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The History of The Future: Trends 2012

The 2nd American Revolution

Episode V Autumn 2012, the "Greatest Depression" has spread worldwide. Billions are unemployed, homeless and desperate. Countries bankrupt, trade pacts broken, tariffs rise, borders close.

Protectionist, nationalist and anti-globalization movements have moved out of the margins and into the mainstream. Immigrants brought in during boom times – blamed for bringing down wages, stealing jobs and rising crime – are being rounded up and deported.

Despite differences between the 1930's Great Depression and today's "Greatest Depression," unsettling similarities conjure up memories of pre-World War II. From the United Kingdom to Russia, war drums eerily beat.

China, Vietnam, Indonesia, Singapore – all countries that ramped up production to meet insatiable business and consumer demands of the prior decade – fight for survival.

Japan, Taiwan and South Korea, long industrialized and export driven, blame China for their mounting trade imbalances, internal strife and Southeast Asian instability.

Mexico, once the US resort/retirement retreat, is as dangerous as the Congo, and its government – what's left of it – is equally ruthless.

Across much of South America, depression, coups and wars prevail; few nations have been spared.

In Afghanistan, Iraq and Pakistan it's the same news, different year, different body count: "Five US troops killed in Afghanistan." "US drone attack kills 60 civilians in Pakistan." "Car bomb blast kills 47 in Iraq."

In the eleven years since President George W. Bush promised to bring Osama bin Laden back "dead or alive," there have been more Elvis sightings than traces of bin Laden.

The US military asks for more troops, more money and more time. The President and Congress plunder the treasury and sacrifice more lives all under the pretext of keeping America Al Qaeda-free.

The Israeli-Palestinian peace process remains permanently and violently stalemated.

Iran, having forged a business/military alliance with China and Russia, is now a Nuclear Club member, and the world is forced to deal with it.

Oil-rich nations, having sunk trillions and lost trillions in high stakes investments, are trying to cope with internal rebellion and decreased demand for their only cash crop.

India's miracle economy has run out of miracle, pushing it back into Third World conditions. Incessant flare-ups with Pakistan carry nuclear implications.

Canada, Australia and New Zealand are not in great shape, but compared to most other nations, they seem like paradise.

Africa is Africa. Not much has changed. Corruption, poverty and conflict prevail. Despots and dictators vie for control. Newly emerging colonial powers outmaneuver old colonial powers to commandeer rich lodes of natural resources.

A few countries flourish, some even in the middle of regional hotspots. Smart citizenry, good leadership, a little luck, energy and resource self-sufficient – they saw the trends coming and made proactive decisions.

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Trendpost: *Although SHCs (Safe Haven Countries) was not part of the lexicon in 2009, the concept was on the minds of the very rich and the very tuned-in.*

Aware of the mounting fury of the millions who had lost jobs, homes and futures, and the many other millions who blamed their government for taking their taxes to cover the trillions in financial sector losses, the smart money had already moved to safety or had escape plans in place. If it meant leaving mansions and businesses behind, that was a small price to pay for saving their necks.

The on-trend, even with limited resources, had plans in place to escape before things turned ugly and it was too late to leave.

Businesses specializing in safe haven relocation services – opening foreign accounts, arranging for dual citizenship and/or multi-nation passports – will be in high demand.

It was a worldwide trend. From Israel to Argentina, Russia to the USA, nations big and small, each with their own problems, were unraveling. By 2012, with borders tightly sealed and money flows restricted, choice havens were no longer admitting foreigners, but there would still be other options for the determined.

Trendpost: *"Survivalism," a trend building in 2009, will be bigger business in 2012. There would be escape routes, safe harbors and satisfying futures for those with the nerve and wit to take their lives into their own hands.*

Survival was more than guns and freeze-dried food. It also meant getting prepared emotionally, spiritually and physically … "Holistic Survival" was a profession waiting for professionals to practice and teach.

The Reality Show Back in autumn of 2009, sabers rattled, but there was no fear of a world on the edge. The future was looking brighter. In fact, a recession-free future was predicted on the cover of *The Economist*: **"After the storm: How to make the best of the recovery."**

Google it. Do the research. It was official: the Great Recession was over and the forecast for recovery was nearly unanimous. Nobel prize-winning economists, Wall Street sages and Washington's leading politicians who, with few exceptions, didn't see recession coming, now, with few exceptions, proclaimed it over. That's how it was being played out in the media.

On Main Street they were playing a very different tune. For the limo driver, carpenter, merchant, restaurateur, accountant, college grad … there was no recovery. Business was either way off or going under. Low pay, lousy jobs, losing jobs, can't find a job … that was the reality.

But in the make-believe media world, the taste, the smell and the degradation of Main Street reality was covered over with glitz and pontification.

In the *Trends Journal*®, where we report from the real world, we called "recovery" a mirage, a fraud, a barker's spiel … and the problems the nation faced were far bigger than just the economy.

THE MOB

The greatest crime wave ever to hit America was sweeping across the nation. More lawless than Wild West desperados, better organized than gangland Chicago, a ruthless mob of financial bandits and political wise guys had taken control of the United States.

Not a week went by without Wall Street and Washington committing crimes. If perpetrated by individuals it would have been called robbery, extortion, embezzlement, felony and fraud, and the criminals would have been indicted, hauled into court and brought to justice.

Had the Wall Street "families" been named Celente, Caruso, Mondavi, Bellini, Rossini and Buitoni, they would have been called a financial Mafia, and the billions in buyouts and bailouts would have been called extortion. Day after day, month after month, it would have been a headline grabbing, non-stop story. Movies, TV features, HBO series, Congressional investigations, special prosecutors and commissions … Mafia madness would have been milked by Hollywood for every penny of its entertainment potential.

But because it was the "White Shoe Boys" (click here for definition) who ran the Wall Street Mob, fronted the Federal Reserve and operated the US Treasury, their criminal activities were couched in polite but impenetrable White Shoe language: credit default swaps, auction rate securities, special investment vehicles, collateralized debt obligations, brokered deposits, flash trades; White Shoe lingo dreamt up to cover up frauds, inside jobs, rip-offs, Madoffs and scams.

It was like a pulp fiction crime novel with a plot at once transcendentally cliched, corny and transparent … and yet it was the perfect crime. The White Shoe Boys of the Wall Street Mob had taken over Washington. It was The Great Bank Robbery. Except it wasn't the bank that was being robbed. It was the banks doing the robbing.

Politicians, bought off by the mob, did as they were told. By government edict, the wealth of the nation was extorted from those who had the least and bestowed upon those who had the most and wanted more.

Thousand page bills were rushed into print and rammed through Congress before lawmakers had a chance to read them. Bailouts, buyouts, rescue plans, stimulus packages, cap and trade … by whatever name, it was the greatest heist in American history. Committed in broad daylight and with everyone watching, almost no one saw it for what it was: "crime." But Washington called it "legislation."

By order of the President and Congress it was decreed that all living Americans, and their descendants for generations, would be responsible for the bad bets made by banks, businesses and financial institutions deemed "too big to fail."

FEAR FACTOR

There was no time to debate what might happen if the "too big to fail" actually failed: immediate action had to be taken to avert catastrophe.

It was the familiar fear tactic – one that had worked in the past and would work again – an economic version of the Bush/Cheney argument for the Iraq War. The people were told that Saddam Hussein had weapons of mass destruction and ties to Al Qaeda. If he wasn't stopped, the next cloud would be a mushroom cloud.

The pretense was different but the game was the same: instill fear in a panicked public and they will follow their leader, regardless of how shallow the reasoning or how big the lie.

Just as the nation was hurried to war before it could be proven that Saddam Hussein had no weapons of mass destruction or Al Qaeda ties, so too there was no time to debate what might happen if the "too big to fail" failed.

Trendpost: *Trend Trackers beware! Regardless of country, governments will take whatever measures necessary to retain control when in danger of losing it.*

Yet majorities, in times of crisis, tamely follow their leaders, believing that the actions taken are in the common interest.

In 2009, few remembered how Bill Clinton launched missile strikes, bombed no-fly zones and waged wars against sovereign countries to divert the nation's attention from his own sexual escapades. At the time, the public was public-relationed into believing that the military strikes were in the national interest.

One way or another, facts get twisted to promote agendas: "Kosovo's Plight Exaggerated," read the 1 July 1999 USA Today *headline. "Many of the figures used by the Clinton Administration and NATO to describe the wartime plight of Albanians in Kosovo now appear greatly exaggerated …."*

Similarly, memories had also faded of how unpopular George W. Bush was in the autumn of the first year of his presidency. Then came 9/11. America went to war. First Afghanistan and then Iraq.

Flags waved, yellow ribbons were tied to trees and plastered on cars, and the nation rallied around their Commander in Chief. "I'll bring him (Osama bin Laden) back dead or alive!" promised the former weekend warrior of the National Guard.

In 2009, President Obama would follow the tradition: playing upon fears to rally the public and ensure obedience under the guise that all measures taken were for the common good.

Commandeering the media, he transformed his presidency into the "Obama Show" … an almost uninterrupted sequence of town hall face-offs, factory floor meetings, stadium rallies, TV guest appearances, "exclusive" interviews, addresses to Congress, and late night comedy spots.

By autumn, declining ratings were reflecting over-saturation coverage, but nonetheless, loyal Obamatons still held out "Hope" and waited for the "Change We Can Believe In."

While the national pastime of "follow the leader" is always the path of least resistance, it comes at a high cost … financial ruin and/or war and death. In either case, when disaster strikes, the followers typically absolve themselves of any direct moral responsibility for both the outcome and for the role they played in allowing it to happen.

