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Patching Up the World With Golden Glue

by The Mogambo Guru

"The word 'Gaaaahhh!' escapes my throat, as all of this was BEFORE all the new promises of massive new deficit spending! Trillions of dollars of federal deficit spending per year, for years and years and years into the future! Again, 'Gaaaahhh!'"

It was in the Wall Street Journal, in their "Best of WSJ.Com's Money Blogs" where I got the news that "As any private banker will tell you, the wealthy have become gold bugs. They are buying futures, gold bars, just about anything made from the shiny stuff."

Personally, this was surprising, since I didn't know how or why bankers would know what the wealthy are doing, especially as concerns gold, but maybe this is because my relationships with my bankers are always frosty for one reason or another, usually centered around my failure to maintain a minimum balance in my checking account and then getting loud and angry when they hit me with a service fee as a result.

Naturally, I go down there and make a big fuss until they agree to wipe the fee away, and every month it's the same thing, over and over, and so I am asking, "Why in the hell don't you just stop assessing me the fee and save us both a lot of trouble, you moron?" and they are saying, "Because you agreed to pay them when you signed the account application, you Cheap Mogambo Bastard (CMB)!" but now I am supposed to tell these greedy halfwits that I am buying gold? Hahahaha!

Naturally, one would start to look for an explanation for this "gold seeking" behavior, and soon they provide one, in that gold "is the ultimate crisis bet, that when the world is falling apart, gold will retain its value."

And the world will certainly fall apart, just as my world always falls apart after long spells of excesses and heedless hedonism, although the world's problems will probably not be caused by somebody getting pregnant or demanding that I pay a huge bar tab, but by the horror of inflation.

And sure enough, inflation is coming, as it was not that long ago that the loathsome chairman of the Federal Reserve, Ben Bernanke, was saying that insane excesses of monetary stimulus were not going to be enough!

And he was proven right, as even though he has driven interest rates to literally zero in proving it, and now, he says, Congress has to fire up some of that insane fiscal crap of deficit-spending and tax policy changes to make it all work out, because now the news is even worse and he realizes that not even more insane Federal Reserve monetary policy of creating more money and credit can cure the bankrupting maladies caused by previous decades of insane monetary policy, especially since 1997 when that bastard Alan Greenspan, then the chairman of the Fed, really lost his freaking mind.

Specifically, Bloomberg.com reports that "Federal Reserve Chairman Ben S. Bernanke warned that a fiscal stimulus won't be enough to spur an economic recovery and that the government may need to buy or guarantee banks' tainted assets to revive growth", which Bill Bonner here at The Daily Reckoning cleverly sums up as "buying trash and paying cash."

In other words, take your worthless assets to the government, who will bail you out by paying you more than the assets are worth! Hahaha!

Of course, there was the usual crapola like the incomprehensible "Fiscal actions are unlikely to promote a lasting recovery unless they are accompanied by strong measures to further stabilize and strengthen the financial system," which is what Bernanke is reported to have said in a speech at the London School of Economics.

One would have expected somebody in the audience to say, "What? The Mogambo is right when he called it incomprehensible! What in the hell is that supposed to mean, you stupid Yank blighter?"

He did not explain it, but instead went on to utter the equally incomprehensible "More capital injections and guarantees may become necessary to ensure stability and the normalization of credit markets." Hahahaha!

The end result is that it looks like there is going to be a lot of borrowing and printing of money, as Bloomberg.com reported that "The U.S. budget deficit soared to a record in the first quarter of the 2009 fiscal year," as the deficit jumped to \$485.2 billion", which was so much that it is "surpassing the shortfall for all of last year", when " the shortfall was \$454.8 billion."

As scary as this is, the numbers are a Big Stinking Load Of Hooey (BSLOH) because it is much worse than that, as I can easily prove by showing that the national debt right now, in January 2009, is \$10,635 billion, whereas last year at this exact time it was only \$9,210 billion, a difference of a sizzling \$1,435 billion! A trillion and a half dollars more debt in twelve months, yet these guys say that it is only \$454.8 billion!

The word "Gaaaahhh!" escapes my throat, as all of this was BEFORE all the new promises of massive new deficit spending! Trillions of dollars of federal deficit spending per year, for years and years and years into the future! Again, "Gaaaahhh!" We're freaking doomed!

An admonition for you to frantically buy gold would usually ensue right about here, but I am too freaked out to even think about it, as proved by the sheer number of times I said "Gaaaahhh!"