GOLD — 1-YEAR CHART

$GOLD Gold - Continuous Contract (EOD) CME
30-Nov-2016
Open 1190.70 High 1196.80 Low 1171.30 Close 1173.90 Volume 223.6K Chg -16.90 (-1.42%) ▼

US Money Supply (Narrow); Austrian Measure

US Money Supply (Broad); Austrian Measure
THE SHADOW (US) GOLD PRICE INDICATOR
2002-2015 (arithmetic scale)

Values in shaded column are from the date of the gold price low here

1959-2016 (log scale)
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A Letter from the Editors

In this issue, Jeff focuses on Donald Trump and concludes once more that the rhetoric far outstrips reality. The bottom line here is that Trump is being called a “populist” and even a racist when his behavior for the most part is similar to others of his social class and status.

This is certainly true within the context of the choices he is making for his administration. Given his rhetoric one would think he would choose outsiders who’d never lived or worked in Washington. Instead, as of this writing, he is still considering Mitt Romney for Secretary of State.

Romney is nothing if not an insider and other high level potential staffers come with similar pedigrees. They’ve been around Washington for years and decades. Trump is not draining the swamp so much as fishing in it.

The larger point Jeff is making here is that it begins to look more and more as if Trump was “selected” as much as he was “elected. There is no evidence of this of course, nor would you expect it. But the whole “populist” labeling that started long before Trump was elected (in the summer) seems more like a propaganda campaign than hard-hitting analysis.

The idea Jeff comes up with here is that globalism was running down around the world. The internet had exposed the entirety of the modern system from central banking to politics to military confrontations. People needed a break, perhaps, and now they’ve gotten one.

The point here is that Trump’s presidential term can be timed to absorb economic shocks while presented as “populist” within a larger frame of reference. As globalism begins to look better and better once again, those behind these manipulations will have their way. Trump will be seen as a hiatus from ongoing internationalism.

Trump, of course, was not the only leader in the news this week. Fidel Castro finally died at 90, leaving in his wake predictable controversy. Redmond relates that some of that controversy in his Memory Hole.

On a more pleasant note, Senior Analyst Ed Bugos has been named Vice President of Corporate Finance for Cascadero Copper Corp (CCD:TSXV). Ed may now be a senior staffer with a copper company but that hasn’t diminished his enthusiasm for gold and silver, even within the context of what some would claim is a bear market. See his usual timely analysis below - and pay special attention to how Trump is integrated.

Donald Trump runs a far-flung resort and golf-course empire, and if he sees a copy of this newsletter, he might want to read our Bali, Indonesia interview. It’s a wonderful snapshot of a far-off place with gorgeous scenery and temperate, pleasant weather year round. As winter stretches ahead in the Northern hemisphere, you might want to consider heading in that direction.

To your liberty!
Uh-oh. The world’s prettiest leader has made his first of what will prove to be many, many high profile mistakes and his smile and hair might not be enough to exonerate him.

A year and a Trump ago, Canada elected Justin Trudeau as their Prime Minister. The boxer, model, elitist, privileged, leftist, pretty boy, son of the Great White North’s most over-celebrated icon, Prime Minister Pierre Elliott Trudeau, has always seemed to us as a neutered wolf in sheep’s clothing. Elected as a country begged for change and treading on his surname, Trudeau quickly garnered the praise of his people and peers for his nouveau politics and inescapable charm.

And then came his love letter to a brutal dictator.

When Cuba’s Fidel Castro—a good friend of Trudeau Senior—passed away last week, young Justin offered a predictably obtuse statement on the communist leader. In this moment he was truly his father’s son:

> It is with deep sorrow that I learned today of the death of Cuba’s longest serving President...Fidel Castro was a larger than life leader who served his people for almost half a century. A legendary revolutionary and orator, Mr. Castro made significant improvements to the education and healthcare of his island nation.

The closest he got to condemnation was calling Castro “controversial.” And it’s laughable that he referred to “el presidente” as Cuba’s “longest serving President” as if voting was a regular part of their history. Trudeau’s ridiculous praising of Castro is a symptom of his elitist detachment from reality, a kind of tone deaf elitism not long for the world of Brexit and Trump. Trudeau is the platonic form of the limousine liberal/salon communist and this kind of ignorant reverence is a foreshadowing of the way Canada will be governed during his reign.

Redmond Weissenberger
Janet Reno dead. Good riddance.

Fidel Castro dead. Good riddance.

And we’re still getting used to this whole Trump spectacle (more below).

Meanwhile, Nobel Peace Prize winner, Barack O’Bomber, is trying to go out with a bang with NATO member, Turkey, having just invaded Syria, where Russia has set up camp.

India is in complete chaos as more than 80% of the money in circulation was deemed, overnight, to be invalid.

And, both Italy and Austria have the Eurozone on the brink of splintering.

We didn’t know what form this Jubilee year would take, but we said to prepare for extreme chaos and change... and we are getting it. And it’s nowhere near over... in fact it may just be beginning.

In the next issue I’ll do more of a year in review, prior to the year ahead, which the Economist has already come out with their tarot card cover issue on... more on that below too!

In brief though, the last few months have not been great for our portfolio. That’s somewhat to be expected though, as it was on fire for the entire first half of the year with gold, silver, bitcoin and mining stocks exploding higher.

I’ll let Ed deal with the details on where all those items are at, and he will, further below.

In the meantime, let’s look at Trump and the latest occult Economist cover.

**PLANET TRUMP: RHETORIC FIRST AND REALITY LAST**

The Economist magazine has a revealing article in its most recent issue entitled “Planet Trump” that gives us a good idea of how Donald Trump’s leadership might play out over the next year or so - at least from the standpoint of mainstream reporting (aka Fake News).

The lead story is accompanied by a controversial cover featuring tarot cards that has been the subject of considerable online analysis. The cut line of the article itself states, “With Donald Trump as America’s 45th president, 2017 will mark the beginning of a new and darker global order.”
This doesn’t sound very promising, but as we pointed out in the last issue, a lot of what’s taking place is rhetorical and is little rooted in reality. Trump has been cast in a terrible light by the mainstream media, but his most recent comments and cabinet picks seem to show that his administration will be a continuation of what went before.

This Economist article/analysis is a good example of the distortions taking place. It paints Trump and his populism in a deeply negative light in order to contrast it with the wisdom of globalism. Additionally, of course, Trump may actually experience a series of catastrophes on his watch, but they will have little or nothing to do with “populism” though doubtlessly they will be blamed on it.

The article itself compares Trump’s populism unfavorably to “liberal” internationalism - as we certainly expected. The article is confusing as well because of the constant misapplication of the term liberal.

Liberal used to imply private market solutions, but the Economist article uses it aggressively as a substitute for socialism. Today, liberal solutions are government initiated ones though there is no evidence that such solutions actually work.

In fact, when we look round the world we can easily see how disastrous the global economy is and how its technocratic orientation doesn’t contribute a bit to prosperity or generating broad wealth. Instead, it concentrates it.

However, nonetheless, characterizations of populism are grim indeed.

_A wave of populist anger has swept through the West, leading Britons to vote for a divorce from the European Union and Americans to elect as their 45th president a property magnate with no previous government experience who ran the most divisive and ugly campaign in modern American history._

_Within a few short months, voters on both sides of the Atlantic delivered a powerful repudiation of their political establishment; shifted the fault lines of Western politics from left v right to open v closed; and voiced a collective roar of disapproval of globalisation, now shorthand for a rigged system that benefits only a self-serving elite. These are body blows to the liberal world order. Just how serious they are will become clear in 2017._
Most important will be what kind of president Donald Trump turns out to be. Take his words before and during the campaign at face value and the outlook is bleak. Mr Trump is a long-standing economic nationalist, a man who believes free trade has destroyed America’s economy, who has cast doubt on America’s commitments to its allies and called for the building of a wall on the Mexican border and for restrictions on Muslim immigrants.

By casting Trump as a “populist,” the Economist and other mainstream media gain the ability to define the word, just as they define the word “liberal.”

