

PANIC!

The UNEMPLOYEDGENIUSES Guide to the Income Inequality Wealth Transfer or How I learned to Stop Worrying and Love the (*Hyperinflationary?*) Bomb



Brian Kane

PANIC!:

The UnemployedGeniuses Guide to the
Income Inequality Wealth Transfer or
How I learned to Stop Worrying and
Love the (*Hyperinflationary?*) Bomb

BRIAN KANE

PANIC!
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Because of rapid changes in the national and world economy, this book contains information on the state of the world's economy as of press time. Therefore, this text should be used only as a general guide and not as the ultimate source of financial and economic information.

The purpose of this manual is to educate, entertain, motivate, entertain, inspire and entertain. The author and Vervante, Inc. shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information contained in this book.

DEDICATION

This book is dedicated to: Keynesian Economics, BEN BERNANKE!, Paul Krugman, Government intervention, The Fed, Lord Keynes himself and socialism—to you all I am eternally grateful for five careers worth of endless material from your: bad ideas, mistakes and faux pas to juxtapose with my own brand of ridiculousness, thus giving me the title of “satirist” which makes me both legitimate and feel extremely important inside. You are the endless supply of economic watermelons to my Gallagher truth “sledge-o-matic”.

I would like to give honorable mention here to anyone who has ever dared to be just a little bit different. To all of my past, present and future-haters, critics and pundits: Andate tutti a ‘fanculo!

Note 1: This book will refer mostly to BEN BERNANKE! and will make little mention of Janet Yellen or Jerome Powell (the current Federal Reserve Chairman) for two reasons:

1-The majority of the most important topics for consideration in this book only happened during Bernanke's time as Fed Chairman

2-I love making fun of the Federal Reserve and in so doing I needed a scapegoat. Janet Yellen, the first ever *female* Federal Reserve chairperson of all time did not seem like a very suitable person to throw under the bus for more than 300 pages. It is the intent of this book to offend as many people who support terrible ideas as much as possible for a *noble reason*. Appearing sexist by making fun of her and turning her name into a drinking game had initial appeal to this author; however, ultimately BEN BERNANKE! was a far more suitable option. As of this writing Jerome Powell has only just begun his time as Fed Chairman and has nothing at all to do with the PANIC! of 2008 which is the main thesis of this book

Note 2: This book started out serious and ended up as a drinking game solely because when this author found out the *actual* causes of income inequality he was no longer capable of taking the topic seriously as well as the majority of the people involved. When you get to the topic of Fractional Reserve Banking you too might have the same problem.

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PREFACE

For now let's skip the back story: the toxic assets, the death of the dollar, end of the gold standard, the Federal Reserve, derivatives, mortgage-backed securities, inflation, rigged elections, the two-party system, fractional reserve banking, unfunded liabilities, etc. It's time to get down to business and get straight to the important stuff – the drinking game. Kick back, relax, grab a beer and get ready to have some fun. In fact, I'm drinking while writing this right now, so it stands to reason that you should be drinking while reading this, too. Ultimately when you find out what causes Income Inequality, you're going to need a drink, I promise you.

Oscar Wilde said, "in an occasion of this kind it becomes more than a moral duty to speak one's mind, it becomes a pleasure." Following that thought, and since this topic is really important, why not make our experience together really pleasant? As I entertain you with economics and human stupidity while making you laugh, all you need to do is throw back a cold brew, follow along and, of course, DRINK! every time you read the words "BEN BERNANKE!" and "PANIC!" which appear several times throughout this book.

It's time to have fun.

If you feel compelled to try and change my mind about something I wrote, you must first tell me what it is that you drank throughout the course of this book. Then and only then may you proceed to Step Two, which is of course the debate itself. If you do not DRINK! Alcohol, then you may substitute with the following non-alcoholic beverages: Green tea, Ecto-cooler, Jamaican Blue Mountain coffee, Coke II, Crystal Pepsi or Lemonade. Consequently, you may not DRINK! anything as pretentious as: a Brandy Alexander, a Mint Julip or a Harvey Wallbanger for the duration of this book, nor may you substitute a delicious alcoholic beverage with a nonfat, half-caf, chai latte for the exact same reason.

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Here are the rules for this drinking game: Every time you read BEN BERNANKE!, PANIC! and DRINK! you must take a drink. Every time that you Google one of the obscure references contained in this book (comedic or economic, it doesn't matter) you must DRINK¹! Also you must keep an open mind and have fun learning. Those are the rules. I am sure that you can handle them.

Right now as of this writing, I've already crushed an entire growler of Long Ireland Celtic Ale and now I'm drinking an entire growler of Smuttynose Strawberry Short Weiss (which is a Belgian Hefeweizen). As of the printing of this book, it cost \$20 for 64 ounces. No big deal, I'll totally make that back on one sale of this book on Amazon. It makes me feel like F. Scott Fitzgerald writing *The Great Gatsby* to sit down in front of this Underwood typewriter so drunk that I'm seeing two of everything right now. In spite of my drunkenness, pointing out all of these economic flaws in our society is so easy, even a caveman can do it. Fitzgerald, like me, was extremely open about his love for spirits. It sparks my creativity, even though that guy was a complete mess, and his schizophrenic Flapper wife Zelda was even worse than the two of us combined, so saith Ernest Hemingway. Fitzgerald was a gin man, but I like beer. By the way, please support your local microbreweries (that's one of my favorite causes, the second being Alcoholics Anonymous). I am a capitalist at heart, and these are entrepreneurs who live their dream of making a living by keeping everyone drunk and happy with delicious beers. They work hard and most make a terrific product. Yes, they're a little pricier than your run of the mill Budweisers, Coors and Schlitzes, but totally worth it.

And last, but not least, I implore you to question every last thing I say. Think for yourself. I am not a demagogue here to indoctrinate you into believing what I tell you; I'm just hungry for knowledge and feel compelled to put myself out there, so please feel free to agree or

¹ WARNING: My lawyers at Sodom, Gomorrah and Epstein Barr are reminding me to remind you to please enjoy this book responsibly, as the mixture of alcohol, truth and PANIC! could potentially cause one to make impaired judgment calls and terrible financial decisions. Remember it only takes one wrong choice to change a life.

disagree with me at any time for any reason. If you feel so strongly about something that you feel the need to debate me, try and change my mind or yell at me, that I also welcome.

You can connect with me on my website

www.Stumpagenius.com,

Another site that I write for

www.thebajeezus.com

Or you can email me at:

UnemployedGeniuses@gmail.com.

Disclaimer: This book is designed to provide information on the ins, outs, ups, downs and various vagaries of the world's economic mindset. It is sold with the understanding that the publisher and author are not engaged in rendering anyone underage to imbibe alcohol, and please enjoy this book responsibly.

BEN BERNANKE! (Did you remember to DRINK²!?!)

Moving on to my first tangent. Get used to it.

In Lew Rockwell's book *Why Austrian Economics Matters* he states that the primary purpose for the Mises Institute (the Mecca of Austrian Economics) is to ensure that the Austrian School is a major force in the economic debate. I can tell you right now that the Austrian School is very far from being a major force in the mainstream economics debate. They're basically a group of fringe economists who have consistently made frightening, but accurate predictions on scary things like the Great Depression and the Dot-Bomb bubble in the early 2000s, as well as the PANIC! of 2008. For what Austrians have done in their ability to predict economic trends with credibility and accuracy, they are most certainly lacking in Panache.

Yes, Panache. If you know anything about my Arch Nemesis, John Maynard Keynes, he knew how to make economics look sexy, by concocting a way to explain away deficits and making it OK to spend today and worry about the bill tomorrow. He was a total Rock star and

² Seriously, start drinking.

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the very definition of Panache, which means to have a flamboyant manner and reckless courage. I want the Mises Institute to consider me to be the Justin Timberlake of the economics world, because I am *bringing sexy back to economics*. Definitely something that the Austrian school has never had and is in dire need of, if the Mises Institute wants to move more toward the mainstream. Ludwig Von Mises said: "Whether we like it or not, it is a fact that economics cannot remain an esoteric branch of knowledge accessible only to small groups of scholars and specialists. Economics deals with society's fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen."

I want the Mises Institute to consider me the Justin Timberlake of the economics world, because I am bringing sexy back to economics.

I will be contributing to it, and hopefully the pressure becomes strong enough that Krugman finally accepts. But I fear he will not. I think it is a worthy cause and I think you should consider donating five to ten dollars to feed someone in need and see a great debate. By the way, no one asked me to mention this. I did it out of my own selfish desire to see the mainstream in economics receive the uppercut of truth it so desperately needs.

I don't think Keynesian economists have an urge to "toe the line" with people who live in reality. I hope to turn the economic world into something similar to the fight game. I will declare Paul Krugman a paper champ and Bob Murphy a contender who will dethrone the Nobel Laureate. I predict Krugman will go for the lamest move in Economic Mixed Martial Arts, the "Toe hold" of arguments, aka that inflation is "the Phantom Menace" which doesn't exist because consumer prices on the CPI (consumer price index) have not risen according to the Bureau of Labor and Statistics. Who, by the way, are a faction of the United States government determining their own stats. If an oil company came to you with a study it funded about how fracking is awesome for the environment and stops underground earthquakes from happening all while preventing unwanted pregnancies, would you believe that too? Because I would not put it past Exxon Mobil to try that. Simply stated: statistics should only be accepted by groups who have no reason to lie. An independent third party analysis is more credible than the very people who benefit from skewed statistics.

With that said, for the duration of this book DRINK! Big, THINK! Big and

always read with a critical eye. If you actually finish a book for once in your life and I'm lucky enough that it just happens to be mine, and you somehow agree 100 percent across the board with me, then you're probably drinking *too big* and thinking *too small*.

I want the Mises Institute to consider me the Justin Timberlake of the economics world, because I am bringing sexy back to economics.

INTRODUCTION

I created the world's first Horatian satire on economics to shine a spotlight on some of the biggest problems we are soon to face in our society that typically go unmentioned by the mainstream: Unemployment, national debt, the bond market bubble, the derivatives bubble, the dollar bubble, government intervention, socialism, Central Banking, BEN BERNANKE!, the *derivatives* bubble, China's being pissed, Quantitative Easing, *the derivatives bubble* and the Federal Reserve. While these problems may seem simple, the solutions our country has implemented are completely ridiculous.

After realizing that I had something in common with Voltaire who said, "I have never made but one prayer to God, a very short one: Oh Lord, make my enemies ridiculous. And God granted it," I took it upon myself to juxtapose the above ridiculous problems by showing BEN BERNANKE! and other government technocrats what ridiculous really looks like when used properly by the hands of a skilled satirist. Most professional writers don't consider satire the highest, most sophisticated form of humor, but they haven't read my book yet.

Nor do I really care what any critic says, which is why I dedicated this book to critics. There will be no statues erected in honor of any critics or BEN or SVEN BERNANKE!—that I promise. I think Kurt Vonnegut really put critics in their place by stating: "Any reviewer who expresses rage and loathing for a novel is preposterous. He or she is like a person who has put on full armor and attacked a hot fudge sundae." I couldn't agree more.

What is satire?

Great question! Satire is a method of rhetorical comedy that, when successful, points out the foibles of humanity and its institutions, with the intent of both entertainment and societal improvement. Economics is the division of labor and best allocation of resources, not the accumulation of data in service of the state. Satire becomes necessary

when crazy people make speeches about dropping money from helicopters to prevent a “deflationary downward spiral,” it scares normal people like me so badly that we have to come out of the woodwork and use our God-given good looks, charisma and sense of humor to highlight what a complete psychopath they really are. Then we have to give suggestions on how to fix all of the problems they’ve managed to create. When used properly satire will both entertain and effectively cause the audience to consider problems they previously were unaware of in the hope that they may inspire change or at least a minor increase in problem-solving ability.

What You Should Know When Reading PANIC!

1. PANIC! is funny regardless of reader opinion.
2. Although I was born extremely humble, good looking and charming, I have always had great difficulty seeing the line that separates good taste from bad. Keep reading, you’ll see what I mean.
3. In the right hands, satire is a very powerful tool for bringing about social change. Well-written satire can create positive changes within society that couldn’t have been made otherwise. However, should this book bring about any negative backlash, this author cannot be held responsible due to the disclaimer you read earlier. Therefore, please read this satire responsibly.
4. The greatest thing about writing a satire on economics is I’m pretty sure it’s never been done before. Or at least no invective has been written with as much vituperation towards Keynesians and Central Bankers.
5. The greatest thing about Economics is that no matter if even the late, great “Macho Man” Randy Savage *Snaps into it*, Economics is as dismal an example of science as a Slim Jim is of meat. Physics is science. In fact, it’s the Filet Mignon of science. Economics is a discipline that has barely had any breakthroughs in 70 years. Consequently Slim Jims can remain inside one’s colon for about the same time period. In the time since Mises wrote *Human Action*, physicists have landed men on the moon and have discovered the Higgs-Boson. Those are breakthroughs. What does economics have, supply and demand? Whoa, look out. Oh, oh, what about the Paradox of thrift?

Let’s put it this way—in 1990, The Nobel Prize in Physics was awarded jointly to Jerome I. Friedman, Henry W. Kendall and Richard E. Taylor for their pioneering work regarding deep inelastic scattering of

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electrons on protons and bound neutrons, which were essential for the development of the quark model in particle physics.³ Also, in 1990, Harry Markowitz won a Nobel Prize in Economics for telling people why they should diversify their portfolios⁴.

Diversify. Portfolios?

100 years earlier, Mark Twain said: “Behold, the fool saith, ‘Put not all thine eggs in the one basket,’ which is another way of saying, ‘Scatter your money and your attention.’ But the wise man saith, ‘Put all your eggs in the one basket – and WATCH THAT BASKET.’”

Economics Nobel Prize for diversification sounds like Twain was ripped off to me. The only Nobel Prize lamer than that was President Obama’s Peace Prize awarded while drones were attacking Afghani children. So, I say, “*Suck it quantum mechanics,*” you and your “*Imagining the universe being governed by two completely different kinds of physical laws: one for subatomic particles like protons and electrons and the other for everything else to explain the world around us.*” Yawn, we have micro and macroeconomics. You physicists can keep that little thing you cherish called progress. The economics world has no need for it anyway. We wouldn’t know what to do with progress even if we *could* agree on what “progress” might look like or “how to grow an economy.”

What am I really trying to say? Even though economics is a dismal science, it’s still extremely important to determine the best way to allocate resources for a society. Let’s just agree for the sake of argument that this whole goddamned book is wrong. There have been a whole slew of other economists far more accomplished than me who spent entire decades of their lives being wrong about important things like: how to fix a depression, why high inflation and high unemployment can happen, all while really shitting the bed on the Gold Standard. Even worse, a bunch of these really *wrong* people were awarded Nobel Prizes just for being really wrong. People like Milton Friedman, John Maynard

³ http://www.nobelprize.org/nobel_prizes/physics/laureates/1990/

⁴ http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1990/press.html

Keynes and Paul Krugman. Sweet deal, huh?

Personally, I feel as if I have nothing to lose by being just one more highly inaccurate econometrician. Keynes was so incredibly bad at his job that in 1959 Henry Hazlitt felt compelled to write a line for line refutation of Keynes *General Theory of Employment Interest and Money* called *The Failure of the "New Economics": An Analysis of the Keynesian Fallacies*. I mean, when the word "fallacies" pertains to your most important book, that's kind of really not good for your credibility. Like at all.

Then again, in 1972 Irwin Schiff, father of Peter Schiff wrote *The Biggest Con: How the Government is Fleecing You*, which was yet another attack on Keynesian fallacies. Awesome book, still not a satire though. Yup, I'm still the first.

Unfortunately, this octogenarian is currently incarcerated and will not see the light of day until October 7, 2016 for arguing against the corruption of income taxes. In all sincerity, I hope that Mr. Schiff lives a long prosperous life after he gets out in return for his self-sacrifice and standing up for what is right.

A Final Reminder for Readers of Satire

This book is a rare gem, because I wrote it. In your hands you hold the most influential satire (according to my friend John Bonetti) since "A Modest Proposal" and the most important treatise on economics written since "The Wealth of Nations." Again, you're very welcome. With that said, it is imperative to use hyperbole in my examples to illustrate the fiscal insanity we endure as a country and will continue to endure if we do not change courses quickly. My examples must be equal in absurdity to: bailouts, four rounds of Quantitative Easing, Operation Twist and a trillion dollar platinum coin. This book has been specifically designed to teach, get you drunk, and be impossible for you to pick up on any single page and read out loud to a friend without laughing. Try it. It's impossible. You don't stand a chance. And should you succeed in my challenge to not laugh when reading this out loud to a friend, most assuredly your ego is preventing you from attacking your own convictions. Which is why I insist that you drink in the first place.

There really is no denying that we are in the calm before the storm of an extremely frightening economic crisis much worse than the one experienced in 2008. The only people who are denying this are the

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same ones who are benefitting from it happening. My prescription, a sense of humor, will go a long way to helping your recovery. And as George Bernard Shaw said “if you’re going to tell people the truth, you better make them laugh or they’ll kill you.”

“Hunting man is no longer the most dangerous game, but taking Federal Reserve Chairman like BEN BERNANKE! seriously *is*.”

Two final thoughts:

First a note to Progressives and Socialists: it’s just your economics I hate, it’s not you-it’s me, but really *it’s you*. I am picking on you for good reason, because you position yourselves as the ‘good guys’ and the champions of income inequality when you are anything but, as you will come to understand by the end of this book. Assuming I will make you so angry during the course of this book that you’ll want to use that force and violence you’re so famous for by sending some Anthrax or Ricin my way, why don’t I just make your lives a lot easier and just give you the proper contact information right now? I can be reached at:

John Bonetti
455 Main Street
Mineola, NY 11365

Second Note: When it comes to mocking the whole world my friends: Mike and John who are frequently referenced in this book, are also really good at it. Feel free to learn more about them at www.Stumpagenius.com. It’ll satisfy your curiosity and increase my website traffic, along with the help of my friends, the both of whom I will introduce now:



Mike ‘Moriarty’ Torrie

Highly critical and opinionated, Mike ‘Moriarty’ Torrie serves masterfully as the voice of dissent for this book. When not busy causing bank runs and trying to murder his own inner child, he is truly a force to be reckoned with and frequently disagrees with both myself and John on *literally everything*. He stands alone as the strongest, deepest voice empowering the status quo and is a true character. Mike has a severe distaste for Alex Jones, Conspiracy Theory

and John Bonetti.

Mike is a Master Mason and Science Fiction writer his motto: "I am Mike Torrie; I am better than you." His Credo: "I don't believe in UnemployedGeniuses; I just believe in me." He has a presence and aura all his own; this man is a true original and could never be duplicated. He is an Internet meme just *waiting* to happen. Mike is currently working on his Master's degree in Social Work, has two sleep disorders and boasts the world's third largest Pornography collection on a *single* external hard drive. Fathers, lock up your daughter



John Bonetti

"Abandoned" in a self-caulked wicker basket in the Nile River in the summer of 1983, John Bonetti was found among the reeds and raised by wolves, reminiscent of a present day Moses or Willow. Although an abstract thinker of the highest order, John has become the personification of "the thin line between Genius and Insanity," a true original and an indispensable asset to this group of hands down the greatest thinkers *ever to hit the Internet*. He is extremely intelligent and nearly

unbearable during a full moon (see: raised by wolves).

John is a full-blown conspiracy theorist of the highest order, convinced that Bilderbergs are: "Eugenically poisoning you to reduce the population for the benefit of the elite." He serves brilliantly as both the "fall guy" and "wild card" of the Unemployed Geniuses. He is an unstoppable force of abstract thought, paranoia and poverty. John is an excellent guitar player, rapper, basketball player and philosopher. He has served jail time and is perpetually broke.

Brian Kane (Author, Satirist, Unemployed Genius)



Incredibly handsome and charismatic, Brian Kane is the author of this book and the man singlehandedly responsible for bringing sexy back to economics, with a little help from his friends. If you thought trafficking Liam Neeson's daughter after seeing the movie *Taken* sounded like a bad idea, then Quantitative Easing totally has that idea beaten by a long shot. But don't worry; Brian Kane totally has you covered. By the end, "you will have a particular set of skills, skills you will have acquired over the course of this book, skills that will make you a nightmare for people like, BEN BERNANKE!"

Besides laughing a lot and being encouraged to drink heavily Brian wants you to lose faith in the economic illusions surrounding our society and put a strong focus on solutions in order to solve income

inequality.

FORWARD: MONEY ALWAYS TELLS A STORY

I've always had an odd fascination with money. Not buying material things, impressing friends or gaining power, but more like where it comes from and how it affects people. Some people are corrupted by it, some people's lives are made infinitely better by money, some people will kill a relative for it, and others will work hard for it and give most of theirs away. *Me?* I think it tells a story.

Speaking of stories, when I was a kid my father used to wake us up at 5 am on Sundays just to go to Mass. We grew up Catholic so if I didn't wake up absurdly early I couldn't mourn my faith properly. Then one day my father signed up himself, my older brother Pete, and I to count the money that was donated to the church. So after going to the first mass in the morning we would come back late Sunday afternoons to count all of the money from all of the other services.

My job was to put thousands of checks collected each week through this old antiquated check-endorsing machine for St. Aldan's. It's more than 25 years ago that I replaced quite possibly the oldest man in existence, and he was none too thrilled that a seven year old took his spot and did it faster and more efficiently than he could. It was a really old check endorsing machine, but not as old as him. In fact he might have *actually* been Father time. When I slid checks through quickly, it sounded like a speed bag in a boxing gym. When that Knights Templar from *Indiana Jones and the last crusade* slid checks through it was so slow that there was this agonizing pause hanging in the air for a split second, before the final thunk. He sucked. That was the beginning of the end; we were not very welcome for taking these old men's jobs from them. *We chose poorly.*

Next my father and my brother handled the bookkeeping; they made sure every last cent was accounted for and they were damned good at it. There was never a missing penny, and for some reason that aggravated the man in charge, whose name escapes me, nor is it important. All that

matters is they couldn't stand my brother Pete at 9 years old being better at their job than they were. It only took a few months before they fired us with a bullshit story about how my brother and I were too young to be responsible with the money, yada yada.

There really isn't much to this story for a good reason. I never got a full explanation as to why they couldn't stand us helping out, my father made multiple attempts at winning over those three old men. He bought them coffee and tea, bagels and once I even had to clean the snow off of their cars. In all sincerity I can't prove this, but I always got a feeling that those old men had to start being honest the minute we walked through that door. My gut always said that before we got there those old men were stealing from the church, and that is why they resented us so much.

Again, that's my gut instinct telling me that, also I was seven years old at the time and I did have an imaginary friend, but what really matters is that with all of this talk about how important it is to rest on the Sabbath, I never got a chance to when I was counting God's money *for him*. Money really does tell a story about everyone, even God. This book is my money story.

The previous money story is basically how I became a recovering Catholic. This next money story is an indication of just how incredibly paranoid our world has become in just under 25 years. Now at the same time as when I was counting money for St. Aidan's church, at the age of seven, my father worked as a lawyer for Jamaica Savings Bank, which no longer exists. One day I came home and told him that I had to do a presentation for school in front of the whole class and I didn't know what to do it on. He came up with a really cool idea, about Counterfeit money. He found some bank documents about how the FBI and the Secret Service in the late 1980s and early 1990s were tracking down money counterfeiters using the latest super computers (yeah, it's totally dated, but interesting). Then my dad went and got me like thirty five thousand dollars in marked off counterfeit bills. There was no confusing these marked off bills for real ones, however when you think about it, how much has the world changed in twenty five years that my father would trust a seven year old to bring thirty five thousand dollars in marked off counterfeits for show and tell?

When I brought that in to school, my third grade teacher Mr. Burgreen was intrigued at how hard I had worked on my report (my dad helped

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me), but I had clearly given it a lot of thought and then I pulled out thousands and thousands of dollars. It must have been a little weird for him, now that I think about it. In fact, I remember him being visibly nervous about it, later he pulled me aside and asked me where I had gotten it, I told him the Russian Mafia in Brighton beach is a very sophisticated outfit, he didn't buy it. I told him my dad worked for a bank.

Later on at recess there was this girl that I liked and I got in trouble for pulling her hair, so they sent me to the principals office. When I went down there in order to avert getting in trouble, I told my principal that there was \$35,000 dollars sitting in Mr. Burgreens' class room that I could show him and when I eventually showed him the money he too got a little nervous and forgot to discipline me.

As the day went by, I had actually forgotten about the marked off bills and when I got on the bus Mr. Burgreen came screaming and running outside yelling "stop the bus" and he gave me the money which he had put in a paper bag. I had completely forgotten about it, but didn't want to admit it so I told Mr. Burgreen that I was testing him and that it's a good thing that he brought that out to me otherwise the Secret Service would be here asking questions in the morning. I was grateful he did that; my father would have lost his mind on me for forgetting counterfeit show and tell money over a long holiday weekend.

The point to that story is, that there is absolutely no way you could get away with any of that shit in 2018. A child would be accused on Fox news of attempting to fund ISIS, Mr. Burgreen was Jewish so god knows what Hannity and Colmes would have to say about him, and my dad would have probably been put in jail or lost his job. These days' kids get arrested for having a lemonade stand; the whole world has become completely paranoid.

Money always tells a story, and it fascinates me. This book is the culmination of a 32 yearlong fascination of the story of money. Fancy clothes, cars, homes and jewelry are of little interest to this author, how it changes people and society on a mass scale and on an individual one is where my interest lies. This book is written for the layman who wants to understand a little bit more about how money is created, how it functions, and most importantly why there is such inequality and who is causing it. There are lots of secret stories and I used this book to tell them all, in my own patently ridiculous style the way only I can. I hope

you'll enjoy it, feel free to come to my website [www. Stumpagenius.com](http://www.Stumpagenius.com) and tell me why. Also I write for the theBajeezus.com you can find me there too.

If you've read the Preface, then you know how the rules to my drinking game work. If you've read the introduction, then you know about my three friends whose help I've enlisted in telling this story. Now that you've read about my personal money stories, I want you to read the story of how wealth transfers to cause income inequality, as it is a rather interesting one. Afterwards I will explain to you what your money story is and how you relate to the world around you, culminating in a tremendous amount of self-knowledge in a very short period of time.

If for you the unexamined life is the only one worth living, then this book will be useless to you. This book is the secret story of income inequality and this story is specifically designed to not only teach you more than you ever knew about the world, but also more than you ever knew about yourself. By the end of this book you will be a completely different person, having gained rare self-knowledge and insight into who you are and how you think. In a little more than 300 pages from now you will gain a new level of understanding as to how you relate to this world. I will slowly reveal to you over the course of the next several chapters how multiple dynamic systems overlap with one another and what this means for you. Think of this book as your own personal consciousness diagnostic.

This secret story reads like a financial murder mystery with the main goal being to explain how wealth transfers through multiple mechanisms, who caused it, how to solve it and what you can do personally in order to keep yourself from getting sucked in by this income inequality whodunit. If you actually think that tax breaks for the rich is the cause of income inequality, then we really have work to do so let's begin.

PART ONE THE PROBLEM

*We will define what a wealth transfer is,
and answer two important questions:
How the hell did we get here?
Why am I telling you this?
And how does it cause Income Inequality?*

Oh wait, that was three questions

CHAPTER 1

THE GREAT WEALTH TRANSFER

“Throughout the ages, many things have been used as currency: livestock, grains, spices, shells, beads, and now paper. But only two things have ever been money: gold and silver. When paper money becomes too abundant, and thus loses its value, man always turns back to precious metals. During these times there is always an enormous wealth transfer. Depending on how you react, it is within your power to transfer that wealth either away from you or towards you.”

~ Michael Maloney

So, what is a wealth transfer? Probably the biggest failure of economics as a science—and this is openly admitted by many of the greatest economists—is that there is no tried and true definition of some of the most important concepts in economics. Take, for instance, a depression.

Unbelievably, there is no single agreed upon definition. Here is the UnemployedGeniuses PANIC! definition of a depression: A recession started in 2007, peaked in 2008, and by 2012 we were in a depression for at least four years. Now in 2018 we have been in a ‘recovery’ that is truly built on a foundation of sand. Donald Trump aka Captain Tariff is not going to save the day, sorry to break it to you.

Wealth transfer? No such thing, *they* say? Only in the world of economics can people be *this* wrong and still have jobs. Sure, people may get mad at meteorologists when they get the weather forecast wrong, but weather cycles change much more quickly than economic cycles. Plus, you’re not paying them out of pocket to give you the Accuweather forecast. You pay your broker and advisor even if he or she loses you money, a fireable offense in any other field. In no other field do you see people *this* bad at their job not get fired. Imagine a historian speaking about Ancient Rome and the Holy Roman Empire as

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if they were one and the same.

There is no true working definition of the vague term “wealth transfer”, that’s where I come in. A wealth transfer is a monetary exchange without a voluntary financial transaction in exchange for a good or service. Essentially, instead of buying something like a cup of coffee or purchasing the services of your landscaper due to other factors (which I will be describing in this book) money is changing hands, often through force or without you even realizing it and rarely do the majority of people end up benefiting. Wealth creation on the other hand would serve as its counterpoint, smart investments that come from savings and responsible lending practices produce goods and services that strengthen an economy and create jobs and benefit society on a whole.

Perhaps Murray Rothbard explained better in “Man Economy and State” than I can:

“Broadly we can consider two categories of government expenditures: transfer and resource-using. Resource-using activities employ nonspecific resources that could have been used for other production; they withdraw factors of production from private uses to State-designated uses. Transfer activities may be defined as those which use no resources, i.e., which transfer money from Peter to Paul...Transfer payments are pure subsidies without prior-diversion of resource.”

This book is a study of transfer payments and how that has led to income inequality in America. Rothbard continues by saying:

“There are two and only two ways of acquiring wealth: the *economic means* (voluntary production and exchange) and the *political means* (confiscation by coercion). On the free market only the economic means can be used, and consequently everyone earns only what other individuals in society are willing to pay for his services. As long as this continues, there is no separate process called “distribution”; there is only production and the exchange of goods. Government subsidy *creates* a separate *distribution* process (not “re-distribution,” as some would be tempted to say). For the first time, earnings are severed from production and exchange and become separately determined. To the extent that this distribution occurs, therefore, the allocation of earnings is distorted away from efficient service to consumers... Hence, the greater the government subsidy, the lower will be the standard of living of everyone, of all the consumers.” Rothbard (p 912) later states:

“Since taxation cannot really be uniform, the government in its budgetary process of tax-and-spend inevitably takes coercively from Peter to give to Paul... In addition to distorting the allocation of resources, therefore, the budgetary process redistributes incomes or, rather, *distributes* incomes... Thus, the very concept of ‘distribution’ as something separate from production and exchange can arise only from the government’s binary intervention... the government’s budget, on the other hand, impairs this property right of every one in his own product and *creates* the separate process and the ‘problem’ of distribution. No longer do income and wealth flow purely from service rendered on the market; they now flow to special privilege created by the State and away from those specially burdened by the State.”

What Rothbard is saying is that in a market or capitalist economy income is derived from the price of your good or service on a market or from the amount of wage you are paid as an employee, there is no such thing as ‘distribution’ until the government is responsible for distributing something, which of course in every single government ever there was corruption which led to the need for the “redistribution” to occur, due to the inequality created by government distribution in the first place. To get even more reductive, essentially there are only two ways you can acquire wealth: you can either create wealth which benefits yourself and your fellow man, or you can syphon it from other people which has become the preferred method in America *particularly* with our politicians who claim they intend to use it for ‘public good’ and rarely is that the truth. This book makes a compelling case for a completely different perspective on income inequality far different than anything you have ever read before, so listen up you just might learn something about how wealth transfers.

A more philosophical approach can be taken about how wealth transfers instead of how it is created, let us emulate Henry Hazlitt’s⁵ “broken window fallacy” by completely making up a story that never happened in order to illustrate a point. So, John Bonetti has managed to get his hands on one of those T-shirt cannons used to make fat people

⁵ Economics in one Lesson.

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fall out of the mezzanine section during the Giants game and due to his miserable failure of a life a manic episode is triggered inside his genius level brain causing him to accidentally shoot said T-shirt cannon off directly through the window of Mike 'Moriarty' Torrie's Comic book shop. Immediately a crowd gathers around as John runs away looking completely lucid while screaming and carrying a T-shirt cannon, while several members of the crowd are quick to remind Mike that insurance will cover his broken window or that somehow the misfortune has a bright side, which is that the broken window will create business for some glazier to come and fix it. Bada Bing Bada Boom we have just created wealth through destruction, John's manic incident is far from a bad thing and Paul Krugman totally knows what he's talking about and everything is right with the world.

The notion that Mike's broken window will be good for business is the essence of wealth transfer economics, this one fallacy accounts for an incredible amount of poorly thought out economic ideas.

We can make two assumptions at this point:

1-Don't do what John Bonetti does

2-The crowd is right about one thing-John is crazy and this will in fact make more business for some glazier.

The problem with this type of rationale is that these people are only paying attention to what is seen and not to what isn't seen, the fact that Mike was going to purchase Five original Thanos action figures with the money needed to repair the window. So instead of having a window and say \$500 extra to buy the action figures, he must be content with a new window and no Thanos. This angers Mike. You won't like him when he's angry. The Glazier's business gain is the loss of business for the action figure maker and no new wealth or employment have been added and people continuously make the same mistake which is known in economics as the broken window fallacy and is repeated by stupid people over and over to the point where it rings true enough that our entire economy seems to be based on shifting around demand and transferring wealth instead of actually producing real goods and services to improve it.

This book is about how wealth transfers, but how will this wealth transfer actually happen? Essentially, when any asset bubble bursts, such as stocks, bonds, derivatives, mortgages, the dollar, etc., it causes wealth to transfer by changing hands in the absence of money being

exchanged for a good or service. The term wealth transfer can also be used to contextualize: subsidies, bailouts, tax increases and money printing used to prevent or counteract a deflating asset bubble. For the purposes of this book I will be using the term wealth transfer to describe several of the above situations.

Globally, in the next few years there will be trillions of dollars changing hands from several different causes: The dollar bubble, socialism, bailouts, interest on national debt, quantitative easing, “redistribution of wealth,” confiscation of bank deposits by broke governments, etc.

If you need something a little bit more tangible to grasp the concept of wealth transferring think back to the classic movie *Die Hard with a Vengeance* where John McClane (played by Bruce Willis) is trying to stop the bad guy Simon Gruber (played by Jeremy Irons) and his men, who are disguised as cops, businessmen, construction workers and guards. Simon’s henchmen have raided the Federal Reserve Bank of New York via a damaged subway station and made off with \$140 billion of gold bullion in 14 stolen dump trucks that McClane has to stop. When it comes to wealth transfer, this is pretty close to the mark. OK, yes, in the movie it is actual wealth that is stolen and you can see it being done. However, inflation is stealing also, only you cannot see it, as it is a hidden tax. (Of course, try to set aside the distracting fact that there definitely isn’t \$140 billion in gold bullion reserves inside the Federal Reserve Bank of New York that would necessitate 14 dump trucks to haul it off.)

It’s really that simple—don’t overthink it. The definition of wealth transfer is intentionally vague because it applies to so many different examples. If large parts of a sector of the economy were collapsing like in the PANIC! of 2008 leading to bailouts, that would be an example of wealth transferring. In this context, when you think of the term ‘wealth transfer,’ don’t think of paper being exchanged for goods and services, think in terms of energy. Energy does not disappear; rather it gets transferred into matter and then back to energy again. The same thing can happen with wealth, it gets transferred.

Beer Pong-onomics

To illustrate the way that wealth transfers between different kinds of assets or sectors of the economy, I want you to imagine a beer pong table with a bunch of red Solo cups on it. One cup is labeled: “Stocks,” another is labeled “Treasury bonds.” There’s also a “Dollar” cup, a

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“Commodities” cup, a “Real Estate” cup, a cup for “Gold” and one for “Silver.” They all are filled with varying amounts of Sam Adams Oktoberfest. Be careful, Mike ‘Moriarty’ Torrie will rip an arm off over that stuff. I like measuring wealth in beer.

During stable economic times, each cup would be about equally filled to the halfway point. But as economic cycles shift, the beer changes cups. Certain conditions cause investors to transfer wealth (Oktoberfest) from the “Bond” cup to the “Real Estate” cup. Other economic factors might cause people to sell their “Real Estate” and pour the Oktoberfest into the “Stock Market” cup. Wealth keeps transferring from one cup to another. When an economy is healthy and strong, the amount of beer (wealth) in the cups remains stable.

As economic conditions worsen, one cup gets filled too high, spills over, and causes a big mess. And my friend Mike ‘Moriarty’ Torrie gets pissed, grabs a straw and uses it to suck Oktoberfest off of the beer pong table and constantly reminds you that you wasted his beer—never letting you forget it. Now we all have learned our lesson about transferring beer from one cup to another.

Do not wait until beer flows over the top of the cup (this is when the bubble bursts). The only problem is when we’re talking about beer it only takes once or twice to learn our lesson. But for some reason when we’re talking about something of importance on a large scale, like in economics, we as a people never want to go back in history and learn from our lessons. This is why I am fear mongering just enough to get you to take action. Failing to learn our lesson, in 2007 the housing cup got too full and overflowed onto the beer pong table. Then in 2008, the stock market cup overflowed also. A lot of that wealth overflow spilled into the cup labeled “Gold” because of the Federal Reserve creating low quality magically delicious bathtub beer out of thin air (fiat currency), which is why the price of gold has gone up so much since 2008. The “Gold” cup has been filling up with much of the beer (wealth transferred to it) lost in those two bubbles that burst all over the beer pong table.

No matter what anybody says, the “Gold” cup is still only partially filled. And other bigger bubbles are getting ready to burst. Any way you look at it, “Gold” isn’t the cup that is ready to overflow now. (It will be some day, but that day is not soon.) However, many people are still skeptical of “Gold” and “Silver,” which means they think the cups have already reached their limit, but this is false.

During times of economic uncertainty, when no one is confident that these cups are a safe place to store their wealth, people start selling off assets and pouring that wealth into the cups labeled “Gold” and “Silver.” Some of you may remember this happened in the late 1970s and into the early 1980s because of rampant inflation. Gold became so popular that everyone wanted it, because it was a hedge against inflation. And don’t be a smart ass—even though beer pong was not yet popular in the late 1970s, the cup was still filled, and if you really need to, you can substitute it for some other lame ass 1970s era drinking game, like quarters.

In the late 1970s every Joe Average wanted his “Gold” cup filled. People who knew little of Oktoberfest, heard it was a sound investment so they poured it in their “Gold” cups too, telling their friends to follow along. We aren’t anywhere near that level of precious metal awareness. The majority of people still don’t have their “Gold” cups filled, and have no plans to. This is good news for you, but they will once again change their minds when every other asset is losing value and the “Gold” cup is filling. Then there will be gold and silver Oktoberfest fever. I am imploring you to take advantage of the wealth cycle early on and invest before Joe Average does, because once he gets wind of a good investment it ceases to be one. Joe Average also has a tendency to pour very poorly, which will guarantee that he becomes poor. He will continue to hold his cup until it overflows onto the economic beer pong table, because as I have stated previously, no one ever learns their lesson from history.

There are several reasons why these cups will overflow, not just one thing in particular. It’s a collection of economic conditions like:

- The increase in National debt in the U.S. and throughout the world
- More than one trillion in student and consumer debt
- The potential for rising interest rates
- High unemployment
- Rampant deficit spending
- Inflation

Belief in the infallibility of fiat currency keeps the financial system functioning, but eventually one of the above problems will start a domino effect of financial crisis like in 2008, only worse. People will PANIC!, and they’ll start to empty all their cups and beer will be transferred into the PANIC! cups, which are the ones I am

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recommending to you, Gold and Silver. Then eventually, the “Gold” and “Silver” cups will start spilling all over the beer pong table; however, you will be much smarter than Joe Average and will have already sold by this point. The great wealth transfer will have commenced and you will never thirst for Oktoberfest again, that I promise.

Printing money is one of the ways an asset class can cycle from undervalued to overvalued. As the newly created currency enters a particular asset sector it causes the Asset Sector’s cup to inflate. Joe Average sees the wave of wealth building at the crest, before it overfills the cup. Through the process of understanding wealth cycles, we see how wealth is transferred from beer being poured out from the cups, which are over filled into the ones that are under filled, and this is only taken advantage of by savvy investors. Everyone else gets left behind. Let me put it to you bluntly: the pain of investing like 90 percent of people (Joe Average) will feel exactly like the pain of regret experienced after you pick your girlfriend as your beer pong partner over Steve, your best friend.

You and Steve have been an unstoppable beer pong force since you started playing together nine years ago as freshmen in community college. This time, however, you give in to your girlfriend’s incessant whining and pick her over Steve. Maybe you’ve grown up a little because you’re a junior now or maybe too much Oktoberfest was transferred through your liver enzymes. Problem is, when it comes to something as simple as throwing a ping pong ball she “can’t even keep it on the table, bro” and “she can’t even block a bounce” so you lose hard, get really drunk and blame her for “not being clutch” at the once-in-a-lifetime beer pong wealth transfer Oktoberfest opportunity.

Now every time you ask her to come to a party she brings up how mean you were, but in your defense your shoulders were sore from carrying her in beer pong all night long. But in her defense, *you’re way too competitive*. Also you’ve played ultimate Frisbee before so *you have seen her throw*. You totally knew what you were getting yourself into. And didn’t you learn anything from the beer pong fight you two had sophomore year when she cursed you out on LiveJournal back in, *what, like 2005?* Must have been around then; who uses LiveJournal anymore? I think the beer pong fight went something like:

“He says I’m not ‘clutch’ like Steve.” “Sit on it Fonz!”

“I can’t believe I let him give me an Alabama Hot Pocket!” “Marsha,

Marsha, Marsha!"

"He never calls when he says he will!"

"Well, you know what?!? You and Steve can 'clutch' each other!"

Her LiveJournal comments really hurt you; that's why you made her get rid of it, especially that Fonzi part, but especially the "You and Steve can 'clutch' each other" part because there's been gay rumors for years now and she knows that, you know that, and she knows you know that, but what you don't know is that she actually started them on LiveJournal.

Then of course you went to town on Friendster saying:

"Steve never shits the bed in Oktoberfest-Wealth-Transfer-Beer-Pong. If she didn't have to be first at everything all of the time I would have gotten a chance, also if she sends me one more 'selfie' pic of her in the bathroom mirror right after she pinched a loaf and forgot to flush-*it's over*. Also, what's with the scissor fingers and kissy face? What is this like 2004, still?"

Then you just started complaining about how every time you guys go to a restaurant together it takes her 15 minutes to figure out what kind of salad dressing she wants, and when she finally orders oil and vinegar, she changes her mind and says, "I should have gotten Peppercorn Ranch instead," and of course she starts eyeing your salad, because you have no dressing on yours. You know that all that P90xing isn't going to pay off with those extra calories. So of course you have to give her *your salad* and get the waiter to order a side of Peppercorn Ranch and pretend like you're the one who wanted it, not to mention the smell of Peppercorn Ranch is always on her breath when you two make out in your Previa after dinner. Forget a wealth transfer—more like a terrible breath transfer. Also, you know if you mentioned the Peppercorn Ranch breath to her, "*She'll like never let you live it down*" either, probably by writing what a jerk you are on LiveJournal, and all her stupid friends will brow beat you for it.

Moving On.

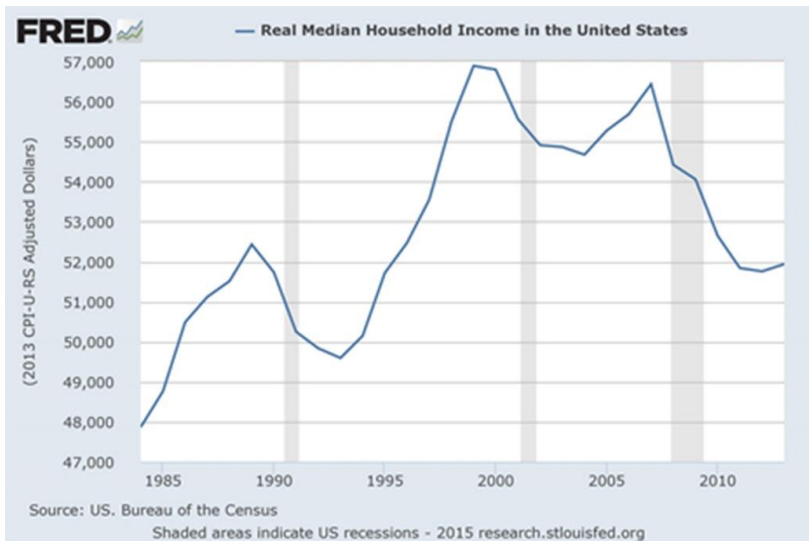
Essentially the whole financial system is designed to transfer Oktoberfest (wealth) from the cups of those who are not "clutch" (do not understand Peppercorn Ranch economic cycles) to those who are "clutch" (those who do understand Peppercorn Ranch economic cycles). So, for the love of God, pay attention and don't throw like a girl.

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Saturday morning cartoon commercials were right—knowledge really is power, but wisdom is the power to follow up on that knowledge.

To Sum up: Essentially, you can't "see" Oktoberfest being transferred through inflation, making it hard to spot. Inflation, or a loss of purchasing power in the dollar, is just one aspect of the wealth transfer. In the next few chapters of this book I will go more in depth about the other hidden forces guaranteeing the Oktoberfest wealth transfer, such as: money creation, fractional reserve banking, bubbles, PANICS!, and several reasons why a massive once in a lifetime beer (wealth) transfer is underway.

Still don't believe me that wealth transfers cause income inequality? Look at this chart which shows real median household income in the United States since 1985, is it just me or has the last 30 years been a total economic shit show? If you ask me, household income is all over the place, because wealth has been transferring.



US. Bureau of the Census, *Real Median Household Income in the United States* [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis

<https://research.stlouisfed.org/fred2/series/MEHOINUSA672N/>,
March 21, 2015.

History Repeats on You Like Bad Peppercorn Ranch Dressing

One of the most significant ways wealth transfers occur is through the

debasement of a currency, which is called inflation. In Ancient Rome, as a classic example, they shaved gold coins. Gold coins do not readily circulate as money in our society, so for us the wealth transfer will happen through creation of fiat currency. Fiat currency is money that is backed by nothing, no gold or silver, just pieces of paper. United States Dollars and every other currency on Earth are fiat. Fiat currency is defined by two basic characteristics: it does not represent anything of intrinsic value, and it is considered money “by decree.” Intrinsic value means that the money would have worth in and of itself, but it does not, as it is just paper that governments print to look very official, so that citizens collectively agree to use the paper as money. Money “by decree” means that legal tender laws require those pieces of paper be accepted during any monetary exchange for a good or service. Since the money itself is worthless, it has to be forced upon the user. The only way a government can put its useless paper into circulation to make it legal tender is through a fine or imprisonment.

What is the connection between fiat currency and the wealth transfer? The key is inflation. Since paper money is not backed by anything of intrinsic value, like the gold standard provided, there is nothing from stopping the Central Bank (in our case the Federal Reserve) from expanding the money supply by printing more fiat currency, which they do all of the time. The more money the Central Bank prints to fund its costs the more it inflates the money supply. When the money supply becomes inflated it dilutes the purchasing power of that money and takes more currency to purchase the previous amount of goods or services. During what is known as an inflationary credit expansion, wealth is transferred from the public to whomever is the earliest recipient of that newly printed money, which undoubtedly will always be some interest group with close political relations to the state (banks!). This wealth transfer is “hidden” from the public, due to the subtlety of a slow loss in purchasing power. This is basically the government’s way of “making it rain” in a really sneaky way, by throwing dollar bills off the second story of a club that you’re not allowed to get into. (Although, money printing and ‘making it rain’ are about equal in effectiveness in government economic stimulus, but we’re getting ahead of ourselves.)

History is replete with examples of governments printing so much money that they created hyperinflation, which is a much less subtle way of inflating a currency so quick it becomes as valuable as toilet paper. Germany after World War I. Argentina and Yugoslavia in the 1990s. And

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now, Zimbabwe is currently experiencing hyperinflation. Hyperinflation has occurred twice in the United States, once during the 1700s with the Continental, which was used to fund the Revolutionary war (yes, even the Founding Fathers fell for this, Benjamin Franklin in particular). Then good old Honest Abe funded the Civil War with the Fiat Greenback. As you will see there is a link between Central Banking (The Federal Reserve), War and Inflation. This will become clear once the PANIC! sets in.

In Michael Maloney's book, *Rich Dad's Guide to Investing in Gold and Silver*, he states that: *"A pattern has continually repeated in which governments debase and dilute their money supply until a point where the common psyche of the populace and the collective mind of a country begin to feel that something isn't right. ...As the debasement progresses, the population senses the loss of their purchasing power ... the free market system...causes gold and silver to automatically revalue. In doing so, it accounts for all currency that was created since the last revaluation."*

In the near future a tremendous amount of wealth will quickly be transferred from those who are uninformed to the aware.

This wealth transfer will be caused by the loss of purchasing power of the dollar. When the magically delicious fiat money in your wallet is exposed as a fraud, the flow of value will go from those dollars to gold and silver: the only real money that has ever existed. I call this crisis moment "Economic Bieber Fever." No form of fiat money has ever lasted in world history. And remember, all money in the world is fiat money, even in Switzerland.

There are two specific economic cycles that have repeated throughout history, which Maloney cites: "The first cycle is the stock cycle, where stocks and real estate outperform gold, silver and commodities, and then the cycle reverses and becomes a commodities cycle where gold, silver and commodities out-perform stocks and real estate. The other cycle is less known, less regular and less frequent: the currency cycle, where societies start with quality money and then move to quantity currency and then back again. ...These cycles swing like a pendulum through time, and they provide an economic barometer for the astute investor. ...The greatest wealth can be accumulated in the shortest period of time when gold and silver revalue themselves." He is saying there are currently two wealth cycles that are converging at the same time. Simply stated, we are looking at a perfect storm of wealth cycles

sort of like a group of Gloucestermen fishing off the Flemish Cap, “Economic-Cycles-Converging-Per-fect-Storm-Like” situation which will make gold and silver perform as well as Mark Walberg in the movie *A Perfect Storm*. Therefore, these two converging wealth cycles shall hereafter be known as: “Marky Mark and The Funky Bunch”.

“Marky Mark” measures the relationship between Stocks and Real Estate versus Commodities (gold and silver, oil, etc.). This stock cycle is a shorter cycle. And for a period of time, stocks and real estate outperform gold, silver, and commodities. Then the cycle reverses, and gold, silver and commodities outperform stocks and real estate. Historically for a period of time stocks and real estate outperform commodities like gold, and then the cycle reverses direction where commodities like gold and silver begin to outperform real estate and stocks. We just left the commodities outperforming real estate and stocks portion of the cycle after quantitative easing finished. Later on we will explain how this helps us purchase commodities in regards to stocks and real estate, but for now just understand the history that from the end of World War II to 1966, stocks and real estate boomed, and then the cycle began to reverse itself from 1966 to 1980 commodities, including gold (its performance can be seen in the chart below) which became the popular asset in the wealth cycle. From 1980 to about 2001 the big asset class became commodities again. This is extremely important information (I would never have known without the help of Michael Maloney and his excellent book *Rich Dad’s Guide to Investing in Gold and Silver*) that we are going to use to capitalize on when purchasing gold and silver.



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Above is a chart⁶ that perfectly details the average gold cycles or zigzags in time and in relation to the Dow Jones Industrial. The numerical value placed on the Dow, the value of gold, the dollar, etc., means little when we measure *stuff* with other *stuff*.

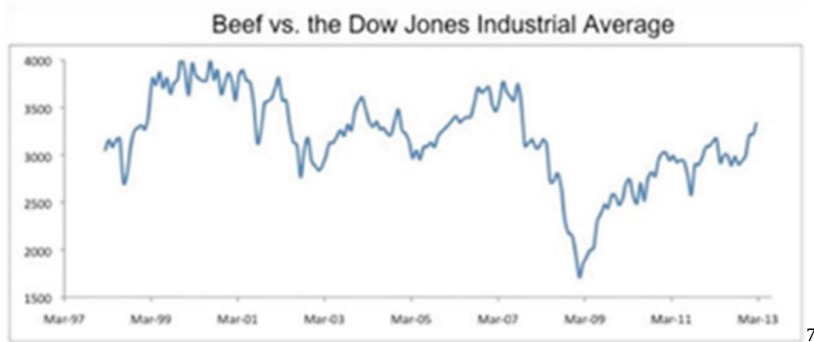


Here is another example of a chart I was too drunk to remember the source of. The point of me showing you this is not to prove where silver is at now or where it will be in the future; it's just so that you know it doesn't stay put when in relation to the Dow or the dollar or any other measuring stick. Measuring real estate, the Dow and the dollar in real things like commodities give us a better indication of what we're looking at as far as wealth cycles. The majority of people look at the Dow or dollar in their nominal values (numbered value) which gives a completely illusory perspective on their real worth. The key to understanding all of this is: numbers and statistics are the best alibi for a liar. Truth is the best friend of a satirist, measuring man-made numbers like dollars and the Dow in real stuff is how we see through the illusion.

⁶ Graph sources: Reuters via www.sharelynx.com / www.stockcharts.com.

WHERE'S THE BEEF?

Let's practice measuring stuff with other random stuff because I want to train your mind to think differently than most people do. When someone says "five dollars an hour" most likely you get a negative feeling inside, well one hundred years ago that was a lot of money. It is a subjective value that *you've* placed. This will train you to think more rationally.



I have absolutely no idea where this chart came from. In fact, I blacked out after my sixth growler of Smuttynose IPA when searching on *Google* images and woke up two days later in a pool of my own sweat with my passport missing. When I awoke it appeared I had found what I was searching for in *Google* images: I was wondering the age old question of "Where is the Beef?" in relation to the Dow Jones Industrial average while seeking my missing passport. This chart only answers one of those questions.

Below you will see the evidence of me while I blacked out from all of the ~~thinking~~ drinking I did while writing about the true causes of income inequality and wealth transferring. I am so good at explaining this topic; I had absolutely no problem writing this entire book while completely hammered. In fact, I had to get wasted in order to even begin to take it seriously.

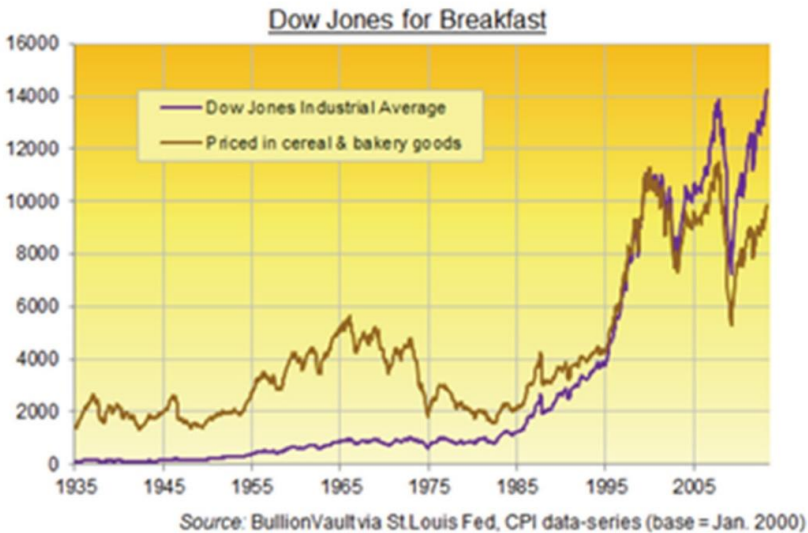
⁷ Graphic source: www.stockcharts.com

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I genuinely have no idea what the hell unit they are measuring beef in that goes from 1,500 to 4,000 so I will just take a stab at it and guess, *Gigobeefwatts*? I want to guess and say that the great Beef PANIC! of March 2009 was caused by Oprah's comments on the industry again, or perhaps lots of high school freshmen *actually*

reading *The Jungle* by Upton Sinclair, instead of plagiarizing their book reports. All that I am thankful for is that during the great beef PANIC! of 2009 we never dipped below the dangerous level of 1.21 *Gigobeefwatts* which could have caused a paradox that would unwind the space-time continuum.



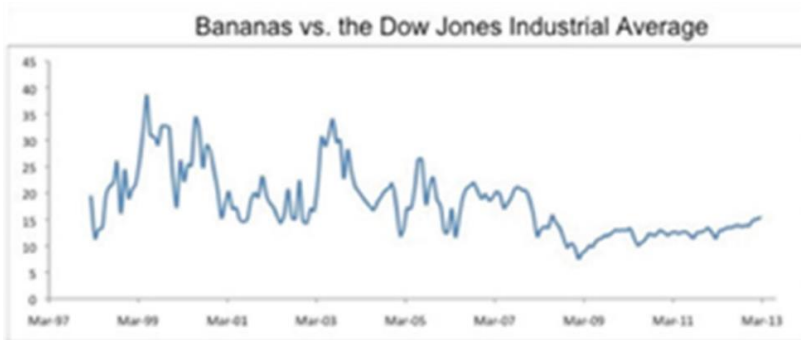
Above we have arguably the most alarming chart *ever* created. When measured in breakfast, the Dow Jones industrial average *seems* to be out performing Captain Crunch between the years 2005 and 2010, *but is it really?* We all know that this chart has been kid tested, but the units of measure are completely based off of the arbitrary amounts of the *mother approval volatility index (MAVIX)*. How can a completely *emotional* unit of measure capable of ranging anywhere from zero to 16,000 accurately reflect the nominal deflation in the size of the box of

Crunch Berries my mom buys me when clearly the Consumer Price Index is not accommodating its data to accurately reflect such incredible fraud? This author genuinely believes that the MAVIX chart is based on information from the St. Louis Federal Reserve that is intentionally misrepresenting the truth in order to cover up the greatest Cookie Crisp wealth transfer, that the world will ever witness.

The only true thing that this chart guarantees is that we will see plenty of BEN BERNANKE! making this face, over and over again.



The truth is that no man can eat his breakfast cereal without one of the greatest indicators of the Dow industrial average, *bananas*.

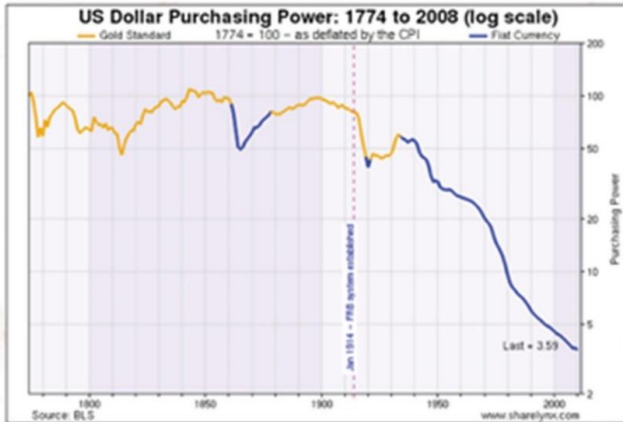


If you look above, you can see the Banana-Dow volatility index between March of 1998 through March of 2007. I believe that this nine-year wealth cycle is indicative of the great Cookie Crisp wealth transfer mentioned previously. What grown man can consume corn flakes without pieces of bananas on top? The Banana-Dow volatility index or BDVIX has since leveled out, but I do believe it will be of major future concern.

The Funky Bunch

PANIC! _____

The second economic cycle that I call “The Funky Bunch” is the inflationary wealth transfer which occurs from the fiat currency I have been speaking about. Here you can see “The Funky Bunch” as represented from the strength of the dollar during times of fiat currency (note where we went off the Gold Standard in the 1860s to pay for the Civil War) and the Gold Standard. The dollar isn’t looking so good, friends.



The Gold Standard in the 1860s to pay for the Civil War



And here you can see the relationship between gold and the dollar. The Federal Reserve is responsible for managing interest rates to control inflation. Since 1913, inflation in the U.S. has stolen 97 percent of the value of the dollar. For example, an item that cost \$100 in 1913 would cost nearly \$2,300 today. Since 1970, the dollar has lost 83 percent of

its value. Hypothetically, if your Grandpa Mortimer had walked two miles uphill in the snow to put one million US dollars in a safe deposit box in 1913, it would have lost a full 97 percent in purchasing power with a present day value of just \$40,000. Conversely, had Grandpa Mortimer placed one million in gold at roughly \$19 per ounce, today you would have inherited an excess of \$70 million. The “Marky Mark” wealth cycle is imperative to understand because since the PANIC! of 2008, the Fed has accelerated this process with inflation-fueling policies like Quantitative Easing and zero interest rates. Important to note it is the dollar that is in a bubble, not gold.

Adam Smith wrote: *“History shows that once an enormous debt has been incurred by a nation, there are only two ways to solve it: one is simply to declare bankruptcy - repudiate the debt. The other is to inflate the currency and thus to destroy the wealth of the ordinary citizen.”* My guess is that inflation will be the cause. Taking advantage of these two economic cycles converging into one another, through purchasing gold and silver, will create long-lasting generational wealth in a very short period of time.

For the remainder of this book, we will be more concerned with the “Funky Bunch” wealth cycle than with “Marky Mark,” as the “Funky Bunch” is caused directly by government meddling and has repeated throughout nearly every empire. Maloney notes that, *“Societies usually start with high value commodity money such as gold and silver. Gradually, the government hoodwinks the population into accepting fiat currency by issuing paper demand notes that are redeemable in precious metals. These demand notes (currency) are really just ‘certificates of deposit,’ ‘receipts,’ or ‘claim check’” on the real money that is in the vault. ...Once a government has introduced a paper currency, they then expand the currency supply through deficit spending, printing even more of the currency to cover that spending, and through credit creation based on fractional reserve banking. Then, usually due to war or some other national emergency, foreign governments or the local population will try to redeem their demand notes (bank runs), and the government will suspend redemption rights because they don’t have enough gold and silver to cover all of the paper they have printed, and poof! You have a fiat currency. ...Here’s the dirty little secret: Fiat currency is designed to lose value. Its very purpose is to confiscate your wealth and transfer it to the government. Each time the government prints a new dollar and spends it, the government gets the full purchasing power of that dollar. But where did that purchasing power come from? It was secretly stolen from the*

PANIC! _____

dollars you hold. As each new dollar enters circulation it devalues all of the other dollars in existence because there are now more dollars chasing the same amount of goods and services. This causes prices to rise. It is the insidious stealth tax known as inflation, robbing you of your wealth like a thief in the night.”⁸

So, here is our inflationary wealth transfer pattern⁹:

1. A state starts out with sound money backed by gold and silver, or money that is actually gold and silver.
2. The state begins to take on economic burdens with social programs like welfare and education plus public works like bridges.
3. Eventually it funds a military.
4. Eventually it puts that military to use, which is expensive.
5. Funding long wars, World Wars I and II, and especially any unpopular war is going to be costly because people do not want their taxes to increase. (For example, in the Civil War, Lincoln increased taxes but also created the Greenback to fund the North.) Eventually the state begins to steal from the people by replacing their money with fiat currency, which can be created in unlimited quantities. When created in unlimited quantities, inflation kicks in and steals the purchasing power of that currency.
6. Eventually, the wealth transfer caused by excessive currency creation is felt by everyone when their currency no longer purchases as much.
7. This causes a loss of faith in the currency.
8. There is a crash, the currency collapses and the average person now realizes that they must move into precious metals and commodities at the last minute. The informed (including you, readers) will not wait for this.
9. Smart people like you, who purchased gold and silver ahead of time will have massive wealth transferred to you in a very short period of time.

⁸ Michael Maloney’s Rich Dad’s Guide to Gold and Silver

⁹ www.Wealthcycles.com

If you weren't sure we are currently in stage 5, we've spent more than a decade dabbling in wars in Iraq and Afghanistan. The next step is that pesky 'loss of faith in the currency' part, if only we could avoid it.

I know, I know. You're thinking, "How can this happen in my America?" Well, look at it this way, it now costs more than the actual worth of a quarter to make a quarter. Simply stated, we've lost our way.

For 2,400 years a pattern has continually repeated with disastrous consequences:

- Governments start out with sound money that people trust;
- Governments take on more obligations that require more debt;
- Governments print more currency to pay the bills;
- The public senses prices going up and knows that something isn't right;
- People trade their government currency for gold and silver;
- Gold and silver revalue themselves to account for all the currency printed. This historically affords precious metal owners massive gains in purchasing power to buy more land, real estate, stocks, businesses, etc.

Let's consider what Ron Paul has to say about wealth transferring:

"Yes. I think this is not a consequence of free markets. What's happening is, there's a transfer of wealth from the poor and the middle class to the wealthy. This comes about because of the monetary system that we have. When you inflate a currency or destroy a currency, the middle class gets wiped out. So the people who get to use the money first which is created by the Federal Reserve System benefit. So the money gravitates to the banks and to Wall Street. That's why you have more billionaires than ever before. Today, this country is in the middle of a recession for a lot of people. Michigan knows about it. Poor people know about it. The middle class knows about it. Wall Street doesn't know about it. Washington, D.C., doesn't know about it. But it's because of the monetary system and the excessive spending."

"As long as we live beyond our means we are destined to live beneath our means."

~ Ron Paul

- First, the “unfettered” free markets are not the cause of booms and bust— that is a vicious lie told by progressives. So few progressives know anything about free market economics. They’re usually just misguided (and I know, because I used to be one). Government interference is in fact the cause. Government operates like Fredo Corleone, every time you think you can depend on it, government bobbles the gun, or gets caught banging cocktail waitresses two at a time so Moe Green has to straighten it out.
- Second, he confirms that the transfer of wealth always (and conveniently) goes from some poor and mostly middle-class people to the people at the top. To clarify: the top is not in fact the 1 percent which includes hard working doctors, lawyers, businesspeople, etc. The ‘top’ is the 1 percent of the 1 percent, which is where this wealth transfer is heading if you do not take the necessary precautions to grab your piece of the pie.
- Third, inherently inflationary fiat currency is the cause of this “hidden” wealth transfer. I say hidden because not one in 100,000 people are aware of the purchasing power of their money being debased.
- Fourth, the middle-class will be wiped out.
- Fifth, *some* people are going to benefit from this transfer of wealth but most people are going to suffer.

According to Paul, “that’s why you have more billionaires than ever before.” He is right about that, and more will be created in a very short period of time. Here’s the thing — with the right information, you can become one of them. Paul states that “everybody doesn’t suffer equally,” and that politicians and the military industrial complex get to use the money first so they benefit from it. This means that the money being first lent into existence (by the Fed) is untouched by inflation so it buys more. Once that money is spent it enters the money supply and increases inflation. So in essence, the Fed lends money to their buddies at very low interest rates who in turn get to play around with it when it’s worth the most. Meanwhile, we get the scraps from the table. An example would be watching a bunch of rich guys drink 40-year-old Scotch straight, but since you’re not one of their little club members, you get to drink Scotch that was poured into a bath tub and diluted with bath water. It’s still a glass of Scotch, just not as potent. And you’re only good enough to drink from their bathtub instead of sitting at the table with them—which is just rude.

Ron Paul, *End the Fed and Inflation*

Consider the following statements from Ron Paul¹⁰:

“Debasing a currency is counterfeiting. It steals value from every dollar earned or saved. It robs the people and makes them poorer. It is the absolute enemy of the working man. Inflation is the most vicious and regressive of all forms of taxation. It transfers wealth from the middle-class to the privileged rich. The economic chaos that results from a policy of Central Bank inflation inevitably leads to political instability and violence. It’s an ancient tool of all authoritarians.

“Inflating... destroys prosperity and feeds the fires of war. It is responsible for recessions and depressions. It is deceptive, addictive, and causes delusions of grandeur with regards to wealth and knowledge. Wealth cannot be achieved by creating money by fiat, which instead destroys wealth and rewards the special interests, but more importantly, simply is not real. Depending on monetary fraud for national prosperity or a reversal of our downward spiral is riskier than depending on the lottery.”

“Inflation has been used to pay for all wars and empires as far back as ancient Rome. And they all end badly.”

“Inflationism and corporatism engender protectionism and trade wars. They prompt scapegoating...”

A Brief History of Fiat Currency, War and Inflation.

Fiat currency is a massive topic rarely ever covered in schools or textbooks as it is semi-dangerous knowledge and schools do not like anything even remotely dangerous being taught to their kids. Also, since there are so many examples of fiat currencies throughout history it is almost impossible for me to mention all of them without making this book 600 pages long. Most people don’t read 600 pages in a year, let alone in one sitting, so I have put forth my best effort to keep this topic

¹⁰ From “End the Fed,” by Ron Paul, 2009, Grand Central Publishing

as short as possible. Fiat money has a long history. Some of the most interesting examples are the collapse of the Weimar Republic due to hyperinflation post-World War I, as well as, the hyperinflations that happened in America when George Washington tried to fund the Revolutionary War with paper money called Continentals and the failure of Lincoln's Greenback used to pay soldiers during the Civil war.

It is absolutely fascinating to me from a mass psychological aspect the "tipping point" when a group of economic actors lose confidence in an asset class: a population suddenly loses faith in its currency, a housing bubble bursts or tulip mania becomes abundantly clear which is called "the Minsky moment" or the "Wile E. Coyote moment" in economics. Suddenly there is a mass reaction sort of like an "Economic Bieber Fever"¹¹ where everyone suddenly begins wearing purple pants, *but actually nothing like that at all*. In fact, it's more like when suddenly the onset of massive (hyper) inflation is felt because more money is chasing fewer goods. The only problem is that it is very difficult to predict *when* that moment of "Economic Bieber Fever" will hit. But predicting that it *will happen* is a different story because as a precedent historically no fiat currency has ever lasted. For all we know "Economic Bieber Fever" might hit us before Obama leaves or in the year 2525¹².

An interesting example of a hyperinflation comes to us from Daniel J. Boorstin's the *Discoverers* wherein he states: "When Marco Polo visited the China of Kublai Khan (1216-1295), he saw nothing worth reporting in their multiplying of sacred texts by block printing. But he did note with astonishment how Kublai Khan by a kind of 'alchemy' had made printed paper, in place of precious metals, serve as currency." He then quotes original Macaroni Godfather Marco Polo, on the "alchemy" of fiat currency:

¹¹ Honestly, I never really liked these terms not only are they not catchy or funny the 'Wile E. Coyote' thing is just too obvious and forgetful. Absolutely nobody can forget the term "Economic Bieber Fever," even if you wanted to, which more than likely you do, which is why I chose it. In fact, the term is so powerful some of you have probably stopped reading to quietly reflect on whether or not it is even worth continuing this book. Only you can answer that question.

¹² If Man is Still Alive.

“Of this money the Khan has such a quantity made that with it he could buy all the treasure in the world. With this currency he orders all payments to be made through every province and kingdom and region of his empire. And no one dares refuse it on pain of losing his life. And I assure you that all the peoples and populations who are subject to his rule are perfectly willing to accept these papers in payment, since wherever they go they pay in the same currency, whether for goods or for pearls or precious stones or gold or silver. With these pieces of paper they can buy anything and pay for anything. And I can tell you that the papers that reckon as ten bezants do not weigh as one....” So even then they issued money by decree and you had no choice and it was immediately obvious to Marco Polo that there was both: a “fish out of water” and paper currency “that isn’t worth its weight in ten bezants.” Fiat currency isn’t worth the paper it’s printed on. Pretty good for a guy with his eyes closed who can only use his hands and ears in a swimming pool to observe this. It must be really goddamned obvious that paper money sucks.

He continues, “Here is another fact well worth relating. When these papers have been so long in circulation that they are growing torn and frayed, they are brought to the mint and changed for new and fresh ones at a discount of three percent. And here again is an admirable practice that well deserves mention in our book: if a man wants to buy gold or silver to make his service of plates or his belts or other finery, he goes to the Khan’s mint with some of these papers and gives them in payment for the gold and silver which he buys from the mint-master. And all the Khan’s armies are paid with this sort of money.”

Daniel J. Boorstin describes this in *Discoverers* as, “In the twelfth century the Sung Chinese financed their defense against the Tartars by printing paper currency, and after their defeat they continued to print money for tribute.” So we see war and inflation and money printing all working similarly to the German hyperinflation where they kept the printing press going to pay back war debts due from World War I. History repeats on you like Peppercorn Ranch dressing—don’t forget that. Hyperinflations are the heartburn of an economy; only Prilosec OTC won’t be invented for another 750 years. Boorstin continues, “In 1209 the notes promising to pay off in gold or silver were printed on paper made of silk and pleasantly perfumed, but even their fragrance could not stabilize the currency or stop runaway inflation.”

Boorstin then quotes the Sung historian Ma Tuan-lin on the worst of the

“Economic Bieber Fever” wealth transfer when suddenly the Chinese lose faith in their paper currency: “After having for years tried to support and maintain these notes, the people had no longer any confidence in them, and were positively afraid of them. For the payment for government purchases was made in paper. The fund of the salt manufacturers consisted of paper. The salaries of all the officials were paid in paper. The soldiers received their pay in paper. Of the provinces and districts, already in arrear, there was not one that did not discharge its debts in paper. Copper money, which was seldom seen, was considered a treasure. The capital collected together in former days was ... a thing not even spoken of any more. So it was natural that the price of commodities rose, while the value of the paper money fell more and more. This caused the people, already disheartened, to lose all energy. The soldiers were continually anxious lest they should not get enough to eat, and the inferior officials in all parts of the empire raised complaints that they had not even enough to procure the common necessities. All this was the result of the depreciation of the paper money.” It is important to note three things about this wealth transfer: One, that inflation-induced “Economic Bieber Fever” spreads quickly and painfully, often due to funding a military. Second, in Marco Polo’s time in China the notes were still trading at face value, they lost their value after he left (it can take a significant amount of time before the public loses faith in their magically delicious fiat currency). And, third, Marco Polo is John Bonetti’s great uncle which earned him the nickname “Bonetti Spaghetti” nearly one-quarter century ago. One of the previous three facts I just mentioned is completely inaccurate, so I encourage you to do some research.

I will go deeper on the history of fiat currency later in this book, but for now know that this is hardly the first time a government has tried debasing its currency and inflated your savings, in particular to fund wars. Don’t believe me? Even the world’s most miserable ambulance driver of all time, Ernest Hemingway, knew 100 years ago what I am telling you, now: “The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin. But both are the refuge of political and

economic opportunists¹³.”

We can see through historical examples that hyperinflation reared its ugly head in the end of Ancient Rome by the emperor Diocletian’s meddling with the money supply as well as during the Greek empire. People just won’t learn their lesson. War plays a big part in the creation of inflationary fiat currencies, which are needed to fund these conflicts. The way that most conflicts have been paid for is not through taxation, but by the creation of fiat currencies.

And as we learn from G. Edward Griffin’s *The Creature from Jekyll Island*, “by artificially increasing the money supply, however, the real cost is hidden from view. It is still paid, of course, but through inflation, a process that few people understand.” One thing that has always struck this author as profoundly odd is that people almost enjoy being stolen from through inflation. The real cost of increasing the money supply which leads to price inflation is hidden from view according to Griffin, but people have an almost romantic perspective on inflation by saying things like:

“I remember when I was 17 and bought my first car. It was a 1965 Mustang and only for \$3,000. Man did I ever get laid in that thing, although I have to admit I never really understood the concept of ‘free loving’ back in the 1960s, especially because I vividly remember that condoms used to cost a nickel.”

Do you see how inflation allows for a *bizarre* almost romantic behavioral component? People get all nostalgic when it comes to remembering certain things from 40 years ago, like the price of a first car or some prophylactics. My perspective is outrage at decreasing quality of living while the richest 1 percent of 1 percent are obtaining massive wealth on the backs of the middle class and the working poor, but I guess, to each his own.

¹³ Ernest Hemingway’s “Notes on the Next War: A Serious Topical Letter” first published in *Esquire* (September 1935).

PANIC! _____

The Sopranos Effect

To better understand how fiat currencies lose their purchasing power through inflation, I will compare the U.S. dollar to the Mafia (bear with me). There is a neighborhood in New York called East Harlem, which for about 80 years was a very Italian neighborhood and had a reputation as a breeding ground for many prominent gangsters such as, Lucky Luciano and “Fat” Tony Salerno. Now, for argument’s sake, let’s just say the year is 1955 and you own a pizzeria or a neighborhood bar and a harmless-looking old Italian man with a cigar walks into your pizzeria and says you need to employ his window washing service for \$2,000 a month. (Translation: “Give me two grand or I’ll break your windows or worse.”) You probably wouldn’t think twice about paying because you know the alternative.

Fast forward to 2018 – that neighborhood has changed considerably. Virtually no Italians live there anymore, and the few that do are well past retirement. If a little old Italian man banking on an old reputation from 1955 walked into a bodega in what is now Spanish Harlem, trying to convince you to employ his window washing service, at best he would get laughed out of the store. The conditions (inflation) have changed and so has the reputation (the dollar is no longer backed by gold and no longer the world’s strongest currency). There is no gold standard backing the U.S. dollar; it is backed solely by faith in the United States government and is considered “legal tender for all debts, public and private.” That little old Italian man is backed by nothing—time has passed him by.

The dollar (and many other currencies) is dependent on the weight of its former reputation because it is not on a gold standard and has been printed by the Federal Reserve and United States Treasury into oblivion. It is only a matter of time until the Chinese and Japanese no longer want to invest in American debt, because of perceived weakness, like the bodega owner who does not want to invest in the \$2,000 window washing service because of the aging godfather’s weakened reputation. The U.S. dollar (like all fiat currencies) will soon suffer the same fate as the reputation of the over-the-hill Godfather through inflation, thus causing a tremendous wealth transfer (through an exposed crisis in confidence) from useless paper to precious metals commodities and agricultural products—essentially things that actually have inherent value.

If you’re skeptical of the concept of a wealth transfer because you have

not yet heard of it, I promise you will—although by then it will be too late for you to act. The public always chases yesterday’s news and in this wealth transfer, money will flow from the old paradigm to the new. Most stocks, CDs, savings accounts, 401ks, IRAs and other old ways of saving money (paper assets in general, especially those that do not compete with inflation) will quickly lose their value and those who hold real assets—like precious metals, commodities, agricultural stocks, mining stocks and a handful of others—will increase in value exponentially. Most authors recommend gold solely because it is historically a hedge against inflation. I’m mentioning precious metals in the context of a wealth transfer. This book is not for those who wish to be forever condemned to a cubicle and a 401k that does not compete with inflation. You’re better than that—rise above mediocrity.

BEN BERNANKE!¹⁴

The Life and Times of Inflation

Now it’s time to define inflation. The Quantity Theory of money says the quantity of monetary units tends to affect the purchasing power of money inversely with every increase in the quantity of money. Each monetary unit tends to buy a smaller quantity of goods and services while a decrease in the quantity¹⁵ of monetary units has the opposite effect. Knowledge of the effects of changes in the quantity of money is somehow one of the most misunderstood concepts in economics, *still not really sure why*. Actually, it’s so obvious - I’m pretty sure there isn’t anybody who doesn’t know this. Its actually so obvious children understand it. There is a *Ducktales* episode about this where Huey, Dewey and Louie get a “Multiphonicduplicator” from Gyro, which is a duplication machine¹⁶. They then use it to multiply money and learn about hyperinflation the hard way and get yelled at by Uncle Scrooge. More importantly, the quantity theory of money becomes painfully obvious. In fact, so obvious that there are several more episodes about economics. Scrooge himself causes a hyperinflation with bottle caps on

¹⁴ Ernest Hemingway’s “Notes on the Next War: A Serious Topical Letter” first published in *Esquire* (September 1935).

¹⁵ Ludwig Von Mises the *Theory of Money and Credit*

¹⁶ *Ducktales* Episode 90: “Dough Ray Me”

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an Island called Tra-la-la, in the episode called “Tra-la-la”¹⁷ So, six episodes after the boys cause a hyperinflation so does Scrooge, and so for some reason children get this before adults? This might be a great indication of how our system really works. Remember: inflation is an increase in the money supply. The traditional definition of inflation many economists use is “a rise in the general price level,” but this actually is the effect, not the cause. The cause is the increase in the money supply.

