

US taxpayers were left holding the bag and footing the bills.

After years of threats and calls to action, war tensions temporarily eased between the US and Iran following American intelligence reports released in early December that, contrary to White House claims, Iran's nuclear bomb program ended in 2003.

The battle between Israel and the Palestinians dragged on as predicted. Following the US sponsored Annapolis peace conference in November, Israel announced plans in December to build more housing developments on occupied Palestinian land.

While all of the above were dutifully reported by the media from time to time, the details were manipulated by special interests, spun by political

hacks and glossed over by America's media devoted to saturation coverage of issues deemed more pressing.

With the nation on the skids and heading down ... and with bigger problems coming up on the horizon ... the biggest media mouths were busy broadcasting primetime slime for endless hours about Anna Nicole Smith, Britney Spears, Paris Hilton, lost Boy Scouts, kidnapped kids and the sexploits of Teachers Gone Wild.

Their minds saturated with junk news, bodies bloated on junk food, working non-stop, talking constantly, hardly listening, self indulged or just tuned out ... the reasons for Americans being out of touch, ignorant of the facts and unprepared for what's to come are academic. How they prepare to deal with the future is what will count.

But just as they didn't see 9/11 coming and were frozen in shock when terror struck, they'll be frozen in shock when terror strikes again.

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ECONOMIC 9/11

The financial markets took a direct hit in late July. But just as viewers watching the World Trade Center burn were told not to be alarmed ... and just as people trying to evacuate the towering infernos were told to go back to their desks and stay put ... when terror struck Wall Street in late July, the message was the same: "The damage is contained."

We saw the financial crisis coming and warned *Trends Journal* subscribers just days before the Dow and Chinese stock markets reached all time highs to prepare for an economic storm. We wrote: "*The economic data will not improve. The Spring housing market was a bust and will continue its downtrend. While we cannot pinpoint a specific date, trend indicators point to a major crisis hitting the financial markets between July and November.*"

We also provided strategies, plans and options to consider in preparation for "the worse to come."

SUMMERTIME BLUES

While the trends leading up to the crisis were long in the making, in the heat of the summer, with the nation in a vacation state of mind, most missed

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