



ETERNAL VALUE REVIEW

MONEY MONITOR & GLOBAL TRENDS REPORT

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“For thinking Christians seeking to understand the times.”

FEBRUARY 2010

FEATURE REPORT

Excerpt: Global Financial Apocalypse Prophesied

There is a sound principle observed by the Austrian School of economists. It is the idea that mistakes and excesses have consequences that cannot be avoided. Simply put, the damage suffered is equal to the damage done. Quoting Gottfried Haberler, the well-known Austrian School economist: “The length and severity of depressions depend partly on the magnitude of the ‘real’ maladjustments which developed during the preceding boom and partly on aggravating monetary and credit facts—the scramble for liquidity, destruction of bank money, and similar events on the international level.”¹

His view was simply that the severity of the following consequences — whether financial or economic, and in whatever other form — where related to the excesses and distortions that preceded. Therefore, if one would like to know how deep an economic downturn will be, first observe the extent of the imbalances that occurred before.

This idea, that in effect the consequences of mistakes cannot be avoided and must be atoned for, has a strong parallel in the Bible. “A man reaps what he sows.” (Galatians 6:7) Sins must be atoned. (Romans 3:25) However, this is not a popular concept, certainly not amongst policymakers and politicians. Moreover, society is more likely to vote for what it wants to hear, as opposed to what is realistically required. Not surprisingly, mankind has been wanting to escape the connection from consequences from the dawn of time.

Efforts to avoid the repercussions of past excesses have long been evident in policy responses, most certainly in the U.S. economic realm. Unfortunately, in doing so, the causes of the underlying disease have not been dealt with. Societies want effortless

... continued on page 3

The Results Are In: Government Debt Soars Around World

% Increase of Debt Between 2007 and end-2009



Source: Rogoff & Reinhart 2010

“Do not put your trust in princes, in mortal men, who cannot save. When their spirit departs, they return to the ground; on that very day their plans come to nothing. Blessed is he whose help is the God of Jacob.”

Psalm 146:3-5

In This Issue

Feature Report: Global Financial Apocalypse Prophesied —pg. 1

World Money Update: Tectonic Shifts and Shafts —pg. 1

Signs of the Times World of Risks —pg. 5

Letters to the Editor —pg. 8

Facts n' Stats —pg. 10

Personal Perspective Endtime Money Structuring & Update pg. 12

WORLD MONEY UPDATE

Tectonic Shifts and Shafts

Much has happened over the past few months. Crucially, the tide is shifting from one extreme to another. Beginning from the panicked financial lows of late 2008 and March 2009, policymakers and Wall Street had been ferociously attempting to blow air into the collapsed balloon.

They surely gave it a hefty effort. The result, as the chart on the front page clearly shows? Government debt around the world rose on average by 75% in a period of only 2 years. Yes, that is not a typo. It reads seventy-five percent ... over 2 years!

While this statistic is no surprise for anyone who has followed the day-to-day developments of the Global Financial Crisis (GFC), it represents an unmitigated disaster that is simply stunning in its scope. The gravity of this development cannot be over-emphasized. The major reasons for the debt increase were unprecedented government-funded economic stimulus programs, financial bail-outs and guarantees.

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These are certainly fast-changing times ... both obvious and subtle. We have certainly covered the most obvious. While we had developed some 7 scenarios that could possibly play out over the next few years (with so much uncertainty, anything could be possible!) recent events raise the probabilities of a more deflationary outcome over the nearer term horizon. I will explain why shortly. However, let's first consider the tenor of recent events and trends.

Critically, Paul Volcker is back on stage, side by side with President Obama. This is a meaningful signal. Previously, this veteran central banker had been frozen out by the younger members of the Obama Economic Recovery Advisory Board. (Volcker is well into his 80's.) If Mr. Volcker's policies are now followed (as consensus now seems to indicate), it will be a deflationary influence. The banking industry will be curtailed, shrunken and unbundled.

While bankers are not well loved these days, and no one will be crying for them, these government incursions into private industry will throw a wet blanket upon commerce overall for some time. Volcker's recommendations are sensible. It's just that removing a 100 pound tumor from the "body economic" is a dangerous operation, drawing enormous blood supply.

Also, it is now well known that insiders on Wall Street were net sellers over recent years of their ownership shares in financial firms. They did know that crazy things were going on, and reduced their personal risks accordingly.

Next, the AIG investigation is gathering steam as it should. The biggest corporate give-away by the U.S. government in history occurred. Yet, the monetary alchemists thought it best — in their elite view — that the public should not know the details. Actually, bailing out AIG was really about bailing out some key Wall Street firms whom AIG owed money. At last count, the U.S. government has funnelled some \$180 billion into the AIG

unwinding. These bankers that had their counter-party positions made whole (at 100% on the dollar, no less) are now again paying themselves big bonuses. In part, not surprisingly, this has caused a bit of a backlash. While, national unemployment stands at 17.5% (employing the classical definition) and the net wealth of households having collapsed, Wall Street is perceived as eating cake.

Recently, the loss of the Massachusetts seat to the Republicans now signals that new government spending bills will be stymied at every turn. Already, the Obama government is announcing spending pull-backs. While these cuts are very minor to date, it nevertheless represents a significant shift in policies.

At this point, there are no easy solutions. Past mistakes have their unavoidable legacy ... and require their respective penance. That partly explains why the tough phase — the "cold turkey" stage (as it will feel) — is still ahead. Once the drug addict is weaned off the narcotic — in this case, debt expansion and government deficit spending — the colds sweats and cramps of withdrawal begin.

The bottom line? "Money manager capitalism" is out. The piper will now be paid and the times likely to be dangerous and volatile over the next few years. While I will certainly keep probabilities open on an inflationary outcome longer-term (and not entirely discount this scenario), for now it looks like the balance of evidence is shifting towards the deflationary side. There are a number of contributing factors, in addition to the political tide changes already mentioned.

Firstly, all of history argues that maniacal booms which are fed by a debt explosion eventually succumb to the malaise of over-indebtedness. The handmaiden to these grand trends that can play out over a series of decades, is a widening and extreme wealth skew. This is usually the final nail in the coffin for great countries. A high wealth skew means that debt quality deteriorates and economic growth slows as much productive resources gets progressively siphoned off as interest costs. As such, the toxins of debt eventually kill off the debtor. Just as in a wine vat, the accumulation of the waste products of fermentation (ethyl alcohol) eventually kills the yeast.

America now indeed has a massively imbalanced wealth skew. The top 1% of households may now own 45% of total wealth according to some unofficial surveys. The graph on the opposite page shows one estimate supplied by the University of Columbia. The trend is clear. In fact, the U.S. now has a wealth skew that is fast approaching that of some Latin American nations.

