

# THE CENTSIBLE INVESTOR

# BRIEF

## THE MIDDLE EAST CONUNDRUM - WHY WE FIGHT

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Many clients and subscribers constantly ask me about war. Why does a nation that is so far in debt continue to pick fights around the globe? My goal in analyzing this complicated issue is not to take a moral stance on war. It is not to justify or rationalize either action or inaction, but rather to take on war from both an economic and geopolitical perspective and hopefully to give people a better understanding of why it is we fight. I will clue you in to something very important before we even begin. The 'reasons' for why we fight are almost never about spreading democracy, freedom, and/or liberating various groups from oppressive regimes. Those are the feel-good reasons given to get Americans behind these efforts and gin up support. I realize this may be an unpopular way to begin, however, if you'll give the forthcoming an open mind, I think you'll see that at the very minimum, there is sufficient reasonable doubt when it

comes to these platitudes for war.

Wars are ALWAYS economic. The old saying 'follow the money' truly does apply. They're either about money or power for the purposes of acquiring money or some type of economic benefit. It is pretty simple to understand if you consider human psychology. There is the inclination toward greed. If someone has a million bucks, they want a way to make it two million. If they have twenty million, they want a hundred million and so forth. The world is not enough. It might have been the title for a 007 flick, but it is very true with so many of the 1% crowd. They can have more money than they could ever hope to spend in ten lifetimes and it won't be enough. We're ALL inclined to that in some way. Some just go further off the rails than others.

It would stand to reason then that those in charge of the dispensing of 'news' and information would seek to

defuse this law of human nature. Dispel it even. In their eyes, wars are always just when prosecuted by the military industrial complex (MIC) – whether it is carried out by the US or not. Any war prosecuted against the MIC is deemed unjust. The political structure pays lip service to their blind supporters, but both sides are always in favor of war when the rubber hits the road, save for a very few principled individuals on both sides of the spectrum. The media, which is nothing more than the 'Ministry of Truth' for the MIC, will obviously paint the picture that perpetual war is necessary. It is with good reason that things are situated the way they are. When you figure the media, along with most of the MIC, is owned by about the same number of people that attend your average Little League baseball game, it stands to reason that all systems are go for war and maximum profit. We'll spend a few stanzas going over some history, then dive right into the current mess in

the Middle East and see where the interests lie. There is a better than average chance that this analysis will assist at least some of you in making some financial decisions, so I feel it is time well spent.

### **Money Begins to Drive Wars in the Modern Era**

Perhaps the most prominent historic example of economic profiteering from a war (at least in modern times) is represented by the house of Rothschild at the end of the Napoleonic wars. At that time, the Rothschild family was spread all over Europe, engaged in various initiatives. The two most prominent of the sons were James, who was established in Paris, and the infamous (and vicious) Nathan Mayer, who set up shop in London. Towards the end of the Napoleonic wars, just prior to Napoleon's historic defeat, Nathan Mayer traveled to Waterloo. The entire fate of Europe hung in the outcome of that battle and it was obvious that Napoleon was losing badly. According to several historic accounts, Nathan tried furiously to hire a boat to get back to London in the middle of a raging storm. He was finally able to get his wish by paying 2000 Francs (an insane amount of money at that time) for a boat whose owner rationed the decision by saying that at least his wife and family would have sustenance if their voyage met with catastrophe.

Well, old Nathan made it back to London and his seat on the London Stock Exchange. He then started doing an odd thing - he began dumping his equities like crazy. Everyone else immediately assumed that he had some inside knowledge of the progress of the war, concluded that Napoleon was winning, and panic ensued. Nathan Mayer, because he was rotten to the core, helped to promulgate the rumor and went along with the notion that Napoleon was winning Waterloo and threw gasoline on the fire. In the rout, he used his agents to quietly buy up everything that was up for fire sale, and in a single day he made nearly a million sterling. This tactic is used to this day with great success. Buy low and sell high. Or sell high, then buy low. Either works. Use inside information and rumors to your advantage - if you have access to such information. Thus arose the saying that the Allies won the war, but it was Rothschild who really won. That single event of treachery and trickery launched the house of Rothschild into the center of global prominence and financed most of their subsequent ventures. Ironically, it was Nathan Mayer who uttered a phrase that is very well known amongst sound money advocates "Give me control of a country's money (supply) and I care not who makes its laws". If he'd been hung instead of given the keys to Britain perhaps things might have turned out a bit differently for subsequent generations of Brits and Americans alike.