Trendpost: *Realists understood the game, knew how it was played, and were anticipating draconian measures. Seizing or freezing assets, bank holidays, confiscating gold (as the US did in 1933), restricting Internet freedom, closing borders both in and out, summary arrests without cause … all were possible. Those on-trend were thinking ahead and preparing for the worst. If the worst didn't happen, nothing was lost. If the worst happened, those who did nothing risked losing everything.*

By 2012, geopolitical threats, economic Armageddons, crime waves, drug wars, terrorism, riots, tax revolts, civil disobedience … fake flag and real attacks … there would be ample opportunities for leaders to play the fear card and for the fearful to follow.

A growing minority was learning to think for itself, was wise to the game and unwilling to take the bait. Political leaders unable to convince the skeptical to follow would do what they had to do, regardless of cost or consequences, to maintain control.

Fears 'R' Us The economic fear card, dealt by the Bush Administration in 2008, and trumped by President Obama in 2009, was that if the "too big to fail" failed, the credit markets would freeze, the entire financial system would collapse, and life as we know it would never be the same again.

But would the system collapse? Would civilization as we know it cease to exist? It was a 14 trillion dollar question (the amount earmarked for the various rescue packages) that was answered with a counterfeit two-bit analogy.

First floated by President-elect Obama in December 2008, it was later parroted by Federal Reserve Chairman Ben Bernanke in June 2009.

Asked why taxpayers should be forced to foot the bill to bail out banks, brokerages, insurance companies and other institutions that had made bad bets, Mr. Obama responded, "You know, if my neighbor's house is on fire, even if they were smoking in the bedroom or leaving the stove on, right now my main incentive is to put out that fire so that it doesn't spread to my house."

When asked the same question seven months later, Ben Bernanke resorted to the same illegitimate analogy: "If you have a neighbor, who smokes in bed. And he's a risk to everybody. If suppose he sets fire to his house, and you might say to yourself, 'I'm not gonna call the fire department. Let his house burn down. It's fine with me.' But what if your house is made of wood? And it's right next door to his house? What if the whole town is made of wood? Well, I think we'd all agree that the right thing to do is put out that fire first, and then say, 'What punishment is appropriate? How should we change the fire code? What needs to be done to make sure this doesn't happen in the future? How can we fire proof our houses?' That's where we are now. We have a fire going on."

Comparing a neighbor's house on fire to spending trillions to bail out failed financial institutions is a totally fraudulent, puerile and transparent analogy … one that happened to be accepted without question by the entire media and foisted upon the public as the logic of the wise.

"Smoking in bed" and "the house on fire" bore no relationship to the reality. More to the point, what if your neighbor is a compulsive gambler who lost his fortune in Vegas and is now losing his house? Should the "whole town" be taxed for generations to come so that your neighbor is able to retain possession of his McMansion? And for his gross failures, should he be further rewarded with millions in "executive compensation" so he can travel first class back to Vegas to continue his wasteful, profligate ways?

Publisher's Note: The public has been trained to believe that the Federal Reserve operates independently of Washington. But when the President and Fed Chairman use the identical, inane "if-your-neighbor-is-smoking-in-bed" analogy, it should make the alert citizen question any claim of independence.

The Federal Reserve was Washington and Washington was the Federal Reserve. Before being appointed by President Obama as Secretary of the US Treasury, Timothy Geithner was President of the Federal Reserve Bank of New York. Who could imagine that the Fed – with complete control of the money presses and the keys to the treasury now in the hands of one their boys – was not running the show?

WIZARDS OF ODDS

So, in a rare fit of near-unanimity, economists and politicians decreed that the "too big to fail" must be saved. Upon what divine authority was such certainty based?

The last spasm of agreement, way back in 2007, saw experts mocking the prospect of a bursting real estate bubble, and the Wall Street/Washington majority predicting only modest increases in unemployment. Virtually all discounted even the remote possibility of impending recession – much less the Great Recession – as it would soon be known: "Advisors Tell Worried Investors To Take Stock 'Hiccup' In Stride," ran the 27 July 2007 *New York Times* headline.

In 2008, the Federal Reserve employed 200 PhD economists and spent some $400 million on analysis, research, data gathering and studies on market structure. What dissenter dared contradict the forecasts and counsel provided by this corps of experts, who failed to see the Great Recession coming … and who didn't see it even after it had arrived?

Yet suddenly, there they were again – all of them – politicians, economists, Fed officials, financial analysts and the bevy of media money honeys speaking with one voice, lecturing the masses: total financial catastrophe awaited them … individually, collectively, nationally and globally … should the "too big to fail" be allowed to fail.

Why should their forecasts be trusted this time? What if some of the "too big to fail" failed? What if all of them failed? Embodied in those questions lay the future of America: what would become of it and what it would stand for.

Looking back from 2012, the arrogance and pomposity of that questionable certainty is as instructive as it is farcical. Suppose some of the "too big to fail" failed and no one bailed them out?

On September 15, 2008, one of them did fail. The "venerable," "prestigious" investment bank (White Shoe terminology for a brokerage firm that gambles) Lehman Brothers went bankrupt because it could no longer cover its bad gambling debts. It was the biggest bankruptcy in American history. The equity markets plunged and reared, but the food didn't stop growing, the sun still rose and set and the markets eventually stabilized. Was this an indication that the fears of a total market meltdown were overblown?

Suppose all of them failed and no one bailed them out? In this worst case scenario, The Trends Research Institute would concur with most other analysts. Panic would have ensued and a Depression would have begun. Most likely the credit markets would have frozen, the world equity markets would have crashed, businesses would have gone bankrupt, unemployment would soar, GDPs would have plummeted.

However, there was **never** a fear of all of the "too big to fail" failing. It was a ruse and a fear tactic; the White Shoe Boys crying wolf to extort funds from the American people to pay for their compulsive speculation.

OLIGOPOLIES

Goldman Sachs, Wells Fargo, JP Morgan, Morgan Stanley, Deutsche Bank, Bank of America, and many other "too big to fails" insisted (once they had their bailout billions in their pockets) they were never in jeopardy after all. In fact, flush with $25 billion of rescue money, JP Morgan told its executives to use the cash to buy out weaker firms, although the funds were supposedly earmarked to free up the credit lines.

By using taxpayer funds to buy out the competition, the giants were creating a financial oligopoly in defiance of both the spirit of the law and the doctrine of free market capitalism – that self correcting, survival-of-the-fittest system in which all businesses, regardless of size, rise and fall upon their merits. In the free market doctrine there is no provision for government intervention, in which losses are socialized (taking taxpayer money to rescue "too big to fail" companies) and gains privatized (awarding executives billions in bonuses).

"Let the free market prevail," was to American economic principles as, "All men are created equal" was to American philosophical principles. But in practice it was different. In finance, agribusiness, healthcare, pharmaceuticals, media, retail, energy, food processing, defense … a few big names controlled most of the action. (Click here for in-depth, exclusive reports)

And then, in one fell swoop, free market capitalism was gutted. At a stroke of the Washington pen, Democracy, now being ruled by the even fewer, had become an Oligarchy.

Save The System Contrary to what was being preached by the all-knowing but unseeing seers, letting the "too big to fails" go under or shrink back to size was just the medicine the nation needed to begin to regain its strength and vitality. The "too big to fail" had become "too big to manage."

The bigger-is-better "economy of scale" doctrine – effected through mergers, acquisitions and consolidations – in theory brings down costs, streamlines operations and benefits everyone. In practice, however, economy-of-scale breaks down when an organization becomes so big, so bureaucratic and so unwieldy that its infrastructure cannot support it.

But back in 2009, the only future "officially" imaginable, or contemplated, was more of the same. The entire focus was to restore – as quickly as possible and by whatever means necessary – the same system that had failed so catastrophically.

"Fellow economists … are heaping praise on Mr. Bernanke for his bold actions and steady hand in pulling the economy out of its worst crisis since the 1930's," glowed *The New York Times*, in the midst of the brief remission of the Great Recession (20 August 2009). These economists also cited creating "staggering amounts of money out of thin air" as Mr. Bernanke's most important accomplishment.

What his fellow economists called "bold action," The Trends Research Institute called "the destruction of free market capitalism." And what his fellow economists lauded as "Mr. Bernanke's most important accomplishment," the Institute labeled "financial insanity."

The economy was not "pulled out of its worst crisis" – only the "too big to fail" were pulled out and the economy was temporarily titillated. Who could celebrate creating "staggering amounts of money out of thin air" to bail out gangs of corrupt, reckless, greedy, compulsive gamblers and bloated, incompetent, noncompetitive industries … just because they had been decreed "too big to fail"?

It wouldn't work, it couldn't work, it didn't work. As the *Times* puff piece continued, "He [Bernanke] will eventually have to reel all that money back … but Fed officials have been careful to say it is still too early to pull back anytime soon."

"Anytime soon" would be a long time coming. Rather than "pull back," more money would be printed, and more bailouts and stimulus packages would be pushed through. But eventually, all that money spun out of "thin air" would have to be "reeled" back. When that time came around, the debt load would have become too-big-to-reel.

But in late August of '09, with the world equity markets on a boomerang boom from their March lows, the fatal illogic of the Fed's own policies was masked by assurances that an undisclosed "reel back" strategy was in place. Pronouncements issued by the highest officials precluded any consideration of dissent.

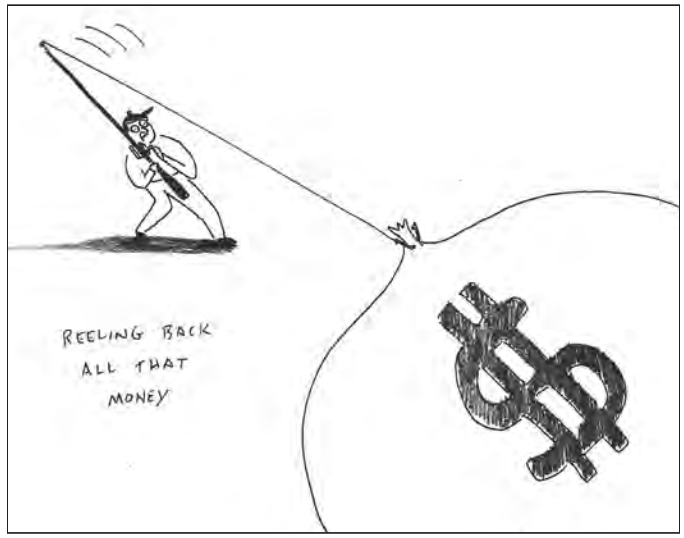
"Central bankers from around the world expressed growing confidence on Friday that the worst of the financial crisis is over and that a global economic recovery is beginning to take shape," wrote *The New York Times* (24 August 2009), quoting experts in support.