Yet, it is true that sometimes great hyperinflations have also ensued from reckless periods of monetary malfeasance. But this time, such an outcome is unlikely for some key structural reasons... at least for now. For one, the western world, including North America, is in an aging crisis. People today are poorly prepared for retirement, especially after suffering significant losses in their net



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MONEY MONITOR & GLOBAL TRENDS REPORT



Wilfred J. Hahn, Editor

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worth throughout the recent financial crisis. Both retirees and pension funds are starved for income, especially with interest rates being so low. Secondly, today we have structured and large bond markets that are highly reactive to inflation. As such, bond markets (though also vulnerable to bubbles at times) act as an inflation regulator.

Given the recent change in sentiment, the sacrificial lambs are being lined up. How far this process may go, no one knows. However, there are some dangerous elements to fear. First, consider that there has been such a massive collapse of the U.S. middle class that respected analysts are openly pondering the thought that it had all been planned. Albert Edwards, who is the Chief Strategist for Societe General, openly writes: *"Some recent reading has got me thinking as to whether the US and UK central banks were actively complicit in an aggressive re-distributive policy benefiting the very rich."*

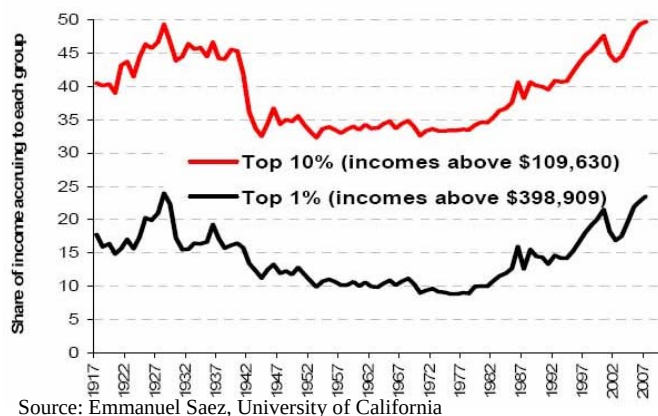
If the economic times become more difficult for America over the next few years, could there be public revolts ... even open anarchy? Japan, despite suffering a deflationary period for nearly two decades following its financial bust, kept calm and organized. Society did not fracture. But then again, Japan's, wealth skew was mild compared to America's.

Christians who take a literal pre-millennial view of Bible prophecy, will also want to be alerted to the ongoing and future fate of the Jews. With Volcker back on the scene, even in his non-executive capacity, the Gentiles can be seen to be taking top influence of the U.S. monetary structure. After a consecutive set of Jewish federal reserve governors (Alan Greenspan and Ben Bernanke, who clearly presided over an era of monetary mayhem); several Jewish Treasury Secretaries; the Obama economic policy team also visibly staffed with a number specialists who are Jewish, the change in tide could be ominous.

Please stay on the look-out and do not fall prey to demonic anti-Semitism. I encourage you to read Chapter 10 entitled *Jews, Gentiles and Money* in our recent book, (please see information elsewhere in this issue for ordering details) to get a balanced explanation of this unfortunate and long-running dynamic.

EVR

Income Distribution in the U.S.



Excerpt: Global Financial Apocalypse Prophesied ...cont'd from pg. 1

prosperity and consumption in excess of their earnings; and, politicians want to be seen to be delivering on such unrealistic expectations.

Therefore, what has occurred is that problems have been covered up rather than cleaned up. Excesses have accumulated and prior bubbles have simply been converted into other types of unsustainable problems. A sure sign of this continuing deferral is rising total debt and skewing wealth and income distribution. For example the enormous U.S. stock market bubble of the late 1990s, then capped off by the technology share mania, was later converted into a real estate mania as the policy responses of the central bank in trying to ameliorate the damage of the prior excesses, allowed speculation and inflation to vent into a new direction.

Ultra-low interest rates, as is now well known, soon encouraged people to refinance their mortgages and cash-out equity from their homes. This in turn led to over-inflated real estate prices. During this entire period, debt growth continued to rise relative to income levels, far outrunning savings. We today live with consequences of this last and unfortunate craze.

Where Next: Future Choices

What will happen next? Will there be another bubble? Can there be a sustainable economic recovery? The correct answers here are related to two other questions that we must first ask. They will confirm the likely prognosis. Firstly, will policymakers choose to continue to try to outrun consequences of past mistakes or will they face up to them?

The answer is eminently clear by now. Governments and central banks around the world have chosen to try to escape the results of past folly. In so doing, they are now setting up the conditions for a much greater future economic collapse. However, this need not necessarily happen in the very near future. First, a major recovery period may occur — at least in some parts of the world — before this eventuality again looms. We will come back to assess the various possible short-term scenarios.

To date, many countries are aggressively raising national debt levels by boosting government spending and bailing out various industries, above all companies in the financial sector. For example, Britain, itself home to the second largest financial center in the world, has now breached government debt levels greater than 100% of GDP (annual gross domestic product of the economy) and is risking a downgrading of its credit rating. Incredibly, this former world empire has finally come to this shameful point. It is not recklessly pursuing inflationary monetary policies.

The U.S. government at the time of this writing had already committed to over \$14 trillion in expenditures, bail-outs and contingent guarantees in its effort to forestall further financial collapse. This is an unconsciously large

amount, alone equating to the size of its annual economic output or over \$40,000 for every man, woman and child. According to estimates, this is 10 times the intervention of any other postwar recession. Such policy responses can surely not lead to sustainable prosperity. It leads to even higher debt ... ever higher burdens for future generations.

Without a doubt, policymakers — both in America and around the world — are choosing to outrun their problems with monetary manipulation. That must lead us to conclude that any economic and financial recoveries must be considered temporary and certainly not sustainable. The options chosen are monetary manipulation, deception and cronyism. It will lead to even greater impoverishment for America and certain other nations relative to the rest of the world.

It is a desperate situation. Some now see it as the last chance for the vindication of humanist monetary theories. Again, quoting the influential Martin Wolf of the Financial Times,

“This is no small matter. Over almost three decades, policymakers and academics became ever more confident that they had found, in inflation targeting, the holy grail of fiat (or man-made) money. It had been a long journey from the gold standard of the 19th century, via the restored gold-exchange standard of the 1920s, the monetary chaos of the 1930s, the Bretton Woods system of adjustable exchange rates of the 1950s and 1960s, the termination of dollar convertibility into gold in 1971, and the monetary targeting of the 1970s and 1980s. [...] Most of us — I was one — thought we had at last found the holy grail. Now we know it was mirage. This may be the last chance for fiat money. If it is not made to work better than it has done, who knows what our children might decide? Perhaps, in despair, they will even embrace what I still consider to be the absurdity of gold.”²

His sentiments are eerily correct, though he himself sees no other hope. While gold is surely not the answer longer-term, though it may very well be a convenient store of value as an investment over the near-term, he can smell despair. Here again he is correct. There indeed will come a time where the entire world will be in despair as their humanist philosophies will have proven bankrupt. They will then not choose gold or any other kind of idol. In fact, they will throw them into the streets. (Ezekiel 7:19) They will choose a false messiah.

