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GLOBAL MARKETS · DEMOGRAPHICS, ENERGY & CAPITAL FLIGHT

The Fall of Europe

America has the same cracks. 4 of them run under Europe right now, and this briefing shows which ones have already crossed the Atlantic, and what to do with your money before the rest arrive.

FELIX PREHN

Economist and former investment banker
The Prehn Institute

SCOPE

Educational companion to the video of the same title.

RATING

None

PRICE TARGET

None

The riots, the shut factory and the rich packing up are not 4 separate stories. They are one story, with 4 cracks underneath it.

One of those cracks is already in America. 2 more are starting. And the fourth, the one that decides what happens to your savings, has not arrived yet. So you still have time to arrange your money well before it does.

4

cracks under Europe, measured one by one against America

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About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets actually work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute, which publishes research on the financial markets and provides instruction in how they work. The Institute gives no financial advice. It takes no sponsorships and no endorsements, so its work answers to its readers and to nobody else.

The purpose of this briefing

This document is the written companion to the video of the same title. It follows the same material and the same order, so you can read it beside the video or on its own. The aim is not to predict the timing of any single event. It is to explain, in plain terms, why a whole continent can crack, and why America sits on the same road a few miles back.

Find the work

youtube.com/@felixprehn

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How to use this briefing.

Read it beside the video. The sections follow the same order. Each crack gets one plain test: is it in America yet, and what does it do to your savings if it is?

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ONE STORY, 4 CRACKS

The headlines are one story, not 4

A French president said Europe can die. People laughed. Now look at it.

And while the cameras point at the riots, the people with real money are leaving. That is the signal that matters. So the job is simple. Read the cracks, see which have already reached America, and move your money while you still have the choice.

4 cracks open under a country → **The money and the talent leave** → **The savers who stayed get poorer**

WHAT YOU ARE WATCHING

Teenagers blockaded hundreds of their own schools. Thousands were arrested.

And Volkswagen shut a German plant for the first time in 89 years. But the loudest signal is the silent one. The rich are packing up.

WHY IT IS ONE STORY

So they are not 4 problems. They are one problem with 4 faces. And when they add up, money and talent walk out, which is the thing that reaches your savings.

WHY IT MATTERS TO YOU

The maths does not care which country you live in.

One crack is already in America. 2 more are starting. Do you know which?

THE GOOD NEWS

Cheap energy. And the trust of the world's money. So the fourth crack has not arrived. Your job is to be ready before it does.

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THE PROMISES NOBODY CAN PAY FOR

The promise that was never funded

For 40 years every government in Europe made the same deal. Work, pay your taxes, and we will look after you when you are old. It was a lovely promise. But nobody put the money aside to pay for it.

HOW THE POT REALLY WORKS

The money you pay in today goes straight out to the people retired right now. So it only works with lots of young workers paying in and not too many old people drawing out. And that is the exact thing that broke.

THE NUMBERS FLIPPED

So more and more draw out, while fewer and fewer pay in.

When these promises were written, a big crowd of workers stood under every pension. Now that crowd shrinks every year. Fewer shoulders. Heavier load.

THE 3 DOORS

The person drawing out gets less. Or the person paying in hands over more.

Or the gap is papered over with printed money. There is no fourth door. And the first 2 start riots, so governments reach for the third.

FRANCE TRIED DOOR ONE

They moved the retirement age from 62 to 64. Just 2 years.

Millions on the streets, rubbish piled up in Paris. The student anger you see this autumn is the same anger. A generation told the deal is off.

Door 3 is the sneaky one. You saved for 30 years. The number in your account never drops, so it looks safe.

But the weekly shop keeps creeping up, and your pile buys a little less each year. Nobody took a penny out. They just made each penny worth less.

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THE YOUNG ARE LOCKED OUT

A generation with no stake

> Go to any big European city and ask someone under 35 if they can afford the home their parents had at their age. Watch their face. In most of Europe the answer now is no, not ever.

THEY DID EVERYTHING RIGHT

They stayed in school. They got the degree. They took the job.

And they still cannot afford the life their parents had on less education and one income. House prices ran away from wages. Rent eats half a pay packet.

WHY IT IS DANGEROUS

It is one bad winter away from the streets.

You are watching that live in France. The protests are not really about 2 years on a pension age. They are a generation that did the sums.

IT FEEDS CRACK 1

When you cannot afford a place, you put off settling down and put off children. And fewer babies today means fewer workers paying into the pensions tomorrow. So the cracks are not separate. They lean on each other.

WHERE IT ENDS

They vote for whoever promises to tip the table over. Or they take it to the streets. You can see why the people in charge are nervous. A generation that cannot get started stops the whole machine turning.

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THE COST OF MAKING THINGS

The furnaces cost too much to run

This is the crack that turned Volkswagen, the pride of German industry, into a headline. For the first time in 89 years, it is shutting a factory on German soil. Think about what that means.

MADE IN GERMANY MEANT SOMETHING

Germany built its whole modern story on being the workshop of the world.

Then energy got expensive. Really expensive. And a big factory in Germany now costs a fortune next to the same factory in America or Asia.

CRAFT CANNOT BEAT THE BILL

You can be the best engineers on the planet and still lose. Because the maths beats the craftsmanship. And the bill always wins in the end.

