

THE BIG PRINT

**WHAT HAPPENED TO AMERICA
AND HOW SOUND MONEY WILL FIX IT**

AUDIOBOOK VISUAL COMPANION

ALL TABLES, FIGURES, AND FOOTNOTES

FROM THE PRINT BOOK

EDITION I

DECEMBER 2024

LAWRENCE LEPARD

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PART I: THE PROBLEM

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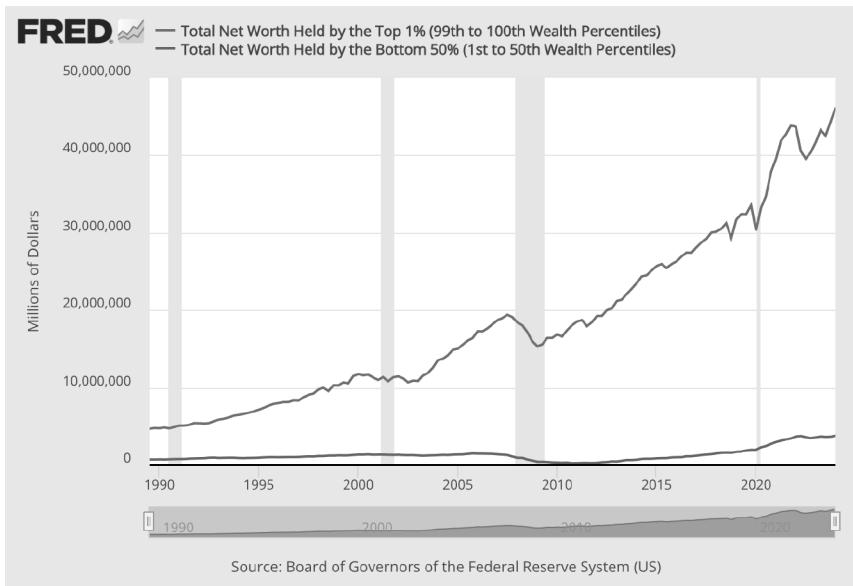


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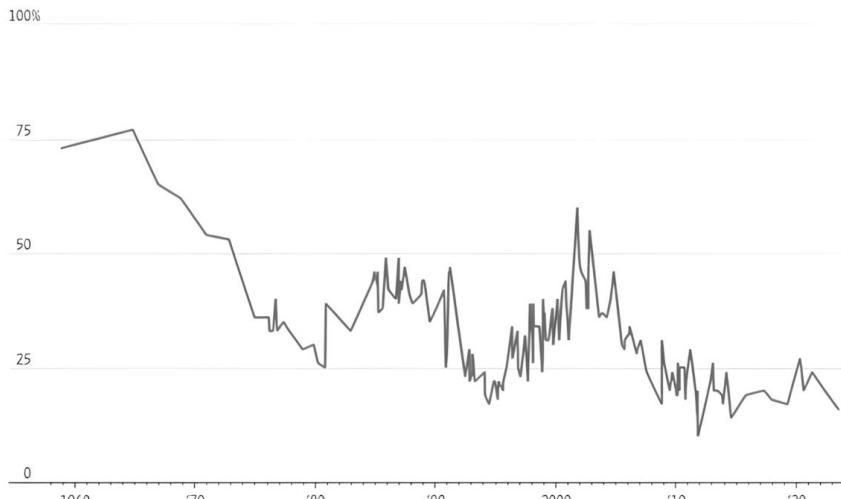
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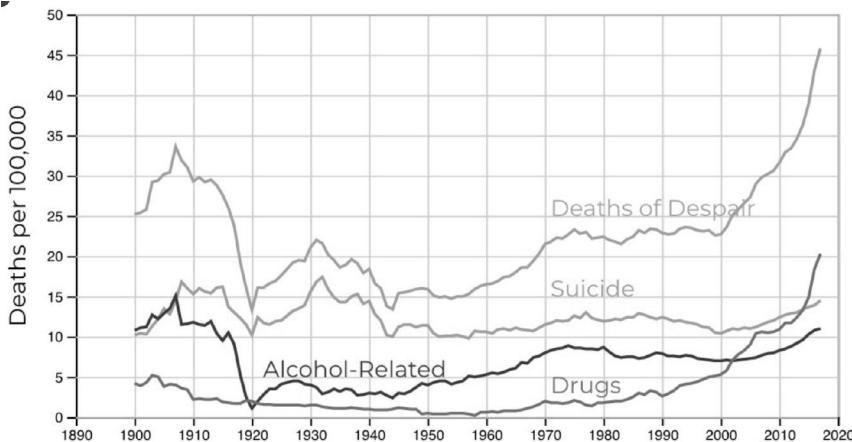


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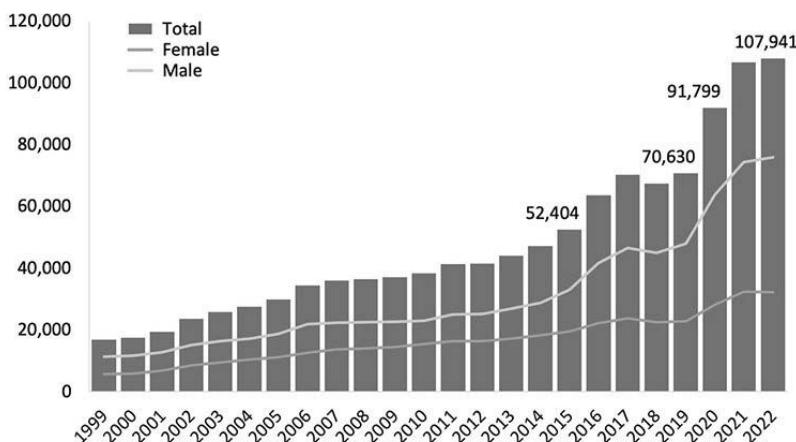


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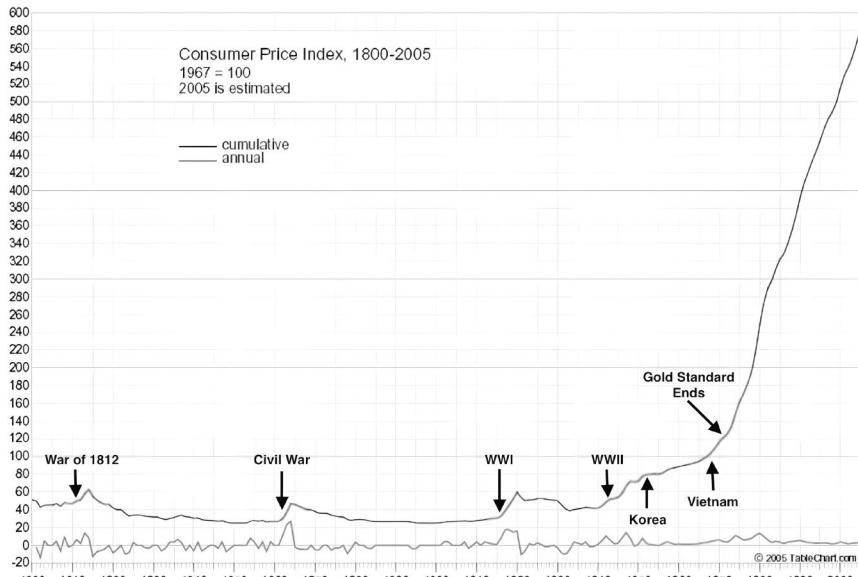


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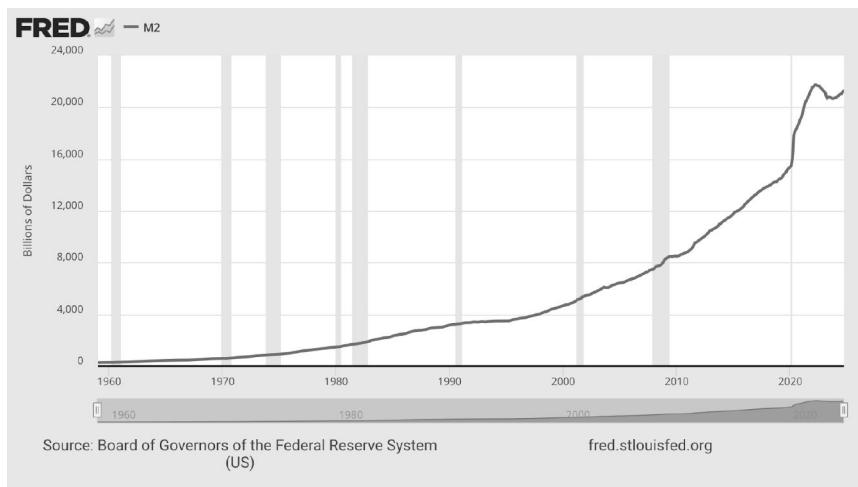


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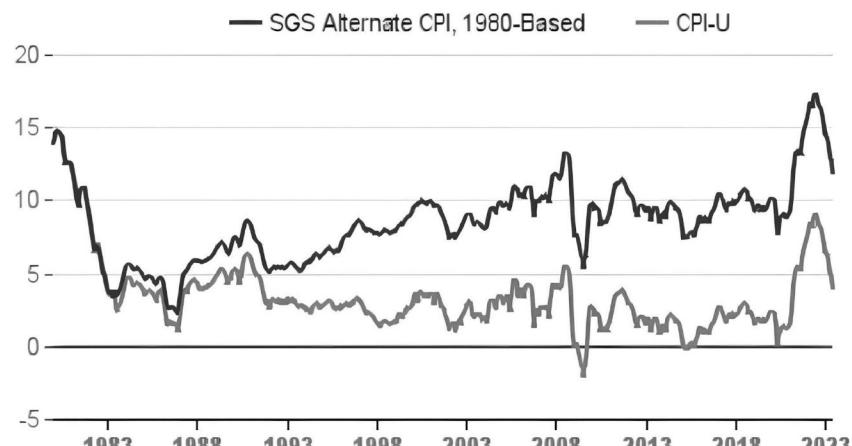
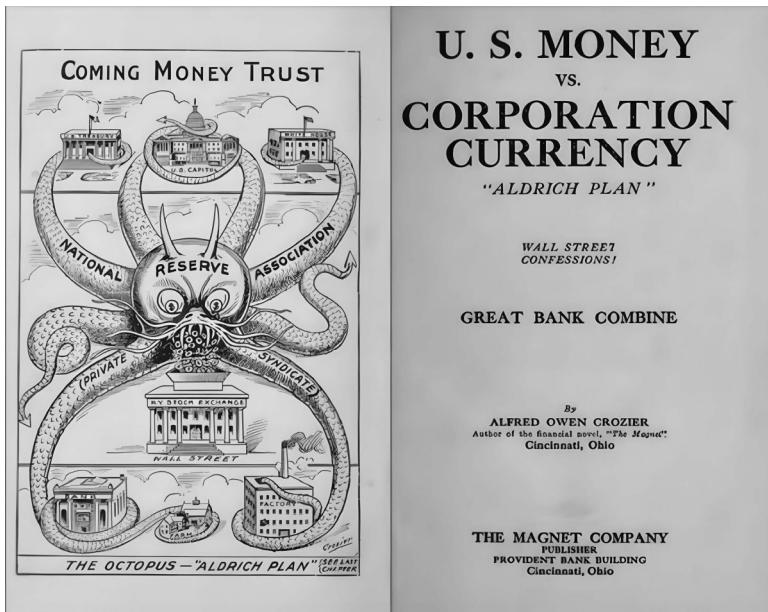


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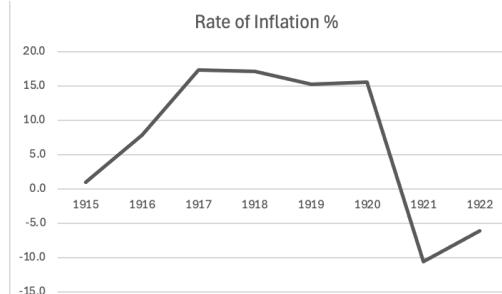
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Year	U.S. CPI (%)
1915	1.0
1916	7.9
1917	17.4
1918	17.2
1919	15.3
1920	15.6
1921	-10.6
1922	-6.1



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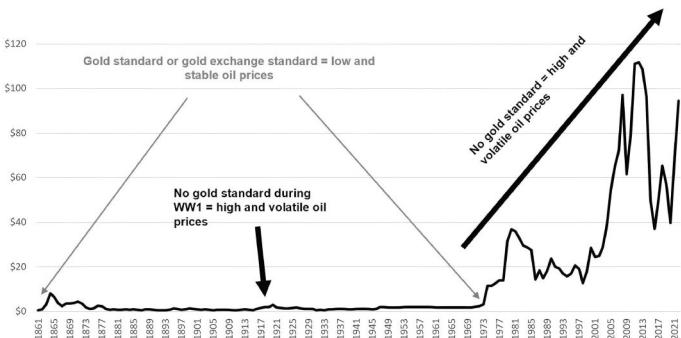


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Source: <https://forest-for-the-trees.com/oil-prices-1861-2022/>

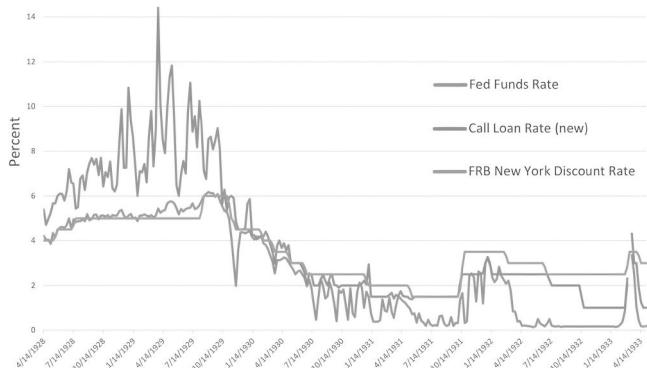
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IN BILLIONS OF DOLLARS

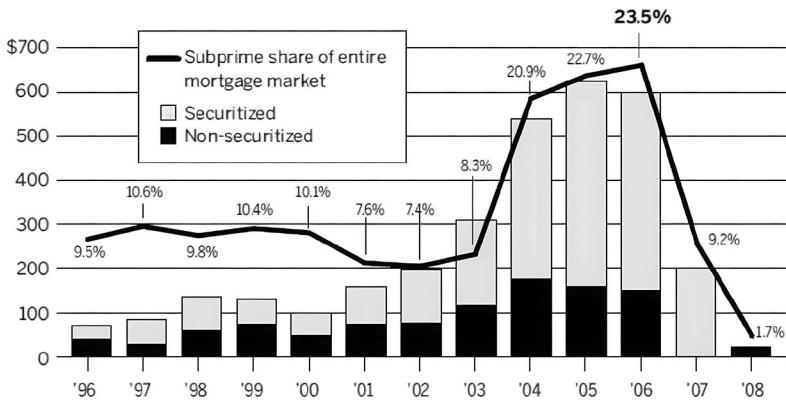
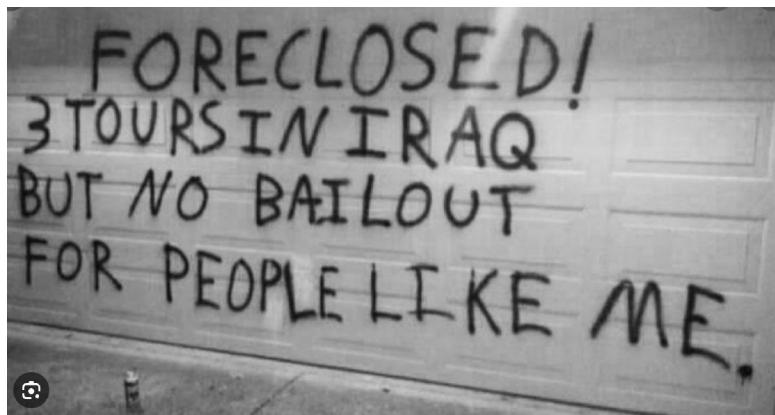


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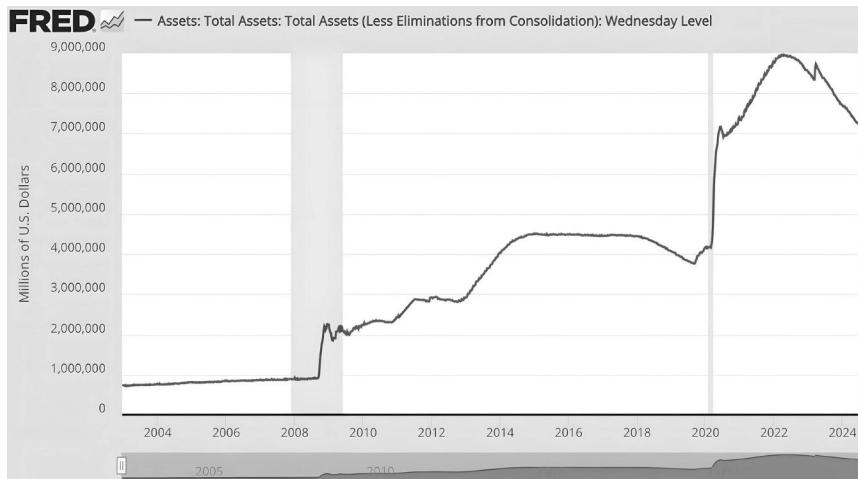