The Economist is worried in this article that Trump will move in the direction of shutting down world trade instead of opening it up. Especially worrisome are whether he will honor the Iranian nuclear agreement or commitments at the Paris climate-change conference.

Additionally, Trump’s moves toward protectionism, if that is what they are, will provide China with the opportunity to build up more power in Asia. Xi Jinping, we are told, will “lose little time in trying to fill the geostrategic air-pocket left in Asia by the failure of TPP.”

Vladimir Putin will continue to destabilize Ukraine and other surrounding regions. In Europe, the “populist backlash” will become stronger. Italian and French elections especially may end up with more populist parliaments. As a result of Trump’s presidential victory, Brexit will gain credibility as a solution that must be implemented sooner rather than later.

The article ends on a hopeful note from the Economist’s standpoint – by stating that the world will once again turn back to “openness” and the only question is when. However, the overall article is negative in its analysis because it predicts that a good deal of damage will be done in the near term to the internationalism that the magazine favors.

The magazine’s cover reflects this negativity, as it uses classic occult symbology via a tarot card deck. Tarot cards are said to predict the future in the hands of a skilled practitioner. There are usually 78 cards divided into two parts and for its cover, the magazine has used 8 cards.

The first card is the Tower Card, which seems to show the Catholic Church split into communist and Christian factions.

The Judgment Card presents Donald Trump with symbols of power that may mean his term in office may not end without judgment and even a trial.

The World Card provides us with illustrations of what may be the Goddess Isis and the sun god. Perhaps these gods will rise to prominence in 2017.

The Hermit card seemingly shows a populist movement directed against trade agreements like TPP and TTIP – also the EU itself.

The Death Card includes illustrations of plagues, tsunamis and crop failures – also destruction left by nuclear weapons – giving rise to the idea that 2017 could be a most difficult year.
The Magician Card presents the idea that virtual reality technology will have a big impact on 2017.

The Wheel of Fortune provides an illustration of Marine Le Pen and Angela Merkel. The two have markedly different expressions, indicating that Le Pen may win her election and Merkel may lose hers.

The Star Card seems to celebrate such rock icons as Lady Gaga and indicates their popularity may be reinforced.

These interpretations – made with the help of analysis via Benjamin Fulford – are at least in some cases merely comments on modern events. The editor’s note however, is a good deal more substantive and worrisome. It parallels other comments that have characterized Trump as a “populist” – and speculated on what he might do.

What we need to keep in mind when considering this analysis is that the identification of Trump as a populist actually began in the summer well before his election as president. Additionally, Hillary was such a flawed candidate that it is difficult to believe she was promoted purely as a presidential victor.

Looking back on the election and Trump’s triumph, it is becoming increasingly clear from our point of view that Trump was supposed to win all along. In fact, we alluded to this in several previous articles well before he actually won.

Part of this conclusion stems from “trends” we have analyzed these past two years especially. As a populist, Trump can be targeted without fear of tarnishing the larger globalist effort. Additionally, more and more, the term “populist” is becoming rhetorical since Trump’s cabinet picks have been mainstream conservative ones.

As we’ve stated previously when it comes to Trump, the rhetoric surrounding him is likely to be a good deal more worrisome than the reality. Likewise, the use of tarot cards gives the Economist’s analysis a distinctly otherworldly and even “conspiratorial” tone.

What is clearer now than ever before is that the polarization between populism and internationalism must inevitably result in some sort of populist catastrophe. The larger propaganda inherent in Trump’s victory must eventually be turned toward crises because otherwise none of the positioning makes sense.

Of course, it is up to you: You can take Trump’s victory at face value or not. I do not, however. There is ample evidence over many years’ time that what is occurring in this modern age is well anticipated.

One can make the argument for instance, that the internet and disaffection with globalism collided over the past decade and made it impossible for a continuance of stated politics and policies.

Again, this does not mean that anything fundamental, changes, only that the rhetoric is reconfigured. We can see this with what has happened over the past couple of weeks.

INDIA

Notably, we’ve seen a shocking globalist advance in India, where large paper notes were removed from circulation without warning. For a while, the Indian government maintained that these notes would be
reissued but at presstime, statements were being made indicating that to the degree possible a “cashless” society was preferable.

This is not all that’s going on in India. Going forward, the government of India will introduce a new policy, effective from 31 March 2017, that will force ALL persons holding an Indian citizenship to pay TAX on their WORLDWIDE income.

We can see just from India alone that the “populist tide” that the Economist charts so glibly, certainly hasn’t affected India, home of 1.3 billion people. This is merely further confirmation that what is going on has more to do with propaganda than reality.

Lest you think this sort of thing is only taking place in “developing” countries, let us turn to Spain where it has just been announced that cash payments are going to be further restricted. Until now, the law was that any payment over 2,500 € had to be done through a bank, but now they want to lower it to 1,000 € (like in France).

So nothing has really changed, has it? There’s much talk, as we can see from the Economist analysis, that “populism” has swept across the world but in reality, the priorities of internationalism are being radically advanced.

As a populist, one might tend to believe that Trump had “libertarian” freedom oriented tendencies. That’s because populism is a people-oriented approach to governing. But as stated above, Trump’s cabinet picks don’t stray much from what a Bush or Romney might have selected. In fact, Romney appears to have a place in the Trump fold.

For instance, Trump’s potential pick for Attorney General is anti-encryption. And Trump wasted no time in appointing an aide of Henry Kissinger’s as a National Security advisor. Far from “draining the swamp,” Trump seems to be using it as a fishing reserve and is casting his net broadly to select its denizens.

This is perfectly predictable if one grants that the Trump campaign was a form of theatre that has little or nothing to do with its eventual destination.

We can certainly guess therefore that in addition to not straying too far from the policies of Obama or Bush, Trump may be saddled with a series of military and economic catastrophes that will be blamed on a “populism” he at this moment doesn’t seem to share.

**TURKEY ATTACKS**

One potential catastrophe may be happening as we speak. The Turkish military has invaded Syria to get rid of Syrian President Bashar al-Assad, a claim which President Recep Tayyip Erdogan made on Tuesday.

Here’s what he reportedly said: “In my estimation, nearly 1 million people have died in Syria. These deaths are still continuing among children, women and men. Where is the United Nations? What is it doing? Is it in Iraq? No. We preached patience but could not endure in the end and had to enter Syria together with the Free Syrian Army [FSA].” (Statement made at the first Inter-Parliamentary Jerusalem Platform Symposium in Istanbul.)
The reality here is that Erdogan may be putting himself on a collision course with Russia. Putin may wish for al-Assad to go, but within a context created by Russia, certainly not Turkey.

And if Turkey does continue to advance and engage Syrian troops, not only might Russia be involved, but also the US. These two powers claim not to have much in the way of group troops on Syrian soil, but that is at least questionable.

With so much military activity taking place around Turkey, Syria and Ukraine, Trump will certainly be able to keep his word to engage “terrorists” in sharp battles.

Of course, the deeper you look into these wars, the more skeptical you become. They are simply not what they seem, but neither is the presidential election in the US or the victory of Donald Trump.

All is being orchestrated as I write. As we enter the rein of Trump, we will indeed have to be careful of “darker” politics. Stay tuned.

CONCLUSION

The markets seem to have taken on an “everything is okay” attitude. Given everything that is going on this makes no sense whatsoever.

Ed will go into the details but I am thinking that they will begin to pull the rug out from under everything after the Fed rate hike in December which could lead to an almost mirror image of this time last year where they raised rates 0.25%, setting off a worldwide stock collapse preceded by gold and silver rallying beginning exactly on January 1st.

Trump even warned of this prior to his selection, stating that they’d pull the plug soon after he won.

The one area that has held steadfast and done very well for us all throughout the year is bitcoin. I’ll go into some thoughts on bitcoin and other cryptocurrencies below.

I have also visited a real estate project in Nicaragua since last issue and will be reporting on it in the next issue. And, I’ll be visiting Simply Natural’s Panamanian organic farming investment opportunity mid-month and will be reporting back on that also.

We are also in the final inning of getting out my Perpetual Traveller/Prior Taxpayer theory and expatriation book, which is a juggernaut, and free to subscribers... so that will also be coming out soon.

