



# *Harry's Take*

January 9, 2024

## **Get Ready for 15%+ Unemployment, Highest Since Great Depression**

In the Great Recession of the 1970s, which had record inflation, the highest unemployment level was 9.0%. At the generational bottom in 1983, it got to 11.0%, during the worst recession since the Great Depression. In October 2009, the greatest recession since the great boom started in 1983, we saw 10.1%. And finally, we got 14.7% briefly during the COVID crisis in April 2020... but that was a “black swan”-like event that I don't count.

Why did we get the high unemployment again after it last peaked in 1983? We have been in a long period of demographic weakness that I began telegraphing back in the mid-1980s due to the falling Spending Wave of the Baby Busters (Gen X) from 2008 into 2023. But the Federal Reserve and U.S. government decided to blow their way out of that with \$27.2T in combined deficits and money printing. That 2008-2009 recession naturally would have lasted into mid-2010 or so and would have had much higher unemployment, 15%+, without this unprecedented economic intervention. Now, we have to pay the piper, as I doubt the principle of “you don't get something for nothing” has been repealed.

So, what is the most likely path now that the Fed has been forced to tighten the most dramatically since 1981, which led to 11% unemployment back then? I think we are going to see unemployment of 15% or a bit higher. That is much better than the 25% in 1933 when governments did not intervene so aggressively to stave off downturns. But it will be the biggest shock we have

seen in our lifetimes... and a 50%+ crash in real estate will create the greatest pain for households overall, albeit the greatest blessing for younger households looking to buy their first house.

Finally, a window has been created for the economy to get its revenge and restore the free-market capitalist system that has made us so wealthy... which we have been abandoning since 2009 just to stave off a short-term recession. But in free markets as in life: **no pain, no gain!**

Your unique advantage is that you can not only avoid the massive one-time losses in financial assets, you can profit hugely in just a year or two and have more than ever to reinvest in the last great bull market for the U.S. into 2037 with the Millennial Spending Wave. And for now, it can be as simple as loading up on 10-year to 30-year U.S. Treasury bonds or ETFs like TLT for just a year or a bit more. This crisis will make your life and retirement even better, as you see it coming!

Harry

*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*