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JIM RICKARDS'
STRATEGIC INTELLIGENCE

Lawfare: The Insidious War on the Rule of Law

INSIDE THIS ISSUE

When we decided to write about lawfare this month, the first question faced was whether this would be an article or a book. The fact is, lawfare is a huge topic with tentacles that reach many politicians (and associates) in many countries through diverse and often devious means. It's easy to recite a few anecdotes and most readers pick up on the importance of the topic straightaway. But it's difficult to grasp just how insidious, interactive and pervasive the lawfare attacks on the rule of law actually are.

We'll dig deeper than just a few anecdotes with the understanding that no amount of analysis can cover the entire corrupt waterfront.

Law As a Battlefield

You hear and read a lot about lawfare but most citizens don't understand what it is and why it is so dangerous to our rule of law society. For Americans who care about the future of our constitutional form of government, few topics are more important.

Lawfare is a portmanteau — a new word composed of two other words — consisting of "law" and "warfare." That's a strange pairing. Law has always been considered an alternative to violence, a way to settle disputes peacefully. Warfare is the epitome of violence in which two or more powers clash with their existence at stake. Law and warfare are almost opposites, yet they coexist in the word "lawfare." That alone should tell you there's something new and nefarious going on.

Lawfare is defined as the use of law and legal process to destroy political and ideological enemies. Warfare is associated with the physical destruction of people and infrastructure through bombing, artillery and assault. Yet, you can do just as much destruction using the law. If you can destroy reputations, bankrupt opponents, seize property, and tie enemies up in court indefinitely using legal assaults, you can do just as much damage as if you had fired missiles or dropped bombs. That's the idea.

Supporters of lawfare say that using legal means to fight opponents is nothing new. Lawsuits have been used against rivals for centuries. Courts have not been shy about imposing damages and using judicial process to collect.

Novel interpretations of the law do emerge over time. Proponents claim that lawfare is just a new name for a very old game of using the law to sort out disputes and seek damages.

It is true that courts and judges have been resolving disputes and imposing judgments including monetary damages for as long as there has been a legal code. Yet, in that process both sides — plaintiffs and defendants — have observed certain moral and ethical rules. They have honored guardrails set up to preserve the integrity of the legal system as an institution. Judges have been rigorous in enforcing those rules and making sure that both sides in a dispute respect the legal system as a whole, even as they fight out their respective claims.

There have always been some bad apples among lawyers and judges, but they are the exceptions not the rule. On the whole, judges are impartial, lawyers act ethically, juries deliberate with an open mind, and all parties deal in good faith. Outcomes can be tough, but the system as a whole is respected and preserved.

None of that is true with lawfare. The practitioners of lawfare believe the ends justify the means. They have an ideological agenda that is at best progressive and at worst neo-Marxist. They view the law as just another tool in the toolkit to advance their agenda and destroy their enemies. If the law is damaged and the legal system is degraded, that's OK as far as lawfare practitioners are concerned — as long as they achieve their goals.

What this means in practice is that lawyers and their associates scour statutes, rules, and regulations looking for anything that might apply literally to a target, even if no substantive case of the type desired has ever been brought. They look at statutes that are 100 or even 200 years old and have not been applied for many decades (a condition lawyers call desuetude or disuse) and bring them back to life in circumstances never contemplated by those who enacted the statutes.

They are also aided by thousands of pages of new rules and regulations that are still open to interpretation because they have never been litigated. As for these, the lawfare warriors devise creative theories to attack their targets without regard to the original purpose or meaning of the rule. In fact, one of the preoccupations of the Deep State is to keep pumping out new rules that no one can keep up with but which lawfare types can bend and shape to their purposes.

Lawfare is running wild this election cycle. It's being used against candidates, advisors, members of Congress, judges and others who in any way support Trump or his policies. Where did it begin?

Destroying Nixon

A good case can be made that lawfare is the best way to understand what happened to Richard Nixon during the Watergate scandal in 1972 — 1974 that resulted in Nixon resigning the presidency in the face of impeachment. Some context is required.

Nixon was elected in a close election in 1968 and then reelected in one of the greatest landslides in U.S. history in 1972. Nixon carried 49 of the 50 states. Nixon's opponent George McGovern carried only Massachusetts and Washington DC.

Nixon opened relations with China after a 25-year freeze, ended the Vietnam War (started by Democrats John Kennedy and Lyndon Johnson) after ten years of combat and over 50,000 Americans killed, signed the Environmental Protection Act and created the Environmental Protection Agency, and was president when the first men landed on the moon. Nixon also negotiated the first nuclear arms limitation treaty with Russia (then the Soviet Union). In short, Nixon had a long list of world historical accomplishments that will be viewed favorably by historians and analysts for centuries to come.

Yet, the lawfare lawyers in 1973 went after Nixon with a vengeance. To this day, there is no evidence that Nixon knew about the Watergate break-in in advance or had any hand in authorizing it. Once the break-in participants were arrested, the White House went into damage control mode.

There's no doubt Nixon broke the law by authorizing payments to the burglars and their families. He was also aware of perjury by some of his aides. Still, these were not momentous crimes relative to what almost all of his predecessors had done. His acts could arguably be viewed as in the national interest to preserve what had been a successful administration in both domestic and foreign policy.

In any case, it would have taken very little restraint to end the investigations with Nixon's senior staff members and

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to leave the presidency itself intact albeit with some scars. The scandal could have ended with criminal trials of both campaign officials and those White House officials involved in the cover-up.


Nixon Resigns

Ford Takes Oath At Noon Today

With the benefit of hindsight, it's fair to ask whether the lawfare plaguing Donald Trump didn't actually begin with Richard Nixon and the Watergate scandal of 1972–1974. The term lawfare wasn't used in 1974, but the tactics and relentless attacks by political enemies are all too familiar. This newspaper cover page from August 9, 1974 captures some of the drama of Nixon's resignation and the swearing in of Gerald Ford as the first and only unelected president in U.S. history.

But the FBI, liberal media, and Democrats were out for blood. Using leaks from Mark Felt (Deputy Director of the FBI also known as Deep Throat), friendly media outlets like the *New York Times* and *Washington Post*, and hearings in the Democrat-controlled Senate (summer of 1973) and House (summer of 1974), Nixon's enemies raised the temperature. As is well known, Hillary Clinton was one of the staff lawyers on the House Judiciary Committee that conducted the impeachment hearings aimed at Nixon. That was not the last time the world would hear of Hillary.

In the end, the House Judiciary Committee made Nixon's resignation almost inevitable due to the threat of impeachment.

Donald Trump has been through this and more; he has been impeached *twice*. The main difference between the lawfare attacks on Nixon and those on Trump is that Nixon arguably committed some real crimes whereas the alleged crimes that Trump is charged with (discussed below) are completely invented or so thinly constructed as to be laughable as a matter of law.

The point is Trump should study the Watergate playbook to avoid some of Nixon's mistakes and to look for guidance on how to stand up to the wolf pack behavior of the progressive lawfare warriors.

In this edition of *Strategic Intelligence*, we'll consider lawfare aimed directly at Trump, examples of lawfare aimed at Trump associates and supporters, and finally, some lawfare techniques that can be aimed at any of us if corrupt prosecutors and judges choose to crush dissent and debate. It's critical for all readers to understand these techniques. Right now, the progressives are going after Trump. Soon, they may be coming for you and me.

Getting Trump

The headlines are full of lawfare in action. We all know about the non-stop lawfare attacks on Donald Trump. These began with the Russian collusion hoax orchestrated by Hillary Clinton in 2016 followed by Operation Crossfire Hurricane run by the FBI and CIA that tied the Trump administration in knots (as intended) from 2017 to 2019.

This was followed by two impeachments (2019 and 2021) on bogus charges, then the January 6th set-up where Trump urged a peaceful demonstration at the Capitol. Nancy Pelosi refused to deploy the National Guard (as Trump requested) or to notify the Capitol Police (standard operating procedure) in order to facilitate the riot. Once the crowd headed to the Capitol, they were pushed along by dozens of undercover FBI agents egging the protestors on.

One of the more technical lawfare attacks on Trump was the effort to remove him from the presidential ballot in numerous states in reliance on Section 3 of the 14th Amendment. Section 3 bars insurrectionists from holding federal office. That section was enacted after the Civil War to prevent Confederate military officers and civilian officials from holding office in the United States.

Many reprieves were granted by Congress. Even Robert E. Lee was excused from its application posthumously. The last case using this section was brought in the 1930s, almost a century ago, and the government lost that case. Section 3 really is a dead letter today. Still, the progressive legal squad has dusted it off and is using it against Trump.

The Supreme Court recently ruled that states do not have the power to use Section 3 in federal elections. But the ruling left open the possibility that the U.S. Congress could pass legislation to use Section 3 itself. That means the insurrection clause is not a dead letter but a lawfare weapon waiting in the wings.

