

Deep Recession in America: The Crash of 2009, The Collapse of 2010

The real economic collapse could come by the end of this year

By [Humayun Gauhar](#)

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Editor's Note

This article is meant to be provocative. Global Research does not necessarily share its conclusions.

Letter to my son

My dear Muhammad Ali:

I told you that it's a funny world getting funnier. Many American analysts are saying that America's real economic collapse could come by the end of this year. "It will come to be known as 'The Crash of 09', they say. Others, especially a Russian political analyst, are predicting its physical collapse too. There's no doubt that the country is up the dirtiest of imaginable creeks without a paddle. But what's amazing is that America remains mired in stunning denial, continuing to make bad situations worse with useless bailout plans and messing around with the world instead of facing up to the reality that its time as a hyper-power is up, that's its economic system has failed and that its only recourse is to end its adversarial doctrine and get out of its lost wars as painlessly and honourably as possible. There's no point in going on flogging dead horses. The only sensible thing that survival demands is to craft a new moral economic and financial system and a moral foreign policy.

The deep recession verging on depression that we have seen so far was caused by the crash in the US housing market. Since other developed industrialised nations, especially of Europe, were aping the shenanigans of unchecked and poorly regulated American bankers and financiers, the collapse of their markets, banks and economies followed like dominoes. Iceland was the first to officially declare bankruptcy. Its GDP is only about \$6.5 billion but its banks had lent something like \$65 billion while its regulators were asleep on the wheel. Britain has not declared bankruptcy officially but we all know that it is bankrupt for all intents and purposes and none of its banks and financial institutions has any legs left.

However, this is only the aperitif. Wait for the crash of US commercial real estate, which analysts think will happen by autumn this year.

Shops are closing down and there's no one to rent them. Companies are retrenching and freeing up a lot of office space or closing down entirely and vacating even more precious office space with no one to rent it again. Huge skyscrapers are becoming ghost-scrappers.

All this expensive commercial real estate is mortgaged to the hilt. With no rental income coming in, the loans against them will become difficult to service and there will be fearsome default. There's insurance and re-insurance here also and the amounts involved are mind-boggling. No bailout plan would come even close to coping.

When the commercial real estate collapse comes, all hell will break loose. And if multinationals like General Motors and Ford call it a day, it won't just be thousands upon thousands of people unemployed (though it's heartless to use the word 'just' here). Two entire towns will become ghost towns. That's terrible. If you count the number of people - wives, children and parents - who are dependent on those incomes, it becomes worse than terrible. It becomes absolutely and totally unconscionable, while corrupt and greedy bankers and the likes of Bernie Madoff have made off with billions - perhaps trillions - of dollars and are still doing so because "our contracts say so."

Then there is Professor Igor Nikolavich Panarin whom I came across in a December 2008 article by Andrew Osborne of the Wall Street Journal no less, not some fly-by-night rag. If he has got it right, next year will come to be known as 'The Collapse of 2010' for that is when the USA will disintegrate into six separate entities. Those six entities, says Prof Panarin, are The California Republic, The Central North American Republic, Atlantic America, The Texas Republic, Hawaii and Alaska going back to Russia.

With millions of Chinese living on America's eastern seaboard (The People's Daily's circulation there alone is over five million) The California Republic, Prof Panarin thinks, will either be part of China or come under Chinese influence. The Central North American Republic will be part of Canada or under Canadian influence, Atlantic America may join the European Union, The Texas Republic will be part of Mexico or under Mexican influence and Hawaii will go either to Japan or China.

Prof Panarin is a former KGB analyst and a Russian professor of political science, Dean of the Ministry of the Foreign Affairs Diplomatic Academy in Moscow and author of several books on geopolitics. Thus one can hardly call him a fruitcake. Actually, he first made this prediction not after the economic meltdown that started last year but in Linz, Austria, in September 1998 in front of 400 delegates at a conference devoted to information warfare and the use of data to get an edge over a rival. Of course it was received with consternation. "When I pushed the button on my computer and the map of the United States disintegrated, hundreds of people cried out in surprise," he says. Later, many delegates asked him to sign copies of the map. It's like when the French political scientist Emmanuel Todd made his famous forecast in 1976 about the collapse of the Soviet Union 15 years before it actually did and many people laughed. But Todd had the last laugh.

Prof Panarin doesn't say that America's collapse is a forgone conclusion. "There's a 55-45 percent chance right now that disintegration will occur," he says. But if it comes it will be driven by three factors - "mass immigration, economic decline and moral degradation will trigger a civil war next fall and the collapse of the dollar.

Around the end of June 2010, or early July, he says, the US will break into six pieces... He predicts that economic, financial and demographic trends will provoke a political and social crisis in the US. When the going gets tough, he says, wealthier states will withhold funds from the federal government and effectively secede from the Union. Social unrest up to and including a civil war will follow. The US will then split along ethnic lines, and foreign powers

will move in.” All we Pakistanis thus have to do is hang in there and soon America will not be meddling in our affairs any more, what to talk of General Patraeus’s adviser David Kilcullen saying that Pakistan could fall apart in five or six months.

It’s not easy to comprehend the collapse of an empire or a superpower. When termites are eating away at their vitals for years one cannot see it. People are too much in thrall of their power, wealth and panoply. Thus when the collapse comes it seems sudden, and takes people by surprise. “I went to sleep last night and when I woke up next morning the Soviet Union was gone.” The most powerful war machine ever built couldn’t save it. Remember the British Empire on which “the sun would never set”? It set so firmly that only six decades later Britain is not only bankrupt, it has become America’s appendage, a third rate power and could itself disintegrate soon with Scotland seceding. The history of the world is replete with the demise of civilisations, empires and superpowers. The graveyards of nations are full of their bones.

That there may be something to what Prof Panarin says is borne out by the fact that the late Bush Administration made contingency plans to impose martial law in case of economic collapse or massive and violent social unrest with blood on the streets.

His predictions seem plausible, even probable, if all the dire scenarios come right, as they have thus far. According to Rand Clifford the US has already made plans to “round up insurgent US citizens” and detain them in what are called “Rex 84” camps. Plus they have made “safe facilities” for members of Congress and their families. A report by the Phoenix Business Journal says: “A new report by the US Army and War College talks about the possibility of Pentagon resources and troops being used should the economic crisis lead to civil unrest, such as protests against businesses and government or runs on beleaguered banks.” The Journal’s story quote from the War College report: “Widespread civil violence inside the United States would force the defence establishment to reorient priorities in extremist to defend basic domestic order and human security.” It needs saying that the military regularly makes plans for the most dire of situations, however seemingly unlikely.

Let Zbigniew Brzezinski, former National Security Advisor to President Jimmy Carter and an early supporter of Barack Obama have the last word. The US is “going to have millions and millions of unemployed people really facing dire straits. And we’re going to be having that for some period of time before things hopefully improve. And at the same time there’s public awareness of this extraordinary wealth that was transferred to a few individuals at levels without historical precedent in America...hell there could even be riots.”

The writer is a senior political analyst E-mail: humayun.gauhar@gmail.com

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