



Retirement *Lifestyle*  
**Advocates**

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**RADIO PROGRAM**

Expert Interview Series

Guest Expert: Harry Dent  
**HarryDent.com**

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Dennis Tubbergen:

Welcome to RLA Radio. I'm your host, Dennis Tubbergen. Glad you decided to listen in or watch today. Hey, joining me in the second segment of today's program is returning guest Mr. Harry Dent. Harry is a Harvard educated economist. He's a multi-time bestselling author. He has done some amazing research as far as the relationship between demographic trends and the economy. I'm going to ask him what his research is telling him about where the US economy is headed and more importantly, where are stocks and bonds headed? How might your IRA and 401k be affected? That's coming up in the second segment of today's program.

In this segment, I want to set aside a conversation that we're hearing a lot about in the news today that is the level of government debt and how unsustainable that it is. That is all true. But what's really going undiscussed, largely even unnoticed, I would say, is debt in the private sector in the United States.

In a nutshell, private sector debt in the United States remains at nosebleed levels according to the World Bank Group. Private sector debt in the US economy is about 200% of economic output, 200% of gross domestic product. Now, let me put that into perspective for you. At the onset of the Great Depression, private sector debt in the US was 132% of the economy, which at that time was the highest that it had ever been. Private sector debt today measured using the same metric as a percentage of the economy. Private sector debt is now 50% higher than it was at the onset of the Great Depression. What does that mean? Well, bottom line is there is too much debt to possibly be paid. And high private sector debt levels, and unpayable private sector debt levels are really a precondition for economic collapse. Now, let me explain why that is.

What is a debt or an obligation to one party is an asset to another party. If I have \$100,000 cash in a bank savings account, I have a \$100,000 cash asset listed on my personal balance sheet. Should I decide to loan that \$100,000 in cash to a friend to help the friend and possibly earn a little more interest on the money? I still have a \$100,000 asset. Instead of listing the asset on my personal balance sheet as a \$100,000 cash asset, I list it as a \$100,000 note payable to me. But my net worth is the same. A \$100,000 cash asset and a \$100,000 note payable to me are both \$100,000 assets so long as the note payable to me actually gets paid to me. If the friend to whom I made the loan comes to me and tells me he can't pay me back, the \$100,000 asset listed on my personal balance sheet is now worth zero.

It reduces my net worth by \$100,000. That little example is the definition of counterparty risk. Now, when it comes to counterparty risk, there are two things that you need to remember. One, if an asset in your portfolio has counterparty risk, that asset is only an asset if your counterparty is creditworthy and can pay you. If you don't get paid by the counterparty, your asset disappears and your net worth declines. When debt levels in the private sector are simply too high to be paid like they are today, creditors will eventually take an asset hit. Those creditors will see their net worth decline as counterparties default on the debt. This is essentially what happened in the banking sector at the time of the financial crisis when the US Treasury stepped in and bailed out a lot of the banks that had made subprime mortgage loans to non-qualified buyers.

Now, that whole subprime mortgage crisis was really of government doing as well, which probably doesn't surprise anyone. In 1992, Congress passed the Federal Housing Enterprises Financial Safety and Soundness Act. That's a mouthful. That act mandated that Fannie Mae and Freddie Mac, who have a mission of housing affordability, bend their rules a bit more, relax their lending standards a bit more, and make their primary goal housing affordability. The Act forced the Department of Housing and Urban Development to establish three separate quotas that required Fannie and Freddie to have a certain percentage of their yearly mortgage loans with affordable characteristics. Essentially, this law required Fannie and Freddie to meet minimum quotes of mortgage loans made to low and moderate income families. As nice as it is, those families were arguably poorer credit risks. Congress, when they passed this law, allowed future presidential administrations to change the quotas.

Well, not surprisingly, as you might imagine, over time, these quotas increased. Both the Clinton administration and the George W. Bush administration increased these quotas. Under Bush, the quotas increased to their high point of 56%. That led to looser lending standards, a spike in home prices due to these more lenient lending standards, gets more people in the game. And within a few years, a banking crisis emerged as subprime borrowers couldn't pay their mortgages. Now, derivatives also played a role in that. It goes beyond the scope of what I want to talk about in this segment. Now, presently, we are in a similar position. We've taken a slightly different road to get to the same approximate endpoint. Artificially low interest rates began in 2020, along with the distribution of helicopter money. Money was actually printed and distributed directly to the general population. Some of you watching this today probably got a check in your mailbox.

