

LONGWAVE ANALYST

The Gods of the Copybook Headings

Rudyard Kipling's wrote this poem in 1919 after the end of World War 1, in which his son had been killed. It is one of my favourite poems of his and certainly on a par with "If."

Copybook headings were proverbs or maxims printed at the top of the pages of British school notebooks to be copied by students all down the page to teach them the art of handwriting. Not only did they learn how to write but they also absorbed the moral message of what they were writing.

This poem teaches that humans constantly reject the ethical and moral teachings of the Gods of the Copybook Headings in favour of the immoral and unethical practices of the Gods of the Market Place. The retribution for this rejection is horrendous punishment.

1st Stanza:

**"As I pass through my incarnations in every age and race,
I make my proper prostrations to the Gods of the Market Place.
Peering through reverent fingers I watch them flourish and fall,
And the Gods of the Copybook Headings, I notice, outlast them all."**

Throughout history, man has revered the Gods of the Market Place, who rise and fall; whereas the Gods of the Copybook Headings are consistent and always triumph over the false Gods of the Market Place.

Kipling tells us that from the early days of man the morals and ethics contained in the Copybook Headings were the truth; however we quickly turned against their teachings because "We found them lacking in Uplift, Vision and Breadth of Mind."

"So we left them (The Gods of the Copybook Headings) to guide the Gorillas while we followed the "March of Mankind." The Copybook Headings are in tune with nature (the gorillas) whereas we believe that mankind is more powerful than nature.

As we progressively turn away from the teachings of the Copybook Headings, Kipling shows how we begin to believe things that are utterly and ridiculously false, but which are promised to us by the Gods of the Market Place.

4th quatrain:

**“With the hopes that our world is built on they (The Gods of the Copybook Headings) were utterly out of touch,
They denied that the moon was Stilton (a cheese); they denied she was even Dutch;
They denied wishes were horses; they denied that a pig had wings;
So we worshipped the Gods of the Market who promised these beautiful things.”**

Finally, reality and honesty prevail and for those who have strayed far from the moral and ethical teachings of the Copybook Headings the punishment is devastating.

**“Then the Gods of the Market tumbled, and the smooth-tongued wizards withdrew
And the hearts of the meanest were humbled and began to believe it was true
That all is not gold that glitters, and two and two make four
And the Gods of the Copybook Headings limped up to explain it once more.”**

**“As it will be in the future, it was at the birth of man
There are only four things certain since social progress began.
That the dog returns to his vomit and the sow returns to her mire,
And the burnt fool’s bandaged finger goes wabbling back to the fire;”**

**“And after all this is accomplished, and a brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as water will wet us, as surely as fire will burn,
The Gods of the Copybook Headings with terror and slaughter return.”**

The certain retribution for not following the moral and ethical teachings of the Copybook Headings is terrifying and deadly.

So here we are. We have strayed so far from the moral teachings of the Copybook Headings and the natural laws of money and markets. We have placed our faith in government and man-made institutions like the central banks to defy these laws with impunity—“So we left them to teach the Gorillas, while we followed the March of Mankind.”

Because these authorities have had so much success in overriding the natural laws of the Gods of the Copybook Headings for such a long time, most of us are in their camp and are convinced that they will be able to do so ad infinitum. They won’t. We have strayed so far from the moral path and for so long; the day of reckoning is at hand and “The Gods of the Copybook Headings with terror and slaughter (will) return”. Let’s examine this defiance of the natural law of money and markets.

Money is governed by natural law. Paper money is a gross repudiation of this law. No nation has ever succeeded in breaking the natural law of money; John Law, Continental currency, Assignats, Confederate notes are cases in point. This the first time in world history that every country has enslaved their peoples by foisting paper currencies upon them.

Paper money is debt money; in itself, this is contrary to the natural law of money. The fact is, the world is awash in debt. Countries, corporations and people now possess in excess of \$220 trillion, of which \$57 trillion has been added since 2007. Most of this debt, if not all, cannot be repaid. How immoral is that? Do you really believe that the United States can repay \$19 trillion?

Here are two different ways at looking at what is a trillion dollars (\$1,000,000,000,000). Thanks to Dan Asmussen—"If you were alive when Christ was born and you spent one million dollars every single day since that point, you still would not have spent one trillion dollars by now." Or, "If you spent one dollar per second, in a day you would spend \$86,000. Over the course of a year your spending would come to more than \$31.5 million. At that rate of spending, it would take you 32,000 years to spend one trillion dollars." Using this example, it would take 608,000 years to spend the American national debt of \$19 trillion.

Thus, it should be obvious that the U.S. is effectively bankrupt. So why isn't it? It isn't, because the United States has imposed the diabolical petro dollar system on the world.

After President Nixon took the U.S. off gold in August 1971, the president and his advisors realized that the dollar's reserve currency status was in grave jeopardy, so it was imperative that America retain the dollar's hegemony even though it was now merely a fiat paper currency.