"This is a bull market. There's just a desire to be in the market and hope that the train will again leave the station," hoped and desired Laszlo Birinyi, of Birinyi Associates, who in February 2007, five months prior to the onset of the credit crisis, had declared, "I am optimistic about 2007. Fundamentals are still supportive. "

"It is reasonable to declare that the worst of the crisis is behind us, and that the first signs of global growth have appeared earlier than generally expected nine months ago," said Stanley Fischer, governor of the Bank of Israel.

"Declare"? The highest authorities left no room for dissent. Why not "suggest?" Since, read another way, the data indicated the worst was yet to come.

No Free Lunch Feeding the insatiable appetites of the "too big to fail" with repeated injections of liquidity could not stave off the inevitable. In 2005, we forecast the demise of America's Big Three automakers, who were producing "stagecoach platformed Hummers and rollover susceptible SUV gas gobblers loaded with hi-tech gadgetry." (See "Hardest Hit," *Trends Journal*®, Autumn 2005. Click here) With or without government intervention, the "Greatest Depression" was preordained.



In 2007, we forecast the "Panic of '08." Brought on by cheap money, easy credit and unrestrained borrowing, the crisis would not be solved by printing more cheap money, providing more easy credit, and encouraging more borrowing. (See "Panic of '08" *Trends Journal*®, Winter 2008. Click here)

But back in 2009, that trio was precisely what Wall Street recommended and Washington implemented. And the propaganda, disseminated and promoted by the media, claimed that they were working. Thanks to bold government action, the worst had been averted, the recession was winding down, and recovery, albeit sluggish, would prevail in 2010.

"So it seems that we aren't going to have a second Great Depression after all. What saved us? The answer, basically, is Big Government," proclaimed Nobel Prize-winning economist Paul Krugman (*The New York Times*, 10 August 2009).

"Big Government" propping up big losers would not stop the "Greatest Depression." What looked like recovery to Krugman & Co. was a brief respite. By early 2010, another major financial crisis would strike and economic conditions worldwide would further deteriorate. The global economy was terminally ill. Successive money fixes were keeping the patient on life support, merely postponing the inevitable.

It was the most speculative momentum-driven stock market surge since the 1930s. The surge wasn't an indicator of recovery back then and it wouldn't be in 2009. As equity markets climbed, the Wall Street organ grinders ground out "Happy Days Are Here Again." The bulls had been emboldened by a flurry of economic statistics pointing to recovery, ignoring the blizzard of statistics pointing in the opposite direction.

"The recession is dead, long live the recovery," Barclays Capital wrote its clients. Investors who had bailed out during the "Panic of '08" were seduced back into placing new bets to recoup and/or average out their earlier losses. Except for a lucky few, they would again pay a price for heeding siren songs.

With hefty tax breaks for first time homeowners, "Cash for Clunker" schemes to juice up the dead auto industry and money-back inducements to buy new appliances, average Joes were also suckered into building up more debt they could not service.

Trendpost: *It was a time to save, not spend; a time to preserve capital, not risk it. It was true that since 1984, a surging stock market had presaged the end of recession 80 percent of the time. But with the economic fundamentals of 2009 bearing little resemblance to anything in the past, this was no time to bet.*

Those with a keen instinct for survival must never forget that the firms and the executives with the most to lose also have the most to gain by convincing the public to keep on investing. These are the "experts" routinely relied upon by the media and the government for authoritative opinions. Thus, what looks like an informed consensus is no more than a sales pitch by barkers. Know the source and understand the motives before trying your luck on the high stakes Wall Street Wheel of Fortune.

Here's one example out of many. Larry Fink, CEO of BlackRock, managing $1.3 trillion in assets, gave his expert advice following the collapse of Bear Stearns in March 2008. Asked if the market had bottomed, he said, "We believe we are getting close and we may have hit it."

Hit it? In March 2008, the market was around 12,000. In March of 2009 it dissolved to 6,547. By autumn, it hovered at 9,700.

Asked if the problems at Bear were indicative of conditions affecting other financial firms, Fink replied, "The problem at Bear was Bear specific. The fears are unjustified. This economy is not doing as bad as it feels in New York City right now. I'm starting to like financials."

Fannie Mae, Freddie Mac, A.I.G., Citigroup, Bank of America, Merrill Lynch, Wachovia, Washington Mutual … were these the "financials" Fink was starting to like … firms that either went under or had to be bailed out?

"The fears were unjustified"? Really? Was that why the unemployment rate would nearly double from 5.1 to 9.8 percent and that the "not doing as bad as it feels" economy would decline 6 percent in the first quarter of 2009?

Was it possible that a CEO responsible for managing $1.3 trillion could be that wrong about what the near future held in store? Or, did he know better? But rather than let his company suffer losses, did he deliberately set out to con the unwary investor into rescuing him?

The Fink anecdote represents a cautionary tale for savvy followers of trends.

Trendpost: *In December of 2001, we concluded that gold, selling at $275 per ounce, had bottomed. We had subsequently forecast a long gold bull run, reaching $2000 per ounce. By autumn of 2009 gold had broken through the $1000 ceiling.*

Beyond the facts and data pointing to a high probability of further financial chaos, for us, gold is one of the few low risk plays and safe havens. Others thinking along the same lines also saw safety in silver.

Taking into account the ubiquity of Ponzi's, Madoff's, Stanford's, inside deals, high-frequency trading and cooked books, playing the markets is a loser's game for all but the inside dealers and the book cookers.

Renaissance 2012 There were strategies for riding out the crisis that would have been less ruinous in the long run. Pumping up failing economies with trillions of "thin air" dollars was not one of them. Had capitalism been left to run its undeniably painful course, when the "too big to fail" failed, the viable pieces would have been picked up by astute entrepreneurs and given new life.

Until 2008, that's how it mostly worked in America. By 2012, it would be working like that again, but with a 21st century twist. The intervening years would see the death and destruction of failed political and socioeconomic systems that had run their course and outlived their usefulness. The recommended prescriptions for "recovery" would not and could not restore to life a dinosaur.

Many sensed an Empire America in decline. Discouraged, disheartened and disgusted with what the country had become, the only future they could envisage was a descending spiral.

Yet, as something old was dying, something new was being born, but that something new was something old. In the truest sense, America was in the early stages of a Renaissance.

But in 2009, such a concept was foreign to the media and beyond the pale of the collective unconscious. Renaissance! The word itself conjured up an image of Michaelangelo's 16th century Italy; a time past with no apparent relevance to the present.

Yet, Renaissance means a **rebirth**, a **revival**, a retrofitting of the best of the past. For America, it was an "idea whose time had come." Those who saw the trend coming would stake early claims on the future.

What would be reborn and revived? Without glossing over its many problems, inner conflicts and systemic injustices, there was a time when America was #1. When the US led the world in quality of life, education, health, income, upward mobility … and was the most egalitarian and most envied nation in the world.

In 2009, the US no longer won, placed or showed in any of the standard-of-living categories, and the gap between rich and poor had become the widest of any industrialized nation.

That #1 America was a time when:

- Main Street, not Wall Street, was the role model
- Blue-collar workers wore blue collars and worked at jobs that gave them middle class incomes
- Moms and Pops worked at their own shops, not as minimum wage chain store clerks
- Family Farms, not Factory Farms, fed America
- Americans ate real food, not Frankenfood
- Quality counted, not just the bottom line
- A tightly knit community/neighborhood spirit prevailed, not vanilla suburban anonymity

REAL FOOD, NOT FRANKENFOOD

Qualitatively, even quantitatively, that old model America provided a majority of its citizens with a far more satisfactory lifestyle than the America that had replaced it.

But that America was gone, and those days would not and could not return. Yet there would be a rebirth; a conscious movement based on the recognition that much of what worked in the past, in principle, could be effectively and profitably applied to the 21st century. It was a return to the values that defined America at the zenith of its power, influence, prosperity and integrity. It was not a question of sentimentality or nostalgia.

How could those elements be improved and reapplied? To do so would require a rethinking and reevaluation of habits that had become second nature. Destructive habits – masquerading as "progress" and responsible for America's quality-of-life decline – had to be broken.

Trendpost: *The nation was ready to reconfigure itself; to get back into shape physically, mentally, emotionally and spiritually. In 2009, the "Get Fit America" trend had not yet been defined, formulated nor marketed. Only the problems were getting the attention – obesity, prescription drug addiction, stress, depression – not the solutions.*

Yet, this mega-trend would soon present boundless opportunities for businesses and entrepreneurs to make a difference and make a buck. From daytime TV to late night comics … from schools to churches, kiddies to seniors, the "Get Fit America" trend be-

came part of the public consciousness in 2011.

Unlike previous get-in-shape trends, this one will be less fitness club oriented and tech/equipment heavy. "Whole Health Healing" became the buzzword, and services, products and practitioners furthering a holistic approach will be the cutting edge of a trend that will grow for decades.

Selective Technology The Renaissance was not neo-Luddite. It was neither an attempt to return to the horse and buggy nor a disavowal of new technology that actually improved the quality of 21st century life.

Rather, it was an embrace of "Selective Technology": a technology of the necessary. It was an embrace of what enhances human life rather than just complicates it; a balanced blend of the best of the new and the best of the old.