The True Worth of Paper Assets

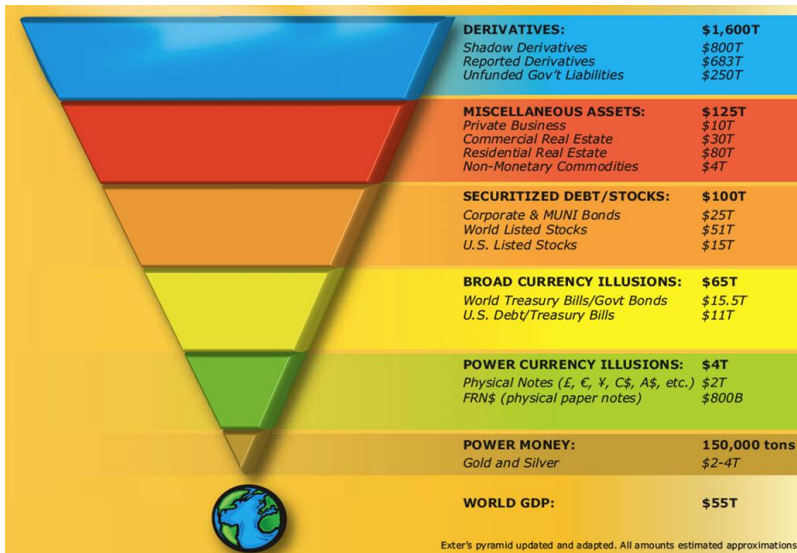
The graph on the following page is called Exter’s Inverted Pyramid (originally created in the 1950s) which organizes asset classes in terms of risk. John Exter was a member of the Board of Governors for the Fed. He basically said that confidence in paper assets would eventually fail and all fiat and paper based assets would liquidate and collapse into gold and silver. He didn’t give a time and neither will I, but at least I can give you something a little bit more concrete than any of Nostradamus’ Quatrains, that guy was so bogus. Looking at the chart you can see that derivatives are on top. We had a derivatives explosion four years ago, which took down Lehman Bros. and AIG. Yeah, this former Fed economist knew exactly what I’m telling you—that when all is said and done, paper assets aren’t worth the paper that they’re printed on. When there is economic PANIC!, a bank run, loss of faith in a currency, a wealth transfer, etc., people always go right back to what is worth its weight in gold—*gold!* Everything else is a man-made illusion. Not even David Blaine could create an illusion this global. Actually that guy can’t even create an illusion I am able to stay awake for.

So the organization of this pyramid goes from riskiest asset classes to Gold and Silver, the only assets that cannot default. Exter’s original pyramid placed third world debt at the top of the inverted pyramid, and now derivatives hold this dubious distinction listed here at 1.6 trillion, not sure how accurate that is. Notice too how government debts are high up there, along with their usage of the word “illusion.” Every time I look at this chart it makes me think of that scene in *Dumb and Dumber* at the end when the bad guy finally catches up to Lloyd and Harry and

¹⁷ DRINK!

looks inside of the briefcase filled with money to find it is only filled with IOUs that Lloyd and Harry say they “fully intend to pay back” (they’re not too far away from the FDIC). Then Lloyd picks up a dirty cocktail napkin that says *IOU \$250,000 for a Ferrari*, and says, “Might want to hold on to that one!” When it comes to paper assets, think of *Dumb and Dumber*.

DRINK!¹⁸ I think I will switch to Rogue beer. For some reason, Oregon has some amazing Micro Breweries.



¹⁸ BEN BERNANKE! DRINK!

CHAPTER 2

THE PERFECT STORM

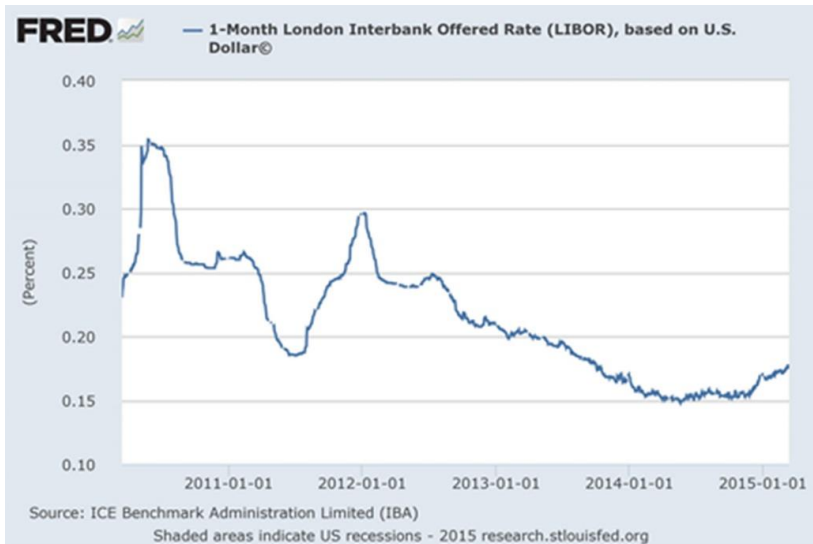
So Scary, It's Almost Funny

In comedy, there is something called the “rule of threes.” It worked for George Carlin making fun of the last presidential administration when he said: “You knew you were getting fucked when there is a guy named Dick, one named Bush and another one named Colin.” It wouldn’t have been as funny if even one of those three guys were left out, hence why there is no “rule of twos.” I am patiently awaiting a third part to a joke in the making about how first there was Bernie Madoff, which conveniently rhymes with Bernie “Made Off,” then LIBOR, which rhymes with “Lie More.”

You probably never heard of LIBOR—the London Interbank Offer Rate—until Matt Taibbi said it, because you weren’t supposed to. You’ve never heard of a wealth transfer either, because you weren’t supposed to. You’ve heard plenty about Kim and Kanye’s baby, because you’re supposed to. Could it be possible that the rate at which bankers lend to one another could be... (gasp!) ...rigged? Am I suggesting that banking as an industry is rotten to its core? Yes, I am.

Essentially, the entire banking system is completely corrupt and on the brink of being exposed for the fraud that it is. You’ve certainly heard the expression that one bad apple can spoil a bunch. Well this bunch has *mostly* bad apples in it. Not everyone who works in banking is bad, but this industry is so permeated with corruption that it exists at every single level. Corruption goes from the top down, rigging the percentages at which the boys club can lend to each other.

Back to LIBOR, as Wikipedia¹⁹ says: “One trader’s messages indicated that for each basis point (0.01 percent) that LIBOR was moved, those involved could net “about a couple of million dollars” This tells me that not only is banking completely corrupted at the top, it trickles all the way down to the A-hole who instead of setting up a small 529 account for some old woman’s grandkids’ college tuition, can get a bigger commission if he has the grandma set up an annuity. Reputation clearly does not matter, whereas, in a free market, your reputation would be at stake. This is one reason why regulations simply do not work and free market regulation without government interference makes sense. From LIBOR all the way down to 529 plans, personal responsibility is in the shitter as you can see from the graph below.



ICE Benchmark Administration Limited (IBA), *1-Month London Interbank Offered Rate (LIBOR), based on U.S. Dollar* [USD1MTD156N], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/USD1MTD156N/>, March 22, 2015.

If I had told you about LIBOR in, say, 2009, you probably would have

¹⁹ <http://en.wikipedia.org/wiki/Libor>

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laughed at me and called me a conspiracy theorist. Maybe if I had done my job well enough to be memorable you would say, "Shit, that really good-looking guy from four years ago was right!" When Wolf Blitzer tells you about the financial collapse after it happens and uses phrases like "massive wealth destruction," or "massive wealth transfer," then you will believe it and remember that incredibly handsome man who mentioned wealth transfer a bunch of times. (See, in comedy there is this thing called a "call back." When I keep mentioning how good-looking I am it gets funnier and funnier. But I can only do it three times, because of the "rule of threes," which has now become a call back). Anyway, hopefully the one thing you won't say is, "I wish I had listened to that guy," in regards to the wealth transfer. Hopefully you won't say "And I did absolutely nothing about it," in regards to the wealth transfer, and instead went out and bought some silver.

The fabric of the banking system is beginning to unweave. This is why I do not claim to know everything, because it is incredibly complex. But at some point it will completely unravel—it is just a matter of time.

Information is the most powerful commodity now —
Yes, even more important than gold.

Instead of facing the reality that we have several increasing bubbles in public and private debt, real estate, and equities, as well as the dollar bubble, this basically means that our fake economy is inflating in a virtual upward spiral that will inevitably decline in a vicious downward spiral of misery. Kind of like a terrible Ketamine hole of an economy, sans the cool hallucinations. Most would rather deny the problems, and I'm guessing that since you've come this far—you're not one of those people. Good for you. However, fair warning: this chapter is going to be a downer. A lesser person would very quickly develop a bunker mentality after reading all of the negative stuff going on in the world of finance, but keep in mind that the bigger the crisis the bigger the opportunity. I will do my absolute best to try and liven this miserable downer of a chapter for you.

I just went to PerezHilton.com because I felt the need to find some really ugly celebrities to compare Unfunded Liabilities and Derivatives to. Uh oh, I just ended the previous sentence with a preposition. (My editor just lectured me about how absolutely nothing I say from here on in can be taken seriously now.) Since the national debt can be lumped in with Unfunded Liabilities, I killed two birds with one stone.

As of this writing the national debt is around \$18 trillion. If you count unfunded liabilities, the debt is around \$120 trillion. No big deal. According to usdebt-clock.org, by July 7, 2016, the national debt will be a little over \$22 trillion, and we have been borrowing on average \$3.92 billion dollars a day since September 28, 2007. That means that about every two weeks our insolvent government borrows more money than it took octogenarian Warren Buffet—the greatest living investor—his entire lifetime to make. (I believe he is worth around \$45 billion dollars.) This has been going on for around seven years now. That is the very definition of an unsustainable pace. It's like a human attempting to run a one-minute mile. He might start out sprinting and on pace, but even the greatest athlete will slow down — just like our economy has. Our national debt is completely out of control.

The US Government Accountability Office states that in 2009 American taxpayers paid \$381 billion of interest expenses on the government's debt—we're not even paying down the principal. That is \$1,253 for every man, woman, and child in the United States. And that is only to pay the equivalent of the minimum balance on a credit card. If these interest rates rise significantly at some point, the government will have to print tremendous amounts of magically delicious fiat currency to keep up with just the minimum balance payments. Oh, and of course they will raise taxes.

The Federal government has two major sources of revenue: taxes and bonds. When the government's spending exceeds its revenues from taxes the government covers that shortfall by issuing bonds. Bonds are money borrowed from investors and must be repaid at a later date at interest in order to make its current ends meet. The total of all outstanding Treasury bonds issued is known as the national debt. The budget deficit is the amount of shortfall in any single year measured against the revenues for that year.

There are three names that all mean the same thing and add up to the national debt:

- Treasury bills are issued with a maturity date (date they are owed back) of one year or less.
- Treasury notes are issued with a maturity of one to ten years.
- Anything longer than ten years is called a Treasury bond.

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How do our best and brightest minds suggest we go about solving our debt problem? More debt! This level of problem solving is so demonstrable that I can only compare it to one thing: the Episode of "It's Always Sunny In Philadelphia" when Sweet Dee has a cat stuck in the wall of her apartment and Charlie has the solution²⁰:

Charlie: "Cat in the wall, eh! OK. Now you're talking my language. I know this game. All right, catch me up to speed here. What do we got? ... Alright, let's focus Dee. What's the point of entry here?"

Dee: "That's the thing Charlie. I've been looking all around this goddamn place. I can't find one."

Charlie: "Alright I've seen this before. You know what happened? I bet it flattened itself out, went right through a seam in your wall."

Dee: "I don't think there's anything in the laws of nature that would support that."

Charlie: "Cats do not abide by the laws of nature, alright? You don't know shit about cats."

Dee: "I think its stuck in there."

Charlie: "No! It is not stuck. Alright let's focus on what's happening with the cat, alright? It made a conscious decision to go in your wall."

Dee: "Really?"

Charlie: "Absolutely. Absolutely. It chose to be in there. It wants to be in your wall, Dee."

Dee: "I was thinking about getting some catnip."

Charlie: "No, no, no, don't do that! It's gonna know that's a trap Dee, OK?"

²⁰ "Mac and Dennis Break Up," ninth episode of the fifth season of It's Always Sunny in Philadelphia.

That's gonna irritate the cat. And then it's gonna dig itself down further and we may never get to it, OK? Let's start thinking like a cat here alright? You know what? We need another cat. That's what we need. Here's what we're gonna do: I'm gonna crack a little hole in your wall, a tiny one, it'll be cool. And then I'm gonna slip a second cat with a string tied around it. Those two will become co-dependent. Then I'll rip the second cat out, and the first one hopefully, hopefully, will follow."

Dee: "Alright, where we gonna get this other cat?"

Charlie: "Oh, I can get you another cat. I got followed here by like ten cats. Yeah, they're starting to following me these days."

Back on Planet Earth

So if you ask this author and the rest of us Austrians back here on planet Earth what our thoughts are about problem solving, I'll tell you this: Adding more of the problem to the problem cannot solve a problem. More debt will not cure a debt problem by stimulating an economy and increasing aggregate demand the same way two cats in a wall will not become co-dependent so that pulling a cat attached to a string out of a wall will make the first cat follow it. Don't believe me? Try solving your debt problem with more debt. Or go the other route and hide a cat inside a friend's wall and suggest he use another cat attached to a string to get it out. If you chose option #2, please email me and let me know how this goes. This leads me to my next rant.

The real reason for why National Debt Passing GDP is a "Back to the Future September 5th, 1885 Clayton-Ravine-train wreck waiting to happen" is because the future interest rate at which we pay back the national debt will eventually surpass growth rates, which is the point of no return.

According to Former White House economist Larry Lindsey:

"At present, the average cost of Treasury borrowing is 2.5 percent. The average over the last two decades was 5.7 percent. Should we ramp up to the higher number, annual interest expenses would be roughly \$420 billion higher in 2014 and \$700 billion higher in 2020. The 10-year rise in interest expense would be \$4.9 trillion higher under "normalized" rates than under the current cost of borrowing. Compare that to the \$2 trillion estimate of what the current talks about long-term deficit reduction may produce, and it becomes obvious that the gains from the

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current deficit-reduction efforts could be wiped out by normalization in the bond market. To some extent this is a controllable risk. The Federal Reserve could act aggressively by purchasing even more bonds, or targeting rates further out on the yield curve, to slow any rise in the cost of Treasury borrowing. Of course, this carries its own set of risks, not the least among them an adverse reaction by our lenders. Suffice it to say, though, that given all that is at stake, Fed interest-rate policy will increasingly have to factor in the effects of any rate hike on the fiscal position of the Treasury.”

Essentially what he is saying is that right now the interest on the national debt is about 2.5 percent which is an all time low for borrowing. The average before this was 5.7 percent for 20 years, and even worse, in the 1980s the average was 10.2 percent. Long term interest rates cannot stay this low indefinitely and will have to rise eventually no matter how many bonds the Fed tries to purchase to manipulate said interest rates. This is why the Fed is looking a lot less like Marty’s pink hover board he used to save the day in Back to the Future part II. BERNANKE! is kind of like the Biff Tannen of Federal Reserve Chairmen if you ask me-not trust worthy at all, and he even cons you about putting on a second coat of wax on your car. Seriously, an increase in long-term interest rates will be disastrous for the United States creating interest obligations we would not possibly be able to meet. Interest payments on our debt are predicted to rise to about \$917 billion in 2021. That’s assuming the countries that already own a tremendous amount of our debt don’t demand higher yields. Some think that number will be closer to \$1 trillion in 2021. I know, I know, like \$917 billion isn’t close enough to a trillion already?

Also, Larry Lindsey even says there could be an adverse reaction by our lenders (most notably China). Pissing off the people that you’ve borrowed trillions from by having your own Central Bank purchase (monetize) its own debt, while borrowing at the same time is also a great way to start a currency war in case you didn’t know. During Bill Clinton’s highly praised speech at the 2012 DNC, he said:

“Now let’s talk about the debt. Today, interest rates are low, lower than the rate of inflation. People are practically paying us to borrow money, to hold their money for them. But it will become a big problem when...interest rates start to rise. We’ve got to deal with this big long-term debt problem or it will deal with us. It’ll gobble up a bigger and bigger percentage of the federal budget...”

When former President Bill Clinton says “gobble” in regards to *anything*, I’d say take it pretty seriously.

We’re probably all familiar with Gary Johnson’s 2012 Presidential run “Fiscal Cliff” meme I ripped off of Facebook. If not I’ll look original by borrowing it, even though the numbers are outdated:

United States Tax Revenue:	\$2,170,000,000,000
Federal Budget:	\$3,820,000,000,000
New Debt:	\$1,650,000,000,000
National debt:	<u>\$14,271,000,000,000</u>
Recent budget cut:	\$38,500,000,000

If we simplified and removed eight digits so it looks like someone’s personal income statement:

Annual family income:	\$21,700
Family budget:	\$38,200
New credit card debt:	\$16,500
Outstanding balance on credit card:	<u>\$142,710</u>
Total budget:	\$385

Now, *that’s* problem solving. Another way to look at the “Fiscal Cliff,” let’s say you come home from work and find there was a neighborhood sewer backup and your basement is flooded with sewage all the way to the ceiling. Would you raise the ceiling or remove the shit²¹?

Basically when it comes to a terrible ability to spend intelligently, only the federal government can beat out John Bonetti and he’s pretty good at spending money *terribly*. I remember when he was evicted for the ninth time back in the summer of 2004. He had purchased a \$350 vacuum from, *The Sharper Image*, the day before with a detachable dust buster, even though he was broke, which led to him being evicted in the first place. His rent would have been about \$250 more than the cost of

²¹ also stole that from a Facebook meme

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the dust buster, but that never occurred to him-just all of his friends. Of all the things in the world that I hate, Socialism, Central Banking, and income inequality in America, few things can top that unbearably futuristic vacuum cleaner he had with that ridiculous detachable dust buster in the center. Not just because I had to move that fucking thing over and over again into storage, out of storage, into a new apartment, out of the old apartment, and back into storage every time he was evicted for the next decade. I grew to abhor that thing *probably* because he was so proud of it.

When John first bought that vacuum he was just *waiting* for someone to drop some crumbs on the floor so he could pull out his vacuum. I think he actually told me to call him the “dust buster” once and just like government spending, it got way out of control. He’d be dust busting in mid air when someone dropped a little bit of pizza, vacuuming under our feet when we were sitting on the couch, and interrupting conversations with the incessant din of that Electrolux Ergorapido Ion EL1030A, 2 in 1 Stick Vacuum, which offers superior maneuverability in a lightweight easy to use no nonsense model with the power and convenience of a handheld removable vacuum with a high powered 18 volt lithium ion battery with an energy star charger that lasts up to four times longer than other similar models.

Even though John was the Wyatt Earp of dust bunnies, that stupid vacuum only cost him \$350 and *that is nothing* compared to how badly the United States government spends money. Also, John was not able to speak to his central bank to print money out of nothing to improve his financial situation. He had to deal with “ramifications” like being “evicted”. This by the way, will never happen to the United States government so they do not ever learn their lesson and change their spending habits and somehow after I just re-read that it occurred to me that I’m making John look like an irresponsible spender and for some reason any progressive who reads that will not be in any way convinced after seeing how bad our national debt is.

The first time I recall John being evicted, I saw him at the CVS Mike works at by complete coincidence. He told me he needed a place to move and then he showed me the \$245 label maker he had just purchased right after explaining to me his financial situation and about his most recent eviction. After printing my name on his new label maker, he then prudently explained to me that, “If I ever get a new house to live in, nobody *will ever* question where the spaghetti strainer

is ever again.” Ironically it’s been on his head for six years now since he became a Pastafarian, so there’s no need for the actual label. The point is that even John Bonetti when he is manic and being evicted still appropriates his money better than the United States government.

Unfunded Liabilities

Unfunded Liabilities (ULs) are definitely the ugliest numbers, so I found a celebrity I was previously unfamiliar with, Jocelyn Wildenstein, who is particularly ugly. Check it out – Google²² her. She is a New York socialite known for having extensive facial surgeries. Her face is a complete disaster. Unfunded Liabilities or Jocelyn Wildenstein are one of the biggest worries. Promises of government pensions, Social Security, and Medicare that the government simply cannot afford will create a future that is significantly bleaker than we now realize as aging Baby Boomers slowly suck the marrow from our osteoarthritic-hunchbacked-walker-with-two-tennis-balls-on-the-bottom-economic-backbone.

These promises that were made to our citizens have to be paid at some point in the future. “Unfunded” means that our government made promises they did not know how to pay for. “Liability” is something that costs you money, so this term is pretty ugly, Jocelyn Wildenstein ugly. Former U.S. Comptroller General David Walker said that, “Unfunded Liabilities grew from \$20 trillion in 2000 to about \$50 trillion in 2006.” As of this writing, the Unfunded Liabilities monster is growing more than six times faster than our economy itself. We’ve dug ourselves into a hole. Even though these entitlement promises include Federal, State and Local combined, it is still a staggering number estimated to be around 120 trillion. It is sad to think that some day when John Bonetti is old he will be receiving a social security check that will not purchase anything. A sad repetitive event that has happened to him so many times in his life and has earned him the nickname “IF” which is short for Insufficient Funds. At some point in the future, there won’t be enough full-time workers to promote strong economic growth and sustain such an enormous entitlement program. The United States will have fewer full-time workers contributing to this Leviathanical Ponzi scheme—so ugly it resembles Jocelyn Wildenstein.

²² This means DRINK!

Social Security

One of the most out of control Unfunded Liabilities is Social Security, which leads retirees to believe that it is some kind of an insurance program. Insurance is about measuring risk and finding market opportunities to reduce the impact of consequences associated with risks in our lives such as: untimely death, car accidents or fires. Insurance is not for known outcomes or risks we create ourselves, including: becoming a senior citizen (as I'm sure you can figure out when you turn 72 years of age) or betting that the Chicago Blackhawks will lose the Stanley Cup in 2016. You can't insure against losing the lottery. Social Security is not insurance; it's welfare for really, really, old people. As Ron Paul states in *Liberty Defined*:

"Social Security is not, properly considered; insurance...these programs are more accurately considered transfer payments. They redistribute wealth from one group to another. The rhetoric about insurance is just a cover to give these institutions legitimacy, effectively fooling people as to their true nature."

Social Security shows as having somewhere around \$2.7 trillion dollars in the Social Security Trust fund. In reality though, the books show \$2.7 trillion in "assets," an accounting term that doesn't make up for the fact that this fund isn't available for immediate use.

The federal government invests our tax dollars by issuing private "special obligation bonds" exclusively for the Social Security Trust Fund, the Social Security Administration lends its trust fund money to the government, and the only way the SSA can get their money back in order to pay really old people is to wait until that special bond matures hoping the government has enough tax revenue to cover it back when the time comes. The Social Security Trust Fund is really much closer to the shoebox full of IOUs at the end of the movie *Dumb and Dumber*.

These non-liquid "assets" have made it easy for the Federal government to live beyond its means for more than 50 years now. The Social Security "Trust" Fund is filled with these bonds that have no open market value, so they can only be purchased by the government. The government rolls these "special bonds" forward and only pays accrued interest instead of actually paying the principle so it becomes nothing more than the shoe box full of IOUs we owe ourselves at some point in

the future” and is as good as the word of Harry and Lloyd to pay back the Ferrari’s car note.

The government requires a steady stream of tax revenue to steal from younger more useful people like me, because the money is invested in non-liquid assets which cannot be readily converted into cash instead of being able to dip into the Social Security Trust fund to pay really, really, old people benefits. It’s basically a Ponzi scheme. Actually, that’s exactly the definition of a Ponzi scheme only when the government does it- it’s cool. When Bernie Madoff does it, he goes to jail. Requiring more people to pay into an investment in order to pay off other people is not a solid investment and over time will come crashing down. The government has one distinct advantage over Bernie Madoff—style coercion. You don’t get a choice on whether you want to “invest” in this scheme. The Ponzi scheme’s downfall will be birth rates as Baby Boomers are all late 40, 50 and 60-year-olds just itching to collect their “dues” on their so-called insurance investment. And most of them plan to start collecting Social Security “dues” in the next several years.

Social Security is basically a tax on one side and a welfare program on the other. The Social Security Act of 1936 designed Social Security as a pay-as-you-go system. Congress mandated that the Social Security Administration should invest any excess payroll taxes they collected. Basically, current payroll taxes coming in are first used to pay benefits to really, really old people. Anything left over is supposed to be put in the trust fund as savings. The only problem is those savings don’t really exist, as they are an accounting trick. The problem is that we don’t actually have the savings to pay these special bond obligations that depend on future tax revenue.

So the Social Security Administration marks it in their books as an “asset,” and on the government side, it’s just part of the perpetually growing public debt. And there you have it, *Dumb and Dumber*. The SSA gets its asset, the government grows our debt, and it becomes a matter of when, not if, that very soon a generation of really old people will have absolutely nothing to fall back on, even though they have been ‘investing’ for 40 years.

In a *New York Times* magazine article entitled “Boom, Bust or What?” Adam Davison states that economist Larry Summers:

“...built a computer model of the U.S. economy that allowed him to

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investigate how Social Security distorted savings. The results were devastating. His model suggested that for every dollar worth of future benefits, Americans saved 33 cents less in their private accounts. Later, he focused on the taxes needed to pay for these programs and concluded that higher taxes discouraged companies from investing and potential entrepreneurs from starting new businesses. ... Social Security and Medicare and high taxes can hurt the country: Americans save less, companies invest less and the economy slows.”

What’s even weirder about how Social Security is billed as an “insurance policy” is that statisticians who love Social Security and hate gold believe that gold has no value and somehow Social Security is a valid investment. Only time will tell, but I’ll buy commodities and you can depend on Social Security as an *investment* and we’ll see which one of us gets to use his insurance policy in 40 years, as it is likely there will come a time when Social Security benefits go out and they won’t really buy anything. The question is: Will the generation who finds themselves without this supposed safety net be the Baby Boomers or a later generation?

Retirement

As the Baby Boomer generation retires, there will be a wealth transfer caused by rapid promotions from the following generation and millions of Boomers draining their 401ks and IRAs all within a few years. Billions of dollars will be transferred out of the stock market in a very short period of time starting around 2016.

One PANIC! worthy problem will be when Baby Boomers begin this coordinated withdrawal en masse, creating the “pension problem”. The earliest example of the pension problem I am aware of was in 1963 when carmakers’ Studebaker Corporation closed down its U.S. assembly-line facility. Its pension plan was so underfunded that 33 percent of its workers were fired with no pensions at all. Another 33 percent only received 15 percent of their vested pension value. President John F. Kennedy appointed a commission to look into fixes for this problem, but unfortunately it would be the doom of many middle class Americans. Congress totally and epically shit the bed by attempting to reform pensions with the ERISA, or Employee Retirement Income Security Act of 1974, which moved defined benefit pension plans to defined contribution plans and introduced 401ks and Individual Retirement Accounts (IRAs) to the American middle class. This only a decade after Kennedy wanted to do something about it. Their ‘solution’ was to allow individual investors the opportunity to

reap the capital gain rewards of the stock market that had previously been the domain of the elite. It sounds amazing on paper. The big problem was that nobody bothered to teach sound investing strategies to Joe Average.

Up until that point, most people didn't really invest. They got a job. They worked themselves up the company ladder. And they retired with a pension – the foundation of their retirement planning. A pension was an actual pool of money that employers and employees put into the pot and lent out to the Mafia to bankroll casinos in Las Vegas. OK, only in some cases. These companies hired professionals to manage their pension funds. The workers simply contributed, trusting that when they retired the pension would be there to take care of them. Studebaker Corporation's ruined pension fund revealed the massive flaws in this system. The problem was more widespread than the government commission thought. Hundreds of large companies employing hundreds of thousands of workers were under-funding their pension plans and using that money for other purposes. Not surprisingly, ERISA only partially addressed that problem.

Are you seeing the connection to how we solve problems in our society here? Ignore the problem and hope it will go away, push the problem off a generation so your kids can deal with it, or when things get totally out of control solve the problem in the short term with disastrous long term ramifications. Enter ERISA where companies were no longer required to offer pensions to their employees. And the companies that continued to offer pensions faced a whole new set of onerous regulations. As a result, companies began abandoning traditional pension plans rather than meet the requirements of ERISA. Retirement options changed. With pensions becoming a relic of the past, large corporations pushed employee 401(k) plans instead. Overnight, everyone became a financial expert and recommended this new, short-term solution to the long-term problem of retirement that an IRA offered. Since the average wage earner knew nothing about how to invest, large Wall-Street firms led the minnows to the sharks. This is a classic example of why you cannot trust the government. Naïve, well-intentioned middle class people were led like lambs to the slaughter by a government promise through legislation that things would be alright. It makes me think of the frog and the scorpion story. Google it.

Next, financial institutions recruited wide-eyed, equally naïve young college grads and gave them minimal training. They armed them with a

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small set of financial products (usually mutual funds) and sent them out to “help” this new flood of investors – especially to convince them to put money into IRAs, (which meant investing in the stock market mostly through mutual funds). And no one noticed this huge problem for 40 years. Boomers watched their money double and triple every eight to ten years in the stock market, due to the artificial Fed-created bubble of magically delicious fiat money. As always, though, all good things must come to an end, especially artificially created things, *except hot dogs, Styrofoam and Twinkies*. But mostly I’m talking about mutual funds making you money. That was the old paradigm. It worked for a while, but doesn’t work anymore. Many people still think the old paradigm will just magically start working again down the road, if they vote a certain way, wait it out, or pray harder. Someday that may work again, but not for a while.

The 1980’s and the 1990’s were the biggest *Bull Run* in the stock market ever, so this method definitely worked then, but not so much since the PANIC! of 2008. Stock valuations got way out of proportion because so many people were piling into the market during the dot-com bubble, but everything changed when that bubble burst. The middle class eked it out with false confidence instilled from their financial advisors that the old paradigm IRAs and 401(k) plans were still the smartest options, which was seriously fucking crazy! I mean like Syd Barrett “Piper at the Gates of Dawn” crazy. If the PANIC! of 2008 didn’t make that completely obvious, then nothing in this book possibly can.

Meanwhile, Wall Street laughed all the way to the bank. You see, the government knew that allowing a huge pool of suckers into the market was the best gift they could give to Wall Street. Middle class investors are the bleeding fat guy lounging on a float with Great White Sharks circling as he nurses his Corona, unaware of his impending doom. The big Wall Street firms have been circling for years waiting for the right time to strike at that juicy seal, who is actually just a fat guy who has been taken for a fatal financial ride. Be prepared. Hidden in the ERISA is a provision that forces retirees to withdraw money from the market at a set age. In Rich Dad’s Prophecy: *Why the Biggest Stock Market Crash in History is still coming...and how you can prepare yourself and profit from it!*, author Robert Kiyosaki states that, “By 2016, the first of the Baby Boomers will turn 70 and will start to remove money from their 401ks and IRAs. The effects of that will be felt by 2020-ish, causing the stock market to drop significantly because they will be removing money all at one time.” Essentially, the Baby Boomers are going to be the biggest

financial drain in history. Few are actually prepared to retire. They will be dependent on their children, who are already laden with so much debt they will not be able to care for themselves, let alone their parents. He doesn't mention this, but knowing my generation to be more concerned with who won Survivor, than actually surviving mountains of debt, we somehow will manage to completely screw our kids. I am not sure how, but I'm sure we will. In the meantime, the stock market and retirement are going to be an incredibly volatile ride for the middle class and retired people, *while* a few advisors and mutual fund managers will make tons of money.

More on Pensions

As I have previously stated, it truly breaks this author's heart to think that pensions, which were created to bring financial stability to people's lives are slowly starting to prove that they're completely unsustainable. Several smaller sized cities in California have filed chapter 9 bankruptcies, but in Detroit the 18th largest city in America, insolvency has become so obvious that it is clear that the Motor City is in bad shape.

The home of, Motown, Muscle Cars, the Tigers, Lions, the Red Wings, Kid Rock, Eminem, and the sickest running back of all time-Barry Sanders, who made more linebackers break their ankles while chasing him in his short career than the amount of new investors ankles the insolvent Detroit municipal bond market could possibly tackle.

In the July 20th 2013 issue of the Wall Street Journal in an article entitled "Detroit's Bankruptcy Sparks Pension Brawl," Michael Corkery and Matthew Dolan state that, "Detroit's historic Bankruptcy filing will be a test case for how far a major U.S. city can go in dealing with a chronic problem facing many local and state governments unsustainable pension costs. Emergency Manager Kevyn Orr has said all city workers, both current and retired, could see pensions cut to help resize Detroit's finances. It is a scary prospect not only for Detroit workers who have been counting on these guaranteed benefits, but for workers in cities across the U.S. who have assumed that their pensions were untouchable, even in bankruptcy. Almost every state in the U.S. has made cuts to its public employee pensions, seeking to dig out from the economic downturn. But many of these changes apply only to newly hired workers, not to retirees.

States aren't allowed to file for bankruptcy protection. But in a few cities, Central Falls, R.I. and Prichard, Alabama, like Detroit have filed

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under chapter *nine* of U.S. Bankruptcy Code. Bankruptcy has led to big cuts to retired city workers. These cases are exposing the fact that many municipal workers are unprotected and suffering big losses of income that they thought were pretty much guaranteed.

So, here's why I get angry. Keynesian economics inherently backs central banking, central banking (the Fed) is what causes inflation, inflation is a primary contributor to factories in Michigan closing down because they could not or did not want to pay the salaries required for the workers at their plants, inflation sent those jobs to other countries and inflation built the manufacturing infrastructure in those other countries, causing wealth to transfer. The Fed bailed out GM and other car manufacturers who still have a presence in Detroit, but on a much smaller level. Well, who is going to bail out the workers? Nobody. Deflation and intelligent government spending would cause an increase in living standards, but like anyone trying to catch Barry Sanders going east-west on the gridiron, that is never going to happen and you know it. This is how the middle class gets destroyed by progressives screaming that *they're only trying to help*.

In my world, you don't get to be in favor of the very thing (Keynesianism) which is the very cause of exactly what you're against (a destroyed middle class). Our very sad end result is 50 years of poorly managed pension plans and inflation which makes the ability to pay retirees what they worked hard for all of their life impossible. All of these people will have to do without at least part of their pension and in some cases people will lose the entirety of their safety net. Pensions which were once the safest bet are clearly far from a sure thing. Unfortunately Detroit is just the beginning of this unfunded liability monster. Corkery and Dolan further state that, "It is unlikely that the federal government would intervene in the Detroit bankruptcy to bail out city workers or any other creditors, according to state and white house officials."

According to state officials, Detroit's road to financial ruin started decades ago with city leaders agreeing to generous pension benefits, which were managed by boards with overly optimistic projections for investment gains. Detroit officials failed to anticipate how the drastic loss in revenue coming into city coffers from local taxes and state aid would drain the fund's assets. State officials say that the funds performed poorly as a result of mismanagement and federal investigators have probed their operations in a continuing criminal

investigation. Of the city's \$18 billion in long-term liabilities, \$3.5 billion is now owed to city pensions while another \$6.4 billion is owed to fund other employee benefits, largely retiree health care. "We cannot pay it," said Mr. Orr in an interview. "Everyone has known that for the last 20 years, and no one has wanted to deal with it. The Gap became even more acute in the last decade as the city struggled to pay its pension obligations using complex financial swaps."

So basically, all levels of government are inept. The government loves over promising and under-delivering. Inflation causes the majority of this problem because everything everywhere is dramatically going up in price over time.

Wall Street was asked to help out and they did so by taking advantage and not helping when the city of Detroit used their three casinos' tax revenues as collateral to secure swap agreements which were basically bets the city made with Wall Street that things would get better while borrowing millions of dollars from its pensions funds and at the same time underfunding them by more than \$100 million. When government gets creative and tries to innovate, it's like watching a Panda give birth to a stillborn baby. It's sad and yet comical in that Greek tragedy sense, because we all know that Pandas are on the way out. I mean, they eat bamboo which is incredibly devoid of any nutrients. Evolutionarily, they should have died like 1000 years ago. It's a marvel they're still with us, like the city of Detroit.

I'm just teasing you, Detroit. I don't mean any harm. It honestly makes me sad to see this happening to you and my guess is that Cleveland will be next followed by all kinds of once bustling mid-western and upstate New York cities like Rochester that once had strong industrial middle classes that are disappearing, due to inflation sending those jobs overseas. Wealth will transfer and a good union job with a pension will be a thing of the past in 30 or 40 years, like the Lions *ever* winning another Super bowl. It is clear from the municipal bond market and broke underfunded pension system that Barry Sanders will be the last man to ever retire early in the city of Detroit.

The problem is that this isn't just happening to Detroit, there are several other US cities in serious jeopardy.

1. Chicago is perhaps the biggest city that is a domino just waiting to fall. Moody's downgraded the Windy City's credit rating by

three notches in July of 2013, due to its \$19 billion worth of unfunded pension debt. Chicago's retiree health benefits are exactly 0 percent funded, as in there is not a single United States dollar against more than 1\$ billion dollars worth of liability. The State of Illinois is currently racked with \$97 billion dollars worth of unfunded pension liabilities of its own.

2. Portland Oregon, the *West Coast Mecca* of hipster-dom and great beers has more than \$453 million worth of unfunded pension debt and has literally no assets to offset unfunded liabilities of \$2.3 billion since fiscal year 2009 for the pension and disability plan for its police and firefighters whose retirement costs are basically on a pay as you go basis, which is a horrendous idea in the first place.
3. Omaha Nebraska. *Don't worry, Warren Buffett's got this. Okay, probably not.* They have more than \$1.4 billion in pension liabilities and can only cover about 40 percent of that cost.
4. Minneapolis. Moody's will probably downgrade this sucker as it has managed to compile more than \$700 million in unfunded pension liabilities.
5. Cincinnati, downgraded by Moody's in July 2013 for its pension debt which exceeds \$700 million.
6. Providence, RI is allegedly one of the worst funded pension plans in America. The city has suspended annual cost of living adjustments for retirees and requires all retirees who exceed 65 years of age to switch to Medicare instead of receiving health benefits directly from the city.
7. Trenton, N.J. It appears Chris Christie has physically eaten a large portion of the cities pension fund, and much like him, Trenton is in really bad shape now. This will lead to an eventual Moody's downgrade in their bonds holdings.
8. Santa Fe, New Mexico, home of my favorite style of burrito, and what Moody's calls, "The worst pension problems in the county due to its net pension liabilities equal to six times its operating revenue." That's about all I have to say about Santa Fe, lovely city, lovely people, soon to be no middle class.

It's hard for me to even joke about this to be really honest. We're at a point where I don't even know if something can be done. Government on all levels is messing with people's lives here. It's sad to see what is so obvious that the system is on its last legs and what was once considered a safe sure bet is no longer going to be. The old paradigm of getting a solid union job for the pension is dying out, the old paradigm of

investing in mutual funds and other paper assets is no longer going to work in the next couple of years, and is the reason why I recommend gold and silver as the new paradigm. Don't get it twisted; this is how wealth transfers from the hands of the uninformed to the informed. What was once perceived as safe, will become the new risky as pensions get robbed, and the bond market changes and is exposed for the scam that it is. Meaning it requires new investors all of the time to pay back the old investors considering most of the current bond holders will probably be paid back at a loss of around 75 cents on the dollar, who would want to continue investing in Detroit's municipal debt? Sounds to me like a losing opportunity, like trying to tackle Barry Sanders inside of the Red zone, it isn't gonna happen.

Derivatives

The "notional" value of the worldwide derivatives market is estimated to be about 1.7 *quadrillion* right now. Yes, quadrillion. That's like grains of sand on a beach, big²³. Not to mention somewhere around \$10-\$15 trillion dollars in actual cash at risk globally. To put that in perspective, global annual gross domestic product is between \$50 trillion and \$60 trillion. Therefore, since the derivatives market is such a tremendous mess, that we can't even exactly determine the size of, I am going to compare derivatives to Courtney Love. I'm not talking about the "Hole" clean-and-sober version of Love, I'm talking about the Courtney Love who couldn't properly pronounce the word "jokes" at Pamela Anderson's Celebrity Roast. (She said "yokes" and was clearly intoxicated *while* on probation.) Yes, for all intents and purposes when comparing her to Derivatives, I'm talking about the crack whore version of Courtney Love.

What is a derivative? A frequently troublesome, meaningless piece of paper that is a contract or security deriving value from a separate asset or assets. Derivatives lack intrinsic value but mooch value off of something else like an index, a commodity, or a rich boyfriend. This "guy on the couch" quality gives them a nearly intolerable characteristic: an almost infinite number of derivatives can be created, because they derive their value from other things.

²³ I told you this was a financial shit show.

Now, just *four* banks hold a staggering 95 percent of U.S. derivatives. There are three key takeaways here:

- There is not enough capital in existence to cover the potential losses associated with default of a single counterparty like, JPMorgan, Chase & Co., Citigroup Inc., Bank of America Corp., or Goldman Sachs Group Inc.
- Banks with large derivatives exposure have to risk even more money to generate the incremental returns needed to cover the bets they've already made. This can be ungodly deflationary if the daisy chain unravels.
- Wall Street believing it has the risks under control practically guarantees that it doesn't. It seems credible, like Dr. Drew Pinsky helping celebrities in rehab, until you see the facts. Forty-two cast members with five deaths equals a paltry 11 percent mortality rate for a treatment provider. My guess is that the over-under on that "Shifty" dude indicates that he isn't long for this world.

Speaking of celebrity default rates, I could write an entire book on that crack whore Courtney Love and her *crazy* derivatives. All you really need to know is that Kurt Cobain clearly wrote her only two hit songs "Violet" and "Doll Parts" and kept it secret so she took care of him for fear of the truth spreading. The truth could cause people to lose faith in this completely illusory paper asset class which is in a major bubble that is just waiting to burst. This bubble bursting would be an immensely deflationary force driving Central Banks globally, not just the Fed to "quantitatively ease" these troubled assets. Ironically, "Hole" is a more fitting band name for the deflationary news of Cobain's song writing than the original band name, "Courtney Love and the Derivatives." It's certainly a more ironic²⁴ name because that "Hole" will

²⁴ Actually, I hate it when this happens to me... Is the band name "Courtney Love and the Derivatives" an example of irony or just a coincidence? Oh shit, let me see if I can do this by myself. Okay, so Alanis Morissette says "10,000 spoons when all you need is a knife" is ironic, but the ironic thing about that song is nothing in that song is actually ironic. It's ironic because everything in the song 'Ironic' is just a coincidence. OK Brian, you've got this, "rain on your wedding day" and "The good advice that you just didn't take" also aren't ironic. So, the band name "Courtney Love and the Derivatives" has to be

be filled with more bailouts, more wealth transferring, deflation and more money printing to counter act the deflation. If you recall Exter's inverted pyramid shows derivatives at the top, meaning they are the riskiest and are just one more reason to buy precious metals as they comprise the safest portion of the inverted triangle. Oh, also gold has never defaulted in history and Courtney Love definitely cannot say as much.

Reserve Currency Status

A Reserve Currency is a currency held in significant quantities by most governments or institutions as part of their foreign exchange reserves. It tends to be the international pricing currency for products traded on the global market, including commodities such as oil, gold, etc. Reserve currency status permits the issuing country to purchase these commodities at a marginally lower rate than all other nations, who are required to first exchange their currencies to purchase products on the global market before each purchase, and then pay a transaction cost to do so.

For major currencies, transaction costs are negligible with respect to the price of the commodity. Reserve currency status permits the issuing government to borrow money at a better rate than others, as there will always be a larger market for that currency than others. When it comes to borrowing, not all government debt is created equal which is why Reserve Currency status is like a global economic biggest dick competition. *Who wouldn't want to win that?*

Before 1944, the world Reserve Currency was the British Pound Sterling. After World War II, the Bretton Woods System was adopted and under this system the United States dollar was placed deliberately as the anchor. Since 1944, the United States government and its citizens have thoroughly enjoyed having the single largest penis in the global

ironic if years later, she'll be compared to them for her being a complete shit show. But, then again Courtney is no more of an actual derivative than I am a massive string of tangential non-sequitors put together into something called a "book" loaded with "footnotes." OK, I think I'm going to have to let this debate go by the wayside and just admit that I don't really know if the band name is in fact ironic, but I am absolutely certain that she killed her husband.

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currency penis exchange. Because our penis was erected to Reserve Currency status in 1944, European countries and Japan deliberately devalued their currencies against the dollar in order to boost exports and development. The United States dollar is now the most widely held currency in Reserves today.

For the last decade, an average of two thirds of the total allocated Foreign Exchange Reserves of all other countries have been in United States dollars. For this reason, the dollar is said to have “reserve-currency status,” making it easier for the United States to run higher trade deficits with greatly postponed economic impact and even postponing a looming currency crisis. The Euro is currently the second biggest penis commonly held as a Reserve Currency, comprising about a quarter of global allocated holdings. While the Chinese, whose Yuan, long stereotyped as insecure about its penis size and role in the Global Reserve Currency biggest dick competition, has enviously proposed the use of SDRs or Special Drawing Rights instead of dollars. SDRs are calculated daily from a basket of currencies including, and not necessarily in penis size order, U.S. dollars, Euros, Yen, British pounds and Yuan.

Of Paradoxes and Penis Envy

The Triffin Paradox is a theory stating that when a nation’s currency serves as the International Reserve Currency, there can be conflicts of interest between short-term domestic and long-term international economic objectives. A Global Reserve Currency can lead to sexual tension between the country’s Reserve Currency monetary policy and global monetary policy. This is often reflected through penis envy and imbalances in the balance of payments. Sometimes there is an overall flow of dollars out of the United States, while other times there are an overall flow of dollars into the United States.

The Triffin Paradox articulates the envy and jealousy of other countries whose diminutive penises cannot accommodate aggregate currency inflows and outflows like a Reserve Currency can when serving as both a national currency and International Reserve Currency.

As Americans, I believe we may be the most prone people on the planet to take things for granted. If our power goes out for five minutes, we are completely lost and frustrated. If we have a backed up toilet, we throw our hands in the air and complain incessantly. If the subway is two minutes late, we’re at our wits end, and when our car’s engine dies

because we never changed the oil for 20,000 miles, we blame the whole world—never ourselves. When it comes to taking things for granted in America, the only thing that can top our taking of our penis's Reserve Currency status for granted is how few people truly appreciate the *Simpsons* anymore. I mean, if it wasn't for the *Simpsons* we would still be watching *Full House* with Uncle Joey saying, "Cut, it, out." Next to clean drinking water, Reserve Currency status is something we Americans have taken for granted for about 65 years. Ugly Americans buying stuff slightly cheaper than everyone else, while also being able to run up larger trade deficits than everyone one else, while also being able to borrow money cheaper than everyone else because of the size of our penises and the overall availability of our money. Sounds really unfair, right? This has been a real issue in recent years, not sure why, but this issue seems to *really bother China*.

It's very hard to determine what is going to happen to our Reserve Currency penis status erected in 1944 at the Bretton Woods conference. There are lots of people making several predictions though. Stansberry Porter claims that we will lose our Reserve Currency status. So does Kip Herriage. While others like the authors of the book *Aftershock* claim that the dollar will fall in comparison to other currencies, thereby shrinking its demand due to inflation. Robert Widemer claims that since it is one of the most widely traded currencies, the dollar will retain both its length and girth as Reserve Penis Currency. My genuine opinion on this matter is that I really don't know whether we will remain erect or become flaccid. I am open to the potential of either situation happening, but of course never both at the same time. I really hope we can maintain our currency boner, but I heard somewhere that in the rare case of Levitra-induced currency erection lasting for more than four hours, you are advised to seek immediate medical attention. Never forget to get a second opinion as many economic health practitioners know the United States maintains a rock hard and slightly veiny Reserve Currency boner due to a term I coined called "currency priapism,"—when blood in the penis becomes trapped and unable to drain, caused by something known as "petrol-dollar recycling." For example when Sweden wants to acquire oil from Saudi Arabia, which only sells oil in U.S. dollars, the Swedes must sell something in U.S. dollars to get it. This acts as a sort of "Swedish made currency enlarger" and is what keeps our dollar boner erect and causes the "currency priapism" high flow of Quantitative Easing causing a short-circuit of the vascular system partway along the organ. It also gives the U.S. basically an unlimited credit card and global jealousy of our "statue of puberty."

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So we've established that the US has the world's reserve currency and our debt is assumed to be the most stable and secure, because we get the best deal as we borrow in our own currency at extremely low interest rates and under our own laws and not under anyone else's this is one factor making default on loans seem unlikely because the government can print money as it needs to accommodate those needs²⁵. Presumed safety is one of the advantages of a Reserve Currency, but money can be scared out of bonds very easily when combined with to the Fed's money printing power which will eventually cause interest rates to rise much higher, which can quickly lead to currency wars. Namely, the governments that pay the highest rates on their sovereign bonds will attract more and more of the available money. I am particularly concerned about one historically jealous country beating us in that interest rate war because they're the next super power and incredibly envious of America's massive, throbbing, veiny reserve currency status, which leads me to my next point.

Let's Talk China

Our deficits are funded in large part by our major trading partner purchases of U.S. Treasury Bills – China as the biggest example. When you go down to the 99-cent store and buy some water balloons that were made in China to peg your little brother with, the vendor bought that product from a Chinese businessman and paid for it in U.S. dollars. The Chinese businessman deposited those dollars into his checking account in a Chinese bank. That bank then converts those dollars to Yuan. Now, once that happens the Chinese Bank now has extra American dollars and a shortage of Yuan, so it sells the dollars to the Chinese version of the Federal Reserve, called the People's Bank of China, and buys more Yuan.

Now, here's where things get a little bit tricky. When trade between the two countries is in equilibrium there aren't any problems. But the United States is running trade deficits and China is running trade surpluses. In China, there is more currency flowing in than there is

²⁵ New York Times Article "At Risk: Currency Privilege of the Dollar."

flowing out, so the People's Bank of China ends up with extra dollars. Technically they are supposed to sell those excess dollars on the FOREX (Foreign Exchange Market) and buy Yuan, but that would cause the dollar to fall and the Yuan to rise and Chinese goods would then become too expensive in the U.S. and they would lose their biggest source of imports and that is absolutely the last thing China would want. So, the Chinese begin to bend the rules and allow 12-year-old girls to compete in the Olympics as gymnasts in Beijing when they're really supposed to be 16. And the story gets worse as the People's Bank of China takes those extra dollars and "neutralizes" them by buying dollar-denominated assets like U.S. Treasuries. This keeps the Yuan from rising and the dollar from falling. In essence, they are intentionally devaluing their currency and, similarly, so are we when we perform a Quantitative Easing bond-buying program²⁶.

So, since the PBC uses excess dollars to buy U.S. treasuries, which is interest bearing investments that we eventually won't be able to pay up on and doesn't buy Yuan on the FOREX to sell to the bank, where does the PBC get the Yuan? I will let Richard Duncan explain by quoting from his book, *The Dollar Crisis*:

"There is widespread misconception that the United States relies on the savings of other countries to finance its current account deficit. This is incorrect. During recent years, at least, the U.S.' current account deficit has been financed primarily by money created by the Central Banks of other countries.

Therefore it is not a matter of the U.S. using up all the rest of the world's savings to fund its deficit. It is a matter of that deficit being financed by the Central Banks of the United States' trading partners. And, for their part, Asian Central Banks, in particular, have consistently demonstrated their ability and willingness to create money in order to finance the U.S. current account deficit."

Long story short, the United States was neutralizing excess money flows in the 1920s in the form of hiding/storing gold to keep it out of the

²⁶ Rich Dad's Guide to Gold and Silver by Michael Maloney

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money supply that was being used to repay us. This was inherently deflationary and it led to the collapse of 1929 on that bleak October day. When China neutralizes money it is inherently inflationary. For every excess dollar that China neutralizes through the purchasing of U.S. Treasuries the PBC has to create an amount of Yuan out of thin air like we do. Soon one of China's exports to the world will be price inflation itself which is why this game cannot last forever. Eventually the Chinese will be forced to stop purchasing U.S treasuries.

China pegged its currency low to keep exports cheap. As Maloney says in *Rich Dad's Guide to Gold and Silver*:

"These deficits are sustained by fiat currency from other Central Banks around the world. All the while, these banks are hoarding ever-increasing mountains of U.S. debt (treasuries) and artificially propping up the value of the dollar. Much of our debt cannot be repaid, and if our trade partners begin to dump U.S. treasuries on the world markets, the whole credit bubble will implode, resulting in a worldwide depression. The longer governments and Central Banks try to cheat the free markets, the greater the pain will be when the correction occurs. Like the precious metals, the free market always wins."

If you remember one thing, remember that the free market always wins-even against a 12-year-old Chinese Olympic gymnast in Beijing. Simply stated currency imbalances could lead to a fight over Reserve Currency status.

Shadow Banks

Shadow Banks literally are just banks that you cannot use for checking or any real banking at all, they basically are investment firms, hedge funds and money markets that you've heard of before. The term also covers investment funds, money market funds and firms that lend government bonds to banks, which in turn use them as security when taking credit from Central Banks.

Examples include Goldman Sachs or Morgan Stanley, but certainly not limited to those two. About half of the money supply is produced by the "shadow banking system," expanded significantly by credit backed by assets that are then re-pledged to obtain more credit.

Shadow banks are basically the very thing they are called. They exist with almost no regulation and could never survive in a free market in

their current capacity. They take large risks and in general have little merit except for the ease with which they can help one attain capital. Shadow banking can include securitization, which can transform bank loans into a tradable instrument that can then be used to refinance credit, making it easier to lend. Still, they are pretty useless. I would lose no sleep if they ceased to exist, consequently I lose sleep knowing that they do. And by the way, the term “shadow banks” really is the official terminology, even though it makes me sound like a total conspiracy theorist because it sounds evil. Look them up on the Federal Reserve website or any financial news source if you’re unfamiliar. It sounds made up, because it is so goddamned honest. Even Paul McCulley, who is credited with coining the term “shadow banking,” understood it to mean “the whole alphabet soup of levered up non-bank investment conduits, vehicles and structures,” such as the special investment vehicles that many blamed for the financial crisis.

According to Reuters, a study by the FSB said shadow banking around the world more than doubled to \$62 trillion in the five years prior to 2007 before the PANIC! of 2008. And that the size of the total shadow banking system had grown to \$67 trillion in 2011.

According to Reuters, “The United States had the largest shadow banking system, said the FSB, with assets of \$23 trillion in 2011, followed by the euro area— with \$22 trillion — and the United Kingdom — at \$9 trillion.” The U.S. share of the global shadow banking system has declined in recent years, the FSB said, while the shares of the United Kingdom and the Euro area have increased. The FSB warned that tighter rules that force banks to hoard more capital reserves to cover losses could bolster shadow banking. It advocated better controls, although cautions that shadow banking reforms should be dealt with carefully because the sector can also be a source of credit for business and consumers.

When shadow banks lend it can be as much as \$85 for every dollar they have in their vaults, leading to their overtaking commercial banks in the 1990s and 2000s as a larger supplier of credit in the economy. In effect, a credit pyramid that was vastly overleveraged and inherently unstable far beyond Fractional Reserve practices which can only lend at a ratio of 10-1.

Shadow banks don’t have to keep their loans on their books, as traditional banks do; instead, the loans can be packaged up, “bundled”

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and graded by ratings agencies which are often paid by the same shadow bank whose loans they are rating, and sold to investors. These shadow banks had zero intentions of holding onto these bundled loans, so they had no compunction about loaning to risky borrowers many of whom defaulted back in 2008.

I'm sure the shadow banks totally care about all of this and have learned their lesson since the PANIC! of 2008.

OK, I'm totally kidding. The problem is getting significantly worse because due to the fact that these banks can generate fees from packaging loans and then selling them, shadow banking has become more profitable than commercial banking. The essence of shadow banking is that it is a system where assets and liabilities are essentially the same, funded by "faith" credit money with no reserves to back it up, essentially a daisy chain of re-hypothecated ownership claims. Shadow banking could potentially be extremely deflationary when faith in the system is shaken and the bubble bursts.

Don't believe me? Ask Lehman Brothers.

High Speed Wealth Transfer

In Superman III with my favorite comedian ever Richard Pryor, his character invents a get quick rich scheme that is far more telling than a movie from the 1970s should be. He steals fractions of a cent left over from electronic transactions, 20 years later the guys from the movie Office Space used the same concept as a plot device and made hundreds of thousands of dollars doing so. Oddly, both of these movies are quite accurate when describing what is known as High Frequency Trading, which exploits small changes in stock prices, often less than a penny to make huge profits from cleaning up discrepancies among computers exchanges that humans miss out on.

HFT uses advanced algorithms that can also predict price movements. Let's say that Apple's stock went from \$550.050 on 12 of the 13 major exchanges and on the 13th exchange the price is still \$550.045 for just a millisecond which we humans couldn't pick up on, well Richard Pryor's algorithm did and it buys the stock at a lower price and sells the moment it increases on that exchange. These automated exchanges are performed only by computers and Richard Pryor and occurs with all financial instruments that are exchanged electronically like bonds, stocks, commodities, futures and even foreign currencies.

Clearly, human traders cannot compete with these high-speed algorithms nor Richard Pryor, these bots snatch profits without creating anything of value. This is just one example of how wealth transfers without creating anything, no jobs, no assets and only income for the very few who benefit from this chicanery²⁷.



It gets better, these algorithms can be quite detrimental to the market, and on May 6, 2010 the Dow Jones plummeted almost 1,000 points in 8 minutes due to a large transaction by a mutual fund that began a self-fulfilling cascade of buying and selling orders. As the algorithms started a downward spiral the people on the stock floor looked on in disbelief as tremendous losses mounted until exchange protection software shut down all trading for the day. Fortunately the Dow recovered, but nothing has changed since and wealth has continued to transfer to the hands of a very small group of people, while Joe average suffers the consequences²⁸. In August of 2012, Knight Capital Group Inc. sent waves of erroneous trades into the market resulting in nearly half a billion

²⁷ So proud I got to use the word 'chicanery' in a sentence.

²⁸ www.wealthcycles.com

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dollars worth of losses in less than an hour and shut down trading. August 20th 2013, according to the Wall Street Journal article 'Market Size + Complex Systems=More Glitches':

"Goldman Sachs Group Inc. sent waves of bad orders into the stock-options market, roiling prices and disrupting trading."

They went on to say:

"If the two major exchanges were operating in a more-competitive environment, they would be forced to improve their systems or see clients walk away, a problem that helped destroy Knight as an independent company, said some economists.

But while they have many smaller competitors, the two major exchanges remain for most investors an oligopoly. Most ordinary investors have little choice but to use them. The only options for ordinary investors are to take a hit when exchanges break down, or look to regulators to require exchanges to operate more effectively."

Point is, in a free market this would never work since it keeps shutting down trading and amazing how billions of dollars in wealth can be transferred in an hour while 53 percent of all American workers now make less than \$30,000 a year and 40 percent of all workers in the United States actually make less than what a full-time minimum wage worker made back in 1968.

Unmasking Wealth Transfer Illusions

I would like to mention that the purpose of this book is to highlight the illusions causing the wealth transfer. Integrity is important to me and I hate feeling cheated by a book that provides little to no information. It would be a sincere waste of time for me to write in depth about topics you could easily learn about for free on my website, Wikipedia or Google. The point of this book is to discuss topics that are obscure (which is why I call them 'illusions' in the first place) and significantly harder to reliably Google or find in Wikipedia. Try to find "wealth transfer" in Wikipedia and all you get is a definition of "redistribution of wealth." Not only did I spend the better part of four years researching the information in this book and reading hundreds of sources (all so you don't have to), but I looked really good while doing it.

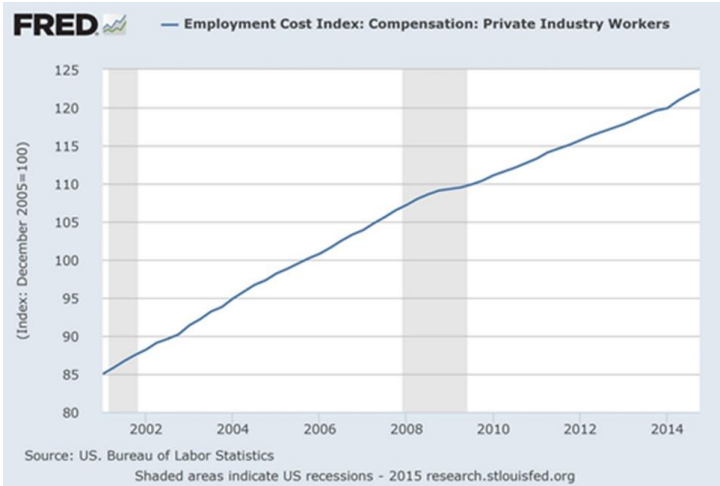
Like I keep saying, I'm bringing sexy back to economics.

Asset bubbles are important when talking about how wealth transfers; however, concepts that can go on forever and ever deserve brief mentions which I will do now:

Unemployment: Although important, not really worth going in to too much detail about in this book. It is not a major contributor to the wealth transfer, it is evidence of it, as it is an outcome of wealth transferring that will lead to more income inequality. Nor is it an illusion that most people are unaware of. A child could tell you we have high unemployment in America. All that really needs to be said about unemployment is that the U-6 figure the Bureau of Labor and Statistics created makes life easier for the government to officially fudge the numbers. Unemployment is actually higher than the records show because most people have been out of work longer than 99 weeks, some are underemployed and others have given up searching. I genuinely feel bad for these people, I was one of them several times since the PANIC! of 2008. And I know that this wealth transfer will cause higher unemployment for sure.



US. Bureau of Labor Statistics, *Not in Labor Force* [LNS15000000], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/LNS15000000/>, March 21, 2015.



US. Bureau of Labor Statistics, *Employment Cost Index: Compensation: Private Industry Workers* [ECICOM], retrieved from FRED, Federal Reserve Bank of St. Louis
<https://research.stlouisfed.org/fred2/series/ECICOM/>,
 March 22, 2015.

Far more telling than any stupid unemployment number could be is the fact that the cost of *actually* employing someone is drastically increasing. What is known as the employment cost index or ECI is a quarterly economic series which details the changes in the cost of labor for businesses in our economy. You’ve probably never heard of it before, but it is widely watched in the financial sector; however, it gets significantly less press coverage than the much more commonly referred to consumer price index which you may have heard of, both of which are prepared by the Bureau of Labor and Statistics. The CPI is a measure of inflation in consumer prices, but the ECI gives an indication of whether employment costs to business owners is rising or falling which gives us a great indication of inflation of wages and employee benefits.

Alan Greenspan was quoted as saying: “The employment cost index is indispensable to understanding America’s economy. It ensures the accuracy of the statistics on employers’ compensation costs that we rely on for economic policy making and for successful business planning.” So now that we know it is useful, what can we use it for? Well, employer compensation costs accounts for a majority of their expenses no matter what the business is. Government intervention which we will get to

later on in this book in great detail, has clearly led to a tremendous upsurge in burdening business owners with new costs being added on to just being able to pay their employees. As you can clearly see in this chart, since 2002 there has been a tremendous increase to the cost of having employees. This is just one way in which the government slowly destroys innovation and cripples business, while at the same time we have assholes claiming that *all* forms of corporate tax breaks are a “bad thing”. Corporate, conveniently means both: local pizzeria and *Dominoes* at the same time.

The most expensive investment that a business can make is you, the employee. The government even manages to make you a burden to the people who you willfully give 8 hours a day and 5 days a week of your time to. Business owners should be spending money on investing back into their own businesses for growth, which would lead to more jobs and increased wages. Sadly, on average a \$14 per hour worker has a true cost of about \$19.63 which is about 40% more than their actual pay when you include: worker’s compensation insurance, state and federal taxes, health insurance, unemployment insurance, social security is 6.2% of every dollar a worker makes up until \$113,700. Your boss owes 1.45% to the federal government for Medicare and I’m sure you’ve forgotten about actual retirement because the average company contribution to a 401k plan is another 2.5% of the worker’s salary. You would be surprise at how quickly things add up and we have the government to thank for it.

Welfare, SNAP and public assistance: Also the Supplemental Nutrition Assistance Program -This is an important subject, but not in the context of this book. I am not denying its existence, or denying the government reporting of the numbers; in fact I’m sure it’s accurate when the BLS said that 1 in 7 people in America need supplemental nutrition assistance-no illusions here. All I would like to say about this topic is that the majority of the people on the right, for some reason seem to think that only Blacks and Hispanics ‘mooch’ off of the system. The reality is that there are still in 2018, more whites on welfare than there are either Blacks or Hispanics. Also, nobody who receives welfare is in fact a mooch, they don’t have any options because as a society we tax small businesses into submission. We tax the means of production, tax business owners on income, tax them for unemployment insurance, tax them when paying their employees and tax them when they spend money they earned. We tax them to the point where after inflation has its way with us, there is little left to actually employ people. Starting a

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new business venture in America without significant funding these days is nearly impossible due to inflation and getting a bank loan is nearly impossible. The sad reality is that corporate welfare is an even bigger problem in America and the very people who claim to hate the 1% and massive income inequality, Progressives are the first ones claiming that giving rich people massive bailouts when things don't go their way is somehow a good idea. Go figure. Point is, unfortunately in the 1960s we created a system where people do need these benefits and they have to come from somewhere, that place is mostly the middle class in the form of transfer payments.

Politicians: Honestly I will have to disagree with the majority of people who think politicians are all crooked bottom feeders because that mostly applies to our Congress where the majority of sweetheart deals, lobbyists and special interests are really targeting their efforts. There are only 100 senators and 435 members of the House of Representatives which only make 535 politicians total at any given time. Some of these people really do mean well but many of them get kickbacks for the votes that they make, because they have no souls. If you're interested in political corruption I would look at opensecrets.org or maplight.org. Politicians don't yet wear corporate sponsorship logos on their suits like racecar drivers do, but these two websites provide great insight into which special interest group purchases whose vote and how much of one's soul was sold in order to secure that vote. I don't like to spread rumors or engage in malicious gossip, but my friend who interned for Nancy Pelosi one summer swears that woman is held together by little more than Elmer's Glue, Botox and WD-40.

Either way, no illusions here.

Military Industrial Complex: Total bunch of A-holes. This transfers a tremendous portion of wealth out of the hands of the American people and out of our yearly budget in the form of taxes. Really not tough to figure out that the republicans are taking money from this industry and keeping them profitable, through government contracts that tax payers fund. I assumed most people already knew that the military industrial complex is the reason for perpetual war in America and absolutely an important topic, unfortunately it is so vast this book would be one thousand pages if I *really* got into it. As far as war entails, I chose to focus on how during times of war our monetary systems have changed multiple times in America out of the need to fund those wars, and how inflation is a key element during war-time and in wealth transferring.

To go beyond that would require would require at least another 300 pages. This book is about how Progressives are far craftier and far more sinister in how they cause income inequality under some perceived greater good, nobody questions the role that Republicans have in creating income inequality through the military industrial complex.

The military industrial complex and the Republicans are obviously out to improve income inequality and they're fighting hard to make sure that gay people have their rights, poor people have jobs and that no child gets left behind. Companies like Dow chemical, Raytheon and General Electric put hard working Americans ahead of profit each and every day and the Republicans serve as a check and balance to foster a new age of American prosperity for all.

Obviously the previous paragraph was total bullshit; the point is that anyone claiming that this book is about just dumping on progressives unfairly needs to realize that Republicans lie and Democrats obfuscate. Republicans do not pretend to be good guys and Democrats do. War and the military industrial complex requires enormous amounts of resources to be transferred in the form of taxes to the richest 1% of the 1% out of the hands of mostly the middle class by Republicans. If Progressives feel unjustly attacked it is because your side plays a much more *secretive* role in enabling the military industrial complex than Republicans do; however, the problem lies in the fact that even though progressives tend to claim that they are pacifists, Keynesianism still makes absurd claims about how wartime can bring economic prosperity. The pacifists of the world also want war. The people who want world peace, love central banking that pays for those wars. That is the purpose of this book is to challenge the current status quo, not to confirm what the majority already knows. So to the Keynesians of the world I say to you:

“War can really cause no economic boom, at least not directly, since an increase in wealth never does result from destruction of goods”.

-Ludwig Von Mises, Nation, State and Economy

“The essence of so-called war prosperity; it enriches some by what it takes from others. It is not rising wealth but a shifting of wealth and income”.

-Same guy, same book. My dude, Von Mises.

War does not create wealth it transfers wealth. It is unfortunately one of the biggest profit centers, and the military industrial complex is at the

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center of it. When people speak of the environment and what is most affecting it, the answer is not cow farts (methane), it is war. The demand for war comes from governments, that demand is filled with a supply from corporations who are basically parasites that create something destructive to both the planet and the people. A decrease in government is the only way to positively impact the environment around us, those who seek to increase government and yet claim to be in favor of fixing the environment are poorly educated. This is the new paradigm of herd think that we are encountering as Americans and one of the reasons why we need to increase our level of consciousness, which I will tackle at the end of this book. The only real solution to all of our problems is to become conscious, no two industries are more unconscious than politicians and weapons makers.

Banksters: This is going to have to be short because this is satire, not an in-depth account of the day-to-day operations of every single major bank leading up to the last days before the financial PANIC! of 2008. A million of those books have been written all of them boring and many of them are written by people with agendas that aren't nearly as funny, accurate or immature as mine is. That is why you're still reading this, right? No, not you Dad, you're just reading this to be nice, I'm talking to the rest of you. I'm guessing it's for the witty repartee of the first-person omniscient narrator and his uncanny ability to break the fourth wall with incredibly drunken self-awareness, and by that I mean, I bet you can't guess what I'm thinking right now?

Nope, keep guessing... OK, fine, turn the page....

BERNANKE!

Oh, man you *totally* got me this time. You're *really* good at this guessing game.

So yeah, BEN BERNANKE! worked hand in hand with these Bankster low lives in order to bail them out, when they should have been arrested, tried and convicted in John Bonetti's kangaroo insanity court in order to prevent anything like this from ever happening again. Actually, I want to give John some credit here, he absolutely would come up with a significantly better solution than increased moral hazard which will lead to the same course of events that happened in the PANIC! of 2008 repeating on us like Peppercorn Ranch dressing, because we fixed literally nothing in more than five years.

Aside from blaming John Bonetti, the Fed and the government – which I've done a considerable amount of – almost none of these Banksters have received the treatment they deserve, which is a long stay in Rikers Island correctional facility. Bernie Madoff became the public scapegoat that perpetuated anger in one single direction, also known as a patsy, sucker or fall guy for the rest of the really guilty parties. Doomed to a life spent in solitary confinement, while adorned in a scarlet P for PANIC!, the rest of the low-life bankers maintained their status, or walked away with their "golden parachutes."

This is yet another topic that could fill volumes, and I intend to cover this in-depth on my website and in future books. For now, I feel the need to touch on how Banksters are the lowest vile scum who prey on the innocent. Just because you work at a bank, that doesn't make you a bankster. However, you know who they are and it is important that the next time there is a significant financial PANIC!, they will not get off so easy. The market is going to expose this class of people, it's just a matter of time. Government can help these banksters cover up their misdeeds, but that will only work for so long. Like a best friend who helped you hide a body, eventually they all fold under questioning. Actually, that analogy was both macabre and accurate, causing this first-person omniscient narrator to once again break the fourth wall with incredible self-awareness.

Clearly, banks and banksters are important, but once I mention Jamie Dimon or JP Morgan then I have to mention the second tannest man in the world, Angelo "Friends of Angelo" Mozilo, who is right behind

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George Hamilton and directly ahead of John Boehner and once I mention them I have to mention Fannie Mae, Freddie Mac and Countrywide which opens the floodgates to mentioning *all of these characters* who helped with the PANIC! of 2008 which takes this book completely off topic and is information readily accessible on every financial blog ever, plus Wikipedia, plus any of the three million search engines in existence. Personally, I would be disappointed to buy a book comprised mostly of information that I could learn from a 20-minute video on YouTube. I'd rather buy hilarious books on what is *going to happen*, based on sound economic theories than what *did happen* five years ago and I could read about for free on blogs.

CHAPTER 3

WE NEED SOUND MONEY AND FREE MARKETS

As Ron Paul says in *Liberty Defined*: “Accepting the principle of free markets, sound money, and private property and recognizing that the welfare-warfare state is incompatible with our constitution would go a long way to solving our economic crisis. This would require debunking all Keynesian economic false assumptions and understanding how significant a role the Central Bank plays in facilitating the authoritarian approach of government.”

Sound money and free markets often come under attack by people who are ignorant of economics and think they know their own best interests. So I have decided to attack both of these things at once, killing two birds with one stone so you can see how we are in dire need of both of these things, and how they can jointly lead to economic prosperity. Sound money is the engine of the car and free markets are like the transmission. It is the gold standard 5.8 liter supercharged v8 making 850 horsepower – that’s sound money working hard with the Tremec 6-speed free market. I can hear Tim Taylor grunting as Wilson explains sound money and free markets to him using a 2018 Ford Mustang GT 500 Shelby Super Snake analogy from the other side of the fence — the perfect way to make these economic concepts palatable to the tool man. (You had to know a “Home Improvement” joke was coming somewhere in here.)

When I say “sound money,” I mean a gold standard. First, let’s talk about what money really is. Just as language and customs evolved over time, so did money from the process of trade in barter. It did not come from government or a wise man. It emerged through a process of evolution. Barter came first, only it had one caveat. Each party must be willing to trade for what the other person wants. So if John Bonetti has an Xbox 360 and Mike Torrie has a Playstation3, they could swap and all would be right with the world. But what if John had a PANASONIC 3DO and Mike was not willing to trade his PS3 for it? Considering nobody wanted

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a Panasonic 3DO, even when they came out, this situation (more or less) gives rise to a standardized medium of exchange. Having money as a medium of exchange facilitated trade and the beginning of capitalism. This means that money is as important for human progress as the wheel or fire. Money evolved naturally. Take for instance, the story of our imaginary friend Ndugu the Zanzabarian Goat Herder.

Ndugu the Zanzabarian Goat Herder wanted butter. One goat's worth of butter is a fuck ton of butter, so he'd rather give you an ounce of silver in exchange for a smaller amount of butter, not a whole goat's worth. His wife is already getting some serious cankles, the last thing she needs is to be trusted alone with a whole goat's worth of butter in the house.

What I am getting at is that money makes it possible for comparisons of value. A common denominator measure of value allows for profit and loss. Without money one would have to list the entire period's exchanges under barter resulting in a huge amount of exchanges with no common value and Ndugu has lots of goat herding to do, he does not have time for writing down all of his barter exchanges to remember them and he's too busy with his Zoroastrian fire cult. Also, Ndugu doesn't even have paper.

Money is a store of value carrying value comparisons over time. As we removed ourselves from the gold standard, money did in fact become currency. Currency is derived from the word current. A current must keep moving or else it will die. A currency does not store value in and of itself. Rather, it is a medium whereby you transfer value from one asset to another. Money is always currency, but currency is not always money. Think of a \$100 bill — does it have value within itself? Is that paper worth anything? Our government has the ability to create money at will that is backed by nothing. If you tried this you would go to jail. It is only the government that is allowed to counterfeit. Now we understand what money is.

By sound money I am advocating the gold standard. Many things have been used as money across the globe: seashells, cows, cigarettes, beer, cabbage, tobacco, beads and even animal poop. The most commonly used has been precious metals — gold and silver. Gold and silver arose as money not by government decree or by democratic election, but by interactions of consumers in the marketplace. It evolved naturally. Sound money would cure inflation and help unemployment, removing government from the economy as much as possible so that prosperity

can work itself out.

There is a lot of animosity toward gold. Keynesians call gold a “barbarous relic.” Before he became a total sellout, Greenspan defended gold in Ayn Rand’s *Capitalism: The Unknown Ideal*, saying, “An almost hysterical antagonism toward the gold standard is one issue which unites statist of all persuasions. They seem to sense — perhaps more clearly and subtly than many consistent defenders of laissez-faire — that gold and economic freeform are inseparable, that the gold standard is an instrument of laissez-faire and that each implies and requires the other.”

Only a few years later, Alan would no longer admit to the need for a gold standard when he became Chairman of the Federal Reserve until he was caught while giving a speech. It turns out he just mouths the words while he’s speaking publically and a tape was playing the whole time, making him the Milli Vanilli of the Federal Reserve²⁹.

There are many claims against a gold standard, all of them silly. The silliest is that there is not enough gold to put in circulation as money. It is true that the number of paper fiat dollars created is so absurdly vast that there is not enough gold to redeem dollars at the original rate of \$20 to the ounce (pre-1933). However, not having enough gold in circulation is probably the most Jeune argument ever created and is clearly not true. This is a trick of the statist to fool you.

Essentially, all you really need is *some* gold and the market would set the price. As you could not hold a nanogram of gold if hypothetically only 87 pieces of gold were circulating in existence (which is an absurdly low number I just came up with) the market would still set the price of goods only in extremely small denominations. Maybe someday extremely small denominations of gold could be useful through technology like on a debit or credit card type situation. The market would set the price, and there clearly is enough gold to go around. Gold

²⁹ This is actually a complete falsehood, no such situation ever occurred. But he is still a complete dick for doing that.

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could be put on credit cards and set to increments as small as nano-ounces; the market would set the price. Wouldn't it be great if there could be credit cards with gold in minute amounts on them?

Oh wait, I've completely tricked you-there are already several companies who are doing this. The most famous of digital Gold currencies is called ... are you ready for this ... "Goldmoney". And you can find them at....wait for it...wait for it....www.Goldmoney.com. Holy shit, that name is creative. Founded in 2001 they are the largest digital gold currency with more than 400,000 ounces of gold and more than 15 million ounces of silver in deposit that allows you to wire funds in any number of international currencies and is vaulted and insured in Zurich Switzerland and London. They use gold grams as their basic unit. Could you imagine if everyone used this? I'm sure that no one you know has ever heard of this and they already have 400,000 ounces of gold.

There are Central Banks of countries that don't have that much gold. I told you the statist argument was completely jejune, which is French for naïve and pretentious for me. Unfortunately, some of these gold currencies are currently suffering due to absurd government crackdowns, regulations and other issues, but it is still a viable option. Only the government probably won't let it happen, because it's actually a good idea and that is the whole reason why governments hate sound money, it gives us power.

Another example of alternate currencies is of course Bitcoin which when I first started researching few people had heard of it back in 2008. Sadly, when I started the first rough drafts of this book 10 years ago bitcoin was priced very low as it was nearly unheard of by the majority, and of course again once a solid investment becomes popular it ceases to be one. What is worth taking from the bitcoin example is knowing that there are other mediums of exchange that are worth considering.

Michael Maloney states that: *"Gold standards are not the holy grail of monetary systems. They merely open up the possibility of governments abusing the system and printing more receipts for gold and silver (cash) than they have in physical metal. One of the reasons that we are living through such turmoil is that we allowed governments to cheat gold. A more stable system: Use gold and silver themselves as money, as the free market has demanded for the last 2000 years."*

Instead of allowing for a gold standard, which is corruptible, Maloney

would prefer just using gold and silver. So would I, but beggars can't be choosers. I don't want a complete collapse that leads to misery, so yeah, I'm with you dude. But let's be honest, most people think that gold is the craziest shit they've ever heard, if we could even get them to consider a gold standard I would be thrilled.

A Brief History of Sound Money

Gold and silver coins first made their appearance in Lydia which was part of Asia Minor (now Turkey) around 640 B.C. The first coins were made of a naturally occurring alloy of gold and silver called 'electrum.' Cool name. There was a government symbol on each coin to attest that it was weighed officially. This led to speeding up every transaction because the coins were already weighed and did not need to be put on a scale each time you purchased something. About 100 years later King Croesus (the most badass Lydian King EVER) decreed that all official coins had to be minted in either refined gold or silver and this manner of coinage persisted for over 2,500 years because these metals are durable, scarce, uniform and divisible. They were a measure of value, easy to transfer and preserve wealth, which allowed them to be readily accepted for goods and services throughout the known world as half of every monetary exchange.

