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Fed Up With Total Fed Credit

by The Mogambo Guru

"My voice trembles as I read aloud that now, for the first time ever, the Fed has created over a trillion dollars' worth of new credit, \$1,134,942,000,000.00 to be exact, in the banks, which comes to \$3,783 for every man, woman and child in America."

The national debt, more correctly known as Treasury Gross Public Debt, shot up \$141 billion last week! Yikes! Don't multiply \$141 billion by 52 weeks because you will plotz at the answer, and we are so freaking doomed that I cannot chug raw tequila fast enough to dull the rising feeling of doom or the rising taste of vomit tinged with blood.

Sure enough, the monetary base exploded to 911.350 from 843.825 in one week! Gaaahhh!

And as bad as this was, nothing could have prepared me for the news that Total Fed Credit jumped by an unbelievable \$203.6 billion last week! In one week! \$203 billion! In one lousy week!

This unbelievable, unprecedented, staggering \$203.6 billion increase in credit is in the Federal Reserve account that, in the old days, used to run \$10 billion a month, which was considered excessive, all the way during the huge 11-year inflationary run of money and credit that began in earnest in 1997, which produced all of the bubbles that are now bursting and causing this economic mess.

Now, instead of a white-hot \$10 billion a month, now it's 20 times as much, \$203 billion! And in one week! Gaaahhh! We're freaking doomed!

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Hell, the one-week increase in Total Fed Credit alone is \$2,030 for that selfsame every man, woman and child in America, assuming that there were no new Americans added to the census since the last paragraph!

And this stupefying rate of expansion is literally off the charts, as in the entire history of TFC, it had grown to only \$931.34 billion, reached last week, and now, this week, it has increased \$203.6 billion - a 22% increase! In One Freaking Week (OFW)!

We are So Freaking Doomed (SFD) that I reflexively run and hide under the stairs until I can reconnoiter the path to the Mogambo Bunker Of Last Refuge (MBOLR), and if the coast is clear, dash to its musty safety and lock, lock, lock myself in, perhaps then firing off a few rounds to let the neighbors and miscellaneous passersby know that I am scared and I mean business. Maybe then I can relax!

After awhile, as my jaw muscles unclench from the fear, I would be able to explain that this TFC is the source of the fabled "money from thin air" of story and song, which I had hoped would be best remembered by my Mournful Mogambo Ballad (MMB) titled "Fiat

Money from Thin Air".

Alas, the tune proved to be less popular than I had hoped ("I actually feel soiled having just listened to it." - Chicago Sun), but which contained the immortal lyrics, "Fiat money from thin air will create real debts from thin air, which will accumulate and get bigger and bigger in a huge inflationary boom caused by all of this new money and credit until it reaches its maximum size, depending on various permutations of tax rates, regulatory zeal and social custom, all of which get looser and looser and weirder and weirder as time goes on, whereupon one day 'something happens' and the whole economy collapses, including the currency, which will cause those flying monkeys from The Wizard of Oz to appear from thin air, and some of them will swoop down and bite chunks out of the heads off of you, your parents and your children, and you will all die screaming unless you own gold, and if you don't own gold in the face of such rampant inflationary corruption and actual carnivorous flying monkeys, then you are stupid, stupid, stupid and you deserve to die! Hahahaha!!"

I ruefully admit that my tune became somewhat less than a folk anthem, which I credit to the fact that it is not actually "fiat money from thin air", as per the lyrics, but is actually "credit-appearing-in-the-banks-from-thin-air", which is, unfortunately, not as catchy a phrase, and so obviously the discerning music-lovers did not buy my albums, like it's MY fault or something that the truth is not catchy. The picky little snots!

Well, to be truthful, "credit-appearing-in-the-banks-from-thin-air" is much more descriptive of just the beginnings of the actual process, which is that this "credit-appearing-in-the-banks-from-thin-air" then literally becomes money when someone agrees to go into debt to borrow it.

So, it is, now that I think about it, kind of a "money from thin air" kind of thing after all! But would anybody buy my music now? No! Bastards!

But the fact is that my music being a flop is probably a good thing, as I wouldn't be able to promote the music, go on tour or appear with Regis and Kelly anyway, because every part of me is scared, and at my age, the unpredictability of various frightened glands and sphincters creates certain, ummm, problems, which I thought Thomas Donlan in his Editorial Commentary column in Barron's was alluding to when he wrote, "The danger is that they are igniting a great inflation to stave off a great depression", to which I nervously say, "Danger? Hahaha! Danger? Did he say 'danger'?"

Seeing that everyone has been stopped in their tracks and are looking at me, I gladly continue, "The use of the term 'danger' suggests that there is actually some hope, at least some slim, tiny chance that you will not die a horrible death, but in fact, there is No Freaking Way In Hell (NFWIH) that they are NOT "igniting a great inflation", because a great inflation in the money supply ALWAYS begets a great inflation in consumer prices, which means that the currency buys less and less, and so as each purchase of anything always takes more and more pieces of money, people begin consuming fewer and fewer things, causing their standard of living to fall, until one day they can only afford to buy food, and then one day they can't even afford that, and people get homicidal when they are starving, that is the thing that destroys economies and countries.

All of which could have been prevented with a gold-standard money.

Happily, since the government did what it did, then those who bought gold as a result will make out very well as gold soars in terms of a depreciating currency, which is depreciating because of over-issuance! Whee! This investing stuff is easy!