

JIM RICKARDS'

STRATEGIC INTELLIGENCE

CRISIS FINANCE GUIDE

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Under U.S. Martial Law, the government can seize control of any asset they want from any American citizen.

Your land, your money, your bank account...

Everything you own could be taken at their discretion, leaving you with nothing to protect yourself and your family from the escalating chaos.

And why would the government do this? Why would they want to freeze and confiscate our money and assets?

By stripping you of your assets, your money, and your resources, they can force you into compliance.

If Martial Law is enacted, they'll have the power to do whatever they deem necessary to maintain control and prevent any uprising.

In early 2024, the FBI and Financial Crimes Enforcement Network (FinCEN) sent letters to U.S. banks asking them to identify and provide a list to the government of customers using Zelle, Venmo and similar payment channels who mentioned "MAGA," or "Trump" in their message traffic.

They also asked for details on bookstore purchases of "religious" articles including Bibles. Finally, they asked for details on those shopping at Cabela's, Dicks's Sporting Goods or Bass Pro Shops, presumably on the view that those are places to buy guns and ammo.

This is a clear-cut violation of the First Amendment (free speech, freedom of religion), Second Amendment (right to bear arms), and Fourth Amendment (no unreasonable search and seizure).

It is not a crime to write MAGA, etc. and therefore there is no reasonable basis for suspecting a crime, and therefore no right to get the information without a warrant, which requires a judge. Any judge would likely reject the warrant request since there's no probable cause.

This is an obvious case of profiling that may well involve AI. If you shoot someone and you're wearing a MAGA hat, you get arrested for the shooting, not the hat. In this case, the hat was enough to put you under surveillance because you have been profiled as “an enemy of the people” by the left's definition.

They're discriminating... using information directly from the banks. They can seize cash, they can freeze bank accounts, they can even confiscate Bitcoin...

But there is a strategy you can implement right now to safeguard your assets from government seizure. As I mentioned earlier, MONEY will be critical during this civil war.

Martial Law will be the government's most powerful weapon in crushing any rebellion or preventing civil war from erupting.

That's why it's absolutely vital for every American citizen to understand how Martial Law operates and the rights they have to protect themselves from unlawful government seizures.

In this section, I cover everything you need to know to protect your wealth, your property, and your family from the devastating reach of Martial Law.

Let's get started...

The “New Currency” That Will Dominate Post-War Transactions

Since 2010, the major global economies have been engaged in a currency war involving repeated competitive devaluations of currencies in order to export deflation, import inflation, promote exports and create export-related jobs. This is a zero-to-negative sum game that leads inevitably to trade wars, which began in 2018, that also accomplish nothing unless accompanied by internal infrastructure investment and growth-oriented policies.

Now a new phase that could be called “money wars” has begun involving non-government cryptocurrencies competing with government money, and governments embracing new sovereign digital money called Central Bank Digital Currencies, CBDCs.

CBDCs are not really new currencies but are new payment channels for existing currencies. The development of CBDCs masks the true elite agenda of elimination of cash, confiscation of wealth through negative interest rates (difficult in a system that allows cash), and the perfection of the totalitarian surveillance state.

Cryptocurrencies, which are different than CBDCs, are also gaining wide acceptance. These cannot be analyzed generically but must be sorted based on criteria such as anonymity, issuance cap, governance, permissioned v. permissionless systems, transaction speed and liquidity.

Some cryptocurrencies have better use cases and are safer and more pragmatic than others. Bitcoin has no utility because it is deflationary by design and therefore unsuitable for use in bond markets, which is the key to reserve currency status. Bitcoin mining contributes materially to global CO2 emissions through electricity consumption. Bitcoin prices are also highly manipulated through the use of fraudulent stablecoins such as Tether.

The only serious rival to the U.S. dollar as a global reserve currency might be a permissioned blockchain maintained by the International Monetary Fund (IMF) using Special Drawing Rights, or SDRs, as a World CBDC. This challenge to the dollar would be made more potent if the SDR-World CBDC were linked to gold.

Gold is the classic form of money having performed that role in various ways for over 3,000 years. The issue for gold is whether it can still perform these roles in an environment of digital money.

Gold's future also points to the possibility of a new kind of monetary trilemma in which any form of money (gold, crypto-currencies, CBDCs or SDRs) can perhaps only perform two out of three of the classic three-part definition on money – unit of account, store of value and medium of exchange – but not all three because of the comparative advantage of rival forms of money in one or more of those functions.

Beyond that, cryptocurrencies and CBDCs must be considered in light of Marshall McLuhan's thesis that the medium is the message (I will explain that thesis below). Factors such as price, use case, design features, etc. are not the message, they are content, a medium-in-a-medium and mostly irrelevant. The message is that cryptocurrencies are an extension of human reach and scale and a cool medium requiring extensive involvement by the user to comprehend a mosaic of information.

The digital currency medium has a global impact that can be a force for unification, but can also be a source of obsessive behavior, greed, dysfunction, and social disruption. In that sense, cryptocurrencies can undermine confidence in existing currency systems even without displacing them. Their existence has a hallucinogenic effect. Every affected party sees what he wants to see, and no two participants see the effects in quite the same way.

We'll look at these new and old forms of money – gold, CBDCs, SDRs and crypto-currencies – in the context of today's global economy that is itself immersed in the effects of an electronic technological revolution and the third worst pandemic in 650 years. We'll look at each form of money separately, including new applications like digital gold and new combinations such as gold-backed SDRs.

The critical question is not whether one form of money may prevail over the others, although that is crucial to understand, but what impact any of these forms of money could have on investor portfolios if it either emerged triumphant or sank beneath the waves of electronic competition.

