

After Wall Street Bailout, Is Main Street Headed for Depression?

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"This Wall Street bailout is really taxation without representation."
- Gerald Celente, Editor and Publisher, The Trends Journal



October 16, 2008, *The Albuquerque Journal*, Front Page Headline after Dow plunged 733 points "on stream of disheartening economic data" released on October 16, 2008.

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Sales sink Dow

Report on declining consumer spending shakes markets

October 16, 2008, *The Albuquerque Journal*, Front Page of Business Outlook after government report confirmed September 2008 retail sales were down 1.2% - almost double expectations.

SPECIAL REPORT AMERICA'S MONEY CRISIS

Complete

Stocks bounce back

Investors scoop up battered shares as recession fears are countered by Buffett's bullishness, Google's earnings.

By Alexandra Twin, CNNMoney.com senior writer
Last Updated: October 17, 2008: 2:05 PM ET

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October 17, 2008, CNN.com America's Money Crisis.

Housing Industry Outlook Gloomy

Homebuilders Index
Hits All-Time Low

By ALEX VEIGA
The Associated Press

October 17, 2008, Associated Press.

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SPECIAL REPORT AMERICA'S MONEY CRISIS
Complete Coverage

Hard times in the Heartland

Layoffs hit the Whirlpool appliance plant in Iowa, but the economic pain doesn't end at the factory gates.

By Aaron Smith, CNNMoney.com staff writer
Last Updated: October 17, 2008 1:04 PM ET

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October 17, 2008, CNN.com America's Money Crisis.


October 17, 2008 Rhinebeck, New York - The American government bought \$250 billion in ownership of United States banks this week of October 13th. The week before, it authorized nearly a trillion dollars to bail out Wall Street that included even saving the world's largest insurance company, A. I. G.

But what about all the struggling Americans on Main Street who are watching their 401(K) savings and their pensions shrink as the Dow moves up and down 700 points a day? What about the estimated million Americans who have lost their homes to foreclosures in the subprime mortgage mess? Who is bailing out the Main Street taxpayers who are being used by the United States government to bail out Wall Street? And what happens to shopping malls and other retailers as the government reported this week that retail sales are down 1.2% in September 2008 - and are expected to keep falling?

Virginia Cervasio, Exec. Dir., of the Lee County Suicide Resource Center in Florida told Associated Press this week: *"A lot of people are telling us they are losing everything. They're losing their homes; they're going into foreclosure; they've lost their jobs."*

On October 13, 2008, Associated Press reported: "As Economy Sinks, Officials Fear Violent Solutions"

- An out-of-work money manager in California loses a fortune and wipes out his family in a murder-suicide.
- A 90-year-old Ohio widow shoots herself in the chest as authorities arrive to evict her from the modest house she called home for 38 years.
- In Massachusetts, a housewife who had hidden her family's mounting financial crisis from her husband sends a note to the mortgage company warning: 'By the time you foreclose on my house, I'll be dead.' Then Carlene Balderrama shot herself to death, leaving an insurance policy and a suicide note on a table.
- In Ocala, Florida, Roland Gore shot his wife and dog in March 2008 and then set fire to the couple's home, which had been in foreclosure, before killing himself. His case was one of several in which people have killed spouses or pets, destroyed property or attacked police before taking their own lives.



by Gerald Celente, director
The Trends Research Institute

Washington Bailout a Bust. Depression to Follow.

RHINEBECK, NY 9 October 2008 -- Once again, Washington has proven that anything it touches is doomed to failure. Unable to win wars, repair levees, fix voting machines or rebuild its Twin Towers, the colossal \$700 billion bailout package passed last week by Congress proved to be an instant bust.

As we predicted in our 26 September 2008 Trend Alert® *Put the Bailout on the Ballot* -- "The bailout plan will only bail out CEOs and preferred stakeholders of failing financial firms while sinking the American people deeper in debt."

