

An Introspective Look at the Future of America

Systemic Fraud, Corruption and Financial Instability

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Global Research, January 02, 2010

[Earthblognews](#) 27 December 2009

Region: [USA](#)

Theme: [Global Economy](#)

As we close out 2009 and look forward into 2010 and beyond, this has been a year of near financial catastrophe and monumental change, none of which benefited America or ordinary Americans. Late in 2008 and throughout 2009, events have happened in the US which would have been labeled unfathomable just a few short years ago, and yet already these monumental changes are expected to be filed into the memory hole and Americans are expected to believe nothing has changed.

As we exit the year, we are told the US is a laissez-faire free market economy and yet the US government is now the largest owner of housing in the US as well as the owner of last resort for some of the largest and completely insolvent US corporations. The Federal Reserve, a privately and anonymously owned and controlled corporation chartered with issuing the nations currency, were given the green light by themselves to transfer to themselves and their shareholders the people's wealth in the form of their future labor. The FED balance sheet has ballooned to become a junk bond warehouse as they overtly and covertly buy their own debt, immune from any sort of oversight, regulation or auditing and operating above the law. Along with that, increasingly coercive brute force measures are now routinely necessary to manage and manipulate so called "free market" asset prices which are cheered by so called "financial news media" whose board members and management are all the same people who transferred the people's wealth to themselves. The corporate media party line idea of a "free market US economy" now seems like a distant memory and it all feels like systemic fraud, corruption, malfeasance and organized crime at the very highest levels.

During 2009 we have seen the continued collapse of American industry amid wave after wave of layoffs. The corrupt corporate media cartel likes to trot out a group of FED sponsored shills who call themselves "professors" to call this a "jobless recovery" although it's difficult to imagine a recovery where American industry has collapsed and is now owned by the government. US cities both large and small have been decimated by the loss of the US manufacturing base. Detroit now resembles a third world country with a 50% unemployment rate. Ransacked, foreclosed houses go for a dollar apparently because no one who has a choice is willing to own property or live there. The US has an officially stated unemployment rate of ten percent and a real unemployment rate of over 20 percent. Wall Street may have recovered due to a direct injection of capital from the future labor of the people, but there has been no action taken whatsoever to improve the situation of the average citizen as the disconnect between the ruling Oligarchs and Wall Street, the real economy and the lives of ordinary Americans continues to widen. The people's bailout money, which represents the future labor of Americans, went directly into the pockets of the people who created the crisis in the first place because they are in the enviable position of

being “too big to fail”. Interestingly, or sadly, the same people and institutions responsible for and who profited from the catastrophe are still in charge and have handed even more power and control to themselves. Although there has been talk in Washington of “too big to fail” being undesirable, the result of the post collapse policies have resulted in ever fewer, ever larger players with more power and control and instead of being “too big to fail” now wield so much money and power that they demonstrate wholesale ownership of the entire US political body.

Due to the post collapse monetary and fiscal policies, the people have now been saddled up with an unpayable level of debt. The cause of the near total collapse of the financial system was too much debt and the “solution” has been even more debt piled on to the original debt. During the year, the Dallas FED estimated the financial obligations of the US government at 99 trillion dollars. The head of the TARP program estimated the bailout cost at 24 trillion dollars. Totaled together the US has in the neighborhood of 120 trillion dollars of current and future obligations on an annual revenue of around 2 trillion dollars which is falling due to high unemployment, higher state and local taxes and fees and lower wages. Cutting that down to size, imagine earning 200,000 a year and having a debt of 12 million dollars. In short, the US dollar has become a token of an unpayable debt and thus the anchor of the entire global financial system is a ponzi fraud. It becomes impossible to compute the value of anything as measured in a fraudulent currency that represents an unpayable debt.

The banking system is not lending money because it’s still insolvent. The people, having lost over 5 trillion dollars in the real estate bust are also collectively insolvent. Many US states and cities are bankrupt or near bankrupt. One in nine Americans subsist on food stamps. Even as a college education has become unaffordable to most Americans, college graduates now find themselves jobless. One in seven households now have their adult children living back at home due to the inability to find a job. The homeless population is growing and tent cities sprouted up across America during 2009. The estimated homeless population in LA alone is 40,000 people a night. People in the US if they have a job are working longer and harder to make the same income. Wages have remained stagnant and the real cost of living continues to spiral ever higher for ordinary Americans. The new man in charge, elected on a platform of “change”, has delivered his change in the form of change=no change, or how do you like your change now?

