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Nowhere to Hide from Inflation

by The Mogambo Guru

"Well, as far as I can tell, diving back into my dark little cubbyhole in renewed fear, the economy is already in shambles because of inflation in consumer prices, and my marriage, my life and my career are in shambles because everybody hates me and is out to get me, and that is why I seem to be broke all the damned time."

It is inflation that makes me crazy until I am crying like a baby in fear and locking myself in the closet under the stairs where I whimper piteously. Through the door I can hear my wife and kids saying, "Come out! It's not so bad! It's worse in China!"

Naturally, I yell at them to go away or I'll come out there and kill them all, which makes them slide under the door. Doug Noland's Credit Bubble Bulletin at Prudentbear.com, where he references an outfit called China Knowledge, who report that "Prices of major agricultural products in China rose 22.9% year-on-year in the first six months of 2008, the National Bureau of Statistics (NBS) of China announced. During the period, producer prices of plantation products, forestry, animal husbandry and fishing products increased 13.8%, 12.1%, 39.8% and 12.8% respectively."

Feeling a little better in a relative way, I was reaching for the doorknob when I saw that thepracticalinvestor.com took a look at the latest report of durable goods orders, and they noted that "Durable goods orders rose higher than expected. Between the lines, however, inventories of consumer goods rose 2.3% while 94% of the 1.6% rise in durable goods orders were to support the war effort. Without Iraq, the economy would be in shambles."

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And it doesn't help that Bill Bonner here at [The Daily Reckoning](#) reminds me that I am not the center of the universe like I think I am, and that "wages in the United States have not gone up in a very long time. The latest figures on the subject show no real increase since 1968. Since then, every penny of hourly pay increase has been matched by a cent of consumer price inflation."

Well, to tell you the truth, as bad as "being at a standstill" may seem to workers, the biggest impact of inflation in prices is felt by those who do not have jobs, which means that they do not have wages or an income with which to keep up with inflation in prices. In fact, they have no wages or income at all! And they pay the full cost of deprivation-by-increasing-prices, as they had no income and no buying power when the price was lower, and now everything is even farther out of reach!

And when I am down-and-out, everybody says, "Well, why don't you get a job, you worthless bum?" and I calmly explain, "Go to hell! Like I am soOOOOooo stupid that I never thought of that, ya moron!"

But apparently, Mr. Bonner does not hang out with us unemployed and unemployable types (the "undeserving poor" as so eloquently defined by Alfred Doolittle, Liza's father in *My Fair Lady*), probably because some of us are, like me, just lazy, worthless mental defectives who view work as a punishment, and we prefer everyone to just give us stuff and wait on us hand and foot by bringing stuff to us, for which we are grateful for awhile until it becomes insufficient to assuage our greedy, self-absorbed natures, and then we want more. More and more. Always more!

Again ignoring me and my peculiar grubby ilk here in the fetid dregs of society, he goes on with that "we ain't ahead by a lousy dime" line of thought when he says, "Only the rich made out well, we were told. They owned assets. And asset prices have soared. But if you quote stock prices...or housing prices...in terms of the number of gallons of gasoline they will buy, you find that even 'the rich' aren't as rich as they think they are. The Dow would get you about 2,200 gallons of gas in 1968. Today, at \$4.10 a gallon, the Dow is equal to about 2,200 gallons."

So what to do? Easy one: [Buy gold!](#) And it appears that a lot of people are doing that very thing, as the [independent.co.uk](#) site reports that Britons may be getting smart, too, as, "Britons who still have any wealth to invest are turning their backs on the property portfolios, stocks and shares, and sports cars that have long constituted conventional investments, and pumping their savings into old-fashioned gold bullion and coins."

How smart? Well, they say that "Last year saw an 81 per cent increase in UK investment in gold coins", and now, "Leading gold bullion suppliers BullionVault, ATS Bullion and Baird & Co have all revealed record levels of investment in gold bars, and the World Gold Council (WGC) has reported a big increase in the number of gold coins being bought."

So this begs the question, "If the increase in buying was 81%, at what point is it a bull market?", which in turn begs the question, "If I buy gold right now, using every damned dime I can get my grubby little hands on, how freaking much money will I make when gold and silver zoom, and will it be enough to just disappear and start life over someplace far, far away?" Hahaha! Whee!