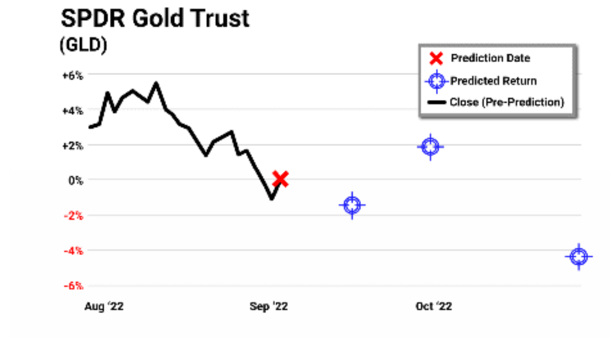
It was almost spot on to the tenth of a percent!

Two months out, An-E said Vontier would go up 14.7%. It actually went up 13.5%.

Again, almost exactly right.

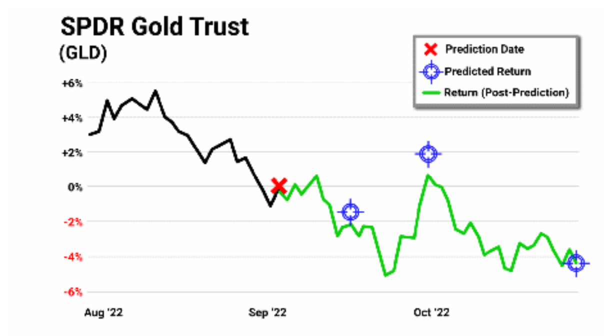
Here's another example…

Last September, An-E was also tasked with predicting the future price of the exchange traded fund GLD, which is designed to track the price of gold.



An-E said that in two months GLD would go down 4.3%.

Two months later…



…GLD was down exactly 4.3%.

This time… it was dead accurate.

So, here's another question…

What would you do if you had access to these kinds of predictions?

What if you knew that in one month Amazon would be worth 10% more than it is today?

Would you buy shares?

Of course, you would.

What if you knew that two months from now, gold was going to be down 4%?

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Would you sell?

Maybe, maybe not. You'd certainly be more informed.

And what if you had this predictive data for all the major stocks or ETFs on the market?

What would you do with this kind of predictive power?

Even the worst investor out there could start with a modest sum and build substantial wealth in no time.

If you invested in stocks An-E says are positioned to go up…

Depending on your initial investment, that alone could add hundreds of thousands of dollars to your nest egg, in just a few months time.

Any money you did accumulate… you could hold on to.

On the other hand, if you stay away from the stocks An-E says are poised to go down…

You could avoid punishing losses.

Market crashes… inflation…

Not having enough money for retirement…

Outliving your current nest egg…

These would be worries of the past.

In fact, what I'm leading up to here, this could be a complete retirement gamechanger.

But, the question is… does the technology really exist to make these kinds of spot-on predictions?

Is An-E for real or is it too good to be true?

How accurate is it?

And is it really safe to trust the analysis of an AI computer program?

But to help you understand what's really going on… I think it's best to start with how TradeSmith's AI system really works.

You see, TradeSmith said earlier that AI is an advanced form of pattern recognition… and it is.

But, that's only part of the equation.

What makes An-E so accurate is it also employs machine learning.

Machine learning is actually a subset of AI

The difference is subtle, but important…

The best way to explain it is, AI has the ability to learn and problem solve from new information fed to it by a human… that's the pattern recognition component.

But machine learning is when a computer uses mathematical models to make sense of those patterns and help it learn without direct instruction.

The way traditional investment data analytics worked before machine learning, a human would think of a set of parameters he would like to test… and then enter those parameters into a computer.

Using pattern recognition, the computer would then perform a "test" of those parameters over past financial market data and analyze the results. If the results were great, you would consider implementing the investment strategy in real life.

For example, you might want to "test" what kind of returns you'd have earned in the past by buying a stock when it trades at a cheap 12 times earnings multiple.

That's a "classic" test a lot of analysts run.

Or you could run a test to see what kind of returns you could earn based on how a stock is trending.

Obviously, folks like to find stocks that are trending up.

To find that you could test what happens if you only own a stock when it trades above its 200-day moving average.

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Or you could run both tests at the same time...

And see what happens when you buy a stock that is both undervalued and in an up-trend.

As we all know, everyone has their own metric they look at...

Over the years, people have tested hundreds or even thousands of indicators and combinations of indicators.

The key here is a human — not the machine — is selecting the strategy or "parameters" that are tested.

And there's a lot wrong with that...

For instance, was their testing accurate?

Did they test the model the right way?

Will their test play out in the future like it did in the past?

Just because a particular test worked in the past, doesn't mean it will play out the same way in the future.

Take what just happened over the last year and a half or so... since the beginning of 2022... we've been a completely different type of market.

Would a model that worked during the dot-com boom of the late 90s work the same as it does today?

Not likely...

Machine learning flips this process in a powerful way.

With machine learning a human isn't designing the parameters... the machine is designing the parameters.

In the case of An-E, the machine is creating the marching orders instead of receiving those orders from a human.

Instead of telling An-E what to test, TradeSmith fed it huge amounts of data and suggested a desired outcome — like "find a reliable stock picking method that does well with 30-day holding periods" — and An-E crunched trillions of data points to see if it could create a useful system.

But, here's the key... not just anyone can do this...

You need a lot of money, a lot of time and you need access to a tremendous amount of data.

Then you have to make sure the data is accurate before you feed it into the machine.

Not only that, once the machine finds a useful model... you have to run that model through every type of market in the past to "train" the system to work in all types of scenarios.

It took TradeSmith a while to get to the point where they could reliably trust An-E to predict a stock's future price action.

Let's look at ChatGPT. It is the largest, most powerful AI language model ever created.

And what makes it so revolutionary is if you ask it a question… it can give you an appropriate response all in context… such that, if you didn't know ahead of time, you wouldn't know whether you were talking to a very smart person or a machine.

And it can also do complex tasks like: explain Newton's laws of motion…

Write a poem in the style of Walt Whitman…

Even summarize the book "Pride and Prejudice."

Well, how does it do that?

Machine Learning.

But more specifically, through a process called "pre-training."

The ChatGPT AI algorithm is fed billions of words.

It then reads through those words with billions of parameters… and can process them all in seconds.

This primes it or "pre-trains" the AI algorithm ahead of time… so when presented with a scenario in the future… it will know

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what to say.

That way when the program is asked a question in real time, it can give an appropriate response in context.

And it found its way to that answer all on its own… it didn't need a human, because it was "pre-trained" in advance.

It taught itself. That's machine learning.

An-E does the same thing.

But, instead of words… we "pre-trained" it with numbers and data.

It considers trillions of data points.

The more information you give An-E's self-learning algorithm, the more accurate its prediction.

What really is going on behind the scenes is advanced mathematics…

"Pre-training" An-E on massive data sets so it can learn on its own.

But here's where things get even more interesting…

Not only has this same method of "pre-training" been tried with ChatGPT and An-E to enable machines to learn on their own… but all sorts of other AIs.

And what's really interesting is when scientists observed the process of how the AI algorithms arrived at their end result, how the AI accomplished its ultimate task…

The things it did along the way were pretty bizarre.

Here is an example…

AI first started gaining recognition after it was tested in the world of chess.

Chess was the perfect testing ground for A.I… because playing chess, well is ultimately about recognizing patterns and thinking through a series of moves and "what-if" scenarios to arrive at a single goal… checkmating the king, it's the most important part.

But, when designers of AI-powered chess playing programs started testing their systems years ago, they noticed something really weird about the strategies their programs employed. They were extremely bizarre… they were strategies human players would never come up with… and in many cases would be outright ridiculed by chess grandmasters.

For example, in chess, a player can "sacrifice" a key piece if they believe that sacrifice will lead to ultimate victory. Sacrificing pieces in the pursuit of victory has been a strategy in chess for centuries.

