

Useless Currencies of the World Unite!

By [The Mogambo Guru](#)

04/06/09 Tampa Bay, Florida My brain went into some kind of weird spasm when Zhou Xiaochaun, head of the People's Bank of China, went on record as saying that he doesn't trust the dollar to be the world's reserve currency anymore, and wants, instead of gold, the International Monetary Fund to expand the supply of Special Drawing Rights (SDRs), which is just another stupid fiat currency, to use as the world's reserve currency! Gaaahhhh!

I can tell by the way you are not screaming in fear and frantically clawing your way to the nearest exit in a generalized panic that you do not know what a Special Drawing Right is. So prepare to scream and claw when I tell you that – according to the Economist magazine, which I cite as a source since you never believe anything I say – an SDR is “a synthetic currency created by the IMF, whose value is determined as a weighted average of the dollar, euro, yen and pound”!

I deliberately put that exclamation point there at the end so that Junior Mogambo Rangers (JMRs) around the world and across this quadrant of the galaxy would not miss the salient fact that there is something Really, Really Weird (RRW) when these Chinese bastards are smart enough to reject an over-valued fiat dollar, but then being so stupid that they prefer, over gold, a basket of four fiat currencies, one of them being the damned dollar, along with their four corrupt governments, which collectively own the IMF by virtue of having funded the damned thing in the first place! Hahaha! Brilliant! Hahaha!

By this time I was laughing so hard that my stomach started hurting, which made me think that maybe I was hungry, and how maybe a taco would hit the spot right about now, which is Mexican food, as I suddenly suspected Chinese food for making them sound so ridiculous.

So my mind was whirling, whirling, whirling with many thoughts as Zhou went on to say, “Therefore, efforts should be made to push forward a SDR allocation. This will require political cooperation among member countries”, which (as I understand it) means that governments should stand ready with their armies to lend a hand to fellow governments around the world with the unpleasant task of killing rebellious civilians who will inevitably riot when they run out of food because they cannot afford to buy food because the damned American government is still deficit-spending, but now measured in the trillions of dollars per year, a demand met with excessive amounts of new money and credit created by the Federal Reserve, increasing the money supply, which in turn creates inflation in prices.

As usual, I get no feedback from the Chinese, perhaps thanking me for saving their economic butts by pointing out where they have been so stupid as regards this “gold money” thing by, you know, sending me a couple of tons of it, or even a fruit basket would be nice, ya know?

So, I figure that their ignoring me means that maybe they have discovered, with their famed espionage networks, that I am not the world-famous guy I say I am (“They call me Big King

Mogambo (BKM) back home!”), but am just some sort of mental case or something, usually described by the newspaper as “local lunatic.”

So I figure that maybe someone of the stature of Bill Bonner here at The Daily Reckoning would have the desired impact, and so I tell them how Mr. Bonner writes that “one way or another...sooner or later, a new money system is bound to emerge. Most likely, it will have gold at its base. Why? Because in thousands of years of human experience, nothing better has ever been found.”

Well, normally, you would expect someone being told that nothing better than gold has been found that could be used as a store of value to suddenly slap themselves on the forehead (“Ow!”), and say “Hey! You’re right! Nothing has worked better as a long-term investment than gold, and so anything other than gold is a bad investment when the governments of the world are deficit-spending at record rates and the money supplies are expanding at such preposterous rates that the sheer volume of money sloshing around allows interest rates to be temporarily lower than the real rate of consumer price inflation, which is a condition that is so freakishly insane that just thinking about it should make synapses in your brain burn to a freaking cinder with an audible ‘ssss!’ when you comprehend the enormity of it!”

So, suddenly, you know something is wrong, and a chill overcomes you, when, even more mysteriously and spookily, the Chinese central banker says, “The scope of using the SDR should be broadened, so as to enable it to fully satisfy the member countries’ demand for a reserve currency”!!!

The three exclamation points indicates that I am on Full Mogambo Alert (FMA), as I now know that Chinese bankers are as duplicitous as all the others; he is proposing to create as much SDR money (which is just another fiat money composed of the fiat dollar, the fiat euro, the fiat yen and the fiat pound) as anyone in the world wants! Which is the problem that got us into the mess we are in, for crying out loud!

Even more bizarrely, he states some ridiculous benefit of, “Compared with separate management of reserves by individual countries, the centralized management of part of the global reserve by a trustworthy international institution with a reasonable return to encourage participation will be more effective in deterring speculation and stabilizing financial markets”, which means that no country will have any reserves at all, and some mysterious “trustworthy country” acceptable to China means that China will hold all of the reserves, and therefore be calling the shots of the new currency, and since nobody has any reserves, they will be under complete control of the IMF, which will be under the control of China! Gaaaahhhh!

Well, you know I must have hit a nerve, because they don’t answer me and thus quell my howling outrage and fear from even contemplating such a scary thing, and instead, they go on “The participating countries can also save some reserve for domestic development and economic growth”, which makes you go, “Huh? What in the hell are you talking about keeping ‘some’ for our own use? What else would I be using it for, you stupid putz?”

Then I realized that this kind of crap leads directly to a pertinent lesson on why you should be buying gold, silver and oil so as to save your Fine Financial Fanny (FFF), but there are so many reasons that I groan with dismay at even listing them all.

And so, perhaps, the REAL lesson is in fact that there is a list – a long list – of Very Good Reasons (VGR) to buy gold, silver and oil, which makes investing so easy that you say, “Whee!” Here are just a few of them...