

# THE TRENDS JOURNAL<sup>®</sup>



THE TRENDS RESEARCH INSTITUTE • FORECASTING WORLDWIDE SINCE 1980

Vol. XIX, No. 28

Autumn Issue • 2011



Anthony Freda / Dan Zolinger

HISTORY BEFORE IT HAPPENS<sup>™</sup>



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## Playbill

Produced and directed by financiers and special interests, it's a long running show that's as old as history. And the longer it runs, the worse it gets.

Everyone with a brain, and the time to think, has read about or seen it all before. Here's the cast: The leading roles – formerly played by an aristocracy of Kings, Queens, Princes and Lords – are now played by Prime Ministers, Presidents, Chancellors and Chairmen. As though ordained by God Himself, this

higher order of being – endowed with intelligence beyond the common understanding – commands the allegiance of "We the People." They are the Red Carpet Regals who selflessly sacrifice their lives to serve the nation and carry out the will of the people ... or, so they constantly remind us.

Surrounded by an entourage of the wisest of men and women on the planet, when these best and brightest put their heads together, no problem is too great for them to solve.

But as the plot thickens, it is revealed that there are hostile forces lurking everywhere – dictators, tyrants and evil doers – committed to preventing the Red Carpet Regals from "doing God's work." To save the day and protect the people, loyal soldiers – the mighty military and the men-in-blue, willing to put their lives on the line and make the ultimate sacrifice – fight a never-ending battle against enemies at home and abroad.

And then there are the extras: The faceless masses, no talent needed, no lines to speak, just showing up for the crowd scenes. That's us!

You know who you are. Just "plain folks." God fearing, hard working John and Jane Does – the backbone of society – who will "pay up" or "go fight" when the order is given.

### A BOX OFFICE FLOP

It's a real bad melodrama starring really bad actors playing the "good guys" and "bad guys." Barack Obama, George W. Bush, Tony Blair, Dick Cheney, Donald Rumsfeld, The Clintons, Silvio Berlusconi, Nicholas Sarkozy, David Cameron, Angela Merkel, Vladimir Putin, Hu Jintao and a cast of assorted Kings, Emirs and Ayatollahs.

Although the actors change, the storyline's the same: A non-stop sequence of wars, punctuated by periods of prosperity (in today's world, steroid induced) is followed by financial panic. The play is in three acts:

- Act I: They concoct the drama.
- Act II. They promise to fix it.
- Act III. They make it worse.

Although opinion polls around the world indicate that the public is getting sick of the same old show, the producers and the cast keep insisting, "the show must go on."

### THE FINAL CURTAIN

But must the show go on? Will it? Or has the public finally had enough? Will they stop following their leaders and stop following orders?

In this *Trends Journal*, we examine the many aspects of the deepening psychodrama being played out on the world stage, the destruction it has wrought and the gathering forces of those who refuse to play their roles as "extras." We are at a tipping point. The curtain is ready to fall. Will it rise again only to repeat the same bad show, or will a new production follow?

Is the world on the cusp of the intellectual revolution and Renaissance we at the *Trends Journal* have long predicted? That is what is necessary for humanity to turn the chaos into order and rise to a higher level of civilization.

It's entirely up to you, me and us. The future is in our hands, let's not drop it.

**Gerald Celente**  
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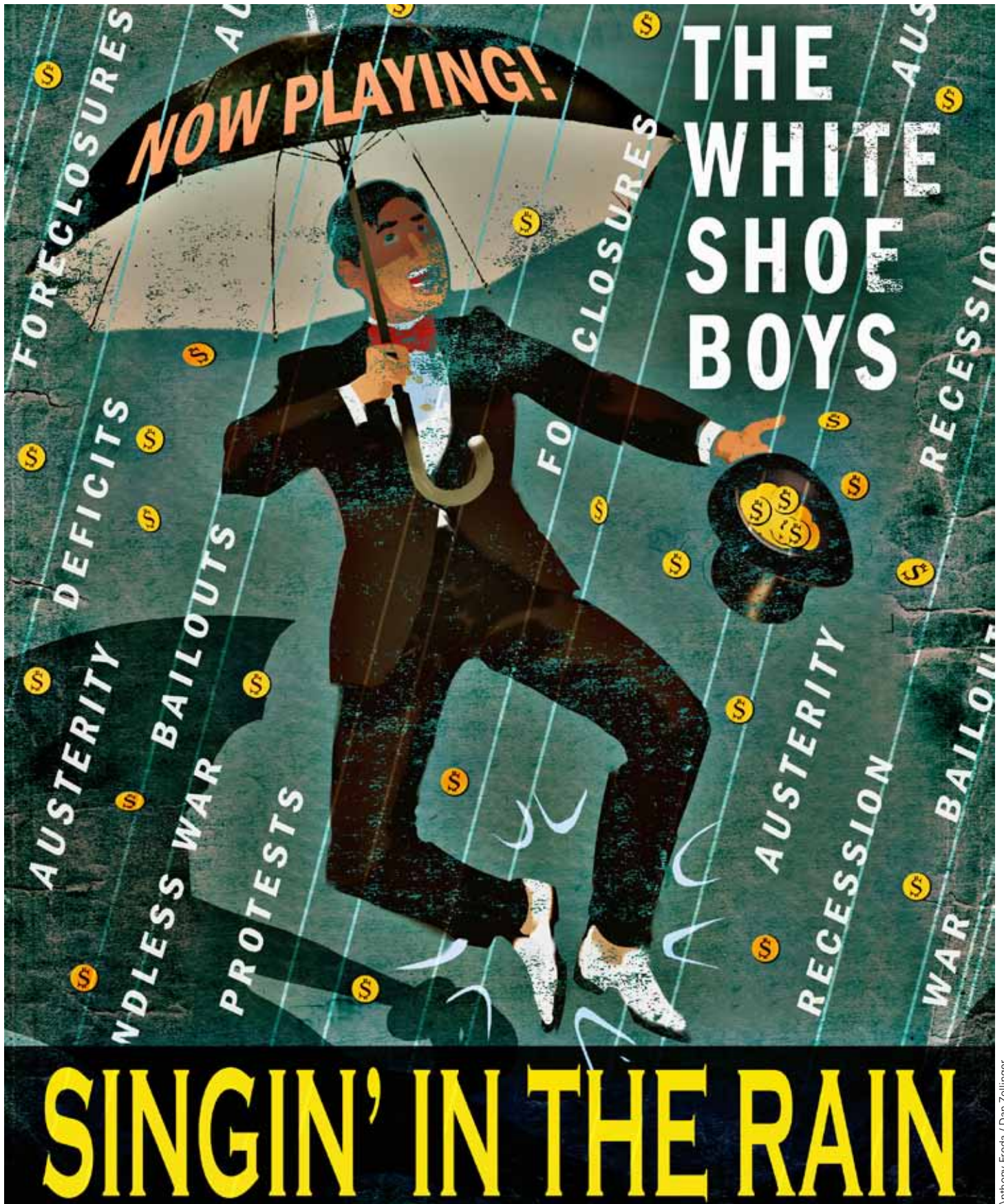
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# The History of The Future:

## IT'S SHOWTIME!

### The Show Has Started and It's a Bad One

#### EPISODE XI: Nostradamus, Top This!

*"They flooded the streets. Day and night, they marched. They yelled, they screamed, they chanted, they danced, and they prayed.*

*No one saw them coming and they came from everywhere. The country had never seen such massive demonstrations. At first, 'the experts' compared it to the sixties, when draft-age dissenters, women's libbers, and civil rights advocates took to the streets in protest. But this was no sixties sound ...*

*Mounted police dispersed them with crowd control sprays and nightsticks. The episode barely made the national news and drew little notice in New York. But it was a harbinger ...*

*As the demonstrations mobilized and gained momentum, the students were joined by their uncollegiate peers – the unemployed, the underemployed, the unemployable, the short-fused ...*

*No one was sure what had turned the protestors into marchers, or what had pointed them in the direction of Wall Street. All that was known for sure was that a mob of adrenaline-pumped young people funneled into the narrow streets of the Financial District, taking everyone in their path along with them."*

This may read like a story from today's *New York Times* or *Wall Street Journal* reporting on Occupy Wall Street, the protests that barely registered as a blip in the media when they started in September of 2011, but are now front-page, prime time news around the world.

But this is not today's news story. These passages were written by Gerald Celente in 1995 and appeared in his book *Trends 2000*, his prophetic prediction of what to expect in the new millennium. Published in 1997 (Warner Books) – at a time when the nation was fixated on the Bill Clinton-Monica Lewinsky sex scandal and when Barack Obama was just a rookie senator, unknown outside Illinois – the book predicted and analyzed a watershed event that lay a decade and a half in the future.

Today, as Occupy Wall Street protests go viral, the politicians and pundits who didn't see it coming duel it out over what provoked the movement, who provoked it, who

the demonstrators are, and how best to deal with them.

In forecasting the march on Wall Street, Celente recognized and analyzed what today's editorial writers and TV talking heads currently argue over:

*"America was not supposed to be a country where the rich grew richer and everyone else grew poorer. Finally the well-publicized income disparity between the rich and the shrinking middle class and growing underclass served as the predicted flashpoint ..."*

And who were the protestors Celente predicted would be occupying Wall Street?

*"[They] were recruited from significant established minorities: the 80 percent of Americans who for decades had been telling pollsters they did not feel 'our government can generally be trusted to look after our interests,' the 91 percent who had 'little or no confidence in Washington,' the 80 percent who felt 'the government favored the rich and powerful,' the 73 percent who did not want to see environmental regulations rolled back ... There were jobless Generation Xers, tax protestors, retirees with devalued pensions, the underemployed, the working poor, the downsized and out, the aware, and the unbuffaloed from every strata of society.*

*"It should have come as no surprise when the 90 percent of the nation who said they wanted change demanded change."*

Writing in 1995, Celente predicted both the generational inclusiveness and spread of the movement:

*"In Boston, Chicago, Atlanta, Austin, Los Angeles, Baltimore, Peoria, Portland, Bismarck, Honolulu, Anchorage, in every Middletown and Centerville, a stunned nation took to the streets and wouldn't leave ... With children in hand, graying boomers of protests past joined the vigil on the streets."*

Perhaps most remarkable, Celente also predicted how the protestors would bypass mainstream media to spread the

word. He envisaged an internet-based network capable of uniting and galvanizing the world electronically.

The new megatrend Celente described, and called “**Tech-notribalism**” in 1995, would eventually surface as Myspace, Facebook, LinkedIn, YouTube, Twitter, etc., created by entrepreneurs who turned “social networking” into the multi-billion dollar force it is today. This is what he wrote:

*“This time the news was posted on the StudentNet. Sympathy protests simultaneously combusted on college campuses and in cities around the nation.”*

Remember, this was back in 1995, in the age of the sickly green computer screen and the floppy disk, when a global internet was little more than an Al Gore reverie.

“*Trends 2000*” was a national bestseller, translated into dozens of languages, and it propelled Celente into the media limelight (Oprah, Today Show, Good Morning America, CNN, etc.). Most of the media attention was centered on other Celente predictions, such as “Crusades 2000,” an approaching wave of terrorism, the organic food/mega-health food store trend, the mainstreaming of alternative medicines and therapies ... and even a perilous economic future in which hordes of young people would not be able to leave the nest, a trend he termed “The Reextended Family.”

The prospect of a mass march on Wall Street provoked by ever-increasing income inequality, however, was beyond the imagination of the 1997 mainstream mindset. Thus, Celente was never asked about what would prove to be a pinpoint prediction that the rallying cries of this movement would focus on the “99 percent” vs. the 1 percent.

*“They wanted an end to policies that allowed two thirds of the nation’s wealth in one percent of U.S. households. They wanted tax money, presently squandered on defense, boondoggles and pork barrel projects to be spent on the people, not just a few people ... and told the government to stop the war.”*

### FAST FORWARD A DECADE

Celente’s economic predictions took on a heightened urgency as the world teetered on the edge of financial collapse, and governments resorted to suicidal salvage strategies. In the Summer 2010 *Trends Journal*, he predicted a 21<sup>st</sup> century variant of “Workers of the World Unite.”

*“The people are fully aware of the enormous bailouts going to the ‘too big to fails’ that they are being forced to pay for. We will see social unrest growing in all nations which are facing sovereign debt crisis, the most obvious being Spain, Ireland, Portugal, It-*



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### “Maimstream Media”

*aly, Ireland, the Ukraine, Hungary, followed by the United Kingdom and the United States.”*

But even as those forecasts became reality, hardly anyone in power – certainly not the mainstream media or the slick suits in the nation’s capital – was able to see the burgeoning populist protest that Celente predicted.

Then again, in the December 2010 *Trends Journal*, aptly titled “Screw the People,” he wrote:

*“The well publicized news of bank bailouts, billions in executive bonuses, and a spectrum of financial hardships heaped upon those who could least afford them – by those who could easily afford them – had the public seething ... especially the young ... They’re mad as hell and aren’t going to take it anymore.”*

### READING THE TEA LEAVES 2.0

While the Occupy Wall Street movement is making headlines today, it is, according to Celente, but a small part of a greater conflict, a battle whose opening shot was the “Tea Party” tax protests. Celente predicted the rise of the Tea Party in the December 2008 *Trends Journal*, a year in advance of its formation:

*“Fed up and not willing – or able – to take it anymore, overtaxed Americans will begin the battle against politicians and bureaucrats in the fight to lower and/or repeal taxes ... while demanding higher tax rates for those seen as paying too little.”*

Unfair taxation policy was a “reason given for starting the first American Revolution, and as the trends add up, it will also be a reason for starting the second,” wrote Celente.

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And in the Autumn 2009 *Trends Journal*, as the trends added up, and with the Occupy Wall Street movement two full years in the future, Celente asserted that “The 2<sup>nd</sup> American Revolution” has begun.

The rise of the Tea Party and the Occupy Wall Street demonstrations, while significant events in themselves, were but a part of a much greater trend, global in scope and with life-changing implications, that will reverberate for decades and generations.

As we write about the 2<sup>nd</sup> American Revolution on this 16<sup>th</sup> of October 2011, we hear gunshots and cannon fire around our Kingston, New York offices. It’s “The Burning of Kingston,” a reenactment of the 1777 British attack on the city during the first American Revolution.

Is this mere coincidence, or can it be a real omen?

**Back to The Future** Where were you on 9/11? Everyone who was not a child back then will remember.

Ask anyone over 60 what they were doing when they heard Kennedy was assassinated, and specific details will flood into memory, even 50 years later.

But who remembers what happened on August 5<sup>th</sup> in 2011? Do you?

It was a day that would live in financial infamy; the day the United States of America, for the first time in its history, had its credit rating downgraded.

There had been rumblings of such a possibility. The combination of the mounting European sovereign debt crisis and the month-long public spectacle of bipartisan bickering over raising the US debt ceiling had both the financial markets and the rating agencies questioning not only the creditworthiness of the country, but the very competency of the US government.

### SEND IN THE CLOWNS

No one had ever seen anything quite like this before, but by October, it had been all but forgotten. Washington’s antics represented a new low in political discourse.

From the morning news to the nightly news, from cable commentators to late night talk show hosts, the nation was transfixed and befuddled by a non-stop Washington Soap Opera pitting the “Democratic Drama Queens” against the “Republican Beltway Circle Jerks.”

If the debt ceiling wasn’t raised, the Drama Queens warned, social security checks wouldn’t be mailed, veterans’ benefits would not be paid, and the nation would default on its debt. The Queens’ King, Barack Obama, expressed a willingness to raise taxes on the rich. “I don’t think it’s fair to ask nothing of someone like me when the average family has seen their income decline over the past decade – and when many of you are just trying to stretch every dollar as far as it’ll go.”

Lumped into the “someone like me” category (Obama’s base salary of \$400,000 came with a \$150,000 expense account, as well as a \$100,000 tax-free travel account and a \$20,000 entertainment budget, plus additional princely presidential perks, and his estimated net worth is \$10 million) were “folks” with household incomes above \$250,000 a year. As any warm, sentient human being knows, a \$250,000 a year household income for a family living in a big city or major suburb – with two kids in college and a mortgage – does in no sense make one a member of the “someone like me,” the mega rich, über-rich and the filthy rich billionaires.

Also left out of the discussion was the fact that fully 80 percent of the Obama tax increases on “the rich” would fall most heavily on those making \$250,000 to \$500,000 a year ... professionals, doctors and small business owners.

### DOUBLETALK

On the one hand, Obama cajoled the public with promises to make giant multinationals (who paid nothing in taxes or received refunds) pay their fair share, while the other hand slapped the back of General Electric’s CEO Jeffery Immelt, who was appointed to head the President’s Council on Jobs and Competitiveness.

“He brings a wealth of experience to the table,” beamed Obama. “He is one of the nation’s most respected and admired business leaders. And that’s a reputation he earned over 10 years at the helm of this company.”

A poster boy for multinational tax loopholes, Immelt personally earned \$15.2 million in 2010, while GE made \$5.1 billion in the United States in 2010, paid nothing, zero, nada, zip in taxes – and got a \$3.3 billion federal refund.

Nevertheless, apparently not satisfied with GE’s paying nothing and getting refunds, Immelt told CBS’s *60 Minutes* that the current corporate tax rate should be lowered.

As for jobs and competitiveness, Immelt’s “wealth of experience” during “10 years at the helm” included his shedding 34,000 GE jobs in the US while adding 25,000 jobs overseas. At the end of 2009, GE employed 36,000 more people abroad than it did in the US. In 2000, just before “one of the nation’s most respected and admired business leaders” took over, it was nearly the opposite.

And, in its latest “Not Made in USA” move, General Electric began moving its 115-year-old X-ray division from Waukesha, Wisconsin to Beijing, China, where it will invest \$2 billion and create six research centers.

In the real world, appointing as Job Czar an executive with a track record for destroying American jobs and shipping them overseas would have been denounced by honorable journalists as both a slap in face and a stab in the back of the beleaguered American public. But in the “anything goes” Washington Soap Opera World, the Im-

melt appointment was celebrated by the press with puff pieces about the mild-mannered, soft spoken, physically imposing former Dartmouth football player.

Jeffrey Immelt was but one of dozens of top CEOs whose salaries exceeded what their companies paid in federal taxes:

### US Firms Paid More to CEOs Than Taxes in 2010: Study

Twenty-five of the 100 highest paid U.S. CEOs earned more last year than their companies paid in federal income tax, a pay study said on Wednesday. It also found many of the companies spent more on lobbying than they did on taxes. (*Reuters*, 31 August 2011)

These included Boeing, Verizon, Honeywell, Motorola, Dow Chemical, Ford, eBay, Cablevision Systems, among them ... tiny little hometown, mom-and-pop, struggling companies trying to make ends meet (just 10 of the 25 had combined US profits of \$26.8 billion).

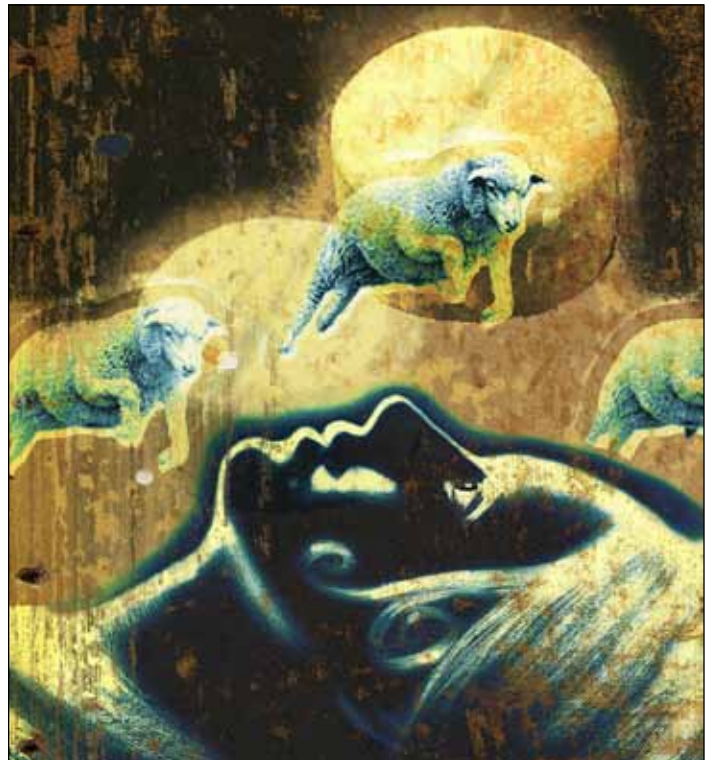
And their CEOs were, like Immelt, hard-wired to the Obama White House through appointments on prominent committees, councils, panels and advisory boards.

