

The Great Reset

2nd November 2020

“If you’ve ever wondered which side you’d be on in 1930s Germany, now you know.”

- Tweet by Creative Deduction, @CreativeDeduct, 25th October 2020.

We can probably all agree by now that “Have you tried turning it off and then back on again ?” is no way to run a country. That may be the only thing we might come close to agreement on, given that the Great PCR Test Pandemic has managed to drive a wedge through the entire nation (if not an even wider community), dividing people into either lockdown sceptics or shrieking Karens respectively.

One thing we might also agree on is that, as [this interview](#) concludes, the global response to coronavirus has amounted to a shocking failure on the part of institutions, whether medical, [governmental](#), non-governmental agency, scientific, or within the mainstream news media.

We are indebted to [Sir Steven Wilkinson](#) for the coinage of ‘Hanlon’s Razor’, namely

Never attribute to malice that which is adequately explained by stupidity.

As we more prosaically ask of this crisis, “cock-up – or conspiracy ?”

Smoking guns are certainly popping up from grassy knolls everywhere. [Dr Reiner Fuellmich](#) is pursuing three of them, namely:

Dr Christian Drosten, the inventor of the PCR test (corona test) -- PCR tests are not approved for diagnostic purposes, as is correctly noted on leaflets coming with these tests. Even the United States CDC agrees with this. Even Drosten himself declared in an interview in 2014, that these PCR tests are so highly sensitive that even very healthy and non-infectious people may test positive. Dr Yeadon in his piece: ‘Lies, Damned Lies and Health Statistics - the Deadly Danger of False Positives’ explains the complete unsuitability of the test for the detection of infectious diseases; Covid 19 has tested positive in goats, sheep, papayas and even chicken wings -- Also note that previously, during the swine flu in 2009 Drosten was one of those who stirred up panic in the population; repeating over and over again that the swine flu would claim many hundreds of thousands, even millions of deaths, all over the world. This panic-inducing prognosis proved to be catastrophically false.

Mr Tedros Adhanom, head of WHO or the World Health Organisation -- Drosten used the PCR test, to test in Wuhan China; it came positive; this was enough for WHO to sound the pandemic alarm and to recommend the worldwide use of the Drosten PCR test for the detection of infections -- Note also that previously, 12 years earlier the WHO changed the definition of "pandemic" (to "just a worldwide disease", which not necessarily led to many serious illnesses and deaths) and that due to this change was able to declare the swine flu pandemic in 2009, with the result that vaccines were produced and sold worldwide. The panic prognosis of WHO proved to be catastrophically false.

Mr Lothar Wieler, head of the RKI (German Center for Disease Control and Prevention) and author of "the "panic paper" -- "the "panic paper" that was leaked which was written by the German Department of the Interior. Its classified content shows beyond a shadow of a doubt that in fact the population was deliberately driven to panic by politicians and mainstream media. The accompanying irresponsible statements of the head of the RKI, remember the CDC, Mr Wieler who repeatedly and excitedly announced that the corona measures must be followed unconditionally by the population, without them asking any question shows that he followed the script verbatim. In his public statements he kept announcing that the situation was very grave and threatening although the figures compiled by his own institute proved the exact opposite.

Another smoking gun is the role of the [World Economic Forum](#). One of the many unsettling aspects of this creepy, Davos-sponsoring organisation is the zeal with which our discredited political class has embraced it. Three years ago, for example, WEF founder Klaus Schwab was being warmly introduced to the British parliament by no less a creature than [Matt Hancock](#). One of the WEF's pet projects is something it calls [The Great Reset](#).

A reset of sorts would certainly seem to be barrelling towards us, irrespective of which unelected cabal of crony capitalist organisations is lobbying for it. (Another smoking gun is the ubiquitous involvement in these various projects of the billionaire healthcare dilettante Bill Gates.)

Sir Steven Wilkinson:

As far as I am concerned, the world is wending its inexorable way towards a socialist dystopia with ever more sections of the economy being brought under central planners' control. Governments and their metastasising civil services have been playing a "double-or-quits" game since the late 80s if you ask me, the result of which is the need for ever larger interventions – both monetary and regulatory – to counteract the ever-larger swings of the pendulum that the previous efforts engendered. The economist Hiram Minsky wrote about this in the early 1980s and, although from an entirely different end of the political spectrum to von Mises, came to the same conclusion – namely an inevitable collapse in both the currency and the economy as the long overdue "creative destruction" which is the regenerative genius of the capitalist system clears out the mal-investment and bad money.

