

The Government Genie Flips a Coin

By [The Mogambo Guru](#)

04/07/08 The Mogambo's Let's Make A Deal (MLMAD) could have been the most popular game show on television, since the contestants were always guaranteed to win 7 wishes. But when economic death got thrown into the mix, people realized what a bad idea the MLMAD actually was.

Junior Mogambo Ranger (JMR) Gary S. sent me the chart of "30-Day Gold Lease Rates" from Kitco.com, which definitely shows that the one-month gold lease rate was less than zero. He asks, "The lease rates on 30-day gold and silver are negative?!?! What does that mean? Are banks paying other banks to lease gold? Are banks so desperate to raise cash that they are giving away gold???? Am I using too many question marks?"

As for the questions of punctuation, the answer is no, as multiple question marks indicate the appropriate level of complete freaking befuddlement at such a bizarre statistic; leasing gold at less than zero percent interest!

This is oddly in line with a clever satire at epi.org, sent to me by JMR Mikael, titled "Fed lowers benchmark interest rate by 50 points (a satire...)" in which Jared Bernstein proposes the same thing as regards the Federal Reserve! His humorous fiction starts out, "In a surprise move aimed at stimulating moribund financial markets and the larger economy, the Federal Reserve surprised markets with an unprecedented 50 point rate cut, taking their target rate down to -47%." Hahaha! An interest rate of a negative 47 percent! Hahahaha!

This reminds me of the last episode of the old TV show Barney Miller when the precinct was being closed down. The rumor was that the old police station was going to be torn down and replaced by "low-income luxury housing", which was a really funny line at the time, but in subsequent years "low-income luxury housing" actually came to pass in some places, and so maybe a negative 47% interest rate is not as absurd as it seems, either!

Anyway, the next paragraph of the satire was, "The statement accompanying the surprise cut was also unusual, employing bolder language than is typically the case. For example, the phrase 'the committee judges inflationary and growth risks to be roughly balanced' was changed to read, 'Screw it! We're going nuts over here! You got a financial problem? Need some fast cash? We'll pay you – that's right, you heard us – to borrow money from our bank.'"

But this biting satire and raw sarcasm has given me the idea for a new television game show of my own. Thus, I proudly announce the latest television hit show, Mogambo's Let's Make A Deal (MLMAD). The essence of the 30-minute show is that I say to a randomly-picked audience member who is dressed in some ridiculous garb, "If you think that a negative lease rate for gold is weird, and if you think that the banks reporting total reserves of \$44 billion while at the same time non-borrowed reserves are an astonishing negative \$61 billion is weird, and if you think that banks' 'free reserves' are a sudden, staggering negative \$75 billion is weird, or if you think that

borrowed reserves in the banks are a sudden, terrifying \$80 billion is weird, and if you think that private-sector investment banks borrowing from the Federal Reserve itself for the first time in history is weird, then you are not only 100% correct, but you win! You are a winner! You have won the chance to choose between the two Mogambo Doors Of Mystery (MDOM) and claim the fabulous prize that is waiting there for you!"

The camera pans down to two mysterious doors on stage as I say, "Step right up and pick which door you wish to open, and discover the surprise behind that door! And why don't you tell us what is behind the two doors, Bob?" at which point Bob the Announcer says, "Right you are, Mogambo! Behind one door is a government that will grant you seven wishes, making all your dreams come true! Behind the other door is the economic death from the government making someone else's seven wishes come true."

Waiting for the applause from the audience at the prospect of being granted seven wishes to die down, I say, "And there you have it! Which door will it be?"

The audience chants rhythmically, "Which door? Which door? Which door?" louder and louder and louder, like some demonic jungle voodoo rhythm, until the contestant finally, and excitedly, chooses a door!

If he guesses right, he gets seven wishes and he goes off to enjoy them. If he chooses wrong and chooses the door behind which waits "economic death from making someone else's seven wishes come true", then thugs rush out to strip the surprised contestant naked before dragging them out to throw them into the cold, filthy gutter while our audience watches in air-conditioned comfort as our lawyers loot the contestant's house, their bank accounts, retirement plans, brokerage accounts, their safe-deposit box at the bank and then burn their house to the ground. All gone!

Well, all the network people, all of the money people and everybody who heard of my new show said it was the worst idea they had ever heard, which I cleverly counter by saying, "The moronic population of this country loves this game already, even though nobody has ever had to pick the wrong door until now! Where in the hell did you think all this government spending was going?"

And if you think, like everybody else seems to think, that this is an ugly, vicious and stupid idea, then get used to it, because you are going to see all kinds of weird things from now on, as the governments – not just American but everybody's – are now realizing, too late and to their horror, that we are all freaking doomed by the vast expansions of fiat currencies and indebting taxpayers to fund massive amounts of government growth and government spending, and now they are going to do every slimy monetary, fiscal and legal trick that they can think of.

And with the awesome, unlimited power of a fiat currency that can be increased in volume literally at will, all fiscal and monetary plans are, suddenly, possible! Negative interest rates, tax rebates, tax cuts and increased government spending all at the same time! It's literally possible, and without end! Ask Zimbabwe!

But it is, alas, impossible that they will succeed in alleviating the problems. As Clyde C. Harrison at Brookshire Raw Materials correctly said, "Governments and central banks are

completely incapable of keeping tomorrow from coming", which is too bad, which in turn reminds me of the funny line, "Tomorrow is the greatest labor-saving device today", which seems oddly and chillingly apropos, considering what the government and the Fed are doing is merely fighting for another day of economic reprieve!

Until next week,

The Mogambo Guru
for *The Daily Reckoning*
April 7, 2008

The Mogambo Sez: The recent downdraft in the precious metals has prompted a big influx of email to me, mostly in the vein of, "You said to buy gold and silver and now they have gone down, and now I hate you, hate you, hate you! If I wanted that kind of crappy advice, I would have tuned in to CNBC!"

My answer is that if gold is going down, then the dollar must be going up, and to that I say, "Hahaha!" which you would be wise to interpret as, "That just ain't going to happen, bozo, because for it to happen would mean that the Federal Reserve or the Congress are doing at least one thing, at least one damned thing, to make the dollar stronger, or at least show a little smarts, but they are not!"

So what we are left with is desperate machinations and desperate orchestrations by a desperate government and a desperate Federal Reserve, and by no means is this the end of the bull run in gold. Instead, this is a glorious, wonderful, heaven-sent buying opportunity being given to you by the most corrupt bunch of government and bankster losers and crooks in the history of the world! How can gold lose? Whee!