We are also doing a quick update on the Getting Your Gold Out Of Dodge book in the next few days and we just recently released our book, Bitcoin Basics... all of which are free to you and available in the subscriber’s area of our newly designed (and still being upgraded) website.

So, a lot is going on! Don’t forget also our upcoming TDV Internationalization and Investment Summit on February 24th. We’ve also just added (and haven’t even announced) a 2 day trading seminar to be held by
Tone Vays after it... and that’s in addition to Anarchapulco from February 25-28, with the final day being an entire cryptocurrency/blockchain summit, called Cryptopulco with all of the biggest names in the space.

Make sure to book soon as space will be limited and we are expecting a very large turnout.

Lots going on!

Thank you for subscribing!

Jeff Berwick
Bitcoin’s price increased through the election. When markets fell after the results rolled in, Bitcoin continued increasing before eventually falling over the following weekend into Monday. It rebounded quickly, taking out theoretical price barriers and now targets the $780 and the $800 handle.

Recent news that the IRS was targeting Coinbase user transaction records between 2013-2015 did not hurt the Bitcoin price, which suggests a certain level of sophistication within the market in being able to differentiate between Bitcoin and private Bitcoin exchange services. And, to clarify, just because the IRS is targeting Coinbase, it doesn’t necessarily mean you shouldn’t use it. It’s still a good platform. It just means the obvious... that the US government and the IRS is spying on everything you do in the US.

Some say rumors that the Chinese government might restrict bitcoin trading led to Bitcoin’s price decrease, but it’s appearing more and more as a classical market correction. Those reports about China’s bitcoin restrictions, echoed by ZeroHedge, outline a long-term watchful eye by Beijing over Bitcoin, who in 2013, declared Bitcoin a commodity not a currency.

Chinese authorities are reportedly considering restricting domestic bitcoin exchanges from sending cryptocurrency outside the nation through quotas. Beijing is worried foreign exchange and cross-border fund flows laws have been broken.

Beijing’s propensity for being slightly behind the times as far as legislation for new technology, in combination with a diverse array of alternative cryptocurrencies now on digital marketplaces, should mean an outflow of currencies not only from bitcoin out of country, but also from bitcoin into some other alternative currencies - in particular, the current leader on that front, Monero.

All-in-all, Bitcoin increased 4% during the election week as crypto-currency markets failed to illustrate a unified story other than they’re somewhat independent of the world ‘out there,’ as Albert Einstein used to call it. Bitcoin opened at $709 on November 4th before increasing to $740. It’s 2016 high has been $780 thus far.

Bitcoin has behaved very much like a safe haven play in its brief existence (even more so than gold as of late) and with all of the uncertainty headed into the election it’s likely Bitcoin served exactly that role. After the election, as a “business as usual” atmosphere became apparent, the perceived volatility in markets declined and thus trading in bitcoins followed suit.
Monero, the privacy-centric digital currency, increased 20% during the course of the election week. Trump’s hard stance on terrorism could put Bitcoin at risk for unique attention by US law enforcement under his presidency. Despite being the fifth largest cryptocurrency according to CoinMarket Cap, Monero did not see a price bump after the IRS’ attention on Coinbase.

Poloniex and CoinMarketCap statistics post the Monero price currently at $6.80. On November 13, the price was $6.13. That MoneroMarket, a short lived Monero-based darknet marketplace, only lasted a few weeks last month, did not sully the Monero price for long. Perhaps Monero has uses off the darknet as well, such as being a safe haven from capital controls.

The newer Zcash, a cryptocurrency emphasizing privacy, suffered a large selloff around the time of the Monero price gains so perhaps these participants trade the two cryptocurrencies off each other. However, with that being said, Monero’s impressive headstart likely means many holders are just that: holders. They believe in the usefulness of a privacy-centric cryptocurrency. Zcash, furthermore, seems to be a marketing heavy cryptocurrency - especially for one so focused on privacy. As Fortune calls it, Zcash looks like just “the latest hyped currency.”

Ethereum volatility increased after the election. Ether dropped from $10.83 to $10.52. During the fall, Ethereum’s market capitalization declined from $925 million to $850 million. Ethereum’s press as of late, starting in the wake of the DAO hack for $65 million and then leading into numerous bug reports, has created a trend in which ETH is struggling against USD. Ethereum leaders, including Vitalik Buterin, talked big and promised much, which is why everything seems to be in question now.
It seems Ethereum could remain around the $10 range for some time longer and as bug problems persists, such as network spam attacks, things might be dismal for the first smart contract-based blockchain. Still, partnerships are rolling in for Ethereum.

Another early alternative to Bitcoin, Ripple, might be the real winner in R3CEV research and development. Ripple’s market capitalization increased from $285 million to $295 million last week. It was quiet during the election and after, perhaps suggesting “business as usual” was expected under Mr. Trump by people close to both financial institutions and the digital currency trading arena.

R3CEV member banks tested Ripple’s native asset, XRP, in trials. Ripple also landed a $55 million Series B Investment round. Ripple’s a currency to watch for an exciting time in the coming months.

The last time Litecoin prices made headlines was in late August when Coinbase began trading the digital currency, but that was big news. Despite this, sentiment in Litecoin is generally pretty low.

There isn’t that same sentiment that bitcoin has enjoyed with which a bull run has had much to do. Litecoiners sometimes wonder if the developers at Litecoin are lazy, but realistically, founder Charlie Lee (‘SatoshiLite’) works as an engineer at Coinbase.

Thus, Litecoin is hardly a focus. A reshuffling of how things get done at Litecoin are in order before the coin thrives, which it could. It would work for small transactions, something over which the Bitcoin community obsesses. Despite poor sentiment, Litecoin did increase November 20.

Still, people concern themselves first and foremost with the long term trend and for them, the recent price increase doesn’t really register psychologically - at least judging by ongoing discussions on known Litecoin forums.

The ongoing story, besides Bitcoin’s continued performance (it’s on pace to be 2016’s best asset to date and bests the rip-roarin’ USD currently by just under 25 percent), is Ripple’s $55 million dollar capital raising. That should signal to the market that Ripple works, though prices have corrected back down to pre-raise levels.
We first covered the social media site Steemit—the world’s first website designed on a blockchain—as the platform exploded onto the cryptocurrency scene this past summer.

The medium had early success on numerous social media platforms (like Facebook and Twitter) where people shared the content they created and posted to the blockchain site. What’s more, and what made Steemit particularly special, is that users could earn cryptocurrency by doing what they had already been doing - using social media. This was a clever approach to bring users to a blockchain.

Just last week, Rolling Stone covered the nascent blockchain experiment in an article entitled, “Can This Social Media Site Make You Rich?” The major culture magazine celebrated Steemit.

The article begins:

*In May, Mahmud Adeleye was living on one dollar a day in West Africa. A month later, he joined Steemit, a new social-media platform that rewards users with its own cryptocurrency. The more "upvotes" – likes, essentially – a post gets, the more it earns. By August, he had made the equivalent of $41,000 – plus another $18,000 after posting his story about this transformation.*

The article goes on to analyze Steemit and ends on as positive a note as it starts:

*Of course, Steemit is easier to use than to understand. And whether the ambitious venture succeeds as a social-media platform and bootstrapped currency, the disruption isn't likely to go away.*

Steemit is one of the few blockchains which have experienced such an euphoric phase and the developers behind the platform consider it an important learning experience about how to tinker with the platform in the future. They learned, in particular, that there was a certain cryptocurrency user their platform had forgotten. So, at the request of many of their users, they are making changes.
On Monday, the blockchain announced a hard fork of its native currency, Steem, should it be adopted by the governing mechanism of the platform, known as the witnesses, who are elected by Steem holders. The main change the platform seeks to make is to the inflation rate of Steem.

“With this hardfork the greatest portion of the community feels the ecosystem will be changing for the better and will now be more accessible to more people,” says CEO Ned Scott. He continued, “The hard fork request was initiated by the community, and once we reiterated the recommendations, we received an overwhelmingly positive response. The reason we built Steemit was to create not just a community where people could get rewarded for their time, creativity, attention and effort; but one where every user has a voice. The community has recommended improvements to the platform and we responded to help us all. We’ve always encouraged two-way dialogue with our user base and we feel that this will benefit all current and future users of Steemit.”

