The Coming US Dollar "Correction": The Global Elite may have Set a Date

by Jeremy James

The collapse of the US economy, which has been carefully engineered by the Global Elite over the past four decades or so, is almost upon us. The reasons are as follows:

- As the world reserve currency (the principal currency in which global trade is conducted) the US dollar must continue to command a high level of confidence in the world markets if it is to retain its reserve status. Countries will continue to hold dollars in which to trade only if they can be reasonably certain that the dollar will remain stable. If it looks as though the dollar might slide appreciably, they will look for an opportunity – all at much the same time – to off-load their dollar holdings.

- These off-loaded dollars will then flow back into the US economy. Since there are almost as many dollars outside the US as inside, this sudden influx of dollars will greatly inflate the money supply and cause a major surge in inflation. A fall in the value of the dollar will also add to this surge since imported goods and services will cost a whole lot more.

- The US government will still have to borrow heavily from the rest of the world in order to fund its huge budget deficit (over a half trillion dollars) and to "roll over" its existing burden of maturing debt. With an increase in national debt from around $6 trillion in 2000 to $17 trillion or so today (close to annual GDP), the debt service burden is at a critical level. It can be sustained while interest rates remain low – they are currently at historically low levels and cannot go any lower – but this burden could expand dramatically if interest rates were to return to traditional long-run levels.

- The continuing progam of "quantitative easing" by the Federal Reserve, where an additional $75bn is "printed" every month in order to keep the economy afloat, is seen by foreign investors as a very disturbing trend. They know that the existing ultra-low interest rates cannot be sustained indefinitely and that many foreign purchasers of US Treasury Bonds will withdraw from the market in response to the seemingly unrestrained program of quantitative easing. This is already happening. The US government will be obliged at some stage to raise interest rates in order to continue to attract a sufficient number of buyers for their bonds.

- Since the Federal Reserve and the US Treasury already know (and have known for some time) that this endgame is unavoidable, they have only three options: (a) loosen quantitative easing even more ("print more money"), which would be interpreted by the market as an act of sheer desperation and thus likely to provoke the panic that they are trying to avoid; (b) continue as they are and deal with the crisis as the market dictates, which would be difficult to control; and (c) intervene suddenly and proactively to "correct" the huge capital imbalances between the US and the rest of the world.

- Since option (b) would risk systemic chaos across the global financial system, one must conclude that option (c) will be adopted in some form. There are a number of ways to do this, either exclusively or in combination: (i) agree a major realignment of currency exchange rates between the world's major economies; (ii) appropriate ("confiscate") capital from another sector (e.g. pension funds); (iii) default on part of one's debt; and (iv) agree bilaterally an alternative form of debt settlement with one's major creditors. The following scenario (among others) could therefore be envisaged: The US Government announces a major devaluation in its currency (perhaps 30% or more) <u>and</u> sequesters pension funds as collateral for future state and federal bond issues <u>and</u> agrees with China and other major creditors to commute part of its debt into a legal claim on designated US assets (e.g. mining rights in certain US states).

- The problem with these options is that, by adopting any one of them, the US Government has effectively admitted that it is dealing with a crisis that threatens to get out of control. The markets will rightly assume that if one option is taken, the others may not be far behind. This leaves the US Government with no choice but to plan for a <u>specific calendar date</u> where a number of corrective options could be announced and/or implemented simultaneously. This would require the co-operation of a large number of countries and global financial institutions, which in turn could take twelve months or more to negotiate and finalize. Otherwise, by acting unilaterally, the US would risk causing a panic on world market as major players responded differently, both to conflicting signals and to the huge surge in uncertainty.

- Since the crisis in the US (and global) economy is already far advanced, one must assume that this process of international consultation has **already** taken place and that the major world economies have **already** agreed a "date" on which this momentous market correction could be put into effect. It would very likely include a currency realignment between the major economies, a one-off "wealth" tax on household assets similar to the "bail-in" implemented in Cyprus, and the "nationalization" of pension funds and other stores of privately held capital.

- There are concrete signs that these options have already been considered by the international community and will be implemented before long. Pension funds in Poland were nationalized last year (a remarkable event which was given little attention in the international media), the 2013 Budget for Canada included a specific provision enabling the Canadian government to implement a "bail-in" if their banking system began to falter, and, incredibly, the **IMF Fiscal Monitor** report for October 2013, entitled 'Taxing Times', included the following astonishing proposal:

> "The sharp deterioration of the public finances in many countries has revived interest in a "capital levy" – a one-off tax on private wealth – as an exceptional measure to restore debt sustainability. The appeal is that such a tax, if it is implemented before avoidance is possible and there is a belief that it will never be repeated, does not distort behavior (and may be seen by some as fair)…The tax rates needed to bring down public debt to precrisis levels, moreover, are sizeable: reducing debt ratios to end-2007 levels would require…a tax rate of about 10 percent on households with positive net wealth." (p.49)

It is a mark of how advanced the crisis has become that such a proposal can be published in a major international report. It is a sign also of the confidence (arrogance?) of the US authorities that they can permit the publication of a proposal whose very effectiveness depends on it being "implemented before avoidance is possible." This consideration would lead one to conclude that a "date" has already been set and that it cannot be more than six months or so after the date of publication of the IMF report. And since, as already noted, a global "capital levy" is likely to be part of a larger package of remedial measures, we may expect a major strategic "correction" in the world financial system by end-April 2014 or thereabouts.

