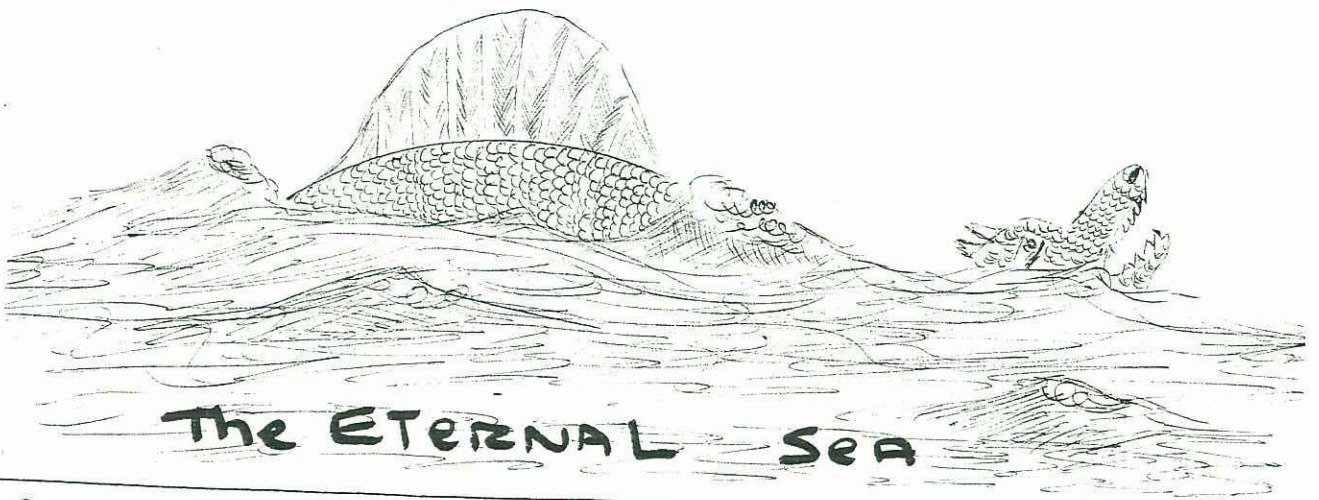


Is Democracy Dying?  
The Real  
Leviathan

The Power Cleverly  
Hidden Behind  
Politicians



The ETERNAL SEA

Martin A. Armstrong  
former Chairman of Princeton Economics International, Ltd.

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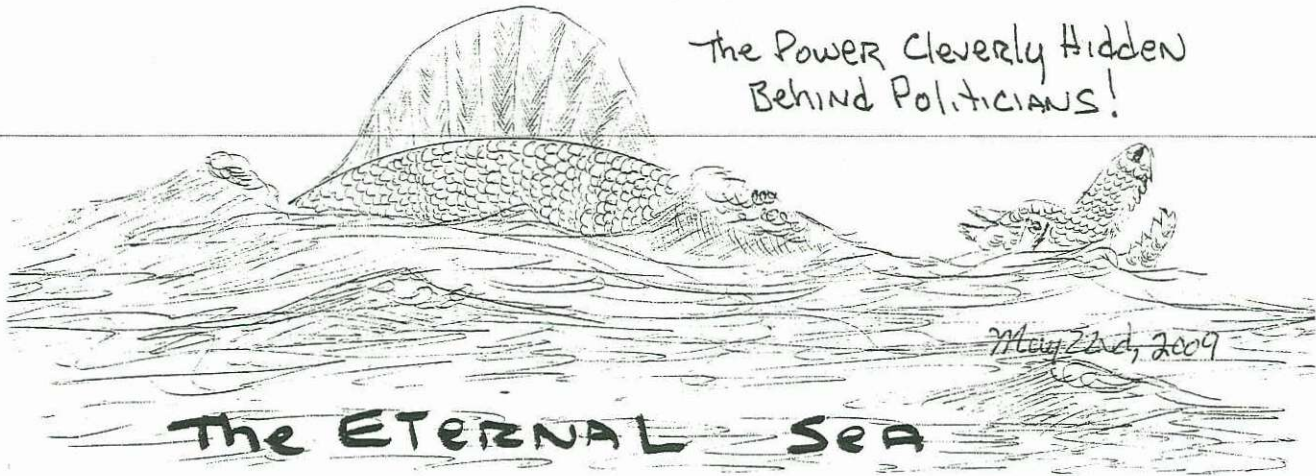
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This Report may be forwarded as you like without charge. It is provided as a Public Service at this time without cost. The contents and designs of systems are in fact copyrighted. At a future date, a book will be released **The Geometry of Time**. The charts are often reproductions of an earlier publication from 1986 also to be soon republished **The Greatest Bull Market In History** covering from 1900 up to the 1980s. Additional updating is underway to complete the Century and into the current time, providing a month to month history of the financial development of Western Society.

# Is Democracy Dying? The Real Leviathan

The Power Cleverly Hidden  
Behind Politicians!



By: Martin A. Armstrong

Former Chairman of Princeton Economics International, Ltd.  
and of the Foundation for the Study of Cycles

There has been this raging battle between the Left and the Right that as any American would label it, the battle between the "Democrats" and the "Republicans" that has been subject to the plight of cross-dressing from time to time, but nonetheless, remains an ongoing battle that is never won. Indeed, this battle can never be won because at no time will we ever obtain a 100% agreement on anything. This is perhaps a major contribution to the very existence of cycles. It even appears in our concept of religion that there is this battle between good and evil. Our concept of even the existence of hell and this battle does not come from scriptures per se, but from a novel by Dante (Durante Alighieri) (1265-1321). The visions of hell were adopted by clergy from Dante's work "La divina commedia" (The Divine Comedy) that was completed late in his life.

Democracy is dying if it is not already dead. We live in a delusion, a nightmare from which there seems to be no escape. We can argue and yell back and forth, but it will change nothing. For as much as we may believe we have a Democracy and that the state is somehow controlled by the people, there is nothing that is further from the truth than this fiction of our imagination.

We can do battle to the death, and indeed countless millions have died for what I address. Yet, the harsh reality is that while the politicians may come and go, the self-interest of the state endures. This is a beast once characterized as the Leviathan that was a monster representing the English Common-Wealth. The reason this battle can never be won, is because the true Leviathan is not the body politic, but the hard-core Bureaucracy! No matter how we vote, no matter what laws we enact, it remains the unelected Bureaucrats who decide what to enforce, what the laws mean, and how they will prosecute be it merely civil to confiscate wealth, or criminal to often create political prisoners.

Ignored by almost all, is that there is no escape from Adam Smith's Invisible Hand meaning that the state has its own self-interest and it will survive by whatever ruthless means possible when threatened. This current battle against the Concentration of Wealth among individuals that is turning the world upside down, has been waged even against religions to confiscate their wealth as well. The state, no matter who is in charge, will always spend more than it has and become a ruthless oppressor of all rights to survive. This is what we now face. We are on the edge of bankruptcy.

We seem to be frozen within time, compelled to act out the same play with the same ending that nobody ever wins, it is just an oscillation between two extremes. Ironically, it is the most religious that inflict the most horror for they believe they know the will of God, and see themselves as the justified and annointed hand of God on earth to punish anyone who disagrees with them. The Puritans killed over 600 indians because their women were bare-breasted and that offended God. Killing innocent women and children, of course, made God Cheer in their minds. Yet here we are again and the Concentration of Wealth in their mind is unjust and so the eternal battle goes on and on, no doubt sparking violence in the future and costing millions of lives while attempting to subjugate the population once more to the extreme Marxist views strangely blended with justice and God.

The Concentration of Capital takes place among individuals, sectors within the economy (the popular growth focus like railroads, cars, up to Dot.Com), and then between nations and even at the highest level among regions, Europe, America, and Asia. It is the Rule of Law that creates wealth, for all the natural resources in the world are worthless if there is no enforced right of contract, property, and human rights. Poor nations are not poor because they lack resources. They are poor because they lack the Rule of Law. Who will invest in Iran or Cuba, if there is no real right to property? If we take even treasures discovered by individuals, the first thing the state does is try to claim ownership with no cost. Merely finding an ancient hoard of coins, or a ship-wreck, brings out the greed of the state.

When we look at even the Rule of Law, we find that it is never safe in the hands of the state, for no matter what form of government one lives under, justice is only whatever the state wills. This is the sad fate of man for he always will live under tyranny no matter what the form of government. We may think we live in a democracy, but it is truly an oligarchy - controlled by the Bureaucracy. We do not vote for any of the things that truly matter. We may vote for a President, Senator, and a Congressman, but that is where it ends. The President appoints heads of departments, and because they are political appointments, they are never truly taken into the ranks of the bureaucracy. Senators and Congressman will never investigate the judges or the Executive, only Presidents to see if they lied to further their own political agendas. The people are at the mercy of judges and executives over which there is no check and balance and no accountability to the poeple. That is tyranny.

