



# ETERNAL VALUE REVIEW

## MONEY MONITOR & GLOBAL TRENDS REPORT

ISSUE 2, VOLUME 9

"For thinking Christians seeking to understand the times."

April 2006

FEATURE REPORT

### The World Versus Odious Israel: Will it soon be alone?

There was a groundswell of support for Israel around the world last year ... or so it seemed. President Mahmoud Ahmadinejad, the new Iranian president, can be thanked most for provoking such reactions. Frequently, he had made highly inflammatory remarks about Israel. In early December, commenting on Iranian television, he said: "If European countries claim that they have killed Jews in World War II... why don't they provide the Zionist regime with a piece of Europe." He even suggested that there might be room to move Israel to Canada or Alaska. Yet, earlier while still on the election circuit, he was even more explicit, saying that Israel should "be wiped off the map."

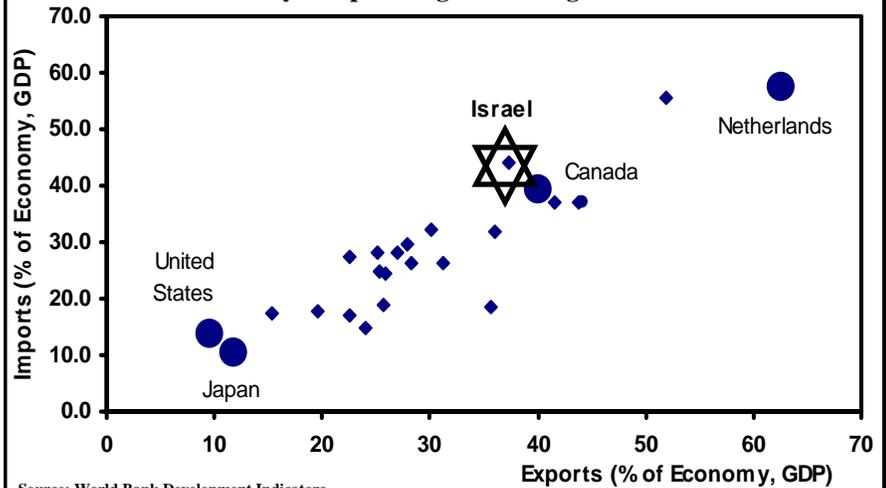
Many world leaders were quick to denounce these comments. Notably, the European Union Foreign Ministry issued a formal statement on its Middle East policies, stating that Ahmadinejad's "comments are wholly unacceptable and have no place in civilized political debate." That certainly sounded supportive for Israel. Apparently, a warming trend for Israel was evident in other parts of the world, as well.

Encouragingly, Canada recently announced that it would change its policies with respect to its UN voting practices on initiatives involving Israel. In the past, this country would always abstain from votes involving Israel, ducking any issues that might rile Canadian Muslims or Jews. Elsewhere, suggestions by Pakistan's President Mushareff that his country may some day soon initiate formal diplomatic and trade relations with Israel, were being reported. This possibility seemed incredibly constructive as both Israel and Pakistan were countries formed upon religious grounds — one on Judaism, the latter Islam.

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### Israel: Dependent Upon Trade With the Nations

Trade Intensity compared against 27 high-income nations



Source: World Bank Development Indicators

*"LORD, see how my enemies persecute me! Have mercy [...] of the daughter of Zion [...]. The nations have fallen into the pit they have dug; their feet are caught in the net they have hidden."*

King David speaking for Israel

Psalm 9:13-15

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#### WORLD MONEY UPDATE

### Endtime Strategy? Cornerstone Issues and Significant Events

What's going on in the world? Just why do we see the various shakings and movements globally between countries, in financial markets and elsewhere? These questions puzzle and test everybody, including sophisticated analysts. Of course, an invaluable and necessary aid to understanding this "Big Picture" is the Bible. It is a key that can unlock the motivations of mankind and the impulses behind agendas.

Of course, in the hallowed halls of academia or around the boardroom tables of global strategists and major think-tanks, one dare not ever suggest that "spiritual forces," "cosmic agendas" or that a prophetic timeline may be at play. To do so would be to invite certain ridicule. In short order, one would be discredited ... out walking the street looking for a new job. It is even frowned upon to suggest that there might even be high-level corruption at work (see *Personal Perspective comment on the back page*) even though analysis on this point may be conclusive.

One aspect that we find rather remarkable at this time as global analysts and investment

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strategists, is how closely the tactical geopolitical issues on our radar align with endtime prophetic developments.