Ever since that time there has been a banker behind both sides of every war, with the same parties usually behind both sides simultaneously. Wars are fought for power, empire, and global domination. At the end of the day it always comes down to money and power, which are essentially equal.

### **Modern Day Warfare - Liberation or Domination?**

A quick look at the included graphic on the location of US military bases in Afghanistan will quickly lead to the conclusion that they flank a major pipeline. There is the secondary issue of opium, or perhaps the opium is really the prime directive, but for our purposes it really doesn't matter. The bottom line is we fight for monetary or economic benefit. We don't fight for freedom, democracy, or to liberate people from filthy dictators. These are just cheap, un-backed assertions to get Americans to stand up, wave the flag and send their sons and daughters into battle. All one has to do to substantiate this assertion is look at the places we've 'conquered' and take a close look at what state things are in now compared to what they were like beforehand. I'm not defending any of the tinpots who were in charge in any of these countries; none were angels, and most were guilty of many things, but our conquests, while enriching the modern day Rothschilds, have done almost nothing to help the quality of life for those who we were

'liberating'. A quick look at the cancer statistics of Iraqi citizens from the use of depleted uranium munitions sums it up rather quickly. Not to mention the effects the use of those munitions have had on our own soldiers.

### Syria - The War in Front of ANOTHER Backroom Deal

Now onto Syria and why it is such a big deal. I must point out before we get started though that it is awfully interesting how the same



Mystery diseases, Gulf War Syndrome, etc. have been identified by competent physicians as radiation sickness of varying degrees.

I encourage everyone to take 30 minutes and do some digging of their own. I've provided numerous links to back these things up and to get you started, from mainstream sources wherever possible, since many still rely on those outlets for information. The sad fact of the matter is that much of this is hidden in plain sight. It is unsettling. You might lose some sleep because of it. I know I do. However, this is our world and if you want to operate on an informed basis you need to know why we do some of the things we do.

folks who lambasted GW Bush for his infamous 'WMD' case for invading Iraq are now pushing just as flimsy a case for going into Syria. Refer to the above. This is about money and power. The rest of it is just feel-good gobbledygook. Keep that in mind and you can conduct a successful analysis of nearly any situation. Forget it and you'll fall in to the useless left-right paradigm.

Syria is strategic, both to the Russians as well as banking interests here in the US and in Europe, including the house of Rothschild. At the current time, the Russians, through their state-owned natgas company Gazprom, have what is essentially monopoly pricing power in the European natural gas markets. With this monopoly comes a lot

of influence, especially when it gets cold. In 2009, [Russia shut off the gas to Europe](#). The cutoff arose due to pricing disputes and assertions by the Russians that gas shipped through the Ukraine was being siphoned. This cutoff caused quite a disturbance in the markets. It is no coincidence that the cutoff happened during what was a notably cold period in the middle of winter. So you can see Russia likes having that monopoly and it is critical to their economy, [which isn't doing so hot these days](#) although we don't hear much about it. That is just part of the Russian side of the situation.