A master plan was then devised. In 1973 the Saudi government agreed to price their oil only in dollars in exchange for American weapons and military protection.

By 1975 all OPEC nations had joined Saudi Arabia in pricing their oil in U.S. dollars, having been given the same promise as had been given to the Saudis.

This immediately created an artificial demand for dollars. As demand for oil increased globally, so did the need for oil importing countries to acquire more U.S. dollars.

Surplus dollars, both from the oil exporting nations and those countries with a surfeit of dollars, were invested in U.S. Treasuries, in effect, contributing to financing the humungous American war machine.

Every country purchasing foreign oil had to earn U.S. dollars via their exports to the United States. America merely printed the dollars it needed to purchase foreign oil and foreign products.

Any oil exporting nation choosing to opt out of the petro-dollar system was immediately subjected to 'shock and awe' as in Iraq, which had chosen to sell its oil in Euros. Or 'we came, we saw, he died.' This was Secretary of State, Hillary Clinton's gleeful response in an interview about the murder of Colonel Gaddafi in Libya following the American invasion of that country (to think that the 'Powers that Be' have seemingly chosen this vile woman to be the next President of the United States). The Colonel had proposed that African oil producing countries should be paid in gold for their oil. Naturally, America could not let this happen.

I will never forget Secretary of State Madeleine Albright's answer to this question posed by Leslie Stahl in a "60 Minutes interview" in 1996:

Leslie Stahl on U.S. sanctions against Iraq: "We have heard that half a million children have died. I mean, that's more children than died in Hiroshima. And, you know, is the price worth it?"

Madeleine Albright: "I think this is a very hard choice, but the price—we think the price is worth it."

America and her leaders has a lot to answer for the death, destruction and torture, yes torture, that her petro-dollar war machine has inflicted on so many countries and so many people around the world, particularly in the Middle East. The Gods of the Copybook Headings are likely to exact a terrible price for this.

Although Hillary Clinton is, perhaps, the most despicable example of the corruption of American politics through the use of paper money, much of the U.S. congress has been bribed by a multitude of different corporate lobbyists like Monsanto, seeking support for various corporate boondoggles. More than 50% of the members of the U.S. Congress are millionaires. “Suffice to say money runs everything in the US—everyone is for sale.” Gordon Duff, Senior Editor Veterans Today.

“In a new book entitled ‘The Confessions of Congressman X’ and written anonymously, his admissions are dark and stunning, yet you can bet the mainstream media will ignore it for they are part of the game. This is what he has to say:”

‘Most of my colleagues are dishonest career politicians who revel in the power and special interest money that’s lavished upon them.’

‘My main job is to keep my job, to get reelected. It takes precedence over everything.’

‘Fundraising is so time consuming I seldom read any bills I vote on. Like many of my colleagues, I don’t know how the legislation will be implemented, or what it will cost.’

“As for voters,” he also explains: ‘The average man on the street actually thinks he influences how I vote. Unless it’s a hot-button issue, his thoughts are generally meaningless. I’ll politely listen, but I follow the money.’

‘Voters are incredibly ignorant and know little about our form of government and how it works.’

‘It is far easier than you think to manipulate a nation of naive, self-absorbed sheep who crave instant gratification.’

“Welcome to the decline and fall of Western civilization. The end of our Republican form of government lurks between the words.” Martin Armstrong.

The U.S. Federal Reserve’s money printing machine has been actively operating in a desperate attempt to keep the economy and the financial system afloat.

According to the Government Accountability Office, \$16.1 trillion in secret loans to both American and foreign banks were made by the Federal Reserve between December 1, 2007 and July 21, 2010. Citigroup was the largest recipient of the Federal Reserve’s largesse receiving \$2.5 trillion of this newly conjured money.

In 2008 paper money was used to bail out bankrupt companies like General Motors and AIG.

The Federal Reserve also attempted to jump start the economy by introducing a series of what has been termed Quantitative Easing. This Quantitative Easing policy was simply money printing used to purchase government and mortgage backed securities from the banks. The aim of these purchases was to get the banks to start lending the money with the goal of jump-starting the economy. For the most part the programme has been a failure and banks have simply used the money to speculate in stocks and commodities.

Paper money has been the tool whereby all investment markets have been manipulated. Not only has the Federal Reserve injected massive amounts of money into the banks through a series of Quantitative Easing, which they have used to purchase stocks; but, also it has admitted to injecting \$1 trillion U.S. into the stock market in 2009. “By March we had already bought a trillion dollars of securities and the market turned that week—Once again, we frontloaded, at the Federal Reserve, an enormous rally in order to accomplish a wealth effect.” Ex-Dallas Fed president Richard Fisher.

