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## Economic and Systemic Crises in Historical Perspective

History does tend to repeat itself. Nonetheless, where current economic and financial conditions have a number of parallels in history, the underlying structural problems for the economy and unprecedented debt leverage in the financial system have started to unwind in what ultimately should be the greatest economic and financial calamity in U.S., if not global, history.

The historical list of U.S. economic contractions and their causes is an updated version of one published in *SGS Newsletter (No. 36)* of October 29, 2007, covering the post-Revolution history of the United States. Most major financial panics are mentioned, where they typically also were associated with business contractions. The notable official exception is the 1987 stock market crash, discussed later.

### **Recession, Depression and Great Depression.**

*Please note: This definitional section has been lifted from the SGS Hyperinflation Special Report of April 8, 2008, with minor alterations.*

A couple of decades back, I tried to tie down the definitional differences between a recession, depression and a great depression with the Bureau

of Economic Analysis (BEA), the National Bureau of Economic Research (NBER) and a number of private economists. I found that there was no consensus on the matter, so I set some definitions that the various parties (neither formally nor officially) thought were within reason.

If you plot the level of economic activity during a downturn, you will see something that looks like a bowl, with activity recessing on the downside and recovering on the upside. The term used to describe this bowl-shaped circumstance before World War II was "depression," while the downside portion of the cycle was called "recession." Before World War II, all downturns simply were referred to as depressions. In the wake of the Great Depression of the 1930s, however, a euphemism was sought for future economic contractions so as to avoid evoking memories of that earlier, financially painful time.

Accordingly, a post-World War II downturn was called "recession." Officially, the worst post-World War II recession was from November 1973 through March 1975, with a peak-to-trough contraction of 5%. Such followed the Vietnam War, Nixon's floating of the U.S. dollar and the

Oil Embargo. The double-dip recession in the early-1980s may have seen a combined contraction of roughly 6%. I contend that the current double-dip recession that began in late-2000 already has exceeded the 1980s double-dip as to depth, and that the current downleg already is rivaling the 1973/1975 contraction as to severity.

Here are the definitions:

**Recession:** Two or more consecutive quarters of contracting real (inflation-adjusted) GDP, where the downturn is not triggered by an exogenous factor such as a truckers' strike. The NBER, which is the official arbiter of when the United States economy is in recession, refines its timing calls on a monthly basis, through the use of economic series such as payroll employment and

industrial production. It no longer relies on the two quarters of contracting GDP rule.

**Depression:** A recession, where the peak-to-trough contraction in real growth exceeds 10%.

**Great Depression:** A depression, where the peak-to-trough contraction in real growth exceeds 25%.

### **Historical List of U.S. Economic Contractions.**

The main body of the following list/table represents about as close to an official or consensus picture that I can put together. The second portion of the table shows the SGS-alternate version of recent economic history, with detail covered in the text following.

## **United States of America - Economic Contractions, 1784 to Date By Administration, Duration, Depth and Causes**

**Pre-Constitution;** Timing/Duration: 1784 to 1789, 48 months; Peak-to-Trough Contraction: Severe; Nature: Structural/Liquidity. Background: Post-Revolution, no Constitution, no central authority, lack of sound money, excessive trade deficit.

**Jefferson;** Timing/Duration: 1807 to 1810, 24 months; Peak-to-Trough Contraction: 20%; Nature: Exogenous. Background: European war blocked shipments of goods to the U.S.

**Madison;** Timing/Duration: 1815 to 1821, 60 months; Peak-to-Trough Contraction: 15%; Nature: Structural/Liquidity. Background: Post-War of 1812. Debt excesses led to currency inflation, then debt/liquidity collapse and severe deflation.

**Van Buren;** Timing/Duration: 1837 to 1843, 60 months; Peak-to-Trough Contraction: 25%; Nature: Liquidity/Structural. Background: Excess debt and currency inflation fueled by speculative lending out of England. U.S. crop failure and English banking crisis led to debt/liquidity collapse.

**Polk;** Timing/Duration: 1847 to 1848, 12 months; Peak-to-Trough Contraction: 4%; Nature: Exogenous. Background: Post-Mexican War. Effect of severe European depression was offset partially by raised expectations from discovery of gold in California.

