

Quantitative Rising Demand for Silver

By [The Mogambo Guru](#)

05/15/09 Tampa Bay, Florida If you are one of the people who write to me and question my consistent advice to buy gold, silver and oil (“Dear Mogambo, You’re an idiot, which means that you are probably wrong about gold, silver and oil, too! (signed) A guy who can recognize idiots from a mile away”), and who must think that oil will remain low forever, think again: Bloomberg.com reports that “China’s passenger-vehicle sales rose 37% last month, the most in three years, as government subsidies spurred demand for minivans and small cars.”

I know what you are thinking. You are thinking, as I was thinking, “Only a bunch of commie morons would pass out free money so that people could buy cars!”

Well, it turns out that the Chinese can’t hold a candle to us American idiots, as Congress has not only legislated a commie-think \$8,000 tax credit (also known as “actual cash back at tax time!”) to “first-time home buyers” but also a tax credit as a rebate for a portion of the price of a new, more fuel-efficient car!

In this regard, Junior Mogambo Ranger (JMR) Jim B. sent a collection of witticisms by Ronald Reagan, one of which goes “Government’s view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.” This is the subsidize part! Hahaha!

In China, the incentives were a success, as total vehicle sales in China, including buses and trucks, “rose 25% to 1.15 million.”

Well, I don’t really know about China, but if people in America are going to afford cars, they are going to need government assistance, too, as the Bureau of Economic Analysis reported that “Personal income decreased \$34.4 billion” in March.

And it is not just oil that is going to go up because of supplying more and more gasoline to more and more cars, but gold and silver will, too, shoot up in the horrific inflation as a result of the eye-popping increases in the money supply as part of the unbelievable stupidity known as Quantitative Easing (QE).

And as for my demand that you buy silver, well, Ted Butler, writing at GoldSeek.com, surprises us with “a statistic that is stunning and troublesome at the same time. In 1959, there were about 5 billion ounces of silver physically held on US soil. This includes the 3.4 billion government holdings plus privately held silver, including hundreds of millions of ounces of silver objects that would be subsequently melted in the early 1980s.”

In comparison, “In 1959, there were about 9 billion ounces of silver bullion-equivalent in the world (half of that in the US, both public and private). With a world population of 3 billion, there was a per-capita amount of 3 ounces for each of the world’s citizens. Today, 50 years later, there

is a per capita amount of silver of 0.15 of an ounce remaining (1 billion ounces divided by a 6.8 billion population).”

In short, “The per-capita amount of silver bullion equivalent in the world has declined by 95% over the past 50 years.” Wow!

Contrast that with today, when he figures that there are only about “300 million ounces held on US soil, including all the 118 million ounces in COMEX-approved warehouses and privately held silver.”

And as for gold, which historically has always risen with inflation in prices, Andrew Mickey of Q1 Publishing has done some research and finds that “The last few times U.S. government spending reached these levels (as a percentage of GDP), the consequences, which were always the same, followed close behind.”

And what happened, you wonder? Well, “In 1861, the Union printed more money, borrowed everything it could, and spent it all to fight back the ‘rebels.’ Inflation between 1861 and 1865 ended up at 117% for the period. That’s 16.7% on an annualized basis.

“In 1917, President Woodrow Wilson aggressively emptied the government coffers in World War I. Prices increased 126% between 1917 and 1918. That’s 50.3% annual rate.

“In the 1940’s we went through it again. The U.S. involvement in World War II forced another surge in government spending. This time the prices rose 108% between 1941 and 1945. That works out to a 15.7% annual rate of inflation.

“Then in the 1960’s, during the quest for the ‘Great Society’ amidst the Vietnam War, the U.S. government stepped up spending in a big way. The end result was the ‘lost decade’ of the 70’s and stagflation which followed.”

I sum it all up to the Austrian school of economics being Exactly Freaking Correct (EFC) that inflation in the money supply is Bad, Bad News (BBN), as anybody at Mises.org can tell you.

But Mr. Mickey thinks he can roughly estimate the inflation we are going to suffer, and says “all the forces are pointing towards a huge wave of inflation coming – an annual rate of 10% to 20% given the historical ranges. And right now, while the inflation/deflation debate rages on, it’s giving us a chance to protect ourselves from the coming inflationary wave inexpensively and maybe actually profit as well.”

Which, of course, brings us to the Daily Mogambo Admonition (DMA) to buy gold, silver and oil because, brother, I am here to tell you that we are freaking doomed from the idiotic Obamunist administration, freakishly stupid commie-think Congressional deficit-spending insanity, and the loathsome Federal Reserve creating the avalanche of money and credit to finance the Whole Stinking Mess (WSM).

Which, of course, makes deciding what to do a real snap; follow the DMA!

Whee! This investing stuff is easy!