

The Deep State's Doomsday Bug

By Bill Bonner, Bonner and Partners, 1 February, 2017

“My contact- a former CIA Director- died mysteriously, just after revealing a powerful network of insiders who pull America's strings. This is my attempt to expose what they've done... and why It cannot be stopped.

On May 6, 1996, a body was found floating face down in the shallow water of the Chesapeake Bay. It was the body of a former CIA director, a man who used to consult for me. The Charles County, Maryland police department logged it as an accidental drowning. But many of us suspect otherwise.

The surprising truth behind this mystery, strange to say, affects your life here in America... Your privacy, your community, your money, your vote in the next election... Seems incredible that one high profile “cold case” could explain so much. But as you'll see, it's that loose thread in the fabric of a world that's typically invisible to you and me. A world where the money we use, the government that “serves” us, and the officials—both elected and unelected—look roughly the same as they did 50 years ago, but beneath the surface are corrupted. This story is essential to understanding what is going to happen in this country over the next couple years, and what steps you can take today to prepare yourself and your family.

Hi, my name is Bill Bonner. In the 70s, I ran one of the most important lobbying groups in Washington D.C.- the National Taxpayers Union. We fought for the American taxpayer and we fought against government waste. We tried everything, including suing the government and pushing a constitutional amendment requiring balanced federal budgets. After ten years, I realized it was hopeless. The waste we rallied against was the lifeblood of the system itself.

So I left Washington, and started a research outfit, with dozens— now hundreds— of different researchers and different points of view. It's called “The Agora.” You've probably never heard of it, because it is completely private, almost underground. There are no sports stadiums with our name on them. You can't buy our stock. We keep a low profile because it suits our business, and our personal lives. Besides, you learn by watching, not by being watched. And yet, we are now the largest financial publisher. With 2.18 million clients, we have more paid online subscribers than the Wall Street Journal, New York Times, and Washington Post combined.

In 1995, we hired former CIA director Bill Colby as a consultant. Bill was one of the most careful and prudent men on the planet. He had won the Silver Star twice. He had parachuted twice behind enemy lines in WWII. He had run the CIA's Saigon headquarters in Vietnam and then directed the controversial Phoenix program. And, of course, he had run the CIA for two and a half tumultuous years. They were tumultuous because members of Congress, led by

Senator Frank Church, wanted to know what the CIA was up to. Colby told the truth, which is rarely a good idea in Washington. Colby got fired.

We had turned to Colby to try to understand what was going wrong in Washington. Our private research service— offering financial analysis to everyday Americans— needed to know. We weren't getting answers from the mainstream media. As Colby himself pointed out, the CIA had its "own men" in the media at that time. "Just open your eyes," he said. But his own eyes closed forever just weeks after he began consulting for us.

On May 6, 1996, Colby's body was found, half floating in the marshes at Rock Point, Maryland. The local coroner ruled it an accident. Maybe. But it wasn't like Bill Colby to get up in the middle of his dinner and go for a moonlight canoe ride, alone, without his life preserver. And there was no believable explanation for why his body should wash up, 9 days after he went missing, at a place that was contrary to the currents in that area of the Chesapeake Bay. In his death, probably more even than in his life, Bill Colby helped us to understand how the system worked. He didn't have to reveal any secrets. As he said, we just had to open our eyes.

The system? I'm talking about the way important decisions are made... and by whom... and why. It is not the way it is described in the high school civics books. Yes, there is a Congress, an executive branch headed by the President, and a court system too. And yes, they are important parts of the puzzle. But there is a lot more.

I'm talking about the group of insiders who have real power in Washington and America. Some are elected officials. But most are not. Some live in Washington. But many do not. Some are Americans. But there are many foreigners too— from all over the world. It sounds sinister. It sounds like a conspiracy. And yes, with so much at stake, it is no surprise that this group has its enforcers and its thugs. But most of it takes place in plain view. By consensus, not force. As Bill Colby said, all you have to do is open your eyes to see it.

In the rest of this presentation, I'll show you:

How this group of insiders seized economic control of America more than 40 years ago; their plan to hijack your wealth today; and some basic steps you can take to protect yourself now while there's still time.

What really happened to Bill Colby — his connection to this powerful group, and its connection to JFK.

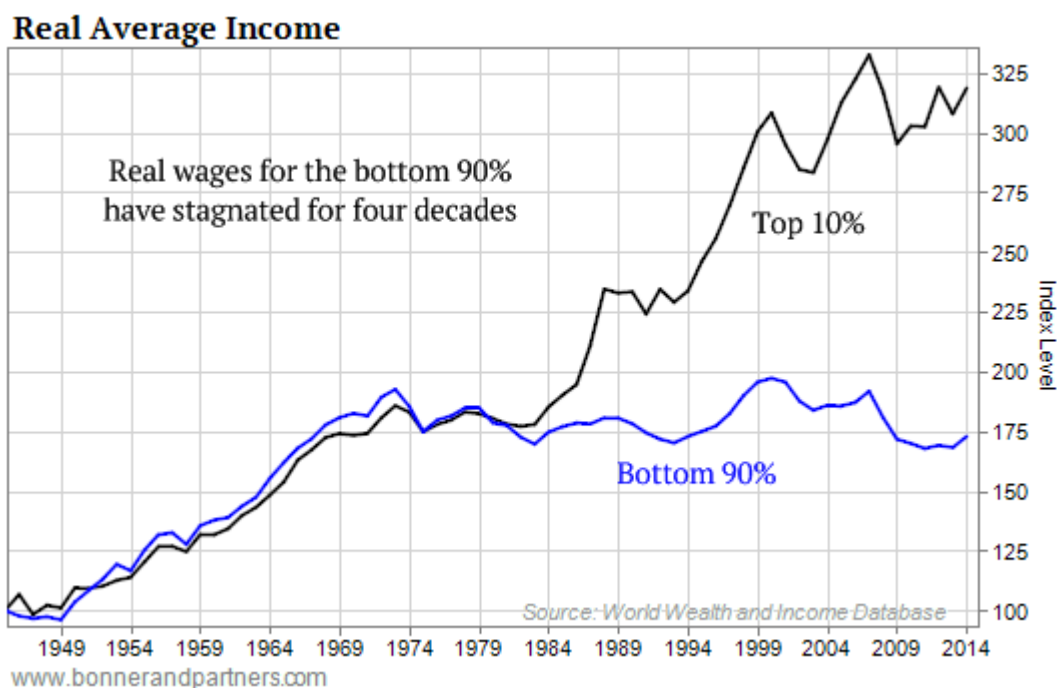
The “Achilles Heel” of this group of insiders: a fatal flaw in our money system may soon lead to a complete economic breakdown.

Why your job, your pension... your savings... your stocks and bonds... your Social Security and your medical care... even your house... could all be wiped away in this coming crisis.

These are strong claims I know. And I accept the burden of proof. I know I must now prove them. But I will also show that it hardly matters what our “trusted leaders” think. The handwriting is already on the wall. The system cannot be saved. It will blow up, maybe very soon. I will prove that too.

