

Bretton Woods, Brexit & Eurozone Eschatology Redux

Posted July 7th, 2016

By www.chuckcoppes.com



"We should resume negotiations for a fundamental reform of the world monetary system that is anchored primarily on a national, paper reserve currency, that is, the dollar."

- Robert Triffin, IMF Economist (1985)

"What we need to do is to show we can manage globalisation and global change in the public interest, but at the same time we have got to respect people's love of national identity."

- Gordon Brown, Former UK Prime Minister

"It is the system of nationalist individualism that has to go.... We are living in the end of the sovereign states.... In the great struggle to evoke a Westernized World Socialism, contemporary governments may vanish.... Countless people... will hate the new world order.... and will die protesting against it."

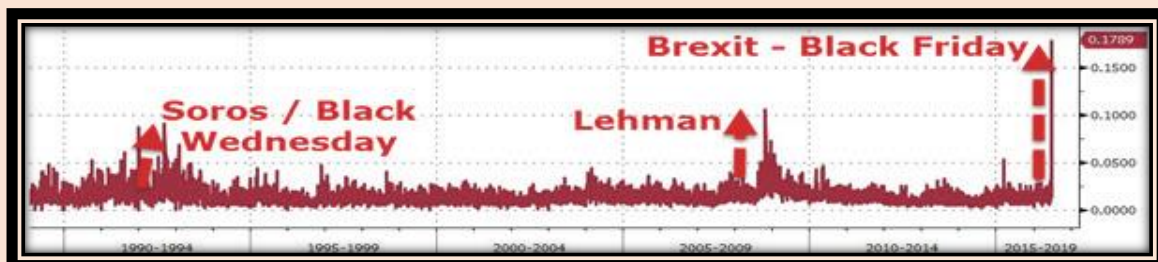
- H. G. Wells, The New World Order, 1940

"Who can fail to see the need and importance of thus gradually coming to the establishment of a world authority capable of taking effective action on the juridical and political planes?"

Pope Paul VI, Populorum Progressio, 1967

Greetings to All,

It's been a busy **news cycle** in the past few weeks, and it has become increasingly more challenging to put news stories into perspective, and especially when it comes to financial markets. The recent **Brexit** vote in the **UK** is a good example of market risk and *volatility* as seen in the **chart below**. In this edition we will look at these implications and review some relevant **historical/prophetic** issues.

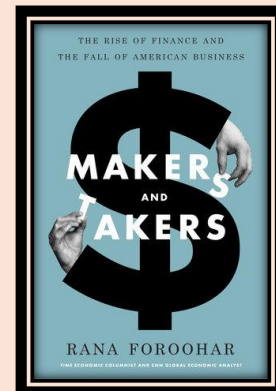
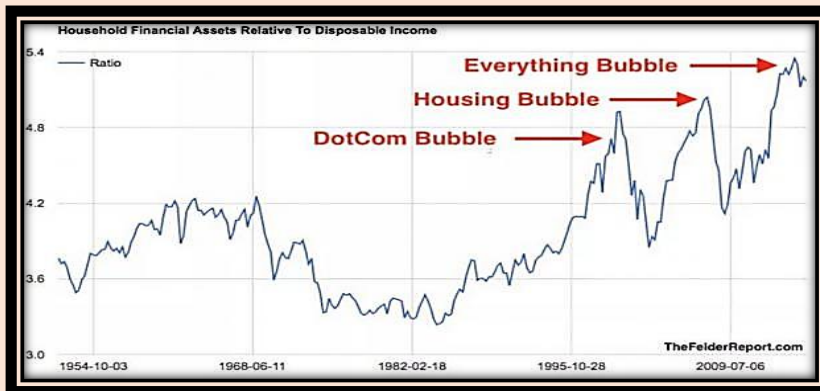


On June 24th, the British people voted to exit the EU in a popular democratic vote (51-49). This was hardly a mandate and according to this **index** it caused a massive “standard deviation” that was **18 times** the norm. What is a **standard deviation**? According to the *Dictionary of Finance and Investment Terms*, “it is the statistical measure of the degree to which an individual value tends to vary from the average.” In short, the greater the deviation the rarer the event. But was this event entirely unexpected? This vote was mostly about Muslim immigration and *not* about the economic issues of EU membership and so on. Most pundits suggest that this vote was a protest against the Eurocrats in Brussels, and there is some truth in that; but this will only lead to more *centralization* in the EU as we will see later on. In the meantime, we saw European bank stocks plummet nearly 25% with Credit Default Swap (CDS) rates soaring as they did when AIG went under in **2008**. Global equities lost \$3 trillion in market cap and the **Dow Index** dropped 1,000 points in two days. The counterparty risk is still great among European banks, but now we see the Dow Index has *magically regained* all 1,000 points here in the US. How does this happen? Obviously the markets are rigged and this is done to inspire “confidence” as if the performance of the stock market is a clear indicator of how healthy the economy is. [HERE](#) is how **Jon Rappaport** recently slammed this notion:

This stock market casino operation, its ebbs and flows, are fodder for media, who pretend the latest down or up is ‘how the overall economy is reacting to world events.’ This is nonsense. The overall economy does not equal the performance of the stock market. The performance of the market doesn’t equal the state of the overall economy.

Bud Conrad from Casey Research was correct when he observed that we don’t have markets, *only interventions*. And by this we mean by the central banksters and their Wall Street shills. Beginning in the late **1980s**, we have seen the steady “**financialization**” of the US (and global) economy. By definition this means a disproportionate amount of economic activity that is the result of easy credit and speculating in capital markets. This has created a **casino** atmosphere and bubble economics.

Wall Street *Financialization* & Credit Bubbles



In her new book, *Makers and Takers*, financial journalist **Rana Foroohar** exposes these crony casino operators and concludes, “that **Wall Street** has come to ‘rule’ rather than to ‘fuel’ the real economy. This has created a ‘dysfunctional financial system’ that is doomed to another collapse, ‘taking us all down with it,’ unless critical repairs are made soon.” Will critical repairs be made anytime soon? It is very doubtful as long as the casino is paying out huge bonuses and financial rewards. She sees a day when this long **credit bubble** will finally burst “and the consequences for society in terms of social unrest and economic upheaval could be terrifying.” This **financial reckoning day** is something that also concerns **Bill Gross**, the Bond King, and he recently commented why he is shorting the global bond markets. **He says the entire global credit (debt) market system is now at risk:**

Bill Gross Explains *Why He's Shorting Credit*

Bill Gross
Joins Janus Capital

World-renowned fixed income investor to build out firm's global macro fixed income strategies and manage Janus Global Unconstrained Bond Fund
[Learn More...](#)