**Trend Forecast:** This had become the new normal. The business of America, and in fact the world, had become big business. This wasn't "normal" 50 years ago. With no understanding of the drastic changes that have taken place so very gradually, two full generations have grown up accepting their status. Like in the "boiling frog" anecdote – recounting how a frog placed in cold water that is slowly heated will not perceive the danger until it's cooked to death – so have governments' policies around the world slowly boiled the entrepreneur class nearly to death.

Will governments turn up the heat to boil into submission the rest of the population, or will people realize in time they are getting cooked to death and rebel?

**Save The Frogs** We are fully aware that most *Trends Journal* subscribers are either not frogs to begin with, or if they were, they felt the heat and jumped free. However, at the *Trends Journal*, hardly a day goes by without us getting emails from subscribers despairing of communicating what they so clearly understand to their friends, families and associates. Here are two typical examples:

- "There are still so many people with the blindfolds on. In particular, the people in my job are very asleep ... I need to find new ways to wake them up. People tend to get very scared and defensive."
- "I too have become a political atheist! I am trying to spread your word to any who will listen but it is amaz-



Anthony Freda / Dan Zollinger

"Wake-up Call"

ing that there are still some who like to push the partisan propaganda. How stupid some sheeple are."

We know you understand what's going on, and know about the problems confronting our planet ... and the difficulties in conveying that understanding to others. We write the *Trends Journal* not only to identify trends and plan strategies, but also to provide a unique, fact-based historical document of the current events that will shape the future. The plain language and straightforward analyses make each *Journal* accessible to anyone who can read.

We also get many "thank you for waking me up" and "thank you for your courage to tell it like it is" emails. Thus, there are many who are ready for the wake-up call and who will jump out of the water before it boils. Don't give up, don't be discouraged. Pass on information from the *Trends Journal* to those you care about.

And, of course, that in itself is a first step. Waking up is a full-time job, and achieving meaningful freedom takes a lifetime of inner work.

The opposing powers and the power mad – those who insist that their way is the right and only way – are ubiquitous and tireless. Under the banner of "security," "democracy" and "patriotism," what they are selling is subservience ... willing or not.

If you let them, they'll take you to war, the cleaners ... or both.

"Save the frogs!"

**Death and Taxes** Was there any “Hope” that the elected King of the Drama Queens would get tough on multinationals, tax loopholers and multi-billionaires as promised? In a word: No! When the Democrats controlled Congress in 2009 and 2010, they talked big but did nothing to reverse the “only the little people pay taxes” trend.

The Republican Circle Jerk solution was to make any tax talk taboo. They would balance the budget by cutting to the bone virtually every “human service” and “entitlement,” including social security and Medicare/Medicaid, and by gutting even the remaining token regulations that might stand in the way of unrestrained corporate growth.

Essentially off the budget-cutting table was the Sacred Cow: The Military. But why? What was it that made the military untouchable?

### GUNS AND BUTTER

In the traditional macro-economic model, nations must choose between spending finite resources on “guns” and/or “butter” ... striking a balance between investing in military/defense and domestic production of goods and services. Beginning with the Cold War and continuing with the global War on Terror, the American obsession with “guns” had made “butter” an expendable afterthought.

What was behind the “feed the military” mentality, which operated at the expense of feeding the people and domestic production? With just 5 percent of the world’s population, the United States accounted for fully one half of the world’s military expenditure. Was this perpetual arms buildup a consequence of the “military industrial complex” monopolizing the financial and intellectual resources of the nation, as President Dwight D. Eisenhower had presciently warned?

Or was it some deep-seated paranoia that prevented Americans from outgrowing and relinquishing their “insecurity blanket”? Trillions spent to battle a few hundred Al Qaeda “terrorists” half a world away? More trillions spent on Homeland Insecurity in a warrantlessly-wire-tapped, constantly-surveilled, TSA-groped USA?

America’s prodigious army, navy and air force boasted the most sophisticated armaments, technology and equipment ever devised. But by 2011, the old Cold War fear of Soviet Russia had long subsided. It was gradually being replaced by the fear of the aggressively capitalist, but still Communist Chinese ... who now were threatening America’s freedom and liberty.

### RED ALERT, RED ALERT!

“The Chinese are coming, the Chinese are coming!” “Extra! Extra! Read all about it!” China had acquired a sin-

gle, retrofitted, Soviet-era aircraft carrier and developed its home-grown stealth aircraft. The message was: even in this time of economic downturn, it was no time to let down America’s defenses.

And of course there were the North Koreans, with their half-dozen nuclear weapons, and Iran, with its potential nuke-in-the-making capability that the Iranians claim they are not making, plus caves full of wild-eyed jihadists ready to bring the United States of America to its knees at any moment.

Given America’s foreign policy (wars, drone strikes, extrajudicial killings, unconditional support of Israel, continued support of Middle East monarchs and dictators, overt military operations in Africa, covert actions virtually everywhere and feeding an insatiable military on hundreds of bases worldwide), terror strikes remained a real possibility ... but one that no amount of military might was likely to prevent.

Here was America: economy in shambles, infrastructure rotting, healthcare in crisis, educational standards failing, unemployment unimproved, foreclosures an omnipresent fact of life ... but never a shortage of money for the military, and never a shortage of two-fisted, tough-talkin’, rootin’-tootin’, red-white-and-blue-blooded, flag-wavin’, son-of-a-gun politicians, pundits, blowhards and blowhardettes who had never been in so much as a school-yard fight, let alone real combat ... incessantly beating the war drum, eager to send the 99 percent to foreign lands to do their fighting.

While the Democratic Drama Queens did propose minimal cutbacks – \$35 billion a year out of an estimated \$1.5 trillion per year in defense and defense-related expenditures – even that modest amount was hotly contested by both the Beltway Circle Jerks and the Pentagon. Indeed, Leon Panetta, the newly appointed Defense Secretary (and former CIA chief), termed these minimal cuts a “doomsday mechanism” that would “damage our national defense.”

Like all government data (inflation, COLA, unemployment, etc.) the amount spent on the military and the percentage of the budget it represented was skewed to suit the government’s agenda. “Officially,” military spending accounted for 20 percent of non-discretionary spending. But when the War on Terror, military-related expenditures outside defense, veterans’ benefits and interest on military debt was added in, military accounted for 54 percent of total government outlays.

**Publisher’s Note:** Rarely, if ever, are there editorials or media commentary exploring the flagrant hypocrisy of war hawk war-talk coming from chicken hawks who take their nations to war but never go themselves nor send their

kids to fight, bleed and die.

And never are there editorials or media commentary that criticize the inappropriateness of these pious politicians making the infrequent but obligatory visits to veterans' hospitals to express gratitude to limbless soldiers for their sacrifice, and visits on Veteran's Day to military cemeteries to express gratitude to the fallen who had made the "ultimate sacrifice."

Also absent from any before-during-or-after-war discussion is reference to firsthand reflections on war, such as those written by Major General Smedley Butler who, at the time of his death in 1940, was the most decorated war hero in Marine history:

*"War is a racket. It always has been. It is possibly the oldest, easily the most profitable, surely the most vicious. It is the only one international in scope. It is the only one in which the profits are reckoned in dollars and the losses in lives. A racket is best described, I believe, as something that is not what it seems to the majority of the people. Only a small 'inside' group knows what it is about. It is conducted for the benefit of the very few, at the expense of the very many. Out of war a few people make huge fortunes.*

*I spent 33 years and four months in active military service and during that period I spent most of my time as a high class muscle man for Big Business, for Wall Street and the bankers. In short, I was a racketeer, a gangster for capitalism. I helped make Mexico and especially Tampico safe for American oil interests in 1914.*

*I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in.*

*I helped in the raping of half a dozen Central American republics for the benefit of Wall Street. I helped purify Nicaragua for the International Banking House of Brown Brothers in 1902-1912. I brought light to the Dominican Republic for the American sugar interests in 1916. I helped make Honduras right for the American fruit companies in 1903. In China in 1927 I helped see to it that Standard Oil went on its way unmolested. Looking back on it, I might have given Al Capone a few hints. The best he could do was to operate his racket in three*



*districts. I operated on three continents."*

Yet, war was the one option never taken off that famous "table" that politicians always talk about when they're "talkin' tough."

## THE SUMMER SOAPS

Without addressing a significant reduction to the giant and voracious military budget, any deficit discussion was nothing but grandstanding, clownery and political one-upmanship.

Also off the table, for both the Drama Queens and Circle Jerks, was ending the annual \$57 billion in foreign aid. While it was but a pittance compared to the military budget, it meant taking money from pressing domestic

services in order to buy off, do deals with, and pressure foreign "friends" in high places.

With military spending effectively untouchable, the debate raged on, even as it narrowed. What they were fighting about and would ultimately agree upon (deemed a "historic deal" by President Obama) would do nothing to either restore to health the ailing economy or effectively address the bloated budget deficit.

The insignificance of the "historic deal" can be put into perspective by downsizing the astronomical and incomprehensible federal budget to a commensurate household budget. By removing eight zeros from the trillions, the federal figures were now easily understood as a budget for a mythical average American family ... the Jones's.

## Exhibit A: The US Government Budget

Federal Budget:	\$3,820,000,000,000 (3.82 Trillion)
Income:	\$2,170,000,000,000 (2.17 Trillion)
New Debt:	\$1,650,000,000,000 (1.65 Trillion)
Amount Cut:	\$38,500,000,000 (38.5 Billion) – about 1% of the total budget.
National Debt Total:	\$14,271,000,000,000 before this year's budget.

## Exhibit B: The Jones's Family Budget

Amount of money the Jones's family spent this year:	\$38,200
Total income for the Jones's family this year:	\$21,700
Amount of new debt added to their credit card this year:	\$16,500
Outstanding balance on their credit card:	\$142,710
New outstanding balance on credit card:	\$159,210

So last week, the Jones's sat down at the kitchen table and agreed to cut \$385 from their yearly budget. A historic amount! (source: North Oakland County Tea Party)

Even in advance, deal or no deal, the world equity markets understood that whether the debt ceiling was raised, left in place or lowered, it would do nothing to solve the greater macroeconomic crisis:

### **Economic Fears Hit Global Markets**

Worries about the global economy rippled through financial markets on Tuesday, driving down share prices from Tokyo to New York and placing new strains on Spanish and Italian Bonds. (*Wall Street Journal*, 3 August 2011)

### **Equities ditched as eurozone fears bite**

Investors worldwide sold out of equities amid widespread worries of stalling global growth and renewed eurozone tension. (*Financial Times*, 3 August 2011)

Adding to the growing realization that the “recovery” following the “Panic of ’08” was but a remission, induced worldwide by central banks pumping out tens of trillions in digital money (not worth the paper it wasn’t printed on), was the DC debt ceiling side show. The markets reasoned: if Congress couldn’t cut a meaningful deal to resolve the US’s own sovereign debt crisis, how could Washington be trusted to fix anything else?

But ineptitude and incompetence were not solely “Made in America” traits. Politicians across the pond were equally inept and incompetent. The European sovereign debt crisis that had been festering for two years was merely a variant of the US debt debacle, and equally unsolvable:

### **Italy’s Woes Weigh on Europe**

Prime Minister Sidesteps Calls for new Measures, Anxiety Spreads Across Continent  
(*WSJ*, 4 August 2011)

### **Europe sparks global sell-off**

European policy makers were struggling last night to contain the global market turbulence that has triggered sharp share price falls and a rush to haven assets. (*FT*, 4 August 2011)

The world markets, already in turmoil, responded dramatically to both the US debt ceiling deal that was fi-

**“Is there a risk that the United States could lose its AAA credit rating? Yes or no?”  
‘No risk, no risk,’ responded Geithner ...”**

nally crafted and to Europe’s inability to address its crises and prevent the economic contagion from spreading:

### **Stock markets plunge worldwide**

Global stock markets plunged on Thursday as central bank interventions in Europe and Japan failed to sooth investors’ concerns over economic growth and the eurozone debt crisis. (*FT*, 5 August 2011)

### **Stocks Nose-Dive Amid Global Fears**

Weak Outlook, Government Debt Worries Drives Dow’s Biggest Point Drop Since ‘08

Stocks spiraled downward Thursday as investors buckled under the strain of the global economic slowdown and the failure of policy makers to stabilize financial markets. (*WSJ*, 5 August 2011)

### **Stocks in Worst Tumble in 2 Years Amid Global Worry**

Fear of Recession and Debt Crisis Drives Selloff

What began as a weak day in the stock markets ended in the worst rout in more than two years, as investors dumped stocks amid anxiety that both Europe and the United States were failing to fix deepening economic problems. (*New York Times*, 5 August 2011)

And “What began as a weak day” would ultimately end in “D-Day (Downgrade Day) 2.0.” Following the market’s close that Friday, August 5<sup>th</sup> (with all the Wall Street investors off to the Hamptons, their European counterparts on holiday, and the vast majority peripherally conscious of the current events but willfully tuned out), America’s largest rating agency, Standard & Poor’s, downgraded the creditworthiness of the United States government for the first time in its history.

Suddenly, after years in linguistic exile, the dreaded “double dip” phrase was on the lips of all those “economists” and “analysts” who (according to *The New York Times* on 25 June) were generally expecting “the economy to pick up in the second half” and who were not “predicting an out and out return to recession.”

Back in April 2011, with rumblings of a possible US credit downgrade growing louder, the message from Wall Street and Washington – where “never was heard a discouraging word, and the skies were not cloudy all day” – was that the economic situation was under control. In a *Fox Business News* interview, US Treasury Secretary Timothy Geithner was asked, point blank: “Is there a risk that the

United States could lose its AAA credit rating? Yes or no?”

“No risk, no risk,” responded Geithner, who then proceeded to exhort all us little boys and girls to “listen carefully” to “the leadership of the United States, the President, the Republican leadership in both houses and the Democrats,” because they knew “the right thing to do for the economy.”

If only we would “listen carefully,” follow our leaders and put our future in their hands there would be a happy ending. The US Treasury Secretary, the party leaders, the Commander in Chief ... Father and Big Brother always knew best.

### **STRANGER THAN FICTION**

How could they get away with it? Day after day, year after year, failure after failure ... the pitch never varied; the presstitutes peddled it and the general public bought it.

Was it the imperial staging and all that deferential bowing and scraping to those higher-ups and know-betters on their pedestals? The “Mr. Secretary” or the “Distinguished Senator this” or the “Honorable Congressman that,” along with the red carpet trappings of the office that conferred authority upon empty suits? With little to show for their years of “public service” (a.k.a. sucking on the public tit), no matter how often they were wrong, rarely were they called to account.

Indeed, just four months after unequivocally (but incorrectly) declaring “no risk, no risk” of a United States credit downgrade, not only did the media give the Distinguished Mr. Treasury Secretary a free ride for his wrong forecast, they gave him more prime time to criticize the rating agency for proving him wrong.

Rather than honorably eating crow, Geithner berated the rating agency for showing “terrible judgment.” It was Standard & Poor’s who “handled themselves very poorly,” showing a “stunning lack of knowledge about the basic U.S. fiscal budget math.”

In all fairness to Mr. Geithner, the same deference that was paid to the White House was paid to all high-ranking members of the White Shoe Boyz Club. Their incorrect forecasts were never “dead wrong” or “completely off target” ... they were simply “readjusted,” “revised” or “downgraded” when proven incorrect.

In early August 2011, the global equity markets were convulsing. Ah, for a return to those pre-“Panic of ’08” wonder-summers when the Fed Chairman and the business shills spun fairytales of the “Goldilocks economy.” Surely you remember how they cooed about that “not too hot, not too cold, but just right” economy ... the one ingeniously crafted by Washington wizards and Wall Street wise men.

Others, like ourselves at The Trends Research Institute, had stopped believing in fairytales and wizards long

ago and were wise enough not to be conned by Wall Street wise guys. We knew the entire political/financial game was rigged and we had been forecasting this day of collapse for years. The greatest Ponzi scheme the world had ever known was over:

### **Grim week echoes depth of 2008 crisis**

Global equity markets suffered their worst week since the depths of the financial crisis only to face the prospect of Standard & Poor’s downgrading the US credit rating. (*FT*, 6 August 2011)

### **U.S. Loses Triple-A Credit Rating**

Unprecedented Downgrade Comes After Last-Minute Standoff; Treasury Says Decision Is ‘Flawed by a \$2 Trillion Error’

A cornerstone of the global financial system was shaken Friday when officials at ratings firm Standard & Poor’s said U.S. Treasury debt no longer deserved to be considered among the safest investments in the world. (*WSJ*, 6 August 2011)

With the markets closed for the weekend, the world held its breath in anticipation of what Monday might bring:

### **Stocks Resume Free Fall on Fear Over Economic and Credit Woes Dow Drops 5.6%**

The stock market resumed its free fall on mounting fears about the stalling economy and worries that the government had few options to increase growth, dual concerns that overshadowed the downgrade of long-term United States government debt. (*NYT*, 9 August 2007)

### **Stocks plummet on US Downgrade**

US shares tumbled in their biggest fall since the depths of the financial crisis as a global growth scare caused investors to shun equities and take refuge in government debt. (*FT*, 9 August 2011)

### **Downgrade Ignites a Global Selloff**

Dow’s 634.76-Point Is Worst Since ’08, as Worries Rise About U.S. Debt Rating, Economy; Treasuries Jump (*WSJ*, 9 August 2011)

It was an August most financiers would like to forget, and one that would quickly be forgotten for the significance it held as a harbinger of what was to come. History was repeating itself, but as is invariable with history, not exactly.

In many ways, August 2011 mirrored the market swoon that began in July of ’07, the signal that prefigured the

onset of the “Panic of ’08” and the Great Recession. But back then, the pundits, politicians and pressites shrugged off the precipitous decline explaining, “The market needs to have some profit taking after hitting 14,000.” With trillions being lost worldwide, *The New York Times* ran the headline “Advisers Tell Worried Investors to Take Stock ‘Hiccup’ in Stride,” counseling, “Take a deep breath. These things happen.” (NYT, 27 July 2007)

Yes, these things do “happen,” but not normally in the summer when the markets are thinly traded and the stock marketeers are off on holiday. Nor, as evidenced by the high volumes, were the extreme swings the work of a few non-vacationing traders left behind in their offices.

And unlike the Summer of ’07 – when optimism was still in the air, the real estate bubble had not yet burst and even recession had not yet been officially declared – in August 2011, there was nothing to be optimistic about. Flagrant denial was impossible. The inescapable data of economic non-recovery, the spreading European debt crises, and the global slowdown in manufacturing were immutable facts.

Nevertheless, denial continued to bubble beneath the surface. Anyone who followed the August equity market meltdown will remember the TV/business news money honeys, co-hosts and financial commentators breathlessly reporting the carnage with barely controlled hysteria, yet continuing to play their predictable roles as market shills and shillettes.

It was the same script they always read from whenever the markets plunged: “Don’t panic, you’re in it for the long-term,” “It’s a buying opportunity.” Never, ever, is it: Holy F#\$K! The markets are tanking! Take your losses and get out before it’s too late!”