Investors tend to think of their portfolios as consisting of asset classes such as stocks, bonds, real estate or commodities. They forget that those assets are valued in currencies, usually the U.S. dollar. Extreme changes in currency valuations can have as much impact on portfolio values for better or worse as the fundamentals of the assets themselves.

We will prepare investors for developments in the future of money so they can preserve wealth and prosper, not just through asset selection, but through selection of the proper currency in which to buy and sell assets and hold cash. There's a lot to unpack. One thing we can be sure of is that the future of money will not resemble the past.

Gold As A Form Of Money

Gold may seem like a strange choice for inclusion in an article on the future of money. Observers are well aware that gold has served as money – usually the best form of money – for over 3,000 years of civilization and perhaps longer.

As recently as the 1910s, a traveler departing London carried a purse of British gold sovereigns – a 7.98-gram 22-karat gold coin (about ¼ ounce) – on overseas trips. On arrival in Bombay, Shanghai or Sydney, the traveler could be completely confident that the coin would be accepted at full face value. It was literally worth its weight in gold. It was world money.

Gold lost its role as money in slow stages over the following decades. In 1914, most gold coins were surrendered to banks in order to boost gold reserves needed to finance the First World War. Citizens accepted paper bank notes in exchange. In theory, the bank notes were redeemable for gold but were seldom redeemed. The physical gold was still around but it was melted and recast as 400-ounce bars held in bank vaults. Banks claimed the notes were still backed by gold, but the gold rarely saw the light of day. No one went shopping with 400-ounce bars (about 27 pounds) in her purse.

When the war was over, the gold heist accelerated. Between 1919 and 1933, central banks required commercial banks to surrender their gold bullion in exchange for credits in their reserve accounts. Then certain finance ministries required the central banks to surrender the gold to the national treasury in exchange for gold certificates.

Then countries themselves began to devalue their currencies when measured in weight of gold – France in 1925, the UK in 1931, the U.S. in 1933, and France and the UK again in 1936. During this period, the U.S. made it illegal for citizens to hold physical gold. Shipments of gold between nations were halted again in 1939 with the outbreak of the Second World War.

In 1944, the Bretton Woods agreements revived gold as money, but only for international transactions and balance of payments settlements among the major countries who signed the agreement. Currencies of the Bretton Woods signatories were pegged to the U.S. dollar and the dollar was pegged to gold at \$35.00 per ounce.

In March 1965, the requirement that commercial bank deposits be linked to the level of gold reserves was eliminated. In March 1968, President Lyndon Johnson signed a law that eliminated the “gold cover” requirement that Federal Reserve notes be covered by at least 25 percent physical gold held by the Treasury.

In August 1971, President Richard Nixon suspended the redemption of dollars held by foreign trading partners for physical gold. By 1974, all major currency issuers had moved from fixed to floating exchange rates. In April 1978, the IMF ended the obligatory use of gold in transactions between the IMF and member nations.

The process took sixty-four-years (1914 – 1978), but when it was completed, governments and the IMF held all the official gold in the world and gold was no longer counted as money. Since the 1970s, two generations have been trained in economics with no reference to gold at all except for derogatory clichés such as “barbarous relic” and “shiny rock.” Gold has been practically forgotten as money – but not quite.

Today gold is still money, but it is dormant as a form of currency. It retains its role as a store of value and unit of account, but it is used as a medium of exchange by appointment only. The days of exchanging 8-gram gold coins for goods and services are over for the time being.

In its store of value role, gold is poised for major gains in response to the rise of inflation expected in 2022 and later. This inflation will not be caused by so-called money printing.

An expansion of the money supply without accompanying changes in saver psychology that affect velocity or other exogenous catalysts has little impact on consumer prices. The driver of inflation is velocity or the turnover of money caused by lending and spending. Velocity has been plunging for over ten years.

Still, an exogenous catalyst of velocity will arrive soon and last for decades in the form of higher wages needed to offset declining working age populations in China, Japan, Europe, Russia and the U.S. This wage increase will be driven in part by the diversion of workers to healthcare for seniors, which is needed work but not amenable to productivity increases.

Once this demographic wave hits, saver psychology will shift quickly, and cost-push inflation will feed on itself. Inflation combined with decreased confidence in central bank command money will move gold to \$10,000 per ounce or higher. That is the implied non-deflationary price of gold needed to act as a backstop for command money.

Beyond that, gold's role as a medium of exchange will most likely be restored by combining physical bullion in secure storage with digital payments systems backed with gold measured by weight. You might have a 100-troy ounce account worth \$1,000,000 when gold is priced at \$10,000 per troy ounce; (worth more or less if the per ounce price is higher or lower). Your ability to buy or sell goods or services would be conveyed through a digital token stored on a mobile phone or chip-card.

After each purchase, your gold account would be reduced by the amount spent based on the market price of gold at that time. Your account could be topped up with new purchases of gold from the account sponsor.

This kind of gold-backed currency account could be extended through linkage to new central bank digital currencies. A digital interface would replace the gold coin, while bullion in storage would reconstitute a gold standard for the twenty-first century. In the end, the dollar would be little more than a counting mechanism while the wealth preservation and purchasing power functions of money are slowly ceded to gold.

Goldbacks

I recommend allocating 10% of your portfolio to physical gold. But there are also other ways to take advantage of the value that gold holds.

One way is owning Goldbacks. If you have heard me talking about Goldbacks lately, you probably wonder what they are exactly...

They look like old continental dollars, or maybe even gold certificates to you. But they are far more valuable than any of that.

Are Goldbacks Real Gold? They are thinly printed sheets of real gold that have been covered in a nearly indestructible protective polymer and look and feel almost just like real cash.