Therefore, in this month's letter, we present a brief list of what we call the major "**Cornerstone Issues**" that apply in this respect. Basically, what you'll find is an abbreviated outline of the "Big Picture" part of our secular analysis with some added prophetic Bible perspectives. You'll then see how even a secular analyst — with no knowledge of the Bible — will be struggling with issues today that actually are on the prophetic timeline. Of course, that is not to say that we can discern any short-term timing tips and specific sequences and happenings. Yet, as Christians, we can and should recognize the season of the last days — the near onset of the Tribulation period and the return of Christ. In fact, Christ implored his followers several times that they are to "watch." As such, it should not be surprising that we can today identify many prophetic "processes" at work that presage actual prophecy yet to be fulfilled.

Following is a brief listing of 7 major long-range strategic forces that are at play currently in the world, which include our current Top 5. Together they constitute the global "Big Picture." (*Shorter-term issues affecting investments and financial market are not covered here.*)

**1. Asia** has awoken to "free market" capitalism (*although in stages, starting back in the mid-50s*). Today the latest two Asian newly industrializing countries (NICS) just happen to harbor 34% of the world's population. These are India and China. Much of this is well identified today. Yet, this trend, in fits and spats, is likely to continue for at least another decade. However, fate has not been kind to this region with respect to preparing it for a modern, industrialized, globalized world. Generally, as a region, it is deficient in resources and energy reserves. Yet, this land-mass is the home to over 60% of the world's population. There are least 3 subsidiary trends at work in this region:

**China:** This nation has been roused, and just as Napoleon said 200 years ago, "*when China awakes, the*

*world will tremble.*" And so it is. What is not well known in the West is the philosophical and attitudinal disposition of China. What are its real agendas? Sinologists (*experts on China and its history*) will hold very different views on the future as it relates to China's interplay with the world than today's popular financial market perceptions. On numerous occasions, China has said that they "*will bury the US.*" China remains the **#1 Top 5 Cornerstone Issue ...** a likely source of many **Significant Events** (SE) in the future. Critically, China is in a position today to frustrate numerous global initiatives as it is a strategic "free agent" driven by a "value-free" foreign policy agenda.

**Japan:** The first of the NICs (*and protected under the military wings of the US*) has long since become a major creditor to the US. Subtle but significant changes are underway in the past 2 years or so. With the advent of Sino economic power, Japan is beginning to strike a more independent pose, moving closer to Russia, and has changed its constitution to allow it to re-arm itself.

**India:** Another populous Asian country, India has also embarked upon a rapid developmental phase. While its disposition to the West seems to be less malevolent (*as compared to China*) its impact upon globalization-related forces is not centered more upon services.

The Bible refers to the Kings of the East playing a significant role late in the Tribulation period. (*See Revelation 16: Please check out our website for additional supporting articles and prophetic references.*)

**2. Europe** has achieved one of the most remarkable conglomerations in human history — 25 countries that have come together into an economic bloc, most of them sharing a single currency. The euro is the first emergent world reserve currency since the US dollar eclipsed the UK pound some 75 to 50 years ago. This process to date has been extremely quick, though not without its trials.

For the first time in 75 years, there now exists a strong contender for the US dollar. Given the unprecedented scale of this development, this issue was a Top 5 Cornerstone Issue, however, no longer. Much of the impact of this phenomena has already occurred. Looking ahead, only the implications for the US dollar (*a significant decline is still anticipated versus the euro*) and the risks with the future question of Turkey's hoped-for accession to EU status should rank as possible **Significant Events**.

Many prophecy scholars, based on references in Daniel 2 and 7, conclude that a revived Roman Empire will emerge and that the EU is its predecessor. This is the last day regime out of which the Antichrist appears. While we agree that the rise of the EU is prophetically significant, the present-day EU does not (*yet?*) represent this power. There is case that it is a different constellation of countries.

**3. Russia:** This nation is certainly not down and out, as many might have thought a few years ago. The once-mighty Russia remains a factor ... a nation with nuclear capability, no less. For now, they have the lever of oil and natural gas.



ETERNAL VALUE REVIEW  
MONEY MONITOR & GLOBAL TRENDS REPORT



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They are using it very effectively. Russia's foreign reserves (*now greater than \$200 billion!*) today exceed that of the US many times over! In order for Russia to continue projecting itself upon the world scene, it will need continuing high energy prices, the exact opposite requirement of the US, the largest energy consumer on earth which is now importing more than 70% of its oil consumption requirements. (*Please access our most recent publication, Final Combustion: Oil, Islam and the Christian West, for more information.*) Moreover, Russia is taking specific initiatives that are specifically designed to counter US interests in a number of global areas. As per its historical inclinations, Russia will most likely be focused upon retaining an "insulation zone" of countries around it. Bible prophecy, indicates that Russia will figure prominently in two altercations yet in the future. The alignments for the first one are now rapidly taking form.

