

The Cost of Fed Incompetence

By [The Mogambo Guru](#)

09/27/10 Tampa, Florida – I have grown old yelling at my neighbors and family members to buy gold, silver and oil, to little-to-no avail, and I can see that they are getting bored with my same old million reasons why they should, and how their deliberate inaction only proves their stupidity, which I never tire of pointing out, so they can't say that they "didn't know" that they were stupid.

So, recently, I was standing in the street outside of Griswald's house, telling Old Man Griswald how he was an idiot for not buying gold, silver and oil as the only rational defense against the inflationary horror unleashed when his own stupid government (that he and his loathsome Leftist friends elected over and over again) was deficit-spending so unbelievably much money, dutifully created by the foul Federal Reserve, which is a complete failure as an institution if ever there was one, having destroyed 98% of the buying power of the US dollar since the Fed's inception in 1913 by creating too much money and credit, when their original purpose was to "keep prices stable," to which I cynically laugh in Sneering Mogambo Rebuke (SMR) "Hahahaha!"

You can probably imagine that I was, as usual, getting pretty worked up by my long harangue, and I was just getting to my famous angry summation of, "If you don't buy gold, silver and oil with all your money, then you are making the Biggest Freaking Mistake (BFM) of your life, you moron!" when, suddenly, Griswald himself opened the door!

He hollered out how the biggest mistake he ever made was to choose to live in a place so near to me, and how I am some kind of weirdo, gun-nut, gold-bug bozo.

I am, of course, cleverly rebutting his every point by reminding him that he is an idiot for not buying gold, silver and oil because of that, you know, government deficit-spending thing, and how the Fed is creating so much new money, which increases the money supply, which makes prices go up, which makes people upset, which leads to disquieting things like the French Revolution, and the Russian Revolution, and people like him getting destroyed financially.

I even reminded him that the M2 measure of the money supply is up about \$400 billion in the last 12 months, and even though the monetary base was up only about \$220 billion, taking it to \$1.987 trillion.

And, of course, I mentioned how the Federal Reserve is back to increasing Total Fed Credit (the fabled magical fairy-dust credit that becomes many, many times bigger when it finally becomes money, adds to the money supply and causes the misery of price inflation), which took this particular stinking load of lies and fraud up another \$2.7 billion last week, taking the Fed's total "cost of Fed incompetence" to a staggering \$2.289 trillion. So far.

Well, you can take Griswald off of your list of People Scared And Buying Gold (PSABG), but there are apparently plenty more who are not, particularly Europeans, as we learn from the

Northwest Territorial Mint's newsletter that the World Gold Council (WGC) reported recently that "during the last two years there has been an 'extraordinary increase' in the retail demand for physical gold products in Europe," which must be significant because "European demand represented 40% of global demand for gold in 2009." Global!

Now, I am second-to-none in raw xenophobia, paranoia or conspiracy theorizing, especially as concerns Europeans, which is a phobia somewhere on the Mogambo list of the Top 100 Scary Things (T100ST), probably categorized somewhere below "Werewolves" but above "Total strangers who seem to hold a grudge against me, talk about me behind my back, and plot against me," which, I note for the record, is what foreigners do!

I can't help but notice that foreigners are always talking in some foreign language which I can't understand, which proves – proves! – that they are talking about me and hatching ways to hurt me, or else they would speak in English so that I could understand them. Can't you see how it all fits together? It's obvious!

Well, I can tell by the stunned expression on everyone's faces that they do NOT "see how it all fits together." After an embarrassing silence that seemed like an eternity, with everyone looking at me with a mixture of disgust and disbelief on their faces, finally the spell was broken when the Mint went on that in the second quarter of 2010, Europe was still "the source of 35% of the world's demand for small gold bars and coins," whereas just two years ago, European demand for gold had been only a "relatively insignificant" 7% of global demand.

And since nothing in the macroeconomic environment has changed except to get worse, then the soon-to-be panicked buying of gold and silver by people and institutions worldwide will hand Huge Freaking Profits (HFP) to those who buy these magical metals now at bargain levels, which makes it so easy that you giggle with delight, "Whee! This investing stuff is easy!"