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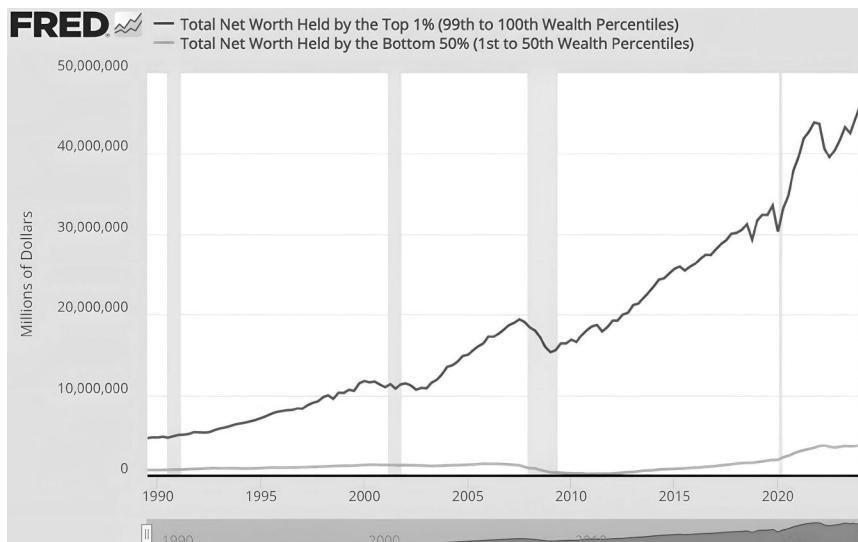


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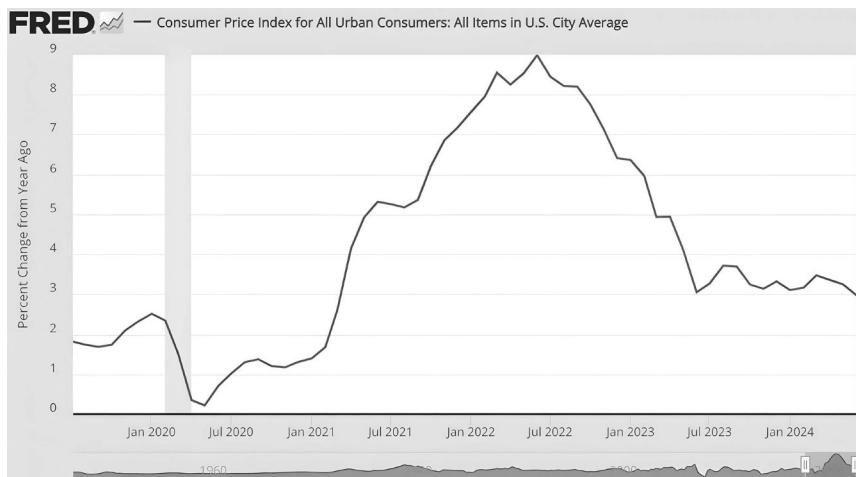


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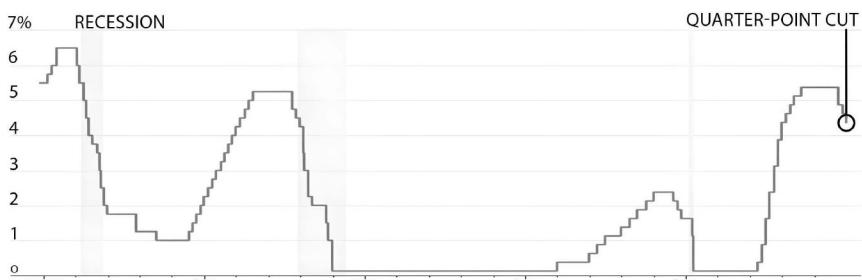


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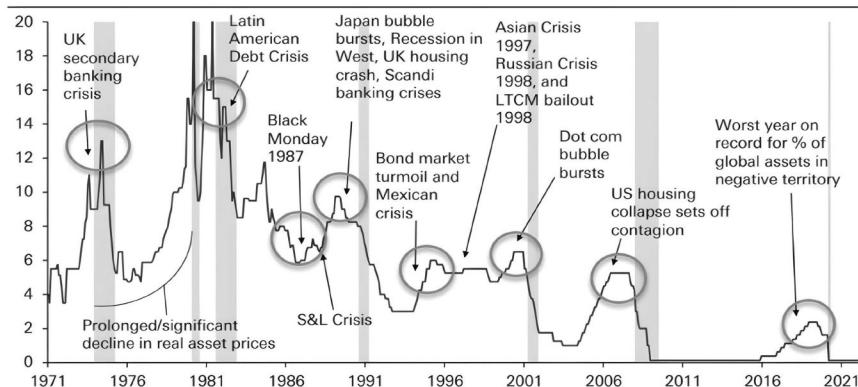


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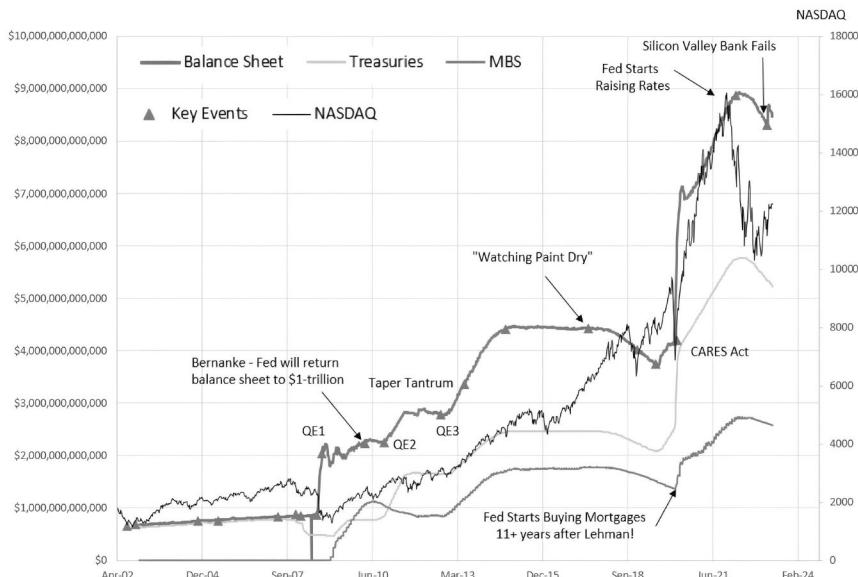


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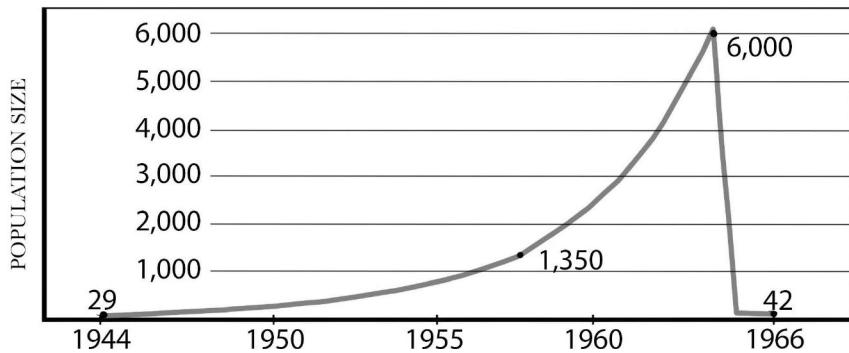


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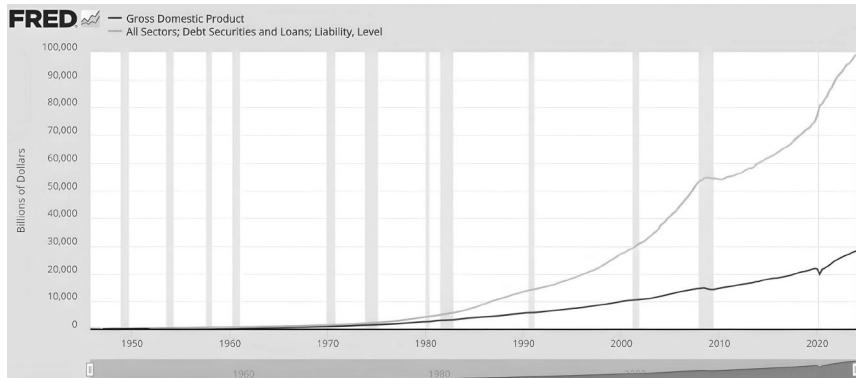


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16. NOTHING STOPS THIS TRAIN

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Lyn Alden  @LynAldenContact · Jun 19 · ...



Nothing stops this train

Joe Weisenthal  @TheStalwart · Jun 18

Big jump...

*CBO BOOSTS 2024 US BUDGET DEFICIT ESTIMATE TO \$1.9T FROM \$1.5T

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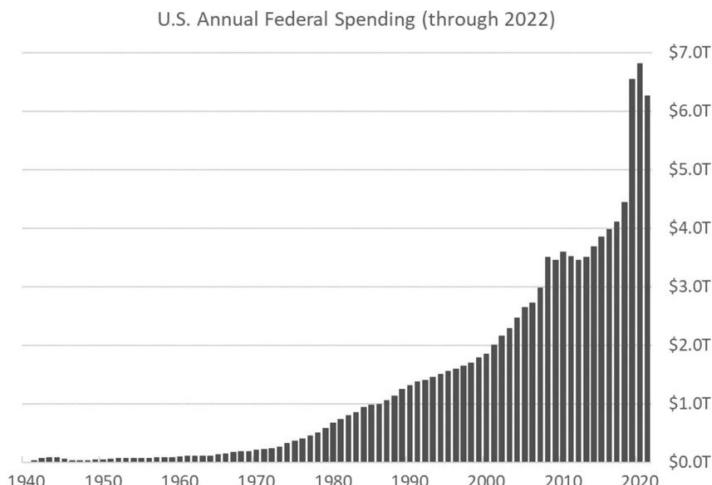


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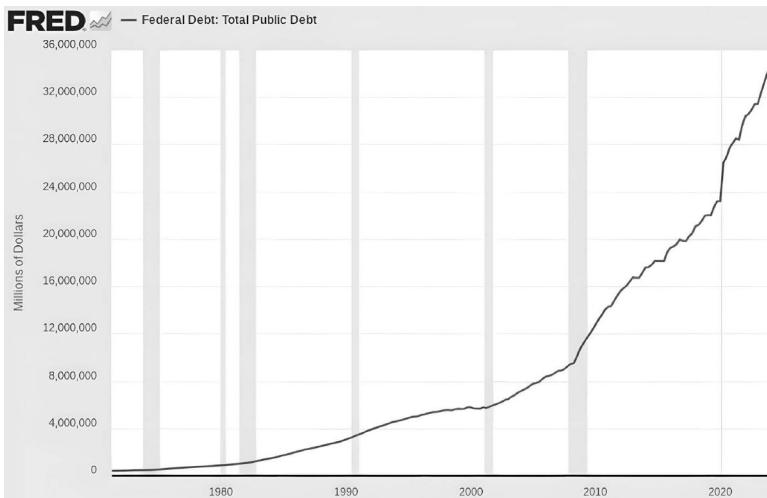


Figure 16.2: Board of Governors of the Federal Reserve System, “U.S. Federal Debt: 1971-2024” FRED, 2024.

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TOTAL OUTSTANDING DEBT, IN TRILLIONS OF DOLLARS

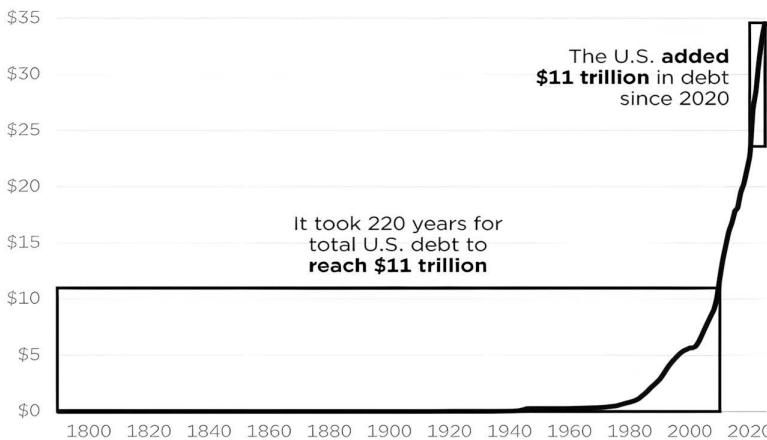


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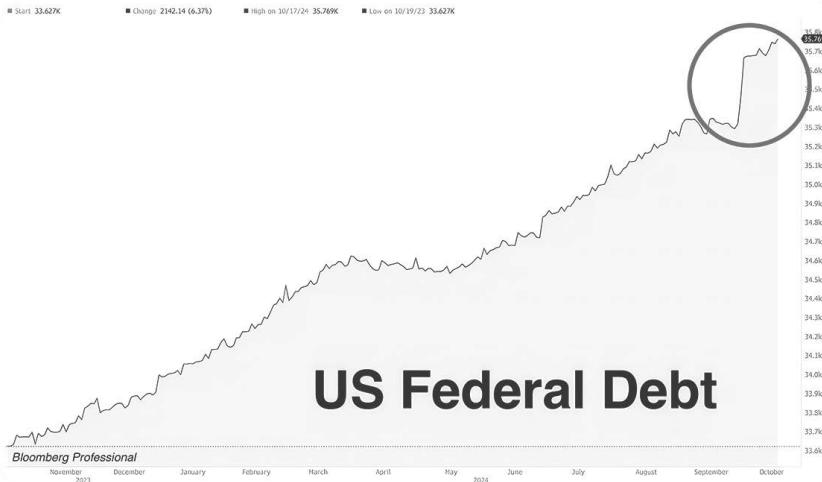
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James Lavish 
 @jameslavish

...

Let's be honest. The United States does not have a tax problem. The United States has a spending problem.



12:39 PM · Oct 19, 2024 · 133.5K Views

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ChartWord @ChartWord · 46m

...

Replying to @LawrenceLepard

closing the gold window in '71 was the kiss of death for the deficit

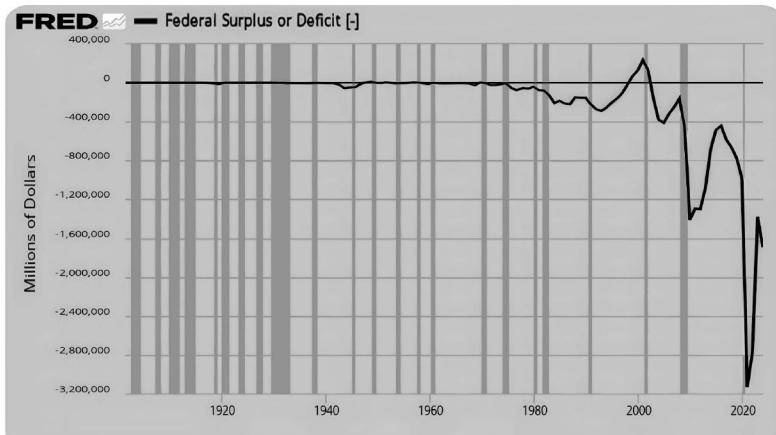


Figure 16.4: Chart source: U.S. Office of Management and Budget

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The Washington Times

America's Newspaper

U.S. national debt spiraling out of control, rising \$1 trillion every 100 days

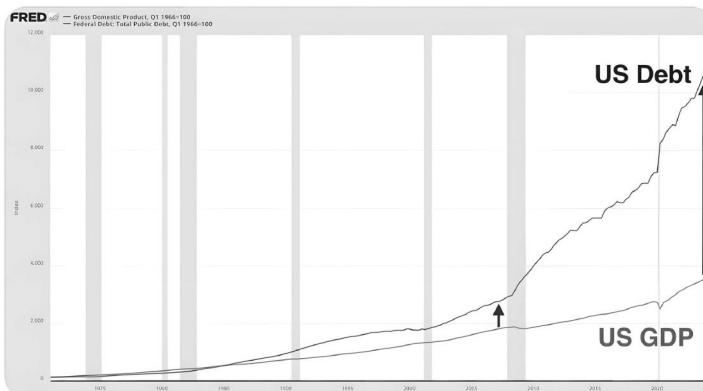
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James Lavish @jameslavish · Sep 19

...

A system that relies on exponentially increasing levels of debt for each incremental unit of productivity eventually becomes so unstable that it simply collapses under the weight of its own leverage.



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Country	Year 130% Threshold Crossed	Default Year	Default Type	Default Cause
Argentina	1827	1827	Outright default	Independence
Spain	1869	1877	Restructuring	Revolution
Turkey	1872	1876	Outright default	Drought and floods
UK	1919	1931	Devaluation	World War I
France	1920	1920	High inflation	World War I
Germany	1918	1922	Hyperinflation	World War I
Japan	1943	1943	Various	World War II
Australia	1945	1946	High inflation	World War II
Canada	1946	1946	High inflation	World War II
Ghana	1960	1966	Restructuring	Lower exports
Costa Rica	1981	1981	Outright default	Lower exports
Greece	2010	2010	Bailout	2008 Financial Crisis

Reinhart and Rogoff, RIETI Japan, Bloomberg, HC estimates, "Government Study Example."