Here's how the insurrection clause could be used to prevent Trump from becoming president even if he wins the election: Assume Trump wins the election on November 5, (likely in my view). Also, assume the Democrats take control of the House of Representatives in that election. The Electoral College votes are certified by the states on December 8 and then sent to the Congress for a final count. The new

Congress is sworn in on January 5, 2025. The Electoral College votes are counted on January 6, 2025. The new president is not scheduled to be sworn in until January 20, 2025.

Sometime between being sworn in and counting the Electoral College votes, the new Democrat House of Representatives could pass a resolution stating that Trump is an insurrectionist and is disqualified from becoming president. The Supreme Court left the door open to such a resolution.

At that point, the House could refuse to count any Electoral College votes for Trump. In the final count, Trump would get zero votes and Biden would have less than the 270 votes needed to become president. At that point, the selection of a president would be thrown to the floor of the House (as happened in 1800 and 1826) and the House members voting not as individuals but as state delegations would choose the president.

Trump would not be eligible in this scenario, but a Republican would be the likely winner because Republicans control more state delegations even as the Democrats have more individual votes. A compromise candidate would be the likely winner, perhaps Ron DeSantis or Nikki Haley. The point would be to eliminate Trump.

Another example of extreme lawfare is the civil business records case brought against Trump and his businesses by Letitia James, the Attorney General of the State of New York. The allegation is that Trump overstated the value of certain properties on a loan application. Anyone familiar with commercial real estate knows that valuations are highly uncertain and volatile. The Trump Organization told the lender in writing not to rely on Trump valuations and to do their own due diligence. The bank did so and decided to make the loan. The loan was repaid in full with interest on time and as agreed. *There was no loss, no victim, and no complaint.*

Yet, New York Judge Engoron found Trump guilty of fraud, imposed a $325 million fine plus $90 million of interest, banned Trump from doing business in the State of New York for three years, inserted a clause in the ruling that says Trump must post a $325 million bond before he can appeal, and authorized Letitia James to begin seizing title to landmark Trump properties to enforce the judgment. This could destroy Trump's business and even bankrupt him all over a minor bookkeeping matter that is usually resolved with an administrative hearing and a small fine.

Trump appealed the bond requirement and was able to get the needed bond reduced to about $150 million. He posted that bond, although Letitia James challenged the credit quality of the insurance company that provided it. That case is now on appeal.

The litany of criminal cases against Trump has been highly publicized. Here's a summary of the status of each case:

The Hush Money Case

This is a New York State law criminal case being tried by the Manhattan District Attorney Alvin Bragg with trial help from top Department of Justice lawyers from Washington who were transferred to Bragg's office. This reflects both the incompetence of Bragg and the involvement of the White House behind the scenes.

The allegation is that Trump falsified business records in paying $130,000 of so-called hush money to porn actress Stormy Daniels after she accused him of an affair, which Trump denies. Such payments are entirely legal. I've handled many cases like that in my career (without the porn factor).

The accounting charge seems bogus because Trump wrote "legal fees" on the check and the check was, in fact, written to his lawyer. Those trivial violations are misdemeanors barred by the statute of limitations.

But Bragg said they were done in pursuance of a felony that extends the statute of limitations and elevates the misdemeanors to separate felonies. Bragg has never disclosed what the original felony is except for vague references to federal election law. But Bragg has no jurisdiction to enforce federal law in the first place; he's a state prosecutor.

Got it? Of course not. It makes no sense. Top legal scholars don't get it. The case is a travesty and an abuse of the justice system. Still, it will go to the jury about when you receive this newsletter, and we can expect a verdict any minute. (Those of you receiving our print edition already know the verdict).

> This is the new America — neo-fascist lawfare edition

If Trump is convicted, it will be the first time in U.S. history that any president has been convicted of a crime during or after leaving office. A conviction is almost certain to be overturned on appeal but the damage will be done. Trump will have to run for president as a "convicted felon." This is the new America — neo-fascist lawfare edition.

Mar-a-Lago Classified Documents Case

This is a federal case being heard in Palm Beach, Florida. The allegation is that Trump took certain classified documents when he left the White House and stored them in his home in Mar-a-Lago in Palm Beach, Florida. The FBI raided Trump's home with written orders to use "deadly force" if needed and recovered the boxes of documents after tearing the house apart and rifling through Melania Trump's panties and other garments.

The case is full of holes. The prosecution has admitted

BEST OF FIVE LINKS

The Trump-Proofing Has Begun

The popular vote in the November 2024 presidential election between Biden and Trump may be close. In fact, Biden is likely to win that vote especially when one considers that Biden may outpoll Trump by 6 million or more votes just in the state of California. Fortunately, it doesn't matter. We don't elect presidents by the popular vote; we elect them by the electoral college determined on a state-by-state basis. And the 6 million extra votes in California are completely wasted – you can only win California once no matter how many votes you get. Turning to the latest polling in individual states, a pattern is emerging that suggests Trump will be the next president. In the latest CNN poll, Trump beats Biden 49% to 43%. In the latest Harvard-Harris poll, Trump beats Biden 52% to 48% percent. Biden's approval rating just hit the lowest point of any president in the history of polling. The election will come down to seven swing states (we already know what will happen in the other 43 states and DC with a high degree of certainty). In those swing states (Wisconsin, Arizona, Georgia, Michigan, Pennsylvania, North Carolina, and Nevada) Trump is leading in all seven. The margins vary. Trump's ahead by 5.4 percentage points in North Carolina but only 0.6 percentage points in Pennsylvania. That's OK, he only needs to win four or five of the seven to be elected. As of now (things can change), Trump will have an electoral college landslide of 312 to 226 for Biden. Only 270 votes are needed to win. Democrats and progressives are starting to panic. While the Biden campaign rolls on, progressives in Washington and globalists all over the world are working to Trump-proof the next four years. This means they know Trump will be president, but they are taking steps to tie his hands or lock in priorities now that Trump cannot undo if elected. One such **plan** is to implement a long list of Deep State regulations. In just the past few weeks, Biden has finalized 59 rules and proposed 37 others. Included in these rules are new standards for heavy-duty trucks designed to hurt internal combustion engines and the energy industry. Another rule would guarantee more union jobs in nursing homes. Still, another rule would put restrictions on oil and coal-fired power plants that would force many of them to shut down. This will practically guarantee blackouts, brownouts and higher energy costs. Get ready for more of this. If Biden can't win, he will take the country down with him on his way out the door.

https://shorturl.at/ePdAZ

tampering with the evidence. That may be enough to get the case dismissed. As President, Trump also had the authority to declassify any document he wanted at any time so it's not clear anything was actually "classified" once it got to Trump's private home.

The judge has put the case on hold while she considers the impact of the evidence tampering and other motions raised by the defense. We'll see what happens but this case could be on its way to being dismissed.

The January 6th Case

This is another federal case and is being tried in Washington DC. The allegations stem from the January 6, 2021 riot at the Capitol. The prosecution claims Trump inspired the riot. In fact, Trump urged his supporters to remain peaceful and later urged them to leave the Capitol.

This case is currently on hold awaiting a ruling by the U.S. Supreme Court on the topic of Presidential Immunity. That ruling has echoes of similar defenses raised by Richard Nixon in 1973 and 1974 involving access to White House tape recordings. The Supreme Court will also consider the fact that the special counsel, Jack Smith, may have been improperly appointed by Attorney General Merrick Garland since Smith was not actually a Justice Department employee at the time of his appointment.

The Supreme Court is expected to rule in late June. We'll see if the case even goes forward based on that ruling. In any case, it seems unlikely the case can be completed before the election thereby defeating one of the goals of the lawfare warriors.

The Georgia RICO Case

This case has now descended into complete farce. This is a state law RICO case brought in Fulton County, Georgia by DA Fani Willis. She brought the case and her office into disgrace by hiring her lover as a prosecutor despite his having no complex criminal prosecution experience whatever. They used the money the County paid him to take exotic vacations. After this was exposed, the judge removed the hired prosecutor from the case but left Fani Willis' role intact. That ruling is now being challenged on appeal. The case is on indefinite hold until the various ethics and kickback claims are sorted out. Again, this trial seems unlikely to move forward until after the election.

That's the rundown. One important point to bear in mind is that there is no prohibition on a convicted felon being elected as president or serving as president. It's possible Trump will be behind bars on Election Day (if convicted in the hush money case), but he could still win the election and be sworn in as president.

Another point is that if Trump wins the election and is sworn in, he can pardon himself of any federal convictions. But he would not have the authority to pardon himself from state law convictions in New York or Georgia. Such a pardon would be up to the governors of those states.

The Georgia governor is a Republican and might well pardon Trump if needed. The New York governor is a Democrat and not likely to help Trump. That's why the ridiculous hush money case may be the most dangerous lawfare case of all.

