

AS CLEAR AS A BELL

WEB BUZZ 2009.12.14

As most of you know, we spend much of our time doing economic research on the internet. The other day we came across an author named Vox Day and his new book *The Return of the Great Depression*. It is an excellent historical analysis of the various economic schools over the last eighty years, enumerating their successes and failures. We did not initially know exactly what his conclusion would be, but were gratified that his analysis came to essentially the same conclusion as ours. We at CPAI had embarked on the same research effort commencing in 1975 after a disastrous collapse in our portfolios in 1974. There is absolutely no question in our mind that our economists and politicians have failed us over these many years as we now face the same economic circumstances as we did in the 1930s. It has been a public policy disaster of major proportions. No lessons have been learned, yet the evidence has been there for all to see, if one would only have turned off the TV, left hold of his biases, and dispassionately studied U.S. economic and business history from 1920 to date. It is absolutely as clear as a bell!

We would urge all of you to take the time to read this book. The following are his conclusions about the future of our economy listed in order of highest to lowest probability. The numbers in parentheses above represent how we would order the list by probability if it were up to us:

1. The great recession - somewhat less severe than the 1930s (2)
2. A great depression larger than the '30s (1)
3. Hyperinflation (4)
4. A jobless recovery (3)
5. Economic and social Armageddon (5)
6. A V-shaped recovery (6)

Please note that he classifies a V-shaped recovery, what the conventional wisdom and stock market expect will take place, as least likely to occur, just as we do.