The Coming Implosion of the World Banking System

by Jeremy James

This paper could be expanded to ten times its length and still not adequately reflect the gravity of what we are about to discuss. We could also have included a wealth of evidence to support our conclusions, but this should hardly be necessary. The key facts that we are about to set out should speak for themselves.

Four significant facts

It might help to give a short summary of these facts and then show why they are so significant:

FACT A: <u>You have no 'cash' in the bank</u>
Cash deposits in any bank are neither 'cash' nor 'deposits'. Rather they are deemed (legally) to be part of the capital of the bank. The depositor has therefore 'invested' in the bank. If the bank performs well in the market, the depositor will get his 'deposit' back, with interest. Until he does the only thing he owns in law is a record of his deposit – which qualifies him as an unsecured creditor – and a commitment by the bank to 'repay' his 'deposit' on demand, with interest, if it can do so. In the meantime, he doesn't own his own money. Since the depositor of cash in the bank is now deemed an 'investor' or 'creditor' and not the legal owner of the cash he has deposited, he is subject to the same rules that apply to all investors and creditors.

If the bank becomes insolvent for any reason and is forced into liquidation, its assets will be distributed to secured creditors first. These are normally corporate clients who deal with the bank on the basis that their 'investment' attracts a higher level of legal protection. Only after such liabilities have been discharged will unsecured creditors receive compensation (assuming there are still sufficient assets left to meet those liabilities). [For the legal background to this, see Appendix A.]

FACT B: The banks can legally take your money in a crisis

Many western countries have recently introduced unusual legislation to protect their banks. If a bank is threatened with failure, it is now entitled to invoke the protection of this legislation and utilize its entire capital base – which includes all cash and other financial instruments on deposit with them – to remain operational, even if it means suspending for the time being the depositor's right to request the return of his 'investment'. If a group of banks are adversely affected they may deem it necessary to act collectively for their mutual protection. Thus the cash deposits of an entire nation could theoretically be sequestered at the same time for the sole purpose of preventing a general banking collapse. Depositors have no guarantee that they will ever receive full compensation for their loss.

Facts A and B are very alike and easy to confuse, but they should be carefully distinguished. Fact A allows the banks to speculate with your money, but they must return it if they are still solvent. Fact B allows them to keep your money if they can show the 'authorities' that they need it to remain solvent. Under such circumstances the depositor is unlikely to see his money again. We could have lumped the two facts together, but it is important to see that they are deliberate and legally distinct ways of stealing your money.

FACT C: The global derivatives market is seriously unstable

The security of the world banking system depends on the stability of a market in a class of financial instruments known as derivatives. This market has grown enormously in the past 20 years, to the point where its failure (or even its partial failure) would threaten the stability of the global banking system as a whole. The market is almost completely unregulated and is used mainly by the largest banks and hedge funds. Most of the trades are conducted privately ("over the counter") and often involve derivatives of such complexity that even if the market were regulated it is doubtful whether the regulator would be able to make a valid estimation of the risk involved in each transaction.

It is known that the banks themselves are in many instances unable to evaluate the risks with the rigor that is normally required for transactions of this magnitude. It is accepted by many in the financial sector that the risks associated with many derivative trades are excessive and that the trades themselves are conducted so quickly and with so little oversight that they are equivalent to gambling. Some have rightly called this market a casino.

What is more, many of the players seek profitability using the same strategy and the same market assumptions, thereby increasing the risk that a single adverse event in the market could inflict heavy losses on several banks and hedge funds at the same time. The banking sector compounds this madness by rewarding traders by reference to the profitability of their trades over a given period, thereby encouraging them to take higher risks for even greater rewards. Since the trader himself is seldom held to account for his actions, excessive risk-taking is endemic in the industry.

FACT D: The Yuan is poised to challenge the Dollar

China is poised to establish its currency, the yuan (also known as the renminbi or RMB), as the world reserve currency in place of the US dollar. Many of its senior officials and bankers have made public comments to that effect. Towards this end it has been purchasing gold in considerable quantities. If its official reserves (which are greatly understated) are combined with the gold purchased by Chinese citizens over the past ten years (which can be confiscated in a crisis), China likely owns (and is in possession of) more gold than any other country, except the US. On paper the US should still be the largest holder of gold in the world but the prevalence of gold-leasing* in western countries over the past two decades has cast serious doubt over its continued ascendancy in this market. Furthermore, any gold remaining in Fort Knox, which has not been audited since 1957, may actually be owned by foreign investors, possibly as collateral on federal loans that will not be repaid. The gold that China has accumulated can therefore be used to realize an ambition that it was bold enough to advertise recently on a billboard near Bangkok Airport:

*Note: Gold leasing occurs when a bank 'loans' an agreed amount of gold to an unconnected third party at a fixed 'rental cost' per annum. Thus the bullion is actually earning income for the bank instead of lying unproductively in their vault. Whenever it needs the gold back, it expects the third party to effect physical delivery with minimal delay. The third party may have sold the original gold and will therefore have to go to the market to buy an equivalent amount.

As we proceed we will give further details regarding these four significant facts. Of course, they are not the only facts that have a major bearing on the world economy at this time. We could add a section on Greece, on interest rates, on world trade imbalances and bilateral trade agreements, on quantitative easing, on the staggering level of debt (sovereign, corporate, and household) in western economies, and so forth, but the 'four significant facts' stand out because they show that the authorities in charge of the world financial system have deliberately created the crisis that now threatens the global economy.

