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Trends in 2008

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"In 2008, we're going to see some major, giant financial firms fall as they get hit by an economic 9/11."
- Gerald Celente, *The Trends Journal*



Trends Research Institute, Rhinebeck, New York.



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December 21, 2007 Rhinebeck, New York - On December 19, 2007, the Federal Reserve announced it was lending another \$20 billion to American banks in the first of four special "auctions" designed to help alleviate the credit crunch on Wall Street caused by the subprime loan collapse in real estate. That \$20 billion brings the total money pumped into the United States financial sector since June 2007, to about half a trillion dollars. In its announcement, the Federal Reserve said it was responding to requests for \$61.6 billion in loans from 93 bidders – illustrating strong demand by banks that need short-term funds.

Some market experts doubt this latest infusion of cash will help much. Barry Ritholtz, Director of Equity Research for Fusion IQ, told CNN: "This is a crisis of confidence, not of liquidity or rates. The problem is that people made bad loans. There's nothing the Fed can do to fix this. All they can do is try and reduce anxiety."

And in the December 24, 2007, issue of *Newsweek*, financial columnist Robert Samuelson wrote about "A Sequel to the Subprime Mess? The obvious danger is another wave of large losses and a chain reaction of fear that paralyzes and cripples investors, particularly banks."

This is exactly the subject that leads off the 2008 Trends list in *The Trends Journal* written and published by Gerald Celente in Rhinebeck, New York. Mr. Celente has been interviewed by network newscasters for years and his trend predictions are generally correct. This week I talked to him about trends he sees for 2008, beginning with the top of his list: "Economic 9/11."

Interview:

Economic 9/11



Gerald Celente.

Gerald Celente, Editor and Publisher, *The Trends Journal*, Rhinebeck, New York:

“Economic 9/11, we believe is going to hit the United States in 2008. And just as the World Trade Centers toppled from the top down, we’re going to see the crash happen from the top down as well. This talk about the sub-prime market. Yes, that’s a problem, but nothing compared to when the big firms start failing, when banks go bust, brokerages go out of business. In 2008, we’re going to see some major, giant firms fall and get hit by an economic 9/11. We don’t know what the fuse will look like, but we know that the bomb is set already. And when it’s lit, we believe it’s going to happen before June of 2008.

WHAT CONDITIONS SET UP THIS ECONOMIC BOMB?

Well, in 2007, we saw the first cracks. But it really needs to be understood that this has been underway for a long time. They (Feds) have been fueling the economy with low interest rates. That’s what got us out of the 2001 recession following the dot com bubble burst. They (Feds) lowered interest rates to 46-year-historic lows. They flooded the world marketplace with cheap dollars. No one wants them anymore, not even lenders in Third World countries. So, what happened in 2007, the cracks became apparent to everyone. Wall Street is in a problem.

And what do we have to save the Ship of State from sinking? Well, look ahead – that’s what we do as trend forecasters. We have a know-nothing President and a do-nothing Congress and want-to-be people in waiting that lack the intelligence, integrity, the competence, credentials, character and courage to do what a wise leader would do in times when the ship is sinking. So, we’re saying, it is going down! There is nothing to save it.

WHAT WAS IT THAT PROVOKED SO MANY FINANCIAL INSTITUTIONS TO MOVE SO HEAVILY INTO THE SUBPRIME REAL ESTATE MARKET IN THE PAST COUPLE OF YEARS THAT HAS LED TO SUCH A CRISIS?

It’s called greed and gambling and it goes well beyond the subprime market. There’s a company in New York, according to *The New York Times*, that controls about \$7 billion worth of real estate. The NYT headline read how brilliant they were that the company did that with only \$30 million down. And that’s what all these deals have been. They have been doing these deals with no money down. All of a sudden, Carlisle Real Estate and Blackstone – groups we never heard of before - only those who study these things – and all of a sudden, they are buying major corporations that are worth billions and billions of dollars. They are doing this with fake money. This is why people go to Princeton, Yale, Harvard and Ivy League schools so they can get together and do the big deals. And what they do when things start falling out, they point to the little people. ‘Oh, look at them! They went over their head. They should have read the fine print.’

