

Burning the Economic Toast

By [The Mogambo Guru](#)

09/08/10 Tampa, Florida – Even though I have been drinking so that my speech is slurred after testing some crazy idea that I could drink away my utter horror at the death and dying of the US dollar and economy, history is, on the other hand, being made crystal clear that when a country is so idiotic as to ignore its own Constitutional requirement that money be only made of silver and gold (so as to prevent its over-issuance and thus prevent inflation, The Worst Of All Evils (TWOAE)), and then to compound that stupidity and perfidy by unbelievable over-production of the ridiculously-preferred fiat currency by the foul Federal Reserve mindlessly printing too, too much of it, for too, too long, distorting the economy into an ugly, cancerous, government-centric abomination, that country and its currency are soon toast, which is an unfortunate metaphor because I like toast.

I have many pleasant memories of eating toast, actually, mostly lazy weekend mornings having a few pieces of toast with butter, maybe with some different jams, jellies, preserves or marmalades, or having toast some evenings when my wife says, “You’re home two hours late, you inconsiderate moron! So make your own dinner and choke on it!” but I don’t choke on the toast, and I like the toast, increasing my triumph! Ha!

Perhaps the actual metaphor is that the economic toast you were anticipating has become burned, bread burnt to a hot, blackened cinder, actual flames and acrid smoke swirling up from it, permeating the house, the smoke alarms squealing, “Beeeeeep! Beeeeeep! Beeeeeep!” all that noise is getting on your nerves, and the damned kids are all crying and whining about how the noise hurts their ears, and then you see to your horror that the toaster has been also burnt up, and you realize with a voice crying out “Nooooooo!” that you have to put up with all of this beeping and whining and crying and the smell of brunt toast, but you still don’t get any freaking toast, which was what you wanted in the first place!

Although Wikipedia doesn’t care, there are many definitions of the phrase We’re Freaking Doomed (WFD), and this toast thing may be in there, I don’t know, but it is definitely one more aggravation in your life, as if you needed one more aggravation in your life that is already swamped with aggravations.

That is why, my poor pilgrim whose life has turned into a long Jeremiad of heart-breaking painful problems and losses, it pains me to tell you that, I am sorry to say, there will be many, many more aggravations in your life, because, for example, the odious Obama proposes yet another stimulus plan!

This time, the stimulus is for \$50 billion to allow businesses to expense the entire cost of capital equipment, which, for tax purposes, saves the companies an amount equal to the company’s marginal tax rate on the entire purchase, which has the effect that companies get a tax break to replace expensive human labor with machines, with technology, and with industrial robots which will evolve into the hunter-killer cyborgs that we learned about in the movie *The Terminator*

where you thought that when Arnold Schwarzenegger said, “I’ll be back,” you thought he meant that he would be back in a few minutes to crash through the wall with his car and shoot up the police precinct trying to kill Sarah Connor, but now you are beginning to see, to your horror, that it meant Much, Much More (MMM).

This “more stimulus” comes at the time that [Egon von Greyerz](#) of Matterhorn Asset Management writes that we will soon see, in his original “all capital letters” as a literary device to call attention to something that is so horrific that to miss it is to commit suicide, “UNLIMITED MONEY PRINTING.”

Because Chaos Theory shows that all things are connected to all things, and usually within 6 degrees of separation from Kevin Bacon, as it turns out, I am not surprised when he writes, “Every single area of the US economy will need support or printed money, whether it is the federal government, the states, the municipalities, banks, pension funds, insurance companies, the unemployed, corporations, health care, housing market, commercial real estate, individuals, etc, etc, etc.”

Thus, the UNLIMITED MONEY PRINTING that will swell the money supply and cause prices to rise in a ruinous, long-term inflation! Gaaahhh! We’re Freaking Doomed (WFD)!

The lesson from all of this? Easy: The unholy, nightmare of high inflation will soon follow such fiscal and monetary madness, so liquidate everything and buy gold, silver and oil immediately.

Then you can be assured of soon sitting back, financially secure if not filthy rich, perhaps having a nice cup of tea and a piece of toast, with butter, and orange marmalade, and maybe a cookie on the side, while watching the rioting on TV of all those who did not buy gold, silver and oil and who would love to have some toast if only they could afford it.

And how much toast can you eat with your gains in gold? Mr. von Greyerz predicts that gold will go to at least \$3,000, or probably more, in that “Gold and gold mining shares were an average of around 25% of world financial asset between 1921 and 1981. Today, gold and mining shares are only 0.9% of world financial assets. If gold and mining shares were to go to 25% of financial assets, gold would go to over \$31,000” per ounce!

And with outsized returns like that, with an amount of gold that you can literally hold in your hand, you gotta laugh out loud and say, “Whee! This investing stuff is easy!”