The secret plan to 're-engineer' the world financial system

We need to look at some specific events in order to appreciate the cunning and duplicity behind all of this.

Court Ruling
Appendix A shows how Bank of New York Mellon was able to appropriate client funds deposited with another institution, even though it had no fiduciary or business connection whatever with those clients. The Circuit Court of Appeals (Illinois) gave legal approval to what many American citizens would regard as straightforward theft. A fundamental principle of banking has been completely overturned.

Bail-in for Cyprus
The banking crisis in Cyprus in 2013 led to a "bail-in" where owners of uninsured deposits lost 48 per cent of funds in excess of €100,000. The international bailout of the Cypriot banking system, which was funded principally by the ECB and the IMF, was conditional on the Cypriot banks extracting these "bail-in" funds from their own depositors. This recourse differed from the SMG case cited in Appendix A in that the funds were used, not to pay off a secured creditor, but to provide the banking system itself with the necessary capital to continue in operation. However, the two 'solutions' were similar in that depositors had part of their wealth expropriated through no fault of their own in order to protect powerful banking interests. This had never been done before on a national scale. Another fundamental principle of banking has been completely overturned.

The IMF recommendation
The IMF Fiscal Monitor Report, October 2013, included the radical recommendation shown overleaf. While the question relates, not to banking instability, but to sovereign debt sustainability, the "bail-in" principle is again being recommended. Since world debt is growing at an unsustainable rate and threatening the public finances of many developed economies, the IMF believes that extreme measures, including confiscation of customer funds, need to be considered. Incredibly it even recommends that this outrageous confiscation of private wealth – a rate of 10 per cent is suggested – should be "implemented before avoidance is possible." We see here a radical assault on the principle of private property and an assertion of the right of national governments to expropriate personal wealth for the 'good' of the state. This is Marxism in action.

Extract from the IMF Fiscal Monitor Report, October 2013 (p.49)

Box 6. A One-Off Capital Levy?

The sharp deterioration of the public finances in many countries has revived interest in a "capital levy"—a one-off tax on private wealth—as an exceptional measure to restore debt sustainability.[1] The appeal is that such a tax, if it is implemented before avoidance is possible and there is a belief that it will never be repeated, does not distort behavior (and may be seen by some as fair). There have been illustrious supporters, including Pigou, Ricardo, Schumpeter, and—until he changed his mind—Keynes. The conditions for success are strong, but also need to be weighed against the risks of the alternatives, which include repudiating public debt or inflating it away (these, in turn, are a particular form of wealth tax—on bondholders—that also falls on nonresidents).

There is a surprisingly large amount of experience to draw on, as such levies were widely adopted in Europe after World War I and in Germany and Japan after World War II. Reviewed in Eichengreen (1990), this experience suggests that more notable than any loss of credibility was a simple failure to achieve debt reduction, largely because the delay in introduction gave space for extensive avoidance and capital flight—in turn spurring inflation.

The tax rates needed to bring down public debt to precrisis levels, moreover, are sizable: reducing debt ratios to end-2007 levels would require (for a sample of 15 euro area countries) a tax rate of about 10 percent on households with positive net wealth.[2]

"He that justifieth the wicked, and he that condemneth the just, even they both are abomination to the LORD." (Proverbs 17:15

But it is not just national governments that we need to be concerned about. There are already several international organizations that collectively exercise authority akin to that of a world government. These include the UN, WHO, WTO, UNESCO and World Bank/IMF. The principal economic forum in this governance arrangement is a well-known entity, the so-called G20. The public has been conditioned over the past fifteen years or so, through prominent media reports and grandiose televised sound-bites, to believe that the G20 is a legally constituted decision-making body, when in reality it is little more than an informal gathering of finance ministers from among the world's most developed economies.

The G20 decision

Last year the G20 met in Brisbane and decided to authorize the application where necessary of a Cyprus-type "bail-in" anywhere in the world. Curiously, Canada had already included such a provision in its Budget for 2013:

> "The Government proposes to implement a 'bail-in' regime for systemically important banks. This regime will be designed to ensure that, in the unlikely event that a systemically important bank depletes its capital, the bank can be recapitalized and returned to viability through the very rapid conversion of certain bank liabilities into regulatory capital. This will reduce risks for taxpayers. The Government will consult stakeholders on how best to implement a bail-in regime in Canada. Implementation timelines will allow for a smooth transition for affected institutions, investors and other market participants."

The key phrase in this decision is somewhat opaque – "the bank can be recapitalized and returned to viability through the very rapid conversion of certain bank liabilities into regulatory capital." In plain language it is saying that the money that a bank holds on behalf of its depositors ("liabilities") may be taken by the bank and used for its own purposes ("capital"). Thus a bank that is 'too big to fail' can acquire a new lease of life by taking its clients money and then continue as though nothing had happened.

The 'G20 Leaders' Communiqué, Brisbane Summit, 15-16 November 2014', included the following: "We welcome the Financial Stability Board (FSB) proposals set out in the Annex requiring global systemically important banks to hold additional loss absorbing capacity that would further protect taxpayers if these banks fail." This is a devious way of saying that bankrupt banks will need to receive urgent rescue capital from a source other than oppressed taxpayers. By wording it this way they make it seem that this proposal is 'protecting' taxpayers, when in fact the money they are planning to confiscate also belongs to taxpayers!