Subprime is just the crack in the big thing that’s going to happen and the really dirty deals that have been done are on the top – all the leveraged buyouts: Chrysler Corp. being bought out by Cerberus Corp. Who ever heard of Cerberus? Look who is on the Board of Directors: Jack Snow, the former Treasury Secretary. And remember Dan Quayle? They found a job for him – he’s on the Board, too.

[Editor’s Note: On May 14, 2007, Daimler-Chrysler and the private equity firm Cerberus Capital Management announced that Cerberus would buy a controlling stake in Chrysler, ending the troubled eight-year merger of the two automakers. Cerberus Corp., established in 1995, is a technology, video, audio and rich media consulting and design firm based in New York City. Cerberus clients include major Wall Street firms, private equity firms TV networks and national retailers. Cerberus President is Greg Harper.]

So, this is what is going on, Linda. It’s bigger than them getting into the greed market and

fleeing the little people. They are bringing down the whole system and it's out of control. The Swiss Bank announced they are going to be selling 250 tons of gold between now and September 2009, so they can buy more money to keep this thing afloat.

**INTERNATIONAL
Herald Tribune**

Swiss National Bank to sell 250 metric tons of gold over two years

The Associated Press
Thursday, June 14, 2007

BERN, Switzerland: The Swiss National Bank said Thursday it will sell 250 metric tons (276 US tons) of gold reserves over the next two years.

The sale would fetch about US\$5.2 billion (€3.9 billion) at current prices.

The proceeds will be used to increase Switzerland's foreign currency reserves, national bank directorate member Thomas Jordan told reporters.

The share of gold in Switzerland's currency reserves has risen to 42 percent from 33 percent since mid-2005 due to the increase in gold prices. Jordan said the sale would return the share of gold in the currency reserves to their previous level.

The sale will occur at regular intervals over period of two years to minimize the impact on the gold market. Once completed, the national bank will hold 1,040 metric tons (1,146 US tons) of gold.

Between 2000 and 2005 Switzerland sold 1,300 metric tons (1,433 US tons) of surplus gold reserves. The proceeds — about 21 billion Swiss francs — were distributed between the federal government and the country's 26 cantons (states), who used the money to pay off debts.

International Herald Tribune and Associated Press, June 14, 2007.

Panic of 2008

THIS IS ALL LEADING TO THE SECOND TREND ON THE PANIC OF 2008 – WHAT DO YOU THINK IS GOING TO HAPPEN?

Just as when panic struck when 9/11 hit, panic is going to hit the streets again following the economic 9/11. They are not going to know what to do. They are going to be frozen. You know, I just got an email from a publication up where I am – up in the Hudson Valley – from *Dutchess Magazine*, Hillsdale, NY - It's a very affluent area – Millbrook and Rhinebeck. We're in Rhinebeck. And every year, they used to do a cover story of my *Trends Journal* for the New Year. This year they are not running them because, according to the letter that they sent me, some of their readers and advertisers found the new trends 'unpalatable.' They don't like to hear the truth.

Fed to lend \$20 billion to banks

Central bank, in a bid to ease credit crunch, gets strong demand for short-term funding. Wall Street shrugs.

By Paul R. La Monica, CNNMoney.com editor at large
December 19 2007: 2:48 PM EST

NEW YORK (CNNMoney.com) -- The Federal Reserve announced Wednesday that it was lending \$20 billion to banks in the first of four special auctions designed to help alleviate the credit crunch on Wall Street.

CNNMoney.com, December 19, 2007.

