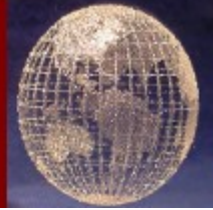


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## The Coming Economic Depression – August 2005 Update

*This is the latest update to a series. Earlier sections appear [here](#).*

### Clueless In America

From the revaluation of the Chinese Currency to rather disturbing news of capital outflows from the US the state of the global economy is in a state of flux. The changes that we are seeing are signs not of inherent strength of but of dangerous imbalances that are causing geopolitical strain around the planet. This months update will cover some these strains, discuss new alliances forming to counteract US global economic and military hegemony as well as reiterating the severe problems underlying the engine of the global economic system, the US economy.

#### ***Political and Economic Shifting***

China's move to revalue its currency is being heralded as a significant first step to assisting the US deal with its gargantuan and frankly un-repayable twin deficits. At the risk of sounding repetitive, I stress that these deficits are the greatest threat to the Global economy as their sheer size staggers the imagination. For those wanting an excellent update on the size of the US deficits one can click over to [Jim Puplava's site](#) and listen to the interview for 23 July. The US has been playing what can only be described as the blame game. It has allowed its most venerable corporations and defense contractors to set up shop in China sell inexpensive goods to a US consumer that can only afford those goods by going into debt. Now the US wants to blame China for our excesses and inane economic policies.

This is one of the reasons why the Chinese have been so reluctant to revalue their currency, there is nothing in it for them. They know how western capitalists work and know that floating currencies is and has been a tool in the past to rob economic strength from developing nations. Thus, China acted wisely long ago and pegged their currency to the reserve currency of the world. This, in their view prevented the usual type of currency manipulation that could destroy or at least undermine their economic miracle. It has worked beyond their wildest dreams. China has finally relented but not because they see this move as ultimately in their interest, but because they cannot afford a serious trade war with the US *at this time*. Yet the Chinese have a card up their sleeve that they have not seen fit to play it yet. They may never play it because it would cause havoc on a global scale. That card is selling US treasuries on the open market en masse thus causing a severe economic crisis. Nevertheless the threat is there and it is real and the Chinese could play it if they really believed that it was in their long term interest to do so.

China is now however, beginning to flex its muscles. This is evidenced by the recent declaration of the declaration of the [Shanghai Cooperation Organization](#) (SCO) a group of nations which has several central Asian States as its members. This group of nations is trying to fill a void that the OSCE has left and is now apparently acting as a counterweight to [US power and influence in the region](#). This organization was written about in the excellent *Asia Times* internet newspaper by a Russian author named Sergei Blagov [in this article](#) back in 2001. This organization has the potential of becoming an extremely important regional player and one that the US cannot ignore. It is viewed by many observers as a vehicle for China to advance its foreign policy. This is only partially true but does come to a very instructive conclusion, that being it is not under US control and will often move counter to US policy. The recent declaration that came out of SCO is that the US military and its bases should depart the region. While the members of SCO may have many interests that are at variance with one another this is one occasion where they spoke clearly and said in essence that the continued presence of the US military in this part of the world was unwelcome and invited the US to withdraw. While the primary motivators of this move are certainly Russia and China, the reality is that the other smaller former Soviet republics are also restive and the toppling of the government in Kyrgyzstan has had a serious effect on the regions leaders as to both the role the US may have played directly in instigating the coup and indirectly by its mere presence in the region.

*"There should be no place for interference in the internal affairs of sovereign states,"*  
President Nursultan Nazarbayev of Kazakhstan.

These statements echo Russian concerns that the US may be deliberately stirring up

internal dissent in the smaller republics to further its own policy ends.



*Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are full members of SCO, while Mongolia, Pakistan, India and Iran have observer status(green).*

This important counterbalance in the region affects the US in both economic and geopolitical ways. Donald Rumsfeld has been compelled to, as one article put it, '[stop erosion of US strategic position in Central Asia](#)'. This geopolitical drama is not completely unrelated to our current economic dilemma. There is an increasing shift away from the US in this, the most populated part of the world and the Bush administration cannot ignore it. This debate is now almost certainly going to be settled by who is able to give the most aid and assurances of economic cooperation to these smaller republics. Moscow has been able to influence these states using its energy reserves as a carrot by providing these resources at a discount. China as well seeks to move and obtain as many of the regions resources for itself. China is becoming a truly energy hungry nation and it needs increasing amounts of energy to feed its economic miracle. The rule of the jungle and of geopolitics is and always has been 'possession is 9/10's of the law' and they want to possess or at least have unfettered access to more of the energy reserves in the region. eventually strains between China and Russia are sure to develop. Before the recent SCO summit Putin and the Uzbek President signed an agreement to develop the natural gas deposits In Uzbekistan. Russia's politically connected Lukoil will have a 90% stake in the project. But there appears to be more than enough room for cooperation between China and Russia on a broad range of issues. China is buying a significant amount of Russian Military hardware and each has an

interest in countering US moves in the region.

