

The Number One Unforgivable Sin Of Economics (NOUSOE)

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I remember that I involuntarily screamed and spasmodically clutched my chest in some kind of sudden cardiac event when I learned to my horror that the evil Federal Reserve has announced a continuation of their insane money-creation schemes for another year at least.

This is supposed to keep interest rates low by flooding the bond market with oceans of new money to drive bond prices up (and hence yields down).

But the low interest rates will also, theoretically, encourage the stock market to go up, which is actually the whole point of it all.

This, unfortunately, was made necessary by the sheer staggering stupidity of everyone investing everything, including their entire future lives, in the stock market.

Indeed, as Dave Gonigam in Agora Financial's 5- Minute Forecast said, "stock prices are what it's all about for the Fed", and then quoting Ben Bernanke saying that a rising stock market "will boost consumer wealth and help increase confidence, which can also spur spending."

I am, predictably, outraged! Outraged, I tells ya! I mean, if I pay \$10 to buy a share of a company which makes \$1 in earnings, but I am richer if strangers in a rigged market bid the stock up to \$100, to buy the same \$1 of earnings? Hahahaha!

I don't know why I am laughing, because on top of all my other repressed and expressed angers about all kinds of outrageous things, I am outraged anew that most of the money, created by the evil Federal Reserve out of thin air, which increases the money supply which increases prices which hurts the poor, was used to buy new government debt! Gahhhh!

Monetizing the debt! To the tune of trillions of dollars! Gaaahhh! I can't believe my own eyes! My chest hurts again! My heart is painfully pounding again! Arrgghh!

Monetizing the debt is the Number One Unforgivable Sin Of Economics (NOUSOE) across the entire universe. And if this kind of monumental, abject stupidity gets back to Zorggk, Supreme Commander of this whole quadrant of the galaxy, who thinks that Earthlings (which my people call "Maize people") are an irredeemably stupid species deserving of immediate extinction, we're probably toast!

Part of it all, he is sure to find out, is caused by the gaping current account deficit (essentially the trade deficit), which is still falling, faster and faster, down to around \$470 billion a year.

This is money that is, theoretically, lost when imports exceed exports. Poof! Gone! Slipped from hands of Americans and into the hands of foreigners, but, I hasten to add, with cross-border ownerships, taxes, tariffs, fees, bribes, tax-evading shenanigans, government corruption and incessant meddling, who the hell knows what a "current-account deficit" really is anymore?

Plus (and this is the biggie reason why I am so apprehensive), Zorrgk himself, for amusement and with a gluttonous appetite for money and profit, is betting on a rise in gold and silver here on Earth (which my people call "Maize"), which, unfortunately, haven't done much, investment-wise, in quite a while.

So he is especially peevish about not getting the expected double-digit increases from his investments in gold and silver, despite my telling him that it would be the Best Can't-Lose Investment Idea You Ever Heard (BC-LIIYEH).

To be fair, this is the same thing that I told my family, any friends I once had, and the people who said they were my friends but just wanted me to give them money and/or stab me in the back the first chance they got, the bastards.

"Buy gold, silver and oil!" I told them, and when they didn't listen, I told their children that their parents were stupid for not buying gold, silver and oil, and I told them all some more, and then more, and more, until they screamed "Enough about buying gold, silver and oil! We have heard it, and we have had it with hearing you say it, you creepy, horrible old man! And get out of our damned way so that we can get to the produce section and get some damned lettuce and a couple of spuds so that I can get out of this stupid grocery store and away from you!"

And, since we are talking about it, I also told YOU to buy gold, silver and oil, and I also told total strangers and anyone who lets me get near enough to them, usually by sneaking up on them from the rear, to unforgettably-scream at them "We're freaking doomed, you moron! Buy gold, silver and oil against the calamitous inflation in prices, the inevitable result of an unholy, un-Constitutional treachery of a fiat currency un-tethered to gold, insane levels of fractional-reserve banking where hundreds of dollars are created out of thin air for every measly penny of new deposits, a national debt more than equal to GDP (\$15 trillion), with a staggering accrued liability measured in hundreds of trillions of dollars, a huge suffocating government running amok on monstrous deficit-spending, and the foul, filthy Federal Reserve creating outrageous amounts of money to pay for it all!"

To those who turned and replied, in their usual blubbing incomprehension, saying "Shut the hell up, you moron!" or "Oh, damn! Not you again!", I haughtily dismissed them with a mere wave of my insouciant hand -- away with thee, poltroon! -- as if brushing an insignificant bug from the table.

On the other hand, there were those who where quizzical, along the lines of "What in the hell are you yelling about, you stupid old man who ought to be forced to take some kind of brain medicine, or locked up, or shot?"

To these people I eagerly explained, as gently and kindly as I could, "Ha! That just shows how stupid you are, lard butt! Such insane levels of money inflation must always -- always, you hear me, you moron? Always! -- lead to price a destructive inflation, as evidenced by the fact that, for the last 4,500 years, inflation in the money supply has ALWAYS led to inflation in prices! What are you, some kind of drooling 'free lunch' moron or Democrat, as redundant as that is?"

Usually, the conversation, as fascinating as it is, ends abruptly pretty soon after that. So I never got the chance to tell anyone that, currently, inflation is readily seen in the prices of bonds, their derivatives, the things tenuously tied to the bond market through other derivatives, and things about which I have probably never even heard.

In fact, the long inflation in the money supply has already shown up in the prices of bonds, as tons of new money allows bidding for them so frenzied that it has driven bond prices to the moon and thus caused short-term interest rates to drop to -- literally! --zero!

Buying a bond that pays literally zero! Wow! And on short-term paper, yield is less than 2% on the 10-year note!

And this is despite the fact that price inflation, figured the old-fashioned, pre-Clinton, pre-Greenspan, pre-Boskin deception-and-fraud kind of way, is somewhere between a horrifying 8% and a stupefying 11%! Terrifying! We're Freaking Doomed (WFD)!

It seems to me that around in here, somewhere, that instead of screaming "We're freaking doomed because of the evil Federal Reserve creating so much credit/debt and money, and the despicably corrupt Congress that encouraged them to do it," I should instead make another suggestion that you, too, adopt the Best Can't-Lose Investment Idea You Ever Heard (BC-LIYEH), which is to buy gold, silver and oil to save yourself (and theoretically prosper beyond dreams of avarice!) from the coming, inevitable, roaring inflation in prices of food and energy that you need to exist, and the devastating deflation in the prices of the things you don't need to exist.

And if you do it soon enough, and the prices of gold and silver go up far enough as a result, I can thankfully, in a saving-my-own-butt kind of way, show Zorngk a smaller loss in his holdings of gold and silver, and indeed show him a very encouraging meteoric rising trend in their prices sooner rather than later!

And this silly reacting-to-volatility is ignoring the dead-bang certainty of it all, which makes buying gold, silver and oil, truly, the Best Can't-Lose Investment Idea You Ever Heard (BC-LIYEH).

And did I mention it's easy, too? Certain and easy! Whee!