

**COLLAPSE
OF THE
GLOBAL MONEY SYSTEM**

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INTRODUCTION

January 2007

Dear fellow-World Citizen!

My name is Jan Silvis. I have been a student of the global money system for many years and I would like to share a few trends that I have discovered with you. I believe these trends will lead up to an event that will have a profound impact on everyone on earth.

According to my studies, the global money system is set to collapse.

This is quite a dramatic statement to make. I have prepared 26 PowerPoint slides to support my view and will introduce them using five central themes. These five themes are:

1. A biblical worldview and the cosmic antithesis between God and Satan (4 slides)
2. The cosmic antithesis as it manifests in a war between a true and false weight in the global money system (8 slides)
3. The 'Dow Jones' reconstructed over 2700 years (5 slides)
4. The expected collapse of the global money system (6 slides)
5. A biblical mindset for restoring God's kingdom on earth (3 slides)

My prayer is that we will be spiritually prepared for the expected collapse of the global money system.

Kind regards

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COLLAPSE OF THE GLOBAL MONEY SYSTEM

INTRODUCTION	2
CHAPTER 1: A BIBLICAL WORLDVIEW	4
1.1 Presupposition	4
1.2 Cosmic antithesis	4
1.3 Biblical worldview	5
1.4 The Antichrist	5
CHAPTER 2: THE GLOBAL MONEY SYSTEM: TRUE VERSUS FALSE WEIGHT	7
2.1 God's law	7
2.2 Cosmic antithesis: true versus false weight	8
2.3 Dow Jones / gold ratio	10
2.4 Total US debt to gross domestic product	12
2.5 US property market	15
2.6 US GDP growth: With and without mortgage equity withdrawals	18
2.7 US current account deficit	19
2.8 Nash equilibrium	20
CHAPTER 3: RECONSTRUCTING THE 'DOW JONES' OVER 2700 YEARS	22
3.1 History matters	22
3.2 Biblical time line	23
3.3 Reconstructing the 'Dow Jones' over 2700 years	24
3.4 Dow Jones from 1695 to 2007	25
3.5 Dow Jones from 5 January 1996 to 24 January 2007	27
CHAPTER 4: THE COLLAPSE OF THE GLOBAL MONEY SYSTEM	28
4.1 Fall of Babylon	28
4.2 Types of collapse	28
4.3 Dow Jones / gold ratio revisited	30
4.4 Explosive rise of true weight	31
4.5 Anatomy of false weight crash (Dow Jones)	32
4.6 Collapse of the global money system	33
CHAPTER 5: A BIBLICAL MINDSET FOR RESTORING GOD'S KINGDOM	35
5.1 God versus money	35
5.2 Sinner's prayer	36
5.3 A biblical mindset for restoring God's kingdom	37
CHAPTER 6: SUMMARY	40

CHAPTER 1: A BIBLICAL WORLDVIEW

The first theme that I would like to draw to your attention is a biblical worldview. Four PowerPoint slides are used to explain what is meant by 'biblical worldview'.

1.1 Presupposition

The first slide states my presupposition in developing a biblical worldview. I believe that every one of us speaks, thinks and lives out of a certain belief system. Right from the start, let me make it clear that I am a Christian. As a Christian, I believe ...

Slide 1-1

*'All scripture is inspired by God and is useful for teaching the **truth**, rebuking error, correcting faults and giving instruction for right living, so that the person who serves God may be fully qualified and equipped to do every kind of good deed.'* - **2 Tim 3:16**

As a stockbroker I took this scripture to heart and reasoned: 'If the Word of God is the Truth, which I believe it is, and it says it would qualify and equip me for every good deed, it should say something about the stock market and money.'

Through study and prayer I discovered that the Bible teaches a great deal about money and money matters.

1.2 Cosmic antithesis

The second slide concerns the cosmic antithesis between good and evil. My view of the world is a function of what the Bible calls a war between God and Satan. God declared this ongoing antithesis after the fall of Adam and Eve in Paradise:

Slide 1-2

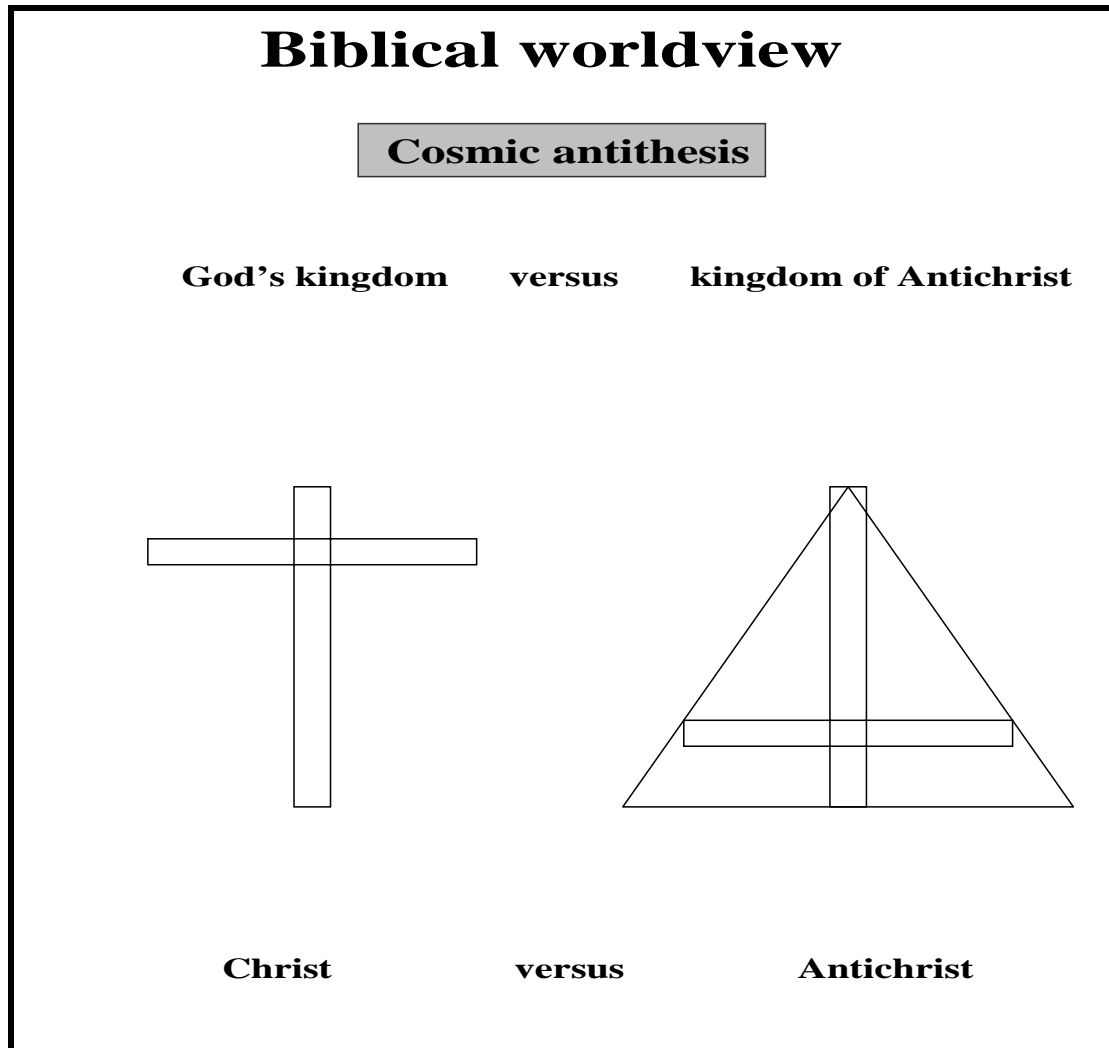
'And I will put enmity between you and the woman, and between your offspring and her Offspring; He will bruise and tread your head underfoot, and you will lie in wait and bruise His heel' - **The Amplified Bible, Gen 3:15**

So what I believe we have here is God saying there is an antithesis between good and evil, between the Christ ('her Offspring') and the Antichrist.

1.3 Biblical worldview

The third slide illustrates the biblical worldview of an antithesis between God and Satan. The Bible teaches that the cosmic antithesis between God's kingdom and the kingdom of the Antichrist will persist throughout history.

Slide 1-3



The two figures represent two kingdoms: the Kingdom of God and the kingdom of the Antichrist. The cross is the symbol of the Kingdom of God and the upside-down cross is the symbol of the Antichrist. Each kingdom has its own rules and its own laws and its own God or god.

1.4 The Antichrist

The fourth slide summarises the person of the Antichrist. The Antichrist is well described in the Bible and specifically in the book of Revelation.

<u>THE ANTICHRIST IN THE BOOK OF REVELATION</u>		
	<u>Introduced</u>	<u>Defeated</u> (Reverse order)
The dragon (Satan)	13:3	20:10
The sea-born beast (Antichristian governments)	13:11	19:20
plus The earth-born beast-false prophet (Antichristian religion)		
The great harlot, Babylon (Pure woman vs. impure woman)	14:8	18:2

The Antichrist attempts to mimic God by presenting itself as a trinity: the dragon, the sea-born and earth-born beast, and the great harlot, Babylon.

It is interesting to see how the Antichrist is introduced in the book of Revelation – in Rev 12:3 as the dragon, in 13:1 and 11 as the sea-born and earth-born beasts, and in 14:8 as the great harlot, or Babylon. Note that the introductions of the three persons of the Antichrist are in sequential order. However, the destruction of the Antichrist happens in the reverse order. First, Babylon is destroyed in Rev 18:2, then the sea-born and earth-born beasts are defeated in Rev 19:20, and finally Satan is destroyed in Rev 20:10.

For the purposes of our study of the global money system it is important to note that the first person of the Antichrist to be defeated is Babylon. The rest of this book will refer to Babylon, which includes the antichristian global money system.

This completes the first theme.

CHAPTER 2: THE GLOBAL MONEY SYSTEM: TRUE VERSUS FALSE WEIGHT

The second theme that I wish to bring to your attention reviews the way in which the cosmic antithesis manifests itself in the global money system. Eight slides are used to explain this theme.

2.1 God's law

The first slide in this chapter illustrates how, in terms of the biblical worldview, God and His laws rule the economy in the Kingdom of God. Two biblical laws or governing principles pertaining to the money system are shown in the PowerPoint slide below.

Slide 2-1

GOD'S LAW

'Do not steal' - **Exodus 20:8**

'Do not cheat anyone by using false measures of length, weight or quantity. Use honest scales, honest weights and honest measures' - **Leviticus 19:35 & 36**

The first governing principle is the eighth commandment: 'Do not steal'. The second principle comprises the references in the Bible to what are called 'a true weight' and 'a false weight'.

There are many references in the Bible to these, but let us look at Leviticus 19:35 and 36, which states: *'Do not cheat anyone by using false measures of length, weight or quantity. Use honest scales, honest weights and honest measures.'*

The cosmic antithesis manifests itself in the global money system as a war between 'true weight' and 'false weight'.