Supreme Court Justice Brown wrote for the Court in 1982, the definition of tyranny as defined by James Madison in the Federalist Papers No 47, p300

"The accumulation of all powers, legislative, executive, and judiciary, in the same hands, whether of one, a few, or many, and whether hereditary, self appointed, or elective, may justly be pronounced the very definition of tyranny."

Northern Pipline v Marathon Pipeline, 458 US 50, 57 (1982)

As a people, the King may have been replaced, but he has only been replaced in title. The tyranny that we face from unelected bureaucrats is simply unbelievable. This is widespread right from Federal Government down into the states. An example is a case where two judges in Pennsylvania were finally arrested and charged with taking bribes from privately-owned prisons to sentence young teenage boys and girls under 18 to incarceration on mere petty offenses. A 14 year-old boy, Phillip Swartley, pocketed change from unlocked parked cars to buy a soft drink and chips. We was told to waive counsel, and then sentenced to 6 months, followed by 9 months at a boarding school for teens. His mother was shocked that her teenage son was taken from her for 15 months. Over 5,000 children have been taken from their parents in this manner. CNN reported that "as many as 90 percent of children going through the court system [are] without a lawyer," referring to a study in Ohio.

Others have come out and made public the extent of the corruption going on in the Judiciary. Former Mid-Atlantic bank owner Robert Powell, admitted he was pressured by the judges to pay a bribe to keep his child from a jail. Talk about free speech, a 15-year old Hillary Transue was given a 15 month sentence for mocking an assistant principal at her school on MySpace. A 13-year-old Shane Bly was taken from his parents and sentenced to a boot-camp for simply entering a vacant building charged formally as trespassing. Kurt Kruger, 17, was sentenced to 5 months and taken from his parents for allegedly helping a friend shoplift a DVD from Wal-Mart.

### The Recently Caught Corrupt Judges



Ciavarella



Conahan

Who watches  
the Judges?

The Rule of Law has crumbled in the United States. The two now corrupt judges, Mark A. Ciavarella, Jr (58) and Michael T. Conahan (56) were two of the most senior judges in that district. These judges helped private contracts for prisons worth about \$58 million, according to CNN.

This issue was championed by the Juvenile Law Center in Philadelphia who filed a petition to the State's Supreme Court that was ignored. The Pennsylvania Supreme Court, like the Federal, has claimed it is not bound to uphold the law. It is purely a matter of their discretion. They had refused to hear the case no doubt because judges don't like to sit in judgment over fellow judges. That is reason why we have no real human rights because there is no absolute right to demand justice. This is the very core element of our self-destruction for unless there is a "real" social and definitive bill or rights contracted with the people, we have no democracy.

This is why both extremes fight to control who is President, for that person alone picks who shall sit for the rest of his life over our rights, privileges, and immunities. Judges present the single greatest threat to our liberty, property, and our way of life, for there is no one who judges the judges. This is why in Plato's Republic we find a classic debate between Socrates and Thrasymachus, in which I fear the later was correct and the former paid for his wrong beliefs with his life. Socrates (479-399BC), believed that a democracy was the best form of government and would always gravitate to justice because the people ruled. He was wrong. Plato recorded this debate of justice and gave Thrasymachus' argument.

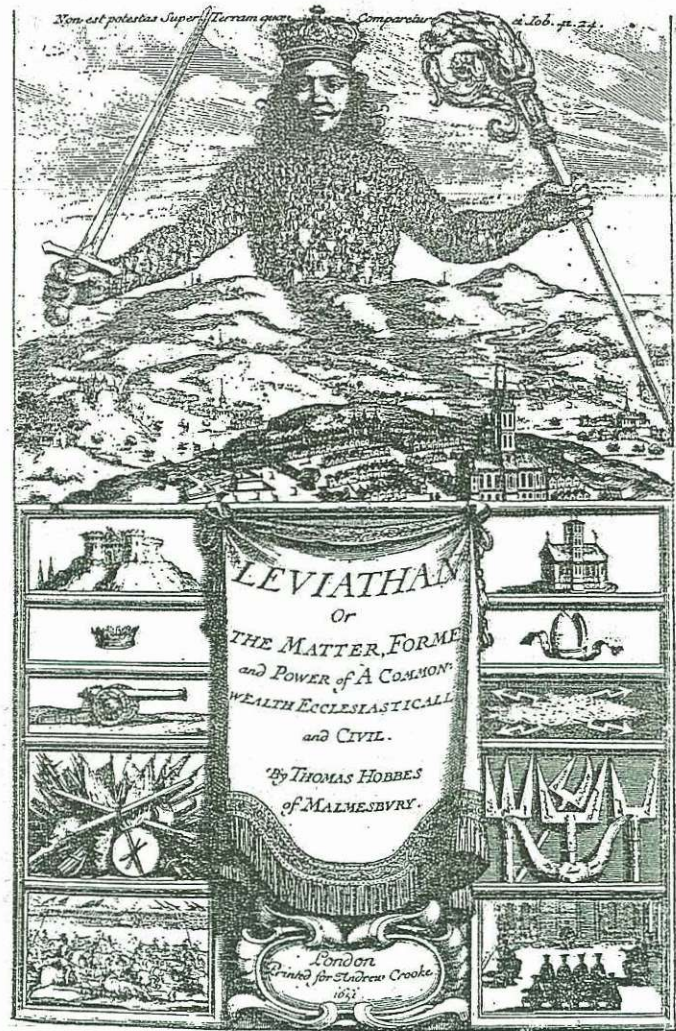
"[T]he different forms of government make laws democratical, aristocratical, tyrannical, with a view to their several interests; and these laws, which are made by them for their own interests, are the justice which they deliver to their subjects, and him who transgresses them they punish as a breaker of the law, and unjust. And that is what I mean when I say that in all states there is the same principle of justice, which is the interest of the government; and as the government must be supposed to have power, the only reasonable conclusion is, that everywhere there is one principle of justice, which is the interest of the stronger."

Anchor Books, 1973 Edition, p22

It was the corruption within the Athenian Democracy that led to the position of one of the world's greatest analysts of political power, Thomas Hobbes (1588-1679AD), whose career was often interrupted by the necessity of flight during the English Civil Wars.

Of all his works, the Leviathan stands out as perhaps his crowning achievement. The "Leviathan" of course was the famous sea monster defeated by Yahweh in various scriptural accounts. Hobbes coined this as the political state. His first published work was in 1628 and was a translation of the Greek work of Thucydides, who attracted Hobbes no doubt for his down-to-earth view of mankind and how they could in fact improve themselves through the lessons of history, which stood in a contrast with Aristotle taught at Oxford.

Hobbes later in his autobiography admitted that he was also impressed for Thucydides exposed him to the dangers of democracy. Thucydides is perhaps the first great Greek historian who wrote the History of the Peloponnesian War between Sparta and Athens. He was in Athens for the great plague of 430-29BC and himself came down with it, but he survived unlike many others. He was even given a command, but lost the city of Amphipolis to a surprise Spartan attack, was recalled, stripped of his command, made to stand trial, and sentenced to exile for 20 years, that ended with the defeat of Athens in 404 BC.

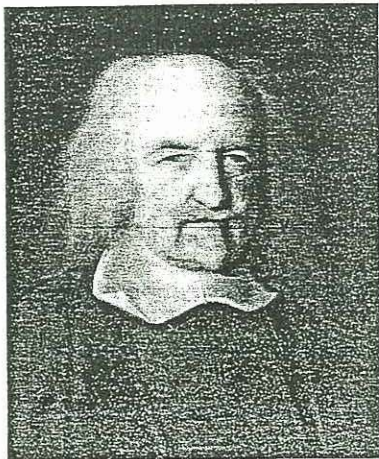


Thomas Hobbes (1588-1679)  
the "Leviathan" published 1651



Thucydides (ca 460-404BC ?)

Thucydides's work shows a conflict of character whereas the Athenians were portrayed as more reactionary in their thinking and individualistic compared to the Peloponnesian character was portrayed as much more conservative. This was the core of the conflict and we may put this into a modern perspective using the terms of "democracy" against the "communistic" style of Sparta. Sparta was dedicated to a military oligarchy that rejected the arts, philosophy, and literature. Sparta was the closest thing that we had to a ancient communistic state where it is the bureaucracy that truly controls power reducing individual liberties and achieving a standardized world where the people are essentially treated the same. Pericles he portrays as combining caution and moderation with a daring imagination and intellect casting him as a leader of a new age.



Thomas Hobbes (1588-1679)

There is little doubt that Hobbes was greatly influenced by Thucydides and what he saw was very competing personalities that evolved and that the idea of a Democracy truly did not work. Hobbes believed that the sovereignty of the King was the best solution to the pain of man.

Hobbes was a brilliant mind. He saw the civil war rage around him and had to flee for his life because of his ideas. But Hobbes is not lost to an age of kings long since past. If we look beyond the head of state, we still see the Leviathan and that is constructed as the Bureaucracy that never changes which is why we have had these battles for thousands of years with no resolution. Thrasymachus was indeed correct. It matters not what is the form of government and the corruption in the Judiciary will never stop just because you change the President.

