The Coming
Financial Border
Controls

It's Berlin
All Over Again
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The ultimate risk is that we will lose all our freedoms before there would be hyperinflation. The borders are closing silently. Tax havens are being attacked and every wire coming into the US is being traced to check who owns that account. Government is desperate to cling to power. It is naive to presume that our economic troubles will cause government to see the light and accept gold as the new money supply. The bankers, who really control government like the financial crack dealers, would never allow it. The attempt to manipulate gold during the Panic of 1869 and force gold higher in price so that the US government when it returned to a gold standard would have to accept the then current market price failed. The government intentionally released a press statement saying they would sell ten times the amount of gold than what they had. The market collapsed despite the false information. Sell the rumor – buy the news. The presumption that government will be forced to give up economic POWER is just absurd. Some of this propaganda is put out by market manipulators to get people to buy the tops so they can sell using analysts that are paid-off. Once government got involved in producing coinage, it controlled the making of currency, which has always been fiat to varying degrees – certainly not 1:1 tangible! Government will never accept responsibility and it will always be the people’s fault for not paying whatever it is they demand. Many seem to think this is some sort of game. Government has the guns and tanks and NEVER in history have they EVER sat on its hands when it was confronted with economic extinction. This is honestly a epic struggle to the death – Public v
Private. They will use every means possible to maintain power. This is no joke. They presume the people are stupid and they can be bullshited all the time. It certainly doesn’t help when there is so precious little real free press.

The world is crumbling and the economy is being strangled by government. The Romans paraded their captives in the triumph like Vercingetorix, the leader of the Gauls, defeated by Julius Caesar. At the end of this ceremony, Vercingetorix was then strangled in Roman tradition. This is the same fate we currently face. The economy is now captive and it is being strangled to death by government who will simply not address any of the major problems we face for to solve them requires political reform.

Since we have professional life-time career politicians who do not see themselves as part of the people but the elite, they also cannot see the consequences of their strangle-hold upon the economy. The people are becoming the enemy of the public state and our wealth is seen as their solution to maintaining power perpetually. Just as European politicians have done everything in their power to eliminate democratic elections, this is the historical battle between the classic Public v Private interests. Consequently, we are in the midst of the final death throes of Socialism like a badly run charity that consumes most of the donations in administrative costs.

I often get hate mail from those that just want to take wealth from the rich simply out of jealous vengence. This is the traditional core socialist/communist for it has nothing to do with trying to advance society or even helping the poor. It is always about getting even with people who simply have what they want themselves and lack the work ethic or skill to step out and become self-reliant.

The interesting aspect is those who actually do take risk, often do not see it as risk. They merely see the opportunity and act, fully confident in their own abilities. The outsider, jealous of their success, fear that step and prefer the safety of a guaranteed income. The latter class remain jealous of the former, while the former just functions without fear and is not afraid to open the door when opportunity knocks.

The socialists and government chastise the “rich” and blame them for everything that somehow if they paid all their taxes politicians would astonishingly live within their means. This refusal to ever accept responsibility is killing the economy and our future. creating a systemic risk of wholesale political unrest and collapse. All of our rights, privileges, and immunities are being stripped from us. As Europe is blocking elections, in America the press, only an arm of the state, refuse to allow Ron Paul to be taken seriously in an effort to also block the democratic process. Some networks only promote the right while
others the left eliminating unbiased free press. Our lack of a free press is undermining everything for they will not even print the economic truth.

About €600 billion in public debt will be rolled in 2012 just with Spain and Italy. The interest rates are now substantially higher. The debts between 2012 and 2015 will move up exponentially and the cost of these monolithic governments will simply explode. In addition, we have demographics moving against us as people retire from state jobs they collect pensions yet we need to replace them to maintain the political powerbase. Government represents a stranglehold over the economy choking off our economic growth preventing any hope of growing our way out of this one.

It has been the lack of term limits that allowed a professional political class to emerge who then become entrenched and see themselves as separate and distinct from the common people. This is the same as the corrupt oligarchy of Rome or Monarchy against which we revolted during in the 18th century. If we had term limits we would not be sacrificing liberty for security that is only an imagined threat anyway under the label today where everyone is a possible terrorist.

