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## **2011-20: Decade of U.S. economic hell**

### **Commentary: More bad news for 'America's Worst Decade'**

By **Paul B. Farrell**, MarketWatch

*This update publishes Paul Farrell's complete commentary and also corrects a typographical error.*

**SAN LUIS OBISPO, Calif. (MarketWatch) — Next decade? Toxic politics promises to make economic matters much worse than even today.**

“The U.S. economy appears to be coming apart at the seams,” warned Columbia Prof. Robert Lieberman earlier this year in Foreign Affairs.

Now, over at Foreign Policy magazine, Josh Rogin warns: “This Fight Ain’t Over: Think the debt ceiling gridlock was ugly? Congress is just getting warmed up. Here are eight more foreign-policy battles right around the corner,” when they get back to sinking the economic recovery even deeper this fall.

All this was punctuated last week by S&P’s downgrade of the U.S. credit rating, as well as the one-day, 513-point market drop into a double-dip recession.

Another Foreign Policy expert, James Taub, warns of what the “debt-ceiling deal tells us about the Tea Party’s grim vision of American power.”

There’s a disaster ahead, Taub writes: “All Guns, No Butter ... depleting the national treasury to pay for the military ... when many Americans want to reduce the role of government at home and especially abroad, the debt deal just concluded is likely to preserve the country’s hypertrophied defense budget, at least if congressional Republicans get their way.”

Mitch McConnell, the GOP’s Darth Vader, is doing just that, doubling down on his vow to make certain Obama is a one-term president, intentionally ignoring the collateral damage, killing economic recovery.

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How? Ol' Mitch is already sabotaging the new congressional debt "super-committee," vowing to appoint only Republicans who have signed Grover Norquist's "no new taxes" pledge.

Expect more deadlocks as economists warn that recovery is impossible without new revenues.

But it's beyond toxic nondemocratic pledges. America really is "coming apart at the seams." Both parties: Dems for lack of strong leadership. The GOP and the Tea Party with their bizarre Schumpeterian conviction that destroying the economy is the only way to save America and pave the way for a revival of their anarchistic, free-market Reaganomics.

### **Politics sabotage economy**

Yes folks, our politicians really are out of control, utterly unable to manage the economy. They're irrational, and worse, clueless and myopic in economics.

No surprise the Dow Jones Industrial Average **DJIA +1.45%** crashed 513 points in one day last week. Nor that pundits are pointing to high-tech multiples, warning of a new dot-com crash and double-dip recession, as well as a collapse in commodities, in emerging markets and endless debt problems for Europe.

### **What should investors do?**

SmartMoney's Jack Hough outlines how investors should look at the long-term economic picture for the U.S. following the downgrade, as well as the impact on the housing market. (Photo: AP)

Warning, in short, that we're headed into a perfect storm rivaling the disastrous political insanity of the 1930s that prolonged the depression, driving the economy into far reaching global problems that added fuel to an irrational zeitgeist and world war.

Over the past decade we predicted the 2000 crash, the 2008 meltdown and the short-lived 2009 rally, and now it seems quite clear that future historians will indeed look back on the 2011-20 decade as the "Worst Decade in American History." Worse than the "Great Depression" of the 1930s. Totally predictable, totally denied.

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Early this year we made 10 predictions of a chain of events that would reach a critical mass and consume America in a torrent of “creative destruction,” finally crippling our too-greedy-to-fail monetary/banking system, our capitalism for the super-rich and our corrupt political system.

The recent debt-ceiling deal is a wild red flag, warning that it’ll be much worse for a long time. Dead ahead, a protracted new civil war between special interests and the super-rich versus the middle class and disadvantaged, a wasteful internecine war that will further downgrade America as the world’s superpower, while enemies cheer loudly. So buckle your seat belts folks, it will get uglier and uglier for years.

So here’s an update of my 10 annual predictions, a year-by-year look at a decade of economic battles between the haves and have-nots, with no room for compromise between the three ideologies destroying our nation from within. The “wealth gap,” the greed, the entitlements, the hostilities are now so entrenched, compromise is impossible. Only a catastrophic 1929-style collapse of capitalism, democracy and a descent into economic hell will force America to restructure. Here’s how it will unfold in the coming 10 years:

### **2011: Wall Street’s super-rich control Washington**

Thanks to the conservative takeover of America’s so-called democracy over the past three decades, from Reagan to Obama, our activist Supreme Court delivered the coup de grace into America’s psyche last year, overturning long-established precedent giving rich owners of zombie corporations the same rights as live citizens. That decision would have gotten a failing grade in my constitutional-law class back at the University of Virginia.

### **2012: Super-rich solidify absolute power over our political system**

That bizarre Supreme Court decision legalized political bribery. Now, billions pass through lobbyists to politicians with one goal: a promise that every politician vote in line with their ideology. Wealth rules. America is no longer a democracy, not even a plutocracy. Today our middle class is in a rapid trickle down into Third World status, while the rich get richer and the “gap” between the super-rich and the rest steadily widens. It is now irrelevant who wins the 2012 race, because money corrupts and Obama is already a puppet of this system favoring lobbyists and wealthy donors.

