

## Twitter Thread by Kanekoa

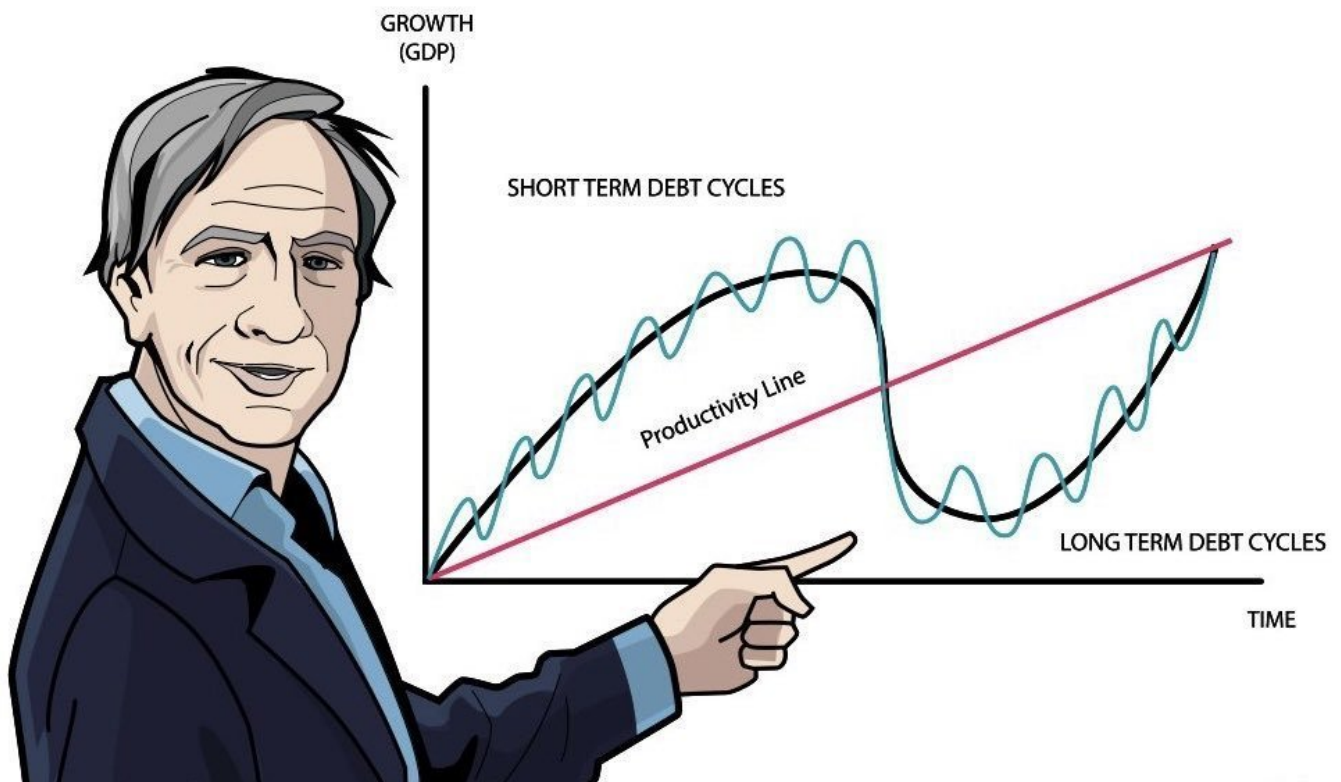
**Kanekoa**

@KanekoaTheGreat



1/ In @RayDalio's perspective, we are at the very late stages of the long term debt cycle. These long term debt cycles typically take 50-75 years to play out. This cycle began in 1945 when World War II ended and we began the US dollar-dominated world order.