Now what we face is continued economic contraction, rising prices, and far more aggressive taxation and enforcement. The economic projections are bogus and we are on the verge of a catastrophic debt crisis that appears to be building starting in the summer of 2012. Despite the political statements that there is zero risk to a Eurozone breakup, the market disagrees. Capital is pricing a breakup and the bets are assuming that buying the German debt will result in conversion to the return of the Deutsche mark. Our political contacts assure us that Germany will blink and when it comes down to saving the Euro or austerity, the former will ultimately win. That means monetization— inflation! However, we simultaneously face massive deflation from the deleveraging of the entire economy furthered by the banking system that has done a reverse takeover of government. There are hurdles to embarking down the path of inflation for to do so, the ECB will have to be given the same power as the Federal Reserve. The capital available for a Euro bailout is running thin. Without recapitalization, there is precious little capital remaining for another major support to firm up confidence.
What is being missed in all the stories hyped on TV is the long-term perspective. The entire reason why the US National Debt exploded during the 1980s was because Paul Volcker raised interest rates to an insane level. The 1970’s saw an 88% increase between 1970 and 1977. Just since 2007 the rise has been 150% due to Tarp et al. If interest rates rose, rather than declined, that debt level would have risen by at least 300%. This is what we are facing in Europe in the years ahead. Rates have risen dramatically and if €600 billion euro will be rolled in Spain and Italy in 2012, the national debts will begin to explode strangling the economy producing stagflation as was seen in the US during the late 1970s. This means, unemployment will continue to rise fueling social unrest and governments will spiral into a fatal debt vortex that will become inescapable. The greed of bankers who have done a reverse takeover of government will destroy the bankers on a wholesale basis for it has ALWAYS been such debt that destroys civilization. To survive, we need a complete monetary system reform, which the bankers will lobby against unable to see the long-term looking only at the rabbit in front of them like a dog in a race. So those who think government will suddenly find religion and care about society must be smoking something for they cannot point to a single instance in history when government reversed course prior to its extinction willingly. Government has military power and it will use that power against their own people to retain control. This is historically always the end game no matter what form of government we look at be it republican, totalitarian, or monarchy. It is Adam Smith’s Invisible Hand of self-interest.

The debt roll is the time bomb. But the pundits are not looking that far. They can only see 30 days ahead and then judge the future 10 years on what was just said and what the market just did in response. Therefore, any hope of returning to the gold standard is foolhearty nonsense for it ignores the
simple fact that government, without exception, will **ALWAYS** turn against its own people to retain power. Let me make this perfectly clear. They have the guns, tanks, and they are manned by disenfranchised minorities and hyped up kids who will be told you are the enemy. How do you think **EVERY** country gets its military to go after their own people? This was the classic step in the evolution of the Roman military – the lack of mainstream citizens among the military ranks. There is no exception here. Why do you think there is a bill to allow military tanks to roll down streets in America? We are preparing for civil unrest because they have seen what has taken place in the Arab world and in Europe. This is all about their fiscal mismanagement that will give way to aggressive deprivation of liberty to confiscate the wealth of the people to pay the interest on vast outstanding debts. Do you really think they will say: “**Sorry, we will give up all power and accept gold**”? They will fight to the death to keep the status quo. This is a power struggle. Government will not throw up its hands and say “**Gee. You’re right. We messed up everyone’s future!**”

Government will **NEVER** accept gold as currency and they are getting the ducks in line to defend against uprisings that will emerge here just as in Europe once the pain starts. Why do you think **AFTER** the Arab uprisings and how they saw the people used the internet to organize as they also did in London, that Senator Joe Lieberman (I-CT) and Susan Collins (R-ME) introduced the **Protecting Cyberspace as a National Asset Act** in an effort to combat “cyber-crime” and the threat of online warfare and terrorism? Come on! These bastards use terrorism as the excuse to destroy everything about a free society and this is directed at the **First Amendment** right to assemble to block civil unrest not 19 guys and a camel who have shown no computer expertise whatsoever. You do not shut down the entire internet for a cyber-crime and there is no one on this planet capable of attacking every server simultaneously to warrant such power. You can hack a particular server, so you shut that down – not the entire internet! This is a **DELIBERATE** lie and these two Senators should be driven from office as traitors to the principles of a free society. This is no different than suspending the right to the **Freedom of the Press**. The major newspapers and organizations continue to lose circulation because they have become propaganda. Some espouse the left views and other the right views, and thus people are turning to independent news only available on the internet. The major New York business press are so biased to support the New York banks and government, don’t you think it is coincidence that **AFTER** the Arab “spring” Washington suddenly perceives a SciFi cyber attack threat to shut down the whole internet was amazingly a real threat? Why not give the President also the power to order you kill your first born as a means of population control because otherwise we will all die of starvation caused by overpopulation since we are going to walk on the side of total absurdity.