That “stay cool and calm, the experts know what’s best for you” sentiment was echoed by the print media pressites. No better example could be found than a 6 August 2011 *New York Times* piece, “Resisting the Urge to Run Away From Home,” by Ron Lieber, as patronizing a piece of outrageous shillery as ever penned. It’s also a perfect opportunity for providing a trend tracking lesson in how to un-spin the spin, and extrapolate from the un-spin



Anthony Freda / Dan Zollinger

“Oh, you’re just caught up in a pessimism feedback loop again”

spin, proactive and constructive measures that apply to the individual’s situation.

Although the entire story is a paean to US financial interests and institutions, we’ve extracted representative passages revealing its not-so-hidden agenda. (See “Trend Lesson: Un-spinning the Spin,” next page)

### DON’T CALL A SPADE A SPADE

Rather than recognizing the sell-off and price

plunge as an omen of still worse to come, many commentators chose to blame both the S&P downgrade and DC’s warring politicians for the market woes, and continued ignoring the un-sound fundamentals of the economy.

After months of hanging out its dirty debt ceiling laundry in public, Washington crafted a compromise that solved nothing and satisfied no one. “The effectiveness, stability, and predictability of American policy-making and political institutions have weakened at a time of ongoing fiscal and economic challenges,” wrote S&P in justifying its downgrade.

Congress and the White House, taking no responsibility for their role in rattling the world markets or precipitating the downgrade, took to the airwaves in response.

“Markets will rise and fall, but this is the United States of America. No matter what some agency will say, we always have been and always will be a AAA country,” hallucinated President Barack Obama, interrupting a reading of “My Pet Goat” (George W. Bush’s favorite crisis time book) to a class of Special-ed preschoolers.

As the month lurched on, the global equity markets exploded and imploded in turn. Up 2 percent, down 3 percent, down 4, up 5, it was a rare summer equity market roller coaster ride.

Meanwhile, across the pond, the European debt crisis – the moral/emotional/financial equivalent to America’s credit downgrade – was another volatile component of the global economic End Times. All the trillions spent by the European Central Bank to buy up bad bank debt and high-risk government bonds provided only temporary relief for a chronic, degenerative economic disease. Too much money had been loaned out by banks to fuel orgiastic real estate

(Continued on page 14)

## Un-spinning The Spin

### "Resisting the Urge to Run Away From Home"

**T**his following trend lesson un-spins the August 6<sup>th</sup> *New York Times* business section front-page story "Resisting the Urge to Run Away From Home" (page 12) published on the first news day following the historic S&P downgrade. The world was in financial shock, equity markets were being battered and high anxiety prevailed. What would happen when the markets opened on Monday?

The message from the *Times* is clear: If you don't listen to what you are being told it will cost you dearly. You, *The New York Times* reader, are incapable of making wise decisions in your state of fear. While you will act irrationally, I, Uncle Ron Lieber, a youngish writer with no discernable professional investment experience, know what's best for you.

**The spin:** "In market moments like these, it's always tempting to do something really big and bold with our investments."

**The spin un-spun:** Listen up kiddies, daddy knows best. Don't be tempted to do anything big or bold. And how does the "our investment" figure into this? When did Ronnie boy and you form a partnership? It's not "our" – it's "your." How arrogant and presumptuous to tell you what you should do with your money as though it's his, too.

**The spin:** "Here's a bad idea that's likely to occur to the fight-or-flight animal within all of us: Scale way back on stocks in parts of the developed world with economic woes and put the proceeds someplace far, far away, in emerging-markets stocks or gold or foreign currencies."

**The spin un-spun:** "Here's a bad idea?" Who is this guy, the self appointed "Idea Man"? What "good idea" has he come up with? As for "fight-or-flight animal within all of us," let him speak for himself. When it comes to fighting, from the looks of him, he couldn't fight his way out of a paper bag made from pages of *The New York Times*.

And, if you had listened to your "flight animal" when "economic woes" took hold with the "Panic of '08" and you "put the proceeds someplace far, far away ... in emerging-market stocks, or gold or foreign currencies"... you'd be rich today and laughing at any jackass who tells you it was a "bad idea."

**The spin:** "If you've lived through these swoons before, however, you know that few knee-jerk investing strategies born of uncertain times prove to be anything but total bunk."

**The spin un-spun:** How many "swoons" has the baby-faced, Class of '93 Lieber lived through to give him the authority to pronounce that "knee-jerk" reactions "to uncertain times prove to be anything but total bunk"?

Suckers who listened to such shills (and never jerked a knee) when the high-flying, Dot-com heavy NASDAQ crashed

from its 5,000 high and held on either lost everything or took a drubbing. Some 12 years later, the NASDAQ hovers at 2,500 ... half its former value.

More or less the same fate befell those who bought into the real estate bubble and/or have been investing in the Dow over the past decade. On the other hand, those whose knees jerked them into the gold market have increased their investment as much as seven fold. For them, anything else would be "total bunk."

**The spin:** "Let's start with a few givens. First of all, no parking money on the sidelines."

**The spin un-spun:** "Let's start with a few givens"? "Givens"? – given by whom? This is the guy who talks about the importance of saving money to Elmo the puppet on Sesame Street. ([Click here to see Ron Lieber and Elmo on Sesame Street](#)) Now, in the midst of a historic financial storm, he's preaching to adult readers of *The New York Times*, telling them not to park (i.e., save) their money on the sidelines.

Ad nauseum, he pontificates about "individuals who don't realize that most investors who bail out end up selling at low prices and getting back in again after prices have spiked," and that "most of us should be" investors "who rebalance by selling the winners in well-balanced portfolios and buying the losers after large percentage declines."

Ah, yes, it's that easy. Right out of *Economics 101 for Dummies: The Buy-Low, Sell-High Guide To Sure Wealth and Excess Prosperity*. Just sit back, stay cool, take a deep breath, especially, "For those of us who have a time horizon longer than a decade or two."

What about the millions with a shorter "time horizon" who need the money now or sooner than in a "decade or two." And, considering that markets have not regained what they lost over a decade ago, what basis is there for his belief that time alone will bring back prosperity?

Anyone familiar with Wall Street, and not just Sesame Street, knows that the unprecedented convolutions of the entire financial and economic world herald a new era, an era unlike anything in history! Lieber's "givens" are not "givens" at all. This is not another text book example of a self-correcting economic cycle.

And anyone who takes Lieber's smug, avuncular maunderings to heart, or heeds the counsel of his like-minded colleagues, will regret their failure to listen to their "fight-or-flight animal within" and do something "big and bold." As for ourselves, we know how to fight. We don't need Lieber to tell us when it's time to take flight and, meanwhile, contra Lieber, we'll put our trust in gold. ■

## THE HISTORY OF THE FUTURE ...

(Continued from page 12)

bubbles, consumer spending sprees, leveraged buyouts, and rampant financial speculation ... and there was no way to pay it back.

It was a crisis unlike all crises past and attempts to resolve it by throwing unlimited amounts of increasingly worthless money at it would not only *not* solve the problem, it would exacerbate it. The fallout from the bailouts and all the money pumping schemes on both sides of the pond was as predictable as the failure of the schemes. The price of gold soared.

**Trendpost:** *The handwriting was on the wall, and written in bold gold letters. Never had there been a summer so golden. Gold began in July 2011 at \$1,480 an ounce, and by the end of August was flirting at \$1,900. There was one reason for the rise, and one reason only. Anyone capable of understanding the central banks' schemes and scams*

*was bailing out of euros and dollars and taking refuge in the few refuges that still existed. Gold, Silver, the Yen and Swiss Francs were among the favored safe havens.*

However, "safe" was relative. What was a strong currency one day could crash the next. The currency wars we had warned about, when they were barely on the radar, were now breaking out all over. Strong currency nations were being overwhelmed by capital inflows from investors seeking to park their money in nations that were not diluting their coin of the realm. The result: the strong currency nations – South Korea, Philippines, Brazil, Japan – all intervened to push their currencies lower so that their goods and service producers would not be priced out of the export market. If the currency was too strong, their products became too expensive.

When the world's symbolic and actual financial safe haven, Switzerland – the nation we labeled the "money cockroach of the world" for its ability to survive intact through world wars and global depressions – turned currency rat by slashing the value of the Swiss Franc and pegging it to the euro, the unthinkable became reality. If Switzerland was willing to sacrifice its reputation and so egregiously manipulate its currency, then who, or what, could be trusted?

The direct results were three-fold. 1. The existence of a worldwide currency war could no longer be denied. 2. Exporters, mainly multinationals and big business, would be

the beneficiaries. 3. Anyone holding Swiss Francs lost 20 percent of their purchasing power overnight ... and all because a handful of government officials and bankers had the power to determine the financial fate of the nation.

With the Swiss debasing their Franc, the indirect implication was that any nation in charge of its own printing presses (Brazil, China, India, Russia, Norway, Japan, Australia, etc.) could, at any time manipulate its currency. That left gold and silver as the premier, if not the only, trustworthy safe havens. But, as the price of gold and silver skyrocketed in response to the currency wars, the central banks and behind-the-scenes speculators would launch a concerted attack on the precious metals.

Will the attack succeed? What can drive down the price of gold and silver? Only some combination of sharply rising US and EU interest rates, a reversal of central banks' "loose money" policy, a resolution of the European sovereign debt crisis, and a significant balancing of the United States budget and trade deficits. Since this multi-faceted scenario is next to unimaginable, downturns in gold and silver will be temporary.

However, while some see dramatic spikes in metals as signs of volatility and instability, it is, in fact, common market behavior. For example: if gold was trading at \$300 an ounce and fell \$60, it would be regarded as a sharp 20 percent sell-off. Similarly, if gold was trading at \$1,800, a comparable sell-off would be a drop of \$360. Thus, the higher the price, the greater the price swings. But, kept in perspective, they signal neither undue instability, nor an imminent bear market.

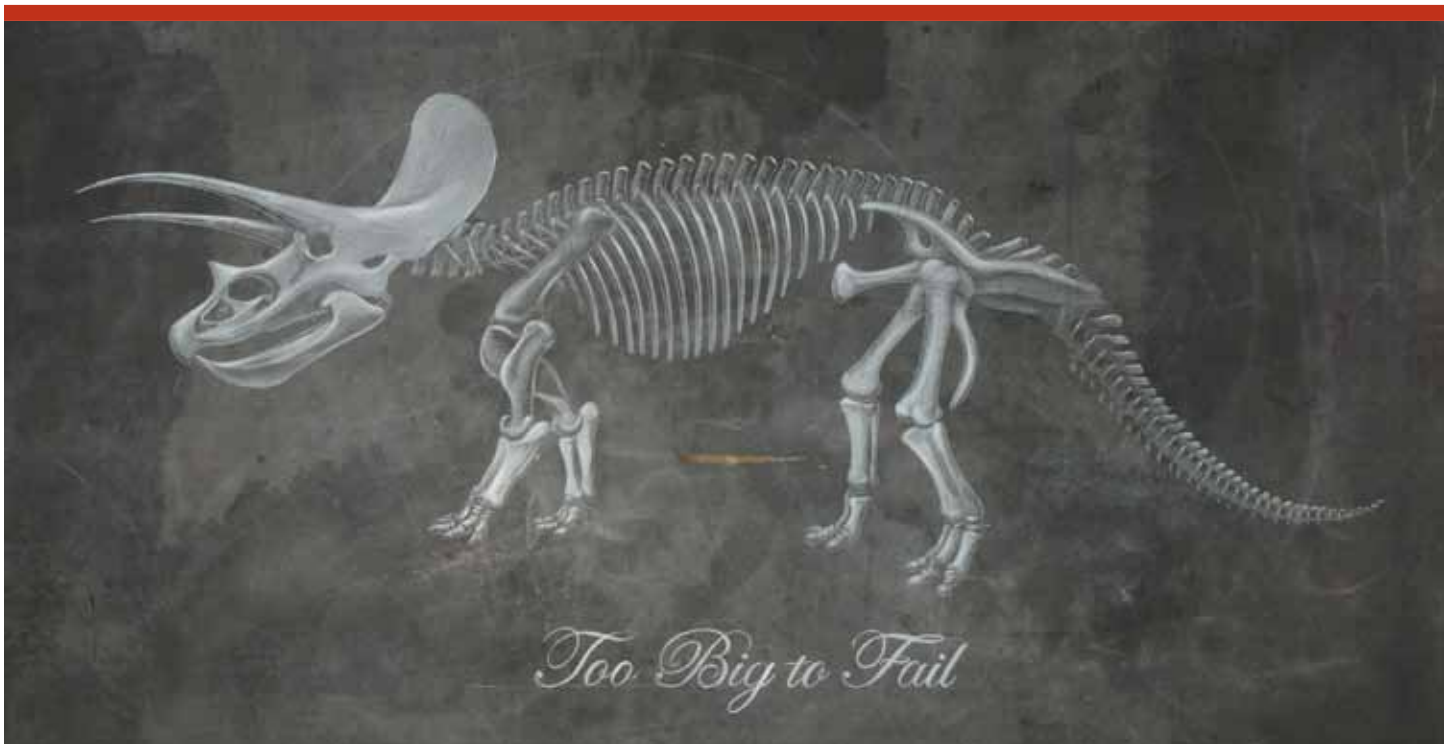
Despite its recent sell-off, our forecast of "Gold \$2,000" remains, with it possibly going much higher. Silver, on the other hand, unlike gold, has many industrial uses and is therefore price sensitive to industrial demand. Thus, as world economies contract, prices will be affected should demand significantly weaken. Notwithstanding, considering the depth and scope of the US and EU monetary crisis and their unprecedented policy of endlessly printing digital money (not worth the paper it's not printed on), we regard silver as a viable secondary safe haven.

And beyond the transparent facts and data fueling the Gold Bull Run, there was more than met the eye.

Behind the scenes, the Federal Reserve, unbeknownst to Congress and the public, loaned \$1.2 trillion of public



Getty Images



Anthony Freda / Dan Zollinger

money to a select group of the biggest banks and brokerages when the credit crisis struck and the housing market collapsed in 2008.

The secret loans were given to the 10 biggest US banks and brokerages who, just two years earlier, had earned \$140 billion in profits. These loans dwarfed the \$160 billion borrowed from the US Treasury that were made public. In total, Fed loans to the banks exceeded \$16 trillion, a sum larger than the GDP or national debt.

Whether in Europe, Russia, China, the US ... almost anywhere, banks were sanctified, holy institutions that had to be saved when they sinned, and bankers – doing what Goldman Sachs CEO Lloyd Blankfein called “God’s work” too, were beatified. Furniture-maker, homemaker, retailer, farmer, construction worker, cashier, clerk, butcher, baker ... no business or person mattered. If they went bust, tough luck ... they deserved it, were inefficient, imprudent or unfortunate victims of a financial meltdown so grave that even the “best and the brightest” of Washington and Wall Street didn’t see it coming.

Who made up the “too big to fail” big lie? Who was the Wall Street sage, or Washington minister committed to the Josef Goebbels principle: *“If you tell a lie big enough and keep repeating it, people will eventually come to believe it.”*?

And so it was. The experts repeated it and the media spread it as an unchallengeable article of faith: The United States (and by extension the rest of the world) would have descended into a deep Depression had it not been for the unprecedented trillions in taxpayer-funded bailouts to save the banks. Nobody in a position of authority ever did the math (at least not publicly), for if they had, they

would have known they’d been Goebbelsed.

By September 2011, the spreading financial contagion left hardly a nation unscathed. Despite all the trillions that were supposed to – in the immortal words of candidate Barack Obama – “heal the nation and repair the world,” the nations remained unhealed; only the sacrosanct banks had been repaired ... but only temporarily.

**The Immoral of the Story** It was not only the big picture that was not being seen. The actual pieces of the puzzle were not being recognized for what they were. The world was on the brink of massive social collapse. The “1<sup>st</sup> Great War of the 21<sup>st</sup> Century” had begun.

The December 2010 Tunisian Revolution, and the so-called Arab Spring that followed, were but preludes to widespread uprisings, overthrows, coups, civil wars and wars between nations. But, in each instance, the violence was blamed on whatever scapegoat the governments could cook up for the complicit media to serve to the confused, benumbed, out-of-touch public.

Whenever the people rose up in protest – Europe, the Middle East, Asia – they were never billed as a representative cross section of the population. Instead, they were demonized as Islamo-fascists, radical Shiites, extremists, militants, anarchists, hooligans and assorted rabble rousers, trouble makers and malcontents.

Never were they just “plain folks” who had lost (or were losing) everything, or people who never had anything and had lost all hope of ever getting anything. And never, ever, were they called “rebels with a cause.”

When people took to the streets, never was it recognized, labeled or branded for what it really was: Class

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Warfare. But when it happened, it was big news. Not only would it make the headlines, it would *monopolize* the headlines ... driving everything else to the sidelines.

And that's what happened back in the Summer of 2011 when riots suddenly wracked London. Overnight, the big news of the US credit worthiness downgrade and the ongoing equity market meltdown were overshadowed by the riots:

### **Riots Break Out in North London After Police Shooting Death**

LONDON – The gritty north London neighborhood of Tottenham exploded in anger Saturday night after a young man was shot to death by police.

Two patrol cars, a building and a double-decker bus were torched as rioters clashed with officers in front of the Tottenham Police Station, where people had gathered to demand “justice” for the death of a 29-year-old killed in an apparent gunfight. (*AP*, 6 August 2011)

Over the next four days, riots, arson and looting spread beyond Tottenham to other areas of London and to other cities.

On August 8<sup>th</sup> Scotland Yard issued the following release: “Officers are shocked at the outrageous level of violence directed against them. At least nine officers were injured overnight in addition to the 26 injured on Saturday night. We will not tolerate this disgraceful violence. The investigation continues to bring these criminals to justice.”

What Scotland Yard did tolerate was the police telling the media that the man they gunned down, a passenger in a mini-cab, had opened fire first, which was a lie.

On the evening of the fatal shooting, friends and relatives of the victim, doubting the official story, organized a peaceful protest at the Tottenham police station to demand justice for the family and a meeting with a senior police officer.

After several hours of stalemate, dissatisfied with the low-level police officials dispatched to answer questions, and with the crowd swelling and growing increasingly restive, what began as a peaceful protest turned hostile. According to media and eyewitness reports, and as seen in video footage, the spark that ignited the violence was the excessive use of force by the police against a teenage female protestor.

While that may have been the spark, the volatile situation had been long brewing and there were many complex factors leading to the unrest. It was more than just “people good,” “police bad” or vice versa. There was more behind the rioting than the pent-up anger of a mob of

underprivileged victims rising up against social injustices and police brutality – as sympathizers would portray it.

And it was more than the actions of a bunch of lazy welfare cheats, gang members and drug addicts with no respect for the law who wouldn't take a job if they were given one – as the situation was portrayed by those who saw it simply as a black and white issue.

The complex socioeconomic causes of the riots could only be mitigated by an equally complex long-term program to address those causes. But in the heat of the looting, arson and rioting, cause and effect were pushed aside, as were the salient events leading up to the riots themselves.

### **LET THEM EAT PASTA**

After two days of rampant mob violence, Prime Minister David Cameron managed to tear himself away from his holiday villa in Tuscany and return to 10 Downing Street to take command.

With the PM at the helm, the attention focused upon him and what he would do to quell the riots and make sure they would never happen again. And that is where the “official” Tale of Tottenham begins.

With Prime Ministerial decisiveness, Cameron instantly described and diagnosed the problem and provided the solution to it. “The sight of those young people running down streets, smashing windows, taking property, looting, laughing as they go, the problem of that is a complete lack of responsibility, a lack of proper parenting, a lack of proper upbringing, a lack of proper ethics, a lack of proper morals ... that is what we need to change,” he pronounced.

