

Chinese Food or Gold

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By: The Mogambo Guru

Every time I hear somebody tell me that I am stupid, and that anybody who listens to me is stupid, and in fact they themselves feel stupid just standing next to somebody as stupid as I, I remind them that there is a lot of stupidity in the world. And I mean a LOT.

Just one of today's samples of stupidity comes from Reuters, which opines that "China has limited room to use government spending and policy stimulus to boost its economy." Hahaha! Says who? Hahaha!

It's Theater of the Absurd! Hahaha! I mean, China has, like all advanced countries around the world, a fiat currency and a central bank that can create all the currency they want!

Hahahaha! I am not literally laughing my guts out, but I AM holding my aching stomach in laughter at the very thought -- the very thought! -- of a country comprising a third of the world's population, with a fiat currency, a central bank and a command-and-control government that has limited powers in ANYTHING! Hahaha! "Limited room"! Hahahaha!

Wiping the tears of laughter from my eyes, I realized that, apparently, this is the author's interpretation of China Premier Li Keqiang being reported as saying that "though the economy faces considerable headwinds and uncertainty, China should allow market forces to do their work."

So, it ain't inability, you doofus Reuters reporter! It's Hayek versus Keynes! The Chinese know that Keynesian "stimulus" economic policy is not only stupid and (as admitted by Keynes himself) inflationary, thus disastrous, as opposed to the correct and intelligent Austrian School of economics, where market forces and a limited money supply kill price inflation and soon bring the economy into blissful alignment/ balance/ equilibrium, where every day is a sunny day, and everything is wonderful, if you can stand the pain of bad investments (thanks to banks and government acting stupidly) going bust, and thus wealth/land/plant/equipment is/are lost, as is necessary for Shumpeter's "creative destruction" to free up resources to let the economy rise from the ashes of the aforementioned stupidity of the evil Federal Reserve and the corrupt, low-IQ government.

As a reporter for a respected news organization like Reuters, I would have thought that he would quote Pythraxis, an ancient Greek philosopher that I just made up because that is just the kind of spontaneous whimsy that gives the Mogambo Guru newsletter its ineffable charm, when he said "Increasing money is increasing prices, bankruptcy and ruination, a fact that I prophesy will be hammered home by the next 2,500 years of one idiot country after another doing it, to their ultimate dismay, culminating in the arrival of The Mogambo to trumpet such folly to no effect whatsoever!"

Well, as you might guess from a Chinese guy (a people said to be inscrutable), neither ancient fake Greek philosophy, The Mogambo nor the Austrian School of economics are overtly big in China, although the astute Junior Mogambo Ranger (JMR) can easily see that he said the Exact Same Thing (EST) when Li was even quoted as saying "If there is an over-reliance on government-led and policy driven measures to stimulate growth, not only is this unsustainable, it would even create new problems and risks."

And one of the offshoots of fake Greek philosophers, the Austrian School of economics and my Loud Mogambo Mouth (LMM) is that you need to have a stable money supply tied to gold and/or silver, because only they have all the time-tested attributes that make money "money."

Perhaps now you know why the Chinese are buying up so much gold -- hundreds of tons of it at a crack, and more and more all the time! As are other peoples and central banks!-- and why they are thus going to have a very strong currency, and why they are going to have a vibrant, self-sustaining economy based on real demand, instead of depending on the fake demand caused by both government deficit-spending and everybody borrowing themselves into bankruptcy to consume things.

And thus you also know why I say We're Freaking Doomed (WFD), because what the future holds for we Americans, and all of the developed world's economies that are in the predictable Humongous Economic Crapper (HEC) because of a half-century of these self-same, debt-addled, deficit-spending idiocies, is this: Rich Chinese tourists are going to buy up, on the cheap, all the land to build their luxury vacation homes, rich Chinese industrialists will come to marvel at our total destruction and buy land/plant/equipment on the cheap, and rich Chinese boys are going to come looking for wives from among the millions of American and European women who will be desperate for a rich husband since the American dollar and the Euro will have had their buying power destroyed, and thus they, like almost everybody else, are broke and desperate.

As for me, for one thing, I am going more often to Chinese restaurants! And when it comes time to pay the bill, I ask "Do you take American dollars?" When they say "Yes," I laugh to myself and think "Suckers!"

And then I ask the owner of the restaurant if he is buying gold and silver with all the profits he is making from me, despite gorging myself at the buffet until I'm probably gonna puke, and if he says "no," then I'll know he is probably lying, the inscrutable little bastard, because the Chinese are buying gold at a breathtaking pace, and he is Chinese, so, I mean, YOU do the math.

To confirm my suspicions, I ask by "Do you ever say 'Whee'?" If he says "yes," then I'll know for sure if he is buying gold and silver, because you can't buy gold and silver in response to the foul, filthy Federal Reserve creating So Stinking Much (SSM) excess currency and credit, and thus guaranteeing SSM inflation in prices, and thus guaranteeing SSM inflation in the price of gold and silver (when demand for delivery of gold and silver finally overwhelm the unbelievable corruption in the futures markets), without saying to yourself "Whee! This investing stuff is easy!"