

China Offers the IMF an Indecent Proposal

By [The Mogambo Guru](#)

05/26/09 Tampa Bay, Florida Telegraph.co.uk had the headline “China’s yuan ‘set to usurp US dollar’ as world’s reserve currency” for an article by James Quinn.

I thought that the headline would refer to how it is inevitable that China would not be long in getting rid of the requirement to use the dollar to settle international contracts and accounts, as the US dollar is the depreciating currency of a bunch of morons who are so stupid that we have a fiat currency and horrendous inflation in prices despite the fact that our Own Freaking Constitution (OFC) requires that the dollar be equivalent to a weight of gold or silver so that we would NOT have horrendous inflation in prices, and the dollar is the currency of a nation that consistently elects morons to government who constantly spend larger and larger chunks of GDP because Americans actually think it is the job of governments to constantly “fix” problems! Hahahahahaha!

At this, I am laughing so hard that I am doubled over, almost unable to breathe, which is too bad because I wanted to unleash a torrent of Pure Mogambo Scorn (PMS) on the Democrats, who are the idiots who came up with this preposterous idea and then turned it into a political party, and now the dollar is destroyed.

I made this assumption not from reading the article, but largely from the photograph they had helpfully inset near the top of the column, which was a picture of a wadded-up, discarded \$100 bill.

Oddly enough, the cover of this week’s Economist magazine shows a bleak, charred landscape being littered with burning ashes of US money falling from a leaden, smoke-filled sky, and a \$100 bill is burning in the foreground.

But we were not talking about seeming coincidences, but rather its more-or-less polar opposite, which is how America is now the world’s largest Banana Republic dirtbag of a country with a delusional citizenry wanting a commie-think free lunch for everybody, a corrupt Congress promising to give it to them, a laughably incompetent Federal Reserve following completely discredited neo-Keynesian econometric stupidities as the pretext for supplying the banks with the staggering loads of money and credit to finance it all, and a corrupt, politicized Supreme Court that will, and often does, approve any injustice, regardless of its Constitutionality, if it has a “higher moral purpose” or even meets with popular or foreign approval.

And now somebody is worried that China would not trust the currency of such a bunch of socialistic, commie-think morons whose currency has been devalued by almost 97 percent since the Federal Reserve was given control of the money and banks in 1913? Hahaha!

But there is insanity everywhere, and to show stark evidence of an astonishing degree of absolute insanity, the price-to-earnings ratio of the S&P 500 is now, according to a table in Barron's, a ludicrous 122.45! Beyond belief! Hahahaha!

This preposterous P/E ratio is caused by the earnings of the companies in the S&P 500 index dropping to a miniscule \$7.21 per share (down from the 2007 high of over \$84 per share!) at the same time as there are so many complete morons willing to pay \$882 a share! Hahaha! Morons!

That may be why Nouriel Roubini has warned that "The Chinese yuan is preparing to overtake the US dollar as the world's reserve currency," which seems a likely next step since the yuan is already being "used as a means of payment in bilateral trade."

Now the Chinese have a new proposal "for a new international reserve currency via the International Monetary Fund," which he sees as China beginning "to take steps to usurp the greenback" by having the yuan included as part of the currency "basket" that constitutes the IMF's Special Drawing Rights "money."

Oddly enough, "Prof Roubini argues that China is better placed than the US to provide a reserve currency for the 21st century because it has a large current account surplus, focused government and few of the economic worries the US faces"!

That exclamation point that I added at the end is so full of important subtleties that even I don't understand them, and instead of wasting a lot of my Valuable Mogambo Time (VMT) to research them to achieve full comprehension, I prefer to take the "easy way out" and merely buying gold, silver and oil because taking the "easy way out" is The Mogambo Way (TMW) and buying gold, silver and oil is so foolproof an investment when the government is acting so bizarrely.

And that is why I say "Whee! This investing stuff is easy!"