Now let's stop here for a minute and think. Many people today think that using gold and silver as money is crazy-talk. Even though 2,500 years ago it was common knowledge how important it was not to mess with the money supply. Today, we have information that is only 150 years old, like evolution, and when someone starts telling us that God put dinosaurs in caves to test our faith, we look at them like they are completely bat shit, *because they are*.

Darwin publicized the theory of natural selection in 1858. Compare the reactions to his theories to King Croesus's information from 2,500 years ago and you'll see that nobody jumps down anyone else's throat when they mistakenly think paper assets are more stable than tangible ones like gold and silver.

Also, seeing as gold and silver coins became half of every monetary exchange 2,500 years ago, I think that is a very solid argument that capitalism (not what we have in America today, but true capitalism) is a most natural evolution derived from the medium for the exchange for goods and services. Now that we're on the subject of gold and silver coins (also known as specie and to King Croesus as electrum), I believe this to be a good time to discuss Gresham's law.

Back in days of yore, when humans first began valuing money, Ancient Rome being a prime example, her citizens would clip the edges of silver and gold coins before spending them. Which is basically the same as stealing. This made the coins lose value and it took about a parsec for people to realize what was going on so they began to hoard the good coins, only in an intelligent way to prevent being a victim of inflation. And by hoarders I don't mean those fat people you see on A&E... Moving on... subsequently these ancient hoarders would only spend the 'bad' coins that had been debased by thieves. This is an example of Gresham's law which states that "money overvalued artificially by government will drive out of circulation artificially undervalued money." This law is frequently shortened by saying "bad money drives good money out of circulation."

Now, if you've been paying attention to this book you would be asking: "How long did it take that meddling government to make things worse?" Well, not very long. They began to distribute coins with grooved edges so you would know if the sides had been shaved and that was good. But, not as good as having private minters instead of government take care of the coinage and the free market instead of the government determine its value. Many Statists go ballistic at the thought of taking money creation out of the hands of the government and placing it into private dealers' hands even though many private businesses are built on guarantees of standards.

When you buy a 27-ounce Estwing hammer it's a 27-ounce hammer. They don't cheat you for profit. The pharmacist who gives you a months' supply of Cialis gives you 30 pills every time. And your butcher gives you a pound of beef, you don't need the government there to measure or count for you. It is in the best interest of a pharmacist or coin minter financially not to cheat you out of Cialis or out of a full ounce of silver coin.

Many governments also forced people to use 'bad' coins in circulation as if they were still the same size. So by decree, what was now a 0.9-ounce coin was mandated to be accepted as a 1-ounce coin, further pushing good money out of circulation by hoarders because of what is essentially a government price control by coercion on the exchange rate between the two types of coins. Many people claim it is free market forces, but it is in fact government intervention that makes hoarders and bad money to drive out good money from circulation.

Now, you're probably thinking, "that was 2000 years ago, did they have hoarders with dead cats in their houses back then, too? And what the hell does this economic law have to do with America in 2018?"

First, I think they did have crazy cat hoarders back in the days of yore, but when I Googled "crazy Roman cat hoarders days of yore" I got Rick Rolled for the second time while researching for this book so I gave up and instead would rather just give you a more recent example of Gresham's law. In 1965 the government stopped producing coins with silver in them, which means the government began producing 'bad' coins with no real value to them. People immediately started stocking their piggy banks with real silver coins and began spending the 'bad' debased coins, thus driving the good coins out of circulation. People knew intuitively that government money wasn't worth anything.

There are several repercussions to this:

- Because we have not had silver coins or a gold standard for a considerably long period of time just mentioning precious metals in conversation makes you look like a complete psychopath.
- There is a connection to inflation and debased money with people's tendencies to save less and spend more. Rich people spend their money wisely, on assets that make them more money like real estate and stocks. Poor and middle class people purchase liabilities they don't need like cars, boats and ShamWows. One reason the gap between rich and poor increases is because people don't learn the difference between assets and liabilities and good money and bad money. Because of inflation, the harder you work, the less you are paid and the more that you suffer. Savers are never rewarded, but spenders are. The people who work the hardest tend to fall behind financially, because they have no idea that this is even happening.
- Gresham's law and government intervention caused my fellow New Yorker Murray Rothbard's head to explode in 1963 causing him to write "What has Government Done to our Money?" to try and explain how awful the statist's position really is.

If you are still confused about Gresham's law and how it is possible for a 'bad' thing to drive a 'good' thing out of circulation I will make an

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analogy you are certainly never going to forget. In fact, this analogy is designed so that you might actually want to forget it, but with great difficulty.

Gresham's Law – Toddlers & Tiaras Style

Let's say you're one of those bored dance moms who desperately needs to live vicariously through her 8-year-old daughter and you have absolutely no self restraint so you decide it would be great if your daughter entered one of those extremely creepy underage beauty pageants. Not really concerned with your daughters future self esteem, you bring her down to the local YMCA where tryouts are being held and, lo and behold, your little 8-year-old, who we will call 'Jean Benet Ramsey,' really wows the judges, who are all 50-year-old men and for some reason *you're not in any way concerned by this?*

So weeks go by and your daughter Jean Benet is doing very well with the Vaseline on her teeth and the judges just love her. She's become quite the little star. She's not only gifted at answering questions like "if given the chance, how would you create world peace?", but she can also twirl a mean baton.

Now mommy's little star is leaving her home state and going for the national title. This quick success creates a problem you didn't prepare for, when little Jean Benet goes on stage she is immediately confronted by every other psychotic mother who is living vicariously through her own 8-year-old's worst nightmare. You guessed it, little Jean Benet is competing against none other than Honey Boo Boo Child. After the first part of the competition your previously loved by the judges 8-year-old has now taken a back seat to the crowd who is captivated by the 8-year-old from Georgia screaming "You better Redneckognize!" to the judges who just eat it up. It appears things have changed and your classy little Jean Benet cannot thrill the judges in the way that Honey Boo Boo Child can. After several vain attempts at wowing the crowd and judges, the debased little Jean Benet is no match at child pageantry for the corpulent Honey Boo Boo.

Thus, something bad drives something good out of circulation. Gresham's law – Toddlers & Tiaras style.

A Brief History of Fiat Currency

When it comes to the illusion of money it is very well highlighted in Ralph T. Foster's book Fiat Paper Money where he states: "The use of

commercial paper created wealth and prosperity. It eliminated obstacles to trade. Yet many merchants still hesitated to accept paper as money. They appreciated its ability to transfer wealth, but distrusted its abstract nature. The danger, as they saw it, was that gold and silver were being replaced by paper, or worse still, an entry in an account book. Merchants found something unsettling about how this “money” could be paid out again and again in transactions and yet never leave the bank vault.”

This is a great account of the illusion of fiat currency and the fake prosperity that easy money creates for a short-term period. As Voltaire said: “Paper money eventually returns to its intrinsic value zero.”

“Up to this point,” wrote a merchant after describing the method of establishing credit in Violet Barbour’s book *Capitalism in Amsterdam in the 17th Century*, “one sees that there is as much reality in this as there could well be, nothing being more real than ingots of gold, bars of silver, piastres, ducats, ducations, and suchlike, but the method of payment in bank, as it is called, has not the same reality. One could, on the contrary, call it a veritable illusion; since for the gold and silver taken to the bank it gives only a line of writing in a book. This line may be transferred to another, and this second transfers to a third...and this can go on, so to speak, to infinity.”

In his book, *When Money Dies*, Adam Ferguson recounts the collapse of the Weimar Republic, and the wild blame and accusations that erupted in Germany as the country printed obscene amounts of money:

“It was natural that a people in the grip of a raging inflation should look about for someone to blame. They picked on other classes, other races, other political parties, other nations. In blaming the greed of tourists, or the peasants, or the wage demands of labor, or the selfishness of the industrialists and profiteers, or the sharpness of the Jews, or the speculators making fortunes in the markets, they were in large measure still blaming not the disease, but the symptoms.”

History is replete with examples of inflations that we humans just do not seem to learn from at all. In a quote from the very out of print *Hedging Inflation*, by Frank Parker Stockbridge, he refers to the first inflation he encountered in his research which happened 25 centuries ago, and many have happened ever since. “We just don’t learn. Governments and dictators have always attacked inflation from the

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easy money angle (creating fiat currency), rather than creating sound money thus curing the cause.”

Stockbridge states, *“In the first inflation, Solon, who assumed supreme powers in Athens in 594 BC, promulgated a plan for the relief of debtors and the redistribution of national wealth which set the pattern other governments have followed, more or less closely for over 2,500 years.”* Sounds frighteningly similar to what the Occupy movement is trying to do, right? Sorry NYU grad hipsters with degrees in communications. You have an overpriced education and are clearly in the streets demanding the same problems that caused fissures in Solon’s ass in Athens in the gay 90s of ancient Greece.

“Relief of debtors” and “redistribution of national wealth” are two of the Occupy movement’s biggest war crimes. I give them cheers for trying, and sticking with it through Anthony Bologna, pepper spray and a cold NY winter. I know it sucks, I live here, but as always, progressives don’t have a clue on sound economics, however much their NYU degree makes them think that they do. Confidence in economics and monetary policy should come through studying, not a pretentious degree.

As Mr. Stockbridge goes on to explain, the Greeks had a name for the cure of inflation. Solon called his plan “Seisachtheia,” literally, “shaking off of burdens,” which basically means he reduced the value of the currency and cancelled debts.

Here is all you need to know: Historically, fiat money always ends badly. Historically, sound money creates prosperity.

Free Markets – and Why We Don’t Have One

Wikipedia defines the Free Market as a “market where the price of a good or service is, in theory, determined by supply and demand, rather than by governmental regulation.” Wikipedia continues: “In the marketplace, the price of a good or service helps communicate consumer demand to producers and thus directs the allocation of resources toward satisfaction of consumers as well as investors. In a free market, the system of prices is the emergent result of a vast number of voluntary transactions, rather than of political decrees as in a controlled market.”

According to Ludwig Von Mises, whenever government tinkers with the

economy, in particular the money supply, it screws things up.

The laissez faire principle expresses the preference for the absence of non-market pressures on prices such as government taxes, subsidies, tariffs, regulations other than protection from coercion and theft, and regulations protecting from government-granted monopolies. In Hayek's *The Pure Theory of Capital* he states that the goal is the preservation of the unique information contained in the price itself. Essentially government should stay out of the way. According to Ludwig Von Mises whenever government tinkers with the economy, in particular the money supply, it screws things up.

Natural market forces do a better job of ironing out inflation, ending a recession and boosting employment. Essentially, the market accomplishes the same things as the state only better and through peace and mutual benefit, called Agorism. Agorism is an economic philosophy advocating 'voluntary exchanges' between people by means of 'counter economics' which engage one another in a 'peaceful way.' What we have in America is anything but free markets. A completely free market terrifies governments which is why we'll never have one, especially with the previous Bitcoin example.

Here's an ugly misconception. It is widely believed that PANICS!, boom-bust cycles and depressions, are caused by "unfettered free markets" and "unbridled competition" between banks, therefore we need government regulation to save us. The sad reality is the disruptions—boom-bust cycles, PANICS! and depressions—in the free market come from government prevention of competition by granting monopolistic power to the Fed, other government bureaucracies and cherry-picked corporations.

So, when there is no monopoly on money creation, individual banks can operate and prosper on their own. It is easier for them to do business and prosperity emerges. When a bank or corporation acts in a fraudulent manner they will only be able to do so for a limited time until their actions catch up with them. Inevitably, they will be exposed by their competition and will be forced out of business. Yes, their depositors will be injured, but there will always be unscrupulous people. This is the catch that causes many people to say, "We need government to protect us from this ever happening again." This is a fatal flaw which leads to government intervention that destroys prosperity.

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Laissez-faire economics is counterintuitive, which probably also contributes to these veins that keep showing up on my forehead. Having government step in sounds logical, but it leads to Central Banks and regulations that destroy prosperity. The market is not always perfect. People will get cheated, but the moment you try and regulate all of them you open a Pandora's box. It is similar to gripping sand — the harder you try to grip sand in your palm the quicker it goes straight through your fingers. Finesse is what is needed, not the brute strength of government intervention. The market has its own way of handling things, which is what Adam Smith called the "invisible hand." The government routinely interferes in the market, and then blames laissez faire. As Ludwig Von Mises said: *"If one rejects laissez faire on account of man's fallibility and moral weakness, one must for the same reason also reject every kind of government action."*

The monopoly on money creation has allowed the Fed to destroy the value of our money to its own profit. Subjecting monetary creation to the same competitive forces will ensure other products are produced at their highest quality. By repealing legal tender laws, and removing the monopolization of money, we would end the arbitrary constraints which are currently excluding competitors from making alternate currencies and allowing us to use the government's rapidly depreciating money. This would prevent wealth from transferring through inflation so subtly that when explaining it to people, you would be called a conspiracy theorist. Well, I'd rather quote Tacitus who said *"The more corrupt the state, the more numerous the laws."* If you really think we have capitalism, then why don't we have competition in money?

In a competitive-money environment, if someone could create a better type of money than the government, consumers would be free to benefit from it. Also the government would no longer be able to debauch the value of our currency for the selfish gain of a very select few people, because, as these selfish people tried to debauch a currency, we would simply switch currencies and foil their plan. They need us to maintain the charade. We do not need them. If the vast majority of people stopped using the currency, these A-holes would be in serious trouble. And they know it, which is why they create legal tender laws in the first place. It's really simple. Legalize the freedom to choose a stable currency which would end the monopoly on money.

It is no secret that the Federal Reserve prints money under the term "quantitative easing." It's also not a secret that this printing of money

lessens the value of the money already in circulation (for information on this see the quantity theory of money). This printing of money has gone on to the tune of tripling the monetary base in the last few years, which is a major concern for wealth transferring. It is this unscrupulous printing of money that is robbing what you already have saved of its value. It is the reason that the nickel is currently worth more when recycled than when spent.

Ending the Fed would be one giant step in the right direction; however, the Federal Reserve is more of a symptom of the problem than a singular cause. If the Fed were ended, then the Treasury would continue to print dollars and loan them at interest. If the Treasury were ended, that entity which replaced it would continue to print dollars and loan them at interest. And if that were ended, whatever replaced it would continue to print dollars and loan them at interest. Therefore, the root of the problem isn't the Fed; it's the monopolization of the money supply. Which is the very root of why we need sound money and Free Markets in order to prevent wealth from transferring.

Well-educated people believe that knowledge is power and through their knowledge they pretentiously enjoy creating new laws, taxes and legislations to keep us safe from ourselves. The inherent flaw in this thinking is in equating knowledge with power, just because you heard that in between commercials on NBC on Saturday mornings during Ninja Turtles³⁰.

Knowledge is in fact not power nor shall it ever be, knowledge offers pretense and the power to tell other people "we are now the ones in power." Invariably those people go adding their own rules and regulations to maintain control over their power. Wisdom is true power. Few attain it, and even fewer recognize wisdom when it is written in a book that they are currently reading. The way to wisdom is through subtraction, like free markets, not intervention.

*"To attain knowledge, add things every day.
To attain wisdom, subtract things every day,"*

³⁰ "The More You Know"

A simple matter of addition and subtraction

OK, so you still don't believe me that subtraction (free market) is the answer to the problem of inflation and why our money doesn't buy anything, why 50 million people need the SNAP program just to eat in supposedly the richest country in the world, why there is such vast income inequality and why wealth transfers? Allow me to show you what government addition has done to our money supply.

In my main man Murray N. Rothbard's classic book "*What Has Government Done To Our Money?*" he outlines the monetary breakdown of the West in nine phases. His brilliance makes it easy for me to show you how wealth transfers, the rich get richer and the poor get poorer, seemingly without anyone noticing. I will highlight some of the key points for how money broke down. If you are interested, pick up a copy of his book. It's great and only like 110 pages. Some of you will actually finish it; others will just say they read it.

How To Screw An Economy In 9 Easy Steps

Phase 1: The Classic Gold Standard, 1815-1914

For 100 years prosperity and growth were enjoyed because a single unit of currency was uniformly used throughout the civilized world – gold. One money facilitated freedom of trade, investment, and travel. It must be noted that this standard came not from governments, but developing naturally on the free market as the best possible form of money because it provided the most stability and was subject to market forces and not arbitrarily created by some bureaucrat.

All issues during this time period relate to government interventions causing the inflationary business cycle and consequent recessions through monopolizing of the mint, legal tender laws, fiat money and fractional reserve banking. The classical gold standard was not perfect, but significantly better than anything we have seen in recent years.

Phase 2: World War I and Beyond

The gold standard broke down because of governments meddling and creating pesky wars which are absurdly expensive to fund. Oddly enough, World War I came directly after Central Banking took hold in the United States. Central Banks have been funding both sides of wars for more than 200 years, causing everyone to become debt-laden. Everyone loses in this scenario except for a handful of people who make

weapons – oh, and the Central Bankers themselves. The military industrial complex has enjoyed a blank check for some time now, funded by inflation, your tax money, politicians and Central Banks. Unfortunately, that is a topic which is way beyond the scope of this book.

Bottom line? Governments could not maintain the gold standard because they would go bankrupt from the cost of wars depreciating their currencies.

Phase 3: The Gold Exchange Standard (United States and Britain) 1926-1931

The pretense of knowledge vs. the power of wisdom argument really works here. Consider during World War I, many well-educated people referred to it as the “Great War” and still others “the war to end all wars,” arguably two of the most foolish things ever said in history.

Well, there was a desire to return to the Stage 1 Gold Standard, but the pretense of knowledge found its way in when the British decided that they would return to gold at the old exchange rate of \$4.86 to maintain “prestige” and to maintain London as the “Hard Money” financial center of the world. The British effectively prestiged their way out of ever successfully trading any goods on the world market again, because their prices were extravagant at that rate. Murray Rothbard explains, “To succeed at this piece of heroic folly, Britain would have had to deflate severely its money supply and its price levels, for at a \$4.86 conversion to one British Pound export prices were far too high to be competitive in the world markets. But deflation was now politically out of the question, for the growth of trade unions, buttressed by a nationwide system of unemployment insurance, had made wage rates rigid downward; in order to deflate, the British government would have had to reverse the growth of its welfare state. In fact, the British wished to continue to inflate money and prices. As a result of combining inflation with a return to an overvalued par, British exports were depressed all during the 1920s and unemployment was severe all during the period when most of the world was experiencing an economic boom.”

Does this sound like what is happening today in the American Empire? Please feel free to explain to me about how history never repeats itself, because in no way is the way the British Empire fell parallel to how the

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United States' Empire is falling now.

Welfare states have been tried and failed in Ancient Rome, China and Britain. We are certainly not the first example.

So, how did the British save face? The same way all governments do, through coercion! Rothbard explains, "By establishing a new international monetary order which would induce or coerce *other* governments into inflating or into going back to gold at overvalued pars for their own currencies, thus crippling their own exports and subsidizing imports from Britain. This is precisely what Britain did, as it led the way, at the Genoa Conference of 1922, in creating a new international monetary order, the gold-exchange standard."

So what was the outcome? The U.S. remained on the classical gold standard, redeeming dollars in gold. Britain and the other countries of the West returned to a faux gold standard. Pounds and other currencies were not payable in gold coins, only large bars just out of the reach of Mary Poppins or any of her chimneysweeper friends, but in reach of international transactions. Convenient, right? Instead of going straight to Fiat money, they slowly remove you from your best interest, while claiming your country is still on a gold standard. If you stick the frog in a pot of boiling water, it jumps right out, but not when you slowly turn up the heat, then you're golden. Pun intended. This allowed for banker inflation and a greater amount of paper money, allowing wealth to transfer without most people catching on as life slowly got harder and less free.

Government "creativity" really warms this author's heart.

Just wait, the "creativity" gets even sexier. The pound could be redeemed in gold and in dollars, while other countries could not redeem in gold, only in pounds. Most countries were induced by the British to return to gold at an overvalued parity. This created a government induced pyramid scheme with the United States at the top of the hegemony redeeming its currency in gold, the British pound second redeeming for dollars and everyone else in pounds. That was your gold-exchange standard scheme after this inflation caused the need for more coercion to keep the scheme alive because Britain still inflated their currency and experienced a deficit and reality took hold making other countries keep their pounds, British deficits increased unrestrained by the market because of the gold exchange standard

being a complete scheme which was probably never meant to last in the first place. Everyone knows that when you rob Peter to pay Paul, Mary comes around complaining about her fair share. In this case, Mary was Marie the French squeaky wheel who in 1931 decided to cash in her pounds for gold and forced Britain off the gold exchange standard for good with the rest of Europe close behind.

Phase 4: Fluctuating Fiat Currencies, 1931-1945

Now the world was back to the same monetary crisis post-World War 1, only this time there was no hope for the restoration of gold. In 1933 the United States came off the classical Gold Standard for good. Out of this chaos comes order, in the form of statist academia scheming to help out the government. Enter Milton Friedman, Chicago school monetarist and snake oil salesman who, in the name of the free market, decided it would be best to cut all ties to gold and give absolute power to the central government of each nation by using fiat paper under the sole promise that they will not take advantage by inflating the currency. A “government promise” is the ultimate in statist naiveté. Ask a Native American chief how government promises work out. Or anyone in witness protection.

1930s Fiat paper money led the U.S. to create the illusion of the restoration of a viable international monetary option as the chief economic goal of World War 2.

Phase 5: Bretton Woods and the New Gold Exchange Standard (U.S.) 1945-1968

Bretton Woods, New Hampshire, summer of 1944. Those were the days. Grandpa would make lemonade while Grandma darned all of our socks. We would sit under that shady tree by Blueberry Lake or hang out on the dock of the bay wasting time. We had no idea what those monetary scientists were concocting as they planned for the U.S. to displace the Pound to become the world’s reserve currency, now valued at 1/35th of a gold ounce. Only the dollar was no longer redeemable in gold for private ownership, but only to foreign governments and Central Banks. This monetary scheme allowed for dollars to be pyramided on top of gold with other countries allowing their money to be redeemed in dollars and then pyramiding their currency on top of dollars. Since America had a huge stockpile of gold prewar, this scheme worked for quite some time, until inflation once again reared its ugly head.

Through the 50s and into the 60s “Ugly Americans” were enjoying an

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unfair imbalance in currency which was slowly unraveling. By 1968, many Europeans had begun redeeming dollars for gold at the rate of \$35 an ounce. This slowly unwound the gold standard “check” over 20 years to the point where the United States’ gold stock had dwindled from \$20 billion to \$9 billion. The cornerstone of the Bretton Woods system was the U.S. ability to redeem foreign dollars in gold. Which leads us to Phase 6.

Phase 6: The Unraveling of Bretton Woods, 1968-1971

With dollars piling up abroad and gold flowing out of the United States, a crisis of confidence in the dollar became evident and an attempt at establishing a two-tiered gold market bought a few years of time, even though American inflation and deficits continued, moving the Bretton Woods agreement to crisis mode. This is important because it is clearly another government attempt to put a Band-Aid on cancer. Governments prefer short-term quick fix solutions to actually solving anything.

Phase 7: The End of Bretton Woods: Fluctuating Fiat Currencies, August-December 1971

Two things happened in 1971: Ford debuted the Pinto, known for its incredible ability to explode when hit from behind and, as Taylor Swift says it, Nixon made the monumental decision to forever sever gold and the United States dollar like so: “We, are never, ever, ever getting back together. You go talk to Friedman, talk to Nixon, talk to me. Cuz we are never, ever, ever, getting back together. *Like ever!*” I’m pretty sure that’s what that song is about, but I rarely fact check, *like ever*, so it’s totally up to your interpretation.

As we have previously stated there was a link to gold which could be traded between nations and Central Banks since 1933, but now we became totally Fiat, like the rest of the world. Now you’re probably asking, “Why are you telling me this?” Well, because things like currency blocs, competing devaluations and the trade imbalances they cause lead to economic warfare, which can lead to worldwide depressions and military warfare. Trade imbalances are serious and have been used to justify horrible violence in the past, which for the moment seems that we are doomed to repeat.

When trade imbalances occur, governments tend to act like a wife who is burying her husband *and* meeting his girlfriend at the funeral for the first time. She totally knew of that woman’s existence, but now that they’ve met, she’s going to do something about it. Don’t get me wrong,

this kind of thing makes great Reality TV, but don't expect anyone involved to act rationally. I mean look at how everyone reacted in the Movies "Dune" and "Star Wars: The Phantom Menace" over some spice trading? Now imagine you're messing with a country's livelihood and not just some cinnamon. How do we prevent a full scale (Clone) War? Let us proceed to Phase 8.

Phase 8: The Smithsonian Agreement, December 1971-February 1973

Yeah, you read that right, this winner didn't even last 2 full years, but Nixon did hail this idea as "the greatest monetary agreement in the history of the world *since the last one.*" OK, so I made up that last part to really put a spotlight on government interventionist stupidity.

Here is how this con went down, imagine selling this: "So, this time we're once again going to ask all of you to please maintain fixed exchange rates, but this time without gold or world money to back any of your chosen types of fiat currencies. Europe, we're totally undervaluing you in relation to our dollar, which we will value at \$38 an ounce of gold, even though we previously promised to do it at around \$35, but yeah this time everything is gonna be alright, we've totally got this. America. Yeah. Oh, and Japan, same for you." So by February of 1973 PANIC! ensued as fixed exchange rates without gold proved to be a total joke and reality sunk in.

Phase 9: Fluctuating Fiat Currencies March 1973-right now as you are reading this.

Well, let's see. We had major inflation in the 1970s. A PANIC! In 2008. Fifty million people need food stamps to eat. There is massive income inequality and wealth is conveniently transferring to the top one percent of the one percent, while the few hard money Republicans that are left take the blame. Meanwhile, anyone advocating a return to the gold standard looks crazy, even though after reading this it is clear that there is a solution to this problem, albeit a slow and difficult one.

Government Intervention

Okay, now that I have gone completely out of my way in order to explain how the government has done seemingly all that it can to mess with the money supply, let's talk about a very important emotional issue, the minimum wage. In recent years there has been much controversy over the fact that in all 50 states, nowhere is the minimum wage a living wage. This is true. Why is this true?

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Is it true because greedy corporations do not want to pay you for your work? Many would say yes to that, and there is some truth in that statement; however, now that we have made a clear and compelling case for the ravages of inflation caused by central banking and how the government loves to tinker with how money is issued, the fact that is no longer deriving its value from gold and instead is a derivative of debt, never seems to find its place with those who just blame greed.

All of the emotional statistics in the world about how a few hundred billionaires are estimated to have more wealth than seventy five percent of the people on earth are absolutely irrelevant if you can't see the big picture, the government controls money and if that money doesn't buy what it used to and wages stay constant the figure per hour is irrelevant. There was a time not too long ago in this country when a man could work and his wife most likely didn't and he could provide for himself, her and their 10 children (because people had a shit load of kids back then) and he could do it on say \$5,000 a year. As mentioned before, we came off the gold standard in 1971, in February 1973 there was the beginning of a 21 month bear market leading into 1975, inflation spiked to 12% in 1974 and there was a recession through 1975. The real hourly wage rate for workers from 1947 to January 1973 was about \$18 an hour in 2009 dollars (which are way better than 2018 dollars), which means the goods and services that money purchased then was not only more stable, but is far greater than what it purchases now. This isn't rocket science, it really isn't. Since 1973, the middle class has clearly been in decline, with the majority of the blame due to inflation, leaving the gold standard to pay for wars and government intervention.

How do we solve this problem? Get government out of the picture. How does America solve this problem? Why let the people who caused the problem, be its solution, of course. Keynesians claim that inflation, a lower standard of living, is the cure for our economy. So a lower standard of living is somehow helping the middle class that is already struggling. The Fed has been targeting a 2% inflation yield for sometime now, and some would say they've been surpassing it. If you have 2% inflation a year for ten years, that means that most goods and services will cost twenty percent more a decade later, in the name of helping the middle class who already can't afford what they need to survive, and this is somehow an intelligent thing to say? Thanks for playing.

It gets worse, our governments' every economic action makes it more difficult for small businesses to stay open by demanding that they pay double the minimum wage for workers, more taxes, unemployment insurance, social security, health insurance and other exorbitant costs that make owning and operating a small business nearly impossible. This then leads to further need for government assistance, which can only come in the form of transfer payments from the middle class, the issuance of debt and more inflation. So the next time someone makes an outrageous argument like: "if we increased taxes, we can help the poor" please point them in my direction as that is an incredibly ignorant thing to say. I promise you that I will be kind.

So outside of the government intervention factors, which are killing real wages, how do you actually increase wages? Great question. Labor performed is valued according to its usefulness in satisfying human wants, the long and the short of it is that the worker can never get paid more than the consumer wants. Absolutely nobody is going to buy a \$14 burger from McDonald's, the consumer won't pay that because consumers do not pay for a laborer's toil or for the length of time that was spent doing the work, they pay for the product. The value of the laborer's work, and what it adds to the product is what people are willing to pay for. So one can logically deduce that the better the tools and or skills are which each worker uses in their job, the better the laborer can produce per hour which leads to higher rates of pay for the individual. On an individual level, a more skilled employee will receive better pay than one who is not as skilled. On a business level, the way to increase wages is by the accumulation of new capital for the improvement of the methods of production that this new capital brings about by way of an investment. This is why investing is a good thing, the interests of labor coincide with those of business. The problem is when the interests of business coincide with those of government and lead to all of the aforementioned problems in our society.

So, what is next for the average American worker? They're going to get poorer. Clearly we can see that government isn't backing out of the picture anytime soon. We now know that in order to get a higher rate of pay, new skill sets and or tools are needed. Unskilled workers in particular, don't really have anywhere to go in most cases, I don't think anyone is going to further innovate for the fast food industry leading to higher output and a higher wage. What is the remedy? Entrepreneurship. This will be further discussed later on in this book, I have you covered, fear not.

In the mean while, realize that yes there are greedy corporations that pay their people poorly, but after all of these government money machinations, they get to be the good guys because they have enacted a federal minimum wage? That's ridiculous. They are the furthest thing from a hero for seeking inflation and tinkering with money supply. Also, a minimum wage only guarantees that there will be some level of unemployment created, for those who cannot afford to pay a certain wage rate. If workers understood that for many corporations, there really is nowhere else to go wage wise, many of even the largest corporations cannot give each worker a pay raise, then I think that might inspire people to take more control over their lives through self-employment. I think this is incredibly important, but never seems to make it to the conversation. Below you will see an example of why wages can't really increase in order to meet worker's financial needs. This is a sad story for America.

This Makes Me Grimace

In July of 2013 there was a controversy on how McDonald's workers should be paid. Their employees wanted a raise to \$15 an hour about double the current rate of pay. If 100% of McDonald's profits went to increasing worker wages, each worker would make approximately \$3,211.76 more each year because McDonald's employs more than 1.7 million people and generated \$5.46 billion in profits in 2012. That would still not be enough to equal a decent standard of living. Most likely under those conditions many shareholders would dump their holdings. They also paid \$2.6 billion dollars in income taxes for 2012.

When we break down the numbers we can clearly see that in order for our economy to be sustainable the only real answer is to have money that actually buys something. Logically, inflation is the cause of this problem. The logical argument leaves us with several potential emotional arguments, like: the right-wing emotional argument is that this job is only meant for people as a stepping stone to a better job and not meant for something you can live off of, the job requires a low skill set; this is kind of true, but this so called 'stepping stone' leads to basically nowhere. The leftist emotional argument is that the CEO pays himself \$17 million a year, so therefore, he's a bad person. Logically, after he pays himself \$17 million a year, he is then taxed at around 50% so he now only makes around half of that, which is why people in that position feel the need to pay themselves such exorbitant amounts of money.

In Obama's 2014 state of the union address he made it abundantly clear that he wants to make changes dedicated to making income inequality a major priority and in doing so, it is his desire to eventually change the minimum wage to \$10.10. Not an anti-Obama guy at all. I'm sure he means to help those who are suffering from poverty, however, unless you've been living under a rock for the last 50 years it should be abundantly clear that the real lesson is sound money, if we had money (not currency) from the free market and not our central bank that actually still bought something, McDonald's might be able to pay their workers a small nominal wage that actually purchased what they need to live off of. There will always be jobs that pay less than a living wage; the idea is to minimize the amount of jobs that pay less than a living wage. F.A. Hayek said, "Is there a greater tragedy imaginable than that, in our endeavor consciously to shape our future in accordance with high ideals, we should in fact unwittingly produce the very opposite of what we have been striving for?" Progressive arguments like raising the minimum wage (or in this case the wage for McDonald's workers) although **ALWAYS** well intentioned is always a bad idea, in fact when you create a minimum wage, you create some level of unemployment. Sound money and ignoring progressives would help us prevent creating the income inequality we don't want.

CHAPTER 4 FED UP!

The unsuspecting public could have used a book this great a century ago. And by “unsuspecting public,” I mean those who actually believed that the Fed was created to help them and to prevent inflation, recessions and PANICS! The Fed does very much the opposite of helping the public, it turns them into pawns and wage slaves, which I will prove to you. The purpose of this chapter is to juxtapose economic ridiculousness, with real *ridiculousness*. The way to do that is to simply explain the Fed’s stated objectives and then demonstrate their real outcomes. In so doing I’ve created an opportunity to drag them down to my level (of ridiculousness) and beat them with experience.

The only way we can accomplish ending the Fed is by mutual cooperation and handing out pamphlets at airports like Harry Krishna’s. OK, maybe that’s probably a bad idea. However, 15 year old girls talking “End the Fed” instead of the new Ke\$ha album would be the ideal way for us as a people to peacefully stop central planning. OK, that’s probably not going to happen either, but it won’t stop me from being awesome.

With that said, let’s get *really* ridiculous on why we should “End the Fed.”

I am going to go ahead and just assume that you’ve seen the movie Titanic as many times as I have, which would mean you’re aware that “a woman’s heart is a vast ocean of secrets.” Well, when it comes to vast oceans of secrets, absolutely nothing can top the Federal Reserve.

So, what exactly is the Federal Reserve? It is the name of our Central Banking system which is in charge of two basic things: the control of the money supply and the control of interest rates. You may be asking yourself, “How is this a bad thing?” I will answer that jejune question of

yours momentarily.

The Central Bank (the Fed) is not a part of the federal government it is an institution, part public and part private, which is a coalition of 12 'decentralized' banks with private shareholders who work together with the blessing of the government. The president appoints the leader known as the Chairman who is currently Jerome Powell, (but I would rather talk about BEN BERNANKE!) The Chairman of the Fed, no matter who they are, always postures as Master of the Universe, because he is even more so than Adam, Prince of Eternia or colloquially known to you as He-Man because the Chairman of the Fed has a power much greater than anything Orko could possibly conjure up. He has the power to supply a government with money, by loaning it at interest. This is the power to enslave all of us to a lifetime of debt and low wages that don't compete well with inflation at awful jobs working in the mall food court and taking shit from teenagers on weekends.

As the famous quote from the Granddaddy of European Central Banking and the original Bear Juden we can all consider to be responsible as the source of all Anti-Semitic banking conspiracy theories, Mayer Amschel Rothschild explains "Give me control of a nation's money and I care not who makes the laws." Mayer Rothschild, colloquially known as 'Skeletor'³¹ allegedly goes even deeper on this issue by saying "Eat a dick Orko (mine), Man at Arms and Battle Cat... er... Cringer or whatever the fuck your name is, we are in fact the Masters of the Universe (also mine)."

It is commonly believed that 'Skeletor' Rothschild was referring to the power he has through the Central Bank of England and not He-Man's cohorts (which predated the Federal Reserve bank). Legend also has it that Skeletor Rothschild's wife apparently overheard him say to one of his faithful subjects while shaving "By the way, could anybody put in a good word for me with Teela *without* letting Man-At-Arms find out this time? She's a little ditzier than I'm used to because she still can't figure out He-Man and Adam are the same person, but I'd let her and Cheetara

³¹ Skeletor is a fictional character and the primary antagonist of the Masters of the Universe franchise created by Mattel. <http://en.wikipedia.org/wiki/Skeletor>

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from Thundercats be my castle guardians any day. Oh man, I hear that Cheetara is great with a bow staff³².”

Allegedly, for the remaining 30 years of his life, Rothschild’s wife never let him live that comment down, folding her arms across her body every time he came near her to passive-aggressively signal to her husband that she was still mad. Yet another reason never to marry Jewish.

Scholars maintain that since the Fed’s inception in 1913 the power of Castle Gray Skull³³ is in fact what has allowed the Federal Reserve to monopolize the money supply. Ron Paul *HAS THE POWER!* to explain how illusions are weaved through fiat money creation, inflation and by artificially setting low interest rates by the Masters of the Universe on us foolish mortals (taxpayers):

“The Fed has one unique power: it enables the creation of money out of thin air. Sometimes it makes vast new amounts. Sometimes it makes lesser amounts. The money takes a variety of forms and enters the system in various ways. And the Fed does this through techniques such as open-market operations, changing reserve ratios, and manipulating interest rates — operations that all result in money creation.

We are talking about an awesome power. It has the power to (I think he’s talking about Beast Man) weave illusions that appear real as long as they last. That is the very core of the Fed’s power. Of course not everyone is instinctively against this illusion-weaving power, and many even welcome it. Tragically, the innocent who understand little about the complexity of the monetary system suffer the most, while those who are in the know reap great profit whether the market is going up or down.³⁴”

The 2006 film “The Prestige” centered around two stage-performing illusionists. When it comes to tricking groups of taxpayers the Fed is the

³² This might be how incorrectly attributed Facebook memes get started.

³³ Yet another Masters of the Universe reference. Go rent it. Or stream it. Or watch it on YouTube.

³⁴ Ron Paul “End the Fed”

Master.

They're not just pulling a rabbit out of a hat, they're pulling out the purchasing power of your 401k with inflation induced by the creation of magically delicious fiat currency. At one point in *The Prestige*, a character played by Michael Caine explains the essence of every great magic trick:

"Every great magic trick consists of three parts or acts. The first part is called 'The Pledge'. The magician shows you something ordinary: a deck of cards, a bird or a man. He shows you this object. Perhaps he asks you to inspect it to see if it is indeed real, unaltered, normal. But of course...it probably isn't. The second act is called 'The Turn'. The magician takes the ordinary something and makes it do something extraordinary. Now you're looking for the secret... but you won't find it, because of course you're not really looking. You don't really want to know. You want to be fooled. But you wouldn't clap yet. Because making something disappear isn't enough. You have to bring it back. That's why every magic trick has a third act, the hardest part, the part we call 'The Prestige'."

The first act, 'the Pledge', was definitely the thinking that central economic planning works. The second act, 'the Turn', is Bailouts and socializing losses which have been ongoing since the fed's inception. The third act, 'the Prestige', is quantitative easing because after making the economy disappear you have to appear to bring it back. (We'll discuss Quantitative Easing later in this chapter). I fear there is little even the great and powerful Orko could do to bring back our economy.

So we see that the Fed has the supreme power to regulate the control (size) of the money supply that gives value to the currency being issued. The entire structure of this scam is only capable of producing two things: Income Inequality and Debt.

So, let's recap here. Every single dollar (a derivative of debt) produced by the Federal Reserve is loaned at interest to the United States government by the Masters of the Universe and since the Fed has the sole monopoly on the production of the money supply where does the money that will be used to pay off the interest come from?

The Answer: The Fed.

Now the Central Bank has to perpetually increase the money supply so that we may temporarily borrow to pay back the subsequent interest.

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This creates the greatest self-generating-debt-Muppet-Caper of all time by allowing only a small group of people like Skeletor and Beastman to benefit. The rest of us are at the mercy of this awful system because there is only the 'principle' money in circulation which is not enough to pay back the interest owed on that principle so the end result is always debt. And debt equals slavery. Like a game of musical chairs or duck-duck-goose with a really slow fat kid, the system guarantees that somebody has to lose *all of the time*. If you have ever felt that it is impossible to stay afloat let alone get ahead financially, then you must realize our current system is designed to transfer wealth in sneaky ways similar to playing musical chairs with 10 people and there are only three seats available.

Essentially the Caper was set up as a form of financial socialism that benefits only the elite by privatizing gains and socializing losses through bailouts, taxes and through inflation. If you're beginning to feel sorry for yourself, because you in fact have money problems look at this from my buddy Capitalisms' perspective. He wrongly takes all of the blame for this, when a centrally planned economy like the Fed, is in fact socialism and not capitalism.

It is imperative that you realize how incredibly significant it is that all money is created from debt and then loaned out at interest with the expectation of being paid back.

Imagine John Bonetti owned a pizzeria and you worked there. Instead of paying you for your time, he lent you money in the form of a paycheck and you had to pay the money back at interest. Wouldn't you say he's a greedy capitalist? Of course you would, because only a few people would be able to work within the confines of that system. Perhaps they're great investors and the money lent to them would be enough to create some alternate form of income. This one aspect of money creation is so outrageous that it must be understood to be one of the main contributors to why we have such rampant poverty in America, supposedly the richest country in the world. The Fed is in actuality the biggest contributor to income inequality in America which is currently at an all-time high.

All money being lent out at interest is so ridiculous that I need to dig down deep into my bag of tricks in order to highlight this as perhaps the most absurd aspect of Central Banking that will be mentioned throughout this whole book. When I first endeavored to write about

this, I knew I needed a great quote to highlight this financial insanity, but whom can I depend on to demonstrate this?

Von Mises? Murray Rothbard?
Eugen Böhm-Bawerk? Bob Murphy?
Frederick Bastiat?

None of these brilliant minds could possibly surmise how truly ridiculous this system is, and so after drinking the majority of a growler of Rogue beer I decided there was only one man I could quote in order to highlight how truly absurd this system is: Pootie Tang³⁵.

“Wa-da-tah to the shama cow... ‘cause thats a cama cama leepa-chaiii, dig?”

Pootie Tang maintains that the level of corruption seen through the Fed is to the level of ‘shama cow.’ Tang continues his disdain for Central Banking by referring to it as:

“A baddy daddy lamatai tebby chai!”

Finally, he recommends that the Fed forever close its doors and:

“Tippy ty on da runny by!”

I don’t believe I’ve seen anyone condemn Central Banking as hard as Andrew Jackson, save Pootie Tang. If you take nothing else away from this book, be it that the opinion of this author is that if Andrew Jackson and Murray Rothbard were alive today, they both would support Tang’s contention that the Federal Reserve lending money out at interest by lending Federal notes and checkbook money to our government in exchange for Treasury bonds is: “a cama cama leepa-chaiii.”

Andrew Jackson supports Tang’s disdain by stating that “Mischiefs springs from the power which the moneyed interest derives from a paper currency which they are able to control, from the multitude of

³⁵ <http://www.imdb.com/title/tt0258038/>

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corporations with exclusive privileges... which are employed altogether for their benefit.”

In Murray Rothbard’s classic: “The Case Against the Fed” he states:

“By far the most secret and least accountable operation of the federal government is not, as one might expect, the CIA, DIA, or some other super-secret intelligence agency. The CIA and other intelligence operations are under control of the Congress. They are accountable: a Congressional committee supervises these operations, controls their budgets, and is informed of their covert activities. It is true that the committee hearings and activities are closed to the public; but at least the people’s representatives in Congress insure some accountability for these secret agencies.

It is little known, however, that there is a federal agency that tops the others in secrecy by a country mile. The Federal Reserve System is accountable to no one; it has no budget; it is subject to no audit; and no Congressional committee knows of, or can truly supervise, its operations. The Federal Reserve, virtually in total control of the nation’s vital monetary system, is accountable to nobody — and this strange situation, if acknowledged at all, is invariably trumpeted as a virtue.”

Rothbard highlights the greatest fault of the system as not just its secrecy, but how the strangest part is that when the Fed is acknowledged for its secrecy it is “invariably trumpeted as a virtue.” If there was ever a reason to “Tippy ty on da runny by” like Pootie Tang said, it would be that in fiscal year 2011, the United States government was bled dry of 454 billion dollars in interest payments on the national debt. 454 billion dollars was taken out of our pockets and transferred to the pockets of the wealthiest people on the planet who make enormous profits by using the Federal Reserve as a tool to create money out of thin air and lend it to the U.S. government at interest.

Eustace Mullins backs up Pootie Tang, saying “...The increase in the assets of the Federal Reserve banks from 143 million dollars in 1913 to 45 billion dollars in 1949 went directly to the private stockholders of the [federal reserve] banks.”

Thomas Edison agreed with Pootie Tang in the New York Times by saying:

“That is to say, under the old way any time we wish to add to the national wealth we are compelled to add to the national debt.

Now, that is what Henry Ford wants to prevent. He thinks it is stupid, and so do I, that for the loan of \$30,000,000 of their own money the people of the United States should be compelled to pay \$66,000,000 — that is what it amounts to, with interest. People who will not turn a shovelful of dirt nor contribute a pound of material will collect more money from the United States than will the people who supply the material and do the work. That is the terrible thing about interest. In all our great bond issues the interest is always greater than the principal. All of the great public works cost more than twice the actual cost, on that account. Under the present system of doing business we simply add 120 to 150 per cent, to the stated cost.

But here is the point: *Cama cama leepa-chaiiii³⁶ if our nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good.*”

I will close my arguments by saying that if the Federal Reserve was championed for its secrecy by people with the last name Gambino, I would not currently be writing this book. That last name has the tendency of raising eye brows, there would be multiple RICO statutes within the hour and Pootie Tang would be there to “*sine your pitty on the runny kine.*” Actually, now that I think about it, Pootie Tang might actually be the only person who can stop the Fed. Have you ever seen that guy use his hair to smack bullets out of mid air? His belt has the capacity to smack guns out of people’s hands, so maybe he could whip Keynesians into shape for arguing in favor of central planning? This is certainly more of a possibility than the average person waking up and doing anything about it. My prediction: No matter how strong my arguments are the vast majority of Americans will never give either a “*lamatai tebby chai*” or a “*Wa-da-tah to the shama cow*” about what they can do to help others understand how important this topic really is.

³⁶ OK, I added that part.

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A Brief History of the Federal Reserve

Entire volumes have been written on the creation and actions of the Masters of the Universe in the last 100 years. To make it easier, I will give you a brief rundown of the backstory, however, it will be condensed because otherwise you and I will be far too drunk to continue by the end. DRINK!

In 1907, as J.P. Morgan publically spread rumors of insolvent banks in New York City, fear quickly spread causing depositors to seek their money and caused the PANIC! of 1907. Unaware of the fraud, this caused a senate investigation headed by Morgan's lackey, Senator Nelson Aldrich who had intimate ties to banking and became a Rockefeller by marriage. This commission recommended a Central Bank be created to prevent another PANIC! like the one in 1907 from ever happening again.

In 1910 a secret meeting was held at a private estate co-owned by J.P. Morgan on a small island off the coast of Georgia called Jekyll Island. The press was told it was a duck-hunting expedition. Here the Federal Reserve act was written by some of the most powerful bankers in the world, men who comprised approximately one-fifth of the world's wealth at the time.

The meeting was so secretive that the 10 men who attended were only allowed to use their first names, even though we know who the important ones are: J.P. Morgan, John D. Rockefeller and his lackey Senator Nelson Aldrich, Henry Davison, Paul Warburg (probably the evilest one among them), Frank Vanderlip and A. Piatt Andrew. Powerful bankers with powerful government officials working hard to solidify their money interests which consequently do not coincide with yours or mine, justified by economists to provide a pseudo-scientific Armor-All sheen to the Greatest Muppet Caper in history, sans the Muppets. This Caper makes the Lufthansa heist from "Goodfellas" look as ridiculous as an al dente bowl of VHS Tape Spaghetti and Meatballs the Swedish Chef cooked up for the American taxpayer to swallow while yelling something about a "discovernday escovernday di

whatahahey!?!"³⁷

Economist Hans Sennholz referred to this Greatest Muppet Caper as "the most tragic blunder ever committed by Congress. The day it was passed, old America died and a new era was began. A new institution was born that was to cause, or greatly contribute to, the unprecedented economic instability in the decades to come."³⁸

In 1913 Senator Aldrich pushed this bill in front of Congress. Two days before Christmas when everyone was at home getting hammered on eggnog and trying to get their neighbor's wife under the mistletoe to spread some Yule cheer without anyone knowing, this bill was passed. This is actually the fourth Central Bank created in the United States, but people do not learn their lessons so history continues to repeat on us, like bad Peppercorn Ranch dressing.

This fourth Central Bank was sold as an economic stabilizer so that PANICS! and inflation would now become a thing of the past. As history has proven, this is total bullshit. In 1920 there was a depression. This one was not an accident. Senator Charles Lindbergh stated: "*Under the Federal Reserve Act, PANICS! (my capitals) are scientifically created. The present PANIC! (also mine) is the first scientifically created one, worked out as we figure out a math equation.*"³⁹

Then, of course, there was this horrible event in 1929 also caused by the Masters of the Universe called the Great Depression, ever heard of it? From 1921 to 1929 the Fed increased the money supply by more than 60 percent resulting in many loans to banks and the public. Included in these loans was something called a Margin Loan, which made credit cheap because you could get a loan with only 10 percent down and the

³⁷ We're not sure yet, as all tests have not yet concluded, but we have narrowed it down to two distinct possibilities: one, it appears that the Swedish Chef does in fact have Asperger's syndrome or, two, he is in fact just really bad at cooking and speaking Swedish. I will be sure to update you in PANIC! 2.0.

³⁸ Hans F. Sennholz, *Money and Freedom*, pp 21.

³⁹ And since we're speaking the truth, I'm pretty certain that international banker Paul Warburg stole Charles Lindbergh's baby. Actually, no such information exists to substantiate that claim. OK, I completely made that up.

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broker would lend you the other 90 percent - similar to out-of-control mortgages for the first half of the 21st century which lead to the PANIC! of 2008. The catch with Margin Loans was that they could be “called in” at any time and you had to pay within 24 hours.

Just days before the Great Depression, the New York bankers behind the creation of the Fed began to call these Margin Loans in. Of course banks followed suit on loans to the public, causing the stock market to collapse on October 24th 1929, AKA the Great Depression. As you can see, there really is no economic stabilizer from the Fed. The Fed is in fact the cause of our PANICS! and crashes. We had a PANIC! in 2008 caused by the Fed, if you didn't already know that.

The Fed is under no regulation from the United States government, it is a private corporation with the power to bring an entire economy to its knees and is run by people who clearly express less compassion for their fellow man than John Wayne Gacy in Clown College. Clearly this system is useless and provides society with absolutely no benefit, kind of like Professional Rodeo only considerably more important.

Let's return to the present day debacle and financial event horizon these Masters of the Universe have gotten us into known as quantitative easing. According to John Maynard Keynes when the economy is slow the government must stimulate the economy. Right from the beginning this is already a bad idea by not letting the free market take its natural course. Recessions are a good thing — the free market corrects imbalances naturally, and government intervention in the economy is the greatest possible example of hubris I can use to illustrate the Fed.

So let's say you have the Bank of John Bonetti, and of course the Bank of John Bonetti only has a few dollars in reserve and is in need of a cash injection (paralleling real life). So now the treasury prints the shit out of our money, making what you have worth less in the process, and the Keebler Elves⁴⁰ at the Fed create magically delicious checkbook money in computers, out of nothing all, to help out the banks that caused the financial slowdown in the first place. According to Keynesian theory, the

⁴⁰ Nabisco™

Bank of John Bonetti will now loan extra money to the Bank of Mike Torrie at an artificially low interest rate as he would loan money to a regular person. This is the idea behind quantitative easing.

They (politicians and the media) sell you on this by repeating that we have to “stimulate” the economy, until it become useless rhetoric that everyone agrees sounds great. The people who buy in to this do not understand sound monetary policy, they just blindly agree with whatever party they happen to subscribe to. In this case, it was started under little Bush and continued by Obama. Evidence that at the end of the day, Democrats and Republicans really are all the same.

All of this extra liquidity on hand means, in theory, that everyone starts borrowing and spending again, thus getting the economy chugging along. The only problem is that this doesn't work. Creating more debt to get out of debt is never a solution to a problem. Let's put this in another context. If your house is on fire, will you add more fire to solve the problem? I would hope you would seek water instead. If your house is flooded, would you add more water to stop the flooding? I really hope not.

The other problem with this theory is that the very people (Fed) who are there to make it work are also guaranteeing it will not work by “paying” banks not to lend money. In Section 128 of the Emergency Economic Stabilization Act of 2008 the Fed allows for interest to be paid on “excess reserves” that U.S. banks hold at the Fed. Talk about a wealth transfer. So commercial banks just send their cash to the Fed and watch the money come rolling in risk-free for them with the bill paid by the American taxpayer.

The amount of “excess reserves” banks keep at the Fed have gone from nothing to only about 2.8 trillion dollars of our money, since 2008. I guess that's cool.



Federal Reserve Bank of St. Louis, *Excess Reserves of Depository Institutions* [EXCSRESNS], retrieved from FRED, Federal Reserve Bank of St. Louis

<https://research.stlouisfed.org/fred2/series/EXCSRESNS/>,
 March 21, 2015.

Paul Krugman refers to this as a 'liquidity trap.' I refer to this as a completely planned "wealth transfer at the expense of American taxpayers." This scheme has the Keebler Elves at the Fed written all over it, with their magically delicious fiat currency made in that crazy elf tree of theirs. This theory of government stimulus is just that, a theory and nothing more.

Everybody's buddy President George W. Bush⁴¹ said the following in a speech in late 2008, ushering in a new era of stupid with Quantitative Easing round 1 (QE1): "So I propose that the federal government reduce the risk posed by these troubled assets and supply urgently-needed money so banks and other financial institutions can avoid collapse."

*"Stimulate" and "ease" are weasel words of the highest order.
 It's all an illusion.*

⁴¹ Who better to issue in a new era of stupid?

The Fed then initiated purchases of somewhere around \$500 billion in mortgage-backed securities to ease the housing crisis. Don't let the nomenclature fool you, "stimulate" and "ease" are weasel words of the highest order. It's all an illusion. On December 16th, the Fed cut the key interest rate to near zero — this is how they loan money to their friends at very low interest; it's basically corporate welfare. Three months later in March of 2009, the Fed expanded on this and began purchasing \$750 billion more in mortgage-backed securities, which as you may recall are "toxic assets," to ease the housing crisis. This was QE1, which Bernanke referred to as "credit easing," and which I would call "catching the first great Hucklebuck."

QE2 was quite different from QE1. From November 2010 to June 2011, the Federal Reserve began buying up \$600 billion in U.S. treasury bonds to "stimulate" the economy. The Fed soon began printing \$75 billion per month to buy those bonds, increasing inflation and making your money worth less all in the name of the greater good. The Fed is responsible for purchasing some 80 percent of all U.S. bonds. Clearly we know that QE2 did not work, but money always finds a way to transfer itself, and in this case it did so to European banks.

During QE2, the bank reserves of European banks grew from \$308 billion to \$940 billion — which is exactly equal in amount to the increase in the Fed's reserve balance. All your printed dollars conveniently sent overseas.

On September 12th, 2012 the Federal Reserve introduced the third round of Quantitative Easing since the 2008 meltdown - or QE3. The Fed is buying \$45 billion in mortgage-backed securities each month until they say otherwise.

Then the Fed announced QE4 on December 12, 2012. This time they are purchasing treasuries at \$45 billion per month. Wikipedia defines an event horizon as "the point at which the gravitational pull becomes so great as to make escape impossible. The most common case...a black hole."

I define an event horizon as "unsterilized" quantitative easing, QE4 or

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QEternity.

In order to bring sexy back to economics, I'll have to find a way to make quantitative easing into the new Band Aid⁴². To raise awareness U2 will write a song about the combination of QE3 and QE4 called 'Fiat, bloody Fiat.' I know Bono is in, but The Edge says he is on the fence about it. I called Bono earlier today and he said he'll be in the studio next Monday to begin recording, quoted as saying, "I'll do it...*for the children.*"

Illusory stimulus only pumps up the stock market temporarily, it does not create real wealth, it transfers wealth. The way to let the stock market grow properly is by letting investments come from savings, not having the government print money which ends up in the stock market by the Fed purchasing our debt because nobody else wants to and purchasing toxic assets like Mortgaged backed securities.

Artificial stimulus is to an economy as Red Bull is to a tired person. It will work temporarily and with side effects. Instead of being responsible through austerity: eating right, exercising and getting the proper amount of rest, it's a lot easier to drink coffee until that no longer works and then switch to energy drinks, and once those no longer boost the economy, start buying your own debt and before you know it you're popping Hydroxycut and Adderall on top of the original energy drinks just to keep working at the same pace.

If you stop stimulating the economy *suddenly* you're going to crash. If you keep using stimulants at the same pace you're going to crash, *eventually*. False stimulus will give instant results, but it will not last forever, the cure is to wean yourself off the stimulants and let your adrenal glands chill out, get some rest and recuperate. The Fed will not let the economy return to homeostasis through deflation, we're going to crash and die eventually like Phil Harris, captain of the Cornelia Marie from the *Deadliest Catch*, who died in Alaska at 53 years old with a blood clot traveling through his heart. He admitted to smoking five to six packs of cigarettes a day and drinking 20 cans of Red Bull *plus* several pots of coffee. This is the eventual fate of your old salty dog of an

⁴² http://en.wikipedia.org/wiki/Band_Aid_percent28bandpercent29

economy. Honestly, his fate sure beats the hell out of Bartholomew M. Quint's, better known to you as the captain of the Orca who was eaten alive at the end of Jaws. Hooper was right, "I think we're going to need a bigger boat" in order to save this economy.

Artificially pumping up the stock market by fed purchases of treasuries and Mortgaged Backed Securities in an attempt to prevent the economy returning to homeostasis through deflation always reminds me of that scene in *Happy Gilmore* where Happy is yelling at the golf ball he can't seem to put in the hole by saying "time to go home there ball...you son of a bitch ball why don't you just go home? That's your home! Are you too good for your home?!? Answer me!" I say we just let the economy go home instead of artificially pumping it up which is one of the ways wealth transfers in the first place, while inflation just causes the rich to get richer.

Inflation: How the Rich REALLY Get Richer

The Fed was printing money to purchase toxic assets from big banks and the ultra-rich. For QE3, the Fed is spending \$40 billion per month on 'mortgage-backed securities' which are cash-flow bond instruments rich people invented to make money from mortgages. So the Fed buys the mortgage-backed securities and the ultra-rich get the first crack at the newly printed money. In exchange we get "inflating" prices of assets like stocks and real estate. It's great for The Donald but at the end of the day, when Trump has leveraged this new wealth to create even more wealth, inflation hits and the cost of living rises for everyone else.

QE4 entered in December of 2012 when the Fed began easing purely with \$45 billion per month in Treasury purchases, further increasing our debt until the goal of the unemployment rate falling below 6.5 percent and inflation projections remaining no more than half of a percentage point above 2 percent two years out is accomplished. Really there is no such thing as QE4, it is really just a huge extension of QE3 that came later on, so technically that isn't true in name, but the monthly purchase of treasuries also ended after QE3 so for argument sake, there really is a QE4.

Operation Twist was the program that superseded QE4 which was known as a "sterilized" easing, which meant that the Fed was selling assets at the same rate that it was gobbling them up.

QE4 combined with QE3, means that the Fed will be taking \$85 billion

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in both treasury bonds and toxic mortgage-backed securities out of the market by purchasing them, indefinitely. This is bad because we don't know how long it will go on for, as an example the Bank of Japan (their Federal Reserve) along with Japanese Prime Ministers, Junichiro Koizumi and Shinzō Abe have been promoting money-printing for 20 years and it has not helped their economy.

As a result, two of the most historically safe investments in America—mortgage-backed securities and government debt (treasury bonds)—are now going to be bought up by the Fed for an unlimited period of time. Basically, they're going to pass the risk on down to you and me. If you want to put your 401k or retirement into a safe bet, it's going to get harder. Now you have to take bigger chances in order to retire (assuming you even get to). The problem is that, as Mark Twain said, "It's easier to fool someone than it is to convince someone that they've been fooled." Try telling anybody you know that the Federal Reserve is a crock of shit and needs to be stopped. Good luck--they'll look at their money and laugh at you.

TRUMPING Inflation

The Donald was in complete agreement with yours truly in regards to quantitative easing, saying,

"It's artificial. We're printing money and doing it incorrectly - and it looks good, and makes me look good in all of the stock picks I make [...] but it's not real, [Stocks and real estate are] going up because they're printing money."

"I should be happy about it in theory...but I'm not happy because ultimately it will come home to roost and it's going to be very, very unfortunate in the form of interest rates and really some very severe things happening later on with the economy."

What Trump is saying is that, this is only made out to benefit the rich (and he is a multi billionaire). Despite what you may think of him I've read several of his books and I think he is far more down-to-earth than he is given credit for. He's a billionaire calling quantitative easing wrong - plain and simple. I don't hear Warren Buffett complaining. It's an illusion of prosperity, it's not real. The Donald continued with, *"You know, as a real estate person, inflation is my friend. Inflation is a great, great friend to those of us at a certain level of real estate. It's been great over the years. I've loved inflation but I don't like it for the country. But as*

an individual, inflation has ..., you know, it's made me very rich."

Essentially, inflation is a cornerstone to making the rich get richer because it is extremely easy when you already have a ton of money to purchase an asset and just wait until it increases in value. If you had an opportunity like Trump did to be able to capitalize on new york city real estate in the 1970s when you could purchase a building for pennies on the dollar compared to today's costs and wait a few years your returns would have been enormous and require very little work. Meanwhile people can barely feed their families and you're collecting checks. This is something that progressives do not understand and they are the ones who want inflation. The fed is seeking a 2% increase annually in inflation, which means in a decade everything is 20% more expensive in order to *help* the poor. Clearly it is obvious that ~~Progressives know exactly what they're talking about,~~ progressives are extremely confused and need basic lessons in economics, which is why I wrote this book. Your ideas have made it very easy and profitable for the Donald Trumps to buy assets, wait on them, make an enormous income out of nothing but inflation, write things off on their taxes and use that income to reinvest in something else that doesn't really produce *anything* of value.

Asset Bubbles

As if all of that wasn't bad enough we can thank the Fed for the dreaded Business Cycle too. Asset Bubbles that are caused by far too easily available credit in the form of magically delicious credit expansion and commercial bank loans leads us to the Austrian Theory of the Business Cycle. So, in a nutshell you could interchange the Business Cycle theory and call it the "Boom and Bust" theory. Here's how it works: Ludwig Von Mises tells us that Central Banking has the ability to manipulate interest rates to artificially low rates which causes an expansion in the money supply⁴³. Artificially low interest rates (below the appropriate market rates) send false signals to banks and business owners looking to borrow that it is a good time to expand production. There is a certain euphoria associated with the boom because the process of lending acts to create new money which becomes easily available. This easy access to credit backed up by the sense of economic euphoria encourages

⁴³ "The Theory of Money and Credit" by Ludwig Von Mises

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malinvestment due to removal of the fear of failure. Eventually, the sense of euphoria diminishes and reality sets in that this is an overvalued bubble, like the Dot Bomb Bubble or the Real Estate Bubble during the PANIC! of 2008.



Here is an example:

Let's say that "John Bonetti's Insanity Circus" came to town, or as he refers to it in Latin: "Iōhannēs Bonettius Scriptor Insania Circi Spectaculus." Iōhannēs, being your classic over-doer, has several old school strongmen, elephants, midgets, freaks, acrobats, knife throwers, magicians, magical acrobats, sword swallows, sword swallowing acrobats, midget acrobats swallowing swords, Pee Wee Herman and his hot dog plant, fire eaters, knife throwing fire eaters, midget acrobat knife-throwing fire eaters and, of course, the sideshow including the elephant man and our protagonist – the Bearded Fat Lady (who is

actually Iōhannēs's wife⁴⁴).

So as it turns out that when Iōhannēs's Insanity Circus comes to town, it is slower than his bearded wife's metabolism when it is time to leave. The sideshow has been in town for months now and the increase in population has created a small boom at the local bars and eateries, so "Mos Torrie" Cantina has been doing very well, despite the fact that there have been several scraps between the town people and drunken midget acrobat knife throwing fire-eaters. It turns out those guys can really fight, so no one picks on them anymore. Now Cantina owner Mike Moriarty Torrie decides it is time to expand his operations, due to the fresh excess capitol, including an increase in staff, an extension on the building and clean glassware, which Gredo has been demanding for years and he is finally getting around to it. I know, right now you're saying "Kane, does this mean you're recommending regulations?" Yes, but only in the Mos Torrie Cantina's case. As in, "*You will never find a more wretched hive of scum and villainy.*" Oh, and a top of the line mechanical bull for Olga, John's Bearded Fat Lady wife.

Now, despite increased demand for beer and food at the Cantina, this is an artificial boom. The local population has not increased to support this business, it is only a temporary increase in population causing a temporary surge in business. It is unfortunate that Mike misinterpreted the economic signals that caused this false boom in his business. Now, things take a turn for the worse. Mike has expanded his business and last night John's wife, Olga, who oddly enough does not feel social anxiety in public due to her excessive weight and hirsutism caused by a massive hormonal imbalance, and who always had a penchant for the movie "Urban Cowboy," fell off the mechanical bull and broke her coccyx trying to be like Deborah Winger. John can really pick 'em. And by that I mean, John Bonetti really can't pick 'em.

So, now that the Bearded Fat Lady is injured and unable to perform she's also really embarrassed about the Deborah Winger incident and nags John into picking up and moving the circus to the next town. John folds faster than a hand towel and despite having made a small fortune,

⁴⁴ John is not going to be happy that his wife in this example is the Bearded Fat Lady.

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decides to pick up and move the circus anyway. This leaves the Mos Torrie Cantina in a bad position due to malinvestment (which is not a bad or dumb investment). It needs to scale back on employees and hold off on the extension, otherwise he risks bankruptcy. The recession caused by the circus leaving is necessary to restore balance to the Cantina's finances (or in this case the market).

Anti-capitalists and bad economists love to misread the bust or recession as an inevitable result of the flawed capitalist system – thus the call for more government to prevent the recession. Recessions should not be resisted, they should be embraced, short-term pain for long term gain. Government intervention causes the artificial boom in the first place. When legitimate economic growth is caused through actual savings there is no boom-bust. It is inflation-induced malinvestment or in this case, the insanity circus that lead entrepreneur Mike 'Moriarty' Torrie to misread the markets signal⁴⁵.

Does this sound familiar?

“Honey, the Jones' got a hot tub and a top of the line espresso machine with all the accoutrements.”

Your wife neglected to mention the Jones' are living off credit cards and a personal loan they'll never pay back. Also, tell her not to use the word “accoutrements.” It's pretentious and she barely finished high school. Then she says: “Baby, Joanie Smith is working on her spec house on Lake Mead. I want one, too!”

OK, OK, I'll stop. People are going to think I'm blaming America's desperate housewives for the Business Cycle instead of Central Bankers, but you get the idea. People start buying and investing in businesses, real estate and extras that they really don't need because everyone else is. The wild housing boom that preceded the PANIC! of 2008 is a prime example of the Boom Phase. Ron Paul says in *Liberty Defined*:

“This boom is usually worsened by government promising bailouts to

⁴⁵ Crashproof 2.0 by Peter Schiff

banks, loan guarantors, and enterprises, thereby encouraging bad investment and business by removing the fear of failure.”

Now things get worse as government intervenes to try and prevent the bust from leveling things out as the market would dictate. Two things happen here. First, people like myself try and warn others about how fucking obvious it is that there is a financial shit storm on the way. We are labeled doomsayers. The Business Cycle theory makes it very simple to spot boom busts without lots of charts and graphs and government statistics that are typically used to plan an economy because all it takes is common sense.

Secondly, when there is a bust looming, the government frantically scrambles to fix the problem with more ‘creative’ attempts to artificially inflate the economy which only (temporarily) worsens the inevitable correction. This is happening right now with Quantitative Easing rounds 3 and 4 (more on that later) and one of the reasons why the handwriting is on the wall for this economy.

It’s absurd to think that more artificial credit will solve the problem of artificial credit. Using the same thing that caused a problem to solve the problem is dumbfounding to this author. If your house was on fire and I grabbed an oily rag or two and threw it into your house, well, that’s kind of stupid. If your house was flooded and I dumped a pail of water into it to solve the problem, again, kind of stupid. Basically, this is the Keynesian approach, that government can stimulate the economy, and I sincerely can’t make up anything that is less true than this. OK, I’ll try. “Girls have penises and boys have vaginas.” OK, that can even be argued because I have seen some of the porn on John Bonetti’s computer. You might be thinking “Let’s move on with it,” but seriously, think about how dumbfoundingly stupid this is. The country that put the first man on the moon, a monumental feat, is also using Keynesian “pull and pray economics” that clearly don’t work.

I will defer back to my main man Ron Paul in “Liberty Defined:”

“We are currently at a crossroads (no, not the movie with Britney Spears)...It all boils down to two choices: either more government or less...The true believers, still in charge, remain fully committed to central economic planning; others argue that enough is enough, the evidence is clear, and it’s freedom we need, not more government interference.”

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He continues with, “The misguided remain adamant that to solve the problems of huge malinvestment and debt that have been caused by Federal Reserve orchestrated low interest rates, the government’s obligation is to come up with more creative regulations.

They aim for even lower interest rates by creating trillions of dollars of new money, all while increasing spending and debt. Grade-school math can show you why this won’t work. I am dumbfounded to hear serious, highly educated political leaders enthusiastically endorse such a program with straight faces.”

He continues by saying “If blame is to be placed for the mess we’re in, don’t pick on George Bush and Barack Obama. Blame Lord Keynes and all his followers who reject the Austrian Theory of the business cycle. It is bad theory that is the root of the problem, the belief that the Central Banks can turn stones into bread.”

What he’s saying is, if we want to stop the Bust, don’t create the Boom in the first place. Faith in Keynesian economics and economic growth must be based on real factors, not huge artificial, magically delicious stimulus provided by the Fed.

The Federal Reserve is an integral component to making wealth transfer. It’s constantly wrong, constantly interfering with the markets, and never able to make a simple prediction. It’s the bumbling absent-minded scientist dropping the beaker full of Zyklon B that is our economy. I simply cannot take this institution of Keebler Elves or its Chairman seriously anymore. If you take one thing away from this chapter, know that the Fed is the culprit behind the Greatest Muppet Caper, the Business Cycle and inflation and deserves a significant portion of the blame for the current state of our economy. And, instead of shouldering the blame for the Greatest Muppet Caper, they have positioned themselves as backup singers for “Dr Teeth and the Electric Mayhem,” otherwise known as our economic saviors. It’s going to take a lot more than Animal chewing through his cage, lowering the Muppets down inside the Mallory Gallery with paper towels, while Miss Piggy crashing through the window on a motorcycle, knocking out Charles Grodin, saving Kermit, and getting to the baseball diamond first so that the Muppets can play keep-away. Actually, that’s a great example of ‘cascading successes’ that tend to solve problems. The Federal Reserve is an example of ‘cascading socialist failures,’ which in turn create

problems.

The only way I can truly put the details of Central Banking, Statism and Keynesianism under a microscope to illuminate how deep these trends run is to compare them to Huck Finn. In the book *Huckleberry Finn*, the principal satire is placed along the reader's awareness of the point of view in which the story is told. Huck is a magnificent boy with a warm heart and a large store of human compassion and sympathy for his fellow man, but he is also a Missouri boy in the Antebellum South. His comments on slavery are meant to show how blacks were viewed as anything but human. Despite his compassion and sympathy he never views his close friend Jim as anything but a slave. Whether free or enslaved, it doesn't matter because he is incapable of seeing him as a human being. This is the most damning portion of the book and an indictment of the cruelty of man and the indoctrination of people through institutions like slavery by government.

A warm compassionate person like Huck can be so victimized by tradition and accepted ideas that his own human instincts are in conflict with his conscience. For example, Huck feels guilty when he helps Jim escape, even though one's conscience should ideally be in conflict with slavery itself. This incongruity is very prevalent today through Statism and the Keynesian love of Central Banking. It's almost as if there is no better place for truth to hide than right under one's nose. Explaining to Huck that Jim is a man and not a slave would be equally as painful an endeavor as explaining to BEN BERNANKE! or Paul Krugman that Central Banking enslaves the majority of people through inflation to wages. You get up every day, work hard, and at the end of a lifetime have nothing to show for it. That is slavery minus the chains, something quite similar to serfdom during the middle ages – and it is inexcusable!

Ask yourself: How can the perpetrators of a crime, bring the crime to justice? Imagine if O.J. Simpson took Judge Ito's place at his own trial. Expecting the Fed to fix our problems is like hiring Jerry Sandusky to work for child protective services. In our case, the murderer (Fed) has become the judge and jury for the victim (taxpaying citizens). I know we can do a better job solving our problems, but then of course, I'd be out

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of a job.⁴⁶

⁴⁶ Then I would be just another drunk guy because I'd have nothing to write about. And I'm not about to pick up poetry any time soon.

CHAPTER 5

THE MOST MISERABLE CHAPTER EVER CONCEIVED WHERE MONEY COMES FROM AND WHERE IT GOES TO DIE

If you can recall earlier I compared derivatives to Courtney Love and unfunded liabilities to Jocelyn Weinstein. (Hopefully you took the time to Google her and experience the horror.) I will now explain to you how money is created first through the Fed and then the process known as fractional reserve banking. This chapter will build on the next chapter as this is an extremely important concept in learning why our system is inherently in trouble and how it is set up to allow the elite to get richer and the rest of us to work hard propagating a system that is corrupt to its core.

The Money Stork

The Fed gives birth to our money. Today, what puts the “reserve” in Federal Reserve is not gold or silver like goldsmith Mike Torrie’s vault in Florence in the 1600s; it is instruments of debt called treasury bonds. Mike Torrie had to hold at least some precious metals to back up his money. The Fed, however, is a cartel that has no such restriction. This is definitely a reason to PANIC! It can be very difficult for people to come to grips with the fact that the total, and I mean all money in circulation is backed by nothing but debt, since all existing money in every country is fiat. This means that if everyone was paid back every last cent that was borrowed in the world, there would be zero money in existence because all money is debt. Not one cent would be left.

What we think of as money is one of life’s grandest illusions, and the

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truth behind the illusion is debt. As Griffin states in *The Creature from Jekyll Island*, “It is that the total of this human effort ultimately is for the benefit of those who create fiat money. It is a form of modern serfdom in which the great mass of society works as indentured servants to a ruling class of financial nobility.”^{47,48}

To paraphrase Griffin: money is created when IOUs are “monetized” by the Federal Reserve or a commercial bank. When an individual or a corporation buys government bonds, they use the money they have previously earned. Therefore, no new money is created, because they use money already in existence. The sale of government bonds to the banking system is inflationary, but to private investors it is not. By keeping interest rates high, these bonds become attractive to private investors, but this comes with one caveat — those bonds are continually maturing⁴⁹.

The only problem is these bonds are always maturing and being replaced with new bonds to include the original debt plus accumulated interest. Eventually this process becomes unsustainable, as we cannot account for the new interest with the little bit of new money that is created. When this does come to an end, the Fed literally has to buy back this debt to replace all of the formerly invested private money with newly manufactured fiat money, plus a shit ton more to cover the sweet, sweet interest. Requiring the money to be paid back at interest is where the bond market results in becoming deflationary by taking credit and money out of the system. The entire function of this grand illusion is to convert debt into money. It really is that simple. It sounds extremely complicated, but it’s not. It’s both extremely stupid and extremely immoral. Don’t over think this, or you could have an embolism. (If it happened to Bruce Lee, it could happen to you.)

So to summarize: Basically the Fed takes government bonds and a few other debt obligations that the public can’t buy and writes a check to

⁴⁷ *The Creature from Jekyll Island* by G. Edward Griffin

⁴⁸ It’s a great book—I’ve read it twice, and you should too. It’s like 600 pages, though, so you’ll probably buy it, never read it, and just say you did

⁴⁹ Me? I cashed in the bonds I got for my communion a few years ago, netted like \$1,000. No big deal. Got some rims. I know, you’re jealous.

Congress in exchange for them. There isn't any money in reserve to back up this check, and certainly no gold or silver. These fiat dollars are created out of thin air for this purpose; they then refer to those bonds as "reserves," similar to how gold and silver used to be the reserves. Now the reserves are just debt. So by calling those bonds reserves, the Fed uses them as a sort of base for allowing commercial banks to create—get ready for this—nine additional dollars for every dollar created for those original bonds through private sector loans called Fractional Reserve Banking.

Griffin states that the illusion is basically an "ingenious accounting trick." The government spends the money created from the bonds, whereas the money created on top (the \$9 for every \$1 that was already in existence through the bonds) is the source of all private sector bank loans that are made to the nation's businesses and individuals. The bottom line is that Congress and the banking cartel have entered into a partnership in which the Fed has the privilege of collecting interest on money that it creates out of nothing in the first place. Congress now has access to unlimited funding without having to tell the American people that their taxes, which are going up through inflation, really aren't doing a goddamned thing. The whole "the rich should pay their fair share" concept is bullshit. No amount of money rich people ever pay will ever make things get better; they're not supposed to get better.

It's like George Carlin said:

"It's never gonna get any better, don't look for it, be happy with what you got, because the owners of this country don't want that, I'm talking about the real owners now, the REAL OWNERS, the big wealthy business interests that control things and make all the important decisions...Forget the politicians. Politicians are put there to give you the idea that you have freedom of choice. You don't. You have no choice, you have owners, they own you...Because the owners of this country know the truth...It's called the American Dream, because you have to be asleep to believe it."

Smart words from a smart man. It's a shame he's no longer with us. I like to think that George was really talking about the Federal Reserve, even though I don't believe I've ever seen him specifically mention the Fed. He certainly was right though. I would like to think that George knew that since our money supply is tied to the national debt, to pay off the debt would cause all money to disappear back into the computer

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chips which created them. Even to seriously reduce the money supply would cripple our economy at this point. As long as the Fed is in existence America will be, and absolutely has to be, in debt.

So let's sum up how the Fed creates currency in two steps:

- By writing a check to a bank from its 'reserves,' which contains zero dollars. Kind of like John Bonetti's bank account, it contains insufficient funds. So it writes a bad check, only unlike John Bonetti's—these checks don't bounce.
- Using that bad check it buys government debt (treasuries) from a commercial bank⁵⁰.

Note how you get hucklebucked twice here:

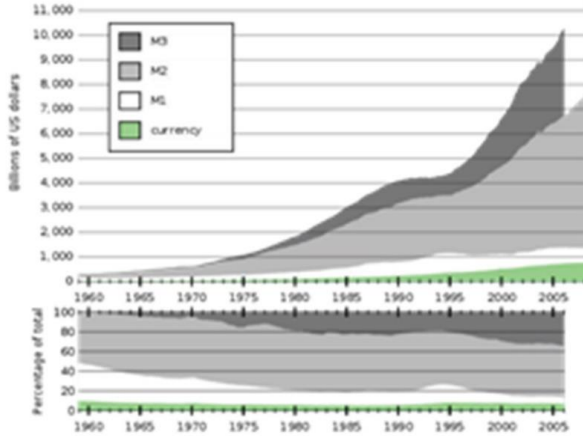
Hucklebuck #1: The government wrote the bad check adding more currency to the collective currency pool without ever having to do anything politically inexpedient, like raising taxes. The government can transfer wealth from its citizens which is why inflation is called the "invisible tax."

"When you or I write a check there must be sufficient funds in our account to cover the check, but when the Federal Reserve writes a check, there is no bank deposit on which that check is drawn. When the Federal Reserve writes a check, it is creating money."

—Putting It Simply, Boston Federal Reserve Bank

Hucklebuck #2: The Fed uses those newly created magically delicious dollars to buy U.S. Treasury-issued government debt from a commercial bank. This is called Open Market Operations. It should be called 'Keebler counterfeiting' or 'magically delicious' or 'immoral.' Dollars represent government debt, every dollar in existence represents a promise to tax you in the future. When citizens 'create' their own money, they go to jail. It's called counterfeiting. I don't recommend it. The Fed controls the monetary base, which consists of bills in circulation and bank deposits at the Fed.