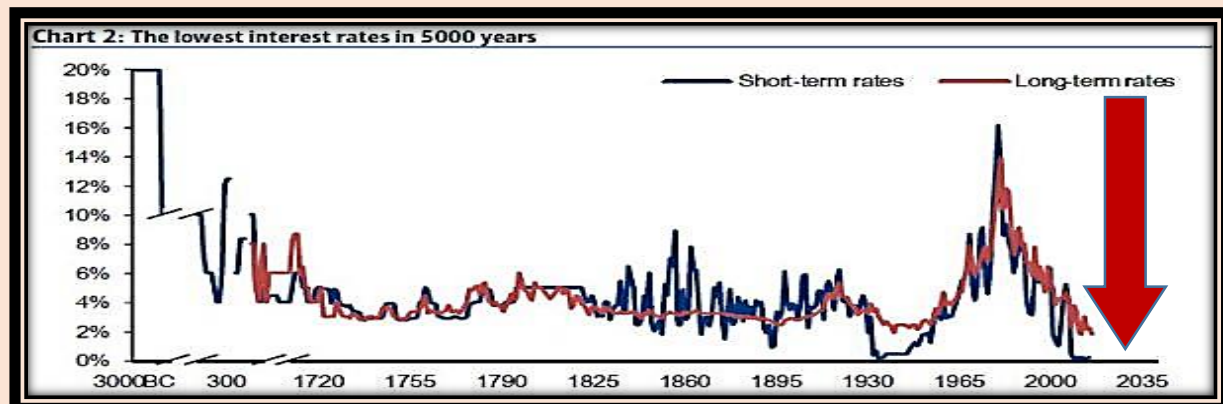


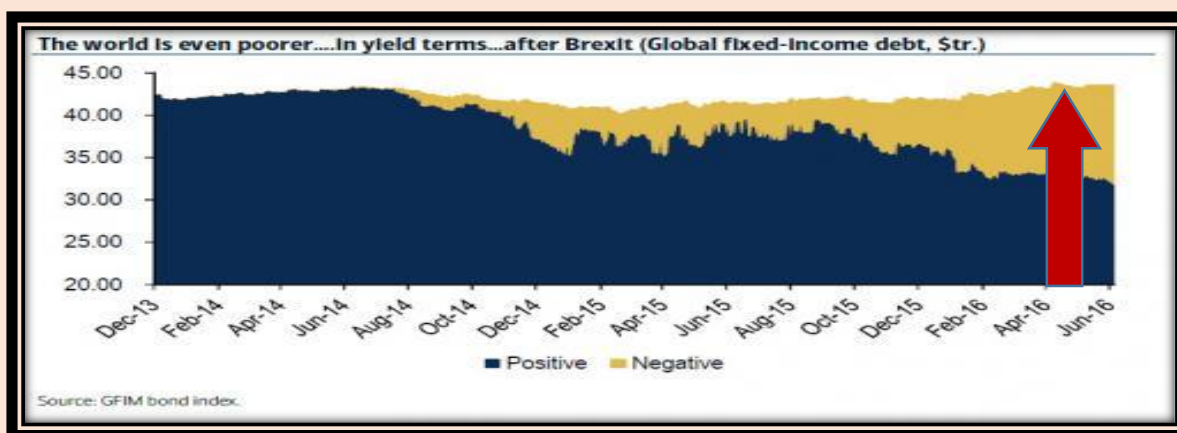
JANUS

zerohedge.com / by Tyler Durden / June 2, 2016 9:13AM

One week ago, in an interview with *Bloomberg*, Bill Gross made a surprising announcement when he said that he was starting to **short credit**. As he [said at the time](#), “It’s really hard to change your psychological makeup and to be a **hedge manager** that is comfortable with being short,” he said during his interview. “I’m working on it, because I’m an investor that ultimately does believe in the system, **but believes that the system itself is at risk.**” In his just released monthly letter, “[Bon Appetit!](#)”, he provided some additional insight on why he has become so bearish on credit instruments. In short, as he says that since the inception of the Lehman Bond index in 1976, investment grade bond markets have provided conservative investors with a **7.47% compound return with remarkably little volatility**. He then says that his take from these observations is that this **40-year period of time** has been quite remarkable – “an event that cannot be repeated.” He attributes this tremendous performance to the “carry” trade, facilitated by ever higher debt, and ever lower interest rates over the past 30 years, a condition he thinks will not repeated again. [READ MORE](#)

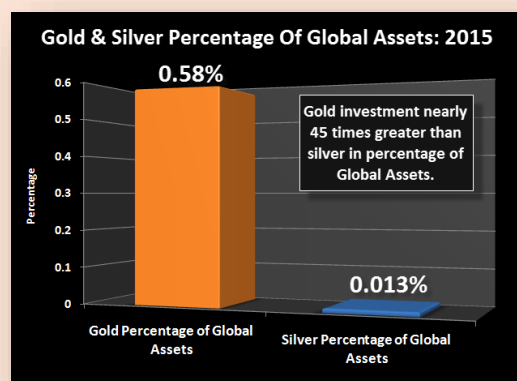
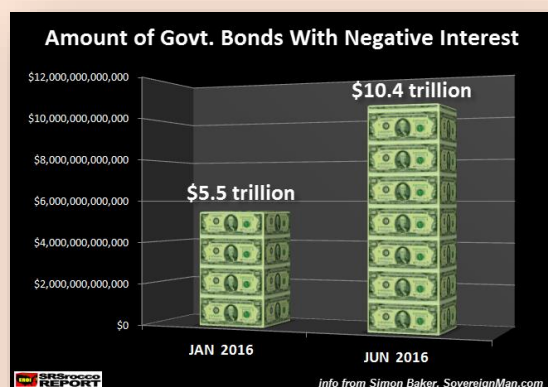
Bill Gross, of course, is the manager of the Janus Global Unconstrained Bond Fund and what he is referring to is how interest rates went from **18%** in **1980** right down to **zero** today (ZIRP), and he is also warning that central bank policies have pushed trillions of dollars into bonds with **negative** rates (NIRP) that will eventually backfire violently. “Global yields are the lowest in **500** years of recorded history. This is a **supernova** that will explode one day.” A supernova is a star that becomes brighter near the end of its life and results in a catastrophic explosion that ejects most of its mass – a rather chilling analogy wouldn’t you say? The Bond King was enthroned during his entire adult career by merely riding this historic **credit bubble** and enjoying the “carry trade” as he says. This is hardly the stuff of genius. Rates are the lowest in **500** years, and I was able to find this chart from the Bank of England that even goes back **5,000** years! *I didn’t know they kept these kind of records!?*





According to **Fitch Ratings**, the amount of global bonds that now carry an incomprehensible *negative* yield has grown from \$10 trillion to **\$11.7 trillion** in just the past month alone! As you can see in **this chart**, this negative trend began two years ago and I have noted this in past newsletters. The real question is why is this happening? The obvious and simple answer is that governments around the world, and their central banks, cannot service the unsustainable mountain of national credit/debt that they have run up to support their Welfare States. According to the **McKinsey Global Institute**, total global debt (public and private) now exceeds **\$200 trillion**. Of this amount **\$90 trillion** represents sovereign national debt, and of this figure **40%** is issued by the US Treasury!

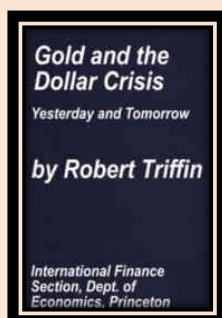
For a little perspective on the growth of **negative bond yields** in **2016**, and the limited and finite safety of **gold and silver** as an asset class, I present the following **two charts**. On the left you can see how negative bonds have doubled since January (the total is now \$11.7 trillion!), and on the right you can see that out of \$165 trillion in global stock/bond assets the percentage of gold is only .58% and a mere .013% for silver! This amounts to less than \$7 trillion, and I will share more on this.



According to a [RECENT REPORT](#), foreigners dumped more **US bonds** in April since records began starting in **1978**! The US is losing its creditworthiness and this goes back to the establishment of the US dollar as the world's reserve currency at the **Bretton Woods Agreement** in **1944**. This month marks the **72nd** anniversary of this gathering near the end of **WWII**, and you can learn more at [THIS LINK](#) by geopolitical analyst **F. William Engdahl**. The following is an excerpt from my newsletter dated **May 2nd, 2015** at my [archive](#) that featured this event and **Triffin's Dilemma**. Robert Triffin saw that the US dollar could not serve as the world's reserve currency forever and now there is a need for a **monetary reset** that will likely position the **SDR** as a new currency unit through the **IMF**:

1944 UN Monetary & Financial Conference

What was the **Bretton Woods Agreement**? This historic event took place at the Washington Hotel in Bretton Woods, NH during **July 1944** to establish the **IMF** and **World Bank** in the post-war era using the US dollar as the world's reserve currency. In this scheme the dollar would be backed by gold since the US had accumulated huge gold stocks as payment during **WWII**, but this would later break down in **1971** during the **Nixon** administration, as we'll see in a moment. The fundamental problem that is facing the international monetary system is the exorbitant privilege of the US dollar being used as a settlement currency, which has allowed America to export its inflation and run trade deficits with a loose fiscal policy – something known as **Triffin's Dilemma**.

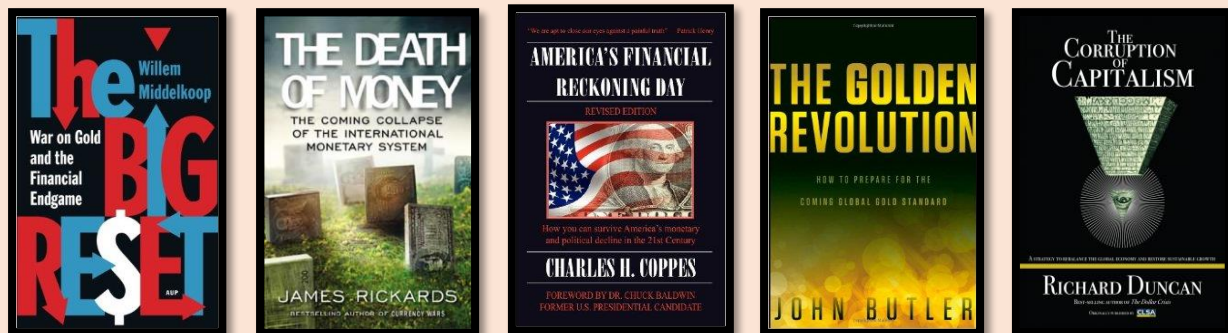


Robert Triffin was a Belgian economist who worked at the **NY Fed** (1942-1946), the **IMF** (1946-1948) and later was a professor at Yale University. In **1960**, he addressed Congress and warned that there was a serious flaw in the Bretton Woods system. He stated that in order for the dollar to be used as the world's reserve/settlement currency the US must supply the world and thus always run a trade deficit. The tension was that this (inflationary) policy was cheapening the dollar and thus eroding confidence in the dollar; therefore, the US needed to have a trade surplus (export more goods). The *dilemma* was that you can't have both **liquidity and confidence**. The additional dilemma was that national and global monetary policy was conflicted (in favor of the US running up huge debts due to reckless fiscal policy – sound familiar?). An additional dilemma was that since **1944**, the US had pledged to convert dollars (held by foreigners) into gold, but during the Marshall Plan to rebuild Europe there were more dollars offshore in **1959** than gold being held in the US. To maintain the Bretton Woods system, the US initiated the **London Gold Pool** in **1961** to exert downward pressure on gold, but this only lasted until **1968**. By **1971**, the US finally stopped redeeming dollars for gold and this was effectively a *delivery default* by the US government. In **1985**, Robert Triffin again warned that authorities should, “resume negotiations for a fundamental reform of the world monetary system” and get away from the dollar. Near his death in **1993**, he later added that “running away” from a solution will only lead to “more and more crisis management.” The latest crisis to be managed was in **2008** and now many are calling for a “monetary reset” to rebalance the system.