In 2009, there was no such thing as too much technology. People had become Technoslaves (See "Technoslaves.com," *Trends Journal®*, Winter 2008. Click here) It was impossible for whole generations to imagine life without BlackBerries, texting, GPS, iPods, cell phones, the Internet. More = better. New = better. One habit ripe for reconsideration was the relationship between man and technology.

As Renaissance thinking began to take root, so did the understanding that less equals more. As economies collapsed, extravagant conveniences became unaffordable. With frugality in fashion, cash-strapped consumers could no longer be seduced into spending money they didn't have on expensive bells and unnecessary whistles they didn't need.

Knowing that 72 percent of the GDP was consumer driven, and with retail slumping and unemployment at 26-year highs and rising, experts were still insisting that spending was a state of mind rather than largely a pocketbook issue. "Consumers," mourned *USA Today*, "are still not in a spending mood." (19 August 2009.)

While the inability to spend touched every consumer-oriented activity – from dining to holidays, from buying clothes to driving cars, in the techno-sphere it manifested as the principle of what The Trends Research Institute termed "diminishing technological returns": when the cost of extra technology outweighed its practical benefits and/or a predictable technological failure was guaranteed to produce a predictably expensive repair bill, the extra technology wouldn't be worth the price.

For example, the newest model automobile is an embodiment of both destructive habits and conditioned thinking. It incorporates dozens of high tech gadgets and gizmos that add nothing to performance or reliability (the main purpose of the automobile), but add significantly to sticker price and foreseeable repair bills.

Electric seats, power windows, automatic transmissions, remote controlled locks, doors, mirrors, etc., are conveniences, not essentials. The more techno add-ons, the more complicated the device, the more to fix. When money is tight and reality bites, making do is what you have to do … not what you want to have. It might require a bit of effort – a bit of a stretch and reach to close a window, put a key in the lock, or manually operate the convertible top – but spoiled consumers with limited means would have to find ways to adapt to such "hardships."

By redirecting engineering priorities, a combination of space age materials and simplified principles could produce inexpensive, stylish, highly efficient automobiles designed to last for years with little maintenance.

What applied to the automobile applies, with certain exceptions, to every aspect of life that is touched by or dependent upon technology. The planet-wide embrace of "Selective Technology" will sacrifice little in comfort or performance and rein in costs, while transforming the relationship between man and machine.

Editor's Note: Some things worked just fine the way they were. Take music. Since the beginning of civilization, music was performed in both intimate settings and large public spaces. In acoustically sophisticated amphitheaters, cathedrals, opera houses and concert halls, thousands could both hear a whisper and thrill to an ecstatic full volume performance.

At outdoor venues in open spaces, only those in close range could hear small troupes of players. With the invention of electrical amplification, such limitations were overcome. It was one example of technology meeting a need, creating a market and revolutionizing an art form.

But "more" technology does not necessarily equal "better." Ear-shattering amplified music at restaurants, weddings and social events, for example, has become the new norm. Drowned out by decibels, participating victims nevertheless tolerated the assault upon their senses for no other reasons than that it had become the norm … or they were too timid to complain.

The louder it grew, the wider it spread. What began with just loud rock music became an all out auditory assault everywhere … movies, theater, sporting events … even the spoken word was screamed.

Trendpost: *The principle of "Selective Technology" would restrict techno thrills to venues whose purpose is sensory overload.*

The "Selective Technology" that would play so important a role in the Renaissance would have its analogues in many fields. Ports that provide emotional respite from the turbulent socioeconomic and political storms will be at the forefront of a new cultural profit trend with long-term potential. Establishments and venues featuring "natural," calming, genteel, sophisticated acoustic environments will attract a leading edge clientele.

On-trend marketers and entrepreneurs understand the importance of winning over the leading edge; knowing the rest will follow. Those in the art and entertainment worlds that proact to this trend early will set the stage and tone for the American Renaissance; retrofitting the best of the past to enhance the future … sounds and styles of America's past made new. Two generations that have little appreciation of what that simpler America was like – when "quality" counted – will warm to a past newly reconfigured to the 21st century.

Publisher's Note: In 2009, "Selective Technology" wasn't on the radar screen of business and industry. Even when the short-lived economic remission turned back into the "Greatest Depression," business and industry would continue to resist "Selective Technology" answers or strategies, justifying status quo thinking with its standard fallback position: "This is what the people want."

Trendpost: *Necessity, always the mother of invention, would spawn a host of creative progeny to address the new (old) thinking and new needs. A new professional field of "Retro-Engineers" will spearhead the "Selective Technology" trend.*

Just as big businesses and multi-nationals were blind to trends in organic foods, gourmet coffee, micro brew beers, complementary medicine and alternative energy until grassroots movements grew the markets, so, too, will they be slow to recognize the power of the "Selective Technology" trend.

Universities and colleges, in lockstep with corporate slogs, will cede the creative advantage to individuals and private startups, depriving themselves of the opportunity to build enrollment and re-energize their curriculums.

Those smaller and nimbler institutions and distance-learning colleges that see the trend first will prosper the most. More than just a different emphasis on design, it would encourage a whole new way of thinking about the past.

Students with hi-tech/engineering talents as well as an appreciation of old school values and craftsmanship will be in high demand. Retro-Engineers will find lucrative jobs available and abundant possibilities for building their own businesses.

The old 20th century adage "keep it simple, stupid" would be reinforced by "make it simple, stupid."

Trendpost: *Rather than "Geek-Out" or "Over-App," green manufacturers able to create cost effective, mechanical products that can be repaired rather than replaced will tap into underserved back-to-basics market segments.*

Trendpost: *While some things worked fine the way they were, other things worked much better the way they were.*

The modern factory farm produces high yields per acre of chemically fertilized, pesticide laden, hormone enhanced, genetically engineered food that is inferior in every respect to the nutritionally superior food grown on the old fashioned, nearly extinct family farm.

Whether on the prairie or in empty ghetto lots, there is money in the microfarm:

Growing for Big Profit on a Small Parcel of Land

According to a recent Census of Agriculture, the most productive farmland in the United States is in the Borough of the Bronx! The second most productive farmland is in the City of San Francisco! You can earn up to eight times the average personal income on as little as one acre of land. (*MetroFarm*, The Online Magazine of Metropolitan Agriculture, 10 September 2009.)

The Trends Research Institute had forecast the growth and profitability of micro-farming as early as March, 1994. (See "Microfarming," *Trends Journal*®, Spring 1994. Click here) In 2009, the trend was still a toddler. By 2012, Urban/Suburban Ag will be both celebrity chic and a mainstream mainstay.

Trendpost: *Many once vital organizations providing facilities and popular health/fitness/social programs faltered as the suburbs sprawled and cities died. As the Whole Health Healing/Fitness trends gathered momentum they would reincarnate … some with new names in new Renaissance bodies.*

As tax protests increase and tax revenues decrease, cash-strapped schools will be forced to abandon even the pretense of phys ed classes. A wide variety of private, extra-curricular programs will spring up to help kids gain skills, not weight, and in the process learn to grow food, work with their hands, eat healthy and help restore the environment.

Publisher's Note: Among the most troubling trends in play as the "Greatest Depression" takes hold are growing poverty, a declining high school graduation rate, increased illegal drug usage and rising unemployment, particularly among the already disadvantaged. With no skills, no jobs and no prospects, increasing numbers will join gangs and turn to crime.

It would prove imperative that businesses, corporations, governments and foundations – both in public and private sectors – swiftly marshal their resources to address and reverse this dangerous trend. More than a moral or social responsibility, it would become a matter of life and death. One instantly available solution would be to put vast numbers of unemployed young people to work on making "America the Beautiful" beautiful.

Trendpost: *Proliferating product recalls and food scares will increasingly alienate the general public from agribusiness. Committed to a business model that sacrifices quality to high volume production at the lowest possible cost … their food philosophy results in products that poison people, and poison and plunder the planet.*

Those that can afford to not eat big business food will buy local and buy "clean." (See "Clean Foods," Trends Journal®, *Spring 1994. Click here) Tainted imports will incite boycotts and movements for higher food standard safety regulations.*

As economies weaken, boisterous public calls for protectionism will strengthen. A battle will ensue as globalization proponents fight to keep trade barriers down and tariffs low. We forecast that despite intense lobbying efforts, expensive public relations campaigns and lavish political payoffs, the public outcry will result in a new wave of protectionism and tariffs.

Trendpost: *As a sign of what was to come, in September 2009, at the behest of trade unions who claimed Chinese tire imports had cost 7,000 manufacturing jobs, Washington imposed a new import duty of 35 percent on Chinese tires on top of the existing 4 percent tariff. Accusing the US of "rampant protectionism," China threatened to retaliate by imposing higher import duties on US auto parts and chicken.*

The "Made in" or "Grown in" (country of your choice) trend will spread worldwide. While the new protectionism trend will be blamed by globalists and the media for intensifying the "Greatest Depression," the ill-effects will be felt more on Wall Street than Main Street. With domestic and global productive capacity far outstripping consumer demand, commodity priced items will be kept from sharply rising.

Once again, those seeing and acting early upon the "Made in/Grown in" trend will profit.

Publisher's Note: No Renaissance can occur without building its foundation upon the arts. Art is not entertainment or just a business. Art is a way of finding the true meaning of the human spirit. A comprehensive understanding and appreciation of art, in its most profound manifestation … aesthetic, religious, cosmic … defined every great civilization of the past and without it there will be no great civilization of the future.

For America to experience its Renaissance, it is incumbent upon everyone to do what they can within their means. For the wealthy, buy from and support living artists for the value of how the work hits the heart, not for its eventual resale value. For everyone else, give a holiday, birthday, wedding, graduation gift that is artisan made, not manufactured in a Chinese factory. And when buying for children, give gifts that will further their creative talents in arts and crafts rather than occupy their minds with disposable toys and electronic games.

Involuntary Voluntary Simplicity

While the "make it simple" philosophy anchored "Selective Technology," the "keep it simple" theme inspired the accompanying "Voluntary Simplicity" lifestyle. Between them they characterized the external aspects of Renaissance life.