October 9, 2008, *Trend Alert* from **The Trends Research Institute**, Rhinebeck, New York.
Also see: **122107 Earthfiles "Trends in 2008"** and **091508 Earthfiles "Economic 9/11."**

On October 9, 2008, Gerald Celente, publisher and editor of the highly respected *Trends Journal* issued a Trend Alert headlined: "Washington Bailout A Bust. Depression to Follow." This week I asked him why a Trend Alert about an economic depression when the American government seems to be doing everything it can to hold off financial collapse?

Interview:



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

Gerald Celente, Editor and Publisher, *The Trends Journal*, Rhinebeck, New York:“All they are doing is throwing good money after bad. This is unprecedented. This isn’t the United States of America. It’s now the United Soviet States of America. They are buying banks, brokerages, insurance companies. We (U. S. government) now own the world’s largest insurance company! And mortgage companies. And they are doing it all with taxpayer money. So, anyone with a little common sense, Linda, could figure it out.

If the boys on Wall Street botched a deal before, what makes anyone think that the inept people in Washington are going to pull it off any better? They are not. What they (government bureaucrats) have better than the scammers on Wall Street is that they (government) has unlimited funds from the U. S. Treasury by taxing the people and taking all the money they want to do their deals. So, nothing good is going to come out of this. All they are doing is bailing out the preferred shareholders, the foreign banks that have loaned the money – all on the backs of the American people. This is a ‘Foetus Tax’ in the sense that generations are going to have to pay for this. This will do nothing, nothing! to stop the economic depression that is coming. All it will do is bailout the ‘too big to fail’ companies.

WHY DID THE DOLLAR GO UP DURING THE CHAOS?

Gold went down, the dollar went up. The markets are so highly manipulated. There are reports coming out of banks shorting gold positions by the hundreds of thousands trying to keep gold prices down. There are reports of people lining up in Europe and other countries to buy gold and cashing out.

Because when people realize that their paper is not worth the paper it’s printed on and people start going into gold, the whole system could collapse immediately. So, they are doing everything they can to prop the dollar up and to push gold prices down. They are propping the dollar up also, so that the people that are in dollars that want to get out have an opportunity, such as the Chinese and all the other foreign banks that are holding so much of the dollar debt.

WHO HAS THE ABILITY TO PROP UP THE U. S. DOLLAR?

The central banks because remember they are in control of the printing press. So you have coordination between the world central banks and the Federal Reserve and they are trading heavily into the markets to keep it going.

SO, THE CENTRAL BANKS MIGHT HAVE MORE EFFECT ON WHAT’S HAPPENING WITH THE DOW NOW THAN JUST NORMAL STOCK INVESTORS?

Absolutely! The game is rigged. It’s being rigged in broad daylight and we see it right in front of us.

Goldman Sachs has now taken over the White House with Henry Paulson in Treasury. When they had the A. I. G. bailout, the biggest financial insurance company in the world. They just got \$85 billion and just asked for another \$40 billion and we taxpayers just paid for a half million dollars worth of perks for their A.I.G. Commissars to go to the resorts like they used to do in the Soviet Union.

Do you know who the only person sitting in on that meeting was outside of the Treasury and the Federal Reserve? It was Blankfein from Goldman Sachs! It’s criminal activity from top to bottom.



Lloyd C. Blankfein, CEO/Chairman of the Board/Director, Goldman Sachs Group, Inc., New York. Image © 2008 by AP.

Angry Americans, Some Already Living in Tents



Mack Martinez, 19, of Cedar Rapids, Iowa, smokes in front of his tent at the tent city that has sprung up. Las Vegas, Nevada, also has people living in tents on the city streets. Image © September 18, 2008 by AP.

WHAT DOES THAT LEAVE THE AMERICAN PUBLIC WITH IN TERMS OF ANY KIND OF POWER TO CHANGE THE SYSTEM?

