SOME ACTION-PLAN SUGGESTIONS FOR CYPRUS

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Did you know that the rent of an averagely disappointing room in a more bearable part of London now could be about 30-40% of the average monthly take-home pay of a reasonably-paid university lecturer working in London? If you then deduct food, travel, bills, the odd KFC moment-of-weakness, and the other stuff that makes life less objectionable, you might get some pretty annoyed looking lecturers in class. So, I guess it wouldn't be too surprising to find out that some lecturers in London might still be living with their mums or their dads or both of them at the same time. If, on the other hand, you were a lecturer who had bought a terraced London house, say in Stoke Newington Zone 2, about 25 to 30 years ago, at about 4 to 5 times your yearly salary (NB and not at about 30-40 times nowadays), you're sitting pretty.

This for me is an example of slaughter-house economics i.e. where a fundamental human right (housing) has been turned into a not very affordable asset class. The iniquitous process is relatively straightforward to implement: lower interest rates and leave the rest to a more than obliging fractional reserve banking system. Hey presto, you have a housing boom and thriving economy with a mass media highlighting not too critically the merits of bricks and mortar investments. The problem is also compounded with perhaps the parking of hot money in property. Nonetheless, when the funny-money spigot is turned in the direction of off (aka austerity or healthy high interest rates), you start getting wealth shift (aka real things of value being owned by fewer people). And, it doesn't end there: many banks become unstable too. One quick-fix solution may be 'apparently' bail-ins of unsecured creditors (i.e. you) provided there is some insurance guarantee. However, high house prices might be a precursor of something else: the end of an untenable monetary system and the dawn of massive geopolitical upheavals. So should Cyprus be keeping a watchful eye on Germany now?

Sentiment in the industrial powerhouse of Europe (Germany) may start splitting: the possibly teetering big German (eurozone) banks have huge derivative exposure. For instance, one source[ii] suggests Deutsche Bank has about 55 trillion euros of derivative exposure. But are some German industrial captains thinking of aligning themselves more directly with potentially increasing numbers of Eurasian 'trade-zone partners'? Never happen? Well, why build the Nord Stream or why have plans to launch a Moscow-Berlin[iii] high-speed rail-link taken place against a backdrop of badly-thought-through anti-Russian sanctions? Correspondingly, China may be establishing free-trade-zone solutions with the growing Eurasian Economic Union (EEU)[iv]. Huge influxes of culturally-diverse accountable and likely unaccountable[v] refugees to Germany in a dangerous farce of political correctness or in a maze of possible political skulduggery may lead to a rise of nationalism too, which could also bring about an outshot drive to put more German national economic interests overtly first. Also, would a bail-in orgy by European banks not compound such a drive? Moreover, the function of NATO, which is currently a defence alliance or a war alliance depending on your perspective, might become dangerously unclear if Germany sought to be more autonomous militarily.

Therefore, with the petro-dollar reserve currency and its seemingly forceful adjuvant militaristic arm potentially on increasingly shaky legs, with the Middle East an unstable mess, with a bankrupt and desperate Ukraine perhaps at some point realising 'this indirect tiff' with its powerful big Slavic Russian brother may only be a family feud that can be resolved (*blood is thicker than water*, as they say), with a *to-be-ousted* Erdoğan in a destabilized-lira-collapsing Turkey conceivably approaching, with a resulting new redrawn-border Kurdistan maybe on the horizon, with South China Sea tensions rising, with a *new-powerful-kid-possibly-on-the-block* Iran, with likely massive sub-30-dollar-oil-derivative-hedging losses, and with the oil-dependent House of Saud probably becoming more rickety, doesn't it also make security-cum-economic sense for Germany to align itself more Eastwards? In so doing, it might terminate the shaky euro experiment and reboot the Deutschmark, which may be backed by a basket of things tangible. It is also plausible that a dominant Germanic monetary block of select (EU) countries might start forming while other weaker (EU) countries will likely be returning painfully to their former currencies and possible vassaldom.