"If thou hast nothing to pay, why should he take away thy bed from under thee?" (Proverbs 22:27)

"Lay not wait, O wicked man, against the dwelling of the righteous; spoil not his resting place" (Proverbs 24:15)

The FSB to which the Communiqué refers is not an official international body but merely an advisory group set up after the Asian monetary crisis in 1997. It has no power whatsoever to impose any of its recommendations on any country. However, the G20 takes its "advice" and then proceeds to mandate its proposals. Thus we have the bizarre situation where one unofficial body advises another unofficial body to instruct independent sovereign states to obey its dictates. In practice, G20 decisions have the force of law in the absence of any international treaty, agreement, or protocol.

The FSB report in the annex to the Communiqué includes the following 'key attribute' in its list of proposed new powers:

> "These include the bail-in power, i.e., the power to write down *and* convert into equity all or parts of the firm's unsecured and uninsured liabilities of the firm under resolution or any successor in a manner that respects the creditor hierarchy and to the extent necessary to absorb the losses." [p.5] *[Note: 'the firm under resolution' is the bankrupt bank.]*

This amazing new power is not constrained by any upper limit. The bankrupt bank can take "all or parts" of a depositor's money. The depositor still remains a creditor but since he sits at the bottom of the "creditor hierarchy" he will likely receive no compensation, even after many years. Even if the bankrupt bank is taken over at some point by another bank ("any successor") the depositor has no claim on his money. The new bank can keep it.

The EU bail-in directive

A few weeks after Brisbane the Department of Finance in Dublin published a public consultation paper on the Bank Recovery and Resolution Directive (BRRD). According to the paper, the EU Directive in question "applies to all banks and a subset of investment firms that meet certain initial capital requirements, entered into force on 2 July 2014 and is required to be transposed into Irish law by 31 December 2014 in order to be applied from 1 January 2015."

This Directive is of great significance since it implements within the European Union the very 'bail-in' rules which the G20 in Brisbane had imposed on the world as a whole.

The European Commission became so concerned at the delay by certain other EU Member States in transposing the Directive into national law that it issued an urgent 'reminder' on 28 May 2015 to the 11 countries concerned, which included France and Italy. The 'reminder' was really a threat. Unless the countries complied within "two months" they would be brought before the EU Court of Justice.

**The official logo for the G20 Brisbane Summit.
It comprises a Masonic signature,
33 equilateral triangles of equal size.**

**Note the 'Serpent' and 'Fish' motif,
where the 'Serpent' [Satan] encircles
and swallows the 'Fish' [Christ].**

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**"In that day the LORD with his sore and great and strong sword shall punish leviathan the piercing serpent, even leviathan that crooked serpent; and he shall slay the dragon that is in the sea."
(Isaiah 27:1)**

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G20 Leaders at Brisbane (33+1)
[There are four women in this photo but one is meant to stand out – see below.]

One would have thought an urgent 'reminder' on such a contentious Directive would have been widely reported in the media, but this was not the case. Here is how Reuters reported the matter:

> **EU regulators tell 11 countries to adopt bank bail-in rules**
> Thu May 28, 2015 6:50am EDT
> BRUSSELS (Reuters) - The European Commission on Thursday gave France, Italy and nine other EU countries two months to adopt new EU rules on propping up failed banks or face legal action. The rules, known as the bank recovery and resolution directive (BRRD), seek to shield taxpayers from having to bail out troubled lenders, forcing creditors and [bondholders] to contribute to the rescue in a process known as "bail-in". The Commission drafted the rules in response to the financial crisis which started in 2008, giving the 28 countries in the European Union until the end of last year to apply them. It said Bulgaria, the Czech Republic, France, Italy, Lithuania, Luxembourg, the Netherlands, Malta, Poland, Romania and Sweden had yet to fall in line. "If they don't comply within two months, the Commission may decide to refer them to the EU Court of Justice," the EU executive said in a statement, referring to Europe's highest court based in Luxembourg.

The Reuters news report very candidly notes that the Directive will <u>force</u> creditors and bondholders to rescue the banks. (When the rescue funding comes from outside the bank, it is called a "bail-out", but when it comes by plundering the bank's depositors and bondholders, it is called a "bail-in".)

The Directive applies to all 28 Member States of the EU and affects unsecured deposits in excess of €100,000. It can be invoked at any time if the national 'competent authority' deems that intervention is necessary to protect one or more banks. The banks in question do not need to actually be on the brink of failure but need only be at risk of failure in the opinion of the competent authority. Thus depositors could see their wealth confiscated with no warning whatsoever.

The Dublin paper explains the 'bail-in' power as follows:

> The fourth resolution tool, the bail-in tool, is among the most important changes which the Directive introduces. It enables a resolution authority to write down the value of certain liabilities or convert them into equity, to the extent necessary to absorb losses and recapitalize the institution.
> The scope of the bail-in tool is wide: in general, it applies to all liabilities, in order of preference, unless they are specifically excluded from its scope. Article 44(2) defines certain classes of liabilities which are to be always excluded from the scope of bail-in: these liabilities include covered deposits, secured liabilities (unless the value of the liability exceeds the value of the security), liabilities that the bank has by virtue of holding client assets, etc.