Fitting A Crime Around The Man

As described above, once Trump decided to enter the 2024 presidential race, he was hit with an "insurrectionist" label to kick him off state ballots in Maine and Colorado, then with the Jan. 6th case in Washington, the classified documents case in Palm Beach, the RICO conspiracy charge in Fulton County, Georgia, and most ridiculous of all the loan application and "hush money" cases in New York City that threaten to bankrupt Trump or put him in jail. That's quite a list and the Democrat lawfare warriors have a few more tricks up their sleeves between now and the next election.

What's not as well-known is the many other targets of Democratic lawfare including Trump-affiliated lawyers and advisors. These include the 73-year old Harvard trained economist Peter Navarro who is now in federal prison, former Trump campaign manager and advisor Steve Bannon who is now awaiting imprisonment on federal charges, former New York City Mayor Rudy Giuliani who was hit with a summons at his 80th birthday party, and John Eastman, a prominent lawyer and constitutional scholar who was arrested in Arizona on 2020 election charges despite having had no involvement in contesting the Arizona election results.

The purpose of this is clear. Democrat lawfare fanatics not only want to disable Trump, they want to disable his advisors and intimidate any other qualified professionals from helping Trump. **This is not just lawfare, it's financial warfare. Any Republican who does not understand the stakes will get run over or worse. Investors should expect more of the same repugnant behavior.**

Selective enforcement of laws is another aspect of lawfare. In 2012, then Attorney General Eric Holder was found in contempt of Congress for refusing to turn over documents related to a gun-smuggling effort by the Justice Department. Nothing happened. There was no enforcement, no penalty, and no arrest. Holder simply ignored the finding and Congress moved on.

Peter Navarro wasn't so lucky. Navarro is a mild-mannered economist who taught at Harvard and worked in the Trump administration. In 2022, he was also found in contempt of Congress like Eric Holder for failure to provide evidence. Navarro was arrested in broad daylight in Reagan National Airport, put in handcuffs and leg irons by FBI goons, and frog-marched to jail. He was put on trial, convicted in 2023 and sentenced to 4 months in prison.

Economic adviser Peter Navarro is shown here with President Trump and Vice President Pence. Navarro is one of the highest ranking White House officials to get caught in the crossfire of partisan lawfare launched by the Democrats. He'll be released from prison soon and may be appointed to a senior role in a new Trump administration.

Why was the Democrat Holder let off without repercussions while the Republican Navarro was arrested, tried, convicted and sentenced to jail for the same offence? That's lawfare.

The fact is lawfare is being applied to Trump advisors and associates in an attempt to intimidate any qualified professionals from going to work for a new Trump administration. The message is that if you work for Trump, the lawfare warriors are coming for you with any invented charges or false accusations they can devise.

Just paying the legal fees to defend these cases can bankrupt you despite being innocent. Even if you win the case, the defense is a huge distraction and can destroy your family life. Your law practice or consulting practice can be ruined. That's the point. The warning to professionals is keep away from Trump or we'll ruin your life.

The Threat to Every American

There seem to be no limits on the lengths to which progressives, radicals and their lawfare enablers will go to destroy their political opponents. Trump is the most obvious example of this. The first two years of his administration were hobbled by the fake Russian collusion hoax and the numerous investigations that resulted. Those investigations showed the there was no collusion between Trump and Russia but the progressives didn't care (and certainly did not apologize). They just moved on to the next fake scandal, which was the first impeachment over a brief phone call to Ukrainian President Zelensky asking about Biden family corruption.

It turns out that Biden family corruption was rampant in Ukraine but that didn't stop phony "whistleblowers" (actually lawbreakers) like the CIA's Eric Ciaramella from leaking classified transcripts to Adam Schiff to get the

impeachment process going. Trump was acquitted by the Senate. Then came the second impeachment where Trump was also acquitted.

Now, a new lawfare tactic has been unveiled against Trump attorney John Eastman. It's called "debanking". In Eastman's case, it started with Bank of America closing his bank accounts for no good reason and with no recourse. Then he turned to his accounts at USAA, which specializes in bank accounts for military veterans and their families. Shortly thereafter, USAA also closed Eastman's bank accounts.

We tend to take banking services for granted and don't think much about what would happen if we were shut out of the banking system. No checks, no savings accounts, no wire transfers, no ATMs, no bank-issued credit cards, no lines of credit or mortgages, etc. It's like trying to survive without food or water. It's impossible.

And that's the whole point. Banks are targeting conservative voices for debanking attacks to make the victim's lives miserable. The same thing happened in the UK when NatWest and Coutts debanked Nigel Farage, leader of the Brexit movement. Farage fought back and the Chair of NatWest was eventually fired over the incident. But it was a brutal fight and a tough transition for Farage when he suddenly found himself debanked.

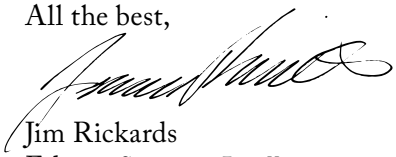
This is one reason it's a good idea to keep a cash stash of $10,000 or more if you can afford it and to open multiple bank accounts just to see you through a debanking attack. You never know who the next lawfare target of the radical left will be.

Assured Destruction

Lavrentiy Beria, head of the Soviet secret police (NKVD) under Stalin, once said, "Show me the man and I'll show you the crime." He meant that if you target an individual, it's not difficult to fabricate a crime even if the target is innocent. The accusation, arrest, and trial are enough to destroy most people emotionally and financially regardless of the technical outcome. If you combine this process with corrupt prosecutors and judges, then the destruction of the target is assured.

Such abuse of process is against the 5th, 6th, and 14th Amendments of the Constitution, which offer a presumption of innocence, right to counsel, right to know the charges against you, and due process of law. But the lawfare gang doesn't care about the Constitution. They just want to destroy their targets. In this sense, the political targets are not the only victims. The law itself is a victim. That threatens everybody and the country itself.

All the best,



Jim Rickards
Editor, *Strategic Intelligence*

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The Political Palestra

We're pleased to continue our new feature in *Strategic Intelligence* called Political Palestra. In ancient Greece, a palestra was an essential space in a gymnasium where wrestling and boxing took place. The Palestra in Philadelphia, which opened in 1927, is considered the historic home of college basketball and is famous for bleachers that come down to the court and practically put the fans in the game.

Politics has its own forms of competition, and we want our readers to have a ringside seat every step of the way. Political Palestra is your best source for inside intel and accurate forecasts all the way to Election Day.

The most important U.S. political developments in May involved Trump's pending trials. We covered those in the section on lawfare above so there's no need to repeat that material here.

Otherwise, the presidential primary season continued on schedule. There were Republican and Democratic primaries in Indiana on May 7, Maryland, Nebraska and West Virginia on May 14, and Kentucky and Oregon on May 21. In addition, the Democrats held a presidential caucus in Idaho on May 23.

There were no surprises. Biden won all of the Democratic delegates at stake and Trump won all of the Republican delegates. A few presidential primaries remain in Montana, New Jersey, New Mexico and South Dakota on June 4 then the primary season draws to a quiet close.

The only noteworthy development in these primaries is that Nikki Haley, who withdrew from the race on March 6th, continued to capture around 15% of the Republican votes. On May 22, Nikki Haley said she would vote for Trump, an announcement that stops short of a full endorsement.

The fact is a typical Nikki Haley voter is either a Republican "Never Trumper" who will not vote for Trump under any circumstances (but might stay home before voting for Biden) or an independent who chose to vote in the Republican primary just to stick it to Trump. Neither of those types of voters is open to persuasion by Trump so he's better off sticking to his game plan and not chasing the chimerical Haley voter.

The Trump VP sweepstakes continued as I expected. Trump will leak certain names, drop others and maintain the suspense as long as possible. The main contenders continue to be Tim Scott, Vivek Ramaswamy, Ron DeSantis, and Elise Stefanik. Longshots include Marco Rubio, JD Vance, Ben Carson, Tom Cotton, and Kari Lake.

Kristi Noem is definitely out of the running after it was revealed that she shot her puppy at point-blank range. Doug Burgum is hanging by a thread because he continues to deny the extent to which Democrats cheated in the last election. There was some buzz last week about Tulsi Gabbard, a former Democratic Congressperson now turned independent who actually might appeal to some Nikki Haley voters and other independents. We'll see.

The Republican and Democratic nominating conventions are coming up fast. The Republicans will hold theirs in Milwaukee on July 15 – 18 and the Democrats will hold theirs on August 19 – 22. The Republican convention should go smoothly. The Democratic convention will be marked by huge protests, possibly violent, related to Biden's support for Israel in the war on Hamas. We'll preview both of those conventions in coming issues of Strategic Intelligence. For now, the countdown is on.

Trump is maintaining his formidable lead in the polls. Expressed as percentage points, Trump holds a 1.1-point lead over Biden with 47.5% supporting Trump and 46.4% supporting Biden. In a five-way race (including RFK, Jr., Jill Stein and Cornel West) Trump's lead widens to 1.8 points. Betting odds show Trump leading Biden 51.3% to 36.0%. Taking just the top battleground states as a group, Trump has a 3.2-point lead.

