

Gold, Water and MREs

By [The Mogambo Guru](#)

06/21/04 Freddie Kruger, The Grim Reaper, Count Dracula. We all have our fears; Mogambo's just got back from vacation. So please forgive him if, today, he seems a little edgy...

Doug Noland got back from vacation. For two weeks now, my simple mind has been liberated of those awful nightmares. You see, while Doug was lounging on a white sandy beach somewhere, he was not able to ferret out any more horrendous economic idiocies and point them out to me. Without all these hideous concerns over debt and inflation, my achy-braky heart had a chance to heal itself. The air smelled sweeter! The birdies, perching in the lush, green trees, sang with a new beauty! The sun seemed to shine with a bright glow, and all was a picture of utter tranquility and delight.

But now (insert dark and gloomy soundtrack) he's back! He's baaaaaaacckkkk! And like a sledgehammer hitting me between the eyes, he starts off his weekly bulletin at the Prudent Bear with – "Total Non-Financial Credit expanded at a seasonally adjusted annual rate of \$1.927 trillion during the quarter. Examining seasonally adjusted data, Federal Government debt expanded at an 11.6% rate, State & Local 9.6%, the Household sector 10.9%, and Business 4.1%. One can only be discouraged by the continuing surge in non-productive debt growth."

Did he say "discouraged?" Who is this Noland guy that he can look Death in the face and say he is "discouraged"? I'd give anything to be only discouraged! If I was only discouraged, then maybe I could sleep and not have to be strapped down to the bed every night with these big leather things with buckles on the end. And I wouldn't have to endure my wife and our angry, sleepless neighbors, cramming rags into my mouth every night at 2 a.m. as they try to muffle my screaming tinged with raw, primordial fear.

Mr. Noland obviously doesn't care about me, because he goes on to say, "The Household sector increased debt at a record annualized \$1.008 trillion. Total Mortgage debt increased by \$251.3 billion (\$1.01 trillion annualized), or 10.7%, to \$9.618 trillion. Total Mortgage debt was up \$1.04 trillion over the past year (12.1%), with growth of 24% over two years and 83% over the past 25 quarters (since the beginning of 1998)."

Doug Noland: \$7,304.35

I'm flopping on the floor! This is insane! I heroically pull myself up onto one elbow, look deeply into your soul, and say, "Look into my bloodshot eyes so that you can comprehend my cosmic intensity, and attend my words, my little grasshopper! There are only 138 million people in the damn country who have jobs! Look at me when I am talking to you! And sit up straight! I said that there are only 138 million people in the country who have jobs! And about one of out six of them, 17%, works directly for the government! If you were as handy with a calculator as I am, then you, too, could have impressed people by determining that that annualized householder debt

increase comes to \$7,304.35 for every last worker in the country, including government workers. Notice that I have figured it right down to the cent! To the very penny!

Of course, this is after rounding off the number of employed people to the nearest million or so, which is a cheap statistical trick that the government is also fond of doing. And since it is obviously so popular with everybody, then maybe if I do it too, I will also be popular! And maybe then I will get invited to parties! And maybe I will finally find a friend who won't turn me in for a reward! And maybe I can finally get a real life of my own that does not revolve around court dates, or mental health professionals talking about how vivisection might reveal some important clues about what the hell is wrong with me.

But I am not here to talk about my problems. The crucial bit of information is that, on average, everybody who has a job will go farther into debt by another \$7,304.35, and once again, for all you obsessive-compulsives out there, I included the 31 cents.

"Household Mortgage debt expanded at an 11.4% rate during the first quarter (\$819bn annualized), 26% over two years and 85% over 25 quarters. Since the beginning of 1998, Total Mortgage debt has increased from 65% to 85% of GDP."

Doug Noland: Why Would Greenspan Let This Happen?

Suddenly, my eyes would not obey my brain, which was screaming: "Look away! Don't look at it! Look away!" Like a man in a trance, I remember reading "Foreign sources accumulated U.S. financial assets at a stunning pace during the quarter, expanding at a record \$423 billion (not annualized) to \$8.43 Trillion (a 21% growth rate)."

Why would "foreign sources" do this to themselves? And why would Alan Greenspan let this happen? One of the big mysteries to me is why Alan Greenspan, a guy who once wrote a defense of gold as money, while writing, at the same time, a classic denunciation of fiat currency, would do what he does. It makes no sense.

I am not the only one to have pondered this enigma. Many theories have been propounded, including one vicious rumor that I tried to start, in which I postulate that Alan is some kind of robot who married another cyborg robot, named, I think, Andrea Mitchell, and who is, in real life, a shrill Leftist harpy from waayyyyy back, and who regularly hangs out with other robot Leftists who are trying to turn our government, Frankenstein-like, into a brain-dead communist cannibal that eats the guts out of an economy. Okay, I admit that was veering off onto a slight tangent.

But remember that the history of space, from one end of the cosmos to the other, is full of examples of some poor, pathetic planet that was destroyed by idiotic central bank monetary policy after the Starship Enterprise and that horrid Captain Kirk had visited them. And that is why they are, in turn, using central bankers to destroy the Earth, instead of using laser ray guns, which only end up burning things and making a big mess. And laser ray guns aren't cheap either.

To get back to the point, you don't have to be the Mogambo to realize that the record of the Federal Reserve is one of abject failure. I suggest you load up with about 700 MRE's (Meals Ready to Eat, the kind that the Army uses) per person per year, all safely tucked away somewhere, and a nice, deep well to get water. Oh, and a nice bag of gold might also come in handy.

In the meantime, let's start an uprising.

Regards,

**The Mogambo Guru
for The Daily Reckoning
June 21, 2004**

—Mogambo Sez: It just keeps getting weirder and weirder, and I just keep getting weirder and weirder, too.