⁵⁰ www.wealthcycles.com



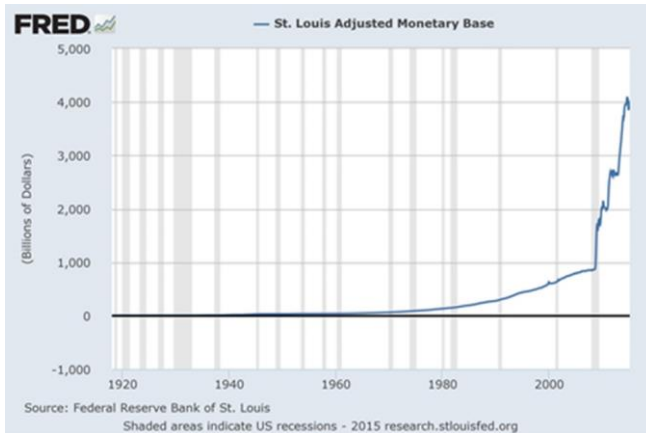
This miserable chart comes from Wikipedia: These are the components of the U.S. money supply measured by M1, M2, and M3 since 1959. M1 is currency plus demand deposits; M2 is M1 plus time deposits, savings deposits, and some money-market funds; M3 which is the monetary base (M2) plus borrowed and lent dollars, the difference being fractional reserve banking M3 is a much better measure for determining inflation. The M3 data seen below ended in 2006 because the number got really scary and politically inexpedient to report.



Board of Governors of the Federal Reserve System (US), *M3 Money Stock (DISCONTINUED SERIES)* [M3], retrieved from FRED, Federal Reserve Bank of St. Louis

<https://research.stlouisfed.org/fred2/series/M3/>, March 21, 2015.

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Federal Reserve Bank of St. Louis, *St. Louis Adjusted Monetary Base* [AMBSL], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/AMBSL/>, March 21, 2015.

Look at all of this magically delicious money we're making out of thin air ~~for free with absolutely no repercussions~~ that we will ultimately have to pay back after it was transferred to the rich so they could get the first crack at it, before it enters the system which causes the inflation which transfers the wealth back into the hands of the rich, causing the income inequality that will be 'solved' by more money creation by Keynesians who seek to increase inflation to help the poor by lowering their standards of living. Now do you understand why this book also had to act as a drinking game? Who wouldn't need a drink after reading this paragraph?

The Other Money Stork

The second way that money is born is through the process previously mentioned, known as Fractional Reserve Banking. Even though it's quite ugly, when it comes to destructive power it's less 'out of control' and more 'something we need to stop,' so I think I'll be a little bit nicer here. I'm going to compare Fractional Reserve Banking to Sarah Jessica Parker's face. Not as hideous as the other two, but still kind of long in the tooth to the point that South Park decided they'd make an episode called "The Tale of Scrotie McBoogerballs" featuring her. Then Family Guy followed suit with jokes about how she looks like a horse. For the record, I would choose South Park over Family Guy any day.

On another note, Mike 'Moriarty' Torrie, when not busy fighting bouts of narcolepsy and hypersomnia, has been known to store gold and lend

out paper certificates far in excess of the amount of gold stored at interest. This Fractional Reserve Banking poem is absolute proof that I am in fact really drunk while writing this book.

All right, let's do this:

There once was a goldsmith named Mike Torrie,
Who will be the center of our story.
He owned a bank and before it sank
he stored the depositor's coins.
He did it for a fee and as you will see
paper is not really money.

He did it for profit
and before you could stop it
he lent out your money at interest.

Sooner or later Mr. Torrie, hell-bent
he realized withdrawals seldom exceeded 15 percent
He fooled his competitors
as well as the debtors
into thinking that he was lending his own money.

He was a bold Scot but careful he was not
and when he was caught the public was fraught
and when his scheme sank it led to a run on the bank.

Basically, here is how this works. Since the 1600s, people have been going to the local goldsmith (who is now your modern-day banker) to store gold in his vault. In exchange he would issue paper receipts for the gold reserves. Gold is bulky to carry around, customers preferred paper, which was readily accepted in commerce to be redeemable by the bearer of the receipt. Here is where things get tricky. At this point we have a 1:1 ratio for gold to receipts. The goldsmiths, being smart people, realized that hardly anybody comes back for their gold as they are now depending on holding the receipts. Since the goldsmiths now have all of this money hanging around, they decided to lend it out in the form of new receipts on top of the original existing receipts. They tended to lend upwards of 85 percent so as to have a little bit of wiggle room.

Now for every 100 units of gold there were 185 receipts for the gold, so for every 100 units divided by 185 receipts we now have a money

supply that is backed by only 54 percent gold. These goldsmiths artificially expanded the money supply by 85 percent by issuing phony receipts to lenders. Those receipts were now accepted by an unsuspecting public as equal value to the old receipts. This is what is called “fractional money,” and the process by which we create this artificially expanded money is called “fractional reserve banking.” Frequently people mistake this wizardry of artificially expanding the money supply by saying that the goldsmiths are creating money out of thin air, but in reality they are creating money out of debt. (Forget hunting humans, this is the most dangerous game.)

It is so much easier to be able to quickly and irresponsibly create money out of debt than to be limited to that old harpy of a law called supply and demand, where you actually need to go mine for more gold to expand the money supply. As you can see, once the reserve goes from 15 percent to 0 percent, this is the beginning of a fiat currency. At this point, the currency is on its way to becoming worthless. The only way to get the public to accept this worthless currency is through legal tender laws, imposed on them by government through the means of a Central Bank. Once the truth is discovered, there is a run on the bank and only the first few depositors in line get paid. And of course wealth will be transferred back to the precious metals (where the wealth has always resided because only gold and silver can really be money) contained within the vault, because those paper receipts become worthless. This process has been repeated for hundreds of years, and yet we still refuse to learn our lesson. Commercial banks create money through what is known as fractional reserve banking. Fractional reserve banking works like this:

- It is so much easier to be able to quickly and irresponsibly create money out of debt than to be limited to that old harpy of a law called supply and demand,
- where you actually need to go mine for more gold to expand the money supply. As you can see, once the reserve goes from 15 percent to 0 percent, this is the beginning of a fiat currency. At this point, the currency is on its way to becoming worthless. The only way to get the public to accept this worthless currency is through legal tender laws, imposed on them by government through the means of a Central Bank. Once the truth is discovered, there is a run on the bank and only the first few depositors in line get paid. And of course wealth will be transferred back to the precious metals (where the wealth has always resided because only gold and silver can really be

money) contained within the vault, because those paper receipts become worthless. This process has been repeated for hundreds of years, and yet we still refuse to learn our lesson. Commercial banks create money through what is known as fractional reserve banking. Fractional reserve banking works like this:

The Keebler Elves at the Fed create magically delicious fiat money out of thin air, and for-profit banks have the ability to multiply those newly created magically delicious dollars in the form of loans, times 10. This system is called fractional reserve banking due to requirements that banks hold a fraction, usually one-tenth of their deposit base, in the bank in the form of physical currency called reserves.

This ensures that all magically delicious currency in existence, whether created by the Keebler Elves at the Fed or borrowed into existence by shoe-shining-pot-of-gold-chasing-leprechauns at your local commercial bank, is based on debt. The public pays interest on every single unit of currency in existence, through the income tax and through the hidden tax of inflation. You cannot have magically delicious currency without debt, whether it is private or public-sector debt.

When we borrow, we borrow a principal amount from a commercial bank, and with the promise to pay interest on the loan. The principal amount was created by the leprechauns at your commercial bank by fractional reserve banking, but where does the rest of the money to pay the interest come from? The answer is technically it doesn't exist yet. It needs to be borrowed into existence, in order to be brought into the money supply as principle to be used to pay off interest.

It is a self-perpetuating debt scheme because every magically delicious unit of cash in existence must incur extra debt to be paid off. In order to continue funding the growing debt, more and more currency must be created. If we suddenly chose to stop borrowing and start paying down the debt, the currency supply would contract violently and lead to painful deflation and most likely a complete collapse in the financial system.

How Wealth Transfers and Causes Income Inequality

The absurdity of this system is that the Federal Reserve is a semi-public,

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semi private entity with shareholders. According to, www.money.cnn.com an article entitled "Federal Reserve turns \$77 billion Profit," in 2011 the Fed made \$77.4 billion dollars, which they call "a slight tick down from the Fed's 2010 earnings." To put this in perspective, they said, "Last year (2011) the Fed earned more than America's top five largest banks - JP Morgan Chase, Bank of America, Citigroup, Wells Fargo and Goldman Sachs, *combined*. It's also more than twice what Apple earned.

The article further states that, "Most of the profit came from interest paid on the securities the Fed acquired in the financial crisis and subsequent recovery. The Fed started stockpiling Treasuries, mortgage-backed securities, and agency debt in 2008, and in programs known as quantitative easing and QE2. As a result, the Central Bank now holds a massive \$2.9 trillion on its books. The goal was for the asset purchases to bring down interest rates, stimulating more lending and borrowing in the U.S. economy. Overall, the Fed's profit is slightly down from the \$81.7 billion it earned in 2010, as some of those assets have either matured or been sold. Each year after paying its own bills, the Central Bank hands its remaining earnings to the Treasury. As a result of last year's windfall, the Fed will turn \$75.4 billion of its profit over to the Treasury."

It gets worse, the New York Times article from January 10th 2013 entitled: "Fed Profit of \$88.9 Billion Sent to Treasury in 2012" states that, "The Federal Reserve sent \$88.9 billion in profit to the Treasury department in 2012 a record that reflected the vast expansion of the central bank's investment portfolio. The Fed is required by law to hand over a large majority of its profits, a long standing provision that has become a lot more lucrative in recent years. The money is transferred at regular intervals. As part of its campaign to stimulate the economy, the Fed over the last five years has amassed \$2.7 Trillion in Treasury securities and mortgage-backed securities. And the central bank is still expanding its holdings by \$85 billion a month. The interest payments on those securities are the primary source of the Fed's profits.

The Fed has transferred a total of \$335 billion to the treasury since 2009, compared with \$147 billion in the previous five years, adjusted for inflation because the Fed mostly holds debt issued by the federal government. Its profits which totaled \$91 billion in 2012 are largely payments from the government. By returning that money to the government the central bank in effect is letting the government borrow

at no cost. Some conservative politicians say this back and forth — and the Fed’s broader efforts to reduce interest rates — are worsening the government’s fiscal problems by making debt seem less onerous and spending cuts seem less necessary.

The Fed’s chairman, BEN S. BERNANKE! (mine), has acknowledged the benefit, jokingly describing the savings as “interest that the Treasury doesn’t have to pay to the Chinese.” But Mr. Bernanke and other Fed officials note that the purchases have their own purpose, to stimulate the economy, and will not continue indefinitely. They also note that Congress is responsible for its own behavior.

The Fed buys Treasuries and mortgage bonds to make them less profitable, which makes borrowing cheaper and encourages investors to take larger risks on potentially more lucrative, alternative investments. Returns on Treasuries are so low that many investors are losing money after adjusting for inflation. The Fed’s ability to profit nonetheless is a result of its unique business model: it pays for securities by creating money.

But there are risks. Higher interest rates would reduce the value of the Fed’s securities. And the central bank has incurred a new cost in recent years, paying interest on the reserves that private banks keep with the central bank. That has allowed the Fed to buy assets without increasing the amount of money in circulation, but keeping the money in its vaults could require it to pay higher rates as the economy improves.”

So here is how this works. The Fed does not disclose specifically who their shareholders are, but they do disclose that the U.S. government does not own any part of the Fed, but it is responsible to Congress on some level (which is debatable) and that 100 percent of its shareholders are private, for-profit commercial banks. The Fed has been rebating its profits to the Treasury since 1947 and allegedly only keeps a ‘small portion’ of this money, by ‘small portion’ they really mean a couple billion dollars a year split up between a very small group of stockholders whose identities are never revealed.

The stockholders from the 12 regional Federal Reserve Banks are the privately owned banks that fall under the Federal Reserve System including national banks chartered by the federal government and state-chartered banks that meet certain requirements to join. Around 38 percent of the nation’s 8,000 plus banks are shareholders of the

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Federal Reserve System, and thus receive the dividends.

The member banks are required by law to invest three percent of their capital as stock in the Reserve Banks, and are unable to sell or trade their stock. They are not permitted to use that stock as collateral to borrow money, but then again, why would they want to remove their stock because they receive a 6 percent dividend every year, of your money? It is your money, coming from a system that you cannot invest in, but you will be taxed for so that the richest people don't have to break a sweat. Of course, the 6 percent dividend is given to the shareholders *tax-free*⁵¹.

According to the Fed's 1999 Annual Report, the system had net income totaling \$26.2 billion, which is your money that you will be charged interest for and would qualify the Fed as one of the most profitable companies in the world if the system was a normal corporation.

The real question is how were these profits from 1999 distributed? According to the Fed, which I take as seriously as I do Snarf defending Lion-O against Mumm-ra⁵², \$342 million, or 1.4 percent of the profits were paid to shareholding private banks as dividends. Another \$479 million, or 1.8 percent, was retained by the 12 Reserve Banks themselves and the remaining balance of \$25.4 billion, which amounts to 96.9 percent of the profits, was paid to the Treasury⁵³.

These shareholders are private banks that use the Fed's cheap money to print nearly infinite quantities of currency through Sarah Jessica Parker Fractional Reserve Banking, and the real "Tale of Scrotie McBoogerballs" is the public paying for this money via taxes and interest payments, money creation is built to transfer wealth and benefit commercial banks and other private interests.

The fact that there are shareholders who receive public money like this is disturbing and unshakeable proof that the whole system is designed

⁵¹ www.wealthcycles.com

⁵² http://en.wikipedia.org/wiki/ThunderCats_%282011_TV_series%29

⁵³ www.money.cnn.com

to transfer wealth silently, like Ninjas. I'm *serious*.

There are two kinds of financial Ninjas:

- Financial Ninja 1- Central bankers are Ninjas because they transfer wealth so silently and so deceptively that almost no one has any clue what they're up to. They're secretive, clannish and they love pizza, but they're not nearly as fun as Michelangelo. In fact, they're kind of sarcastic when asked, "Who really owns the Fed?" They're totally Raphael. This Ninja-like ability to transfer wealth makes me angrier than when I was nine-years-old and my dad just wouldn't remember which Ninja Turtle was which, no matter how many times I explained to him that Leonardo is blue and Donatello is purple. Also, they all have different weapons, Dad.
- Financial Ninja 2- Then there is my generation which is the "Ninja Generation" also known as, "No Income, No Job, or Assets Generation." (I completely stole that from the movie "Wall Street.")

To sum up:

Central Bank Money is mostly "check book money" created by adding digits in a computer and controlled by the Central Bank as well as physical money baked in the Treasury by Keebler Elves using government debt as the main ingredient. All Central Bank money is a promise to tax you in the future through inflation in order to pay the principal and interest on those bonds.

Commercial Bank Money is money created by commercial banks through the ridiculous process of Sarah Jessica Parker (fractional reserve banking). This money is based on bank loans, commercial debt, home loans, credit cards and various other means that we borrow from a bank and repay the principal and interest on down the road.

Money Creation should be seen as credibly as John Bonetti at the 'Body Shop' getting more lap dances from a girl named "Rain" than he can pay for. Now he's running a lap dance deficit because he only has about 10 percent of what he actually owes in ATM reserves. Also, he genuinely believes that "Rain" is her real name and that the phone number she gave him on a cocktail napkin written in lipstick is, in fact, hers. It is only once he reveals his inability to pay for the lap dances after doing the walk of shame to the ATM that charges a \$14 handling fee that he is

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in fact exposed in the same way that a run on a bank exposes its lack of reserves. Consequently, "Rain" then exposes John Bonetti to an extremely large bouncer and before the run on the strip club, he asks "Rain" if he can still call her, she says nothing and only rolls her eyes.

This will forever haunt John Bonetti. Not the shame in not paying and being exposed for his lack of reserves, but the lack of a definite concrete answer from that beautiful stripper. He will always wonder how she *really* felt about him.

Even the most intelligent of men can fall for illusions like technocrats who treat money creation like a game or men who think beautiful girls named "Rain" *actually* care about them and are in fact paying their way through college.

The Only Thing Certain In Life...

Briefly, I would like to mention taxes. This is where money goes to die in the same way that people leave my home state of New York to move to Florida. You don't die immediately when you go to Florida, it takes some time, just like when the money goes back to the government through taxation, is spent poorly by Uncle Sam, and eventually destroys wealth.

Removing money from the people through taxation decreases savings. Decreased savings leads to a decrease in investment. Decreased investment leads to higher unemployment and that certainly does NOT help grow our economy. This leads me to the very source of taxation, the IRS.

We could easily get rid of the IRS. The government operates sufficiently without having to levy any taxes whatsoever. Inflation is its own tax, a hidden tax. All the government needs to do is create the required money through the Fed by monetizing its own bonds, and if you didn't already know we borrow a few bucks here and there. Most of the money government spends is obtained this way. If you think that the measly \$3-4 trillion we collect in total taxes each year is what runs this country, then I have a bridge to sell you. Taxes are also a convenient tool for redistributing wealth from one class of citizens to another. This will always be done under the guise of social justice or equality, but the real idea is to override the free market and control people by telling them what is in their own best interest instead of letting them decide for themselves.

The government does not operate solely on monetized Fed-created debt, because the unsuspecting public might get smart enough to start asking questions about the source of the money. And that might cause the public to wake up to the reality that inflation is a tax in and of itself. Now, you might be asking yourself, why then do taxes exist at all? There are two answers to this question, both of them as fugly as Sarah Jessica Parker:

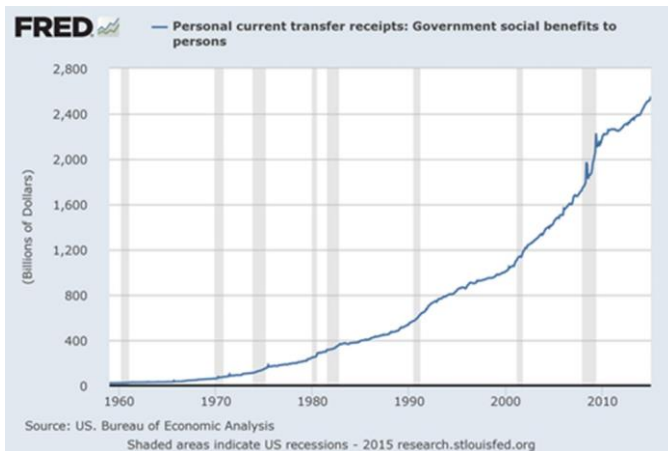
First, taxes serve to perpetuate public ignorance and anyone who starts asking questions, like me, gets the luxury of being viewed as a total psychopath by calling bullshit on this monumental scheme. Perpetuating public ignorance is easy – just making something up that is so complicated that most people can't understand it in the first place. For instance, the United States Tax Code is 73,608 pages long. Just take a moment and let that sink in. If it is not meant to perpetuate public ignorance, it sure isn't made to perpetuate public *competence*. How many people can actually do their own taxes correctly? I'll go further, how many people can complete their business' payroll taxes correctly? Even accountants mess that up because it is so overly complicated it prevents people from even questioning the 16th Amendment's legitimacy in the first place. The second plank in the communist manifesto is a "heavy progressive or graduated income tax" basically the IRS is also in the communist manifesto.

The second reason taxation exists is to do what governments do best – divide and conquer their own people. One side gets free shit and the other side has to pay for it. One side complains they never have a fair shake, the other side complains they have to work from January to May to allow the people who don't get a fair shake to get free shit. Both sides are right. *Neither side is capable of seeing it from the other side's perspective*. It is truly an ugly no-win scenario, unless you are in the tiny minority of people at the top who truly benefit from this cruelty.

All government programs that attempt to redistribute wealth through taxation are done under the auspices of helping the poor and downtrodden. It is tempting to think of government transfer payments as, taxpayer T loses money in order to help recipient R, and wealth just happens to transfer and it's no big deal. This causes all kinds of problems, like who is more deserving of the money in the first place and all who oppose get to be considered racist or callous or hateful of poor people.

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Almost all progressives who cherish these government programs overlook the terrible results, particularly that when redistribution is involved there must always be a middleman between T and R, we will call him B for bureaucracy. There must be a bureaucracy involved in order to actually collect and transfer the payments, keep records, determine eligibility, intrude on your personal life and most importantly remove just enough of your human dignity in the process to guarantee you'll never be able to stop receiving those transfer payments. This middleman, B, requires enormous resources of capital, labor and in general sucks out the souls of its employees and benefiteres. Most importantly, the labor and capital required to employ these bureaucracies can't be used to create anything of real value so wealth is not created it is only transferred and we all become poorer.



US. Bureau of Economic Analysis, *Personal current transfer receipts: Government social benefits to persons* [A063RC1], retrieved from FRED, Federal Reserve Bank of St. Louis
<https://research.stlouisfed.org/fred2/series/A063RC1/>,
March 22, 2015.

Seriously Progressives, look at the increase in transfer payments since you guys took over in the 1960s and look at the chart on the rise of income inequality, have you noticed a potential correlation between socialism and income inequality or is just me? Tell me I'm not crazy and that transfer payments are crazy, please, someone. Look at all of this capital consumption, I mean this is massive wealth being transferred and capital being destroyed. Government is such an unbelievably wasteful thing that directly causes income inequality, I can't believe

anyone could support this crap.

After a bureaucracy is created those frigid souls with which it employs probably will become an interest group in order to defend its vastly oversized budget with some factoidish set of data points so minute it should of course be applied to all its recipients and eventually some 'expert' will testify that outsiders 'just don't understand or care how serious our problem is'. This is how bureaucracies who are horribly inefficient make society significantly worse. According to a study performed by James L. Payne, just private sector compliance expenses of taxpayers plus combined with the budgetary and enforcement expense of the IRS add an estimated \$270,000,000 to the tab for each billion dollars of spending by the federal government.

Once large and powerful bureaucracies are created in order to accommodate transfer payments through taxation the government grows in power and invasiveness. James Madison said, "One legislative interference is but the first link of a long chain of repetitions, every subsequent interference being naturally produced by the effects of the preceding" this can be exemplified by government creating Medicare and Medicaid in 1965 which has led to crisis level increases in health care costs which now will have to be 'solved' (and I use that word lightly) by universal healthcare in order to deal with the artificial crisis which the government created in the first place. Karl Marx said that, "Capitalism will ultimately fall into socialism before turning into communism." This is exactly how that happens with lots of force.

Government solutions are welcomed even though they're the initial problem that actually causes income inequality and is then used to solve it.

Once large bureaucracies become the new charitable foundations, instead of the *actual* charitable foundations in the private sector people begin to be far more accepting of all kinds of so-called government charity. This leads to Statist assholes claiming the government can handle all kinds of functions previously performed by nuns, churches, after school groups, the boys and girls club and any other private charity. This level of Statism leads to people welcoming government help instead of fearing it as many previously would. The government already handles far too much in the name of the greater good, so what's wrong with yet another poorly run government program that transfers wealth, makes society poorer and doesn't even help the recipients in the

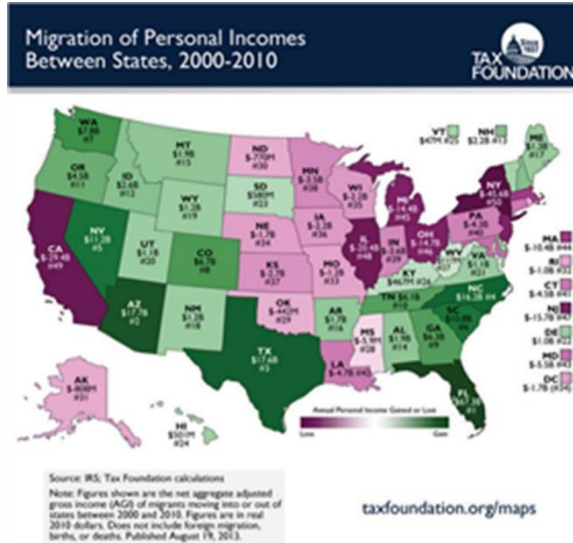
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first place?

The twisted irony of all of this is that in a wealth transfer society like ours when government bureaucracy is intended to redistribute incomes through hundreds of social programs almost *nobody* is better off in the end. Taxpayers who get something of value from the system usually lose more through taxes. Society on a whole becomes impoverished and wealth magically transfers out of the hands of the working poor and middle class into the hands of the 1%, the very people who progressives claim to be helping in the first place.

Government employees in Washington benefit the most as they can expect to gain with confidence more jobs, higher pay and larger budgets. More than 85% of government transfer payments are not in fact reserved for the poor. One of the largest shares goes to the elderly through pensions, social security and Medicare benefits. Anybody over 65 years of age is eligible for these payments. Today people over 65 statistically have the highest income per person and most accumulated wealth per person of any age in America. There are many cases of wealthy farmers receiving crop subsidies which amounted to welfare for millionaires, it is a cruel lie to think that the poor are “moochers” or even beneficiaries from a wealth transfer society. Our wealth transfer society exacerbates racial, gender and class divides. In the end we develop a less trusting, more bigoted, poorer-theft driven society seemingly hell bent on obfuscation in order to make the rich richer and the poor poorer while clearly claiming the opposite effect. Transfer payments are empty promises of salvation through government economic creationists claiming to help the poor. If I am in fact wrong and transfer payments do help the poor, then tell me again about how well *that's going?*

Taxation has the power to destroy prosperity and it truly is where money goes to die, like old people from New York moving to Florida; literally, look at this map I found.



Taxfoundation.org was kind enough to illustrate for us the interstate movement of income from 2000 to 2010. When a person moved to a new state, their income was added to the total of all other incomes in that state. This positively affects the total taxable income in his or her new state, and negatively affects the income in the state he or she left. This map clearly demonstrates how people are migrating from states with high income taxes, like California and my home state of New York to states with lower or no income taxes-shocker that Arizona and Florida showed net gains in aggregate gross income, isn't it? Do you mean to tell me that when people can move someplace else and keep more of their own money, they will in fact move someplace else just to keep more of their own money? I just blew your mind. I should write a book.

So, Florida benefited the most as interstate migrants brought a net \$67.3 billion dollars in annual income into the state between 2000 and 2010. Next, was Arizona (\$17.7 billion) then Texas (\$17.6 billion). New York, not surprisingly lost the most income (\$-45.6 billion), and is followed by California (\$-29.4 billion) and Illinois (\$-20.4 billion). Taxation from state to state will cause serious problems due to pensions, as we mentioned earlier we have unfunded pension plans all over the country, but even worse is the fact that as more and more baby boomers retire in places like New York and California and migrate to cheaper states with lower or no taxes on their pensions like Arizona and Florida, which is undoubtedly already happening-it will begin to further

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hurt local economies of some of the brokest most “underfundedest” cities in America because for instance a friend of mine was in the FDNY for 25 years and is now retiring and moving to Florida, he will take his pension with him out of New York and it will now be added to Florida’s aggregate gross income and will be transferred out of the New York economy into Florida’s while New Yorkers continue to pay. As you see taxation transfers wealth and has only the power of destruction and not the good kind of destruction either, like the type that brings the seeds of creation with it. There will only be wealth transferring out of the hands of the middle class and poor and none being created for them.

Let’s see what some influential people have to say about taxation:

“Should government refrain from regulation (taxation), the worthlessness of the money becomes apparent and the fraud can no longer be concealed.”

—*John Maynard Keynes, “Consequences of Peace.”*⁵⁴

“For a nation to try to tax itself into prosperity is like a man standing in a bucket trying to lift himself up by the handle.”

—*Winston Churchill*

“An economy hampered by restrictive tax rates will never produce enough jobs or enough profits.”

—*John F. Kennedy*

“The way to crush the bourgeoisie is to grind them between the millstones of taxation and inflation.”

—*Vladimir Lenin*

“Taxation is the price we pay for failing to build a civilized society. The higher the tax level, the greater the failure. A centrally planned totalitarian state represents a complete defeat for the civilized world, while a totally voluntary society represents its ultimate success.”

—*Mark Skousen*

⁵⁴ Who better to quote on the topic of taxation than the master of fraud?

When it comes to ridiculous, few can compete with the Huffington Post (I'm trying) who write absurdly stupid, yet well meaning articles like, "The Rich Are Hoarding Cash And It's Making Us A Lot Worse Off: Experts" which was so well written it has a dangling word at the end of it after a colon. This article is another one in a long line of "tax the rich" ideas which is basically a Band-Aid on economic cancer. Taxing the rich sounds like a good idea and is quite popular, until you place it under the microscope and decipher it for what it really is. If you really want to heal the economy, basically undo everything that the government has done for the last 100 years that I have mentioned as the problems in this book.

I commend them for 'caring' so much about income inequality, but it becomes tiring to explain to people that because your intentions are good, does not mean that your outcomes will be. In fact progressives, your outcomes are awful. "The rich should pay their fair share" is an emotional argument, but once you discover what has made the rich richer you can then conclude that government has had its hands in that dirty business for quite some time. People are now going to Washington just to get rich.

Taxes deplete savings. The point of savings is to invest it in the economy, or to save it for a rainy day. The level of savings in an economy demonstrates a high level of confidence in the value of the economy's negotiable currency in the near term, and is a healthy sign the cash in savings or money market accounts is ideally invested by the banks in various forms including lending to other people like entrepreneurs at appropriate rates and ideally with some kind of integrity, which we all know has been compromised due to government involvement. If the richest people save their money and the banks irresponsibly hoard it instead of investing it, which is a problem with the banking system created by government collusion.

It appears most of the rich are betting the dollar is solid in the near term, so they're saving it in bank accounts and tax shelters. But the banks are hoarding those reserves. The level of savings in a country reflects the health of its economy, because savings are historically reinvested by banking institutions and grow the economy. This is not really happening, so our recovery has been slow.

In regards to taxation and government intervention, when a society is free all economic actors will act in a way that he or she believes will

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maximize their utility which means basically they will act in what they deem to be their own best interest. Under government intervention and the force of taxation individuals are coerced to act differently than they otherwise would, because they are forced to do so by the intervener (in this case the IRS). If you think that the individual would have paid taxes anyway, then why are you being forced to do it? Because you wouldn't have, so don't give me any shit. The person being forced to do something they would not have otherwise done is losing 'utility' meaning going against their own best interest. Somehow this is never seen as 'exploitation' that when you are taxed someone else automatically gains from it, while you automatically lose. This immediately divides each community into taxpayers and tax consumers "Haves" and the "have not's". Every single bureaucrat and politician is paid directly through these funds (taxes) which means that in order to grow government you must increase taxes which transfers wealth from producers in the private sector into the hands of the people who we will show are incapable of doing anything truly productive with it.

This tax and expenditure concept so pervasive in our society where we are constantly striving to make everything "free", meaning the government pays for it through taxing you, inevitably distorts the allocation of production, types of goods and services and especially patterns of income from what they would have been on a free market. The larger the level of private taxing and government spending, meaning the larger the government gets the greater this distortion becomes. People sending their money to the government instead of spending it, saving it or investing it distorts the best allocation of resources. The larger this burden becomes through a less voluntary society and a more coerced one the more resources are taken from those who produce them towards the government. Essentially the bigger the government gets the smaller the market gets, which means less people are producing goods and services which means that taxes will always have to increase in order to make up for less actual production. Therefore big government *always* means big poverty.

The bigger the government gets the less resources will be available to producers to satisfy consumer wants and the more they will be siphoned off to satisfy the desires of nonproducing consumers which means the government. It is actually impossible to tell what creates a bigger burden on the people in the private sector who create true wealth: taxation or government spending. The answer is that separating them is pointless as they both place a burden through redistribution.

Redistribution in recent years has become a positive phrase when it is a pejorative if ever there was one. The government's budgetary process of tax and spend takes coercively from producers, distorts the allocation of resources which means that the budgetary process redistributes incomes from one person to another, simply stated it transfers wealth without creating anything or providing something you would have purchased if they didn't force you in the first place. Actually the thought of taxes as a 'purchase' is kind of mind numbing when you think about it, you get little to nothing in return and the price always goes up and if you aren't thrilled about paying them some progressive always tells you what a bad person you are for wanting to keep what you have, but if you actually produce something for a living you are some how 'exploiting' people.

Government is the actual creator of redistribution, therefore wealth transfer is solely created by them as well, it didn't exist before government made it so, this separate process and the "problem" of income distribution and the "inequality" so famously attached by it is of it's own invention. Previously income and wealth came directly from services rendered in a market, they now transfer to special privileges created by the government mostly toward already rich people and mostly away from those who actually need them. Government is a forceful shift of resources and incomes from people who get up every day and actually make something with their lives towards those who don't at all while at the same time demonizing them as "greedy". I think since the only three ways that government can have anything is through: taxes, issuance of debt and inflation it is pretty obvious that it can never be this endless source of resources most people think it is. All it spends, distributes and uses comes from us. It is not a fountain or reservoir. In fact it is responsible for zero: literature, art, culture, language, innovation, medicine, philosophy, films, cuisine. It creates the sole demand for war, and it pollutes the hell out of the earth. I'm feeling rather generous, I will give you public libraries, NASA and the internet- all of which are debatable. But you have to give me that Democide which is death by government is the leading cause of death in human history with religion being number 2.

So, what is the real cost of government? Not just the financial cost, but also the human cost? I have no idea where to begin to calculate the death toll and human misery of war as well as on the environment, but what I can tell you is I stayed in a holiday inn express last night and spent some time ~~drinking~~ thinking about it and it became clear to me

that since taxes are levied by force it is obvious that your benefit from government is considerably less than what you are forced to pay because if you weren't forced to pay it, you would contribute less or nothing at all. The benefit is left in the hands of those who arbitrarily assume it benefits you, those who worship it, and bureaucrats.

We have only covered how the government brings in the money-now let's talk about how it is spent. Shit just got real. Government spending is classified by two categories: resource-using and transfer. Resource using takes resources from private individuals to bureaucrats who think they know what is best for you. It could be the hiring of a bureaucrat to do a job the private sector would have which shifts labor or buying products from businesses that you are paying for. Transfer payments are subsidies robbing Peter to pay Paul like: farm subsidies. In both cases resources are taken from the private sector. Later on when we cover Keynesian economics and how it is falsely believed that government spending can boost an economy, you will notice rather curiously that in the private sector the value of productive output is sensibly gauged according to the amount consumers will voluntarily spend on their output. Conversely, government's "productive output" is measured not by what is coercively spent on government, but what government *itself* spends of *your* money. Yes, this is why this book is a DRINK!ing game. We can't possibly be this stupid, can we?

So the cost of government is clearly incalculable because it is done by force, the way it spends money is absurd, so what about its productive contribution? Well, it is actually impossible to calculate because it takes everything by force so we can't tell what you would pay for if you didn't actually have to. Many would counter what I am saying with "who would build the roads" what about "water" or a hydroelectric damn that it built in order to stimulate the economy during the great depression. We will cover this in further depth later on about how that is a complete impossibility, but for now know that in order for the government to "produce" something like the Hoover damn it had to tax, indebt or inflate the currency. In the case of the Hoover damn that actually did happen and we paid for it all three of the ways previously mentioned and it siphoned wealth and resources from the private sector in order to do it, while not actually stimulating the economy but in some part helping to lengthen the great depression. So anyone who would deem this as some kind of an "investment" is a total crazy person because when the government makes an investment that you wouldn't have made with your money in those three ways previously mentioned it

costs far more than it would have and it does not create “capital” which is an absolutely necessary component to a successful investment. So it defies the true wishes of the consumers and mostly or completely is used to satisfy the wants of politicians and bureaucrats.

These investments are separated into two categories: consumption expenditures which are ones used up by government officials like farming subsidies and waste expenditures which is when the government believes it is making a solid investment to create capital for the people by building a bridge and the result is the George Washington Bridge from New York to New Jersey which now costs \$14 to cross into Manhattan and over \$100 for truckers. Tell me how again, how this created any capital? The MTA, the bridge authority, Port Authority all of these public sector jobs are paid for by taxes, the creation of their bridges and tunnels came through inflation, taxes and debt and yet the price of their services that you can neither compete with or avoid using still manages to have to go up in perpetuity. So the great fear of ‘market monopolies’ has led us to actually create a bunch in the public sector in order to avoid it from ever happening privately.

Ask a statist if we should privatize bridges and tunnels in order to create capital for the good of society and they will mock you in to submission. it is complete heresy to even suggest such a thought because that would be *actual* progress. In the free market, prices drop as a good or service becomes more readily available while technology increases for instance electronics. Twenty years ago when my family bought a DVD player it was almost \$300 and now you can get them for \$30 and they’re better, we actually now have Blu-ray players which are higher quality and still cost less than the original price of the DVD player when they were new. Private sector allows for innovation and better technology for a cheaper price, public sector forces you to always pay increasingly more for the same or worse service and makes innovation impossible somehow for the good of society. Also, government taxes create the “haves” and “have not’s” mentality as well as the concept of income (re) distribution which never existed previously and is clearly the single biggest factor contributing to *actual* income inequality. How can there be tremendous disparity in income inequality if your income is derived from what you sell on the market? Clearly one man could sell diamond necklaces and another could

sell pooka shell necklaces, one comes from a much higher stage of production than another does which would mean his income would be

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higher; however, he would still be a producer gaining income, not sending most of it to transfer payments. In a capitalist economy he chose his career path voluntarily and as long as he was successful as a businessman he would certainly be fairing better than the 53% of people who produce nothing at all in our current economy. Without government he would also not have to pay any bureaucrats' salaries, he would have sound money based on market principles which would mean little to no inflation and he is still free to choose another career path if he can't make his own profitable, which is highly unlikely in the first place.

Government investments through taxes further creates problems in the case of government ownership as expressed by Murray Rothbard in *Man, Economy and State*: "For each governmental firm introduces its own island of chaos into the economy; *there is no need to wait for full socialism for chaos to begin its work*. No governmental enterprise can ever determine prices or costs or allocate factors of funds in a relational, welfare-maximizing manner. No government enterprise could be established on a "business basis" even if the desire were present. Thus, any governmental operation injects a point of chaos into the economy, every governmental activity disrupts and distorts pricing, the allocation of factors, consumption/investment ratios, etc. Every government enterprise not only lowers the social utilities of the consumers by forcing the allocation of fund to other ends than those desired by the public; it lowers the utility of everyone (including the utilities of some government officials) by distorting the market and spreading calculational chaos. The greater the extent of government ownership, of course, the more powerful will this impact become. "So not only is government which funds itself through taxes the creator of income (re)distribution and income inequality but it also has the reverse Midas touch of making prices, consumption/investment ratios and the allocation of all resources it touches turn to shit, while at the same time being promoted as the cure for the economy by turning us into the "haves" and "have not's" because everyone is either a tax benefiter or loser.

Let's take this a step further on why taxes are an enormous source of income inequality with a tax every one of us has to pay, social security. Instead of allowing you to invest for retirement as you see fit, everyone must transfer some of their own money into an enormously popular Ponzi scheme that people seem to love. It doesn't even fully cover anyone's retirement expense it is supplementary at best and the

government doesn't even really invest the funds it takes in as taxes, it spends them, gives itself bonds which later on have to be cashed when the benefits are due. The cash of course is only obtained through further taxation, so you pay twice for something you will receive once if it even exists when you try to claim it. This government "investment" built out of coerced savings instead of truly benefitting your retirement is largely wasted and dissipated, instead of being allocated in a much more efficient way. Under statist redistribution of wealth, almost everyone earns in proportion of the amount he has figured out an angle to plunder from other people's hard work, people who produce a good or service that actually benefits people. So to any of you who think that taxes serve to perpetuate some kind of a 'greater good' or 'help poor people', I say grow the fuck up and create something with your life. The market is un-coerced so it is an operation of peace and harmony in the world, it does not force one group to gain at the expense of another and fuck what Karl Marx said, nobody is being exploited in a mutual voluntary exchange of goods and services, also known as capitalism. Every coerced transaction requires at least one party to lose at the expense of another, sometimes both parties lose. State control, socialism is what keeps us 'separate'; it depends on racism, disharmony and further exacerbates stereotypes of different groups. The very nature of transfer payments and taxes is dependent on keeping us at odds with one another. Taxes further cause problems by skewing market calculation, re-allocating scarce resources in the least efficient way, which decreases the standards of living; moreover, taxes created the concept of income (re)distribution which leads to income inequality in the first place. On the market nobody creates an "income", they create a product which will hopefully turn into an income. Also we have shown that taxation provides little to no social benefit in the form of investments. Taxation transfers wealth and makes us poorer, keeps increasing in price and is disguised as doing the exact opposite in the name of the "greater good".

People today are on a poorly informed "tax the rich" kick. They don't realize that 98 percent of "the rich" are entrepreneurs and producers who own S-Corps and LLCs these are the small businesses and producers who actually drive our economy forward. So what people are really saying is "tax small business", punish success and ultimately themselves because the real problem is that taxation helps transfer wealth from the poor and middle class to the rich because of the false monetary system we live under, and by making plunder and theft legal. The larger the tax burden you place on these so called "rich" people the

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more you will draw away their resources, limit their ability to produce and diminish the production base from where you are drawing your own sustenance. Isn't it obvious that you're milking the tit dry progressives, while at the same time making the 'ultra rich' richer, those in the 1% of the 1%.? And the difference is that nearly all 'ultra rich' people (there are exceptions), actually produce nothing. They too transfer wealth, plunder, own assets, invest etc. But with only some exceptions, most don't get up and go to work each day and make something or serve people. That rests mostly on the middle class and entrepreneurs.

So when higher taxes are levied on these so called "rich people" the producers of our society why are you so turned off by the price of goods and services that you want and are voluntarily offered and excepted by buyers, but at the same time a tax levied on the same buyers for questionable governmental services for which nobody can properly and accurately explain their need is somehow this "greater good"? On the market one man's gain brings about the gain of others so why are high prices a burden and high taxes are not?

SUMMARY

The Fed and commercial banks create money, then it comes to you and what is not in the economy or a vault then goes back to the state through taxes. In between wealth is transferred by NINJAs who make us NINJAs (No Income No Job or Assets). The government, commercial banks and the Fed are responsible for wealth transferring to the hands of only a few people, because taxation plays an integral role in keeping us dependent on a fraudulent system intentionally designed to transfer wealth.

Is taxing the rich *really* a solution? Or are we just regurgitating the same thing everyone else says because almost nobody knows what they're talking about? Warren Buffet has an estimated worth around \$45 Billion dollars that he accumulated over the course of his almost sixty years of practice by being the greatest living American investor. Truly an anomaly and not the rule. This one exceptional human outlier could not even fund a single years worth of the Department of Education's \$77.4 Billion Dollar a year budget to do an awful job of educating your children. In twice the amount of time I have been alive his investing couldn't even put a dent in a single year's worth of the department of Labor's budget which totaled \$104.3 billion for fiscal year 2012. Since then how many Warren Buffet sized fortunes have been wasted on the

irony that the department of labor can't actually employ anyone without taxing you and your employer to do so. Also important to note: He created that wealth for himself and others, created capital, insured millions of people and things, created jobs and never had to use any force to do it. The department of Labor spent our money and you get absolutely no say in the matter and most importantly it has done absolutely nothing to put a dent in the problem of unemployment that it helps create through taxation.

Are corporate taxes really too low? That's what some people are regurgitating and expecting one another to believe, but last year Apple the richest company in America, paid about \$8 Billion dollars in taxes on net income of about \$37 billion, while at the same time every April they get accused of not paying their "fair share". So again, I hate standalone numbers they don't tell you *anything*. Remember at the beginning of this book when I made you read my chart on the Dow measured in breakfast cereal? I want you to do what nobody else is doing, think for your goddamned self. So when you divide \$37 Billion by \$8 Billion you get 4.625, so that means that the government took more than 1/5 of the total net income of Apple. So what is Apple's "fair share" then? Who determines it? Corporate tax rates are 35%, but big companies never pay that-only small businesses get stuck with that large of a bill in the name of progress to *help* the middle class. So a company that clearly produces a product that millions of people want voluntarily, pays billions of dollars in taxes should give up *more* of its profits, while at the same time paying employees health insurance, an IRA, retirement, paid maternity leave and leaving room to: create, research, develop new products as well as to grow, advertise and invest in new markets which is their chief concern.

A company that completely changed the world should have to give the government *more* of their intelligently earned capital in order to see it destroyed by faceless bureaucrats? Oh and by the way, the richest company in America still *earned* less money last year than any of those previously mentioned bureaucracies *wasted*. Or how about we take 100% of their profits of \$37 Billion dollars from them so they have to lay people off and can't afford to stay in business in order to fund the department of defense budget for a little over one month, because that cost \$495 Billion dollars a year. These guys spend worse than John Bonetti, who (as I previously mentioned) I once watched spend his last few bucks on a label maker.

The same people who think this way that Apple, along with any other corporation dodges taxes is completely unconscionous. In order to get under these peoples' skin I think I will use the proceeds of this book to purchase an iwatch, because those aren't even as obnoxious as the 'fair share' debate has become and I will prove that once more. Nobody in recent years has prattled on about "taxing the rich" as much as New York City Mayor, Bill De Blasio and as per an article in the New York Post from April 16th 2015 it appears that even he, Mr. "Tax the Rich" to fund after school programs and every single last promise that the city government can't keep, apparently only paid 20% taxes on his \$217,656 income from 2014. Don't forget all of his income is paid for by the taxes of other people who actually produce something everyday. The man who endlessly champions this and ran for political office on this idea, doesn't even want to follow it-the medicine is good for *you*, not for him. Also he apparently made rental passive income on his home for 2 months at \$9,950 total, which he left to move into Gracie Mansion with his family. Then they had another rental property near their home where they made passive income to the tune of \$56,200, none of which was taxed as both properties provided tax savings due to depreciation, so his tax rate was 20.3%. In 2013, the De Blasio's paid an even lower rate of 15.5%.

Why is it that the money supply starts in the hands of the Keebler Elves (the Fed), Uncle Sam and commercial banks, then finally ends up in the public's hands until we pay taxes so some is transferred back to the government, then what money remains in our pockets is what consists of the private economy, yet to the public the remaining money seems to just disappear in some magical way so that: 1 in 7 Americans can't feed themselves, 50 percent cannot even contribute to taxes and the rest of us remain slaves to inflation, unemployment and working hard for wages. If Uncle Sam, the Fed and commercial banks are not responsible then who is responsible for there not being 'enough' to go around? Is it the people who comprise the economy? Should the government increase taxes to improve our situation? Will taking more money out of the economy and putting it into the government's hands to spend it as wisely as John Bonetti would, make the economy better? These are really important questions that will invariably become more important over the course of the next decade or two when we *literally* see the middle class disappear.

CHAPTER 6

THE MOST CONFUSING CHAPTER EVER WRITTEN

OK, so here is where some of you might start to hate me because hands down this is going to be the most complicated chapter in this book. I will try and make this as simple as I can. This chapter will build on your knowledge gained about fractional reserve banking and increase your level of understanding. Remember, fractional reserve banking is intentionally confusing – this way regular people won’t ask questions.

Throughout this book, I have mentioned inflation many times. Here comes the wrench in the works: *we are currently in a deflationary state*. I know what you’re thinking: “but you’ve been mentioning inflation throughout this whole book, why did you wait until now to bring this up?” *I know, I know. I’m a terrible person*, but trust me there’s a method to my madness.

The inflation versus deflation debate in economics is as tired as an N’Sync vs. Backstreet Boys debate on a 2003 episode of TRL with Carson Daily and Jesse Camp, that tall stoner Paulie Shore wannabe who thankfully fell off the face of the earth. By the way, you know N’Sync gets my vote, because I am the Justin Timberlake of economics for bringing sexy back. But that is baseless, complete hearsay, not likely to be substantiated and a moot point.

The mainstreamers and Keynesians fear monger about the “Deflationary Death Spiral” with the same level of zeal that Austrians fear Hyperinflation, with each side throwing out warnings like apocalypse hall monitors, myself included. For some reason, the thought of a “Deflationary Death Spiral” doesn’t seem crazy at all and mainstream economics embraces this fear and warns us by using examples like Japan’s current economy and our economy during the great depression.

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When Austrians warn of hyperinflation using the examples that I have put into this book, they are always labeled doomsayers for doing it. That is definitely a double standard. And when it comes to Keynesians, “Anything they can do, I can do better, I can do anything better than Krugman.”

Before moving on to the Deflation vs. Inflation debate, I believe it is time for this author to share with you as promised the most jealously guarded secret in all of economics. The most jealously guarded secret in all of economics is the existence of Ron Paul’s “Screaming Eagle” hyperinflation warning bugle.



The above bugle is no ordinary bugle; it was forged in secrecy from German wrought iron by the founder of the Austrian School of Economics and developer of the theory of marginal utility, Carl Menger in 1861. By 1876 Menger began tutoring Archduke Rudolf Von Habsburg, the Crown Prince of Austria in political economy and statistics. For two full years Menger accompanied the Prince in his travels, first through continental Europe and later through the British Isles. It was only then that he first mentioned any knowledge of the existence of the great hyperinflation-warning bugle to *anyone*. Menger forged the great bugle to be passed down for generations from one Austrian economist to another. Until now, very few were even aware of its existence and even fewer are aware of where it currently resides, in the possession of former congressman Ron Paul. Given to him on August 15, 1970 by F.A. Hayek in response to Richard Nixon’s dastardly actions to prevent a run on the dollar, stabilizing the economy and decreasing unemployment and inflation rates. On August 15, 1971,

Nixon issued Executive Order 11615, pursuant to the Economic Stabilization Act. He closed the gold window forever ending convertibility between U.S. dollars and gold. One year to the day after receiving this great warning bugle from F.A. Hayek, former Congressman Paul was responsible for *sounding one single ethereal hyperinflation warning blast* that only his fellow Austrians were capable of hearing, kind of like a dog whistle, only this is a bugle and considerably more important.

After Menger it was given to Mises then Hayek, then Paul, hopefully someday this author can be entrusted with this great responsibility. Now you're probably asking yourself, if this is such a jealously guarded secret, then what am I doing writing about it with the hope of someday being entrusted in bearing its responsibility?

The answer is simple. This book will be for sale one year prior to the next National Treasure movie which is scheduled to make the "Screaming Eagle Hyperinflation Warning Bugle" public knowledge and I'll be goddamned if I'm going to let father and son team Nicky Cage (Charles Gates) and descendent of Austro-Hungarians Jon Voight (Thomas Gates) get first credit for acknowledging this important secret. I know that I am fully capable of handling this great honor. I just hope that I never have to use it, but if I do I'll be sure to exercise great caution. I know it was either Spiderman or Voltaire who said that, "With great power comes great responsibility." This is why I will approach this with the seriousness of the sword of Damocles.

Albeit the Austrians sounded the Screaming Eagle Hyperinflation warning way too early immediately following the 1971 gold standard removal, Keynesians just can't let us have anything and being total blowhards they have their own warning woodwind instrument. It's called the "deflationary-downward-spiral-double-contra insanity bassoon" and it can literally be heard by everyone, all of the time. The reed is considerably larger than its cousin, the original "Deflationary Downward Spiral Single Non-Contra Also-Insanity Bassoon." Keynes originally forged this out of little more than duct tape, an unwashed reused Alto saxophone reed, and half a deck of Bicycle playing cards during the great depression. Unfortunately, like most of Keynes' work it did not last very long when withstanding the elements: like the barely noticeable drafty window of the room it was kept in that fateful February morning of 1936 when it ironically depressed in on itself on the same date of his publication of *The General Theory of Employment,*

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Interest and Money Rebuilt by the Civilian Conservation Corps in May of 1938, only a little more than two years later, which attests to the ingenuity and speed of government, they then had the Public Works Administration bury it deep underground to prove it could withstand *actual elements*.

Right after which the Civil Works Administration dug it out of the ground. Unfortunately there was a significant amount of garbage buried by the Public Works Administration on top of the Double-Insanity-Contra-Bassoon. Not surprisingly this didn't stop Keynesians from being total blowhards on that innovative 58 millimeter reed which allowed for greater vibration and produced a lower register on the instrument creating a Buffoon warning several octaves lower than the one previously forged by Keynes. At 75 mm in total length (and 20mm wide) the newer more impressive "Deflationary Downward-Spiral Double-Insanity-Contra Buffoon" is capable of reaching notes four octaves lower than the original as well as being a great testament to the New Deal and economic stimulus created by government paying people to bury things like garbage and "Warning Buffoons," then digging them up. Not to mention, proving that this newer "Buffoon" could now withstand the 'element'-a gentle breeze that ironically caused the depression of the original.

They have consistently blown on this warning woodwind; however its exact date of forgery is unknown, unlike the rest of Lord Keynes' forgeries all of which are known through their exact publication dates. All that is known is that its warnings can be heard loud and clear for 70 years and that the current warning woodwind is believed to safely reside beneath Paul Krugman's mattress.

In late 2008, BEN BERNANKE! ever the blowhard, forged his own personal "deflation flute" warning wind instrument. In a January 2009 meeting, Federal Reserve Minutes recorded BERNANKE! stating, "If all the cool kids are doing it, you know I'm trying it." The minutes later recorded BERNANKE! as saying, "My power deflation flute both sucks and blows at the same time."

According to the Fed minutes, the Chairman was recorded as referring to his deflation flute as 'my precious,' similar to Smeagle and his invisibility ring. (Actually, it's the Ring of Power given to Sarron, the King of Mordor.) BEN BERNANKE' S personal effort to combat economic sanity works a little bit differently. One single B sharp emitted from his

deflation flute immediately charms his Keebler money-making elves to begin creating magically delicious fiat currency through the purchase of United States Treasuries at low, low interest rates in order to combat said deflation. Only little did BERNANKE! know Ron and Rand Paul also caught wind of this dastardly deed.

Legend has it that the Paul family have long since been Ham Radio enthusiasts which has allowed for them to intercept BEN BERNANKE'S magical flute transmissions to the Keebler Elf Tree with help from a Navajo Wind Talker and the Aurora Borealis, kind of like in that movie "Frequency" with actor, Dennis Quaid."⁵⁵ The Paul's relish the opportunity to sully the good name of any Federal Reserve Chairman, especially BERNANKE! I truly believe that when the time comes they will use their great and powerful Screaming Eagle Hyperinflation Bugle to properly warn all those who will listen.

Okay, I think you get the idea. Both sides like to sound the warning alarm and make the other side look dumb while doing it. Truth is both can go a little far at times. Let's get our definitions in order first before deciding the winner, shall we?

Defining Deflation

Deflation is the opposite of inflation, which is a decrease or contraction in the money supply, causing declining prices for goods and services. A decrease in prices is actually a good thing and is a natural free market force that tries to autocorrect our mistakes for us. But it is a cure that the government will never let us swallow. Deflation makes money worth more and goods and services worth less. This includes labor, so if you are making less money but your money is worth more, it sounds like things will even out for you. Sometimes this is true, but deflation makes debts harder to pay off, inflation makes them easier. This is why the great depression was so crippling. The subsequent rise in interest rates over these debts makes them worth even more for creditors like

⁵⁵ Which by the way is an awesome father-son movie that I'm sure both the Paul's - father and son - have enjoyed together during a Tea Party or two. But maybe I'm just biased because my dad grew up in Queens during the 1960s, and that's the whole background of the movie Frequency anyway.

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the banks and billionaires; however it is very bad for the government, which owes \$17 trillion. And really bad for the taxpayer, who is on the hook for the whole thing. The middle class and working poor will bear the brunt of this and will still be paying taxes and debts with less money that buys more.

So, let's say during the inflationary boom of the early 2000's you bought a moped to cruise around on as your 50th birthday present to yourself and your nagging wife demanded that you get a side car for her to ride in beside you.

Because she invites herself along on your golf and fishing trips you knew she wouldn't let you have anything to yourself, but really she's just worried that you're going to Hooters on that thing and she hates that place. She even has a nickname for Hooters, "stripper light," but you know that's way too witty for your wife to come up with all on her own, so you're pretty sure she probably got that from Chelsea Handler or someone like that.

Things were good during the false prosperity of an inflationary boom, only thing is let's say we've just entered a "deflationary death spiral" (that Keynesians are so fearful of) and now you've really done it and bought something as stupid as a moped with a sidecar that you definitely can't sell to anyone because who the hell wants a moped with a side car on it? Even you don't want a moped with a sidecar on it. Plus after the PANIC! your wife made sure to remind you of how stupid the moped was in the first place, only after you had the sidecar mounted for her. But you really know that she just thinks the moped is stupid because she's doing Zumba to take that baby weight off so she can fit into it.

We both know, it ain't never gonna happen for her. The moped itself only cost \$5,000, but just to get that stupid sidecar mounted on there was like another \$3,000. Now you have a total debt of \$8,000.

So deflation kicked in and now the decrease in wage is starting to hurt because prices go down because demand is crashing, demand is crashing because the money supply is contracting, now you know if you bought the moped after the depression you could probably get the whole thing for more like \$4,500, and most importantly you're paying back the \$8,000 you owed with much stronger currency. This is why the Great Depression was so awful and why people say that a deflation is worse than a hyperinflation because cash is harder to get. This can

make debt an extremely heavy burden to hold.

Let's say before the "deflationary death spiral" you were making \$2,000 a week and after you're making \$1,000 a week and you were paying off debt on the moped and sidecar at \$100 a week or \$400 per month, when your income was cut in half that would be almost half of your income per month not including any other bills. I think that makes it quite clear how painful debt really is when there is less credit in circulation. The decrease in wage, while still paying off the same amount of money in debt is crippling.

- Now, when it comes to deflation, this is kind of a weasel word. So let's simplify it as two common types for the purposes of this example: An example of bad deflation is when asset bubbles burst like in the real estate market PANIC! of 2008, causing the downward spiral Keynesians fear so desperately.
- When prices drop due to nominal price deflation because of increased competition in the market that is good deflation. It means a higher living standard because your money buys more stuff. Instead of spending \$4 per gallon of gas, you could be spending half of that.

So with that said, price deflation we can all agree is a good thing and is a natural process stemming from a free market. If free markets are bad, and regulations, taxes and government intervention is a good thing then why is it that the things we don't need to survive like, IPADS, cell phones and computers are always getting cheaper? And what we do need to survive, food, healthcare, commodities like oil to heat our homes and gas for our cars is always on the rise?

Many would like to blame this on greedy corporations or speculators and to some degree there is a little truth there, but the real culprit is government taxing your gas, regulating the food industry and running amuck all over our healthcare. Government drives up costs, while the free market makes these things cheaper, naturally. All the while, government regulations do not keep us safer and inflation takes over. You can also include education. The cost of college is always on the rise due to government backed student loans.

It is not only frustrating but sort of ironic that our food and heating our homes are on the rise price wise, but you can get a laptop computer significantly cheaper than you could just a few years ago due to healthy competition in the market. There may be government regulations in the

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electronics industry that this author is unaware of. However, they hardly compare to the taxation and regulation that other industries are subjected to, which makes all of our lives that much more expensive and difficult.

One of the biggest problems with government intervention is something called Moral Hazard. The term Moral Hazard stems from insurance in the 1600s and comes from behavioral changes as a consequence to owning insurance. People whose property was insured tended to take bigger risks, than those who weren't. The current usage of the word started in the 1960s and is applied to government economic policies. The meaning is now concentrated on unintended economic consequences from government intervention on the free market.

There are too many examples to even get deep into this. Basically, the bailouts from the PANIC! Of 2008 are the best examples. If a financial or insurance company is going to take risky bets and cause a total meltdown and the government is going to bail it out, when instead the free market forces would ordinarily turn as yellow as Bruce Leroy in "The Last Dragon" and start whooping ass on lame companies that deserve to go out of business. What is to say that the next time the company really shits the bed that the government isn't going to continue bailing them out? The first time that Uncle Sam uses your tax dollars to bail out private interests, also called socializing losses, they are setting a very dangerous precedent. How many other times will they do this and for who?

Will they keep bailing out the same companies? When will it end? Basically, lame companies that don't function intelligently deserve to be eaten alive by the "blackploitation" yellow glow of the Free Market at the end of "The Last Dragon". Just in case you were wondering, these companies will never publicize their profits. We should never publicize their losses either, rightfully so. Don't believe me? Ask, Sho-nuff.

Today, Washington and especially BEN BERNANKE! Are doing everything they can to prevent a "deflationary death spiral" with Keynesian government stimulus to drive up demand for goods and services (printing money aka Quantitative Easing) thus inflating the money supply to balance out the actual deflation that is occurring. Before I completely complicate this, I am going to simplify. In general, austerity measures and letting prices fall would be a market cure, but the Government isn't going to let that happen. The government's cure is

more imaginary wealth, which only passes the buck a little bit further down the road and buys us time, but really it is just delaying the inevitable. Incidentally, both deflation and inflation will ruin us, if we can cycle between the two options we can actually just delay this eventual market correction/wealth transfer for a couple years, but in the end the longer it takes to get here, the more painful it will be. Deflation brings about significant fundamental change, by radically modifying the structure of ownership of assets financed by credit causing forced deleveraging, and businesses go bankrupt because at lower prices they can no longer pay back the debt they had incurred. However, it is from this “creative destruction” that the seed of a healthy recovery can be planted and sustainable growth can be grown.

Allow me to give you another example.

Imagine you’re in a Portland Oregon Saloon in the 1850’s and a beautiful beer wench is totally digging you and giving you the eye. You’re getting a little drunk and you want to impress her, so you challenge the biggest guy in the house to an arm wrestling competition. It turns out that when the two of you arm wrestle the other guy knows something you don’t and that is to put his thumb over yours like, Sylvester Stallone, as Lincoln Hawk in the movie, “Over The Top.” You lose to him terribly.

What you thought was an epic fail turns out to be great because the beer wench you were trying to impress immediately comes over to you smiling and comforting you from your loss with a large grog of Meade straight Beowulf style. She’s whispering in your ear, playing with her hair and you’re getting all the right signals from her and you start thinking to yourself “is this really gonna happen? I mean this could be it, okay play it cool, Sven, you’ve totally got this. Oh she just touched the inside of your leg with her hand. She totally meant that, it was no accident; okay keep your composure bro.”

So finally the beautiful beer wench gets you another grog of Meade and you guys find yourself in the back of the saloon together and you begin congratulating yourself. You’re like, “you did it Svenster you old salty dog you, this is totally happening...wait until Monday morning when you get to tell all the other Fish-mongers you work with about that new notch on your hammock post.” Only a few minutes later you’re not feeling so hot, it turns out she’s drugged you and you realize you’re in trouble because there are five pirates in that back room and suddenly everything goes black.

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24 hours later you wake up on a large vessel in bondage. It only takes you about a minute to realize that you've been SHANGHAIED! by that hot wench with the grog in the saloon. So, on your way to Shanghai China you hatch a plan to steal an inflatable raft (yeah, I know they didn't have inflatable rafts in the 1850s, but the raft is where the example really begins so don't give me any lip about it) that is being dragged behind the ship. You jump past the guard, steal his blunderbuss and shoot off your handcuffs like Indiana Jones and make a break for the raft, untie it and you're free!

Well, not really 'free' more like stuck on an inflatable raft in the middle of the Pacific Ocean so in fact you're probably worse off than you would have been just going to Shanghai. You have no food, company, jacket, water, fishing pole, oars, and sail. You're in really bad shape actually, and you begin to immediately regret this decision.

This begins our example. In fact, nothing preceding this part of the example was in anyway important. Actually, completely ignore the entire beginning of this example. So imagine that the inflatable raft you've opted to die on in lieu of being SHANGHAIED! is a metaphor for the economy. And by that I mean, your life raft has a tiny air leak and you have no idea what to do. So suddenly you become SVEN BERNANKE! And you become a "student of the great depression" so your greatest fear is deflation (the boat running out of air). The real threat isn't the deflation itself, the real threat is the shark-infested water (debt, unfunded liabilities, etc.) you're stuck in and there's plenty of shark infested (debt laden) ocean in this economy that's for sure.

Able to see what is completely obvious to anyone of decent intellect that there is a tiny air hole in the economy (inflatable raft) you've become the United States government and you've done the exact opposite of what you should have through intervening on the air hole by completely removing the gold standard in 1971 and inflating the hell out of the currency. You were only asleep for about 24 hours when that girl knocked you out with the drug, depending on when the ship left you might actually only be miles from shore so you could have had a fighting chance that another boat might see you, but now that you've done the exact opposite of what you should have through Keynesian economics and actually made that hole (debt) worse, you know that inevitably you're going to sink the only question is, inflation or deflation?

For argument's sake, (just work with me), even though you have no oars you have a small air compressor for bike tires. Seeing how much air the raft has lost your greatest fear just like BEN BERNANKE! is deflation so what do you do with that life raft of an economy? You start to inflate! And when it comes to inflating that raft for dear life you're not messing around, you're borrowing trillions from China, monetizing your own debt by purchasing treasuries left and right and pumping like a crazy person. Even though from the beginning, some part of your subconscious knows how this is going to end it doesn't stop you from making the attempt at inflation. This is life and death, so you can't do anything about the problem it's against human nature.

At this point, you know either way you're going to drown (from debt and all the other factors mentioned in this book) in a depression, the life raft of an economy is either going to pop from inflation or sink from deflation. Your greatest fear is deflation, but at the same time you remain skeptical that inflation is even possible. Am I really going to pump this tiny little air compressor (printing press) so hard that the life raft pops? You think to yourself, "Austrian non-sense!"

If deflation is your biggest fear, you SVEN BERNANKE! will do absolutely anything in your power to prevent it from happening, you've already begun quantitatively easing the raft and the first round worked at first sending precious metals through the roof, but once you stopped pumping a little while later the raft began to deflate again. The second round you pumped even harder also sending precious metals, commodities and agricultural stocks through the roof, but you pumped really hard so you decided you needed to lay off a little bit and the raft started to deflate again after you stopped.

This time you took a little break and decided to go about it this time in a 'sterilized' fashion, meaning you're using pretentious nomenclature to describe the third round of printing and basically won't stop until you've recognized the law of diminishing returns is taking place here and what I will call Q-Eternity, so you keep going, but you're not really paying attention to what you're doing because you're thinking about that beer wench's bosoms and wondering if it was something that you said that made her want to Shanghai you, you two got so close in such a short amount of time and you really felt like she liked you for you, I mean you guys had a real heart to heart, you opened up about how your dad left when you were four and your mom was a 'woman of the night' back in San Fran just to make ends meet because she had mouths to

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feed and how it made you feel like you could never really trust a woman. She was the first person you ever told that to and you felt like you had a special bond together, even though she SHANGHAIED! you, now you're really never going to trust a woman again.

You snap back to reality and realize your worst fear, sharks (China wants its payments on debt and rightfully so) and the hole in the raft got significantly bigger from all that pressure exerted on it through the air pumping (printing press). It occurs to you that this is in fact the beginning of the end and you really don't know what to do. Do you just let the economy deflate or keep inflating until the boat pops?

You've quickly realized that economies are like rubber bands, when they are pulled in one direction too hard, they have a tendency to snap back in the other direction. Now your economy is losing air much faster than you were in the beginning and you're seeing lots of deflation and you PANIC! The bureau of Labor and Statistics can only falsify the air supply for so long to the American people and the political pressure becomes too much so you remember, It just so happens that you have a tremendous air compressor on that life raft with you (give me a break, I'm drunk and this example is taking forever) that the author previously neglected to mention. So SVEN BERNANKE! ever fearful of deflation and skeptical of inflation even being a possibility sends that huge plot device of an air compressor into the hole to quantitatively ease the living shit out of the raft for the fourth round.

Initially we have what appears to be prosperity, the raft fills right up, the stock market rallies temporarily, and you're screaming victory. Only you know that the second you pull back on that monster compressor you'll see deflation again, in fact the last 2 hours of your life since you left that big ship have been a hellish nightmare balancing act between inflation and deflation. You start to remember the advice you got from Goldman Sachs, "It is the rate of pumping that matters, not the quantity." Quantitatively easing the life raft will never end, as the frequency of pumping must increase with each new dose, and each dose must one-up the previous one. You continue to see multiple rounds of deflation followed by inflation. It becomes clear that the last act of a desperate man will be you doing something significantly more corrupt than buying Treasuries.

Now you, SVEN BERNANKE! begin buying \$40-45 billion dollars worth of Mortgaged Backed Securities per month and a few other toxic assets

from your banking buddies until eventually the inevitable happens-the life raft economy actually popped through hyperinflation and now you're swimming all alone in the Pacific Ocean. Its curtains for you, now it's just SVEN BERNANKE! and the sharks.

It's ironic how sometimes governments find themselves with problems like debt in the beginning stages and take massive action to stop deflation from getting out of hand, but in the process they actually make things worse by printing money. The way to solve a bust is to take the short term pain, for example look at Iceland (by my own admission, they're on a much smaller scale) which eventually leads to the long term gain, it might mean being SHANGHAIED!, but when you're stranded in the middle of the Pacific Ocean that seems like a small price to pay because maybe you could have escaped on dry land. Now you're going to drown.

You know that the reason you were really SHANGHAIED! isn't some bosomy beer wench plot device that the author drunkenly conjured up, it's really from Fractional Reserve Banking, all money being debt that accrues interest, shadow banking, economic bubbles popping and other factors which have the deflationary effect on the economic life raft that BEN BERNANKE! truly fears. The way we create currency in and of itself is deflationary, half of the money supply is produced by Fractional Reserve Banking and expanded by magically delicious credit backed by magically delicious assets that are then re-pledged again to obtain more magically delicious credit, lather, rinse, repeat.

Assets like bonds are used as collateral to obtain cash. For example, a \$5 million bond might be pledged in exchange for \$4 million in cash. The new owner of the original \$5 million bond can then re-pledge it in order to receive \$3 million in cash. There is still only the one \$5 million bond, but now \$7 million worth of new cash has been created on top of that original \$5 million that was pledged, so that magically delicious fiat currency was borrowed into existence, backed by a \$5 million bond. Through fractional reserve banking new currency is created "out of thin air" and is literally no more real than the Keebler Elves' cookie tree factory or Magically Delicious lucky charms made by leprechauns. The money supply is completely illusory and is how about half of the money supply is actually created if you can even really use the word 'create' in this sense. In fact, I don't think you can use the word 'create' when you are doing the opposite, not actually creating anything. Hold on, let me consult my MLA handbook to see if I can in fact, use the verb 'to create'

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in regards to money that doesn't really exist⁵⁶. There I feel better now. I hate literary inconsistencies. So, Wednesday through Monday, one need completely disregard fractional reserve banking entirely. Essentially, the bond market is rather deflationary.

Now it gets even worse because the economy is so anemic that banks are willing to pledge even fewer assets as collateral and do less re-pledging of assets and are willing to lend less money due to skepticism of the ability to repay. It's like a bunch of Roofie dealers in a room who all need to borrow money from somebody, but they all know everybody else in the room is a Roofie dealer too and they know Roofies are like the sketchiest drug on earth, they're used solely to date rape women, just like a reverse Shanghai, but not really. None of these people really trust each other, and that is how banks work. Honestly, I'm disappointed with myself because ridiculousness is my forte and that's not even an exaggerated example, it's kind of really accurate. Except, I think I might actually trust the room full of Roofie dealers over *some* bankers.

Here is where the system becomes really deflationary the assets pledged as collateral to create more magically delicious fiat currency also naturally mature in time, which results in deflation in and of itself. Basically, once your communion bonds matured, somebody else's communion bonds are going to mature after, only for more money so every time communion bonds mature more money needs to be created to pay back the old money owed at interest⁵⁷. With each magically delicious dollar of liability that evaporates through the maturing of those bonds which has to be paid back at interest, the moment when we will see rapid and severe price increases because of deflation of magically delicious fiat currency will prompt an increase in the rate of flow of Fed money printing to counteract the deflation. That's why I gave the example of Sven on the life raft. In real life this could look like this Michael Maloney quote, "Bonds have skyrocketed in price due to shaky confidence in the world economy, the amount of return to

⁵⁶ According to the MLA handbook, "One may only use the verb 'to create' on a Tuesday in regards to something that doesn't actually exist in the first place."

⁵⁷ Does this sound like a bad idea to anyone else?

investors has shriveled. In real terms, defined as the return of an investment minus the depreciation of the purchasing power of currency, investors in bonds in effect have to pay in order to loan cash to governments.” Due to all of this money printing, Treasury bond purchases by the fed has increased to more than 2 Trillion dollars, roughly 30% of the market-not a good thing when your central bank is buying the majority of your debt.

I know you’ve heard of voodoo economics and trickledown economics, but this zeitgeist will be marred by what I like to call “rhythm method” meets “Pull and Pray” economics because we are most certainly fucked. The Law of Diminishing Returns was obvious for the second round of quantitative easing, what makes anyone think this time it will change because there is no end in sight for purchases of mortgaged backed securities? Now that the Fed is constantly printing money to monetize our own debt, it can’t ever stop without any deflationary pull back. Central banking’s gravitational pull is so strong that escape from the event horizon of quantitative easing is impossible without defaulting on all outstanding debts. This should make you mad, much madder than the Bush tax cuts. If you’re still mad at the Bush tax cuts, quantitative easing should make your head explode. Unless you’re Bono, then you’ll record yet a third version of “We are the World.”

Now I would like to cover the fact that as of this writing quantitative easing was phased out beginning January 2014, under the leadership of BEN BERNANKE! and continued unabated under Janet Yellen until November 5th 2014. But not without first creating 4.5 Trillion dollars in assets the taxpayer is on the hook for. Later I will explain why it may not be gone for good and could come back, but for now the Keynesian argument for why quantitative easing is somehow a good thing that stems from the belief that since the Great Depression was a deflationary depression, somehow any amount of deflation is a bad thing. The important thing to know is that the policies of government stimulus derive from false beliefs that real prosperity can be achieved simply by increasing the amounts of money and debt and this is false. The idea that we can achieve real prosperity simply by creating more money and debt is akin to belief in magic, in other words it is a complete illusion. Fed officials should give up trying to create real wealth by magic. Unfortunately, the new Fed Chair, Jerome Powell has the same strong faith in Keynesian sorcery to create real wealth from thin air as Yellen, like BERNANKE! before her should have discarded her sorceress ways. Even better, the American people should get a financial education, learn

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how money works, stop waiting for officials to admit to their own failures, and press for more rational and reliable *laissez-faire* policies. Quantitative Easing fooled the public and many politicians into replacing destroyed credit with new money and destroys the store of value function that money has to have, but credit cannot ever have in order to help push up the stock market. It's never selfish as long as they're happy.

Next comes the argument that austerity doesn't work, otherwise Europe would be doing better (as the European Union is supposedly using austerity to get back on track). First, austerity does not mean what these people think it means. Austerity is belt tightening, while reducing spending, and your debt. Every single country in Europe is spending more. Second, you cannot judge the future on the present just because things are one way now does not mean they will remain that way indefinitely. Despite all this talk of inflation we are currently experiencing deflation mostly because when debts are defaulted on or paid off due to the process known as, forced deleveraging, it reduces the money supply. Forced deleveraging means people and governments have no other option than to sell off their assets to reduce their debt levels. Once again, this is deflationary.

There are four potential outcomes of the deleveraging processes, according to the McKinsey report, and they are:

Belt tightening- this is the most common path of deleveraging for an economy. In order to increase net savings, an economy reduces spending and goes through a prolonged period of austerity.

High inflation- high inflation mechanically increases nominal GDP growth, thus reducing the debt to GDP ratio.

Massive default- this usually comes after a severe currency crisis. Stock of debt immediately decreases after massive private and public sector defaults.

Growing out of debt- if an economy experiences rapid (off-trend) real GDP growth, then its debt to GDP ratio will decrease naturally. E.g. US in 1938-43. The thought of us growing out of our debt is completely laughable at this point in time. Massive default would be massively deflationary and Belt tightening will not happen considering our Keynesian policies, inflation is most likely.

Since we will almost certainly not grow out of our debt or tighten our belts, those options are highly unlikely and it is safe to say that all that is left is either massive default (deflation) or high inflation/hyperinflation. Austerity and default are highly unlikely options because they are about as politically inexpedient as openly blaming the poor. Nobody wants to be the guy who cuts back on social programs for the poor or responsible for the greatest crash in economic history. This does not lead to reelection. Printing and putting the problem off is the answer to reelection because it is the easiest course and the reason why my honest opinion is that there will be numerous rounds of deflation followed by inflation (money printing) in order to counteract the initial deflation. Like SVEN BERNANKE! who starts by occasionally inflating the raft and then eventually once he starts he can't stop and has to constantly inflate the raft in order to not drown. The effect this has is similar to that of a rubber band. If you pull the economy in one direction, it snaps back harder in the opposite direction. There may or may not be a total collapse of the dollar, but I think significant 1970's style inflation is the most likely outcome. Better dust off your old "WIN" (Whip Inflation Now) buttons.

The whole point of me telling you that there will be numerous rounds of deflation followed by inflation to counteract it (Quantitative Easing) is that while prolonging the inevitable correction (the wealth transfer), massive amounts of wealth will be transferring. Asset bubbles will inflate, wealth will transfer from one sector of the economy to another, the richest 1 percent of 1 percent will get richer, the working poor and middle class will bear the brunt of this, until we inevitably find ourselves in the same SVEN BERNANKE! situation which will occur because of anyone of our ticking time bomb issues I have described will be so out of hand, nothing can be done. The Bond Market imploding, derivatives implode, interest rates on the national debt increase exponentially or Commercial banks begin lending money out drastically.

Despite the popular misperception that we are in an inflationary period, in fact the total currency supply (base money in circulation plus money created via consumer credit, or M3) peaked in 2009, then began to contract.) The only way to sustain the status quo currency bubble and push off the inevitable is to expand debt, and borrowing has slowed. In reaction, the Fed pulled out all stops in flooding the economy with new currency. That is exactly the type of desperate, knee-jerk response, in an attempt to stave off deflation, which I am warning about and could lead

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to significant inflation.

The most likely outcome is that of high or hyperinflation. However, the risk that money printing causes inflation because the monetary base, increased has had many individuals immediately blowing an ethereal Screaming Eagle hyperinflation Bugle warning that this Economic Bieber fever moment will be happening this weekend, since 1971, but hyperinflation, or even significant inflation, hasn't happened Why?

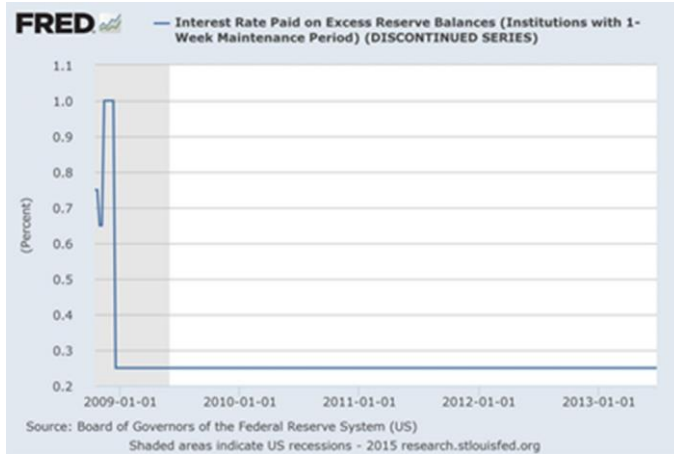
The monetary base M1 consists of two types of reserves-

1. Required reserves and 2. Excess reserves.

Required reserves are reserves that commercial banks by law must have on deposit at the Fed to comply with reserve ratios. For example, suppose the bank of Mike Torrie had \$100,000 worth of deposits, the 10 percent fractional reserve system requires he maintain \$10,000 worth of reserves to 'back' his deposits.

Excess reserves are reserves held at the Fed beyond that 10 percent required amount. So if the bank of Mike Torrie had \$150,000 worth of total reserves at the Fed, \$15,000 would be considered 'required' for fractional reserve banking, and the other \$135,000 would be considered "excess reserves" that he can use to legally plunder you. And he's Mike 'Moriarty' Torrie, so he will plunder you.

Commercial banks have these excess reserves paying them only 0.25 percent interest, but on tremendous sums of money created by the Fed. If interest rates became attractive enough, commercial banks would have financial incentive to begin lending out those excess reserves, which under the current amount of money could potentially create almost \$12 trillion in new currency rather quickly. This ability is called the "reserve money multiplier." Look at this chart of all this wonderful interest we have to pay to banksters for parking *their* money the fed created for *them* to not lend to us. Can you imagine receiving a check for 1% interest on 2.8 trillion dollars? Me neither.



