

Friday, September 18, 2009

What's Next, Canada Pension Plan Buys Twitter?

I haven't been blogging much over the summer and I've made a commitment to myself to get back into it over the fall. Here's as good a place as any to start.

I'm doing some comparative research of Canada versus the US: growth of money supply, national debt as a percentage of GDP, account surplus. From that I'm trying to figure out if I'm about to do something suicidal (buy a building for the company after our lease expires next year), or shrewd. A big part of the calculus here is to try to get a feel for the downside risk if we're just in the eye of the storm, financially speaking, and another trainwreck is about to ensure (next round of mortgage resets down south, credit card defaults, imminent crash in the USD, deflationary spiral? Hyper-inflationary blow-up?)

Usually, you don't have to factor all these Black Swan events into a routine decision like this, but we are living in a rare confluence of events where we have to seriously consider the possibility (probability) of these things occurring.

But I digress....

In the course of this, I just found out that the Canada Pension Plan was a member of the consortium that just bought Skype from eBay, so CPP will own 15% of Skype if this goes through.

WTF?! You're telling me, CPP is automatically deducted from my salary, nothing I can do about it except supposedly live off some pittance it produces when I'm 65, and they're using this money by going in on these sucker's bet private equity deals like this? Give me a break. What's next, Canada Pension Plan buys Twitter?

This is CPP: it's supposed to be a lockbox model: money goes in, stays there until we're old, money comes out. In the interim about the only place I can see sanely putting the money is into Government bonds, not f-ing SKYPE. We're not running a goddamn VC fund here, it's supposed to be our retirement income.

What a crock. Tell me why I can't just opt-out of CPP now. Kiss off the money I put in so far, relinquish any future claim to any payout from CPP, thank you very much, I'll look after myself - and keep the damn portion of my salary CPP deducts every year and invest it myself.

Oh right, that would mean taking responsibility for my own life.

Can't have that now. Gotta let the Nanny take care of EVERYTHING.

Posted by Mark Jeftovic in Financial Literacy at 13:48

Thursday, May 21, 2009

Career-ending moments in show-business: Jeff Macke

CNBC has always been somewhat of a joke to people like me: contrarians, goldbugs, bears and sundry "nutjobs". We get no respect but it's hard to believe that people like this are highly paid market commentators

This happened on CNBC yesterday, when Jeff Macke started interspersing absolute non-sequiturs between a litany of tangential rants and insults. Clusterstock reported today that Macke is under a lot of stress, currently negotiating his contract with CNBC. Word is, after yesterday's stunt, he may be on his way out the door.

As Clusterstock observed:

"He couldn't carry his own show, he doesn't have any obvious alternatives and, more importantly, his latest breakdown may have torpedoed any chance to get hired somewhere else."

Posted by Mark Jeftovic in Financial Literacy at 16:45

Wednesday, October 17, 2007

Buy now, pay later, buy now, pay forever...

Back in my previous life as a failed musician, I wrote a song called Multi-Media World and the title of this post were the closing lyrics in the outro of that song. Around the same period of my life, I had zero financial literacy, was being hounded by debt collectors for my student loans and maxed out credit cards and had zero prospects.

I realize in retrospect, I had no business having credit cards back then. I also realize that most people have no business having a credit card today. Easy credit destroys lives. I was lucky, because 1) I was a middle class brat who had financially solvent parents to bail him out and 2) I was young enough to have the luxury of time on my side when it came to rebuilding my life from near bankruptcy, and most fortunate of all 3) the scenario I foresee in our collective near futures hadn't transpired yet.

Having hit the big "40" this year, I understand that I'm not exactly young anymore, and I know people who are twenty years older than me who are swamped in debt, maxed out on credit cards, living in serially refinanced homes driving leased vehicles have no savings and I can't for the life of me think how they're going to bounce back from that, let alone have a shot at retirement. "My advice?" when asked, "you better become wealthy, somehow, and soon".

Since there are no courses in financial literacy in our schools or colleges, encouraging young people to watch documentaries like Maxed Out before they get that first credit card is a must.

I've been planning a series of blog posts called Bleak Future where I pontificate on the downside of today's burgeoning debt crisis and impending economic collapse. It isn't pretty and I hope I'm wrong, but one of the things I do see which I will elaborate on in a future post is the emergence of a new underclass, especially in the US, living a brutal cut below the "working poor" whom we'll call "the indentured servant class". They will be comprised of people who have dug themselves into debt holes so deep, and given the recent changes to bankruptcy laws in the US, unable to ever get out from under it, they will succumb to a form of effective slavery, owing fealty to their creditors and servicing it with labour, forever.

I can see a reduced set of rights for anybody in it: perhaps they won't be able to vote or own assets until their debt is discharged. They may be the first to be conscripted into military service. Have less access to medical and legal aid. It will be easy to institutionally dehumanize this new underclass because, the conventional wisdom will admonish "they got themselves into it".

To make matters worse, if today's public educational systems are any indicators, they will provide no tools, skills or education to our young people on how to avoid this fate. It will be up to us, the parents to make sure our kids are financially literate enough not to fall for the smoke and mirrors "buy now lay later" mania which is at the very core of our public awareness today.

I hope we're up to the task.

Posted by Mark Jeftovic in Financial Literacy at 12:33