

"My rant was the rant heard around the world," CNBC personality and ex-hedge funder James Cramer [told viewers](#) of his cable show *Mad Money*, a talk-radio spectacle involving its host's over-the-top antics like hitting sound-effects buttons and giving stock advice at breakneck speed. The setting was 2006's [fiscal third quarter](#), a highly volatile period in which the market nosedived on the heels of a subprime housing and credit meltdown.

In the rant, broadcast on the show *Stop Trading!* before becoming [an online hit](#), Cramer aggressively screamed for a rate cut from the Fed for his "people [who] have been in this business for 25 years!" -- by which he meant, of course, the hedge funders whose deceptive bundling of mortgage-backed securities built on subprime loans and no oversight from the SEC whatsoever are finally getting their comeuppance.

Cramer, who ignored repeated requests for participation in this story and its predecessor, [viewable on AlterNet here](#), made it pretty clear that his friends in the hedge fund industry manipulate the credit and housing markets for fat-ass paydays. But there he was a few days later, backtracking hard. He was even lucky enough to get [on *The Colbert Report*](#) to do some much-needed damage control, asserting that he was really defending the millions of suckered Americans about to lose their homes, thanks to highly leveraged loans manipulated by investment banks and private equity groups like Blackstone, KKR and Bear Stearns (now the target of a [criminal investigation](#)) into Kafkaesque packages called CDOs (collateralized debt obligations). Those labyrinthine [Ponzi schemes](#) allowed hedge fund managers and private equity groups to not only buy out big names like Sallie Mae, Hilton, Chrysler and more, but also skim huge percentages off the top for themselves, their wives, mistresses and mansions.

And here we are, after the subprime collapse and Cramer's rant hear 'round the world, teetering on a fourth quarter that is screwed without some help from the Federal Reserve Bank. In fact, we could be headed to the type of economic recession that the *Los Angeles Times* [recently reported](#) may swallow us all -- at least until 2009, if we're lucky. Others aren't so optimistic: Paul Krugman, a noted economist and caller of bullshit on fantasies financial and military, like the occupation of Iraq, wrote in an aptly titled *New York Times* op-ed called "Very Scary Things" that "what's been happening in financial markets over the past few days is something that truly scares monetary economists: liquidity has dried up ... This could turn out to be nothing more than a brief scare. At worst, however, it could cause a chain reaction of debt defaults ... Let's hope, then, that this crisis blows over as quickly as that of 1998. But I wouldn't count on it."

That was Krugman's take on Aug. 10. The 1998 crisis he's referring to? That would be total implosion of [Long-Term Capital Management](#), a hedge fund made up of bond traders and Nobel Prize-winning economists that tanked billions and needed to be bailed out in order to avert an American recession under President Clinton. Hedge funds have the Midas touch, it seems, for making gold only for their shareholders, and few else, before needing a federal lifeboat.

Sure enough, in the days since Krugman's very scary thoughts, the situation has worsened. "Signs of progress have appeared," said Federal Reserve Chairman Ben Bernanke to a German conference on Sept. 11, "but ... most countries have only just begun to undertake the policy changes that will ultimately be needed ... in part because of the greater recent volatility in financial markets and investors' demands for increased compensation for risk-taking." Henry Paulson, current secretary of the treasury and former CEO and chairman of investment bank Goldman Sachs, a major beneficiary of the CDO bonanza and one bank that helped bail out Long-Term Capital Management, added that our current economic crisis will take longer to fix than the other major depressions of the last two decades, including the Russian default of the '90s and the Latin American debt nightmare of the '80s.