While some, such as former Secretary of State Brezinski has stated that, '*American Hegemony involves the exercise of decisive influence, but unlike other empires of the past, not of direct control*<sup>1</sup>. This is no comfort to the regions key players, especially in light of today's Neocon violence that the world has witnessed first hand. Mr Brezinski's book is most enlightening and gives the reader an understanding of many of the strategic objectives that exist for the US, China and Russia. I invite my readers to purchase a copy of *The Grand Chessboard* or find a used copy and read it, it is well worth it.

China and Russia are tiring of US presence in the region and will want to divide up the resources for themselves. Therefore, a united front will be presented to get the US to leave within the next two years. The key will be to provide enough incentives to the other smaller states to tow the line with Moscow and Beijing. This is probably going to happen but it is not a foregone conclusion. Watch for moves by the US to send large amounts of aid to woo these weak and fragmented Former Soviet states. Will the US be able to win the struggle? Probably not, the [Uzbek government has officially notified the State Department that they are to leave the Airbase commonly referred to as K2](#), located in their nation on which much of US operations in Afghanistan have been heavily dependent.

Thus a real and discernible shift in regional power is underway and the SCO is the latest and most visible example of that shift and its future implications for the region. America's actions in the region have had a clear effect on regional governments and that effect has not been positive. Now the US is in a geopolitical dilemma and must find a solution to Russian and Chinese pressure or lose significant influence in the region.

## ***The US Economy***

What is happening in Central Asia may not seem very relevant at present to the average working American who is more concerned about how much his house has appreciated in value over the past few months. But one day that nice beautiful home is going to be very, very cold in the winter if more natural gas supplies are not found. If you think it can't happen, [read this](#). New homes sales hit a new record in June to 1.37 million marking a 4% increase in sales, Obviously the housing bubble has not burst yet and is not likely to soon. But what is interesting the trends that are being seen. Medium prices houses are selling briskly and this is where we have seen the biggest rise in sales. Larger more expensive

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<sup>1</sup>The Grand Chessboard – page 35

homes sales fell. In the DC region, where a lot of government workers and contractors live the number of houses for sale has risen by 50% as has the available inventory. Houses are staying on the market longer. While the turnaround is still short the trend is showing a noticeable slowdown. It should be noted however, that housing sales tend to slow somewhat in summer months. Still, in red hot markets small signs are beginning to emerge that show that things may be cooling off, if by just a little. But once again for the DC region, (where this author lives) moderately priced homes still sold well and are likely to do so for the foreseeable future.

Another sign that may mean trouble in the mortgage industry is that refinancing of existing mortgages is down.

*“The MBA's seasonally adjusted index of refinancing applications dropped 11.4 percent to 2,320.3 after rising 2.5 percent the prior week.” - Reuters*

Rising rates cannot really be blamed because rates are still generally below 6%. Why the drop off in refinancing is not clear. But many homeowners may have already refinanced once or twice and see no reason to do it again, especially after seeing their principle go up rather than down after living in a house for a few years.

The risk is real as far as a decline in housing values is concerned and PMI Insurers have a [Risk List Index](#) of markets across the US, it can be [found here](#). From that list we see that there are some high risk markets out there and insurers are taking note, even if some members of the financial press are less convinced of an overvalued housing market.

I do not see housing plummeting soon. I do see a significant slowdown in price rises over the next year coupled with slightly declining values in high risk markets over the next 2-3 years. I do not see interest rates for mortgages moving to exorbitant rates anytime soon, regardless of what the Fed does. Even if they do, as long as creative mortgages exist (40 year mortgages / ARMS/ interest-only) there will be plenty of buyers who will make the move and buy homes. This also includes speculators who have really been a big boost to property values in high risk regions and until tax laws are written to discourage such speculation I do not see any kind of a massive housing ‘crash’ that others do. The Fed’s continued monetization of the economy, [while slowing](#), shows that general inflationary trends are here to stay. This includes the real possibility that the Fed is monetizing part of our Federal deficits as described in June’s update of this series. However, there is one variable in the housing market with regards to affordability that may cause the market to decline faster than the above prognostication describes.