Goldbacks are crafted with .999 fine gold paint on Aurum and have a plastic film designed to hold in the gold paint, ensuring its durability. Printed on clear polyester in a four-color process, the Aurum covering adds an extra level of protection so that the gold foil notes can be easily held, admired, and utilized as currency. Designs are printed on a sheet of polymer that is then bombarded with atomized gold particles before it is then sealed inside by a second protective barrier of polymer resulting in a beautiful negative image.

And they have their own protective security marks printed on them just like a U.S. \$100 bill.

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How Did Goldback Come About?

If you are wondering how this form of currency is legal, you can thank the Utah Legal Tender Act of 2011.

The General Counsel for the company is Lawrence Hilton, [who penned the act and pushed for its passage.](#)

Under this act, certain gold and silver coins are legal tender in the state.

The Goldback technically counts as a “coin”, and it also has the word “coin” on the Goldback itself.

After the passage of this act, the Goldbacks are one of the few acceptable alternative forms of currency in the state of Utah.

Then they quickly expanded to Nevada and New Hampshire, with Wyoming recently joining these states as well.

Are they legal?

Yes! The Goldback is a gold product. It also may serve as a currency (within certain jurisdictions where authorized by law) or as a possible barter tool elsewhere.

For example, Goldbacks are [specific legal tender in Utah](#). There have been thousands of other local currencies in the United States and there are [nearly a hundred active ones today](#).

There are also thousands of different gold products available for sale in the U.S. The Goldback is a marriage of the two. The Goldback is valuable in large part because it is gold.

They come in multiple denominations ranging from 1/1000 troy ounce all the way to 1/20th of a troy ounce. And what makes them so interesting and so valuable is that they solve what some economists call The Small Coin Problem.

You see, in a time of crisis, it's nearly impossible to use physical gold for barter. That's because a single 1-ounce American Gold Eagle is worth more than \$1,700.

But with Goldbacks, you can trade much smaller denominations of gold as easily as you could a few dollar bills.

Because of the materials required and the government-level security features on each bill, they are nearly impossible to forge.

And as we speak, they are being printed as an alternative currency in places like Utah, Nevada and New Hampshire.

And here's the best part...

Since they started being minted a little over three years ago, they've been soaring in value at twice the rate of gold.



This means that as gold rises in value like it has in this chart, these could skyrocket. In fact, if gold does go to \$15,000 an oz, it's not unthinkable that these will trade at twice the spot price of regular gold. Goldbacks are very liquid compared to other small-denomination gold products.

Any website including eBay, Instagram, Reddit, etc., will show an impressive transaction history of people selling Goldbacks back to the public. These sales often occur well above the average exchange rate.

Online dealers such as [Money Metals](#) offer extremely competitive buyback programs as well. It is extremely easy to turn Goldbacks back into cash if that is your end goal.

Many local coin stores might purchase Goldbacks as well. However, due to the newness of Goldbacks, some may not be familiar with them yet. Your local coin store may not be the best place to sell them.

Alternatively, you can simply barter with a Goldback to get rid of it as well. It's a lot of fun and can spread gold around more.

So, Where Can You Get These Goldbacks?

Goldbacks are available for purchase from any of these great distributors . . .

1. [Alpine Gold](#) – Free Vaulting and 0% buy/sell spreads
2. [Money Metals](#)
3. [Defy The Grid](#) – Lehi, Utah – ships worldwide
4. [Finest Known](#)
5. [Zion Metals](#) – Draper, Utah – ships worldwide, and local pickup
6. [BullionMax](#)
7. [JM Bullion](#)
8. [APMEX](#)
9. [Nevada Goldback](#)
10. [Bullion Exchanges](#)
11. [Hero Bullion](#)
12. [Treasury Vault](#)
13. [Liquid Bullion Nuggets](#)
14. [Gov Mint](#)
15. [Provident Metals](#)
16. [Modern Coin Mart](#)
17. [SD Bullion](#)
18. [Great Lakes Coins & Jewelry](#)
19. [Green River Bullion & Coins](#)

Are They Durable?

The technology behind the Goldback was designed to make them extremely tough and durable. Goldbacks are much more durable than dollars or most other circulated currencies on earth.

With that said, nothing is invincible, including coins. Goldbacks may eventually wear and crease due to lack of care or intense circulation. Up until now, this issue has been extremely minor as most people take good care of their gold.

If your Goldbacks are beginning to look worn from use, then you may want to consider placing them inside of a protective sleeve. These cost just a few cents and will enable your Goldback to circulate for an eternity.

In very humid environments, the “50” denomination is known to occasionally partially delaminate.

This has happened to fewer than 0.1% of high denomination Goldbacks and this issue may be permanently resolved later as the technology improves even more.

Goldbacks are sold around the world. We encourage anyone using Goldbacks to follow all applicable local and national laws regarding the use, ownership, investment, or sale of precious metal. We do not encourage or support any form of tax evasion.

Types of Goldbacks

As mentioned, only three states have their own Goldbacks: Utah, Nevada, and New Hampshire.

Wyoming is about to be the fourth state to issue their own series.

Each series has five different notes: 1, 5, 10, 25, and 50, each embodying an American value represented by a woman throughout various time periods in each of the state's history.

The gold content for each Goldback also varies depending on the note.

