

Myrmikan Research

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The Fourth Revolution

*Friends, Romans, countrymen, lend me your ears;
I come to bury Caesar, not to praise him.
The evil that men do lives after them;
The good is oft interred with their bones;
So let it be with Caesar. The noble Brutus
Hath told you Caesar was ambitious:
If it were so, it was a grievous fault,
And grievously hath Caesar answer'd it.
Here, under leave of Brutus and the rest—
For Brutus is an honourable man;
So are they all, all honourable men—
Come I to speak in Caesar's funeral.
He was my friend, faithful and just to me:
But Brutus says he was ambitious;
And Brutus is an honourable man.
He hath brought many captives home to Rome
Whose ransoms did the general coffers fill:
Did this in Caesar seem ambitious?
When that the poor have cried, Caesar hath wept:
Ambition should be made of sterner stuff:
Yet Brutus says he was ambitious;
And Brutus is an honourable man.
You all did see that on the Lupercal
I thrice presented him a kingly crown,
Which he did thrice refuse: was this ambition?
Yet Brutus says he was ambitious;
And, sure, he is an honourable man.
I speak not to disprove what Brutus spoke,
But here I am to speak what I do know.
You all did love him once, not without cause:
What cause withholds you then, to mourn for him?
O judgment! thou art fled to brutish beasts,
And men have lost their reason. Bear with me;
My heart is in the coffin there with Caesar,
And I must pause till it come back to me.*

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With these words, Shakespeare has Marc Antony turn the people to an opinion opposite to that which they had held with fervor just moments before. Brutus, one will recall, had just convinced the crowd that his execution of Caesar was patriotic:

*Not that I loved Caesar less, but that I loved
Rome more. Had you rather Caesar were living and
die all slaves, than that Caesar were dead, to live
all free men?"*

First Citizen: *Bring him with triumph home unto his house.*

Second Citizen: *Give him a statue with his ancestors.*

Third Citizen: *Let him be Caesar.*

Fourth Citizen: *Caesar's better parts*

Shall be crown'd in Brutus.

But after Antony's speech the mob turns on Brutus:

First Citizen: *O piteous spectacle!*

Second Citizen: *O noble Caesar!*

Third Citizen: *O woful day!*

Fourth Citizen: *O traitors, villains!*

First Citizen: *O most bloody sight!*

Second Citizen: *We will be revenged.*

All: *Revenge! About! Seek! Burn! Fire! Kill! Slay!*

Let not a traitor live!

We study the Western canon not because of tribal identity, out of sheer racial animity—as Marxists (known colloquially as “progressives”) charge—but because it conveys the human condition so artfully and completely and deeply. In these particular lines, Shakespeare captures the essence of mob rule, of pure democracy.

History is clear that pure democracy by its nature means rule by various demagogues, those who best appeal to the base desires and prejudices of the mob at any given moment. Rhetoric and sophism replace rationality.

In an early historical example, from Thucydides, the demagogue Cleon convinces the Athenian democratic assembly to order the execution of all the men of Mytilene for their revolt against Athenian tyranny. A ship is dispatched with the order, but the following day Diodotus convinces the Athenians to change their minds and spare the commoners, executing only the leaders already held captive in Athens. How can a state be so run, with basic policy shifting from one hour to the next, from heralding Brutus to condemning him? “Democracy is the theory that the common people know what they want, and deserve to get it good and hard,” quipped H.L. Mencken.

And even if democracy finds fertile soil in a small polity of educated, god-fearing citizens, Aristotle described how it collapses:

Demagogues expand its citizen body by allowing in those of illegitimate birth or born to only one citizen parent. If the rabble grow too numerous, they create disorder and can provoke the notable members of the population to resistance against the democracy....

A struggle then begins, as Aristotle instructs us, between propertied and the destitute, the “haves” and “have-nots” in modern Marxist language:

The main cause of the overthrow of democracies is the outrageous behavior of demagogues.... To win popular support, demagogues propose unjust treatment for the notables and thus force them to band together, by making them give up their property for redivision, or by having them expend their resources on public service, or by slandering them to force confiscations of their property.