**4. An Imbalanced United States.** Unfortunately, the US finds itself on the horns of each of the above-mentioned Cornerstone geo-political constructs. As it is, each of these challenges by themselves would be difficult in the best of circumstances. Unfortunately, what complicates matters further is that the US has willingly allowed itself to become quite vulnerable, both financially and economically. It has become hugely reliant upon foreign savings and cheap products from abroad. In the meantime, households have become dependent upon a booming real estate market to supply them with an increasing amount of their current cash flow needs. Household savings levels are now negative, meaning that (*particularly so, given that the US wealth skew continues to widen*) the vast majority of US households are more dependent on debt growth rather than income increases. This introduces some potentially volatile dynamics for the consumption complex in the US over the near future. (**Top 5 Cornerstone Issue #2.**) Is this part of the prophetic timeline? By deduction, reading the Biblical prophetic record, we think a decline in the power of the US is required. (*Again, please see literature on our website for the proofs to these statements.*)

**5. Increasing Penetration of Islam. (Top 5 Cornerstone Issue #3)** As is well known, President Bush is waging a global war against terrorism. The real facts of the matter are that it is really another war between the Christian West and Islam. Down deep (*despite the views of liberal moderates on both sides*) it involves an intractable and insoluble religious schism — an inconvenient fact. It has happened before. Yet, of course, there are differences this time. A main one is that Islamic nations (*i.e. the 57 members of the Organization of the Islamic Conference, or OIC*) sit on 75% of the world's oil reserves — a strategic advantage in a world whose mobility and transportation has become dependent upon oil. As such, America must toe the line gingerly, not jeopardizing its own oil supplies. The related issues to this confrontation, in our view, will remain at the forefront of our Cornerstones. There are a number of subsidiary developments:

**Islamic Segmentation in Europe:** Turkey has been progressively positioning itself to become part of

Europe since the 1920s (*first under Attaturk*) and hopes to soon enter the fast track to join the EU. Given recent Islamic uprisings in Europe (*France, recent protests against Danish cartoons, al-Qaeda actions in Spain and Britain*) Turkey's hopes likely will be dashed. A special economic deal might be possible. As this becomes a stronger reality Turkey may realign with Russia. Turkey is a significant conduit for energy shipments to Europe and elsewhere. The Turkey-EU issue is bound to become a **Significant Event** ... a fission point.

**Shia Influences:** Iran's moves to non-aligned nuclear status and launching of a euro-based oil exchange sometime soon are factors that are seen to impact financial markets eventually and are certainly part of a volatile brew. However, the agendas between the US and Iran are not well understood in the public domain and are likely to be very different than is popularly sensationalized. Perhaps Iran will make an oil deal with the US in return for its stabilizing influence in Iraq? More unlikely things have happened. This is a key point of focus presently.

**Wahabism (Saudi Arabia)** and its continuing financial support of the more militant factions within Islam remain in force. Indirectly, this leaning is having an impact upon capital flows presently. Saudi and other Islamic investors, who have accumulated significant cash hordes on the back of oil price rises, are reluctant to invest directly in to US markets. Instead, investments are being directed domestically or are being funneled through shell companies in the tax havens and through the UK.

**6. Demographics.** World population growth continues to slow, falling to less than half the growth rate of the mid-1960s. (**Top 5 Cornerstone Issue #4.**) This is an enduring trend that will not be reversed and has a significant impact upon economies and financial markets. However, these statistics envelop unique population shifts in different parts of the world. In the meantime, these influences have contributed to a frenzied search for future income (*for future pensioners*) as well as productivity and economic effects. (*A slowing birth rate is foreshadowed in the Bible.*)

**7. Globalism.** For the sake of brevity, we are combining comment on globalism and globalization. We consider Globalization the **Top 5 Cornerstone Issue #5.** Centralization of world policy-making and power structures, primarily dominated and controlled by the high-income nations — i.e. UN, WTO, IMF, NATO, BIS, ICC ... etc.. The latter, however, only relates to matters of economy and capital. A main side-effect is a progressive break-down of sovereign power for individual countries.

In conclusion, brief as our review has been, all 7 **Cornerstone Issues** mentioned can be substantiated in the Bible as being prophetically significant.

While we have not had the space to provide detailed proofs, all of these issues have been covered in prior publications and/or booklets and materials available from our website.

**EVR**

Feature Report

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cont'd from page 1

Finally, another significant event for Israel, on December 8, 2005, in a ground-breaking initiative, the International Red Cross after 65 years finally admitted Israel as a member. By all accounts, things must be looking up for Israel — finally finding some sympathy and dignity in the world.

