

# Fed Capitulation, Socialism & New World Order Realities

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*"Markets remain entirely dependent on running to their central bank daddies for help every time they get in trouble. This is the expectation central banks have set and this is the role they continue to play. Markets are spoiled trust fund kids."*

- **Sven Henrich, Senior Technical Analysis, Capital Traders, Ltd.**

*"The seeds of the next major financial crisis (or the one after that), may well be found in today's sovereign debt levels,"*

- **Seth Klarman, Baupost Group Hedge Fund (February 13, 2019)**

*"The impracticability of Socialism is the result of intellectual, not moral, incapacity...Even angels, if they were endowed only with human reason, could not form a socialistic community."*

- **Ludwig von Mises, Magnum Opus *Human Action*, (1881 - 1973)**

*"Wherever the standard of freedom and independence has been, there will her heart, her benedictions will be. But [the US] does not go abroad, in search of monsters to destroy."*

- **President John Quincy Adams, Speech in 1821, (1767 - 1848)**

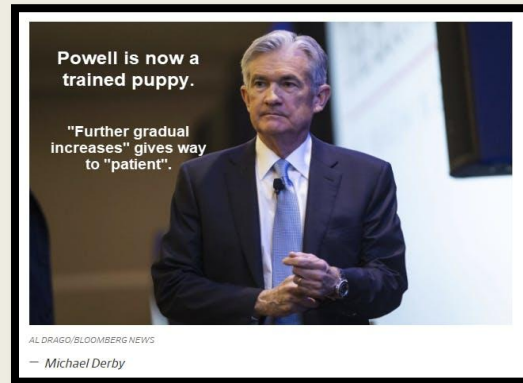
*"Government is not reason; it is not eloquent; it is force. Like fire, it is a dangerous servant and a fearful master."*

- **General George Washington & First American President (1732 - 1799)**

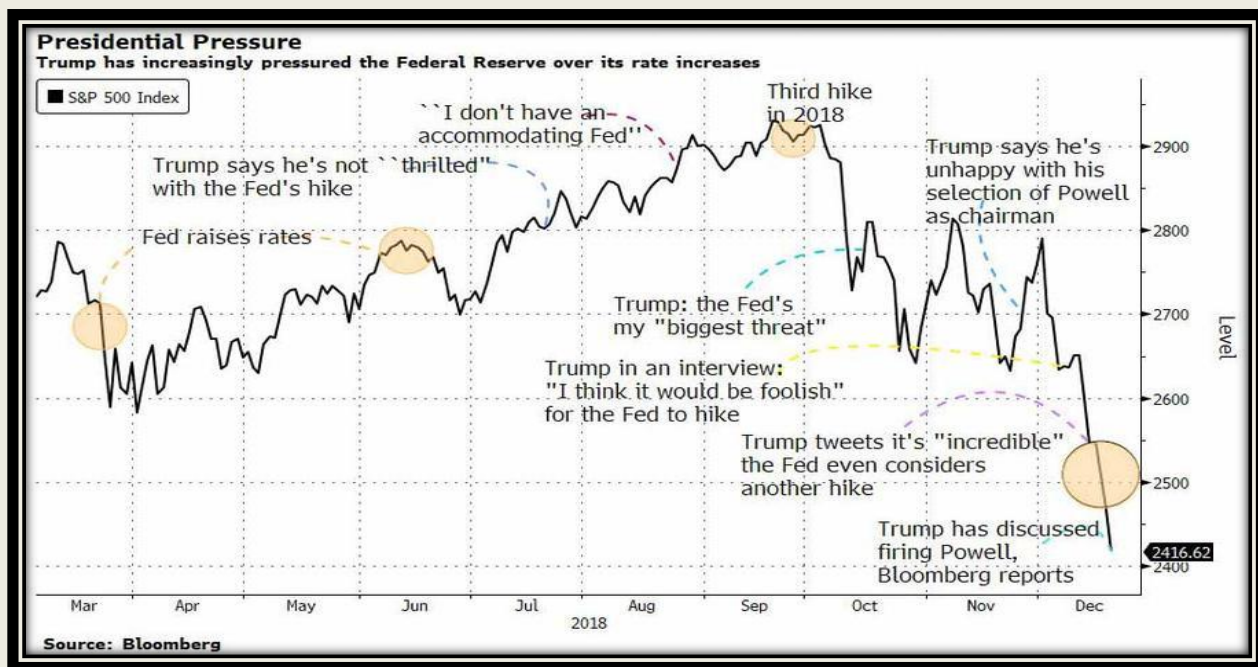
**Greetings to All,**

According to historians, **Washington's** birthday was celebrated on **February 22nd**, but later changed in **1968** to the **3rd Monday of February**, which now includes **Lincoln**. I mostly remember this unique man from the **above quote**, and I will comment on this later in this newsletter and my next newsletter in **March**. Government is a "necessary evil" said **Thomas Paine**. In this edition, I want to address the failures of **central planning and collectivism in general**, and provide some perspective on where things are likely going in **2019**. As you will see, we are in changing times and the **US** is increasingly being isolated as an imperial power in the **New World Order**, and this has everything to do with the collapse of the **US dollar** and a failed central bank policy since **2008**. So, let's get started.

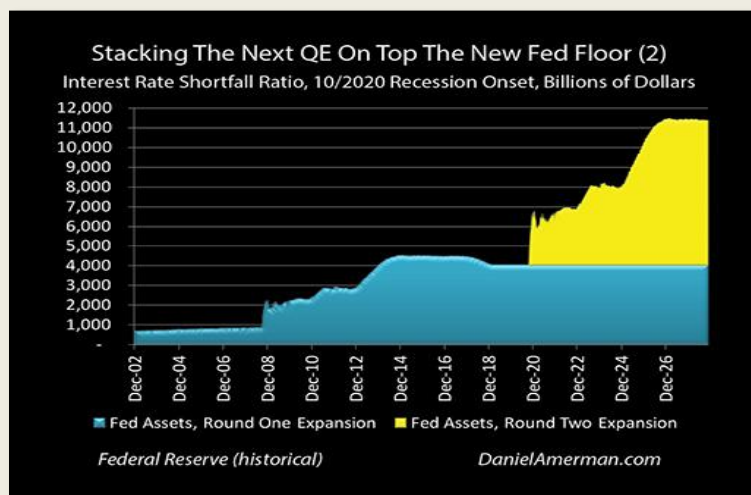
# Fed Capitulation & Global Recession Fears



According to a [recent Gallup Poll](#), 69% of Americans say they will be *better off financially* in twelve months. The last time people were this optimistic was just before the **Dot.Com Bubble** in **1999**, and business cycles have a way of repeating. A similar poll by **Bankrate** found that more than **50%** *do not* expect their financial situation to improve at all. So which is it? Probably the latter, and the **Fed** has the nearly impossible task of micromanaging (rigging) the economy so that everyone is happy. After announcing that the **Fed** would raise interest rates **3-4 times** in **2019**, the **Fed** has sharply reversed course and hit the "pause button" after the **December** market swoon. This *capitulation* to **Wall Street** only proves that **the market tail** is wagging the **trained puppy dog** at the **Fed**! Even more telling are the repeated threats (tweets) by **Trump** to **Chairman Powell** to keep interest rates in the basement:



On February 4th, **Powell** and **Trump** had an "informal" dinner, and the "independent" **Fed** caved in and has now *lost all credibility*. A **global recession** is looming and markets are desperate to keep the party going. They are acting like "spoiled trust fund kids" as [Sven Henrich](#) says! Speaking at the **World Economic Forum** last month, **Ray Dalio** (largest hedge fund) said the **Fed** is trapped, and [another writer](#) said the **Fed** is the "market's bitch." Is this any way to run a **\$16 trillion** dollar economy and issue the reserve currency of the world? Most certainly not, and we are all going to pay.



**"The age of permanent intervention began in 2008. The correction of 2018 just made central bankers finally admit it as they failed to stay non accommodative for not even 3 months before caving. 10 years after the financial crisis we are staring at a global economic slowdown with central banks never having normalized and, as a result, having a lot less ammunition at their disposal to react. The global economy is riddled with the highest debt loads ever, while the few have become richer than ever. Think people are angry now? Watch the next recession."**

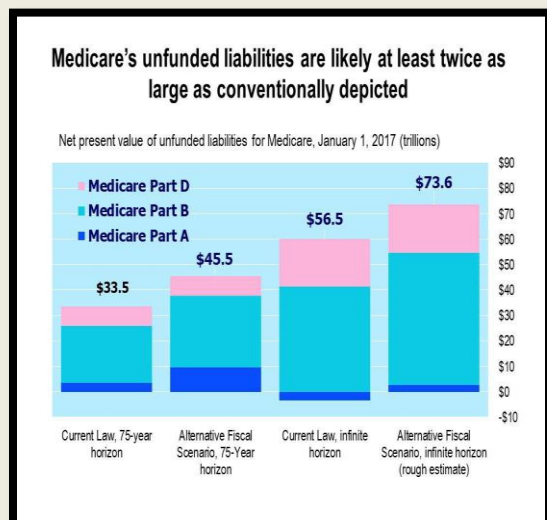
**In the above rant by Sven Henrich, he is pointing out the very obvious.** Nothing has been fixed since 2008, and we have only kicked the fiscal can down the road and the Fed is now in a box.