IT IS NOT ONLY THE CARS

It makes the stuff that goes into everything else. So when it pulls back and builds abroad instead, everyone downstream feels it. It was the supplier to half the factories in the country.

SLOW, THEN FAST

Not in one bang. Each leaver takes its suppliers, its wages and its tax along with it. A country can barely notice, until a name like Volkswagen is in the news for the wrong reason.

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THE MONEY AND THE TALENT WALK OUT

The crack that reaches your savings

When the first 3 cracks get bad enough, the people with money and rare skills simply leave. No speeches. Just a suitcase and a lawyer. And they take their money, their companies and their tax with them. And by the time a government notices the base has gone, the people who would have paid the most tax are already settled somewhere that asked them to stay instead of punishing them for staying.

THE NAMES TELL THE STORY

Not to visit. To leave.

Norway raised a tax on the rich, and dozens of its wealthiest packed up for Switzerland with billions. And Wise, Flutter and CRH moved their main share listing to New York. None of them held a press conference.

MONEY IS LIKE WATER

And it runs from where it is treated worst. When money and talent drain out, the place gets poorer, its currency gets weaker, and everyone who kept their savings there gets poorer too. Without doing a single thing wrong. And the saver who never left, who did everything he was told and kept his money close to home, ends up carrying the bill for everyone who packed a suitcase and caught the early flight out.

WHY IT IS THE DANGEROUS ONE

The rich and the skilled have the most options and the easiest exits.

By the time the numbers show up in an official report, the plane has already landed somewhere else. The first 3 cracks you watch coming for years. But this one can tip over in a single bad budget.

IS IT IN AMERICA?

Now America is where the money is running to, not from.

Wise and Flutter did not pick New York by accident. But the thing that keeps money flowing in is trust. And trust is the easiest thing to lose and the hardest to win back.

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THE SAME CRACKS, A SLOWER CLOCK

America on the same road

Crack	In America?	What it means for you
1. The promise nobody funded	Already here	The big national pension is on track to run short in the mid 2030s, on the government's own numbers
2. The young locked out	Starting, fast	Ask a 30-year-old if they will own the home their parents did. Same grim laugh as Paris
3. The cost of making things	Better side, for now	Cheap energy pulls factories in. But the cost of labour and rules is climbing hard
4. The money walking out	Not here yet	Money is still coming in. The single best thing America has, and the easiest to lose

NOT MY NUMBERS, THEIRS

The mid 2030s is not a far-off worry. It is a child starting school today, reaching adulthood into it. So crack 1 is not coming to America. It is already here.

AMERICA IS NOT EUROPE

Cheap energy. And the trust of the world's money. That is a strong hand, and I am not here to frighten you. But it is the same 4 cracks, running on a slower clock.

THE DIFFERENCE IS CHOICE

It is the one that makes good decisions in the few years when it still has a choice. America is in those years right now. And so are you, with your own money.

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WHAT YOU ACTUALLY DO

3 steps, and none of them is panic

> Panic is what the people in the streets are doing. Nobody ever taught them there was another option. So you are going to do the calm, boring, powerful thing instead. And it is genuinely not complicated.

STEP 1: LOOK

Most people have no real idea how much is riding on one story, one country, or a handful of the same giant companies everybody owns.

You cannot fix what you cannot see. And almost nobody actually looks. That one honest look is worth more than any hot tip.

STEP 2: OWN REAL THINGS

The people who stay dry own real, productive things. A stake in good businesses.

The sort people still need whatever the headlines say. The sort that can put their prices up when their own costs go up. And spreading across more than one country matters more now than at any point in my career.

STEP 3: UNDERSTAND THE MOMENT

That is not a reason to gamble. It is a reason to be arranged properly, before the money is watered down, instead of sitting there hoping.

And every bit you understand about how money really moves is a bit the next frightening headline cannot rattle you with. You stop being the crowd in the street. You become the person who saw it early.

In the Winston Daily app I built, there is a view that shows your own holdings and where they really sit, so you can see your blind spots instead of guessing. It is the honest look, on one screen. You can try it free for a month at **winstondaily.com**.

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TURN UNDERSTANDING INTO A PLAN

5 questions to hold up against your own money

- ✓ How much of my money is riding on a single country, a single story, or the same handful of giant companies everybody owns?
- ✓ If the money gets watered down, how much of what I hold is just cash and promises, rather than real productive things?
- ✓ For the businesses I own, can they put their prices up when their own costs go up, and pass the pain on?
- ✓ Is my money spread across more than one country, given whole continents can sit on different sides of the same crack?
- ✓ Am I arranging this now, while I still have the choice, rather than after the next headline has already moved the prices?

You do not need to score full marks today. You need to know where you stand, and move in the right direction while it is still early. That is the whole game.

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LEARN THE SETUP YOURSELF

Learn it before the headlines do

Here is the part that stings. The same watering-down that is hollowing out Europe is already loaded into America, with a date on it you can read from here.

The crowds in Paris did not see it coming. You can. They found out the hard way, from a headline, by which point the cost of protecting themselves had already climbed and the simple options had all closed. So the only question left is whether you move before that date or after.

WHY NOW

Every election cycle opens the spending taps wider. More promises, more programmes, and a bill that always gets paid later, out of the purchasing power of your savings.

So the window is now, before the taps open. Arrange your money while you still have the choice, not after the next headline has already moved the price. Wait, and you are buying your protection at the top of the panic, paying more for less.

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