Who studies Aristotle today? How many are aware that the two most pressing political issues of our day—immigration and progressive taxation—were analyzed in detail thousands of years ago and have played out in various guises thousands of times since?

The founders of this great country studied history and knew. They were careful to avoid creating a democracy: the United States is a republic, designed specifically to resist the amalgamation of power in a single faction. As James Madison wrote in Federalist N° 10:

A pure democracy, by which I mean a society consisting of a small number of citizens, who assemble and administer the government in person, can admit of no cure for the mischiefs of faction. A common passion or interest will, in almost every case, be felt by a majority of the whole; a communication and concert result from the form of government itself; and there is nothing to check the inducements to sacrifice the weaker party or an obnoxious individual. Hence it is that such democracies have ever been spectacles of turbulence and contention; have ever been found incompatible with personal security or the rights of property; and have in general been as short in their lives as they have been violent in their deaths.... A republic, by which I mean a government in which the scheme of representation takes place, opens a different prospect, and promises the cure for which we are seeking.

The very purpose of the U.S. Constitution, balancing power among populism in the House, aristocracy in the Senate, and monarchy in the presidency, was to temper the caprice of the rabble, the rapacity of oligarchy, and the malice of dictatorship. The Supreme Court and states’ rights were further guards against power concentrating in any one faction.

America owes its wealth and power to this grand political design. Yes, it has great natural wealth. So do Russia, Venezuela, Saudi Arabia, and Argentina. The reason these countries remain poor is because one faction lays hold of that wealth and uses it to buttress its own power. Switzerland, as a counter-example, has almost no natural resources but shares with the United States a republican form of government and has the second-highest GDP per capita.

The U.S. may still be a republic in form, but form is not always function. As Aristotle further instructed:

For the people do not easily change, but love their own ancient customs; and it is by small degrees only that one thing takes the place of another, so that the ancient laws will remain, while the power will be in the hands of those who have brought about revolution in the state.

The Tenth Amendment, for example, reads: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.” The meaning is clear: any power not listed in Section 8: Powers of Congress is beyond federal authority.

The text of the Tenth Amendment was never repealed, but the Congress and the courts slowly turned it into a tautology: beyond the powers actually delegated to Congress in the Constitution, if the courts invent a new extra-constitutional “implied power” *de novo* (the power to enforce a new federal health care mandate, for example), then *ipso facto* the power is delegated, so the Tenth Amendment does not apply; and if the courts decide Congress does not have a power, then the Tenth Amendment is unnecessary. The ancient law of the Constitution remains, while the courts do the delegating, and the power is in the hands of the federal state.

Once the fetters of the Constitution began to loosen, the Supreme Court became a political not judicial body. Franklin Roosevelt was not the first president to politicize the court, but his long tenure allowed him to appoint all nine justices, who dismantled the basic constitutional safeguards individuals had enjoyed against state power. As Roosevelt’s attorney general and later his Supreme Court appointee Robert Jackson boasted:

The National Government has won its long fight to free itself from unwarranted limitations which gave an unwholesome dominance to the vested private interest as against the public welfare.... Once a decision is democratically arrived at, I see no reason why it would not be consistent with democracy to provide means to execute that decision with as much expedition and efficiency as the decision of a dictator.

Dominance by Democrats in the 1960s then brought us the Great Society, with judicial tyranny expressed in activist court rulings such as *Green v. New Kent County*, which required states to bus young students to far-away schools in the name of racial integration.

Democrats later pulled the veil off the true purpose of the court with the political lynching of Supreme Court nominee Robert Bork in 1987. Theretofore, the Senate had consented to nominees based on their moral character and intellectual ability, the politics of the court being shaped by the vicissitudes of who held the presidency (and occasionally the Senate) when a vacancy appeared. Ted Kennedy led a vicious slander campaign against Bork, whom all sides acknowledged was one of the finest legal minds of his day (indeed, this was why the Left so feared him), and the Senate-majority Democrats forced Reagan into appointing the moderate/left Anthony Kennedy in his place.

