

YOUR GUIDE TO SUCCESS THROUGH THE 2030s

2030s DEPRESSION EBOOK



ITR ECONOMICS

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CAUSES OF THE 2030S GREAT DEPRESSION

A high probability exists that the decade spanning 2030–2040 will be one of lost opportunities, great economic distress, lost fortunes, deep regrets, and despair over what might have been. Protect yourself: Plan for this future and strive to stop it from occurring.

There are five key factors that initially led us, all the way back in 2014, to forecast a depression for the 2030s. Those factors are still the main causes for the coming depression.

DEMOGRAPHICS

As we approach the 2030s, the aging population, a global phenomenon, is a strong reason for the coming depression. Major countries, including the US, face challenges related to this dynamic. There are fewer young people to support the older generation through tax contributions, and the decrease in the younger workforce will bring potential labor shortages.

HEALTH CARE COSTS

With a larger number of seniors requiring Social Security benefits and medical care, the strain on resources is evident. Health care costs are outpacing the growth of the US economy, a trend that is likely to continue. The Medicare program, which served 62 million individuals in 2020, is forecasted to have to accommodate a staggering 80 million by 2030. This demographic shift puts immense pressure on the government, demanding increased funding and support. Consequently, higher taxes and increased borrowing are likely, dampening economic growth prospects.

ENTITLEMENTS

Government measures to address the impact of the depression could involve tough choices, such as reducing Social Security benefits and increasing taxes, or scaling back other popular entitlement programs. However, any politician proposing such measures would likely face both strong opposition and ridicule.

Looking ahead, funding for programs like Social Security, Medicare, and prescription drug assistance will fall short. Unfortunately, the Social Security trustees have not identified any viable tax solutions to rescue the underfunded program, as it is deemed too late to enact significant changes.

INFLATION

COVID-19 changed the world as we knew it. The economic shutdowns had their own impact, and supply chains were also disrupted. The government poured trillions of dollars into the economy to stimulate it, and supply chain issues started to become more manageable. However, this hefty deficit spending is anticipated to persist throughout the 2020s, potentially depreciating the US dollar. Such devaluation often accompanies heightened inflation, posing challenges ahead.

US NATIONAL DEBT

The current US national debt is above \$30 trillion. The less debt a country has, the better it will be positioned for the upcoming depression. However, there is little indication of significant political changes ahead that would address this issue by 2030, as neither political party bears sole responsibility for the debt or appears likely to resolve it.

It is important to recognize that the forthcoming economic crisis will affect the entire globe. Whether it originates in the US or elsewhere, countries like China, the European nations, Mexico, Canada, and others will also grapple with severe challenges. Japan in particular faces significant debt as a percentage of GDP and is among those primed for substantial economic turmoil.

CAN THE 2030S GREAT DEPRESSION BE PREVENTED?

Despite years of economic insights and preparation for this decline, preventing or mitigating the next depression would not be straightforward. It is unlikely that the 2030s depression will be prevented, as the possible solutions are far too drastic for most people to truly consider and are therefore unlikely to be brought to fruition.

For instance, one idea would be raising the retirement age to increase tax revenue, but expecting individuals nearing 80 to keep working is unrealistic. Another proposal could involve a significant shift in government structure and spending, requiring bipartisan cooperation and budget reductions.

While there are technically feasible solutions like debt reduction and reducing health care spending via improved medicine, they are unlikely to be implemented due to political realities. Furthermore, any attempts to address the issue, such as tax increases, may fall short of effectively tackling the problem.

COMPARISON TO THE 2008 GREAT RECESSION

THEN...

The Great Recession, spanning from December 2007 to June 2009, stands out as a significant economic event of recent times.

CAUSES

It was ignited by a financial and banking crisis that triggered a significant downturn in the housing market. Relaxed credit standards led banks and other institutions to extend loans to individuals with poor credit histories; this was a key contributor to the recession.

IMPACT

Many found themselves in over their heads, having purchased homes beyond their means. As housing values plummeted, homeowners found themselves owing more than their properties were worth.

RECESSION

Mortgage defaults surged, and banks began foreclosures, exacerbating the financial turmoil known today as the Great Recession.

