

How to Prepare for a Collapse of the Euro, USD and the Derivatives Bubble

For thousands of years, people have used gold and silver as money. The Bible says that gold and silver are honest measures of value and suitable for trading. They must be mined out of the earth through hard labor, and they cannot be conjured out of thin air via a printing press or digital 0s and 1s. Sadly, in the 20th century governments were taken over by corrupt men who discontinued the use of gold and silver as legal tender. Instead, they all embarked on a path that historically leads to ruin: “fiat money”, i.e., money that cannot be converted into gold or silver or some other real asset but is nevertheless used by government order or fiat. Historically, when a country does this, it ends in the currency devaluing and becoming worth less and less until it becomes worthless. Here are a few examples of extinct currencies:



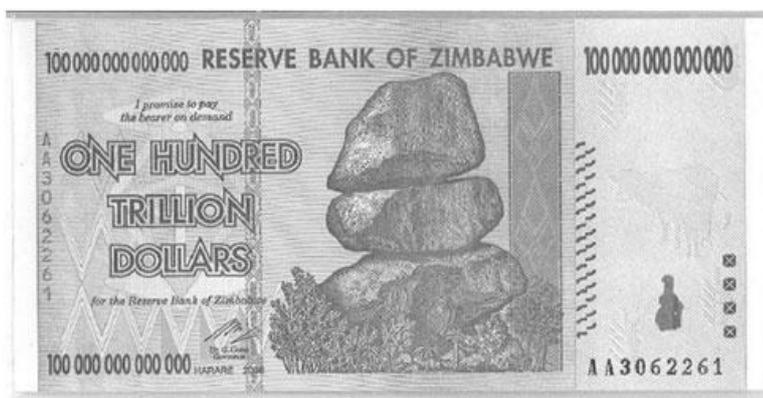
Central Bank of China
10,000 CGU, 1947



10,000
Argentina
pesos
1985



10 billion
Yugoslavia
dinars
1993



100 trillion
Zimbabwe
dollars
2006

Global economic collapse is inevitable

As the world watches Europe face a collapse of the Euro, the US is facing even worse troubles. Morgan Stanley reported in 2009 that there's “no historical precedent” for an economy that exceeds a 250% debt-to-GDP ratio without experiencing some sort of financial crisis or high inflation. The total US debt now

exceeds GDP by roughly 400%. Since the Federal Reserve's creation in 1913, the US dollar has lost 95% of its purchasing power. **Basically, the US dollar has stage 4 cancer and will die. "Quantitative easing" (QE) will not solve any problem. It is merely keeping the current system alive until it dies.** Economists also estimate that the total value of derivatives in the world today is somewhere between USD700 trillion to USD1.4 quadrillion, and a large portion of this is highly overvalued. Thus, the derivatives bubble is bound to pop at some point, and it could be this year. At risk are all currencies and all paper assets. China knows this and has been aggressively buying gold, silver and other hard assets, but no country will be unaffected by the coming economic collapse. It will probably be accompanied by war.

Since 2009, central banks have been net buyers of gold. China, India and Russia have been buying it aggressively. So have high net worth individuals. The fiat currency experiment is coming to an end. Actually, the prices of gold and silver have been suppressed via gold swaps, concentrated short selling on the US Commodities Futures Exchange, continual negative press and other means of psychological warfare. The entire existing system is basically kept alive by fraud and deceit. Many rich people know this and are taking action. How about you?

How to protect your assets

Today, due to inflation (which is caused by the debasement of currency), money in the bank is losing between 10-30%. Some people say that today we are seeing the largest bank robbery in the history of the world, and the bankers are the robbers. If they are "too big to fail" they even get free handouts from the Federal Reserve. This cannot go on forever. Thus, it is best **to take all your money out banks except cash needed for daily operations. And do it quickly, because the runs on the banks in Europe will probably spread to banks around the globe!**

Jay O'Keefe, author of Biblical Economics, is 84 years old and he's been investing for around 60 years of his life – both professionally personally. He also advises widows and retired people how to invest. As of 2011, Jay's portfolio contains around **50% silver, 10% gold, 30% cash and 10% other assets.** (For more information, see <http://somehelpful.info/Money>.) He also encourages his friends and relatives to do the same. (Note: it's important to have real, physical silver and gold stored at home, not at banks and not paper IOUs, since IOUs are subject to counter-party risk and systemic risk, which are now very high.) As for currency, the RMB is probably the least bad of all the fiat currencies, since China will probably back it with gold at some point. For cash and other assets, the best thing for most people is to simply store cash at home and buy some extra dry food and canned food and store it at home, since food prices will probably skyrocket as inflation gets worse and worse.

Why 50% silver?

There is less silver in the world for investors today than gold, yet the current price of gold is around 50 times the price of silver. Simple economic theory tells us that this cannot last for long. Furthermore, for every real ounce of silver in tradable form, there are approximately 100 ounces of paper silver impersonating real silver and artificially keeping the price down. It's like a game of musical chairs in which 100 people are going to fight for one chair when the music stops. Also, around 80% of new silver mined is used in industrial applications. Silver is the most popular conductor of electricity in many electronics products, like computers, cell phones, TVs, DVDs, iPods, RFID tags, wall switches. Silver is a superior reflector of light and is used in photography and mirrors. Silver is used in many washing machines, refrigerators, batteries, solar energy, nano technology and some health products. Silver is used in about 90% of all crystalline silicon photovoltaic cells, which are the most common type of solar cell. There is no substitute for silver in many of the above applications, so the industrial demand for silver is inelastic, i.e., manufacturers will pay any price to get it to make their products. Finally, in Bible times, a day's wages was one denarius, which had about 1/10 of an ounce of silver. Thus, ten days of hard work would yield about one ounce, yet today it costs only around HK\$250. This will probably change after the USD collapses. Price manipulation cannot go on forever. Today, one ounce of silver can be purchased in Sheung Wan at Kitco (see www.kitco.com.hk) for around HK\$250. Lee Cheong Gold Dealers (65-69 Bonham Strand East) have slightly lower prices (call 2542 1975). For more information, visit <http://somehelpful.info/Silver> or <http://somehelpful.info/Silver>