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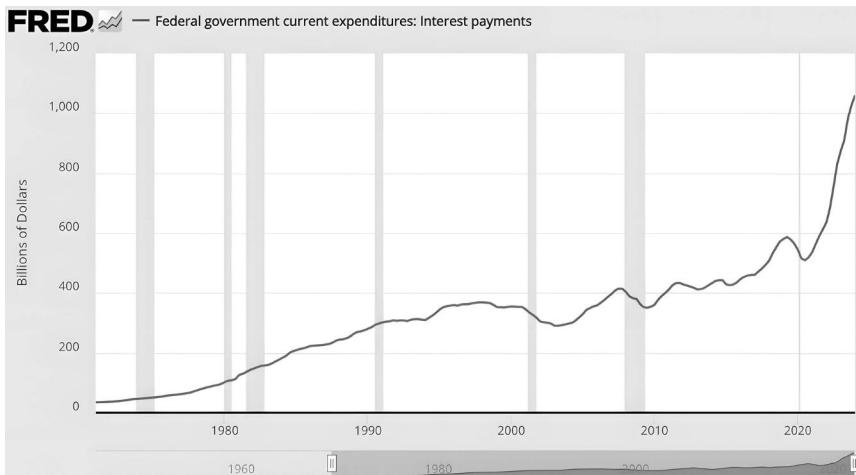


Figure 16.5: Board of Governors of the Federal Reserve System, “U.S. Federal Interest Expense: 1971-2024” FRED, 2024.

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Billion \$USD

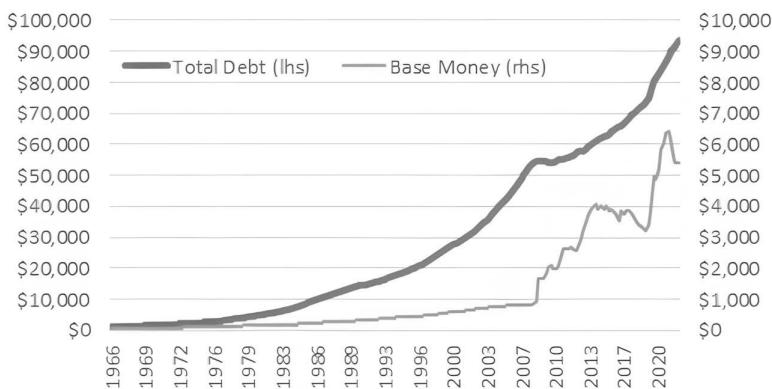


Figure 16.6: Lyn Alden, “U.S. Total Debt and Base Money 1966-2022.”

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Gold up 200% compared to U.S. T-Bonds since 2020.

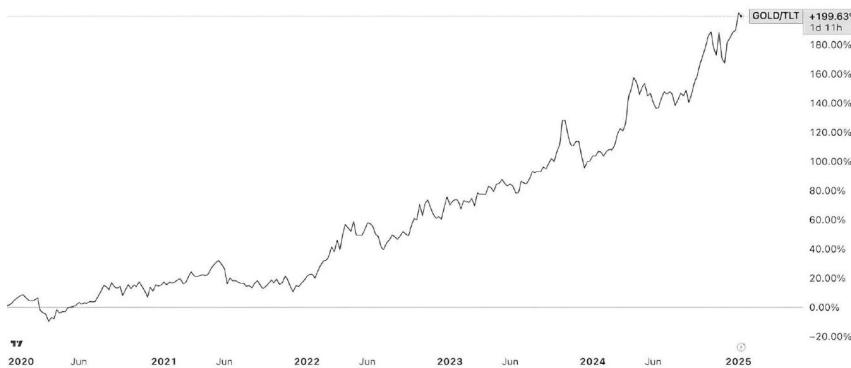


Figure 16.7: 2020 to Present: Gold Return in 20-Year T-Bond Terms. Chart Source: TraderView

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Bitcoin up 2,093% compared to U.S. T-Bonds since 2020.

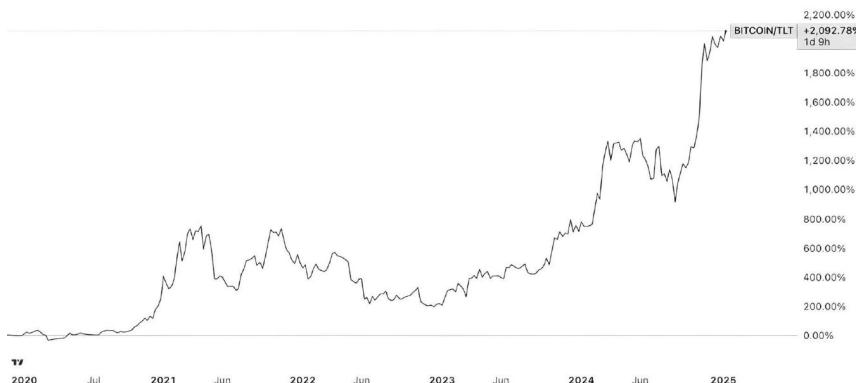


Figure 16.8: 2020 to Present: Bitcoin Return in 20-Year T-Bond Terms. Chart Source: TraderView

PART II: THE SOLUTION

17. EMBRACE DEFLATION

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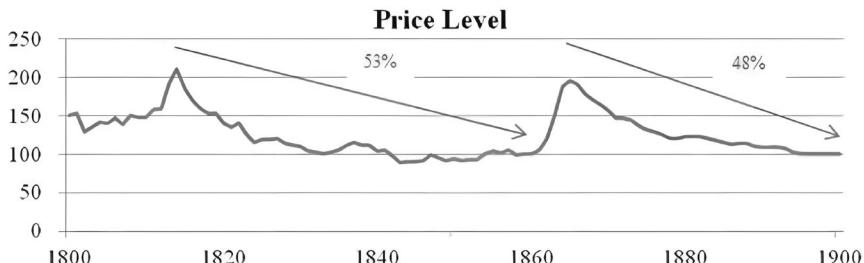


Figure 17.1: Found in Casey's "Deflating the Deflation Myth," "U.S. Consumer Price Level: 1800-1900," *Mises Daily*, 2014.

18. BITCOIN FIXES THIS

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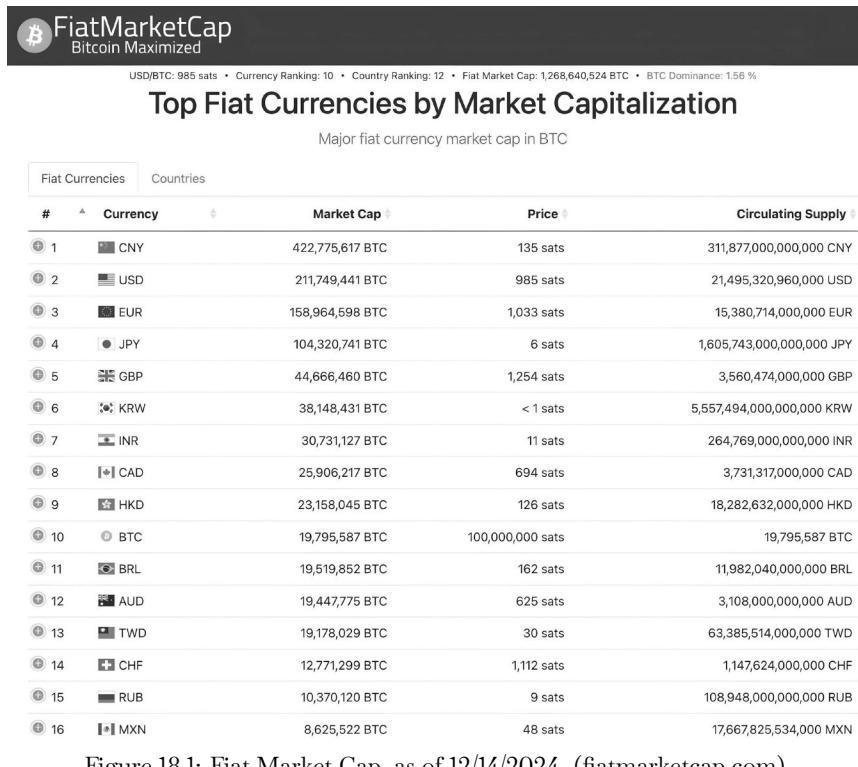


Figure 18.1: Fiat Market Cap, as of 12/14/2024. (fiatmarketcap.com)

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 **Balaji**   @balajis · 22h ...

I don't believe we shall ever have a good money again before we take the thing out of the hands of government.

And we can't take it violently...all we can do is by some sly roundabout way introduce something that they can't stop.

Friedrich Hayek
Nobel Laureate



19. SKEPTICISM

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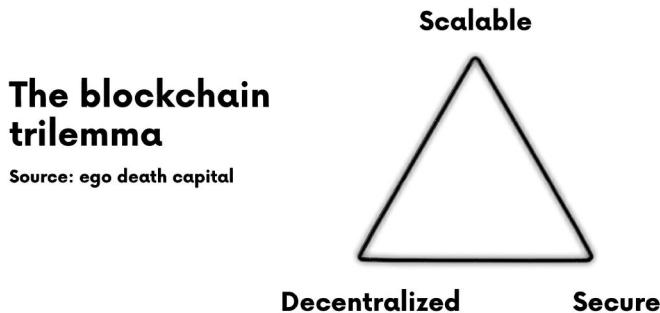


Figure 19.1: Jeff Booth, “Finding Signal in a Noisy World,” 2022 (<https://www.jeffbooth.ca/post/finding-signal-in-a-noisy-world>).

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 **Lyn Alden**  @LynAldenContact · May 25
An anti-electricity cartoon from the past century:



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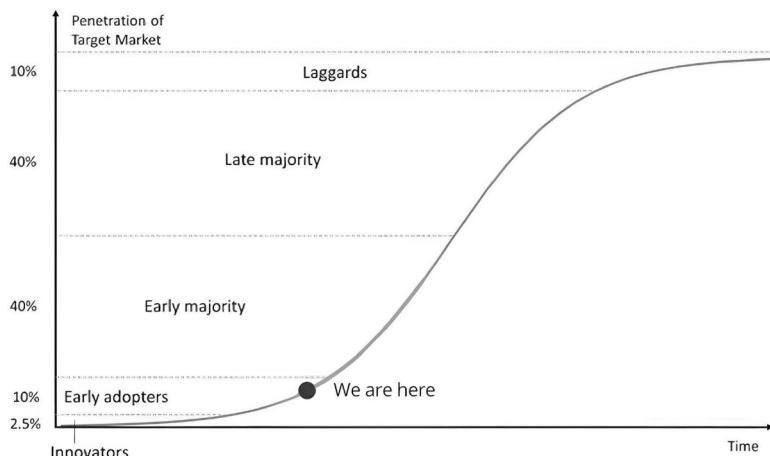


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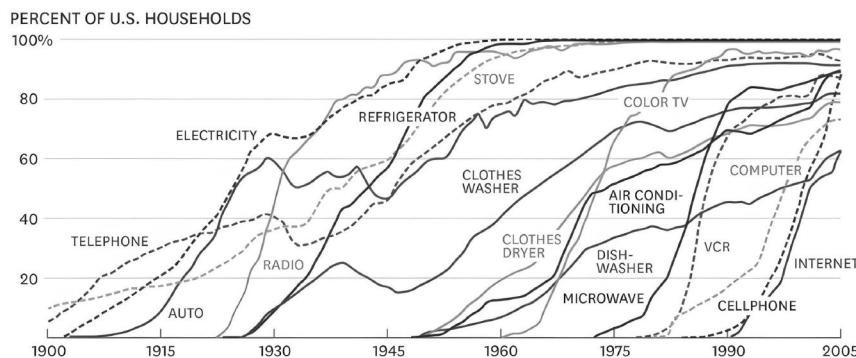


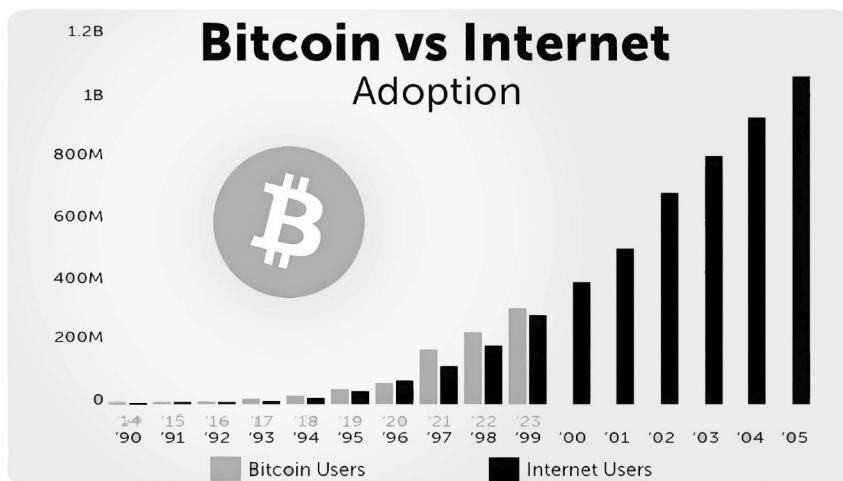
Figure 19.3: Source: Nicholas Felton, The New York Times. (hbr.org/)

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 phil c. 
@philc411

...

Do you think this trend will continue ?



20. WHY WE WILL BE SAVED: DECENTRALIZATION

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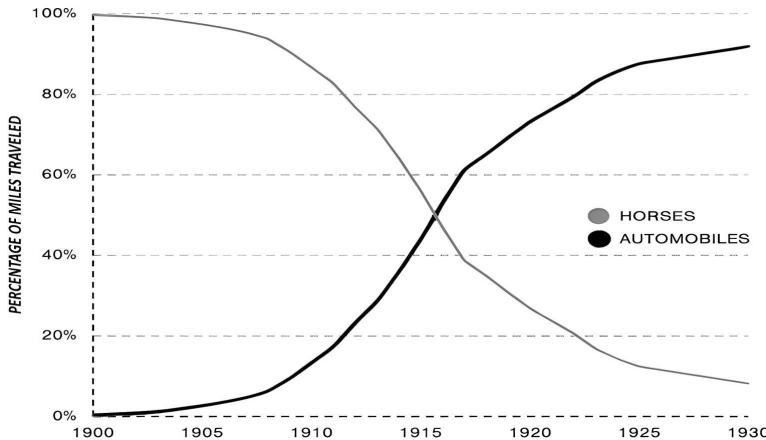


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21. HOW THIS UNFOLDS

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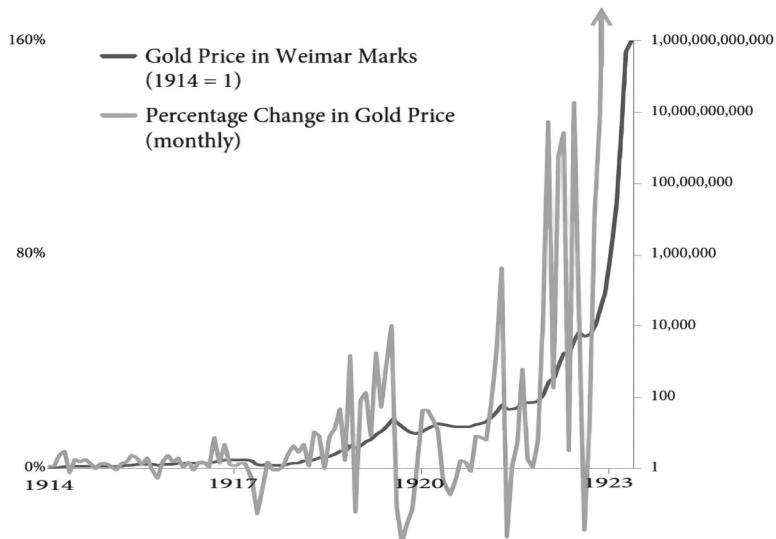


Figure 21.1: Dan Oliver, Myrmikan Capital, “Weimar Hyperinflation: Gold Performance and Gold Volatility.”

23. GRESHAM'S LAW, INFLATION, HYPERINFLATION

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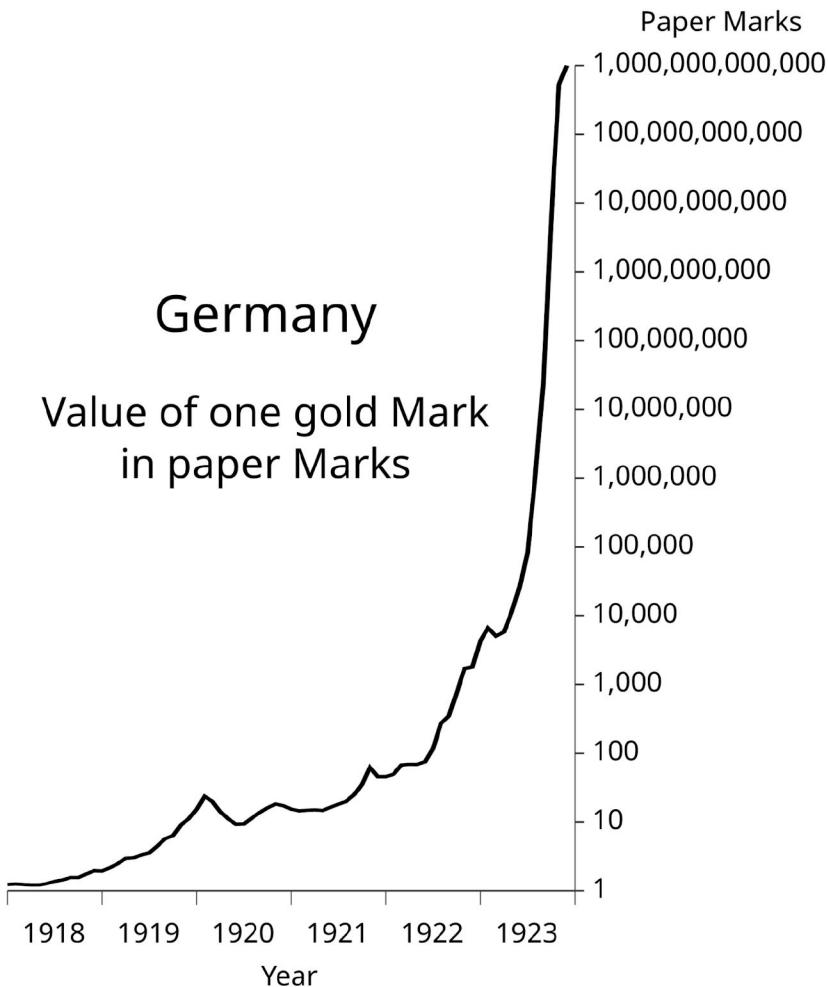


Figure 23.1: Chart of German Inflation, data from page 441 (Table IV) of *The Economics of Inflation* by Costantino Bresciani-Turroni, published 1937.

