



Fate of the States: The New Geography of American Prosperity

Meredith Whitney , Jo Anna Perrin (Narrator)

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"Forget everything you think you know about the direction of the American economy, about our growing need for foreign oil, about the rise of the service economy and the decline of American manufacturing. The story of the next thirty years will not be a repeat of the last thirty."

One of the most respected voices on Wall Street, Meredith Whitney shot to global prominence in 2007 when her warnings of a looming crisis in the financial sector proved all too prescient. Now, in her first book, she expands upon her biggest call since the financial crisis.

Whitney points out that it wasn't just consumers who binged on debt for the past twenty years but state and local governments too. She explains how the fiscal sins of the past are beginning to transform the U.S. economy along regional lines. And she shows how we are moving into a new era in which wealth, power, and opportunity flow away from the coasts and toward the central corridor.

The housing boom was initially great for states such as California, Nevada, and Florida. State and municipal coffers overflowed, unemployment shrank, and local governments spent their tax revenue windfalls on pay hikes and pension increases for their public employees. But when the boom dried up in those parts of the country, so too did the tax revenues, forcing tax rate hikes and cuts to essential public services—especially education and infrastructure.

In contrast to those doom and gloom headlines, a much different trend was developing in interior states such as North Dakota, Indiana, and Texas. They survived the housing crisis relatively unscathed, avoiding mass foreclosures and budgetary chaos. As a result they've had the money to retrain workers and offer tax incentives to companies willing to relocate. Coupled with the recent booms in natural gas and oil extraction and a resurgence in manufacturing, these states are poised to become the new powerhouses of the American economy.

Whitney offers a sobering vision of the next few decades, with the coastal states continuing to struggle while the central corridor continues to thrive. She explores the consequences of roughly half the country stuck in a vicious cycle of decline while the other half enjoys a virtuous circle of growth.

Whitney also offers practical ideas to help the struggling parts of the country—before the fate of the states becomes irreversible.

Fate of the States: The New Geography of American Prosperity Details

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From Reader Review Fate of the States: The New Geography of American Prosperity for online ebook

Karel Baloun says

Quick easy read, but so simplistic in conclusions and wordy in delivery, while light on evidence.

Skewed to "debt, public pensions, and government are bad" political ideology. Too complex to list and explain which parts are wrong.

The only parts she nails are Greenspan inflating the bubble for profiteering by big banks, though she credits that to myopia rather than deregulation corporate political corruption.

Most worrying, some numerical data points are wrong (eg CA spent \$431b in 2009, 2-3x actual figure), and many are uncited or credited only to foxnews. So much misinformation out there....

When she advocates privatization of state assets to solve poverty, I start considering a one star rating

Joseph says

One star for the writing style. 3 stars for the thesis. It is obvious no one edited this book. The amount of repetition is staggering--grandfather's homespun folksy wisdom, statistics that are repeated and a myriad of cliches ("A bad quarter becomes a catastrophic one on the turn of a dime if a company has played too close to the edge and the mood of the market shifts quickly) stun the reader into disbelief. Three cliches in one sentence ("turn on a dime," close to the edge," and "mood of the market!") Readers will be relieved to know Whitney doesn't employ "throw the baby out with the bathwater." That said, her argument that low tax, right-to-work states that aren't suffering large fiscal deficits are increasingly attracting businesses willing to relocate from larger coastal states that have huge pension obligations and large deficits which lead its citizen to experience higher taxes without necessarily experiencing better government-related services, is an argument that deserves to be debated. Whitney had a great idea here that unfortunately missed its target with random factoids and poor writing.

Brady Dale says

I covered this book for Next City's FOREFRONT daily. Here's the opening:

Meredith Whitney's new book, Fate of the States: The New Geography of American Prosperity, is big on predictions. To get into the spirit, I will make one, too: Whitney, a financial analyst and frequent cable news guest, is going to run for office. Her book reads like someone trying to convince political powerbrokers that she's got the chops to stand up in debates, and it goes much more for quotability than readability.

In its 200 double-spaced pages, there's not a lot here that you haven't heard before. And you'll

hear it many more times, because Whitney believes in the power of repeating your points. Again and again and again and again. Her one original idea is that, in the coming years, the formerly less prosperous states of the Midwest will drive national growth. Basically, the geographic band from Texas and Louisiana up to Wisconsin and North Dakota represents the future.

