A system reset seems imminent. The world’s financial system will need to find a new anchor before the year 2020. Since the beginning of the credit crisis, the US realized the dollar will lose its role as the world’s reserve currency, and has been planning for a monetary reset. According to Willem Middelkoop, this reset will be designed to keep the US in the driver’s seat, allowing the new monetary system to include significant roles for other currencies such as the euro and China’s renminbi.

PREPARE FOR THE COMING RESET
In all likelihood gold will be re-introduced as one of the pillars of this next phase in the global financial system. The prediction is that gold could be revalued at $ 7,000 per troy ounce. By looking past the American ‘smokescreen’ surrounding gold and the dollar long ago, China and Russia have been accumulating massive amounts of gold reserves, positioning themselves for a more prominent role in the future to come. The reset will come as a shock to many. The Big Reset will help everyone who wants to be fully prepared.

Willem Middelkoop (1962) is founder of the Commodity Discovery Fund and a best-selling author, who has been writing about the world’s financial system since the early 2000s. Between 2001 and 2008 he was a market commentator for RTL Television in the Netherlands and also appeared on CNBC. He predicted the credit crisis in his first bestseller in 2007.

This is a wonderful history and description of money and gold and it would be in everyone’s interest to understand it’s conclusion. — Eric Sprott, founder Sprott Asset Management
The Big Reset

Gold Wars and the Financial Endgame

Willem Middelkoop
To Moos and Misha
In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. If there were, the government would have to make its holding illegal, as was done in the case of gold. If everyone decided, for example, to convert all his bank deposits to silver or copper or any other good, and thereafter declined to accept checks as payment for goods, bank deposits would lose their purchasing power and government-created bank credit would be worthless as a claim on goods. The financial policy of the welfare state requires that there be no way for the owners of wealth to protect themselves. [...] This is the shabby secret of the welfare statists’ tirades against gold. Deficit spending is simply a scheme for the confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. If one grasps this, one has no difficulty in understanding the statists’ antagonism toward the gold standard.

– Alan Greenspan, former Chairman of the Federal Reserve (1966)
**Table of Contents**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prologue</td>
<td>9</td>
</tr>
<tr>
<td>Introduction</td>
<td>10</td>
</tr>
<tr>
<td>Chapter 1 – The History of Money</td>
<td>14</td>
</tr>
<tr>
<td>Chapter 2 – Central Bankers: The Alchemists of our Time</td>
<td>49</td>
</tr>
<tr>
<td>Chapter 3 – The History of the Dollar</td>
<td>65</td>
</tr>
<tr>
<td>Chapter 4 – A Planet of Debt</td>
<td>88</td>
</tr>
<tr>
<td>Chapter 5 – The War on Gold</td>
<td>127</td>
</tr>
<tr>
<td>Chapter 6 – The Big Reset</td>
<td>163</td>
</tr>
<tr>
<td>Epilogue</td>
<td>194</td>
</tr>
<tr>
<td>Appendix I – Demonetized Currencies (1700-2013)</td>
<td>197</td>
</tr>
<tr>
<td>Appendix II – Wall Street Fines (2000-2013)</td>
<td>222</td>
</tr>
<tr>
<td>Bibliography</td>
<td>251</td>
</tr>
<tr>
<td>Register</td>
<td>259</td>
</tr>
</tbody>
</table>
One year before the fall of Lehman Brothers, my first book was published in the Netherlands (Als de dollar valt – If the Dollar Collapses, 2007). After studying the financial system for over ten years, I had come to the conclusion that a collapse of the unstable global financial system – and its mountain of debt – was ‘only a matter of time’. After the house of cards collapsed just one year later, my life changed dramatically. Within a short period of time, I became a well-known personality in the Netherlands. I decided to quit my job as market commentator for the business channel RTL Z in order to focus on business opportunities arising from the new economic reality. I believed this new reality would entice investors to look seriously at investing in hard assets, especially gold and silver. We have seen precedents of this in every crisis for the last 300 years. I subsequently started a web shop for gold and silver bullion (AmsterdamGold.com) and set up a commodity fund (Commodity Discovery Fund). AmsterdamGold was sold to the listed Value8 in the summer of 2011, after yearly sales reached 100 million euros. In the same period, three more of my books became bestsellers. None of them were ever translated into English.

This book combines information from all previous books with an additional chapter on the expected Big Reset for the current worldwide monetary system. The book tells the story of a mostly hidden world of money and gold which I hope will also be of interest to a larger, international public.
Introduction

Before World War I, almost all major currencies were backed by gold. This was the era of the gold standard. The money supply was restricted to the growth of the gold supply. As European countries needed to create money in order to finance the high costs of the war, most were forced to abandon the gold standard in the 1910s. The gold standard was replaced by a fiat money system in most countries, although silver coins were still being used in most European countries until the 1980s.