This antithesis can be demonstrated in very practical terms. In the old days every grocer had a balance scale with different counterweights to weigh the amount of sugar his customer wished to buy. The weights were accurate and the customer was dealing with a measurement system based on a 'true weight'. However, when one of the counterweights was marked as 1 kg but actually weighed only 900 grams, that grocer would be stealing from his customer because the system was based on a 'false weight'.

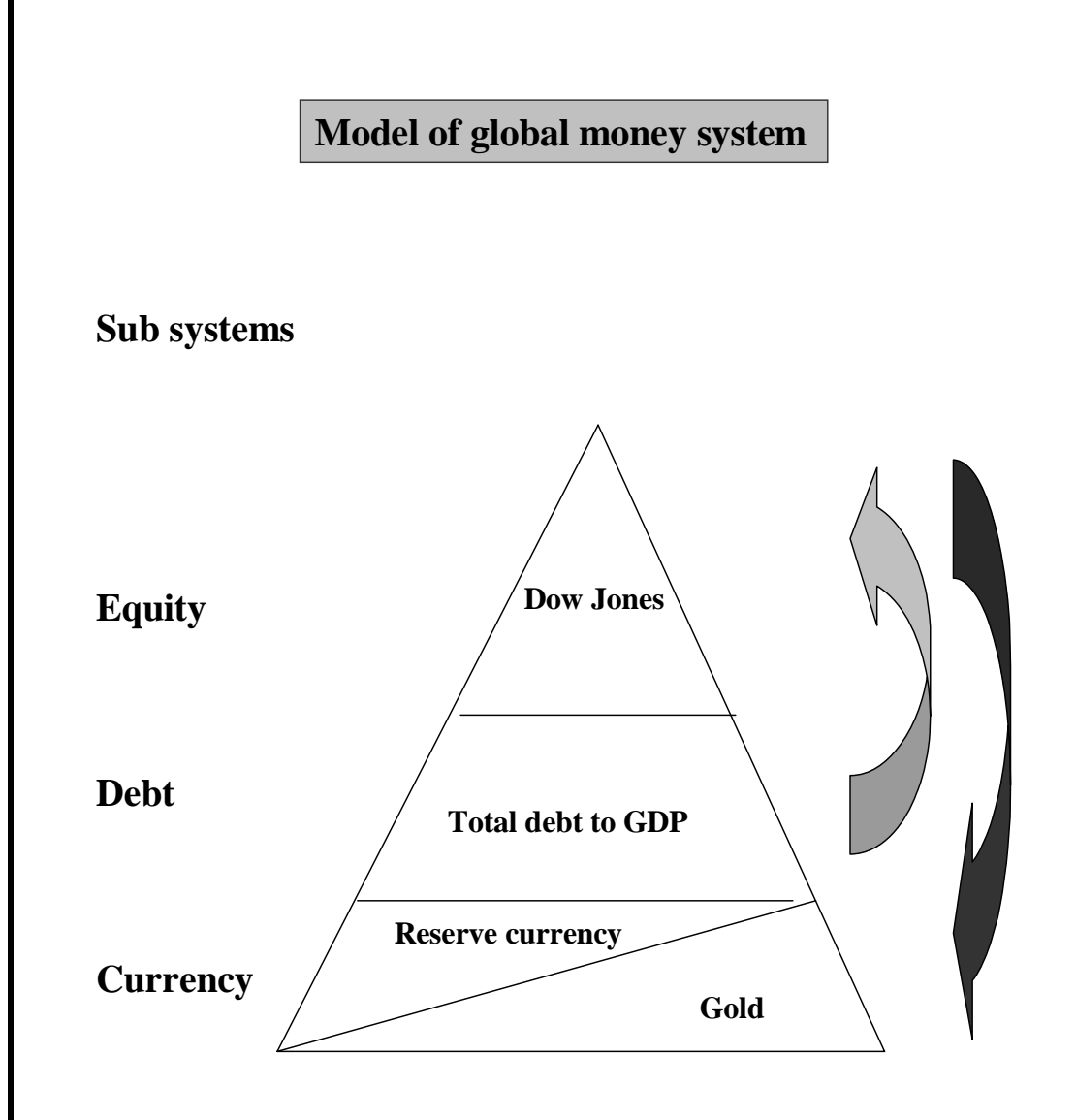
This same Biblical principle applies to our global money system today. The system is based on either a true or a false weight. As far as I understand the Bible, it is acceptable for a borrower to borrow money from a lender on one very important condition. The money borrowed by the borrower must be supported by savings on the part of the lender.

If I have saved \$100, and you want to borrow \$100 from me, I can lend you \$100 because the money I am lending is supported by my savings of \$100. I can also create debt that is **not** supported by savings - but I regard this type of debt as unbiblical.

2.2 Cosmic antithesis: true versus false weight

The second slide illustrates a practical model of what the cosmic antithesis between true and false weight means for the global money system.

Cosmic antithesis: True weight versus False weight



It uses systems thinking to develop a model of the global money system. The triangle is divided into three sub-systems to represent and distinguish between three types of investment: An investment is either an equity investment, or a debt investment, and is always in a specific currency.

These three components define the investment universe for equity, debt and currencies.

I have used the US Dow Jones Industrial Index as a proxy for the equity sub-system because the United States represents about 20% of the global gross domestic product (GDP). The United States is also the leading global equity market, and the Dow Jones Industrial is an index summarising the price levels of very important US-listed companies.

The debt sub-system proxy is the sum of all debt created by government, corporates and individuals, expressed as a ratio of the United States GDP. This proxy measures the impact of utilising debt on the growth of the economy.

The currency sub-system proxy is the US dollar. The Bible explicitly states that the currency sub-system should be a 'true weight'. I have taken gold as a proxy of a true weight. **I want to make it clear that the Bible does not say that it has to be gold.** The Bible only says that the system has to be based on a true weight. Today the US dollar is the reserve currency of the global money system. Initially, this reserve currency was linked to gold but subsequently that link was broken.

On the right-hand side of the slide there are two arrows which link sub-systems to each other:

- The dark arrow links the Dow Jones with the gold price in US dollars and is known as the Dow Jones / gold ratio.
- The light arrow looks at the relationship between total debt to gross domestic product (GDP) and the Dow Jones.

These two relationships are discussed below.

2.3 Dow Jones / gold ratio

The third slide in this chapter depicts the Dow Jones / gold ratio, as developed above, over the past 106 years (since the inception of the Dow Jones). The Dow Jones is a proxy for a false weight, and the gold price a proxy for a true weight. The ratio is calculated by dividing the Dow Jones in nominal terms by the gold price in dollars on a log scale. This ratio represents the cosmic antithesis between a true weight and a false weight in the model.

False weight versus true weight

Cosmic antithesis



When the ratio was high, as in 1929, 1966 and 1999, it meant that man collectively had confidence in the false weight and a low level of confidence in the true weight.

Conversely, when the ratio was low, as in 1933 and 1980, the confidence in the true weight was high and the confidence in the false weight was low.

A simple but powerful investment philosophy can be deduced from this graph. When the ratio was high (in 1929, 1966 and 1999) it was a good time to sell the false weight (Dow Jones) and buy the true weight (gold), and conversely, when the ratio was low (in 1933 and 1980) it was a good time to sell the true weight (gold) and buy the false weight (Dow Jones). According to this simple investment philosophy, the third top (in 1999) with the ratio of 43.7:1, was a good time, in dollar terms, to sell the Dow and buy gold. History proved this to be the wise course of action.

Since the inception of the Dow Jones there have been three tops in this ratio and two bottoms. What is striking about the ratio is that the three tops in this ratio coincide with the three tops in nominal terms of the Dow Jones over this period. The Dow hit a top in 1929 and then again in 1966, and a third top in 1999/2000. The last top in the Dow Jones was exceeded in 2006, but the Dow

was the **only** equity index in the US to make a new nominal high. Both the Nasdaq and S&P 500 have not exceeded their 2000 tops.

My own expectation is that this ratio, which has fallen from a record 43.7:1 in 1999 to around 20:1 at the time of writing (November 2006), will continue to fall to a ratio of 1:1, and even lower. In 1933 the ratio reached 2:1 and in 1980 it reached 1:1 as indicated in the slide.

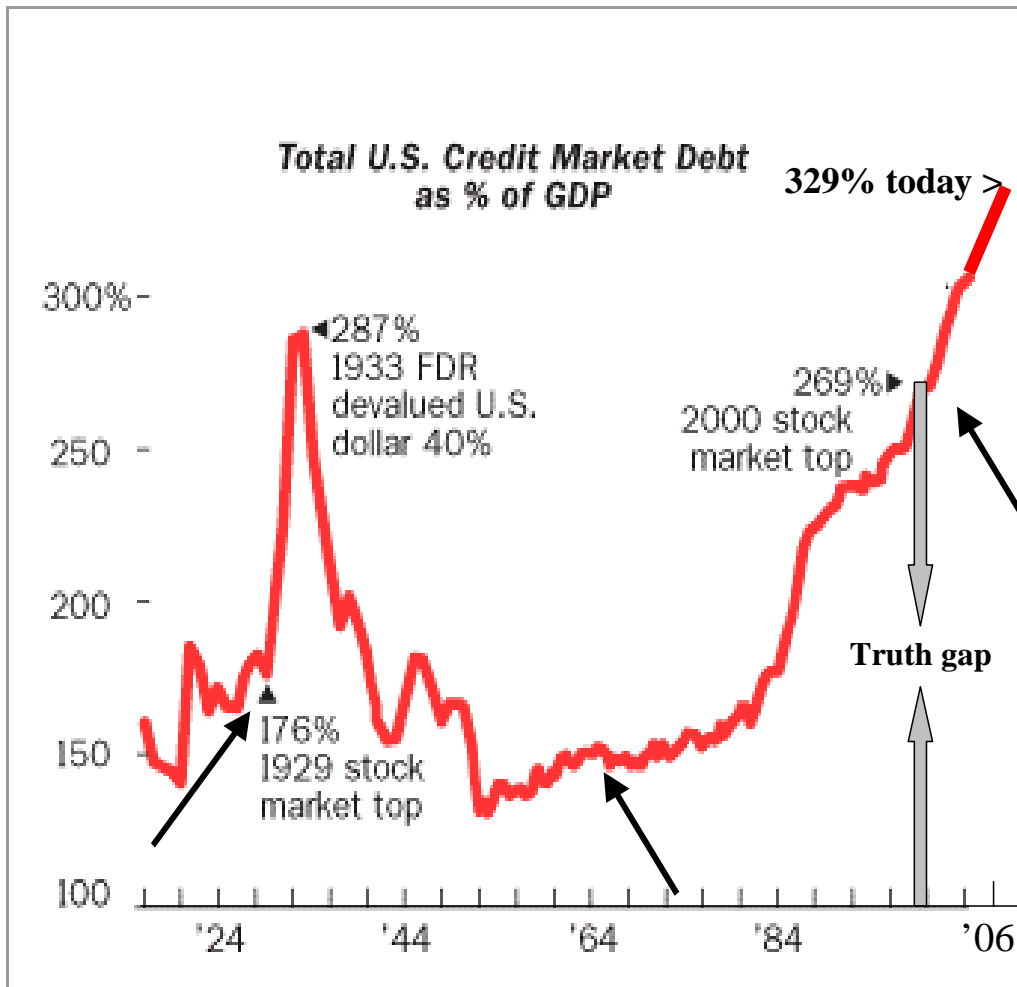
If my prediction is correct and this ratio goes to 1:1 or even lower, it will have very serious implications. In round numbers as at January 2007, the Dow is at 12600 and the gold price at \$600, i.e. the Dow / gold ratio is approximately 20:1. One of the following scenarios would lead to a ratio of 1:1. The Dow Jones would have to fall by 90% and the gold price would have to at least double to, say, \$1200; or the Dow Jones would have to fall 50% to 6000 and the gold price would have to increase tenfold.