However, to the surprise of human players, AI chess programs often make sacrifices that seemed bizarre and nonsensical. AI chess programs would create wild and complex strategies humans would never think of. These AI-created chess strategies have been called "alien" and "chess from another dimension." But they ended up crushing human players with those unconventional strategies... even grandmasters like the famous Garry Kasparov.

So, when a chess grandmaster observed the moves the AI was making, to him it seemed completely outlandish.

But in the end, it was hard for him to criticize because the AI kept winning.

The AI was arriving at its ultimate goal… but it got there in a way no one would think of or even outright dismiss… because the AI was thinking on a completely different level…

So, when The TradeSmith team was analyzing the moves of An-E to find out the future price of Amazon, for example… they experienced the same phenomenon.

It was making accurate predictions using data or correlations that

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seemed kind of weird.

Things they never would have thought to look at or compare.

They experienced the same phenomenon as the chess players…

Conventional wisdom tells us that what makes a stock price go up are strong fundamentals… things like strong earnings, sales growth, cash flow, debt-to-equity…

But when TradeSmith fed An-E thousands of data sets, told it to find the stock price one and two months from now… and essentially said "figure it out any way you want"…

Like the chess-playing AI programs, An-E started making some moves that seemed a little bizarre…

That is, the combination of factors it used to predict the stock price were — often times — pretty unusual.

More often than not, An-E put a lot more emphasis than TradeSmith ever would have thought on macroeconomic and technical factors than fundamentals.

But also, that question is a little tough to answer… because An-E analyzes every stock differently.

Every stock is a different size, is in a different industry, has a different price history, has different products, services, management teams, revenue targets, etc.

Which means the weighting and combination of every factor is different for every stock.

Again, if one were to think of it like chess…

No two chess games are alike. There are 32 pieces, each moving on an 8-by-8 grid… the combinations of moves are essentially infinite.

But the goal, the outcome, is always the same… checkmate the king, that's all one has to do.

Well, every single move is a new piece of information.

So, if AI were playing a human in chess…

The AI is adjusting based on every move and recalculating its strategy after every turn…

An-E does the same thing only with stocks.

An-E has the same goal with every stock: Find the price one month into the future…

But, each new piece of data is like a different move on a chessboard that has to be taken into account… and the analysis is slightly readjusted to make sure it's working towards its goal.

Unfortunately, most investors know that harsh truth all too well.

There's always more to the equation, more variables.

As humans, we can become blinded by a single piece of good news like a new acquisition, business deal, or earnings forecast.

An-E is a computer program. It doesn't care, it doesn't have those biases. It just looks at the data. And, more specifically, at things most folks would never consider.

Sure, it took Johnson & Johnson's acquisition into account… but to An-E it wasn't the "end all, be all."

Its machine learning algorithm was also looking at factors the mainstream analysts probably never thought to consider and made connections and correlations they'd never even think of…

To the average analyst or trader these connections might seem totally crazy, but in reality, the opposite is true.

They are actually quite logical.

The human brain just doesn't have the speed or the firepower to make them.

An-E was thinking on a completely different level than they were when it was trying to predict the price of Johnson & Johnson stock.

And so, An-E beat out some of the top analysts in the financial media essentially because it found connections and made correlations they could never hope to see.

How AI Picks Stock Investments

And it's those hidden connections, that are so difficult for the human brain to make, that predicted Johnson & Johnson's stock price.

Through machine learning, An-E found out what they were… and made a much more highly informed forecast than the other human analysts.

It's the hidden connections that An-E is looking for while it's being "pre-trained" on billions of data points.... and it's what enables the algorithm to be so accurate.

And when you have billions of data points... most of those data points are just noise... they're meaningless. They don't have any impact on the future price of the stock.

But some data points are the opposite... they're incredibly meaningful.

They're a signal that can pinpoint where a stock is likely headed.

But which data points are they?

And in what combinations?

And they're different for every stock.

What indicates that Apple is about to go up is going to be different from a small gold mining stock...

And it changes as the market changes.

Remember machine learning is all about giving a machine an end goal and billions of data points and it figures out the parameters on its own.

Well, those parameters are formed by sorting through all the data points and determining what's important and what is NOT important.

And finding "hidden connections" or "clues" within the important data.

But more often than not, that's what the mainstream media focuses on... the noise.

Things that seem like they should matter... but from a mathematical standpoint, don't really matter.

And that's what happened in the Johnson & Johnson example... it's why An-E was right and the mainstream media got it wrong.

As usual, the mainstream media got caught up in "the noise."

This is something no human could ever do.

But, if we could, if we were able to determine the same "hidden clues" An-E is… to us, the direction of each stock would be just as obvious, just as easy to predict.

The process An-E goes through to make these predictions isn't something you could even begin to fathom.

And that's not a knock on our intelligence.

It's not something we could begin to understand either.

Or any other human being for that matter… even if you're Warren Buffett, Garry Kasparov, Stephen Hawking, or any one of the brightest minds who's ever lived.

And this is one of the biggest lessons TradeSmith learned working on our An-E project.

And that is… how superior the processing power of AI is to the human brain when it comes to certain tasks.

Our brains are incredibly complex… but when it comes to making sense of a lot of data… whether that data is in the form of historical stock prices, moves on a chess board, or baseball statistics… even a chess grandmaster like Garry Kasparov or a financial genius like Warren Buffett doesn't have one thousandth of the computational ability that an AI program does…

Never before in history has there been a tool with capabilities even close to AI and machine learning…

Goldman Sachs, Bridgewater, JPMorgan, BlackRock…etc. are all using AI now to gain an edge.

But while the big boys are happily using this technology to line their own pockets, they're not sharing it with the main street investor.

Are Chinese Economy Numbers Real?

And unfortunately, most folks don't have access to it. Because its expensive and complicated — and so it will remain the domain of Wall Street for years to come. This puts the everyday investor — and the vast majority of regular investors — at a massive disadvantage…

And this is where TradeSmith says it's An-E program can level the playing field, at least for the regular investor.

But the point of this report is not to recommend that you subscribe to An-E or any other AI powered investment analysis service. It is to show you the progress of AI, and how it is revolutionizing the way we work, play and invest in our modern society.

In time, AI will be just a part of normal (and abnormal) living, just liked the wheel, the telephone, the airplane and all revolutionary technologies have become in our lives. It may even become affordable for the average investor (however, realizing that the professional investor will likely be using a super AI program by that time)

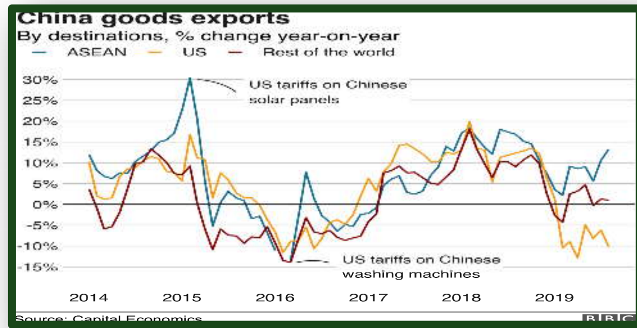
If you would like to find out more information on An-E you can go to the Tradsmith.com website for more information. For any of their services TradeSmith charges a subscription fee.

Note, in no way do I benefit from any one signing on or using TradeSmith or any of its services. I do subscribe myself to TradeSmith reports. However, as stated above, I am not recommending anyone to subscribe to Tradesmith or any of its products. I am only providing this report solely to inform my readers what is the current state of the art for AI investment analysis.

Here is to your successful investing.

D. Miyoshi

Are Chinese Economy Numbers Real?



I have my doubts that the numbers for the Chinese economy are real but I also have no proof they are in fact false. However, here is an article that appeared in *Quora* on March 27, 2023 that indicates they are false. The article is very illuminating so I thought I should share it with you. I hope you find it informative as I did.