Unlike "Selective Technology," which was truly something new, "Voluntary Simplicity" was as new as America was old. It was a reawakening and retrofitting of the Jeffersonian/agrarian vision, the homespun wisdom of Ben Franklin's Poor Richard's Almanac and Ralph Waldo Emerson's "Self-Reliance."

The trend itself had roots in even earlier communal experiments by Quakers, Shakers, Freemasons, Transcendentalists, and a variety of mystical/Utopian sects. Over the course of American history, dozens germinated, took root and flourished for generations before dispersing, fading out or morphing back into the mainstream.

This philosophical commitment to an ideal world was as American as apple pie. By 2009, the utopian American ideal had resurfaced under a new unifying principle – people were going broke, losing their jobs, their homes, their hopes. They called it the Great Recession. The ground had been prepared.

Even the mass media began to acknowledge the movement they had previously derided or ignored. No longer confined to the Birkenstock Battalion, the trend to "Use it up, wear it out, make it do, do without" had hit home. Personally suffering from the major layoffs that decimated the entire print news/publishing industry, journalists were no longer writing about "other" people, they were writing about themselves.

The Trends Research Institute, however, had been following the "Voluntary Simplicity" trend through its many twists and turns for two decades. In *Trends 2000*, (written in 1995) we predicted, "Voluntary Simplicity, an unrealizable counterculture ideal in the seventies, will become a reality and a significant trend in the new millennium. Entrepreneurs able to provide goods or services that enhance the quality of life while at the same time saving money will make money."

By 2012, small was not only beautiful, it was bountiful. "Get big or get out" had been Washington's post World War II advice to farmers. And subsequent government policies that rewarded the biggest businesses with tax breaks, loans and subsidies had driven most family farms out of business.

This time it was a "Big Is Bad" backlash that would revive Main Street, and breathe life into the family farm and Mom and Pops. Community spirit and hometown flavor would break the chain store grip and the pervasive influence of franchised homogeneity.

Trendpost: *Although real estate prices would remain generally depressed, derelict old town neighborhoods that had not been destroyed by urban renewal would be "born again." Judicious investments in such areas would repay themselves well.*

"Voluntary Simplicity" was nothing to fantasize or romanticize about. On the personal level it was deeply gratifying. Getting off the grid, making it on your own, beholden to no one, self-sustaining. All these were worthwhile life aims. But on the macro level it was just a beginning.

Trend Tracking Tip: One aim of the *Trends Journal*® is to teach our readers the skills necessary to identify, analyze and forecast trends for themselves so they can apply those skills to individual needs and situations.

The "Voluntary Simplicity" trend provides a rich trend-forecasting lesson. This one trend is in itself almost a "how to" manual of the art. It demonstrates how trends are born, detected, analyzed, projected forward … and how sometimes they are derailed by unforeseeable events, wild cards and miscalculations.

We first forecast the "Simplicity" trend and wrote about it at length in 1995, but only in 2009 did it become the force we had reckoned on. Our forecast was on track, but it stalled for over a decade. What happened?

In fact, a noticeable back-to-nature, anti-materialist "Voluntary Simplicity" movement had been gathering steam throughout the late 1980s. Then, in the early 90s, high unemployment, brutal corporate downsizing and the recession drafted legions of reluctant new recruits into the movement. We renamed it "Involuntary Voluntary Simplicity."

Without the hard times there would have been no significant trend. There would have been little incentive to join it and the avid consumer would have continued avidly consuming. Only when the shopping stopped, did people stop to think.

Suddenly, however, the trend was stopped dead in its tracks. Absent a declaration of war or other earth-shaking development, this was abnormal trend behavior.

Almost overnight, jobs became plentiful, incomes increased and Wall Street was on fire. The Internet Revolution had begun, dot-coms were booming and consumers were bingeing.

High stake rollers and market amateurs were throwing huge sums of money at precocious adolescents starting companies built on business plans filled with techno-jargon that no one understood. And for good reason … they made no sense.

A whole new lexicon was invented to accommodate new ways of doing business, communicating, and transferring and acquiring information. Download, upload, e-commerce, web sites, domains, spam, "Word," ISPs, browsers, portals, Yahoo, Google, eBay … it was a whole new cyber world.

HYPE VS. REALITY

But the smoke-and-mirror hard sell and sky-high values placed on start-up stocks in those early stages invited suspicion. At The Trends Research Institute, we saw the hype for what it was: an enormous bubble that had to burst. We even predicted its "pop" date five months before it happened. (See "Dot-Com This," *Trends Journal*®, Autumn 1999. Click here)

However, we miscalculated the power and potential of the onrushing digital age. Hype apart, a real transformational revolution was underway.

The relatively orderly and predictable pace of technological change that had applied to significant inventions past (printing press, steam engine, locomotive, cotton gin, telegraph, telephone, electric light, typewriter, automobile, radio, airplane, television, jet plane) gave way to Moore's Law. Formalized in 1965 by Gordon Moore, founder of Intel, it states that "circuit density doubles roughly every two years." Extrapolated and applied to the digital/

computer age in general, Moore's Law means that advance in these hi-tech fields proceeds exponentially rather than incrementally.

Moore's Law in action, directing the advance of an immense industry (whose perceptible growth cycle was barely a decade old), meant that the looming recession we had predicted for the late 90s was postponed by the tremendous and almost instantaneous productive reach of the new high technology. And therein lies a useful but complex trend lesson, for this was truly "something completely different."

In the world of hi-tech, the rules of change themselves had changed. The old, incremental processes had been rendered obsolete by the new Moore's Law.

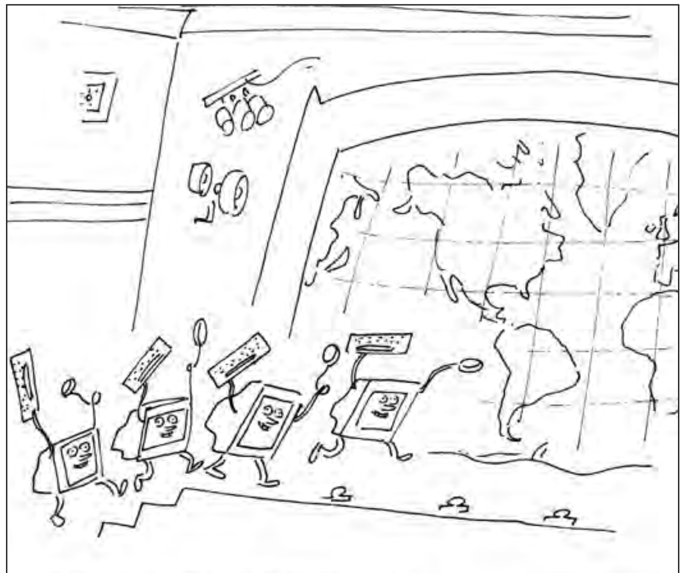
WILD CARDS

Moreover, technology in general would occupy an inordinate slice of contemporary life and, unabated, gobble up an ever greater market share of the mind. Taking a proactive role in riding the hi-tech wave involved not so much new skill sets, as the ability to recognize the intrinsic unpredictability of the sector itself. It was the difference between skillfully deploying troops on a recognizable battlefield and fighting guerilla warfare in strange and uncharted territory.

Hi-tech is a deck full of wild cards. It is impossible to know in advance which cards will be dealt, and once dealt, how they will influence the game. For example, innovations such as YouTube, Wikipedia and Facebook went from birth to maturity in a digital moment with far reaching implications that were unforeseen in the early days of the Internet Revolution.

Hi-tech or otherwise, wild cards can turn up at any time. While they will change the immediate hand, they do not necessarily change the game. But when the game changes, the effects are swift, unmistakable and dramatic; simultaneously both creative and destructive.

Thus, as the Internet Revolution stampeded onto the global stage bringing with it an array of new, creative opportunities, it also rendered obsolete a spectrum of familiar products and services. Time-honored businesses, and even whole industries, were put on the endangered list (typewriter, printing, newspapers, magazine publishing, "snail" mail, music, etc.). It changed the way people com-



THE INTERNET REVOLUTION STAMPEDED ONTO THE GLOBAL STAGE

municated. It transformed the world of scholarship and research into a virtual global Library of Alexandria accessible at a click. (See "Alexandrian Library," *Trends Journal*®, Winter 2007. Click here)

Although we did not fully anticipate the power and reach of the Internet Revolution, those whose livelihoods were most immediately affected by it, and who had the most at stake were even more unprepared. The captains of the broadsided industries either underestimated the damage or met the cyber-challenge with suicidal strategies … such as newspapers and magazines giving away their content free on-line.

LAWS OF NATURE

Yet, for all its transformational power, while the hi-tech wild card postponed the recession, it did not reverse it. The thunderous dot-com crash of March 2000 was followed by recession. Given the magnitude of the bust ($5 trillion in wealth evaporated), we forecast that the financial damage would be long and lasting.

However, the 2000 recession turned out to be short lived, temporarily derailed this time by irresponsible Federal Reserve policies that contravened all financial logic. Lowering interest rates to 46-year lows, the Fed flooded the world with cheap money. With credit lines wide open, liquidity flowed freely and market regulations were removed and/or ignored. A global real estate bubble was inflated, and a merger/acquisition/leveraged buyout frenzy was ignited.

In this instance, we underestimated the government's self-destructive ability to inflate another speculative bubble, bigger than all previous bubbles, but, like all of them, predictably doomed to burst. A time would come when interest rates would rise, credit lines would tighten, borrowing would slow and a credit crisis would ensue.

We had correctly forecast two recessions. The first, in the 1990s, was derailed by the wild card power of the Internet Revolution.

The second, in 2000, was postponed by a borrowing and spending spree so reckless as to be inconceivable. But once the decision had been made to drastically lower interest rates immediately following 9/11, the outcome was predictable.