Though one might not be faulted for such first impressions, appearances are actually deceiving. The fact remains that Israel has very few friends in the world, the United States remaining amongst its most stalwart supporters. Actually, not much has changed.

Sadly, the Bible says that it will yet come to the point where Israel will be totally alone ... with even fewer friends than it has now. The trends to this outcome can be seen not only politically, but increasingly also financially and economically. We can today already see how this can come about. The devices to do so are already taking form. We want to review some of these urgent developments.

### Words of Fair-weather Friends

Only a few days after its protest against Iran's anti-Israeli comments, EU officials in Brussels released another statement admonishing Israel to stop settlement activities and to refrain from intervention in East Jerusalem. In fact, to date, the EU has not followed up with any diplomatic actions against Iran. So far, EU policy has amounted to little more than windy words. In the meantime, Iran is rapidly progressing in some nuclear functions and is working on back-door deals with the US on Iraq. Without a doubt, this approaching reality is sure to force events that may work against Israel's reception amongst the nations. Time will tell.

Other hopeful signs reviewed are also likely no more than passing wind. Pakistan's President Mushareff has since backed-off his Israel-friendly talk. In various speeches late last year, he stated that any conciliatory actions with Israel are first predicated upon an independent Palestinian State.

Surely Canada is sincere? While Canada's announcement is welcome, it remains to be seen just how it will vote at the UN in the future. After all, this country is a highly secularized and liberal nation. It would be surprising if any of its leaders — present and future — will ever risk their political reputation for Israel. One of the biggest gaffes for any Canadian politician occurred in 1979, when then Prime Minister Joe Clark promised that Canada would move its Israel embassy from Tel Aviv to Jerusalem. He had to backpedal on this statement very quickly. For this and other reasons attributed to "inexperience" he wasn't Prime Minister very long — only 9 months.

If all this doesn't count, at least the Red Cross' recent admission of Israel must be a sure endorsement. Not really. This measure was less than dignifying as the Red Cross had to invent a new symbol, the "Red Crystal," so as to not offend the Muslims with the Red Star of David.

### The Emergent Power of International Consensus

Prophecy scholars teach that the prophecies of Israel's blessing by Balaam speak about today, specifically Numbers 23:9. "*For from the top of the rocks I see him, and from the hills I behold him: lo, the people shall dwell alone, and shall not be reckoned among the nations.*" (Numbers 23:9 KJV). Two last-day conditions are mentioned in this verse: One has already occurred; the other is presently coming to completion very rapidly.

Uniquely, today we already live in a time where the "foreign god"<sup>1</sup> mentioned in Daniel 11.39 is on the scene — in other words, the time that the international consensus of the nations of the world is gaining power. (*Please see our booklet, The Rise of Three False Gods of the Endtimes for more information on the "foreign god."*) Through such transnational organizations as the United Nations and others (*NATO, various regional groups ... etc.*) all the nations of the world now have forums of policy exchange. Not only do such world-wide organizations now exist, more recently the power of "international consensus" through these organizations has begun to increase very strongly.

While the roots of today's 191-member United Nations may go back to 1865,<sup>2</sup> it is only since 1948 that this "infrastructure" of world nations has been formally completed. However, to this point, the power of "international consensus" has been largely counterchecked by the might and influence of a few superpowers, first the then-waning British Empire, and more recently Russia and the United States. Now, only the United States remains in this league.

However, this latest superpower has begun to lose influence in setting the "international consensus" of the nations. Not only is it becoming increasingly economically vulnerable, like Gulliver while he was sleeping, the United States is being staked down with the ropes of hundreds of "six-inch high Lilliputians"<sup>3</sup> — countless rulings, protocols and international laws being mandated and enforced by these new governing organizations of the nations. The result is that "the nations" — primarily through the United Nations, the World Trade Organization (WTO) and various other assemblies — are increasingly setting the policies for the entire world. And, clearly, "the nations" hate Israel.

As such, Israel is already beginning to hedge its bets, anticipating that it may lose some of America's protective influence in the future. If so, what will happen to Israel at the hands of "the nations"? Just what could then occur?

### Soon, More than Just Political Bias

The bias of "the nations" against Israel's has already been well set. But, to this point, the actions of "the nations" against Israel have been largely only through means of slanted politics and exclusions. The hugely imbalanced record of actions and resolutions adopted by the UN against Israel are a clear indication. Though Israel is an advanced, democratic nation and has been a member of the UN since 1949, it has not yet been eligible to be a member of the

Security Council of the United Nations.

