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Forecasting the Economic-Geopolitical Future Around the World

President Donald J. Trump
White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

March 24, 2020

Dear Mr. President,

I am writing to you because all the advice being given comes from academics who have no actual experience. I was the largest institutional adviser in the world and when I testified before Congress, I had the equivalent of 50% of the US national debt among my clients upon which I advised. I had to deal with the real world and what made capital move around the globe - not theory.

During the nineties, I worked as a liaison between two Republicans from Texas over tax reform: Chairman of the House Committee of Ways & Means Bill Archer and House Majority Leader Dick Armey. The debate was between abandoning the income tax and moving to a retail sales tax. Dick Armey clearly stated that he would not support the retail sales tax unless there was a Constitutional amendment to repeal the income tax. He reasoned that when the Democrats came back to power, we would then have both.

As a financial analyst/adviser and trader with a proven track record, I have been called in by former presidents, world leaders, and central banks around the world during crises since 1985. I was summoned for help during the 1987 Crash. I was perhaps the first American analyst to be invited by the central bank of China and flew to Beijing during the 1997 Asian Currency Crisis. I have testified before the House Committee of Ways & Means. Major political leaders have been guest speakers at my company's World Economic Conferences, not merely Margaret Thatcher, but your friend Nigel Farage spoke at our Rome Conference in May 2019. Based on five decades of experience in the

field of economics, I would like to share with you a new solution that could restore confidence in the American economy.

Under the income tax, we borrow from poor and working-class citizens who do not receive interest on the tax refunds they receive. The IRS charges outrageous interest rates on late payments as well. There are many claims that the "rich" should be targeted through taxes, yet nobody looks at the fact that the income tax oppresses the middle class and Social Security prevents many of them from investing for their future.

Additionally, the "rich" make money from investments, not wages. Yet, we oppress the people by confiscating their income under Social Security and then prohibit them from investing in the economy. Lowering interest rates to "stimulate" the economy is a method that has never worked, not even once, except in the minds of academics. Therefore, we undermine the ability of the average American to benefit from economic growth through investments. The value of a currency has never been its gold backing, but the total productive capacity of its people. China, Japan, and Germany rose without gold where if it was only gold then Russia should have boomed. This is just another market myth along with lower interest rates will prevent a recession.

The Democrats are trying to use the current crisis to create same-day voting registration, which would leave no time to verify identities or prevent them from handing out IDs to illegal aliens. The Democrats want to eliminate paper money and digitize the currency so that they can tax and seize capital at will. It is time to address the desperately needed reform in Social Security, which the average person pays more into than income taxes.

I also advised on reforming Social Security in the nineties and developed a method to convert Social Security to a wealth fund. This would allow those funds to be invested in the economy rather than simply restricted to government bonds. Since the Social Security fund only invests in government bonds, the average person is denied the ability to invest in their own country. Lowering interest rates has set in motion a massive pension crisis that will begin to become apparent in short order. The Social Security fund will also go insolvent.

Now is the time to convert the fund to a national wealth fund and allow the average person to benefit the same way as the "rich" who make their money through investment. Allow fund managers to manage a portion of the fund. To qualify, they must produce a track record to demonstrate that they understand the business cycle and can weather the storm, such as what has just taken place. The buy and hold strategy is for fools.

We should never allocate more than 10% to a single fund manager. Fund management will decline as funds increase because a manager cannot execute the same strategy that is successful at \$100 million compared to \$1 billion.

Converting Social Security to a wealth fund immediately will restore confidence in the economy and demonstrate that you are not a traditional career politician who only listens to the consensus of academics who have never managed money. The people providing advice fail to understand that markets crash when confidence is lost and they move into a no-bid environment.

However, you should also merge the Commodity Futures Trading Commission and the Securities Exchange Commission. Hedge funds were forced off shore because a domestic fund must be segregated forcing the average person to decide if he should be in bonds, stocks, commodities, or cash. All other nations have a single regulatory body not two that conflict. If you obey the rules under the CFTC you go to jail under the SEC. We need a single regulation for investment and then the hedge funds can return onshore.

The current financial crisis has been orchestrated by the absurdity of those in the medical field who only see this from their perspective. Yes, it is true that if we are all quarantined every winter that we would beat the flu and common cold. However, civilization is created by people coming together and forming a synergy where the sum is greater than the parts.

Communism failed because it broke the bonds of civilization and made every individual suspicious about their neighbors and the government. I went behind the Berlin Wall before it fell. I saw how it functioned with my own eyes, and not from academic theories.

The veil of civilization is extremely thin and has historically come undone in less than 30 days. Using current methods, the only way to prevent civil unrest is to turn the country into a police state and that leads to what we saw under communism. Our fragile democracy and civilization itself rest in your hands. It will take someone with great courage to defend these principles if we are to survive as a civilization, society, and nation.

Sincerely,

Martin Armstrong

CC/**Tomas Philipson** Chief Economic Advisor
CC/**Steven Mnuchin** Secretary of the Treasury
CC/**Jerome Powell** Chairman Federal Reserve
CC/**Mitch McConnell** Senator
CC/**Kevin McCarthy, Steve Scalise** House of Representatives