In other words, it wasn't the joblessness, racial alienation, social deprivation and recently imposed rash of austerity measures – that meant that those on the dole would get doled-out less – in those low income neighborhoods that were the breeding grounds for the riots that was at fault. In the Etonian world of David Cameron, it was only “A matter of criminality, pure and simple” with “absolutely no excuse.”

Home Secretary Theresa May, who had also been away from home on holiday, returned to weigh in behind Cameron. Asked by a Parliamentary committee, “Why do you think these disorders occurred?” she replied, “We can't speculate on the causes of the riots.” Adding that it “was not helpful for politicians to suddenly speculate,” Ms. May, an appointed politician, suddenly speculated that it was “absolutely clear what underlay it [the riots] was criminality.”

Those were the official government “talking points” and politicians and pundits continually repeated them until they were accepted as established fact.

“It was needless, opportunist theft and violence - nothing more and nothing less,” intoned Deputy Prime Minister Nicholas Clegg. “The violence we saw last night had

absolutely nothing to do with the death of Mr. Duggan.”

No, heaven forbid, it “had absolutely nothing to do” with the police pumping bullets into Mr. Duggan, an unresisting mini-cab passenger. The grieving family never cried out for answers from police officials, there were no sympathetic protestors gathering in support, and the police beating up a young female demonstrator had nothing to do with the violence that ensued. At least, not in a story that didn’t begin at the beginning, but only began when David Cameron came home from holiday.

Even the clergy picked up on the talking points.

It was “sheer vandalism,” concluded the Bishop of Manchester, the Right Reverend Nigel McCulloch. “There is absolutely no excuse for that. Justice now needs to be done, and seen to be done,” he fulminated.

Other charitable men of the cloth, equally oblivious to the teachings of Christ – who counseled Christians to “judge not, that you be not judged” – joined in judgment.

Archbishop Vincent Nichols, head of the Roman Catholic Church in England and Wales, denounced the rioters for their “callous disregard for the common good of our society,” and declared that the “criminal violence and theft that have been witnessed are to be condemned.”

Being “kind to one another, tenderhearted, forgiving one another, as God in Christ forgave you” (Ephesians 4:32) was not even on the religious/spiritual menu, much less on the political or public menu.

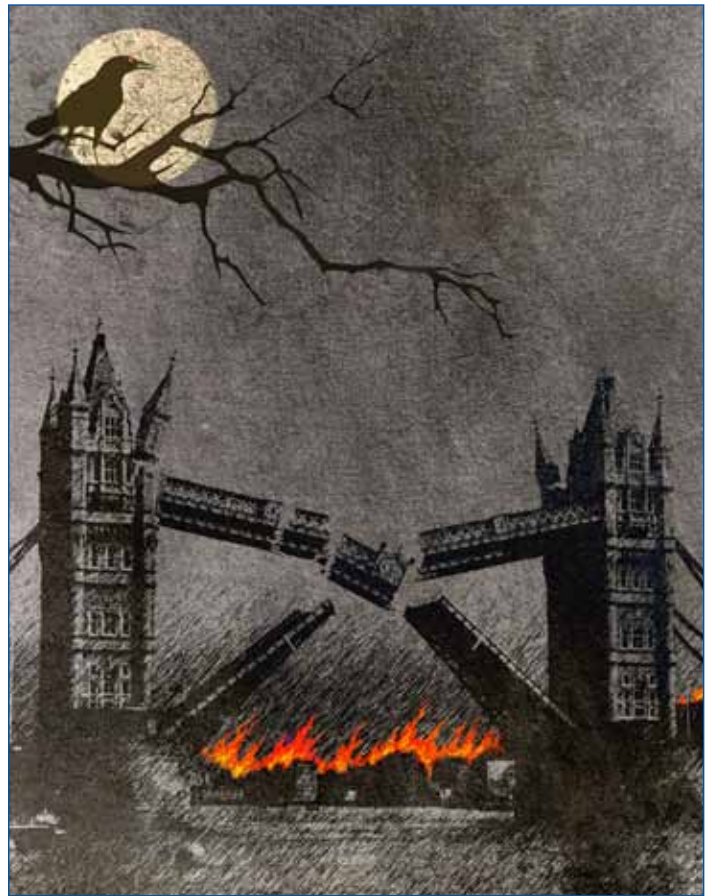
“Let me be absolutely clear: Those responsible for this violence will be made to face the consequences of their actions,” promised Theresa May.

“As to the lawless minority, the criminals who’ve taken what they can get, I say this,” said the UK PM. “We will track you down, we will find you, we will charge you, we will punish you. You will pay for what you have done.”

Leaving no stone unturned and using the full force of the law, Scotland Yard tracked down, and the UK courts cracked down on a 23-year-old engineering student with no previous convictions, sentencing him to six months in prison for looting \$5 worth of bottled water.

They tracked down and caught two young men and sentenced them each to four years in prison for inciting others to riot via Facebook postings, although, according to *The Guardian*, their postings did not lead to any violence.

There was the 48-year-old drunk who stole a box of donuts and the 21-year-old who wanted to get drunk and stole some booze, and they both got 16 months. There was the young woman who slept through the riots in Manchester, but was taken away from her children and given five months for accepting a pair of shorts looted by her flatmate, and the Chewing Gum Thief who stole ten packs and got six months.



Anthony Freda / Dan Zollinger

In all, the long arm of the law reached some 3,000 riot-related suspects and dealt them swift justice, lumping together arsonists, larcenists, and destroyers of property with minor offenders. And neither the government nor the majority of the public cared to make a distinction:

### **British public supports harsher sentences over riots**

Seven in 10 people say those convicted of riot-related offences should get tougher sentences than they would normally expect

The British public strongly supports tougher sentencing for those involved in rioting, a *Guardian*/ICM poll has found, with about 70% of respondents saying they thought people convicted of riot-related offences should get a tougher than normal sentence.

David Cameron has championed severe punishment for rioters, telling the Commons that anyone convicted “should expect to go to jail.” He threw his support behind the sentencing in the Facebook case, saying the court had decided “to send a tough message”. “I think it’s very good that courts are able to do that,” he added.

*(Continued on page 20)*

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# SOVEREIGN DEBT CRISIS: The Road To European Tyranny

*By Paul Craig Roberts*

**W**e are living a lie and being conned in more ways than one.

**World stock markets rise or fall based on prospects for the Greek debt bailout. Investors wait with baited breath to learn if the Greek government has made the necessary sacrifices to receive the next installment of the \$159 billion "bailout" package.**

It is a nonsensical drama. The bailout is not a bailout. The \$159 billion in new loans does not reduce Greece's accumulated debt. It merely creates new loans from the European Union and the International Monetary Fund to take the place of loans to Greece from private banks. The purpose of the bailout is not to rescue Greece, but to pay off the private banks that failed to do due diligence and lent more to a creditor than the creditor can repay. If Greece cannot repay the banks, it will be unable to repay the EU and IMF.

And little wonder. Greece, a country of 11 million people, has a Gross Domestic Product of \$310 billion (2010 estimate). According to news reports, Greece's debts total \$491 billion or 158 percent of the country's GDP.

Moreover, GDP is falling, but debt is rising. Greek GDP is expected to decline by 5.5 percent this year and by another 2.5 percent (probably an optimistic estimate) next year, which will be the fourth consecutive year of economic contraction. Tax revenues decline with GDP. Thus, the debt grows. This year Greece's annual budget deficit is expected to be 8.5 percent of GDP, adding another \$26 billion to the debt, while the GDP falls by \$17 billion, thus raising the ratio of debt to GDP to 176 percent.

Greece's attempt (imposed by the EU and IMF) to reduce its annual budget deficit via austerity measures, such as cutting pensions, wages, social services and laying off government workers causes consumer demand and the economy to fall further, thus raising the debt to GDP ratio.

Every economist knows that such a bailout cannot possibly work. So what is going on?

Could the "Greek debt crisis" be a "weapons of mass destruction" ruse to advance an agenda that otherwise could not be pursued? If so, what could that agenda be?

In fact, there are two agendas. One is to solidify the principle already established in the US and Ireland that the general public, not the shareholders, must bear the costs of bank losses. The other is to use the crisis to destroy the sovereignty of the member countries of the EU.

That these agendas are in play is completely obvious. The living standards of the Greek population are being forced down in order that private French, German, and Dutch banks

do not lose one cent. In addition, the Greek government is being forced to sell off the country's ports, municipal water works, national parklands, and the state lottery to private interests, which will further reduce the government's income.

In other words, Greece is being looted as the condition for obtaining loans with which to repay private banks, substitute loans that themselves cannot be repaid.

This makes no sense as obviously Greece would be much better off simply defaulting.

The approach being taken to Greece's sovereign debt is one that the IMF imposes on third world countries with balance of payments problems due to persistent trade deficits. Greece is the first time this approach has been applied to sovereign debt. No explanation has been provided as to why the usual standard procedures for dealing with debt problems are not being used in Greece's case.

The reason I conclude that the "Greek debt crisis" is a ruse is that there are solutions that would solve the problem without the austerity and the looting that will not solve the problem. Normally, Greek debt would be restructured to fit the amount the country can repay. The rest would be written off.

If the amounts of the write-downs are large enough to wipe out the banks' capital and leave the banks with insolvent balance sheets, there are easy solutions to this problem. One is to allow the banks to write down the bad debt over time as the profits of the banks allow. Instead of taking the hit all at once, the banks could spread it out over time.

Another is for the European Central Bank to inject new capital into the banks instead of using its resources to lend money to Greece to hand over to the banks.

Yet another is for the European Central Bank to purchase the banks' bad debt as the Federal Reserve did in the United States.

The value of any of these solutions is that not only are they neater, easy to apply and less costly, but also they actually would solve the problem because Greece's debt would be reduced.

The current "solution" does not solve the problem. It does not reduce Greece's debt. It increases the debt while imposing misery on the Greek population and depriving the government of revenues by such measures as the forced sale of the state lottery.

## BRUSSELS CALLING

The reason an extremely expensive non-solution is being imposed is that the EU does not want to solve the Greek debt crisis. It wants to use the crisis to achieve its agenda of termi-

nating independent fiscal authority (budget, tax, and spending policy) among the member countries. The argument is that a common currency (the euro) requires the member states to have a common tax and budget policy set by Brussels.

Jean-Claude Trichet, the outgoing head of the European Central Bank, described the real agenda in a speech on June 2nd. Trichet said that the next step in the development of the European Union was to bring Europe beyond a "strict concept of nationhood." The interdependence of the countries in the EU already "means that countries de facto do not have complete internal authority." The Greek debt problem means, Trichet said, that it is time to take the next step and to make de jure what is de facto. This would provide the legal basis for EU authorities to have "authoritative say in the formation of the country's economic policies."

In other words, taking over Greece's budget and fiscal affairs would be the precedent for the end of the sovereignty of the member states of the EU. Greece, France, Germany, Italy, Spain and the rest would become provinces of a country — the European Union — as New York, California, Virginia, etc., are of the United States.

This is the goal that the "Greek debt crisis" is being used to achieve. As Greece's economy continues to decline while its debt rises, the EU will declare that it has no other recourse except to take over Greece's affairs. Greece will be the precedent that will then be applied to Italy, Spain, Portugal and, unless the EU is to become a Franco-Germanic Empire, eventually to France and Germany. The political sovereignty of the EU members will be erased. As the EU bureaucracy is essentially unaccountable, it means the end in all but name of representative government in Europe.

### NEW WORLD DISORDER

The US government is aiding and abetting this transition to tyranny. Washington fears that America's own troubled banks have sold more guarantees against EU members' sovereign debt than the US banks can pay. A restructuring of Greek debt would involve write downs of the bonds' values. The drop in value would trigger the guarantee payments. If Greek debt is restructured and written down, Spain, Italy, and Portugal would demand the same treatment. Washington fears that the guarantee payouts would worsen the financial position of US banks and thus worsen the US banking crisis. Therefore, Washington is in league with the EU in opposing debt restructuring. Washington has decided that tyranny in Europe is preferable to a deeper US banking crisis.

The Greek people have not yet had their final say. If the mass protests and general strikes evolve into open rebellion, the government could be overthrown. A successor gov-

## ***"... Taking over Greece's budget and fiscal affairs would be the precedent for the end of the sovereignty of the member states of the EU."***

ernment would have to repudiate the debt, thus halting for the time being the assault on the political sovereignty of the EU member states.

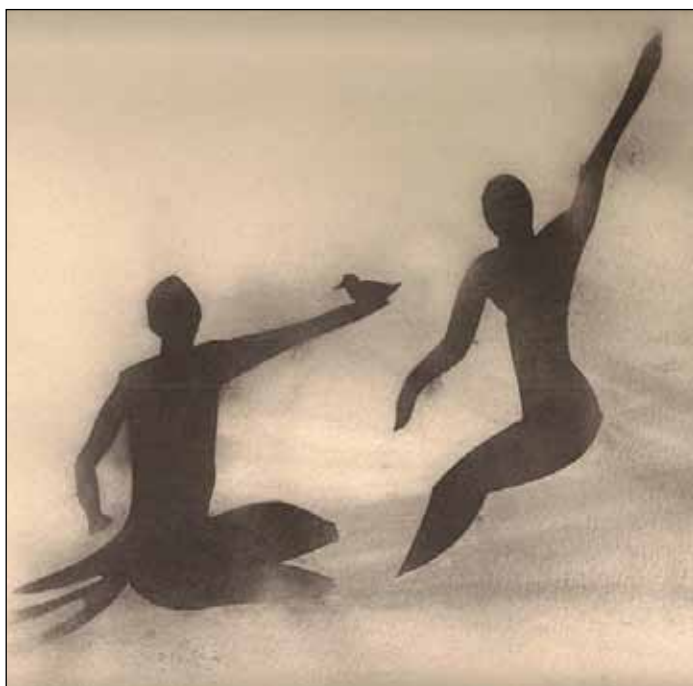
**Authors note:** As we go to press (October 27), it appears that the seriousness of the Greek economic situation and rising political instability in the country has finally penetrated the consciousness of the European authorities and made them realize the impossibility of avoiding a write-off of Greek sovereign debt. European Council President Herman Van Rompuy announced that the austerity policy was being replaced by the strategy set out in this report. Van Rompuy said that the banks that hold Greece's debt have agreed to write-off half of Greece's sovereign debt.

As the write-down of Greek debt is voluntary and not the result of a formal default, it does not require the payouts of the credit default swaps, the instruments used to insure Greek bonds against non-payment. Thus, the debt write-down is acceptable to the US government as it does not endanger US banks who otherwise would have had to cover billions of dollars in unpaid Greek debt.

Another factor that had stood in the way of a write-down of Greek sovereign debt was the fear of "contagion," meaning that if the banks wrote off Greek debt they would also have to write off Spanish, Italian, and Portuguese debt, thus ballooning the banks' losses into unacceptable territory. Van Rompuy said that a "firewall against contagion" was being created by a fivefold increase in the European Financial Stability Facility rescue fund to which he hopes China will contribute. Apparently, this fund will be used to rescue other European sovereign debt and to recapitalize with public money the private European banks.

At the last minute a realistic approach has been adopted to Greek sovereign debt, but the European sovereign debt crisis is not over. It remains to be seen whether the banks can avoid write-downs of other sovereign debt, and the push for more economic centralization is still in the cards. Van Rompuy said that the sovereign debt crisis caused European authorities to reflect "on a further strengthening of economic convergence within the euro area, on improving fiscal discipline and deepening economic union, including exploring the possibility of limited Treaty changes." In other words, member countries of the EU will become less independent in their spending decisions as they are merged into a single political entity.

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Eugene Iginio

"Peace"

## THE HISTORY OF THE FUTURE ...

(Continued from page 17)

**Your Money and Your Life** The London riots hold important trend lessons and should be analyzed not as an academic exercise, but because they are directly or indirectly a matter of life and death, liberty, prosperity and poverty. They impact both the pocket book and the soul.

The riots represent another unrecognized piece in the "Great War" puzzle. However, right from the start, the readily available facts leading to the unrest were distorted and ignored. Instead of recognizing the story's many facets, it was reduced to a single dimension.

The entire incident was reengineered for public consumption and made to look as though it was nothing more than unprovoked lawlessness carried out by low-life ingrates and minorities. And that's the way the majority of the public saw it, heard it and read it. Because that's the way the Cameron crew framed it.

Only through in-depth research and a healthy skepticism of media "objectivity" and the veracity of politicians could a different conclusion be reached. But how many have the time, inclination ... and even the skills to wade through all the material and extract the significance from the spin? And what difference did it really make in the end?

Plenty!

For starters, the link between class warfare and the "1<sup>st</sup> Great War of the 21<sup>st</sup> Century" was never made. Cor-

rectly understanding the London riots was to understand that all of these uprisings the world over – Tunisia, Egypt, Syria, Israel, Spain, Greece, and now the UK – were linked by certain common economic and social denominators: high food prices, high unemployment, high-finance corruption, harsh justice for just-us, never-them. An increasing dichotomy between rich and poor and decimation of the middle class was bringing tens of millions to both the breaking point and the barricades.

When linked together they spelled: Class Warfare. And once that crucial link was understood, the march to a planet at war became apparent. And those with the trend vision to see the connections could prepare themselves for the future.

**Trendpost:** *With the "Great War" looming and the "Greatest Depression" setting in, where to live and how to make a living will become key questions for many, and neither are easily answered. In the last three Trends Journals we have identified likely safe-haven countries, growth businesses, professions and job opportunities.*

*However, with the world in a state of heightened flux, many forecasts will be subject to revision. How financially vulnerable is your country, state, city, community? Do you live in a default zone?*

*Where you live now, how quickly the domestic economy (local, regional, national) declines, and how your government responds will determine how and if it can be repaired.*

*In 2011, with the exception of a very few countries and very select areas, real estate was still a "not-to-invest-in" investment.*

*The relatively recent real estate trend cycle – in which young newlyweds, couples and even singles moved out of the family home and bought, rather than rented, a house or condo – has been broken. While home buying and home building will remain depressed, the home/apartment/multi-dwelling rental market will continue to maintain value and, depending on locale and demographics, prove profitable.*

*Throughout most of the US, home price declines, adjusted for inflation, have already fallen below Great Depression levels, and will continue to fall. The commercial sector, sustained by low interest rates, has maintained relative stability in premium markets but will not withstand the "Greatest Depression" downturn.*

*In Canada, Australia, and in the currently booming BRIC nations, real estate bubbles will burst as the US and Europe slip deeper into Depression and their appetite for foreign imports severely slackens. As goes the US, so goes Canada, which exports over two-thirds of its goods to America. And as goes the US and Europe,*

so goes China, and India, Indonesia, Vietnam, Japan, S. Korea. And as goes China, so goes Brazil, Australia, Chile and other raw material suppliers. And as goes Europe, so goes natural gas and oil provider Russia. And as goes the West and Far East, so goes the Middle East oil exporters.

And when demand drops and revenues decline, Saudi Arabia – who bought off a restive populace with billions in perks – won't be able to buy off open revolt. Other oil producers, both rich (Kuwait, Emirates, etc.) and struggling (Nigeria, Algeria, etc.) will be engulfed in civil and cross-border conflict.

Finished goods, raw materials, imports, exports – it all comes down to money. And when the money dries up, the wars will heat up.

And in 2011, the brush fires of the “1<sup>st</sup> Great War of the 21<sup>st</sup> Century” had been set ... even in merry olde England. Although to the politicians, media and 70 percent of the Brits, it was all just a bunch of hooligans who lacked “proper parenting ... proper upbringing ... proper ethics ... and proper morals.”

How to preserve and safeguard your assets, and not take risks (e.g., speculating for profit) should be the over-riding “Great War” survival strategy. We do not provide financial advice. However, we can say that we maintain a cash balance in banks to cover operating expenses, while our total investment portfolio is now 90 percent in gold and 10 percent in silver.