2.4 Total US debt to gross domestic product

The fourth slide in this chapter illustrates the total US debt relative to GDP from 1915 to 2006 Q3. The purpose of the graph is (1) to measure how the total amount of debt outstanding relative to gross domestic product has changed over the period and (2) to relate this to its impact on the Dow Jones (as a proxy of the equity sub-system).

To drive the meaning of this graph home, it may be useful to think in terms of your personal finances. If an individual has personal debt of \$329,000 and an income of \$100,000, the percentage would be 329%. (An individual's income is similar to a country's GDP). This is the financial situation in which the US economy finds itself. The 2006 Q3 reading on the graph shows that the total debt to GDP ratio of the US economy is 329%, an all-time high.

Total US debt/GDP: 1915 – 2006 Q3



In analysing the changes in debt percentage over this period, the two debt percentage peaks on the left- and right-hand sides of the graph stand out.

1929/1932 peak

When the debt percentage reached 176% in 1929 the Dow collapsed, falling 89% from 1929 to 1932. This caused the debt percentage to shoot up 287%, mainly because the GDP shrunk by about 30%.

In 2000 the debt percentage reached 269% and caused the US equity market to fall sharply up to the middle of 2002. However, the rising debt percentage after 2000 was not caused by shrinking gross domestic product but by adding more debt to the system. This debt percentage measure is currently at an all-time high (304% in 2005).

2000/2006 peak

Post-1929 it took the Dow Jones 25 years to exceed its October 1929 high in nominal terms. The 1929 Dow Jones high was exceeded only in 1954, after significant debt repayments which saw the debt percentage reach a low in 1949.

In sharp contrast to this, it took the Dow Jones only 6 years to exceed its 2000 high, in October 2006. This time the new high was achieved by adding significant debt to the system rather than repaying. If the Dow Jones had to collapse at this stage and the GDP had to shrink as a result of this, the debt percentage would probably move up to 600%-plus – at which point I believe the global money system would collapse.

Dow Jones / gold ratio

In the slide above I used three arrows to indicate 1929, 1966 and 1999 to coincide with the three tops of the graph of the Dow Jones / gold ratio as shown in the previous slide.

1929

The rise in debt percentage in the US economy from 1915 to 1929 caused the Dow Jones / gold ratio to reach a first top of 18.4 in 1929. The collapse of the Dow Jones from 1929 to 1932 caused ratio to fall to a low of 2 in 1932.

1966

The second top in the Dow Jones / gold ratio was at 27.9 in 1966, and did not have a major impact on the Dow. The Dow Jones basically moved sideways for about 16 years to 1982, but it didn't cause a great fall.

I believe the Dow Jones did **not** fall because in 1966 the debt percentage in the US economy was still relatively low, as indicated by the middle arrow in the above slide.

1999/2000

The rise in the debt percentage of the US from 1966 to 2000 caused the third top in the Dow Jones / gold ratio, at 43.7 in 1999. The top in the Dow Jones / gold ratio did cause the Dow Jones to fall significantly up to the middle of 2002.

Although the Dow Jones exceeded its 2000 peak in October 2006, the Dow Jones / gold ratio had more than halved by January 2007. This fall in the Dow Jones / gold ratio was caused by a more than doubling of the gold price in US dollars and not by a falling Dow Jones as in 1929. In 1929 the gold price was fixed in dollars so the correction had to take place through a nominal Dow adjustment.

1929/1932 versus 2000/2006

In 1929 the Dow Jones fell 89% to 1932 and took 25 years to recover. The debt percentage was reduced from a peak of 287% in 1932 to a low in 1949 by repaying debt.

In 2000 the Dow Jones index fell initially, only to rise to a new high in 2007. The debt percentage increased from 267% in 2000 to 304% in 2005. The rise in percentage was not caused by a contracting economy as in 1929 but by adding *more* debt to the system.

By January 2007 the highest percentage of debt-to-GDP in the history of the US had not yet been resolved, and poses, I believe, a major threat to the global money system.

2.5 US property market

The increase in the debt percentage from the low in 1949 to the all-time high in 2007 has had a positive impact on all US asset prices. While this tremendous increase in debt has managed to prop the Dow Jones back up to no more than its 2000 levels, the US property market has risen parabolically.

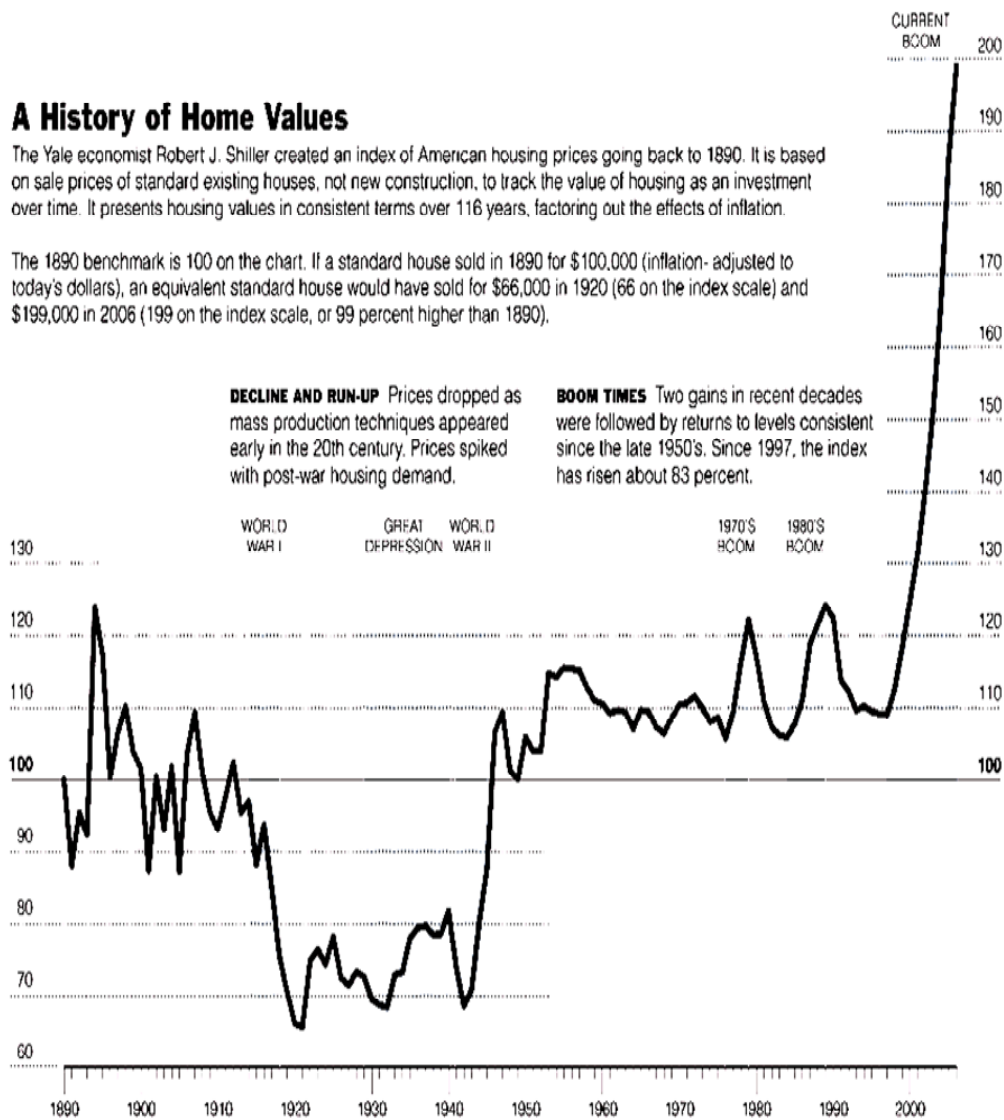
The fifth slide shows US home values in real terms from 1890 to 2006.

US Property

A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).



Source: "Irrational Exuberance," 2nd Edition, 2006 by Robert J. Shiller

Bill Marsh/The New York Times

The following time periods in the slide are worth discussing:

Early 1900s

Home prices were high in the early 1900s but fell sharply until 1920 before recovering. During the 1920s US home and US equity prices rallied, but the extent of the rise in home prices was less dramatic than in the stock market. After the crash of 1929 property prices fell, in line with the stock market crash.

1945 to 1960

After World War II there was a sharp rise in US home prices up to the early 1960s. The US economy was not destroyed in the war and the US became a superpower.

1961 to 1996

US home prices moved sideways, but for two property booms in the 1970s and 1980s. The 1987 crash was short-lived and did not affect property prices.

1997 to 2006

The parabolic rise in home prices was not affected by the bursting of the technology bubble in 2000. In this period the rise in housing prices was the sharpest and most consistent compared to any other period.

In real terms, property prices in the early 1900s were exceeded for only the first time around 2000 and reached their highest level ever in 2006. This high in property prices coincides with the highest debt percentage ever.

1929/1932 versus 2000/2006

The total debt-to-GDP pattern had two distinct highs, in 1929/1932 and 2000/2006, which were also reflected in the Dow Jones reaching record highs in 1929 and 2006. However this similarity in pattern is **not** displayed by the US housing index. The impact of the high in debt percentage in 1929 had a muted impact on the US property market compared to the impact of the high in debt percentage in 2006, which was very pronounced.

Property and debt

Property has provided the money system with collateral to enable it to incur more debt. As property prices rose, people increased their bonds and extracted the surplus to finance more spending. Property is widely held in the US, and if property prices increase people feel wealthy and are prepared to borrow and save less.

This phenomenon is best explained by way of example. A US citizen bought a property in 1997 for \$200,000, and obtained a bond of \$100,000. Over the

next 8 years the property increased in value and is now worth \$500,000. Because of this increase in the value of his assets, the individual increases his bond from \$100,000 to \$250,000 and withdraws the additional \$150,000. This additional \$150,000 is called a mortgage equity withdrawal (MEW).