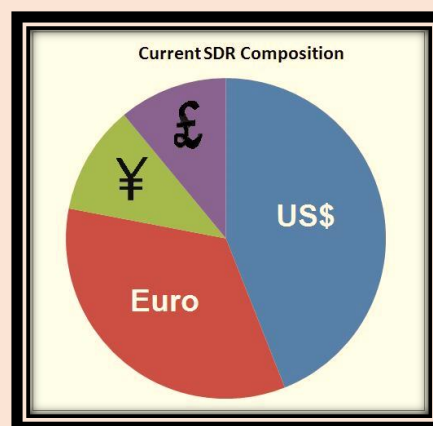
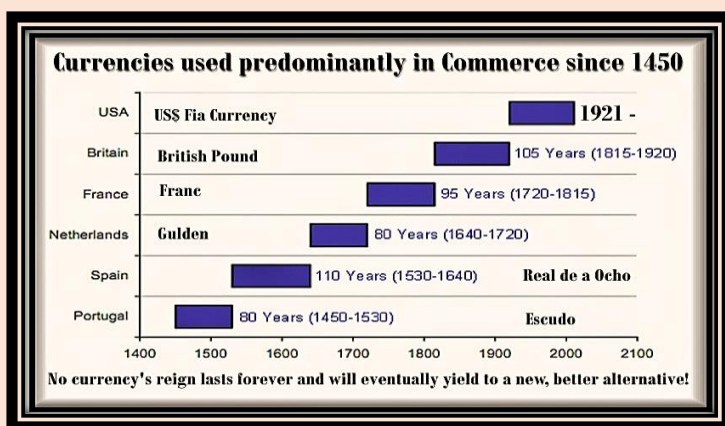
Since **1971**, the US dollar has been a floating fiat currency decoupled from any gold backing, and as most historians know all fiat currencies eventually collapse. **Triffin's Dilemma** has helped the US *postpone* a financial reckoning day and now our central bank is intervening to *suppress* gold and support confidence in the dollar. I wrote an [earlier newsletter](#) on this topic back in February 2014.

At the **G20 Meeting** in April 2009, **Zhou Xiaochuan**, governor of the People's Bank of China, cited the work of Robert Triffin and called for "...creative reform of the existing international monetary system towards an international reserve currency" to create stable value. It is also understood that China (and Russia) have been aggressively buying gold in anticipation of a reset. "China and Russia have pierced through the American smokescreen around gold and the dollar and are no longer willing to continue lending to the United States. Both countries have been accumulating enormous amounts of gold, positioning themselves for the next phase of the global financial system, writes **William Middelkoop** in his recent book. "There are only two options: a financial reset planned well in advance, or a hastily implemented one on the back of a dollar crisis." Many believe that the latter is the most likely scenario as we go forward, and the **following books** cover this in much detail.



In his book *The Death of Money*, **Jim Rickards** says "the next financial collapse will resemble nothing in history" and compares the present unstable monetary system to an avalanche just waiting for enough snow (debt) to pile up. He suggests that the International Monetary Fund (**IMF**) will implement a Special Drawing Right (**SDR**) that will be comprised of a new currency basket. I agree with his conclusion and develop this theme in [my own book](#) that fits into a **prophetic matrix** that I will cover later on. Since **2008**, central banks have merely papered over the fiscal/monetary crisis (with bail outs and QE) and now the world is in worse shape to handle another financial shock. In his book *The Corruption of Capitalism*, **Richard Duncan** says that the US has been in a credit bubble since 1950, and that the entire system needs structural reform, which he explains in this [video clip](#).

Some are convinced that we need some form of a classic gold standard to anchor a new reset. "The protracted global economic crisis has awakened the long-dormant debate about whether the United States or other countries should reinstate some form of gold standard," says **John Butler** in his book *The Golden Revolution*. "As the dollar's role gradually declines, global monetary arrangements are likely to become increasingly multipolar, as there is no single currency that can realistically replace the dollar as the preeminent global monetary reserve." His point is well taken and we can see in this chart that **reserve currency status** does not last forever, and gold helps to restore **confidence**.



The current **SDR** composition is the dollar, euro, yen and sterling pound that favors the dollar, and the US has enjoyed the dollar's leading role since **1944**, but that is necessarily coming to an end. At the **G20 Meetings** other countries are strongly favoring the "multipolar" **SDR** to replace the US dollar entirely. **Triffin** had predicted, "In the absence of US agreement, other countries are likely, sooner or later, to take the initiative in this respect [he meant, switching from the dollar to a truly international reserve currency], in order to reduce their over-dependence on the vagaries of the fluctuating, inconvertible, paper dollar." That time seems to be upon us, and he was referring to the **SDR**.

Exactly what is the **SDR** and how did it come about? Briefly, after the **London Gold Pool** failed to artificially suppress the gold price (by dumping gold on the market) it closed in early **1968** and the US proposed that the **IMF** adopt the **SDR** that originally had a nominal gold backing. The **SDR** was a foreign exchange reserve to support fixed exchange rates under the Bretton Woods system. By **1970**, the US was heavily in debt due to the Viet Nam war and spending far more than it had in gold reserves. French President **Charles DeGaulle** was critical of the *exorbitant privilege* of the US dollar and he cashed in \$300 million in dollars for gold. In **1971**, the **UK** and **OPEC** nations tried to cash their dollars for gold and by **August 15, 1971** the US *reneged* on the **1944** agreement and permanently closed the "gold window" for foreigners. As mentioned earlier, this was a gold delivery default and this action by Nixon took the world by surprise. What followed was the **Smithsonian Agreement** with ten nations where the US pledged to peg the dollar to \$38/oz. in gold and the **SDR** was changed to a basket of currencies or unit of account. It is called an "**SDR**" because the French did not want it called a reserve asset! The **SDR** undergoes an adjustment every five years as noted at this link:

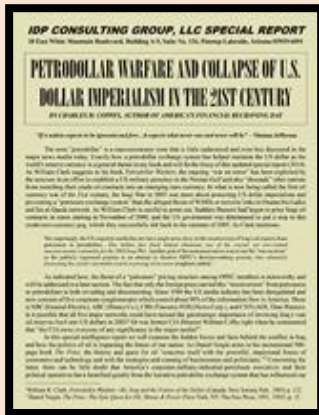
FACTS ON THE SDR: <http://www.imf.org/external/np/exr/facts/sdr.htm>

[END OF EXCERPT]. Several things have been noted above, and chief among them is the fact that we need to fundamentally reform the global monetary system, and the same people who guided the **Bretton Woods** meeting are plotting to resurrect the **SDR**. In November of 2015, the **Chinese yuan** was finally allowed in the **SDR** (11%) and this will be effective October 1, 2016. It is interesting that the annual **G-20 Meeting** will be held in China at this time, and it is no secret that China is buying massive amounts of gold to enhance their currency in the world. As **Jim Rickards** points out in [THIS](#) article, China is increasing its gold reserves to GDP to be better represented when the **monetary reset** comes. It is even possible that a future **SDR** will include a gold component, and you will see how important this will be as we look at the importance of a proposed **fiscal union** in the **Eurozone**.

During the **Brexit** media frenzy it was lost on the media that **China** and **Russia** were hosting the first plenary session of the Asian Infrastructure Investment Bank (AIIB) with **57** member countries in Beijing. The **AIIB** was launched on the **70th** Anniversary of **Bretton Woods** in **2014** and the purpose was to counter the IMF and World Bank in **NY**. "History has never set any precedent," the new bank's president, **Jin Liqun**, said of the US and its Western allies, "that an empire is capable of governing the world forever." Here is another example of the Sino-Russian alliance that would like to see an end to US Dollar Imperialism. Since **1971**, when **Nixon** defaulted on US gold delivery and floated the US dollar, the only thing that has been supporting the US bond market (and dollar) has been the **recycling** of US trade deficits back into the US bond market. This was formally set up in **1973** with the **Saud** royal family to peg **crude oil contracts** only in the US dollars through **OPEC**. In recent years (months) the Petrodollar Recycling System has been breaking down as noted in this article, and my *Petrodollar Warfare Report* is available for download at either of my websites.

