

Appetite for Commodities

By [The Mogambo Guru](#)

07/02/10 Tampa, Florida – I am always worried that I am not ready for something, like “Do I have enough ammo to hold off a horde of desperate people storming the Excellent Mogambo Bunker (EMB)?” which I soon realized was a stupid question since there is no “correct” answer; it all depends on when the crowd of angry, starving people, destroyed by the Federal Reserve creating so much money and the government borrowing it and spending it, decides, “We better not rush the bunker and try to get all his gold and silver because The Fabulous Mogambo (TFM) will shoot us and kill us, and then shoot at the people who come to take our bullet-riddled bodies away, and then kill them, too!”

I assume that kind of anticipatory thinking by mobs and crowds is caliber-related and/or firepower related, and I knew that I was, after quick reflection, “good to go.”

But one of the things for which I was not ready was to read that Julian D. W. Phillips, of the Gold/Silver Forecaster, saying that “The debate is on-going as to whether we are entering a period where demand for commodities will fall in price or not. The reports are there that the Chinese government will slow the Chinese economy down to the point where their hunger for resources will slow and commodity prices fall.”

I am stunned that there is any debate at all about the coming prices of commodities, which is that they will be up! And I am sure that Mr. Phillips knows that, and he is just being argumentative since it seems that everybody likes to push my buttons about something.

Oh, I know there are non-believers out there, like those who delight in saying, “The Mogambo is an idiot, and commodities could conceivably fall in price, especially if something happens, although I cannot imagine what it could be, that would increase supply more than the coming increases in demand.”

So let me tell you, with a Deep, Deep Sincerity (DDS) born of seeing what happened every other time in history when some dirtbag government has tried this stupid crap of deficit-spending a flood of fiat currency, which is that no government, ever, including China, has ever been able to control “hunger” for anything, including a “hunger for resources,” as the American government’s efforts to “control” hunger for drugs, “control” hunger for alcohol, “control” the borders, “control” growth of government programs, or “control” actual hunger for fatty, fattening, chemical-laden, artery-clogging foods that are so, so yummy, especially anything fried, salty or sweet in gluttonous portions, so richly attests.

And now with China’s allowing the yuan to strengthen, the Chinese “hunger” for imported resources will be even more affordable, and thus China will achieve economic-development on the relative cheap through cheap imports, and thus, again, making the idea of some “debate” about the future prices of commodities into a kind of litmus test of intellectual competence.

I mean, how much of a genius does it take to understand, and how much of an idiot does it take to dispute, that commodities will increase in price when, as Mr. Phillips says, “China is developing basic infrastructure for 1.4 billion people, which is twice the size of the States and Europe put together. The hunger for resources that this can produce far outweighs the impact of a gentle policy of restraint to calm growth from 11% to 8%”?

Mr. Phillips goes on to add that “China is keenly aware that it will need resources for decades and has a policy of buying foreign resource producing assets to feed that hunger for the long haul. So we would be surprised [if] the upward trend in commodities would be slackened by cooling economic policies.”

And this brings up another question, which is “Will the Chinese buy up all the gold and use it to create a stable, gold-standard currency which would preclude the ruinous inflation in prices that causes misery and suffering and, eventually, societal collapse, the kind of which China is well aware, or will they act as corruptly and as stupidly as us Americans and Europeans and opt for a ridiculous fiat currency created at the whim of a banker?”

That all is, of course, academic, pertaining to countries, while the practical Lesson Of The Ages (LOTA) that pertains to you and me, personally, is that if you are not buying gold, silver and oil to protect yourself against the idiocy of the Federal Reserve creating mountains of money in trying to bail out the halfwitted Congress and presidential administration that are left holding the gigantic bag of ridiculous Utopian entitlements that have been built up for more than half a century, then I say I pity you to your face, but secretly I laugh at you behind your back because, man, oh man, this investing stuff is easy!