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France:	1789-1797	Bolivia:	1985
Russia:	1910-1917	Brazil:	1989-1994
Poland:	1923, also 1989-1990	Peru:	1980-1990
Germany (Weimar):	1921-1923	Yugoslavia:	1992-1994
Austria:	1922	Armenia:	1993
Poland:	1923, also 1989-1990	Turkmenistan:	1993
Singapore:	1942-1945	Ecuador:	1999-2000
Philippines:	1942-1944	Sudan:	2021
Greece:	1944	Iran:	2002, also 2022
Hungary 1:	1914-1924	Zimbabwe:	2007-2008
Hungary 2:	1945-1946	Venezuela:	2016-2018
China:	1945-1948	Yemen:	2021
Taiwan:	1937-1952	Turkey and Egypt:	presently on the cusp?
Argentina:	1975		

24. INVESTMENT IMPLICATIONS - TRADITIONAL ASSETS

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Figure 24.1: "U.S. 30 Year Treasury Bond Yield (1988 - 2024)" Chart source: Gary Tanashian. (NFTRH.com).

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Figure 24.4: Data: Federal Reserve Z.1 flow of funds, Standard & Poors, John Hussman, Hussman Strategic Advisors, 2024.

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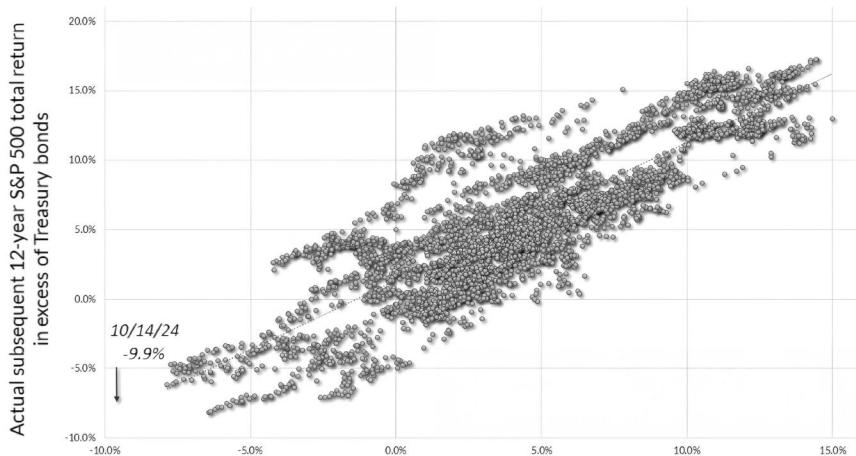


Figure 24.5: Estimated 12-year S&P 500 total return in excess of Treasury bonds; Data: 1928-2024. (Hussman Strategic Advisors, 2024)

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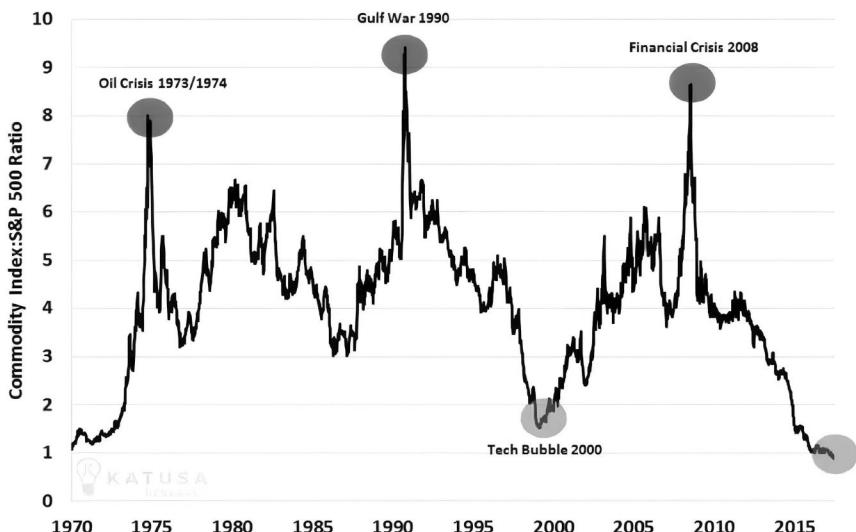


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Figure 24.7: Bloomberg, “Gold v. Stocks: 1971-2024.”

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Gold v. Stocks: 2000-2024



Figure 24.8: Bloomberg, “Gold v. Stocks: 2000-2024.”

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SANTIAGO CAPITAL

G8 Countries, China & Switzerland Monetary Aggregates vs Gold Reserves

Monetary Aggregates (Local Currency)

Country	Exchange Rate (\$USD)	M0 (Local)	M1 (Local)	M2 (Local)
1 Canada	1.3686	\$228,572,000,000	\$1,500,614,000,000	\$2,489,421,000,000
2 China	7.2410	¥11,721,000,000,000	¥65,581,000,000,000	¥304,795,000,000,000
3 France				
4 Germany				
5 Italy				
	Euro	€ 5,052,500,000,000	€ 10,243,652,000,000	€ 15,140,224,000,000
6 Japan	153.0500	¥115,506,000,000,000	¥1,083,118,000,000,000	¥1,238,937,000,000,000
7 Russia	91.4750	16,622,000,000,000p.	49,338,000,000,000p.	99,596,000,000,000p.
8 Switzerland	0.9054	CHF 544,820,000,000	CHF 599,707,000,000	CHF 910,187,000,000
9 UK	1.2547	£94,941,000,000	£2,212,846,000,000	£3,009,816,000,000
10 US	1.0000	\$5,883,000,000,000	\$17,998,000,000,000	\$20,841,000,000,000

Monetary Aggregates (\$USD Equivalent)

Country	Gold (Tons)	M0 (\$US)	M1 (\$US)	M2 (\$US)
1 Canada	-	\$167,011,544,644	\$1,096,459,155,341	\$1,818,954,405,962
2 China*	2,262	\$1,618,699,074,713	\$9,056,898,218,478	\$42,092,942,963,679
3 France	2,437			
4 Germany	3,352			
5 Italy	2,452			
G8 Euro Area	8,747	\$5,436,995,250,000	\$11,023,193,917,200	\$16,292,395,046,400
6 Japan	846	\$754,694,544,267	\$7,076,889,905,260	\$8,094,982,032,016
7 Russia	2,333	\$181,710,849,959	\$539,360,481,006	\$1,088,778,354,742
8 Switzerland	1,040	\$601,745,085,045	\$662,366,909,653	\$1,005,287,165,894
9 UK	310	\$119,122,472,700	\$2,776,457,876,200	\$3,776,416,135,200
10 US	8,134	\$5,883,000,000,000	\$17,998,000,000,000	\$20,841,000,000,000
Total	31,913	\$14,762,978,821,329	\$50,229,626,463,138	\$95,010,756,103,892

\$ Gold price needed to back each country's Monetary Aggregates

Country	Gold (Ounces)	M0 (Gold \$)	M1 (Gold \$)	M2 (Gold \$)
1 Canada		NA	NA	NA
2 China*	72,621,510	\$22,290	\$124,714	\$579,621
3 France	78,233,464			
4 Germany	107,615,960			
5 Italy	78,715,039			
G8 Euro Area	280,825,646	\$19,361	\$39,253	\$58,016
6 Japan	27,160,830	\$27,786	\$260,555	\$298,039
7 Russia	74,900,965	\$2,426	\$7,201	\$14,536
8 Switzerland	33,389,200	\$18,022	\$19,838	\$30,108
9 UK	9,962,182	\$11,957	\$278,700	\$379,075
10 US	261,498,000	\$22,497	\$68,827	\$79,699
Total	1,024,922,795	\$14,404	\$49,008	\$92,700

Source: M0, M1 and M2 via www.tradingeconomics.com. Euro Area M0 via Bloomberg. Data as of January-March 2024.

Gold Reserves via World Gold Council as of May 2024

G8 Euro Area Gold reserves combine France, Germany, Italy as well as the ECBs Gold holdings of 506 tons

Exchange Rate as of May 4, 2024

Assumes 32,105 ounces of gold / ton and a current gold price of \$2,300

* There is widely held belief that China has more gold reserves than currently reported

From page 282**Gold Composition By Category**

Jewelry	45%
Bars and Coins	22%
Central Banks	17%
Antiquities/Museums	15%

From page 283**Silver Usage By Category**

Electrical/Electronics	35.0%
Investment (coins bullion)	27.2%
Jewelry	17.0%
Photovoltaic (solar)	14.2%
Silverware	4.9%
Photographic	2.3%

25. INVESTMENT IMPLICATIONS – BITCOIN

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Bitcoin & Traditional Assets ROI (vs USD)

	Bitcoin	Gold	S&P 500
1 year:	+152%	+31%	+29%
2 year:	+538%	+48%	+57%
3 year:	+125%	+47%	+33%
4 year:	+366%	+41%	+66%
5 year:	+1,392%	+78%	+88%
6 year:	+2,661%	+111%	+145%
7 year:	+484%	+109%	+126%
8 year:	+13,361%	+133%	+169%
9 year:	+24,209%	+147%	+201%
10 year:	+32,844%	+121%	+193%
11 year:	+16,514%	+121%	+233%
12 year:	+789,787%	+60%	+323%
13 year:	+2.7 million%	+64%	+389%
14 year:	+43 million%	+91%	+383%

Figure 25.1: CaseBitcoin, Price data as of 12/17/2024. (casebitcoin.com)

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Bitcoin & Traditional Assets CAGR

	Bitcoin	Gold	S&P 500
1 year:	+152%	+31%	+29%
2 year:	+153%	+22%	+25%
3 year:	+31%	+14%	+10%
4 year:	+47%	+9%	+13%
5 year:	+72%	+12%	+14%
6 year:	+74%	+13%	+16%
7 year:	+29%	+11%	+12%
8 year:	+85%	+11%	+13%
9 year:	+84%	+11%	+13%
10 year:	+79%	+8%	+11%
11 year:	+59%	+7%	+12%
12 year:	+111%	+4%	+13%
13 year:	+119%	+4%	+13%
14 year:	+152%	+5%	+12%

Figure 25.2: CaseBitcoin, Price data as of 12/17/2024. (casebitcoin.com)

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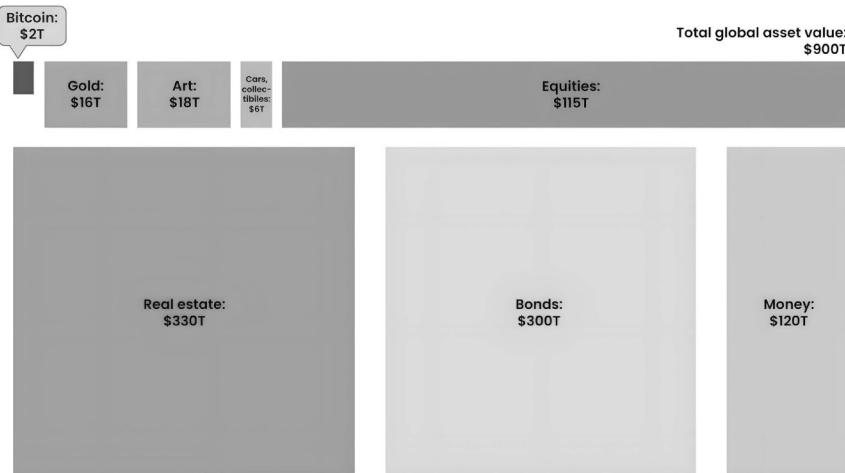


Figure 25.3: Jesse Myers (X: @Croesus_BTC), “Asset Class by Bucket: 2024,” onceinaspecies.com.

From page 293



Fred Krueger ✅ @dotkrueger · Jul 27

I put together a power law "cheat sheet" that shows trendline, +1 std, +2std, -1std using the "bands" approach I developed with @TheRealPlanC

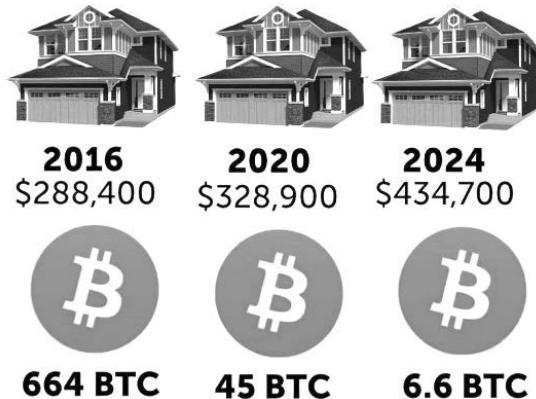
It's updated in real time. You can compare to the bull and bear projections by Saylor -- it's quite close.

This spreadsheet is automatically updated to present day.

	today	1 year	5 year	10 year	20 year
2 std up	389,339	551,853	1,853,722	6,272,903	39,857,290
1 std up	140,258	198,803	667,797	2,259,792	14,358,457
trendline	68,680	97,347	326,998	1,106,544	7,030,849
1 std down	33,622	47,657	160,083	541,712	3,441,975

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Price of a Home: U.S. Dollars vs. Bitcoin



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Bitcoin - United States Dollars. Drawdown % from peak

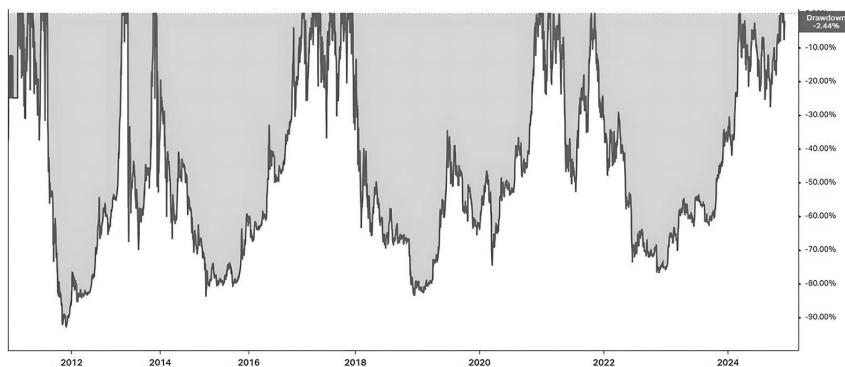


Figure 25.4: MaverickEquityResearch, “Bitcoin Drawdown % From Peak,” 2024. MaverickEquityResearch.substack.com Maverick_Equity

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$$\text{Sharpe Ratio} = \frac{\text{Return} - \text{Risk-Free Return}}{\text{Standard Deviation}}$$

From page 296

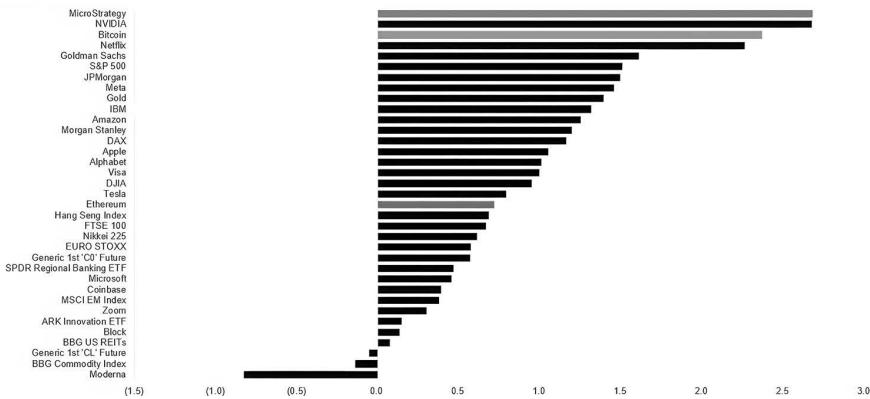


Figure 25.5: 2024 Risk Adjusted Returns of Select Major Assets (Sharpe Ratio),
Source: Galaxy Research

26. POLICY RESPONSES

From page 314



Max Keiser @maxkeiser

...

You can't taper a Ponzi scheme.

