



ETERNAL VALUE REVIEW

MONEY MONITOR & GLOBAL TRENDS REPORT

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"For thinking Christians seeking to understand the times."

February 2006

FEATURE REPORT

Great Glee: How Wall Street Will Deal in the Tribulation

Recent hurricanes in America — Katrina and Rita, particularly — according to news reports, spawned an ugly opportunism. For example, we were fed news footage showing endlessly-looping clips of people looting stores in New Orleans once law and order broke down. Viewers were outraged, finding the images repugnant. International viewers were even more disgusted seeing a supposedly "third-world" specter happening in the heart of the world's leading high-income nation. "This wouldn't happen here," a few European papers sniffed.

The Japanese, no strangers to natural disasters themselves, also found it inexplicable. Wrote one Tokyo paper, that when an earthquake struck Kobe in 1995, killing 5,500 in that city of 1.5 million people (*devastating 144,000 buildings*) there was not one report of Japanese looting. Overall, one can understand these reactions seeing so many vultures preying on the stricken survivors after the hurricane. Of course, the insinuation that this is only possible in America is untrue.

It is a human phenomenon everywhere that people will do evil things if they know they will not be caught or found out. If anything, all that was on display in these pictures of New Orleans is the inherent corruption that is in the natural hearts of all people as individuals.

But, there was something else on show this past hurricane season that was much, much worse. Yet, it didn't meet the same popular outrage. It was the muted response to the organized profiteering on the back of the crises. Already on the Monday morning after the weekend disaster in New Orleans, investment firms and on-line financial sites

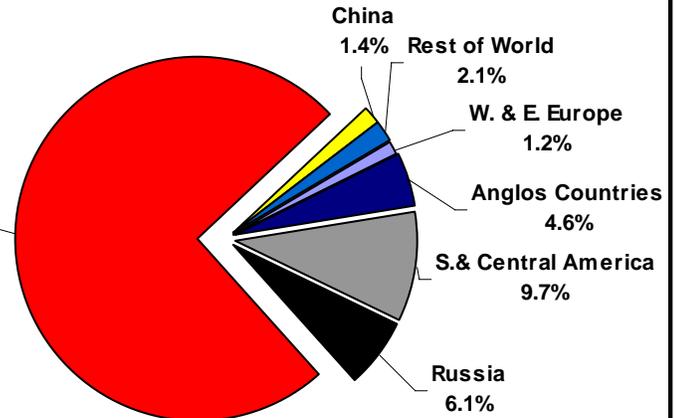
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Islamic World Oil Reserves, 2005

% of World

Islamic Nations defined as 57-member Organization of the Islamic Conference (OIC)

Islamic Nations 74.9%



Source: US, Energy Information Administration, Table posted October 19, 2005

"Tell us what the former things were, so that we may consider them and know their final outcome. Or declare to us the things to come, tell us what the future holds, so we may know that you are gods. Do something, whether good or bad, so that we will be dismayed and filled with fear."

Isaiah 41:21-23

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WORLD MONEY UPDATE

What the Future Holds

The first month of the year is behind us, and the prognostications for 2006 year are all in. The financial forecasters have now all published their divinations for the next 12 months. Should we take notice?

First, a few thoughts about forecasts. Actually, forecasters — whether economists, market seers, astrologists or psychics — all belong to the same fraternity. While that may seem a harsh opinion, it isn't. It is fact. Statistics prove that over time, the accuracy of prognostications — whether of a financial or fortune-telling nature — is quite random, showing no evidence of any reliable foreknowledge.

Yes, it is true that some forecasters might have what seems to be an impressive track record, but that is only to be expected. If a thousand people flip a coin seven times, it is probable that at least three of them will throw 7 heads in a row. Yet, as chance would have it, you can be sure that if those three people were financial forecasters, they will become famous very quickly. Before

... continued on next page

long, they will be venerated and profiled as virtual gods of prosperity in newspapers and magazines like the Wall Street Journal, Forbes and Fortune. The masses, always on the search for celebrity, certainty and lucre, will flock to these oracles. As usually happens, they will end up disappointed, only to flock to new, more shiny gods. As also is likely, the other 997 forecasters we'll never hear about again. As it was, chance and the laws of probability were not auspicious and didn't elect them as false oracles ... even if only for a brief time.

But before we comment further on this year's batch of forecasts, first a few perspectives about foreknowledge. There is only one source of true and reliable information. In fact, one of the Bible's key proofs is its accuracy in regards to things of the future.

