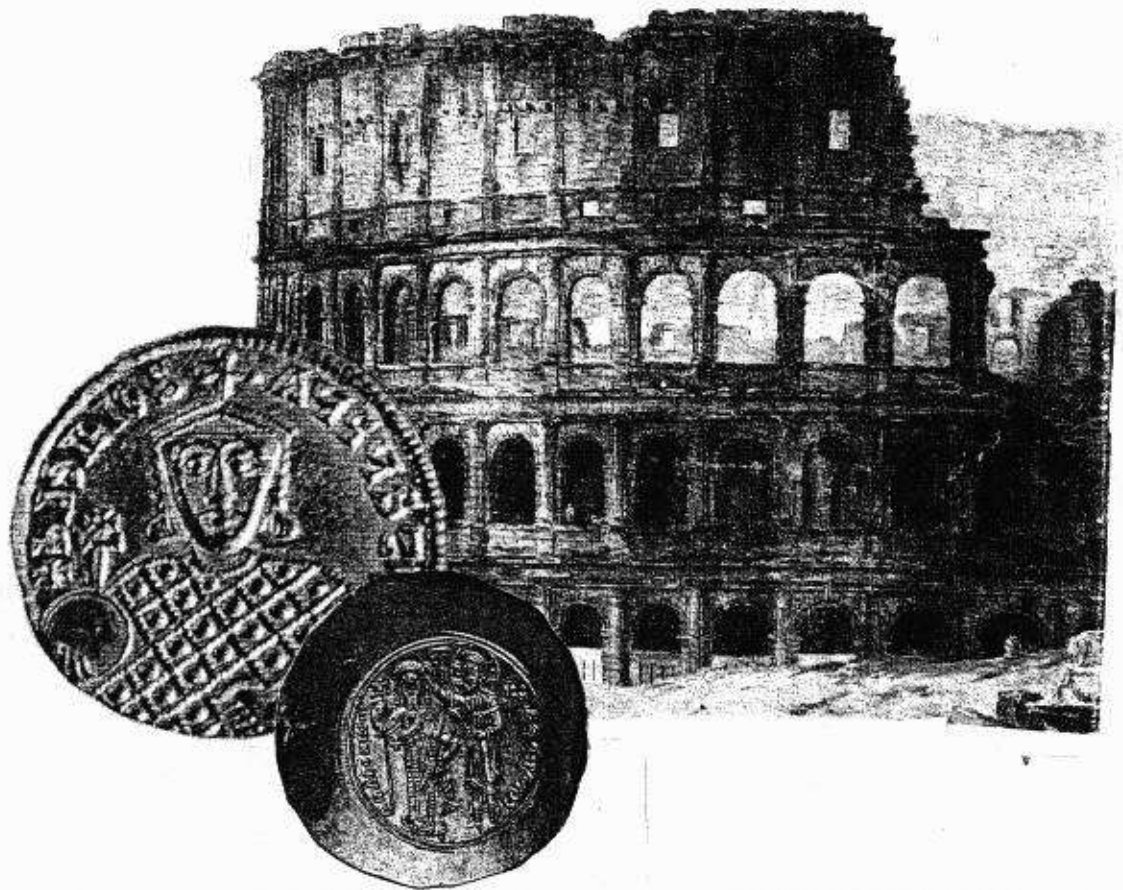


THE DECLINE AND FALL OF



Western Civilization Because of
Debt and Taxes AGAIN?

CAN We Stop it?

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

PLEASE REGISTER YOUR EMAIL ADDRESS
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ArmstrongEconomics@GMail.COM

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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.

Reality of Taxes & Debt

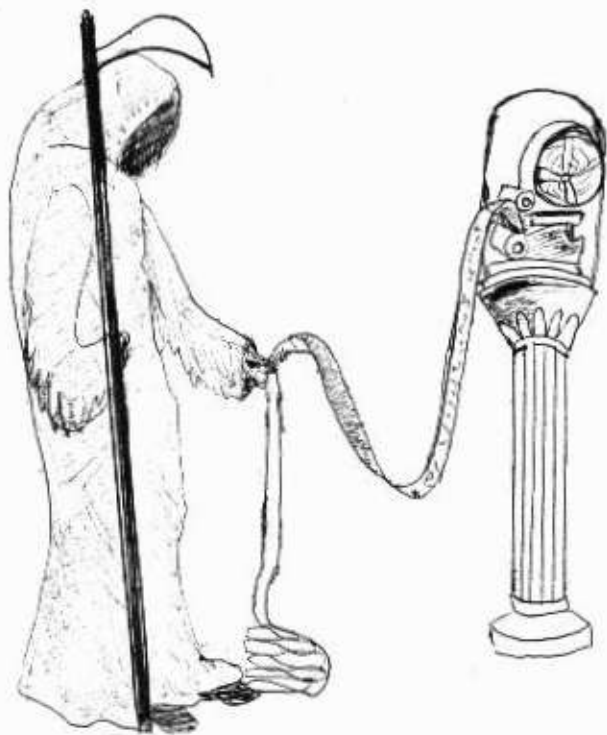
We need to understand that **taxation** was necessary under a gold standard because government could not spend money without taxation. Today, we have slit the golden chains of money and it is now created both by government and the private sector. We need to end public borrowing at the federal level, create money and stop pretending that that is inflationary for it is not the mere supply of money that creates inflation but where that money flows. Money supply includes bonds no matter how much we try to pretend that if we borrow \$1 trillion issuing bonds it has no effect of money supply because we exclude bonds from M1. As long as debt is purchased by other nations, it is then called their "**reserve**" and is counted within the international money supply and wealth of sovereign nations. Does anyone believe China has no dollars because it hold interest bearing bonds instead? Let us stop the manipulation of words with the use of fictional concepts.

Under a gold standard, without new supplies of gold, the greatest danger was **deflation** because if the supply of money could not increase, then as population increased, the same amount of money would mean that its purchasing power rose for the demand for money would constantly rise. This was one of the reasons behind the "**Silver Democrats**" who wanted to increase the money supply by overvaluing silver. The problem this created, was the economy was open, not closed. Gold would flee to Europe, be exchange for silver, the silver returned to the United States where it would fetch a higher amount of gold than it would in Europe. This led to the near collapse of the US Treasury and its gold supply when J.P. Morgan lent it gold by raising the money through a consortium of banks.

By proposing that we print what we need tied to economic growth rather than borrow, the first criticism is that is inflationary. We have \$30 trillion at the very least in leverage that was money created by the private sector in derivatives that show up on balance sheets. That is collapsing. We have seen no real inflation anticipated by the \$700 billion bailout nor by the Obama \$800 billion stimulus plan. Why? Because \$2 trillion against a collapse of \$30 trillion will not create inflation. The attempt to float bonds to "**borrow**" the funds instead is suppose to be responsible is just a joke. If the funds come from overseas, this would increase domestic cash. But if the bonds are purchased by Americans and banks as well as corporations looking for security in the middle of a "**flight to quality**" domestically speaking, then cash that would have been available to stimulate the **economy** and purchase local debt of the states and municipal governments, will flee to the federal. Therefore, this only becomes a redistribution of wealth, not a stimulus that increases money supply. Hence, the economy will still collapse and it may do so more rapidly than expected sealing the fate of Western Civilization because government will refuse to understand it has become the number one problem.

The original idea that the Federal Government would be funded proportionally by the states, has been reversed thanks to Marxist philosophy. Now the Feds compete with the states and as capital fears the local governments, it will flee to the Feds who have the power to at least print money or borrow internationally. The states are now starting to implode. They will raise taxes like California in the middle of a steep economic collapse, and this will force greater mortgage defaults.

We are entering into a very serious downward spiral. Unless government wakes up and understands how its action can destroy civilization, we will commit suicide. All we can do is protect ourselves. Gold is still appearing to the best best bet and should rise to \$2,500 at the minimum. If the Dow collapses into the summer creating the real **Waterfall Effect**, then we may see it too rise as a tangible hedge as it did between 1932 and 1937. The contraction in leverage is so massive, spending even \$3 trillion will not be inflationary. It is the borrowing that presents the danger.



