

# Gov't Insider: The Next Reset Will Lead to E-Money

Retrieved Monday 24th of July 2017 07:42:21 PM

It's rare for a government insider to offer insight into the future. But many can't keep quiet once they leave government. That's why big financial firms hire them in an instant. Their connections and ability to predict the government's future moves are incredibly profitable assets.

Over the weekend we got an extraordinary insight into an event that will dominate your financial future from a former government insider. I call it the coming reset. A few weeks ago I imagined how such a reset might come about – the Davos Accord. Let's briefly recap what I discussed so you can appreciate just how remarkable the new information is.

Every few decades, the world's financial system goes through a reset. Just before a complete collapse, the powers that be come together in an obscure place and hash out the terms of the new currency system.

That new system usually gets named after the random place they decided to meet. After World War II it was Bretton Woods. Trade imbalances and the outflow of gold forced the Smithsonian Agreement and the Jamaica Accord in the 70s, which gave us floating currencies. The Treaty of Versailles was one they got wrong, with disastrous consequences.

These are just some examples from the 20th century. But the history of financial system resets goes back much further. The Rosetta Stone records such an event.

These resets occurred for the same reason as those last century – to prevent a crisis and the popular uproar that goes with them (ie, rebellion). The aim is to create a new workable system rather than allowing the old one to collapse.

At some point, a reset of the financial system is preferable to the status quo of a failing system. It might be that the [level of debt is just too high](#) to service. Or perhaps a government printed too much money. In the 40s, war had ravaged Europe. In 1971 it was the American trade deficit that led to an outflow of gold. The Rosetta Stone and related records suggest that the amount of debt slaves was so high it risked a rebellion at the time.

Whatever the threat, a reset comes before anything really hits the fan. That's why you've got to keep your eye out for them. They precipitate the crises we are all worrying about, catching most people unaware. The gold confiscation in 1930s America is an example of what happens when you don't see such a reset coming.

Having imagined how such a reset occurs, my advice was simple. [Opt out of the financial system in a way that will preserve your assets](#).

It's no coincidence that the coming reset features the very asset I [recommend you invest](#) in to protect yourself.

## When money is reborn

Dr Pippa Malmgren used to be part of the US Plunge Protection Team. The officially named Working Group on Financial Markets looked into market crashes and how to prevent them getting out of hand. It also helped draft statements for policy officials, intended to move markets.

In other words, she's no conspiracy theorist or alarmist – quite the opposite. She worked at the pointy end of government intervention in financial markets. And these days, that's all that matters to financial markets.

Her incredibly well-informed past makes this quote from her Macro Voices podcast interview rather startling:

*... you have got to understand if the size of your debt problem is so big that it can't be paid off and in fact even inflation, which is the usual way you would seek to default on your debt slowly over time, you can't get enough inflation generated, then there is one further option. And that is you literally abandon the entire system of money, and accounting. I know that sounds unbelievably radical, but we have seen it happen before.*

There you have it, [a currency system reset](#) is now mainstream. Malmgren also tells us how the coming reset will play out:

*Today, we are on the brink of similar step change, and the way you will do it is you move to electronic money in conjunction with blockchain. Blockchain is the new ledger, [and e-money is the new currency](#).*

She is saying the coming reset will be to a form of cryptocurrency

Probably a selection of national ones, or an international one. Your economic life could soon be running on cryptocurrencies.

It's no surprise that technology enables financial change. It's always been the case with every reset. Mining and minting, the printing press, digital currency and now the blockchain. It's a natural progression.

What is very surprising is that a government insider is telling you the coming reset will be to cryptocurrencies. That's a major break.

It used to be radical to say that governments would try to inflate their way out of the impossible amount of debt they're in. These days it's not even radical to suggest a complete reset of the monetary system to a form of money that the government is busy demonising.

How far we've come...

### **But it's not that simple**

This confirmation from inside government circles certainly puts a lot of what's going on into perspective.

The global war on cash, for example. [India's experiment with forcing commerce](#) online is shaping up to be a success after a very turbulent few months. Someone even named their baby GST after the new Indian version of VAT.

Then there's Russia's President Vladimir Putin and his meeting with the developer of Ethereum. Not to mention the many small approvals of blockchain technology for use in financial markets around the world.

But there are plenty of bumps in the road too.

Malmgren identified the longer-term issue at stake if governments do start to utilise cryptocurrency technology.

1. Who issues, owns and controls the currency?

For now, cryptocurrencies are private initiatives. Although Singapore is testing a government version.

The power to control and mint money is simply too big for governments to give up. It puts their entire revenue base at risk. Not to mention the ability to control the economy.

1. What sort of privacy goes with a cryptocurrency?

It's called "crypto" for a reason. And privacy is one of the features making cryptocurrencies so popular to begin with. They're hard to crack down on.

If two people can transact anonymously over the internet using a token they consider to be of value, then a new cryptocurrency can be born no matter what the government does to try and stop it. The power of cryptocurrencies comes with the feature of decentralisation – what governments fear most.

But, as you can learn about [here](#), there are many other benefits of the blockchain over and above privacy. It's certainly superior to government money today.

And many of a cryptocurrency's features are flexible enough to be tailored to the government's purpose. Privacy is not an inherent feature of a cryptocurrency.

### **The opposition's positions**

Standing in opposition to the coming reset are voters. They rather like cash.

And it's not just in Greece and Italy, where cash and tax avoidance go hand in hand. Germany and Japan, for example, love

cash too.

But as Malmgren explained, at some point a reset is needed. And cryptocurrencies offer one option for the replacement system. You need to [understand them](#) to stay one step a of the coming reset.

Until next time,

Nick Hubble  
*Capital %26 Conflict*