Accurate Foreknowledge. The God of the Bible, who Christians claim is the author of all its documented prophecy, knowingly stakes His reputation on the accuracy and predictiveness of His words. The Bible makes this point explicitly. Consider this text from Isaiah 41:21-23:

"Present your case," says the Lord. "Set forth your arguments," says Jacob's King. "Bring in your idols to tell us what is going to happen. Tell us what the former things were, so that we may consider them and know their final outcome. Or declare to us the things to come, tell us what the future holds, so we may know that you are gods. Do something, whether good or bad, so that we will be dismayed and filled with fear."

Here we see a challenge being thrown down to all false gods, idols and counterfeit forecasting systems. If the idols being worshipped are really omnipotent gods, then they must reliably tell us the future, says Isaiah. If so, and only then, do we have a basis to respect and fear them.

It is hardly a subtle message, at worst a reckless bluff. In case a reader might miss the challenge to prove God true, the same taunt is expressed numerous more times in

the Bible. *"I make known the end from the beginning, from ancient times, what is still to come."* (Isaiah 46:10) *"See, the former things have taken place, and new things I declare; before they spring into being I announce them to you."* (Isaiah 42:9) And since everything He says will happen, God then triumphantly declares, *"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 14:7)

So far so good to this point in human history. God's challenge still stands. None of the Bible's prophecies have yet been debunked. Where does that leave this year's forecasts? Unlike Wall Street, the Bible has a perfect prediction record. In the case of prophecy, contrary to the disclaimer of the investment industry at large, past performance is a guarantee of future results.

Current Forecasts From Prosperity Prophets. As is the convention on Wall Street and other economic circles, their oracles usually pronounce forecasts for the new year. And, as is mostly the case, the future always looks good and prosperous. Coming off of 2005, which was a surprisingly good year for financial markets, *"[...] tomorrow will be like today, or even far better."* (Isaiah 56:12) Should we be surprised?

In this sense, not much has changed in thousands of years of human history. Purported seers have always been consulted to tell the future, whether false temple prophets (*as they were in Biblical times*) diviners, astrologists, or pagan oracles of numerous types.

Crucial to recognize is that forecasting has always been a rigged game because the oracles know exactly what the listeners want to hear. The same human tendencies and weaknesses exist today, perhaps inflamed as never before. — the love of money, the lust of the flesh, the lust of the eyes and the pride of life. (1 Timothy 6:10, 1 John 2:16) For that reason, forecasts that tactically cater to these weaknesses are sure to find a following and a welcome response. In type, it fits closely with the traits opposed by Apostles Paul and Peter. *"For they mouth empty, boastful words and, by appealing to the lustful desires of sinful human nature."* (2 Peter 2:18) That's why Wall Street is always eternally optimistic (*See this issue's Feature Report for additional perspectives*), always issuing more "buy" recommendations than "sells" by a factor of 100 and more.

Though any good forecaster or psychic will emphasize the positive outlook, they must sprinkle their forecasts with vague statements and "on the one hand" and "on the other hand" escape clauses. Doing so, they can always claim that they were right in retrospect or why their forecast was no longer valid.

It is here that we notice a difference this year. Forecasters are having a harder time than usual envisioning any negative possibilities or "on the other



ETERNAL VALUE REVIEW
MONEY MONITOR & GLOBAL TRENDS REPORT



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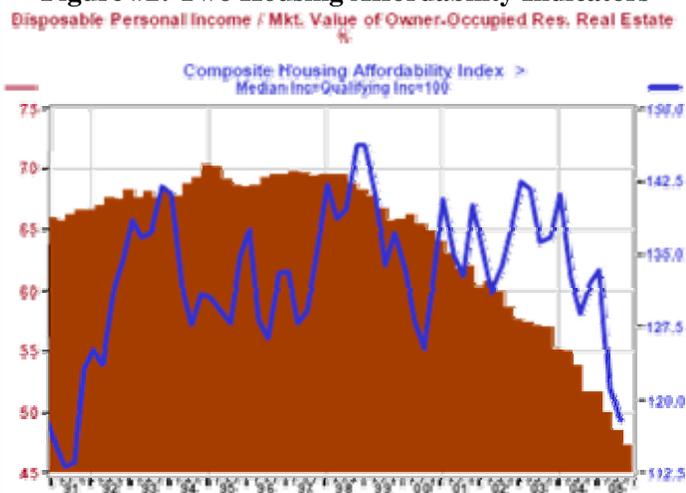
hand” scenarios in the world of money and economics. Things just look so positive and unstoppable in world financial affairs, and central bankers so prescient, that it is simply not plausible that any clouds on the horizon will rain on the parade.