Unlike fiat money, gold has always maintained its purchasing power. An old Roman aureus gold coin of just eight grams still buys you a few hundred liters of cheap wine, just as it did 2,000 years ago. That is why gold has been used again and again to stabilize fiat money systems during monetary resets in the past.

The gold price is like a barometer: a rise in the price acts as a warning to investors that something is wrong with their currency. Often it is a sign that bankers are creating too much money. Since the US took the dollar off the gold standard in 1971, gold has become financial enemy #1 of Wall Street and the White House. This is because the price of gold acts like a canary in the coalmine by pointing to a decline in the value of the dollar.

This book provides all the evidence needed in support of the claim that a secret war on gold (Chapter 4) has been fought by the US and other central bankers at least since the 1960s, when the dollar system came under pressure for the first time since its inception at the end of World War II.

Nowadays even the Swiss franc is no longer a safe currency. The Swiss Central Bank decreed in 2012 that its currency would be pegged to the euro to stem a further rise in value, which was considered harmful to Swiss tourism and exports. This is just one example of the currency wars that have been fought since the collapse of Lehman Brothers in 2008. More and more countries
have been trying to debase their currencies to support their exports.

To combat the economic fallout caused by the credit crisis, countries have allowed their fiscal deficits to increase dramatically. In order to pay the bills, governments had to sell enormous amounts of bonds. As more and more investors stopped buying these government bonds, central banks needed to step up to the plate. By turning on the (digital) printing presses, they have been buying up bad debts and government bonds to a total of $10 trillion ($10,000 billion) worldwide, between 2008 and 2013. Economists describe this process as the monetization of debt by central banks. Economic textbooks refer to this process as ‘the nuclear option’ – only to be used when no other method of financing can be applied effectively. This is a process that is easy to start but almost impossible to stop.

Universities worldwide still promote the ideas of the Chicago School of Economics. The tenet of the Chicago School is based on the creation of fiat money by central banks in collaboration with private banks. Students today still use the same economics textbooks with outdated models based on efficient markets, just as they did before the crisis. That is why a majority of economists, journalists and business executives still do not fully understand the role of money in our economy.

I am not handicapped by a degree in economics, and I have always used my common sense to understand the principles of money. I have long learned to fall back on books about money and financial crises that are written by historians. The current crisis – which could have been predicted on the basis of roughly 6,000 years of the documented history of money – contradicts the Keynesian doctrine of creating money out of thin air. Fiat money systems have been put to the test more than 200 times, and they have all failed in the end. The likelihood of failure should now be considered a statistical certainty rather than a theoretical improbability.
At some point, politicians will start to understand that only a major change – a big reset, as I call it – in our global monetary system can save it. This realization will probably occur around the time that they are no longer able to refinance their mountains of debt.

This book explains why piling more and more debt onto the balance sheets of central banks is not a sustainable way of helping our economies recover. But policymakers will always choose a possible economic death in the future over a night certain economic death now. This demonstrates the inadequacy of our system, which focuses on treating the symptoms while ignoring the actual illness. The system is like a terminal patient who can only hope for a few more years of survival. Only by administering a cocktail of the strongest medicines can the patient stay alive. He will never be as strong as before, but by ever-increasing visits to the medicine cabinet he is able to delay the inevitable for a little while longer.

Central bankers and politicians are merely buying time, hoping to prolong the endgame phase of our global financial system as it exists today. But there are those who have secretly started to prepare for the big reset that is needed to bring this financial system to the next level. A similar reset took place with the start of the dollar system in 1944. It is my belief that, well before 2020, the global financial system will need to be rebooted to a new paradigm in which gold will play a larger role, the dollar will lose its status as the sole reserve currency, and countries like China will be much more powerful.

I would like to end by thanking Amsterdam University Press (AUP) and The University of Chicago Press for publishing this book, which is so critical of the ‘Chicago School of Economics’. A special thank to Ebisse Rouw (AUP) who started it all. I also would like to praise my (research) assistants Dick van Antwerpen en Kevin Benning who helped me to dig up some wonderful details. Gioia Marini did a great job in editing the manuscript. The cover design shows Ron van Roon is a real artist. And a
special thanks to my wife Brechtje Rood who was responsible for the infographics in this book and who supported me in every way during this stressful year. Finally, I thank you for taking the time to read it.