The new power could hardly be more draconian. The vast majority of depositors could lose everything in excess of €100,000. Thus a middle-aged, middle-income couple who have worked hard and saved diligently for several decades and who have set aside €300,000 to fund their retirement will forfeit €200,000 without warning and without compensation. Why? Simply to underwrite the criminal recklessness that is endemic in the international banking system.

Unreliable deposit insurance arrangements
And how safe is their €100,000? If they try to take it out of the failing bank they will likely be prevented from doing so. Should the crisis prove general in nature, the country may impose capital controls, allowing only a fixed sum to be taken out in a given time period. In practical terms their €100,000 would be worth a good deal less than before.

Furthermore, if the bank were to fail shortly thereafter, the couple would have to rely for compensation on the national deposit insurance scheme. Since a nationwide banking crisis would impact heavily on the public finances and could involve tens of thousands of depositors, there is no guarantee that the government would have sufficient funds to meet the full cost of compensation. In the US, where all deposits up to a ceiling of $250,000 are insured by the FDIC (Federal Deposit Insurance Corporation), depositors would do well to get a dime on the dollar. The FDIC simply does not have a large enough fund to compensate all potential claimants. At start-2015 its net worth stood at $62.8 billion which, in a major systemic crisis, would be sufficient to compensate only 3-5 million depositors, leaving tens of millions with nothing.

According to the FDIC, it is authorized to make and display the following claim: "FDIC deposit insurance is backed by the full faith and credit of the United States government. This means that the resources of the United States government stand behind FDIC-insured depositors." However, nobody knows what this might actually mean in practice or whether it is merely an aspiration with no statutory force.

The Coming Implosion

The average person will likely find it difficult to believe that the cabal that controls the world banking system and sets all the rules in relation to trade, interest rates, exchange rates, and so forth, would actually want to undermine the system. It simply doesn't make sense. But from their point of view they are not undermining the system at all! Rather they are re-engineering the system on a grand scale in order to achieve a number of major objectives.

Most of the members of this cabal are extremely rich and many are highly intelligent. They don't see why they shouldn't run the world exactly as they see fit. The only effective way to run the world, as they see it, is to institute a world government and make all the rules. To do this they must abolish the existing system of independent sovereign states. Since no country would willingly give away its sovereignty and submit to a world government or Global Authority – which the Pope called for in his encyclical *Laudato Si* on 18 June 2015 – they must be compelled to do so by circumstances beyond their control. The Globalists have therefore created, and are in the process of perfecting, a number of super-size problems which they will argue can only be addressed by a global government.

A global banking crisis would virtually eliminate the middle classes in both Europe and N America, making it easier to create a federalised European super-state and a North American Union (the merger of the US, Canada and Mexico). What is more, the massive transfer of wealth from the middle class to the Globalists would greatly increase their economic leverage and enable them to buy up substantial assets at a fraction of their real value.

If the entire world collapsed into economic chaos, the Globalists would have difficulty keeping control. This is where the derivatives market comes into play. Most of the big players are in the US and Europe. The banks and hedge funds in those countries are gambling with your money and doing so on a massive scale. When a global systemic banking crisis occurs, the US, Europe and possibly Japan will suffer most.

Other countries will suffer also, but their economies will continue to function 'normally'. China will become the main engine of economic growth and global recovery. So we will have the bizarre situation where the latest upgrades to the Apple iPad and iPhone will continue to be available, but most Americans will not be able to afford them. Indeed many will be hard-pressed even to feed their families.

This new Great Depression will prepare the ground for WWIII.

How big is the global derivatives market?

None of this is inevitable but it is clearly what the Globalists are planning. It depends in part on the damage that will ultimately be caused by a crash in the derivatives market.

Warren Buffet, in the annual report for Berkshire Hathaway, 2002, said: "We try to be alert to any sort of megacatastrophe risk, and that posture may make us unduly apprehensive about the burgeoning quantities of long-term derivatives contracts and the massive amount of uncollateralized receivables that are growing alongside. In our view, however, derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal."

