

## THE ECONOMY

### **BILL GATES: "THE DOLLAR IS GOING DOWN!"**

THE world's wealthiest man says the widening US budget and trade deficits are undermining the dollar. "It is a bit scary," Bill Gates said at the end of January. "We're in uncharted territory when the world's reserve currency has so much outstanding debt."

Bill Gates, chairman of Microsoft Corp., is worth \$46.6 billion, and he is betting on a further weakening of the US dollar. He is following the example of Berkshire Hathaway Chairman Warren Buffett, who made a pre-tax gain of \$412 million in the fourth quarter of 2004 by buying foreign currencies.

Warren Buffett is the second wealthiest man (more than \$30 billion), and he shares the same view as Gates. Buffett has bet against the dollar since 2002, and he says that the US trade gap will probably further weaken the currency. "Unless we have a major change in trade policies," he said in January, "I don't see how the dollar can avoid going down."

The current decline in the value of the dollar is a matter of concern to investors, and to other major players, including Europe and China.

From the start of 2002 to the end of 2004, the dollar fell 21% against six major currencies. It hit a record low against the euro on December 30, when it took \$US 1.3666 to buy a euro.

A stronger euro reduces the competitiveness of European exports and shrinks growth among the nations sharing the currency.

The value of the dollar is linked to the debt-laden, deficit-run US economy. The US **trade** deficit increased to a record **\$609.3 billion**, and the total US government debt rose 8.7% to **\$7.62 trillion** in the past year.

An analyst says the silver lining that usually accompanies a drop in the dollar - an increase in exports because US products become cheaper for foreigners - has not materialized.

### **INTERNATIONAL CONCERN**

SOME of the world's major central bankers have warned that the international community could be running out of patience with the massive US budget and trade deficits that have pushed the dollar lower and increased the cost of their exports to America.

European Central Bank president Jean-Claude Trichet told a conference of business leaders and government officials that it was unacceptable for developed countries to run long-term current account deficits.

"The industrialized world as a whole is in deficit. There is a current account deficit, and there is no offsetting of the US current account deficit by the other industrialized countries," Trichet said. "That of course means that we are structurally asking the rest of the world to finance us ... It doesn't seem to me that this is an acceptable and sustainable long-term feature of the present functioning of the global economy."

A lack of confidence was expressed recently by Chinese leaders. China is the world's fastest growing economy, and has its currency pegged to the dollar. Fan Gang, director of the National Economic Research Institute in Beijing, told a recent World Economic Forum that "the US dollar is no longer - in our opinion - a stable currency and is devaluing all the time."

#### CHINA'S CONCERN

CHINESE Central Bank adviser Yu Yongding also has criticized US policy makers, saying, "The US should take the lead in putting its own house in order. It's the root cause of global imbalances. The US Government should do more to tackle its record current-account deficit and ease pressure on China to loosen its currency's peg to the dollar, he said.

America's own campaign to push China to untie its currency from the dollar as quickly as possible appears to be making little headway.

#### GERMANY'S CONCERN

GERMAN Deputy Finance Minister Caio Koch-Weser said in Davos on Jan. 27, "The US budget shortfall is the No. 1 risk, disregarding geopolitical risks, to the global economy." He urged President Bush to present a "credible" plan for bringing the deficit under control.

Mr Bush is pledging to clamp down on spending to halve the **budget** deficit (currently \$427 billion), during his second term.

Economists are at odds in predicting the future. One says: "The people who know money are running - they are not walking - in my opinion, they are running from the dollar."

Others say: "It is anybody's guess which way the dollar will head. These *economic pundits* have been famously wrong in the past. I don't think there are any gurus who know what is going to happen."

"It keeps on falling. We can't depend on the dollar, with the debt, the twin deficits and the trade gap."

"I think the dollar has fallen about as much as it should, and the fact that the White House and Greenspan have made it clear that the dollar's decline is not good for the consumer, makes it more likely it will be addressed."

- Source: various news reports late Jan and early Feb.

#### AUSTRALIAN WARNING

FEB 24. The Australian Treasury Secretary, Ken Henry, fears the US is heading for a devastating financial crash that could ravage Australia's economic growth. He likened the flood of money pouring into the US to support its budget and current accounts deficits to the stockmarket's dotcom bubble of the late 1990s.

The financial crash feared by Dr Henry would involve a sharp fall in the US dollar and a bond market sell-off, which would push up US and world interest rates.

This would hit US economic growth and, as a result, cut Chinese exports of manufactured products to the American market. In turn, this would threaten the boom in Australian mineral exports to China.

Fears that the world economy is in grave danger are growing in the major financial capitals.

The International Monetary Fund, which is responsible for stability of the world economy, also warned yesterday of a sudden collapse. The main cause of concern is the US trade and budget deficits.

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### **PROPHECY FOR THE ENDTIMES:**

“Come now, you rich, weep and wail because of the miseries that are coming upon you. Your wealth has become rotten, and your garments are moth-eaten. Your gold and silver have corroded, and their corrosion will testify against you and will consume your flesh like fire. You have hoarded wealth in the Last Days!

“See, the wages of the labourers who reaped your fields, and which have been withheld by you cries out *against you*; and the cries of the harvesters have reached the ears of YHWH of Hosts. You have lived on the earth in luxury *and* self-indulgence; you have fattened yourselves in the day of slaughter. You have condemned and murdered the righteous who were not resisting you.

“Be patient, therefore, brethren, until the coming of the Master. See how the farmer waits expectantly for the precious ‘fruit of the earth,’ waiting patiently until *the land* receives the early and late rains.” (James 5:1-7)

### **U.S. : ELECTRONIC ID CARDS**

THE US House of Representatives has approved a sweeping set of rules aimed at forcing states to issue all adults federally-approved electronic ID cards, including driver’s licenses.

Under the rules, federal employees would reject licenses or identity cards that don’t comply, which could curb Americans’ access to airplanes, trains, national parks, federal courthouses and other areas controlled by the federal government.

Republican politicians argued that the new rules were necessary to thwart terrorists, saying that four of the Sept. 11, 2001, hijackers possessed valid state-issued driver’s licenses.

Civil libertarians and firearm rights groups condemned the bill before the vote. The American Civil Liberties Union likened the new rules to a “de facto national ID card.”

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Relentlessly, the world numbering system is being prepared for the Antichrist’s worldwide dictatorship!