The Leviathan is the Bureaucracy, which cares not who is at the head for they alone control the state. Prosecutors will still charge whomever they desire, and the Judges will deny a fair trial and like Judge Shindlin of the Southern District of New York who sentenced a man to life even after the President and Congress signed a treaty guaranteeing that no one extradicted from Columbia would receive more than 20 years, the Second Circuit Court of Appeals ruled that the defendant Lara had no standing to object because the treaty was with Columbia, and only they could appeal. So you see, there is no Separation of Powers that was to be the bulwark against tyranny, for the Judiciary obeys no one and only the Bureaucrats can indict, not the people, so there is nothing our elected officials or the people can ever do in any case whatsoever. We no more live in a Democracy today where the will of the people is respected than did Socrates when they ordered his death because the oligarchy did not like what he was teaching the children.

Thucydides was correct that mankind cannot truly understand his future without comprehending his past. For history itself contains repeated occurring patterns of the same arguments and battles time and time again. For example, we come to the very interesting period of Justinian I (527-565AD) Byzantine Emperor who came about 224 years later after the assumption of power by Constantine I (The Great). Constantine had grown up in the court of Diocletian who desperately sought to reform the Roman Empire after its disasterous collapse of the monetary system under the reign of Gallienus (253-260AD). Not only did the monetary system collapse, but virtually the entire structure of government began to fall apart. From a power perspective, it was the Senate that exercised control over the military as a check and balance since the days of the Republic. The leader of the army for an event was an elected official. Yet what had stood for about 700 years, crumbled and control of the military was then usurped by professional equestrian officers. This led to a volatile collapse where numerous Generals were usurping powers to try to claim the office of Emperor. This was the atmosphere upon which the general Diocletian took control and attempt a monetary and political reform known as the Tetrarchy splitting the Roman Empire creating two emperors (East & West) with two vice presidents known as Caesars. In fact Diocletian was the first Emperor to retire in 305AD and pass power to the two awaiting Caesars, one of whom was Constantine's father, Constantius I Chlorus ("The Pale").

With the death of his father in 306AD, Constantine set out to reunite the whole empire under his own single rule. We find that 224 years after the death of his father in 306AD, we come to the year 530AD and the reign of Justinian I (527-565AD). Justinian is famous for his legal reforms known as the Codex Constitutionum, that was a new codes of Imperial Enactments or Constitutions in 528AD (published in 529AD),

a new code of imperial enactments or a constitution in 528AD (published in 529AD), a second commission of his reform was to attack the corrupt judiciary and codify all the laws known as his Digesta. This commission began in 530 and was delayed by great civil unrest and did not appear until 533AD. He also simultaneously had established the Institutiones, text books for the training of law students, also published in 533AD. A second edition was published in 534AD whereby he revised the laws that previously existed in his famous Codex Justinianus, and his subsequent legislative reforms came much later in 565AD known as his Novellae Constitutiones Post Codicem.



Justinian 527-565AD

What we see with the reign of Justinian I is a determined Emperor who made an effort to root-out the corruption that filled the courts and was destroying commerce. Judges were simply for sale and the state of the law reflected that. Within just 224 years of Constantine embarking on trying to create a new world, we find the age old problem of corruption within the ranks of the Leviathan that is effecting our own economy right now.

The reforms attempted by Justinian came at a very steep price. The two political parties at that time were known as the Blues and the Greens. This is no different than we have today between the Republicans and the Democrats. Those with a self-interest who stood to lose in these reforms, incited civil unrest fueling violent confrontations and attempted to appoint a new emperor who would keep the status quo. The people, as usual, were manipulated and knew nothing about what they were really arguing for. So in 532AD, the instigators achieved the unification of the Blues and the Greens who joined together in this civil unrest.

This uprising became known as the "Nika" Revolt, that in Greek means to "Conquer" or "Win" insofar as the overthrow of Justinian for his reforms, mostly for his anticipated legal reforms. The new united Blues and the Greens that began as factions in sports at the Hippodrome, now attacked and set fire to the city prefect's office and other public buildings. They even attacked the Imperial Palace setting fire to it and burned down the leading church of the Holy Wisdom that was attached to the Palace. They then were led to the Hippodrome by the secret instigators demanding the dismissal of the city's prefect and the two new reformer ministers of Justinian John of Cappadocia and the advocate Tribonian, who were the architects of the reforms. The next day, the instigators put up the nephew of the late emperor Anastasius whose name was Hypatius, who also had the support of a small group of senators whose personal interests were also effected by the reforms. What turned around events, was his wife the Empress Theodora. Justinian was going to flee, but Theodora made him stand his ground. Once it appeared that Justinian would stay, she helped his two leading generals Belisarius and Mundus to rally troops who then attacked the mob in the Hippodrome that ended in a wholesale massacre and Hypatius was executed.



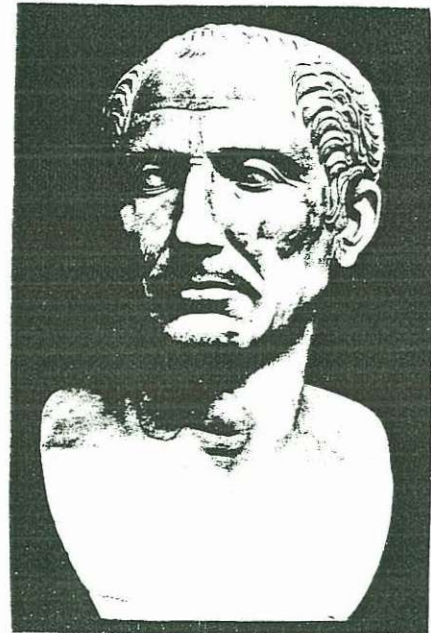
Empress Theodora 527- 548



Historically, the Rule of Law has always been the most critical part of our economy for nothing can survive without it. Yet every time, it is the corruption of judges that leads to the destruction of society. Once they can be bought and the courts stacked with political objectives, the end is usually well in sight. Every major collapse of a society has been accompanied by the corruption of the Rule of Law. Once that takes place, it is time to turn-out the lights. We find every major reorganization after a political conflict involves the reestablishment of the Rule of Law. The first Roman Emperor Augustus (27-14AD) also revised the legal code upon taking power. We also find Julius Caesar, perhaps the most profound politician in history with a crisp and truly brilliant mind, also had to eliminate the widespread corruption in the courts and enacted the Lex Julia, meaning the Law of Julius.

Indeed, if we look at Julius Caesar and investigate the contemporary writings of all those at the time rather than merely just the corrupt and biased writings of Cicero and Cato, who are renown for their "Republican" support and resistance to tyranny in the form of Caesar's dictatorship, we begin to get a better sense of the scope of the full and widespread corruption that led to the fall of the Republic, and rightly so!

The Republic, like our Democracy today, was nothing close to its intended design. It fell into an oligarchy created from corrupt senators who quite often bribed their way to office and rigged the votes. In fact, the reason why we have the Julian Calendar is because the Romans used a moon calendar but knew that it was not correct. Thus, to keep it adjusted with the concept of a "leap" in time, the high priest, **Pontifex Max**, was in charge of inserting days when he, in his sole discretion, felt it necessary to add a few days. The problem became the sheer scope of corruption among the politicians. They would bribe the high priest to insert even months at a time to postpone elections. So when Caesar marched upon Rome, what was once winter was now summer because the corruption had become so prevasive, that even the calendar no longer functioned.



Gaius Julius Caesar 100-44BC

The reason why I disagree with those who worship Cicero and Cato as the steadfast Republicans against tyranny, is for within their comments, one finds either sublime ignorance, or the covert acceptance of the oligarchy form of prevasive corruption. One would expect Cicero to cheer the reestablishment of a calendar that eliminated the "discretion" of a high priest to manipulate the political elections if he were a true Republican. Cicero slipped when a friend had reminded him that the Constellation Lyra was due to rise, he remarked; "Yes, by edict." (Putarch recorded). If we look at the sweeping legal reforms and reorganization of Julius Caesar the politician in the very brief few years of his power before he was assassinated in the Senate itself, we see not the machinations of a man bent upon personal power for self-interest, but the actions of a major profound reform to attack the corrupt Leviathan - the Bureaucracy. Of all the men throughout recorded history, there is no leader who truly understood the issues of a debt crisis and the economic complexity than Julius Caesar. I will reserve that for another day. For now, the Leviathan is the bureaucracy and always has been. When those at the top decide to be statemen rather than corrupt politicians, they have often paid for their unbiased attempts to save man from himself with their lives.

The eternal battle is clearly intertwined with the pretense of religion, if not for anything else, but to try to justify their position. The civil war in England demonstrated how also there was this underlying current of trying to grab wealth. The Revolution brought an end to the reign of Charles I (1600-1649) who was beheaded. Monarchy was thus ended and the Protector, Puritan Oliver Cromwell (1599-1658) who seized power and ruled between 1653-1658 even placing his own portrait on the coinage.