All wars are packaged as fights for freedom and liberty, and so too will the next “Great War.” However, long before the war becomes acknowledged for what it is, there will be fewer liberties left to fight for.

Before the London riots subsided, Prime Minister Cameron pledged a series of tough measures to ensure they never happened again. Even though personal freedoms would be sacrificed, both the general public and the politicians agreed to pay that price. Whether in response to the UK riots or 9/11 terror, regardless of country or provocation, people willingly sacrifice liberty for the promise of protection.

Benjamin Franklin summed it up pithily, more than 200 years ago, in his much-quoted but seldom heeded observation, “*He who trades liberty for security, deserves neither and will lose both.*”

**Trendpost:** *Those unwilling to sacrifice liberty and security would do well to take proactive measures in anticipation of losing both. As domestic and international hostilities proliferate, governments will launch law and order campaigns to crack down on crime as well as legitimate protests. Any internal or external threat to any*

government's power will be crushed by the full force of the law, even if new laws (e.g., The Patriot Act) have to be invented in order to legitimize them.

As has been amply demonstrated, each new violent event provokes a harsher government reprisal. While we can predict the “Loss of Liberty” trend will continue, it does not mean that it cannot be reversed, or at least mitigated. The level of enslavement people are willing to accept depends solely upon the human spirit. To believe you “can't fight City Hall” or beat Big Brother is a state of mind and not a foreordained conclusion. If enough people join in a common cause for the common good, not only Big Brother, but even Homeland Security's “Big Sis” can be brought to her knees.

However, if government is left unchecked, civil rights will be serially abrogated, and an abrogator-in-chief will arise to serve as the movement's popular face. While in 2011, such a scenario, especially in the West, may have seemed unlikely, sharply deteriorating economies were providing fertile grounds for a new crop of 21<sup>st</sup> century dictators and/or military coups.

**Trend Forecast:** Anti-immigration sentiment will intensify as illegal refugees fleeing war-torn and impoverished nations flood into Europe seeking jobs and safety. With economies in decline (some in ruins) and jobs scarce, newcomers will be blamed for increases in crime and drugs, an unwillingness to culturally assimilate, and for overwhelming already strained social service/welfare systems. These legitimate immigration concerns are sure to be exploited by nationalistic, xenophobic politicians and demagogues.

In 2011, some European nations (Denmark and France) established border restrictions to circumvent the Schengen Agreement, which allows open travel between 25 EU countries, and more countries will put up barriers to stop the immigration flow as well.

Besides being a domestic problem within individual countries, the challenge to the open border agreement, while seemingly a single issue, called into question the entire concept of a united Europe. Added to this immigration problem was the debate over the ever-mounting sovereign debt crisis. Why, asked the financially responsible, economically sound nations, should they be forced to bail out financially irresponsible indebted nations?

**Trend Forecast:** After a little more than a decade, the grand experiment of a united Europe of open borders and a single currency was failing.

Gerald Celente and The Trends Research Institute had forecast that the euro-currency initiative would eventually result in a splintered, rather than a united, Europe. As

economies weaken and tensions build between “have” and have-not” countries, the weakest economies will default on debt, and as they do, they will return to their own currency and abandon the euro – both a financial and a symbolic defeat.

More than just a financial facilitator, the euro was envisaged by a World War II generation of weary Europeans as a powerful force that would prevent nations from going to war with each other. With each new tie binding the union together, the belief held, there would be fewer forces tearing it apart.

Europe is on the cusp of financial breakdown and political breakup. With the euro under siege, immigration pressures mounting and borders tightening, we forecast that the post-World War II decades of peace and prosperity will prove to be only another respite between wars.

Yes. The “1<sup>st</sup> Great War of the 21<sup>st</sup> Century” has begun. Will Europe again divide into axis and allies? It’s too early to tell. However, class warfare skirmishes already in progress will escalate into major internal uprisings that will spill across borders. The combination of financially destitute nations, intractable social problems, and pitched battles for political control will make Europe a difficult place to visit and, for many, an uncomfortable place to live.

But unlike great wars past, in which nationalism, depression and racial/ethnic strife were among the contributing factors (and will be again), the “1<sup>st</sup> Great War of the 21<sup>st</sup> Century” will be a battle of the classes: The Very Hungry and The Very Angry vs. The Very Rich.

**Just-Us, Justice** It was more than just money that mattered; it was the inequality of a justice system that levied harsh sentences for minor infractions on everyone ... except the politically and financially privileged.

Whether it was throwing a young woman into the slammer for six months for pilfering ten packs of chewing gum in the UK, or cops in the US locking up the owner and confiscating the contents of an organic food coop for selling raw milk, it was all the same: The long arm of the law would round up and punish minor offenders – or even non-offenders – while barely slapping the wrists of political and financial crime bosses.



“Off With Their Heads”

Anthony Freda / Dan Zollinger

## Citigroup to Pay Millions to Close Fraud Complaint

WASHINGTON – As the housing market began its collapse, Wall Street firms and sophisticated investors searched for ways to profit. Some of them found an easy method: Stuff a portfolio with risky mortgage-related investments, sell it to unsuspecting customers and bet against it.

Citigroup on Wednesday agreed to pay \$285 million to settle a civil complaint by the Securities and Exchange Commission that it had defrauded investors who bought just such a deal. The transaction involved a \$1 billion portfolio of mortgage-related investments, many of

which were handpicked for the portfolio by Citigroup without telling investors of its role or that it had made bets that the investments would fall in value.

In the four years since the housing market began its steady descent, securities regulators have settled only two cases related to the financial crisis for a larger sum of money. This is also the third case brought by the S.E.C. accusing a major Wall Street institution of misleading customers about who was putting together a security and about their motive. Goldman Sachs and JPMorgan Chase & Company both settled similar cases last year.

The settlement will refund investors with interest and include a \$95 million fine – a relative pittance for a giant like Citigroup. On Monday, the company reported that in the third quarter alone it earned profits of \$3.8 billion on revenue of \$20.8 billion ... the case highlights a growing frustration felt by foreclosed homeowners, investors and Wall Street protesters alike that few, if any, senior banking executives have faced criminal charges for losses growing out of the financial crisis. (NYT, 20 October 2011)

Imagine that? A multi-billion dollar fraud was committed all by itself. If a head did roll it would be that of some low-level stooge ... not the CEO of the bank crime syndicate

who put the plan in action or the lieutenants that gave the orders to carry it out.

It was Fascism: the merger of state and corporate powers. The capos of the corporations were off limits. While “all men are created equal” and “equal justice for all” made for good copy and campaign speeches, anyone with any historical perspective or contemporary awareness knew that it seldom worked that way in the real world.

Indeed, Charles Prince, Citi’s chief executive during its great investor fraud scam, was given princely treatment by the Feds, neither paying a dime nor charged with a crime.

But the onset of the “Panic of ’08” and the subsequent government mandates to use taxpayer funds to bail out those that brought on the crisis was a slap in the face to those forced to suffer the fallout from the crisis. The too-big-to-fail were too big to jail, while the “too small to save” lost their homes, jobs and investments ... if they had any.

### AAA CRIME

Not only did no big financial heads roll for the mega crimes they committed, the only penalties they would get were slap-on-the-wrist fines (paid by the companies and the shareholders). And, not one of the government accomplices responsible for the deregulations that allowed the massive financial fraudsters to flourish did a day.

Not even a stern reprimand, let alone a conviction, for the masterminds of those credit rating agencies that graded “junk” securities as AAA. It was a trust in the ratings that suckered investors (big and small) into buying the junk – even though the firms that issued and peddled high-risk, near-worthless securities were the very same firms that paid the rating agencies to rate them.

In the Glossary of White Shoe Boy Jive, the practice was whitewashed as an “issuer-pay” model, allowing it to masquerade as respectable business. In plain English, “issuer-pay” was equivalent to a justice system in which prosecuting attorneys paid the judge’s salary.

**Publisher’s Note:** Plain English is reserved for prosecuting plain people, not the financially privileged arch-thieves. For example, when dirty insider deals are exposed between politicians, party officials and bureaucrats who take money to award no-bid government contracts, it’s never blasted by the press as a repulsive, immoral and criminal act committed by those entrusted to safeguard the public’s interest. Instead, in White Shoe Boyz jive, it’s sanitized as “pay for play,” just a harmless board game in which one of the players got caught cheating.

Though any idiot should have been suspicious of “issuer-pay” as an open invitation to corruption, it went unchallenged by the prostitutes and by major financial institu-

tions and the general public ... until the real estate bubble popped in 2007 and the credit crisis ensued.

The only “big fish” to get hooked and cooked was Bernie Madoff, whose Ponzi scheme, compared to the ratings fraud, was peanuts in terms of capital lost and clients robbed. Bernie burnt the wrong crowd – mostly the very rich and famous. Had he just ripped off “average” investors or a faceless pension fund, who knows, he might have enjoyed the same privileged immunity, or semi-immunity, ending up paying a fine and/or doing some soft time.

While Bernie predominantly bilked the already wealthy, the ratings fraud reverberated over a much wider economic demographic, directly or indirectly destroying real estate values, precipitating foreclosures, decimating pension programs. For his Ponzi scheme, con artist Madoff got 150 years. For the rats that conned the world by rating junk AAA, there was no punishment.

For the Wall Street families, the “venerable” banks, “august” financial institutions, “trusted” insurance companies and other perpetrators who both participated in the Triple-A con and/or devised a whole range of equally fraudulent practices, the worst punishment meted out would be fines that paled in comparison to the loot they stole.

When the White Shoe Boyz committed crimes of mass financial destruction, they were downgraded into misdeeds. The perpetrators not only went unidentified, most of the time they went unpunished:

### S.E.C. Faults Credit Raters, but Doesn’t Name Them

WASHINGTON – An examination of credit ratings agencies by the Securities and Exchange Commission found repeated instances of the companies failing to follow their own procedures or to manage conflicts of interest adequately, according to an S.E.C. staff report issued Friday.

Several of those inquiries found that the agencies had issued inaccurate reports, failed to report or manage conflicts of interest and appeared to put generating revenue ahead of rigorous financial analysis.

For the investing public, however, the S.E.C.’s report is likely to be of limited value because the commission did not name the agencies at which it found deficiencies. Instead, it described its findings as having occurred either at one or more of the three large agencies – Moody’s Investors Service, Standard & Poor’s and Fitch Ratings – or at one or more of the seven smaller ratings firms.

The S.E.C. also said the procedures at one of the large ratings agencies ‘appeared to allow for

limited dissemination of a pending rating action in some instances prior to public dissemination.”

Inflated credit ratings were the subject of several investigations into the causes of the financial crisis. A report by the Senate permanent subcommittee on investigations issued in April noted that more than 90 percent of the highest, or AAA, ratings given to mortgage-backed securities in 2006 and 2007 “were later downgraded to junk status, defaulted or withdrawn,” causing huge investor losses.

In a conference call with reporters, members of the commission staff said neither the Dodd-Frank statute nor the commission’s own regulations forbade the disclosure of the names of the companies whose procedures had been found deficient. Carlo V. di Florio, director of the office of compliance inspections and examinations, said, “We made a decision internally that it was most effective” not to name the companies.

“We didn’t name names because we are separately following up” the findings with each agency, Mr. di Florio said.

The commission’s report said each of the three larger ratings agencies “has made changes to improve its operations” since the last periodic examination in 2007-8. But the report also noted that all 10 agencies “failed to follow their ratings procedures in some instances.”

The report specifically said that the failure of one of the largest ratings firms to follow its own procedures had resulted in ratings of asset-backed securities that were inconsistent with its publicly disclosed standards. In August 2010, the S.E.C. released a separate report on an investigation of Moody’s, which found that the company had made false statements in its registration as a ratings agency with the S.E.C. and had failed to follow its procedures for determining credit ratings.

Anthony Mirenda, a Moody’s spokesman, declined to comment on the specific findings in the report. “Moody’s welcomes the S.E.C.’s constructive recommendations to our industry,” he said. (NYT, 1 October 2011)

The preceding credit rating story was reported in newspapers and financial media throughout the world. Our research tells us that all were written in a similar vein ... in dispassionate, complex, jargon-laden financial journalese, not intended for the uninitiated. Essentially, the stories say: here are the facts, this is what happened, these things happen, the government has taken its position.

The Fourth Estate, having long abandoned its role as the voice of the people, had its time-honored motto of “Without fear and without favor,” replaced by the more pertinent, “Theirs not to question why.”

As subservient stenographers, they dutifully recorded the “facts” fed to them, seldom investigating further, seldom pursuing the White Shoe Boyz with rigorous questions and always “deferring” to the high office of all those “honorable” thises and thats.

Absent from the noncommittal prose was the fiery language reserved for the designated enemies of the state and the frontal assaults launched against easy targets without the means to retaliate.

They did the bidding of their masters, downplayed the magnitude of the Triple-A con in which 90 percent of the securities rated AAA were downgraded to junk. Not one head rolled and not one of the too-big-to-name was named.

Ninety percent downgraded to junk! In any other circumstance, a 90 percent failure rate of anything, any product or service, would be unconscionable. Who would go to a surgeon with 90 percent of his or her patients dying under the knife, or buy a car with a 90 percent brake failure rate? (See “Trend Lesson: Unspinning the Spin,” next page)

**Trendpost:** *The dereliction of duty by the mainstream broadcast and print media has provided an opportunity for a new generation of journalist/entrepreneurs to build a “Fourth Estate 2.0.” In 2011, with political parties in the US, and throughout most of the West, serving only personal ambitions and special interests, Fourth Estate 2.0 can fill the void and become not just a responsible watchdog for the people, but also the voice of the people, at a time when so few are speaking for them.*

*Fourth Estate 2.0 could also help reverse the decades-long trend of declining newspaper circulation and TV viewership that has accompanied the meteoric rise of on-line content. There is a market for hard-hitting, take-no-prisoners, these-are-the-facts, this-is-the-story exposés of breeches of the public trust by all institutions whose mandate is to serve on behalf of the public.*

**Editor’s Note:** No one alive had ever witnessed such a travesty of justice, one in which the criminals were awarded trillions in damages and the victims forced to pay. What infuriated the public, apart from the high crimes and misdemeanors, was the regal treatment of the corporate crooks by the press, pundits and politicians.

According to US law, corporations have rights and responsibilities like natural persons (people). But were corporations really people? In 2011, when GOP presidential candidate Mitt Romney was questioned about the person-

*(Continued on page 27)*

## Un-spinning The Spin

“S.E.C. Faults Credit Raters, but Doesn’t Name Them”

**O**f the many Trend Lessons we’ve written, none are more important on the financial front than the un-spinning of media accounts of the central, enabling role played by the rating agencies in precipitating the financial debacle currently wracking the world. Without their complicity, the real estate bubble would never have become so grossly inflated and the credit crisis that culminated in the “Panic of ’08” might not have happened at all.

Trusting them to be unbiased third parties free from conflicts of interest, investors (from individuals to entire nations) rely on rating agencies to assign risk to potential investment. A breach of trust in the rating system is the equivalent of a corrupt justice system. Be it financial or judicial, corruption undermines any civilization.

They had contributed to what was, by any standard, the “Greatest Financial Crime of the Century.” Yet the credit raters’ malfeasance has been cloaked in careful jargon to downplay the enormity of a deceit that has entrapped the public, ruined millions of investors, and undermined whole nations.

The media jargon and spin can only be intentional. The dry, convoluted language twists the story to fit an agenda while discouraging all but the most committed readers from wading through the BS to find out what it really means.

As we used to say in the Bronx, “BS has its own sound.” Thus, the purpose of this and other trend lessons is to drive home the importance of constant “word-wariness” in order to arrive at a linguistic close-combat state of mental alertness.

### TRICKS OF THE TRADE

That’s what distinguishes the astute trend tracker from even the most avid, but uncritical, follower of news and information. Beyond identifying, forecasting, analyzing trends and providing implementation strategies, the aim of the *Trends Journal* is to arm subscribers with all the tools needed to acquire the skills for themselves.

There are two trends research “must do’s.” The first is: “Read with a purpose.” Go beyond the main headlines and ruthlessly bypass the worthless but seductive junk news and gossip. The trend-worthy news is often buried in the back pages or unobtrusively included in a newspaper spread of secondary international, national and business stories.

Yes! Newspapers. If you’re not reading at least some of the major ones (in conjunction with indispensable online sources) you’re not tracking trends. But it takes much more than just reading them. As part of our ongoing “how to track trends” lessons, we will be providing detailed explanations

on all aspects of the process ... our tricks of the trade.

The second “must do” is to acquire the ability to “read critically.” Easier said than done! Dauntingly long articles filled with convoluted econo-waffle, militarese, corporate-speak and bureaucratulence seem designed to instill a sense of inferiority among the non-initiated. It’s a form of pseudo-intellectual one-upmanship: If you can’t follow the meaning, you don’t deserve to understand it.

In other instances, the jargon serves to conceal an underlying emptiness of thought. But in any event, once you know what you’re up against and see it for what it is ... a means to sugar coat, cover up, mislead, disinform – you learn to identify the road block words and recognize the semantic camouflage.

The following analysis of salient excerpts from *The New York Times* story (page 23) is more than just an exercise in reading critically and seeing through the spin. It relates to trends that have, and will, affect you, your life and your country, now and in the future. While that might sound overblown, let’s un-spin the spin, and then you decide:

### S.E.C. Faults Credit Raters, but Doesn’t Name Them

**The spin:** “An examination of credit ratings agencies found repeated instances of the companies failing to follow their own procedures or to manage conflicts of interest adequately.”

**The spin un-spun:** The rating agencies twisted their own rules to allow their clients to defraud the public. And it was more than just the rules being twisted. The entire client/rating agency relationship had been turned upside down. In the old days, the clients of rating agencies were investors who purchased corporate debt. Today, it’s not the buyers of debt (investors) who pay the rating agencies to rate the investment, but rather the firms that issue the debt.

**The spin:** “Several inquiries found that the agencies had issued inaccurate reports, failed to report or manage conflicts of interest and appeared to put generating revenue ahead of rigorous financial analysis.”

**The spin un-spun:** “Inaccurate reports” = lies. “Failed to report or manage conflicts of interest” = fraud. “Appeared”? It didn’t appear, it was! “Generating revenue ahead of rigorous financial analysis.” This is econo-waffle! It makes it sound as though there was but a regrettable lapse in otherwise high professional standards, rather than a bunch of ruthless crooks complicit in deliberately ripping off billions from investors who trusted their ratings.

**The spin:** "For the investing public, however, the S.E.C.'s report is likely to be of limited value because the commission did not name the agencies at which it found deficiencies. Instead, it described its findings as having occurred either at one or more of the three large agencies — Moody's Investors Service, Standard & Poor's and Fitch Ratings — or at one or more of the seven smaller ratings firms."

**The spin un-spun:** "Investing public" = victims of the fraud. "Limited value" = worthless and useless. "Did not name the agencies" = refusing to divulge to both the investing and non-investing public the names of the crooks. "Deficiencies" = lies, frauds, misrepresentations.

**The spin:** "The S.E.C. also said the procedures at one of the large ratings agencies 'appeared to allow for limited dissemination of a pending rating action in some instances prior to public dissemination.'"

**The spin un-spun:** Kept new ratings hidden from the public so that their cronies could cash in on the inside information. In other words, giving the bookie the inside tip on the winning horse.

**The spin:** "Inflated credit ratings were the subject of several investigations into the causes of the financial crisis. A report by the Senate permanent subcommittee on investigations, issued in April, noted that more than 90 percent of the highest, or AAA, ratings given to mortgage-backed securities in 2006 and 2007 'were later downgraded to junk status, defaulted or withdrawn,' causing huge investor losses."

**The spin un-spun:** "Inflated credit ratings"? "Inflated" — what a nice, polite, White Shoe word for cooking the books and pulling off a world-class crime.

