Our Financial World Has Already started to Collapse

As the CEO of Voip-Pal, On February 25th I wrote an op-ed followed by two published interviews soon after on the subject of the coronavirus. Several people have been asking me to write a follow up article with my take on the future after covid-19. I am NOT a scientist or an economist, but I do conduct a lot of research, I speak with many experts in various fields and I love acquiring knowledge.

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Coronavirus is not going away; we must adjust our economies
Currently, the science indicates that covid-19 is going to be with us for years to come. It is highly unlikely this will be a short-term problem. And what happens when the self-quarantine period is over, and we all attempt to resume our normal lives? People who were not infected in the first wave could easily become infected by asymptomatic carriers, creating a second wave of infection. We still do not have enough statistics to sufficiently support our theories in either direction, and we do not yet know if a recovered patient will be protected by neutralizing antibodies. There is still much more to learn about covid-19 before we can make accurate predictions of the future. I am going to depart from just writing about the medical implications of covid-19 in this article and focus more on the economic impact we are already feeling and what might be in store in the future.

Besides the risks and harm covid-19 has inflicted on our physical health, it has also already inflicted serious damage to the entire global economy. Much of the attention right now is on the health impact of covid-19 but equally as important will be how to fix the enormous financial fallout of this worldwide pandemic.

In layman's terms I am going to pose two possible options about how we can rebuild the post-covid-19 economy. Keep in mind, these are only my opinions which were crafted after much research and discussion. I recommend everyone conduct their own research and draw their own conclusions.

Option One

Impose a Moratorium on All Bond Payments at a Reduced Interest Rate

Stimulus packages passed by legislative bodies have caused governments to print trillions of dollars in order to preempt what would have been sure economic collapse caused by the pandemic. The population needs to be fed and kept healthy, otherwise you risk the rise of civil disobedience and anarchy. The United States, Europe, Japan, Canada, Australia and even China were already running up massive debt before covid-19. Now, these giant, new pandemic related financial expenditures are being heaped on top of the already debt laden economies of these countries.

As a result, they are now forced to print money to avoid economic collapse. But when they print money inflation rises, and increased inflation reduces the value of bonds.

If they don't print money, their economies will collapse. When they print money, the worth of bonds decreases; bondholders experience a reduction in their value and can do nothing about it. A country cannot secure those massive debts in the event they default unless their currency is backed by **the gold standard**.

How has the United States been able to sell bonds while continuing to print money? Until now the reason they could do so was because of a strong GDP. Before the current pandemic, the American economy was booming, unemployment was at historic lows and the dollar was strong and well supported.

Covid-19 has wiped out the GDP’s of not only the United States but of every strong economy in the world and brought them to a grinding halt. Getting them back to normal GDP levels following the coronavirus could take three to five years. Without a **gold standard** to back the value of the currency, the “mighty dollar” is well exposed to opportunist countries. Protective measures should be put in place now in order to turn the corona virus crisis into an event that will actually strengthen the value of the dollar once this predicament is over.

As for You and I and Everyone Else, the Value of our Assets Has Already Decreased by 50%

The solution is a two-step process:

Step One: Reduction of Bond Interest and a Moratorium

All debt and bond holders must agree to a moratorium and a reduction of the interest rate. The moratorium would be imposed on cashing bonds for at least three to five years. Additionally, reduce the interest rates on bonds to a maximum of one quarter of a percent.

What would happen if futures contracts and derivatives go into default when called?

Step two: Reintroduce a New Gold Standard

The gold standard was an advanced control measure formerly used by many large countries which secured their currency with gold reserves and protected against possible financial collapse in the event of a default. When the gold standard was in place, countries could not freely print billions of dollars in currencies without consequence like they so easily do today. The gold standard needs to be reintroduced now.

U.S. History of the Gold Standard

In 1785, the United States adopted a silver standard to back its currency and stayed there until 1879 before switching to a gold standard for the next 54 years.

On April 5,1933 executive order 6102 was signed by President Franklin D. Roosevelt, making gold ownership in the United States illegal. The order mandated Americans turn in their gold coins, bullion and certificates to the government for a price of $20.67 per ounce. Two months later, on June 5, 1933, FDR took the United States dollar off the gold standard. In 1971, nearly 40 years later President Nixon ended the convertibility of the U.S. dollar, no longer allowing foreign governments to exchange their dollars for gold.

If the might of the US Dollar is not backed by gold and no longer linked to GDP, is it possible to set a realistic value on the dollar? Restoring the gold standard would increase the integrity and value of the U.S. dollar.

Throughout history there have been several U.S presidents in favour of bringing back the gold standard including John F. Kennedy, Ronald Regan and current President Donald Trump. Though President Trump favors it, he admitted it would be difficult. “Bringing back the gold standard would be very hard to do, but, boy, would it be wonderful,” said Trump. “We’d have a standard on which to base our money.” The president backed up his desires when he nominated economic advisor and gold standard proponent Judy Shelton to the Federal Reserve. The pending confirmation of Judy Shelton and the need to rebuild the economy following covid-19 could give President Trump the opening he needs to bring the dollar back on the gold standard. I fully support this effort by President Trump. If successful, he will have made the dollar “great again.”
https://www.washingtonpost.com/opinions/trumps-next-fed-nominee-wants-a-gold-standard-its-an-idea-past-its-time/2019/05/23/81aac8c4-7d8d-11e9-8bb7-0fc796cf2ec0_story.html

The Coronavirus Has Taken Away the Controls of the Federal Reserve; No Measures of Control Equals No Value

The Federal Reserve is an independent agency of the United States government. Throughout their history, the Fed has always opposed being on the gold standard because it limits their ability to print money at will. In addition, free access to printing money allows fiscally irresponsible lawmakers to enact out of control budgets by a vote and the stroke of a pen.