I expect the following:

- years (2-5) of agony as the establishment struggles to keep a) the whole edifice from collapsing and b) us in our places
- nationalisation of the banking system and effective nationalisation - but not on idealistic grounds - of "essential services"
- ballooning of Central Bank balance sheets to 7 - 10 x their current size (which for the Fed means 40-50 trillion just to give you some perspective)
- banning of cash completely (in preparation for the inevitable currency collapse and reboot)
- swingeing levels of taxation for capital gains (the corollary of the money inflation) with rates going up to 90% for "speculative assets"
- some measure of restriction on private investments in precious metals especially gold
- re-imposition of capital controls
- I also expect a denouement in the Eurozone as (and I know we keep predicting this but the EU are really running out of runway) as particularly the US seeks to devalue to negate the trade imbalance causing unbearable deflationary pressures on the exporting nations - EU (especially Germany) and China.
- I don't know enough about China to guess what will happen there but whatever it is we will not be in much a mood to gloat.
- On a positive note I believe that we are looking at the end of "monotheism" in respect of the standard orthodoxy around the definition of what a "country" is. I think the map of the world coloured by self-regulating independent sovereign "nations" will look a lot more like a map of 1500s with tens possibly hundreds more entities and a great deal more competition in terms of economic, tax and civil liberties between states. Europe will fracture into more traditional regional loyalties (Bavaria, Saxony, Tirol etc) and the US will rediscover its constitutional divisions of power with states and within them counties re-discovering the ability to experiment and set their own standards and fiscal policies. There will in my view be a huge amount of competition between models of civic society. Expect, for instance, a rebirth of the Hanseatic League only on a global scale.

The last five years, especially the last two and a half in which we have seen the vicious disdain for sovereignty by the EU and the British Establishment for democratic principles and the appalling mismanagement of the COVID crisis have radicalised me and accelerated my transition from a Thatcherite Conservative with a focus on free-markets and decentralised local government to a libertarian with a deep loathing of the inhumanity, incompetence and corruption of our modern government. I despise

the way in which we are being run by oligarchs, corporate interests and financial sociopaths and despair of the way in which our educational system, media and civil service has been bent out of shape by proto-Marxists and their incoherent, divisive and intellectually insulting "critical theory" dogma..

I would rather die fighting on the hill of liberty than watch it being bulldozed away by midwits, corruptocrats and ululating socialist dervishes.

So what practical measures are we taking to protect our clients' capital from the likely deprivations of the state ?

Markets were born free but are now everywhere in chains. Cash deposit rates are now derisory, but with added bail-in risk. Bond yields are likely to remain squashed indefinitely, helped by governmental funny money. So cash and bonds are largely out of the question. The one market too big for even the world's central banks collectively to kick around is the currency market. So we would not be surprised to see some kind of reset develop there. Our way of anticipating that reset is to own precious metals and the shares of sensibly priced mining concerns in "safer" jurisdictions. Because we anticipate an ultimately inflationary outcome due to those aforementioned torrents of funny money, we value claims on the real economy in the form of equity ownership of cash-flow generative businesses run by principled, shareholder-friendly management with an excellent track record of capital allocation, especially when such stocks can be bought at a discount to their inherent worth. And because we frankly have no clue how the Great Suppression will necessarily play out, we hold uncorrelated (systematic trend-following) funds that offer the potential to zig when the markets finally and conclusively zag. Our watchword: if in doubt, diversify.

Not the sort of commentary we would prefer to be sending out into the world. But sometimes spades must be identified as such. On a more positive note, some wisdom from the ages: this too shall pass. It just better get a bloody move on.

Tim Price is co-manager of the [VT Price Value Portfolio](#) and author of 'Investing through the Looking Glass: a rational guide to irrational financial markets'. You can access a full archive of these weekly investment commentaries [here](#). You can listen to our regular 'State of the Markets' podcasts, with Paul Rodriguez of ThinkTrading.com, [here](#). Email us: info@pricevaluepartners.com.

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