Nature of People is an Important Factor

The other question we must ask in our diagnosis is this: Attitudinally, of what type of people does society today comprise? Can they bear hardship ... will they persevere through troubles? Or, will they feel entitled to rebel and fall into anarchy? We already commented on the role that Prosperity Theology has had in polluting the expectations of Americans, no matter what denomination of Christianity. The same non-sensical expectations have

been promoted on a secular level. To this point, most people are still somewhat hopeful that government actions might bail them out of their troubles.

But what would happen if these expectations were disappointed? Just would be the response of the majority of people whose personal net worth has been devastated, their house values sunk below the value of their mortgage, if they discovered that a very small group of rich people have become even richer?

Any range of answers will include some frightening scenarios. To gauge the potential severity of any future outcome, it is useful to get a sense of the wealth devastation that the average American household has experienced. While it is true that people must be held accountable for the consequences of their own stewardship decisions, the fact remains that the impact of the GFC has been of a shocking scale.

A study by the Center for Economic Policy Research surveyed the wealth effect of the GFC for American households.³ It included the effects of the declines in real estate values as well as financial markets to the end of 2008. The results are chilling as they reveal the potential for severe desperation.

Many people between the ages of 45 and 64 still have not paid off their homes. In fact, the situation is even much worse. Though perhaps owning their residences for more than two decades, a large number of households do not have net equity in their homes. Imagine. “Nearly 30 percent of the households headed by someone between the ages of 45 and 54 will need to bring money to their closing (to cover their mortgage and transactions costs) if they were to sell their home. Technically, they have negative equity in their home. For people between the ages of 55 and 64, the percentage is more than 15%.” The authors of this report state that the median household between the ages of 55 and 64 experienced a drop in wealth of 50% since 2004.

Consider that these estimates do not include the effects of further price declines in real estate and financial assets, which indeed did continue to sink in the early months of 2009. Quoting further from the study, “The baby boom generation for the most part has insufficient time remaining before retirement to accumulate substantial savings. Therefore, they will be largely dependent on social insurance programs to support them in retirement.”

The most worrisome aspect of the massive declines in household net worth is that it has impacted the middle class disproportionately and comes at a time the many baby boomers are approaching retirement years. As such, the disaster that has befallen American households couldn't have come at a worse moment.

A Demographic Bomb On Top

Viewing the high debt levels in America and other nations, some people may well ask: Debt levels have been

... continued on page 6

Signs of the Times



Complex and Confusing Future World of Risks

Policymakers everywhere, global business executives, portfolio managers and others must attempt to assess risks when planning for the future. Lately, the road ahead seems fraught with more risk and complexities than ever before. Says Klaus Schwab recently, the found of the influential World Economic Forum (WEF), which is a think-tank sponsored by some 1000 member multi-national corporations:

"[...] we are in a world with unprecedented levels of interconnectedness between all areas of risk. Through its analysis of the interconnectedness between risks, Global Risks 2010 again emphasizes the need for more effective global governance structures to unlock the resolution of many of the issues highlighted in this report."

Mr. Schwab made this comment in his introductions to the recent *Global Risks 2010* report. (See Figure #1 representing the complex web of risks.) Beginning in 2005, the WEF began publishing this study, the purpose of which was to identify future risks. These may be geopolitical, climatic, financial or any other factors that might impact future plans. The prime focus of this WEF report, of course, is monetary. Just how much wealth or costs would be involved should one of these risks actually materialize?

Given the major geopolitical shifts of late — a world now moving to multi-polarism and minilateralism (Please see the article *"Ten: The Magic Number of Post Globalism"* in the previous issue of *EVR* for more background on these trends) — a Global Financial Crisis and many other epochal secular trends, business strategists are increasingly bewildered. How to predict the future so that we can better prepare against loss? This is difficult if not impossible. The Bible says that to know the future perfectly is to be God. "Bring in your idols to tell us what is going to happen [...] or declare to us the things to come" [...] tell us what the future holds, so we may know that you are gods" (Isaiah 41:22-23).

This does not mean that a person would be unwise to plan ahead and make sensible calculations. (See Luke 24:28-33) Yet, that still does not mean that we can presume to know the future. That realm has remained dark for humankind from the beginning of Creation, other than through prophecy inspired by the Holy Spirit. "Since no man knows the future, who can tell him what is to come?" (Eccl. 8:7).

"When times are good, be happy; but when times are bad, consider: God has made the one as well as the other. Therefore, a man cannot discover anything about his future" (7:14). Whether risks of un welcome consequences or coming opportunity for jubilation, we know not the future. Despite perplexity, this one major certainty we can be sure of: "[...] because God has said, 'Never will I leave you; never will I forsake you. Never will he