**"So even as the warning signals flash that another cycle of recession could occur in the next 1-2 years, history shows us that the Fed has put itself in a much worse 'box' than it was in the last time around, with only has about 1/3 of the "power" needed to exit recession in the way and within the time period that most investors take for granted these days..... The saddest part in all this is that the financial crisis gave a loud enough warning and a call to action. We, as a global society, wasted the opportunity for meaningful structural reform, instead we doubled down on the system that was already in place. And now we're left hoping, hoping that the Powell put will be as good as the Yellen put and the Bernanke put before that. Cause the central bank put is all that's standing between markets and the great unwind."**

**This quote**, and the above chart, is from CPA Daniel Amerman, a respected analyst who predicts that the central planners will have to resort to more easy credit (QE4). As you can see above, the Fed has \$4 trillion on its balance sheet, and Amerman predicts another \$8 trillion by 2026! I am pretty sure that the "great unwind" will be much sooner than that, and there will be no meaningful structural reform until there is a financial reckoning day. **As noted by one writer**, there was no mention of our unsustainable sovereign debt in the annual State of the Union Address on February 5th. Instead of addressing serious matters, we get political theater and applause. **Here is his conclusion:**

**"Nowhere within the 82 minute State of the Union Address was there a single word of the country's burgeoning \$1 trillion budget deficit. Nowhere was there a word of the great \$22 trillion national debt default that's bearing down upon us like a savage hurricane along the Gulf Coast. Nowhere was there mention of the \$122 trillion in unfunded liabilities, which includes the sacred cows of Social Security and Medicare..... The real State of the Union – the one President Trump omitted from his address – is a state of impending doom brought on by 50 years of relentless debt accumulation...This is a story too grim to mention."**





*"The seeds of the next major financial crisis (or the one after that), may well be found in today's sovereign debt levels," - Seth Klarman, Baupost Group Hedge Fund*

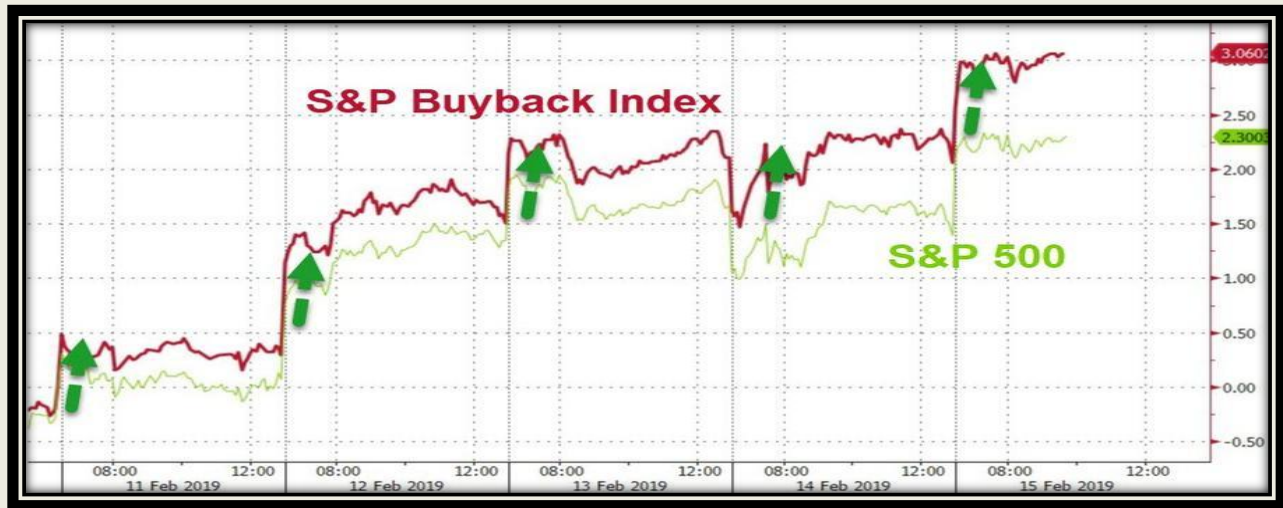
**Maddening as hell isn't it?** No mention of our **new national debt record**, insolvent entitlement programs and impending doom. As my buddy Ben has depicted above, all the promises that the government has made to *millions* is about to kick us all in the you-know-what! As many of you know (and I mention in most of my interviews), the frightening **demographics of the babyboomers** is what inspired me to write my book. The first cohort of babyboomers started retiring a couple of years ago at the staggering pace of **10,000 each day**, and this will continue for the next **18 years!** The sacred cows of **Social Security** and **Medicare** are heading for the fiscal/actuarial slaughterhouse. In reference to these **two** sacred cows, *Forbes Magazine* has entitled an article, "**Two Inescapable Reasons America's Entitlements Crisis is Way Worse Than Advertised.**" As I cover in [my book](#), unfunded liabilities for the **Medicare** is **80%**, compared to **20%** for **Social Security**. Why is this? Obviously people like nearly free stuff and the babyboomers are not exactly the *healthiest* generation in history. *Forbes* **included this chart above** to prove that the **Medicare** (unfunded) liabilities are **twice as large** as advertised! And in a *spectacular demonstration* of ideological idiocy, fiscal insanity and demagoguery nearly **ALL** of the **Democratic Party** candidates are all calling for **FREE MEDICARE FOR ALL!**

**Folks, it does not get any more suicidal than this.** Everything I outlined in my book is coming to pass, and I will mention this in my conclusion. You can read the full *Forbes* article at [THIS LINK](#). It should be clear to logical, sane and reasonable people that we *cannot* "Make America Great Again" at this juncture in monetary history. In just this past week, the **US national debt** has now *exceeded* **\$22 trillion**, and the *only countries* with a higher **Debt to GDP** are Japan, Greece, Italy and Portugal. William Gale, co-director of the **Tax Policy Center** and a Senior Fellow at the Brookings Institution concluded that "Our long-term prognosis is *significantly worse* than most of the European countries." I will comment more on the **geopolitical and macroeconomic implications** of this statement later.

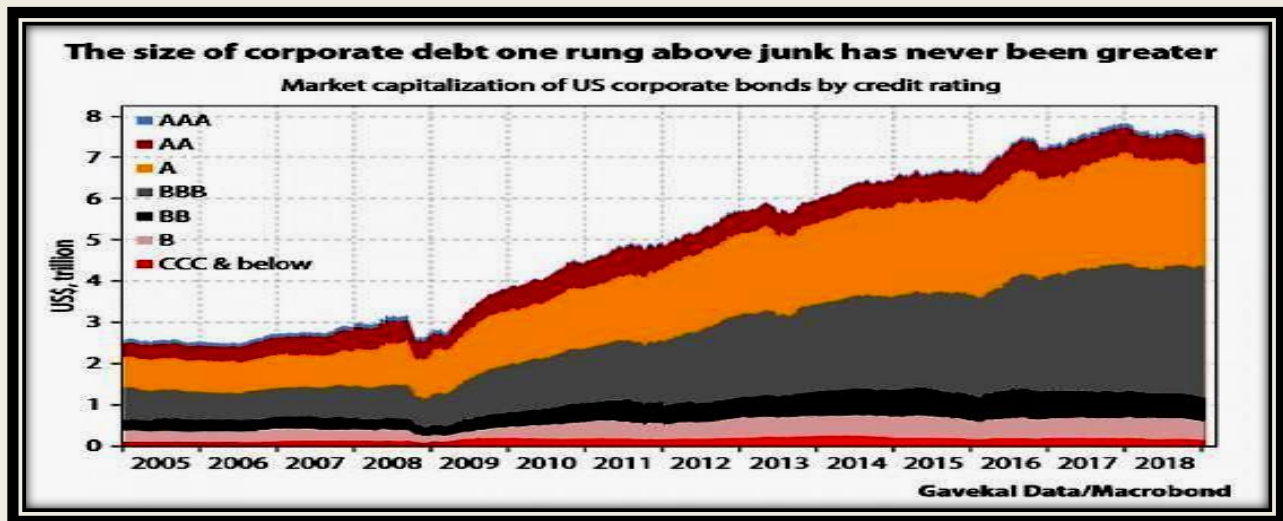
## **State of the Union Address: The US Will Not be a Socialist Country**

As we suffered through the annual scripted speech on the **5th**, I was particularly amused when **POTUS** assured that the **US** *will never become* a **Socialist** nation (stand and applause). Really? We have the largest **Welfare State** in the world! As **Pat Buchanan** said **20** years ago, *we are not on the road to Socialism, we are there!* What we have today is **Cultural Marxism**. This week on **FOX**, a regular contributor said that most Americans reject **Socialism**. Really? A poll taken last year, among all age groups, agreed that *this statement* was in the **US Constitution**: "From each according to his ability, to each according to his needs." This is **direct quote** from the *Communist Manifesto* by **Karl Marx!**

