

the big news. Hard reality struck on 24 July when the Dow took a 226 point dive. Blaming the market fall on weak corporate profits, the most quoted “experts” shrugged off the sudden decline because “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.” The tale began with the opening lines: “Take a deep breath. These things happen.” Quoting firms with vested interests to keep people from pulling money from their accounts (and from pulling ad space from their paper), *The Times* wrote “There is a large degree of truth to statements like these, and professional investors have a good recent track record to back them up.” (NYT 27 July 2007.)

Just as *The New York Times* had spread pre-war propaganda that Iraq was acquiring nuclear material for weapons of mass destruction, by mid August, the “large degree of truth” they were force-feeding readers turned out to be just another party line.

By month’s end, the quoted experts counseling to “Take a deep breath” were being dragged under by the rapidly sinking equity markets. Never blaming the meltdown on massive public and private debt loads, a slowing economy, the deflating housing bubble or the massive financial schemes of buyout firms, derivative players, etc., *The Times* found yet another villain: “Pack Mentality Among Hedge Funds Fuels Market Volatility.” (NYT, 13 August 2007.)

Over the following weeks, as the financial markets violently tumbled, the media’s “money honeys” and business broadcasters papered over the real events with fairytales that “Goldilocks had caught a cold” and that her not too hot, not too cold economy was done just right. “It’s a psychotic episode” ... it was weak minds not hard facts that were sinking the market ... bellowed the same business news broadcaster that admonished viewers not to over-react minutes before the second plane crashed into The World Trade Center.

BAILING OUT THE BIG GUYS

“The fundamentals of the economy are sound,” reassured President Bush in concert with the world’s

central banks injection of hundreds of billions of “liquidity” to keep money markets from drying up.

Unable to stop the spreading overseas contagion, and with fear that the nation’s biggest home lender might go belly up, just before the New York Exchange opened on 17 August, the Federal Reserve succumbed to the cry from banks and brokerages by cutting its discount rate. “The floor was elated, our system worked,” was the response from the trading firms on the Street.

The “system” didn’t work! The financial markets were out of control. It was much bigger than the so-called subprime problem of “little people” being unable to pay back mortgages whose rates kept rising. Those were just the first visible cracks of the crumbling economy.

Just as the Twin Towers collapsed from the top down, so too will the US economy from an Economic 9/11.

When the high-stakes speculators, banks, brokerages, and buyout firms that leveraged billions with millions get hit ... everything underneath them will turn to rubble.

The subprime problem was peanuts compared to the hefty bets made on commercial real estate deals, leverage buyouts, credit spreads, complex mortgage securities, and other esoteric investments that were fabricated with hardly any money down.

When the giant firms fall, they’ll crush the man on the street.

THE PANIC OF ‘08

Failing banks, busted brokerages, toppled corporate giants, bankrupt cities, states in default, foreign creditors cashing out of US securities ... whatever the spark, the stage is set for panic in the streets.

Whether market driven, inflicted by terrorists, a state of war – or delivered by Mother Nature – while we can’t pick the immediate cause or precise date, get ready, the big one’s on the way.

Like Katrina’s victims that knew the hurricane was coming but didn’t flee – and looked to Uncle Sam to save the day – those that don’t take action before panic strikes or wait for Washington to lend a hand, will suffer the most from the calamity that follows. Politicians will make promises for better days

and Wall Street will do its job to deny that Panic ever arrived.

On 11 December, as the stock market tumbled 294 points in response to the Fed only cutting rates 25 basis points instead of Wall Street's hope for 50, the brains of broadcasting were still debating the possibility of oncoming recession.

RATE RAGE ON THE STREET

Screaming mad for not lowering rates further, stock broker barkers blamed Fed Chairman Bernanke for being out of touch with the world and ignorant to Wall Street's ways. Desperate to keep their highly leveraged deals from going bust, the vicious attacks against the once exalted institution and its high and mighty were out of protocol and Wall Street's character ... but they needed money at any cost.

In an extraordinary sign of weakness and intimidation, immediately after the market closed, the Fed announced that other money-easing measures were in the works. The next day, the markets slightly rebounded when the Federal Reserve, in concert with world central banks, announced the biggest act of international economic interventionism since 9/11 terrorist attacks, by creating a temporary short-term "lending facility" to ease the credit market meltdown.

In the end it would make no difference. Had the Fed lowered rates and pushed more money into the glutted system, the battered dollar would have dived. Hold, raise or lower rates ... temporary short term "lending facilities," smoke, mirrors ... the game was over. There were no silver bullets or magic options. Nothing would stop the Panic.

Despite all the talk, all the screaming and all the efforts to skew the data, the hard facts would tell the real story.

Trendpost: *Jobless, broke and nowhere to go, "Self Storage" will soon live up to the meaning of its name. Down and out, thrown onto the streets ... homeless Americans will empty out storage lockers of useless junk ... to store themselves. When Panic strikes, it will only be a matter of time and a question of survival before they move in. Whether on their own or with family in tow, living in concrete and steel 4x8s will be a step up from sleeping in the streets or risking a night at a homeless shelter.*

Trendpost: *The implications of a nation in decline are already in the making.*

As legitimate options to earn real money dwindle, the business climate for crooks and cons of every stripe and social order to invent new scams (and bring back old ones) to fleece easy marks, will expand across the social spectrum.

Pyramid sales – termed "multi-level marketing" by the people in the business – with promises of big bucks by hitting up friends, family and strangers to buy some of what the Pyramid boss is selling, will hook flocks of hungry suckers. The informercial business will also thrive as the newly out of work and the sunk in debt toss the dice on a get rich scheme that promises a money back guarantee.

Trendpost: *Like other third world nations threatened by a heavily armed criminal class, a frightened public will be locking themselves in both day and night. Surveillance equipment, gates, bars, anti-theft devices, attack dogs, attack-proof products, security guards, identity theft and theft protection ... any businesses and service promising "protection" will proliferate.*

Trendpost: *Anti-immigration movements will intensify as many of the problems ranging from increased crime, to loss of job will be blamed (rightly or wrongly) on the illegal population. Immigration will also remain a major Campaign 2008 hot button issue. A dark horse candidate with a populist bent and a strong anti-illegals position will find a wide voter base.*

Trendpost: *Wage riots and street protests will escalate in size and intensity as demands for better pay and income distribution become calls to action from out-of-work and the low-paid masses.*

As with other nations on the skids where the police are used to protect the powers, brute force will be inflicted upon the crowds and planted shells will turn peaceful protests ugly by inciting violence.

Trendpost: *As major corporations fall and chain stores break apart, ample opportunities will be available for entrepreneurs to fill the gap the big guys left behind. Success in the downtrend climate requires knowledge of delivering goods and services with*