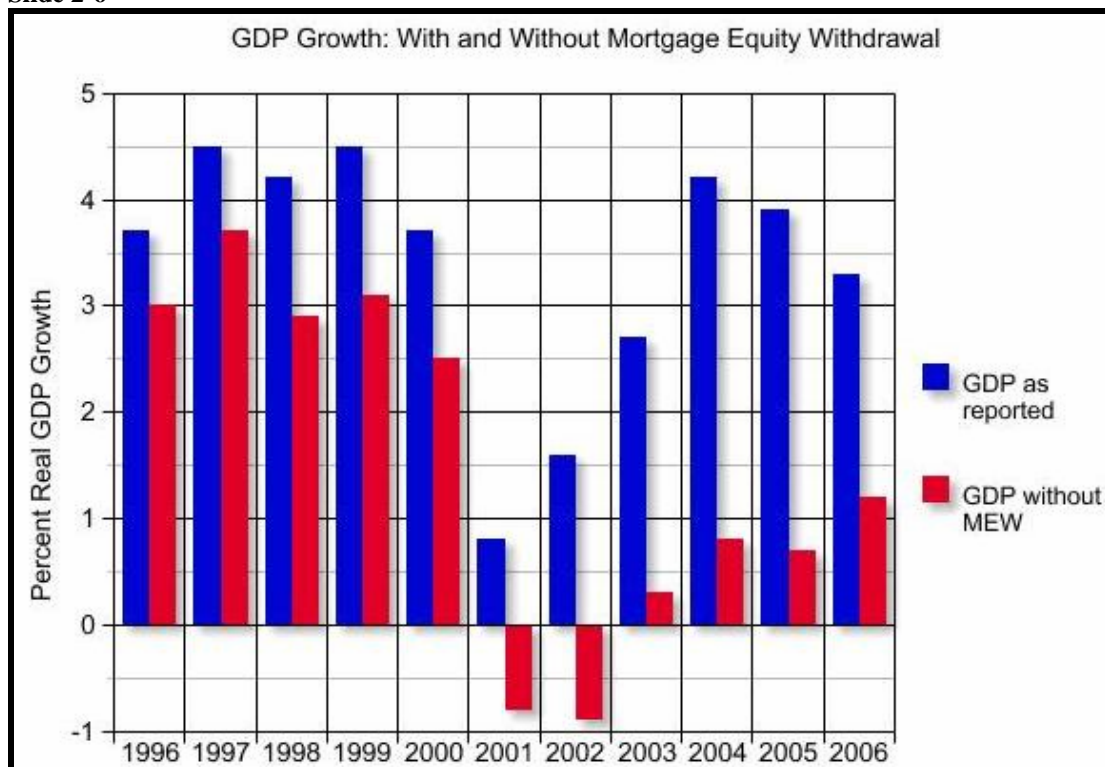
If the \$150,000 is used to finance the individual's deficit of expenditure over income, it represents a very unsound and ultimately unsustainable method of financing. As long as property prices rise, this process can carry on, but once property prices stop rising the individual cannot enlarge his bond and extract more money.

2.6 US GDP growth: With and without mortgage equity withdrawals

The sixth PowerPoint slide illustrates the impact of mortgage equity withdrawals (MEW) on the impact of growth in the GDP of the US from 1996 to 2006.

The first bar in the chart shows the annual GDP growth as reported, while the second bar shows the annual GDP excluding the estimated impact of Mortgage Equity Withdrawals (MEW).

Slide 2-6



The period 2001 to 2006 shows high GDP growth. However, without mortgage equity withdrawal (MEW), the GDP would actually have been negative in 2001 and 2002 and only slightly positive in 2003, 2004, 2005 and 2006.

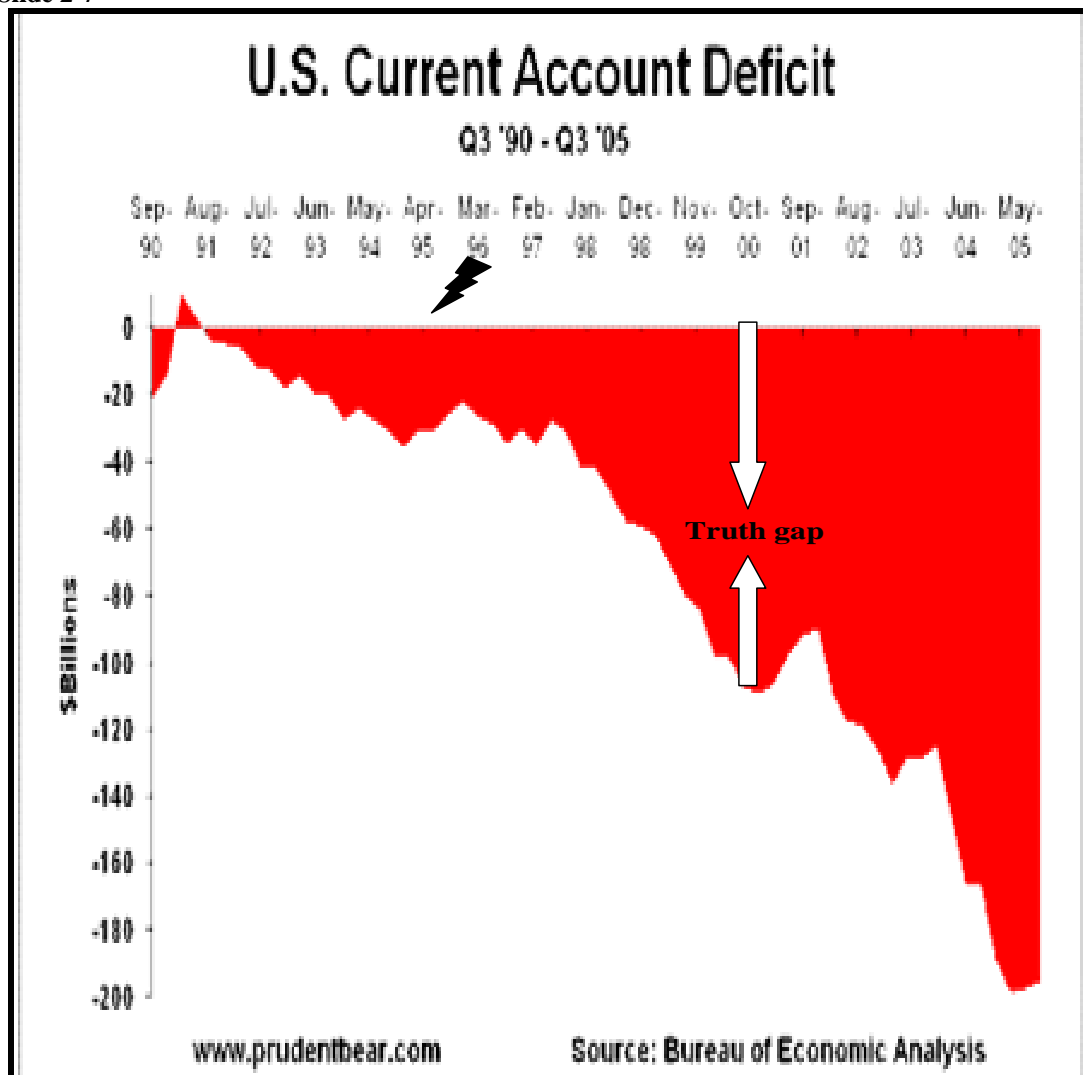
Although the US economy reported good economic growth figures between 2000 and 2006, this was achieved on the back of mortgage equity withdrawals. This mechanism for creating economic growth is dependent on rising property prices, which are at historic highs. It means that the money system is vulnerable if property prices should stop rising or decline.

2.7 US current account deficit

The seventh PowerPoint slide of this theme focuses on the US current account deficit. The graph depicts the US current account per quarter from September 1990 to May 2005.

As the US economy added debt, it boosted domestic demand beyond the ability of the domestic economy to produce goods and services. The balance of domestic demand had to be imported, causing the US current account to go into an ever larger deficit as shown in the graph. During this 16-year period, the US economy made only a slight 'profit' in one quarter in 1991 when the current account went into surplus.

Slide 2-7



In my opinion the US economy would have been bankrupt if it had been a company. The US has a record of 15 years of increasing 'losses' and in 2006 this 'loss' is running at approximately 6.6% of annual sales (\$800 billion on a \$12 trillion GDP).

I believe a country or company should at least break even or make profits over time. If the zero line is defined as the truth line, then the gap between the zero line and the current deficits can be described as a truth gap. In the case of the US, the size of the truth gap has been increasing over the past 15 years.

Personally I was intrigued by the sustainability of the increasing truth gap phenomenon. I co-owned a stock broking firm, and analysed the situation in 1995, and thought it not sustainable. At that stage the US was running its fourth year of increasing losses in a row as indicated by the lightning symbol in the graph. The subsequent increasing truth gap shows that my 'a country is like a company' paradigm was wrong.

An article by John Mauldin introduced me to a new paradigm to understand the increasing truth gap.

2.8 Nash equilibrium

The eighth PowerPoint slide illustrates the Nash equilibrium. My paradigm of looking at the US (and its currency) as a company was obviously wrong! I should have considered the game theory as an alternative paradigm to understand the increasing US current account deficits or truth gap.

Slide 2-8

NASH EQUILIBRIUM

'In game theory, the Nash equilibrium (named after John Nash) is an optimal strategy for games involving two or more players, whereby the players reach an outcome to mutual advantage.

If there is a set of strategies for a game with the property that no player can benefit from changing his strategy while (if) the other players keep their strategies unchanged, then that set of strategies and the corresponding pay-offs constitute a Nash equilibrium.

(John Nash, the Nobel laureate in mathematics, was featured in the movie 'A Beautiful Mind.')

Be Careful What You Wish For
by John Mauldin
December 23, 2005

The practical implication of the Nash equilibrium for the global money system can be explained by way of an example.

Japan and China export their goods and services to America for the Americans to consume, and the Americans to give these countries IOUs (debt instruments) in return. These IOUs are worth something to the extent that they can be used to buy goods and services and/or US investments. These IOUs can also be repaid, but that would require the US to run surpluses on its current account.

Game theory provides an insight into why this process can carry on year after year. China and Japan benefit from this process, because exporting to the US provides employment for their people. The American people also benefit because they are consuming these products and paying for them by means of these IOUs.

If either party had to change this relationship, the Americans would not be in a position to consume, and at the same time the Japanese and Chinese would have to retrench their workers. Even the bureaucrats in both countries have a vested interest in the process remaining in place because they too are benefiting from it. As long as both parties gain from this arrangement, it is likely to carry on. The challenge is to find out when the actions of either party will change. At that point the truth gap, as described, will have to be addressed.