Currently, there are five permanent members of this steering group with an additional 10 rotating members. All other nations in the world are eligible, including such international pariahs as Libya, Sudan and others. Israel is not. Up until recently, it also was not eligible to participate in any of the UN's Regional Groups. Clear reasons are not given, though this position is clearly unlawful in view of the UN's own bylaws. Incredibly, Israel was even kicked out of the UN's Commission on Human Rights in 2001, being replaced by Sudan and Sierra Leone (*both nations with blemished human rights records.*)

All of these circumstance are well known. But to this point, thanks mostly to the United States, no harsh sanctions have yet been brought against Israel by the UN. That will likely not happen until Israel stands entirely alone.

### Means of Boycotting Israel

The technique of censoring or suppressing specific countries through economic and or financial sanctions has a long history. Ancient Babylonian records of the second millennium BC, indicate that such policies were officially organized between various kings already in that era.<sup>4</sup> In recent times, such policies have often been introduced on an international level. For example, Saddam Hussein's regime was embargoed after the first Gulf War, only allowing oil exports from Iraq through a UN sponsored scheme facilitating food, medical and other necessary supplies. Anti-apartheid initiatives against South Africa also involved trade sanctions by various countries and organizations.

In recent years, efforts to boycott Israel, either economically or financially, have also been growing. A few are documented here, along with a potential future measure:

### The Sanctions of Pension Funds

Pension funds today are taking a much more active "ethical" stance with respect to how they invest their stock and bond investments. Of course, the term "ethical" can be defined to mean almost anything. But without a doubt, pension can have a very significant influence upon the actions of large companies and even countries. After all, global pension fund assets today total near \$15 trillion, having risen to this prominence in less than four decades.<sup>5</sup>

Some of these pensions — particularly those of universities and religious organizations — have begun to curtail investments in Israel. For example, in July of 2004 General Assembly of the Presbyterian Church (USA) voted to divest from companies doing business with Israel. Also, campaigns to boycott Israel have been growing on campuses. According to various reports and anecdotes, over 50 campuses in the US, UK and elsewhere are petitioning their schools to divest themselves of stock in companies that have ties to Israel.

### European Sanctions?

It was only recently, on June 1, 2000 that the European

Union ratified a trade agreement with Israel. However, there are many European movements that suggest a chill in trade relations could set in ahead. According to one news source, Israel's Foreign Ministry warns in a confidential 10-year forecast that Israel is set on a collision course with the European Union and could be marked as an outcast state (*like South Africa during the apartheid years*) if the Mid East conflict is not resolved. Israel's fear is that as the EU pushes to become a major global player in the next decade and the United States loses ground, it will become vulnerable.<sup>6</sup> This is not an inconsequential worry for Israel. Most of its trade is done with members of the EU, not the United States as may be popularly believed.

A more influential Europe would likely demand greater Israeli compliance with international conventions and could try to limit Israel's freedom of action in its conflict with the Palestinians. The most effective way of doing so is through financial and economic measures, as some European organizations are already recommending.

### Odious Debt

International economists in recent years have been discussing "odious debt" conventions. Briefly described, it is a proposed technique by which "the nations" can censure or sanction a rogue country by decreeing that its debt is "odious."<sup>7</sup> If so, this country's debt would not need to be repaid. The idea behind this technique has gained some popularity following the experience of trade sanctions with such nations as Iraq. To illustrate, since most of the debt that Iraq accumulated was by a regime that was not acting in the interests of its population, it should not be honored it is argued. Why? It would be considered unfair that this debt remain as a burden to the people of a future government that is both legitimate and responsible.

As intended, we can see that should a country be deemed odious, no bank or agency would be willing to lend to this nation. Their loans would likely never get repaid. Therefore, some international economists are advocating this approach for the United Nations as they feel it would be even more effective than trade sanctions, while at the same time causing less human suffering. We can anticipate that once this mechanism is in place, the definition of what is considered "odious" will be open to flexibility. It could be yet one more lever to apply against Israel at some date in the future. Most of "the nations" already view Israel as an odious little rogue state.

More than most nations, Israel stands to be very vulnerable to these and other economic sanctions.

### Buying and Selling Persecution

Restrictions on "buying and selling" are very effective, certainly so in our day and age, marked by globalization and a highly intertwined trade and financial network between nations worldwide. As the Bible tells us, this technique will also be used by the Antichrist with great effect. "*No one could buy or sell unless he had the mark, which is the name of the beast or the number of his name.*" (Revelation 13:7)

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Feature Report:

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Israel is particularly vulnerable for several reasons. Firstly, it is a country that depends upon international trade for its livelihood. In fact, of all the higher-income nations in the world, it is a nation most exposed to imports and exports of goods and services. It has one of the highest trade intensities (*to use an economist's term*) meaning a high level of exports and imports relative to the size of its economy. This exposure to trade with the nations of the world has risen steadily over the years, more than tripling since 1960. (*See graph on front page.*)

Another factor which contributes to Israel's vulnerability is that it has little in the way of natural resources and energy supplies. It must therefore buy these from the rest of the world. Also significant, it is forced to transact much of its trade with more distant nations. Many Muslim nations, some of these sharing borders with Israel, will not trade with it. Only recently (March 13-15, 2006), the 57-member Organization of the Islamic Conference (OIC) met in Riyadh, Saudi Arabia with the specific aim to rally Muslim support for the economic boycott of Israel. Given this reluctance to deal with Israel, export and import activity for Israel involves longer distances.

