

Fearing the Elimination of Reserve Requirements

By [The Mogambo Guru](#)

04/13/10 Tampa, Florida – Junior Mogambo Ranger (JMR) Jim L. sent me a link to “Bernanke Wants to Eliminate Reserve Requirements Completely” posted at finance.yahoo.com.

First, starting with the explanation, we learn that “Up until now, the United States has operated under a ‘fractional reserve’ banking system. Banks have always been required to keep a small fraction of the money deposited with them for a reserve, but were allowed to loan out the rest.”

What they don’t mention is that the money keeps eventually coming back to the bank, deposited into savings accounts and checking accounts, which the banks again gather up, put aside a few bucks, and loan out the rest again, whereupon the money eventually makes its way back to savings accounts and checking accounts at the banks, over and over and over, so that a single dollar deposited in one bank can be multiplied ten-fold, a hundred-fold, a thousand-fold – or more, unto infinity! – which is how the money supply gets so grossly swollen, which is what causes booms and busts and the catastrophic, ruinous, terrifying inflation in prices.

The funny part is when the article goes on, “But now it turns out that Federal Reserve Chairman Ben Bernanke wants to completely eliminate minimum reserve requirements, which he says ‘impose costs and distortions on the banking system.’” Hahahahahaork!

That “Hahahahahaork!” appending the previous paragraph is my feeble attempt at describing the sound of “laughing and puking in fear”, a remarkable acting feat that I was sure would win me some kind of theatrical award, and would have, too, if selection committees would send someone to witness my performance, or even answer my calls and letters, and then maybe a Hollywood producer would see me and star me in a few films, and then I would be rich and famous and I could get out of this little jerkwater town and away from its stupid inhabitants who don’t buy gold, silver and oil when I tell them to, even after I specifically track them down, grab them by the front of their shirts, drag them up close to me and then, spitting while I talk so that they can feel little droplets of Pure Mogambo Spittle (PMS) hitting their stupid faces while I am screaming at them, tell them to buy gold, silver and oil! But they still don’t!

Instead, they file charges! And so I try to file a counter-charge of my own, and I tell the policemen that I was arresting this moron for acting stupidly, and the stupid cop tells me that it is not against the law to act stupidly! I mean, what kind of country is this, anyway?

But letting imbeciles walk around making stupid decisions is not the point I was making, but that this Bernanke moron, the head of the Federal Reserve, doesn’t know that total reserves in the banks is a piddly \$64 billion and which is so minuscule that it is not even worth talking about? Hahaha!

Banking reserves against losses in assets and liabilities are, at \$64 billion, up from a decade of \$42 billion, but still ridiculously laughably insignificant, as in “rounding error” when compared to the \$20 trillion or so in bank assets and liabilities, probably not to mention all the off-book assets and liabilities they are sitting upon.

And yet this Bernanke buffoon thinks that reserves comprised of such chump change “impose costs and distortions on the banking system”? Hahahaha!

This is the same guy – the same guy! – who sees no distortions when he and his inept Federal Reserve cronies create the money to fund the government’s \$1.6 trillion budget deficit or almost \$13 trillion in national debt, but accounting for a handful of chump change is distorting? Hahahaha! Surreal! I can’t believe he said that! Hahahaha!

And then, when you add it to the complete failure of the Federal Reserve to achieve its original mission to maintain the value of the dollar, which has shrunk to about 3 cents of 1913 buying power, as Bugs Bunny would say, “What a maroon!”

And with this extremely low-caliber type of people running the economic show, I am sure that you can instantly, intuitively understand, deep down in your gut where you sense impending doom (like when Thelma and Louise saw all those cop cars chasing them through an open desert in broad daylight), why I am screaming, “We’re freaking doomed!” why I am armed to the teeth, why I am up to my ears in gold, silver and oil, and why I am so insistent that you do the same.

And if you don’t understand, then just wait around a little while. You will!