

# Gold is a beacon of light: A savior in the financial tsunami

The great pioneer Henry Ford once said: “It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning.” Ford forgot to add: “...and they would enforce a sound monetary system backed by gold.”

Maybe we are already much closer to this scenario than central bankers would like. For far too long, governments and central banks have been able to force their fraudulent little games with the monetary system – based on unbacked and therefore worthless paper and fiat money – upon an unsuspecting population. But a game that is enormously profitable and risk-free for the financial elite, yet highly counter-productive socially because of all its machinations and immeasurable money creation processes, eventually destroys itself – through exponentially growing excesses and imbalances that leave mass poverty and misery in their wake. Even the increasingly hollow-sounding chorus of praise coming from the “politically correct” media (the jarring notes of which are caused by either bought loyalty to the system or plain ignorance) can only delay the current system’s death – but not prevent it.

A large number of governments are virtually bankrupt. Their debts can no longer be serviced and exceed annual economic output. The worst affected are Japan and Greece. Numerous U.S. states are also broke. California leads the way, and has already resorted to issuing unbacked “IOUs” amounting to billions. The interest-bearing debt of the U.S. government is rapidly approaching the \$14 trillion mark. The additional burden of unsecured future government obligations is in the range of over \$70 trillion. Some

experts are even talking about \$100 trillion. And the volume of derivatives worldwide is creeping toward the astronomical figure of one million billion dollars.

Now all of these amounts could be repaid or settled at affordable rates, but this would take centuries. An untenable assumption. These debt mountains will continue to grow inexorably until their weight finally crushes the financial system.

Truth be told, the crisis has not even begun. So far, the inflated financial balloon has only been shaken by a few little precursory tremors. Its first fissures have begun to show in the real economy.

The imbalances, excesses and perversions in the financial, political, and especially in the banking world, are not getting any smaller. They are increasing by the week. So long as there is no return to normality and health in the realms of real and financial economics, however, the sickness will get worse, not better. At present we are fighting debt with even more debt, and are “dousing” the burning, paper money building with gigantic gas tanks filled with dollars, yen and euros. The central, investment, and commercial banks are creating this universal fuel out of nothing – in unimaginable amounts and with no backing at all. How much longer can this go on?

The old and therefore transparent game played by the power-hungry elite and the central banks carries on blithely at the expense of large sections of the population. The attitude of the former can be described as “devil-may-care!”

The banks are biting the hands that have fed them. Most recently they have been speculating against whole nations such as Greece, Spain and Britain, and are betting on whether their financial obligations can be met. The dollar will gradually continue to lose any real purchasing power. There was a time when a dollar bought 6.50 Swiss francs. Today the exchange rate is about 1:1. The end of its role as world reserve currency is no longer a question of **if**, but only one of **when**.

All dollar holders suffered – and are still suffering – gigantic losses in purchasing power. The Chinese and the oil countries in particular – and everyone else sitting on huge dollar mountains – can tell us a thing or two about this. The temporary recovery of the dollar exchange rates does next to nothing to change the long-term downward trend.

Calls to replace the greenback with a currency basket with a gold component are getting louder. We have seen similar situations at least five times in history. For example, the former world reserve currencies of Portugal, Spain, Holland, France and Britain each ruled for a period of time lasting 93 years on average. Most recently the pound sterling was replaced by the dollar in 1921. Its time is now over. The era of the United States obtaining oil, goods, commodities, finished products and services for next to nothing – with the only payment consisting of freshly printed greenish pieces of paper with heads of dead presidents on them – is coming to an end. The equation holds true: while the dollar sinks, the purchasing power of gold rises.

Because of the worldwide dominance of the dollar and the close-knit ties within the financial and economic systems, the crisis is of a global nature. All nations will feel its effects or are already feeling them, albeit to varying extents. The point of departure and the final destination of the approaching mega crash are the banking, stock market and financial systems of the United States in general – and Wall Street along with the Fed in particular. And let us not forget the branch closely related to them – the financial district of the City of London and its rapidly sinking pound sterling. The United States, once the world's largest creditor nation, has become the country with the largest debt on Earth. The U.S. budget deficit was more than three times greater in 2009 than the record figures already reached in previous years. This sign of gargantuan failure is expected to rise exponentially in 2010 and 2011.