This created a spike in home prices and massively higher levels of debt in the private sector. Now, as I noted at the beginning of this segment, private sector debt is currently about 200% of economic output. And I can walk you through the math, but that level of debt simply cannot be paid. That means that at some future point, probably not too distant future point, the economy is going to have to feel the effects of this counterparty risk. When debt is unpaid, the currency supply contracts. That is deflationary. And deflationary environments are very hard on risk assets like stocks and real estate. Now, there are a lot of signs that this day is approaching. Mortgage delinquencies are up. Credit card delinquencies are now at the highest rate since 2011. Student loan delinquencies are up. Auto loan delinquencies are up. Across the board, we have loan delinquencies hitting highs.

In the case of auto loans, for example, auto loan debt delinquencies recently hit a 15-year high. If you look at what's going on in private credit, you're seeing private credit funds now gate the funds. In other words, not allowing investors to get their invested principle because there's no liquidity. This day of reckoning as it comes to private sector debt is coming. As I said, setting government debt aside, we still have a problem with private sector debt. Government debt will simply exacerbate the problem because the only solution left to this problem, if you want to call it a solution, is the Fed stepping in and creating currency to finance bailouts. So what's the end game here? What does all this mean? It means that we will likely see deflation or falling values in things we own and consumer price inflation and things that we have to buy. That will also lead to a contracting economy. That is stagflation.

So if you have not yet taken steps in your individual financial situation to position your assets to refine or design your retirement income plan, to be able to survive in this environment, I would encourage you to do so now. Go to [RetirementLifestyleAdvocates.com](http://RetirementLifestyleAdvocates.com), create a free login. There are a lot of free resources available there. That website again is [RetirementLifestyleAdvocates.com](http://RetirementLifestyleAdvocates.com).

I'll be back after these words with my special guest, Mr. Harry Dent.

Hey, Dennis Tubergen, your host of RLA Radio. I'd like to invite you to get for the very first time a complimentary copy of my bestselling book released in January. The book is titled *Portfolio Playbook: Investing Strategies for the Current Economy*. To get your copy of the book, all you need to do is visit the website, [RequestYourBook.com](http://RequestYourBook.com), [RequestYourBook.com](http://RequestYourBook.com), and I'll be very glad to send you a complimentary copy. *Portfolio playbook* reveals why traditional investing strategies, especially the 60 / 40 portfolio I believe have the potential to fail in today's debt-driven boom and bust economy. And I

give you a clear common sense roadmap for you to consider, to use to protect and grow your wealth in what I believe could be turbulent years lying ahead. So to get your copy of the portfolio playbook, which contains investing strategies for the current economy, all you need to do is visit the website, [RequestYourBook.com](http://RequestYourBook.com).

The website again is [RequestYourBook.com](http://RequestYourBook.com), and I'll be glad to send you a complimentary copy. Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me on today's program is returning guest, Mr. Harry Dent. Harry has a background and a resume that's really just too big to mention. So I'll hit the highlights. He is a multi-time bestselling author, renowned economist. He's done some amazing research between the link between demographics and where the economy goes. He has been a very accurate forecaster in financial markets as well, and it's a pleasure to have him back on the program. Harry, welcome. Thank you for being here.

Harry Dent:

Nice to be back, Dennis.

Dennis Tubbergen:

I should mention also, you have a free newsletter people should check out at [harrydent.com](http://harrydent.com). You can sign up [HarryDent.com](http://HarryDent.com).

Harry Dent:

Yes.

Dennis Tubbergen:

So Harry, let me just jump right in. Are we in a recession?