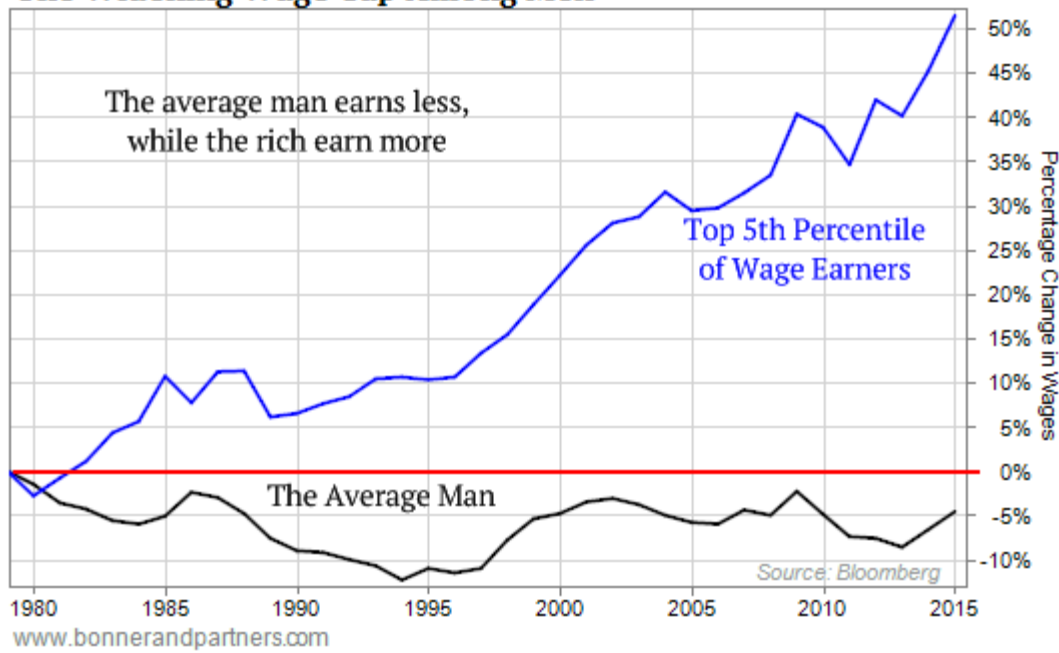
Trump’s Swamp in 9 Disturbing Images:

Let’s begin with the most basic facts. From the end of WWII until the mid-‘70s, almost everyone in America got richer. Then, something changed. After the ‘70s, only some people got richer.



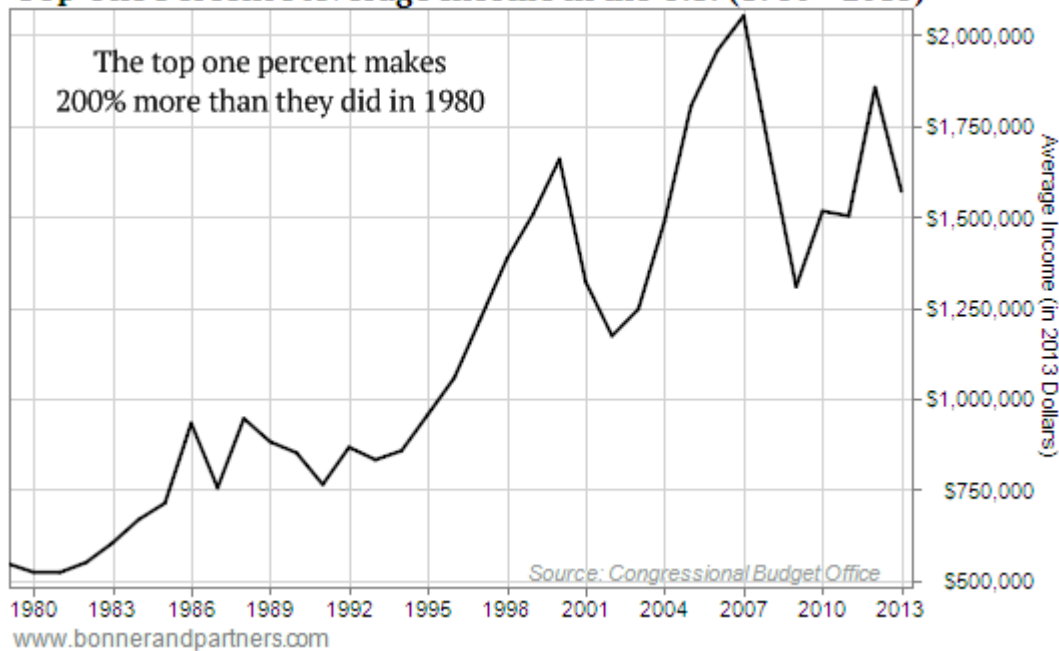
As you can see, the typical American man is poorer today than he was 40 years ago. But the top fifth percentile [or 20%] is 50% richer:

The Widening Wage Gap Among Men



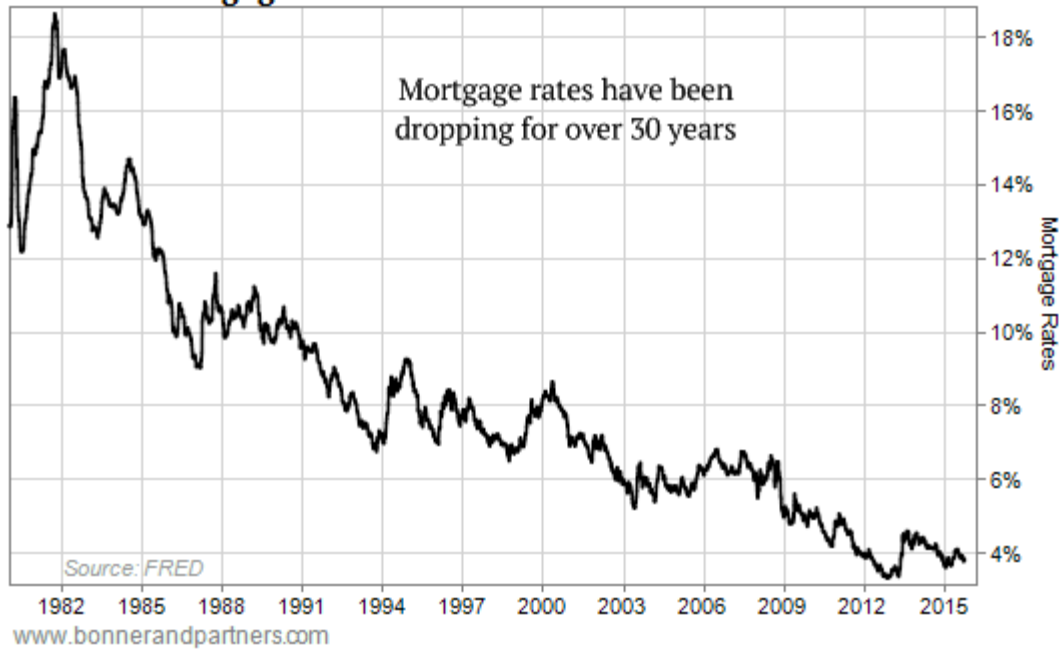
And the top 1% have increased their income by 200%:

Top One Percent's Average Income in the U.S. (1980 - 2013)



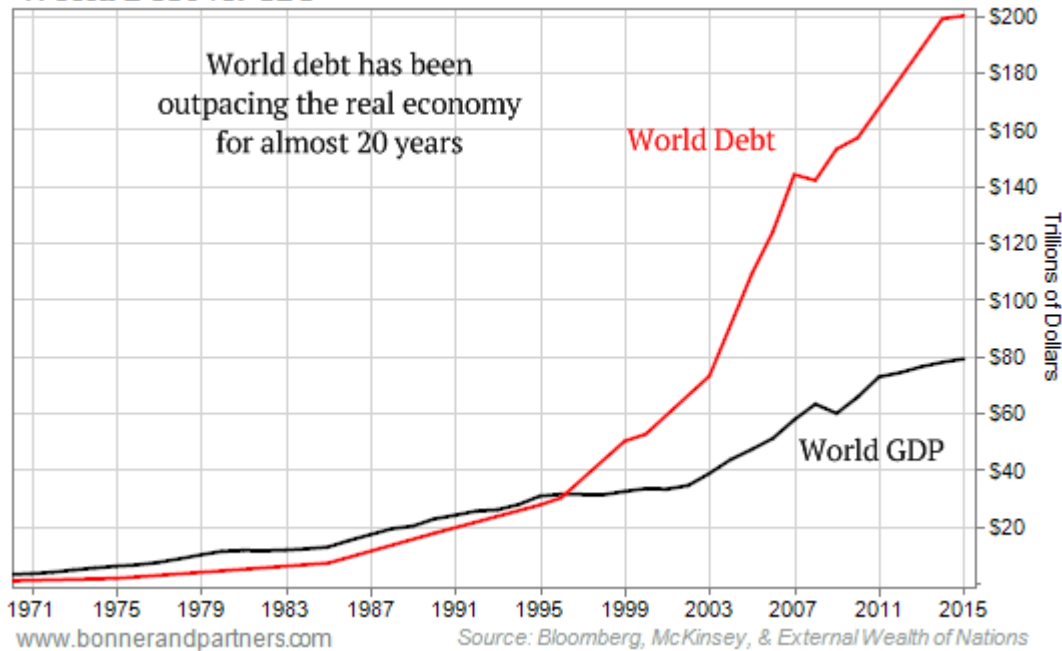
What happened that would cause the rich to get so much richer? Let's look at what else was going on. Interest rates were coming down:

30-Year Mortgage Rates



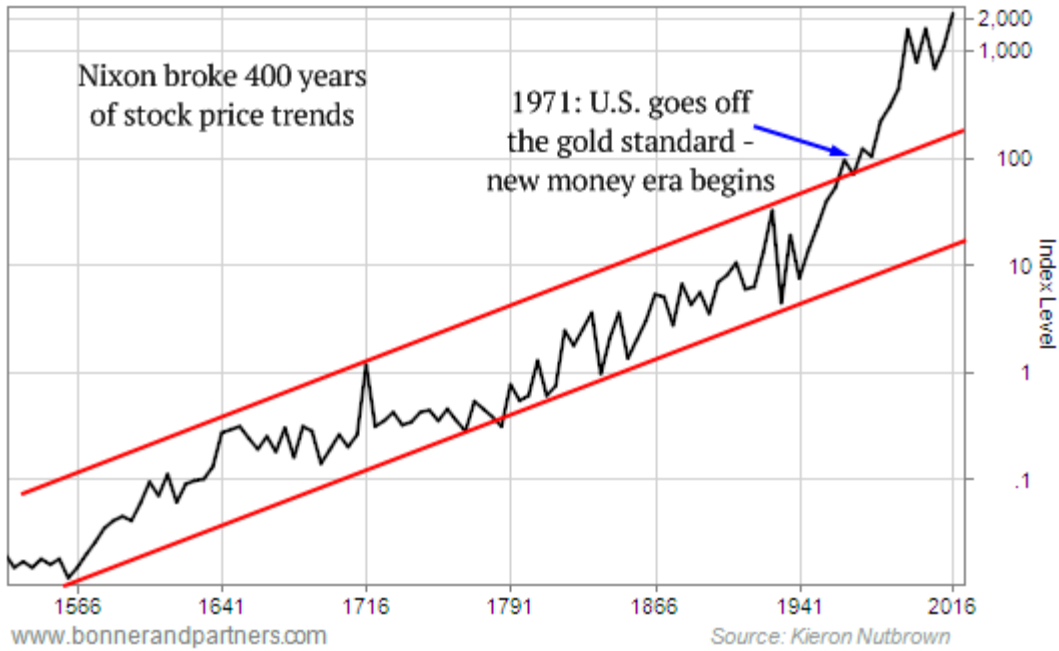
Which caused people to borrow a lot more money:

World Debt vs. GDP



And here we see something else. Much of the borrowed money entered the financial sector, pushing up stock and bond prices.

Stock Prices Since 1509



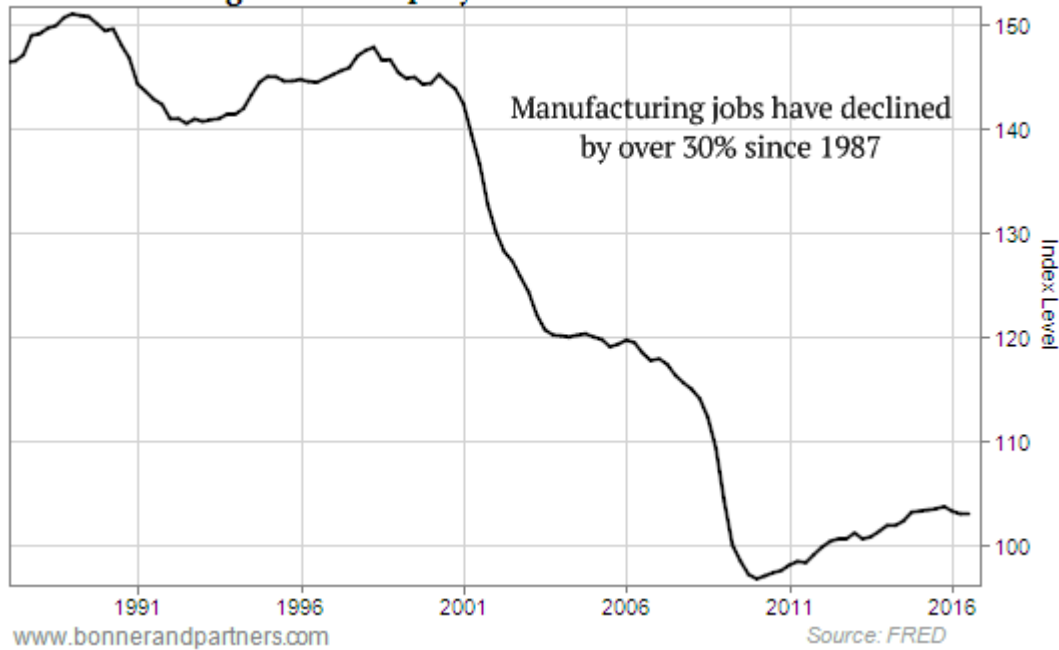
This, too, helped make Wall Street and the rich richer. But all this debt and stock market wealth did NOT help the economy. In fact, it hurt it:

Real GDP Growth



And it greatly reduced the number of real “breadwinner” jobs, the kind of jobs that allow you to support a family. I’m talking about teachers, engineers, construction workers, lawyers, and plumbers.

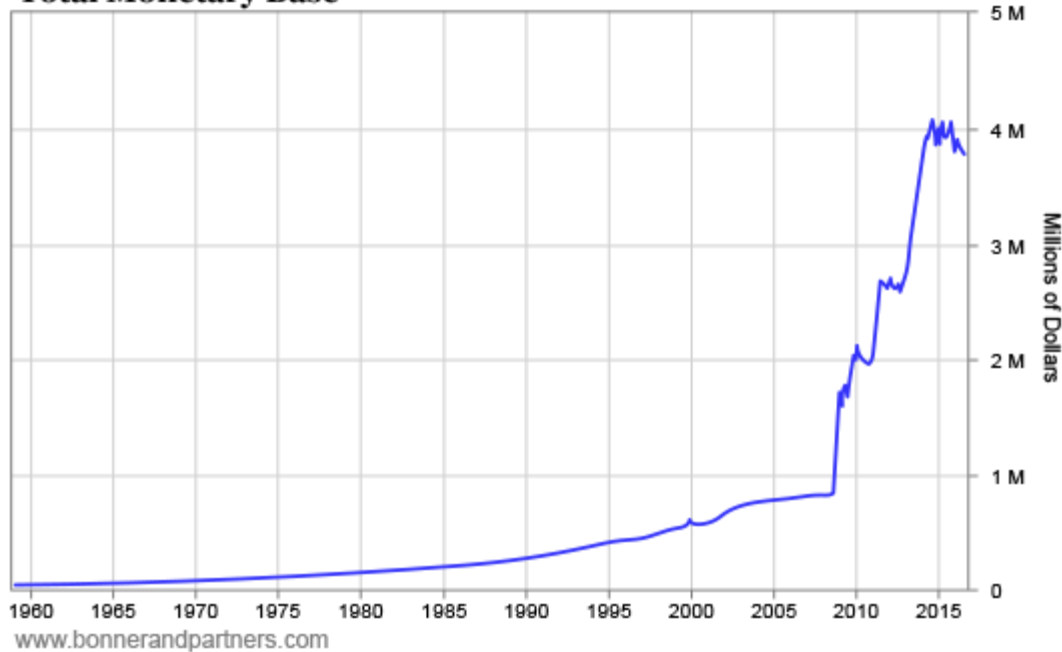
Manufacturing Sector Employment Index



In other words, most people were going deeper and deeper into debt, and earning less money, while the economy was slowing down. What could possibly cause such a thing? At the peak of 2 millennia of progress, with more than 15 million PhDs, 25,000 universities, trillions of dollars' worth of capital, mind boggling technological advances, and almost all the world's knowledge available on the internet... Why would growth stall?

How could most people get poorer, even without a depression? And this happened even as the authorities 'stimulated' the economy with more money and credit than ever before in history. Yes, you can see that too, in this chart of central bank holdings:

Total Monetary Base



As you can see, something is wrong. The economy is slowing. Debt is growing. And most people are getting poorer, while the rich gain more than any time in history.