Figure #1: A Bewildering Complexity of Risk

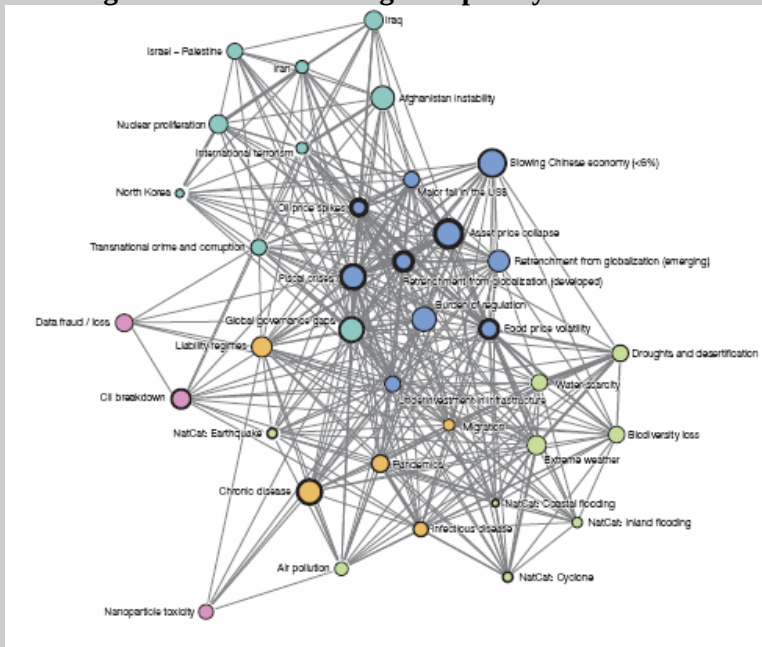
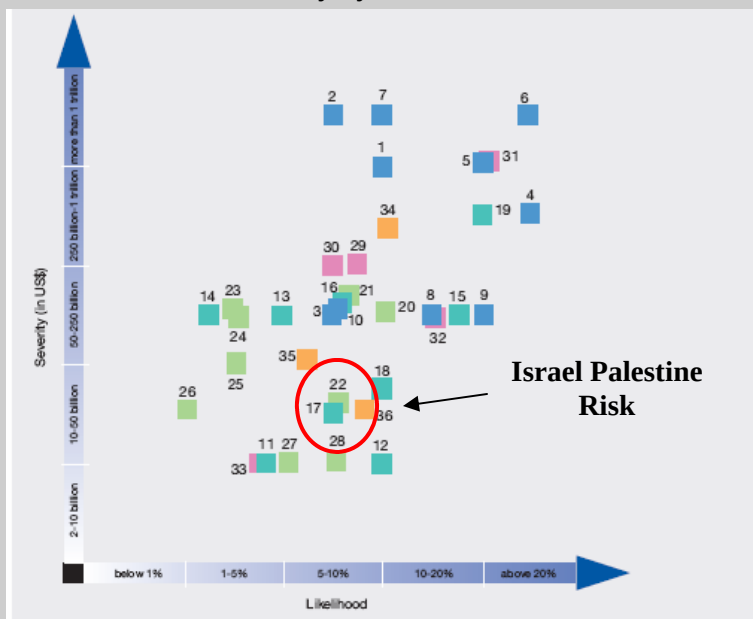


Figure #2: Global Risk Landscape 2010: Likelihood with Severity by Economic Loss



Source: Global Risks 2010, World Economic Forum

Signs of the Times	Cont'd from previous page	Excerpt: Global Financial Apocalypse Prophesied ...cont'd from pg. 4
leaves us nor forsake us” (Hebrew 13:5). The past history of the world has been marked by sharp and sudden changes. Though some trends and conditions may seem impervious to change, the passage of time can bring new shifts and events not contemplated by the wisest of men. Archaeology proves that many civilizations and powers in time came to nought. During the era of their peak ebullience and splendor, no one thought that their end would be rubble and extinction. So it is today. “No sooner are they planted, no sooner are they sown, no sooner do they take root in the ground, than he blows on them and they wither, and a whirlwind sweeps them away like chaff” (Isaiah 40:41). While the focus of the WEF report is purely of a materialistic dimension, one major issue on this survey’s radar screen of prophetic implication is Israel-Palestine. Figure #2 shows the current hierarchy of risks according to the WEF. The higher to the top-right corner that a factor is placed in this graph, the more probable and severe its consequences. Interestingly, the Israel-Palestine factor is far down the list, shown as #17 (circled in red). To the minds of the authors of the WEF report, other factors pose greater risks to their conception of the world. They stand to be surprised. “This is what the LORD Almighty says: “[...]the peoples exhaust themselves for nothing, the nations’ labor is only fuel for the flames” (Jeremiah 51:58). The global risk report points to some timely perspectives. Indeed, the world is becoming increasingly complex, inter-linked and volatile. Any number of events can upset prospects not only for individual persons and nations, but also potential conditions of worldwide impact ... virtually overnight, no less. The Bible tells us that the time will come that, “Men will faint from terror, apprehensive of what is coming on the world, for the heavenly bodies will be shaken” (Luke 21:26). That specific time point which is referred to in this verse is not yet. However, it is not unreasonable to conclude that world-wide developments continue to align with a direction that will possibly soon intersect with a time that “heavenly bodies will be shaken.” EVR		high before in America’s history, and the nation in these instances has recovered to higher levels of prosperity. Can’t this happen again? No, this is not likely. High debt levels indeed occurred in the early 1930s and then again in the late 1940s. However, the prognosis in these cases was entirely different, as the causality was not the same. The 1940’s debt obligations were the result of a world war. As such, it was government debt that soared (to over 100% of GDP), in turn driving real spending in the production economy. This was then followed by a post-war population boom, helping to boost economic growth. In a very short period of time, government debt levels fell to low levels as new households saved, raised families, paid their houses off and invested. Household debt throughout this entire period remained relatively low. In the early 1930s, high debt-to-GDP levels also occurred. However, at the start, the main cause of this rise was not government debt, but rather in the private sector (business and household). Then as the economy collapsed in the 1930s, government debt soared. Here the denominator shrunk (the economy) as debt continued to rise after the onset of economic crisis. To think that today’s debt levels in the U.S. are far higher than at any other time—already even before an economic depression has begun—is a sobering realization. There can be no doubt: The legacy of the current GFC will be radically higher government debt levels, not lower. As mentioned, non-financial debt-to-GDP was already at an all-time high before the crisis period began. Indeed, this itself was an important enabler and catalyst to the crisis in the first place. But as the choice has been to outrun problems, the U.S. government is now plunging into even more debt. Effectively, a blood-letting has been prescribed following an application of leeches. In a desperate attempt to restart the previous asset price manias, to again inflate up stock markets and real estate so to forestall the devastation of the net worth suffered by the average middle-class family, the solution is more debt. It is a response similar to that of a drug addict. Progressively, addictions must be fed by ever increasing doses, until finally, the veins do collapse. Yet, even these dynamics are not the worst parameter of this desperate time. This honor goes to a different factor—demographics. The most sobering realization of all, today, is that an aging crisis is underway. It would not be an outrageous forecast that U.S. government debt will triple relative to GDP over the next 7 years to 10 years.
Wilfred’s Itinerary: <i>The Mulberry Ministry</i> • February 13, 2010, Steeling the Mind Conference: — Coeur d’Alene, Idaho: Register by phone: 800.977.2177, 9-4 PST or register online at www.compass.org • September 13, 2010, Steeling the Mind Conference: — Denver, Colorado: Register by phone: 800.977.2177, 9-4 PST or register online at www.compass.org • October 24-26 2010: Midnight Call Ministries, 2010 Atlantic Prophecy Conference— Myrtle Beach, SC. Please contact Midnight Call at 1.800.845.2420 or		Times of Brinkmanship & Desperation At this point, there a number of scenarios that could play out in the future. Though very different in form, they all will carry with them unfortunate consequences. This writer would surely wish to present a single scenario with a 100% probability. There are just too many

possible complexities that could unfold over the next several years. However, we can be sure of at least a few future facts.

We do know with certainty, as presented previously in the book [Global Financial Apocalypse Prophesied], that there will be at least one more time of global prosperity. This must be so, or the world trading conditions depicted for Babylon the Great in Revelation 18 could not occur.

