

Stupid Ideas that Drag Down Consumer Spending

By [The Mogambo Guru](#)

03/18/09 Tampa Bay, Florida I keep moaning and groaning as I look at the prices of assets – including houses that are overpriced, stocks that are overpriced, bonds that are so astonishingly overpriced that the damned things are yielding less than 4% on 30-year bonds and the annualized rates for short-term debt is measured in mere fractions of a percent, houses that are so overpriced that they have fallen by almost a third and still nobody wants to buy the damned things, the necessities of life are highly priced and still rising at a frightening rate, and a system of government that is not only grossly overpriced, oversized and overly incompetent, but that is (astonishingly!) actually responding to massive losses of jobs, income and wealth by discussing ways of raising taxes and instituting new taxes!

We have, I assume, entered into some kind of parallel universe, mental illness, bizarro-world Economic Stimulus Package From Hell (ESPFH) that makes me howl in paralyzing fear, shouting “This can’t be happening! We’re freaking doomed!” which soon makes me start crying in fear and blubbering, which soon makes my nose start running, and so I wipe it on my sleeve, whereupon it gets even MORE surreal from there with the kids yelling at me, “Don’t wipe your snotty nose on your sleeve! Gross!” and then immediately yelling out, loud enough to wake the dead, “Mom! Mom! Dad’s wiping his runny nose on his sleeve again!” and then, sure enough, here she comes to put in her two cents about my seeming lack of social skills and low value as a husband and father, as if I cared since this is the same silly crap I put up with All The Freaking Time (ATFT).

With a kind of “nightmare coming true” quality, all of this is coming at a time of stock dividends already falling by \$40 billion and, because dividends are somebody’s income, and combined with “sagging home prices” the negative effect on consumer spending is considerable; and in that regard, the Wall Street Journal reports that David Resler at Nomura Securities “estimates the negative wealth effect of that dismal duo could amount to \$200 billion to \$300 billion over the course of a year.” Yikes!

I am not sure that this fall in consumer spending even counts the staggering hundreds and hundreds of billions of dollars of annual spending that came from the spending of “income” when people took out home-equity loans to “put to work” all of that rising home equity that they happily discovered was theirs for the asking, thanks to a rising housing market (which was, in turn, thanks to the monetary stupidity of Alan Greenspan and his Federal Reserve halfwit loser co-conspirators pounding, pounding, pounding money into the financial system and thus driving, driving, driving down interest rates), a particularly noxious bit of stupidity that has now gone to wherever it is that Really, Really Stupid Ideas (RRSI) go, and it has, unfortunately, taken consumer spending and the whole economy with it.

So I decide to call up Mr. Resler to ask him, as I explained to the receptionist, “Where do Really, Really Stupid Ideas (RRSI) go when they die, and does this \$200 billion to \$300 billion reduction in consumer spending include the hundreds and hundreds of billions, which peaked at about \$700 billion in 2007 as I recall, surely totaling much more than a trillion dollars of equity withdrawal in total, all taken out in home equity loans since the late '90s, which may be somewhat incorrect ‘to the penny’, as they say, but it as close as you are going to get to any ‘facts’ from me, since I am not going to bother to look it up because my boss is on vacation right now, which means that there is no way in hell that I can be fired for the next couple of weeks until she gets back, whether I do any work or not, so I am not, and if you don’t like it, then what are you going to do about it? Huh? You going to make me to some work? Huh? You want to fight with me? Is that what you want, you old biddy? You want a piece of me? Answer me!”

The receptionist sounded puzzled, for some reason, and said, “Just a moment, please.” I could hear her talking to somebody who is telling her, “Tell him we’re not here! Tell him we moved! Tell him we died!” and then the line went mysteriously dead.

Repeated calls were answered by a shriek, “It’s him again!” and the line again going, mysteriously, dead, so I never did verify the components of this consumer spending, but I am sure that whatever the answer, it is going to be Bad, Bad News (BBN), and that gold is the place to be, especially since I was looking at the front page of the “Money and Investing” section of the Wall Street Journal and was surprised to see the headline “Banks Show Midas Touch With Their Bets On Bullion” which had the fascinating news that there are a lot of people wanting to get into gold, swamping the tiny bullion desks at banks that store gold in their vaults, and apparently those banks are actually starting to show a tidy profit from all of this new activity in gold!

This growing trickle of interest in gold goes along perfectly with the famous saying, “Men lose their minds in herds, but they regain them one by one.”

And since we are talking about how this illustrates famous sayings, it also perfectly illustrates the Famous Mogambo Saying (FMS), “If you are not buying gold in response to the preposterous Obama government deficit-spending almost \$2 trillion this year, and being ‘forced’ to deficit-spend that much for the next bunch of years, too, meaning that the Federal Reserve must create that gigantically much money and credit to monstrously add to the money supply (not to mention the staggering new debt incurred, too!), which is The One Thing In The Whole Freaking World (TOTITWFW) that guarantees economic suicide, as has been tragically proven over and over again, without exception, by a few thousand years in a freaking row of watching what happens when a government gets the stupid idea to spend more than it takes in, especially by the idiocy of printing up more fiat money, like the morons running America and Zimbabwe today, then you are wrong about gold, you are wrong about economics, and thus you are also wrong about who took some stupid cupcakes out of your stupid lunchbox when you were down in the mailroom, and when the terrifying inflation in prices slams into us as a result of all of this gigantic inflation in the money supply and a further distortion of the twisted, mutant, government-centric, socialist economy that we have already become, to our everlasting shame, we are freaking doomed!”

Like you, I am very puzzled as to why this Famous Mogambo Saying (FMS) is not quite as famous as I imply by calling it “famous” especially since you get a lot more for your money from it than you get from that other “famous saying” about how people lose their minds! Screw that!

Or, if it’s brevity you want, another FMS goes “Buy gold when your governments are acting like idiots, or die a horrible financial death!”

And such an easy choice makes you go, “Whee! This investing stuff is easy!”