## **Jobs.**

HP To Cut 14,000 Jobs In Restructuring

MeadWestco To Cut 850 Jobs

Computer Associates To Cut 800 Jobs

Carlson Companies To Cut 525 Jobs

Lear To Shed 7,700 Jobs

Symbol Tech Cutting 700 Jobs

Sara Lee Apparel To Cut 775 Jobs

Kodak Shedding 10,000 Jobs

Homeywell to Cut 2,000 Jobs

Kimberly Clark (Kleenex) To Cut 6,000 Jobs

Xerox To Cut 2,600 Jobs

Morgan Stanley To Cut 1000 Jobs

With all of these announcements and all of these jobs being lost who is going to be able to afford that \$500,000 house? Even with the most creative mortgage with negative amortization, it is out of reach to an unemployed American or one who works in a 21<sup>st</sup> century non-union blue collar job. This is the Achilles-heel of the mortgage bubble, as I see it. Now with the Congress just passing the CAFTA agreement, 'free trade' will continue to decimate blue-collar as well as white collar jobs in America. This will eventually lead to a collapse of the housing market. This is not going to happen tomorrow. But pressures are already building in parts of America that have already seen the blue-collar jobs move overseas. Thus, there will be only one way to keep the housing bubble going and keep the banks that lent money irresponsibly from going under in a wave of mortgage defaults.

## ***Immigration***

There is already a high number of immigrants in the US; legal and illegal. Many of these immigrants are using more creative ways of getting into homes, one of these is multi-generational households where many people live in the house and everyone helps with the mortgage. This is just one of the ways immigrants are changing the markets. The other is by enticing wealthy individuals to buy homes, mortgages or mortgage backings here in the US. Immigration is the trend of the future. With the borders disappearing, and free-trade becoming the sacred religion of politicians the world over, this is what is coming to a town near you, if it hasn't already. While many will try to fight against the trend, I do not see it abating without drastic measures being taken but I'll cover that in this month's 'Random Thoughts' section.

### The Death of a Livable Wage

I am often struck by how brazen our leaders are when describing what is happening to our economy. They clearly know that there are problems out there and refer to it as 'transformation' or 'adjustment' when talking about what is happening in the US economy. Our leaders, at the FED, Treasury, Senate, Congress and Judiciary know exactly what they are doing. They are turning America into a third world nation by design. This is not being done haphazardly. They are doing this while they are using government contracts to well connected establishment firms and corporations to loot the US treasury of money. Money, I might add that *is not even present*. They are borrowing trillions of dollars to fund pork-barrel projects and are signing your name to the IOU. As they do this Americans are being given low wage jobs, losing their health care and pensions while being told how wonderful the economy is doing. The economy **is** performing great if you are Halliburton, ExxonMobil, or a myriad of other well connected corporations, law firms and banks. Let us note here as well that these companies are using foreign labor to do much of their work, once again leaving Americans out in the cold. This is not a way to build an economy, *but it is an excellent way to destroy one* and that is exactly what our leaders are doing to the American worker. The strategies to deal with this growing problem of the American workers has led to one the worst Labor Union splits in US history.

The AFL-CIO, according to some, really is no longer representing the interests of many of America's union members. Some of their leaders belonged to the corporate club of elitists that used to hide behind semi-secrecy and now have 'come out of the closet', so to speak. That group being being the Council On Foreign Relations. In fact the current President of the AFL-CIO has spoken at the CFR and while eloquently stating the perils of globalization

has also, in the eyes of some, lost the battle in his strategy to make the labor movement more relevant in American politics. My own view is that earlier, in the late 80's and early 90's, its leadership failed to recognize the threat globalization was to play and thus failed to organize properly against it. Additionally, organized labor may have had leaders that were covertly working against the interest of the workers they were charged with protecting by cozying up to the banks and corporations that had a vested interest in weakening the labor movement. But that is just my humble, but studied opinion. But let it be noted that past leaders of the AFL-CIO were members of the CFR. Thus Corporate America has won every major battle today in when it comes to the American worker. The result has been a boom to the rich and powerful and the loss of millions of jobs for working Americans as well as health care and pensions.

Today, there is need to pay pensions, over the past 30 years pension fund participation is down about 75%. No need to pay health care to many workers... and God help you if you have to pay for it yourself. Half of a minimum wage worker's paycheck will go to health insurance if he has a family. What does this mean? It means 30 million Americans without health care and a medical establishment that is desperately trying to force these already poor Americans to go to a doctor and pay for a prescription in order to get a bottle of Vitamin C. The EU is on course to do this now and it will soon follow in the US. These turns of events are truly scary because Americans seem to be consistently denied affordable health care. It is almost as though someone has decided that if we cannot kill the poor with bullets and gas chambers they'll make sure they get sick and die just blocks from a multi-million dollar hospital. Perhaps that is what is meant by a 'war on poverty'. This all happening right in front of American's eyes. It is not being done in a corner, anyone with at least half a brain can see it but that's perhaps only one-tenth of the population. Can anyone say anti-depressants, ecstasy, alcohol, pot, cocaine and meth-amphetamines? That is why there is no outcry, and won't be. The nation is literally too drugged up to notice.