Secondly, we know that a relatively balanced power coalition of 10 nations will emerge. That means in some way or fashion, that the United States and possibly also some other countries will decline in relative influence. Most certainly, this development must involve an economic decline, though not exclusively. All other outcomes or scenarios that precede or are outside of these two certainties are a subject of our speculation.

Here there are several sets of possibilities. Firstly, concerning the last global period of prosperity, as manipulated as it might be, will it occur after the 10 kings come on the scene or already well before? Of course, there could be one or more global cycles of global prosperity as we cannot know in advance as to when the Tribulation period will occur. However, our question here refers only to the last global economic cycle that is then seen inside the prophesied Tribulation.

A second speculation then centers on the role of global crisis in driving the world into the waiting arms of the final 10 kings. We have already noted how global crises in the past have accelerated globalism. Here, the pivotal question is this: Has there been sufficient crises and global power rebalancing to create the necessary conditions for the 10 kings to align?

Two observations will guide any speculation. Firstly, the GFC to this point has not yet produced sufficient impetus for a global coalition of 10 nations to emerge. The major changes required to support the powers of any global organization, nor any major global policy changes have not yet occurred. For this to unfold, at least one other round of global crisis is required. Why? Already, global policymakers are congratulating themselves as to having successfully averted a world financial meltdown.

In May of 2009, U.S. Treasury Secretary Timothy Geithner was prattling: “[...] major policy intervention (including Emergency Economy Stabilization Act — EESA) was, in the end, successful in achieving the vital but narrow objective of preventing a systemic financial meltdown.”⁴ “We continue to expect economic activity to bottom out, then to turn up later this year;” opined Ben Bernanke of the Federal Reserve.⁵ He is forecasting that the worst is behind. Internationally, the same sentiment prevailed. “We are, as far as growth is concerned, around the inflection point in the cycle.” said Jean-Claude Trichet, President of the European Central Bank.⁶

If the heat of the crisis is over — or so policymakers may think — we can be sure that momentum will be lost with respect to any of the high-minded policy prescriptions

and pronouncements of the elite G20 meetings and various transnational organizations. It will take at least one more crisis to do so, if not many more. In fact, it is not unreasonable to think that an even greater crisis than the GFC must occur. It need not be a new crisis. It could simply be the second stage of the GFC that has yet to unfold shortly ahead.

A plausible scenario that falls out of our speculations is that the GFC or one or more future crises finally drives the entire world into the 10-nation ruling structure. America at that time, including a number of major European nations, would be severely decimated economically. The 10-king coalition then plays a role in coordinating global conditions that would create at least one more period of apparent prosperity leading into the Tribulation period. It is following that point that the final Global Financial Apocalypse finally unfolds. Ultimately, a world-crippling deflationary bust is inevitable.

Whatever our speculations, readers must conclude that the outlook for America is not promising. However, policymakers and people with much wealth who can benefit from insightful and timely advice, realize this, too. That implies that desperate and selfish actions must be expected. In fact, as already reviewed, such actions on the part of the government have already been underway. Many unprecedented measures and initiatives have already been pursued in response to the GFC.

Turning our attention the very near-term, and focusing in upon North America, what can then be expected to play out next? Is a deflationary depression to be expected? Or, could an inflationary spiral emerge? Or, could a velocity type inflation occur with a mix of different types of inflation and deflation?

For a number of reasons, the answers are not yet that clear. Of one thing we can be certain: Policymakers are desperately trying to inflate both the economy, financial markets as well as real estate values. Will they be successful? Trillions of dollars of investment capital are gaming this question right at this moment. Given the enormous build-up of financial capital and its skewed ownership — for example, large investment institutions responsible to aggressively strategize attempts to generate returns and elite wealthy people — as soon as the outcome is clearer, the responses will be both sudden and enormous. Billions and trillions of dollars will be on the move in an attempt to preserve its relative wealth.

Very likely, prices of some types of assets could soar in this environment. While this sounds hopeful, it is not. It may present a profit-making opportunity to investors for a time, but it also is a disaster scenario leading to further economic imbalances and skewing of wealth. The underlying destruction of America would certainly continue in earnest. (For Notes, please see pg. 9.)

(Partial Excerpt of Chapter 14, Global Financial Apocalypse Prophesied)



Letters to the Editor

READER: After studying your Ten Kings and Global Babylon presentation I have a question on Rome. You show Rome to be one of Zechariah's craftsmen. According to Zechariah 1:18-21, the horns are the nations that "scatter Judah, Israel and Jerusalem" and the craftsmen are the nations that "throw down" the horns implying that these craftsmen nations do not "scatter Judah, Israel and Jerusalem." You have listed Rome as a craftsmen when they clearly performed the function of a horn in the scattering of Jerusalem in 70 AD. My first question is what am I missing to make the connection of Rome being a craftsmen verses a horn? My second question is do the horns need to all come before the craftsmen chronologically as you have presented them, or can the horns and craftsmen come mixed together, maybe even some at the same time? — SS

EVR: Tough questions you pose. Frankly, the truth be known, I have periodically reviewed this interpretation as it continues to remain subjective. The trouble is that there really is not enough information given in Zechariah 1:18-21 that will allow a definitive, certifiably correct interpretation on these verses alone. There do indeed exist a number of different views on the horns and craftsmen.

Basically, 3 factors caused me to consider these verses as lining up with the other five visions in the Bible showing creatures with multiple heads and horns (Daniel 2, 7, Revelation 12, 13, 17) which were meant to show the timeline of the major successive gentile kingdoms. 1. There were a total of 8 entities (horns and craftsmen) that were affecting Israel's sojourn in the world. This number lined up with the 8 ruler kings mentioned in Revelation 17 and also pictured in alternate ways in Daniel. (The fact that there were 8 in total is what captured my attention initially.) 2. Zechariah talks of the four horns having had a role in the past ... past tense. The craftsmen, on the other hand, are shown to be coming (present and future tense). Zechariah is estimated to have been in ministry around 516 to 520 BC. That would put Egypt, Assyria, Babylon, and Medo-Persia in the past or as having already scattered Israel, Judah and Jerusalem. Shortly after this time, the Greco-Persian wars began (499 BC). As such, we could conclude that the first craftsmen were already in formation. 3. Possible meanings of craftsmen, implying that they were nations of trade and manufactures. Your point that Rome should also be counted as a "horn" as it scattered the Jews in the first and second centuries, was puzzling to me as well. However, it could be said that all gentile kingdoms including revived Rome and/or Roman offshoots, have also continued to cause the Jew to wander the world. On balance, it appeared to me that Zechariah was wanting to differentiate the second group as being different from the first in one respect, calling them

craftsmen for lack of a better descriptive word at that time ... these four ruler kings representing a different type of influence upon the world. These now through their culture (Greco-Roman influence of philosophy, science and industry) would keep the previous 4 horns under subjugation. This indeed has been the case to this day. Greco-Roman culture and thought has indeed ruled the world to this day, keeping the previous 4 horns in peripheral, subordinate positions. That's the basis for my speculations. Whatever the case, Zechariah's prophecy is not needed to prove and corroborate the 8-ruler king timeline. But, it does offer an interesting fit ... but only after the facts have been established from other Scriptures. Thank you for the query. I'd appreciate to hear of any insights that you may have.