While all of this is rather unfair, what's particularly irksome is that Saudi Arabia (*supposedly an ally of the US*) only recently joined the World Trade Organization, effective December 11, 2005. In doing so, Saudi had to give assurances that it would honor all WTO legislation, treating all nations equally — especially Israel. It also made several assurances to Washington that it would reform its policies to meet these WTO requirements. A little more than 3 months later, it is hosting an “anti-Israel” boycott conference. Such is the world where the nations are intent upon persecuting Israel (*See Psalm 9:13-15 on front page.*)

Though Israel today has the 41<sup>st</sup> highest economic output per person of all nations, it remains a very small economy.<sup>8</sup> In fact, Israel's economy still represents less than one-third percent (0.29%) of world economic output in 2004. That's a level not much larger than in the early 1960s, when its size was only 0.25%. A country of this size, especially given its geography with few easily accessible seaports, could be easily boycotted with little impact nor inconvenience upon the rest of the world. While there may be some “high tech” and military products exported by Israel that may be difficult to substitute, virtually all of Israel's remaining exports (*mostly diamonds and agricultural goods*) are not strategically essential for the rest of the world.

### Thoughts to Ponder

Returning to Balaam's prophecy, we yet want to comment on the second condition found in that verse (Numbers 23:9) that would apply to Israel in the endtimes — that it would be entirely alone in the world. That has not happened yet.

The United States has been Israel's strongest supporter in the world, though its record has not been unblemished in

this regard. But the fact remains: Were America not to have been in this role, our Lord would already have had to play His hand in delivering Israel. Indeed, this will yet happen in the future — when Israel is in fact left all alone and all the nations of the world come against it.

One doesn't need to be familiar with Bible prophecy to imagine that not even the United States will be standing with Israel in the end. Unbelieving Israel, as mentioned, is already worried about this possibility. Not only is it anticipating Europe's increasing role in establishing world affairs and Islamic relationships, but also America's anticipated shared role — as opposed to its continuing “superpower” status. Its analysts are already sensing change. Quoting from a recent policy report, “*the European Union [...] is quite sure to become more active in world affairs [...] even more involved in the Middle East. Furthermore, U.S.-EU cooperation is sure to improve because of shared interests [...] with respect to the Middle East.*”<sup>9</sup>

Of course, we can only speculate as to how it will come about that Israel will be finally left alone some day. However, as we live in the Age of Global Capital, it would not be unreasonable to imagine that not only religious extremism (*Christian or Islamic*) will ultimately play a role, but also issues involving greed and money.

After all, the essence of America and high-income nations such as Canada and others is “business” and the quest for “prosperity.” There are a number of possible reasons why supporting Israel will some day become bad for “business” and “prosperity.” Notoriously, most major investors don't allow morality and religion to stand in the way of profits in any case. For example, it is interesting to observe that despite an ongoing “war on terror,” it is Islamic stock exchanges that have soared most these past few years.

As mentioned, the size of Israel's economy is puny. On the other hand, the total economic size of Islamic nations (*the 57 member nations of the Organization of Islamic Conference, OIC*) is 23.5 times as large.<sup>10</sup> Moreover, as the world becomes ever more dependent upon imported energy, it would only be reasonable to expect that oil exporting nations will become much more influential in world affairs. They already are. As it happens, at last count, 74.8% of world oil reserves are found in countries that are either Islamic republics or members of the 57-country members of the OIC.<sup>11</sup> Of this Islamic group, Arab countries account for over 75% of oil reserves. (*See the back page for information on how to get our new report, Final Combustion: Oil, Islam and the Christian West.*)

Islamic nations have oil and hate Israel. America is the world's largest importer and per-capita user of energy and still stands in the breach for Israel. How much longer? We can only speculate. However, we can be sure that the cause of energy supply is a very strong candidate. Much more so recently. In an unprecedented change of forecast, the US Energy Information Administration boosted its forecast for average oil prices between now and 2025 by 63% from its