D. Miyoshi

Are the Chinese economy numbers "fake"?

Adam Fayed

Founder - Global (Expat) Online Financial Advisory Firm

I am about to tell you something which you probably don't know.

The reason I say this is because I, myself, and most people I know didn't know this basic fact, despite reading a lot about politics and economics.

The man below is called Michael Pettis

Are Chinese Economy Numbers Real?

He is a professor of finance, working at Guanghua School of Management at Peking University (Beijing).

He alleges that China's growth is less than half of what is reported:

So far, so "mainstream". Many others have made this point. What is fascinating about his analysis is that he isn't alleging that China is "faking" the numbers.

He is merely stating something he says is a fact - the way China calculates GDP is different from the rest of the world.

GDP isn't a standardized thing. Even France and the UK calculate GDP in a slightly different way. China just calculates it in a very different way.

You could argue, perhaps legitimately, that every country has a right to calculate GDP in the way it sees fit.

That may be true, but we also, therefore, have to see how these different definitions might affect the overall picture.

As the old saying goes, "lies, damn lies and statistics"!

To quote him directly "the Chinese economy operates under soft budget constraints. A hard budget constraint means "you've got to have the money to spend it," whereas a soft budget constraint means there's no limit to one's spending and losses can in principle be rolled over indefinitely.

Local governments in China operate under soft budget constraints, in contrast to the hard budget constraints of other major Western economies, and because they comprise a significant share of economic activity, China's GDP numbers are fundamentally different in nature and as such, incomparable.

He illustrates this point by two hypothetical, identical Chinas—with the only difference being one has hard budget constraints and the other has soft budget constraints.

In the first China, a construction firm spends $100 digging a hole, then $100 filling it up. "In a hard budget constraint economy or in a normal accounting, you have an expense of $200 and nothing to show for it," said Pettis.

In the second China, a construction firm similarly spends $100 digging a hole, then $100 filling it up. "But in [this] China, you don't expense it," he explained. "You call it an asset.

You say, I have now built an asset worth $200." This, Pettis noted, is how GDP accounting works in the China that we all know. What this means is that China's official GDP figures as currently reported are significantly inflated relative to actual economic conditions, and are also impossible to compare with the GDP figures of other nations.

To give a simple example to his point, let's say one province in China has a GDP of 600billion and the target is 6% growth (so 630 billion is needed).

Now let's say there is some real growth of 3%. However, it is fairly easy, with the soft budget constraints for the local government to engage in unproductive (or low-yielding at least) investments to achieve the other 3%, which wouldn't be counted in a hard constraint economy.

That is one reason there are so many ghost cities and excessive infrastructure projects in China, such as second and third airports in cities that don't need them.

So, China grew by 5.95% in 2019 versus 2%-3% for the US, using both country's accepted GDP growth measurements.

However, if you were to standardize the measurements, China and the US would have grown by a similar amount.

What is interesting is that he also appears regularly on the Chinese state, so his findings aren't seen as embarrassing by the regime, and China itself is now focusing on "high-quality growth" because they recognize the problem.

I have yet to find somebody who has actually refuted his central claim that there is not necessarily any lying or manipulation going on, but the different use of statistics is distorting the total figures.

This should be interesting for investors thinking about investing in Mainland Chinese private companies.

I don't think it makes any difference to those looking to invest in

The Anatomy of a False Flag Operation* to Start a War

Chinese stocks because GDP growth and stock market performance often aren't linked.

So, we can't say that weaker GDP growth will mean lower valuations for Chinese stocks, especially as they look very cheap compared to some markets.

As a final point as well, the proof of the pudding is in the eating. Watch the money. In the last few months I have seen two trends:

Most Chinese people, regardless of their stated political belief, are very sensible and pragmatic when it comes to making economic decisions. There has been a big increase in the number of Chinese people, and expats in China, looking to send money out of China, after reading this article:

The authorities are making it more difficult to get money out of China. There have even been an increase in state-run banks who are, how can I say this politely, making it as difficult as possible for some people I know to make use of perfectly legal ways to get money out of the country. This comes in addition to some of the "mini bank runs".

<u>End of Article</u>

The Anatomy of a False Flag Operation* to Start a War

*A false flag operation is an act committed with the intent of disguising the actual source of responsibility and pinning blame on another party. The term "false flag" originated in the 16th century as an expression meaning an intentional misrepresentation of someone's allegiance. The term was famously used to describe a ruse in naval warfare whereby a vessel flew the flag of a neutral or enemy country in order to hide its true identity. The tactic was originally used by pirates and privateers to deceive other ships into allowing them to move closer before attacking them. It later was deemed an acceptable practice during naval warfare according to international maritime laws, provided the attacking vessel displayed its true flag once an attack had begun.

RED ALERT! THE ANATOMY OF A DEEP STATE FALSE FLAG TO START A WAR, ANY WAR!

The following abstracted transcript is made from a YouTube presentation by the *Common Sense Show* (moderator is Dave Hodges) that aired on August 18, 2023. The Title is "RED ALERT! THE ANATOMY OF A DEEP STATE FALSE FLAG TO START A WAR, ANY WAR!

This video is rather chilling in its insinuations and disheartening in its accusations of American Foreign Policy. In America we try to envision our country as the world's leading moral, upright, virtuous and law abiding democratic republic that seeks justice for all. But, as this video hints at, perhaps we should recognize that in the final analysis, America is quite similar to other countries, just a little more Christian in beliefs and with a lot more economic power.

For your consideration, I present this abstracted transcript of Dave Hodges in his recent YouTube program.

"I can tell you how World War III can start. It's already started to some degree. I am giving you the anatomy of how to provoke a war. You see in the back ground here, we think this photo shows the official beginning of World War II for the United States. The official beginning is the correct phrase, But it's not the accurate phrase. This is Pearl Harbor as it's being attacked. You can see on the north side of the island, the water is going up as the bombs are being dropped. And this is the beginning of the attack December 7, 1941, approximately 8AM. And the Japanese, true to their motto of the Rising Sun, flew in out of the sun to make them difficult targets and they dropped torpedo bombs, and aerial

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bombs and strafed the decks of ships and over 2,000 sailors and civilians were killed. And this was a total setup.

Now I will teach you some history and I am going to apply it to Ukraine and today and what's coming.

Roosevelt had already received word from Einstein who said you need to talk to Oppenheimer and Szilard and some others because Germany could build a bomb that could destroy a city. One bomb. So, the Manhattan Project was launched and Roosevelt needed an excuse to get into the war before it was too late. So he thought I will provoke the Japanese into starting it.

If you go to Google, and search McCollum 8 Plan

You will actually find the original document which was a document created by Lt. Commander Arthur McCollum who worked in the Pentagon, who reported to the White House and was told to create a plan to force Japan to attack us. So the US began doing things like penetrating their territorial waters, having American pilots shoot down Japanese planes in their war against China where we're actively taking sides. We often refer to them as the Flying Tigers. And also, the US decided to take away scrap metal from the Japanese. Japan was expanding because they didn't have the natural resources to industrialize and they felt they were going to fall back economically. So, we took away their scrap metal which was a provocation to war.   What we should have done was placate them a bit and prop up their economy and make them a major trading partner and both sides would have won. But that wouldn't have got us involved with Germany.

After Peal Harbor was attacked, we declared war on Germany, and we made defeating Germany the main priority. Now, wait a minute. Who attacked you? The Japanese. Then, why are you making the Germans the main priority? Because Germany was making atomic weapons. Germany had V2 rockets that could deliver them. It was very serious. Hence the Manhattan Project. The movie Oppenheimer displays this idea and why the project was born.