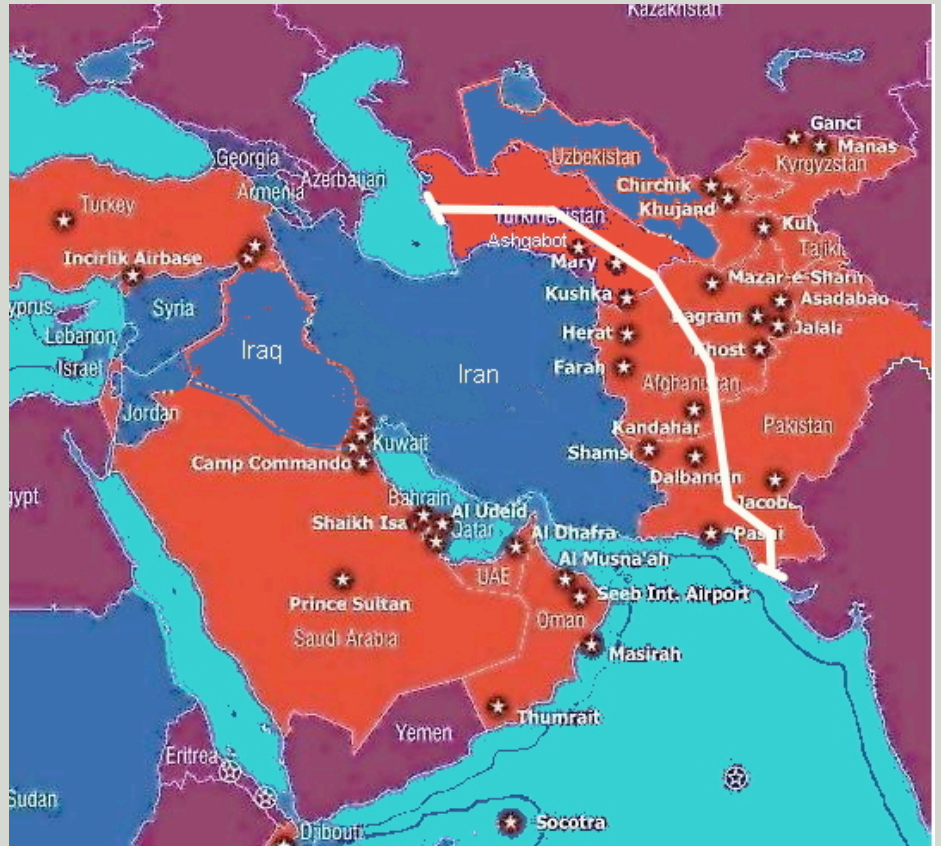
To get at the rest of it we have to go back to 1999 and Afghanistan to lay the groundwork. Afghanistan, as many remember, is a veritable graveyard for Russian troops from the protracted war in the 1980s where the Russians invaded and the US-backed Mujahedeen repelled virtually every advance and eventually the Russians were driven from the mountainous country. Well, that graveyard, as it turned out, suited very well geographically for a Caspian Sea pipeline. To make a long story short, the Taliban, who controlled Afghanistan at the time, were given a deal they couldn't refuse - or probably shouldn't have anyway. Unocal was to be the owning/operating company of the pipeline. One might consider researching the influence that Unocal purchased prior to the attempted brokering of this deal. [From reputable geopolitical firm Global Research:](#)

*“Much to Bridas’ dismay, Unocal went directly to regional leaders with its own proposal. Unocal formed its own competing US-led, Washington-sponsored consortium that included Saudi Arabia’s Delta Oil, aligned with Saudi Prince Abdullah and King Fahd. Other partners included Russia’s Gazprom and Turkmenistan’s state-owned Turkmenrozgaz.”*

*(See another reason why the Russians didn’t oppose the Afghanistan pipeline now?)*

The Taliban refused in 2000 and told then deputy Defense Secy. Richard Armitage to pound the sand of a thousand Arabian deserts. A year later, Afghanistan was invaded by the US, the Taliban was overthrown and Unocal stooge Hamid Karzai was put in power. In snagging Afghanistan, the US also gained significant access to the Taliban’s opium fields, with [US Banks like Wells Fargo laundering](#) much of the proceeds. It is believed that these proceeds were used to finance the building of the pipeline. Note the reference to Wells Fargo comes from NBC News. While it is in relation to Mexican drug money, there is plenty of evidence that points to [US banks assisting in laundering of Taliban opium proceeds](#) as well.

