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Great Depression Ahead?

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As you probably know, I am a long-term optimist. All of history tells me that humanity will continue to improve in all aspects of life ([The Rational Optimist](#) is a great read on this topic). However, this didn't stop me from noticing two books on the best seller list:

Crisis Investing: Opportunities and Profits in the Coming Great Depression

How to Prosper During the Coming Bad Years

What caught my attention was not so much the doomsday titles, but the year in which these books were best sellers: 1979 & 1980. As you may recall, the 1970's were, economically speaking, simply awful. The cumulative inflation for that decade was 97.63%. In other words, what cost a dollar in 1970 cost nearly double in 1980. Adding insult to this injury was that tax brackets were not indexed to inflation. As such, while your cost of living doubled, your tax bill nearly quadrupled. In inflation adjusted numbers, the stock market had declined 75%.

The authors of these two books saw that the economy had been steadily declining for 10 years, and that on its current course, it would collapse in a few years.

However, like every crisis facing the United States, at the last moment we managed to find a solution. When these books were published, the S&P was at 110. Today, not counting dividends, it sits near 1,200. In other words, the Great Depression never came and the patient, faithful investor watched their investment grow 11 fold.

Over the last few years, we have seen countless books, articles, whitepapers and other sources of "noise" all proclaiming the next Great Depression. They have all been wrong. Is our nation facing difficult decisions? Certainly. Are we living in the greatest era ever seen by our nation? Absolutely!

Ignore the noise and instead have a Merry Christmas (or Happy Hanukah)!

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