Now let's go through how this False Flag operation was set up. We antagonize the Japanese to try to attack us. We made them think we were going in to fight them. My father (Mr. Hodges) actually had a hand in this. He went on to old battleships prior to the attack and they (the US) knew they were being spied on by the Japanese spies because we had intercepted all their communications. The US used the names of baseball teams and baseball scores to communicate about Japanese ship movements because they were planning to attack Pear Harbor. So they might call a battleship the Yankees and they might call a cruiser the Orioles and they might say Yankees 4 and Orioles 2 to indicate the number of battleships and cruisers.

Now what the giveaway was, we knew the attack was coming through a lot of things. One was we took all four carriers and put them out to sea out of harm's way. What craft would we need to carry the war to the enemy in the Pacific and the island hopping campaign? It would have been the aircraft carriers. They could not be allowed to be lost. So, they were out to sea. The Japanese could not believe it. In fact, Admiral Yamamoto, the commander of the attack said it's almost like they knew we were coming. They did! The Japanese fleet was spotted off the coast of the Aleutian Islands. They went north and then turned south towards Hawaii. The Aleutian Islands are just southwest of Alaska and they were spotted. A merchant marine vessel radioed in "huge Japanese fleet, headed your way" They (the US) sat on the information and it went to the Secretary of War Stimson and it sat on

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his desk until 1 AM, on Sunday December 7th five hours after the attack happened. Yeah, that's not an accident.

Further, there was a destroyer set out to sea and it was looking for Japanese submarines. Well, they found a Japanese two-man submarine and they sunk it. And they reported it. And the report went to Washington. The reply was you are mistaken, the Japanese don't have that capability. Well, wait a minute. A two man submarine did not come from Japan. That meant it came from a much bigger ship and was launched. So that means there is a fleet in the neighborhood. And the guys on the destroyer were freaked out because they were not being taking seriously. It's really interesting, I watched a TV show in the 1980's and they actually went back to Pearl Harbor and they went to the site of the reported sinking of this two-man sub and they found it. Yeah, they found it.

There was one more early warning that we had. The planes of the Japanese were picked up on the west end of the island by radar. "Oh my God, look at this, look at this!" And, they communicated it to headquarters. And they were told "Don't worry, those are B-17's from San Deigo" They weren't even expecting B-17's.

And there were some other things that happened too. We were in a near state of war with Japan. We knew it was coming.

Why did they have all of the ships tied up in the harbor? And when the attack began, they couldn't get out to open sea where they could maneuver and have a fighting chance. It was like shooting ducks in a bathtub. Why? And, of course, they could have got the planes off the ground and met the Japanese planes in the air and shot a lot of them down. But the problem at Hickam Field is they were ordered by Washington and the Pentagon, and this is unbelievable, they ordered General Short to line the planes up in straight lines in Hickam Field. So here comes one Japanese plane strafing the planes on the ground. He never had to change course, he didn't have to make multiple runs, he just empties his turret. The Japanese planes destroyed most of the planes on the ground because they were nice and neatly lined up together in a tight formation. Getting them untangled and out was near impossible. Now, a few got up there and a few of them did shoot down Japanese planes but not enough to make a difference.

If you go to Air Force bases today and you're allowed to look, they have the planes lined up like they should have had then, they have them in staggered fashion where they can move to get off quickly. But that wasn't what they wanted to have done.

You're saying "Dave, a False Flag in Hawaii, imagine that? I hope that never happens again!"

Oh, there is more. But you get the idea.

Okay, let's take this now and turn it. Putin had an ally blown up. The CIA teaching the Wagner Group. That's One. Two, drones forcing Russian airplanes out of the sky at Moscow Civilian Airport. Drones that are supplied by us. The blowing up of the pipeline. The Russians didn't do that. Anyone in their right mind knows they didn't do that. We did that! And now the information has leaked that indeed it is true. But we had a case to blame the Russians. Russians killing people indiscriminately. It's War!

I am not saying there's not bad things going on. It goes both ways!

We've even seen on YouTube where Ukrainian prisoners killed Russian Ukrainian soldiers. I mean it works both ways! Both sides have been inhumane. Now, has Putin been a slob and inhumane by causing massive civilian casualties in cities. Absolutely, war criminal behavior. No question about it. That's why I support helping the Ukraine refugees.

But we just keep poking the bear and poking the bear with incident after incident. We are instituting the modern day McCollum

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8 Point Plan designed to provoke Putin to go to a higher lever and start World War III. There is no doubt in my mind, we are seeing history repeat itself today. And I am going to tell you this as a father, and as an uncle and a concerned American about our youth. I will not support a draft in any form.

And I am telling all young people do not go. We have no treaty organization with NATO towards Ukraine so we are not obligated through NATO. We have no treaty with Ukraine and we are spending beyond hurting. McConnell said "For as long as it takes" Really? Well, we don't have any ammunition in this country. We don't have oil reserves like we did. We couldn't fight a war now if we wanted to. This is what we have done to ourselves. So you are telling me that Ukraine is more important than our defense of our own country?

This is Biden's takedown of America. Push us into a war that we cannot win because of depleted resources, lack of morale in the military, 50 percent of the anticipated people signing up for the military has not happened.

Do you think China and Russia have WOKE militaries? Does that include your fighting prowess? See in battle, they're not going to decide who the winner is based on who fields the fairest army. It's kill or be killed. War is a manly pursuit, and we're not ready. And I am telling you we're not ready yet we're pushing to our own demise. Now fortunately, in World War II, American industry mobilized and we out produced the Germans and the Japanese together and that's why we won the war, because of industry. And we had wonderful things like wonderful women like Rosie the Riveter types that went to work in factories while the men were off fighting the war. God bless those women, God bless those industries.

And I am not a fan of big oil but we won World War II largely because of big oil. Because of the factory productions, the fact that we could change over from a truck production to a tank production. Commercial airliners turned into bombers. We have exported so much of our manufacturing, right now we have very little in the way of peacetime to wartime conversion, we can't fight a war.

And I go on and on about this and as you look at this picture, I believe there will be a false flag attack. We have already implemented the equivalent of the McCollum 8 Point Plan and right here you're looking at a symbol from the past for what's going to happen in the future. And Putin may have nothing to do with it or he may be goaded into doing something.

You know, have you ever heard Biden say we're looking for a peaceful solution, the killing's got to stop, we've got to protect lives on both sides? Have you ever heard him talk about a peaceful solution? No. He did say we won't send the A1 Abrams tanks, and they sent them. Oh, we won't send F-16's. They sent them. Oh, we won't send young Americans to die in Ukraine. They're preparing the draft.

America, its time to stand up and take our country back before Biden destroys what's left of it. That's it for the Common Sense Show. Please share this far and wide, thumbs up if you like us.

You're looking at the photo, the Testament to our brave people in the past, 2,300 people who died at Pearl Harbor, what starts World War III will be a hell of a lot worse than this. We will see you back here next time."

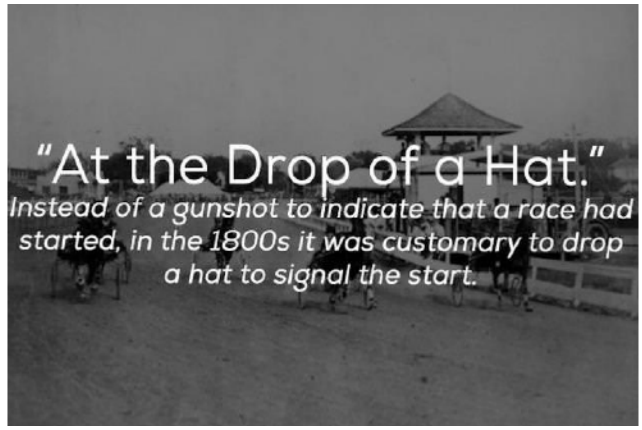
This concludes the abstracted testimony of Dave Hodges. I hope you found it illuminating.

D. Miyoshi

Why do we say……

Here are 10 well known sayings that we have all heard or used before and why they first came into being. If I had learned these in high school, I would have at least appeared more intelligent in college. A Marine Corps General sent these to me and since I have never disobeyed a general, I thought I had better share them with you.

