Titanic Battle or Insider Trading? The S&P Downgrade and the Bilderbergers: All Part of the Plan?

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What just happened in the stock market?

Last week, the Dow Jones Industrial Average rose or fell by at least 400 points for four straight days, a stock market first.

The worst drop was on Monday, 8-8-11, when the Dow plunged 624 points. Monday was the first day of trading after US Treasury bonds were downgraded from AAA to AA+ by Standard and Poor's.

But the roller coaster actually began on Tuesday, 8-2-11, the day after the last-minute deal to raise the U.S. debt ceiling — a deal that was supposed to avoid the downgrade that happened anyway five days later. The Dow changed directions for eight consecutive trading sessions after that, another first.

The volatility was unprecedented, leaving analysts at a loss to explain it. High frequency program trading no doubt added to the wild swings, but why the daily reversals? Why didn't the market head down and just keep going, as it did in September 2008?

The plunge on 8-8-11 was the worst since 2008 and the sixth largest stock market crash ever. According to Der Spiegel, one of the most widely read periodicals in Europe:

Many economists have been pointing out that last week's panic resembled the fear that swept financial markets after the collapse of US investment bank Lehman Brothers in September 2008.

Then as now, banks stopped lending each other money. Then as now, banks' cash deposits at the central bank doubled within days.

But on Tuesday, August 9, the market gained more points from its low than it lost on Monday. Why? A tug of war seemed to be going on between two titanic forces, one bent on crashing the market, the other on propping it up.

The Dubious S&P Downgrade

Many commentators questioned the validity of the downgrade that threatened to be another Lehman Brothers. Dean Baker, co-director of the Center for Economic and Policy Research, said in a statement:

"The Treasury Department revealed that S&P's decision was initially based on a $2 trillion error in accounting. However, even after this enormous error was corrected, S&P went ahead with the downgrade. *This suggests that S&P had made the decision to downgrade independent of the evidence*. [Emphasis added.]

Paul Krugman, writing in the New York Times, was also skeptical, stating:

[E]verything I've heard about S&P's demands suggests that it's talking nonsense about the US fiscal situation. The agency has suggested that the downgrade depended on the size of agreed deficit reduction over the next decade, with $4 trillion apparently the magic number. Yet US solvency depends hardly at all on what happens in the near or even medium term: an extra trillion in debt adds only a fraction of a percent of GDP to future interest costs . . . .

In short, S&P is just making stuff up — and after the mortgage debacle, they really don't have that right.

In an illuminating expose posted on Firedoglake on August 5, Jane Hamsher concluded:

It's becoming more and more obvious that Standard and Poor's has a political agenda riding on the notion that the US is at risk of default on its debt based on some arbitrary limit to the debt-to-GDP ratio. There is no sound basis for that limit, or for S&P's insistence on at least a $4 trillion down payment on debt reduction, any more than there is for the crackpot notion that a non-crazy US can be forced to default on its debt. . . .

It's time the media and Congress started asking Standard and Poors what their political agenda is and whom it serves.

Who Drove the S&P Agenda?

Jason Schwarz shed light on this question in an article on Seeking Alpha titled "The Rise of Financial Terrorism". He wrote:

[A]fter the market close on Friday August 5th, we received word that S&P CEO Deven Sharma **had taken control** of the ratings agency and personally led the push for a U.S. downgrade. There is a lot of evidence that he has deliberately **tried to trash the U.S. economy**. Even after discovering that the S&P debt calculations were off by $2 trillion, Sharma made the decision to go ahead with the unethical downgrade. This is a guy who was **a key contributor** at the 2009 Bilderberg Summit that organized 120 of the world's richest men and women to push for an end to the dollar as the global reserve currency.

[T]hrough his writings on "competitive strategy" S&P CEO Sharma considers the United States the PROBLEM in today's world, operating with what he implies is an unfair and reckless advantage. The brutal reality is that for "globalization" to succeed the United States must be torn asunder . . .

Also named by Schwarz as a suspect in the market manipulations was Michel Barnier, head of European Regulation. Barnier triggered an alarming 513-point drop in the Dow on August 4, when he blocked the plan of Hans Hoogervorst, newly appointed Chairman of the International Accounting Standards Board, to save Europe by adopting a new rule called IFRS 9. The rule would have eliminated mark-to-market accounting of sovereign debt from

European bank balance sheets. Schwarz writes:

We all should be experts on the dangers of mark-to-market accounting after observing the U.S. banking crisis of 2008/2009 and the Great Depression in the 1930s. Mark-to-market was repealed at 8:45 a.m on April 2, 2009, which finally put a stop to the short term liquidity crisis and at the same time ushered in a stock market recovery. Banks no longer had to raise capital as long term stability was brought back to the system. The exact same scenario would have happened in 2011 Europe under Hoogervorst's plan. Without the threat of failure by those banks who hold high amounts of euro sovereign debt, investors would be free to move on from the European crisis and the stock market could resume its fundamental course.

Schwarz notes that Barnier, like Sharma, was a confirmed attendee at past Bilderberger conferences. What, then, is the agenda of the Bilderbergers?