The central banks have already pumped in more than half a trillion dollars already! They have been pumping money in ... actually, if you go back to our *Trends Journal*, the Summer 2007 edition's mid-year report – we said two weeks before the Dow hit 14000, and the Chinese markets hit their highest level ever – to get ready because we saw a financial crisis hitting. The financial crisis hit exactly on July 24, 2007, when the Dow lost well over 200 points. That was the beginning of the crack. And they (Feds) have been pumping money into the banking system since that time. They've had bigger bailouts than even happened after 9/11. It's out of control! All of the currencies are going to be worth dimes on the dollars in the future, and the first one to go is going to be the American dollar.

That's why one of our big trends for 2008 is 'Bye, Bye Bucks!'

THAT'S WHERE YOU SAY, 'AMERICA IS GOING BROKE AND THE WHOLE WORLD KNOWS IT'?

Except the Americans! The government says, 'It's so good for business. It allows us to export. So all you low-paid workers out there ... Our currency is worth so little that others can now buy our products cheaper.' So, no longer is 'Made in America' a standard of high quality. It means, 'Buy it cheap.' That does not build a strong economy.

For example, right now the biggest rage in the New York area is foreigners coming over and going to the high-end shopping malls, where they have Versace and that kind of stuff – and going on these wild spending sprees. America has gone from 1st Class to 3rd rate in a blink of an eye! We no longer shop the world for bargains. The dollar is so cheap; they are coming here in droves. And forget the retail. Before you know it, Linda, they (foreigners) are going to buy up this country.

If the Federal Reserve lowers interest rates to make Wall Street happy, so they can continue to finance their mega-deals they've put together, that crashes the dollar because low interest rates means cheaper dollars. You buy them at less money. And foreigners, as they already are, they are bailing out of U. S. bucks. They are trying to do it in an orderly way so they don't crash the market.

So, the big guys are going to get out first. And you're going to see them more and more try to prop up the dollar so there is an orderly retreat. We're saying that by the time the dust settles and the smoke is cleared, 'the dollars is going to be worth the dime on the dollar' will be the slogan of the future. The history books will remember 2008 as the 'panic of 2008.'

HOW DOES THAT LEAD TO THE 4TH ON YOUR LIST, 'TAX REVOLTS.' IT SEEMS THAT AT THIS POINT, THE AMERICAN PUBLIC IS INTIMIDATED, OVERWHELMED AND AFRAID OF THEIR GOVERNMENT. THEY ARE AFRAID OF THE IRS. HOW CAN THERE BE A TAX REVOLT IN A NATION THAT HAS BEEN MANAGING AND OPERATING BY FEAR?

We think it's going to happen at the local level. People cannot afford to pay property taxes or school taxes. And when you look at the demographics in every major community, there are more people without children living in those homes – whether single or empty nesters – than people with children. So, they cannot afford the school tax and in most parts of the country, school taxes are based upon property taxes. So, it's all on the homeowner's shoulders. You're going to see a revolt coming there and you're also going to see revolts regarding property tax rises. As the value of the home becomes less – if you had to pay more when the value went up, then they are going to have to *reassess downward* now if they are going to be fair about this.

Recession and Large Bank Collapses

WHAT WOULD BE THE FIRST SIGNS YOU WOULD BE LOOKING FOR THAT THE UNITED STATES WAS IN A FULL BLOWN RECESSION?

Watch for when one of the big firms crashes – like a big bank, when that kind of thing happens. That's going to be the first signal.

THAT'S WHAT WAS GOING TO HAPPEN TO COUNTRYWIDE BANK THIS SUMMER, RIGHT?

Right, but even bigger than that. Much bigger – like a Bank of America, not that that is necessarily it, but of that caliber. Look for something big to break. We're in a recession already. You don't have to wait for the government's official statistics. Look at what they do – it's comparable to when I grew up during the Cold War and what the Soviet Union used to do. They put out this deceptive basket of statistics – they talk about inflation, but we're not adding in food and fuel. Why not? Well, because according to the pointy-headed professor who says the mean of this line dissects with this line - ... Wait! What do you mean you're not putting in food and fuel? Who are you talking to, folks?