THE "GREAT RECESSION"

> The "Great Recession," as it will become known by 2007, will maintain its grip for at least a generation. Consumer bankruptcy filings, running at about 1.55 million in 2003, will more than double, home foreclosures will skyrocket, businesses of all sizes will collapse and government debt will soar as the income stream from tax sources shrink.
> *Trends Journal*®, January 2004.

We were a lone voice. No one in the trend forecasting field, on Wall Street, in the government or the media was predicting a "Great Recession" – much less giving it the name it would be known by and calling the date it would arrive.

As we monitored ongoing events, we found no evidence obliging us to reverse our prediction, even though that stand came at a high financial and professional price. With people making money and the economy looking deceptively strong, we found ourselves persona non grata, ignored or ridiculed as gloom-and-doomers.

Trend Lesson: *When the accumulated data force a conclusion that runs counter to popular opinion and perceived wisdom, its essential to stick to your guns.*

A case in point: back in 2009, popular opinion and the perceived wisdom was that recovery was on the way. But the accumulated data indicated a cover up, not a recovery. The collapsing economy was being propped up by giant pillars made of paper money, printed out of thin air and backed by nothing. But just as before, a majority, egged on by the media and the government, dismissed the hard facts because the big lie was more comfortable.

> "In the simplicity of their minds, people more readily fall victims to the big lie than the small lie, since they themselves often tell small lies in little matters but would be ashamed to resort to large-scale falsehoods. It would never come into their heads to fabricate colossal untruths, and they would not believe that others could have such impudence. Even though the facts which prove this to be so may be brought clearly to their minds, they will still doubt and continue to think that there may be some other explanation."
> – Adolph Hitler, *Mein Kampf*

You have to look at the data for what they are and where they lead, not for where you want them to take you. You need to make decisions independent of popular opinion, possibly sacrificing short-term gain with an eye toward the long-term outcome. It could be a matter of professional or financial survival. But easier said than done!

Ignoring popular opinion takes courage. Admitting that what you thought you knew may be wrong and acquiring the ability to consider views, analyses and facts that run counter to personal convictions takes even more courage.

Trend Lesson: *Try to recognize the wild card as soon as it is dealt. No matter how well you try to prepare, it can be dealt at anytime, it comes in all forms and even when dealt, it might not look so wild. When first dealt, we knew the Internet Revolution was a wild card, but we underestimated its wildness.*

By 2009, the business buzz and political spin was that the Great Recession was ending: "US service industries expanded in September for the first time in a year as the emerging recovery spread from housing and factories to the broader economy." (*Bloomberg*, 5 October 2009.)

At The Trends Research Institute, considering facts, not buying "buzz" led us to conclude recession had already morphed into depression. "U.S. Job Seekers Exceed Openings by Record Ratio – 6 Jobless for Each Spot." (*The New York Times*, 27 September 2009.) September Labor Department statistics revealed that unemployment among 16-24 year olds hit a record 52 percent.

Yet even such facts did nothing to dispel the big lie coming from the Buzzkateers, who claimed it was a "jobless recovery." The surging equity markets signaled an end to the recession, and job growth, a lagging indicator, would follow.

But the elementary math belied the buzz. No matter how the numbers were juggled and reconfigured, 2 + 2 could only make 4. There was nothing in the economic future that would produce six new jobs for every one opening, find jobs for the 9.5 million jobless young … or keep a predictable percentage of those on the lowest economic rungs from turning to crime as a last resort.

In 2008, we predicted the financial markets would collapse in March 2009, and they did. There was worldwide panic, temporarily calmed by Washington and the Federal Reserve's pledge to print (i.e. invent) as much money as was needed to prevent a total financial meltdown and restore confidence.

The markets stabilized, then surged in tandem with economic data, registering decelerating but still ominous losses across the board.

This combination of market spike and less worse economic news was ballyhooed as "recovery." There was no recovery. It was a cover up, a shell game, Three Card Monty. Con men who did not see the crisis coming and/or were responsible for bringing it on, suckered the public into believing they had the answers and that the situation was under control.

Trend Lesson: *The government's goal (no matter the country) is to retain or enhance its power. And the financial sector's goal is to maximize profits. Pious posturing and public pronouncements notwithstanding, the underlying objectives are always money and power. The common good, if considered at all, is relegated to secondary consideration.*

Only with this understood does it become possible to parse the present and look to the future realistically, clear-eyed and un-deluded.

The Band Played On With the authorities having reassured the public, the media concentrated its attention on more urgent public interest matters.

By 2012, most will have forgotten (and others no doubt wished they had) the month-long nonstop frenzy of non-news incited by the death of pop star Michael Jackson.

There were many interlocking socioeconomic, geopolitical, philosophical and cultural facets involved in America's decline. The Michael Jackson saga was more than just hype and a means to boost ratings, all justified by the media's favorite fallback position: "This is what the people want."

Or, rather, was it what the media wanted? Behind the cosmetic façades did there lurk warped little minds that loved to wallow in the squalid, the titillating and the exploitative … and who used "this is what the public wants" as camouflage for their own degenerate tastes? Was it that both the public and the media got off on such fare, or was it that the broadcast celebrities were just following orders from corporate headquarters?

Regardless, the death of Michael Jackson provided an insight into 2009 America, a fractal of its soul; an essential element representing the whole. What else could explain the thousands of hours and millions of dollars spent on the dead "King of Pop" by the "Fourth Estate," august watchdogs for the citizenry?

So irrational was the coverage that hardcore conspiracy theorists saw in it an Illuminati plot. A deliberate diversionary tactic conjured up by evil masterminds to distract the people's attention from the onrushing "Greatest Depression" and its predictable consequences.

The Empire was in flames, and the media fiddled. While the story of this celebrity flameout wouldn't warrant a footnote in the history books, the phenomenon of total media saturation and public absorption provided a telling snapshot of what America had become and where it was heading. Wrapped in Michael Jackson – the latest episode in a long, steamy sequence that previously featured O.J. Simpson, Joey Buttafucco, Anna Nicole Smith, Paris Hilton and Britney Spears – was the inevitability of America's downfall; its cosmic inability to look at itself.

As G.I. Gurdjieff asserted, all impressions are "food." The truism "food for thought" is not just metaphorically true, it is as literally true as "you are what you eat": those who feed their brains with junk news inescapably think junk thoughts, just as those who feed on junk food develop junk food bodies. (The data spoke for itself; 34 percent of adult Americans were clinically obese.)

While self-righteous voices railed against the super-sized portions of junk news fed to the public by the media, a free ride was given to the "celebrity chefs" cooking it up and dishing it out.

Katie Couric, Brian Williams, Charlie Gibson, Wolf Blitzer, Anderson Cooper … ABC, CBS, CNN, PBS, Fox, MSNBC … every news anchor and cable personality on every show was selling Michael Jackson. The biggest mouths in broadcasting devoted entire evening news programs to every aspect of the dead pop star's hectic life, meteoric career, immense successes, prodigious debts, endless problems, dubious proclivities, private habits and the frivolous music of a young glittering talent turned toxic in middle age.

What kind of mind would spend days sorting through and reporting on the minutiae of a dead pop star's life? And what kind of mind would confer sub-hero status upon media talking heads who do nothing but read the news with bogus gravitas?

They *Meet the Press* and *Face the Nation* on influential television talk/public affairs programs. They moderate and officiate at presidential debates and other nationally staged political events, but their credentials are no more than a photogenic TV persona and an ability to read from a teleprompter.

These are America's "anchors." So insecurely set, that at the first whiff of sleaze they turn from even cursory coverage of the greatest financial crime in the history of the world to ponder paternity questions swirling about a Michael Jackson love child.

Real Reality TV In 2009, it was acknowledged that the world was in the midst of the longest and deepest economic decline since the Great Depression.

However, comparisons to the 1930s and Depression-era remedies were inapplicable. It was a different time and world. This was the Global Age. Bit players on the world stage eighty years ago – China, India, Brazil, etc. – had become major players by 2009. To rely upon Depression-era tactics to lead the way to recovery was like fighting World War II using WW I weaponry.

There were few meaningful comparisons between the Great Depression and the "Greatest Depression." (See "Financial Passover Question: Why is this Depression different from all other Depressions?" *Trends Journal*®, Autumn 2008. Click here)

Nonetheless, Federal Reserve Chairman Ben Bernanke, renowned for his Depression-era scholarship, resorted to spare parts from the 1930's model to repair a 21st century wreck.

Stuck in the past, Bernanke had long since demonstrated an inability to both grasp the present and design viable strategies in anticipation of the future.

On January 10, 2008, with the nation already in recession, the Fed Chairman said it would not arrive. "Thus, notwithstanding the effects of multi-billion dollar write-downs on the earnings and share prices of some large institutions, the banking system remains sound … The Federal Reserve is not currently forecasting a recession," said the Federal Reserve Chairman.

Testifying before Congress three months later, the Fed seer said he still was not sure if the US was in recession. "Recession is possible, but recession is a technical term … I'm not ready to say whether or not the US economy will face such a situation." (Click for additional off-trend Bernanke forecasts)

The Supreme Financial Commander had spoken. To him, recession was still a "technical term." And to the millions that had already lost jobs, homes and their futures, it wasn't a recession either. As the old saying goes, "A recession is when your neighbor loses a job. It's a depression when you lose your job."

Armed with the most comprehensive financial data available, not only was Bernanke "not ready to say" the nation was going into recession – even while it was in it – he also didn't comprehend the magnitude of the worst financial storm since the Great Depression until it hit. There was little or no recognition that the crisis was both unique and unfixable.

Laissez-Welfare Before "too big to fail" entered the vocabulary, America was the country where you rose or fell on your own merits. There was no king, no queen, no lords or noblemen. In its Declaration of Independence, all men were created equal. Rank and market share didn't matter. There were no government charities set up to help the financially needy.

From its inception, America always had its plantation owners, railroad magnates, robber barons, cattle kings, oil tycoons and assorted captains of industry that controlled large market shares of the economy. But in the history of the United States, none of them had ever been "too big to fail."

