



ETERNAL VALUE REVIEW

MONEY MONITOR & GLOBAL TRENDS REPORT

Issue 1, Volume 16

"For thinking Christians seeking to understand the times."

FEBRUARY 2013

FEATURE REPORT

Mephistopheles & the Global Monetary Magicians

This past year, we have observed some remarkable — and, we would even say, earth-shaking — worldwide developments. It would not be an exaggeration to say so and we will explain why. At the very least, another major turning point is evident. All of the world's largest central banks have crossed the so-called "Rubicon." They have gone past the point of no return. They knowingly and willingly have chosen to brazenly "steal and thieve." It is awe-striking to witness.

What signifies this turning point...a new defining moment in the slide to global financial bedlam? Recently, some unorthodox new policies were announced by a number of major central banks around the globe.

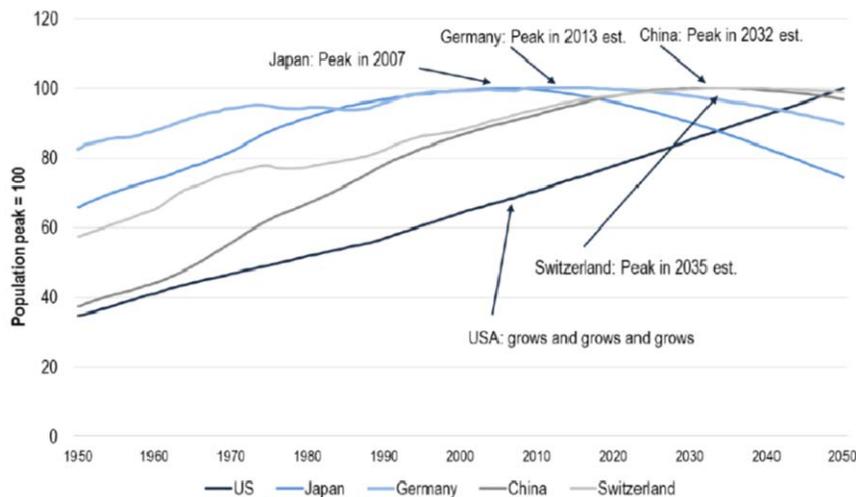
In August, Mario Draghi (the head of the European Central Bank (ECB)), announced that they would "do whatever it takes" to preserve the euro and the European banking system. He basically threatened financial markets to take him at his word. They did, and both European bond and stock markets soared, thinking that no matter how severe the financial state of the Eurozone, the central bank could be relied upon to eventually bail everyone out.

A few weeks later, the U.S. Federal Reserve Board (FRB) also demonstrated its resolve to print unlimited money (though claiming it will sterilize its purchases, for those who follow such things). It announced QE3 (Quantitative Easing #3), a third program to flood the economy with money deposits. Ben Bernanke, the head of the FRB, stated that he would do so "without limit" and assured financial markets that ZIRP (zero interest rate policy) would extend into the year 2015.

Meanwhile, the Bank of Japan announced

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A Post-Familial World: Slowing Population Growth (Population Size, Indexed to Peak, 1950 to 2050)



Source: United Nations Population Division

"The seed falling among the thorns refers to someone who hears the word, but the worries of this life and the deceitfulness of wealth choke the word, making it unfruitful."

— Matthew 13:22

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WORLD MONEY UPDATE

Rebuilding on Weak Foundations

The drumbeats are again starting up. Surely good times are coming. Everything is coming up roses. That's the new sentiment at the start of the year 2013. Consider some of the support received for this view. The economic declines in Europe are slowing (though still shrinking). Glimmers of an economic upturn are thought to be seen in America. Many are sure that housing prices have bottomed, despite discouraging news from the Case-Shiller Index (measuring housing prices) only recently.

Supposedly the volume of retail sales over the Christmas period was encouraging (yet, for some reason the consumer confidence measure tracked by the Conference Board plunged 6 points in January).

New-found hope is surfacing in Japan. There, a new prime minister (Shinzo Abe) is stirring things up with high talk of aggressively stimulating the economy with

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yet more debt and expansive monetary policy, hoping to raise the inflation rate to 2%. As such, Japan may very well have started a new round in the global currency wars. On Japan's present course, it remains condemned to demographic suicide and a debt trap born of its record-high government debt load (near 200% of GDP, the highest of all OECD countries...including Greece!). Nonetheless, a new spirit of optimism reigns...at least for now.

China, too, has turned the corner from its recent economic slowdown. Iron ore and coal consumption have picked up as the steel mills crank up their production volumes. Their housing market has again become aflame with price inflation. With this Asian manufacturing behemoth supposedly showing signs of a recovery, commodity markets (for example, iron ore) have again soared.

All of this upbeat sentiment is surely welcomed. The human being is always ready to receive good news. Understandably, we naturally wish for it; however, in the midst of this optimism, one would be hard-pressed to know that the world financial systems are still mired in financial repression, unprecedented and unorthodox monetary actions, currency wars, and excessive indebtedness. A global economic repression is ongoing seen over the longer-term. Yes, but it isn't an economic depression as bad as was experienced in the U.S. in the 1930s, some will note. At one point during that time, unemployment rates soared over 20%. Surely, conditions today hardly compare. Well, the unemployed in Spain...or Greece...or perhaps Portugal... would protest. There, unemployment rates are all well above 20% (in Spain, recently hitting 26.3%; with youth unemployment over 50%!)