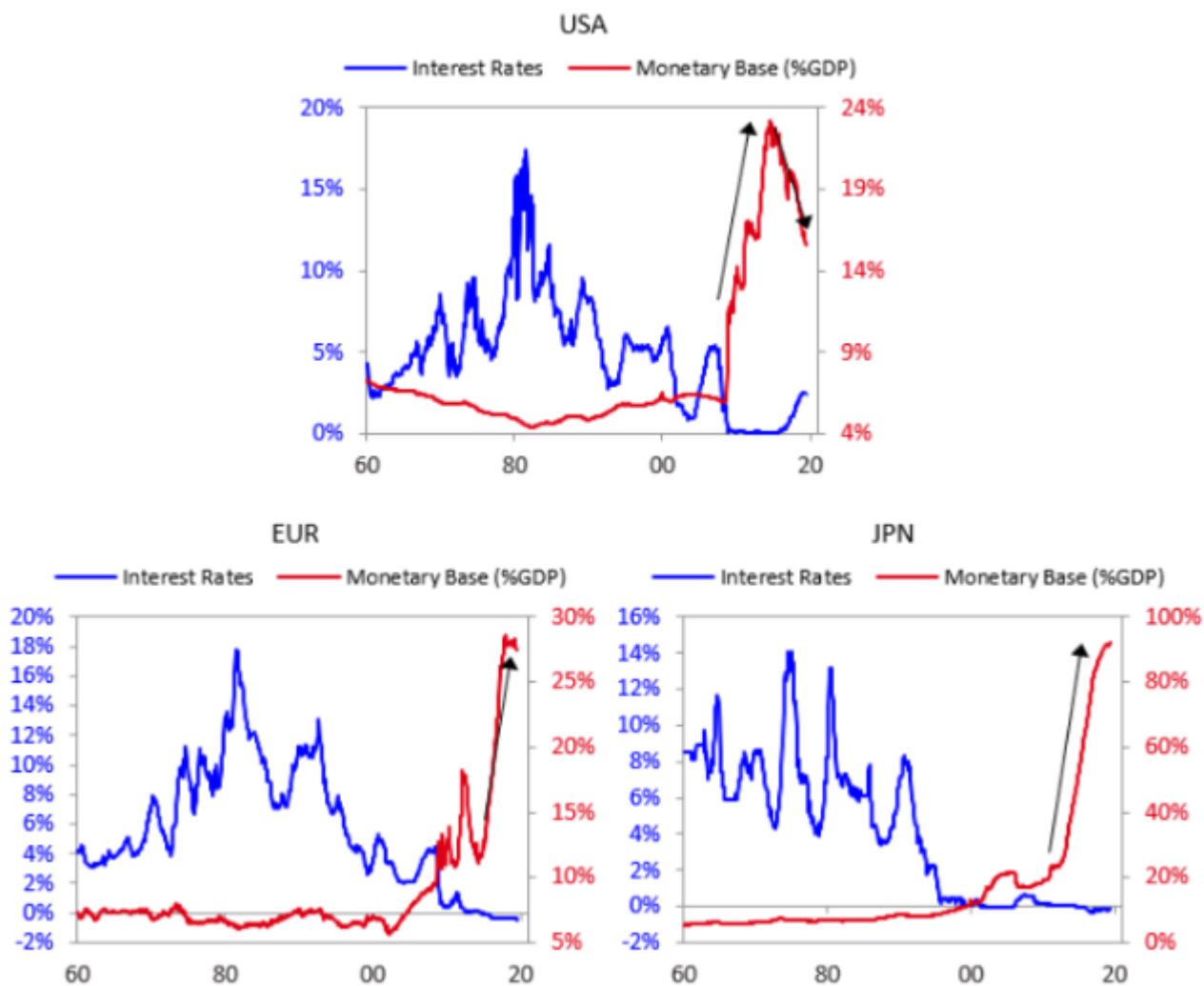
### How The Economic Machine Works



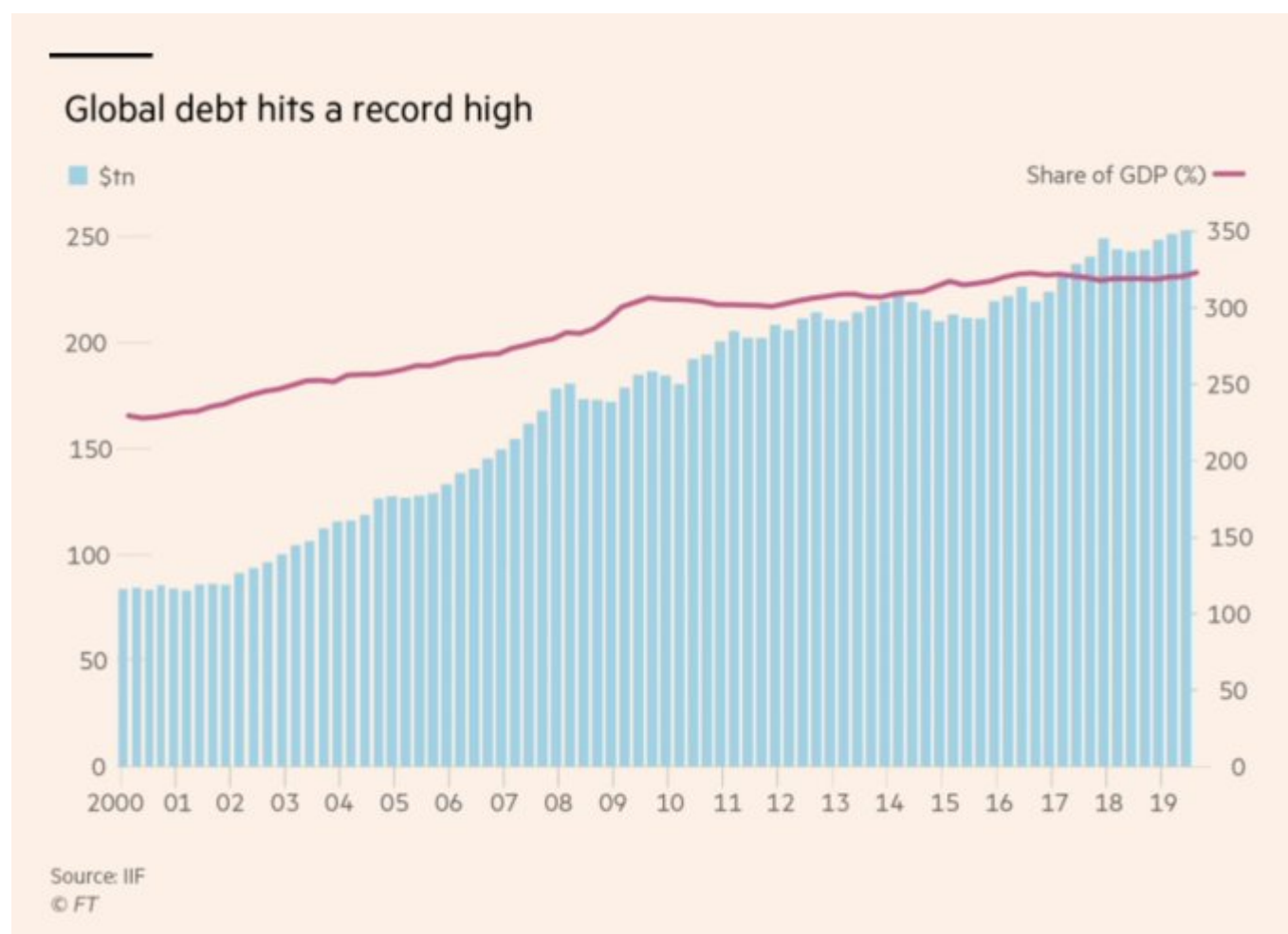
2/ In the words of @RayDalio, "Right now, the world's major central banks have the least fuel in their tanks since the late 1930s so are now in the later stages of the long-term debt cycle. Because they come along about once in a lifetime most people aren't aware of them."