Utah Goldback

- **1 - Prudentiae (Prudence):** Contains 1/1000th oz. of gold and features a Native American representation of Prudence having items and attributes traditionally associated with each of the five most prominent Native American tribes in Utah: the Ute, Paiute, Goshute, Shoshone, and the Navajo.
- **5 - Veritas (Truth):** Contains 1/200th oz. of gold and features a female Utah pioneer representing Truth, nodding to the great migration that the first settlers of Utah took part in to arrive in the Salt Lake Valley in 1847.
- **10 - Justitia (Justice):** Contains 1/100th oz. of gold and features Justice casting in the southern region of Utah, with Balancing Rock and the iconic red cliffs in the background.
- **25 - Victoria (Victory):** Contains 1/40th oz. of gold and features a symbolic Victory allegory represented by a suffragette, celebrating the victory for women's voting rights.
- **50 - Liberty (Libertas):** Contains 1/20th oz. of gold and brings the Utah series to a grand culmination with Lady Liberty, depicted as a perfected, angelic woman, having reached a fullness of blessings through the proper employment of Liberty in life.



Nevada Goldback

- **1 - Caritas (Charity):** Contains 1/1000th oz. of gold and has a notable depiction of Mary, the mother of Jesus, in St. Augustine's Catholic Church in Austin, Nevada. Catholicism is Nevada's most dominant religion and St. Augustine's is the oldest Catholic Church building in the state.
- **5 - Sophia (Wisdom):** Contains 1/200th oz. of gold and features Athena as Wisdom. Sophia represents divine inspiration and progress and is found surrounded by numerous Nevada-specific symbols, inventions, technologies, and bastions of wisdom.
- **10 - Justitia (Justice):** Contains 1/100th oz. of gold and features Justice in her second appearance on Nevada's 10 Goldback Design. Notably, she is not blindfolded, but rather wears a veil that is pulled back from her face watching over the Wild West, letting all those who break the law know that Justice sees all!
- **25 - Fortitudine (Fortitude):** Contains 1/40th oz. of gold and is the third, and final new virtue that debuts in the Nevada Goldback Series. Patterned after the Greek winged goddess of Victory, a driving theme for this piece is "Fortitude brings Victory over Vice" and here Fortitudine is understood to be sounding the first trumpet of Triumph.



- **50 - Liberty (Libertas):** Contains 1/20th oz. of gold as Libertas in her second appearance under a starry Nevada night sky in the peaks of the Sierra Nevadas. Depicted as Eve, mother of the human race, she is championed here by the artist as a biblical symbol of a free woman exercising her power of choice to bring about the human race

New Hampshire Goldback

- **1 - Gratia (Grace):** Contains 1/1000th oz. of gold and in her first appearance on a Goldback series, Gratia is depicted as an Abanaki Native American woman from the Algonquin tribes, who have history in the area and can be seen gathering chestnuts, pondering, with the caption below reading “Give Thanks”, acknowledging the bounties we are provided with must be worked for to be gathered in, but that we should also always be thankful.
- **5 - Veritas (Truth):** Contains 1/200th oz. of gold. Veritas makes her second appearance and is depicted wearing a colonial dress, offering the light of a candle, and walking along a path leading to a bridge over a foggy river, symbolizing the light of truth, beckoning all away from the fogs of obscurity and confusion and toward the well-lit path of safety truth provides.



- **10 - Prospicientia (Foresight):** Contains 1/100th oz. of gold. Prospicientia makes her debut and is found sitting atop a cannon on the shores of the Atlantic Ocean with Fort Constitution across the bay. This setting is historically important as it depicts the moments after New Hampshire's Sons of Liberty took control of the area.
- **25 - Fortitudine (Fortitude):** Contains 1/40th oz. of gold and is the second appearance of Fortitudine. Clothed in a military coat of a minute-man, she wears a dress of vertical red and white stripes used by the early rebel colonists. Next to her stands a miniature depiction of New Hampshire's famous granite monument featuring the state's motto: "Live Free or Die", and the caption beneath reading "Take Courage".
- **50 - Liberty (Libertas):** Contains 1/20th oz. of gold. Libertas makes her capstone appearance again standing in White Mountain National Forest and is shown with the three elements of New Hampshire's original seal, namely the bundle of five arrows she is holding, the fish that are embroidered on her dress, and the eastern white pine tree both behind her and at her feet.

The Wyoming series of the bills is just like the state quarters that the U.S. government minted from 1999 to 2008. They can be spent in any state at businesses that accept the currency. The artwork just has a Wyoming theme.

Where Are They Accepted?

The Goldback is designed to be a local currency within certain regions where a series exists, that being Utah, Nevada, New Hampshire and soon to be Wyoming.

They are considered voluntary local currency.

A voluntary local currency is a form of money created for local use and has an agreed value by the people and businesses involved in a particular transaction for goods and services.

It's believed that Goldbacks are accepted as high as 50% of small business owners in some states.

[Featured businesses in Utah](#) accepting Goldbacks.

[Featured businesses in New Hampshire](#) accepting Goldbacks.

Central Bank Digital Currencies As A Form Of Money

Central Bank Digital Currencies, or CBDCs, are different from cryptocurrencies such as Bitcoin, although the differences are often overlooked by the crypto crowd. CBDCs may be issued by central banks, but they are not new currencies. They will still be dollars, euros, yen or yuan as they are today. Only the format and payment channels will change.

CBDCs will be digital only; there won't be any paper money or cash allowed. Balances can be held in digital wallets or digital vaults without the use of traditional banks.

A blockchain is not needed; the CBDC ledger can be maintained in encrypted form by the central bank itself without the need for bank accounts or money market funds.

Payments can be done with an iPhone or other device with no need for credit cards or costly wire transfers. CBDCs are coming fast and may be the future of banking and payments.

But there's a dark side. If there is no cash, there is no anonymity. Governments will know your whereabouts and habits at all times simply by tracking your use of funds through the CBDC payment system. This can already be done to some extent by tracking credit card transactions, but the CBDC system will make state surveillance more pervasive.

And this kind of surveillance is the real driving force behind the Chinese CBDC. China already uses facial recognition software, mobile phone GPS tracking and the purchase of plane or train tickets to track their citizens. This surveillance can be used to detect anti-state activities and to arrest dissidents or anyone who does not strictly follow the orders of Chairman Xi.