This stock market manipulation has been ongoing since the stock market peak in early 2000. As, I have previously written, the 2000 stock market price high was akin to 1929, 1873 and 1837 Long Wave autumn stock bull markets price peaks. The end of these bull markets signaled the onset of the Long Wave winter depression, when debt was washed out of the economy at a substantial cost to creditors and debtors alike. This time, however, the Federal Reserve intervened and with the aid of paper money circumvented the natural course of the Long Wave Cycle. Evidence that 2000 was the legitimate autumn stock bull market price peak is found in the Dow/Gold ratio which reached a record high price peak of 44 to 1 in July 1999, similar to the ratio price high of 18.40 at the end of August 1929. (See the Dow/Gold ratio chart at <http://longwavegroup.com/market/charts/charts.php>)

Not only have stock prices been manipulated upwards, but gold prices have also been forced down. Gold is the antithesis to paper money; that is, it is honest money and unlike paper it acts as a store of value and is not someone else's liability. Governments, especially the U.S. government, who have decreed that their paper currencies are the only lawful means of payment, hate gold because it is the measure by which their fiat paper currency is judged. To that end, as confidence in paper currencies and especially in the U.S. dollar is in rapid decline, the golden measure has not been allowed to rise in price. So, at several strategic points in the past few years the price of gold has been hammered, using the paper Comex market as the means to achieve this. At times when the metal is likely to be very thinly traded, like Sunday evening, several thousands of tonnes of paper gold are all at once dumped into the market with the obvious effect of substantially taking down the gold price.

On the London Over the Counter Market it has been estimated that 500,000 tonnes of gold was traded in 2013; all, of course, with paper money. This is equivalent to 170 times the global annual mine supply and accounted for 75% of the gold traded worldwide. By comparison the trading of gold on the Comex amounts to about 20%.

Another market manipulation which has been made possible by paper money is that of interest rates, which have been virtually set at zero and in some cases below zero; thus effectively punishing savers and rewarding borrowers. Central banks have been printing money to purchase massive quantities of not only sovereign debt, but also corporate debt and, in the U.S. case, mortgage backed securities in order to hold down interest rates and Treasury yields.

Lurking behind the scenes is a massive derivative time bomb, which amounts in nominal values to at least \$800 trillion. The majority, approximately \$450 trillion are related to worldwide interest rates. In other words, more than \$450,000,000,000,000 has been bet on the movement of interest rates. As soon as interest rates move rapidly higher, and they will as paper money hastens to its destruction, the explosion in interest rate derivatives will destroy all Western banks.

European and Japanese central banks have also been engaged in huge money creation exercises. These are all desperate acts performed by "The Gods of the Market Place." The European Central Bank is now implementing more Quantitative Easing and buying €80 billion per month of government and even corporate bonds. Japan's central bank is buying virtually all the Japanese government debt and is also buying Japanese stocks through ETFs. Also, the Bank of England has recently joined Quantitative Easing brigade. This brings the total amount of central bank monetary expansion into the financial system to \$180 billion per month. It's a case of "Whom the gods (The Gods of the Copybook Headings) would destroy, they first make mad."

Paper money has also created a huge disparity between the wealth of the top 0.01% of Americans and the remainder of the population. A similar difference occurs in most capitalist countries. Interestingly, in the U.S. the previous high for this measure occurred in 1929 at the peak of the last autumn stock bull market and from that point collapsed into the late 1970s. We should soon expect a similar or perhaps greater collapse as everything valued in paper money is destined to become almost worthless. Everything that is, except precious metals.