The changes being made should benefit those individuals and organizations which have already adopted the platform. The new inflation rate is intended to encourage cryptocurrency traders to get onboard, like those who have dabbled not only in Bitcoin, but also in Litecoin, Dogecoin, Ethereum and Ripple. That Steemit has identified and seeks to target these individuals should bring a new and interesting dynamic to Steem. Steemit.com functionality will remain the same.

“Steemit’s value and growth has been phenomenal, but it was hindered by a reliance on long term participants. The new structure of Steem lowers the inflation rate and adopts a model much more similar to bitcoin, which encourages participants who don’t want to lock up their cryptocurrency value for long periods of time to have influence in the social network. While all Steem holders will have increased liquidity, the allocation of new Steem tokens to witnesses, content producers and creators won’t change; that figure still sits at 9.5%.”

Steem has a 9.5% annual instantaneous inflation. Steem Power holders receive 15%, while 10% is allocated to witnesses and miners, and 75% is given to authors and content creators. Although the Steemit platform is new to the blockchain and cryptocurrency space, some of the formative ideas behind it have long been tested.

One of the benefits Steemit has over other available cryptocurrencies is the real life economic experiment it gave rise to over the summer. And, what’s interesting, is how developers responded to user feedback about how to improve the system once the summer price rise and viral phase had died down.

“The whole system is more accessible to medium and short run speculators and generally it’s more playable,” Mr. Scott says. “It’s easier to have Steem power which means it’s easier to have influence on the social networking side.” Who are the short term players which Steemit is looking to court?

“The identity of these people are people generally in crypto space who make up a lot of different projects,” says Mr. Scott, “From Dogecoin to Ripple to Litecoin to Bitcoin. Steem was a new model for everyone. A lot of those people weren’t ready to participate in the social part of the system nor on such a long term currency horizon.”
Steemit employs a consensus model, Delegated Proof of Stake (DPoS), a version of which was first deployed on the BitShares platform; which, before Ethereum’s eventual price increase, was seen as a formidable rival of the smart contract platform now used by Wall Street and multinational tech firms.

The idea behind proof of stake is to give holders of a particular cryptocurrency - in this case, Steemit - representation in the system. This is a luxury that Bitcoin holders themselves do not have on that network. Most sway is held by the developers and miners in Bitcoin.

“Witnesses are ones who choose if software will upgrade,” CEO Ned Scott tells The Dollar Vigilante. “They are elected by holders of Steem. Its democratic or perhaps republican.”

The system doesn’t work like a nation-state does. “This is real time,” he says. “People get voted in to make good decisions or get voted out immediately if they are bad for the community.”

Growth on Steemit has been encouraged by the familiarity individuals have on popular social networking sites like Facebook and Reddit. Many people need no money to invest in Steemit, which makes it unique among blockchains. All they need to invest? Their time.

“These are the people who really advocated for the changes,” according to Mr. Scott “The greater community got behind this idea thinking it would allow more types of people in. There’s no types of identity in terms of personality. The goal is to build the largest most empowered community possible and that’s without any sort of...”

Steem responded nicely to news of the hard fork and is up nearly 15% at time of writing (Nov 30) over the past 24 hours.

![Steem Exchange Chart](chart.png)
It seems that many in the community received the news well and trading indeed increased upon announcement of the hard fork. Nearly 150 bitcoins worth of Steemit have traded hands over Poloniex alone in the past 24 hours.

Despite the nice start to the week, Steemit is still far off its summer highs.

![Steemit Price Chart](chart.png)

If the hard fork succeeds, then Steem will avail itself to a new kind of user - the short and long term cryptocurrency speculator - and price action should appropriately represent this addition to the Steemit community.

It is still highly, highly speculative, but at the current price level it appears to have found a base.
EDITOR’S NOTE: The section below regards one of our junior picks, usually reserved for premium subscribers, but owing to the nature of the news and because premium subscribers have had time to buy it we thought this may be a good opportunity for subscribers to the Basic subscription to get a taste of what Premium users get.

First, a brief but important announcement. Cascadero Copper Corp (CCD:TSXV), one of our junior picks, has announced a few items of interest. I recently signed on as their Vice President of Corporate Finance. The company also announced a financing and a second phase of metallurgical work.

The financing is a private non-brokered offering to accredited investors - otherwise they have to go through a lengthy and expensive process to qualify it for sale to the general public - for a total of 10 million units at C$0.10 per unit. Each unit consists in a share and warrant. The warrant is good for two years from closing, and each is exercisable at 15 cents for an additional share. The shares are restricted for four months, but after that you can sell or trade them like any other share you own.

If you are interested in taking part in the offering please email me with: your name, address, and amount (minimum order is 50,000 units = C$5k) - questions are welcome too. The proceeds will fund a drill program of the company’s flagship Cesium prospect in Argentina (Taron) toward a maiden resource and preliminary economic assessment, probably by the spring or summer time. The company is in the process of making sure the permits are in place. They look set to start in January, which is a few months later than we originally expected. As a result, I am pushing out my targets: to March/April for my 25 cent target and ~1 year for my 50 cent target share price.

The company is planning to drill 29 core (HQ3) holes averaging 75 meters in depth to outline a Cesium resource over about 10 million tonnes of rock.

If the grades match those in the original 7 holes then that should provide a large enough deposit to support a 10-20 year operation in the PEA, and still leave 80% of the prospect open for further delineation.

Nothing is going to change as far as my work is concerned. I’m just looking after our interests and continuing to help the company. It has been a client of ours since 2014 and I am very bullish on it.
The key value is that it has a very good shot at becoming the lowest cost monopoly producer and original supplier of a rare metal compound that is the crème de la crème of such compounds in the oil drilling business. The dominant and monopoly producer of this metal, Cabot Corp, has shut down its TANCO mine in Manitoba because it is mostly depleted and its structures compromised, leaving the market to live off stockpiles and mom & pop operations out of China until a new long term source is secured. This is key.

Outside of a few small targets here or there, under some lake, or as byproduct, we could find nothing like Cascadero’s Taron - which would be a surface deposit and likely open pittable - to fill the supply vacuum.

At any rate, a discovery has already been made, which reduces a lot of the risk. The next step is to determine how much of the metal (Cesium) is there, along with other metals, as it is a polymetallic deal.

That’s why they are raising the money above. More drilling is needed to boost confidence in the resource before a buyer will take it seriously, although they are all watching and have been in touch with Cascadero.

Just poking around for now. Cabot Corp may decide to refurbish small sections of the old TANCO mine, but that mine does not provide a long term solution for the supply vacuum and leaves it open to someone to take from Cabot... someone who could potentially mine the metal at a lower cost, say, perhaps because it is a surface deposit with no stripping costs? Just hypothetically, that is. Taron could easily be that deposit.

The money they are raising will go towards boosting confidence in the resource, which will then beckon a rerating by the market, particularly armed with additional information about the process in a PEA.

The cost of getting there is relatively small at under $2 million, given the risk-reward ratio.

If I were to put it in one sentence, the key is this. How often do you run into an opportunity where the main supplier is out of supply, demand is robust, and you have discovered the only other source of supply known? That’s the boiler plate imo. That’s why I think these guys have a tiger by the tail.

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**Swing and Option Trade Update,**

Due to the relentless ongoing rally in shares and the dollar we are urging subscribers to be prepared to exit our recommended anti dollar swing trades (QID, NUGT, FXA, and FXB) in a bid to stop the bleeding.

The criteria to trigger this is if the Euro falls below $1.05 AND the QQQ ETF rises above $120 per share, which could happen before this is published.

Please stay vigilant so we can survive to fight another day.

We suggest holding on to the options through expiry, but avoid adding to them unless you can do without the money in case we continue to be wrong.
I can’t turn bearish on gold & silver here, no way and no how. The fundamentals are screaming, ‘buy me!’