Therefore, that makes this year’s forecasts more brazen than usual. It is a fact that overall conditions today — both globally and domestically — are more treacherous, deceptive and imbalanced than ever before in modern financial history. But not to worry. Blindness to sustainable order, truth and eternal realities have risen to amazing heights, allowing our friendly forecasters free reign. The only possible negatives to their scenarios are such things as possible terrorist attacks, Avian flu, Iranian nuclear shenanigans or natural disasters. None of these factors undermine the inherent confidence in the world’s prosperous outlook and all of these, in any case, are safely outside the realm of predictability. How convenient. Only God’s actions or judgments can be blamed if the world’s optimism doesn’t bear out. Even such luminaries as Kenneth Rogoff (*former chief economist of the International Monetary Fund*) argues that while there are certainly potential economic problems around the world, that in the end it is only “political paralysis” or terrorists that could knock things off the rails.

Consider some of the perverted logic that passes for informed insight at this time on two topics that are close to most people’s wallet:

1. Since energy prices surged last year (*please read the Global Perspective comments on the back page on Oil, Russia, Iran & Israel for further views*) and to date have not seemed to materially impact the world economy, this is taken as a sign of great underlying strength. Why? Economic growth has not slowed materially and the stock markets are up! Therefore, rising energy prices are not a problem. In truth, the surge in energy prices is having an immense impact upon the world, both economically and geo-politically ... all of which will become clear for the public to see

Figure #2: Two Housing Affordability Indicators



Source: Paul Kasriel, The Northern Trust Company

over time. (*By then, however, it will be mostly too late to react*). As long as oil prices stay high, surpluses are piling up in Islamic, oil-laden countries, Russia gains strength, all the while debt levels continue to rise and savings plunge in North America. But how could that be? Financial markets are still strong, therefore there can be no problem. At least, that is the prevailing logic.

2. Housing prices have been soaring virtually around the world. It surely feels buoying (*if you own a home*) and alluring (*if you don't*). Moreover, it has been a main prop to the North American economy for a number of years. We won't comment on this phenomenon at any length (*See Eternal Value Review of December 2005 for a more in-depth discussion of the real estate boom*), only to expose the perverted logic that lies underneath. Policymakers and monetary authorities continue to promote the lie that by artificially raising prices of assets such as houses, that true, sustainable prosperity is being established. Yes, all seems well — even feeling luxuriating — while this deception unfolds and gains momentum. Yet, all the enduring, time-worn principals of natural law, scriptural stewardship and morality are being flouted. One would think that spiritually blind people would at least understand natural law. Yet, inflationary wealth and debt continues to be promoted over the importance of real income and the dangers of financial enslavement and serfdom.

Final Conclusions. Remember that the Bible many times declares that the last regime or period which leads into the Tribulation is marked by great deception ... even to the point that the very elect might even be deceived. (Mark 13:22) We see increasing evidence of this characteristic in our time in many forms and with great sophistication. Yet, there is this conception amongst many Christians (*especially in high-income countries — principally North America*) that deceit and deception may surely be found in government or religion, but not in matters of money or the pursuit of prosperity, gain and the “good life.”

That’s not what the Bible says. It warns expressly otherwise, for example, “[...] *your old self, which is being corrupted by its deceitful desires*” (Ephesians 4:22) and “*the worries of this life, the deceitfulness of wealth and the desires for other things come in and choke the word.*” Mark 4:19 (*Please access our article Apocalypse Now: Terrible Times for Believers for additional perspectives.*) Money is the very hot-bed of deception as it goes hand in hand with misdirection in matters of spirit and affections.

This year’s batch of forecasts are more misleading and deceptive than usual. What to do? Seek discernment. In heart and mind, act as a thoughtful steward ... the Lord’s steward. There is an endtime money trap underway and many Christians have fallen prey, exactly as Bible prophecy indicates. To keep from falling victim to an ever encroaching “endtime money trap” hearken to this advice found in Hebrews 13:5: “*Keep your lives free from the love of money and be content with what you have.*”

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were plumping the “post-Katrina investment portfolio”.¹ There was a deluge of such articles over the next few days. Opined one analyst, “*All last week, while Katrina was visiting misery on hundreds of thousands of Gulf Coast residents, she was also lavishing riches on hundreds of thousands of investors. You get the idea...and so do many other investors, which is why numerous ‘Katrina plays’ have jumped sharply since the hurricane struck New Orleans last week.*”² After hurricane Rita, more such analysis followed. For example, an article entitled “Shelter after the Storm” outlined the savvy investment ideas of one portfolio manager. Buying the stocks of the motor home, water bottling and manufactured home industries, were among his brilliant insights as to how investors could make money on the disaster.³

Readers will no doubt be disgusted with the rapacious attitude betrayed by these intrepid materialists. While it is true that bad things can sometimes work out for good if God so allows, what we are witnessing here is outright glee at the prospect of any disaster. The German language has a most appropriate word for this attitude — “schadenfreude.” It means to be joyous at the harm occurring to others.