By any metric you choose, whether it’s the median home costing half the median income even at artificially low interest rates, to the ballooning cost of insurance, healthcare, education or anything else people spend their money on, the US is experiencing a rapid decline in the standard of living for ordinary Americans and an emerging ultra rich ultra powerful shadow oligarch rule amid a generalized and widespread financial and social decay. The US population is becoming a nation of voiceless serfs with fewer and fewer remaining civil and property rights and a rapidly decaying standard of living, the antitheses of everything America is said to represent and strive for.

The hypocrisy and fraud of the oligarch rule corporate media story line is now nearly impossible for an educated, informed adult to digest. As Jim Grant pointed out recently, according to Section 19 of the Coinage Act of 1792, the penalty prescribed for any official who fraudulently debased the people’s money is death, yet in 2009 debasing the people’s money resulted in a “man of the year” award from the self serving corporate media who will be next in line for a bailout from the people for their good service to the new oligarch rule. This organized crime, this theft, occurring right out in the open, may explain why employees

of the largest US financial institution are now not allowed to gather in groups larger than 12 outside and their executives are carrying firearms. In an affront to the intelligence and sensibility of any citizen of this planet, the new US president expanded a war he was elected to end and started a new frontier in Pakistan, for that he was awarded a Nobel Peace Prize. The people who were awarded hundreds of billions of dollars of the people's money because they lost all their money are skimming millions and billions off the top for themselves and their associates in what they call "bonuses". 2009 has been a year of egregious assault on the American public by the people in charge.

The "people's representatives" as they like to be called, no longer represent the people at all but instead solely represent and pledge allegiance to the special interests and corporate lobbyists who have bought and paid for their votes, along with the media oligarchs who control who sits in the seats. Regardless of whether they call themselves Democrats or Republicans, they are a group of self important, self serving, morally bankrupt, corrupt, clueless buffoons and criminals running unchecked by a complicit corporate media.

Every American should be ashamed, embarrassed and sad that their country has been bought and sold to an organized criminal enterprise which includes the entire political body and the media. The only thing the "people's representatives" have in common is contempt for the people they are ostensibly representing. It is revolting for any American to watch these cretins heaping praise Ben Bernanke at the congressional theater of the absurd. His institution has already debased the dollar by 95% and failed miserably in every mandate they had since they took over in 1913. If any American has managed to retain or save any money, he can now put it on deposit in their banking system and earn a negative real return (a loss of his purchasing power) while at the same time the banks will take his deposit and loan it to his brother at 30% interest. So Mr Bernanke the money printer has control over the largest legal loan sharking operation ever concocted and it is funded by the America people, against the America people.

During 2009, the leadership has taken actions which benefit the corporations and special interests who own them, while showing nothing but wanton disregard for the millions of citizens whose lives their sponsors have destroyed. What we are headed towards in the US if we are not there already, is a Straussian society of ultra rich, ultra powerful oligarchs and a selfish powerless population with no middle class to speak of. The US president De Jour is, and from here on out will be a yes man, subservient to the ultra powerful too big to fail oligarchs who control the money and power and are responsible for putting him in the drivers seat. This is not compatible whatsoever with prosperity, democracy or anything else the US still holds itself out as. Here at the end of 2009, the United States has morphed into a bankrupt fascist oligarchy which owns the military machine as a policy enforcement tool, the entire political body and the media. It isn't going to fix itself because the fraud, corruption and malfeasance is systemic. It meets every definition of organized crime and it's all happening right out in the open.

In my way of thinking, this is not at all unlike the breakdown of the Soviet Union where for a period of time a sort of mafia of oligarchs wielded the wealth and power, carved up the remaining wealth of the country among themselves and had their way with the country amid a climate of manufactured fear, chaos and decay. The key point being that the people in control are out to make money and increase their power at the expense of the citizens. Mr Orwell said "the purpose of power is power" and that statement needs to be well understood. These megalomaniac, sociopathic aspirations of ever more power and control

by an elitist group of criminals come at the expense of America and future Americans. It doesn't matter whatsoever to the oligarchs because they have property waiting in Croatia. When the remaining wealth has been extracted from America, they will all pull out and the citizens will be left with a rusted out bankrupt hull. I believe the circumstances for this eventuality have already been created, just not yet realized due to the enormous size of the economy and the momentum it has. In other words, I believe it's collapsing as fast as it can although living through it seems like slow motion. When viewed from the future in a historical context however, I think it will have seemed fairly rapid.