THAT MAKES IT COMPLETELY ARTIFICIAL WHEN THEY TALK ABOUT INFLATION WITHOUT TWO OF THE BIGGEST EXPENSES, WHICH ARE FOOD AND FUEL.

It's criminal. And they are doing the same thing with the unemployment numbers. Once you're off the rolls, 'Hey, you're not looking for work anymore!'

We're already in a recession! The people are feeling it. Every time that nozzle hits the gas tank, there is panic when people fill up their car. Who can afford this stuff? And these clowns on TV saying, 'Oh, the consumer is resilient.' (laughs) We're warning that there are very rough times ahead and for people to take precaution now.

HOW CAN PEOPLE TAKE PRECAUTION WHEN THERE SEEMS TO BE ROCKY FINANCIAL TERRITORY AHEAD OF EVERYBODY, INCLUDING PERHAPS THE RICH AND CORPORATIONS IN THE NEXT FEW MONTHS?

One thing is don't buy anything you don't need. This Christmas stupidity of going and knocking yourself out to buy a lot of things that people don't want, that you can't afford. This is not an intelligent way to make decisions.

Conservation Engineers

And that brings us into another trend, which is positive: Conservation Engineers. How to conserve? How to use what you have for a more efficient way and bring in new materials and processes so that we can conserve more. We don't call this the Green Movement. It's the Smart Movement. And that's what we are going to see, so there is going to be great job opportunities, great entrepreneurial opportunities for people who become conservation engineers, conservation specialists, using products, services and intelligence that brings us out of the Dark Age of Over-Consumption that we've been in for so long.

OVER-CONSUMPTION HAS BEEN PROVOKED BY A GOVERNMENT THAT BASICALLY SAYS, 'YOU – CONSUMERS – IT IS YOUR JOB TO GO OUT AND SPEND TO KEEP THE ECONOMY GOING.'

I know – what kind of craziness is this? You're even hearing people like Warren Buffet – the 2nd richest man in the world – warning the nation that it's turning into a plutocracy. I mean this is him and he's intelligent enough to know!

[Editor's Note: **Plutocracy** refers to the rule or power through wealth or by the wealthy. In a plutocracy, the degree of economic inequality is high, while the level of social mobility is low. This can apply to a multitude of government systems, as the key elements of plutocracy transcend and often occur concurrently with the features of those systems. The word *plutocracy* is derived from the ancient Greek root *ploutos*, meaning wealth and *kratein*, meaning to rule or to govern.]

Aristotle is alleged to have said that the strength of a nation is built on its middle class. And dumb is dangerous. The more ignorant people are, the more desperate they are, the more it hurts all of us. It's in everyone's best interest to have an informed, intelligent society.

WE ARE IN A COUNTRY THAT HAS BEEN COWED BY A GOVERNMENT POLICY OF FEAR IN ALL DIRECTIONS. PEOPLE ARE AFRAID TO STAND UP FOR THEMSELVES AND THAT'S WHAT MAKES ME WONDER: HOW DO YOU GET TO BETTER STEPS ON YOUR TRENDS, LIKE 'SMALL IS BIG' AND 'HEAL YOURSELF HEALTH CARE' – HOW DO YOU GET THERE WHEN IT IS THE ENTRENCHED GREED CORPORATIONS THAT DON'T WANT US TO WAKE UP AND CHANGE?

The vacuum is so big right now – all of the institutions are failing. You name it – education, health care, military, economic, medical – they are all failing. When the vacuum is this big, it could be filled with anything. It could be filled with more Fascism, bigotry and hypocrisy – or it could be filled with beauty, art, love and understanding and dignity and passion and respect. It's up to us to fill it. But people have to do it in their individual lives.

Devalue American Dollar?