Harry Dent:

No, we're not. Actually, the economy's doing pretty darn well. I think that we are probably approaching that simply because we have been living off of nonstop stimulus since 2008. The great recession, which by the way, my main indicator, 46-year lag on the birth index, adjusted for immigration for the peak spending of the average person. So that's hardcore facts. And that's the biggest single factor that drives economy. And that said, greatest boom in history, 1983 through 2007, and then from 2008 into 2022, maybe 23, down due to the baby bust, spending more and hitting peak spending and buying homes and everything in lower numbers for a while. And then

the millennials bring us back up from 2023, 24 into 2037 before they plateaued for a long time. So I mean, that's a very simple model. It has worked. The problem is starting in 2008 and nine downturn, which was worse than anybody expected, not for us, but they have overreacted ever since and just been printing money and running deficits.

There hasn't been a balanced budget since 2001. The deficits stepped up 2008 forward because of the recession, and it just never ended. And the money printing, they've just pulled back on recently, but they're still, I mean, down 2.7 trillion out of nine money printing. But the deficit is still \$2 trillion a year. Dennis, that's almost 7% of GDP. And that's been the average stimulus, by the way, in the last 17 years. 7% of GDP added from government, fiscal and monetary stimulus. And yet we've been growing adjusted for inflation two to 3% at best, I think 2.3% average. That's terrible. It says we would've been in an off and on recession for the last 10 to 15 years if it hadn't have been for this \$30 trillion poured in. So that's the reality. Nobody knows this. Economists don't talk about it. They can't because it would be frightening.

And so that's the truth. Now, the good news is that the millennials, the reason all this stimulus was needed to keep the economy going at two to 3% acceptable levels is because the baby bust took us down. Well, the millennials have been clicking in since 2023, 24, and they will drive our economy back up naturally. In other words, we shouldn't need stimulus now anymore, even though we still have it, but they'll drive us up till 2037, and then there's just a long plateau unlike any other generation. And so this millennial generation is not going to take us to new heights, not going to create a stronger growth as the baby boomers did from 83 to 2007, but the economy should be able to grow on its own without artificial stimulus into 2037. So we pulled off on the stimulus, only the balance sheet side, only the money printing, but we haven't seen that much impact from it yet.

So that's my question. I mean, the stocks have been going up and haven't taken a break except for a brief after COVID for one year since 2008, nine recessions. So stocks are way overvalued.

And the question is, do they come back down to reality, which they should. And somebody can say, well, if they don't need to, what's the big deal? Well, if they don't come down from reality, then the millennials coming along are never going to be able to invest profitably again, because the stock market's so overvalued that John Hussman and other good estimates, regardless of demographics and other factors, that somebody buying stocks today at these valuations would expect to lose 2% or at best make 2% a year for the next 12 years. So that means, oh, the next generation doesn't get to invest

for their retirement because we never let the bubble burst that was created by endless government stimulus. So this is a huge crossroads for the economy and a huge test for free market capitalism. We have basically thrown it out since 2008, what I'm telling my subscribers and people listen to me.

Thrown it out. Oh, no, no, we can't trust the economy anymore. We have to make it grow. We have to tell it when it can grow and how much. That's the opposite of free market capitalism. The economy knows how to grow and how to have recessions. You know that the ratio of recessions all the way back a hundred some years to boom periods is 30% to 70%. It's the same exact ratio of waking to sleeping for the average person. So this is like saying, oh, recessions are bad. No, that's like saying sleep is bad.

Harry Dent:

Ask anybody not to sleep for three days and you will prove without a doubt the fact that sleep is absolutely necessary. People will turn into crazy, crazy babbling people within three to four days if they don't sleep.

Our economy, this is the worst thing ever happened to our free market capitalism. And everybody's acting like, "Well, great, we don't have to have recessions anymore."

Dennis Tubbergen:

So Harry, there seems to be some things going on in the economy that, at least from my perspective, could catalyze a market decline. Private credit's been making headlines. You've got blue owl, Blackstone, BlackRock. There's a number of funds that have gated their funds for redemptions, denying or capping redemptions. Is this what we saw in 2007 with Lehman, with Bear Stearns? Could this catalyze the next market decline in your view?