Keep reading- we'll see who's behind these changes, and how they're going to cause a complete breakdown in this country... But first, let's circle back to Bill Colby. To understand why the future in America is so predictable we need only take a glimpse into our recent past. Memories of Bill Colby came back to me this summer, as I was "connecting the dots" of the Presidential race.

Donald Trump had pledged to shake things up. Was it true? Could Mr. Trump win? And if he did win, could he put a brake on the system that was destroying the US economy and its middle class? At the time of Colby's death, in 1996, I brushed off the incident. Spies made enemies. One of them must have whacked him. Since then, our view of 'the system' has become clearer. Now we have a clearer idea of who those enemies were and why they might have wanted him out of the way.

Unlike his predecessor, Colby cooperated with the Church Commission, investigating the Watergate break in. Then, he fired James Angleton. Angleton is a legendary figure in the intelligence community. This is where several dots need to be connected.

In 1963, Angleton went on the hunt for imbedded Soviet agents. The hunt got to be a bit of a mania, and may have led Mr. Angleton off the rails. We don't know for sure, but it was alleged that he was involved with Lee Harvey Oswald and that he kept a rogue group of assassins ready

to do his dirty work. When John F. Kennedy was murdered, fingers pointed in Angleton's direction. A Soviet defector, Yuri Nosenko, claimed to have worked with Oswald in Moscow and claimed to have information that implicated Angleton. Lawyer Mark Lane was more direct, accusing Angleton of conspiring with assassins to kill Kennedy.

I don't have any further knowledge of this than I have told you here. Like so many stories from the intelligence agencies, there is a counter-claim for every claim, and a double agent for every loyal one. You don't know what to believe.

But we do know that Kennedy died less than 3 years after President Dwight D. Eisenhower warned of a behind-the-scenes shift in Washington DC that had "grave implications" for America. On January 17, 1961, after 46 years in public service, Ike delivered his farewell address to the American people. He referenced the 3 wars America had just fought. He expressed pride in America's strength and wished the best for his successor, John F. Kennedy. But Ike also issued an unprecedented warning that almost no one paid attention to at the time. He exposed a group of unelected insiders that threatened to take full control of the U.S. government. He revealed the dark side of American power...a shadow government. In 1961, General Eisenhower continued his prescient warning:"The potential for the disastrous rise of misplaced power exists and will persist."

Just three days after Ike's farewell speech, John Fitzgerald Kennedy was inaugurated as the 35th President of the United States. Kennedy took Eisenhower's farewell warning seriously, and took on this unelected cabal of powerful insiders. JFK even wanted to disband a major part of the shadow government for good before they grew too powerful. Following Eisenhower's warning, he threatened to: "Splinter them into a thousand pieces and scatter it into the winds..."

Soon after, JFK was assassinated. There are many controversies around JFK's murder. Who did it? Why? We don't know. But we do know that, 10 years later, Bill Colby fired Angleton and seemed to be dismantling the rogue elements of the CIA from the inside. Then, he was abruptly relieved of his post in what was called the "Halloween Massacre" in 1975. He and Defense Secretary James Schlesinger were replaced by two people considered more 'reliable' assets – Donald Rumsfeld at the Defense Department and George H.W. Bush at the CIA.

All we know for sure is that, since then, no other president and no other CIA director has dared challenge what has been called the "Deep State"... the Parasitocracy... or the Kleptocracy. These words all refer to the same thing – the people who have real power in Washington and America.

But these cloak and dagger stories are not really of interest to us in themselves. They show the reach and ruthlessness of the Deep State's enforcers. And they suggest that no one politician–

even a president– is likely to be able to make substantial changes in the way the country is run. In fact, a half-century after the Kennedy assassination the insider elite is now so well established at every level of government and in every major industry, there would be no need to assassinate a president. The revolution has already happened. Congress, the administration, the Pentagon, the intelligence agencies, the medical sector, education, Wall Street– it is all under Deep State control. There is no further need for violence.

If a true reformer were elected, neither Congress nor the bureaucracy would support his proposals. The mainstream press would sneer at them. And university professors– especially Ph.D. economists– would oppose them. And experts from tax-exempt think tanks would explain all the reasons why they were ill advised and unworkable.

When Eisenhower warned about the military-industrial complex he was referring to what he knew best– the Pentagon bureaucracy and the companies that depend on military contracts for their revenues. But today, there is a much larger “complex” of public agencies, elected representatives, private businesses, global banks, universities, non-profit and do-gooder organizations...

The “Deep State”:

Consider Timothy Geithner, Obama’s former Treasury Secretary. His biggest accomplishment? The 2008 bailout of Wall Street. Instead of allowing big bankers to get what they deserved, or even throwing CEOs in jail, he was the guy who helped take \$350 billion from taxpayers and put it in the pockets of America’s biggest financial institutions.

After leaving the Treasury Department, was he blacklisted? Investigated? Shamed? No, he was rewarded. Geithner received an offer to work at Warburg Pincus, one of the world’s most successful private equity firms. Robert Rubin, one of Geithner’s mentors, is another example. After leaving his post at the Clinton White House as Treasury Secretary, he worked as a “senior counselor” at Citigroup from 2007 to 2009. During that two-year period, the Treasury Department- headed up by his protégé Geithner- bailed out Citigroup with taxpayer funds. Rubin personally walked away with \$126 million.

This sort of ‘you scratch my back and I’ll scratch yours’ takes place throughout the whole system.

And it’s not just the bankers. Just look at what happens to America’s generals. You remember when General MacArthur told the country that “old soldiers just fade away.” Times have changed. Consider General James Cartright. After retiring in 2011, he joined the payroll of

Raytheon, a major defense contractor. At the same time, he also went to work for the Defense Policy Board. He was working on both sides of the aisle- public and private- and getting paid for both!

Open your eyes and you will see an entire system... of bankers, politicians, military contractors, consultants, non-profit organizations, universities, media, Wall Street... all cross-wired to make sure that the rich and powerful get richer and more powerful.

I was immersed in this network in the 70s, but didn't realize it at the time. I went to work in politics out of college. That's how I wound up running the National Taxpayers Union (while attending law school at Georgetown, at night.) During that period, I attended Reagan's inaugural ball. I met Ron Paul. Gave Grover Norquist, head of Americans for Tax Reform and one of the most powerful lobbyists in our country today, his first job in the city. I found myself having lunch with Margaret Thatcher and Nobel-Prize winning economist Milton Friedman- at the same time, I'll never forget it...

It was the high life in the nation's capital city. But something was wrong. Despite our efforts to hold it back, the federal government kept growing. And the line that separated the private and public sectors continued to fade. Typically, Deep State insiders represent large, established businesses and industry groups. You can get a hint about which ones simply by looking at where the money has gone.

Take a look at the lobbying dollars America's biggest industries have spent this year to gain influence:

- Big Pharma has spent \$3.395 billion...
- Oil and Gas has spent \$1.847 billion...
- Education has spent \$1.47 billion...
- But no industry has done better than Wall Street. The big banks have grown bigger and bigger, while bank regulation has squeezed off competition.

Over the last 5 years, more than 190 banks have closed. Only 4 new ones have been started. In those that have remained, the five biggest ones now make up fully half of the entire industry. These big banks have been considered so important that in the crisis of 2008-2009 they were judged "too big to fail." They could engage in all the risky speculation they wanted. They could pay out enormous salaries and bonuses, and no matter how reckless, irresponsible and incompetent they were- the government would save them. Not a single banker lost his job.

Not even a week's salary was given up.

Now consider this. Guess what kind of company is number 1 in terms of federal lobbying? A bank— Wells Fargo. And guess which industry also has the most people revolving through the doors of government? In fact, a single large financial group— Goldman Sachs— has an astonishing reach throughout the top ranks of governments all over the world. But, with Wall Street, there's more going on than just old-fashioned corruption and a 'revolving door.' Much more.

As you will see, the big banks control the vital juice— the credit— that makes the whole system work. You will also see how this credit has brought the entire system— our whole economy— to the brink of an inevitable collapse.

Most people won't be prepared for what's coming, you see. Your brain actually won't let you believe that major change or disaster can happen, even when the evidence is clear that a major upheaval is on its way, even when it's a simple matter of common sense that danger is near.