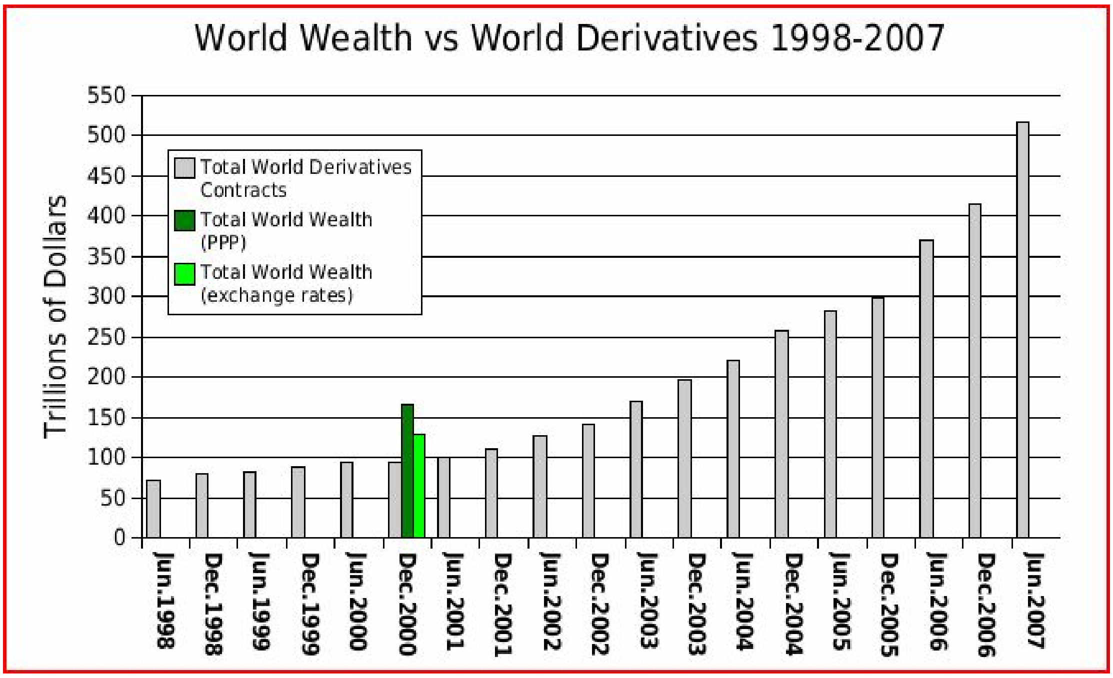


Chart compiled from BIS data. [Source: Wikipedia]

As one of the best informed insiders in the financial world, Buffet's warning should have been taken very seriously indeed. It was made in 2002 when the total global derivatives market was around $140 trillion. Today, according to the BIS, the world market in over-the-counter derivatives it is in the region of $630 trillion. If its potential destructiveness was "lethal" in 2002, what must it be now given that the market is more than four times bigger?

Buffet's remark about <u>long-term</u> derivatives should be noted. The risk associated with short-term derivatives is much easier to assess. The longer a derivative remains in existence, the more difficult it is to measure the real-world factors that will ultimately determine what it is worth. Experience has shown time and again that the very best estimates of the real worth of certain financial instruments at maturity can be far wide of the mark. Since future market conditions are very difficult to predict, the real aggregate risk in the global stockpile of long-term derivatives that have yet to mature ("unwind") is purely a matter of conjecture. Seen in this light, these instruments are a large gambling debt that the world financial system will be required to pay off in a crisis. It would no longer be possible to re-package the risk and disguise it in the form of yet another class of opaque derivatives.

Since derivatives are not tied directly to hard assets but to changes in future market conditions (such as interest rates or exchange rates), some experts argue that the global stockpile of derivatives must "net out" to zero. This means they should effectively cancel each other out. But this is a very naïve assumption. The real financial world has never been able to function with such efficiency, and to believe that it should do so with instruments whose true risk is not fully understood is simply absurd. If the net "imbalance" in the derivatives market is only 3 per cent – a very conservative estimate – then a global financial crisis that compelled all holders of such derivates to unwind their positions simultaneously would leave a hole of $18 trillion or thereabouts in the world financial system. This is what Buffet means when he calls derivatives "financial weapons of mass destruction."

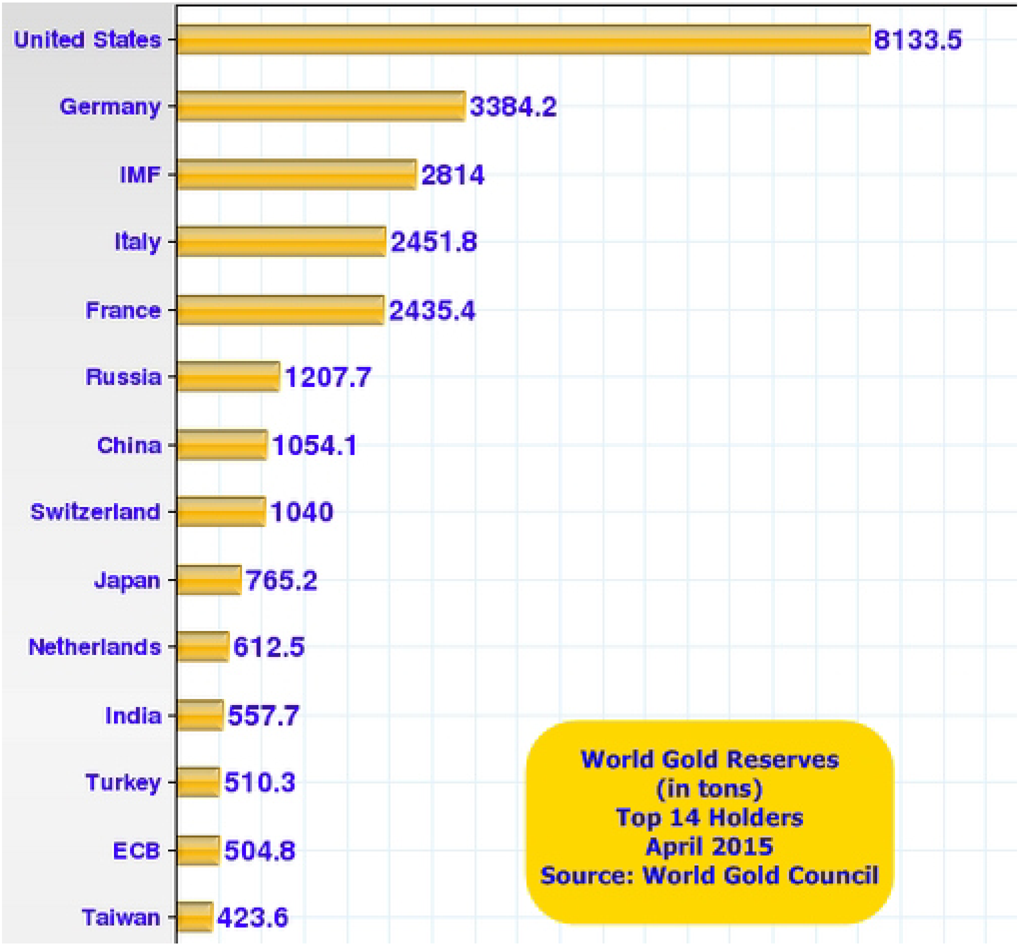
According to the Bank for International Settlements (BIS) – the world 'central bank' – around 80 per cent of all outstanding derivatives are interest-based contracts. Since interest rates have been at an historical low for many years, any significant movement will be in an upward direction. This risk is common to all parties, therefore a sudden increase in interest rates, for whatever reason, could have a traumatic impact on the market.