It leaves them with anger and when they are broke and desperate, that's when denial no longer rules. Denial, by the way, is still pretty prevalent among a lot of people. But when the reality hits and they see how bad things are, you're going to start to see tax revolts. It's going to start taking place at the local level. People can't afford these school taxes. They can't afford the property taxes. I mean it's a joke! Property taxes keep going up and they keep re-evaluating. But when the value goes down, the bureaucrats don't lower the taxes. What is going on here? People are not going to be able to afford it and that's when the tax revolt happens and that's what we are going to see.

What Could 2009 America Look Like?

YOU HAVE BEEN SO ACCURATE SINCE 2007 IN CALLING EXACTLY WHAT HAS UNFOLDED IN 2008. COULD YOU HELP THE GENERAL NORTH AMERICAN AUDIENCE UNDERSTAND *WHAT THE TRENDS JOURNAL* AND INSTITUTE WOULD SEE IN DETAIL AS WE GO FORWARD NOW FROM OCTOBER 2008 TO OCTOBER 2009?

First, we have to remember there are many wild cards that are thrown on the deck that nobody can ever anticipate and that's why nobody can really predict the future. You can see the face of it, but you really never know what's going to happen (in detail).

Having said that, there might be wars. Geopolitical tensions are always coming to light just as happened this past summer with Georgia invading South Ossetia and the belligerency shown by the United States on behalf of Georgia in support of their invasion. So that was the beginning of a new Cold War. How is that going to play out? We're not sure. But here's what we know, for example, about that. We know when that happened, the Russian stock market collapsed and it has not recovered since. So, the Russians are very angry at America for having instigated that war, as the Russians believe. So, we don't know all the geopolitical tensions.

If things remain constant on the economic and political fronts, what we're going to see in the beginning of the New Year 2009 is a very cold winter. February and March 2009 are going to be very, very bleak. We're going to see the depression really start to set in.

WHAT IS YOUR DEFINITION OF A DEPRESSION?

We don't go by unemployment numbers. They reached almost 25% in the last Depression of 1929. Now, there will be masses of working poor doing two to three jobs just to make ends meet, plus you're going to have a lot of people unemployed as well – probably in the 15% level at least. Again, the numbers are cooked all the time because what happens is that once a person is no longer looking for work and their unemployment benefits have run out, the government no longer counts them as unemployed!

Again, the United Soviet States of America! Just as the bureaucrats don't include energy and food into the core inflation numbers.

Mall and Retail Store Collapses

This whole notion that we need a Wall Street is a fallacy because Wall Street killed Main Street by giving all the real estate developers money and special tax breaks and grants given by the cities and states to build all these huge malls and outlets that have sapped the vitality out of Main Street. That vitality is going to be re-invigorated and it's going to start now in the New Year 2009. You're going to see more vitality spring up in the dead areas because we're only talking now in the media about the financial collapses. Let's start talking about the retail collapses that are going to follow soon. You're going to see big name retailers buckle under and go under. You're going to see malls become ghost malls.

Desperate People, Tent Cities, Rise in Crime

It's going to be very bleak. Very sad. And there is going to be a lot of homeless, the likes of which we have never seen before. Tent cities are already sprouting up around the country and we're going to see many more.

We did a piece about self-storage units really taking on the true meaning of their name. People are going to start living in these things and it's going to be better than living in a tent out in the street or risking your life in a homeless shelter.

We're going to start seeing huge areas of vacant real estate and squatters living in them as well. It's going to be a picture the likes of which Americans are not going to be used to. It's going to come as a shock and with it, there's going to be a lot of crime. And the crime is going to be a lot worse than it was before because in the last 1929 Depression, people's minds weren't wrecked on all these modern drugs – over-the-counter drugs, or crystal meth or whatever it might be. So, you have a huge underclass of very desperate people with their minds chemically blown beyond anybody's comprehension.

Tax Revolts

WILL THIS COUNTRY EVER CHANGE BACK TO WHAT IT WAS BEFORE THIS CORRUPT COLLAPSE?

There will be a revolution in this country. It's not going to come yet, but it's going to come down the line and we're going to see a third party and this was the catalyst for it: the takeover of Washington, D. C., in broad daylight by Wall Street in this bloodless coup. And it will happen as conditions continue to worsen.