## Miracle December Stock Rebound & Hard Data

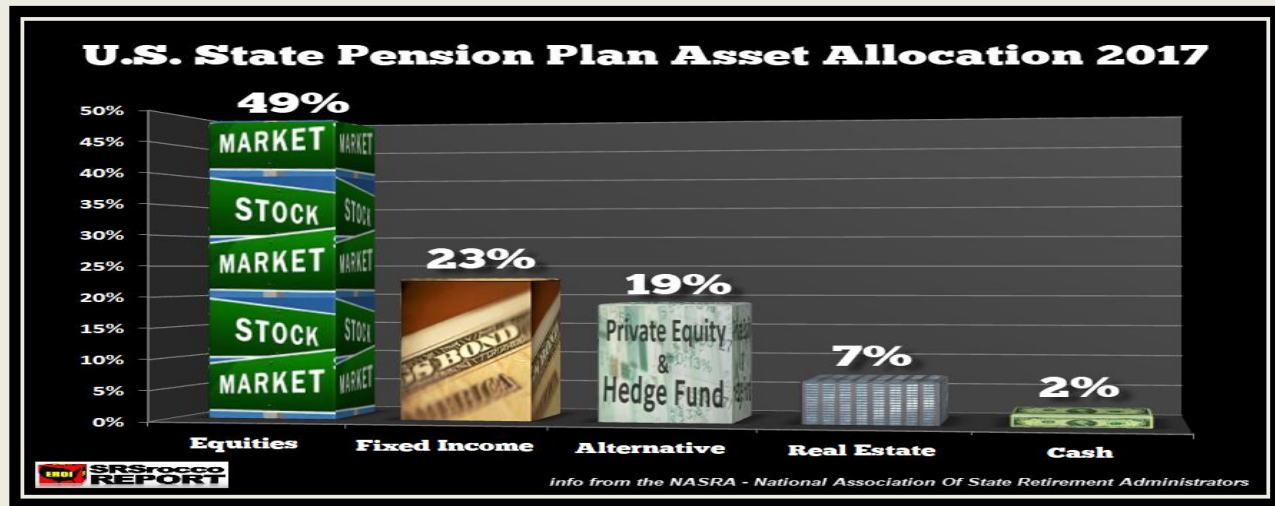


There is an old saying that figures don't lie, but liars figure. This is no more true than the rigged casino in NY known as the **Wall Street** stock market indexes. And here is the **hard data** for the broad **S&P 500** companies that have been driving the stock market since **2008**. As we know, the stock market had a tantrum in **December**, and the **Fed** capitulated. In the past eight weeks the **Dow** and other indexes have made a *complete miracle recovery* courtesy of the **Fed** being their puppy dog, and also the dynamics of **stock buybacks**. Now, I have explained this too much in recent mailings, so let me cut to the chase. **The above chart** reveals the *real driver* of the **Wall Street casino** for just four days in February. See the connection? If not, **the chart below** should concern every retail investor in the US. The casino operators on **Wall Street** have been playing fast and loose with your retirement funds. I take no joy in presenting this hard data below, because it is leading to a humanitarian crisis of **Biblical** proportions. What we see below is nearly **\$8 trillion** in corporate debt (bonds), with *more than half* being **junk bonds** with a high yield - higher the yield the higher the risk, right? You bet.

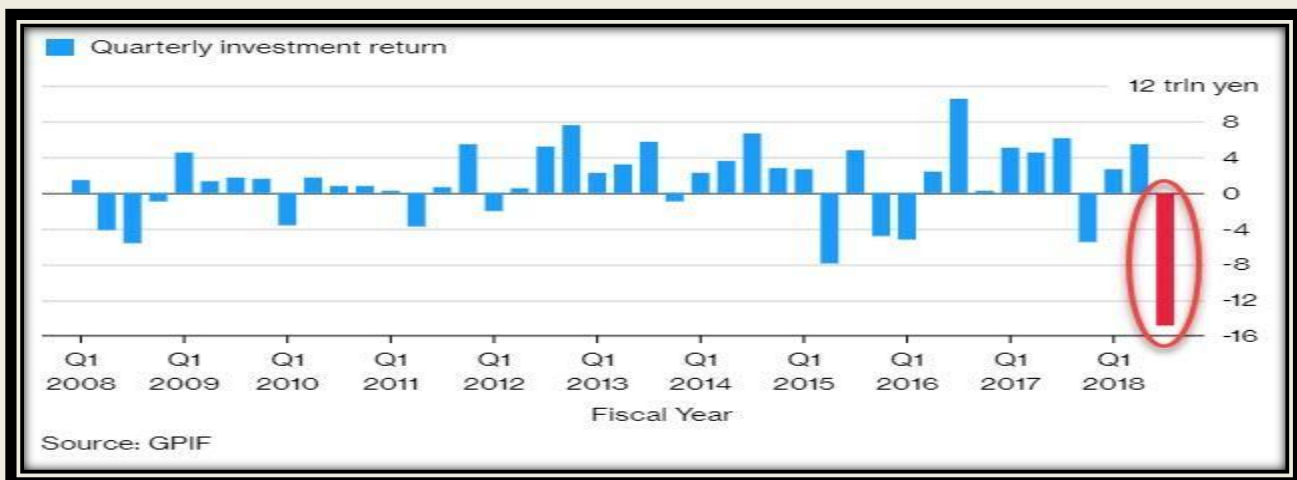


Report after report is warning that the \$4 trillion junk bond market is going to collapse. What does this mean? It means **three things**; the wealth effect will implode, zombie corporations will go bust, and losses will be in the trillions with **institutional pension funds** suffering the most. Oh my.

# US Public Pensions & *Stock/Bond Exposure!*

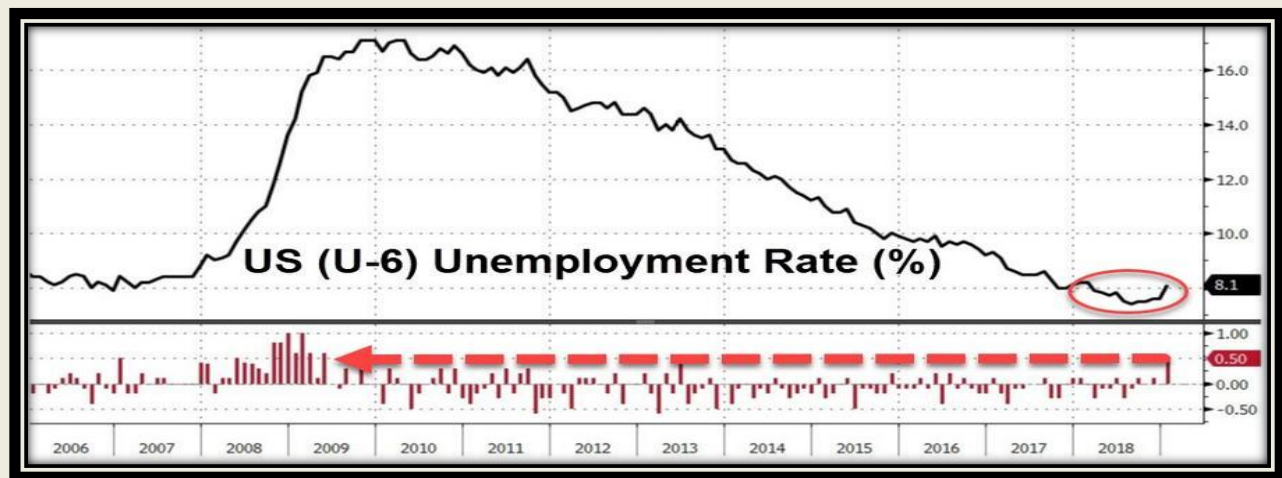


Here is a problem that hardly anyone is talking about. Back when the 10-Year Treasury was yielding 7-8%, this is where pension funds conservatively parked their portfolio. Those days are long gone, and now funds are **chasing yield** in the stock market bubble along with high yield corporate bonds (BB and less) with yields around 6%, and even riskier alternatives! The exposure to **stocks** is bad enough, but **junk bonds** are infamous for defaulting "and you risk the chance that you will never get your money back," as one writer says. **Pension funds** (and retail investors) don't seem to realize that stock buy backs are being done on **margin** (with Wall Street firms). When stocks decline the firm sells more of their stocks, and this cascades. Corporations issuing junk bonds will default. This is the counterparty risk for pensions. Stock buy backs caused the **1929 Crash** and was *outlawed* in **1934**. In **1982**, the **SEC** allowed this practice that is now out of hand. **Japan's** Government Pension Investment Fund is the *largest* in the world. This fund lost 10% in December, or **14.8 trillion yen!** Chart below:



This is a stunning loss. This is a preview of things to come in the **US**, and this is also why the **Fed**, Plunge Protection Team, algos, quants and every other rigging scheme is desperate to keep the **stock indexes** in nosebleed territory. As I have said repeatedly, the **stock market** is a *FALSE METRIC* for the economy. And the more **Trump** brags about the stock market the more it will hurt him. You can read more on the **pension risk** at [THIS LINK](#). I also want to finish out here with **some more hard data** concerning the false narrative that we are in a *robust economic recovery* in the **US**, or globally.





*"We're the hottest economy in the world. Trillions of dollars are flowing here and building new plants and equipment. Almost every other data point suggests, that the economy is very strong."*

**- Larry Kudlow, White House Economic Advisor & Ministry of Propaganda**

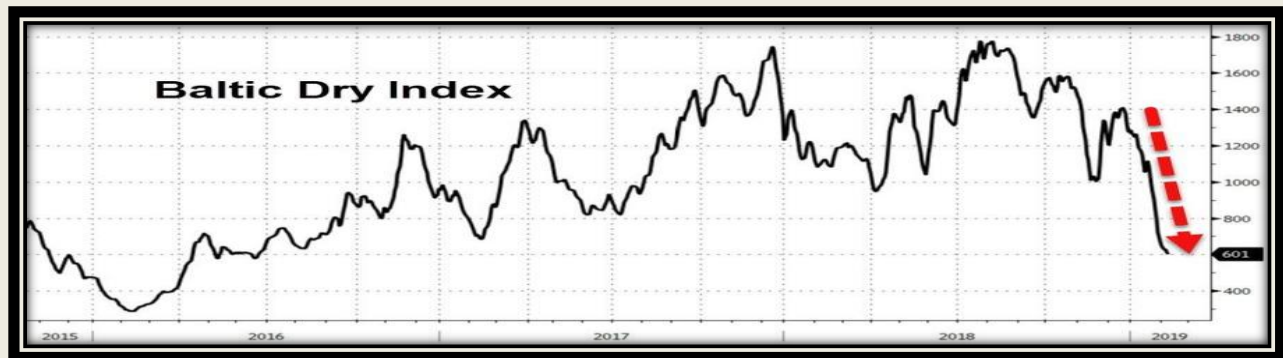
As you know by now, I am a political atheist. I hate both parties, and my only fidelity is to the US Constitution, Austrian economics, Libertarian ideals and my Lord. As I said, **liars** are always *figuring* ways to fudge and cook the books; but actual data and *figures* revealed in **hard data and charts** do not lie. According to the **BLS** (BS) and [THIS LINK](#), December job growth was 312k, but now we learn it is was actually 222k. In January, the **BLS** boasted of 304k, but as I noted in my [last newsletter](#), all of that job growth was in the struggling **55-65** age demographic - *none for the younger generation*.