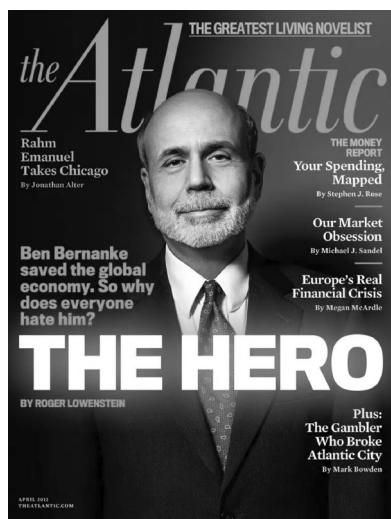
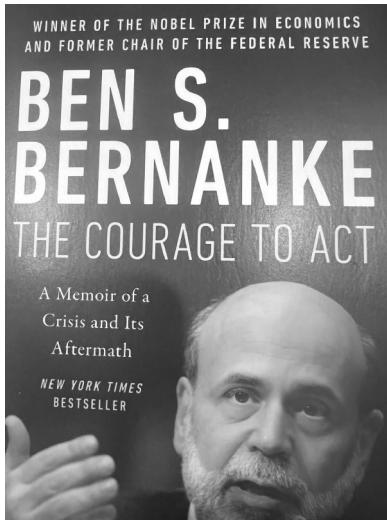
Inflation is ratcheting higher until the \$USD collapses to zero against #Bitcoin



FinancialJuice @financialjuice · May 1

FED'S POWELL: WE WILL TAKE SOME TIME, BUT WE WILL BRING INFLATION TO 2%.

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From page 318



Paul Krugman @paulkrugman

...

I agree with Jason Furman's call for a 3% inflation target — the rationale for 2% has been overtaken by a couple of decades' experience (and many of us have been saying this for a while). But ... 1/



From wsj.com

8:14 AM · Aug 21, 2023 · 1.7M Views

28. OBJECTIONS AND REBUTTAL

From page 332

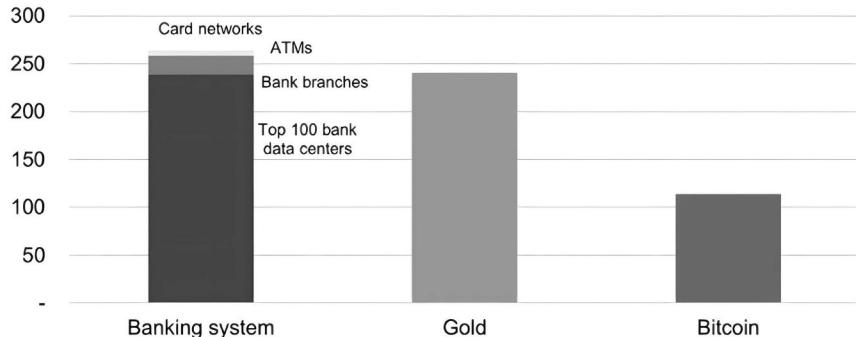


Figure 28.1: “Estimated Annual Energy Consumption (TWh/yr),” 2021. (Galaxy Digital)

APPENDIX A: LEPARD PERSONAL BACKGROUND

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America's Most Affluent Metropolitan Areas in 1949*

Median household income

	Entire metro area	Principal city
Detroit, MI	\$3,627	\$3,493
Cleveland, OH	3,515	3,133
Milwaukee, WI	3,498	3,350
Chicago, IL-IN	3,491	3,381
Toledo, OH	3,439	3,433
Dayton, OH	3,311	NA
Akron, OH	3,309	NA
San Francisco, CA	3,305	3,046
New York, NY-NJ	3,303	3,180
Hartford, CT	3,276	NA
Youngstown, OH-PA	3,250	NA
Rochester, NY	3,232	2,973
Buffalo, NY	3,225	3,067
Columbus, OH	3,216	3,048
Washington, DC-MD-VA	3,191	2,979

Source: US Census Bureau

*Among the 57 metro areas with populations of 250,000 or more

Bloomberg Opinion

Figure Appendix A-A: Chart h/t to Luke Gromen for bringing this to my attention.
US Census Bureau, "America's Most Affluent Metropolitan Areas in 1949."

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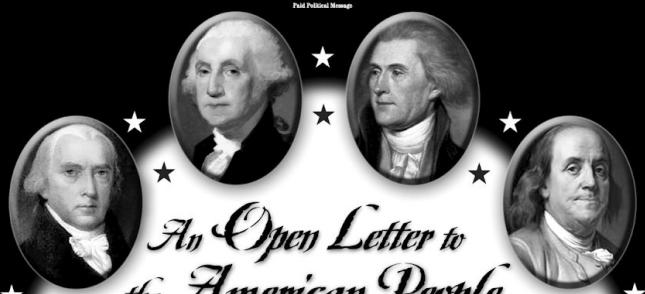
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ADDENDA

From page 364

ADVERTISEMENT FOR RON PAUL RAN IN USA TODAY, 2008



An Open Letter to the American People

In 1776 our Founding Fathers risked their "lives, fortunes, and sacred honor" to establish a free and prosperous nation. They warned us that it was our responsibility to keep it that way, but we have strayed from their wise counsel.

We The Founding Fathers...

...warned of the dangers of foreign entanglements. Now the trusted friends and allies you support with generous foreign aid packages and weapons all too often become enemies you're enabled to take the lives of your brave soldiers. ...Ron Paul will bring our troops home NOW and keep us out of entangling alliances.

...warned you to obey the Constitution because power corrupts. Now a secretive government can spy on you and detain you at will under the guise of "National Security". ...Ron Paul will restore individual rights, liberty and habeas corpus.

...warned of the dangers of excessive taxation. Now you must labor nearly six months of the year to pay your taxes at all levels as your economy groans beneath this cruel burden. ...Ron Paul will reduce taxes and phase out the IRS.

...warned of the dangers of government spending. Now your growing National Debt stands at nine trillion dollars and your children are in debt from the day they are born. ...Ron Paul will stop spending beyond our means and insist on a balanced budget.

...warned of the dangers of a Central Bank (The Federal Reserve) and a debt-based, fiat monetary system. Now your government borrows and spends endlessly while destroying the value of your savings. ...Ron Paul will stop runaway inflation by restoring honest money.

...warned you to keep your nation sovereign and independent. Now you submit to UN global authority and NAFTA "free trade" agreements at the expense of your independence and prosperity, as your borders are left open to legions of illegal aliens. ...Ron Paul will secure our borders and put America and Americans first.

Ron Paul will return the Government to the People • Ron Paul will put America and Americans first. Ron Paul communicates honestly • Ron Paul will restore the Founders' vision of this great nation.

For these reasons *We The People* support...



—Ron Paul—
The only anti-war, small-government, fiscally conservative Republican running for president.

★★★ Ron Paul for President ★★★

Ron Paul has placed 1st or 2nd in 27 GOP straw polls across the country, and support for him is growing exponentially!

It's time to remind Washington DC that government in the USA works for the People—NOT the other way around!

Congressman Ron Paul...

- ✓ Is strong on United States self-defense.
- ✓ Opposes the doctrine of preemptive war.
- ✓ Voted against the war in Iraq, instead urged Congress to hunt down the terrorists responsible for 9/11.
- ✓ Will bring our troops home immediately to protect OUR national security and secure OUR borders.
- ✓ Is opposed to a preemptive attack on Iran. Advocates a humble, noninterventionist foreign policy.
- ✓ Has NEVER voted for a tax increase for an unbalanced budget.
- ✓ Will stop spending US taxpayer dollars to build and police foreign nations.
- ✓ Will protect Social Security for seniors while allowing younger people to transition out.
- ✓ Will end "birthright citizenship" for illegal aliens, stop illegal immigration and secure our borders.

When Ron Paul supporters raised a record \$4.3 million in one day, that got everyone's attention.

— Now it's time to WIN! —

Help us make December 16th the largest ever, one-day political fundraiser in history.

Let YOUR voice be heard...
www.teaparty07.com

If not YOU, who? • If not NOW, when?

RON PAUL—A principled, honest man of integrity...

✓ During 10 terms in Congress, Ron Paul has never taken a government paid junket, has never voted to expand the military, and has never voted for the lucrative congressional pension program.

✓ Ron Paul does not rely on lobbyists and special interest groups to fund his campaigns. His campaign is funded by ordinary Americans like YOU. Please donate!

✓ Ron Paul has received more donations from active military personnel than any other candidate.

✓ As a soldier, Ron Paul served in Korea more than 4,000 hours. He was married to his wife Carol for 50 years. They have 5 children and 18 grandchildren.

✓ Ron Paul served our nation as a flight surgeon in both the Air Force and the Air National Guard.

Freedom, Peace, and Prosperity

Vote for Ron Paul in Your Upcoming Republican Primary Election

* Together We CAN Change the World! *

RonPaul2008.com • 1-877-Ron2008 • RonPaulLibrary.org • RonPaulNation.com

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From page 365

ADVERTISEMENT FOR RON PAUL RAN IN THE NEW YORK TIMES,
2008

Advertisement

Advertisement

Why did I spend \$85,000 to support

Presidential Candidate Ron Paul?

Because I care about my family and your family.

Recently I joined a group of 100+ D&C supporters for the presidential candidacy of Congressman Ron Paul. Why? Because I believe Ron Paul is different from every other individual who wants to be president. Ron Paul is a medical doctor by training and has delivered 4,000 babies. After medical school, he became a medical public servant, a Mr. Good Grief to Washington type of guy. No political lobbyists or violence have ever touched him—but I will—and you should too.

Given the troubling developments in our world, I believe that as a nation we have a very important choice. We need to make a choice to either support a candidate to represent, and to history. History will record the outcome of our decisions. If we make the wrong choice, we will be a people will die, and history will not be kind. As long as my closest friends, or violence have ever touched them—but I will—and you should too.

The America that I grew up in believed in the rule of law, not the rule of men.

The America that I grew up in believed in acting for God. The America that I grew up in believed in following Judeo-Christian values, and yet made room for those who believe in other backgrounds. The America that I grew up in believed in the golden rule: treat people the way we would like to be treated. The America that I grew up in believed in God (atheist, agnostic, atheist, or Christian).

The America that I grew up in believed in the inherent goodness of people, and that people are not born evil.

Nevertheless, the America that I grew up in did not believe in an eye for an eye, or retribution.

I believed in protecting oneself from evil, but not in the process of doing so, and I have been conditioned

not to become what we were protecting against.

In short, the America that I grew up in was a place where it was ok to be proud of one's country, and to be the men and women who sacrificed so much in the part to give birth to our heritage.

I woke up today as a 53-year old husband and father, and I wonder where that America is. I wonder where that America that ignores the U.S. Constitution by issuing "signing statements" that have the effect of "signing away" Presidential powers to the Executive branch.

What about the 2nd Amendment? I wonder if they are more or less likely to become terrorists as a result of the 2nd Amendment?

We will be granted a "liberation," Wrong.

"Oil revenue will go to the cost." Wrong.

"A secular democracy will emerge and NOT represent me."

"Oil revenue will go to the cost." Wrong.

Were the crooked loans killed by our pre-war prep war "collateral damage?" Has anyone taken the time to look into this? I wonder if they are more likely to become terrorists as a result of their deathless laws?

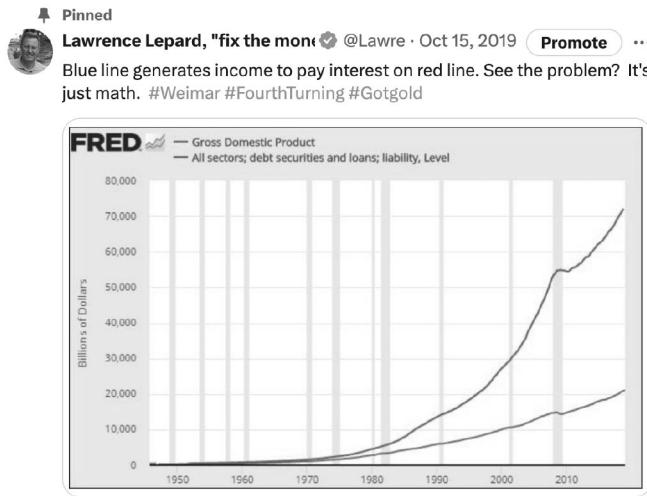
I wonder how that relates to freedom of speech.

"We will be prepared to attack Iran."

That is what I think.

That is what I

From page 366



Lawrence Lepard, "fix the money, fix the wor~~ld~~ @LawrenceLepar · 4s ...

Metaphorically speaking, of course.

From page 367

LL X 2 WITH RON PAUL



Ron Paul REVO.LUTION

FOOTNOTES

1 U.S. Army, Korean Theatre, signal intelligence.

2 Harvard Business School, “The Tenth Anniversary of the Global Financial Crisis,” *Harvard Business School Newsroom*, September 10, 2018, <https://www.hbs.edu/news/releases/Pages/tenth-anniversary-global-financial-crisis.aspx>.

3 Backgrounds: Henry Paulson was CEO of Goldman Sachs before becoming U.S. Treasury Secretary in the Bush Administration. Larry Summers is an Economics Professor at Harvard University and was U.S. Treasury Secretary in the Clinton Administration. Timothy Geithner was President of the U.S. Federal Reserve Bank of New York during the financial crisis.

4 When discussing the Great Financial Crisis of 2008 (GFC), many take the position that the government had no choice; it had to bail out the banks to keep the economy functioning and the ATMs working. They believe the banker propaganda. An alternative view, my view, is discussed in Chapter 12.

5 It is interesting. I believe more than a few people in that auditorium knew I was right. As one of my brightest investor friends once said to me: “Larry, most people in finance are too smart not to know it is a rigged system, but long ago, they made the choice to look the other way and take the bribe.”

6 I have been saying this for years, and I’m in good company. Lyn Alden, renowned financial analyst, explores similar ideas in her excellent book, *Broken Money*. For those who want to dive deeper into the intricacies and flaws of our monetary system, I highly recommend it.

Lyn Alden, *Broken Money: Why Our Financial System Is Failing Us and How We Can Make It Better* (Timestamp Press, 2023).

7 As the current monetary system spins out of control, the odds that we will have to deal with this issue very shortly are growing rapidly. The sooner we deal with it, the sooner we find a solution and get to the other side

8 Neil Howe and William Strauss, *The Fourth Turning: An American Prophecy, What the Cycles of History Tell Us About America's Next Rendezvous with Destiny* (New York: Broadway Books, 1997).

9 This phrase is borrowed from the insightful podcast series of the same name by Robert Breedlove.

10 The U.S. Federal Reserve, often called the Fed, is an organization that controls the money supply of the United States through the issuance of currency and reserves to the banking system. The Fed is a private corporation owned by the banks, but it operates as an uncontrolled branch of the U.S. Government and effectively can print money at will. Established by Congress in 1913, the Federal Reserve reports to Congress, where it rarely encounters anything but praise and support.

11 Prior to the implementation of the Zero Interest Rate Policy (ZIRP) in 2008, Certificates of Deposit (CDs) issued by banks paid yields of between 5-6% consistently throughout the 1990s and 2000s. A retiree who had saved \$1 million over a lifetime of work could earn \$60,000 per year safely to support their retirement. In 2007, there were approximately \$3.2 trillion of such CDs held by savers. When ZIRP was instituted, CD yields plunged to zero or less than one-half of one percent. So, to save the banks, America's savers were deprived of \$192 billion per year in interest income. In many cases, this loss of income was devastating.

12 This is a common Bitcoin phrase that I believe was first used by Marty Bent, podcaster and host of *Truth for the Commoner* (TFTC). With Marty's permission, I have adopted it as my personal slogan.

13 As I will cover later, it was fairly easy to anticipate that the bursting of the housing finance bubble would cause immense financial pain.

14 Indirectly, here's a fourth example. My in-laws comfortably retired in 2008 with a solid nest egg of savings. Before the Federal Reserve initiated ZIRP, my in-laws earned 5-6% relatively risk-free in bank CDs. This income disappeared after 2008, which caused them significant financial strain.

15 The French Revolution (1789-1799) occurred when the Ancien Régime of Louis XVI and the ruling elites refused to reform a corrupt system, and the people took matters into their own hands.

16 A good example of this type of behavior is the CEO (HBS graduate) of what in 2003 was the second-largest Fortune 500 company in the U.S. Despite overseeing a 30% decline in the company's value over 17 years, he amassed a net worth of over \$600 million dollars (stock options and salary) while his employees' retirement plans were obliterated. When traveling, he took two corporate jets, one that

followed the other in case the first had a mechanical issue.

17 Gretchen Morgenson and Joshua Rosner, *These Are The Plunderers: How Private Equity Runs—and Wrecks—America* (New York: Simon & Schuster, 2023), 144.

18 Includes deaths with underlying causes of unintentional drug poisoning (X40 - X44, as coded in the International Classification of Diseases, 10th Revision.

19 Borrowed from the best anti-war song of my youth, Edwin Starr, “WAR, WHAT IS IT GOOD FOR—ABSOLUTELY NOTHING.”

20 Note that we had an economy that functioned quite well from 1800 to 1971 with only modest bouts of inflation.

21 The Fed arrived at a 2% inflation target in 2012 but had discussed it long before. With a mandate of price stability, it is shocking that they settled on 2%. That is not price stability. This resource discusses their internal methodology: Matthew Wells, “The Origins of the 2 Percent Inflation Target,” *Econ Focus*, 1-2 vol. (2024), https://www.richmondfed.org/-/media/RichmondFedOrg/publications/research/econ_focus/2024/q1-q2/federal_reserve.pdf.

22 Mean reversion is the tendency of a data series to naturally correct back to its average value.

23 If you have not taken the time to see the galactically stupid speech from the movie A Few Good Men, you should really spend the 1 minute 21 seconds to do so. Here’s the link: <https://www.youtube.com/watch?v=4jevG0vhGWU&t=1s>

24 Gold is a constant. 1 ounce = 1 ounce. It took \$35 to buy an ounce in 1971. It takes \$2,400 to buy an ounce today, meaning that \$1 today buys only 1.5% of an ounce. Poof! 98.5% of the dollar’s purchasing power - gone.