Is this culture mentality a new trend? While “schadenfreude” has always existed, it seems much more accepted on a societal level today, but only in one way — in association with gain and greed. This is an important distinction which most likely stands to play a potential endtime role. In fact, the Bible even suggests this attitude being evident in the Tribulation period. We will come back to this point and draw further support from scripture for our conclusions. But first, let’s outline this “schadenfreude” phenomenon in our culture a little further.

A Necrotic Culture of Gain

Avid analysts have always been quick to seize the obvious opportunity to make gains on the despair of others. I’ve observed this countless times over 25 years in the global investment business. No sooner had an earthquake shaken San Francisco in 1989, brokerage firms were touting investments in cement and building companies. When the Mississippi River overran its banks in 1993, economists were elated about the growth spurt that would result because of the stimulative benefits of rebuilding efforts for the US economy.

Following the Gulf War in 1991, a similar thing happened in a somewhat different fashion. The war was cited by some economists as a welcome boost to the US economy. That action in Iraq, to recall, was largely funded by Saudi Arabia and Kuwait. These reparation payments to the US government temporarily swelled America’s international balance into a surplus (*the first in years*) and helped boost the dollar. Of course, this is not the case with the latest war in Iraq as it is being paid for by the US taxpayer, and not by the Arabs. But that still has had a

silver lining for investment analysts. The profits of the defense industry and the bonuses of its executives have soared in recent years.

But the cacophony of joyous delight over the disasters of the last year almost borders on necrosis. “Economic Growth From Hurricanes Could Outweigh Costs” touted the headline of one article in USA Today.⁴ It cited a host of petty windfalls that some businesses were experiencing as a result. Following the deadly Asian tsunami of late December 2004, C. Fred Bergsten, an otherwise well respected international economist, was quoted as saying, “*Like any disaster, you get negative effects through destroying existing property and people’s health [...] but at the end of the reconstruction process, the countries will probably be wealthier.*”⁵ Most probably he regrets this comment, which he made only a few days later while the crisis was still heightening.

All the same, we clearly see that this disposition to seize unfortunate situations for profit is firmly entrenched in our culture. It is a disposition which is actually much more repugnant than poor looters breaking in the windows of a Wal-mart store. Yet, it nonetheless finds a more comfortable acceptance society-wide — not amongst the generally-poor looters, of course, but among commercial interests of various types ... certainly Wall Street and even academics.

On this premise, why not routinely bomb different cities in America ... after evacuating its inhabitants to be sure? After all, taking a coldly materialistic perspective — as most idolaters given over to greed would do — we must preserve every citizen for no other reason than they are hallowed potential consumers.

In this line of thinking, such “explosive” techniques would be great for economic growth — assuming that the materialistic metric of profit is the capstone of all human objectives. Imagine all the new construction and additional jobs we could generate with this economic policy. Of course, we realize how ludicrous is this notion. No account is made of the lost jobs, possessions and the insurance settlement costs caused by the disaster ... not to speak of human suffering. Classical economic theory certainly recognizes the loss of wealth and well-being that results from any disaster.

Unfortunately, Wall Street doesn’t have much regard for such straight-jacketed theory since it does not offer the flexibility for its pundits to perpetually dream up optimistic stories that sell the dream of new prosperity and gain every morning. Yet, in the name of the noble game of gain, we tolerate such opportunism. Just what does the Bible have to say about such attitudes and what happens to such societies that endorse these kind of culture perspectives?

Prophetic Views on Disaster-related Glee

There are numerous accounts of God’s displeasure with

the glee experienced at the expense of other people's disasters. Notably, several prophecies of punishment were spoken by Ezekiel against countries who were elated at the misfortunes of Israel. Ezekiel castigates a number of neighboring nations after Nebuchadnezzar of Babylon destroyed the country of Israel and then Jerusalem. For example:

"The word of the LORD came to me: "Son of man, set your face against the Ammonites and prophesy against them. Say to them, 'Hear the word of the Sovereign LORD. This is what the Sovereign LORD says: Because you said "Aha!" over my sanctuary when it was desecrated and over the land of Israel when it was laid waste and over the people of Judah when they went into exile, therefore I am going to give you to the people of the East as a possession." (Ezekiel 25: 1-4)

Here we learn that the Ammonites were gloating at the misfortune of Israel. The result? God pronounced their vanquishing as well. While this is certainly an example of schadenfreude, it is motivated by a different motive that we see prominently today in our culture. The glee of Tyre is a much more familiar variety to our time. Ezekiel also prophesied against them.