Lieberman and Collins are at the very least too stupid if they failed to realize they are being manipulated by the backroom dictatorship to introduce this crap or they are vile anti-constitution elite acting with full intention of what is the objective. Either way, they should be thrown out of office. Without term limits, this is what we get government representation not representatives of the people. There has been no such cyber attack plot not even in a movie for it is impossible to attack the entire internet and for what purpose? No one is capable of such an attack. This is an excuse to stop the people from protesting when government can no longer sell its bonds and the financial system crumbles to dust. For this kind of fiscal irresponsibility has **NEVER** survived historically even once.
Naturally, those who support government against the people will say this is over the top, please point to just one instance in history where ANY government did not turn against its people in order to retain power. The modern Western Marxist governments of Europe and the United States will do whatever it takes to retain that power. NEVER in history did any government actually do the right thing, apologized, and survived? What do you think the American Revolution was all about or the French? The US First Amendment guarantees the right to assemble but cities require permits eliminating that right.
It’s the Debt Stupid!

The “socialists” who always try to blame corporations and cannot sleep at night unless all personal rights are firmly placed in the hand of government, should look at the real numbers. They will discover that corporate debt is the lowest group! If we look at the USA, federal debt stands at about $14 trillion where corporate debt is about $11 trillion. Now let us look at the financial industry with its $17, trillion in debt that includes mortgages while consumer debt is about $14 trillion. Yet there is another trend that the VAST majority ignore and explains the failure of QE1 and QE2 to stimulate or create inflation.

It was debt that destroyed Rome and banking became extinct for nearly 800 years in Europe. Debt is leverage. Volker set in motion our economic demise by raising interest rates into 1981 to insane levels that required the lifting of usury restraints which is the reason why interest rates are so high on credit cards today. This enabled a disproportionate segment of income to then be absorbed by interest fueling the banking community reducing economic growth in other sectors and lowering the living standard of the average person. The Occupy Wall Street protests where sort of in the right church, but the wrong pew. It is not the stock brokers, but the investment bankers that are destroying society by their hold upon government in the palm of their hand for they have them and everyone now addicted to debt.

Indeed, debt has leveraged the entire economy and it is that leverage that actually prevents hyperinflation in the way many expect. What happens in an economic decline as it unfolds are two primary trends. First, there is the deleveraging of everything. Paper profits are destroyed. So the Dow Jones Industrials collapses from almost 15,000 to 6,000 amounting to a near 60% decline. The paper value of the stock market declines and it evaporates into thin air. The same took place with real estate and the economy in general, which do not bounce back as rapidly as stocks. One day the market value of the house in $500,000 and the next you are lucky if you can sell it for $300,000. This “wealth” is not actual “currency” that can be used as a medium of exchange. Currency is defined as the product produced by government in modern terms. Real Estate, stocks, and gold are “money” in the sense that any object having value constitutes the real “money supply” for it is tangible wealth suitable for collateral. These objects are perceived to be a store of value – albeit this is not entirely true since there is no object that is a store of value that remains constant free from fluctuating prices. This is also true of gold that is normally confused as a perfect hedge against “inflation” which it is not for there is no perfect correlation between gold and inflation. Gold is actually a “movable” liquid asset easily sold in all cultures unlike stocks or real estate, which cannot be easily resold outside the local market. For this reason, gold is the historical perfect hedge against government, not because of a store of value, but because of its liquidity in times of crisis characterized by its movability. Gold simply does not correlate with inflation and this is vital to understand during a DEFLATIONARY trend within which we currently find ourselves.
Germany has been obsessed with the fear of hyper-inflation that was its worst nightmare of the 1920s. The United States lives in fear of deflation as took place during the 1930s. Both are still fighting the last war. Yet this period in which we are entering is unique for it is by no means a mirror of these events of the recent past.

We are suffering the simultaneous effects of DEFLATION and INFLATION, which can be called STAGFLATION. In other words, there will be no hyperinflation at this stage in the game and the increase in currency by the Federal Reserve using the “elastic money supply” tool, will not even be inflationary despite creating nearly $3 trillion.