"90 percent of AAA ratings downgraded to junk status, defaulted or withdrawn." This should have been an ongoing front-page headline in every country in the world and the lead story on the broadcast news: The millions, if not billions of people who have lost their livelihoods, their homes ... and often their minds and sometimes their lives because White Shoe scum, in full knowledge of what they were doing, ripped off the world.

**The spin:** "In a conference call with reporters, members of the commission staff said neither the Dodd-Frank statute nor the commission's own regulations forbade the disclosure of the names of the companies whose procedures had been found deficient."

**The spin un-spun:** "Procedures had been found deficient" = they pulled off a heist. Classic bureaucratulence!

**The spin:** "Carlo V. di Florio, director of the office of compliance inspections and examinations, said, 'We made

***"Inflated credit ratings"?  
'Inflated' — what a nice, polite, White Shoe  
word for cooking the books and pulling off  
a world-class crime."***

a decision internally that it was most effective' not to name the companies."

**The spin un-spun:** "We made a decision internally that it was most effective" = we kept the names secret so

our friends wouldn't have to go to jail.

**The spin:** "The commission's report said each of the three larger ratings agencies 'has made changes to improve its operations' since the last periodic examination in 2007-8. But the report also noted that all 10 agencies 'failed to follow their ratings procedures in some instances.'"

**The spin un-spun:** "All 10 agencies failed to follow their ratings procedures in some instances" = all 10 agencies did exactly what they pleased when they wanted to.

**The spin:** "The report specifically said that the failure of one of the largest ratings firms to follow its own procedures had resulted in ratings of asset-backed securities that were inconsistent with its publicly disclosed standards."

**The spin un-spun:** "Inconsistent with its publicly disclosed standards" = they lied, and if had been you, me or anyone that was not a member of the White Shoe Boyz Club, he or she would be subject to "swift justice and prosecuted to the full extent of the law."

**The spin:** "In August 2010, the S.E.C. released a separate report on an investigation of Moody's, which found that the company had made false statements in its registration as a ratings agency with the S.E.C. and had failed to follow its procedures for determining credit ratings."

**The spin un-spun:** "Made false statements" = they lied. "Failed to follow its procedures for determining credit ratings" = they broke the rules and rigged the ratings.

**The spin:** "Anthony Mirenda, a Moody's spokesman, declined to comment on the specific findings in the report. 'Moody's welcomes the S.E.C.'s constructive recommendations to our industry,'" he said.

**The spin un-spun:** "Declined to comment" = Mirenda pleaded the Fifth and the prostitutes gave him a free ride. If it were a Mafia don who pleaded the Fifth, they'd hound him to death.

So, there it is. White Shoe Jive translated into plain English tells a simple, but significant story. And the story is this: Although the government and politicians pretend that everything they do is done in the people's interest, in reality, as is demonstrated above, their primary interest is the special interests they are allied with. Were it otherwise, the government would see to it that the prison population was filled with Wall Street Gang members rather than street gang members and minor drug offenders. But that's another industry. It's called the prison industrial complex. ■

## THE HISTORY OF THE FUTURE ...

(Continued from page 24)

hood of corporations, the former corporate raider replied, “Yes, corporations are people, my friend.” When challenged by the audience, he reaffirmed, “... yes they are.”

Indeed, in an Age of Unreason, what passed for reason was twisting the facts to fit agendas and satisfy needs. Thus, when it was advantageous for corporations to be treated like people, they would use the law to their own benefit. But when crimes were committed by the people running the corporations, no one was held responsible. Instead, they became faceless, blameless cogs within a corporate entity and on occasion subject only to fines.

Financial looters who destroyed national economies, ripping off trillions, are neither indicted, prosecuted nor condemned. There is no thundering from the religious pulpit or the political platform to bring those responsible for these crimes against humanity to justice. There were two sets of rules: One for the above-the-law White Shoe Boyz, and another for the white shoe-less population.

**Occupy Wall Street** It was 15 September 2011 when a few dozen people occupied New York’s Liberty Square. At first, the media dismissed the leaderless crowd as a scattered assortment of “hippies” with no concrete demands and no coherent agenda. But the banner under which they gathered claimed there was 99 percent of the population who were subservient to the 1 percent that owned more than a third of all the wealth and who wielded all the power.

It was, indeed, an unpromising start and it was headed for an ignominious finish had it not been for New York’s Finest overreacting to the non-violent protesters. The first incident that made the national news, and spread virally on the Internet, came in the form of a video of police using orange netting to corral a small group of young men and women and a white-shirted supervisor suddenly appearing to pepper spray the penned-in girls.

The official response from the police – that the spraying was justified to protect “the safety of officers” since the protestors were “intent on blocking traffic” – didn’t sell well to a public horrified by the sight of a helpless young woman screaming in pain.

Setting off a level of public outcry usually reserved for a police shooting of an unarmed, innocent victim, the viral video galvanized the movement. Four days later, the police were accused of luring protestors crossing the Brooklyn Bridge to walk in the roadway because the walkway was becoming overcrowded ... and then arresting 700 hundred them, hauling them off in waiting buses



Anthony Freda / Dan Zollinger

to be booked for impeding the flow of traffic.

Predictably siding with the police and his fellow billionaire buddies, Hizzoner da Mayor Bloomberg took to the airwaves and made it unmistakably clear who it was he represented: the banks!

“We need the banks, if the banks don’t go out and make loans we will not come out of our economy problems, we will not have jobs. And so anything we can do to responsibly help the banks do that, encourage them to do that, is what we need,” said da Mayor.

### HIZZONER KNOWS BEST

There he goes again: “We need the banks.”

Oh, do we? Which banks? All the banks? The central banks? The banks on every corner? Or just the too-big-to-fail banks ... the banks whose compulsive gambling and indictable crimes created the international credit crisis?

“I think we spend much too much time worrying about how we got into problems as to how we go forward,” continued the Mayor, who lived a billionaire’s light-year away from ever having to worry about making ends meet, living paycheck to paycheck, having his mansions foreclosed on, or even a repo man coming for his private jet.

“The protesters are protesting against people who make \$40-50,000 a year and are struggling to make ends meet. That’s the bottom line. Those are the people that work on Wall Street or on the finance sector,” sermonized the Mayor from his world of disconnect.

Yes, there were the Wall Street lavatory attendants, door men, handmaidens, security guards and other servants at the service of the White Shoe Boyz who earned \$40-50,000 a year. The average (outside of Wall Street) private sector salary in New York in 2010 was actually \$66,120. But the Boyz on the Street were making, on average, \$361,330 in 2010, according to a study from the New York State Comptroller.

But when you're the Mayor of New York and a billionaire, gross misstatements of fact and unsupportable, incoherent arguments not only go unchallenged and unridiculed, they are taken seriously.

Further proving that amassing a fortune of billions or millions does not require sensitivity and understanding, GOP Presidential hopeful Herman Cain lashed out at the protestors with that "there he goes again" argument: "To protest Wall Street and the bankers is basically saying you're anti-capitalism."

No, Pizza King, actually it is bailing out too-big-to-fails that is "anti-capitalism"! Allowing banks and financial institutions to fail would have been capitalism.

And establishing, beyond doubt, his claim to preeminence in both insensitivity and unintelligence, Cain went on to lambast the unemployed and financially distressed: "... if you don't have a job and you're not rich, blame yourself. It is not someone's fault if they succeeded, it is someone's fault if they failed."

And, Cain agreed with Hizzoner da Mayor: "[The banks] did have something to do with the crisis that we went into in 2008, but we're not in 2008, we're in 2011."

Ah, yes, be late on a parking ticket, go over the speed limit by a few mph's, fail to renew your car registration, open one of those unlicensed lemonade stands, sell raw milk, get caught with some weed, be late on mortgage payments and property and school taxes, or break the law in any way ... and you will be punished to the full extent of the law.

But if you're one of the Wall Street White Shoe Boyz, now is the time to let bygones be bygones. "We spend much too much time worrying about how we got into problems," counseled Hizzoner. And, "we're not in 2008, we're in 2011," lectured Herman Cain.

Also weighing in from the campaign trail, GOP front-runner Mitt Romney argued that, "Dividing our nation at a time of crisis is the wrong way to go. All the streets are connected. Wall Street's connected to Main Street, and so finding a scapegoat, finding someone to blame, in my opinion, isn't the right way to go."

Once again, the "right way to go" was to let the criminals responsible for this "time of crisis" go free. There were no "scapegoats" – it was open season for financial pigs and corporate vultures.

### NATIONAL INSECURITY

And the Bloombergs, Cains, Romneys, as well as all the other billionaires, mega-millionaires and corporate raiders that hit the airwaves not only got away with all their stupidities and vapidities, they were even treated with respect.

Why all the outrage? What was the big deal? What was so terrible and threatening about a few hundred people

camping out in tiny Liberty Park, a few blocks distant from Wall Street? There were no gunshots, no snipers shooting from rooftops at police or bankers. No anarchists with bombs or radicals throwing Molotov cocktails. They weren't impeding the City's flow of commerce, much less the functioning of Wall Street.

The protestors weren't "mad as Hell and not going to take it anymore." This wasn't an intellectually-driven movement. It wasn't all in the head. It was a gut issue. An empty-gut issue. They were "broke as Hell and not going to take it anymore." And all they were doing was calling the attention of the nation and the world to those most responsible for creating "this time of crisis."

While there were no guillotines being erected in the streets, there was a deep and unarticulated fear that a "let them eat cake" moment was in the wind. The billionaires, multi-millionaires and corporate raiders – and all those politicians that pandered to their power, passing laws that would allow them to further rape, pillage and plunder the economic system – were feeling in their bones that their own heads might roll if protests spread out of control. "I, for one, am increasingly concerned about the growing mobs occupying Wall Street," trembled House Majority Leader Eric "Kiddy" Cantor.

And the fear was not misplaced. As we predicted, the 2<sup>nd</sup> American Revolution had begun. (See "[The 2<sup>nd</sup> American Revolution](#)," *Trends Journal*, Autumn 2009) Boston, Seattle, Portland, Tampa, Philadelphia, Harrisburg, York, Chicago, Phoenix, Atlanta, Auburn, Trenton, Birmingham, Nashville, Knoxville, Cleveland, Buffalo, Ithaca, Las Vegas, Minneapolis, Wilmington, Ft. Myers, Pittsburgh, Pensacola, Indianapolis, Des Moines, New Orleans, Denver, Sacramento, Los Angeles, San Diego, DC, Detroit, Kalamazoo, Lansing ... with each new day, new cities were added to the list.

What began as a mix of unfocused but angry, mostly twenty-somethings had touched a global nerve, in a way that the much more violent and bloody protests that raged in Tunisia, Egypt, Yemen, Bahrain, Syria, Greece, Spain, and the UK had not.

**The American Spirit 2.0** The American Spirit, that one unique quality that so many people believed was what made the US different – but that had seemed dormant – had revived and was inspiring people around the world to follow the "occupy" lead – Vancouver, Montreal, Toronto, Windsor, London, Dublin, Paris, Rome, Milan, Sydney, Brisbane, Melbourne, Tokyo, Seoul, Taiwan.

Who couldn't – or wouldn't – add up what was happening? Most everyone. They weren't doing the math. It was essentially the same everywhere, only the numbers were different. The data from the world's largest economy told the story:

■ Student loans now exceeded \$1 trillion, surpassing the nation's total credit card debt. Many loan recipients were without jobs and had no prospects for finding one, yet the law mandated that the debt would follow them for life, until the obligation was repaid.

■ In 2010, net worth of the 400 richest Americans rose 12 percent from the previous year, to \$1.53 trillion.

■ The US poverty rate rose to 15.1 percent from 14.3 percent in 2009 (the highest level in 52 years), while median household income fell by 2.3 percent.

■ The income gap between the richest 1 percent of Americans and the poorest 40 percent more than tripled, and over the past decade, every dollar increase in national income went to the wealthy.

■ In 2011, the average duration of unemployment had reached 40.5 weeks, the longest in 63 years. And workers who lost their jobs since the recession began in 2007 earned an average of 17.5 percent less in their new jobs than in the one they had lost.

■ 10 percent of the American population controls two-thirds of national wealth.

■ Now at the lowest levels since the pre-Crash of 1929, the tax rate on the wealthiest Americans fell from 91 percent in the 1950s and 60s to the current 35 percent.

■ Between December 2007 and June 2011, median household income fell 9.8 percent.

■ To merit inclusion in the Forbes 400 list of richest Americans required a minimum of \$1.05 billion ... more than 10,000 times the median net worth of an American household.

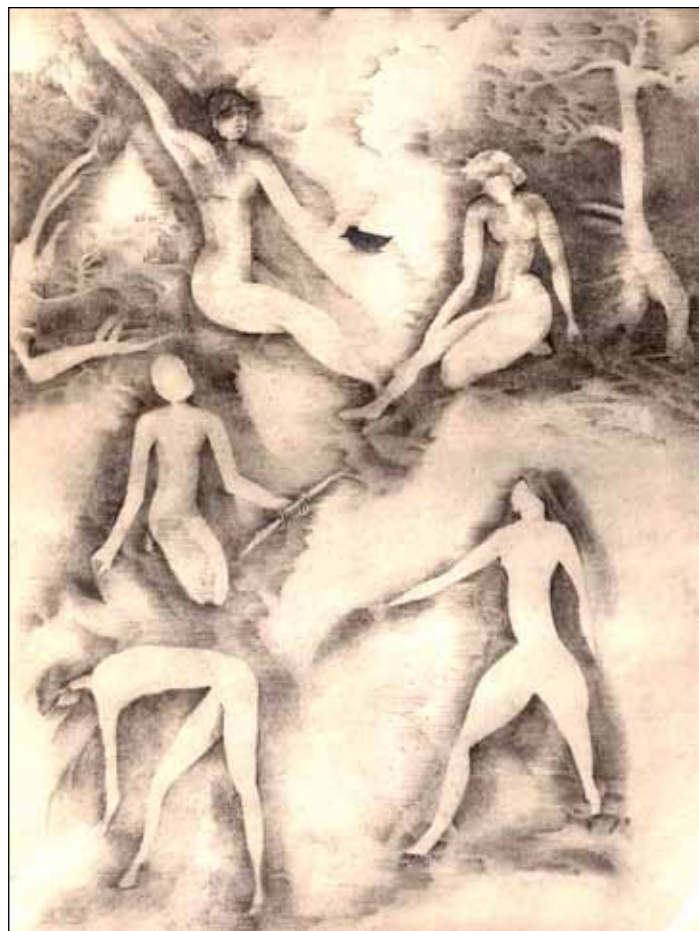
■ The number of Americans on food stamps shot to an all-time high of 45.8 million (nearly 15% of the US population), up 12 percent from a year ago, and 34% higher than two years ago.

The rich were getting richer as everyone else was getting a lot poorer, and that's what was at the core of the globally galvanizing protests.

Yes, there were the European anti-austerity protests of 2010 that put millions on the street. But those were in Europe. Then came the December 2010 Tunisian uprising, followed by the Arab Spring. Those were in the Middle East. And in the Summer of 2011, tens of thousands of *indignados* camped out in Spain. All those conflicts were treated as country or region-specific occurrences, only tangentially connected.

But it was that Occupy Wall Street Autumn that brought it all together under a common "occupy" banner, putting protestors into the streets of 950 cities in 80 countries.

Was it that distinct American Spirit? It was the first American Revolution that, in the 18<sup>th</sup> and into the 19<sup>th</sup> centuries, served as the model for countries around the



Eugene Grogan

"Living in Harmony"

world to throw off their monarchies and fight for liberty and equality. It happened once before, would it happen again?

The "Arab Spring," Greek uprisings, UK riots, Spanish *indignados*, the Israeli tent city protests, Italian students storming the Goldman Sachs building in Milan ... and all those "occupy" movements were all connected, and, when put together, they added up to the "1<sup>st</sup> Great War of the 21<sup>st</sup> Century."

**Fear, Loathing and Hysteria** Revolutions, whether fought at the ballot box or at the barricades, are never easy battles. The entrenched forces of the status quo, those who benefited the most from the system in place, would fight (i.e., pay the police, military and other surrogates to do the fighting for them) to keep it in place.

And when, or if, that failed, government campaigns to instill fear and hysteria among the populace would be preludes to diverting the people's attention away from their individual hardships and directing the collective energy toward a demonized enemy:

(Continued on page 31)

## TREND TRACKERS TIP: Read Saturday's Paper

**H**ow many people really read the October 1<sup>st</sup> story "S.E.C. Faults Credit Raters, but Doesn't Name Them" (page 23) that, when casually skimmed seemed to soft-soap the credit agencies' derelictions of duty but, when read carefully, totally discredits the credit raters?

Not too many. And that's not a guess – it's a fact. Why? Because it was published on a Saturday. And this is the "Tip": to successfully track and forecast trends requires reading Saturday's newspapers, whether you read it online or off, and whether or not you want to sacrifice part of your Saturday to homework.

Here's why. The government releases a lot of important economic data on Friday afternoon after the markets close and much of the press corps takes off for the weekend. Reports the government is obliged to make public, as well as important information that might upset large constituencies, are released when most people are tuned out of the news.

"With the readership of Saturday newspapers the lowest of any day of the week, and the viewership of weekend television newscasts below that of any weekday, Friday is the first choice for state and federal officials who'd just as soon have no one notice some announcements." (AP, 3 January 1988)

And that's precisely how the S.E.C. handled its vitally important credit rating report. This seriously damaging news was relegated to pages of the "B" sections of *The New York Times* and *The Wall Street Journal* where it would be assured of minimum readership.

That is the pattern, this is the rule: When the government doesn't want you to know something, but is obliged to make it public, you can read all about it when hardly anyone else is.

Another recent example of how to deceive the public while telling the truth was President Barack "Backtrack" Obama's backtracking on environmental protection legislation, so dear to his core constituency.

### Obama yields on smog rule in face of GOP demands

WASHINGTON — In a dramatic reversal, President Barack Obama on Friday scrubbed a clean-air regulation that aimed to reduce health-threatening smog, yielding to bitterly protesting businesses and congressional Republicans who complained the rule would kill jobs in America's ailing economy.

Withdrawal of the proposed regulation marked the latest in a string of retreats by the president in the face of GOP opposition, and it drew quick criticism from liberals. Environmentalists, a key Obama constituency, accused him of caving to corporate polluters, and the

American Lung Association threatened to restart the legal action it had begun against rules proposed by President George W. Bush. (AP, 2 September 2011)

Announced on Friday but published on Saturday, this latest betrayal of his principles was further pushed from the public view by its careful timing; not just any Saturday, it was the Saturday of the long Labor Day weekend. It was the traditional celebratory end of summer and the last thing people had on their minds was the "news," let alone the environmental news.

### THE GRAND SCHEME

Beyond reading Saturday's newspaper for otherwise hidden news, there are a number of important trend lessons enshrined within the Obama reversal on smog legislation.

The Election Day Lesson: Even though this was the latest in a long series of policy backtracks, and yet another broken presidential promise, it would do little damage (other than to the environment). Come Election Day, it would prove a net campaign positive. Although the deceit would have registered as a powerful negative among hardcore supporters who read about it, by November it will have been either forgiven, forgotten or deliberately deleted from their liberal, Obamapologistic memories.

Though they were victims of the calculated move, there was no pro-environmental Republican candidate for Obama supporters to turn to, thus they would again dutifully vote for their Deceiver-in-Chief. No political capital was lost, no lasting damage done.

As for positives, it was a net win for the Obama reelection campaign. His pro-smog stance was political capital that would serve as a pro-business, job creating policy argument.

### A Debate Arises on Job Creation and Environment

Do environmental regulations kill jobs?

Republicans and business groups say yes, arguing that environmental protection is simply too expensive for a battered economy. They were quick to claim victory Friday after the Obama administration abandoned stricter ozone pollution standards.