Board of Governors of the Federal Reserve System (US), *Interest Rate Paid on Excess Reserve Balances (Institutions with 1-Week Maintenance Period) (DISCONTINUED SERIES)* [INTEXC1], retrieved from FRED, Federal Reserve Bank of St. Louis
<https://research.stlouisfed.org/fred2/series/INTEXC1/>,
 March 22, 2015.

The Federal Reserve Banks pay interest on balances maintained in order to satisfy reserve balance requirements and on excess balances. The Board of Governors has prescribed rules governing the payment of interest by Federal Reserve Banks in Regulation D (Reserve Requirements of Depository Institutions, 12 CFR Part 204).

The Financial Services Regulatory Relief Act of 2006 authorized the Federal Reserve Banks to pay interest on balances held by or on behalf of depository institutions at Reserve Banks instead of lending us the money.

Let's consider the M1 money supply which consists of physical currency, traveler's checks, checking accounts, and other very liquid assets and is only a miniscule \$1.7 trillion. The potential for the reserve money multiplier to have excess reserves make more magically delicious money from other magically delicious money made from more

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money baked by Keebler elves and at some point some of which was originally deposited in a commercial bank by the Fed. Why am I telling you this?⁵⁸ This could quickly spiral out of control and proliferate like a Mandelbrot fractal (it's complex and could cause hyperinflation⁵⁹.)

According to Kip Herriage's, "Crash proof Prosperity," the much more likely scenario for significant inflation/hyperinflation will probably look like this:

1. Interest rates begin to rise as the inherent credit risk in government bonds leads countries like China to suspend buying or begin selling their bond holdings. We have already seen the rise in long-term bond rates.
2. This signals a huge increase in interest rates. Eventually even Central Banks will show their limits to the amount of government bonds they will buy.
3. After the bond market begins to show cracks, the public will start to fear a repeat of the late 1970's, and the early 1980's. During this time period interest rates hit 20 percent, with inflation topping 15 percent per year. The day will soon come when no other country wants to buy our Treasury debt bonds, forcing the Fed to become the buyer as a last resort. This will have the event horizon black hole effect, as other bond markets unsupported by the Fed will collapse first. The Fed will have no other option than raising interest rates and the monetization of all types of bonds. Otherwise there will be a massive default. The bond market is so large that this action to prevent a bond bubble breakdown could easily cause PANIC! That will lead to the selling off of dollars and a dangerous drop in its value and potential loss of reserve currency status. Every time that seven headed dragon known as deflation came out of its cave, the Fed printed in order to slay it with inflation. It's kind of like a knight in rusted armor at this point, sort of saving the day by

⁵⁸ Well if BEN BERNANKE! does absolutely nothing more, he has already injected enough reserves into the banking system to double the existing money supply solely on loans to private citizens.

⁵⁹ www.wealthcycles.com

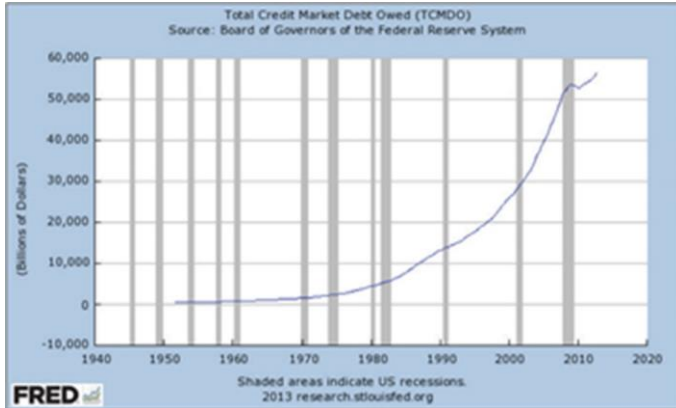
preventing the inevitable, but certainly not someone who would make the princess scream, "My hero!" To not temporarily save the day would otherwise threaten the global banking and currency systems. Without this temporary fix, asset prices would fall, impoverishing the owners of the Fed and commercial banks. We all know that is never going to happen. This could trigger the implosion of the highly unstable derivatives daisy chain⁶⁰. Every time deflation takes hold, the government our knight in rusted armor, has done everything in its power to prevent the currency supply from contracting, by printing more currency, eventually that currency will see the light of day when interest rates rise pushing the value of the existing currency in supply lower and lower, guaranteeing significant inflation. I believe it now to be proper to quote Stephen the Irish guy from Braveheart, "The Good Lord assures me he can get me out of this one, but he's pretty sure you're fucked" This is my motto for those who think that Gold and Silver are crazy investments. This type of event guarantees future inflation and increases the likelihood of hyperinflation.

4. Real estate and housing will start to get ugly. For every 1 percent move higher in mortgage interest rates there is an inverse 5 percent drop in real estate prices. That means that if mortgage rates end up at 12 percent, we could be looking at a 35 percent drop.
5. Equities and rising interest rates are bad for stock prices. A significant rise in interest rates will cause nothing short of a stock market collapse.

Since deflation is the threat which leads to inflation, allow me to use data from the Fed's first 2013 quarterly Z.1 flow of funds released showing deflation averaging more than \$50 billion per quarter over the first half of 2012. So with the Fed's Q-Eternity (rounds 3 and 4) printing program in aggregate about \$85 billion a month in magically delicious liquidity is pumped into the system to combat deflation.

⁶⁰ www.wealthcycles.com

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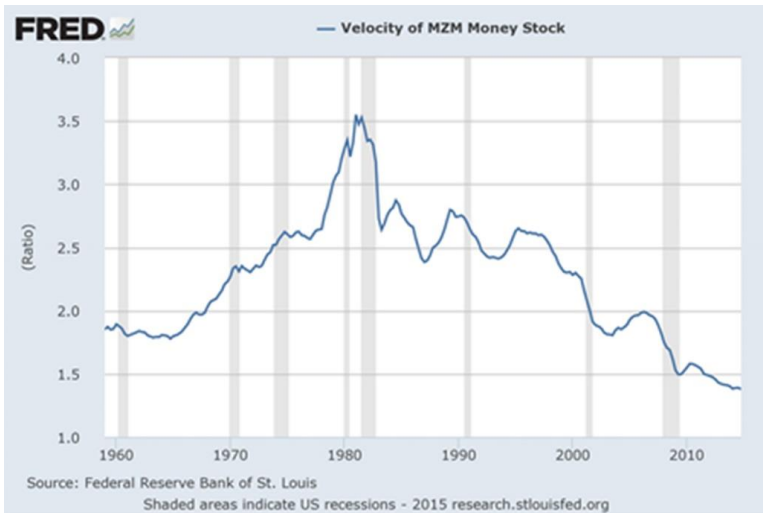
We are going to see (potentially multiple) rounds of deflation first, then we'll start printing like crazy to get us out of that deflation and we will lather, rinse and repeat. Essentially, no Fed chairman wants to sink into depression by way of a deflating raft when he has a printing press, they'd rather prop the raft up for as long as they can by printing air into it and riding the see saw battle of deflation and inflation for potentially several years as long as the tensile strength of Shanghai Sven's 1860s plastic inflatable raft will allow for it. That my friend is a sentence worthy of a sip of beer. It would not be politically expedient for BEN BERNANKE! to take zero action toward a problem this large. Letting the economy sink (deflation) requires no effort. By hyper inflating the raft in a PANIC! you can at least appear like you made every effort you could to save the situation.

Okay, so now you're probably getting really angry with me. I bet you're thinking something like, "First, this guy says that Quantitative easing is INFLATIONARY and now he's claiming that it's DEFLATIONARY, make up your goddamned mind because you're losing credibility you John Kerry Flip Flopper." This is why I entitled this chapter "The Most Confusing Chapter Ever Written." Essentially, Austrians tend to focus on the inflationary aspects of money printing while Keynesians and other "Neo-Mercantilists" like to focus on the deflationary aspect so you never really get the whole picture because they're both right and will not acquiesce to the other side's point of view.

The reality is that we are in a deflation, caused by previous inflation and we are using more inflation to counteract our current deflation and it isn't working, because the velocity of the money supply is crashing and the alleged solution, inflation will not work.

Velocity of Money Supply Crashing

Barring a rapid upward reversal in money growth like we saw between Quarter 2 and Quarter 3 of 2012, we are headed for a serious market crash because the money needed to support our current capital structure simply does not exist. The money in the system bidding up prices is the real non-adjusted money supply in the system. And the money in the system is shrinking.



Federal Reserve Bank of St. Louis, *Velocity of MZM Money Stock* [MZMV], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/MZMV/>, March 22, 2015.

It gets worse, the above chart explains what is known as the velocity of money, which is clearly crashing and has been for some time now. The velocity is the frequency at which a one dollar of currency is being used to purchase a good or service in our economy within a given amount of time. Since the velocity of money is decreasing less transactions are occurring between individuals in the economy. The velocity of money proves that money isn't acting as a medium of exchange for goods and services like it is meant to, instead it is mostly being transferred between banks, between governments, between oil and gold bourses, between the stock market, and none of it seems to be able to find its way into the hands of the people, even though more has been created in the last 8 years than in the previous 80. In a keynesian wealth transfer style economy where it is imperative that people do not do much saving

in order to keep us spending, the fact that currency is not being exchanged as fast as is needed in order to keep this charade going is a tremendous indicator of not only that it is completely fucking obvious that this would lead to tremendous income inequality (that's a shot at people who still think it could even be the Bush tax cuts) but the velocity with which the money supply is being used in the economy and money is exchanging for actual goods and services like it is clearly meant to be doing-isn't even happening. Clearly, consumers and businesses aren't even spending what they need to in order to make it even *appear* like we're using money for it's actual purpose. We are literally papering over all of our problems and transferring wealth, not spending it on actual things. If there is better evidence of a wealth transfer I can't find it. Also if I haven't made this point abundantly clear by now money is completely controlled by the government who claims to be looking out for the people. This is why government involvement (socialism) never benefits the people, it benefits those who are most powerful in the government.

Why did the velocity of money peak in 1980s?

I have read several competing theories on this, this author's best guess is that after the removal of the Gold standard which led to stagflation, it creates an appearance of a boom phase and the perception of prosperity. Throughout the 1970s there were recessions and high unemployment, but also the perception that things were still going well for the others who benefitted from this inflation. Which of course was temporary, but the money supply kept increasing and in order for there to be palpable inflation clearly that money has to reach the hands of the people. Not like today, where the majority of money is still in computers and vaults and not accessible to the average person. This chart makes it very clear that we are currently in a deflationary state, there is no doubt about that. The great fear on the right is what happens when all of that money does become accessible to the people and what if it happens quickly? That's the hyperinflationary scenario that we're warning about potentially happening in response to the deflationary situation we are currently in. The fact that money clearly cannot change hands as fast in the private sector (because it is actually smaller than it was in the 1960s because less people are producing than they were then and far too many people work for the government which has expanded rapidly) When serious deflation really rears its ugly head from something like another asset bubble collapsing this is going to get nasty as we combat an even smaller private sector than we had 50 years ago with four and a half trillion more dollars than even existed in 2008.

In the 1980s things picked up again under reagan and unemployment improved so perhaps that is the reason for the peak. You can see on the chart that there is a dip in the late 1980s because by 1987 the stock market had crashed again, and by 1994 there was a fairly large recession. Later on when I explain Keynesian economics a little bit more in depth and how the business cycle works and that it is dependent on endless consumption to keep moving and the theory of how government stimulus can pump up an economy, well, tell me again how that is supposed to work when people aren't even buying as many goods and services? The velocity of money peaked 35 goddamned years ago because apparently before I was even born, money changed hands for goods and services more frequently than it does now.

This is why when I hear 'tax the rich', an attack on capitalism, the demand for more government solutions or pretty much anything in regards to income inequality on the far left I sometimes have to wonder how people can be this bad at problem solving. It seems as if everything the left claims it can achieve economically, creates the opposite effect and the paradox is completely lost on *only* them. In no way am I patting conservatives on the back-at all. Republicans are a big part of this too, but this is Keynesian economics at work. You guys want income equality and you want to print money to send it directly to the rich at the same time, and you don't want to hear about the potential backlash, but you also want to tax them. You also want to grow the size of the government to stop the income inequality caused by the size of the government to make more bureaucrats whose salaries come from transfer payments while promising the poor they don't have to work to shrink the economy to cause the deflation to be counteracted with money printing that goes almost exclusively back to the rich because the velocity of money is crashing. The real solution is to get more people working and producing in the private sector, why that isn't abundantly clear I will never know. Currently there are 62 million men capable of working in America between the ages of 25 and 54 and on average 1 in every 8 of them is not working. That means that about 8 million able-bodied men are not working in America, that has never happened before in our history.

Go figure that there could be more money in existence than ever before while we're clearly getting poorer: we have morbidly obese people who are starving in America, more government intervention than ever, and less control. Ever wondered why it feels like we're living in an age of paradoxes? Half the government is claiming that socialism is the answer

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to capitalism and more magically delicious money printing than ever before and yet nobody seems to really have any. Congratulations Keynesians and progressives, $\frac{3}{4}$ of the American population is living paycheck to paycheck, while just surviving keeps getting more and more expensive and only the rich are benefitting. So where is this money going?

EXCESS RESERVES

Banks continue to add to excess reserves, which are now as of this writing at about \$2.8 trillion. This is the primary cause of the slow money growth. Bernanke is boosting the monetary base, but banks, fearful of higher rates, are parking their money back at the Fed. If we do see another crash, Bernanke will act as he did in the fall of 2008 and flood the system with even more money, possibly buying stocks. That is why quick rebounds following a crash are normal. The day that increased money printing is announced in excess of \$85 billion per month to prevent deflation will signal the next stage has been set and the real hole in the boat is emerging. It is impossible to predict how gold will act during the crash itself. It may climb higher in a flight to safety or dive based on overall liquidation, but the Fed money printing after the crash will ultimately send gold prices higher.

So, at this point in the book we have been through how money printing and Fractional Reserve Banking allows banks to create more “money” out of thin air (which are just digits in a computer also known as “fiduciary media” to economists and “Magically Delicious” to people like me who want to highlight the absurdity of money creation) than the supply of base money can pay off. This increase in the money supply is what sets in motion the inflation and I don’t think anybody would deny this. But, what is rarely understood is that any deflation can only result from a previous case of inflation. As my dude Murray Rothbard wrote in his book, *Man Economy and State*, “Clearly, inflation is the primary event and the primary purpose of monetary intervention. There can be no deflation without an inflation having occurred in some previous period of time⁶¹”.

⁶¹ Rothbard pg, 990.

What my fellow Anarco-Capitalist New Yorker is saying is that the inflationary aspects of Magically delicious money creation as well as the access to cheap credit (see the business cycle) is what directly causes the end result of deflation as this money needs to be paid back at interest back to the loaner and out of the money supply, which then causes the need for inflation (money printing) again to sort of 'spackle' over the deflationary gaps. Deflation-the very phenomenon Keynesians sound the warning "double contra insanity bassoon" over and then Central Banker BEN BERNANKE! sounds the "deflation flute" in order to wake up the Keebler elves to start money printing to fight deflation with all of their might, *is of their own creation.*

"If all the bank loans were paid, no one could have a bank deposit, and there would not be a dollar of coin or currency in circulation. This is a staggering thought. We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money we are prosperous; if not, we starve. We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it becomes widely understood and the defects remedied very soon."

- Robert H. Hamphill, Atlanta Federal Reserve Bank

So first comes the inflation and subsequently comes the deflation due to the interest owed on that magically delicious money, which didn't even exist in the first place. When it is loaned into existence only the principle can be created.

After paying off the principle, in order to pay off the interest, then that has to be borrowed into existence, which then creates more debt which has to be paid back at interest. This is one aspect of how you end up with a deflationary downward spiral caused by a Great Muppet Caper of epic-domino-effect-level-stupidity, which could not have been caused without the prior inflation due to access to cheap capital that the fed and commercial banks caused themselves.

Wealth Transfers this way: we saw the threat of deflation in the Panic! of 2008, followed by central bank stimulus schemes from 2009-2014, followed by inflation from 2010-2015 which will lead to real deflation from around 2015-16. Considering quantitative easing has ended as of

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this writing and the stock market has already responded unfavorably, more central bank stimulus schemes would likely cause high inflation or hyper-inflation—the point where currency loses purchasing power so quickly that, as soon as you get cash, you want to trade it for real stuff. I am hoping that all of this makes complete sense to you, by completely not making any sense to you at all, because then that means you've got this. If you're saying, "Right, got it," followed by an eye-roll then I think we're on the same page, *figuratively speaking*. Literally, you and I have to be on the same page because you're reading this.

Doesn't this make anybody wonder how the rich get richer? The whole system is intentionally designed to transfer wealth, whether by accident or on purpose I really don't care if you're an accidentalist or a conspiracy theorist. Just forget the Bush Tax cuts and other mainstream arguments; everything about money is created to keep you from understanding it and benefitting, while the top 1 percent of the 1 percent makes out like bandits. Using inflation to create deflation is first and foremost not an accident and secondly, it makes absolutely no sense intentionally. It is intentionally confusing, so you don't know who to blame-like occupiers who I salute for taking action, but they tend to blame wall street not the government or the Fed, which would be more appropriate. Now if you go back to the beginning and re-read my initial Beer Pong Wealth Transfer analogy where beer flows from one asset (cup) to another, realize that inflation, wealth transferring, Oktoberfest and the business cycle are all interconnected.

Now, as we have already established the quantitative easing phase out, began in January 2014, of the controversial QE3 under the leadership of BEN BERNANKE! and continued unabated under Janet Yellen until November 5th 2014. This does not mean it has forever disappeared as we have exported the idea we got from Japan and now it has reached the ECB, the European Central Bank who began in 2015 repeating the same thing we've been doing. Quantitative easing managed to contribute to the massive expansion of the Fed balance sheet nearly \$4.5 trillion in assets we will have to pay for now as the Fed ends new buying of favored assets, the Fed balance sheet will not shrink. As pointed out by the Wall Street Journal "QE is not over, and the Fed will still reinvest the principal payments from its maturing securities."

There are several reasons that I believe Quantitative easing might not be gone for good. We will probably see several cycles of a deflationary period followed by the Federal Reserve printing to counteract deflation

repeated until (hyper) inflationary PANIC! sets in, what many are calling Q-Eternity or Quantitative Easing eternity:

1. Know the Fed first and foremost by their actions: there have already been four separate Quantitative Easings to counter act deflation as well as one 'Operation Twist' which I'm pretty sure BERNANKE! got the name for from an episode of the 'A-Team'. Legend tells that Mr. T has been predicting a run on the dollar since the spring of 1987, but he's so badass he doesn't store his gold in a vault like normal people; he fearlessly stores his precious metals around his neck.
2. Know the Fed by their word: they claim their biggest fear is deflation to the point where BEN BERNANKE! claims he would drop money from helicopters to prevent deflation should the need arise. So they claim they will act on this fear.
3. Not taking action against deflation, their biggest fear, would lead to wide spread criticism that they did *nothing* in a time of crisis. If they took absolutely no monetary action starting right now we would fall into the inevitable and necessary free market correction they refer to as the "deflationary downward spiral".
4. The Fed could use the crisis to potentially increase their power by 'declaring war' on the law of supply and demand or something. Just because that sounds really stupid doesn't stop us from declaring war on terrorism, drugs, poverty or *actual wars* which also have a history of being stupid like Iraq (twice) Vietnam and the war of 1898 which was due to "Yellow Journalism". I guess I shouldn't be so hard on the war of 1898, our "Yellow Journalism" containment policy was at least effective enough to stop it from mixing with "Red" and "Blue" Journalism. I personally have one greater fear than communism and that is any of the three primary colors mixing which could have set off a chain reaction hypothetically allowing for secondary or *god forbid* tertiary colored Journalism. The point is, the Masters of the Universe already have enough power, a crisis could potentially afford them even more.
5. Assuming you've been paying attention up until this point, you realize there are untold trillions of dollars to be transferred through inflating your currency by people who understand how money is created. I've gone through Fractional Reserve Banking, inflation and fiat currency with you specifically to demystify and illustrate to you what a complete farce money really is. I've specifically used ridiculous examples to highlight the insanity of all of this in the hope that you will lose faith in the system and

explain to other people why they should lose faith in a system designed to transfer wealth from the uninformed who work hard for it to the informed who are basically parasites, except they're not really parasites, because parasites suck just *enough* blood and then they detach themselves and move on. Those who benefit from Fractional Reserves and the transfer of wealth through inflation do not ever detach themselves from the middle class and working poor. The largest transfer of wealth in history estimated by a guy I know on a conspiracy theory website forum who goes by the avatar "OperationRoswellOverlord6969xoxo" says "it could in fact exceed one quabillion dollars!" Okay, that's actually not true. But Kip Herriage in the book *Crashproof Prosperity* estimates it will equal around \$50 trillion dollars changing hands globally.

6. Here is why it is nearly impossible to predict deflation as the final outcome: "In short, the true crux of deflation is that it does not hide the redistribution going hand in hand with changes in the quantity of money. It entails visible misery for many people, to the benefit of equally visible winners. This starkly contrasts with inflation, which creates anonymous winners at the expense of anonymous losers. Inflation is a secret rip-off and thus the perfect vehicle for the exploitation of a population through its (false) elites, whereas deflation means open redistribution through bankruptcy according to the law⁶²." Essentially, deflation is really painful and really obvious. Inflation is really painful and extremely difficult for the average person to spot. Things that are painful and obvious leads to social unrest almost without exception, painful and secret makes people unsure of who is to blame. Imagine you're in a club at the Jersey Shore with Snooki, and a juicehead Guido punches her right in the face, if you and Pauly D can't take him down together, I'm sure you'll get Ronnie and Mike to help. Imagine for argument sake you're in the same club and Snooki gets punched in the face, but it's dark and you took way too much 'Molly' together and neither of you are really sure who or why anyone would ever punch a girl in the first place and especially without a confrontation, all you

⁶² Hülsmann, J.G. "Deflation and Liberty" p. 27.

really do know is Snooki *definitely did get punched*. The confusion makes it very difficult to blame someone and if there is no blame there will be no social unrest. *This creates a much easier scenario for the government to deal with.*

GAME CHANGER

Here comes the game changer and where you will realize the method to my madness. Deflation is also a wealth transfer in and of itself from those that don't have money to those that do. Only this wealth transfer would be opposite in the sense that your dollars would be much harder to come by so people would be less likely to spend. Deflation drastically modifies the structure of ownership companies and assets financed by credit go bankrupt there would be untold defaults on loans, businesses, mortgages and the rich would go around doing exactly what I am recommending that you prepare yourself to do and that is purchasing distressed assets with your money (cash is probably king in a deflation, but gold and silver will perform very well). Think of all the liquidations that would occur. Every business would sell its office furniture, computers, there would be repossessions of businesses, real estate, cars, homes, motorcycles and campers all for significantly cheaper. Sort of like in *Police Academy 6: City Under Siege* where the crooks start a high crime trend in a valuable neighborhood to make the real estate depreciate so they can buy it up cheaper, only this is real life and Mahoney isn't going to save you, I am. The two best parts of that movie are when the ringleader of the bad guys smokes the exploding cigar and his top hat pops off, second best part is when the big bad guy drops his ice cream cone then flips over a VW bug after saying 'oh, crapola'.

The best part is that even if I am wrong, and we do have a deflationary crisis, gold and silver will still perform very well in real value and will still maintain their purchasing power, although they will depreciate in nominal value. This makes gold and silver an insurance policy you will *actually use* at some point to purchase other people's distressed assets like homes, businesses and your neighbor's RV you've had your eye on. At this juncture, we can eventually only see either deflation or inflation and both scenarios see a rise in the value of precious metals. Not so important is (nominal) price values, but value in the quantity of goods and services gold and silver will buy. Gold was so sought after during the great depression to the point where it started as the government's redheaded stepchild and they completely changed their minds to wanting to steal it from the people so they instituted a penalty in 1933, and made owning gold illegal for 40 years in order to confiscate it from

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the public. *A fate worse than death.* Okay not really worse than death, I'm being dramatic, but pretty shitty and many people suffered because of this. Point is, if gold did not perform well during a deflation the government wouldn't have stolen it from people to bail itself out.

Deflation is another situation where the poor and middle class get completely bilked by people who are aware of what is going on. To clarify, I still believe that ultimately inflation will be the scourge, but should I be wrong deflation transfers wealth from the uninformed to the informed the opposite way inflation does. About 50 percent of Americans own zero net assets.

Of those Americans that do own assets many of them will not increase during a deflation and it is fair to say that only a very small percentage of Americans will profit from this wealth transfer.

Once again my dude Ludwig Von Mises drops knowledge like BERNANKE! drops fiat by making it rain out of a helicopter.

"There is no means of avoiding the final collapse of a boom brought about by credit expansion. The alternative is only whether the crisis should come sooner as the result of a voluntary abandonment of further credit expansion, or later as a final and total catastrophe of the currency system involved."

-Mises

It would appear as if he did everything he could to fix the problem, like a captain going down with the ship only BERNANKE! is a banker not a captain and they don't have the constitution to go down with the ship, they privatize profits and socialize losses by transferring them on the middleclass taxpayer and bow out as gracefully as they possibly can while the rest of us sink.

So basically, what's awesome about this is once again people who are responsible and save will also be punished, again. People who are irresponsible, learned nothing from their previous actions, and the previous collapse will again win out because paying off debt is relatively easy during high inflation. The only problem will be rising interest rates, but depending on the situation that might not even affect these people. I hate when bad things happen to good people, but at the same time it's why I'm in business and why I'm writing this book.

Ending Possible Confounds

I made the mistake of getting my bachelor's degree in Psychology, which means I had to write all of my ridiculous papers in APA style-ask any friend of yours who took psych about this, it's a real pain in the ass. They make the format similar to medicine journals and overly complicated to make psychology look like a real science, it's the only 'soft' science that is more dismal than the current state of economics. One of the things we had to do at the end of each study was list possible confounds for our lab results-here are mine:

- I am not so much worried about being wrong as I am about possibly being right, only a few years too soon. There are several things that could hold up this wealth transfer me and many others are writing about, and for all I know the Federal Reserve may take some bizarre actions like somehow maintaining these interest rates at these absurd lows in a way nobody previously knew they were capable of. Delaying the wealth transfer to who knows when maybe 2039? Which means I will have to update this goddamned book like every other year and none of these jokes will be in demand any more like the Honey Boo Boo references, which I have already stretched way beyond its 15 minutes of fame.

When it comes to people who make accurate predictions a little bit too soon I think the best living example would be Peter Schiff who wrote in a recent email newsletter to his subscribers:

“The Fed's zero percent interest rate policy is predicated on the assumption that there is currently no inflation. If this is not accurate, then they are making a major policy mistake. The Fed is easing when it should be tightening. If inflation is such a major concern now, imagine how much bigger the problem will become once the Fed achieves its goal of pushing the rate higher. More importantly, how much tighter will future monetary policy have to be to put the inflation genie back in her bottle? If inflation becomes so virulent before the Fed realizes its mistake, then it may be forced to raise interest rates significantly. U.S. national debt is projected to reach \$20 trillion within a few years. As a result, a 10 percent interest rate (which would be needed to combat 1970's style inflation) will require the U.S. government to pay about \$2 trillion per year in interest on the national debt. This will absolutely upend all economic projections. Since 10 percent interest rates will likely crush the economy, not to mention the banks and the real estate market, tax revenues will plunge and non-interest government

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expenditures will go through the roof. Assuming we try to borrow the difference, annual budget deficits could go much, much higher from the already ridiculously high levels that they have reached during President Obama's term. Annual deficits of \$2 trillion, \$3 trillion, or even \$4 trillion, would result in a sovereign debt crisis that would force the Federal Government to either default on its obligations or inflate them away."

10 percent interest rates on the national debt is definitely a reason to PANIC! No matter what, the free market always wins out, but we humans love to delay inevitable problems, ideally putting the problem on our kids instead of dealing with it like adults. It is for this fact of human nature that we are terrible at solving problems and with great confidence I still say gold and silver all the way.

- They take us to war. And I don't mean a small war, like Iraq or Afghanistan. Something scarier and more significant and a little bit more global. It wouldn't be the first time that republicans decided on some good old-fashioned militarism to fix the economy. Sorry to paint such a bleak picture, hopefully you're so drunk by now that you won't remember anything but the Keebler Elves at the Federal Reserve.
- Deflation, doubtful but anything is possible. Either way will gold perform well in a deflationary environment? Absolutely it will. There are two strong examples. First, in the 1930's during the great depression when prices were plunging, Americans began to demand gold in exchange for paper money. Hoover's Secretary of the Treasury warned the President that unless this stopped, the U.S. Treasury would have no more gold. Shortly after taking office, Roosevelt signed into law a bill that would forbid Americans from owning gold under penalty of \$10,000 fine and 10 years in jail. I don't think this is likely to happen this time around regardless of inflation, deflation or hyperinflation. Secondly, Japan has been experiencing long-term deflation for more than a decade now. The Japanese people who are currently fearful that their banking system threatens their ability to access their savings have been buying gold, which always retains its intrinsic value because its value is not dependent on the ability of others to honor their liabilities.

As we know, paper money itself gains purchasing power in a deflation the system upon which it was manufactured comes tumbling down as

the debt load becomes a significantly larger burden. This in fact has begun to take place in Japan. Investors are not sure their deposits will be available to them when they go to take their money out of their accounts, so they continue to exchange their yen for gold.

- Do not get caught up in the minutia of what most people are theorizing will happen in the future. The inflation vs. deflation debate has been raging for a long time and the point is that no matter what happens, gold and silver will still rule the day. As Michael Maloney states in 'Rich Dad's Guide to Gold and Silver,' "There is no scenario where gold and silver do not rise." He states this for two major reasons, the economic cycles he mentioned (Marky Mark and the Funky Bunch) are heading out of equities and real estate and into commodities and secondly because of the prospect of the run on the dollar. So please stay away from the old paradigm thinking and continue on to the new. It is possible that deflation could happen, which in turn makes the Fed turn up the printing presses. We could see high inflation, but curb it and get it under control before it turns to over 1000 percent inflation annually, which is the general marker for hyperinflation. Hyperinflation is really just when your paper assets turn into toilet paper.

When it comes to inflation vs. deflation, all you really need to know is that in both cases, gold and silver still maintain their value — value being the operative word. It does not matter the dollar amount put on these metals; it matters how many goods they can purchase. This is frequently where gold haters are wrong. The true value of gold lies in what it can do for you. Essentially, precious metals are the best insurance policy in the world. To me an insurance policy that you will *actually* use is extremely intelligent. How many times have you actually used your flood insurance? Homeowners? Renters insurance? Theft? Fire? Car?

It is possible that the Fed *is* hoarding gold and silver and not telling anyone, or maybe there are literally no reserves. Should this be true and the Fed all of a sudden dumps one metric ton of gold and silver on to the market out of nowhere and the price of gold and silver drop drastically—that is what I would call a "Wealth Transfer Christmas." Grab a stocking and buy up everything you can; only the uninformed who *think* they are spotting a bubble bursting will be selling at that point. So make like a hyper kid on Christmas and grab everyone else's precious metals with

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both hands or you'll regret it and feel like a total A-hole, like Adele's bisexual ex-boyfriend who dumped her for her gay best friend kind of A-hole feeling.

The precious metals ride will be volatile, but worthwhile that I guarantee you, when black swan events like terrorist attacks happen precious metals will fall most likely as short term safety seekers exchange currencies for perceived safety of dollars. It seems cold to mention money in the same sentence as tragedy, but it is important information to know. Gold and silver are measured in dollars, so they will fall in nominal value. Wait it out.

Ultimately the sun will rise tomorrow, I just don't know what time, but I do know that the Fed will take credit for it and then somehow manage to make the sunrise completely debt laden, then quantitatively ease it as some form of ethereal toxic asset to pad its books. Although, a sunrise really isn't any more intangible than derivatives are so that really wouldn't be impossible. As you can recall one of the most likely tipping points for hyperinflation will be an increase in interest rates, causing us to repay the national debt at a higher rate of interest back to the Federal Reserve. We are already borrowing several billion dollars a day on average a 5 percent increase in interest rates alone would be a reason to PANIC! I definitely don't want to see 10 percent interest rates.

I am not promising you any one particular outcome. I will go on record as saying that there WILL be a financial collapse that is significantly larger than the one in 2008. It will be global and owning precious metals, particularly silver; will be your best bet. Could there be just significant inflation? Yes, certainly. Does this mean there will definitely be hyperinflation? No. Is it possible that I am wrong and there will be deflation? Sigh...Yes. But regardless there is no possible way that precious metals, in particular physical silver, does not go up over the long term.

Nippon This!

Probably the best example for why ultra loose monetary policy is stupid would be Japan, which is currently undergoing a Neo-Keynesian macro-economic policy reform called Abenomics which is a portmanteau of 'Abe' and 'economics' which refers to the economic policies constructed by its second time Prime Minister Shinzo Abe. It's basically quantitative

easing, but for Japanese people and with five recessions since 1990 and a twenty-year long run of deflation, Japan hasn't exactly been the economic powerhouse we Americans just assume it is because we all saw the 1985 Michael Keaton blockbuster movie 'Gung Ho'. Japan's economy has suffered since the asset bubble burst in the early 1990s.

Since taking office in December 2012, Shinzo Abe has unleashed a barrage of extreme quantitative easing with a 2% inflation target and \$102 billion more worth of stimulus. Abenomics is surely doing one thing, sending the Nikkei index (their Dow Jones) sky high which is up around 25% as of this writing. These ideas are so awesome they have even inspired a Japanese lingerie maker to create the Branomics bra which has an upward arrow in red trim on a bra specifically padded for a 2 percent increase in booby volume. I'm serious; I didn't make that up. Triumph International a Swiss company created it. 2% bigger boobies are okay in this author's book, *literally*-because I just wrote that in my book. I didn't make that up either, *I am a boob man*.

Noted Communist, Joseph Stiglitz⁶³, has complimented Shinzo Abe's loose fiscal policy explaining why Shinzo Abe's program for Japan's economic recovery has led to a surge in domestic confidence, which is clearly ridiculous even though plenty of people are betting big on his success. Shinzo Abe has become a rallying cry for Keynesians like Stiglitz and other noted Communists like Paul Krugman who believe Abenomics will discredit everything that I hold dear, like responsible government spending. Too scared to admit this is fiscal policy seppuku, as of May 2013, it has achieved the depreciation of the yen to 102 yen to a dollar, which was stagnating around 80 in 2012. The correction of the excessive yen appreciation setting negative interest rates, radical quantitative easing, expansion of public investment buying operations of construction bonds by the Bank of Japan (BOJ), and revising the Bank of Japan act.

⁶³ Okay not really, but kinda.

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So, why am I telling you this? Well, maybe I'm in fact completely wrong. Maybe it is somehow possible that when governments get themselves into trouble *this big*, their terrible ideas like quantitative easing can somehow manage to circumnavigate the entire globe before the laws of economics set in and finally catch up with the public and *then* kill them in the Philippines, like Magellan.

Maybe we really do have 20 more years of ultra loose monetary policy, like Japan. Maybe we have 200 years and I'm warning you *way* in advance, there really are no ways to know how long it will take for the economy to PANIC! again. I'm just guaranteeing you that mathematically, it will. When X comes in and X+100 go out, something has to give. Should I be wrong and there is no economic Bieber Fever moment for a really long time, we can most definitely be assured that in the meanwhile massive amounts of wealth will transfer through ultra loose monetary policies through central and commercial banks and make the rich richer, the poor poorer and the middle class extinct.

CHAPTER 7

ELECTRICITY! WHAT SOCIALIST COUNTRIES USED BEFORE CANDLES

Doesn't anybody remember the fall of the Soviet Union? Increasingly powerless in the face of events, Gorbachev resigned from office on Christmas day in 1991, and the Soviet Union formally ended its existence the next day. Yeah that collapse- Ludwig Von Mises predicted that happening *years* prior. Pretty much the only thing Von Mises didn't predict is that the greatest crime of all on Christmas day 1991 is that I didn't get the "Pow Pow Power Wheels" that I asked Santa for. I also didn't get the Ninja Turtles Blimp or the game "Crossfire." I'm sure you remember the commercials, "Crossfire, Crossfire you get caught up in the Crossfire."

I don't mean to sound like an unappreciative conspiracy theorist, but Santa is such a collectivist shill, colluding with my mom and dad to get me the Vanilla Ice Electronic Rap Game instead. I'm serious, it allowed me to create raps by playing rhyming cards to fill in the blanks on the game board. Then rap them out to the rhythm of that stupid beat box mike. Oddly enough, while taking his cues from Von Mises, John Bonetti "Spaghetti" made a disturbing prediction in late December of 1991 at the tender age of 8 while beat boxing with me on that Vanilla Ice electronic rap game (which by the way was the stupidest toy name of all time) that there would be a hyperinflation in the Russian Ruble with a rate of inflation in January of 1992 reaching a staggering 245 percent in only one short month.

That disturbingly accurate account of the Ruble hyperinflation, which I will never forget mostly because we used a Ouija board about an hour later and my dead great uncle totally told me I would someday be a great author. This song isn't so much a complete rip off of "Ice Ice baby" as John was only 8-years-old borrowing the beat of "Ice Ice baby" and using it with historical prediction to the changes in the planned

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economy of the soviets post USSR, it's really more of a Roman à clef in song, when you really think about it. That disturbingly accurate account went something like this:

YO, USSR Let's kick it!

All right Stop, collaborate and listen
The Soviets are back with a brand new invention
Something will grab a hold of them tightly
Hyperinflation, daily and nightly
Will it ever stop? Yo- I don't know
Turn off the lights and let's go
To the extreme Perestroika rocked them like a Vandal
We're starving, there's no electricity so light the room with a candle

Dance, Bum rush the speaker that booms
Socialism killin rubles like a poisonous mushroom
Deadly, when the Politburo play a dope melody
Anything less than the best is a felony
Love it or leave it, you better gain way
You better hit bull's eye, the kid don't play
There was a problem, Yo, socialism can't solve it
Check out da hook while Perestroika revolves it

John Bonetti's economic prediction stemmed mostly from the information found in this Wikipedia quote: "The economy of the Soviet Union was a government-controlled planned economy, where the government controlled prices and the exchange of currency. Thus, its role was unlike that of a currency in a market economy, because the distribution of goods was controlled by other mechanisms than currency, such as centrally planned quotas, queuing or Blat only a limited set of products could be freely bought, thus the ruble had a role similar to trading stamps or food stamps. The currency was not internationally exchangeable and its export was illegal. The sudden transformation from a Soviet "non-currency" into a market currency contributed to the economic hardship following the collapse of the Soviet planned economy."

Of the many reasons for the fall of the Soviet Union, economic reasons were probably the most important, and that means Socialism. Socialism has no pricing structure. I want one socialist to try and explain to me exactly how their economy works absent the free market prices, the profit and loss system, private property, and why it is better than

capitalism. Von Mises brilliantly argued that rational economics requires a profit and loss system as a test. For instance, if a company creates a profit then it knows it is using its resources efficiently, and if it has a loss then that is the response that it is not using resources properly and that's all capitalism really is. Without prices there can't be a profit and loss test so the economic 'actor' receives no feedback from the market indicating how well resources and investments have been allocated.

Socialism indicates that the means of production should be in collective government hands and not private. Essentially, without private property, prices being set by the market and the profit and loss test there can never be a *real* economy. Many socialists will counter this by saying that central planners could generate prices from "*gestimation*" and by watching lines at stores to guess at consumer demand or guess at production themselves. Mises called this "playing market" and that by its own internal bureaucratic contradictions, it had to fail, and he was right⁶⁴. In order to understand this playing market, think in terms of standup comedy. If you're funny, the market (audience) will respond with laughter (profit), if you're not funny there will be no laughter (loss). What really matters is that you do receive that feedback from the market so you can make changes if necessary. If you think you're funny that's great, but until you've gotten feedback from the market place you cannot just assume that everyone else thinks you are funny too. This is what central planners do, they do everything they can to circumvent by guessing at which jokes are funny because they're too chicken shit to ever try them out on stage with friends or around other comedians.

Basically, if there are no prices because goods and services are provided for by the government by way of the people's labor, how can you know what anyone needs or wants? Only entrepreneurs who take risks by creating a good or service and then bring them to the market place where they either fail or succeed can understand what people want and what they are willing to pay for said goods and services. This is an epic flaw to Socialism that nobody can answer, because the mere fact that prices are in existence is so easy to overlook and it is the main reason

⁶⁴ www.wealthcycles.com

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for why in the Soviet Union cereal *literally* chooses you, because the government would only make one or two options due to the fact that they are incapable of knowing what the consumer wants, without creating a massive do nothing bureaucracy of planners who often fell victim to corruption (in our example of socialism which in this case is the USSR). There would have been no way for the soviet planners to know that you wanted pop rocks instead of spree or frosted flakes instead of corn flakes. The only reason why the soviet planners were so successful at military might was because the demand for planes and tanks comes from the government itself, when demand comes from the people they are completely lost at sea.

If a pizzeria owner guessed at what his customers wanted and had no profit and loss to determine what was working or not he would never guess that maybe lots of his customers like anchovies and Hawaiian pizza and would not provide these things because guesswork would suggest nobody likes these things. However, some people do like anchovies and Hawaiian pizzas, so now imagine a central economic planner for an entire economy-they would never guess you wanted a Chevy Malibu or a Snuggie. The Federal Reserve keeps guessing wrong. Imagine what would happen if the government took over the means of production from private ownership? This would look like long lines waiting for state sponsored shoes. Most Americans don't even want to go to Payless, now imagine government shoes.

I think you get the idea that the worry isn't so much Karl Marx, or America becoming the USSR as it is this notion that government saves the day and should infringe economically on the market. There are many forms that the term "socialism" takes, kind of like the T-1000 from "Terminator 2: Judgment Day" all of them are bad, like: bailouts, nationalizing banks, universal healthcare, central economic planning (the Federal Reserve), welfare and especially corporate welfare. There's Soviet style socialism, Maoist, American, Swedish etc. Not really interested in harping on the many small differences. What I am interested in is how Socialism through the Federal Reserve and how socialist style economies are the main contributor to wealth being transferred and it leads me to my next point that we are currently in what is called a "planned" or "mixed" economy. That is when you have features of a market or Laissez Faire economy, which looks to the market for information as well as features of a command economy which is what is featured in socialism and communism, because our central bank handles that for us.

Economically, there is no difference between socialism and communism. Communism is just more extreme like, Kim Jong Il, who enjoyed letting his fellow North Koreans know at dinner time that he hit three hole in ones on the golf course in a single day. Keynesians thoroughly enjoy making life far more difficult on everyone by encouraging government involvement in literally every single aspect of our lives, particularly with increases in our economy. Like alcohol, the government is often the cause and poorly implemented solution to all of life's problems, which is why we are in a never-ending cycle of bad economic decisions. Mixing economies and government is like an alcoholic saying, "what's the harm in having just one drink?" The harm is that it always leads to a second, just like government intervention. Alcohol and alcoholics don't mix and neither do economies and governments. Come to think of it, Paul Krugman was *recently* quoted rather positively on "mixed economies" and mixing things that shouldn't be mixed *ever*, by saying:

"The confusion surrounding command economies is staggering. I mean, you know I'm totally all about Space Alien invasions to increase aggregate demand to get us out of this depression, I also like natural disasters ravaging particularly the coastal areas in America because when Hurricanes Katrina or Sandy displace people and destroy lives and tremendous amounts of property, that too increases aggregate demand, just like horrific wars boost GDP."

Krugman continued by stating: "With that said, since we can make Ligers super awesome by breeding a male lion and a tigress we can *definitely* make mixed economies awesome by having features of both a command and Laissez Faire economy. Other than Ron Paul, pretty much everybody agrees with me. Ligers enjoy swimming, which is a characteristic of tigers, and are quite sociable like lions. So obviously, we're looking at a best of both worlds type scenario here.

If Ligers are sociable like lions, then the price structure that comes from the private sector can be used to determine the usefulness of resources and the manipulation of interest rates by the command side of the economy so that we can print and borrow money indefinitely with few interest bearing repercussion sounds an awful lot like some laid back tigers just taking a cool dip in the old watering hole, right?

Of course every time I say this Ron Paul insists on pointing out those

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Ligers exist only in captivity because the habitats of the parental species do not overlap in the wild. Honestly, between you and me, there really is no talking to that guy. As soon as I mention that the liger is the largest known cat in the world, former Congressman Paul immediately blames BEN BERNANKE! for their inflated size through genomic imprinting, which is kind of like nature's way of quantitatively easing their gene pool. Then he starts asking why nobody has ever heard of Tiglons before, which are male tigers and lionesses that breed together. Then he *always* alludes to CIA involvement to prevent people from being aware of Tiglons in the first place and how the CIA is still covering up the Philadelphia experiment. Honestly, I just think that Ron Paul is unbearable and Tiglons should be just one more reason why mixing Laissez Faire and command economies together is *totally fierce*. Like Ligers and Tyra Banks, or whichever one works for *you*⁶⁵."

Krugman then went on to state "Actually, I think that whole "Ligers" thing may have been a complete non-sequitur from the whole 'boosting aggregate demand' thing, but I'm Paul Krugman, I have a Nobel prize and nobody dares question me, my New York Times blog or the consciences of liberals. Actually, now that I think about it, I did write in my most recent book "End this Depression Now!" that "Inflation, if you can get it...would in itself erode the outstanding debt. Yes, that would in a way be rewarding debtors for their past excesses, but economics is not a morality play."

So, I guess we've seen what the true conscience of a liberal *really* is. Inventing constants, regression theorems and fuzzy mathematical equations to explain that somehow inflation (a lower standard of living) is better for poor people than deflation (a higher standard of living) by saying there are two kinds of debt: good and bad debt and that only poor people spend their money like bourgeois assholes on liabilities they don't need like 3D TVs instead of assets that make them money.

⁶⁵ This satirist takes zero responsibility for any false recreation, interpretation, imitation or outright incorrect quotations while mocking lame notions of economic amalgamation between state and markets. Basically, I completely made up that quote to stress a point about how stupid the idea of a mixed economy is, because the repercussions are actually really *terrible*.

Allowing the government to help by inflating away these debts by debasing our currency while simultaneously making it impossible for poor people to live, eat and depriving them of delicious yet costly micro brewed beers is a good idea, like mixed economies.

I mean, I guess I see where Krugman and his ilk is going with all of that. I do feel bad for poor people not being able to pay their debts and all, but that last part about “depriving them of costly micro brewed beer” really makes me feel compassion for the working poor and lower middle classes, drinking Schlitz and Steel Reserve. Thankfully, I’ll never be one of them. With Pat Robertson’s existence I have a lifetime of material according to the marginal utility theory of satire⁶⁶ one of them might be funny.”

Mixed Economies-The new Ligers

Hayek argued that the knowledge gained from the market place was inaccessible to any single human mind, especially that of the central economic planner. The millions of decisions required for a prosperous economy are too complex for any one person or small group of people to pre-determine aggregate demand *better than millions of people?*

This is hubris to the 10th degree and we are heading in this direction down a slippery slope that is being billed to you as the Promised Land. This author genuinely wants to know how planners intend to create and develop the following sectors of the economy without the price system, automobile manufacturing, power generation, finance, healthcare, real estate, and education. How will the planners correctly apportion the quantities, qualities, materials, labor and resources to create, develop and produce controlled output of thousands of goods in accordance with demand without the feedback of the market?

This is called the economic calculation problem that Von Mises pointed out by saying, “Where there is no free market, there is no pricing mechanism: without a pricing mechanism, there is no economic calculation.”

⁶⁶ That I just made up.

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The challenge guarantees that no bureaucrat like BEN BERNANKE!, no matter how brilliant, no matter how many Ph.D. staffers and no matter how many super computers Richard Pryor sits inside of like in Super Man 3, the calculations are impossible to make because they lack the price which comes *only from the market*. Planners must take stock of factors of production: labor, raw materials and capital. Based on the law of supply and demand (that technocrats love to try and circumnavigate) without the price system, market participants and speculators bidding on materials, how can planners ration and direct materials as needed? They can't and often force goods and services on people that they don't want like Universal Healthcare.

Henry Hazlitt explains the alternative to central planning, without the need for 'Ligers', but he's still pretty good.

"In a free economy, in which wages, costs, and prices are left to the free play of the competitive market, the prospect of profits decides what articles will be made, and in what quantities—and what articles will not be made at all. If there is no profit in making an article, it is a sign that the labor and capital devoted to its production are misdirected: the value of the resources that must be used up in making the article is greater than the value of the article itself."

In short, Ligers within society can be bred appropriately using the price system to determine demand. As Hazlitt described, the entrepreneur's *profit* and *loss* signals whether the consumer, and society in general, is better off with more Ligers. Command economies and the use of force, to breed Ligers with planning directing the use of capital, labor, some sexy Lions, some sexy tigers and absolutely no KY Jelly just seems really brutal to this author. Without the price system, how are these neo-mercantilist planners to know that perhaps society in general would be better off with Tiglons? Other than Ron Paul screaming at Paul Krugman, the price system is the only real way to know what the market demands. When speaking to progressives I never hear the question, "Why is a dollar spent by the government so much less effective, than a dollar spent in the private sector?"

The answer: Ligers.

The answer, *they don't want you to know about*: Planners don't need to completely take over an entire sector of an industry in order to sabotage the price mechanism; they sabotage the price system all the

time. Other than Ron Paul screaming, the price mechanism is the best way to understand if resources are being properly allocated. Producing the Tiglons consumers do not care for incurs a loss and will force the market to go back to Ligers or lose business.

There are entire sectors of the Chinese and U.S economies that are partially command and partially capitalist, even demand for Tiglons. Even the Soviet Union wasn't completely socialist but they were basically hellish economic "islands" inside of a capitalist world market that if you tried to leave that bubble thing would float and bring you back to the island⁶⁷. The point is that the planners are clumsily able to use prices set by world markets as a basic guideline for the pricing and allocation of capital resources.

Now that we have a better understanding of the rational allocation of resources provided by prices through the market, consider how difficult it would be for a technocrat or group of planners to figure out every aspect of every market that would need to be developed and planned for. Is it possible that entrepreneurs in a free market, motivated by profit, might be better at innovation than planners? It is the intentional ignoring of the price system, hubris of man or the pretense of knowledge that presupposes this to be impossible.

David Gordon summarized Hayek's contribution to the case for free market prices by stating:

"Without a market, the socialist planning board has no means of knowing the value-scales of the consumers, or the supply of resources or available technologies. The capitalist economy is, for Hayek, a valuable means of disseminating knowledge from one individual to another through the pricing "signals" of the free market... the ever-changing, uncertain data of the real world prevents the socialist planning board from acquiring such knowledge. The knowledge which is yielded by market pricing cannot be collected by a central authority or programmed into a mechanical device, not just because it is too complex, but rather because it is knowledge given only in use.

⁶⁷ I might be confusing socialism with the 1960's British show 'The Prisoner' again.

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Unhampered markets transmit this knowledge, which is otherwise irretrievable, dispersed in millions of people.”

Clearly, we’re not really capitalist. The state intervenes in most industries to “save the day.” It’s basically capitalism and profit for the rich and socialism’s public losses for the poor. There’s a divide that is quickly eating away at what is left of the middle class because somehow millions of economic actors coming together is somehow giving us less direction than 7 or 8 Morons with PHD’s from the Kansas City Federal Reserve. I would like to make it abundantly clear that the problem is less of ‘socialism’ than it is of ‘planning’ by governments.

Not a big fan of planning. We’re looking at a type of socialism that is relatively unnamed, nobody knows what to call it: State sponsored capitalism? Retarded? Or Mixed economy? Basically, we have a profit motive and private ownership of nearly all assets, which is hardly a true feature of socialism. There are far too many rich people in our country for it to really be socialism. Truly socialist countries have failing power grids, bad sanitation, high crime and horrendous poverty, but we do have several things in common with most socialist countries: the world’s largest prison population and poor people who suffer when their jobs disappear because taxes and regulations reduce capital investments and government debt crowds out private capital in any given market.

Here is a quick rundown of two examples of “mixed” or “planned” economies also called state sponsored capitalism.

The Housing Sector:

Fannie Mae used government-established benefits in the market for mortgages. It used donations to politicians to protect and extend advantages, causing the entire system to collapse while executives kept millions at the expense of the United States Treasury. During the time period before the PANIC! Of 2008, the percentage of people who owned homes increased from about 50 percent to about 65 percent and allowed for the creation of many hideous McMansions here on Long Island and people to buy homes and flip them. Basically, because of government intervention, people ended up with houses they didn’t need and couldn’t afford. I don’t think anyone would disagree to that.

Oddly enough, many believe Fannie Mae made it easier to get affordable housing for the poor, when exactly the opposite happened. By 2006,

housing was the most unaffordable it had ever been in America. It was completely out of the reach for even the median buyer, unless they were willing to take out an unaffordable mortgage, in which case you more than likely lost your down payment or ruined your credit by now and of course, almost certainly do not have a house anymore. Maybe you're squatting in your own home, that's got to be a comfortable feeling, *right?* Squatting in the home you paid God knows who way too much money for has to be awesome.

The PANIC! of 2008 was in part a socialist experiment in mortgage banking gone terribly wrong. It was awful for the middle class and poor and yet tons of wealth managed to transfer into the hands of a few very well connected people. If we had let the market dictate who to give mortgages to, then tremendous amounts of money wouldn't have been transferred to wall street, Washington and certain cherry picked home builders who received tens of billions in 'tax refunds' in order to cover the five boom years before the housing bubble burst in order to make up for the PANIC! of 2008

Essentially, the rich kept all the money they made, the poor got wiped out and profits were privatized and the risks were socialized through your tax dollars from the bailouts. Not quite the same as *actual* socialism but close enough to socialism. This is what causes wealth to transfer⁶⁸.

College Loans Bubble Brewing:

This bubble is going to be really ugly. In 2008, that total amount of student loan debt in this country was 440 billion dollars. At this point, it has shot up to about a trillion dollars and will be incredibly deflationary when it bursts. Basically, the government is involved in the majority of student loans called, "title IV funding." In order to access title IV funding a college cannot receive more than 90 percent of its revenue from government. Basically the government is allowing what is left of the market to determine whether or not a college is useful and legitimate by requiring it to earn only 10 percent of its revenue from private loaning firms. This is quite similar to small down payments on houses people

⁶⁸ Stansberry Porter

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can't afford, can you recall when this was a bad idea in a different market previously?

Some are referring to this as 'subprime education' analogous with the subprime mortgages bubble at the heart of the PANIC! of 2008 finding uninformed borrowers and loading them with debt they can't afford, then securitizing and passing the loan onto third party investors, I call it the "Education Industrial Complex."

Noted douche and short seller Steve Eisman described the "accreditation" situation regarding for-profits that you see advertising to you during Jerry Springer like, the redundant University of Maryland University College, Katherine Gibbs or ITT as follows: "The scandal here is exactly akin to the rating agency role in subprime securitizations." So, I'm not the only one saying it, so is the a-hole from Michael Lewis' *The Big Short*. Also, colleges can lose access to government backed funds if previous loans made to students have a default rate above 25 percent for three consecutive years.

So let's recap: Uncle Sam has your tax dollars on the hook for 90 percent of the risk of student loans which led to the creation and massive growth of the "Education Industrial Complex." So, for instance these 'for profit' education institutions have received tremendous financial incentive for selling college (outside of the normal colleges and universities who are doing the same thing) to people who can't afford it and possibly because they advertise to people sitting at home during the day watching UPN 9. Essentially like healthcare and housing, government intervention makes college more expensive ergo sum, less affordable in the name of making it more affordable, while at the same time turning it into a bubble that your tax dollars will be used for to fix when it bursts.

The reason why I focus on the 'for profit' schools is because their rate of default on paying loans back is significantly higher than even normal student loans. U.S. Secretary of education Arne Duncan (*Is that a man or a woman? Not really sure, I don't look this stuff up*, I just believe Wikipedia. My bet- it's a dude.) Said:

"The date tells us that students attending for profit schools are the most likely to default...far too many for profit schools are saddling students with debt that they cannot afford in exchange for degrees and certificates they cannot use."

When you combine the default figures you can see the real problem. Students at for profit schools make up 26 percent of the borrowers, but 43 percent of defaults. I already told you that rates cannot reach 25 percent for 3 years, so how is this possible?

The answer: Ligers.

The answer they don't want you to know about is borrowers who default after the first two years of repayment conveniently don't count.

Yes, to count as a default you must stop repaying student loans in the first two years post graduation. These rates are usually quite low (like the teaser rate of a subprime mortgage) then they increase after two years. The real problem can't really be understood until you see the default rate on all loans, by all borrowers who never repay their debts, however the department of education does not make this data public. So basically, the idea is what is left of the private sector in student loans must stay within the 90 percent rule that governs access to Uncle Sam backing you. Similarly too many of the mortgages that led up to the PANIC! of 2008, many people who buy homes using 100 percent (or close) borrowed money or those who get a college degree using 100 percent borrowed money, frequently can't pay back the loan and you're on the hook for it because the initial government intervention which caused the problem will be solved with more government intervention to stop the problem it made happen in the first place. The lenders should undertake the risk, not United States tax payers. Basically, the government takes all of the risk with your tax money and the executives take all of the profits. This industry is selling profits that customers cannot afford because there are no jobs employing them. It targets women and minorities and other people who are often up against a wall financially in the name of helping them. It takes tremendous risks with the treasury to back it up when it fails, because the majority of these students will not be able to pay back 1 trillion dollars in loans, making this the next housing sector PANIC! waiting to happen. It will be majorly deflationary and will require federal bailouts and further stimulus to

‘improve’. This is how socialism causes wealth transfers⁶⁹.

As if students weren’t debt laden enough due to rising costs of education, the initial costs incurred from college are barely even the issue. It’s paying back the loans that are the real culprit. According to Matt Taibbi of Rolling Stone, “Congressional Budget Office projections predicted interest rates on undergraduate loans under the new plan would still rise as high as 7.25 percent within five years, while graduate loans could reach an even more ridiculous 8.8 percent... The student-loan controversy is now entirely about interest rates and or access to school loans.”

Good luck paying back \$100,000 at 8.8% interest. Matt Taibbi stated in the same article, “Obama scored with a transformative plan to revamp the student-loan industry. The 2010 bill mostly eliminated private banks and lenders from the federal student-loan business. Henceforth, the government would lend college money directly to students, with no middlemen taking a cut. The president insisted the plan would eliminate waste and promised to pass the savings along to students in the form of more college and university loans, including \$36 billion in new Pell grants over 10 years for low-income students.” The government actually stands to make an enormous profit on the president’s new federal student-loan system, an estimated \$184 billion over 10 years, a boondoggle paid for by hyper inflated tuition costs and fueled by a government-sponsored predatory-lending program that makes even the most ruthless private credit-card company seem like a “Save the Panda” charity. Why is this happening? The answer lies in a sociopathic marriage of private-sector greed and government forces that will make you shake your head in wonder at the way modern America sucks blood out of its young.” Basically the federal government is now removing the market almost completely and singlehandedly driving up the cost of education, much like it did with housing and much like it will certainly do with healthcare when the Affordable Health Care Bill went into effect in 2014-yet for some godforsaken reason people want government in *everything*. I cannot figure out progressives for the life of me.

⁶⁹ Stansberry Porter

CHAPTER 8 SOCIALISM PART DEUX

How many Socialists does it take to screw in a light bulb? Thousands! One socialist to screw it in and a massive government bureaucracy that fails at supplying power to it. Let's get back to business in this chapter and spark the age-old debate-not vanilla or chocolate, but Capitalism or Socialism?

The market and Wall Street notwithstanding their academic and political de-tractors, can be claimed as one of the most outstanding triumphs of "laissez faire" capitalism. The United States has achieved the greatest volume of: investment, development, production, and the highest standard of living that the world has ever known because Capitalism in and of itself improves things.

Here is why socialism leads to widespread poverty. It lacks what Capitalism allows for-an asset to be "Capitalized" on so you can invest in something that creates wealth, which has raised the standard of living of humans since the 1400's. Credit money is the essence of Capitalism: it is the "Capitalizing of an asset" which means an asset can be turned into capital. The purpose of this is to use said asset, without consuming it, in order to create *more* wealth; which is incredibly important for the poor to achieve upward social mobility. Socialism prevents upward social mobility in several ways. Essentially, if your housing, food, money, healthcare, etc. are all provided for you by the government you will live at a subsistence level that will be nearly impossible for you to leave.

Because government is such a dominating factor in poor communities in America, poor people are continually put at a disadvantage due to the inability to capitalize on any assets. People who live in government assistance homes do not own their own home; therefore they cannot rent out a part of their own house as a source of income. Housing is a very large sector of our economy and a system like Capitalism, which includes the abilities to form capital and to legally transfer property,

allows for people to use whatever assets they have to capitalize on and improve their situation and allows for upward social mobility.

In the third world, hundreds of billions of dollars of potential assets (wealth) is “owned” by the people and cannot be capitalized. Since these “owners” have no private property they cannot have a deed to the property because there is no capitalist style system for owning or transferring property. There is no way to transfer ownership of assets like your hut that your great great grandfather Ebenezer built and your family has lived in for the last 117 years, other than to informally transfer it to your children by raising them there and when you die pass it on to them. These assets cannot be capitalized on and used to create more wealth, which would improve their situation dramatically. Ironically these places, which do not allow capital formation because of socialism are the countries people are trying to flee, in order to get into the places in the world where capital formation is allowed and yet we are going backwards and trying to be more like third world nations by accepting socialist ideas that don’t work. Not really sure why, I think it’s the word “fairness” which has somehow been associated with socialism, when it is in fact anything but fair. Not allowing for capital formation has been a tremendous detriment, especially in the third world. If you look at just the housing sector in the United States, it has created tremendous wealth and when left alone from the Fed and government it would continue to do so. Think of all the jobs that are created through just the housing sector like: real estate agents, brokers, mortgage brokers, construction workers, developers, architects, engineers and all of those stupid shows on Bravo and HGTV where they show rich people buying and selling houses. Okay, that last part was a stretch, but you get the idea. Just saying, Haiti might benefit from a Laissez Faire housing sector.

This is one of the reasons why the poor remain poor even in America. If you are on welfare it is next to impossible to capitalize on any assets because you do not have any. The only options for people to escape the system in America are to be a great athlete, entertainer or criminal. To get a job while on welfare, to work your way off, would require you to risk getting caught and being kicked off of welfare. I have no issue with anyone receiving government assistance. I have an issue with welfare being promoted by progressives as some kind of best-case scenario or *as if it is in any way fair*.

Capitalism grows the pie, it creates wealth. Wealth isn’t really the

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money, wealth is actually more stuff—more things that make life easier like medicine, clothing, infrastructure, products, food, machines. Socialists falsely assume that there is a pie of a certain set size, and if someone has more pie than someone else, they have stolen it from poor people who have less. There is a factoid level of truth there, but most of the wealth any country or person has is the result of using capital to create more wealth, not from stealing wealth.

In the days of yore (the 1300s) before capitalism, people worked from sun-up to sundown just to create enough wealth (food) to survive. Once capitalism began, assets could be offered as collateral for money allowing the money to be invested in something like a ship for fishing or to bring awesome spices back from foreign lands. As capital formation drove the creation of machines, consumer goods and new technologies were created with this capital. Wealth that made life easier was created allowing humans to enjoy leisure time, medical care beyond bleeding to let out spirits, paved roads (so much better than those old corduroy ones), indoor plumbing (probably the greatest thing since sliced bread), and a consistent food supply which years later included sliced bread.

The inability for poor people to capitalize on an asset because of socialism is like putting a great standup comedian on stage and every single time George Carlin or Richard Pryor was just about to land a great joke, the bartender turned on a really loud blender that drowned out the joke because there is no economic calculation in socialism. No information or feedback coming back from their market, like a comedian getting laughs is getting feed back. On top of that, they cannot form capital either, so no matter what they just can't seem to escape poverty or get ahead, because capital formation is imperative for poor people to improve their lives. Capital formation is either savings (which the poor don't have) or an extension of credit from a bank or person, which nobody who is living on welfare will ever receive. Effectively, socialism destroys opportunity for poor people and it is promoted *in order to help them*.

Socialism turns people into serfs akin to the middle ages who have no control over their wealth, health, education, where they live and what they eat. Serfs are powerless and life becomes full of despair. Poor people do not have the opportunity to accumulate capital, because they have fewer options than everyone else. How are you supposed to invest or go into business when you have no money and have no control over your circumstances? Well, I'll tell you there are only six known ways to

get out of those circumstances caused by socialism.

- Military-this is why the welfare state is kind of a farm team for the warfare state. The poor fight the wars, rarely in history will you see the contrary.
- Become some kind of entertainer-rapper, musician, actor, singer, dancer etc.
- Athlete.
- Manage to somehow go to college to get a good job, but that is barely working for most middle class kids any more.
- Criminal. Unfortunately this is one of the paths most frequented and our enormous prison population is evidence of that. If you think socialism is compassion, then tell me why a Venn Diagram of people receiving benefits from the state and people who are caught up in the penal system has way more overlap than people who are gainfully employed and caught up in the system? A vicious cycle is a very real thing and it is very difficult to get out of the hopelessness of the hamster wheel.
- Somehow manage to get a job that pays you something that you can live off of, which is kind of rare these days even for people who have graduated from top-notch schools and didn't come from a tough neighborhood. Mike 'Moriarty' Torrie, John Bonetti and I are all geniuses with 90 years of living experience between us and we can't even make ends meet.

Distraction is the death of comedy, socialism is the death of innovation and success which is why socialism is terrific for creating an environment where almost nobody can succeed and in turn frequently that person's children are born into poverty and subjected to all kinds of blenders and hecklers killing their act all the while arrogant socialists claim they are helping the poor *somehow*. Despite academic and political detractors, "laissez-faire" capitalism has helped the United States to achieve the greatest volume of investment, development, volume of production, and highest standard of living that the world has ever known and yet socialists want to move away from this. Thomas Sowell said, "Socialism in general has a record of failure so blatant that only an intellectual could ignore or evade it."

Life is hard enough, let's stop pretending that we have created a great society and that anything progressives have done in the name of helping the poor for the last 50 years has done anything positive. By claiming to be in favor of the poor people they don't associate with, progressives

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have managed to confuse people kind of like what the “Annexation of Puerto Rico” did to Kevin O’Shea in the movie “Little Giants.” Yes, I am saying that progressives have perfected the Reverse Flea Flicker emotional appeal to economics. They’ve contributed to poor people living like serfs who have no control over their lives and sticking them in dangerous neighborhoods, progressives still somehow claim that they care about the poor.

My greatest fear is that socialism turns out to be like “Cats” the musical and it really is now and forever. Even worse, I looked into it and it is clear that socialism cannot be contained to just the Winter Garden Theater because irrational discourse has a tendency to spread. How does it spread? Usually through professors that regurgitate the education-industrial-complex we refer to as universities. These regurgitators are guilty of little more than academic error, but they have been instrumental in creating ‘greater good’ socialist authoritarians who *just won’t die* and instead multiply like “Bebe’s Kids” in spite of tremendous evidence to contradict what they think of as the greater good. I believe pretense is a requirement to believe in this intellectual communist nonsense about helping the greater good through government intervention. It is not only what F.A. Hayek would call the “pretense of knowledge” to think one group of people is so superior that they should be responsible for planning all other groups of people, but pretense itself is responsible for this “social contract greater good” nonsense and at least some of that pretense stems directly from our universities. When it comes to pretentiousness, I’d have to say NYU is at the top of that game. One time I was on the A train in Manhattan and I saw an advertisement for NYU that said, “The class lasted two hours... the post class conversation? *Three Cappuccinos.*”

Have you ever heard of something so pretentious in all of your life? It sounds like, “We need our government to stimulate the economy through quantitative easing and deficit spending while we continue to plan everything for the greater good and to uphold the social contract in the name of the poor we never associate with, even though we progressives probably couldn’t even plan a wedding, we’re still totally confident in ourselves.”

Prosciutto-Nomics

Socialists basically see money like I see prosciutto. There is literally never enough prosciutto every time I eat it because it doesn’t last very long and it’s expensive because I only eat the good stuff which is like

\$18 a pound. I actually have a serious Prosciutto problem, the Suboxone isn't controlling my withdrawal symptoms any more, and I'm broke and desperately needed money which was the whole impetus for me to spend 5 years researching economics and then write this book.

Most importantly, like Socialists and money creation, I have literally no idea where prosciutto *even comes from*. I know it's pig and I know it's Italian, but other than that the way it's created is a complete and utter mystery to me so I always approach prosciutto demand from the perspective of an artificially scarce supply mentality. This leads me to think that the government having the sole monopoly on prosciutto creation is a great idea out of fairness. In reality, there is more than enough prosciutto and money to go around, but that never stops me from eating directly off of other people's plates when I go out to dinner or get invited to a party. Being invited to parties does not happen very much because I've recently caused several uncomfortable situations eating prosciutto off of other people's plates and my false prosciutto supply scarcity mentality has allowed me to justify doing so to the point where I'm always pretending to be on the side of the prosciutto-less masses whom I would never associate with in the first place.

Does this make me a really bad libertarian? Probably. Libertarians would probably dig a little bit deeper with logic and avoid emotional arguments in order to find out why it is so difficult for the prosciutto-less masses to gain access to prosciutto in the first place, not to justify stealing other people's prosciutto through taxes and inflation from within a system that is intentionally designed to transfer prosciutto through 12 central prosciutto banks that make up the Federal Prosciutto Reserve which ironically has no reserves of prosciutto. Yes, I am claiming that the Federal Prosciutto Reserve is selling thinner and thinner slices of prosciutto through its open pork market operations. This is why there has been inflation in the prosciutto market and a smart libertarian would probably find some way to capitalize on it by writing a book about how prosciutto transfers or going into business by beating other open pork market's prices.

Once the libertarian tries to explain how prosciutto transfers, the socialist would then completely disagree with the libertarian out of emotion, not listen to their logic, probably label them a racist and use the word "fairness" with the word "prosciutto" in the same sentence which causes most people's heads to nod in agreement, further obfuscating the truth and making more people think that socialism is

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somehow superior to capitalism. If we continue thinking that the prosciutto market itself cannot accommodate demand on its own and that the government can do a better job, there will perpetually be poor people in need because the government has no ability to appropriate prosciutto as resourcefully as the market does.

Socialism dampens the creativity of entrepreneurs and innovators in all fields, especially the medical field where the lack of profit and loss system is going to curb ingenuity and incentive to create something that could make tremendous wealth while at the same time saving lives with the newest technology. Because government is now the 'innovator' if you can call it that, incentive is destroyed. It becomes extremely painful for me to listen to people making the argument that "health should not be a business" sighting reasons of immorality or fairness, etc. In fact, health should be the biggest most important business because innovations which come from the private sector would lead to the newest technological innovations saving more lives and creating wealth at the same time. Free healthcare sounds great because nobody can pay for a \$15,000 hospital bed every night, but those advancing this argument will neglect to mention that government is the original reason for cost inflation in the first place. Removing government and allowing the free market to work, would be the best option, not Universal Health Care.

If I need to spell this out for you, in the hierarchy of socialist evil, the Fed is king, taking private banking losses and making them a public taxpayer problem is also really bad and a specific function of the Fed. It is designed to transfer wealth from the working poor and middle class to the top of the food chain. Universal healthcare, although I am not a fan, at least this is an example of misguided people who do not understand economics trying to help the poor and middle class. The Fed was created with the specific purpose of bailing out the rich at the expense of the taxpayer; this is really where my beef is.

Ask yourselves are forms of socialism 'fairness' or "legal plunder" which causes wealth to transfer in a disgusting egregious income gap between the few haves and everyone else? How do you identify plunder? Frederic Bastiat knows, "See if the law takes from 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." If any part of that quote sounded fair to you, realize it does for Bane too.

I think F.A. Hayek was right when he said that the curious task of economics is to explain to men how little they really know about what they've imagined they could design. Social contract greater good thumping socialists are the kind of people who get infected by something awful when working with Rhesus monkeys and decide it would be a good idea to go to the movies anyway even though they're vomiting blood and they only manage to turn Loews Theater into a complete Hot Zone, it's like, *dude*, just stay home. 'The Purge' wasn't really that good, I saw it. Socialism is to fairness as feeding a Mogwai after midnight is to prudence. Socialism and fairness never happened once ever, like Abner Doubleday inventing baseball-it never happened. Grow up. By claiming to be in favor of the poor, who they mean well for but do not understand the consequences of their actions, we begin to fall for the oldest trick in the book, which is to judge policy by its intentions, not it's outcomes. So we must ask ourselves, *Mogwhy* should we call for *more* socialism?

Here is a quote from Play to live: Lectures of Alan Watts (1982)

"You see, many of the troubles going on in the world right now are being supervised by people with very good intentions whose attempts are to keep things in order, to clean things up, to forbid this, and to prevent that. The more we try to put everything to rights, the more we make fantastic messes."

Still don't believe me that socialism both sucks and blows wealth at the same time? Consider this Confucius quote, "It is better to feed a man a fish every day than to teach a man to fish...said no one *ever*."

CHAPTER 9

KEYNESIAN ECONOMICS: THIS IS WHY WE DON'T HAVE NICE THINGS.

Before I rant about why I hate the Keynesian school of economics and blame it for being one of the most significant contributors to the way that wealth transfers, I think I should do it justice by defining it in extremely non-judgmental terms so that you can make up your own mind on this matter.

Major Bunghole, John Maynard Keynes, is originally responsible for the group of macroeconomic schools of thought based on ideas that, in the short run, productive activity is influenced by aggregate demand. Keynes' followers say aggregate demand like Snooki says, "I'm going to the Jersey Shore, *Bitch!*" I'm serious. I'm really not trying to be funny. I'm trying to explain to you how annoying it is when they say "productive activity is influenced by aggregate demand, bitch! Aggregate demand is also known as "total spending in the economy" and since aggregate demand does not necessarily equal aggregate demand (the total productive capacity of the economy) they believe aggregate demand is influenced by a host of factors and that it behaves erratically, affecting production, employment, and inflation. This is where advocates of such lunacy claim private sector decisions lead to inefficient macroeconomic outcomes which require active policy responses by the central bank and fiscal policy actions by the government to stabilize output over the business cycle which they intentionally neglect to mention is caused completely by the government in the first place. The whole thing is like a big stupid dog chasing his own tail, if you don't believe me you should probably read Henry Hazlitt's "The Failure of the New Economics" where he rips, Bunghole the first's (Keynes) 1936 neo-mercantilist-fallacy-laden-treatise (which led to Keynes being known as the Sith Master.) "The General Theory of Employment, Interest and Money" apart literally line by line. By the way his book is still selling for like \$45 in Barnes and

Nobles so, if you're pissed I charged a lot for *this* book get over it, *Bitch!* So basically Keynesian economics espouses that spending drives economic growth and that savings decreases it, if you can actually believe that. Which I cannot, and I hope you do not either. They believe that GDP (Gross domestic Product) is the main factor in the strength of an economy. In order for them to actually believe savings are "bad" and spending is "good" they have come up with an outrageous formula in order to try and prove this, it looks like this:

C+G+I+NX

This means that consumer spending + Government spending (this is the one that really makes an Austrian's blood boil) + business investments+ Net Exports = Gross domestic product, the MAIN determining factor in the strength of our economy. This is actually wrong for lots of reasons, I will keep it brief as I can complain about this all day. Basically, government spending is *our* money that we always end up having to pay back at interest when the government spends it, creates it, indebts us to make it, etc. Thinking that government spending increases the strength of the economy is like when my neighbor Dan got his first job at the age of thirteen and after he got his first paycheck, he was like "Let's go rob my ATM", never too bright I had to explain to him that it was actually his money, placed into an account for him and he's really just stealing from himself, it's not free money. I'm sure you find it easy to laugh at my stupid neighbor's logic almost twenty years ago, how about actual adults think this works? Am I scaring you yet? Yes, this is why I think Paul Krugman, Keynes biggest current advocate is barely credible.

We have to steal from ourselves in order to grow the economy, is perhaps the stupidest thing I've said in this book and that is what the mainstream believes, particularly progressives. I bet you thought that Sven Bernanke thing was really dumb? Well, it was, to prove a point. Not only are we stealing from ourselves to pretend to grow the economy, we're giving it to the *government*. The people least capable of wise spending are the ones we've most entrusted to do it well. People who were voted for through a popularity contest, were paid to shill for huge corporations who don't even have any required reading before they get in, and are almost certainly not trained in economics, but get to take anything through force enacted by legislature that you can't do anything about, in the name of fairness. Oh and by the way I guarantee you they take more time off each year than you'll see in a decade.

Progressives: if the thought of government waste does not bother you, or government inefficiency, terms that tend to be used by fiscally conservative people, then I really want you to think of money in a new light. When Progressives, socialists, etc., people on the left think of money they think of something that is *bad*. I want you to see money as resources, and when resources are misused and wasted those resources cannot be used for ideas or investments that will improve the economy and truly make life better for everyone, like: potable drinking water, jobs, food, clothing, homes. The market really does allocate resources far better than the various alphabet soup bureaucracies contained in our government, this really is why the idea that government spending is wasteful and we fiscally conservative people really do harp on this like Republicans on Benghazi. It really is that important, to note that people who really don't care are in control of the economy and this is a huge part of what makes wealth transfer and is a tremendous source of income inequality. Also, it contributes vastly to the cavalier way in which Americans say that we can just "socialize it", meaning: healthcare, education, housing-whatever. There is this concept in America that there is a never ending "bar tab" "payable by the United States government in order to just make resources "free". Obama stated that he was thinking about doing that for junior colleges multiple times in 2015, so has Bernie Sanders. Let me tell you something, nothing is free, it all has to get paid back through: taxes, the issuance of municipal and national debt, inflation and transfer payments. In fact, basic services when funded through government tend to cost significantly more than they would through just the private sector. Government waste should really bother you.

If you have ever made the logical fallacy argument, without government: "Who will build the roads"? We have work to do. In fact, that work is 99% of the time done by a private construction company, extremely rarely by the government. When you pay for new roads through taxes: First you have to fund an entire expensive bureaucracy by syphoning off wealth from the money you thought was going to pay for the roads you wanted to build.

Second, you need to use that money to find a construction firm, and determine if they're even capable enough. Large projects require large amounts of time to plan for, something else the government isn't good for.

Third, this slows down innovation as it is very timely because the government has to regulate *everything*.

Fourth, god forbid you do go over budget due to the slowness of government (it is in fact very likely that you will), you need to pay for your poorly funded road by either raising taxes, issuing municipal debt bonds (which you will have to pay back at interest) or have a goddamned bake off just to get Main street working again. And we wonder why there's income inequality.

Here is how I want you to see government intervention from now on, like a Libertarian does, from the perspective that government really is nothing more than a gigantic asshole middleman. Perhaps you're familiar with the show "The Office" the episode entitled "did I stutter" where Andy Bernard is selling his 2001 Nissan Xterra for \$8,700 and Dwight Schrute pressures him into selling it for \$1500 less than the asking price, because according to Dwight "The car is crap". He assures Andy that he will only use it as a wagon and it will be "dragged by a mule on his beet farm". As this was enough to convince him, Andy sells the car to Dwight who in a passive aggressive way of getting revenge for dating Angel, his ex, then posts a sign asking for \$9,995 for the Xterra, which obviously upsets Andy that he immediately turns around and sells the car after putting it on Ebay as part of a three-way bidding war. Basically, our Government is Dwight Schrute. In several ways: Boring, cold, thoughtless, authoritarian, willing to steal and most of all a gigantic, useless, middle man that runs up the cost of *literally* everything it comes into contact with.

Now that I have shown you how truly wasteful this is, I want to make an even more important point. What happens when you consume far more than you need to in order to accomplish your stated objective? The answer is you create far more waste than is necessary, and when you create far more waste than is necessary, aren't you damaging the environment far more than you need to? Last I checked, Progressives tend to be really big on the environment; however, your entire economic theory is in direct contradiction with your values. When you guys think of money, I don't want you to think of it as money, but as resources. And when resources are misused and wasted they cannot be used for ideas that can be used to build the economy which truly makes life better for everyone, they really just become pollution at this point.

