

Incomprehensible Amounts of Money

By [The Mogambo Guru](#)

05/30/05 The Mogambo lets us in on a dirty little secret: In order for the economy to grow, the government must grow...and that takes money. Lots of money. More money than anyone could ever imagine without their brain exploding, but the Mogambo will try to explain it to us nonetheless...

A letter from a Norwegian reader to Bill Bonner of The Daily Reckoning: "The problem is that the politicians here, just as in the U.S., don't have a clue. They are spending the oil and gas revenues on better schools, better homes for seniors, more expensive roads, higher minimum wages, etc. and all of this is driving up prices. Now we are facing a rate (tax) hike, I'd guess."

Well, if not now, then soon enough, as the continued expansion of a socialist state always involves everything getting more and more expensive, bigger and bigger, and the money to pay for all of that has to come from somewhere. And when you couple that with how everyone is trying to live at the expense of everyone else, you get a system that will continually get more and more weird and expensive.

But there is no stopping the socialist state. Walter Williams writes, "How many times have we heard advertisements from law firms that specialize in elder law urging, 'If you anticipate that you may have to enter a nursing home down the road, an elder care attorney may be able to help you create a plan that will both protect much of your assets and make you eligible for government benefits'? Boiled down to basics, the lawyers are suggesting that they can arrange for you to live off others should you ever require long-term care instead of having to spend the assets you've accumulated during your lifetime."

Money and the Socialist State: Not a Hypothesis, Reality

As another example, now that the Leftist morons in Congress have passed so many laws mandating that hospitals provide first-class service to anyone who shows up, you can see why people are not paying their health insurance premiums; they are going to get all the health care they need whether or not they can pay. Which means that somebody ELSE has to pay, and that is, apparently, me, as my health insurance carrier just informed me that my premiums are going up another 15% as of June because, as I quote from their letter, "Pharmaceuticals, hospital and physician expenses are simply out of our control and continue to rise." Health insurance is now my biggest monthly cost.

And the socialist state is not something that is just some hypothetical construct. James Cook of Investment Rarities writes, "Our state legislature here in Minnesota has given us a look into the future. Liberals introduced a proposal to increase the state tax to 11% on incomes over \$166,000. That would be the highest state income tax in the country."

But you can be sure that he is correct in his assessment of the future, as the layers and layers of government, city, state and federal, are now so large that they ARE the economy, and whole giant swaths of the population depend on the government. And there are more and more of them every freaking day that want to get on that gravy train. Ergo, for the economy to grow, the government must grow.

The point is that for an economy to grow, the government must grow, and that takes money. Lots of money. More money than the human mind can comprehend.

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And even then, after getting more money, we will still be in the original paradigm; for the economy to grow some more, the government must grow some more, and that takes money. Much, much, MUCH more money, a whole LOT more much more money, more and more money until the words have lost all meaning, and then it is just money money lot lot money lot money money, all the time more money, more and more and more money than the human mind can comprehend, until I breathless talking about it and scared out of my mind thinking about it.

Money and the Socialist State: Up and Up and Up . . .

The Mogambo looks up from his reverie, and the grasshoppers stir themselves at the sight. Raising himself up on one elbow and spilling a can of beer off his lap, The Mogambo speaks, and the assembled crowd marveled at his words. And they were thus: "And you ought to be thankful that you can't comprehend that much money, because if you DO comprehend it, then your brain would explode. Your consciousness would be blown to atoms because you have come face to face with (pause for dramatic effect) infinity. And as you would gaze upon the face of infinity, it would look like The Mogambo, only with nicer clothes and a snazzy new car. Yea, verily I say unto you to heed the words of the earthly Mogambo, he who was always screaming about this kind of Big Government crap, and how a fiat currency and a fractional banking system will always kill you and your stupid economy freaking dead."

With that, The Mogambo sank back into his chair, exhausted by the effort. And then the room suddenly went dark. Onto the wall was flashed a chart of how exponential growth gets bigger and bigger and bigger. It starts off innocently enough, gently rising. Then it starts getting steeper. And then steeper. You glance up at the title of the graph. It reads "Exponential Growth." You realize that this is characteristic of damn near everything in America. Debt is growing faster and faster, and so the curve gets steeper and steeper. Your heart is beating faster. Off to the right, the curve gets steeper and steeper and steeper, and then, suddenly, the line starts going almost straight up! You are sweating like a pig and your heart is pounding pounding pounding from the panic!

On the graph, the amount of debt DOES go straight up and completely off the page, always growing faster and faster and faster, and then a short time after that it starts approaching infinity! You scream in fear! And then you remember that nobody was screaming in the movie "2001: A Space Odyssey," and so you feel like a big crybaby, and then you remember that ARE a big crybaby anyway, but you don't care who knows it anymore, and so you keep screaming your head off until your throat is sore and bloody from screaming because you are facing the ultimate horror.

Of course, things cannot grow to infinity, and things will fall apart eventually. And, if George Ure and his web-bot program is correct, it will be very, very soon indeed.

Regards,

The Mogambo Guru
for The Daily Reckoning

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The Mogambo Sez: Keep buying gold and silver and oil, as these obvious manipulations to keep the price down cannot last, or even produce positive lasting results, and these current low prices are a gift from a despicable, lying and corrupt government to you. Beyond that, prices have to rise, according to Jim Jubak, whose column, Jubak's Journal, is published on of MoneyCentral.msn.com. He writes about the secular history of inflation. "If the history of prices is an accurate guide, we're now about 100 years into a wave that hasn't yet peaked."

And I will amend that to say that the history of prices is a VERY accurate guide, and that is why I know that inflation, the rip-roaring kind that makes you throw your wallet at the checkout clerk at the supermarket and scream, "Here! Take it all, you thieving bastards!" is coming. Whether or not precious metals will prosper, I don't know. They always have. So I figure that they will this time, too, for the upty-umph jillionth time in a row in the history of corrupt governments, fiat money and economic death by inflation.