This completes my second theme, namely the antithesis between true weight and false weight.

CHAPTER 3: RECONSTRUCTING THE 'DOW JONES' OVER 2700 YEARS

My third theme explores the history of the Dow Jones price index 'reconstructed' over 2700 years.

3.1 History matters

According to systems thinking theory, it is important to understand a systems history in order to understand the system.

The next PowerPoint slide is a quote from Alan Greenspan (previous chairman of the United States Federal Reserve). He links the history of money with the history of civilization. To understand the life cycle of a civilization, the life cycle of its money must be understood. If the money system fails, the civilization fails.

Slide 3-1

History matters

The history of money **is** the history of civilization or more exactly, of some important civilizing values. Its **form** at any particular period of history reflects the degree of **confidence**, or degree of trust, that the market participants have in the institutions that govern every market system, whether centrally planned or free.

The history of money
American Numismatic Society exhibition
Alan Greenspan

3.2 Biblical time line

The Bible reveals a very specific history of civilization. The second PowerPoint slide is a quote from Revelation 17:9-10 and a time line from the time of the Babylonian empire to today. (Kings rule kingdoms/empires.)

Slide 3-2

GREAT BABYLON – SEVEN KINGS

The seven heads are seven hills, on which the woman sits. They are also seven kings; five of them have fallen, one still rules, and the other one has not yet come; when he comes, he must rule only a little while. And the beast that was once alive, but lives no longer, is itself the eighth king who is one of the seven and is going off to be destroyed -
Revelation 17:9 & 10

<i>Babylon</i>	<i>605 BC - 539 BC</i>
<i>Media-Persia</i>	<i>539 BC - 331 BC</i>
<i>Greece</i>	<i>331 BC - 168 BC</i>
<i>Rome</i>	<i>168 BC - 476 AD</i>
<i>Papal Rome</i>	<i>538 AD - 1798 AD</i>
<i>Enlightenment - French Revolution</i>	<i>1776/1789 AD - ?</i>
<i>United States of America</i>	<i>1989 AD - ?</i>
<i>Papal Rome</i>	<i>1929 AD - ?</i>

After studying history and considering various other interpretations, I chose the following interpretation as the time line to which this prophecy refers:

The first part of the prophecy mentions five fallen empires:

1. Babylon 605 BC - 539 BC
2. Media-Persia 539 BC - 331 BC
3. Greece 331 BC - 168 BC
4. Rome 168 BC - 476 AD
5. Papal Rome 538 AD - 1798 AD

(Papal Rome fell when Napoleon took Rome in 1798 AD)

The second part of the prophecy refers to three empires but indicates that one of the three would be a member of the first group. I think Revelation refers here to Rome as we know it today. In 1929 Mussolini declared Rome (the Vatican) a separate state with full sovereignty.

I believe the remaining three empires are:

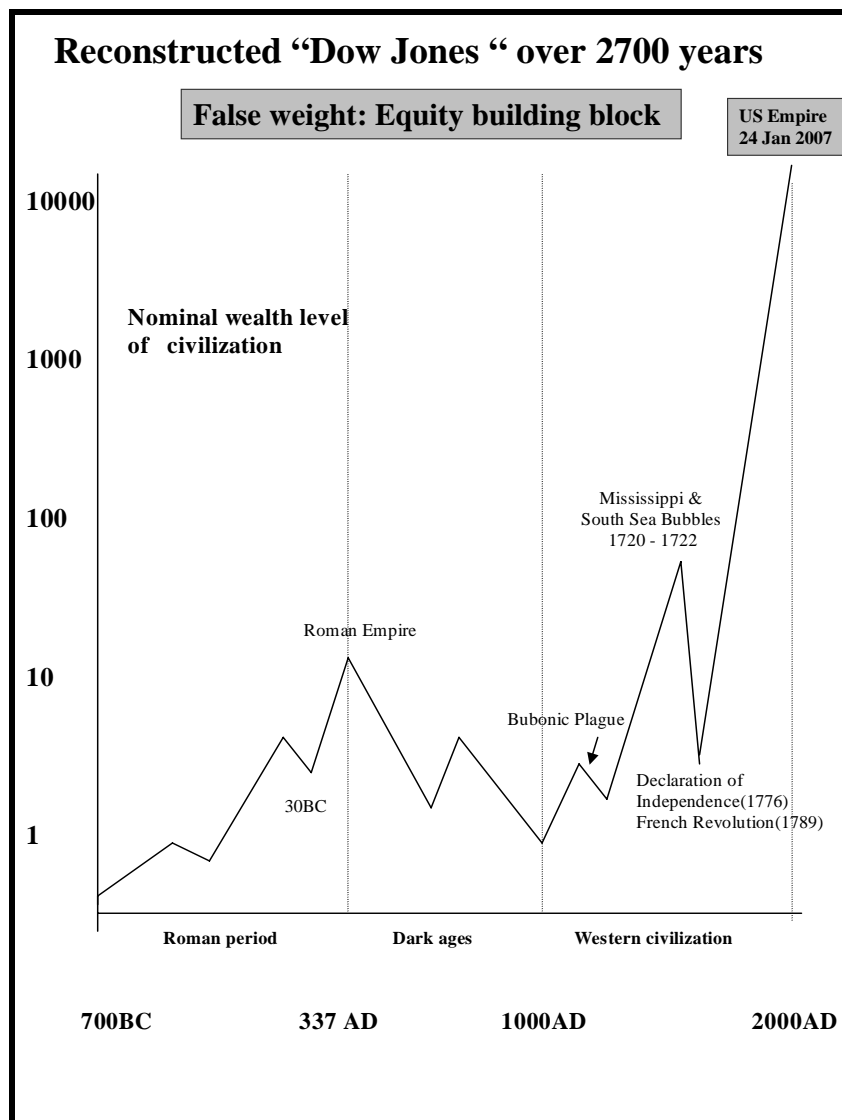
- 6. The Enlightenment 1776/1789 AD - ?
(The Enlightenment started with the French Revolution.)
- 7. The United States of America 1989 AD - ?
(The US became a world power after the fall of the Berlin Wall in 1989.)
- 8. Papal Rome 1929 AD - ?

This time line provides the backdrop against which one can analyse the money system from Daniel's dream in 605 BC to today.

3.3 Reconstructing the 'Dow Jones' over 2700 years

The third PowerPoint slide illustrates a 'reconstructed' Dow Jones.

Slide 3-3



The Dow Jones Industrial Index has been in existence for only a little more than 100 years. To 'reconstruct' a longer-term index I used information from the London Market, and before that, history and the different civilisations.

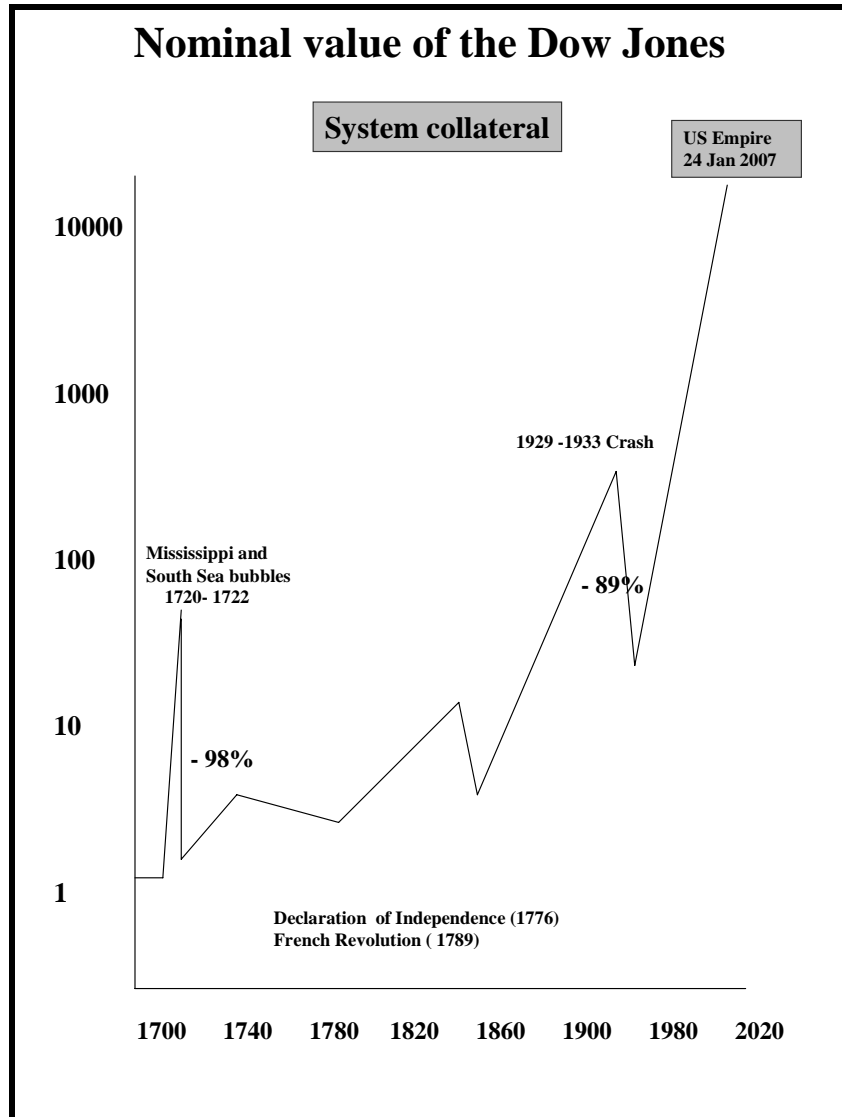
The X axis delineates three periods:

- The Roman period, reaching a peak in 337 AD at the height of the Roman Empire.
- The Dark Ages, after the fall of the Roman Empire, ending in 1000 AD.
- The Western civilization round, from around 1000 AD to 24 January 2007 AD. I believe this date is the top of the Dow Jones and also the height of the US Empire.

The Y axis reflects the nominal value of the 'reconstructed' Dow Jones on a logarithmic scale. This represents the nominal wealth levels of the different civilizations. As discussed earlier, it is important to analyse the money system of a civilisation in order to track its life cycle. I believe the stock market is the best proxy to analyse the money system.

3.4 Dow Jones from 1695 to 2007

The fourth PowerPoint slide of this theme reflects the nominal value of the 'Dow Jones' from 1695, starting with the London Stock Exchange – and then the actual Dow Jones up to 24 January 2007 when the index reached an all-time high.



There are two important collapsing patterns to note in the graph:

- The first collapse was the Mississippi bubble in France, and the South Sea bubble in London (1720-1722). The London market fell by 98%. There were 130 companies quoted on the London market at that stage, and 116 went bankrupt.

The collapse ended in the French Revolution (1789), which created a new social order and a new phase in civilization. In 1776 the US Empire came into being with the Declaration of Independence.

