August 28, 2024 **Number 1165**

Just one article this week – and very much worth your time. Remember the mini econ collapse on Monday August 5, and how the media stopped talking about it on Tuesday August 6? Yeah, that one. Here's the skinny and we all need to understand this. Britt was my guest on Stand Up for the Truth on Friday August 23.

How the Current Global Financial Crisis Leads to Biblical Tyranny in 10 Steps

By Britt Gillette
August 17

When the System Breaks, "The Solution" is Conveniently Waiting in the Wings…

A little over a week ago, a financial crisis erupted into the headlines as the unraveling of the Japanese yen carry trade led to the biggest two-day drop in Japanese stock market history.

While everything appears calm for the moment (at least, as I write this article), know this – it's not. What took place last week is only the beginning of a much larger financial crisis, and it's going to get far worse before it ends. The only question now is how quickly will it all unfold? A growing crisis is inevitable, and the reason is simple…

The Bank of Japan is trapped.

Back in May, I wrote "6 Potential Triggers for the Next Global Financial Crisis." The second trigger listed was a Japanese currency crisis:

"Meanwhile, the world's fourth largest economy is on the verge of a major currency crisis. The Japanese yen currently sits at its lowest level relative to the U.S. dollar since

1990. To prevent the situation from getting worse will likely require the Bank of Japan to raise interest rates or the U.S. Federal Reserve to lower interest rates. Given the recent persistence of inflation, it's unlikely we'll see the U.S. lower rates in the short term (absent a major financial crisis). This means the Bank of Japan may be forced to raise rates and take other measures to defend its currency.

But this will cause a number of problems. First, the Japanese economy is in recession. Raising rates will only make the problem worse. Second, Japanese government debt stands at over 260% of GDP. Believe it or not, that's twice as bad as the United States. Raising rates means more interest on the national debt, potentially sparking a debt spiral that could destroy the country. Furthermore, if the Bank of Japan starts hiking rates, this could cause a reversal of the yen carry trade (succinctly explained here), which could quickly lead to a disorderly unraveling of financial positions all over the world. Along the way, we could see margin calls and exploding derivatives positions that crash global financial markets."

As you can see, the Bank of Japan can choose one of two roads:

1) Raise Interest Rates and Destroy the Domestic Economy – Raising rates will strengthen the yen. But as we saw last week, it will also lead to a reversal of the yen carry trade with enormous implications for global financial markets. It will also weaken the Japanese economy and increase the interest paid on a Japanese government debt load too onerous to ever be paid back. In addition, it puts further strain on the Japanese banking system by increasing the amount of unrealized losses on bank balance sheets – likely resulting in bank runs. Ultimately, raising interest rates will destroy the Japanese economy.

or

2) Lower Interest Rates and Destroy the Domestic Economy – Likewise, lowering rates will cause the yen to depreciate relative to other currencies (in particular, the dollar). While it will decrease the stress on Japanese bank balance sheets and the amount of interest paid on the Japanese government debt, it will unleash domestic inflation sure to ravage the finances of the average Japanese citizen. More and more of the average household budget will be earmarked for essentials, and discretionary consumer spending will contract. Worst of all, increased fossil fuel prices will weigh down every aspect of the economy, as Japan remains heavily reliant on imported oil. And that oil needs to be purchased in dollars using an ever-increasing number of yen. Ultimately, lowering interest rates will destroy the Japanese economy.

In case you missed it, the big takeaway is this – no matter what the Bank of Japan does, the result will be the same. And, as the fourth largest economy in the world, the destruction of the Japanese economy (whether through a deflationary spiral or hyperinflationary collapse) will severely weaken the entire global economy. Moreover, this is happening while almost every other industrialized nation in the world is on the brink of economic calamity due to their own problems with over-indebtedness.

That's why this crisis is far from over. In fact, just ahead of us is the greatest economic and financial crisis in history.

When the dust settles, the world will find itself trapped in a system indistinguishable in both capability and function from the mark of the beast system outlined in Revelation 13:16-17 – setting the stage for the rollout of the actual mark of the beast system. How will that happen?

Several interim steps stand between the current crisis and the global financial tyranny the Bible tells us is coming. I believe those steps are as follows:

STEP #1 – Continued Volatility

Expect to see continued volatility in global financial markets. Anticipate bear markets in stocks, real estate, and corporate debt in the United States, Japan, Europe, and almost every nation in the world. In the days and weeks ahead, expect to see a number of major financial events dominate news headlines. We may even see an epic crash in one or more of these markets. Expect to see increased job losses across all industries. However, these events will only be the beginning of the economic turmoil. The worst is yet to come.

