neverhadaboss.com
updates on the insane world of money and power

Betting on a Military Industrial Complex—We Destroyed the Dollar

To understand the relationship between what is going on in Ukraine, and the economic future for the US dollar, requires that we consider an analogy: Just as the 'clot shots' and lockdowns were products of Big Pharma (and nothing else). Ukraine is a product of the 'military industrial complex' (arms manufacturers)—and nothing else.

This article focuses on the economic fallout consequences for a nation staking the health of its currency and its economy on the manufacture and sale of arms. Analysis of the political and military fallout for a nation dependent on 'sale of arms' is discussed in my next article: *Putin—Cast in JFK's Role During the Cuban Missile Crisis.*

Without the Ukraine war, and without Covid in the fall of 2019, there is and was slim hope for a viable US dollar and a sustainable US economy. Without the insanity of debt monetization, interest rates would have soared decades ago, destroying the purchasing power of the dollar, unless, with timed policy, free markets had dealt with the debt.

No analysis of current economic problems brings clarity, without understanding two things: the abandonment of the gold standard in 1971, and more germane to this discussion—the role of 'dependence on arms sales', creating the conditions we now face.

The closing of the 1971 gold window made possible massive credit expansion in the US. But behind debt accumulation was greed and political desire for power and control.

1991 marked the dissolution of the Soviet Union, which should be the anniversary for the disbanding of NATO, which was established to stop expansion of and encroachment by the Soviet Union. Instead, at the behest of arms manufacturers, we doubled down. Post SU, 16 NATO members became 30, most in proximity to Russia's borders.

What are the consequences of a strategy based on the goals of the 'military industrial complex? During the dissolution of the Soviet Union, our debt ratio to GDP was 32 to 1. Now it's 4 to 5 times that. During the Reagan years, Budget Director David Stockman worried about a debt nearing $1 trillion—now $30 trillion—some say $50 trillion.

In runway debt hysteria, the Fed balance sheet increased from $300 billion to $9 trillion. This is attributed, in large part, to a doubling of the defense budget from around $400 billion (at the height of the 'Cold War'). Increased at first with 'false flag' expansionist fantasies attributed to Yeltsin and Gorbachev, the defense budget (given Russia's non-threat), could have been halved, giving back to the US, $500 billion a year since 1991. Instead we rolled the dice on a US Empire fixated on global control .

The Russia sanctions installed by presidents leading up to Biden were bad enough, but Biden's are monstrous. If it's true the US is responsible for the Ukraine crisis (see my JFK/Putin article), then these full-on sanctions are without merit, but nevertheless threatening to the West and the US, which will not be able to avoid economic reality.

For example, robust trade occurs between Europe and China—the same Europe already experiencing a 54% rise in the cost of energy beginning April 1st. Most goods exported from China to Europe transit over Russian rail lines. Pre-Covid, the cost to get a Chinese container to Europe on the Trans-Siberian was $2000. Post-Covid, that same container, delivered by sea, will cost 20X the earlier rail price—$40,000.

So, why it is that gold, during high-risk possibility for WW3, with overtones for nuclear exchange, moves a few bucks while Bitcoin makes a $5000 run? Gold, pushing $1950, with silver up a buck, is a 'steady as she goes' advancement, because, even with a war in Ukraine and all-in sanctions, Americans and the West are yet lulled into a complacency that this will resolve in favor of the dollar. Rick Rule, who served as long-time 'headman' at *Sprout Resources* spent part of today talking down gold—reminding us that gold comprises a small part of total global markets. True, but he failed to mention that a few more blunders by major global players, and gold become the measure of all things financial, resulting in a breakout gold price and a larger global asset share.

Rule offered a second scenario for possible slippage in gold price—Russia loses in Ukraine to sanctions, and, to survive, Russia sells its gold horde into the market. Adding to that is US network speculation: China supports 'regime change' in Russia—Putin for a weaker leader. China annexes Siberia—controlling Russian energy, China no longer violates US sanctions, buying 700K barrels of Iranian oil every day.

What does Xi get from breaking Putin? A strengthened, hubristic, WEF/Davos, on an easier path to global feudalism. And Russia has nuclear capacity to destroy China on day one. Xi gets Siberia? I rode a motorcycle across Siberia, and Xi would do better getting in on a partition of Ukraine. Russia is the 2nd largest wheat producer. Ukraine is 1st—'the breadbasket'. Remember, it's all lies. Xi stabbing Putin in the back for Schwab is equivalent to Texans giving up guns and abandoning the 2nd Amendment.

Rick Rule often speaks to 'price' and 'value'. I heard today that 'Gazprom', Russia's energy giant is down 50%, but Doug Casey is buying-in for a hundred grand. Why might that be? Maybe the elite, who just lied to us for 5 years (RussiaGate and Covid), are lying now about every little thing. In the end, no matter what is done to Gazprom on the London market, it will only affect 'price', and maybe only in the short term. Russia will still be 'gas station' to a world, which badly needs them to stay open 24 hours. Ultimately, price action affects 'value' not at all, when weighing the necessity for energy.

Take look at the 'big board'. New regulations for Bitcoin in Russia have implemented transparency rules to the degree that the primary reason to buy Bitcoin (freedom from 3rd party control), no longer applies. Central banks are not stocking up on Bitcoin to whether economic storms—instead they are regulating Bitcoin while they stock up on gold. Bitcoin is great as long as you need to avoid 'capital controls' and head down Paraguay ('where the gauchos sing and shout') to convert it into dollars. But, when push comes to shove, gold will measure all things—economic. Nations (maybe yours), will be scrambling, too late, to get the gold they need. Will they be in competition with you?

10% of needed US oil, we don't produce—it comes from Russia—payable in gold?

My articles can be gotten by email, by request: erik@neverhadaboss.com. Thanks.