Preparing for the *Collapse of the Petrodollar Recycling System*

By Jerry Robinson, June 1, 2016, www.ftmdaily.com



Recently, there have been many news headlines containing the words "Iran", "nuclear capability", "[Syria](#)", and "[Islamic State](#)". If you listen closely, you can almost hear the drumbeats of a fresh war in the Middle East. As an economist, I have been trained to view the world through the lens of incentives. (I am a "bottom line" kind of guy.) This brief article details the actions, incentives, and related consequences that the United States has created through its [attempts to maintain global hegemony through something known as the petrodollar system](#). This article will begin with a look back at the important events of the [1944 Bretton Woods Conference](#), which firmly established the U.S. Dollar as the global reserve currency. Then we will examine the events that led up to the [1971 Nixon Shock](#) when the United States abandoned [the international gold standard](#). **We will then consider what may be the most brilliant economic and geopolitical strategy devised in recent memory, the petrodollar system.** Finally, we conclude by examining the latest challenges facing U.S. economic policy around the globe and how the petrodollar system influences our foreign policy efforts in oil-rich nations. The collapse of the petrodollar system, which I believe will occur sometime within this decade, will make the 1971 Nixon Shock look like a dress rehearsal. **If you have never heard of the petrodollar system, it will not surprise me.** It is certainly not a topic that makes its way out of Washington and Wall Street circles too often. The mainstream media rarely, if ever, discusses the inner workings of the petrodollar system and how it has guided, America's foreign policy for the last several decades.....[READ MORE](#).

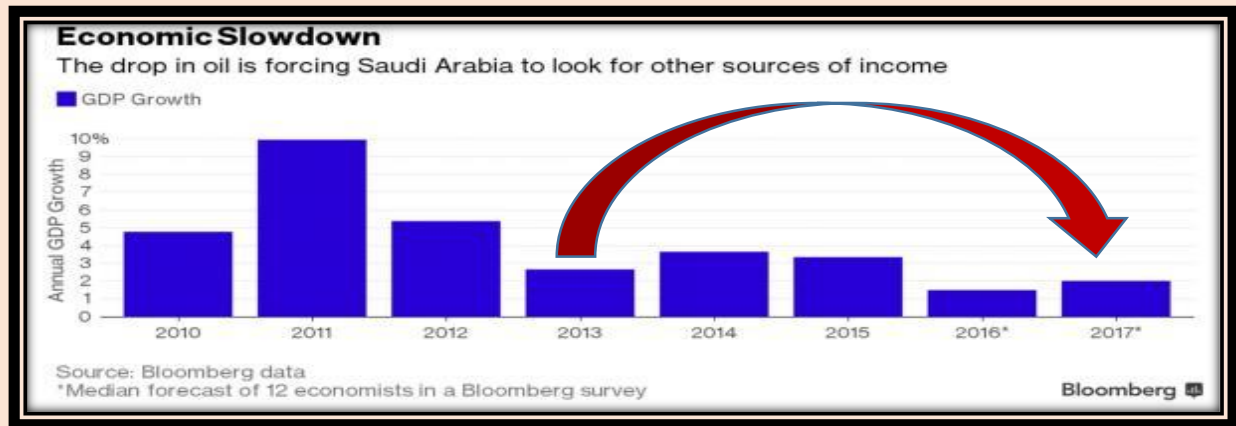
This **historical perspective** is important to better understand how the **US** is getting isolated by our own loose fiscal policy, arrogance and belligerent foreign policy. Below is an excellent overview of this historical background including a [video clip](#) of **Nixon's famous speech on August 15, 1971**:

[The Coming Collapse of the Petrodollar Recycling System](#)

As mentioned already, the **Saudis** did not take kindly when **Nixon** closed the gold window, and this recycling scheme is breaking down due to Saudi hostility to the US and their own **fiscal problems**.

In Its First Ever Bond Sale, A *Cash-Starved Saudi Arabia* Is Looking to Issue \$15 Billion?

zerohedge.com / by Tyler Durden on 05/31/2016 13:17



Last week the bond market was stunned by the unprecedented demand for sovereign paper issued by the middle-eastern nation of Qatar, which announced it would issue \$9 billion in Eurobonds, more than double what had been originally expected by the market, and well below the total demand for Qatar sovereign paper: according to Reuters, the issue was massively oversubscribed, with over \$23 billion in soft orders....Qatar's sale demonstrated that any attempt by Saudi Arabia to fund its budget needs would be ridiculously easy. Sure enough, this was confirmed just days later when earlier today [Bloomberg reported](#) that **Saudi Arabia is considering the sale of as much as \$15 billion of bonds this year**, "encouraged by investor demand for Qatar's recent issue" citing people with knowledge of the matter said. The details: Saudi Arabia is weighing a sale of \$10 billion to \$15 billion after the end of Ramadan in July, adding no final decision has been made and the discussions are still at a preliminary stage. **It would be Saudi Arabia's first bond sale in international capital markets. We think that absent another global market swoon, the final notional amount issued will be well greater than "only" \$15 billion.....**[READ MORE](#)

The above article not only notes fiscal problems in the Saudi kingdom, but the fact that **Saudi Arabia** is no longer a major player in recycling US dollars. In fact, **China** has taken over this role since their own industrial revolution, and they are obviously dumping **US Treasuries** as noted earlier that April saw the largest liquidation since **1978**. In the last three quarters, **China** has dumped a record amount of **US bonds**, and during this same period they dumped **38%** of their **US stocks** (compared to 9% of all foreign stocks!), as reported at [THIS LINK](#). In addition to this provocation, the Chinese military is confronting US hegemony in the **South China Sea** as tensions are rising over territorial rights and the projection of the **US Navy** in this region as covered in [THIS ARTICLE](#) that has been *translated* from Chinese into English for all to read, including this comment: **"The U.S. has chosen the wrong opponent by selecting China for this type of game."** I will let you interpret what that means.....

Folks, we are living in an increasingly dangerous world. Let me summarize things so far. The so-called Brexit vote nearly created contagion; the financialization of capital markets is a death trap; the global bond market (\$90 trillion) is collapsing in a no-bid environment; **Triffin's Dilemma**/prophecy is visiting us, and all of this was discussed at the recent elite **Bilderberg Confab** in **Germany**.

2016 Bilderberg Meeting in Dresden, Germany



What is the annual Bilderberg Meeting you ask? Well, I'm glad you asked, and I do cover this extensively in my book. The latest not-so-secretive meeting (thanks to the global Internet) was held from **June 9-12, 2016** in a luxurious [HOTEL](#) in Germany with dignitaries from the **US** like Kissinger, Lindsey Graham, and approximately 120 invited guests from banking, industry, politics and the media (that help cover-up the event) that can be seen on [THIS LIST](#). Since **1954**, the global elitists have gathered to run the industrial world, and this conspiratorial group likes to provide their own sanitized version of their existence at their official [LINK](#). An intensive [research study by Princeton University in 2014](#) concluded that the **US** is indeed more accurately described as a **functioning oligarchy**, rather than a democracy or a republic. An **oligarchy** is a small group of people who effectively control a country, a business, or an institution. These elitists may distinguish themselves as royalty, politicians, businessmen, wealthy, highly educated, or as people in positions of military control. Would you like to see a **graphic chart** of these interlocking connections that run the real world? **Click below:**

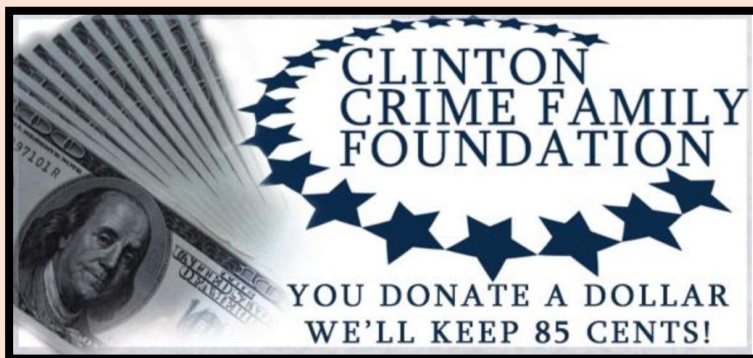
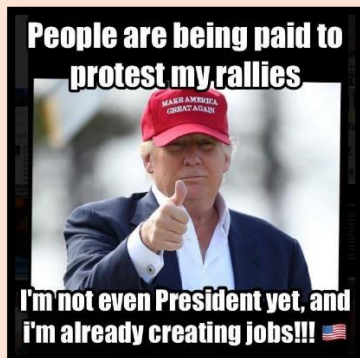
Bilderberg: Stunning Chart of Globalist Elite – A Must See!