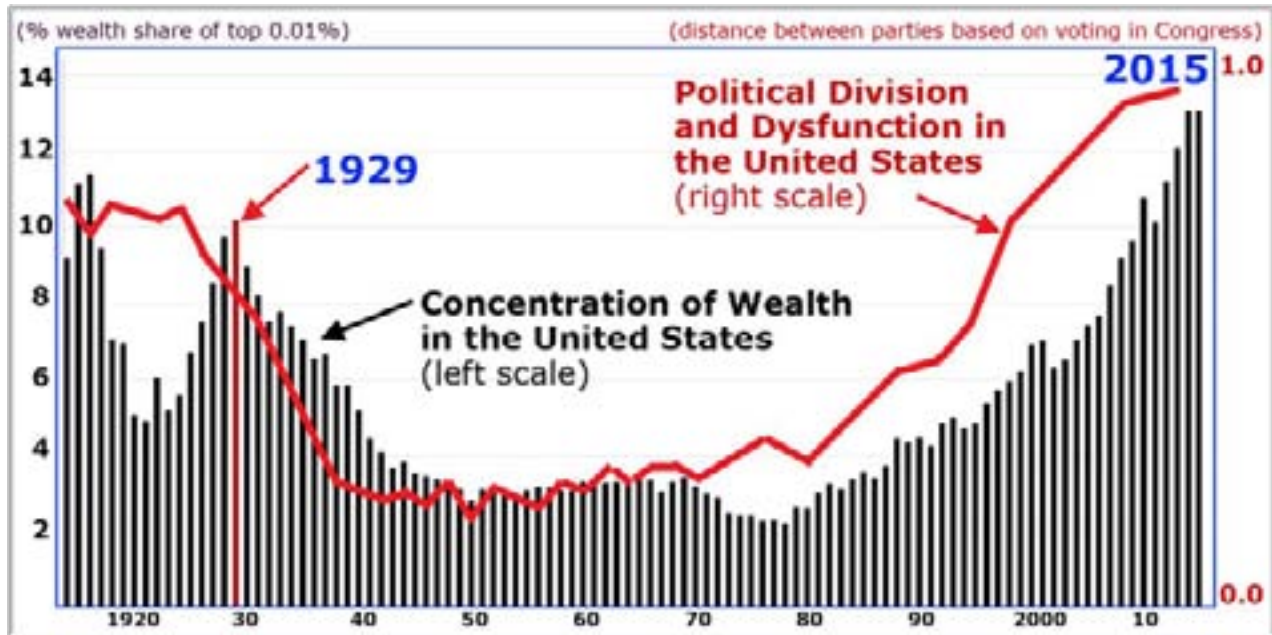
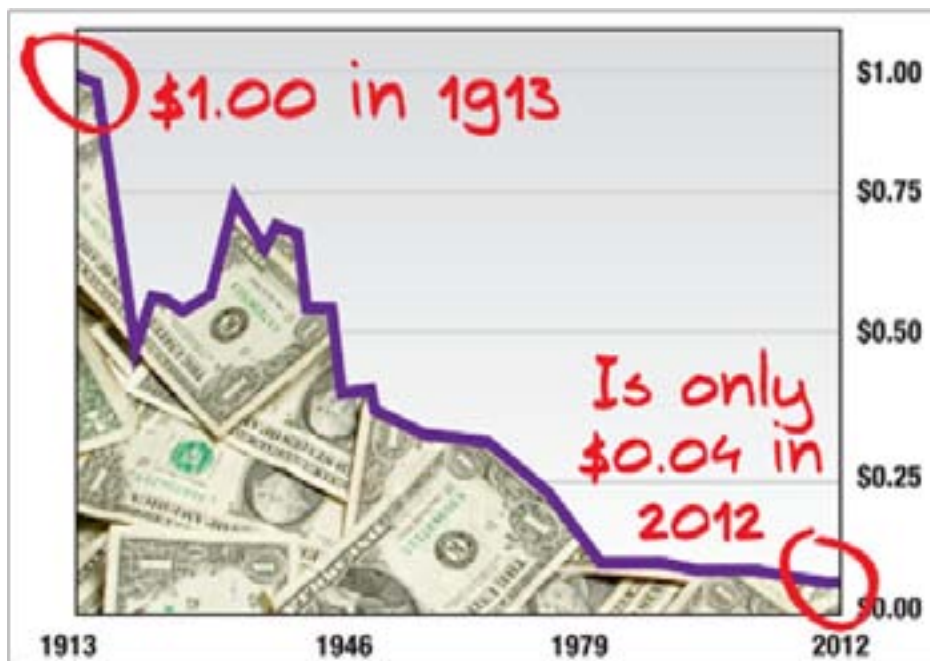


Chart courtesy Weiss Research.

Black bars: Wealth share of richest 0.01% of America's households. **Data:** Emmanuel Saez and Gabriel Zucman.

Red line: Distance between Republicans and Democrats in House of Representatives. **Data:** McCarty, Poole and Rosenthal.

The value of all paper money has been constantly and consistently debased. Since the onset of the private banking cartel of the U.S. Federal Reserve, in December 1913, the U.S. dollar has depreciated in value by 96%. This is theft. John Maynard Keynes wrote, "The best way to destroy the capitalist system is to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved an important part of the wealth of their citizens."



Chart—SHTF.com

Thus are exposed many if not all the evils of paper money, particularly the fraudulent petro-dollar, perpetrated on all of us by the Gods of the Market Place.

Paper money has been used as the means to manipulate markets and circumvent the natural course of economic and financial cycles. Moreover, the petro paper dollar has provided America the wherewithal to wage interminable wars resulting in the death and maiming of millions of innocent people; as well as the massive destruction of towns, villages and infrastructure. The imminent destruction of all paper currencies is the terrible price that will be exacted by the Gods of the Copybook Headings.

Almost as evil as paper money, is our abandonment of our intimate relationship with nature, which of course is closely connected to the Gods of the Copybook Headings.

Human beings are as much a part of the natural world as are the gorillas, lions, bears, and all other animals, plants and trees. However, we have desecrated nature. We shoot gorillas, lions and bears for trophies to hang on our walls or carpet our floors. We have killed millions upon millions of our fellow human beings in countless wars. We have polluted our environment. The aftermaths of the Fukushima nuclear disaster are spreading radioactive particles into the atmosphere and into the Pacific Ocean. We have used toxic chemicals, such as (glyphosate) Roundup to destroy pests on our growing foods and the heavy use of fertilizers is destroying our soil. We have in most countries, not Russia, legalized genetically modified foods. Our seawaters are becoming filled with garbage and plastic waste.