**Buchanan-I;** Timing/Duration: Jun 1857 to Dec 1858, 18 months; Peak-to-Trough Contraction: 12%; Nature: Liquidity. Background: Banking crisis and liquidity collapse.

**Buchanan-II;** Timing/Duration: Oct 1860 to June 1861, 8 months; Peak-to-Trough Contraction: 10%; Nature: Structural. Background: Tied to secession movement.

**Lincoln/A Johnson;** Timing/Duration: Apr 1865 to Dec 1867, 32 months; Peak-to-Trough Contraction: 13%; Nature: Structural/Liquidity. Background: Post-Civil War, retirement of greenbacks and English Panic.

**Grant-I;** Timing/Duration: June 1869 to Dec 1870, 18 months; Peak-to-Trough Contraction: 5%; Nature: Structural/Liquidity. Background: Secondary downturn following Civil War, "Black Friday" panic from Gould & Fiske's efforts to corner the gold market.

**Grant-II;** Timing/Duration: Oct 1873 to Mar 1879, 65 months; Peak-to-Trough Contraction: 15%; Nature: Liquidity/Structural. Background: Over-building of railroads, over-extension of debt, foreign funding collapse with Vienna Panic of 1873, collapse of savings banks, fear of currency debasement tied to elimination of silver backing.

**Arthur;** Timing/Duration: Mar 1882 to May 1885, 38 months; Peak-to-Trough Contraction: 12%; Nature: Liquidity. Background: French Panic of 1882, collapse of commodity prices, silver and stock panics of 1884.

**Cleveland-I;** Timing/Duration: Mar 1887 to Apr 1888, 13 months; Peak-to-Trough Contraction: 4%; Nature: Liquidity. Background: Government paid off debt, forcing reduction of circulating banknotes.

**B Harrison;** Timing/Duration: Jul 1890 to May 1891, 10 months; Peak-to-Trough Contraction: 3%; Nature: Liquidity. Background: Baring Panic in England, forced liquidation of foreign holdings of U.S. stocks.

**Cleveland-II;** Timing/Duration: Jan 1893 to Jun 1894, 17 months; Peak-to-Trough Contraction: 16%; Nature: Liquidity. Background: Failure of Reading Railroad triggered panic.

**Cleveland-III;** Timing/Duration: Dec 1895 to Jun 1897, 18 months; Peak-to-Trough Contraction: 15%; Nature: Liquidity/Inventory. Background: Lack of confidence in currency system.

**McKinley;** Timing/Duration: Jun 1899 to Dec 1900, 18 months; Peak-to-Trough Contraction: 4%; Nature: Liquidity. Background: German stock market panic of 1899.

**T Roosevelt-I;** Timing/Duration: Sep 1902 to Aug 1904, 23 months; Peak-to-Trough Contraction: 10%; Nature: Liquidity/Inventory. Background: Temporary layoffs, "Rich Man's Panic" of 1903/04.

**T Roosevelt-II;** Timing/Duration: May 1907 to Jun 1908, 13 months; Peak-to-Trough Contraction: 15%; Nature: Liquidity/Exogenous. Background: San Francisco earthquake and conflagration (1906), March 1907 panic and banking crisis.

**Taft;** Timing/Duration: Jan 1910 to Jan 1912, 24 months; Peak-to-Trough Contraction: 5%; Nature: Exogenous. Background: Increasing government regulation of railroads and trusts.

**Wilson-I;** Timing/Duration: Jan 1913 to Dec 1914, 23 months; Peak-to-Trough Contraction: 13%; Nature: Exogenous/Liquidity. Background: Collapse of foreign markets, loss of foreign liquidity as World War I broke out, U.S. stock market closed.

**Wilson-II;** Timing/Duration: Aug 1918 to Mar 1919, 7 months; Peak-to-Trough Contraction: 5%; Nature: Structural. Background: Post-World War I, overproduction of war goods, not enough jobs.

**Wilson-III;** Timing/Duration: Jan 1920 to Jul 1921, 18 months; Peak-to-Trough Contraction: 9%; Nature: Inventory/Liquidity. Background: Commodity inflation/deflation, sugar scandal.

**Harding;** Timing/Duration: May 1923 to Jul 1924, 14 months; Peak-to-Trough Contraction: 4%; Nature: Inventory. Background: Inventory-related lay-offs.

