

Currencies Battle for Dirtbag Supremacy

By [The Mogambo Guru](#)

10/13/08 The only saving grace for the dollar recently has been that it's performed relatively well against a few other currencies. But, as the Mighty Mogambo points out, that's really just like being the nicest smelling cow pie in a field full of fertilizer. In the end, you're still just a piece of crap.

Bill Bonner notes that "Here at The Daily Reckoning...we stand back...aghast...agog...paralyzed by the whole spectacle...from the lunatic assumptions of the credit bubble...to the solemn farce now taking place in the U.S. Congress."

I can't actually verify this "aghast and agog" thing, although I could hear them in there, hiding in his office with the door closed and locked, and while I never heard anyone actually say the words "aghast" or "agog", I did hear several people say, "Shhh! Don't open the door! He's still out there!"

But I am pretty aghast and agog, too, now that the despicable Congress has passed a staggering \$850 billion emergency spending bill, and so I felt a certain kinship with Mr. Bonner and The Daily Reckoning people who were, as he said, aghast and agog. As I stood there in the hallway listening to them furtively whispering, "Is he gone yet?" I felt alone, comforted only by the companionship of my imaginary friends, as we were drawn together by our shared abilities to mentally intercept coded messages from outer space directing us to eat char-broiled steaks, various entrees containing yummy pork products and to rail loudly against the whole stupid concept of letting the Federal Reserve expand a fiat currency by creating excess money and credit, unlimited fractional-reserve banking, unlimited debt, off-balance-sheet accounting, and the economic suicide of huge collectivist governments growing like a cancer, made possible only by the excessive creation of money, credit and credit, and only sustainable by the continued exponential creation of more excess money and credit, and we are tightly bonded together by our mortal dread of the terrifying inflation in consumer prices as all of this new money and credit diffuses through the economy.

I could hear them whispering to each other behind that closed and locked door, and they were saying, in shocked tones, that "The Fed, on its own initiative, began passing out the cash. \$49 billion last Wednesday alone went to the banks. That same day, the Fed lent \$146 billion to investment firms. By the time people went home for the weekend, \$410 billion had passed from the Fed to private firms. The money was lent, says the Bloomberg report, at about 2.25% interest."

As a point of reference, I got an email where Oliver Garret of Casey Research by way of The Daily Reckoning which said, "To put this amount into perspective: if you had spent one million dollars a day, from the birth of Christ until today, you would have only spent about 732 billion dollars."

This is, indeed, a lot of money, and I know two things about it: 1.) I will not get any of it, and 2.) All of this new monetary inflation will cause more inflation in prices, which will be felt as a loss of buying power of the dollar.

And speaking of that, I have the uncanny ability to never be at a loss of words when I can cruelly mock people who are smarter than me, better looking than me, taller than me, richer than me and/or any other petty envy that strikes my childish fancy at the time.

It's a gift, I guess, which unfortunately does not make up for the woeful lack of gifts in all other areas, cruelly dashing any dreams of being a great ballerina ("You're a man, for God's sake!"), or an artist pouring out his pain on canvas ("That painting really sucks!"), or a great musician/composer ("Your music sucks worse than your painting!"), or being anything ("You suck at everything!").

So it is with great relish that this week, my Gratuitous Mogambo Attack (GMA) is the "Economic Focus" column in The Economist magazine, this one titled "The Resilient Dollar", which I thought would be interesting, in that not only is the dollar strangely going up against other currencies, but still going down against inflation, as are all the other countries in the world that are showing positive rates of inflation, which is, oddly enough, ALL the other countries in the world! Hahaha!

Equally weird is that gold is also paradoxically going down in price, even though the dollar is going down in buying power because inflation is higher than the yields the dollars can buy, and the only strength of the dirtbag dollar is that it is appreciating against other currencies, but it is only because those other currencies are a worse bunch of dirtbags!

The article starts off with a question about what to use as "store of value" in these uncertain and unsettling times, and before I could jump into the conversation and say how everybody else in the whole history of the freaking world scrambled to get their wealth into gold and out of a depreciating currency, they cut me off by noting that "Gold is for the really scared". What's more, the evidence is that there are plenty of scared people, as the price of gold "has risen by about one-fifth in the space of three weeks", and those who produce gold bars "are struggling to keep up with demand."

In the ultimate irony, they report, "Even central banks now seem less keen to swap gold for paper currencies"! Hmmm!

Anyway, they note, "Gold tends to do well when the dollar struggles. And there are good reasons to be anxious about the dollar", which is a pretty flimsy code, telling you to "go out and buy some gold, because it is going to go up in terms of how many dollars (which increasingly nobody wants) it takes to buy one ounce of gold, which every body wants."

Anyway, I loved the line, "Bailouts and state guarantees to shore up the system may help, but they also strain public finances and raise concerns that the government may be tempted to inflate away its debts by printing money." Hahaha!

Now we get to the part where I am rude and scornful. “Tempted?” Did they say that the government “may be tempted to inflate away its debt by printing money”, when at the beginning of the article they acknowledge the existence of a wildly expensive, historically unprecedented “rescue package”? Hahahaha!

Let me get this straight; a sudden injection of (now) more than \$850 billion into the economy to buy up bad debt and bail out the hapless owners of all that bad debt so that they can spend this new money on other things to drive their prices up, and they still think that the government is NOT trying to “inflate away its debts by printing money”? Hahaha!

I have got to get a job as an editor of The Economist, hopefully with a huge salary, fabulous benefits package and a nervous, wimpy boss who can be intimidated by finding, for example, voodoo dolls on his desk, because they need my help to screen for the use of the word “may” in describing the motives of a corrupt, spendthrift, economically-ignorant, socialist government in trying to save itself by creating more money, which everybody agrees will gradually, faster and faster, destroy the currency until each dollar buys so little stuff that it takes heaps of dollars to buy anything at all!

Like gold, silver and oil, all three of which will make a mockery of Ben Bernanke, Congress and the financial services hustlers and con men! Whee! Investing is easy!

Until next time,

The Mogambo Guru