Many economists agree that regulation comes with undeniable costs that can affect workers. Factories may close because of the high cost of cleanup, or owners may relocate to countries with weaker regulations. (NYT, 4 September 2011)

Meanwhile, back at Obama campaign headquarters, those businesses and industries that benefitted through Backtrack's backtrack were prime candidates for the candidate to call upon for payback via generous campaign contributions. ■

**Obama: Iran ‘Will Pay a Price’  
for Assassination Plot**

President Barack Obama said today that Iran will “pay a price” through sanctions and international pressure for its recent hostile behavior including the alleged Iran-directed plot to assassinate the Saudi Arabian ambassador to the U.S. in Washington, D.C.

Echoing previous statements by top U.S. officials, Obama said that when dealing with Iran, “We don’t take any options off the table,” but did not make any mention of possible military action in favor of pushing harsh economic sanctions and corralling international condemnation of Iran’s alleged action. (*ABC News*, 13 October 2011)

But was there such an Iran-directed plot? Or, indeed, any plot at all?

**Some Experts Question  
Iran’s Role in Bungled Plot**

Just 24 hours after American officials announced that they had disrupted an Iranian plot that sounded like a rejected Quentin Tarantino script – centering on an Iranian-American used-car salesman’s failed attempt to hire a Mexican drug cartel to assassinate Saudi Arabia’s ambassador in Washington – a number of prominent American experts on Iran have suggested that Iran’s government might not have been behind the scheme at all.

Even before the experts spoke up, it was hard to escape suggestions that the plot was too good, or too bad, to be true. In a radio interview on Wednesday morning, my colleague David Sanger observed that the alleged plot “sounds a little bit B-movie clumsy.”

One day earlier, even as he described the plot as real and dangerous, Robert S. Mueller III, the F.B.I. director, acknowledged that the government’s criminal complaint laying out the case “reads like the pages of a Hollywood script.”

Writing on his personal blog on Wednesday, Gary Sick, a scholar at Columbia University’s Middle East Institute who monitored Iran for the National Security Council during the Iranian revolution three decades ago, took the implication that the plot might be at least partly fictional seriously. “I find this very hard to believe,” Mr. Sick wrote.

Whatever else may be Iran’s failings, they are not noted for utter disregard of the most basic in-

telligence tradecraft, e.g. discussing an ultra-covert operation on an open international line between Iran and the U.S. Yet that is what happened here.

Kenneth Katzman, a Middle East analyst at the Congressional Research Service in Washington, also said on Wednesday that he found the idea that Iran’s Revolutionary Guard Corps would turn to a Mexican drug cartel for this sort of mission hard to accept. Writing to other Persian Gulf experts in an online forum moderated by Mr. Sick, Mr. Katzman explained:

As one who has never been particularly skittish or skeptical about accusations of Iranian involvement in international terrorism, I must cast my lot in with the skeptics on this one.

Are we to believe that this Texas car seller was a Quds sleeper agent for many years resident in the U.S.? Ridiculous. They (the Iranian command system) never ever use such has-beens or loosely connected people for sensitive plots such as this. (*The New York Times* [Robert Mackey], 12 October 2011)

How convincingly Obama’s Iranian plot played out to the folks at home was questionable. But back in Iran, head Ayatollah Ali Khamenei was both unimpressed and politically hip to the White House ploy. He accused the Administration of fabricating the accusations to deflect attention from the US financial crisis and the Occupy Wall Street demonstrations. “The people of at least 80 nations have expressed support for the Occupy Wall Street movement and this is very bitter and difficult for American officials to accept.”

Unfazed by Obama “The Osama Slayer’s” threats, the Ayatollah also warned, “If any American officials entertain delusions, they should know that any improper action, whether political or security related, will meet a decisive response by the Iranian nation.”

**THERE’S NO BUSINESS LIKE WAR BUSINESS**

No matter how outlandish the US assassination allegations, the plot continued to thicken and President Obama ramped up the reprisal rhetoric, calling for more sanctions to further isolate Iran while pressuring United Nations nuclear inspectors to release information showing that Iran is designing and experimenting with nuclear weapons technology.

Jumping on the “Who Can Hate Iran the Most” bandwagon, GOP chicken hawk candidates were screeching “bombs away” before Iran acquired a bomb and even before evidence was provided to prove they were trying to build one.



"US Prime"

"I cannot live with a nuclear-armed Iran," quaked dark horse contender Jon Huntsman, raising the specter of a preemptive strike. "What do you do when Iran all of a sudden develops a weapon of mass destruction over the next year to year and a half? Now, if ever there was a reason to consider using U.S. force, it would be in pursuit of situations like that."

Not to be out-screamed, Mitt "The Vietnam War Draft Dodger" Romney, asserted that "Iran obtaining a nuclear weapon is unacceptable," and not to be out-hawked, added, that as president, he would deploy American aircraft carriers to the Eastern Mediterranean Sea and the Persian Gulf in an effort to deter Iran.

The "Hate Iran" rhetoric was flowing from both sides of the aisle, across the airwaves and in self-righteous editorials.

**Publisher's Note:** Apart from the dubious merits of a preemptive strike against a nation that, unlike the United States, had not invaded Afghanistan, Iraq, Libya and had not sent predators drones into Pakistan or to other nations to kill suspected enemies and its own citizens, the statements quoted above (and many more like them from the co-cowards in Congress) carried a hidden assumption keen trend trackers should bear in mind.

What self-respecting human being, able to weigh the facts and think for themselves, would give a rat's ass about what either of these two tough-talking Mormon boys, who never served a day in the military, are preaching?

You "cannot live with a nuclear-armed Iran," Jon? I can. I'm living with a nuclear armed US, UK, France, Pakistan, India, Russia, Israel, North Korea and China, and I don't find any of those countries less threatening than Iran. But if you have a problem, send yourself, send your wife, send your kids and your Daddy's billions to start a war against

Iran, and to finish it. Or else shut your fat mouth.

Ditto to you Mitt "Mittens" Romney, who spent the Vietnam War years hiding out in France, trying to pitch your rigid Mormon dogma to wine-loving, cigarette smoking, coffee drinking, mostly Catholic Brigitte Bardot fans. Go fight the war against Iran yourself, lead the charge, Junior.

**More than Bullets and Bombs** Inciting fear and diverting the public's attention from the economic woes with the prospect of a hot war against Iran, Washington also launched a financial war of words against the other enemy du jour, China:

### Bernanke criticizes China over currency

The chairman of the US Federal Reserve has accused China of damaging prospects for a global economic recovery through its deliberate intervention in the currency market to hold down the value of the renminbi.

Speaking just hours after the Chinese government sharply criticized a US congressional bill that would punish Beijing for alleged currency manipulation, Ben Bernanke told a congressional committee that an undervalued renminbi was preventing the rebalancing of global demand towards emerging market economies.

"Right now, our concern is that the Chinese currency policy is blocking what might be a more normal recovery process in the global economy," he said. "It is to some extent hurting the recovery". (*FT*, 4 October, 2011)

Ah yes, the Iranians were threatening world security, and now it was the Chinese who were obstructing a "more normal recovery process in the global economy," kvetched Ben "He Who Endlessly Prints Money And Has Flooded the World With Cheap Dollars" Bernanke.

Recovery? What recovery? The US and central banks around the world, including China's, had been pumping in trillions to buoy their economies since the start of the "Panic of '08," and the best they could do was postpone the worst.

The day before Bernanke's accusation, the US Senate voted overwhelmingly to open debate on a bill squarely aimed to impose tariffs on imports from countries with undervalued currencies, i.e., China!

In response to the bill, the Chinese warned that if passed, the legislation would lead to a trade war.

History was repeating itself. The pattern was ominously familiar: The Crash of 1929, The Great Depression, currency wars, trade wars, world war.

Eighty years later, it was "The Panic of '08," the Great

Recession/Depression, currency wars, trade wars (Japan then, China now) and a looming “1<sup>st</sup> Great War of the 21<sup>st</sup> Century.”

So, it wasn't only the evil Iranians and shifty Chinese who would be scapegoated for the US financial/banking policy failures that were so instrumental in creating the global credit crisis, for derailing the multi-trillion dollar recovery schemes, for destroying the promising crop of “green shoots” (remember them?) and for losing its triple-A credit rating.

Someone had to be held responsible for the Obama team's misguided policy failures, mismanagement and ineptitude, and for Congress's stupidity, obduracy and partisanship. If Iran and China could not be saddled with 100 percent of the blame, there were always the slow-to-act, unwieldy, socialist welfare states of Europe:

### **Geithner Blames Europe, Again**

US Treasury Secretary Timothy Geithner Thursday urged European leaders to take more forceful actions to contain the regional financial crisis which is threatening Global economy.

“The crisis in Europe presents a very significant risk to global recovery,” Geithner said at a hearing of the Senate Banking Committee. “Europe is so large and so closely integrated with the US and World economies that a severe crisis in Europe could cause significant damage by undermining confidence and weakening demand.”

Mr. Geithner told lawmakers that the crisis was slowing economic growth in Europe, which represents a threat to the US economy.

“We want Europe to move and we want to make sure they move more aggressively,” Mr. Geithner said. (*Live Trading News*, 6 October 2011)

The strategy was agreed upon by the Obama team and the talking points were set: We, the best and the brightest, did everything we could to repair the economy and create jobs, and everything we did failed, but it wasn't our fault ... it was the fault of anybody we can blame, and we'll blame anyone we can:

### **Obama urges European leaders to act**

The Obama administration is urging European leaders to deal more forcefully with a debt crisis that could significantly damage the U.S. and global economy.

President Barack Obama on Thursday said he has pressed both German Chancellor Angela Merkel and French President Nicolas Sarkozy to act quickly to control the crisis.

Obama said the uncertainty it has caused in financial markets is the “biggest headwind” affecting the U.S. economy. (*AP*, 6 October 2011)

In the Autumn of 2011, the US was hunting for scapegoats. Mortal enemies, distant acquaintances, good friends – it was open season and everyone could be a target.

The European response was to direct the Americans back to their own failures, but they vowed to do everything they could to put their policy heads and their leaders' heads together and come up with a grand plan to solve a sovereign debt crisis ... one that was unsolvable.

**Off Trend and Out of Touch** It was class warfare, it was everywhere, and it was as old as history. This wasn't a deep philosophical debate, it had nothing to do with economic theory and you didn't need a think tank, task force, commission or super committee of experts to evaluate and deliberate the complexities of the data.

Any imbecile could add it up. Far too few had much too much, and far too many had much too little. The outcome was foreordained. As inconceivable as it may have been to the White Shoe Boyz at their Harvard, Princeton, Yale, Oxford and Cambridge Clubs, the restless natives were no longer willing to consider themselves vassals of the financial overlords or subjects of the Kings and Queens of Commerce.

Angry, unemployed, hungry and hopeless, they wanted blood. And when the money stopped flowing down to the man on the street, the blood started flowing in the streets.

It was the “Workers of the World Unite, 2.0” trend we predicted in the Summer 2010 *Trends Journal*, months before the Arab Spring sprung, before Greeks hit the streets protesting the extortion euphemized as “austerity measures,” and long before “hooligans” – lacking “responsibility,” “proper parenting,” “proper upbringing,” “proper ethics” and “proper morals” – rioted in the UK.

Workers of the World Unite, 2.0, as we defined it, did not conform to the classic Karl Marx version of capitalism as a “dictatorship of the bourgeoisie.” This battle between the “have it alls” and the “have little or nothings” retained elements of the Marxist model, but with many, new 21<sup>st</sup> century features.

What had been a make-it-or-break-it, you're-on-your-own, every-man-and-corporation for himself, Wild West capitalism was replaced by a big business paradigm of too-big-to-fail, bigger-is-better, get-big or get-out. By 2011, what Marx called capitalism had become what Mussolini called Fascism: the merger of state and corporate powers.

In the days of Marxist capitalism, there were business/finance consortiums, cartels and trusts. And Marx's

(Continued on page 36)

# ALTERNATIVE ENERGY UPDATE: More Heat Than Light?

By Ben Daviss

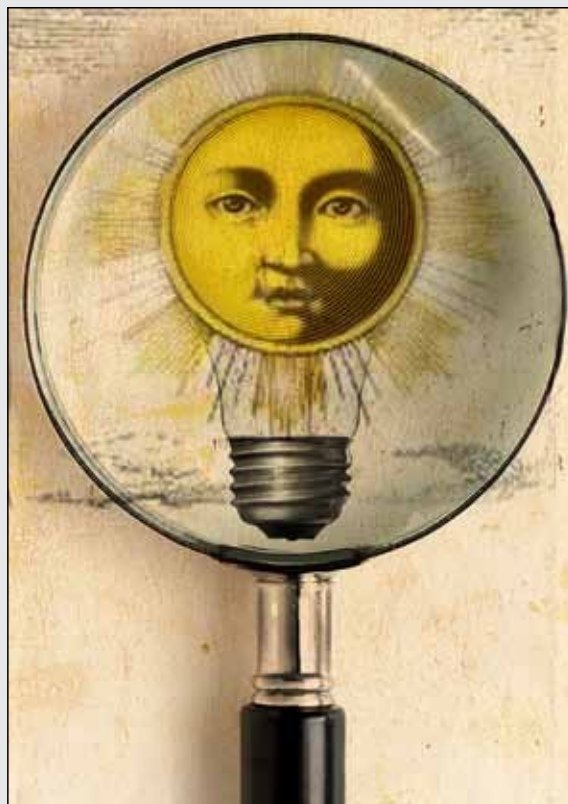
**A**s reported in the December 2011 *Trends Journal*, Andrea Rossi, the Italian physicist and serial entrepreneur, claims to be poised to unveil the first commercial power plant that employs low-energy nuclear reactions (LENR).

His work is an outgrowth of the controversial Martin Fleischmann, Stanley Pons 1989 “cold fusion” experiments that by bringing hydrogen, powdered nickel, and proprietary catalysts together under pressure, “anomalous heat” was produced – more energy came out than went in. In this process, water circulates around the reaction chamber, captures the liberated energy as heat, and boils to steam. Afterward, copper isotopes and bits of iron litter the spent nickel, indicating that conversion of some of the nickel into other elements has somehow happened – by definition, a nuclear process.

In Andrea Rossi’s vision of cheap, abundant nuclear power, there are no cooling towers, no lethal waste, no rare elements to seek out underground. If Rossi is right – and millions of dollars and euros have been gambled that he is – power “too cheap to meter” (as the advocates of old-style nuclear energy used to say) can be harvested with relative ease by combining the planet’s most abundant metal, nickel, with hydrogen, the universe’s most abundant gas.

Rossi has reported that by putting a mere 400 watts of electricity into his tabletop machine, he can harvest 8,000 watts or more of usable energy. He calculates that a commercial version will produce electricity at a cost of a penny a kilowatt, a fraction of today’s cost of commercial generation. “If this can be scaled up,” says one prominent researcher in low-energy nuclear reactions, “it changes everything.”

Rossi and his partner, Sergio Focardi, a widely respected physicist at the University of Bologna, have been perfecting the device for more than ten years, but in recent months they’ve speeded up the pace. In January, they hosted a demonstration in Italy of their “Energy Catalyzer,” or E-Cat, for invited groups of scientists, government officials, journal-



Anthony Freda / Dan Zollinger

ists, and business people. At the meeting, the energy supposedly liberated by the device’s internal reactions was calculated to be about eight times more than the power used to heat and pressurize the chamber. Scientists present were allowed to weigh the hydrogen chamber before and after the test and agreed that the machine didn’t use enough hydrogen to simply be burning the gas for fuel.

This and a few other private tests have been persuasive to many. Earlier this year, the Greek firm Defkalion Green Technologies had planned to build a one-megawatt commercial generating plant from Rossi’s E-Cat design. The plant was to have powered a factory to make E-Cats for distribution, primarily for home heating. According to Defkalion, more than 850 com-

panies from 63 countries have contacted it about forming partnerships.

But, just as the project was about to begin, Rossi and Defkalion parted ways over undisclosed financial differences that left Rossi threatening legal action. Defkalion, on the other hand, issued a statement on 8 August 2011 indicating that it believes it still has a valid partnership with Rossi and will pursue its project as planned.

## ISSUES AND QUESTIONS

Rossi has been miserly in dispensing technical details. He claims to use catalysts, which he refuses to divulge, to spark the nuclear reaction. His public demonstrations have been brief – a few hours at most – not open-ended, as researchers require for an objective demonstration. In September, for example, a representative of *NyTeknik*, a Swedish science journal, was allowed to see a bank of E-Cats in action and affirmed that the devices seemed to run without external power. But, due to “time constraints,” he was ushered out after only 35 minutes. Rossi himself admits that, to remain stable, his devices need to be “charged” with external power every 10 minutes in order to run on their own for 30 minutes. The community of physicists and

experimenters has not been given free access to the device to take it apart and see what happens inside, nor has Rossi offered detailed explanations to assuage the raft of technical questions and scientific inconsistencies that his fellow scientists have pointed out.

Still, Rossi and his E-Cat are gaining fans. In March of this year, Rossi demonstrated the E-Cat for Hanno Essen, associate professor of theoretical physics at the Swedish Royal Institute of Technology and chair of the Swedish Skeptics Society; and for Sven Kullander, a physicist at Uppsala University and chair of the Royal Swedish Academy of Sciences Energy Committee. The two were allowed to examine the device in detail, check for hidden power sources, and measure the energy going in and out of the E-Cat. "We had free access to the heater electric supply, to the inlet water hose, to the outlet steam valve and water hose, and to the hydrogen gas feed pipe," they acknowledge.

The result: The visitors calculated a fifteen-fold gain in energy released compared to energy used. They also stated in their report that "any chemical process for producing 25 kWh from any fuel in a 50-cubic-centimeter container [a volume smaller than a Rubik's Cube] can be ruled out. The only alternative explanation is that there is some kind of a nuclear process that gives rise to the measured energy production."

According to one American physicist who's observed the cold fusion controversy for 20 years and has had professional relationships with Rossi over the years, "Rossi doesn't act like a fraud. He'll give you information, answer questions, and talk with you at length. My instinct is that this is for real – or, at least, that Rossi fully believes it's for real." Even Dennis Bushnell, NASA's chief scientist, has taken an interest and is mulling theoretical possibilities that might explain the phenomenon.

## REAL WORLD TESTS ON THE NEAR HORIZON

Rossi has announced that another test of his technology, this one to occur at the University of Uppsala in Sweden, will take place "soon." More importantly, he's rescheduled the public E-Cat demonstration that had been planned to take place in Greece. It will now take place in the US, probably in late autumn 2011.

In Bologna, Rossi has ganged together 52 E-Cats, each purportedly producing up to 27 kW, to make a one-megawatt generating plant. The array is being routed to the US for a demonstration. Rossi has declared that, as part of the US demonstration, he'll debut a 9-kW hot water, home-heating unit. These tests may be conducted in collaboration with AmpEnergio, the New Hampshire firm that has licensed rights to make and market E-Cats in the Americas. There have been hints that a commercial operation in the US may follow soon after.

AmpEnergio's four principals include Robert Gentile, who served as assistant secretary for fossil energy in the US Department of Energy during 1990 and 1991. Three of the part-

ners have known Rossi for 15 years and two founded Leonardo Technologies, Inc., a ten-year-old consulting firm that has landed several lucrative contracts, including one with the US Department of Energy that is reportedly worth \$95 million. AmpEnergio will collect royalties on all E-Cat licenses and products sold in North and South America.

AmpEnergio partner Craig Cassarino says that his group has privately demonstrated the E-Cat three times in the US and is planning a premiere product similar to Defkalion's one-megawatt plant.

Although AmpEnergio is in talks with investors as well as strategic business partners, Rossi's Miami-based Leonardo Corporation isn't seeking backers. "We are fully funded," Rossi says, acknowledging that he's using his own money.