The Bork episode established the precedent that the Senate would constrain the politics of court appointees. And, since a filibuster could be maintained with only forty-one senators, even the minority party had the power to demand ideological concessions—perhaps not a bad thing if exercised equally by both parties, though the new principle operated in practice to prevent the roll-back of the judicial tyranny imposed under Roosevelt and Johnson.

In November 2013, however, under the Obama presidency, Senate Democrats abolished the filibuster for executive branch nominations and for all federal judicial appointments except the Supreme Court. Senate Republican responded with

abolishing the filibuster for Supreme Court nominations in 2017. A political party that controlled both the Senate and the presidency gained the power to cram down any judicial or executive nominee they chose, leading to more extreme appointments.

The death of Ruth Bader Ginsburg opens the next chapter in the concentration of federal power. Democrats know they cannot stop Trump's nominee—because of the principles they themselves established—so instead they are attacking her legitimacy along with that of Neil Gorsuch (who joined the court only because Republicans controlled the Senate in the waning days of the Obama administration). The theater surrounding Kavanaugh's appointment similarly was designed to cast doubt on his legitimacy to serve.

The object, as Kamala Harris revealed in her debate against Mike Pence, is to alter the definition of the phrase “pack the court”:

I've witnessed the appointments for lifetime appointments to the federal courts, district courts, courts of appeal, people who are purely ideological, people who have been reviewed by legal professional organizations and found who have been not competent are substandard. And do you know that of the fifty people who President Trump appointed to the court of appeals for lifetime appointments, not one is black? This is what they've been doing. You want to talk about packing a court? Let's have that discussion.

What “packing the court” really means, as Harris well knows, is for the Senate to expand the number of Supreme Court justices on partisan grounds with the sole purpose of shifting the Supreme Court's ideology. The Democrats have attacked the legitimacy of Republican appointees to set up the sophism that court packing has an expansive definition. When Chris Wallace asked Biden if he planned to pack the Supreme Court in the Trump Biden debate, Biden dared not answer the question:

BIDEN: Whatever position I take on that, that'll become the issue—the issue is, the American people should speak. You should go out and vote. We're in voting now, vote and let your senators know how strongly you feel. Vote now, in fact let people know it is your senators. I'm not going to answer the question.

TRUMP: Why won't you answer the question—radical left—well, listen.

BIDEN: Would you shut up, man.

Now Biden has picked up the new sophism on various campaign stops: “Look, the only court-packing is going on right now. It's going on with the Republicans packing the court now. It's not constitutional what they're doing.” Truth is irrelevant for demagogues: rhetoric is all that matters.

Under current Senate rules, any effort to expand the number of justices on the Supreme Court would be stymied by the filibuster. But, as former-president Obama recently charged, the filibuster is racist (because Southern Democrats used the maneuver from the 1880s through the 1960s to block civil rights legislation).

The Supreme Court is not the only reason why Democrats want to abolish the filibuster. The party plans to make Washington D.C. and Puerto Rico the fifty-first and fifty-second states, making it virtually impossible for Republicans to regain control

of the Senate. “And if all this takes eliminating the filibuster,” Mr. Obama told his audience, “then that’s what we should do.”

Imagine the scene in 2022: Pelosi controls the House. Schumer and Warren run the Senate, buttressed by four new left-wing senators from the two new states, and Republicans have no influence. A senile Biden does what he’s told (or, worse, a President Harris tilts the government even further to the left). The Supreme Court has four new justices (perhaps one of which is Obama) that vote as a block with Breyer, Kagan, Sotomayor and approve Democrats’ laws, no matter how radical.

Let us peruse through the Democratic Party Platform to see what goodies the party has promised its members. Under Obama, healthcare was a “human right.” Now “housing is a right and not a privilege.” They’ve moved from Obama-phones (Obama gave indigents free smart-phones) to Biden-houses to “address long-standing economic and racial inequities in our housing markets”: whites need not apply. And this new “right” could be enshrined in the Constitution, given the right justices, mandating state action the way the court mandated young children be bussed to distant schools.