Under the pretense of religion, the reign of terror began. Christmas was outlawed and no one was allowed to celebrate with a dinner in their home. State officials were charged with the duty to peak into people's homes to ensure they obeyed the law. Then all sports were outlawed because they led to cursing. It became a felony to kiss your wife in public. Plays were outlawed because this was in reality lying. Every time religious factions get control of the state, they historically attack all amusements as sinful. This is the same faction that would confiscate all wealth and execute if they could the rich.

John Stuart Mill (1806-1873) wrote a landmark piece he titled - "On Liberty." In his work, he pointed out that "let us not flatter ourselves that we are yet free from the stain of legal persecution." (Oxford World's Classics ed, 1998, p34). Mill's review of the principle of liberty is very critical for if we would limit all the powers of the state to restrain only violence and allow all other disputes to be settled between the people, the world would be starkly different. Mill wrote:

"The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physically or moral, is not a sufficient warrant ... over himself, over his own body and mind, the individual is sovereign."

#### On Liberty

Chief Justice Marshall of the US Supreme Court also wrote in the cornerstone decision of American jurisprudence obviously ignored by virtually all federal judges:

"The very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws, whenever he receives an injury."

Marbury v Madison, 5 US 137, 163 (1803)

Unfortunately, there seems to be no form of government that ever works for the true benefit of the people. Our pretended Democracy will never investigate a judge nor the Executive, and the Supreme Court claims by Rule 10 it is its discretion to even vindicate the Constitutional rights of any citizen. There is nothing that a citizen has anymore, for even property can be taken by the government under its concepts of right of domain. When it comes to taxation, you are merely the property of the state, a slave. Americans owe taxes no matter where they earn income even if they live overseas because the state's power supersede individual rights. Your income is not your own, it is the property of the state. How did we end up like this?

Government twists facts and manipulated the people to its own self-interest. If we look at King Henry VIII (1509-1547), he created his own church, that just so happens to have been at the time when his treasury was in bad shape. Was it really religion, or economics? When we look at Constantine I (the Great), it is true that he championed Christianity, but that justified him confiscating the vast hoards of wealth held in pagan temples. He was not baptized until his death bed. In just these two cases, if we follow the money, we see different motives. The Spanish Inquisition also resulted in the confiscation of wealth, and to win in pretended trials, they would dig up even a corpse and place it on trial to confiscate the estate from his heirs.

# Religion is only For The MASSES

Religion seems to be for the masses, not the politicians. There is no evidence to show any honorable government for whenever its own treasury is in need, magically there is a religious dispute that somehow ends up in government always confiscating the wealth of temples. The French Revolution is yet another example. To fund the revolution, the Catholic Church was portrayed as linked with the King and that then justified turning against the wealth of the Church. Under the Civil Constitution of the Clergy in 1790, the Church owned about 10% of the lands coming out of the old feudal system. This resulted in open war between the revolutionaries and the Church.

It was Pope Pius VI who would pay for the desperate actions of the State to confiscate the wealth of the Catholic Church with his life. In October 1781, the hard times of economic decline led the **Holy Roman Emperor Joseph II** (1765-1790) to issue the **Edict of Toleration** because of the rise of non-Catholic minorities, or so he claimed. By suddenly claiming the need to be religiously tolerant, as part of the same decree he declared that all monasteries were dissolved and their lands confiscated as being "unnecessary" and he redrew the diocesan boundaries of the Catholic Church. These were certainly not acts of any tolerance. He then assumed control of all seminaries and abolished all festivals. One does not overthrow the clear majority for a minority if there is not economic gain, which was the great wealth of lands accumulated through the dark ages.



Pope Pius VI  
(1775 -- 1799)

It was Joseph II who gave the idea to the French to confiscate the wealth of the Church to fund its revolution. The French demanded an oath of fidelity to the State by the Clergy. Pius VI objected on March 10, 1791 and that established the forced split of the French Church with Rome. It is true that Pius VI supported monarchy and feared the new republicanism rising. This was due to the fact that he saw the band of French Revolutionaries as a invading mob. After Napoleon defeated the Austrians, he turned against Rome in 1796. Napoleon forced the Pope to sign a peace treaty on February 19th, 1797 at Tolentino. But by December, a riot of the people broke out against the French in 1798 and that led to the full occupation of Rome by the French. The Italians themselves had grouped together and declared an Italian Republic as did the French. The French would have no such thing. The following year, the French then seized **Pope Pius VI** in March of 1799. He was imprisoned and held in solitary confinement until he died a mere prisoner of political power. The long contraction in the temporal power of the Church came to a final resolution where all that remained was Vatican City finally recognized as a sovereign state in 1929. The assault on the Church was a thirst for wealth rather than religion. Most of Southern Europe remained Catholic, demonstrating that there was a power play for wealth no different than the Crusades plundered Constantinople and took the wealth back to Venice when this was a battle between Christian forces.

There is simply no evidence that Government ever truly respects religion, for it has been a tool to manipulate the people more than anything from the government's view. **Constantine I (The Great)** not merely confiscated the wealth of all pagan temples, he supported Christians because politically this supported his views that there was one God and thus there should be one Empire with one Emperor.

## Moscow

The  
Third  
Rome



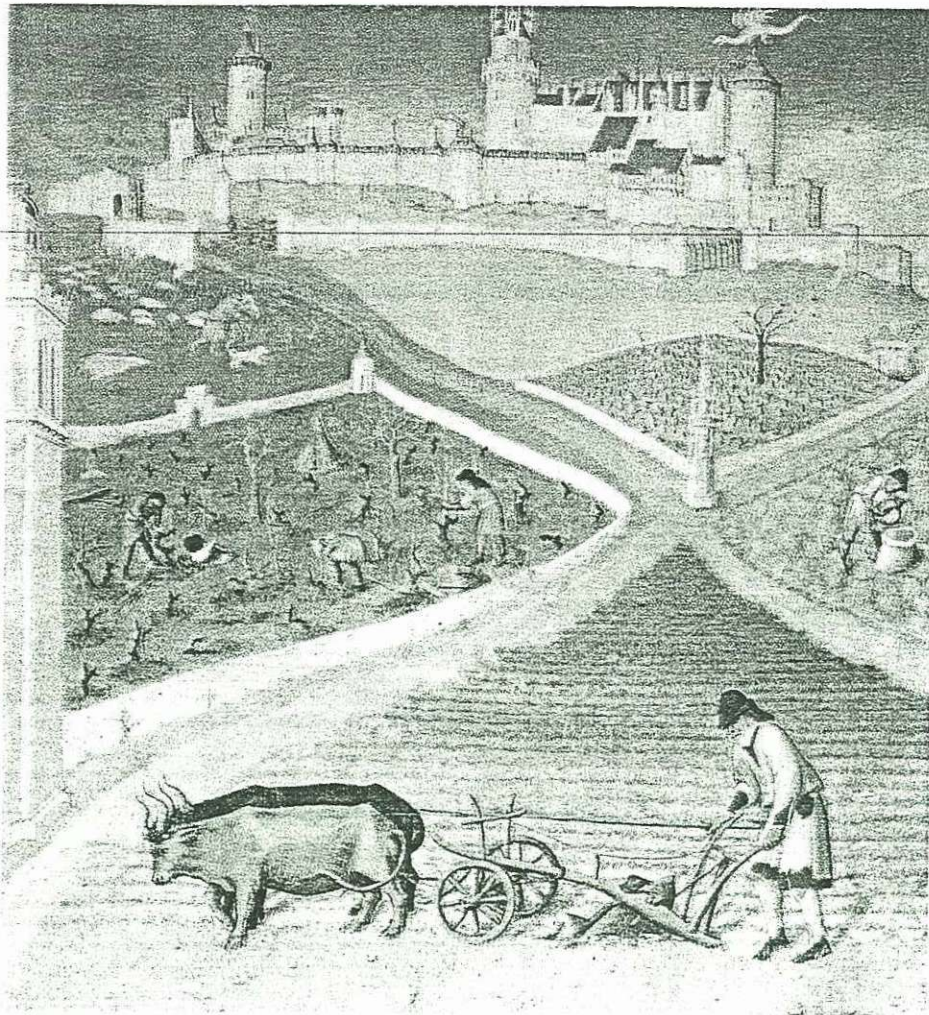
The Russian Revolution proclaimed atheism as the national policy so once more there could be the confiscation of religious property. The Russian Orthodox Church was the surviving body after the fall of Constantinople. Moscow effectively became the **Third Rome**. Once more, it was religion that became the rich emerging from the dark ages because there was no trade, capitalism, or even property ownership. The collapse of Rome in the Western Empire led to the suburbanization of Rome as people initially fled the rising taxes that began under the reign of **Diocletian (284-305AD)**. In fact, it was **Diocletian** who instituted a passport system to restrict movement to be able to collect his taxes. Yet the suburbanization gave way to the trend toward feudalism and we saw the same desperate rise in taxes in Constantinople that created the same trend.

