

Preface

Woodcraft may be defined as the art of finding one's way in the wilderness and getting along well by utilizing Nature's storehouse. . . . As for book learning in such an art, it is useful only to those who do not expect too much of it. No book can teach a man how to swing an axe or follow a faint trail. . . . Yet a good book is the best stepping-stone for a beginner. . . . It gives a clear idea of general principles. It can show, at least, how not to do a thing—and there is a good deal in that—half of woodcraft, as of any other art, is in knowing what to avoid.

—HORACE KEPHART

SO, YOU LOST BIG ON TECHNOLOGY STOCKS, and the same Wall Street people who told you to buy them and never told you to sell them now tell you they're about to come back strong, "when the economy comes back."

How 20th century of them.

The 1990s aren't coming back.

Neither is Nasdaq. The stock market that enriched corporate insiders beyond their wildest dreams and impoverished retail investors beyond their worst nightmares is no longer rewriting the rules on investing.

Three years of this century have produced three shocks: Technology and telecom stocks have experienced a crash of 1929 proportions; the United States fell into a brief recession followed by a problematic recovery, and a War on Terror began on 9/11. Those three shocks combined to produce a major global bear market.

And Baby Boomers are three years closer to retirement.

So what should you do now?

Unlike the successful investment books of the 1990s, this is a Survival Guide. It's modeled on two splendid wilderness books: Horace Kephart's

classic *Camping & Woodcraft* (Macmillan, 1949), and Richard Graves's *Bushcraft* (Warner Books, 1974). Both those guides were for urban dwellers prepared to assume nature's risks in order to reap the rewards of living in the outdoors. They were based on the conviction that wilderness survival depended on knowing—and using—wisdom accumulated over generations.

This book is written on the same premise: Investors who knew—and used—investment wisdom accumulated over generations have come through the stock market collapse quite comfortably. Those who invested based on the new rules of the 1990s have been mauled by bears.

As you will learn, the Nasdaq crash is a precise—almost eerie—replay of six other crashes, including the Great Crash of 1929 and the Nikkei crash that began 60 years later. Its outcome was totally predictable to students of market lore. Those big-name strategists and pundits who failed to warn investors about the coming collapse chose to ignore history.

Because of those past crashes, we know a lot about the financial landscape ahead. It bears scant resemblance to the world of the 1990s. It's rocky out there, not verdant, but that means reduced cover for bears and other predators. There are opportunities for prudent foragers, but rewards won't come easily.

Wall Street and Silicon Valley got together in an undeclared partnership to wire the world, enrich themselves, and convince a whole new class of investors into trusting the partners with much of their life savings. It was a great deal for the partners, but a terrible deal for the investors. Never in the history of major stock markets were the rewards so skewed to insiders at the expense of outsiders.

This book will tell you how it happened, why it happened, and what you need to do to rebuild your savings.

As drab as the investment landscape may appear, it's safer for investors than it has been for five years. You didn't know how risky it was then, and you probably don't know how safe it is now. There are no lush and easy pickings like the crops of the 1990s, but there are fewer poisonous mushrooms and fewer bears around the blueberries.

You have learned that good times in the stock market don't last forever. You will learn that bad times don't either.