So as you can surmise, this arrangement is insanely profitable for a few chosen folks. The rest of us can pay \$3.50 for a gallon of gas after committing trillions in national debt dollars



to fight what many called a ‘war for oil’. It was, but as has been the pattern, the war wasn’t fought with the benefit of the average American in mind. This is an important distinction. And if you want to find out where at least some of the Afghan opium ends up, just take a walk to the nearest street corner. Again, insanely profitable, yet not even close to what is in the best interest of anyone but the few.

Syria is a similar chess piece in this battle for global domination, however it is more critical than Afghanistan because it is more critical to the Russians, and by proxy, the Chinese. The Caspian Sea has yet to be the mega-producing asset everyone imagined and as such hasn’t impacted Russia’s monopoly to

the extent everyone thought it would. The Caspian Sea is more oil-oriented at this point anyway and Russia’s monopoly in Europe and the UK is natgas based. For these reasons, Russia was willing to let Afghanistan go without much of a struggle. Also don’t forget that in 2000, Russia was still reeling economically and had yet to gain much of the influence it sports today.

**The REAL Reason for Syria – And it has NOTHING to do with Sarin**

Enter Qatar. This little nation is sitting on a treasure chest of liquefied natural gas (70 billion tons at last count). Here’s where a map comes in handy. The folks in Qatar would love to push their

gas to the European markets and compete with the Russians. However, they have no cost-effective way of getting the gas there. They need a pipeline and they need it to go through one of two places: Saudi Arabia, or (drum roll please...) Syria. The Saudis gave an emphatic 'no' because it isn't in their best interests. Qatar has the gas, but no way to impose political influence on anyone in the region so they cut a deal with the US and Exxon Mobil. [If you scroll down in this link you'll see the mention of LNG from Qatar.](#) This is right from Exxon-Mobil's corporate website. Then it [hits the mainstream media](#). The deal has been cut. Note that one of the major benefactors from this deal is the UK, who incidentally, was one of the major casualties of the Russian gas cutoff back in 2009. Suddenly, Syria gets moved to the front burner. **The deal between Exxon and Qatar was cut in May and by August, Syria is ripe for invasion over allegations of chemical weapons use against its own people.** Regime change is the name of the operation, however, we all know that the puppet to replace Assad would be someone who is very much in favor of a pipeline to facilitate the Qatar-Exxon pipeline. Maybe the puppet will be an Exxon exec much like Unocal's Karzai, who was put in place in Afghanistan. It doesn't really matter. And US military bases in Syria would protect the pipeline much in the same way our bases protect the Unocal pipeline in Afghanistan. All on your dime.

### **Cyprus – The Failed Raid on Russian Oligarchs is Turned on the People**

Believe it or not, it doesn't end there. It goes back to Cyprus in March **BEFORE** the Qatar-Exxon deal was even made public. Cyprus? Yes. Cyprus, in addition to being something of a Cayman Islands international banking haven, was a parking place for a ton of Russian oligarchical wealth. The hit was on the Russian oligarchs, but it misfired because they were tipped off. I posted the article of insider knowledge of the coming bank holiday on the blog back on April 2<sup>nd</sup> and referenced a ZeroHedge article relating to the [Russians pulling their money out of Cyprus](#) that was posted on March 25, 2013. It should be noted that the [Russians began moving military assets](#) into the Mediterranean region immediately after the failed attack vis a vis the Cypriot banking system. Syria is a strategic target they simply cannot afford to lose. And China, by virtue of their many liaisons, energy and otherwise, is firmly on the side of the Russians in this dispute. For now there is saber rattling and rhetoric, but there exists the very real possibility of this escalating beyond a regional conflict should the US (at the behest of Rothschild-like banking interests) fire Tomahawk missiles into Syria or engage in any sort of 'kinetic military action'.