In the meantime, sadly, most people are completely oblivious to the massive wealth shifts that are occurring at present right under their noses. These occur in different ways through different mechanisms. Some are loud; some silent. For example, we have often said this: "Financial

crises are the poor man's capital tax." Crises always seem to arrive unexpectedly for most investors, though they occur with some regularity. Their capital destruction is very visible, especially seen in retrospect. These types of crises provide crashes and bangs that everybody notices. But there are other wealth-destroyers in the gauntlet that investors/savers run that are neither so visible nor loud, catching most completely unawares.

These have happened since time immemorial and are "now" happening again. Most observers do not see these "wealth sappers" because they are blinded by convention, dogma and lack of attention.

There are a number of such "silent" forces. We have space to briefly highlight just three.

1. Deceptively Low Inflation: One could be misled to think that overall inflation is currently very low. After all, the average consumer price inflation (CPI) in the U.S. over the last five years has just plumbed a 45-year low. The fact is that very few people (including economists) really understand inflation. Moreover, they have been trained to identify inflation in a very misleading way.

The reason for this is that there is only type (source) of inflation; but many different manifestations. People usually confuse manifestations for the cause; and secondly, are overly preoccupied with only one type of manifestation — that of consumer price inflation (C.P.I.). As we said, it is one type of many manifestations, and in this case, only measures the purchase prices (of a defined, arbitrary, basket of goods) of current GDP. There are other things that can be inflated that aren't in that "basket of goods," such as historical assets (such as existing real estate) or future income streams (i.e. retirement income). We will explain. The point is not to be blind-sided by inflation. It is a crafty chameleon.

2. Inflated Cost of Future Flows: We have often pointed out that the biggest purchase that a middle-class household will make over its lifetime is retirement income (not a house, as most would think). It requires significant capital to generate enough future income to support a reasonably comfortable lifestyle. But just how much capital is required?

Readers will understand that as investment returns decline (as they must overall, as interest rates have plummeted to post-WWII lows), it requires more capital to generate the same retirement lifestyle. Assuming one was to buy the same retirement income in 2012 with a 10-year U.S. treasury bond (average yield for that year was 1.8%) versus what income was on offer just 7 years ago in 2006 (average 10-year yield of 4.8% that year), buying that income would have become much more expensive.

As this simple illustration would show, the cost of the same income has risen by 2.6 times. Is this not a form of inflation? Future retirees can easily answer this question

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Mephistopheles & the Global Monetary Magicians ...cont'd from pg. 1

one more of its “quantitative easings,” the eighth by some counts. The monetary battles and currency wars of the world’s central banks are in full swing.

It likely would not be surprising to most that the U.S. and Europe are still suffering from the after-effects of the conditions that led to the Global Financial Crisis (GFC). Government budget deficits are still large, economies are weak, and government debt levels continue to shoot higher amongst other ailments. However, it is not only the weak countries that are suffering but also the strong. How so? Because, given the globalized and integrated world-wide financial system, any financial imbalances or disturbances will radiate everywhere, touching everyone.

Particularly tragic is that countries such as Switzerland (also Canada, Singapore and others) which historically have been seen as stable countries are also being adversely affected. As investors and depositors flee from financially-teetering countries (such as Greece, Spain and others), they seek safe investments.

As such, for example, Switzerland is literally overwhelmed with flight capital. However, this deluge of money pushes up the exchange rate of the Swiss Franc. This, in time, severely impedes its export trade as manufacturers become uncompetitive due to an over-valued currency. Here we see that drowning swimmers, in their panic, pull under the strong swimmer as they grasp for safety. What we are witnessing is that major crises today are global, affecting the entirety of humanity. All will be pulled into the vortex of crises and instabilities.

Most tragic is that the Swiss National Bank (SNB), the central bank of a rather small country (ranking the 19th largest in the world in terms of the size of its economy) that has historically been considered a “hard money” institution (meaning, highly protective of the value of its currency) has decided that monetary integrity is much too costly. The SNB joined the “stealing and thieving” fraternity and began to buy in any and all European bonds to help stop the rise of its currency. To date, the cumulative money expansion of the SNB (i.e. the size of its balance sheet) is now equivalent to 79% (yes, this is correct, seventy-nine percent!) of the annual economic output (GDP) of Switzerland. This is unprecedented and is more than three times the average of other major central banks.

Accelerating Trends with No Return

Without a doubt, we are now in an era where the major central banks of the world are desperate. They have chosen to break all the rules and have abandoned any semblance of probity and integrity. They are manipulating monetary systems and are creating “infinite” money as never before, openly and brazenly corrupting the “scales.” As Mario Draghi was quoted as saying recently in an interview with the Spiegel magazine: “We are also currently in a crisis that was previously inconceivable. It is therefore not very helpful to compare our measures with the past.”

It is madness. Anyone with any common sense knows

full well that such monetary magic cannot solve the problems at hand. At best, these tactics only serve to delay the ultimate outcomes; however, the longer the delay, the more disastrous the final outcomes. That may yet take some time to unfold...or it may not. The exact timing of such turning points is impossible to predict. Some observers have commented that while it may take a long time for crises to finally break out, when they do unfold they do so extremely quickly. As Vladimir Lenin was to have said: “There are decades when nothing happens; and there are weeks where decades happen.”