25 The U.S. primarily operated on various forms of gold and/or bi-metallic monetary standards until the Civil War. During that time, the Treasury printed greenbacks, a fiat currency that survived until gold convertibility was restored in 1879.

26 <https://www.shadowstats.com/>

27 Consider the following shocking example from Bill Fleckenstein: “The Leuthold Group, ... an investment research group, calculated that between 1979 and 2004, the average price for a new car in the U.S. increased from \$6,847 to \$27,940, a 308% increase. Meanwhile, the BLS calculation for the consumer price index only comes to a 71% increase for autos over the same period. So, 237 percent of the price increase had been eliminated due to the estimated hedonic quality improvements.”

William Fleckenstein and Frederick Sheehan, *Greenspan's Bubbles: The Age of Ignorance at the Federal Reserve* (New York: McGraw Hill, 2008), p. 40

28 Credit to Fred Hickey, publisher of *The High Tech Strategist*, for pointing out this quote from his fellow New Hampshire native, Daniel Webster.

29 Coincidence of wants is when two parties hold something the other wants. They can barter to exchange. The problem arises when one party holds something of value and wants to exchange it with someone who has no need for that item. Thus, an intermediate store of value “money” is required.

30 The U.S. operated on various metallic and bi-metallic monetary standards for its entire existence pre-1971, except for 1862-1879 when fiat greenbacks were deemed legal tender.

31 Hyperinflation is characterized as very high and rapidly accelerating inflation that often leads to currency failure. Economists generally define hyperinflation as a monthly Inflation rate of 50% or more.

32 Alden, *Broken Money*, xii.

33 Nathan Lewis, *Gold: The Once and Future Money* (Hoboken, NJ: John Wiley & Sons, 2007), 13.

34 Lewis, *Gold*, 20.

35 F. A. Hayek, *Choice in Currency: A Way to Stop Inflation* (London: Institute of Economic Affairs, 1976), 16.

36 Seigniorage is the profit that a government earns from issuing its own currency. It is calculated as the difference between the face value of the money and the cost of producing it. If a dollar bill costs \$.05 to print the seigniorage is \$.95.

37 Howard Buffet, “Human Freedom Rests on Gold Redeemable Money,” *The Commercial and Financial Chronicle*, May 6, 1948, reprinted in FGMR, November 2024, <https://www.fgmr.com/wp-content/uploads/2024/11/Howard-Buffett-explains-sound-money.pdf>.

38 Credit to James Turk for bringing this quote to my attention.

39 U.S. Congress, *The Constitution of the United States*, Article I, Section 8 & 10, <https://constitution.congress.gov/constitution/article-1/#article-1-section-8>. (Punctuation in original.)

40 Statists are individuals who believe the government should have extensive control over economic and social policies, and they place the interests of government over the interests of individuals.

41 Tony Deden, “Investment Value in an Age of Booms and Busts: A Reassessment” (speech presented at the Grant’s Fall Conference, New York, October 9, 2018), <https://edelweissjournal.com/pdfs/EdelweissJournal-019.pdf>.

42 In his seminal work *The Wealth of Nations*, Adam Smith outlined how the forces of supply and demand interact to set prices in a marketplace and how specialization allows humans to create greater overall wealth. He introduced the concept of the “invisible hand,” whereby economic actors pursuing their own self-interest actually benefit others. For example, a baker aiming to make a profit by selling bread also feeds people and supports the farmer who grows the wheat. This specialization of labor boosts productivity and efficiency (keep those concepts in mind). Imagine how inefficient it would be if we all had to grow our own wheat.

43 An important point to consider is that game-changing innovations typically come from engineers and not financial actors. However, since the world has been on a fiat standard, the disproportionate rewards in the financial industry have attracted some of our best and brightest students, and thus, we have underinvested in engineering, the true driver of technical and productivity-enhancing discoveries.

44 The Austrian Economics business cycle theory introduced the term “malinvestments” to describe failed investments caused by the misallocation of capital into unnecessary projects. These misallocations often occur due to artificially low interest rates, which distort price signals. Malinvestments are typically made during economic “booms” and then collapse in subsequent “busts.”

45 BPS is an abbreviation for basis points, a term to describe the rate of interest. A 1.0% rate of interest is 100 basis points.

46 Morgan Housel, *The Psychology of Money: Timeless Lessons on Wealth, Greed, and Happiness* (Harriman House, 2020), 167. (Emphasis added.)

47 Lord Acton is actually better known for this more famous quote: “Power Corrupts and Absolute Power Corrupts Absolutely.”

48 Quoted by Senator Robert L. Owen, former Chairman of the Senate Committee on Banking and Currency and sponsor of the Federal Reserve Act, *National Economy and Banking System*, (Washington, D.C.: U.S. Government Printing Office, 1939), 99. This quotation could not be verified in a primary reference work. However, when one considers the life and accomplishments of the elder Rothschild, there can be little doubt that this sentiment was, in fact, his outlook and guiding principle.

49 G. Edward Griffin, *The Creature From Jekyll Island* (Westlake Village: American Media, 1994), 321.

50 Specie payment was the ability of anyone who held a bank note or dollar note

to walk into a bank and demand the equivalent value in gold coins. Halting specie redemption was a tool used to protect insolvent banks.

51 William M. Gouge, *A Short History of Paper Money and Banking in the United States* (New York: Augustus M. Kelly, 1968), 110.

52 Fractional reserve banking is the system whereby banks only hold a portion of their deposit base in cash or liquid securities, and they loan the balance out. In doing so, they create the risk of a bank run.

53 The term “animal spirits” was first used by economist John Maynard Keynes to suggest that in a depression everyone lost their will to spend and take risk. To counter this, he advocated for government intervention through increased public spending, which he believed would stimulate demand and rekindle *animal spirits* – restoring confidence, growth, and economic activity.

54 Moore’s Law, developed by Gordon Moore founder of Intel, is the observation that the number of circuits on a semiconductor doubles every two years, radically improving performance.

55 In the book, *Thank God For Bitcoin*, the authors write, “fractional reserve banking is a more sophisticated form of the ancient fraud of counterfeiting . fractional reserve banks lend out money that does not exist - an inherently fraudulent act.”

Drew Armstrong, Robert Breedlove, Gideon Powell, Maximilian Roszko, Jimmy Song, and Derek Waltchack, *Thank God for Bitcoin: The Creation, Corruption and Redemption of Money*, (San Bernardino, CA: Bitcoin and Bible Group, 2020.)

56 Alfred Owen Crozier, a lawyer and outspoken critic of the Federal Reserve, saw the Fed as a “Money Trust”— a group of powerful bankers whose tentacles would wrap around the U.S. Capitol and various industries. He believed the Fed would create a banking cartel, undermining democracy and concentrating power in the hands of a few financiers, a theme he explored in his writings as well. Looking backward, his warnings were correct.

57 Griffin, *The Creature From Jekyll Island*, 442.

58 Walter Bagehot, *Lombard Street: A Description of the Money Market* (London: Henry S. King, 1873).

59 Ben Bernanke and Harold James, “*The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison*,” National Bureau of Economic Research, Working Paper No. 3488 (October 1990), https://www.nber.org/system/files/working_papers/w3488/w3488.pdf

60 Alden, *Broken Money*, 118.

61 Chart source: Sriya, Anbil, Mark Carlson, Christopher Hanes, and David C. Wheelock, “*A New Daily Federal Funds Rate Series and History of the Federal Funds Market, 1928-1954*,” (Washington: Board of Governors of the Federal Reserve System, 2020), 28, Chart 1, <https://www.federalreserve.gov/econres/feds/files/2020059pap.pdf>

62 Guns and Butter refers to the trade-offs between government spending on military programs and on social programs. The Johnson administration chose both, with his Great Society programs and the Vietnam War. It led to deficits.

63 Debt monetization occurs when a central bank prints new money to purchase government debt and thereby expanding the money supply. It is a highly inflationary act.

64 The most comprehensive and authoritative source of information on the suppression of the gold price is provided by the Gold Anti-Trust Action Committee (GATA). Their website has a wealth of data. www.gata.org

65 In the 1940s, the financial sector accounted for approximately 7% of the economic value added. By 1975, this share had grown to around 15%. Today, the financial sector makes up about 21% of the economy's total value added. Alan J. Donner, “*Testimony Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs*,” April 29, 2021, <https://www.banking.senate.gov/imo/media/doc/Donner%20Testimony%204-29-21.pdf>.

66 Jens O. Parsson, *Dying of Money: Lessons of the Great German and American Inflations* (Boston, MA: Well Spring Press, 1974), 173.

67 Continental Illinois's bailout was, at that time, the largest bank bailout in history. Its failure initiated the “Too Big to Fail” bank doctrine, which asserts that some financial institutions are so large and interconnected that their failure would threaten the entire financial system. The bank’s management and board were all fired. One executive did jail time for corruption-related crimes. John Swearingen, a highly regarded oil and gas executive, was brought in to run it. A Wall Street wag commented, “Ah, that’s just what we need, an oil and gas guy to run a bank.”

68 Fleckenstein, *Greenspan’s Bubbles*, 11.

69 The Keating Five refers to a corruption scandal involving five U.S. Senators (McCain, Glenn, Cranston, Reigle and DeConcini), who were accused of using their political influence to intervene with federal regulators on behalf of Charles Keating, chairman of Lincoln Savings and Loan. Keating had made significant campaign contributions to the five, who allegedly applied pressure to regulators to protect Lincoln Savings and Loan.

70 The history of these early bailouts is chronicled in Barry Ritholtz's book, *Bail Out Nation*. Barry Ritholtz, *Bailout Nation: How Greed and Easy Money Corrupted Wall Street and Shook the World Economy* (Hoboken, NJ: John Wiley & Sons, 2009).

71 Usury is defined as the charging of interest on loans over and above what is considered a fair rate.

72 The Glass-Steagall reform separated commercial banks, which had an implicit government backstop via the Fed, from investment banks which could underwrite securities and take risks, but had no such backstop.

73 During this period, inflation in the money supply was masked by the natural deflation in the economy due to productivity and innovation. Stated inflation during the period decreased consistently, even though the growth of the monetary aggregates continued. A similar pattern in the 1920s saw enormous credit expansion but very little inflation in consumer prices. In both instances, the low reported consumer inflation allowed the Fed to miss, or perhaps ignore, the underlying credit and monetary inflation that would blow up on them in 1929, 2000, and 2008.

74 When the crash occurred, the S&P was up 39% year to date. I was gravely concerned about the financial system and what the crash would mean. I did not anticipate Greenspan's response and remained short. This was the wrong move. I gave back all my profits by not covering my shorts after the 1987 crash.

75 A "Put" is a financial contract that gives the buyer the right, but not the obligation, to sell a security at a fixed price for a fixed period of time. It protects the Put purchaser's downside if for example they hold the security. The price paid for the Put is called the premium, and it functions like insurance against a sharp decrease in the security's price. If the decline does not occur, the Put expires worthless and the purchaser forfeits the premium.

76 When the mainstream press lionizes the arsonists as firefighters, it is difficult to have an adult discussion about the pros and cons of policy.

77 Suggesting that homeowners should increase their leverage in order to maintain their lifestyles and keep the economy strong when housing prices were clearly entering a bubble was tragically wrong.

78 Ben S. Bernanke, "*Deflation: Making Sure It' Doesn't Happen Here*," remarks before the National Economists Club, Washington, D.C., November 21, 2002, <https://fraser.stlouisfed.org/title/statements-speeches-ben-s-bernanke-453/deflation-making-sure-doesn-t-happen-8874>.

79 A closer look at the Great Depression shows that what made it great was the wave of bank failures that the Fed allowed to take place. The Fed was relying on a

model called the Real Bills Doctrine, which prevented them from acting as lender of last resort, particularly to smaller banks. It was these bank failures and not a lack of monetary accommodation that increased the suffering in the 1930s. In 1933 over 4,000 banks failed nationwide, or 20% of all banks. Bernanke concluded the Fed did not print enough. In fact, the error was that the Fed did not protect the banks.

80 Bernanke, “*Deflation: Making Sure It Doesn’t Happen Here.*”

81 For those unfamiliar with this U.S. cultural phrase, it is taken from a *Saturday Night Live* comedy sketch that grew into a movie. *Wayne’s World* depicts two teenage hard rock metalheads who produce a TV show in their basement and whenever trouble erupts they declare “Party on!”

82 Tribune News Services, “O’Neill Says Cheney Told Him ‘Deficits Don’t Matter,’” *Chicago Tribune*, January 12, 2004,

<https://www.chicagotribune.com/2004/01/12/oneill-says-cheney-told-him-deficits-dont-matter/>.

83 “In 1998, [Sandy Weill and John Reed] had, with great fanfare, merged the FDIC-insured Citibank with Salomon Smith Barney, an investment bank and brokerage firm, and insurance companies controlled by Travelers Group to create the global behemoth known as Citigroup. The pair had initially served as Co-Chairmen and Co-CEOs. At the time, **the deal violated the Glass-Steagall Act**, the Depression era law which barred firms primarily engaged with underwriting securities to affiliate with insured banks. The Bill Clinton administration would obligingly repeal the Glass-Steagall Act the year after the Citigroup merger.” (Emphasis added.) Pam Martens and Russ Martens, “John Reed: How to Be Dead Wrong as a CEO and Still Get Super Rich,” *Wall Street on Parade*, November 20, 2015, <https://wallstreetonparade.com/2015/11/john-reed-how-to-be-dead-wrong-as-a-ceo-and-still-get-super-rich/>.

84 The GFC radicalized me for sound money. I had always been a sound money advocate, but when the GFC occurred I realized that all of my savings were at great risk of debasement, and I needed to protect myself. This led me to pivot into investing exclusively in companies that produced sound money: gold and silver mining companies.

85 I recall this time well, as there were multiple statements by Fed governors that they intended to get the housing market moving to help ameliorate the economic slow-down caused by the bursting of the Dotcom bubble. Even Fed Chairman Greenspan suggested consumers could tap increasing equity in their houses by taking out Home Equity Loans (HELOCs). Also at this time, Fed Reserve Board member Bernanke said there was little risk in lending to the housing market because it was regional, and that housing price declines were regional

and had never declined on a nationwide basis. My reaction when I heard this was BULLSHIT. He was not looking back far enough. In the Great Depression, nationwide average housing prices peaked in 1929, and by 1932, they had fallen by 67%!

86 In 2006, \$600 billion of subprime loans were originated, most of which were securitized. That year, subprime lending accounted 23.5% of all mortgage originations. NOTE: Percent securitized is defined as subprime securities issued divided by originations in a given year. In 2007, securities issued exceeded originations.

87 The iconic movie, *The Big Short*, chronicles the housing bubble, capturing its complexities and devastating consequences with remarkable clarity.

88 CDO is a collateralized debt obligation which arose as an asset backed security, in this case backed by houses. They were derivatives underwritten by insurance companies, obligating the insurance companies to pay if the mortgages on the assets defaulted.

89 This phrase is an idiom first recorded in the 1600s to describe a situation where a person acts purely in their own self-interest, without regard to the damage it will do to others in the future.

90 *The Big Short*, directed by Adam McKay (Los Angeles: Paramount Pictures, 2015), DVD, 00:54:40.

91 Due to an interesting legislative wrinkle passed during the George H. W. Bush administration, people who leave private life to enter government service must divest of assets that could represent a conflict of interest, but they are permitted to defer the capital gains tax that would ordinarily apply to such sales. Paulson sold \$700 million of Goldman Sachs stock tax-free when he joined the government. If he never sells the replacement assets he purchased, he will never have to pay capital gains taxes. Treasury Secretary Steven Mnuchin also benefited from this provision when he became Trump's Treasury Secretary — another example of special treatment afforded to insiders.

92 Occupy Wall Street was a populist protest that erupted after the GFC in Zuccotti Park in Lower Manhattan decrying the behavior of Wall Street and the 2008 bailouts. The Tea Party Movement was a fiscally conservative Republican movement that advocated the reduction of the scope and size of the Federal government.

93 Cleansing failure describes what is supposed to happen in a capitalist system. Failed businesses are allowed to die, and their resources are used in more productive enterprises. Thus they are cleansed.

94 Something similar to this scenario was first recommended to me by good friend, lawyer and extraordinary entrepreneur James Eisenstein. He would like to have negotiated on behalf of the government, something I would like to have seen.

95 Timothy Geithner, Secretary of the Treasury in the Obama Administration, took a lot of heat during his Senate confirmation hearings when it was found he had cheated on his taxes and owed \$35,000, although he ultimately paid it late. Geithner blamed the error on clerical oversight in the TurboTax software he used to prepare his taxes, garnering him the nickname TurboTax Timmy. Another elite thinking the rules do not apply to him. Prior to his Obama appointment, he served as President of the Federal Reserve Bank of New York, where he had been involved in the Bear Stearns and Lehman failures, a role that positioned him squarely as a financial insider on the side of the bankers.

96 Lawrence Summers, an economics professor at Harvard University and former U.S. Treasury Secretary, has long been associated with the Wall Street powerful. During a 16-month stint with the hedge fund DE Shaw, he earned \$5 million, as well as \$2.7 million in speaking fees from large investment banks. Between 2001 and 2008 he received \$20 million in consulting fees from financial firms. He is by all measures a Wall Street friend and insider.

