With Ships Swinging at Anchor, It’s Gonna Be a Hard-Candy Christmas

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If you’re above a certain age, you’ll recognize part of the title, from a famous song by Dolly Parton in the 1982 musical show *Best Little Whorehouse in Texas*.

The local sheriff had just closed down Dolly’s umm… establishment, which killed her cash flow. And in an enterprise like Dolly’s, it’s not as if the treasury was filled with high interest bonds. That is, when her doors closed Dolly’s business model was over.

Dolly’s employees were boarding buses to other towns. She knew that the days ahead would be tough. Hence her wistful song alluding to a Depression-era saying about a “hard candy Christmas,” when tooth-busting sweets would substitute for wrapped packages under the tree.

Dolly’s ditty came to mind recently when I saw this chart of container ships at anchor off the Ports of Long Beach and Los Angeles:

Obviously, there are many ships parked offshore awaiting their turn at the pier, and beneath the massive unloading cranes. Those delayed ships hold literally hundreds of thousands of 20- and 40-foot containers, filled with just about everything.

The backlog represents billions of dollars of goods sitting idle, stuck in transit because there are only so many berths in the harbor, and so much capacity to unload and forward the freight.

It’s a strange moment in time. We’re witnessing a strange confluence of faulty economic theory, awful politics and cruel reality. It may seem merely curious just now, but over time it’s ruinous.

Courtesy of Congress and the Federal Reserve, many people have money in the bank if not cash in their pockets. That’s what spending nearly $7 trillion of so-called “stimulus” over the past 18 months will do for a throttled-back economy in the midst of a global pandemic.

Then again, where does that money go? Well, people have spent a solid whack of it on imported products, much from China. And if goods can’t move via air freight (high-end tech products like Apples come to mind), they arrive in containers stacked high on a giant ship.

But what happens when those ships and containers must funnel through just a few ports equipped to unload the vessels? Well, you get that chart.

Those ships anchored offshore represent many things. Consider automobiles not yet unloaded, hence empty asphalt at the local car dealer. Or elsewhere in the supply chain, we have goods undelivered at factories, and in consequence entire facilities shut down or disrupted.

Unloaded ships signify empty shelves at Walmart, Target and more. Or unstocked warehouses across North America, resulting in long waits for normally available goods. (While to be sure, the word “normal” no longer defines very much in these Covid-days.)

Economics used to teach that shortages would prompt so-called “entrepreneurs” to open factories and produce goods and satisfy needs. College professors talked about “widgets,” and how in times of shortage ambitious people would somehow flip the switches and stamp those things out until shelves groaned under the weight. Ha! Not anymore.

Old college-level bromides no longer pertain in a deindustrialized nation where many of the factories have closed, while domestic managers shifted production offshore.

And now all those goods that support the economy must funnel in — slowly! — through a handful of super-crowded entry ports.

Irony abounds here. Unlike the situation with Dolly Parton, there’s money in the economy these days. But it’s chasing too few goods, within supply channels that pass through narrow apertures of entry.

All in all, that chart forecasts an economy of shortage, and a hard-candy Christmas of inflation and scarcity.