"Son of man, because Tyre has said of Jerusalem, 'Aha! The gate to the nations is broken, and its doors have swung open to me; now that she lies in ruins I will prosper,' therefore this is what the Sovereign LORD says: I am against you, O Tyre, and I will bring many nations against you, like the sea casting up its waves." (Ezekiel 26: 2-3)

Tyre's cause for joy and for glee was different. They saw a business opportunity ... a door opening to material advantage. That would only suit. Tyre was the trade colossus and financial capital of that time. They were the acknowledged experts in greed, one-dimensional materialistic thinkers who would have had a penchant to relate everything to trade and profits. In this sense, it is also a prophecy that speaks to our day. It is instructive to realize that Tyre is a clear foreshadow and type of the commercial colossus that emerges to span the globe in the last days. We see it described in Revelation 18 as well as predicted and foreshadowed in several other Old Testament scriptures.

Another prophecy found in Ezekiel strikes even closer to our day. It speaks specifically about the time that Israel is trampled by the gentiles for the last time after it again becomes a nation (*which indeed happened in 1948*).

"The enemy said of you, "Aha! The ancient heights have become our possession." [...] to the desolate ruins and the deserted towns that have been plundered and ridiculed by the rest of the nations around you. [...] ' Therefore prophesy and say, [...] In my burning zeal I have spoken against the rest of the nations, and against all Edom, for with glee and with malice in their hearts they made my land their own possession so that they

might plunder its pastureland.'" (Ezekiel 36:3,4, 5)

Here we see the nations' delight in regaining parts of Israel and Jerusalem. Who can say exactly how this will occur? Perhaps Jerusalem will yet be mandated as an "ancient" (verse 3) historic site to be preserved and protected under UNESCO at some point in the future. While that is sheer speculation, it certainly is being recommended by some international policymakers. Or, at the prodding of the US and other countries, Israel may continue to give up more land for peace. Time will tell. But just as these last verses quoted from Ezekiel specifically prophesy, in 2005 we did see Israel being "ridiculed" (verse 4) as it withdrew from Gaza and left behind "deserted towns" (verse 4) and kibbutzim that were then "plundered" (verse 4) by the Palestinians "with glee and malice in their hearts" (verse 5). It was exactly as this prophecy said.

The Bible on Vultures and Schadenfreude

Readers may groan to consider these further observations. This disposition to see the possibility of gain in any situation, no matter how dire and grave, is definitely endorsed in commercial circles ... certainly so on Wall Street. Of course, this characteristic of commercial schadenfreude operates everywhere. But on the basis of personal global experiences, it seems most openly obvious in the Anglo-Saxon countries. The difference in America, Canada and these other countries is simply this: It is more publicly-accepted in the name of making money. One wonders why they share this rapacious commercial penchant. In fact, vulture investing is hardly a pejorative term these days. It's a respected part of the financial investment community.

However, the Bible has no affirmative words for vultures — carrion-eating birds that benefit through the demise of other creatures. Vultures and birds of prey were considered unclean under the Mosaic Law. Hebrews were forbidden to eat them. (Leviticus 11:13, Deuteronomy 14:12). However, vultures do yet have an ordained job in the future. "Wherever there is a carcass, there the vultures will gather," said Jesus Christ. (Matthew 24:28) He was referring to the many dead that would lay in the valley of Megiddo following the battle of Armageddon. That aligns with the prophecy in Ezekiel 39:4 (*also Revelation 19:21*) which states that birds of carrion would feed on the dead troops of the nations that come against Israel on that final day.

No Catastrophe Too Great

We want to focus on a concluding point that relates more specifically to the emerging commercial "schadenfreude" of our present day. Given our review of the new acceptability of the attitude of rapacious opportunism that lurks in the world's established commercial cultures (*and in the very heart of man*) we can now begin to understand the obstinate attitudes that likely will prevail in the greatest crisis times

... continued on next page

Feature Report: ... cont'd from page 5

of all history — the upcoming Great Tribulation. We may not think that this would be likely. But, Revelation says this: *“The rest of mankind that were not killed by these plagues still did not repent of the work of their hands; they did not stop worshipping demons, and idols of gold, silver, bronze, stone and wood—idols that cannot see or hear or walk. Nor did they repent of their murders, their magic arts, their sexual immorality or their thefts.”* (Revelation 9:20-21) Loosely interpreted, despite the catastrophes to that point, people are still holding on to their modern idols of monetarism, global humanism and technology, among others, and the doctrines of theft (*financial, corrupt monetary systems, and otherwise*).