97 Interestingly, it was “held-to-maturity” loans needing to be sold that bankrupted Silicon Valley Bank, as we will see.

98 When it came out that the Fed had provided swaps to foreign banks, there was quite a bit of pushback from Congress.

99 A swap line is an arrangement where a financial institution can swap an illiquid or impaired security with a Central Bank in exchange for newly printed cash. It is effectively printing money to repair damaged bank collateral.

100 Matt Taibbi, “*The Real Housewives of Wall Street*,” Rolling Stone, May 12, 2011, <https://www.rollingstone.com/politics/politics-news/the-real-housewives-of-wall-street-246430/>.

101 And by extension, Bernanke and others have been handsomely rewarded for their roles in enabling the Cantillonaires. Presently, Bernanke is an advisor to Ken Griffin at Citadel, one of Wall Street’s largest hedge funds. Griffin, with an estimated net worth of \$37.5 billion, is rumored to pay Bernanke \$20 million per year for his advisory services. This arrangement has raised eyebrows, particularly when Griffin’s risk-parity trade blew up during the COVID crisis in March 2020, likely leaving his firm technically bankrupt. It is rumored that Bernanke played a key role in securing a swap line from the Fed to bail Griffin out, with the justification that Griffin’s failure would have taken down the financial system. (See the pattern here?)

102 Morgenson, *These Are The Plunderers*, 224.

103 This behavior by Schwarzman and similar episodes by other billionaires reminds me of a famous anecdote shared by authors Joseph Heller and Kurt Vonnegut. They were at a dinner party hosted by a billionaire when Vonnegut said to Heller, “Joe, how does it feel to know that our host probably made more money yesterday than your novel *Catch-22* has earned in its entire history.” Heller famously responded, “Yes, but I have something he will never have, **Enough.**” (Emphasis added.)

104 Joseph Adinolfi, “*Last Bonds with Negative Yields Vanish in Latest Major Market Milestone*,” MarketWatch, January 3, 2023, <https://www.marketwatch.com/story/last-bonds-with-negative-yields-vanish-in-latest-major-market-milestone-11672949146>.

105 Ron Paul on shrinking the Fed’s balance sheet. In this March 31, 2010 , clip, Chairman Bernanke tells Representative Paul that he expects the Fed Balance sheet to be reduced to \$1 trillion. Today, however, the Fed Balance Sheet has ballooned to \$7.2 trillion. <https://www.youtube.com/watch?v=v4He1m2a5jg>

106 The first two rounds of QE had preset purchase amounts. The third round of QE had no set limit on its size and, therefore, was dubbed by some wags as “QE INFINITY.”

107 Quantitative tightening (QT) is the opposite of quantitative easing. With QT, the Fed shrinks its balance sheet by selling securities or letting them mature without replacing them. This reduces the monetary reserves in the system.

108 Repo loans are overnight loans made between banks and between banks and the Fed. They are considered very safe and generally enjoy low interest rates. In this case, the price of money in the New York market spiked to 10% quickly, indicating that monetary conditions were far too tight. Again, to keep the system growing, the money base must expand.

109 COVID for me was a modern example of mass psychosis. There is no other way I can explain the women who would scream at me in the Whole Foods parking lot if I was not over 6 feet away from them.

110 These purchases included \$80 billion per month in treasury securities and \$40 billion per month in mortgage-backed securities.

111 This elimination of reserve requirements effectively made the banks partners in the Fed’s quantitative easing experiment, since they could now buy an unlimited amount of government bonds.

112 Bond math is counterintuitive. A bond represents a fixed agreement to pay

interest and principal at future dates to the buyer of the bond. The market price or value of the bond fluctuates with market interest rates. Once a bond has been issued, if interest rates go up, the market price of that bond will go down so that the new yield to maturity reflects the new market interest rate. So, bond prices trade inversely to interest rates. Higher rates bond prices down, lower rates bond prices up.

113 They created a veritable alphabet soup of new lending programs including: Commercial Paper Funding Facility (CPFF), Primary Dealer Credit Facility (PDCF), Money Market Mutual Fund Liquidity Facility (MMLF), Primary Market Corporate Credit Facility (PMCCF), Secondary Market Corporate Credit Facility (SMCCF), Term Asset Loan Funding (TALF) and they tapped the Exchange Stabilization Fund (ESF).

114 Section 13(3) of the Federal Reserve Act, enacted in 1932, allows the Fed to lend to entities other than banks if they encounter “unusual and exigent circumstances.”

115 Nick Timiraos, *Trillion Dollar Triage: How Jay Powell and the Fed Battled a President and a Pandemic—and Prevented Economic Disaster* (New York: Little, Brown and Company, 2022).

116 Direct deposits were part of the Coronavirus Aid, Relief and Economic Security Act (CARES) act passed in 2020, followed by the American Rescue Plan in 2021.

117 New York Times, “*How Covid Stimulus Money Was Spent*,” March 11, 2022, <https://www.nytimes.com/interactive/2022/03/11/us/how-covid-stimulus-money-was-spent.html>.

118 David Autor, David Cho, Leland D. Crane, and others, “*The \$800 Billion Paycheck Protection Program: Where Did the Money Go and Why Did It Go There?*” Brookings Papers on Economic Activity, Fall 2022, <https://www.aeaweb.org/articles/pdf/doi/10.1257/jep.36.2.55>.

119 Ken Dilanain and Laura Strickler, “‘Biggest Fraud in a Generation’: The Looting of the Covid Relief Plan Known as PPP,” NBC News, March 28, 2022, <https://www.nbcnews.com/politics/justice-department/biggest-fraud-generation-looting-covid-relief-plan-known-ppp-rcna21369>.

120 Janet Yellen was Vice Chairman of the Fed from 2010-2014 and Chairman of the Fed from 2014 to 2018. Presently, she has been Secretary of The U.S. Treasury since 2021. Notably, she received over \$7 Million of speaking fees from the banks and financial institutions she regulated between her time at the Fed and her appointment to Treasury. Many times she was paid over \$200,000 for a one-hour speech. The hedge fund Citadel (who employs Ben Bernanke as an advisor) paid her \$810,000. How this is not seen as a conflict of interest or a bribe is beyond

me. A Google search of financial disclosure report Janet Yellen 2021 will lead to this: <https://extapps2.oge.gov/201/President.nsf/PAS+Index/C22B882BBDC40AC78525864F008106AB/%24FILE/Yellen,%20Janet%20L.%20AMENDEDfinal%20278.pdf>

121 And by the way, this is the reported CPI inflation rate, which is highly inaccurate and understates the real rate of inflation.

122 Reuters, “*Atlanta Fed’s Bostic Violated Trading Rules, US Central Bank Watchdog Says*,” September 11, 2024, <https://www.reuters.com/business/finance/atlanta-feds-bostic-violated-trading-rules-us-central-bank-watchdog-says-2024-09-11>.

123 Leonard, Chris, *The Lords of Easy Money: How the Federal Reserve Broke the American Economy* (New York: Simon & Schuster, 2022), 7.

124 Federal Open Market Committee, *FOMC Press Conference*, October 30, 2019.

125 SVB held U.S. Treasury securities, very secure bonds. The issue was that SVB bought long-duration bonds when interest rates were low, but as Powell’s rapid rate-hiking program took effect, these bonds lost a large percentage of their value.

126 The estimated losses come from firms that were considering a potential takeover of the bank. Also note, these held-to-maturity bond losses occurred due to the FASB 157 rule change that was enacted during the GFC. Ironic.

127 This is EXHIBIT A for how corrupt crony capitalism is. We all have to live by the legal rules. But, when their wealth is threatened, insiders lobby for rules changes.

128 Myrmikan Capital, *Boom!*, research letter, March 15, 2023, https://www.myrmikan.com/pub/Myrmikan_Research_2023_03_15.pdf.

129 Wags said that BTFP stood for “buy the f&*%ing paper.”

130 When an asset worth \$.50 can be given to the Fed in exchange \$1.00, the Fed just effectively printed the \$.50 that was not present before the put was executed.

131 Leonard, *Lords of Easy Money*, 20,21.

132 Ibid., 33.

133 Ibid., 29.

134 Ibid., 34.

135 Ibid., 46.

136 Ibid., 113.

137 Ron Paul, *End the Fed* (New York: Hachette Book Group, 2010).

138 Mr. Magoo is a fictional, animated cartoon character from my youth. He was a comically near-sighted elderly man whose near blindness led to misreading of situations which resulted in disaster after disaster, with him having no idea of the chaos he was creating.

139 David Ricardo, *On the Principles of Political Economy and Taxation* (London: John Murray, 1817).

140 I find this fact stunning. Even a cursory look at Keynes' reasoning, theories, and assumptions reveals significant flaws when compared to the Austrian economic model, which provides a far more accurate framework. Notably, the Federal Reserve amplifies this by disproportionately funding Keynesian research, sidelining sound alternatives like Austrian economics — a dynamic we'll examine further in this chapter.

141 Hayek, *Choice In Currency*, 10.

142 Saifedean Ammous, *The Bitcoin Standard* (Hoboken, NJ: John Wiley & Sons, 2018), 55. (Emphasis added.)

143 Paul Samuelson, "Full Employment After the War," in *Postwar Economic Problems*, ed. Seymour Harris (New York: McGraw-Hill, 1943), 27–53.

144 Lionel Shriver's novel *The Mandibles* offers a good account of how Keynesians might fare during a financial collapse. Set between 2029 and 2047, the story traces a family as it struggles to survive in a dystopian United States, unraveling under the weight of a currency failure. Lowell, a Georgetown Keynesian Economics Professor, finds he is particularly ill-equipped to navigate the hardships. It's a dark yet compelling reflection on the limits of Keynesian thought in the face of economic reality.

145 Credit to Luke Gromen for making me aware of this obscure piece of history.

146 Stephanie Kelton, *The Deficit Myth: Modern Monetary Theory and the Birth of the People's Economy* (New York: Hachette Book Group, 2021), xvii.

147 Kelton, *The Deficit Myth*, 42.

148 Kelton, *The Deficit Myth*, 256.

149 Statist: an advocate of a political system in which the state has substantial centralized control over social and economic affairs. *Oxford English Dictionary*, Oxford University Press, www.oed.com.

150 Ryan Grim, "Priceless: How the Federal Reserve Bought the Economics Profession," *HuffPost*, August 27, 2009. <https://www.huffpost.com/entry/priceless-how->

the-federal_n_278805.

151 Robert D. Auerbach, *Deception and Abuse at the Fed* (Austin, TX: University of Texas Press, 2008).

152 Credit to @RudyHavenstein on X for guiding me to this article.

153 Ray Dalio's book *Big Debt Crises* comprehensively studies these issues.

154 At the consumer level, this is the individual who takes out new credit cards to make the minimum payments on their old cards. New debt is incurred to service old debt.

155 Over the past 200 years, there have been over 100 sovereign debt crises. Ray Dalio, founder of Bridgewater Associates, explored these in his excellent book *Principles for Navigating Big Debt Crises*. I admire Dalio's detailed analysis but disagree with his thesis that policymakers can create a "beautiful deleveraging" if they are skillful enough. Interestingly, I met him at an HBS Investing event, and he said he was a strong believer in gold as a means of inflation protection. He has proclaimed, "If you don't own gold, you know neither history nor economics". For further reading, I also highly recommend the groundbreaking work of Carmen Reinhart and Kenneth Rogoff on the subject of debt crises.

156 See, Chapter 23 for a more complete description of Gresham's Law.

157 Quantitative tightening is the Federal Reserve shrinking its balance sheet via the sale of debt securities or by allowing debt securities to mature.

158 My Partner, David Foley, and I write a quarterly macro newsletter on financial conditions. It is available for free at our website: www.ema2.com

159 IFR, or Instrument Flight Rules, refers to conditions in which pilots must rely entirely on their instruments due to the loss of all visual clues. History has shown that untrained pilots will lose control of an aircraft in IFR conditions within just two minutes of encountering them. This is what happened to JFK, Jr. in July 1999, while heading to Martha's Vineyard. I flew the exact same route from New Jersey to Chatham, MA two hours earlier that evening, and although it was called marginal VFR (visual flight rules), it was, in my view, clearly IFR. JFK, Jr., had no business attempting that flight without an IFR rating. As he left the shoreline near Narragansett to approach the Vineyard, he lost the visual cues of the ground lights, and spatial disorientation caused him to lose control.

160 Janet Yellen, *A View of the Economic Crisis and the Federal Reserve's Response*, presentation to the Commonwealth Club of California, San Francisco, California, June 30, 2009.

161 Christopher Casey, "Deflating the Deflation Myth," *Mises Daily*, April 2, 2014,

<https://mises.org/mises-daily/deflating-deflation-myth>.

162 Andrew Atkeson and Patrick J. Kehoe, “*Deflation and Depression: Is There an Empirical Link?*” *The American Economic Review* 94, no. 2 (2004): 99–103.

163 Measuring prices and wages in “real” terms involves subtracting the inflation rate from the nominal rate. For example, if the nominal interest rate is 5% but inflation is running at 2% then the real rate of interest is 3%.

164 <https://bitcoin.org/bitcoin.pdf>

165 Bitcoin nodes are privately owned computers and devices that verify all transactions and blocks against protocol rules. They prevent double spending and maintain the entire history of the blockchain. When a user submits a transaction to the Bitcoin network, it is picked up by a node and then propagated to other nodes. If a transaction is valid, it is added to the node’s pool of unconfirmed transactions (the mempool) until a miner includes it in a block. The nodes all contain a copy of the blockchain and are why Bitcoin is said to be a distributed network with no single point of failure.

166 Block subsidies are the reward given to a miner when it successfully assembles a block of transactions. Presently, the block subsidy is 3.125 bitcoin, which is how the supply of outstanding bitcoins grows. At today’s level of block subsidy, the supply of bitcoin grows at 0.83% per year.

167 Transaction fees are fees that accrue to miners and are paid by the people sending the transaction. Those who want the transaction to process faster, pay more. When all bitcoin have been mined (year 2140), and there is no more block reward, transaction fees will support the cost of running the network. These fees may be high, but it is anticipated that most transactions on the base layer today will shift to higher-layer transactions, where transactions are fast and inexpensive.

168 Bitcoin are lost when someone loses or misplaces their private keys or passphrase for accessing their bitcoin.

169 In particular, bitcoin is functioning as money in its role as a store of value. Medium of exchange solutions like Lightning, Arc, Fedimints, and Cashu are still developing, with some running as a layer two on top of the bitcoin network. To date, the use of bitcoin for commercial transactions has been minimal compared to traditional payment networks.

170 The Atlas Society, Ltd., “MICHAEL SAYLOR MASTERCLASS - FULL VIDEO,” YouTube Video, August 13, 2024,

<https://www.youtube.com/watch?v=i19xTITcAmY>.

171 Technology underlying the internet grew out of ARPANET in the 1960s and

the invention of TCP/IP in the 1980s; however, it was not until the early 1990s that widespread adoption began.

172 This private means of sending money is very empowering. One of the most compelling early use cases was wealthy people in China who were trying to get their wealth out, but were restricted by their government. Many bought Bitcoin, traveled to Vancouver, converted their coins back to fiat, and purchased houses.

173 The Canadian trucker's protest described in the book *Honking For Freedom* is a good example.

174 B.J. tells the story of this protest in his book *Honking For Freedom*.

175 When Mr. Buffett said this, I thought, “*Yes you are right, and you are the rat!*”

176 It is difficult to ascertain motives, but one can speculate that many people who have been extraordinarily successful in a fiat-based monetary system dislike bitcoin because it threatens the system that enabled them to amass their wealth. Figures like Warren Buffett, Bill Gates, and Charlie Munger are in this category.

177 Groseclose, *America's Money Machine: The Story of the Federal Reserve* (Arlington House, Westport, CT, 1966).

178 To this day, I still tear up when I hear Neil Young sing “what if you knew her and found her dead on the ground” in the Crosby, Stills, Nash, and Young song, “Ohio,” released three weeks after the event.

179 As an aside, I have traveled to Vietnam twice for business. In Saigon (now Ho Chi Minh City), I felt comfortable, but this was a marked contrast to how I felt in Hanoi. There, I sensed a strong anti-Western sentiment from people I met and saw. Frankly, who could blame them? They surely all had relatives who they lost in the war.

180 One of the most famous acts of defiance during the Vietnam War was carried out by my childhood hero, boxer Muhammad Ali. In 1967, Ali refused to be drafted, citing his religious beliefs as a Muslim and his opposition to the war. He famously said, “I ain’t got no quarrel with the Viet Cong . no Viet Cong ever called me (a racial slur).” He was arrested, charged with draft evasion, and sentenced to five years in prison. He remained out of jail as he appealed the conviction, but his boxing license was suspended, and he was stripped of his heavyweight boxing title. In 1971, the U.S. Supreme Court unanimously overturned his conviction in *Clay v. United States*.

181 Byzantine General's Problem is a game theory problem that describes how decentralized parties arrive at a consensus without a trusted central party. The Bitcoin proof-of-work algorithm solves for this with a mathematical protocol that

fairly arrives at a solution.

182 Early attempts included: Dicicash, Bitgold, E-gold, B-money, and Liberty Reserve.

183 The Lightning Network is a Layer 2 protocol that sits on top of the Bitcoin network. It facilitates off-chain transactions using bitcoin as the unit of account, allowing for faster and more efficient exchanges without immediately settling each transaction on the main bitcoin blockchain. With Lightning, channels are opened, transactions are batched, and then settle back to the main chain at intervals. It provides much faster and cheaper transactions, and it is the key to Bitcoin becoming more heavily used as a means of exchange and not just a store of value.