"Think of the central bank as having a bottle of stimulant that they can inject into the economy as needed with the amount of stimulant in the bottle being limited. When the markets and the economy sag they give them shots of the money and credit stimulant to pick them up, and when they're too hot they give them less stimulant. These moves lead to cyclical rises and declines in the amounts and prices of money and credit, and goods, services, and financial assets. These moves typically come in the form of short-term debt cycles and long-term debt cycles. The short-term cycles of ups and downs typically last about eight years, give or take a few. The timing is determined by the amount of time it takes the stimulant to raise demand to the point that it reaches the limits of the real economy's capacity to produce. Most people have seen enough of these short-term debt cycles to know what they are like—so much so that they mistakenly think that they will go on working this way forever. They're most popularly called "the business cycle," though I call them "the short-term debt cycle" to distinguish them from "the long-term debt cycle." Over long periods of time these short-term debt cycles add up to long-term debt cycles that typically last about 50 to 75 years. Because they come along about once in a lifetime most people aren't aware of them; as a result they typically take people by surprise, which hurts a lot of people. The last big long-term debt cycle, which is the one that we are now in, was designed in 1944 in Bretton Woods, New Hampshire, and was put in place in 1945 when World War II ended and we began the dollar/US-dominated world order."

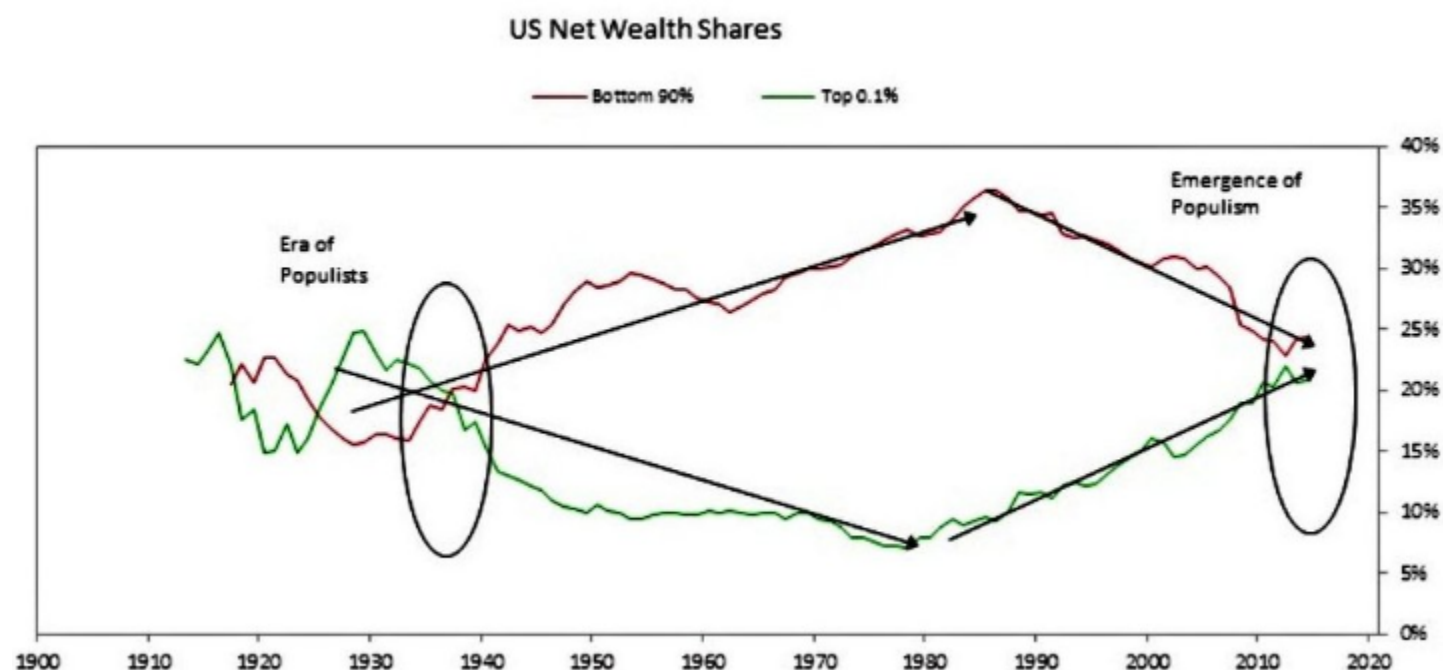
3/ Central banks have spent the last decade in a race to see who could devalue their currency the fastest. Near 0% interest rates have meant increased printing of the dollar, euro, and yen. Central banks no longer have the ability to tighten credit so they print money.