We would not be surprised if this were the case, as several Bible prophecies leading to the Tribulation period mirror the same condition. The Lord may be tarrying but when the time of judgment arrives, it will unfold with lightning speed. For example, the final power regime that will rule the world just prior to the appearance of the Antichrist will come to form very quickly and will be on the stage for only “one hour” (Revelation 17:12). As well, the Antichrist, who is also identified as the 8th king who belongs to the prior 7 world hegemon kingdoms, will exist but a “little while” (Revelation 17:10). “While people are saying, ‘Peace and safety,’ destruction will come on them suddenly, as labor pains on a pregnant woman, and they will not escape” (1 Thessalonians 5:3).

Enter the Mammon Lure of the Infinite

We may already have a sense of the identity of the monetary magicians to whom we referred in this article’s title (namely, the central bankers), but just where does Mephistopheles come into this discussion?

Recently, Jens Weidman, President of the Bundesbank (Germany’s central bank), who is a sharp critic of the policies of the European Central Bank, made the connection to Mephistopheles. He recalled the policies of Mephistopheles (this being the demon devil in Goethe’s version of Faust), attributing similar policies to Mario Draghi (head of the European Central Bank). The comparison is certainly apt, although it actually applies to most central bankers, not just Mr. Draghi.

In Faust, Mephistopheles makes this recommendation to the Emperor:

“Such paper, in the place of actual gold, is practical: we know just what we hold...But wise men will, when they have studied it, place infinite trust in what is infinite.”

Perhaps wise men will be able to tame the metaphysical powers and carnal lure of “infinite” money but not desperate and unprincipled people. So long as mankind will choose to serve Mammon (and bend its ear to consider its wicked temptations to gain and wealth) Mephistopheles will be able to organize and commandeer an unlimited number of antichrists to do his bidding and not God’s. “[...] even now many antichrists have come. This is how we know it is the last hour” (1 John 2:18).

Yet, in view of the economic trials and troubles being experienced by many nations around the world, it was only

a matter of time before central bankers threw all caution and integrity to the wind. This deterioration in values is a natural handmaiden to the relativistic bent of increasingly humanistic and materialistic societies.

While the fractional-reserve system (upon which our modern-day monetary systems are based) has always embodied an element of sanctioned trickery and thievery, in the main, it is only since 2007 (the start of the Global Financial Crisis) that the major central banks all together began to invoke monetary policies that were extremely unorthodox.

Concerned that a major economic depression would unfold as a result of the many crises of financial institutions in 2007 (some of the biggest banks in the world and major Wall Street firms were technically bankrupt), central banks slashed interest rates to the bone. They did so in a coordinated fashion around the globe, more so than ever before. Even though a major contributor to the financial frailties was over-indebtedness, an express aim of these low-interest rate policies was to restimulate debt growth...to create more of “what is infinite.” But just how did the world come to such a point in which central banks have such overweening power?

The Root of the Infinite Lure of Mammon

Once upon a time there were only a few central banks in the world. Only as recently as the year 1900, there were 18 such institutions in the world. At the time, all of these were in Europe, with the exception of the Bank of Japan. The gospel of central banking then spread widely between the two World Wars. By 1980, over 100 or so were in operation. After the rapid spread of globalization, there are now over 170. Even former and presently Communist countries followed suit. Consider that China’s central bank is today the second largest in the world!

By and large, all central banks have adopted the same basic operating policies. They claim that they can regulate the ebb and flow of inflation as well as debt growth in the commercial banking system. They do so through various means (the details of which we will spare the reader). Some central banks may be more constrained than others due to different country statutes and laws.

All the same, all central banks have one most powerful ability. Technically, they can “create” money out of thin air. Think about this for a moment: You the reader, and this writer, can only accumulate money through earnings and investment gains. We cannot lawfully create money; perhaps adding zeros to our bank account, or printing counterfeit notes. However, a central bank can effectively redistribute the existing savings of the entire country (and, we should add, the whole world) by creating more money.

As has been happening, and most notably this past half year as already partially explained, central banks have created a lot of money. To this point, much of this money may remain inactive as bank deposits due to economic uncertainty. Nevertheless, consider the scale of central bank

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Signs of the Times



Financial Signs Update—Part II

We have begun a series on the “financial signs of the endtimes.” Last issue, we published the first of these, referencing James 5:3: “You have hoarded wealth in the last days.”

There are two aspects of wealth trends that must be distinguished. One is the overall trend, and whether it is increasing or decreasing in absolute terms. The second is regarding its distribution, and whether wealth is held broadly or by a relative few. This latter question was our emphasis in the last issue. Wealth in the world is today being hoarded, even exceeding the extremes of ancient Roman times.

But, is an overall increase in wealth also prophesied in the Bible? We believe the answer is yes. James further prophesies: “You have lived on the earth in luxury and self-indulgence. You have fattened yourselves in the day of slaughter.” There are several other references in the New Testament that all point out that wealth will prove to be a significant distraction to the Church and people overall.

There are various proxies for wealth, very few of which really provide an accurate assessment of total real wealth. That being said, consider that total financial wealth in the world in financial terms has multiplied by at least 40 times this past century. Never before in the entire history of mankind has wealth accumulated so quickly and to such a high level.

A significant portion of this increase in value is not real wealth. This could not be the case as it is hardly founded in a commensurate increase in the underlying savings or income of the world’s wage earners. Much of this explosion in financial and monetary values that the world has experienced in recent decades is based upon bubble economics and mad idolatries. All the same, it is wealth as far as the world is concerned.