"The reason it is going to take longer today is that we are more globalized," [Paulson said](#). In today's internetworked global economy, mortgage loans built out of the imaginations of American businessmen were being, as Paulson explained, "sliced and diced" into international bundles and turning up as far away as state-run regional banks in Germany, fragmentation -- or diversification, as some bean counters call it -- so complex that Paulson claims to have met daily with bankers who still couldn't decode its labyrinthine mechanisms. Throw in the fact that 97 percent of stock transactions are electronically conducted at the speed of light, more and more of them by companies that employ math and computer science Ph.D.s using quantitative strategies executed by proprietary computer programs, and you have a new definition of complexity. The more complex the mechanisms, the more money rolls in. As Cramer once argued of such inscrutable designs, "The SEC doesn't understand" them. And you can't police what you can't understand.

Ask Senate Majority Leader Harry Reid, who [at last report](#) was declining to raise taxes on hedge funds and private equity groups, who are drowning in money, for fear of "unintended consequences" to an American economy already reeling from the crisis. But he's a fool to wait: American home foreclosures and delinquencies are [at record highs](#), and the dollar is [at record lows](#). Meanwhile, oil is at a record high, even amidst drastic drops in inventory and a doomed occupation of Iraq that even ex-Federal

Reserve Chairman [Alan Greenspan admits](#) was motivated by the aptly named crude. The houses that were hastily erected and packaged in the post 9/11 boom? They're festering on the market or being auctioned off for next to nothing in impacted [cities like Detroit](#) and scores more.

In other words, Reid has got it backwards. The consequences of giving hedge funds and private equity groups free rein, low taxes and zero oversight are already here. And they're severe.

Federal Reserve Governor [Frederic Mishkin](#) all but promised the United Kingdom's *Financial Times* that the hedge funds' manipulation of mortgage-backed securities [will smack down](#) the American economy: "Consumer and business spending also could be damped as a consequence of the recent financial turmoil ... economic activity could be affected more severely in other sectors should heightened uncertainty lead to a broader pullback in household and business spending." His colleague and San Francisco Federal Reserve Bank President Janet Yellen was less delicate, arguing that falling home sales and rising unemployment would put a last nail in the coffin of American economic growth going forward.

And last but not least, there is [Paul Saffo](#), fellow for the World Economic Forum and Institute for the Future, professor at Stanford University, and consultant to companies like Samsung as well as Silicon Valley venture capitalists. He's predicting [an end to the American economic model altogether](#). But he takes his thesis a frightening step beyond economic dissolution into the total dissolution of the country itself: "My forecast is that there's less than a 50 percent chance that the United States will exist as a nation by the middle of the century. And that is actually good news."

Saffo's idea is simple: The United States has become too large to function as an overlord to its city-states like Silicon Valley and Los Angeles, and in fact, has no real power to compel them to do anything, whether that's sending troops to the borders or demanding regional agencies adhere to national mandates on climate change. But the implications are much deeper: If Saffo is correct, what matters is not what we will become. What matters is what we will have lost, and that is an identity based on nationhood altogether.

In our days of hyperpatriotism, it is hyperreal to entertain the idea that you're not an American at all. Or that your vote doesn't count towards an American election -- or an Iraqi one, for that matter. Or that your country can't cite you as a reason it went to occupy Iraq in the first place. Because, the logic goes, if you're not an American, then what are you?

The answer? Globalized.

Long before 9/11, resource wars and the industries that support them -- private equity pools, hedge funds, investment banks, the mainstream media -- existed outside of geography. With offices across the world, trading across currencies and deals across borders, business has always been globalized to an extent. But after 9/11, the thought of Dubai handling security for American ports somehow skewed strange. Perhaps it had something to do with those planes flying not into the White House or Washington Monument but into global economic nerve centers like the World Trade Center.

In other words, America has only awakened to a process already underway: From a depressed currency and outsourced industries to the loss of its manufacturing base and educational standards, America is no longer the smartest or wealthiest superpower on the block. And as the means of production promised by globalization spread to nations like India, China and many more, the concept of nationhood is demolished further each day. But the United States, adrift in narcissistic simulations like *American Idol* and *Survivor* and distracted by reductive militarism, hasn't much longer to sleep, according to economists, think-tankers and other credentialed professionals that people with money pay attention to. The real nightmare is that it may have laid the foundation for the end of its economic system, the one U.S. comptroller general [David Walker](#) called "a broken business model," back in 2005 when "subprime collapse" was a punk band no one had heard yet.