**Coolidge;** Timing/Duration: Oct 1926 to Nov 1927, 13 months; Peak-to-Trough Contraction: 2%; Nature: Inventory/Liquidity. Background: Real estate bust, bank failures, automobile overproduction.

**Hoover;** Timing/Duration: Aug 1929 to Mar 1933, 43 months; Peak-to-Trough Contraction: 33%; Nature: Structural/Liquidity. Background: The Great Depression. Collapse of debt excesses from 1920s and liquidity crisis, extreme income variance, overbuilding, stock crash, banking collapse, industrial restructuring as long-term aftershock of Panama Canal construction and World War I end, permanent job losses.

**F Roosevelt-I;** Timing/Duration: May 1937 to Jun 1938, 13 months; Peak-to-Trough Contraction: 18%; Nature: Structural. Background: Second-dip of Great Depression.

**F Roosevelt-II;** Timing/Duration: Feb 1945 to Oct 1945, 8 months; Peak-to-Trough Contraction: 21%; Nature: Structural. Background: Post-World War II, start of conversion to peacetime economy.

**Truman;** Timing/Duration: Nov 1948 to Oct 1949, 11 months; Peak-to-Trough Contraction: 2%; Nature: Inventory. Background: Residual post-war reconversion, recoil from excess post-war production.

**Eisenhower-I;** Timing/Duration: Jul 1953 to May 1954, 10 months; Peak-to-Trough Contraction: 3%; Nature: Inventory. Background: Post-Korean War.

**Eisenhower-II;** Timing/Duration: Aug 1957 to Apr 1958, 8 months; Peak-to-Trough Contraction: 3%; Nature: Structural. Background: Delayed post-war downturn, ended with Sputnik.

**Eisenhower-III;** Timing/Duration: Apr 1960 to Feb 1961, 10 months; Peak-to-Trough Contraction: 1%; Nature: Inventory/Exogenous. Background: Dominated by 105-day steel strike.

**Nixon-I;** Timing/Duration: Dec 1969 to Nov 1970, 11 months; Peak-to-Trough Contraction: 1%; Nature: Inventory. Background: Cyclical blow-off of "Guns and Butter" era.

**Nixon-II;** Timing/Duration: Nov 1973 to Mar 1975, 16 months; Peak-to-Trough Contraction: 5%; Nature: Structural/Exogenous/Liquidity. Background: Post-Vietnam War, oil embargo, aftermath of wage and price controls, U.S. dollar flotation and closing of gold window.

**Carter;** Timing/Duration: Jan 1980 to Jul 1980, 6 months; Peak-to-Trough Contraction: 3%; Nature: Liquidity. Background: Disruption from credit card controls.

**Reagan;** Timing/Duration: Jul 1981 to Nov 1982, 16 months; Peak-to-Trough Contraction: 3%; Nature: Inventory. Background: Inflationary environment that led to high interest rates.

**Bush, Sr.;** Timing/Duration: Jul 1990 to Mar 1991, 8 months; Peak-to-Trough Contraction: 2%; Nature: Inventory/Exogenous. Background: Started with Iraq invading Kuwait and ended with Gulf War I, as consumer pulled back and then returned. (See SGS Version: Bush Sr.)

**Bush, Jr.;** Timing/Duration: Mar 2001 to Nov 2001, 8 months; Peak-to-Trough Contraction: Less than 1%; Nature: Liquidity. Background: Driven by collapse in stock-market bubble. (See SGS Version: Clinton-II.)

### **SGS-Alternate Version of the U.S. Economy Since 1981**

**Reagan-I;** Timing/Duration: Jul 1981 to Nov 1982, 16 months; Peak-to-Trough Contraction: 3%; Nature: Inventory. Background: Inflationary environment that led to high interest rates.

**Reagan-II;** Timing/Duration: 4th-Q 1986 to 3rd-Q 1987, 11 months; Peak-to-Trough Contraction: 1%; Nature: Structural/Liquidity. Background: See text following.

**Bush Sr.;** Timing/Duration: 4th-Q 1989 to 2nd-Q 1993, 42 months; Peak-to-Trough Contraction: 4%; Nature: Structural/Liquidity. Background: See text following.

**Clinton-I;** Timing/Duration: 1995, 9 months; Peak-to-Trough Contraction: 1%; Nature: Structural. Background: See text following.