THE DECLINE AND FALL OF

WESTERN CIVILIZATION BECAUSE OF DEBT AND TAXES, AGAIN?

by Martin A. Armstrong (former Chairman of Princeton Economics Int'l, Ltd)
and the Foundation for the Study of Cycles

My mother always told me there was a time and place for everything. Combine this with the maxim, "all things in moderation," and we have a starting point for the immediate economic crisis. There is nothing we can do to stop the economic depression. Government has no ability to even comprehend what is taking place, no less fix it. Even the Obama Stimulus Plan, he himself admits is only a starting point. There is nothing government can do to put it all back together again. The best we can do, is rationally understand what is taking place, confront the real consequences, and at least try to minimize the swings.

If we honestly understand the possibilities, then we can avoid the dangerous mistakes of the past. Yet we must understand that there exists not merely the serious **Paradox of Solution** that results in the actions taken to solve this crisis become the very cause of the next, but there is also the **Paradox of Action** whereby we are confronted by a **Bell Curve** insofar as too much of one action leads to the opposite effect and thus the very action taken becomes the harbinger of economic destruction. Obama has rejected tax reform only because that was one plank of the economic conservatives who the Republicans abandoned for the Religious Right. He has attacked wages and corporate jets on Wall Street, that had nothing to do with this crisis, and is by default going to make sports the highest paying jobs. He pays lip-service that we should not leave a mountain of debt for our children, yet offers no constructive plan to reverse the problem. If we continue down this course of uncontrolled debt and taxes, history dictates that is how every civilization destroys itself. Yet, the very idea why mankind joins together is to form efficient states of cooperative benefit. We should have base core fundamental services, such as fire departments, police departments, and defense, but this should also include utilities as well as healthcare. We have clear options both personally and as a society. We must be impartial enough to avoid the **Paradox of Action**.

Benjamin Franklin said once that the two certain things in life are **death** and **Taxes**. However, this may be expanded to also include for government **Debt** for it has always been the lethal combination of **Debt** and **Taxes** that has destroyed every major civilization in recorded history. The higher the debt, the higher government raises its taxes, and the weaker the economy becomes until the civilization rots from the inside out. Consequently, we must respect the **Paradox of Action** that the same policy does not solve a problem, but makes it worse. We cannot continue down this path.

The question of **Can Civilizations Just Expire** is an important question that history answers for us in the affirmative. In fact, there is no empire that has been able to escape the endless cycle of - birth, death, and rebirth. There are those with whom one cannot even discuss this subject, for they do not want to believe that can happen, and they just stick their heads in the sand and refuse to even consider the possibility. Yet, there is the other group of people who are open to knowledge and honestly want to understand if such events are possible, how do they happen, so they can observe for themselves what lies on the horizon.

There is no individual qualified to preach from experience the timing of such events. All we can do is review the empirical footprints of those who went down this path before us, objectively look at their actions, and avoid the same mistakes that dominate the same events time and time again. Every empire be it Babylon, Egypt, Athens, Sparta, Macedonia, Rome, Charlemagne, Venice, Spain, Dutch, Britain and the Mongolia, China, as well as Japan, have all believed themselves to be **invincible!** Of course, history has proven that to be a false belief. If we too are unwilling to accept that one day the United States may also expire, then we will invite that fateful destroyer of life, death himself - the cloaked skeleton with his scythe.

We must accept the plain fact that **civilizations die** no different than mankind. When they do die, the culture dies, the way people do things that is unique to each civilization. This includes their belief systems (i.e. ancient Egyptians and **Maya**), that are both political as well as religious. For example, the fall of Persia to the Arabs, virtually wiped out the religion known as **Zoroastrianism** based upon the Persian prophet **Zoroaster** during the 6th Century BC who worshiped one supreme God, and are believed to have been the wisemen that traveled to Israel at the Birth of Christ. There are some who still practice this faith today, yet their number is indeed very limited.

The history of mankind is a history of birth, death, and rebirth. It is a long history of conflict, battle, revolution, tyranny, oppression, and revolt. There is no distinction between the self-interests of an individual and those who run the state and seek to expand their power gathering territory and subjects no different than most women collect shoes or men everything from ties to sports.

We must face the fact that the possibility that empires do die cannot be just ignored. Are we at one of those points in time where it is possible to see the sheer **Decline & Fall of Western Civilization** as we have come to know it? What are the signs and if we understand the process, can we avoid the outcome as a nation by taking corrective measures now, and are there steps we can take personally to survive?

Ironically, because mankind divides into two primary groups, one that believes that nothing will ever happen, while the other objectively looks at the horizon, this seems to be the core reason why collapse cannot be avoided. The Roman Republic had a position known as **Dictator** whereby one person would be appointed for 6 months to this office. The Romans realized that at times argument would continue and nothing ever gets done. For the safety of the nation, sometimes someone just has to lead. No person to hold the office of dictator in the Republic ever achieved the respect and esteem of the people more so than **Cincinnatus** (circa 519BC).

Empires have risen and fallen many times both on a large scale and small regional scale. The two primary causes are still linked to the economic realities. Some cities have been simply abandoned. We come across this in South America and during the dark ages between the first Greek Age known as the Heroic Age of which Homer wrote, and the subsequent age with the rise of Sparta, Athens and eventually Macedonia and Alexander the Great. These mysterious periods of a collapse in civilization appear to be linked to weather and the failure to be able to grow crops sparking great migrations that are also responsible for the distribution of mankind around the globe.

The second primary factor that has led to the collapse of civilizations may be divided into two segments. First, regional conflicts that are resolved by war may not be an honest dispute, but is driven by the desire to expand the money supply in what would be modern terms by invading another land to extract its wealth where money is purely gold and cannot be created by man. These types of wars were most common in the ancient times creating the "spoils of war" incentive. Justinian I who ruled as one of the better known Byzantine Emperors (527-565AD), had to buy off the Persians with an extraordinary payment of 11,000 pounds of gold. This thinking eventually gave way post-Rome when the Physiocrats of France argued land and the production of agriculture was true wealth during the 1700s that was countered by Adam Smith in 1776. Therefore, the concept of gold as money prompted wars to increase wealth, land prompted building the great empires, while Smith argued that capitalism allows the wealth of a nation to be expanded by the sale of any product produced with an economy. To a large extent, the old way of thinking in empires still prevails in Russia.

Therefore, we have (1) weather, (2) economic warfare to increase money supply, and we also have (3) when a big power falls by sheer economic oppression against its own people, that is marked by excessive taxation and squandering of national wealth. It is this third factor that is the destroyer of all civilizations from within that is set in motion through the collapse in debt. It was this third cause of action that was responsible for the collapse of Western Civilization before following the fall of Rome and the Byzantine Empires that created the Dark Ages, destroyed capitalism, and gave birth to the feudalization of society and loss of the national state structures.

When events unfold and the patterns that they leave behind distinguishes both the regional collapse of a civilization from a major collapse that kills a society more so by eating out its productive capacity from the inside out. Perhaps you may recall that Khrushchev, the former Premier of the Soviet Union (1958-1964), had threatened to conquer the United States from within. He knew well his history that the collapse of civilization that tends to be more profound, always comes from within.



"Waterfall Effect"