How is this new world of STAGFLATION possible? Debt & Marx! It is true that the national debts are exploding. This in isolation would appear to be inflationary as with the Fed creating almost $3 trillion. However, this is not a fish bowl. We are simultaneously suffering from a deleveraging of the economy that takes place during an economic decline where the paper values of tangible objects evaporates. We suffered in general a 60% destruction in money supply as defined by all things PEOPLE consider to be a store of value especially their real estate that serves as good collateral for loans. All the studies show people will spend more “currency” as long as they perceive that their net worth (money supply including home value) represents a profit amounting to savings – that store of value.
If we look at the peak in debt in 2007 in the United States, only one slice of the real money supply, the general leverage stood at nearly $60 trillion. This is based upon Federal Reserve data. If we now factor in the deleveraging of 60% we get a figure of $24 trillion. Of course, this is well below official estimates because they are not marking to market all debt. This would be at the most extreme nadir. Nonetheless, if the Fed increases the money supply by $2.3 trillion through its elastic capability, we can see this is like pissing in the wind – consequently QE1 and QE2 produced no inflation even if the deleveraging was only 25% say $15 trillion off the top rather than 60%.

In cycles, this is known as the Superposition Principle. We are experiencing a Destructive Inference whereby we have INFLATION being generated by government through the expansion of debt in the classic sense and the elastic money supply capacity of the Federal Reserve. This, however, is being offset by the DEFLATIONARY trend created by the deleveraging and fall in value of the “real” money supply composed of all things tangible including real estate, stocks, and even gold. If government were expanding the currency supply (currency and bonds) in isolation, we would have the risk of HYPER-INFLATION. However, since we are deleveraging still in the private sector, these two trends are offsetting each other creating a DESTRUCTIVE INERENCE, which is why gold has NOT broken through that $2,000 barrier. These are two trends that are diabolically opposed to one another. Leaving out the Sovereign Debt Crisis of 1931 from the history books to further the Marxist agenda has clearly prevented us from moving on and understanding the whole economic world in which we live.

This is why government is becoming aggressive. It is fighting for its life and this trend of consuming more resources/capital to sustain itself is like a drug addict. It will not stop! Government will turn more and more against the LIBERTY of the people to retain its perceived power. It will not see its own actions as a cause and effect.
The Roman Emperor Diocletian (284-305AD) introduced economic reforms following the collapse of the monetary system of Rome during the 3rd century AD. In order to collect taxes, he restricted the movement of the people. The bulk of the economy was agriculture. Diocletian restricted the movement of farmers to a single plot, and their children were then bound as well requiring them to become farmers. The *Freedom of Movement* and *Freedom To Be What You Wanted To Be*, ceased to exist for a large part of the population. From the government’s perspective, they were (1) desperate for money, and (2) struggling to restart the economy to increase tax revenues.

Agriculture, then as it was until the Great Depression of the 1930s, provided the core base of the economy. Farmers were essential to the new taxation system representing the bulk of production. Stable agricultural production was vital to the economy and thus constituting the powerbase of the government. A “*colonus*” was a type of Roman peasant farmer, a serf in modern times. The independent farmer was giving way to an economic slave of the state. This designation was carried over into the medieval period.
Coloni worked on large Roman estates called "latifundias" and could never leave. The tenant farmers were known as *coloni* (singular: *colonus*), who farmed the land and paid rent to the owner of the *latifundia*. Their rent usually consisted of a portion of their harvest, labor, or money. *Coloni* could be hunted down and flogged if they dared to leave the *latifundia* although technically they were still free citizens. The economic decline combined with the rising barbarian invasions and the decline of new conquests that produced a fresh crop of slaves led to the decreasing number of slaves. Thus, as the once middle class who were forced into tenant farming replaced slaves as they died out, eventually some of the *coloni* became bandits as the rule of law collapsed precipitously. This contributed greatly to the migration from the cities setting in motion the trend known as moving to the suburbs – “suburbium”. Thus, the trend of moving into the cities (c.27BC-175AD) was reversed into a massive exodus.

As illustrated by this detailed chart on the collapse of Rome, this period between 180 and 285AD saw 27 emperors of which all but just two met with violent deaths. Vast areas of countryside were devastated by barbarian invasions and this as well contributed to the economic decline by destroying the agricultural economy. The merchant class was shattered by the lack of security reducing regional trade and farmers were transformed into serfs. There was little left of the once famed *Pax Romana* and it was against this backdrop that Diocletian stripped many of the freedoms once cherish by Roman citizens. Rome was descending into the tyrannical period of “papers please” where citizens become the target. There can be no free society once government has the right to confiscate property and imprison people for refusing to pay whatever it demands. The American Revolution was also in part over taxation without such a right to object.