It is the inability of the state to ever properly manage its expenses that has caused countless wars and the decline in economic progress. No matter what type of government that exists, it always fails. Communism fell in China and Russia for they also failed to manage their expenses.

We find the great expansion of Roman Citizenship under the mad-man Emperor **Caracalla (211-217AD)**. One could hail him as a great civil rights leader. But if we look deeper, only Roman citizens paid inheritance taxes. **Caracalla** bestowed citizenship upon everyone he could, so they became subject to his taxation.

**What** we must understand is that the key to understanding politics and the fate of the global economy, is to follow the money. It was the great movement to create monasteries that instituted the rebirth of the **Enlightenment** insofar as they brought back the study of ancient knowledge. The languages of ancient greek and latin had been lost. Therefore, as monasteries formed, this created the revival of the Roman practice of publishing books by copying them by hand and the people who did the copying were known as scribes.

The Monastery movement brought back to life the old Roman Scriptoriums. The spread of knowledge was truly enabled by the invention of the printing press by **Johannes Gutenberg (1390-1468)**. This replaced the role of monastic scriptoriums and thus this also led to the tempting land values held by the monasteries. This movement to seize the wealth of monasteries by pointing to the corruption in the Church, is the same model used today to point at the bonuses paid to professionals to justify confiscation of wealth from the individual rich. Government always turns events to justify why their target does not deserve what they possess.



Feudalism lacked private ownership, and wealth was land before the Industrial Revolution

## Middle Ages

The attack upon the Catholic Church by the various states from **Henry VIII** onward was a thirst for wealth. In fact, in 1512 **Henry VIII** had joined his father-in-law who was **Ferdinand II of Aragon** against the French contrary to the advice of his counselors. This war was essentially in defense of the Pope. **Henry VIII** had no military talent himself.

**Henry VIII** essentially abdicated the rule of England to his good friend and Cardinal of the Church **Thomas Wolsey**. Between 1515 and 1527, **Henry VIII** did little governing, and did more spending than he should have.

The death of **Maximilian I** as **Holy Roman Emperor** in 1519, led to the election of his grandson **Charles V** who thus brought the crowns of Spain, Burgundy (with the Netherlands), and Austria consolidating the royal dynasties of Europe, with the exception of France.

By 1521, **Henry VIII** became merely a subordinate outpost of **Charles V's** Imperial power. **Wolsey's** attempt to reverse alliances sparked trade disputes and the vital English cloth trade with Netherlands was effected. This created a further economic decline and a rising degree of unpopularity. **Henry VIII** concluded that **Wolsey's** policy failed and he had to go. England became largely a joke in Europe under **Henry VIII** and this led to rising unpopularity even for **Henry**. **Henry VIII** ultimately turned to **Thomas More (1478-1535)**. In 1523, **Wolsey** called a Parliament seeking a rise in taxes, but that voted by Parliament, was well below that which was needed. The next year, a **Special Tax** was imposed, but in the face of fierce opposition, it had to be rescinded the next year. By 1527, **Henry VIII** was facing total bankruptcy. He had no influence overseas and was becoming unpopular at home.

His wife **Catherine** was unable to provide a male heir. Only one child survived - **Mary**. The rising unpopularity made **Henry** fear that without a male heir, no one knew what would happen to England if a female came to power. **Henry** thus became infatuated with **Anne Boleyn**. Yet **Anne Boleyn** proved to be the real power behind the throne and was able to manipulate **Henry** to achieve her goals. She convinced him that his marriage was against divine law since **Catherine of Aragon** who had been married to his elder brother **Arthur** who died in 1502. **Boleyn** convinced **Henry** that the many deaths of his children was God's judgment. It was political, for **Henry** petitioned **Pope Clement VII** for an annulment, but the Pope had previously been imprisoned by **Charles V** and now **Henry** was asking for relief from the Pope but **Catherine** was the aunt of **Charles V**. **Pope Clement** was a prisoner between 1527-28. Consequently, what would have been reasonable, was barred by the relation to **Charles V**.

Henry turned to Wolsey who was trying to cling to his power. He managed to create a trial in England, but this was frustrated by the Pope in 1529. When this failed, Henry got rid of Wolsey. Thomas More thus rose to the chancellorship. It is clear that Henry saw the Pope as a subordinate of Charles V and not a true and impartial leader of the Church.

More told Henry he did not approve of the divorce. Henry vacillated for about 3 years, hoping that Rome would change its mind. Anne Boleyn wanted the throne and convinced Henry he did not need to subjugate himself to Rome. Finally, in April 1532, control of the council was won by Thomas Cromwell (1485-1540), who held full control for about 8 years. Cromwell created the break with Rome and ruthlessly did in fact seize the Church properties to refill the treasury. Henry VIII married Anne Boleyn in January 1533. The Pope retaliated with a sentence of excommunication.

The model became that of Constantine I whereby he was the Emperor over both that state and the church. Henry had never intended a religious revolution. But this was created in part due to (1) political conflicts, and (2) economic bankruptcy. It was the seizure of the monasteries that were dissolved in 1536-1540, that was even followed by a tax on the clergy, but Cromwell also altered the power-base, and made the king subordinate to Parliament. Yet the king retained the executive function of prosecuting the laws, as we have still today. The respected Thomas More fell to the new "treason" laws and was executed along with about 50 others. The English families of Pole and Courtenay were axed for treason charges that they were linked to the Pope, but in reality, they could claim royal blood and were thus adversaries to the Tudor line.

Cromwell thus expanded the power of Parliament and profited from the seizure of the monasteries. This break with Rome set in motion the concept that the wealth represented now in land emerging from the middle ages, could be taken from the church just as the city of Constantinople was plundered. God notwithstanding, the bureaucracy cares nothing about who holds the wealth be it man or gods. The state has a never ending appetite for wealth, and it matters not what tale must be spun to justify its seizure.

The church was picked clean by virtually every government. It was not until 1929 that Vatican City was given its own status as a sovereign state. Until then, it was nothing more than the spoils of war - a war of the government as always and forever, against the people. Today, we are living under the pretense that somehow we live in a democracy. We live merely in a delusion. The power of the people today is no more powerful to change the fate of a nation than at any time throughout the tortured past of history.

The first step in understanding the dangers we face is to identify the foe. When there was no rule of law just the greed of the state, people did not trust any bank and buried their wealth. This made the climb out of the dark ages slow and painful for the velocity of money, contracts, capital, was almost non-existent or unreliable.

There will be those who cling to the idea that religion is really the core. I would argue that differing philosophies aside, how one justifies the past in his mind is not always reality. The trend against the individual or any group be it the church or the rich, boils down to one thing. The state ends up with the cash no matter what the dispute, group, theory, religion, or philosophy. This has been the eternal sea of politics that ebbs and flows without end. It now appears that the attack upon the small nations that have been tax shelters will lead to the migration of people as in Roman days, and the thirst for money is no different than the sack of Constantinople or the Church. It's always the same. Show me the money!

The evolution of the Catholic Church is deeply intertwined with economics. It was the collapse of the economy during the reign of Gallienus (253-268AD) that had a profound impact. The tangible value of money fell to about 1/50th of its former value causing taxes to be collected in kind, the taking of property and goods. The people's prayers went unanswered. The major opponent had remained Parthia (Persians). This was Rome's "cold war" and their religion was Zoroastrianism dating back to 6th Century BC based upon one God. These were the "Wisemen" of the Nativity in Christianity. When prayers were not answered in the face of such economic devastation, this is how we find the incredible rise of Christianity. It is also why the greatest religious persecution takes place under Diocletian (284-305AD). To the Pagans, they were being punished by those turning to Christianity, and to the Christians, the Roman gods had deserted them.

When Rome fell, it crumbled around the Church. There was no civilization nor was there any surviving government and the light of man died. As the dark ages began to fade and mankind emerged walking toward the light of civilization and the rise of the political state, the thirst for wealth began to return. The Church was seen as having power and wealth for it inherited much land. We begin to find the clear attempts to start manipulating that power with the interference of political aspirations to control the Papacy. The first Anti-Pope appears as early as 355AD as Felix II. The temptation to control the Papacy continued and the clash between Rome and Constantinople began when the Byzantine Emperor called the Council of Chalcedon and declared that the patriarch (bishop) of Constantinople was on an equal footing with that of Rome in 451AD.

As Charlemagne came to power in the 700s, the Papacy was now protected by the French court, but the model design was that of Constantinople and Roman history itself. The king would rule over all - church and state. The wealth present in the Church at Rome continued to grow as it did in ancient pagan temples that had attracted Constantine I. This time, during the 9th and 10th Centuries, the Roman papacy was virtually taken over by the German Emperors.

It was the rise of Pope Leo IX (1049-1054) who was a great reformer that we see led to what was known as the Investiture Conflict of 1075 under Pope Gregory VII (1073-1085), where he threatened to excommunicate any civil ruler who attempted to invest the holder of an ecclesiastical office with the symbols of power that was the show of power that a civil ruler had over the Church. This battle between the state and the Church led to economic efforts to suppress the Papacy. This conflict led to the selling of such offices during the 13th Century. This battle between the Church and various state rules led to increasing financial difficulties. The French essentially captured the Papacy known as the "Babylonian Captivity" placing it at Avignon, France (1309-1377). This led to the conciliar movement, an attempt by bishops to regain control over the church, and loud calls for sacramental and organizational reform. By the time we reach the Renaissance Popes such as Julius II (1503-1513), we find him actually defending the Church in battle.

