

Greetings!

Recent failures of high-profile banks and related contagion could have huge ramifications for the American economy and Empire.

During the Roman Empire, the Ides of March — March 15 — was the time in which Roman countrymen would gather to pay off their debts. *In 44 B.C. the Ides of March also marked the end of the empire when Julius Caesar was assassinated amidst the twin crises of social unrest and political instability.* The Western world is now grappling with similar unrest and is battling over who must foot the bill. There are eerie parallels on this Ides of March.

As democracies are infighting and imploding, autocracies like China, Russia, Saudi Arabia and Iran are aligning to strike a deathblow to the dominance of the dollar and American hegemony. I don't think it is a coincidence that a few days after this deal was signed, Saudi Arabia refused to provide more funding to Credit Suisse, a major Western bank, which has triggered European markets down today. I worked for Credit Suisse as an equity analyst in New York in 2005 before moving to London in 2007, where I was given an offer by UBS, but they had to pull their offer as they were being hit by the sub-prime crisis, which led to the 2008 crash.

Yesterday, Russian fighter jets collided with a US drone over the Black Sea. A mistake? I don't think so, unfortunately. My views are shaped by living in Russia and working for a Russian bank in London advising Goldman Sachs and JP Morgan. As well, as I believe, I inherit my Jewish grandfather's prescience — he escaped the Communists in 1917 and the Nazis when many of his peers ignored the perils facing them. **I was one of the few to warn that Russia would definitely invade the Ukraine while all the pundits claimed Putin was bluffing.** And **before prominent investors Bill Ackman and Sequoia Capital saw the global risk, I warned that Covid was a Black Swan.**

The Death of the American Empire?

Inspired by *The Death of Julius Caesar* (1806) by Vincenzo Camuccini



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There are now significant risks of global contagion and a new depression — akin to the dot-com crash of 2001 and the 2008 Great Recession. **I experienced both economic collapses while working in the Bay Area in 2001 and then in London in 2008.**

The 2001 Dot-Com Boom and Bust

After years working on advanced technologies like AI for DARPA and WorldCom, I was sitting at a U.C. Berkeley event for admitted MBA students on the day the dot-com bubble burst from its peak. Instead of Berkeley, I decided to attend Kellogg and arrived back in the Bay Area for my internship in summer 2001. The year prior I had gone to extravagant tech launch parties in San Francisco and now, a year later, I attended pink-slip parties. The bubble was over.

The 2008 Global Financial Crisis

From 2002 to 2004, I earned a Master's at Harvard Kennedy School, focusing on International Economic Development and National Security Strategy. **After a trip to India and China, I was interviewing with UBS in London in August 2007 when they announced their failed bets on a hedge fund and sub-prime mortgages.**

I took a role with Renaissance Capital advising JP Morgan and Goldman Sachs on their investments in Russia and Africa. Even as American and European banks faltered, we were doing well, as Russian oil and metals companies were soaring. *But with Lehman Brothers' fall, Renaissance also faltered, even though their business was literally half a world away.*

Bankers may have lost their jobs, but they had already saved up millions selling dubious deals where they had received extravagant bonuses.

There is a moral hazard of an incentive structure where they could privatize their gains but socialize their losses. One friend who had done risk management at Lehman was now living off a cushy job after the 2008 crisis to unwind Lehman's assets.

Covid: In January 2020, Global Leaders Did Not Identify the Risk – Two Months Later the World Had Shut Down

In January 2020, I was in Davos talking to captains of industry who missed the imminent risks of Covid. No CEOs I heard were publicly or privately talking about the broader system risks of Covid, even though the Wuhan news was on the front page of *The Financial Times*. This oversight shows how even the most brilliant, well-regarded financiers and other global leaders can – often – miss imminent risks. Within two months of Davos, the globe had shut down...

Harvard Davos Reception



Jamie Dimon, Maya Joelson, David Rubenstein

I did not realize the risk of Covid either during Davos 2020 but I had read the Wuhan stories in the *The Financial Times*. When I returned to San Francisco in early February, I read that Chinese lockdowns were persisting. As China had become the second biggest economy with global linkages, I called my clients up in early February and advised them that Covid could pose a major global economic risk. As investors, we then sold commercial real estate and other vulnerable sectors and bought into strategic stocks like Zoom, Moderna and Chewy. At that time in mid-February, the S&P was peaking and *Goldman Sachs and most every other pundit dismissed the Covid risk*. I then wrote and published a note that **Covid was a Black Swan** that could crash global economies even before the financial luminaries Bill Ackman and Sequoia Capital voiced their concerns. Before the Fed intervened, the U.S. stock market was down 35% within just a few months.

The Current SVB Crisis

The boom and bust of SVB and its ilk could lead to an economic crisis like 2001 or 2008. In those years, the United States was the clear global leader and could print its way out of the crises — this is no longer the case. Sadly, the American government and its people are busy fighting amongst

themselves, as the SVB scandal highlights.

I warned last year that Putin was preparing to invade Ukraine while most Western pundits claimed he was bluffing. My warnings and analysis is informed by my experience living in Russia as well as inheriting the prescience of my Jewish grandfather. He decided to leave the best university in Russia when the Communists came to power in 1917 to flee to France. He then married my Jewish Austrian grandmother, whose family was friends with Einstein. My father was born in France in 1934, a year after Hitler came to power. Luckily, my grandfather had the foresight to get visas for the Joelsons to leave Paris and make the harrowing trip to Ellis Island and America.

China and Russia are working to end the hegemony of America and the dollar. Recently, China brokered a deal between Saudi Arabia and Iran. The SVB crisis and the rise of China could be the death knell of the American Empire. These events could have major repercussions on our markets, our economies and our way of life.

Unfortunately, most Americans, even those at the highest levels, do not know enough about these foreign countries and their leaders' motivations. Just yesterday, Russian fighter jets downed a US drone over the Black Sea. Unfortunately, even after Russia invaded the Ukraine, many generals are ignorant about Putin's true intentions. On CNN, Air Force General Hecker, commander of US Air Forces Europe and Air Forces Africa claimed the downing of the drone was "unprofessional" and talked about Vegas odds of 60/40 that it was a mistake. Clearly General Hecker is so steeped in American capitalism that he cannot understand the enemy.

Please take these threats seriously — for your wallet, your way of life and for the risk that your children will be sent to war or be a victim of the next Axis Powers as China and Russia and their new allies unite.

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Maya is a Harvard-trained economist who leverages her two decades of top-level experience across Wall Street, the City of London, emerging markets, and advanced technology to devise investment strategies for her clients. She advised the CEO and Board of Rio Tinto on macroeconomic and geopolitical concerns. Maya founded Meta Point Advisors after several years as a Financial Advisor at Merrill Lynch. Maya's clients benefit from her ability to provide savvy active management without the cumbersome costs and structure of mutual funds. She has been quoted in *The Wall Street Journal*, *Barron's*, and the *World Economic Forum*.

Marisa Joelson holds a MPA from Harvard Kennedy School, a MBA from Kellogg at Northwestern University, and a BA from Wesleyan University.



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