

Beginning With Economic Impossibilities

By [The Mogambo Guru](#)

07/10/09 Tampa Bay, Florida Total Fed Credit went down by \$9.6 billion last week, which is, in comparison to their wild excesses of late, not that much, and certainly nothing to get excited about. Sort of like how my boss is unimpressed that she only got one letter last week, instead of the usual five, from disgruntled customers complaining about how I called them “morons” because they were not buying gold and silver in response to the government acting like monetary and fiscal idiots.

And if you are wondering, “Like what kind of monetary idiocy, Magnificent Manly Mogambo (MMM)?” then all I have to do is smile enigmatically and silently point to where it shows that the Fed used some of the money that they created to buy up another whopping \$9.3 billion in Treasury debt, agency debt and miscellaneous other worthless debt from banks last week. Last week!

The surprising thing to me about last week is that the reserves in the banks went down over \$102 billion dollars in the same proverbial One Freaking Week (OFW), which is one of those things that seems like a lot, but what it really means to me is that the banks are flush with cash after selling their toxic assets to the Fed, and they were not using the Fed-supplied reserves because nobody was borrowing any money. Simple!

Not so surprising, but equally as simple, the Monetary Base went down by \$103 billion last week, too, since bank reserves are included in it.

This must all be pretty unnerving to the foul Federal Reserve and the complicit Congress, as they all desperately want taxpayers to “eat the losses” of bankrupted morons-in-suits, which is, of course, an outrage, but that is, alas, the way it has to be because the numbers are Too, Too Huge (TTH), and the time when we could have averted all of this by getting our sorry butts back on the gold standard (as required by the Constitution!) was long, long ago in the '60s and '70s. If then!

Of course, we would never have become a gigantic “welfare state,” which is made manifest with something in the USA Today recently about how one out of every six dollars of income in America is now in the form of a government check for some kind of public assistance.

I sneer, as an increase in people wanting a government check is hardly news, and it goes along with how governments (local, state and federal) now have budgets so big that they, combined, spend half of all money spent in the USA, which is The Big, Big Problem (TBBP), and which has been growing since the '60s when we stopped being a nation of people “yearning to breathe free” and able to “pursue happiness” in a free-market capitalist economy, and instead morphed, cancer-like, into one where the government equalizes outcomes by redistributing money from the successful (progressive taxation and “negative tax”) and jobs from the competent (affirmative action).

And since it is too late to stop now, and since there are no solutions (since nobody in all of history has been able to find a solution to the problems of a malignant, distorted, big-government “services” economy choking on obscene levels of debt both public and private), then there is only one thing left to do if you are using a paper money; attempt the impossible again by again printing up more money! Hahaha!

Of course, it is impossible from the start, sort of like how my “happy marriage” was impossible from the start, and we were hardly out of the church when she is yammering at me to get a job.

I mean, if the total output of goods and services of the course of a year (Gross Domestic Product) of the USA is around \$14 trillion and the GDP of the whole world is around \$50 trillion, it all pales to insignificance compared just to the sheer amount of losses at risk in derivatives alone, a clot of pure Vegas gambling contracts which is variously calculated as totaling from hundreds of trillions of dollars up into the quadrillions of dollars, which is not to mention the huge debts supporting bubbles in stock prices, bond prices, housing prices and size/spending of government, a situation made temporarily tolerable by abnormally low commodity/food/energy/ prices and insanely low interest rates.

This is, obviously, an absurd situation made only possible by the staggering stupidity and appalling arrogance of the Federal Reserve, a sad situation made horrifyingly manifest by its horrid chairman Alan Greenspan during the crucial period 1987-2006, where he blithely created all the money, credit and an “anything goes” lack of regulatory oversight that financed and allowed all the absurd debts incurred, an ignominious feat made possible by the almost-impossible-to-believe incompetence and self-serving arrogance of Congress, decade after decade, consistently deficit-spending and further distorting the economy with every dollar, and both were abetted by a corrupt education system that wasn’t smart enough to see the obvious historical fact that such a bizarre big-government system could not endure and a lamebrain “free press” that came to be populated by “journalists” who passed off the garbled facts of self-professed “expert economists”, woeful ignorance and personal biases as “news.”

Uh-oh. By that distasteful outburst, I can see that my medications are wearing off! I soon find that contemplating the iron-clad security of gold and silver doesn’t help much, and only the actual fondling of an ounce of gold and an ounce of silver in my hands can calm me down after getting worked up about how sheer incompetence destroyed America.

And after a few minutes alone with my gold and silver, securely ensconced in the fabulous Mogambo Bunker Of Ultimate Paranoia (MBOUP) and ruminating about how 4,500 years of human history says I am doing the smart thing by buying gold, I actually find myself saying, “Whee! This investing stuff is easy!”