In the 37 years of my network, The Agora, we've seen this several times. For example, in 1987 one of the publishers in our network predicted the fall of the Soviet Union. Back then we wrote: "The same hidden megapolitical forces of decentralization that broke up the European empires are doing their work... the Soviet Empire will inevitably crack apart."

Remember that at the time our politicians in Washington had amassed huge weapons stockpiles to guard against what they thought was superior Soviet technology. The famous "Team B" report commissioned by the CIA years earlier had claimed the Soviet economy was booming, that they were capable of mass-producing bombers and missiles, and that they wouldn't hesitate to attack America.

Yet, in 1987 we contradicted the CIA. We wrote: "We have no doubt that sooner or later, but probably sooner, many of the characteristic features of the Soviet system will be abandoned. To put it simply, communism is in its twilight." Sure enough, two years later the empire started to break apart. By 1991 it was all over. Yet scholars and politicians here in the U.S. had been unwilling to believe it was possible. Even a report commissioned by the CIA— and approved by George H.W. Bush— had warned about Russia's economic and military strength. People just could not imagine that a world superpower would suddenly become irrelevant.. Just as people could not believe that Japan would ever break down... or that the tech boom would ever stop... or that housing prices would fall.

The publishing network I mentioned earlier- “The Agora”- has tracked nearly every great world event of the past 3 decades. Even the government has acknowledged it. After 9/11 the CIA requested copies of a note I had sent subscribers warning about trouble ahead for America, and years before that, the CIA actually tried to convince me to use The Agora as a front for their international operations. (In case you were wondering, I said “no.”)

Yet despite all that, we’ve encountered the same resistance each and every time we release new research. In fact, we’ve actually studied it. And there’s a very good reason why human beings are so resistant to the notion that things can and will change, often in ways you never expect. You see, human beings need to believe that things will happen more or less as they always have. That the sun will come up every morning... that plants will grow... that the rains will come... Lawyers call this “**willful blindness**”... psychologists call it the “**normalcy bias.**”

That’s why, while I was warning our subscribers about the Dot Com bubble, plenty of people thought it would never end. A famous book at the time, “Dow 36,000”, argued that the stock market would soar. An article published by the Atlantic read, “Stock prices could double, triple, or even quadruple tomorrow and still not be too high.” Then suddenly, the NASDAQ started falling... and eventually wiped out 77% of its value.

Today I’m seeing the same “willful blindness” here in America. Almost no one is willing to face up to the facts– that the America we live in today is not the same as the one we grew up in. It’s changed. As I will show you in a minute, at the heart of the change was a revolutionary new money system, a system that would enrich America’s Deep State at the expense of nearly everyone else.

Sunday, August 15, 1971 was the day it all changed. At 9 p.m. that day, Richard Nixon appeared on live, primetime TV and told the world that the U.S. dollar would no longer be backed by gold. From that moment on, the whole world’s money system was different. The U.S. dollar began losing purchasing power from the moment Nixon made that announcement. This event- now known as the “Nixon Shock”- affected everyone in America.

Decades later, we’re still reeling from it. That single event sent the world’s currency markets and global economy into a tailspin. And it’s a big part of the reason why a home that cost \$25,000 in 1971 costs \$256,000 today. Every money-related event since then... and the state of the world’s economy today... can somehow be traced back to that one announcement.

For the first time in 2,500 years, real money was out. Debt was in. And here I must beg for a few minutes of your careful attention. This isn’t easy to understand. It took me 30 years to get a handle on it. And most of the economists you read, including Nobel Prize winners, have no

idea what is really going on. They mistakenly think the problems we face today are caused by capitalism.

But here is what is really going on: The first thing to understand is what money is. You could have a pile of money. It wouldn't matter if they were dollars, euros, or gold. Imagine you were at the North Pole. If there was nothing to buy with it, you would be out of luck. Money is not wealth. It just measures wealth, like a clock measures time. We know that a clock is not time. You can't add time simply by painting an extra hour onto the face of your clock.

Also, you have to understand that 'money' is not money just because the government says so. At the height of Zimbabwe's hyperinflation in 2006, the government of that country printed up 100 trillion dollar notes and called it 'money.' It was the legal tender of the country. By law, it was the one and only money that people were allowed to use.

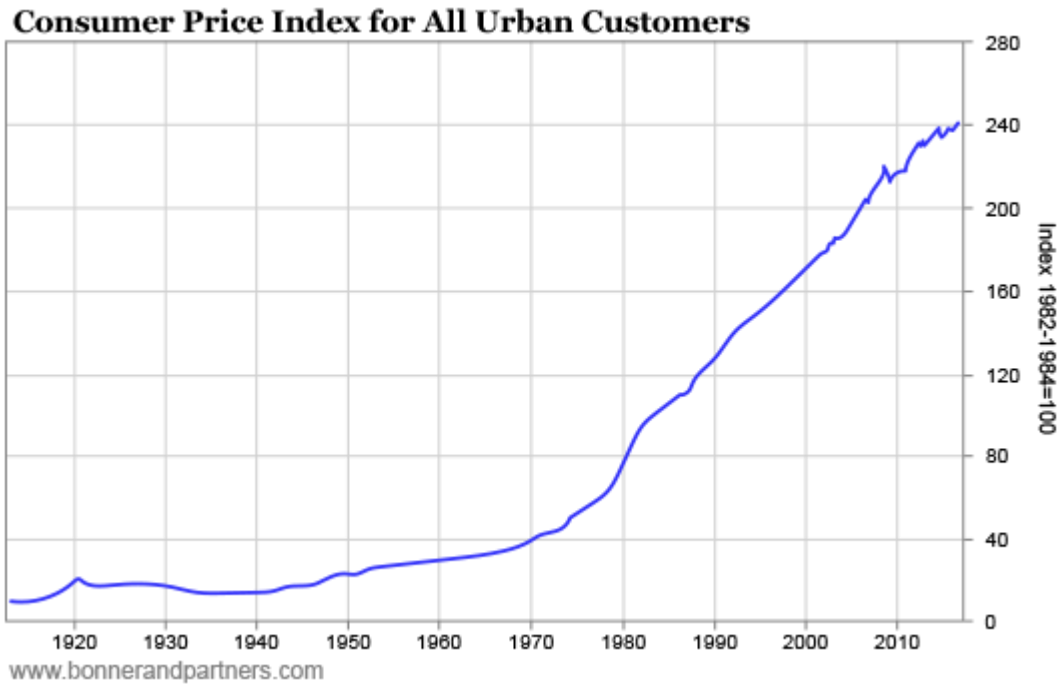
And yet, it was not really money in any meaningful sense. Real money has three major attributes: it lets you buy things (transactions), it records and reports what things are worth (information), and it allows you to store wealth in a convenient form (wealth preservation). The Zimbabwe dollar, like Venezuelan Bolivars today, wouldn't do any of those things. It couldn't be used to buy anything— there was nothing much left to buy. The prices it reported changed by the minute, and were astronomical. And it was no store of value (or wealth); whatever it might still be worth on the day you got it would disappear within minutes.

So you see right away how 'stimulating' an economy by giving it more of this kind of money is a fraud. Money is only valuable or useful when it fulfills its role as money. Real wealth is made real by its connection to what it can buy, that is, what has been produced. It is what you can buy with money that counts, not the money itself.