- The second collapse was the crash of 1929, followed by the Great Depression from 1929 to 1933. Over this period the Dow Jones fell by 89%.

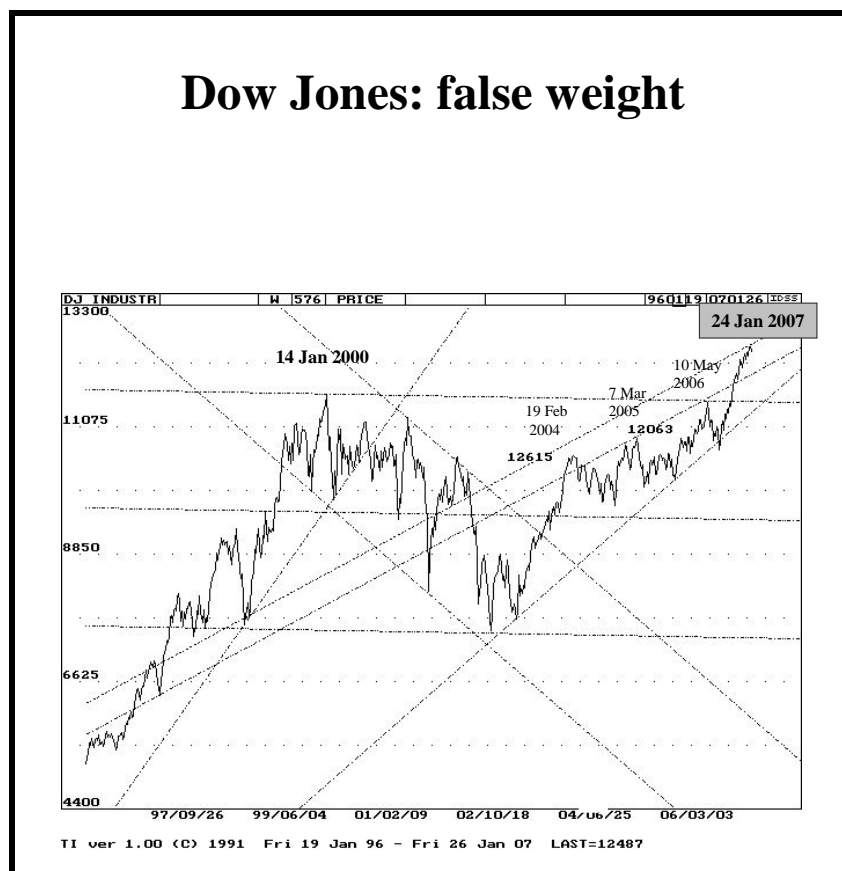
This collapse was followed by World War II, after which the US became a superpower.

After the 1720-1722 collapse at the start of the US Empire in 1776, the 'Dow Jones' level was approximately 4, and on 24 January 2007 it was approximately 12 600. In nominal terms this represents a 3150-times increase in the Dow Jones, which provided the system with the collateral to financially sustain the Empire.

3.5 Dow Jones from 5 January 1996 to 24 January 2007

The fifth PowerPoint slide is a weekly graph of the Dow Jones from 5 January 1996 to 24 January 2007. The Dow Jones is the only major US equity index to exceed its 2000 high. Neither the S&P, nor the Nasdaq 100, have managed to exceed their 2000 highs.

Slide 3-5



Over this period the Dow Jones (representing the false weight) rose up to January 2000. After 9/11 the index fell and reached a low in October 2002, from which it reached an all-time high on 24 January 2007. Note the sharp drop in momentum in the rise of the Dow Jones over the past seven years despite the rise in total US debt-to-gross domestic product.

This completes my third theme, which 'reconstructed' the Dow Jones over the past 2700 years. The rise in the Dow Jones index since 1776 went hand-in-hand with the rise of the US Empire over this period.

CHAPTER 4: THE COLLAPSE OF THE GLOBAL MONEY SYSTEM

The fourth theme for discussion is the collapse of the global money system. I shall start with the Bible and what it says about the money system.

4.1 Fall of Babylon

The expected fall in the Dow Jones could refer to the fall of Babylon, as described in Revelation 18:17.

Slide 4-1

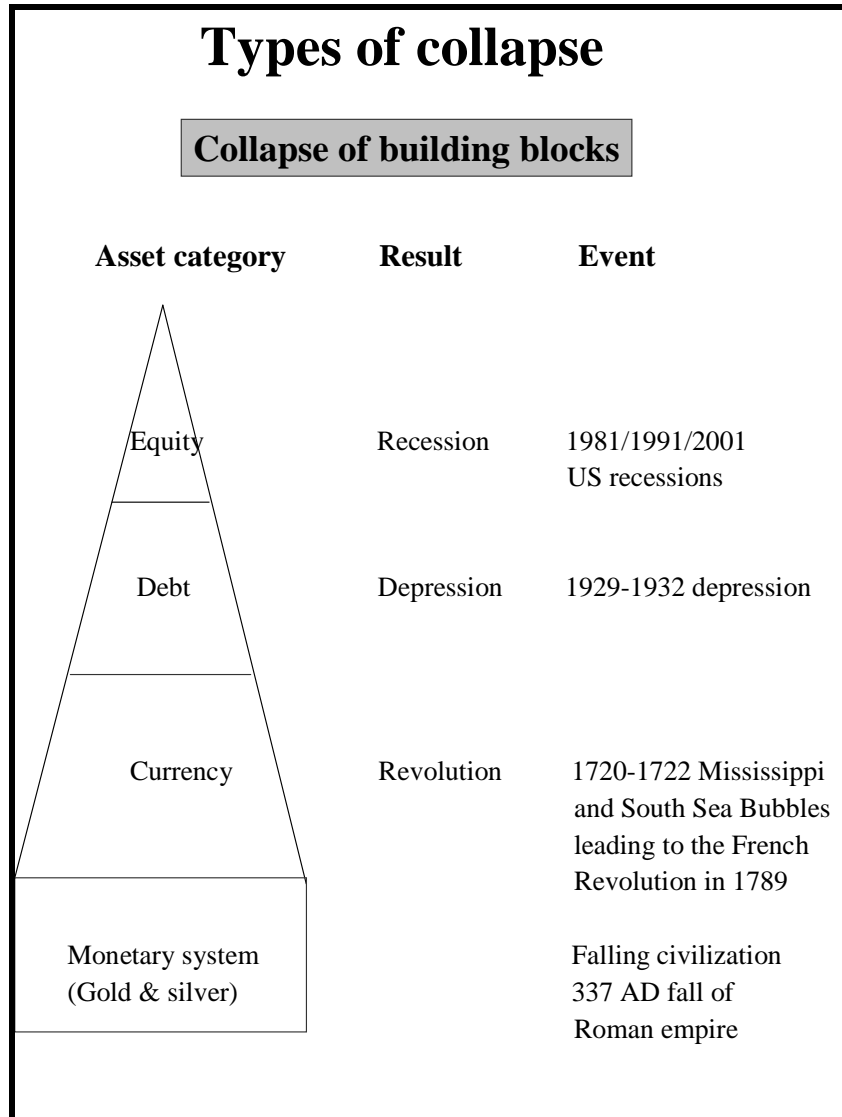
Fall of Babylon

'And in one hour she has lost all this wealth...' - **Revelation 18:17**

The passage clearly states that the fall of Babylon (the third person of the Antichrist) will be accompanied by significant wealth destruction in a short space of time. My contention is that this event could start with a crash in the global stock markets.

4.2 Types of collapse

The second PowerPoint slide summarises the different types of collapse that have been observed over the past 2700 years.



The types of collapse link to the sub-systems developed in Chapter 2:

- When the equity market sub-system comes under pressure, a recession follows – in 1981, 1991 and 2001 in the US.
- When the debt sub-system collapses, a depression follows – from 1929 to 1932.
- If the currency system collapses, it is followed by a revolution. The last currency collapse was associated with the Mississippi and South Sea Bubbles, leading to the French Revolution in 1789.
- If the money system collapses, it is followed by a civilization collapsing. In the 2700 years analysed above, we have seen only one civilization that collapsed, and that was the fall of the Roman Empire in 337 AD.

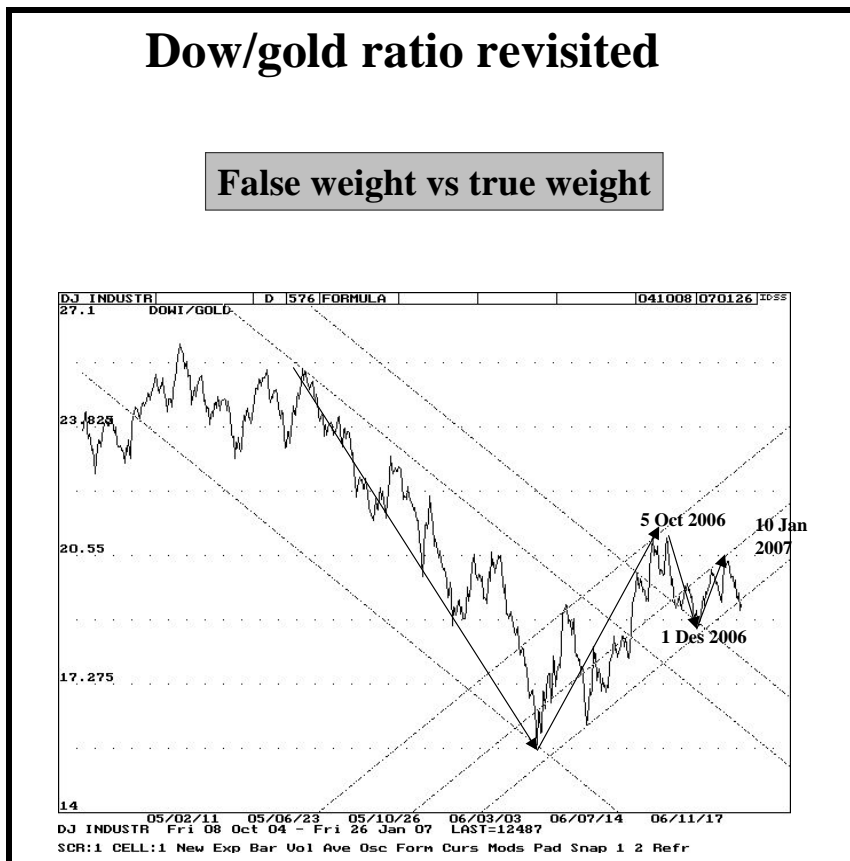
My expectation is that the second civilization we shall see collapsing is the US Empire, representing Western civilization.

4.3 Dow Jones / gold ratio revisited

The third PowerPoint slide is a short-term picture of the Dow Jones / gold ratio, and illustrates the pattern from 23 September 2004 to 18 January 2007.

If the global money system is about to collapse, it should manifest in the pattern of the Dow Jones / gold ratio as representative of the cosmic antithesis between a false and true weight.