On the one hand, these polls don't matter because the election is held on a state-by-state basis not on a national basis. Still, they reveal Trump's strong appeal today considering he never led in these nationwide polls in 2016 or 2020.

At the level of battleground states where the election will actually be decided, Trump is leading in all seven battlegrounds. Here are his winning margins by state expressed as percentage points according to the RealClearPolitics poll averages: Wisconsin (+1.1), Arizona (+4.1), Georgia (+4.0), Michigan (+1.1), Pennsylvania (+2.3), North Carolina (+5.0), and Nevada (+5.3)

Translating that data into a campaign strategy, Trump's best path to victory in November is to keep all of the states he won in 2020, pick-up both Arizona and Georgia (doable), and pick-up just one of Michigan, Pennsylvania or Wisconsin.

In order for Biden to win, he would have to keep all of the states he won in 2020 (including Nevada, Arizona and Georgia where he trails badly today) and run the table by taking all three of Michigan, Pennsylvania and Wisconsin.

The polling snapshots and the electoral map both favor Trump at the moment. Things can always change. Still, this is the time in the cycle when voters make up their minds and lock in their choices. On form, Trump definitely looks like the winner come November.

We'll be following all these developments closely in the Political Palestra section of *Strategic Intelligence*. (For more political stories that most mainstream media are not reporting, please view extensive insight by subscribing to the Paradigm Press YouTube channel **here**).

Youtube.com/@ParadigmPress.

Lawfare Undermines Justice, Erodes Prosperity, And Turbocharges Gold

By Dan Amoss, CFA

Since the founding of the United States, politicians, bureaucrats, and citizens have fought over the government's proper role in the economy. Some fight for less government; others fight for more.

But one trend is clear: Over time, the U.S. economy has become ever more influenced (and distorted) by federal spending and regulations. Think of spending and investment decisions made by actors in the harsh, disciplined free market, where the customer is always right.

Now, think of government spending and investment decisions made with "other people's money" — including borrowed money that burdens future generations — and you get the idea. This spending tends to be wasteful because those doing the spending do not have the tight feedback loops and rapid adjustments that go hand-in-hand with private-sector spending. All this activity is measured and reflected in the GDP accounts, but clearly, all this activity is not the same.

Aside from a few brief eras of relief, government influence on the economy has been in a perpetual bull market. That's bad for the productivity or entrepreneurship that is required to sustain prosperity from generation to generation.

The most recent break from endless growth in government agencies occurred during the Trump administration. While Donald Trump failed to govern as a true conservative in many areas (especially in fiscal spending), conservatives must give him credit for this: Trump at least had the courage to threaten the unaccountable status of the permanent regulatory and lobbying class.

Trump memorably labeled this "the swamp." He stoked panic in the swamp. So, swamp critters — some with good intentions, many closet Marxists — worked tirelessly to delegitimize Trump's presidency on false pretenses from day one. Does that process I just described sound like a "threat to democracy?" I think this question answers itself. It's sad that we all now understand the terms "gaslighting" and "projection" on a deeper level. Yet it seems a miracle that despite all this, we still have a functioning civilization.

I thought of lawfare as a concept as I recently read *How Capitalism Saved America* by Thomas DiLorenzo. The author has a Ph.D. in Economics. He is a master at gleaning economic truths from historical case studies. This style of economics contrasts with most macroeconomics practices, which impose faulty, consequence-ridden theories on economies to nudge them in some politically desired direction.

Professor DiLorenzo is currently president of the Mises Institute. I attended his economics lectures 25 years ago. They have served me well. *How Capitalism Saved America* is like a condensed version of his coursework.

Lawfare Erodes The Foundations Of Prosperity

This excerpt from DiLorenzo's book (in italic font) reflects how far we've backslidden from the founding principles that, as Trump supporters would agree — "made America great."

> *Thus it was that in 1776, when Jefferson wrote the Declaration of Independence, so many acts of tyranny that King George III was accused of had as their objective the implementation of British mercantilism in the colonies. This point tends to get lost if one merely familiarizes oneself with the Declaration* ***without understanding the economic context within which it was written. The charge of depriving the colonists of the consent of the governed was primarily a protest of taxation without consent.***
>
> *After fighting a revolution at least in part because the king of England had tried to exploit the colonists economically through mercantilism, the Revolutionary generation adopted a government that would safeguard economic liberty. That is, the American founders wanted to protect capitalism (though the word was not even coined at the time). Several key parts of the Constitution, adopted in 1789, provided important safeguards. The Contract Clause, for example, prohibited any laws abridging freedom of contract… Though it is no longer very well enforced – minimum-wage laws, rent control laws, virtually all of employment law, antitrust regulation,* ***and the American regulatory state in general all violate the clause*** *– this perversion of the law took many decades to accomplish. For the founders, this freedom was essential,* ***for they understood that property rights would not be secure without some mechanism to enforce the sanctity of contracts.*** *John Adams's views were typical of the founding generation's: 'The moment the idea is admitted into society, that property is not the sacred as the laws of God and that there is not a force of law and public justice to protect it, anarchy and tyranny commence.'*
>
> *In addition, the Commerce Clause outlawed protectionist tariffs in interstate commerce, thereby making the country a free-trade zone and the Constitution also prohibited export taxes to encourage international com-*

merce. ***The Fifth Amendment's Due Process Clause… provided a degree of protection for property rights, as well, as it defended private property against arbitrary governmental usurpations*** *[emphasis added].*

Due process. The sanctity of contracts. Blind, equal justice. In theory, Americans agree these are good things. Without them, we will not enjoy peace and prosperity. In practice, Americans have failed to defend these things because they've taken them for granted.

Lawfare — whether it's directed at a former president or, eventually, *you and me*, as Jim warned — is an unjust, un-American activity and should be condemned. **Lawfare is not *just* an attack on an individual with the aim of persecution, it's damaging to property rights and the associated free market activities that, in combination, sustain our livelihoods.**

Lawfare is also offensive to Christian citizens who know how important it is to obey the Ninth Commandment: "You shall not bear false witness against your neighbor." Without a commitment to true accusations and due process, it's impossible for a high-trust civil society to be sustained. Our legal system doesn't take this issue seriously enough. Those practicing lawfare must not fear one day being held accountable for their actions. The Founding Fathers assumed that a mostly Christian American population would not tolerate executive, judicial, and legislative branch officials who are committed to making false accusations.

A commitment to a just and truthful legal system is deeply related to economics and investing. Both activities require some measure of faith and trust between transacting parties.

Don't those who are waging lawfare against a former president on laughably thin legal arguments have more pressing crimes to pursue? To cite just one example, once-great American cities are spiraling into lawlessness because prosecutors with a Marxist agenda elevate criminals' rights above citizens' rights. The founders would also be surprised that Americans have so much material prosperity, despite the fact that we have trashed our currency and tolerated so many roadblocks and potholes put in the way of commerce.

What does this mean for investors? It means we have a hard road ahead. But we can rebuild. We've done it before. In the meantime, too many Americans still can't even recognize that lawfare is a perversion of justice, *let alone make connections between lawfare and their future standard of living.*

So, lawfare and political turmoil will add to the bull case for precious metals. The longer we persist with legal and economic mistakes, the more of a burden we are adding to the national debt, and by extension, adding ever more pressure on the Fed to monetize this debt. That's why our recommendation this month again focuses on the gold and silver sector.

Wheaton: A Top Quality Precious Metals Stock With Momentum

This month, we return to an old favorite to profit from higher gold and silver prices in the months ahead. **Wheaton Precious Metals (NYSE: WPM)** is one of the top gold and silver streaming companies in the world. It has a great business model.

Wheaton pioneered the streaming business model when it was formed as a subsidiary of Goldcorp nearly 20 years ago. Of all the royalty and streaming stocks, Wheaton still has the highest revenue exposure to silver. But to diversify and grow, it moved more aggressively into gold streams about a decade ago.

Streaming deals are similar to royalties, only they are legal agreements to buy gold or silver at a very low price far into the future. Here is how the streaming business operates: In exchange for an upfront payment, a streamer then owns the right to purchase all (or a portion) of the silver or gold production at low fixed costs from mines.

Many of the most profitable streaming agreements made in history were made with base metals miners — companies producing copper, zinc, nickel, and lead. Gold and silver are often byproducts at many mines.

Streaming companies like WPM approach base metals producers with offers to pay them low, fixed prices for streams of gold and silver production in exchange for an upfront payment. The miners are happy because they can use this upfront payment to fund mine construction. They are trading away exposure to future precious metals prices which they are not seeking anyway.

WPM started with only a handful of streams. Today, after making a series of well-timed streaming deals, Wheaton has streams on 44 assets — 18 operating mines and 26 development projects. Its revenue by metals is roughly two-thirds gold, one-third silver, and a small percentage from palladium and cobalt.

