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Global Financial Apocalypse Prophesied

By Wilfred Hahn

The following is an excerpt from Wilfred’s new book, *Global Apocalypse Prophesied: Preserving True Riches in an Age of Deception and Trouble*. People today are indeed confused and anxious ... though they shouldn’t be according to Scripture. North Americans have certainly suffered economic hardships as a result of the still-unfolding effects of the Global Financial Crisis. Is it over? Are other global financial crises to be expected in the future? Where will one find security? Is gold the answer, as so many Christian advisers today counsel?



What will happen next [following the last two years of the Global Financial Crisis (GFC)]? Will there be another financial bubble [leading to further global instabilities]? Can there be a sustainable economic recovery? The correct answers here are related to two other questions that we must first ask. They will confirm the likely prognosis. First, will policy-makers choose to continue to try to out-run consequences of past mistakes, or will they face up to them?

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



To date, many countries are aggressively raising national debt levels by boosting government spending and bailing out various industries, above all companies in the financial sector. For example, Britain, itself home to the second largest financial center in the world, has now breached government debt levels



greater than 100% of GDP (annual gross domestic product of the economy) and is risking a downgrading of its credit rating. Incredibly, this former world empire has finally come to this shameful point. It is now recklessly pursuing inflationary monetary policies.

The US government at the time of this writing has already committed to over \$14 trillion in expenditures, bailouts and contingent guarantees in its effort to forestall further financial collapse. This is an unconscionably large amount, alone equating to the size of its annual economic output, or over \$40,000 for every man, woman and child. According to estimates, this is 10 times the intervention of any other postwar recession. Such policy responses surely cannot lead to sustainable prosperity. It leads to even higher debt ... ever-higher burdens for future generations.

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choosing to outrun their problems with monetary manipulation. That must lead us to conclude that any economic and financial recoveries must be considered temporary and certainly not sustainable. The options chosen are monetary manipulation, deception and cronyism. It will lead to even greater impoverishment for

America and certain other nations relative to the rest of the world.

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

This is no small matter. Over almost three decades, policymakers and academics became ever more confident

that they had found, in inflation targeting, the holy grail of fiat (or man-made) money. It had been a long journey from the gold standard of the 19th century, via the restored gold-exchange standard of the 1920s, the monetary chaos of the 1930s, the Bretton Woods system of adjustable exchange rates of the 1950s and 1960s, the termination of dollar convertibility into gold in 1971, and the monetary targeting of the 1970s and 1980s. [...] Most of us—I was one—thought we had at last found the holy grail. Now we know it was a mirage. This may be the last chance for fiat money. If it is not made to work better than it has done, who knows what our children might decide? Perhaps, in despair, they will even embrace what I still consider to be the absurdity of gold.¹

His sentiments are eerily correct, though he himself sees no other hope. While gold is surely not the answer in the long term—though it may very well be a convenient store of value as an investment over the near term—he can

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smell despair. Here again he is correct. There indeed will come a time where the entire world will be in despair as their humanist philosophies will have proven bankrupt. They will then not choose gold or any other kind of idol. In fact, they will throw them into the streets (Ezekiel 7:19). They will choose a false messiah.

Nature of People: An Important Factor

The other question we must ask in our diagnosis is this: Regarding attitudes, of what type of people is society today comprised? Can they bear hardship ... will they persevere through troubles? Or, will they feel entitled to rebel and fall into anarchy? We already commented on the role that Prosperity Theology has played in polluting the expectations of Americans, no matter what denomination of Christianity. The same nonsensical expectations have been promoted on a secular level. To this point, most people are still somewhat hopeful that government actions might bail them out of their troubles.

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

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

A study by the Center for Economic Policy Research surveyed the wealth effect of the GFC for American households.² It included the effects of the declines in real estate values as well as financial markets to the end of 2008. The results are chilling, as they reveal the potential for severe desperation.

Many people between the ages of 45 and 64 still have not paid off their houses. In fact, the situation is even much worse. Though perhaps owning their residences for more than two decades, a large number of households do not have positive net equity in their homes. Imagine.



“Nearly 30 percent of the households headed by someone between the ages of 45 and 54 will need to bring money to their closing (to cover their mortgage and transactions costs) if they were to sell their home. Technically, they have negative equity in their home. For people between the ages of 55 and 64, the percentage is more than 15%.” The authors of this report state that the median household between the ages of 55 and 64 experienced a drop in wealth of 50% since 2004.

Consider that these estimates do not include the effects of further price declines in real estate and financial assets, which indeed did continue to sink in the

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Crowd at New York's American Union Bank during a bank run early in the Great Depression.



In the early 1930s, high debt-to-GDP levels also occurred. However, at the start, the main cause of this rise was not government debt, but rather in the private sector (business and household). Then as the economy collapsed in the 1930s, government debt soared. Here the denominator (the economy) shrunk as debt continued to rise after the onset of economic crisis.

early months of 2009. Quoting further from the study, “The baby boom generation for the most part has insufficient time remaining before retirement to accumulate substantial savings. Therefore, they will be largely dependent on social insurance programs to support them in retirement.”

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

A Demographic Bomb On Top

Viewing the high debt levels in America and other nations, some people may well ask: Debt levels have been high before in America's history, and the nation in these instances has recovered to higher levels of prosperity. Can't this happen again? No, this is not likely.

High debt levels indeed occurred in the early 1930s and then again in the late 1940s. However, the prognosis in these cases was entirely different, as the causality was not the same. The 1940s debt obligations were the result of a world war. As such, government debt soared (to over 100% of GDP), in turn driving real spending in the production economy.

