Instability on the World's Financial Markets: Personal and Corporate Bankruptcies are Roaring with no End in Sight

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It was only a month ago that the Dow closed at 9686. From there it started to move back up again as insiders learned of the Fed's plan to inject $5 trillion into the economy over the next two years. The result has been a run up to 10,674. We figured out what the Fed was up to, but most everyone else did not.

During that period, almost unnoticed, was the fall in the value of the dollar. On the USDX it has fallen from 86.12 to 80.58.

This is a very good example of the Federal Reserve and the Treasury Department feeding inside information to their friends on Wall Street. This has gone on for 60 years or more, and it puts many professionals and the public at a vast disadvantage. If you then include the market intervention and cross manipulation of the President's Group on Financial Markets," you have a totally stacked deck. Needless to say, the SEC and the CFTC are nowhere to be found. That is because they are an integral part of the manipulations, just by looking the other way. The market has rallied because key players in the banking and brokerage areas knew what was in the works, more massive stimulus. Had not the Fed made such a decision, which four weeks later has not been as yet announced, the market would not have rallied, it would have fallen, and the perception of an economic recovery would not exist.

We are back where we were 19 months ago before the stimulus package and the Fed's injection of capital of some $2.3 to $2.5 trillion. The projection now is $2.5 trillion each year to be injected annually for the next two years. There has been no move toward capital to assist small- and medium-sized businesses into expanding and hiring. Over the past 15 months loans to these companies have been cut by more than 25%, the antithesis of real recovery. Government's answer to that was to extend unemployment benefits by another $34 billion. Banks are still carrying two sets of books with the blessing of the administration, the Bank for International Settlements, the BIS, and the international accounting group, the FASD. Most of these financial entities are still broke. That in part is borne out by the fact that half of the TARP funds haven't been returned. TARP was the Fed subsidy, mostly to the financial sector, that allowed them to make money with cheap money and leverage, as the public was left to languish. It was only a month ago that banks began again to lend for automobile purchases, the result of which was an increase in sales of 15% recently. Government pressure on the lenders to make more subprime loans allowed the manufactures to increase sales. The sales recovery is underway and that is the reason why.

The existence of two sets of books has allowed American and European corporations to avoid writing off losses and declaring bankruptcy. At the same time American firms borrowed $289 billion in the first quarter taking their total domestic debt to $7.2 trillion, the highest in history. Yes, corporate America has record amounts of cash, because they borrowed it. That is up $1.1 trillion in three years. This is just the debt of the non-financials that represent the better performing part of the economy. The financial sector and the banks are the walking dead. The debt of these non-financials equals 50% of GDP, another record. Over the past six months we have seen a large inventory buildup, which means the cash figure could be considerably lower now. That inventory has to be sold over the next six months in a slowing economy. Of course, there is $1.5 trillion sitting in the Cayman Islands, but if that is brought home a 35% tax has to be paid, or 39.5% if the previous tax cuts are abandoned. That is almost $600 billion in taxes, which would go a long way to reducing the budget deficit. We should have legislation to bring those funds home. The tax avoidance is anti-America. This advantage, if ended, would in part cause transnational conglomerates to bring production and jobs back to our country. The entire concept of non-financial corporations have lots of cash is a scam. There are few healthy balance sheets. This situation has nothing to do with politics and everything to do with lying and greed.

Wall Street, banking and government know there has to be action by the Fed and or the legislature to re-liquefy the economy or it collapses. The concept of funding banks and corporations that are too big to fail has so far failed. These elitist entities should have been and now should be allowed to fail. This has nothing to do with saving America and everything to do with keeping Illuminist control of our economy in tact. This is the basic cause of America's problems. These are the people who created this situation in the first place. If you noticed there is absolutely no pursuit of solutions and the underlying cause if fed more money and credit like a vampire is fed blood.

As we said in the last issue most of the funds deposited at the Fed by banks are loans interest free from the Fed to the banks. The money is re-lent to the Fed at 2-1/2% interest paid by the taxpayer. These are sterilized funds held by insolvent banks. If the Fed's interest is halted the banks either repay the loan or get exposed to failure or they lend the $1 trillion invigorating the economy and monetize those funds causing higher inflation.

