

Economic Heebie-Jeebies (EHJ)

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By: The Mogambo Guru

It was, alas, one of those “good news/bad news” kind of week, in that my natural hostility and paranoid towards the monetary insanity of the Federal Reserve did not boil over in some pointless, screaming outburst of outrage.

Hmmm. “Outburst of outrage.” Not bad writing! See? It was THAT kind of week!

On the bad news side, having drawers full of old electronic things lying about, I somehow hit on the doomed-but-desperate plan to assemble some kind of transmitter with which to contact my home planet, wherever that is, by randomly soldering odd pieces of miscellaneous circuit boards together.

The theory is based on the famous Mogambo One Chance In Hell Theory (MOCIHT), which postulates that even the slimmest chance is better than no chance at all. Ergo, it is theoretically possible that I might accidentally construct, quite by lucky accident, a working transmitter, and people back on my planet will hear me and send a spaceship to rescue me, and return me to a safe, solid, predictable place where the money is gold, which is a clever monetary device whereby the money supply is constrained so that inflation in the money supply never happens, and thus is a wonderful place where the absolutely miserable horrors of price inflation and systemic economic collapse never happen, and where everyone is happy, happy, happy and sublimely contented, where life goes peacefully on, and you can get a nice little nap anytime you want without kids running noisily through the house or some stupid neighbor mowing his stupid lawn.

The bad news in that regard is that, beyond some surprising, yet interesting and colorful, electrical fires, with lots of sizzling and sparking and acrid, choking smoke, nothing. Zilch.

On the “good news” side, during my now apparently-extended stay on this crazy planet, so bereft of common sense in that it has willingly and deliberately destroyed itself with fiat currencies unconnected to gold, I have something to read.

I received a copy of NOJMR Doug’s new book, *Economica Mogambo*, which is an edited collection of Mogambo Guru newsletters, yet subtitled “The Desk Reference,” which really made me laugh! Hahaha! And it’s like that all the way through!

And starting on page 289 are the contents of the “Fun Facts” section of MogamboGuru.com, all of which are funny and/or witty epigrams, written by funny and clever people that I don’t even know and actually never saw before, such that these pithy little gems made me laugh out loud, and thus may be worth the price of the whole book right there!

And in another dub-index of the book, I was delighted to find that I had invented the delightful acronym FLOES, which stands for Free Lunch On Easy Street, which is obviously just an update on Bastiat's "everyone trying to live at the expense of everyone else."

Unfortunately, as clever as I think that acronym is, I am embarrassed to realize that it only worsens by embarrassment in proving, once again, that I never have an original thought, and my critics are all correct, and I really AM a Big Stupid Mogambo (BSM).

Just in time to rescue me from deepening depression, there is, I am happy to say, offsetting good news! But only if you are a paranoid, angry, Austrian school of economics gold-bug like me, who is absolutely convinced that investing precious dollars into anything except gold and silver, given the dire current economic facts AND the lessons of the last 2,500 years of monetary and fiscal history, is beyond stupid, and that only really, really, REALLY stupid people could possibly think that the absurdity of massive deficit-spending, per the laughably ridiculous Keynesian theory and practice currently in vogue, could possibly, ever, in a million years, end up anywhere except in Total Freaking Disaster (TFD).

The good news in that? You can easily turn this Priceless Mogambo Gem Of Investing Advice (PMGOIA) into cold, hard cash! "How?" you ask?

The clue is found in Dan Cofall's eponymous Cofall Letter, where, according to his "Back of the envelope" calculations, figures that "By most accounts, less than 170,000 tons of gold have been mined... in history. 5B ounces. \$7T at current market value. How much is sitting at ocean's bottom in an unsalvageable wreck? How much adorns houses of worship around the world? How much is held that will never be sold? How much is in electronics currently in use?"

Of course, I didn't know the answers to any of those questions, I was embarrassed about it, and I confess that I quickly tired of the relentless cross-examination, like when my wife wants to know things like "Where in the hell have you been all afternoon when you were supposed to take me to shop for slippers and blah blah blah?"

Not surprisingly, I was on the verge of quitting reading any more, but out of the corner of my eye I saw that he wrote, continuing, "So we say for argument that 50% exists in a tradable form. That is \$3.5T, worldwide. The United States goes into debt \$2T each year, on the books, and another \$4-6T in promises."

At this, I started to get that tingling feeling that conveys something subconsciously important, like Robby the Robot waving his robot arms wildly and saying "Danger! Danger, Will Robinson!"

You don't know exactly what, but you are on alert that something is wrong.

And I was right! He goes on "To be clear, the United States borrows or promises to repay the entire value of all tradable gold in the world...every 6 months!!!"

If you are even marginally qualified to be a Junior Mogambo Ranger (JMR), then you know several things for sure.

One, you Know For Sure (KFS) that that three exclamation points means something highly important, but usually in a very bad kind of way, conveying “dangerous,” “usually fatal” and/or “Here be dragons.”

Two, you Know For Sure (KFS) that this cannot be happening to gold under current abnormal circumstances, so you, three, Know For Sure (KFS) that these ain’t normal circumstances, but, four, you Know For Sure (KFS) that they will be normal, one day soon, when what is now completely out of whack, gets back into whack (and that’s a fact, Jack!), which means, five, that you Know For Sure (KFS) that gold and silver are really, really cheap.

Then Mr. Cofall asks the question, “So I ask, what is gold really worth?”

Since there is no definite answer, but which surely goes higher each day, I cleverly answer “We’ll see!”, which is code for “gold is worth a lot more than it costs right now, and people who are buying it are going to be Very, Very Happy (VVH) that they did!”

The bad economic news, however, is that the money supply, with which to theoretically buy all this gold and silver, has ceased growing very much at all in the last year, and lately actually seems to be turning -- dare I say it? – lower.

So, even though non-revolving consumer debt increased at a 7.5 percent rate in July, to a whopping \$2.2 trillion, and while the Federal Reserve is buying \$85 billion in Treasury debt per month, the money supply is not rising! Amazing!!!

For a full explanation of what the use of three exclamation points as punctuation means, see above.

The even worse news is that the money supply figures are reported in nominal (dollar) terms, and merely show the actual, add-‘em-up money supply.

And the much worse news is that if you deflate the money supply by the inflation in prices (to show the REAL buying power of the dollar, and thus the total buying power of the money supply), then you get something that we old-time economists used to call Very, Very Scary Syndrome (VVSS), but which we now call the Economic Heebie-Jeebies (EHJ).

As far as I can tell, the primary symptom of EHJ is a lot of fear, writing hate mail to the Federal Reserve, and the desperate urge to convert all of one’s assets into gold and silver.

And I am sure that I will win a Nobel Prize for postulating that the mechanism of evolutionary survival-of-the-fittest has put EHJ into our DNA, since all the survivors of the world’s economic catastrophes, over thousands of years, put their cash into gold and silver, and prospered, and passed on their genes.

All the losers, on the other hand, who did not have EHJ, put theirs into something else, and died of starvation and misery as a result, eliminating themselves from the gene pool.

There is a lesson in there. And it starts off “Whee! This investing stuff is easy!”