The point of this review is simply this. All organizations evolve into a state of corruption. Even the Catholic Church fell to such human traits. But the important lesson from this review is that the Church was the "rich" where there were only nobles and serfs during the Middle Ages. It was the prize of wealth, just as the pagan temples were a prize to fund the war for Constantine I.

What this proves above all, is there is no religion within the Leviathan. The only thing we see is the self-interest of the state officials, nothing more. This is why the political forces have embraced Marx, because it justifies their personal goals and they can pretend they are doing good just as they pointed to the very corruption within the Church to justify seizing its wealth. It matters not, for the state will use whatever it takes to consume power and wealth. This is the real Leviathan.

## The Battle ~ Today



There is little doubt that in modern terms, Americans still cast this battle as merely between the rich and the poor as very cleverly played-out by politicians on the back of Karl Marx.

Many still call this "Reaganomics" or "trickle down economics" when in fact the first to question the Marxist seizure of the political state in the early 20th Century was former Prime Minister Margaret Thatcher, today known as "Lady Thatcher" but to her opponents, they tagged her with the title "Iron Lady."

What we forget in our time line of events is that Thatcher came to power in Britain 18 months before Reagan. Of the two most truly impressive people I have ever met, I would have say Lady Thatcher who instinctively could feel cycles in her veins, and Milton Friedman who understood the dangers of intervention.

This battle between the Left and the Right has been raging on for thousands of years. Yet cleverly hidden at its core, is the very thirst for power and wealth that becomes concentrated within Government. There has been a major change in this battle for as it first appeared in history as one nation invading another as a means to just increase its money supply prior to well developed international trade, this tended to migrate to feeding the hunger of the state for wealth in the form of taxation that was targeted at the people. When this gave way because of tax revolts and migration, we begin to see that the state enacts laws to prevent movement in order to better collect taxation.

Both the invention of a passport and birth records, is due exclusively to the state's desire to collect taxes. Thus, the state's thirst for wealth, has always been a direct assault against the liberty of the people. As Carthage demonstrated that trade among nations was the key to acquiring wealth, Rome turned and crushed that state a third time and then adopted the trade routines of Carthage.

When the power of the state becomes weakened as it is today, desperate measures have often followed. Just as the Romans invented passports and birth records to ensure tax collection, we have taken this to a new level insofar as we have by decree, made every citizen a slave. If you earn any income overseas, it now belongs to the state for it is no longer the idea that you are using the facilities of the state and thus should pay for them, into the fact that your mere birth as an American is no different than a slave. Whatever you earn no matter where, belongs to the state.

Americans generally remain ignorant of the fact that other than Japan, citizens of other nations pay taxes only on what is earned in that country. When the United States was formed, there was a major debate over this very question. If you were born a British Citizen, then even if you committed murder in France, you could not be criminally punished there. You were placed in chains and sent back to your king who essentially owned you as his "subject" and thus France could not punish the property of another sovereign and more than a slave.



Since the United States revolted against this very concept of monarchy, this presented a huge legal problem that is discussed in great detail in a major Supreme Court case, Reid v Covert, 351 US 487 (1956). The burning question was; What would happen if a foreign person committed a crime in the United States? Should he be sent in chains to be punished by his king when the new Government was revolting against monarchy? Thomas Jefferson argued that any person who came to the United States was obligated to obey the laws here, and would have the same rights, privileges, and immunities of a citizen. There would be no sending people in chains to a king of a foreign land.

With the birth of the United States came a revolutionary idea that is often lost in the history books. This is why worldwide taxation is morally wrong for what we are now doing to our own people, is precisely what we revolted against. We are not the property of the state for what did we revolt against if it was not to be a free individual? Even the War of 1812 was fought because Britain took the position that an American born in England was still a subject, and thus American ships were being seized and the American individuals were now forced to serve in British ships. So you see, we have come full circle and the state counts upon the Marxist philosophy to justify stripping every American of the very liberty that the Revolution was fought for, the right to be an individual.

Government will destroy any church, temple, religion, or group by relabelling its purpose, declaring it is now evil, and seize its wealth. Currently, Government has embraced Karl Marx with open arms for he has proclaimed that "social justice" warrants the confiscation of all wealth and to be placed directly in the hands of the state. This is like Christmass in July for Government.

#### WE ARE AT THE PRECIPICE OF BANKRUPTCY

Like countless times before, the Leviathan only sees its self-interest. It is incapable of ever learning from history, for it sees only its own power and assumes it can just intimidate its way through life. But this time it is different. We are so far in debt on a global basis thanks to Marx and Keynes, that we cannot pull back for that would require admitting fault, and relinquishing at least some power.

I have been asked: Do I really think government will pull back and prevent the decline and fall of civilization? They have never avoided such disasters ever before. Would they understand that once we abandoned the gold standard, money became not a fiat, but was transformed into the common shares of a modern state no different than a corporation? A fiat currency is one not backed by anything. Currency today is a common share or stock and is backed by the wealth of the nation that includes its productive capacity, that rises and falls based upon confidence.

When currency reappeared in paper form for the first time post-Revolution in the Civil War, it was at first a form of circulating barer bond. It had a schedule printed on the reverse showing a table of interest rates that dictated the value of the currency depending upon how long it remained in circulation. When this practice stopped, this is when the term was coined "greenback" meaning there was nothing on the reverse side but green ink.

We should not confuse a fiat currency as was issued in Germany in the early 1920s. There, the government knew not what it was doing. It was a new republic and assumed the role of a social state. It believed it could just print money for whatever it wanted without limitation or ties to economic production. That became a "fiat" currency that was linked to nothing.

The reason I do not advocate a gold standard, is because gold is very rare and cannot be made a practical currency today for official use because its supply is not secured in any steady growth pattern. We have fits of serious deflation when the economy is doing well but there is such a shortage of gold, that we end up creating deflation and during the late 1800s because we cannot expand money supply.

The best of both worlds is to leave gold as the emergency free choice where people can opt to convert their currency to gold whenever they feel so compelled. Those who assume we should have a gold standard rather than a "fiat" paper system, fail to understand that the collapse of governments and economies has often been due to the shortage of gold. A fiat currency is one that is not linked to some tangible form of wealth, and that is the productive capacity of a nation.

We cannot have a national wealth without the rule of law. If there is no rule of law, then we will be back in the dark ages. There will be no banks, and one's gold is buried somewhere to protect it from robbery.

Our problem is not even the social concerns of the people. It is that we spend more than we have, and we promise that which can never be provided. Like General Motors, the legacy costs keep going and this is not linked to current production. If the production declines sharply, the company will not earn what it needs to pay to retired workers. The whole scheme falls apart. This is now rising among the cities, states, and even within the federal government. The promises of a social state just cannot be achieved because there is no long-term management.

We must make that next leap in the economic evolution. We must abandon the various forms of direct taxation and limit them to what the founders of this nation took careful consideration to create - indirect taxes. Once there is no personal accountability to the state and one is no longer a slave but truly free, then the state no longer needs to be big brother and track your every move to monitor your productive capacity. That is a true free nation.

Money is not a fiat, but a common stock created by the national wealth. If we stopped the insane borrowing, then the National Debt that once stood under Reagan at \$1 trillion, would be at best \$4 trillion since \$6 trillion of the \$10 trillion now owed was only for interest to borrow what we did not have. So if we had printed and increased the money supply by \$4 trillion instead of borrowing \$10 trillion, we would have far less inflation and we certainly would not have been indebted to any foreign nation. How can we borrow from an alleged political adversary?

Just as foreign persons must obey our laws when traveling here, then those who use the services should pay their fair share in indirect taxes. That means that even illegal aliens would be paying their fair share. So many problems would start to disappear if we do a comprehensive reform.

I have been asked: Do I really think a central bank is necessary? The answer is yes because just look at the volatility in interest rates before 1913. There were huge swings that were seasonal, such a retail stores often do as much as 40% of their business in December. There were also swings due to temporary shortages. The problem we have with cultivated investment bankers being put into positions of power who still have vast share holdings in their last job, is corruption at its best. This is what creates the oligarchy - a word coined by Socrates in Greek - "oligarchia." Any person who holds such a position must be truly disinterested, meaning, they can have no personal interests at stake whatsoever. They must be divested of all private interests and that requires men of stature at the end of their career, not at their beginning or in the middle from which they can benefit in the future by any decision made currently.

The self-interest of Hank Paulson and Dick Cheney to the founding fathers was simply unacceptable. At the start of the United States, having such interests would have been regarded as criminal, if not even treasonist. We cannot allow ex-Chairman of investment banking firms to run all the government banking institutions by mere political appointment and still be major shareholder in their former entity. This is corruption at its worst and is at the heart of the Leviathan.