I know fundamentals and technicals can go their separate ways for a while.

But, at the top, we knew the correction was coming. Only as usual it is always deeper than expected. It is either deeper or longer. Sometimes it is shorter than expected, usually when it is premature, like in May.

During the topping months not so long ago this summer very few people could fathom how there would be a correction in the sector worth trading. All they saw was upside. Now it is the other way around, and the fear is back, which is definitely healthy. But I told you all ahead of time that this rally in gold and silver, and in the miners in particular, was still subject to conditions. I suggested, in other words, that the bullish gold and silver reversals early in 2016 were anticipating the end of the post 2008 boom and a new bear market in stocks and the US dollar. You have all heard it here before. I made my bull market call subject to the conditions that US shares and the US dollar would turn down, and begin new primary bear markets.

The term “primary” has specific technical meaning, definitional. It’s just a way to categorize a trend.

But my point here is that, for whatever reasons, which I will discuss shortly, the US stock market and the US dollar f/x have gone on to make new highs -depending on which averages you are looking at.

So my bull market test for gold and silver prices are potentially failing.

If we are wrong about US financial assets and they continue dragging the US dollar higher you can very well expect to see gold and silver prices lower. Yet, the fundamentals have gotten more bullish not less.

Even now, we’re dealing with but a Trump bubble and a real estate bubble, fuelled by a recovery in US commercial bank lending. We are not dealing with a central banking establishment that, recognizing the error of its ways as it did back in the late seventies, decides to abandon the idea of intervening in interest rate markets and expanding money supply. We are not dealing with a true and blue economic recovery.

We are dealing with a slight bump up in potential profits driven by increased fractional reserve banking activity and a promise to cut corporate tax rates. Don’t get me wrong. I welcome the latter with open arms.

But that is not going to drive the Dow to new levels alone. For that you need the banksters.

My analysis continues below, but in my view it is just a matter of time before gold and silver explode to the upside again, and the dollar crashes. Still, for now, we are not getting our confirmations, and as Doug Casey always reminds us, markets can stay irrational for longer than we can stay solvent (betting on logic).

**Speaking Technically**

There are enough reasons to question the break out in the NYBOT’s US dollar index and the US equity averages technically. Forget the funnymentals. The technicals alone are weak. Consider the threat to gold:
But that’s where the good news for the bulls may end. The question is whether these moves are leading indicators for a new leg up in the stock bull as they seem to suggest on their own or whether they are simply late stage traps in a peaking cycle. For, they in turn remain unconfirmed by the broader US averages, by the majority of global equity benchmarks, and most currencies.

For example, as far as the broader equity trends are concerned, these indexes tell a different story.
The broader New York composite and the Dow world equity average have not been as strong as the popular averages. The Dow Transports too are approaching their 2014 high but haven't quite made it. There is some confirmation of new highs in South American markets, as well as Austria, Sweden, Pakistan, China and Japan. The latter two markets have seen a noticeable pickup in the slope of their price trends, recently.

Other than that, many of the global averages appear lethargic and hesitant to agree with Wall Street - i.e., that Trump is going to ignite a new bull market leg in the eight year old cycle. Yet, this may not be quite so true as we wish to believe, at least not if we take into account these 2 relatively broad equity averages too.

The evidence leaves quite the conundrum in my mind. I hope I’m being objective and not rationalizing what I see. But either we are dealing with a late stage bull trap with the new highs pushing bullish sentiment levels to their extremes or the new highs in the US stock markets are telling us to expect another leg in a long bull market sequence. It is not clear by looking at the technicals regardless of bullish banter.

Economic fundamentals are mostly bearish except for the question over money growth and whether it is too little too late to save the boom from a premature liquidation. But the technicals are ambiguous.

Ok, now what about the US dollar.

Note there are similarities as you will see.
The Euro holds the largest weighting in the US dollar index at ~58% with the Yen second largest at ~14%; so the two currencies above explain about 72% of the trends in the USD index, which is off to new 14 year highs. But there is no confirmation in the Euro or Yen. Nor in the Swiss Franc, or even the Canadian dollar.

The only currencies in the USD basket that are at new lows, mirroring new highs in the USD index, are the Swedish and British currencies, and I still foresee a big reversal coming in the British pound.

[Even technically it is acting well right now.]

My main point is that the new highs in the US dollar index are driven by just 16% of its component weight, and the inability of the Euro to confirm with new lows given all the noise about EU break up is significant.

Moreover, the chart pattern in the USD index itself raises questions. The broadening pattern is typical of speculative confusion. It is not in itself bearish. It is neutral. Hence, I am pointing it out because if that’s the correct interpretation the breakout may not be a good one. The convincing aspect is the bottom declining trend in the lows.

The upper trend line is more problematic because the second high in 2015 was only slightly higher than the first one and one may argue that it is basically flat and the new high a real break out.

I would surrender my bearish bet against the currency if the Euro went to new lows, which it still might regardless of my objection that a collapse in the currency does not necessarily follow from a break up in the political union. But I still see the Yen and CAD trying to put in a bottom, and the euro short must be tired.

As long as we have a situation where US financial assets, equities in particular, continue to attract capital from overseas, and as long as the stock market can buck the rise in interest rates and inflation expectations that is around the corner, then the trend in the US dollar could conceivably continue higher, pressuring gold and silver prices, even if it is just another monetary scheme. The short to medium term effects of money
growth are usually bullish on the currency if they inflate the market’s expectations about stock and bond returns first. Of course, we are definitely in the late stages of the cycle, and I hate to surrender to my conviction because I know we are fundamentally right. But that’s why we have different strategies. Most of our allocation is a buy and hold deal where we suggest buying gold, silver, bitcoin, and the miners for the long haul. These types of pullbacks present buying opportunities, especially for investors that are not all in yet and are still dollar cost averaging. Now is the time to back up the proverbial truck and sock some of our picks away. However, our trading program has a shorter horizon. In order to make sure we preserve our trading capital sometimes it is better to go flat and reconsider everything once you are out of the market.

Consequently, we have decided on the following parameters for now: to exit from all of our open swing trades if BOTH of the following happens: a new high in the Proshares QQQ ETF AND a new low in Euro.

That is the final line for this trade for now.

We may revisit again but for now, if the Euro falls below $1.05 AND if the QQQ rises above 120 we’ll sell our positions in the QID, NUGT, FXB, and FXA etf’s. However, we will hold on to our options through expiry.

**Is Bank Lending Revival Too Little Too Late?**

In my last few updates, I have questioned whether to stop the bleeding on my swing trade ideas - i.e., our big short against the latest tech bubble and our anti dollar trades in particular. In doing this I revisited my fundamental premises, and found that the fundamentals were still largely on our side, except that there has been a new fundamental development unseen by most of the investing world, which is focused on central bank rhetoric and interest rate and balance sheet movements.

Money growth has turned up in the US again, as discussed in our last update. Only, it isn’t because of anything that the Fed is doing, at least not anything more than what is necessary to cap rates at their target level. The driving force behind this development has been the fractional reserve bank recovery in lending.

This source of money creation (fractional reserves) was out of commission for a few years after the 2008 crisis but has been an increasing force this past year or two. That’s why the Fed has had to do most of the money printing itself between 2009 and 2013. Except for a brief spell in 2012 the banks had trouble growing total bank credit whatsoever in this period. The boom kept sputtering. But the Fed kept inflating reserves and monetizing their deposit liabilities. Only when the Fed ended QE3 was the lending recovery under way, even though the growth rate in that is still barely above its long term average of around 7%, which it just reached in 2014 and 2015 as you can see in the chart below where the growth is up to 8% now.

![US Money Supply (Broad); Austrian Measure](chart.png)
Over the years, I have written, occasionally, on this potential and rising threat to the bearish outlook on stock prices and the boom in general. The banks have been all but counted out in this long eight year bull market, burdened by Dodd Frank and the Basel guidelines, not to mention the gaping holes in their equity revealed during the 2008 crisis. The Fed has done so much of the work in money creation that many players have almost forgotten the main historic source of money printing are the banks.

Who are they lending to?