This was then followed by a post-war population boom, helping to boost economic growth. In a very short period of time, government debt fell to low levels as new households saved, raised families, paid off their houses and invested. Household debt throughout this entire period remained relatively low.

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There can be no doubt: The legacy of the current GFC will be radically higher government debt levels, not lower. As mentioned, non-financial debt-to-GDP was already at an all-time high before the crisis period began. Indeed, this itself was an important enabler and catalyst to the crisis in the first place. But as the choice has been time and again to outrun problems, the US government is now plunging into even more debt.

Essentially, a bloodletting has been prescribed following an application of leeches. In a desperate attempt to restart the previous asset price manias—again to inflate stock markets and real estate so as to forestall the devastation of net worth suffered by the average middle-class family—the solution is more debt. It is a response similar to that of a drug addict. Addictions must be fed by ever increasing doses, until finally, the veins do collapse.

Yet, even these dynamics are not the worst parameter of this desperate time. This honor goes to a different factor—demographics. The most sobering realization of all today is



that an aging crisis is underway. It would not be an outrageous forecast that US government debt will triple relative to GDP over the next 7-10 years.

Times of Brinkmanship and Desperation

At this point, there a number of scenarios that could play out in the future. Though very different in form, they all will carry with them unfortunate consequences.

This writer would surely wish to present a single scenario with a 100% probability. There are just too many possible complexities that could unfold over the next several years. However, we can at least be sure of a few future facts.

We do know with certainty that there will be at least one more time of global prosperity. This must be so, or the world trading conditions depicted for Babylon the Great in Revelation 18 could not occur.

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

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

A second speculation then centers on the role of global crisis in driving the world into the waiting arms of the final 10 kings. We

have already noted how global crises in the past have accelerated globalism. Here, the pivotal question is this: Have there been sufficient crises and global power rebalancing to create the necessary conditions for the 10 kings to align?

Two observations will guide any speculation. First, the GFC to this point has not yet produced sufficient impetus for a global coalition of 10 nations to emerge. We have not seen the major changes required to support the powers of any global organization, or any major global policy changes. For this to unfold, at least one other round of global crisis is required. Why? Already, global policymakers are congratulating themselves as to having successfully averted a world financial meltdown.

In May of 2009, US Treasury Secretary Timothy Geithner was prattling: “[...] major policy intervention (including the Emergency Economy Stabilization Act—EESA) was, in the end, successful in achieving the vital but narrow objective of preventing a systemic financial meltdown.”³ “We continue to expect economic activity to bottom out, then to turn up later this year,” opined Ben Bernanke of the Federal Reserve.⁴ He is forecasting that the worst is behind. Internationally, the same sentiment prevailed. “We are, as far as growth is concerned, around the inflection point in the cycle,” said Jean-Claude Trichet, President of the European Central Bank.⁵

If the heat of the crisis is over—or so policymakers may think—we can be sure that momentum will be lost with respect to any of the high-minded policy prescriptions and pronouncements of the elite G20 meetings and various transnational organizations. It will take at least one more crisis to reignite this momentum, if not many more. In fact, it is not unreasonable to think that an even greater crisis than the GFC must occur. It need not be a new crisis. It could simply be the second stage of the GFC that has yet to unfold ahead.

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Turning our attention the very near-term, and focusing in upon North America, what can then be expected to play out next? Is a deflationary depression to be expected? Could an inflationary spiral emerge? Or, could a velocity-type inflation occur with a mix of different types of inflation and deflation? For a number of reasons, the answers are not yet that clear.

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

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

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For a number of reasons, the answers are not yet that clear. Of one thing we can be certain: policymakers are desperately trying to inflate the economy, financial markets and real estate values. Will they be successful? Trillions of dollars of investment capital are gaming on this question. Given the enormous build-up of financial capital and its skewed ownership (most wealth controlled by a few)—for example, large investment institutions that aggressively strategize in their attempt to generate returns, and elite wealthy

people—as soon as the outcome is clearer, the response will be both sudden and enormous. Billions and trillions of money will be on the move in an attempt to preserve its relative wealth.

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

Where to find “true riches”? How to discern the real truths in this present age of rampant deception? What yet lies ahead for America, and how does the GFC fit into the prophetic timeline in these last days? Wilfred’s new book, *Global Apocalypse Prophesied: Preserving True Riches in an Age of Deception and Trouble* seeks to provide the answers. This is an important book for everyone, according to responses received to date. For example: “I am enjoying your book. I want to thank you for your efforts in researching and writing this well-needed book at this time.”—WK

“I am going to give this book to all of my Jewish friends and tell them ‘Can you believe this was written by a German Gentile?’” —EB (MC)

ENDNOTES

1. Martin Wolf, “Central banks must target more than just inflation,” *Financial Times*, May 6, 2009.
2. David Rosnick and Dean Baker, “The Wealth of the Baby Boom Cohorts After the Collapse of the Housing Bubble,” Center of Economic and Policy Research (CEPR), February 2009.
3. Timothy F. Geithner, U.S. Secretary of the Treasury. “Statement to the Senate Banking Committee,” May 20, 2009.
4. Chairman Ben S. Bernanke, “The Economic Outlook: Testimony Before the Joint Economic Committee,” U.S. Congress, Washington, D.C., May 5, 2009.
5. Jean-Claude Trichet, President of the European Central Bank, *Wall Street Journal*, May 11, 2009.