

The Federal Reserve and Its Secret Set of Books

By [The Mogambo Guru](#)

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I have been grudgingly getting to work every day and on-time since, unfortunately, it looks like my incompetence, stupidity and sheer lazy worthlessness is going to produce another losing quarter, and the rumor is that the Board of Directors is looking for heads to roll.

This prompted me to suggest to my boss that instead of firing me, the company should bail out the business segment that is losing money (mine) by loaning money to it, which everyone knows will never be paid back, so that the consolidated company books could show a huge tax-deductible loss by virtue of loss reserves on the eventual default, and my little division could also help the bottom line by booking a tax-deductible interest expense on the loan that we never pay back!

I carefully explained how the important benefit would be, of course, that I could continue to be my happy – although incompetent, stupid and lazy – self, there would be bonuses for the executive staff, and the company would benefit when everyone would look at me and say to themselves, “Wow! The company must be doing very well if they can afford to hire a half-witted clown!” which will create a kind of “wealth effect”! Money will start flowing! I explained to her, breathless with my hopeful optimism, “It’s like magic!”

Or, I said, triumphantly playing my ace of trumps, the accountants could find a way to “lose” all the money and save enough in evading taxes to offset the whole deal!

Well, I could tell by the look on her face that she was not very keen on the idea to, as she put it, “dare to come into my office and suggest that we commit fraud and evade taxes so that we all land in prison and die in disgrace” but I calmly explained that the Federal Reserve apparently can’t account for \$9 trillion in their own off-balance sheet transactions, and nobody is under arrest, or going to jail, or being investigated, or anything! \$9 trillion! In an economy that has a GDP of \$14 trillion!

“And so,” I went on, “our piddly fraud would be but a triviality compared to \$9 trillion, which is a Huge Freaking Amount (HFA) of money, in that it is a whopping 65% of GDP and (coincidentally) 65% of the national debt, and is 4.8 times larger than the entire monetary base of the Whole Freaking Country (WFC)!”

She was visibly choking on her outrage, which I suspected was because she thought I was making this up as part of another Mogambo Scheme Of Desperation (MSOD) to save my worthless butt from the firing squad.

So, to allay her suspicions, I told her that I got this information from *Money News*, which reported that when “Rep. Alan Grayson (D-Orlando) asked Inspector General Elizabeth Coleman of the Federal Reserve some very basic questions about where the trillions of dollars that have come from the Fed’s expanded balance sheet, the IG didn’t know.”

Shockingly, “nobody at the Fed seems to have any idea what the losses on its \$2 trillion portfolio really are,” which probably explains why Rep. Grayson said, “I am shocked to find out that nobody at the Federal Reserve is keeping track of anything.”

TheDailyBell.com, commenting on this interesting news item, said, “During the questioning of Coleman, Grayson asks her over and over if there is a formal accounting available for the trillions in off-book balance sheet activity for the Fed” until she finally “all-but-admits that she actually has no authority even to examine the Fed’s off-balance sheet activities.”

This is where I got all excited at the possibilities, and said, “So all we have to do is to deny anybody the authority to look at a secret set of books!”

Well, tragically, my stupid boss nixed my Terrific Mogambo Plan (TMP), and now I am desperate enough, and scared enough, about losing my stupid job that I show up, on-time, every stupid day to do my stupid job, whereupon I have rediscovered that I hate working and all that effort and striving to be at least minimally competent, which means I have to spend a lot of my Valuable Mogambo Time (VMT) actually handling stupid problems instead of, like previously, ignoring them until they somehow solve themselves or just mysteriously go away.

The worst part, of course, is that I have to be around my stupid co-workers, who stupidly do not buy gold, silver and oil when the horrid Federal Reserve is creating so much money, and even when I tell them that they are stupid for not buying them, they still don’t buy them! Stupid!

These are, I suppose, the same “common people” who went another \$2 billion deeper in installment debt last month, taking that source of indebtedness back up to \$2,411 billion, which is a cool \$24,110 for every private-sector worker in the Whole Freaking Country (WFC), which is an important statistic since only private-sector workers can make a profit with which to pay the taxes which supports half the economy already!

Apparently, the money was used for “personal consumption expenditures,” which increased \$17.3 billion, or 0.2%, according to the Bureau of Economic Analysis, which also reports that “Personal income decreased \$16.8 billion, or 0.1 percent, and disposable personal income (DPI) decreased \$20.3 billion, or 0.2 percent, in September.”

People made less money, even as things cost more! Yikes!

And as for the terror of inflation and especially the ruinous, runaway inflation that will result from the Federal Reserve creating so much money, the new Gross Domestic Product Deflator is understandably up, hitting 2.3%, which is up from last month’s 1.9%.

Hurriedly concocting some inflammatory and meaningless statistics in a pathetic attempt at attention-getting, I breathlessly declare that this is a gigantic 21% increase in the growth of inflation! Which it is! Check it yourself, moron, if you don't believe me!

And with the evil Ben Bernanke purposely misusing the Federal Reserve to "target" 2% inflation in prices by creating – out of thin air – whole multiples of that in new money as a percentage of the money supply, the Fabulous Mogambo Advice (FMA) to buy gold, silver and oil as protection against such inflationary horrors rings clearer and louder, although it can be argued that the ringing of inflationary horror can ring louder, but not necessarily clearer.

And as for easy, it hasn't gotten any easier, either, because it is already so easy to buy gold and silver ("Here's my money, gimme my metal!") that those who buy them justifiably say, "Whee! This investing stuff is easy!"