**Clinton-II;** Timing/Duration: 3rd-Qtr 2000 to 3rd-Qtr 2003, 36 months; Peak-to-Trough Contraction: 4%; Nature: Liquidity/Structural. Background: See text following.

**Bush Jr.;** Timing/Duration: 4th-Qtr 2006 to Date, 24+ months; Peak-to-Trough Contraction: 6%+; Nature: Structural/Liquidity. Background: See text following.

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**Sources and Notes:** All estimates of timing and depth are approximate. GNP is used throughout for consistency; GDP is GNP net of international transactions in factor income (interest and dividends). Various sources have been combined.

*Peak-to-Trough:* Before 1857 - Business Cycles and Forecasting, Elmer C. Bratt (Bratt), 1940; 1857 and after - National Bureau of Economic Research (NBER) as published on their Web site (<http://www.nber.org/cycles.html/>); full period and SGS Version: [www.shadowstats.com](http://www.shadowstats.com).

*Duration in Months:* Before 1857 - Bratt; 1857 and after - NBER; full period and SGS Version: [www.shadowstats.com](http://www.shadowstats.com).

*Depth, Nature and Background:* Percentage change shown is the approximate peak-to-tough decline in economic activity as measured in constant-dollar GNP. 1784 to 1937 - Bratt; 1790 to 1987 - Ameritrust, Cleveland, Ohio (estimated as a percent variation from a projected economic trend line); 1867 to 1960 - A monetary History of the United States, 1867-1960, Milton Friedman and Anna Jacobson Schwartz, 1963; 1900 to 1995 - Albert Sindlinger, Sindlinger & Co., Wallingford, Pennsylvania; 1920 to 1993 - Center for International Business Cycle Research, Columbia Business School; 1929 to date - Bureau of Economic Analysis (BEA); full period and SGS Version: [www.shadowstats.com](http://www.shadowstats.com).

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**SGS-Alternative Analysis: Current Downturn Could Reach Depression Status in 2009.** The table details 37 official economic contractions in the United States since the American Revolution, excluding the current recession, which is not yet official. The total is 40 downturns, per the alternate SGS analysis, including the current recession.

Based on the earlier definitions, there has been one great depression (so named), in the 1930s, although the 25% decline in activity, during the 1837 to 1843 downturn, reached the lower threshold of the great depression definition. Most of the economic contractions before 1930s would be classified as depressions. All business downturns since World War II -- as officially reported -- have been recessions, so far.

The current economic contraction is beyond halfway towards being classified as a "depression," based on the SGS definitions and GDP accounting. Depression status likely will be attained by year-end 2009. As the Great War became World War I with the advent of World War II, so too may the Great Depression of the 1930s become Great Depression I. When the current crisis reaches its full, terrible potential, with an eventual hyperinflation that collapses normal commerce, it well may become known as Great Depression II. As with the two world wars, Great Depression II would have had its roots in Great Depression I. (See the *Hyperinflation Special Report* on [www.shadowstats.com](http://www.shadowstats.com)).

**Structural Changes and Liquidity Problems Dominate Economic History.** A review of the various downturns since 1784 makes a strong case for the repetitive nature of history. Major economic and financial market upheavals usually reflect a confluence of factors, often structural or liquidity-related in nature. In the latter case, an economic downturn already was well underway before the defining panic of a liquidity crisis. Indeed the underlying economic and liquidity problems usually were well in play before a panic, which then would exacerbate the economic downturn, sometimes in a self-feeding cycle.

Leading up to the Great Depression, for example, the U.S. manufacturing sector had been in structural contraction as result of the loss of production after World War I and after the completion of the Panama Canal. The U.S. economy already was in contraction prior to the 1929 stock crash, but despite the structural downturn in the industrial sector, the financial markets were booming, with debt excess built upon debt excess leveraging stock prices to historic levels, with income variance at an historic high level that would not be exceeded until 1987.

It was the liquidity implosion that followed the stock-market and financial panic, and banking collapse, in combination with the structural change, that enabled the scope and depth of the Great Depression.



The present recession had its roots in a structural change dating back several decades, with the current contraction starting well in advance of the ongoing systemic-solvency and financial-market crises, which have exacerbated the downturn. The current financial crises, in turn have their roots back in the Great Depression.

