

'West Governments Need War Because Their Debts Are No Longer Sustainable'

By Piero Messina- South-Front

Interview with Martin Armstrong

Martin Armstrong is one of the most influential economists of our times. Someone called him the "Forecaster", because that was the title of the biopic film that helped make his activities known throughout the world.

Those of Martin Armstrong are not just "predictions", as his reflections are based on the compendium of precise mathematical formulas and analytical skills. We interviewed him to try to understand the current geopolitical context. From the crisis of Western democracies to the birth of the BRICS front, to arrive at profound reflections on the risk of a military conflict on a global scale, Armstrong interprets real-time data thanks to his diachronic "vision" and a decades-long effort of research and analysis. Armstrong's work allows us to connect knowledge of the past to critical factors of the present time. For all these reasons, Armstrong's analyzes are precious for understanding the present and orienting ourselves towards a future that appears full of unknowns and pitfalls.

Fukuyama advocated the end of history. Huntington spoke of a clash of civilizations. Is it possible to imagine a third way?

Our greatest threat is centralized control; that is what doomed communism. I agree with Huntington that the clash of civilizations will be based upon cultures and religion mainly **because of centralized attempt to impose a unified culture.**

At the end of the 1980s, the reference geopolitical model was the unipolar world, based on Western primacy. What cultural, military, and economic pillars is the Washington Consensus based on? Is it true freedom?

The military in economic pillars that dominate Washington today have nothing to do with freedom. They have to do with people who were unwilling to accept the collapse of communism, **whereby the enemy was transformed by communism to ethnic racism.**

With the birth of the BRICS, is it possible to talk about a multipolar option? What are the limits that you see in this geopolitical dimension?

The birth of the BRICS was caused by these people we call the neo-cons who engaged in ethnic racism and targeted Russia by removing them from the world economy under SWIFT. This woke up many in the world, realizing that the **dollar was now being weaponized** and was no longer a

monetary instrument exclusively. Nations began to realize if they did not conform to the commands of Washington, then they too could be removed from SWIFT. **Thus they have divided the world economy bringing to an end globalization.**

Your analysis and studies seems to reveal several critical issues regarding the stability of the so-called Western system. There is a profound crisis of democratic systems, there is a lot of mistrust towards mainstream information and above all there are “agents” external to the institutions (an example above all is the activity of George Soros) who seem to influence the choices of governments in the United States and Western Europe. What could happen in the immediate future and in the coming years?

It has been **propaganda that we live under a democracy.** We live under republics in which case the people are represented **and have no right to vote on critical issues.** Republics historically are the most corrupt forms of government compared to a monarchy or dictatorship which cannot be bribed. In a republic, all representatives lacking term limits are up for sale to the highest bidder. This has resulted in the collapse of confidence in government both in Europe and the US which have fallen below 30% – the lowest since WWII. External agents such as George Soros, Bill Gates, World Economic Forum, push personal agendas which has further undermined the confidence in our systems. **It is the government that decides if we go to war or not. The people are never asked.**

Now, We invite you to make some reflections on the geo-economic dimension. The global capitalist system is based on the indebtedness of sovereign states. Is this a sustainable situation? Who will pay the bill in the end?

The sovereign debt crisis that we face has appeared often throughout history. It is unsustainable because **governments act in their own self-interest and will always expand debt to retain power.** Historically, these systems collapse when they issue new debt to pay off the old, and no one is there to buy the new debt. **Once they can no longer continue to borrow new money, then inevitably, they collapse.**

Your predictive model is based on precise calculations. The cycles of history and the economy thus seem to chase each other along the time span of history. If I'm not mistaken, you compared the current context to the crisis and dissolution of the Roman Empire. Is it correct?

