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## **Crude Up and Kills Created Money**

by The Mogambo Guru

*"This is the Big, Big Reason (BBR) that I am now looking for a cushy job as an oil company CEO, because I would make a lot of money for doing practically nothing and apparently knowing even less. It's perfect for me!"*

Oil executives were summoned to Washington, D.C to testify before Congress, and the Congressional weenies wanted the oil company weenies to somehow magically make the price of oil go down by, I assume, calling someone on their cell phones and saying "Drop the price of oil!"

Part of the questioning by the Congressional weenies involved the enormous sums these oil weenies were making, which was posited as being excessive, and which was immediately proved when not one of them was smart enough to know why oil costs so much in dollars! Hahaha! Morons!

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And furthermore, if I had been there at this little inquisition, I could have grabbed the microphone and said, "I'll gladly answer that question, Senator! The reason that oil costs so much in dollars is that the [purchasing power of the dollar](#) has dropped by 40% in 5 lousy years, thanks to you letting the Federal Reserve create so much damned money, you lowlife scumbag! If the dollar still had its buying power, oil would still be \$25 a barrel like it was in 2002, but nooOOoooo! You dumb, stupid, ignorant Congressional morons decided to borrow and then spend so insanely much money that the Federal Reserve was required (and only too happy!) to create all the money and credit needed to finance the disgusting orgy of your irresponsible government spending, now totaling \$9.4 trillion in national debt, because if the Fed did not create the money, your enormous borrowing needs would have sucked up every freaking dime of savings in the country a dozen times over, driving interest rates through the roof, called the 'squeezing out effect'. That's why oil costs so much, you ignorant, preening Congressional moron!"

My rude and insulting approach differs from that of Chris Mayer, writing at Agora Financial's [5-Minute Forecast](#), who calmly explains, "Since January 2001, you can explain the move in the price of oil largely as a function of increasing money supply. As the amount of money grows, the price of oil rises. In fact, almost 87% of the move in the price of oil can be explained by the increase in money supply."

Apparently, this kind of stupidity is rampant all the way through the federal government, as evidenced by Junior Mogambo Ranger (JMR) Rob H. reporting that he has looked at the Department of Defense's new "official" guidance for inflation indices to use for all submitted cost estimates and budget requests, and found "the one-liner" that made him laugh: "1.034% inflation per year" for the next 30 years! Hahaha! One percent inflation for the next third of a century, when the MZM money supply is increasing at almost 20% a year right now! And destined to go up from here! Hahaha!

Wiping a tear of laughter from my eye, I note that the dollar has lost 40% of its value in the last five years, inflation in food and energy are running at greater than 20% a year, and yet Congress wants to know why oil costs so much and the DOD forecasts inflation at less than one-third of one lousy percent per year! Hahaha!

Peter Schiff of Euro Pacific Capital says inflation will be a "big problem for us is if the Chinese substantially allow their currency to rise", which he figures could increase at least fivefold against the dollar over the span of a year or two."

The advantage to the Chinese is "That [it] reduces the price of oil by 80 percent for 1.3 billion Chinese. Consumption would go through the roof, and that will drive prices through the roof for us."

And he thinks the dollar will down, not only against the Chinese yuan (CNY), but against all other currencies, and by a lot, too! He says, "At a minimum, the dollar will lose another 40 to 50 percent of its value. I'm confident that by next year we'll see more aggressive movements to abandon the dollar by the [Persian] Gulf region and by the Asian bloc. That's where the stuff really hits the fan."

And by stuff you know what he means, and if you know what that kind of [loss of buying power](#) of the dollar means, then you know why he refers to it as "stuff"!