Rapid population growth throughout the last century has been a large driver of overall wealth increase. All the same, per capita wealth (the average wealth for each person in the world) has multiplied by at least 10 times over this same period. This “apparition of wealth” — as is demonstrated in a boom in financial wealth — has occurred in a very short space of time when viewed in the context of human history.

The last of the seven churches addressed by Jesus Christ is one that has become fat, wealthy and contented. Its attitude is complacent and smug, saying “[...] I am rich; I have acquired wealth and do not need a thing” (Revelations 3:17). If this church is intended to be a picture of the church in the endtimes, it fits into the explosion of wealth foretold of the last days. In conclusion, we can certainly say that wealth has boomed in the world over the last century. As such, it definitely marks a condition of the endtimes.

EVR

interventions over the past five years. For example, the U.S. Federal Reserve is buying some \$85 billion in government and mortgage-backed bonds every month. It simply buys them, and by doing so, adds “instant” money to the commercial banking system.

All told, this is an immense amount of money and therefore also a significant destabilization of U.S. wealth distribution. Consider that \$85 billion per month is an annualized rate of \$1.02 trillion, not much less than the U.S. government’s budget deficit. Believe it or not, dysfunctionalities have progressed to the point in which some financial observers are concerned that there will be a shortage of longer-dated U.S. treasury bonds. It is hard to imagine that this could be true of a country with a government that must continue to issue over \$1 trillion in treasury securities every year due to their still-massive budget deficit.

These excessive distortions do not stop here. Globally, we note that the 8 largest central banks of the world have expanded their balance sheets (an indication of how much money they are pushing into the commercial banking system as well as non-bank sectors) from \$5 trillion to \$15 trillion since 2007. These figures are so large, they are impossible to gauge. Today, these central banks have swelled in size to the equivalent of nearly 24% of world GNP (gross national product)! This seems unbelievable. Yet, it is fact. Will there ever be any limits? Likely not.

To date, these activities have been largely ineffective in producing employment gains and acceptable economic growth. As such, the central banks are frustrated and desperate.

Mainly, this is because most households are reluctant (or may no longer qualify) to borrow money. Many people are too concerned about their future retirement, existing debts, or equity losses in their homes to consider borrowing money. The lessons of the Global Financial Crisis are still much too fresh. Given the corruption and self-interest of Wall Street, households are not likely to “trust in the infinite” that the so-called wise men of monetary policy are foisting upon them.

Similarly, corporations are reluctant to spend money on capital projects or increased labor income due to uncertainties. As such, U.S. corporations today sit on record cash holdings, recently surpassing the \$2 trillion level, an all-time record.

As a consequence, much of the “money printing” of the central bank sits idle as cash deposits or as reserves with the central bank. This is a main reason why consumer price inflation has yet to rise sharply. For this and other reasons, central bankers pat themselves on the back for having done a good job of saving the world from an economic depression. But, they speak much too soon. Eventually — and most assuredly — mankind will reap what they have sown. “They sow the wind and reap the whirlwind” (Hosea 8:7).

Thoughts to Ponder

Mephistopheles’ alluring recommendation has wreaked its intended havoc. Once on the path of infinite money, there is no easy road back. In a recent speech, Richard W. Fisher, head of the Federal Reserve Board of Dallas, (one of the few realists in the U.S. Federal Reserve System and a man who has the courage to recognize the facts) said the following:

“The truth, however, is that nobody on the committee, nor on our staffs at the Board of Governors and the 12 Banks, really knows what is holding back the economy. Nobody really knows what will work to get the economy back on course. And nobody—in fact, no central bank anywhere on the planet—has the experience of successfully navigating a return home from the place in which we now find ourselves. No central bank—not, at least, the Federal Reserve—has ever been on this cruise before.”

The ability to “create” unlimited money (either technically, temporarily, or permanently) is a most powerful weapon. Yet the fact remains that governments alone cannot create wealth or growth. They can most certainly delay the consequences of bad policies. But they cannot prevent the resulting damage from past excesses. Ultimately, all destruction of productive capital will come to roost, though its results may be diverted for a time.

God did not give mankind the ability to create wealth fictitiously, but only through labor and savings. Nevertheless the human race has always been prone to believe “get rich” schemes. In this sense, modern-day central bankers delude themselves as well as all people who put their hope in them.

There is no such thing as a free lunch. Similarly, there is no such thing as costless, fabricated money. Ultimately, all money is owned by someone or some entity. When money is created fictitiously by the stroke of a pen, it may seem effortless, but it is not free. Over time it causes painful societal distortions, economic dysfunctions and uneven wealth distribution. It all leads to (or is symptomatic of) increasing distrust and lawlessness at many levels.

Yet, for the time being, the world chooses to believe what it wants to believe. In the same spirit of the Old Testament Israelites, the world says “Give us no more visions of what is right! Tell us pleasant things, prophesy illusions” (Isaiah 30:10).

The conversion of the whole world to the gospel of “infinite money” is nearly complete and fully integrated globally. The entire world is its host — its prey. It is a phenomenon that has swept the globe in a very short space of time...these being the very last of the last days. You can be sure that such conditions, as are born out of a corrupt monetary system as we see today, will play a defining role in leading the world to its foreknown destiny as described in the Bible.