The eye of the storm in which we are now living has been characterized by saver-punishing low or negative interest rates, credit-market liquidity drying up, possibly tens of trillions of dollars in derivative losses of an overleveraged system, many tapped out consumers, harrowing unemployment, the increasing risk of large-scale dumping of US treasury reserves, quantitative easing (QE) to infinity, reckless faux-debt-wealth lending, Baltic-Dry-Index slump, upside-down-liquidity-Ponzi-scheme pyramid, possible derivative quadrillions, zero-sum-game economics, threat-of-crack-up-boom economics, 'Jekyll-Island' central banking, food stamps for nearly 50 million Americans, potential terrorist attacks (real or false flag), lopsided wealth distribution (i.e. 62 people currently own half the world's wealth)[vi], surrogate artificial intelligence-robot labour growing and mounting threat of deflation, inflation, stagflation and hyperinflation. If the real fiat-currency-population-busting-disintegration storm hit, there might be loss of first world nation status for certain paper-tiger vacation economies and loss of sovereignty. There might be a re-pricing of assets. Fortunes might be lost in perhaps the worst financial crisis of modern times, or even in history. However, the 'East' (in the expanding EEU-free-trade-zone sense), with its burgeoning economies, abundant combined resources, cheap and resourceful labour and raw might, could bounce back and rise quickly.

When one considers the multitude of prodigious minds that have left their scholarly legacy of not just economic and political wisdom to posterity, one might ask, and quite rightly, how on earth is it possible that we are in such a quagmire? Is this the consequence of 'rampant chaotic greed going unchecked' in a corrupt and inept system or is there some hidden-hand scourge upon mankind trying to implement a wacky agenda?

What might happen to Cyprus?

'*The smaller the island, the harder the rock*'[vii]

Whatever happens to other Western countries could happen to Cyprus to a relative degree. Nevertheless, the hospitable peoples of Cyprus mostly have strong family ties, access (albeit decreasing) to close-knit agricultural communities, and if activated, a resilient pragmatic approach to adversity that may surprise many. The 1930-to-50s generation was fishbone-soup tough making the most of what they had, which for many meant living healthily on meagre diets of beans and lentils, other local produce and meat often a couple of times a year. In contrast, many people today might be less healthy with their richer diets, high levels of indebtedness and debilitating levels of stress. Is Cyprus therefore going to return to the hardship of the great-depression generation should the euro/fiat currencies collapse? Let's hope not, and, *let's not be relying on too much hoping just in case, hoping fails to fill bellies.*

Therefore, here are seven tentative-action-plan-suggestion points of reference to help out, if the proverbial fan gets hit unexpectedly by something.

1. Create multiple alliances with key supporting players.
2. Form a new national currency backed by a basket of commodities (loaned or owned) which will be issued by the government with a national(ised) central bank.
3. Establish a government *full-employment-strategy* emergency programme of works to build up Cypriot industry, infrastructure and viable profitable sectors of the economy.
4. Encourage more innovative enterprise, more start-up projects that might bring real value to the economy and non-zero-sum-game foreign investment. Then let the hard work and ingenuity of the Cypriot peoples work their magic.
5. Consume less than you produce, streamline the economy and support the needy.
6. Remain committed to the dream of a family of European nations (in spite of their likely splintering) working together in harmony and fairness with accountable decision-makers.

7. Focus of educational institutions should be on challenges associated with the above. In addition, raise awareness of Asia and its cultures. Also, encourage your children to learn Mandarin and then possibly Russian.

The following addendum should also be noted: in the event of a currency/banking collapse, it is highly likely that the just-in-time delivery system will be affected, so it would be prudent for the government to have adequate Cyprus preparations for such an eventuality.

And, maybe within 10 or 20 years (after a possible euro/global fiat currency collapse), Cyprus might be a dynamic and cultural engine of innovation.

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