WPM's hidden assets are its streaming agreements on many of the top silver projects in the world. These assets have powerful leverage to higher silver prices in the future. As silver prices rise, the funding options for development-stage silver projects will burst wide open. Mine development timetables will be shortened.

Silver streams that WPM shareholders may have expected to arrive 15 or 20 years down the road could instead arrive within 5 years. When profits that are expected far into the future are pulled closer to the present day, stock prices rise.

Thanks to a steady flow of new stream acquisitions, the volume of metals flowing into Wheaton's revenue has increased.

If you combine higher volumes with higher gold and silver prices, revenue can grow through two powerful levers.

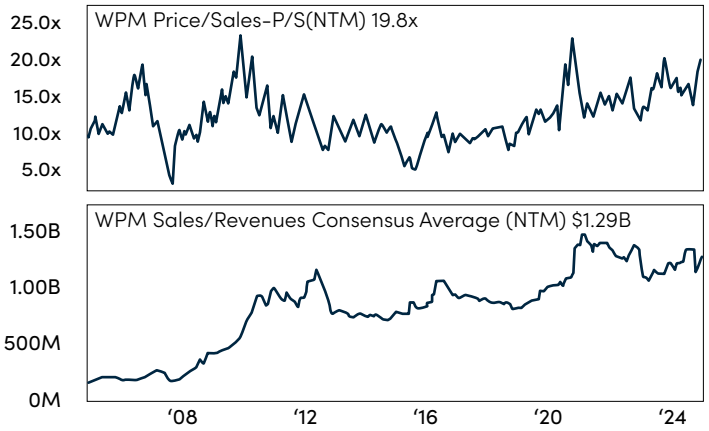
Wheaton's history includes several case studies of high-return streaming deals. Here are two:

1. In early 2013, Wheaton announced a gold streaming agreement with Brazilian mining giant, Vale. Salobo is a low-cost, open-pit copper/gold mine in Brazil. As Brazil's largest copper mine, it has been in production since 2012, with an estimated life stretching beyond the year 2060. Since the initial agreement in 2013, Wheaton has added to its investment in Salobo several times. It's paying off handsomely, even though the mine occasionally has operational hiccups. In 2021, the stream fell slightly due to a temporary mill disruption and repairs to Salobo's pit wall. The Salobo gold stream has been a win-win deal for both parties. Wheaton uses the example of this deal in its pitches to mining companies to make this type of stream agreement.
2. Even when mines have disappointing performance, change hands, or are shut down, streaming contracts can be repurchased or renegotiated. For example, in August 2022 Wheaton announced an agreement with its partner Glencore to terminate its silver stream on the Yauliyacu Mine in Peru for a cash payment of $150 million. Peru has become an inhospitable place to mine, so miners are moving their capital investments to other countries.

Yauliyacu yielded phenomenal returns for WPM shareholders. Wheaton acquired this silver stream in 2006 for $285 million. Since then, it generated over $485 million in cash flow. Combined with the termination payment, Wheaton generated a 220% return on its original investment.

Here is a chart of Wheaton's price-to-sales ratio in blue and its Wall Street consensus sales estimate in black. At 19.8 times estimated sales, WPM is trading near the top of its long-term range. However, the consensus forward sales estimate of $1.29 billion looks far too low. Sales are highly sensitive to gold and silver prices, and partially sensitive to changes in production at Wheaton's mining partners.

When gold and silver prices peaked near $2,070 and $30, respectively, in August 2020, analysts estimated WPM would deliver $1.5 billion in revenue over the following year. WPM's sales have been in a correction phase as precious metals have traded lower.



The forward sales estimate has shrunk even though gold and silver prices are currently near $2,300 and $30. We think sales estimates will rise substantially in the second half of 2024 as investors look ahead to the next round of Fed rate cuts and higher gold and silver prices.

Plus, after a few years of experiencing a few temporary hiccups at its mining partners, Wheaton's production growth outlook is looking brighter. Management expects production to be 800,000 gold equivalent ounces ("GEOs") by 2028. That's 40% higher than 2023 production of 584,000 GEOs.

Wheaton could boost its production even higher if the right streaming deals come along. Based on the company's disciplined, successful track record, we are confident that Wheaton will invest its cash hoard and its incoming cash flow back into high-return streams far into the future.

We think that a business of this quality — with minimal capital spending requirements and leveraged exposure to higher gold and silver prices — is worth 25 times cash flow.

Assuming higher gold and silver prices, plus higher production as new streams come online, we see a path to $2.4 billion in cash flow by 2025. Using a 25 multiple and 450 million shares outstanding, we get a 2025 price target of $133 per share. That's about 135% upside from current prices. How soon WPM gets there depends mostly on the path of gold and silver prices. As political warfare and lawfare continue, we like how the future is shaping up for precious metals.

ACTION TO TAKE:

Buy Wheaton Precious Metals (NYSE: WPM) up to $62 per share.

Best regards,

Dan Amoss

Dan Amoss, CFA
Senior Analyst, *Strategic Intelligence*

The REAL Profits From AI Investments

By Zach Scheidt, Contributing Editor

"What single word would you use to describe today's AI investment plays?"

The question was posed to me as I sat in on a panel discussion with Jim Rickards, Byron King, Dan Amoss and a few other influential minds in the investment community.

As I'm sure you know, artificial intelligence (AI) has captured the attention of Wall Street and Main Street alike. Optimistic investors have driven shares of stocks tied to the AI trend sky-high. And the euphoria is starting to resemble the levels of optimism surrounding the "dot- com" bubble which was at its peak when I started my investment career as a hedge fund manager at the beginning of this century.

Quite frankly, I'm concerned.

Of course, there are some great use cases for artificial intelligence. The technology can be used to advance medical science, improving longevity and quality of life for patients.

Advances in AI can also help people better communicate around the world, overcoming language barriers. Companies are improving efficiency, reducing waste and freeing up people to focus on more important tasks and conceptual ideas.

It seems like every day there's a new use case developed for this amazing technology.

Yet, many wise minds have been warning about the dangers of AI as it becomes more powerful and autonomous. The classic question of "what happens when the machines are smarter than humans" has become a legitimate concern for society.

And while the science of large language models and autonomous computing is outside of my area of expertise, I have my own concerns when it comes to AI investments.

The word I used in the panel discussion was "bifurcation" — because there truly are two sides to the AI investment ledger.

On one hand, you have a large number of AI stocks that have traded sharply higher thanks almost entirely to investor optimism. Many of these stocks have no business trading at the price points they're at, or at the valuations Wall Street has given these companies.

I'm concerned with the losses that unsuspecting individuals may suffer — in the same way investors were punished in late 2000 and 2001 as the dot-com bubble burst in spectacular fashion.

But at the same time, I'm *hopeful* about the gains that wiser investors can capture from this trend — by investing in legitimate companies that are truly *generating profits* from the advances in AI technology.

Today, I want to introduce you to an income play that directly benefits from AI. But at the same time allows you to sleep at night knowing that your investment is safe — and not subject to the wild swings that will surely characterize the AI stock market over the next several years.

Picks and Shovels for the AI Gold Rush

It's been well documented that the real winners of the 1849 gold rush were the outfitters that sold "picks and shovels" to gold speculators. Regardless of whether these miners struck gold or not, the general stores, feedstock providers and other supporting businesses made out like bandits.

That concept has been revisited over and over in different areas of the economy and financial markets. Whenever there is a manic or speculative development (like the dot-com bubble, the housing euphoria of 2007, or today's AI enthusiasm), there are certain companies that generate reliable profits serving a growing industry that may be considered speculative at best.

When it comes to AI, *electricity* has become one of the most important resources to drive this technology forward. It takes a tremendous amount of power to run the servers that process unbelievable amounts of data. And on top of that energy, it also takes a tremendous amount of electricity to cool the AI data centers so the computer equipment doesn't overheat and meltdown.

As more data centers are built, demand for power continues to grow. In fact, industry analysts now project that electricity demand from data centers may grow by an annual pace of 13% to 15% through 2030. So by the end of the decade, data centers are projected to account for a whopping 7.5% of total U.S. electricity consumption.

That's obviously very good news for the utility companies that provide power for these data centers. And today, I want to introduce you to one particular utility that is poised to benefit from this trend. Investors will be treated to growing dividends as profits accelerate, along with a higher stock price as the financial picture for this company improves.

Introducing NextEra Energy

Our dividend play for this month is **NextEra Energy Inc. (NEE)**. The company is a Florida-based utility powerhouse

known for its "Florida Power & Light" segment (which incidentally is America's largest electric utility).

If you're familiar with the traditional utility business model, you know that most electric utilities are regulated and can only charge approved rates for most of their residential electricity sales.