Personal and corporate bankruptcies are roaring with no end in sight. Credit cards are being paid down, savings are at 3% and retail sales are close to flat. In the last nine years, 8 million jobs have been lost to free trade and globalization and 5.3 million to the depression with no end in sight.

Right on cue the head of PIMCO tells us there is a significant risk of falling into deflation. This is the same song we heard before the last stimulus package and the Fed told us deflation was going to be a repeat of the 1930s in order to justify a massive injection of money and credit. The experts now tell us that there is a 25% chance of deflation and we had best do something about it quickly. The word is there is downward pressure on prices, which is totally untrue, and that is why firms are accumulating cash. They are really accumulating cash to build up their balance sheets. This is the same dog and pony show we saw two years ago. The trend of this direction began a couple of weeks ago by St. Louis Fed Chief James Bullard. It's all conditioning and mind control. The change is justified by bogus government statistics.

It was just some 50 years ago that the SDR, the Special Drawing Right, was created by the IMF. After being put into use in the late 1960s as an alternative to gold, it was essentially abandoned.

A new IMF study calls for the use and re-issuance of the SDR, another product of the Keynesian wonderland. This time in the form of bancor, a new global currency to be designed as a stable store of value for the world economy – the currency to be put into play to save the financial world. This, needless to say, was one of Keynes ideas introduced after WWII. We never got bancor, instead we got a partially gold backed dollar that became a fiat currency on August 15,1971. It only took 23 years to destroy the dollar.

The resultant credit crisis of the past few years has proven that the dollar no longer brings stability to the financial system. Like many other sovereign countries its currency is unstable. That has caused the one-worlders at the IMF to bring back two losers, the SDR and bancor, both of which would be entirely un-backed currencies. As a result users continue to look at the dollar’s exponential accumulation of debt, and wonder where do we go from here. Of course, the real choice is gold, but gold brings sound, honest money and they couldn’t have that. Fractional banking of 9 to 1, or 40 to 1 or even 70 to 1 that we have seen in recent years, would be out of the question. That would kill those massive profits gleaned from the uneducated, unsuspecting public. As a result we have a lending logjam as lenders hoard cash for fear of another financial collapse. As we explained over the past several weeks this practice will end because it hurts the economy, retards growth and feeds the depression.

We can just imagine what a Keynesian driven IMF – SDR or bancor would entail, probably massive deficit spending on projects to enslave more of the world’s population. Such a system would rob nations of sovereignty relieving them of any national budgetary control. We could call this international corporatist regulatory control by the few who know best what is good for you. Such a fiat paper system would be the antithesis of a gold or silver based system. With such control would come social and political control by elitists who believe that the world is over populated. They in turn would cull the useless eaters from this brave new world. There is nothing positive in a world currency. The results are all negative. Keep in mind though this is what these Illuminists want and they could care less what you want.

There is no question there is going to be a global shift away from the dollar. In retrospect we saw the Wall Street criminal syndicate go long the dollar and short the euro ten months ago based on the exposure of Greece and others in the euro zone. They sold their long dollar position and covered their short euro positions with massive profits. That was only part of their goals. The other was to pad the dollar to the upside, because they knew then that the $2.5 trillion government and Fed stimulus was not going to last and that the dollar would be negatively affected. As a result profit taking initially took the dollar lower and that now the dollar is falling as everyone finds out, as we predicted, that there will be another massive package of money and credit injected into the system. Keep in mind as well that the Wall Street insiders probably went short the dollar and long the euro in that process. These are the things the public cannot see in the market that we do, but then again they haven’t been at this for over 50 years. We are definitely headed for a test of 74 on the USDX, which was last seen at 80.38. The question is where do nations go regarding currency. Gold is the natural answer. The decoupling of gold from the dollar is 15 months old. We believe the continuing relationship is 20%; others say 50%. The point is gold is strong because it is being considered the currency alternative to the dollar and well it should be. Unfortunately, the elitists will fight that move all the way to defeat. Gold keeps them honest and without the leverage they want on all their rigged deals. The financial fraud will continue led by

JPMorgan Chase, Goldman Sachs, Citigroup and Bank of America. They will continue to work toward a world government and a one-world currency. It is up to you to stop them at the ballot box in November by defeating almost all of the Incumbents. If you do not this is what you can expect.

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