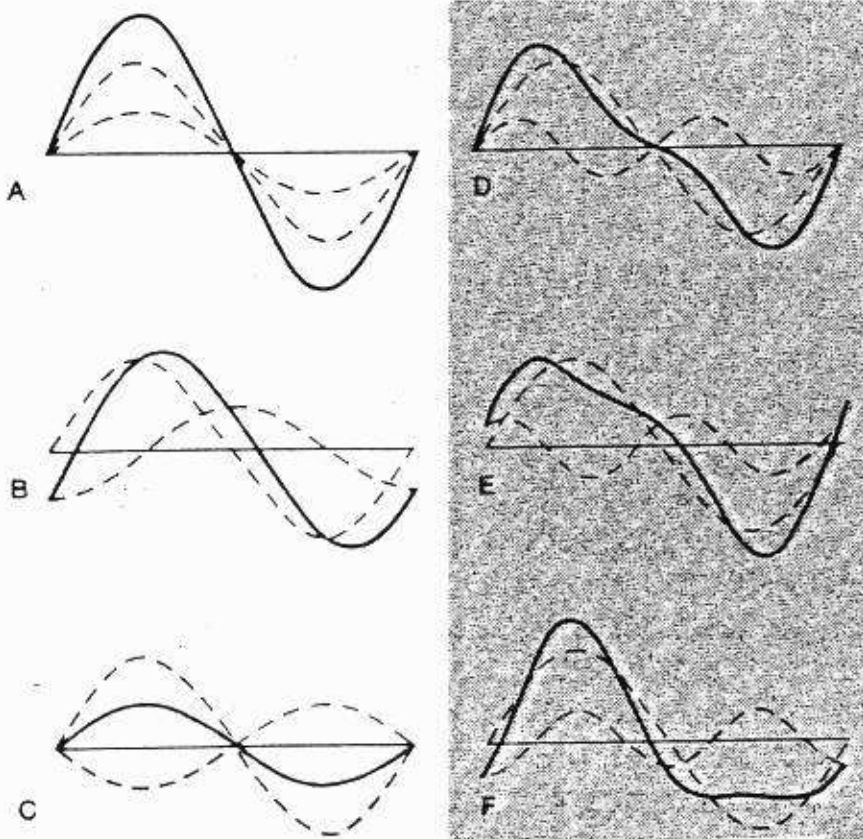
The collapse of a civilization that comes internally, produces a unique signature that I have named the pattern the "Waterfall Effect" that is illustrated to the right. This pattern is more of a gradual decline that is akin to sheer exhaustion whereas the political civilization just rolls-over and suddenly dies. It may be undetectable to most that can be described best as taking a walk and not realizing that the earth is round because you are so small you cannot see, feel, or touch that you are walking on a ball. This rolling-over from exhaustion creates a pattern of a Waterfall that appears out of nowhere. The second type of pattern is a Spike with its Phase Shift rally that is often an exponential rally that culminates in a sharp collapse as a pendulum that reaches its maximum extended point and swings back with an equal and opposite force.



"The Spike Effect"

What we must understand is that the **Spike Effect** may be distinguished in the same manner as taking a walk. We can see the **Spike Effect** for this is the normal pattern that develops in markets. This general pattern is what technical analysis and pattern analysis such as **Elliot Wave** is based. However, the **Waterfall Effect** was something I discovered not from short-term data, but from rising to the level of centuries. Therefore, this is like taking a walk. You cannot see that you are walking on a ball so all you see is the very narrow type of pattern such as the standard **Spike Effect**. When you rise above the earth, you suddenly can see that all the time you were walking on a ball.

The second part of understanding how things actually operate, we must also now understand that they are built upon a structure of repetitive patterns moving through time so that the same pattern may appear on a day level, migrate to the weekly, then monthly, yearly, decade, century, and then into the millennium. This is a system of nature that is self-referal that replicate the same pattern through all levels of time. We can call this **Fractal Based** after Mendelbrot. So what we are currently experiencing insofar as there is no sustainable rally after the Obama election, is about as bearish as one can expect to find. If we are seeing new lows with the new stimulus package, this is showing that there is no restoration of confidence. This begins to reflect the pattern displaying a **Waterfall Effect** that could be replicated upward in time to appear beyond the monthly level and into the yearly, decade, century, and millennium. This is a warning of the collapse of civilization as we know it. That does not mean everyone dies. But it does mean that organized states may die. For example, Europe permanently defaulted on its debt following World War I and again in 1931. When governments collapse, their debt expires with them. Even the U.S. promised it would redeem its outstanding Continental Currency, yet they never did. When governments die and are reborn as a new entity, so does their debt. This is the essence of the 224 year cycle of political change in the U.S. that peaked in 1999. We are also facing a serious debt crisis worldwide where governments have just borrowed year after year without regard for the future or how will these debts ever be paid off. This has historically undermined the economy and always ends in disaster.



What we must also now address is the inference that may take place when cyclical forces converge. Waves A-C shows the result when the underlying waves have the same wave length but differ in the amplitude (A), are shifted out of phase by 25% (B) and by 50% (C). The solid line is the combination of the two component waves reflected in a dash format.

Waves D-F show what takes place when the wave lengths are different but are in phase. The patterns become distorted yet the timing remains consistent. When we see the combination of waves converge whereby the wave lengths are different, we get a complex wave structure and this is the origin of the more dangerous "**Waterfall Effect**" that is rare, but deadly.

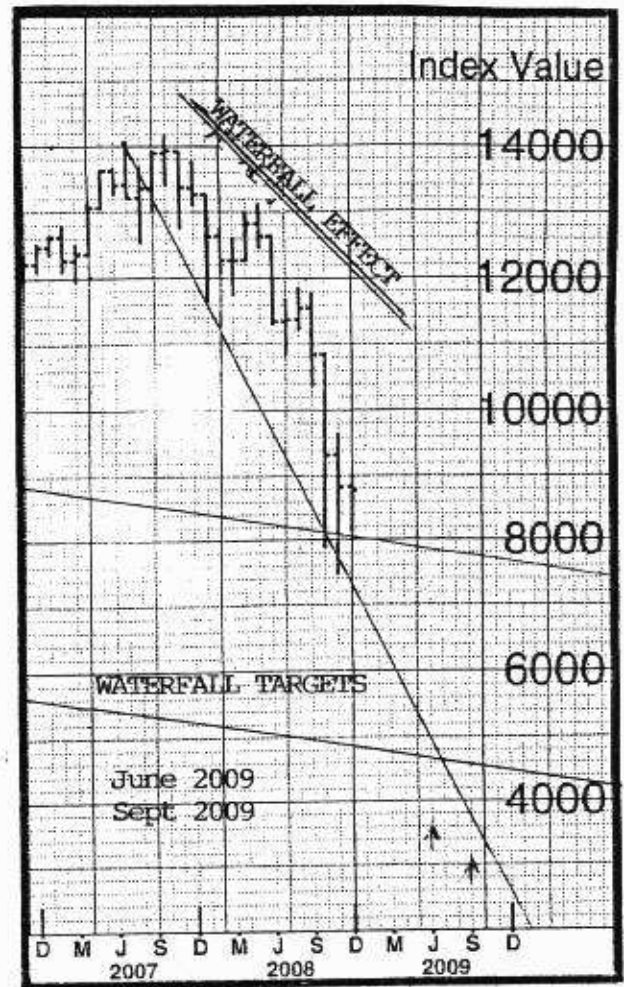
A "Waterfall Effect" in the Dow Jones Industrials is not a signal that the entire United States is going to disappear. This is a serious development no doubt. But this is taking place on a monthly level right now. The seriousness is that this pattern may then transfer to the next level of time. We cannot determine that in a near-term basis. For this may take even a decade. If the Dow cannot make new highs, that would be a serious omen. However, we will deal with that if it emerges.

What is more important to understand is that during the near-term practical time frame that counts to us here and now, is that a drop to new lows may come without any sort of a normal reaction rally. If that manifests now, we could see a drop to 4,000 support area by June or September 2009. That would shock the world and deplete confidence worldwide.

If such a pattern would develop, then we may be looking at a major low and a complete breakdown in Keynesian Economics. In other words, after nearly \$2 trillion in stimulus, it would establish that Government has no idea what it is doing at all. Confidence would just collapse and a wholesale selling-spree may in fact mark the development of the low.

What we may be looking at is the near-term capitulation of confidence in our governmental ability to manage the economy. We may see foreign buying of US debt dry up and then the only way to keep the ball rolling from their point, will be to raise taxes precisely as was done both in Rome and in Constantinople that lead to the collapse of civilization. What I mean by this is rather straight-forward.

- (1) If government borrows to fund the stimulus, it will issue bonds and depending upon who buys the bonds, we will get a different domestic economic event.
 - a.) Foreign buyers will import capital and increase domestic money supply in effect creating the image of inflation.
 - b.) If debt cannot be sold overseas and the buyers become only domestic, then this becomes merely a redistribution of wealth that is not inflationary, but deflationary.
 - (i) If the Gov't soaks up available cash seeking shelter domestically, then that cash that would have had no choice but to reinvest in the private sector creating jobs and a recovery, maintains the flight to quality starving the domestic economy and avoiding even banks.
 - (ii) Taking money from funding the private sector to just redistribute it, will be unproductive, fail to create any natural flow of economic activity and be deflationary.



What we are often confused by is the domestic vs international capital flows. In Ancient times, nations would wage war to seize the spoils of war for this was the only way to increase the money supply and thus wealth. Capitalism is not truly understood for it is the alternative to war. If trade is free between nations, then those with the comparative advantage in each field will excell and export their ability to other nations while importing products that other nations have the keen comparative advantage to express this in terms of David Ricardo (1772-1823).