There are countless examples throughout this book on how the

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government is less capable of allocating resources than the market is, therefore it is more wasteful. Your belief that government spending, which is a subset of aggregate spending, is what drives economic growth so your whole belief system is that if we don't consume endlessly, the economy will suffer. According to progressives the thing that is poisoning the environment, economic waste and the worst possible allocation of resources, is of greater importance than the environment. Again, everything progressives believe in, causes exactly what they're against. It is bizarre, and I only know this because I used to be one.

Now, here is why I am an Austrian, not a Keynesian: Austrians believe that savings and production drive economic growth. Do you realize how big that is? Huge. That means that the so-called "free market" polluters are actually the ones who are more inclined towards a sustainable environment, you've been lied to. The difference is that the market only allocates resources at what pace it needs to in order to make profit, when the government gets in the picture it is wasteful and is incapable of economic calculations needed to determine any sector's demand. For instance, the housing sector, the Fed lowered interest rates and sent the wrong signal to the market causing an artificial boom, which then led to the over production of homes and a tremendous amount of resources being squandered, like: lumber, oil, electricity etc. At the end of this we have the PANIC! of 2008 and now in America there are almost as many empty homes just sitting there, as there are homeless people. The government cannot do what the market can do, if you've been told otherwise- then you have been lied to.

These are earth's natural resources being squandered people. When resources are wasted by the government, it is bad for the *economy* and very bad for the *environment*, which means it is bad for *you*. Market intervention is a serious topic that I have made a big point out of in this book, and I suggest that if you really do care about the environment, you get your shit together and learn to understand it.

It gets worse, when it comes to market intervention, the only real "sector" of the economy the government can calculate for, is war. The only place that the demand for war comes from is from the highest ranking members of the government's desire to take us to war. War is in effect (along with government spending) often the biggest response in the Keynesian toolkit about how to get out of a depression. Why the answer is always to boost GDP I don't know, but in order to do that

according to (them) the government has to spend, one thing it loves to spend on is war as it is the only demand it can calculate because the government makes war, not the people. You just get to fight in them. Perhaps you've heard of the phrase "war is the health of the state", well that's a socialist phrase, because socialist countries are always fighting wars because socialism demands that you be at war in order for there to be a common enemy to make everyone "think" alike. It also helps foster the illusion of military superiority, for instance the USSR. Unfortunately, last I checked wars only destroy. In fact, they're the leading cause of climate change. And governments love wars. Progressives, your whole ideology causes you to be in favor of everything that you are against, and this is why we *do not have nice things*.

A much more environmentally friendly, less war like approach is in fact the Austrian one where savings and production are stressed, because this is a sustainable approach both for our pockets and our planet. This is in stark contrast to the Keynesian notion that spending is good and saving is bad, my dude Ludwig Von Mises said:

"Capital goods come into existence by saving. A part of the goods produced is withheld from immediate consumption and employed for processes the fruits of which will only mature at a later date."

What he's saying in a nutshell is, let's be sustainable, it is not only economically better, but also environmentally.

BUSINESS CYCLE THEORY

It gets worse, the Keynesians have their own absurd belief on how the business cycle works. Ready for this?

1. "Animal spirits" drive consumer confidence down which causes a decrease in spending and an increase in savings (bad)
2. Layoffs and "sticky wages" cause spending to drop and can spiral the economy into depression.
3. The government must step in with more spending and lowered interest rates (like Quantitative Easing) in order to stimulate the rest of the economy and get it into gear. (which has never once happened and there is no evidence of this)
4. The government boosts aggregate demand by increasing the government sector (being far, far more, inefficient, wasteful and causing pollution) through public works and national projects.
5. The new spending circulates, causing increased demand and

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companies to hire again.

6. And then it goes right back to number 1.

The problem is that, the government tries to step in and nothing gets solved, which leads to sticky wages and another depression. Because government is the cure, the free market always gets the blame and for absolutely no reason other than they *can* say that.

Keynesians are technocrats who think they can calculate anything and *everything*, which is why they love planning so much. Who are they planning for? The poor? How is that going? They believe that every rationally justifiable assertion can be scientifically verified or that it is capable of logical or mathematical proof. This is invalid, even Sir Isaac Newton said: "I can calculate the motion of heavenly bodies, but not the madness of people." Honestly, I think we should listen to Newton. That guy was pretty good with numbers. Austrians favor what is known as Praxeology, the study of Human Action, based on the fact that humans engage in purposeful behavior, as opposed to reflexive.

And when it comes to an entire economy based on wealth transferring which causes income inequality, few false ideas can be as telling as this one according to Keynes: "The first dollar you own gives you more utility than the millionth, therefore redistribution can actually benefit the economy". So, yes, Keynesian economics is basically socialism because the only way you can even have the concept of income (re) distribution is through market intervention, it can't actually exist in the market economy. In the market economy you have a product that the market (people) set the price for according to supply and demand. These assholes went way out of their way to invent the very idea of income distribution, which is always unfair to the poor so that led to the very concept of income redistribution in order to reestablish the inequality *they* created. It is meant to be a sneaky way of accomplishing exactly what socialism does, only seemingly under the guise of capitalism so that progressives on the left will manage to vote for it, even though in the last 100 years, we have all seen how well socialism worked.

I think it is pretty logical to deduce that people, who after reading this book, and still like the Keynesian ideology better are what I like to call "clinical thinkers", versus the Austrian mindset of "reality". One mindset works best in university under idealistic scenarios, versus a much more reality-based model. Allow me to give you an example: couples don't

talk about “baby making” with each other the same way they would with their Obstetrician who in a few months will be the one to actually deliver the baby. Nobody says in bed: “I thoroughly enjoy copulating with you, oh yes! Fellate *that!* There is no finer knowledge than carnal.” Well I can’t speak for you, but I know that I much prefer the phrase “Baloney Pony” to “phallus”. What I am getting at is: we need to change our vocabulary, definitions and understand of how things really work, in the real world and not adhere to outdated modes of thought, invented by academics who don’t really care about us. Academics, particularly in the behavioral studies, approach the world from the perspective of it being constant, when in reality the economy is in constant flux. Clearly you cannot study the stock market second to second, so you must approach it from this perspective; however, it is important to realize that they use ideal scenarios to apply to real world problems. There are two kinds of people: those who do and those who can’t do so they teach what they can’t do. Listening to an economist and an entrepreneur speak about the same thing is rather telling. The more respect we give to economist/planners than we do the actual entrepreneur/economic actor in the trenches the greater the capacity for idealized, on paper, not real world solutions to real world problems. Entrepreneurs can fix the economy, economists cannot. This is how you get someone so credible and respected in the halls of academia to be so incredibly inefficient and lacking the prescience to know his own role. To adhere to the old trope of “street smart” versus “book smart” would be wise at this time. If I knew I was going to jail and I wanted to get a better idea of how to survive, I would ask a former inmate or a guard. The logic Academia uses would say that is not a good idea you need to ask a Criminologist.

All in all, I think that was a pretty unbiased explanation of Keynesian economics. It’s pretty clear that this author has no intention of leaning you in any particular direction.

Why is this school so much more contemptible than the Monetarists of the freshwater Chicago school? Keynesians are deeply committed to the false idea that we are simply in some really painful down-market cycle. Their thinking is that with every down cycle comes an up, so if we just stimulate the economy (pump in money through quantitative easing) we’ll be sweet. These guys are instrumental in what makes wealth transfer. They’re still fighting the last depression, so they make us fear deflation... BEN BERNANKE! especially.

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So now the question remains, why do Krugman and Co. believe there will be deflation? I will tell you, straight from the horse's mouth. He states in his book "End this Depression" that inflation can't happen: "The answer lies in depression economics, specifically in what I hope has become the familiar concept of the liquidity trap, in which even zero interest rates aren't low enough to induce sufficient spending to restore full employment. When you're not in a liquidity trap, printing lots of money is indeed inflationary. But when you are in one, it isn't; in fact, the amount of money the Fed prints is very near irrelevant."

He's basically saying that because there is a credit crunch, it creates a liquidity trap that gobbles up all of the magically delicious fiat money the Keebler elves at the Federal Reserve type digits into a computer to create and treasury bakes up for us. This shit is loaded with powdered sugar and is just murder on your thighs; no way to start out your day.

Krugman then states that "the right side of the U.S. political spectrum has bought fully into these fears of inflation. Ron Paul, a self-proclaimed devotee of Austrian economics who routinely issues apocalyptic warnings about inflation, heads the House subcommittee on monetary policy, and the failure of his presidential aspirations should not blind us to his success in making his economic ideology Republican orthodoxy. Republican congressmen berate Ben Bernanke⁷⁰ for "debasing" the dollar; Republican presidential candidates compete over who can denounce the Fed's allegedly inflationary policies most vehemently."

OK, let me clear something up here, it is absolutely frightening to me when I see people who only agree with one of the two major parties *all of the time*. Listening to only one side means you're only hearing half the conversation, and there are always two sides to every story. Krugman's story neglects any concept of responsible spending which is tantamount to Ron Paul's conservative roots.

From Ron Paul's book, *End the Fed*:

"Debasing a currency is counterfeiting. It steals value from every dollar earned or saved. It robs the people and makes them poorer. It is the

⁷⁰ Drink! Drink!

absolute enemy of the workingman. Inflation is the most vicious and regressive of all forms of taxation. It transfers wealth from the middle class to the privileged rich. The economic chaos that results from a policy of Central Bank inflation inevitably leads to political instability and violence. It's an ancient tool of all authoritarians."

Ron Paul knows that Keynesian economics is total hornswoggle. Keynes dug up old fallacies and gave them a new coat of paint or as Murray Rothbard stated in his book, "Keynes the Man" "The General theory was not truly revolutionary at all but merely old and oft-refuted mercantilist and inflationist fallacies dressed up in shiny new garb, replete with newly constructed and largely incomprehensible jargon." When people correctly issue apocalyptic warnings, nobody listens, which is just what happened to Austrian economist Ludwig Von Mises in the 1920s when he predicted the Great Depression and was subsequently called a quack by nearly every other economist. Mark Spitznagel of The Wall Street Journal said,

"Ludwig von Mises was snubbed by economists worldwide as he warned of a credit crisis in the 1920s. We ignore the great Austrian at our peril today... The nerve of this Doubting-Thomas, perma-bear, crazy Kraut! Sadly, poor Ludwig was very nearly alone in warning of the collapse to come from this credit expansion. Mises started getting some much deserved respect once *Theorie des Geldes* was finally published in English in 1934. It is unfortunate that it required such a disaster for people to take heed of what was the one predictive, scholarly explanation of what was happening.

Spitznagel tells us, "But then – more bad luck for Mises – along comes John Maynard Keynes' tome, *The General Theory of Employment, Interest and Money* in 1936. Keynes was dapper, fresh and sophisticated. He even wrote in English! And the guy had chutzpah, fearlessly fighting the battle against unemployment by running the currency printing press and draining the government's coffers.

He was the anti-Mises. Keynes' theory was peppered with fancy math (even Greek letters!) and that meant rigor, modernity-the guy was a rock star. To add insult to injury, Keynes and his ilk didn't even refute Mises – they just ignored him.

70 years goes by where we saw Keynesianism's repeated economic clusterfucking ending the gold standard, causing inflation with

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numerous recessions, and banking crises. Alan Greenspan's "Great Moderation," and the subsequent PANIC! in the housing and banking sectors. The only boom this shit show has created is for this writer.

"Keynesian economics is ultimately nothing more than a phenomenal quagmire."

If Keynes and Krugman were doctors, they would remedy high blood sugar with an O'Henry bar because they're terrible for you and nobody wants them. Mises, Hayek and Ron Paul would tell you to eat less processed and simple sugars, increase your protein intake, and get some exercise you- type II diabetes-case just waiting to happen.

As Paul states in his book, *Liberty Defined*, "The failure of Keynesianism is the belief that central economic planning is workable, that spending is a panacea, that borrowing is unlimited, that deficits don't matter, and that governments can solve all our problems. All one has to do is listen to the Paul Krugman's of the world. It's amazing to me, but it seems he actually believes what he espouses. He has swallowed the bait hook, line and sinker. To reject the pie-in-the-sky promises of Keynesianism, one would have to reject the authoritarian goals of welfares and warfare's on the cheap. But that's too much to expect at present. It won't occur deliberately by the Keynesians, but eventually an economic collapse will end it. Ultimately, the only alternative is to outright reject all Keynesian economic theory and replace it with the more modern understanding that the role of government should be based on honest money...The end stages of the current monetary and economic system-based on a pure fiat dollar that started in 1971 are growing more apparent every day."

When it comes to inflation, the mother of all quotes from Keynes's *The Economic Consequences of the Peace*:

"Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method, they not only confiscate, but they confiscate arbitrarily; and while the process impoverishes many, it actually enriches some. The sight of this *arbitrary* rearrangement of riches strikes not only at security but [also] at confidence in the equity of the existing distribution of wealth. Those to whom the system brings windfalls, beyond their deserts and even beyond their expectations or desires, become "profiteers," who are the

object of the hatred of the bourgeoisie, whom the inflationism has impoverished, not less than of the proletariat. As the inflation proceeds and the real value of the currency fluctuates wildly and from month-to-month, all permanent relations between debtors and creditors, which form the ultimate foundation of capitalism, become so utterly disordered as to be almost meaningless; and the process of wealth-getting degenerates into a gamble and a lottery. Lenin was right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a matter which not one man in a million is able to diagnose.”

As much as I dislike Keynes, in all fairness he was saying this in regards to Lenin. He is frequently and rather conveniently misquoted, and much to my chagrin, by Robert Kiyosaki and frequently on the Ron Paul website forum (shocker)—as if he singlehandedly invented inflation, he just managed to advocate the transfer of wealth through inflation with really bad ideas, I still can’t believe that people fell for. This misquote has unfortunately become something of an economics, “Play it again, Sam.” His policies are highly inflationary. I’m not saying this man is directly responsible, but he didn’t do anything to stop it that’s for sure.

Murray Rothbard sums up in his book, “Keynes the Man” what a complete thunder-cunt Keynes really was by stating:

“Furthermore, Keynes was scarcely a ‘revolutionary’ in any real sense. He possessed the tactical wit to dress up ancient statist and inflationist fallacies with modern, pseudoscientific jargon, making them appear to be the latest findings of economic science. Keynes was thereby able to ride the tidal wave of statist and socialism, of managed and planning economies. Keynes eliminated economic theory’s ancient role as spoilsport for inflationist and statist schemes, leading a new generation of economists on to academic power and to political pelf and privilege.”

Keynesian economics is ultimately nothing more than a phenomenal quagmire, like fighting in Syria, it is in effect unwinnable. Either you debauch the currency and succumb to the ravages of inflation like described by Keynes, or you become so debt laden that should there be a deflation you can absolutely never pay off what debts you’ve accumulated. Either way, you become a debt slave and the only way out for you eventually will be government, the same one that will turn you into a serf by providing everything for you, just enough to survive-

which creates the haves versus the have-nots mentality. The have not's find themselves in an almost inescapable situation, caused by the way that wealth transfers. This is best exemplified by the 99% vs. 1% mentality we've been trumpeting for quite some time now.

Economic Medicine

There's a popular internet meme that says, "I take aspirin for the headache caused by the Zyrtec I take for the hay fever I got from Relenza for the uneasy stomach from the Ritalin I take for the short attention span caused by the Scopoderm I take for the motion sickness I got from the Lomotil I take for the diarrhea caused by the Xenikal for the uncontrolled weight gain from the Paxil I take for the anxiety from the Zocor I take for my high cholesterol because exercise, a good diet, and regular chiropractic care are just too much trouble."

Similarly, economics is beginning to look like this. We inflate the currency to pay the welfare from the unemployment; we pay taxes on our salary from January to mid-May to pay off the national debt from the borrowing we need to maintain our phony empire; caused by the militarism to be a global super power; to maintain the war machine we incorporate deficit spending; we advocate socialism to pay for the healthcare we cannot afford; and deny that we need sound money.

Like a drug addict who won't admit he has a problem, Keynesians just won't admit to inflation. They can't do it; they won't do it; they have refused to do it for 70 years. As Cox states in *The Concise Guide to Economics*, "Keynesians account for the business cycle by an appropriate level of spending (prosperity) or under-spending (depression) or over-spending (inflation) but have been baffled by the simultaneous occurrence of both inflation and depression — a condition their theory treats as being as likely as a square circle."

Inflation and depression at the same time has happened several times since the creation of the Federal Reserve. Cox then goes on to state that it is important to "look to the money supply as the causal factor in the business cycle...The correct Austrian theory of the business cycle also focuses on the money supply as the causal factor, but does recognize the

intervention in the economy that an artificial increase in money and credit in fact is [inflationary].” Cox is absolutely correct. BEN BERNANKE!⁷¹ and Keynesians downplay the real problems.

So basically, if the medicine doesn’t work then just increase the dosage? (I can taste the grape Dimetapp of irresponsibility.) Keynesians calling for simulative expansionary government policy, basically means the Federal Reserve should print money which is essentially it’s way of ‘making it rain’ only they’re using tax payer money and seriously both are about equal in actually stimulating the economy. I’m not kidding. If I actually had to pick one I would seriously go with making it rain in a club. At least average people would receive the money instead of having it sit in a bank so that rich people can use the fresh money unaffected by inflation to pad their assets. It also makes for a good story when P.Diddy throws you a couple Benjamin’s. Oddly enough, Federal Reserve Chairman BEN BERNANKE! has his own plan for ‘making it rain’ in order to prevent deflation, he is known as Helicopter Ben for his comments that he is willing to drop money from the sky to prevent deflation. Honestly, I think if he’s going to do that he should probably recruit Master P to help. I mean the guy has a gold and platinum tank. I think it could be a real morale booster during tough times to see the two of them hard at work preventing deflation together.

*Keynesian economics is ultimately nothing more
than a phenomenal quagmire,*

*Keynesian economics is like a seductive woman with
ulterior motives. She knows exactly how much she’s got
to give in order to get something out of you.*

⁷¹ Drink!

CHAPTER 10 WHY I HATE PAUL KRUGMAN

I enjoy a good scapegoat from time to time. I know Paul Krugman isn't the only Keynesian economist, he's just the current face of Keynesian economics and Keynesian economics is responsible for giving credibility to a system intentionally designed to transfer wealth. I like to blame him the way Bernie Madoff was a scapegoat as if he was the only person to ever run a Ponzi scheme or defraud people, because governments do that literally every day.

Here is a great example of the difference between Keynesian and Austrian thinking. Keynesian economics exists to allow obnoxious scholars to lend credibility to the statist who cause wealth to transfer in the first place. Austrian economics will perpetually be a stone in the shoe of those who travel the path most frequented. That path is the one with all the footprints of people who don't think, but regurgitate low quality information credibly.

First we have my man Ron Paul back in 2003;

"Like all artificially created bubbles, the boom in housing prices cannot last forever. When housing prices fall, homeowners will experience difficulty as their equity is wiped out. Furthermore, the holders of the mortgage debt will also have a loss. These losses will be greater than they otherwise would have been."

Then we have Paul Krugman:

"To fight this recession, the Fed needs more than a snapback; it needs soaring household spending to offset moribund business investment. And to do that... Alan Greenspan needs to create a housing bubble to replace the Nasdaq bubble."

This was him talking back in 2002 and saying things that in no way

surprise me. It's amazing that his P.H.D is in trade cycle theory which Austrians are highly inclined to agree with him on and yet he can be this calamitous. This line of thinking is similar to my Oktoberfest beer pong wealth transfer analogy I used in the beginning of the first chapter, where Paul Krugman throws like a girl and when Oktoberfest is being poured into one stein as it overflows, Krugman quickly dumps beer into another stein to avoid a bubble bursting.

It is important to note that I am not the only one who hates Paul Krugman, when in need of credible sources for the previous chapter on why I hate Keynesian economics, which was the inspiration for this chapter; I consulted an incredibly reliable source, www.Ratemyprofessor.com.

Under the University of Princeton Economic department, Krugman is listed at a paltry 2.9 in overall quality of his classroom. In fact, he receives 2.9's across the board for helpfulness, clarity and easiness. The comments ranged from 2003 until 2012 and some were shocking;

"Avoid at all costs. He routinely came to class unprepared, clearly had thought little about what he was to teach that day (much less how) and broadcast the impression that he was showing up only to justify his professor's salary. Universities hire people like Krugman as "prestige" professors and don't care whether they actually can teach."

Another student that gave the class a 'poor quality' stated, "Very biased teaching and yet another very disappointing class. It takes the science out of social science. He should stick to an honest presentation of facts and theories. Not good for a science school like Princeton. If I wanted to study Journalism I would have gone to Columbia or Northwestern."

I think the evidence abounds that fifteen mixed ratings over the course of almost nine years is a representative enough sample for me to back myself up, especially considering the reliability of the source. It is of the utmost importance for us to note that Krugman *did not* receive a chili pepper for 'hotness'.

Now that I've made my true feelings known, reading Paul Krugman quotes from 10 years ago is like watching Amelia Bedelia prepare something as simple as a date cake, you just know it's going bad, but you're not exactly sure how. You know what you're getting when you're reading Peggy Parish, you can guarantee that Amelia will, always

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misunderstand her employer by taking figures of speech literally, causing her to perform absurd actions with a comical effect. However, we all know she almost always manages to win everyone over at the end of the story.

Back to the date cake, at first Amelia double checks her recipe and wonders how is she supposed to put dates in a cake? She checks the fridge and nope, no dates there. Then taking things literally, as always she grabs the calendar and cuts up all 31 'dates' in July and adds them with her batter into a bowl and you just think to yourself, "Oh, Amelia Bedelia how you didn't see the PANIC! Of 2008 in the real estate market headed straight this way, you silly goose!" Paul Krugman can blunder just as mindlessly as Amelia when it comes to certain recipes; only thing is his job *actually* matters.

Even though the Enron debacle clearly wasn't his fault, he was only an advisor to them; scholars have maintained for the better part of a decade that it was extremely "Bedelian" of him to be involved in such a tremendous blunder, while at the same time you really can't fault him for it. Amelia finds herself in similar situations all the time however, to make the situation right he could have taken a more conciliatory stand and baked an (apparently delicious) pie or cake like Amelia does. Paul's recommendations of fixing recessions by printing money (similarly to Amelia's date cutting) have led me to coin the term "Bedelian Denouement." The definition of a Bedelian Denouement refers to- "a chain of events performed by an idiot culminating in a tragic blunder that you really can't fault them for as they were only trying their best." Paul Krugman's first Bedelian Denouement being the recommendation for the cure for a recession as increased government expenditure with the desired result of increasing demand to print a way out of a recession. His second Bedelian Denouement was being an advisor to Enron. The phrase Bedelian Denouement brought to you by the letter P for PANIC! Paul Krugman and Peggy Parish.

If I could get a hold of the copy rights for the Amelia Bedelia books I think I would go to town, honestly. First, that would be some great passive income and passive income is sweet. Second, there is an actual book that came out in 2005 written by Peggy Parish's son called "Amelia Bedelia: Rocket Scientist?" Which makes me think that I could make a book called, "Amelia Bedelia and the Trillion Dollar Platinum Coin!" or better yet "Amelia Bedelia: Keynesian Economist?" or "Holy Shit Amelia Bedelia, You've Created a Real Estate Bubble!" Amelia

would be working for Allen Greenspan this time, cleaning his kitchen when she overhears him say he needs a 'housing bubble to replace the Nasdaq bubble' and the soap that she used got way out of hand because she took the words 'tide' and 'cascade' way too literally.

My favorite Paul Krugman quote of all time is completely bat shit crazy. This quote is a little less Amelia Bedelia and a little bit more "Rod Serling-third-sea-son-twilight -zone meets Night Gallery Season 2." Back when it was really good⁷².

The best part about this quote, is that literally I haven't even added anything to it to make it sound stupider than it really is, I saw this one on YouTube while on Fareed Zakaria's show on CNN Krugman stated, "If we discovered that space aliens were planning to attack and we needed a massive buildup to counter the space aliens threat and really inflation and budget deficits took a secondary place to that, um, this slump would be over in 18 months. And then if we discovered whoops we made a mistake there aren't any space Aliens we'd be better...there was a twilight zone episode just like this where scientists fake an alien threat in order to achieve world peace only this time we need it in order to get some fiscal stimulus." Do you fucking believe that? Krugman actually thinks that government intervention can stimulate an economy. I swear to god that he said that, you can find it on YouTube. According to Harvard professor of economics Robert Barro, Krugman "has never done any work in Keynesian macroeconomics" and makes arguments that are politically convenient for him. Nobel laureate Edward Prescott said that Krugman "doesn't command respect in the profession."

The next book would be called "Amelia Bedelia and the Barbarous Relic" and she would convince Richard Nixon (at the disapproval of his Fed chairman Arthur Frank Burns) that closing the gold window is a good idea and won't result in massive stagflation. Leading Nixon to state: "We are all Keynesians now." Of course this would be a children's story about what lead up to the PANIC! Of 2008 with lots of illustrations so

⁷² Mike Moriarty Torrie and I have seen every episode of Night Gallery together. Awesome show you should check it out. Little known fact, Night Gallery is Pantera front man Phil Anselmo's favorite TV show of all time.

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the teacher could turn the whole book around showing the whole class the pictures after reading every two pages. I think I would include a popup or two. In fact I wanted a pop up for this book, but that might get me called “unprofessional” and “not in my own best interest” by an editor.

So, basically the lesson here is what is your own best interest? Is listening to Krugman in your best interest? A guy who blunders rather epically, keep in mind, that when it comes to ‘credibility’ his man Lord Keynes was literally a child rapist. No, to be more honest, he liked boys who were post pubescent, but still not of legal age. Somehow it’s different, *not really sure how much*. Also he enjoyed keeping meticulously detailed creepy written records of these encounters, including the, who, when, what, where and probably left out the why. If my guy, Von Mises’ was a child rapist, Keynesians literally would never stop using that information as an ad hominem to undermine Von Mises’ credibility. Instead, my guy’s motto was from Virgil’s Aenid, Book VI: *“Tu ne cede malis sed contra audentior ito”*, which means “never give in to evil but proceed ever more boldly against it” and Krugman’s guy’s motto was, “In the end, we’re all dead.” Ultimately, a personal attack on Keynes’ credibility means very little. I mean Hannibal Lecter was a brilliant Psychiatrist; I just wouldn’t want him to embark on any culinary endeavors that included my liver, Fava beans or nice Chianti.

All twisted sexual practices aside, the man was a total sociopath who endeavored to give credibility to those interested in enslaving the world in every way a government can, minus the actual physical chains: to debt, to war, to inflation, financially, politically, to government and of course Central Banking. In order to enslave the world it had to be made ‘right’ by an academic who had credibility, which was Keynes. Keynes is responsible for the creation of the IMF (International Monetary Fund) and WBO (World Banking Organization) who enslaved the third world to inescapable debt. He was instrumental at the Bretton woods agreement, and brought us the current return to backwards economics that we practice that is something akin to Neo-mercantilism which Krugman is unwittingly carrying the torch for. I believe that the difference between these two men is that Krugman is an overly credulous ‘useful idiot’ and completely means well, which is why he’s so unbelievably and conveniently (for me and this book) similar to Amelia Bedelia. Keynes, I believe was something closer to a dark Sith master who enjoyed playing “light saber” with young boys, and by ‘light saber’ I mean ‘penis’.

PART TWO THE SOLUTION

*Now that we have defined what a
wealth transfer is, how we got here,
and why I'm telling you this.*

*The second half of this book will answer
how to benefit from being ahead of the curve.*

*Congratulations! Since you're reading this you've
read more than 100 pages of a book which puts
you ahead of 84 percent of Americans who will
read 50 pages or less of every book they buy and
quit. Can you believe we Americans start books
that we never finish?*

*I can. It's also possible that you're Canadian or you
just skipped ahead, in either case you should be
embarrassed.*

CHAPTER 11

ALL THAT GLITTERS IS *SILVER*?!?

Let's go straight to the meat and potatoes of how you can 'Surthrive'! See what I did there? I mixed 'survive' with 'thrive', a little something called word play. Precious metals are the best bet for helping you surthrive the wealth transfer. Silver wins as my personal pick for best performing metal in this asset class. Silver will most likely outperform gold during this wealth transfer. Now let's determine why silver is 'on base' while gold is 'it'.

Silver Usage and Surthrival.

Compared to gold, the silver price is notoriously volatile, however this will benefit us tremendously because the global gold to silver ratio for 2012 was 53.9.

This means that for every one ounce of silver in existence, there are 53.9 ounces of gold. For 2011, the world silver reserves (measured in tons) was only 530,000. Silver is cheaper than gold, but it is less available than gold. Other than it's usage as a hedge against inflation and being sound money and not currency, there is a global shortage of silver and I honestly believe that if every person in America tried to purchase just 2 pieces of silver it would spark a revolution. Silver has many technological uses, such as:

Photovoltaic technology in the solar power industry.

Solid-state lighting.

Super capacitors and superconductors,

Auto-catalysts and new kinds of batteries.

Medical: aseptic coverings for surgery.

Purifying water.

Washing machines, air conditioners, and refrigeration, it's not like anybody has one of these in their house.

Demand for silver is growing. The Silver Institute forecasts that

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industrial usage rose to about 665.9 million troy ounces in 2015 and accounts for more than 60 percent of total demand. I disagree with the Silver Institute; they don't know that this Warlord's book PANIC! will contribute to an unprecedented increase in aggregate demand. In the next few years, an increase in people hoarding silver rather than using it for technological uses will make this metal significantly more precious. And by 'precious' I don't mean in a Buffalo Bill 'Silence of the Lambs' kind of way, although that pit he had in his basement would be an ideal place to safely store some silver.

Why am I Telling You This?

A growing number of industrial applications for silver represent a long-term increase in usage. Silver is here to stay and will continue to grow, supporting the price and having an impact on the balance of that old harpy of a natural law—supply and demand. For investors like you, long-term projections for silver prices are extremely bullish as prices will reflect the increased industrial demand; however they are vulnerable to economic correction in the short term. So don't get scared and sell it off irrationally. As Buffalo Bill would say, "It hides the silver in the bin, or else it gets the hose again."

When it comes to silver and investing I would be amiss not to mention the brothers Hunt. Nelson Bunker Hunt and William Herbert Hunt the sons of Texas oil billionaire Haroldson Lafayette Hunt, Jr. had been attempting to corner the market in silver for some time during the 1970's, by 1979 the price for silver jumped from six dollars per troy ounce (\$0.193/g) to a never before seen record high of \$48.70 per troy ounce (\$1.566/g) which represented an increase of 712 percent. Not bad.

The brothers were estimated to hold one third of the entire world's supply of silver save what was held by every governments' reserves. Silver prospectors got so desperate that the jeweler Tiffany's took out a full page ad in the New York Times condemning the Hunt Brothers by stating, "We think it is unconscionable for anyone to hoard several billion, yes billion, dollars worth of silver and thus drive the price up so high that others must pay artificially high prices for articles made of silver."

In response to the Hunt brothers cornering the market, the exchange rules regarding leverage were changed on January 7, 1980. COMEX adopted "Silver Rule 7" which placed heavy restrictions on the purchase

of commodities on margin. The Hunt brothers borrowed heavily to finance their purchases, and as the price began to fall dropping over 50 percent in four days, it very quickly became clear that they could not meet the stiff margin call of \$100 million, causing panic in the markets.

The brothers facing a potential total loss of \$1.7 billion and according to Wikipedia, "The ensuing panic was felt in the financial markets in general, as well as commodities and futures. Many government officials feared that if the Hunts were unable to meet their debts, some large Wall Street brokerage firms and banks might collapse." Now that the government got involved to save the situation, due to fears that Wall Street brokerage firms and banks could collapse several US banks provided a \$1.1 billion emergency line of credit to the brothers which allowed them to pay back the main brokerage firm stupid enough to allow this many futures contracts and silver to be bought on margin in the first place which, in turn, helped them survive the ordeal. The Hunts lost over a billion dollars and in 1988, were found responsible for civil charges of conspiracy to corner the silver market.

This story is important for several reasons, first the small picture thinker would say "see, I told you silver is a bad investment, because it is volatile" or "the value of silver was artificially manipulated so magically delicious inflationary fiat currency didn't cause that." This would be an example of someone who is supremely missing the big picture.

The price of silver is driven by both speculation and supply and demand. The above example only really applies to speculators like the Hunt Brothers ability to affect such a small market. This is only one half of the equation. Speculators are going to drive up the silver market because they engage in risky financial transactions in an attempt to profit from short and medium term fluctuations in the market value of silver. JP Morgan is short physical silver, so is the ETF SLV as well as Morgan Stanley. These speculators pay little attention to the fundamental value of silver or its supply and instead focus purely on price fluctuations.

Some stores of silver have multiple claims upon them. On September 25, 2008 the commodity future trading commission (CFTC) relented and probed the silver market after persistent complaints of foul play. In April 2010, Andrew Maguire a former Goldman Sachs trader, went public with assertions of market manipulation by J.P. Morgan, Chase

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and HSBC of the gold and silver markets, which prompted a number of lawsuits.

Speculators don't really matter, they will eventually drive up the cost and when it is finally obvious to everyone that some stores of silver had multiple paper claims on them, price fluctuations through speculation won't matter. Supply and demand will. The law of supply and demand is a total harpy, she'll follow you everywhere you go no matter how hard the speculators try to stop her nagging.

If you remember Doc Brown tells Marty in the movie, "Back To The Future" that he's not thinking "fourth dimensionally" or rather in terms of time, speculators always commit this error when they create pieces of paper that state that somewhere in some vault they or someone else owns a piece of silver that may or may not exist and there might also be other people who have the same claim to that piece of silver which once again may or may not even exist in the first place.

The real big picture here is that paper and money are not the same. Whether it is a fiat currency dollar, a derivative, a bond, a treasury bill, a silver or gold pool certificate, a futures contract or it has an official looking font or it is backed by the full faith and credit of the United States government or it says Legal Tender on it or has a former president on it, it's just a piece of paper and nothing more. There really is nothing more insane than a piece of paper we all unconsciously agree to as having some subjective value no matter how official it looks. Actual physical silver matters. The law of Supply and Demand matters. Pieces of paper are just that, a piece of paper. We could literally all agree to use Monopoly money tomorrow and it would be no different than the money in your wallet, the true values are the same, really coarse toilet paper. Me? I'm sticking with Charmin brand it's so much softer.

The Golden Rule

There is only one aspect of this precious metal that is not in short supply or precious, *gold haters*. The Golden Rule is those who own the gold make the rules. There are endless streams of people who hate gold. I'm not sure why. Particularly, I'm not sure why the ones in positions of authority like people who work in banks, on Wall Street, or BEN BERNANKE! the Chairman of the Federal Reserve are afraid of gold. Oh, yeah those are the guys who have the most to lose from gold's gains.

Fed Chairman BEN BERNANKE!⁷³ declared holding gold in reserve to be nothing more than “tradition,” before getting spanked by my man, Ron Peezy. BEN BERNANKE! also stated to the Wall Street Journal on June 15, 2010, “I don’t fully understand the movements in the gold price.” Suggesting that the uptick in the price of gold might be another example of investors fleeing risky assets for ones perceived to be less risky. So number one he should read my book and number two, like I said in the beginning of this book-how can people this bad at their job not get fired?

Many abhor gold – never forget they’re selling you something, whether it’s a stock, a 401K, Keynesian economics, or the illusion of authority. I’m not selling anything, you already bought the book I just want you to be well-informed and not trust any guy in a suit promising that gold is in a bubble in 2018 I guarantee he won’t tell you that the bond market and the derivatives market are in bubble status right now and paper assets are doomed which is one of the reasons you want gold and silver in the first place. To be honest, nobody even knows for sure which market is bigger; we can’t even track derivatives anymore. These same gold haters won’t clue you in that the housing market is once again over valued as well. Absolutely anyone who is currently telling you that gold is in a bubble is lying, has something to gain, is ignorant, or just plain thinks so because they heard the term bubble so much since 2007 that he thinks he is identifying one because he saw lots of commercials on TV looking to buy your gold.

Blowing Bubbles

Because I’m really smart, I recognized the real estate bubble without really knowing it when I was around 18. I started working in my neighborhood as a garbage man in the Teamsters union from 2002-2006 and I saw a lot of people buying homes (real cheap or with zero money down), and begin to fix them up and flip them. I knew what was going on because I was picking up the garbage from all of the construction. In this way, garbage men are like bartenders – they get to know everything first. When you handle what someone else is throwing out people do not hesitate to tell you the “dirty laundry” that’s really

⁷³ Microbreweries are my favorite, but DRINK! Anyway.

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going on in their lives. I remember thinking to myself, “this cannot possibly last.”

This is where my initial interest in economics stems from. I was 18-years-old, thinking, how can guys I know just a few years older than me, making similar money to what I’m making, be buying houses as a speculative investment? Not too much later I found out my answer – once Joe Average gets wind of a good investment, it ceases to be one.

Many gold haters claim gold was in a bubble up until the end of quantitative easing. Gold haters are living in an illusory world, perhaps at best harkening back to the inflation of the late 1970’s or early 1980’s when they or their father got suckered because they flocked to precious metals at the very last minute and got burned. As I said previously, always listen closely to any recommendation someone gives you in life and look to see if they are serving themselves rather than you. Anyone using the word “bubble” in reference to gold is trying to scare you away, but smart money is in precious metals and I will prove that to you.

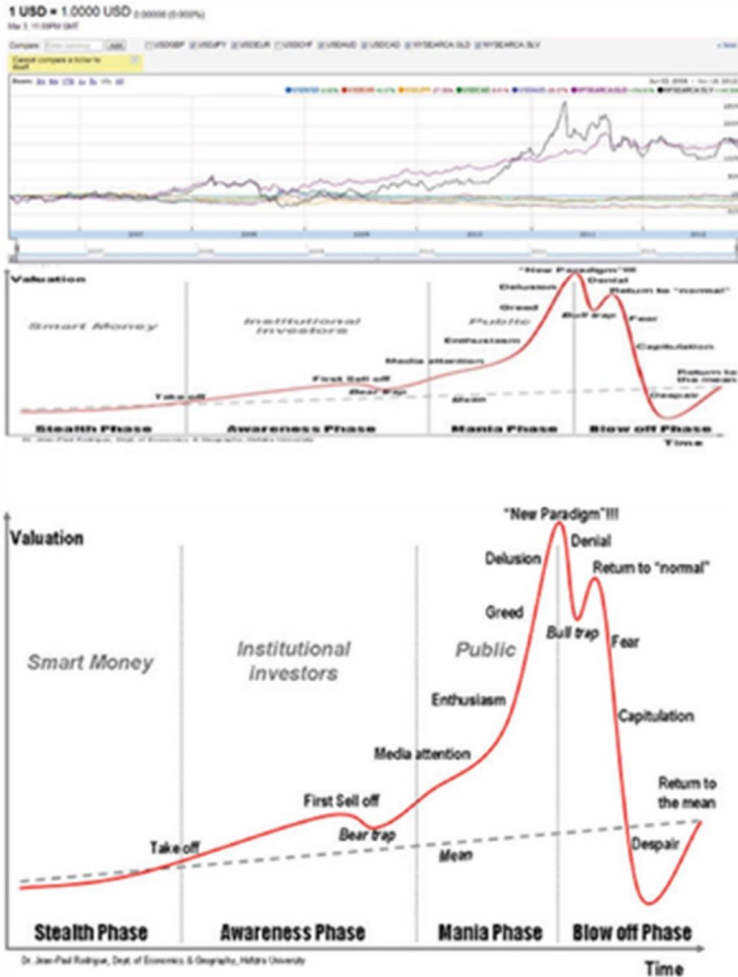
Right now, the regular guy (or girl) thinks that precious metals are for the paranoid. Meanwhile, at the moment of my writing this, the spot price of gold is \$1,084 an ounce. When those same average Joes start recommending gold that is when you know a bubble is around the corner. But you’re smarter than that – which is why you are reading this book. Only discriminating minds have the awareness to see this clearly. The last group of gold haters were the “Gold is in a bubble, because it’s just gotta be!” crowd who thought that \$1,084 was a lot of money.

With all of the money printing going on, gold, adjusted for inflation, is nowhere near the levels we saw in the late ‘70s. Gold is not meant to be measured by a number that changes with inflation. Gold is meant to be measured by how much value it provides. Metals are a unique asset that exists outside the financial system, and their worth should be measured by what it provides in value. How many shares of the Dow does it buy? Barrels of oil? Simply measuring gold by its paper dollar amount is the epitome of judging a book by its cover. To oversimplify: how much stuff can you get with one ounce of gold?

This following chart, a visual representation of the four phases of the progression of a bubble, really says it all. There are a lot of people who are claiming precious metals, in particular gold, are in a bubble. I intend to debunk this in numerous ways, but very briefly I will give you my run

down of this chart, which comes from Dr. John-Paul Rodriguez, Department of Economics & Geography at Hofstra University.

First, what they're not saying about the Stealth Phase is that genius and insanity go hand in hand. Believe me, I'm friends with John Bonetti – nobody knows that better than Mike and I do.



If you're making a good investment in something in the *Stealth Phase* (real estate, equities, commodities etc.), then there are only two possible options: A, you are a proven investor, who has shown your ability to make great picks so other people follow your views-like Billionaires Marc Faber and Jim Rogers, or Peter Schiff or Michael

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Maloney who all recommend precious metals. Or B, you do not have a proven record as an investor so everyone views you as a complete psychopath for recommending said investment.

If you look back at some of the defining terms in the Mania phase, you will see words like “Enthusiasm,” “Greed,” “Delusion,” and “John Bonetti.” (OK, I made that last one up.) None of those signs are here at the time of this writing. If you think you have spotted a gold bubble because you see signs that say “we buy gold” everywhere, on TV as well as on brick and mortar businesses, that is only a sign of the ‘take off’ in between the *Stealth* and *Awareness* phases. The “Institutional Investors” are the few smart people who know to buy gold. The Central Banks and private banks will be making the initial purchases, and they (like countries such as India and China) are constantly buying more gold.

Until gold and silver reach their inflation adjusted heights from the 1980 level of \$2,400 ounce for gold and at least \$75 ounce for silver there is absolutely no way that we are seeing anything even close to a bubble in precious metals.

You will know we have hit the top of the gold bubble when the public—regular average Joes and not insiders—realize that precious metals are a good investment. When the average person no longer sees you as a lunatic for even mentioning the thought of buying precious metals, and begins to agree with you on this issue, the next phase will begin. The key is when Joe Average stops selling gold and begins to buy it. That is the time to consider we may be in bubble status. But even then, that will take years to develop.

Until that time, I am very happy to look like a complete psychopath to people who have never even bothered to look at a single commodities chart or explore how a Mania, or bubble, begins, but are often dead set on having an opinion anyway. I will continue beating inflation with precious metals at rock bottom prices, while Joe Average chases inflation with his 401k. To be clear, the public’s awareness will be the last phase of this bubble, and I want to make that obvious. Also, these are the people whose minds I am trying to change before the storm hits. When your neighbor takes out a reverse mortgage on his home for an imported Tulip, something is wrong – so get in on time and out on time.

Another quote from Maloney’s guide: “The wealth transfer...is real, and it is extremely powerful. During a cycle change, when one asset class is

topping out while the other is bottoming out, the intensity of the wealth transfer that has already taken place does not go unnoticed. The herd sees that other people have made enormous gains, and they want some too. The public continues to chase yesterday's hot investment class, even though the big gains have already been made. The pronounced severity of the full transfer of wealth is only noticeable after the transfer is nearly complete...at the end of that cycle and the beginning of the new one...The scales will be balanced the same way they have always balanced – the masses will realize the loss of their purchasing power due to the ever-expanding currency supply and lose faith in that currency. They will then come charging in, buying as much gold and silver as they can, bidding up the price of the only currencies that can't be printed, in order to account for the currencies that can." If Michael Maloney didn't really know his stuff, I wouldn't be quoting him. I highly suggest his book and website wealthcycles.com

Gold haters are fun to drive nuts, because they only think in terms of its current performance and not as a long term investment akin to a form of insurance that you will actually use. You will be holding it for a period of time before using it, because everything is in flux gold haters can't imagine anything changing. Imagine it was the year 1994 at the height of grunge and I told you that in ten years there would be no more Nirvana and nobody will care about music videos in a decade, judging from that time's trend when MTV was huge you would tell me I was a crazy person to make such a prediction. Imagine what people said about Jules Verne behind his back with his crazy space capsule moon landing predictions, which totally happened. Everything is in flux, don't be an idiot, shit changes.

Gold haters love to send you text messages when gold goes down, because they do not care to understand its use. I can easily take advantage of this by using the Swahili phrase popularized by Timon and Pumba "Hakuna Matata" over and over again because it means "no worries for the rest of your days." Telling a gold hater that you have no worries because of gold is enough to make their head spin and hopefully stop talking to you. Sometimes the best way to solve a problem is to *seem* incredibly irrational, while being completely rational. Gold is a rational investment, using the Lion King as your reason for investing however, is completely irrational and awesome at the same time.

Platinum

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Platinum has a short history in the financial sector compared to gold and silver, which were used by ancient civilizations. Platinum is rather scarce even among precious metals. New mine production totals approximately only five million troy ounces (150 Mg) a year.

The price of platinum during periods of economic stability tends to be as much as twice the price of gold; whereas, during periods of economic uncertainty the price of platinum tends to decrease because of reduced demand, falling below the price of gold, partly due to increased gold prices. Personally, for this reason I would completely avoid Platinum as an investment until the economy really nose dives then when Platinum makes new lows I would jump on it.

Palladium

Palladium peaked in January 2001, at \$1,100 per troy ounce driven mainly on speculation on demand for catalytic converters from the automobile industry. Palladium is traded in the spot market with the code "XPDUSD". Excess palladium surplus caused by the Russian Government selling off left over stockpiles from the Soviet Era, at the pace of 1.6 to 2 million ounces a year both sounds like the premise for a great James Bond movie and gives me reason to say that I cannot recommend holding Palladium. The amount and status of the previously mentioned stockpile is kept as a Russian state secret. I think it is safe to say that palladium bullion investment is not as fertile as gold and silver due to low circulation. Personally, I would skip this asset along with Platinum.

There are other metals besides precious metals: gold, platinum, silver, and palladium. These metals are volatile with shorts, ETFs and paper structures. On average in 36 hours of trading they sell enough paper silver than they create in a year. My guess is big banks are manipulating the prices. Other options are cobalt, copper, lead, bismuth and indium. They are useful in things like cell phones and other technologies similarly to silver, but are not subject to issues with trading like precious metals are. They are used in technology, Bismuth: as in Peptol Bismol has an antiseptic use, like ointments for burns, makeup, radioactive shielding of nuclear power plants and many other uses. Gallium: solar panels and green technology, LED lights and certain pharmaceuticals, and a mercury substitute that is not toxic like mercury. Indium: engine bearings, touch screens, flat screens, solar technology and space technology. They call it Chinese silver; they buy it as a store of value and the Chinese are ahead of the curve instead of

silver. Smart phones use this.

China produces about 75percent of these metals and they refine all of these metals, even if they do not produce them. We are extremely dependent on China for these metals. They determine nearly the whole market. www.Swissmetal.net is a great location to get access to many types of strategic metals from key industries, like: energy, green energy, technology, construction, engineering, defense and aviation, certainly not a necessity, but worth looking in to.

Why should you invest in precious metals now?

1. The precious metals market is tiny compared to the stock, bonds and derivatives markets. A small shift in precious metals in either direction creates a dramatic change in price. More than likely the government will do everything to avoid this-but the free market always wins.
2. Precious metals are a great tax avoidance technique. Once the real estate, stock market, debt and dollar bubbles all collapse, tax rates are going to go through the roof to make the middle class pay for other people's mistakes and overall incomes will decline in purchasing power. Child labor laws will be revoked, that historical grist mill down the block will reopen, school will be cancelled and just to make ends meet your children will have to work 14 hour days. Interest rates will also go through the roof. Holding precious metals will make it easier to avoid taxes. And one of the previous sentences was completely made up.
3. The gold and silver markets are global. Individual investors and Central Banks of India and China will play a large role in their purchase.
4. It is difficult to rapidly increase the production of gold, silver, copper, palladium, and platinum. Mining will not keep pace, but mining stocks will!
5. Gold is a hedge against inflation.
6. In 2010, gold closed its 10th year of consecutive gains from the low \$200s to \$1,500.

Plain and simple, gold and silver are my personal picks for the best investments around. Along with beer, tobacco and guns, The Redneck Trifecta.

So how do you buy precious metals?

1. Start with physical gold all the way. Gold and silver bullion coins

have the lowest premiums over what is called the “spot price.” The easiest and most recognizable kinds to trade are the Canadian maple leaf, American eagle and South African Kruggerands. Most coins are one ounce in weight, but also come in smaller half-ounce and tenth-ounce sizes. One ounce coins have the smallest markup. You can buy them from local coin shops, but they are cheaper when you buy them online from websites like www.GoldSilver.com and Peter Schiff’s www.europacmetals.com. Both are well regarded and trustworthy. The best way to store your bullion is in a safe or PVC pipe with plastic end caps that can be made or bought at Home Depot for about five bucks. Do some midnight gardening and dig a hole – stick it in the ground where nobody can find it. But don’t forget where you put it, because then you are a complete asshole.

2. You can buy oil, gold and silver ETFs and ETNs: Gold and Silver Exchange-traded Funds (ETFs) and Exchange Traded Notes are stocks traded on the New York Stock Exchange that track movement in the price of gold, making them a quick and convenient way to buy and sell. These are new, having made their first appearance in 2005, but gold ETFs now hold more than 1,200 tons of gold. There are two major gold ETFs: GLD and IAU. Neither is 100 percent backed by gold, but they very closely resemble the price of gold. If you want an ETF that is 100 percent backed by gold, you would look for PHYS – however this requires a premium to buy.

Previously during quantitative easing, I was buying gold and silver ETFs that would rise along with the price of gold and silver such as: (these are their stock symbols you can look them up all over the internet) GLD, SLV and then there is AGQ which is 2x long silver so for every dollar silver goes up, you make two dollars. Then there is the ETN (exchange traded note, which is similar to an ETF, but acts more like a bond) called DGP which is 2x the price of gold also something that I used. For oil, the ETF that I use is USO which tracks the price of oil and when oil raises so does this ETF. UCO is an ETF that is 3x the price of oil. Once again, do your research and find out what is right for you, there is still some money to be made. Quantitative easing made it quite simple to make money with these ETFs.

Since Quantitative Easing ended the prices of oil, gold and silver

have tapered off so I purchased ETFs that are short their respective commodity like:

ZSL which is twice short the daily performance of silver bullion
GLL twice the inverse of the daily performance of gold bullion.
TMV is 3x short government debt.
SCO – is the double short (-2x) ETF from Pro Shares.

It is the exact inverse of UCO so it provides -200 percent correlations to the daily performance of crude oil.

This way you can make money when gold, silver and oil are going down. I implore you to do your own research and don't go totally blow this and blame me for it. There's nothing more pathetic than a lawsuit from someone who doesn't know what the hell they're doing, claiming that a drunken thirty two year old who is 6 feet tall and 270 pounds and still sleeps in a twin size bed inside his mom's house told you of an ETF and you just took his word for it without putting any research in. Also, I ended the previous sentence with a preposition. Seriously though, do your research.

ETFs are good short-term options, and were effective but not as much in the long run as bullion will be for instance. Towards the end the market began pricing in the fluctuations from money printing and giving little rise to these ETFs and ETNs, even though we were printing \$90 billion dollars per month total for QE3 and QE4 combined. Ironically, printing billions of dollars per month wasn't even stimulating gold and silver like it used to as the market just priced it in.

For the record, I am recommending physical gold and silver-this is one part of my investment strategy that I am sharing with you, but please do your own research. And if anything goes wrong, blame my friend John Bonetti-it always works out for Mike and me.

Bottom line, you do not want to depend on ETFs as your main source of wealth transfer protection. That is what physical metals are for. They are a good means for trading short term and not so much for investing long term. In all honesty, there is a certain amount of suspicion surrounding ETFs and how

accurately they reflect changes in the market, so do your homework, or invest and fail then blame John.

One more ETF I could recommend is called (DSUM) or Powershares Chinese Yuan Dim Sum Bond Fund which holds a portfolio of 'dim sum' bonds which is in Chinese currency called Yuan and pays a 3.3% dividend on top of the Renminbi's annual 3-4% annual appreciation against the dollar. This one I highly recommend, once again I live in my mom's basement and I'm thirty two so use your head. Also, you can look into TVIX (2X Volatility Leveraged ETN). TVIX reflects implied volatility of the S&P 500 Index at various points along the volatility forward curve and will allow you to maximize gains from dramatically increased volatility in the S&P 500. Instead of tracking the gains or losses in the stock market, TVIX gives us the ability to make money on the wild swings that take place.

3. Gold and silver mining stocks. These have several advantages and disadvantages. The advantages are that they multiply the profits that a gold mining company can derive from mining; therefore, they can rise faster than the price of gold. Revenues rise as the price of gold rises, so when the price of gold goes up these stocks can do very well. The disadvantages are that they are subject to the same stock market forces as everything else, so when the stock market falls they will too – albeit temporarily. They face the same inherent risk all other companies do on the exchange. Some receive their revenue from other metals like iron and copper.

I suggest waiting on these until after the stock market bottoms out, and, when they are at their lowest, purchase them. Be aware that these go both north and south, very quickly. They can be volatile. During deflation, the price of gold, silver and other metals temporarily dip below production costs at mines. This is one of the reasons why mining shares can be so cheap, but when metal prices rise above production costs the mines ramp up production and share prices can double or triple in a short period of time.

There are four basic categories of mining stocks:

A. Lowest risk is the senior producers that have large reserves:

Newmont Mining Corporation Gold fields Ltd.,
Barrick Gold Corporation, Anglo Gold, Ashanti Ltd., Goldcorp
Inc.

B. Medium Risk: Agnico-Eagle Mines Limited

Meridian Gold Kincross Gold Newcrest Mining

C. Third tier, junior mining stocks:

Bema Gold Taseko Mines

Northgate Minerals Northern Orion Resources.

4. Exploration companies are the riskiest. Personally I like these the most because they're penny stocks and some of them will pay off big time and some of them will go absolutely no where. Be a contrarian, everyone will look at the risk and none of the upside potential. So what, you invest \$50 into a stock that could go through the roof and lose a few bucks. I spent more on beer writing this book than I do on penny stocks, which tells you that I'm both, a lot of fun to hang out with and a terrible financial advisor. Many of you spend thousands more on cigarettes than you would on a few exploration companies. Also, they're a better and safer bet than anything you could do in Las Vegas. However, as per my attorneys at Sodom, Gomorrah and Epstein-Barr I, will not expose myself to any legal ramifications by listing any of these risky companies and having one of you whiners accuse me of making you lose money so you must do your own research and only invest what you can afford to lose.
5. Miscellaneous: Falcon Oil and Gas
Look into agricultural stocks.
6. Why not invest in weed? It's been around a hell of a lot longer than the dollar will be. Considering the facts that it is legal in Colorado and California, what if more hydroponic companies pop up in legalized states? Here are some listings of pot associated stock symbols:

AERO

AFAI

AGTK

AMMJ

ATTBF

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AXXU
BNRDF
BRDT
CANA
CANK
CANN
CHUM

For legal reasons, I'm not getting anymore specific here than their stock names, but if you ever wanted to check cannabis related stocks out they can only grow in popularity. Let's hope they don't go up in smoke. These are risky, but when new states legalize weed, clearly their market upside potential increases massively. This is a 'sit and wait', kind of idea.

KISS, no not the band- Keep it Simple, Stupid.

I'm not encouraging you to email me about what futures to buy or foreign currencies to hold other than Yuan. Definitely buy China - the Yuan will be strong in coming years. I've already given you more than enough to get you going. This book constitutes about 45 percent ingenious insight and 55 percent really great proven advice I've "borrowed" through citations and footnotes from the investors and economists I read, all of whom are more accomplished than myself. Their work is all based on sound economics, and I've given each one of them the credit that they deserve. (I'm told this constitutes scholarship?)

If you're knowledgeable enough to play high-end, high-stakes Wall Street games such as holding foreign currencies you don't understand, futures and options, dealing with derivatives, leverage, margins, credit default swaps etc., you shouldn't be asking anyone these questions - you should be writing a book for me to read. Some of these financial weapons of mass destruction are *only* understood by a few select men on the entire planet, and I am not one of them. However, neither is your broker, your financial advisor, your accountant, or your old econ professor at Intercourse University in Pennsylvania. Don't believe me that only a few people understand the financial instruments? Financial Times editor-in-chief Gillian Tett and Paul J. Davies wrote this in December 2007 when Financial Markets began to PANIC!:

"What we are witnessing is essentially the breakdown of our modern-day banking system, a complex of leveraged lending [that is] so hard to

understand... Colleagues call it the 'shadow banking system' because it has lain hidden for years, untouched by regulation, yet free to magically and mystically create and then package subprime loans in [ways] that only Wall Street wizards could explain."

Don't ever forget that Wall Street is basically a casino. If you like games of chance I say go to an actual casino and try one game of Baccarat – James Bond's game of choice. When you lose \$125,000 in three minutes you will realize that you're not ready to play with the big boys. Generally speaking, there are a few pitfalls you should watch out for. I've always seen one parallel between my two favorite things, the fight game and economics/investing, *overconfidence*. Some guys I know mistakenly think they can fight. We've all heard our dumb friend say, "I can beat a UFC fighter," or "I could take Tyson." He can't. He's stupid.

For some reason, we men get over confident in finance and fighting with awful results. This is the realm of the false ego – do not fall victim to it. I am not going to explain how leverage and margin work, that is beyond the scope of this book and even if I provided a few pages of information on each subject it would be a major disservice to you. If it really is that important to you, take a few classes to learn these if your little heart desires, but know that there is intrinsic risk here. In general, don't get over confident, manage risk.

Many people are anti-ETFs. Personally, I like exchange-traded funds and think they're good for the short-term so that you can buy more silver and gold for the long-term. Commodities are volatile, so if you're on a tight budget these might be a good idea for you – if you can only afford three ounces of silver, you won't be getting very far. I use some ETFs, I personally have had much luck with them. In the long run, tracking commodities like oil, gold and silver are good for trading but not for long-term investments. With expert advice, I have had success in making a couple quick bucks here. On the other hand, some people view ETFs with enormous suspicion believing that they are a tool to manipulate prices. It is possible with some ETFs that share price may decline independently of what the ETF is actually tracking. I have never experienced this, and believe it to be infrequent.

I have no personal knowledge of gold and silver "pool accounts" and "certificate programs," but everything that I have read has issued a "Danger Will Robinson Buyer Beware warning." They are cheap, and they are being sold to you as a promise of delivery of gold or silver

someday. However, these accounts and programs are not charging you any storage fees, which means that they're taking your money and probably not storing anything. Bank of America charges people \$15 monthly maintenance fees just to have a savings account, they don't exist to be really nice to you. If you're not paying a storage fee for gold or silver you supposedly purchased, then something is rotten in Denmark. It might be because I'm Sicilian that I don't trust anyone, but in this case something is definitely off. You must do your due diligence if you decide to go this route. I really do think these companies are just short on metals and selling pieces of paper to silver and gold they don't have. It's actually not a bad business model, selling stuff you don't have. If anyone is looking to buy one of New York City's finest East River crossings, I have the 59th Street Bridge, the Throgs Neck Bridge and the Verrazano for sale. (An open house date to be announced soon.) Unfortunately, the Midtown Tunnel is being leased at this time and will not be offered, also we would like to regretfully inform you that a bunch of Occupy Wall Street people have had squatters rights declared at our Brooklyn Bridge location long enough to stake their claim, so we will not be offering this location until it has been vacated, rezoned, fumigated, sterilized, the deed found and the owner's title searched.

Now, here comes the most generalized statement I will make in this entire book: In general, stay away from numismatic (collectible) coins. As gold has risen so dramatically in the last decade, a very common phrase associated with numismatics goes a little something like this "This co_k su_er sold me \$20,000 worth of rare, pre-1933 numismatic coins back in 2003. If I get my hands on that A_SH_E again he better give me double what I paid for 'em, because nobody else will." Now having said that, many people have made numismatic coins work very well for themselves, but most of those people have done their homework. Unless you're a hobbyist or enthusiast and have significant knowledge, as an investor you're better off with bullion.

Like I said, for investment purposes I believe you're better off with bullion; however, a few things to note about numismatics is that they can be extremely profitable if you know what you're doing.

1. The most important thing is to know what you're getting since the numismatic market is extremely idiosyncratic. In one year, if a coin was produced that had a mistake or a unique proof it could be worth drastically more than all other coins made in that year. Rare coin dealers know this. You need to be educated

on this topic before you go all in. In fact, avoid going ‘all in’ on anything.

2. Expect to pay a commission like you would with any other asset. Real estate has commissions, mortgages have commissions, cars have commissions, stocks have commissions, bonds have commissions, baseball cards have commissions, rare stamps have commissions, pawn shops have commissions and so do these coins. Anytime you go through a middle-man there will always be a commission. It’s important to know how large that commission is and by that I mean, don’t let someone convince you that they have a Honus Wagner rookie card and its really Honus Wagner instead, because that *really matters*.

This is important – for the love of God, steer clear of those “commemorative” gold and silver coins you see from National Collectors Mint on infomercials. The \$29.95 coins that commemorate 9/11 or anything else are a total scam. They claim to be “clad” in .999 silver or gold. This is like saying that your jewelry is gold, when it is actually “gold plated;” definitely not the same thing. You want all the silver and gold that you purchase to be .999 but not plated or clad. I am issuing a major Buyer Beware here. Anything you see on an infomercial is equally a store of value as Civil War commemorative plates. If Mike Torrie comes to your house and eats a bowl of soup and at the bottom is Confederate Army Lieutenant General Nathan Bedford Forrest staring back at him, I promise he will mock you incessantly, because Civil War commemorative plates are for people who laugh at Larry the Cable Guy’s jokes. Also, nobody is really sure what Nathan Bedford Forrest had to do to earn the nickname, “Wizard of the Saddle.” I’m not kidding, that really was his nickname, Wikipedia it, you can’t make this shit up. I hope all he had to do was kill a bunch of “Injuns”, but I seriously doubt it.

Gold was confiscated by the government back in 1933, which was both a form of a bailout and a wealth transfer. Although money was given in exchange for the gold that was confiscated, the value of that gold was immediately increased and manipulated. This policy was also done under threat of 10 years imprisonment and a heavy fine. If I punched you and stole your wallet and then gave you two aspirin, that wouldn’t be a *true* financial transaction, that would just be a rude confiscation of your property, but not nearly as rude as stealing your gold. Governments are known to be rude from time to time by making unfair laws that don’t serve your interests, only theirs. Some people don’t

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understand that this is how government really works. These people are called Progressives.

Many people are concerned about gold being confiscated like it was in 1933. Many others are giving definite answers about whether or not this will happen, which is impossible to say ahead of time-so I will not say yes or no. I would say be prepared for the possibility of anything happening in the world of finance, even though it would be quite difficult to confiscate gold with 350 million people in this country. I would not let the possibility of something maybe-definitely-potentially-kinda- happening in the future ever be a deciding factor in my actions, when that action best serves my interest. Preparation is key.

CHAPTER 12

WHEN THE GOING GETS TOUGH, THE TOUGH BECOME WARLORDS!

My suggestion for the rough economic road ahead is to become a total warlord and arm yourself to the teeth like Tackleberry from Police Academy. Okay, my lawyers at Sodom, Gomorrah and Epstein-Barr are making me take that back, however in the next couple of years ammunition may become extremely expensive, and hopefully, I'm wrong about this one—it could prove *very* useful. Either way, if there is a convoy of food from the government headed anywhere on Long Island, it's definitely getting intercepted by this *guy*⁷⁴.

How does a rational, intelligent person who clearly has a higher level of awareness than most people for even getting this far into this book deal with the obvious negative backlash you will receive from others? I've got you covered.

Keys to Being a Successful Warlord.

One caveat, I am fully aware that everybody wants to raise some form of 'awareness' with everyone else, be it through a book, a bumper sticker or televangelist Pat Robertson reminding you to keep Jesus in your heart and to donate 10 percent of your income to him. And by 'him' he really means himself, not Jesus. I'm pretty sure Jesus never saw a dime from that guy. In fact, if Jesus knows who Pat Robertson is, I'm sure he became even madder than he did at the money changers in the temple and caught himself actually yelling "JESUS!" at how frustrated he was

⁷⁴ I am currently in the first stages of building my very own Harem. I will have food and plenty of beautiful women ready to repopulate the earth if need be. They don't call me Kubla Kane for nothing.

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with Pat Robertson destroying his messages he sacrificed himself to give us. And to answer your question, yes, I'm sure the irony of Jesus screaming his own name in vain was not lost on him, he is the son of Man.

Everybody wants something from you these days, it's always money or time and if you're like me you're short on one and busy making the other, which is why actually taking some of these steps is really asking a lot of you and I totally get it. That is why I am fear mongering you in the second half of this book in order to scare you just enough to take action on what you learned in the first half of this book. I have stiff 'awareness' competition like, your local volunteer fire chief wants you to check your carbon monoxide detector batteries ever two weeks, your priest wants you to tithe 1/10th of your income, and the DMV wants you to take time off of work to report your lost or stolen license plates. When in reality you barely have time to coach your kids in soccer, cook your husband a delicious dinner or shave your wife's back for her. I get it, you're swamped.

With that said, awareness is one of the greatest words in the English language being stomped on by well meaning, but often annoying people who want you to stop: saying the "R" word (Retard, *retard*⁷⁵.) and bullying weaker kids in school. Autism awareness puzzle pieces are everywhere these days. However, now that we're all aware of the autism spectrum, I'm not really sure what the next step is supposed to be, other than determining nearly everyone to be somewhere on it. We're pretty much already doing that.

For the time being, when I use the word 'awareness' it means to be conscious of yourself, your actions and your feelings as well as the world around you. I use 'awareness' as an opposite to several terms, like: 'Fox News Junkie' 'Mongoloid'⁷⁶, 'Idiot' 'Florida-driver' or 'mind slave'.

⁷⁵ This "anti-retard" campaign is fine by me because I'll be goddamned if I'm giving up on 'Mongoloid' anytime soon.

⁷⁶ This "anti-retard" campaign is fine by me because I'll be goddamned if I'm giving up on 'Mongoloid' anytime soon.

1. **Warlords meditate:** My favorite way of gaining awareness is through Holosync, which comes from a company called Centerpointe. You slap on some headphones and listen to bionic beats; it's the laziest goddamned way to enlightenment this Warlord can possibly think of. Meditation can have a profound effect on what you experience by raising your threshold to stress, which in turn makes you less susceptible to producing the stress hormone cortisol. Cortisol is necessary for survival, but those who are constantly producing cortisol are always under stress. When your resistance to stress increases you are free to make better decisions and get through tougher times than someone with a much lower threshold for stress. Whether you use meditation or not, strive to focus on becoming more aware of the big picture.
Holosync makes you: Smarter
More creative
Happier Relieves anxiety
Relieves depression
Increases women's breast size by as much as two cups Jump higher
Run faster
And better at completely making things up.
2. **Relieve yourself of Debt.** Get out of debt as soon as you possibly can. Interest rates in the next few years may skyrocket making debt more difficult to pay off. When interest rates rise faster than growth rates, this is the point of no return for an economy and will create very difficult choices. Inflation could make debt very easy to pay off, but do not bank on it. Learn how to leverage debt, and learn the difference between good debt and bad debt.
3. **Warlords are Resourceful.** Do not rely on the bank, there could be banking holidays. During the Great Depression, a national "banking holiday" was instituted and gold was confiscated. Stay as liquid as possible — this could mean taking a penalty to get out of your 401k or IRA, or whatever retirement option you have chosen.
 - a. Become as liquid as possible; you might need your money much sooner than you think.
 - b. Purchase precious metals.
 - c. Consider what could become of your 401k and IRA (or

- similar retirement fund) during a wealth transfer.
- d. Consider leaving your savings account, CD or money market account etc.
 - e. Consider learning to short stocks and any method to make money in a down economy. The rich make money when the economy is bad, and so should you. Many make tremendous sums through volatility and there is no reason why you cannot learn to do this as well.
 - f. Consider ETFs, mining stocks and agricultural stocks. There will be a significant increase in anything tied to gold and silver when the hyperinflationary depression hits. This will be much better than having your money in treasury bills or cash or other options considered to be safe, like CDs.
 - g. Get a Jet Pack. This has absolutely nothing to do with being resourceful; I just think they're cool. Warlords should have Jet Packs. Some people are recommending a getaway plan in case things get really ugly. First, a Jet Pack kind of takes care of that for you. Second, if things do get really, really ugly the only acceptable get away plan in this author's very drunken, very expert opinion on the matter of drunken escapes is a few bottles of Jameson.

Wine is fine, but Whiskey's quicker and a Jet Pack is fun with liquor. There are no laws on the books yet that I am aware of, at least not in the state of New York about hovering while intoxicated. Please, if I am incorrect I would appreciate any of you to bring these laws to my immediate attention.

4. **Soylent Green is made out of PEOPLE! PEOPLE!** - Warlords store food & water. I wrote a significant portion of this book after Hurricane Sandy hit the East Coast in October of 2012. We were without power for a week. We had plenty of extra food and water thanks to Mike "Moriarty" Torrie's Soylent blue, which is made mostly from Spam. Ensure that you have extra amounts of any medication, first aid, batteries, a flashlight and a radio.

Also, should things get really out of hand, according to Jonathon Swift "A young healthy child well nursed is at a year old a most delicious, nourishing, and wholesome food, whether stewed, roasted, baked, or boiled; and I make no doubt that it will equally serve in a fricassee or a ragout." I'm just saying, in case you get desperate.

5. **Warlords make great neighbors.** In New York we sit on our stoops a lot and talk to our neighbors. One time I was sitting on

my neighbor Mike's stoop talking about the New York Rangers and my mother yelled across the street that it was dinner time and she asked Mike if he wanted to eat over, it was ravioli night, his favorite. Only she made one fateful mistake, somehow forgetting that nothing gets past Mike she asked him if he wanted to eat over while wearing the 'Ove Glove' on her left hand, he responded, "of course I'll join you...oh, and say hello to your brother Tito for me," an obvious reference to the movie the "Wedding Singer." My mother, in order to save face was left with no other option than to promptly respond to his snarky comment by letting him know that he was in fact 'number one' by raising the middle finger of her 'Ove Gloved' left hand after which he and I immediately hit the floor hysterically laughing. There are few people I will permit to give my mother as hard a time as I do, he is one of the very few allowed to do so. Probably because he's known her longer than I have, he lived in his house since before 1977 the year my parents moved in to ours, and I was negative six years old. And because we're really close neighbors and in New York we *hold it down*.

Basically, it's a good idea to get to know your neighbors so you can know who you can trust. Back in 2003 New York City had a complete black out for a few days, nobody could get to work so we basically turned a negative into a positive by making an impromptu block party. My family is really tight with our neighbors we hold it down on our block, all our neighbors got completely bombed together. I was underage and it was a good time.

6. **Make a list of free and cheap things.** Warlords spend time with family, friends, play sports, listen to music, learn to brew beer or make wine they don't sit around bored. Warlords live with purpose.
7. **Warlords serve others.** Warlords are self reliant leaders who think beyond their own needs, help friends, family, neighbors and strangers. Warlords can fight back intellectually, physically and mentally.

Warlord Gut check list:

Warlords are willing to stand their ground. If you're not, go listen to "My Way" by Frank Sinatra, great lyrics.

Warlords are contrarians who do not fall in line with the rest of the

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herd. "When there is no public opinion and when everyone ignores a vital subject, it is likely to be important to everybody." - The Art of Contrary Thinking by Humphrey B. Neill. It is imperative that you take action and try at least once to convince everyone you care for that this wealth transfer is happening.

Warlords think for themselves and do not blindly accept any ideas not even the ones presented in this book. Not everything here will work for you; use what does work for you.

Cowardice asks the question: Is it safe? Expediency asks the question: Is it politic? Vanity asks the question: Is it popular?

But conscience asks the question: Is it right?

"And there comes a time one must take a position that is neither safe, nor politic nor popular, but one must take it simply because it is right."

- Warlords quote Martin Luther King Jr.

Warlords explain to people they care about what is happening in the world with no attachment and never take mean responses to heart. Do not worry what people think, they don't do it very often anyway. Try to enjoy the process. See what you can learn about other people's cognitive abilities. I am assuming that you will receive some cold responses if not, then don't worry about reading this chapter. Warlords quote Nietzsche, "Sometimes people don't want to hear the truth because they don't want their illusions destroyed."

I thoroughly enjoy criticism, some is good feedback and most is based on feelings, not studying economics and how wealth transfers. This Warlord has read more while "on the John" than all of his critics have read in their whole lives. I'm serious, I've been known to be in there for up to an hour at a time-ask any roommate that I've ever had and they'll tell you it's a real chore sharing a bathroom with a bookworm like me. Also, Warlords quote Mark Twain: "It is easier to fool people than it is to convince people that they have been fooled".

Warlord Dos and Dont's

Warlords DO:

- Form a corporation, either a type S or LLC for tax advantages and purchasing others' distressed assets
- Invest in their financial education

- Own Jetpacks
- Purchase precious metals
- Build moats filled with alligators to surround their home for safety
- Focus on Passive and Portfolio income.
- Invest in the heaviest Portcullis their home can support. Alarms can be bypassed, and nobody gets past an alligator filled moat and then through a portcullis. Okay, Merlin did, but what are the chances of a sorcerer breaking in to your house?
- Purchase Agricultural stocks or Invest in Farmland

When the stock market crashes (goes on sale) nobody goes out shopping. If there was an 80 percent off sale at Macy's this would create the opposite effect. Treat it the same way — buy rock bottom priced assets from other people using your precious metals. Warlords use Warren Buffett's strategy — always buy your winter coat in the summer.

Warlords DON'T:

- Feel weird when people tell you that you're paranoid for buying precious metals. In the end you'll win and they'll lose. The hallmark of a sheep mentality is ostracizing another for having a different belief or core set of beliefs; essentially they're mad at you for leaving the herd. This behavior seems to be quite prevalent in the city of Boston, where when leaving the herd is usually prefaced by the uniquely Bostonian: "whaddya think ya fancy?"
- Warlords never answer the question "Whaddya think ya fancy?" when in Boston or any other time, because Warlords are always fancy. This warlord has been to Boston four times and has been punched in the face there five times. I'm seriously not kidding, and I never even wore Yankees apparel once.
- Warlords don't listen to people who think they know everything.
- Warlords think for themselves and never let others do it for them.
- Warlords never says stupid things like, "I'm going to write a strongly worded letter to my Congressman" in the hopes of change.

Warlords know that entrepreneurship will be the key to recovery.

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Entrepreneurs create jobs, and the more people who can provide jobs, the stronger our country will be. Entrepreneurs have an idea and the courage to act on that idea. Today, entrepreneurship is exploding all over the world. More importantly, the most successful entrepreneurs understand that we are in the Information Age. "They have the vision to see the changes happening that most do not." Warlords quote Robert Kiyosaki's, *Conspiracy of the Rich*.

Warlords know that getting rich is for entrepreneurs and the well informed.

North Dakota oil boom entrepreneurs risk their resources to make hotels, restaurants, and improve people's lives. If you're out of work go there for job in oil or build a diner. According to the Wall Street Journal "Dickinson North Dakota officials have a challenge many states would love to face: figuring out how to manage big permanent investments such as roads and bridges for an energy boom that is drawing hordes of newcomers. Already home to some of the fastest-growing towns in the country, according to Census Bureau estimates, the oil-rich western half of North Dakota is likely to experience a population jump of more than 50 percent over the next two decades, a state study predicts. That works out to a rise of about 110,000 in a state that as of last year had just 684,000 residents. The draw is high-paying jobs, and lots of them. Last year, workers in the state's energy industry made \$91,400 on average, more than double the state average of \$41,800. And with a state unemployment rate of just 3.1 percent, there is much demand for more workers."

Some Recession proof jobs for Warlords to consider:

Oil in North Dakota Barber

Accountant (boring)

Teacher (not gym or art, they're first to get axed)

Highly skilled Machinists are in demand Bartender or Bar owner

Radiologist Nurse

Prostitute (not going anywhere)

Repo Man

Debt consolidation

Professional Organ Grinder- Little known fact, John Bonetti is the descendent of a long line of Italian immigrants trained by monkeys to perform for the public while grinding an organ. This warlord believes that organ grinding is most prevalent during tough economic times and

is poised for a comeback.

Believe it or not in a depression it's usually the 80/20 rule so dealing in high end merchandise or some kind of uppity boutique will probably work out well as long as you're snobby enough to cater to people with 'taste' and who can pronounce 'haute couture' properly. Oh and there's always opening up a movie theater or some kind of entertainment venue, people love to escape. Lawyers and doctors and other highly desirous service jobs will become less desirable.

Besides purchasing gold and silver which are my only true recommendations, for those of you who want to make money in the short term it's possible to use ETFs and ETNs as I had mentioned previously in the chapter on silver.

Death of the Dollar

It's 'bad' ridiculous to predict the exact day *when* the stock market will collapse, but this warlord can definitely be 'good' ridiculous by telling you how it might look if it happens. As I have mentioned previously, there are only four known potential outcomes. We grow our economy out of its current situation, austerity, deflation or (hyper) inflation. Obviously the only way to avoid the death of the dollar is through time and austerity measures which are kind of like economic rehab, and when I think rehab, I think Amy Winehouse.

Consequently, when the dollar dies it will parallel Amy's death in the sense that it will be very quick and absolutely nobody (especially those who read this book) will be surprised. We all know that when they tried to make economists and Amy Winehouse go to rehab they both said "No, No, No" a long time ago⁷⁷. Now I will illustrate for you how it could look:

Any day in America, but let's go with July 27th, 2023 because that is John Bonetti's 40th birthday and nothing good ever happens to him period, and especially not on or around any of his birthdays.

⁷⁷ Too soon?

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8 am- Wednesday NY stock exchange

China says that with the advent of QE57 they have no choice but to stop purchasing U.S. Treasuries as the weak American dogs go pandering with their tin cup to the world begging for someone to buy their debt. Suddenly the market begins to take notice that nobody wants our IOUs it was only a matter of time, but nobody ever listens to me so the market is awaiting an announcement all day.

10:15 am- Global currencies begin to slip, futures make a sharp reversal, gold leaps past 2,000 an ounce and silver hits \$115 and my cell phone is off the hook with people apologizing for calling me paranoid behind my back and asking me what to do next, I tell them gold, Jetpacks and food. Still nobody invests in a Jetpack. Starting to regret that stock I bought in Jetpack Corp.

10:34 am- John Bonetti makes both, Uncle Owen and Aunt Beru aware that he is on his way to the Toshi station to pick up some power converters to get off the grid. He also purchases a droid that speaks Bacci so as not to waste time with his friends.

12:15 pm- As the sell off continues, Bloomberg and CNBC air a statement made by President Obama (during his fourth term) who temporarily calms the markets by singing a classic rendition of "What's Goin On?" by Marvin Gaye, I mean Obama is a really smooth dude, who better to subconsciously calm our anxiety?

2:45 pm- His Ford ship Mustapha Mond (BEN BERNANKE!) and the rest of the Keebler Elves at the Federal Reserve prepare to hold off QE 57 until the Asian Markets open.

4 pm- Asian Markets open and begin to sell off bonds and treasuries.

5 pm- Jim Cramer finally has that heart attack I've been wishing on him since I saw him get caught lying on the Daily Show. Unfortunately, paramedics are there to save him in the nick of time, but I am reassured that my "Mad Money" voodoo doll, *does in fact work*.

9 am Thursday- Markets reopen and the Dow Jones resumes its collapse in a reaction to the Asian markets. There is a global sell off of bonds and stocks and investors begin to purchase commodities.

10:15 am- The Dow falls 1400 points and trading is halted.

12:30 pm- Trading is resumed with the hope that the sell off is over.

1:30 pm- To calm investors, the Keebler Elves call an emergency meeting with G20 and the IMF and decide they will inject 200 Billion dollars of magically delicious fiat currency into the markets in a desperate attempt to increase liquidity.

1:45 pm- John Bonetti shrugs his shoulders.