Aside from this traditional business, the real growth engine for NextEra lies in its *unregulated* renewable energy segments. This division is already one of the largest producers of utility-scale renewable power, with a current portfolio of 36 gigawatts of clean energy capacity. The company has plans to expand that footprint, targeting up to 41.8 gigawatts of renewable generation by the end of 2026.

Demand for the company's electricity is growing, and that demand should continue to increase over the next several years. The company's CEO John Ketchum recently projected an 81% increase in electricity demand over the next 5 years, and the company is actively developing new projects that will generate over 20 gigawatts of additional electricity.

The company is working to place new power capacity adjacent to planned data centers, which will increase efficiency and give NEE a competitive edge in providing "picks and shovels" to the speculative AI industry.

Shares currently trade near $75, and the company pays a quarterly dividend of 52 cents per share. This nets out to a dividend yield near 2.8% which is a reasonable amount of income for a dividend stock in today's market. Especially when you consider the fact that NEE is a "dividend aristocrat" with over 25 years of consecutive dividend hikes.

So as the company grows profits thanks to AI demand for electricity, you can expect your annual income from this stock to grow as well.

The Capital Gains Kicker

NEE is a solid investment simply because of the stock's reliable and growing dividend stream. But if you buy shares today, you can also expect to accumulate capital gains as the stock trades higher.

There are two primary reasons for this.

First, the company's profits should grow as AI demand picks up. Since NEE is adding additional capacity and locking in supply contracts with new data centers, I expect earnings per share to steadily grow.

Wall Street analysts are currently projecting profits of $3.41 per share this year followed by $3.68 in 2025 and $3.97 in 2026. Analyst projections have been revised higher, and there's reason to expect these projections to increase as the new capacity is added.

Meanwhile, the *valuation* that Wall Street places on utility stocks like NEE should also increase over the next year.

You see, right now, interest rates are relatively high compared to what we have seen over the past two decades. The Federal Reserve has hiked rates in an attempt to slow the economy down and reduce inflation.

Higher interest rates can be a drag on dividend payers like consumer staples and utility stocks. That's because when interest rates are high, income investors have other alternatives for generating much-needed cash flow. So capital that might have otherwise gone into dividend stocks is instead invested in bonds and other interest-rate sensitive assets.

As we head into the second half of this year — and further into 2025, the likelihood of the Fed *cutting rates* is picking up. And that shifting dynamic is very favorable for dividend stocks like NEE.

Once interest rates start to fall, that incentive to move capital away from dividend stocks will begin to reverse. And as more investors move capital out of bonds and other fixed-income products, and into dividend stocks, we should see prices for stocks like NEE move higher.

So there is both a fundamental and a technical argument for owning shares of NEE in today's market, giving us a great chance to lock in a solid stream of income with the promise of investment gains as interest rates come back down.

Shares of NEE have already begun trading higher after bottoming in October of last year. But the stock should have much farther to run as AI continues to drive demand for electricity. Make your investment now before the stock moves any higher!

Here's to Growing and Protecting your Wealth,

Zach Scheidt
Contributing Editor, *Rickards' Strategic Intelligence*

"Go to Jim Rickards at Paradigm Press Group for the best overall picture of money and finance worldwide. His credentials are phenomenal as is his experience and integrity. Honest, thorough and NO BS. PS: Great colleagues of great quality." -Jessie P.

Honest Money in a Culture of Untruth and Compulsion

By Byron W. King, Senior Geologist

This month in *Strategic Intelligence*, Jim Rickards takes a deep dive into "lawfare," the process of attacking an opponent by means of the legal system.

I'll follow Jim's theme, but address things from a different angle. Here, we'll ponder the pursuit of honest money and wealth protection in a culture that, more and more, is built on a foundation of untruth, misdirection and outright lies. Of course, I'll also present some investable ideas.

Warfare and Lawfare: Two Bookends of Compulsion

First, let's briefly revisit Jim's key point, about how lawfare is a combination of law and warfare. That is, instead of one side attacking the other with armies of soldiers, the assault comes via armies of lawyers. And instead of operational movements on a battlefield, one side works to wreck the other within the confines of the legal system.

Keep in mind, though, that at a fundamental level warfare and lawfare are two ends of the same spectrum, namely that of compulsion.

On that last point, one pithy definition of warfare comes from the German theorist Karl von Clausewitz, who in the 1830s wrote about war and strategy based on his experiences fighting against Napoleon: "War," said Clausewitz, "is an act of force to compel our enemy to do our will."

In many ways, Clausewitz's short sentence embodies the essence of warfare. Indeed, the guy wrote a 500-page book wrapped around that concept, and over the past 190 years, other fine thinkers have filled many a library shelf with further discussion. But you get the point.

At the other end of the spectrum of compulsion lies the non-kinetic approach, meaning to use a legal system to force another to "do our will," to borrow Clausewitz's phrase; the trials of Donald Trump — literal and figurative — being the foremost current example.

In Trump's case (or his numerous cases, to be exact), the former president is not dodging real bullets but instead must fight his battles on far-flung legalistic fronts. These have ranged from procedural skirmishes in Colorado and Maine to deny him ballot access, based on ill-defined, conclusory allegations of "insurrection," a Constitutional point resolved in his favor by the U.S. Supreme Court; to serial criminal indictments in Florida, Georgia, the District of Columbia and New York over a wide range of matters: classified documents, election questions, "January 6" events, and paying for a nondisclosure agreement.

The goal of all this anti-Trump lawfare is perfectly obvious. Trump's political opponents want to hamstring him in terms of lost time and adverse media attention, huge legal bills, burdensome discovery, eye-popping financial penalties, and possibly the stigma of a criminal conviction, if not incarceration.

But as the old saying goes, be careful what you wish for… Because the more Trump's political enemies pile on, the higher he has risen in the polls.

In recent months, Trump has been isolated inside courthouses, listening to prosecutors accuse him, witnesses malign him, and judges chastise him. Still, at the end of each day he has walked out to a sea of microphones and cameras to hold press conferences that receive global coverage. One might even say that Trump bears up well under the stress and looks rather "presidential" in his ability to absorb abuse and fire back at the other side.

One way or another, and as more than a few surveys clearly demonstrate, an innate sense of the rank unfairness of the anti-Trump lawfare has spread wide and far. If the election was held today, Trump could win.

As to the outcomes of these Trump trials, we shall see. One criminal matter is now in the hands of a Manhattan jury, and anything could happen. Looking ahead months and years, no doubt we'll watch the Trump appeals unfold from his cases, and the scope of what's called, in antiseptic terms, "reversible error" will become manifest.

Or let's put it this way: if use of the legal system for political ends is a form of political warfare, then abominable misuse of the legal system is a form of war crime, and nobody wants to be on the side of war criminals. Apparently, the lawfare fanatics failed to think this through.

Our Culture of Untruth

Sad to say, one factor that enables lawfare such as what we see with Trump is that we live in a gullible, miseducated culture that is wide open to mass persuasion towards preposterous ends. When large numbers of people hear little else but a litany of tailored tales, they can be made to believe just about anything.

Yeah, sure, we have our wonderful First Amendment in the U.S. Constitution, and anyone can find their inner Benjamin Franklin and publish a newspaper. Then

again, we live in an era when most channels for news are wrapped up quite tightly by people and institutions that control what gets out.

At root, the issue of "what is the news?" is economic because, like with any other business, running a news site and related newspaper has expenses, and the bottom line always rules. Across the U.S., over the past two decades, more than 2,000 local and regional newspapers have closed their doors, succumbing to high costs and competition from so-called "free" news on the internet.

One example from a major city is the *Pittsburgh Post-Gazette*, in business since the 1780s, but now a shadow of its old self, published in paper only on Thursdays and Sundays. (But to be fair, it's online every day.)

Meanwhile, if you're above a certain age you likely recall how three networks dominated television news in those olden days: CBS, NBC, and ABC. Perhaps you remember how the late newsreader Walter Cronkite used to sign off his evening broadcast with his iconic line, "And that's the way it is…"

Walter Cronkite: "And that's the way it is…"

Well, that was the "way it is" per Cronkite's opinion. He and his producers were ruthless about what to include in the man's 22-minute weeknight news show. And the fact is that, over many years, Cronkite and CBS left plenty of important news and perspective on the cutting room floor; definitely, they left out anything that was contrary to what they wanted the audience to know.

Or consider the inordinate power of the *New York Times* and *Washington Post*. Over many decades, they have published innumerable stories that created national levels of narrative. In other words, if something was "in the *Times*" or "in the *Post*," then large numbers of people believed that the story was a real thing, and that the resulting worldview was appropriate. All this, while many other news sources took their cue, if not doctrine, from these two newspapers (NPR, I'm looking at you!).

This all makes for a long discussion, which I'll spare you; but the point is that personal views and biases, and editorial decisions by a small handful of people have long shaped widespread public perceptions and opinions in the U.S.

