

# Armstrong Economics

ArmstrongEconomics.COM

MartinArmstrong.ORG

阿姆斯特朗

Two Penn Center - 1500 JFK Blvd - Suite 200 - Philadelphia, Pa 19102

ArmstrongEconomics@HotMail.COM

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## What's Going On Now

### GREECE – THE PRELUDE TO THE FALL



**HILE** Greece has been criticized for just about everything, especially about going on a debt binge, to be fair, that is the kettle calling the pot black. Let's be honest. ALL Western governments have been doing the same thing. Greece is merely the **PRELUDE** to the Decline & Fall of Western Society. This is always about politicians and their inability to manage anything whatsoever. It always comes down to their personal self-interests and until we reform our political systems **BARRING** reelection of **ALL** politicians to prevent a political class from rising, then politicians will always say: "**Vote for me and you will get**" xyz. Let's face reality. Every country borrows perpetually with NO intent of ever paying their debts be it Germany or the United States. Greece has also exposed the stupidity of politicians who designed the euro in a half-ass manner not establishing a single national debt for fear they would be unable to sell the idea back in 1998. That brain-dead decision has further shown that an economically weak country has been able to expose the structural fragility of the entire design of the Eurozone.



Of course the guardians of European monetary union have refused to discuss in public the possibility of any member state abandoning the euro. This would merely highlight how the politicians did not know what the hell they were doing from the outset. Without **TERM LIMITS**, politicians are incapable of making economic judgments. The truth now dawns with each new day that Greece and other weak euro zone economies gave up their economic sovereignty to join the euro. That price for remaining bound to the single currency is being exposed as economic hardship and sacrifice that threaten civil war. The fools that buy sovereign debt get what they deserve – **UNSECURED** instruments that are worthless in time of

crisis. There is a growing number of legal and financial experts behind the curtain that are discussing what would happen if Greece abandoned the euro.



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I have warned that it is political uncertainty that drives capital underground. Much of the Monetary History of the world we were able to reconstruct because people withdrew their money from banks and buried it. Over the last year, Greeks have been doing the same thing because human nature never changes. They have withdrawn almost 40 billion euros (\$53 billion) in

deposits from their banking system. This is equal to about 17 percent of the nation's gross domestic product. A staggering total of 14 billion euros in deposits was withdrawn in September and October alone.

Quite frankly, Greece should simply default 100% and call it a day. They should reintroduce the drachma. If Greece tried to honor its debts, it couldn't. If it converted its debt to a new drachma, there would be at least a 60% devaluation and still they would struggle to meet that. There are some that would fear a coming hyperinflation. That would be possible by trying to honor the past debts and the Greeks are withdrawing their cash from banks accelerating the economic implosion. There is a greater risk of a military coup or a civil war. At some point, the choice will have to be made – saving society or honoring the debt. This is the **PRELUDE** to the Decline and Fall of **ALL** Western Nations. You cannot borrow perpetually with no intent of ever paying anything off. It just does not work. Until we get political reform and eliminate this professional political class whose self-interest will always be against that of the people, there is little hope on the horizon. This is one primary reason why we are on the edge of a major bull market in equities – the alternative to burying your cash in pots and jars.

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