There is a real prospect of a sharp spike in interest rates, not in response to inflation, but in order that sovereign borrowers can continue to attract sufficient funds to cover their current spending deficits. Today the Federal Fund rate is 0.09 percent, but before the banking crisis in 2008 it was 5.02 percent. Thus a modest 2 percentage point increase over the next year – in line with long-run historical trends – would treble the cost of borrowing. This would normally happen only in response to a marked increase in uncertainty in the wholesale money markets, but the necessary triggers already exist. These include a Greek default, a marked expansion of the war in the Arabian peninsula, or a major terrorist attack in Europe or the US.

Why is so little being said about all this?

The Globalists have taken great care to ensure that most market participants are largely unaware of the extreme instability of the world financial system. The normal 'red flags' are not functioning. Investors are content if the markets are reasonably buoyant and major price swings are not too frequent. As long as the Dow continues to rise, gold and silver remain static, and interest rates are low, most players will focus mainly on market details and neglect the big picture. The Globalists have deliberately taken away the 'red flag' indicators by intervening covertly in the markets and supporting areas of weakness, by depressing the price of gold and silver, and, as we have seen, by keeping interest rates artificially low. Quantitative easing, which creates tens of billions of additional dollars every month, enables the big institutions to support the markets and pay whatever it takes to keep them moving in the right direction. This 'red flag' suppression strategy is helped along by misleading statistics on inflation and employment.

In addition, very little is reported in the media about the ongoing flow of gold bullion out of Europe and the US toward China, Russia, India, Turkey and a number of other countries.



The table above shows the principal distribution of gold reserves in the world today, but it tells only part of the story. One must take into account the figures in the table below to get a more complete picture:

	Reserves 1980	**Reserves 2015**	**Gold bought for jewellery in 2010**
	tons	**tons**	**tons**
USA	8221	8133	128
Germany	2960	3384	<7
IMF	3217	2814	-
Italy	2073	2452	<7
France	2545	2435	<7
Russia	?	1207	67
China	398	1054	428
Switzerland	2590	1040	<7
Japan	753	765	18
Netherlands	1367	612	<7
India	267	557	745
Turkey	117	510	74
ECB	-	505	-
Taiwan	98	423	<7

While gold reserves held by most western countries have remained fairly stable over the past 35 years, or fallen significantly (Switzerland, Netherlands, and the UK [not shown]), the reserves held by three of the BRIC nations and Turkey have greatly increased. The really significant figures in this table, however, are in the right-hand column – which shows the amount of gold (by weight) bought in just one year by each country for use in jewelry. The figures for India and China are astonishing. For example, the figure for India alone exceeded the total gold reserves currently held by the Netherlands. Given these figures and the recent prosperity of the countries concerned, the combined amount of gold imported into India and China over the past ten years or so for use in jewelry may possibly exceed the total gold reserves of the United States! In fact, the official gold reserves of both countries are considerably less than the gold held privately by their citizens in the form of jewelry and gold bullion (coins and small bars).

In a global economic crisis, where gold was urgently needed to underpin a new currency, the BRIC countries would be able to demonstrate secure possession of more gold, by far, than the US. Such a prospect would have been unthinkable even 15 years ago. The official reserves tell only part of the story. China, Russia and India operate a strong-arm system of government which will make it relatively easy for them to confiscate private gold holdings (whether jewelry or bullion). A similar ploy by the US government would be far less effective. It bore results in 1933 only because the American people at that time had far greater trust in their government than they have today.

Gold bracelets on display at a jewellery showroom during a major gold buying festival in Kolkata, India, April, 2015. Gold is the second highest item by value imported into India. In just *one month*, March 2015, it imported 125 tons – which is equal to the total gold reserves held by Sweden!

This argument holds true even if the official US gold reserves are 8,133 tons as stated. However, as we have already noted, many financial experts doubt whether the federal government retains undisputed ownership of the gold in question and has probably leased a large proportion of it onto the world market to depress prices. The amount of gold that is making its way into India and China each year for <u>private</u> purchase is so high that it is doubtful whether it could be met solely from annual global mining output. Many dealers believe the bullion vaults of Europe and America are being slowly emptied onto the world market and that most of it is making its way to investors in Asia.