## Ends n' Trends: Signs of the Times

### In the Name of the Poor

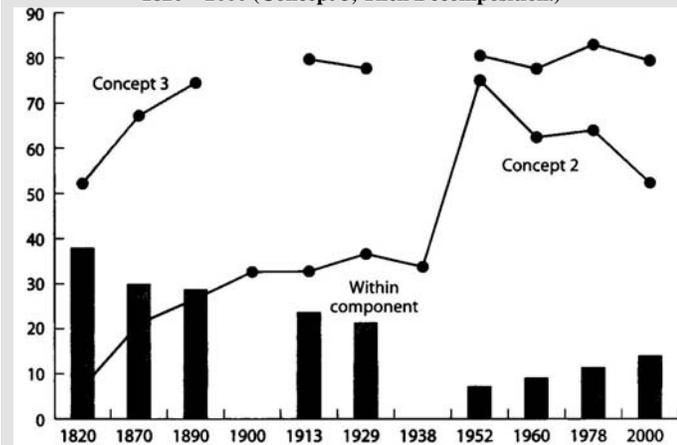
**P**overty — real poverty — is a serious matter not to be taken lightly. Unfortunately, it will exist until at least the Millennium. Christ prophesied that the “*poor you always will have with you.*” (Matthew 26:11) A number of endtime processes mentioned in the Bible are specifically related to conditions of poverty, and its flipside, the hoarding of wealth (James 5:1-6). The unfortunate thing is that the cause of the poor is often used as a flak screen for other, darker agendas.

Is wealth in the world becoming more skewed or not? The debate has raged for some time. Recently, an excellent book on this subject has appeared. Worlds Apart: Measuring International and Global Inequality, written by an expert in this field, Branko Milanovic, treats this question in a most scholarly and comprehensive fashion. The figure below is one taken from this book. The bottom line? Yes, using the best information and the most credible approaches, the poor in the world continue to get poorer and the rich get richer. Even though some countries such as China are rapidly increasing income levels overall, intra-country distribution of wealth is worsening. That is true in many countries, including the US.

Mr. Milanovic, hoping for redress, finds no easy solution. A small excerpt, showing a bias to world government, follows: “*The arguments against global inequality and in favor of some redistribution or help for the world’s poorest are inextricably linked with the argument about the need for democratization at the global level. [...] The best one can hope for is some redress of the current imbalance of power: most of the power is currently held by the rich countries, and to the extent that in these countries themselves, it is the rich people that are politically the most active and powerful, global power too is held by a relatively small number of very rich people.*” (Pg.149)

**EVR**

**Figure #4 — World Income Inequality**  
1820—2000 (Concept 3, Theil Decomposition.)



Source: Branko Milanovic: *Worlds Apart: Measuring International and Global Inequality*, Princeton University Press, 2005

Feature Report

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previous forecast of only a year ago.<sup>12</sup> That forecast is a complete about turn, signaling that energy has become a very urgent policy issue.

Will it be odious Israel or oil?

If it were to come to that question, no doubt, the world will choose oil and cut Israel loose as an odious, unsupportable nation, choosing instead to appease the Muslim oil-exporting nations and oil-addicted consumers. At that point, Israel will likely be subjected to heavy economic and financial sanctions.

However, we must be careful in our speculations. We cannot be sure about the exact reasons why Israel will eventually find itself all alone, as Balaam’s prophecy clearly predicts. What we can be sure about is what the Bible says. This “odious” state of affairs will be completely reversed some day. “*For the LORD thy God blesseth thee, as He promised thee: and thou shalt lend unto many nations, but thou shalt not borrow; and thou shalt reign over many nations, but they shall not reign over thee.*” (Deuteronomy 15:6, KJV)

No matter the world’s possible financial or economic sanctions against Israel, “*the LORD will ransom Jacob and redeem them from the hand of those stronger than they. They will come and shout for joy on the heights of Zion; they will rejoice in the bounty of the LORD— the grain, the new wine and the oil.*” (Jeremiah 31:11-12)

### Notes

1. “He will attack the mightiest fortresses with the help of a foreign god.” Daniel 11:39.
2. The formation of the International Telecommunications Union in 1965 is widely regarded as the earliest root of today’s United Nations.
3. Jonathon Swift, *Gulliver’s Travel*, 1726.
4. H.W. F. Saggis, *Peoples of the Past: Babylonians*. 2000, University of California Press, Berkeley. CA. pg. 122.
5. Watson Wyatt. 2004 global estimate, comprising 11 major pension fund markets.
6. Israel Fears Europe Will Make It an Outcast Like South Africa. NewsMax Wires, Wednesday, October, 13, 2004.
7. Seema Jayachandran and Michael Kremer. *Odious Debt*. American Economic Review, April 2005.
8. World Bank World Development Indicators, 2004. Israel’s economic output per person was estimated to be US. \$20,800.
9. Yehezkel Dror. *Foundations of an Israeli Grand Strategy Toward the European Union*. Jewish Political Studies Review, Fall 2004.
10. Estimated from World Bank, World Development Indicators, for years 2002-2004.
11. Calculated from the BP Statistical Review, 2004. Other surveys yield slightly different results. Based on the World Oil survey of 2004, this figure is calculated at 75.3% and the Oil & Gas Journal Survey, January 1, 2005 at 66.3%. Gas estimates based on these surveys find closer agreement, placing between 54.7% to 55.5% of world reserves in the Organization of Islamic Conference countries.
12. Energy Information Administration, *Annual Energy Outlook 2006 Overview*, Released December 2005.