China's lead in the race to produce the first major central bank digital currency is well-known. The Chinese CBDC is already being used in prototype form and may receive a global coming out party at the 2022 Winter Olympics to be held in Beijing. Recently, China has revealed an even greater ambition. China wants to take its rules for the use of CBDCs and make them the global standard.

Even if the U.S. and Europe don't agree, it's likely that many Asian and African countries might agree in exchange for aid from China. That aid can take the form of access to scarce COVID vaccines. Once China's totalitarian surveillance software is perfected, they can make it the standard for much of the world and facilitate intrusive 24/7 surveillance by every dictator and autocratic leader in the world. No doubt China would arrange to have access to the same surveillance information it was providing to client states.

While China may be the leader in the race to build CBDCs, the Fed has not been caught napping. The U.S. Federal Reserve System has been working with scientists at the Massachusetts Institute of Technology to develop a dollar form of CBDC. The roll-out of this new digital dollar may still be a few years away, but the implications are enormous.

A reaction to the proposed change has already begun. Major banks fear they will be completely disintermediated in the payments system. It may be the case that individuals will have their own personal accounts at the Fed from which they can pay or receive funds with the wave of an iPhone. Who needs bank accounts, checks, account statements, deposit slips and the other clunky features of a banking relationship when you can go completely digital with the Fed?

MasterCard and Visa are also concerned that their payment channels will be made redundant. An individual Fed account on your mobile phone could eliminate the 2.5% fees that merchant acquirers charge retailers to process your credit card transactions. Payments in general would be faster, cheaper, easier and more secure than they are today.

Investors need to take these developments seriously. There's more at stake than just customer convenience. Trillions of dollars of wealth in the form of financial institution stock prices of companies such as JPMorgan, Citi, MasterCard and Visa could be wiped out as the new digital payment technology takes hold.

Railroads were one of the largest sectors of the economy from 1870 to 1930, but were mostly bankrupt by the 1970s. General Motors has been rescued from bankruptcy more than once by the U.S. government. General Electric was once an industrial giant and now it is a shell of what it once was. Oil company stock prices have taken a beating from the threats of the Green New Deal. Things change.

Banks and other financial institutions dominate stock market valuations today alongside the tech sector. CBDCs may be coming for the banks. Investors should watch developments closely and be nimble when it comes to getting out of financial stocks before the digital dollar eats their lunch.

The end game for CBDCs would closely resemble George Orwell's dystopian Nineteen Eighty-Four. It would be a world of negative interest rates, forced tax collection, government confiscation, account freezes and constant surveillance. If cash is gone, there is only one way to escape digital confiscation of wealth – physical gold.

SDRs As A Form Of Money

Most monetary observers know the Fed has a printing press and can print dollars. The European Central Bank has a printing press and can print euros. The same is true of other central banks around the world. They can each print their home currencies.

But far fewer know that the International Monetary Fund (IMF) has a printing press also. They can print a kind of World Money called the Special Drawing Right (SDR) and hand it out to the 190 countries around the world that are IMF members.

This is rarely done. It was last done in several tranches in 2009, both in response to the 2008 global financial crisis and to compensate certain members who had missed earlier allocations. Before that, the last issuance was in 1981.

However, the IMF is now moving quickly to issue new SDRs to help reliquify the world in the wake of the pandemic panic and recession. The IMF has recently provided the latest details on this coming issue of freshly printed SDRs.

The current consensus among the top countries in the IMF (basically the G20 which includes the G7 plus China, Brazil, India and some other major economies) is that the new issue should be equivalent to \$500 billion. However, as much as \$650 billion could be issued without further approval from the U.S. Congress. (The U.S. is the largest member of the IMF and has veto power over certain major IMF actions).

Changes in the IMF issuance process may already be in the works. These can include special allocations to poorer countries; right now, the allocations are in proportion to your IMF capital account, which means richer countries like the U.S. get more than poorer countries. It is also possible for the IMF to issue SDRs to non-member entities, such as the United Nations to be used for climate change programs.

After decades of sleeping on the sidelines, it looks like the SDR is ready to wake up and assume a role as a new major reserve currency controlled not by the U.S. but by the IMF executive committee, which includes China as a powerful member. This process will take time, but it has now begun in ways that are different from prior SDR allocations.

At a minimum, this expanded global money supply has some inflationary potential. Beyond that, the SDR may finally be ready to emerge as a rival to the U.S. dollar as the reserve currency of choice for China, Russia and the developing world.

What Is The Future Of Money?

Gold, Bitcoin, central bank digital currencies and SDRs may all play a role in the future of money.

Gold has never lost its role as a store of wealth, but it may need a digital facelift to resume its role as a convenient currency or medium of exchange. That can easily be done with existing technology and the digital interface will be even easier in the future.

Bitcoin is not a reliable store of value and is not a widely accepted currency. It suffers from a deflationary bias, the absence of a rule of law regime, and an uncertain provenance due to its permissionless blockchain that is validated by a consensus of unvetted miners.

Still, Bitcoin is not going away. It will continue as an object of fascination, a vehicle for speculation and the cause of hallucination relative to real money. The end result will not be to displace money, but rather to destroy money as a linear concept. The ensuing chaos will be cured only by gold, a hot medium, which requires little engagement by the user to reimpose the reality of money.

Central bank digital currencies are already being used in China and more are on the way from the European Central Bank and the Bank of England. The Federal Reserve may be the last to join the party, but a digital Fed dollar can be expected by 2024³, if not sooner.

CBDCs will not displace the currencies they represent (dollars, euros, yuan, etc.) but they will increase transaction speeds, lower costs and could disintermediate most existing commercial bank functions.