“OFF WITH THEIR HEADS”
On the national level, tax protests will be as vocal, heated and potentially more violent. With the disparity between rich and poor trending wider (1 percent took in 22.2 percent of all income in 2005, while the bottom 50 percent salvaged 12.8 percent), once the most egalitarian among its economic peers, the United States now ranks the most unequal.

The Trends Journal - Winter 2008,
Trends Research, Rhinebeck, New York.

ANOTHER PARAGRAPH I UNDERLINED UNDER TAX REVOLT – QUOTING FROM YOU – ‘WITH THE DISPARITY BETWEEN RICH AND POOR TRENDING WIDER, 1% OF THE POPULATION TOOK IN 22.2% OF ALL INCOME IN 2005, WHILE THE BOTTOM 50% SALVAGED 12.8%.’ THE GULF BETWEEN THE RICH AND THE REST OF THE STRUGGLING COUNTRY, IS BECOMING SO HUGE IN THE UNITED STATES THAT IT MAKES ME WONDER HOW WILL WE EVER BALANCE OUT AGAIN?

They (Feds) are going to balance it out by devaluing the dollar. That’s the way they are going to do it, and the impact is going to be tremendous. You can see what happened in Argentina when they did it and you can see what happened in other countries. The same thing is going to happen here. There will be massive unemployment. We’re going to see the worst economic conditions in the United States in the years ahead that anyone living has ever seen.

PEOPLE CAN’T DO ANYTHING UNLESS THEY GO TO BANKS TO BORROW MONEY TO GET THINGS ACCOMPLISHED AND THEN YOU’RE RIGHT BACK DEALING WITH THE PEOPLE WHO PUT US IN THIS PROBLEM IN THE FIRST PLACE.

That’s only part of it. Nobody broke people’s arms to go take out home equity loans. They did it on their own free will. And people are spending way beyond their means. Nobody out there forced people to build McMansions or drive SUVs. They did it all on their own. The people have to become more intelligent. They’ve become lazy and information-ignorant. And until they change, nothing is going to change. I believe it is going to change because there are enough people that want it to change. Not everybody is a Paris Hilton fan.

Technoslaves

BUT THE FINAL TREND THAT YOU HAVE, TECHNOSLAVES.COM – WHEN I READ THAT, I THOUGHT THAT’S ABSOLUTELY TRUE. THE YOUNGER GENERATION ESPECIALLY IS BECOMING NUMBED BY I-PODS AND X-BOXES AND HOW IN THE WORLD DO YOU EDUCATE A GENERATION THAT IS SO TECHNOSLAVED?

They are going to have a very difficult time because they have been built up with this false belief that some how they are special because they can hit little buttons really fast and move their fingers nimbly over the little keys. It’s a worldwide epidemic. They are becoming technoslaves. Every time that phone rings, it has to be answered as if it is something ranging between life and death is going to be solved in the next few seconds. And it’s not like I haven’t been here and did not know when the whole cell phone thing happened. It’s a choice that I don’t have one.

All my friends said, ‘Oh, I’m only going to use it in an emergency.’ But now you’re having a conversation between two people in the flesh and somebody from who knows where? They ring up and your conversation is broken up.

The playing field, we believe, is going to be broken down to more and more local. More self-sustaining. You don’t have to get all these products coming from all these countries. So, we see a real breaking down.

Actually, we also see a real renaissance. We think this is the end of the Dark Ages and that people are going to start going back to a higher quality. When we raise the quality bar, then everything goes up with it. That’s a strength that the United States has, *if* we get the kind of leadership that can push us in that kind of direction.”

More Information:

For further reports about trends research, please see other reports below in the **Earthfiles Archive**:

- 12/21/2006 — Top Trends for 2007 by Gerald Celente
- 02/03/2006 — Trends 2006
- 12/31/2000 — Top Trends 2001
- 01/02/2000 — New Trends for 21st Century
- 01/03/1999 — Trends in 1999 with Gerald Celente

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