Larry Kudlow wants us to believe that the US has the hottest economy in the world. The latest **BLS/BS** report reveals that the broad **U-6** (official) unemployment figures have spiked back to **2009 crisis levels** (see above chart). Those red arrows are only *exceeded* by the red arrows in **this chart below**. And what do we see here? **December/Christmas** is a bell-weather economic indicator. This **Merry Season** was *the worst in....18 years*. Yep. And now [some](#) are calling it a *retail apocalypse* in the US. And [THIS](#) recent article says there is *no light at the end of the tunnel*. Just look at this.

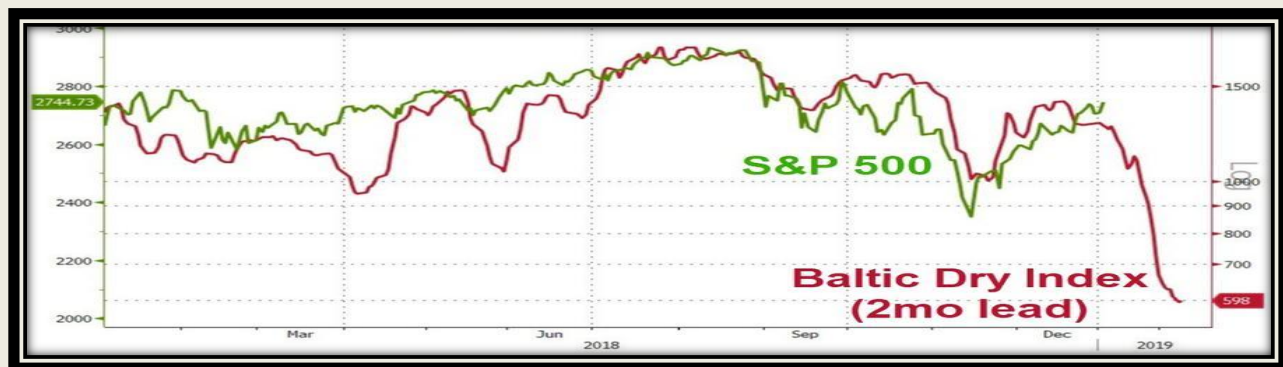


**THIS does not comport with the false narrative that we are in a robust economic recovery.** But! We are now entering a very *tedious and exhausting* presidential election season (already!?), so we can expect that *all economic data will be distorted to the extreme*, and I will be sorting out the **lies** for you.

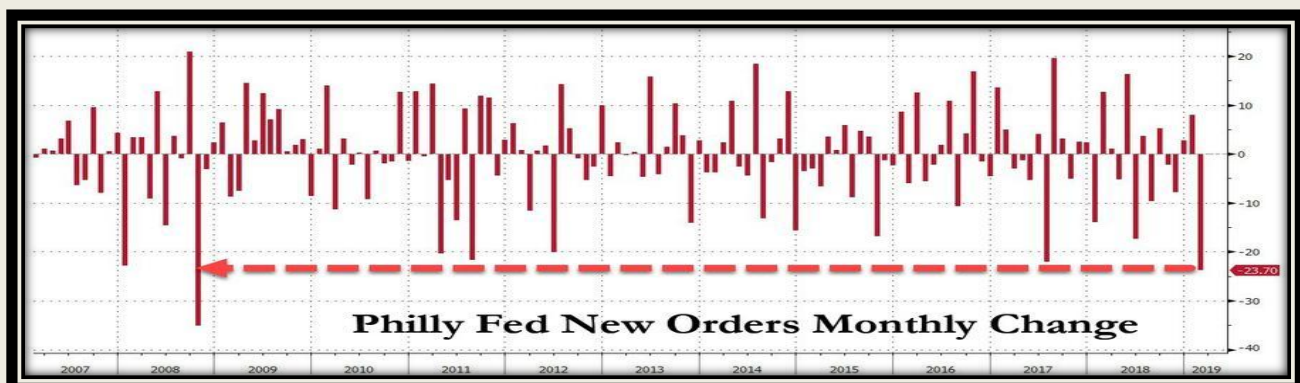
I want to conclude this section with a few more charts and hard data that is also concerning. In macroeconomic circles there is an arcane index that as known as the [Baltic Dry Index \(BDI\)](#). What is this metric? The **BDI** was established back in **1823** in **London**, and it basically establishes the freight cost of shipping goods and commodities by **sea freighters**. For this reason, it is an "efficient economic indicator" of *future economic growth* as noted in the [above link](#). What we see **below** is the [current BDI](#), and this index has dropped **60%** since mid **2018**! Does this look robust to you? Shocking.



Even worse is the most recent data in 2019! According to [THIS LINK](#) and **chart below**, the **BDI** has dropped an *amazing 50%* since **January**, but....the **rigged stock market casino** still stays on course.

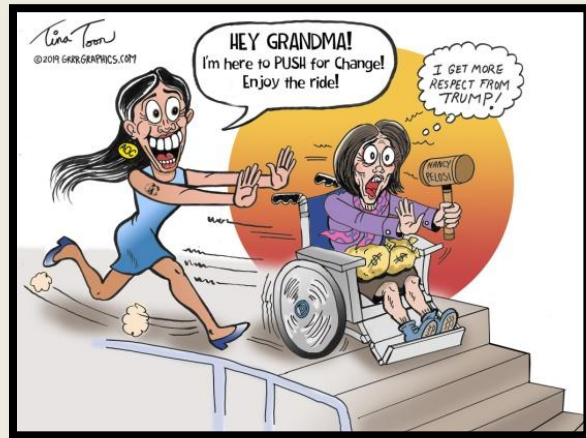


As I said earlier, stock indices are rigged to the upside in a deliberate effort to deceive retail investors and keep the illusion going. But the **BDI** is telling a different story, and [just this morning](#) the **New Orders Index** has crashed all the way back to the **Lehman** crisis in **2008**, as seen below. This does not look like the hottest economy in the world, and keep in mind that a looming **Depression** is coming at the same time that the **Democrats/Socialists** want to *increase taxes, spending, debt and misery* for all of us. This is an issue that we shall now address and the implications this will have in the future.





# Democratic Socialists: *Same as the Old Socialists*



*"There is a religious war going on in our country for the soul of America. It is a cultural war, as critical to the kind of nation we will one day be as was the Cold War itself." - Pat Buchanan, 1992*

**This past mid-term election gave us a preview of things to come in 2020.** Not the least of which was the arrival of **Alexandria Ocasio-Cortez**, a NY bartender who landed a gig in the **US House of Reps** with salary and perks of \$175k. She represents a new generation that **Pat Buchanan** warned about in his famous speech at the **1992 GOP Convention** - see [VIDEO HERE](#). **Ms Cortez** was only two years old, but the **postmodern culture wars** have evolved into the **Marxist** politics of greed and envy and class warfare. In a [recent interview](#) **Doug Casey** was asked about her campaign for free stuff for everyone. **He said**, "The problem isn't just that she got elected on this platform in a benighted – but increasingly typical – district. The problem is that most young people in the U.S. have her beliefs and values. The free market, individualism, personal liberty, personal responsibility, hard work, free speech – the values of western civilization – are being washed away, everywhere." **Casey** concludes that **Socialism is evil**, because "it is basically about the *forceful* control of other people's lives and property." And this is precisely why **Washington** said that government force needs to be limited.



**As I said earlier, Americans have embraced a sort of Cultural Marxism.** **Half** of the population lives in a household getting direct benefits, **60%** receive more benefits than they pay in taxes and so on. **As seen above**, everyone likes free stuff, but this only *empowers* the State. As **Frederic Bastiat** said, "The State is the great fiction by which everyone tries to live at the expense of everybody else." The so-called **Democratic Socialists** are still the same old **Socialists**, and even more radical than the worst Democrats in Congress (like Pelosi and her ilk). It is all rainbows, butterflies and unicorns. ☺

**New Green Deal Details Released**

- Upgrade all existing buildings in the US
- 100% Clean Power
- Support family farming
- Universal access to healthy food
- zero-emission vehicle infrastructure
- Remove greenhouse gases from the atmosphere
- Eliminate unfair competition
- Ensure affordable access to electricity
- Creates high-quality union jobs that pay prevailing wages

The Green New Deal legislation laid out by Rep. Alexandria Ocasio-Cortez and Sen. Ed Markey sets goals for some drastic measures to cut carbon emissions across the economy. In the process, it aims to create jobs and boost the economy.

Amr Alfiky/NPR

**Wasting no time, the NY Rep has introduced a New Green Deal**, and **above** is an outline of this utopian environmental platform, "which is obviously absurd to all but the most economically clueless persons," wrote **Mish Shedlock** in his review. I will comment more on this **green deal**, but if this sounds familiar, **FDR** issued his famous Second Bill of Rights speech during the State of the Union address **75** years ago. Here is a list from [Wikipedia](#), and the original 2-minute video [CLIP HERE](#).