We must respect that both sides of the debate have some valid points that are worth listening to. But we cannot adopt established institutions like the IMF and the World Bank for they have established cultures and are themselves deeply laced with corruption.

The Central Bank that needs to be created is one that only provides the clearing mechanism among nations. The IMF and World Bank can still perform rescues like a welfare office. However, the Central Bank we need to create can take the best of what was created in Europe insofar as rotating the upper management and that the departments should be staffed by only experienced people as I saw in China. What we need to avoid is the mistake of Europe insofar as assuming that one central bank shall establish one interest rate for all nations within the Euro. That is taking the post-war mistakes and was not the original design of the Fed when created in 1913.

Each nation will retain its central bank and allow gold to float, its currency to float, and its interest rates to float. This will allow disparities among nations to naturally attract capital as well as repel capital if the world dislikes the clear political policies.

We should eliminate sovereign debt. The debt should be converted to currency and may then be used to invest in the private sector. Thus, China would be free to take its trillion dollars and buy various US properties, companies, or percentages of public corporations.

No matter what people may think, if we look closely at what even the left now states publicly, they have recognized the fundamental doctrines of Thatcherism. There is a general awareness that we cannot spend forever and that there must be some accountability. There is a general skepticism about nationalizing even the banks long-term, and thus there is a general acceptance of her doctrine of Privatization.

Lady Thatcher opposed raising taxes, nationalization, and Keynesian economics. She fought to bring the top tax rate down to 40%, yet now Britain has raised it to 50%. People do not realize that the top income tax in the United States during the 1960s was over 90%. Who would work and give 90% of their earnings to the state? That is communism targeted at the rich and pretending you can retain title to your property, but as in the dark ages, all you get is 10% of your production.

So our main area of conflict remains taxation. We find the left governments still obsessed with extracting a greater proportion from those who work to give to those who do not, to somehow **redistribute wealth**. This is the real danger and the battle-line between Marx and Thatcher. Yet as the song goes, 2 out of 3 ain't bad.

Some would argue that Thatcher's doctrine that the days of "printing money is no more" and that printing more is back in fashion, there is a serious difference. The steady "printing" of money to just win elections is what Lady Thatcher was all about. Today, there is a "printing" of money in an effort to overcome the contraction in the money supply from the collapse in leverage. One is a "printing" with no just cause while the other is a form of "emergency" policy that no one seriously suggests should become standard. In fact, both Germany and France are mad as hell about the

"printing" of money by Obama, and China is now demanding a one-world-currency lacking trust in Obama's policies. So we seem to have something of an accord with the Thatcher policy against wholesale printing of money in fiat style limited by nothing.

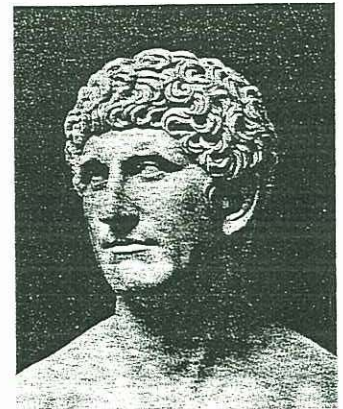
It pains me deeply to see such a vital mind absent from the debates that could be going on right now. Her doctors no longer allow her to speak publicly since her stroke. Of all times, this is one of those moments when we really need her stature to identify the light at the end of a tunnel. This is a moment in time when Marxism could be slayed once and for all. It is a moment in time where we could rise to such a new level of understanding in how to manage our affairs, that it is a shame we lack a leader. Perhaps the time is right that someone will step forward. History has often shown that it produced people with such courage and integrity at the critical moment like Benjamin Franklin, Thomas Jefferson and James Madison, or Churchill for World War II or General Patton who possessed such insight into history he could so easily see the future identifying the danger rising in Russia.

Thatcher was a person perhaps produced for the moment. She stood tall among men and drew her line in the sand. My personal conversations with her showed me a person who could "feel" the cycles of events and could see the future through the past. We desperately need such a person now. Thatcher was produced perhaps by the cycle itself coming to power in 1979 and seeing the excess of Marxism and what it had inflicted upon the state stripping liberty and individualism. That Public Wave on the Economic Confidence Model peaked at 1981.35. You will find in the archives of the Economist magazine for July 1985, Princeton Economics took the back cover for three weeks that month announcing that the bottom was just reached. So the skeptics are welcome to verify that fact as well.

#### SWAPPING DAUGHTERS

We can learn from history the practice was swapping daughters in marriage was an attempt among essentially monarchs to build political alliances. The theory that by inter-marrying families, one would be less inclined to attack the other.

This practice of intermarriage was widespread in Greek and Roman culture. We find it among the generals of Alexander the Great and we find it even in Roman Republican times. In fact, the Dictator Sulla ordered Julius Caesar to divorce his wife, which he refused to causing in part his decision to flee Rome. We find it between Caesar and Pompey who wed Caesar's daughter. We also find that Mark Antony married Octavia, the sister of Octavian (Augustus) and his divorce of her led to the war officially declared by Octavian against Cleopatra, not Mark Antony. So we have a long a rich history of such intermarriage.



Mark Antony  
(born 82BC - died 30BC)

This lesson from the past can now be adopted for modern times. Not that Obama should wed his two daughters to China and Europe to maintain economic cooperation. But, by allowing debt to be converted into investment, will accomplish a strange new world and lessen the danger of conflict. If China becomes a major investor within the United States, then its investment would be the greatest security against any future military confrontation. We can build a new world of economic cooperation with free trade that is the opposite of the dark ages and begin to cooperate of future advancement in science. Otherwise, a default on sovereign debt even by inflation is a economic war that could spill over into military conflict. We have to abandon Marx and his ideas to embark on a new world of economic prosperity and individual freedom.

## Taking the Best of Left & Right

There is always something to be found in two sides of a debate. The key is to listen maturely and blend what can be learned from all conflicts. The Romans were truly masters at building an empire. They left each land retain their gods and their culture, but extracted whatever benefits they saw and took home. For example, they took the idea of international trade from Carthage. We even see the Roman coins made of bronze begin to have the prow of a ship on their reverse.

From the Greeks they took philosophy, stoic ideals, math, literature, and the concept of schools. They also took the idea of a central bank from the isle of Delos where the temple often provided a means for carrying out transactions and provided a source for capital. Even kings would borrow from the temple to fund wars.

To advance in our knowledge we must listen to both sides. We have to take the best from each and blend that together to create a new understanding if we are to ever get out of the insane battle of words between the **Left** and the **Right**.



Narcissus painted on a  
Wall at Pompeii  
14-62 AD

Sometimes we seem to be as thick-headed as a stone. We do not look to the past as a society, but seem to think that we are so brilliant, that we have come up with some new idea and never take the time to see if it was ever used or tried before.

To some degree, as a society we seem to retain the Greek superstition that it was unlucky or even fatal to see one's own reflection. This belief was the reason behind the story of Narcissus who was the son of the River God Cephissus and the nymph Leiriope. He was distinguished for his legendary beauty. His mother was foretold he would have a long life provided he never looked upon his own features. His rejection of the love of the nymph Echo or of his lover Ameinias, drew the wrath of the gods. He was cursed and fell in love with his own reflection and died or committed suicide for he could not embrace himself.

We should not fear looking upon the image of our own conduct. If we listen to the past, we may learn some extraordinary solutions. In a future paper, I will reveal the sheer brilliance of Julius Caesar in his reforms of the Republican Oligarchy. It would provide a great roadmap for today.

The office of Dictator in times of great stress was not a Roman invention. Often overlooked is one of the claimed 7 wisest men of ancient Greece. His name was Pittacus of Mytilene (born 650BC, died ca 570BC). He collaborated to overthrow the tyrant Melanchrus in 612-611BC and distinguished himself in the war against Athens for Sigium, killing the Athenian commander, Phrynon, in single-handed combat. He was elected aisymnetes (dictator appointed during times of internal strife) by the Mytileneans in 590 BC and served in that position for 10 years.

We have retained the idea by appointing people like a drug czar (Caesar). This is a very old tradition that was recognized that sometimes, we need action, not debate, but that action can only be disinterested.



Pittacus (650-570 BC)

## THE DEMANDS FOR SOCIAL JUSTICE

While Marx got it dead wrong that government can somehow replace the private sector and make all people equal in money failing to see that this would lead to tyranny as what took place in China and Russia, still there is a small flame of injustice that has riled so many. We cannot forget that one of the Ten Commandments is not to covet their neighbors goods or wife. The problem we have has been the introduction of the income tax that Congress voted in during 1909 before they saw the manifestation of Marx's ideas with the Russian Revolution in 1917 and the seizure of the German state by the Weimar Republic (1919-1933), which ironically, never had much popularity or political support.