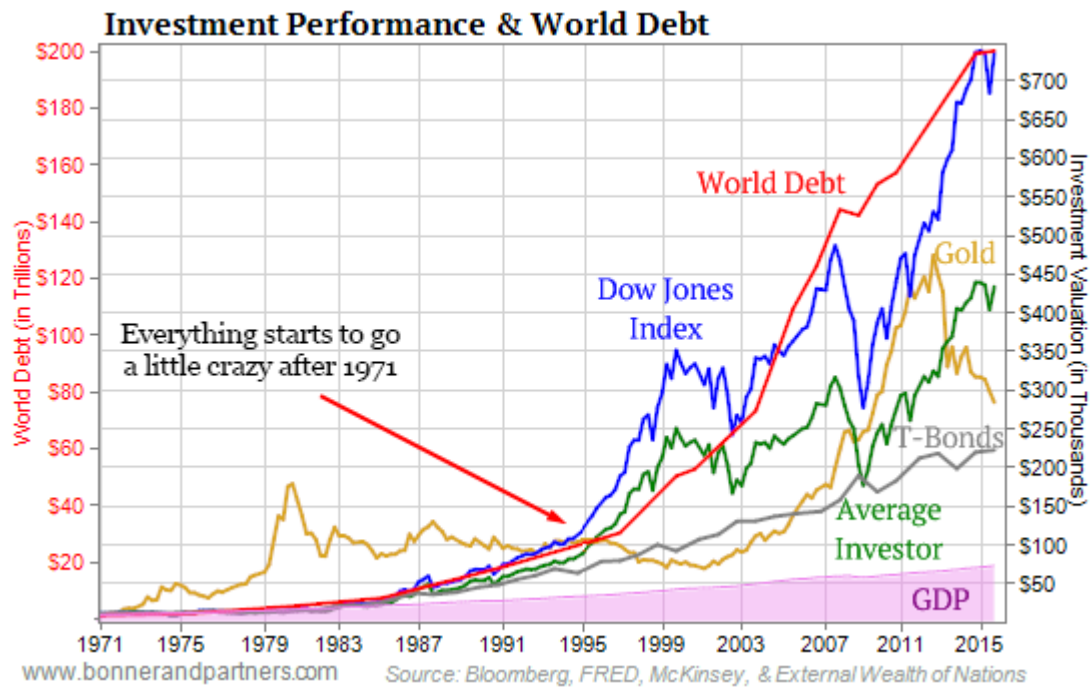
You hear economists say that a "high dollar" is good, or a "low yen" is bad. It is nonsense. The one and only thing you want from money is that it be honest. Like a clock, you just want it to tell you the right time. Money must connect to the real economy, where goods and services are actually produced. If the economy produces more, you want your money to buy more. If the economy produces less, you want your money to tell you the truth; your money becomes less valuable as output falls.

But in 1971, Richard Nixon— advised by the 'monetarist' Milton Friedman— made a fateful error. He cut the dollar loose from the real economy. The important thing is that gold connected the dollar to the real world of savings, investment, and wealth. Take away the gold backing, and things start to get loosey-goosey.

For one thing, prices get out of whack. You can see that clearly here.

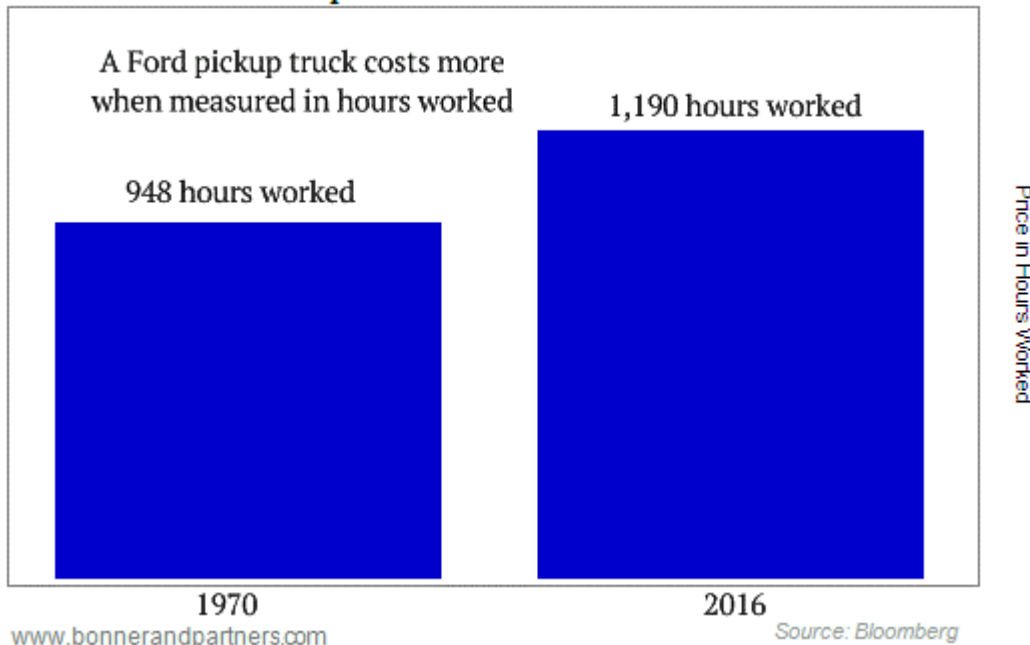


Note how much more inflation we have had since the Post-1971 dollar was introduced. In fact, you can see everything getting a little out of whack after 1971.



And you also can see, how basic goods– such as a Ford pick-up truck, for example – rose in price I used a Ford F150 as an example, because it was basic transportation for the working man in 1970... and still is today. Look at the pick-up truck in terms of the number of hours a man has to work to own it.

Price of a Ford Pickup in Hours Worked



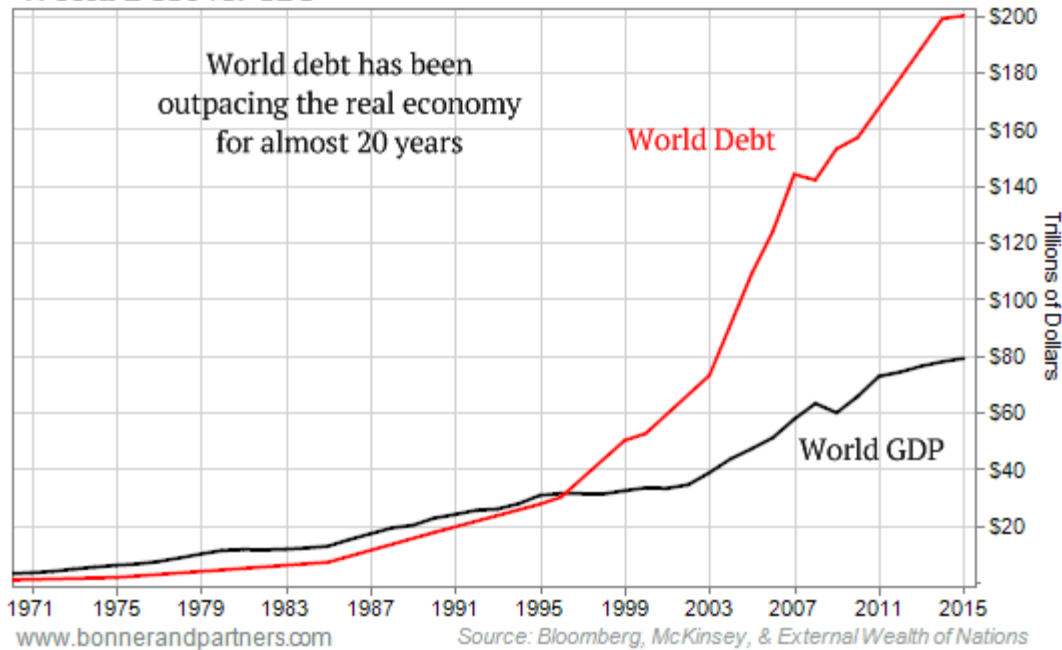
You see the real value of a working man's time went down.

This is the economic reality that Americans felt– but that the elite didn't understand– going into the elections of 2016.

And here's something else the Deep State elite refuse to admit. In an honest money system, debt is limited. You can't borrow if there's nothing to lend. Gold is limited. Time is limited. The real world is limited. And savings are limited too. In an honest system, you can't lend out money without saving it. So debt cannot get out of control.

Look at this chart...

World Debt vs. GDP



You will see that the level of debt to goods and services (GDP) was fairly constant after WWII – until about 1995. Then, debt soared. The pre-1971 system kept money connected to the real economy– with a chain of gold. After 1971, the sky was the limit. The new system created a new form of money– fake money, based on debt, not on accumulated wealth. It passed this fake money off as though it were savings. You no longer had to earn and save wealth, in other words. If you wanted more money to spend, you could borrow it.

I warned you that this wouldn't be easy. But let's review the basics:

- Money is not wealth; it just measures and represents wealth, like the claim ticket on a car in a parking garage.
- Our post-1971 money system is based on fake money that represents no wealth and measures badly.
- Since this new money enters the economy as credit, the credit industry (Wall Street) has privileged access to it. The workingman still has to earn his money, selling his work by the hour. But Wall Street, and elite borrowers connected to the Deep State Establishment, get credit money without breaking a sweat or watching the clock.