"The mortgage problem is a manifestation of very serious imbalances and distortions," argues [James Kunstler](#), entertaining doom prophet for the Clusterfuck Nation blog as well as the author of *The Geography of Nowhere* and *The Long Emergency*, "not just in our economy, but in our current social values. To put it somewhat simplistically, it represents the dangerous idea that it's possible to get something for nothing. When that idea becomes established as normal in a society, as it has in the United States,

you're in big trouble. An ethos so inconsistent with reality must inevitably lead to a painful workout as reality reasserts itself."

That workout is going to hurt. From Bernanke and Paulson's mild worries to Krugman and Kunstler's more severe predictions, no one is going into 2008 thinking everything is going to come up yachts and roses. It's now only a question of how bad it is going to get. Some say it's going to be worse than you think.

"The credit bubble has burst and the entire U.S. economy will deflate with it," promises [Peter Schiff](#), founder of [Euro Pacific Capital](#) fund and sometimes guest on Bloomberg, CNBC and Fox News. "Asset prices will fall sharply, as will consumer spending, as the world will no longer finance it. After the initial shock, the world will breathe a collective sigh of relief, as it will no longer bear the burden of supporting the U.S. economy." If you ask Reagan economist and Hoover fellow [Paul Craig Roberts](#), one of those countries breathing a massive sigh of relief could be China, especially if we keep [fucking with them](#). The more that happens, the more the Chinese, who are currently shouldering America's deficit trillions, might decide to dump dollars for euros, a move that would send our already tanking greenbacks into the currency basement. For his part, Roberts thinks they aren't out to destroy the dollar, just draw the line on America's influence. "China has no desire to destabilize the current financial system," Roberts reassured me via email. "But they are tired of the United States trying to dictate their economic policy. They hold powerful cards. [But] they would not dump the dollar unless seriously provoked."

Even if they don't, the dollar is sucking wind, and so is American nationhood. And regardless of Jim Cramer's rants or China's warnings, there isn't much that the Federal Reserve Bank, whose every word can determine the dramatic rise and fall of stocks and bonds, can do about it.

"They can only make it worse," Schiff continues. "Rate cuts will only bring about higher long-term interest rates, higher consumer prices, more unemployment, lower real estate prices, more defaults and bankruptcy. The Fed has reached the end of its rope. Greenspan made this bed and now Bernanke and the American people will be sleeping in it for years."

The timing couldn't be worse, so what happens to you when this worsens? What happens when the Ponzi scheme is complicated by a possible attack on Iran? And what do you think the American government will do when climate change -- whose ravages [according to the International Institute for Strategic Studies](#) will be "on the level of a nuclear war" -- stops by your town and tries to wipe it out?

Let's put it this way. If our government really is a corporation and Bush is really its CEO, we're all likely to be self-employed contractors out of a job. Throw in the skyrocketing cost of our fuel, food and freedom, and the future is looking more expensive by the day.

Whatever comes, we would best prepare for it by doing away with some fictions forever, including the one envisioning America as a gated community on an unreachable hill, populated by Hummers and patriots who just want to party without participating in the environment that sustains them. Because economic recessions and military occupations are heavy for sure, but there is no terror like terra scorned. American or Iranian, Christian or Muslim, Democrat or Republican, we are all bound by one truth: We're tied to a singular rock spinning through space by a tether called gravity. And if we don't treat that rock like our best friend in the coming century, it will easily turn into the worst enemy we've ever faced.

We'll be praying to be screwed by subprime mortgages and Iranian mullahs by then. That might be the best vacation from reality we could ask for.

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