EVR

Facts & Stats ... Ends & Trends



TOPICAL QUOTES

The U.S. birth rate fell to a record low last year, driven by a decline in the number of babies born to immigrant women, who have led the growth in the nation's population for at least two decades. The country's birth rate fell 8 percent from 2007 to 2010, according to a Pew Research Center report. The rate dropped 6 percent for U.S.-born women and plummeted 14 percent for foreign-born females since 2007, the onset of the worst economic downturn since the Great Depression. The decline continued last year to the lowest point since records began in 1920. — **Bloomberg**

Almost one-quarter of the world's population lives in regions where groundwater is being used up faster than it can be replenished, concludes a comprehensive global analysis of groundwater depletion, published this week in *Nature*. Across the world, human civilizations depend largely on tapping vast reservoirs of water that have been stored for up to thousands of years in sand, clay and rock deep underground. These massive aquifers – which in some cases stretch across multiple states and country borders – provide water for drinking and crop irrigation, as well as to support ecosystems such as forests and fisheries. — **www.nature.com**

[...] in 57 out of 106 countries, the Social Unrest Index increased in 2011 compared to 2010. Sub-Saharan Africa and the Middle East and North Africa show the most heightened risk of social unrest. In several countries in Asia and Latin America – where there has been employment recovery and, in some cases, improved job quality – have experienced a decline in the risk of social unrest between 2010 and 2011. — **World of Work Report 2012**

There is a global rush for land. Since 2000, recorded agricultural transactions involving foreign investors amount to 83 million hectares of land in developing countries – 1.7% of the world's agricultural area – although only half of these data are considered reliable. Most of the targeted countries are poor with weak land governance, have high yield gaps and good accessibility. Two-thirds of the targeted farmland is located in Africa, especially in Sub-Saharan Africa. — **Deutsche Bank**,

China's wealth gap is now 50% above an alarming level, a survey showed. The Gini coefficient was 0.61 in China in 2010, based on a survey of 8,438 households in the country by the Survey and Research center for China Household Finance, a body set up by the Finance Research Institute of the People's Bank of China and Southwestern University of Finance and Economics. The Gini index ranges from 0, which represents perfect equality, to 1, which implies perfect inequality. Readings above 0.4 are used by analysts as a gauge of the potential for social disturbances. — **ShanghaiDaily.com**

A sharp decline in deaths from malnutrition and infectious diseases like measles and tuberculosis has caused a shift in global mortality patterns over the past 20 years. The shift reflects improvements in sanitation, medical services and access to food throughout the developing world, as well as the success of broad public health efforts like vaccine programs. The results are striking: infant mortality declined by more than half from 1990 to 2010, and malnutrition, the No. 1 risk factor for death and years of life lost in 1990, has fallen to No. 8. In 2010, 43% of deaths in the world occurred at age 70 and older, compared with 33% of deaths in 1990. — **The New York Times**

The cost of obtaining a university education in the U.S. has soared 10 fold over the past three decades, a sign the educational system is in need of reform, according to lawmakers in both parties. The Chart of the Day shows college tuition and fees have surged 1,120 % since records began in 1978, four times faster than the increase in the consumer price index. Medical expenses have climbed 601%, while the price of food has increased 144% over the same period. — **Bloomberg**,

The actual liabilities of the federal government – including Social security, Medicare, and federal employees' future retirement benefits – already exceed \$86.8 trillion, or 550% of GDP. For the year ending Dec. 31, 2011, the annual accrued expense of Medicare and Social Security was \$7 trillion. — **www.wsj.com**

“When it becomes serious, you have to lie.” — **Jean-Claude Juncker**

“Our analysis leads us to believe that recovery is sound only if it does come of itself. For any revival which is merely due to artificial stimulus leaves part of the work of the depressions undone and adds, to an undigested remnant of maladjustments, new maladjustments of its own.” — **Joseph Schumpeter**

“There are two ways to conquer and enslave a nation. One is by the sword. The other is by debt.” — **John Adams**

“Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct.” — **Adam Smith**

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

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Letters to the Editor

READER: Dear Brother Hahn: Your articles entitled “Shamans Shamed” [A Lost World of Political Economy: Part I and II] are a breath of fresh air – not only because of content but due to up-to-date translation Scripture quotations. I now have good research that I can pass along to my unsaved friends. [...] Thanks so much for using consistent language in your articles — it is a true blessing. Please be encouraged to keep up the good work. [...] Keep looking up. — **D. W.**

EVR: Thank you for your note of encouragement. The KJBO (King James Bible Only) people sometimes do seem to hold ministries hostage. I personally do also use it, but only quote it if it has a better translation. I was raised in a German-speaking church and came to the Lord without the KJB. I sometimes think that the KJBO proponents will want the Chinese and people of other foreign tongues to first learn old English in order to come to Christ.

READER: Mr. Hahn: Thank you for the article in Midnight Call [entitled “Shamans Shamed”]. It is without a doubt the best explanation of the global financial plight that has been written! I have been watching the world rapidly descending into a moral and financial crisis for 40 years and am certain the only answer is the return of The Lord. Prophecy brought me to Christ in the 70's and in a way knowing that the end is near has always been a comfort to me and my wife. It appears that you feel that there is no turning back at this point. Do you see anything (short of a worldwide revival) that can reverse this? In His Matchless Grace — **D. S.**

EVR: Thank you for taking the time to provide feedback. What can reverse these trends? These are all linked to false beliefs, idolatries and human motives gone awry, in my view. Only repentance and belief in God and his Son will set the world on a steady course. As we know, that will happen some day in the Millennium.