SDRs or World Money will emerge not as an everyday currency, but as a kind of super-currency used exclusively by sovereign states. It may be required to settle any balance of payments, maintain books and records of global corporations, and as a numeraire for sovereign reserves.

As the sole issuer of SDRs, the IMF will emerge as a world central bank. Dollars, euros and yen will remain as local currencies, not much different than Mexican pesos today. The business of the world will be conducted in SDRs with currencies such as the dollar useful for local transactions, but not otherwise. The SDR will be digitized, not unlike the CBDCs.

All that remains is a linkage between the digital SDR and gold, perhaps in response to some future financial crisis that cannot be truncated without recourse to the once and future money – gold.

How to Diversify Your Investments to Withstand a Civil War

We live in a strange time. There are political, social and economic dysfunctions at every turn. We all know the list of dysfunctions from extreme partisanship, culture wars, inflation, weak growth (and even declining GDP in the first quarter), supply chain collapse, the continuing pandemic and the War in Ukraine. From week to week and month to month these dysfunctions don't heal themselves. They don't get better. In fact, they get worse.

Most of us have seen bad times before whether it was the extreme inflation and repeated recessions of the 1970s, the Russian financial collapse in 1998, the dot. com crash of 2000, the Global Financial Crisis of 2008, the pandemic panic and associated stock market crash in 2020, and now the War in Ukraine.

Relatively few people alive today have a living memory of the Great Depression of 1929 – 1940 or World War II from 1939 – 1945; still we've all studied those cataclysmic events and we've lived with the lessons in the aftermath ever since.

Despite those episodes, it was not all doom and gloom. The 1950s and 1960s were a period of unprecedented prosperity, technological innovation, low inflation, low unemployment, and the rise of suburbs that offered Americans a chance at home ownership with individual homes, tree-lined streets, good schools, and a backyard barbeque.

The period from 1983 to 2000 under presidents Reagan, Bush 41, and Clinton was one of almost continuous growth, low taxes, low inflation, and the introduction of cell phones, the internet and efficient search engines.

Once past the impact of the 1998 financial crisis and the 2000 stock market meltdown, the period from 2001 to 2007 was another long episode of steady growth, low inflation, the rise of social media, prodigious homebuilding and home ownership despite the bubble characteristics that finally exploded in late 2007 and 2008.

Even after the Global Financial Crisis of 2008, the U.S. had its longest expansion in history from 2009 to 2019 under presidents Obama and Trump. This long expansion was notably weak (about 2.2% growth per year compared to average recovery growth of 3.2% in the post-1980 period), but it was prolonged, and characterized by low inflation and low unemployment.

And that's the point. The U.S. economy hit some potholes (1977-1982, 1998-2000, 2008, and 2020), but it always bounced back. For every pothole, there were long periods of growth and stability in the 1950s, 1960s, 1980s, 1990s, early 2000s, and after 2009. The U.S. economy powered by investment, innovation, entrepreneurship and plain hard work of its people promised long-term gain despite short-term pain.

Jones Industrial Average was 201 on January 1, 1950; 622 on January 1, 1960; and 744 on January 1, 1970. The period from 1970 to 1982 was flat overall (with some dips and rallies along the way), but a long-term upward trend resumed after 1982. The Dow Jones was 2,750 at the start of 1990; 11,500 at the start of 2000; and reached 28,250 at the start of 2020.

Of course, these returns are not adjusted for inflation or dividends. The volatility is much greater when adjusted for inflation, including large inflation-adjusted losses from 1966 to 1982.

The uptrend is also less imposing when presented logarithmically instead of in a linear way. Still, the long-term trend is unmistakable. As goes the economy, so goes the stock market, and both have performed impressively for the past 70 years.

Are The Good Times Over For Good?

Is the world now at a point where an accumulation of negative forces, the delayed reckoning from repeated bailouts, and the unleashing of previously pent-up forces including Russian aggression in Ukraine, Communist totalitarianism in China, and financial recklessness in the United States have converged to produce damage on a scale not seen since the end of World War II?

If the answer to that question is yes, then we are not looking at just another pothole on the way to growing prosperity. We are looking at a paradigm shift of a kind that typically happens only once every hundred years or even less frequently.

We may be entering a phase that should more properly be compared to the Napoleonic Wars, the Thirty-Years War, The Black Death, the Crusades, the Rise of Islam, and the Fall of the Roman Empire in terms of its pervasive and inescapable impact on society. Life will go on but it will not be the same. Nothing will be the same.

A similar transition occurred over the course of World War I. As late as the summer of 1914, the world was largely at peace. A first age of globalization would bring the goods of the world to your doorstep, gold was money good, and great empires controlled much of the landmass of the globe.

By 1922, the German, Russian, Austro-Hungarian and Ottoman Empires had all collapsed. (The Chinese Qing Dynasty had collapsed slightly earlier in 1912). Gold was now confined to bank vaults and was not used in daily transactions. Hyperinflation destroyed wealth in developed economies in Europe between 1919 and 1923.

The thirty-year collapse of sterling as a global reserve currency and its replacement by the U.S. dollar had commenced; (it would culminate at Bretton Woods in 1944).

The seeds of a new World War, worse than the first, had been planted in the Versailles Treaty of 1919 and would come to fruition in Germany in the late 1920s and early 1930s in the person of Adolph Hitler. In short, the great period of globalization from 1870 to 1914 was over. What replaced it bore little resemblance to what was replaced. Nothing was the same.

Is the world just going through another bad patch to be followed by continued growth and higher stock prices along the lines we have come to expect? Or is the world entering one of those epochal shifts in which all of the certainties are overturned and new structures – some good and some quite threatening – replace them?