The categories of lending growth are Treasuries, real estate, and industrial loans.

Nevertheless, the difference between the 8% growth rate in this statistic and the 11% increase in money supply (above) comes down to an increase of government deposits at the Fed. I am not sure of the source, and whether it is an inflationary source, but it could be fiscal year related or it could be related to expiring Treasuries or mortgage backed securities held by the Fed, which may contribute to shrinking reserves.

Including the US government’s deposits at the Fed has always been controversial. I do it because it is generally accepted among Austrian economists, but I have argued, based on Rothbard’s analysis in America’s Great Depression, that it should be excluded. This may be a good example of why.

It could be part of the bull trap, that is; but we will only know in hindsight.

Either way, whether 8 or 11 percent, the significant thing is the upturn in the statistic. That is the source of intervention, i.e., of reflating asset values, or commodity prices and the CPI, especially if unexpected.

It is the most significant fundamental there is. It is more important than earnings.

Not only does it bear a heavy influence on the average level of earnings themselves, but it stimulates optimism and the “animal spirits” to inflate the PE ratio and asset values. Bull and bear cycles would be a fraction of what they are today under a sounder monetary system. It is definitely mostly all inflation.
Nevertheless, it too is not that strong of a fundamental underpinning. But Trump’s victory may have given some encouragement to the bulls about ditching some of the regulations presently preventing them from pyramiding madly on top of the mountain of reserves the Fed is desperately trying to drain right now.

Keep in mind, however, that at the moment, money and bank credit growth are still at only a very average level, historically. Also, money growth in the 8-10 percent range is inflationary but not necessarily enough to keep an overvalued bull market alive in either stocks or bonds. It is enough to have pushed the market up here though and to have stimulated new investment in housing, and new mortgage applications, some perhaps out of the fear of rising interest rates even. Hence if that’s all she wrote then so be it, we suffered some pain, and our shorts should be back to business. But what if it continues, and what if the housing boom thrives on higher rates?

\[\text{US HOUSING STARTS}\]

\[
\begin{array}{cccccc}
1500 & 2000 & 2500 & 3000 & 3500 & 4000
\end{array}
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\text{SOURCE: WWW.TRADINGECONOMICS.COM | U.S. CENSUS BUREAU}

Doesn’t seem likely.

The boom is nascent, moreover. The Case-Shiller home price index suggests that in the US the average single family detached home still sells for 5-10 percent below the peak 2005 level. Housing starts are running way below what they did historically before 2008, about 50% below their peak levels, and 10-20 percent below average historical levels. Home ownership rates are at record lows, or at least 50 year lows.

This looks more like a late stage development in a maturing boom for now. But it could continue, and even if it did it could continue with stock and bond values (and dollar values) falling as it did from 2000-02.

For now it is complementing the Trump rally on Wall Street.
Concluding Remarks

By almost any measure the post 2008 period has seen anemic economic growth, just about everywhere, associated with large increases in public debt and inflated financial assets. The US government and central bank have been among the worst perps in this narrative, at least among the more advanced economies.

To obscure this truth and the real carnage done to the economy - revealed by the 2008 financial crisis - governments and central banks around the world papered over it. They have conspired to push interest rates to zero, and lower, and now find themselves stuck without a plan to exit these policies without bankrupting the debt and inflation dependent governments, and plunging the related economies into increasing chaos. Exploiting our integrity, they have accumulated massive amounts of debt that they will hold us and our descendants to paying. Cutting to the chase: more debt, more inflation, more taxation.

The US central bank has flooded the world economy with dollars following the 2008 crisis with several inflationary schemes, thereby creating an historic mountain of reserves for its banks to pyramid, and monetizing a good chunk of their outstanding commercial bank deposit liabilities simultaneously.

Now we have arrived at the part where it gets silly. How silly does it get. I don’t know. We are in uncharted territory. For now we are on the wrong side of this trade. But if the rally is based on Trump rhetoric then it won’t last because it’s all hot air. In fact, it probably wouldn’t last if he were really true to his promises.

I’m still holding out for our criteria to be met. We’ll see how tolerant the Trump rally is of rate hikes soon.

New additions to the TDV stock portfolio are ready to be announced. Stay tuned. We have three new picks for you coming over the next week. Even if we are pulling in our horns a little on the trading part of our strategy my conviction in the general reaffirmation of this bull market in gold and silver is very high.
Luis: Warm regards, dear Dollar Vigilante subscribers. My name is Luis Fernando Mises, and I have another interesting interview. This time we will be discovering Bali, Indonesia. I have my friend Ole here with us. He is actually living there, and I’m going to ask him to let us see through his eyes everything that he is witnessing right now in Bali. So, Ole, thank you so much for this opportunity, sir.

Ole: Well, thank you for inviting me.

Luis: Absolutely. So, Ole, where are you originally from, and how in the name of what is holy did you end up in Bali?

Ole: Well, I am originally from Norway, and I lived there until I was 39. And then after having traveled to about 40 countries—I built up two companies, and I traveled to about 40 countries building up both of the
businesses. Then I realized that there are many other places in the world where one could possibly live outside of Norway, and there are a number of reasons why I didn’t want to live in Norway in the long run.

The primary ones were just very high taxation and just cold winters and dark winters. So I usually had some kind of winter depression each year, and I was always looking for a place that was warm and nice and where I could feel relaxed and comfortable. And I was trying to live in San Diego for one winter, but although I liked it in many ways, it wasn’t really what I was looking for.

But a friend of mine moved to Bali, and he invited me to come to visit him, and I decided okay. Let me do that. Because the way I have been running my companies for many years, I can do my business from anywhere. And I knew that there was going to be a period when I wasn’t required to travel so much, so I decided to go. That was in 2011, so I visited them for 5 months, and yeah.

I’d lived in pretty nice circumstances in Norway for many years because I have been successful at business, so I lived in nice houses, had nice cars—that kind of thing. But when I visited my friend who lived in a very simple house, without even any hot water—so you just kind of used to back it to throw over the head and take a shower. Very, very warm. I didn’t even have AC in my room, so it is like 86°F here basically every day of the year, so I had a fan running at high speed all the time.

But we have pretty good Internet, and that was what I really needed. And it was just so nice and relaxing. I have been renting a scooter all the time that I’ve been here. I far prefer that to driving Audi A8, which I had in the past, just because of the climate, and it just feels so nice and free to drive around with something like that instead. So anyways, that is how I started, and after having visited for awhile, I realized that I didn’t want to live in those exact circumstances, but I really liked the place, and so I decided to see if I could be able to move here.

So in 2012, I managed to organize my company in such a way that I can actually move. So in 2012, I moved here, and yeah. So that is how I first ended up here. I lived there then for about a year, and then my business required me to go back to Europe. So I went back to Europe for 2 years. Then I can organize it again so I can go back, so about 1 year ago, I was able to move back here, and so I am basically renting a villa here, and I started my own company also here—or a branch of my company—and that way I could get the residence permit and everything. So yeah. That is the short version of the story.

**Luis:** That is exciting, and I really like the story. Like you said, that is the short version. Let me ask you a little bit more specifics about it. How difficult was it for you to go from a First World country where you have Audis and nice big houses to going to Bali, showering with a pan? I mean, was there a little bit of a shock there, and how did you manage that?
**Ole:** No. For me it wasn’t a shock, because in my twenties, I was a Hare Krishna monk. And during that period, I was visiting several temples around Europe where they lived in very, very—let’s say—inexpensive circumstances, and I even did the same kind of shower in the winter outside setup, and almost froze my ass off. Anyway, I was visiting India 6 times, went to really poor villages, lived sometimes in very simple circumstances. So for me, it was not a shock. Actually the biggest shock was that this place has a lot of the good things that India has without at least all of the bad stuff. So that was more shocking to me, that there actually was such a place.

**Luis:** Okay. Let’s go to that part. What are the good things about India that you see in Bali but without the bad parts?