### **Structural Change Tied to Trade Losses.**

Starting with the explosive growth in the U.S. trade deficit in the 1970s, and the accelerating loss of the U.S. manufacturing base to offshore facilities that followed, the U.S. economy entered a long-term structural decline that continues today and that has provided the base for many of the U.S. economic difficulties since the 1980s.

At fault here are a variety of factors, ranging from the post-World War II success of the United States as the world's dominant economy and dynamo for global economic activity, to trade policies of recent decades that have been extremely detrimental to the U.S. economy and to those making a living in the United States.

In the post-World War II era through the early-1970s, when the United States ran regular trade surpluses, there were two markets for global manufacturers, the United States and the rest of the world. In the late-1960s and 1970s, before beginning my economic consulting business, I was active in a family company in the import and export trade, primarily importing chainsaws to the United States from what then was West Germany. Though overly simplified, the following comments reflect some personal perspectives of the time, as generally expressed in *SGS Newsletter* (No. 17) of March 15, 2006.

In the days of surplus, with the exception of food producers and companies such as Boeing and IBM, too few U.S. manufacturers ignored or did not take global markets seriously. More than adequate sales volume could be generated at home without undertaking the trouble of learning the

languages and customs of potential foreign buyers, or having to produce low volume special products that met the particular needs of foreign markets.

In contrast, European manufacturers had to sell beyond their borders in order to gain economic scale. The rest of the world never did quite catch on to the U.S. consumers' addiction to disposable products and the concept of planned obsolescence, where automobiles, for example, became stylishly obsolete in three years. Instead, European manufacturers often had to provide a higher quality manufactured product for their customers than was available from U.S. manufacturers. Asian manufacturing at the time generally was noted for its low cost as well as generally low quality.

Not only did the competitors of many U.S. manufacturers dominate sales outside the United States, but also their often higher-quality products began to find broad markets within the United States, irrespective of higher prices and a near-perpetual weakening U.S. dollar. Eventually, quality improved for the lower cost Asian products, which also led to significant market gains in the United States and the rest of the world.

Of course, much of the shift in U.S. manufacturing offshore resulted from careful long-term strategies by U.S. competitors to accomplish just that. "Long-term" here refers to decades, not to two-year election cycles or quarter-to-quarter profit reporting cycles common in U.S. political or business circles. In the late-1970s and early-1980s, Communist China eagerly was buying up as much as it could of available "antiquated" labor-intensive plant and equipment in the United States. China had the labor needed for it.

In a tragic 1989 explosion, the USS Iowa lost one of its large guns. At that time, the U.S. no longer had the machining capabilities to replace the gun, but China did.

As U.S. manufacturers began losing domestic market share to imported goods, a number sought lower-cost production offshore. Such was intensified by the effects of free-trade agreements that tended to shift manufacturing to under-employed, lower cost labor markets, such as Mexico. These shifts have been exacerbated up to present.

**The Problem with "Free Trade."** Aside from issues that "free trade" agreements entered into by the United States have been anything but, there is a basic flaw in the theory as to the benefits of free trade in today's real-world economies.

Assume two economies are at full employment, it is argued, and that there is no trade between two countries, where the first nation produces product A more efficiently than the other, and where second country is a more efficient producer of product B. If free trade is opened between the countries, then the first country will tend to end up making all the product A and the other country all the product B. In this simple system, open trade would result in more total production of A and B than existed before, with everyone being better off.

In the real world, however, there is a problem with the underlying assumption that the involved economies are at full employment. Such rarely is the case, and it was not the case when the U.S., Canada and Mexico entered into the NAFTA agreement. When the involved trading partners do not have full employment, the advantage and the production tends to move to the low-cost producer.

As to NAFTA, the U.S. started the treaty in with roughly balanced trade, a small surplus with Mexico and a small deficit with Canada. Through August 2008, the combined U.S. trade deficit with Canada and Mexico was running close to an annual rate \$150 billion, reflecting a net loss of roughly 1.5 million jobs in the United States since the treaty went into effect on January 1, 1994.

Not so coincidentally, 1994 was the year the Clinton Administration's Bureau of Labor Statistics defined away millions of "discouraged" workers: unemployed individuals who had given up looking for work because there were no jobs to be had. Previously used in broader unemployment rates measures, the discouraged worker category was restricted to only those who had been "discouraged" for less than a year.