READER: I was reading over your December 2009 EVR and have a couple questions for you. 1. I was surprised to read that you do not recommend investing in gold given its recent rise and the \$14 trillion current deficit of the U.S.A.. In addition, China just recently announced that they will be increasing their gold reserves substantially due to the weakness of the dollars. I have invested 100% of my portfolio in gold mining stocks since 2003 and see no reason to discontinue. My question is whether you invest in any gold mining companies and if not, in what do you invest since you do not recommend investing in gold? I'm impressed that you are a former chief investment officer and also a director of research. I look forward to your response. — DL

EVR: With respect to gold, I think my perspective may have been misinterpreted (or poorly expressed on my part). I am not averse to gold-related investments at all. In fact, the investment policy I have pursued in a professional capacity has been strongly skewed to resources and gold for many years. What I push against from time to time is the "in gold we trust religion" ... the idea that gold is somehow sacred money. It is not. Sometimes gold-related opportunities prove to be good investments, sometimes not. I was warning about mania's ... and gold may be on the verge of another of these phases. Most people unthinkingly get pulled into these manias much too late and suffer huge losses. It is the way of idolatrous financial markets. I have received 10 times as many questions from people asking me whether they should be buying gold at \$1200 than I did when it was \$500. By the way, EVR is not an investment letter, but rather a "disinvestment" letter focusing on the endtime roles of money. In any case, today, it is again fashionable to be a gold investor. What should have been foreseen years ago with respect to monetary and fiscal affairs has finally happened and the average citizen has begun to wake up. However, keep in mind that information that has become popularly recognized, usually in time proves to be worthless. Intrepid investors start to think about exit strategies when there is too much company when a majority viewpoint is already expressed in market levels. Of course, there can be exceptions. The world is extremely complex and

devious experts are paid big money to outwit the masses. The majority never wins in matters of money. One needs to think ahead ... far ahead and consider scenarios that no one expects ... especially at those times that people are focusing on singular outcomes. Finally, may I say that putting all your eggs in one basket is not a good idea. It's not advisable investment policy for people's retirement money. The task of managing money is really more about not losing. Very bright people can be spectacularly wrong. Three decades of working in global financial markets have taught me just a bit of humility ... that investment gurus do not exist ... never, never to trust consensus thinking ... to pay attention to risk ... and not to wipe one savings when one is wrong. That seems to be the only thing to be sure of: That one's viewpoints are bound to be wrong at times.

READER: [Various responses to the recent article *Ten: The Magic Number of Post-Globalism*.]

I am a financial planner and I totally agree with everything Mr. Hahn writes. His articles in *Midnight Call Magazine* are a priority read the minute the magazine arrives in my mailbox. God bless you all. — PS

Wilfred Hahn has written maybe the best, most thought-provoking piece I've ever read on where things are headed regarding fulfillment of Bible prophecy, as concerns the formation of the Antichrist system of economic control. — TJ

I was surprised this article hasn't gotten more attention [...] — it's the best explanation I've heard yet! Makes me also feel more confident the Antichrist will not necessarily be a Muslim.— RD.

I just read [the article] ... outstanding. This has been on my mind for quite some time now ... that we need to see the "Ten Kings" and how the pieces of the puzzle come together. Ask yourself, what needs to happen to lead up to these Ten Kings? Hang on ... it's going to be a bumpy ride. Come quickly, Lord Jesus. — D

I've been subscribed to Midnight Call Ministries for ten years! What a blessing the writers have been to me. I'm so glad to see someone else reads them! I will also recommend Wilfred Hahn's book *Global Financial Apocalypse Prophesied*. It is a must read. — SS

READERS: [Recent response to the new book, *Global Financial Apocalypse Prophesied: Preserving True Riches in an Age of Deception and Trouble*.]

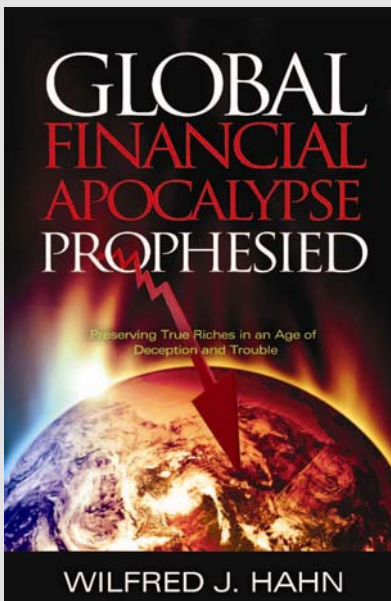
I recently purchased *Global Financial Apocalypse Prophesied* through *Midnight Call Magazine*. By the time I had read through the Prologue, I realized this is probably one of the most important books I have ever owned. I intend to purchase more copies to send to my friends and family. I am 80 years old and living on social security, so this is a considerable investment for me. Also, I definitely want to receive the *EVR* Newsletter regularly, and thank you very much for providing this very valuable resource free of charge. —DO

I read the book "Global Financial Apocalypse Prophesied" and I enjoyed the book. It gives great insight on the market and mostly you bring out the Cross of Jesus Christ. I got your book through J.R. Church. Before your book I read [book]. It was a piece of trash. The author writes in a way that he is pushing the Mayan Calendar as fact. He asked me as a Christian if I am doing as good as the Mayans did. It had two pages or so on the true Prophecy of the Bible. It was refreshing to get your book. Some authors of Christian books can have 300 or more pages of words and never refer to the Cross. Please put me on your e-mail list. I would like to have your *EVR* newsletter. — DV

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NOTES—pg. 7, Global Financial Apocalypse Prophesied

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Facts & Stats ... Ends & Trends



TOPICAL QUOTES

“As of April of 2009, China owned the three largest banks in the world (in terms of market capitalization). Due to the global financial crisis, this ownership is the direct result of China's newfound economic power among diplomatic nations. It is important to keep in mind that these rankings can change on a daily basis.” — *eHow*