Her reasoning for this comes down to money. States in the Texas-to-Wisconsin strip have lower tax rates, less personal debt and written laws such that workers are sure to negotiate with a weak hand. Whitney casts what looks like a race to the bottom from places in high demand as a forward-thinking race to the bottom. It reminds me of the part in *The Economy of Cities* where Jane Jacobs writes of “Specious ‘Causes’ of Cities Growth.” Jacobs points out that no less a light than Alexander Hamilton predicted that Jersey City would quickly outpace New York City’s growth, thanks to its more advantageous position along the Erie Canal. We’re coming up on 200 years, and Jersey City hasn’t come anywhere close.

I certainly hope that there is a lot of growth in America’s middle and wish it the best.

Read the rest here.

Tom says

This book is worth the read for investors, business people and those who have a choice where they can live. The message is that capital, population and opportunity are drifting from high tax, high debt, closed shop states to low tax, low debt, right to work states. I enjoyed reading about approaches that have worked to reduce state and municipal liabilities. The sad chronology of bankrupt cities may portend a difficult future for high debt states like California and New Jersey.

I get it, move your business while you can! The book was redundant in sections, perhaps the author needed a certain word count. Also she spends pages defending her own previous predictions which can be forgiven.

If you have the resources and ability to change your state of residence then read this book!

Richard Adams says

Congratulations on a very well written book Ms. Whitney. Although, I was aware of much of what *Fates of the States* covers, I didn't fully see the Big Picture until reading said book. Having read other reviews of this book, I have to conclude that some readers have a fundamental lack of knowledge of Economics or do not want to read about the awful truth in states like California and Illinois. For those of you who do not know who Meredith Whitney is, I would like to point out that she has a remarkable history of predicting changes in the economy well before others do. When she suggests that some states will prosper while others will fail, we would be wise to carefully listen. She isn't often mistake. To summarize her book.

Heather says

I gave this 4 stars over 3, which was my first inclination, because looking back I feel such gratitude to being clued in to what is happening around the United States.

Strengths of book:

easy to read

charts

author's credentials

many real time examples spread throughout

makes her point by the end

could have liked:

more insight

more diversity

more news on the economy and jobs in the US upcoming

more in depth reporting on how states are handling the issues

***A state by state report card!!!!

Nels says

Way too much repetition of facts. Even if there were slightly different ways of stating the same thing, it felt like a lot of it was just padding to make this long enough to make into a book. Without the end notes, the whole thing was only 206 pages, which includes double-spacing and a couple blank pages between sections of the book. I feel like the whole thing could have been condensed to a very good piece for a newspaper, but as a book, it's far too little information repeated over and over.

David says

I do not understand why this required the writing of a book:

1. There is a great deal of prognostication throughout, the "see, I told you back in 200X this was going to happen". How many folks are playing THAT card, 6 years later?
2. She speaks much about state and local financials as a barometer to which states will prosper, and which will continue to struggle. Who understands local and state budgets and economics?
3. Okay, so many local governments used tax base from the housing boom to do stupid stuff, like bolster retirement pensions and give teacher unions 20% across-the-board raises. People who read up on local affairs were aware of the quick-fix stuff municipalities were teeing off on after the fact, on or about the same time she learned of it. So that makes you an expert on predicting the fate of the states?

Its purely a, "I coulda told you this in 2004 this was going to happen" book. Oh, and by the way, a good editor would have made the book a bit more readable.

Michellekaye says

Found her comments and analysis about the policies & practices leading up to the 2008 financial crisis to be right on point. ESP liked the analysis on the political climate and how this massive amount of debt and unfunded public pensions happened. I found it insightful and appreciated not only the history lesson but the analysis of the future of the flyover section of the country.

Olga says

Oh, the world according to Wall Street. How counter intuitive you are. Immigrants come to the US for the sole purpose of owning a home. Yet they are also completely unattached, so when housing prices drop, they instantly pack up and leave. The history of states' shifts in fortune revolves around changing technology, as the author herself narrates. Yet the determinant of today's fates is whether or not the state government can balance it's budget. You might dare to ask: why did businesses stay on the coasts before the crisis, when states like Montana have had low tax rates for far longer than a decade. But just ignore that.

At its heart, this book makes two central fallacies. First, it argues that states in the midwest will rise relative to the coasts because of this chain of logic:

Coastal states overburdened themselves with debt, while middle ones had learned to cut back from previous economic recessions.---

Therefore, they have to cut services and raise taxes, while middle states can expand services.