## ***The Dollar***

The simple fact is that the dollar has not declined over the past few months because Europe is in a crisis. This has led to a great deal concern as to the direction the EU and the Euro are heading in the months and years ahead. This uncertainty, coupled with a rather dismal European jobs picture and terror has cooled sentiment on the entire EU concept for the time being. Indeed recent comments by the Italian Prime Minister Silvio are very telling, Berlusconi called Europe a 'Disaster' and a 'Ripoff'. He blamed the Euro on Italy's present recession and 'choking exports'. How much of this talk is electioneering and how much is a

real desire to eventually move Italy outside of the EU zone remains to be seen. Yet the very fact that a politician like Berlusconi believes that anti-EU statements are viewed as popular shows how much of a shift public sentiment is moving against the EU in some quarters. Thus, I look for the dollar to depreciate but not right away. There is nowhere for large investors to go. Perhaps that in the future a group of nations, perhaps in the middle east will decide to create a gold based currency to trade with. Frankly there would never be a better time than now. With US troops defeated in Iraq, a military response to such a move many not be immediate or very effective. Sooner or later, I expect the international trading system to break down as the dollar begins an inevitable free-fall in the not too distant future. Some other medium of exchange will eventually come into being. Until the French rejected the EU constitution conventional wisdom would have said the Euro would eventually replace the dollar. That is unlikely now. But Europe's elite have no one but themselves to blame. While certainly the people were concerned that their so called 'welfare-state'<sup>2</sup> would be destroyed, it was the other issues as well that have caused so much dissent as well that caused the constitution rejecting nations to vote against it

- The Islamicization of their communities
- Rampant immigration and the destruction of their unique cultures
- Manufacturing jobs going away.
- The bureaucrats that won't allow ordinary people to get high dose vitamins and are beginning to allow GM foods into the Eurozone and a myriad of other smaller lesser known annoyances that everyday people must put up with since the Eurocrats began to take power.

It is usually not the 'one big thing' that caused people to vote against something this important but is the thousand little things that they can no longer do that disgusts them. Sadly in America, our politicians are not accountable to the electorate anymore with vote-fraud machines going up in most swing states. The people are being given no recourse to having their markets ruined by the corporations. At least the the Europeans got to vote on it.

### ***'Twin Parasites' Or 'Twin Deficits'***

While many pundits correctly and most articulately discuss America's twin deficit problem, I

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<sup>2</sup> Health care for all, decent pensions, the ability to organize workers into political blocks to protect their interests are what is referred to as the 'Welfare State' by Eurocrats.

see the twin deficits, not exclusively, but increasingly a result of what I shall call the 'Twin Parasites' of the *Defense-Medical wealth transfer economy*. What do I mean by that? These are the two sectors that are sucking the life blood out of the US economy. Whenever the issue of our deficits comes up no pundit in the financial press or even in the alternative financial press relates the fact that defense spending in the US is set to surpass all of the rest of the world **combined** next year. How can this not be relevant to our twin deficits? How can you spend nearly \$700 billion on a war based on false pretenses and have no one cry economic foul? Granted, some of it is self-censorship and not wanting to sound un-patriotic while our troops are dying in Iraq. I can accept that up to a point, but the tragedy is that defense spending alone, if reigned in, would solve much much of current account deficit problems. How can you have contractors making billions in Iraq for services never rendered and no one in the financial press write about it with any depth? Billions upon billions are being wasted while Greenspan and the Fed warn of fiscal tsunami's ahead. The defense department and its contractors are the primary reason the nation is in debt to the tune of some 7-11 trillion dollars<sup>3</sup>.