**Ole:** Well, I like the climate in India, but it can get too warm. Here the temperature is really steady, and there is poverty here as well, but it is not the kind of poverty and misery that you can see in many places in India. And in general, the people here—even if the average person is pretty poor, they’re usually smiling. They’re pretty happy. They’re friendly. They are not obsessive. They don’t follow you around. The Indians can really—many of them can be—they drive you with a taxi or something, and they start stalking you and want to come and visit you all the time or something like that and they just don’t leave you alone.

So anyway, this place is also a Hindu island actually in a Muslim country, so just like in India, you have Hinduism, but here—like in India, everyone wants to also tell you about which gods to worship and this and that. Here, they don’t. They just accept that you are a Westerner. You come here. They think it is cool that you come to their island—mostly. Most of them do. And as long as you are friendly and nice to them, most of them are the same back. So, I don’t know. There are many reasons, but those are definitely some of them.

**Luis:** That is actually nice. And you know, I would’ve never guessed that. I thought that for the most part in the Asian countries, there was this, “Oh look. It is a foreigner.” Has it been easy to blend in, or have you been able to blend in?

**Ole:** Well, let’s say there is a big difference intellectually, just because of what has happened in the West over a long period of time which did not happen here. So let’s say when it comes to philosophy and most intellectual things, people here have not really been trained in it, so they are upgrading, but it takes time. People have not had the same kind of education on many topics as in the West, so there is a pretty big difference there. So to make friends can be a little bit difficult—to try to make close friendships.

Also because they do look at Westerners as something very different that they don’t fully understand, they don’t always know how to form a friendship. Like, they often just immediately take the inferior role, because
this is a very hierarchical place in general—strong family hierarchies and religious hierarchies and such things also at work. So they very easily take the inferior role, and I am somebody who doesn’t want in a friendship to be the boss of somebody else, and I definitely don’t want anybody to be the boss of me. I am fully capable of handling equal relationships, equal friendship, but most of the locals here, they can’t really handle that.

So you can have nice and, let’s say, pretty superficial relationships with some. It can work, but in general like I have many acquaintances of the locals because I have also been an administrator in a Facebook group called Bali Friendships, which is very popular, where we meet up at least once a week, and I get to know a lot of the locals in that way. But yeah. There is some distance, mainly because of culture and history. So I think this is going to gradually change over a couple of generations.

Like I have been to the Philippines. There, the people have much more Western influence, and they’re probably a much higher level of education, you can say. That is much easier to talk to the people there in a normal manner that here. But still, I really like it anyway because they are very friendly. They are very welcoming.

And as long as you stay out of the main tourist areas, then they are not going to try to rip you off or cheat you and let you behave like a complete idiot, which some Westerners do. But if you go to the main tourist areas, then they look at you like, oh, here is a dollar. They see a dollar sign over your head, and they just see, how can I get something from this stupid tourist that doesn’t seem to have any appreciation for how much money he actually has. You know?

But that is why I don’t like to go to the tourist areas very much, but you don’t have to go far. Like I live about 10 minutes’ drive with the scooter from the main tourist area, and around here, no problem.

**Luis:** Is it fairly safe where you are living right now? And I have a follow-up question to that.

**Ole:** Yeah. I mean, where I live, I would say it is very safe. That is actually where I live, and then this area in general is really safe. But again, if you drive 10 minutes into the tourist areas, then I would say women—Western women—should not move around on their own, especially in the night and even in the daytime. They can get robbed or something like that if they have their handbag on the shoulder or something like that.
So I think it is a very safe island in general compared to most of the tourist places in the world, but in the main tourist area, you know, when you have many drunk Westerners with a lot of money and who don’t really understand—they don’t take care to learn what is expected here, what it is normal to pay, how is normal behavior. They don’t bother to do that, then they have a risk of getting some problems. But as long as you don’t really go there, I would say it is a really safe place. I have never been threatened or harmed by anybody at all, but also because I don’t go so much to the tourist areas.

Luis: Yeah. Thank you. Thank you for that. And you know, I guess for the most part in polite society, people don’t ask how much you pay for your housing, but because this is an economics newsletter, I’m going to ask you that. What is the cost of living for you and especially compared to what you used to pay back home?

Ole: It is a very big difference. I often make the comparison because I don’t care if people know how much it costs where I live. But just the first mention: Where my friend lived—and this is pretty extreme in many ways—but he paid about $800 per year for his house. That didn’t include electricity and Internet, but that is what he paid for a three-bedroom house. Very, very simple, but still it worked. There were a lot of chickens keeping us awake at night from the neighbors and stuff like that, but anyway.

So, where I live now, I pay about I guess $800 per month, but I have a villa—like a two-bedroom villa with a small swimming pool, and it is really nice. If I would rent the same place just 10 to 15 minutes, like more in the tourist area, it would cost about twice as much. That makes a big difference where you live. The further you live away from the main tourist areas, the cheaper it is, which I guess is normal everywhere.

So of course, you can also get places here. Like if you want to have a really fancy villa or something, you can pay a lot of money in total, but you also get a lot for the money because it is a Third World country. It’s pretty cheap to build here, especially because it is cheap labor, and also we do not need to have insulation. It is never cold, so yeah. I guess that answers your question.

Luis: That makes sense. Yeah. Absolutely, and I love it. Thank you for that. So you mentioned you have a scooter. Is that kind of the norm over there, scooters everywhere?

Ole: Basically, there is hardly any public transport here. There is no subway system or anything like that, and you have some buses, but it is very little of that. It is not really centralized, the transportation system, at all. So the way that people move around is generally with scooter or car. Far more people can afford cars now, but most of the people who have a job, they will have a scooter. So yeah. That is how most people move around, and one reason why I like to have a scooter—I mean, I could have had a more fancy motorbike, and maybe I will get one. I could have a car also. Maybe I will get one eventually. We will see.

But one reason why I like it is the more you stand out here as obviously wealthy, the less safe it is, for example, and the more people will harass you also. So with me, I don’t throw around money or try to look super fancy. I’m not a snob anyway. So then people just think, ah, okay. He is not so different from us.
Luis: He is a normal guy.

Ole: Yeah. Sort of.

Luis: That makes a lot of sense. So from there, you know, I have a couple of questions coming up. One is things that you miss from home. Are you able to access them there? Like comfort foods or cookies or I don’t know.

Ole: Well, there is some stuff that has to be imported here. It is pretty expensive compared to what is not. It can double the price or triple the price. It is also expensive compared to the cost at home when it is imported here. So for example, I do not buy avocados or blueberries or things like that here, which I would eat a lot at home. Milk products also, they do not produce milk here. They basically do not have cows, so those kinds of things are really expensive. But I am a vegetarian to begin with, so I don’t—yeah.

There are several other things that maybe other people would miss that I don’t, but in general, they have a lot of good food selection here. There are many Westerners that are running restaurants with international kitchens, and there is also pretty good local food. If one knows where to go, one can get really cheap food also, but even if you go for restaurants owned by Westerners, it is a really good price for a good meal. And everywhere, every Westernized place, they have some decent vegetarian options. So I would say it is better food life here for me overall than it is in Norway. So I can’t say I miss anything there.

I guess what I miss—but I don’t miss what I would have to do to get it—but what I miss is a better infrastructure, and Norway has a very good infrastructure in general—transportation and roads and just how things function. In Norway, things function very well, but it also cost a lot, and of course people become very obedient to the state in general in such a setting. But here, it is more free. The state has much less influence in everyday life, but they also offer less to the people, so the infrastructure isn’t as good. So that is one thing I guess you can say that I miss, but I deliberately chose this instead, partially because I don’t get ripped off, and I’m not expected to blend in and just go along with everything here. So that is something.

At first, I missed the family and friends when I’m far away for a long period of time, so that is obviously something that I gave up, but I go back a few times a year and spend as much time as I can with them at that time, and I can communicate through Skype and Facebook and that kind of thing as well. And other than that, there’s not really much I can think of right now that I feel like I really miss.

Luis: Thank you for that. So how easy is it or has it been for you
legally to go there? Are you a permanent resident at this point, or what is your legal status, and how hard is it?