What had happened? Why now? How did America, once the entrepreneurial capital of the world, devolve into a nation of "too big to fails"? The process leading to it was long in the making. In 1999 we had identified the lethal trend, named it, and predicted that if not checked, it would destroy free market capitalism. (See "Laissez-Welfare," *Trends Journal*®, Autumn 1999. Click here) Rather than stop it in its tracks or reverse it, the trend was deliberately expedited.

This was the latest maneuver to further tip the business playing field. Regulatory agencies in charge of oversight were neutered. When Wall Street said "Jump," Congress asked, "How high?" Laws designed to protect small banks and anti-trust regulations set up to promote business competition were gutted. The dismantling of anti-trust acts (Sherman-Clayton and the Robinson-Patman) designed to protect small businesses from predatory pricing practices of larger competitors (usually involving discounts for quantity purchases), paved the way for the death of Main Street.

Over the course of just a few decades an America that – despite its problems – had been the envy of the world, was transformed. Facilitated by the financiers, a nation of robust manufacturing, millions of Mom-and-Pop shops, family farms and vital small towns had succumbed to fast food and supermarket chains, gigantic Frankenfood farms the size of small countries, sprawling malls, hideous big box stores, eyesore franchised convenience stores, franchises for everything from mattresses to eyeglasses. America was unrecognizable. With individuality and creativity stifled it became a one size, one look, one layout, one uniform nation … a cacophony of monotony.

Trend Forecast: *By 2012, most of the "too big to fail" had become "too fat to feed." The super-size model that had characterized everything American in the second half of the 20th century could no longer sustain itself. The obesity epidemic in the US could be considered a metaphor for its bloated institutions. What applies to the unhealthy individual applies to the unhealthy society. Overfeeding an already overfed individual will momentarily satisfy the appetite but ensure an early demise.*

Twenty-first century America would fall victim to principles or laws of scale that were organic in nature, inexorable, cosmic, and immune to human tinkering. Just as there is in nature a "right" size for everything from a mouse to an elephant, so even in areas apparently totally divorced from nature (financial markets, manufacturing) these laws could not be broken without consequences.

Across the nation the tax protests and anti-big government sentiment gathering force in 2009 would morph into anti-big business/anti-multinationals/anti-corporate movements. In the early 20th century, public pressure forced legislation to "Break up the Trusts" (the business monopolies of the era). A century later, public pressure would force legislation to "Break up the Chains" of retail and financial monopolies.

Come the Revolution In autumn of 2009, 50 percent of American adults approved of President Obama's handling of the economy and believed it was on the mend. Stocks were up 32 percent since Obama's Inauguration. No new president since Franklin D. Roosevelt had presided over a bigger market rally.

But a growing, not-so-silent minority wasn't convinced. And while their immediate target was Obama, anger had been building since the real estate bubble had burst and fallout from the Great Recession had settled over the entire nation, hitting the middle and lower classes the hardest.

Two decades of financial lawlessness had promoted unfettered speculation and fostered the creation of those "esoteric financial instruments" whose only function was to enrich the banking and brokerage community. Economists, the business media, Wall Street and Washington called it high finance. With home ownership at record levels, real estate values skyrocketing, and the average Joe feeling rich, borrowing freely and even speculating, few questioned the legitimacy of the boom times. It would take the bust to expose the complex systemic financial fraud.

Yet, even if and when it was explained, it remained incomprehensible to the majority with no background in economics or finance. All they knew was that they were losing their jobs, their houses were being foreclosed, and their tax money was being used to pay off gambling debts of the people who had engineered the crisis.

America's decline was common knowledge. Polls showed diminished expectations for future generations and the numbers showed steady deterioration in healthcare, wages, education and virtually every quality-of-life parameter.

At home, disenchantment had long been building. There was a widespread sense that the good old days were over and the systems were failing. The middle class lifestyle and the prospects for upward mobility that had always been taken for granted were no longer part of the American dream that had sustained the nation for two centuries.

It dissipated into the new bleak reality with barely a struggle. The more Americans lost (or had taken away from them), the less they fought.

Abroad, foreigners – especially Europeans who would have been at the barricades long ago – marveled at the spectacle. What had happened to the pioneering, take-no-nonsense, rugged Yankee spirit that set America apart from all other cultures? How could the American people allow themselves to be so manipulated? What were they waiting for?

At home, the same questions were asked. A disenchanted minority knew the systems were failing and knew that both Republican and Democrats represented only the most special of interests, but held out little hope that anything would spur their countrymen into action.

REVOLTING

Revolt? Them? Overstuffed and junk food fattened, minds glued to *American Idol*, believing what they were watching on the networks and cable TV was news and "Reality TV" was real!

The descendants of the warrior patriots who had written the book on modern revolution and fought free of monarchical tyranny, now bowed meekly beneath the insults and injustices rained down upon them by their own government. Seemingly incapable of thinking for themselves, they persisted in the belief that their political leaders were fighting for them and had their best interests at heart … that their oppressors were their saviors.

In 2009, the odds of Americans hoisting themselves off their La-Z-Boys and taking to the streets ranged from "not a chance" to "just about zero."

Yet, anyone betting against the American Spirit would have placed a losing bet.

What Americans were putting up with on a daily basis was a new variation of the insufferable arrogance of King George III toward his colonies, and the brutal insensitivity of 18th Century French aristocracy toward their suffering masses. While the players and provocations were different, the results would be the same.

Out of work, pensions lost, can't make the mortgage, can't pay the electric, phone, cable, water bill, school tax, property tax, car payment, insurance, credit card, gas for the car, heat for the house … in 2008, millions were on the financial ropes. And, as Trends Research Institute Director, Gerald Celente puts it, "When people lose everything and have nothing left to lose, they lose it."

Revolution would not come easily, nor quickly, but come it would. Looking back from 2012, there was no one galvanizing moment, no single Bastille Day or Magna Carta or Declaration of Independence to point to, but rather a series of complex factors that taken together became the lit fuse.

THE FUSE

Early in 2008, with the global equity markets in free fall and financial conditions rapidly deteriorating, most Americans were persuaded to accept the necessity of government bailouts of brokerage firm Bear Stearns and the Fannie Mae/Freddie Mac mortgage lenders.

But in late September, when the TARP (Troubled Asset Relief Program) was proposed by George W. Bush, both the near trillion dollar size of the package and the encroachment of government into free enterprise provoked intense public opposition. Polls showed that as many as 90 percent of those who contacted their representatives and senators were against the passage of TARP, but TARP was passed.

The "Land of the Free" and "The Home of the Brave" had become the "Land of the Federally Subjugated" and "The Home of the Meekly Subservient." The socioeconomic landscape of America had been so dramatically altered that it bore little resemblance to the nation of their forefathers or even their grandfathers.

Not only was TARP foisted upon the nation, when the inspector-general in charge of overseeing the bailouts demanded to know where the money went, the US Treasury refused to tell him! "It is not possible to say that investment of TARP dollars resulted in particular loans, investments or other activities by the recipient," said the head of the Treasury program.

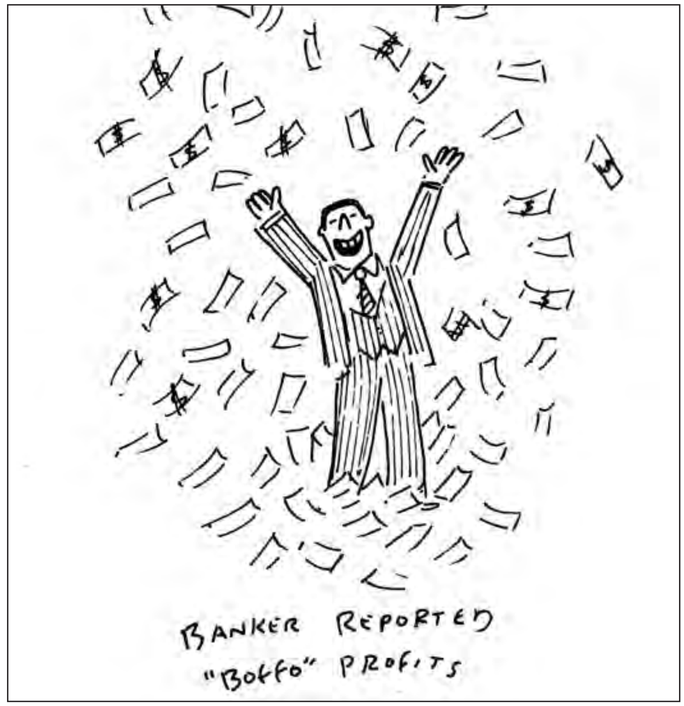
Why was it "not possible"? What could be more possible? The banks were given vast amounts of taxpayer money. What did they do with it? They refused to tell the American people that gave them the money, where the money went!

The arrogance, the gall, the disrespect; the flagrant "to hell with the people" attitude was more than a simple disconnect between government and the people. Wall Street had hijacked Washington. (See *Trend Alert*®: "DC Heist: Wall Street Hijacks Washington," 22 September 2008. Click here)

A democracy in name only, America was not a representative government. Elected officials represented those who paid the most to buy their votes. While it was illegal to openly buy a vote for a couple of dollars, anybody's vote could be, and was bought … but only if the price was right. Money spoke louder than any words spoken by the majority.

In 2008, financial and real estate interests spent $345.4 million to buy politicians and control legislation. Washington called it "campaign financing" and "lobbying." Anywhere else it was called "bribery."

Prior to the "Panic of '08," there had been government bailouts of private enterprise (Chrysler Corp. in 1979; the 1989-1990s Savings and Loan crisis; the 1998 Long Term Capital Management rescue). Considered substantial at the time, they were not enough to undermine the economy and threaten the free enterprise system which was the nation's cornerstone. Nor did they lead to the government holding equity stakes in the rescued firms. And the dollar amounts involved paled in comparison to the trillions confiscated from the public by the Bush/Obama stick-ups.