READER: [Re: “Lures of Monetary Morality”] I have followed your writing over the last years on Rapture Ready. You have provided an excellent perspective on world financial affairs in light of Bible Prophecy. Last night I read your article (above) and was astounded that I did not know the Federal Reserve Bank gives all profits each year back to the US Government. Now I understand why the Fed is buying up so much US debt, and you describe what is happening and where that will take us very succinctly. (And

now I know why Bernanke and Geithner and Obama and others just don't care about this. From their perspective, they must think it is a genius move!!?) I am in the investment business in the USA and I did not know the Fed paid all net profits back to the Government...thus allowing the US Government to do what Enron did before its demise: that is off balance sheet financing and shifting of debt and the reduction of TRUE interest costs, etc. My question is: Why have we not heard from anybody (not on TV, not in the news and certainly not from our Government!) about the fact that the Fed pays all gains back to the US Government? In effect, a rebate of interest costs back to the US Government? I think this is huge. It's a “financial trick” hiding in plain sight! Enron's accounting firm went out of business for lesser tricks than this! So, why haven't we heard more about this and what do we do about it, now that we know? — **R.W.**

EVR: I can't really explain why this fact is not more widely known. All income less expenses (and adjustment in capital structure) go back to the treasury. I have encountered articles on this point in the general media over the years fairly frequently. This is information in the public domain; therefore, we could not say that it was suppressed. Central banks, though some are privately held, do remain accountable to governments and their powers are determined by laws. Japan is the major pace setter as far as the breakdown of central bank independence is concerned. I would agree with those who see recent developments there one step closer to linking fiscal policy with monetary policy. Ultimately, assuming that global economies continue to devolve over the next years (perhaps decades), eventually the “brilliance” of direct financing of government debt through central bank funding will spread far and wide. It is an action that does seem painless and expedient and therefore, not surprisingly, would be appealing to both politicians and proverbial Wall Street. The victims of these policies of larceny, in my view, will not be immediately obvious to the public. Ultimately, it amounts to a massive wealth transfer and no doubt a much further widening of the domestic and global wealth distribution skew.

READER: Love your articles! We talked on the phone a few times after I finished your book, *The Endtime Money Snare*. Have you read Joel Richardson's latest book, *Mideast Beast*? He makes a compelling argument that the Temple was destroyed by Arabs who were conscripts in the Roman army, and has some convincing evidence of this. While for years I have believed the Antichrist will come from the Revived Roman Empire, I am now being swayed by evidence from Richardson and others that the legs of iron in Daniel's prophecy are actually the Islamic caliphate...and that the 12th imam may very well be the Antichrist. With Jerusalem being the center of everything, it makes a lot of sense to understand things this way. Also he makes a strong case for Gog of Magog being the Antichrist and coming from Turkey...the revived Islamic empire...of legs of iron. Thoughts? Blessings! — **D.L.**

EVR: Thank you for your note and encouragement. I have

Wilfred's Itinerary: *The Mulberry Ministry*

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read some of the work of Richardson and also Wallid Shoebot. The two have sometimes collaborated. I think they bring some interesting and fresh perspectives which will encourage everyone to check their Bibles. I encounter a number of statements in Bible prophecy that do not fit their interpretations. For example, the Antichrist comes up from amongst 10 kings, this representing the post-globalism and final era of world's rulership. These 10 kings must collectively rule the world. It will not be anytime soon that Arabs will rule the world. In any case, it is very possible that there could be one or more Muslim nations in the final 10 ruling nations.

READER: [Editor: Produced here is only an excerpt from this long response.] Please explain the 4 empires — Babylonia, Media/Persia, Macedonia/Greece, Rome. Yes they were large, but there were others in history that were also large or even larger —Mongols, Britain, USSR, etc. No, what stands them out is that they conquered and occupied the Holy Land for a long time and they had a large empire of other territories and that those included all of Israel's neighbours in common to each empire. The final empire must restore the Roman Empire and have 10 nations (or arguably 20 if the iron and clay of each toe represent one stronger and one weaker nation in the revived empire). [...] Many nations that were in the Roman Empire in the Balkans are not in the EU. Many in North Africa and the Middle East are not part of the EU and never will be (otherwise it would not be a European Union).[...] Is there an alliance that fulfills this in our day? I leave it to you to judge, but it doesn't seem to equate with the EU. In fact the EU seems less and less likely to comply with prophecy. Do you still hold to the view that the EU is the revived Roman Empire? God be with you. — **J.M.**

EVR: You make many sound observations. However, a few of your views I believe do not line up with Scripture. The topic of the 7 heads and 10 horns is indeed complex and requires much study. I continue to explore perspectives. We have produced quite a bit of research and presentations on these subjects which are mostly available on our website. I make only a few comments here, but will provide links to some of these publications. Firstly, yes, there were other nations that were quite powerful throughout history. The ones that you mention all rose to ascendancy during the Roman 6th-head phase (which we are still within today), expressly during the time that it was weak...namely the period of time that it was wounded (see the three references to this in Revelation 13 — 13:4, 12, 14). This Roman "head" has already revived from its wound. We need not wait for this to occur as it is already fact. There were other large civilizations, one of these being China. As you point out, a common feature of all of them — explaining why they are not mentioned in the Bible — is that they were not oppressors of Israel and Judah. Furthermore, we are not diehard proponents of the theory that some form of Europe or collective of European countries will represent the final 10-toe stage of world rulership. We have always said it is a "theory" and not a bad one at that. However, there are also

other possible outcomes that would not contradict Scriptures. We have our preferences. However, we have always treated these views as "theories" not fact. Finally, there are 10 kings, 10 toes, and 10 horns mentioned in the Bible. This is very clear. Nowhere is a number of 20 mentioned. While we may have our speculations, at this point it is much too early to state which 10 countries will represent these 10 toes. For more perspectives, please see: [Approaching Terminus: The 10 Kings and Global Babylon - October 2010](#);

[Prophecy: Right- or Wrong-Headed? – Part I](#) (please also see Parts 2 through 4), and;

[Last-day Global Power Coalition: Searching for the Last-day 10 Kings - Part I - October 2006](#).

