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Funding Your Retirement on Poor Pizza Profits

by The Mogambo Guru

"Ten years ago, the average investor invested a whole 6-slice pizza, and now, ten years later, they have as little as one slice of a pizza to show for their efforts? And somebody still thinks that they can fund a retirement on that kind of performance?"

I was Highly, Highly Encouraged (HHE) by a guy named only Spengler writing at atimes.com, who writes, "Today's savers no longer have any confidence that they will earn enough to fund their retirements by putting money at risk"!

I included an exclamation point there at the end to signify this as the most incredibly good news; people are finally getting smart, and they are learning the grim reality that the majority, and sometimes all, of investors are guaranteed to lose by doing something as stupid as investing in the stock market, mostly through the loss of purchasing power.

That is the Ugly, Grim Reality (UGR) of investing that nobody ever wants to talk about, mostly because the government doesn't want to talk about it since government depends vitally on the tax revenues generated by that all that buying, selling, churning and burning of investment monies (70% of profits are made by the financial services industry), and the bankers, Wall Street hucksters and financial services charlatans don't want to talk about it, either, since selling that silly crap is how they make their money, too! Hahaha!

And, as my dismal experiences on this planet prove, not only do people not want to talk about it, but people don't want to hear about it, either! Like, for instance, I was at this party last weekend and I heard this guy saying to this girl, "Hey, baby, let's go over to my place and get crazy!" and she was cooing back through half-lidded eyes, "Ooooh, yes!", and so I said to them, "Wait! You would be MUCH Better Off (MBO) if each of you immediately went home and arranged to get your stupid little retirement accounts and other dollar-denominated assets out of the stock market and into gold, silver and oil as soon as possible, because your dollars will lose so much buying power! So go home! Right now! Chop chop, you morons!"

I will not tell you their rude response, or how the host of the stupid party made a big stink about how he didn't even know me, and how I wasn't "good enough" to be at his stupid party just because I happened to be going through his garbage cans and I heard the music, cleverly figuring that there would be some tasty eats inside. And I was right!

So, although I did not convince the host to let me stay at the party, let me take a few snacks along "for the road", or induce anyone to transfer their money from stocks and bonds to gold, silver and oil, the fact is that the majority of "investors" must lose, especially when measured in purchasing power, which means that even if they manage to make a paper gain, it makes me laugh like a freaking hyena to see the delight in people's eyes, because not only is the long-term aggregate capital gains always predictably less than the aggregate damage done by inflation (also over the long term!), meaning that you lost purchasing power; but you as the "successful investor" have to pay some of those devalued dollars in taxes on those realized capital gains, too, even

though you made a real, inflation-adjusted loss! Hahaha! The old "double whammy"!

And this is all thanks to inflation in prices caused by the Federal Reserve creating the excess money and credit that let a greater fool borrow the money to pay for your 20% gain. Hahaha!

Welcome to modern America, where the rich get richer by borrowing money and credit created by the Federal Reserve, and then loaning it to the government, while everybody else gets poorer as the resultant inflation in the money supply is diffused through the economy as inflation in prices, unless the workers demand higher wages, which makes the prices of things that much higher, as the companies recover their higher labor costs! Hahaha! Idiots! We're freaking idiots!

Bill Bonner here at [The Daily Reckoning](#) concurs, although if you ask him, he is most emphatic that he has NOTHING in common with The Mogambo, he has NEVER knowingly agreed with me about anything, and in fact he never even HEARD of anyone named Mogambo.

Nevertheless, I cleverly twist his words to prove my point that the majority of investors have to lose money by quoting him revealing the grim statistic that "From the peak of 2000 'til today, stock market investors have earned nothing for their trouble. In nominal terms, stocks are about where they were 10 years ago. Adjusted for inflation, they are down 25%-80%, depending on how you measure it." Yikes! Ten years! Gone!

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And not only that, but since you invested when a pizza cost \$10, only to get back \$12 later (a 20% gain!) when pizzas cost \$14, you are obviously a loser, thanks to inflation in prices caused by the Federal Reserve creating the excess money and credit to let a greater fool borrow the money to pay for your 20% gain.

In short, you "made" \$2, paid some taxes on the "gains", only to find that your loss of purchasing power means you actually lost money, and you had to pay a tax for the privilege!

And you are going to fund a retirement by constantly losing buying power of every dollar you invest? Hahaha!

You know I was going to bring up the subject of gold. That is good. That means you know what to do, and all you need is somebody to come over there and kick your butt until you do it. Call for current prices!