THE GOLDMAN GANG

Long before 2012, people had forgotten what the original purpose of TARP was. Secretary of the Treasury, Henry Paulson (former CEO of Goldman Sachs) baited the public and Congress into believing the money would go to help homeowners facing foreclosure and free up credit markets so small businesses could borrow. But with TARP passed and the money in hand – and having demanded and been granted full power to spend it at his discretion – Paulson switched the game. Instead, hundreds of billions went to the Treasury Czar's banking and brokerage buddies … the perpetrators of the financial crimes.

With banks and financial firms reporting "boffo" profits thanks to the tax-payer funded windfalls and once again showering themselves with bonuses bigger than the GDPs of many small nations, infuriated citizens held their representatives responsible for the giveaway.

But Congress copped the plea: "In retrospect, Congress felt bullied by Mr. Paulson last year. Many of them fervently believed they should not prop up the banks that had led us to this crisis – yet they were pushed by Mr. Paulson and Mr. Bernanke into passing the $700 billion TARP, which was then used to bail out those very banks." (*The New York Times*, 16 July 2009.)

"Bullied"? Bullied by whom? Henry "The Don" Paulson, the Wall Street Enforcer? It was the Golden Rule in action: those with the gold ruled. And, Goldman ruled the gold.

With Paulson in control, the Goldman Sachs Gang held the keys to the national treasury. And nothing would change when the new President and new crew of political prostitutes took over. There was no denying the extent of the Goldman Gang's infiltration and its influence in both Washington and abroad. (Click here for Goldman Sachs/government interrelationships)

From Atlantic to Pacific, it was mob rule. Americans were being forced to pay "protection money," but the money went to protect the crime families, not the American people.

Producing nothing while enriching themselves with grotesque bonuses, they engineered the loss of $40 trillion of global wealth. Rather than being portrayed as a group of fast talking money grubbers, they were fawned over and flattered.

The names – Summers, Dimon, Thain, Weill, Blankfein, Rubin, Mack – were among those rarely spoken without an appropriate introductory honorific: "brilliant," occasionally "brilliant-brilliant," sometimes "financial genius" and all credited with "storied careers." Storied careers … lifetimes of deal making, inside trades, market manipulation, influence peddling and sucking their way up to the top. They were the role models MBAs were enjoined to emulate.

The rationale for their fat bonuses and princely compensation, despite proven roles in engineering the worst financial crisis since the Great Depression, was best summarized by Edward Liddy, the former Goldman Sachs board member overseeing the newly government controlled insurance giant A.I.G. "We cannot attract and retain the best and the brightest talent to lead and staff the A.I.G. businesses … if employees believe their compensation is subject to continued and arbitrary adjustment by the U.S. Treasury."

In non-White Shoe language "the best and the brightest talent" meant the slickest, greediest and most unprincipled with the state of the art skills required to destroy capital, bring down their firm and ravage the lives of all those that had invested in or depended upon A.I.G.

JIVE TALK

Rather than call a spade a spade or a crime a crime, the complicit business and mainstream media winked and euphemized the activity under the rubric of "esoteric financial products" and "debt instruments." But they were neither "products" nor "instruments" – language that conferred upon them a spurious physical validity. They were white-collar schemes; financial phantasms conjured up out of mathematical formulae by organized crime families and their Ivy League whiz kids.

With the crime bosses calling the shots and in control of Washington, they did as they pleased.

There was a steady stream of crime reports. For example, in 2008 the government took $165 billion in taxpayer money and doled it out to nine of the largest banks that had lost $81 billion in reckless business practices.

Celebrating those staggering losses, the bank bandits rewarded themselves by skimming off some $33 billion for bonuses and executive compensation.

"Nothing we did was for them [the banks]," said US Treasury Secretary Timothy Geithner.

Of course not! What diseased mind would think that the hundreds of billions given to the banks was done to help the banks? It was all done for the good of the American people.

Crime fact was far more lurid than crime fiction. The stories came and the stories went. The mainstream media would report the incidents in dispassionate language for a day or two, providing no platform for dissenters. Invariably, they bowed to the authority of Mr. President and Mr. Fed Chairman and deferred to the expertise and opinions of PhD mouthpieces and enablers.

But as the financial systems continued to disintegrate and the economy continued to crumble, at long last the general public understood that next to nothing was being done for its "good."

OPENING SHOTS

The 2nd American Revolution had begun. The April 15 tea parties and tax protests, the Fourth of July rallies, the summer Town Hall healthcare reform confrontations, and the 9/12 March on Washington protesting big government were opening shots.

Successive political regimes had been abrogating constitutional rights and encroaching upon personal freedoms for decades. The trend flourished under Bill Clinton, accelerated under George W. Bush and was sent into orbit by Barack Obama.

Decades of Executive Orders, unchallengeable magisterial edicts issued from the Presidential throne and laws such as the notorious Patriot Act deprived American citizens of basic rights, personal freedoms … and without them even noticing it, their dignity. They had become slaves and serfs of the State, owned and indentured with absolutely no say in how the affairs of State were conducted.

Those assaults upon time-honored American freedoms were more matters of the mind and heart. The latest attacks hit the pocketbook. The banks were shaking down the people for every last dime and politicians were passing laws that made robbery legal. When the Mafia exacted 12 percent interest on loans, the government would crack down on the criminals for loan sharking. When the banks charged up to 30 percent on credit cards, it was called the cost of doing business.

Hijacking Looking back from 2012, historical engineering will have settled upon one or another "Archduke Ferdinand" moment as the Revolution flash point. The reality was that World War I didn't begin with, nor was it caused by the assassination of the Archduke. It was much more complicated than that.

So too with The 2nd American Revolution. What caused it and why will be reduced by establishment historians to a few convenient oversimplifications. They would concoct a starting point allowing them to distort the facts and attribute the revolution to scapegoats of choice.

In 2009, there was as yet no talk of revolution, though the opening shots, in the form of protests and rallies, had in fact been fired. Instead, the media and White House blamed the demonstrations on conservative fringe elements and right wing nuts. (See *Trend Alert*®: "The 'Second American Revolution' Has Begun," 12 August 2009. Click here)

BRING IN THE CLOWNS

In those early stages, a handful of broadcast ideologues seized upon the unrest both as a cause célèbre and a ratings booster. For eight years they were cheerleaders for George W. Bush's wars, tax cuts for the rich, abrogation of the Constitution, bailouts, TARP, financial deregulation, cheap money and big government policies that hastened America's decline.

Now, hypocrites to a man, they blamed the nation's ills on President Obama. Never for a moment acknowledging Obama was implementing most of those Bush policies they had once so ardently supported (TARP, bailouts, increased defense budget, rendition, torture, the Patriot Act), they whipped up their fans into an anti-Obama frenzy. Fomenting chaos and deflecting the revolution from its real source and strength, the loudest mouths in broadcasting would temporarily hijack the anger as a means to inflate their own stature as patriots and potential political leaders.

And why not? As vocal champions of conservative values they were filling a leadership void at the top. So weak was Republican leadership that in polls, talk-jock Rush Limbaugh garnered more votes than any politician as "the main person speaking for the party." There were notable precedents for B-grade actors occupying the White House and the State House. It happened before and it could happen again.

In 2010, it was no longer possible to lay the unrest on rabble-rousing fringe elements. The reality of the "Greatest Depression" began to set in. The pretend-recovery of 2009 was unmasked as the cover up we said it was. As the protests grew louder, the clampdowns grew harsher.

In September 2009, a sneak preview of what was to come was aired in Pittsburgh, PA, the site of the biannual G-20 meeting of finance ministers, central bank governors, and leaders of the world's 20 largest economies.

From air, land and sea, thousands of city, county and state police – commanded by the Secret Service, reinforced by the National Guard, and a Coast Guard flotilla – converged upon Pittsburgh to protect them.

The city was cordoned off and closed down. Offices and shops were shut, traffic prohibited … wages and sales lost. Red terror alert precautions and martial law measures were taken in anticipation of protesters opposed to G-20 goals of globalization, a single currency, and a one-world-corporate-controlled government.

The corporate-controlled media reported and showed mostly peaceful protest marchers, outnumbered by heavily equipped anti-riot forces.

The uncontrolled Internet media reported and showed mostly peaceful protest marchers and innocent bystanders harassed, corralled, shoved, dragged and beaten. What had been censored by the main stream press was all over YouTube for the world to see: uniformed baton-wielding Mutant Ninja Turtles, wrapped in enough body armor to walk unscathed through the Battle of the Bulge, stormed college dorms bludgeoning co-eds.

What had happened in Pittsburgh would happen around the world. It was an early skirmish in what would be an extended battle between the ruling Kings of Commerce and the Man on the Street. Governments would topple, regimes would fall, blood would flow and heads would roll. Some revolutions would be violent, others velvet … there were ample historical precedents for both.

The massed military might and crippling new riot control weaponry (LRAD ear-splitting sound cannons) tested on guinea pig protestors in Pittsburgh was a harbinger of how the government would respond to public pressure, civil disobedience, and any challenge to its authority. They would brook no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opposition, big or small. The mildest of disruptions would be stamped out with the fury and vengeance appropriate to putting down mob rule.

There would be anti-government forces bent on fighting power with power. They made a lot of noise, got a lot of press and served as convenient symbols of the Revolution. And just as a handful of masked radicals smashing windows and overturning cars (government plants or actual anarchists) are used by the press to discredit larger causes, so too would this handful of armed quixotic militia be used to denigrate the patriotic ideals behind the mounting revolutionary resistance.

The government response in Pittsburgh should have been enough to convince anyone of the futility of imagining that armed citizens could prevail against Federal firepower. Violent confrontations would not only fail, they would sabotage the principles and ideals of The 2nd American Revolution. For the Renaissance to flower and the Revolution to succeed, it had to be fought with minds, not guns. ■