Ole: Well, one of the problems with living in this society—or one of the challenges—is that the rulers, they are not very experienced with how things are done in the West, although many of them nowadays, many smart young people go to the West and learn how things are done in the West, and then they come back here and they get employed also by a government. So the government is kind of upgrading what it is doing from the infrastructure point of view, which also means stricter rules and higher taxation are gradually going to come in. But yeah. Sorry. What was the question again? Can you ask it one more time?

Luis: The idea of how hard or how easy is it for you to gain legal status and how are you dealing with that? Like permanent residency.

Ole: Right. I am a permanent resident, and I chose that deliberately because of the different options that are available. I became a resident because I do not want to be a resident of Norway, because as a resident of Norway, I need to pay taxes towards Norway, and the tax levels are very different. So I am giving up whatever rights I have as a resident in Norway. I’m still a citizen, but not a resident, so I gave up the rights I had there, like healthcare and certain other things, for the time being. I did that deliberately because here, I won’t be taxed as much, and I haven’t much more free life in general. And so, yeah.

To get residency, you have to either be married to an Indonesian citizen, which I am not, and I don’t particularly plan to do that either. Let’s see, but… Or you have to have your own company or be sponsored by a company, and if the government made it more difficult to get sponsored by a company, the government makes pretty strict rules for Westerners.

So they make—like you can get a tourist visa easily. One month you get free on arrival. If you want to have two months, you just have to extend it to one more month. It costs about $45 or something. So, as a tourist, it is pretty easy, but if you want to stay longer, then either you have to become a resident, or you have to get a social visa, which then you have to leave the country. It is sort of a process. It costs a bit more money, and then you can stay up to six months.

But if not, then you have to leave the country at least every two months and come back. But so far, you can just leave to Singapore. It is a two-and-a-half hour flight. Come back again the same day, and then you can stay for another one or two months and do the same thing, which a lot of people, they do that because if you
can’t afford to start your own company, then you have to find some kind of a sponsor, and it is not so easy to find that because the government limited how many people each company can sponsor.

So this is why I started my own company. That costs definitely some money to set it up, but then, unless they change the rules—which they may be about to do right now—then I can use that for many years as a foundation easily and just pay a fixed amount of money each year, which basically you pay a fee for an agent to handle your visa, which is about $500 or $600, and then you have to pay $1200 to the government in what they call research fund.

But basically, for somebody like me, who at the moment I do not have any income based on activities in Bali, so I do not have to pay any taxes beyond that unless I have income with my company. If I have income with my company, then I pay 1% of the turnover. That is it. They don’t care if I make or lose money or anything. They don’t tax me on profit. As long as you have a trading company, then that is the deal. One percent of this turnover.

So that is also one reason why I thought, okay. If I am going to do training with that company, at least that is better than most Western countries, I would say. And in one way, if you have sort of the mafia telling you, “Hey, where is our cut?” Then I would rather know what that percentage is instead of have to spend a lot of money on auditors and this and that and a bookkeeper to actually come and say, “Oh, this is how much I owe you guys,” you know? You know what I mean? So yeah. Does that answer your question?

Luis: Thank you. That is fabulous. Very well explained. I think we’ve gotten a great perspective. Is there anything that I missed to ask you that you would like to add?

Ole: Well, I could maybe say that yeah, for example, the minimum salary here is about, I guess, $160 or so. There are many people who actually get less than that, but that is the legal minimum wage.

Luis: And how often is that?

Ole: They are dollars per month.

Luis: Per month. Okay.
Ole: Yes. That is like the standard minimum salary, so I was asked last week by somebody, what kind of budget do I need as a Westerner? And I said, it really depends what kind of lifestyle you want to have. Like I explained before how cheap it can be to rent a house, like my friend did, but if you want to stay, you have to pay either to go back and forth to Singapore for example with the tourist visa, or you have to find another solution, where you can stay here without it costing more necessarily. But that is the cost that any Westerner will have to expect.

But when it comes to budget while you’re living here, it really depends on what kind of lifestyle you can afford and want to have, because if you live like a local you can actually live on $150 a month, and you get food to eat, and you have a scooter. Gas is sponsored by the government, so it is subsidized, so it is really cheap. I just thought I would maybe add that. Yeah. It is actually a really cheap place to live, and also you get a lot of value for your money if you find the right setup. So yeah.

Luis: It is incredibly crazy for me to think that you could live with $150 a month.

Ole: And that is actually definitely more than what the average person here makes, even if it is a minimum salary, because the government, they don’t really control things completely. I mean, this is a country with 255 million people, I think, and the government is way too small at this point and to an organized that they can really have an overview of what everyone is doing.

So we kind of have 2 governments here. Maybe that is also interesting. So if one is the central government that has its local branches—so that is the actual official government. The other is what you call the banjar, which is like the local tribal leaders. It is usually based on the religious groups. They can sometimes be very small areas, but for example, when I moved in here, I knew that in order to live here, I had to pay a certain amount of money per month to that group because otherwise, they make a lot of problems, and every bar or restaurant, they have to pay a certain amount of money. It is a very corrupt country, but it is respectful corruption. And I think that is also an interesting point. In Norway, it is a very un-corrupt country, at least at the lower levels. The public servants, they are pretty honest in the sense that they do not cheat you, you know? And you cannot usually just pay them money to get what you want—at least, if you used to not. On the higher levels, maybe more so, but that is a bit more hidden usually anyway. But I mean in Norway, they just charge a ridiculous amount of taxes. Okay. Yeah. Not so much corruption, but we just charge up to 70% of what you earn, so that is fair, right? Anyway. If you add everything up.

Here, they charge much less in taxes, but you have to pay a little bit of a bribe here and there, like the same with the police in general. Like traffic police, if somebody gets stopped and they don’t have a driver’s license, then you pay them five to eight bucks, and then you can go on your way. They are just out for revenue, and everybody knows it. They only want money. They don’t want to have to bring it to the church
and do anything. You can actually just drive around there without a license and you get stopped every once in a while. It is like, “Okay. Here is seven bucks.” And then you’re fine.

And then, if you own a restaurant, if they see there are a lot of people there, then somebody will come from the local religious group and say, “Oh, you know, I need some things for my kids and this and that, and it would be nice if you could contribute something,” and if you do, they become your friends, and sometimes they help you if you have a problem with the “real” authorities. And if you don’t agree, then suddenly something is wrong. Something is destroyed in the night, or somebody comes to harass you or something like that. So it is a much more straightforward mafia setup here in a way than it is in the West. And although I definitely do not like any mafia setup, I think it is more honest.

**Luis:** Yeah. I think it makes sense, and I think that actually—I mean, I am from Mexico, and that happens there also, and it is not as rural and wild as Indonesia by any stretch of the imagination, but you see that very often as well. You know, I always quote Doug Casey, just try to make friends with corruption. I mean, that is just kind of the way it works, and aside from European countries and the United States—because like you said, the front level, low enforcement, they are not going to take a bribe, but everywhere else in the world, they will.

**Ole:** Yeah. Exactly.

**Luis:** Thank you so much, Ole.

**Ole:** Yeah. My pleasure, and thank you again for inviting me.

**Luis:** Absolutely. So we have a group in Bali, Indonesia, with our friend Ole helping us out there as well, and if you have any questions let us know. We will be happy to answer them, and once again, Luis and Ole, Dollar Vigilante. Be well.

*If you want to join the main TDV subscribers’ only Facebook group click HERE. If you are interested to join the conversation at the TDV Group in Bali click HERE.*

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Vulgar libertarian apologists for capitalism use the term “free market” in an equivocal sense: they seem to have trouble remembering, from one moment to the next, whether they’re defending actually existing capitalism or free market principles. So we get [a] standard boilerplate article … arguing that the rich can’t get rich at the expense of the poor, because “that’s not how the free market works” – implicitly assuming that this is a free market. When prodded, they’ll grudgingly admit that the present system is not a free market, and that it includes a lot of state intervention on behalf of the rich. But as soon as they think they can get away with it, they go right back to defending the wealth of existing corporations on the basis of “free market principles.”

Kevin Carson is an American author, anarchist and political theorist on the topics of mutualism, individualist anarchism, left-libertarianism, and freemarketism. He coined the pejorative, “vulgar libertarianism.”