	2004			2003			\$ Change
	Balance Sheet	Additional Responsibilities	Combined Amounts	Balance Sheet	Additional Responsibilities	Combined Amounts	
<b>Overall Perspective</b> (in billions of dollars)							
<b>ASSETS</b>							
Inventory, cash	\$ 359	\$ -	\$ 359	\$ 372	\$ -	\$ 372	\$ (14)
Property, plant & equipment	653	-	653	658	-	658	(6)
Loans receivable	221	-	221	221	-	221	(0)
Other	165	-	165	154	-	154	11
<b>Total Assets</b>	<b>\$ 1,397</b>	<b>\$ -</b>	<b>\$ 1,397</b>	<b>\$ 1,405</b>	<b>\$ -</b>	<b>\$ 1,405</b>	<b>\$ (8)</b>
<b>LIABILITIES &amp; NET RESPONSIBILITIES</b>							
Social Insurance							
Medicare (Parts A, B, & D) <sup>1</sup>	-	(24,615)	(24,615)	-	(15,006)	(15,006)	(9,609)
Social Security (OASDI)	-	(12,552)	(12,552)	-	(11,742)	(11,742)	(810)
Other (Railroad Retirement)	-	(112)	(112)	-	(110)	(110)	(2)
Subtotal, Social Insurance	-	(37,279)	(37,279)	-	(26,858)	(26,858)	(10,421)
Fed. empl. & veterans pensions/benefits	(4,062)	-	(4,062)	(3,880)	-	(3,880)	(182)
Federal debt held by the public	(4,329)	-	(4,329)	(3,945)	-	(3,945)	(385)
Other liabilities	(716)	-	(716)	(675)	-	(675)	(41)
Other responsibilities	-	(903)	(903)	-	(862)	(862)	(41)
<b>Total Liabilities &amp; Net Responsibilities</b>	<b>\$ (9,107)</b>	<b>\$ (38,182)</b>	<b>\$ (47,289)</b>	<b>\$ (8,500)</b>	<b>\$ (27,720)</b>	<b>\$ (36,220)</b>	<b>\$ (11,070)</b>
<b>BALANCE (Total Assets minus Total Liabilities &amp; Net Responsibilities)</b>	<b>(\$7,710)</b>	<b>(\$38,182)</b>	<b>(\$45,892)</b>	<b>(\$7,094)</b>	<b>(\$27,720)</b>	<b>(\$34,814)</b>	<b>(\$11,078)</b>

1 Part D's Medicare Prescription Drug & Transitional Assistance Accounts not included in 2003 because both established after fiscal year 2003.  
Note: Details may not add to totals due to rounding.

Source: **2004 Financial Report Of the US Government – Treasury Department (page 11)**

While the President speaks about how 'Social Security is bankrupting the nation', the reality

<sup>3</sup> I know that the deficit is set at just under 8 trillion but according to some if GAAP is used as it used in corporate America the deficits are over \$11 trillion.

is that his supporters want to shift the money from Social Security into yet more non-performing contracts at the DOD; missile systems that will never be deployed, jet fighters what will never go into battle, computer systems that will never go online, or won't work if they do. This is the real problem in the American economy. Marshall Auerback at the [Prudent Bear Fund](#) has an excellent article entitled "*It Costs a lot to fight a War on Terror*", I urge you to click over and read it. The defense establishment is milking this cow (US economy) for all she's got and she has very little milk left to be drawn. Do you want to fix America's twin deficit problems? Significantly reduce defense spending and cut out the fraud waste and abuse. This is where the a sizable portion of defense dollars are going. In essence, the cash is going from the treasury into the pockets of the politically connected. Why does this continue? Because some of those who are charged with providing our troops with these weapons systems are not interested in National Security. No, they are far more interested in their own personal financial security. That is why we have troops that go into battle with no armor on their vehicles, trucks that are certified as not fit for duty as primary vehicles in Iraq. They over-heat within a few miles of driving and then the logistical troops become a target for insurgents as they radio for help to be 'rescued' **by yet another** poorly maintained vehicle. We have hi-tech equipment that simply does not function on the battlefield. These are just some of the important reasons that we are losing the war; *fraud waste and abuse in the DOD procurement system*. Let me tell you this, the DOD is run so poorly that if this nations enemies had control of it they could hardly do more harm to the nation as a whole than some of folks who run it now. We have essentially lost a war that should never have been fought in the first place because our leadership refused to listen to anyone that did not agree with their own predetermined conclusions. Don't expect our leaders to fix these problems. Ask yourself to which nation millions of American jobs have already gone and which nation is already making parts for defense contractors. This is all being done **with our leaders invaluable help**. So many of our elite have duped the nation into believing that they are patriotic Americans. They are telling you to wave a flag and be happy while you get paid less and work more while, at the same time, they get hefty monetary stipends from companies that get no bid contracts that they once managed and directed! Their job is to tell you how it is your patriotic duty to sit by and watch them rob America blind and then tell you that only 'unpatriotic' Americans would expose what they are doing. This is the world of 'right-speak'. He who does not speak for the political right is not an American and is given little or no time in the halls of power. They want the soldiers to die for a lie and attack those who expose the fraud, financial and political, of America's war.