With the world's energy supplies and climate stability in collision, and with high-profile physicists aboard, perhaps it's not surprising that a number of reputable scientists and well-heeled investors are betting that Andrea Rossi's Energy Catalyzer is more than a fancy. Within a year, the world should learn whether they're right.

**Trendpost:** *Rossi and the E-Cat are balanced on a knife edge, poised to either revolutionize energy as we know it or to be consigned to the radioactive waste pile of failed "perpetual motion machines." Because skeptics abound, neither the scientist nor the technology is likely to be granted a second chance.*

*The Defkalion dust-up has fertilized doubts already planted by Rossi's checkered history and unwillingness to share details of his work. Compare progress against the calendar. If Rossi's planned schedule slips by more than a few months, the thin ice of credibility on which his enterprise is skating could begin to crack. However, if the timeline holds and units begin to deliver power as advertised in homes or small commercial operations over the next 18 to 24 months, the structure of the world's energy markets would be likely to change quickly and dramatically.*

*Speculators may decide to contact Leonardo or AmpEnergio to investigate prospects for licensing or distribution rights. However, since Rossi is pushing ahead even though he holds no patent in the western hemisphere, legal issues could spring up to complicate life for those with money in E-Cat-related commercial ventures. But if Rossi's E-Cat lives up to its promise, it will be time to short-sell oil stocks.*

*Trends Journal subscribers take note: Mainstream news outlets, particularly in North America, are not following these developments. To stay abreast, monitor the websites of [Pure Energy Systems](#) and [New Energy Times](#).*

Resources:

Leonardo Corporation  
116 South River Rd., Bedford, NH 03110  
<http://leonardocorp1996.com>

## THE HISTORY OF THE FUTURE ...

(Continued from page 33)

target, the “dictatorship of the bourgeoisie,” was an easy mark. There were no disguises. The rich flaunted their money and position; everyone knew where the power was and who wielded it. Everyone below knew their place, and if they didn’t, they would be put in their place.

In 21<sup>st</sup> century make-believe-capitalism, the “dictatorship of the bourgeoisie” had become an oligarchy of interest groups – multinationals, agribusiness, mass retailers, big pharma, buyout firms, hedge funds – represented, protected and promoted by legislators and governments worldwide. And unlike the highly visible robber baron aristocrats, the relatively colorless 2011 financiers and multinationals are neither universally reviled nor universally feared, and thus more difficult to target as sources of the world’s economic ills.

In many ways, however, the conditions were the same.

The working classes in the developed world who had fought free of their chains over the course of the 20<sup>th</sup> century, were back in chains. On the road at daybreak and back home after sunset, the hard-fought-for eight-hour day was a faded memory even before the new millennium dawned. Overworked, underpaid, over-taxed, hard-won benefits slashed, they were forced to accept their fate under the bottom-line philosophy of “productivity.” Work harder, longer and produce more with less. “Like it or leave it” defined the relationship between employer and employee.

The combination of globalization and overpopulation had undercut the power of the workers of the world. Any jobs that could be outsourced were outsourced to a cheaper labor nation, and a worldwide glut of workers who made attempts to organize and resist proved virtually futile. If you didn’t want the job and complained about conditions, there was a long line of applicants hungry for work. And if a labor movement managed to gain traction, in a world of multinationals, there were multi-options to ensure its swift failure.

**Out-Marxing Marx** While much has changed since the days of Karl Marx, one change that even the author of the *Communist Manifesto* could never have imagined was that the workers of the world would be forced to pay for bad bets made by their bourgeois dictators.

Forcing harsh austerity measures on entire nations to bail out the Rothschilds and their fellow bankers? Had Marx suggested such a preposterous possibility he would have been laughed out of the history books. Save the bankers, those archetypical symbols of unrestrained human greed? Save the money changers merciful Jesus scourged mercilessly from the temple?

By the 21<sup>st</sup> century, the unimaginable had become the rule of law and the despicable had become the indispen-

sible. In the good old days, Mayer Rothschild, founder of the banking family’s fortune, had famously declared, “Give me control of a nation’s money and I care not who makes her laws.”

By 2011, the one percent not only controlled the money, they controlled the nations and they made the laws ... or evaded and broke them with impunity. The de facto privilege of old had become akin to religious dogma, the financial equivalent of the “Immaculate Conception.” The banks and bankers were unassailable. They could make as much money as they could steal, but any losses would be socialized and paid for by the people who could afford it least.

Cozened by politicians, pundits and the media, the populace was led to believe the entire socioeconomic system would perish (and the people along with it) if the banks went bust. All economic activity would grind to a halt: Manufacturing would cease, trade would be suspended, the electric grid would fail, the Internet crash, food would no longer grow, the rain would stop falling, the sun wouldn’t set, the moon wouldn’t rise, Santa wouldn’t come at Christmas ... and Tiffany would go out of business.

It was as unarguable as the belief in the flat earth was 500 years ago: There was no debate – the bankers must be saved. The only question occasionally raised was whether or not the bankers should be forced to take any losses at all:

### Cracks in Greek bail-out

#### Pressure for creditors to take bigger hit

A split has opened in the euro zone over the terms of Greece’s second 109-billion (\$148-billion U.S.) bailout with as many as seven of the bloc’s 17 members arguing for private creditors to swallow a bigger writedown on their Greek bond holdings, according to senior European officials.

The divisions have emerged amid mounting concerns that Athens’ funding needs are much bigger than estimated just two months ago. They threaten to unpick a painfully negotiated deal reached with private sector bond holders in July.

While hardliners in Germany and the Netherlands are leading the calls for more losses to be imposed on the private sector, France and the European Central Bank are fiercely resisting any such move. (*FT*, 29 September 2011)

In the White Shoe Boyz world, asking the banks to “swallow a bigger writedown” was called a “haircut.” The banks had successfully fought to keep losses to a mere trim while the government scalped the people.

The very next day, the *Financial Times* reported (surprise, surprise):

## Creditors reject call for bigger losses

Backlash erupts among bond holders

Large holders of Greek bonds have reacted angrily to suggestions that some eurozone countries want investors to suffer bigger losses than those agreed in the second bail-out of Athens. (*FT*, 29 September 2011)

**Fascism 2.0** While the US and most of the West tout their democracies, and would start wars to export democracy to uncivilized and authoritarian nations, it was Fascism – the merger of state and corporate powers – that prevailed in the US and most of the West.

Fascism was an indisputable fact. It wasn't only the banks that wrote the laws and were above the law, every major corporate sector (energy, agriculture, drugs, consumer products, communications) had powerful lobbies to similarly promote and protect their interests at any cost ... regardless of the cost to society. (See "On-Trend for Action," *Trends Journal*, Summer 2011)

Would Fascism, wearing the mask of democracy, become entrenched as the new millennium model? Will it change, can it change, what or who can change it, and what would it change into?

History tells us that human societies, both tyrannical and benign, can go on for centuries or flame out in an historical second as did Hitler's ambitious vision of his "Thousand Year Reich."

**Ring in The New** Despite all the recent unrest throughout the world and the variety of forces behind the uprisings and revolutions, nothing substantial has changed, yet in these End Times, it is time for change.

End Times? Apocalypse? The portentous 2012 Mayan Prophecy? Yes, no, none of the above, all of the above.

While it would be rash to forecast the end of the world, it is not so rash to forecast the end of the world as we know it. What would bring about "The End?" What would inspire a new beginning?

For a new beginning, the old must die. It's an organic, cosmic process. For the acorn to sprout, the hard shell must crack and the whole interior dissolve into a formless mass. Only then can the nucleus germinate and sprout. But this is no guarantee either, that the sprout will flourish.

In the Gospel story, "A sower dropped seed along the wayside, on rocky ground, and among thorns, and the seed was lost; but when the seed fell on good earth, it grew, yielding thirty, sixty, and a hundredfold." The parable uses the organic process to describe spiritual, inner growth, and that is precisely what it will take, on the grand global scale, to establish a new and higher order of civilization.

Inner growth? With establishment thinking focused

only on economic growth, the concept of individual spiritual, inner growth is, to them (politicians, financiers, media, pundits), inconceivable and/or inessential. Increasing productivity, building the bottom line, "spreading democracy" (i.e., waging wars) is what they proselytize and insist we follow.

It is the policies of these blinkered, power-mad, unenlightened "leaders" whose primary interest is self interest that deserve full credit for making the world what it is today. Nothing will change until the system changes. But the system won't change unless the thinking changes. For a higher civilization to develop, the old must be replaced by a new millennium model.

**Publisher's Note:** What will it take, how long will it take, before enough people are able to face the truth about what's going on and stop making excuses for it? When will we stop looking to others to solve our problems and lead us to "salvation?"

We cannot overemphasize the importance for everyone concerned with their own future, that of their families and their countries to become intellectually engaged and actively involved in shaping the future.

## MICE OR MEN?

Yes, you can "fight City Hall" and even Big Brother. But you have to fight intelligently. No, you don't have to put your life on the line, but your life may *be* on the line.

Exaggeration? Scare tactic? Alarmist? How about another one of those "safe" nuclear power plants going off at Three Mile Island, Chernobyl or Fukushima to fuku up your day, your region, and your life?

Will you take solace from a bowing bureaucrat's two-bit act of contrition for approving the cost-cutting procedures that compromised safety standards; for the unrevealed close calls, lies about safety measures promised but never taken and repairs needed but never made; for the underestimated risks, that actually were correctly estimated by many but nevertheless ignored? Will you take solace in hearing that the bureaucrat and the government are so terribly sorry, and promise to put together a commission to make sure it never happens again ... while you, your family and the land you live on are irreparably contaminated with radiation?

Whether it's energy companies engaging in hydrofracking to extract natural gas from shale by pumping a toxic brew of poisons into aquifers or oil companies drilling deep sea wells, bottom-line considerations trump safety considerations. Risks are invariably minimized to maximize profits.

Poisoned water, poisoned fish – lives and livelihoods are on the line. On land and sea, around the world, policies are put in place that enrich the few and threaten the

many. Pesticides, Frankenfoods, chemicals in food, water and air, toxic industrial waste ... all of it ultimately damaging lives.

Whether it's a war on the environment or a "just cause" war – just because they want a war and have cooked up a bogus excuse for starting one – it's your money that pays for it and maybe your life as well. If you don't fight for it, they'll gladly take it from you, no questions asked and no regrets. The war profiteers will profit and the psychopaths' psychoses will be realized.

It could not be clearer that "the powers that be" are actively involved in policy decisions that benefit only the powerful and privileged few: The too-big-to-fail and the special interests represented by lobbyists and major campaign contributors. They won't welcome your opposition.

**The Life Lesson** Whoever you may be, whichever side you take – right, left, independent – unless you are a card-carrying member of the White Shoe Boyz Club, you are being shafted and manipulated. Under the current two-party system, you have no "say," your vote means absolutely nothing. Democrat or Republican, it makes little difference, whoever has power or assumes power will do the bidding of those who helped achieve the power.

Wars (Vietnam, Iraq, Libya, etc.) are started under false pretenses. Constitutional rights are summarily abrogated under false pretexts (Patriot Act, TSA, extrajudicial killings, secret panel "kill lists" of US citizens). Ruinous financial policies are pursued in the name of saving the economic system, which only save the too-big-to-fail (TARP, QE I, QE II, stimulus packages, rescue plans).

A trillion dollars has been wasted fighting the 40-year, never-ending, always-losing War on Drugs. The sequence of asinine education reforms, the ill-conceived healthcare policies. The small business-stifling regulations and the big business deregulations further tilt the already tilted playing field in favor of growing the big and killing the small.

FDA, USDA, EPA, DOD, FBI, DOJ, CIA, NSA, TSA ... a compendium of toxic bureaucratic acronyms has been designed to keep you walking the straight and narrow according to the letter of the law, while the White Shoe Boyz run roughshod over the entire field, unconstrained by any law.

**THE CRIME FILES** It was another Saturday of facts and findings, dutifully reported on the acknowledged day of least public attention. When added up they told an ongoing story of inside deals, massive corruption, environmental degradation and sundry high crimes and misdemeanors. While a few items were making headlines because of their political value, others were typical of stories that got

short shrift on days of massive circulation. The following five are from the 8 October 2011 *New York Times*:

1. E-Mails Shows Official Pushed Solyndra Loan
2. U.S. Envoy Puts Match to Bridges With Iraq Tell-All
3. U.S. Attorneys In California Set Crackdown on Marijuana
4. Pipeline Review is Faced With Question of Conflict
5. Koch and N.Y.U. Clash Over Terrorism Report

#1. There was little exceptional about the Solyndra loan. It was another Washington-insider political deal that awarded hundreds of millions to friends with connections. What distinguished it from so many other deals routinely done behind closed doors, is that this was one of the few that were exposed. Indeed, had Solyndra not filed for bankruptcy, the dirty dealing would not have come to light.

#2. In his book *"We Meant Well: How I Helped Lose the Battle for the Hearts and Minds of the Iraqi People,"* Peter Van Buren, a top level American diplomat, "... skewers the Army's commanders and the Iraqis, the embassy, its staff and even its Ambassador at the time." While this was not breaking news to those outside the Washington spin zone who had followed the eight-and-a-half-year war, Van Buren's insider "Tell-All" is an unimpeachable account of waste, fraud, corruption, incompetence and stupidity. What should have been a front-page "Pentagon Papers" level exposé was a Page Six "Saturday Profile."

#3. The Department of Justice (the same department that does not prosecute the Wall Street Gang for financial crimes against humanity) throws its full force against legal medical marijuana dispensaries and producers suspected of selling to people who want to use the drug recreationally. America going down the toilet, running out of money, government jobs slashed, and a bunch of self-righteous morons are cracking down on a victimless crime to keep yet another lost-cause war going.

#4. A potentially environmentally dangerous 1,700 mile pipeline from Canada's oil sands to Gulf of Mexico refineries, being pushed by the US State Department and opposed by concerned citizens, proves to be yet another "dirty business as usual" deal. How dare anyone suspect a conflict of interest just because the chief Washington lobbyist for the pipeline happened to formerly be a top official in Secretary of State Hillary Clinton's presidential campaign? How could anyone suspect that this guy has inside access to State Department officials spearheading the project, even though emails prove he has?

And just because the State Department awarded the contract for the required environmental impact study to a



Eugene Grogan

"A New Dawn for The Individual"

company that cites the pipeline's operator as a "major client" in its marketing material, why would anyone suspect that the study would be anything other than impartial?

**#5.** Skeptics who have long doubted government claims of breaking up terrorist rings and preventing acts of terror, have more facts to support their skepticism. The New York University report "Targeted and Entrapped: Manufacturing the 'Homegrown Threat,'" focuses on cases in which vulnerable individuals were recruited by government informants and goaded into taking part in terror plots.

Though published in May, the barely noticed report only became newsworthy when former New York Mayor Ed Koch pressured his alma mater to disavow it and to distribute a rebuttal written by New York Congressman Peter King at Koch's urging. Had anyone other than a major public figure tried to stifle an extensive study with tremendous implications, the action would have been vilified as an assault on intellectual freedom.

The thrust of this 92-page university study was to cast serious doubt on the extent of the terror threat: What was the real terror threat and how much of it was being manufactured by the government?

Whose agendas were carried out, who made money out of it, who profited politically, what was accomplished? The bottom line: Trillions spent, lives ruined, the American way of life downgraded to protect against threats with some degree of legitimacy, but many that were largely manufactured. What has been accomplished? Individual freedoms trampled, wholesale abrogation of Constitutional Rights, TSA-enforced humiliation, extrajudicial killings, etc.

**What Does This Mean to You?** We have briefly analyzed a few stories from one day's worth of news from one newspaper. If you picked up *The Wall Street Journal* the same day, you would have read (just from the front page) how "Discord Riddles Libyan Factions," and "Taking Double Cut Surgeons Implant Their Own Devices." From the wonderful little Libyan War that was fought to save lives and was now being taken over by Al Qaeda-leaning Islamic factions, to doctors being accused of performing unnecessary operations to install medical devices manufactured by companies they own, however different such stories appear, they're connected by a single theme.

Multiply this one day of stories by 365 and then multiply that by all the nations of the world and you can see The Grand Scheme. Regardless of country – some are better, some are worse – but at so many levels it's all much the same: We're getting screwed! (See "[Screw The People](#)," *Trends Journal*, December 2010)

Make no mistake about it. Unless you're a member of the White Shoe Boyz Club, you're a servant of the club. At what point will "We the People" wake up and take our destiny into our own hands? This isn't a political argument or an abstract philosophical discussion. Rather, it goes to the core of our humanity, our self-respect, dignity, courage, passion, and spirituality.

Are we but robots, doomed to helplessly follow the path that our programmers – politicians, media, advertisers, educators – have put us on? Or do we have it within our human spirit to break free – to think for ourselves and to act for ourselves in concert with like-minded individuals? Societal change cannot be accomplished single-handedly.

As Gurdjieff put it: *"Your being attracts your life."* We must find our "spiritual blood brothers" and act together.

If we believe our lives have any significance beyond making money and living comfortably, that we play some role within the grand cosmic scheme, it is incumbent upon us to act. The choices are stark. Either we create our destiny or others will continue to create it for us. And guaranteed, we won't like it!

These are "End Times" – the time of the death of the sacred. This is not the raving of a televangelist or a "Revelations" propheteer. From the mega rip-offs at the top of the corporate pyramid to the welfare cheat at the bottom, getting what you can, no matter how you get it, is all that counts for far too many.

The same applies to every level of contemporary society, up and down and across the spectrum: waging wars for transparently bogus reasons that go unchallenged. The medical device frauds, the pharmaceutical drug deceptions, military waste of money and men in the service of laying waste to entire nations. An education system rife with cheating, from superintendents down to students, and a college industrial complex that encourages mountains of debt only to award an inordinate percentage of useless degrees. From those charged with upholding the sacred Constitutional laws of the land to pedophile priests, not even the sacred is sacred.

Are we doomed to be further dumbed down, insensibly following the path that has been set in place by big business, big government, big media, big finance, all vying for control of our mental, emotional, physical and spiritual states? It's all connected. And currently, it's all about the bottom line. Bloody wars, revolutions or uprisings fought continents away, pollutants pouring from factories, burning the rain forests or a Fukushima meltdown ... neither the winds of war nor airborne environmental poisons stop at a country's borders.

Anyone denying the facts and refusing to recognize the situation is living in a state of self-delusion. It is not

a question of seeing a glass half empty or half full. It is a question of acknowledging "what is," without making excuses for it, and then doing something about it.

**Publishers Note:** I'm endlessly bemused by politicians and the media pondering "the legacy" a president or politician will leave behind and how history will judge them. Why should anyone care how they are judged, whether dead or alive. My belief is; only "you" have the right and the responsibility to judge yourself. Judgment Day is only about you, you and you. Did you live your life in accordance with your conscience? You be the judge. For me, "Hell" would be taking that last breath of life and knowing that I lied to myself; that I was not the person I claimed to be.

**The Future is in Your Hands** Creating a higher civilization with a commensurately higher destiny requires both a shift in values and, ultimately, a shift in consciousness. This doesn't come about by just thinking about it, or even agreeing with it. It has to be acted upon, individually and collectively.

What will it take? Can we really self-evolve to a superior level? We're all in this together. Will we rise together? We regard the Occupy movements around the world as a promising signal. Yes, they may be "unfocused" as critics claim, and for good reason. Rather than just a one or two issue movement (taxes, anti-nuclear or anti-war), they represent an opposition to virtually the entire system ... to what civilization has become and where it is heading.

While it is too early to tell what the Occupy protests will turn into, regardless, something else will follow, they may dissipate, but something else will replace them. Agree or disagree with the movement, this is just a beginning. A much greater change of consciousness has already begun.

But for it to prevail – for a true civilization to arise from the chaos of the present – all who understand the necessity for action must take action. Don't wait for a leader to lead you, lead yourself. Do something! ■

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