

# Fractional Reserve Banking Gone Amok

By [The Mogambo Guru](#)

03/30/11 Tampa, Florida – From Chartoftheday.com we get the Quote of the Day, which is from the legendary Will Rogers, who cleverly said, “The fellow that can only see a week ahead is always the popular fellow, for he is looking with the crowd. But the one that can see years ahead, he has a telescope but he can’t make anybody believe that he has it.”

In a frantic bid for attention, which I obviously crave, I tell the kids to shut the hell up, explaining that the hospital emergency room is open 24/7 and they just have to stop bleeding all over the damned place for a lousy minute so that I can take this serendipitous opportunity to improve on Will Rogers, which will prove how smart I am, and how some lucky business owner might say, “Wow! Look at this Mogambo character! What a brain! And a stalwart family man, too! I must offer him a position that has a large salary and a benefits package to rival that of the average government employee, even though hiring him would make me look like an idiot!”

To those nonbelievers who say to me, “You never had an original thought in your life,” I thus cleverly add to Mr. Rogers’ witticism, saying that he would have continued by saying, “And so the wise man buys gold and silver as a bulwark against the insanity of a grotesque government-centric system, because owning those metals is how one historically capitalizes on such profound economic idiocy.”

To head off your insults, I quickly continue that it reminds me of when I was an options trader, way, way back, back when we huddled under a tree and traded options on dinosaur futures, and where market insiders and manipulators preyed on my profound idiocy.

In fact, I am sure that I became known as an Infallible Contrary Indicator (ICI), in that if I went long, it went down, and if I went short, it went up.

This nostalgic trip down my path of shame is not the point, however, but is instead about “profound idiocy,” of the kind that I have alluded to in my brilliant addition to Will Roger’s famous quote, which is the idea that a crushing load of a combined, gargantuan \$53 trillion in personal, business and government debt can ever, ever be, somehow, “bailed out” by continually going farther into debt to spend another gigantic, humongous load of new money created – literally! – out of thin air by the Federal Reserve.

“And the idiocy is compounded when believing, for even an instant, that in doing so it will not cause a ruinous hyperinflation, like it has all the other thousands and thousands of times in the last 4,500 years every single time any idiot government tried this Same Silly Crap (SSC).

It makes you ask yourself, “How is such a thing possible? How in the hell can \$53 trillion of borrowed money exist on the aching back of a mere \$1 trillion in actual ‘bills and coins’ cash?”

And then you ask yourself, “How can the derivatives market be estimated to be over \$225 trillion?”

Suffice it to say, “Talk about fractional-reserve banking gone amok! Wow!”

And don't bother bringing up the legend of the Federal Reserve famously claiming ownership of 160 million ounces of gold, which would be worth, at \$1,400 an ounce, a lousy \$224 billion, which it would be if the Fed still owned it, but surely doesn't, as all those hundreds and hundreds of tons of leased gold that flooded the market for the last couple of decades had to come from someplace!

Anyway, this is not about gold, or how you ought to be buying gold, or how you ought to be buying silver if you are not buying gold, or how you should be digging a deep hole in which to hide (“Dig your own grave and save!”) if you are buying neither gold nor silver.

No, this is about how I lied to make the famous Will Rogers appear to recommend that you buy silver and gold as a defense against the federal government's insane deficit-spending fiscal policy and the Federal Reserve's insane [monetary policy](#), which together guarantee roaring, ruinous inflation in consumer prices, although Mr. Roger's died long before we even started getting into the scary part about the crushing accrued liabilities, amounting to hundreds and hundreds of trillions of dollars!

Actually, you may be glad to know that what was true for Will Rogers almost a hundred years ago was still true after the 4,400 years before that, and it is still true today: Buy gold and silver when your idiotic, suicidal government is allowing so much money to be created because it guarantees inflation, and inflation guarantees that gold and silver will increase in price!

Whee! This investing stuff is easy!