

Economic Crisis: The Next Round of Financial Slaughter

The G-20 Summit Charade

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Theme: [Global Economy](#)

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In a November 2009 article, I forecasted that at the earliest, by the first quarter and the latest by the second quarter of 2010, the global economy would unravel.

Since the second quarter of 2009 and more so in the first quarter of 2010, the Obama administration, the G8, the international mass media, the IMF and the World Bank, all sang the chorus that the global economy is on “the road to recovery” and “the worst is behind us”.

While, the Dow (DJIA) “recovered” from the March lows of 2009 and shot above the 10,000 mark, all major markets were manipulated to give the illusion of recovery. The gullible took it all – hook, line and sinker.

But let me share some common sense logic.

When the so-called economists and financial analysts were trumpeting that there was a global recovery, did you consider what that means in real terms?

If there is an economic recovery, common sense tells us that productive entities, namely companies and national economies must be *making money* -i.e. *firms are making profits and countries are improving their export performance*.

And more importantly, if the so-called recovery is a sustainable recovery with economic growth, subsequent policies would no doubt reflect that optimism.

In essence, theory must jive with practice and/or reality.

But, what did we observe? What were the global central banks doing?

1. They deliberately **kept interest rates low (in the case of the Federal Reserve, at almost zero rates), serving the interests of the Shadow banking system**. I will explain later this sinister policy and what it means for common folks.
2. They continued their policy of “Quantitative Easing” -i.e. creating money out of thin air to maintain the debt / slavery cycle.
3. Knowing that the crisis has not abated and fearing the worst, they began an intense currency warfare i.e. Dollar v Euro, Dollar v Yuan, Dollar v Yen and so forth. This resulted in competitive devaluations of currencies.

What was the reality on the ground, namely the real economy?

1. corporate profits were weak.
2. Unemployment numbers continued to climb.
3. Foreclosures increased.
4. Taxes are set to increase.
5. Severe cut backs of all major categories of public expenditure have occurred in major national economies.
6. There have been renewed calls for another massive “stimulus”.
7. The G20 was convened in another attempt to sort out the economic mess.

This is the harsh reality of the G-20 Summit.

The outcome is another charade, no different from the previous summit. It is abundantly clear that each summit participant has signalled that ***self-interest comes first*** and no one can be in any position to help another given the ***out of control sovereign debts*** that have swarmed the developed economies.

There are now two competing schools of thought as to how best to address this financial cancer that has spread to every major organ of the global financial body, namely:

- (1) Continue with the massive stimulus and more borrowings at all levels, and
- (2) Adopt severe austerity measures to reduce deficits and borrowings.

The solution put forward is not unlike tossing a coin – either head or tail, but these so-called economists and experts forget that they are both sides of the same coin. Whatever may be the preferred solution, the end result will be a vicious cycle of delayed boom and bust, but this time more severe than the bust of 2008.

Why is this so?

Let us just examine one critical factor of the global economy, specifically the issue of interest rates.

It is a wonder why until now there has been no violent revolution and/or social unrest throughout the developed world. And the people of the developed world are deemed to be educated and sophisticated “investors” with access to modern technology and savvy financial newspapers.

Should public opinion not be angry that:

1. Too Big to Fail Banks can ***borrow billions at zero rate interest*** and then lend them out, reaping huge profits.

Why can't anyone see that no interest payable means ***no costs of borrowing the billions***

from the central bank (Fed, ECB, etc). It is a no brainer to see how these banks can make so much money. If you have no costs, everything else is **super profits. And that is why these corrupt banks have all declared record profits, more profits than they have ever earned before 2008. This is because before 2008, these banks had to pay interest to the Fed or to banks in the inter-bank market.**

These financial manipulators are the only economic / financial entities in the world that need not pay interests on their borrowings.

Meanwhile, ordinary people have to continue paying mortgage payments for a house that is not even worth 50% of its mortgage value.

So why has the public not taken action against the central banks (including the Federal Reserve), the fat cats on Wall Street and the politicians?

2. The rest of the world must incur a huge burden of **financial cost in the form and shape of interest** to start any worthwhile business. And the profit margins are so small, that it is a wonder that profits can be made at all in some cases.

3. Hardworking people are lured into the global casino with the illusion that they can make more money there than sweating in honest labour in a shop, factory or whatever. The mantra, **“invest for the long run”** is drummed into Joe’s head and he is brainwashed. He needs to leverage to make the big bucks, the big score.

4. When these financial manipulators get this kind of handout, what do the smart guys at the Fed and the politicians call it?

I call it **handouts, under the table money, SUBSIDY! And the amount is in the Trillions.**

5. Now there is a clamour for an austerity drive. The corrupt governments the world over demand that spending for social security, social services, pensions, public housing, medical care etc. must be cut drastically; subsidies must be slashed as there is not enough in the national coffers to pay for these gigantic expenditures. This is a nonsensical argument.

Ordinary people must bear the burden, while the banksters can continue to enjoy the biggest subsidy ever paid in history to a social minority.

6. “The government is broke”, the paid scribes never cease to proclaim. But they can afford to lavish trillions worth of subsidies to the fat cats of Wall Street and the Too Big to Fail Global Banks and the Shadow Money-lenders. They create money out of thin air and lend at zero interest rates to them. But for you, the government says that they have to borrow to finance social security, medical care etc. and since they have no money, they have to raise taxes. Why can’t the government create money out of thin air and lend you at zero interest rate just as they are doing for the fat cats?

So why has the public not reacted?

I need not go further to explain whether the so-called economists and experts are right in adopting one or the other solution referred to in the preceding paragraphs.

The answer is staring at your face.

Do something about it. Stop whining and moaning!

Organise and stop this global robbery, the largest ever transfer of wealth from the many to the minute few in history.

Let me assure you that if all the global Too Big to Fail banks were to collapse and go into bankruptcy, the world's economy would not collapse.

To avert such a collapse, all the people need to do is to take absolute control of their respective Central Banks away from the hands of the so-called "independent board of directors / governors" and transform the way central banks are managed.

It is a lie that markets control interest rates (and for that matter the value of a nation's currency). It is the global central banks in connivance with the Shadow Money-lenders, hedge funds etc. that control rates through pre-arranged parameters. It is and always has been an insider's game.

Until this is done, all talk of financial reforms is just that - cheap talk. Control of the central banks is the crux of the matter.

Did not the Founder of the Rothschild financial empire say that whosoever controls the power to create money will have the ultimate power to control all and sundry?

So who should have the ultimate power to control the creation of money: the common people or the carefully selected financial elites, the fat cats etc.?

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