Capitalism is thus the alternative to war and protectionism is a fall back to the **Dark Ages** and ancient times before trade flourished. We cannot tolerate the loose political-rhetoric that always blames the "rich" or "Wall Street" as an example why capitalism is bad. That is not capitalism when investment bankers try to rig the game to make the riskless trade. Capitalism is the free market, not manipulated market. These must be distinguished or we risk destroying our society out of stupidity. When politicians rant about Wall Street, this is not stock brokers at Smith Barney. It is the Investment Bankers that have nothing to do with free markets for they act only as ~~investors~~ trying to exploit the marketplace. There is a major difference. It is like blaming car manufacturers for producing a car that a drunk driver used to kill a friend. We need to be very specific in allegations.



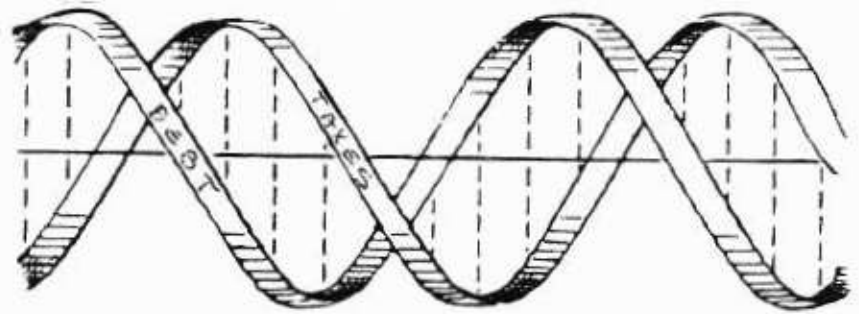
If capital can move freely among nations, then international capital flows can influence the value of the currency of a nation, and it can increase the domestic money supply. For example, if a building is worth \$10 million and two Americans are involved in the transaction one the buyer and the other the seller, nothing happens to the **money supply**. But let us say China buys the building located in new York. They bring their currency, convert it to dollars, and then hand it to one American. This immediately has imported capital increasing the money supply that is no different than had they purchase American cars aside from the labor to build the cars or the building. This also is not altered if that already had dollars and bring them back to the United States.

The real danger on the horizon is that the United States borrowing is excessive. The interest payments to support that debt flow outside the domestic economy and thus neither create domestic inflation nor stimulates the domestic economy. So can Obama issue \$2 trillion in new debt and there is only stagflation like the 1970s insofar as prices are rising, but there is no economic growth? What happened in the 1970s was the dollar was collapsing due to the lack of international confidence, yet the rise in the price of oil created inflation in prices only, yet the capital flowed outward back to OPEC nations. We had rising prices with a negative capital flow creating stagflation.

This is the same problem except instead of oil being responsible for the massive outflow of capital, it is interest payments being made to overseas holders of debt. In 1986, the national debt was \$2.1 trillion and by 2006 it was \$8.5 trillion with \$6.1 accounting for interest payments.

If foreign nations were to switch and become net sellers of national debt, then the capital outflows would rise substantially for it would be a redemption of debt, not just the interest payments. Therefore, we would then be in the situation of how civilizations collapse. Their debts rise, they lack the ability to increase money supply through trade and economic growth, they raise taxes to cover expenditures, and we cross the peak of the Bell Curve and the higher the taxes the lower the growth and it becomes a downward spiral. Government lacks the ability to reverse for it only sees its collapse and become very aggressive.

Debt & TAXES



As soon as one starts talking about lowering taxes, you are suddenly stamped with the label - "Republican." Ever since Karl Marx, the poison he created in class warfare will no doubt go down as the most inhuman theory that cost the lives of so many people that it makes Hitler look timid. We cannot forget that Marx created the entire communistic theory engulfing more than 50% of the world (China & Russia), while unleashing social hatred even in the western so called "free" societies that pretend to be democratic. It is true there may be votes in the political arena, but the real power is never subject to democratic review - the bureaucrats, who are there no matter what political label claims to be in charge for the moment.

Already, the US is attacking the Swiss bankers demanding that they turnover all Americans who have accounts there. The real powers will seek to strip every dime from any American with an overseas account, confiscate their entire wealth as a penalty, let their family die in poverty, and imprison them for 5-6 years. This class warfare is about to get as nasty as it can be, and the comparisons are akin to the most vile institutions in human history such as the Spanish Inquisition.

Even if the Government imprisons all those who made more than \$1 million in 2007, confiscates all their wealth, this would no more balance the budget than asking for donations. Taxes have become obsolete once the gold standard was abandoned, but the methods of how we tax has been so destructive thanks to Marx, most people only label the arguments against high taxes as Republican and taxing the rich for the benefit of the poor as Democratic or more appropriate Marxism where the same theory supported the whole communistic manifesto.

Perhaps we need to understand why the Founding Fathers prohibited direct taxation (income tax) that required amending the Constitution in 1913. But the history of taxation is linked with slavery, plantations, and even led to the fall of the Roman Empire. What you may not understand, is that taxes in America are imposed as if you are a slave on income worldwide unlike Europe or even Britain.

In Roman Republican times, as the nation expanded incorporating provinces around the known world, a fatal mistake took place that was maintained for a 1,000 years or so, led to feudalism, the Dark Ages, and ultimately destroyed the Roman Empire of the East (Byzantium). It was the natural course of economic evolution that led to the whole rebirth of culture and the development of capitalism as a byproduct of Capitalism. If we understand this sequence, just perhaps we can understand that the only way to now survive is to abandon the income tax, and restore the indirect taxation model that the Founders of America thoughtfully created. Failure to confront this issue will lead to the Decline and Fall of Western Culture and see the shift in the Economic Core to China that by default, has now the very system designed by the brightest men perhaps of all time - the Founding Fathers of the United States.

Why The Constitution outlawed direct taxes

How taxes were collected in Rome set the stage for thousands of years thereafter creating feudalism, and ultimately allowed capitalism to be reborn against which people like Karl Marx fought so hard to destroy for he knew nothing about what he even sought. The concept of Roman provinces created a unique type of management from a tax perspective.

The Roman method of taxation was to establish a tax amount upon the whole province. The Governor who was then appointed, guaranteed that tax, but was allowed to run his provinces as he saw fit. This system led to great corruption for bribes would emerge to be appointed as a Governor of a Roman province. Even Cicero bragged about how honest he was for he had profited very little from his Governorship.

Roman citizens living in Rome itself, were exempt from taxation. This lasted until the later days of Constantine. The provinces paid the taxes to fund armies and allow the citizen of the city of Rome to live in luxuries, given even free grain and sporting events, or as the Romans would say it, give the mob **panem et circenses** (bread & circuses).

This system of indirect taxation of provinces converting them into a "franchise" so to speak, led to the fall of Rome, its Empire, and this applied both to the West and the East. This evolved into **Feudalism**, that evolved into the **Dark Ages** and was counter-trend to civilization as a whole.

By giving "franchises" to selected persons to be Governor in each province, laid the seeds for disunion. As Rome became deeper and deeper in trouble, this would often lead to revolts based upon often taxes creating at times an endless stream of usurpers. As Rome itself suffers from economic waste and a lack of funds, it turns toward major debasement of the currency creating inflation on a grand scale during the 3rd Century.

There was a great departure under the economic reforms of the Roman Emperor who seized power after the death of the Roman Emperor Numerian in 284, **Diocletian** (284-305). Much of the structures created by **Diocletian** remain with us today right down to period of service for government employees before they may retire - 20 years.