- This leaves more of this new money concentrated in and around the credit industry, pushing up asset prices, raising salaries and bonuses in the financial sector, and making the rich (those who own financial assets) much richer.

- Credit helped the middle class raise its living standards, even as earnings stagnated. But it also raised debt levels throughout the economy. And that made it possible for the average American family to spend American money that Americans never earned and buy products Americans never made. Instead, Walmart's shelves were stocked with goods 'Made in China.' The middle class lost income as factories, jobs, and earnings moved overseas. Debt stayed at home.

All of these things are fairly well known. People complain about inequality and globalization, but the most of the real problem is right here— in the money system itself.

This system is doomed. Debt can't grow faster than income forever. When debt contracts, as it must, the whole structure of debt-supported stocks, bonds, businesses, lifestyles, retirements, and living standards will collapse. It is inevitable. Unavoidable. That's why America's insiders have gone to extremes to protect this system of debt growth. But they're failing... In 1987, 1991, 1996, 2001, and 2008, the U.S. Federal Reserve manipulated interest rates to prevent economic collapse.

Again, twice this century, the economy has tried to correct excessive debt. And each time central banks have responded with the only real tool they have— more money at lower interest rates (more debt.) So, each time there is a problem caused by too much debt, central banks lower interest rates and add more debt. The magnitude of the real problem increases. And the eventual blow-up is delayed.

In 2009, debt growth moved to the corporate sector. After 2009, a high percentage of stock market growth could be attributed more to corporate borrowing and share buy backs. But corporations, like consumers, are still connected to the real economy. Even at ultra-low interest rates, they still have to finance their debt. And as the world economy slows, so do their earnings. Already, we've identified over 100 brand-name US corporations that have borrowed too much. Without access to cheap credit even America's most successful and profitable corporations can't stay in business.

For instance, Coca Cola— arguably America's most recognizable and successful brand— will be bankrupt in a month if their access to cheap credit is turned off. I'm not just saying this. I've seen the balance sheet. It's because Coke— like over one hundred other major US corporations operates using short-term debt. And every few months that debt must be rolled over. The bills can never come due. In 2015, for example, they had short-term debt of nearly 16 billion dollars.

They couldn't have paid that back if they wanted to. That same year their balance sheet shows only around 7 billion of cash or near cash items— 9 billion short.

Without cheap credit, these corporations cannot function. It's all there in the public record. Just as we saw with Fannie Mae and Freddie Mac before them in the lead up to the housing collapse, the heart of this crisis is on the balance sheet of America's greatest corporations, and something's already smoldering.

Consumers are insolvent. Corporations are no longer able to borrow. GDP growth rates have fallen to near zero. And the whole global economy is staggering under the weight of \$300 trillion of debt. That leaves only one sector still able to borrow. It is the government, the only sector not directly connected to the real economy.

Government is the last sector able to borrow because it will only go broke if it chooses to. Otherwise, it can simply 'print' the money needed to make good on its financial commitments. The trouble is, it can't control the value of the money. Ultimately, millions of people will go broke. Trillions of dollars will disappear. Large corporations will go bankrupt. For most of us, it won't be the end of the world. But our living standards— especially for retirees— will be cut back sharply.

The key to this new system is the dollar. If you want to understand it: Just open your eyes and follow the money. The insiders now control all major industries in the US— education, medical care and drugs, think tanks, the military, major corporations, Wall Street, the press, and through global organizations like the UN, IMF, the World Bank, the Clinton Foundation they dominate much of the world.

But there is one thing they can never fully control. Money. The Deep State can print it. They can call it money. They can control the quantity and monitor prices. But they can never completely control the value of it. That is why 'good' money systems— like the "Bretton Woods" gold-backed system put in place in 1944, or the pure gold-backed system that existed from the end of the Napoleonic Wars to the Great Depression of the 1930s— rely on gold.

The yellow metal ties the currency to the real economy of scarce resources and limited time. It makes sure the money does its job— providing a means of exchange, correctly reporting price changes, and storing real wealth for future use. Without a sure connection to the real economy, any currency is bound to fail. But this new, post-1971 dollar has a particularly dangerous flaw. It is like a 'doomsday bug' that was built into the system from the day it was created. Serious economists worry about it, and suggest ways to deal with it. The press ignores it. And the politicians don't even know it is there. But there it is. And I will show you why I believe, this 'bug' is going to bring the whole system to a crashing halt.

You will experience it in person one day when you go to your local grocery store to get some cash. A few yards away, the cashier's drumming her long red nails on the counter, next to your groceries. There's a long line of people waiting to pay. You turn back and swipe your card for the third time... Nothing happens. Behind you, someone in the line lets out an exasperated sigh. You apologize to the cashier.

Annoyed, you head back to your car, where you fish out your cellphone and give the bank a call. It takes three tries till a woman's voice finally answers. But it's just a pre-recorded message, so garbled you can't make out a word.

You hang up and start your engine. On the way home you stop off at the gas station. The attendant comes out as usual, but before you can speak he asks a strange question: "You buying or selling?" Confused, you tell him you just want to fill 'er up, but when you try to give him your credit card, he suddenly backs away. "Sorry, we're closed man. Sorry." You sit there for a moment, wondering whether you should argue with the guy. Finally, you just head home.

You tell your wife what happened. Definitely strange, but she figures it's probably just a computer problem at the bank. They'll have it sorted out by morning. You agree, but as you watch the evening news you realize that something big is happening. ATMs aren't working. Credit and even debit cards aren't working either. No one seems to know why.

Then, after you fall asleep... something doesn't feel right. If it's just a computer problem the bank would have called you, but instead there was that strange message. And what about that gas station attendant?

First thing next morning you take a trip to the bank. It doesn't look open. A piece of paper taped to one of the doors tells you that it has been temporarily closed. No explanation, just a phone number to call and what looks like a government logo, but not one you recognize. You give the number a shot, it's that garbled message again. You hang up. Around the side of the building, there are a couple of dented ATMs with broken screens.

As you head back to your car you notice a man kneeling down by a pickup truck parked nearby. He's got a hose running from the truck's gas tank into a jerry can. Suddenly he looks up and catches you staring at him. The look in his eyes tells you not to linger. He watches as you get in your car and drive off.

Everything's closed. It's that same piece of paper everywhere, and the same dark screens on every ATM. You start running into other people, trying to deposit Social Security checks, or take out cash, or find out why their cards suddenly aren't working. This is not just a problem with your bank. Your whole town is essentially shut down.

By the time you call off the search and head home, Main Street is jammed with traffic. Your wife's relieved as you walk through the door. Apparently people have been coming by all day, asking if she's got any cash, trying to sell her things. And they're not people from the neighborhood either. You turn on the TV. But all you see are the same images of closed banks, smashed store windows, and talk of some kind of "crisis." No one really knows what's happening.

And then your screen goes blue. Text at the center reads, "Service Interrupted: Please Update Payment Info." You shut off the TV and go look out the window. Your wife wonders aloud whether you should invite the neighbors over. You agree. This is looking like a time to stick together. The sun is starting to set. There's a black helicopter skimming along the horizon. You can't deny it anymore. This is it. The beginning of something you've expected for a long time now. Except that you never really knew when, or what form it would take, and maybe you even gradually stopped believing it would come at all... except that now it's here. And as you stare into the coming night, you wonder how long the food in the pantry will last, and what you might have to do if this situation doesn't get resolved quickly.

"Literally, your ATM wouldn't work. You type in your code, no money comes out. You get your paycheck, you can't cash it." Those are the words of the architect of the 2008 bank bailouts, Treasury department insider Neel Kashkari. If what he's describing sounds similar to the scenario I just described... it's for good reason. Every part of that scenario was based on an actual event that we came very close to experiencing just a few years ago, and a threat that our government has been forced to admit is all too real.

Former secretary of the Treasury Tim Geithner has stated, "We came exceptionally close, you could hear the fear and the panic because anybody living in that world at that time running a business at that time knew that they were at the edge of losing the capacity to function." This has been confirmed by former secretary of the Treasury Hank Paulson, as well as two US congressmen. And while President Obama assured Americans that "the shadow of the crisis has passed" in his State of the Union speech, I recently came across video footage of Janet Yellen, the current chairwoman of the Federal Reserve, openly admitting that the U.S. is facing a very real threat. "We could find ourselves in a devastating spiral," she said.