## **FDR: The Second Bill of Rights, January 11, 1944**

- The [right to a useful and remunerative job](#) in the industries or shops or farms or mines of the nation;
- The right to [earn enough](#) to provide adequate food and clothing and recreation;
- The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
- The right of every businessman, large and small, to trade in an atmosphere of freedom from [unfair competition](#) and domination by [monopolies](#) at home or abroad;
- The [right of every family to a decent home](#);
- The [right to adequate medical care](#) and the opportunity to achieve and enjoy good health;
- The right to adequate protection from the economic fears of [old age, sickness, accident, and unemployment](#);
- The [right to a good education](#).

**This is a complete mockery of the (ten) Bill of Rights ratified on December 15, 1791.** The first ten Amendments to the US **Constitution** stressed what the federal government *COULD NOT DO!*

In his classic book *The Fatal Conceit: The Errors of Socialism*, Friedrich Hayek exposes the errors of collectivism, central planning and **social engineering**. It is a *conceited notion* because these social engineers (psychopaths) think they are better, smarter and more capable than the rest of humanity. In another classic, *The Law* by **Frederic Bastiat**, he makes this **sarcastic observation**:

***“If the natural tendencies of mankind are so bad that it is not safe to permit people to be free, how is it that the tendencies of these organizers are always good? Do not the legislators and their appointed agents also belong to the human race? Or do they believe that they themselves are made of a finer clay than the rest of mankind?”***

**Bastiat** often refers to "legal plunder" in his book. This is all **Socialism/Communism** really is. To fund all of their grandiose social-economic-environmental government programs they must **covet and steal** their neighbor's goods. **Bastiat** defines **legal plunder** this way, "See if the law takes from some persons what belongs to them and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime." As noted, collectivism is about the **forceful control** of other people's lives, property and wealth. And this is evil. **Bastiat** even traces this "insuppressible instinct" back to original sin in the **Garden of Eden** (Gen. 3:16). People are selfish and lazy and "wish to live and prosper at the expense of others." And this is the political platform of the **Democratic Party** and all of their fellow travelers. **Bastiat** provides one more definition of legal plunder. "Legal plunder has **two roots**: One of them is in human greed; the other is in false philanthropy." Ah yes, **false philanthropy** to cover their own evil motives. Liberals want to appear as more caring and compassionate people. I always think of this verse, "But the compassion of the wicked is *cruel*" (Pro. 12:10). It is cruel because it keeps people dependent on the government and discourages personal responsibility, hard work and individualism. **Socialism** is an idealistic ideology that can only gain support in a market economy. It *cannot produce a market economy* as **Ben Shapiro** clearly lays out in this fantastic broadside:

### **Ben Shapiro Speech: Socialism is Theft (17 Minutes)**

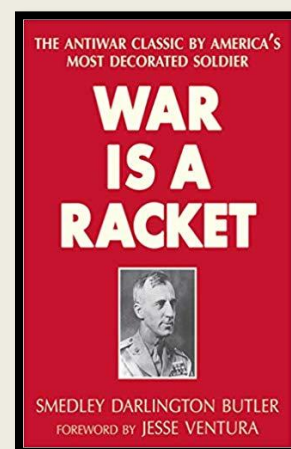
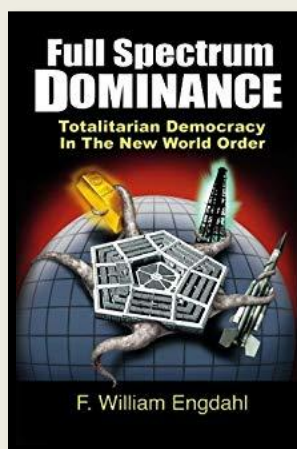
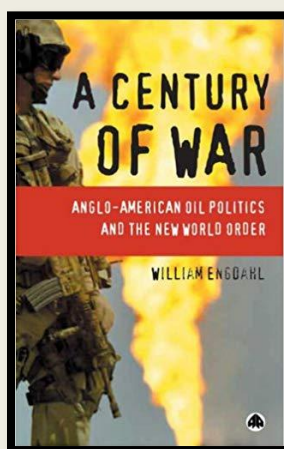
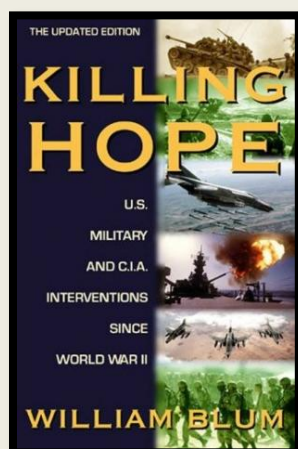
Yes, only in the **US** could you have trophy snowflakes with their designer jeans, iPhones, new cars and gadgets endorsing an old Soviet-style Communist like **Bernie Sanders**! Supporting what **Shapiro** said was a recent 3-minute clip by **Campus Reform** at the "Venezuela Freedom Rally" in **DC** in which they declared that "Bernie Sanders is your enemy!" And the impoverished and starving people living in the murder capital of the world (with no toilet paper) really KNOW what they are talking about!

***"The impracticability of Socialism is the result of intellectual, not moral, incapacity. Socialism could not achieve its end, because a socialist economy could not calculate value. Even angels, if they were endowed only with human reason, could not form a socialistic community."***

The above quote is from **Ludwig von Mises**, the founder of the **Austrian School of Economics** when **Nazism** and **Fascism** were all the rage in **Europe**. Do we never learn? Socialists can never deliver on their promises because they use coercion and destroy true market incentives. The **New Green Deal** is estimated to cost **\$7 trillion dollars**, and this is on top of **Democrats** calling for **even more free stuff**. **Pat Wood** is the author of *Technocracy Rising* (and wrote the Foreword to my book), and says that this **New Green Deal** is "100 percent Sustainable Development, aka **Technocracy**. If Technocracy gains hold, it will be the end of America and the beginning of a total Scientific Dictatorship." You know, those **social engineers** who are made of **finer clay** than the rest of humanity. More on this in a future newsletter, and I conclude this section with a summary that we have an institutionalized warfare and welfare state that is being funded by unsustainable debt and spending. The **central planners** are using false metrics and accounting gimmicks to convince us that the **US** will always remain as the only superpower in the world, but our **full spectrum dominance** is being seriously challenged.



# The US Decline & New World Order Realities!



*"Wherever the standard of freedom and independence has been, there will her heart, her benedictions will be. But [the US] does not go abroad, in search of monsters to destroy."*

**- President John Quincy Adams, Speech in 1821**

As I cover in my book, and past newsletters, the future of our country is directly linked to the future of the US dollar as the reserve currency of the world. You cannot separate the two and policy makers are well aware of our US dollar imperialism since WWII. **F. William Engdahl** has done terrific research on this geopolitical/macroeconomic dynamic at [THIS LINK](#). He proves how our military interventions in the **Middle East** are about oil, money and hegemony. The "war of terror" is an abstraction, a cover. Politicians like to exalt the US as an *exceptional country*, the book *Killing Hope* (above) tells a different story. "If you flip over the rock of American foreign policy of the past century," the [author writes](#), "this is what crawls out; invasions, bombings, overthrowing government, occupations, suppressing movements for social change, assassinating political leaders, perverting elections, manipulating labor unions, manufacturing news, death squads, torture, biological warfare, depleted uranium, drug/sex trafficking, mercenaries ...It's not a pretty picture." This book documents **56** countries we have meddled in since WWII (mostly CIA operations), and the media is pointing at **Russia** - *what a joke!* In 1961, **President Eisenhower** warned about "misplaced power" in the military-industrial complex on [national TV](#). This has gone unheeded and has morphed into an enormous military-industrial-security complex now known as the **Deep State**. **President Adams** once said that American doesn't go abroad in search of monsters to destroy; but this has become our *official foreign policy* today! Both **China** and **Russia** have called for a **multi-polar world** (not a uni-polar world led by the US). A **New World Order reality** is underway that will create new political paradigms that are being studied by senior foreign policy think tanks and analysts. As I researched this topic I came across this perspective from a [senior European diplomat](#). **Here is a key quote:**

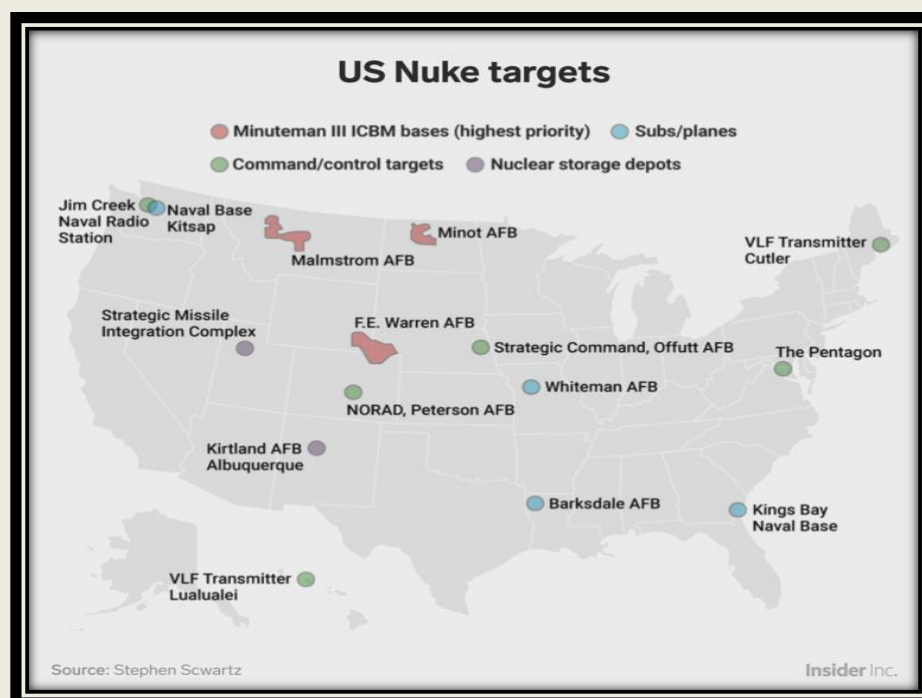
**"Imagine an international crisis in which Russia and China suddenly emerge as a single bloc. The impact would be considerable, and to some extent unpredictable: Psychologically, in the mind of the West, it would combine the fear associated with Russia with the apparent invulnerability of China. Ultimately, this would be enough to curtail Washington-NATO hegemony, as the US would feel under attack; Europe, intimidated and unsettled. This entirely new world would also introduce fractures among European allies, as the old Continent would also face the threat of a split between Western Europe and the nations of Central and Eastern Europe, which could turn their focus east under the influence of a cash-happy China ready to invest in the region."**

