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Shielding the World from Financial Folly

by The Mogambo Guru

"Apart from the fact that the English philosopher Herbert Spencer said, 'The ultimate result of shielding men from the effects of folly is to fill the world with fools', the joke is actually on me, as these Asian investors actually think that they deserve compensation for their stupidity by using the stupidity of us Americans as a model..."

From Reuters we get the headline "The Banks Are Cheating Us", with the subhead "Hong Kong investors protest Lehman Brothers losses", which made me laugh, "Hahahaha!" and think, "Welcome to the real world, Hong Kong chumps!"

The article starts off, "Angry Hong Kong investors, some banging gongs and others waving banners, scuffled outside a bank on Friday as frustration mounted over losses tied to investments linked to failed U.S. bank Lehman Brothers," and "Several hundred investors, many of them elderly retirees, marched to eight banks which had sold Lehman structured products, demanding compensation for their losses" because the banks were guilty of "misleading investors on the risks involved."

And it wasn't just them, either, as "Investors in Singapore and Indonesia have also hit the streets in protest, expressing outrage that the failed products they bought were actually complex derivatives."

Now, normally you would think, "What a bunch of dummies! Demanding compensation for their losses just because some slick stock and bond hustlers talked them into sinking all their hard-earned money into some now-worthless crap? Hahaha! Welcome to the real world! And now they want their losses covered by the government? Hahaha! What do they think this is, communist Russia? Hahaha!"

Apart from the fact that the English philosopher Herbert Spencer said, "The ultimate result of shielding men from the effects of folly is to fill the world with fools", the joke is actually on me, as these Asian investors actually think that they deserve compensation for their stupidity by using the stupidity of us Americans as a model, as our stupid government and central bank are creating untold zillions of dollars to do that very thing!

And part of it is first jacking up Total Fed Credit to get the new credit into the banks, and sure enough, it was up another stunning \$62 billion last week, taking the total to a staggering \$1,872.948 billion, which is up an also-staggering \$1,010.325 billion in the last year! My God! Total Reserve credit was up more than 117% in a year! A freaking year! Twelve months! More than doubling!

And if you are one of those people who write to me and say that I am just a stupid guy with bad breath, poor posture, and minimal social skills, I can only say "Touche!" but one of the few things I do know is that an increase in the money supply means that there will be an increase in consumer prices as all those additional dollars end up bidding for things in one marketplace or another, thus driving up their prices, and pretty soon the prices of food and energy and housing and everything else are rising so much that it is causing distress among the poor, and they are rioting in the streets, while the middle class will be drained of every penny's worth of buying power, gold will be shooting to the

moon in response to a devalued dollar, and you Earthlings will realize the True Mogambo Significance (TMS) of having gold, guns and grub, because no matter what happens, with those you can buy your way out, shoot your way out, or wait out a siege, in which case you will want to stock your bunker with tasty grub, extra ammo, and enough booze to deaden the horror of watching the outside world disintegrate under the onslaught of so much inflation.

On the other hand, one can infer the same thing from the fact that the new Gross Domestic Product Deflator is 4.2%! In other words, inflation in prices is, across the entire aggregate economy, 4.2%! Yikes!

This is so horrifying that during Halloween a few weeks ago, I made a last-minute decision to change my choice of costume. Originally, I was going to dress up as the beautiful ballerina whose heart has been broken in a tragic misunderstanding and ultimate betrayal, and who is now packing an Uzi to track down that lying bastard and make him pay, big-time.

Instead, I went as inflation; I stuck the head of a doll into my mouth so that it looked like I was eating somebody alive. When I knocked on the door, a man answered and we all said, "Trick or Treat!" and then the guy looked at me and asked, "What are you supposed to be?" I told him, "I am inflation, and I eat people alive!"

Mostly, the joke fell flat, and the rest of the conversation quickly turned to why a raving lunatic my age would be trick-or-treating among children, and wearing such a disgusting and incomprehensible costume, too.

I told him, "Because the new GDP deflator was 4.2%, you moron! And if that is not enough of a 'trick' for you, then you are too stupid to have candy, and so I am going to take all yours! Hahahaha!" Then I made a grab for the bowl of candy he had, and we tussled back-and-forth over it, candy flying everywhere, him yelling to his wife to "Call the cops! Call 911!" and me yelling back that he is a moron who doesn't deserve any damned candy because inflation in prices, as a result of this insane inflation in the money supply means he won't have any candy because nobody will be able to afford to buy candy, and the inflation is going to kill everybody, including him and all these stupid little kids, whereupon all the kids ran away, screaming and crying, and I was yelling, "If you think that this 4.2% GDP deflator is bad, you little morons, wait until the rest of the inflation in prices gets here as a result of the trillions and trillions of new dollars in various stimulus packages being concocted Around The Freaking Globe (ATFG), with more and more to come!"

By this time, I suddenly lost my grip on the candy bowl and the door was rudely slammed into my face. I kept ringing his doorbell and yelling for him to open the door and get a taste of the misery of inflation that all these trillions of new dollars are going to cause, and how he is an idiot to be cowering in there and spending his money on stupid trick-or-treat candy instead of spending it on gold and silver.

I was getting louder and louder, until I saw a police car turning the corner. Then I figured I had imparted enough wisdom, and snagged enough free chocolate candy, for one night.

It was the least I could do to help a neighbor!