We'll look at several powerful trends to answer that question. These trends are the U.S. economy, the Chinese economy, global supply chains, the War in Ukraine, the possibility of nuclear war with Russia, and a looming humanitarian crisis.

When we're done, we may or may not have an answer to the question of a paradigm shift. At least we'll understand these powerful trends and know what to watch as the play unfolds.

Inflation cuts the value of a dollar in half in 21 years and half again in another 21 years. That's a 75%-dollar devaluation in just 42 years or the course of a typical career from age 23 to age 65.

Gold is priced in dollars. Inflation means the dollar is worth less in terms of purchasing power. That means it takes more dollars to buy gold, so the dollar price of gold goes up.

What you may lose in the rest of your portfolio in terms of dollar purchasing power is made up in part or all from the profits you make on the higher dollar price of gold. Inflation has a way of sneaking up on investors in small increments and can do a lot of damage before investors see it for what it is.

Owning gold will protect you from that. You'll have your inflation protection in place 24/7 and won't be caught off-guard.

Get Diversified!

Geopolitical conflicts and political turmoil often result in unforeseen consequences. These consequences can include supply chain disruptions, economic sanctions, asset seizures and freezes, bond defaults, bank failures, and inflation. Oil prices can spike if key waterways are closed, or a vessel is sunk.

Economic sanctions and financial warfare can cause recession or a banking crisis almost overnight. Assets such as stocks, bonds, real estate and alternative investments can be adversely affected by such changes without warning. Gold tends to be insulated from such shocks because there is no issuer, no creditor, and no country involved.

It's just gold. That means you can hold it safely and wait out the turmoil without adverse effects.

Gold prices do not correlate closely to stock prices. Gold and stocks are driven by separate factors. That makes gold a good diversification asset for portfolios that are heavily in stocks. When a portfolio is highly diversified, it can produce higher expected returns without adding risk.

The difficult part is finding asset classes that really are diversified. Buying 50 different stocks is not diversification since you only have one asset class — stocks — and the behavior of various shares will be highly correlated in times of stress. Gold is genuinely diversified from stocks and will improve portfolio returns.

Every investor should have an allocation to gold in their portfolio. It's an excellent diversification and can be a powerful asset to have in the face of natural disaster, infrastructure collapse or social unrest. I recommend a 10% allocation of investable assets to gold.

In calculating investable assets, you should exclude home equity and the value of any private business. Don't gamble with your house and livelihood. Whatever is left (stocks, bonds, real estate, alternatives) are your investible assets.

Here's the breakdown of a well-diversified portfolio...

- Fine Art Fund, **5%**
- Hedge Funds, **5%**
- Angel / Early Venture Capital, **10%**
- Physical Gold / Silver, **10%**
- Bonds, **10%**
- Stocks, **10%**
- Real Estate, **20%**
- Cash, **30%**

This table shows the dollar amounts allocated to each asset class for different levels of net worth.

Keep in mind that this is not investment advice. You can alter the percentages and dollar amounts shown above to suit your risk tolerance. Here are some ideas for each category listed above...

Asset Class	\$100,000 Net Worth	\$100,000 Net Worth	\$2 Million Net Worth
Fine Art Fund	\$5,000	\$25,000	\$100,000
Hedge Fund	\$5,000	\$25,000	\$100,000
Angel / Early Venture Capital	\$10,000	\$50,000	\$200,000
Physical Gold / Silver	\$10,000	\$50,000	\$200,000
Bonds	\$10,000	\$50,000	\$200,000
Stocks	\$10,000	\$50,000	\$200,000
Real Estate	\$20,000	\$100,000	\$400,000
Cash	\$30,000	\$150,000	\$600,000
Total	\$100,000	\$500,000	\$2,000,000

These ETFs are not official recommendations, but you may find them useful for building out your portfolio.

Asset Class	Investment Ideas
Fine Art Fund	Masterworks (www.masterworks.io)
Hedge Fund	First Trust Long/Short Equity ETF (FTLS)
Angel / Early Venture Capital	Sutter Rock Capital (SSSS)
Physical Gold / Silver	Sprott Physical Gold (PHYS) / Silver (PSLV)
Bonds	iShares 20+ Year Treasury Bond ETF (TLT)
Stocks	Vanguard Russell 3000 ETF (VTHR)
Real Estate	Vanguard Real Estate ETF (VNQ)
Cash	iShares 1-3 Year Treasury Bond ETF (SHY)

The Safe Havens: Where to Store Your Wealth When Banks Fail

We have always recommended cash in the bank as one way to prepare for a crisis. We still do.

We also recommend a stash of physical cash for times when the banks are closed or power grid failures make electronic banking and credit cards useless. The problem with the bank failures is that they struck at the heart of those who were prudent and saved cash. When cash is your life preserver and the bank itself fails, how do you keep from drowning?

By the way, savers should not take much comfort from the fact that deposits over \$250,000 were protected by the FDIC in the SVB and Signature Bank bailouts. In testimony to Congress on March 16, 2023, Treasury Secretary Janet Yellen said that the blanket deposit protection approach would only apply when the “failure to protect uninsured depositors would create system risk and significant economic and financial consequences.” In other words, if you deposit at a local bank, you’re on your own.

The question for everyday savers and investors is how can you protect your savings if the banks themselves are not safe? Here are some perfectly legal techniques for avoiding the wipe-out of your deposits if your bank fails: We noted that FDIC insurance covers a deposit of up to \$250,000. That is government-guaranteed.

Even if the FDIC insurance fund runs low, Congress will appropriate the money to top it up or bank insurance premiums will be increased or both. That insurance amount is per deposit.