Diocletian, detail of a bust in the
Capitoline Museum, Rome

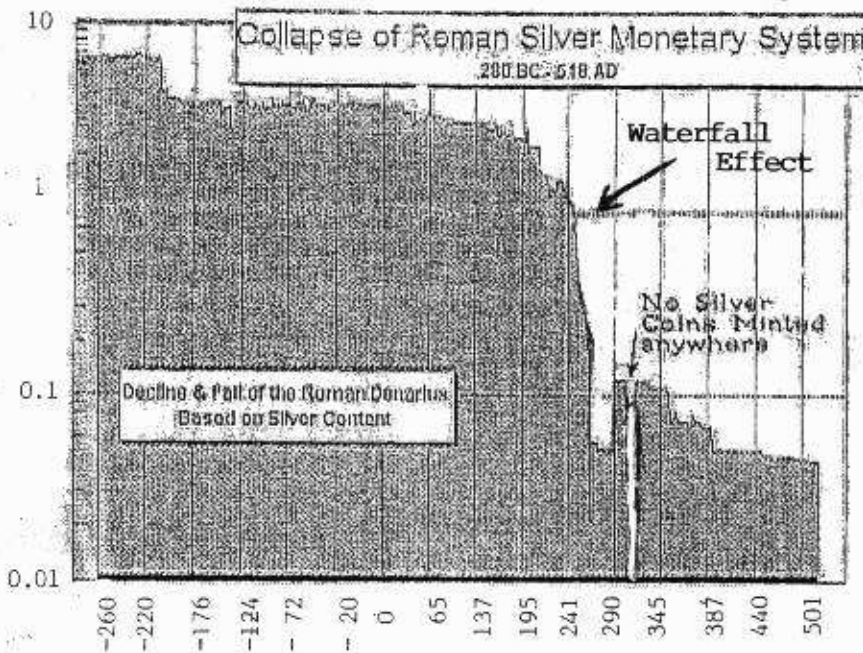
Diocletian's economic reforms created the very first attack on inflation that became **hyperinflation** between 253-268 AD. To help restore his troops, he instituted the retirement after 20 years of service and imposed wage and price controls to restore the value of currency. He also broke up the system of provinces or governorships reducing their territory contributing to future **Feudalism** in many ways. He created a sort of WPA authorizing a building project and attempted to restore the agricultural economic stability. These projects were expensive, and thus **Diocletian** instituted tax reform that was rather a cornerstone of his fiscal stimulus package to put it in modern terms. He created two new taxes:

- (1) **Jugum Tax** (tax on cultivable land)
or we would call it a property tax
- (2) **Capitatio Tax** - individual taxes

Diocletian essentially created a direct form of taxation and it was the first form of a "proportional" type of taxation based upon wealth that was measured by productivity regarding land, and wealth regarding individuals. At first, these taxes were assessed on a 5 year cycle. This was later revised to a 15 year tax cycle that became known as the "indictio." What **Diocletian** was altering was the power of governors to obtain resources to seize the throne that over time became fiscal reform.

From the time of the death of the last stable Emperor **Septimus Severus** (193-211AD) who held power then for almost 18 years, **Diocletian** was the 26th Emperor to come to the throne in just 72 years. The political instability matched the economic instability.

We can see that the collapse of the Roman monetary system during the 3rd Century was by far a very serious factor of destabilizing Rome. **Diocletian's** reforms were thus designed to restore the economy of Rome recognizing that instability weakened even its military capacity, and to reform the governorships splitting them and fragmenting them as much as possible to reduce the economic capacity of one province to then provide the army and resources to challenge the throne.



Diocletian's reforms in 301 were published and known as the **Maximus Pretiis** where wages and prices were fixed to prevent the hyperinflation that we can see from the collapse of the silver content of the coinage known as "debasement" that became the means to meet fiscal obligations pre-1971 when we were still on a gold standard.

Diocletian expanded the total number of mints around the whole empire from 8 to 15 and at the same time usurped centralized control of taxation and minting.

As they say about the best of plans of mice and men, the main effort to create wage and price controls failed, and the law had to be revoked.

Once again, **Diocletian** was moved to also restore the persecution of Christians that had died out for quite some time. **Diocletian** did issue four edicts between 303-304 AD authorizing the gathering of Christians most likely under political stress perhaps instigated by **Galerius** a Caesar (sort-of Vice President) who rose to become Emperor (Augustus) in 305 upon the retirement of **Diocletian**. Despite the fact that **Diocletian** promised no bloodshed, Christians were tortured and executed. Much of the economic decline was blamed upon the Christians who rejected the Roman gods and thus offended the heavens warranting retribution.

Diocletian's reforms were resisted overtime and indeed particularly in the area of taxation, they reverted to a large extent back to the allowing the provinces to be controlled by "tax farmers" as they became to be known by in the East. In fact, the economic stress felt in the East led to two huge mistakes during the reign of the Byzantine Emperor **Alexius I Comnenus** (1081-1118). It was **Alexius I** who petitioned the West to aid them against the arabs that began the **Crusades** in 1097. He also was forced to negotiate with the land magnates (barrons, or nobles) who lived in the countryside by providing them with further concessions. He had to reward their services of supplying military resources and financial tribute. By granting fiscal rights over specified areas restoring their right to collect taxes, this delegation of power was increased by his successors to the point that this inevitably weakened the central control of the imperial power that encouraged the feudalization of the Byzantine Empire.

The financial stress also led to the pretense of religion against icons that had the effect of confiscating religious artifacts and allowing the gold to be turned into coin. **Alexius** seized church treasures in financial need, but was called to account for his action by the church. **Constantine** declared Christianity the state religion that allowed him to confiscate the treasuries of the pagan temples. Both taxes and religion give way to state self-interest.

What we must understand is that taxation is typically the squandering of the productive forces of society. The higher the taxes, the quicker the default of the state for it reduces economic activity and that reduces the wealth of a nation. The state only spends money and fails to create an economic benefit to sustain the long-term economic expansion of the economy. Yet to make this statement will immediately cause the label to be applied "**Republican**" or "**Reaganite**" today. However, there are two sides to every coin. The very purpose of civilization is the coming together of individuals to benefit from their collective cooperation. If we take that to the extreme, we end up with **Utopian Philosophy** that motivated Karl Marx, who made a very serious mistake - the assumption that the state has the right to alter human nature and can do so at will.

We cannot condone slavery that still exists under American law that since you are born American, if you find 10 cents on the ground in London, you owe a portion to the state as if you were its slave or property. On the other hand, we cannot ignore the common bond of why mankind is a social animal. Therefore, let us stop the slavery, stop the **utopian** idea that we can alter the core of human nature, and allow society not to fund the visions of politicians, but the practical benefit of being a society.

Taxes tore apart Rome and led to feudalism and actual defections to the turks. In 1261, the Byzantium throne was taken by the Palaeologus dynasty, but it lacked the economic resources to create a strong central government. It had to cut deals with the land owners granting provincial and municipal privileges and autonomies that allowed for the further feudalization of the realm. These concessions were needed in order to raise higher taxes that became exorbitant forcing even peasants into indebtedness. To avoid these extreme taxes, peasants were forced to seek shelter from the landlords and in return for their taxes, they not only had to bound themselves for specific labor, but their children even yet to be as well. This evolved into granting them shelter and a portion of their crops they were allowed to keep. This thirst for taxation to meet a **Debt Crisis** created feudalism and destroyed not only the "**free markets**" so to speak, but destroyed individual freedoms and capitalism itself. This is how capitalism died because it was in fact taxed to death.

The exorbitant taxes not merely destroyed capitalism and individual freedoms, reducing society to serfs, but it accelerated the decline and fall of civilization. One of the reactions to these exorbitant taxes was to cause political defections to the Turks. In the Balkans, there was the outbreak of violent revolts and rebellion among the ranks of the peasants against the aristocracy that in those days were the western-oriented Greeks known as "**latinophrones.**" This included also the Frankish-Latin nobles.

As taxes rose, it was seen that the stability of the throne of Byzantium was becoming questionable. This further accelerated the outpouring of people from the city of Constantinople to the suburbs. By as early as 1262, we see an autonomous province rise under Mistra in the Peloponnesos. There was a retro-trend of back to Greek history and a longing for Hellenism of ancient times. Mistra continued to thrive as an oasis of knowledge and by the 15th century, it had emerged as a major center of the neo-Platonist schools of philosophy of Gemistos Pletho, who led what was becoming a Hellenic revival, focused on humanism and rationalism. This would be nurtured and emerge into a form of Greek nationalism. This was the precursor to the Italian Renaissance.

It was taxation that destroyed capitalism, freedom of the individual, and indeed, civilization itself. The government simply spent far more than it produced, could no longer muster a defense for it squandered its resources. It has always been the state that destroys mankind. It is not the rich v the poor. This is about power, and this the **Founding Fathers** understood well as the lesson of history. We now spend more on interest than is rational - over \$6 trillion in 20 years. We must stop this cycle or we will collapse Western Culture like Rome, Byzantium, Spain and others.