The financial markets have deteriorated into a Las Vegas casino atmosphere where the only consistent winners are the house and the too big to fail entities trading on foreknowledge and inside information shared freely between the treasury and the few remaining large trading houses. The entire system is bankrupt, fraudulent, corrupt and irretrievably broken. The anchor of the global financial system, the US dollar, has become the world's largest ponzi scheme and the remaining 95% of the world's population would like a new, viable standard. At this point however, despite any action the FED may or may not take, the US debt is far too large to ever be repaid. It is questionable if the interest payments will even be serviceable if interest rates were to rise, and the only reason interest rates are low is because the FED is using brute force. At this time the only way out without a complete collapse is to inflate away the debt, thus turning a deflationary collapse into a long period of inflationary decay and declining standard of living.

I have been of the opinion that what we saw in October 2008 was a collapse of the global fiat financial system which was more or less expected due to the collapse of the real estate bubble. I have reminded my subscribers that when I was forecasting a drop in real estate prices of as much as 50% during the heyday of the mania, that sounded unfathomable. What I believe is in store for our future sounds nearly as unfathomable now as that idea did back then. I believe the reason it sounds unfathomable is due to the constant barrage of lies, misinformation and propaganda from the tight knit corporate media oligarchy which has essentially merged with the new power structure of the US in a corrupt, overt form of fascism that would make Mussolini blush or Goebbels the propagandist nod in approval.

Over a period of decades and with one FED induced serial bubble after another, the financial system finally reached an unsustainable level of debt and leverage in 2008. When the FED started raising interest rates, when the real estate bubble burst, it involved so much debt and leverage that the whole system failed, pricing models and risk models failed, and the banking system quickly became insolvent.

I believe we have already had a systemic collapse, and the only thing the FED can do now is alter the look and feel of the collapse and to manage the allocation of the remaining wealth. In the end, whether by deflationary collapse or inflationary decay, the result of the collapse will feel the same to the US general population regardless of the interim path taken.

If the FED had done nothing, the whole system would have quickly degenerated into a deflationary collapse and failure of the financial system due to insolvency. The course the FED chose however is the one myself and many others predicted beforehand...the FED chose to solve the problem of too much debt by creating even more debt by taking the unprecedented action of buying its own debt under euphemisms like "quantitative easing" and "debt monetization" and also covert buying to artificially force negative real return rates of interest. Through this course of action, the FED so far has been able to turn what would have been a rapid deflationary collapse into a decaying inflationary depression which

is euphemistically called “a recession that is now over” by the six people who control 96% of the global media and attempt to pass off propaganda as “news” to a woefully mis informed, dumbed down and apathetic general public.

Going forward, If the FED doesn't buy enough of their own debt, then interest rates on the long end would rise and the risk becomes a deflationary collapse into insolvency for the FED and it's banking system. If interest rates remain effectively at zero on the short end and artificially suppressed by quantitative easing on the long end, then the real estate market can recover and the banks can regain solvency. If interest rates rise as the free markets would argue for however, then the real estate market sinks even further, the US dollar rises, and greater insolvency of the banks follows. The higher interest rates go, the thinner the knife edge gets and the FED would quickly find itself staring into another October 2008 collapse kind of situation. On the other hand, if by buying enough of their own debt they can keep short and long term interest rates down, then the free money percolates through the banking system, puts pressure on the dollar, lifts commodity and real estate prices and pulls out of the collapse via inflating away the debt so long as they can avoid run away hyperinflation in the process. This is the path we have traveled throughout 2009.

The key point is that the FED has had the option of doing two things...creating even more debt in order to save itself and the banking system, or do nothing and watch themselves collapse into a mass of failure, loss of power and control, insolvency and domino style bankruptcy and default. They have chosen the expected course, which is to increase the debt and print money, which is the way they save themselves and their banking system. In short, given a choice between saving the people and saving themselves after a collapse, they have taken the expected course which is to attempt to save themselves. What else would you expect? If they had wanted to save the people they would have taken the peoples bailout money and handed it to them in the form of a check. Instead they handed it to the banks.

