

The Nightmare of Contemplating Global Derivatives

By [The Mogambo Guru](#)

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There are plenty of nightmarish things in the world today, but few nightmares match the terror of finding your wife still awake and waiting for you to get home after you had a late night on the town, or if you have money invested that is in the hands of professional money managers, as a New York Post article reports, “Harry Markopolos – the whistleblower on Bernie Madoff who proved to be much smarter than the SEC – says there are evildoers out there who will make the Ponzi scam ‘look like small-time.’”

Both of these horrors mean that a “Bad Day At Black Rock” is in store for somebody, which in one case is me directly, and in the second case is me, too, but indirectly, in that I don’t have any money invested with slippery con men promising outlandish returns, but that all that money being lost, then the government creating the money to bail out their friends, means that, as if I had to say it, “We’re freaking doomed!”

The way my hands were suddenly shaking uncontrollably confirmed that Something Really Big (SRB) was looming when he said that Madoff’s \$50 billion scam was going to look “small time”, although I waggishly note that with the way Congress is throwing money around, \$50 billion ain’t much! Hahaha!

Mr. Markopolos apparently does not appreciate my little joke, and neither laughs nor names names, but “predicted major scandals [would] soon be revealed about the unregulated, \$600 trillion, credit-default swap market”.

This makes you go “oops!” and remember that corruption is always greatest at the end of long booms, which is where I got the idea of “nightmarish” when contemplating a bunch of complicated bets that total a whopping \$600 trillion, mostly because I remember the terrible time when I bet a girlfriend fifty dollars that I could balance a beer bottle on my nose while reciting, from memory, the poem “Casey at the Bat”, which I could do at the time, where I planned to let the bottle fall to the ground with a loud “Crash!” when I reached the last line, “But there is no joy in Mudville; mighty Casey has struck out”, which I thought would have been a really boffo ending that would impress her so much that she would let me touch her boobs, when it turns out that I did not have fifty dollars to bet or the skill to balance some stupid beer bottle on my stupid nose, a story which got around school fast.

But this is Much, Much More (MMM) than simple bets, as it is more than ten freaking times global GDP, which is like trying to balance a zillion beer bottles on your nose! And all of which is invested in one specific kind of derivative! And this is not to mention the other hundreds of trillions of dollars in other kinds derivatives outstanding! Like I said... Nightmarish!

And when combined with all the other hundreds of trillions of dollars in other derivatives around the world, we are talking about more than a quadrillion dollars in various bets and hedges, a figure that I figure must be more than the total value of everything in the whole world because even \$1 quadrillion comes out to, for each of the Earth's six billion inhabitants, \$166,667 each! Gaaahhh!

The worst part is that the real, in-your-face nominal total of global derivatives may actually be several quadrillion, or even the hundreds of quadrillions of dollars, as has been previously estimated, I forget where, but you can trust me on this one because you don't forget a thing like learning of a \$225 quadrillion estimate for total global derivatives outstanding, which is 4,500 times as large as the world's \$50 trillion GDP, which is so bizarre that I can hardly imagine it, and have drunk many, many shots of various alcoholic beverages trying to get to the "zone" where I can even vaguely comprehend such a figure, which seems to be that narrow "window of opportunity" right before I pass out after raising my head up off the floor and loudly declaring "\$166,667? Sure! Why not?"

The enormity of this hits me, hard, and I am soon standing at the window, screaming my pathetic guts out about how we are, you know, So Freaking Doomed (SFD) and how it is all the fault of my stupid neighbors who kept nominating and electing Leftist morons, one after another, who allowed the Federal Reserve to create excess money and credit so that the people and the government could borrow-and-spend us into a living hell of crushing debt, overvalued assets, and a huge, suffocating, desperately-needy government that is now deficit-spending so monstrously much more money (audience shouts out "How much monstrously more money, Fab, Fab Fabulous Mogambo (FFFM)?") that the Federal Reserve will be required to create even MORE monstrously much more money and credit to finance such unbelievable fiscal insanity.

You can hear my poor heart breaking at the tragedy of how this towering avalanche of new money will devalue all the existing money, and how prices will soar and soar, as each dollar loses buying power as the Federal Reserve creates money and credit more and more, so that the government can deficit spend more and more, and you gotta be an idiot not to sense that doom is approaching, even as all the neighbors are yelling for me to shut up about it and how they are calling the cops and blah blah blah when, suddenly, in the distance, you hear a sound, whereupon you marvel at how doom sounds a lot like police sirens.

And even as the cops are pounding on the door demanding that I shut up and open up the aforementioned door, I cannot stop myself from yelling, over and over, "Buy gold, silver and oil you morons! Buy gold, silver and oil you morons!" just to let them know that there is hope and that I am not crazy.

Well, not so crazy that I don't buy gold, silver and oil when the government has lost its fiscal mind and the Federal Reserve has lost its monetary mind, but crazy enough to giggle like a schoolgirl, "Whee! This investing stuff is easy!"