

Profiting As the Fed Creates More Money

By [The Mogambo Guru](#)

11/04/10 Tampa, Florida – The latest news to depress me is that incomes were reported down 0.1%, and the latest news about spending is that spending is up 0.2%.

The reason that it was extraordinarily depressing for me is that I was trying, in vain, to explain to the drooling half-witted pinhead idiot seated next to me at the bar that I think that “spending” is actually waaAAAAaay down, because, while total spending is up, it is mostly because prices have risen so much that people buy fewer things overall, but pay more per item that they do still buy, which they do because of the rapid decline of their standards of living caused by the loss of buying power of the dollar as a result of the Federal Reserve creating so many more of them.

Until now, the inflation in prices was disguised by the slimy trickery of the government’s/Fed’s distortion of reality by their hedonically-adjusting downwards actual price increases to account for “quality” improvements and other un-quantifiable tangible and intangible benefits.

I told him, as a way of impressing him so that he would not think I was not as stupid as I look or sound, that I was entrepreneurially-inspired by such government arrogance that this was when I first threw a packet of vitamin C tablets into the file marked “Mogambo’s Wonderful Investment Portfolio (MWIP).”

In doing so, I completely changed my whole marketing thrust. Previously, I had gone with the slogan, “Profit by the stupidities of the Federal Reserve creating excess money, and the deficit-spending madness of the federal government, by buying gold, silver and oil stocks today, using the wisdom of the Mogambo’s Wonderful Investment Portfolio (MWIP), which is to buy gold, silver and oil, ya moron!”

The fabulous new marketing slogan that I came up with was, “Be wealthier and be healthier! Invest with Mogambo’s Wonderful Investment Portfolio (MWIP) and be both!” which still recommends that investors buy gold, silver and oil to make them wealthier – guaranteed! – by profiting from the stupidity of the Federal Reserve creating too much money, but now with a recommendation to take vitamin C to make them healthier, too!

Finally, this drunken barfly turns to me and says, “Huh? You talkin’ to me?” which lets me instantly know that he is an idiot, because I have been talking to him for over ten minutes about how the evil Federal Reserve is destroying us by creating so much new money, so freaking much new money, so terrifyingly much new money so that the government can borrow and spend that it creates terrible inflation in prices! “Yikes!” I said.

Well, actually I only claim that I said, “Yikes!” but I was pretty smashed by this time, and what I really said was a lot of obscene cursing at the Federal Reserve for creating so much new money and loud burst of Mogambo Bellow Of Outrage (MBOO) at that arrogant socialist Obama

monster for borrowing all that money to spend on socialist dreams and schemes that are doomed to failure.

Indeed, it started out as a long and loud disparagement of the Federal Reserve, but was soon replaced with hushed and obscene-yet-gratuitously-lewd comments about a bunch of hot young ladies seated over there by the pool table, who think they are so hot, and who had previously laughed at me and said, “Go away, grandpa! We’re looking for hot, handsome hunky men, and you are blocking the view! Hahaha!”

Well, as punishment for their insults, I decided to let them suffer by not telling them, as I ordinarily would, to buy gold, silver and oil, and that We’re Freaking Doomed (WFD) because the Federal Reserve, under the horrible Alan Greenspan from 1987-2006, created so much money and distorted the economy into a giant, bloated, disgusting, government-centric economic monstrosity, where the government is sucking the life out of the economy through over-taxation and over-regulation, and then spitting it (if that is the correct orifice) back into the economy via huge budgets and deficit-spending oceans of new money created by the Federal Reserve and that, tragically, even Greenspan’s horrifying monetary excesses pale to seeming insignificance compared to the unbelievable infamy of the new chairman of the Federal Reserve, Ben Bernanke, and all his unbelievable inflationary intent, because inflation is, of course, the One Big Freaking Thing (OBFT) that you do NOT want to happen, and this insane monster is trying to make it happen! Gaaahhh!

So, I laugh in scorn while I am screaming in outrage, which is harder to do than it looks, as I think to myself, “Let the young ladies have their fun, blissfully ignorant about how having the Federal Reserve monstrously creating \$2 trillion, or maybe \$4 trillion, or more in a year, year after year, all in a lousy \$14 trillion economy, so as to allow the federal government to borrow it and spend it, is what we professional economists call Absolutely Freaking Insane (AFI)!”

I’m not sure I could impress upon these nubile little temptresses that this is a stunningly huge clot of new spending-money that is appearing, literally, out of nowhere, to join other money coming out of nowhere, such *The Wall Street Journal* reporting that a lot of people are defaulting (i.e. haven’t made a payment in 16 months or more) on their mortgages, but are managing to still live in the house without paying a dime, giving them a “free” place to live, which is (you gotta admit!) a pretty sweet deal for them!

The moral and ethical ramifications aside, and the banker’s desire to keep the house occupied so as to prevent vandalism and looting of an empty dwelling, this brings up, as it does, the moral and ethical ramifications of these defaulting squatters perhaps routinely vandalizing surrounding vacant dwellings so as to make a few bucks selling the appliances and wiring, thus actually increasing the desire of petrified bankers to let these defaulting deadbeats stay in the houses – and maybe even pay them! – un-molested.

And then (pause), as there always is (pause), there is the subject of (pause) money.

And the money that I am talking about is, of course, “How come the rest of us, who do not have a mortgage to default upon, can’t get in on some of this ‘free housing’ gravy? It’s justice denied and unequal protection of the laws, I tells ya!”

And what about the people who rent their homes and apartments? Don’t they equally deserve to live someplace for free, too, since all it takes to be able to do so is creditors and landlords to voluntarily not throw them out?

And what about Lefty and Pinhead, the two thieving, lying, cheating, filthy, worthless, lazy, dropout, alcoholic, drug-addicted mental defectives and personal friends of mine who currently live in a storm culvert, and who get to smoke all the cigarettes they want, drink all the booze they want, eat all the crappy fast-food they want, any time they want, and who don’t have to always worry about remembering to pull up their stupid zippers after they take a whiz? Shouldn’t they get some of that “free housing” gravy, too?

And gravy it is, too! “Defaulters living in the homes” is calculated to be “a subsidy worth about \$2.6 billion a month,” which is a lot of money that would otherwise flow to creditors, who would otherwise pay tax on the money, but who are now looking at tax-deductible losses which, in the case of the USA, means more deficit-spending to continue bailing out Fannie Mae and Freddie Mac, the two gigantic, laughably incompetent, loss-producing, loser organizations which together own almost all the mortgages in the Whole Freaking Country (WFC) so that, as the loathsome and disgraceful Christopher Dodd of Connecticut once said, home ownership would not be limited “only to those who can afford it.”

So Fannie and Freddie operate with a \$2.6 billion monthly deficit, a loss which is paid by the federal government deficit-spending another \$2.6 billion a month, which it borrows when the money is created by the Federal Reserve, which increases the money supply, which makes prices go up.

That’s the theory, and it has always held, sort of like the theory of gravitation, the practical application of which is to simply make the sensible decision to invest following a regimen of frantically buying gold, silver and oil to capitalize on the inflationary horror about to befall us, which is So Freaking Obvious (SFO) and so easy that you shout huzzahs of thankful happiness to the beautiful blue skies and shout, “Whee! This investing stuff is easy!”