

Yuan to Jump on the Golden Bandwagon?

By [The Mogambo Guru](#)

05/28/09 Tampa Bay, Florida Maybe the fact that central banks, banks and governments around the world are acting like monetary idiots explains why gold is shooting up in price; or maybe that it is going up in price explains why there is such a new interest in gold; or maybe it just explains why people are as disrespectful of the dollar, as am I.

And there are lots of them, as I gather from Jim Willie at GoldenJackass.com, who is warning us to keep an eye on the Chinese, and that we should expect them to move “toward creation of the Chinese yuan as a global reserve currency,” which is certainly interesting from a geo-political perspective, but which becomes Very, Very Interesting (VVI) when he cautions us to also “watch their simultaneous moves away from the USDollar and toward gold for reserves management,” a phrase that is rated “VVI” by the Mogambo Intergalactic News Service because it means that gold will positively soar in price, meaning (in turn) that my pathetic little store of gold will be my ticket out of this dump, speeding me posthaste to wonderful, new, bright city lights and adventures where nobody knows me and nobody can credibly threaten “I’m going to tell your wife/boss/galactic overlord what you did/said/downloaded onto your computer!”

Until then, we have the same responsibilities, and so this next part I carefully wrote down in my notes because it sounds like it will appear, perhaps as an essay question, on the mid-term exam. Mr. Willie said, “The merger of the two important strategic initiatives is a gold-backed yuan currency.”

This “gold-backed” Chinese currency is more than mere grubby speculation by a couple of guys who know that gold will soar as a result of the supreme stupidity and corruption of the world’s governments, and who are getting tired of waiting for gold to soar so we can get started with developing a sensory overload of wicked, licentious, hedonistic over-consumption, sort of like Sodom and Gomorrah if they had had enough money! Hahaha!

Captivated and distracted by such dreams of glorious, gluttonous excess, I was startled by Mr. Willie saying that a gold-backed Chinese currency is “precisely what was stated openly by Zheng Lianghao, managing director of the World Gold Council’s Far East division. That news came out this week.”

Even more telling, I think, is when he reported, “The Germans have demanded all of their gold held in custodial accounts inside the United States to be returned to German soil.”

He admits, “The story is not public, but details have come to me from a private source close to the action.” But if I know Germans, and I don’t, they are not going to sit around waiting for America to steal their gold, if indeed there is any left after the criminally-incompetent Federal Reserve and Treasury encumbered thousands of tonnes of gold by leasing it out, which was immediately sold into the market by those borrowing the gold, massively depressing the price of gold (which was the whole purpose of the exercise) so that bubbling inflation in prices from the

floods of money and credit coming from the Federal Reserve to finance massive, long-term deficit-spending by the federal government was effectively disguised by making gold ridiculously cheap, which made guys like me, whose familiarity with the Austrian school of economics allows us to see through this despicable scam, and we begin to accost strangers on the street in a heroic attempt to save them, and we say to them, “Buy gold now, you moron, because it will never be this cheap again! And if you don’t buy gold even after being told, point-blank and right to your face, to buy gold as your only rational response to massive government incompetence and corruption that will destroy the dollar, then you are as stupid as you look! Hahaha! You’re a moron! Hahaha!”

Interestingly, he adds, “The Germans have also given counsel for Dubai to demand all of their gold held in custodial accounts inside London to be returned to Dubai, where a new gold trading center will spring up. In my view, THIS IS THE BIGGEST NEWS FOR GOLD THIS ENTIRE YEAR.”

Careful readers looking for “news behind the news for news you can use” will no doubt notice his use of all-capital letters with which to indicate particular emphasis, perhaps along this very line, which must be important as hell, for whatever reason, because the year is not quite half over and we already have the best news? Wow!

Then I learned that I did not even suspect that “the hidden arch-enemy for the US-UK on all matters pertaining to gold bullion is Germany.” He admits that this “is not a well-known concept,” letting me save a little face, although Germany is “also advising the Chinese on currency and gold matters. Can one detect some coordination?”

To this I say, “Yes, and it’s about time, too, that smart people came together to do something good, like putting their currencies on a strict adherence to gold and thus getting rid of price inflation once and for all instead of a lot of stupid people coming together, like in Congress, to deficit-spend zillions of dollars to do things that sound good to a bunch of nurturing wet-nurses, which is what we have become, but are guaranteed to fail with disastrously inflationary results!”

It is only after I have had a few drinks, and am now despondent and self-pitying after having been rejected by all the good looking girls in the room, mostly responding with variations either on the theme of “Ewww! Go away, creepy old man!” or “Okay, but it’s gonna cost ya triple because you are such a creepy old man!” that I admit that I don’t know why I am complaining about such irresponsible, stupidity in government because I am doing exactly what history says to do in order to capitalize on it: Buy gold, silver and oil to personally capitalize on loathsome governmental incompetence, blatant corruption, and now the legitimization, not to mention the incredible institutionalization, of outright stupidity.

But I have to laugh at the linguistic problems, since I know a little German, no Arabic and only enough Chinese so that I can order dinner (“Gimme a Number 7 combo and a couple of egg rolls, chop chop!”), so it will be comically confusing since I will not know what in the hell they are talking about.

And although I am the perfect guy to advise these guys on gold, I realize it will be hard for me to communicate with them since I don't speak their languages and they don't speak English except with funny-sounding foreign accents, so I cleverly decide to speak to them all with the universal American Indian language that everyone understands (as I gather from watching old movies on TV), and I say, "Gold! You get-um! Heap big wampum!"

And, if you are wondering, advising foreign governments to adopt a gold standard for their money is just ONE of the many, many happy reasons why I say to them and to you, to buy gold, a chore made easy because, "Whee! This investing stuff is easy!"