The U.S. government has recently admitted to sowing the atmosphere with chemtrails or, as CIA Director John Brennan called them "Stratospheric Aerosol Injection", an established geoengineering science used to fight global warming. "To put this into the nutshell, the amount of destruction these programs have caused environmentally has contaminated the entire web of life. This is, mathematically speaking, the greatest and most immediate threat to the web of life on earth, including human health. It is greater than any other threat short of nuclear war." Dane Wigington, GeoEngineeringWatch.org

"As a species, we have the choice to develop our bodies and our brains in a healthy upward trajectory, or we can follow the Western example of recent decades and intentionally poison our population with genetically altered food, pharmaceuticals, vaccinations and fast food that should be classified as a dangerous drug." Vladimir Putin (Thanks to Jim Willie, The Golden Jackass for this quotation.)

Maybe the forces of nature are just beginning to show us that they are more powerful than we are. There has been heavy recent earthquake activity. The largest producers of CO2 are 30 or more active volcanoes. "It was on magazine covers over a dozen years ago that 'The Sun is the hottest it's been in 8,000 years!'" Arch Crawford. The people of Fort McMurray, Alberta, can attest to that. Temperatures which aided the horrific forest fire that destroyed part of the town were approximately 20 degrees Celsius higher than normal. "The drought in California is worse, and the notion that it is better is an absolute fallacy. Whole forests are being wiped out and springs are drying up faster than ever before. High temps are being under reported by four or five degrees, and overnight temps are much higher than normal." Dane Wigington, GeoEngineeringWatch.org

Rather than living in harmony in our natural world, we are destroying it. For that we will be held accountable by the Gods of the Copybook Headings.

The days of the petro-dollar hegemony are fast coming to an end. Russia and China are both leading the way to destroy this inordinate and much abused monetary privilege. These two countries have introduced a series of measures in parallel to the Western monetary system, principally controlled by the U.S.

These include the BRICS New Development Bank and its international counterpart, the Asian Infrastructure Investment Bank, which are parallels to the World Bank and the International Monetary Fund; and the BRICS Contingency Reserve Arrangement, which provides a \$100 billion U.S. reserve pool for crisis liquidity and is similar to the IMF.

The Asian Infrastructure Investment Bank includes 57 founding countries and has \$100 billion U.S. in capital. America is not a member and has advised its allies to avoid joining, although many, including Great Britain, have disregarded that advice.

Russia and China have set up alternative payment systems to SWIFT, which is the current international payment system. SWIFT, which is based in Europe, has nevertheless been abused by the U.S. America has claimed legal authority over all SWIFT transactions denominated in U.S. dollars, even if those dollars never enter a U.S. bank account.

The Iranian banks were disconnected from SWIFT almost four years ago and have only recently been returned to the system following the lifting of U.S. imposed sanctions. In retribution, Iran has demanded that all outstanding and new oil shipments be paid in Euros only. However, it is likely that the Iranian authorities have agreed that China will pay in Yuan.

Following the U.S. perpetrated Ukrainian coup and the assimilation of the Crimea back into the Russian Federation, David Cameron, the former British Prime Minister, advocated that Russia be removed from the SWIFT payment system. This was clearly a declaration of economic warfare, but fortunately was never implemented. However, the U.S. use of the SWIFT system to threaten non-compliant states has driven many countries to seek viable alternatives such as the Russian and Chinese systems.

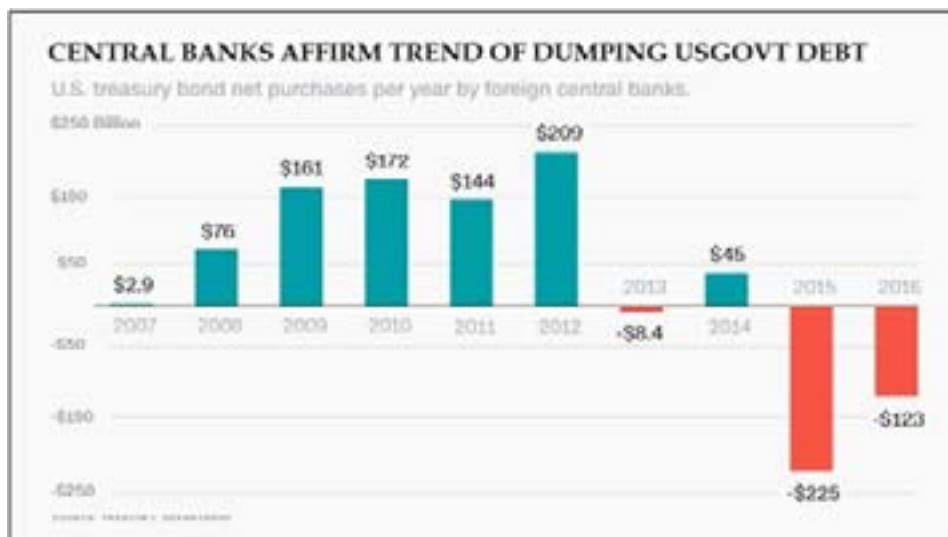
Russia will soon implement an oil pricing mechanism based on the ruble. This is aimed at breaking the Wall Street oil price monopoly. "The Russian move to price in rubles its large oil exports to world markets, especially Western Europe, and increasingly to China and Asia via the ESPO pipeline and other routes, on the new Russian benchmark in the St. Petersburg International Mercantile Exchange is by no means the only move to lessen dependence of countries on the dollar for oil. Sometime early next year (now this year) China, the world's second largest oil importer, plans to launch its own oil benchmark contract. Like the Russian, China's benchmark will be denominated not in dollars but in Chinese Yuan. It will be traded on the Shanghai International Energy Exchange." Engdahl, William. Russia Breaking Wall Street Oil Monopoly, New Eastern Outlook, 9th January 2016.

