



Corrections Correct: Falling Icons and Rising Anger: a lurch back toward integrity?

In the report dated 23 June 2010 we covered the following fallen icons:

- Tiger Woods
- Toyota
- the SEC
- Goldman Sachs
- Federal regulation of oil drilling
- Johnson & Johnson
- Maytag
- McDonalds
- Spagetti-O's
- And if I had waited one day I could have reported on a massive recal of Kellogg's cereal boxes

My contention in that 23 June piece is that it is not simply the stock market that is being corrected here, but American culture itself. Things that were let slide as the speculative bubble inflated into 2005 have suddenly become unacceptable in the post-burst-bubble world. And it is not simply that excess and extravagance are out of fashion. Somehow the issues of right and wrong that were not so important when everyone was making money are important again. The fact that slumbering regulators in all fields have been jarred awake suggests that integrity and fairness may actually be back in vogue - or at least no longer in exile. This is not moralizing. This is what happens during a major bear market. Excesses are corrected. Wrongs are righted. Over-sights are repaired. This is good news. It means that the purpose of this bear market is being met.

I am evidently not the only one observing this phenomena.

On July 6<sup>th</sup> the ever sharp-eyed Lewis Black noticed the flood of recalls in this segment:

<http://ccinsider.comedycentral.com/2010/07/07/lewis-black-gives-product-recalls-what-for/>

And just yesterday this excellent little piece came out on Yahoo Finance:

<http://finance.yahoo.com/tech-ticker/wall-st-to-hollywood-to-sports-american-icons-falling-from-grace-522746.html?tickers=nke,gs,skf,xlf,mco,brk-b>

As we have emphasized many times over the past several years, the content and quality of the collective mood determines the content, quality, and direction of the stock market, sports, entertainment, and the success or failure of governments. The stock market is only one indicator of the collective mood. There are other indications that can help give us insight into the direction that the collective mood is likely to drive the stock market.