They want to “restore workers’ rights to organize, join a union, and collectively bargain” and will impose “criminal penalties for intentional obstruction” of organized labor, thereby forcing the economies of the rust belt onto the Southern states: “We will repeal so-called ‘right to work’ laws.” They will also “raise the minimum wage to \$15 an hour and guarantee equal pay for women” even though basic economic theory (and evidence) demonstrates that doing so raises unemployment, especially black unemployment.

There will also be “a new social and economic contract that at last grapples honestly with America’s long and ongoing history of racism,” which could mean more welfare (incentives not to work), more discrimination against those of European ancestry, and promotion of “LGBTQ+ people, especially transgender women of color.” There is no mention of reparations for slavery in the platform, but since Warren and Schumer support the idea (and Pelosi and Biden have said they are open to it), reparations will be on the table.

Democrats will also use immigration to increase their voter rolls: “Democrats believe that our fight to end systemic and structural racism in our country extends to our immigration system ... [and] will immediately halt enforcement of and rescind the Trump Administration’s un-American immigrant wealth test,” in other words, increase the rabble (as Aristotle called it) that is antithetical to Western civilization.

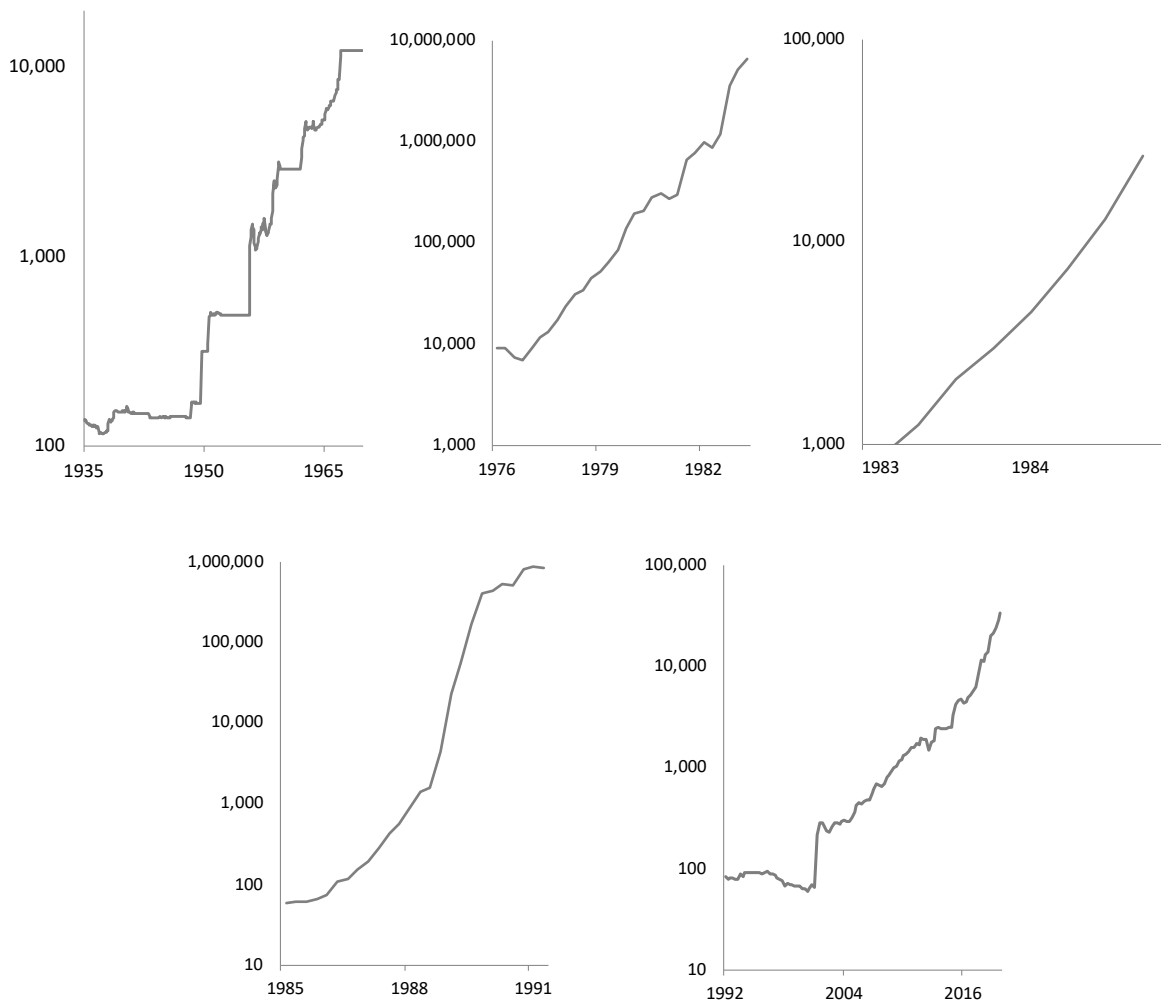
Other promises include paid family leave, free universal pre-kindergarten, free university (including free childcare for parent-students), free trade schools (even for illegal immigrants), student-loan forgiveness, subsidized high-speed rail, half a million electric car charging stations, the elimination of “carbon pollution from power plants by 2035”, “net-zero greenhouse gas emissions for all new buildings by 2030,” etc., etc.