The other part of the *Twin Parasites* of the American economy is the medical establishment. Now let me say this now before I get a flurry of hate mail, not all that the

medical establishment does is bad. Many, many lives have been saved by hard working and often overworked doctors and medical professionals. This is not a slam against their tireless efforts to treat people and save lives. The problems in the medical profession lie in the Insurance and Drug industries that have sprung up around the profession and driven up the cost of medicine far beyond what a large and growing number of Americans can afford. This is one of the main reasons that companies like Ford and GM are in such trouble now. Health care costs. But herein lies the rub, the debate is never framed in such a way as to blame the medical industry. It is framed in a way as to suggest that the labor unions are asking too much in asking the company to foot the insurance bill, as they have been doing for decades, when costs were reasonable. This is happening in company after company, they simply cannot afford to pay the health care benefits in America and move their operations overseas. Moreover, the medical industry is doing its level best to keep anyone from trying any alternative health care that they cannot control, regulate or at least approve of.

The price of health care climbed 12.4% between 2002 and 2003 and employers spent \$331 billion of health care costs. Hear me dear readers, even the drug company execs are talking about the prices openly. This is no longer 'crackpot' conspiracy talk. These problems are real and these factors are one of the primary reasons the American worker is losing his competitiveness in the globalized economy. I will not bore you with charts and graphs. If you live in America and have health care you already know how much it costs you. If you do not have health care, you know why you don't have it. The medical profession, the drug companies in particular are making a great deal of money and some of the drugs they sell have been shown to be unsafe, even after FDA approval! Suffice it to say that there are some real problems in American medicine and it is one of the key problems that underlie our twin deficits. If workers do not produce here in the US and the ability to produce those goods is moved overseas, we must then import those goods from a foreign country, this adds to our trade deficit. A perfect example is what has happened to our textile industry.

The 'twin parasites' are as real as the twin deficits and if you have not heard these problems expressed in these terms before, I ask you to take a look at the number of drug ads during commercials breaks on TV and you will have your answer. Broadcasters depend on advertising. Consequently, they are not about to expose the hand that feeds them or explain to their audiences what these advertisers are doing to the American worker. And keep this salient fact in mind, these two industries are heavily dependent on taxes and government regulation to exist and rake in the kinds of profits that they do now. These are problems that can only be solved in the legislature.

## **Other news**

- Cement is scarce and prices are going up nationwide. Some stores have rationed it and some plants are idle for lack of raw materials.
- The number of million dollar homes has increased five fold since 1999.
- How can you tell a company that might fail soon? Excessive executive pay may be a tell-tale sign.
- In a sign of shifting sentiment, investors are choosing global funds over US funds.
- Derivatives risks have not gone away, this time a group of powerful Wall street Bankers warn of threats to the industry. While calling on funds to voluntarily give more information to regulators, regulation may nevertheless be at hand. The report can be found here.
- King Fahd of Saudi Arabia is dead

## **Random Thoughts In A Post Crash World**

Last week while listening to some Internet/shortwave radio stations and reading some usually rather tame newsgroups and web postings I have noticed how often the subject of civil war and revolution came up in the conversations. I heard it when CAFTA was passed and when the Supreme Court ruled that local governments can seize a persons property and give to another private corporation for private profit. I heard it when people started asking some pointed questions about the [London Bombing](#).

*At half past nine this morning we were actually running an exercise for a company of over a thousand people in London based on simultaneous bombs going off precisely at the railway stations where it happened this morning, so I still have the hairs on the back of my neck standing up right now.*

*HOST: To get this quite straight, you were running an exercise to see how you would cope with this and it happened while you were running the exercise?*

*POWER: Precisely, and it was about half past nine this morning, we planned this for a company and for obvious reasons I don't want to reveal their name but they're listening and they'll know it. And we had a room full of crisis managers for the first time they'd met and so within five minutes we made a pretty rapid decision that this is the real one and so we went through the correct drills of activating crisis management procedures to jump from slow time to quick time thinking and so on. - [BBC Radio Interview](#)*

I heard it when people talk about being lied to in going to war and in the attempt to rob Social Security. I am hearing this kind of *dangerous talk* more and more and no longer on just what I have come to call 'hate-radio'. Mothers and fathers, old and young are really starting to get angry. There appears to be a rising anger in a lot of folks and while most of it is based on ignorance and only getting half the story, much of it is informed and increasing directed at the Federal Government and the big multi-national corporations. The very entities that people are beginning to realize, are robbing them blind. Now get this straight now before you write me any hate mail or well intentioned 'warning mail', I abhor violence. Anyone who has known me and what I have been through knows I detest it and *will not* engage in it. But that is just me, thousands, probably millions of other Americans are not bound by my own personal and religious restraints. Thus, the specter of the possibility of the breakdown of civil order or even yes, civil war must be looked at in a post crash world.