Harry Dent:

Yeah. I mean, the private economy always finds ways to expand. Subprime mortgages were what kind of triggered the last downturn. Now, the last downturn in 2008 would've happened anyway because of the baby boom slowing and spending naturally. But the trigger, yes, with subprime mortgages, they started to default. So this time around, you're right, it's private credit. That's the one unregulated area that has emerged that did not exist before. And it's like two and a half trillion headed towards four trillion next few years. So yes, that's what you'd expect to start seeing problems with loans. Again, because it's not regulated and it's on the edge,

if the economy weakens it all. And then again, that's not going to cause the whole downturn and subprime mortgages didn't cause the whole downturn. It was just enough of a trigger so that when the demographics, the real cause of 2008 to nine crash, and actually, Dennis, on normal cycles, if it hadn't have been for the massive stimulus that started in early 2009, that recession should have lasted into mid 2010.

That should have been more like 29 to 32 or 2000, 2002 tech wreck, those sort of things. Those things take about three years to lay out. Well, they cut that recession short and people say, "Good." No, that's not good, Dennis, because these recessions clear out all the zombie companies barely surviving, all the bad debts. I mean, even in the healthiest boom, there's going to be companies that borrow money, pay venture capital, whatever, and fail. Even in good times, companies fail. And then the bad times, just as Warren Buffett says, you see who's naked when the tide goes out. That's what the bad times are for. Accelerating, flushing out the weaker so we can become stronger. Recessions are not our enemy. That's my number one message that nobody gets and that should be obvious from looking at history. We've had booms and bust and the booms outweigh the bust every time in progress and length, seven years to three, all of that stuff.

Markets will go up three times and then give up a third of it. Okay, that's progress. Progress is not a straight line. And so I feel like a long voice like, "What's wrong with people to think that we're supposed to have a straight line to heaven and then get to heaven and never have a recession again?" Well, that's what appears to have happened. We've only had one minor recession since 2008. It was two months and 28% for the S&P, 37% for the NASDAQ one-year correction, and then over. Well, I'm sorry, you don't get to clean out your economy and get healthy again in a one-year short recession. So I think that the governments have done the wrong things here. They've gotten away with murder, and I'm just waiting on the economy with just reducing the stimulus enough here, which they have done to get into another slowdown, and then we see who's swimming naked.

Then we see how strong are we. We don't know how strong the economy is until you take out the stimulus. You can keep somebody on crack and they can be productive and run around like a banjee for years before they hit the streets and end up in detox and the hospital. And so that's what I'm waiting for. We won't know how economy, the strong the economy is. And we do have the millennials raising the tides again. But again, they're not higher tides. Even at the peak of the millennial spending wave that I have, the peak spending lag 46, 47 years, they only get back to the peak levels of the baby boom in 2007 naturally, but even that would be progress from where we've

gone down. But we won't see until the economy becomes free again and is allowed to have a recession when it needs to.

Dennis Tubbergen:

So Harry, it seems like central planning is now the policy du jour that they're not going to ... There's intervention. You say free markets. I completely agree. You can't find an example of a truly free market. So what's the end game here? I mean, do we ultimately end up with deflation because of the debt? Do we see a hyperinflationary outcome? Do the millennials help us muddle through? Where does this all end up in your view? What's your forecast? What are you telling your subscribers?

Harry Dent:

The guy out there that sounds like me until we get about halfway through our presentations is Peter Shipp. He's saying this is going to end up more in hyperinflation because

Harry Dent:

They just keep stimulating more and more and more and more. And I'm like, "Hey, Peter, we've already gone out of the ballpark on stimulus and still had inflation just go from one to 2% briefly up to 9% and then right back down to two and a half to three." Hyperinflation is not even possible because inflation's caused by the expansion of the workforce, which means we need more housing for new people leaving the nest and getting in the workforce. We need offices, we need colleges, we need all this new stuff when people enter the workforce around 18 to 22, and that's what actually drives inflation. I've got the only real inflation model in the whole world, which I just came through by the same way I came with the only growth model demographics, 46-year lag for peak spending and 20-year lag for workforce entry, subtracting out people that retire, not at 65, not at 72.