Several things are being said here. The **international crisis** that I see coming is a fiscal/monetary meltdown that will necessarily require a debt restructuring and **monetary reset**. An effort is underway to reduce the role of the **US** dollar and roll out the **SDR** as a new settlement currency through the **IMF**. **China** has finally become a member of the **SDR** basket currency in **2016**, and has been creating closer ties with **Russia** on many fronts in **Eurasia**. The **EU** is already pivoting to **Eurasia** with energy deals and increased trade. In this scenario the **US** is becoming increasingly isolated. [One writer](#) says "a new geopolitical and economic era is at hand, and the **US** is being left behind at the station."

## CAN AMERICA AND CHINA ESCAPE THUCYDIDES'S TRAP?

What we are witnessing in the post-WWII era is the emergence of a new a new power with **China**, and the **US** is feeling threatened. The term [Thucydide's Trap](#) was coined by **Allison Graham** at Harvard and refers to the **Greek historian** who recounted how the rise of **Athens** in the **5th** century posed a threat to **Sparta**, and eventually war. In **Graham's** book he cites **16** historical examples, with **12** resulting in war. America has become an imperial power, and "...all empires become arrogant. It is their nature," said **Edward Rutherford**. But the American Empire has also become vulnerable.

In addition to **trade wars** there is an ongoing dispute with **China** over our support of **Taiwan** and the Chinese military buildup in the **Spratly Islands**. The new Senate Armed Services Chairman, **Senator James Inhofe** has [warned](#) about this confrontation in the Pacific. **Lt. Gen. Ben Hodges** [predicts](#) that "all-out war with the US and China is highly likely within the next 15 years." It has been said that if goods and services don't cross borders then armies will...or nukes! **Russia** has long had the ability to strike our strategic military targets in the **US**. **Below is a map** and there is more at [THIS LINK](#).

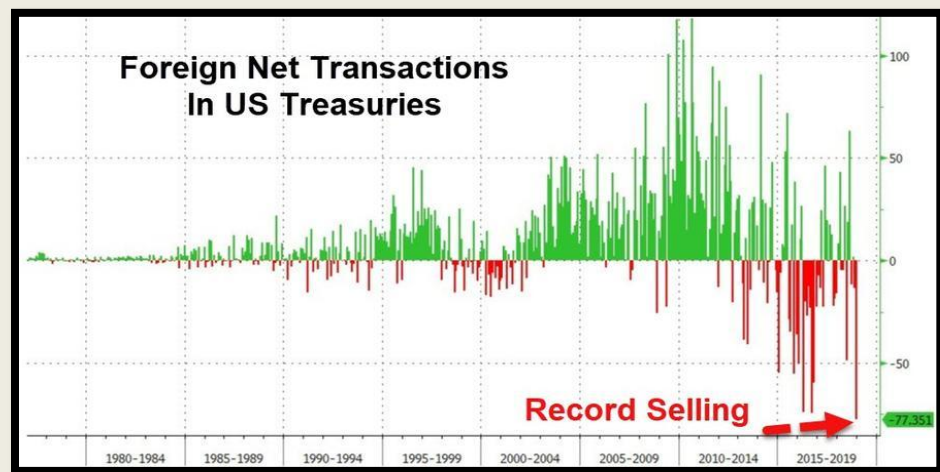
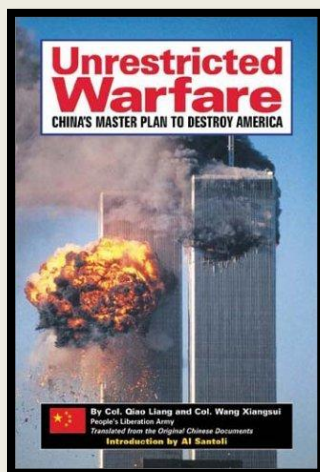


**Is military conflict inevitable in our future?** It would sure seems that way, and **right now** the crisis in **Venezuela** is pitting the **US** against both **China** and **Russia**. **Caracas** has **\$5 billion** Chinese loans and their collateral is **Venezuela oil**. **Russia's Rosneft** now own **49%** of **Citgo** as part of a **\$1.5 billion** loan to **Maduro**. **Russia** also has access to **Venezuela's** gold mining and other commodities and so on. **US National Security Advisor** is neocon and war hawk **John Bolton**, and **Trump** just appointed **Abrams** as "Special Representative" for **Venezuela** - another neocon described as "the architect of the **Iraq war**." **Elliott Abrams** even *wrote against* **Donald Trump** and *supported* fellow neocon **Marco Rubio** in **2016**! It is clear that **John Bolton** is arranging his own war hawks! So, is **Venezuela** going to be the next victim of our interventionist foreign policy and full spectrum dominance? If so we will find ourselves going up against **Chinese and Russian** interests, and we have been fully warned.

**An existential threat to the US is an ElectroMagnetic Pulse (EMP).** What is this? An **EMP** is a short electromagnetic burst that can take out electrical power grids and technical platforms. **Bill Gertz** is a respected analyst on asymmetrical warfare, and is not liked by the **CIA**, and even the state-run **Xinhua** news agency in **2006** identified him as the No. 1 "anti-China expert" in the world. Last month he wrote an article regarding **Super-EMP** bombs that **China and Russia** have developed and you can read the chilling account and charts at [THIS LINK](#). This kind of warfare is *very unconventional*, and below is an **11-minute video** of just how devastating this could be from a former **CIA** operations officer and part of the Congressional EMP Commission, **Dr. Peter Pry** with **Brannon Howse**.

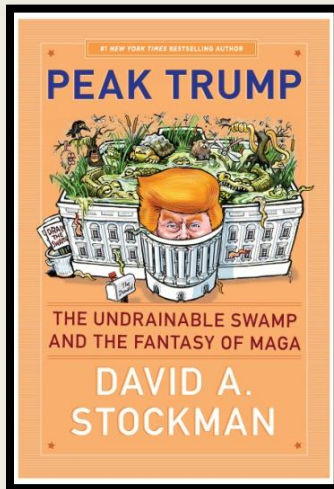
### **Dr. Peter Pry: World War III Started in the Summer of 2018**

**In this clip he shares how artificial intelligence has been joined with super weapons and robotics.** This is part of the **New World Order** realities that we are facing, but the feckless **mockingbird media** is too busy covering the phony **Mueller** investigation, hate crime hoaxes, endless sex scandals, the pseudo science of global warming, **Oscar** awards....and countless other petty tabloid diversions.



**Here is another New World Order reality that will assuredly lead to a US decline.** According to **this chart** and reports like [THIS ONE](#), foreigners are dumping **US** bonds. **This book** was written by two **Chinese** generals about asymmetrical warfare to destroy the **US**. It is no secret that **China** has the largest tranche of **US** bonds and will likely dump these at some point. As I have covered already, the **US** is the largest debtor nation in the world, and this *unsustainable debt* is another reason that **China** is producing and buying all the **gold** it can get. More on this in a moment. One more topic I want to address before I provide a monthly metals update, is **Stockman's** new book on **Donald Trump**.





As you can see, the title of his new book is *Peak Trump*. What does this mean? It is *not a hit piece* against **The Donald**. **Stockman** is a political atheist like I am. We hate *both political parties*, but **Donald Trump** is simply *too late* to fix anything. As **Mish Shedlock** [says](#), "Trump is a symptom of the problem. He wanted to drain the swamp but *failed* to do so. He never really had a good chance of doing that, but he *failed* to make the most of the chance he had." **He adds**, "We are where we are because of decades of congressional and monetary mismanagement." This book could have been entitled *Peak Clinton*. Below is a recent interview with **David Stockman** and highly recommended:

### **Greg Hunter with David Stockman: The Fed is the Enemy of MAGA**

**Stockman was the former budget director for Reagan in the 1980s.** As an economist and fiscal conservative, he consistently lays into the **Fed**, as I have done in this newsletter (pages 1-4) and nearly every newsletter since **2012**. In this interview he likens the **Fed** to a **Fiscal Doomsday Machine**.