But the course of history could be changed by a return to the healing, free market principles that once made America rich and great – through insight, independent thinking, a recovery of its financial structures and a leaner state, plus extensive freedoms and the individual assumption of responsibility. The attitude “get rich by spending and going into debt” that has been around for 60 years must give way. Saving and investing in productive, not sick, business ventures are the only viable alternatives. That much-vaunted Yankee ingenuity is not dead yet. Hope lives on, in America and elsewhere.

It is no coincidence that this country, once an insignificant British colony, emerged as the leading world power. It is not without

reason that droves of prospective immigrants from other countries considered the USA their first choice. And it is not without reason that a feeling of optimistic communion as “Americans” has survived to this day – in an astonishing way – despite the sometimes extreme differences in culture, ancestry, social status, habits, ideology, language, education and mentality among its citizens. Why shouldn’t it be possible to get back on the right track?

Signs of an awakening of self-healing forces have already been seen in the United States. The spectacular public relations success of Texas congressman Ron Paul during his bid for presidency in 2008 was one of the first clear signs. Paul – a political figure unlike any other of the past hundred years – demanded a radically slimmed down state, a withdrawal of the military from about 120 “occupied” countries, the abolition of the Federal Reserve, and the establishment of a gold-backed currency. Another symbol of the awakening is the highly active Tea Party movement, feared greatly by the political caste. Similar to the Boston Tea Party of 1773, today’s version wants the monetary system, the government, and the whole country to cease to be dependent upon, and annul and sever ties with, the Fed and its modern version of tyranny and limitless power. The diktat of a few banks, or rather, their owners, would best be replaced by an open, healthy and honest system.

But there will be no healing of the fatally ailing system without its being founded on a healthy monetary and financial system. This must be one that serves not just a small elite – the central bankers and close-knit politicians and multinationals – but one in which gold regains its traditional role. The whole system will change if every individual changes. Are you among the growing flock of sensible people who are (with foresight) preparing themselves by putting their savings in precious metals?

Whether you are already doing this or not, in this book you will find a wealth of reasoned arguments, considerations and facts that demonstrate most compellingly that the current monetary system is certain to break down, and show what you can do to protect yourself effectively. Positive aspects of the crisis, rejuvenating forces and great opportunities will be highlighted. With the forthcoming severe financial and economic crisis, those

of us who have prepared ourselves sensibly can expect “golden times” in the truest sense of the word.

Changes in moral, social and cultural values, and above all in the monetary system, are being heralded. With their rule threatened, the leading elites have only three possible exit scenarios (apart from dictatorial and brutal total control of the population): hyperinflation, open state bankruptcy, or war. In all three cases, the purchasing power of your paper money will fall to zero. Do you want to wait that long? Seize the opportunity while it exists! Protect your family and assets. Every gram of gold is a piece of security and freedom in your hands.

Even if you are not currently in a position to invest, it remains in your interest that the paper money system be abolished and replaced by a soundly backed monetary system. It is precisely this creeping loss of purchasing power – inherent in the system and perceived as a relentless “rising of prices” – that takes away any chance of smaller wage-earners’ being able to save and provide for themselves.

The reason for this book is to make plain the menacing state of the globally unstable financial system. Your gains in insight should place you in a position to think independently, recognize the propagandistic drum roll of the mass media for what it is, and make decisions that are entirely your own. And it will be these decisions that help you weather the turbulent times ahead – safely and unscathed.

Or do you want to be a burden on society and on your nearest and dearest in the coming crisis? Individual responsibility, courage and the ability to provide for oneself create a healthy society and the freedom and independence that a state crushed by debt can never offer. Many centuries of bitter human experience stand behind this simple insight. Act before it is too late. You owe it to yourself and your fellow man.

*Prof. Dr. Hans J. Bocker  
Bern, March 2010*