Russia, Armenia, Belarus, and Kazakhstan, all of which are members of the Eurasian Economic Union, are committed to using their national currencies in their trading with each other. Iran has also agreed to using national currencies in its trading with Russia.

Russia recently surpassed Saudi Arabia as China's biggest oil partner and has agreed to accept Yuan in payment. Moreover Iran and India recently announced that they intend to settle all outstanding and future crude oil payments in rupees.

Russia and China have also forged an energy alliance worth \$400 billion U.S. and a second deal focusing on natural gas worth \$284 billion. The American dollar will play no part in these two mega-deals.

Twenty-three countries including Russia, China, India, Germany, France and the United Kingdom comprising about 60% of the world's GDP have set up swap lines which bypass the U.S. dollar. There have already been many currency agreements, which exclude the U.S. dollar and such arrangements will continue to grow. This means that these countries, which have already or will in the future eliminate the dollar in their bilateral trade agreements are required to hold far fewer U.S. dollars in their reserves. Both China and Russia have been conspicuous sellers of U.S. debt. Apparently most of the dollar debt remaining in Chinese reserves has a duration period of 5 years or less, which likely means that it will be redeemed at maturity.



China is spearheading the Silk Road Economic Belt, which actually consists of two roads, one by land and one by sea. The land belt includes countries situated on the original silk road through Central Asia, the Middle East and Europe. The plan is to integrate the region into a cohesive economic area through building infrastructure, broadening trade and increasing cultural exchanges. China expects that the annual trade volume within the new Belt will surpass \$2.5 trillion U.S. by 2025.

The overland route protects China from having its export trade held hostage by the U. S. Navy. This faster route will give the participating countries a significant trade advantage through faster and cheaper shipping costs.

“The New Silk Road will be the largest construction project in the world for the next 25 years, insulating those economies from strangulation manipulations of the Western banksters.” Dean, Jim, Veterans Today.

PricewaterhouseCoopers has estimated that China has already ploughed more than \$250 billion U.S. into Silk Road projects such as railways and power plants. The Bank of China has provided a \$50 billion U.S. line of credit for silk road related projects. China has already completed the building of 16,000 kilometres of rail tracks and is now negotiating with 30 countries to build another 5,000 kilometres of high speed rail at a total investment of \$157 billion U.S.

“At the same time, another kind of binding geography—what I’ve long called Pipelinestan, the vast network of energy pipelines bringing its oil and natural gas supplies to China—is coming into being. It’s already spreading across Pakistan and Myanmar, and China is planning to double down on this attempt to reinforce its escape-from-the-Straits-of-Malacca strategy. (The bottleneck is still a transit point for 75% of Chinese oil imports.) Beijing prefers a world in which most of those energy imports are not water-borne and so at the mercy of the US Navy. More than 50% of China’s natural gas already comes overland from two Central Asia ‘stans’ (Kazakhstan and Turkmenistan) and that percentage will only increase once pipelines to bring Siberian natural gas to China come online before the end of the decade.” Escobar, Pepe.



The Eurasian Economic Union is a general economic and trade agreement between Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

This union is an energy superpower producing about 20.7% of the world's natural gas and 14.6% of the world's oil and gas condensate, which makes it the top producer in both domains. It also produces 9% of the world's electrical energy and 5.9% of the world's coal. The Union has been discussing the use of a common currency. The currency under consideration is the Allyn, which was a Russian silver coin introduced by Peter the Great.

"The Eurasian Economic Union seeks cooperation with other countries and integration organizations on the basis of freedom and openness and respect for the universally accepted rules of global trade, of course. The EAEU is in consultations with more than 40 countries and international organizations in establishing free trade zones. We have already signed a free trade agreement with Vietnam, are negotiating with Israel and Serbia, and will soon start looking at an agreement with Egypt." President Vladimir Putin in his address to Russian Federation ambassadors and permanent envoys, June 30, 2016.