EVR

Rebuilding on Weak Foundations

... cont'd from page 2

without the help of a professional economist.

3. Monetary Malfeasance Yet to Come: In this issue's Feature Report [Mephistopheles & the Global Monetary Magicians] we partially open the curtains shrouding the mysterious alchemies that can be the domain of central banks. Quite a number of observers today are cheering them for the fine job that they are doing. But whether they deserve these kudos really depends upon the vantage point — that of the investor or that of the macroeconomist and policymaker who is running out of thumbs to plug the leaking walls of post-Keynesianism.

Given the continuing structural issues challenging world economic growth, we expect many more unorthodox tactics by central banks in the future. How soon and how unorthodox, only time will tell. What is reasonably sure is that the average household will face a shrinkage in its share of overall wealth. Again we ask, how so?

Consider the popular Monopoly game for this simplistic illustration. Three players are playing a game. All the assets and rents on the board are already owned. A fourth player joins and is given infinite access to the bank at no cost. Let's assume that this player ends up then owning one half of the board.

Whereas the original three players each owned 1/3 of total Monopoly wealth, now they own just one-eighth of real wealth and rents. And, it could very well be that the price levels of the properties may not have even risen in nominal terms. There are many more complexities of the real world that would need to be added to this example, but the main point stands. This issuance of fiat money (over and above the increase in savings) is bound to make most people poorer in relative terms.

These are unconventional times. Trust in financial markets, financial institutions, and policymakers is low. It will be difficult for anyone to escape the challenges that we have mentioned. It remains a competitive arena, with 7 billion other competitors in an increasingly predatory gaming environment.

EVR

The Biblical Perspective on Davos Man

... cont'd from back page

determinative objective. Powerful globe-spanning organizations such as the WEF are at work (as well as others). In the case of the WEF, it perpetuates the common interests of commerce for mankind.

We note several interesting snippets from the latest Global Risks report. Risks from nature are said to be “X” factors. Since these factors are in the sphere of “total chance” and “unpredictability” (or as Bible believers would view, things completely under the dominion of God) they are called “X” factors. One belief stated is that the development of superhuman cognitive abilities (which, in their view, is “fast approaching the horizon of plausibility”) could destabilize the world into factions — the cognitively-enhanced and the non-enhanced.

For all the ponderous human intelligence supposedly behind this report, its occasional banality is therefore all the more pronounced. Consider that the report dedicates a section to the possibility of the discovery of alien life. The report is optimistic that there is life elsewhere in the universe. Quoting the report: “It will tell us that the origin of life is ‘easy’ — that anyplace in the universe life can emerge, it will emerge. [...] The discovery of even simple life would [...] challenge many assumptions which underpin human philosophy and religion.” This is the only other mention of religion in the report.

There need be little doubt that the WEF represents worldliness and hubris at its height. They seem to be sure that God is subject to having His assumptions challenged. As such, it excels at representing the interests of the world of Mammon.

What we see today is that the vernacular of commerce has become the common language of a new Babel. Business leaders from more than 100 countries can get together at venues such as the WEF to “talk shop” and fully understand each other. It is one more indicator of the season of the world. Bible-believing Christians will find this “sign of the times” yet one more confirmation.

The Bible states that there are two spheres — that of God and Mammon. These two “economies” are in direct opposition. It is as two magnets with the same poles that repel each other. The Kingdom of God has love as its common currency. Why? Love is the only motivational system that is said to never fail. “Love never fails” (1 Corinthians 13:8). Mammon, in contrast, has gain and self-interest as its motivational system. Such things as the “love of money,” profits and gain are its incentives.

Though Mammon and the Kingdom of God can never come together, it is true that Christianity often teaches that Mammon and God can work hand in hand. We have called this the final ecumenism where all the religions of the world will agree that their paths and purposes all lead to prosperity on earth. (In Christian circles, prosperity theology may likely be a step in that direction.)

The Apostle John isolated the key motivations defining the world. “For everything in the world—the lust of the

flesh, the lust of the eyes, and the pride of life—comes not from the Father but from the world” (1 John 2:16).

Expressed in more familiar terms, the world today is defined by the quest for fleshly satiation and consumerism; power, influence and celebrity; and self-determination which is the ability to determine what one will say and do. If any one or more of these impulses has commanded our attention and striving, we are not walking with the Lord. To do so is to be a devotee of Mammon.

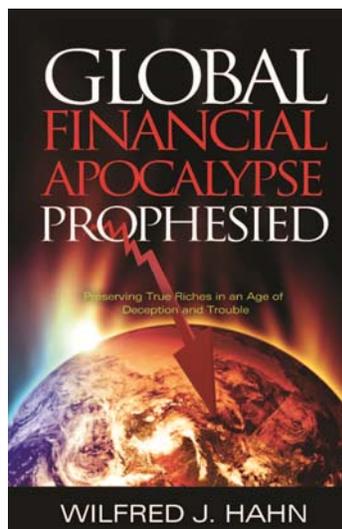
In reality, according to the Bible, all the wealth of the world that goads the ungodly to the competitive striving for wealth, power and self-determination is only a fleeting distraction, not even offering the semblance of real wealth. Jesus Christ said this: “If therefore ye have not been faithful in the unrighteous mammon, who will commit to your trust the true riches” (Luke 16:11).