2:15 pm- The Fed announces a hike in long term interest rates.

3:00 pm- Gold is hovering at \$3,500 an ounce and I have made a killing shorting government debt with the ETF called TMV which is 3x short government debt and so can you.

4:00 pm- The market closes and global currencies are in free fall, investors are walking on eggshells.

8:00 am Friday- The market opens to find a global sell off.

9:00 am- Everything is jammed as the volume of sell off in equities and bonds becomes overwhelming. The IT guys on Wall Street begin to get really testy with all of the other employees and a fist fight breaks out. Not realizing that Edgar the IT guy started the whole thing all because "you don't know how to hit ctrl+alt+delete properly to restart your computer" people begin to PANIC! over the fight.

1:45 pm- PANIC! ensued, but now the almost five hour paranoid sell off ends, gold hits 5,000 an ounce and silver is at \$193.

3:00 pm- Asian Markets open and dump all US treasuries bonds and equities.

4:00 pm- John Bonetti has set up his power converters, thanks to his droid that speaks Bocci.

8:00 am Monday-The Keebler elves have decided they will dump two trillion dollars in magically delicious fiat currency to prevent any more selling off of equities.

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10:15 am- The whole thing is finished and the Fed begins to purchase U.S. treasuries and the IMF gets involved so now we know we're shit out of luck.

11:00 am- I have made a complete killing shorting government debt and purchasing Turquoise Hill Mining Company and other mining companies' stocks at rock bottom prices, straight warlord style.

12:00 pm- 500,000 people visit www.stumpagenius.com, many of whom are "pwning" me on my forum for saying that I either caused the stock market collapse or that I have benefitted from it, so I'm just as bad as someone who caused the collapse in the first place, then one "pwner" adds a vitriolic 'nanny nanny poo poo stick your head in doo doo' and as much as that last part really stung, I begin to sell off my ETFs and take profits anyway. I then take the profits and place them into more gold and silver mining stocks.

1:15 pm- I am 39-years-old and begin to build my empire and declare myself a "ruler by divine right." I then turn into a total Warlord, drunk with power.

Self-ordained with a ceremonial sword and holy oils I declare that no monarch is subject to earthly authority and I have derived the right to rule by the will of God himself and in turn use this to justify 'sacking' my local Stop and Shop, like King Alaric 1, the Visigoth who sacked Rome in 410 AD. Mike "moriarty" Torrie creates a magical scroll that officials my divine right as King, and subsequently I begin hoarding precious metals, Pringles and diet soda.

2:30 pm- The Jig is up and beautiful women begin to approach myself, John Bonetti and Mike Torrie for the first time in our lives because we, like badass Warlords, have Pringles, diet soda and gold. We know they're only using us for our rations and shiny metals, but to be fair it goes both ways, we don't really care about them either.

3:00 pm- OPEC nations announce they will no longer accept U.S. dollars for oil, instead they will only accept Yuan and gold.

4:00 pm- I get into a serious argument with a deranged Keynesian who still thinks we are going to see deflation in the long run. I promptly sever his head because I am a power mad warlord, ruling by divine right so who can possibly stop me, the state? I am the state. I mean, who

dares argue with proof like a magical scroll?

After the initial deflation, several weeks later we see hyperinflation ensue as the Fed tries to print its way out of the Event Horizon economy, just like with Mike “Moriarty” Torrie’s Red Bull Flu tag debacle the gravity proves to be too strong for the economy, but the good news for me is that PANIC! surpasses both “Harry Potter” and “50 shades of Grey” as the world now finds out about a new genre called “Economy Porn” and becomes the greatest selling book in history second only to the Holy Bible.

Once again my lawyers insist that you enjoy this book responsibly as the above illustration was only a dramatic recreation of something that has not yet even happened so it’s not even a recreation, but a satirical attempt at a prediction, more than an accurate account of *anything*.

Warlord Post Stock Market Crash Investment Strategy

So, now that the economy has collapsed, the bubbles have burst and the Dow is hovering at a paltry number like 5000. It is time to consider selling some metals. Hopefully you’ve sold the last of your ETFs and ETNs before the market collapsed; good luck getting money for your paper assets like ETFs when that happens. Had you purchased any and paid enough attention to market conditions that you sold high and bought low and not the opposite. Warlords patiently look for great buys in Blue Chip stocks that presumably are not paying dividends right now, but will most likely resume paying dividends in the future. Now is the time to look for the best buys in blue chip stocks and keep an eye out for Mining Stocks like Turquoise Hill (formerly Ivanhoe Mines) and a few others, they are subject to the same market forces as everything, else so you will want to wait until after the collapse to purchase these. It may take some time, but wait for real estate to bottom out and then do your homework. I would look at apartments and condos near areas where people can work, not in the boondocks. Real estate will probably be 40 percent lower, it is hard to predict but I would wait until bargains come by that you can invest for cash-flow just like the blue chip stocks. This will be your retirement plan and you can thank me by writing a review of my book on Amazon.

If you’re thinking who is this guy to be mentioning his strategy, just be glad I’m not Jim Cramer. That guy has written book after book replete with losing information-his crowning achievement is recommending Bear Stearns weeks before it went under, that clip got taken off of

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YouTube real quick. Here's a guy that's published several books, yet his track record shows his stock picks underperform the overall market by a wide margin every year. Again, weather forecasters get shit for not preparing you for rain, but they're not messing with your money. We're talking about a stock market that has lost investors money for an entire decade, if you invested money in the S&P 500 or Dow Jones post 9/11, you would have less money now than at the time you invested. So yes, a record that significantly underperforms the average investor on an underperforming stock market this badly at least qualifies you as an idiot at your chosen profession. Suffice it to say, this man is terrible at his job, he's an idiot pushing bull and bear buttons on TV while running a pump and dump scheme. If Bear Stearns was the only blemish on his record then I wouldn't be writing this about Cramer's incompetence, but his track record is replete with bad call after bad call.

More than likely I will be demonized by some of my critics as a ruthless profit seeker, someone who only sees the potential to make money from a really bad situation and nothing more. The way I see it, (and feel free to disagree and explain to me why) there won't be a middle class in about 30 years and your only options are profit or not profit. Financial solutions are not my only solutions. I have some philosophical ones too. Maybe you can remember there were a couple of points in this book where I made borderline sexist remarks towards women for a reason, because as a society what gets us mad is almost always really stupid. Most people would rather get angry and offended that I made fun of women drivers than actually be offended by central banking. What should be more offensive, a few stereotypically bad female drivers or specific groups of men who have purposefully created ideas and institutions of slavery like central banking, debt and socialism? Purposefully taunting women gets people mad because almost everything that offends us is just a knee jerk reaction and rarely do people get angry about something really relevant.

To be really honest, this is going to be a women's century: there are more women in college and the workforce now than men for the first time in history, even the Fed chairman was recently Janet Yellen, a woman. We also have more women participating in government and at all levels of society than ever before. They're surpassing their male counterparts and hopefully this is a good thing. I would love to see women dump our obsession for 'logic' and planning and instead use some of the emotions and intuition women often rely on. I'm calling on all you women to help change the worst parts of the world that we men

created before we really let you be true participants, considering the federal reserve was enacted before women could even vote, or really even attend college. I truly hope that women exercise the compassion and intuition the world is sorely lacking and do not just continue on with what we men have created and planned for, like Janet Yellen because it is official: boys really do go to Jupiter to get more stupider and it's up to you to change that. Even my nemesis Karl Marx knew it when he said "Anyone who knows anything of history knows that great social changes are impossible without feminine upheaval. Social progress can be measured exactly by the social position of the fair sex, the ugly ones included." swear to god he said that, I did not make up the part about ugly chicks, because you know if I did I would have also included fat ones too. Seriously though, if Karl Marx and I agree on something, it's probably true. We all know that the best things in life are free and money isn't everything, but it is incredibly expensive to be poor, but now I'm about to get really idealistic so that nobody can accuse me of being solely motivated by profit, to the people of my generation and younger:

Don't go along to get along

Just because something was done by government previously does not mean it should be continued.

The thirty and under crowd is the first real generation that did not grow up in a world where racism can be overt (it certainly still exists) but publically slinging racial slurs was always a no-no in our life time. Let's build on this, please for the love of god, *can we?* It's not much, but it's a stepping stone to progress and it's a hell of a lot better than how our parents' generation grew up. My solution for better relations between groups is to stop forced egalitarian ideas as well as socialism and transfer payments due from taxes which are said to help ease the suffering of some groups, but actually cause more harm as previously illustrated in the section on taxation. We need to stop pretending progressives and other social programs are helping instead of hurting minority groups. Let's actually ease suffering instead of pretending to do so, sound good?

Read more books and less Newspapers

Spend some of your free time just to think. Think about anything, as long as it is bigger than yourself, Football or tan lines. Even think about doing something for someone else for a change, it actually feels good when you let it sink in-you are not the center of the universe-be aware

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of that. Our generation's two biggest problems are addictions to entertainment and a tremendous level of narcissism, so knock it off already.

Don't vote, it's pointless. The Electoral College prevents your vote from really counting, it's literally never changed anything and Bush already stole one, possibly two elections.

Stop participating by filling these roles at the Federal Reserve and other evil institutions.

Don't go to college and become debt-laden unless you can pay it off with a degree that actually ends in a job and not soul crushing monthly payments.

Stop being an economic creationist: believing in Keynesian economics and socialism is the same as believing in religious creationism, they both come from authors you've never met, can't trust and can't prove that anything they've ever said is true or happened. If a burning bush actually spoke to Moses then it is entirely possible that debt could cure a debt problem. If John Maynard Keynes was a kind hearted man and not an elitist set to create a system of economics that benefits the rich at the expense of the poor and middle class, then the earth really could be 10,000 years old.

CHAPTER 13

THE GREATEST ADVICE YOU WILL EVER RECEIVE

Dear Reader,

Don't do what John Bonetti does.

Repeat after me: Don't do what John Bonetti does.

Seriously, before making any serious judgment calls in life, always ask yourself, "What would John Bonetti do?"

Once you reach your conclusion, do the opposite of what John would do. You now have your answer.

You're welcome.



Love,
Kane

For more info into the workings of John Bonetti's brain – and what else

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not to do go to www.stumpagenius.com or www.thebajeezus.com

CHAPTER 14 AHEM, PLEASE EXCUSE ME I MAY HAVE LEFT SOMETHING OUT.

9 percent of the ‘experts’ like Suzie Orman, AARP, Consumer reports, the nightly news and Jim Cramer, would advise you to “cut up the credit cards, live below your means, max out your 401k and invest for the long-term in a well diversified portfolio of stocks, bonds and mutual funds. They use the term diversify like Creflo A. Dollar uses ‘hallelujah’. I’m sick of bad advice and you should be too. I’m going to give you advice/solutions that you just aren’t going to hear anywhere else. Some of these may not work for you, maybe none of them do.

There are two other asset classes that are far sexier than even precious metals. I call those assets real estate (Marilyn Monroe) and dividend-paying stocks (Gina Lollobrigida). To me precious metals are like Renee Zellweger, honestly I wouldn’t kick her out of bed, but if Megan Fox and Eva Mendez wanted my attention (it’s my book so deal with it) you can imagine who I’m going with. As you recall in Chapter One, I mentioned the economic cycle which I jokingly called “Marky Mark” and is also called the stock cycle, where stocks and real estate outperform gold, silver and commodities, and then the cycle reverses and becomes a commodities cycle where gold, silver and commodities outperform stocks and real estate.

Right now we are in the former part of the cycle. Simply put, when quantitative easing started commodities began to seriously outperform stocks and real estate putting gold and silver into what appeared to be a bubble, but really was a bubble for money creation. Now that QE is over the cycle has begun to reverse itself and the prices of commodities will begin to wane even further. It is absolutely impossible to tell where each asset class will fall, but I intend to use gold and silver as a vehicle

to drive me to the Promised Land of Milk and Honey called “other people’s distressed assets” like⁷⁸:

*“real estate going for pennies on the dollar”
and “purchasing cheap dividend paying stocks”.*

As of this writing the price of stocks has kept up and real estate while commodities have leveled off, but we’re currently in a sort of middle ground. It is an economic cycle so it will always be in flux; however, assuming that the price of commodities will continue to decrease, I will continue to buy them before the next re-evaluation. Should the Fed resume money printing of course that would be a signal to layoff commodities as they will begin to rise in price again. I will buy low and sell high. Essentially our plan is to buy when other people are selling at rock bottom prices, and then sell when other people are buying at a higher price. Knowing about this economic cycle in advance gives us an intuitive advantage and keeps us contrarian. There is nothing like staying one step ahead of the mainstream to guarantee success.

I have seen all kinds of predictions for what precious metals will be able to buy. Some ‘experts’ are saying that every 10 ounces of gold is equal to one house; some are saying 20 ounces. Many are saying that with just a few ounces of gold and silver you will be able to purchase great stocks at rock bottom prices. What people say is irrelevant, what action you take matters. I am not really a gold bug and you shouldn’t be either, get commodities cheap and use your head.

Having mentioned the endless predictions for gold and silver floating around the internet, it is more important to realize that price means

⁷⁸ I have always found it difficult to accept that Moses was not allowed to finally enter the Land of Milk and Honey all due to a relatively small transgression on his part at the rock of Meribah. Yahweh you’re too kind to let Moses die at Mount Nebo (Deuteronomy 34:1-6) for striking the rock instead of speaking to it. Let’s be honest talking to a rock is kind of weird. Also it appears that Moses alludes to the Israelites that it was them making the water flow from the rock. So what is that two minor errors in the span of probably ten seconds sealing the fate of your top guy in the Old Testament? I’m not letting any of you die on Mount Nebo, overlooking the Promised Land so keep reading.

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very little and what it purchases is far more important. So let's talk about value for a second. Robert Kiyosaki's Rich Dad said in Rich Dad's Guide to Investing "If you want to be rich for generations, you must know the difference between an asset and a liability. You must know the difference between something of value and something of no value." Value can be a very tricky, very subjective thing in any subject, in particular economics and finance. I mean just watch one episode of Pawn Stars- every episode one person comes into their store with some 'artifact' they bought in Thailand or India, from god knows who, allegedly made of "genuine" elephant Ivory that they want \$10,000 for only to find out that they were ripped off and that their artifact is entirely made of plastic. Also, just because something is really old, does not give it inherent value like that Scooby Doo episode where those Medaling kids got into Mike 'Moriarty' Torrie's buried treasure and found his Civil war Greenbacks that were hyper inflated and valueless in the 1860's and still have no value to this day.

The only way to know if an asset is undervalued or overvalued is by measuring that asset against something that has intrinsic value. Most people would use the price of their home in dollars to determine its worth, when in reality, measured in dollar values almost everything just zigzags up and down over a period of time, but goes up in price due to inflation. Value and price is not the same thing. You may have purchased your home in 1977 for \$50,000 and today that home may sell for \$400,000, that doesn't necessarily mean it went up in value, it went up in price due to inflation. Some things do appreciate in value over time; a well maintained 1910 Rolls Royce will keep value.

Most everything in terms of prices or nominal value (when measured against a share of the Dow or against oil or gold or a piece of real estate) cycle from undervalued to overvalued and back again. Determining the patterns of how the values of different assets cycle is the way to get a leg up on all of the other people who think that maxing out a 401k makes you something special, when all it means is that you are painfully average like the rest of the people who work in your office who work really hard for their money. I want to encourage you to think and be above average, so let's begin.

Let's say you want to find out the real value (not the paper value which will not be a great indicator) of that very suspect engagement ring your loser fiancé gave you when he proposed like almost three years ago and you guys still haven't picked a date yet (not that it's been bothering you

every day or anything). First, you remembered that Friends episode where they cut glass with the diamond to see if it is in fact real, and so you try and it turns out that he got lucky, it worked, the diamond cut glass. However, the passenger side window of your fiancé's '87 Corvette isn't so lucky-but he is for the time being. You know it's not a cubic zirconium and that it's a real diamond, so he gets to keep his testicles intact for a little while longer-until you change your mind again.

So, suspicious fiancé (you) heads down to a jeweler to get a quote on the ring and the jeweler says it is worth only \$3,400 and now you're pissed. You knew he was supposed to spend three months salary, and you made sure he knew that five years ago when you first started nagging him into submission about getting married in the first place, right after you made him stop hanging out with all of his 'loser' friends because none of them like you and you forced him to quit a job he LOVED (working at Papa John's as a delivery guy) and start working what you consider a 'real job in insurance which he hates and is always blaming you for, but the money is much better so he'll never leave and is destined for a life of mediocrity and TPS reports. Three months salary for him now is \$8,000 and you totally know that because as soon as he comes home with his check in his hand, you're the one who takes it from him for his own benefit and gives him his 'allowance'- if he's been a good boy.

So, now you're mad. You know he cheated you out of like two months worth of engagement ring, so that mind of yours starts racing through all of the distinct possibilities of what that \$3,400 can get you if you sold back the ring, also you're not feeling so bad about damaging his corvette window now, are you? You're an angry woman, who has assuaged her initial guilt over some property destruction and you're emotionally compromised, but extremely savvy at the same time. You read a few pages of one of your idiot fiancé's books that he always keeps in the John⁷⁹ called PANIC! and you want to see what you can actually get out of that pathetic excuse for a diamond-other than a few tired jokes like the diamond is directly proportionate to the size of his tiny penis.

⁷⁹ That's where I would keep it too.

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Being a savvy woman, you know that over time almost nothing goes up in value, but almost everything goes up in prices (which are dollar denominated so they do not give you a great indication of their worth) except Arizona Iced Tea Big Boys, they have been 99 cents for 20 years and they are completely inflation proof⁸⁰⁸¹. Thus being the most solid counter-argument to Austrian Economics in existence. If you are in fact a statist Keynesian who is diametrically opposed to all of the contents of this book, all that is required of you to defeat me in any argument is to say the words “Arnold Palmer Half and Half for 99 cents,” after which I will immediately lay on the floor helpless, reminiscent of that scene from the movie ‘A Christmas Story’ (that you watch six times every December 25th on TBS) when the narrator says his little brother Randy “lay there like a slug! It was his only defense!”

So you take the price of the ring which is \$3,400 and divide that by the price of one ounce of gold-which you saw on Bloomberg TV today is at \$1,084 for the spot price and you came up with just over three ounces of gold you could buy. Three ounces doesn’t impress you, but it gives you a good indication of the true value of that ring. Because you are a savvy woman you know that diamonds are not really a great store of value, and you want to get under his skin anyway so you decide to ‘window shop’ by seeing how many barrels of crude oil you could purchase with that ring. Crude oil is selling for \$50 a barrel today, so you divide \$3,400 by \$50 and you come up with sixty-eight barrels of oil you could purchase-not as glamorous as that chip of a ring you got-but a solid investment none the less.

⁸⁰ John Bonetti has been hoarding inflation proof 23 ounce Arizona iced teas for some time now, when the wealth transfer does occur this asset class has been projected to outperform silver due to its inherent value because you can drink iced tea and for its reputation as the single greatest hedge against inflation out performing crude oil and platinum for the better part of two decades.

⁸¹ This is completely unfounded, circumstantial evidence-however it is this author’s expert opinion that Arizona Iced tea with Green Tea and Honey is a delicious “end of the world as we know it” kind of treat.



That stupid book of his PANIC! that you read while you were bored in his apartment because he was playing his Xbox and not paying any attention to you, did make a mention of silver being the next big asset class that the public has not yet embraced so you decide just for today-*maybe silver could be a girl's best friend?* The spot price of silver is \$14 so you divide \$3,400 by \$14 and you come up with 242 ounces of silver and decide that this would be the best way to get back at him, other than sabotaging his Xbox again: because you hate that thing, he knows you hate that thing and you wish you never bought him that thing in the first place because he's always paying attention to Halo 3 and not you, and we all know you're gonna get on him in like six months about the Xbox anyway even though you sold his engagement ring for 242 ounces of silver so you really have no right to complain, but that definitely won't stop you from doing it anyway, or from making significant money holding precious metals at a time when only the most intelligent people are able to spot that the next hot asset is in an upswing in the commodities cycle, with silver being one of them and allowing you to capitalize on little known information so that you may hold on to that bullion until sometime in the future when the peak for commodities hits and you sell those coins, take those profits and use it to purchase the opposite side of the wealth cycle which will be undervalued real estate and stocks and then you can buy your own goddamned ring that was 50 times bigger than the one your idiot fiancé got you and look like a total genius while simultaneously reminding him of it every single time he plays with that goddamned Xbox, that you're the reason and not him

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that you guys moved out of the apartment in his mom's basement in the first place.



Without the knowledge that the Dow is crashing in terms of real measurements like silver and oil that you gained from that stupid book PANIC! it might never have happened, therefore you're still right about selling his engagement ring, even though you knew it was wrong when you did it in the first place. Also you destroyed his car window making sure it wasn't a fake, but you're not going to tell him that because then you know he'll feel like he's right about something and you and I both know that you aren't going to let that happen any time soon.

Imagine the year is 1946, your experience in World War 2 taught you two things: 1-War is horrendous. 2- Even though war is horrendous there is a really big market for some of that peachy Keen Nazi shit you picked up on Omaha beach. Collectors are anxious to purchase the Luger you took off some Kraut you beat up in a bunker and they love the story as much as they do the gun.

Helmets, pictures, Trench Knives, Uniforms, war time memorabilia is hot. So, you being a savvy investor also realizes that there is another thing in the 1940's that are going to be in extremely high demand, with a very small supply: antique car parts. With your money from the GI bill, you got an education and some help buying your first home, so you bought one with two garage doors.

The extra space has been great, because you stored your Nazi paraphernalia for the next 45 years until Ebay opened up and you made a killing. Also, you stored two mint condition Indian motorcycles which now retail for about \$80,000 each as well as car parts for old cars that you knew would be hard to come by in the future.

You're a savvy guy, who understands value, supply and demand and that these things would be much more difficult to come by when you no longer have teeth, and desire 'early bird specials' with 'low salt selections'. Imagine you could go back in time and buy a 1967 Shelby Mustang, the same one that Steve McQueen used in "Bullitt", store it for 35 years and then sell it after "Gone in 60 seconds" made everyone want Eleanor.

In 1967, everyone would have thought that you were completely bat shit crazy for storing a car in your garage without a specific date in mind to sell the car. In 2018's money you would be a total genius for doing so. If hindsight really is 20/20, then in genius foresight looks bat shit crazy to average people. Guano, also known as bat shit, however, is extremely expensive and potent when used as fertilizer. My point is that with precious metals you have the potential to make such a phenomenal investment. The future basically guarantees that if you store them, you will have something similar to a Shelby Mustang which hedges inflation and makes you look like a genius. In order to look like a genius one can easily sum this all up, by saying that scarcity equals value. It really is that simple, collect and invest in things that are scarce or will be and you're golden. Sounds obvious, most people don't do it because scarce things for some reason sound crazy to average people. Dollars which are very far from being scarce are worth less and less each year. Value is subjective, but scarcity equals value. Super simple.

Now that we've covered the subjectivity of value and how gold and silver can allow for you to acquire real estate and stocks (particularly ones that pay dividends) which are much sexier than gold solely for one reason - cash flow. These assets continue putting money in your pocket on a monthly or quarterly basis, and provide you with the two sweetest types of income in the world: Passive and Portfolio. In the next chapters we will mention how you can gain access to these two types of income as well as cover some more topics in entrepreneurship.

CHAPTER 15

THE HAPPIEST CHAPTER EVER WRITTEN

I am a happy guy who just happens to enjoy dealing with reality head on, which can often mean Debbie Downer topics. A looming great depression is easily one of the most negative topics I can possibly think of. Wealth transfer sounds so much happier. So, in that context let's talk about prosperity.

There are three kinds of income I want you to consider.

First earned income from a job for a wage and working hard for money is for schnooks, letting your money work hard for you is for geniuses. If you don't work hard for yourself to build a dream, you will end up working hard for someone else to help them build theirs.

So let's steer clear of this option as much as possible, unless you really love what you do.

Second-passive income, which is an asset that pays you continuously like a real estate purchase that creates income through monthly rental payments. There are other types of passive income through 'sweat equity', like writing a book that sells continuously or writing a song that pays you in royalties. The ideal here would be to write something like arguably my least favorite song of all time by sugar Ray "I just want to fly", not only have I dreaded hearing it since high school, it's literally everywhere. In the grocery store, on the radio it is omnipresent and making Mark McGrath tons of money in royalties I guarantee. Passive income can also take the shape of a patent or license or any kind of information product like an exercise DVD or EBook that you create and continuously sell on say a website where people can purchase things from you 24/7.

Third-is portfolio income which is usually derived from paper assets like stocks, it could be a bond or mutual fund too. For all extensive

purposes, our goal in the future will be to seek out dividend paying stocks which provide cash flow similarly to passive income strategies.

There are many advantages to these two income strategies over working hard for your money, most importantly you don't have a boss telling you what to do and reminding you on Friday that you were four minutes late the previous Monday. Also those who work hardest for their money get taxed the hardest by Uncle Sam. Passive and portfolio incomes do not accrue social security tax and others that earned income do.

I know what you're thinking. How can I do that? Well, all it takes is a little bit of ingenuity. Everyone knows how to do something, write an eBook on how to do an ollie on your skateboard or make DVDs on brewing beer and how to crochet a doily. Okay, crocheting probably won't sell, but you get the idea.

Here is an analogy I'm stealing from Mike Mahler a top notch kettle bell trainer. He says that when working out, cardio is like earned income, because it only benefits you while you're slaving away on the treadmill or when at the office and passive income and portfolio income are like lifting weights (Barbells, dumbbells or kettle bells) because the resistance creates a metabolic response that builds muscle which in turn helps you lose fat and get stronger while you're on the couch watching Perfect Strangers reruns on a Saturday afternoon. Nothing better than making money and building muscle while sitting on your ass watching Bally perform finger pushups and drive his roommate Larry crazy.

Let me get back to the main point, the purpose of gold and silver is to act as a vehicle to (in the future) cash in on the wealth transfer through precious metals for all of the reasons listed previously in this book so that you may purchase two sexier assets: dividend paying stocks (Gina Lollobrigida) and real estate (Marilyn Monroe) as well as gold mining stocks at rock bottom prices while everyone else who laughed at you for being a contrarian and saying the market was going to collapse is now kissing your ass and telling you that, "they knew you were right all along."

If I hadn't already covered Keynesianism earlier in this book you might be thinking "Why haven't I thought of spending my way out of a lower salary?" Clearly that is a ridiculous notion, although be it that

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governments seem to think since they can print their own money it works for them, but that would be very illegal for you to do and I do not recommend trying. What's the next best option to printing your own money? Passive income.

Thoughts on Passive income:

Ask most people for advice on how to achieve financial independence in these difficult times we live in and they might say things like get another job and save. This strategy is slow, painful and has absolutely nothing to do with independence of any kind. Since our Central Bank is printing so much money, savers are losing value through inflation. Others regurgitate Pavlov conditioning like "Invest your money wisely and watch it grow". This is good advice, but most would probably recommend their financial advisor or some other form of the old paradigm. Others might give the worst possible advice like, "Start a brick and mortar business like a retail store or buy into a successful franchise." Starting a business like that these days requires enough money you have to risk to get an enterprise like this to work at best within five years is not worth it and risky.

Knowledge of passive and portfolio incomes makes it very easy for one to follow the seven ancient Babylonian rules to getting rich that I am totally borrowing from George Clason's "The Richest Man in Babylon."

1. Start thy purse to fattening
2. Control thy expenditures
3. Make thy gold multiply
4. Guard thy treasures from loss
5. Make of thy dwelling a profitable investment
6. Insure a future income
7. Increase thy ability to earn

Oddly, these are pretty obvious and self explanatory rules that for some reason people do tend to ignore in business, not really sure why. Don't do that. It's pretty simple.

Passive income strategies

Here are some random passive income strategies I've put together for you to give you ideas on how to get started getting out of the rat race. Consider this your one-way ticket out of Palookaville, just don't bitch me out on Amazon. com because you didn't try any of my random ideas, but you're already sure not one of them could possibly work for you so it's my fault you live in your mom's basement.

1. Harness the power of the internet, dummy. If you have a brick and mortar store you absolutely need to build a mailing list. You are crazy not to build an email list and automate, add advertisers, send out emails with affiliate links through your mailing campaign and create any number of new passive income streams that pay you 24/7/365. Making money while you sleep is awesome and with the internet it is significantly easier to do now. GO HERE NOW!

<https://kane--emarky.thrivecart.com/upviral-pro/>

If you're a personal trainer you can charge for custom designing workout and nutrition plans for people, this is quasi passive income. Close enough. If you own a flower shop that can process orders worldwide like my father does (insert shameless promotion here: www.villagegiftandflowershop.com) you need a website. Take advantage of local and mobile strategies for attaining new customers. Google local is a great option to bring local customers to you, every time someone asks 'Siri' about a local Tattoo Parlor, Laundromat or Strip club on their iPhone your business should be coming up.

- Automate the site; get a Facebook page, Twitter, YouTube videos, Pinterest is now the fourth largest traffic resource in the world.
- Interact with your customers in your forum or any other way possible give them as much personal information as you can, but don't go too far I give out my home address, phone number and social security number on craigslist, but draw the line at credit card numbers, what do you think I'm an idiot?
- Build your brand up and make sure you have a character or logo so that people identify you like they would the golden arches for McDonald's.

Warlords work smarter not harder. Be a warlord that creates passive income as well as portfolio income.

2. Use Incentives

Offer a discount or free perk with the purchase of your product. These incentives and bonuses like gift certificates, gift cards, discount coupons, frequent-flyer miles or free reports with insider tips. Or industry secrets and fun stuff like, trivia, jokes,

games and cartoons A free classified ad on your site, Free E-books, audio, video or e-course download. A free personal consultation with you on the phone or on instant messenger works well.

3. Join Affiliate Programs

Affiliate programs are a great way to make residual income by enabling a smaller company to place a banner or a link on their site that leads them to Amazon or another page the customer clicks on the link and buys a product and you receive a commission or passive income. There are actually two ways of making affiliate income on your site. One is by becoming an affiliate that sells other people's products or by developing your own affiliate program or becoming an affiliate with as many sites in your niche as possible. Create a store on your site exclusively dedicated to selling both published and online products in order to show your clients your products and services that you offer as an affiliate.

4. E-COMMERCE

Open up a website and sell shit. Sites like Shopify, Volusion and Big Commerce make it incredibly easy to create an e-commerce website with the click of a button. You can open an online store in a matter of hours, then find a product that people already want, sell it to them at a reasonable price, have somebody else ship the order to them. You're basically the middle man. You have no physical products to ship, no inventory and no headaches.

How can you sell stuff without an inventory? It's called drop shipping. You find a company that already warehouses a product and then you send your orders by email to them and they ship the product directly to your customers for you. The warehouse will sell the products to you at wholesale price, you sell the products to your customers at retail price, you keep the difference and you never have to physically see or ship the products. You think I spend all day shipping out copies of this book? Hell no, I make John Bonetti run to the post office for me. You can hire a company to do the same, only you'll probably be significantly nicer to them than I am to John. The warehouse sells the product, your customer gets what they want, and you make a living, everyone involved wins.

Check out: Doba and Shopster.com

5. Generate Advertising Revenue

Wherever there is website traffic, there is potential to rent that traffic out to other sites. The downside of this is that businesses borrowing the traffic on your site kind of steal your business. Make sure that the businesses you are renting your traffic to are close enough to interest your niche market, but don't take it.

Five ways of generating advertising revenue are: Ad sense by Google.

Selling, renting, or trading banners with other businesses on your website.

Selling, renting, or trading classified ad space on your website.

Selling, renting, or trading links from your site to another site.

Selling, renting, or trading advertising links and messages in your newsletters, reports, and periodicals that you send to clients by email.

6. Selling Internet Services and Tools

Sell what are called "picks and shovels" to e-business newbie's. Services and tools that are part of the internet infrastructure are called "picks and shovels" in honor of the individuals who made a fortune selling these tools to gold miners during the Gold Rush like: Web-hosting services, Website designs, Free clip art or graphics, Marketing advice, Email addresses to lead companies, Advertising services, your own affiliate program, Computer software, Email services, credit card services.

7. Set Up an online Auction

Online auctions are one way to get millions of people, who would never think of visiting your site to access your URL simply because they searched for an item that might be featured for sale on your online auction. Once you have bought or designed an auction program you can invite your online database of customers to use it as a platform to advertise things they have for sale. You can dispose of excess inventory as well as attract traffic to your website.

8. Don't forget about real estate.

9. Write articles for money.

10. Doing article marketing or blogging to promote affiliate links.

11. Create a monthly membership web site.

12. Creating an internet-based CD/iTunes/podcast-based course & sell copies.

13. Webinars can make tremendous amounts of passive income and create demand for your product or service that refers folks to products you sell or make a commission on, and then replaying the webinar on demand or at regular intervals later.

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14. Sell stock photography.
15. Creating and selling a smart phone app.
16. Write a song and put it on iTunes
17. Create and patent an invention

Making YouTube videos that get traffic and allow advertising on them:

1. And If you're really desperate, you can always "do it live" on your webcam and let people watch it for a fee. If you're not seeking a profit, I hear Chatroullete.com⁸² works well.
2. Domain Speculating: Domain buying is the art and science of being kind of a dick by purchasing, selling or investing in domains other people want before they know they want them. Some of these people make an absolute killing, just be creative and think of something nobody else has before they want it so you can charge them a shitload of money for something you really have no emotional attachment towards.
3. Another option is to search for content by self-published authors who write about your niche market and sell their written products online. It's called re-purposing product, and it's surprising how many different ways you can re-purpose one piece of information.

Products you can have in your store:

Sell other people's books or public domain books that you recommend and that you are linked to as an affiliate, my books will be up for grabs.

Books authored by you (or a ghostwriter) that are for direct purchase.

Resource materials offered by partners that you are linked to as an affiliate.

Reviews of recommended audio or video that you link to as an affiliate.

You can become an affiliate with a major bookstore like

⁸² Once again my lawyers at Sodom Gomorrah and Epstein-Barr have convened with my other lawyers at Rosencrantz & Guildenstern and have directed me to ask you to please enjoy your web cam responsibly and not to partake in any sort of lascivious, terpitudinious or licentious behavior or behaviors.

Amazon.com. These products should be related to your niche. The best option is to create your own books and downloadable products and then have affiliates selling them for you, like what we're doing.

4. Buy and run a server.
5. Consulting. Consulting is similar to freelancing; you take your prior experience and use that to go into business for yourself. Consulting differs from freelancing in one major way. Consultants sell their knowledge. Freelancers do some actual work, whereas a consultant will sell their knowledge and expertise. Consultants typically have multiple customers at a time and focus on cultivating long-term relationships, rather than completing short time specific projects. According to entrepreneur.com's article "How to start a Consulting Business" the top 20 consulting businesses thriving today are:
 - Accounting
 - Advertising
 - Auditing Businesses
 - Business Writing (sales copy writers make big money)
 - Career Consulting
 - Communications
 - Computer Consulting
 - Editorial Services
 - Headhunting Services
 - Gardening
 - Grantsmanship
 - Human Resources
 - Insurance
 - Internet Marketing (which I teach, email me at kane@stumpagenius.com unemployedgeniuses@gmail.com)
 - Payroll Management
 - Public Relations
 - Publishing
 - Taxes
 - Writing Services

INTERNATIONAL ENTREPRENEURSHIP

American investor Jim Rogers moved his base of operations to Singapore and claims China will be the next superpower. Jim Rogers was quoted as saying: "If you were smart in 1807 you moved to London,

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if you were smart in 1907 you moved to New York City, and if you are smart in 2007 you move to Asia.” There is no denying that China is a booming market and they’re hungry to buy American products. There are 1.3 billion Chinese, even a tiny market in China is huge, purchasing Yuan is also a good idea as I have previously mentioned.

Honestly, we both know that some of those ideas for businesses that I just gave you were intentionally so goddamned awful that I wanted it to anger you just enough to show me what you’re actually capable of. Some of those were intentionally lame and you and I both know that I’m copping out by blaming that on how drunk I am right now. The key to business success is to remember that accessing the marketplace for your niche is everything. Just because you make the world’s greatest Cornucopias every Thanksgiving, doesn’t mean that people will automatically purchase plenty of your Horns of Plenty, without being able to find them.

If you’re thinking of starting a new business and don’t have any ideas, one of the easiest ways to find a perfect business is to find hungry customers in a market first and then solve a problem for them. Of course, this is a birds-eye view. When you follow that simple formula, you can find a hungry crowd of paying customers in any niche in about 10 minutes. There is more to starting a business than just having a good idea and a hungry market. But once you get all those small details in order, you’re on your way and it’s not that hard to start your own profitable small business that brings in an extra \$500 or \$1000 per month. Even minus a storefront or expensive market research and if you’re really good, sometimes without even a “product” to sell.

Opportunity abounds because of the internet at no other time in human history have people been able to do almost literally anything they want. All it takes is the right mindset; You can and You will, and a willingness to take advantage of the opportunities that present themselves to you. After you made the decision to leave the 9-5 life, there is one easy thing you have to do every day and that is to FOLLOW THROUGH. Okay, that’s not easy, but just doing one thing every single day to further your ambitions and you are better off than 99.99 percent of the time card punchers.

Whatever you do, make sure you don’t do what John Bonetti did, and by that I mean get the worst idea ever, to open a \$2 store. It didn’t sound so bad at first because he pitched the idea to me by saying “because of

inflation a \$2 store could be much more effective” however he neglected to mention that he opened the store inside of a mini mall directly next to a \$1 store. Actually, to be honest it wasn’t even a dollar store it was a 99 cent store. Predictably, his brick and mortar venture did not last very long, but the part that stung the most was the incessant ball breaking he had to endure from his Italian American family asking him repeatedly “Johnny Boy, you mean to tell us you opened a \$2 dollar store directly next to a one dollar store?” Poor John can never catch a break and that’s why he’s perpetually poor. Just one more reason to never do anything John Bonetti does.

Some Inspiration

You had to know that I wasn’t going to write a chapter on passive income without giving you some positive reinforcement. Now, to those of you saying “I can’t do this it’s too hard”, I will disprove you. When it comes to the ultimate in fluff information, I’d have to say one of the Kings is Timothy Ferris’s “The Four Hour Workweek.” Now talk about a book that over promises and under delivers. Just short of 400 pages, filled with pseudo-information to the point where I want to coin a new term if you will give me artistic license to do so I will call it ‘faux-formation’ and there is nothing worse than reading a case study about creating some international business in Antarctica by outsourcing to Mumbai by way of Luxembourg all while making it sound incredibly easy to the point where you can be able to work four hours a week. Four hour workweek reminded me of Matthew Lesko’s “Free Money to Change your Life” books, only it was the exact opposite, it was so vague that it could only work for maybe a handful of people, versus Matthew Lesko’s “Free Money” that was so specific only a few people could possibly benefit from these government programs, like unwed teenage mother’s named Stacy from Tuscaloosa Alabama born on the second Tuesday of every April between 1996 and 1998 in order to be able to receive a tax credit for one book per semester of community college, excluding girls who spell their name “Staci.” I’m sure someone fits that description; it *could* work for someone, I just don’t know who that someone is. The cover of the book even tells you the four-hour work week is a New York Times bestseller and international phenomenon, so if he can do it so can you. A guy in a hammock tied to two palm trees is the cover, presuming he’s put in his daily 45 minutes and exhausted from all that work, there is little to nothing in this book of any real significant information and at the same time it sold millions of copies. Again, the public loves fluff.

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He says: Escape 9-5, live anywhere and join the “new rich.”

I say- Think for yourself, be a contrarian, take advantage of the wealth transfer, create portfolio income and invest in silver and gold, create passive income through the means I listed above and invest in yourself while learning to discern quality information from crap information. Become an entrepreneur to escape the wage system for workers and take advantage of the profit system for owners. Once the economy comes to a halt, use your precious metals to purchase distressed assets, cheap dividend paying stocks and real estate to become one of the ‘new rich’ all while harnessing the power of the internet.

The last thing an entrepreneur needs is to overcome their fears of self-doubt, criticism, failure, and this is no easy task.

1. Realize that one day you will die and if you don’t take your shot now, it’s not going to happen on its own.
2. You’re better than that, toughen up cupcake.
3. You must realize that you’re really not that big of a deal. Any discomfort you have at the thought of creating a new business must be put in check, you’re seriously not the first person who has felt that resistance before, and literally millions of people have done much scarier things than you ever will by becoming an entrepreneur. Imagine going into battle with a shield and a sword like William Wallace, that’s freaking scary. I bet Marcus Aurelius was scared at times, read his book “Meditations”. Now that’s a guy who conquered other men, fear and most importantly himself. In fact, when you start hearing some self doubt creep in like ‘what will my parents say’ when I tell them I was inspired by ‘hungry hungry hippos’ and “Crossfire” as a kid and want to make board games for a living, ask yourself, *what would King Leonidas from 300 say?* He’d probably kick you down a hole and scream “*This is Sparta!*” after laughing at what you thought were your really scary plans. If your critics’ arrows blot out the sun, then *fight in the shade*.
4. As I mentioned you’re about the 10 billionth person who needed to overcome fear at some point in their life. Lao Tzu

would say, "Let go" Buddha would say, "Stop unnecessarily clinging to your expectations it is causing you to suffer." Mike "Moriarty" Torrie would say, "I'd quit now and go back to bed."⁸³ John Bonetti, on the other hand would say, "The greatest action is inaction, Wu Wei is the art of doing while not doing" and Mike would say, "How do you do that?" and John would say, "You don't". I would say, "*fuck 'em, do it anyway.*"

Donald Trump would say:

- You will lose some friends
- You will think you're going crazy
- You will feel pain
- You will almost talk yourself out of it hundreds of times
- You will lose money
- You will cry before you get it
- Your family and friends will discourage you
- You will doubt yourself thousands of times
- You will develop weird habits
- People will give you grief for no reason
- It will all be worth it

Then suddenly they all want to be your best friend. If you *really, really* hate Donald Trump then you need to keep reading to the end! I promise!

Infopreneurs

Few will tell you to create passive and portfolio income streams like we talked about earlier in this chapter and even fewer will tell you about information being the most important commodity there is. New businesses and entrepreneurs are going to be the ones who take advantage of how money changes hands at light speed all thanks to Al Gore for inventing the internet.

Thirty years from now, you will look back on this tremendous opportunity to create prosperity in your life and the lives of your family.

⁸³ He enjoys giving people really bad, yet seemingly realistic advice, because he's a terrible person.

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This once-in-a-lifetime opportunity to adopt the new paradigm and stay away from the old is what being a warlord is all about. Opportunity to embrace risk during tough times by being an independent thinker to me is far more tempting than to get a job, live below my means, be a saver, never risk money, work for other people, invest for the long term in a well diversified portfolio of mutual funds, spend 40 hours a week miserable in my cubicle paying off school loans and watching American Idol. Saving money in and of itself is a losing proposition because we are printing currency at a ridiculous rate. Your money is losing purchasing power no matter what the CPI is telling you.

That is the old paradigm versus the new and I couldn't have put it better myself. The old paradigm is dead, financial advisors love the old paradigm - they are the ill-informed and are the slowest at adapting to the market place. Financial advisors will be recommending these slow growth mechanisms right up to the very end. Do not let fear, criticism or self doubt stop you from getting ahead.

Courage is required to break away from the pack.

Entrepreneurs, like me, will take this rare opportunity to build what I call 'fuck you' money to secure lasting prosperity that you will be able to pass on to your family. (See earlier my Joe Kennedy reference). There was more wealth created coming out of the great depression (probably from all that Moonshine Joe bootlegged) than existed previously. Money follows value from place to place, so remain open with a laser-like focus to all opportunities around you. Surround yourself with like-minded visionaries and take responsibility to develop your critical thinking and financial literacy and you will realize you already have what you need. Granted, I am kind of advocating that you take advantage of our service economy, which is far from ideal; however, if life hands you lemons (inflation) which causes nearly all industry to be outsourced overseas to Indonesia or China, I say open up a Lemonade stand right here in the good 'Old U.S. of A to service your local neighborhood by sticking that shit on the internet, telling everybody why yours is the best and hopefully the federal government doesn't crack down on your kids (who you make sit outside to sell in the brutal August sun) for not being FDA approved like they do in Texas. Simply stated, you might as well optimize our service economy as best as possible. There are some things that can't be outsourced overseas, like ideas, information and lemonade stands.

Unless we allow entrepreneurs to fill in the gaps created by government failure the future will be different; the gap between the rich and poor will definitely increase substantially. America will begin to resemble Brazil for its very small middle class and 85 percent poverty level. The ideas of high-paying jobs that you begin in your early twenties and retire from at 55 are completely outdated. Complacent rich people will become the formerly rich as young-and-hungry up-and-coming entrepreneurs change the world.

Most people do not realize that there is a wage system for workers and a profit system for owners. I will always chose the latter, most however will choose the former - the path most chosen.

Robert Kiyosaki conspiracy of the rich “With the arrival of the new economy (information based), there will be an explosion of new wealth. There will be new millionaires and billionaires. Money will be made at ultrahigh speed. The question is- will you be one of the new rich, or one of the new poor?”

Lao Tzu said, “To see things in the seed that is genius.” To me this means nothing short of being able to form a personal vision for something and then going on to make it real. Genius for that matter is to see the potential in something or someone, although not realized yet. It is the essence of forming a vision of what could be and then getting it done.

The seed that I see is mentioned by Robert Kiyosaki in Rich Dad Poor Dad he said, “Today, it is information. And the person who has the timeliest information owns the wealth. The problem is information flies all around the world at the speed of light. The new wealth cannot be contained by boundaries and borders as land and factories were. The changes will be faster and more dramatic. There will be a dramatic increase in the number of new multimillionaires. There also will be those who are left behind....Today, I find so many people struggling, often working harder, simply because they cling to old ideas. They want things to be the way they were; they resist change. I know people who are losing their jobs or their houses, and they blame technology or the economy or their boss. Sadly they fail to realize that they might be the problem. Old ideas are their biggest liability. It is a liability simply because they fail to realize that while that idea or way of doing something was an asset yesterday, yesterday is gone.” Whatever your seed is make it happen.

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Okay, so you're calling bullshit on me about my belief that there will be information based businesses that make billionaires out of people very quickly-of course this is still a relatively small group and some of these websites are completely over valued, but I will list as many as I can find in five minutes through a Google search to prove to you that it is happening and I will leave out the Facebook dick, because you're expecting him. Okay, I'm starting my stopwatch now. GO.

1. Ben Silbermann who left Google to start Pinterist which at this writing is valued at \$1.5 billion also he's only 29 as of this writing.
2. Kevin Systrom who created instagram and sold it to Facebook in April of 2012 for \$1 billion he's only 27
3. Drew Houston who launched Dropbox which is a file sharing and storing company and is now worth \$4 billion also 29
4. Aaron Levie who created a competitor of Dropbox called Box (super creative dude) and it is now valued at \$1.3 billion he's also 27
5. Brian Chesky who runs a peer-to-peer apartment rental site called Airbnb which is worth \$1.2 billion he's 29
6. Andrew Mason created Groupon and was offered \$6 billion from Google, the guy really shit the bed because they went public and didn't make nearly that much money. This still counts because it was offered \$6 billion so don't give me any shit
7. David Karp who founded Tumblr when he was only 21 years old and now it is worth just shy of \$1 billion, he's currently 26
8. Adam D'Angelo who worked for Facebook and since made a company called Quora which connects you with people who are interested in the same things as you worth \$400 million and allegedly turned down a \$1 billion dollar offer. He's only 27-years-old.

360BUY - 10 Billion

Coupons.com - \$1 Billion

Craigslist (this is how we've all gotten a creepy roommate) - \$2.5 billion

Evernote.com- 1 billion

Hulu- \$1.6

Billion Jawbone- \$1.5 billion

LivingSocial- \$5

Billion Spotify- \$2 billion

Square- \$3.5 billion

Twitter- \$8 billion

LinkedIn- \$7.5 billion

Pandora- \$1 Billion

In August of 2012 Priceline.com bumped Morgan Stanley for the #104 spot on the S&P 500.

Angry Birds turned down a \$2.25 billion dollar offer from Rovio.

Stop watch off. All of these took me 5 minutes of research on the internet to find out. I know there are more and you do too, I didn't even check out LinkedIn, Eharmony.com, Match.com, PlentyofFish.com, or any of Kayak.com or Priceline's several competitors. Two things I'm sure of:

1. these are all worth high in the Millions if not in the Billions.
2. John Bonetti has been "catfished" at least once on most of these websites.

So realize that if you have an idea your first step is to make a website or an App and take it from there. Whatever it is that you love, start by making a blog about it, make videos, write books, create a product and sell it, or provide a service, then drive traffic and see where it takes you. Whether it is advertising revenue or affiliate products you want to sell or to create your own seminars, create an E-magazine, speaking engagements or any other idea you have, just go for it. Stop working hard, start working smart. Think about how you are making money, are you getting paid by the hour or are you getting paid by the minute, 24/7? Don't forget, there is a wage system for workers and a profit system for owners. PlentyofFish.com was owned and operated by one person and it was valued in the billions even though there are only ugly people looking for a hookup on that site anyway. If one guy can single handedly make a billion dollars off of matchmaking for ugly, lonely people, I promise you can do something great with a dream and some hard work.

My suggestion to the person who reads this who is smart enough to create something that could be of use to Microsoft, Apple or Google-they are competitors so if you are even given an offer, never take the first one and tell Apple that Google is looking at your programming, App, website or idea and vice versa for Google. Tell them that Apple is interested. Never take a first offer. But don't be greedy like Groupon, they shit the bed. If someone offers you \$6 billion, hire a lawyer to represent you and definitely sell out hard, unless integrity is really important. For example, if you came up with Groupon, not really

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something you need integrity to uphold, I say take the billions from Google. If you invent the 'Mr. Fusion' for your Delorean using garbage to fuel cars or some other way to improve the lives of millions and the environment at the same time, then integrity matters. When integrity doesn't matter, sell out hard and fast. Look at how easy Esurance was to create and was then sold to Allstate, that guy is sitting on his ass cashing checks. Make the next CandyCrush.

Free Ideas you can totally steal with my permission:

1. Create an online dating website like Match.com or Eharmony.com solely for people with STDs then call it www.burnt.com
2. Create an online version of Home Shopping Network or QVC that is solely made up of other people's affiliate marketing products.
3. Market Easter-seriously, nobody has really done anything with this holiday. I have never seen a movie, a cartoon, a children's book or anything really involving Peter Cottontail and you already have a character to use that you don't even need to develop. If you made a new Furby-like thing that is the new Easter bunny/cabbage patch doll dream of every little girl, you can't lose. I was born in 1983 when Cabbage Patch dolls came out, I can't say I had one, but my older brother did. You can't lose. That idea is worth the price of this book.

I didn't promise they were good; I'm just never going to get around to doing either of these two ideas so you can have them. One of the most incredible things about the internet is that not only is it the biggest change in 500 years since the printing press on how we share information, but it makes entrepreneurship so much easier. Entrepreneurship is something that I am incredibly passionate about because maybe you're like me and you've spent the last 15 years of your life working really hard for other people and still not making ends meet. Not tooting my own horn, but I was a garbage man for seven years and after I picked up garbage I either went to college at night or went to work at a second job as a Mason wheel barrowing 200lbs of mortar down driveways and breaking sidewalks with a 25lb sledgehammer. I'm an extremely hard worker, but I was making other people rich and never myself. All of my bosses have always loved me because I was a sucker making them rich. After a while it gets exhausting when you still can't move out of your parents' house after working two jobs. This book is the first of many projects designed to get myself out of the hamster

wheel of life. Fifteen years of going from deadend job to deadend job is a great impetus to get just angry enough to say “fuck it” and create whatever it is that you’ve had in the back of your mind, let your frustration be your motivation. Nothing is worse than being in an ironic rut where you make \$11 an hour and yet your boss wants to literally maximize every single second you sell your labor to him by timing your bathroom breaks and cutting your lunch five minutes short. A rut like that is ironic because people who make \$11 a minute never have anyone trying to maximize their labor. Robert Kiyosaki has the best quotes on traditional education ever, “We go to school to learn to work hard for money. I...teach people how to have money work hard for them.”

It’s true and you should listen to him. Honestly, the worst part about working hard for money was that I always seemed to find myself working jobs that involve finagling my way around women who are literally not paying attention to anything. For years I worked in supermarkets trying to maneuver around women’s shopping carts, it’s an exhausting task. For some reason the gentler sex never pays attention or has any awareness of their own surroundings. Working on the side of a garbage truck, even worse-the real House wives of Long Island do not like to be kept waiting. I spent a weekend working as a mall cop once, if I saw one woman stop at the end of the escalator and dig through her purse only to make every single other person shuffle around her I must have seen it a thousand times. What a headache. It’s like when you’re delivering flowers for your dad’s store and you get to a stop sign at the same time as a woman and you wave her on and she waves you on and then you go and she goes at the same time and you’re like “Why did she wave me on if she was going to go?” And as a man you know that the reason is because she’s a woman, but you can’t say that. Then you stop and wave to her and she waves back and you go again then she goes again at the same time. Passive income totally removes all of that⁸⁴.

⁸⁴ I’m literally using this whole book to specifically blame individual men for intentionally enslaving other humans through Central Banking, you ladies can take a gentle ribbing on your driving

Thoughts on Information Passive income:

Let's be honest here, the internet is already loaded with all kinds of crappy information on how to make money on the web, how to pick up chicks, and Neuro-Linguistic Programming to hypnotize your boss and all kinds of ridiculousness. I'm not saying you should add more crap information to the internet.

However, if you have a marketable skill or talent or specialized knowledge it is very easy to help people by being resourceful and at the same time making some great passive income through several streams at one different time. This accomplishes two things: it makes you less of a schnook inflation wage slave living from pay check to pay check in the rat race and also it gives you more time to actually live life, instead of destroying your health to get ahead financially only to spend the rest of your wealth in your remaining years on trying to recuperate your health. Get ahead now and live life without the daily grind of commuting and traffic and taking orders from your idiot boss who's IQ is half of yours plus five. Having several streams of income that flow 24/7/365 should be everyone who reads this whole book's main goal after reading it, because let's be honest, 72 percent of people don't finish the books they start. Also, if you're anything like me, everywhere you try to work you get sexually harassed by beautiful 'social climbing' women in the office and it becomes *impossible* to get anything done. This is why I prefer to work from home for myself.

When it comes to information products, most of them are so lame it's unreal, so I am honestly and truly conflicted on this. One part of me wants to say don't pass yourself off as a knowledgeable person when you're not. Selling snake oil in any form is immoral. I want to see true entrepreneurs add real value to the world and other people's lives and I see the internet as a way to make that happen quicker and at greater benefit to both seller and customer. There are tons of guys who write E-books and create online courses about getting laid, when they haven't kissed a girl in years or working out and they're telling you some nonsense about eating six meals a day and how great slow steady cardio is for fat burning. Many people rehash garbage information and some of you are going to spam people, scam people, lie, and cheat. Most people are selling pre-packaged information or just total crap, some of you are going to do this anyway, and some of you are real entrepreneurs and will create value in the world. Those are the people that I salute and wish to help, not guys selling a porn they made in college with their ex-girlfriend, identity thieves, spammers or Nigerians phishing for my

accounting and routing numbers. Frequently I give out my Social Security number, home address and phone number over Craigslist. I've done it literally hundreds of times and nothing weird has ever happened, but I'm still a little weary of spammers⁸⁵. I am conflicted, because I will never take advantage of people, my integrity means the world to me and I genuinely care, but at the same time, the vast majority of people are so incredibly thirsty for really lame information and products that I want to say there is a sucker born every minute and it's a sin to let him keep his money. The public loves Dr. Oz's workout and diet plan and his absurd endorsements for Acai berry which makes you thin, while cleansing your colon, and helps protect against unwanted pregnancies.

The public wants internet quack Dr. Joe Vitale's manifesting 'the law of attraction' and 'the secret' they don't want real information, they want fluff.

Dr. Phil writes all kinds of sappy romantic nonsense and self-help garbage books that sell 10 times more than my information filled book will.

The public wants Suzie Orman and Jim Cramer telling them horrible advice like max out your Roth IRA, buy Mutual Funds and save your money even though it won't compete with inflation. They write the books that capitalize on the old financial paradigm that I am suggesting you adapt and move away from. Also, Jim Cramer is a straight up crook running a pump and dump scheme right on TV, he's no different than televangelist Pat Robertson. If you don't believe me, YouTube Jim Cramer on the Daily Show, Jon Stewart reamed him out after the PANIC! of 2008.

The public wants Ab Rollers and six minutes to Self Confidence. They want Vince from Shamwow beating up Dade County Hookers and lampooning the incident in his next 3 am infomercial to sell you more

⁸⁵ My attorneys at Sodom, Gomorrah and Epstein-Barr are once again asking me to ask you not to place your personal information on Craigslist. They're total downers, but I will defer to their expert ship.

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plastic crap made in China that you don't need. I'm serious, *that totally happened.*

So the other part of me is saying, give them what they want there will always be a market for over promising and under delivering. There will always be dishonest people in the world, more than likely you are not one of them, but a lot of the big names with the most 'credibility' are the ones who are the biggest crooks. The guy who writes a dumb E-book, is hardly going to impact the world the same way that Oprah's book club filled with Dr. Oz and Dr. Phil do⁸⁶. I would much rather see you work 74 hours this week and put hard work into creating valuable information, services, inventions, patents or products that people can actually use and serve real needs, because entrepreneurship is awesome. Suffer the short term pain of discipline for the long term prosperity you and other people can accrue through hard work and dedication. Employing other people and creating something that benefits the world is what capitalism is all about, even if that means you're a "Doga" instructor. Yes that means Yoga for dogs. Yes that means some people have way too much time on their hands, while others have too little because they're busy working or doing house work and doing anything not literally involving a downward facing dog. There is a world of opportunity out there if you have the discipline, moxy and drive to go out and get what you want. Few do, but the ones who make it happen can really benefit themselves and at the same time make the world a better place.

It takes a discriminating mind to be able to steer clear of four hour fitness, four hour workweeks, 40 minutes to seducing your boss and all of the other gimmicks out there. There is no substitute for hard work, trust me if there was, John Bonetti would have found it by now. I encourage you to make the world a better place through entrepreneurship and capitalism, spread your message, inspire or create delicious microbrew beers like the ones I've been drinking

⁸⁶ And yes ladies, we all know you loved "Tuesday's with Morrie" and the "Five People You Meet in Heaven", it doesn't mean I have to be interested in hearing about it. I'm not going to ask you trivia about what year Rocky Marciano became the Heavy Weight Champion, Joe DiMaggio's slugging percentage or to name five people Anderson Silva whooped in the UFC.

throughout the course of this book-especially if you live on the west coast. Not really sure why, but there is some great beer that comes out of Oregon.

CHAPTER 16 ENTREPRENEURSHIP: THE LIGHT AT THE END OF THE TUNNEL

Why Entrepreneurship Matters

Entrepreneurship is good for the economy because entrepreneurs create jobs which are what we need to get the economy back on track. Entrepreneurs produce goods and services that are beneficial to society, which is how you make an economy grow. Keynesians believe that shifting demand around does that and that is absolutely false-when people's savings are production which grows the economy properly.

Michael Strong said: "If you are looking for an inspirational book on Conscious Capitalism that repudiates all economics and business as bad, you may be frustrated by those sections of the book that explain economic concepts. If you are looking for hard, concrete, detailed economic and regular policy suggestions you may be frustrated by those sections of the book that may seem to be so much inspirational fluff. Political tribalists on the left may be frustrated by our support for markets, and political tribalists on the right may be frustrated with our constant emphasis for doing well. And all of these frustrations are exactly what we believe that the world needs today.⁸⁷"

Okay, he didn't say that about *my book*, but the point is that entrepreneurs who challenge the world are what we need to fix the economy. Producers will help us grow, not the Keynesian belief that demand stimulates an economy. It is smart investments that come from

⁸⁷ Michael Strong, *Be the Solution*.

savings which produce goods and services that strengthen an economy and create jobs, not governments stealing from producers at the gain of other people who do not deserve the fruits of your hard work. Entrepreneurs are the producers of wealth, not the transferees of wealth. Big difference.

Entrepreneurship is vital to stimulating the economy, in the form of startup business ventures that create jobs. In my opinion, internet startups are the light at the end of the tunnel. I'll prove it to you with a Paul Krugman quote that says exactly the opposite of what I'm telling you, only time will show whose crystal ball is more accurate:

"The growth of the Internet will slow drastically, as the flaw in 'Metcalfe's law'--which states that the number of potential connections in a network is proportional to the square of the number of participants--becomes apparent: most people have nothing to say to each other! By 2005 or so, it will become clear that the Internet's impact on the economy has been no greater than the fax machines."

To be fair that quote comes from about 1998, but the point is *that guy* couldn't predict New York's average annual rainfall, let alone anything of significance like the internet's ability to speed up commerce and how email alone has dramatically changed how business is conducted. Basically it is important to note how much easier and cheaper it is for an internet startup, than a brick and mortar business. Here is another Krugmanian, Bedelian-denouement of a quote for you:

"As the rate of technological change in computing slows, the number of jobs for IT specialists will decelerate, and then actually turn down; ten years from now, the phrase information economy will sound silly."

Yes, its true Paul Krugman, computers and the internet have made zero net change in our economy and the phrase 'information economy' totally sounds silly. Because Krugman was completely right, as always, I recommend entrepreneurship and tech startups as some of the lights at the end of the tunnel. I love how he and I can literally never agree on like anything, *ever*. To Sum Up: Entrepreneurship is the light at the end of the tunnel in several ways.

First: The importance of entrepreneurship to economic growth is beyond dispute, ideas and innovations generated by entrepreneurs have been crucial to economic performance. Entrepreneurship creates

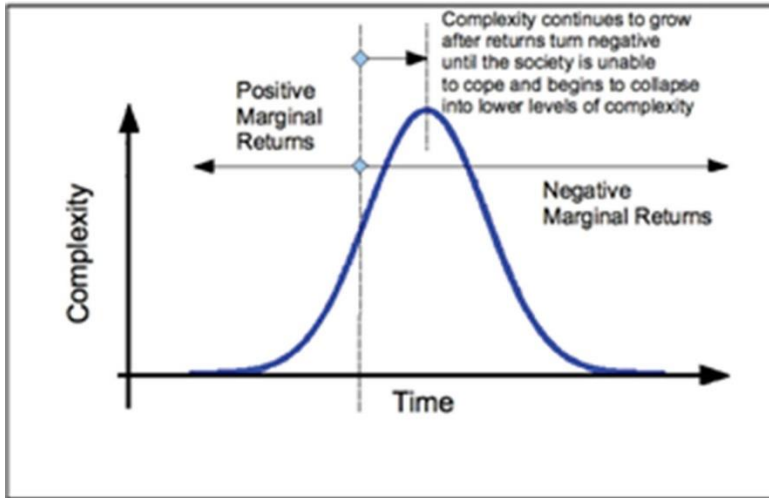
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jobs and grows the economy; many new jobs will be from startups. Of course many startups will fail, but those that succeed will be responsible for putting the economy back on its feet by bringing economic renewal back at lower levels of cost than larger pre-existing firms. The majority of startups fail because they lack a smart game plan or nobody knows of their existence. A great idea needs to be marketed well, get at me if you ever need help www.stumpagenius.com.

On average, it doesn't cost as much to start and begin a new company, most companies start off self-financed with the founders (like *this* guy) contributing the initial capital. Startups are the essential component to economic growth and reinvigoration.

Second: Entrepreneurs are awesome; if you're working for yourself doing something that you love, you won't ever have to lie awake in your bed on a Monday morning scheming up an excuse good enough to tell your regional district manager to get you out of working. If you're good, your work is your life and if you're really, really good, you've found a niche like the lady who owns 'Grumpy Cat' who makes a shit ton of money dressing up her pet and probably sleeping in late on Mondays, like Garfield. Grumpy Cat or not, startups are an awesome example of how easy it is to get filthy stinking rich on the internet. I recommend you create a startup/ launch an idea, and go with it; all it takes is a dollar and a dream- not so with a brick and mortar business these days.

The Marginal Product of Increasing Complexity and Why It Matters to Entrepreneurs and the Economy Beneath this writing lies one of the most important charts ever created by someone I was too drunk to remember to give credit to, but it's like super important, so I Google Imaged it for you, and so can you.



When I was a wee lad at the tender age of five in 1988, Anthropologist Joseph Tainter published a landmark book called “The Collapse of Complex Societies”, where he stressed some similarities from the many collapses of human civilizations and empires. Tainter (who must have been taunted in high school for having the word ‘taint’ in his last name) laid out four concepts in his book that detail how human societies are problem solving organizations, sociopolitical systems require energy to keep running, increased complexity carries with it increased costs per capita; and investment in sociopolitical complexity as a problem solving response tends through most empires and civilizations to reach a period of declining marginal returns.

Sociopolitical Complexity is the term that I would like to focus on now. It accounts for things like, agriculture, government bureaucracy, militarism, monetary and market systems, infrastructure and was defined by Tainter as “the interlinked growth of the several subsystems that comprise a society.” The basic idea being that he carries no valuation on whether complexity is good or bad, it just is something that happens. Over time, a society invests in public works, transportation, agriculture, irrigation, etc.

The marginal returns of the above mentioned investments tend to pay off in increasing returns of the overall standard of living-life gets easier when food, water, shelter and transportation are available. Over time, investments in productivity and complexity will reach a point where they stagnate and possibly decline. The society (like we’re seeing in America today) will invest more and more in its own complexity, only to

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see the law of diminishing returns start to kick ass. We in America are currently experiencing this decline in the marginal product of increasing complexity, which can lead to the collapse of a society.

Tainter also recognizes the potential for a renewal of the productivity of the complexity curve in a graph that shows an upswing where the negative and positive graph meet in the above picture, only I was really wasted when I saw it and can't seem to find it on Google images, so just go ahead and imagine that being the case. He goes on to state that capital and technology are able to spur new economic growth and development-he's saying that innovation, entrepreneurship and new leaps in technology can renew what is left of our economy.

Innovation, unfortunately, does not come through serendipitous luck, government decrees or fairy godmothers. It comes from entrepreneurs with the guts to follow through with a startup business. Innovation is the key to renewal. Startups embody renewal, and that's why I am calling them the road to recovery and the light at the end of the tunnel. Not only do they create jobs and bring renewal to a society that has seen decreased standards of living, but they are able to do so at lower levels of cost than an existing firm or company could. It is cheaper to start a new company with an innovative idea than it is to run a company for a period of time and find an innovative idea and attack it. So do that very thing entrepreneurs; find a problem, solve it, capitalize on it, create jobs and be conscious of how you can positively affect the world around you.

Entrepreneurs are often ignored in the world of economics for several reasons. I like to believe that it is hard for some mathematically/logically inclined people to use regression charts and graphs to create or recognize the next Beanie Babies, Hunger Games, pet rocks or Harry Potter. These are creative realm forms of production, not something created in a cubicle. These people leave all economic phenomena to math and graphs and have absolutely no room for human action, energy, alertness, enthusiasm and the awareness that is required of entrepreneurs to create demand for something. I mean, no overweight, balding, 45-year-old single man with a pocket protector is going to think for a second that anyone would buy a pet rock, let alone find some way to include the creator in a chart or graph. These types of people are very useful in business, but they will never be the creative spark that ignites a fire of Cabbage Patch fever or Tickle Me Elmo obsession. They would be the first people to tell you in a conference that

your idea will never work. Entrepreneurs are awesome, high-spirited, ballsy, chance takers. I salute all of you. They make the world a better place. Even my dude Ludwig Von Mises knew it when he said entrepreneurs are, "The leaders on the way to material progress." They are the first to understand that there is a discrepancy between what is done and what could be done. They guess what the consumers would like to have and are intent on providing them with these things."

In his book *Crash proof Prosperity*, Kip Herriage says that, "The world you and I live in is also running on two completely separate operating systems. One for the independently minded "new paradigm" and the other for the masses operating in the "old paradigm," ...There's a profit system for entrepreneurs and a wage system for workers. The only way to attain any kind of lasting prosperity is to leave the illusion of the old paradigm and move into the reality of the new paradigm." I couldn't agree more with Mr. Herriage. The time to become self-aware and to do what is best for you and your family is now. In the midst of great turmoil, there's always the bigger opportunity. Recognize it and if you have the courage to do so, you can go confidently in the direction of capitalizing on this situation.

True entrepreneurs will emerge alongside the greatest website in the history of the world, www.Stumpagenius.com, (fuck that Maddox guy) the way I intend to be one of the rare few who actually cares enough to try and put something positive back in to the world he came into is by taking SAG from internet start up to becoming a huge publically traded company. If you just rolled your eyes, then believe me you're one of many critics I've encountered and if you just said "good for him" you'd be one of only a handful of well wishers I've encountered. Basically, the way I see our economy is that the majority of my generation and younger are unemployedgeniuses, which is a loose term I've created to describe the many intelligent people I've met with advanced degrees, skills or knowledge, but no jobs, lots of debt, and no work experience in their selected fields so their degrees, talent and skills go to waste because Baby boomers just won't retire already and leave their jobs. So, my plan is essentially to bring all of my skills and talents as well as my friends' skills and talents to the table and then I'll be happy to hire the best and brightest minds of my generation which thanks to the PANIC! of 2008 the economy has been in the tank, but destruction always brings with it the seeds of creation by hiring skilled, highly educated, yet less experienced people. Essentially, the way I see it, give me your jaded, broke and debt laden and I'll employ them to help me make my

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dreams a reality, highly skilled people working and creating my endless stream of ideas and eccentricities.

Small businesses create the majority of the jobs in our economy and generate a significant portion of the tax revenue-start a business on a shoe string budget if you have to. You can even get crowd funding from companies like Kabbage.com. The only solutions can come from entrepreneurs, market solutions are the only solutions. That is why there are multiple internet lending groups, peer to peer lending and crowd funding organizations. www.Prosper.com and Sofi.com allow regular people to get loans, so has upstart.com whose business model is created by former Google employees. Their slogan is "a smarter loan. You earned it". They state on their website that "you are more than your credit score. Upstart considers your education and experience to give you the rate you deserve". Personally, I think this is a wonderful example of how entrepreneurs can still profit without having to send lobbyists to pay off lawmakers.

Entrepreneurship is definitely the answer to the future; first, entrepreneurs create wealth by producing, which is good for the economy in general. Second, it is quickly becoming obvious that going to a for profit school to get an education to get a job to work for other people who actually have dreams and by working hard and making their dreams come true so you can only get a small piece of the pie is not the fast track to success. 'C' students are hiring "A" students with MBAs to make them billionaires. Teach yourself the skills that you need, many of which really cannot be taught to you in school, said more eloquently by Ludwig Von Mises "Many who are self-taught far excel the doctors, masters, and bachelors of the most renowned universities. They fail to see that education cannot convey to pupils more than the knowledge of their teachers. Education rears disciples, imitators and routines, not pioneers of new ideas and creative geniuses." If there is anybody who can say this better than Ludwig Von Mises, it might just be Lip Gallagher from, *Shameless*, "I don't want to sit in a class that teaches me how to modify algorithms instead of think for myself...The people working the weaving machines in the 17th century, they didn't see the steam engine coming. I mean Encyclopedia Britannica didn't see

Wikipedia coming, great things don't happen in tiny little increments, they happen when someone thinks completely differently *and all you geniuses, you're just modifying algorithms*⁸⁸."

Knowing what I taught you about the Austrian theory of the business cycle and about entrepreneurship can be extremely advantageous, now you've learned how to look for the business cycle when easy access to cheap credit leads entrepreneurs to misread market signals (see: Mos Torrie Cantina). Which requires you to learn to adapt in the market place, which is a crucial skill in business and investing.

Adaptation is necessary to success for Entrepreneurs

Education does not promote new kinds of thinking and adapting, it promotes copy cats who rely on past experience. Sometimes, in the world we live in, experience can work against you. I will tell you two tales that take this into account. A friend of mine recently paid a business consultant with 30 years of experience to help him grow his business, for \$500 an hour. The information that came back to my friend was that he needed to: canvas the neighborhood and hand out flyers, take out an expensive ad in the yellow pages, advertise on the sides of buses and on taxis, put flyers in local colleges with tabs on them with his contact information, and a host of other old school means of attracting new customers. The consultant later told him not to worry about "the MyBook" (meaning Facebook) because "It's a fad and their IPO performed poorly." This man has 30 years of experience working against him, not for him. He might as well have said "this internet thing is just a phase" and "I don't really do the texting" to completely eradicate my friends' confidence in him. He then went to his 16-year-old cousin who built him a word press web site, several pinging blog sites, set up his campaign on facebook and helped him drive traffic to his site. His cousin has only known the internet; advertising on the sides of buses is plain weird to him.

When I was a little kid, my grandfather told me a story about when he was growing up in the Bronx there was this old man named Calogero in the neighborhood who was the last person to ride a horse in the street.

⁸⁸ "Lip" from Shameless Episode 9 "Frank the Plumber" Season 3.

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Eventually around 1918 they passed a law against horseback riding in the street in favor of cars. One day, the police saw him and decided to enforce the law and the old man wasn't having it. They pulled him off the horse, shot it in front of him and killed it. They then began beating it after it was already dead, (this is the Bronx) giving rise to the phrase "going to the glue factory." The moral of the story is that if you don't adapt, life will without you.

Consequently, Calogero, heartbroken and missing his horse complained constantly and to anybody who would listen for the remainder of his life, which gave rise to the other popular phrase stemming from this incident "beating a dead horse."

Actually, now that you've read this *I completely made that story up*. In fact, in the interest of posterity I made up the story about the business consultant too. Okay, Okay, so when Aesop makes up a fable about a tortoise and a hare to teach you a lesson it's okay, but when I do it about an old man and his horse I'm a dick for trying to prove a point?

That in no way takes away the moral of the story. We do live in a society that values an ability to adapt, over one that sticks to old ways of doing things, which are no longer competitive. Change and adaptation will be a necessary component of every entrepreneur's life more and more as we progress further in the information age, as well as when taking advantage of the wealth transfer.

*So, listen to the mother from the Land Before Time
and "follow your heart little foot".*

If you run into trouble always remember to listen to the mother from the Land Before Time and "follow past the Great Rock that looks like a long neck, and past the mountains that burn all the way to the great valley" filled with those oddly delicious looking tree stars, because more millionaires were created coming out of the great depression than existed in the entire world before the crash. This \$50 trillion wealth transfer has already begun by moving from the uninformed to the newly informed (old paradigm to new paradigm) and by the time the ninth inning is over, we will have witnessed something that the world has never seen on such a scale before.

Stay positive and never give in to those cold timid souls who criticize. Remember, day dreaming leads to imagination, imagination leads to

inspiration, and inspiration leads to innovation, which ultimately leads to economic recuperation. So be childlike, be a dreamer, create and work hard. The opportunity to create multigenerational wealth in a very short period of time that can be passed on to your children and grandchildren. Think Joe Kennedy, from bootlegging in the 1920's to the 1950's where his kids were Senators, culminating with President JFK in 1960. Yeah, that kind of wealth. As long as you stay away from swarthy men on grassy knolls and there are no magic bullet theories I think you'll be okay.

Stay positive and never give in to those cold timid souls who criticize. Remember, daydreaming leads to imagination, imagination leads to inspiration, and inspiration leads to innovation, which ultimately leads to economic recuperation. So be childlike, be a dreamer, create and work hard.

Most importantly, in order to be a great entrepreneur-focus on solving a problem that people have, the more common the problem, the greater the capacity for profit *and* you will be helping people. The further up the structure of production you go the more complicated, but the more money you can make: not making shell necklaces, but diamond ones which would require all kinds of equipment. The more efficient you are the more competitive you will be. If you need ideas, check out my Passive Income Strategies book.

CHAPTER 17

MACROSOLUTIONS: DEAD CAT POSTULATE

When people begin to disagree with my perspective in this book (which I welcome) because it is so thoroughly researched and awesome, they tend to fall back on emotional responses like:

“Okay, Mr. Know it all-what would *you* do so differently?”

Or

“I totally knew you were going to say *something* about Austrian Economics.”

And

“Brian, you’re really drunk right now we’re all getting concerned for your well being, especially after you recommended buying a Jetpack a couple of chapters ago.”

Essentially, when it comes to fixing America’s financial problems we had that opportunity where it was possible probably about 30 years ago. I genuinely don’t think that those in power want to fix the problem, they want to provide government ‘solutions’ which are really more like masking symptoms, instead of actually solving the root of the problem. The task is not only so much more difficult now, it’s also kind of like asking me, *how do I fix my dead cat?*

There really is no answer to this question. There is no magic pill or surgery that you can perform to bring back Mr. Snugglesby, as if he was sick. My solution to you would be: don’t tell the kids until they’re older that you buried him in the backyard next to the garage and went down to old man Jones’ Pet shop on Main street, you know the one that has had the same smell of urine and bird feed since you were a kid in the early 1970s, but you and your friends always used

to joke around about how the smell of urine and bird feed was in fact coming from old man Jones himself and not actually from the animal urine and bird feed located inside of his store and bought one that looks just like Mr. Snugglesby and brought him home without saying anything, until one of the kids noticed he was acting strange so you just sent everyone to their room without dinner, until they stopped asking why all of a sudden he became afraid of the vacuum cleaner after four years.

When it comes to dead cats, I can't help but think of Erwin Schrödinger, the Austrian Physicist who created the famous Schrödinger's cat thought experiment using a paradox to show the contradiction in common sense when applying quantum mechanics to everyday objects. His scenario includes a cat inside of a box with a flask of poison and a radioactive source. If the internal monitor inside of the box detected radioactivity, the flask would shatter releasing the poison that kills the cat. The Copenhagen interpretation of quantum mechanics implies that after a while, the cat is simultaneously both alive and *dead*.

However, when one looks inside of the box one will see the cat is alive or dead and definitely not both alive and dead. That would be impossible. Do not get hung up on an answer, the point is to think about the question posed of when exactly 'quantum superstition' ends and reality collapses into one possibility or another.

What's great about this model is that this thought experiment was intended to lend itself to other systems, maybe not economics-but who's gonna stop me? Erwin Rudolf Josef Alexander Schrödinger? Doubtful. The man couldn't even decide on less than five names, also he's been really dead since 1961. And I don't mean as in the many-worlds interpretation of his model where every event is a branch point, the cat would be both dead and alive—regardless of whether the box is opened—but the “dead” and “alive” cats are in different branches of the universe that are equally real but cannot interact with each other. I mean real dead, not theoretically alive and dead, I mean *dead, dead*.

So since the experiment was intended to be lent to other systems and Schrödinger even said about the flexibility of the experiment, “One can even set up quite ridiculous cases.” So, I've gone ahead and done that for you.

As previously stated, the main interpretation of quantum mechanics is

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the Copenhagen interpretation which states according to Wikipedia, "That a system stops being a superposition of states and becomes either one or the other when an observation takes place." The thought experiment made apparent the fact that the nature of measurement, or observation, is not well-defined in the interpretation which works very well with economics. We cannot place the economy under a microscope. The experiment can be interpreted to mean that while the box is closed, the system simultaneously exists in a superposition of the states "decayed nucleus/dead cat" and "un-decayed nucleus/living cat," and that only when the box is opened and an observation performed does the wave function collapse into one of the two states." The Copenhagen interpretation implies that the state of the two systems (dead cat/ alive cat) undergoes collapse into a definite state when one of the systems is measured.

So, we have a theoretical thought experiment adaptable for other systems that lends itself uniquely to economics as it makes little measurement and observation. The creator himself said it can be exacerbated to get *really ridiculous*, and that only once we open the box upon the observation of "reality" does the wave function collapse into only one of the two states, a dead or alive cat (or economy), with the whole purpose being to make you *think*. Think about contradictions with common sense.

The Federal Reserve and BEN BERNANKE! have had our economy in something of a slightly Orwellian experimental box for 100 years now. The PANIC! of 2008 works perfectly as the single atom decaying inside of Mr. Snugglesby's box causing the internal monitor to detect radioactivity that shatters the flask full of poison that metaphorically killed our dead cat economy with: unemployment, new taxes, money printing, inflation, bailouts, corporate welfare, quantitative easing and a collapsed housing sector. Yet, according to the Copenhagen interpretation of quantum mechanics, which implies that after a while the cat is simultaneously alive and dead and when someone finally looks inside the box there is only one possible reality.