The fate of Rome had clearly begun to change direction with the rise in the financial problems during the reign of Marcus Aurelius (161-180AD) when there was a sudden explosion of calamities afflicting the empire. The Parthian war erupted and proved to be extremely expensive like our war on terrorism erupting in the same region Iraq-Iran-Afghanistan. To make matters worse the army also brought back the plague. The Germanic tribes began to invade from 160-171AD there were many frontier breaches along the Danube as well as other invasions from different tribes including the attack on Buetica by
Moorish rebels in 171AD. There were a number of revolts in this period including a very serious one in Egypt (early 170’s). All of these problems put enormous financial pressure on the empire just as our war on terrorism has dramatically increased the cost of travel and government to the point of recklessness reducing trade. The evidence supporting this financial stress in Rome is illustrated by the fact the surplus left by Antoninus Pius in 161AD of some 2.7 billion denari in the treasury was reduced to a mere 1 million under Commodus by 193AD.

This economic stress led government to increase taxation upon the middle class of Rome reducing economic growth and setting in motion the suicide of the state. Evidence exists showing that during the 160s there was a huge rise in the financial pressure imposed on the curial class. This was met with a growing reluctance to help ease the growing economic burden as we are seeing today. There are many examples of people in this period being forced to carry out public works. Where people had donated money and paid for grand buildings as a matter of prestige, as the economy declined, so did this volunteer trend where people donated to the public (euergetism). The state increasingly began to force people to pay for public works taking the form of a quasi-tax. Under the Severan Dynasty (193-235AD), this “compulsion” was applied even more stringently to the curial classes and we see another significant drop in the practice of euergetism. By the 3rd century AD the burden had become so large that it began to destroy the capital formation and set in motion the migration of the rich from the city further reducing banking and the financial infrastructure. The rise in taxation was clearly not the result of an increase in economic activity and prosperity. The more aggressive the state became with taxation, the more they destroyed the economy preventing any recovery as we are entering currently.

This suicidal trend destroyed capital formation. This increase in taxation absent an increase in production is what we face today. During Roman times, the increase in taxation coincided with a decrease in manpower and production. There was increasing hunger and plagues during the 3rd century that devastated Rome as barbarian invasions began bringing a new gene pool. This hit the rural slave population the hardest, contributing to the further depletion of the slave labor force. Between 180AD and 280AD, Rome’s population probably declined by at least 30 percent. This contributed to the contraction of agricultural labor that was the largest economic sector, which became the single most important cause of declining economic trend behind the Roman economy. The economic crisis had tremendous impact causing enormous suffering for ordinary Romans. This contributed greatly to rise in
Christianity causing people to turn from the Roman gods when their prayers were not answered. Like a dog chasing its own tail, the demand for revenues was rising while there was a decline in economic output. This escalating trend resulted in an economic vortex that became impossible to escape without major political reform precisely as we see today.

Therefore, the question of how to fund the empire became absolutely fundamental to everything. The more widespread the economic contraction became, the less tax revenues were being produced resulting in escalating draconian measures against the people, which we are beginning to witness today. The problem of meeting the fiscal obligations and the rising debt burden became the common problem that seriously hindered economic development. The economy could not grow its way out PRECISELY as politicians pray will happen right now and once again cannot possibly unfold. The tremendous costs of government merely escalated destroying the economy. To entice people to join the army, pensions were promised. However, after serving their time, soldiers moved to a pension yet still had to be replaced. The price of government was rising exponentially.

It was a Roman tradition that was used to entice people to sign up for the military just as today people work for government to eliminate any real risk or responsibility. For whatever reason, that ancient Roman tradition of 20 years of service remained an expected benefit if you were to work for government that has been handed down throughout the centuries despite the fact that life expectancy expanded. However, the socialists have simply ignored the lessons of the past and adopted the VERY SAME pension programs that truly contributed to the Decline and Fall of Rome! Economically, it was precisely what we see today in our own society, which has emerged as the Public v Private sectors (government employees against the people) that we see rising in Greece. The precise identical trend we see today in modern Greece is exactly what took place in ancient Rome. Greece is merely a test run for what we will soon face in virtually all governments – UNFUNDED ENTITLEMENTS.
The above chart illustrates the growth in the Roman Military from about 700BC through the fall of Western Europe in 476AD and showing the decline that became dominant in the East under what is known as the Byzantine Empire. This created the same problem we face today - **UNFUNDED PENSIONS AND ENTITLEMENTS**. It seems to be inevitable that government promises the moon, but never delivers. It may shock most readers to know that such data exists. In reality, there is far more data available on the rise and fall of Rome than there is during many medieval governments. The Romans were great secretaries and much of the early writings of many contemporary historians have survived.