If prospering through catastrophe is such a celebratory idea, you can imagine what the typical Wall Street firm will make of the investment theme called the Great Tribulation. It will be the biggest investment story of all, based on the “schadenfreude” theory. The word “Great” will surely be reinterpreted as meaning the size of opportunity during at least the earlier stages of that period. One can image the investment recommendations that will be made: “Profiting from the Second Seal Disaster” or “The Doomsday Fourth Seal Portfolio.” Buy the stocks of crematorium and disaster recovery companies!

Even if one were not to understand the nature of the avaricious spirit behind Wall Street and its daughters around the globe, this is not an entirely preposterous imagination. Remember that the great commercial colossus depicted by Babylon the Great of Revelation 18 — which is already manifesting its emerging characteristics today! — is still spanning the globe at that time. It has the same characteristic of profiting at the cost of others. Says scripture, *“In her was found the blood of prophets and of the saints, and of all who have been killed on the earth.”* (Revelation 18:24)

Investment conditions are not yet necessarily bad for the opportunists, in any case. Up until at least before the fourth seal is opened and the fourth horse, the pale one named Death, annihilates a fourth of the earth’s population, great investment opportunities will still prevail. Just before this point it was still heard: *“A quart of wheat for a day’s wages, and three quarts of barley for a day’s wages, and do not damage the oil and the wine!”* (Revelation 6:6) We see here that a “bull market” in commodities is underway and precious items are on the uptrend. These may be the result of disasters and famine, but, no matter. There will be an optimistic investment case to be promoted by the story spinners on Wall Street and its types that we see today.

Thoughts to Ponder

According to the lessons of past fulfilled prophesy, the culture of materialistic schadenfreude that we see being manifested today will be judged. We are not to be of that mindset, as pervasive and acceptable as it may be today. It

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helps to be sensitized to its emergence. We can take direction from Apostle Paul’s exhortation: *“So I tell you this, and insist on it in the Lord, that you must no longer live as the Gentiles do, in the futility of their thinking. They are darkened in their understanding and separated from the life of God because of the ignorance that is in them due to the hardening of their hearts. Having lost all sensitivity, they have given themselves over to sensuality so as to indulge in every kind of impurity, with a continual lust for more.”* (Ephesians 4:17-19)

The world may delight in our downfall, to see Christians compromised or marginalized, eager to take our spots when we lose our jobs, or snatch our homes when the bank forecloses. But, we can join David in his praise that we have Someone who puts a much higher value upon us. *“May all who gloat over my distress be put to shame and confusion; may all who exalt themselves over me be clothed with shame and disgrace. May those who delight in my vindication shout for joy and gladness; may they always say, “The LORD be exalted, who delights in the well-being of his servant. My tongue will speak of your righteousness and of your praises all day long.”* (Psalm 35: 26-28)

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1. MSN Money, August 30, 2005 <http://moneycentral.msn.com/content/P116196.asp> serves as just one example.
2. Erik J. Fry, “Katrina Plays,” The Daily Reckoning,/Rude Awakening Newsletter, September 8, 2005 <http://www.dailyreckoning.com/RudeAwake/Articles/RA090805.html>
3. “Shelter After the Storm,” Business Week, October 3, 2005.
4. Barbara Hagenbaugh “Economic growth from hurricanes could outweigh costs”, USA Today, September 26, 2005.
5. Fred C. Bergsten, Director of the Institute for International Economics on National Public Radio’s Morning Edition, December 29, 2004. Source: Chris Westley writing for the Mises Institute. Accessed at <http://mises.org/fullstonry.asp?id=1712> Dec. 30, 2004.

