

Will Governments Shut Down the Markets Altogether?

for The Q Wealth Report

The jury is out on this question. It is however under serious consideration. Some financial big guns apparently believe so.

“Systemic risk has become bigger and bigger ... don’t be surprised if policy makers need to close down markets for a week or two in coming days”. Those are the words of New York professor and former senior advisor to the US Treasury Nouriel Roubini, interviewed by [Bloomberg](#). He continues: “Things will get much worse before they get better. I fear the worst is ahead of us.”

Italian Prime Minister Silvio Berlusconi has also discussed shutting down the markets. He first said that world leaders were discussing shutting down global financial exchanges, and then later said he didn’t mean it.

Apparently, the US is following the interventionist example of Pakistan! According to a commentator at [Naked Capitalism](#):

Their stock-market falls like crazy so Pakistan bans short-selling. Monkey-see, monkey-do: the FSA of UK and SEC of US ban short-selling. Widely recognised as an idiot move. Tampering with market mechanisms can only cause more damage. Anyway – it did not work for Pakistan either. So next they shut the market. Stocks can’t go down if people can’t trade – brilliant?

Er. No. Angry investors stone the stock exchange – and when it does open it crashes maniacally.

Monkey see – monkey do. Why not close the markets in Western countries?

I personally believe that the governments will try to control the markets in a more sophisticated manner, by subtle or not so subtle manipulation rather than direct closure. But in these times, we must be prepared for anything.

What is the solution? Keeping cash positions is certainly not a good way to preserve your wealth. Maintaining your assets in fiat currencies (like the dollar and the euro) must be about the worst possible thing to do. Not only can these assets be seized by mere accusation (don't believe it can't happen to you – it happened to Iceland!) , but even more worryingly they can and will be devalued indefinitely until they are worth nothing. That is precisely what is happening, as the Oracle of Omaha Warren Buffett points out.

In issue 51 of *The Q Wealth Report*, we suggest some serious solutions to this problem. Hard assets you can invest in. Investments that have a true intrinsic value. If you would like to ensure you are one of the first to read issue 51, click on the “Join Now” link above to sign up. If you would prefer to “try before you buy” we'll be happy to send you a free sample back issue (not the current issue) of Q Wealth Report. You can obtain it by entering your email address in the Q Bytes sign up box.