D. Miyoshi



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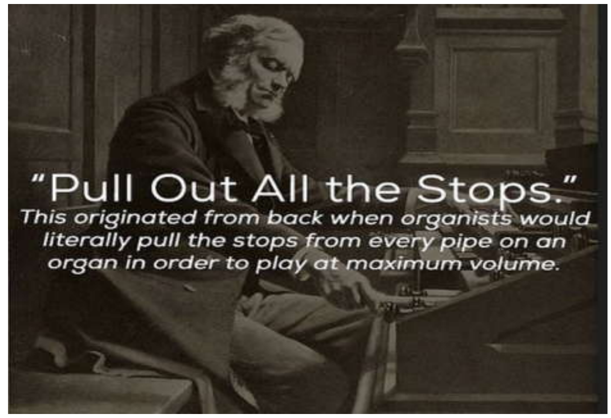
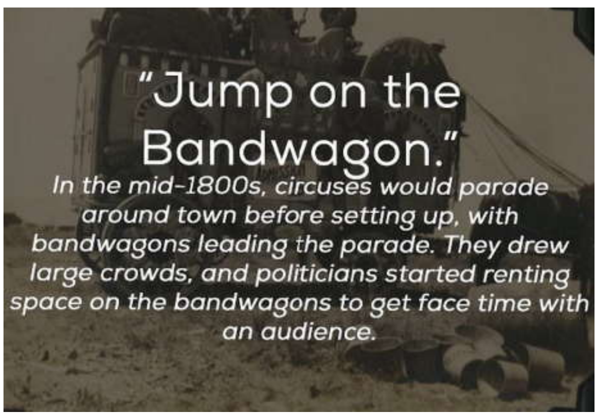
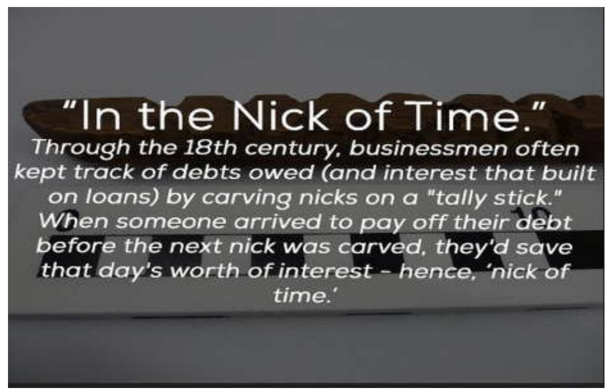






End of Sayings

Capitalism's Consultants or Corrupters

When I finished graduate business school, there were several top business consulting firms that were invariably on the list of students to interview and find a job at. McKinsey & Company and Boston Consulting were on the top of most lists with McKinsey & Company only selecting the very top students from the most selective business schools in the world.

Now, forty years later, these very same premier consulting firms established to help businesses and government are being impugned as the players that have conversely harmed economies and governments around the world.

The following article "Consultants and the Crisis of Capitalism" published March 2, 2023 on *Project Syndicate,* and written by Mariana Mazzucato and Rosie Collington, describes this conundrum in compelling detail.

I think you will find it informative as I did.

D. Miyoshi

McKinsey & Company's many high-profile scandals are only the tip of the iceberg. The growing reliance on big consultancies with extractive business models is stunting state capacity and undermining democratic accountability at a time when we need governments to help transform our economies in the public interest.

LONDON – In recent years, McKinsey & Company has become a household name – but for all the wrong reasons. One of the "Big Three" consulting firms, its work for major corporations and governments has increasingly become a source of scandal and intrigue around the world.

In the United States, for example, McKinsey agreed to pay nearly $600 million for its role in the deadly opioid epidemic, following allegations that it had advised Purdue Pharma on how to "turbocharge" sales of OxyContin. In Australia, the firm's work on the previous government's national net-zero strategy was criticized as a flagrant attempt to protect the country's fossil-fuel industry. And in Puerto Rico, a New York Times investigation found that McKinsey's investment subsidiary, MIO Partners, was positioned to profit from the very same debt that its consultants were helping to restructure.

This list could go on and on. But as we show in our new book, The Big Con: How the Consulting Industry Weakens Our Businesses, Infantilizes Our Governments, and Warps our Economies, such scandals are only the tip of the iceberg. While there are a few bad apples in every company, the real problem lies with the consulting industry's underlying business model.

In 2021, the global market for consulting services was estimated to be $700-900 billion. Yet despite the industry's growing role in economic and political life, its activities are hardly ever viewed as what they are: symptoms of deeper structural problems with contemporary capitalism. The consulting industry may not be wholly responsible for the financialization of the economy, corporate "short-termism," or the gutting of the public sector, but it certainly thrives on them. Throughout the history of modern cap-

Capitalism's Consultants or Corrupters

italism, the Big Con (as we call the industry) has been there to surf each new wave of dysfunction.

In government, big consultancies promoted and profited massively from the push toward privatization, management reform, private financing, outsourcing, digitalization, and austerity. In business, they helped to entrench new models of governance, from the spread of cost accounting and multidivisional corporations in the decades after World War II, to the rise of King Shareholder in setting priorities and allocating resources.

Today, the consulting industry is promising to reverse the very problems it helped create – hence the boom in new contracts to provide "environmental, social, and governance" (ESG) advice. Not surprisingly, this new line of business has come with all kinds of conflicts of interest. McKinsey, for example, has previously advised at least 43 of the 100 biggest polluters.

The role played by consultancies in the COVID-19 crisis was especially revealing. During the pandemic's first two years, governments spent enormous sums on consulting contracts, but the results were dubious at best, and harmful at worst. In France, consultancies were deeply involved in the country's vaccination drive. Yet far from being an exemplar of efficiency, the French program was widely seen as a disaster. By early January 2021, a mere 5,000 doses had been administered, compared to 316,000 in Germany and 139,000 in Spain (all three countries started their programs around the same time).

Sometimes, governments hire consultants to fill gaps in their own capacity. Unfortunately, awarding consultancies with wide-ranging, lucrative contracts has simply become the default approach, even for areas that should obviously fall under the government's remit. Thus, in 2020, one British Conservative peer complained that civil servants are routinely deprived "of opportunities to work on some of the most challenging, fulfilling, and crunchy issues," and that the "unacceptable" reliance on private consultants was infantilizing the civil service.

When everything is outsourced, government agencies cannot develop the internal skills and knowledge needed to manage new challenges. This should concern all of us. Epidemiologists warn that the next global pandemic is a matter of "when," not "if." We urgently need to invest in governments' and public-health agencies' ability to detect new outbreaks and contain them before they can spread.

After all, the big consultancies should not be trusted to have the expertise for which they are hired. As the New York Times found, citing a researcher from the French National Center for Scientific Research, the consultancies behind France's shambolic vaccine rollout "tended to import operating models used in other industries that weren't always effective in public health."

The growing reliance on big consultancies with extractive business models stunts innovation and state capacity, undermines democratic accountability, and obfuscates the effects of political and corporate actions. In an age of climate breakdown, these consequences have become existential. We all pay the price when public funds and other resources are wasted, and when decisions in government and business are made with impunity and little transparency.

Making matters worse, well-intentioned, intelligent young professionals have increasingly been lured away from public service by the promise of purposeful (and higher-paid) work in the consulting industry. (Though, fortunately, there are indications that many young consultants are becoming disillusioned with the sector.)

Battling any addiction begins with acknowledging the problem. Only then can we reduce our dependency. At a time when more people than ever are questioning economic orthodoxies and searching for alternatives, unpacking the Big Con's role in today's economy can point the way to solutions. To build a better-functioning economy, we must invest in state capacity and know-how, bring public purpose back to the public sector, and rid the system of costly, unnecessary consulting-industry intermediation.