We're very confident of that because as we look through history – tracking trends is a way of understanding where we are, how we got here and where we're going. Throughout the entire 19th Century, and even into the early 20th Century, the major issue was the central banks taking over the country. That's why you had people like Andrew Jackson. It's been a major issue since our founding fathers and will continue to be. This is only a temporary take over.

BUT HOW DO THE VAST MAJORITY OF THE NON-WALL STREET PEOPLE GET ENOUGH LEVERAGE TO HAVE A REVOLUTION AGAINST A CORRUPT WALL STREET AND GOVERNMENT IN TERMS OF THEIR PRIORITIES?

The first thing to do is organize with tax revolts. That's going to be the big one because

people can't afford to pay more school tax, property tax, any kind of tax. You're going to start seeing those kinds of protests start to develop.

From that taxation issue because that's what's going on right now – this Wall Street bailout is really taxation without representation. It worked before; it will work again. That's what we see as being the glue that brings this third party movement together because now it's not a question of becoming involved because it's a political or ideological belief. It's in your pocketbook. It's staring you in the face. People cannot make ends meet. What are they doing? They're going around begging to bailout disenfranchised Wall Street executives?!?

No, you're going to start seeing the revolution and it's going to take the form of tax revolts.

Main Street Renaissance?

You're going to see a lot of changes that are going to make it better for the average person. The system right now is built on too-big-to-fails. There's not enough money in the world to save them. So, we're going to see a Renaissance as well. Something old is dying and something new is being born.

DO YOU MEAN THAT THERE COULD BE SOME SORT OF REJUVENATION BECAUSE PRICES WILL BE FORCED DOWN TO SOMETHING THAT PEOPLE CAN HANDLE?

The prices will be forced down, but we're going to go through a period of hyper-inflation the likes of which we have never seen before. The government is just printing money on a daily basis. They are just manufacturing it out of thin air! So, we're going to see hyper-inflation, the kind you used to see in Argentina and Brazil when they went through currency crises. The prices are going to go lower, but in real dollar terms, it's still going to cost a lot.

Where the change is going to come about is that people are going to start re-thinking about what consumerism is about. That's the real dynamic change. You can't buy what you can't afford and don't need. That's going to be a wake up call. You don't borrow to build. You only build with profits.

So, as that happens, we're going to see more community spirit. The small towns that made this country great in the first place are going to re-emerge. With that, family, friends, relatives – a whole different structure starts taking place rather than doing it all on your own, you don't need anybody, you can make it to the top mentality. So again, something old is dying and something new is being born.

Socialism of America

ONE OF THE THINGS THAT APPEARS TO BE BEING BORN IS LIKE A COUP D'ETAT SUDDENLY IN OCTOBER 2008, IN WHICH ESSENTIALLY THE GOVERNMENT OF THE UNITED STATES TOOK OVER THE FINANCIAL COMMUNITY IN WHAT IS BEING DESCRIBED ON CNBC-TV AS THE 'SOCIALISM OF THE UNITED STATES FINANCIAL INSTITUTIONS.'

I call it a communism! It's communism when you have state-controlled monopolies running the largest businesses. That's not socialism. Socialism is something for everybody out there. At least you would get health care and education and other benefits.

This now is communism. Instead of the commissars from the Communist Party, they are bringing the people in from the Wall Street party. In socialism, you get to vote. In communism, you don't. The majority of the American people were against the bailout. According to all the research, it was running 100 to 1 against. People were calling their representatives, but the representatives don't represent the people. The representatives did what the Party wanted. So, it's really communism and why I call it the United Soviet States of America.

SOME BUSINESS PEOPLE ARE EXPRESSING SHOCK AT THE RAPIDITY WITH WHICH THIS HAS OCCURRED.

There are honorable people out there. Not everyone is a thief or a crook. This is just the beginning of the movement. People don't know what to do. There has never been a galvanizing issue before (for an American revolution). This is it!