4/ Being towards the later stages of the long-term debt cycle there is a global sovereign debt bubble similar to what we saw in the 20's & 30's. In 2019, global debt-to-gdp hit 322% with total debt reaching a new all-time high of \$253 Trillion.



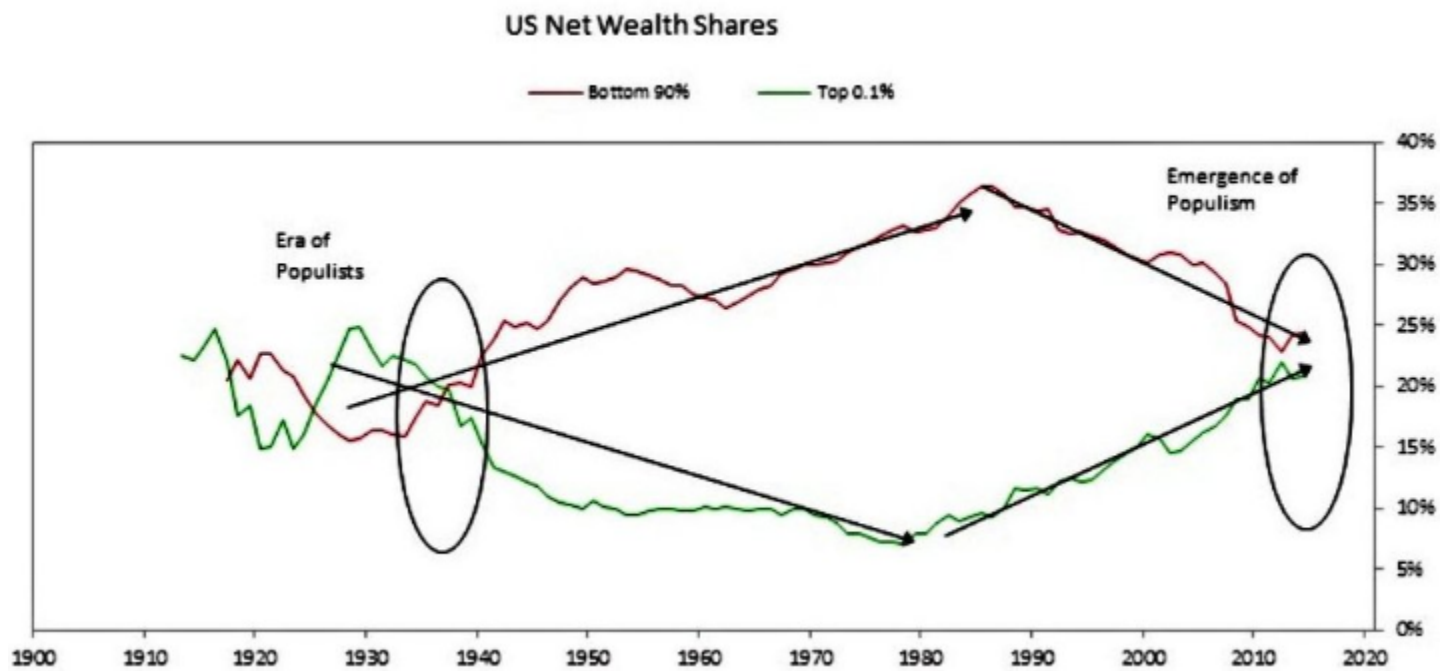
5/ The wealth gap has also expanded to levels last seen in the 30's. Historically, inequality and large wealth gaps have eventually led to dire consequences. Periods of conflict and social unrest often marked by taxes, revolutions, or wars.



