

Hello Everyone,

- *“Tick, tock, the game is locked, nobody else can play...”* Child’s jump rope rhyme.
- *“Microsoft & Walmart Join Forces In Bid To Buy TikTok.”* Business Headline 08.27.2020
- *“TikTok Sues US Government Over Trump Ban.”* NY Times Headline 08.24.2020

For those of you who don’t know, TikTok is a video app that allows people (mostly teenagers) to either lip sync (or create) short music videos to share with the world.

So, why all the hubbub?

It’s all about the data.

Walmart and Microsoft (that seems an odd pairing—but maybe not) would love the data concerning the up-and-coming consumers.

So, nobody else can play. :>)

TikTok’s parent Company is ByteDance ----which happens to be Chinese. Thus, the President’s interest.

Today’s missive also deals with data, but from a bygone era. We will go back to the mid-15th century and see how a “data changer” reshaped the world. I believe you will find the parallels to today remarkable.

Signed, Your Life-was-So-Much-Simpler-When-Kids-Jumped-Rope-For-Fun Financial Advisor,
Greg

KKOB 08.28.2020 Gutenberg’s Printing Press & Today

Bob: So, Greg, last Friday your segment on *Covid and Real Estate* must have struck a chord, because apparently your email and phone lit up with people wanting to talk to you.

Greg: There are a lot of smart real estate pros out there who wanted to explain the nuances ---and the tectonic shifts--- going on in real estate. And it’s not just here in New Mexico, but all across America.

Anyway, it got me to thinking about whether there was a time in history that mirrored events today. And thankfully, a man smarter than I, Martin Armstrong, had already made

the connection. So, Bob, I'll expand on some of his thoughts.

Bob: So, this is going to be another history lesson day. That's good. Our listeners like the stories.

Greg: I do, too. I believe the more you know about the past, the more you will know about the future.

So, let's go back almost 600 years to Mainz, Germany and meet Johannes Gutenberg...the inventor of the printing press.

Now, Bob, before the printing press, scribes could copy maybe 40 pages of text a day. Gutenberg's invention could replicate 3600. Think of the printing press as the computer of the day. It enabled an exponential leap in the transmission of knowledge.

Bibles were no longer just in the hands of the church or the wealthy. Pamphlets circulated criticizing those in power and exposing corruption. Literature blossomed.

And as information spread, so did prosperity. Within a few decades, hundreds of printing presses were operating in dozens of cities across Europe. And the result was----the world was turned on its head. Sound familiar to our time?

Bob: Sure. Today's equivalent to Mainz, Germany would be Silicon Valley, California. The computer revolution really started there. And, of course, within decades computers and software spread across the globe. And, just like the printing press, computers turned the world on its head.

Greg: Exactly. So, let's keep going. As the economy in Mainz exploded upward, the politicians envisioned tax revenues without

end. Public spending and borrowing went straight up. Government officials believed the growth would never end. Soon, they were spending money they didn't have. They issued letters of credit (think bonds) and began borrowing against future tax revenues.

And when the politicians couldn't pay the old debts, they just raised taxes or issued new debt to cover the maturing old debt. Sound familiar?

Bob: Sure. This is exactly what has been going on in California, New York, Illinois, Washington State and other high tax places. They thought the growth would never end either. So, they over-taxed and over-borrowed.

Greg: Right. And back in 15th century Germany, something else very predictable happened. At some point, the wealthy decided they had had enough. They left the cities in droves and moved to the rural areas where taxes were lighter and greedy-government was far away. Of course, the middle-class and poor were left behind.

Bob: which is exactly what is happening today. Covid put an abrupt end to the idea of unlimited economic growth; but the tax and regulatory burden hasn't changed. So those who can afford to leave are migrating out of the tax-heavy cities and states. But the poor and middle-class are stuck.

So, how did it end for the city of Mainz?

Greg: Not well. When the wealthy left, the tax base collapsed. Laws were no longer enforced. Crime soared and the leaders lost control. With chaos reigning, Mainz defaulted on its debts.

The creditors who were owed the money were so enraged at the politicians, they hired thugs to raid the city and take what they could as payment. Mainz was sacked and burned to the ground. Oh, and to drive the point home, the Pope excommunicated the politicians; which at the time, meant they were condemned to hell for all eternity.

Bob: well that's not very cheerful. But this is something else. I mean the parallels between then and now---- with technology, politics, and real estate---- are remarkable. We are watching this repeat in real time in places like California, New York, Portland, and Seattle. It's surreal.

Great report. I love the history stuff. How do people reach you?

Greg: My number is 250-3754. Or go to my website at zanettifinancial.com.

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