...VS. THE 2030S

The Great Recession was notably shorter than the anticipated duration of the coming depression, which is projected to extend over approximately six years. Although the intensity of suffering may be comparable between the two, the prolonged duration of the forthcoming depression will increase its psychological toll. The enduring hardship will feel never-ending, leaving individuals grappling with the notion that relief may never arrive.

PREPARING YOUR BUSINESS FOR THE 2030S

“OLD” LEADERSHIP WILL FAIL

For your business to endure the coming depression, you must be open to crucial adjustments and ready to adapt to the evolving landscape ahead. Embrace change willingly and be prepared to navigate the shifts dictated by the economic environment.

PLAN FOR VARIOUS SCENARIOS

If your business felt the impact of the 2008 Great Recession, you probably have a list of actions you wish you had taken ahead of it. Prepare similar plans now to streamline costs, ensuring profitability amid reduced sales, or take other necessary measures.

FOCUS ON COMPETITIVE ADVANTAGE

If you cling to an “always got to grow” mindset, your business will fall off a cliff, just as many did during the Great Recession. Knowing that your profits won’t be as strong as they are now, direct your attention to being a smaller, stronger player in your respective market and focus on taking market share from your competitors so you come out stronger when the economy recovers.

Business leaders must maintain agility in decision-making to weather the 2030s depression. Companies that resist evolving their strategies or decision-making processes will struggle to survive in the next decade. Business owners and executives who are hesitant to embrace change, possibly due to old habits, will similarly encounter difficulties. Be open to change and willing to adapt on the fly to whatever comes your way.

The trends we see are massive and have so much momentum that they will be difficult to change. Action is imperative. We need to implement economic moves that will protect us, to fight the good fight in an attempt to preclude the next Great Depression from hitting with unprecedented force.

PREPARING YOURSELF FOR THE 2030S

YOUNGER GENERATIONS

While it may be challenging in times of economic hardship, shrewd financial preparation is the best avenue for prospering through the coming depression. Prioritize investing while minimizing debt. Avoid accruing unnecessary debt and strive to pay off existing loans by 2030. Consider pursuing careers in promising industries like education, government, technology, and healthcare. For education, consider cost-effective routes like starting at a community college before transferring to an in-state institution to mitigate expenses and debt accumulation.

OLDER GENERATIONS

Think about where you have your retirement funds. If they are in certain types of accounts, you will be paying taxes every time you withdraw. With an account such as a Roth IRA, however, you will ultimately retain more of your money, as it is taxed only when you deposit it. Additionally, be mindful that the Social Security Trust Fund is headed toward bankruptcy; potential reductions in benefits may impact retirement income significantly.

FAMILIES

Families should prioritize living simpler lifestyles to save money. You and your family will have to try to live without having the latest and greatest possessions. While occasional splurges like vacations and fancy dinners are still possible, reduce their frequency. We will see more extended families living together, which may become necessary for some. Additionally, avoid unnecessary financial burdens such as taking on new and expensive mortgages.

The impending depression of the 2030s will pose significant challenges, yet there are proactive steps you can take to prepare. While we are primarily a business-focused economics firm, ITR Economics is committed to assisting individuals in preparing themselves for potential economic challenges ahead.

THE END OF THE 2030S GREAT DEPRESSION

There will not be one definitive moment when the economy switches, all at once, to a recovery phase. In order to spot the true end of the depression, ITR Economics will be closely tracking several of our own trustworthy global and domestic leading indicators to identify rise. These indicators take into account several factors; we will be paying close attention to consumption, retail sales, housing starts, new technologies, and more.

Countries with growing populations, abundant natural resources, and an inclination toward business capitalism are poised to thrive. Among them, the United States is expected to emerge as the world's strongest and most dynamic economy. Other nations such as Russia, Japan, and China may face challenges due to anticipated population decline, which can strain the domestic consumption of taxpayer bases and labor forces, hampering economic growth.

FINANCIAL RESILIENCE: YOUR BLUEPRINT TO THE 2030S

With a knowledge base that spans seven decades, we have an uncommon understanding of long-term economic trends as well as best practices for changing market conditions. Our reputation is built on accurate, independent, and objective analysis.

Our 10-year Financial Resilience forecast service will provide your business with a custom roadmap of your expected performance leading up to and into the 2030s depression. ITR Economics will answer your questions, review the opportunities and risks to your business, discuss opportunities to sell your business, and help you position your business to prosper through the next 10 years.

Contact us today to learn more!