Although they have been somewhat successful in reducing the insolvency of the banking system, they have effectively created a giant wealth transfer mechanism whereby all the money that disappeared in the collapse was re created out of thin air and given to the banks and wall street. I think of it as a sort of shell game. The money disappeared from Mom and Pop's 401k and re appeared on the balance sheets of the banks via freshly created new money (debt). As a result, we have something still called “free market capitalism” which is not free market capitalism at all. We have emerged from this crisis with a sort of financial oligarchy where a few entities who control all the wealth and power also control politics and media. Understanding this will help to understand issues like “healthcare reform” which will involve you paying more and getting less, with the primary beneficiaries being the oligarchies who control health care and insurance.

The one major point I have to make at this time is throughout 2009, there was no action taken that put the average citizen in a better position, but instead during the course of the year there was a gigantic wealth transfer from the citizens to the banking system, effectively orchestrated by the so called “people's representatives” who are in fact, all owned by the banking system and Wall Street with half a dozen or so oligarchies and lobbyists in a public display of fraud, malfeasance and corruption that sets a new historical precedent.

I have been and remain of the opinion that the ultimate “solution” to this crisis will be for the entities who now control the wealth and power to accumulate even more wealth and

power via a global central bank and global currency which now for the first time in public has been discussed on and off throughout 2009 and described as the New World Order by such luminaries as Henry Kissinger. So looking out beyond 2010, I see a new global reserve currency emerging and a global central bank which will effectively also be a global governing authority where the heads of state effectively report to the group of central bankers and their anonymous shareholders who effectively control the money, power and politicians on a global scale. When the global currency is introduced, only then do I expect a sort of collapse of the US dollar versus this global currency. In this way, the world can carry on while the former global reserve currency called the US dollar will be free to depreciate to a level where solvency is regained and the now unpayable US debt is inflated away to the point where it can be repaid in depreciated dollars. US citizens will experience a continued decay as the US becomes to resemble more and more, a third world country. Detroit is already there. The corporate media won't show it to you but if you do a youtube search on Detroit what you see will shock you.

My view of the world tends to be the long view. Throughout 2009 I have been positioned and trading in various hard assets including but not limited to gold silver, back month crude oil, Soybeans, raw land and Americana. I own and trade some Chinese shares but no US equities or bonds. I have lost confidence in the US leadership. I have lost confidence in the fairness of the "system" where some elite entities are free to keep the profits and nationalize their losses. I have opted to opt out by embarking on a long term effort to transfer more and more capital "off wall street" and their organized crime ring they call the banking system, and instead investing in things without fraudulent or impaired balance sheets. At some point in the future, I want to be short US 10 and 30 year bonds because it is nonsensical to me that anyone would be willing to loan a bankrupt country money for 30 years at an interest rate of 4% or so. The only reason this situation exists today is due to the FED monetizing debt and attempting to manipulate the long end using brute force.

So as we head off into 2010, I see a lot of uncertainty in the short term. If interest rates rise and the US dollar gets stronger, by mid year I would expect a repeat of October 2008. What I expect to happen over the longer term however is that the FED will ultimately print enough money to attempt to slowly inflate the debt away to a manageable amount amid a generalized and severe decay in terms of the standard of living for Average Americans. At some point along the line, I expect the world reserve currency role to be moved into a global currency and for the US dollar to be allowed to float against it without the benefits associated with the world currency role, and for the US standard of living to continue to decline and eventually decay into a societal collapse followed by something different. I expect China to emerge as the dominant economic power in the world and to purchase a large amount of US assets. Somewhere along the line I also expect the Nobel Peace Prize recipient to bomb Iran because he will be ordered to do so by the people who control the money.

Personally, based on what I see coming over the long term I have elected to forego city life and have embarked on a long term project in the picturesque Appalachian foothills in an effort to increase my degree of self sufficiency and insulate myself from the continued decay and declining standard of living sweeping the country. My long view for the US is high inflation which will not show up in the government's fraudulent statistics, along with a declining standard of living, increasing decay and ultimately leading to chaos, societal and government collapse in the US within a decade or two, maybe sooner.

I would like to end by quoting Marc Faber with one of the most compelling quotes of 2009. I

find this quote compelling because the price of anything as measured by a fraudulent standard is meaningless. To me, it is a gift to be able to still exchange US dollars for anything with real value.

“I would buy every three months some gold and not worry so much about the price because the weight stays the same”

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