

Why Fed Money Creation Hurts the Poor Population

By [The Mogambo Guru](#)

12/24/10 Tampa, Florida – If you are like me, then you don't quite understand what the hell is going on with this economic stuff, but you are pretty sure that it starts with the foul Federal Reserve creating so much excess money and that a lot of people ought to be in prison Right Freaking Now (RFN).

Knowing that, you then think to yourself that your Whole Freaking Life (WFL) is one long, dreary testament to the fact that all great mistakes start with having the money to finance them.

And knowing that, you then remember that the Federal Reserve is actually only a private bank (owned by sinister, shadowy people, unnamed foreign powers, various shell corporations and probably invaders from outer space, each with a secret agenda of their own) that has literally been given the power to counterfeit money.

And knowing that, you then remember that 4,500 years of history proves that when banks are given permission to create more money, they always end up doing it to excess, and after the inflationary booms that all this new money causes, it always ends badly for everybody when the booms go bust.

And knowing that, you are thusly Scared Out Of Your Freaking Mind (SOOYFM), you are feverishly buying gold, silver and oil, you are armed to the teeth, and you usually wake up in the middle of the night screaming your guts out in fear at the unstoppable catastrophe bearing down upon us because the foul Federal Reserve is unbelievably creating new money at the unbelievable rate of an unbelievable \$1.2 trillion a year, which is an unbelievable, staggering sum that will be "needed" by the unbelievably desperate, unbelievably clueless Obama administration so that it can deficit-spend that much money this coming year.

And Obama will assuredly get another \$600 billion to \$800 billion in more "supplemental appropriations" through the year, as Congress does every year, to total probably more than \$2 trillion in new debt.

"To what end?" you ask? Well, the alleged purpose of this fiscal and monetary insanity is to ludicrously and tragically attempt to, literally, buy the government out of bankruptcy with all this new money, while simultaneously continuing to pay the half – half! – of the population that regularly receives government payments, all of which increases the money supply, which decreases the buying power of all existing dollars, which is manifested as higher prices.

And higher prices is the Worst That Can Happen (WTCH) as far as the many, many poor employed people, the many, many poor unemployed people, and the many, many poor

unemployable people are concerned, as they are forced to “get along” by somehow paying continually higher prices, but without more money, and sometimes without any money at all!

And so while quantitative easing to create mountains of new money, and massive government deficit-spending to distribute the money, may do wonders for keeping asset prices up and thus benefit the part of the population that owns inflated financial and housing assets, the Price To Be Paid (PTBP) is higher inflation in consumer prices, which is paid in terms of sheer deprivation, misery and suffering by the many, many poor employed people, the many, many poor unemployed people and the many, many poor unemployable people.

The only hope for these poor people, who insist on electing morons who deficit-spend money which they allow the Federal Reserve to create, thus making their miserable plight worse, is if they manage to squeeze out enough money each month to buy some silver.

But they won't buy silver, even though most of them can and know they should, and they won't stop voting for the deficit-spending morons because they don't know that they shouldn't, although they should know that they shouldn't, making their whole sad situation doubly their own fault.

So while there is nothing to be done about the poor since they insist on always making themselves more miserable, those who buy silver every month will not have to worry about such things as poverty, and instead will merrily spend their time whistling a happy tune they call, “Whee! This investing stuff is easy!”