Gold is a currency

The Globalists deliberately make disparaging comments about gold from time to time in order to discourage investors. But at the same time they regard it, not only as a currency, but the only real currency. This was evident from comments made by high-level financial experts at meetings of the Council for Foreign Relations (CFR), which is believed by many to be the true decision-making center in American politics.

The first was by Ray Dalio in September 2012. Dalio is the founder and CEO of Bridgewater Associates, one of the most successful hedge funds in the world. He was included on ***Time*** magazine's list of the hundred most influential people in the world in 2012. In the course of his presentation he said:

> "…gold is a currency…and in this world where we're looking what are the alternatives, and the alternative, best alternative, becomes clearly one thing, something like gold…it's not sensible not to own gold… there's no sensible reason other than you don't know history and you don't know the economics of it."

As a loyal insider he later added, "I don't want to draw an inordinate amount of attention to gold."

Another insider, Alan Greenspan, former chairman of the Federal Reserve and one of the principal architects of the global financial crisis, made the following remarks at a CFR presentation in November 2014. When asked whether gold is currently a good investment, he replied: " Yes...Remember what we're looking at. Gold is a currency. It is still, by all evidence, a premier currency. No fiat currency, including the dollar, can match it."

The Euro was *designed* to provoke a financial crisis

If the Globalists see gold as a currency, perhaps the only real currency, then what was the reason for introducing a pan-European currency like the Euro? Was it meant to be more reliable than national currencies? Not at all! The opposite is the case. The Euro was introduced to catch a large number of countries in the same trap. The noted historian, Niall Ferguson said as much in an interview published in *The Sunday Times* on 20 May 2012: "Europe is essentially an anti-populist, if not anti-democratic phenomenon. <u>European integration has always been a project of the elite that has been foisted on national electorates</u>." [***One nation (under Germany)***]

THE SUNDAY TIMES

One nation (under Germany)

Historian Niall Ferguson tells Ben Laurance the single currency will survive and the crisis will leave Berlin heading a federal Europe

Ben Laurance Published: 20 May 2012

Comment (undefined) Print

Screen shot of the 'Sunday Times' interview with Niall Ferguson, 20 May 2012.

The photo depicts Angela Merkel as Wagner's *Brünnhilde* ruling over a federal Europe (without the UK, Ireland or the Nordic countries).

http://www.thesundaytimes.co.uk/sto/newsreview/features/article1041792.ece

Note that Ferguson is saying that the "elite" (his term) have always wanted integration and that they are imposing it against the will of the people. Later in the same interview he reveals what the elite have been doing to ensure the creation of a unified federal Europe:

> "I think it's worth considering that the architects of the monetary union [i.e. the euro] knew all along that it would lead to a crisis and the crisis would lead to a federal solution. I'm not sure how far this was articulated, but I think it was implicit. <u>In fact, you could say it was actually designed to create a crisis</u>."

Mrs Merkel deliberately and consistently made a pagan sign in many of her official photos (before this montage was first published in July, 2013).

The sign is known in the occult as the "salutation to the sun at sunset."

It is now difficult to find these photos on the Internet.

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A truly remarkable admission. The insider's insider is confirming that the Euro was introduced specifically to provoke a crisis that would result in the dissolution of independent sovereign states and the creation of a federal Europe controlled by a small elite. In other words, Greece and several other countries are being put through severe economic duress in order to fulfil the ambitions of the small, powerful elite who control Europe.

He went on to say that "They [the euro enthusiasts] have achieved what they wanted in that the level of financial integration has gone so far, it's almost impossible to undo. And it was always meant to be undoable, which is why there never was an exit clause. You were never going to get federalism by any other means."

It was never intended that any Member State could exit the Euro without suffering economic meltdown. Just like Warren Buffet's derivatives, it is a financial weapon of mass destruction.

The manifest criminality of the banking system

Lest the reader have any doubts about the arrogance and mendacity of the European banking elite, just consider the crimes they have only recently committed, such as the LIBOR scandal which broke in 2012. LIBOR is the London Interbank Offered Rate, the basic rate of interest charged for overnight lending between participating banks. It is so fundamental that the entire global derivatives market is computed by reference to LIBOR. This means that a tiny manipulation of the rate can reap colossal profits for parties with advance knowledge of the rate. It turned out that the leading London banks, including the Bank of England, had been actively co-operating in the manipulation of the rate for nearly twenty years. The UK Serious Fraud Office was called in to investigate no fewer than twenty major banks, all of whom had colluded in this long-running white collar crime. These included Barclays, HSBC, Royal Bank of Scotland, JPMorgan, Citigroup, Bank of America, Deutsche Bank, and UBS. Some of them have already been prosecuted but not one person went to prison. The only 'penalty' exacted in each case was a relatively modest fine, $455m in the case of Barclays. Given the level of extortion involved and the massive profits reaped by participants – running into tens of billions of dollars, if not more – the 'fine' was ridiculous.

Or take the scandal in the foreign exchange market which broke in 2013. Again a number of major banks were involved, illegally manipulating exchange rates to their advantage. As with LIBOR, the ForEx scandal, as it is known, yielded enormous gains for the parties concerned. Again the fines imposed were ridiculous and seemingly no-one went to prison. The criminal cartel included JPMorgan, Citigroup, Standard Chartered, Barclays, HSBC, Goldman Sachs, Deutsche Bank, Lloyds, UBS, and Royal Bank of Scotland.