184 Watson's initial misjudgment did not doom his company. Instead, he adjusted his mental model and steered IBM to sell mainframe computers in large numbers during the 1950s.

185 Credit to Noah Kaufman, MD, for making me aware of this chart.

186 I am not suggesting this is right, moral or was fair. I have a Swiss friend who chuckles when I suggest that America used to be a moral nation, his response was: “Really? The one that committed genocide on its original inhabitants and imported slaves from Africa?”

187 Howe and Strauss define the Hero Generation as those who come of age during a crisis and use teamwork to work together to reform the system. The last American Hero Generation is dubbed The Greatest Generation; they were born during the depression and rose to fight and win World War II.

188 Many have argued, and I agree, that Japan was ready to surrender and that the use of nuclear weapons was unnecessary, and an immoral act. Generals Eisenhower and MacArthur each expressed this view.

189 FREE Madeira/Bitcoin Atlantis, “Lyn Alden / Preston Pysh / Lawrence Lepard / Michael Saylor at Bitcoin Atlantis 2024,” YouTube Video, March 29, 2024, <https://www.youtube.com/watch?v=TndYql2joY8>.

190 Saylor made this comment on a “What Bitcoin Did” podcast hosted by Peter McCormack with Laura Shin as a guest. She asked if there would be a time to take profits, wait for a dip and buy it back. Saylor responded, “Why would you ever sell the superior asset? It’s going up forever, Laura.”

191 Numéraire is the most widely used unit of account in any system of measurement. In monetary terms, the U.S. dollar with its reserve currency status is presently the world’s monetary numéraire.

192 America On-Line (AOL) was a public internet service provider that grew to

become the largest online dial-up internet service with three million subscribers in 1995. It reached its peak in 2000 with 20 million subscribers and then was purchased Time Warner. Over the next decade, broadband internet connections offered by cable TV providers killed the dial-up business. It's easy to use features earned it the moniker, "The Internet for Dummies."

193 QE is the process of using newly printed money to purchase existing government debt securities. The Fed had not used this tool to address debt since World War II.

194 Notably, the banks got in a lot of trouble politically when it was discovered that, after blowing up the financial system in 2008 and being bailed out by the taxpayers, they paid record bonuses of \$20 billion to executives. ABC News, "Bailed-out banks gave millions in exec bonuses, NY AG report shows," July 20, 2009, <https://abcnews.go.com/Business/story?id=8214818&page=1>.

195 This chart also provides insight into Bitcoin's volatility. Changes in monetary systems are inherently volatile events, and this is reflected in Bitcoin's price fluctuations.

196 Yield curve control is when a nation's central bank purchases its government bonds to support their price and prevent interest rates from going higher. The bonds are purchased with newly printed money, and the process is very inflationary. The last time yield curve control was used in the U.S. was to finance World War II.

197 See, Chapter 14 for a discussion of MMT.

198 Thiers' Law, named after French historian Adolphe Thiers, is complementary to Gresham's Law. While Gresham's Law observes that "bad money drives out good" under legal tender laws, Thiers' Law asserts that "good money drives out bad" in the absence of enforcement. When legal tender laws break down, people naturally gravitate toward stronger, more stable currencies, abandoning weaker ones. Examples include Zimbabwe and Venezuela, where citizens instinctively "dollarized" their economies during periods of extreme inflation, favoring U.S. dollars over their collapsing national currencies.

199 In 1956, Phillip Cagan, Economist at Columbia University, developed a model suggesting hyperinflation occurs when prices go up more than 50% in one month. This definition is still widely used.

200 I strongly disagree with those who say it is impossible because we have the largest military. Hyperinflation in the United States is a tail risk, but I believe the probability is much higher than most people recognize or would care to admit.

201 Crowley, Chris, and Henry S. Lodge. 2004. *Younger Next Year: A Guide to Living Like 50 Until You're 80 and Beyond*. New York: Workman Publishing.

202 In this keynote, Mallers also announced that he worked with the government of El Salvador and its President, Nayib Bukele, to make El Salvador the first nation to adopt Bitcoin as legal tender.

203 It also led to my meeting Steve Jobs in his t-shirt and black jeans.

204 Sadly for my boss, about a year after I joined the company, Continental Illinois bank failed due to bad loans made into the oil patch and its involvement with Penn Square Bank.

205 He also pointed out the corollary to this is that banking is a terrible business. You can lose all of your money, and your upside is a modest interest rate spread.

206 Generally due to multiple expansion. Growth at a reasonable price investing is in my opinion the best risk reward investing proposition. Finding a growth company early in the cycle when it is not fully understood can lead to continued growth in profits as well as multiple expansion which provides outstanding results.

207 PE Ratio stands for Price-to-Earnings ratio. It is calculated by dividing a company's stock price by its earnings per share. A PE ratio of 7.7x means you are paying \$7.7 for each dollar of company earnings. The PE ratio is the most widely used indicator of how expensive stocks are in relation to their earnings. The one hundred year average S&P PE ratio is 14x. Generally speaking, PE ratios below 10 means stocks are cheap, and PE ratios above 20 mean stocks are expensive. The current (September 2024) PE ratio on the S&P 500 is 29.6x. Using this and other measures, the U.S. stock market is currently more overvalued than it was at its peaks in 1929 and 2000. This is all a symptom of what I call "the everything bubble," and why I presently do not recommend the general U.S. market.

208 One who did realize is A. Gary Shilling, an economist who predicted the upcoming years of deflation in two books: *Is Inflation Ending? Are You Ready?* and *The World Has Definitely Changed*. Side note, Dr. Shilling's parents were personal friends of my Lepard Grandparents and my editor, Mel Shilling, is married to one of Gary's relatives. Small world.

209 A prime example is the suburban town in New Jersey where I lived, home to 25,000 residents. A very safe place with low crime, it employed over 50 police officers. The top officers made \$225,000 per year and could retire with 80% of their salary after 25 years of service. Many did and, at age 45, had a lifetime pension and could get another job. This kind of deal is not available in the private sector. The town residents pay for it with their property taxes.

210 My sister's saga is another example of the damage caused by the Fed promulgating the housing bubble. She was not a speculator and just wanted shelter. She changed jobs, was forced to move, and her house lost 45% of its value. She put

20% down and assumed that market prices were an accurate reflection of fair value. They were not.

211 A crack-up boom is a term coined by Ludwig von Mises and the Austrian School of Economics to describe what happens when a currency fails and all prices go up relentlessly as denominated in that currency. It looks like prosperity, but it is actually hyperinflation.

212 Carry trades are made by investors who borrow at a low rate or in a cheap currency and then use the proceeds to invest in securities and assets that provide a higher rate of return or yield.

213 There is an excellent animated explanation of this on YouTube, search “buy the dip animation,” or go here: [youtube.com/watch?v=OakBdQa55b4](https://www.youtube.com/watch?v=OakBdQa55b4)

214 National nonfinancial corporate gross value-added (GVA) estimated as Domestic nonfinancial GVA * (1 + ProfitsRestOfWorld/DomesticProfits)
Rest-of-world / domestic profit ratio uses 5-year average of each Market capitalization updated intra-quarter based on S&P 500 weekly close Estimates prior to 1950 based on Hussman Margin-Adjusted P/E (MAPE).

215 Figures since 1950 based on nonfinancial market capitalization / nonfinancial gross-value added including estimated foreign revenues. Figures prior to 1950 based on Hussman Margin-Adjusted P/E. For additional detail on valuation methods, see Hussman 5/18/15. Equity premium estimate: $0.096 - 0.1256 * \ln(MCap / GVA) - (0.9 * 10\text{yr} + 0.1 * 30\text{yr yield})$

216 Note that this is using the raw index, not including dividends. If dividends were untaxed and included, stock performance would be better.

217 Some claim that using 2000 as a start date is “cherry-picking,” however I believe it is justified because the LTCM bailout in 1998 is when obvious monetary debasement really began.

218 Robert Triffin, an economist at the Fed (1942-1946) and then a professor at Yale, advanced a theory now known as, Triffin’s Dilemma. It states that a country with the reserve currency must run a trade and/or current account deficit to supply the world with currency reserves. This creates a tension between domestic and international monetary policy. At the Bretton Woods conference, Keynes proposed the creation of a “Bancor,” an independent neutral reserve currency. This made no sense – how would it be managed? The correct choice would have been to maintain gold as the neutral reserve currency, as it had been for decades. In its short-sighted approach, the U.S. believed that establishing the dollar as the global reserve currency would bring significant advantages. It did, until it didn’t. Triffin’s Dilemma led to dollar overvaluation and contributing to hollowing out the U.S.

manufacturing base.

219 James Grant, an author and economist based in New York City, is known for organizing the premier annual conference on monetary matters. He calls the Fed's approach to setting interest rates the "PhD standard" because the Fed employs 500 economists with PhDs to help it determine the proper rate of interest.

220 Paul A. Volcker, *Keeping at It: The Quest for Sound Money and Good Government*, (New York, NY: Hachette Book Group, 2018), 81.

221 Bob Woodward, *The Agenda* (New York: Simon & Schuster, 1994), 84.

222 Robert B. Barsky and Lawrence H. Summers, "Gibson's Paradox and the Gold Standard," *The Journal of Political Economy* 96, no. 3 (June 1988): 528–50.

223 Rubin was chairman of Citigroup from 2000 to 2009 and received total compensation of \$126 million while he worked there.

224 www.GATA.org

225 The Bank for International Settlements (BIS) is an international financial institution owned by the central banks of 63 countries. Headquartered in Basel, Switzerland, it serves as a meeting point for central bankers to coordinate their policies and activities

226 Abhishek Manikandan and Michelle Price, "JPMorgan to Pay \$920 Million for Manipulating Precious Metals and Treasury Market," Reuters, September 29, 2020, <https://www.reuters.com/article/business/jpmorgan-to-pay-920-million-for-manipulating-precious-metals-treasury-market-idUSKBN26K321>.

227 A troy ounce is 31.1 grams of gold versus the metric weight measured ounce of 28.4 grams. There are 32,150.75 troy ounces in a metric tonne (1,000 kg) of gold.

228 Source: World Gold Council report, year-end 2023.

229 Stock-to-flow is calculated by taking the base amount of money in existence (stock) and dividing it by the new amount of money that enters the system in one year (flow). It works in nominal and percentage terms. If all the gold in the world equals 100 and the world adds 1.7% to that stock each year, the quotient is 58.8. For Bitcoin, the supply grows at 0.8% per year (flow) and this rate is cut in half every four years.

230 The entire book (1899)/movie is often interpreted as an allegory for the Populist movement in the United States. Dorothy symbolizes the kind-hearted, average American, while the Tin Man represents industrial workers, and the Scarecrow embodies farmers. The Cowardly Lion is a stand-in for William Jennings Bryan, the populist leader known for his oratory but criticized for lacking bold action.

The Wizard personifies politicians in general, offering promises but lacking true substance. The Emerald City represents Washington, D.C., and its political power, while the Yellow Brick Road symbolizes the gold standard, guiding yet limiting economic policy. Dorothy's silver slippers (changed to ruby in the film) reflect the push for "free silver" as an alternative monetary standard. The Wicked Witch of the West represents Eastern bankers and industrialists, viewed by populists as oppressors of the common people. And finally, Glinda the Good Witch of the South embodies the South and populist ideals, offering the promise of moral and fair governance.

231 Gold falls short in two key areas: its balances are not continually audited, and it is inherently centralized due to its need for large vaults. The U.S. Treasury claims to hold 8,134 metric tonnes, or 261 million ounces, of gold across three sites, but these reserves have not undergone a full audit since the 1950s. Many people, myself included, believe that this lack of transparency raises concerns about whether these stores have been diminished or raided.

232 Credit to Luke Gromen for coining this "perfect inelasticity" phraseology.

233 In 2010 a computer programmer who had been mining Bitcoin sent 10,000 Bitcoin to a Papa John's franchise to purchase two pizzas. The pizzas were worth \$25.00 so this set a commercial Bitcoin price of \$.0025 per Bitcoin.

234 The Sharpe ratio model uses standard deviation as a measure of risk and assumes returns are normally distributed, e.g., there are no fat tails. Some have argued that historical data shows fat tails, making Sharpe irrelevant.

235 The recent election of Donald Trump to the presidency, and his selection of Elon Musk and Vivek Ramaswamy to lead a newly created Department of Government Efficiency (DOGE), is unlikely to solve the problem. DOGE aims to cut \$2.0 trillion from the \$6.75 trillion of government spending. This will be nearly impossible because Social Security, Medicare, interest expense, and defense spending account for over 80% of the budget. Balancing the budget would require 40% cutbacks to these programs.

236 In the case of e-gold, the U.S. government shut them down in 2007 claiming their anonymous digital transactions backed by gold were used for illicit activities and money laundering. The ruling was a chilling reminder of the government's desire to control currencies.

237 Self-custody means controlling the private key that controls your Bitcoin at a specific address. Best practice is to use a hardware wallet and store Bitcoin in "cold storage," keeping it offline and inaccessible to exchanges or anyone else.

238 Hash power describes the total computing power used to process and se-

cure Bitcoin blocks through “hashing.” The Bitcoin Network currently operates at 771.3 EH/s (exa-hashes per second). One EH/s equals one quintillion (1,000,000,000,000,000,000) hashes per second. Meaning, 1 quintillion attempts per second to find a number. TL; DR: a lot of computing power.

239 During the block size wars (2015–2017), Bitcoiners clashed over the ideal size of each block, which determines transaction capacity. One faction pushed for larger blocks to handle more transactions, while the other advocated for small blocks to preserve monetary stability. A compromise called SegWit was reached, which modestly increased the block size but favored the sound money advocates.

240 A fork occurs when the blockchain is copied and distributed to every node in the network, creating a new chain that runs independently of the original. The new chain is often an attempt to create a new “better” coin, but, if people do not adopt or use the new chain, it quickly dies. This is what happened to the forks that occurred in Bitcoin’s earlier days.

241 Bissent has publicly declared that his fund holds gold, explained that a currency reset similar to Bretton Woods is necessary, and expressed that he wants to be at the table when it occurs. A Treasury Secretary owning gold is a far cry from our current Treasury Secretary Janet Yellen’s position, implying an upcoming divergence in U.S. monetary policy.

242 BIP is an abbreviation for Bitcoin Improvement Proposal.

243 Custodians where I know the people and have favorable opinions are: Unchained Capital and Onramp Bitcoin.

244 To purchase native Bitcoin directly you will need the services of a Bitcoin brokerage company. My two top choices are Jack Maller’s Strike.me and Alex Leishman’s River.com

245 Major Jason P. Lowery, an Air Force Officer attached to the United States Space Force, authored his Master’s Thesis at MIT in Cambridge, MA entitled: *Software: A Novel Theory on Power Projection and the National Strategic Significance of Bitcoin*. I highly recommend that you read it.

246 A monetary reset is more fully explored in Chapter 22: Roadmap For The Next Decade

247 Dr. Paul wrote his book in early 2009, just after Bernie Madoff’s massive Ponzi scheme was exposed in December 2008. Madoff’s fraud, which stole \$65 billion from investors, is the largest Ponzi scheme in history.

248 Joseph Overton, a policy analyst, developed the concept that describes the range of ideas, beliefs, and policies that are acceptable within public discourse.

When an idea is within the Overton window, it is widely believed and accepted. When not, it is considered fringe or not even given serious consideration.

249 David Brooks, “Voters to Elites: Do You See Me Now?,” *New York Times*, November 6, 2024, <https://www.nytimes.com/2024/11/06/opinion/trump-elites-working-class.html>

250 In an interview with Scott Pelley on CBS’s *60 Minutes*, Ben Bernanke claimed that the second round of QE would not lead to inflation.

251 France’s first central bank.

252 The term “millionaire” was coined during this bubble because it was the first instance of people having over one million units of a currency.

253 Keep in mind that central banks have printing presses, and so effectively they can print money to cover any bet. In the gold world, we have seen central banks and the Bank for International Settlements use and abuse this power.

254 In case you do not live in the United States, this statement was made by George W. Bush during September 2008 in connection with the GFC.

255 When hurricane Katrina devastated New Orleans in 2005, the FEMA Director Michael Brown was told by President Bush, “Brownie, you are doing one heck of a job.” Over 1,245 people died in the hurricane, and it was widely acknowledged that the handling of Katrina was marked by incompetence.

256 Pump-and-dump is when someone promotes a stock (or any asset) trying to induce others to buy it so that the pumper can then unload his holdings at a higher price, often before the price collapses.

257 The term “mania” was first used in the context of investments by Charles MacKay in his classic book: *Extraordinary Popular Delusions and The Madness of Crowds*. (1852) He highlighted the Mississippi Bubble, the South-Sea Bubble, and Tulip Mania and compared them to the mass psychosis of the Witch Trials in the 15th, 16th, and 17th centuries.

258 Lawrence H. White, *Recent Arguments Against the Gold Standard*, Hillsdale College Free Market Forum, 2012, <https://www.hillsdale.edu/wp-content/uploads/2016/02/FMF-2012-Recent-Arguments-Against-the-Gold-Standard.pdf>

259 Lawrence H. White, *Better Money: Gold, Fiat, or Bitcoin* (Cambridge: Cambridge University Press, 2023), 100.