

Economic BBQ on the Credit Default Spit

By [The Mogambo Guru](#)

04/28/09 Tampa Bay, Florida Addison Wiggin, as part of an advertisement for the new Richebächer Letter, reminded us that “Last holiday season was the slowest in four decades” which is bad news, of course, but it does explain how come I got so few Christmas presents 40 years ago, a time from which I am still carrying a grudge against Santa Claus for the flashy Harley chopper I never got, even though I asked for one every freaking year.

And it is Absolutely Devastating News (ADN) if the term “slowest” means “least money spent” and the term “four decades” means 40 years measured in, I assume, nominal dollars, which would probably put real, inflation-adjusted spending during the last holiday season down to “the slowest since Ebenezer Scrooge heroically stood up against the tyranny of the whining, lazy poor, most of whom are that way because of the stupidity of their actions and choices.”

Then, I gotta admit, I was surprised to learn that Addison Wiggin, of Agora Financial, has a “Popular and Newly Updated Book”, titled *The Demise of the Dollar: and Why It’s Great For Your Investments*, of which I have a copy of the old, not-updated book.

I think he actually just threw it in there to taunt me, as in, “How’s your stupid book coming along, Mogambo?”

I have to admit that it is coming along very slowly since I cannot think of a way to write a book without doing any of the actual work of writing a book, unless it is just another collection of wildly pornographic pictures from my personal collection, like the first economics book I wrote, where, for example, girls named Suzette posed provocatively while moaning and saying things like, “My name is Demand, and my hot lust for you is increasing, producing an upward-sloping demand curve, but, because of your limited-thought-lusty Supply of Hot Mogambo Love (HML), only drives up the price I must pay! I want you, Mogambo, no matter what it costs!” and, “Give me all of your Hot Mogambo Love (HML)!”

But my lazy worthlessness or penchant for depravity is not, for a pleasant change, the point under discussion, but rather about how so little money is being spent that Mr. Wiggin again grabs my attention, saying, “Total U.S. retail sales have rolled back to levels we haven’t seen since 2005,” which is made more comprehensible if you “Imagine if every single retail shop opened in the last three years shut down overnight.”

The fact that a local barbeque place opened and closed in the last three years brought this tragically home to me, but it’s going to get worse as he notes that “it was the first wave of defaults in ‘subprime’ mortgages that sparked today’s economic meltdown,” which was bad enough, but not as bad as the news that a “second wave” of “toxic property loans, however – a flood what you call ‘option ARM’ or ‘Alt-A’ loans – won’t hit peak resets until 2011.”

And when they reset, the owners will find to their shock and dismay that these loan contracts “also carry a ‘reset’ risk in the fine print,” alerting the mortgagee that “already high monthly mortgage payments could as much as double – right at the height of the second biggest market meltdown since the Great Depression.”

He figures that “Millions more consumers will freeze up as their finances go over the cliff...more bank losses will drag down even more so-called ‘blue chip’ retirement portfolios... and the impact of the consumer bust will get ‘multiplied’ yet again. Millions more Americans could lose everything.”

I assume that those millions of Americans who “lose everything” will not be anybody that has a lot of gold, because if there is one Gigantic Freaking Lesson (GFL) from the last 4,500 years of governments spending themselves into bankruptcy that has pounded, pounded, pounded itself into my Tiny Pea-Brained Head (TPBH) ever since the day I landed on this ridiculous planet, it is that gold is the place to be, right about here, in the Monetary And Fiscal Stupidity Cycle (MAFSC), which makes me giggle with girlish glee, “Whee! This investing stuff is easy!”