The out of control printing of money has had and will continue to have serious consequences on the global economy. When the day comes that a major country defaults on a large futures contract, the economic pyramid will collapse like a house of cards.

The Federal Reserve is a Quasi-Government Agency
As with past Federal Reserve Boards, the current board does not favour returning to the gold standard. Currently, the Fed has the ability to print as much money as needed; the sky is the limit. Going back on the gold standard would limit their ability to print endless amounts of money, because they would only be permitted to print as much currency as is backed by their gold reserves.

After covid-19, healthy economies like the United States will no longer be able to print money on the strength of their GDP. The strongest economies are currently in a pandemic induced free fall for the next two to three years. A microscopic virus has brought them to their knees and is now forcing them back on to the gold standard.

In the coming post-pandemic economic world, the United States, Europe, China, Russia, Japan, Germany and the other major world economies should bring their currencies back onto to the gold standard sooner rather than later. Those important controls must be reintroduced to curb the endless printing of currency and ensure it is backed by gold.

While there has been much hype in recent years over digital currencies like Bitcoin and other cryptocurrencies, they are simply not reliable. Cryptocurrencies cannot be properly measured outside of a closed loop of dealers. Digital currencies could collapse with the reinstitution of gold standards.

Option Two

Cancel All Debts and Go into Default
Option two is a suicidal choice but may be the only option for those economies that fail to act now and execute option one and impose a gold standard.

Some have suggested countries struggling economically after covid-19, should simply cancel their debts and default on their bond payments. This is a terrible option of last resort. Doing so would surely bring about a global economic collapse. Countries should do everything in their power to not get to the point of even considering this option as an alternative.

What Events Could Trigger Option Two?
Calling or exercising large debt in the form of derivatives, bonds and futures contracts could trigger an inter-banking system collapse and force countries into option two.

Any countries that choose option two and voluntarily go into default will be putting what could be the final nail in the coffin of the current global economy. This would lead to a worldwide collapse of the banking system and a run on local banks. World famine, civil unrest and anarchy would ensue. This may seem a bit extreme to some, but it is not unprecedented. In the aftermath of covid-19, even some of the world's economic superpowers like the United States and the European Union could be forced into default.

To visualize the impact defaulting would have on the population at large, we need only look to Greece and Cyprus. Greece and Cyprus are tiny in comparison to the world's large economies, yet their default brought dire consequences upon their citizens. Imagine the magnitude of the fallout if one of the elite economies were to suffer financial collapse.

- Run on banks
- Government seized the accounts of large depositors
- Implementation of several tax increases
- Food and medicine shortages
- Period of civil unrest and demonstrations

https://www.theguardian.com/world/2015/jul/03/greece-economy-collapse-close-food-medicine-shortage
https://www.theguardian.com/world/2013/mar/26/cyprus-banks-closed-prevent-run-deposits

Protect Your Personal Finances
I personally would choose to protect my finances at a time like this by replacing my bank deposits with physical gold and precious metals. Physical gold has an excellent track record as an investment and is a great hedge against inflation. It does not lose its value when governments decide

to print more money. It's also advisable to keep your physical assets in your own custody such as in a secure, fireproof safe, or in a reputable private vault storage facility as opposed to a bank safety deposit box. One of the problems with bank deposit boxes is accessibility. When a bank becomes insolvent it gets taken over by the feds and all of its assets become frozen, and access to your valuables is temporarily suspended. Regaining access to your safety deposit boxes could become a major challenge and take, weeks, months, or worst-case scenario years.

Another excellent leveraging strategy is to take out a bank loan at the current interest rates and use the funds to acquire physical gold. Odds are in your favour the gold will appreciate at a much higher rate than the cost of the loan.

It's Time for Governments to Protect Their Country's Real Estate and Lifeline Assets

Legislate a "Traitors Act"

In the country where I live, Canada, the government has failed to control rampant real estate acquisitions by foreign investors, namely real estate investors from China. I am not referring to the large population of hard-working Chinese resident immigrants that live, work, pay taxes and contribute to the Canadian economy. I am referring specifically to foreign investors that do not live in Canada nor have any intention to ever do so. In Vancouver for example, foreign Chinese real estate investors and government agencies have bought up so much real estate they have driven real estate rental prices beyond affordability for most. Long time business and residential tenants have been forced out of their locations no longer able to afford the ever-increasing cost of rent.

Additionally, billions of dollars of Vancouver real estate investments acquired by Chinese investors was done so using laundered money while greedy politicians turned a blind eye. The Canadian government needs to take control of the situation and should give serious consideration to imposing a ten-year moratorium on foreign real estate investments. The United States and Europe should follow suit in order to protect their citizens from unlimited foreign dollars artificially driving up prices and values.

To protect their national security interests, western governments should consider enacting a “Traitor Act” which would prohibit foreign outsourcing and ownership of essential life line necessities like pharmaceuticals, food, water, agriculture, and energy along with anything needed for sustaining the health and life of their countries. In the interest of each country’s national security, China can no longer be the pharmacist to the world.

Globalization is a fancy word and way of stealing jobs from ordinary people. It is harmful to national security for a government to allow a foreign government to control its country’s assets; thereby making the foreign government the master and the resident workers the slaves.

Coronavirus Op-ed February 25, 2020.
https://ceocfointerviews.com/voippaloped0220.html
Coronavirus Interview 1
https://www.ceocfointerviews.com/voippal0220.html
Coronavirus Interview 2
https://ceocfointerviews.com/voippal031120.html

My next financial take will be on a similar subject, supporting Alberta, Canada’s Premier Jason Kenney in his quest to protect the North America oil industry by imposing an oil tariff on behalf of Canada and the United States.