STEP #2 – Debt Hits Its Limit

Eventually, the world will hit peak debt. The ability of consumers, corporations, and governments to take on new debt will hit its limit. Our current monetary system is a debt-based monetary system. This means in order to continue functioning properly, it requires the creation of ever greater amounts of debt. Essentially, it's no different than a Ponzi scheme. In a Ponzi scheme, once new investors can't be brought in, the entire scheme unravels. It falls apart, and investors lose everything. In the same way, once more debt can't be taken on, the current monetary system will implode. As individuals, corporations, and governments fail to take on new record levels of debt, the currency supply will shrink. This will lead to a cascade of defaults and bankruptcies as the world descends into a deflationary spiral akin to the Great Depression.

STEP #3 – Limited Bank Runs

As this deflationary spiral leads to further job losses and bankruptcies, it will eventually spark a panic in financial markets. During this phase, expect to see bank runs in major industrialized economies. In fact, Japan is a prime potential candidate for seeing some of these initial bank runs. But troubled banks aren't limited to Japan. Banking stress is a global issue. For instance, in the United States, over 1,871 banks are at greater risk of failure due to their commercial real estate exposure. And according to the FDIC, the United States banking system is currently sitting on half a trillion dollars in unrealized losses.

Many people try to explain this away. “No need to worry,” they say. “These are unrealized losses.” And that’s true. But it’s only true until the unrealized losses become realized losses. This is what happened in the spring of 2023 when customers demanded their cash deposits from Silicon Valley Bank, Signature Bank, and First Republic – causing all three banks to fail. Those failures amounted to the 2nd, 3rd, and 4th largest bank failures in U.S. history. Once bank runs like these re-emerge, central banks will take the same measures they took in March 2023. They’ll panic and pledge to guarantee all deposits in an effort to prevent further bank runs. Unfortunately, this will only increase risk in the system as customers keep their deposits at institutions that are due to fail anyway. All this will do is delay the inevitable and create the conditions that lead to the greatest run on banks since the Great Depression.

STEP #4 – A Massive Government / Central Bank Response

Fearing a repeat of the Great Depression and staring into the void of a deflationary spiral, governments and central banks across the globe will spend and print as much as they can in a desperate attempt to avoid a prolonged depression. In recent crises, these types of efforts managed to kick the can down the road and avoid the much-dreaded deflationary spiral and unraveling of the financial system.

However, those previous efforts were undertaken in an era of relatively low inflation. We now live in a world where the United States national debt tops $35 trillion. Interest alone on the U.S. national debt is over $1 trillion per year. Annual budget deficits exceed $2 trillion per year. And all of this is taking place with supposedly record unemployment and a growing economy.

What happens to that debt load and those annual budget deficits when the economy begins to contract and millions of people lose their jobs? Tax revenues will decrease while spending explodes on social safety net programs. The result will be massive budget deficits few people ever thought possible. Is it realistic to expect interest rates (particularly on long-term government debt) to sharply decline in the face of such reckless spending? I believe the answer is no. Rates are likely to stay higher for longer, and that means stubbornly high mortgage and consumer loan rates, crushing consumer spending.

These high interest rates will persist until the economy is driven into a severe depression. At that point, relatively low interest rates will likely return. But the damage will be done. The global economy will be fully entrenched in a deflationary spiral as bad as the Great Depression, and central banks will find it more and more difficult to print enough currency to fill the void.

STEP #5 – A Bank Bail-In

At some point during their policy response, governments and central banks will make a major miscalculation. Unable to arrest the freefall in global financial markets and corporate bankruptcies, they'll continue to spend and print until public sentiment convinces them to change policy. In the face of intense political pressure to stop "bailing out the banks and Wall Street," they'll do something truly novel – they'll follow the law (something they didn't do during the 2023 bank failures).

Under the Dodd-Frank Wall Street Reform and Protection Act, as well as other post-Great Financial Crisis legislation and regulatory changes, failed banks are supposed to be "bailed-in" by depositors rather than "bailed-out" by taxpayers. To "bail-in" a bank means depositors are forced to recapitalize the bank with their own deposits. All cash deposits above the FDIC limit are used to rescue the bank and save it from collapse. In exchange, depositors receive equity (an ownership interest) in the failing bank. Unfortunately, that equity has a market value much less than what the original cash deposit was worth.

At some point, expect Fed officials to allow a bank to fail and be "bailed in." Any businesses exclusively banking at this "bailed-in" bank will lose everything above the $250k limit – causing many of those businesses to fail. This will cause an enormous public outcry, and the Fed will quickly reverse its decision – once again promising to guarantee all deposits. But their policy reversal won't matter. The damage will be done. Businesses all over the United States and all over the world will panic. That single attempt – and that's all it will take, one attempt – to "bail-in" a bank will spark a panic run on all but the largest banks.