History repeats because human nature never changes. The Roman Empire is but one example from history of its success and failures. It lasted longer than anyone because it did not impose cultural regulations. The Christians called them pagans because they had so many Gods. That was the product of their policy of freedom of religion. Athens had Athena, Northern Europe had Thor, so

they did not try to change the culture of the lands they conquered. They created a common market where someone in Britain could sell products to someone in Rome. **So the freedom of religion, low taxation, freedom of movement, and a common market combined to create the Pax Romana.**

Is it still possible to avoid a large-scale world conflict?

It is unlikely that we can avoid world war. **Governments need war because their debts are no longer sustainable. They will use the war as the excuse for defaults – as was the case for WWII.** They will create Bretton Woods II with the IMF digital currency as the reserve.

Pope Francis has been talking about a piecemeal Third World War for years. From your point of view, is what the Holy Father claims can be shared? What are the main weapons of this possible Third World War?

I believe we have a third world war that will begin piecemeal with the Middle East, Iran vs Israel, Europe vs Russia, north Korea vs Japan and South Korea, China vs Taiwan. But they will eventually merge together.

Have you argued that the true wealth of a state is its people? Why did we forget about all this? Above all, who is it convenient for?

The wealth of every nation is its people. That has been proven with the rise of Germany and Japan after WWII. This is the essence of Adam Smith's "Invisible Hand." But those in **government prefer Marx, for he advocates that the state has the power to manipulate the people. So, Governments have forgotten it and reject Smith because Marx provides them with more power.**

Is it correct to claim that your analysis succeed in covering the intersection of Geo-politics, Global Markets and Economic Confidence? Can you explain to us in a simple way how your Socrates predictive model works? By the way, why did you name it just like the Greek philosopher?

I named my computer model after Socrates because the oracle of Delphi had said that he was the smartest man in Greece. He tried to prove the oracle wrong and the process proved it to be correct. He was put on trial and sentenced to death because he knew too much. My computer has taught me a lot in geopolitics, we had a major bank in Lebanon in the 1980's and they asked if I could create a model on the Lebanese pound. I put the data in the computer and it came out and said their country would fall apart in 8 days. I thought something was wrong with the data. When I told the client, they asked me what currency would be best, and I said the Swiss Franc. Eight days later the civil war began. Obviously they saw the movement of money themselves and came to me for the timing. The same thing happened with a client in Saudi Arabia who was a big shipper. He called me asking me what gold would do tomorrow because Iran was going to begin attacking shipping in the gulf. So once again,

there was advanced information about war. By 1998, I understood how the computer was for-casting such events. I warned in June at our London conference that Russia was about to collapse. The London financial Times had snuck into the back of the room and reported that forecast on the front of their newspaper on June 27th 1998. Russia collapsed about 6 weeks later.

Are unpredictable events, such as the terrorist attack in Moscow, also considered among the parameters of your predictive model? A “black swan” type event can change the course of history and geopolitical relations?”

Yes, we saw the capital flows shift a day in advance, up to a week in advance in the case of the attack in Israel. The defense stocks began to rise even with 9/11 the government used our model to look at who bought puts on airlines in the days before. Someone always knows when they're going to do these types of events. And they move their money either to profit or to avoid a loss. **The computer is tracking everything. It cannot tell me which person has done it. Just that the move is about to take place.**

Addendum

100 Trillion In Debt, This Is The Chasm Of Capitalism That Is Pushing Us Towards A World Conflict

By Piero Messina

Waiting for March Madness, it is good to clarify a concept: if the United States is sailing in a sea of debt, thanks to the Federal Reserve's choice to become a continuous cycle money printing press, the rest of the planet – but above all the Western World – lives beyond his means. Only three days ago the International Organization for International Cooperation and Development (OECD) released data on the level of public and private debt on a global scale. **The overall indebtedness of the OECD member states has reached the monstrous figure of 54 trillion dollars in 2023.** To this now priceless sum must be added **another 46 billion in private indebtedness:** the world is a gigantic global default, a chasm of 100 trillion dollars. It was front page news. The mainstream media has relegated it to short economic news.