Around the world, governments are waking up to the dangers of an overreliance on consultancies – and of the form of capitalism that they have helped bring about. Reformers are developing innovative new governance models, from in-house public-sector consultancies to policy "labs" and local community-oriented procurement programs.

Transforming our economies in the public interest requires changing how we think and talk about the role of government. We must stop seeing the state as merely a market rescuer and de-risker, and recognize it as a critical economic actor. Private organizations and individuals with genuine knowledge and capacity can still be valuable sources of advice. But they should advise and "consult" transparently from the sidelines, rather than being put in charge and paid regardless of how they perform.

End of Article

Covid Origin Conspiracy is True

For the last three years, if you said that Covid-19 started in a lab in Wuhan, China, you were labeled a tinfoil-hat-wearing, racist, crackpot MAGA conspiracy theorist. But on February 26, we learned the conspiracy theorists were correct. The United States Energy Department concluded that coronavirus did start from a Wuhan lab leak.

The threat of being labeled a conspiracy theorist is effective. The American media used it to devastating effect in shaping the discourse around the outbreak of Covid-19. The "truth" was what Dr. Anthony Fauci said it was. Those who said otherwise were censored.

"If you look at the data that's been accumulated by independent international evolutionary virologists, they feel pretty confident that this was a natural occurrence from an animal host into a human," Fauci said in December 2022 in an interview with Chris Wallace.

Early World Health Organization (WHO) investigations centered around this "truth." Whether it was bats and pangolins or ferrets and rabbits, the inquest into covid's origins centered around animal-to-human transmission starting at the Wuhan wet market in China. The "experts" looking into it never came back with conclusive results. Many animals were potential covid carriers, they said. But no one found an animal source for covid-19. That was the case to now.

The most likely alternative theory was that Covid-19 started in a lab leak. And this was a very plausible theory for several reasons.

The Wuhan Institute of Virology was conducting extensive coronavirus research only nine miles away from the Wuhan wet market. And on Jan. 2, 2020, before the world even woke up to the coronavirus threat, the institute's director forbade anyone from releasing information about the virus. The very next day, China's National Health Commission ordered that all coronavirus testing stop and all samples be destroyed. Even after the outbreak became a pandemic, China denied that it started in Wuhan, refused to allow WHO officials access to raw data, and hindered its investigations as much as possible. On top of that is the fact that the WHO and the United Nations have both been in China's pocket for years.

All of this real, factual information was available to everyone interested. Certain news outlets, outside of the main stream press, began reporting on most of it in February 2020. But it quickly became evident that telling the truth isn't what those in power wanted.

Most of the experts, media and politicians treated this animal-to-human theory as fact. They regarded everything else as a conspiracy theory.

"It is virtually impossible for this virus jump from the lab," said Glenn Kessler, chief writer of the Washington Post's "Fact Checker" feature. "We deal in facts, and viewers can judge for themselves."

When a sitting U.S. senator, Tom Cotton, said the opposite, the Washington Post accused him of repeating the lab-leak theory that was "debunked" as a "conspiracy theory"; the New York Times called it a "fringe theory"; Vice News said it was "bogus."

Well, now we know that it was the truth. The Department of Energy and the Federal Bureau of Investigation said as much, albeit over two years late. But Dr. Fauci continues to insist that "we may never know" how or where covid-19 started.

It's important to note that Dr. Fauci is also the same person who, in July 2021, insisted that his National Institutes of Health (NIH) had not funded gain-of-function research at the Wuhan lab. In October, even CNN admitted that the NIH had done just that. It funded it through the organization EcoHealth Alliance.

Peter Daszak of EcoHealth Alliance just so happened to be one of the WHO officials studying into the origins of the virus. And he adamantly declared that it originated from an animal. He even sent Dr. Fauci an e-mail thanking him for suppressing the lab-leak theory.

These are the "independent" virologists Fauci was talking about. They are the people responsible for funding and conducting gain-of-function research into coronaviruses. For them to be involved in the investigations into the pandemic's origins is the greatest conflict of interest.

So, it's no surprise that they would ardently place the blame else-where and not on themselves.

It would be bad enough if it ended there. But these are the same people who, in tandem with the media and politicians, created the dominant narrative around the pandemic and labeled anyone who disagreed to be a conspiracy theorist.

We can only wonder the next conspiracy that will be proven true.

D. Miyoshi

Japan’s Debt Problem

A flurry of big spending packages and ballooning social welfare costs for a rapidly ageing population have left Japan with a debt pile of 10.46 trillion U.S. dollars, over 260% the size of its economy - double the ratio for the United States and the highest among major economies.

This massive government debt has not wreaked havoc in the past because of robust domestic saving, especially household saving (and, in more recent years, corporate saving) and a temporary inflow of foreign capital caused by the Global Financial Crisis.

But this begs the question, will this lead to a financial crisis?

The Japanese government is optimistic but some economists see danger ahead.

To explain these hazards, I present a report by NikkeiAsia that appeared in the Asia Daily Briefing on August 1, 2023.

I hope you find it informative.

D. Miyoshi

Japan's growing debt mountain: Crisis, what crisis?

Japan's debt-to-gross-domestic-product ratio is around 260% -- by far the highest among developed economies, exceeding the 204% seen during World War II in 1944. © Illustration by Yoshiko Kawano

Why the world's No. 3 economy stays afloat despite towering debt-GDP ratio

ANDREW SHARP, Nikkei Asia politics and economics editor

TOKYO -- When the U.K. announced uncosted tax breaks last year, it triggered a run on the sterling, sent British government bond yields to their highest since the global financial crisis, and hastened the downfall of Prime Minister Liz Truss after just 44 days in office. This year, the U.K.'s ratio of debt to gross domestic product surpassed 100% for the first time since the early 1960s.

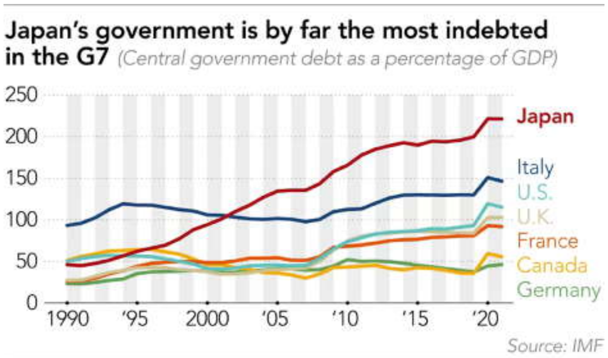
Japan could only dream of a figure so low.

The International Monetary Fund estimates that the world's third-largest economy's ratio is around 260% -- by far the highest among developed economies, exceeding the 204% seen during World War II in 1944. The number is expected to continue creeping upward, according to projections by the Japan Center for Economic Research, a Nikkei-affiliated think tank.

Yet Tokyo remains relatively sanguine. In an optimistic scenario that sees a rise in Japan's potential growth rate, the government projects it will balance its books by fiscal 2026.

The cost of borrowing, however, is rising. A decision by the Bank of Japan on Friday to allow yields on Japanese government bonds (JGBs) to rise above its previous cap of 0.5% to 1% has already triggered a spike in yields -- they rose above 0.6% for the first time in nine years in Monday trading.

Japan's growing debt mountain: Crisis, what crisis?



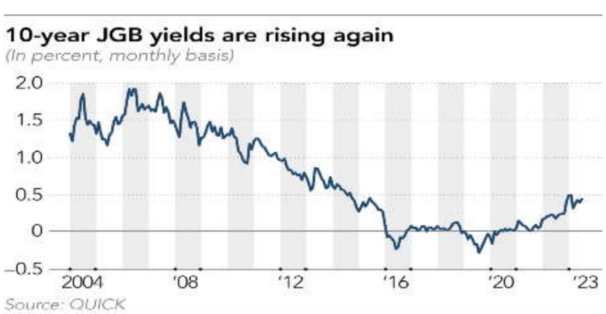
In the meantime, Japan keeps on spending. Prime Minister Fumio Kishida has pledged to boost defense expenditure to 2% of GDP by fiscal 2027 from around 1% now, and to double the child care budget to an annual 3.5 trillion yen ($25 billion). He is also planning to issue 20 trillion yen of Green Transformation (GX) bonds over the next decade.

