

2010: America Will Be Bankrupt, 40-60% Unemployment Coming

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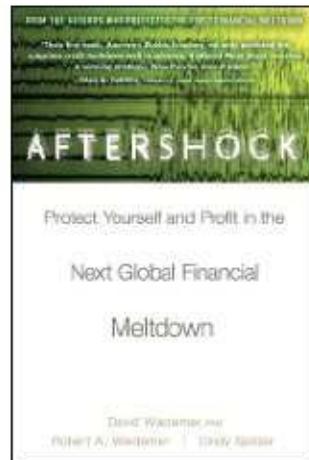
At Basil & Spice in 2010, 2010, Bank, Bankruptcy, Book Review, Economy, Inflation, James Holland, Mortgage, Unemployment, aftershock, bankrupt, bubble, david wiedemer, review, tax, unemployment

BASIL & SPICE

By James Holland

“Don’t Worry, Not a Single Penny of your Tax Dollars Will Fund the Bailouts.”

“That’s right. The bank and corporate bailout money is not coming from our taxes. Instead we’re just borrowing it from foreign investors. We’re also printing some of it...Of course, we will never, ever have to pay it all back, because even if we tried (and we won’t), we never could.” That is why the U.S. Government will eventually be unable to borrow money and the nation will have to start living within its means. That will be the beginning of the brave new world of life in America. *Aftershock* explains how we are speeding toward this “Bubblequake” and its “Aftershock.” Although somewhat depressing (like all bad news is), *Aftershock: Protect Yourself and Profit in the Next Global Financial Meltdown* (Wiley/ Nov 2009) also tells people what they can do to survive this worldwide depression and how



to actually be able to make money during the painful readjustment of the world’s economies.

While *Aftershock* is a scary book because of what is happening all around us, it is also a hopeful book. The nation will survive after the country stops ignoring the basic laws of economics. The three authors are optimistic that the American people will be able to make the adjustments needed to achieve economic survival without having to become survivalists who have to grow their own food and defend their homes from roving mobs with guns. They feel that even dictators will be unable rise from the chaos because Americans will be frequently changing elected government officials as soon as it's obvious that their policies don't work.

The nation will survive because basically the country is wealthy and will still be so after the economic bubbles have all popped and forced everyone and their government to live within their means.

These authors "are not bulls or bears or gold bugs, stock boosters or detractors, currency pushers, or doom-and-gloom crusaders," and "have no particular political ideology to endorse, and no dogmatic future to promote."

The goal of this book is "to tell you more details about the next round of bubbles to fall while there's still time to protect your assets and position yourself to survive and thrive in this dangerous, yet potentially highly profitable new environment...Although much of what we predicted in our first book that hasn't happened yet because most of the impact of the multi-bubble collapse is still to come. This is good news because it means you still have time to get prepared."

It's impossible to do justice to this book's message in a short review. The review copy I worked from is now practically destroyed by so many dog-eared pages and underlined and highlighted passages.

The three authors share a theory of the economy having being boosted by six economic co-linked bubbles. They are: The real estate bubble, the stock market bubble, the private debt bubble, the discretionary spending bubble, the dollar bubble and the government debt bubble.

Four of those bubbles have already burst or are still in the process of collapsing. With the collapse of each bubble, more pressure is placed on the remaining bubbles, and the two most important bubbles are in dire danger. The dollar bubble and government debt bubble collapses will change the face of America and the world. *America will be bankrupt.*

In their first book, *America's Bubble Economy* the authors accurately predicted the economic chaos of 2008 and 2009. This book picks up developments in 2010 and predicts the next economic bubbles that will pop. In the coming much worse economy, the book shows readers the best ways to protect, their jobs, businesses and assets. It explains how the housing crisis isn't "a sub prime mortgage problem whose contagion spread to other mortgages; it is a 'housing price collapse.'" The number of home owners with mortgages that are underwater "has risen from 14.3% in Q3 2008 to 33% in Q2 of 2009." Since 70% of the American Economy is based on consumer spending, the bubbles that have already popped or are still in the process of deflating won't be able to re-inflate.

When the dollar loses its value and the government can no longer pay its loans, and therefore won't be able to get any credit. America's golden age will be over.

Inflation, resorted to by the desperate government, will rack the nation, bankrupting most businesses. "40 to 60%" unemployment may become the norm. There will be so many people seeking jobs that wages will tank. Everyone will be on Medicaid, not Medicare, and all the unemployed will be on welfare.

The rich will have left the USA or be broke and all the government's taxes will come from the working people—the middle class. Since as much income as possible will be hidden, there will be national sales taxes and Value Added Taxes on every product or service. Family members will return home to live together with their extended families in order to control housing expenses.

After I finished this book I went home and made some of the changes suggested by this book. They include such obvious things as selling real estate if a buyer can be found and getting rid of variable rate mortgages if you can't sell the real estate. Variable rate mortgages are absolute poison. Selling off stocks is another suggestion. It doesn't have to be done all at once, but most stocks should be sold because the dollar bubble collapse will destroy stock market values. Collectibles and art will be non-liquid and will drastically drop in value (90%) for the long term. Gold, and silver to a lesser extent, will retain its position as a hedge against inflation as well as a protection against the dollar bubble collapse. The authors also list the types of jobs that will be in demand during the coming perilous times. As one might expect, some job categories will boom while the unnecessary ones will disappear. For example, construction workers may want to start looking for jobs that repair existing structures rather than build new buildings. You'll have to read this book to get the answers to many of the questions that reading this volume will provoke.

The thing this reviewer liked the best about this book was the carefully explained logic of its predictions. It provides a much better overview of the current economy. The readers will discover lots of new information that they've probably never heard or read before, but the reader's gut instinct and personal experience will tell him or her that it is obviously true.

While the authors may be wrong on some of their predictions, most of them will probably prove all too accurate. At the end of each chapter the authors list a website where more current information on that chapter's point can be gleaned before the next volume of this continuing series is published. This is a page turner, but it will be slow reading from the standpoint of having to constantly stop and make notes in the margin or pause to see how a particular point directly effects the reader's own situation. Reading this book will make you aware of economics like you've never previously been aware. Depending on your age, you may well recall your parents' or grandparents' advice that they'd learned during the Great Depression of 1929.

The coming bubble bursts are going to be a more society-changing depression than the one of 1929, although "few will suffer like they did in the Great Depression." The safety net will allow everyone to survive at a low standard of living. Though *Aftershock* didn't make this comparison, I could easily visualize the United States as a colder, slightly wealthier version of Cuba.

David Wiedemer, Phd, is a ground-breaking evolutionary economist who created the rigorous economic analysis on which this book is based. He received his PhD in economics from the University of Wisconsin–Madison. Dr. Wiedemer has held senior management positions with several Washington, DC–area high-technology companies and holds thirteen domestic and international patents on information technology.

Robert A. Wiedemer brings to the team the real-world investment understanding and analytical skills that come from founding a NASDAQ-listed information services company. He also serves as the primary investment valuation advisor for the U.S. Small Business Administration's Small Business Investment Company division, which is the largest fund of private venture capital funds in the world with over \$20 billion under management in over 4,000 investments.

Cindy Spitzer is an award-winning writer based in Baltimore, Maryland, who has coauthored, edited, written, or consulted on more than twenty books since 1993, including the first *Chicken Soup for the Soul*®, as well as Reader's Digest books, Time Life books, and many others.

Book Review: Arguing With Idiots By Glenn Beck

James Holland is Author of *Adventure Photographer* (A Bit of Boston Books/ 2009)

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