I do hope that you click this **link above** just to see what a **klepto-plutocracy** is running the world! An **oligarchy** doesn't adequately describe this kind of **evil**. But the **Bible** does. "The love of money is the root of all sorts of evil" (1 Tim. 6:10). And **evil** it is my friends. At the recent Bilderberg gathering the topics included European immigration, unity (Brexit), China, Russia, Middle East, energy/commodity issues and **cyber-security**, which is a grave concern for everyone who uses the **Internet** for personal or business purposes. **What is the threat?** According to [Infowars.com](#) a new **Internet ID** (virtual security) will be required to access the Internet, in addition to a new **global tax** managed by the UN on financial transactions, oil/gas consumption and a "green tax" on anything they deem harmful to **Mother Earth** – the *de facto* **New Global Earth Religion!** In a recent article, **Jerimiah Johnson** solemnly warns about this new **Dark Age** coming at his [LINK](#):

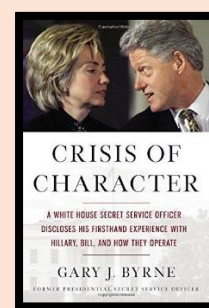
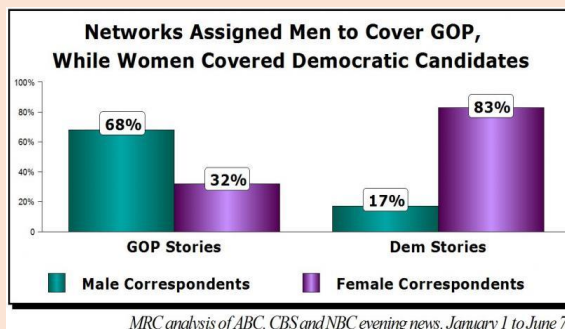
We are heading into a very dark time...a time where technology will be used to enslave, not enlighten or uplift mankind. The new dark ages are almost upon us. It will require nothing less than a world war or a complete global economic collapse (orchestrated, in both cases) to destroy the last vestiges of self-governance and law that exist for us. The time to put a stop to it is now, before the power base of the elite becomes so strong that individuals cannot withstand it. The time to rebel against it is now, while we still have the chance before that boot tramples the face of humanity...forever.

I know this is rather depressing, but it is actually going to get worse before it gets better. And I want to make a brief comment on my support for **Donald Trump** in these troubled times. Just for starters, he was **NOT** invited to Dresden, Germany! **And that alone is encouraging right?**

Trump: *The Anti-Establishment Candidate!*



The Trump phenomenon can only be understood in the context of our culture wars. Just like the UK, we are a sharply divided nation and the Trump campaign is defined by those who are against him. We are talking about the majority of Hispanics, Muslims, union thugs, feminists, banksters, neocons, globalists and variety of perverts and collectivists. Goldman Sachs bankster Hank Paulsen said he will not vote for Trump of course. His firm has paid Hillary almost \$700,000 in speaking fees and donations to their corrupt **Clinton Crime Family Foundation**. As covered in [THIS LINK](#) this phony Foundation took in \$140 million in 2013 and only spent \$9 million in “aid” to causes. None of this comes as any surprise as revealed in [the new book](#) *Crisis of Character* as seen here.



Author **Gary Byrne** is an ex-Secret Service agent that shares intimate details of how the Clintons “operate” in their personal and public life. The liberal Establishment media is trashing him of course, and it is not surprising that [THIS](#) study shows how the media has spent *four-times more coverage* on Trump’s issues while ignoring Hillary’s scandals. She also has the support of female correspondents in the liberal media as seen here [above](#). While Trump has hardly spent any money on ads, the Clinton campaign is spending nearly \$500,000 *per day* during **June 15-27** alone! This was heavily targeted at **Orlando** (800 ads) after the shooting as noted [HERE](#). Selective “polls” are always indicating that Hillary is leading Trump, but polls (poles) “are only useful for skiers and strippers” as **Sarah Palin** recently quipped. Here is a [LINK](#) on how useless these polls have become. In another example of political corruption in America, the US Justice Dept. filed a motion last week for a 27-month delay in their investigation of the **Clinton Crime Family Foundation** (with Teneo Holdings, etc.), and this would mean until October **2018**. The Democratic collusion with the **DOJ/FBI** and Clintons is so rotten it reeks to high heaven, and I will have more to say about all this after the **GOP Convention** in **Ohio** this month. In the meantime, I encourage you to check out **Roger Stone’s** website for a ton of good info on the election drama at www.stonezone.com. **Stone** has been a **GOP** activist since the days of Goldwater and is an astute adviser to the Trump campaign – perhaps the real driving force.

The UK Brexit and *Eurozone Eschatology*



“And in the days of those kings the God of heaven will set up a kingdom which will never be destroyed, and it will endure forever.” (Daniel 2:44)

Now we come to the real issue as it relates to recent events in the EU, and more specifically the future of Europe and the **Eurozone** that supports the euro currency. While most media coverage is speculating about developments in the **EU**, these issues need to be seen in light of **Bible prophecy**, or the “study of last things” (eschatology). This is a major theme in my book and I will be concluding this section with some important excerpts from my book for your thoughtful consideration.

So what is the real issue in Europe? The **UK** voted to exit the **EU** membership, but as I mentioned this was mostly in reaction to Muslim immigration and now there has been a large movement to even *stay* in the EU. This will become more apparent as we go forward. Already the **UK** and the **Bank of England** have *both* been downgraded to AA, and there will be more economic consequences. In 1946, **Winston Churchill** called for a United States of Europe to prevent future conflicts like **WWII**. The **EU** evolved into a political union, but not a monetary or genuine **fiscal union**. The **Eurozone** has **18** member nations, and **Margaret Thatcher** stated that the “central flaw” of the euro currency was it lacked a fiscal union. In other words, the **Eurozone** members need to cede fiscal policy to the European Central Bank (**ECB**) and issue common **Eurobonds** (like the Fed does now). There have been many studies done on the need for a *smaller* fiscal union as featured in **these books**:



As most of know, the **UK** has never been a member of the **Eurozone**, but this is likely to change during a fiscal/monetary crisis that forces a global reset (more in a moment). The **UK** vote is really not that urgent (as markets might indicate), but is actually increasing the need for *more* centralization not *less*. What analysts are saying is that the **Eurozone** needs to be more centralized in order to support the euro currency in global trade and membership in the **SDR** and so on. Last week on CNBC, **Alan Greenspan** made the following observation that puts things into proper perspective:

The euro currency is the immediate problem. While the euro and the Eurozone were major steps in a movement toward European political integration, it's failing, he said.

Brexit is not the end of the set of problems, which I always thought were going to start with the euro because the euro is a very serious problem in that the southern part of the Eurozone is being funded by the northern part and the European Central Bank.

The euro currency is the real problem. There has been much talk about the southern Eurozone members known as the **PIIGS** = Portugal, Italy, Ireland, Greece and Spain. These, and a few more, need to leave the **Eurozone**. Bilderberg alumnus **Henry Kissinger** recently commented (*WSJ*), "Punishing the **UK** will not solve the question of how to operate a common currency in the absence of a common fiscal policy among countries with disparate economic capacities." **Bingo Dr. K!** The following is another **excerpt** from the newsletter I wrote back on **May 2nd, 2015** when it looked like **Greece** was exiting the **Eurozone** – note Greenspan's similar stress for *centralization* here:

Alan Greenspan: "Greece Will Leave the Eurozone" and "Need for Political Union"



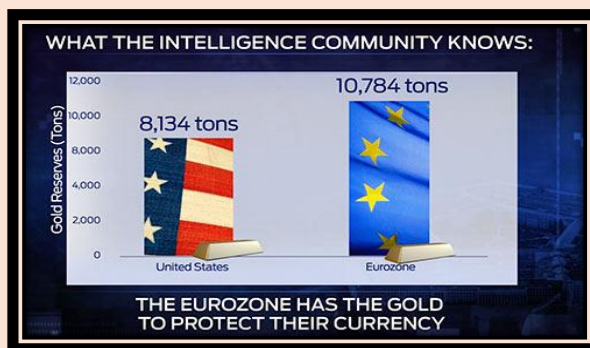
Submitted by [Tyler Durden](#), 2/1/2015



Every two weeks or so on average, we ask ourselves: why do central bankers only tell the truth after they have quit their post? Back in November, the Fed's own former head, **Alan Greenspan** said "[Gold Is Currency; No Fiat Currency, Including the Dollar, Can Match It.](#)" It was another statement by the maestro that has caught the world's attention, this time opining on Greece, when he told **BBC Radio's the World This Weekend** that "Greece will leave the Eurozone. I don't see that it helps Greece to be in the euro, and I certainly don't see that it helps the rest of the Eurozone. It's just a matter of time before everyone recognizes that parting is the best strategy." And it wasn't just Greece that the Maestro decided to throw under the revisionist history bus: [he took a stab at the Eurozone itself.](#) "**The problem is that there is no way that I can conceive of the euro continuing, unless and until all of the members of Eurozone become politically integrated - actually even just fiscally integrated won't do it,**" Greenspan said. "**Short of a political union, I find it very difficult to foresee the Euro [zone] holding together in its current form. It probably could get a union of Germany, Austria, Luxembourg, the Netherlands, Finland for example. But not south Europe.**"