What is going on? Usually, when central banks experiment with 'paper' money, unbacked with gold, the results are predictable. As soon as the insiders realize they can make themselves

richer simply by printing more money, the system soon blows up. They print a little. Then, they print a lot. Prices rise. And soon, inflation turns into hyperinflation.

For instance, a few years ago I bought an isolated cattle ranch up in the Andes Mountains of South America. I passed through Buenos Aires regularly on my way there. Walking down the streets you'd see decaying subway trains— state of the art many years ago... big beautiful buildings covered in graffiti, windows broken, old cars— top of the line in their day— sitting junked by the side of the road. It was as if a war had broken out.

The currency was controlled, so you could barely get any money out of ATM. You had to trade your dollars on the black market to get a fair rate, and dollar-sniffing dogs at the airports checked to make sure you weren't trying to smuggle out any of your own money. And in fact, when you look at the damage that hyperinflationary events can cause, it's no small wonder our own government has already put \$4.5 trillion— more than it cost to liberate Europe from the forces of Fascism— toward stopping it.

As another example, in the '90s, riots killed 1,500 people and destroyed 4,000 buildings, when a country in Asia got hit with a similar economic disaster. But worse than the property damage, the violence, even the food shortages, events like this have a strange power, greater even than a wide-scale physical disaster. A power to not only make your wealth, and the stability you've grown accustomed to, disappear, but also your very way of life... the traditions... the values... things passed down for generations.

Imagine for a second... Truckers can't get the gas for their rigs. Grocery store shelves start to go bare. Homebuyers can't get loans, and prices crash. Bonds become worthless... IRAs and 401(k)s can't be cashed out. Stocks fall dramatically before the markets close altogether. Prices swing widely out of control. People take to the streets demanding action from the government. Strikes paralyze our industries. Rioting destroys homes, shops, even entire neighborhoods.

This is not just a financial problem. Money is more than "just information." You can work all your life. You save your money. And you expect that money to preserve the wealth you created. If it doesn't, you feel (justifiably) cheated. Part of your work... your life... has been stolen from you.

But it has been more than 45 years since the new money system was created. We have seen no hyperinflation in the dollar. Instead, prices have risen...but more and more slowly.

Why? The genius of the new money system was that it did not require 'money printing.' Money was created, not by the printing press, but via credit. That's why we have seen such an

explosion in credit since 1980. The authorities didn't have to print. They could allow the banks to create the biggest pile of debt the world has ever seen.

This has had two major consequences. First, it turned the monetary system into a predatory scheme – in which as much as \$8 trillion of real wealth was transferred from the real economy to the Deep State establishment. Second, it left the entire economy vulnerable to a hellish depression. The first has already happened. And it will be partially corrected when the second happens, and asset prices collapse. But it is this second reason that has prompted this presentation. When it comes, it will be the worst financial shock ever. It may also cause widespread riots and social upheavals that are now unimaginable.

The more the banks lent, the more 'money' people had. You can see it here:



As the banks lent, the amount of 'money' rose. It was used to buy cars, houses, stocks, bonds – everything. In this sense, it worked just like any money printing scheme. It drove up prices—particularly in the financial sector. Had this been a typical Zimbabwe-style story, we would have seen a big run-up in consumer prices too.

But this is not a case of traditional inflationary money-printing. This is where the '**doomsday bug**' comes into play. You see, this wasn't like old fashioned "printing press money." The money was borrowed, not printed, into existence. So, instead of taking a wheelbarrow of notes to settlement, you just showed up with an electronic verification that the 'money' had been transferred from buyer to seller.

Where did the money come from? Not from the printing press. It never actually existed, except as a form of electronic information. And now you are the owner of the house, and you owe the bank the amount of the mortgage.

Now, imagine a crisis. Expansion always leads to contraction. Bull markets always end in bear markets. And booms always end in busts. But not all busts are the same. In an inflationary bust— like the one in Zimbabwe— the economy collapses, but the money is still there, dumpsters full of it.

In a deflationary bust— like the one we see coming— the economy collapses as the money disappears. This is the critical difference between money printing and credit money creation. If you had bought your house with paper money, you own it. In a crisis, you can live in it, even if the price of houses gets cut in half.

A credit money crisis will be very different. Like a house with a big mortgage on it, a crisis can be a catastrophe— not just for the economy, but for you personally. The house quickly turns from an asset into a liability. Instead of enjoying a safe and secure place to live, you are paying a mortgage on a house that is only worth half what you are paying. And in a credit crisis— such as the crisis of 2008— you may also lose your job.

This is the Big Surprise you should prepare for. It may lead (probably will) to hyperinflationary money printing later. But the initial stages of the crisis will see a deflationary collapse. Money will not be carried around in wheelbarrows. Prices will not soar, out of control. Instead, they will fall, out of control, as money disappears.

It will disappear because it was never really there in the first place. It was just credit. And credit can vanish in the blink of an eye. All it takes is a single major bank, or simply a crash in the stock market, and the contagion can spread in seconds to the rest of the economy.

- millions of houses could be foreclosed...
- thousands of businesses could be bankrupted...
- the entire credit system could seize up...
- You could be unable to use your credit card... unable to get cash... unable to buy food or medicine.

A whole economy, depending on credit for nearly every transaction, will be brought to its knees when the credit fails. **That is the ‘doomsday bug,’ in a nutshell: a credit-money system is prisoner of the credit cycle. And it can turn down fast, and hard.**

The fact of the matter is, you should not trust money you can't hold in your hand. In the beginning of this crisis, before people realize what's going on, I expect physical dollars to become very scarce. Numbers on a screen will do you no good in a credit collapse. That's why if you ignore everything else from this presentation, I would hope that you maintain an emergency cash reserve at home, one month's worth of expenses at a minimum.

We've all heard the stories of people using worthless paper money to start fires or wallpaper their homes. But that's not what happens here. Instead, it will be more like what physicists call an “event horizon.” That sounds like science fiction I know, but it's actually quite simple. And very real. When a massive star collapses and creates a black hole, the event horizon is the closest you can get without being sucked into its center and destroyed. Once past the event horizon, it does not matter what you are or what you do— you will disappear into the black hole.

In the same way, when the credit system collapses it will create a pull that money will be unable to resist. This is how real dollars become so scarce so fast in a crisis like this. This is our own financial “event horizon.” With no real money around, prices begin to crash. Businesses fail. Jobs vanish. Anything connected to money— your house, your retirement portfolio, and even your gold— is exposed to these powerful forces.

Almost everyone will be surprised when it happens. Millions of fortunes, reputations, social positions, and retirement plans will be destroyed.

In 1961, president Eisenhower said that “we must guard against the acquisition of unwarranted influence” by the Deep State. And his warning has never been more urgent than it is today, because, as you've seen in this presentation, the Deep State holds immense— and growing— power over you.

And the economic crisis the Deep State brought about has never been a bigger threat to your wealth, freedom and privacy. After all, the Deep State's tentacles reach into almost every part of your life— including into areas you probably wouldn't expect. They've insinuated themselves into the far reaches of the American government, using that power to radically alter our money system, the banks, the dollar, and the stock market itself.

But it doesn't stop there. Because the Deep State has also extended its control into the U.S. military and intelligence services. When you dig into these shocking facts, you'll start to see

why America constantly gets involved in aggressive overseas wars that have nothing to do with self-defense or America's national interests.

You'll see why America can't seem to end these wars even though they bear no benefit to the taxpaying public.

And you'll also see how the Deep State gets rich- in money and power- from these endless interventions and nation-building misadventures.

The Deep State has an extreme amount of control over the public school system, too. And the implications of that are as terrifying as they are astounding. In many ways, education has become yet another extension of the government. Even private schools often must comply with certain Deep State laws, so it's almost impossible to escape this...

It's not a topic generally discussed, but the Deep State has enormous influence over the medical system in the United States, as well. You need to know these facts before you schedule your next doctor visit. And they've crept into American farms, ranches and the food supply, too. From the FDA to the various farm cartels enforced by the government, the Deep State has infiltrated your dinner table and the local grocery store. So they can exert control over the foods you eat, if you're not careful."

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