Here illustrated we can see the famous 25 legions of Marc Antony (83-30BC) and we can see coins were minted showing each legionary force that fought in the battle of Actium in 31 BC that were defeated by the forces of Octavian/Augustus (27BC-14AD). Augustus was left with about 50 legions of about 11,000 men each, and he reduced the cost of government by cutting the legions down to 25. Nonetheless, this was the bulk of the cost of government – its military force.

Roman Emperor Trajan (98-117 AD) died in 117 AD and he was immediately succeeded by Hadrian (117-138AD) who was Trajan’s ward. Straightaway upon his ascension, Hadrian did not immediately travel to Rome. He had to first deal with the East and suppressed the Jewish revolt known as the “Kitos War” which was a corruption of the name of the Roman general Lusius “Quietus” that had begun in 115AD. Quietus had popular standing with the army and his close connections to Trajan fighting in the Dacian Wars made him a threat to Hadrian. Instead, Attianus, Hadrian’s former guardian, was put in charge in Rome where he discovered an alleged conspiracy involving four leading Senators including Lusius Quietus and demanded that the Senate order their deaths. There was no public trial, which is the hallmark of all political persecutions, but instead they simply hunted them down and killed them on the spot. Public trials are historically never provided actual political prisoners since they fear
exposing the truth, and so void of due process as was the case with Sir Walter Raleigh (1588-1618) in England who was denied the right to confront the pretend witnesses against him. Since Hadrian was not in Rome at the time, he was able to claim that Attianus had acted on his own initiative. This alienated the Senate early on because of the total lack of the rule of law in how the conspiracy had been handled. This further contributed to the rumor of a falsified document of adoption by Trajan also plagued Hadrian’s legitimacy to inherit the throne, which eventually arose from the endorsement of the Senate but not without the support of the Syrian armies.

Hadrian was still relatively unpopular with the people at first due to these rumors and he set out to repair his reputation. Hadrian staged a Parthian Triumph that Trajan had won before his death, and as the economy turned down after 115AD. In 118/119AD Roman Emperor Hadrian agreed to wipe off bad debts, back rents, and taxes owed to the Roman treasury amounting to the equivalent of some 900 million sestertii, which was perhaps also motivated by hopes of gaining popularity. This effort, nonetheless, came during an economic decline between 115AD and 119AD with this effort taking place based upon Pi (π) following the high in 115AD and was clearly directed to help the economy during an economic decline, which was followed by a boom into 123.75AD.

Hadrian also held lavish gladiatorial games to no doubt increase his popularity, but also to divert the crowds from the economic decline. He also continued the policies of helping the poor children of Rome that had been initiated by Nerva (96-98 AD) before him and continued by Trajan. Almost immediately upon becoming emperor, Hadrian returned most eastern lands that Trajan had conquered because he
believed that the empire was too big for its borders to be successfully defended as barbarian incursions were increasing. He believed that it was important to strengthen Rome's frontiers and reverse the conquest model. To accomplish this he constructed defensive walls and fortifications, such as Hadrian's Wall separating England and Scotland. Clearly, Hadrian saw that the size of the empire was great and to administer such a vast empire was becoming difficult for one man. Hadrian embarked on a tour of the empire personally inspecting the scope and depth of what existed. He issued coins, such as those illustrated here, with the reverse showing the latitude and greatest of the empire as he toured through all regions. He was looking at the policy of maintaining the empire rather than expanding it further.

However, when the citizens of the empire could not afford to pay at all, he then simply reduced debts but this was not a long-term solution. It got to the stage when tax-payers simply had to pay what was demanded of them meaning that the State would necessarily have to become strengthened. Here we see the growth of bureaucracy and a parallel development of what we today would call the "police-state". During the republic, the revenue for Rome's expansion came largely from the plunder of foreign lands by war. However during the Pax Romana we see a very sad state of affairs emerging whereby the only means of keeping the empire funded was through legalized extortion.

