

Growing Accustomed to Fed Stupidity

By [The Mogambo Guru](#)

05/27/09 Tampa Bay, Florida I knew that gold was doing okay, but I did not know how well exactly, although I knew that gold bullion was up about 3.5% from this time last year, which is better, and by a long shot, than almost anything else you can name, but which is not, I admit, very much.

So I was feeling a little despondent even though gold has actually given me a paper profit while everything else is in the crapper, and the reason is that I had so desperately hoped that gold, silver and oil would have soared, soared, soared in price by now, financing a blazing, incandescent trail of golf and gluttony across the international landscape.

So I felt better when I read of Doug Noland at his Credit Bubble Bulletin column at PrudentBear.com calculating that the HUI gold index is up 25.4% year-to-date. Whee.

The explanation is that Total Fed Credit, also known as Federal Reserve Credit, also known as “credit in the banking system that, literally, appears out of thin air,” also known in a Barron’s footnote as “Fed supply of permanent reserves provided,” jumped a staggering \$48.6 billion last week, an amount so freakishly excessive that former Fed chairman Alan Greenspan – at his worst – would take almost five months to accomplish the same feat.

Quizzical Mogambo Scholars (QMS) must be abuzz as they note with alarm the lack of at least one exclamation point at the end of any of those terrifying sentences, and they must marvel at the use of mere periods as expressionless punctuation, which indicates to me how I am getting “used to” such Federal Reserve extravagances, or maybe that some of those new pills are working, or maybe that my wife or kids are putting poison in my food, or perhaps that the CIA is shooting some kind of ray gun at my head, beaming some new emotion-damping, thought-controlling rays right through my protective aluminum-foil hat and deep, deep into my brain, probably with the help of one of my angry neighbors, all of whom I thought would be HAPPY to learn that they were complete idiots not to be buying gold, silver and oil when their idiotic Leftist government is acting so irresponsibly and the corrupt Federal Reserve is heinously creating the excessive amounts of money to pay for it all, and it is that kind of utter stupidity on their part that explains why they have been laid off from their stupid jobs and why their children similarly behave like brain-damaged mutants!

Suddenly, a cry rings out, “Look! Exclamation points are back to express, among other things, scorn and contempt! And fear! Lots and lots of raw fear!”

Whatever the reason, in total, the Federal Reserve has issued (since the inception of the Federal Reserve when it was tragically born alive in 1913, spewing as it did out of the very cesspool of hell), \$2.165 trillion in credit to the banks, of which (and I warn you to sit down and hold onto something before proceeding), a whopping \$1.293 trillion appeared in the last twelve months! Gaaahhh! Twelve Freaking Months (TFM)! We are so doomed by the idiots in charge! Hahaha!

In that selfsame heroic “laughing in the face of death” bon vivant attitude, I note that the Federal Reserve is a bunch of secretive banker trash who have taken over the US government, and who actually now have a “dot gov” suffix to their Internet address, when in fact they are not connected with the government at all, but are, instead (referring back to the beginning of the sentence) a bunch of secretive banker trash who have taken over the US government and have ruined everything with their corruption and greed.

Oops! That is not what I wanted to talk about! Sorry! What I meant to say that I also heroically “laugh in the face of death” at the fact that the Federal Reserve bought \$59 billion in US government Securities for itself last week! Wow!

No wonder nobody wants to trust the US dollar! Hahaha! This is the ultimate fraud! The government lets the bank create the money to buy government debt that the bank buys for itself!

And it is a tragic fact of life that all of this new money will necessarily lead to inflation in prices, and I am happy to see that people are starting to understand how they should own gold, as I gather from the Lipper Indexes showing that it has gained more than almost anything else you can name, which is kind of what you would expect from the future price inflation inherent in federal deficit-spending \$2 trillion in a \$14 trillion economy, or in the CRB index being up about 6.3% since January, which seems to be a lot in a country where inflation is supposed to be quiet, tame, non-existent, benign, under control, nothing to worry about, don’t call here again, we don’t care what you say, I mean it.

And this is not to mention how the Goldman Sachs Commodities Index is up 20 percent year-to-date, too.

Knowing that, you are thus ready to understand, in all its complex subtleties, when I say for you to buy gold, silver and oil because “Whee! This investing stuff is easy!”