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## Personal Perspectives

### Age of Accelerating Corruption?

Most will probably not realize the extent to which corruption has become an accepted part of society and the world today. Such a perception would not be surprising, because on the surface, our societies appear so sanitized and “ethical.” As it is, “ethics” is a highly developed discipline today. Today we have “ethical” investing (*also known as Socially Responsible Investing or SRI*), corporate VPs of ethics, and entire university faculties dedicated to its study.

Of course, human societies have always had to deal with a criminal element. But mainly that’s not the type of corruption to which I am referring. What we are talking of here is “white” corruption — the type that most think is harmless ... a necessary part of doing business ... baksheesh to grease the deal ... avoiding the taxman ... and so on. Today, this type of corruption is epidemic, from the lowest level to mega global capital flows. Whether its purchasing items “under the table” to avoid retail sales taxes or corporations routing billions through offshore tax havens to falsify statements or billings, it’s corruption. Yet, it is all so very acceptable. Yes, it is illegal, but everybody does it in order not to lose any competitive advantage.

During my career in global capital markets, I certainly learned about one type of “white” corruption. I had the opportunity to visit many offshore tax havens. In fact, I held responsibility for investment operations in some of them, at one time even serving as a Chairman of an offshore mutual fund company. Even working from North America, it was not uncommon to manage portfolios which were domiciled in those locales. While I never had any complicity in anything illegal, I certainly came to have an understanding as to why so much money is domiciled in these places.

Some reputable books have emerged recently on this topic. One called Illicit by Mosés Naím, the well-known editor of Foreign Affairs, is illuminating. Capitalism’s Achilles Heel by Raymond W. Baker is particularly informational and alarming ... even for me, someone who has at least some awareness of high-level corruption. Baker estimates that there is as much as \$1 trillion in dirty money transactions annually. This includes everything from drug money to third-world corruption.

His findings are staggering. He claims that as much as 50% — yes, one-half! — of all corporate trade billings and financial transactions are routed through tax havens. Everyone, it seems, is playing cute games to get away from taxes or to cover up illegal or dirty profits. The saddest thing? Almost all major companies participate in these types of transactions. Virtually every major bank in North America or other high-income countries will have operations in tax havens. These happen to be the most profitable operations. There is little wonder why.

Corruption takes many forms. Companies, or

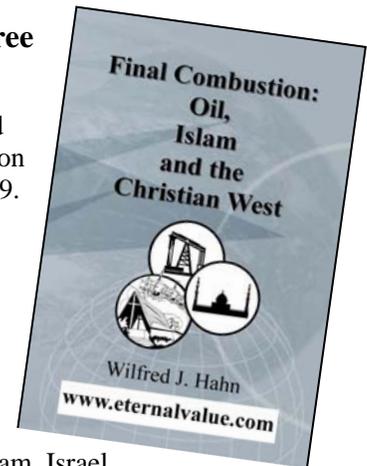
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governments and their reporting agencies engage in another type — manipulating statistics. It is remarkable how many statistical definitions have changed over the years, all to make the numbers look better. For example, were we to use the same statistical definition to measure unemployment as during the Great Depression era — in other words, calculating this figure the way people would naturally gauge this condition — it would today be at a level of 12%. Instead, what is reported now is closer to 5%. This type of “sanitized” manipulation is rampant today in various areas.

Many other types of corruption could also be mentioned. It’s difficult to know where to begin and end on this topic, a vast phenomenon gripping the world. What about experts turning truths upside down by manipulating words, or the PR agent’s high art of giving false impressions without technically lying... etc?

The above-mentioned authors claim that corruption continues to rise. I see the same trend in areas in which I work. A sad thing is that commentators are very reluctant to use the word “morality” when addressing this corruption. No one calls it sin. Our day and age is certainly one that qualifies for King David’s lament “*All have turned aside, they have together become corrupt; there is no one who does good, not even one.*” (Psalm 14:2)

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

Wilfred J. Hahn

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