Perhaps the most important **prophecy** concerning the end times relates to the rise of Europe as found in the book of **Daniel** that predicts a **Revived Roman Empire** with a core membership of **ten nations**. The **Eurozone** is likely to be reduced in size as Greece leads the way for others to exit, but how can this be done? The **Lisbon Treaty** does not have a clear provision for nations to exit the **Eurozone** (<http://mises.org/library/there-no-escape-euro>), but the treaty does allow that a “Member State may decide to withdraw from the Union in accordance with its own constitutional requirements” (**Art. 50.1**). What is clear is that the **Eurozone** needs a fiscal union with political strength, and a central bank that can direct monetary policy for the euro and issue common bonds, much like the **IMF** must issue **SDR** bonds on a global scale. **Robert Triffin** returned to Europe in **1977** and was a “staunch” supporter of further integration and helped develop the European Monetary System and the idea for the European Central Bank (**ECB**) that opened in **1998**. A US dollar crisis is coming, and as **Jim Rickards** points out below the **Eurozone** has more gold than the US and can better survive this event:

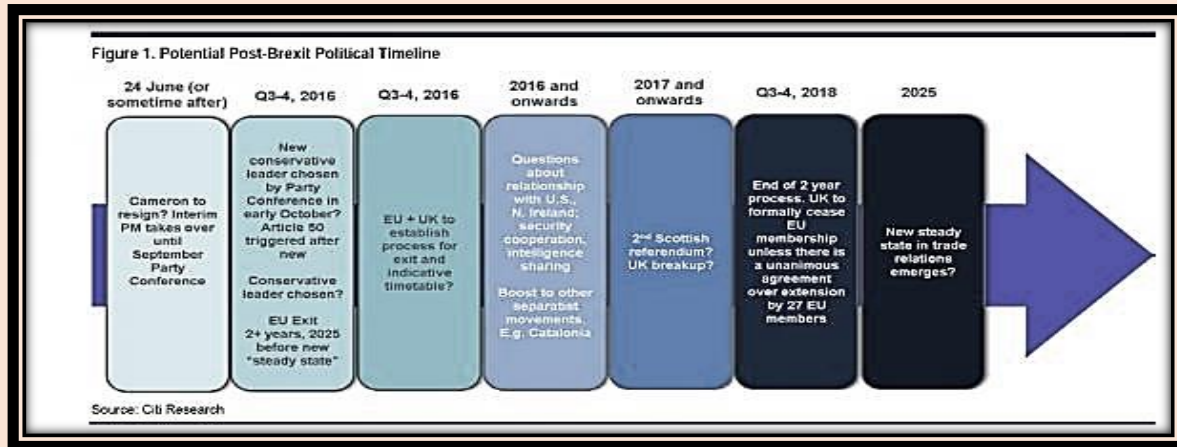


The **Eurozone** may appear dysfunctional at this stage, but as **Greenspan** suggested there must be a division between north and south members and once this happens they can have a “unified sovereign debt market” as mentioned by **Rickards** in the **link above**. He also states that the US and EU will have a role reversal as the euro *trumps* the dollar, and we could see the euro allocation in the **SDR** rise to **40%** or more! Presently there is a flight to the dollar, and someday to the euro [end of excerpt].

I will address the prophetic implications here below. The **Brexit** vote was about **UK** membership in the **EU**. What we need to focus on is the **Eurozone** to be *reduced* and adopt a more common fiscal policy. **Greece** is getting back in the news, and last year the Eurocrats in Brussels issued something called “*The Five President's Report: Completing Europe's Economic and Monetary Union*” that you can see [HERE](#). What is this about? Unlike the **US**, the **EU** has five institutions that comprise this **EU Tower of Babel**, and they want to conclude this study by **March 2017** on how to forge a new common fiscal policy. Can the **Eurozone** get this done? It is extremely politically intriguing how this is to take place, and almost certainly it will require a **very dynamic political leader** in the **EU** to persuade all of the parties to accomplish this. From a monetary perspective, the **EU** is in much better shape than the **US** to assume new leadership in the world, as seen in these **charts above** comparing the amount of **gold** that the **Eurozone** has over the **US**. Concerning the **Brexit** vote, **Jim Rickards** has recently commented that as a present member of the **SDR**, the **UK** has a miniscule .05% of gold as a percentage of GDP. This is too low to remain in the **SDR**! He says during a monetary reset “the **UK** outside the **EU** with insufficient amount of gold will have no seat at the table.”

Rickards concludes by saying, “The sensible path is to remain in the **EU** and adopt the euro. By putting monetary policy in the hands of the **ECB**, the **UK** would be cloaked in the **Eurozone's** 10,788 tonne gold hoard when reformation talks commence.” He is spot on and that brings us to **Article 50**.

Exit Process: *Article 50 of The Lisbon Treaty*



Indeed, just how do you get a smaller EU or a smaller Eurozone? The 2007 Lisbon Treaty does have a provision for exiting the EU, but it is potentially a very lengthy process as can be seen in the above chart. Article 50.3 states that this process can take up to “two years after the notification referred to in paragraph 50.2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.” This two-year period is triggered when the UK formally notifies Brussels, and a senior EU diplomat recently said, “My personal belief is they will never notify...they may never do it.” Really? So is the Brexit all for nothing? Perhaps so.

https://en.wikipedia.org/wiki/Withdrawal_from_the_European_Union

The above link explains how this exit process works within the Lisbon Treaty. As I mentioned, the treaty has no clear provision for leaving the Eurozone unless a member withdraws (Art. 50), and then rejoins (Art. 49). It is my own conviction that a global fiscal/monetary crisis is coming sooner than two years, and Rickards is right that the truly sensible path is for the UK “to remain in the EU and adopt the euro.” The NY Times has pointing out the fact that the City of London financial district “is a hub for trading in euro-denominated securities, activity that may now shift to rivals like Frankfurt and Paris.” The Bank of England has already been downgraded and Frankfurt just happens to be the ECB headquarters along with the House of Rothschild and the largest bank in Europe. Will we see a shift of trading and monetary influence to Frankfurt as I have predicted in my book? I think this trend is certain whether the UK is in or out. Karl Kaiser, former director of the German Council on Foreign Relations (CFR) says that the EU “will have to reorganize itself in a system of different degrees of association.” Since the Brexit vote there have been as many as 12 nations calling for a referendum. It has just been learned in the UK Guardian (7/3/16) that “the EU heads of government are due to gather for an informal summit on September 16, 2016 to discuss the fallout from Brexit” and mainly how “to straighten out the Eurozone.” Just last year in the UK Guardian (1/28/15), Mark Carney, governor of the Bank of England, was urging the Eurozone to take “the plunge for fiscal union.” You can see what the bankers want, but the most newsworthy comment made to date is that of Nicolas Sarkozy, former President of France, when he said this; “I call for a meeting of European heads of state and government to take the decision of drawing up a new Treaty.” This Treaty should have Five Pillars, among them “an economic government of the Eurozone with a stable President elected by his peers.” Whoa! This is a description of a Revived Roman Empire with ten core nations that will see the rise of the Antichrist as depicted here by Daniel and excerpts from my book:

God's Prophetic Statue in the Book of Daniel



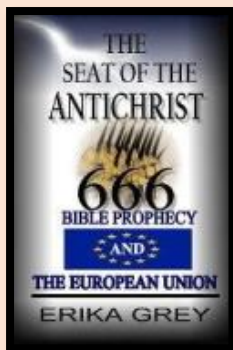
In an earlier vision, Daniel interpreted a dream that the king of Babylon had in which he saw a great statue. “The head of that statue was made of fine gold, its breast and its arms of silver, its belly and its thighs of bronze, its legs of iron, its feet partly of iron and partly of clay” (Dan. 2:32-33). It was revealed to Daniel that this statue represented the same four kingdoms in his later vision – Babylon, Medo-Persia, Greece, and Rome (Dan. 2:36-40). Concerning the feet and **“ten” toes** he writes, “In that you saw the feet and toes, partly of potter’s clay and partly iron, it will be a divided kingdom; but it will have in it the toughness of iron....so some of the kingdom will be strong and part of it will be brittle....they will combine with one another in the seed of men, but they will not adhere to one another, even as iron does not combine with pottery” (Dan. 2:41-43). These **ten toes** relate to the **ten horns** elsewhere [in the New Testament], and here we are told that the EU will be “a divided kingdom” and member nations “will not adhere to one another.” This is consistent with the EU motto: **United in Diversity** (www.eurunion.org). [excerpt from p. 205, *America’s Financial Reckoning Day*]

Fascinating stuff huh? As depicted here, this “final united kingdom” will be made up of **ten nations** (toes) and I submit that this will be the eventual form of the **Eurozone** based in **Brussels**. Already the EU is the largest economy in the world based on **GDP** and their second largest trading partner is China, and China’s number one trading partner is the EU (not the US). As **Rickards** concludes in his own book, “...the EU is destined to evolve into the world’s economic superpower.”