"During my visit to China last week, we launched negotiations on establishing a comprehensive trade and economic partnership in Eurasia based upon the Eurasian Economic Union and the Chinese Silk Road Economic Belt project. We see this as the first step towards creating a broad Eurasian partnership that would involve EAEU members, other CIS states, China, India, Pakistan and in the future also Iran. Let me add that this idea also received the support of Southeast Asian leaders at the Russian-ASEAN summit in Sochi in May." President Vladimir Putin in his address to Russian Federation ambassadors and permanent envoys, June 30, 2016.

Russia's Eurasian allies, Belarus and Kazakhstan are actively adding to their gold reserves.

"In May 2015, China announced it had set up a state-run Gold Investment Fund. The aim was to create a pool, initially of \$16 billion U.S. making it the world's largest physical gold fund, to support gold mining projects along the new high speed railway lines of President Xi's New Economic Silk Road or One Road, One Belt as it is called. As China expressed it, the aim is to enable the Eurasian countries along the Silk Road to increase the gold backing for their currencies." Engdahl, William. [China Quietly Prepares Golden Alternative to Dollar System](#), New Eastern Outlook. The Fund is partnering with China National Gold Group Corp on a possible joint offer of \$2 billion U.S. to purchase Glencore's Vasilkkovskoye gold mine in Kazakhstan.

China National Gold Group Corporation signed an agreement with Russia's Mining giant corporation, Polyus Gold to jointly explore Russia's largest gold deposit at Natalka in the far eastern part of Magdan's Kolyma district. Wang Rong an analyst at Goutai Junan Futures CO said to the ChinaDaily Newspaper that "Chinese miners are competing to secure gold assets, because there is a consensus that domestic demand will far outstrip local supply due to fast-growing investment demand."

Gold is obviously a key component in the Chinese, Russian and Silk Road Countries monetary strategy. China and Russia have been acquiring significant amounts of gold.

Although China is officially reporting her gold holdings amount to 1,808 metric tonnes, many informed analysts report that the real amount is much greater than that. Alasdair McLeod, in his report entitled "Gold in 2016," wrote, "China and India, together with all other countries in mainland Asia, have been draining the west's vaults of above-ground gold stocks for far longer than most people in western capital markets realise. China first delegated the management of gold policy to the Peoples Bank by regulations adopted in 1983, in a move that followed the post-Mao reforms of 1979/82. The intention behind these regulations was for the state to acquire substantial amounts of gold, to develop gold mining and to control all processing and refining activities. At that time the West was doing its best to suppress gold in order to enhance the credibility of paper currencies, by releasing large quantities of vaulted bullion through leasing and outright sales."

"When China set up the Shanghai Gold Exchange in 2002 and encouraged its private sector to accumulate gold, the state had obviously acquired enough bullion for its own strategic purposes. We cannot know how much the state has actually accumulated, or indeed to what extent the gold she has mined has been taken into state ownership since, but the amount is likely to be very substantial." Actually, in an earlier report, Alasdair McLeod suggested that China had accumulated 25,000 tonnes of gold between 1982 and 2002. Simon Hunt of Hunt Strategic Services, who is a well respected analyst and China follower, recently wrote a letter to his clients containing the following comment, "China has much more gold than it is allowing the world to see. As Alasdair McLeod, probably the world's number one analyst of the gold market, wrote that between 1983 and 2002 China probably accumulated 25,000 tonnes of gold. Thus its current holdings are probably north of 30,000 tonnes in contrast to the USA, which has either sold or leased most of its gold."

Mr. McLeod has also estimated that Chinese citizens have accumulated 11,000 tonnes of gold since ownership restrictions were lifted in 2002. The government is continuing to encourage its citizens to purchase gold. Why, you might ask? Likely, because the Chinese Government recognizes that gold is going to play an important monetary role following the failure of paper currencies.

In April 2016, the Chinese Government opened the Shanghai Gold and Silver Exchange. Here the price of precious metals are fixed twice daily as they are in London, where the world gold price has been fixed for 97 years. The Shanghai fix is the basis for actual trading on the exchange. Unlike the fraudulent Comex this trading is conducted by buying and selling actual gold and silver and not by paper contracts.

Rudyard Kipling is unequivocal in his summation of how it all ends when he writes “... As surely as Water will wet us, as surely as Fire will burn, The Gods of the Copybook Headings with terror and slaughter return!” In other words, The Gods of the Market Place will be crushingly punished for their horrendous moral and ethical transgressions. Thereafter, mankind will return to a world in which we will live in harmony with nature and where peace, honesty and civility will prevail.

“Ah,” I can hear you say, “it’s only a poem.” Yes, it is a poem, but is a poem about right prevailing over wrong and good overcoming evil. It is about karma. It is about reaping what you sow. The Gods of the Market Place have inflicted upon us a paper money system; which has stolen from us through constant debasement. Paper money has been used to manipulate and distort the natural law of the markets, and to impede the natural progress of economic and financial cycles. And in the case of the U.S. petro-dollars, these have been the means to steal from all nations and wage countless wars which have killed and maimed millions of men, women and children.