By the time of Antoninus Pius (AD 138-161), the Roman bureaucracy was as all embracing as we see today in modern times. This Roman bureaucracy required nourishment and that is what established the foundation sowing the seeds for the horrible tyranny that would emerge with a ferocious appetite for capital during the 3rd century. What emerged was a unyielding system of taxation, that blended requisition of private assets for public works, and compulsory labour diminishing liberty all administered by an army of military bureaucrats. Everywhere emerged this ubiquitous network of personal agents of the emperors who would spy upon the people searching out even the most desperate case of tax evasion. Under Emperor Hadrian, despite being enlightened, the excuse of a fear of public discontent nurtured because of a conspiracy of four senators prior to his taking the throne, led to the development of a system of secret police and informers that only grew as the Russian KGB or CIA, but turned with an inward focus targeting domestic citizens. This system functioned in much the same way as the Gestapo in Germany operated and this sudden need to authorize the military to operate domestically within the United States to weed out terrorists is not different. Once set into motion, this practice of creating a secret police continued until it was changed by Diocletian during his reforms. The same system of spies used in communistic countries emerged in the Venetian Empire and it Mouth or Truth where citizen could anonymously accuse anyone. Now, countries pay rewards to turn in citizens for taxes in the USA or Europe. It is always the same pattern.
The birth of the secret police under Hadrian came at the tail end of a Private Wave when government is desperate to grab control. His grand tour of the empire allowed the bureaucracy to grow in Rome during his absence at the expense of political freedom. Hadrian’s traveling became a fundamental part of his governing, which was made very clear to the Roman Senate and the people. He was able to accomplish this only because at Rome he possessed a steadfast and trustworthy supporter Marcius Turbo who employed the secret police known as the “fumentarii” that dominated control and influence in Rome in Hadrian’s absence.

It is true that Rome was transformed into a melting pot much like the United States and Britain as different cultures became Roman citizens and many were attracted to the core of the Empire – Rome itself going into 175AD. This was aided by the fact that this was a Private Wave attracting people to the economic boom. This change in racial stock created a fragmentation and tended to create ethic sections within the city of Rome itself not to mention resentment of other races and cultures. This led to a less than homogeneous society that allowed the Christain persecutions to first begin as Nero (54-68AD) blamed Christians for the great fire. Just as today American society is turning
hostile toward foreigners (especially Mexicans) begrudging them even social security despite having to pay into the system, this same hostile attitude developed within Roman society as taxation rose and people turned toward foreigners to blame for the rising costs. In fact it is the hidden rising cost of the bureaucracy that undermines economic growth since the bureaucracy consumes wealth. Of course plague and malaria were also often attributed to foreigners and returning troops from foreign lands.

The Roman Empire was riddled with economic problems whose causes were to be found long before the 3rd century that marked the collapse. Problems with the army and the rise in military and political anarchy which ensued were very serious and emerged largely from the time of Hadrian who was guilty of being absent from Rome leaving on his grand tour starting in 121AD that lasted more than 10 years. He effectively decentralised the government and established the trend toward foreignizing the army, which was the policy of filling up the army with provincials from the area to be defended. He also allowed the Germans to settle in the Danubian provinces as long as they served in the auxiliary troops when called upon.

Hadrian’s grand tour led to his building infrastructure everywhere and attempting to consolidate the empire rather than expand it. However, he triggered in Judaea a massive Jewish uprising, led by Simon bar Cochba (Kokhba). Hadrian was forced to call his general Sextus Julius Severus from Britain, and troops were brought from as far as the Danube to deal with this uprising. Roman losses were said to be very heavy, and included an entire legion, the XXII Deiotariana. Hadrian’s report to the Roman Senate omitted the traditional salutation "I and the legions are well". The Jews were even overstriking Roman coinage establishing their own mint with legends reading “for the freedom of Jerusalem” (illustrated here). Nonetheless, the rebellion was finally crushed in 135AD, and the historian Cassius Dio tells us that some 580,000 Jews were killed, 50 fortified towns and 985 villages had been razed to the ground.

Even after the war, Hadrian continued the persecution of Jews and wanted to destroy Judaism, since he saw this religion as the continual cause of rebellions. Hadrian prohibited the Torah law, the Hebrew calendar and executed Judaic scholars known as the Ten Martyrs. He ordered the sacred scroll from the temple to be ceremonially burned in public for all to see. He went as far as to rename Judaea, Syria Palaestina in honor of the Philistines. The Jews were then forbidden from even entering the rededicated capital.

The economic cost of this war was massive. The Bar Cochba War tended to drain the treasury without debasement. The Roman silver denarius began to decline in fineness 117-118AD coming at 88.5%, however, Hadrian sought to restore the denarius whereas between 119AD and 128AD the finess was restored to 90% increasing again to 90.5% from 128AD to 138AD. Antoninus Pius (138-161AD), adopted by Hadrian, immediately reduced the fineness in 138-139AD upon Hadrian’s death back to 88.5%. The
Fineness was thereafter 88.75% (140-444AD), 89% (148-149AD), 83.25% (150-157AD), and 86.5% (158-161AD). This action illustrates that there was concern with the decline in the treasury reserves given that there was now a lack of revenue coming in from conquest, just costs as we have today to wage war.