The **Bible** predicts that out of this nascent superpower will emerge a great leader out of Europe known as the **Antichrist**, or a false messiah (1 Jn. 2:18). In the book of **Revelation**, John describes the Antichrist as a “**beast**” and also notes that he has ten horns with ten crowns, which indicates authority (Rev. 13:1). John writes, “The ten horns which you saw are ten kings, who have not yet received a kingdom, but they receive authority as kings with the **beast** for one hour. These have one purpose and they give their power and authority to the **beast**” (Rev. 17:11-12). In this same passage John adds, “For **God** has put in their hearts to execute His purpose by having a common purpose, and by giving their kingdom to the **beast**, until the words of God should be fulfilled” (Rev. 17:17). Here we are reminded that **God** is sovereignly in control of all world events, and that the rise of the European Union as a world power is yet another super sign that we are living in the last days before the return of **Jesus Christ, the true Messiah**. We are yet to see who this **charismatic leader** is, but back in 1968 **Dr. Aurelio Pecci**, founder and president of the **Club of Rome**, made this accurate observation:

*“I think that something is developing within modern men and women in such a way that one episode, one disaster, **one charismatic leader**, something may come one day and wake up this dormant capacity. It is like a chess player who does not know the next move but, at a certain moment, **something happens and the solution is clear.**”*

Henri Spaak, one of the Founding Fathers of the EU, made a similar comment. “What we want is a man of sufficient stature to hold the alliances of all people and to lift us out of the economic morass into which we are sinking. Send us such a man, and be he god or **devil**, we will receive him.” People should be careful what they ask for. The EU is going to be the seat of the **Antichrist** and his power will be from the devil himself as noted here in **Erika Grey’s** book ruling over a new **Tower of Babel**:



“The European continent, united in diversity, is destined to become the new **Tower of Babel**. In his book, *Bolshevism and World Peace* published in 1918, Russian communist **Leon Trotsky** declared, “The task of the proletariat is to create a United States of Europe, as a foundation for the United States of the World.” As Fabian socialist **H. G. Wells** later said in 1928, “The idea of a planned world state is one to which all our thought and knowledge is tending.” The EU with its charismatic leader will serve as a model for world government, which can currently outvote any country in the **WTO**. In a shocking display, and sensing their own destiny, it is worth noting that EU leaders have purposely designed their new Parliament building in Strasbourg to resemble the ancient **Tower of Babel** as depicted by Peter Brueghel in his famous painting in 1563. When asked why they did this, an EU official replied, “What they failed to complete 4,000 years ago – we in Europe will finish now.” [excerpt from 219, *America’s Financial Reckoning Day*]

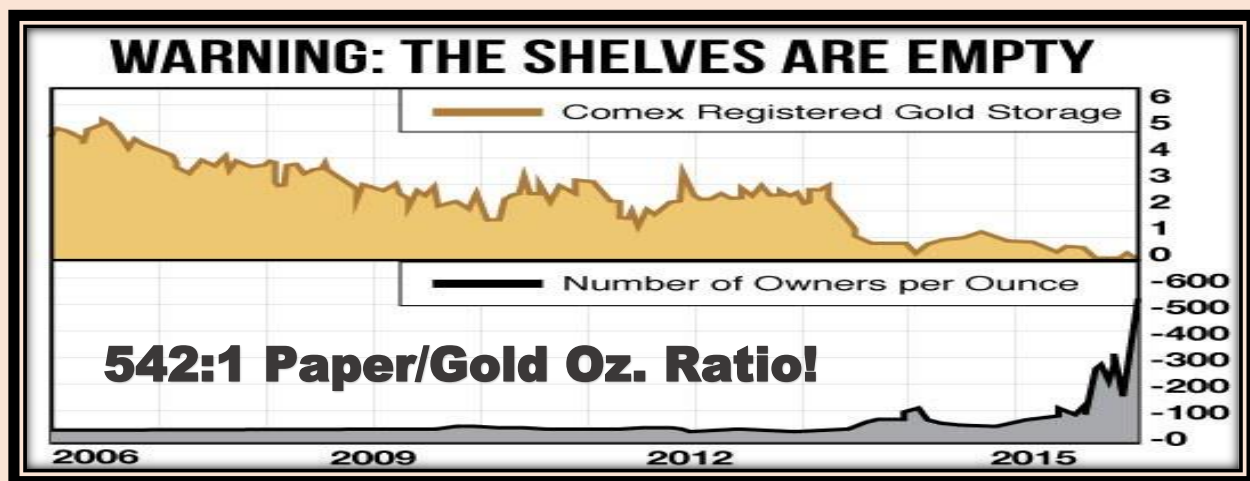
[End of Excerpt]. I go into much more detail in my book on these themes, but we are clearly seeing a movement toward the fulfillment of these things in Europe. As illustrated in the **Prophetic Statue**, the final world power will flow out of the area comprising **ancient Rome** as we see happening today.

Any calls for the *collapse* of the **EU/Eurozone** simply lacks a Biblical worldview and fails to see where history is heading. One such critic is [blogger](#) David Haggith. “The falling apart of Europe isn’t happening because a people rebelled against European unification,” says he. “It began because the **EU** was fractured and *held together by mud*, so it was easily breakable in the first place.” Yet, this is precisely how **Daniel** describes things in the **EU** as “partly of clay [*mud*] and partly of iron” (Dan. 2:41). In a recent [UK](#) paper, **Boris Johnson**, former mayor of London, “argues that the past 2,000 years of European history have been characterized by repeated attempts to **unify Europe** under a single government in order to recover the continent’s lost ‘golden age’ under the **Romans**. ‘But fundamentally what is lacking is the eternal problem, which is that there is no underlying loyalty to **the idea** of Europe.’ Says **Boris Johnson**. ‘There is **no single authority** that anybody respects or understands. That is causing this massive democratic void.’” At the right critical moment, a “single authority” known as the **Antichrist** will rise to the occasion, and he will help **unify Europe**.

"Who can fail to see the need and importance of thus gradually coming to the establishment of a world authority capable of taking effective action on the...political planes?"

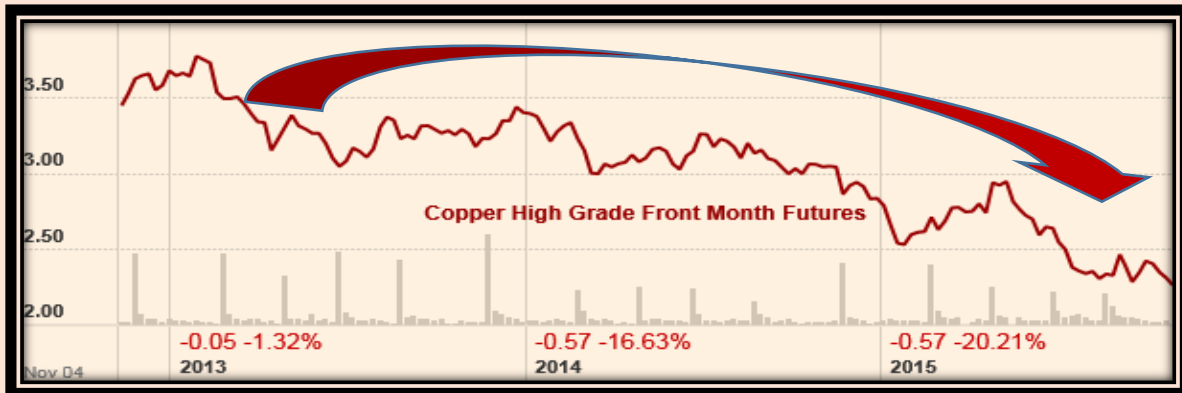
Pope Paul VI, *Populorum Progressio*, 1967

Gordon Brown, former UK Prime Minister, recently commented on the **Brexit** vote and said, “What we need to do is to show we can manage **globalization** and global change in the public interest, but at the same time we have got to respect people’s *love* of national identity.” In other words, he and his elitist globalists will still work towards building a **New World Order** while meekly recognizing national patriotism. It is extremely important to watch where things go from here. The **Brexit** vote has created considerable market volatility, and one indication is the sharp move in **gold and silver** in the past week or so. This trend has been gaining strength since January with gold up **25%** and silver up **40%** (compared to Dow Index at 2.9%). The effort to criminally *suppress* the metals has gotten more extreme as seen in this **gold chart** below comparing paper futures contracts against physical:

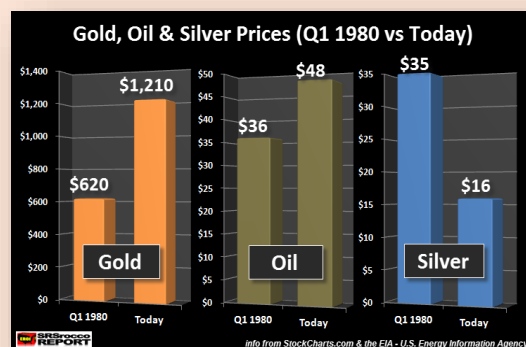
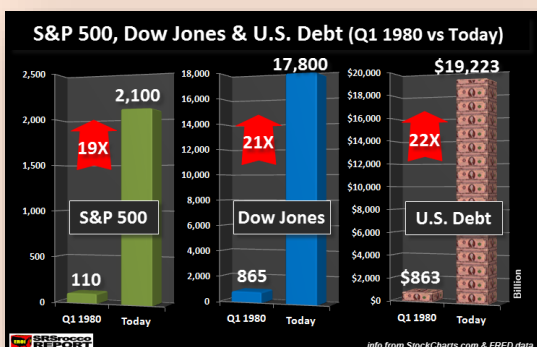


This chart indicated that there are almost **600** contracts for every *ounce* of gold at **CRIMEX** in NY! Whereas, **100** or so was a norm, this is proof of how desperate things have become on the supply side. We know that China has been producing and buying tons of gold. A recent study reveals that in **2014**, **73%** of the gold mined in the world ended up in China, and this figure is now **91%** of all mining! In his latest book, *The New Case for Gold*, **Jim Rickards** explains how the West is *allowing* China to buy gold on the cheap until they have enough as percentage of GDP (as an **SDR** consideration), and then gold will be repriced at **\$10,000...or higher**. You can read his analysis at [THIS LINK](#).

So what about the upside potential for silver? Someone has pointed at that gold is **70%** higher than its former high of \$800/oz. in **1980**. If silver was **70%** higher it would be \$84/oz. today; which is a classical **15:1** ratio at present gold price of \$1350. As I noted earlier, gold is only **.58%** of all global assets, and **silver** is only **.013%**; and **\$25 billion** would buy **all** of the silver available for investment today – and according to *Forbes* there are almost 1,700 billionaires in the world! Another bullish factor is the drop in **copper mining**. Why is this? Silver is a mining byproduct of base metals like copper and zinc, and this means less available at the margin as you can see in **this chart**:



In addition to these factors, we have recently seen both the **US Dollar Index** and the **Metals Index** going up *together* at the same time, and this is not supposed to happen. This is a sign of financial stress and uncertainty as credit risk, bubbles and defaults are looming. Another bullish factor for silver (and proof of price suppression) are **these charts** from **1980** compared to today. On the left we see that stock indexes and national debt has gone up around **20 times** (a good example of currency debasement and inflation). Meanwhile, gold and silver has been capped, and **silver even more so!** In the **following article** gold and silver is compared to global assets dating back to **1980**. **Read on!**

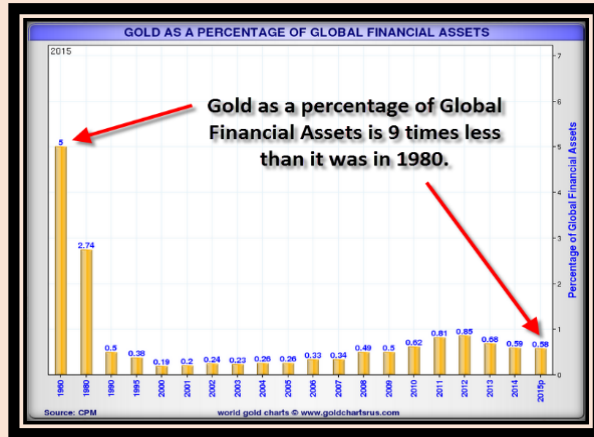


The Case for \$12,000 Gold & \$360 Silver!

By SRSrocco on June 30, 2016

If investors decided to increase their gold and silver investments to equal the percentage in 1980, we would have the following: Gold = \$1,300 X 9 = \$12,000, Silver = \$18 X 20 = \$360 [see these

charts below]. Before some of the readers start rolling their eyes and belly-aching that this is just another attempt at precious metals hype, let me add a few logical points of view:

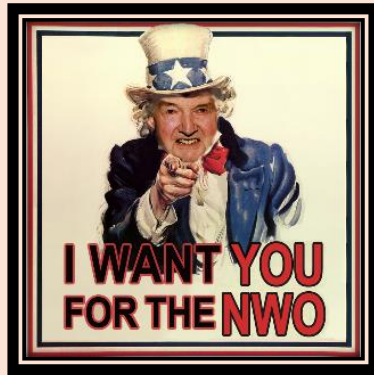


Many precious metals analysts including Jim Rickards and Jim Sinclair, believe we are going to see a gold price north of \$10,000. They base their forecast on backing all the outstanding U.S. dollars by a certain percentage of gold. The higher the percentage of gold backing, the higher the gold price. However, \$10,000 gold seems to be a base price when faith in the U.S. Dollar goes down the toilet. So, the \$12,000 gold price figure shown above is not all that crazy. Furthermore, a \$360 silver price when gold is \$12,000 is a 33/1 Gold-Silver Ratio. We already experienced a gold-silver ratio of 31/1 in April 2011. Gold was trading at \$1,500 when silver was trading at \$48. Which means a 33/1 gold-silver ratio at \$12,000 gold and \$360 silver is really not that insane after all. That being said, I actually believe the future values of gold and silver could be even more silly and stupid than \$12,000 or \$360. Why? Because the popping of adult sized massive financial bubbles could actually push gold and silver investment percentages even higher than what they were in 1980. What the hell happens when global investors try to invest 10% in gold or say just 1-2% in silver? This may seem outlandish right now, but when financial institutions start going bankrupt and bankers start jumping off of roof tops, COMMON SENSE investing will likely return as proper investing logic like a 2X4 across the head. When the world finally experiences a global Lehman Brothers event that pushes us into massive depression, investors will seek safety in gold and silver... [READ MORE](#).

Summary & Conclusions. In the coming days investors will seek safety in **gold and silver**. Indeed, they will. Are you among them? I hope so, and you can learn more at my **IDP** link below. Since the long credit-supercycle/bubble that began in **1980**, financial assets have ballooned to **\$165 trillion**, and when you add all pension/retirement assets of \$25 trillion, it is close to **\$200 trillion**. Imagine all of that capital trying to rush into **less than 1%** available in **gold and silver**? Let me put it this way. If gold and the Dow were **both 800** in **1980**, why not **\$18,000/oz. gold** today? This would also put silver at **\$1,200/oz.**, and frankly, I am with **Steve St. Angelo** and his logical conclusions **above**. Act soon.

This has been a rather comprehensive newsletter, and I knew it would be. As I've said, it is getting harder to condense the flood of news stories into a **single** important theme. It is easy to get distracted with political theater/culture wars, etc., and it is a "full-time job" separating the lies from the truth. The media is slanted, markets are rigged, people are in denial and the entire **global monetary system** is a **confidence game** that more closely represents an "avalanche" ready to crash down upon people's investment strategies, retirement funds, hopes and dreams as **Rana Foroohar** has warned earlier.

Finally, let me conclude with a comment and some hope for this sinful, dark world we live in. We are in a struggle between **good and evil**, and I hope you realize this. Before he died, **H. G. Wells** (Fabian Socialist) said that most people "...will hate the **New World Order**...and will die protesting it." The globalists see a financial reckoning day coming, and the **EU** is poised to fulfill its prophetic destiny as the US dollar and euro experience a role reversal as a new **SDR** calibration *solves* **Triffin's Dilemma**. This **EU Tower of Babel** will be the final kingdom before **Jesus Christ** returns to establish **His kingdom** upon the earth (Mt. 6:10), as depicted here in **Daniel's Prophetic Statue**.



In **Daniel's** prophecy the **great statue** representing successive Gentile world powers will be crushed when a **Stone** "made without hands" strikes the final ten toes. "In the days of those kings the **God** of heaven will set up a kingdom *which will never be destroyed*...it will crush and put an end to all those kingdoms, *but it will itself endure forever*" (Dan. 2:44). Will you be in that kingdom? **Jesus** is that **Stone** and He came to pardon your sins and give you eternal life (Jn. 3:16). The Bible says, "He who has the Son has the life; he who does not have the Son of God does not have the life" (1 Jn. 5:12). **The Bible** says, "The fear of the Lord is the beginning of **wisdom**" (Pro. 9:10). "How much better it is to get **wisdom** than gold! And to get **understanding** is to be chosen above silver" (Pro. 16:16). I pray that you have godly wisdom and understanding in these *uncertain times*, and if you would like to know more about the **Good News of Christ** and **His** coming reign upon the earth to triumph over evil [CLICK HERE](#). For **He** is coming soon and I hope to see you there. Amen!

Until Next Time, Your Messenger from Pinetop 🙏
www.idpconsultinggroup.com



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