63 is the average retirement age. So when I plug that in, it gives me a great gauge for where inflation should be. And inflation should have come down to one to 2%, which it did, and it should have stayed there and we should have never gone up to 9.1% and we shouldn't be at near 3% today. So the only way for the economy to get back to normal, and again, for us to see where we're really at, is to let the economy have a recession that it needs to let the stock markets come down, which I mean, believe me, stock markets are today, the second most overvalued in all of the history of the stock markets and just barely less than 2000 when we had the first tech wreck and the

NASDAQ went down 78%. I think that the S&P was down like 50 some percent, but 78%.

So that's what needs to happen for the economy to get back in balance and to get real and for us to see. And that would certainly, there's no question that would cause a recession at this point. Question is how deep. I think deep because we've held this back so long, but we won't know until it happens. And I'm just telling investors here, stocks are going to have a hard time going up, if at all. At best, they go kind of sideways. At worst, the dam breaks and we see the biggest correction we've seen since 29 to 32, bigger than 2000 to 2002 and bigger than 2007 to 2009.

And that gets the economy back into balance. The economy, this is what I'm telling you, I know the economy better than anybody because I've researched it all the way back to the beginning of the stock markets. The economy wants to take a nap here, wants to go to sleep, wants to detox, and it has been prevented from. So it's now hadn't had any sleep. It's getting a little crazy. And I think that anything that tips us into a mild recession will quickly become a deep recession, or really actually a depression. And here's the secret to history. What's the difference between a depression and a serious recession?

Dennis Tubbergen:

Right.

Harry Dent:

Well, 1929 to 32 was a depression followed on by a second thing, 37 to 38. Depressions follow bubble booms, recessions follow normal booms. Both of them are healthy. Both of them are rebalancing and necessary, but depression, you only see depressions after bubble booms like into 1873 or into 1836, 1929, and now the second great bubble here, 2025, early 2026. So I think we basically get, if the economy clicks in, we get a two to three year depression. And like you're saying, that means deflation and prices. Deflation is a sign that we're not just slowing down and reducing pressure on inflation and modest unemployment, that we have more steep unemployment and business failure, and we actually are ridding the economy of unproductive assets, which is a good thing long-term, painful short-term like the early 30s. I mean, since the early 30s, have we done nothing but grow the ... I mean, you can't even compare this period in history to any period in history.

And part of that's globalization, part of that's the baby boom demographics up until recently. But a big part of it is just free market capitalism. We didn't have that before democracy, free market capital. We didn't have that dynamic duo before the 1780s.

1776 was really the marker in history. That's the Declaration of Independence and basically Adam Smith, the invisible handy called it. Invisible means government control, bottoms up, not top down. That's where you unleash the most power.

Dennis Tubbergen:

Harry, we have time for one more question. Government debt pushing 40 trillion in the US. Unfunded liabilities higher. Social Securities Trust Fund is officially broke in 2032. How does unpayable government debt, unmanageable government debt, I would argue, play into this outcome?

Harry Dent:

Well, right now interest rates are on the low side like they were in the roaring 20s, and that just makes it easier. But this is long-term debt. This is mostly the long is 10 and 30-year treasury bond. This is stuff our kids and younger people are going to be paying off the rest of their lives, which they don't deserve. They're not getting the benefits of it in their future when they buy their biggest house and get their kids in the best college or school they can get them into. So this is what, to me, I call this the financial crime of the century that we won't allow the last and the greatest boom in history. So nothing to not celebrate here, but let that boom detox its own excesses and debts and financial assets come down to regional prices and bad debts get flushed out.

All of this makes us healthier, even though yes, some of our wealth disappears and et cetera. But I tell people, man, I would weigh rather lose my job for two years than to see my entire accumulated net worth, particularly for baby boomers, my age range, they're now in their 60s, 70s, 80s, get cut in hand for more. That's what's going to happen here. If the economy is allowed to go back to its natural forces, stocks, real estate altogether, stocks could go down 80 to 90% like they did in the early 30s, but overall financial assets are going to correct at least 50% That means somebody has a million net worth, all of a sudden a half million, and that tends to be a baby boomer in their 60s and 70s, now dependent on that for the rest of their life and thinking, oh my God, I got to go back to work if I'm not retired, if I'm retired already.