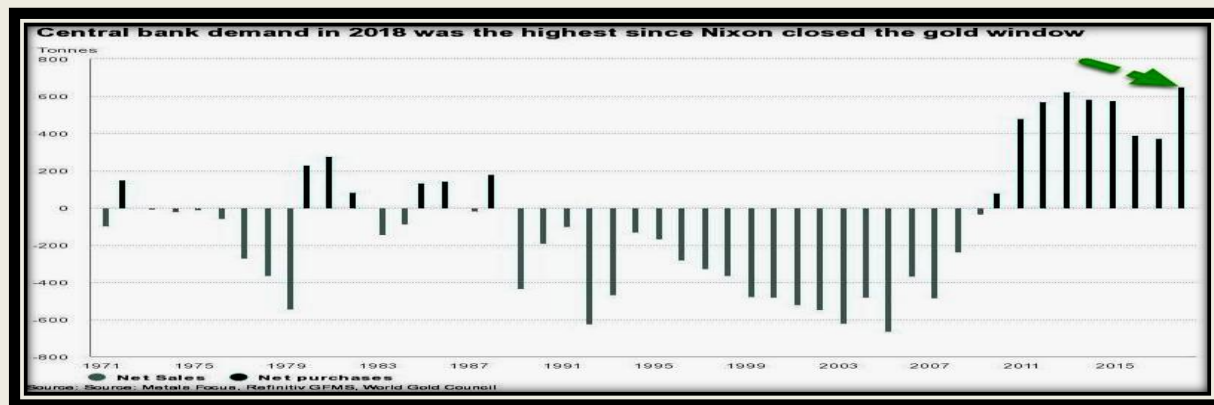
**So, what do I think of Donald Trump?** I am asked this all the time, so let me respond. In **2016**, I had the only **Trump/Pence** campaign sign firmly planted in my neighborhood. We wanted to disrupt the status quo. This is also why **Stockman** wrote [his book entitled](#), *Trumped! A Nation on the Brink of Ruin...and How to Bring It Back*. But, **Trump** has let us down in many ways. Why is this? In my book, I refer to bored billionaires who have big egos and big ideas. As part of his celebrity persona, I think **Trump** thought it would be cool to be president, but lacks a constitutional/moral compass and a sense of history. As **Matthew Jamison** [writes](#), "As a politician, apart from getting some groups whipped up and putting on one heck of a *tour de force* in modern American political campaigning, Trump has shown little real appetite or knowledge or skill for actually running a Government and a country with far too much of his time spent on twitter or watching the media." Trump has [bad advisors](#) around him like Bolton, Abrams, Powell, Kudlow, and the new Attorney General with more **CFR** members than **Obama!** And then there are the **two faces of Trump** a demonstrated in [THIS 3-Minute Clip](#). I can't see **Dr. Ron Paul** doing this. And then there is the executive power afforded our modern presidency as noted by **Rob Montz** in [THIS INSIGHTFUL CRITIQUE](#) of the **Executive Branch**:

*"Given the evolution of the presidency, Donald Trump, the ubiquitous overlord of American politics, is not a fluke, or some historic anomaly. **He's an inevitability.** A reality TV star with a genuine genius for driving the news cycle. A man with the power to shake the stock market with a tweet. As **Gene Healy, author of the The Cult of the Presidency, puts it 'Trump is the extreme energy drink version of what's been on tap for a long time.'** This isn't democracy; it's a **soft monarchy. A single person dominating government — that's exactly what the founders designed against.**"*

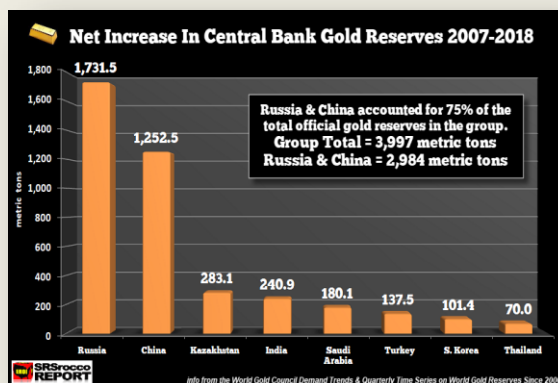
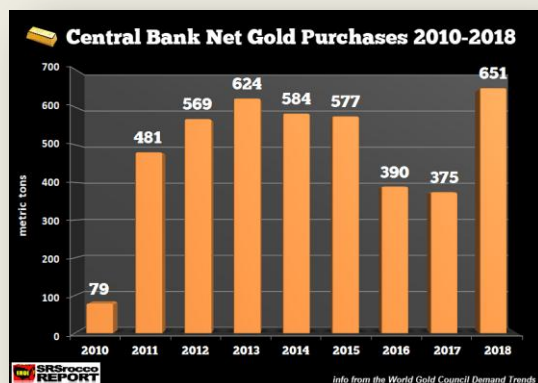
Indeed, The Donald is a *high energy drink*, and this lust for executive power was the gravest concern of our **Founding Fathers**. Montz concludes, "Fixing our politics requires draining the office of both its formal powers and *out-sized importance* in American life." This is not likely to happen because the electorate increasingly look to the **President** to be **The Great Fixer of All Things**. *The Washington Examiner* published a list of **Trump's** accomplishments in office, but these include inflating the stock market, consumer confidence indexes, bombing Syria, starting trade wars and other dubious claims. And as far as "**The Wall**" I will have an update in my **next newsletter**, and I will be referring to **John Whitehead's** recent article that is entitled, *Beware the Emergency State: Imperial, Unaccountable and Unconstitutional*. Using executive power - and emergencies - is *extremely dangerous* to the rule of law, due process, private property rights, liberty and so on. You can [CLICK HERE](#) to preview.

**The Bible** says we are to pray for "all who are in authority, in order that we may lead a tranquil and quiet life in all godliness" (1 Tim. 2:1-4). **Trump's** heart is in the right place, and he has amazing stamina against all of his enemies. We need to pray for him and realize that he is promising more than he can deliver in these troubled times. Decades of **monetary mismanagement** assures that things will not be *tranquil* going forward, and that brings us to **metals** and some contingency planning.

## Central Banks: Buying More Gold *Since 1971!*



As you can see from above, the central banksters bought more gold in **2018** than at any time since **Nixon** closed the gold window in **1971!** That is **651.5 tons** to be exact and this is a **74%** increase from the previous year according to the **World Gold Council**. This is a big move. Not surprising, both **China and Russia** have accounted for **75%** of the net increases in gold reserves since **2007**, as seen below. But what accounts for this huge surge in buying? It has to do with the **Basel III Accord**.



**What is the Basel III Accord?** As I covered in my last newsletter (page 14-16), it is a recognition at the BIS in Basel, Switzerland that central banks and **Globally Systemic Important Banks** (GSIB) need to raise *physical gold* from a **Tier 3** asset to a **Tier 1** asset. Why are they doing this? This is an effort to recapitalize the banks when the next **Lehman** event occurs, and it is coming, and they know it. Simple as that. The hard deadline is **March 31, 2019**, and I again refer you to **this interview**:

### **King World News: Andrew Maguire on Basel III**

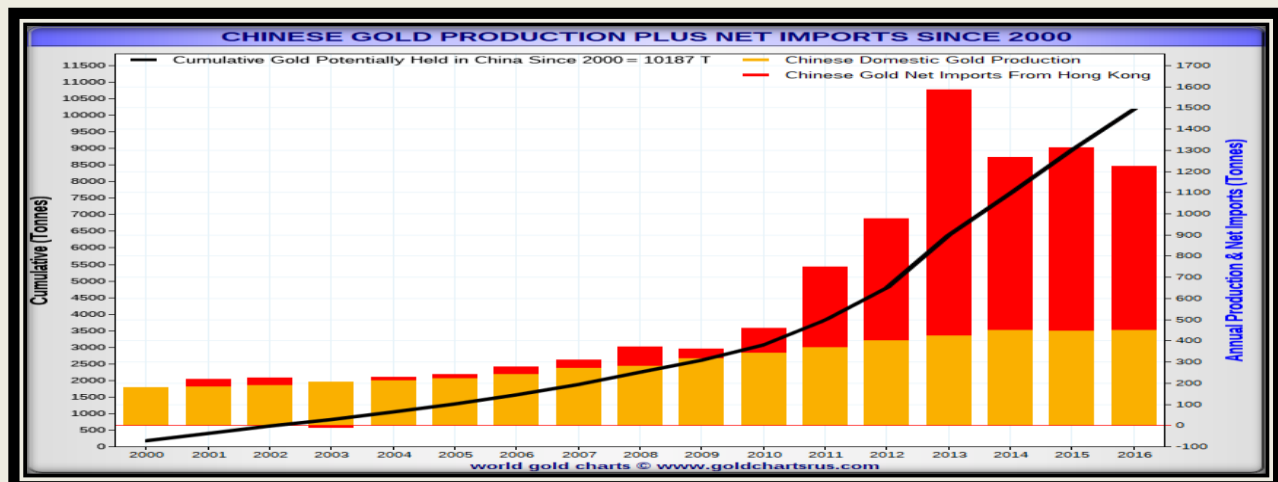
You can listen at 9-minutes to better understand the implications of this banking mandate, and why this is going to impact the price of **gold and silver** to the upside. **The following** is also recommended:

### **Craig Hemke: Bear Market for Gold/Silver is Over**

You can listen at the 41-minute mark for a clear explanation of the **Basel III Accord**. This is rather big news, and if you have been *longsuffering* as I have for lo...these past several years, the wait is over. As you know, price discovery for **silver and gold** is in the fraudulent paper futures market like the **LBMA** and **Comex** (Crimex), and this is all *paper derivatives* against very little physical metal. This new accord is intended to *re-monetize gold and silver* for the first time since the **Jamaica Accord of 1978!** This is a **game changer** according The **BMG Group** out of Canada. **Here is a key quote:**

***"Gold derivatives are not monetary gold, and cannot serve the role prescribed by the Basel III framework. Central banks and large institutions will increasingly turn to monetary gold in the coming months and years. They will seek to add the quality that only monetary gold provides. Capital flows into monetary gold will reflect the need for an asset that is liquid, tested and trusted. Gold's re-monetization is now officially a matter of global monetary policy.... This significant development remains relatively unknown – for now."***

As noted, this development remains relatively unknown to the masses, but we can expect **silver and gold prices to increase** accordingly for months, if not years. **Read the full story [HERE](#).** As we know, the Chinese produce and import most of the gold today **as seen below**. We also know that the banksters have been suppressing the fake price of the metals, and the Chinese have had a hand in this also. As [this report](#) from **Hong Kong** relates, the Chinese have considerably more gold than they are telling people, and they are doing this because if they "were to buy too much gold, gold prices would surge," said **Yi Gang**, governor of the **People's Bank of China**, "a scenario that would hurt Chinese consumers." In other words, our **gold** is a state secret and we want to keep buying it on the cheap. And this is exactly what people should be doing today, and this most certainly includes **SILVER**.

