

US Money Supply: An Education

By [The Mogambo Guru](#)

04/27/10 Tampa, Florida – I had gradually reset upward the Minimum Threshold Value knobs of the Mogambo Fed Credit Alert System since things started getting whacky and it kept waking me up, alarm bells going “clang, clang, clang” in my ears, depriving me of sleep, but also from the lack of sleep caused by shutting one’s eyes and seeing the sheer horror of what will happen as a result of the Federal Reserve creating So Freaking Much (FFM) money.

So, with the higher thresholds, I awake refreshed, and awakened only by the sounds of distant thunder where other people are getting the economic hell whacked out of them because central banks are creating so much more money to facilitate more government deficit-spending Around The Freaking World (ATFW).

Even so, it was not encouraging to see that Federal Reserve Credit expanded \$8 billion the week before last, taking us to an astounding \$2.3 trillion, or that Total Fed Credit has increased \$77.8 billion so far this year, which is not only a terrifying 12% when annualized, but is up a staggering 9.5%, from a year ago, which is already freaking annualized!

Suddenly, this weird stuff going on in the banks comes at the same time as the doorbell – hark! – rings. A quick “Intruder Identification” scan reveals that it is just a neighborhood kid, and he is alone and unarmed.

So, peeking through a crack in the door, I suspiciously ask him “Are you here to ask me how many banks are in the US, and how much money, assets and liabilities they hold already because you sense the banks have created, through incredible fractional-reserve lending and preposterous accounting tricks, that we are freaking doomed? Is that what you want to know?”

Well, the kid says, “No, sir, I just wanted to ask you if you wanted your lawn mowed! Sorry, mister!”

So, I quickly hit a few disarming switches and say, “No problem! And don’t move! For crying out loud, don’t run, because that would, unfortunately, set off a whole array of sensors and computer subroutines where I would not want to be, to say the least, in your shoes!

“No, the reason I ask you this question about the number of banks is because, for some reason, the snippet ‘America’s 8,012 FDIC-insured banks hold about \$7.697 trillion in deposits and \$13 trillion in assets, like residential and commercial real estate’, is in my notes, and I thought that maybe you, in a huge, cosmic-like coincidence, would want to know this important fact, if indeed it is a fact, and if it is not a fact, then how did it get there, unless, as I always suspected, there are evil forces with plans afoot that include planting incriminating evidence on my computer, or shooting thought-control rays into my brain, or having my own computer shoot thought-control waves into my brain, or all three!”

The kid says, “Huh?” The perfect answer! I instantly realized that the kid understood completely, and was saying, as I say, as all thinking people say, “Huh? What in the hell is going on, and why is it being allowed to happen, and why aren’t people being sent to prison for doing it?”

Happy to be talking to someone who is as horrified and angry as I am about all this Federal Reserve and Congressional crap, I merrily continued, “And I assume that now you want to know more about these evil banks and the evil Federal Reserve, coincidentally at this very time, because you are a cool young guy who has been plugged into cyberspace since birth and has, presumably, already been alerted to the horrifying fact that the Federal Reserve has created so much credit, that was then turned into so much money when loaned by these selfsame banks at huge fractional-reserve multiples of the original amount of credit deposit, that We’re Freaking Doomed (WFD), especially since it appears that most of the new money is being used to loan to the federal government at a rate that is around \$2 trillion in higher national debt per year, and you, like normal people everywhere in the omniverse, would want to know this little-known fact, and, in fact, here you are.”

Well, it quickly turns out that he was either just a kid wanting to mow my lawn or a government goon spying on me while pretending to be a kid wanting to mow my lawn, but either way, he soon backed away down the walkway, holding his hands in the air, blubbering out, “Don’t shoot me, mister! Please don’t shoot me!” like a little crybaby, and then he just grabbed his stupid lawnmower and ran away, so that I never got the chance to tell him about how all of this new money means that prices of things are going to go up and that he, and everyone he loves, will die in misery from inflation, and, in fact, it has already started, as the US Department of Agriculture reported that 39.4 million Americans, the most ever, got food stamps in January, which I note with alarm is more than 10% of the population.

It would be good news, of course, if this 39.4 million people was down from the previous month, and was just the latest in a long string of declines in the number of poor people needing assistance because a rising standard of living was produced by a stable money supply and free enterprise, forcing suppliers to compete by offering higher quality and lower prices.

You can tell by the way my eyes are filled with tears, sad and hollow, that this is not the case, and in fact the number of food stamp recipients was up 22% from a year earlier, made worse in that the number of people getting the subsidy has been going up, hitting new records every month, for 14 consecutive months.

I know what you are thinking. You are thinking, “Well, I can just cut back on some things to free up money to pay the higher prices for other things! Like, for instance, getting the money to play golf by, for instance, not paying for any more of the kid’s expensive pills that don’t even seem to be working, except that she stopped crying out in pain all the time, which didn’t bother me as long as I stayed in the sound-proofed Mogambo Bunker Of Solitude (MBOS), so, ya know, what’s in it for me?”

I thought that Michael Snyder of benzinga.com was going to be just another loudmouth giving me his self-righteous moralistic assessment of this sudden revelation of my grubby, stingy and

“me-me-me” nature, and my apparent complete disregard for the welfare of my own children, but thankfully did not mention it or use the term “inhuman monster.”

Instead, I was relieved to note that he was talking about inflation and the price of food, and, in reading it, it was not very long before I was overcome by the sight of a Perfect Storm coming together, where rising demand for food stamps coincides with a collapsing economy, which coincides with weird sunspot activity and earthquake activity and geo-political activity and terrifyingly coinciding with his chilling news that “The price of food is going up. Rising demand and reduced supply drove supermarket prices for 16 basic foods up 6.2% in the first quarter of 2010.”

And now that a single cabbage costs the equivalent of \$5.30 in South Korea, “a four-fold surge from the beginning of last year”, while the “cost of other staples is also soaring, with the price of onions, fish and octopus rising 50-100 per cent over the year”, it is only a matter of time before you realize “Hey! That idiot Mogambo was right! The idiocy of the central banks creating excess money so that their governments can deficit-spend means that inflation in prices is going to eat us alive, and we should have bought gold, silver and oil, like he told us, because their prices have soared right along with soaring consumer prices, and at least I would have preserved my buying power and maybe I would not be eating dirt soup for dinner again tonight!”