As an aside, one must understand that the banksters obviously knew the Russians had pulled out

of Cyprus. So why go ahead with the 'haircut' and bail-in operation? Were the banks in Cyprus really broke or was this just a too-good-to-pass-up chance at testing the reaction to the confiscation of massive amounts of private wealth. This very morning (September 10, 2013) we got news that Poland has confiscated one half of every pension fund in the nation to avoid going into a Greco-Italian debt tragedy. However, this is a once and done maneuver. The money can only be taken once. It is a very costly Band-Aid. Similar plans are in the works in Detroit as it goes bankrupt. The root problems of spending and the entitlement mentality are off limits however, which guarantees this to be a perpetual crisis.

Funny, we haven't heard a peep about Detroit, debt, or pensions since Syria exploded into the headlines back in August. Pay attention to what is simmering on the back burner. The [USTreasury is broke and well over its debt limit](#), the Eurozone crisis is still very much on, and the economies of the world are flagging. The Commerce Department had to [add a half trillion in GDP using some rather shady tactics](#) to keep the US out of recession since 2009. Our alternative measure STILL shows recession in the USA mainly because it doesn't count government spending that is debt-originated as economic growth. As always, the bottom line comes down to knowing why these things happen.

The entire Syrian issue may prove to be even more complex than what has been shown above, but I believe the article has demonstrated motive, method, and opportunity for the actions regarding Syria; not to mention recent historical precedent. In the second half of the brief we'll consider how this impacts markets and individual

another justification could be sought. Given the amounts of money involved in the Exxon-Qatar deal, I can't see this being over. They won't go quietly into that good night. The Syria issue may in fact cool off for a time, but it will return, likely when folks are distracted by another crisis. Take your pick there. One guess is as good as any other. There are

## Financial Ramifications of Syria

The biggest portion of the Syrian issue that concerns me regarding investments and such other than the obvious volatility that wars tend to cause is the Cyprus situation. I know I keep harping on it, but it is becoming very obvious that whole situation was a two-fer. First, it was a hit on Russian big money. Secondary to that, it was a hit on the little guy. When the banksters found out the Russians had cleared out, which they obviously knew beforehand, they went ahead with the bail-in anyway.

Keep in mind the timing here. The bail-in took place in the March-April timeframe. By that point, the US had already signed on to the Bail-in Resolution Mechanism in the form of the joint position paper by the FDIC and the Bank of England. The Bank for International Settlements had already given its blessing as well. Then Cyprus happened.

Yesterday, Poland executed a 'bail-in' by ripping off their pensioners to the tune of 50%. This was done to avoid an alleged debt crisis of Greco-Italian proportions. Pay close attention here; I am more convinced than ever that at some point, we here in America will experience this same type of situation. If you're on a pension or vested in a pension plan, strongly consider setting up alternate savings if at all possible. Examine your standard of living. Almost every budget has some fat that can be



investment decisions.

### UPDATE: 9/11/13

The Russians appear to have outflanked the bankster puppets in the US – at least in the short run by 'suggesting' Assad put his weapons under international control. This could work one of two ways. He could still come under attack for not moving fast enough (think Saddam), or

plenty of possibilities from which to choose.

I would urge everyone to keep an eye on this. The biggest problem with reporting on these situations is that they are dynamic and can change very quickly as is evidenced here.

trimmed. Trim it now. "But what if this doesn't happen for ten years?" All the better. Ten years would be a blessing in that any plans implemented now would actually have time to work and allow some accumulation.

I won't go as far as to absolutely guarantee that this will happen (because I nor anyone else can), but I would be shocked beyond words if it didn't, especially given recent history over the past several decades. And be prepared for the use of a different term or terms to describe it. Note that Poland's action isn't being called a 'bail-in' or a 'haircut' as it was in Cyprus, but that is exactly what it is. Just like the London Metals Exchange taking 100 days to complete precious metals deliveries isn't being called a default, which it very much is. Words are important because they frame the context of discussions. It's a lot different to say 'we're engaging in a kinetic military action' than saying 'we're going to war'. They evoke different responses. The financial world is no different.