Now that we can understand the economic mechanism of how civilizations collapse internally, we must understand that it matters not whether we are talking about Rome, China, Britain, or the United States. Human nature is the uniting force. The collapse always comes from within and it amounts to death by suicide. It is difficult to truly survive. When the European nations were defaulting and there was the confiscation of wealth, the most tangible items became money like gold, silver, jewelry, paintings, and art. Following World War II, the most valuable European stamps and coins tended to be in the United States. This was a reflection of how capital was still able to flow from Europe to the United States despite the absence of formal banking lines. This is one reason why gold is outperforming everything, for it is the ultimate hedge against not inflation, but government instability.

Failure of Gov't To Comprehend The dangerous trend.

Ayn Rand would be buying a ticket for China about now to flee what appears to be coming on the horizon. The single greatest threat to the Global Economy is simply politicians who know not what they do. Colin Peterson, Democratic Congressman who is the Chairman of the House Agriculture Committee, has circulated a draft outlawing trading in Credit Default Swaps ("CDS") unless you own the underlying instrument. Unfortunately, this illustrates the complete lack of real world experience. If only those who actually own a underlying transaction can trade a CDS, you might as well close down the entire market. This is a complete disaster and would create a total **Depression** far beyond anything contemplated. What if those who own the underlying instruments need to sell, they could become trapped if no one is buying a similar underlying instrument to then qualify to buy a CDS?

The problem has nothing to do with restricting only those who actually own the underlying to trade a CDS, that is no different than telling a farmer he cannot hedge his crop unless another farmer takes the other side of the position. It is the lack of an independent exchange that created the whole mess. AIG could write all the CDS contracts it wanted. People relied by implication upon the AIG reputation, but there was no accountability to make sure there was enough capital to back the CDS at AIG. This is no different than the widespread defaults during the Panic of 1857 by the "wildcat" banks because each bank printed its own notes and there was no central clearing house that ensured there was real money to back all the paper. If we take any market and only allow the "trade" to participate, a farmer will be unable to hedge and will go bankrupt because most will be riding the same economic trend.

What is taking place is complete incompetence, and what we are facing is the downside of **Democracy**. The criticism of **Democracy** has always been the tendency to allow mob rule. For example, in the Athenian Democracy, 600 politicians stood as the judge of Socrates. They voted for his execution because they did not believe in what he was teaching. Unfortunately, the problem with **Democracy** has always been the sharp decline and fall of the **Rule of Law**. During the Roman Republic, there was the office of Dictator that could be filled in an emergency for 6 months. This was made famous by the appointment of Cincinnatus (ca 519 BC) who George Washington sought to emanate by disbanding his troops and not use them to seize power. This office of dictator was recognized that sometimes in matters of crisis, someone with experience had to make decisions - not many who would devolve into argument.

The Founders of our nation relied primarily upon the political-philosophy of Baron de la Brede et de Montesquieu (1689-1755) who argued that power had to be divided into checks and balances. This idea was the foundation upon our tripartite

form over government between the Legislative, Executive, and Judicial. But this tends to devolve into two groups throughout history. There was the famous **Nika** riot between the **Blues** and the **Greens** of January 532AD in Constantinople that nearly caused the Emperor to flee and much of the city destroyed. During the early Republic days of Rome, there was the battle between the common people (plebeian) and the aristocrats (patrician). This led to a huge strike during the 5th Century BC that created the famous **tribunes** whose function it was to protect the plebeian citizen from arbitrary action by patrician magistrates. In a way, the US Supreme Court also recognized the problem that arises when a citizen faces the power of the state that inevitably rules always in its own favor. The right to counsel was established in the landmark case Gideon v Wainwright, 372 US 335 (1963). The concept of a court appointed counsel to act like a **Tribune** to defend the citizen against arbitrary power of the state.

Court Appointed Counsel in America are about as independent as any state. Rarely do you find court appointed lawyers actually defending the people, for they are just appointed by the courts, have to beg for such jobs, and then when real lawyers are paid \$500-\$1,000 per hour, a court appointed is paid \$90 in New York. Every possible prejudice that can be inflicted is in fact inflicted. The need for real live and fairly compensated **tribunes** (Court Appointed Lawyers) who take pride in such a honest role of defending the rights of all people, has been subverted by politics that only offers show with no substance.

A Roman **Tribune** of the people was an office with powers we desperately need today. A **Tribune** could bring criminal charges against even judges for acting in a arbitrary manner contrary to law. Congress could be checked as could Senators and above all, prosecutors in the Department of Justice that has emerged as the main source of modern tyranny. Under the American system, only a prosecutor can charge a person criminally. Citizens have no right to press criminal charges as they do in states. This allows the federal prosecutor alone to be able to criminally charge anyone including the President, and never can that decision ever be challenged.

The only way to get through the corruption that has emerged, is once more to create the office of **Tribune** whereby that office is not appointed by Government, must be elected by the people, nominated by the people, and have unilateral power to criminally charge any government employee even prosecutors. Until such a person exists, there will never be any liberty that is secured. The collapse in our main global economy has taken place because government attorneys can be bought by those who they are to regulate. This is why people like Madoff and the big Investment banks are allowed to go unchecked because they control the big paying jobs in New York. This ability of a government attorney to leave and go work immediately for a major house or for a lawfirm that they use, has led to the economic collapse and is not even possible for a Congressman or Senator. Even Hillary Clinton had to go through ethics review because of Bill Clinton to become Secretary of State. No such ethical standards apply to government attorneys and we thus see what we have now been dealt - the same old risk of losing all our rights because of their corruption.

In **Plato's Republic** we find an interesting debate between **Thrasymachus** and the famous **Socrates**. On this particular score, **Thrasymachus** won. The debate is over the form of government and the standard of justice. **Socrates** believed in fantasy, that **Democracy** was the answer to all evils for the people were in charge and thus justice would always gravitate to protect the people. **Thrasymachus** argues that this was plain nonsense and that "justice" is the same no matter what the form of government. He explained that it mattered not if it were a Democracy, dictatorship, monarchy, or one could add a socialistic/communistic state of Karl Marx's visions. **Thrasymachus** thus argued that all laws are made in the self-interest of the state and they prosecute those who violate those laws as being unjust. Therefore, "justice" is the same in all governments, it is only the self-interest of the state.

Indeed, every possible prejudice against the people that could be inflicted, has been. For example, the heads of various departments are not subject to any vote. The President can smile and pay lipservice, then appoint someone like Hitler to run the Justice Department. Indeed, under Bush, alleged terrorists were held indefinitely without trial and were never charged. This was against every principle of honor and decency known to man. There is no ability to test the veracity of the allegations and thus anyone can be labeled as a terrorist, claim national security so there cannot be any explanation of even the charge, on claims just "trust" the government. That becomes the very tyranny against which the American Revolution took place. Either we are a nation built upon the **Rule of Law**, or we are a nation of men whose personal hatred rules. We cannot demand that other nations do not torture our captured troops if we will not honor the same principles.

American citizens cannot press criminal charges, only the government may do so. Therefore, if the government does not wish to comply with its own laws, it need not do so because there is nothing a citizen can do. If the government stormed into your neighbors home and killed everyone in there by mistake, you have no right to complaint in a court because you were not directly harmed and have no "standing" to file suit. American citizens have no real right for there is no independent body to enforce any right. The Judiciary has been usurped for most judges are merely former prosecutors who rule only in favor of the government. So there is no place to be heard. Even the Supreme Court, the only constitutional court, has refused to provide the check and balance that Montesquieu spoke of and the Constitution secured. By its own Rule 10, the Supreme Court has held it is its prerogative to listen, no longer your right to be heard. Rule 10 has destroyed the Constitution removing everything that was to be our security for liberty. If the Supreme Court only will now listen to what it wants to hear, and the 12 circuits can rule all independently, then there is not even **Equal Protection of Law** because the 9th Circuit (California) will be different than the 2nd Circuit (New York), and the 7th Circuit (Chicago) is free to disagree with both. That means people can be treated differently in different parts of the country.

This is so critical to understand for it goes beyond criminal law and dictates even our social laws. For example, when the Religious Right gain power, they not only drove the criminal conviction rate from 73% pre-1987 to 99% currently based upon their **Calvanistic** vision of religion, but they championed the fight to outlaw abortion and to prevent stem cell research. It matters not where one stands on any of these issues. That is not the point. What if a Muslim philosophy took hold in the majority that controlled? The law could then be altered to that religious philosophy of extremes where all woman must be veiled, barred from school, and a man may have many wives. Those remaining Christians could be imprisoned for not complying with that law. We need only look at what took place during the reign of Augustus (27BC-14AD) who did not like the influence of **Ovid** (ca 43BC-ca 17AD) who was banished to the Black Sea because of his writings that inspired a 1960's style of "free love" that resulted in Augustus banishing to exile his own daughter Julia and sparked a host of "family" laws mandating that men must be married and could not remain as a bachelor. Indeed, **Thrasymachus** was correct. The **Rule of Law** is nothing more than the self-interest of the state, at that moment in time.