Many will not cover this possibility out of fear. Fear of what people will say or what the government might do. That kind of cringing cowardice is not in my nature and those who are controlled by that kind of cowardice are beneath my contempt. Thus, I will talk about these things for a moment despite what many of you may feel about this subject, because, it is my view that in a post crash world the possibility of the break down of civil order and civil war are real... very real.

Americans have forgotten how this nation was formed. It was formed in a revolt. Initially against a rather innocuous, by today's standards, tax. But that tax lead to a revolt. People, try to understand this, *revolts happen*. They have happened twice in American history. They are happening now all over the world. This is the way of things. When a man cannot feed his family, is politically repressed, tortured and no longer has a vote in how his country is run, violence is guaranteed.

*Those who make peaceful revolution impossible will make violent revolution inevitable - JFK*

Folks, I see a civil war coming in America in a post crash world, but I do not see the people winning the war. I see the Federal Government using every method available to keep itself in power against the will of the majority of people including the use of tactics that are abhorrent to any civilized person when the Bible talks about the end-time government being a 'Beast', that is exactly how I see the behavior of those who are in power when that power is threatened, 'bestial'. At the Bastille in France during the revolution they used torture to repress the poor. [The peasants eventually stormed the Bastille and tore it down BRICK BY BRICK](#), because they had no demolition techniques in those days. Its

destruction was a potent symbol against unbridled power. The monarch in those days could imprison and torture without trial any peasant in pre-revolutionary France. Today, in the so-called 'land of the free', we also imprison and torture people without trial, something that was unheard of just a few short years ago. This is a key lesson of history so understand this, if nothing else in this section of this months update: *Repression is absolutely necessary when you remove democratic input.*

This is why I think the vote fraud issue is so pivotal today. So let me be totally honest with you. I do not think George Bush won either of the last two elections. I think he lost the first one and while he did win the popular vote in the second, he lost the electoral vote in the second and only won it by not allowing predominantly black counties to vote in Ohio (*carefully timed power outages were noted in these areas [Part II]*) and by using *Jim Crow provisional ballots* that were not counted and of course the tried and true, *vote fraud machines*. I firmly believe that we have been living under a unelected regime for the past 5 years. I do not believe the Americans elect their Presidents anymore nor will they ever again. There is a political machine that anoints them and tells the people how they voted after the vote fraud machines have been pre-programmed for the desired result in *key swing counties*. Now, uninformed people call these things 'conspiracy theory' as though nothing like this could possibly happen in America, now or ever. If you really believe that, you have not been paying attention nor are you familiar with American history. There was a massive CONSPIRACY for nearly two centuries to keep blacks from voting in America and *only* in the late 20<sup>th</sup> century have they been granted the legal right to do so. Let us also note that a *Civil War* was a key part of the train of events that eventually brought about the voting rights act. People were threatened, beat up and murdered for trying to organize Blacks to vote. Today it's not just Blacks that are having their right to vote denied, now it is Whites who are not being allowed to vote. Oh, they can go to the polls and pull the lever, but the votes were counted a week before election day by a computer program no one is allowed to question. It is not important that we actually *have a democracy*, in the eyes of our elite, it is important that people *believe that they have a democracy*. That is why they will continue to go through the farce of elections.

### ***Drugged up and Dumbed Down.***

The simple fact is that Americans are too ill-informed to remain free and that is why I see such a dark picture ahead.

*"If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be."* - Thomas Jefferson

This is why I see a civil war or massive civil disobedience coming. If you take away the democratic right of people to choose their leaders and consistently move the nation in a direction that the people do not want, a civil war is as certain as tomorrow's sunrise. It may take a while, but it comes sooner or later. However, it is important to note that the American experience is a little different in that Americans are extremely susceptible to corporate propaganda, far more than probably any other group of people in the world. They believe their news organizations and the slick PR machine that masquerades as news on TV. It will be easy to get a large segments (though probably not a majority) of the population to go along with whatever propaganda line the government/corporations (GOV/CORP) put out. But that will only last as long as there is food on the tables, gas to put in cars and heat in homes. Will GOV/CORP be able to turn one set of victims anger against another set of victims (divide and rule)? My estimation is that yes, they will and this is what they will eventually do. They will find a 'victim' and demonize them. The victim may be Muslims, Blacks, Jews, Mexicans or Christians, but they will find one and demonize them in the press and government pronouncements (terrorist alerts, leaked government reports describing the threat 'such and such' a group poses) thus turning the peoples anger away from the real cause of our coming fiscal, social and political problems, GOV/CORP, towards a hapless victim.