Willem Middelkoop, Amsterdam, January 2014
Register

Chapter 1 – The History of Money

1. What is the origin of money? 16
2. How did gold become money? 18
3. When did coins come into existence? 19
4. A short history of monetary gold 21
5. What are the advantages of a gold standard? 23
6. Why was the gold standard abandoned? 25
7. What is fiat money? 26
8. What is meant by fractional banking? 27
9. Where was fiat money invented? 29
10. Other examples of fiat money throughout history 32
11. Other misfortunes with fiat money 33
12. What is Quantative Easing? 35
13. Do all central bankers agree on QE? 38
14. When did hyperinflation occur? 40
15. Can we trust official inflation figures? 42
16. How is inflation calculated? 44
17. Examples of the distortion of inflation figures 46
18. Do central banks combat or cause inflation? 47
19. Does anybody really understand this financial system? 48

Chapter 2 – Central Bankers: The Alchemists of our Time

20. When did the first form of banking emerge? 51
21. How did central banking start? 53
22. The first central bank 54
23. Who created the first government bonds? 56
24. How large has the bond bubble become? 58
25. Who supervises central banks? 60
26. Where are the most important decisions about the banking industry made? 62
Chapter 3 – The History of the Dollar

27. How did central banking get started in the US?  
28. When was the Federal Reserve created?  
29. Is the Fed really independent?  
30. When was the dollar system born?  
31. What was decided at the Bretton Woods conference?  
32. Why did Europe accept the dollar system?  
33. For how long did the Bretton Woods system work?  
34. When did the US close its ‘gold window’?  
35. How did the world react to Nixon's decision in 1971? 
36. How important is the worldwide oil trade for the survival of the dollar?  
37. What is the role of the IMF and World Bank in this dollar system?  
38. How transparent is the Fed?  
39. Have any Wall Street bankers gone to jail?  

Chapter 4 – A Planet of Debt

40. When did the music stop?  
41. What has happened to the US national debt since the start of the credit crisis?  
42. When does the size of fiscal deficits become dangerous?  
43. Didn’t the credit crisis start much earlier in Japan?  
44. Who is most aggressive in their QE policies, Japan or the US?  
45. Is China still financing the US? 
46. How large is China’s credit growth?  
47. Is the renminbi ready to replace the dollar?  
48. So China is fearful of making too sudden monetary changes? 
49. How big is Europe's debt problem?  
50. Is Switzerland still a monetary safe haven?  
51. What is happening in the so-called currency wars?  
52. Can we grow our way out of this debt?  
53. How can we get rid of our debts?  
54. How have debt cancellations worked before?  
55. Possible debt cancellation scenarios  
56. When do things go wrong?
Chapter 5 – The War on Gold

57. The essence of the war on gold  129
58. Do central banks fear a flight to gold?  130
59. Was private ownership of gold ever prohibited?  132
60. When did the war on gold start?  134
61. How was the gold price managed?  136
62. The IMF’s role in the war on gold  138
63. How did the IMF amass its gold reserves?  140
64. Are there more cases of double counting in the US?  142
65. How often have US gold reserves in Fort Knox been audited?  144
66. Did the game plan change after 1980?  146
67. Didn’t the British help by unloading gold in 1999?  149
68. Further evidence of systematic gold price suppression  152
69. Recent methods to manipulate the gold price  153
70. More evidence of manipulation of precious metal markets  155
71. Investigations into manipulation in precious metals markets  158
72. Do regulators now want Wall Street to stop trading commodities?  160
73. Why has this gold manipulation not been reported on before?  162

Chapter 6 – The Big Reset

74. Why do you expect a Big Reset of the global financial system?  165
75. How can the international monetary system be changed?  167
76. Since when have people started planning a new international monetary system?  168
77. Will gold be part of a reset?  170
78. Will SDRs become the new world currency?  173
79. Some other reset scenarios  175
80. What is China’s master plan?  177
81. How large are China’s gold holdings compared with the West?  180
82. Does China understand the US war on gold?  182
83. Why is a monetary reset desired by China?  185
84. The Russian point of view  187
85. Could the US confiscate foreign gold reserves stored in New York to introduce a new gold standard?  189
86. Do we need to fear more financial repression?  192
A system reset seems imminent. The world’s financial system will need to find a new anchor before the year 2020. Since the beginning of the credit crisis, the US realized the dollar will lose its role as the world’s reserve currency, and has been planning for a monetary reset. According to Willem Middelkoop, this reset will be designed to keep the US in the driver’s seat, allowing the new monetary system to include significant roles for other currencies such as the euro and China’s renminbi.

PREPARE FOR THE COMING RESET
In all likelihood gold will be re-introduced as one of the pillars of this next phase in the global financial system. The prediction is that gold could be revalued at $7,000 per troy ounce. By looking past the American ‘smokescreen’ surrounding gold and the dollar long ago, China and Russia have been accumulating massive amounts of gold reserves, positioning themselves for a more prominent role in the future to come. The reset will come as a shock to many. The Big Reset will help everyone who wants to be fully prepared.

Willem Middelkoop (1962) is founder of the Commodity Discovery Fund and a bestselling author, who has been writing about the world’s financial system since the early 2000s. Between 2001 and 2008 he was a market commentator for RTL Television in the Netherlands and also appeared on CNBC. He predicted the credit crisis in his first bestseller in 2007.

This is a wonderful history and description of money and gold and it would be in everyone’s interest to understand its conclusion. — Eric Sprott, founder Sprott Asset Management

www.aup.nl