Now, fast-forward to today, when network news remains in the hands of corporate insiders, and the *Times-Post* narrative still dominates nationwide storylines. Plus, we now have all-digital sites like Google and Facebook/Meta, which are in the business of curating narratives to the point of notorious shadow-bans that all but censor content that goes against certain political grains.

Or recall how, for way too long, ex-Twitter shadow-banned and censored people and content. Things became so openly notorious that Elon Musk came in and grossly overpaid to buy the site, an act of public charity in support of honest discussion. Now called "X," we'll see how it all evolves.

And consider Donald Trump's new site, "Truth Social." This is an effort to create a content platform with far less oversight and moderation than, say, Facebook, YouTube, etc. That is, Truth Social is not just Trump's personal bullhorn; it's an open forum, with its own hardware system, to support content creators. It won't get cancelled like how the former Parler site simply vanished, way back in 2021. Again, we'll see how this evolves over time.

So, as we discuss lawfare, and certainly the anti-Trump lawfare, one point to keep in mind is that it only succeeds when large numbers of people don't know what's going on behind the scenes, in the shadows. Because if all that one hears or sees are inflammatory headlines, atop partisan articles written by hacks who cherry-pick facts, or just plain make stuff up, then yes… one might just believe anything and to your long-term detriment.

Financial Lawfare

We could talk all day about Trump and lawfare, but let's go to a different level of the basic idea. Let's discuss a different version of lawfare, namely the use and misuse of financial sanctions by the U.S. against other nations, with the goal of shaping or changing the other side's political behavior; in other words, how the U.S. utilizes its legal and financial power at the strategic and geostrategic level.

One historical example of U.S. lawfare at an international level is America's use of sanctions against Japan in 1939 — 41, prompted by Japanese aggression against China. It's a long story, and for a highly detailed explanation see a superb book published in 2007 by historian Edward Miller, entitled *Bankrupting the Enemy: The U.S. Financial Siege of Japan Before Pearl Harbor.*

In short, U.S. sanctions cut off Japan from international banking services and eventually embargoed Japan from buying oil, iron ore and more. It must have seemed like a great idea to the lawyers in Washington, D.C., but over time the sanctions contributed mightily to Japan's government decision to attack the U.S. at Pearl Harbor in December 1941. In other words, those legalistic U.S. sanctions directly pulled the U.S. into the Second World War.

Postwar, and over many decades, the U.S. government continued to use economic sanctions — a form of lawfare, to be sure — against geopolitical opponents. The U.S. government placed sanctions against communist nations during the Cold War, such as the Soviet Union, and we still have long-running sanctions against, say, Cuba. These and many more.

More recently, the U.S. and Wes placed sanctions against Russia over the conflict in Ukraine, dating back to Russia's takeover of Crimea in 2014. Over the past decade, the U.S. has enacted all manner of sanctions against Russian individuals, companies, government entities and others.

Since February 2022, and over the past two years, since Russian tanks first rolled into Ukraine, the U.S. has placed enormous numbers and variations of new sanctions against Russia and Russians, up to barring that nation from using the SWIFT system (Society for Worldwide Interbank Financial Transactions); in essence the U.S. cut Russia out of the standard international system for finance and commerce.

So, one might ask: have these anti-Russian sanctions — U.S. lawfare — been effective? Have they worked? Well, apparently not because Russia seems to be doing just fine, economically.

Right now, the Russian economy is humming nicely, at near full employment; indeed, Russia reports labor shortages due to the needs of its internal, organic growth coupled with wartime demand for military products. And Russia remains among the world's leading producers of energy (oil, gas, uranium), metals and materials, agricultural products, and various forms of machinery and finished goods, including high-end aerospace technology.

All this, while Russia maintains robust trade relationships with the world's two largest nations, China and India. And Russia's national debt is about 14% of gross domestic product (GDP), compared with how U.S. national debt is about 140% of GDP and climbing. Plus, to cap it all off, Russia has the world's best ratio of gold reserves versus GDP.

Another way to say it is that Russia is "too big to sanction." Russia has too much energy, too many resources, too much industry, and definitely has plenty of gold in the national vaults.

And one other blowback from all this is that U.S. sanctions have led to massive, global-scale de-dollarization, a situation in which many trading nations switched to other currencies (i.e., not the dollar) with which to settle accounts.

Protect Your Wealth from Lawfare

Okay, now let's get personal. What does lawfare mean to you, whether it's against Trump or Russia or anyone else?

Well, it's definitely not a positive thing — not a favorable harbinger of the future — that the U.S. legal system has become weaponized, let alone that lawfare has a growing constituency. If prosecutors can come after Trump for whatever sort of charges they can concoct, they can go after anybody. If judges and juries can personalize legal process against people or entities that they just plain don't like, we're sliding down the proverbial slippery slope.

Frankly, based on what we've seen in the courtrooms of New York City, you'd have to be crazy to trust the fairness of that jurisdiction. Meanwhile, the D.C. courts are equally hyper-partisan, with surly judges and biased jury pools that seem to be brain-melded to the left-wing editorial board and self-styled progressive columnists of the *Washington Post*.

And of course, de-dollarization means that many nations across the globe now require fewer dollars for their own trade; so, they use their American currency to buy "real" things like precious metals, oil, or other assets, and this includes bidding up U.S. real estate which prices locals out of many markets.

If you are a regular reader, then by now you must know where this is going: protect your wealth with hard assets, meaning energy, precious metals and commodities.

We've long been fans of **ExxonMobil (XOM)** and **Chevron (CVX)** as dividend-paying energy plays; they're big, asset-rich, and have plenty of money to pay lawyers when they get sued in other lawfare cases over so-called "climate change" and similar.

If you believe that Donald Trump will be the next president, come January 2025, one strong call on future energy is with U.S. offshore oil and gas. For that, look at drilling plays like **Transocean (RIG)** and **Diamond Offshore (DO)**. And don't forget service plays like **Schlumberger (SLB)** and **Oceaneering International (OII)**.

For precious metals, you should definitely own physical bullion, meaning gold and silver. Prices have moved strongly in the past year, with more to come in our ongoing era of inflation and blowout government spending.

We've often discussed large mining plays like **Barrick (GOLD)** and **Newmont (NEM)**, and we've mentioned a great, smaller play just on the cusp of serious cash flow, a company called **Contango Ore (CTGO)**, which works in Alaska.

On the commodity side, we like **Freeport-McMoRan (FCX)** for copper and much else, as well as **Rio Tinto (RIO)** for copper and a wide array of other related metals.

Note that these are all general recommendations, some in the portfolio and some not. We won't track names that are not in our official portfolio, but I keep an eye on all of these companies. I'm confident that these names will hold up in whatever economic or business environment we encounter in the next few years.

Finally, keep in mind the distinction between a legal system and a justice system. That is, every country has a legal system: Stalin's Soviet Union had a legal system, Mao's China had a legal system, Pol Pot's Cambodia had a legal system. But were they "justice" systems?

For over two centuries in the U.S., one of the great national strengths was that, overall, our legal system also focused on delivering fair and impartial justice. Yes, the country had problems at times and in places; Southern Jim Crow comes to mind, and more. But the country has never before put on such a sordid legal spectacle such as we see with former President Trump.

This too will pass, or so we hope. Meanwhile, protect your wealth. Look for honest money while we collectively search for a way out of our current era of deep untruth.

Thank you for subscribing and reading.

Best wishes…

Byron W. King
Senior Geologist, *Rickards' Strategic Intelligence*

"Best world & political news & viewpoints available. Great help in keeping an unemotional viewpoint of investments." – Joyce A.

THE MONEYBALL ECONOMIST

Investing in a Trump Presidency

By Andrew Zatlin, "Mr. Labor" Contributing Editor

This month, I want to talk about the need to align your portfolio with the agenda of whoever is in the White House. With that in mind, I want to provide investment ideas to consider in anticipation of a return to Trump policies with a Republican win in November.

When they come into office, every President has their own pet projects. They want to support companies that supported them.

Wherever the President puts their finger on the scale, it will affect your investments.

I agree with Jim that it's more and more likely that Trump will be elected and that's why you should start paying attention to positioning your portfolio now to take advantage of sectors that will benefit from a Trump presidency.

I also believe Team Biden thinks Trump will be elected as well. They are already trying to steal Trump's thunder when it comes to his policies by mimicking what Trump is saying.

For example, Biden recently announced he would impose a 100% tariff on Chinese EVs coming into the U.S. He also drew a hard line in the sand when it comes to border crossings. Both of these decisions are part of established Trump policies. Campaigns pay attention to what concerns Americans have in order to win more votes.

But the difference between Trump and Biden is Trump doesn't just talk the talk. He walks the walk. You need to pay attention to his campaign agenda and know how to position your portfolio based on potential policy priorities under another Trump administration. There are two areas that you want to pay attention to in Trump's campaign agenda.

