

Attack of the Debt Mobs

By [The Mogambo Guru](#)

03/10/09 Tampa Bay, Florida Hugo Salinas Price, at plata.com, really had me going when he wrote, “Several years ago – I don’t remember the date – I read an interesting comment”, at which point I was getting my hopes up that he would mention me saying something, you know, memorable, such as, “I seem to remember that The Mogambo said something that was so deliciously, delightfully clever, and although I do not remember which it was among his voluminous bon mots, I do recall how his flashing eyes twinkled when he spoke of How Freaking Rich (HFR) he was going to be when the prices of gold and silver exploded as a result of such Federal Reserve malfeasance, including their manipulating the prices of silver and gold down to levels that are officially classified as ‘laughably cheap’ which made such riches possible by being able to ‘buy low’ now and ‘sell high’ very soon, and how we laughed – ‘Hahaha!’ – when he kept saying how we were all freaking doomed because of the constantly increasing price inflation from the constant increases in the money supply by the Federal Reserve creating so much money and credit to accommodate constant expansion of government spending!”

Alas, it turns out he did not mention me at all, but said that an interesting way to look at the economy was that “The great boom that the world is enjoying is, in effect, an enormous shorting of cash and going long on debt” which is indeed an interesting perspective, although it does not say that that bastard Alan Greenspan is directly responsible when he had the Federal Reserve keep increasing money and credit, at lower and lower rates, for so long that a constant simmering inflation resulted as people “went long on debt” by borrowing, borrowing, borrowing, including the federal government borrowing, borrowing, borrowing trillions of dollars to expand a huge, monstrous entitlement-generating government that is now So Freaking Big (SFB) that total federal, state and local governments comprise half of all spending in the USA! Half! Gaaahhh!

I am so outraged at this that I say we ought to rise up in outrage and rush to our telephones, where operators are standing by to take your order for “Mogambo Brand” Mob Supplies (MBMS), including not only the popular Mogambo Flaming Torch (MFT) and Mogambo Long-Tine Pitchfork (MLTP), but now featuring a new line of filthy rags in which to dress with which to give the whole thing a kind of surreal, repellent horror, as all politicians know that there is no more dangerous a person than a hungry, bankrupted peasant in filthy clothing brandishing a Mogambo Flaming Torch (MFT) and/or a Mogambo Long-Tine Pitchfork (MLTP)!

Mr. Price is apparently not prepared to advocate buying one of my shoddy, overpriced products or mob rule, but he might as well have, as the result of going short cash and long on debt is that “Eventually, there will be a short squeeze on cash which will have to be covered by going long on cash and shorting debt” which ought to make your spine curl up into a tight little knot when you remember that money now comes from debt, and this debt going down in price means money going up in smoke with bond prices falling, meaning interest rates are moving up (since bond prices move inversely to interest rates), which means that rolling over debt means losing more and more money while owing more and more! Hahaha!

Again, Mr. Price is not interested in my interruption or my stupid observations, and says that “Bringing all the massive liabilities of the banking system onto the Treasury’s indebtedness – while the corresponding assets are worth far, far less than these liabilities – will solve nothing” to which he adds, by logical extension of solving nothing, that “Debt must be reduced by defaults and bankruptcies. There is no other solution!” where the astute reader will notice that Mr. Price has appropriately included an exclamation point at the end to indicate special emphasis, which seems appropriate considering the sorrowful effects of “defaults and bankruptcies”!

But there is also a plethora of exclamation points for when one considers the effects of inflation in prices and the resultant civil unrest as prices rise faster than incomes rise for the people who have incomes, and the screaming outrage of people who don’t have incomes that can rise!!!!

For those of you surprised at the “plethora of exclamation points” at the end of that last sentence, you cannot say you were not warned about them in the first part of the sentence, or that you were not warned of the disastrous effects of inflation in prices, which everybody has known about for centuries and which drove the Founding Fathers to write into the Constitution that money “shall only be of silver and gold” just to make sure that it would not happen in America by the simple remedy of making money out of something that the government, nor anyone else, cannot create at its whim.

All of this brings me, as you knew it would, to gold. It’s a valuable thing that nobody can create at a whim, and that is why, as everyone has learned for the last 4,500 years, you gotta have gold or you got nothin’ when governments are acting this, ugh, way.

Perhaps this is why TheGoldForecaster.com reports, “The joint holdings of the two leading Exchange Traded Funds have grown larger than the gold holdings of Switzerland, rising to 1,272.26 tonnes up another 43.21 tonnes.”

Whee! This investing stuff is easy!