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8 Million Golden Reasons

by The Mogambo Guru

"A lot of people have a lot of theories as to why gold is going down, when the theory and the entire history of economic mankind say it should be going up, and most of them are right, to one degree or another, as there are as many reasons for acting as there are actors, and there are eight million stories in the naked city."

JMR Terry L. sent an interview with Dr. Steven Keen, who can be found at debtdeflation.com, and who is an economist for the University of West Sydney. He "specializes in long term macro-economic trends with expertise in Debt Deflation, a rare economic and monetary process now taking place in the US, UK, Australia and other countries."

Dr. Keen says, "Notice that the USA's debt to GDP ratio peaked at 215% in 1932 - three years after the Great Depression began - having been 'just' 150 percent when the Great Crash occurred."

If you are like me, then you are instantly bored with this history lesson crap, and you are anxious to either learn how to make a lot of money as fast as possible, or get a burrito and a couple of yummy tacos as fast as possible. It's an "either-or" situation utterly devoid of historical education.

But again we seem to have been too hasty in dismissing Dr. Keen so cavalierly, as he deftly connects us to what happened 70 years ago, and says, "For the record, the USA revisited the peak for the non-financial debt to GDP ratio in 2005", and even worse than that, the real record was broken a long time ago, as "the ratio including the financial sector debt exploded past even the Great Depression's peak in 2000." Yikes! Higher than at the height of the Roaring Twenties!

I immediately thought, "Hmmm! I wonder what is the level of non-financial debt to GDP right now?", and cleverly figured to use this query as a way to insert myself into the spotlight by asking that very question, and maybe pitch a few theories of my own, to kind of show off.

But no sooner did the plot hatch in my mind than he answers, "It is now 278 percent, versus 150 percent in 1929, and 215 percent in 1932." My brain was immediately stunned at the revelation, and as if in a dream I heard him go on to ask, "Why is the US economy crashing?" and "Why now?"

I was afraid that he was asking me, and I had no idea. So I was relieved when he answered his own questions by writing, "The answer is, simply, that the world has never in its history carried the level of debt that it is carrying today. The remedies that worked when America's private debt to GDP ratio was a mere 150 percent are inadequate when that ratio is 275 percent."

Instantly, my keen Mogambo Analytical Brain (MAB) discovers that as interesting as this is, it is still some stupid history lesson that has neither profit nor lunch potential, and I

am wasting my Valuable Mogambo Time (VMT).

Again, I find that I may be too hasty, as he says, "the real fun on the markets will begin in three months time," because this is when all the new credits extended "by the expansion of the liquidity window" is supposed to start to being repaid. Hahaha! Like THAT will happen! Hahahaha! Fun! Hahaha!

The only fun that will be had is when gold, silver and oil go to the freaking moon that you get so rich that can you Super-Size those fries at every meal! Whee!

So why isn't gold going like gangbusters right now? A lot of people have a lot of theories as to why gold is going down, when the theory and the entire history of economic mankind say it should be going up, and most of them are right, to one degree or another, as there are as many reasons for acting as there are actors, and there are eight million stories in the naked city.

I think that most of them involve ordinary stupidity, and my Personal Mogambo Theory (PMT) is that some powerful, rich people one day woke up in a cold sweat after having a nightmare about how in the hell they are going to pay their bills when food, living expenses, bribes, corruption and everything connected with being rich and powerful are going up and up, until it seemed like a cancer that was eating away at the body economic, and they realized, "Oh, my God! That Raving Lunatic Mogambo (RLM) was right! I've got to get me some gold, right now!"

But instead of going out and buying gold at the market price, they make some phone calls to make sure that the price of gold goes down before they buy. And since this new, powerful theory of mine involves scumbag politicians, corrupt bankers and money, I figure it must be true.

Like I said; there are eight million stories in the naked city, and this is one of them.