Normally a party platform wish-list is just that. The political necessity to negotiate with opposing factions and limits imposed by the courts dilute the quantity and virulence of radical ideas. This sclerosis by design is precisely that which allows a nation to become great.

But Senator Sanders says he will “not wait for sixty votes” to pass “Medicare for All.” Elizabeth Warren charges: “unless we’re willing to address that head-on and roll back the filibuster, we’re not going to get anything done on guns,” or on free this and that, or on statehood for D.C., or wealth taxes, or open borders, or forcing normal people to serve and hire and lodge and go to the bathroom with especially transgender women. And after the Supreme Court has been ideologically cleansed, the constitutionality of the proposals becomes irrelevant. As Pelosi responded to a reporter who asked her what clause in the Constitution authorized Obamacare: “Are you serious? Are you serious?”

Investors should understand that if the Democrats capture the presidency and the Senate (the two likely go together), that one faction will have complete power, exactly what the Constitution was designed to prevent. There will be no limits on the radical left agenda. The U.S. government will no longer resemble that of Switzerland, but will mirror instead another formerly-healthy republic: Argentina. And why, under what principles, should America’s fate then diverge from what has happened to Argentina since it embraced Peronist populism?

ARGENTINA: GOLD PRICE IN LOCAL CURRENCY TERMS (LOG SCALE)



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Left-wing populism means money-printing to fund largess for the rabble. As the satirist Juvenal wrote nearly two thousand years ago: “Give them bread and circuses and they will never revolt.” The rich figure out how to preserve their capital, so it is the middle class that always pays the bills (and disappears).

When Obama became president, he passed a \$700 billion “stimulus” that was mostly payoffs to the left-wing groups that had supported him, much like the Roman emperors used to pay off the Praetorian Guard. Biden-Harris is promising a \$7 trillion spending program, not including trillions in more stimulus (which will include bailouts of urban centers turned into war zones by Democrat mayors and governors) or reparations.

Wall Street banks are giddy with the prospect: all that money flowing will juice the economy and rise stock prices even higher, so they tell their clients.

Unlike Republicans, however, Democrats prefer to fund their mad spending partially with taxes. Biden’s platform proposes increasing income taxes, corporate taxes, and taxes on capital. The more radical Democrats also want a wealth tax, which, though plainly unconstitutional, will be approved by a packed court. Federal, states, and local taxes are already so high, however, that higher taxes may not increase revenue much.

And then there is the cost of regulation, of shutting down oil production, of forcing business to transfer money to favored groups in the name of “anti-racism,” of forcing investment in non-economic environmental projects, of organized labor.