That's the reality here. And so the only thing people can do, none of us can change this, but all you can do is reduce your exposure to financial assets. If you got two homes, sell the one with the most equity, even if it's your main home and maybe move to your vacation home. But if you have two homes, if you have one home, I have my house up for sale right now. It's been delayed us finishing work on it, but I'm trying to sell my house by July because it's a good time to free up that asset. And then I'm going to look to redeploy it because this house was bigger than we needed anyway, into a smaller house in an area and in the interior of Puerto Rico, which we already have spotted, where I can get twice the house for half the price even now.

So that's what you do. You have to reduce your financial assets and exposure. And then as this crash happens, it all works into your favor. Now you're going to be able to reinvest in stocks and real estate and any financial asset at the bargain prices of your lifetime. Imagine if you can ... That's like 1982. That was like 1932 or 1942. Every generation we have one of these big crashes, and that's the time that most rewards investors for getting into long-term stock and real estate assets.

Dennis Tubbergen:

Well Harry, the clock says, we're going to have to leave it there. My guest today, has been Mr. Harry Dent, I would encourage you to check out his newsletter. You can learn more or subscribe at [HarryDent.com](http://HarryDent.com). Harry, always a pleasure to catch up with you. Thank you for joining us today. Love to have you back down the road.

Harry Dent:

Okay. Thank you, Dennis.

Dennis Tubbergen:

We will return after these words.

Hey, Dennis Tubbergen, your host of RLA Radio. I'd like to invite you to get for the very first time a complimentary copy of my bestselling book released in January. The book is titled *Portfolio Playbook: Investing Strategies for the Current Economy*. To get your copy of the book, all you need to do is visit the website, [RequestYourBook.com](http://RequestYourBook.com), [RequestYourBook.com](http://RequestYourBook.com), and I'll be very glad to send you a complimentary copy. *Portfolio playbook* reveals why traditional investing strategies, especially the 60 / 40 portfolio I believe have the potential to fail in today's debt-driven boom and bust economy. And I give you a clear common sense roadmap for you to consider, to use to

protect and grow your wealth in what I believe could be turbulent years lying ahead. So to get your copy of the portfolio playbook, which contains investing strategies for the current economy, all you need to do is visit the website, RequestYourBook.com. The website again is RequestYourBook.com, and I'll be glad to send you a complimentary copy.

Welcome back to RLA Radio. I'm Dennis Tubergen, and thanks again to my special guest, Mr. Harry Dent, for joining us on today's program. Quick reminder, if you've not yet gone to RetirementLifestyleAdvocates.com to request a free login, get that free login because it will allow you to access my weekly headline Roundup newscast. I do that every Monday, noon Eastern time live. You can participate live or you can watch the replay. It's 30 minutes every week of what's going on in the news, how it might affect you and your retirement. Also at RetirementLifestyleAdvocates.com, you'll get access to my weekly portfolio watch newsletter and the weekly podcast as well. That's all free, and it's all at RetirementLifestyleAdvocates.com.

Maybe some of you are familiar with the countercyclical indicator that we call the pawn shop indicator. A pawn shop is where you go to get a loan on something that you own of some value. And when pawn shops are doing well, it probably means the rest of the economy is not doing as well. Well, we're now seeing this pawn shop indicator tell us that the economy may be getting weaker. The independent reported that pawn shops are seeing a surge in customers since oil prices have spiked and we've seen much higher prices at the pump for gasoline.

Now, The Independent published a quote by Tim Cassidy, Mr. Cassidy operates Cassidy's jewelry and loan in Stockton, California. Cassidy said we're making a lot more loans. They, meaning the customers, they have to have that gas they have to get to work. And while you may think this is affecting only lower income families and it certainly is, middle income families are also being affected. Abigail Milcerik, who is a co-founder of Abby's pawn and coin in Santa Rosa, California, told Bloomberg that middle income earners are increasingly walking through the door of her shop to get loans using personal items as collateral. Abby said that expensive watches are coming in a little bit more frequently. Some of the people who have money are also feeling what is going on.

So again, if you've not yet taken steps, taken precautions in your portfolio to protect what you have in your IRA and 401k, I'd encourage you to do that. One of the first ways to start is to go to RetirementLifestyleAdvocates.com and access our free resources. That's my program for this week. I hope you got something you can use. I'll be back again next week.