**Figure #2: Russia & USSR
Crude Oil and Condensate Production
Jan. 1990– Feb. 2005**



Source: www.wrtg.com

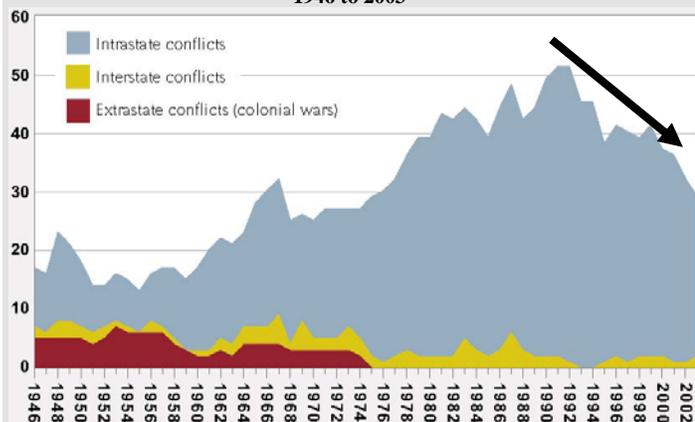
Ends n' Trends: Signs of the Times

When They Say Peace and Safety

What should we make of recent reports that the world is becoming a safer and more peaceful place? Well, for one, we must not ignore this information though it might seem to clash with some pre-conceived eschatological interpretations. That said, when interpreting any statistics, one needs to be doubly careful. As the familiar saying goes, *"If tortured long enough, statistics always will confess."* With that caution in mind, consider some of the statistics published in a first-time-released report from the Human Security Centre entitled The Human Security Report 2005: War and Peace in the 21st Century. All things considered, the two figures below clearly show that an encouraging trend is underway — certainly since 1990. While we are only scratching the surface of this ground-breaking study, its basic findings are very much in line with what the Bible suggests will underpin the world's confident humanism, helping stage a final surprise. *"While people are saying, 'Peace and safety,' destruction will come on them suddenly."* (1 Thesalonians 5:3)

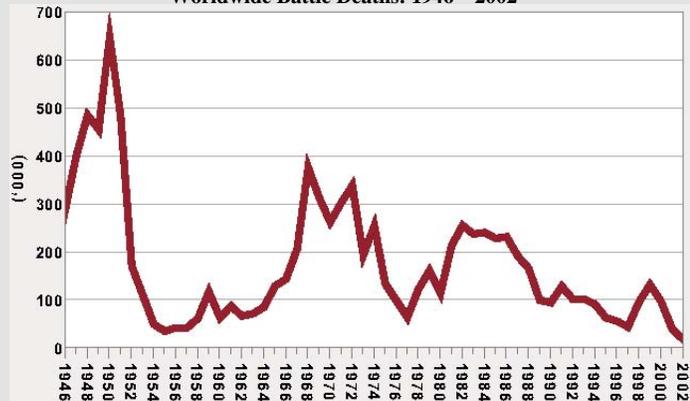
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Figure #3—Worldwide Number of Conflicts 1946 to 2003



Source: Upsala/PRIO, 2004. published in Human Security Report 2005, Oxford University Press.

Figure #4 — War Becomes Less Deadly Worldwide Battle Deaths: 1946—2002



Source: Lacina and Gleditsch, published in Human Security Report 2005, Oxford University Press.

Global Perspectives

continued from back page

No one 15 years ago would ever have guessed that Russia would be in the powerful position that it finds itself today. Its turnaround has been extremely rapid, all because of oil and natural gas (*see Figure #2 on page 6 showing one confirming statistic — rising oil production*).

While Europe has received a jarring wake-up call from Russia recently, a similar realization — the second new “sign of the times” we want to point out— has happened to the US. In early December, the US Energy Information Agency (EIA) released a block-buster report. This agency is responsible for producing statistics that aid the US in formulating its energy policies. Signaling a monumental change of opinion, the EIA boosted its previous forecast for average oil prices between now and 2025 by a staggering 63%.¹ Please realize that a change of forecast of this magnitude represents an enormous shift. It is an unprecedented event ... a massive change of opinion. Organizations such as the EIA employ sophisticated forecasting systems and do not ordinarily — if ever — change 20-year forecasts by such a degree. All of this signals another major “wake-up call” that energy has become a very urgent policy issue with great geopolitical implications. Just what new priorities might US strategists feel are now necessary? There are additional factors to consider.

While both Europe and America are now chronically vulnerable with respect to the supply of energy from Islamic nations (*literally trapped, see the graph on the front page*), the latter is most at risk to huge price rises. That is the case for at least two reasons. European consumers are already accustomed to high energy prices while Americans are not. Europe long ago instituted high taxes on energy. For example, a gallon of gasoline in Germany costs three times² that in the US in recent years, representing the equivalent of roughly \$150 per oil barrel.

The second reason America is more at risk is that US household finances are at their most vulnerable state in history. Even before the recent rises in energy costs, the average household in the US was already spending more than their income. In contrast, most European countries (*with the notable exception of Britain*) have much higher savings rates. Taking into account that the US has also experienced a massive and speculative debt mania on the back of the greatest real estate bubble in history, only adds to this vulnerability. 2006 stands to be an interesting year that very likely may shatter the complacency of the world's many forecasters.

