

Oil Crisis Rush Hour

By [The Mogambo Guru](#)

02/11/08 This week, the Mighty Mogambo looks at the actual employment numbers. And guess what? It turns out that government spending really is the economy.

I get a real laugh out of people saying that oil will go down in price, as it is ludicrous to even think so, particularly since supply is dropping, per a [CommodityOnline.com](#) report that, "Fifty-four of the top 65 oil-producing countries have declining production rates".

And demand for oil will be going up, as I gather from Doug Low, writing in "The Oil Drum: Europe", who extrapolates that, "In the next 11 years we will consume more than we have in our entire history. So in order to double the size of our economy, which we will do at 6% growth in 11 years, we will require more resources than we have required during our entire history, including electricity." And all of that takes oil. Lots of it. Lots and lots and lots of it.

And it is not only oil that is going up in price, but everything is going up, as an article in the [Financial Times](#) quotes David Mackay of Kellogg, the breakfast cereal conglomerate, that inflation is really making them wince, as, "There's really nothing that's gone down: wheat, edible oils, corn, packaging, the price of oil and diesel – everything is up anywhere between 19 per cent and 30 per cent."

This is due to, as Martin Hutchinson of [GreatConservatives.com](#) and writing [The Bear's Lair](#) column at [PrudentBear.com](#) implies, the Federal Reserve and the federal government (except Ron Paul) are a bunch of morons, and that, "The final report card can now be written on the fiscal management of the Bush administration, the primarily Republican Congresses since 2001 and the Federal Reserve Chairmen of the period. One's only regret in writing it is that no grade lower than F has been discovered."

And part of that egregious mismanagement is that not only are prices rising in a terrible inflation, thanks to the damnable Federal Reserve creating so much excess money and credit, but you soon won't even have a job to pay the higher prices! Anthony Cherniawski of the [Practical Investor](#) newsletter has taken a look at the recent employment report, and notes that it, surprisingly, "Omitted from the report was the CED Birth/Death Model, which normally puts a positive spin on the employment report. Not this time! According to this model, all sectors of the economy suffered losses, with the grand total 378,000 jobs lost in January." Yikes!

And while we are here, let's look at the actual employment numbers, which shows that the number of people employed is 146.248 million, while last year at this time the number of employed was 145.915 million, a gain of a lousy 333,000 jobs in a year! Hahaha! Hell, spooky Homeland Security and all those noxious airport security people probably added that many jobs! Hahaha! I was right; government spending IS the economy!

And the unemployed are jobless for longer periods, too, as the average duration of unemployment went up to 17.5 weeks, up 6% from the 16.5 weeks duration a year ago!

But this was not about jobs, but about the oil we need to get to our stupid jobs in our cars, radio blasting and passing slower cars driven by people who are only going the speed limit and who somehow think speed limits at rush hour are "laws" or something. And as to oil, we read of Gary Dorsch, of Global Money Trends Newsletter, citing Milton Friedman and Anna Swartz, who famously said, "Inflation is always and everywhere a monetary phenomenon. As the government increases the rate at which it prints money, the result is too much money chasing too few goods and services. Higher wages don't cause inflation, and the whopping oil price increases between 1973 and 1980 didn't cause the stagflation – a stagnant economy with rising inflation. Rather, the oil price hikes were the form inflation took."

And if you want to see the form inflation took from the perspective of the Japanese, the Agora Financial's 5-Minute Forecast reports that, "Japan is the world's largest holder of U.S. Treasuries. Of the country's \$973 billion in reserves, \$580 billion are U.S. bonds. That investment, versus the value of the yen, is down about 13% over the past year alone." Hahaha!

The dollar going down in purchasing power, which is the same as an increase in prices, has cost them 13% in one year, all thanks to the despicable Federal Reserve creating all that money and credit, so that the government could borrow it and spend it, which went into the hands of Americans, which ended up in the hands of the Japanese thanks to the trade deficit.

And before you start crying about, "Oh, those poor, poor Japanese! Won't somebody please, please think of the Japanese children? Boo hoo hoo!", I have some news for you that might finally shut you up; inflation in the USA is running (extrapolating from John Williams' shadowstats.com) about 13%, too! So you lost 13% of your buying power in one year, too, thanks to inflation! Hahaha!

Now let's hear you whine, "Oh, poor, poor me! Won't somebody please, please think of the American children? Boo hoo hoo!"

The answer is "no". Children need the painful lesson burned into their brains of what happened when their parents acted like morons. Sort of like the first time my stupid kids caught me taking money out of their piggy banks, even though I told them that I only bought them the stupid piggy banks in the first place so that there would be sources of cash around that I could dig into when I wanted some money but my wife won't let me have any. Just like Wall Street telling you lies to get you to, "invest for the long haul"; it's a guaranteed loser for the majority of investors, Wall Street takes all they want, and the government takes a big ol' cut from both sides in taxes and fees.

I remember I even explained to them, "I'm Wall Street and the government. You're peon garbage that I am going to bleed dry." Sure enough, they never forgot it!

Until next week,
The Mogambo Guru