

Euro Declines on a Sea of Bankruptcy and Paper Promises

By [The Mogambo Guru](#)

06/15/10 Tampa, Florida – Do you ever get the feeling that you are in some kind of weird dream, where someone is holding a pillow over your face so that you can't breathe, and you can dimly hear your children asking, "Is he dead yet, mom?" and I am thrashing around and yelling out, "No, I'm not dead, you morons!" but nobody is paying attention? Me, too!

And I get the same feeling watching the collapse of the economic system, as was always confidently predicted by the Austrian Business Cycle Theory and proudly on display at Mises.org, as my head is spinning, spinning, spinning around with wild conspiracy theories to try, desperately, to explain how a country that has so many colleges and universities, and which have graduated so many self-important alumni, for so long, has allowed this to happen!

And, as cold comfort as it is, it's not just us. Everybody, in every country, is in the same boat, a nice little yacht made of promises and paper instead of fiberglass and steel, now being tossed and battered by an angry sea of losses and bankruptcy instead of water and waves, which, if you have ever made a paper boat out of a sheet of paper and put it in the water, always results in disaster when it gets soggy and ends up as a wet, useless, misshapen lump of soggy paper, ending your dreams of building a paper boat big enough to hold you so that you could just sail away to someplace where you could stay up as late as you wanted, and you could eat cookies and cake for breakfast if you wanted, anytime you like, and you didn't have to listen to anybody tell you that Keynesian economics is not the piece of crap that it is, or that the Federal Reserve is not the treacherous, traitorous, ruination-by-inflation piece of crap that IT is.

Extending the metaphor (since I seem to be on somewhat of a roll), it is the euro that is in the part of the paper boat that is sinking fastest, although *The Economist* magazine is ever-optimistic, and says that "the euro's decline, in contrast, should bolster exports for big manufacturers (particularly in northern Europe) and luxury goods companies while boosting tourism across the continent" which makes me wonder where in the hell people are getting the money to go on a European vacation and buy luxury goods, because there is nobody around here like that.

In fact, this is a dismal fact that was brought up by Larry Kudlow, on CNBC, where he asked some panel of morons for their explanations of where the money for real recovery is going to come from, now that the figures show that M3 money supply is falling, incomes are falling, the equity-extraction ("Your house is an ATM machine, ready to spew out money!") madness that swept the country is completely gone, the collateralized mortgage market has disappeared and it is, I summarize, bad (pause) news (pause) all (pause) around.

Nobody, of course, had an answer to where the money was going to come from, meaning that everybody assumed that the money would come from, I assume, the same magical fairy-land

where everybody lives, we collectively assume, happily ever after, and nobody ever has to live next door to somebody like me.

Unless, of course, the magic will be in the rising prices of gold, silver and oil, which makes investing so pleasantly easy that you involuntarily find yourself giggling aloud “Whee!”