

## **Pigs Are Losing Their Lipstick: Plus Nasty Market Critters**

**Bob Hoyer**  
**August 2023**

While startling in concept, the amazing thing has been that so much lipstick has been applied to so many pigs. Obviously defining the extremity of another Great Bubble in financial assets. The epithet, of course, can apply to Junk Stocks and Junk Bonds.



And there is the old one about “Pigs may fly”, which this writer has an amusing one cast in bronze as a Piggy Bank.

And the lipstick is not just being applied to the markets, massive amounts are being used by all levels of government.

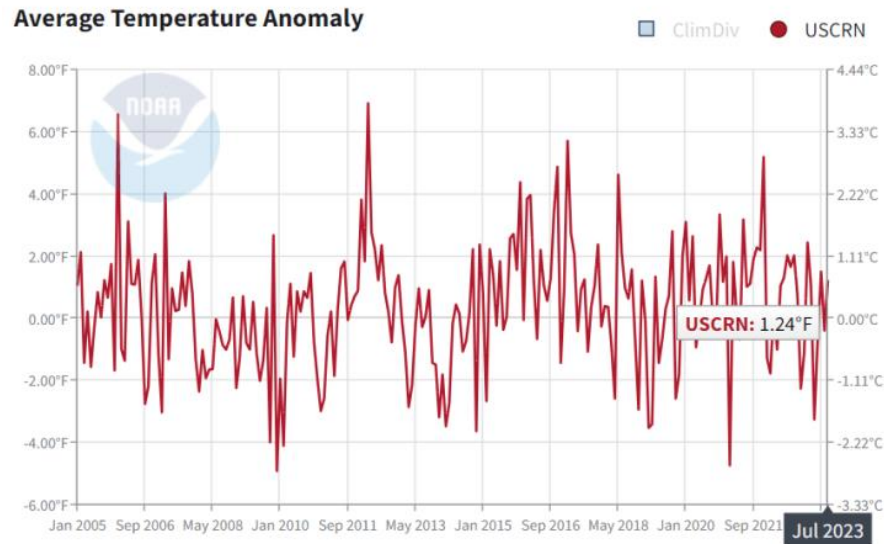
And then there is the old saying about critters in markets--Bulls, Bears and Pigs. The first two refer to competent operators and the last to those who stay too long hoping against hope that a wrong decision will work out.

And then there are the socialist octopuses out there determined to destroy the economy, meaning the productive middle classes. Why? Well, that requires a separate essay, but it has to do with control and predation. On the latter, they esteem themselves by dining grandly at the public trough while commanding ordinary folk to do exactly what they are told to do.

In this regards COVID provided an extraordinary vehicle for control freaks.

A recent Canadian news item is about a patient needing a kidney replacement but is denied because he had refused COVID remedies. Then another medical staffer requests that the guy's wife sign a form for donating his kidneys when he dies.

Global Warming has been another topic for messiahs to force everyone else to change their behavior. While not written something like the statute of limitation may prevail. Well, maybe a statute of boredom. Climate horror shows have been predicted for some thirty years now and the public's concern is now at the bottom of the list.



Heading toward the top of some lists are concerns about government greed. The old in-your-face and in-your-wallet intrusions will come to the forefront with the next recession. If it is difficult to fund your own household, it will be galling to pay for a bureaucrat not to overlook his membership in your club.

It should be widely understood that in full flight authoritarian government declares war on not just countries but upon its own citizens. And such citizens in America and Canada are suffering virtual dictators. After defeating dictators in Europe, it is absurd to have to do it again at home, but it needs doing. And it will be done, as the intruders provide the mechanism.

And it has to do with funding government. Confiscatory levels of taxation by all levels of bureaucracy have become intolerable. Through previous eras of intrusion, unlimited ambition has, as usual, been funded by chronic inflation. That in becoming more aggressive as government programs become more demanding provides the mechanism for financial failure.

With deliberate inflation asset prices soar.

During a severe contraction, bureaucrats will be unable to fund themselves. Tax revenues will decline and at the same time, they will be unable to keep the inflation going. Believe it or not, but history has the record.

So, the intense thrust of intrusion is funded through massive inflation. Asset prices soar and in collapsing brings the precarious house of cards down. And the public discovers that bureaucracy working towards unlimited government is the problem.

An endless number of rules and regulations are invented every year. They will discover the objective is unlimited government and will return to constitutional limitations.

The writer's view is that any bureaucracy will make the same mistakes no matter what is going on. The role is to garner power not to provide goods and services. More sufferable at only 10 percent of GDP rather than at 90 percent, as with communism.



Promoting the latter, of course, is putting lipstick on a dinosaur. That actually occurred in the 1920s when the New York Times was awarded a Pulitzer for articles outlining how wonderful Soviet collectivization of the farms was going. In the early 1930s, the disaster was labeled as the Great Ukrainian Famine. In Europe's "Bread Basket", millions died of starvation. Because of central planners imposing their plans.

Unlimited government ambition has required unlimited funding by reckless central bankers.

However, the taps may soon be turned off by Mother Nature and Mister Margin. In their implacable way, financial markets are now signaling a recession. As any business and credit boom matures, short rates will rise above long rates and it is called Inversion. This occurred earlier in the year and every such Inversion has been followed by a recession. Inevitable.

This will close the universal credit card for bureaucrats and while economically painful it will inspire a magnificent political reform. In 1688, the Brits celebrated it as the "Glorious Revolution". There will be another. It is needed.

Soon.