

Thank the Fed For Your Lack of Purchasing Power

By [The Mogambo Guru](#)

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In case you were wondering, there is no way to stop spending a debt-based currency once you start, which handily explains why Doug Noland, in his *Credit Bubble Bulletin*, asks “what about an exit strategy? Well, I see a ‘No Exit’ sign. These distortions have been going on for too many years and become too systemic. Indeed, government interventions are at the core of systemic fragilities that ensure Washington will continue to meddle.”

And that explains why *Bloomberg* reports, “Economic policy makers are signaling they plan to leave emergency stimulus in place even as the global economy pulls out of recession, delivering what Credit Suisse Group AG and Bank of America Corp. call a ‘sweet spot’ for financial markets.”

Well, being a guy who almost never turns down a chance to be scornful and gratuitously rude in response to ridiculous things being said by people who are supposed to know better than to sound so abysmally stupid, let me interpret that for you.

By “sweet spot” they mean a spot where Ben Bernanke and the other central bankers produce excess money and credit by pulling it right out of their nasty butts, and as for how “sweet” it is, look around you! Doesn’t it resemble a world going down the (in keeping with the “butt” theme) toilet? How sweet is that? Hahaha!

And now, although I groan aloud at the idea and my disgusting way with metaphors that seem to center around excretory functions lately, the central banks are promising more of the same, only much more of the same, and probably much, MUCH more of the same, but the same, nonetheless, only, like I said, much, much more, like in “so freaking much money that the whole financial landscape is changed into something weird where the laws of economics don’t even work anymore”, which was hitherto thought impossible but which is, obviously, not.

This confusing, disorienting “weirdness” is why I was happy to get an email from Junior Mogambo Ranger (JMR) David R., as it came just in time to indicate that, yes, things are weird! Thanks!

And, as a bonus, I see that I could use the email as a handy rebuttal to, as far as I could tell, everybody’s opinion that the only people who read my stupid Mogambo Guru newsletter are mental defectives and weirdo crackpots, with assorted gold bugs and gun nuts, and creepy guys who like looking at long-legged women dressed in short skirts and high heels.

Anyway, you can sense his high-powered intelligence when he asks, “Will this current experiment in fiscal insanity require a few hundreds of quadrillions MORE violations of the (economic) Rule Of Law before it all collapses into an economic black swan singularity? Is this where Hawking meets Von Mises??” which he closed with the rare “double question mark” as punctuation.

I was especially appreciative of this choice of punctuation, as it says, “Not only am I a smart guy who reads, or has read, the Mogambo Guru newsletters either once or perhaps many, many times and fully enjoyed them all, each more than the last, perhaps because the newsletter deserves to win a Pulitzer Prize or some other distinguished award that has a large cash component, but I also have an IQ so high that I can utilize various punctuation options in clever and highly emphatic ways, as befits my high intelligence, which you would not ordinarily know about me because people know that I read the Mogambo Guru newsletter, and those people are, (so I hear) mental defectives and weirdo crackpots, which I am not.”

I mention this only because Trichet, the head of the European Central Bank, said that he was willing to continually and always create more and more money, and that “it would be premature to declare the crisis over”, and decided that the European Central Bank should hold its benchmark rate at a record low of a measly 1%, which may have been what caused *Bloomberg* to decide to add the cryptic “to keep handing as much cash as banks want for up to a year at that rate”!

And on this side of the Atlantic, it gets weird that *Bloomberg* reported Fed Bank of Dallas President Richard Fisher as saying, “We are likely to see a prolonged period of sluggish economic performance”, which is odd, because I don’t remember the mission of the Federal Reserve, a private bank owned by who-knows-who, being able to achieve “prolonged periods of sluggish economic performance.”

The Fed was, as I recall, charged with maintaining a “stable currency”, which they have manifestly failed to do, seeing that the dollar has lost 96% of its value since 1913, which is now officially “enough of all of it that it can be considered to be all”, a lesson in “rounding off” that I learned after I took a lousy \$20 from my wife’s purse when she wasn’t looking, and when I came back, there she was, bad mood and all, holding her stupid purse like I needed some kind of audio-visual materials to refresh my memory or something. So, to keep it from being a total loss, I gave her what I had left: 80 cents.

“But,” I explained, “you got back 80 cents, which is only a loss of 96% of the original \$20, which is the same loss that the Federal Reserve has given us in the purchasing power of the dollar, but you don’t make a big fuss with the Federal Reserve! You won’t even sign the hate mail that I write for you to send to them, with your signature and your fingerprints on the paper, wherein you protest their glaring incompetence and their neo-Keynesian econometric stupidities!”

Well, let me tell you that I never, ever heard the end of the story about that damned \$20. Never! But I noticed, and constantly protested, that nothing is ever, ever said of the 80 cents I gave her back. Nothing!

And why is that? Because it proves that, as far as she is concerned, I have lost “all” of the money, which she demonstrated by throwing the handful of change right at my head from point-blank range. One of the quarters hit my forehead with a “thunk!” where it left a red mark and a little lump, and when I cried out in my pain and mortal anguish, she laughed and said, “Good!” which shows you the kind of crap that I put up with around here all the time.

So there are several lessons here. One is that even a girl can throw a quarter hard enough to hurt the hell out of your forehead if she is standing close enough and is angry enough, and another lesson is to not spend the money you take from your wife’s purse for a few days to see if she notices it missing, and if she does, then you can seize the purse, saying, “Let me look in there!” and surreptitiously put the money back in the purse while rifling around in there so that you can “find” it and, holding it aloft, triumphantly say, “Hey!”

The biggest lesson is that the Federal Reserve is still destroying the dollar by creating so many more dollars so that the government can borrow them and spend them, which means that you should be buying gold, silver and oil in a Freaking Mogambo Panic (FMP), using the dwindling purchasing power your dollars.

And if you don’t, then you can take comfort in that you are in the majority of investors that must lose so that the minority of investors, who do, can make the money which makes it all so easy that you find yourself saying, “Whee! This investing stuff is easy!”