Slide 4-3



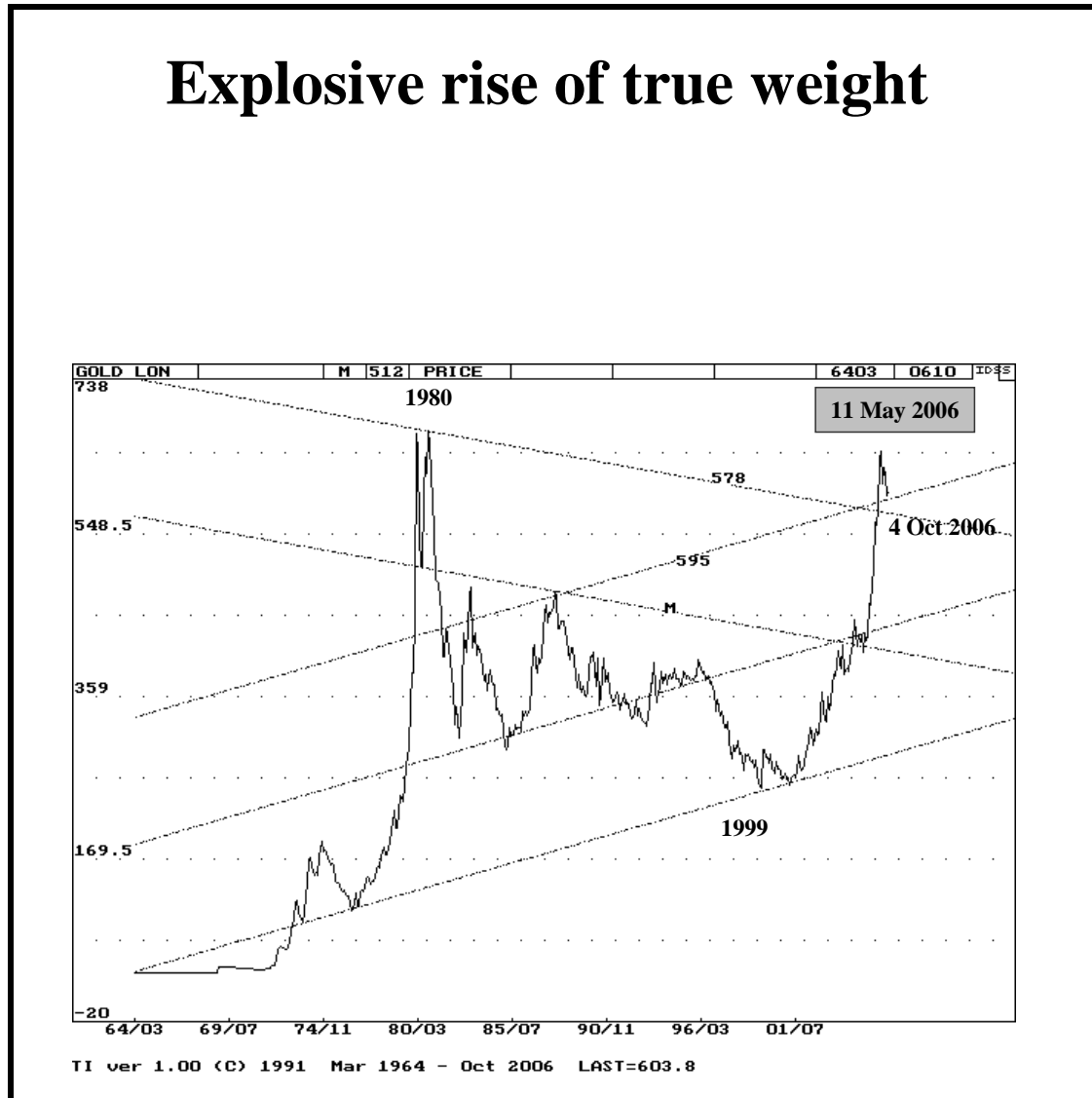
The Dow Jones / gold ratio was at an all-time high in June 1999 (Chapter 2). The pattern of the first, second and third lower high was on 15 July 2005, 5 October 2006 and 10 January 2007 as indicated in the graph.

My expectation is that the Dow Jones / gold ratio is now set to fall sharply. This will require a sharply higher gold price and/or lower Dow Jones. In the next two slides these components of the Dow Jones / gold ratio are analysed.

4.4 Explosive rise of true weight

The slide illustrates a graph of the price of gold, as a representative of the true weight, from January 1964 to October 2006. The gold price high in 1980 on the left-hand side of the slide links with the low in the Dow Jones / gold ratio in 1980 (Chapter 2). The right-hand side highlights the rise of the true weight from the third high of the Dow Jones / gold ratio in 1999 (Chapter 2).

Slide 4-4



The explosive rise of the gold price from 2005 to 11 May 2006, as indicated in the slide, could be indicative of pressure building up in the global money system. The gold price retracted from its high of about \$745 on 11 May 2006, to a low of about \$560 on 4 October 2006, as shown on the right-hand side of the graph.

My expectation is that the gold price in dollars will rise sharply from the low of 4 October 2006.

4.5 Anatomy of false weight crash (Dow Jones)

The sixth slide gives a table for the anatomy of the expected crash in 2007 of the false weight global money system. The crashes of 1929 and 1987 are also shown in the table to assist in this process.

Slide 4-5

Anatomy of false weight crash (Dow Jones)			
	1929, 1987 & 2000/6		
	1929	1987	2006
	Dow Jones	Dow Jones	Dow Jones
Top	3 Sept	24 Aug	
S&P 500/Nasdaq high			Mar 2000
NYSE all time high			9 May 2006
Transport all time high			10 May 2006
CRB all time high			11 May 2006
REITS all time high			4 Dec 2006
Utilities all time high			14 Dec 2006
EM all time high			3 Jan 2007
Dow Jones all time high			24 Jan 2007
<u>Critical state</u>			
Crash	29 Oct	19 Oct	29 Jan 2007?
	(Tuesday)	(Monday)	(Monday)
Days (Fibonacci)	55+1	55+1	

1929

The crash of 1929 came on 29 October, a Tuesday, and was 55+1 (Fibonacci) days from the top in the Dow Jones on 3 September 1929 as indicated in the table.

1987

In 1987 the Dow Jones reached a top on 24 August. On 19 October 1987 the Dow Jones crashed (55+1 Fibonacci days later).

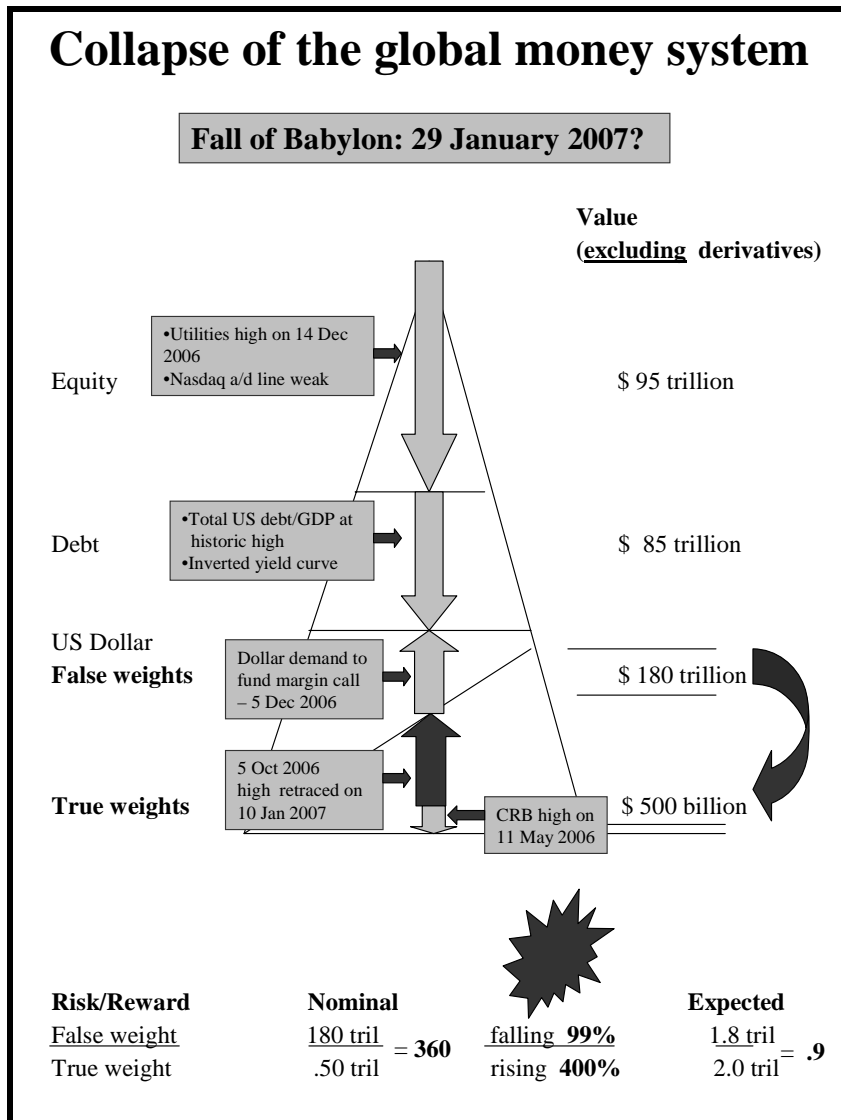
2000/2006

The S&P 500/Nasdaq top was in March 2000. I expect the Dow Jones to crash on 29 January 2007.

4.6 Collapse of the global money system

The last slide of this theme summarises the collapse of the global money system. On the right-hand side of the model are the nominal capitalization values of the equity and debt sub-system in the US.

Slide 4-6



US equity

I estimate all equity in the US (including all property, all listed and unlisted shares, cars, boats, etc) to be worth at least \$95 trillion.

US debt

I estimate all US debt to be worth approximately \$85 trillion, of which about half is recorded. The other half is not recorded. The non-recorded debt refers to health care and pension fund promises made by the State but not accrued.

Gold

All the gold in the world's central banks has a value of about \$500 billion as indicated on the right-hand side of the model.

False weight/ true weight ratio

All US equity and debt instruments amount to \$180 trillion in false weight. (All debt instruments are assets in the hands of the holder of such instruments). The total value of all the gold in the world is worth \$500 billion. There is 360 times more false weight than true weight as indicated at the bottom of the slide. This is a potentially explosive situation.

A shock of confidence in paper assets could, for example, cause the equity and debt markets to lose 10% of their value. This would represent an \$18 trillion destruction of wealth, which is equal to one and a half years' GDP (which is about \$12 trillion). I believe that this could be enough to trigger implosion of the system.

If only a small portion of the money in the equity and debt sub-systems is invested in gold, an explosive rise in the gold price is a strong probability.