Edward Gibbon also noticed the devolution of the **Rule of Law** in his celebrated **The Decline and Fall of the Roman Empire** (published 1776-1788), and attributed this trend as one of the causes of the fall of Rome. He noted that corruption had crept back into the **Rule of Law** and this reduced the criminal law to the point that the prosecution allowed the confiscation of property and vast fines to raise revenues. Because of this trend, "distinction of every kind soon became criminal." Id./Chp IV. Under **Commodus** (180-192 AD) the mere "possession of wealth" became the target for prosecution and "[s]uspicion was equivalent to proof; trial to condemnation." Ibid. And as for the government employees acting as judges and prosecutors, Gibbon wrote that they were particularly the "most worthless of mankind [who] are not afraid to

condemn in others the same disorder which they allow in themselves; and can readily discover some nice difference of age, character, or station to justify the partial distinction." Id./Chp VI. Gibbon thus saw that one primary reason for the decline was that it had become "corrupted by the multiplicity of laws" and that the courts degraded themselves where the laws were "interpreted ... according to the dictates of private interest." And as for the state prosecutors, he commented that they became "pregnant with mischief and disgrace." Id./Chp XVII. The SEC comes to mind!

The Rule of Law = Country Risk

Where America stands currently on the Rule of Law is precisely the essence of the threat of the Decline & Fall of a nation. Judges only rule in favor of their special interests and they have assumed that they have the discretion to withhold the Rule of Law. That violates every word of their oath of office and makes one wonder that had the civil rights movement began today, it is unlikely that any such Federal Judge would have the courage to stand-up for the Constitution. This was the trend that marked the Decline and Fall of both Rome in the West and Constantinople in the East. We may disagree with what another has to say. But we cannot dare prosecute that person for saying what he believes. Once that is done, we surrender our own right to freedom of speech. Once society steps down that path, it is suicide.

For whatever reason, mankind cannot see past the immediate horizon. We see that corporate executives are being attacked for their earnings just like in Ayn Rand. Somehow that is "greed" and inappropriate, but if you can bounce a ball, hit a ball or you can plow someone else down to get a ball, you can earn whatever you demand and that is OK. We are entering into the classic phase of the Decline & Fall of a national state where it turns against its own people and sees their wealth as somehow a divine right of possession that belongs to the state. This battle between the Plebeians and the Patricians has been going on for thousands of years. It always leads to the same result - complete economic breakdown. This is always caused by manipulation of the Rule of Law. Thomas Jefferson could see into the future and even questioned whether the United States would last more than 100 years. He wrote also regarding this degeneration of the Rule of Law.

"It has long ... been my opinion ... that the germ of dissolution of our Federal government is in the constitution of the federal judiciary; an irresponsible body, (for impeachment is scarcely a scarecrow), working like gravity by night and by day, gaining a little today and a little tomorrow, and advancing its noiseless step like a thief, over the field of jurisdiction, until all shall be usurped from the States, and the government of all be consolidated into one."

The Writings of Thomas Jefferson, Vhp XV, p331-332

When we look at **Magna Carta**, the nobles forced the king to sign this first real **Bill of Rights** so to speak. **Chapter 45** addressed the same problem of manipulating the **Rule of Law** to accommodate the King's self-interests. The nobles demanded that the King only appoint judges who "are competent and willing to uphold the law." Even when we look at the **New Testament**, we find Jesus Christ himself calling the refusal to abide by the **Rule of Law** by a judge who withholds any benefit, a "corrupt" judge, **Like 18**. Sir William Blackstone who wrote **Commentaries of the Laws of England** in 1776 that the Founders relied upon to establish the **Rule of Law** in America, also wrote on this same subject warning:

"[I]f judgments were to be the private opinions of the judge, men would then be slaves to their magistrates; and would live in society without knowing the conditions and obligations which it lays them under."

Vol 4 Blackstone, chp 29, p371 (1776 edition)

The US Supreme Court has been far from the **Tribune** of the people or the defender of the Constitution. They sparked the Civil War because they ruled in 1857 that blacks were nothing more than property of their owners under Dred Scott. Then there was the problem during the socialistic "Progressive" age where the economy was still evolving into capitalism through the **Industrial Revolution**. Relying upon Karl Marx, a decision was handed down that corporations and corporate officers have no rights and may be treated differently than even terrorists decided in 1906 under Hale v Henkel, Henkel, 201 US 43 (1906).

During the New Deal, even under Franklin D. Roosevelt, it became clear that the ideas of Marx were dangerous, in light of Stalin and the Russian Revolution of 1917. Yet, the Hale v Henkel decision at the Supreme Court of 1906, based upon Marxism, was expanded to fight Marxism. The Supreme Court turned its decision that was against all the greedy rich and corporations against labor unions in 1944 holding that even a group of people who had not incorporated had no individual rights. Groups became to be prosecuted for merely being groups. The McCarthy era showed how the law means nothing for it will always yield to the current self-interest of the state. We also saw the Japanese inturnment in World War II upheld by the Supreme Court. Can one imagine if we went to war with Canada that perhaps all Canadians would be herded together and then imprisoned. The American Civil Liberties Union does nothing substantive to protect our rights from the Government attorneys because they are still lawyers who could be then selectively targeted by the Government prosecutors, imprisoned, stripped of all assets, and have their legal license removed for life. When such awesome power resides in the hands of Government attorneys with no checks or balance for the courts have been also stacked with former prosecutors, good luck on exercising any rights against those in power.

Fixing The Mess

The only way to fix our economy is to abandon Marx, stop the class warfare, and create the office of **Tribune** with independent powers to criminally prosecute and to defend the people of the United States. That is so necessary to restore our economy and attract capital to return. Economic decline exposed the truth like Madoff. But you are not likely to see a trial there for what would be exposed is far more than what the press has revealed. You may see more than a **Ponzi Scheme**, you may see the dirty little secret of money laundering for Russians, Columbia, and a host of others. All of this could have been prevented if there had been honest regulation. But of course, that would mean Government attorneys at the SEC, CFTC and Justice Department would have to stop using those jobs as a stepping stone to the big bucks. And while the Obama Administration wants to point at CEOs and their salaries, let's talk about the lawyers, their huge awards that have driven up healthcare. It has been the inability of Congress to enact laws against their own profession, lawyers, that has driven the production capacity from our shores.

Every major civilization has fallen from internal corruption. We need the office of **Tribune**, and we need a real Supreme Court that is larger, nomination made only by the American Bar Association not politicians, and it should be based upon the ideas of Benjamin Franklin who proposed to adopt the Scottish System where the legal profession nominated the judges because they would always nominate the best, so they could reap their private practices. Prosecutors should be barred from becoming Judges, and there must be an absolute right to be heard, not when it only benefits the state. And clerks must be stripped of their assumption to make judicial decisions.

It is the Leverage Not Risk!

It is the "leverage" not the "risk" that has destroyed our economy. We must now understand that the destruction was caused by the Investment Bankers, not the stock brokers at Smith Barney or elsewhere, who expanded the "leverage" so they could then increase their potential profits with little funds. This is what must be regulated, not "risk" itself. Unless "risk" can be shared by selling it to others willing to accept that "risk" for a price, then **Capitalism** will come to an end and with it all our freedoms. It is not **socialism** that is being corted, but a hybrid form of **Marxism** and his **Communist Manifesto**. As soon as we start to regulate how much people earn, we cross that line between **socialism** and **communism**.

We must face the facts that there is something more than **Capitalism** and just **Communism**. This is not a battle of words and labels to attach Obama with the label of being a **Socialist** or a **Communist**. All governments have historically turned against their own people during economic declines because it is almost a principle of **Darwin** insofar as it becomes the survival instinct. Politicians must hunt down private citizens before the mob hunts them down. This trait is why Nero began the Christian persecutions after he burned down Rome so he could build what he wanted.