Analysts' estimates confirm that the situation will worsen. The public debt of sovereign states will break the \$56 trillion mark at the end of this year. In percentage terms – calculating the ratio between GDP and public debt – there are those who manage to do worse than the States: Japan, now a zombie state from the point of view of financial sustainability, Italy (with a ratio of 142 per cent per cent ratio between public debt and GDP) and Greece, crushed years ago by the economic rigor hawks of Brussels.

The United States remains the leader in this ranking of financial economic madness with its 34 trillion dollars of debt, growing by a trillion every hundred days. The race for sovereign debt started in 2008 to save the banking world after the collapse of Lehman Brothers and took on new momentum with the monetary policies with which the damage caused by the lockdowns was addressed. The race shows no signs of stopping.

The United States ended 2023 with a deficit of 6.3% compared to a fifty-year average of 3.7%. In 2023, unemployment was at its lowest, GDP grew, wage increases were robust and the United States experienced a season of repatriation of industrial production with few precedents. The data on public debt and the American deficit do not go unnoticed. The comment of the Chairman of the Federal Reserve, Jerome Powell, applies to everyone: **“the United States is on an unsustainable fiscal path”**. Public debt issuance “cured” the bursting of the 2008 US housing market bubble. Inflation remained low until 2021 and then exploded to levels not seen for two generations as, coincidentally, the liquidity markets and fiscal stimulus in doses never seen in peacetime.

What has happened in the last three decades is not a good indicator of what will happen in the next for one simple reason. China and, secondly, Japan were two colossal engines of deflation that counterbalanced the effects of American and, in a broader sense, Western money printing. Today, trade with China is being affected by geopolitics and the restructuring of supply chains while **even Japan is preparing to see wage increases to the point that to try to make ends meet it decides to double the number of foreigners eligible for skilled worker visas.**

Who will foot the bill for this public debt?

In Washington they have no doubt. Mr. Smith and Mrs. will pay the bill. Today the US economic and financial world is hoping for a crisis (perhaps caused by yet another proxy war) because by depressing consumption and prices it's possible to crush inflation, justify the end of interest rate increases or their reduction and keep public debts afloat.

In geopolitics and economics **coincidences do not exist**. Thus, after the stop to the FBTP bank rescue program, the annual trend data for US inflation for the month of February will be released next Tuesday.

In the present intervention, a rate of 3.1% is estimated with a minimum interval of 3%; all this is due to the average price of WTI oil per barrel remaining in a range between 73 and 78 dollars, which is considered by the undersigned to be the main factor in raising the general price level, given its influence on every production and commercial sector; followed by the many disruptions to the logistics chains due to the breakdown of the product chains of global supplies of goods and finally the continued persistence of large deficits in the federal deficit; all this set of factors has as its only operational counterpart the level of Federal funds rates at 5.25-5.5%.

Public debt is a central topic in the electoral campaign which will lead to the election of the new American president on November 5th. In August, meanwhile, Fitch Ratings downgraded the country's credit rating from "AAA" to "AA+", due to "the constant deterioration of governance standards, including in tax and debt matters".

According to the Congressional Budget Office's thirty-year estimate, public debt will be equal to a record 181% of GDP by 2053. Is the US economy at risk?

No, at least as long as investors are willing to lend money to the federal government and the economy continues to grow at a rapid pace the effects of the increase in debt will not have repercussions. But whose debt is that?

Today, approximately 80% of US debt is held by public investors, and 30% is in the hands of international organizations. Japan and China are the largest foreign holders of US debt, with \$1,100 billion and more than \$800 billion respectively.

Within the United States, debt has become a focal point of political debate. Republicans accuse Democrats of increasing the debt with excessive government spending plans, while Democrats argue that tax cuts under the administrations of George W. Bush and Donald Trump contributed significantly to the debt. Joe Biden has proposed plans to reduce future deficits by eliminating waste and imposing taxes on large corporations and high incomes.