While the GX bonds are to be repaid through a carbon tax and carbon pricing scheme, Kishida's government has yet to settle on a plan to cover the defense and child-rearing outlays. Saddled with a super-aged society, the government projects Japan will have to spend nearly one quarter of GDP on social welfare such as nursing care and pensions in the fiscal year beginning April 2040.

So far, none of this has spooked global investors the way Truss' tax plan did.

Various factors are dampening the fuse on Japan's debt time bomb. Companies have large cash holdings and are not yet borrowing heavily. Japanese government bonds have a relatively long average maturity and are mostly held domestically. The country has a healthy current account surplus, and a rare period of inflation is also helping.

"It's difficult to imagine a debt crisis in Japan. But its A rating does imply that it is not completely risk-free," Krisjanis Krustins, director of sovereign ratings for the Asia-Pacific region at Fitch Ratings, told Nikkei Asia. "If growth and inflation return to weak levels, then that would result in the debt ratio trending up -- all else equal."



Perhaps the biggest factor supporting Japan's debt situation is what Tohru Sasaki, head of Japan macro research at JPMorgan Chase Bank, calls a "kind of addiction" to the BOJ's ultraloose policies.

Under previous Gov. Haruhiko Kuroda and continued under Kazuo Ueda, the central bank has guided interest rates in a band around or below zero and, under a massive asset purchase program, the BOJ now holds around half of all sovereign bonds.

"The central bank cannot get out of monetizing government debt," Sasaki said. "The Bank of Japan will probably buy debt if we run into trouble from here. I'm not saying this in an optimistic sense, but in a pessimistic sense."

Bank of Japan Gov. Kazuo Ueda explains the decision to tweak the yield curve control policy on July 28. (Photo by Satoko Kawasaki)

Japan is projected to spend 22.1% of its current fiscal year budget on interest payments and debt redemption. Aware of this, and the growing debt burden, Finance Minister Shunichi Suzuki warned in March that "Japan's public finances have increased in severity to an unprecedented degree."

Still, investor confidence in Japan's finances appears to be holding, according to Christian de Guzman, a sovereign risk analyst at Moody's Investors Service who covers Japan.

"There is this home bias, and correlated to that is the current account surplus, which gives safe-haven characteristics to the JGB market and the Japanese yen," de Guzman said. "It really boils down to trust."

Japan's growing debt mountain: Crisis, what crisis?

Japan has the second-worst sovereign credit ratings in the G7

Rating change: Stable Negative

	S&P	Moody's	Fitch
Germany	AAA	Aaa	AAA
Canada	AAA	Aaa	AA+
U.S.	AA+	Aaa	AAA
France	AA	Aa2	AA–
U.K.	AA	Aa3	AA–
Japan	**A+**	**A1**	**A**
Italy	BBB	Baa3	BBB

Source: Trading Economics

While Japan can probably rest assured that its debt burden is not going to trigger major economic damage anytime soon, economists do see hazards.

Shigeto Nagai, head of Japan economics at U.K.-based Oxford Economics, says one potential shock could be an ill-timed return to more "normal" monetary policy.

"The exit process from the BOJ's quantitative easing will take years and it needs a guardrail," Nagai told Nikkei Asia. "Done poorly, it could trigger JGB turmoil."

Kazumasa Oguro, a former Finance Ministry official who is now a professor of economics at Hosei University in Tokyo, told Nikkei Asia the BOJ is holding down long-term interest rates through its yield curve control program, "but when it is no longer able to do so, that is the time when the problem will become most apparent."

Kim Eng Tan, a senior director at S&P Global Ratings, warned that if the central bank were to suddenly increase rates or tighten monetary policy, it would untomb a "lot of skeletons in the closet."

Low growth as Japan's population ages and falls is also a major risk. Without a significant productivity boost, a smaller working-age population would make it very difficult for Japan to maintain or boost growth, which would help to bring down the debt-to-GDP ratio.

"For Japan, the biggest social risk factor has been demographics," de Guzman at Moody's said.

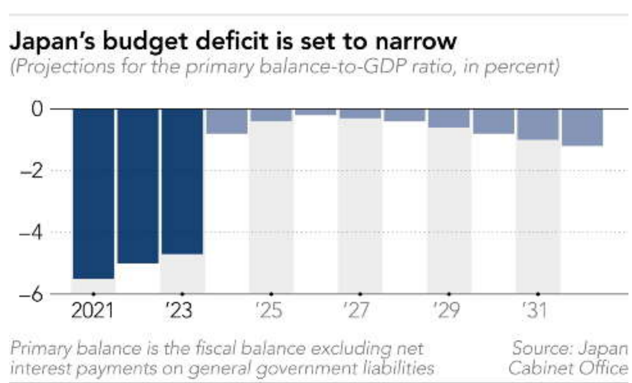
Yields on 10-year Japanese government bonds rose above 0.6% for the first time in nine years on July 31. (Photo by Suzu Takahashi)

Inflation, while unpopular with many residents of Japan as wage growth is not keeping up, could be a panacea for the debt position. Consumer prices picked up again in June to exceed the BOJ's 2% target for the 15th straight month. Despite rates around zero, Japan now has faster inflation than the U.S., where the Federal Reserve on Wednesday raised rates for the 11th time in 12 meetings, reaching a range of 5.25%-5.50%.

If sustained inflation materializes in Japan, "that will have a positive impact on GDP, the denominator and debt-to-GDP, that tends to be positive for government revenue as well," said Krustins at Fitch.

At some point, however, Japan will have to reinforce its debt position and cap spending even as the population grows older, economists say.

"A credible fiscal consolidation containing age-related spending and mobilizing tax revenues is warranted to put debt on a downward path and reduce risks," the IMF said in its March Article IV consultation on Japan.



How the Coming Crash will Happen

Tokyo faces a choice between tax hikes and spending cuts, warned Ranil Salgado, the IMF's mission chief to Japan and author of the report.

Salgado said that a (politically unpopular) further hike in the consumption tax rate is the best solution given important spending needs. "In a country like Japan, where there's a substantial elderly population, the best way to tax permanent income or permanent consumption is the consumption tax."

Ultimately the task of preventing a debt crisis may fall to the role of the BOJ, and whether Japan's private sector can innovate to boost growth, said Richard Koo, chief economist at the Nomura Research Institute and author of "Balance Sheet Recession: Japan's Struggle with Uncharted Economics and Its Global Implications."

"The only borrower left is the government," Koo told Nikkei Asia. "I'd prefer seeing the Bank of Japan exit QE and gradually transfer those holdings to the private sector investors."

End of Article

How the Coming Crash will Happen

For several years now I have been saying the stock market will fall …….. a long way. And so far, I have been wrong. But despite my inaccuracy, I still continue to believe the stock market will come down ……….quite a lot. And that begs the question, what will cause it to come down?

The following is a transcription of a continuing YouTube program called Wolves and Finance that I follow closely. This latest video that came out July 28, 2023 is entitled *How to Survive the Coming Market Crash* and in it the commentator Zach Degregorio outlines what he believes will trigger the next stock market crash. It involves China and the Black Rock Investment Fund and Zach's reasoning makes a lot of sense. Therefore, for your edification and consideration, I decided to share with you a transcription of this program. I hope you find it informative and perhaps helpful in arranging your financial affairs.

D. Miyoshi

HOW TO SURVIVE THE COMING MARKET CRASH

By Zach Degregorio
July 28, 2023

The Market Crash is coming to the United States. In this video I will explain how it is likely to happen and what you can do to protect yourself.