As individuals and businesses move their cash deposits above the FDIC-insured threshold to larger, "too-big-to-fail" banks such as JP Morgan and Wells Fargo, regional banks and smaller banks will fail in mass. In the end, only a handful of banks will control the overwhelming majority of deposits, and all this will be the result of a contagion sparked by a single bank "bail-in."

Think I'm exaggerating the extent of the banking crisis? Just remember this – when the bank runs begin, most banks will have nothing in reserve to pay out to depositors. They'll be forced to sell underwater assets at a loss to raise cash. Why do I say they'll have nothing? Because in March 2020, the U.S. Federal Reserve lowered the reserve requirements to zero. That's right. Zero. Here's the receipt.

Still think I'm crazy?

STEP #6 – Something Big Blows Up

As the largest bank run in history spreads across the globe, years and years of central planning and economic mismanagement will surface in the form of smaller implosions throughout the global economy. Think of a leaky boat where the occupants frantically rush to plug the leaks, but for every hole they plug, three new leaks spring forth. These implosions will include major problems in the global derivatives market – estimated at somewhere between $1 and $4 quadrillion dollars. According to the Office of the Comptroller of the Currency, four banks – just four – hold "87.6% of the total banking industry notional amount of derivatives." That means the failure of just one of those banks will be enough to collapse the entire global financial system (i.e., those banks won't be allowed to fail).

Also, as we saw during the Great Financial Crisis, this crisis will expose fraudulent activity. In 2008, Bernie Madoff was exposed for running the biggest Ponzi scheme in history. Expect to see more Bernie Madoffs. In addition, expect several hedge funds, high-net worth individuals, and/or other financial entities outside of the traditional regulatory system to be exposed as frauds for pledging the same collateral to multiple financial institutions.

On Wall Street, expect to see several major failures of brokerage houses and, more importantly, intermediaries responsible for the stock settlement process. Their failure will expose a fatal flaw in the system. When someone "shorts" a security, they "borrow" it from someone who owns it, sell it into the open market, and promise to buy it back later (they hope at a lower price, pocketing the difference). When this happens, two people think they own the same security. This is called naked short selling, and it's illegal in most countries. Nevertheless, it still happens. And we won't know to what extent the law has been flaunted until the system breaks. When it does, many people will learn they don't own what they thought they owned.

When these financial entities fail, contagion will spread throughout the global financial system. The threat of counterparty risk will cause global credit markets to freeze as distrust spreads throughout the system. This is the moment when the entire system will "break."

STEP #7 – Bank Holiday

At this point, the global economy will come to an immediate, grinding halt. With credit markets frozen, trucks will stop making deliveries, factories will stop producing widgets, and every node in the global supply chain will freeze. In response, governments will announce "a bank holiday." Global financial markets will close. All banks will close, and all electronic financial transactions will cease. So, what does this mean? A bank holiday last occurred in the United States in March 1933 at the height of the Great Depression. Markets and banks will remain closed until government regulators implement new measures to jumpstart credit markets and restore the orderly functioning of the financial system.

STEP #8 – Roll Out the New System

How will they manage to do this? How will they restore credit markets and the orderly functioning of the financial system? Once the system breaks, “the solution” will be conveniently “found” waiting in the wings. They’re already preparing and testing it now. All that’s necessary is the proper crisis to drive its implementation. The “solution” they will roll out has three elements:

1) CBDC – The first of these elements is central bank digital currency (CBDC). CBDC is centralized, digital fiat currency. But unlike the currency of the past, CBDC will be fully programmable. This means central banks can manipulate it in real-time. They’ll have the ability to raise and lower interest rates on your currency in real-time. They’ll have the ability to put restrictions on your currency in real-time, such as where you can spend it and on what. With CBDC, governments will have full insight into every financial transaction you make.

And before you say, “People will never agree to that,” know this – people will demand it. They’ll claim it’s necessary to prevent another crisis like the one that just unfolded. They’ll claim that to prevent 21st-century bank runs, they need 21st-century regulatory tools. They’ll claim CBDC will enable law enforcement to identify criminals like Bernie Madoff instantly, because they’ll know in real-time if bad actors embezzle or misallocate funds. They’ll claim CBDC will give regulators much-needed insight into the “shadow banking system” and systemically important non-bank financial institutions (entities that don’t currently fall under the same regulatory standards as banks). And with this new oversight, such a crisis will “never happen again.” Ultimately, the public will embrace CBDC as a “safeguard” against future financial crises. It’s an empty promise.

2) Tokenized Assets – The second element of the new system will be tokenized assets. Every asset on earth will be digitized. This includes stocks, bonds, precious metals, art, real estate, and anything else of value which can be cataloged, tracked, and traded.