Therefore, businesses and people will flock to the center.

I agree with the second link-- cutting back on infrastructure, unemployment support, and benefits makes a place less attractive to live in. But why the first? What is this force that mandates austerity as the only logical response? Wouldn't it make more sense to spend MORE, to keep people and businesses happy and settled within the state?

Ever hear of the government spending multiplier, virtually undisputed in macroeconomics?

This is the mistake of deficit hawks. They think that governments are fundamentally like banks and voters are basically shareholders. They're not. The point of government is not to make a profit. It's to provide the key rules on which individuals and groups can build their lives. That's why government debt will never make a person leave their friends and family.

That's basically my opinion of the book. It fails to take into consideration things like social and cultural capital, provision of services DESPITE debt, and technology (no, counter to Whitney, technological capability, including access to tech savvy people, is not evenly distributed across states).

But even if you disagree with me, here's a question: if the reason states in the middle have such great budgets is because they dealt with recession earlier on, wouldn't the same thing happen to the coasts if people leave them?

Evan says

I don't know. I was expecting more for some reason. Since I read about Meredith Whitney in Michael Lewis's book, "Boomerang," I thought she was very insightful. But when I read this book, it wasn't that great. It had many neat points, and lots of history, but it didn't actually prescribe any remedies or predict any specific calamities. It focused almost entirely on California and Texas, with honorable mention from Nevada, Florida, and Indiana.

Rebecca says

I enjoyed this book but found the excitement of the boom happening in the "flyover" states to be troubling as a solution. Boom then bust is the way it goes, and I would expect those states to live in the flush of money and boom times much as the now debt ridden states have. I also don't feel privatization is the cure all, a balance is needed. You only need to look at the foolish decision to sell the parking meters operation in Chicago to see disaster looming. Private sector CEOs are as greedy as we have seen, public sector pension greed is bad enough without making CEOs even richer with all the perks, tax breaks, and parachutes they finagle as a club to municipalities looking to employ constituents. The book also overlooks the issue of personal spending on things that were discretionary, everyone helped make the mess, but as usual want someone else to do the hard clean up.

Kirsten says

This book was well worth reading. I thought the author did a very good job pulling together a bunch of facts in a well thought out way to show why the state and local governments are having so many financial problems. The first part of the book outlines the problems and how they came into being, and the second part looks at possible solutions.

I do think this book would have been better off as a magazine article or a paper. The author tended to say the same things over and over. A good deal of editing and red pen would have easily shrunk this book into a more concise format. Also, she tend to think only in financial terms, ignoring other cultural factors. And although business and finance do drive many (most?) changes, they do not exist in a vaccuum.

Malin Friess says

The housing boom in the early 2000's was great for the sun states such as California, Nevada, Arizona, and Florida. Unemployment decreased, Real Estate prices soared, municipal tax revenue increased..and local governments splurged on pay raises for government employees and unsustainable pensions. With the real estate market went bust in 2007 and 2008 these States were in deep trouble. Promised pensions are

swallowing 20% of their budgets, essential services like education and basic infrastructure are at risk of being cut. Most residents of these sunny states are underwater on their mortgages, if not defaulting (million residents have left California to move to Texas) and most can not afford or do not choose to live in these expensive areas..just to be close to the beach.

The new economy will move to States with favorable tax economies, those that encourage oil/fracking, and those that did not promise unsustainable pensions, and those with reasonable real estate. These states are Louisiana, North Dakota, Colorado, Indiana, Texas, and Utah. These states have soaring economies, mass immigration from other states, a young educated work force, low state income tax. According to Whitney they will be the powerhouse of the US economy.

Whitney goes on to show many examples (Firemen in California with pensions of 200 K plus) of how these Sunny States got themselves in big trouble. Even in New Mexico we have at least three people who left California (high cost of housing and bad traffic) to come live in Albuquerque and are much happier. Whitney believes that States with high Debt (New Jersey, Illinois, New York) are also in trouble.

4 stars. I'm not moving to Indiana, but her arguments make sense to me. The American Economy always has a way of righting itself and look for these new Mid US states to lead the way.

David says

I thought it a competent reading of the crisis in American at this time and what the future may look like. There wasn't much new territory charted here but a good introduction to the recent past and an interesting analysis of where the country will go from here.

Worth a quick read.