### **2013: Pentagon's global commodity wars accelerate**

During the Bush presidency, Fortune analyzed a classified Pentagon report predicting “climate could change radically and fast. That would be the mother of all national-security issues.” Billions of new people spread unrest worldwide as “massive droughts turn farmland into dust bowls and forests to ashes.” Also, “by 2020 there is little doubt that something drastic is happening ... an old pattern could emerge; warfare defining human life.” Trapped in denial, political leaders will chose war over cooperation.

### **2014: Global population exploding, rapidly wasting resources**

America's “conspiracy of the super-rich” drains trillions from middle-class taxpayers. They see global population growth exploding by 100 million annually not as a drain on scarce commodities, but as tool to get richer through free-market globalization, ignoring the tragedies triggered as the population climbs to 10 billion, all demanding more of the world's limited, nonrenewable resources, demanding payback for our failures to heed warnings of environmentalists like Bill McKibben: “It might be too late. The science is settled, the damage has already begun.” We can't save the planet.

### **2015: 'Gilded Age' explodes America's 'Global Empire'**

Around the time of the Pentagon's prediction of WWII in 2020, Kevin Phillips warned in “Wealth and Democracy”: “Most great nations, at the peak of their economic power, become arrogant and wage great world wars at great cost, wasting vast resources, taking on huge debt and ultimately burning themselves out.” Similarly, financial historian Niall Ferguson, author of “Colossus: The Rise and Fall of The American Empire,” warned that we deceive ourselves, thinking “about the political process in seasonal, cyclical terms.”

### **2016: Reaganomics self-destructs; crashes come**

“But what if history is not cyclical and slow-moving but arrhythmic?” asks Ferguson. “What if collapse does not arrive over a number of centuries but comes suddenly,” too rapid to respond in time? The new GOP president ignores the lessons of history, like Jared Diamond's warnings in “Collapse”: “One of the disturbing facts of history is that so many civilizations share a sharp curve of decline. Indeed, a society's demise may begin only a decade or two after it reaches its peak in population, wealth and power.”

### **2017. Middle-class revolution: Buffett's 'rich class' loses**

The seeds were planted years ago. Warren Buffett saw the revolution coming: “There’s class warfare, all right, but it’s my class, the rich class, that’s making war, and we’re winning.” After the 2016 presidential election, political rage explodes into a new civil war. The income “gap” pops a bubble, there’s economic collapse and riots spread against another bailout of our “too-greedy-to-fail” banks. New depression ignites class rebellion.

### **2018. The Fed and Wall Street collapse, Glass-Steagall reinstated**

Diamond says he’s a “cautious optimist:” Leaders need “the courage to practice long-term thinking, make bold, courageous, anticipatory decisions at a time when problems have become perceptible but before they reach crisis proportions.” They delay, fail to act boldly. This crisis triggers a cultural revolution. History tells us most leaders act by short-term self-interest, not long-term public interests, especially politicians funded by billionaires who can’t see past quarterly earnings, year-end bonuses, the next election.

### **2019: Global commodity wars spread, killing millions, wasting trillions**

More than half our federal budget goes to the Pentagon’s war machine, limiting America’s fiscal and monetary policies. In this context, new commodity wars are ignited by an accelerating global population against a decline in the world’s scarce resources. That also forces a total rethinking of the balance between spending to protect against external enemies and a rapid deterioration of domestic programs: employment, education, health care, retirement.

### **2020. America’s first woman president, patriarchal dominance ends**

It is clear that patriarchy — male dominance of world culture, politics and economics throughout history — has failed, bringing the world to the brink of total destruction. Why do male leaders fail? Jeremy Grantham’s firm GMO manages \$108 billion. He predicted the 2008 meltdown and now warns: Male leaders are emotional, “impatient ... management types who focus on what they are doing this quarter or this annual budget.” Leadership “requires more people with a historical perspective who are more thoughtful and more right-brained.” Yet “we end up with an army of left-brained immediate doers,”

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which guarantees that “every time we get an outlying, obscure event that has never happened before in history, they are always to miss it,” as in 2000, 2008, 2012, 2016 and in 2020.

In the coming post-capitalism America, Grantham’s research suggests that women leaders will naturally emerge not just because the male brain is a short-term saboteur. The bigger reason is that women’s brains have evolved naturally as superior long-term thinkers. Brain researchers tell us 75% of men are short-term left-brain thinkers, while 75% of women tend to have strong right-brain traits as forward-thinkers, more aware of the future, the big picture, with a sense of future consequences, peacemakers rather than gamer-players.

Bottom line: These 10 predictions deserve serious consideration, so invest wisely, defensively and never listen to the happy talk from males across Wall Street, Washington or from the super-rich.

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