Interestingly, there is evidence that this "date" was set at least 18 months ago. Grady Means, a former personal advisor to **Nelson Rockefeller**, published a truly extraordinary article in ***The Washington Times*** on October 25th, 2012, in which he said that a major correction was coming and that it would occur around **March 4th 2014**. (See **Appendix A**).

The scale of the correction, when it occurs, may not be immediately apparent to the world at large. Life may go on as normal for a few months, but once the powerful forces released by the "correction" have fed into the global markets, the resulting changes will be dramatic. As Means noted:

> At that point, we will need to finance our own deficit, and we will not be able to do so. We will raise bond rates to re-attract foreign investment, interest rates will go up, and businesses will fail. Unemployment will skyrocket. The rest of the world will fully crash along with us.

He doesn't mention the impact on the derivatives market, which is so big that even a small perturbation could cause a loss of trillions of dollars to investors. Since most derivatives are designed to hedge against currency and interest rate fluctuations, the knock-on effect of a global correction would be considerable.

Note the phraseology used in the title of ***The Washington Times*** article – "on schedule to crash". This would normally denote an outcome that was taking shape according to a plan, not an event that was essentially unpredictable. The schedule has been set and the date determined.

Note also the closing words in the article: "Everything else is noise." The big boys are telling the world that they **will** proceed with this plan and, furthermore, that they will do so at a time of their own choosing. Seen in this light, the article is really a warning notice posted for the benefit of discerning readers, not an impartial piece of economic analysis.

The date cited – March 4th – is a Tuesday, which is unlikely to be the preferred day. **Monday 3rd March** seems much more likely, allowing central banks around the world to make the necessary preparations over the weekend. It is also more Masonic – 3/3.

Recommendation

If you have the means to do so, please consider buying silver and gold for physical delivery. This will be the only form of money, and one of the few stores of value, that will not be hurt by the coming collapse of the dollar.

Please remember also to trust in the LORD, to pray for those you love, and to immerse yourself daily in his Holy Word:

> "And they that know thy name will put their trust in thee:
> for thou, LORD, hast not forsaken them that seek thee." – Psalm 9:10

> "But I am like a green olive tree in the house of God: I trust
> in the mercy of God for ever and ever." – Psalm 52:8

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Washington Times

Article by Grady Means

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MEANS: U.S. economy on schedule to crash March 2014

America's fall will take global economies with it

Those wild and crazy Mayans put down their marker that the end of the world would occur on Dec. 21, 2012 — about two months from now. There is, of course, some small chance that they might be right. On the other hand, there is a very large probability that the real end of the world will occur around March 4, 2014.

The doomsday clock will ring then because the U.S. economy may fully crash around that date, which will, in turn, bring down all world economies and all hope of any recovery for the foreseeable future — certainly over the course of most of our lifetimes. Interest rates will skyrocket, businesses will fail, unemployment will go to record levels, material and food shortages will be rampant, and there could be major social unrest. Any wishful thinking that America is in a "recovery" and that "things are getting better" is an illusion.

The problem is not Medicare, which won't quit on us for another six or seven years. Nor is it Social Security, which will not be fully bankrupt for another 15 years or so. The crisis is much more immediate and much more serious.

The central problem is that America is the bank of the world. What this means, simply, is that the dollar is the world's currency (often termed the "reserve currency"). Throughout the world, nearly all traded goods, oil, major commodities, real estate, etc., are denominated in dollars. The world needs dollars, and the U.S. provides them and provides confidence that the dollar is the "safest" currency in the world. Countries get dollars by trading with us on attractive terms, which enables Americans to live very well. Countries support this system and cover their risk by investing in dollars through T-bill auctions and other mechanisms, which enables us to run budget deficits — up to a point.

The central issue is confidence in America, and the world is losing confidence quickly. At a certain point, soon, the United States will reach a level of deficit spending and debt at which the countries of the world will lose faith in America and begin to withdraw their investments. Many leading economists and bankers think another trillion dollars or so may do it. A run on the bank will start suddenly, build quickly and snowball.

At that point, we will need to finance our own deficit, and we will not be able to do so. We will raise bond rates to re-attract foreign investment, interest rates will go up, and businesses will fail. Unemployment will skyrocket. The rest of the world will fully crash along with us. Europe will continue to decline, and the euro will not replace the dollar. Russia will see a collapse in oil prices as market demand softens, and Russia will collapse along with it. China will find nowhere to export and also will collapse. The Russian and Chinese governments, which see all this coming and have been stockpiling gold to hedge against such a dollar collapse, will find that you cannot eat gold. There will be uprisings — think of the streets in Spain and Greece today — everywhere. Technological advances that traditionally drive productivity increases and economic growth will not be able to keep up with this collapse.

When might this all happen? Paul Volker indicates we might face a mess like this in the next year and a half. David Walker, former U.S. comptroller, i.e., the former chief accountant of the U.S. government, has suggested similar time frames for economic catastrophe. Most agree that the budget sequestration approach won't work from either economic or political perspectives, and mindless across-the-board cuts in spending will only exacerbate a mess. The Federal Reserve's third round of quantitative easing, in which we print money to buy our own bonds in order to goose economic and employment numbers, means we are floating our own debt, a good formula for sudden hyperinflation.

The next president will have about six months to fix this problem before it is too late. He must be fully prepared, able and willing to work with Congress and move quickly and decisively. During the election, the most important question to ask is, who understands all this and is prepared to prevent it? Everything else is noise.

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