2009 Inflation

THE PRACTICAL ISSUE OF PRINTING ALL OF THIS MONEY TO GET US OUT OF ONE HOLE PUTS US IN THE INFLATION HOLE WHERE PRICES ON GOODS IN THE UNITED STATES – THEY MIGHT BE AFFORDABLE TO US, BUT IF WE TOOK OUR MONEY OUT INTO THE REST OF THE WORLD, TO EUROPE, FOR EXAMPLE, THE AMOUNT OF MONEY THAT EVERYTHING IS GOING TO COST US THERE IS OVERWHELMING AND PEOPLE WILL STOP TRAVELING?

Oh, absolutely. It's already happening and it's just going to get worse. We have to understand that even the numbers the federal bureaucrats are talking about - \$700 billion and \$250 billion for the banks, it's peanuts compared to the credit default swaps, which nobody knows what the heck they are, including myself. They are \$ 353 trillion dollars. I mean, you can't make up a number like that! That's only in credit default swaps, the derivatives.

Then you start looking at commercial real estate. When is that going to collapse? When are all the over-built stores? We have been over-stored in this country for over a decade. So, you're going to start seeing a huge commercial real estate collapse.

The sub prime problem is only about \$ 2 trillion at best compared to the rest, but it's an easy target because the bureaucrats can blame all those irresponsible little people for borrowing more than they should have.

How about all those leveraged buy outs such as the Carlisle Group, Blackstone, Cerberus – they bought things like Chrysler and that Hilton chain with *no money down!* That's where a big unraveling is going to come.

BUT IS THIS GOVERNMENT IN THE NEW PHILOSOPHY OF SOCIALISM GOING TO ALLOW THOSE CORPORATIONS TO COLLAPSE? OR ARE THEY (BUREAUCRATS) JUST GOING TO KEEP PROPPING EVERYTHING UP IN THIS KIND OF ALICE IN WONDERLAND WORLD?

They are going to try, but it's not going to work. This is a temporary fix. They don't have enough money to do it.

The only power they have is to print cheap money; the more cheap money they print, the worse hyper-inflation gets; the worse hyper-inflation gets, the more people become angry; the angrier people get, the more tax revolts; and that's when we'll see a new system. This country was built on tax revolts and it's going to happen again. We're only at the beginning stages of this change.

You talked about an Alice In Wonderland world, if private enterprise messes it up as bad as they did (laughs), who in their right mind would think a government that has only proven Katrina quality rescue skills can do something better? I mean, we're losing two wars. Our health care system is in shambles. Our education system no longer wins, places or shows worldwide. They still have a hole in the ground where the World Trade Centers used to stand. The levies (New Orleans) have not been fixed. And neither have the voting machines!

When we went through the 1929 Depression, Wall Street was hated! They didn't recuperate until the mid-1950s. So, we're going to see the same thing. There's going to be a huge government backlash, particularly for the Democrat and Republican parties and against Wall Street.

Back to Main Street to Survive?

As I see it at the Trends Institute, what is bad for Wall Street is good for Main Street. Wall Street only helps the too-big-to-fails. They don't care about the rest of us. And we see it over and over again in their CEO pay or whatever greedy thing it might be.

So, now you have the butcher, the baker, and even the shoemaker start to thrive again. I could imagine a small shoe company and you could have people supporting it because they don't want to buy shoes made by slave labor overseas.

So, we think this could become a real Golden Age of America. It could become the epicenter of the Second Renaissance. That's what we're pushing for."

More Information:

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

- 09/17/2008 — With the September 15, 2008 “Economic 9/11,” Are We Facing Depression Like 1929?
 - 12/21/2007 — Trends 2008
 - 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
-

Website:

Trends Research: <http://www.trendsresearch.com>

U. S. Bullion Depository: http://en.wikipedia.org/wiki/United_States_Bullion_Depository

Great Depression of 1929: <http://www.nps.gov/archive/elro/glossary/great-depression.htm>

http://en.wikipedia.org/wiki/Great_Depression

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