Antoninus Pius was followed by his adopted heir Marcus Aurelius (161-180AD) with whom the line is drawn for the beginning of the **Decline and Fall of Rome** for this also marks the peak in population for the city of Rome itself in 175AD. The rich had begun to leave under Hadrian caused by the thirst for revenue and the institution of the secret police. The number of residents grew because of the influx of provincials, which was also an unwelcome development.

Under Marcus Aurelius, the army was composed either of ignorant countrymen from the most backwards parts of the empire or foreigners. This separation of the standard Italian citizen serving in the army was critical for it effectively divorced the army from the population allowing for the increasing use of the military against the people. We see this same trend today with the rise in minority participation in the army that sets the tone for this same trend of divorce from the people that the Romans saw as the “barbarization” of the army that would see no problem with attacking the ethnically different civilians leading to the further destruction of society and very grave consequences.

Accordingly, the very culture and spirit of these new soldiers was substantially different. Bringing in minorities/provincials introduced uncivilized peasants with little affection for the Roman people and the civilization they created. There was no longer an appreciation of ethics or work and growing sense of entitlement began to dominate the army. There was no longer any respect for the people they were supposed to protect, but instead a sense of whatever they had was owed to the military. This became self-evident under Maximinus I (235-238AD) who declares all wealth belongs to the state and the army supports that as their means of payment.
In this manner, the government evolved into the enemy within. This is how such trends always unfold. The apathetic Romans were sowing the seeds for their own political and military destruction. It was the corrupt oligarchy that caused the collapse of the Republic just as we see government refusing to investigate and investment/trading banks always protecting them against the people at the expense of society. In 191AD, Commodus (177-192AD) was assassinated and a man named Pertinax (193AD) was made leader. He promised large gifts to the legions and praetorians (the special troops inside Rome itself charged with protecting the emperor) but when he tried to enforce discipline, they in turn murdered him. The praetorians were firmly established in the city of Rome beginning with August (27BC-14AD). Following the murder of Pertinax by the Praetorian guards, the full corruption of Rome burst forth. After parading around with the head of Pertinax on a pole, the Guards withdrew to the safety of their camp. No clear heir was available so the Guards stationed heralds on the wall to announce openly that the office of Emperor was up for sale to the highest bidder. Thus began perhaps the most scandalous affair in Roman history.

The corruption had reached such levels that it was clear that the Decline and Fall of the Roman Empire was openly in full swing. There were two rival bidders who presented themselves - Titus Flavius Sulpicianus (father-in-law of Pertinax) and Marcus Didius Julianus (193AD). Didius' bid was 25,000 sestertii per man, which was the high bid and he was duly declared Emperor. He reigned only for 66 days. We are not from this parallel in history as cabinet positions are clearly up for sale as the Secretary of the Treasury tends to be dominated by Goldman Sachs.

This outrage of auctioning off the throne led to three years of civil war. Nonetheless, the army was realizing its own power to become the king maker and it became common-place for the army to dictate who would be on the throne. By 235AD, the rise of the first barbarian minority to the throne, Maximinus, was enabled for he rose from a common soldier. Maximinus never even visited Rome and he attacked the rich with real determined fierceness everywhere. In 284AD, Diocletian reduced the status of the Praetorians and they were no longer to be part of palace life. Constantine The Great (307-337AD) finally did away with the Praetorian Guard altogether.

This is how Rome turned against its own people. We are following this same path with volunteer armies that no longer represent the people and are disconnected from them. This is further enhanced by the drilling of police and troops that anyone who disafrees with government is dangerous. We are approaching an epic historical point in time where the military/police no longer respect liberty.
The greater the shift toward the retirement of the baby-boomers, the greater the problem with the exponential rise in the cost of government. We have lost all sense of our roots and government is becoming increasingly hostile desperate for revenue. This is a lethal trend that only leads to tyranny.

Despite all of these trends, and the ultimate conclusion being inflation, in the near-term we remain in a deflationary environment with a massive deleveraging of the economy that cannot be reversed even with $3 trillion of new elastic money by the Federal Reserve. The collapse of Europe becomes inevitable for there also government will not address the structural flaws and will only increase its oppression against the people as if taking every euro will somehow reverse 60 years of fiscal mismanagement. The dollar may rise sharply thanks to deflation, and we may see the worst of every possible trend before this nightmare comes to an end.

The Conference Attendees will receive the update service covering these 5 categories. As soon as we have the year-end closings for 2011, we will be providing the computer generated reports on the main markets providing the outlook for 2012 including the Timing Arrays for the year and Reversals.

Shipping Date should be by January 15th.

(non-Attendees $300 each or