CHAPTER 5: A BIBLICAL MINDSET FOR RESTORING GOD'S KINGDOM

The purpose of sharing this theme is to create awareness of a biblical mindset to restore society, based on biblical principles. After every major collapse in history, chaos and anarchy followed. This will also be the case when the global money system collapses.

5.1 God versus money

The existing money system is based on a false weight and not on a true weight. Western civilization has chosen not to obey the laws of the God of the Bible but of the Antichrist. This means that man is worshipping money rather than God.

The Bible issues a stern warning concerning God and money (also translated as Mammon) – man cannot serve both. The Bible instructs us to store riches in heaven, rather than on earth – for your heart will always be where your riches are.

Slide 5-1

God versus money

True wealth vs true weight

“You cannot serve both God and money”

Luke 16:13 & Matthew 6:24

Do not store up **riches** for yourselves here on earth, where moths and rust destroy, and robbers break in and steal. Instead store up riches for yourselves in **heaven**, where moths and rust can not destroy, and robbers cannot break in and steal. For your **heart** will always be where your riches are.

Matthew 6:19-21

God is challenging Man with the question: 'Do you find your security in God, or do you find your security in money?' Analysis of the global money system indicates that mankind has collectively put its trust in a false weight, which does not represent God.

5.2 Sinner's prayer

The global money system is based on a false weight and is disobedient to God's law. Western civilization has put its faith in Mammon. To the extent that individuals participate in this worship, we are sinners before God.

I invite you pray this Sinner's prayer with me.

Slide 5-2

Sinner's prayer

Money cannot get us into heaven
Church cannot get us into heaven
Living a 'good' life cannot get us into heaven
Giving cannot get us into heaven
Heaven is a free gift, to receive this free gift pray this prayer
out loud.

PRAYER

Heavenly Father I come to you in the name of Jesus.
I know that I am a sinner, and that I cannot save myself.
Thank you Father for sending your Son Jesus.
Thank you Jesus that you died in my place on the cross of Calvary.
Thank you that you accepted the punishment of my sins.
Jesus, come into my heart, and save my life.
Cleanse me from all unrighteousness.
Thank you for saving me. You are now Lord of my life.
I know I am born again. From this day forward, I will follow you all
the days of my life.

Amen

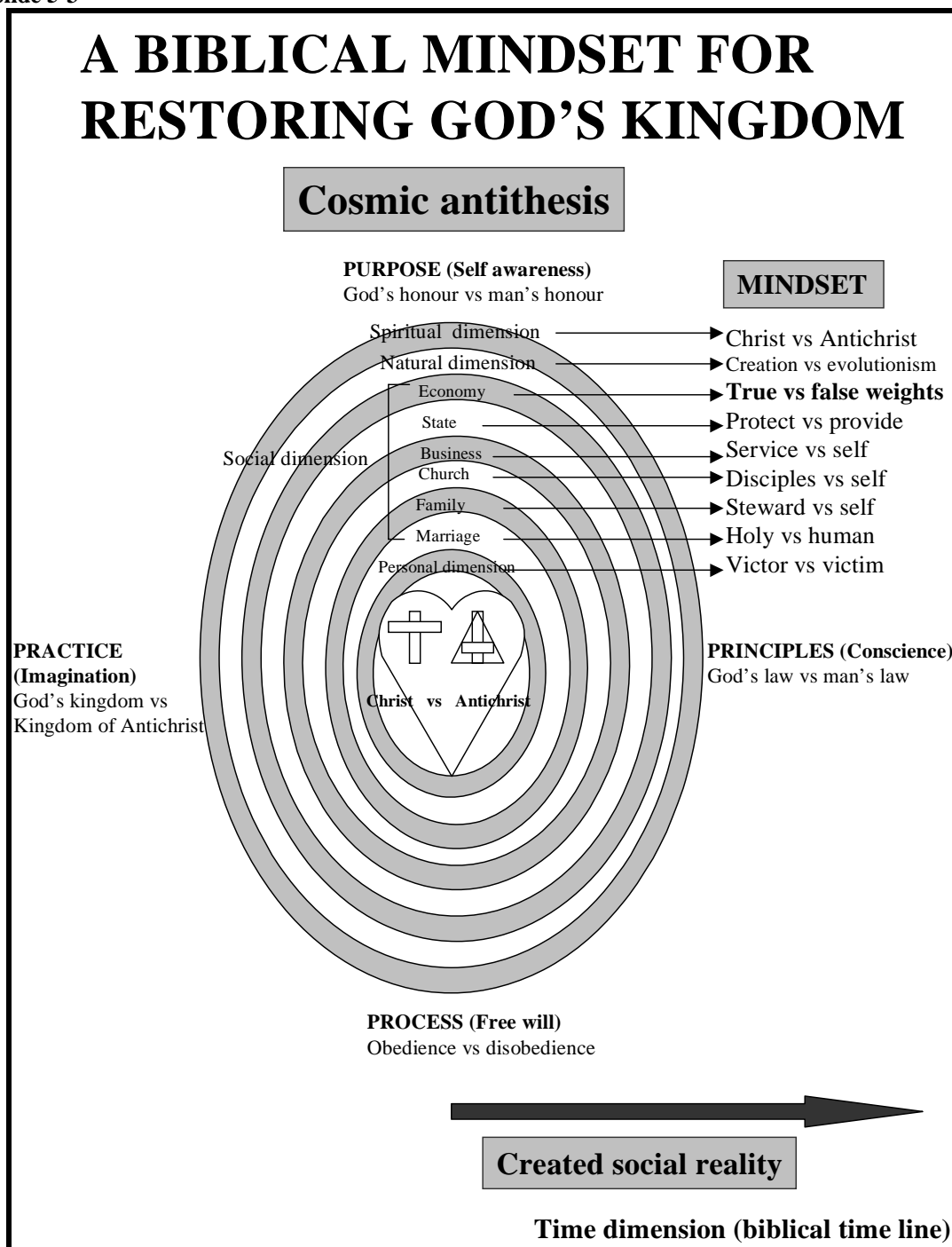
If you have not made this commitment, I pray that you will accept Jesus Christ as your Saviour and Lord.

5.3 A biblical mindset for restoring God's kingdom

Jesus Christ is not only Saviour. He is also Lord.

This implies that we should follow His laws in **all** aspects of life. In the next slide I share the essence of my understanding of what God's law means for the key components of society. I call it a biblical mindset for restoring God's Kingdom.

Slide 5-3



While the framework may look complicated at first, it is simple once you understand its heart, process, antithesis and structure.

Heart

At the centre of the framework is a heart representing man's ability to make choices. In Proverbs the Bible teaches: '*As a man thinketh in his heart, so is he.*' In our heart, we are either thinking about serving Christ or about serving the Antichrist.

Process

The process of human decision-making is shown around and on the outside of the concentric circles. Every human choice contains four elements: purpose, principles, process and practice. As indicated, each of these elements is a function of the unique human abilities of self-awareness, conscience, free will and imagination.

Antithesis

In terms of a biblical worldview, human decision-makers are always confronted by an antithesis. In each of the four elements of decision-making, there is a choice. In purpose, either God or Man is honoured. In principles, either God's law or Man's law is followed. In process, either it is obedient or disobedient to God. In practice, either God's Kingdom or man's kingdom is furthered.

Structure

The structure consists of four concentric circles representing the spiritual, natural, social and personal dimensions. The six components of the social dimension are marriage, family, church, business, state and economy.

The structure provides the hierarchical context for the decision-making process. Every decision is made within the context of the spiritual, natural, social and personal dimensions.

Mindset

On the right-hand side of the concentric circles the biblical mindset for restoring God's Kingdom is described. Each mindset is expressed in terms of the appropriate antithesis.

This presentation discusses the implication of the antithesis of a true versus a false weight for the economy as indicated in bold letters in the slide. I believe the biblical mindset or paradigm for the other dimensions of reality holds the answers to the following questions:

- Spiritual dimension: 'Do I choose Christ or the Antichrist?'
- Natural dimension: 'Do I believe in creation or in evolutionism?'
- State dimension: 'Do we interpret Romans 13 as an instruction to the state to protect, not to provide?' In this context we should ask ourselves if a new law's objective is to protect or to provide. If the objective is to provide, the law will lead to plunder in the long run.
- Business dimension: 'Am I in business to serve my fellow man or myself?'
- Church dimension: 'Are we are obeying the great commission in Matthew 28: 'Go to all the nations and make disciples'? If this is not the case, the church will only be serving itself.
- Family dimension: 'Are we stewards of our children, or do we believe we own them?'
- Marriage dimension: 'Are we honouring God's law by seeing marriage as holy, or do we have human interpretations of marriage?'
- Personal dimension: 'Are we victors in Christ (Romans 8:38) or are we victims of circumstances or people?'

Created social reality

At the bottom of the slide there is a horizontal black arrow symbolising the future. The exercise of free will in terms of the antithesis creates the future social reality.

Collapse of the global money system would mean the collapse of Western civilization and its value system. A biblical mindset for restoring God's Kingdom is an attempt to contribute towards a new value system, which honours God.

CHAPTER 6: SUMMARY

This presentation supports the statement that I expect the collapse of the global money system. The supporting slides are based on biblical systems thinking.

The last slide summarises the presentation.

Slide 6-1

Summary: Biblical systems thinking

1. **BIBLICAL WORLDVIEW: COSMIC ANTITHESIS (CONTEXT)**
2. **GLOBAL MONEY SYSTEM: TRUE VERSUS FALSE WEIGHT (PROCESS)**
3. **RECONSTRUCTED "DOW JONES" OVER 2 700 YEARS (HISTORY MATTERS)**
4. **COLLAPSE OF GLOBAL MONEY SYSTEM (PATTERN & CRITICAL STATE)**
5. **A BIBLICAL MINDSET FOR RESTORING GOD'S KINGDOM (HISTORY MAKERS)**

1. The first theme examined a biblical worldview. The cosmic antithesis between the Kingdom of God and the kingdom of Satan also forms the context for the economy. Each kingdom has its own laws and we are part of that kingdom, even if we are not aware of it.

2. In the second theme we reviewed the global money system. The cosmic antithesis manifests itself in the economy as a war between the true and the false weight. The war is a process which honours either the true weight or the

false weight. The increase in debt, which is not backed by savings, honours a false weight.

3. The third theme is about systems thinking and concludes that a system cannot be understood without analysing its history. The 'Dow Jones' was reconstructed over 2700 years to create an insight into the way in which a false weight acted as collateral for the system to enable the creation of more debt.

4. The fourth theme was to look at the expected collapse of the money system. To track the manifestation of the cosmic antithesis, the price patterns of both true and false weight were analysed. The Dow Jones / gold ratio could be at a *critical state*, and an implosion or crash of the global money system was predicted.

5. The crash will create a vacuum in values. As Christians, we have a responsibility to present answers which are based on God's Word. The last theme is about a biblical mindset to restore God's kingdom in all life. Man has a free will and can be a history maker to honour God.