And that, as best as I can tell, is the truth.

Wilfred J. Hahn

1. Energy Information Administration, Annual Energy Outlook 2006 Overview, Released December 2005.
2. 2004 average gasoline price per litre: US \$0.54; Germany \$1.47.

EVR

Global Perspectives

Oil, Russia, Iran & Israel: What's New?

After only brief declines from last year's post-Katrina highs, oil prices are again rising in recent weeks. The dynamics surrounding the world's hydrocarbons remain top-of-mind for both users and geo-political strategists. While consumers may be bemoaning the higher home heating costs, much more than simple economics and random business cycles are at work.

We will soon be publishing a study entitled Oil, Islam and the Christian West: A Triad of Deliberate Design. That title may seem aggressive, but I assure you that the information and facts that this report unveils are well-researched. After reading this report, one cannot help but be re-awakened to the significance and urgency of our times and to conclude that none of the processes and circumstance affecting the world's supply and cost of hydrocarbons today are a product of random chance. No, there definitely is an intelligent agenda underway, part of a greater whole that ultimately conspires against the return of Jesus Christ and Israel. One doesn't even have to be a literal Bible-believer to recognize that today's circumstances are beyond rational probability. We'll be printing this report in several parts. In the meantime, some preliminary comments can't wait. There are some significant and pivotal developments currently underway.

With respect to world energy supplies and their potential endtime role, two notable signposts took place in the past two months or so. One applies to Europe, the other to America. But before commenting on them, first a few thoughts about an upcoming potential potboiler with Iran. This country is intent on destabilizing the current global order with two actions that could significantly stir up apocalyptic time-lines in the Middle East.

Firstly, it has recently removed International Atomic Energy Agency seals on some of its nuclear facilities, further signaling its independent nuclear ambitions. According to Stratfor intelligence reports, it may succeed in achieving important nuclear capability as early as late March or April of this year. If this were achieved, Israel's future security would be in question. Will the US, Europe or Russia be able to help defuse this situation somehow? Time is short.

Actually, Iran's second planned action is likely more worrisome to the interests of the US. As announced some time ago, it is going forward with plans to start an oil exchange in March. Not only will Iran's new exchange compete with the world's two other oil exchanges — New York's NYMEX and London's International Petroleum Exchange — it plans to denominate trading in euros, not US dollars. Some geo-political analysts argue that this initiative will be threatening to the US dollar. To this

point, almost all world oil trade is transacted in US dollars. It stands to reason that since oil is a major and necessary global commodity comprising a significant portion of world trade, it promotes and helps preserve a world dollar standard. The US benefits greatly from this state of currency affairs (*which basically amounts to a major tax on the rest of the world as the dollar continues to depreciate in relative value*). There is truth to these perspectives. Were the dollar's reserve role to end, it would be a certain step towards economic debasement for America. But, it is not likely that such a change would happen overnight, even though we must remain open to surprising possibilities. Will US policymakers allow Iran to launch euro-oil trade without any resistance? Whether there are official actions or not, it remains a fact that the interests of "Big Money" are involved, the geopolitical powers of which should not be underestimated. We may know the answer in the next few months. Will Israel attack any Iranian nuclear facilities (*as it did the Osirak nuclear plant in Iraq in 1981*)? Will there be some kind of military exercise (*with or without the US*)? There are other ways that Iran's new oil exchange can be frustrated. Remember that Europe and Russia are also involved, each with very different agendas. Whatever the case, pivotal events are likely in the next few months.

Back to the two signposts of the times alluded to earlier. As a direct result of Russia's slashing of gas exports to the Ukraine in late December of 2005, the furnace pilot lights went out in Europe while the "lights went on" in another respect. Since approximately 80% of Europe's imports of gas from Russia transit via Ukraine, the people of Europe suddenly realized how dependent they are upon Russia for their energy needs. By extension, Europeans have also become keenly aware of their general dependency upon imported energy — whether of Russian, Middle-Eastern or Caspian origin.

While this has already long been obvious to energy experts, the difference now is that the general public has become uncomfortably aware of this vulnerability because one player, Russia, has chosen to reveal how it might actually use this advantage. That makes it a topical issue for politicians ... in other words, an issue that will affect future policy decisions. It is a fact that Europe is heavily dependent upon Russia for approximately 25% of total energy requirements. Chillingly, there are no real alternatives that can change this situation any time soon. The result? Russia is back in the driver's seat with respect to maintaining and increasing its control over some of its former client states. Most crucially, Russia is clearly in a position to influence European policies (*including those towards Israel*), as well as the balance of world power.

... continued on page 7



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