"A prudent man foreseeth the evil, and hideth himself: but the simple pass on, and are punished." (Proverbs 22:3)

Will national governments be any better?

Many investors expect their government to protect them from the greed and rapacity of the bankers, but their faith is sorely misplaced. As we have seen, most of the governments of Europe have already agreed to give your money to the bankers if their institutions run into difficulties. What is more, some of these governments have themselves indulged in wealth confiscation of a similar kind. For example, in September, 2013, the Prime Minister of Poland, Donald Tusk, announced that his government was taking control of <u>private</u> pension funds and transferring their bonds holdings – around €51 billion – into a state pension vehicle. Up to then the funds had been managed by well-known companies like Allianz, Aviva, Axa, ING, and MetLife.

The object of the confiscation was not to pillage the funds (just yet) but to count them as state assets and thereby reduce the national debt-to-GDP ratio. This would allow Poland to borrow larger amounts on the international money markets. Russia carried out a similar confiscation (in August 2014), as did Hungary, Bulgaria and Portugal.

Would the EU itself countenance such a policy? Well, to answer that question please note the person who, last year, was considered most qualified for the prestigious position of EU President – former Prime Minister of Poland, Donald Tusk.

Summary

The world is about to enter a severe economic crisis. This crisis has not come about in a haphazard manner but by design. Its architects have planned it in considerable detail over many decades. They want to create a New World Order and intend to exploit the destabilizing and polarizing effects of a global economic catastrophe to achieve their goal. The unregulated madness of the derivatives market will ensure that, when the collapse occurs, it will tear the banking system apart. Millions will lose their savings as wealth is confiscated on a grand scale in a vain (and cynical) attempt to recapitalize the banking system.

Former Prime Minister of Poland and current President of the European Union, Donald Tusk. He came to power when half of the Polish cabinet died in a plane crash in Russia in October, 2010. At least 95 people were killed.

The news station *Russia Today* reported:

"The catastrophe devastated Polish leadership, as most of the country's top political, military, financial and religious leaders were on the same flight"

The crisis would appear to be designed to focus most of the pain on the US and to spare China as much as possible. The resulting depression will see a radicalization of the political system in both Europe and the US, serious civil unrest, and in due course – with so many flash points already in place – another world war.

The Bible has told us about the people behind all of this. Again and again it refers to the cunning of the wicked, their ability to work together in secret, scheming and planning, all with a view to exploiting the righteous. And they are ruthless: **"The thief cometh not, but for to steal, and to kill, and to destroy" (John 10:10)**

The wicked shall do wickedly. They never rest:

> **"For they sleep not, except they have done mischief; and their sleep is taken away, unless they cause some to fall. For they eat the bread of wickedness, and drink the wine of violence." (Proverbs 4:16-17)**

And yet we are to trust in the LORD and know that He is sovereign, that He is in control, and that "His mercy endureth forever". To the verses just cited He added these wonderful words for our encouragement:

"But the path of the just is as the shining light, that shineth more and more unto the perfect day."
(Proverbs 4:18)

Born-again Christians, those who truly love the LORD and live each day according to His holy Word, will need to come to a clear understanding of what is happening. They will need to fill their minds and hearts with God's Word and develop a clear Biblical perspective on world events. We must not allow fear to consume us, no matter how sudden and terrible the shock:

"Be not afraid of sudden fear, neither of the desolation of the wicked, when it cometh. For the LORD shall be thy confidence, and shall keep thy foot from being taken." (Proverbs 3:25-26)

When Paul was in prison at Philippi, his feet locked in the stocks, he sang songs of praise to the LORD. He celebrated the joy that he had in Christ, the joy of his salvation. And so must we.

Christians will themselves become a target as the schemes of the wicked gather pace and the forces of darkness assert themselves like never before. We must come together often for prayer and worship, not only to strengthen one another, but to engender the comfort and solace that many bewildered and troubled souls will sorely need:

"For ye have not received the spirit of bondage again to fear; but ye have received the Spirit of adoption, whereby we cry, Abba, Father…For I reckon that the sufferings of this present time are not worthy to be compared with the glory which shall be revealed in us."
(Romans 8:15-18)

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June 21, 2015

For further information visit www.zephaniah.eu

APPENDIX A

The legal ruling in the US which effectively turned cash deposits into banking capital was given by the Court of Appeals, Illinois, on August 9th, 2012. After extensive examination of the issues by both the District Court and the Court of Appeals, the Sentinel Management Group [SMG] (investment managers) was deemed not to have acted improperly when it used as collateral for overnight borrowing client funds which clients themselves understood to be in a segregated account. Funds in a segregated account are similar to a cash deposit that cannot be used independently by the bank for any speculative purpose. When SMG went bust, the bank from which they had borrowed substantially for trading purposes (Bank of New York Mellon [BNYM]) was able, on foot of the court ruling, to appropriate the funds that the clients of SMG had deposited with SMG in good faith. Both BNYM and the clients of SMG were recognized creditors, but BNYM had priority. To make matters worse, the clients could not make a claim with either the FDIC (Federal Deposit Insurance Corporation) or the SIPC (Securities Investor Protection Corporation) since the court had ruled that the funds had not been lost through either fraud or theft.

Few Americans would seem to be aware of this ruling or its implications.