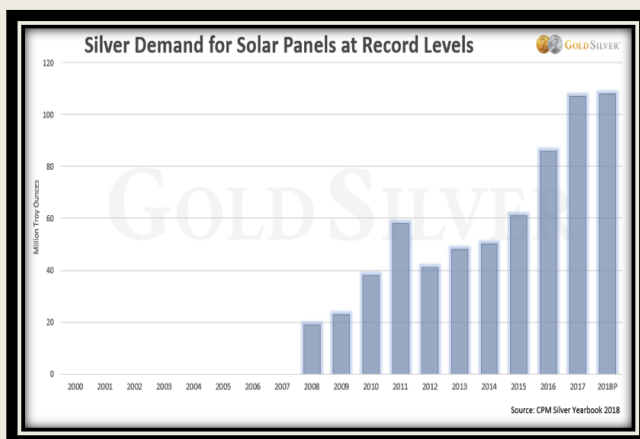
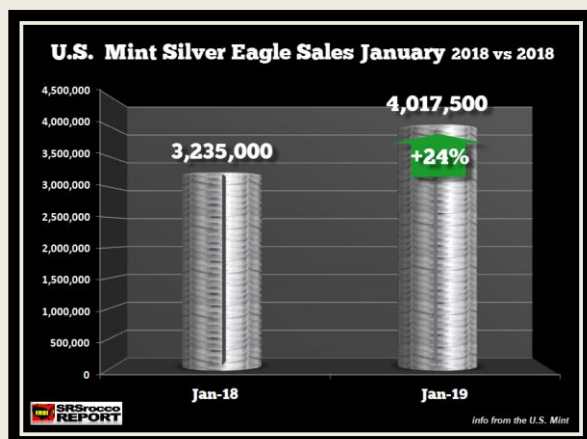




# Silver's Potential Upside & *Bankster Crimes*



Silver analyst Herbert Moolman has provided [this chart](#). Based on the current **silver/gold ratio** of **83:1** we are facing a major break out for **silver** (30:1 or 15:1 is normal). His [research](#) is based on **silver** being both a **monetary and industrial metal**, and this causes more scarcity than gold. In a [recent article](#) by **Adam Hamilton**, he provides further data to support the potential for **silver**, and basically concludes that there is "a super **super-bullish** omen for **silver**." We can all see it coming.



US Mint sales of silver spiked in January as seen above. Industrial demand for **silver** continues to increase in applications like solar and other electrical uses. But the **single most bullish factor for silver** is the exposure of a bankster conspiracy to both *suppress* the fraudulent price of **silver** and also benefit from the *potential upside* by holding **physical silver**. If you are a regular subscriber, you know that we are talking about **JP Morgan Chase** and their monopoly of **naked shorts** and manipulation in the paper futures market (Comex/Crimex). This has been going on since **Bear Stearns** collapsed in **March of 2008**, and **JP Morgan Chase** assumed their **commercial silver short positions** in **New York**. I won't go into detail here, but only to say that the jig is up, and the **Department of Justice** (DOJ) and the **Federal Bureau of Investigation** (FBI) are finally getting involved in this matter.



**So, here is the latest.** The relentless research and charges by **silver expert analyst Ted Butler** are finally coming to the surface in the **silver market**. **Ted Butler** has almost singlehandedly exposed the **criminality** in the **silver market** because of **JP Morgan**. [READ THIS](#) from early **January**. A **JPM silver trader** was **criminally charged** for manipulating **silver** in **November of 2018**. This is now leading to a wider investigation. In [this article](#), **Jim Cook** expects a "silver explosion" and says this:

***"The fact that JPMorgan and its manipulative short selling are under investigation by the Justice Department is likely to be the game changer for silver.*** The entire world of finance appears to be ignoring this incredible news. Give full credit to **Mr. Butler** for unearthing this crime and repeatedly bringing it to the attention of the authorities. Further news on this subject is likely to light a fire under the silver market. ***Mr. Butler suggests we are on the eve of something so earth shaking in silver it can propel it upward twenty times or more.*** ***The facts don't lie. Think deeply about what everybody is missing. When investment buying of silver begins in earnest Mr. Butler suggests the market will be wild, disorderly and expensive. You want to have silver put aside by then."***

**Did you get that?** The potential for **silver upside** is **20-fold**. The **above article** was in response to **Ted Butler's** earlier article and written in **late January**. Keeping the chronology of this **silver story**, by **February 5th**, Congressman **Alex Mooney** (R-WV) wrote [a stinging letter](#) to the **CFTC** regulators in **NY**, and points out that the crimes committed by this **JPM** trader were from **2009 to 2015**, and this was the same time that the **CFTC** held a (sham) investigation of the **silver market** from **2008 to 2013**, and ultimately said they found **NO** criminal manipulation *after five years*. **Rep. Mooney** (money), said this: "Why did the commission *fail* to find the wrongdoing the **Justice Department** has confirmed and continues to investigate? Also, will **the commission** now be re-opening its investigation into **silver** market manipulation and opening an investigation into **gold** market manipulation? **If not, why not?**"

**Amen**, and here is [THE LINK](#) for **Rep. Mooney**. I am writing him this week, and I encourage you to do the same. If you have **silver**, or you are new to the potential of investing in the **silver market**, don't let this information discourage you. We are on the cusp of a huge event. I will conclude with a couple more links. In a [recent interview](#) (2/13) with **Ted Butler** he was asked about this ongoing case that implicates **JPM**, and says that **JPM** is going to back off, but "they have accumulated **800 million ounces of physical silver**. They know **silver's potential**. That fact will prove to a lot of investors just how bullish the future is for the price of **silver**." In a [more recent comment](#) (2/14), **Butler** responds to **JPM** saying that they are just "hedging" the silver market. "JPMorgan was the biggest COMEX short seller long before it started to **accumulate physical silver** at the depressed prices it had caused to be depressed in the first place, so for it to claim it is now legitimately hedging when it adds to short positions is **bogus**." Indeed it is. I will be reporting on this each month, but a good website for **silver** news is [www.silverseek.com](http://www.silverseek.com), and also try to listen to the above interviews on **silver**.

**Summary & Conclusion.** As we know, **silver and gold** have been monkey-hammered since **2011**, but this is not a normal market driven phenomenon any more than stocks trading at **P/E** ratios higher than **1929**. The coming **Basel III Accord** is certain to cause some *genuine price discovery* in these distorted markets. The case for phony paper derivatives against physical metals cannot be supported in the **Basel III** framework, and the case for **silver** is particularly bullish as naked shorting is coming under stress. As **Warren Buffett** once said, "Only when the tide goes out do you discover who has been swimming naked." And a *20-fold* increase in **silver** would be **\$320/oz.** today. We saw this happen with rhodium back in **2007**, so don't think it can't happen. Just ask **Jamie Dimon**.

As I covered, the **Fed** is in a box, as well as all the **central banks**, and we can expect more loose fiscal policy and easy credit (**QE4**). The events I outlined in [my book](#) are coming to pass and this includes a monetary reset, tensions with **China** and **Russia** and prophetic themes regarding war in the **Middle East**, the rise of the **EU** and a cashless society. **The Bible** predicts that "perilous times will come in the last days" (2 Tim. 3:1), and this includes social unrest described by **Mike Adams** [HERE](#). It is a good idea to be prepared the best that you can, and **Chris Martenson** has provided a checklist for you at [THIS LINK](#). According to [this study](#), **21%** of American have saved *nothing* for retirement and many only have **\$5,000** saved for retirement. **TD Ameritrade** says that **25%** will never be able to retire, and this is coming as the inflated stock market and junk bonds are about to collapse. [THIS](#) latest report predicts a drop of **38%**, **50%** and even **61%** based on statistical data! These are certainly NOT normal times. And now we already have an election cycle underway and the *failed policies* of **Socialism** are all the rage. As **Ludwig von Mises** said, **Socialism** is *so impractical* that even *angels* could not form a Socialistic community! Even worse, the coming [financial reckoning day](#) is going to destroy so much of the "wealth effect" that **James Howard Kunstler** [predicts](#), "the next time **Socialism** is enlisted as a tool for redistributing wealth, we will make the unhappy discovery that most of that wealth is gone." As **Sven Henrich** said earlier, if you think people are angry now, watch the next recession!

**In conclusion**, we do pray for our **imperfect leader** for wisdom and direction. "The Most High is ruler of the realm of mankind, and He bestows it on whom He wishes" (Dan. 4:17). **Donald Trump** is our President according to divine providence. But some glorious day, the **Lord** will come as the Ruler of mankind "and His dominion will be from sea to sea" (Zech. 9:10). "At that time He will be great to the ends of the earth" (Micah 5:4). This is the *benevolent New World Order* that I am looking for, and the [GOOD NEWS](#) that I share in my book and websites. Make your reservations now!

Until Next Time, Your Messenger from Pinetop 🙏

[www.idpconsultinggroup.com](http://www.idpconsultinggroup.com)



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