If you watch CNBC, you will see all the big-name investing experts and they're all basically saying the same thing. They have all reached a consensus that something bad is about to happen in financial markets. But, they had no idea where it's going to come from.

I will tell you where it's coming from but first, we have to understand a little bit about business history. The most famous market crash happened in the 1600s in Holland and it

How the Coming Crash will Happen

was called the Tulip Bubble. People were trading tulip bulbs and the prices skyrocketed. People thought the price would go up forever. People took out debt to buy tulips and when the price bubble burst tulips became worthless.

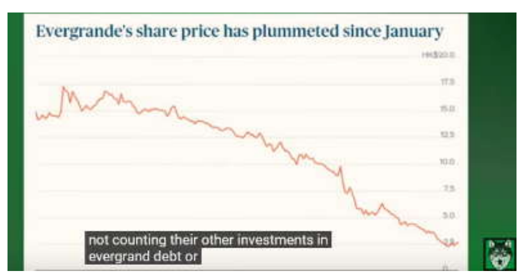
Fast forward to the real estate crash in the US in 2008. Many of you remember this. People thought the price of homes would go up forever. People took out debt to buy houses. When the housing bubble burst homes dropped in value. With these examples in mind, I will tell you where the market collapse will come from because the same activity is happening today in China. People thought the Chinese economy would go up forever. Investment banks used debt to invest in Chinese companies. With Chinese companies like EverGrande defaulting on their debt, people are not going to get paid.

So, if this is happening in China, how is this going to impact the United States? The global bond market is interconnected. The amount of value in China that has disappeared is enormous and you cannot have those kinds of losses without it trickling through the rest of the bond markets. We have seen this manifest this month in England in the near collapse of their pension funds. After the crisis, we saw Prime Minister Liz Truss resign after only six weeks in office. People's retirement funds almost got wiped out because interest rates were rising because of increased risk in the system. The pension funds were not going to be able to make their payments and the system almost collapsed.

What is happening in England is a preview of what could happen in the US. So here's the big question, where are people's retirement funds kept in the US? They are held by companies like BlackRock. BlackRock is one of the largest investment firms in the world and it is common for states in the US to give BlackRock the retirement funds of their state employees to invest. It turns out BlackRock is also a large investor in China. As reported in the *Financial Times* last year, BlackRock was urging investors to increase their exposure to China by as much as three times. BlackRock's statement at the time by Chief Investment Strategist Wei Lee

described China as it has the second-largest equity market, the second largest bond market and it should be represented in more portfolios. Keep in mind this statement was issued by BlackRock in August 2021 this same month that EverGrande halted construction projects across China because of overdue payments and China's Central Bank issued a rare warning that EverGrande must reduce its debt.

If you read BlackRock's financial statements it is unclear how much exposure they have to China but it was reported last month that BlackRock has suffered $95.3 million book loss on its EverGrande holding.

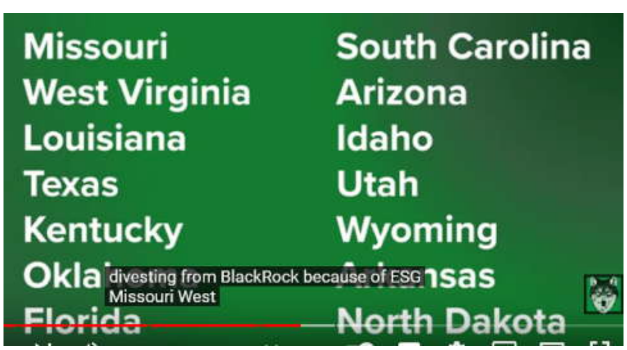


That's not counting their other investments in EverGrande debt or other Chinese companies. This raises a lot of questions. How much of the funds from American retirement accounts are being used to prop up the stock of failing Chinese companies? Who is this person Wei Lee?

How the Coming Crash will Happen

And why is she the chief investment strategist for BlackRock? This raises some big questions about fiduciary responsibility. But BlackRock's China losses are not the only problem they're facing right now.

Their other problem is ESG. BlackRock has been one of the most vocal leaders for ESG investing which are investments that support climate and social causes that often align with the Democratic Party in the US. Republican states have been pulling the retirement funds out BlackRock. Just this week, Missouri pulled $500 million out of BlackRock. They have now joined the following states that are divesting from BlackRock because of ESG. Missouri, West Virginia, Louisiana, Texas, Kentucky, Oklahoma, Florida, South Carolina, Arizona, Idaho, Utah, Wyoming, Arkansas and North Dakota.



All these people are pulling their money out of BlackRock, all at the same time when BlackRock is suffering big losses from China and interest rates are going up. The *Financial Times* reported that as of the last week BlackRock has lost over $1 billion over ESG investing concerns. If that's not bad enough, it gets worse.

A large part of BlackRock's portfolio is real estate and the real estate market is in trouble. On Thursday this week Diane Swonk, Chief Economist at KPMG went on *Meet the Press*

and said the housing market was crashing. When interest rates were low, BlackRock was using cheap debt to buy up enormous amounts of real estate. Under normal times, if BlackRock ran into financial trouble, they could just sell off real estate to make money. But now with the rates going up, debt is not cheap anymore. No one is buying real estate right now. So BlackRock could not even sell the real estate if they had to. This is the perfect storm for BlackRock. Think this company as a three legged stool.

They are facing three main problems, losses from China, ESG causing people to pull money out of the bank and a fail-

How the Coming Crash will Happen

ing real estate market. With all this happening at the same time, this is the type of situation that could cause BlackRock, the largest asset holder in the world, to collapse.

If BlackRock collapses, anyone who has retirement funds with them could lose everything. You have to remember, a lot of these people are state employees. These are honest hard-working Americans. A lot of these people do not even know that BlackRock is holding their retirement funds. These people who have saved their entire lives would be penniless. Remember in 2008 when Lehman Brothers collapsed, no one expected it.

That is the moment that started the market collapse. When it happened, if you had funds invested in Lehman Brothers, you lost a lot of money.

Now, before you dismiss me as just some crazy person ranting on the Internet, you should realize I'm not the only person raising warning flags. Just last week, a top analyst from UBS named Brandon Hawkins

downgraded BlackRock from buy to neutral because of their loss of funds from ESG investing. Now going from buy to neutral does not sound like a big deal but it is when you are talking about the largest asset holder in the world.

I feel like I need to explain here that I do not have an agenda. BlackRock is a publicly traded company but I do not own any stock positions in BlackRock. My YouTube channel is not funded by anybody. I'm independent and I'm here to give you information that I think is helpful. I have no inside information about BlackRock.

This is just information I have pulled from public sources about what is going on. The reason why you're not hearing about this in the news media is that everyone is scared to speak out against China. China is a huge client for these financial companies and if they say anything negative about China they lose one of their biggest customers. Unfortunately, by protecting China they are sending Americans hurtling towards an economic cliff.

So, what you do to survive a coming crash? Big picture, I would say, you could limit your exposure to China. I think that these states who have pulled money out of BlackRock may have just saved their citizens retirement plans.

During a crash, it's the people who pull their money out first,

How the Coming Crash will Happen

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.

who get to keep their money. All the states that leave their money in could lose everything. Second, we need to learn our lessons from the crash in 2008.

After Lehman Brothers collapsed, the government stepped in and bailed out the banks. Meanwhile, the American people got nothing. That was deeply unfair and we need to make sure that does not happen again. We should be sending our politicians a message now, no bailouts for BlackRock. Now I want to hear from you, do you think a crash is coming?

End of Transcription

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

Charitable giving that gives back

Charitable remainder trusts can be designed to allow the grantor an annual payment during their lifetime, with the balance transferring to a charity when the trust terminates.

The grantor may also receive an income tax charitable deduction based on the charity's remainder interest when the property is contributed to the charitable remainder trust.

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