“Sometime in the next few years (if it hasn't happened already) the world will reach a milestone — half of humanity will be having only enough children to replace itself. That is, the fertility rate of half the world will be 2.1 or below. This is the ‘replacement level fertility’, the magic number that causes a country's population to slow down and eventually to stabilize. According to the United Nations Population Division, 2.9 billion people out of a total of 6.5 billion were living in countries at or below this point in 2000-05. The number will rise to 3.4 billion out of 7 billion in the early 2010s and over 50% in the middle of the next decade. The countries include not only Russia and Japan but Brazil, Indonesia, China and even south India.” — *The Economist*, October 31, 2009

“Are your pets Rapture-ready? A new business promises to care for the pets of people who are transported suddenly to heaven in the Rapture [...] That's where Bart Centre—pet lover and atheist—comes in. For \$110 (U.S.), he and his network of pet rescuers, confirmed atheists all, will go to your house in the event of the Rapture, and rescue your dog, cat or other pet, and care for it for the rest of its life or until the end of the world, whichever comes first.” — *The Globe and Mail*

“Despite an increase in entertainment choices, watching television remains as

popular as ever, according to data from the OECD's Communications Outlook report. American households watch the box for over eight hours a day on average, twice as long as anyone else. Viewing has fallen in some countries. Turks reportedly watched an hour's less television per day in 2007 than they did only two years earlier, when the country was America's nearest rival as couch-potato king.” — *Economist.com*, September 25, 2009

“The divorce rate in the U.S. fell 4% last year, according to a report released last week by the National Marriage Project. The news might cheer family advocates, but the lousy housing market is probably the cause, as couples with depreciated home values wait to split until the market rebounds. Right now, home values are down substantially. according to Moody's Economy.com, 31.8% of owners with a first mortgage currently owe more than their house is worth. Couples who decide to get divorced are splitting liabilities instead of assets.” — *online.wsj.com*

“It was a rough year for Ponzi schemes. In 2009, the recession unraveled nearly four times as many of the investment scams as fell apart in 2008, with ‘Ponzi’ becoming a buzzword again thanks to the collapse of Bernard Madoff's \$50 billion plot.” — *Associated Press, Miami*

“As a result of economic growth, each generation can usually count on having a higher income, in inflation-adjusted dollars, than the previous one. But that kind of steady progress appears to have stalled. Today, men in their 30s earn 12% less than the previous generation did at the same age.” — *Mark Thoma, RGE Monitor*

“The great tragedy of Science — the slaying of a beautiful hypothesis by an ugly fact.” — *Thomas H. Huxley*

Corruptimus republica plurimae leges. (Translated “The more corrupt a republic, the more laws.”) — *Tacitus, Annals, 118-123 AD*

“No warning can save a people determined to suddenly grow rich.” — *Lord Overstone*

“There is no means of avoiding the final collapse of a boom brought about by credit expansion. The alternative is only whether the crisis should come sooner as a result of a voluntary abandonment of further credit expansion, or later as a final and total catastrophe of the currency system involved.” — *Ludwig von Mises*

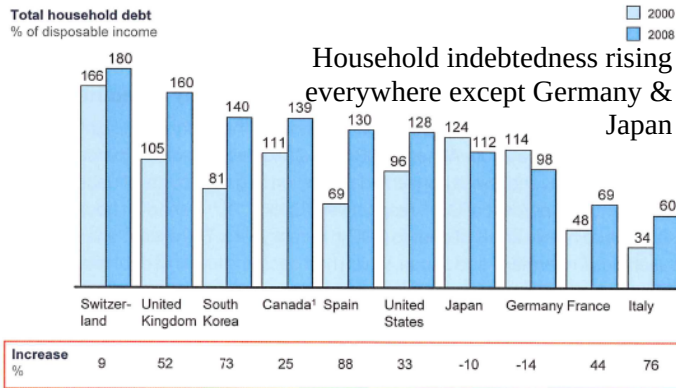
“Before this recession, people were spending their perceived wealth. The values of their homes were up, their investments and their 401(k)s were up. Now, that wealth is gone and they're back to spending their real income.” — *Pam Danzinger*

“At the end of the first decade of the 21st century, the question is not whether we will preside over the creation of a New World Order, but whether America's decline is irreversible.” — *Pat Buchanan*

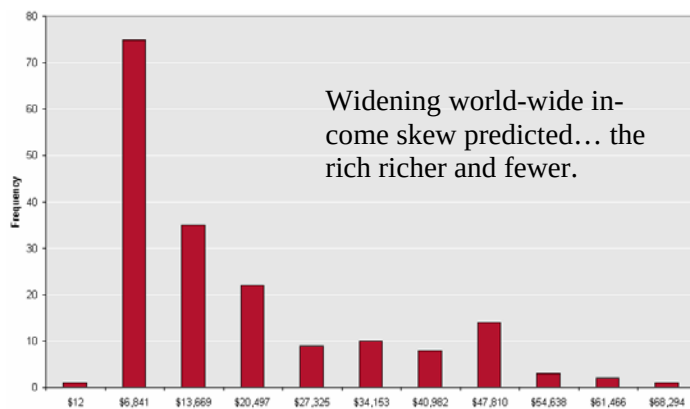
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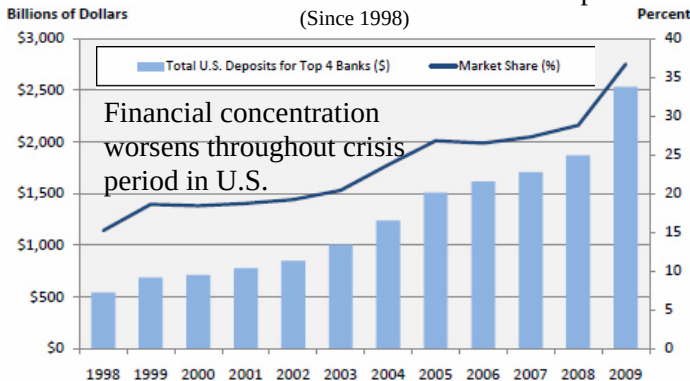
Change in Household Indebtedness-Country Comparison % of Disposable Income



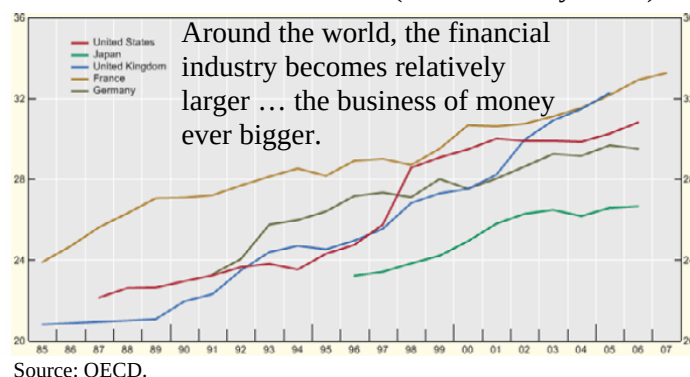
World Per Capita Income Distribution—Forecast 2014



Market Share of 4 U.S. Banks With Most Deposits (Since 1998)



Share of the Financial Sector (% of economy, GDP)



Endtime Money Structuring & Update

...cont'd from back page

fulfilled prophecy in their finest detail, wouldn't the rest of the Bible carry reliable provenance, too?