In short, the economy must suffer (as it did under the New Deal), and the deficit will explode further. The Federal Reserve will be forced either to monetize the spendings or watch as soaring interest rates cause the financial system to implode along with the state’s ability to finance itself. The credit bubble that has been growing since 1971 (or 1933, depending on how you count), will crash onto the rocks of progressive politics.

Nor will there be any possibility for the country to turn back to the right as occurred in the 1980s. Permanent control of the Senate by Democrats would mean that the court cannot be unpacked or repacked by Republicans, even if demographics and voting “reforms” were to allow a Republican to become president.

The left-wing conquest of America has been long in the making. European socialist ideas first came to this country during World War I and achieved political preeminence during the New Deal. As Garet Garrett wrote about Roosevelt’s administration: “Every miracle it passed, whether it went right or wrong, had one result. Executive power over the social and economic life of the nation was increased. Draw a curve to represent the rise of executive power and look there for the mistakes. You will not find them. The curve is consistent.” The curve has been consistent ever since and now nears its apex.

Big business has thrived during this period, needless to say. The bigger the firm, the more it can lobby for special favors and market protections from a government tightening its grip on the economy. And, now, only the largest companies get to have their debt purchased by the Federal Reserve. In was the same, incidentally, in Nazi Germany. As Ferguson and Voth wrote in their article “Betting on Hitler,” the larger companies that were the closest to government had the best stock performance.

Investors should realize that the relentless rise of the S&P 500, the largest companies, is a political not economic phenomenon.

As detailed in these pages over the past decade, credit bubbles can exist only in the presence of legal tender laws, which insulate banking systems from free markets. They are political in their essence. Their demise comes when the misallocation of capital creates so much overcapacity and wealth disparity that cashflows collapse along with the banking system. Central banks then print money to prop up the banks, and those who control the great financial and corporate structures become wholly dependent upon the state. No group advocating smaller government and devolution of power can get funded or even a hearing.

But, as Ludwig von Mises taught, credit bubbles must end, either “sooner as the result of a voluntary abandonment of further credit expansion, or later as a final and total catastrophe of the currency system involved” no matter how powerful the state. The recent performance of gold and silver in the face of the \$7 trillion-and-counting Wuhan virus stimulus and bailouts suggests we may near the breaking point for the currency. By the time Democrats get around to spending another \$7+ trillion, it might not buy very much. Then the choice will become voluntary abandonment of state power or hard fascism.

There is another current in American history that may also thwart progressive plans and forestall the hard fascism phase, brought again to the surface ironically by Democrats. First some background: The Tariff Acts of 1828 and 1832 (which protected Northern manufacturing at the expense of Southern planters) so enraged South Carolina that the state passed a law nullifying the federal law, claiming the acts were “unauthorized by the constitution of the United States, and violate the true meaning and intent thereof and are null, void, and no law, nor binding upon this State, its officers or citizens.” Northern states later used the Nullification Doctrine to dispute federal fugitive slave laws. The Civil War concluded the issue definitively: federal power is preeminent.

Or it was until Trump began enforcing immigration laws. Various left-wing states and cities instituted policies to hinder enforcement of federal law, calling themselves “sanctuary cities.” Somewhat different from nullification, sanctuary jurisdictions did not purport to strike down federal law, instead they created policies to make it unenforceable, which is effectively the same thing.

If the left-wing can nullify federal law, so can the right-wing. In the state of Virginia, for example, eight-seven out of ninety-five counties and eleven of thirty-eight cities have adopted Second Amendment sanctuary resolutions to ignore federal gun control policies. Large parts of Colorado, New Mexico, Kansas, Idaho and other states have joined the movement. There are also sanctuary cities for the unborn, that effectively nullify federal and state abortion laws.

A capture of the entire federal government by Democrats, an overreach on left-wing policy, and the loss of legitimacy that packing the court would entail can only accelerate these trends toward nullification and the unraveling of federal power itself.

