

Never Say Never to Monetization

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If you want to know what kind of monetary morons we have in charge of the Federal Reserve, then you have come to the right place, because a record of sorts was set last week, in that the loathsome, disastrous Federal Reserve bought up – in the last 12 short months – \$1.011 trillion in US government securities! Yikes!

And remember... This is the Federal Reserve! This is a lousy private bank operating irresponsibly, at the behest of the Congress, and whose shadowy owners include, to one degree or another, foreigners and foreign central banks that are operating by the grace of their own governments which are just as corrupt and desperate as our own, but it was the Fed that created enough money to buy a trillion dollar's worth of US government bonds for itself! A trillion!

It's called "monetizing the debt", which Ben Bernanke said, in response to a direct question about it recently, that the Fed would "never" do! "Never" has now been re-defined to mean "continually?" Hahaha! Too much!

As an astute observer, you figure this must be pretty bad, gauging by the way I make a Very Loud Mogambo Fuss (VLMF) about it and droplets of spittle are flying from my flapping lips at supersonic speed as a throbbing vein is bulging out on my forehead.

And since a lot of this money was spent to buy government debt, how big was the federal budget deficit? You will be sorry you asked, and if you want to know the actual size of the actual federal deficit for the actual last year because you are pretty sure that the government is lying to you about the real size of their deficit-spending, then you have also come to the right place, because Treasury Public Debt is, as of last Friday, \$11.797 trillion, whereas 12 lousy months ago it was \$9.667 trillion, meaning that even if you are not sober enough to get this damned calculator to work or see those tiny little numbers, you can do the subtraction in your head!

The actual, in-your-face federal deficit was \$2.130 trillion in the last 12 months! The deficit-spending by Congress is a whopping 15.2% of GDP, for crying out loud!

And if you are collecting unemployment, then you will be interested to know that the federal contribution to your check could have been painlessly almost doubled, as, according to Wikipedia, the 2009 federal budget had \$360 billion for "Unemployment/Welfare/Other", while the budget also had another \$260 billion that could be used to help you out, but had to be spent for "Interest on National Debt."

In short, if the damned government did not borrow and spend us into the poorhouse, causing your unemployment and impoverishment, the government would have had another \$260 billion to help you and the other unemployed instead of only being able to budget \$350 billion!

And this brings up the interesting point that since the national debt is \$11,790 billion and this “interest on the national debt” is \$260 billion, this means that the government is paying an average of 2.2% interest! Wow!

And remember that this \$2.130 trillion increase in the national debt is just the deficit in Congressional spending, which doesn't even include the \$2.6 trillion in the budget that was “paid for” by offsetting revenues!

So, being the cantankerous sort that I am, suspecting treachery at every turn and disaster at the hands of the corrupt, the ignorant and the stupid that we lovingly call “Congress”, let me note that the morons of Congress have spent \$2.6 trillion, plus \$2.1 trillion equals \$4.7 trillion, which they spent in a \$14 trillion economy! The government is spending the equivalent of 34% of GDP! Gaaahh!

And it is going to get worse and worse because the Fed is doing the more and more of the same thing that created the economic problem in the first place! Gaaahhh! We're freaking doomed!

But this time, instead of over-reacting, I sigh in relief – aaaaaahhhhhh! – as I remember the last 4,500 years of history when governments acted monetarily and fiscally irresponsible, and how owners of gold, silver and energy did very, very well, which is the whole point of this investing stuff!

And the fact that it is so easy makes you say, “Whee!”