All paper currencies will be destroyed by the Gods of the Copybook Headings. This destruction is imminent, evidenced by the fact that all central banks are now acting with increasing desperation to try and preserve their immoral currencies, and in so doing adding massively to an already unsustainable debt. Voltaire (1694 -1778) wrote, “Paper money eventually returns to its intrinsic value—zero.” China and Russia are fully prepared for the inevitability of this. They already have in place all the equivalents to the U.S. led monetary system. More importantly they have physical gold, and lots of it.

They could destroy the dollar’s hegemony by simply declaring that the Yuan and Ruble are backed by gold. Or they could choose, as did the U.S. in 1934, to devalue their currencies against gold, thereby increasing but fixing the price of gold in Yuan and Rubles. In this case, it is likely that what remains of Western gold would flow eastwards, much as gold flowed from Europe to the U.S. following the U.S. revaluation of the gold price by 70% in 1934. According to Wikipedia, U.S. Treasury’s gold holdings tripled from 6,358 in 1930 to 19,543 tonnes by 1940.

However, it is unlikely that Russia and China will choose to destroy the U.S. dollar and Western currencies by playing the gold card, because they won’t want to be blamed for the ensuing western monetary chaos and the collapse of the Western banking system; as well as the inevitable economic destruction that would follow. Rather, they would prefer to wait for the job to be done for them.

This may come about through the failure of Deutsche Bank and the unraveling of its mammoth derivative position. Or, the catalyst may be the collapse of Italian banks. Or, any number of different issues not evident at present. As we have written several times in the past, “It’s the debt stupid.” and debt is the underlying initiator of the coming collapse.

The failure of paper currencies will bring about a period of economic and financial chaos, far greater and more terrifying than anything yet experienced in this world, because there will be no escape from this for anyone; that is, at least, anyone living in the West. All highly indebted countries will be bankrupted, and their currencies will become worthless. They will find no willing lenders for their debt. Interest rates in these countries will rise to unfathomable levels. Western banks will collapse and so will Western economies, which are dependent upon credit to function. This will lead to massive social unrest and people will steal and kill to get the basic necessities of life. Law and order will completely break down.

In the midst all this chaos and pandemonium in the West, China, Russia and the Silk Road countries and several other Eastern nations will introduce a new monetary system. All of the major components of such a system are already in place. Gold, honest money, will play a key role in this new Eastern monetary system. Gradually the Western world will become aligned with this new money, but not before the Gods of the Copy Book Headings have wreaked their vengeance on ‘The Monetary Sin of the West.’

THE GODS OF THE COPYBOOK HEADINGS

AS I PASS through my incarnations in every age and race,
I make my proper prostrations to the Gods of the Market Place.
Peering through reverent fingers I watch them flourish and fall,
And the Gods of the Copybook Headings, I notice, outlast them all.

We were living in trees when they met us. They showed us each in turn
That Water would certainly wet us, as Fire would certainly burn:
But we found them lacking in Uplift, Vision and Breadth of Mind,
So we left them to teach the Gorillas while we followed the March of Mankind.

We moved as the Spirit listed. They never altered their pace,
Being neither cloud nor wind-borne like the Gods of the Market Place,
But they always caught up with our progress, and presently word would come
That a tribe had been wiped off its icefield, or the lights had gone out in Rome.

With the Hopes that our World is built on they were utterly out of touch,
They denied that the Moon was Stilton; they denied she was even Dutch;
They denied that Wishes were Horses; they denied that a Pig had Wings;
So we worshipped the Gods of the Market Who promised these beautiful things.

When the Cambrian measures were forming, They promised perpetual peace.
They swore, if we gave them our weapons, that the wars of the tribes would cease.
But when we disarmed They sold us and delivered us bound to our foe,
And the Gods of the Copybook Headings said: "Stick to the Devil you know."

On the first Feminian Sandstones we were promised the Fuller Life
(Which started by loving our neighbour and ended by loving his wife)
Till our women had no more children and the men lost reason and faith,
And the Gods of the Copybook Headings said: "The Wages of Sin is Death."

In the Carboniferous Epoch we were promised abundance for all,
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy,
And the Gods of the Copybook Headings said: "If you don't work you die."

Then the Gods of the Market tumbled, and their smooth-tongued wizards withdrew
And the hearts of the meanest were humbled and began to believe it was true
That All is not Gold that Glitters, and Two and Two make Four
And the Gods of the Copybook Headings limped up to explain it once more.

As it will be in the future, it was at the birth of Man
There are only four things certain since Social Progress began.
That the Dog returns to his Vomit and the Sow returns to her Mire,
And the burnt Fool's bandaged finger goes wabbling back to the Fire;

And that after this is accomplished, and the brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as Water will wet us, as surely as Fire will burn,
The Gods of the Copybook Headings with terror and slaughter return!

Rudyard Kipling

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“Those who cannot remember the past are condemned to repeat it.” Santayana