For this and other reasons, it therefore is a reasonable deduction to conclude that all of the Bible is believable. Not surprisingly, prophecy has no prominent role in any other religion. But, to adopt this perspective, one needs to think for oneself ... to critically test the assumptions and claims of any theory or view that requires the Bible to be wrong. That is why the slogan "For thinking Christians seeking to understand the times" has been on this newsletter's masthead since inception (now more than 12 years ago. With this issue, we start our 13th year.)

Previously mentioned was that all prophecy that "has been fulfilled" has proven accurate. That implies that there are still Bible-based prophecies left to unfold in the future. We began our discussion with the comment that this newsletter concerns itself with, among other topics, the topic of "endtime roles of money." This fits into the category of prophecy yet to unfold future.

Remarkably, we are indeed living in an era where many events prophesied of old are coming very near. The pre-quake tremors can be felt ... and documented. The birth pangs have begun. Do you know what the future holds? More importantly, what will this mean for you? Just who is this ineffable person called God? None of the answers will require you to become a so-called "post-modern" Christian as is today popularly and laughably caricatured, nor to become part of another stultified institution that exists only to perpetuate its traditions and dogmas. (Please see our article, *The Most Abused Brand Name in the World*, for a perspective on abuse of the word "Christian.")

Things Coming Up

The 14th year of the Mulberry Ministry opens up with a busy schedule. I have gladly accepted invitations to speaking engagements at three conferences to date, all in the U.S. That pretty much books out available time this year, unless I am asked to speak on a topic that I have already previously presented. In addition, a number of writing projects are underway.

The book project I hope to finish next, "America and the Global 10-King Power Coalition" inches along. This book requires significant research, ranging from reviewing the views of the early church Fathers to present-day theories, not to mention significant database work. My son, Pearce, a Political Science major, is helping with the research. I am finding this topic absolutely fascinating ... and one that has attracted little attention from other authors in the past.

Meanwhile, I have also accepted an invitation to submit a chapter on "endtime financial structures" to a new book being organized by Terry James, he the author of some 20 plus books in the prophecy area. For your interest, a few graphs of many related to this topic are **EVR**



Personal Perspectives

Endtime Money Structuring & Update

As readers no doubt well know, *EVR* focuses on the “endtime roles of money” among other aspects of global “trends n’ ends” of epochal significance. The contestable point of departure for many is the word “endtime.” It implies that there is an end ... or a series of ends. This idea is an affront to a modern world, that believes that the progress of man is limitless and eternal. The notion of an end is unpopular.

In our case, the use of the word “endtime” is associated with prophecy. On this topic, there most certainly is a wide range opinion — secular and sacred — not to mention definition. However, the perspective we take aligns with a literal interpretation of the original Bible. We think that this is a rational position. But, isn’t such a view the sure evidence of a weak, impressionable, delusional mind?

Seen in isolation, perhaps yes. Except that there is a body of facts and linear deduction that roundly turns the tables on the sceptics. As it is, most people have never really thought out why they hold the views that they do, other than to quell dissonance with the popular view. History shows that huddling in the supposed safety of consensus and majority belief, has usually proven to be hazardous. The human crowd has a remarkable ability to produce a “wrong majority.” That very fact alone argues for independent critical thinking ... to continually seek causality without popular persuasion. This type of inquiring mind will most likely conclude that it really requires more faith (or suspension of faith) to believe in some of today’s prevailing theories than to adopt the respective Biblical view.

Who Considered the Fool?

Not surprisingly, it is common today to think it strange that supposedly rational people would believe the Bible. To do so, is to be presumed stupid and primitive. I get this reaction frequently, especially as I have somewhat of a public profile in secular circles (much less so than when working as a top-ranked and frequently-quoted global strategist many years ago in the investment industry). After all, isn’t the Bible mostly fable, written by a few imaginative and cunning authors? Isn’t it incongruous that supposedly-bright people would believe this stuff?

Well, though people may make derisory comments out of earshot, few take the initiative to directly challenge biblical views. Why? Probably, most people feel very insecure about what they really believe, never having taken the time to sort out eternal issues ... to discover the why and wherefores of life, destiny and purpose of life. Instead, humanist and materialist perspectives are believed that provide no answers to any of these important

questions that all humans agonize about in their most secret, innermost places... certainly so the last few minutes upon their death bed. I would prefer that people have the courage to prove to me why my views are unreasonable and irrational, rather than employ spineless innuendo that has no basis; no reference to source or fact.

The Bible is a remarkable document, the most detailed, accurate and verified collection of history books ever produced. Any serious student of this compilation can only conclude that it is a document that could not have been humanely written by some 40 independent authors over a series of 1500 years, many of them entirely unknown to each other. It is impossibility. It therefore beckons the existence of the Divine.

To the contrary, the Bible has “provenance,” as the appraisers on the Antique Roadshow would say. It has history to back up its claims. It has yet to be proven wrong, though there is much allegation otherwise. Distinctively, the Bible has prophecy. In fact, almost one-third of its content concerns prophetic material. It forms one of the most important proofs of God, namely the God of Abraham who first revealed himself to the patriarch of today’s Jews and claims to have taken the form of Jesus Christ. Does this sound ridiculous? It couldn’t be.

Please think this out with me. Just what creature or oracle has ever been able to accurately and specifically predict the future in every detail, never once proven incorrect? No impostor scheming to pass themselves off as a god, prophet or messiah would ever be so unwise to substantiate themselves with such a transparent bluff. If so, it would not be long before they would be proven a fraud. Who can see the future reliably? Therefore, God has chosen it so that prophecy would prove that He is who He says.

The earliest of the men that uttered prophecies under the inspiration of God also delivered the message of this “bluff.” Isaiah alone mentions this challenge more than 10 times. For example, “[...] tell us what the future holds, so we may know that you are gods” (Isaiah 41:43). And, “Who then is like me? Let him proclaim it. Let him declare and lay out before me what has happened since I established my ancient people, and what is yet to come—yes, let him foretell what will come” (Isaiah 44:7).

A Proof Not to Be Bluffed Away

Here is a fact: All prophecy that has been fulfilled to date has proven accurate. As such, that suggests that the claim to see the future — this being Bible prophecy — was not a bluff. One can therefore reasonably conclude that there is a being of much higher veracity and existence than mortal man. And, if you can believe the words of

... continued on page 11



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