The **Spanish Inquisition** was usurped from the Pope and was used by the State to hunt down Jews and Muslims basically for the same reasons as Nero. Initially, it was authorized in 1478 by Pope Sixtus IV. Spain was divided between Aragon and Castile that finally merged in 1479 as a result of the marriage of Ferdinand II (Aragon) and Isabella I (Castile) in 1469. The first Spanish inquisitors proved to be so severe that Pope Sixtus IV objected. But it was the Spanish Government that usurped the power of "God" in the form of the inquisition and in 1483 formally assumed control. It was the Spanish Inquisition that eventually destroyed the economy of Spain especially after the defeat of the Spanish Armada in 1588. Religion was the excuse to attack England and the Protestant ways of England after Henry VIII. Elizabeth I had no real choice in the matter insofar as she was born of a marriage that was not recognized by the Church. The Spanish Inquisition drove people from Spain, especially the Jews, who took their skills in banking and risk with them to Amsterdam and the Dutch where the concept of insurance was born. Spain committed suicide attacking its own people caused the same symptom that appeared in Byzantium, the suburbanization and feudalization of civilization. Insurance enable **Capitalism** to expand spreading the "risk" creating markets enabling the next leap in economic evolution.

What we have to comprehend, is that the purpose of markets and insurance is to spread the risk to enable capital to flow. The proposal to limit trading in the CDS market to only those with underlying positions, misconstrues the entire foundation of the economy. Spreading the risk and the rewards to those willing to participate is no different than combining capital to buy stock to create a corporation. If we create legislation that eliminates the ability to spread risk and rewards, we are destroying our own freedom and embracing the vile class hatred and envy of Marx, the coveting of thy neighbor's goods, prohibited by the **Ten Commandments**.

The opportunity For "Novus Ordo Seclorum"

It is often overlooked, but on the reverse of the Great Seal of the United States the men who founded this nation understood the cyclical nature of history. For right there they wrote for all time: **novus ordo seclorum** (a new cycle of the ages). All the truly great minds have looked into the horizon of time, and seen the eternal sea of political and economic change. It cannot be squashed like a bug. It cannot be destroyed. The French have a saying: **le cœur a ses raisons que la raison ne connaît point** (the heart has its reasons that reason knows nothing of). Clearly, we can say

the same about economic and political interaction. Politicians only see the immediate threshold of pain because of the election cycle. They care nothing about understanding the long-term, for that will be someone else's problem. So the reforms and reasoning to support it is never for the long-term benefit of society. They are only for the immediate threshold of pain. It is true, someone losing their home and job, also demand immediate action. This is why at time of major crisis, the Roman Republic had the office of dictator who made the decision in the best interest of his home. We play with words and appoint "Drug Czars" using the Russian version of "Caesar" with no real power to speak of. But unless we address the long-term and eliminate the Marxist policy of coveting thy neighbor's goods and being so jealous about what someone else earns, we run the risk of self-destruction. Indeed, the American idea of revolution put an end to monarchy. However, our attempt to resurrect democracy from Rome and Athens is now at risk to be gathered to the founders (ad patres)(death).

SAVING OF WAY OF LIFE

To save our way of life we need (1) legal reform to restore the Rule of Law reorganizing both the Judiciary and the Department of Justice, (2) the establishment of an independent branch of the Tribune that has the power to (a) defend the citizens against the arbitrary actions of government that was to be the role of the grand jury and petit jury whereby only the people were to indict and find guilt not judges, and (b) be able to invoke a grand jury directly to indict anyone in government who acts corruptly whatsoever. Forget about limiting salaries of CEOs, let us deal with the real problem, the corruption of regulation.

The office of Tribune in the Roman Republic was gradually diminished because of the same problems we face. The Tribunes became appointed by the Senate and were not permanent positions. However, once the Republic fell and the Imperial Age began, we can mark the age of roman coinage by the fact that the Emperor usurped the office of the Tribune and thus he lists his titles annually on the coinage as "TRVIII" for just an example signifying that he holds the office of Tribune in his eighth year of reign retaining the form that a Tribune was appointed annually. Imperial Rome destroyed the concept of a Tribune to defend the people against the arbitrary actions of magistrates. If we had such an office, they would have ensured that Government Attorneys would be held accountable for the failure to regulate. The Framers of the Constitution created the Executive powers with no discretion stating that the President "shall take Care that the Laws be faithfully executed." Article II, §2, c13. There is nothing in those words that hints that an SEC attorney has the discretion not to prosecute Investment Bankers.

Likewise, the Framers of the American Constitution expressly prohibited direct taxation as Karl Marx suggested and was adopted in 1909. "No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken." Long before Marx, the Supreme Court made clear that this meant there could only be a poll type tax "making numbers standard by which both representatives and direct taxes shall be apportioned among states." Loughborough v Blake, 18 US 317 (1820). Because of the civil war and the need for money, then the Supreme Court changed its view stating this is not a limitation of power, but rule as to its exercise, Venzie Bank v Fenno, 75 US 533 (1869). Estate taxes were suddenly held not to be a direct tax, one must suppose because the person is dead, Scholey v Rew, 90 US 331 (1875). Gift taxes were also held not to be direct taxes, Bromley v McCaughn, 280 US 124 (1929). As the Great Depression loomed, we see how law becomes manipulated by judges to get money when it was held an estate tax applied on the whole

depriving a widow of her property, was also not really a direct tax and thus did not violate the Constitution, Allen v Henggl, 32 F2d 69 (8th Cir Neb 1929) cert denied by Supreme Court 280 US 594 (1929). Indeed, going after widows during the Great Depression became good sport for the IRS, US v Waite, 33 F2d 567 (8th Cir Mo 1929) cert denied by Supreme Court 280 US 608 (1930). As you can see, both were denied a right to be heard by the Supreme Court further demonstrating that there is no tripartite government and the Supreme Court has made itself irrelevant by its refusal to defend the citizen of the nation independently. Again, there is absolutely nothing in Article III of the Supreme Court possessing discretion to review the law. During the early days when the Supreme Court was perhaps still a real court, Chief Justice Marshall made it clear:

"We have no more right to decline the exercise of jurisdiction which is given, than to usurp that which is not given. The one or the other would be treason to the Constitution. Questions may occur which we would gladly avoid; but we cannot avoid them. All we can do is to exercise our best judgment, and conscientiously to perform our duty."

Cohen v Virginia, 19 US 264, 404 (1821)

Whatever was the intent of the Framers of the Constitution, has long since died. Chief Justice Marshall also made it clear that the "very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws." Marbury v Madison, 5 US 137, 163 (1803). Thomas Jefferson's greatest fears that the destruction of our civilization would come from the Judiciary, has been absolutely correct. There is no other branch that has become so corrupt other than the Judiciary. They refuse to hold Government attorneys accountable, and have allowed our economy to be destroyed for they rule only in the self-interest of the state, not to preserve it from itself.

The entire civil rights movement and the desegregation ordered in the South, came under the Supreme Court during the reign of Earl Warren as Chief Justice. Warren had been Governor of California between 1943 and 1953 during the Japanese inturnment. He knew he was wrong, and many believe that upon appointment to the Supreme Court, he did his best to reverse such prejudice. He led a unanimous court during his first term of appointment in 1953 delivering the major decision Brown v Board of Education of Topeka, 347 US 483 (1954). He struck down the government's forced testimony ignoring the whole Fifth Amendment holding a citizen had the right to refuse to testify before Congress in Watkins v US, 354 US 178 (1957). He also held "one man one vote" right defining that the make-up of Congress must be according to population in Reynolds v Sims, 377 US 533 (1964). He was behind the landmark decision of Miranda v Arizona, 384 US 436 (1966) requiring a citizen to be advised of his right to remain silent and appointment of counsel. Of course, today, courts have circumvented the right to remain silent by letting the police officer just claim he read the rights, and he spoke voluntarily. That allows an officer to take the stand, swear he confessed, and then the jury is supposed to determine if they believe the officer. So much for the right to remain silent. Earl Warren changed America, even though he was a Republican, who saw the long history of torture in America right up to 1966 to extract confessions. It is doubtful that most Federal judges would have the courage to defend the people against the arbitrary action of government in the current climate. As he held against the South in the battle for civil rights, "No state legislator or executive or judicial officer can war against the Constitution." Cooper v Aaron, 358 US 1, 18 (1958).

The Framers knew better than anyone the danger of a government without checks and balances. We have allowed the system to fall apart. We have not paid attention and what we now face is a government in crisis, likely to follow the same path of internal destruction.