The Donald Loves Oil

The first is energy. In a Trump administration, you will see a lot more oil drilling and exploration along with a lot less support for the solar industry. So, when it comes to oil drilling, this could benefit companies like **TechnipFMC plc (FTI)** and **Oceaneering International Inc. (OII)**. I believe we are going to see a lot more drilling in the Gulf of Mexico where these companies will benefit.

If you don't want to go with specific stocks, you can look at **iShares U.S. Oil Equipment & Services ETF (IEZ)** which includes the whole oil services group. This type of ETF will cover the waterfront in an expected oil sector boom next year.

Demand for coal as a power source is huge and growing. Prices for coal have come down dramatically since COVID but are still up 70% since pre-COVID days. That's because capacity demand keeps growing. A great company to look at in the coal industry is **Arch Resources Inc. (ARCH)**.

A future Trump administration could have a larger and more lasting impact on the demand side. For oil, projections are that U.S. demand will peak around 2025-27 due to the current transition to green energy policies. But to the extent that he is able to slow that transition, Trump will be able to help U.S. oil demand stay higher for longer.

Trump Will Come Out Swinging

Another area that could benefit from Trump's agenda is immigration. We would love to know who is going to build the Wall, but that is still pending. What we do know is Trump's immigration policies will focus on capture and deportation. With a likely crackdown on illegal immigration, a lot of security elements will be put into place. So, I foresee opportunities in companies like Axon Enterprise Inc. (AXON) that specialize in tasers along with CoreCivic Inc. (CXW), that manages detention centers. The key here is to get into companies that can produce revenue from
specific policies that are part of a party agenda. Immigration is definitely number one on Trump's list.

Bottom line: Based on Trump's past policy stances and statements about restricting immigration and favoring domestic fossil fuel production over renewables, these companies could present opportunities to profit.

Regardless of your political leanings, you should objectively position your portfolio to align with the policy agendas of whatever candidate wins the White House, as their priorities will inevitably impact specific sectors and companies. Getting your portfolio in order now will reap the benefits later.

We're in it to win it,

Andrew Zatlin
Contributing Editor, *Strategic Intelligence*

JIM ANSWERS

How will Trump's goal of repeating the success of the Plaza and Louvre Accords impact U.S. trade and industry?

Mark J.

As reported in The Washington Post, Politico, The Wall Street Journal, Yahoo Finance and other outlets, Trump is working on a secret plan to devalue the U.S. dollar. The goal would be to cheapen U.S. exports and thereby help the U.S. balance of trade and create exported-related jobs. However, critics say that this will only increase U.S. inflation as Americans have to pay more for their imported goods using cheaper dollars. The critics also say that other countries will retaliate against the U.S. by cheapening their own currencies (that's the essence of a currency war) and no country will be any further ahead. In fact, the entire world will be worse off.

Before looking more closely at what's actually going on, some basics about a currency war should be explained. The first rule is that the world is not always in a currency war. The periods from 1944 to 1971 (the original Bretton Woods era) and from 1987 to 2010 (the period of the Washington Consensus) were times of currency peace. This contrasts with 1921-1936 (Currency War I), 1967-1987 (Currency War II), and the current period since 2010 (Currency War III).

The second rule is that when we are in a currency war, it can last for fifteen years or longer. It comes as no sur-

prise that the currency war that commenced in 2010 is still going strong 14 years later in 2024. And that points to another key aspect of this debate. The currency war being written about today by the media is not a new currency war. It's the same one that has been going on since 2010. We're simply in a new phase.

It is true that cheapening your currency can import inflation. Sometimes that's a legitimate policy goal if your country has been suffering from deflation. That's obviously not the case in the U.S. today.

It's also true that cheapening your currency can export deflation as trading partners pay less for your goods. That's what China was doing to the entire world from 1994 to 2010 and that's why the U.S. launched a currency war in 2010 – to fight back against disinflation and borderline deflation caused by cheap Chinese goods.

Currency wars can also shift jobs overseas and destroy domestic manufacturing as the terms of trade shift based on changing currency values. Retaliation is always waiting right around the corner in any currency war.

The U.S. dollar hit an all-time low in August 2011, which was consistent with the U.S. goal of trying to import inflation. But Europe struck back and the EUR/USD cross-rate crashed from $1.60 to $1.04 as a result. So, it is correct that no one wins a currency war and everyone is damaged in the process due to volatility, uncertainty, and the costs of conducting the war.

So, are the critics right that Trump has a secret plan to devalue the dollar? And are they right that this new stage in the currency war will bring inflation and hurt the U.S. economy?

The critics are wrong and don't understand what Trump is actually trying to do. Trump is not trying to start a currency war; he's trying to end it once and for all.

In the first place, no president has the power to unilaterally devalue the dollar. That might have been possible under the gold standard or some standard of fixed exchange rates but that has not been the state of the world since 1973. Exchange rates fluctuate based on a number of factors including interest rates, industrial growth, exchange controls, central bank interventions, capital flows, tax rates and many other macroeconomic variables. But the idea that the president can just wave his hand and devalue the dollar is false.

Far from the reckless, inflationary process the media claim, Trump's actual plan is based on the highly successful model developed by James Baker for Ronald Reagan and implemented in the Plaza Accord of 1985 and the Louvre Accord of 1987.

After the severe economic recession of 1982 and Paul Volcker's policy of moving interest rates to 20%, inflation in the U.S. was finally reigned in. Inflation dropped from 13.5% in 1980 to 6.1% in 1982, and then 3.2% in 1983. Investment in the U.S. went on a tear. U.S. real growth was 16% from 1983 to 1986. Everyone wanted dollars to invest in the U.S. and the dollar boomed reaching an all-time high in 1985.

Finally, the Reagan administration decided the U.S. dollar was too strong and was hurting U.S. exports and jobs. Treasury Secretary James Baker convened a meeting of the finance ministers of France, Germany, Japan, the UK, and the U.S. at the Plaza Hotel in New York City. The purpose was not to fight a currency war. The purpose was to create order in currency markets out of the chaos that had prevailed since 1973.

The parties reached a joint agreement that would devalue the U.S. dollar in an orderly fashion versus the French Franc, Japanese Yen, UK pounds sterling, and the German Deutschemark. Once the targeted level for the dollar was achieved, the parties would use their best efforts including market intervention as needed to maintain those levels within narrow bands.

A separate meeting in Paris at the Louvre in 1987 agreed that the devaluation phase was over and the dollar would be maintained at the new parities. This was not currency war; it was currency peace achieved by agreement and implemented in a cooperative fashion. The Louvre Accord (this time including the U.S.,

UK, France, Germany, Japan and Canada) ushered in a period of global prosperity that lasted twenty years until the Global Financial Crisis of 2008.

Trump's goal is to repeat the success of the Plaza and Louvre Accords. Trump's advisor on this is Robert Lighthizer, who is one of the most brilliant financial minds around and was Trump's U.S. Trade Representative (2017-2021). Lighthizer was also Deputy USTR for Ronald Reagan from 1983 to 1985 so he's a veteran of prior currency wars and was in the administration around the time the Plaza Accord was being developed. Lighthizer is the perfect individual to help Trump achieve the kind of success that Reagan and Baker had in the 1980s.

The media are trying to portray Trump as reckless when in fact he's proposing something highly beneficial for U.S. jobs and U.S. industry. Don't be fooled by false claims of new currency wars. Trump is trying to achieve a new era of currency stability and lasting prosperity.

Jim Rickards

Jim Rickards is an expert on the global monetary system, helping you understand how policies shape the markets… and impact your wallet.

His work is regularly featured in the *Financial Times, Evening Standard, The New York Times, The Telegraph, The Washington Post, The Wall Street Journal* and he is frequently a guest on the BBC, RTE Irish National Radio, CNN, NPR, CSPAN, CNBC, Bloomberg, and Fox Business.

Dan Amoss

Dan Amoss, CFA, has a knack for finding accounting red flags that others miss — steering you away from trouble and into profitable opportunities.

In 2005, he earned the Chartered Financial Analyst designation, a high-level certification that requires demonstrated knowledge of advanced investment analysis. His specialties include short selling, mining, oil and gasand macroeconomic analysis.

Zach Scheidt

Before joining the world of financial publishing, Zach managed millions of dollars for a hedge fund. He is a retirement and income expert with impeccable investment management experience who is dedicated to helping you maximize your earnings potential by finding Wall Street's best yields.

His work has also appeared in Seeking Alpha, Motley Fool and *The Wall Street Journal*

Byron King

Byron is a Harvard-trained geologist, formerNavy pilot and retired lawyer who will be our eyes andears in the mining and defense sectors with perspectivesyou won't find anywhere else.

His insights have been featured on MSN Money, Marketwatch.com, Fox Business News, CNBC's Squawk Box, Larry Kudlow, Glenn Beck and PBS's NewsHour.He has also been published in the *Financial Times,The Washington Post* and *The Wall Street Journal.*