

been living off credit cards and racking up debt to the limit will lack the funds to service their debt ... much less pay it off, and they will be forced to default. Given the nearly \$3 trillion in consumer debt at risk (excluding auto and mortgage) an inevitable default snowball will add momentum to the in-progress Collapse of '09.

Trendpost: *Taxpayer warning! All levels of government will be caught up in the private sector collapse as tax bases shrink and tax revenues sharply decline. Attempts to make up shortfalls by raising taxes, tuition and tolls, and imposing higher user and license fees, will do little to resolve the problems, but will do a lot to infuriate citizens.*

We forecast that during 2009, anti-government/anti-tax movements will take root and flourish. Tax revolt "kits" and how to get a referendum on the ballot will be formalized and made readily available over the Internet. A "Tax Revolts for Dummies: How to Work the System" guide compiled by some civic-minded entrepreneur or tax lawyer could become an instant best seller.

THE GREATEST DEPRESSION

While we alone predicted the "Panic of '08" (and even took out the domain name "Panicof08.com" on 7 November 2007), we are not alone in predicting a Depression.

The "D" word is being uttered – in some cases by those who have the most to lose and whose best interests are not served by spreading gloom and doom. "The world and country are in a depression," said celebrity tycoon Donald Trump. He then later softened the blow, downgrading it to a "virtual depression."

"Virtual" to the few who will never have to worry where the next dollar will come from, it will be painfully real and hardly virtual to the multitudes who are and will be worrying. The virally proliferating Greatest Depression is the Trend of Trends for 2009.

Even so, beware! Over the course of free-falling 2009, the word from most official sources will be "recession," and from the few mainstream trophy pessimists, "deep recession."

For example, the oft-quoted naysayer, Nouriel



Roubini, New York University professor of economics, forecasts a two year recession ... not Depression. On the sunnier side of Wall Street, the Federal Reserve predicts the US economy will contract only through the middle of 2009 and pledged, "In any event, the Committee agreed to take whatever steps were necessary to support the recovery."

What "steps?" The Bernanke Two-Step? Adjust interest rates or print more money? Neither stopped the credit crisis from worsening, the real estate market from tanking or the stock markets from crashing.

It was Fed finagling, Washington deregulation and Wall Street's compulsive gambling that created the crisis. To trust or to seriously consider pronouncements, analyses and predictions made by any of these sources is an exercise in willful self-deception. Yet, with pensions, IRAs, 401ks, stocks and mutual funds evaporating, many of those most affected deny reality and take hope that forecasts made by proven incompetents will miraculously restore their losses.

Throughout the many years leading up to what we term the "Greatest Depression," The Trends Research Institute provided copious data and Global-nomic® analysis to support our forecasts of economic upheaval. In the past year alone, we have provided so much hard evidence (housings starts, home sales, foreclosures, bankruptcies, bank failures, unemployment figures, stock indices, leading economic indicators, retail sales, etc.) that further elaboration should be superfluous. (See December 2007 Winter; Spring and Autumn 2008 *Trends Journals*. Also see "Financial Passover Question: Why is this Depression Different than all other Depressions," *Trends Journal*, Autumn 2008.)

Those waiting to hear the "D" word from economic experts, talking heads and TV anchors before



taking action will most certainly regret their indecisiveness.

Absent from the economic scenarios ranging from second quarter recovery, deep recession and “virtual” depression are the multiplicity of social, environmental, health, political, emotional/psychological and geopolitical factors that point beyond just Depression. They point to The Decline and Fall of Empire America. (See “Empire America Fading Fast, *Trends Journal*, Summer 2002.)

Trendpost: *A Greatest Depression consideration: How safe is your money? How sound is your bank? At the end of November, Citigroup, once America’s largest bank, was on the rocks. Fifty-two thousand employees were laid off. In just three days its stock lost more than half its value. Rumors swirled that Citi was so desperate they were looking to sell or split up the company.*

Is your money deposited in a local bank whose reputation you can bank on? Are you with a teetering giant or a poorly-managed regional? If either of the latter, it would be in your best interest to assess the risks.

Take some out if you think there is risk; take it all out if you think there’s high risk. You may consider spreading it around and even banking abroad ... after all, this is the Global Age.

But a Great Depression hazard – finding it impossible to withdraw your money from the bank – cannot be ruled out.

Well before Inauguration Day, Barack Obama was cast as the next Franklin Delano Roosevelt. If he follows in FDR’s footsteps he could freeze deposits by declaring a “holiday” to stop a run on the banks. While FDIC insurance may cover deposits, even after banks reopen, withdrawal amounts may be restricted. (As the Argentine government did in 2001-2002.)

Publisher’s Note: Suspicious of the soundness of the banking system, I requested to withdraw a substantial sum from our Key Bank account, leaving funds sufficient to cover ongoing business operations. First they tried to dissuade me, then they stonewalled me, and finally they turned openly hostile.

I was forced to sign a series of documents, including one acknowledging that since I was carrying a large sum I could be the target of a robbery. To enhance that possibility, the teller slammed down the bag of cash on the counter and publicly announced the sum.

Despite repeated requests in the days preceding my withdrawal to get the cash in hundreds, they gave it to me in twenties, making for a bag five times the size and more robber-friendly.

When I complained to the bank manager who had processed the request, the response amounted to “take it or leave it.”

This will not be an isolated event. If you attempt to withdraw a large chunk of money from your account, negotiate the details in advance and anticipate possible hassle and obstruction.

We’ve heard similar accounts from clients and *Trends Journal*® subscribers who, over the past several months, tried to close out mutual funds, 401ks and assorted sinking equities. They were dissuaded, cajoled, belittled and arm-twisted by brokers desperate to keep their accounts. Many caved in under the pressure, didn’t close them and lost much of what they had.

Trendpost: *Immediately following the November elections, the sale of safes and guns rose dramatically. While at the moment such measures may seem extreme, as Greatest Depression conditions set in, crime will rise and self-protection in all its aspects will become a major trend.*

Petty thieves, con artists, muggers, burglars, kidnapers, street gangs, organized criminals (in addition to Wall Street and Washington) will be on the prowl. From bulletproof vests and advanced security systems to Rent-a-Bodyguard and burglar-proof money mattresses, the anti-theft field will attract resourceful and no doubt outlandish innovators.

Trend Tracking Tip: One of the chief aims of the *Trends Journal*® and The Trends Research Institute is to help