During an economy in 'recovery' that needs financial stimulus, 80% of the time over the course of several years, in 2018 there are more businesses going under, than there are new ones being created. All of this government intervention going on in order to 'help' the people, Obamacare, increased taxation, money printing and all of the root causes of wealth transferring we have been through throughout this

entire book.

Here is the reality: after all is said and done, the only real growth that has happened since 2008, has occurred for the people in the top 1%.

This one piece of information is so alarmingly obvious, yet we all miss the answer to the question of what has actually caused this. The answer is the general malaise and intellectual laziness that is a microcosm of how poorly our economy is planned and how efficiently wealth is being transferred for the seemingly “common good” that I honestly believe that all that is left is the “Economic Bieber Fever” moment when the box is finally opened and reality is observed. If that box were opened right now for reality to be observed, do you think that Mr. Snugglesby would be alive or dead? Well, unlike Schrödinger, I have an answer to this paradox. Actually, I have answers to all paradoxes. It’s kind of what I do.

The answer is that the first Mr. Snugglesby’s throat was slit way back in the year 1913 when the Federal Reserve was created. It turns out, that every single Fed Chairman since then has had the responsibility of going down to old man Jones’ Pet shop on Main street (you know the one that has the smell of urine and bird feed) and getting a look alike of Mr. Snugglesby, they just never told ‘the kids’ and it won’t be apparent until mass economic Bieber Fever observation meets reality, that in fact there has been a continuous dead cat economy for much longer than anyone expected. Every few years, the next cat’s throat is slit, it’s put into a box until the next guy has to deal with it, by going down to Old Man Jones’ pet shop on Main street -you know the one, it has *the smell of urine and birdfeed*, to get a look alike for the next guy.

My favorite part about the Schrödinger’s cat thought experiment is that it is a *Reductio ad absurdum* which is Latin for “reduction to absurdity” or a common form of argument which seeks to demonstrate that a statement must be true by showing that a false, untenable, or absurd result follows from its denial, much like my dead cat economy metaphor. Seriously, I dare you to try and out ridiculous me by disproving my dead cat metaphor. If you think that I’ve reduced esoteric topics like wealth transfer to an absurd point, try debating me without also having to do so. So, how do we really fix this dead cat of a global economy? Free markets, sound money, and a senate that wasn’t purchased by corporations more than 100 years ago, ending fractional reserve banking and corrupt Central Banking practices are a start. Sometimes I think as a group we all need to just wake up one day and

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collectively walk away from all things that are unnatural.

The values in our society on manmade, synthetic things like toxic derivatives and tranches. Toxic medicines our doctors prescribe, then our lawyers advertise about FDA recalls we can sue for to us during Jerry Springer and dangerous chemicals we put in our foods to 'preserve' them will ultimately destroy us.

Those who start popping off about how the earth naturally provides much of what we need like herbs with healing properties, and gold to become half of every exchange are considered by the mainstream to be a complete psychopath. Most people roll their eyes at the thought of meditation, acupuncture and Yoga in favor of highly ineffective talk therapy, Oxycontin and shake weights. To this author, there is a correlation between the health of our bodies and minds to the health of our financial system. Both have become dependent on manmade toxic mortgaged backed securities and faulty transvaginal mesh implants that ultimately will fail most people.

"We now live in a nation where doctors destroy health, lawyers destroy justice, universities destroy knowledge, governments destroy freedom, the press destroys information, religion destroys morals and our banks destroy the economy." - Chris Hedges, Sustainability the Musical

It's sad that you and I live in a world where a natural plant from the ground can treat symptoms of AIDS, cancer, pain etc. but is illegal, yet manmade poison in our food doesn't get a second thought. In fact, the company responsible for it has had a revolving door with our government for several years now. I think we can do better.

In 8th grade my English teacher Ms. Ramos told me that I should never write using Clichés. In 12th grade, my English teacher Brother George told me that first you have to learn the rules when writing, before you can break them. So with that said; now you are aware that I am aware of the cliché rule, so now I can break the rule.

In our society, "fake is the new real." That's my cliché. To most people that means impossible standards of beauty in magazines, but this is only the surface level of fakeness in our society. Our food is fake, thanks to Monsanto and Dow Chemical. Our television is fake, thanks to 'reality TV'. Our news is fake, thanks to the six corporations that own everything we see. Much of our medicine is 'fake' in the sense that it

makes us sicker with side effects, thanks to the FDA. And our money is fake, thanks to the Fed and treasury department. We put more faith in the fake instruments of debt we hold in our pockets called United States dollars than we do in gold, which is the only asset that has never defaulted in history. The fiat currency you are right now holding in your wallet is only worth something because we are forced by 'decree' to accept it through legal tender laws and if government imposed legal tender laws are natural then so are Twinkies, Bisphenol-A and sausage McMuffins.

Economic Sickness

Our faith in paper assets is a sickness with an extremely painful, yet a necessary cure. Nobody said this was going to be easy, but the pain of staying the course is far greater than the pain of changing directions. The great irony is that we can create synthetic medicines, but when steering the metaphorical global problem solving ship, we don't even have an astrolabe to triangulate a new course. Actually, most of us won't even admit that we need to change courses.

Chartalism is an economic theory which details the procedure and consequences of using government decreed tokens as the unit of money, which we have been calling fiat money and is as outdated as grandma's dating advice to her granddaughter: "Don't seem so smart dear, otherwise boys won't like you." The name derives from the Latin 'Charta' meaning a token or ticket. The modern theoretical body of work on chartalism is known as Modern Monetary Theory and abbreviated (MMT).

MMT describes and analyzes modern economies in which the national currency is fiat money, established and created exclusively by and for the government. In MMT, money enters circulation through government spending, then of course taxation is employed to establish the Charta or fiat token as currency, which gives it value by creating demand for it in the form of a private tax obligation which can only be met using the government's mandated fiat currency. Not that taxes didn't exist prior. It is no secret that the Federal Reserve Act and 16th amendment were created in the same year. An ongoing tax obligation, in concert with private confidence and acceptance of the currency, maintains its value because the government can issue its own currency at will, MMT maintains that the level of taxation relative to government spending the government's deficit spending or budget surplus is in reality a policy tool that regulates inflation and unemployment, and not a means of

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funding the government's activities per se. The theory was presented by German statistician and economist G.F. Knapp in 1895. It was referenced in the 1930 fallacy ridden *Treatise of Money* by my mortal enemy John Maynard Keynes, which cited Knapp and "Chartalism" in its opening pages. Chartalism experienced a revival under Keynes and has a number of modern proponents, all of whom are total A-holes.

Trying to explain to a proponent of Chartalism or MMT or those who believe in central banking that Fiat currency is a bad thing and should be stopped would be like a father trying to explain to his son Mephistopheles that:

"Working for the devil and collecting the souls of the damned has really changed your personality. You're just not the same anymore. Are you smoking the pot? Meph, you need to call your mother she's worried sick about you, and ultimately I really think Satan is just using you."

Absolutely nothing gets through to some people. Also, why is it that everything really scary has to be German? I mean first you had Mephistopheles, then Chartalism plus Marx and Engels, what's next, an Anti-Santa Claus demon?

Oh wait, these people already came up with that. He's called Krampus and he frightens the living daylights out of little German boys and girls. Krampus is said to punish bad children during the Yule season, by capturing them in his sack and carrying them away to his lair. Krampus is represented as a beast-like creature, generally demonic in appearance in contrast with Saint Nicholas, who rewards nice kids with gifts. These people just couldn't stop at Santa giving you coal in your stocking could they? They had to make a beast that abducts you in the middle of the night and drags you to his lair for not apologizing after eating the last piece of strudel. He even appears on holiday greeting cards called *Krampuskarten*, I'll be sure to send out a few of those next season. It sounds to me like Krampus should clean up his act or he could end up on the business end of a hidden video camera with Chris Hansen of Dateline NBC saying "Why don't you have a seat?"

Published in German in 1895, Knapp coined the term "chartalism" in his *State Theory of Money*, which argued that "money is a creature of law" rather than a commodity. I completely disagree, except the usage of the word "creature" when modifying the word 'money' in respect to 'law' really has a certain Je ne sais quoi. He gets *Krampus, Marx, Engels* and

Mephistopheles points for scaring the living daylight out of me with Chartalism and his concept of how money should work for the government, in order to enslave you to inflation without you getting the memo, or even as much as a *Krampuskarten*.

Knapp contrasted his state mandated theory of money with the view of “metallism”, where the value of a unit of currency depended on the quantity of precious metal it contained or could be exchanged for. He argued the state could create pure paper money and make it exchangeable by recognizing it as legal tender, with the criterion for the money of a state being “that which is accepted at the public pay offices.” Even Paul Krugman has stated that the MMT view that deficits never matter as long as you have your own currency is “just not right”. Bob Murphy, who is currently trying to debate Paul Krugman on the Business Cycle, is in agreement with Krugman on MMT that: “the MMT worldview doesn’t live up to its promises” and that it seems to be “dead wrong.” Daniel Kuehn has voiced his agreement with Murphy, stating “it’s bad economics to confuse accounting identities with behavioral laws ...economics is not accounting.” The point of all of this is that, as a species, we refuse to learn from bad policy decisions in regards to money and economics or those in power want things to go badly so that they are needed, kind of like in Münchhausen syndrome by proxy where someone’s caregiver makes them sick intentionally, so that the caregiver can ‘feel’ needed. There is no greater example of financial Münchhausen syndrome by proxy than the Federal Reserve, they keep us sick and we play the role. To even question this phenomenon catches people as strange, as if it doesn’t exist like Keyser Söze in the movie *The Usual Suspects*, Verbal Kint explains the story of Keyser Söze:

“Nobody believed he was real. Nobody ever saw him or knew anybody that ever worked directly for him, but to hear Kobayashi tell it, anybody could have worked for Söze. You never knew. That was his power. The greatest trick the Devil ever pulled was convincing the world he didn’t exist.”

The only thing scarier than Keyser Söze’s power to make people question if he even *exists*, is a world where people don’t question how money *should*. Instead, we mistake official looking pieces of paper called *currency*, in place of real money called specie, also known to you as Gold and Silver. Historically this is not a recent phenomenon. This is a cycle that continues to repeat, no matter how many times it fails. I would like to conveniently blame most of this on Keynesian economics, but that

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would be unfair. It is a mathematical certainty that this cycle of human stupidity will repeat on us in the near future, like some bad peppercorn ranch dressing. If Verbil Kint is right and “The greatest trick the devil ever pulled was convincing the world he didn’t exist,” then the second greatest trick ever pulled is governments convincing people that paper is money and specie isn’t. If you know how to get rid of that problem in any other way than creating a satire to explain to people about our economic Munchausen by Proxy syndrome, please let me know. I’m entertaining *any and all ideas*.

Eventually, the “bad peppercorn ranch economic paper cycle” will end when confidence is lost, also known as the “economic Bieber Fever moment”. In 100 years, the dollar will surely be extinct and specie will still be here. Governments and charlatists, will do their best to restart the cycle by denying all the evidence and convince us that gold is a barbarous relic, like creationists claiming God put dinosaur fossils here to test our faith. This cycle begins with government imposed fiat currency and expands itself to include all other forms of paper based financial sorcery, like derivatives and the bond market.

Still not convinced history supports my claim of the bad economic peppercorn ranch dressing paper cycle repeating on you through PANIC! Induced reverse peristalsis? You think derivatives are somehow new? One of the oldest derivatives was Rice futures, which were traded on the Dojima Rice Exchange since the eighteenth century.

Of course during a depression where everyone is starving you can’t eat gold, silver or paper. But when paper assets become worthless, gold and silver can still be used as a medium of exchange. Farmer Green Jeans isn’t going to trade you some eggs or tires for your car in exchange for 7 derivatives and a Mortgage backed security. When you try and explain to him that Moody’s gave all your paper assets AAA+ ratings, it will mean the same as it did before the PANIC! of 2008, *absolutely nothing*. In fact, trying to exchange 7 derivatives and a mortgaged backed security for any good or service would kind of make you the *opposite* of a “doomsday prepper”, more of a “post peppercorn ranch cycle paper asset panhandler”, commonly known as an *idiot*.

All faith in paper based assets is idiocratic. Come to think of it, there’s a great movie called “Idiocracy” where Luke Wilson plays a character who goes forward in time and everyone in America has become incredibly stupid. A corporation has convinced everyone to water all crops with a

sports drink called “Brawndo” and even though nothing grows, they still respond by saying “But, Brawndo’s got what plants crave. It’s got electrolytes. You want us to put water on the crops instead?” Luke Wilson’s character says “yes” and the government responds by saying “but, this has *electrolytes*”. Explaining to people that paper is currency and gold is money tends to make me feel like I’m explaining that you shouldn’t water crops with Brawndo. When stupid people are in control we end up with dead cat economies. As water has been relegated to nothing more than septic usage in toilets, the rest of the conversation between Luke Wilson and the future President’s cabinet on why agriculture has completely dried up goes something like this:

Luke Wilson: ‘Well, let’s look at the situation. The plants aren’t growing, so I’m pretty sure that the Brawndo isn’t working. We should just try the water out instead and see if that works.’

Cabinet Members: ‘Yeah? Well, I’ve never seen plants grow out of a toilet.’

Luke Wilson: ‘Okay, look - we want to get this problem solved. So we have to try a solution of some kind. Let’s see if the water hypothesis works, and go from there, rather than worrying about what plants may or may not crave.’

Cabinet Members: “But we know what plants crave. Brawndo. It’s got electrolytes.”

Luke Wilson: ...“Okay - what are electrolytes? Do you know?”

Cabinet Members: “Yeah. It’s what they use to make Brawndo.”

Luke Wilson: “But why do they use them in Brawndo? What do they do?”

Cabinet Members: “They’re part of what plants crave.”

Luke Wilson: “But why do plants crave them?”

Cabinet Members: “Because plants crave Brawndo, and Brawndo has electrolytes.”

Isn’t reading that getting painful? It’s like trying to convince a Keynesian that gold isn’t a barbarous relic. I’m sure, common sense Farmer Green

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Jeans would probably laugh at you, your Moody's triple A credit ratings and tell you where you can stick your electrolytes, equity and risk averse securities.

In fact one of my favorite ways our government makes peppercorn ranch style paper assets look legitimate is through the usage of the term 'securities' which the United States securities exchange act of 1934 defined as: "Any note, stock,, treasury stock, bond, debenture, certificate of interest or participation in any profit sharing agreement or in any oil, gas, or other mineral royalty or lease any collateral trust certificate preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit, for a security, any put, call, straddle, option or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or any note, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited."

Now, don't get me wrong I am not against the industry of finance; it's just that they try so hard to make ordinary pieces of paper look so official when defining them. Also instead of letting the free market regulate these pieces of paper, the government tries to do so themselves and instead of solving problems we bail out the very people who use these financial instruments to cause chaos In the first place. Making it very difficult for me to take paper assets seriously, kind of like the Vinny Barbarino defense when being held accountable by Mr. Kotter "I refuse to testify on the grounds that I might incinerate myself". All I'm asking is for the world of finance to be held as accountable to the free market as Vinny Barbarino to Mr. Kotter⁸⁹.

⁸⁹ That was for the baby boomers reading this book because 90 percent of the pop culture references in this book are geared toward people under 30. Consequently, when

One of my favorite examples of credibility in paper based assets are called Mortgaged backed securities, *the other white meat*. MBS start as mortgages taken out by individuals against their homes, these mortgages are then pooled together with lots of other related mortgages which means they are then said to be ‘collateralized’, the pooled mortgages serve as collateral that backs up the pool. The entity that collateralized the mortgages (like a bank or shadow bank) issues a bond using the pool as collateral for that security to be issued on the open market; this is referred to as being ‘securitized’. So basically Mortgaged backed securities are bonds backed by a pool of mortgages. This allows for a liquid cash flow stream resulting from the monthly mortgage payments given to the bondholders, which is used to retire the bond over a specified period of time like 30 years or so. The risk-reward is determined by investment rating companies like Moody’s and S&P⁹⁰.

There are two major classifications of MBS:

1. Passthroughs
2. CMOs or Collateralized mortgaged obligations also known as REMICS or Real Estate Mortgage Investment Conduits

CMOs are then further subdivided into two major classifications:

1. Sequential
2. senior/subordinated structures

The first ‘sequential’ subdivision are often likened to a pie cut into several slices or a “tranche” which are a number of related securities offered as part of the same transaction. In this type of structure the first tranche gets monthly principal and interest payments while all of the other tranches only receive monthly interest payments. When the first

it comes to pop culture references my old editor Dawn has asked me several times now via email to “never again speak publically or write the term ‘Economic Bieber Fever’ ever again for fear of losing both, likeability and credibility.” But then I hired a new editor, Kristen from Film Genius Script Consulting and she got that the reference is intentionally so annoying that you can never forget it so, it stayed. I listened to Dawn about not including any pop ups of either Ludwig Von Mises or F.A. Hayek, like she asked of me.

⁹⁰ “Bond\$: The other Market” by George L. Fulton.

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tranche is paid off the second tranche receives principal and interest payments while the others continue only receiving monthly interest payments and on and on until the last tranche is paid off the principal payment is generally a function of interest rates.

Buyers of tranches tend to be hedge funds investors seeking higher risk/return profiles who are rarely held accountable to Mr. Cotter. When it comes to credibility, the word tranche is French for slice, section, series, or portion and French makes everything sound so much more credible. Ever seen someone proudly proclaim themselves to be bourgeois? Even though it means “marked by a concern for material interests and respectability and a tendency toward mediocrity” It just sounds so good because it’s French. Even I’m guilty of doing it. I am so Laissez-Faire it’s *‘ridicule’*.

When default occurs, different tranches can have conflicting goals, which can lead to expensive and time-consuming legal ramifications, called tranche warfare an obvious pun on the term trench warfare. These goals might not be aligned with the structure as a whole or of any particular borrower which means that no agent is acting as a fiduciary. For instance it may be in the interest of one tranche to foreclose on one specific defaulted mortgage, while on the other hand it would be in the interest of another tranche to renegotiate the terms of the mortgage. In the words of structuring pioneer Lewis Ranieri:

“The cardinal principle in the mortgage crisis is a very old one. You are almost always better off restructuring a loan in a crisis with a borrower than going to a foreclosure. In the past that was never at issue because the loan was always in the hands of someone acting as a fiduciary. The bank, or someone like a bank owned them, and they always exercised their best judgment and their interest. The problem now with the size of securitization and so many loans are not in the hands of a portfolio lender but in a security where structurally nobody is acting as the fiduciary.”

A fiduciary is somebody who legally acts on the behalf of someone else in a particular situation which gives rise to a relationship of trust and confidence. Typically, a fiduciary prudently takes care of money for another person. What Ranieri is saying is that these paper assets, which look super credible because we have Moody’s and Standard and Poors grading them are so plentiful that nobody can act as the fiduciary in the best interest of the people whose homes you’re basically gambling on.

Imagine you're 12 and getting picked on at the playground by some 15 year olds and your really cool neighbor who is like 19, drives up in his motorcycle and scares away the kids that are picking on you. He would kind of be your personal fiduciary. Not having anyone acting as the fiduciary to maintain these paper assets because there is no room for it in this type of investment was a major contributor to the PANIC! Of 2008 and comes with major systemic risk as it is possible that MBS can be worth less today than they were originally bought for and sold at a loss when a large group of people default on their houses. In case you don't recall, the Fed is purchasing \$40 billion in Toxic (useless) MBS per month in order to prevent a collapse in the housing sector. This is why I do not personally care for many paper assets, particularly ones that once issued a new paper asset must be issued on top of the first one in order to cover the interest plus the principal of the original asset, like in the bond market which is highly deflationary and compulsory. If they stopped tomorrow issuing new bonds, entire governments would crumble people would lose their homes and all kinds of terrible domino effect chaos would happen because of the actions of a very small group of wealthy people. Although paper assets are seemingly credible with ratings agencies and legal jargon to describe them-they are major contributors to our dead cat economy and have within recent years led to massive defaults and deflation.

How are we going to fix our dead cat economy when we don't even know what kind of government we have? Most would say that we're a democracy, but originally we were supposed to be a constitutional republic. When it comes to a democracy and wealth transferring, Stefan Molyneux said: "We can see that at least at the level of economics-democracy is a sort of slow-motion suicide, in which you are told that it is the highest civic virtue to approve of those who want to rob you." But where does that leave us? That kind of sounds like democratic Cronyism or socialism.

Petrarch once said: "The abuse of buying and selling votes crept in and money began to play an important part in determining elections. Later on this process of corruption spread to the law courts. And then to the Army and finally the Republic was subjected to the rule of Emperors."

Assuming Petrarch isn't way off on this one, I think it's pretty obvious when it comes to special interest groups and lobbyists who really own our senate and try to lean every single vote their way that our whole government is a scam to give us the illusion of choice, where there

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really isn't any. As George Carlin said the only choice you have is "paper or plastic". Corporatacracy and fascism are kissing cousins, way too close for my comfort. When big business interests move in on government it becomes a very ugly very slippery slope. Fascism is the merging of State Power and Private Corporate entities, a corporatacracy is when bribes and regulations by government are used to put smaller competitors out of business for the gain of the biggest competitors, progressives love regulations and the irony is that government creates an economy that looks just like a socialist's caricature of capitalism, where the big get bigger and the small get knocked out while capitalism improperly takes the blame. Kleptocracy is a Government by thieves, for thieves. We definitely have that. Plutocracy is a Government by the rich, for the rich. 7 out of 10 of the richest counties in America surround Washington D.C. because our government exists to make a small group of people very rich, the top 3 richest counties in America: Loudoun, Fairfax and Arlington are in Virginia the neighboring suburbs of Washington D.C. and not by accident. A dude named Lysander Spooner once wrote:

"A man is none the less a slave because he is allowed to choose a new master once in a term of years. Neither are a people any the less slaves because permitted periodically to choose new masters. What makes them slaves is the fact that they now are, and are always hereafter to be, in the hands of men whose power over them is, and always is to be, absolute and irresponsible."

I guess this leaves the U.S. as some kind of a constitutionally-socialistic-De- mo-plutocri-fascicrono-klepto-idiocracy. Which essentially means, a government by and for assholes, stupid enough to consistently call for more of it and thanks to whatever kind of government we actually do have the pursuit of profit becomes a corrupting process instead of an ennobling one that benefits society as a whole. In the next 10 years we are going to see a radical increase in the size of government, ineffective bureaucracy, unemployment, intervention and a disappearing middle class. The rich will take the blame, the poor will lose all of their freedom and we will have socialism up the wazoo. Capitalism will truly receive the death blow. We have remnants of capitalism, similarly to if you burnt down a house completely and walked inside and saw a couch, that is no longer a couch. You wouldn't sit on that couch and watch monday night football. It is charred and useless and needs to be replaced. We have a dangerous mixture of Cronyism, Communism, Fascism and Corporateacracry. How could it be capitalistic if you have a Central Bank

and a planned economy? If they want to create prosperity they create fake dollars and an infusion of credit to create an illusion of prosperity. The fed makes the government dependent on private banks for money and now we're being taxed to death.

Enter two more scary Germans, no not Mephistopheles, Hitler, Krampus or economist G.F. Krupp, Friedrich Engels and Karl Marx who have significantly more influence than you'd think. Central Banking is the 5th plank of Karl Marx's communist manifesto. "Centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly". That's communism, it's in there, read it.

We talk about being a capitalistic country, yet we have a Central Bank that plans everything for us. We are equally as capitalist as the burned couch inside of the home we set fire to. The second plank in the communist manifesto is a "heavy progressive or graduated income tax" basically the IRS is also in the communist manifesto. The people who created the Federal Reserve knew this, no it is not an accident that these two were enacted in the same year. Face it, we are kind of communist. I wouldn't say this next Planck is as devastating, but the third Planck is "abolition of all right of inheritance" this way wealth cannot be transferred from members of the same family to one another, the left is advocating the 'death tax' be implemented. This is another reason, why I am on occasion glad for the existence of bat-shit-crazy-hate-mongering-republicans to counter act the bat shit crazy stupidity of progressives who may or may not realize they are advocating three of the ten planks of Karl Marx and Frederich Engel's nightmarish Germanic dead cat economic vision.

So, Once again this begs the question of how do we fix this global dead cat economy? The answer is to lose faith in everything set to destroy it and create a global shift in consciousness towards one another and what makes us better, essentially let's do whatever we have to make that *Pussy Purr again*.

That means losing faith and not falling victim to governments and academics giving credibility to bad ideas through PHDs, government seals of approval and singing The Star Spangled Banner with our hats still on. We need to stop as Henry Hill would say "listening to good government bullshit", because as far back as he could always remember he always wanted to be a gangster, well as far back as I can remember I always wanted to become an economic warlord and I suggest you do

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too.

Ultimately, all of us have to answer one simple question: If you had to be either 'credulous' or 'incredulous' which would you pick? Our society and education system ingrains in us that it is better to be a believer in lies and populist opinions, than it is to question lies and herd think. If I had to choose right now between being a statist or anarchist, a sheep or a conspiracy theorist, credulous or incredulous-every time I would choose the latter option and I'll tell you why. I began questioning all motives of people 30 years old or older on my fourth birthday when my grandpa decided to put trick candles on my cake in order to humiliate me in front of all my friends. It worked. Of all the things that really gets my goat, few can top Central Banking and my grandpa Peter asking me to pull his finger except being too credulous and falling victim to an illusion. Ever since I couldn't blow those candles out I have perpetually questioned the motives of nearly everyone. A full decade later my grandpa decided to steal my nose, without my permission under the promise of returning it to me the next time that we saw one another. Unfortunately, that ended up being the last time I did in fact see him outside of a coffin, as he died on Cinco de Mayo in 1997. The only thing I miss more than my nose is having an Italian grandpa around to perpetually put his finger on my chest and ask me, "what's dat?" of course I fell for it every time, and looked down at his finger which he used to poke my nose. No one could make me incredulously lose faith in cheap illusions like fake candles and paper assets quite like my perpetually ball breaking grandpa could.

My Bronx born grandpa was a talented guy who taught me: Italian, how to whistle loud with two fingers, hit a baseball, throw a football- he could juggle and do card tricks too. I believe the last straw of credulity for me happened a few days before he stole my nose. He was teaching me how to 'walk the dog' with his Yo-Yo. Well, actually I was watching him 'walk the dog' until he snapped his wrist and his Yo-Yo hit me directly between my eyes. All the kids in the neighborhood were laughing at me, it became apparent that losing credulity in illusions like Central Banking, paper assets and my grandpa's Yo-Yo can be accomplished by making people pull your finger and proving to people just how completely irrelevant and forgettable these institutions really are. In order to do that, I must relate to you, the reader by comparing them to something equally if not even more forgettable than my nose being stolen. My grandpa was completely unforgettable, and actually, the person I am currently thinking of is so forgettable that he is

“unforgettably forgettable”, he is almost an homage to forget-ability and when I think of someone that “unforgettably forgettable”, I can *only* be talking about former United States president, Millard Fillmore.

Born in 1800, he was the 13th president of the United States from 1850-1853 who only became president due to his big break, the unexpected death of Zachary Taylor. Millard Fillmore’s only claim to fame rests on the single laurel that he was the first president to have a bathtub installed in the white house while in office. *I mean, that kind of irrelevant.* Fillmore was so irrelevant that Taft’s claim to fame completely stole his sunshine⁹¹, weighing in at 330lbs in the year 1910 he managed to get stuck inside of that very bathtub causing 6 aids to need to help remove him, as well as that bathtub, Fillmore’s *pride and joy*- in favor of a Taft-sized one.

I will now give you an anecdote proving how incredibly irrelevant this man was. Fillmore’s presidency, which can be completely encapsulated by this story: after he was sworn in he decided that he needed a new carriage so he fetched a white house attendant named Edward Moran to find a suitable one. Moran found a handsome carriage being fire sold cheaply by a man rushing to leave town. Millard inspected it and asked “how would it do, Moran for the president of the United States to ride around in a second hand carriage?” to which Moran replied sincerely, “but surely your excellency is only a secondhand president!”

That white house attendant is an inspiration to me and should be to you too. The ability to sum up a single idea or person so unforgettably forgettable in *one single quote* is the dream of any satirist. The macro solution really is as simple as forgetting about all that is second hand. If I owned a Pussy that would certainly *make it purr*. I think I’ll go remedy that right now by finding my way down to old man Jones’ Pet shop on Main street, you know the one that’s had the same smell of urine and bird feed since you were a kid in the early 1970s, but you and your friends always used to joke around about how the smell of urine and bird feed was in fact coming from Old Man Jones himself and not actually from the animal urine and bird feed located inside of his store?

⁹¹ Like my grandpa stole my nose.

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EPILOGUE

THE ULTIMATE SOLUTION: THE EXPANSION OF CONSCIOUSNESS

I'm the type of guy who really wants to restore other people's faith in humanity-I've been cursed with compassion and it's actually a lot harder to deal with than you might realize. It's stressful and not easy to cope with, when you really care even about people you don't know.

Here's something that gives me hope for the future though, you may have heard of the 100th monkey study done by Japanese scientists about a colony of monkeys that learned through observation to clean sweet potatoes in a river before eating them. The first one was taught and then after that they taught each other until the whole colony learned. This domino effect concept, also known as a "tipping point" was popularized by Malcolm Gladwell's book, "The Tipping Point." It's an interesting read loaded with highly unscientific, barely substantiated empirical evidence which gives some cool accounts of how things can shift from popular to epidemic, which is apparently all you really need to be on the *New York Times* Bestsellers list and make a shit ton of money. This 100th monkey study has been thoroughly debunked. Claims that the practice spread suddenly to other isolated populations of monkeys may be called into question given the fact that at least one washing monkey swam to another population and spent about four years there. It is also to be noted that the sweet potato was not available to the monkeys prior to human intervention.

I really don't give a shit that monkeys did not have sweet potatoes before humans or that the whole process took longer than was originally stated or that one monkey swam to other monkeys, honestly I didn't even know monkeys could swim. What I do care about is that something that is so different yet has only a one-percent difference in genetics to we humans is capable on some level of making change. A

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global instantaneous spreading of an idea or skill to the remainder of a population once a certain portion of that population has heard of the new idea or learned the new ability by some unknown process has *global consciousness shift* written all over it. All of these illusions and systems around us are unsustainable, which gives me hope that it is possible for there to be a tipping point we could reach that would finally make us realize we need to change. I'm sure I sound really naive right now, but it's my book so suffer through it. Don't believe me that things can change almost overnight, a "global consciousness paradigm shift"? I will debunk you right now with my own brand of highly unscientific non-empirical evidence; it worked for Malcolm Gladwell and got him on "The Colbert Report" so maybe it will work for me. Ready to get owned?

About three years ago, one morning I turned on my computer and realized there was a massive global consciousness shift where it seemed like overnight absolutely everyone just *hated* Dane Cook. I mean, people just hate the ground that guy walks on. There was no defining moment, he didn't drop an N-bomb on stage like Kramer from Seinfeld, just like that monkey washing that sweet potato reached a tipping point, somewhere somehow absolutely everyone hates Dane Cook. When his name *does get mentioned*, people just roll their eyes now.

I remember seeing his act in the late 1990s early 2000s, the way he ended it was hysterical. He had a whole sketch on the differences between how whites, blacks and Hispanics act just before they get into a fight and then he ripped off his shirt and pants imitating an angry black man. Funny stuff. Lo and behold several years later-global consciousness shift, like five billion people hate this man's guts-*still not really sure why*.

He made "Good Luck Chuck" and that was an insufferable two hours of my life. Either way, tipping point. Boom. You've been debunked. Everyone hates Dane Cook. Now, if only I could get 99 more monkeys like me to hate Socialism, fractional reserve banking or the Federal Reserve I think we'll be sweet-potatoes. The "Dane Cook global consciousness paradigm shift" has given me hope for the future, particularly because it happened without any real defining moment.

Okay, so my flimsy Dane Cook "Global Consciousness paradigm Shift" doesn't really prove anything to you? Well, you're goddamned right it doesn't, I'm just *glad you're thinking*. Well then how about published research stating that the universe may in fact be growing in the same

way as a giant brain? Because according to social-consciousness.com “a study published in Nature’s Scientific Reports, the universe may be growing in the same way as a giant brain – with the electrical firing between brain cells ‘mirrored’ by the shape of expanding galaxies. The results of a computer simulation suggest that “natural growth dynamics” - the way that systems evolve - are the same for different kinds of networks - whether it’s the Internet, the human brain or the universe as a whole.”

They go on to state that, “A co-author of the study, Dmitri Krioukov from the University of California San Diego, said that while such systems appear very different, they have evolved in very similar ways. The result, they argue, is that the universe really does grow like a brain. The study raises profound questions about how the universe works, Krioukov said.”⁹²

Okay, so that’s pretty cool, right? But what does this have to do with economics? *Everything*. If there is in fact *some level* of consciousness to the universe, be it the Judeo-Christian God, Krishna, Allah, or Mike Ditka that is about all I need to work with to attempt to undermine the credibility of those who think they can plan better for us than billions of economic actors can for themselves. If the Universe is in fact somehow connected by energy and some level of even the *slightest* bit of consciousness that means we are all connected, and if we are all connected how we respond to and treat one another *really* matters. Economics is the science of humans interacting and taking action to attain their needs, resources and wants; economics, although at times a dismal science, is important. Contrary to popular opinion when we think of taking care of one another most people do not think of what we all have in common, most think of sociology, which is really the science of elitists planning for poor people to keep them poor, and then studying the outcomes of their bad ideas while all along having *really positive intentions*.

Private property, free trade, free markets, voluntary transactions, not paying taxes on everything that you own (like your private property

⁹² www.social-consciousness.com.

and assets) sounds a lot more like the free spirited conscious brain-like universe these physicists are describing, than a hellish nightmare that can only be concocted by humans-like public housing in the South Bronx, which was certainly concocted by stupid politicians and not through anything natural like a Big Bang. The fact that order in a system, economy, ecosystem or society comes through chaos sounds very much like the free market and the universe have a lot in common. This whole book can be summed up in two statements:

1. John Bonetti is crazy and don't do what John Bonetti does. Physics teaches us that through chaos comes order: capitalism and free market economics, though not perfect, encapsulate this truth. Forcing order on people through: taxes, regulations, tariffs, central banking and socialist planning boards creates nothing but chaos and allows
2. for plenty of sneaky wealth transferring into the hands of a very small group of people. Wisdom is leaving people to go about their business. Knowledge and pretense suggest planning for them to keep them safe from themselves and in so doing causing tremendous wealth to transfer most unfairly.

So if Dane Cook can't save the day, maybe a universe level consciousness shift could do it? How hard can it be to explain to people that chaos creates order and forcing order on people creates chaos? You're probably asking, how do we start?

1. By losing faith in all that is illusory. As George Carlin said, "It's all bullshit and bullshit is bad for ya."
2. Realize that chaos is random and exists everywhere all the way down to the subatomic level so no matter how much knowledge any group of people claim they have, it is pointless to vote for them to have power.

Bloated, useless bureaucracies constantly attempt to plan around it, but this only leads us to: the business cycle, poverty, inflation and ultimately serfdom. Classifying animal species is fine, but nobody should ever recommend a group of biologists plan an ecosystem. If they do, they're stuck in Ego, where knowledge takes precedence. Letting the chaos of the ecosystem come to order on its own is wisdom.

3. Please don't do what John Bonetti does.

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Please don't do what John Bonetti does.

If all humans actually consist of the "fabric and structure of existence itself" then that would suggest that we are all one "whole". We can't actually be separated from one another, if we are all fundamentally the same thing. Our perception of each other is all that allows us to misperceive the reality that skin color, income and religions are what define us. And if we combine to create one whole made of the same fabric and structure of existence, how we act directly affects everyone.

The mainstream dichotomies of rich vs. poor, black vs. white, Christian vs. Muslim are simply man made, foolish and egoistic perceptions of not the whole, but the sum of its parts rather than as something far more significant. In fact, according to Arthur Koestler, wholes and parts do not exist anywhere in an absolute sense as nothing exists without some context, no-thing is a disjointed or disconnected piece of a larger puzzle. In the 1960s he popularized his theory of Holons, which suggests that the cosmos consists of an endless sequence of wholes within wholes, each one a complete entity within itself- each Holon a stable and intermediate form that is autonomous and integral to another Holon which creates a holarchy, not a hierarchy. It all starts at one single Holon, like an individual which forms a group then a society. This holistic conception of the universe says that Holons range in size from tiny subatomic particles to the unimaginably immense multiverse and that all are whole and integral-there are no parts and absolutely all of them *matter*. By that I mean, at no point does the universe subjugate one for the sake of the whole and each Holon is influenced by both the Holons that preceded it and those that follow. Every Holon is considered a self-evolving structure within an open-ended system, clearly growth is the most important aspect here. It not only actualizes itself, but it includes what it can from the previous Holon and those that

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follow. Everything is whole, everything is one. We are all made from the same fabric, the same structure and there is *nothing* separating us, not even skin color.

There is further evidence that everything is one for instance, Mandelbrot fractals. You can Google these if you're not familiar with them, they are infinite spiraling patterns seen in nature like: ice crystals, snowflakes or the top of a piece of goddamned broccoli. Broccoli can tell you more about existence than a Keynesian. William Blake said: "to see the world in a grain of sand and hold eternity in the palm of your hand" fractals spiral in an endless pattern of self-similarity as one identical Holon spirals out and interacts with another and the microcosm becomes the macrocosm, just like something as small as a grain of sand can influence the world around it.

So what have we learned here? The same patterns of the universe repeat themselves and that chaos, not planning is what creates this order which is seen anywhere from language patterns to the cosmos. Our entire lives are governed by this chaos, but our society is so backwards we're focused on red light cameras and voting booths, not how each individual is unique on their own and influences the greater picture to be so. The key to unlocking our uniqueness is our individual potential as Holons and literally every single strand of everyone's DNA is made of fractals.

Literally what makes us fundamentally unique as individuals is manifested in every cell of our bodies. The way to best honor this scientific fact is to acknowledge the existence of these patterns and work in accordance with them by actualizing the growth that is already inside of the organism by allowing it to further express itself. This is a total game changer, everything that is in you is in me. Growth and self-actualization of the individual- each and every Holon that tends toward actualization will actualize and influence the next one which will spiral out like a fractal and these are the keys to a better economy, a better people and a better planet.

Clearly individualism is expressed in every chapter of this book and is exactly one with the laws of nature, we are all connected and benefitted by those who use their own creative potentials motivated by their own self interest to be a force in the world around them-yes those greedy entrepreneurs are the only ones who can fix the economy. Each individual is meant to grow using the fractal spiraling DNA already

within themselves to affect the greater world around them- yes allowing each individual in school to express their own uniqueness and self actualize would benefit society and no enormous bureaucracies do *not* focus on self actualization. Each and every one of us has a calling or an urge we feel deep in our souls. All who seek to prevent others from reaching their peak, from self-actualizing are in fact engaging in the greatest of evils. This is the focus of Socialism to prevent individualism. This is why success needs to be taxed. This is why there is the sameness of standards in public education to remove that which makes us unique, to prevent growth and make one 'part' into something threatening to the 'whole'.

Those who misrepresent individualism as selfish and would prefer the subjugation of the many to the whole are in direct contradiction to what the universe has in store for us. They are in direct contradiction to what science has proven. Einstein said: "Political controversies are for today, but scientific truth is forever" There is nothing scientific about collectivism, it is man's egoistic urge to dominate his fellow man, to preside over him like Pharisees.

I hope you have begun to notice, that those who seek to preside over us, for the 'greater good' are in direct contrast to science in all of their explanations: Socialism and Keynesian economics in particular. The only true value that these fallacious collectivist ideologies offer us is the opportunity to juxtapose those from the past with current fallacious ideologies like: the Phlogiston theory of heat, Ptolemaic model of the solar system and Newtonian mechanics none of these are regarded as ontologically final or 'true'; therefore, their falsification allowed for further theoretical advancements. What I am saying is that these theories made great stepping stones to advancement. Let's do the same with Keynesian economics and socialism, write them off as fallacious stepping stones and embark on a new direction towards individualism so we can *actually* be scientific.

All key human insights have come from individuals, governments do not create, they prevent creation. Fractals and Holons played an integral part in our world before we got here, they are all around us and even within us. They originated spontaneously with no force, laws, regulations so I dare you to ask yourself this question, when you look out into the sky at night do you see spontaneous order coming through chaos or do you see it the other way around?

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Do you think that the entire universe could have been planned by socialist democrats working hard to make sure that you get income equality shining straight out of the back of a donkey? Or is there by chance a more organic holistic explanation for existence that perhaps what is good for the people is what is good for the planet because they are inextricably linked. Is it becoming clear yet? The allocation and consumption of natural resources matters, they are *our* resources, because they are us. We have a responsibility to ourselves, to our society and to the people who best handle those resources-entrepreneurs. Our responsibility starts with not allowing the government to misallocate those resources using random interest rates, misdirecting market signals to entrepreneurs and then taxing them for their alleged carbon usage. One thing affects another because we are all one interconnected experience.

As a human being ultimately you have two responsibilities: to create and to never attempt to prevent anyone else from doing the same. It is only through accessing the power of creation that we may attain our true selves, denying anyone this right is deplorable. Put your faith back in people. Remove your faith in that which superficially separates us. Hatred, fear, religion, government are what separates us from each other, and they are what separates us from our true selves.

You, the individual are infinite consciousness. Collectivist institutions are infinitely unconscious. It is no cosmic accident that they fear: free exchanges of ideas, capitalism, peace, voluntarism, free markets, individualism and uniqueness in favor of: Public schools, socialism, war, coercion, market intervention, collectivism and the status quo's sameness of opinion.

Oneness is manifested inside of your DNA. Consciousness spirals through you like fractals interacting with each other, Holons holistically include and preclude every fiber of your existence into becoming more of yourself. When collectivism seeks to fracture society they do it by forcing individuals to make choices they would not have otherwise made, to sacrifice themselves as some unimportant "part" that needs to be subjugated to the wishes of the "whole". Laws, war, regulations, bureaucracy, violence, inflation, currency, the business cycle and waste are all tools used to fragment us from what is infinitely expressed throughout our DNA.

Socialism is the process of restricting one or all people's ability to create

by blocking off the market and or eradicating it completely through communism. This creates human misery for multiple reasons: it destroys capital, immediately creates poverty, exacerbates race relations, demands violence be put in place to enforce the rules and ultimately denies the individual so before you go making fun of Ayn Rand (even though I do all the time and she totally earned it) she was on to something. She did grow up in Russia, so that kind of makes her an expert on why collectivism sucks. Oddly enough, the same people who roll their eyes at Ayn Rand also roll their eyes at the Law of attraction. I am not going to get all metaphysical on you, but the one biggest argument I have heard against the law of attraction is always done by socialists. They always say, “yeah that sounds great that ‘like attracts like’, but what if you were born in...”and then the ellipsis is always the name of a communist or socialist country where there are tons of really poor people, usually Black-possibly Latino. So, what is the answer? Of course there is a law of attraction, it’s Tony Montana in action. The law of attraction is nothing more than finding what it is you want to do, imagining yourself getting it, being excited to get it and then taking massive action-how fucking hard is that? It’s literally the process of creation and self-actualization I was mentioning before on the cellular level with Holons and fractals on the societal level it looks like entrepreneurship. What socialists always know without knowing it, is that, *yes* if you take the locus of control out of the hands of the person and put it into the hands of bureaucrats and politicians, intervene on the markets that sell goods and services, *yes* you have dimmed the light of creation tremendously. Literally, everything socialists believe in causes the law of attraction, self-growth and actualization to be *far* more difficult than it would be under healthier circumstances. All they know for sure is that someone from Haiti will indeed have a much greater difficulty creating wealth in their country than someone from Silicon Valley. Everything they don’t know could fill the cosmos the rest of us are looking at through our telescopes we use on our ‘leisure’ time they wish they could tax.

What they need to learn is that for you to restrict someone else’s ability or capacity to create is ultimately a restriction on oneself, the free exchange of ideas will always ‘need’ to be controlled by those who have none, the production and cooperative efforts of entrepreneurs will always ‘need’ to be taxed by those who syphon and plunder the innovations of their fellow man. Collaboration and the division of labor are the healthiest expressions of individuals who seek to improve the society around themselves and only once individuals understand this

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concept can society at large understand that diminishing or taxing one man's productive efforts is ultimately a tax on us all.

Restriction on creation can produce no benefit. Profit is nothing more than the result of man's collaborative efforts with the people and the environment around him to transform and create something with which society can benefit from on a whole, capital is the accumulation of those profits which can be used in the form of an investment to another entrepreneur in order to ease the next man's process of transformation and creation of the environment around *him*. To demonize profits as evil and taxation as good is to denounce man's highest capacity to create, and ultimately to deny himself. Those who think that big government is the way instead of the market are unconscious, greedy and lack creativity.

To suggest that profit is greed and you have the right to syphon their profits from them to transform that greed into some kind of a 'civic duty' is backward, ignorant and unscientific. Considering the 'takers' provide little in return, ask yourself, where do the following come from: art, culture, literature, medicine, philosophy, innovation, technology, ideas or any other form of advancement? Now those who do create and manage to profit from their own creativity and labor are shamed by society for trying to keep what they have made and are accused of "sheltering" their money somewhere like Switzerland or the Cayman islands. Keeping what you have made to save and or invest in someone else's future consumption is the first tenet of a healthy economy. Taxes fragment society into net gainers and net losers these collectivist ideas are what allowed the concept of 'distribution' and income inequality to be synonymous, even though before taxes 'distribution' does not even exist. One Holon influences another Holon. Involuntary exchanges, force and coercion by the state foster mistrust because collectivist distribution not earnings is what allows one group of people to exploit through transferring wealth at the expense of those who produce it. The lack of focus on the individual is exactly what causes inequality in the first place.

On the market every man who creates, produces and focuses on his individual desires and brings about gains then those become other people's gains. This is a relation of peace and harmony as earnings correspond to production and a wider division of labor which fosters trust especially between groups of people who may have previously been at odds. This also increases the living standard and allows for a

more sustainable environmental approach than what the Keynesian theory of the business cycle does by creating and consuming that which does not even fill a need-like millions of homes that were built and are still not inhabiting any poor people, yet are owned by banks and serve zero purpose, because government cannot allocate resources only individuals and entrepreneurs can. As Murray Rothbard said: "love of power or plunder, will lead (him) to the path of statist exploitation even when he knows all the consequences. In short, the man who is about to plunder is already familiar with the direct, immediate consequences". Those consequences of statism and collectivism are: coercion, exploitation, subjugation, caste conflict and a war against all through political correctness, poverty and capital consumption. Ultimately the lower standard of living comes directly from those who seek the power to help improve our standard of living through socialism.

The greatest paradox is that money is not everything and those who seek to serve themselves first in the pursuit of profit to then help others are seen as greedy; however, collectivists will never stop attempting to convince us if we just throw money at all of the parts of our problems they will magically disappear for the good of the whole. Cleverly they never mention that instead of creating capital-they need to redistribute it through taxes and create waste that otherwise would not have existed in order to make this system 'work'. This led to spending \$7 trillion dollars on social programs which have only served to increase the number of poor people and lowered the standard of living, paradoxically proving only one thing in the process- what they abhor most American exceptionalism is real. This is their unconscious term for denouncing 'individualism' subjugating the parts for the whole is unscientific that is why self-growth needs to be shamed, self-actualization is considered pointless.

This is a dangerous mentality that requires blind ambition allowing a small group of people to be the only people capable of making decisions for the good of other people to create a 'change' the world can believe in. No evidence on this planet exists to support these beliefs and that is why we allegedly need: war, flags, governments, police, central banks, laws, racism, taxes, sexism, fear and public shame through political correctness in order to change the behaviors and outcomes for billions of people. This is the exact definition of unconsciousness. Operating directly against human action and denying ourselves our individuality is in fact as unconscious as an ideology can get. The only ideologies slightly less unconscious than those which seek to destroy individuality

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like: socialism, communism, Keynesianism, collectivism and progressivism are those that turn individuality into mere buzzwords and catch phrases, like: Conservatism and republicanism. Libertarianism is in fact the direct opposite in where there is direct renewal of the concept and those willing to fight for what is clearly scientific and factual. Do you realize how much work goes in to focusing on the sum of the parts always staying beneath each other to prevent upsetting the whole? Do you realize how much is wasted of human potential as well as capital and most importantly in the environment to stay this unconscious? Collectivism is a series of philosophies motivated by envy and scientism, enforced by guns and bureaucracies and paid for by fiat currencies and inflation. Ultimately, these people are so incredibly unconscious they believe in nothing more than waste is creation and individualism is subjugation. So how can someone this unconscious who sees white as black and has shamed others who seek growth into staying small ever going to create change if they start outside of themselves before looking in? It is impossible to do so and this unconsciousness is the source of *all* of the world's problems.

Individualism and self-actualization requires far less work than collectivism and unconsciousness it is also the single most absurd theme ever expressed by mankind. In order to change the world you must first start with yourself and only then can you serve others. You are already this Holon, and it is up to you to grow and actualize your potential in order to influence the other Holons you are a much bigger part of the world than you can possibly imagine-this is not narcissism this is scientific fact and the way you relate to other Holons directly influences the next one and instead of spiraling into poverty together, we can spiral into prosperity like fractals.

I am sure that you are wondering, well that sounds great and all, but how do I self-actualize, maximize my potential and increase my consciousness? Well you should know me better than that by now not to worry, so just relax, I got this. I study all kinds of cool shit, not just economics.

So, when I say we need to increase our consciousness, is that just some random metaphysical bullshit? No, absolutely not. Allow me to describe "consciousness" in one easily digestible chart using what is known as Integral theory. Integral theory is the school of philosophy which seeks to integrate all of human wisdom into a single, emergent worldview that is able to accommodate knowledge from all previous worldviews,

including those which have been historically at odds: science to religion, eastern to western, pre-modern, modern and post-modern and especially individualism to collectivist.

Value Orientation		Organisational Culture
Turquoise	Holistic	"EXPERIENCE" This is a global thinking culture which takes an 'interconnected' view of working, living and the environment.
Yellow	Systemic	"LEARNING" The focus of this culture is on self-development, learning, applying knowledge and change. The organisation is generally agile with a clear direction.
Green	Communitarian	"RELATIONSHIP" A culture which is focused on building a community that is tolerant and accepting of differences and diversity. Emphasizes sharing and caring for others.
Orange	Prosperity	"ACHIEVEMENT" In this culture success and results are all important. The focus is on being entrepreneurial, pragmatic and doing whatever it takes to get the job done,
Blue	Truth	"CONFORMITY" The organisation values order, stability, and obeying rightful authority, rules and regulations. The focus is on the task not the person.
Red	Power	"CONTROL" The emphasis is on energy, power, and beating the competition (and sometimes there is a high level of internal competition).
Purple	Safety	"PROTECTION" Focus is on the maintenance of 'in-group' relationships that provide certainty, warmth, protection, support and guidance.

So take a look at this fucking chart I've got for you, without getting too far into integral theory as it is a massive topic, there are several people who are responsible for it, most famous of them is Ken Wilber. He has recently become some what of an internet phenomenon, I've been reading him for several years now and been to a few seminars that only afterwards it occurred to me that for three days the seminar teachers were just ripping this guy off and I was naïve enough to pay for it. People who know of his work usually speak of him glowingly; however, of course there are detractors. It is my belief that the people who really don't like him, also really don't like self-knowledge, because it makes them uncomfortable, for some people the unexamined life is the only one worth living. People who see the world that way are what is called a

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“Momo”, if you’re Italian you’re familiar with this term. It means a stupid person but not just stupid like you can’t add 2 plus 3, that’s a “stunad” a “stronzo” or an “idiota” in Italian. A “Momo” is someone who would respond to self-knowledge by calling *it* dumb, he all around lacks wisdom. The cosmos is telling you don’t be a fuckin’ Momo. The first step to never being a Momo again, is awareness-just like any problem, it cannot be solved until an alcoholic or a Keynesian economist admits there is a problem to begin with. Awareness in terms of your level of consciousness is not so much the acknowledging of a ‘problem’, awareness is really a stepping stone to acknowledging your current level of consciousness. This chart does just that and provides a perfect way to gain awareness.

I think that this chart and what it represents is hands down the most fascinating portion of Integral theory, it amazed me when I saw it as I had already begun building one of these on my own, but theirs is better. What this chart represents is the levels of consciousness of all human beings that has ever existed and is currently in existence, as well as several theoretical ones that we will see emerge in the future. I think this is such exciting stuff and it is so relevant in terms of how our society is structured, that I couldn’t help myself. On this chart you will notice 9 total levels. I want you to completely forget about the first one, the one that says “Archaic Infrared” that is a level of basically how you would think a caveman would have operated and has probably not been seen in 5000 years? That question mark is there intentionally because I sincerely don’t know if I should have made that 15,000 years. It no longer exists, so let’s ignore it. Next is “Indigenous Magenta” also not important, this is basically one small step above the previous, and is still in existence, but probably not in America. These are indigenous peoples who believe in magic and voodoo and things of that nature. Pygmies? Aborigines? Eskimos? Perhaps some Native American tribes? This level of consciousness however does belong in children who literally believe in the tooth fairy and the boogeyman. This however does disappear almost certainly by the age of 8, also nobody who is 7 years old makes public policy so this isn’t very important. You get the idea, certainly this level of consciousness *is* in existence, but they haven’t been calling shots for at least 10,000 years? So let’s just drop this one and move on to the heart of the matter and get to the fun stuff.

“Tribal-Red” this is the ego-centric level of consciousness, these people are very abundant and rather noticeable. Examples of them are fearless types: Soldiers, Firefighters, and Gangsters. They’re competitive and

power centered. Often they are in prison. It is important to note that every single level has its upside and downside. Some of these people are rescue workers, some of them are *trouble*. Unfortunately, many of these people in our society are poor people. They have a very self-centered world view that is based in survival needs which is why they make great firemen or cops. Globally, a significant portion of the world is still at this level, in America as well.

“Traditional-Amber” now this bunch is a funny bunch and you are very familiar with them, in America they are our right wing conservatives. They view the world in an ethno-nationalistic way. Your typical George Bush voter they like rules, roles and discipline, in America they have a very strong belief in Christianity and I would be very confident to say that 99% of them vote Republican and they are very socially conservative and enjoy letting you know that. This is the old guard, the old status quo from the 1920s that as you will see later on, the same ones that the “Green” people are still fighting even though they are really the ones who lead the prevailing level of consciousness. Now, the difference between Red and Amber is: Mike Tyson was your quintessential “red” in the late 80s early 1990s, since then he has clearly made significant changes and is quite religious, I think it is fair to say he is now Amber. You will see this change happen a lot, watch a prison documentary, every person who goes from being a gangster and a stone cold killer, but finds God, this is the change that they went through, they moved up in consciousness. They don’t know that, but now you do. Moving on.

“Modern-Orange” this level of consciousness emerged during the scientific revolution and is only in existence about 300 years. This is where science began to emerge, rationalism, the dark era of leaving the Catholic Church behind, the use of logic over religion, individualism, democracy and it is very capitalistic. This is where your scientists and stock traders are. This level is clearly seen all over the United States and I would say it is a 50/50 split Democrats and Republicans. This level of capitalism is where you would see the Wolf of Wall Street mentality come from, but also people who get up everyday and stress hard work. No level is better than another, each has its pros and cons. I would say most scientists are in this level as well. Intuition does little for these people.

Next we have “Green-Post Modern” you know these people, they’re your hipsters, socialists, men who wear skinny jeans and occupy Wall Street.

They're more aptly named "pluralists" and they value equality, egalitarianism, civil rights and won't shut up about the environment. If I honestly had to pick a least favorite level of consciousness, it is these people. Even though the majority of my friends are in this level as well as the majority of my family and I love that they can hold significantly deeper conversations than anyone else previously, they're also far more open minded, but they're also extremely close minded and hateful at the same time. You my dear reader are blessed to be reading this, because this author happens to be one of the few people on earth who can actually give you that as a fair assessment and I will explain why in a little bit, what is important about this group of people is that they are still fighting the levels of consciousness that came before, mostly they hate "Amber-mythic" and that is because this level cannot stand organized religion. They can't even stomach it and in so doing they believe that they are not religious; however, they are-they don't believe in God, but they worship Government. They extol its virtues from the voting booth to our College campuses from sea to shining sea.

Green is interesting because it emerged back in the late 1950s, probably you're familiar with the Beatniks, this is the beginning of this new level of consciousness and I think that it is easy to see that in the 1960s there was a tremendous amount of turbulence going on between the clashing of the old guards Amber level religion and gender/sexuality roles being taken into question by the youth of America from "Green" who weren't very fond of the Vietnam war or the old guard that put them there in order to "contain" communism. In fact, "Green" loves communism, they think that there could actually be a world of fairness as long as the government is in control, because it "always does the right thing". The reason why I am so tough on "progressives" and in particular "Green" is because they are the first level of consciousness and the last of first tier level consciousness that is capable of actual 'change'. The problem is that for all of their greatness, ability to listen to others, genuine compassion, tolerance towards their fellow man, they are also incredibly shortsighted, narcissistic, vain and hateful. They spew venom at anyone who is even remotely religious or socially conservative, they claim to be people of science and mock those who don't believe in evolution ruthlessly, but they actually think socialism can work, and they vote. They love planning and they think they're better than all else who came before and they think no other level of consciousness can come after theirs. Every pluralist I have shown that chart to is so blaze I want to ask them why they feel that the unexamined life is so worth living?

“Green” is the technocrat, Keynesian, Central banking, socialist, democrat I’ve been warning you about throughout this entire book, hell bent on controlling everything from the interest rates to the amount of currency in creation, removing the gold standard, raising the minimum wage, intervening on markets and raising taxes. At the same time if you ask any one of these fucking people why the economy is so bad, they will tell you-the Bush tax cuts, or unfairness or the minimum wage is too low. Literally, they do not have a single fucking clue what is going on, they’re incapable of problem solving and they frequently cause the opposite of their stated objective-but they’re super adamant and emotional over the need to be right, with little more than causal proof. If you absolutely abhor Donald Trump, you are almost certainly green level development.

They roll their eyes at real solutions, pretend to be revolutionaries and, in general are the biggest impetus to the creation of this book. As well as my next guide which will be more comprehensive in terms of using Integral theory to solve problems instead of exacerbating them for political gain. Green is interesting to this author as they along with the next level of consciousness only came to be in the late 1950s or early 1960s. You are in fact reading a book written by one of the few people on earth who is actually integral Teal. Is it hard to believe that I have been dying throughout the course of this entire book to tell you that? Here is what integral-teal is: someone who sees holistic interconnections everywhere; everything is part of everything else; we think in terms of Holons (wholes that are parts of larger wholes); the most important part is understanding the partial truths of all previous levels (“true but partial”); and seeing development as a “transcend and include” process (includes previous level but also moves beyond or transcends it); sees systems within systems within systems. Life begins to look more like one of those Russian dolls where inside of a doll is another doll and inside of that doll is another doll. And you can replace the word ‘doll’ with ‘Holon’ and that would make a lot more sense now, wouldn’t it?

The whole point of this hierarchy to the levels of consciousness is understanding that there are partial truths at all levels and is an essential element of Integral. The reason this is a hierarchy is because you cannot bounce from level to level, you only go up or down, it is really more of a ladder than anything, but no one level is “better” than another. To finish off on “Integral Teal” this recently emergent level of

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consciousness has certain capacities, like: Comfort with paradox, holistic thinking, inclusion of competing perspectives, values human dignity, pursuit of self-responsibility, honest self-inquiry, ability to easily change and adapt to various environments and situations, see ourselves in growth process and comfortable with imperfection, the ability to integrate and take multiple perspectives.

At this level, you are no longer identified with just the body, or just the mind, but a higher level where the self experiences their unity, or integration. You experience a unity of the entire world as intimately interwoven, interconnected one whole and harmonious being, in a continuous state of becoming. Life becomes saturated with wholeness, meaning, value, and completeness. Thus, the motivation starts to shift from deficiency needs, to being needs. As you can see, deficiency needs and socialism go together like peanut butter and jelly, which is why it is difficult to find such comfort in it.

As someone who is integral, I am in fact very tough on green for the right reason: they are the status quo in consciousness, that makes them the bully in town-not that it is my place to change them, it is my duty to reflect them back on to themselves. The reason why I am picking on green is because if the year was 1950, I would be picking on Amber for their treatment of women and minorities. The year is 2018 and things have changed dramatically. Green has proven rather effective at creating lasting change that has helped virtually nobody and caused tremendous amounts of problems all in the name of helping people. If you are interested in further evidence, please read my guide on Integral theory and problem solving.

So, *why am I telling you all of this?* This book was designed not only to explain to you all of the real reasons for income inequality, but also how wealth transfers; however, the real value to this book is the level of self knowledge I have given you-as I mentioned in the beginning of this book, money tells a story about everyone and how you've reacted emotionally toward this book is *your* story. I have specifically designed this book to provide you with *possibly* the greatest *possible* amount of self-knowledge *possible*. In order to do that, I have tricked you. I have been intentionally priming you by using certain terms in certain ways in order to make you eager to learn what level of consciousness you operate at, depending on your reactions to this book. Remember at the beginning of this book when I told you that money always tells a story? Well, your money story, tells you far more about you than you ever

realized. It explains how you relate to this world and what level of consciousness you operate at. Allow me to explain.

Right now I can tell you that if you hated this book, you are almost certainly a pluralist (Green), possibly (red) power centered, but most likely not. They're usually not big readers. The greatest part of this book is that now you no longer need to fall victim to the pitfalls of your level and can instead focus on attaining your highest greatness. If you like this book, but were not too fond of me saying that I am a "recovering Catholic" most likely, you are Amber as they are quite religious. If you didn't really give a shit, but just wanted to know where the money was transferring to in order to get it, most likely you are orange. If you feel absolutely no empathy towards people who are suffering due to income inequality because they are lazy or deep down inside you have a racist reason, you are most likely Amber.

If you are dependent on any of the socialist services I mentioned and have no idea how to get off of them, most likely you are red. If you are offended by my criticism of those services you depend I am sorry, it is not you that I am criticizing it is the unconscious people who fight for them. If you are offended for the people who receive those services *and* you still want other people to be receiving them, you are almost certainly Green and to you *I am not sorry*. If you are religious and you hate socialism, but like fox news you are almost certainly amber. If you are a scientist but stress hard work and capitalism, don't believe in god, are a progressive, but think people *should* be able to own guns-you are orange, not green. (Also if you are still unsure of your level, feel free to contact me)

Now that you know which level you are at here is a brief run down of the pitfalls and greatness of each level of consciousness:

RED-Power

The Focus: Control, power and ego. Beating the competition, egocentric, aggression impulsive and rather ruthless, courageous, determination and powerful. These people can accomplish great things, they show no fear and this makes them great leaders. Become a fireman, a soldier, an honest cop, a professional fighter, a football player or an entrepreneur.

The Pitfalls: Gangsters, drug dealers, the majority of the prison

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population is power centered. Red quit the gangster mentality and learn a trade, the only way out of poverty is to gain access to skill sets that will take you where you need to go. Many of you comprise our nation's poor get access to unique skills that Green's crappy public schools system won't give you.

Their religion: their egos

AMBER- Tradition

The Focus: values, faith, societal roles and discipline, belief in god is completely obvious, they are almost always socially conservative. Your greatness is manifest in your kind charitable works, so keep it up.

The Pitfalls: Do as I say, not as I do, overly patriarchal with a blind frightening belief in God and or creationism. Denying evolution, also chills this author to the bone. People who work in 'physics labs' to attempt to find miniscule evidence that Jesus invented earth some 7,000 years ago and are so excited about it to the point where they don't blink for 45 seconds at a time while *spreading his word* to you on your front stoop on a Sunday; but they also believe in free markets and laissez-faire capitalism are the very bane of this author's existence. So think of me the next time one of these people traps you in conversation, which I hope for you doesn't happen. So if I just described you, knock it off.

Their religion: Christianity

ORANGE- prosperity

The Focus: Achievement is the name of the game for orange, most of these people have very little trouble making a living they stress hard work and success which is often a good thing the majority of the middle class is here, results matter, the focus is on being entrepreneurial, pragmatic and getting the job done right the first time. Measure twice cut once, you're our scientists. All in all I think you need the least bit of a pep talk.

The Pitfalls: The Wolf of Wall Street mentality, give me mine at anybody else's expense and I don't care what happens as long as I achieve my outcome. There are also plenty of these assholes in government, not just the private sector. They are incapable of taking the role of the other and feeling the same compassion that Green is actually very good at, only green in the name of 'helping' tends to make people a

bigger victim than orange ever could or would.

In fact, let me sum up the pitfalls of orange for you with this quote from Matthew McConaghey's character in the Wolf of Wall Street:

"Fuck the clients. Your only responsibility is to put meat on the table...name of the game, move the money from your client's pocket into your pocket...The number one rule of Wall Street-nobody, I don't care if you're Warren Buffet or Jimmy Buffet, nobody knows if a stock is going to go up, down, sideways or in fucking circles, least of all stock brokers...it's all a fughezi... fairy dust it doesn't exist, its never landed it is no matter, it's not on the elemental chart, its not fuckin' real...we don't create shit, we don't build anything, so if you've got a client that bought stock at \$8 and it now sits at \$16, he's all fuckin' happy, he wants to cash in liquidate, take his fucking money and run, you don't let him do that, because that would make it real. What do you do? You get another brilliant idea, a special idea, another situation, another stock to reinvest his earnings and then some and they will every single time because they're addicted and you just keep doing this again and again and again, he thinks he's getting shit rich, which he is on paper, but you and me the brokers were taking home cold hard cash via commission *Mother Fucker*....revolutions, you follow? Keep the clients on the Ferris wheel and the park is open 24/7-365 every decade ever goddamned century and that's it, name of the game."

This is the pitfall of orange.

Their religion: Achievement and money

GREEN-Communitarian

The Focus: A culture which is focused on building a community where everyone is equal, tolerant, accepted for their differences and diversity. Sharing and caring are emphasized even at the ironic threat of force. Sameness of opinions, pluralism, equality, sensitivity, civil rights, environmentalism, world centric.

The Pitfalls: Because these objectives can never be accomplished it is never selfish as long as they're happy. The demand for sameness in the community creates horrific outcomes of poverty through abysmal problem solving. This group of people thinks that they are incapable of being wrong at any given time to the point where if you make a strong

argument against them, they immediately attack you personally and viciously malign your character. This is the status quo, they have the banks, the planning, the government, the media and they are the prevailing thought. 50 years from now when people look backwards they will be astonished to believe that there was a period of time where enormous, expensive “do little” bureaucracies that frequently caused the opposite of their stated objectives would be the best possible solution to the world’s problems. They seek to turn the entire planet into nothing greater than a gigantic post office and if you disagree with them it is almost certain that you will be accused of hating: women, the poor, black people, minorities, Islam, or will most certainly be labeled an ‘anarchist’ as if that is a bad thing. They do not want ‘change’ they fear that. They seek to keep everything the same because they lack integrity and actually enjoy the suffering of others because it makes them feel important. It is a part of their identities.

Consciousness Diagnostic

It is imperative that as a society we avoid all of these pitfalls of each level of consciousness, the first step to any problem is *always* awareness. This self knowledge given to you by the way I wrote this book and how it makes you respond to the chart on the levels of consciousness is your consciousness diagnostic and can help you to make yourself and the world around you better by understand how you impact it in ways you never previously realized. One of the biggest problems the world is facing is that different parts of it are at different levels of development. No level is “right” or “wrong”, but almost everyone on earth looks at each other this way. The way we relate to other humans needs to change and by attempting to try and understand where the other one is coming from has become an enormous challenge for the United States in particular with the rest of the world. Islamic fundamentalists are clearly Amber, but so is that psycho Pat Robertson on the “700 Club” for Fox news, talk about two groups of people who could never possibly understand one another and they are at the same level of consciousness. They have different values through different religions and different ways of looking at things and different beliefs, but ultimately Amber level ethnocentrism is at the core. Pat Robertson is undoubtedly Amber and Amber and Green have been at odds with one another since day one and that makes me think of an old Hippy style “freak-out” for some reason. Green Hippies used to drive around doing weird shit all of the time just to mess with the establishment and ironically, since then they have *become* the establishment and will not concede to that point. Amber has had great difficulty with Green since

the beginning back in the 1960s. Economically, I do have to say that Amber did make a few excellent points and so has Green. These two are the two who are most at odds with one another in America, Green is obsessed with pretending to take care of Red and in particular uses “White Man’s Burden” racism in order to do so mostly through the taxes paid for by people who actually produce like Orange and Amber. Green does not produce quite like Orange, but has absolutely no problem transferring your money from you. To all Greens, you are the biggest contributors to income inequality period, Orange comes second, but you enable them through everything I listed in this book. Amber I place third because even though they do have an unyielding love of the Department of Defense budget which is a half of a trillion dollars a year still not counting the Pentagon and a few other things like the CIA and basically anything involving war, I am not in favor of these- it’s just a fact that the Republicans (Amber is 99% Republican) just don’t pretend to be anyone’s caretaker. They make absolutely no bones about the fact that they are for warfare and the rich. They do not sneakily transfer wealth behind people’s backs, they are upfront and honest about who they are. Progressives and Greens have this unyielding obsession to not solve problems, demand socialism, create useless bureaucracies and also support war to boost GDP, so they are in the same exact boat as Amber-they just won’t ever admit it.

I have been very, very tough on Green and Progressives throughout this entire book for damned good reasons:

1. you guys are economically out of control and it is never *you*.
2. some of you are so close to Integral it isn’t even funny
3. Green is absolutely the status quo in the level of consciousness
4. Green represents about 10% of the world’s population, but are growing very quickly especially in America. Your idealism could spread and your biggest pitfall is a global desire to cause the opposite of your stated objectives, obsession with planning and government intervention and frankly your “White Man’s Burden” racism scares me half to death
5. Green is going to be financially devastated within the next ten years and most likely sooner when the student debt bubble pops as you comprise almost all Professors in academia and most importantly nearly all of you go to college and have serious student loans which is why I wrote my other book on more specific passive income strategies in order to help you guys use what you learned in college to make money in the real world you are not very good at adapting to.

6. Green you have gone so far economically that we could potentially be at a tipping point toward income inequality, the only way to fix the problem is through awareness. This book needed to be written not just to shake up what causes income inequality, but to show that the solution is clearly not higher taxes and most importantly to undermine those who continue to vote for more inequality.
7. *Most of all Green you have some serious gifts and potentials that you are absolutely not using and it honestly makes this author sad. That is why I gave you such a brutal time throughout this book, the compassion is a great thing, but you must use it correctly.*

Green you are seriously separating America as a people almost for sport and you're good at it. You are to our caste system as Ray Rice is to women's rights this is seriously going so far that you probably don't even know what culture war I am talking about. Green you are the status quo consciousness, in the media, banking, public policy and need to either stop this culture war you guys have propagated or if you care and I mean if you really do care about the political correctness regime you've created then you will do something actually honorable for a change and that would be to get a group of you together to move somewhere to a country where the people who you are 'offended' for are sincerely being prosecuted and make your intentions known to those in that country. Clearly you are obsessed about dragging people into the 'light' a term I use lightly, so why not put your money where your mouth is and actually do something worthy of integrity with it? My suggestion: 10,000 of you move to Saudi Arabia together where women don't have basic rights, rich men have 50 wives, gay is illegal and if you are "outed" it means death. It can be anywhere that you feel people are being persecuted unfairly and you have the desire to fight for those people and champion their cause. The reality is if you're reading this and you are green you almost certainly just rolled your eyes at this idea because where you are confident in your culture war, I have nothing but doubt. I don't think your hearts are in the right place, I think you gain self-righteous, smug, self-satisfaction at the actual suffering of other people. I think it makes you feel all warm and cozy inside to 'fight' for a cause your egos believe in far enough that you will death threat an employee of a Midwest pizzeria who won't hypothetically serve gay people at a wedding that isn't happening-so why don't you make them look like a complete asshole and go serve gay people in Saudi Arabia by making it legal there? Why don't thousands of you go some place and

fight for what you believe in where you will face enormous injustice? That is exactly what separates you guys from the people who originally fought for this back in the 1960s; sorry to tell you this, you are NOT anything even *remotely* close to Dr. Martin Luther King Jr for making a twitter comment about Ferguson, Missouri. You are *nothing* like Harvey Milk for death threats against a pizzeria, or boycotting Chik fillet. You are not Muhammad Ali for the Occupy movement.

It doesn't even have to be Saudi Arabia, Russians have been hunting down *potential* homosexuals on the internet and mobbing them by sneak attack for years now, go there and raise the level of consciousness if you feel so inclined, you have the gift for it. Homosexuality is illegal in 38 countries in Africa and punishable by death in ten countries: Yemen, Iran, Iraq, Mauritania, Nigeria, Qatar, Saudi Arabia, Somalia, Sudan, United Arab Emirates. Perhaps you are more interested in women's rights well all of those countries treat women like shit, I promise you. Find a cause and a country because your gift is to spew venom and hate on the haters and you are really, really good at it. Also, you can destroy their economy while you're at it. Go forth and preach fairness, high taxes, egalitarianism and intolerance towards organized religion. Bring them government worship, marginalize terrorists and in the process you can remove our need to spend so much to fund wars with people who want to kill us because we kill their children with Drone attacks and pretend like we had nothing to do with it. Also we fund terrorists, then train them, then stab them in the back and then act surprised that we even have enemies in the first place. You absolutely have the capacity to chill everybody out, and you are clearly very passionate about this. Green you really truly do have a gift for improving human relations and can single handedly do what nobody else can. No other level is actually as capable of influencing other wholes around them I don't even think Integral is, I say this mostly because you are willing to say extremely hateful things towards those who disagree with you. The answer is to go to places where your paradoxical concept of "intolerance to tolerance" can be a positive influence.

This last chapter shows that how we treat each other, is ultimately how we are treated in return, one Holon influences the next- *actual* change can spiral if people spread the knowledge contained within this book and this author is dedicated to doing just that. Perhaps you were unconscious to what I was saying, and perhaps you still are. Give it time, it may not sink in immediately. Each and everyone one of you has a gift or multiple gifts, use them wisely life is short. Adam Smith taught us

that it is not the kindness of the butcher that brings us the meat, it is in fact that the butcher who operates through his own self-interest that produces the goods that people need in society. This is the “appropriate” kind of selfishness, demanding that everyone always see it your way or be taxed is in fact the very selfishness that green seeks to eliminate, ironically by imposing it on all who they are intolerant of in the name of tolerance. Paradox and ‘green’ are hilarious cornucopia of confusion. A medley of mayhem, designed to be in favor of directly causing everything that it is against, one self-negating regulation at a time. Time will not serve these people well, it’s like a 1970s haircut, it seemed like a good idea at the time and 25 years later when your kids can’t stop laughing you will get all of the feedback you never wanted.

Ultimately what we need are more integral people to provide better solutions and because it is clear that when republicans talk especially those from Amber that many of their beliefs come from Christianity, which makes them inefficient and often unscientific and subconsciously people do understand that Amber is kind of “punching up” and just like in a fight it loses something. Integral however, is punching down and it is often obvious during a debate that green is out of options when it comes to problem solving and their status quo herd think begins to work against them.

If you see the systems within systems that I see, how the planet effects the people, how the economy effects the environment and how “planning” isn’t a complete accident, then perhaps you are integral-teal. Whatever you do, don’t try and convince me that you are “integral-turquoise”, I won’t believe you. Only John Bonetti could say something that arrogant and in lack of self-knowledge.

Integral-teal emerged at about the same time as “Green”, perhaps you have heard of Maslow? He is widely considered to be one of the first integral people. It is this author’s hope that you have done a significant amount of thinking in regards to who you are, how you think, how you vote and challenging your own belief structure as nothing could be more important. Few things in life can be as disturbing as a belief that changing the world starts with voting (democrat). If I have accomplished one thing throughout the course of this book it should be that I managed to hammer home that voting changes nothing. It is no accident that much of this book I nailed points home and used quotes from great people, and other parts of this book I have left very open to interpretation, the rest of the work *begins with you*. I hope you will

come to my website:
www.stumpagenius.com to tell me your thoughts.

Now that you understand what level of consciousness you operate from, how that effects your place in the world and the people that you interact with you have gained a tremendous amount of self knowledge and insight about yourself and the world around you. How do you use it? The first step is always awareness, and awareness will allow you to avoid the pitfalls of your level of consciousness. Do you realize how incredibly significant that is? Imagine all red people who existed, like: Stalin, Hitler and Mao had some level of self-knowledge to know what a enormous douchebag they really are? Understanding that in all previous modes of thought, philosophies or 'isms' there is partial truth. We need as a species to put more step stools toward self-actualization, toward improving ourselves and ultimately each other, many people actually enjoy placing roadblocks in front of one another instead because they cling to their beliefs with such incredible fervor that its very existence seemingly professes it to be self evident.

When you see the world through a holistic integral perspective it becomes rather obvious that income inequality is just one of many imperfect problems we face in a perfect world. Yes, you heard that correctly, the world is perfect just the way it is and there is no need to try and change through voting, when all you really need to do is focus on creation. The capacity to create is the most powerful of all human qualities, man transforms his environment through capital goods he gets from the earth, like steal and coal and seeks to improve his own existence to the point where never before seen leisure time emerged. We as a species, absolutely have the power to access creation to make the world a better more sustainable environment in order to do that we must remove the illusions of society that chain us to the misallocation of resources needed for creation. It is these man made illusions surrounding us that prevent each other's power for creation and innovation to change the world. Socialism literally is a philosophy to stop people from producing and attaining their highest self, to prevent them from having the power to create, to seek greater modes of thought and to imprison them to a life of poverty, violence and pain. The Austrian Theory of the business cycle explains how the government miss signals entrepreneurs into making investments they would not have other wise made, leading to the miss allocation of trillions of dollars of resources. It is not only a leading cause of income inequality but also it destroys the environment, intervenes on the markets and

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gives statistics the precedent to continue market intervention. Outright prohibition and interference with that most human of rights to creation, fulfillment and ultimately self-actualization is the creed of ignorance. Ultimately, there is nothing wrong with the world other than ignorance. It is the source of all problems. The source of all ignorance is fear and fear stems ultimately from a lack of self-knowledge and that is how self-awareness will create a raise in consciousness that is so desperately needed. Go out and create, attain your highest purpose, self-actualize, follow your soul, and no matter what don't ever try and stop other people from doing the same, no matter how you want to justify those actions-they will be ignorant.

In the power of creation is the key to health, wealth, fixing the economy, the environment and ending racism. The division of labor, people working together to attain a desired outcome (whether it is for profit or another purpose) is the only way to bridge the gap man has created in order to make us focus on our subtle differences, instead of our more important similarities. We're all in this together, so be cool, everyone you meet is fighting an internal battle of their own that you know absolutely *nothing* about, so ease up. Be kind.

In the end, I wish you the best in life. Please take advantage of this monumental opportunity, see it for what it really is - a blessing in disguise to those who take action. This is an opportunity to learn from our mistakes as human beings and grow from them. If just a few people take the time to try and change their lives so that they can help change the lives of others, maybe we can all hit a global reset by blowing into our Nintendo Entertainment Systems and using a quarter to keep the cartridge in just the right spot so that Donkey Kong finally works again. Perhaps Lao Tzu put it more succinctly: "If you want to awaken all of humanity, then awaken all of yourself, if you want to eliminate the suffering in the world, and then eliminate all that is dark and negative in yourself. Truly the greatest gift you have to give is that of your own self-transformation." Thanks Lao Tzu, but unfortunately I'm thinking most people will stick with Donkey Kong for right now.

I have to leave you now as our work has concluded, but I do barely recall beginning this book with a quote from Oscar Wilde, so I can only see it fitting to end it in kind. I leave you with this:

*"A dreamer is one who can only find his way by moonlight,
and his punishment is that he sees the dawn
before the rest of the world."*

