

Saving for Retirement (1-12-98)

Perhaps it isn't appropriate for anyone to take financial advice from someone who has no formal training in business or economics. But I am going to offer you some anyway. Before I begin, I should make a full disclosure of my lack of formal qualifications for this endeavor. In fact, my education is in philosophy, history, the study of religion, and I have recently been told that I somehow became the leading authority on Marxism in my home state of Colorado.

On the other hand, why should anyone take financial advice from people whose formal training is only in business and bourgeois economics? I actually have studied some economics, but not the Chicago school that is so popular among corporate and government types these days. It strikes me that people with this type of training may offer reasonable advice in the short term, but cannot be trusted to offer long term advice. How can we possibly expect so-called financial experts to admit that the long-term future for business is black or, in their terms, red? Red, ironic isn't it?

Perhaps it is a sign of my age, but I seem to know a number of people who are looking at how to save money for their eventual retirement. And, these days there are millions of outfits trying to convince you to invest in stocks. There are all of these different mutual funds and on and on. They have even started so-called socially responsible mutual funds, as if corporate logic could provide anything other than opulence for the few and misery for the rest of us. But this is not my point today.

Today, I am on about real prospects for the future. And the future looks bleak. In all seriousness, if you are investigating how to go about saving for the future consider the this – bonds, government bonds. Let me explain why.

We all know that at least seven countries in East Asia are now threatened with economic collapse. A number of formally trained corporate economists have begun to suggest that what they call global deflation is the best case scenario for the short-term future. The Europeans have started to lobby the Japanese that they need to implement structural reforms to prevent their economy from being enveloped by the East Asia crisis. And in Europe, the masses in France have begun a series of small riots, the Germans are looking to the possibility of radical change in their next elections, and, of course, the former socialist countries continue their slide into the Third World.

Now, the real point in all of this is that the rich people who run the world have grown so fat, lazy, and arrogant that they think the source of these problems is in government interference, or corruption, or who knows sun spots maybe. The countries formerly known as the Asian Tigers are all falling apart. We are told this is because they didn't do IT right. We don't really know what IT is, but IT has something to do with free markets and the private ownership of capital. They used to do IT right, supposedly. And we were told that although Cuba provides medical care and education for all of its citizens, South Korea was the real model economy.

Turns out that is simply not the case. The powers that be in the world may be enamoured of free markets, but the free market is going to collapse. And I think that it is going to collapse sooner than later. My personal prediction, at this time, is that before we get to 2010 capitalism will be ending. The process may take some time, and it may be ugly and violent – the capitalists aren't going to give up peacefully the way the Communists did in Eastern Europe. No, the capitalists will go out in a slew of bloodshed and violence. It is their nature.

Back to arrogance -- in the past government has helped the capitalists out of their crises. But these days, the capitalists have decided that they don't need government anymore. They are still moving to undermine even the last vestiges of power that government has traditionally held. This trend is dangerously fascistic, as power ends up privately held, and completely unaccountable.

Either way, bonds are a good bet. This is because when capitalism collapses people who have helped finance government will be taken care of. The new government will be needed more than ever to organize the economy, and among other things will take care of retirement obligations. But if I am wrong, which is unlikely, those in charge will continue to view government debt obligations very seriously. They will find a way to pay off the bond debts.

You may have to find some way to save now for your retirement, but please don't be so naive as to invest your fortunes with the arrogant, greedy, fools who run Wall Street.