6/ As unrest spreads, the corporate media will find ways to get Americans to point the finger at one another. To divide us by race, religion, politics, class, etc. But it's important to remember that a broad systemic debt cycle lies beneath the surface of this social unrest.



7/ The years of anger & social unrest have only made their way onto the streets after decades of the bottom 300,000,000 Americans losing their wealth to the top 330,000 Americans. And after decades of CEO pay skyrocketing as fast as the homeless populations rose in LA & NY.



8/ In a capitalist society, this unrest manifest in mistrust of institutions which no longer serve the "common people"; government, media, banks, etc. The "common people" vote against the "elite establishment" thus you get the rise of Brexit & President [@realDonaldTrump](#).



## Public trust in government: 1958-2015

*Trust the federal government to do what is right just about always/most of the time ...*

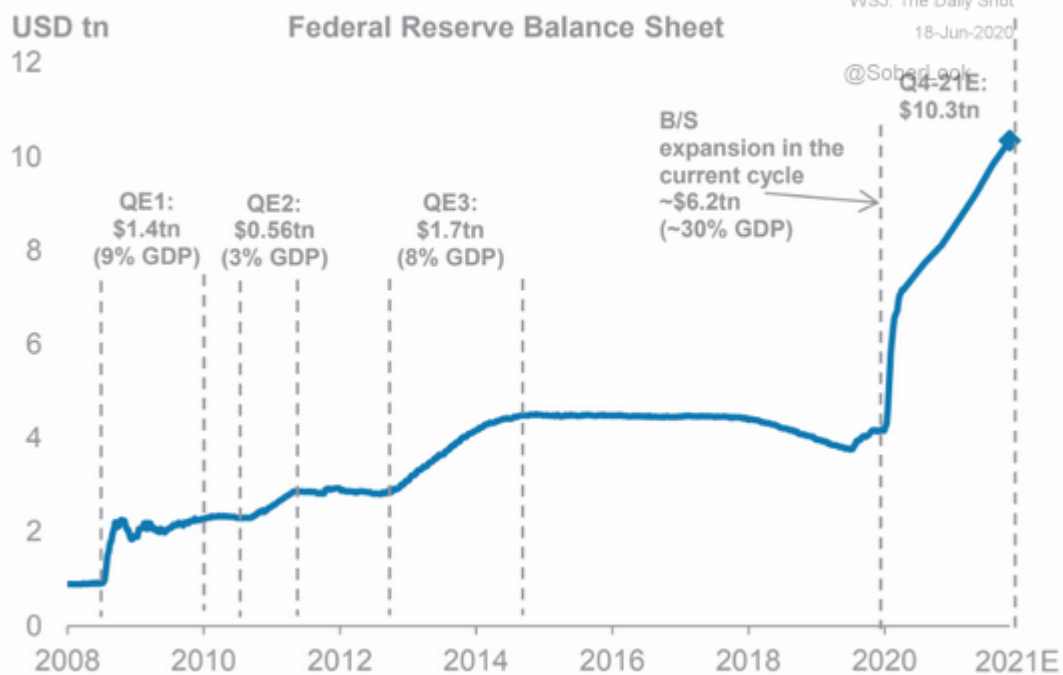


Survey conducted Aug. 27-Oct. 4, 2015. Q15. Trend sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN Polls. From 1976-2014 the trend line represents a three-survey moving average.

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9/ Covid-19 stomped on the gas pedal of all of these systemic problems. The fed printed more money in three months (\$4.3 Trillion) of covid-19 than it did in the seven years following the 2008 financial crisis. The wealthiest got even wealthier while the poorest got even poorer.

In this cycle, the Fed's balance sheet will expand by more than during QE1, 2 and 3 combined



Source: Federal Reserve Board, Morgan Stanley Research

10/ The corporate media will turn us against one another while using the virus as a scapegoat. Remember, the virus did not make the debt bubble & we did not create social unrest. Nonetheless, as Americans, we are all in this same boat facing the end of this long-term debt cycle.

## How The Economic Machine Works