The effect of these "free trade" policies has been to redistribute the productive wealth of the United States to the rest of the world. While this may be a happy circumstance for the rest of the world, it is extremely painful financially for, and detrimental to the living standards of, the average individual in the United States.

Partially as a result of this debilitating circumstance, which has had some self-feeding influence on burdensome domestic union contracts, in conjunction with extremely poor long-term corporate management, and systemic problems that include overregulation by the U.S. government, the Big Three auto makers purportedly teeter on the brink of bankruptcy.

**Crisis in 1987 and Lack of Real (Inflation-Adjusted) Income Growth.** With a confluence of factors ranging from accelerating dollar weakness, excessive debt and income variance levels, to a period of economic weakness, the issues came to a head with the stock-market crash and liquidity panic of 1987. Alan Greenspan was the new Fed chairman, at the time, and he decided to abandon any support of the U.S. dollar in favor of stabilizing and salvaging the domestic financial markets and financial services industry.

Gerald Corrigan of the New York Fed, the entity that handled the various financial markets for the Federal Reserve Board, led the initial charge. Though never officially confirmed, the New York Fed reportedly worked an arrangement with a major New York investment house to buy stock futures on the second day of the stock crash, with the effect of rallying the market and bringing it



back to life. Out of this action evolved the present day President's Working Group on the Markets (a.k.a. Plunge Protection Team), which still is active in managing unstable or disorderly financial market conditions.

The Fed did everything it could to forestall a further day of reckoning that loomed because of ever-increasing trade and fiscal imbalances, along with an increasing dependence on foreign capital for the liquidity of the U.S. markets. Due to Greenspan papering over these issues for two decades, the basic problems intensified, remaining at uncontrollable levels. These issues now have collapsed the basic stability of the U.S. financial system and threaten the very existence of the U.S. dollar as the world's reserve currency.

As the structural economic changes have intensified, and what had been higher-paying production jobs disappeared, the average U.S. household has found it increasingly difficult to make ends meet. Real average weekly earnings today (government numbers using CPI-W) are roughly 20% below where they were in 1970. Even as households moved from one-worker to two-or-more-worker families, and from one to two jobs per worker, the average household still could not stay ahead of inflation. Deteriorating real household incomes in recent years (using government inflation numbers) has continued, as seen in the government's annual poverty report and in annual income data reported by the Internal Revenue Service. The difference between growth in income and growth in consumption was made up in debt expansion, as directly fostered by Alan Greenspan's policies. Unconstrained debt growth, however, ultimately was and is unsustainable.

Without sustained growth in inflation-adjusted income, there cannot be sustained economic growth. Aware of that, Greenspan helped to fuel a stock-market bubble, which had the short-lived result of fueling wealth-effect consumption. When that bubble burst and helped to trigger the 2000 recession, he tried the same gimmick with

home prices. Such enabled increased home equity lending, but the bubble burst there, and such helped cause the problems with mortgage backed securities to the surface, exacerbating the current downturn in business activity.

**Great Depression Liquidity Solutions Led to Current Liquidity Problems.** When the U.S. banking system collapsed in the early 1930s, the money supply followed, and that condition helped the depression of the time deteriorate into a deflationary great depression. The gold standard of the day acted as a regulator of money supply and prevented the extreme government spending that President Franklin Roosevelt hoped to use as a tool to counter the depression. Such was a factor in Roosevelt's abandoning the domestic gold backing of the U.S. dollar and basing the U.S. financial system on a fiat currency and what I call the "debt standard," the full faith and credit of the U.S. government to pay its obligations with money that it creates.

It took 11 administrations following Roosevelt to push the debt standard to its limits, eventually taking on excessive obligations the government knew it never could honor. In the private sector, debt was leveraged upon debt in order to help sustain fundamentally unsustainable economic growth. It is the ultimate failure of the debt standard that has started to play out in the economy and markets of the last year or so. Unfortunately, there is nothing beyond the debt standard that can be used to revitalize the system. With there being little further the Fed can gimmick, aside from propping the functioning of the financial services industry, the long-delayed day of reckoning is nearing. As the great financial tempest slowly makes landfall, the impact of heavy gusts in its outer bands on the financial markets and economic activity, already has not been pretty. Ultimately, it is the hyperinflation and full debasement of the U.S. dollar that loom and threaten systemic survival. (See the *Hyperinflation Special Report* of April 8, 2008.