Such a check on federal power is, in fact, part of the original, brilliant design:

I yet believe that the maintenance of the rights and authority reserved to the states and to the people [is] not only essential to the adjustment

and balance of the general system, but the safeguard to the continuance of a free government. I consider it as the chief source of stability to our political system, whereas the consolidation of the states into one vast republic, sure to be aggressive abroad and despotic at home, will be the certain precursor of that ruin which has overwhelmed all those that have preceded it. I need not refer one so well acquainted as you are with American history, to the State papers of Washington and Jefferson, the representatives of the federal and democratic parties, denouncing consolidation and centralization of power, as tending to the subversion of State Governments, and to despotism.

So wrote a prophetic Robert E. Lee to Lord Acton a year and a half after surrendering to the Union Army at Appomattox. Unlike in Lee's day, it is not so much the states versus the federal government, it is counties versus the state capitals plus the feds—rural versus urban, republican values versus demagogic imperialism.

We have already witnessed what violence erupts when the Left unleashes its urban populations: *Revenge! About! Seek! Burn! Fire! Kill! Slay!* If the scenario described above comes to pass, we may get to see what happens when the rural population revolts under the banner of the Tenth Amendment.

We may not have to wait long. Back in July, *Arkansas Democrat Gazette* reported: "Hundreds of armed, predominantly Black, activists arrived Saturday in Breonna Taylor's Kentucky hometown to protest over her death in a police shooting, drawing a counterprotest from a white militia group." Note that the paper describes the whites as a "militia group," and the blacks as "activists," even though their leader proclaimed: "We are a Black militia. We aren't protesters, we aren't demonstrators." Images showed two heavily armed paramilitary groups (with vastly more firepower than had the police separating them) in a scene that looked like somewhere in Africa or the Caucasus, not America.

Right now, violence is still constrained to kooks. But support for violence is spreading. According to a recent poll, "among Americans who identify as Democrat or Republican, 1 in 3 now believe that violence could be justified to advance their parties' political goals—a substantial increase over the last three years."

This is where left-wing politics is leading us. It is a fourth revolution. The first in 1776 adopted liberty through distributed sovereignty as its goal. The second, in 1861, overturned the first to pursue economic centralization and national power. The third, from the 1930s to the 1960s, was about political centralization, secularizing and subsuming the individual into the state. The fourth, being waged now, is the battle between (the remnants of) Western civilization and multicultural Marxism. The 2020 election, if the Democrats sweep, will be no less disruptive than that of 1860.

Biden may not win, despite what the polls say. Trump's polling numbers closely match where he was at this point in the 2016 election. Even if Biden wins, the Democrats may not take the Senate, and the constitutional separation of powers would stagger on.

To the extent that gold already has a Democrat-putsch premium, a surprise Trump victory could result in a repeat of the 2016 election, after which (contrary to expectations) gold plunged. But what investor, examining the brewing conflict, should want his wealth tied to the dollar, dependent upon the political power of the federal government continuing to increase? And even if Trump prevails (or the Republicans

hold the Senate), and the Argentina outcome is at least deferred, Trump has his own populist streak: he likes high tariffs, cutting taxes, increasing spending, and a central bank that prints to fund internal improvements and a rising stock market. This is the original “American System” proposed by Henry Clay in 1819, implemented most notably by Lincoln, Hoover, and Nixon.

The precious metals offer safe haven from the approaching political and economic turbulence. After a relatively brief correction, gold and silver have resumed their climb. Between Republican tax cuts and spending and Democrat-Marxism, plus stimulus by both parties, it is not easy to see how the authorities will be able to maintain confidence in the dollar.

If the market demands that the dollar be backed one-third by gold (as was the reserve currency from the 1690s through the 1980s), gold would need to trade at \$8,927/oz. In order make the gold hoard of the Federal Reserve back its liabilities by two-thirds, more appropriate for a crisis, gold would have to trade at double that price, or \$17,854/oz. As the Federal Reserve’s balance sheet increases, these numbers will also increase. Given the economic and political risks, \$1,900/oz is a bargain.



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