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Fictitious news report with an attractive blond reporter standing on the White House lawn.

*“Today in a leaked report that many in the administration felt was too inflammatory to release, the FBI said that a large group of radical (insert victim race or group) have a nationwide network of terrorist cells and that there is planning underway for terrorist attacks against key government installations and that links of to Al Qaeda cannot be ruled out.”*

*'Beth, this tracks with our other sources at the CIA which says that international terrorist organizations are now using disaffected (insert victim race or group) to carry out attacks on US soil.' Why have we not heard more about this?*

*Well Jim, you are obviously talking about the recent National Intelligence Estimate that has not been released to the public but has been made available to certain Republican leaders in the Congress, according to unnamed administration officials, the administration does not want to cause any racial tensions and were concerned*

*with what civil rights activists would say.” - Mendacious News Network (all lies, all the time)*

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After that story the news-propagandist would run a sex-crime or violent-crime story with that *very same ethnic group* that was targeted in the Government leak, as the perpetrator of the crime. A picture would be shown and a heart-rending story about how much the victim suffered at the hands of the person would be shown. (This is called reinforcement and association). This would be done over several weeks on the major networks, leaked reports, carefully choosing of news reported just before and right after the leaked story to incite hatred, *and you have your victim*. It does not matter if the leak was true or if the reports were based on anything but the whim of someone inside the administration. Listen, if they can create false intelligence to start a war, they can surely create a false terrorist threat in the US to incite hatred. The key is create a focus for the peoples anger to channel it away from the real cause and perpetrators of the economic crash.

I know this is a dark picture. I know this is not what any one wants to hear but I will tell you now of all the scenarios of a post crash world that I see *this is the most likely, in my estimation, if a crash is sharp, sudden and irreversible*. What am I personally doing to prepare myself? I know some of you will ask. I will **not** tell you but I will provide some links for your amusement.

[Link 1](#)

[Link 2](#)

[Link 3](#)

Let it be noted here that I am not advocating violence of any sort. I don't like it, and I think that in America, the people would, lose quickly and decisively. They are simply too stupid, disorganized and lazy to have a positive effect if they tried to use it to change things. I love peace and strive to live at peace will all men *at all times*. Thus, to those who will eventually take up arms, I can only say this; **It is a mistake**. However pure your motives are now, violence will change them from positive political action to revenge and despotism. Remember [Robespierre](#), he started out nobly enough and was called the 'incorruptible'. In fact, he was even an opponent of capital punishment. But later, he used the guillotine without reserve. Violence is a road many will travel on to bring about change. [I cannot and will not partake of it](#). Nor can I support those that do, even if they have the highest of motivations at the beginning. On one level I may sympathize with the plight of those who are oppressed, yet on another level, I know that the road of violence will take me to a place I do not want to go.

## ***The Leaders They Deserve***

Finally as far as Americans in general are concerned, I must be very honest with you, *they deserve the leaders they have*. You see my perspective of America is different than most who live in its borders because I lived 10 consecutive years of my adult life outside of its borders. I know when we are told how free we are, it is a lie, when we are told who we have the best health care on earth, it is a lie, when we are told how we are the most envied nation on earth, it is a lie. We are not talking about the American people being hapless victims of their government here, we're are talking about a nation of people who have watched their nation over the past 50 years deny the freedoms they enjoy to others around the world, through economic and military repression. From Africa to South and Central America to Asia, the US has not been the good guy, despite what you hear on TV. The American people did nothing about our repressive policies as we assassinated democratically elected leaders, instigated coups, funded death squads, rigged elections, and dropped chemical weapons on people and crops, sent people to foreign nations to be tortured and provided intelligence information to repressive governments around the world so that people who stood up for the poor could be 'disappeared'. We have sold chemical and biological weapons to people like Saddam Hussein and then had the audacity to accuse him of possessing them! No. The people sat back, popped open a beer and watched the tube while we did all of this evil. Now the chickens are coming home to roost. So for the record let me say this now, in my estimation, the current administration, as bad as it is, is still far too good for the vast majority of people who call themselves American.

I simply cannot shed any tears and certainly won't shed any blood for the American people or anyone else for that matter. My soldiering days are over for good. Americans have chosen their path and their reward is dead ahead.



Thanks all of you for stopping by Watson's Web!

***By Mark S. Watson***

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