In November 1918, a left-wing revolution broke out in Germany, and William II was forced to abdicate. Germany was forced to accept the Allied peace terms and under the Treaty of Versailles, Germany lost all of its overseas colonies and some of its European territory as well. The Rhineland was ordered to be a demilitarized zone similar to the no-fly zones imposed on Iraq. Allied forces continued to even occupy Germany until 1930, as hard times of the Depression began to effect budgets.

The Weimar Republic followed Marx and simply printed whatever money they just wanted. There was no link to productive capacity, and no links to population or anything. This became the classic example of a "fiat" currency that has been ever since misconstrued to suggest that any monetary system not backed by gold is a "fiat" system. This of course is not true. Under the gold standard, the failure to link gold to the supply of dollars at Bretton Woods, produced still a "fiat" system insofar as this eventually caused the collapse of the gold standard for gold was fixed at \$35 per ounce, but there was no limitation upon the supply of dollars.

The United States thus adopted the income tax and Marxism both before the Russian Revolution of 1917 and the social justice experiment of the Weimar Republic in Germany that created the hyper-inflation of 1921-1923. Perhaps, if the men who had voted on the income tax could have gone back and repealed it after what they saw in Russia and Germany, they might have relaised the mistake they made in adopting the ideas of Karl Marx. Post-1913, we ignore the fact that America also embraced Marxism by using the term "social justice" omitting of course whose idea this was that we have followed so blindly.

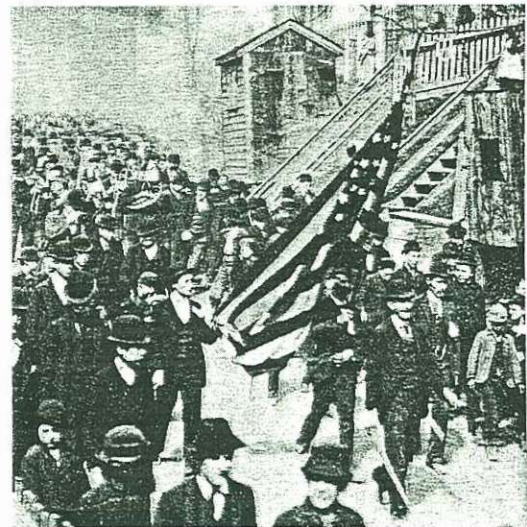
As I have explained, the Concentration of Wealth is just how everything even functions. It is the heart beating at the core of our economy, but it is fractal in nature meaning that it takes place also on the varing layers of time, that extends through the individual level, into the economic sector level, and then rises to the level of nations and regions. It was Protectionism that was the great trend of the Depression era in the 1930s, that is widely recognized as being wrong and even worsened the economic contraction. This was the Concentration of Wealth between nations that politicians did not understand and sought to eliminate. The Dark Ages was a period where there was no economic trade. The Arabs cut-off access to the ports for Western Europe and the Vikings suppressed Europe from the North. Economic trade began to collapse deepening what became known as the Dark Ages.

The Concentration of Wealth is the effect of economic interaction. We must come to understand this is what creates progress. We must understand that this rises to the level of sectors. The greed of American unions have driven up the costs of cars and lowered the quality to the point that the consumer has been driven away from the product. The unions tried to stop the sectorial concentration of wealth by clinging to it demanding it not depart so they can retain their jobs. But this is not the way an economy can be managed. If you want more money, improve your skills and move between the sectors. Do not expect to freeze economic progress to force an outcome.

This is what is actually taking place with each economic decline. It is the shift in the concentration of wealth and capital from one sector to another, one nation to another, or one region to another, depending upon the intensity of the crisis. This is the positive side of a depression. It is the passing of one generation to the next. We all cannot live forever, and this is true within the economy. Right now, this is the day of reckoning for the Financial Industry. We see J.P. Morgan Stanley trying to regroup and move back to retail brokering, while we see Goldman Sachs refusing to change and retain its proprietary trading that truly has nothing to do with being a bank. That's a hedge fund, not a banking function. Goldman has become a hedge fund with FDIC backing but retains all profits.

It was the famous Panic of 1907 that brought a spectacular end to the railroads that were sort of the Dot.Com era of the late 1800s. The corruption and excess that took place with that economic expansion culminated in an economic collapse. This gave way to the commodity explosion into 1919 and the outstanding collapse thereafter into 1921. This gave way to the age of the automobile that led the stocks up again into the 1929 high. While this correction was sharp, it was also a debt crisis in Europe that was furthered by a 7 year drought that destroyed farming. It was the WPA at that time that helped the transition from the farm to a skilled labor force. Each boom and bust creates the crash from the sector that has seen the greatest concentration of capital and that creates the excesses. As that sector collapses, workers are left stranded and have to make the transition to the new sector about to rise.

Even if we look before the birth of the income tax, we see a little known march of workers demanding the same thing back in 1894 - public financing of public works to create employment. The leader was Jacob S. Coxley who was a businessman in Ohio. It became known as Coxey's Army, but it was not quite that big. It was a group of unemployed who marched upon Washington during the depression of 1894. They were demanding that Congress authorize a vast new program of public works, financed by a substantial increase in money supply since there was no such thing as income taxes. Coxey's Army left Massillon, Ohio on March 25th, 1894 with about 100 men. By the time they reached Washington, the group was now about 500. The Government responded as it always does ignoring the First Amendment and the right to assemble as well as free speech, by arresting Coxey for walking on the grass. The Government crushed his protest and once again, the United States showed its true colors. The Leviathan is hell-bent upon its own self-interest. It may stand on its soap box and preach social justice, but it is bullshit. The only thing they champion is more governmental power at the expense of the individual.



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All I can hope for is to expose the truth about Marx, and reveal that it is this Concentration of Wealth that is the very essence of the economy be it at the pure individual level, sectorial, national, and regional levels. If we would not endorse Protectionism, we must not endorse the confiscation of wealth among individuals. We should understand the movements between sectors, emphasize education to teach how to live with the natural cyclical forces within nature. This is truly how the global economy functions and we should no more destroy this Concentration of Wealth or Capital than we should try to stop the beat of a heart. With each economic decline on a major level, this is the passing of this Concentration from one sector to the next. Those who fight it, desperately trying to relive the past glory, are indeed suffering from a Narcissus complex insofar as they can only see their own reflection. We must see the whole, not what we only want to see for our own self-interest.

# — Conclusion —

We must realize that there is nothing more important than the Rule of Law. The liberty and integrity that so many have died for in the American Revolution against monarchy, has crumbled into a state of corruption that seems to be the timeless process of revision, reform, and resetting the stage for the same acts of corruption.

It was once believed that the first legal reform was that of Hammurabi (1792-1750BC). What this codification of the Rule of Law represented, was the first attempt to create international law by the merging of cultures through conquest and reconcile the differences in legal concepts between two people. But it has been in recent years been discovered a hoard of clay tablets from the First Gulf War in Iraq, the seat of Hammurabi. This new discovery was purchased by a private collector who hired people for the translation. This private collector has been criticized by the archaeological field that he purchased them on the black market. Their self-interest aside, the private capital this Norway collector brought to the translation effort was something that the archaeologists have to beg for funds from governments to do any work. Not likely in times of economic stress and war. What this collector paid for demonstrates to the world, that the legal code of Hammurabi was a reform of an even earlier legal code previously unknown of about even 600 years before.

There have been countless legal reforms because the Judicial system is by far the most corrupt in history. Without the legal codes and the Rule of Law, not the arbitrary will of judges that vary from case to case as we have today in Federal courts, there can be no international trade nor investment for there is no right to property. In my research of the Rule of Law and its link to the economy, I discovered in the Babylonian legal texts at the British Museum, one man sold a house to another, but he then took the door with him and a lawsuit took place. It turned out that since the climate changed and trees became rare, wood rose in value to the point that the front door made of wood was worth more than the house. The lawsuit ruled in favor of the buyer that it was presumed that the door went with the house since there was no specific notice that it would not be included.

We must understand that our system is crumbling. There is nothing that we can do to change things because Democracy is truly dead. There is no vote that we have to demand reform for the Republicans and Democrats are well entrenched into the status quo. Perhaps when the economic collapse reaches such an extent there is no one to buy the debt from anticipated multi-trillion dollar deficits coming as interest rates start to rise once more, then and only then will we see change. But that may even come in the form of a new Third Party.

International protectionism may rise again as politicians fail to understand this natural trend within the Concentration of Wealth. We are on the verge of a profound change in the world as we know it. It could be such a great springboard if we could shed the inherent corruption within the unelected Leviathan that has nothing to gain by honesty, and everything from corruption since not even the elected officials will ever investigate the Leviathan and the Supreme Court is nothing more than a political court that rules only when it is in the self-interest of the political trends at the moment. We have no absolute right to anything that was promised in the Constitution, for the corrupt inferior judges know that the odds of the Supreme Court reversing their tyranny is about 50 out of 50,000 cases. There is no incentive to do justice, for the Leviathan is only destroyed by a revolution and a complete newly established government. This is what Thomas Jefferson expected. A second revolution that would be inevitable. Jefferson's visions of the cycle come on the heel of economic collapse.