Again, the public will embrace tokenized assets. They’ll claim they’re necessary to prevent another financial crisis like the one that just unfolded. Remember, when the system breaks, many people will realize for the first time that they didn’t really own the stocks they thought they owned. The failure of several Wall Street brokerages and settlement entities will reveal an epic game of financial music chairs where concepts such as naked short selling led to multiple people thinking they own the same share of stock. By definition, only one can be the owner. The others will lose out. Many retirement accounts will be devastated.

The solution? Tokenized assets – a transparent method for tracking ownership in real-time on a public-facing blockchain. In the aftermath of a market crash, where so many people lose out, they’ll claim tokenized assets will prevent future fraud and abuse of financial regulations.

3) Digital IDs – The third element of the new system will be digital ID. Governments will roll out digital IDs as a means to verify the identities of those transacting in CBDC and tokenized assets. They’ll claim digital IDs will prevent fraud and abuse. But because

digital IDs will centralize all information associated with an individual, they make a person more vulnerable to identity theft. A single hack, and every aspect of your life is compromised. In reality, digital ID isn't about what's best for you – it's about what's best for government. By centralizing all information associated with you as an individual, it streamlines their ability to surveil your life.

If that's the case, why will anyone go along with the digital ID system? Simple. They'll make digital ID a requirement to receive CBDC and tokenized assets. And people will gladly adopt the first two elements of the new system in order to rebuild their financial lives. Those deposits you lost when the banks went under? You can have them back. But only in CBDC. Those stocks you lost when the brokerages and settlement houses defaulted? You can buy them back, but only as "secure" tokenized assets. If you're on board, the government will deposit the cash equivalent of the lost assets to your digital wallet. You can then use the CBDC to "buy back" your lost assets. Don't want CBDC? Then your lost deposits and assets remain lost.

And what about those who had no cash or assets to begin with? They'll be on board too. The government will offer them "free cash" to jumpstart the economy and avoid social unrest. Simply claim your digital wallet, and $10,000 will be waiting for you. Still not convinced? How about $25,000? Or $50,000? This offer will prove irresistible for many. We already see such a system rolling out in Thailand presently.

STEP #9 – The New System Becomes "Mandatory"

With all these incentives, adoption of the new system will take place rapidly. In the aftermath of the greatest financial and economic crisis in history, many people who have lost their homes, retirement accounts, and cash deposits will gladly accept the offer of the new digital system in order to restore their lost fortunes. They'll willingly accept CBDC and digital IDs as a form of "21st-century convenience." In a relatively short period of time, the number of people in the system will reach critical mass. At that point, any remaining holdouts who refuse to take part in the new system will simply be forced into the system. This will happen when governments drive the final nail in the coffin of the old system and ban the use of physical cash. They'll claim cash needs to be outlawed because "only drug lords, money launderers, and terrorists use it."

Anyone who objects based on privacy concerns will receive the standard mantra, "If you've got nothing to hide, then what are you afraid of?" Once they force the last holdouts into the system, the door to the cage will slam shut. The entire world will be locked into a new economic system, one that gives governments and central banks unprecedented power over every individual on the face of the planet.

While this new system will not be the mark of the beast system, it will be indistinguishable in capability and function from the mark of the beast system foretold in the Bible. Regardless of whether or not this new system is initially abused or not, the infrastructure will be in place for the mark of the beast system to appear at the midpoint of the 7-year Tribulation.

STEP #10 – Roll Out of the Mark of the Beast System

Once the world reaches the midpoint of the Tribulation, the Antichrist and the false prophet will roll out the mark of the beast system. As the Book of Revelation reveals, they will require everyone on the face of the earth to receive a mark on the right hand or on the forehead, and no one will be able to buy or sell without that mark:

“He required everyone — small and great, rich and poor, free and slave — to be given a mark on the right hand or on the forehead. And no one could buy or sell anything without that mark, which was either the name of the beast or the number representing his name” Revelation 13:16-17 (NLT).

When the Antichrist and the false prophet make their move to implement the mark of the beast system, they won’t have to scramble to create it. The basic system will already exist. All they’ll have to do is “flip the switch.” And this is how the world will go from a global financial crisis to biblical tyranny.

The time between these steps will vary, and some are likely to occur simultaneously (see Steps #4, #5, and #6). And while I can’t know the timeline between Steps #1 and #10, rest assured, we’re in Step #1 right now.

I hope this article helps you to understand how we’re most likely to get from where we are today to where the world will be in the years to come. Most important, know this coming system is only one of the many signs the Bible says will appear in the end times.

Jesus and the prophets pointed to dozens of signs, and our generation is witness to the emergence and convergence of those signs. No other generation can say the same. Most important, Jesus said, “When you begin to see these things, you can know His return is near, right at the door” (Matthew 24:33). Amen, come, Lord Jesus, come!

***

Britt Gillette is the author of several books on bible prophecy and the end times. You can find more of his work at brittgillette.substack.com