So, a married couple can each open separate accounts and deposit \$250,000 each. That increases your coverage to \$500,000. (Note: this does not work if you and your spouse use a joint account. Make sure you have separate accounts. It's fine to have a joint checking account if you like. Just make sure your savings are in separate savings accounts).

Also, the deposit insurance covers separate deposits in different banks. The insurance applies per bank. So, if you open four savings accounts in four different banks and deposit \$250,000 in each account, then the entire \$1,000,000 is insured.

If your spouse (or children) do the same thing, then you can easily have \$2,000,000 or more in savings fully insured. Again, you need separate accounts of \$250,000 each in separate banks

with separate depositors. Still, if you and your spouse work together there's no overall dollar limit on the amount of insured deposits you can have.

Of course, there may be practical limits in terms of juggling multiple deposits in multiple banks. But without too much work you can have multi-million dollar amounts in savings that are fully insured. Spreading your savings among several banks also reduces your risk because even if one bank fails the others may remain solvent.

Another strategy is to buy U.S. Treasury bills. These are the shortest maturities the Treasury offers and can be as short-term as four weeks, three months or six months. There is practically no credit risk and almost no volatility because of the short maturities.

These can be held at a reputable brokerage firm. Brokerage firms are not banks but they are regulated by the SEC and do offer SIPC insurance on customer funds. Most importantly, brokers must maintain strict segregation between customer funds and the broker's proprietary funds. (This segregation has been violated a few times as in the case of MF Global in 2011, but that is quite rare. Even then, the customer funds were ultimately restored).

If your broker fails, your Treasury bills (and other assets) will simply be transferred by a receiver to another solvent broker.

You'll wake up with a new brokerage account, but you will not have lost any money or securities.

Finally, it's a good idea to keep some of your cash ... in cash. This means physical currency, usually in the form of \$100 bills. You don't want too much. Ten thousand dollars might be the right amount. A stash of \$100,000 will get you through any power outage. Season to taste. Just keep it in a safe place. The best security is not to tell anyone you have it.

Of course, you can also preserve wealth and avoid banking crises by allocating cash to other assets such as gold and silver.

Before turning to private vaults and home storage, we can say categorically you should not store your physical gold in a bank vault. Banks are agents of the government and will be the first ones to hand over your gold if demanded by the government.

When times are calm and the gold is not necessarily needed, banks will be content to hold your gold and charge fees for doing so. But when times become chaotic and you most want to take delivery of your gold, the banks will be ordered by the government to comb through all private vaults and boxes and to confiscate any physical gold.

The gold won't be there when you need it most. The simple solution is not to put it in a bank in the first place.

Private storage can be an acceptable alternative, subject to a number of conditions. You should find a vault that you can get to without much difficulty if you want to withdraw your gold.

I've visited a number of private vaults and noticed that they're frequently located in close proximity to airports, including smaller airports that cater to general aviation. That's good. It means you can charter a plane or fly your own, land near the vault, pick up the gold and fly out quickly.

Other alternatives are vaults in our area that you can reach by bicycle or motorcycle if necessary, bearing in mind that highways may well be jammed with cars during any kind of general panic.

Visit the vault facility yourself, get a tour from the operators, and satisfy yourself on the security perimeters. For example, loading platforms should be at a 90-degree angle to the exterior door to the vault.

That way trucks cannot be used as battering rams because they would hit the platform after breaking down the first door and would be unable to approach the second interior door.

In a well-run vault, the employees (and visitors such as yourself) will be required to wear outer clothing similar to a medical gown but without pockets. This reduces the possibility of theft by the employees and visitors. The gowns are turned in and inspected upon leaving the vault.

A backup generator is a must so that lights, alarms, and security cameras can continue to operate in the event of a power outage. There are many other such best practices that should be checked out.

Get references from existing vault customers. Make sure the vault company has a bond and liability insurance where depositors are third-party beneficiaries. That way, if anything goes wrong, you can claim recovery under the insurance policy.

That said, if you are not comfortable with vault operators, then home storage is an option. Get a first-class safe (good ones cost about \$1,000). A gun safe is a good substitute for a gold safe. Make sure it's fire-resistant (gold has a low melting point). Keep the combination or key in a safe place. A home alarm system with motion-activated cameras is an obvious plus.

Another home storage security tip is a bait safe. This is a second smaller safe located in a more conspicuous place than the main safe.

If you confront a home invasion scenario, you can calmly walk the intruder to the bait safe, open it and let him steal what he wants. The idea is to put a small amount of real gold and cash in the bait safe. The intruder will assume that's all you have, take the money and run. Hopefully, your main safe is left undiscovered and undisturbed with 95% or more of your gold intact.

Above all, don't tell anyone you have the gold. Silence is the best security. If people don't know you have gold, they won't come looking for it. People who brag about their gold at cocktail parties are easy targets for home invasion.

Keep Your Money Yours

The remainder of this year and 2025 will challenge investors in ways not seen since the Great Depression. We've grown accustomed to stock market declines of 20% and even 30%, (which happened in 2008, 2018 and 2020). But a real stock market crash can be 80% or greater (as happened in 1929-1932, and in NASDAQ in 2000-2001).

That's the order of magnitude investors need to keep in mind. The world will face increasing risk of war and civil unrest is at America's doorstep.

This dire scenario will be exacerbated by economic stagnation among developed economies and actual starvation in some developing economies.

The course for investors is clear. Equity exposures should be reduced. Allocations to cash should be increased significantly, perhaps as high as 30%. Allocations to hard assets including real estate, farms, gold, silver and natural resources are a must. One way to keep a hand in the stock market but still bet on natural resources is to look at energy stocks and mining stocks; both sectors could prove a safe haven in troubled times.

All the best,



Jim Rickards
Editor, *Strategic Intelligence*



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