

No Accounting for Currency

By [The Mogambo Guru](#)

09/08/08 In a world where "inflation is out of control and getting worse" there is only one place to turn... We'll give you a hint: it rhymes with mold. The Mogambo Guru expounds...

All of this monetary crap, and the inevitable government responses, means that huge inflations and deflations in relative prices will re-shape this country and this world, and that means that I need more gold, silver and oil as vital protection against the financial upheavals it guarantees, a Mogambo Blast-Proof Bunker (MCPB) nearby in which to keep them, and more ammo, frozen pizza and pornography against the boredom of ignoring my wife and kids pleading, "Please come out of there and let us have the TV remote back!"

My only revenge is that I can buy gold while I am in here, and I am pleased that I was able to find somebody to agree with me, too, even though he will unfortunately not officially acknowledge my existence, agree to endorse my theories, or even answer the damned phone after the little bastard abruptly hung up after hearing them the first time, but I can still quote Jeff Clark from his work at Doug Casey's Big Gold newsletter, who says, so sarcastically that I can almost taste the bile, "If the bull market in gold were over, it would mean that inflation was under control, the dollar's long-term problems had been solved, the government had become restrained in printing new money, banks were healthy, house prices had stabilized, a surprising new source of energy had been discovered, unemployment was diminishing, and everyone was smiling."

Exactly! I rose to my feet to applaud, and I shouted out "Exactly! Bravo!", to not only prove that for once in my life I had a thought that preceded the action (instead of my usual tactic of "acting without thinking" and then blaming the catastrophic result on other people), but that it was perfectly phrased, too!

I fully endorse his theories, and I think that he should return the favor and endorse mine, which are mostly that we are freaking doomed just like all the other times in history when people were doomed by their stupid government creating excess money and credit to spend on one supreme idiocy or another, usually eventually resulting in the government desperately spending even MORE money for an expensive war, so as to produce an economic stimulus through Eisenhower's "military-industrial complex", get rid of a lot of the excess population at the same time, impose Martial Law, confiscate and nationalize things, and distract the stupid citizens from their usual panic about how they are starving to death.

Without even noting that this is exactly what I had Just Freaking Said (JFS), he writes, "Due to the bloating federal deficit and the big-dollar promises the politicians have made, but that the U.S. can't possibly pay, further rapid growth in the money supply lies ahead. And that means more inflation, which means the dollar's recovery will turn out to be temporary. And more debasement of the dollar equals higher gold."

In fact, he also figures that we are a lot worse off than anybody knows, and already the money supply has been expanded to the point where, "Today the U.S. inflation rate is 13.4%, almost as high as the worst of the 1970s", and that "Inflation is out of control and getting worse."

The words "inflation is out of control and getting worse" should be enough to give you a heart attack, unless you happen to have a copy of the new book by Mike Maloney, Guide to Investing in Gold and Silver, which contains the most calming-yet-riveting revelation right at the beginning, right in the Preface, which is real handy!

He writes, "For the last 2,400 years a pattern was continually repeated in which governments debase their money supply", and "as the debasement progresses, the population senses the loss of their purchasing power. Then something miraculous happens. Through the free market system, the will of the public causes gold and silver to automatically revalue."

At this point, I have read almost half of the first page of the Preface, my lips are tired from all that reading, and I find that I disagree with Mr. Maloney right off the bat, as I can tell him, and you, from bitter, bitter experience that the public (as exemplified by my own family) does not merely "sense" their loss of buying power, but they feel it very keenly, and are whining and complaining about it every freaking day of their lives.

And I have to listen to their crap about how they need more money because prices have gone up so much, and they want me to give them more money, all the time more money, and if I don't give them actual cash, then they will just charge it on a credit card, like I am so stupid that I don't scan the monthly credit-card statement and can actually see how much money they are spending on stupid crap, like shoes!

And there is nothing wrong with any of them that getting up off of their fat butts and getting outside for some exercise once in awhile wouldn't cure.

So, I was going to get into a "thing" about how self-centered my family is because, I mean, it's not like they were buying gold and silver with the money, which I could understand, but suddenly it all seemed so irrelevant when Mr. Maloney writes, "In doing so, it accounts for all the currency that was created since the last revaluation."

The word "zounds!" flashed across the screens in the Greed Center of my finely-tuned Mogambo Money-Grubbing Mind (MMGM) when I tried to even contemplate the price of gold when it again miraculously revalues to "account for all the currency that was created since the last revaluation", mostly because it seemed like a lot, off-hand!

Now I am curious to know how much an ounce of gold would be if the \$829 billion in actual U.S. cash-and-coin that exists was netted against the 261 million ounces of gold that the Fed is supposed to have. Hmmm!

So, I keep dividing \$829 billion by 261 million ounces of gold, and most of the time I get the answer "\$3,176.24 per ounce", which sounds really nice, and which sounds even nicer when you realize that this figure is too, too low, even without adding in the additional revaluation of gold

to account for all of the money that has been created around the world, and how little gold they have against those mountains of currency!

Whee! This economics stuff is easy!

Until next time,

The Mogambo Guru