### **Market Mania – What's Hot and What's Not**

Effective with this issue as I'm sure you've noticed, CI has become the Centsible Investor Brief. Even though it may not be brief in length, the idea is to present the most relevant information in a timely manner. This slight change of tactic came as a result of reader feedback. I'm dedicating efforts to produce more podcasts/email updates

and am considering re-initiating my own weekly podcast show on Blog Talk Radio. I currently appear once a month with Joe Cristiano on his show and he's gracious enough to put up with my antics and rants. However, there is so much going on that I'm seriously considering doing something on my own as well as collaborating with him. Feedback on this would be much appreciated. If there is a desire for it I'll do it. If not, then I won't. You are in the driver's seat here.

I'm also ceasing the continuation of the model portfolio. Our clients have their own custom-designed portfolios based on their risk profile and what is in their best interest. Much of that effort lies in non-securities types of maneuvers depending on the client. The non-client readers aren't supposed to be using it as financial advice anyway. The goal was education, but there are better ways of accomplishing that. And to practice what I preach per se, I need to be talking more about non-traditional means of handling wealth anyway. I will still talk extensively about precious metals, debt, and those sorts of topics, but there will be less emphasis on stocks and bonds – especially sovereign bonds. I may discuss a company or two here or there. There are some compelling opportunities, but I stress that your other bases need to be covered before you think about investing in paper assets. Instead of the first place to allocate, paper assets need to be among the final resting places for your wealth.

This is because they are exposed to the most risk at this point.

This is a huge divergence from the market environment of the 1980-2000 period and I know there are lot of you that have been around investing during this whole time and you're having a hard time getting your brains wrapped around the paradigm change. This is completely normal. However, the last decade illustrates the precarious nature of a 100% paper portfolio. This summer alone has featured simultaneous precipitous drops in stocks and bonds simultaneously on two separate occasions. The US is running up against another debt ceiling / Fiscal Cliff Follies Show part Deux. However, the emphasis right now is across the Atlantic. Nobody is really paying attention to the debt limit, which strangely remains fixed about \$25 million below the limit even though the feds ran a deficit of \$164 billion last month alone. Government accounting is an amazing thing. Two years ago, the debate over the debt ceiling caused the markets to have apoplexy. Today there is nary a response. The 'important' issues are dictated to us by the talking heads on the BBN (Banker Broadcasting Networks). Think I'm kidding? Look at who the big shareholders are in the major media companies. They're banks.

The European crisis is still brewing – witness the action by Poland to 'avoid' plunging into a debt crisis. The only problem with that is it is a one-time fix.

They can only steal the money once. Then it's gone. I guess they could swipe the other half and see what happens, but then its over. The same applies here. Once the \$18 trillion in retirement assets are swiped, there's nothing else. By the time that is gone, bank deposits will be nearly non-existent as people will be almost entirely living hand to mouth. Inflation is already causing that in many cases as it is.

On the US side of the ocean, it appears as though we're at the beginning of an impulsive type of rally. The indicators I follow are

on 'buy' signals and we'll be making some moves for clients. Some of these moves have been on hold for a while now. Another thing that is likely to feed the rally, especially in the Dow 'Industrials' is that 10% of the index components are getting shuffled as of 9/23. Out are Hewlett-Packard, Bank of America, and Alcoa. In are Goldman Sachs, VISA, (Industrials??), and Nike. So the Dow Industrials is loses two companies that produce actual products and picks up one. The other two additions produce make almost nothing but trouble.

Dow components are almost always shifted when it is felt the change will have the biggest impact to the upside. Or they anticipate someone becoming a boat anchor. Maybe that doesn't bode so well for Bank of America. They get yanked before a time of year that is ripe for market blowouts? Maybe nothing, but some food for thought nonetheless. I know it'd be a summer day at the North Pole before I'd keep cash in any of these big banks; that is for sure.

**END**



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Our firm uses the Austrian Theory of the business cycle as a foundation for analysis, and the selection of assets. Recent geo-events have proven the untenability of other schools of thought, particularly the Keynesian model, which is the principal reason the globe is awash in debt. We do not espouse ANY of the tenets of debt accumulation, deficits spending, or fiscal irresponsibility associated with the Keynesian model.

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