The One World Company

Daniel Estulin, noted expert on the Bilderbergers, describes that secretive globalist group as "a medium of bringing together financial institutions which are the world's most powerful and most predatory financial interests." Writing in June 2011, he said:

Bilderberg isn't a secret society. . . . It's a meeting of people who represent a certain ideology. . . . Not OWG [One World Government] or NWO [New World Order] as too many people mistakenly believe. Rather, the ideology is of a ONE WORLD COMPANY LIMITED.

It seems the Bilderbergers are less interested in governing the world than in owning the world. The "world company" was a term first used at a Bilderberger meeting in Canada in 1968 by George Ball, U.S. Undersecretary of State for Economic Affairs and a managing director of banking giants Lehman Brothers and Kuhn Loeb. The world company was to be a new form of colonialism, in which global assets would be acquired by economic rather than military coercion. The company would extend across national boundaries, aggressively engaging in mergers and acquisitions until the assets of the world were subsumed under one privately-owned corporation, with nation-states subservient to a private international central banking system.

Estulin continues:

The idea behind each and every Bilderberg meeting is to create what they themselves call THE ARISTOCRACY OF PURPOSE between European and North American elites on the best way to manage the planet. In other words, the creation of a global network of giant cartels, more powerful than any nation on Earth, destined to control the necessities of life of the rest of humanity.

. . . This explains what George Ball . . . said back in 1968, at a Bilderberg meeting in Canada: "Where does one find a legitimate base for the power of corporate management to make decisions that can profoundly affect the economic life of nations to whose governments they have only limited responsibility?"

That base of power was found in the private global banking system. Estulin goes on:

The problem with today's system is that the world is run by monetary systems, not by national credit systems. . . . [Y]ou don't want a monetary system to run the world. You want sovereign nation-states to have their own credit systems, which is the system of their currency. . . . [T]he possibility of productive, non-inflationary credit creation by the state, which is firmly stated in the US Constitution, was excluded by Maastricht [the Treaty of the European Union] as a method of determining economic and financial policy.

The world company acquires assets by preventing governments from issuing their own currencies and credit. Money is created instead by banks as loans at interest. The debts inexorably grow, since more is always owed back than was created in the original loans. (For more on this, see here.) If currencies are not allowed to expand to meet increased costs and growth, the inevitable result is a wave of bankruptcies, foreclosures, and sales of assets at firesale prices. Sales to whom? To the "world company."

Battle of the Titans

If that was the plan behind the market assaults on August 4 and August 8, however, it evidently failed. What turned the market around, according to Der Spiegel, was the European Central Bank, which saved the day by embarking on a program of buying Spanish and Italian bonds. Sidestepping the Maastricht Treaty, the ECB said it would engage in the equivalent of "quantitative easing," purchasing bonds with money created with accounting entries on its books. It had done this earlier with Greek and Irish sovereign debt but had resisted doing it with Spanish and Italian bonds, which were much larger obligations. On Tuesday, August 16, the ECB announced that it was engaging in a record $32 billion bond-buying spree in an attempt to appease the markets and save the Eurozone from collapse.

Federal Reserve Chairman Ben Bernanke was also expected to come through with another round of quantitative easing, but his speech on August 9 made no mention of QE3. As blogger Jesse Livermore summarized the market's response:

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. . [T]he markets sold off rather rapidly as no announcement was made about QE3. . . . It wasn't until . . . the last 75 min of market activity [that] the DJIA gained 639 pts to close at a day high of 11,242. That begs the question, where did that injection of capital come from? The President's Working Group on Financial Markets? Or did the "policy tools" to promote price stability by any chance include the next round of Quantitative Easing unannounced?

Was that QE3 Incognito, Ben?

Titanic Battle or Insider Trading?

That leaves the question, why the suspicious downgrade on August 5, AFTER the government had made major concessions just to avoid default, and despite the embarrassing revelation that S&P's figures were off by $2 trillion? Suspicious bloggers have pointed out that Lehman Brothers was brought down by a massive bear raid on 9-11-08, echoing the disaster of 9-11-01; that the S&P downgrade hit the market on 8-8-11; and that the S&P fell exactly 6.66% and the Dow fell exactly 5.55% on that date. In Illuminati lore, these are power numbers, of the sort chosen for power moves.

But we don't need to turn to numerology to find a motive for proceeding with the downgrade. On August 12, MSN.Money reported that it "wasn't much of a surprise":

Wall Street had heard a rumor early on that the downgrade was coming. News sites reported the rumor all day.

Unless it was all a huge coincidence, it's likely that someone in the know leaked the information. The questions are who and whether the leak led to early insider trading.

The Daily Mail had the story of someone placing an $850 million bet in the futures market on the prospects of a US debt downgrade:

The latest bet was made on July 21 on trades of 5,370 ten-year Treasury futures and 3,100 Treasury bond futures, reported ETF Daily News.

Now the investor's gamble seems to have paid off after Standard and Poor's issued a credit rating downgrade from AAA to AA+ last Friday.

Whoever it is stands to earn a 1,000 per cent return on their money, with the expectation that interest rates will be going up after the downgrade.

The Securities Exchange Commission announced on August 8 that it is investigating the downgrade**.** According to the Financial Times, the move is part of a preliminary examination into potential insider trading.

Whatever can be said about the first two weeks of August, their market action was unprecedented, unnatural, and bears close observation.

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