

# The Damning Effects of the Global Debt Crisis

By [The Mogambo Guru](#)

05/25/10 Tampa, Florida – Greece seems to be on everyone’s mind, probably because Greece is just the first to suffer from the governmental stupidity of bankrupting themselves trying to borrow themselves into prosperity, which is just a microcosm of the whole stinking EU area, which has similarly been ruined by socialist morons doing the Exact Same Thing (EST), thanks to that laughable leftist idiot Trichet, head of the European Central Bank, creating all the money that made such profligacy possible, and somebody ought to volunteer to go over there and slap the hell out of him and all his nasty little half-witted buddies until they get some smarts.

By “somebody,” of course I mean “me,” and by “volunteer,” I mean, “get a huge salary and benefits package that would make Donald Trump envious,” and by “get some smarts,” I mean, “Stop creating more and more money, you morons!”

I was hoping that [Eric Fry](#) here at *The Daily Reckoning* would back me up on my fabulous Mogambo Plan Of Vengeance (MPOV), seeing that he has a good grasp of the idiocy of the “Euro Defense Plan,” in that “This \$1 trillion fix did not fix anything. It merely annoyed short-sellers for a couple of days and inspired enthusiastic gold-buying.”

“Annoyed short-sellers”! Hahaha! I don’t know why I think that is funny, but I do!

Anyway, he says, “The country’s fiscal condition is beyond repair. Either Greece slips into the Mediterranean, figuratively speaking, or the euro does...or both.”

I figure it will be both, and “In a worst-case scenario,” he says, “the ECB will exhaust its cash, credit and credibility trying to save Greece...and will destroy the euro in the process. Best case, the ‘fix’ will persuade a few Wall Street strategists that the ‘worst of the euro crisis is over’ and will suck a few more suckers into the European sovereign debt markets before the situation gets REALLY ugly.”

By that, I take it that he is referring to how 4,500 years of human history is the story of how “Governments default. That’s what they do. They tax; they squander the tax revenues; they default.”

The Big Freaking Problem (BFP) with default is that all the owners of all that debt take a big, big loss as they watch the value of the debt crumble to ashes, reduced to zero value, plus capital gains taxes will go to zero and thus deprive government of vital revenue, plus all of the money that was lost was borrowed into existence in the first place, and which will then go out of existence when the borrowers don’t pay it back. Money supply plummets. Doom.

I was going to use this as a springboard into a Loud Mogambo Tirade (LMT) about how this explains why the Federal Reserve and the government are so intent on “saving” the banks, and “saving” the financial services industry, and “saving” the stock market, and “saving” the bond market, and “saving” the housing market, and how the Federal Reserve is creating So Freaking Much Money (SFMM) so that government can spend So Freaking Much Money (SFMM) via deficit-spending, and how all of that new money is going to cause massive inflation in consumer prices, but suddenly everybody stopped listening to me at the instant [Bill Bonner](#) said, “If you add to the US national debt the debts of Fannie Mae, GM, and all the other financial holes, which the government will ultimately have to fill, the crater is about 120% of GDP – the same as Greece’s debt.” Yikes!

I was completely disoriented from the abrupt change of direction of the conversation, and I could only listen with a spinning head as Mr. Bonner said, “There are now nearly as many people relying on the US government for food as the entire population of Spain. There are about as many people unemployed in the US as the entire populations of Greece, Portugal and Ireland...combined. And there are as many people who have gotten negligible income gains as...well...the entire population of America.”

Confused and bewildered by the overwhelming horror of this onslaught of bad news, I was foundering around, stumbling, lost, and only got back to reality by Mr. Bonner’s excellent witticism, “Europe is wasting its blood transfusions on a corpse” making me laugh in delight, so that all I had to do is follow the sound of my own laughter through a dark and treacherous land of economic terrors until, suddenly, here I am again!

Whew! Glad to be back!

Anyway, in case you were wondering if I was ever going to get around to telling you to buy gold, silver and oil in the face of such economic catastrophe, I am.

And if you were also wondering if I was going to call you an idiot if you do not buy gold, silver and oil in the face of such economic catastrophe, then, again, yes, I am.

And this goes double for Greeks and the rest of the European Union!