What are the true riches? Only those which last eternally. In short, heavenly rewards and eternal salvation. That is not to say that Christians cannot work in business or commerce. However, they serve a different master. The Apostle Paul lays out our objectives in this way: “Whatever you do, work at it with all your heart, as working for the Lord, not for human masters, since you know that you will receive an inheritance from the Lord as a reward. It is the Lord Christ you are serving” (Colossians 3:23-24).

In the world’s perspective, earth becomes the eternal home. Real riches are not to be found in heaven. This same Jesus who said, “I tell you, use worldly wealth to gain friends for yourselves, so that when it is gone, you will be welcomed into eternal dwellings” (Luke 16:9) is not expected to return to gather up His faithful. Instead of “using worldly wealth” to translate into heavenly treasures, the stockpiling and hoarding of temporal wealth has become the purpose of human life on the earth that shall pass away.

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Personal Perspective

The Biblical Perspective on Davos Man

A report that we look forward to reviewing every year is the *Global Risks* report that is published by the World Economic Forum (WEF). The 2013 issue was released earlier this year, in time for the big WEF Annual Meeting held in Davos Switzerland in January.

Ho hum, another convention of economists? Not at all. We would be hard-pressed to describe how influential this organization and its members have become around the world. Originally founded by Klaus Schwab in 1971, this organization has come to represent the absolute pinnacle of International Man. Some 2500 leaders participate in this invitation-only event from over 100 countries.

If you are a global mover and shaker, you need to be invited to the Davos meetings. It has become the highest recognition of what has popularly and also derisively come to be called the Davos Man. It comprises a self-reinforcing assembly of individuals thought to have something to contribute to “the global agenda.” After all, the WEF’s stated mission is to “improve the state of the world.” In a recent article, Mr. Schwab stated that “the need for global cooperation has never been greater.”

Of significance is the fact that the WEF is financially supported by 1000 members. Who are they? All are companies, typically very large global firms. The average revenue of these companies is in excess of \$5 billion (therefore collectively representing perhaps as much as 10% of world GDP). As we have often documented, “transnational corporations” (also called multinational corporations — MNC’s) as a group, are the most powerful economic (and, yes, also geopolitical) force in the world. Their influence over governments and global organizations is not to be underestimated.

We would not be surprised if even larger, more-powerful corporate entities were to emerge in the future. Already today, the globe-spanning MNC is regarded as more reliable and credit-worthy than most sovereign nations. Indeed, some MNCs have more employees than many countries have populations.

However, the intent of our discussion of the WEF is not to examine the state of the world’s economies or its companies but rather to focus on the “soul” (for lack of a better term) of the WEF. In other words, we want to take a Biblical worldview. Just what is the WEF “spirit” all about?

Political scientist Samuel P. Huntington some time ago coined the term “Davos Man.” This was meant to characterize the typical attendee: an international “business leader” without nationality...the elite globalist. This view is not misplaced. The WEF indeed has become the pinnacle of Global Man...the International Elite. We would even

consider it to be the Mecca of the Commercial Humanism...the present Global High Temple of Self-determinative Mankind.

Our comments here are not meant to mock the activities of the WEF. We think that many of its initiatives are worthy pursuits. Civil society, after all, is charged to manage its affairs upon earth in a manner of stewardship and justice. Dominion of the earth was given to man (Genesis 1:26, 28). As such, mankind is in charge. Seeking to better manage societies, countries, economies or foreign relations, in itself is not a bad thing. Where the problems arise is when mankind chooses to do so without God.

The WEF most certainly gives very little thought to any imperatives of religious faith of any kind. Its perspective is completely “materialist.” Its definition of success is economic growth and more global cooperation.

Its definition of “risk” is predominantly measured in terms of economic impact and financial loss. Risk to them is not so much the unknowing of the future, but the possibility of events and developments that could cause economic upsets in the future. All mention of religion in its policy statements and research, with the exception of one we will yet review, is only in terms of negative risks.

Of all the myriad factors impacting the future outlook of the world mentioned in the 80-page report, the main context in which religion was mentioned was in the phrase “rising religious fanaticism.” Moreover, it is stated to have been the concern only of “non-experts” that were involved in the completion of the report. While this is not entirely surprising, one would have at least expected mention of the growing influence of “geosectarianism” (the rising role of religion in geopolitical affairs). The report therefore assumes a subtly derisive stance with respect to religions.

Most assuredly, as would be expected with an organization sponsored by 1,000 leading companies from around the globe, the WEF is committed to the increase of worldly wealth. Their control of massive economic resources ensures that their voice is heard and that they and their corporations will be rewarded in the future.

The WEF clearly represents the rich, powerful and elite of the world coming together to determine the world’s future. In its collected wisdom, it purports to provide the answers and solutions to mankind’s continuing future progress.

The Bible warns of such conceits. “The rich are wise in their own eyes; one who is poor and discerning sees how deluded they are” (Proverbs 28:11). “Woe to those who are wise in their own eyes and clever in their own sight” (Isaiah 5:21). That mankind wishes to forge its own way is the spirit of the world that has always existed. The only difference today is that this takes the form of a global mankind which is unified in this self-

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